EMPLOYERS℠

America's small business insurance specialist.℠

June 2007

Management Presentation

EIG LISTED NYSE

Safe Harbor Disclosure

This slide presentation is for informational purposes only. It should be read in conjunction with our Form 10-K for the year 2006, our Form 10-Q for the first quarter 2007 and our Form 8-Ks filed with the Securities and Exchange Commission (SEC) and available in the "Investor Relations" section of our website at www.employers.com.

Non-GAAP Financial Measures

In presenting Employers Holdings, Inc.'s (EMPLOYERS℠) results, management has included and discussed certain non-GAAP financial measures, as defined in Regulation G. Management believes these non-GAAP measures better explain EMPLOYERS results allowing for a more complete understanding of underlying trends in our business. These measures should not be viewed as a substitute for those determined in accordance with GAAP. The reconciliation of these measures to their most comparable GAAP financial measures is included in this presentation or in our Form 10-K for the year 2006, our Form 10-Q for the first quarter 2007 and our Form 8-Ks filed with the Securities and Exchange Commission (SEC) and available in the "Investor Relations" section of our website at www.employers.com.

Forward-looking Statements

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding anticipated future results and can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like "believe", "expect", "anticipate", "estimate" and "intend" or future or conditional verbs such as "will", "would", "should", "could" or "may". Certain factors that could cause actual results to differ materially from expected results include increased competitive pressures, changes in the interest rate environment, general economic conditions, and legislative and regulatory changes that could adversely affect the business of EMPLOYERS and its subsidiaries. All subsequent written and oral forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by these cautionary statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

EMPLOYERS is a service mark and trade name for a group of companies which provides workers' compensation insurance and services. Insurance is offered through Employers Compensation Insurance Company, except in Nevada, where insurance is offered through Employers Insurance Company of Nevada. Employers Compensation Insurance Company does not do business in all jurisdictions. For more information please visit www.employers.com.

Contents

Corporate Overview

Overview

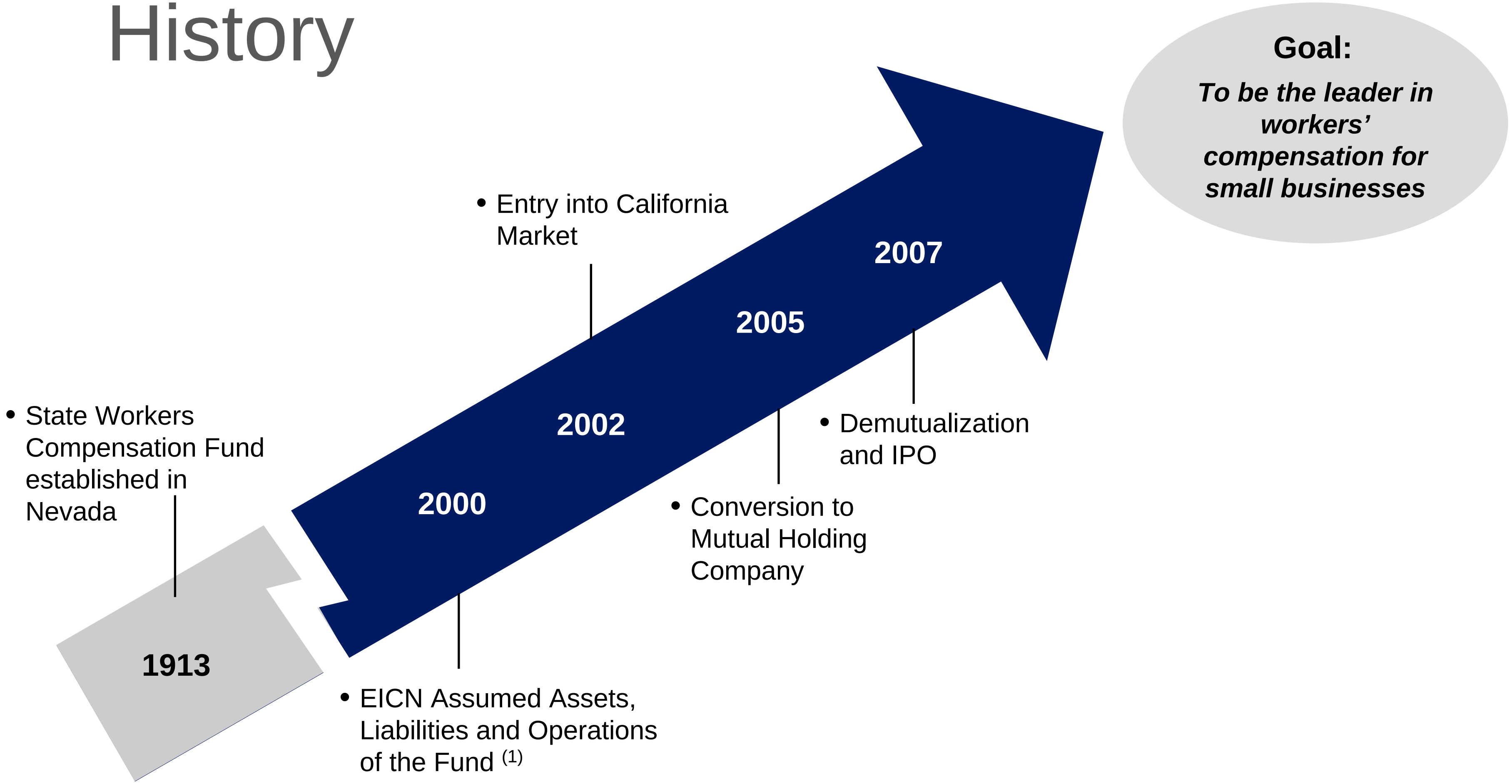
Business	• **Specialty provider of workers' compensation insurance** – **18th largest private writer in the U.S.** (1) – **8th largest private writer in California** (1) – **2nd largest writer in Nevada** (1)
Customers	• **Small businesses in low to medium hazard industries** • **Distribution through independent agents and strategic partners** • **30,922 policies in force at 3/31/2007** • **Average annual policy premium of approximately $11,000**
Geographic	• **Focused in Western U.S. – direct premiums written in the first quarter of 2007** – **66% in California** – **25% in Nevada** – **9% in nine other states**

(1) Based on "One-Year Premium and Loss Study," U.S., California and Nevada, A.M. Best Company, 2006

Key Strengths

- Established enterprise with 94 year operating history
- Focused operations and disciplined underwriting – target an attractive and underserved market segment with growth opportunities
- Unique and long-standing strategic distribution relationships
- Financial strength and flexibility - strong balance sheet and conservative reserving
- Experienced management team with deep knowledge of workers' compensation

History



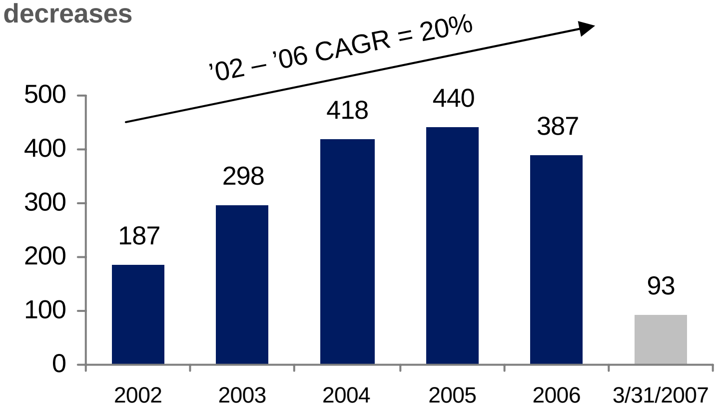
(1) EICN = Employers Insurance Company of Nevada; the Fund = Nevada State Workers Compensation Fund

Financial Snapshot

($ million)

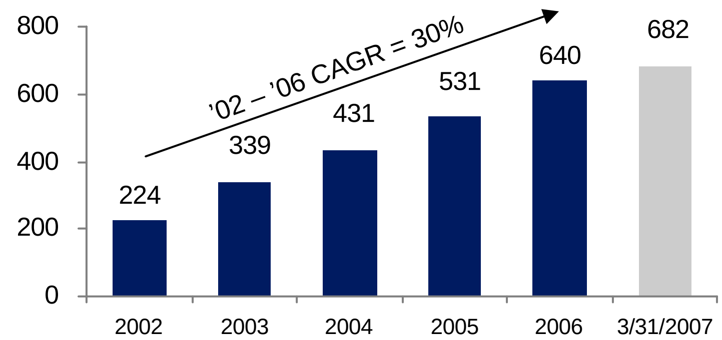
Net Premium Written

Premium growth has reversed due to California rate decreases



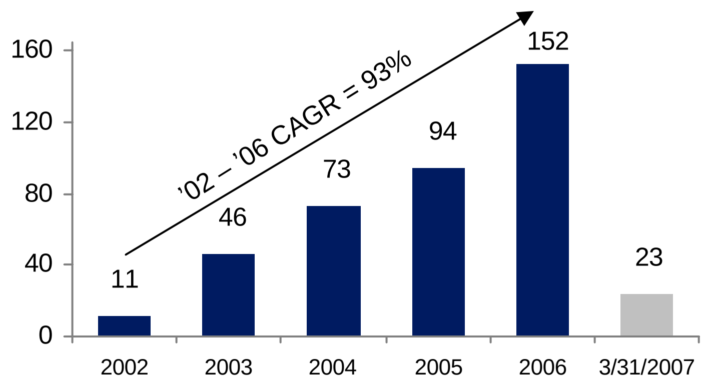
Statutory Surplus

Strong growth provides a solid basis for underwriting



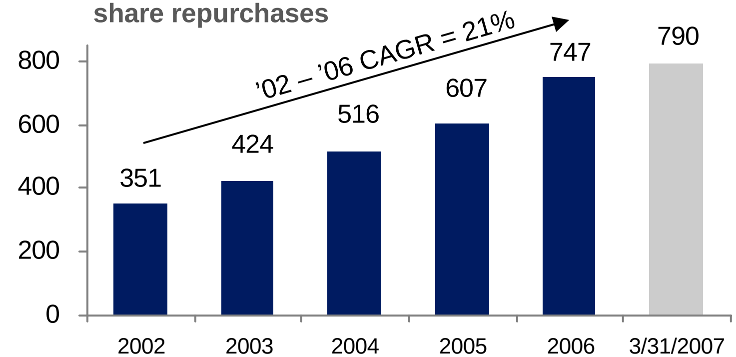
Net Income Before Loss Portfolio Transfer (LPT)

Loss trends and investments are driving net income



Equity Incl. Deferred Gain - LPT

Capital management plans include dividends and share repurchases



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Strategies

Focus on Profitability

- Target attractive, underserved small business market
- Maintain disciplined risk selection, underwriting and pricing

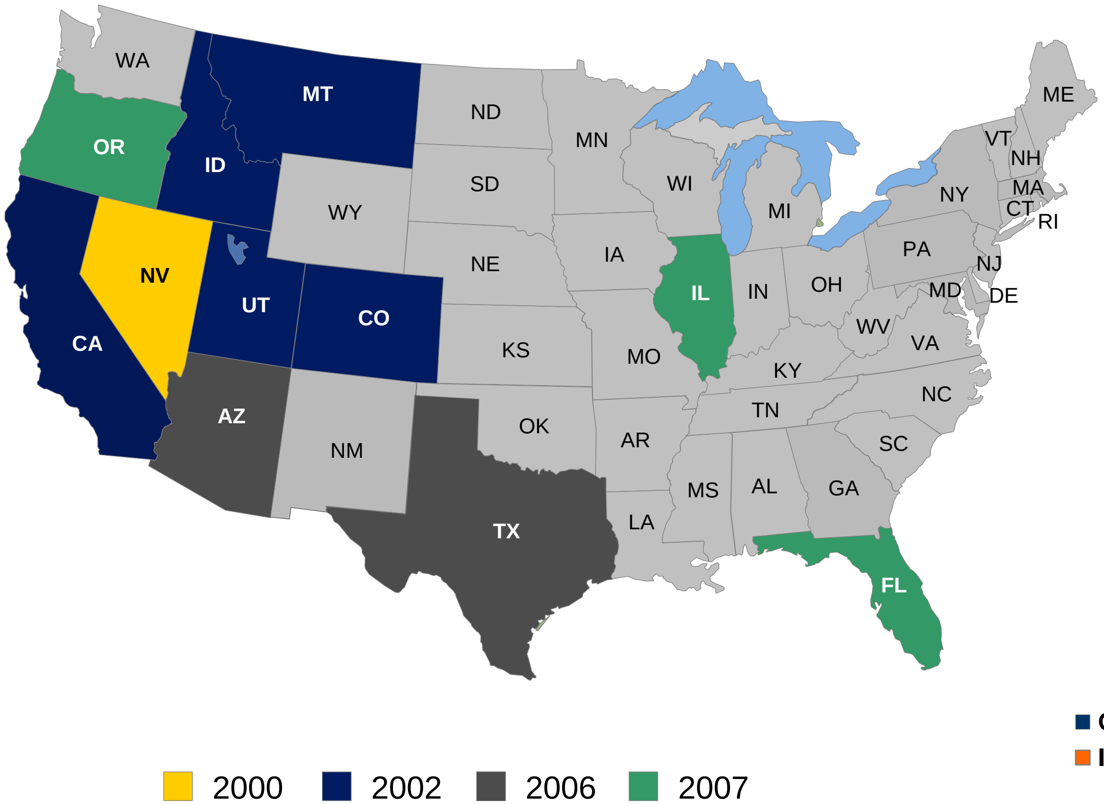
Pursue Organic Growth Opportunities

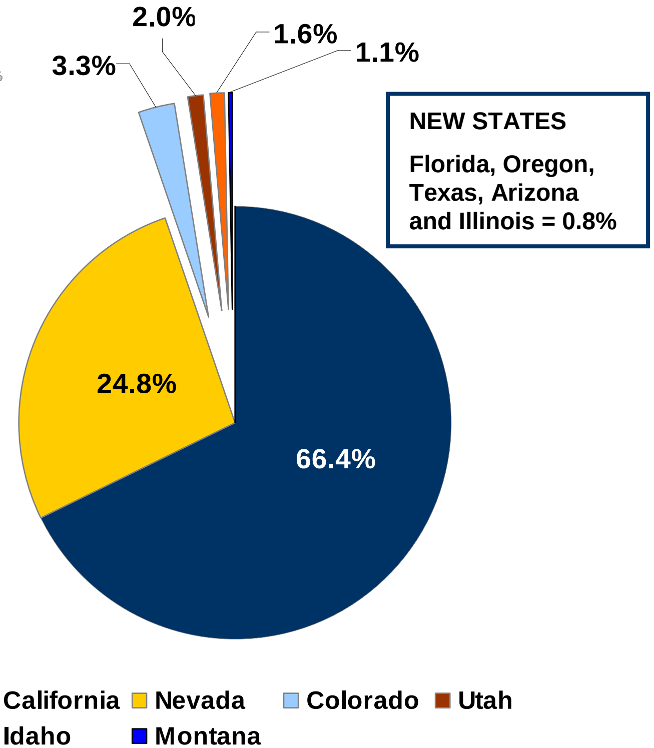
- Expand in current markets and in our new states
- Leverage infrastructure, technology and systems
- Utilize existing and new strategic distribution partners

Optimize Capital Structure

- Invest in operations and manage capital prudently
- Return capital to shareholders
- Consider opportunistic strategic transactions

Expanding Geographic Footprint



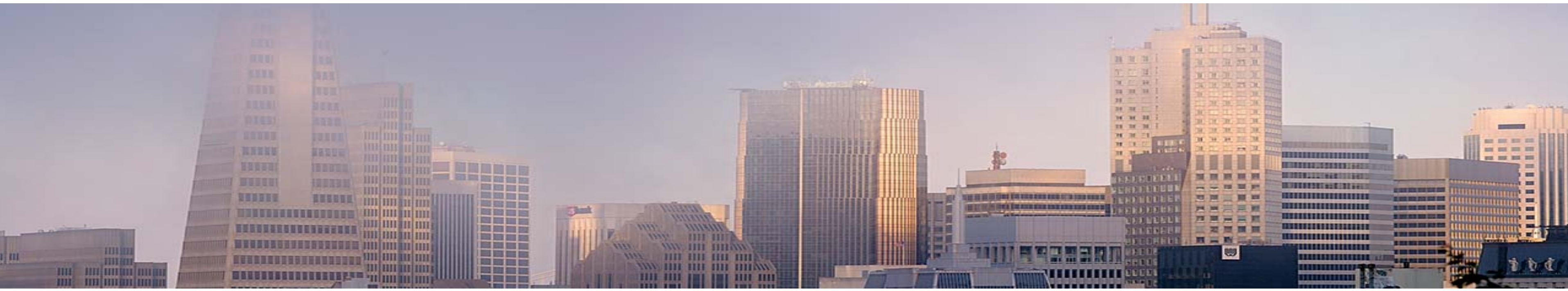


Direct Premiums Written (%), First Quarter, 2007

Seasoned Executives with Extensive Experience

Name	Title	Experience (Years)
Douglas D. Dirks	Chief Executive Officer	22
Martin J. Welch	President and Chief Operating Officer	28
William E. Yocke	EVP, Chief Financial Officer	31
T. Hale Johnston	SVP, President of Pacific Region	16
David M. Quezada	SVP, President of Strategic Markets Region	22
George Tway	SVP, President of Western Region	19
Stephen V. Festa	SVP, Chief Claims Officer	25
Jeff J. Gans	SVP, Chief Underwriting Officer	28

Average experience of senior operating leadership = 24 years



Insurance Operations

Disciplined Underwriting

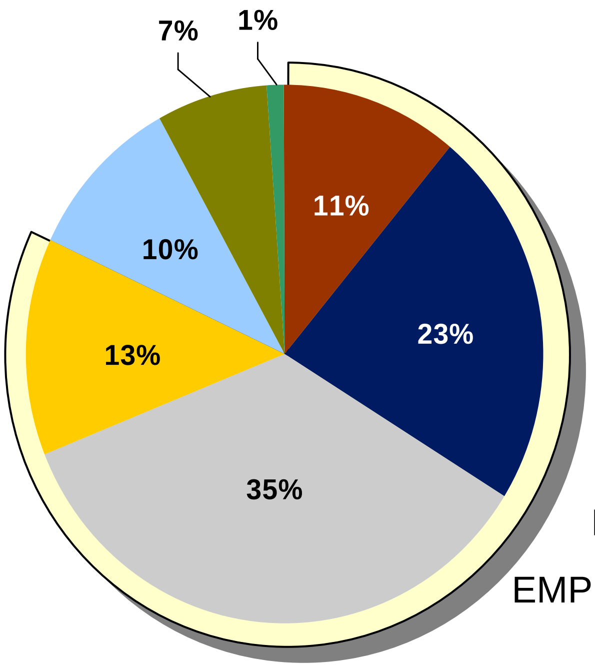
Five Basic Elements

37.9% statutory loss and LAE ratio in 2006

Focus on Low to Medium Hazard Groups

% of Premiums Written, 12/31/2006

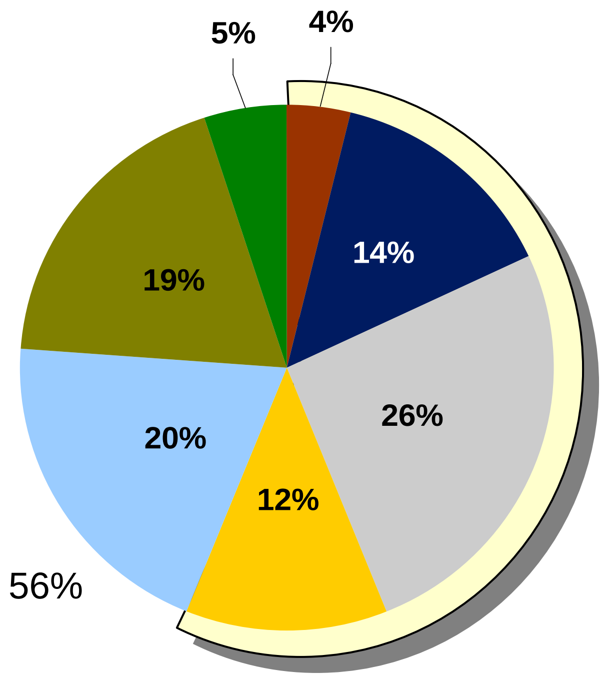
EMPLOYERS	Industry (1)



Hazard Group A
Hazard Group B
Hazard Group C
Hazard Group D
Hazard Group E
Hazard Group F
Hazard Group G

Lower Risk

Higher Risk



Hazard Groups A through D

EMPLOYERS = 82%   Industry = 56%

Focus on low to medium hazard risks allows us to optimize risk selection and pricing adequacy

(1) NCCI 2006 Premium Distribution by Hazard Group (as presented at 2007 Annual Issues Symposium).

Customer Selection

Top Ten Classes in 2006

Hazard Group	Class	Direct Premiums Written (000s)	Percent of Total
A	Restaurants	$ 27,654	7.1%
C	Physicians & Clerical	24,858	6.4
B	Store: Wholesale	18,854	4.8
B	College: Professional Employees & Clerical	11,590	3.0
B	Store: Retail	11,189	2.9
C	Clerical Office Employees	9,846	2.5
D	Machine Shops	9,455	2.4
C	Clothing Manufacturers	9,040	2.3
C	Dentists & Dental Surgeons & Clerical	7,939	2.0
D	Automobile	6,458	1.7
	Top 10	$136,883	35.1%

EMPLOYERS further differentiates risks within industry-defined customer classes

Focused Marketing and Distribution

Independent Agents and Brokers		Strategic Distribution Partners
PACIFIC REGION	**WESTERN REGION**	**STRATEGIC REGION**
• California • In 2006, 44% of direct premiums written	• Nevada, Colorado, Utah, Montana, Idaho, Texas, Arizona, Illinois, Oregon, Florida • In 2006, 26% of direct premiums written	• Largely ADP & Wellpoint; added E-CHX in Qtr 4, 2006 • Primarily California today • In 2006, 30% of direct premiums written

Three strategic business units target consistent customer segments with a focused underwriting approach

Strategic Distribution Partners

ADP®
Automatic Data Processing, Inc.

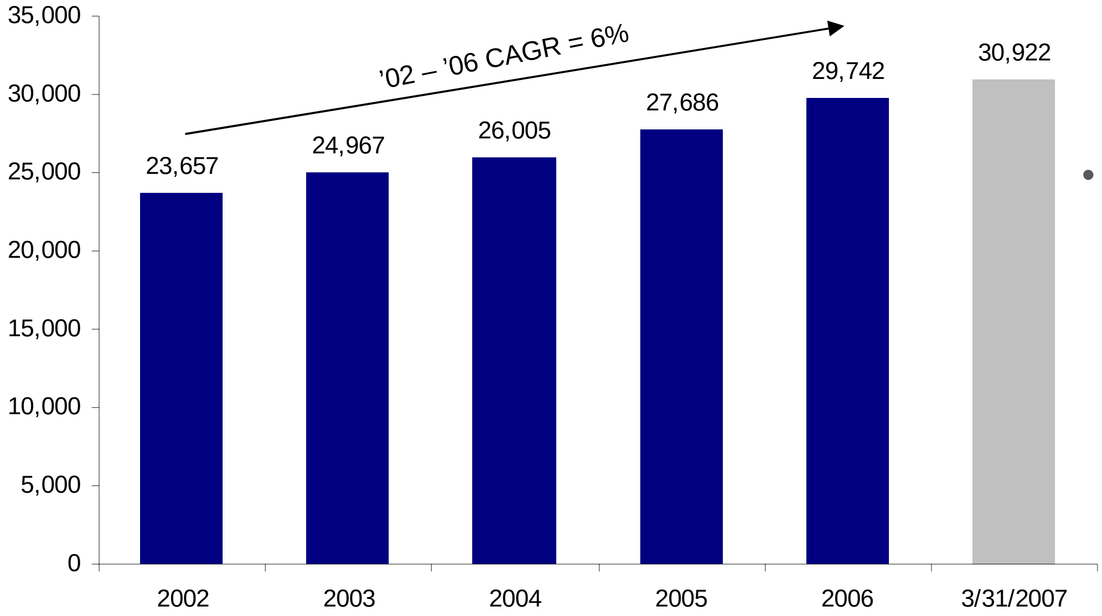
- Largest payroll services company in the U.S. with over 450,000 clients
- Partner since entering California market in 2002
- Business originated by ADP's field sales staff and insurance agency
- "Pay-by-Pay" premium collection

WELLPOINT®

- Largest group health carrier in California
- Partner since entering California market in 2002
- Business originated by Wellpoint's health insurance agents
- Single bill to customers

Strategic partners expand market reach and produce business with high persistency

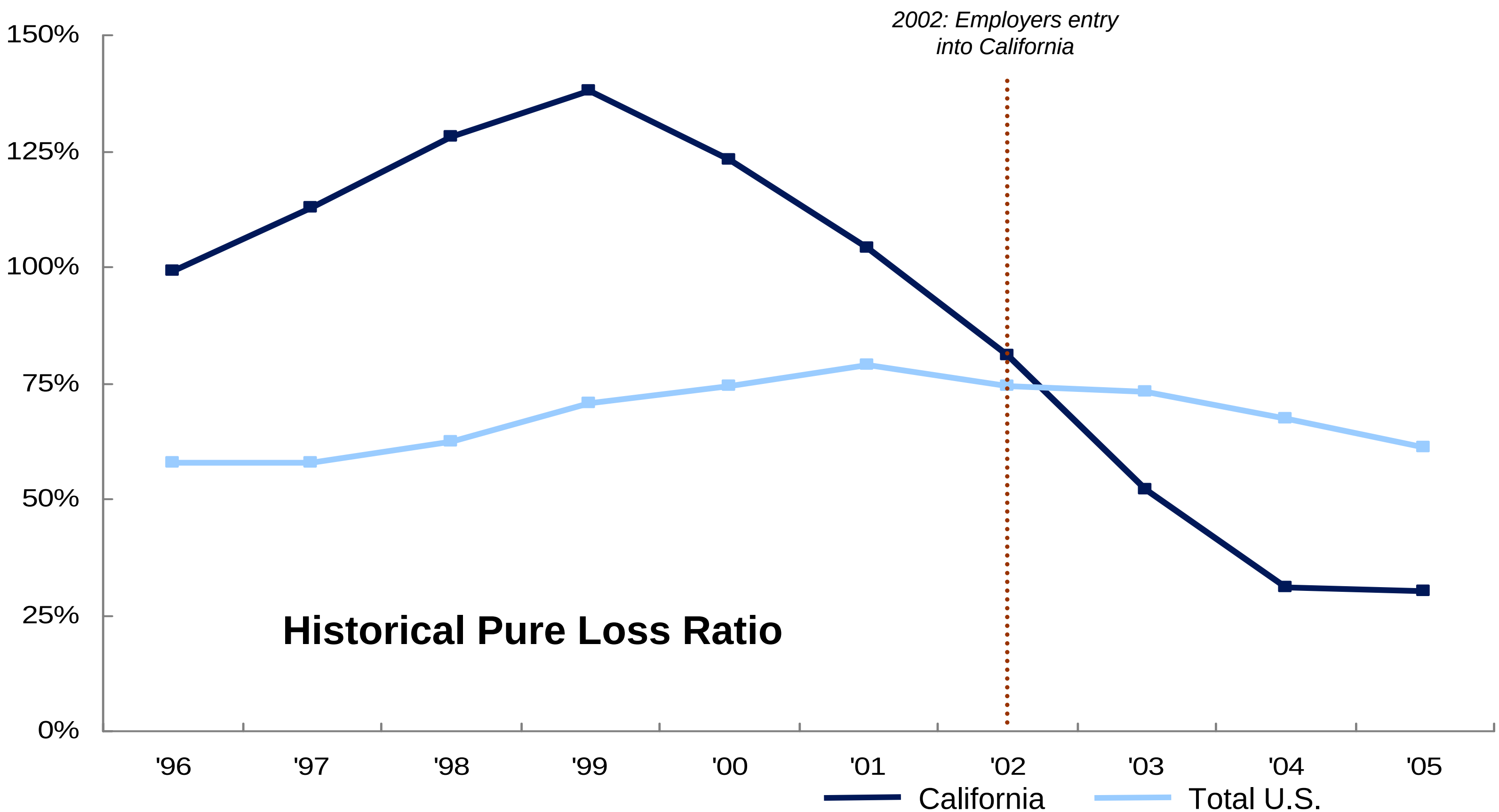
In Force Policy Count



- Solid in force policy count growth continued in the first quarter, 2007
  - 30,922 at 3/31/2007
  - 27,934 at 3/31/2006
  - Total increase of 2,988 or 10.7%

Total in force policy count has grown consistently with a 2002 – 2006 CAGR of 6%

Workers' Compensation Industry



Source: WCIRB as of 09/30/06 (California); Insurance Information Institute as of 12/31/05 (Total U.S.)

California Rates and Rate Setting

Recent Commissioner Approved Pure Premium Rate Changes	
January 1, 2004	-14.9%
July 1, 2004	- 7.0%
January 1, 2005	- 2.2%
July 1, 2005	-18.0%
January 1, 2006	-15.3%
July 1, 2006	-16.4%
January 1, 2007	- 9.5%
Recommended Effective-July 1, 2007	-14.2%
Cumulative Change	***-65.1%***

Key Issues

- Workers' Compensation Insurance Rating Bureau (WCIRB) recommended decrease of 11.3%
- Insurance Commissioner recommended decrease of 14.2%
- Company's choice to implement rate changes
  - Internal analyses are compared to Bureau's view of the industry to confirm actual experience
  - Filed loss cost multipliers (LCMs) account for loss adjustment, underwriting and commission expenses and targeted unlevered return of 12% to 13%
  - Rate deviation plans modify full premium rates based on individual or group risk characteristics to yield "effective rates"
- At this time, EMPLOYERS will file no change in rates in California and will continue to evaluate the market

California Rate Setting Process

- Key Terms: Loss Costs (losses only; also referred to as pure premium); Lost Cost Multiplier (LCM); Filed Rate; Schedule Credit/Debit; Effective Rate
- WCIRB recommendations to the Commissioner are based on study of approximately 86% of the industry "**loss costs**"
  - Annually by **class** of business
  - Interim studies in aggregate
- Commissioner can accept, reject or modify WCIRB findings
- Companies then accept, reject or modify the Commissioner's recommendations; if they accept or modify they **file** new **rates** that are the product of revised pure loss cost estimates X **LCM**'s required to cover their total costs by **class** of business
- Companies also file rate deviation plans or **schedule credits**
- These **schedule credits** are applied to modify **filed rates** to **individual** policy or group requirements to arrive at "**effective rates**"

Rate Setting Process Example	
Filed Loss Costs Estimate	65
+ or – adjustment	-7.5%
Revised Loss Costs Estimate	60
X **LCM**	166%
Revised Filed Rates	100
Schedule Credits	-5
Effective Rates	95

Insurance Operations Summary

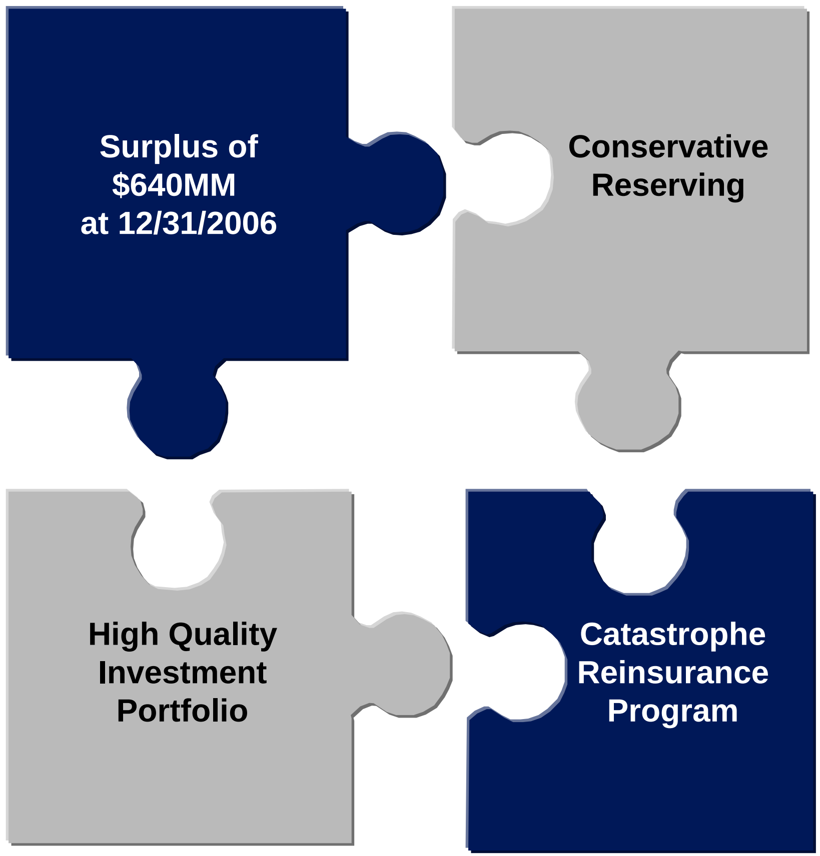
- High performing insurance operation, built upon four key elements
  - A highly focused customer base
  - A disciplined underwriting culture
  - An efficient -- and scalable – infrastructure
  - Strong producer and strategic partner relationships, providing us with:
    - broader access to markets
    - enhanced value delivery to our customers
    - more cost effective production

Financial Results

Four Key Elements of Our Financial Strength

0.6:1 NPW / Surplus at 12/31/2006

Track record of reserve strength



Over 90% fixed maturity with average rating AA

Coverage up to $175MM loss

Loss Portfolio Transfer (LPT)

- Non-recurring transaction with no ongoing cash benefits or charges to current operations
- Retroactive 100% quota share reinsurance coverage for all losses occurring prior to 7/1/95
- Gain on transaction booked as statutory surplus; deferred and amortized under GAAP

Contract

$ millions	
Total Coverage	$2,000
Original Reserves Transferred	$1,525
Consideration	775
Gain at 1/1/2000	**750**
Subsequent Reserve Adjustments	(147.5)
Gain at 3/31/2007	**602.5**

Accounting at 3/31/2007

$ millions	
Statutory Surplus Created	$602.5
Cumulative Amortization To Date	(164.0)
GAAP: Deferred Reinsurance Gain – LPT Agreement	**438.5**

Selected Operating Results

$ million	December 31 2005	December 31 2006	First Quarter 2006	First Quarter 2007
Income Statement Data				
Gross Written Premium	$ 458.7	$ 401.8	$ 117.1	$ 96.5
Net Written Premium	439.7	387.2	113.4	93.2
Net Earned Premium	438.3	393.0	103.3	89.8
Net Investment Income	54.4	68.2	15.7	20.8
Net Income	137.6	171.6	18.1	27.9
Net Income Before LPT	93.8	152.2	13.4	23.3
Balance Sheet Data				
Total investments	1,595.8	1,715.7	--	1,768.6
Cash and cash equivalents	61.1	80.0	--	66.5
Total assets	3,094.2	3,195.7	--	3,221.2
Reserves for loss & LAE	2,350.0	2,307.8	--	2,307.2
Shareholders' equity	144.6	303.8	--	352.0
Equity including LPT deferred gain	607.0	746.8	--	790.4

Premiums are declining due to California rate decreases

Loss trends and investments are driving net income

Portfolio reallocation (equity sales) in the fourth quarter of 2006 reduced volatility and increased investment income

While premiums have declined in California, losses have also declined

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Earnings and EPS

$ million, except per share data	December 31 2005	December 31 2006	First Quarter 2006	First Quarter 2007
Net Income	$137.6	$171.6	$18.1	$27.9
Less: LPT Deferred Gain Amortization	(43.8)	(19.4)	(4.7)	(4.6)
Net Income Before LPT	**93.8**	**152.2**	**13.4**	**23.3**
GAAP Pro forma EPS – assuming conversion (1)	$2.75	$3.43	--	--
EPS (Net Income Before LPT) – assuming conversion (1)	**1.88**	**3.04**	--	--
EPS for the period Feb. 5 through March 31, 2007			N/A	.40
EPS for three months ended 3/31/2007, pro forma (2)			*$ .36*	*$ .53*
EPS attributable to LPT (2)			*.09*	*.08*
EPS Before Impacts of the LPT, pro forma (2)			***$ .27***	***$ .45***
Weighted Average Shares Outstanding, pro forma (2)	50,000,002	50,000,002	50,000,002	52,155,944

(1) Based on 50,000,002 shares assumed outstanding before the conversion.

(2) Pro forma EPS computed using the actual weighted average shares outstanding as of 3/31/2007. This includes shares outstanding for the period after the Company's conversion on 2/5/2007 (53,527,907) and prior to the conversion (50,000,002).

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Underwriting Profitability

COMBINED RATIO (GAAP and excluding the LPT)	December 31 2005	December 31 2006	First Quarter 2006	First Quarter 2007	Excluding Qtr. 1, 2007 Reserve Development (1)
Loss & LAE Ratio	48.3%	33.0%	64.1%	46.4%	*63.8%*
Less: Impact of LPT (2)	10.0%	4.9%	4.6%	5.1%	*5.1%*
Loss & LAE Ratio (excl. LPT)	**58.3%**	**37.9%**	**68.7%**	**51.5%**	***68.9%***
Commission Expense Ratio (3)	10.7%	12.3%	11.9%	13.1%	*13.1%*
Underwriting & Other Expense Ratio (3)	16.0%	22.3%	18.7%	25.9%	*25.9%*
Combined Ratio (excl. LPT)	**84.9%**	**72.6%**	**99.3%**	**90.5%**	***107.9%***
Favorable Reserve Development ($ million)	*$78.1*	*$107.1*	*$6.3*	*$15.6*	

(1) Excluding $15.6 million of favorable development, our loss ratio would have been 68.9% and our combined ratio would have been 107.9%. We target a combined ratio of 100. The total combined ratio includes three items causing upward pressure: (1) one shock loss requiring additional reserves that may run in excess of $3.5 million; (2) one-time conversion costs of nearly $1 million; and (3) decreasing earned premium.

(2) Total deferred gain amortization and LPT reserve adjustment of $43.8 million in 2005, $19.4 million in 2006 and $4.6 million in the first quarter of 2007.

(3) Our higher expense ratio is largely a function of falling California rates.

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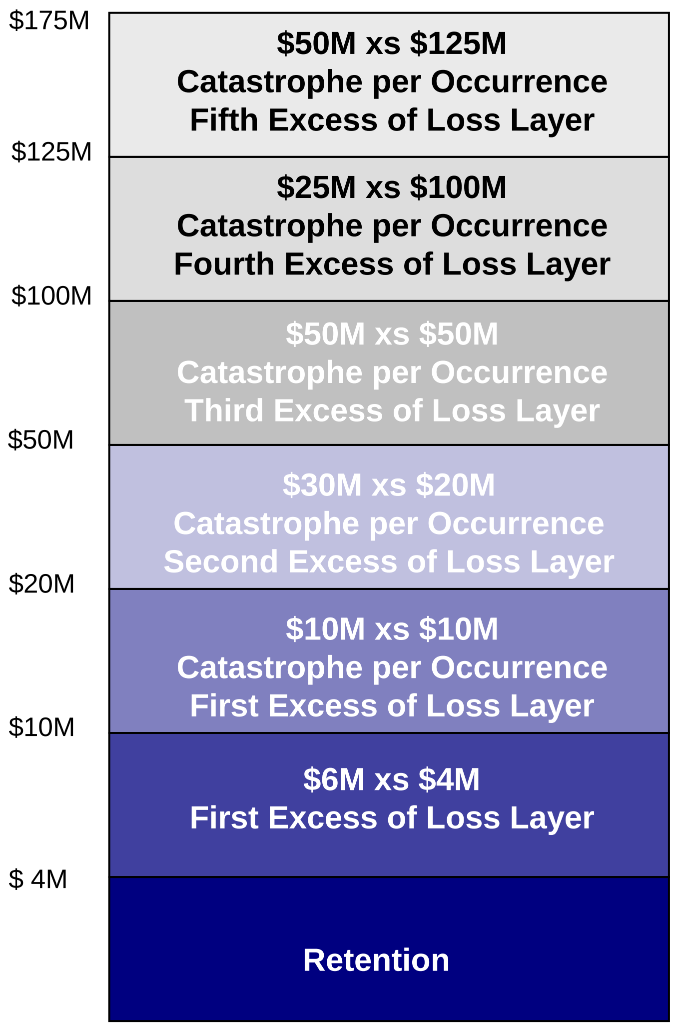
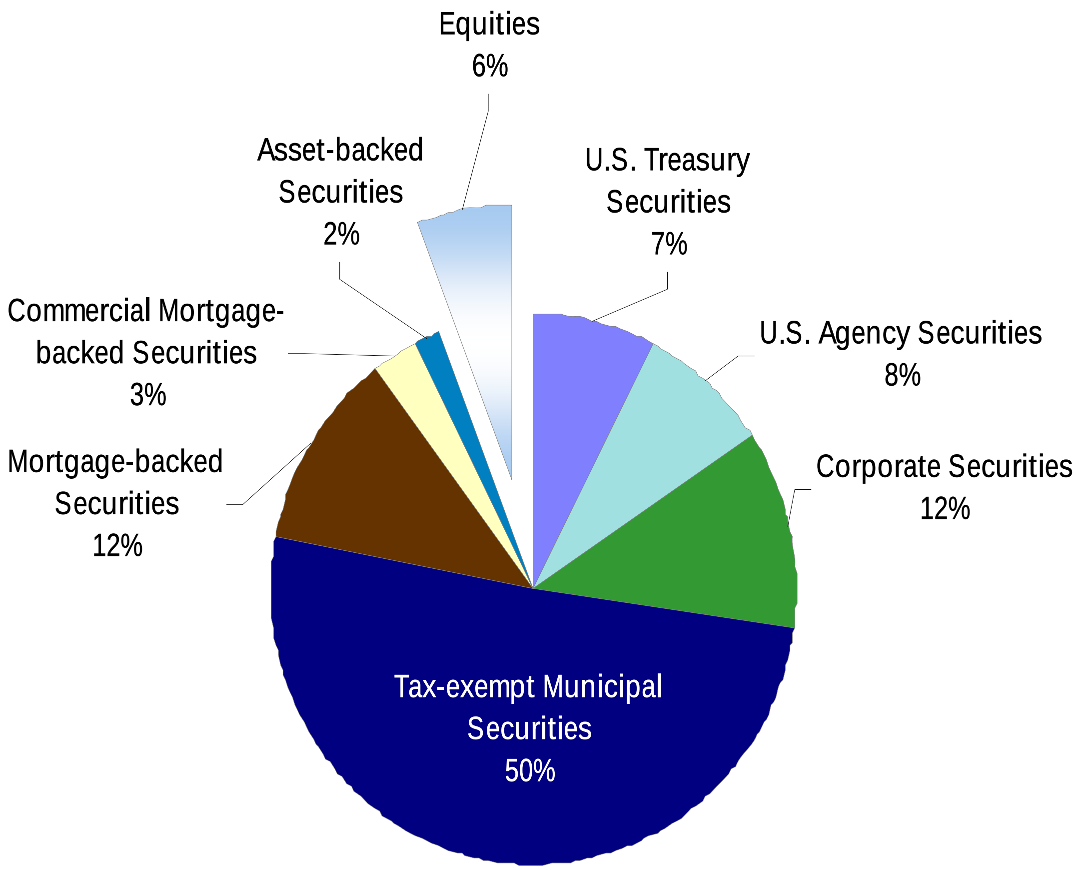
Reinsurance Program



- Expires 7/1/2007
- Priced annually
- Includes terrorism, except nuclear, biological, chemical and radiological
- Increased retention to $4.0M from $2.5M from previous treaty
- Increased total limits by $50.0M from previous treaty
- Catastrophe Excess of Loss includes maximum any one life of $7.5M

Investment Portfolio



Portfolio Mix at 3/31/2007

- $1.77 billion of investment securities
- Average credit rating of AA+
- Tax equivalent book yield of 5.3%
- Effective duration of 5.73
- Outsourced to Conning Asset Management

Capital Management

Strong Capital Position

- $790 million GAAP adjusted equity at 3/31/2007
- 0.6:1 NPW/surplus at 12/31/2006
- No debt
- Reserve strength

Holding Company Cash Flow

- $38 million ordinary dividend capacity (unassigned surplus at 12/31/2006), *plus*
- $9.7 million in net proceeds from the IPO, *plus*
- $55 million approved extraordinary dividend

➢ *Greater than $100 million available cash in 2007*

Capital Management Tools

- Shareholder dividends
  - $0.06 per share quarterly dividend
  - $3.2 million in second quarter, 2007
- Share repurchases
  - Up to $75 million in open market in 2007

Our goal is to drive shareholder value through an improving ROE resulting from (i) profitability consistent with historical results, (ii) disciplined growth and (iii) prudent capital management

Summary

Summary

- Established enterprise with 94 year operating history
- Focused operations and disciplined underwriting – target an attractive and underserved market segment with growth opportunities
- Unique and long-standing strategic distribution relationships
- Financial strength and flexibility - strong balance sheet and conservative reserving
- Experienced management team with deep knowledge of workers' compensation

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