



The Travelers Companies, Inc.

Third Quarter 2014 Results

Long-Term Financial Strategy



CREATE SHAREHOLDER VALUE

Objective: Mid-Teens Operating ROE *Over Time*

Third Quarter 2014 Overview

Travelers Reports Net Income per Diluted Share of \$2.69, Up 17% from Prior Year Quarter

Operating Income per Diluted Share of \$2.61, Up 11% from Prior Year Quarter

Return on Equity and Operating Return on Equity of 14.5% and 15.2%, Respectively

- Net income and operating income of \$919 million and \$893 million, increased 6% and 1%, respectively, from prior year quarter.
- Total revenues of \$6.886 billion increased 7% and net written premiums of \$6.033 billion increased 6% from prior year quarter primarily due to the acquisition of Dominion of Canada in November 2013.
- Total capital returned to shareholders of \$937 million in the quarter, including \$751 million in share repurchases. Year-to-date total capital returned to shareholders of \$2.885 billion.
- Increases in book value per share of 9% to \$76.42 and adjusted book value per share of 6% to \$70.64 from year-end 2013.
- Board of Directors approves quarterly dividend per share of \$0.55.

Consolidated Performance

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

	Third Quarter			Year-to-Date		
	2014	2013	Change	2014	2013	Change
Operating income	\$ 893	\$ 883	1 %	\$ 2,618	\$ 2,586	1 %
<i>per diluted share</i>	\$ 2.61	\$ 2.35	11 %	\$ 7.50	\$ 6.79	10 %
<u>Included the following items:</u>						
Net favorable prior year reserve development	\$ 74	\$ 107		\$ 386	\$ 386	
Catastrophes, net of reinsurance	(54)	(64)		(435)	(350)	
Resolution of prior year tax matters	-	-		-	63	
Settlement of legal proceeding	-	-		-	59	
Total items	\$ 20	\$ 43		\$ (49)	\$ 158	
Loss and loss adjustment ratio	58.0 %	57.3 %		59.2 %	58.6 %	
Underwriting expense ratio	32.0	31.6		31.1	32.0	
Combined ratio ¹	90.0 %	88.9 %	(1.1) pts	90.3 %	90.6 %	0.3 pts
Net favorable prior year reserve development	1.9	2.8		3.3	3.4	
Catastrophes, net of reinsurance	(1.4)	(1.7)		(3.7)	(3.2)	
Underlying combined ratio	90.5 %	90.0 %	(0.5) pts	89.9 %	90.8 %	0.9 pts

Third Quarter Net Favorable Prior Year Reserve Development

(\$ in millions)

Favorable/(unfavorable)

Better than expected loss experience in recent accident years primarily related to general liability, commercial property, contract surety and homeowners & other		\$ 278
Benefit associated with workers' compensation reinsurance pool:		
Commutation of reinsurance treaties	\$ 98	
Better than expected loss experience	<u>64</u>	162
Increase in asbestos reserves ¹		(250)
Increase in ULAE reserves attributable to interest ²		<u>(77)</u>
Total pre-tax		<u>\$ 113</u>
Total after-tax		<u>\$ 74</u>

1. Resulted from our annual in-depth asbestos claim review that was completed in the third quarter (see 10Q for additional detail).

2. Relates to the accrual of interest resulting from a court decision received in the third quarter, for which the associated settlement amount had been previously included in our asbestos reserves.

Very Strong Financial Position

(\$ and shares in millions, except per share amounts)

	<u>September 30,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Debt	\$ 6,348	\$ 6,346
Common equity ¹	23,407	23,474
Total capital ¹	<u>\$ 29,755</u>	<u>\$ 29,820</u>
Debt-to-capital ¹	21.3%	21.3%
Common shares outstanding	331.4	353.5
Book value per common share	\$ 76.42	\$ 70.15
Adjusted book value per common share ¹	\$ 70.64	\$ 66.41
Tangible book value per common share ^{1,2}	\$ 58.93	\$ 55.29
Statutory surplus	\$ 21,005	\$ 21,123
Holding company liquidity	\$ 1,878	\$ 1,587

Capital

- At or above target levels for all rating agencies.
- Repurchased 8.1 million shares during the third quarter 2014 and 26.1 million shares year-to-date at a total cost of \$751 million and \$2.332 billion, respectively.
- Dividends in the third quarter and year-to-date were \$186 million and \$553 million, respectively.

Leverage

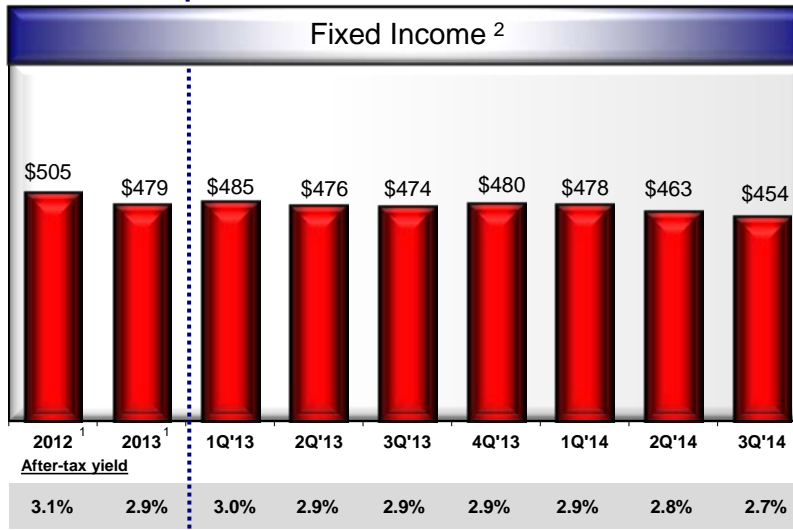
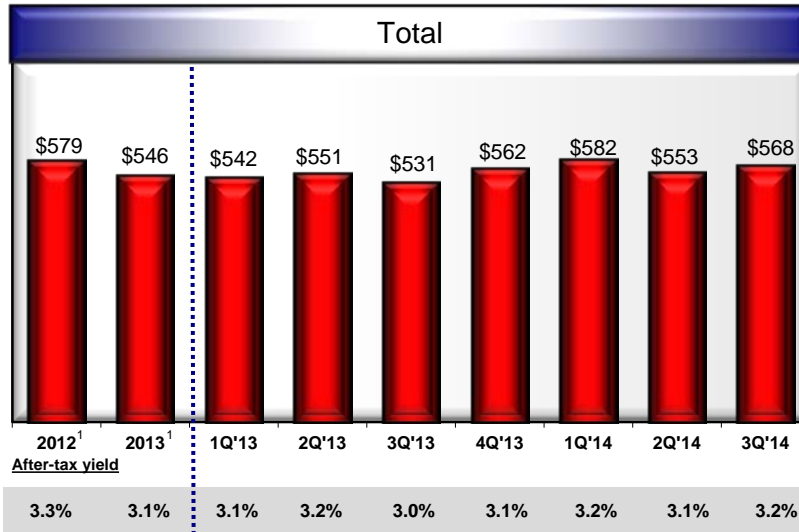
- Debt-to-capital ratio¹ of 21.3%, comfortably within target range.
- Low level of maturing debt.
 - 2015 \$400 million
 - 2016 \$400 million
 - 2017 \$450 million

Very high quality investment portfolio

- Net unrealized investment gains of \$1.914 billion after-tax (\$2.935 billion pre-tax) at September 30, 2014.

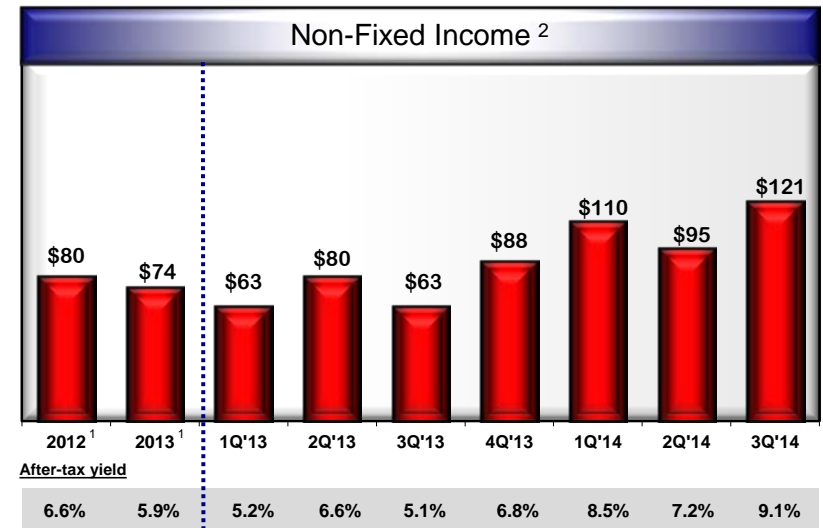
Net Investment Income

(\$ in millions, after-tax)



Third Quarter 2014 Commentary

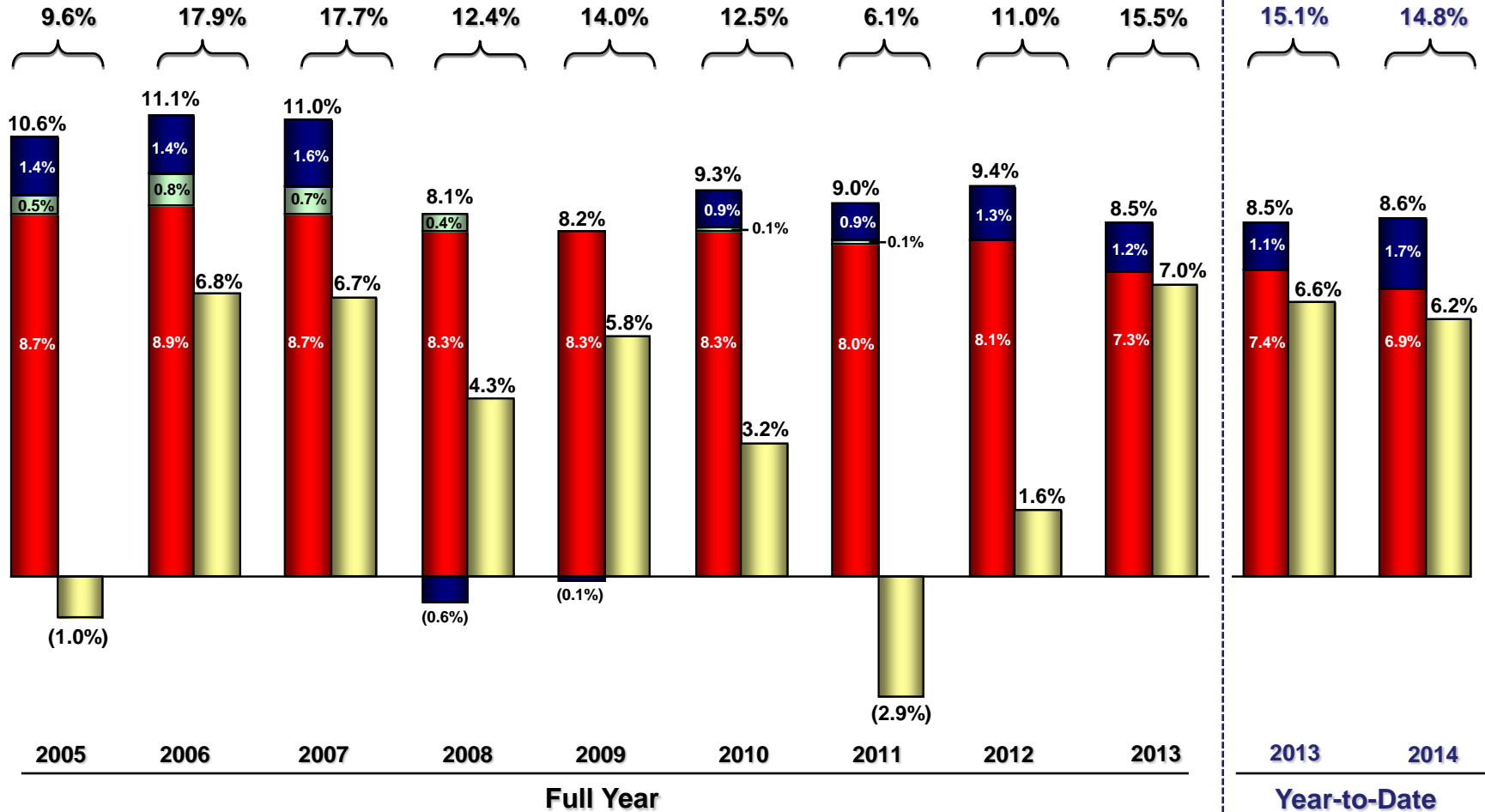
- Net investment income from the long-term fixed income portfolio declined modestly from the prior year quarter due to lower reinvestment rates, as expected
- Short-term portion of fixed income portfolio continued to be impacted by very low interest rates
- Net investment income from the non-fixed income portfolio increased from the prior year quarter due to private equity returns



¹ 2012 and 2013 data represent quarterly average

² Excludes investment expenses

Components of Operating Return on Equity



- Long-term fixed net investment portfolio investment income less holding company interest expense
- Short-term fixed net investment portfolio investment income
- Non-fixed net investment portfolio investment income / (loss)
- Underwriting gain / (loss) and other

From Jan. 1, 2005 through Sept. 30, 2014, TRV's average annual operating ROE was approximately 13.2%

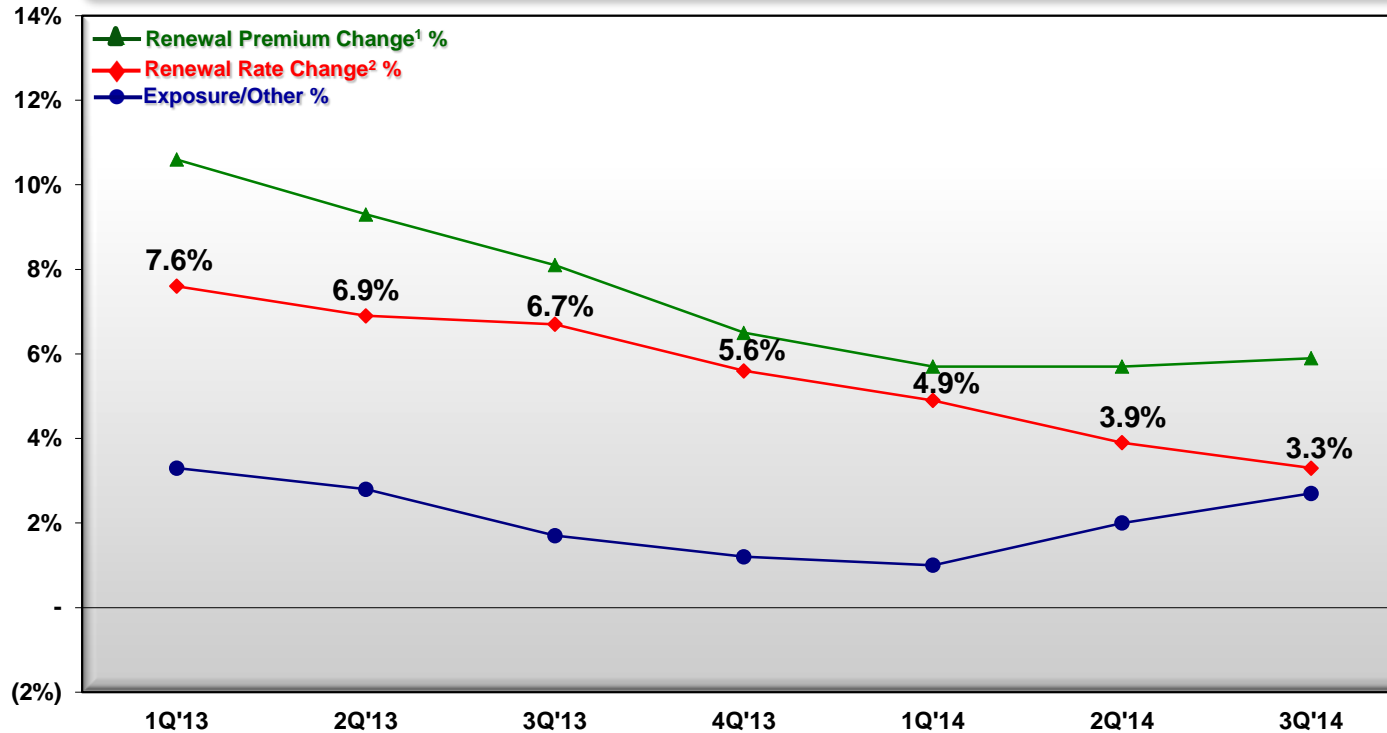
Business and International Insurance Performance

(\$ in millions)

	Third Quarter			Year-to-Date		
	2014	2013	Change	2014	2013	Change
Operating income	<u>\$ 552</u>	<u>\$ 566</u>	(2) %	<u>\$ 1,717</u>	<u>\$ 1,773</u>	(3) %
Loss and loss adjustment ratio	63.1 %	61.3 %		63.0 %	61.1 %	
Underwriting expense ratio	<u>32.1</u>	<u>31.4</u>		<u>31.2</u>	<u>32.2</u>	
Combined ratio ¹	95.2 %	92.7 %	(2.5) pts	94.2 %	93.3 %	(0.9) pts
Net favorable prior year reserve development	0.6	2.3		1.5	2.8	
Catastrophes, net of reinsurance	<u>(0.9)</u>	<u>(1.8)</u>		<u>(3.3)</u>	<u>(2.9)</u>	
Underlying combined ratio	<u>94.9 %</u>	<u>93.2 %</u>	(1.7) pts	<u>92.4 %</u>	<u>93.2 %</u>	0.8 pts
<hr/>						
Net written premiums						
Domestic:						
Select Accounts	\$ 654	\$ 654	- %	\$ 2,077	\$ 2,087	- %
Middle Market	1,545	1,487	4	4,597	4,489	2
National Accounts	249	236	6	792	755	5
First Party	369	382	(3)	1,206	1,198	1
Specialized Distribution	<u>262</u>	<u>273</u>	(4)	<u>812</u>	<u>831</u>	(2)
Total Domestic	3,079	3,032	2	9,484	9,360	1
International	<u>481</u>	<u>217</u>	122	<u>1,577</u>	<u>787</u>	100
Total Business and International Insurance	<u>\$ 3,560</u>	<u>\$ 3,249</u>	10 %	<u>\$ 11,061</u>	<u>\$ 10,147</u>	9 %

Domestic Business Insurance (Ex. National Accounts)

Illustrative Business Statistics



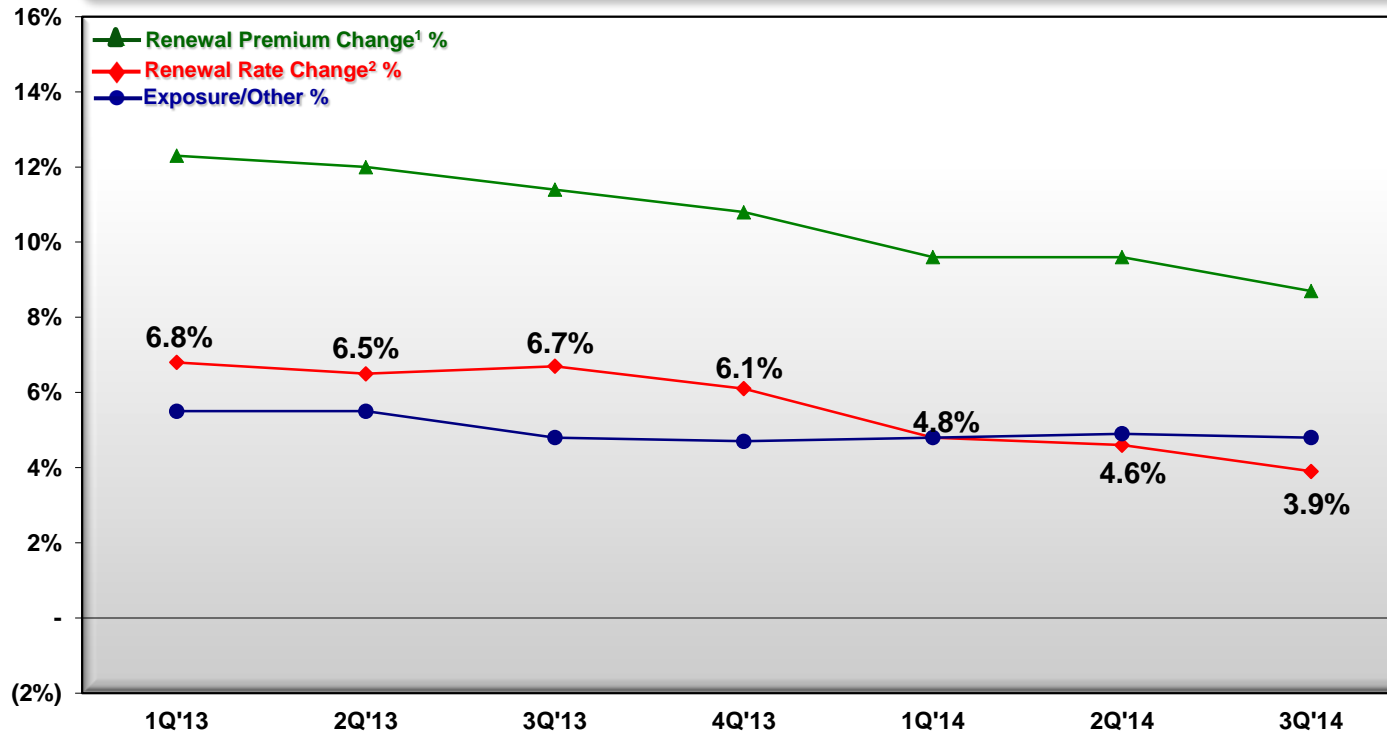
(\$ in millions)

Retention	80%	79%	79%	80%	81%	81%	82%
Renewal Premium Change¹	10.6%	9.3%	8.1%	6.5%	5.7%	5.7%	5.9%
New business	\$490	\$458	\$458	\$438	\$445	\$491	\$453

¹ Represents the estimated change in average premium on policies that renew, including rate and exposure changes.
² Represents the estimated change in average premium on policies that renew, excluding exposure changes.
 Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.

Domestic Business Insurance: *Select Accounts*

Illustrative Business Statistics



(\$ in millions)

Retention	77%	76%	75%	76%	79%	79%	80%
Renewal Premium Change ¹	12.3%	12.0%	11.4%	10.8%	9.6%	9.6%	8.7%
New business	\$107	\$98	\$88	\$90	\$100	\$97	\$92

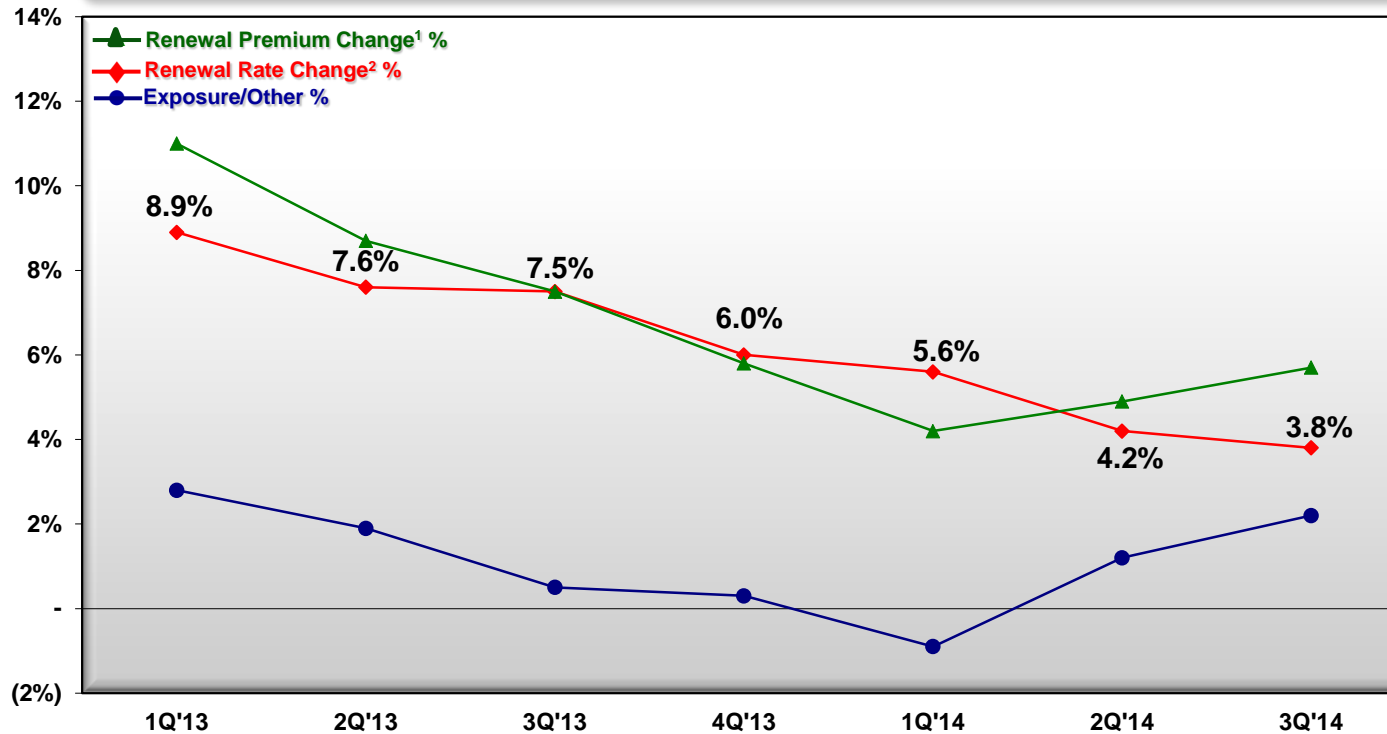
¹ Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

² Represents the estimated change in average premium on policies that renew, excluding exposure changes.

Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.

Domestic Business Insurance: *Middle Market*

Illustrative Business Statistics



(\$ in millions)

Retention	83%	82%	82%	83%	83%	83%	85%
Renewal Premium Change ¹	11.0%	8.7%	7.5%	5.8%	4.2%	4.9%	5.7%
New business	\$259	\$213	\$216	\$219	\$220	\$247	\$236

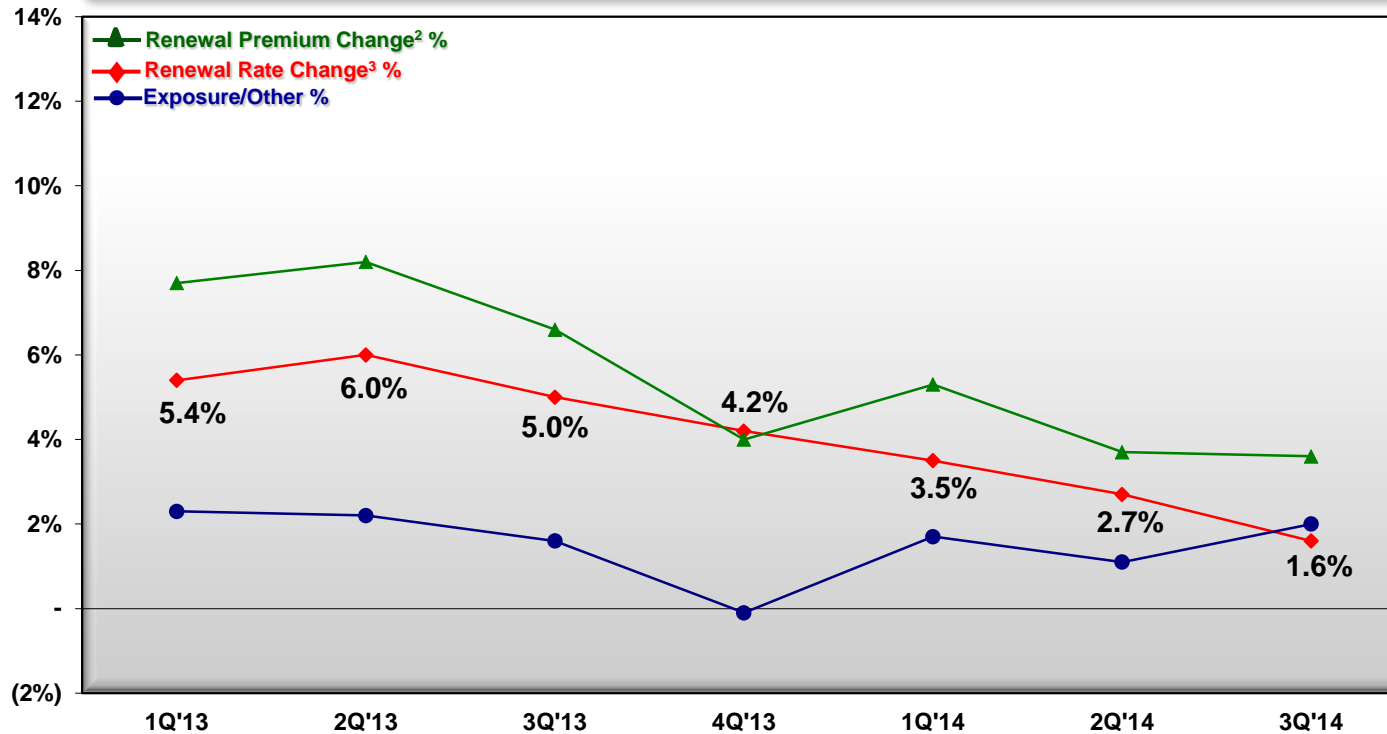
¹ Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

² Represents the estimated change in average premium on policies that renew, excluding exposure changes.

Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.

Domestic Business Insurance: *Other Business Insurance*¹

Illustrative Business Statistics



(\$ in millions)

Retention	78%	78%	78%	77%	76%	78%	78%
Renewal Premium Change ²	7.7%	8.2%	6.6%	4.0%	5.3%	3.7%	3.6%
New business	\$124	\$147	\$154	\$129	\$125	\$147	\$125

¹ Includes First Party, Specialized Distribution and Agribusiness.

² Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

³ Represents the estimated change in average premium on policies that renew, excluding exposure changes.

Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.

International Insurance

(\$ in millions)

Illustrative Business Statistics

	2013				2014		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
International ^{1,3}							
Retention	82%	81%	78%	82%	84%	81%	81%
Renewal premium change ²	(0.7%)	2.9%	1.8%	1.7%	2.1%	2.8%	0.6%
New business	\$48	\$71	\$51	\$85	\$82	\$91	\$70

¹ Excludes the surety line of business as surety products are generally sold on a non-recurring, project specific basis.

² Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

³ Includes Dominion results effective November 1, 2013.

Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.

Bond & Specialty Insurance Performance

(\$ in millions)

	Third Quarter			Year-to-Date		
	2014	2013	Change	2014	2013	Change
Operating income	<u>\$ 165</u>	<u>\$ 120</u>	38 %	<u>\$ 511</u>	<u>\$ 399</u>	28 %
Loss and loss adjustment ratio	28.7 %	40.8 %		26.7 %	38.1 %	
Underwriting expense ratio	<u>38.2</u>	<u>38.6</u>		<u>37.9</u>	<u>38.6</u>	
Combined ratio ¹	66.9 %	79.4 %	12.5 pts	64.6 %	76.7 %	12.1 pts
Net favorable prior year reserve development	15.0	6.6		17.4	8.9	
Catastrophes, net of reinsurance	<u>(0.2)</u>	<u>(0.3)</u>		<u>(0.5)</u>	<u>(0.4)</u>	
Underlying combined ratio	<u>81.7 %</u>	<u>85.7 %</u>	4.0 pts	<u>81.5 %</u>	<u>85.2 %</u>	3.7 pts
<hr/>						
Net written premiums						
Management Liability	\$ 348	\$ 350	(1) %	\$ 1,003	\$ 932	8 %
Surety	<u>208</u>	<u>203</u>	2	<u>575</u>	<u>547</u>	5
Total Bond & Specialty Insurance	<u>\$ 556</u>	<u>\$ 553</u>	1 %	<u>\$ 1,578</u>	<u>\$ 1,479</u>	7 %

Bond & Specialty Insurance

(\$ in millions)

Illustrative Business Statistics

	2013				2014		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Management Liability¹							
Retention	85%	83%	85%	84%	85%	84%	84%
Renewal premium change ²	7.9%	6.9%	7.0%	4.8%	7.0%	3.4%	4.6%
New business	\$38	\$37	\$40	\$39	\$36	\$36	\$34

¹ Excludes the surety line of business as surety products are generally sold on a non-recurring, project specific basis.

² Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.

Personal Insurance Performance

(\$ in millions)

	Third Quarter			Year-to-Date		
	2014	2013	Change	2014	2013	Change
Operating income	<u>\$ 239</u>	<u>\$ 262</u>	(9) %	<u>\$ 582</u>	<u>\$ 601</u>	(3) %
Loss and loss adjustment ratio	56.0 %	54.5 %		60.9 %	59.8 %	
Underwriting expense ratio	<u>30.1</u>	<u>30.2</u>		<u>28.9</u>	<u>29.7</u>	
Combined ratio ¹	86.1 %	84.7 %	(1.4) pts	89.8 %	89.5 %	(0.3) pts
Net favorable prior year reserve development	0.7	2.6		2.9	3.2	
Catastrophes, net of reinsurance	<u>(2.8)</u>	<u>(2.0)</u>		<u>(5.6)</u>	<u>(4.5)</u>	
Underlying combined ratio	<u>84.0 %</u>	<u>85.3 %</u>	1.3 pts	<u>87.1 %</u>	<u>88.2 %</u>	1.1 pts
<hr/>						
Net written premiums						
Agency Automobile ²	\$ 849	\$ 828	3 %	\$ 2,468	\$ 2,493	(1) %
Agency Homeowners & Other ²	1,017	1,039	(2)	2,821	2,892	(2)
Direct to Consumer	<u>51</u>	<u>44</u>	16	<u>140</u>	<u>123</u>	14
Total	<u>\$ 1,917</u>	<u>\$ 1,911</u>	- %	<u>\$ 5,429</u>	<u>\$ 5,508</u>	(1) %

¹ A benefit to the reported combined ratio is indicated as a positive item, and a charge is indicated as a negative item.

² Represents business sold through agents, brokers and other intermediaries, and excludes direct to consumer.

Personal Insurance Performance

	Third Quarter			Year-to-Date		
	2014	2013	Change	2014	2013	Change
Agency Automobile ¹						
Loss and loss adjustment ratio	70.1 %	71.5 %		70.8 %	71.1 %	
Underwriting expense ratio	26.6	26.4		26.2	26.1	
Combined ratio²	96.7 %	97.9 %	1.2 pts	97.0 %	97.2 %	0.2 pts
Net unfavorable prior year reserve development	-	-		-	(0.2)	
Catastrophes, net of reinsurance	(0.6)	(0.3)		(1.8)	(0.9)	
Underlying combined ratio	96.1 %	97.6 %	1.5 pts	95.2 %	96.1 %	0.9 pts
Agency Homeowners & Other ¹						
Loss and loss adjustment ratio	43.6 %	39.4 %		52.2 %	49.3 %	
Underwriting expense ratio	29.9	30.8		28.5	30.3	
Combined ratio²	73.5 %	70.2 %	(3.3) pts	80.7 %	79.6 %	(1.1) pts
Net favorable prior year reserve development	1.4	5.0		5.5	6.2	
Catastrophes, net of reinsurance	(4.8)	(3.6)		(9.2)	(7.7)	
Underlying combined ratio	70.1 %	71.6 %	1.5 pts	77.0 %	78.1 %	1.1 pts

¹ Represents business sold through agents, brokers and other intermediaries, and excludes direct to consumer.

² A benefit to the reported combined ratio is indicated as a positive item, and a charge is indicated as a negative item.

Personal Insurance

(\$ in millions)

Illustrative Business Statistics

	2013				2014		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Agency Automobile ¹							
Retention ²	79%	80%	80%	80%	80%	82%	82%
Renewal premium change ³	9.8%	9.2%	7.8%	7.5%	6.8%	6.4%	5.8%
Policies in Force (in thousands)	2,191	2,123	2,058	2,010	1,985	1,981	1,990
• Sequential quarter growth	(3%)	(3%)	(3%)	(2%)	(1%)	-%	-%
• Year over year growth	(11%)	(12%)	(12%)	(11%)	(9%)	(7%)	(3%)
New business	\$79	\$81	\$82	\$86	\$104	\$139	\$166
Agency Homeowners & Other ¹							
Retention ²	82%	83%	83%	84%	84%	84%	84%
Renewal premium change ³	11.4%	10.8%	10.5%	9.9%	8.3%	7.7%	6.3%
Policies in Force (in thousands)	4,484	4,396	4,303	4,209	4,146	4,110	4,072
• Sequential quarter growth	(2%)	(2%)	(2%)	(2%)	(1%)	(1%)	(1%)
• Year over year growth	(9%)	(9%)	(9%)	(8%)	(8%)	(6%)	(5%)
New business	\$49	\$71	\$73	\$60	\$56	\$85	\$95

¹ Represents business sold through agents, brokers and other intermediaries, and excludes direct to consumer.

² The ratio of expected number of renewal policies that will be retained throughout the annual policy period to the number of available renewal base policies.

³ Represents the estimated change in average premium on policies that renew, including rate and exposure changes.

Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.



Appendix

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. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates” and similar expressions are used to identify these forward-looking statements. Examples of our forward-looking statements include statements relating to our future financial condition and operating results, our share repurchase plans, potential margins, potential returns, the sufficiency of our reserves and our strategic initiatives.

We caution investors that such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the company’s control, that could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. Some of the factors that could cause actual results to differ include, but are not limited to, the following:

- Catastrophe losses;
- Financial market disruption or economic downturn;
- Changes to our claims and claim adjustment expense reserves;
- The performance of our investment portfolio;
- Asbestos and environmental claims and related litigation;
- Mass tort claims;
- Emerging claim and coverage issues;
- Competition, including the impact of competition on our strategic initiatives and new products;
- The collectability and availability of reinsurance coverage;
- Credit risk we face in insurance operations and investment activities, including under reinsurance or structured settlements;
- The federal, state and international regulatory environment;
- A downgrade in our claims-paying or financial strength ratings;
- The inability of our insurance subsidiaries to pay dividends to our holding company in sufficient amounts;
- Disruptions to our relationships with our independent agents and brokers;
- Risks associated with developing new products, including in Personal Insurance, or expanding in targeted markets;
- Other changes in tax laws that adversely impact our investment portfolio or operating results;
- Risks associated with our use of pricing and capital models;
- Limits to the effectiveness of our information technology systems;
- Difficulties with our technology, data security and/or outsourcing relationships;
- Risks associated with our business outside of the United States, including regulatory risks;
- Risks associated with acquisitions, and integration of acquired businesses;
- Changes to existing accounting standards;
- Limits to the effectiveness of our compliance controls;
- Our ability to hire and retain qualified employees;
- Company may be unable to protect and enforce its own intellectual property or may be subject to claims infringing on intellectual property of others;
- Losses of or restrictions placed on the use of credit scoring or other underwriting criteria in the pricing and underwriting of insurance products;
- Factors impacting the operation of our repurchase plans; and
- The company may not achieve the anticipated benefits of its transactions, its new products or its strategic initiatives or complete a transaction that is subject to closing conditions.

For a more detailed discussion of these factors, see the information under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent Form 10-K and Form 10-Q 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 those statements.

Disclosure

In this presentation, we may refer to some non-GAAP financial measures. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to the press release and financial supplement that we have made available in connection with this presentation and our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC) as updated by the company's Current Report on Form 8-K filed with the SEC on September 10, 2014. See the "For Investors" section at Travelers.com.

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 the accompanying webcast are publicly available on the Travelers website (www.travelers.com). This presentation should be read with the accompanying webcast and related press release and financial supplement.

From time to time, Travelers may use its website and/or social media outlets, such as Facebook and Twitter, as distribution channels of material company information. Financial and other important information regarding the company is routinely accessible through and posted on our website at <http://investor.travelers.com>, our Facebook page at <https://www.facebook.com/travelers> and our Twitter account (@TRV_Insurance) at https://twitter.com/TRV_Insurance. In addition, you may automatically receive email alerts and other information about Travelers when you enroll your email address by visiting the "Email Alert Service" section at <http://investor.travelers.com>.



The Travelers Companies, Inc.
