

HCC INSURANCE HOLDINGS INC/DE/  
Form DFAN14A  
June 10, 2015

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**HCC INSURANCE HOLDINGS, INC.**

(Name of Registrant as Specified In Its Charter)

TOKIO MARINE HOLDINGS, INC.

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
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- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
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On June 10, 2015, (i) Tokio Marine Holdings, Inc. (Tokio Marine) and HCC Insurance Holdings, Inc. (HCC) issued a joint press release; (ii) Tokio Marine issued a press release in Japanese; (iii) Tokio Marine and HCC held two joint teleconferences for members of the international investment community and referenced a slide presentation during such calls; and (iv) HCC made available a video message to its employees, which included messages from representatives of HCC and Tokio Marine. The text of the joint press release, the English language translation of the Japanese press release, the investor slide presentation referenced in the two joint teleconferences, and the transcript of the video message are as follows:

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**FOR IMMEDIATE RELEASE**

**TOKIO MARINE HOLDINGS TO ACQUIRE HCC INSURANCE HOLDINGS IN \$7.5 BILLION TRANSACTION**

**Significant expansion of International business by Tokio Marine**

**Opportunity to combine HCC's specialty expertise with Tokio Marine's global resources**

**Diversified and highly profitable global portfolio with low volatility over market cycle**

Tokyo, Japan and Houston, Texas, June 10 – Tokio Marine Holdings, Inc. (TMHD) and HCC Insurance Holdings, Inc. (HCC) (NYSE: HCC) today announced that they have entered into a definitive agreement under which TMHD will acquire all outstanding shares of HCC, a U.S. insurance holding company comprising property & casualty, accident & health and other specialty insurance businesses, for \$78.00 in cash per share, through TMHD's wholly owned subsidiary, Tokio Marine & Nichido Fire Insurance Co., Ltd. (TMNF). The acquisition price of \$78.00 per share represents a 35.8% premium to HCC's average share price over the past one month and a 37.6% premium to the share price as of close of business on June 9, 2015. The total transaction value is approximately \$7.5 billion, and the transaction is expected to close in the fourth quarter of 2015.

The acquisition of HCC significantly enhances Tokio Marine's operations in the United States, the largest insurance market in the world, and internationally. With strong business platforms in Japan and in international markets, the transaction solidifies Tokio Marine's standing as a truly global insurer with premier specialty franchises. The transaction further expands Tokio Marine's product offerings and capabilities with market leading positions in new lines of business including Accident & Health (A&H), Directors & Officers liability (D&O), agriculture and other specialty lines globally.

HCC, founded in 1974, underwrites more than 100 classes of specialty insurance products through three key segments.

- North America Property & Casualty: a diverse portfolio of specialty businesses, including D&O, agriculture, primary casualty, aviation, surety, sports and entertainment disability/contingency and public risk, that require strong technical underwriting expertise;
  - A&H: market leading position in medical stop-loss and other medical products that are short-tail and not correlated with the traditional property & casualty insurance market cycle;
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- International: underwrites London market lines as well as global specialty businesses, including D&O, professional indemnity, surety and credit through Lloyd's and company platforms.

HCC has a proven track record of disciplined growth and best-in-class underwriting profitability, with industry leading underwriting experts across its businesses.

Tsuyoshi Nagano, President of Tokio Marine, said, "In line with the strategy to expand our International business, the acquisition enables Tokio Marine to build a more diversified and highly profitable global portfolio with low volatility, taking into account the nature of HCC's businesses which are largely non-correlated, have limited catastrophe exposure and are less dependent on property & casualty market cycles. HCC is a top tier specialty insurer with market leading underwriting capabilities. Leveraging Tokio Marine's financial strength and global footprint, HCC will further expand the revenues, profits and capabilities of Tokio Marine."

Christopher J.B. Williams, Chief Executive Officer of HCC, said, "This transaction yields significant value for HCC's shareholders. With Tokio Marine, HCC gains an international footprint to expand our diverse portfolio and expertise globally, a financial foundation on which to compete with larger insurers and the opportunity to offer our clients expanded coverages. Tokio Marine's values and underwriting culture are aligned with HCC's. We believe the combination is an excellent extension of Tokio Marine's stated long-term business strategy, and we are excited to be a part of that strategy."

President Nagano concluded, "Tokio Marine has great respect for the consistent profitability that HCC has achieved under the leadership of its highly experienced management team. With shared values and the continued support from the management team, we will build a long and successful partnership together."

HCC represents Tokio Marine's most significant acquisition since it acquired Delphi Financial Group, Inc. in 2012, and Philadelphia Consolidated Holding Corp. and Kiln Ltd. in 2008. The transaction is expected to be EPS and ROE accretive to Tokio Marine.

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**Certain Transaction Terms:**

Under the terms of the agreement, Tokio Marine will acquire 100% of the shares of HCC for \$78.00 in cash per share. HCC is permitted to continue to pay regular quarterly cash dividends of up to \$0.295 per share, per quarter, until the transaction closes. The acquisition will be financed through the utilization of Tokio Marine's cash on hand together with borrowings. The consummation of the transaction is not subject to any financing condition.

**Approvals and Timing:**

The Board of Directors of TMHD and the Board of Directors of HCC have unanimously approved the transaction. The acquisition is subject to the approval of HCC's shareholders and the approval of various regulatory authorities, as well as other customary closing conditions. The transaction is expected to close in the fourth quarter of 2015.

Credit Suisse and Evercore acted as financial advisors to Tokio Marine in this transaction and Sullivan & Cromwell LLP provided external legal counsel. Goldman Sachs acted as financial advisor to HCC and Willkie Farr & Gallagher LLP provided external legal counsel.

**Enquiries:**

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**Press and Investor Conferences:**

TMHD will host a press conference at the 15th Floor Conference Room of the Tokio Marine Nichido Annex Building in Tokyo to discuss the transaction on June 10 at 4:00 P.M. Japan time (2:00 A.M. Central daylight time).

TMHD and HCC will host two joint teleconferences for the international investment community in order to accommodate time differences between Japan and the United States. The first joint teleconference will be held on June 10 at 7:00 P.M. Japan time (5:00 A.M. Central daylight time) and the second joint teleconference will be held on June 10 at 10:00 P.M. Japan time (8:00 A.M. Central daylight time). Both joint teleconferences will be held in Japanese and English with simultaneous or consecutive interpretation and can be accessed by dialing +1-866-784-9136 (U.S. and Canada callers (\*)) and entering the passcode (\*) approximately ten minutes prior to each joint teleconference. Accompanying material related to the joint teleconferences will be available for download at <http://www.tokiomarinehd.com/en> at approximately 4:30 P.M. Japan time (2:30 A.M. Central daylight time). This accompanying material will be the same for both joint teleconferences.

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\* For dial-in numbers of countries other than U.S. and Canada, please contact Kei Kobayashi of TMHD by e-mail to [ibdd@tokiomarinehd.com](mailto:ibdd@tokiomarinehd.com) or by telephone at +1-81-(0)3-6267-5805.

**About Tokio Marine Holdings, Inc.:**

Established in the year 1879 in Japan, Tokio Marine Holdings, Inc. is the insurance holding company for Tokio Marine Group, which undertakes Domestic Non-Life insurance, Domestic Life insurance, International business, and Financial and General businesses. With a presence in approximately 40 countries, Tokio Marine Group ranks as one of the world's most globally diversified and financially secured insurance group.

As Japan's largest insurance group, Tokio Marine Group is listed on the Tokyo Stock Exchange with over Yen 20.8 trillion (\$173 billion) in total assets, Yen 4.3 trillion (\$36 billion) of total revenues (as at end of March 2015) and approximately 40,000 employees. Tokio Marine's major subsidiaries have financial strength ratings of AA- (Very Strong) from Standard & Poor's Financial Services LLC and A++ (Superior) from A.M. Best Company, Inc.

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**About HCC Insurance Holdings, Inc.:**

Headquartered in Houston, Texas, HCC Insurance Holdings, Inc. is a world leading specialty insurer with offices in the United States, the United Kingdom, Spain and Ireland. HCC's common stock is listed on the New York Stock Exchange under the symbol HCC, and its corporate website address is [www.hcc.com](http://www.hcc.com)

As of March 31, 2015 HCC had total assets of \$11.0 billion, shareholders' equity of \$3.9 billion and approximately 2,500 employees. HCC's major domestic and international insurance companies have financial strength ratings of AA (Very Strong) from Standard & Poor's Financial Services LLC and A+ (Superior) from A.M. Best Company, Inc.

**Additional Information About the Proposed Merger and Where to Find It**

This communication relates to a proposed merger between HCC and a subsidiary of Tokio Marine Holdings, Inc. that will be the subject of a proxy statement that HCC intends to file with the U.S. Securities and Exchange Commission (the "SEC"). This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, and is not a substitute for the proxy statement or any other document that HCC may file with the SEC or send to its stockholders in connection with the proposed merger.

**INVESTORS AND STOCKHOLDERS ARE URGED TO READ THE PROXY STATEMENT AND ALL OTHER RELEVANT DOCUMENTS FILED WITH THE SEC OR SENT TO HCC'S STOCKHOLDERS AS THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER.** All documents, when filed, will be available free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)). You may also obtain documents filed by HCC with the SEC by contacting HCC at Investor Relations, HCC Insurance Holdings, Inc., 13403 Northwest Freeway, Houston, Texas 77040, by email at [InvestorRelations@hcc.com](mailto:InvestorRelations@hcc.com) or by visiting the Investor Relations section of HCC's website at [www.hcc.com](http://www.hcc.com)

**Participants in the Solicitation**

Tokio Marine Holdings, Inc. and HCC and its directors, executive officers and other members of management and employees may be deemed to be participants in any solicitation of proxies in connection with the proposed merger. Information about HCC's directors and executive officers is available in HCC's proxy statement dated April 9, 2015 for its 2015 Annual Meeting of Stockholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC regarding the merger when they become available. Investors and stockholders should read the proxy statement carefully when it becomes available before making any investment or voting decisions.

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**Cautionary Statement Regarding Forward-Looking Statement**

This communication and other written or oral statements made by or on behalf of HCC or Tokio Marine contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are made under the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. In particular, statements using words such as may, will, should, estimate, expect, anticipate, intend, believe, predict, plan, project, continue or potential, or their variations, and similar terminology and words of similar import, generally involve forward-looking statements. Forward-looking statements reflect HCC's or Tokio Marine's current views, plans or expectations with respect to future events and financial performance. They are inherently subject to significant business, economic, competitive and other risks, uncertainties and contingencies. The inclusion of forward-looking statements in this or any other communication should not be considered as a representation by HCC, Tokio Marine or any other person that current plans or expectations will be achieved. Forward-looking statements speak only as of the date on which they are made, and neither HCC nor Tokio Marine undertakes any obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as otherwise required by law. There are or will be important factors that could cause actual results to differ materially from those expressed in any such forward-looking statements, including but not limited to the following: the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; required governmental approvals of the merger may not be obtained or may not be obtained on the terms expected or on the anticipated schedule, and adverse regulatory conditions may be imposed in connection with any such governmental approvals; HCC's stockholders may fail to approve the merger; the parties to the merger agreement may fail to satisfy other conditions to the completion of the merger, or may not be able to meet expectations regarding the timing and completion of the merger; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers or suppliers) may be greater than expected following the announcement of the proposed merger; HCC may be unable to retain key personnel; the amount of the costs, fees, expenses and other charges related to the proposed merger; and other factors affecting future results disclosed in HCC's filings with the SEC, including but not limited to those discussed under Item 1A, Risk Factors, in HCC's Annual Report on Form 10-K for the year ended December 31, 2014, which are incorporated herein by reference.

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(English Translation)

June 10, 2015

Tokio Marine Holdings, Inc.

**Agreement to Acquire a World Leading Specialty Insurer, HCC Insurance Holdings, Inc.**

Tokio Marine Holdings, Inc. ( TMHD ) (President: Tsuyoshi Nagano) today announced a definitive agreement to acquire 100% of the outstanding shares of HCC Insurance Holdings, Inc. ( HCC ), a U.S. insurance holding company comprising property & casualty, accident & health and other specialty insurance businesses (hereinafter: the Acquisition ), through TMHD 's wholly owned subsidiary, Tokio Marine & Nichido Fire Insurance Co., Ltd. ( TMNF ).

The Acquisition has been unanimously approved by the Board of Directors of TMHD and the Board of Directors of HCC.

**1. Background**

(1) As a global insurance group, the Tokio Marine Group has been focused on continued expansion of its International business in size and profits as a driving force for its growth strategy. We are pursuing growth opportunities to build a diversified business portfolio through organic and strategic M&A initiatives in developed countries as well as emerging countries.

(2) As part of the overall M&A strategy, in developed markets, we entered the Lloyd 's market through the acquisition of Kiln Ltd. ( Kiln ) in March, 2008, and we entered the U.S. market through the acquisition of Philadelphia Consolidated Holding Corp. ( Philadelphia ) in December, 2008 and the acquisition of the Delphi Financial Group, Inc. ( Delphi ) in May, 2012. In emerging markets, we have achieved strong growth by actively expanding in both property & casualty and life in regions such as Southeast Asia and Latin America. Throughout our expansion, we have continued to look for high quality acquisition opportunities to achieve further profitable growth and enhance capital efficiency.

(3) As described in paragraphs 3 and 4 and in Appendix 1 below, HCC is a world leading specialty (\*1) insurer with operations in the United States, and further international operations including in the United Kingdom, Spain and Ireland. Led by its highly experienced management, the company has a proven track record of disciplined growth and

best-in-class underwriting profitability and financial strength.

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(\*1) Specialty insurance is a type of insurance product that often covers risks that are not covered by standard insurance policies and requires specific underwriting capability and technical expertise.

(4) The Acquisition accelerates growth in scale and profits for the International business of Tokio Marine Group resulting in a more globally diversified portfolio. The Acquisition will lead to a more solid Group business foundation through improvement in capital efficiencies and sustainable profit growth.

## 2. Overview of the Acquisition

**(1) Acquisition Target:** HCC Insurance Holdings, Inc. (TMHD intends to acquire 100% of HCC's outstanding shares through TMNF).

### (2) Shares to be acquired, acquiring price and shares owned before and after the Acquisition

(a) Number of shares held before the Acquisition	0 shares (Ownership percentage : 0%)
(b) Number of shares to be acquired	96,201,045 shares (*2) (percentage of outstanding shares : 100%)
(c) Acquisition price	Acquisition price : approximately USD 7,500 Million Advisory fees: approximately USD 30 Million Total: approximately USD 7,530 Million (JPY 941 Billion) (*3)

(\*2) The numbers shown above are based on the projected fully diluted shares at closing of HCC (including dilution resulting from settlement of stock based compensation related to the Acquisition).

(\*3) Exchange rate is \$1 = JPY 125 unless otherwise noted.

**(3) Acquisition terms:** USD \$78.00 per share (approximately JPY 9,750)

This Acquisition price constitutes a price to book ratio of 1.90 times HCC's book value per share of \$41.03 as of March 31, 2015. Furthermore, the Acquisition price represents a 35.8% premium to HCC's average share price over the past one month and a 37.6% premium to the share price as of the close of business on June 9, 2015.

After careful analysis and review of HCC's assets, business operations and prospects, TMHD considers this Acquisition price as fair and reasonable.

**(4) Financing:** The Acquisition will be financed through the utilization of Tokio Marine Group's cash on hand and borrowings.

3. Overview of HCC (see Appendix 1 for further details)

(1) Company name	HCC Insurance Holdings, Inc.		
(2) Registered office	Corporate Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 U.S.A.		
(3) Name of Chairman and CEO	Chairman Robert A. Rosholt		
	CEO Christopher J.B. Williams		
(4) Nature of business	Insurance holding company (common stock listed on the New York Stock Exchange) comprising property & casualty, accident & health and other insurance businesses		
(5) Capital	USD 126,794,000 (as of March 31, 2015)		
(6) Date of establishment	July 23, 1974		
(7) Major shareholders and ownership percentage (As of April 1, 2015)	T. Rowe Price Associates, Inc.	8.41%	
	The Vanguard Group	6.83%	
	Eaton Vance Management	6.59%	
(8) TMHD's relationship with HCC	BlackRock, Inc.	6.17%	
	Capital and management	No notable capital or management relationships between TMHD and HCC or with our affiliates and HCC's	
	Business	Reinsurance transaction exists between HCC's affiliates and TMHD's affiliates.	
(9) Consolidated financial results of the past three years(*4)			

Fiscal year	December, 2012		December, 2013		December, 2014	
Consolidated net assets	USD	3,542M	USD	3,674M	USD	3,903M
Consolidated total assets	USD	10,267M	USD	10,344M	USD	10,714M
Consolidated net assets per share	USD	35.10	USD	36.62	USD	40.44
Gross written premium	USD	2,784M	USD	2,880M	USD	3,001M
Pre tax earnings	USD	554M	USD	572M	USD	661M
Consolidated net income	USD	391M	USD	407M	USD	458M
Consolidated net income per share (basic)	USD	3.84	USD	4.05	USD	4.62
Cash dividends declared, per share	USD	0.64	USD	0.78	USD	1.04
Combined ratio(*5)		84.1%		83.9%		82.5%

(\*4) On a U.S.GAAP accounting basis (from 10-K). Some figures may differ slightly (rounded down) from HCC's disclosure to comply with the disclosure rules of the Japanese Stock Exchange.

(\*5) Revised to reflect a change in the basis of calculation in Q1 2015.

#### 4. Description of HCC

(1) HCC focuses on specialty insurance that requires strong underwriting technical expertise and has established market leading positions in many markets.

(2) HCC's business portfolio is diverse with over 100 classes of largely non-correlated specialty lines of business such as Accident & Health (A&H) (\*6), Directors & Officers liability (D&O), agriculture, aviation, surety and credit. The vast majority of its lines of business (such as A&H) are less dependent on the traditional property & casualty insurance market cycle and have limited exposure to natural catastrophe risks.

(3) Given HCC's portfolio is diverse with low volatility, HCC has consistently achieved disciplined growth, strong underwriting profitability and maintained its financial strength. HCC is viewed as the best-in-class insurer among its specialty peers.

- Profitability: Average combined ratio over the past ten years is 86.0% and average ROE over the past ten years is 12.6%. In addition, HCC has the lowest expense ratio among its industry peers.
- Growth: Compound Annual Growth Rate of net income after tax over the past ten years is 11.1%.
- Underwriting stability: Standard deviation of the past ten years' combined ratio is 3.5%, demonstrating low volatility.
- Financial strength: Maintains excellent financial strength with very strong ratings from internationally recognized rating agencies (S&P: AA, AM Best: A+, Moody's: A1, Fitch: AA).

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(\*6) A&H insurance includes Medical stop-loss and short term medical. Medical stop-loss clients are companies and groups which self-insure medical coverage. When the self-insured losses exceed a specified amount, the medical stop-loss policy covers insurance claims for the portion exceeding that amount.

#### 5. Strategic Rationale

(1) Establishment of a more solid Group business foundation, through capital efficiencies and sustainable profit growth

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Taking into account the nature of HCC's portfolio with no significant overlap with Tokio Marine's existing operations, the Acquisition will further diversify the risk exposures in our global portfolio leading to significant improvement in capital efficiency and sustainable profit growth. This will enable us to establish a more solid Group business foundation. On a proforma basis giving effect to the Acquisition, the 2015 forecast adjusted ROE for Tokio Marine Group will increase by 1.5% to 9.3% and the 2015 forecast adjusted EPS will increase by 12% to ¥480 (\*7).



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(\*7) The figures shown here are the simulated simple sum of the annual projection for TMHD's FY2015 results and TMHD's preliminary estimates for HCC's 2015 calendar year results. We will disclose the financial impact of this Acquisition on Tokio Marine Group's consolidated results for the fiscal year ending 2015 when available during our standard reporting period.

## **(2) Continued expansion of revenues and profits of International business through strengthening of its business franchise**

With HCC joining the Tokio Marine Group, we will accelerate growth in scale and profit for the International business and pursue additional growth opportunities as a group globally.

- We will significantly enhance our presence in the U.S., the largest insurance market in the world, complementary to the solid foundation in our home market, Japan.
- Combining HCC with Kiln, Philadelphia and Delphi, the Acquisition solidifies Tokio Marine's standing as a truly global insurer with premier specialty franchises. In addition we will build our capabilities in new market leading businesses including A&H, D&O, agriculture and other specialty lines globally.
- As a result of the Acquisition, the profits for International business will increase by 38% to ¥175B, and its proportion within the Group will increase from 38% to 46% (\*7).

## **(3) Complementary strengths to create long term synergies**

By combining HCC's strengths such as underwriting expertise in diverse classes of business and Tokio Marine's strengths such as global footprint, financial strength / underwriting capacity and investment expertise, we will facilitate new business opportunities and create synergies.

- Given our complementary strengths, we will enhance our product and service proposition to our clients. Leveraging Tokio Marine's global footprint, we will cross sell HCC's main products such as A&H, D&O and other specialty lines to our clients in both developed (including Japan) and emerging markets.
- With Tokio Marine's financial strength, we will increase HCC's underwriting capacity and achieve efficiencies on HCC's outwards reinsurance treaty programs and increase profits and ROE.
- We will also utilize Delphi's superior investment expertise to further enhance HCC's investment return.

## **6. Acquisition Process**

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Under and in accordance with applicable laws and regulations in the U.S., the Acquisition will be implemented by first establishing TMNF's special purpose company in Delaware, and then merging it with and into HCC (\*8). Through this process, TMNF will purchase the entire

outstanding shares in return for consideration to HCC's shareholders. The Acquisition is subject to the approval of HCC's shareholders and the approval of various regulatory authorities, as well as other customary closing conditions.

We intend to proceed expeditiously on the merger process and expect to complete the Acquisition during October to December in 2015.

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(\*8) This process is called a reverse triangular merger under the related laws and regulations in the U.S., which is similar to a triangular merger in Japan. This is a common method used for acquisitions in the U.S.

## 7. Schedule

Date of delivery of shares	TBD (The Acquisition is subject to HCC's shareholders approval, regulatory approvals and customary closing conditions)
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## 8. Impact on financial results of TMHD

We will disclose the financial impact of this Acquisition on Tokio Marine Group's consolidated results for the fiscal year ending 2015 when available during our standard reporting period. For further references, HCC's financial results for the past three years are summarized in section 3 above.

### Enquiries:

#### **Tokio Marine Holdings, Inc.**

Jun Ehara, Manager

Corporate Communications and Investor Relations Group

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**Appendix 1**

**Overview of HCC**

1. Headquarters: Houston, Texas (registered office: Wilmington, Delaware)
2. Business territories: offices in the U.S., the United Kingdom, Spain and Ireland
3. Main segments and lines of business:

(1) North America Property & Casualty: D&O, agriculture, primary casualty, aviation, surety, sports & entertainment disability / contingency, public risk, etc.

(2) Accident & Health: medical stop-loss and other short term medical products, etc.

(3) International: energy, marine, property, A&H, D&O, professional indemnity, surety, credit, etc.

4. Financial results history (growth of net income after tax, trends of profitability etc.)

(1) Growth of net income after tax: CAGR of past 10 years is 11.1% (see table below).

(\$ in millions)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	CAGR
Net earnings	160	192	338	392	302	354	345	255	391	407	458	11.1%

(2) Profitability: average combined ratio (\*9) over 3 years: 83.5%, over 5 years: 85.5%, and over 10 years: 86.0%.

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(3) Shareholders' value performance: Total Value Creation (\*10) over the past 10 years is 15.4% (annual average), the second best among the listed property & casualty insurers per Dowling and Partners.

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(\*9) Based on the annual financial reports submitted to SEC (Form 10-K). Combined ratios are revised to reflect a change in Q1 2015.

(\*10) Total Value Creation represents growth in tangible book value per share including dividends.

5. Number of employees: approximately 2,500
6. Financial ratings: S&P / AA (ERM evaluation: strong), A.M. Best / A+, Moody's / A1, Fitch / AA
7. Others (exposure to natural catastrophe):

Natural Catastrophe risks (U.S. Named Wind, European Wind, and U.S. Earthquake risks) exposures (loss amount after tax with a Natural Catastrophe loss with return period of 1 in 250 years) are about 2% (about \$80M) of shareholders' equity respectively.

**Appendix 2****<Provisional Calculation of the impact of the Acquisition on our profits based on FY2015 forecast (\*11)>****1. Breakdown of Tokio Marine Group's adjusted net income**

	Before Acquisition	After Acquisition
Japanese P&C Operations	40%	35%
Japanese Life Operations	21%	18%
International Operations	38%	46%
Financial & General Operations	1%	1%

**2. Regional breakdown of Tokio Marine Group's International business**

	Before Acquisition	After Acquisition
North America	52%	62%
Europe/Middle East	13%	10%
Central/South America	9%	7%
Asia/Oceania	10%	8%
Reinsurance	8%	6%
Life	8%	6%

(\*11) The figures shown here are the simulated simple sum of the annual projection for TMHD's FY2015 results and TMHD's preliminary estimates for HCC's 2015 calendar year results. We will disclose the financial impact of this Acquisition on Tokio Marine Group's consolidated results for the fiscal year ending 2015 when available during our standard reporting period. FX as of end 3/31/15 (\$1=120.17).

**Cautionary Statement Regarding Forward-Looking Statements**

This communication and other written or oral statements made by or on behalf of HCC or TMHD contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are made under the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. In particular, statements using words such as may, will, should, estimate, expect, anticipate, intend, believe, predict, plan, project, continue or potential, or their similar terminology and words of similar import, generally involve forward-looking statements. Forward-looking statements reflect HCC's or TMHD's current views, plans or expectations with respect to future events and financial performance. They are inherently subject to significant business, economic, competitive and other risks, uncertainties and contingencies. The inclusion of forward-looking statements in this or any other communication should not be considered as a representation by HCC, TMHD or any other person that current plans or expectations will be achieved.



Forward-looking statements speak only as of the date on which they are made, and neither HCC nor TMHD undertakes any obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as otherwise required by law. There are or will be important factors that could cause actual results to differ materially from those expressed in any such forward-looking statements, including but not limited to the following: the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; required governmental approvals of the merger may not be obtained or may not be obtained on the terms expected or on the anticipated schedule, and adverse regulatory conditions may be imposed in connection with any such governmental approvals; HCC's stockholders may fail to approve the merger; the parties to the merger agreement may fail to satisfy other conditions to the completion of the merger, or may not be able to meet expectations regarding the timing and completion of the merger; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers or suppliers) may be greater than expected following the announcement of the proposed merger; HCC may be unable to retain key personnel; the amount of the costs, fees, expenses and other charges related to the proposed merger; and other factors affecting future results disclosed in HCC's filings with the U.S. Securities and Exchange Commission (the "SEC"), including but not limited to those discussed under Item 1A, "Risk Factors", in HCC's Annual Report on Form 10-K for the year ended December 31, 2014, which are incorporated herein by reference.

#### **Additional Information and Where to Find It**

This communication relates to a proposed merger between HCC and TMNF that will be the subject of a proxy statement that HCC intends to file with the SEC. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, and is not a substitute for the proxy statement or any other document that HCC may file with the SEC or send to its stockholders in connection with the proposed merger. **INVESTORS AND STOCKHOLDERS ARE URGED TO READ THE PROXY STATEMENT AND ALL OTHER RELEVANT DOCUMENTS FILED WITH THE SEC OR SENT TO HCC'S STOCKHOLDERS AS THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER.** All documents, when filed, will be available free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)). You may also obtain documents filed by HCC with the SEC by contacting HCC at Investor Relations, HCC Insurance Holdings, Inc., 13403 Northwest Freeway, Houston, Texas 77040, by email at [InvestorRelations@hcc.com](mailto:InvestorRelations@hcc.com) or by visiting the Investor Relations section of HCC's website at [www.hcc.com](http://www.hcc.com)

#### **Participants in Solicitation**

TMHD and HCC and its directors, executive officers and other members of management and employees may be deemed to be participants in any solicitation of proxies in connection with the proposed merger. Information about HCC's directors and executive officers is available in HCC's proxy statement dated April 9, 2015 for its 2015 Annual Meeting of Stockholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC regarding the merger when they become available. Investors and stockholders should read the proxy statement carefully when it becomes available before making any investment or voting decisions.









































































































Transcript of video made available to HCC employees:

Visual	Audio
<p>CHRIS WILLIAMS OPENING STATEMENT</p>          <p><u>SUPER:</u></p> <p>Chris Williams</p> <p>Chief Executive Officer</p> <p>HCC Insurance Holdings, Inc.</p>	<p><u>CHRIS:</u> Hello. I have some very exciting news to share with you today.</p> <p>After careful consideration by our Board of Directors, I am proud to announce that HCC has signed a merger agreement to be acquired by Tokio Marine Holdings, one of the leading insurance groups in the world.</p> <p>This announcement was made after the market closed in Japan last night and prior to the US market opening today. With your help, HCC has performed extremely well over the years and our Board of Directors determined that this is the right time for HCC to enter into this transaction.</p> <p>Tokio Marine is an outstanding company. It operates out of 486 Cities in 37 countries around the world. It has a market cap of more than 30 billion dollars</p> <p>. . . nearly six times our current size. Combining with Tokio Marine will give us a truly global platform with extensive financial resources and will put us on an equal footing with companies like Travelers, ACE and Chubb.</p> <p>We have minimal overlap with Tokio Marine's existing lines of business, and we have an unprecedented opportunity to expand our footprint to more markets around the world. Tokio Marine's acquisition strategy has been to buy exceptional, high performing businesses and allow them to continue to operate in the same way that made them successful.</p>

<p>FADE TO BLACK</p>	<p>After the closing, HCC will continue to operate as it does today, with our same name, same brand, and same management team. The most significant change is that we will be a subsidiary of Tokio Marine.</p> <p>Our senior management people is excited about this opportunity and will be staying on to continue managing the day to day operations of the business. Our plan going forward is very much business as usual.</p> <p>In a moment, we'll talk more about what the announcement means for you and the company at large. I've asked some of the senior management from our two companies to share their views. I think you'll see how closely aligned our underwriting focus and core values are to Tokio Marine's.</p>
<p>FADE UP: INTERVIEW FOOTAGE (INSERT B-ROLL THROUGHOUT AS APPROPRIATE.)</p> <p>SEGMENT: 01:15:38:12 to 01:16:11:10</p> <p><u>SUPER:</u></p> <p>Kuni Fujii          Managing Executive Officer          Tokio Marine Holdings</p>	<p><u>MUSIC: MINIMAL UNDERBED</u></p> <p><u>KUNIFUJII:</u> We are extremely pleased to have such a premier, specialty insurance company as a new member of the Tokio Marine Group.</p>





<p>CUT TO SEGMENT: 02:46:39:21 to 02:47:00:10</p> <p><u>SUPER:</u> Bill Burke President and Chief Operating Officer HCC Insurance Holdings, Inc.</p>	<p><u>BILL BURKE:</u> This is the largest acquisition by Tokio Marine in the United States. What they are looking for is for us to continue to do what we do best, which is to profitably underwrite business.</p>
<p>CUT TO SEGMENT: 02:54:33:04 to 02:54:53:08</p> <p><u>SUPER:</u> Brad Irick Executive Vice President and Chief Financial Officer HCC Insurance Holdings, Inc.</p>	<p><u>BRAD IRICK:</u> Tokio Marine's focus has long been to buy franchises and to allow those franchises to continue to perform.</p>
<p>CUT TO SEGMENT: 01:33:49:19 to 01:34:42:15</p> <p><u>SUPER:</u> Ian Brimecome Senior Managing Executive Officer and Executive Chairman, International Tokio Marine Holdings</p>	<p><u>IAN BRIMECOME:</u> We have bought a whole string of companies with very strong brands. Part of the reason we bought those companies and why we have bought HCC is because of those brands. It makes no sense for us at all for us to throw those brands away.</p>

CUT TO SEGMENT:

03:11:54:14 to 03:12:17:22

BRAD IRICK: It s natural for people to be concerned about their jobs in a situation like this. The good news -

		<p>to me the great news is that we re going to need more people, not less people.</p>
<p>CUT TO SEGMENT: 02:09:16:00 to 02:09:35:16</p> <p><u>SUPER:</u></p> <p>Barry J. Cook</p> <p>Chairman and Chief Executive Officer</p> <p>HCC International</p>		<p><u>BARRY COOK:</u> HCC will continue to operate as an independent company as part of the Tokio Marine Group, we will have a much stronger balance sheet in which we can sell our products, and we will be able to expand geographically within the footprint of Tokio Marine.</p>
<p>CUT TO SEGMENT: 01:27:52:08 to 01:28:33:12</p>		<p><u>IAN BRIMECOME:</u> What you should be telling your family is there is tremendous opportunity here to broaden my career prospects that there is no downside.</p>
<p>CUT TO SEGMENT: 02:04:48:24 to 02:05:06:00</p>		<p><u>BARRY COOK:</u> This will provide all sorts of career opportunities for our staff and will enable us to grow throughout Europe and the rest of the world.</p>
<p>CUT TO SEGMENT: 02:13:32:22 to 02:13:50:20</p>		<p><u>BILL BURKE:</u> There s very little overlap between the companies, and in fact, Tokio Marine has been very transparent about wanting to retain our people and to give our people opportunities to expand what they re doing as opposed to looking at this from an expense standpoint.</p>
<p>CUT TO SEGMENT:</p>		<p><u>BARRY COOK:</u> The culture of both companies is so</p>



<p>02:22:24:07 to 02:23:00:14</p>		<p>similar. Underwriting discipline, risk selection, long-term view of the marketplace. It's a perfect fit for both of our companies.</p>
<p>CUT TO SEGMENT: 02:24:20:14 to 02:24:50:15</p>		<p><u>BILL BURKE</u>: One of the things that struck me as I met the various Tokio Marine people is how long they have worked for the company. As you went around the room, people had been there for 10 years, for 20 years, for their entire career. Clearly Tokio Marine is doing something good for their employees.</p>
<p>CUT TO SEGMENT: 01:18:20:16 to 01:19:01:13</p>		<p><u>IAN BRIMECOME</u>: I've been involved in a hundred mergers and acquisition transactions. And, it's very pleasing to say that the culture of Tokio Marine is one of great respect — it's respect for the employees, it's respect for the customer.</p>
<p>CUT TO SEGMENT: 01:37:41:17 to 01:38:03:05</p>		<p><u>KUNI FUJII</u>: We are truly excited with a new opportunity to create a global insurance group with HCC people.</p>
<p>CHRIS WILLIAMS CLOSING STATEMENT.</p> <p><u>SUPER</u>:</p>		<p>CHRIS: This is truly great news for you and our shareholders. We expect the transaction to close later this year, once the conditions to the closing have been satisfied, including the receipt of approvals from regulators and our stockholders.</p> <p>In the meantime, if you have questions, please send them to this email address: <a href="mailto:transactionquestions@hcc.com">transactionquestions@hcc.com</a>. We will try to answer your questions promptly. We know it's crucial that you</p>

<p>TransactionQuestions@hcc.com</p> <p>FADE TO BLACK.</p>	<p>stay informed during this transition.</p> <p>HCC is a great company made even greater by all of you who have worked so very hard. Today, that hard work has paid off. As you learn more, I know you will share my excitement as HCC moves into its next chapter.</p> <p>Thank you.</p>
<p><u>FADE UP: DISCLAIMER INFORMATION. (BREAK INTO 2 SLIDES, IF NECESSARY.)</u></p> <p><u>SUPER:</u></p> <p>This video was prepared for release on June 10, 2015. It references time-sensitive information that is current only as of such date.</p> <p>Statements included in this communication that are not historical facts are forward-looking statements within the meaning of the federal securities laws. These forward-looking statements include statements regarding expectations as to the completion of the proposed merger between HCC and a subsidiary of Tokio Marine Holdings, Inc. and the other</p>	

transactions contemplated by the related merger agreement. Forward-looking statements reflect current views, plans or expectations with respect to future events and are inherently subject to significant risks, including risk factors that are referred to in HCC's filings with the SEC or detailed in the joint press release issued on June 10, 2015 by HCC and Tokio Marine. HCC and Tokio Marine specifically disclaim any duty to update forward looking statements made in this call.

HCC intends to file relevant materials with the SEC, including a proxy statement, in connection with the proposed merger. Tokio Marine and HCC and its directors, executive officers and other members of management and employees may be deemed to be participants in any solicitation of proxies in connection with the proposed merger. Investors and stockholders are urged to read the proxy statement and all other relevant documents filed with the SEC or sent to HCC's stockholders as they become



<p>available, because they will contain important information about the proposed merger. Investors and stockholders can obtain these documents, when available, free of charge at the SEC's website and at HCC's website.</p>		
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