

HANOVER INSURANCE GROUP, INC.

Form 424B2

April 06, 2016

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**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities offered</b>	<b>Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee(1)</b>
4.500% Notes due 2026	\$375,000,000	\$37,763

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended, and relates to the Registration Statement on Form S-3 (File No. 333-210328) filed by the registrant.

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**Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-210328**

**Prospectus Supplement**

**(To Prospectus dated March 22, 2016)**

**\$375,000,000**

**4.500% Notes due 2026**

We will pay interest on the notes on April 15 and October 15 of each year, commencing on October 15, 2016. The notes will mature on April 15, 2026. We may redeem the notes in whole or in part at any time at the redemption price set forth under **Description of Notes** **Optional Redemption**.

The notes will be our senior unsecured obligations and will rank equal in right of payment to all of our other existing and future indebtedness and other liabilities that are not, by their terms, expressly subordinated in right of payment to the notes.

We do not intend to apply for listing of the notes on any securities exchange. Currently, there is no public market for the notes.

**Investing in the notes involves risks. See Risk Factors beginning on page S-6 of this prospectus supplement, and under **Item 1A. Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2015 and any other risk factors described in any Current Report on Form 8-K filed after the date of our Annual Report, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.**

	<b>Per note</b>	<b>Total</b>
Public offering price (1)	99.767%	\$ 374,126,250
Underwriting discount	0.650%	\$ 2,437,500
Proceeds, before expenses, to The Hanover Insurance Group, Inc. (1)	99.117%	\$ 371,688,750

(1) Plus accrued interest, if any, from April 8, 2016 to the date of delivery.

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the notes through the facilities of The Depository Trust Company for the accounts of its participants, which may include Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., against payment in New York, New York on or about April 8, 2016.

*Joint Book-Running Managers*

**J.P. Morgan**

**Wells Fargo Securities**

**Lloyds Securities**

*Senior Co-Managers*

**BofA Merrill Lynch**

**BMO Capital Markets**

**ING**

**Morgan Stanley**

*Co-Managers*

**BB&T Capital Markets**

**Raymond James**

Prospectus Supplement dated April 5, 2016

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We have not, and the underwriters have not, authorized anyone to provide you with any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus filed by us with the Securities and Exchange Commission (the "SEC"). Neither we nor any underwriter take any responsibility for, or provide any assurance as to the reliability of, any different or additional information. This prospectus supplement and the accompanying prospectus is an offer to sell only the notes offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. You should not assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus filed by us with the SEC is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations, liquidity, cash flows and prospects might have changed since those dates.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part, the accompanying prospectus dated March 22, 2016, gives more general information, some of which may not apply to this offering.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information incorporated by reference in the documents to which we have referred you in [Where You Can Find More Information](#) in the accompanying prospectus and [Incorporation of Certain Documents by Reference](#) in this prospectus supplement.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on behalf of us or the underwriters or any of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See [Underwriting](#) in this prospectus supplement.

In this prospectus supplement and the accompanying prospectus, unless otherwise stated or the context otherwise requires, references to [THG](#), [we](#), [us](#) and [our](#) refer to The Hanover Insurance Group, Inc., a Delaware corporation, and its subsidiaries.

In this prospectus supplement, unless otherwise stated or the context otherwise requires, references to the indenture refer to the indenture to be dated April 8, 2016 between THG and U.S. Bank National Association, as trustee, as supplemented by the first supplemental indenture between THG and the trustee.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We have based our forward-looking statements on management's belief and assumptions based on information available to our management at the time these statements are made. These forward-looking statements may relate, without limitations, to such matters as future actions, integration of strategic acquisitions, prospects related to our strategic initiatives, anticipated premiums, expenses, interest rates, foreign exchange rates, financial performance or business prospects in future periods, the outcome of contingencies, liquidity, and similar matters. Forward-looking statements are inherently subject to risks and uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. These statements may be identified by the use of forward-looking words or phrases such as anticipate, believe, could, estimate, expect, forecast, intend, like, plan, possible, potential, seek to, should, will and would or any variations of words with similar meanings. A variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed, anticipated or implied in our forward-looking statements. The factors listed in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference are illustrative and other risks and uncertainties may arise as may be detailed from time to time in our public announcements and in our filings with the SEC. Our forward-looking statements speak only as of the dates on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of these risks, see Risk Factors beginning on page S-6 of this prospectus supplement, and under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2015.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*The following summary is provided solely for your convenience. It is not intended to be complete. You should read carefully this entire prospectus supplement, the accompanying prospectus and all the information included or incorporated by reference herein or therein, especially the risks discussed in the section titled "Risk Factors" beginning on page S-6 of this prospectus supplement and in our periodic reports filed with the SEC.*

**The Hanover Insurance Group, Inc.**

THG is a holding company organized as a Delaware corporation in 1995. We trace our roots to as early as 1852, when the Hanover Fire Insurance Company was founded. Our primary business operations are property and casualty insurance products and services. We market our domestic products and services through independent agents and brokers in the United States ( U.S. ) and conduct business internationally through a wholly-owned subsidiary, Chaucer Holdings Limited ( Chaucer ), which operates through the Society and Corporation of Lloyd s ( Lloyd s ) and is domiciled in the United Kingdom. Our consolidated financial statements include the accounts of THG; The Hanover Insurance Company ( Hanover Insurance ) and Citizens Insurance Company of America ( Citizens ), which are our principal U.S. domiciled property and casualty subsidiaries; Chaucer; and certain other insurance and non-insurance subsidiaries. Our results of operations also include the results of our discontinued operations, consisting primarily of our former life insurance and accident and health businesses.

Through our Commercial Lines and Personal Lines segments, we underwrite commercial and personal property and casualty insurance through Hanover Insurance, Citizens and other THG subsidiaries, through an independent agent and broker network concentrated in the Northeast, Midwest and Southeast U.S. We also continue to actively grow our Commercial Lines presence in the Western region of the U.S. Our Chaucer segment is a specialist insurance underwriting group that operates through Lloyd s and writes business globally. Included in our Other segment, is Opus Investment Management, Inc., a wholly-owned subsidiary of THG, which provides investment management services to our insurance and non-insurance companies, as well as to unaffiliated institutions, pension funds and other organizations; earnings on holding company assets; and a discontinued voluntary pools business.

Our principal executive offices are located at 440 Lincoln Street, Worcester, Massachusetts, 01653 and our telephone number is (508) 855-1000. We make available free of charge on or through our website, [www.hanover.com](http://www.hanover.com), our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information contained in our website has not been, and shall not be deemed to be, incorporated by reference into this prospectus supplement and the accompanying prospectus.

**Table of Contents****Summary Financial Information**

The following table sets forth our summary consolidated financial information at and for the periods presented. You should read the following information in conjunction with our consolidated financial statements and related notes and the other financial and statistical information that we include or incorporate by reference in this prospectus supplement and the accompanying prospectus.

	Fiscal Year Ended December 31,		
	2015	2014	2013
	(amounts in millions, except per share amounts)		
<b>Statement of Income data:</b>			
<b>Revenues</b>			
Premiums	\$ 4,704.8	\$ 4,710.3	\$ 4,450.5
Net investment income	279.1	270.3	269.0
Net realized investment gains	19.5	50.1	33.5
Fees and other income	30.6	36.9	40.7
<b>Total revenues</b>	<b>5,034.0</b>	<b>5,067.6</b>	<b>4,793.7</b>
<b>Losses and Expenses</b>			
Losses and loss adjustment expenses	2,884.1	2,927.5	2,761.1
Policy acquisition expenses	1,033.2	1,040.0	971.0
Other operating expenses	677.3	722.1	732.5
<b>Total losses and expenses</b>	<b>4,594.6</b>	<b>4,689.6</b>	<b>4,464.6</b>
<b>Income before income taxes</b>	<b>439.4</b>	<b>378.0</b>	<b>329.1</b>
Income tax expense	108.6	95.7	83.4
<b>Income from continuing operations</b>	<b>330.8</b>	<b>282.3</b>	<b>245.7</b>
Income (loss) from discontinued operations	0.7	(0.3)	5.3
<b>Net income</b>	<b>\$ 331.5</b>	<b>\$ 282.0</b>	<b>\$ 251.0</b>
<b>Net income per common share (diluted)</b>	<b>\$ 7.40</b>	<b>\$ 6.28</b>	<b>\$ 5.59</b>
<b>Dividends declared per common share</b>	<b>\$ 1.69</b>	<b>\$ 1.52</b>	<b>\$ 1.36</b>
<b>Balance Sheet data (at fiscal period end):</b>			
Total assets	\$ 13,790.9	\$ 13,759.7	\$ 13,378.7
Debt	812.8	903.5	903.9
Total liabilities	10,946.5	10,915.7	10,784.2
Shareholders' equity	2,844.4	2,844.0	2,594.5
<b>Other data:</b>			
Ratio of earnings to fixed charges <sup>(1)</sup>	7.678x	6.257x	5.546x
Pro forma ratio of earnings to fixed charges <sup>(2)</sup>	8.695x		

(1) For purposes of the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes, minority interest and cumulative effect of accounting changes plus appropriate fixed charges. Fixed charges consist of interest expense on debt and the portion of operating lease rental expense representative of an interest factor.

(2) Adjusted to give effect to the issuance of the notes in this offering and the application of the net proceeds from this offering as described in Use of Proceeds, assuming this offering had been completed on January 1, 2015. The pro forma ratio of earnings to fixed charges does not necessarily represent what the actual ratio of earnings to fixed charges would have been had those transactions occurred on the date



assumed.

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**The Offering**

*The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the notes, see Description of Notes in this prospectus supplement. As used in this Prospectus Supplement Summary The Offering, the terms THG, we, our, us and other similar references refer only to The Hanover Insurance Group, Inc. and not to any of its subsidiaries.*

Issuer	The Hanover Insurance Group, Inc.
Securities Offered	\$375,000,000 4.500% Notes due 2026.
Maturity	The notes will mature on April 15, 2026.
Interest	Interest on the notes will accrue from April 8, 2016. Interest on the notes will be payable semi-annually in arrears at the rate set forth on the cover page of this prospectus supplement on April 15 and October 15 of each year, commencing on October 15, 2016.
Optional Redemption	<p>At any time and from time to time prior to January 15, 2026, we may redeem the notes at our option, in whole or in part, at a redemption price equal to the greater of:</p> <p style="padding-left: 40px;">100% of the principal amount of the notes being redeemed; and</p> <p style="padding-left: 40px;">the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in Description of Notes Optional Redemption ), plus 45 basis points;</p> <p>together in each case, with accrued interest thereon to, but not including, the date of redemption.</p> <p>At any time and from time to time on or after January 15, 2026, we may redeem the notes at our option, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes being redeemed together with accrued interest thereon to, but not including, the date of redemption.</p>
Sinking Fund	The notes will not be entitled to the benefit of a sinking fund.
Covenants	The indenture will contain covenants that, among other things, will limit our ability and the ability of our restricted subsidiaries to:

incur, issue, assume or guarantee indebtedness secured by a lien on (A) any shares of capital stock issued by a restricted subsidiary and held directly or indirectly by THG or another restricted subsidiary or (B) any indebtedness of a restricted subsidiary owing to and held directly or indirectly by THG or another restricted subsidiary; and

issue or dispose of capital stock of a restricted subsidiary.

The indenture also limits our ability to engage in mergers, consolidations and certain sales of assets. These covenants are subject

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to important exceptions and qualifications, as described in the sections titled Description of Notes Certain Covenants in this prospectus supplement and Description of the Debt Securities Consolidation, Merger or Conveyance in the accompanying prospectus.

Ranking

The notes will be our senior unsecured obligations and will rank equal in right of payment to all of our existing and future indebtedness and other liabilities that are not, by their terms, expressly subordinated in right of payment to the notes. The notes will be effectively subordinated to all of our existing and future secured indebtedness and other secured liabilities to the extent of the value of the assets securing such indebtedness and liabilities and to all indebtedness and other liabilities of our subsidiaries. As of December 31, 2015 we and our subsidiaries had on a consolidated basis approximately \$812.8 million in senior and subordinated long-term indebtedness, inclusive of current installments on a consolidated basis, of which \$453.1 million is senior debentures, \$234.7 million is subordinated debentures and \$125.0 million is Federal Home Loan Bank of Boston borrowings by Hanover Insurance ( FHLBB Borrowings ). Such FHLBB Borrowings are collateralized by government and government agency securities and such FHLBB are structurally senior to the notes.

Listing

We do not intend to list the notes on a national securities exchange.

Use of Proceeds

We estimate that the net proceeds to us from this offering will be approximately \$370,688,750 after deducting underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, together with cash on hand, to redeem our outstanding 7.50% notes due 2020 and 6.375% notes due 2021 and to pay related fees and expenses. See Use of Proceeds in this prospectus supplement.

Conflicts of Interest

As described in the section entitled Use of Proceeds, THG intends to use a portion of the net proceeds of this offering for the redemption of indebtedness. Wells Fargo Securities, LLC and its affiliates are and certain of the other underwriters may be holders of such indebtedness of THG and would receive a portion of the proceeds from this offering as a result of the redemption of such indebtedness. If any one underwriter, together with its affiliates, were to receive 5% or more of the net proceeds as a result of the redemption of indebtedness, such underwriter would be deemed to have a conflict of interest with us in regard to this offering under Rule 5121 of the Financial Industry Regulatory Authority, Inc. ( FINRA ). Accordingly, this offering will be conducted in accordance with FINRA Rule 5121. No underwriter with a conflict of interest under FINRA Rule 5121 will confirm sales to any discretionary accounts without receiving specific written approval from the account holder. A qualified independent underwriter ( QIU ) is not necessary for this offering pursuant to FINRA Rule 5121(a)(1)(C). See Use of Proceeds and Underwriting (Conflicts of Interest) in this prospectus supplement.

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Further Issuances	We may, without notice to or consent of the holders or beneficial owners of the notes, issue in a separate offering additional notes having the same ranking, interest rate, maturity and other terms as the notes, <i>provided, however</i> , that no such additional notes may be issued unless either such additional notes are fungible with the notes for U.S. federal income tax purposes or are issued with a different CUSIP number. The notes and any such additional notes will constitute a single series under the indenture unless the additional notes are issued with a different CUSIP number.
Denomination and Form	We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company ( DTC ). Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, <i>société anonyme</i> , and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositories, which, in turn, will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Risk Factors	You should carefully consider all information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, should carefully read the section entitled Risk Factors in this prospectus supplement and the accompanying prospectus and the section entitled Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2015 before purchasing any of the notes.
Material United States Federal Income Tax Consequences	For a discussion of certain U.S. federal income tax consequences to the holders of the Notes, see Material United States Federal Income Tax Consequences.
Trustee	U.S. Bank National Association
Governing Law	The notes will be governed by the laws of the State of New York.

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**RISK FACTORS**

*You should carefully consider the following risk factors as well as the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the discussion of risk factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated herein by reference, before making a decision to invest in the notes. The following is not intended as, and should not be construed as, an exhaustive list of relevant risk factors. Some of these factors relate principally to our business and the industry in which we operate while others relate principally to your investment in the notes. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally. If any of the matters included in the following risks were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially and adversely affected. In such case, you may lose all or part of your investment.*

**Risks Related to the Notes**

*We are a holding company that depends on the ability of our insurance subsidiaries to pay dividends to us in order to service our indebtedness.*

We are a holding company and do not have any significant operations or assets other than our ownership of the shares of our operating subsidiaries. Dividends and other permitted distributions from our insurance subsidiaries are our primary source of funds to meet ongoing cash requirements, including any future debt service payments and other expenses. Our U.S. insurance subsidiaries are subject to significant regulatory restrictions limiting their ability to declare and pay dividends. Chaucer's and certain of its subsidiaries' ability to pay dividends or to return capital to us is similarly limited by Lloyd's and the Prudential Regulation Authority and the Financial Conduct Authority of the United Kingdom, and the ability of certain of Chaucer's regulated subsidiaries to become a borrower or guarantor or provider of any security interest on any financial obligations is subject to review by the Financial Conduct Authority. The inability of our insurance subsidiaries to pay dividends in an amount sufficient to enable us to meet our cash requirements at the holding company level could have an adverse effect on our operations and our ability to meet our debt service obligations.

*The notes are effectively subordinate to the existing and future liabilities of our subsidiaries.*

Our subsidiaries are separate and distinct legal entities from us. None of our subsidiaries will guarantee the notes, and our subsidiaries will have no obligation to pay any amounts due on the notes or to provide us with funds to meet our payment obligations on the notes, whether in the form of dividends, distributions, loans or other payments. Any payment of dividends, loans or advances by our subsidiaries could be subject to contractual restrictions. In addition, payments to us by our subsidiaries will also be contingent upon the subsidiaries' earnings, legal ability to pay dividends and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any secured indebtedness and other secured liabilities of our subsidiaries to the extent of the value of the assets securing such indebtedness and liabilities, and to all indebtedness and other liabilities of our subsidiaries senior to that held by us. As of December 31, 2015, our subsidiaries had approximately \$812.8 million in long-term third-party indebtedness outstanding, which would be structurally senior to the notes.

*The notes would be subject to prior claims of any secured creditors.*

The notes are our senior unsecured general obligations, ranking equally with other unsecured and unsubordinated debt but below any secured debt to the extent of the value of any assets constituting security. The indenture governing the notes permits us and our subsidiaries to incur secured debt under specified circumstances. If we incur any debt secured by our assets, these assets will be subject to the prior claims of our

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secured creditors, and in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, these pledged assets would be available to satisfy secured obligations before any payment could be made on the notes. To the extent that such assets could not satisfy in full any such secured obligations, the holders of such obligations would have a claim for any shortfall that would rank equally in right of payment with the notes. In that case, we might not have sufficient assets remaining to pay amounts due on any or all of the notes.

*The negative covenants are applicable to our restricted subsidiaries.*

As more fully described under **Description of Notes - Certain Covenants**, negative covenants that apply to the notes impose certain limitations on our ability to issue or dispose of capital stock of a restricted subsidiary and limit us and our restricted subsidiaries from incurring, issuing, assuming or guaranteeing any indebtedness secured by a lien on (A) any shares of capital stock issued by a restricted subsidiary and held by THG or another restricted subsidiary or (B) any indebtedness of a restricted subsidiary owing to and held by THG or another restricted subsidiary, without effectively providing that the notes shall be secured equally and ratably with (or prior to) such indebtedness. Those covenants do not apply to our subsidiaries that are not restricted subsidiaries. The indenture does not limit the secured debt incurred, assumed or guaranteed by our subsidiaries that are not restricted subsidiaries, or limit our ability to issue or dispose of capital stock of a subsidiary that is not a restricted subsidiary. A restricted subsidiary is one of our subsidiaries whose assets constitute at least 15% of our total consolidated assets, as of the last day of the most recent fiscal quarter ended at least 30 days prior to the date of determination, or one of our subsidiaries designated as a restricted subsidiary.

*Our credit ratings may not reflect all risks of your investment in the notes.*

The credit ratings assigned to the notes are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agencies, if, in such rating agency's judgment, circumstances so warrant. Agency credit ratings are not a recommendation to buy, sell or hold any security. Each agency's rating should be evaluated independently of any other agency's rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market value of the notes and increase our corporate borrowing costs.

*The terms of the indenture and the notes do not provide protection against corporate events that could adversely impact your investment in the notes.*

Neither we nor any of our subsidiaries are restricted from incurring additional debt or other liabilities, including additional senior debt, under the indenture. At December 31, 2015, we had \$687.8 million in senior and subordinated long-term indebtedness outstanding. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the market value of your notes, and a risk that the credit rating of the notes is lowered or withdrawn. In addition, the indenture will not require us to offer to purchase the notes in connection with a change of control.

Furthermore, the indenture and the related supplemental indenture for the notes do not:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;



limit the ability of our subsidiaries to service indebtedness;

limit our or any of our subsidiaries' ability to sell assets (other than certain restrictions on our ability to consolidate, merge or sell all or substantially all of our assets and our ability to sell the stock of certain subsidiaries);

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limit our or any of our subsidiaries' ability to enter into transactions with affiliates;

restrict our ability to repurchase or prepay any other of our securities or other indebtedness; or

restrict our ability to make investments or to repurchase or pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

As a result of the foregoing, when evaluating the terms of the notes, you should be aware that the terms of the indenture, the related supplemental indenture and the notes do not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on your investment in the notes.

***If an active trading market does not develop for the notes, you may be unable to sell your notes or to sell your notes at a price that you deem sufficient.***

The notes are a new issue of securities for which there currently is no established trading market. We do not intend to list the notes on a national securities exchange. While the underwriters of the notes have advised us that they intend to make a market in the notes, the underwriters will not be obligated to do so and may stop their market-making at any time at their discretion without notice. In addition, the liquidity of the trading market in the notes and the market price quoted for the notes may be adversely affected by changes in the overall market for securities and by changes in the financial performance or prospects of our company or companies in our industry. No assurance can be given:

that a market for the notes will develop or continue;