



Well Positioned For The Future

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Senior Vice President, Investor Relations
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Explanatory Note

This presentation contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Specifically, earnings guidance, statements about our share repurchase plans, statements about the potential impact of the recent disruption in the investment markets and other economic conditions on our investment portfolio and underwriting results are forward looking, and we may make forward-looking statements about our results of operations (including, among others, premium volume, net and operating income, investment income, return on equity, expected current returns and combined ratio), and financial condition (including, among others, invested assets and liquidity); the sufficiency of our asbestos and other reserves (including, among others, asbestos claim payment patterns); the cost and availability of reinsurance coverage; catastrophe losses; investment performance; investment, economic and underwriting market conditions; and strategic initiatives. Such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Some of the factors that could cause actual results to differ include, but are not limited to, the following: catastrophe losses could materially and adversely affect our results of operations, our financial position and/or liquidity and could adversely impact our ratings, our ability to raise capital and the availability and cost of reinsurance; financial disruption or a prolonged economic downturn may materially and adversely affect our business; our investment portfolio may suffer reduced returns or material losses; we may not be able to collect all amounts due to us from reinsurers, and reinsurance coverage may not be available to us in the future at commercially reasonable rates or at all; we are exposed to credit risk in certain of our business operations; if actual claims exceed our loss reserves, or if changes in the estimated level of loss reserves are necessary, our financial results could be materially and adversely affected; our business could be harmed because of our potential exposure to asbestos and environmental claims and related litigation; we are exposed to, and may face adverse developments involving, mass tort claims such as those relating to exposure to potentially harmful products or substances; the effects of emerging claim and coverage issues on our business are uncertain; the intense competition that we face could harm our ability to maintain or increase our business volumes and our profitability; the insurance industry and we are the subject of a number of investigations by state and federal authorities in the United States, and we cannot predict the outcome of these investigations or the impact on our business practices or financial results; our businesses are heavily regulated, and changes in regulation may reduce our profitability and limit our growth; a downgrade in our claims-paying and financial strength ratings could adversely impact our business volumes, adversely impact our ability to access the capital markets and increase our borrowing costs; the inability of our insurance subsidiaries to pay dividends to our holding company in sufficient amounts would harm our ability to meet our obligations and to pay future shareholder dividends; disruptions to our relationships with our independent agents and brokers could adversely affect us; loss of or significant restriction on the use of credit scoring in the pricing and underwriting of Personal Insurance products could reduce our future profitability; we are subject to a number of risks associated with our business outside the United States; we could be adversely affected if our controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective; our business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology; if we experience difficulties with technology, data security and/or outsourcing relationships, our ability to conduct our business could be negatively impacted; and acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences.

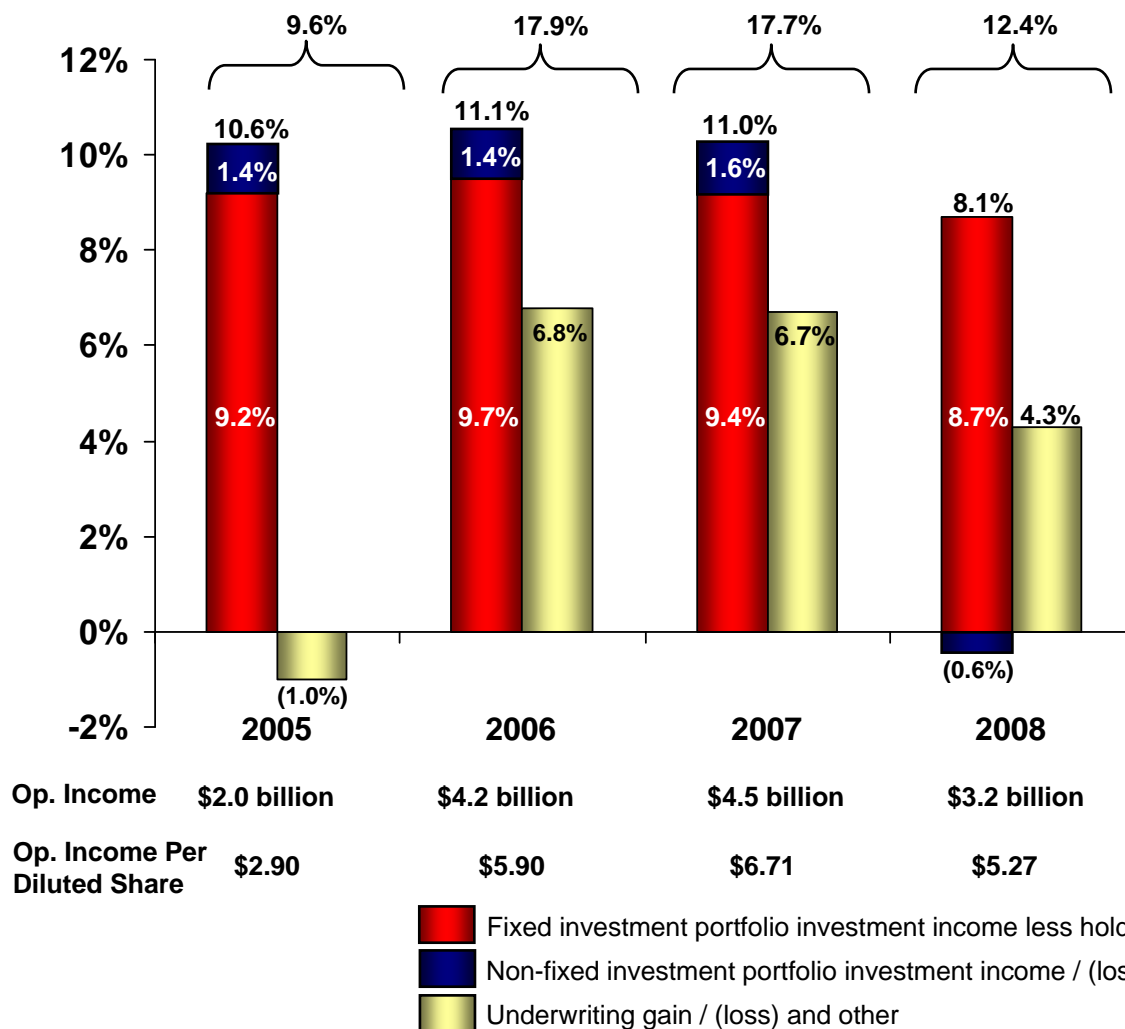
For a more detailed discussion of these factors, see the information under the caption “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission.

Our forward-looking statements speak only as of the date of this presentation or as of the date they are made, and we undertake no obligation to update forward-looking statements.

In this presentation, we may refer to some non-GAAP financial measures, including, among others, operating income, operating income per diluted share, operating income excluding catastrophes, operating return on equity, underwriting gain (loss), GAAP combined ratio excluding catastrophes and prior year development and adjusted and tangible book value per common share. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to the annex contained herein and to the press release and financial supplement that we have made available with our quarterly earnings release which is available on the Travelers website under the investor section (www.travelers.com).

An Industry Leader, With Strong Operating Focus

Operating Return on Equity



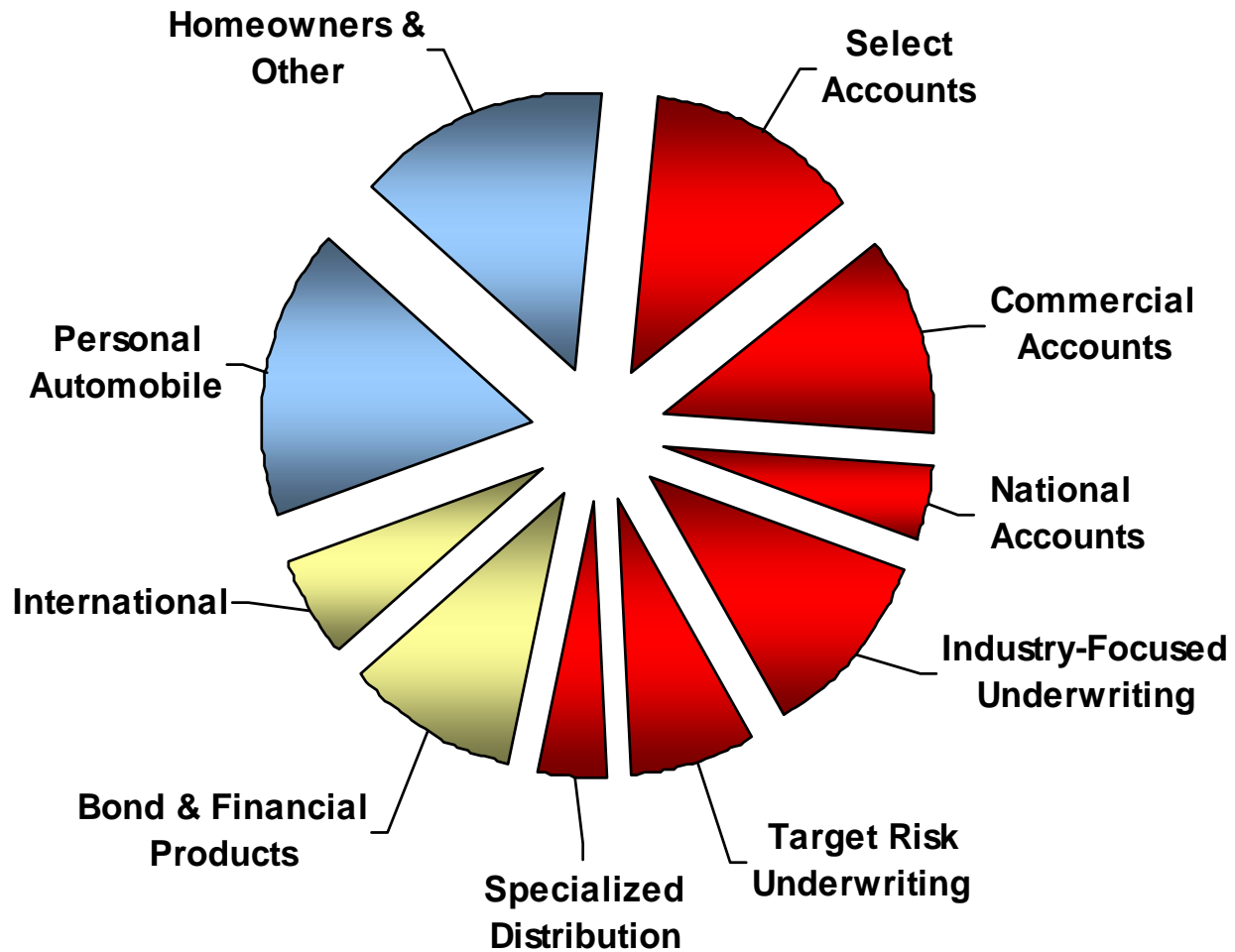
➤ Jan. 1, 2005 through Dec. 31, 2008 average annual operating return on equity of approximately 14.5%

➤ Very strong financial position

- Debt-to-capital ratio of 19.5%¹
- Holding company liquidity of \$2.1 billion¹
- Financial strength ratings
 - Moody's: Aa2
 - S&P: AA-
 - Fitch: AA
 - A.M. Best: A+

Diversified Business Profile

\$21.7 Billion Net Written Premium
Full Year 2008



- ▶ Business Insurance
- ▶ Financial, Professional & International Insurance
- ▶ Personal Insurance



Business Insurance: Net Written Premiums

(\$ in millions)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Select Accounts	\$ 2,756	\$ 2,711	\$ 2,663
Commercial Accounts	2,524	2,518	2,376
National Accounts	996	1,056	1,135
Industry-Focused Underwriting	2,396	2,301	2,196
Target Risk Underwriting	1,593	1,665	1,629
Specialized Distribution	<u>939</u>	<u>1,015</u>	<u>1,022</u>
Business Insurance Core	11,204	11,266	11,021
Business Insurance Other	16	52	25
Total Business Insurance	\$ 11,220	\$ 11,318	\$ 11,046

Well balanced portfolio across the commercial lines marketplace

Business Insurance: Illustrative Business Statistics

Retention							
	2006	2007	2008				FY
			1Q	2Q	3Q	4Q	
Select Accounts	82%	81%	81%	81%	82%	82%	82%
Commercial Accounts	86%	85%	86%	85%	86%	88%	86%
Other Business Insurance ¹	81%	81%	82%	82%	82%	82%	82%

Renewal Price Change ²							
	2006	2007	2008				FY
			1Q	2Q	3Q	4Q	
Select Accounts	4%	2%	1%	1%	0%	-1%	0%
Commercial Accounts	1%	-3%	-4%	-3%	-3%	-4%	-4%
Other Business Insurance ¹	3%	-2%	-4%	-6%	-4%	-4%	-4%

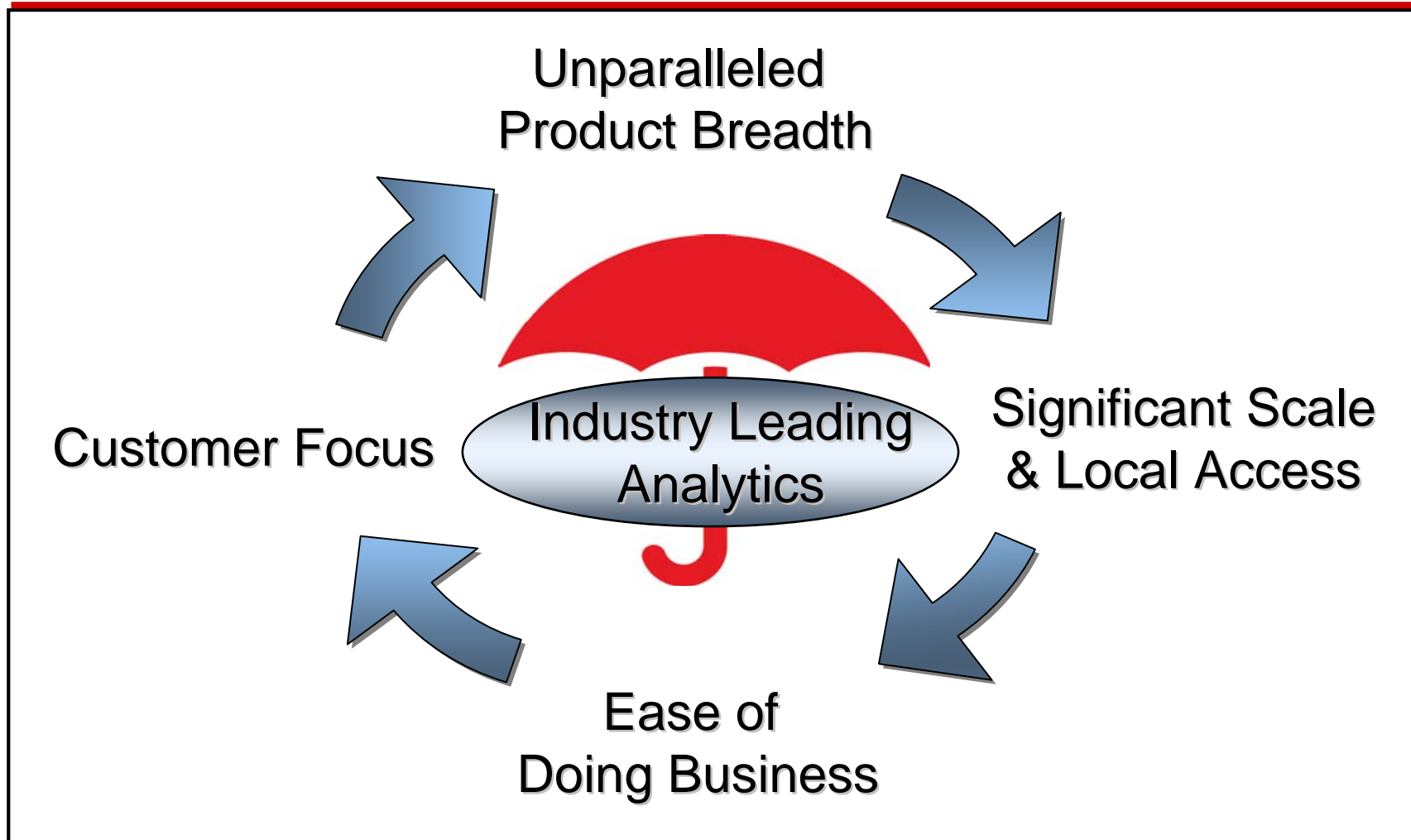
New Business							
(\$ in millions)	2006	2007	2008				FY
			1Q	2Q	3Q	4Q	
Select Accounts	\$458	\$524	\$124	\$133	\$142	\$139	\$538
Commercial Accounts	\$427	\$561	\$142	\$118	\$117	\$121	\$498
Other Business Insurance ¹	\$1,133	\$1,189	\$297	\$292	\$285	\$241	\$1,115

- Overall, retention remains at historically high levels
- Renewal price change and new business results consistent with market conditions demonstrate the company's disciplined underwriting

¹ Includes all other groups within Business Insurance Core operations excluding National Accounts.

² Each percentage represents the estimated change in average premium on policies that renew, including rate and exposure changes vs. the average premium on those same policies for their prior term.

Travelers Key Competitive Advantages



Consistent strategy has and will continue to attract business

Ease of Doing Business

- Over the past few years, Travelers has continued to invest in technologies making it easier for agents and customers to do business
- For example: **TravelersExpressSM**, an enhanced quote-to-issue agency platform and multivariate price program in Select Accounts
 - Streamlined process to allow agents to more quickly and easily quote and write new business
 - Broadened market reach; pricing sophistication drives selection
 - Expanded platform to include workers' compensation in 47 states and commercial auto in the first 6 states of a countrywide rollout

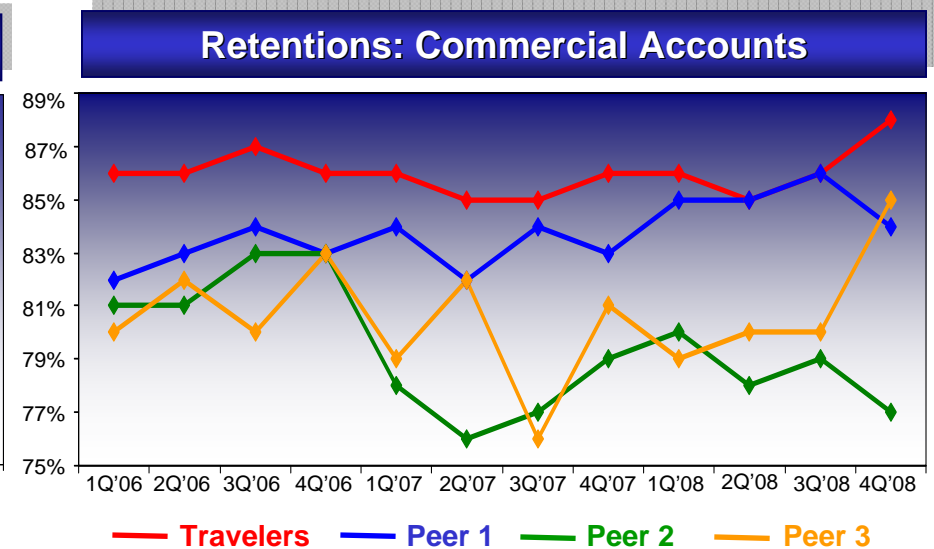
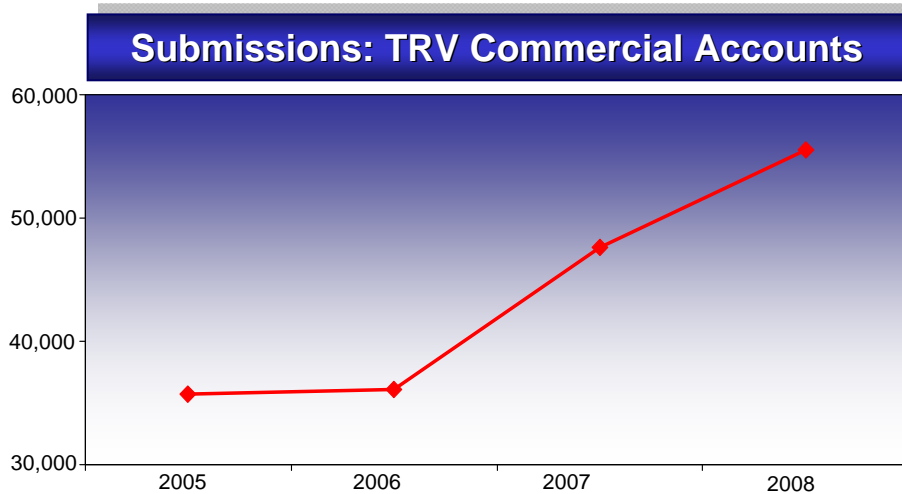


Driving growth and strengthening agency relationships

Underwriting Specialization

INDUSTRYEdgeSM

- Tailored risk management solutions for customers and agents
 - Tailored products or coverage to more than 20 different industry segments
 - Industry specific risk control products and services
 - Pre-qualified leads; packaged sales kits; joint advertising



Significantly increasing submission flow and retaining business at historically high levels

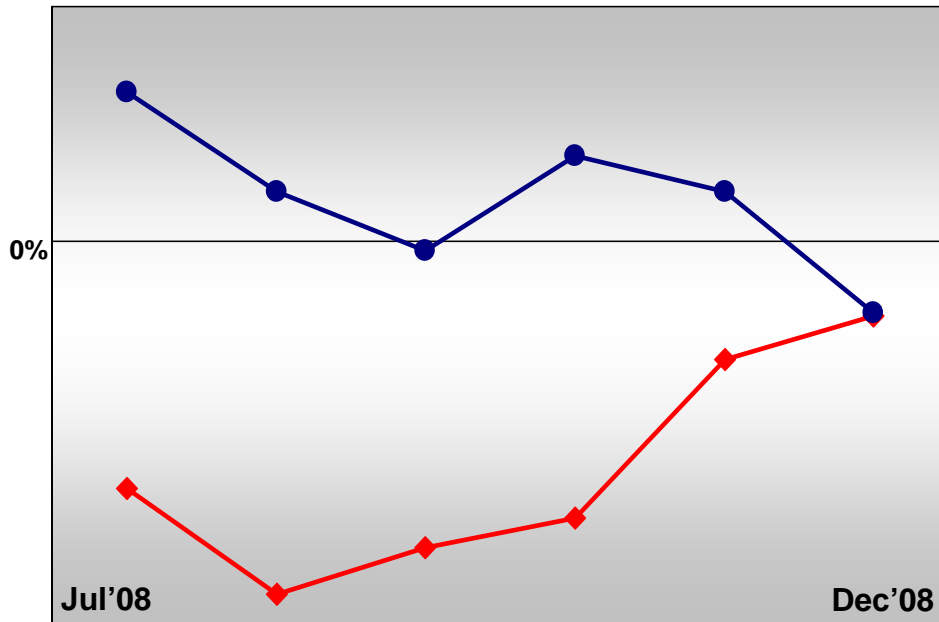
Customer Focus: Claim Example

- Goal: manage claim costs and deliver effective service
- Initiated enterprise wide catastrophe response model
 - Significantly reduced reliance on external claim adjusters
 - Create scalable model allowing for consistent claim experience during multiple catastrophic events – a record 38 catastrophes in 2008
- Proven results during Hurricane Ike in September 2008
 - 100% customer contact within 1-2 days
 - 4X claims than Hurricane Rita...closed 4X faster
 - Virtually no reliance on external claim adjusters

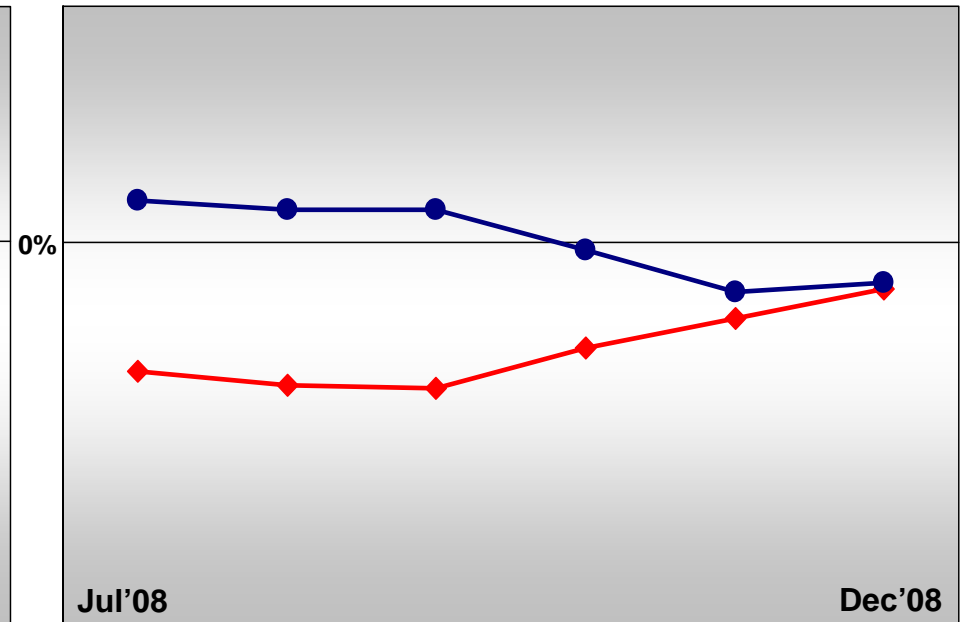
Builds long lasting relationships with customers

Recent Market Conditions

National Property



Commercial Accounts



Rate %

Exposure/Other %

Impact of improving rate trend across several lines,
partially offset by lower exposures due to general
economic conditions

Opportunity to Grow Position in Marketplace

(\$ in millions)

Commercial Lines					
Rank	Company	2007	Market Share %		
		Direct Written Premium	2007	2006	2005
1	AIG	\$ 23,361	10.8	10.5	9.8
2	Liberty Mutual ¹	14,719	6.8	6.5	6.1
3	Travelers	14,238	6.6	6.4	6.7
4	Zurich	11,694	5.4	5.3	5.4
5	Hartford	7,129	3.3	3.4	3.8
6	CNA	7,011	3.3	3.3	3.3
7	Chubb	6,679	3.1	3.1	3.3
8	ACE	5,847	2.7	2.7	2.6
9	Nationwide	5,376	2.5	2.4	2.3
10	State Farm	4,220	2.0	2.2	2.1
Top 30		144,907	67.3	66.8	66.7
Total		\$ 215,311			



¹Adjusted to reflect Liberty Mutual's acquisition of Safeco
Source: A.M. Best



Annex

Return on Equity Reconciliations

(\$ in millions; after-tax)	Twelve Months Ended December 31,			
	2008	2007	2006	2005
Fixed investment portfolio income	\$ 2,462	\$ 2,518	\$ 2,375	\$ 2,127
Non-fixed investment portfolio income (loss)	(163)	397	337	311
Net investment income	2,299	2,915	2,712	2,438
Holding company interest expense	(240)	(224)	(207)	(185)
Adjusted net investment income	2,059	2,691	2,505	2,253
Underwriting gain (loss) and other	1,136	1,809	1,695	(227)
Total operating income	\$ 3,195	\$ 4,500	\$ 4,200	\$ 2,026

(\$ in millions; after-tax)	Twelve Months Ended December 31,			
	2008	2007	2006	2005
Reconciliation of operating income to net income				
Operating income	\$ 3,195	\$ 4,500	\$ 4,200	\$ 2,026
Net realized investment gains (losses)	(271)	101	8	35
Income from continuing operations	2,924	4,601	4,208	2,061
Discontinued operations	-	-	-	(439)
Net income	\$ 2,924	\$ 4,601	\$ 4,208	\$ 1,622

(\$ in millions)	As of December 31,			
	2008	2007	2006	2005
Reconciliation of adjusted common shareholders' equity to common shareholders' equity				
Adjusted common shareholders' equity	\$ 25,374	\$ 25,884	\$ 24,553	\$ 21,823
Net unrealized investment gains (losses), net of tax	(144)	620	453	327
Common shareholders' equity	\$ 25,230	\$ 26,504	\$ 25,006	\$ 22,150
Return on equity	11.4%	18.0%	17.9%	7.5%
Operating return on equity	12.4%	17.7%	17.9%	9.6%

Earnings Per Share Reconciliations

(\$ in millions, except per share amounts; after-tax)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net income				
Operating income	\$ 3,195	\$ 4,500	\$ 4,200	\$ 2,026
Net realized investment gains (losses)	(271)	101	8	35
Income from continuing operations	<u>2,924</u>	<u>4,601</u>	<u>4,208</u>	<u>2,061</u>
Discontinued operations	-	-	-	(439)
Net income	<u>\$ 2,924</u>	<u>\$ 4,601</u>	<u>\$ 4,208</u>	<u>\$ 1,622</u>
Basic earnings per share				
Operating income	\$ 5.35	\$ 6.89	\$ 6.11	\$ 2.99
Net realized investment gains (losses)	(0.45)	0.15	0.01	0.05
Income from continuing operations	<u>4.90</u>	<u>7.04</u>	<u>6.12</u>	<u>3.04</u>
Discontinued operations	-	-	-	(0.65)
Net income	<u>\$ 4.90</u>	<u>\$ 7.04</u>	<u>\$ 6.12</u>	<u>\$ 2.39</u>
Diluted earnings per share				
Operating income	\$ 5.27	\$ 6.71	\$ 5.90	\$ 2.90
Net realized investment gains (losses)	(0.45)	0.15	0.01	0.05
Income from continuing operations	<u>4.82</u>	<u>6.86</u>	<u>5.91</u>	<u>2.95</u>
Discontinued operations	-	-	-	(0.62)
Net income	<u>\$ 4.82</u>	<u>\$ 6.86</u>	<u>\$ 5.91</u>	<u>\$ 2.33</u>
Weighted average number of common shares outstanding (basic)	596.4	652.7	687.1	676.3
Weighted average number of common shares outstanding and common stock equivalents (diluted)	607.3	672.3	716.7	712.8

Disclosure

- **For further information, please see Travelers reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC's website (www.sec.gov)**
- **Copies of this presentation and related financial supplement are publicly available on the Travelers website (www.travelers.com)**
- **From time to time, Travelers may use its Web site as a channel of distribution of material company information. Financial and other material information regarding the company is routinely posted on and accessible at <http://investor.travelers.com>. In addition, you may automatically receive email alerts and other information about Travelers by enrolling your email by visiting the "Email Alert Service" section at <http://investor.travelers.com>.**



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