

HARTFORD FINANCIAL SERVICES GROUP INC/DE  
Form SC 13D/A  
March 09, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 13D**

Under the Securities Exchange Act of 1934

(Amendment No. 1)\*

**The Hartford Financial Services Group, Inc.**  
(Name of Issuer)

**Common Stock**  
(Title of Class of Securities)

**416515104**  
(CUSIP Number)

**Stuart L. Merzer**

**General Counsel & Chief Compliance Officer**

**Paulson & Co. Inc.**

**1251 Avenue of the Americas**

**New York, New York 10020**

**(212) 956-2221**

*with a copy to:*

**Scott J. Davis**

**Mayer Brown LLP**

**71 S. Wacker Drive**

**Chicago, IL 60606**

**(312) 701-7311**

**(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)**

**March 9, 2012**

**(Date of Event which Requires Filing of this Statement)**

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 416515104

1. Names of Reporting Persons.

Paulson & Co. Inc.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)  (b)

3. SEC Use Only:

4. Source of Funds (See Instructions):

AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e):

6. Citizenship or Place of Organization:

State of Delaware

7. Sole Voting Power:

Number of  
Shares 37,540,676 (See Notes 1 and 2 to Item 5 below)  
8. Shared Voting Power:

Beneficially

by Owned None  
by Each 9. Sole Dispositive Power:

Reporting

Person 37,540,676 (See Notes 1 and 2 to Item 5 below)  
10. Shared Dispositive Power:

With

None

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 37,540,676 (See Notes 1 and 2 to Item 5 below)

Edgar Filing: HARTFORD FINANCIAL SERVICES GROUP INC/DE - Form SC 13D/A

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):    "
  
13. Percent of Class Represented by Amount in Row (11): 8.5% (See Note 3 to Item 5 below)
  
14. Type of Reporting Person (See Instructions):

IA

**Item 1. Security and Issuer**

This Amendment No. 1 amends the Schedule 13D filed on February 14, 2012 by Paulson & Co. Inc. (the Original Filing ), relating to the common stock ( Common Stock ) and warrants to purchase Common Stock expiring June 26, 2019 ( Warrants ) of The Hartford Financial Services Group, Inc., a Delaware corporation (the Issuer ). Capitalized terms not defined herein shall have the meanings given to them in the Original Filing.

**Item 4. Purpose of Transaction**

Item 4 of the Original Filing is hereby amended by adding the following:

As part of the Reporting Person's continuing discussions or communications with the Issuer's management, board of directors and shareholders, and public statements, relating to the Issuer's possible spin-off of its property and casualty insurance business, the Reporting Person has used the presentation filed herewith.

**Item 5. Interest in Securities of the Issuer**

Item 5 of the Original Filing is hereby amended and restated in its entirety as follow:

(a) Amount beneficially owned: 37,540,676 (See Notes 1 and 2)

Percent of class: 8.5% (See Note 3)

(b) Number of shares of Common Stock and number of Warrants as to which the Reporting Person has:

(i) Sole power to vote or direct the vote: 37,540,676 (See Notes 1 and 2)

(ii) Share power to vote or direct the vote: 0

(iii) Sole power to dispose or direct disposition of: 37,540,676 (See Notes 1 and 2)

(iv) Shared power to dispose or direct the disposition of: 0

(c) The following table sets forth all transactions with respect to the Common Stock of the Issuer effected since February 14, 2012, the date of the Original Filing, inclusive of any transactions effected through 5:00 p.m., New York City time, on March 8, 2012. All such transactions were effected in the open market.

Purchase and sale transactions for the same quantities of shares on a given day typically reflect rebalancing of positions among the various Funds based on their relative capital levels, which may change from time to time.

Date of Transaction	Amount of Securities	Price Per Share	Type of Transaction
3/6/12	156,247	\$19.4147	Sell
3/6/12	156,247	\$19.4300	Buy

(d) Not applicable.

Edgar Filing: HARTFORD FINANCIAL SERVICES GROUP INC/DE - Form SC 13D/A

(e) Not applicable.

Note 1: The amount listed consists of 37,470,676 shares of Common Stock and 70,000 Warrants. In addition, the Funds currently hold cash-settled swaps positions relating to an additional 221,424 shares of Common Stock and 3,251,000 Warrants, but because neither the Reporting Person nor the Funds have any power to vote, to direct the vote, to dispose or to direct the disposition of the shares of Common Stock and Warrants that its counterparty may hold in connection with such swaps positions, such shares of Common Stock and Warrants are not included in the amount listed in Item 5.

3 of 5

Note 2: The Reporting Person, an investment advisor that is registered under the Investment Advisers Act of 1940, furnishes investment advice to and manages the Funds. In its role as investment advisor, or manager, the Reporting Person possesses voting and/or investment power over the securities of the Issuer described in this schedule that are owned by the Funds. All securities reported in this schedule are owned by the Funds. The Reporting Person disclaims beneficial ownership of such securities.

Note 3: The percentages reported in this Amendment No. 1 are based upon 440,237,475 shares of Common Stock outstanding as of February 17, 2012 (as reported in the Annual Report on Form 10-K filed by the Issuer on February 24, 2012).

**Item 7. Material to Be Filed as Exhibits**

The following document is filed as an exhibit:

EXHIBIT IV: Presentation dated March 9, 2012.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: March 9, 2012

PAULSON & CO. INC.

By: /s/ Stuart L. Merzer

Name: Stuart L. Merzer

Title: General Counsel & Chief Compliance Officer



INC.  
& CO.  
PAULSON  
HARTFORD  
Spin-Off of P&C Business Would  
Increase Shareholder Value By 60%  
Investment Management

1251 Avenue of the Americas

New York, NY 10020

Phone: (212) 956-2221 Fax: (212) 977-9505

[www.paulsonco.com](http://www.paulsonco.com)

March 9, 2012

CONFIDENTIAL

PAULSON  
& CO.  
INC.

1

LEGAL DISCLAIMER

This document does not constitute an offer to sell or a solicitation of an offer to buy any securities, and may not be relied upon in connection with any offer or sale of securities. This document should be read in conjunction with, and is qualified in its entirety by, the information appearing in the Confidential Private Offering Memorandum (and a Limited Partnership Agreement for domestic partnerships), which should be carefully reviewed prior to investing. Certain statements included herein may constitute forward-looking statements, including, but not limited to, those identified by the expressions *expect*, *intend*, *will* and similar expressions. To the extent they relate to the investment vehicles discussed herein. The forward-looking statements are not historical facts but reflect

& Co's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Although Paulson & Co believes the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainties therein. Paulson & Co undertakes no obligation to update publicly or otherwise revise any forward-looking statement or information whether as a result of new information, future events or other such factors which affect this information, except as required by law. An investment in a hedge fund is speculative and involves a high degree of risk, which each investor must carefully consider. An investor in hedge funds could lose all or a substantial amount of his or her investment. Returns generated from an investment in a hedge fund may not adequately compensate investors for the business and financial risks assumed. While hedge funds are subject to market risks common to other types of investments, including market volatility, hedge funds employ certain trading techniques, such as the use of leverage, shorting and other speculative investment practices that may increase the risk of investment loss. Products may involve above average risk. Risks associated with hedge fund investments include, but are not limited to, the fact that hedge funds can be highly illiquid; they are not required to provide periodic pricing or valuation information to investors; they may involve complex tax structures and delays in distributing important tax information; they are not subject to the same regulatory requirements as mutual funds; they often charge higher fees and the high fees may offset the funds' trading profits; they may have a limited operating history; they can have performance that is volatile; they may have a fund manager who has total trading authority over the fund and the use of a single adviser applying generally similar trading programs could mean a lack of diversification, and consequentially, higher risk; they may not have a secondary market for an investor's interest in the fund and none may be expected to develop; they may have restrictions on transferring interests in the fund; and may effect a substantial portion of their trades on foreign exchanges.

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed.

This material may not be distributed to other than the intended recipients. Unauthorized reproduction or distribution of all or any part of this material is strictly prohibited.

PAULSON  
& CO.  
INC.

2

HARTFORD P&C: THE CROWN JEWEL OF HARTFORD FINANCIAL SERVICES

200 year old P&C company

Dominant commercial P&C franchise

Serving high-margin small businesses

Largest consumer affinity business: AARP

Exclusive endorsement

40mm members

Strong management: CEO Doug Elliot

But buried within Hartford Financial Services

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than the intended recipients.** Any reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON  
& CO.  
INC.

3  
BECAUSE HARTFORD P&C IS BURIED WITHIN HIG, FEW P&C ANALYSTS COVER IT.  
OF THE 19 P&C ANALYSTS, ONLY 3 COVER HARTFORD.

P&C

Covers:

Inst. Investor Ranking

Analyst

Bank

HIG  
Life  
1)  
Jay Cohen  
BAC  
X  
2)  
Jay Gelb  
Barclays  
3)  
Matt Heimermann  
JPM  
X  
X  
RU  
Keith Walsh  
Citi  
X  
X  
RU  
Josh Shanker  
DB  
X  
X  
RU  
Brian Meredith  
UBS  
X  
X  
Vinay Misquith  
Evercore  
X  
X  
Michael Nannizzi  
GS  
X  
X  
Larry Greenberg  
Janney Montgomery  
X  
X  
Cliff Gallant  
KBW  
X  
X  
Alan Zimmermann  
Macquarie  
X  
X  
Greg Locraft



MS

X

X

Michael Grasher

Piper Jaffray

X

X

Mark Dwelle

RBC

X

X

Paul Newsome

Sandler O'Neil

X

X

Josh Stirling

Sanford Bernstein

X

X

Dan Farrell

Sterne Agee

X

X

Michael Paisan

Stifel

X

Adam Klauber

William Blair

X

X

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed** to the intended recipients. Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON  
& CO.  
INC.  
4  
P&C  
Covers:  
Inst. Investor Ranking  
Analyst  
Bank  
Travelers  
Chubb

ACE  
Hartford  
1)  
Jay Cohen  
BAC  
2)  
Jay Gelb  
Barclays  
3)  
Matt Heimermann  
JPM  
RU  
Keith Walsh  
Citi  
RU  
Josh Shanker  
DB  
RU  
Brian Meredith  
UBS  
Vinay Misquith  
Evercore  
Michael Nannizzi  
GS  
Larry Greenberg  
Janney Montgomery  
Cliff Gallant  
KBW  
Alan Zimmermann  
Macquarie  
Greg Locraft  
MS  
Michael Grasher  
Piper Jaffray  
Mark Dwelle  
RBC  
Paul Newsome  
Sandler O'Neil  
Josh Stirling  
Sanford Bernstein  
Dan Farrell  
Sterne Agee  
Michael Paisan  
Stifel  
Adam Klauber  
Wiilliam Blair

WHILE ONLY 3 OF 19 P&C ANALYSTS COVER HARTFORD, 18 COVER TRAVELERS,  
18 COVER CHUBB, AND 17 COVER ACE

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo  
There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to oth**

Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON  
& CO.  
INC.  
5  
Buy ratings:  
ACE  
Travelers  
Chubb  
Hartford  
15  
13

8

1

P&C ANALYSTS ARE BULLISH ON THE P&C SECTOR. ACE HAS 15 BUY RECOMMENDATIONS, TRAVELERS HAS 13, CHUBB HAS 8. HARTFORD HAS ONLY 1.

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only and do not constitute a recommendation or a guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than the intended recipients.** reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON

& CO.

INC.

6

HARTFORD IS VIEWED AS A LIFE COMPANY AND IS COVERED BY LIFE ANALYSTS. OF THE 15 LIFE ANALYSTS WHO COVER HARTFORD , ONLY 3 ALSO COVER ITS P&C PEERS ..

Life

Covers:

Inst.

Investor

Ranking

Analyst

Bank

HIG

P&C

1)

Jimmy Bhullar

JPM

X

2)

Andrew Kligerman

UBS

X

3)

Tom Gallagher

CS

X

RU

Suneet Kamath

Sanford Bernstein

X

RU

Ed Spehar

BAC

X

RU

Nigel Dally

MS

X

Alan Devlin

Altantic Equities

Mark Finklestein

Evercore

X

Randy Binner

FBR

Chris Giovanni

GS

X

Bob Glasspiegel

Janney Montgomery

X

Jeff Schuman

KBW

X

Eric Berg

RBC

X

Ed Shields

Sandler O'Neil

X



X

John Nadel

Sterne Agee

X

John Hall

Wells Fargo

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo

There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to oth**

Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

7  
HARTFORD TRADES AT A HUGE DISCOUNT TO P&C PEERS: 45% OF BOOK VALUE  
COMPARED 102% FOR P&C PEERS

(1) As of March 7, 2012.

0.45x

0.91x

0.98x

1.02x

1.18x

0.00x

0.20x

0.40x

0.60x

0.80x

1.00x

1.20x

1.40x

PAULSON

& CO.

INC.

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo

There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to oth**

Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON

& CO.

INC.

8

(1) Average of core earnings estimates by BAC, Barclays, JPM, UBS, CS & MS.

(2)

(3) Average P&C peer multiple for Hartford P&C. LNC multiple for Hartford Life.

(4)

2012 (1)

If-quoted value

4Q11

Core  
If-quoted  
Implied  
BV ex AOCI  
Earnings  
ROE  
P/BV (3)  
P/E  
Total  
Per share  
P&C  
9,851  
817  
Net debt (2)  
(2,200)  
(94)  
Corp. other (4)  
508  
8  
Net  
8,159  
731  
8.6%  
1.02x  
10.2x  
8,322  
16.20  
Life  
15,003  
1,148  
Net debt (2)  
(3,000)  
(214)  
Corp. other (4)  
1,036  
8  
Net  
13,039  
941  
7.0%  
0.60x  
8.4x  
7,864  
15.31  
P&C + Life  
21,197  
1,672  
7.6%  
0.76x  
9.7x

16,186

31.51

Diluted shares

514

Share price as of

7-Mar-12

19.49

Upside

62%

P&C net debt consists of \$2.5bn gross debt and \$300mm cash, Life net debt consists of \$4.3bn gross debt and \$1.3bn cash. Assumes Corporate excluding debt and cash is allocated 50/50 between P&C and Life. Assumes \$528mm discount for Allianz added back to Life Corporate.

A SPINOFF OF P&C WOULD UNLOCK SIGNIFICANT VALUE. IF P&C AND LIFE WERE SEPARATED, WE BELIEVE THE COMBINED VALUE WOULD BE APPROXIMATELY \$31, A 62% INCREASE

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for that these securities will be held in the funds in the future. **This material may not be distributed to other than the intended** or distribution of all or any of this material is strictly prohibited.

9  
BASED ON VARIOUS P/BV MULTIPLES, THE TOTAL VALUE CREATED FROM A  
SPINOFF COULD RANGE FROM 40-70%

Potential Values Based on Different P/BV Multiples

P&C P/BV

32

0.90x

1.00x

1.10x

1.20x

0.40x

25.20  
26.59  
27.99  
29.43  
0.50x  
27.42  
28.85  
30.29  
31.73  
0.60x  
29.71  
31.15  
32.59  
34.02  
0.70x  
32.01  
33.45  
34.86  
36.25  
0.80x  
34.30  
35.69  
37.09  
38.49  
Upside Based on 7-Mar-12 Share Price  
P&C P/BV  
0  
0.90x  
1.00x  
1.10x  
1.20x  
0.40x  
29%  
36%  
44%  
51%  
0.50x  
41%  
48%  
55%  
63%  
0.60x  
52%  
60%  
67%  
75%  
0.70x  
64%  
72%  
79%



86%

0.80x

76%

83%

90%

97%

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo

There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to oth**

Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON

& CO.

INC.

10

VALUE MAXIMIZATION

The most important single value creating option is to split P&C from Life  
Additional value can be created by optimizing its balance sheet to pay down debt,  
divesting high value businesses like mutual funds, and cutting costs and freeing  
capital through a VA runoff.

By successfully pursuing these actions, Hartford can achieve a peer level multiple  
P / BV:

0.43x

0.58x

0.60x

0.66x

0.71x

0.76x

\$19

\$26

\$27

\$30

\$32

\$34+

\$15

\$17

\$19

\$21

\$23

\$25

\$27

\$29

\$31

\$33

\$35

Statuos quo

Spin off P&C

Optimize

balance sheet

Sell MF & Inst.

Annuity

VA in runoff

Separate

runoff from

other Life

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than the intended recipients.** Any reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON

& CO.

INC.

PAULSON

& CO.

INC.

11

SPINOFF IMPLEMENTATION

Hartford could contribute P&C into a debt-free Newco

Newco

could

raise

new

low-cost

debt  
(\$2.5bn,  
5

-  
10  
year  
maturities,

2.5% average coupon)

Debt proceeds could be used to repurchase existing debt

Remaining existing debt would stay with HIG (which would hold the

Life businesses after the spin-off of P&C)

Dividend Newco to HIG shareholders

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo

There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to oth**

Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON  
& CO.  
INC.  
12

MANAGEMENT RAISED CHALLENGES TO A SPIN-OFF IN THE 4Q11 EARNINGS  
PRESENTATION

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo  
is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other tha**  
Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

1.

Maintaining competitive ratings while allocating \$6.8bn in holding company debt

Life companies could assume no more than one-third of debt due to combination of their currently limited capacity to generate statutory earnings and dividends and

A level interest coverage ratios

"P&C companies would need to assume at least two-thirds of debt, which could require potentially dilutive de-leveraging actions in order to meet A rating debt leverage ratios

2.

Regulatory approval could be conditioned on capital contributions or keepwell agreements between the stand-alone companies

3.

Other items:

Cost of securing bondholder approval of debt allocation

Valuation impact of P&C company guarantee of certain life company obligations

Potential write-off of a significant portion of the life companies' deferred tax asset

PAULSON  
& CO.  
INC.  
13

CHALLENGE 1: **MAINTAINING COMPETITIVE RATINGS WHILE ALLOCATING \$6.8BN  
OF HOLDING COMPANY DEBT**

Numerous options exist to raise cash to reduce Holdco debt and maintain ratings without dilutive de-leveraging actions

In addition, if necessary Hartford could consider divestitures of:

VA runoff: expense cuts and capital return bolster strength to service debt

Hartford Life should maintain an A-rating. Hartford P&C likely to be upgraded



to A1

(\$ in billions)

Low

High

Cash at 4Q11

\$1.6

\$1.6

Retained earnings

0.3

0.7

XXX transaction

0.2

0.4

Hedge fund repackaging

1.1

1.1

Divestiture of FA runoff

0.8

1.0

Total

\$4.0

\$4.8

(\$ in billions)

Low

High

Est. P /BV

P /E

Mutual funds

\$1.5

\$1.5

5.40x

15.6x

Retirement

0.5

0.7

0.53x

12.5x

Group benefits

1.5

2.0

1.47x

12.5x

Total

\$3.5

\$4.2

1.56x

13.7x

Grand total

\$7.5

\$9.0

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other investors.** Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON

& CO.

INC.

14

CHALLENGE 1: **MAINTAINING COMPETITIVE RATINGS WHILE ALLOCATING \$6.8BN**  
OF HOLDING COMPANY DEBT

Hartford Financial Services Group

P&C

Hartford Life & Accident

Group

somewhat credit ratings-sensistive

Retirement

Hartford Life & Annuity

Runoff VA (US & Japan)

Individual Life (in runoff)

not credit ratings-sensitive

Mutual Funds

However, even if Hartford Life were downgraded to BBB, credit sensitive businesses could be protected within P&C or through a divestiture to a strong buyer

Conceptually, HIG could be divided into three businesses: P&C, Hartford Life & Accident, and Hartford Life & Annuity. This would produce the most value, even more than our previous indication

Once the US VA business is put in run-off, an A-rating is not a constraint

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo

There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to oth**

Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON  
& CO.  
INC.  
15

CHALLENGE 2: **REGULATORY APPROVAL COULD BE CONDITIONED ON CAPITAL CONTRIBUTIONS OR KEEPWELL AGREEMENTS BETWEEN THE STAND-ALONE COMPANIES**

**I am aware of the shareholder filing regarding Hartford Financial**

Services. However, until the Department receives formal notice from the Company with respect to future plans we are not in a position to comment further. Certainly, in any such regulatory approval process that involves a Connecticut-based carrier,

policyholder protection is paramount.

-Thomas Leonardi CT Insurance Commissioner, 15 Feb 2012

**Hartford has access to numerous sources of cash over the next 18**

months to ensure that both P&C and Life policyholders will be

protected and all regulatory conditions will be met

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo

There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to oth**

Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON  
& CO.  
INC.

16

CHALLENGE 3: **OTHER**

Cost of securing bondholder approval of debt allocation

No bondholder approval needed to spinoff P&C business

We will not consolidate with or merge into any other corporation or convey, transfer or lease our properties and assets substantially as an entirety to any person...unless: the successor corporation expressly

assumes our obligations relating to the notes

Many alternatives exist for restructuring and repurchasing debt

Valuation impact of P&C company guarantee of certain Life obligations

Minimal impact. P&C guarantee only applies to business written

between

1990

and

1997

small

amount

of

VA

policies

that

are

well

in the money, none from Japan

Potential write-off of a significant portion of the life companies' DTA

A non-cash, GAAP-only item that does not affect regulatory capital or

the ability to use \$2bn of capital loss-carryforwards to shelter tax on

gains on divestitures

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than the intended recipients.**

Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.



17  
PAULSON  
& CO.  
INC.

WHILE MULTI-LINE INSURANCE COMPANIES WERE POPULAR IN THE PAST,  
NEARLY ALL LEADING U.S. INSURERS ARE NOW PURE-PLAYS

Segment earnings

Historical

2011

Date

P&C

Life  
Health  
P&C  
Life  
Health  
Travelers (1)  
2000  
75%  
25%  
0%  
100%  
0%  
0%  
CNA  
2002  
59%  
41%  
0%  
100%  
0%  
0%

Lincoln (2)

1996  
40%  
60%  
0%  
0%  
100%  
0%  
Aetna  
1994  
8%  
42%  
50%  
0%  
8%  
92%

Cigna  
1996  
20%  
34%  
46%  
0%  
18%  
82%

(1)  
Pro-forma combination of St. Paul and Citigroup insurance businesses

(2)  
P&C includes reinsurance segment

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo

is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than**  
Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON  
& CO.  
INC.  
18

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than the intended recipients.** Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

Spinco  
Completion  
Parent  
Spinco

Market cap  
Date  
Marathon Oil  
Marathon Petroleum  
14,892  
Jun-11  
Motorola  
Motorola Mobility  
11,996  
Dec-10  
Liberty Media  
Liberty Interactive  
10,786  
Sep-11  
Expedia  
TripAdvisor  
4,205  
Dec-11  
Williams Cos  
WPX Energy  
3,631  
Jan-12  
Cablevision  
AMC Networks  
3,192  
Jun-11  
Beam  
Fortune Brands  
3,134  
Oct-11  
General Growth  
Howard Hughes  
2,303  
Nov-11  
Northrup Grumman  
Huntington Ingalls  
1,775  
Mar-11  
Sunoco  
SunCoke Energy  
971  
Jan-12  
Marriott International  
Marriott Vacations  
894  
Nov-11  
Forest Oil  
Lone Pine Resources  
615  
Sep-11

MANY FORTUNE 500 COMPANIES ARE SPINNING OFF 100% OF BUSINESS LINES  
TO CREATE SHAREHOLDER VALUE: COMPLETED

PAULSON  
& CO.  
INC.  
19

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than the intended recipients.** Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

**MANY FORTUNE 500 COMPANIES ARE SPINNING OFF 100% OF BUSINESS LINES  
TO CREATE SHAREHOLDER VALUE: ANNOUNCED**

Announcement  
Parent

Spinco  
Date  
Abbott Laboratories  
Research-based medicines  
Oct-11  
Tyco  
ADT Home Security & Flow Control  
Sep-11  
Kraft  
North American grocery business  
Aug-11  
L-3  
Government Services  
Jul-11  
Ralcorp  
Post Foods  
Jul-11  
ConocoPhillips  
Refining & marketing business  
Jul-11  
Sears  
Orchard Supply Hardware  
Jun-11  
Procter & Gamble  
Pringles  
Apr-11  
Sara Lee  
Beverage business  
Jan-11



PAULSON  
& CO.  
INC.  
20

THE OBJECTIVE IN ALL THESE SPIN-OFFS IS THE SAME, TO OPTIMIZE RETURNS TO  
SHAREHOLDERS

Ralcorp s  
100%  
Tax-Free  
Spinoff  
of

Post

Foods

We firmly believe the separation of Post Foods from Ralcorp by way of a tax-free spin-off will unlock significant value for our shareholders.

As independent companies, both Ralcorp and Post Foods will be better positioned to focus on strategies

specific

to

their

particular

businesses,

thereby

improving

the

opportunities

to

deliver

increasing shareholder value.

William Stiritz -

Chairman of Ralcorp, 15 Jul 2011

Kraft's

100%

Tax-Free

Spinoff

of

N.

American

Grocery

Business

The

company

believes

creating

two

public

companies

would

offer

a

number

of

opportunities:

Each business would focus on its distinct strategic priorities, with financial targets that best fit its own markets and unique opportunities.

Each

would

be

able

to  
allocate  
resources  
and  
deploy  
capital  
in  
a  
manner  
consistent  
with  
its  
strategic priorities in order to optimize total returns to shareholders.

Investors would be able to value the two companies based on their particular operational and financial characteristics and thus invest accordingly.

Press release, 4 Aug 2011

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than the intended recipients.** Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

21

PAULSON  
& CO.  
INC.

HOW LONG MIGHT WE HAVE TO WAIT FOR MANAGEMENT'S PLAN TO BE  
ANNOUNCED? AND COMPLETED?

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than the intended recipients.** Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON  
& CO.  
INC.  
22

(1) Life Peers: LNC, PFG, MET & PRU  
(2) P&C Peers: TRV, CB & ACE

HARTFORD'S STOCK HAS DRAMATICALLY UNDERPERFORMED P&C PEERS BY 59% AND LIFE  
PEERS  
BY  
24%  
SINCE

RAISING  
NEW  
EQUITY  
CAPITAL  
TO  
MEET  
ITS  
STRESS  
TESTS

Performance is unacceptable. No time to delay restructuring actions

Since:

Mar

16

(60%)

(50%)

(40%)

(30%)

(20%)

(10%)

0%

10%

20%

30%

40%

Mar-10

May-10

Jul-10

Sep-10

Nov-10

Jan-11

Mar-11

May-11

Jul-11

Sep-11

Nov-11

Jan-12

(25)%

34%

(1)%

P&C

Life

HIG

Last

Datapoint:

7 Mar 12

\$2.15bn equity &  
convertible offering

announced: 16 Mar 10

at \$27.75

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are fo

no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other than** reproduction or distribution of all or any of this material is strictly prohibited.

PAULSON  
& CO.  
INC.  
23

ANALYSTS VIEW A P&C SPINOFF AS VALUE ACCRETIVE

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for informational purposes only. There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other investors.** Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

We believe there is a strong opportunity for management to unlock shareholder value by **reevaluating the multi-line strategy, placing annuities into run-off, and selling off its** remaining life insurance operations. **If executed, we see a potential fair value in the range of**



\$26-27, roughly 50% above the stock's level.

-Nigel Dally-Morgan Stanley, 1 Feb 2012

We believe HIG's P&C and life companies are **worth more separately than together**. If HIG's valuation remains depressed, we expect HIG to reach a similar verdict over time, resulting in a potential spin-off of its P&C business. **[price target \$28.32, 73% above the market price]**

-

Chris Giovanni-Goldman Sachs, 9 Jan 2012

We believe there remains **70% upside** to Hartford's valuation on a sum of the parts (**\$34.24**), **and** if the company is willing to split **the businesses or consider strategic alternatives**, this value could be unlocked.

In our view, the P&C operations alone are worth the current market cap (\$8.4bn, \$19/share)...the Life franchises are worth an additional \$6.7bn or \$15/share...based on its peers multiples. In a bidding process **each individual unit could achieve a premium to the peer valuation**.

-Alan Devlin-Atlantic Equities, 15 Feb 2012

PAULSON  
& CO.  
INC.

24

RECOMMENDED PLAN

All material is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. The above represented are for

There is no guarantee that these securities will be held in the funds in the future. **This material may not be distributed to other**

Unauthorized reproduction or distribution of all or any of this material is strictly prohibited.

April [ ], 2012 Announcement

Hartford plans to spin off 100% of Hartford P&C, subject to

final Board and regulatory approval

Estimated closing date: 2Q13

US VA will be put in run-off, effective immediately

Substantial cost savings and accelerated return of capital

Hartford Life will review the strategy and structure of its life  
businesses over the next twelve months