# Second Quarter 2009 Results

## July 30, 2009

# Explanatory Note

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

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

For a more detailed discussion of these factors, see the information under the caption "Risk Factors" in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent annual report on Form 10-K and our quarterly report on Form 10-Q for the second quarter ended June 30, 2009 filed with the Securities and Exchange Commission.

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

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

# Long-term Financial Strategy

Meaningful and sustainable competitive advantages → Generation of top tier earnings and capital substantially in excess of growth needs → Balanced approach to rightsizing capital and growing book value per share over time

**Create Shareholder Value**

**Objective: Mid-Teens ROE Over Time**

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# Second Quarter 2009 Highlights

- Operating income of $732 million, or $1.25 per diluted share
  - Consolidated GAAP combined ratio of 93.2%
  - Net favorable prior year reserve development of $170 million after-tax ($261 million pre-tax)
  - Catastrophes of $130 million after-tax ($200 million pre-tax)
- Return on equity and operating return on equity of 11.1% and 11.3%, respectively
- Net written premiums of $5.605 billion, compared to $5.629 billion in the prior year quarter

# Second Quarter 2009 Highlights

- Book value per share of $47.29 and adjusted book value (which excludes FAS 115) per share of $45.76
  - Increased 5% and 4%, respectively, from March 31, 2009 after repurchasing 18.5 million common shares under the company's share repurchase authorization for a total cost of $750 million and paying common stock dividends of $172 million
  - Increased 9% and 5%, respectively, from June 30, 2008 after repurchasing 27.4 million common shares under the company's share repurchase authorization for a total cost of $1.122 billion and paying common stock dividends of $703 million
- All financial strength indicators at or better than target levels
  - Debt to capital ratio of 20.0% (excluding FAS 115)
  - Holding company liquidity of $3.337 billion

# Illustrative Road Map to Mid-Teens ROE

| | | |
|---|---|---|
| Current quarter operating ROE | | 11.3% |
| Effect of: | | |
| Eliminating excess cash at holding company | | 1.0% |
| Returning to a higher short-term yield of 2.5% after-tax | 0.4% | |
| Returning to a higher yield of 7% after-tax on non-fixed income investment portfolio | 1.5% | 1.9% |
| Illustrative operating ROE | | 14.2% |

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# Very Strong Financial Position

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

| | Jun. 30, 2009 | | Dec. 31, 2008 | |
|---|---|---|---|---|
| **Debt** | $ | 6,532 | $ | 6,181 |
| **Preferred equity** | | 83 | | 89 |
| **Common equity** [1] | | 25,972 | | 25,374 |
| **Total capital** [1] | $ | 32,587 | $ | 31,644 |
| ***Debt to capital*** [1] | | *20.0%* | | *19.5%* |
| **Common shares outstanding** | | 567.5 | | 585.1 |
| **Book value per common share** | $ | 47.29 | $ | 43.12 |
| **Adjusted book value per common share** [1] | $ | 45.76 | $ | 43.37 |
| **Tangible book value per common share** [1] | $ | 38.84 | $ | 36.58 |
| **Statutory surplus** | $ | 21,267 | $ | 21,491 |
| **Holding company liquidity** | $ | 3,337 | $ | 2,146 |

[1] Excludes FAS 115

## Capital

- At or above target levels for all rating agencies
- Continued to generate excess capital and repurchase shares
  - $750 million of share repurchases in 2Q 2009

## Leverage

- Debt to capital ratio of 20.0% is at target level
  - Successfully issued $500 million public offering of 5.90% 10-year senior notes
- Low level of maturing debt
  - 2009 $ 2 million
  - 2010 $273 million
  - 2011 $ 11 million

  Can self-fund all maturing debt

## Liquidity

- Holding company liquidity was 3 times the company's target level

## Very high credit quality investment portfolio

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# Unrealized Gross Investment Losses for Securities with Fair Value of Less Than 80% of Amortized Cost

*($ in millions)*

| At June 30, 2009 | Less than 3 months | Greater than 3 months, Less than 6 months | Greater than 6 months, Less than 12 months | Greater than 12 months | Total |
|---|---|---|---|---|---|
| **Fixed maturities:** | | | | | |
| Mortgage-backed securities | $ 8 | $ 26 | $ 166 | $ - | $ 200 |
| Other | 13 | 36 | 104 | 6 | 159 |
| **Total fixed maturities** | 21 | 62 | 270 | 6 | 359 |
| **Equity securities** | 1 | 12 | 2 | - | 15 |
| **Total** | $ 22 | $ 74 | $ 272 | $ 6 | $ 374 |
| ***% of total invested assets*** | *- %* | *- %* | *- %* | *- %* | *1%* |

| At March 31, 2009 | Less than 3 months | Greater than 3 months, Less than 6 months | Greater than 6 months, Less than 12 months | Greater than 12 months | Total |
|---|---|---|---|---|---|
| Fixed maturities | $ 225 | $ 305 | $ 95 | $ - | $ 625 |
| Equity securities | 18 | 30 | - | - | 48 |
| **Total** | $ 243 | $ 335 | $ 95 | $ - | $ 673 |
| ***% of total invested assets*** | *- %* | *1%* | *- %* | *- %* | *1%* |

Note: The table summarizes, for all fixed maturities and equity securities available for sale and for equity securities reported at fair value for which fair value is less than 80% of amortized cost at June 30, 2009 and at March 31, 2009, the gross unrealized investment loss by length of time those securities have continuously been in an unrealized loss position of greater than 20% of amortized cost.

# Consolidated Performance

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

| | Second Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| **Operating income** | **$ 732** | **$ 918** | **(20) %** | **$ 1,531** | **$ 1,926** | **(21) %** |
| *per diluted share* | *$ 1.25* | *$ 1.50* | *(17) %* | *$ 2.60* | *$ 3.11* | *(16) %* |
| Included the following items: | | | | | | |
| Net favorable prior year reserve development | $ 170 | $ 340 | | $ 338 | $ 601 | |
| Catastrophes, net of reinsurance | (130) | (231) | | (184) | (293) | |
| Resolution of prior year tax matters | 19 | - | | 88 | - | |
| **Total Items** | **$ 59** | **$ 109** | | **$ 242** | **$ 308** | |
| Loss and loss adjustment ratio | 61.4 % | 57.0 % | | 60.5 % | 56.3 % | |
| Underwriting expense ratio | 31.8 | 32.3 | | 31.4 | 32.2 | |
| **GAAP combined ratio [1]** | **93.2 %** | **89.3 %** | **(3.9) pts** | **91.9 %** | **88.5 %** | **(3.4) pts** |
| *GAAP combined ratio excluding incremental impact of direct to consumer initiative* | *92.6 %* | *89.2 %* | | *91.3 %* | *88.3 %* | |
| Net favorable prior year reserve development | 4.9 | 9.8 | | 4.9 | 8.6 | |
| Catastrophes, net of reinsurance | (3.7) | (6.6) | | (2.7) | (4.2) | |
| **Adjusted GAAP combined ratio** | **94.4 %** | **92.5 %** | **(1.9) pts** | **94.1 %** | **92.9 %** | **(1.2) pts** |

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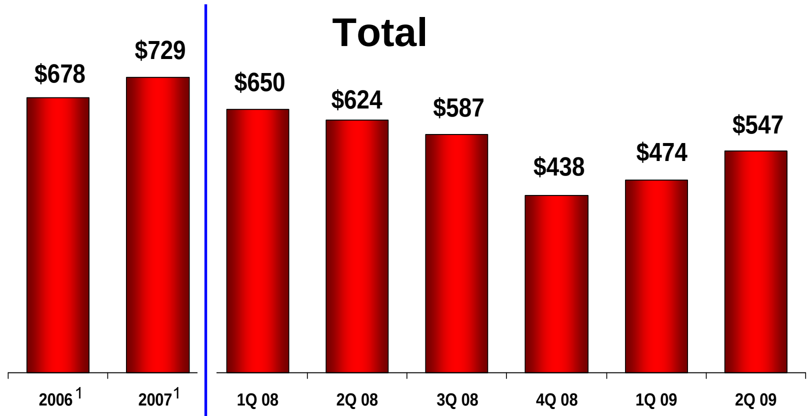
[1] A benefit to the reported GAAP combined ratio is indicated as a positive item, and a charge is indicated as a negative item.

# Net Investment Income

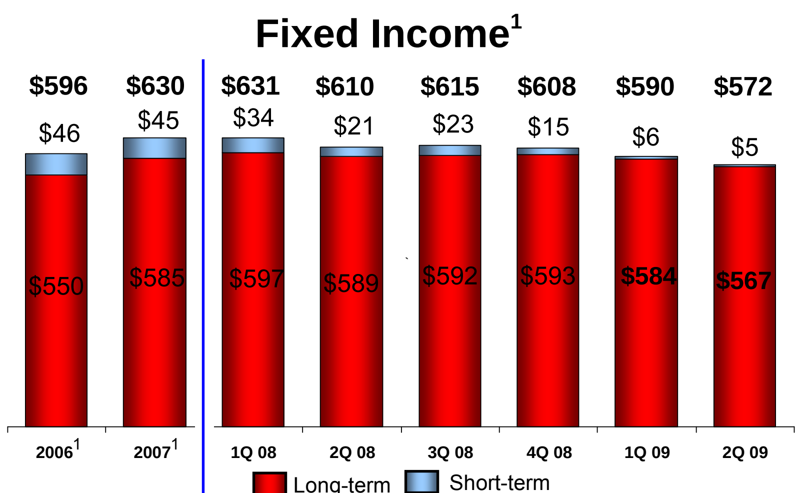
*($ in millions, after-tax)*




| After-tax yield | 2006[1] | 2007[1] | 1Q 08 | 2Q 08 | 3Q 08 | 4Q 08 | 1Q 09 | 2Q 09 |
|---|---|---|---|---|---|---|---|---|
| | 3.8% | 3.9% | 3.5% | 3.4% | 3.2% | 2.4% | 2.6% | 3.0% |

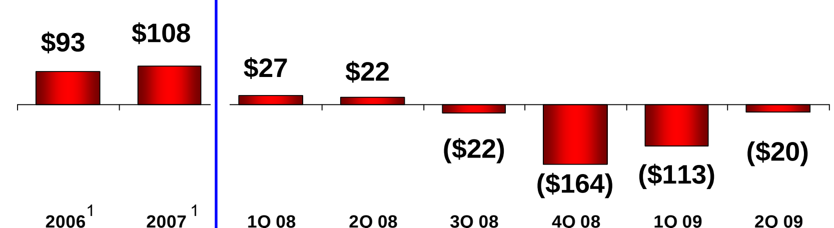
- Long-term fixed income portfolio continued to produce steady returns
- Short-term portion of fixed income portfolio impacted by very low interest rates
- Non-fixed income portfolio, (primarily private equity funds, real estate partnerships and hedge funds) produced a smaller loss than in recent quarters

## Fixed Income[1]




| After-tax yield | 2006[1] | 2007[1] | 1Q 08 | 2Q 08 | 3Q 08 | 4Q 08 | 1Q 09 | 2Q 09 |
|---|---|---|---|---|---|---|---|---|
| **Total** | 3.6% | 3.6% | 3.6% | 3.5% | 3.5% | 3.5% | 3.4% | 3.3% |
| **Short-term** | 3.6% | 3.8% | 2.6% | 1.7% | 1.7% | 1.1% | 0.4% | 0.3% |
| **Long-term** | 3.6% | 3.6% | 3.7% | 3.6% | 3.7% | 3.7% | 3.7% | 3.6% |

## Non-Fixed Income[1]




| After-tax yield | 2006[1] | 2007[1] | 1Q 08 | 2Q 08 | 3Q 08 | 4Q 08 | 1Q 09 | 2Q 09 |
|---|---|---|---|---|---|---|---|---|
| **Total** | 8.5% | 9.7% | 2.4% | 2.0% | (1.9%) | (14.9%) | (11.1%) | (2.1%) |

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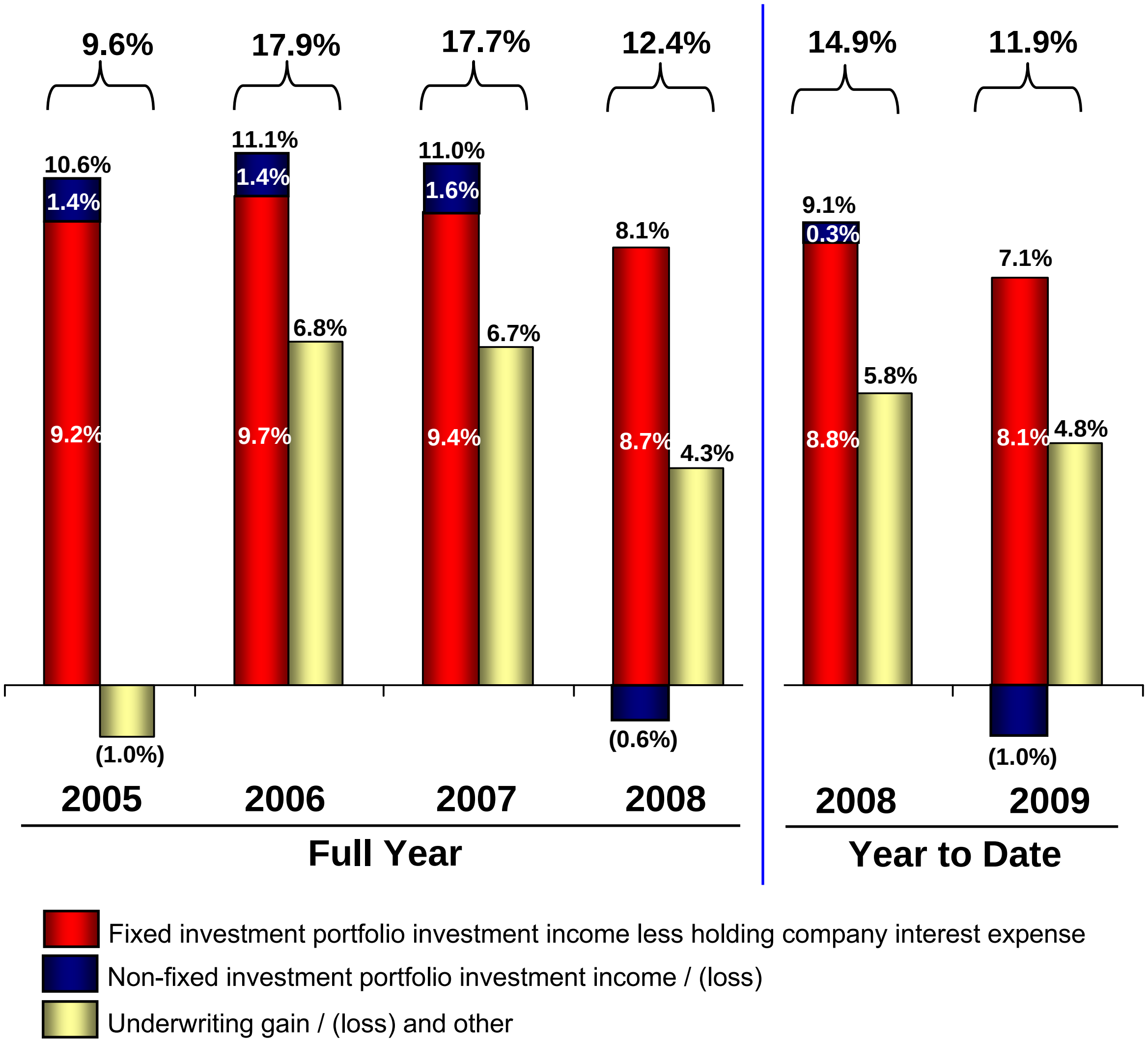
[1] 2006 and 2007 data equals quarterly average
[2] Excludes investment expenses

# Components of Operating Return on Equity




- For the first six months of 2009, investment income from the fixed income portfolio, net of interest expense on holding company debt, contributed 8.1 points to the operating return on equity, down due to lower short-term interest rates
- For the first six months of 2009, underwriting income contributed 4.8 points to the operating return on equity, including catastrophe losses and net favorable prior year reserve development
- From January 1, 2005 through June 30, 2009, average annual operating return on equity of approximately 14.2%

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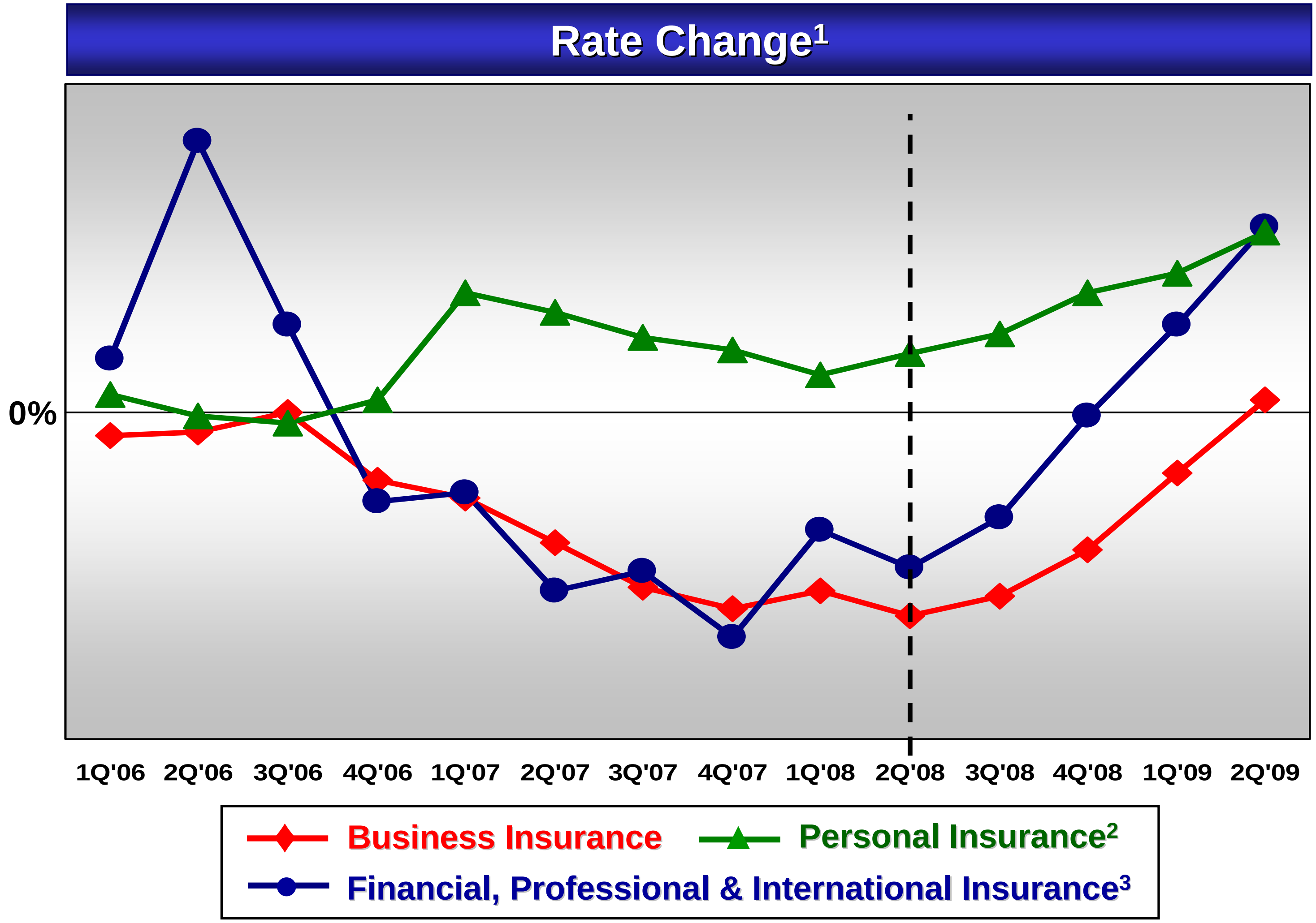
# Positive Rate Change in Each Business Segment




[1] Each percentage represents the estimated change in average premium on policies that renew, excluding exposure changes, versus the average premium on those same policies for their prior term.

[2] 2006 data excludes New Jersey and Massachusetts.

[3] Excludes surety line of business as surety products are sold on a non-recurring, project specific basis.

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

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# Business Insurance - Performance

*($ in millions)*

| | Second Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| **Operating income** | **$ 560** | **$ 658** | **(15) %** | **$ 1,107** | **$ 1,341** | **(17) %** |
| Loss and loss adjustment ratio | 57.6 % | 54.7 % | | 57.7 % | 54.5 % | |
| Underwriting expense ratio | 32.2 | 32.4 | | 31.7 | 32.4 | |
| **GAAP combined ratio** [1] | **89.8 %** | **87.1 %** | **(2.7) pts** | **89.4 %** | **86.9 %** | **(2.5) pts** |
| Net favorable prior year reserve development | 7.8 | 12.8 | | 7.2 | 12.0 | |
| Catastrophes, net of reinsurance | (2.1) | (6.6) | | (1.3) | (4.4) | |
| **Adjusted GAAP combined ratio** | **95.5 %** | **93.3 %** | **(2.2) pts** | **95.3 %** | **94.5 %** | **(0.8) pts** |
| **Net Written Premiums** | | | | | | |
| Select Accounts | $ 732 | $ 724 | | $ 1,463 | $ 1,432 | |
| Commercial Accounts | 564 | 550 | | 1,274 | 1,223 | |
| National Accounts | 227 | 241 | | 486 | 487 | |
| Industry-Focused Underwriting | 581 | 584 | | 1,198 | 1,197 | |
| Target Risk Underwriting | 458 | 445 | | 880 | 868 | |
| Specialized Distribution | 247 | 259 | | 469 | 503 | |
| **Business Insurance Core** | **2,809** | **2,803** | **- %** | **5,770** | **5,710** | **1 %** |
| Business Insurance Other | 4 | 2 | | 6 | 6 | |
| **Total Business Insurance** | **$ 2,813** | **$ 2,805** | **- %** | **$ 5,776** | **$ 5,716** | **1 %** |

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

# Business Insurance - Illustrative Business Statistics

## Retention

| | 2008 | | | | 2009 | |
|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Select Accounts | 81% | 80% | 82% | 81% | 82% | **80%** |
| Commercial Accounts | 86% | 85% | 86% | 88% | 88% | **85%** |
| Other Business Insurance [1] | 82% | 82% | 83% | 82% | 82% | **81%** |

**Retention remains high**

## Renewal Premium Change [2]

| | 2008 | | | | 2009 | |
|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Select Accounts | 1% | 1% | -% | (1%) | -% | **1%** |
| Commercial Accounts | (3%) | (4%) | (4%) | (4%) | (4%) | **(3%)** |
| Other Business Insurance [1] | (5%) | (7%) | (5%) | (5%) | (3%) | **(3%)** |

**Renewal premium change improved from recent quarters**

[1] Includes Industry-Focused Underwriting, Target-Risk Underwriting and Specialized Distribution.

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

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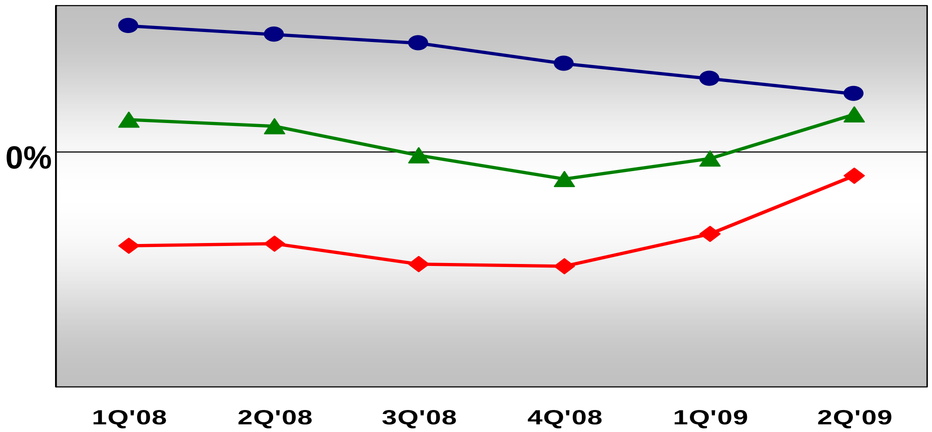
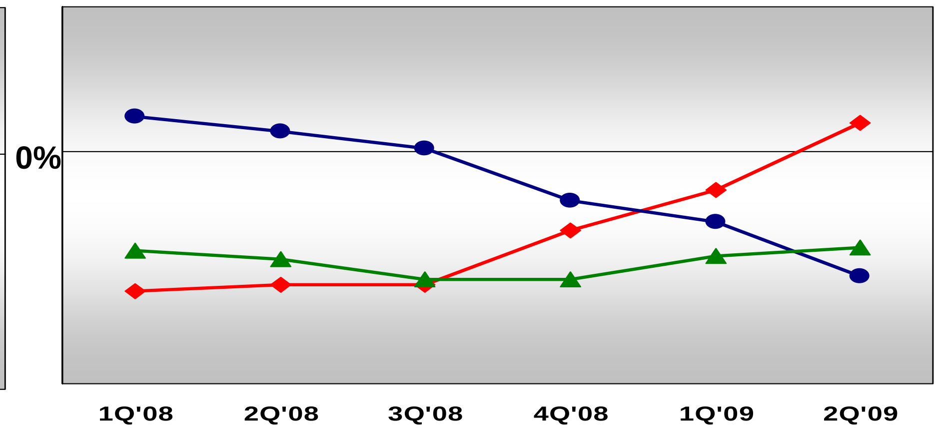
Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.

# Renewal Premium Change: Rate Versus Exposure/Other

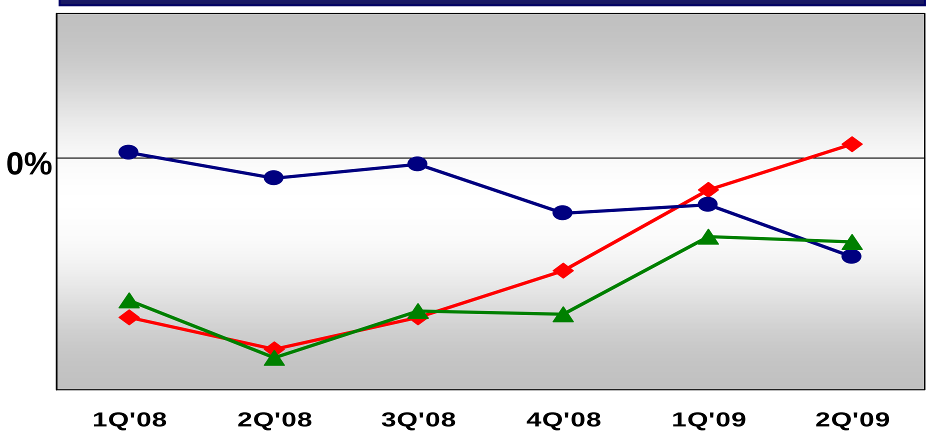
## Select Accounts




## Commercial Accounts




## Other Business Insurance[1]




Rate[2] %

Exposure/Other %

Renewal Premium Change[3] %

[1] Includes Industry-Focused Underwriting, Target Risk Underwriting and Specialized Distribution.

[2] Each percentage represents the estimated change in average premium on policies that renew, excluding exposure changes, versus the average premium on those same policies for their prior term.

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

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

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# Business Insurance - Illustrative Business Statistics

*($ in millions)*

## New Business

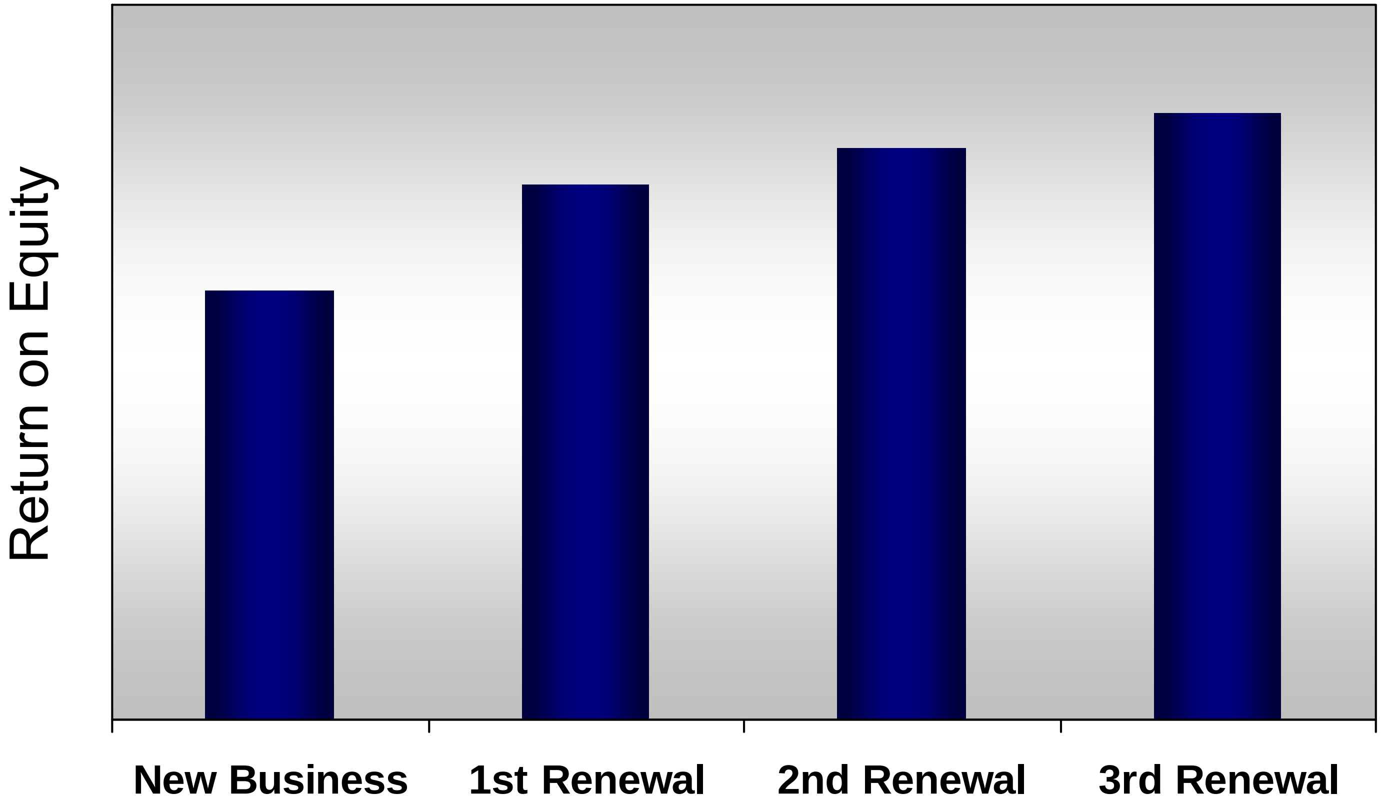
| | 2008 | | | | 2009 | |
|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Select Accounts | $ 127 | $ 133 | $ 141 | $ 139 | $ 151 | **$ 154** |
| Commercial Accounts | 142 | 116 | 115 | 118 | 137 | **147** |
| Other Business Insurance [1] | 304 | 292 | 281 | 237 | 280 | **310** |
| **Total** | **$ 573** | **$ 541** | **$ 537** | **$ 494** | **$ 568** | **$ 611** |
| *Change from prior year quarter* | *(6%)* | *(7%)* | *(6%)* | *(3%)* | *(1%)* | ***13%*** |

**Significant improvement in new business results**

[1] Includes Industry-Focused Underwriting, Target Risk Underwriting and Specialized Distribution.

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

# Illustrative Product Profitability Life Cycle




**Active management supported by leading analytics**

# Financial, Professional & International Insurance (FP&II) Performance

*($ in millions)*

| | Second Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| **Operating income** | **$ 133** | **$ 204** | **(35) %** | **$ 281** | **$ 412** | **(32) %** |
| Loss and loss adjustment ratio | 54.4 % | 43.7 % | | 54.5 % | 44.7 % | |
| Underwriting expense ratio | 36.5 | 36.7 | | 36.0 | 36.2 | |
| **GAAP combined ratio [1]** | **90.9 %** | **80.4 %** | **(10.5) pts** | **90.5 %** | **80.9 %** | **(9.6) pts** |
| Net favorable prior year reserve development | 1.4 | 15.5 | | 1.5 | 11.5 | |
| Catastrophes, net of reinsurance | (0.2) | (0.6) | | (0.1) | (0.3) | |
| **Adjusted GAAP combined ratio** | **92.1 %** | **95.3 %** | **3.2 pts** | **91.9 %** | **92.1 %** | **0.2 pts** |

| | 2009 | 2008 | Change | 2009 | 2008 | Change |
|---|---|---|---|---|---|---|
| **Net Written Premiums [2]** | | | | | | |
| Bond & Financial Products | $ 558 | $ 592 | | $ 892 | $ 947 | |
| International | 356 | 393 | | 585 | 682 | |
| **Total FP&II** | **$ 914** | **$ 985** | **(7) %** | **$ 1,477** | **$ 1,629** | **(9) %** |
| **Total FP&II - Adjusted for the impact of foreign exchange rates** | | | **(2) %** | | | **(4) %** |

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[1] A benefit to the reported GAAP combined ratio is indicated as a positive item, and a charge is indicated as a negative item.
[2] In 2Q 2009, results from the surety bond operation in Canada were reclassified from the “Bond & Financial Products” market to the “International” market. All prior period amounts have been restated to reflect this reclassification.

# Financial, Professional & International Insurance
# Illustrative Business Statistics

*($ in millions)*

| | 2008 | | | | 2009 | |
|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| **Surety** | | | | | | |
| Gross written premium | $284 | $298 | $316 | $234 | $234 | **$255** |
| **Management Liability** | | | | | | |
| Retention | 84% | 84% | 84% | 85% | 84% | **83%** |
| Renewal premium change [1] | -% | (2%) | (1%) | -% | 2% | **1%** |
| New business | $46 | $51 | $49 | $59 | $45 | **$52** |
| **International [2]** | | | | | | |
| Retention | 82% | 80% | 79% | 78% | 79% | **74%** |
| Renewal premium change [1] | (6%) | -% | (1%) | 6% | -% | **4%** |
| New business | $74 | $121 | $70 | $84 | $67 | **$83** |

[1] Each percentage represents the estimated change in average premium on policies that renew, including rate and exposure changes, versus the average premium on those same policies for their prior term.
[2] Excludes the surety line of business as surety products are sold on a non-recurring, project specific basis.

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

# 2009 FDIC Bank Closures

## Directors & Officers, Errors & Omissions and Fiduciary Liability Policies

| ($ in millions) | FDIC Bank Closures [1] | | Travelers Exposures | | | |
|---|---|---|---|---|---|---|
| | | | | | Policies | |
| | TOTAL FDIC | Travelers Insured | Policies Exposed | Average Gross Limit Exposed | Publicly Traded | Privately Held |
| Community Banks [2] | 63 | 25 | 29 | $4 | 10 | 19 |
| Regional Banks | 1 | 1 | 3 | $7 | 3 | 0 |
| **Total** | **64** | **26*** | **32** | **$4** | **13** | **19** |

- The 26 institutions represent 18 account relationships. On 13 of these 18 accounts, the company was able to reduce or mitigate risk through cancellation (subject to run-off provisions), limits reduction and/or restrictive endorsements, prior to the bank's closure
- Total net limits exposed to the 26 banks = approximately $100 million
- Average exposed gross limit to the 26 banks = $4 million
- 60% of the exposed policies are for privately held institutions; 40% are for publicly held institutions
- Loss estimates have been contemplated in the company's financial market disruption reserve analysis
- The company's current earnings guidance incorporates this analysis

[1] FDIC closures through July 29, 2009.
[2] Institutions with up to $5 billion in assets.
* Eight institutions are affiliated with other failed institutions and share D&O policy limits.

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# Personal Insurance - Performance

*($ in millions)*

| | Second Quarter 2009 | Second Quarter 2008 | Second Quarter Change | Year-to-Date 2009 | Year-to-Date 2008 | Year-to-Date Change |
|---|---|---|---|---|---|---|
| **Operating income** | **$ 88** | **$ 122** | **(28) %** | **$ 242** | **$ 303** | **(20) %** |
| Loss and loss adjustment ratio | 70.5 % | 67.3 % | | 67.6 % | 65.1 % | |
| Underwriting expense ratio | 29.1 | 30.0 | | 28.8 | 29.7 | |
| **GAAP combined ratio [1]** | **99.6 %** | **97.3 %** | **(2.3) pts** | **96.4 %** | **94.8 %** | **(1.6) pts** |
| *GAAP combined ratio excluding incremental impact of direct to consumer initiative* | *97.7 %* | *96.7 %* | | *94.7 %* | *94.4 %* | |
| Net favorable prior year reserve development | 1.9 | 2.2 | | 2.8 | 1.8 | |
| Catastrophes, net of reinsurance | (7.9) | (9.6) | | (6.0) | (5.9) | |
| **Adjusted GAAP combined ratio** | **93.6 %** | **89.9 %** | **(3.7) pts** | **93.2 %** | **90.7 %** | **(2.5) pts** |
| **Net Written Premiums - Agency [2]** | | | | | | |
| Automobile | $ 914 | $ 933 | | $ 1,831 | $ 1,855 | |
| Homeowners & Other | 952 | 906 | | 1,701 | 1,617 | |
| **Total** | **$ 1,866** | **$ 1,839** | **1 %** | **$ 3,532** | **$ 3,472** | **2 %** |

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

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

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# Personal Insurance - Performance

*($ in millions)*

| | Second Quarter | | | Year-to-Date | | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | Change | 2009 | 2008 | Change |
| **Agency Automobile [1]** | | | | | | |
| **Net Written Premium** | **$ 914** | **$ 933** | **(2) %** | **$ 1,831** | **$ 1,855** | **(1) %** |
| Loss and loss adjustment ratio | 69.7 % | 69.3 % | | 71.4 % | 70.3 % | |
| Underwriting expense ratio | 26.7 | 27.8 | | 26.8 | 27.6 | |
| **GAAP combined ratio** | **96.4 %** | **97.1 %** | **0.7 pts** | **98.2 %** | **97.9 %** | **(0.3) pts** |
| Impact of catastrophes on combined ratio | 1.0 % | 1.5 % | | 0.9 % | 0.8 % | |
| **Agency Homeowners and Other [1]** | | | | | | |
| **Net Written Premium** | **$ 952** | **$ 906** | **5 %** | **$ 1,701** | **$ 1,617** | **5 %** |
| Loss and loss adjustment ratio | 70.8 % | 64.9 % | | 63.3 % | 59.2 % | |
| Underwriting expense ratio | 28.4 | 31.4 | | 27.6 | 31.3 | |
| **GAAP combined ratio** | **99.2 %** | **96.3 %** | **(2.9) pts** | **90.9 %** | **90.5 %** | **(0.4) pts** |
| Impact of catastrophes on combined ratio | 15.3 % | 18.8 % | | 11.5 % | 11.8 % | |

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

# Personal Insurance – Illustrative Business Statistics

*($ in millions)*

| | 2008 | | | | 2009 | |
|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| **Agency Automobile [1]** | | | | | | |
| Retention [2,3] | 83% | 83% | 82% | 82% | 82% | **81%** |
| Renewal premium change [3,4] | 1% | 2% | 3% | 4% | 3% | **5%** |
| PIF growth over prior year quarter | 2% | 2% | 2% | 1% | -% | **(2%)** |
| New business | $184 | $192 | $191 | $173 | $166 | **$152** |
| **Agency Homeowners and Other [1]** | | | | | | |
| Retention [2] | 86% | 86% | 86% | 86% | 86% | **86%** |
| Renewal premium change [4] | 6% | 6% | 6% | 6% | 6% | **7%** |
| PIF growth over prior year quarter | 3% | 3% | 3% | 3% | 3% | **3%** |
| New business | $96 | $125 | $128 | $107 | $99 | **$123** |

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

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

[3] Statistics for standard voluntary automobile.

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

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

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# 2009 Annual Guidance

- Travelers expects that its full year 2009 operating income per diluted share will be in the range of $4.80 to $5.05, as compared to the previously announced range of $4.55 to $4.95
- This guidance includes the reported results for the first six months of 2009 and estimates for the remainder of 2009 based on a number of assumptions, including:

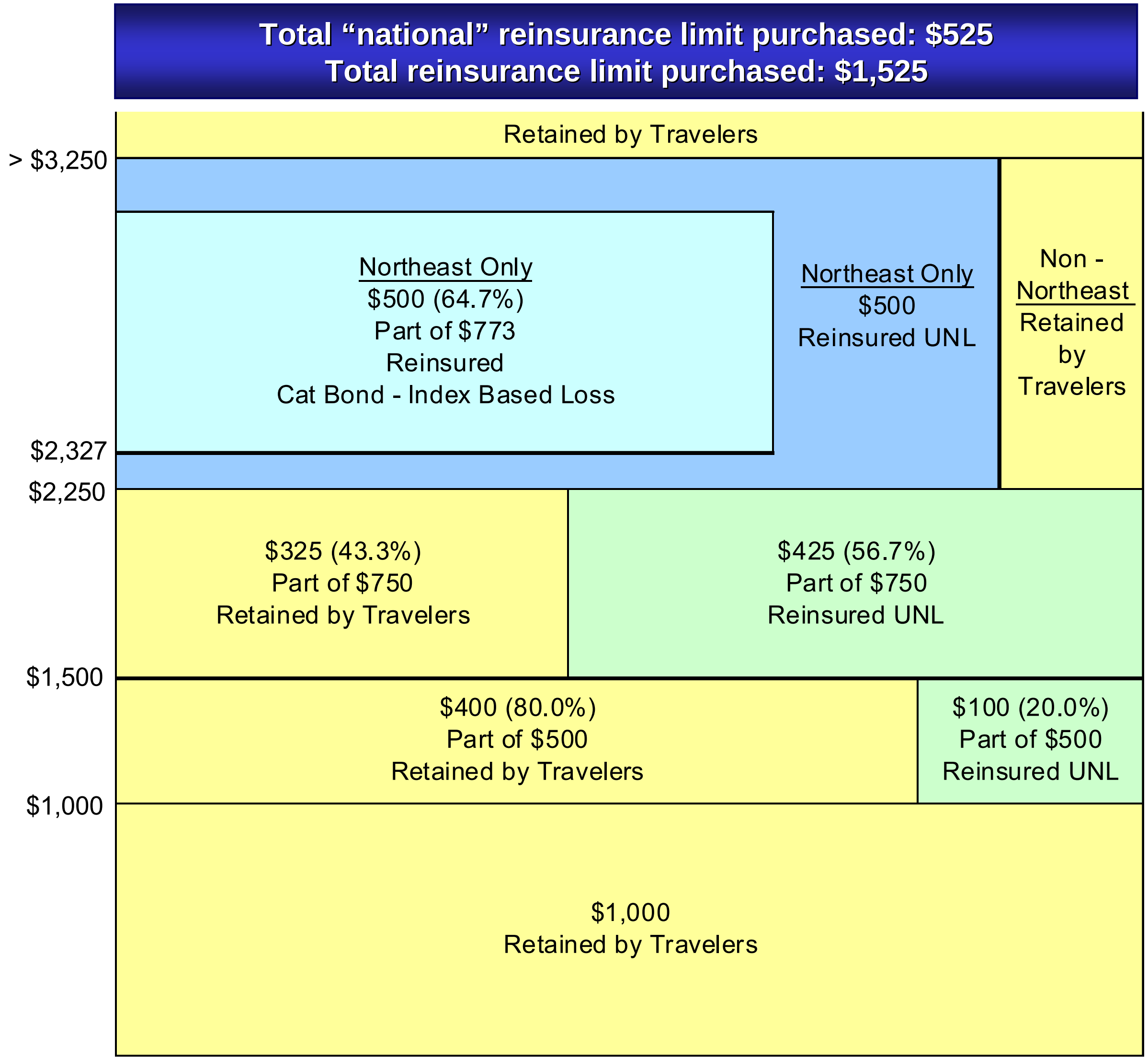
**Assumptions**

- Catastrophe losses of $630 million pre-tax and $410 million after-tax, or $0.73 per diluted share for the full year
- No additional prior year reserve development, favorable or unfavorable
- No significant changes in private equity and hedge fund valuations due to an assumption of unchanged market conditions. Lower real estate partnership valuations due to a continuing downward trend in commercial real estate values
- No significant change in average invested assets (ex. FAS 115) after taking into account dividends and approximately $3.0 billion of share repurchases for the full year
- Weighted average diluted share count of approximately 565 million

# Appendix

# 2009 - 2010 Catastrophe Reinsurance Renewal

*(Ultimate net loss, except as noted; $ in millions)*




Note: The U.K., Ireland, Canada and the company's Lloyd's operations purchase additional catastrophe reinsurance coverage with lower retentions.

UNL = Travelers actual ultimate net loss

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# 2009-2010 Northeast Catastrophe Reinsurance

- Northeast Catastrophe Bond Program
  - $500 million or 65% of $773 million excess of $2.327 billion of index based losses
  - Applicable for specifically covered direct losses from hurricane
  - Covered area - New Jersey to Maine
  - Index created by applying pre-determined percentages to insured industry losses in each covered state
- Northeast Catastrophe Treaty
  - $500 million excess of $2.250 billion of ultimate net losses
  - Applicable for specifically covered direct losses from hurricane, earthquake and winter storm/freeze
  - Covered area – Virginia to Maine
  - Losses from a covered event, occurring over several days anywhere in the United States, Canada, Caribbean and Mexico may be used to satisfy the retention
  - Recoveries from Catastrophe Bond Program, if any, first applied to reduce losses subject to Northeast Catastrophe Treaty
- Application and interaction of Northeast reinsurance coverages will vary depending on specifics of reinsured event

# Disclosure

- **For further information, please see Travelers reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC's website (www.sec.gov)**

- **Copies of this presentation and related financial supplement are publicly available on the Travelers website (www.travelers.com)**

- **From time to time, Travelers may use its Web site as a channel of distribution of material company information. Financial and other material information regarding the company is routinely posted on and accessible at http://investor.travelers.com. In addition, you may automatically receive email alerts and other information about Travelers by enrolling your email by visiting the "Email Alert Service" section at http://investor.travelers.com.**

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