

The Hanover Insurance Group, Inc.

Q4 2005 Earnings Results

To be read only in conjunction with the conference call
scheduled for January 31, 2006.

Forward-Looking Statements

Our policy is performance.™

Certain statements in this presentation, including responses to your questions, 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” and similar expressions is intended to identify forward-looking statements. In particular this presentation may include forward-looking statements with respect to earnings growth, return on equity, anticipated price changes in our property and casualty business, estimated hurricane losses, future dividends, premium growth, policies in-force levels, retention, expense management, underwriting conditions, loss development, new product availability and impact, capital levels, ratings, and Life Companies segment earnings.

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 Annual Report and other documents filed by The Hanover with the Securities and Exchange Commission, which are also available at www.hanover.com under “Investors”. We assume no obligation to update this presentation, which speaks as of today’s date.

These uncertainties include the possibility of adverse catastrophe experience (including terrorism) and severe weather, the uncertainties in estimating property and casualty losses, the ability to increase or maintain certain property and casualty insurance rates, the impact of new product introductions (such as the multi-variate private passenger auto product), adverse loss development and adverse trends in mortality and morbidity, changes in the current favorable frequency and loss trends generally being experienced industry-wide, 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 actions, financial ratings actions, and various other factors.

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, property and casualty segment income, segment income after taxes, segment income and loss ratios excluding catastrophes, and written premiums excluding reinsurance reinstatement premiums. A reconciliation of non-GAAP measures to the closest GAAP measure is included in both the press release and statistical supplement, which are posted on our website.

Opening Remarks by Fred Eppinger

Financial Review by Ed Parry

THG Results For The Quarter

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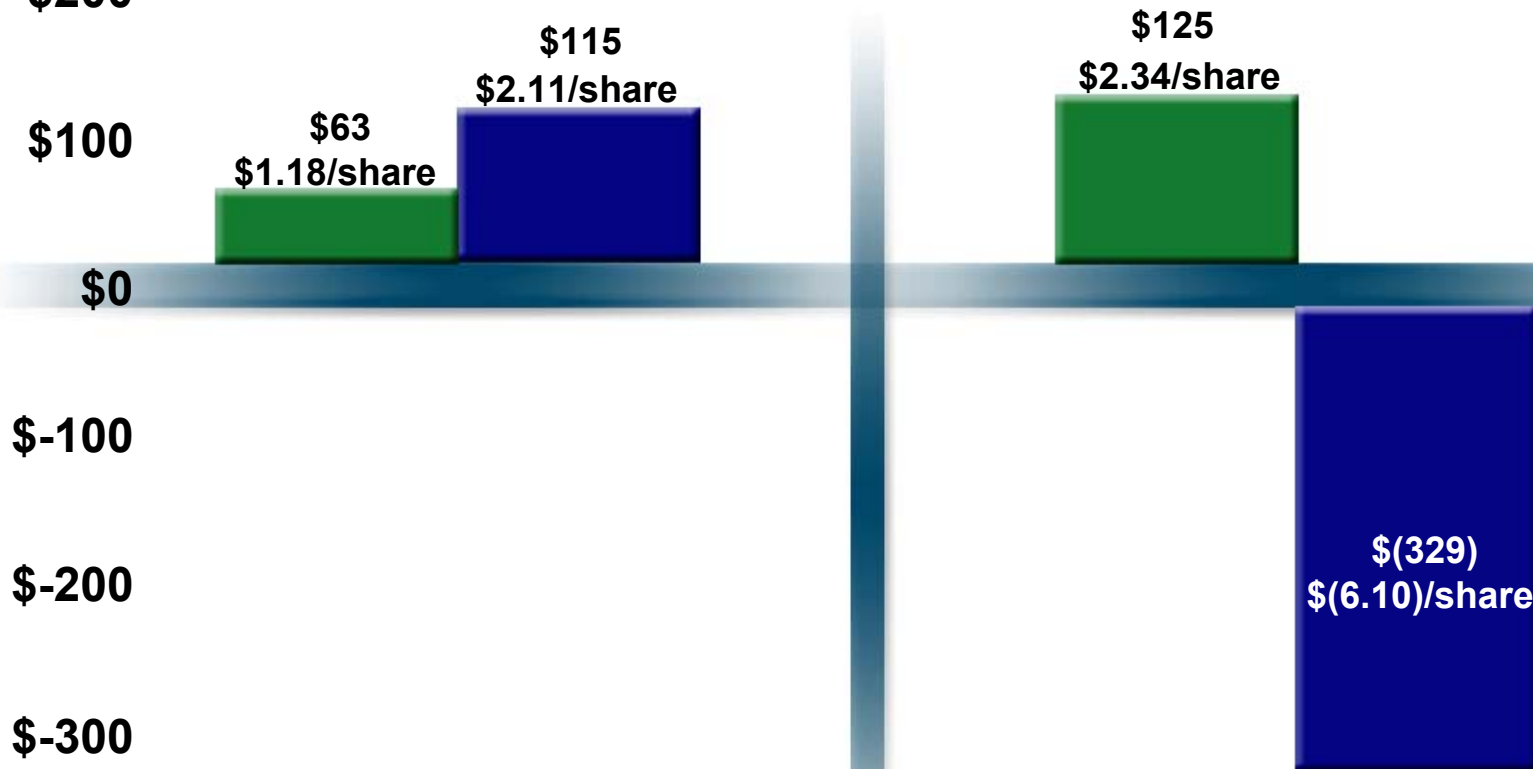
QTD Net Income

(\$ in millions, except per share)



YTD Net (Loss) Income

(\$ in millions, except per share)



■ Q4 2004 ■ Q4 2005

■ YTD 2004 ■ YTD 2005

THG Segment Results

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(\$ in millions)	Q4 2005	Q4 2004	\$ Change	YTD 2005	YTD 2004	\$ Change
Property & Casualty	\$90	\$74	\$16	\$114	\$198	(\$84)
Life Companies (continuing operations)	(1)	(9)	8	(19)	(22)	3
Interest expense on debt	(10)	(10)	-	(40)	(40)	-
Federal income tax expense	(2)	(13)	11	(1)	(27)	26
Total segment income after taxes⁽¹⁾	\$77	\$42	\$35	\$54	\$109	(\$55)
Pre-tax Net Impact of Catastrophes	\$39	\$1	\$38	\$304	\$99	\$205

⁽¹⁾ Segment Income After Taxes is a non-GAAP financial measure that is reconciled to net income in the press release and statistical supplement, both of which are posted on our website.

PL Operating Highlights

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	<u>Q4 2005</u>	<u>Q4 2004</u>	<u>Change</u>
Segment Earnings	\$74M	\$46M	\$28M

- Higher favorable development of prior-year loss and LAE reserves \$ 16 M
- Lower expenses, primarily contingent commissions and adjustment to premium taxes \$ 8 M
- Improved current accident year loss performance \$ 4 M

CL Operating Highlights

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	<u>Q4 2005</u>	<u>Q4 2004</u>	<u>Change</u>
Segment Earnings	\$15M	\$26M	\$ (11)M

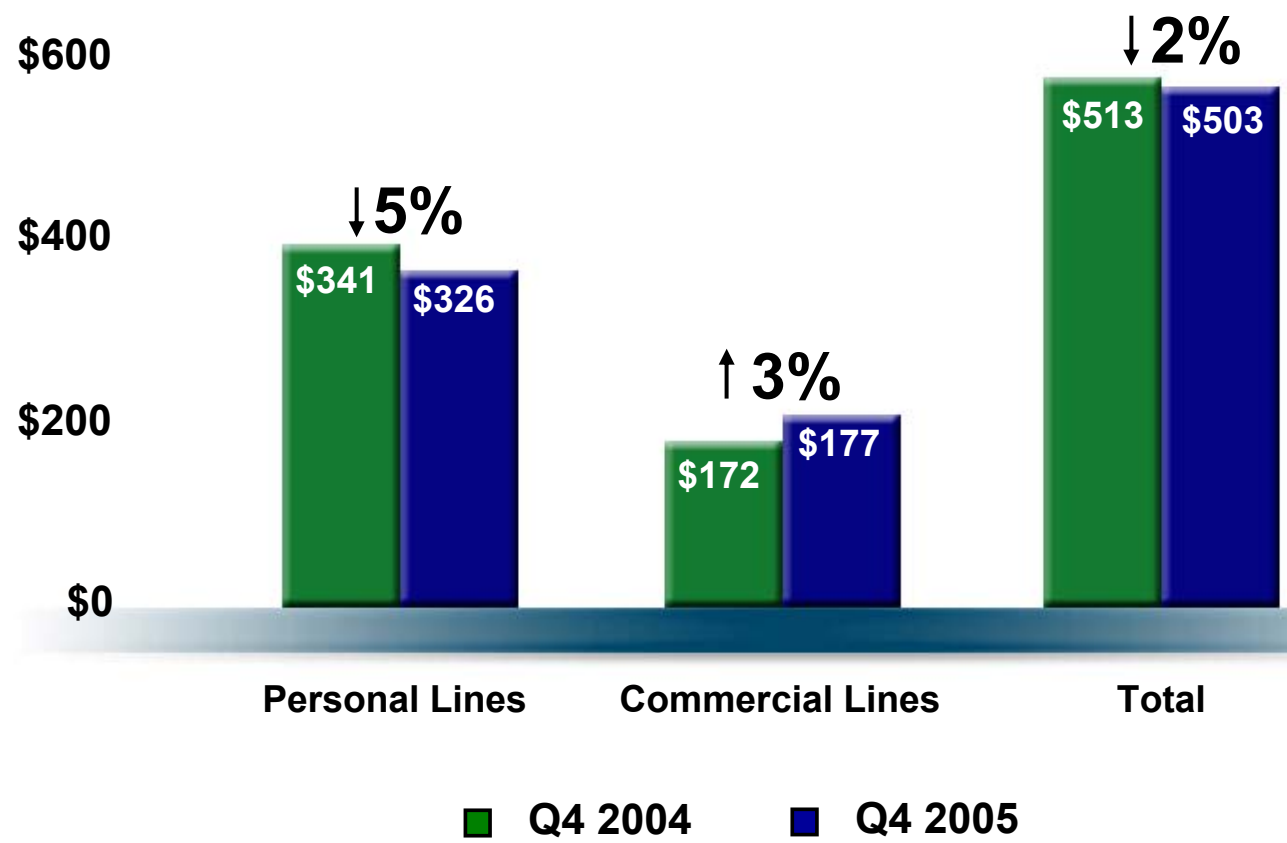
- Higher catastrophe related losses due to increase in Hurricane Katrina-related reserves \$ (39) M
- Higher favorable development of prior-year loss and LAE reserves \$ 18 M
- Improved current accident year loss performance \$ 10 M

QTD Net Written Premium

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(\$ in millions)

Written Premium



Changes to Hurricane Katrina-Related Losses

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(\$ in Millions)

<u>Gross Direct Losses & LAE</u>	PL	CL	Total
Original Estimate	\$ 180	\$ 305	\$ 485
Changes to Estimate	(36)	66	30
Revised Estimate	\$ 144	\$ 371	\$ 515

<u>Pre-Tax Net Impact of Katrina</u>	PL	CL	Total
Original Estimate	89	125	215 ⁽¹⁾
Changes to Estimate:			
Net Losses and LAE	(7)	37	30
Fair Plan Assessment (gross & net)	3	2	5
Total Net Changes to Estimate	(4)	39	35
Revised Estimate	\$ 85	\$ 165	\$ 250 ⁽²⁾

(1) Represents an after-tax net impact of \$140 million.

(2) Represents an after-tax net impact of \$162 million.

Life Companies Highlights Actual Proceeds

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(\$ in millions)

	<u>Projection at Closing</u>	<u>Actual</u>
Cash proceeds	\$256	\$258
Projected dividends from subsidiaries	<u>57</u>	<u>55</u>
	313	313
Deferred proceeds	<u>34</u>	<u>47</u>
Total projected proceeds	<u>\$347</u>	<u>\$360</u>
Net loss on disposal, net of taxes	<u>\$457</u>	<u>\$444</u>

Business Update by Marita Zuraitis

Questions