

RECOMMENDED CASH ACQUISITION OF CHAUCER

Willis Capital Markets & Advisory has acted as financial adviser to Chaucer Holdings PLC

£313 million

July 2011



• **313 Million (\$510 Million)**
Acquisition of



**Financial Adviser to
Chaucer Holdings PLC**



Transaction Overview

- n **Acquisition of Chaucer Holdings PLC for 56 pence per share in cash**
 - Including 2.7 pence per share 2010 final dividend
 - In aggregate the acquisition price values Chaucer's capital at approximately £313 million
 - è Representing a 1.09x Chaucer's reported NTA as at 31 December 2010
 - è Representing a 1.26x Chaucer's pro forma NTA as at 31 December 2010 ^(a)
- n **Acquisition recommended unanimously by Independent Directors of Chaucer**
 - 23.6% of shareholders explicitly supported the transaction at announcement
 - è Irrevocable undertakings or letters of intent
- n **Transaction implemented by way of "Scheme of Arrangement"**
 - Shareholders voted overwhelmingly in favour on 7th June
 - Court sanctioned the scheme on 28th June 2011
 - Deal effective as of 4th July 2011
- n **Chaucer represents a significant step forward in The Hanover's strategy of building a world class property and casualty company**
 - Earnings diversification, expansion of market presence, access to specialist lines

Willis Capital Markets & Advisory Role

- n **WCMA acted as financial adviser to Chaucer**
 - Delivered unparalleled M&A expertise and Lloyd's / (re)insurance industry knowledge



(a) Adjusted for the effects of catastrophe losses announced by Chaucer in 2011. The pro forma multiple of 1.26x does not account for other trading during the period since 31 December 2010.

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