

The Travelers Companies, Inc.
Financial Supplement - Fourth Quarter 2015



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| <p>The information included in the Financial Supplement is unaudited. This document should be read in conjunction with the Company's Form 10-K which will be filed with the Securities and Exchange Commission.</p> | |

The Travelers Companies, Inc.
Financial Highlights

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



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Net income | \$ 1,052 | \$ 683 | \$ 919 | \$ 1,038 | \$ 833 | \$ 812 | \$ 928 | \$ 866 | \$ 3,692 | \$ 3,439 |
| Net income per share: | | | | | | | | | | |
| Basic | \$ 2.98 | \$ 1.98 | \$ 2.72 | \$ 3.15 | \$ 2.58 | \$ 2.56 | \$ 3.00 | \$ 2.87 | \$ 10.82 | \$ 10.99 |
| Diluted | \$ 2.95 | \$ 1.95 | \$ 2.69 | \$ 3.11 | \$ 2.55 | \$ 2.53 | \$ 2.97 | \$ 2.83 | \$ 10.70 | \$ 10.88 |
| Operating income | \$ 1,052 | \$ 673 | \$ 893 | \$ 1,023 | \$ 827 | \$ 806 | \$ 918 | \$ 886 | \$ 3,641 | \$ 3,437 |
| Operating income per share: | | | | | | | | | | |
| Basic | \$ 2.98 | \$ 1.95 | \$ 2.64 | \$ 3.11 | \$ 2.56 | \$ 2.54 | \$ 2.96 | \$ 2.94 | \$ 10.67 | \$ 10.99 |
| Diluted | \$ 2.95 | \$ 1.93 | \$ 2.61 | \$ 3.07 | \$ 2.53 | \$ 2.52 | \$ 2.93 | \$ 2.90 | \$ 10.55 | \$ 10.87 |
| Return on equity | 16.8% | 10.7% | 14.5% | 16.6% | 13.4% | 13.3% | 15.4% | 14.5% | 14.6% | 14.2% |
| Operating return on equity | 17.8% | 11.4% | 15.2% | 17.7% | 14.5% | 14.2% | 16.2% | 15.8% | 15.5% | 15.2% |
| Total assets, at period end | \$ 104,134 | \$ 104,811 | \$ 104,522 | \$ 103,078 | \$ 102,691 | \$ 101,664 | \$ 102,110 | \$ 100,184 | \$ 103,078 | \$ 100,184 |
| Total equity, at period end | \$ 25,387 | \$ 25,532 | \$ 25,321 | \$ 24,836 | \$ 24,847 | \$ 24,121 | \$ 24,033 | \$ 23,598 | \$ 24,836 | \$ 23,598 |
| Book value per share, at period end | \$ 73.06 | \$ 75.32 | \$ 76.42 | \$ 77.08 | \$ 77.96 | \$ 77.51 | \$ 79.00 | \$ 79.75 | \$ 77.08 | \$ 79.75 |
| Less: Net unrealized investment gains, net of tax | 4.81 | 5.94 | 5.78 | 6.10 | 6.51 | 4.42 | 4.65 | 4.36 | 6.10 | 4.36 |
| Adjusted book value per share, at period end | <u>\$ 68.25</u> | <u>\$ 69.38</u> | <u>\$ 70.64</u> | <u>\$ 70.98</u> | <u>\$ 71.45</u> | <u>\$ 73.09</u> | <u>\$ 74.35</u> | <u>\$ 75.39</u> | <u>\$ 70.98</u> | <u>\$ 75.39</u> |
| Weighted average number of common shares outstanding (basic) | 350.9 | 343.0 | 335.1 | 326.8 | 320.8 | 314.8 | 307.6 | 299.7 | 338.8 | 310.6 |
| Weighted average number of common shares outstanding and common stock equivalents (diluted) | 354.6 | 346.7 | 338.9 | 331.0 | 324.5 | 318.0 | 311.0 | 303.3 | 342.5 | 313.9 |
| Common shares outstanding at period end | 347.5 | 339.0 | 331.4 | 322.2 | 318.7 | 311.2 | 304.2 | 295.9 | 322.2 | 295.9 |
| Common stock dividends declared | \$ 177 | \$ 190 | \$ 186 | \$ 182 | \$ 178 | \$ 194 | \$ 189 | \$ 183 | \$ 735 | \$ 744 |
| Common stock repurchased: | | | | | | | | | | |
| Under Board of Directors authorization | | | | | | | | | | |
| Shares | 7.8 | 9.5 | 8.1 | 9.7 | 5.6 | 7.9 | 7.3 | 8.8 | 35.1 | 29.6 |
| Cost | \$ 650 | \$ 875 | \$ 750 | \$ 1,000 | \$ 600 | \$ 800 | \$ 750 | \$ 1,000 | \$ 3,275 | \$ 3,150 |
| Other | | | | | | | | | | |
| Shares | 0.7 | - | - | - | 0.7 | - | - | - | 0.7 | 0.7 |
| Cost | \$ 55 | \$ 1 | \$ 1 | \$ 1 | \$ 72 | \$ 1 | \$ - | \$ 1 | \$ 58 | \$ 74 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Reconciliation to Net Income and Earnings Per Share



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

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|---|-----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|
| Net income | | | | | | | | | | |
| Operating income | \$ 1,052 | \$ 673 | \$ 893 | \$ 1,023 | \$ 827 | \$ 806 | \$ 918 | \$ 886 | \$ 3,641 | \$ 3,437 |
| Net realized investment gains (losses), after-tax | - | 10 | 26 | 15 | 6 | 6 | 10 | (20) | 51 | 2 |
| Net income | <u>\$ 1,052</u> | <u>\$ 683</u> | <u>\$ 919</u> | <u>\$ 1,038</u> | <u>\$ 833</u> | <u>\$ 812</u> | <u>\$ 928</u> | <u>\$ 866</u> | <u>\$ 3,692</u> | <u>\$ 3,439</u> |
| Basic earnings per share | | | | | | | | | | |
| Operating income | \$ 2.98 | \$ 1.95 | \$ 2.64 | \$ 3.11 | \$ 2.56 | \$ 2.54 | \$ 2.96 | \$ 2.94 | \$ 10.67 | \$ 10.99 |
| Net realized investment gains (losses), after-tax | - | 0.03 | 0.08 | 0.04 | 0.02 | 0.02 | 0.04 | (0.07) | 0.15 | - |
| Net income | <u>\$ 2.98</u> | <u>\$ 1.98</u> | <u>\$ 2.72</u> | <u>\$ 3.15</u> | <u>\$ 2.58</u> | <u>\$ 2.56</u> | <u>\$ 3.00</u> | <u>\$ 2.87</u> | <u>\$ 10.82</u> | <u>\$ 10.99</u> |
| Diluted earnings per share | | | | | | | | | | |
| Operating income | \$ 2.95 | \$ 1.93 | \$ 2.61 | \$ 3.07 | \$ 2.53 | \$ 2.52 | \$ 2.93 | \$ 2.90 | \$ 10.55 | \$ 10.87 |
| Net realized investment gains (losses), after-tax | - | 0.02 | 0.08 | 0.04 | 0.02 | 0.01 | 0.04 | (0.07) | 0.15 | 0.01 |
| Net income | <u>\$ 2.95</u> | <u>\$ 1.95</u> | <u>\$ 2.69</u> | <u>\$ 3.11</u> | <u>\$ 2.55</u> | <u>\$ 2.53</u> | <u>\$ 2.97</u> | <u>\$ 2.83</u> | <u>\$ 10.70</u> | <u>\$ 10.88</u> |
| Adjustments to net income and weighted average shares for net income EPS calculations: (1) | | | | | | | | | | |
| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
| Basic and Diluted | | | | | | | | | | |
| Net income, as reported | \$ 1,052 | \$ 683 | \$ 919 | \$ 1,038 | \$ 833 | \$ 812 | \$ 928 | \$ 866 | \$ 3,692 | \$ 3,439 |
| Participating share-based awards - allocated income | (7) | (5) | (7) | (8) | (6) | (6) | (6) | (6) | (27) | (25) |
| Net income available to common shareholders - basic and diluted | <u>\$ 1,045</u> | <u>\$ 678</u> | <u>\$ 912</u> | <u>\$ 1,030</u> | <u>\$ 827</u> | <u>\$ 806</u> | <u>\$ 922</u> | <u>\$ 860</u> | <u>\$ 3,665</u> | <u>\$ 3,414</u> |
| Common Shares | | | | | | | | | | |
| Basic | | | | | | | | | | |
| Weighted average shares outstanding | <u>350.9</u> | <u>343.0</u> | <u>335.1</u> | <u>326.8</u> | <u>320.8</u> | <u>314.8</u> | <u>307.6</u> | <u>299.7</u> | <u>338.8</u> | <u>310.6</u> |
| Diluted | | | | | | | | | | |
| Weighted average shares outstanding | 350.9 | 343.0 | 335.1 | 326.8 | 320.8 | 314.8 | 307.6 | 299.7 | 338.8 | 310.6 |
| Weighted average effects of dilutive securities - stock options and performance shares | 3.7 | 3.7 | 3.8 | 4.2 | 3.7 | 3.2 | 3.4 | 3.6 | 3.7 | 3.3 |
| Diluted weighted average shares outstanding | <u>354.6</u> | <u>346.7</u> | <u>338.9</u> | <u>331.0</u> | <u>324.5</u> | <u>318.0</u> | <u>311.0</u> | <u>303.3</u> | <u>342.5</u> | <u>313.9</u> |

(1) Adjustments to net income and weighted average shares for net income EPS calculations can generally be used for the operating income EPS calculations.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Statement of Income - Consolidated
(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Premiums | \$ 5,823 | \$ 5,928 | \$ 5,983 | \$ 5,979 | \$ 5,888 | \$ 5,931 | \$ 6,032 | \$ 6,023 | \$ 23,713 | \$ 23,874 |
| Net investment income | 736 | 695 | 719 | 637 | 592 | 632 | 614 | 541 | 2,787 | 2,379 |
| Fee income | 107 | 112 | 110 | 109 | 111 | 111 | 112 | 111 | 438 | 445 |
| Net realized investment gains (losses) | 1 | 16 | 40 | 22 | 10 | 10 | 15 | (32) | 79 | 3 |
| Other revenues | 41 | 34 | 34 | 36 | 25 | 22 | 21 | 31 | 145 | 99 |
| Total revenues | 6,708 | 6,785 | 6,886 | 6,783 | 6,626 | 6,706 | 6,886 | 6,674 | 27,162 | 26,800 |
| Claims and expenses | | | | | | | | | | |
| Claims and claim adjustment expenses | 3,315 | 3,826 | 3,520 | 3,209 | 3,431 | 3,547 | 3,382 | 3,363 | 13,870 | 13,723 |
| Amortization of deferred acquisition costs | 950 | 965 | 984 | 983 | 963 | 963 | 987 | 972 | 3,882 | 3,885 |
| General and administrative expenses | 881 | 1,001 | 1,031 | 1,039 | 992 | 1,028 | 1,024 | 1,035 | 3,952 | 4,079 |
| Interest expense | 92 | 92 | 93 | 92 | 92 | 92 | 94 | 95 | 369 | 373 |
| Total claims and expenses | 5,238 | 5,884 | 5,628 | 5,323 | 5,478 | 5,630 | 5,487 | 5,465 | 22,073 | 22,060 |
| Income before income taxes | 1,470 | 901 | 1,258 | 1,460 | 1,148 | 1,076 | 1,307 | 1,209 | 5,089 | 4,740 |
| Income tax expense | 418 | 218 | 339 | 422 | 315 | 264 | 379 | 343 | 1,397 | 1,301 |
| Net income | \$ 1,052 | \$ 683 | \$ 919 | \$ 1,038 | \$ 833 | \$ 812 | \$ 928 | \$ 866 | \$ 3,692 | \$ 3,439 |
| Other-than-temporary impairments (OTTI) | | | | | | | | | | |
| Total OTTI losses | \$ (7) | \$ (1) | \$ (8) | \$ (6) | \$ (4) | \$ (8) | \$ (14) | \$ (28) | \$ (22) | \$ (54) |
| OTTI losses recognized in net realized investment gains (losses) | \$ (9) | \$ (1) | \$ (10) | \$ (6) | \$ (3) | \$ (6) | \$ (14) | \$ (29) | \$ (26) | \$ (52) |
| OTTI gains (losses) recognized in other comprehensive income | \$ 2 | \$ - | \$ 2 | \$ - | \$ (1) | \$ (2) | \$ - | \$ 1 | \$ 4 | \$ (2) |
| Other statistics | | | | | | | | | | |
| Effective tax rate on net investment income | 21.0% | 20.5% | 20.9% | 19.6% | 19.3% | 20.5% | 21.1% | 18.7% | 20.5% | 20.0% |
| Net investment income (after-tax) | \$ 582 | \$ 553 | \$ 568 | \$ 513 | \$ 478 | \$ 503 | \$ 484 | \$ 440 | \$ 2,216 | \$ 1,905 |
| Catastrophes, net of reinsurance: | | | | | | | | | | |
| Pre-tax | \$ 149 | \$ 436 | \$ 83 | \$ 41 | \$ 162 | \$ 221 | \$ 85 | \$ 46 | \$ 709 | \$ 514 |
| After-tax | \$ 97 | \$ 284 | \$ 54 | \$ 27 | \$ 106 | \$ 143 | \$ 56 | \$ 33 | \$ 462 | \$ 338 |
| Prior year reserve development - favorable (unfavorable) | | | | | | | | | | |
| Pre-tax | \$ 294 | \$ 183 | \$ 113 | \$ 351 | \$ 243 | \$ 207 | \$ 199 | \$ 292 | \$ 941 | \$ 941 |
| After-tax | \$ 190 | \$ 122 | \$ 74 | \$ 230 | \$ 158 | \$ 133 | \$ 132 | \$ 194 | \$ 616 | \$ 617 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Net Income by Major Component and Combined Ratio - Consolidated

(\$ in millions, net of tax)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|---|-----------------|---------------|---------------|-----------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| Underwriting gain | \$ 507 | \$ 162 | \$ 364 | \$ 551 | \$ 395 | \$ 353 | \$ 486 | \$ 491 | \$ 1,584 | \$ 1,725 |
| Net investment income | 582 | 553 | 568 | 513 | 478 | 503 | 484 | 440 | 2,216 | 1,905 |
| Other income (expense), including interest expense | (37) | (42) | (39) | (41) | (46) | (50) | (52) | (45) | (159) | (193) |
| Operating income | 1,052 | 673 | 893 | 1,023 | 827 | 806 | 918 | 886 | 3,641 | 3,437 |
| Net realized investment gains (losses) | - | 10 | 26 | 15 | 6 | 6 | 10 | (20) | 51 | 2 |
| Net income | \$ 1,052 | \$ 683 | \$ 919 | \$ 1,038 | \$ 833 | \$ 812 | \$ 928 | \$ 866 | \$ 3,692 | \$ 3,439 |
| Combined ratio (1) (2) | | | | | | | | | | |
| Loss and loss adjustment expense ratio | 56.0% | 63.6% | 58.0% | 52.8% | 57.4% | 58.9% | 55.2% | 55.0% | 57.6% | 56.6% |
| Underwriting expense ratio | 29.7% | 31.5% | 32.0% | 32.2% | 31.5% | 31.9% | 31.7% | 31.6% | 31.4% | 31.7% |
| Combined ratio | 85.7% | 95.1% | 90.0% | 85.0% | 88.9% | 90.8% | 86.9% | 86.6% | 89.0% | 88.3% |
| <i>Combined ratio excluding incremental impact of direct to consumer initiative</i> | 85.3% | 94.6% | 89.4% | 84.4% | 88.5% | 90.3% | 86.4% | 86.1% | 88.4% | 87.8% |
| Impact of catastrophes on combined ratio | 2.6% | 7.3% | 1.4% | 0.7% | 2.7% | 3.7% | 1.4% | 0.8% | 3.0% | 2.1% |
| Impact of prior year reserve development on combined ratio | -5.1% | -3.1% | -1.9% | -5.9% | -4.1% | -3.5% | -3.3% | -4.9% | -3.9% | -3.9% |

(1) Before policyholder dividends.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses as follows:

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Billing and policy fees and other | \$ 30 | \$ 25 | \$ 25 | \$ 23 | \$ 23 | \$ 22 | \$ 20 | \$ 22 | \$ 103 | \$ 87 |
| Fee income: | | | | | | | | | | |
| Loss and loss adjustment expenses | \$ 43 | \$ 46 | \$ 43 | \$ 40 | \$ 42 | \$ 43 | \$ 44 | \$ 41 | \$ 172 | \$ 170 |
| Underwriting expenses | 64 | 66 | 67 | 69 | 69 | 68 | 68 | 70 | 266 | 275 |
| Total fee income | \$ 107 | \$ 112 | \$ 110 | \$ 109 | \$ 111 | \$ 111 | \$ 112 | \$ 111 | \$ 438 | \$ 445 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Operating Income - Consolidated

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Premiums | \$ 5,823 | \$ 5,928 | \$ 5,983 | \$ 5,979 | \$ 5,888 | \$ 5,931 | \$ 6,032 | \$ 6,023 | \$ 23,713 | \$ 23,874 |
| Net investment income | 736 | 695 | 719 | 637 | 592 | 632 | 614 | 541 | 2,787 | 2,379 |
| Fee income | 107 | 112 | 110 | 109 | 111 | 111 | 112 | 111 | 438 | 445 |
| Other revenues | 41 | 34 | 34 | 36 | 25 | 22 | 21 | 31 | 145 | 99 |
| Total revenues | 6,707 | 6,769 | 6,846 | 6,761 | 6,616 | 6,696 | 6,779 | 6,706 | 27,083 | 26,797 |
| Claims and expenses | | | | | | | | | | |
| Claims and claim adjustment expenses | 3,315 | 3,826 | 3,520 | 3,209 | 3,431 | 3,547 | 3,382 | 3,363 | 13,870 | 13,723 |
| Amortization of deferred acquisition costs | 950 | 965 | 984 | 983 | 963 | 963 | 987 | 972 | 3,882 | 3,885 |
| General and administrative expenses | 881 | 1,001 | 1,031 | 1,039 | 992 | 1,028 | 1,024 | 1,035 | 3,952 | 4,079 |
| Interest expense | 92 | 92 | 93 | 92 | 92 | 92 | 94 | 95 | 369 | 373 |
| Total claims and expenses | 5,238 | 5,884 | 5,628 | 5,323 | 5,478 | 5,630 | 5,487 | 5,465 | 22,073 | 22,060 |
| Operating income before income taxes | 1,469 | 885 | 1,218 | 1,438 | 1,138 | 1,066 | 1,292 | 1,241 | 5,010 | 4,737 |
| Income tax expense | 417 | 212 | 325 | 415 | 311 | 260 | 374 | 355 | 1,369 | 1,300 |
| Operating income | \$ 1,052 | \$ 673 | \$ 893 | \$ 1,023 | \$ 827 | \$ 806 | \$ 918 | \$ 886 | \$ 3,641 | \$ 3,437 |
| Other statistics | | | | | | | | | | |
| Effective tax rate on net investment income | 21.0% | 20.5% | 20.9% | 19.6% | 19.3% | 20.5% | 21.1% | 18.7% | 20.5% | 20.0% |
| Net investment income (after-tax) | \$ 582 | \$ 553 | \$ 568 | \$ 513 | \$ 478 | \$ 503 | \$ 484 | \$ 440 | \$ 2,216 | \$ 1,905 |
| Catastrophes, net of reinsurance: | | | | | | | | | | |
| Pre-tax | \$ 149 | \$ 436 | \$ 83 | \$ 41 | \$ 162 | \$ 221 | \$ 85 | \$ 46 | \$ 709 | \$ 514 |
| After-tax | \$ 97 | \$ 284 | \$ 54 | \$ 27 | \$ 106 | \$ 143 | \$ 56 | \$ 33 | \$ 462 | \$ 338 |
| Prior year reserve development - favorable (unfavorable) | | | | | | | | | | |
| Pre-tax | \$ 294 | \$ 183 | \$ 113 | \$ 351 | \$ 243 | \$ 207 | \$ 199 | \$ 292 | \$ 941 | \$ 941 |
| After-tax | \$ 190 | \$ 122 | \$ 74 | \$ 230 | \$ 158 | \$ 133 | \$ 132 | \$ 194 | \$ 616 | \$ 617 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Selected Statistics - Property and Casualty Operations

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Statutory underwriting | | | | | | | | | | |
| Gross written premiums | \$ 6,401 | \$ 6,525 | \$ 6,578 | \$ 6,134 | \$ 6,474 | \$ 6,542 | \$ 6,618 | \$ 6,148 | \$ 25,638 | \$ 25,782 |
| Net written premiums | \$ 5,873 | \$ 6,168 | \$ 6,033 | \$ 5,836 | \$ 5,897 | \$ 6,169 | \$ 6,191 | \$ 5,864 | \$ 23,910 | \$ 24,121 |
| Net earned premiums | \$ 5,823 | \$ 5,934 | \$ 5,983 | \$ 5,979 | \$ 5,888 | \$ 5,931 | \$ 6,032 | \$ 6,023 | \$ 23,719 | \$ 23,874 |
| Losses and loss adjustment expenses | 3,267 | 3,766 | 3,468 | 3,157 | 3,379 | 3,495 | 3,333 | 3,307 | 13,658 | 13,514 |
| Underwriting expenses | 1,783 | 1,918 | 1,946 | 1,885 | 1,890 | 1,949 | 1,947 | 1,867 | 7,532 | 7,653 |
| Statutory underwriting gain | 773 | 250 | 569 | 937 | 619 | 487 | 752 | 849 | 2,529 | 2,707 |
| Policyholder dividends | 11 | 7 | 9 | 11 | 9 | 10 | 10 | 12 | 38 | 41 |
| Statutory underwriting gain after policyholder dividends | \$ 762 | \$ 243 | \$ 560 | \$ 926 | \$ 610 | \$ 477 | \$ 742 | \$ 837 | \$ 2,491 | \$ 2,666 |
| Other statutory statistics | | | | | | | | | | |
| Reserves for losses and loss adjustment expenses | \$ 41,383 | \$ 41,715 | \$ 41,525 | \$ 41,007 | \$ 40,296 | \$ 40,273 | \$ 40,091 | \$ 39,782 | \$ 41,007 | \$ 39,782 |
| Increase (decrease) in reserves | \$ (185) | \$ 332 | \$ (190) | \$ (518) | \$ (711) | \$ (23) | \$ (182) | \$ (309) | \$ (561) | \$ (1,225) |
| Statutory capital and surplus | \$ 21,440 | \$ 21,036 | \$ 21,005 | \$ 21,049 | \$ 20,944 | \$ 20,851 | \$ 20,822 | \$ 20,567 | \$ 21,049 | \$ 20,567 |
| Net written premiums/surplus (1) | 1.07:1 | 1.11:1 | 1.13:1 | 1.14:1 | 1.14:1 | 1.15:1 | 1.16:1 | 1.17:1 | 1.14:1 | 1.17:1 |

(1) Based on 12 months of rolling net written premiums.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Written and Earned Premiums - Property and Casualty Operations

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Written premiums | | | | | | | | | | |
| Gross | \$ 6,401 | \$ 6,519 | \$ 6,578 | \$ 6,134 | \$ 6,474 | \$ 6,542 | \$ 6,618 | \$ 6,148 | \$ 25,632 | \$ 25,782 |
| Ceded | (528) | (357) | (545) | (298) | (577) | (373) | (427) | (284) | (1,728) | (1,661) |
| Net | <u>\$ 5,873</u> | <u>\$ 6,162</u> | <u>\$ 6,033</u> | <u>\$ 5,836</u> | <u>\$ 5,897</u> | <u>\$ 6,169</u> | <u>\$ 6,191</u> | <u>\$ 5,864</u> | <u>\$ 23,904</u> | <u>\$ 24,121</u> |
| Earned premiums | | | | | | | | | | |
| Gross | \$ 6,295 | \$ 6,378 | \$ 6,437 | \$ 6,443 | \$ 6,308 | \$ 6,356 | \$ 6,447 | \$ 6,443 | \$ 25,553 | \$ 25,554 |
| Ceded | (472) | (450) | (454) | (464) | (420) | (425) | (415) | (420) | (1,840) | (1,680) |
| Net | <u>\$ 5,823</u> | <u>\$ 5,928</u> | <u>\$ 5,983</u> | <u>\$ 5,979</u> | <u>\$ 5,888</u> | <u>\$ 5,931</u> | <u>\$ 6,032</u> | <u>\$ 6,023</u> | <u>\$ 23,713</u> | <u>\$ 23,874</u> |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Operating Income - Business and International Insurance

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Premiums | \$ 3,558 | \$ 3,631 | \$ 3,660 | \$ 3,663 | \$ 3,620 | \$ 3,609 | \$ 3,653 | \$ 3,639 | \$ 14,512 | \$ 14,521 |
| Net investment income | 570 | 539 | 557 | 490 | 454 | 487 | 471 | 412 | 2,156 | 1,824 |
| Fee income | 107 | 112 | 110 | 109 | 111 | 111 | 112 | 111 | 438 | 445 |
| Other revenues | 12 | 10 | 10 | 14 | 8 | 5 | 5 | 5 | 46 | 23 |
| Total revenues | <u>4,247</u> | <u>4,292</u> | <u>4,337</u> | <u>4,276</u> | <u>4,193</u> | <u>4,212</u> | <u>4,241</u> | <u>4,167</u> | <u>17,152</u> | <u>16,813</u> |
| Claims and expenses | | | | | | | | | | |
| Claims and claim adjustment expenses | 2,177 | 2,455 | 2,360 | 2,153 | 2,265 | 2,238 | 2,229 | 2,127 | 9,145 | 8,859 |
| Amortization of deferred acquisition costs | 565 | 580 | 589 | 587 | 584 | 578 | 589 | 578 | 2,321 | 2,329 |
| General and administrative expenses | 554 | 653 | 661 | 673 | 654 | 674 | 675 | 683 | 2,541 | 2,686 |
| Total claims and expenses | <u>3,296</u> | <u>3,688</u> | <u>3,610</u> | <u>3,413</u> | <u>3,503</u> | <u>3,490</u> | <u>3,493</u> | <u>3,388</u> | <u>14,007</u> | <u>13,874</u> |
| Operating income before income taxes | 951 | 604 | 727 | 863 | 690 | 722 | 748 | 779 | 3,145 | 2,939 |
| Income tax expense | 257 | 133 | 175 | 233 | 175 | 179 | 202 | 213 | 798 | 769 |
| Operating income | <u>\$ 694</u> | <u>\$ 471</u> | <u>\$ 552</u> | <u>\$ 630</u> | <u>\$ 515</u> | <u>\$ 543</u> | <u>\$ 546</u> | <u>\$ 566</u> | <u>\$ 2,347</u> | <u>\$ 2,170</u> |
| Other statistics | | | | | | | | | | |
| Effective tax rate on net investment income | 21.1% | 20.6% | 21.0% | 19.6% | 19.4% | 20.7% | 21.5% | 18.9% | 20.6% | 20.2% |
| Net investment income (after-tax) | \$ 450 | \$ 427 | \$ 440 | \$ 394 | \$ 366 | \$ 386 | \$ 371 | \$ 334 | \$ 1,711 | \$ 1,457 |
| Catastrophes, net of reinsurance: | | | | | | | | | | |
| Pre-tax | \$ 83 | \$ 242 | \$ 31 | \$ 11 | \$ 99 | \$ 108 | \$ 39 | \$ 1 | \$ 367 | \$ 247 |
| After-tax | \$ 55 | \$ 158 | \$ 19 | \$ 7 | \$ 65 | \$ 70 | \$ 25 | \$ 4 | \$ 239 | \$ 164 |
| Prior year reserve development - favorable (unfavorable) | | | | | | | | | | |
| Pre-tax | \$ 95 | \$ 47 | \$ 21 | \$ 159 | \$ 77 | \$ 103 | \$ 49 | \$ 176 | \$ 322 | \$ 405 |
| After-tax | \$ 61 | \$ 33 | \$ 14 | \$ 106 | \$ 50 | \$ 65 | \$ 35 | \$ 118 | \$ 214 | \$ 268 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Operating Income by Major Component and Combined Ratio - Business and International Insurance



(\$ in millions, net of tax)

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| Underwriting gain | \$ 236 | \$ 37 | \$ 104 | \$ 227 | \$ 142 | \$ 155 | \$ 172 | \$ 227 | \$ 604 | \$ 696 |
| Net investment income | 450 | 427 | 440 | 394 | 366 | 386 | 371 | 334 | 1,711 | 1,457 |
| Other income (expense) | 8 | 7 | 8 | 9 | 7 | 2 | 3 | 5 | 32 | 17 |
| Operating income | \$ 694 | \$ 471 | \$ 552 | \$ 630 | \$ 515 | \$ 543 | \$ 546 | \$ 566 | \$ 2,347 | \$ 2,170 |
| Combined ratio (1) (2) | | | | | | | | | | |
| Loss and loss adjustment expense ratio | 59.8% | 66.2% | 63.1% | 57.4% | 61.2% | 60.6% | 59.6% | 57.0% | 61.6% | 59.6% |
| Underwriting expense ratio | 29.4% | 31.9% | 32.1% | 32.4% | 32.1% | 32.6% | 32.6% | 32.6% | 31.5% | 32.5% |
| Combined ratio | 89.2% | 98.1% | 95.2% | 89.8% | 93.3% | 93.2% | 92.2% | 89.6% | 93.1% | 92.1% |
| Impact of catastrophes on combined ratio | 2.4% | 6.6% | 0.9% | 0.2% | 2.7% | 2.9% | 1.1% | 0.0% | 2.5% | 1.7% |
| Impact of prior year reserve development on combined ratio | -2.7% | -1.3% | -0.6% | -4.3% | -2.1% | -2.8% | -1.4% | -4.8% | -2.2% | -2.8% |

(1) Before policyholder dividends.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses as follows:

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Billing and policy fees and other | \$ 8 | \$ 7 | \$ 7 | \$ 7 | \$ 7 | \$ 6 | \$ 4 | \$ 6 | \$ 29 | \$ 23 |
| Fee income: | | | | | | | | | | |
| Loss and loss adjustment expenses | \$ 43 | \$ 46 | \$ 43 | \$ 40 | \$ 42 | \$ 43 | \$ 44 | \$ 41 | \$ 172 | \$ 170 |
| Underwriting expenses | 64 | 66 | 67 | 69 | 69 | 68 | 68 | 70 | 266 | 275 |
| Total fee income | \$ 107 | \$ 112 | \$ 110 | \$ 109 | \$ 111 | \$ 111 | \$ 112 | \$ 111 | \$ 438 | \$ 445 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Selected Statistics - Business and International Insurance

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Statutory underwriting | | | | | | | | | | |
| Gross written premiums | \$ 4,224 | \$ 4,067 | \$ 4,057 | \$ 3,860 | \$ 4,276 | \$ 4,027 | \$ 3,981 | \$ 3,783 | \$ 16,208 | \$ 16,067 |
| Net written premiums | \$ 3,772 | \$ 3,735 | \$ 3,560 | \$ 3,575 | \$ 3,797 | \$ 3,679 | \$ 3,590 | \$ 3,517 | \$ 14,642 | \$ 14,583 |
| Net earned premiums | \$ 3,558 | \$ 3,637 | \$ 3,660 | \$ 3,663 | \$ 3,620 | \$ 3,609 | \$ 3,653 | \$ 3,639 | \$ 14,518 | \$ 14,521 |
| Losses and loss adjustment expenses | 2,132 | 2,397 | 2,310 | 2,103 | 2,216 | 2,187 | 2,182 | 2,073 | 8,942 | 8,658 |
| Underwriting expenses | 1,105 | 1,178 | 1,169 | 1,156 | 1,206 | 1,192 | 1,178 | 1,151 | 4,608 | 4,727 |
| Statutory underwriting gain | 321 | 62 | 181 | 404 | 198 | 230 | 293 | 415 | 968 | 1,136 |
| Policyholder dividends | 8 | 5 | 7 | 9 | 7 | 8 | 7 | 9 | 29 | 31 |
| Statutory underwriting gain after policyholder dividends | \$ 313 | \$ 57 | \$ 174 | \$ 395 | \$ 191 | \$ 222 | \$ 286 | \$ 406 | \$ 939 | \$ 1,105 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Net Written Premiums - Business and International Insurance



(\$ in millions)

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Net written premiums by market | | | | | | | | | | |
| Domestic | | | | | | | | | | |
| Select Accounts | \$ 718 | \$ 705 | \$ 654 | \$ 630 | \$ 722 | \$ 709 | \$ 654 | \$ 631 | \$ 2,707 | \$ 2,716 |
| Middle Market | 1,632 | 1,420 | 1,545 | 1,511 | 1,733 | 1,456 | 1,602 | 1,534 | 6,108 | 6,325 |
| National Accounts | 300 | 243 | 249 | 255 | 299 | 228 | 254 | 267 | 1,047 | 1,048 |
| First Party | 387 | 450 | 369 | 373 | 340 | 452 | 411 | 361 | 1,579 | 1,564 |
| Specialized Distribution | 267 | 283 | 262 | 262 | 268 | 300 | 277 | 266 | 1,074 | 1,111 |
| Total Domestic | 3,304 | 3,101 | 3,079 | 3,031 | 3,362 | 3,145 | 3,198 | 3,059 | 12,515 | 12,764 |
| International | 468 | 628 | 481 | 544 | 435 | 534 | 392 | 458 | 2,121 | 1,819 |
| Total | \$ 3,772 | \$ 3,729 | \$ 3,560 | \$ 3,575 | \$ 3,797 | \$ 3,679 | \$ 3,590 | \$ 3,517 | \$ 14,636 | \$ 14,583 |
| Net written premiums by product line | | | | | | | | | | |
| Workers' compensation | \$ 1,076 | \$ 904 | \$ 921 | \$ 893 | \$ 1,142 | \$ 906 | \$ 958 | \$ 909 | \$ 3,794 | \$ 3,915 |
| Commercial automobile | 490 | 456 | 484 | 462 | 503 | 487 | 495 | 475 | 1,892 | 1,960 |
| Commercial property | 440 | 505 | 415 | 433 | 392 | 507 | 453 | 414 | 1,793 | 1,766 |
| General liability | 469 | 477 | 478 | 467 | 494 | 474 | 491 | 480 | 1,891 | 1,939 |
| Commercial multi-peril | 821 | 750 | 759 | 773 | 824 | 765 | 779 | 778 | 3,103 | 3,146 |
| International | 468 | 628 | 481 | 544 | 435 | 534 | 392 | 458 | 2,121 | 1,819 |
| Other | 8 | 9 | 22 | 3 | 7 | 6 | 22 | 3 | 42 | 38 |
| Total | \$ 3,772 | \$ 3,729 | \$ 3,560 | \$ 3,575 | \$ 3,797 | \$ 3,679 | \$ 3,590 | \$ 3,517 | \$ 14,636 | \$ 14,583 |
| National Accounts | | | | | | | | | | |
| Additions to claim volume under administration (1) | \$ 727 | \$ 511 | \$ 546 | \$ 616 | \$ 761 | \$ 536 | \$ 558 | \$ 667 | \$ 2,400 | \$ 2,522 |
| Written fees | \$ 111 | \$ 87 | \$ 95 | \$ 86 | \$ 114 | \$ 92 | \$ 91 | \$ 88 | \$ 379 | \$ 385 |

(1) Includes new and renewal business.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Operating Income - Bond & Specialty Insurance

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Premiums | \$ 503 | \$ 524 | \$ 527 | \$ 522 | \$ 504 | \$ 524 | \$ 539 | \$ 518 | \$ 2,076 | \$ 2,085 |
| Net investment income | 66 | 62 | 64 | 60 | 56 | 57 | 56 | 54 | 252 | 223 |
| Other revenues | 4 | 6 | 5 | 4 | 5 | 5 | 4 | 8 | 19 | 22 |
| Total revenues | 573 | 592 | 596 | 586 | 565 | 586 | 599 | 580 | 2,347 | 2,330 |
| Claims and expenses | | | | | | | | | | |
| Claims and claim adjustment expenses | 159 | 110 | 152 | 60 | 192 | 192 | 113 | 146 | 481 | 643 |
| Amortization of deferred acquisition costs | 93 | 95 | 101 | 99 | 94 | 97 | 104 | 98 | 388 | 393 |
| General and administrative expenses | 97 | 102 | 101 | 103 | 100 | 99 | 93 | 97 | 403 | 389 |
| Total claims and expenses | 349 | 307 | 354 | 262 | 386 | 388 | 310 | 341 | 1,272 | 1,425 |
| Operating income before income taxes | 224 | 285 | 242 | 324 | 179 | 198 | 289 | 239 | 1,075 | 905 |
| Income tax expense | 70 | 93 | 77 | 108 | 55 | 47 | 93 | 77 | 348 | 272 |
| Operating income | \$ 154 | \$ 192 | \$ 165 | \$ 216 | \$ 124 | \$ 151 | \$ 196 | \$ 162 | \$ 727 | \$ 633 |
| Other statistics | | | | | | | | | | |
| Effective tax rate on net investment income | 18.9% | 18.4% | 19.0% | 18.1% | 18.3% | 18.6% | 18.6% | 17.6% | 18.6% | 18.3% |
| Net investment income (after-tax) | \$ 53 | \$ 52 | \$ 51 | \$ 49 | \$ 46 | \$ 47 | \$ 45 | \$ 44 | \$ 205 | \$ 182 |
| Catastrophes, net of reinsurance: | | | | | | | | | | |
| Pre-tax | \$ 1 | \$ 4 | \$ 1 | \$ - | \$ 1 | \$ 1 | \$ 1 | \$ - | \$ 6 | \$ 3 |
| After-tax | \$ - | \$ 3 | \$ 1 | \$ - | \$ - | \$ 1 | \$ 1 | \$ - | \$ 4 | \$ 2 |
| Prior year reserve development - favorable (unfavorable) | | | | | | | | | | |
| Pre-tax | \$ 67 | \$ 124 | \$ 79 | \$ 180 | \$ 35 | \$ 40 | \$ 103 | \$ 80 | \$ 450 | \$ 258 |
| After-tax | \$ 43 | \$ 81 | \$ 52 | \$ 116 | \$ 23 | \$ 26 | \$ 67 | \$ 52 | \$ 292 | \$ 168 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Operating Income by Major Component and Combined Ratio - Bond & Specialty Insurance

(\$ in millions, net of tax)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| Underwriting gain | \$ 99 | \$ 136 | \$ 110 | \$ 164 | \$ 75 | \$ 101 | \$ 148 | \$ 113 | \$ 509 | \$ 437 |
| Net investment income | 53 | 52 | 51 | 49 | 46 | 47 | 45 | 44 | 205 | 182 |
| Other income (expense) | 2 | 4 | 4 | 3 | 3 | 3 | 3 | 5 | 13 | 14 |
| Operating income | \$ 154 | \$ 192 | \$ 165 | \$ 216 | \$ 124 | \$ 151 | \$ 196 | \$ 162 | \$ 727 | \$ 633 |
| Combined ratio | | | | | | | | | | |
| Loss and loss adjustment expense ratio | 31.0% | 20.5% | 28.7% | 11.1% | 37.6% | 36.3% | 20.6% | 27.6% | 22.8% | 30.4% |
| Underwriting expense ratio | 37.6% | 37.9% | 38.2% | 38.6% | 38.5% | 37.4% | 36.5% | 37.5% | 38.0% | 37.5% |
| Combined ratio | 68.6% | 58.4% | 66.9% | 49.7% | 76.1% | 73.7% | 57.1% | 65.1% | 60.8% | 67.9% |
| Impact of catastrophes on combined ratio | 0.2% | 0.9% | 0.2% | 0.0% | 0.1% | 0.3% | 0.1% | 0.0% | 0.3% | 0.2% |
| Impact of prior year reserve development on combined ratio | -13.2% | -23.7% | -15.0% | -34.4% | -6.9% | -7.7% | -19.1% | -15.6% | -21.7% | -12.4% |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Selected Statistics - Bond & Specialty Insurance

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Statutory underwriting | | | | | | | | | | |
| Gross written premiums | \$ 528 | \$ 542 | \$ 562 | \$ 533 | \$ 522 | \$ 537 | \$ 580 | \$ 514 | \$ 2,165 | \$ 2,153 |
| Net written premiums | \$ 482 | \$ 540 | \$ 556 | \$ 525 | \$ 478 | \$ 534 | \$ 565 | \$ 504 | \$ 2,103 | \$ 2,081 |
| Net earned premiums | \$ 503 | \$ 524 | \$ 527 | \$ 522 | \$ 504 | \$ 524 | \$ 539 | \$ 518 | \$ 2,076 | \$ 2,085 |
| Losses and loss adjustment expenses | 155 | 108 | 152 | 58 | 189 | 191 | 111 | 143 | 473 | 634 |
| Underwriting expenses | 197 | 201 | 205 | 198 | 196 | 199 | 202 | 188 | 801 | 785 |
| Statutory underwriting gain | 151 | 215 | 170 | 266 | 119 | 134 | 226 | 187 | 802 | 666 |
| Policyholder dividends | 3 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 9 | 10 |
| Statutory underwriting gain after policyholder dividends | \$ 148 | \$ 213 | \$ 168 | \$ 264 | \$ 117 | \$ 132 | \$ 223 | \$ 184 | \$ 793 | \$ 656 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Net Written Premiums - Bond & Specialty Insurance

(\$ in millions)



| | <u>1Q</u> <u>2014</u> | <u>2Q</u> <u>2014</u> | <u>3Q</u> <u>2014</u> | <u>4Q</u> <u>2014</u> | <u>1Q</u> <u>2015</u> | <u>2Q</u> <u>2015</u> | <u>3Q</u> <u>2015</u> | <u>4Q</u> <u>2015</u> | <u>YTD</u> <u>4Q</u> <u>2014</u> | <u>YTD</u> <u>4Q</u> <u>2015</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--|--|
| Net written premiums by product line | | | | | | | | | | |
| Fidelity & surety | \$ 211 | \$ 257 | \$ 260 | \$ 235 | \$ 206 | \$ 259 | \$ 267 | \$ 220 | \$ 963 | \$ 952 |
| General liability | 223 | 239 | 247 | 252 | 226 | 236 | 247 | 243 | 961 | 952 |
| Other | 48 | 44 | 49 | 38 | 46 | 39 | 51 | 41 | 179 | 177 |
| Total | <u>\$ 482</u> | <u>\$ 540</u> | <u>\$ 556</u> | <u>\$ 525</u> | <u>\$ 478</u> | <u>\$ 534</u> | <u>\$ 565</u> | <u>\$ 504</u> | <u>\$ 2,103</u> | <u>\$ 2,081</u> |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Operating Income - Personal Insurance

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Premiums | \$ 1,762 | \$ 1,773 | \$ 1,796 | \$ 1,794 | \$ 1,764 | \$ 1,798 | \$ 1,840 | \$ 1,866 | \$ 7,125 | \$ 7,268 |
| Net investment income | 100 | 94 | 98 | 87 | 82 | 88 | 87 | 75 | 379 | 332 |
| Other revenues | 26 | 17 | 19 | 18 | 12 | 12 | 9 | 15 | 80 | 48 |
| Total revenues | 1,888 | 1,884 | 1,913 | 1,899 | 1,858 | 1,898 | 1,936 | 1,956 | 7,584 | 7,648 |
| Claims and expenses | | | | | | | | | | |
| Claims and claim adjustment expenses | 979 | 1,261 | 1,008 | 996 | 974 | 1,117 | 1,040 | 1,090 | 4,244 | 4,221 |
| Amortization of deferred acquisition costs | 292 | 290 | 294 | 297 | 285 | 288 | 294 | 296 | 1,173 | 1,163 |
| General and administrative expenses | 223 | 237 | 263 | 254 | 231 | 248 | 248 | 246 | 977 | 973 |
| Total claims and expenses | 1,494 | 1,788 | 1,565 | 1,547 | 1,490 | 1,653 | 1,582 | 1,632 | 6,394 | 6,357 |
| Operating income before income taxes | 394 | 96 | 348 | 352 | 368 | 245 | 354 | 324 | 1,190 | 1,291 |
| Income tax expense | 126 | 21 | 109 | 110 | 116 | 71 | 113 | 102 | 366 | 402 |
| Operating income | \$ 268 | \$ 75 | \$ 239 | \$ 242 | \$ 252 | \$ 174 | \$ 241 | \$ 222 | \$ 824 | \$ 889 |
| Other statistics | | | | | | | | | | |
| Effective tax rate on net investment income | 21.3% | 20.7% | 21.8% | 20.2% | 19.6% | 20.8% | 20.9% | 18.5% | 21.0% | 20.0% |
| Net investment income (after-tax) | \$ 79 | \$ 74 | \$ 77 | \$ 70 | \$ 66 | \$ 70 | \$ 68 | \$ 62 | \$ 300 | \$ 266 |
| Catastrophes, net of reinsurance: | | | | | | | | | | |
| Pre-tax | \$ 65 | \$ 190 | \$ 51 | \$ 30 | \$ 62 | \$ 112 | \$ 45 | \$ 45 | \$ 336 | \$ 264 |
| After-tax | \$ 42 | \$ 123 | \$ 34 | \$ 20 | \$ 41 | \$ 72 | \$ 30 | \$ 29 | \$ 219 | \$ 172 |
| Prior year reserve development - favorable (unfavorable) | | | | | | | | | | |
| Pre-tax | \$ 132 | \$ 12 | \$ 13 | \$ 12 | \$ 131 | \$ 64 | \$ 47 | \$ 36 | \$ 169 | \$ 278 |
| After-tax | \$ 86 | \$ 8 | \$ 8 | \$ 8 | \$ 85 | \$ 42 | \$ 30 | \$ 24 | \$ 110 | \$ 181 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Operating Income by Major Component and Combined Ratio - Personal Insurance

(\$ in millions, net of tax)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|---|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| Underwriting gain (loss) | \$ 172 | \$ (11) | \$ 150 | \$ 160 | \$ 178 | \$ 97 | \$ 166 | \$ 151 | \$ 471 | \$ 592 |
| Net investment income | 79 | 74 | 77 | 70 | 66 | 70 | 68 | 62 | 300 | 266 |
| Other income (expense) | 17 | 12 | 12 | 12 | 8 | 7 | 7 | 9 | 53 | 31 |
| Operating income | \$ 268 | \$ 75 | \$ 239 | \$ 242 | \$ 252 | \$ 174 | \$ 241 | \$ 222 | \$ 824 | \$ 889 |
| Combined ratio (1) | | | | | | | | | | |
| Loss and loss adjustment expense ratio | 55.6% | 71.1% | 56.0% | 55.5% | 55.2% | 62.2% | 56.5% | 58.5% | 59.6% | 58.1% |
| Underwriting expense ratio | 28.0% | 28.7% | 30.1% | 29.8% | 28.3% | 28.9% | 28.6% | 28.2% | 29.1% | 28.5% |
| Combined ratio | 83.6% | 99.8% | 86.1% | 85.3% | 83.5% | 91.1% | 85.1% | 86.7% | 88.7% | 86.6% |
| <i>Combined ratio excluding incremental impact of direct to consumer initiative</i> | 82.0% | 98.3% | 84.2% | 83.5% | 81.8% | 89.4% | 83.2% | 85.0% | 87.0% | 84.8% |
| Impact of catastrophes on combined ratio | 3.7% | 10.7% | 2.8% | 1.7% | 3.5% | 6.2% | 2.5% | 2.4% | 4.7% | 3.6% |
| Impact of prior year reserve development on combined ratio | -7.5% | -0.7% | -0.7% | -0.7% | -7.5% | -3.5% | -2.6% | -1.9% | -2.4% | -3.8% |

(1) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. Billing and policy fees and other are as follows:

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Billing and policy fees and other | \$ 22 | \$ 18 | \$ 18 | \$ 16 | \$ 16 | \$ 16 | \$ 16 | \$ 16 | \$ 74 | \$ 64 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Selected Statistics - Personal Insurance



(\$ in millions)

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Statutory underwriting | | | | | | | | | | |
| Gross written premiums | \$ 1,649 | \$ 1,916 | \$ 1,959 | \$ 1,741 | \$ 1,676 | \$ 1,978 | \$ 2,057 | \$ 1,851 | \$ 7,265 | \$ 7,562 |
| Net written premiums | \$ 1,619 | \$ 1,893 | \$ 1,917 | \$ 1,736 | \$ 1,622 | \$ 1,956 | \$ 2,036 | \$ 1,843 | \$ 7,165 | \$ 7,457 |
| Net earned premiums | \$ 1,762 | \$ 1,773 | \$ 1,796 | \$ 1,794 | \$ 1,764 | \$ 1,798 | \$ 1,840 | \$ 1,866 | \$ 7,125 | \$ 7,268 |
| Losses and loss adjustment expenses | 980 | 1,261 | 1,006 | 996 | 974 | 1,117 | 1,040 | 1,091 | 4,243 | 4,222 |
| Underwriting expenses | 481 | 539 | 572 | 531 | 488 | 558 | 567 | 528 | 2,123 | 2,141 |
| Statutory underwriting gain (loss) | \$ 301 | \$ (27) | \$ 218 | \$ 267 | \$ 302 | \$ 123 | \$ 233 | \$ 247 | \$ 759 | \$ 905 |
| Policies in force (in thousands) | | | | | | | | | | |
| Automobile | 2,068 | 2,068 | 2,083 | 2,097 | 2,125 | 2,166 | 2,224 | 2,283 | 2,097 | 2,283 |
| Homeowners and other | 4,232 | 4,199 | 4,164 | 4,128 | 4,107 | 4,121 | 4,145 | 4,158 | 4,128 | 4,158 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Selected Statistics - Personal Insurance (Agency Automobile) (1)



(\$ in millions)

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Statutory underwriting | | | | | | | | | | |
| Gross written premiums | \$ 795 | \$ 834 | \$ 852 | \$ 797 | \$ 828 | \$ 893 | \$ 938 | \$ 892 | \$ 3,278 | \$ 3,551 |
| Net written premiums | \$ 788 | \$ 831 | \$ 849 | \$ 792 | \$ 822 | \$ 890 | \$ 934 | \$ 888 | \$ 3,260 | \$ 3,534 |
| Net earned premiums | \$ 787 | \$ 792 | \$ 804 | \$ 812 | \$ 802 | \$ 827 | \$ 854 | \$ 878 | \$ 3,195 | \$ 3,361 |
| Losses and loss adjustment expenses | 533 | 588 | 564 | 583 | 516 | 582 | 585 | 640 | 2,268 | 2,323 |
| Underwriting expenses | 208 | 221 | 224 | 215 | 215 | 230 | 234 | 227 | 868 | 906 |
| Statutory underwriting gain (loss) | \$ 46 | \$ (17) | \$ 16 | \$ 14 | \$ 71 | \$ 15 | \$ 35 | \$ 11 | \$ 59 | \$ 132 |
| Other statistics | | | | | | | | | | |
| Combined ratio (2): | | | | | | | | | | |
| Loss and loss adjustment expense ratio | 67.7% | 74.3% | 70.1% | 71.7% | 64.4% | 70.4% | 68.5% | 73.0% | 71.0% | 69.1% |
| Underwriting expense ratio | 25.6% | 26.5% | 26.6% | 26.2% | 25.8% | 26.1% | 25.4% | 25.1% | 26.2% | 25.6% |
| Combined ratio | 93.3% | 100.8% | 96.7% | 97.9% | 90.2% | 96.5% | 93.9% | 98.1% | 97.2% | 94.7% |
| Impact of catastrophes on combined ratio | 0.0% | 4.6% | 0.6% | 0.0% | 0.0% | 2.1% | 0.1% | 0.1% | 1.3% | 0.5% |
| Impact of prior year reserve development on combined ratio | 0.0% | 0.0% | 0.0% | 0.0% | -2.8% | -2.5% | -2.4% | -2.2% | 0.0% | -2.5% |
| Catastrophe losses, net of reinsurance: | | | | | | | | | | |
| Pre-tax | \$ - | \$ 36 | \$ 5 | \$ - | \$ - | \$ 18 | \$ - | \$ 1 | \$ 41 | \$ 19 |
| After-tax | \$ - | \$ 23 | \$ 4 | \$ - | \$ - | \$ 12 | \$ - | \$ - | \$ 27 | \$ 12 |
| Prior year reserve development - favorable (unfavorable) | | | | | | | | | | |
| Pre-tax | \$ - | \$ - | \$ - | \$ - | \$ 22 | \$ 21 | \$ 21 | \$ 20 | \$ - | \$ 84 |
| After-tax | \$ - | \$ - | \$ - | \$ - | \$ 15 | \$ 14 | \$ 13 | \$ 13 | \$ - | \$ 55 |
| Policies in force (in thousands) | 1,985 | 1,981 | 1,990 | 2,000 | 2,021 | 2,057 | 2,106 | 2,157 | | |
| Change from prior year quarter | -9.4% | -6.7% | -3.3% | -0.5% | 1.8% | 3.8% | 5.8% | 7.9% | | |
| Change from prior quarter | -1.3% | -0.2% | 0.5% | 0.5% | 1.1% | 1.8% | 2.4% | 2.4% | | |

(1) Represents Automobile policies sold through agents, brokers and other intermediaries, and excludes direct to consumer.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses. Billing and policy fees and other are as follows:

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Billing and policy fees and other | \$ 9 | \$ 8 | \$ 9 | \$ 8 | \$ 9 | \$ 8 | \$ 8 | \$ 9 | \$ 34 | \$ 34 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Selected Statistics - Personal Insurance (Agency Homeowners and Other) (1)



(\$ in millions)

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Statutory underwriting | | | | | | | | | | |
| Gross written premiums | \$ 811 | \$ 1,036 | \$ 1,055 | \$ 898 | \$ 795 | \$ 1,029 | \$ 1,052 | \$ 897 | \$ 3,800 | \$ 3,773 |
| Net written premiums | \$ 788 | \$ 1,016 | \$ 1,017 | \$ 897 | \$ 748 | \$ 1,010 | \$ 1,035 | \$ 894 | \$ 3,718 | \$ 3,687 |
| Net earned premiums | \$ 935 | \$ 938 | \$ 948 | \$ 935 | \$ 914 | \$ 920 | \$ 930 | \$ 929 | \$ 3,756 | \$ 3,693 |
| Losses and loss adjustment expenses | 419 | 639 | 414 | 381 | 425 | 498 | 414 | 407 | 1,853 | 1,744 |
| Underwriting expenses | 240 | 283 | 303 | 276 | 236 | 289 | 291 | 263 | 1,102 | 1,079 |
| Statutory underwriting gain | \$ 276 | \$ 16 | \$ 231 | \$ 278 | \$ 253 | \$ 133 | \$ 225 | \$ 259 | \$ 801 | \$ 870 |
| Other statistics | | | | | | | | | | |
| Combined ratio (2): | | | | | | | | | | |
| Loss and loss adjustment expense ratio | 44.8% | 68.1% | 43.6% | 40.8% | 46.5% | 54.2% | 44.6% | 43.8% | 49.4% | 47.2% |
| Underwriting expense ratio | 27.6% | 28.0% | 29.9% | 30.2% | 27.9% | 28.8% | 28.8% | 28.8% | 28.9% | 28.6% |
| Combined ratio | 72.4% | 96.1% | 73.5% | 71.0% | 74.4% | 83.0% | 73.4% | 72.6% | 78.3% | 75.8% |
| Impact of catastrophes on combined ratio | 6.8% | 15.9% | 4.8% | 3.1% | 6.7% | 10.1% | 4.7% | 4.7% | 7.7% | 6.5% |
| Impact of prior year reserve development on combined ratio | -14.1% | -1.3% | -1.4% | -1.1% | -11.8% | -4.6% | -2.8% | -1.6% | -4.4% | -5.2% |
| Catastrophe losses, net of reinsurance: | | | | | | | | | | |
| Pre-tax | \$ 64 | \$ 150 | \$ 46 | \$ 29 | \$ 61 | \$ 93 | \$ 43 | \$ 44 | \$ 289 | \$ 241 |
| After-tax | \$ 41 | \$ 98 | \$ 30 | \$ 19 | \$ 40 | \$ 60 | \$ 28 | \$ 29 | \$ 188 | \$ 157 |
| Prior year reserve development - favorable (unfavorable) | | | | | | | | | | |
| Pre-tax | \$ 132 | \$ 12 | \$ 13 | \$ 10 | \$ 108 | \$ 43 | \$ 26 | \$ 15 | \$ 167 | \$ 192 |
| After-tax | \$ 86 | \$ 8 | \$ 8 | \$ 7 | \$ 70 | \$ 28 | \$ 17 | \$ 10 | \$ 109 | \$ 125 |
| Policies in force (in thousands) | 4,146 | 4,110 | 4,072 | 4,032 | 4,008 | 4,017 | 4,034 | 4,042 | | |
| Change from prior year quarter | -7.5% | -6.5% | -5.4% | -4.2% | -3.3% | -2.3% | -0.9% | 0.2% | | |
| Change from prior quarter | -1.5% | -0.9% | -0.9% | -1.0% | -0.6% | 0.2% | 0.4% | 0.2% | | |

(1) Represents Homeowners and Other Lines sold through agents, brokers and other intermediaries, and excludes direct to consumer.

(2) Billing and policy fees and other, which are a component of other revenues, are allocated as a reduction of underwriting expenses.

Billing and policy fees and other are as follows:

| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Billing and policy fees and other | \$ 13 | \$ 9 | \$ 9 | \$ 7 | \$ 7 | \$ 7 | \$ 7 | \$ 6 | \$ 38 | \$ 27 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Selected Statistics - Direct to Consumer (1)

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Net written premiums | | | | | | | | | | |
| Automobile | \$ 31 | \$ 31 | \$ 36 | \$ 32 | \$ 38 | \$ 38 | \$ 47 | \$ 43 | \$ 130 | \$ 166 |
| Homeowners and other | 12 | 15 | 15 | 15 | 14 | 18 | 20 | 18 | 57 | 70 |
| Total net written premiums | \$ 43 | \$ 46 | \$ 51 | \$ 47 | \$ 52 | \$ 56 | \$ 67 | \$ 61 | \$ 187 | \$ 236 |
| Revenues | | | | | | | | | | |
| Premiums | \$ 40 | \$ 43 | \$ 44 | \$ 47 | \$ 48 | \$ 51 | \$ 56 | \$ 59 | \$ 174 | \$ 214 |
| Other revenues | - | - | 1 | - | - | 1 | - | 1 | 1 | 2 |
| Total revenues | 40 | 43 | 45 | 47 | 48 | 52 | 56 | 60 | 175 | 216 |
| Claims and expenses | | | | | | | | | | |
| Claims and claim adjustment expenses | 28 | 33 | 29 | 32 | 32 | 39 | 39 | 45 | 122 | 155 |
| Amortization of deferred acquisition costs | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 4 | 5 |
| General and administrative expenses | 33 | 35 | 43 | 39 | 37 | 38 | 41 | 37 | 150 | 153 |
| Total claims and expenses | 62 | 69 | 73 | 72 | 70 | 78 | 82 | 83 | 276 | 313 |
| Operating loss before income taxes | (22) | (26) | (28) | (25) | (22) | (26) | (26) | (23) | (101) | (97) |
| Income taxes | (8) | (9) | (10) | (8) | (8) | (9) | (9) | (8) | (35) | (34) |
| Operating loss | \$ (14) | \$ (17) | \$ (18) | \$ (17) | \$ (14) | \$ (17) | \$ (17) | \$ (15) | \$ (66) | \$ (63) |
| Other statistics | | | | | | | | | | |
| Policies in force (in thousands) | | | | | | | | | | |
| Automobile | 83 | 87 | 93 | 97 | 104 | 109 | 118 | 126 | | |
| Homeowners and other | 86 | 89 | 92 | 96 | 99 | 104 | 111 | 116 | | |
| Catastrophes, net of reinsurance: | | | | | | | | | | |
| Pre-tax | \$ 1 | \$ 4 | \$ - | \$ 1 | \$ 1 | \$ 1 | \$ 2 | \$ - | \$ 6 | \$ 4 |
| After-tax | \$ 1 | \$ 2 | \$ - | \$ 1 | \$ 1 | \$ - | \$ 2 | \$ - | \$ 4 | \$ 3 |
| Prior year reserve development - favorable (unfavorable) | | | | | | | | | | |
| Pre-tax | \$ - | \$ - | \$ - | \$ 2 | \$ 1 | \$ - | \$ - | \$ 1 | \$ 2 | \$ 2 |
| After-tax | \$ - | \$ - | \$ - | \$ 1 | \$ - | \$ - | \$ - | \$ 1 | \$ 1 | \$ 1 |

(1) Represents incremental premiums, other revenues and claims and expenses of Direct to Consumer business activities included in Personal Insurance operating income (loss).

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Interest Expense and Other

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Other revenues | \$ (1) | \$ 1 | \$ - | \$ - | \$ - | \$ - | \$ 3 | \$ 3 | \$ - | \$ 6 |
| Claims and expenses | | | | | | | | | | |
| Interest expense | 92 | 92 | 93 | 92 | 92 | 92 | 94 | 95 | 369 | 373 |
| General and administrative expenses | 7 | 9 | 6 | 9 | 7 | 7 | 8 | 9 | 31 | 31 |
| Total claims and expenses | 99 | 101 | 99 | 101 | 99 | 99 | 102 | 104 | 400 | 404 |
| Operating loss before income tax benefit | (100) | (100) | (99) | (101) | (99) | (99) | (99) | (101) | (400) | (398) |
| Income taxes | (36) | (35) | (36) | (36) | (35) | (37) | (34) | (37) | (143) | (143) |
| Operating loss | \$ (64) | \$ (65) | \$ (63) | \$ (65) | \$ (64) | \$ (62) | \$ (65) | \$ (64) | \$ (257) | \$ (255) |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Consolidated Balance Sheet

(in millions)



| | December 31, 2015 (1) | December 31, 2014 | | December 31, 2015 (1) | December 31, 2014 |
|---|--------------------------|----------------------|--|--------------------------|----------------------|
| Assets | | | Liabilities | | |
| Fixed maturities, available for sale, at fair value (amortized cost \$58,878 and \$60,801) | \$ 60,658 | \$ 63,474 | Claims and claim adjustment expense reserves | \$ 48,295 | \$ 49,850 |
| Equity securities, available for sale, at fair value (cost \$528 and \$579) | 705 | 899 | Unearned premium reserves | 11,971 | 11,839 |
| Real estate investments | 989 | 938 | Contractholder payables | 4,374 | 4,362 |
| Short-term securities | 4,671 | 4,364 | Payables for reinsurance premiums | 296 | 336 |
| Other investments | 3,447 | 3,586 | Debt | 6,344 | 6,349 |
| Total investments | <u>70,470</u> | <u>73,261</u> | Other liabilities | 5,306 | 5,506 |
| | | | Total liabilities | <u>76,586</u> | <u>78,242</u> |
| Cash | 380 | 374 | Shareholders' equity | | |
| Investment income accrued | 642 | 685 | Common stock (1,750.0 shares authorized; 295.9 and 322.2 shares issued and outstanding) | 22,172 | 21,843 |
| Premiums receivable | 6,437 | 6,298 | Retained earnings | 29,945 | 27,251 |
| Reinsurance recoverables | 8,910 | 9,260 | Accumulated other comprehensive income (loss) | (157) | 880 |
| Ceded unearned premiums | 656 | 678 | Treasury stock, at cost (467.6 and 437.3 shares) | (28,362) | (25,138) |
| Deferred acquisition costs | 1,849 | 1,835 | Total shareholders' equity | <u>23,598</u> | <u>24,836</u> |
| Deferred taxes | 296 | 33 | Total liabilities and shareholders' equity | <u>\$ 100,184</u> | <u>\$ 103,078</u> |
| Contractholder receivables | 4,374 | 4,362 | | | |
| Goodwill | 3,573 | 3,611 | | | |
| Other intangible assets | 279 | 304 | | | |
| Other assets | 2,318 | 2,377 | | | |
| Total assets | <u>\$ 100,184</u> | <u>\$ 103,078</u> | | | |

(1) Preliminary.

The Travelers Companies, Inc.

Investment Portfolio

(at carrying value, \$ in millions)



| | <u>December 31, 2015</u> | <u>Pre-tax Book Yield (1)</u> | <u>December 31, 2014</u> | <u>Pre-tax Book Yield (1)</u> |
|--|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Investment portfolio | | | | |
| Taxable fixed maturities (including redeemable preferred stock) | \$ 29,612 | 3.30% | \$ 30,283 | 3.42% |
| Tax-exempt fixed maturities | 31,046 | 3.58% | 33,191 | 3.72% |
| Total fixed maturities | 60,658 | 3.44% | 63,474 | 3.58% |
| Non-redeemable preferred stocks | 162 | 5.73% | 208 | 5.60% |
| Public common stocks | 543 | | 691 | |
| Total equity securities | 705 | | 899 | |
| Real estate investments | 989 | | 938 | |
| Short-term securities | 4,671 | 0.37% | 4,364 | 0.17% |
| Private equities | 2,056 | | 2,090 | |
| Hedge funds | 416 | | 414 | |
| Real estate partnerships | 626 | | 593 | |
| Other investments | 349 | | 489 | |
| Total other investments | 3,447 | | 3,586 | |
| Total investments | \$ 70,470 | | \$ 73,261 | |
| Net unrealized investment gains, net of tax, included in shareholders' equity | \$ 1,289 | | \$ 1,966 | |

(1) Yields are provided for those investments with an embedded book yield.

The Travelers Companies, Inc.

Investment Portfolio - Fixed Maturities Data

(at carrying value, \$ in millions)



Fixed maturities

U.S. Treasury securities and obligations of U.S. Government corporations and agencies
 Obligations of states and political subdivisions:
 Pre-refunded
 All other
 Total
 Debt securities issued by foreign governments
 Mortgage-backed securities - principally obligations of U.S. Government agencies
 Corporates (including redeemable preferreds)
 Total fixed maturities

| December 31, 2015 | December 31, 2014 |
|----------------------|----------------------|
| \$ 2,194 | \$ 2,053 |
| 6,060 | 7,561 |
| <u>25,351</u> | <u>26,012</u> |
| <u>31,411</u> | <u>33,573</u> |
| 1,873 | 2,368 |
| 1,981 | 2,213 |
| 23,199 | 23,267 |
| <u>\$ 60,658</u> | <u>\$ 63,474</u> |

Fixed Maturities Quality Characteristics (1)

Quality Ratings

Aaa
 Aa
 A
 Baa
 Total investment grade
 Ba
 B
 Caa and lower
 Total below investment grade
 Total fixed maturities
 Average weighted quality
 Average duration of fixed maturities and short-term securities, net of securities lending activities and net receivables and payables on investment sales and purchases

| December 31, 2015 | | |
|-------------------|--------------|---|
| Amount | % of Total | |
| \$ 25,865 | 42.7 | % |
| 17,226 | 28.4 | |
| 8,998 | 14.8 | |
| <u>6,858</u> | <u>11.3</u> | |
| <u>58,947</u> | <u>97.2</u> | |
| 1,018 | 1.7 | |
| 369 | 0.6 | |
| <u>324</u> | <u>0.5</u> | |
| 1,711 | 2.8 | |
| <u>\$ 60,658</u> | <u>100.0</u> | % |
| Aa2, AA | | |
| <u>3.9</u> | | |

(1) Rated using external rating agencies or by Travelers when a public rating does not exist. Below investment grade assets refer to securities rated "Ba" or below.

The Travelers Companies, Inc.
Investment Income

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Gross investment income | | | | | | | | | | |
| Fixed maturities | \$ 580 | \$ 562 | \$ 552 | \$ 550 | \$ 531 | \$ 526 | \$ 516 | \$ 518 | \$ 2,244 | \$ 2,091 |
| Short-term securities | 2 | 2 | 2 | 3 | 2 | 3 | 3 | 4 | 9 | 12 |
| Other | 163 | 140 | 174 | 96 | 69 | 113 | 105 | 30 | 573 | 317 |
| | 745 | 704 | 728 | 649 | 602 | 642 | 624 | 552 | 2,826 | 2,420 |
| Investment expenses | 9 | 9 | 9 | 12 | 10 | 10 | 10 | 11 | 39 | 41 |
| Net investment income, pre-tax | 736 | 695 | 719 | 637 | 592 | 632 | 614 | 541 | 2,787 | 2,379 |
| Income taxes | 154 | 142 | 151 | 124 | 114 | 129 | 130 | 101 | 571 | 474 |
| Net investment income, after-tax | \$ 582 | \$ 553 | \$ 568 | \$ 513 | \$ 478 | \$ 503 | \$ 484 | \$ 440 | \$ 2,216 | \$ 1,905 |
| Effective tax rate | 21.0% | 20.5% | 20.9% | 19.6% | 19.3% | 20.5% | 21.1% | 18.7% | 20.5% | 20.0% |
| Average invested assets (1) | \$ 72,112 | \$ 71,880 | \$ 72,062 | \$ 72,071 | \$ 70,722 | \$ 70,291 | \$ 70,569 | \$ 70,756 | \$ 72,049 | \$ 70,627 |
| Average yield pre-tax (1) | 4.1% | 3.9% | 4.0% | 3.5% | 3.3% | 3.6% | 3.5% | 3.1% | 3.9% | 3.4% |
| Average yield after-tax | 3.2% | 3.1% | 3.2% | 2.8% | 2.7% | 2.9% | 2.7% | 2.5% | 3.1% | 2.7% |

(1) Excludes net unrealized investment gains, net of tax, and is adjusted for cash, receivables for investment sales, payables on investment purchases and accrued investment income.

The Travelers Companies, Inc.
Net Realized and Unrealized Investment Gains (Losses)

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|---|---------------------------|--------------------------|-------------------------------|------------------------------|---------------------------|--------------------------|-------------------------------|------------------------------|-------------------|-------------------|
| Net realized investment gains (losses) | | | | | | | | | | |
| Fixed maturities | \$ 6 | \$ 9 | \$ - | \$ 1 | \$ 17 | \$ 14 | \$ 30 | \$ 7 | \$ 16 | \$ 68 |
| Equity securities | (4) | 15 | - | 4 | - | (1) | (10) | (20) | 15 | (31) |
| Other (1) | (1) | (8) | 40 | 17 | (7) | (3) | (5) | (19) | 48 | (34) |
| Realized investment gains (losses) before tax | 1 | 16 | 40 | 22 | 10 | 10 | 15 | (32) | 79 | 3 |
| Related taxes | 1 | 6 | 14 | 7 | 4 | 4 | 5 | (12) | 28 | 1 |
| Net realized investment gains (losses) | \$ - | \$ 10 | \$ 26 | \$ 15 | \$ 6 | \$ 6 | \$ 10 | \$ (20) | \$ 51 | \$ 2 |
| Gross investment gains (1) | \$ 59 | \$ 46 | \$ 101 | \$ 93 | \$ 71 | \$ 102 | \$ 108 | \$ 96 | \$ 299 | \$ 377 |
| Gross investment losses before impairments (1) | (49) | (29) | (51) | (65) | (58) | (86) | (79) | (99) | (194) | (322) |
| Net investment gains (losses) before impairments | 10 | 17 | 50 | 28 | 13 | 16 | 29 | (3) | 105 | 55 |
| Other-than-temporary impairment losses | (9) | (1) | (10) | (6) | (3) | (6) | (14) | (29) | (26) | (52) |
| Net realized investment gains (losses) before tax | 1 | 16 | 40 | 22 | 10 | 10 | 15 | (32) | 79 | 3 |
| Related taxes | 1 | 6 | 14 | 7 | 4 | 4 | 5 | (12) | 28 | 1 |
| Net realized investment gains (losses) | \$ - | \$ 10 | \$ 26 | \$ 15 | \$ 6 | \$ 6 | \$ 10 | \$ (20) | \$ 51 | \$ 2 |
| | March 31, 2014 | June 30, 2014 | September 30, 2014 | December 31, 2014 | March 31, 2015 | June 30, 2015 | September 30, 2015 | December 31, 2015 | | |
| Net unrealized investment gains, net of tax, by asset type | | | | | | | | | | |
| Fixed maturities | \$ 2,276 | \$ 2,742 | \$ 2,579 | \$ 2,673 | \$ 2,853 | \$ 1,830 | \$ 1,983 | \$ 1,780 | | |
| Equity securities & other | 293 | 346 | 356 | 335 | 319 | 274 | 183 | 194 | | |
| Unrealized investment gains before tax | 2,569 | 3,088 | 2,935 | 3,008 | 3,172 | 2,104 | 2,166 | 1,974 | | |
| Related taxes | 895 | 1,075 | 1,021 | 1,042 | 1,096 | 728 | 752 | 685 | | |
| Balance, end of period | \$ 1,674 | \$ 2,013 | \$ 1,914 | \$ 1,966 | \$ 2,076 | \$ 1,376 | \$ 1,414 | \$ 1,289 | | |

(1) Includes the following gross investment gains and gross investment losses related to U.S. Treasury futures, which are settled daily:

| | | | | | | | | | | |
|---|------|------|------|-------|-------|-------|-------|-------|-------|--------|
| Gross investment Treasury future gains | \$ 4 | \$ 4 | \$ 6 | \$ 28 | \$ 44 | \$ 56 | \$ 47 | \$ 44 | \$ 42 | \$ 191 |
| Gross investment Treasury future losses | \$ 3 | \$ 5 | \$ 6 | \$ 29 | \$ 54 | \$ 47 | \$ 61 | \$ 34 | \$ 43 | \$ 196 |

The Company entered into these arrangements as part of its strategy to manage the duration of its fixed maturity portfolio. In a changing interest rate environment, the change in the value of the futures contracts can be expected to partially offset changes in the value of the fixed maturity portfolio.

The Travelers Companies, Inc. Reinsurance Recoverables

(\$ in millions)



| |
|--|
| Gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses |
| Allowance for uncollectible reinsurance |
| Net reinsurance recoverables (i) |
| Mandatory pools and associations (ii) |
| Structured settlements (iii) |
| Total reinsurance recoverables |

| December 31, 2015 | |
|----------------------|-------|
| \$ | 3,848 |
| | (157) |
| | 3,691 |
| | 2,015 |
| | 3,204 |
| \$ | 8,910 |

| December 31, 2014 | |
|----------------------|-------|
| \$ | 4,270 |
| | (203) |
| | 4,067 |
| | 1,909 |
| | 3,284 |
| \$ | 9,260 |

(i) The Company's top five reinsurer groups, including retroactive reinsurance, included in net reinsurance recoverables is as follows:

| Reinsurer | A.M. Best Rating of Group's Predominant Reinsurer |
|-----------------------------|--|
| Swiss Re Group | A+ second highest of 16 ratings |
| Munich Re Group | A+ second highest of 16 ratings |
| Sompo Japan Nipponkoa Group | A+ second highest of 16 ratings |
| Berkshire Hathaway | A++ highest of 16 ratings |
| XL Capital Group | A third highest of 16 ratings |

| December 31, 2015 | |
|----------------------|-----|
| \$ | 453 |
| | 418 |
| | 232 |
| | 229 |
| | 196 |

The gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses represent the current and estimated future amounts due from reinsurers on known and incurred but not reported claims. The ceded reserves are estimated in a manner consistent with the underlying direct and assumed reserves. Although this total comprises recoverables due from nearly one thousand different reinsurance entities, about half is attributable to 10 reinsurer groups.

The net reinsurance recoverables reflect an allowance for uncollectible reinsurance that is based upon the Company's ongoing review of amounts outstanding, reinsurer solvency, the Company's experience, current economic conditions, and other relevant factors. Of the total net recoverables due from reinsurers at December 31, 2015, after deducting mandatory pools and associations and structured settlement balances, \$3.0 billion, or 80%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 99% were rated A- or better. The remaining 20% of net recoverables from reinsurers were comprised of the following: 6% related to the Company's participation in voluntary pools, 10% related to recoverables from captive insurance companies and 4% were balances from other companies not rated by A.M. Best Company. In addition, \$1.1 billion of the net recoverables were collateralized by letters of credit, funds held or trust agreements at December 31, 2015.

(ii) The mandatory pools and associations represent various involuntary assigned risk pools that the Company is required to participate in. These pools principally involve workers' compensation and automobile insurance, which provide various insurance coverages to insureds that otherwise are unable to purchase coverage in the open market. The costs of these mandatory pools in most states are usually charged back to the participating members in proportion to voluntary writings of related business in that state. In the event that a member of the pool becomes insolvent, the remaining members assume an additional pro rata share of the pool's liabilities. Recoverables due from the National Flood Insurance Program are included with mandatory pools.

(iii) Included in reinsurance recoverables are certain amounts related to structured settlements, which comprise annuities purchased from various life insurance companies to settle certain personal physical injury claims, of which workers' compensation claims comprise a significant portion. In cases where the Company did not receive a release from the claimant, the amount due from the life insurance company related to the structured settlement is included in the Company's consolidated balance sheet as a liability and as a reinsurance recoverable, as the Company retains the contingent liability to pay the claimant in the event that the life insurance company fails to make the required annuity payments. The Company would be required to make such payments, to the extent the purchased annuities are not covered by state guaranty associations.

The Company's top five groups by structured settlement is as follows:

| Group | A.M. Best Rating of Group's Predominant Insurer |
|-----------------------------------|--|
| Fidelity and Guaranty Life (1) | B++ fifth highest of 16 ratings |
| MetLife (2) | A+ second highest of 16 ratings |
| Genworth Financial Group | A- fourth highest of 16 ratings |
| John Hancock Group | A+ second highest of 16 ratings |
| Symetra Financial Corporation (3) | A third highest of 16 ratings |

| December 31, 2015 | |
|----------------------|-----|
| \$ | 910 |
| | 408 |
| | 400 |
| | 321 |
| | 226 |

(1) Fidelity and Guaranty Life (FGL) has entered into a definitive merger agreement with Anbang Insurance Group Co., Ltd. whereby Anbang will acquire all of the outstanding shares of FGL. The transaction is expected to close in the second quarter of 2016. A.M. Best's ratings of FGL were placed under review with developing implications following the announcement of the merger agreement. The Company does not have any structured settlements with Anbang.

(2) MetLife Inc. has announced a plan to pursue the separation of a substantial portion of its U.S. Retail segment. MetLife is currently evaluating structural alternatives for such a separation, including a public offering of shares in an independent, publicly-traded company, a spin-off, or a sale. A.M. Best's ratings of MetLife Inc. and its subsidiaries were placed under review with developing implications following the announcement of this plan.

(3) Symetra Financial Corporation has entered into a definitive merger agreement with Sumitomo Life Insurance Company whereby Sumitomo Life will acquire all of the outstanding shares of Symetra. The transaction is expected to close in the first half of 2016. A.M. Best's ratings of Symetra were unchanged following the announcement of the merger agreement. The Company does not have any structured settlements with Sumitomo Life.

The Travelers Companies, Inc.
Net Reserves for Losses and Loss Adjustment Expense

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Statutory Reserves for Losses and Loss Adjustment Expenses | | | | | | | | | | |
| Business and International Insurance | | | | | | | | | | |
| Beginning of period | \$ 34,717 | \$ 34,661 | \$ 34,929 | \$ 34,887 | \$ 34,568 | \$ 33,924 | \$ 33,905 | \$ 33,856 | \$ 34,717 | \$ 34,568 |
| Incurred | 2,132 | 2,397 | 2,310 | 2,103 | 2,216 | 2,187 | 2,182 | 2,073 | 8,942 | 8,658 |
| Paid | (2,109) | (2,231) | (2,170) | (2,300) | (2,616) | (2,291) | (2,075) | (2,173) | (8,810) | (9,155) |
| Foreign exchange and other | (79) | 102 | (182) | (122) | (244) | 85 | (156) | (87) | (281) | (402) |
| End of period | \$ 34,661 | \$ 34,929 | \$ 34,887 | \$ 34,568 | \$ 33,924 | \$ 33,905 | \$ 33,856 | \$ 33,669 | \$ 34,568 | \$ 33,669 |
| Bond & Specialty Insurance | | | | | | | | | | |
| Beginning of period | \$ 3,595 | \$ 3,585 | \$ 3,501 | \$ 3,416 | \$ 3,239 | \$ 3,228 | \$ 3,212 | \$ 3,142 | \$ 3,595 | \$ 3,239 |
| Incurred | 155 | 108 | 152 | 58 | 189 | 191 | 111 | 143 | 473 | 634 |
| Paid | (165) | (192) | (237) | (235) | (200) | (207) | (181) | (255) | (829) | (843) |
| End of period | \$ 3,585 | \$ 3,501 | \$ 3,416 | \$ 3,239 | \$ 3,228 | \$ 3,212 | \$ 3,142 | \$ 3,030 | \$ 3,239 | \$ 3,030 |
| Personal Insurance | | | | | | | | | | |
| Beginning of period | \$ 3,256 | \$ 3,137 | \$ 3,285 | \$ 3,222 | \$ 3,200 | \$ 3,144 | \$ 3,156 | \$ 3,093 | \$ 3,256 | \$ 3,200 |
| Incurred | 980 | 1,261 | 1,006 | 996 | 974 | 1,117 | 1,040 | 1,091 | 4,243 | 4,222 |
| Paid | (1,099) | (1,113) | (1,069) | (1,018) | (1,030) | (1,105) | (1,103) | (1,101) | (4,299) | (4,339) |
| End of period | \$ 3,137 | \$ 3,285 | \$ 3,222 | \$ 3,200 | \$ 3,144 | \$ 3,156 | \$ 3,093 | \$ 3,083 | \$ 3,200 | \$ 3,083 |
| Total | | | | | | | | | | |
| Beginning of period | \$ 41,568 | \$ 41,383 | \$ 41,715 | \$ 41,525 | \$ 41,007 | \$ 40,296 | \$ 40,273 | \$ 40,091 | \$ 41,568 | \$ 41,007 |
| Incurred | 3,267 | 3,766 | 3,468 | 3,157 | 3,379 | 3,495 | 3,333 | 3,307 | 13,658 | 13,514 |
| Paid | (3,373) | (3,536) | (3,476) | (3,553) | (3,846) | (3,603) | (3,359) | (3,529) | (13,938) | (14,337) |
| Foreign exchange and other | (79) | 102 | (182) | (122) | (244) | 85 | (156) | (87) | (281) | (402) |
| End of period | \$ 41,383 | \$ 41,715 | \$ 41,525 | \$ 41,007 | \$ 40,296 | \$ 40,273 | \$ 40,091 | \$ 39,782 | \$ 41,007 | \$ 39,782 |
| Prior Year Reserve Development: Unfavorable (Favorable) | | | | | | | | | | |
| Business and International Insurance | | | | | | | | | | |
| Asbestos | \$ - | \$ - | \$ 250 | \$ - | \$ - | \$ - | \$ 224 | \$ - | \$ 250 | \$ 224 |
| Environmental | - | 87 | - | - | - | 72 | - | - | 87 | 72 |
| All other | (95) | (134) | (271) | (159) | (77) | (175) | (273) | (176) | (659) | (701) |
| Total Business and International Insurance (1) | (95) | (47) | (21) | (159) | (77) | (103) | (49) | (176) | (322) | (405) |
| Bond & Specialty Insurance | | | | | | | | | | |
| | (67) | (124) | (79) | (180) | (35) | (40) | (103) | (80) | (450) | (258) |
| Personal Insurance | | | | | | | | | | |
| | (132) | (12) | (13) | (12) | (131) | (64) | (47) | (36) | (169) | (278) |
| Total | \$ (294) | \$ (183) | \$ (113) | \$ (351) | \$ (243) | \$ (207) | \$ (199) | \$ (292) | \$ (941) | \$ (941) |

(1) Excludes accretion of discount.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Asbestos and Environmental Reserves

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|-------------------|
| Asbestos reserves | | | | | | | | | | |
| Beginning reserves: | | | | | | | | | | |
| Gross | \$ 2,606 | \$ 2,547 | \$ 2,482 | \$ 2,665 | \$ 2,520 | \$ 1,959 | \$ 1,856 | \$ 2,086 | \$ 2,606 | \$ 2,520 |
| Ceded | (256) | (242) | (232) | (220) | (163) | (123) | (122) | (190) | (256) | (163) |
| Net | 2,350 | 2,305 | 2,250 | 2,445 | 2,357 | 1,836 | 1,734 | 1,896 | 2,350 | 2,357 |
| Incurring losses and loss expenses: | | | | | | | | | | |
| Gross | - | - | 258 | - | - | - | 313 | - | 258 | 313 |
| Ceded | - | - | (8) | - | - | - | (89) | - | (8) | (89) |
| Paid loss and loss expenses: | | | | | | | | | | |
| Gross | 59 | 65 | 74 | 145 | 560 | 104 | 83 | 96 | 343 | 843 |
| Ceded | (14) | (10) | (20) | (57) | (40) | (1) | (22) | (10) | (101) | (73) |
| Foreign exchange and other: | | | | | | | | | | |
| Gross | - | - | (1) | - | (1) | 1 | - | (1) | (1) | (1) |
| Ceded | - | - | - | - | - | - | (1) | 1 | - | - |
| Ending reserves: | | | | | | | | | | |
| Gross | 2,547 | 2,482 | 2,665 | 2,520 | 1,959 | 1,856 | 2,086 | 1,989 | 2,520 | 1,989 |
| Ceded | (242) | (232) | (220) | (163) | (123) | (122) | (190) | (179) | (163) | (179) |
| Net | \$ 2,305 | \$ 2,250 | \$ 2,445 | \$ 2,357 | \$ 1,836 | \$ 1,734 | \$ 1,896 | \$ 1,810 | \$ 2,357 | \$ 1,810 |
| Environmental reserves | | | | | | | | | | |
| Beginning reserves: | | | | | | | | | | |
| Gross | \$ 355 | \$ 331 | \$ 396 | \$ 375 | \$ 353 | \$ 341 | \$ 406 | \$ 393 | \$ 355 | \$ 353 |
| Ceded | (11) | (11) | (14) | (11) | (7) | (6) | (15) | (15) | (11) | (7) |
| Net | 344 | 320 | 382 | 364 | 346 | 335 | 391 | 378 | 344 | 346 |
| Incurring losses and loss expenses: | | | | | | | | | | |
| Gross | - | 94 | - | - | - | 81 | - | - | 94 | 81 |
| Ceded | - | (7) | - | - | - | (9) | - | - | (7) | (9) |
| Paid loss and loss expenses: | | | | | | | | | | |
| Gross | 24 | 29 | 20 | 22 | 11 | 15 | 13 | 17 | 95 | 56 |
| Ceded | - | (4) | (3) | (4) | (1) | - | - | - | (11) | (1) |
| Foreign exchange and other: | | | | | | | | | | |
| Gross | - | - | (1) | - | (1) | (1) | - | (1) | (1) | (3) |
| Ceded | - | - | - | - | - | - | - | 1 | - | 1 |
| Ending reserves: | | | | | | | | | | |
| Gross | 331 | 396 | 375 | 353 | 341 | 406 | 393 | 375 | 353 | 375 |
| Ceded | (11) | (14) | (11) | (7) | (6) | (15) | (15) | (14) | (7) | (14) |
| Net | \$ 320 | \$ 382 | \$ 364 | \$ 346 | \$ 335 | \$ 391 | \$ 378 | \$ 361 | \$ 346 | \$ 361 |

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc. Capitalization

(\$ in millions)



Debt

Short-term debt

| | |
|--|--|
| Commercial paper | |
| 6.25% Senior notes due June 20, 2016 (1) | |
| 5.50% Senior notes due December 1, 2015 | |
| Total short-term debt | |

Long-term debt

| | |
|--|--|
| 6.25% Senior notes due June 20, 2016 (1) | |
| 5.75% Senior notes due December 15, 2017 (1) | |
| 5.80% Senior notes due May 15, 2018 (1) | |
| 5.90% Senior notes due June 2, 2019 (1) | |
| 3.90% Senior notes due November 1, 2020 (1) | |
| 7.75% Senior notes due April 15, 2026 | |
| 7.625% Junior subordinated debentures due December 15, 2027 | |
| 6.375% Senior notes due March 15, 2033 (1) | |
| 6.75% Senior notes due June 20, 2036 (1) | |
| 6.25% Senior notes due June 15, 2037 (1) | |
| 5.35% Senior notes due November 1, 2040 (1) | |
| 4.60% Senior notes due August 1, 2043 (1) | |
| 4.30% Senior notes due August 25, 2045 (1) | |
| 8.50% Junior subordinated debentures due December 15, 2045 | |
| 8.312% Junior subordinated debentures due July 1, 2046 | |
| 6.25% Fixed-to-floating rate junior subordinated debentures due March 15, 2067 (1) | |
| Total long-term debt | |

Unamortized fair value adjustment

Unamortized debt issuance costs

Total debt

Common equity (excluding net unrealized investment gains, net of tax)

Total capital (excluding net unrealized investment gains, net of tax)

Total debt to capital (excluding net unrealized investment gains, net of tax)

| | December 31, 2015 | December 31, 2014 |
|--|----------------------|----------------------|
| | \$ 100 | \$ 100 |
| | 400 | - |
| | - | 400 |
| | <u>500</u> | <u>500</u> |
| | | |
| | - | 400 |
| | 450 | 450 |
| | 500 | 500 |
| | 500 | 500 |
| | 500 | 500 |
| | 200 | 200 |
| | 125 | 125 |
| | 500 | 500 |
| | 400 | 400 |
| | 800 | 800 |
| | 750 | 750 |
| | 500 | 500 |
| | 400 | - |
| | 56 | 56 |
| | 73 | 73 |
| | 107 | 107 |
| | <u>5,861</u> | <u>5,861</u> |
| | 49 | 50 |
| | (66) | (62) |
| | <u>5,844</u> | <u>5,849</u> |
| | <u>6,344</u> | <u>6,349</u> |
| | | |
| | 22,309 | 22,870 |
| | <u>\$ 28,653</u> | <u>\$ 29,219</u> |
| | 22.1% | 21.7% |

(1) Redeemable anytime with "make-whole" premium.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Statutory Capital and Surplus to GAAP Shareholders' Equity Reconciliation



(\$ in millions)

| | <u>December 31, 2015 (1)</u> | <u>December 31, 2014</u> |
|--------------------------------------|----------------------------------|------------------------------|
| Statutory capital and surplus | \$ 20,567 | \$ 21,049 |
| GAAP adjustments | | |
| Goodwill and intangible assets | 3,687 | 3,750 |
| Investments | 2,258 | 3,315 |
| Noninsurance companies | (4,688) | (4,635) |
| Deferred acquisition costs | 1,849 | 1,835 |
| Deferred federal income tax | (1,269) | (1,672) |
| Current federal income tax | (23) | (47) |
| Reinsurance recoverables | 109 | 117 |
| Furniture, equipment & software | 672 | 662 |
| Agents balances | 153 | 145 |
| Other | 283 | 317 |
| | <u>3,031</u> | <u>3,787</u> |
| GAAP shareholders' equity | <u>\$ 23,598</u> | <u>\$ 24,836</u> |

(1) Estimated and Preliminary

See Glossary of Financial Measures and Description of Reportable Business Segments on page 35.

The Travelers Companies, Inc.
Statement of Cash Flows - Preliminary

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|---|------------|------------|--------------|------------|------------|------------|----------------|------------|-------------------|-------------------|
| Cash flows from operating activities | | | | | | | | | | |
| Net income | \$ 1,052 | \$ 683 | \$ 919 | \$ 1,038 | \$ 833 | \$ 812 | \$ 928 | \$ 866 | \$ 3,692 | \$ 3,439 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | | | | | |
| Net realized investment (gains) losses | (1) | (16) | (40) | (22) | (10) | (10) | (15) | 32 | (79) | (3) |
| Depreciation and amortization | 227 | 215 | 211 | 211 | 225 | 204 | 191 | 198 | 864 | 818 |
| Deferred federal income tax expense | 153 | (22) | (38) | 28 | 133 | 9 | (37) | 12 | 121 | 117 |
| Amortization of deferred acquisition costs | 950 | 965 | 984 | 983 | 963 | 963 | 987 | 972 | 3,882 | 3,885 |
| Equity in income from other investments | (139) | (118) | (155) | (74) | (43) | (91) | (80) | (4) | (486) | (218) |
| Premiums receivable | (189) | (274) | 129 | 127 | (258) | (228) | 186 | 115 | (207) | (185) |
| Reinsurance recoverables | 106 | 100 | 197 | (3) | 69 | 194 | (16) | 25 | 400 | 272 |
| Deferred acquisition costs | (986) | (1,003) | (1,004) | (933) | (987) | (1,004) | (1,007) | (922) | (3,926) | (3,920) |
| Claims and claim adjustment expense reserves | (209) | 149 | (238) | (406) | (561) | (265) | (48) | (201) | (704) | (1,075) |
| Unearned premium reserves | 94 | 141 | 144 | (306) | 185 | 177 | 180 | (294) | 73 | 248 |
| Other | (355) | (195) | 731 | (118) | (350) | (85) | 530 | (39) | 63 | 56 |
| Net cash provided by operating activities | 703 | 625 | 1,840 | 525 | 199 | 676 | 1,799 | 760 | 3,693 | 3,434 |
| Cash flows from investing activities | | | | | | | | | | |
| Proceeds from maturities of fixed maturities | 2,312 | 2,603 | 3,060 | 2,919 | 2,830 | 2,484 | 3,491 | 2,311 | 10,894 | 11,116 |
| Proceeds from sales of investments: | | | | | | | | | | |
| Fixed maturities | 406 | 379 | 142 | 122 | 906 | 320 | 329 | 395 | 1,049 | 1,950 |
| Equity securities | 36 | 59 | 33 | 30 | 11 | 17 | 10 | 21 | 158 | 59 |
| Real estate investments | 1 | 4 | - | 10 | 7 | 3 | 5 | 16 | 15 | 31 |
| Other investments | 167 | 171 | 274 | 243 | 146 | 208 | 151 | 208 | 855 | 713 |
| Purchases of investments: | | | | | | | | | | |
| Fixed maturities | (2,715) | (2,734) | (2,788) | (3,088) | (3,325) | (2,914) | (3,733) | (2,118) | (11,325) | (12,090) |
| Equity securities | (18) | (22) | (7) | (5) | (8) | (14) | (9) | (18) | (52) | (49) |
| Real estate investments | (9) | (27) | (5) | (7) | (6) | (63) | (47) | (7) | (48) | (123) |
| Other investments | (113) | (113) | (180) | (148) | (168) | (107) | (114) | (145) | (554) | (534) |
| Net sales (purchases) of short-term securities | (160) | 220 | (1,223) | 665 | (134) | 567 | (1,215) | 456 | (498) | (326) |
| Securities transactions in course of settlement | 240 | (36) | (85) | (37) | 305 | (122) | (80) | (216) | 82 | (113) |
| Acquisitions, net of cash acquired | (12) | - | - | - | - | - | - | (13) | (12) | (13) |
| Other | (60) | (92) | (110) | (96) | (90) | (88) | (44) | (82) | (358) | (304) |
| Net cash provided by (used in) investing activities | 75 | 412 | (889) | 608 | 474 | 291 | (1,256) | 808 | 206 | 317 |

The Travelers Companies, Inc.
Statement of Cash Flows - Preliminary (Continued)

(\$ in millions)



| | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | YTD 4Q 2014 | YTD 4Q 2015 |
|---|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|-------------------|-------------------|
| Cash flows from financing activities | | | | | | | | | | |
| Treasury stock acquired - share repurchase authorization | (650) | (875) | (750) | (1,000) | (600) | (800) | (750) | (1,000) | (3,275) | (3,150) |
| Treasury stock acquired - net employee share-based compensation | (54) | (1) | (1) | (1) | (71) | (1) | (1) | (1) | (57) | (74) |
| Dividends paid to shareholders | (176) | (189) | (184) | (180) | (177) | (192) | (188) | (182) | (729) | (739) |
| Payment of debt | - | - | - | - | - | - | - | (400) | - | (400) |
| Issuance of debt | - | - | - | - | - | - | 392 | - | - | 392 |
| Issuance of common stock - employee share options | 57 | 65 | 32 | 41 | 90 | 27 | 25 | 41 | 195 | 183 |
| Excess tax benefits from share-based payment arrangements | 13 | 11 | 14 | 19 | 27 | 4 | 11 | 13 | 57 | 55 |
| Net cash used in financing activities | (810) | (989) | (889) | (1,121) | (731) | (962) | (511) | (1,529) | (3,809) | (3,733) |
| Effect of exchange rate changes on cash | (2) | 3 | (6) | (5) | (8) | 4 | (5) | (3) | (10) | (12) |
| Net increase (decrease) in cash | (34) | 51 | 56 | 7 | (66) | 9 | 27 | 36 | 80 | 6 |
| Cash at beginning of period | 294 | 260 | 311 | 367 | 374 | 308 | 317 | 344 | 294 | 374 |
| Cash at end of period | <u>\$ 260</u> | <u>\$ 311</u> | <u>\$ 367</u> | <u>\$ 374</u> | <u>\$ 308</u> | <u>\$ 317</u> | <u>\$ 344</u> | <u>\$ 380</u> | <u>\$ 374</u> | <u>\$ 380</u> |
| Income taxes paid | \$ 93 | \$ 634 | \$ 58 | \$ 362 | \$ 126 | \$ 471 | \$ 285 | \$ 325 | \$ 1,147 | \$ 1,207 |
| Interest paid | \$ 34 | \$ 149 | \$ 34 | \$ 148 | \$ 34 | \$ 149 | \$ 34 | \$ 148 | \$ 365 | \$ 365 |

The Travelers Companies, Inc.
Financial Supplement - Fourth Quarter 2015
Glossary of Financial Measures and Description of Reportable Business Segments



The following measures are used by the Company's management to evaluate financial performance against historical results and establish targets on a consolidated basis. In some cases, these measures are considered non-GAAP financial measures under applicable SEC rules because they are not displayed as separate line items in the consolidated financial statements or are not required to be disclosed in the notes to financial statements or, in some cases, include or exclude certain items not ordinarily included or excluded in the most comparable GAAP financial measure.

In the opinion of the Company's management, a discussion of these measures provides investors, financial analysts, rating agencies and other financial statement users with a better understanding of the significant factors that comprise the Company's periodic results of operations and how management evaluates the Company's financial performance. Internally, the Company's management uses these measures to evaluate performance against historical results and establish financial targets on a consolidated basis.

Some of these measures exclude net realized investment gains (losses), net of tax, and/or net unrealized investment gains (losses), net of tax, which can be significantly impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends.

Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by the Company's management.

Operating income (loss) is net income (loss) excluding the after-tax impact of net realized investment gains (losses). Management uses operating income (loss) to analyze each segment's performance and as a tool in making business decisions. Financial statement users also consider operating income when analyzing the results and trends of insurance companies. **Operating earnings (loss) per share** is operating income (loss) on a per common share basis.

Average shareholders' equity is (a) the sum of total shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two. **Adjusted shareholders' equity** is shareholders' equity excluding net unrealized investment gains (losses), net of tax, and net realized investment gains (losses), net of tax, for the period presented. **Adjusted average shareholders' equity** is (a) the sum of total adjusted shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two.

Return on equity is the ratio of annualized net income (loss) to average shareholders' equity for the periods presented. **Operating return on equity** is the ratio of annualized operating income (loss) to adjusted average shareholders' equity for the periods presented. In the opinion of the Company's management, these are important indicators of how well management creates value for its shareholders through its operating activities and its capital management.

Underwriting gain (loss) is net earned premiums and fee income less claims and claim adjustment expenses and insurance-related expenses. In the opinion of the Company's management, it is important to measure the profitability of each segment excluding the results of investing activities, which are managed separately from the insurance business. This measure is used to assess each segment's business performance and as a tool in making business decisions.

A **catastrophe** is a severe loss, resulting from a variety of events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis and volcanic eruptions. Catastrophes can also result from a terrorist attack (including those involving nuclear, biological, chemical or radiological events), explosions, infrastructure failures or as a consequence of political instability. Each catastrophe has unique characteristics and catastrophes are not predictable as to timing or amount. Their effects are included in net and operating income and claims and claim adjustment expense reserves upon occurrence. A catastrophe may result in the payment of reinsurance reinstatement premiums and assessments from various pools. In the opinion of the Company's management, a discussion of the impact of catastrophes is meaningful to users of the financial statements to understand the Company's periodic earnings and the variability in periodic earnings caused by the unpredictable nature of catastrophes.

Net favorable (unfavorable) prior year loss reserve development is the increase or decrease in incurred claims and claim adjustment expenses as a result of the re-estimation of claims and claim adjustment expense reserves at successive valuation dates for a given group of claims, which may be related to one or more prior years. In the opinion of the Company's management, a discussion of loss reserve development is meaningful to users of the financial statements as it allows them to assess the impact between prior and current year development on incurred claims and claim adjustment expenses, net and operating income (loss), and changes in claims and claim adjustment expense reserve levels from period to period.

Combined ratio For Statutory Accounting Practices (SAP), the combined ratio is the sum of the SAP loss and LAE ratio and the SAP underwriting expense ratio as defined in the statutory financial statements required by insurance regulators. The combined ratio, as used in this financial supplement, is the equivalent of, and is calculated in the same manner as, the SAP combined ratio except that the SAP underwriting expense ratio is based on net *written* premium and the underwriting expense ratio as used in this financial supplement is based on net *earned* premiums. For SAP, the loss and LAE ratio is the ratio of incurred losses and loss adjustment expenses less certain administrative services fee income to net earned premiums as defined in the statutory financial statements required by insurance regulators. The loss and LAE ratio as used in this financial supplement is calculated in the same manner as the SAP ratio. For SAP, the underwriting expense ratio is the ratio of underwriting expenses incurred (including commissions paid), less certain administrative services fee income and billing and policy fees, to net *written* premiums as defined in the statutory financial statements required by insurance regulators. The underwriting expense ratio as used in this financial supplement, is the ratio of underwriting expenses (including the amortization of deferred acquisition costs), less certain administrative services fee income and billing and policy fees, to net *earned* premiums.

The combined ratio, loss and LAE ratio, and underwriting expense ratio are used as indicators of the Company's underwriting discipline, efficiency in acquiring and servicing its business and overall underwriting profitability. A combined ratio under 100% generally indicates an underwriting profit. A combined ratio over 100% generally indicates an underwriting loss.

Other companies' method of computing similarly titled measures may not be comparable to the Company's method of computing these ratios.

Combined ratio excluding the incremental impact of the direct to consumer initiative is the combined ratio adjusted to exclude the direct, variable impact of the Company's direct-to-consumer initiative in Personal Insurance. In the opinion of the Company's management, this is useful in an analysis of the profitability of the Company's ongoing agency business.

Gross written premiums reflect the direct and assumed contractually determined amounts charged to policyholders for the effective period of the contract based on the terms and conditions of the insurance contract. **Net written premiums** reflect gross written premiums less premiums ceded to reinsurers.

Book value per share is total common shareholders' equity divided by the number of common shares outstanding. **Adjusted book value per share** is total common shareholders' equity excluding the after-tax impact of net unrealized investment gains and losses, divided by the number of common shares outstanding. In the opinion of the Company's management, adjusted book value per share is useful in an analysis of a property casualty company's book value per share as it removes the effect of changing prices on invested assets, (i.e., net unrealized investment gains (losses), net of tax) which do not have an equivalent impact on unpaid claims and claim adjustment expense reserves.

Total capital is the sum of total shareholders' equity and debt. **Debt-to-capital ratio excluding net unrealized gain (loss) on investments** is the ratio of debt to total capital excluding the after-tax impact of net unrealized investment gains and losses. In the opinion of the Company's management, the debt to capital ratio is useful in an analysis of the Company's financial leverage.

Statutory capital and surplus represents the excess of an insurance company's admitted assets over its liabilities, including loss reserves, as determined in accordance with statutory accounting practices.

Travelers has organized its businesses into the following reportable business segments:

Business and International Insurance - The Business and International Insurance segment offers a broad array of property and casualty insurance and insurance related services to its clients, primarily in the United States and in Canada, as well as in the United Kingdom, the Republic of Ireland, Brazil and throughout other parts of the world as a corporate member of Lloyd's. Business and International Insurance is organized as follows: Select Accounts; Middle Market including Commercial Accounts, Construction, Technology, Public Sector Services, Oil & Gas, Excess Casualty and Global Partner Services; National Accounts; First Party including National Property, Inland Marine, Ocean Marine and Boiler & Machinery; Specialized Distribution including Northland, National Programs, and Agribusiness; and International. Business and International Insurance also includes the Special Liability Group (which manages the Company's asbestos and environmental liabilities) and the assumed reinsurance and certain other runoff operations, which are collectively referred to as Business and International Insurance Other.

Bond & Specialty Insurance - The Bond & Specialty Insurance segment provides surety, crime, management and professional liability, and cyber risk coverages and related risk management services to a wide range of primarily domestic customers, utilizing various degrees of financially-based underwriting approaches. The range of coverages includes performance, payment and commercial surety and fidelity bonds for construction and general commercial enterprises; management liability coverages for losses caused by the actual or alleged negligence or misconduct of directors and officers or employee dishonesty; employment practices liability coverages and fiduciary coverages for public corporations, private companies and not-for-profit organizations; professional liability coverage for actual or alleged errors and omissions committed in the course of professional conduct or practice for a variety of professionals including, among others, lawyers and design professionals; and professional and management liability, property, workers' compensation, auto and general liability and fidelity insurance for financial institutions.

Personal Insurance - The Personal Insurance segment writes a broad range of property and casualty insurance covering individuals' personal risks. The primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.