

The Travelers Companies, Inc.
Financial Supplement - Second Quarter 2012



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

The Travelers Companies, Inc.
Financial Highlights

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



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Net income (loss)	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 475	\$ 1,305
Net income (loss) per share:								
Basic	\$ 1.94	\$ (0.88)	\$ 0.80	\$ 1.52	\$ 2.04	\$ 1.27	\$ 1.11	\$ 3.32
Diluted	\$ 1.92	\$ (0.88)	\$ 0.79	\$ 1.51	\$ 2.02	\$ 1.26	\$ 1.10	\$ 3.29
Operating income (loss)	\$ 826	\$ (377)	\$ 332	\$ 609	\$ 801	\$ 495	\$ 449	\$ 1,296
Operating income (loss) per share:								
Basic	\$ 1.91	\$ (0.91)	\$ 0.79	\$ 1.50	\$ 2.03	\$ 1.27	\$ 1.05	\$ 3.30
Diluted	\$ 1.89	\$ (0.91)	\$ 0.79	\$ 1.48	\$ 2.01	\$ 1.26	\$ 1.04	\$ 3.27
Return on equity	13.3%	(5.8)%	5.3%	10.0%	13.1%	8.0%	3.8%	10.5%
Operating return on equity	14.1%	(6.6)%	5.9%	11.1%	14.7%	9.0%	3.9%	11.8%
Total assets, at period end	\$ 105,227	\$ 106,443	\$ 106,906	\$ 104,575	\$ 104,838	\$ 104,330	\$ 106,443	\$ 104,330
Total equity, at period end	\$ 25,243	\$ 25,008	\$ 25,172	\$ 24,477	\$ 24,872	\$ 25,049	\$ 25,008	\$ 25,049
Book value per share, at period end	\$ 59.91	\$ 59.62	\$ 60.98	\$ 62.32	\$ 63.81	\$ 64.90	\$ 59.62	\$ 64.90
Less: Net unrealized investment gains, net of tax	4.30	5.30	6.45	7.31	7.28	7.72	5.30	7.72
Adjusted book value per share, at period end	<u>\$ 55.61</u>	<u>\$ 54.32</u>	<u>\$ 54.53</u>	<u>\$ 55.01</u>	<u>\$ 56.53</u>	<u>\$ 57.18</u>	<u>\$ 54.32</u>	<u>\$ 57.18</u>
Weighted average number of common shares outstanding (basic)	428.2	418.6	415.0	403.0	392.0	388.0	423.3	390.0
Weighted average number of common shares outstanding and common stock equivalents (diluted)	434.4	418.6	418.5	407.0	395.8	391.6	429.1	393.5
Common shares outstanding at period end	420.3	419.5	412.8	392.8	389.8	386.0	419.5	386.0
Common stock dividends declared	\$ 155	\$ 175	\$ 173	\$ 166	\$ 162	\$ 181	\$ 330	\$ 343
Common stock repurchased:								
Under Board of Director authorization								
Shares	18.9	3.9	7.3	20.9	6.0	5.6	22.8	11.6
Cost	\$ 1,100	\$ 237	\$ 375	\$ 1,188	\$ 350	\$ 350	\$ 1,337	\$ 700
Other								
Shares	0.8	0.6	-	-	0.8	-	1.4	0.8
Cost	\$ 46	\$ 36	\$ -	\$ -	\$ 52	\$ 1	\$ 82	\$ 53

Certain prior period amounts have been restated to conform to the 2012 presentation.

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

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



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

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Net income (loss)								
Operating income (loss)	\$ 826	\$ (377)	\$ 332	\$ 609	\$ 801	\$ 495	\$ 449	\$ 1,296
Net realized investment gains	13	13	1	9	5	4	26	9
Net income (loss)	<u>\$ 839</u>	<u>\$ (364)</u>	<u>\$ 333</u>	<u>\$ 618</u>	<u>\$ 806</u>	<u>\$ 499</u>	<u>\$ 475</u>	<u>\$ 1,305</u>
Basic earnings per share								
Operating income (loss)	\$ 1.91	\$ (0.91)	\$ 0.79	\$ 1.50	\$ 2.03	\$ 1.27	\$ 1.05	\$ 3.30
Net realized investment gains	0.03	0.03	0.01	0.02	0.01	-	0.06	0.02
Net income (loss)	<u>\$ 1.94</u>	<u>\$ (0.88)</u>	<u>\$ 0.80</u>	<u>\$ 1.52</u>	<u>\$ 2.04</u>	<u>\$ 1.27</u>	<u>\$ 1.11</u>	<u>\$ 3.32</u>
Diluted earnings per share								
Operating income (loss)	\$ 1.89	\$ (0.91)	\$ 0.79	\$ 1.48	\$ 2.01	\$ 1.26	\$ 1.04	\$ 3.27
Net realized investment gains	0.03	0.03	-	0.03	0.01	-	0.06	0.02
Net income (loss)	<u>\$ 1.92</u>	<u>\$ (0.88)</u>	<u>\$ 0.79</u>	<u>\$ 1.51</u>	<u>\$ 2.02</u>	<u>\$ 1.26</u>	<u>\$ 1.10</u>	<u>\$ 3.29</u>
Adjustments to net income (loss) and weighted average shares for net income (loss) EPS calculations: (1)								
	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Basic								
Net income (loss), as reported	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 475	\$ 1,305
Preferred stock dividends	(1)	-	-	-	-	-	(1)	-
Participating share-based awards - allocated income	(7)	(2)	(2)	(5)	(6)	(4)	(4)	(10)
Net income (loss) available to common shareholders - basic	<u>\$ 831</u>	<u>\$ (366)</u>	<u>\$ 331</u>	<u>\$ 613</u>	<u>\$ 800</u>	<u>\$ 495</u>	<u>\$ 470</u>	<u>\$ 1,295</u>
Diluted								
Net income (loss) available to common shareholders - basic	\$ 831	\$ (366)	\$ 331	\$ 613	\$ 800	\$ 495	\$ 470	\$ 1,295
Effect of dilutive securities:								
Convertible preferred stock	1	-	-	-	-	-	1	-
Net income (loss) available to common shareholders - diluted	<u>\$ 832</u>	<u>\$ (366)</u>	<u>\$ 331</u>	<u>\$ 613</u>	<u>\$ 800</u>	<u>\$ 495</u>	<u>\$ 471</u>	<u>\$ 1,295</u>
Common Shares								
Basic								
Weighted average shares outstanding	<u>428.2</u>	<u>418.6</u>	<u>415.0</u>	<u>403.0</u>	<u>392.0</u>	<u>388.0</u>	<u>423.3</u>	<u>390.0</u>
Diluted								
Weighted average shares outstanding	428.2	418.6	415.0	403.0	392.0	388.0	423.3	390.0
Weighted average effects of dilutive securities:								
Convertible preferred stock	1.6	-	-	-	-	-	1.4	-
Stock options and performance shares	4.6	-	3.5	4.0	3.8	3.6	4.4	3.5
Diluted weighted average shares outstanding	<u>434.4</u>	<u>418.6</u>	<u>418.5</u>	<u>407.0</u>	<u>395.8</u>	<u>391.6</u>	<u>429.1</u>	<u>393.5</u>

(1) Adjustments to net income and weighted average shares for net income EPS calculations can also 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 (Loss) - Consolidated

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Revenues								
Premiums	\$ 5,371	\$ 5,503	\$ 5,605	\$ 5,611	\$ 5,523	\$ 5,529	\$ 10,874	\$ 11,052
Net investment income	779	758	690	652	740	738	1,537	1,478
Fee income	74	74	79	69	82	59	148	141
Net realized investment gains	20	19	2	14	10	4	39	14
Other revenues	34	34	31	27	37	29	68	66
Total revenues	6,278	6,388	6,407	6,373	6,392	6,359	12,666	12,751
Claims and expenses								
Claims and claim adjustment expenses	3,382	5,141	4,136	3,617	3,364	3,786	8,523	7,150
Amortization of deferred acquisition costs	948	970	982	976	971	976	1,918	1,947
General and administrative expenses	883	907	860	906	884	893	1,790	1,777
Interest expense	96	97	97	96	96	96	193	192
Total claims and expenses	5,309	7,115	6,075	5,595	5,315	5,751	12,424	11,066
Income (loss) before income taxes	969	(727)	332	778	1,077	608	242	1,685
Income tax expense (benefit)	130	(363)	(1)	160	271	109	(233)	380
Net income (loss)	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 475	\$ 1,305
Net realized investment gains								
Other-than-temporary impairment losses:								
Total gains	\$ 2	\$ 5	\$ 9	\$ 14	\$ -	\$ 11	\$ 7	\$ 11
Non-credit component of impairments recognized in accumulated other comprehensive income	(6)	(9)	(21)	(19)	(4)	(15)	(15)	(19)
Other-than-temporary impairment losses	(4)	(4)	(12)	(5)	(4)	(4)	(8)	(8)
Other net realized investment gains	24	23	14	19	14	8	47	22
Net realized investment gains	\$ 20	\$ 19	\$ 2	\$ 14	\$ 10	\$ 4	\$ 39	\$ 14
Other statistics								
Effective tax rate on net investment income	20.2%	20.1%	18.6%	16.9%	19.9%	20.2%	20.1%	20.0%
Net investment income (after-tax)	\$ 622	\$ 606	\$ 561	\$ 541	\$ 593	\$ 589	\$ 1,228	\$ 1,182
Catastrophes, net of reinsurance:								
Pre-tax	\$ 186	\$ 1,668	\$ 606	\$ 102	\$ 168	\$ 549	\$ 1,854	\$ 717
After-tax	\$ 122	\$ 1,085	\$ 394	\$ 68	\$ 109	\$ 357	\$ 1,207	\$ 466

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

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



(\$ in millions, net of tax)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Underwriting gain (loss)	\$ 249	\$ (924)	\$ (185)	\$ 115	\$ 248	\$ (47)	\$ (675)	\$ 201
Net investment income	622	606	561	541	593	589	1,228	1,182
Other, including interest expense	(45)	(59)	(44)	(47)	(40)	(47)	(104)	(87)
Operating income (loss)	826	(377)	332	609	801	495	449	1,296
Net realized investment gains	13	13	1	9	5	4	26	9
Net income (loss)	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 475	\$ 1,305
GAAP Combined ratio (1) (2)								
Loss and loss adjustment expense ratio	62.1%	92.6%	72.9%	63.7%	60.1%	68.1%	77.6%	64.1%
Underwriting expense ratio	32.6%	32.4%	31.6%	32.2%	32.1%	32.4%	32.5%	32.2%
Combined ratio	94.7%	125.0%	104.5%	95.9%	92.2%	100.5%	110.1%	96.3%
<i>GAAP combined ratio excluding incremental impact of direct to consumer initiative</i>	93.8%	124.1%	103.6%	95.1%	91.4%	99.8%	109.1%	95.6%
Impact of catastrophes on combined ratio	3.4%	30.3%	10.8%	1.8%	3.1%	10.0%	17.1%	6.5%
Impact of prior year reserve development on combined ratio	-4.4%	-3.1%	-3.3%	-2.3%	-5.5%	-4.0%	-3.7%	-4.8%

(1) Before policyholder dividends.

(2) Billing and policy fees, 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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Billing and policy fees	\$ 26	\$ 25	\$ 26	\$ 25	\$ 27	\$ 25	\$ 51	\$ 52
Fee income:								
Loss and loss adjustment expenses	\$ 33	\$ 34	\$ 38	\$ 28	\$ 35	\$ 11	\$ 67	\$ 46
Underwriting expenses	41	40	41	41	47	48	81	95
Total fee income	\$ 74	\$ 74	\$ 79	\$ 69	\$ 82	\$ 59	\$ 148	\$ 141

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

The Travelers Companies, Inc.
Operating Income (Loss) - Consolidated

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Revenues								
Premiums	\$ 5,371	\$ 5,503	\$ 5,605	\$ 5,611	\$ 5,523	\$ 5,529	\$ 10,874	\$ 11,052
Net investment income	779	758	690	652	740	738	1,537	1,478
Fee income	74	74	79	69	82	59	148	141
Other revenues	34	34	31	27	37	29	68	66
Total revenues	6,258	6,369	6,405	6,359	6,382	6,355	12,627	12,737
Claims and expenses								
Claims and claim adjustment expenses	3,382	5,141	4,136	3,617	3,364	3,786	8,523	7,150
Amortization of deferred acquisition costs	948	970	982	976	971	976	1,918	1,947
General and administrative expenses	883	907	860	906	884	893	1,790	1,777
Interest expense	96	97	97	96	96	96	193	192
Total claims and expenses	5,309	7,115	6,075	5,595	5,315	5,751	12,424	11,066
Operating income (loss) before income taxes	949	(746)	330	764	1,067	604	203	1,671
Income tax expense (benefit)	123	(369)	(2)	155	266	109	(246)	375
Operating income (loss)	\$ 826	\$ (377)	\$ 332	\$ 609	\$ 801	\$ 495	\$ 449	\$ 1,296
Other statistics								
Effective tax rate on net investment income	20.2%	20.1%	18.6%	16.9%	19.9%	20.2%	20.1%	20.0%
Net investment income (after-tax)	\$ 622	\$ 606	\$ 561	\$ 541	\$ 593	\$ 589	\$ 1,228	\$ 1,182
Catastrophes, net of reinsurance:								
Pre-tax	\$ 186	\$ 1,668	\$ 606	\$ 102	\$ 168	\$ 549	\$ 1,854	\$ 717
After-tax	\$ 122	\$ 1,085	\$ 394	\$ 68	\$ 109	\$ 357	\$ 1,207	\$ 466

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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Statutory underwriting								
Gross written premiums	\$ 5,961	\$ 6,124	\$ 6,226	\$ 5,576	\$ 6,073	\$ 6,240	\$ 12,085	\$ 12,313
Net written premiums	\$ 5,437	\$ 5,817	\$ 5,672	\$ 5,261	\$ 5,497	\$ 5,868	\$ 11,254	\$ 11,365
Net earned premiums	\$ 5,371	\$ 5,503	\$ 5,605	\$ 5,611	\$ 5,523	\$ 5,529	\$ 10,874	\$ 11,052
Losses and loss adjustment expenses	3,342	5,100	4,094	3,570	3,318	3,791	8,442	7,109
Underwriting expenses	1,772	1,837	1,812	1,735	1,797	1,838	3,609	3,635
Statutory underwriting gain (loss)	257	(1,434)	(301)	306	408	(100)	(1,177)	308
Policyholder dividends	10	8	11	15	12	11	18	23
Statutory underwriting gain (loss) after policyholder dividends	\$ 247	\$ (1,442)	\$ (312)	\$ 291	\$ 396	\$ (111)	\$ (1,195)	\$ 285
Other statutory statistics								
Reserves for losses and loss adjustment expenses	\$ 40,301	\$ 41,482	\$ 41,238	\$ 40,899	\$ 40,791	\$ 40,925	\$ 41,482	\$ 40,925
Increase (decrease) in reserves	\$ 66	\$ 1,181	\$ (244)	\$ (339)	\$ (108)	\$ 134	\$ 1,247	\$ 26
Statutory surplus	\$ 20,588	\$ 20,224	\$ 19,842	\$ 19,174	\$ 19,867	\$ 19,841	\$ 20,224	\$ 19,841
Net written premiums/surplus (1)	1.06:1	1.09:1	1.12:1	1.16:1	1.12:1	1.12:1	1.09:1	1.12:1

(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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Written premiums								
Gross	\$ 5,961	\$ 6,124	\$ 6,226	\$ 5,576	\$ 6,073	\$ 6,240	\$ 12,085	\$ 12,313
Ceded	(524)	(307)	(554)	(315)	(576)	(372)	(831)	(948)
Net	<u>\$ 5,437</u>	<u>\$ 5,817</u>	<u>\$ 5,672</u>	<u>\$ 5,261</u>	<u>\$ 5,497</u>	<u>\$ 5,868</u>	<u>\$ 11,254</u>	<u>\$ 11,365</u>
Earned premiums								
Gross	\$ 5,804	\$ 5,920	\$ 6,031	\$ 6,032	\$ 5,973	\$ 5,985	\$ 11,724	\$ 11,958
Ceded	(433)	(417)	(426)	(421)	(450)	(456)	(850)	(906)
Net	<u>\$ 5,371</u>	<u>\$ 5,503</u>	<u>\$ 5,605</u>	<u>\$ 5,611</u>	<u>\$ 5,523</u>	<u>\$ 5,529</u>	<u>\$ 10,874</u>	<u>\$ 11,052</u>

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

The Travelers Companies, Inc.
Operating Income - Business Insurance

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Revenues								
Premiums	\$ 2,745	\$ 2,802	\$ 2,890	\$ 2,890	\$ 2,876	\$ 2,860	\$ 5,547	\$ 5,736
Net investment income	556	541	487	457	532	536	1,097	1,068
Fee income	74	74	78	69	82	58	148	140
Other revenues	9	10	8	4	14	8	19	22
Total revenues	<u>3,384</u>	<u>3,427</u>	<u>3,463</u>	<u>3,420</u>	<u>3,504</u>	<u>3,462</u>	<u>6,811</u>	<u>6,966</u>
Claims and expenses								
Claims and claim adjustment expenses	1,773	2,579	2,204	1,891	1,709	2,049	4,352	3,758
Amortization of deferred acquisition costs	444	457	460	454	467	465	901	932
General and administrative expenses	473	492	471	508	498	504	965	1,002
Total claims and expenses	<u>2,690</u>	<u>3,528</u>	<u>3,135</u>	<u>2,853</u>	<u>2,674</u>	<u>3,018</u>	<u>6,218</u>	<u>5,692</u>
Operating income (loss) before federal income taxes	694	(101)	328	567	830	444	593	1,274
Income tax expense (benefit)	90	(112)	34	122	218	82	(22)	300
Operating income	<u>\$ 604</u>	<u>\$ 11</u>	<u>\$ 294</u>	<u>\$ 445</u>	<u>\$ 612</u>	<u>\$ 362</u>	<u>\$ 615</u>	<u>\$ 974</u>
Other statistics								
Effective tax rate on net investment income	20.0%	19.9%	18.2%	17.1%	20.0%	20.3%	20.0%	20.2%
Net investment income (after-tax)	\$ 445	\$ 433	\$ 398	\$ 379	\$ 425	\$ 428	\$ 878	\$ 853
Catastrophes, net of reinsurance:								
Pre-tax	\$ 112	\$ 697	\$ 195	\$ 14	\$ 53	\$ 252	\$ 809	\$ 305
After-tax	\$ 73	\$ 453	\$ 127	\$ 9	\$ 34	\$ 164	\$ 526	\$ 198

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 Insurance

(\$ in millions, net of tax)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Underwriting gain (loss)	\$ 153	\$ (429)	\$ (110)	\$ 63	\$ 177	\$ (71)	\$ (276)	\$ 106
Net investment income	445	433	398	379	425	428	878	853
Other	6	7	6	3	10	5	13	15
Operating income	\$ 604	\$ 11	\$ 294	\$ 445	\$ 612	\$ 362	\$ 615	\$ 974
GAAP Combined ratio (1) (2)								
Loss and loss adjustment expense ratio	63.1%	90.6%	74.8%	64.1%	57.8%	71.0%	77.0%	64.4%
Underwriting expense ratio	31.8%	32.3%	30.6%	31.7%	31.8%	32.0%	32.0%	31.9%
Combined ratio	94.9%	122.9%	105.4%	95.8%	89.6%	103.0%	109.0%	96.3%
Impact of catastrophes on combined ratio	4.1%	24.9%	6.8%	0.5%	1.8%	8.8%	14.6%	5.3%
Impact of prior year reserve development on combined ratio	-5.2%	-1.0%	-0.9%	-1.7%	-8.6%	-2.0%	-3.1%	-5.3%

(1) Before policyholder dividends.

(2) Billing and policy fees, 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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Billing and policy fees	\$ 5	\$ 4	\$ 5	\$ 5	\$ 5	\$ 5	\$ 9	\$ 10
Fee income:								
Loss and loss adjustment expenses	\$ 33	\$ 34	\$ 37	\$ 28	\$ 35	\$ 10	\$ 67	\$ 45
Underwriting expenses	41	40	41	41	47	48	81	95
Total fee income	\$ 74	\$ 74	\$ 78	\$ 69	\$ 82	\$ 58	\$ 148	\$ 140

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

The Travelers Companies, Inc.
Selected Statistics - Business Insurance

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Statutory underwriting								
Gross written premiums	\$ 3,306	\$ 3,094	\$ 3,205	\$ 2,813	\$ 3,429	\$ 3,280	\$ 6,400	\$ 6,709
Net written premiums	\$ 3,020	\$ 2,879	\$ 2,826	\$ 2,615	\$ 3,100	\$ 3,026	\$ 5,899	\$ 6,126
Net earned premiums	\$ 2,745	\$ 2,802	\$ 2,890	\$ 2,890	\$ 2,876	\$ 2,860	\$ 5,547	\$ 5,736
Losses and loss adjustment expenses	1,736	2,540	2,167	1,846	1,663	2,057	4,276	3,720
Underwriting expenses	899	918	898	864	940	928	1,817	1,868
Statutory underwriting gain (loss)	110	(656)	(175)	180	273	(125)	(546)	148
Policyholder dividends	7	5	7	13	10	8	12	18
Statutory underwriting gain (loss) after policyholder dividends	\$ 103	\$ (661)	\$ (182)	\$ 167	\$ 263	\$ (133)	\$ (558)	\$ 130

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

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Net written premiums by market								
Select Accounts	\$ 732	\$ 738	\$ 666	\$ 648	\$ 718	\$ 721	\$ 1,470	\$ 1,439
Commercial Accounts	822	659	747	662	861	717	1,481	1,578
National Accounts	211	188	176	207	235	226	399	461
Industry-Focused Underwriting	628	579	649	551	648	636	1,207	1,284
Target Risk Underwriting	413	468	356	350	429	486	881	915
Specialized Distribution	209	246	231	194	208	242	455	450
Total core	3,015	2,878	2,825	2,612	3,099	3,028	5,893	6,127
Business Insurance other	5	1	1	3	1	(2)	6	(1)
Total	<u>\$ 3,020</u>	<u>\$ 2,879</u>	<u>\$ 2,826</u>	<u>\$ 2,615</u>	<u>\$ 3,100</u>	<u>\$ 3,026</u>	<u>\$ 5,899</u>	<u>\$ 6,126</u>
Net written premiums by product line								
Commercial multi-peril	\$ 841	\$ 780	\$ 743	\$ 732	\$ 819	\$ 777	\$ 1,621	\$ 1,596
Workers' compensation	854	678	750	677	944	800	1,532	1,744
Commercial automobile	493	505	515	442	489	499	998	988
Property	414	468	354	359	416	481	882	897
General liability	415	442	448	400	426	464	857	890
Other	3	6	16	5	6	5	9	11
Total	<u>\$ 3,020</u>	<u>\$ 2,879</u>	<u>\$ 2,826</u>	<u>\$ 2,615</u>	<u>\$ 3,100</u>	<u>\$ 3,026</u>	<u>\$ 5,899</u>	<u>\$ 6,126</u>
National accounts								
Additions to claim volume under administration (1)	\$ 540	\$ 416	\$ 412	\$ 490	\$ 639	\$ 472	\$ 956	\$ 1,111
Written fees	\$ 73	\$ 63	\$ 63	\$ 64	\$ 88	\$ 77	\$ 136	\$ 165

(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 - Financial, Professional & International Insurance

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Revenues								
Premiums	\$ 773	\$ 810	\$ 799	\$ 792	\$ 737	\$ 766	\$ 1,583	\$ 1,503
Net investment income	106	105	101	102	104	99	211	203
Fee income	-	-	1	-	-	1	-	1
Other revenues	7	6	6	7	8	5	13	13
Total revenues	886	921	907	901	849	871	1,807	1,720
Claims and expenses								
Claims and claim adjustment expenses	433	378	297	379	341	302	811	643
Amortization of deferred acquisition costs	147	152	154	150	143	149	299	292
General and administrative expenses	160	160	162	166	165	165	320	330
Total claims and expenses	740	690	613	695	649	616	1,430	1,265
Operating income before federal income taxes	146	231	294	206	200	255	377	455
Income tax expense	26	67	83	54	51	73	93	124
Operating income	\$ 120	\$ 164	\$ 211	\$ 152	\$ 149	\$ 182	\$ 284	\$ 331
Other statistics								
Effective tax rate on net investment income	21.2%	21.2%	20.8%	15.8%	18.9%	19.7%	21.2%	19.3%
Net investment income (after-tax)	\$ 84	\$ 82	\$ 81	\$ 85	\$ 85	\$ 79	\$ 166	\$ 164
Catastrophes, net of reinsurance:								
Pre-tax	\$ 21	\$ 14	\$ 3	\$ 17	\$ -	\$ 4	\$ 35	\$ 4
After-tax	\$ 15	\$ 10	\$ 2	\$ 13	\$ -	\$ 3	\$ 25	\$ 3

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 - Financial, Professional
& International Insurance



(\$ in millions, net of tax)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Underwriting gain	\$ 32	\$ 78	\$ 126	\$ 63	\$ 59	\$ 99	\$ 110	\$ 158
Net investment income	84	82	81	85	85	79	166	164
Other	4	4	4	4	5	4	8	9
Operating income	\$ 120	\$ 164	\$ 211	\$ 152	\$ 149	\$ 182	\$ 284	\$ 331
GAAP Combined ratio (1) (2)								
Loss and loss adjustment expense ratio	55.6%	46.2%	36.8%	47.3%	46.0%	39.1%	50.8%	42.5%
Underwriting expense ratio	39.7%	38.6%	39.4%	40.0%	41.8%	40.9%	39.1%	41.3%
Combined ratio	<u>95.3%</u>	<u>84.8%</u>	<u>76.2%</u>	<u>87.3%</u>	<u>87.8%</u>	<u>80.0%</u>	<u>89.9%</u>	<u>83.8%</u>
Impact of catastrophes on combined ratio	2.7%	1.7%	0.4%	2.2%	0.0%	0.4%	2.2%	0.2%
Impact of prior year reserve development on combined ratio	-5.1%	-11.7%	-19.1%	-9.0%	-6.1%	-12.5%	-8.6%	-9.4%

(1) Before policyholder dividends.

(2) Fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses as follows:

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Fee income:								
Loss and loss adjustment expenses	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 1	\$ -	\$ 1
Underwriting expenses	-	-	-	-	-	-	-	-
Total fee income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>

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

The Travelers Companies, Inc.
Selected Statistics - Financial, Professional & International Insurance



(\$ in millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Statutory underwriting								
Gross written premiums	\$ 810	\$ 910	\$ 854	\$ 834	\$ 791	\$ 882	\$ 1,720	\$ 1,673
Net written premiums	\$ 624	\$ 879	\$ 808	\$ 791	\$ 604	\$ 840	\$ 1,503	\$ 1,444
Net earned premiums	\$ 773	\$ 810	\$ 799	\$ 792	\$ 737	\$ 766	\$ 1,583	\$ 1,503
Losses and loss adjustment expenses	430	375	294	375	341	299	805	640
Underwriting expenses	309	312	303	300	316	319	621	635
Statutory underwriting gain	34	123	202	117	80	148	157	228
Policyholder dividends	3	3	4	2	2	3	6	5
Statutory underwriting gain after policyholder dividends	<u>\$ 31</u>	<u>\$ 120</u>	<u>\$ 198</u>	<u>\$ 115</u>	<u>\$ 78</u>	<u>\$ 145</u>	<u>\$ 151</u>	<u>\$ 223</u>

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

The Travelers Companies, Inc.
Net Written Premiums - Financial, Professional & International Insurance

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Net written premiums by market								
Bond & Financial Products	\$ 369	\$ 533	\$ 538	\$ 513	\$ 357	\$ 524	\$ 902	\$ 881
International	255	346	270	278	247	316	601	563
Total	<u>\$ 624</u>	<u>\$ 879</u>	<u>\$ 808</u>	<u>\$ 791</u>	<u>\$ 604</u>	<u>\$ 840</u>	<u>\$ 1,503</u>	<u>\$ 1,444</u>
Net written premiums by product line								
General liability	\$ 135	\$ 234	\$ 230	\$ 237	\$ 143	\$ 236	\$ 369	\$ 379
Fidelity & surety	196	264	260	237	172	248	460	420
International	255	346	270	278	247	316	601	563
Other	38	35	48	39	42	40	73	82
Total	<u>\$ 624</u>	<u>\$ 879</u>	<u>\$ 808</u>	<u>\$ 791</u>	<u>\$ 604</u>	<u>\$ 840</u>	<u>\$ 1,503</u>	<u>\$ 1,444</u>

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

The Travelers Companies, Inc.
Operating Income (Loss) - Personal Insurance

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Revenues								
Premiums	\$ 1,853	\$ 1,891	\$ 1,916	\$ 1,929	\$ 1,910	\$ 1,903	\$ 3,744	\$ 3,813
Net investment income	117	112	102	93	104	103	229	207
Other revenues	18	18	17	17	19	16	36	35
Total revenues	1,988	2,021	2,035	2,039	2,033	2,022	4,009	4,055
Claims and expenses								
Claims and claim adjustment expenses	1,176	2,184	1,635	1,347	1,314	1,435	3,360	2,749
Amortization of deferred acquisition costs	357	361	368	372	361	362	718	723
General and administrative expenses	235	225	222	226	214	219	460	433
Total claims and expenses	1,768	2,770	2,225	1,945	1,889	2,016	4,538	3,905
Operating income (loss) before federal income taxes	220	(749)	(190)	94	144	6	(529)	150
Income tax expense (benefit)	50	(278)	(82)	17	36	(11)	(228)	25
Operating income (loss)	\$ 170	\$ (471)	\$ (108)	\$ 77	\$ 108	\$ 17	\$ (301)	\$ 125
Other statistics								
Effective tax rate on net investment income	20.0%	19.9%	18.5%	17.5%	20.1%	20.4%	19.9%	20.3%
Net investment income (after-tax)	\$ 93	\$ 91	\$ 82	\$ 77	\$ 83	\$ 82	\$ 184	\$ 165
Catastrophes, net of reinsurance:								
Pre-tax	\$ 53	\$ 957	\$ 408	\$ 71	\$ 115	\$ 293	\$ 1,010	\$ 408
After-tax	\$ 34	\$ 622	\$ 265	\$ 46	\$ 75	\$ 190	\$ 656	\$ 265

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

The Travelers Companies, Inc.

Operating Income (Loss) by Major Component and Combined Ratio - Personal Insurance

(\$ in millions, net of tax)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Underwriting gain (loss)	\$ 64	\$ (573)	\$ (201)	\$ (11)	\$ 12	\$ (75)	\$ (509)	\$ (63)
Net investment income	93	91	82	77	83	82	184	165
Other	13	11	11	11	13	10	24	23
Operating income (loss)	\$ 170	\$ (471)	\$ (108)	\$ 77	\$ 108	\$ 17	\$ (301)	\$ 125
GAAP Combined ratio (1)								
Loss and loss adjustment expense ratio	63.4%	115.6%	85.3%	69.9%	68.8%	75.4%	89.8%	72.1%
Underwriting expense ratio	30.8%	29.9%	29.7%	29.9%	29.0%	29.4%	30.3%	29.2%
Combined ratio	94.2%	145.5%	115.0%	99.8%	97.8%	104.8%	120.1%	101.3%
<i>GAAP combined ratio excluding incremental impact of direct to consumer initiative</i>	91.4%	143.2%	112.5%	97.4%	95.7%	102.9%	117.5%	99.3%
Impact of catastrophes on combined ratio	2.8%	50.7%	21.3%	3.7%	6.0%	15.3%	27.0%	10.7%
Impact of prior year reserve development on combined ratio	-3.0%	-2.4%	-0.3%	-0.3%	-0.5%	-3.5%	-2.7%	-2.1%

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

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Billing and policy fees	\$ 21	\$ 21	\$ 21	\$ 20	\$ 22	\$ 20	\$ 42	\$ 42

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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Statutory underwriting								
Gross written premiums	\$ 1,845	\$ 2,120	\$ 2,167	\$ 1,929	\$ 1,853	\$ 2,078	\$ 3,965	\$ 3,931
Net written premiums	\$ 1,793	\$ 2,059	\$ 2,038	\$ 1,855	\$ 1,793	\$ 2,002	\$ 3,852	\$ 3,795
Net earned premiums	\$ 1,853	\$ 1,891	\$ 1,916	\$ 1,929	\$ 1,910	\$ 1,903	\$ 3,744	\$ 3,813
Losses and loss adjustment expenses	1,176	2,185	1,633	1,349	1,314	1,435	3,361	2,749
Underwriting expenses	564	607	611	571	541	591	1,171	1,132
Statutory underwriting gain (loss)	<u>\$ 113</u>	<u>\$ (901)</u>	<u>\$ (328)</u>	<u>\$ 9</u>	<u>\$ 55</u>	<u>\$ (123)</u>	<u>\$ (788)</u>	<u>\$ (68)</u>
Policies in force (in thousands)								
Automobile	2,559	2,570	2,574	2,571	2,554	2,505	2,570	2,505
Homeowners and other	5,183	5,210	5,226	5,225	5,195	5,133	5,210	5,133

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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Statutory underwriting								
Gross written premiums	\$ 923	\$ 952	\$ 950	\$ 881	\$ 904	\$ 903	\$ 1,875	\$ 1,807
Net written premiums	\$ 918	\$ 948	\$ 946	\$ 876	\$ 900	\$ 899	\$ 1,866	\$ 1,799
Net earned premiums	\$ 896	\$ 908	\$ 912	\$ 913	\$ 902	\$ 891	\$ 1,804	\$ 1,793
Losses and loss adjustment expenses	620	722	707	757	641	674	1,342	1,315
Underwriting expenses	249	249	245	237	235	238	498	473
Statutory underwriting gain (loss)	\$ 27	\$ (63)	\$ (40)	\$ (81)	\$ 26	\$ (21)	\$ (36)	\$ 5
Other statistics								
GAAP Combined ratio (2):								
Loss and loss adjustment expense ratio	69.2%	79.5%	77.5%	82.9%	71.1%	75.6%	74.3%	73.3%
Underwriting expense ratio	26.6%	26.2%	25.8%	26.0%	25.4%	25.9%	26.4%	25.7%
Combined ratio	95.8%	105.7%	103.3%	108.9%	96.5%	101.5%	100.7%	99.0%
Impact of catastrophes on combined ratio	0.1%	6.8%	2.1%	1.0%	1.0%	3.8%	3.5%	2.4%
Impact of prior year reserve development on combined ratio	-0.1%	-0.3%	2.2%	3.7%	-0.2%	0.0%	-0.2%	-0.1%
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ 1	\$ 61	\$ 20	\$ 8	\$ 9	\$ 34	\$ 62	\$ 43
After-tax	\$ -	\$ 41	\$ 12	\$ 6	\$ 6	\$ 22	\$ 41	\$ 28
Policies in force (in thousands)	2,497	2,502	2,501	2,494	2,473	2,423		
Change from prior year quarter	2.0%	1.4%	0.8%	0.2%	-1.0%	-3.2%		
Change from prior quarter	0.3%	0.2%	0.0%	-0.3%	-0.8%	-2.0%		

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

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

Billing and policy fees are as follows:

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Billing and policy fees	\$ 12	\$ 11	\$ 11	\$ 11	\$ 12	\$ 10	\$ 23	\$ 22

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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Statutory underwriting								
Gross written premiums	\$ 891	\$ 1,136	\$ 1,179	\$ 1,015	\$ 912	\$ 1,135	\$ 2,027	\$ 2,047
Net written premiums	\$ 845	\$ 1,078	\$ 1,056	\$ 944	\$ 855	\$ 1,064	\$ 1,923	\$ 1,919
Net earned premiums	\$ 932	\$ 954	\$ 974	\$ 982	\$ 973	\$ 976	\$ 1,886	\$ 1,949
Losses and loss adjustment expenses	532	1,428	899	564	643	730	1,960	1,373
Underwriting expenses	263	308	312	282	262	309	571	571
Statutory underwriting gain (loss)	\$ 137	\$ (782)	\$ (237)	\$ 136	\$ 68	\$ (63)	\$ (645)	\$ 5
Other statistics								
GAAP Combined ratio (2):								
Loss and loss adjustment expense ratio	57.1%	149.7%	92.3%	57.4%	66.0%	74.8%	104.0%	70.4%
Underwriting expense ratio	30.0%	29.3%	28.8%	29.3%	29.0%	29.4%	29.6%	29.2%
Combined ratio	87.1%	179.0%	121.1%	86.7%	95.0%	104.2%	133.6%	99.6%
Impact of catastrophes on combined ratio	5.6%	92.9%	39.6%	6.3%	10.7%	26.1%	49.8%	18.4%
Impact of prior year reserve development on combined ratio	-6.1%	-4.7%	-2.8%	-4.0%	-1.1%	-6.9%	-5.4%	-4.0%
Catastrophe losses, net of reinsurance:								
Pre-tax	\$ 52	\$ 887	\$ 385	\$ 62	\$ 104	\$ 256	\$ 939	\$ 360
After-tax	\$ 34	\$ 576	\$ 251	\$ 40	\$ 68	\$ 166	\$ 610	\$ 234
Policies in force (in thousands)	5,135	5,157	5,167	5,162	5,128	5,061		
Change from prior year quarter	2.7%	1.8%	1.3%	0.8%	-0.1%	-1.9%		
Change from prior quarter	0.3%	0.4%	0.2%	-0.1%	-0.7%	-1.3%		

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

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

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Billing and policy fees	\$ 9	\$ 9	\$ 9	\$ 9	\$ 10	\$ 8	\$ 18	\$ 18

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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Net written premiums								
Automobile	\$ 24	\$ 24	\$ 27	\$ 25	\$ 29	\$ 28	\$ 48	\$ 57
Homeowners and other	6	9	9	10	9	11	15	20
Total net written premiums	<u>\$ 30</u>	<u>\$ 33</u>	<u>\$ 36</u>	<u>\$ 35</u>	<u>\$ 38</u>	<u>\$ 39</u>	<u>\$ 63</u>	<u>\$ 77</u>
Revenues								
Premiums	\$ 25	\$ 29	\$ 30	\$ 34	\$ 35	\$ 36	\$ 54	\$ 71
Other revenues	1	-	1	-	-	-	1	-
Total revenues	<u>26</u>	<u>29</u>	<u>31</u>	<u>34</u>	<u>35</u>	<u>36</u>	<u>55</u>	<u>71</u>
Claims and expenses								
Claims and claim adjustment expenses	23	36	28	27	31	31	59	62
Amortization of deferred acquisition costs	1	-	1	1	1	1	1	2
General and administrative expenses	53	48	54	51	42	42	101	84
Total claims and expenses	<u>77</u>	<u>84</u>	<u>83</u>	<u>79</u>	<u>74</u>	<u>74</u>	<u>161</u>	<u>148</u>
Operating loss before federal income taxes	(51)	(55)	(52)	(45)	(39)	(38)	(106)	(77)
Income taxes	(18)	(19)	(18)	(16)	(14)	(13)	(37)	(27)
Operating loss	<u>\$ (33)</u>	<u>\$ (36)</u>	<u>\$ (34)</u>	<u>\$ (29)</u>	<u>\$ (25)</u>	<u>\$ (25)</u>	<u>\$ (69)</u>	<u>\$ (50)</u>
Other statistics								
Policies in force (in thousands)								
Automobile	62	68	73	77	81	82		
Homeowners and other	48	53	59	63	67	72		
Unfavorable prior year reserve development	\$ 3	\$ 2	\$ 2	\$ -	\$ 2	\$ 1	\$ 5	\$ 3
Catastrophes, net of reinsurance:								
Pre-tax	\$ -	\$ 9	\$ 3	\$ 1	\$ 2	\$ 3	\$ 9	\$ 5
After-tax	\$ -	\$ 5	\$ 2	\$ -	\$ 1	\$ 2	\$ 5	\$ 3

(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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Revenues								
Other revenues	\$ -	\$ -	\$ -	\$ (1)	\$ (4)	\$ -	\$ -	\$ (4)
Claims and expenses								
Interest expense	96	97	97	96	96	96	193	192
General and administrative expenses	15	30	5	6	7	5	45	12
Total claims and expenses	111	127	102	102	103	101	238	204
Operating loss before federal income tax benefit	(111)	(127)	(102)	(103)	(107)	(101)	(238)	(208)
Income taxes	(43)	(46)	(37)	(38)	(39)	(35)	(89)	(74)
Operating loss	<u>\$ (68)</u>	<u>\$ (81)</u>	<u>\$ (65)</u>	<u>\$ (65)</u>	<u>\$ (68)</u>	<u>\$ (66)</u>	<u>\$ (149)</u>	<u>\$ (134)</u>

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

The Travelers Companies, Inc.
Consolidated Balance Sheet

(in millions)



	June 30, 2012 (1)	December 31, 2011
Assets		
Fixed maturities, available for sale, at fair value (amortized cost \$60,313 and \$59,994)	\$ 64,705	\$ 64,232
Equity securities, available for sale, at fair value (cost \$436 and \$414)	595	559
Real estate investments	899	865
Short-term securities	3,275	3,594
Other investments	3,470	3,451
Total investments	<u>72,944</u>	<u>72,701</u>
Cash	230	214
Investment income accrued	751	768
Premiums receivable	6,197	5,730
Reinsurance recoverables	10,404	11,155
Ceded unearned premiums	874	828
Deferred acquisition costs	1,839	1,786
Deferred taxes	-	7
Contractholder receivables	4,903	5,186
Goodwill	3,365	3,365
Other intangible assets	405	433
Other assets	2,418	2,402
Total assets	<u>\$ 104,330</u>	<u>\$ 104,575</u>

Liabilities

Claims and claim adjustment expense reserves	\$ 50,793	\$ 51,392
Unearned premium reserves	11,449	11,102
Contractholder payables	4,903	5,186
Payables for reinsurance premiums	413	389
Deferred taxes	194	-
Debt	6,349	6,605
Other liabilities	5,180	5,424
Total liabilities	<u>79,281</u>	<u>80,098</u>

Shareholders' equity

Common stock (1,750.0 shares authorized; 386.0 and 392.8 shares issued and outstanding)	20,970	20,732
Retained earnings	20,541	19,579
Accumulated other comprehensive income	2,130	2,005
Treasury stock, at cost (361.4 and 349.0 shares)	(18,592)	(17,839)
Total shareholders' equity	<u>25,049</u>	<u>24,477</u>
Total liabilities and shareholders' equity	<u>\$ 104,330</u>	<u>\$ 104,575</u>

(1) Preliminary.

Certain prior period amounts have been restated to conform to the 2012 presentation.

The Travelers Companies, Inc.

Investment Portfolio

(at carrying value, \$ in millions)



	June 30, 2012	Pre-tax Book Yield (1)	December 31, 2011	Pre-tax Book Yield (1)
Investment portfolio				
Taxable fixed maturities (including redeemable preferred stock)	\$ 26,241	4.16%	\$ 25,711	4.33%
Tax-exempt fixed maturities	38,464	3.96%	38,521	4.01%
Total fixed maturities	64,705	4.04%	64,232	4.14%
Non-redeemable preferred stocks	128	6.32%	131	6.30%
Common stocks	467		428	
Total equity securities	595		559	
Real estate investments	899		865	
Short-term securities	3,275	0.21%	3,594	0.13%
Private equities	1,933		1,827	
Hedge funds	453		535	
Real estate partnerships	615		601	
Mortgage loans	35	6.34%	36	6.28%
Trading securities	25		25	
Other investments	409		427	
Total other investments	3,470		3,451	
Total investments	\$ 72,944		\$ 72,701	
Net unrealized investment gains, net of tax, included in shareholders' equity	\$ 2,980		\$ 2,871	

(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

	June 30, 2012		December 31, 2011
\$	2,157	\$	2,497
	8,305		7,332
	30,646		31,690
	38,951		39,022
	2,334		2,318
	3,318		3,515
	17,945		16,880
\$	64,705	\$	64,232

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

June 30, 2012		
	Amount	% of Total
\$	28,211	43.6 %
	20,655	31.9
	8,259	12.8
	5,579	8.6
	62,704	96.9
	944	1.5
	511	0.8
	546	0.8
	2,001	3.1
\$	64,705	100.0 %
	Aa2, AA	
	3.3	

(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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Gross investment income								
Fixed maturities	\$ 642	\$ 634	\$ 633	\$ 634	\$ 620	\$ 611	\$ 1,276	\$ 1,231
Short-term securities	4	3	3	2	2	3	7	5
Other	140	129	62	24	128	133	269	261
	786	766	698	660	750	747	1,552	1,497
Investment expenses	7	8	8	8	10	9	15	19
Net investment income, pre-tax	779	758	690	652	740	738	1,537	1,478
Income taxes	157	152	129	111	147	149	309	296
Net investment income, after-tax	\$ 622	\$ 606	\$ 561	\$ 541	\$ 593	\$ 589	\$ 1,228	\$ 1,182
Effective tax rate	20.2%	20.1%	18.6%	16.9%	19.9%	20.2%	20.1%	20.0%
Average invested assets (1)	\$ 70,771	\$ 70,476	\$ 70,474	\$ 70,067	\$ 69,494	\$ 69,623	\$ 70,659	\$ 69,555
Average yield pre-tax (1)	4.4%	4.3%	3.9%	3.7%	4.3%	4.2%	4.4%	4.2%
Average yield after-tax	3.5%	3.4%	3.2%	3.1%	3.4%	3.4%	3.5%	3.4%

(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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Net realized investment gains								
Fixed maturities	\$ 10	\$ 14	\$ -	\$ 11	\$ 8	\$ 17	\$ 24	\$ 25
Equity securities	1	26	(4)	17	3	2	27	5
Other (1)	9	(21)	6	(14)	(1)	(15)	(12)	(16)
Realized investment gains before tax	20	19	2	14	10	4	39	14
Related taxes	7	6	1	5	5	-	13	5
Net realized investment gains	\$ 13	\$ 13	\$ 1	\$ 9	\$ 5	\$ 4	\$ 26	\$ 9
Gross investment gains (1)	\$ 109	\$ 102	\$ 132	\$ 107	\$ 121	\$ 78	\$ 211	\$ 199
Gross investment losses before impairments (1)	(85)	(79)	(118)	(88)	(107)	(70)	(164)	(177)
Net investment gains before impairments	24	23	14	19	14	8	47	22
Other-than-temporary impairment losses:								
Total gains	2	5	9	14	-	11	7	11
Non-credit component of impairments recognized in accumulated other comprehensive income	(6)	(9)	(21)	(19)	(4)	(15)	(15)	(19)
Other-than-temporary impairment losses	(4)	(4)	(12)	(5)	(4)	(4)	(8)	(8)
Net realized investment gains before tax	20	19	2	14	10	4	39	14
Related taxes	7	6	1	5	5	-	13	5
Net realized investment gains	\$ 13	\$ 13	\$ 1	\$ 9	\$ 5	\$ 4	\$ 26	\$ 9
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2012		
Net unrealized investment gains, net of tax, by asset type								
Fixed maturities	\$ 2,556	\$ 3,209	\$ 3,944	\$ 4,238	\$ 4,166	\$ 4,392		
Equity securities & other	193	176	118	161	181	176		
Unrealized investment gains before tax	2,749	3,385	4,062	4,399	4,347	4,568		
Related taxes	943	1,163	1,398	1,528	1,509	1,588		
Balance, end of period	\$ 1,806	\$ 2,222	\$ 2,664	\$ 2,871	\$ 2,838	\$ 2,980		

(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	\$ 47	\$ 32	\$ 46	\$ 47	\$ 47	\$ 25	\$ 79	\$ 72
Gross investment Treasury future losses	\$ 47	\$ 53	\$ 77	\$ 57	\$ 41	\$ 38	\$ 100	\$ 79

The Company entered into these arrangements as part of its strategy to shorten the duration of the 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
 Mandatory pools and associations
 Structured settlements
 Total reinsurance recoverables

June 30, 2012	December 31, 2011
\$ 5,522	\$ 6,255
(270)	(345)
5,252	5,910
1,961	2,020
3,191	3,225
<u>\$ 10,404</u>	<u>\$ 11,155</u>

The Company's top five reinsurer groups, including retroactive reinsurance, by reinsurance recoverable is as follows:

Reinsurer	A.M. Best Rating of Group's Predominant Reinsurer	June 30, 2012	December 31, 2011
Munich Re Group	A+ second highest of 16 ratings	\$ 588	\$ 670
Swiss Re Group	A+ second highest of 16 ratings	585	626
Alleghany Group (1)	A third highest of 16 ratings	302	349
XL Capital Group	A third highest of 16 ratings	285	281
Berkshire Hathaway Group	A++ highest of 16 ratings	267	289

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 unasserted 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 June 30, 2012, after deducting mandatory pools and associations and structured settlement balances, \$4.2 billion, or 80%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 98% were rated A- or better. The remaining 20% net recoverables from reinsurers were comprised of the following: 6% related to the Company's participation in voluntary pools, 11% related to recoverables from captive insurance companies and 3% were balances from other companies not rated by A.M. Best Company. In addition, \$1.6 billion of the net recoverables were collateralized by letters of credit, funds held and trust agreements at June 30, 2012.

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.

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	June 30, 2012	December 31, 2011
Fidelity and Guaranty Life	B++ fifth highest of 16 ratings	\$ 991	\$ 1,007
Metlife	A+ second highest of 16 ratings	475	488
Genworth Financial Group	A third highest of 16 ratings	443	449
Symetra Financial Corporation	A third highest of 16 ratings	261	264
John Hancock Group	A+ second highest of 16 ratings	190	189

(1) In 1Q 2012, Alleghany Corporation and Transatlantic Holdings, Inc. completed their merger. As a result, Transatlantic became an operating subsidiary of Alleghany.

Certain prior period amounts have been restated to conform to the 2012 presentation.

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



(\$ in millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Statutory Basis Reserves for Losses and Loss Adjustment Expenses								
Business Insurance								
Beginning of period	\$ 30,505	\$ 30,489	\$ 31,158	\$ 31,253	\$ 31,131	\$ 31,006	\$ 30,505	\$ 31,131
Incurred	1,736	2,540	2,167	1,846	1,663	2,057	4,276	3,720
Paid	(1,759)	(1,874)	(2,059)	(1,968)	(1,792)	(1,932)	(3,633)	(3,724)
Foreign exchange and other	7	3	(13)	-	4	(5)	10	(1)
End of period	\$ 30,489	\$ 31,158	\$ 31,253	\$ 31,131	\$ 31,006	\$ 31,126	\$ 31,158	\$ 31,126
Financial, Professional & International Insurance								
Beginning of period	\$ 6,068	\$ 6,267	\$ 6,297	\$ 6,076	\$ 6,019	\$ 6,045	\$ 6,068	\$ 6,019
Incurred	430	375	294	375	341	299	805	640
Paid	(294)	(357)	(412)	(428)	(361)	(307)	(651)	(668)
Foreign exchange and other	63	12	(103)	(4)	46	(45)	75	1
End of period	\$ 6,267	\$ 6,297	\$ 6,076	\$ 6,019	\$ 6,045	\$ 5,992	\$ 6,297	\$ 5,992
Personal Insurance								
Beginning of period	\$ 3,662	\$ 3,545	\$ 4,027	\$ 3,909	\$ 3,749	\$ 3,740	\$ 3,662	\$ 3,749
Incurred	1,176	2,185	1,633	1,349	1,314	1,435	3,361	2,749
Paid	(1,293)	(1,703)	(1,751)	(1,509)	(1,323)	(1,368)	(2,996)	(2,691)
End of period	\$ 3,545	\$ 4,027	\$ 3,909	\$ 3,749	\$ 3,740	\$ 3,807	\$ 4,027	\$ 3,807
Total								
Beginning of period	\$ 40,235	\$ 40,301	\$ 41,482	\$ 41,238	\$ 40,899	\$ 40,791	\$ 40,235	\$ 40,899
Incurred	3,342	5,100	4,094	3,570	3,318	3,791	8,442	7,109
Paid	(3,346)	(3,934)	(4,222)	(3,905)	(3,476)	(3,607)	(7,280)	(7,083)
Foreign exchange and other	70	15	(116)	(4)	50	(50)	85	-
End of period	\$ 40,301	\$ 41,482	\$ 41,238	\$ 40,899	\$ 40,791	\$ 40,925	\$ 41,482	\$ 40,925
Prior Year Reserve Development: Unfavorable (Favorable)								
Business Insurance								
Asbestos	\$ -	\$ -	\$ 175	\$ -	\$ -	\$ -	\$ -	\$ -
Environmental	-	76	-	-	-	90	76	90
All other	(143)	(103)	(201)	(49)	(248)	(148)	(246)	(396)
Prior year development excluding accretion of discount	(143)	(27)	(26)	(49)	(248)	(58)	(170)	(306)
Accretion of discount	11	12	11	11	12	13	23	25
Total Business Insurance	(132)	(15)	(15)	(38)	(236)	(45)	(147)	(281)
Financial, Professional & International Insurance								
	(39)	(96)	(153)	(72)	(46)	(96)	(135)	(142)
Personal Insurance								
	(55)	(45)	(5)	(5)	(10)	(67)	(100)	(77)
Total	\$ (226)	\$ (156)	\$ (173)	\$ (115)	\$ (292)	\$ (208)	\$ (382)	\$ (500)

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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Asbestos reserves								
Beginning reserves:								
Direct	\$ 2,941	\$ 2,876	\$ 2,808	\$ 2,921	\$ 2,780	\$ 2,724	\$ 2,941	\$ 2,780
Ceded	(393)	(374)	(370)	(388)	(341)	(340)	(393)	(341)
Net	2,548	2,502	2,438	2,533	2,439	2,384	2,548	2,439
Incurring losses and loss expenses:								
Direct	-	-	195	-	-	-	-	-
Ceded	-	-	(20)	-	-	-	-	-
Losses paid:								
Direct	65	68	82	141	56	64	133	120
Ceded	(19)	(4)	(2)	(47)	(1)	(5)	(23)	(6)
Ending reserves:								
Direct	2,876	2,808	2,921	2,780	2,724	2,660	2,808	2,660
Ceded	(374)	(370)	(388)	(341)	(340)	(335)	(370)	(335)
Net	<u>\$ 2,502</u>	<u>\$ 2,438</u>	<u>\$ 2,533</u>	<u>\$ 2,439</u>	<u>\$ 2,384</u>	<u>\$ 2,325</u>	<u>\$ 2,438</u>	<u>\$ 2,325</u>
Environmental reserves								
Beginning reserves:								
Direct	\$ 354	\$ 339	\$ 394	\$ 373	\$ 346	\$ 321	\$ 354	\$ 346
Ceded	(3)	(3)	(6)	(6)	(5)	(4)	(3)	(5)
Net	351	336	388	367	341	317	351	341
Incurring losses and loss expenses:								
Direct	-	80	-	-	-	96	80	96
Ceded	-	(4)	-	-	-	(6)	(4)	(6)
Losses paid:								
Direct	15	25	21	27	25	21	40	46
Ceded	-	(1)	-	(1)	(1)	(1)	(1)	(2)
Ending reserves:								
Direct	339	394	373	346	321	396	394	396
Ceded	(3)	(6)	(6)	(5)	(4)	(9)	(6)	(9)
Net	<u>\$ 336</u>	<u>\$ 388</u>	<u>\$ 367</u>	<u>\$ 341</u>	<u>\$ 317</u>	<u>\$ 387</u>	<u>\$ 388</u>	<u>\$ 387</u>

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

5.375% Senior notes due June 15, 2012

5.00% Senior notes due March 15, 2013 (1)

Total short-term debt

Long-term debt

5.00% Senior notes due March 15, 2013 (1)

5.50% Senior notes due December 1, 2015 (1)

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)

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)

	June 30, 2012	December 31, 2011
	\$	\$
	100	100
	-	250
	500	-
	600	350
	-	500
	400	400
	400	400
	450	450
	500	500
	500	500
	500	500
	200	200
	125	125
	500	500
	400	400
	800	800
	750	750
	56	56
	73	73
	107	115
	5,761	6,269
	53	53
	(65)	(67)
	5,749	6,255
	6,349	6,605
	22,069	21,606
	\$ 28,418	\$ 28,211
	22.3%	23.4%

(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 to GAAP Shareholders' Equity Reconciliation

(\$ in millions)



	<u>June 30, 2012 (1)</u>	<u>December 31, 2011</u>
Statutory surplus	\$ 19,841	\$ 19,174
GAAP adjustments		
Goodwill and intangible assets	3,595	3,621
Investments	5,076	4,883
Noninsurance companies	(4,420)	(4,219)
Deferred acquisition costs	1,839	1,786
Deferred federal income tax	(2,059)	(1,946)
Current federal income tax	(9)	(40)
Reinsurance recoverables	242	242
Furniture, equipment & software	674	708
Employee benefits	7	(9)
Agents balances	146	140
Other	117	137
Total GAAP adjustments	<u>5,208</u>	<u>5,303</u>
GAAP shareholders' equity	<u>\$ 25,049</u>	<u>\$ 24,477</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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Cash flows from operating activities								
Net income (loss)	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 475	\$ 1,305
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Net realized investment gains	(20)	(19)	(2)	(14)	(10)	(4)	(39)	(14)
Depreciation and amortization	208	197	194	203	216	196	405	412
Deferred federal income tax expense (benefit)	153	(16)	22	(96)	119	6	137	125
Amortization of deferred acquisition costs	948	970	982	976	971	976	1,918	1,947
Equity in income from other investments	(122)	(109)	(48)	(2)	(114)	(114)	(231)	(228)
Premiums receivable	(167)	(375)	103	202	(151)	(317)	(542)	(468)
Reinsurance recoverables	218	7	21	563	495	257	225	752
Deferred acquisition costs	(964)	(1,009)	(1,015)	(893)	(984)	(1,016)	(1,973)	(2,000)
Claims and claim adjustment expense reserves	(251)	1,140	(149)	(894)	(504)	(95)	889	(599)
Unearned premium reserves	175	220	217	(424)	117	229	395	346
Other	(384)	(374)	259	112	(147)	(166)	(758)	(313)
Net cash provided by operating activities	633	268	917	351	814	451	901	1,265
Cash flows from investing activities								
Proceeds from maturities of fixed maturities	1,849	1,385	2,007	2,163	1,615	2,552	3,234	4,167
Proceeds from sales of investments:								
Fixed maturities	490	246	106	319	223	319	736	542
Equity securities	8	39	4	84	15	7	47	22
Real estate investments	-	-	1	-	-	3	-	3
Other investments	161	124	197	112	203	183	285	386
Purchases of investments:								
Fixed maturities	(1,824)	(1,723)	(2,677)	(2,480)	(2,604)	(2,596)	(3,547)	(5,200)
Equity securities	(51)	(52)	(15)	(13)	(10)	(23)	(103)	(33)
Real estate investments	(30)	(5)	(6)	(25)	(5)	(53)	(35)	(58)
Other investments	(107)	(522)	(129)	(131)	(114)	(107)	(629)	(221)
Net sales (purchases) of short-term securities	(31)	628	216	1,205	226	141	597	367
Securities transactions in course of settlement	134	79	(17)	(196)	248	(171)	213	77
Other	(69)	(74)	(105)	(123)	(92)	(41)	(143)	(133)
Net cash provided by (used in) investing activities	530	125	(418)	915	(295)	214	655	(81)

Certain prior period amounts have been restated to conform to the 2012 presentation.

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	YTD 2Q 2011	YTD 2Q 2012
Cash flows from financing activities								
Payment of debt	-	(8)	-	-	-	(258)	(8)	(258)
Dividends paid to shareholders	(155)	(174)	(171)	(165)	(161)	(180)	(329)	(341)
Issuance of common stock - employee share options	168	77	25	44	77	93	245	170
Treasury stock acquired - share repurchase authorization	(1,104)	(256)	(395)	(1,164)	(354)	(353)	(1,360)	(707)
Treasury stock acquired - net employee share-based compensation	(44)	(2)	-	-	(52)	-	(46)	(52)
Excess tax benefits from share-based payment arrangements	7	4	6	1	12	7	11	19
Net cash used in financing activities	(1,128)	(359)	(535)	(1,284)	(478)	(691)	(1,487)	(1,169)
Effect of exchange rate changes on cash	4	-	(6)	1	3	(2)	4	1
Net increase (decrease) in cash	39	34	(42)	(17)	44	(28)	73	16
Cash at beginning of period	200	239	273	231	214	258	200	214
Cash at end of period	<u>\$ 239</u>	<u>\$ 273</u>	<u>\$ 231</u>	<u>\$ 214</u>	<u>\$ 258</u>	<u>\$ 230</u>	<u>\$ 273</u>	<u>\$ 230</u>
Income taxes paid (received)	\$ 112	\$ 179	\$ (14)	\$ (59)	\$ 20	\$ 276	\$ 291	\$ 296
Interest paid	\$ 35	\$ 156	\$ 35	\$ 156	\$ 35	\$ 156	\$ 191	\$ 191

The Travelers Companies, Inc.
Financial Supplement - Second Quarter 2012
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 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 excluding preferred stock 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, net realized investment gains (losses), net of tax, for the period presented and preferred stock. **Adjusted average shareholders' equity** is average shareholders' equity excluding net unrealized investment gains (losses), net of tax, for all quarters included in the calculation and, for each quarterly period included in the calculation that quarter's net realized investment gains (losses), net of tax.

Return on equity is the ratio of annualized net income (loss) less preferred dividends to average shareholders' equity for the periods presented. **Operating return on equity** is the ratio of annualized operating income (loss) less preferred dividends 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 natural and man-made events, including risks such as fire, earthquake, windstorm, explosion, terrorism and other similar events. 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.

GAAP combined ratio is the sum of the loss and loss adjustment expense ratio (loss and LAE ratio) and the underwriting expense ratio. For GAAP, the loss and LAE ratio is the ratio of incurred losses and loss adjustment expenses reduced by an allocation of fee income to net earned premiums. The underwriting expense ratio is the ratio of underwriting expenses incurred reduced by an allocation of fee income, and billing and policy fees to net earned premiums. A GAAP combined ratio under 100% generally indicates an underwriting profit. A GAAP combined ratio over 100% generally indicates an underwriting loss. The GAAP combined ratio is an operating statistic that includes GAAP measures in the numerator and the denominator.

GAAP combined ratio excluding the incremental impact of the direct to consumer initiative is the GAAP 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 is useful in an analysis of a property casualty company's book value 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 surplus represents the excess of an insurance company's assets over its liabilities in accordance with the statutory accounting practices required by state laws and regulations.

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

Business Insurance - The Business Insurance segment offers a broad array of property and casualty insurance and insurance-related services to its clients primarily in the United States. Business Insurance is organized into the following six groups, which collectively comprise Business Insurance Core operations: Select Accounts; Commercial Accounts; National Accounts; Industry-Focused Underwriting including Construction, Technology, Public Sector Services, Oil & Gas, and Agribusiness; Target Risk Underwriting including National Property, Inland Marine, Ocean Marine, Excess Casualty, Boiler & Machinery, and Global Partner Services; and Specialized Distribution including Northland and National Programs. Business Insurance also includes the Special Liability Group (which manages the Company's asbestos and environmental liabilities) and the assumed reinsurance, and certain international and other runoff operations, which collectively are referred to as Business Insurance Other.

Financial, Professional & International Insurance - The Financial, Professional & International Insurance segment includes surety and financial liability coverages, which primarily use credit-based underwriting processes, as well as property and casualty products that are primarily marketed on a domestic basis in the United Kingdom, Canada and the Republic of Ireland, and on an international basis through Lloyd's. The segment includes Bond & Financial Products as well as International.

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.