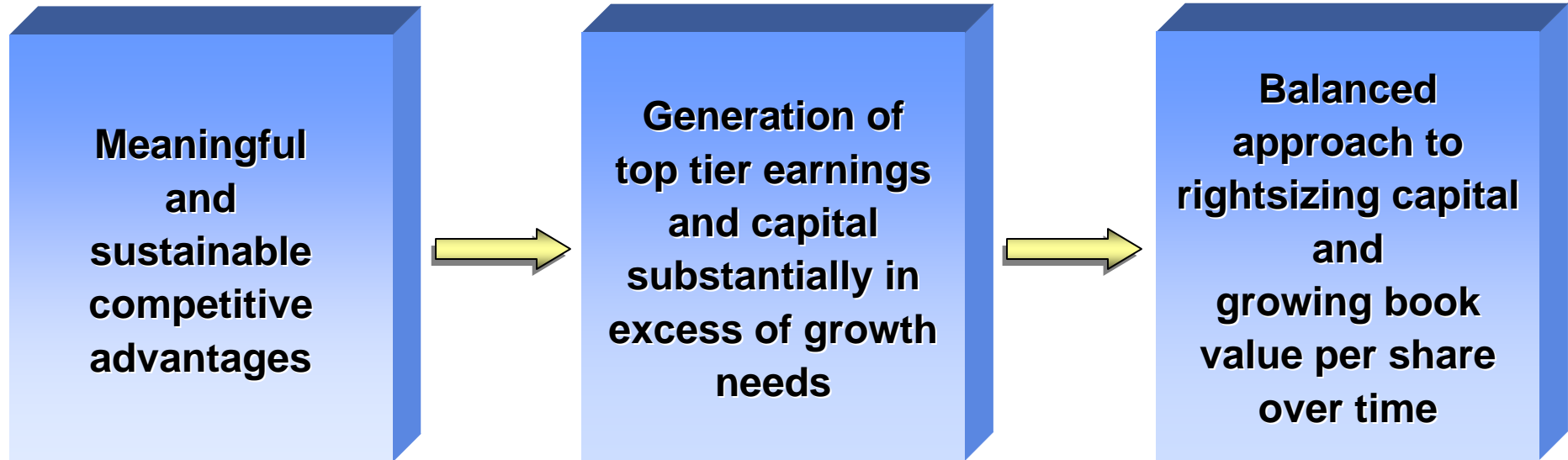




The Travelers Companies, Inc.
Fourth Quarter and Full Year 2011 Results

January 24, 2012

Long-Term Financial Strategy



Create Shareholder Value
Objective: Mid-Teens ROE *Over Time*

Fourth Quarter and Full Year 2011 Overview

- **Fourth quarter 2011 net and operating income per diluted share of \$1.51 and \$1.48, respectively, compared to \$1.95 and \$1.89 in the prior year quarter**
 - Net and operating income of \$618 million and \$609 million
 - Total revenues of \$6.373 billion, up 1% from the prior year quarter
 - Return on equity and operating return on equity of 10.0% and 11.1%
 - Consolidated GAAP combined ratio of 95.9%
 - Net favorable prior year reserve development of \$126 million pre tax (\$83 million after tax), compared to \$347 million pre tax (\$228 million after tax) in prior year quarter
 - Catastrophe losses of \$102 million pre tax (\$68 million after tax), compared to \$86 million pre tax (\$55 million after tax) in prior year quarter
 - Net investment income of \$541 million after tax, down 16% from the prior year quarter

- **Full year 2011 net and operating income per diluted share of \$3.36 and \$3.28, respectively, compared to \$6.62 and \$6.26 in the prior year**
 - Net and operating income of \$1.426 billion and \$1.390 billion
 - Total revenues of \$25.446 billion, up 1% from prior year
 - Return on equity and operating return on equity of 5.7% and 6.1%
 - Consolidated GAAP combined ratio of 105.1%
 - Net favorable prior year reserve development of \$715 million pre tax (\$473 million after tax), compared to \$1.247 billion pre tax (\$818 million after tax) in prior year
 - Catastrophe losses of \$2.562 billion pre tax (\$1.669 billion after tax), compared to \$1.113 billion pre tax (\$729 million after tax) in prior year
 - Net investment income of \$2.330 billion after tax, down 6% from the prior year

- **Fourth quarter and full year 2011 net written premiums of \$5.261 billion and \$22.187 billion, up 1% and 3%, respectively, from prior year**

- **Book value per common share of \$62.32, up 7% from year-end 2010 after \$2.90 billion of common share repurchases and \$669 million of common stock dividends**

Consolidated Performance

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

	Fourth Quarter			Full Year		
	2011	2010	Change	2011	2010	Change
Operating income	\$ 609	\$ 864	(30) %	\$ 1,390	\$ 3,043	(54) %
<i>per diluted share</i>	\$ 1.48	\$ 1.89	(22) %	\$ 3.28	\$ 6.26	(48) %
Included the following items:						
Net favorable prior year reserve development	\$ 83	\$ 228		\$ 473	\$ 818	
Catastrophes, net of reinsurance	(68)	(55)		(1,669)	(729)	
Resolution of prior year tax matters	-	-		104	-	
Total Items	\$ 15	\$ 173		\$ (1,092)	\$ 89	
Loss and loss adjustment ratio	63.7 %	58.0 %		72.9 %	61.0 %	
Underwriting expense ratio	32.2	32.6		32.2	32.2	
GAAP combined ratio ¹	95.9 %	90.6 %	(5.3) pts	105.1 %	93.2 %	(11.9) pts
<i>GAAP combined ratio excluding incremental impact of direct to consumer initiative</i>	95.1 %	89.6 %		104.2 %	92.4 %	
Net favorable prior year reserve development	2.3	6.4		3.2	5.8	
Catastrophes, net of reinsurance	(1.8)	(1.5)		(11.6)	(5.2)	
Adjusted GAAP combined ratio	96.4 %	95.5 %	(0.9) pts	96.7 %	93.8 %	(2.9) pts

Very Strong Financial Position

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

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Debt	\$ 6,605	\$ 6,611
Preferred equity	-	68
Common equity ¹	<u>21,606</u>	<u>23,548</u>
Total capital ¹	<u>\$ 28,211</u>	<u>\$ 30,227</u>
Debt-to-capital ¹	23.4%	21.9%
Common shares outstanding	392.8	434.6
Book value per common share	\$ 62.32	\$ 58.47
Adjusted book value per common share ¹	\$ 55.01	\$ 54.19
Tangible book value per common share ^{1, 2}	\$ 45.46	\$ 45.42
Statutory surplus	\$ 19,174	\$ 20,066
Holding company liquidity	\$ 2,387	\$ 3,609

¹ Excludes net unrealized investment gains, net of taxes

² Excludes the after-tax value of goodwill and other intangible assets

Capital

- At or above target levels for all rating agencies
- Repurchased \$2.9 billion of common shares and paid \$669 million in common stock dividends in 2011

Leverage

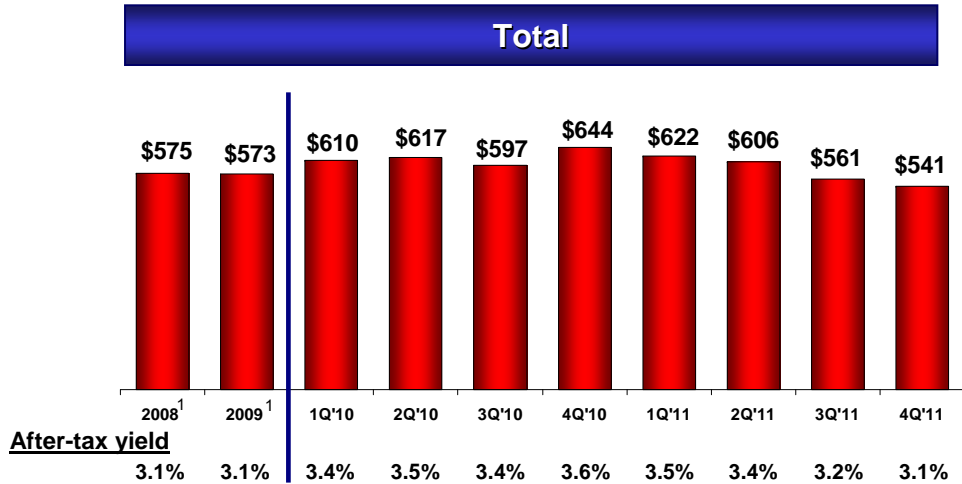
- Debt-to-capital ratio¹ of 23.4%, comfortably within target range
- Low level of maturing debt
 - 2012 \$250 million
 - 2013 \$500 million
 - 2014 -
 - 2015 \$400 million

Very high quality investment portfolio

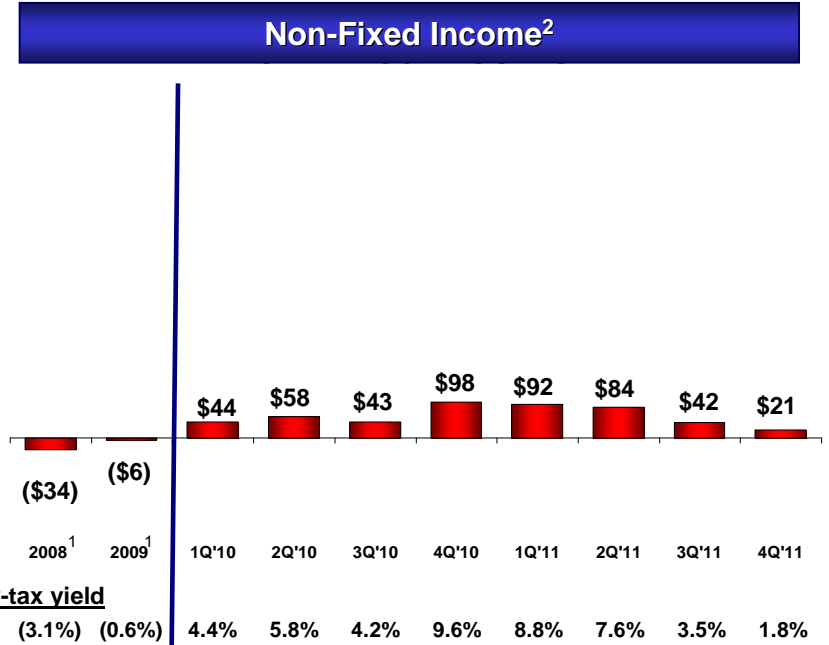
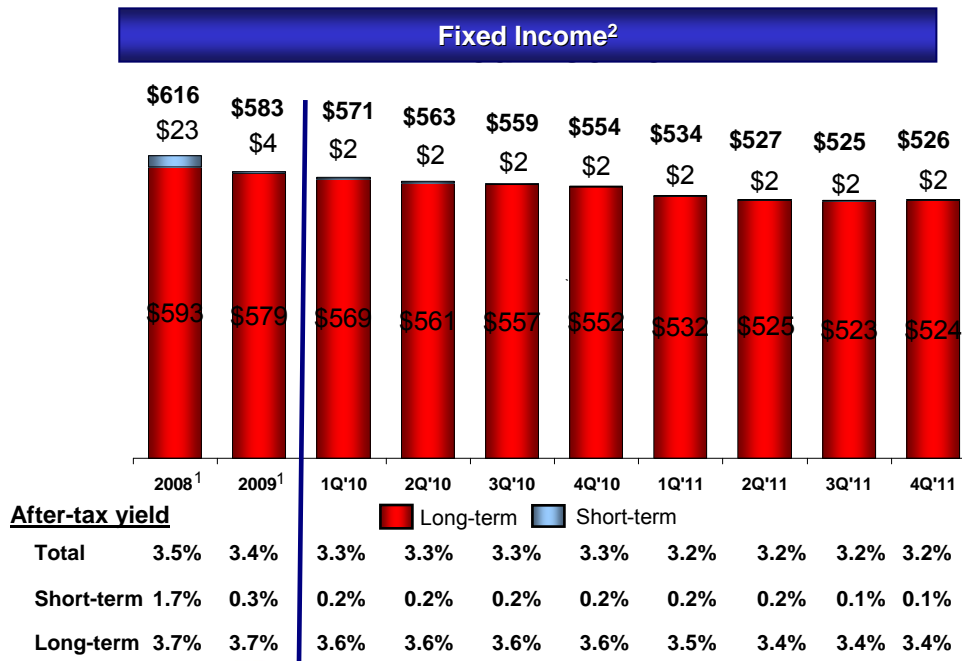
- Net unrealized investment gains of \$2.9 billion after tax (\$4.4 billion pre tax) at year-end 2011

Net Investment Income

(\$ in millions, after-tax)

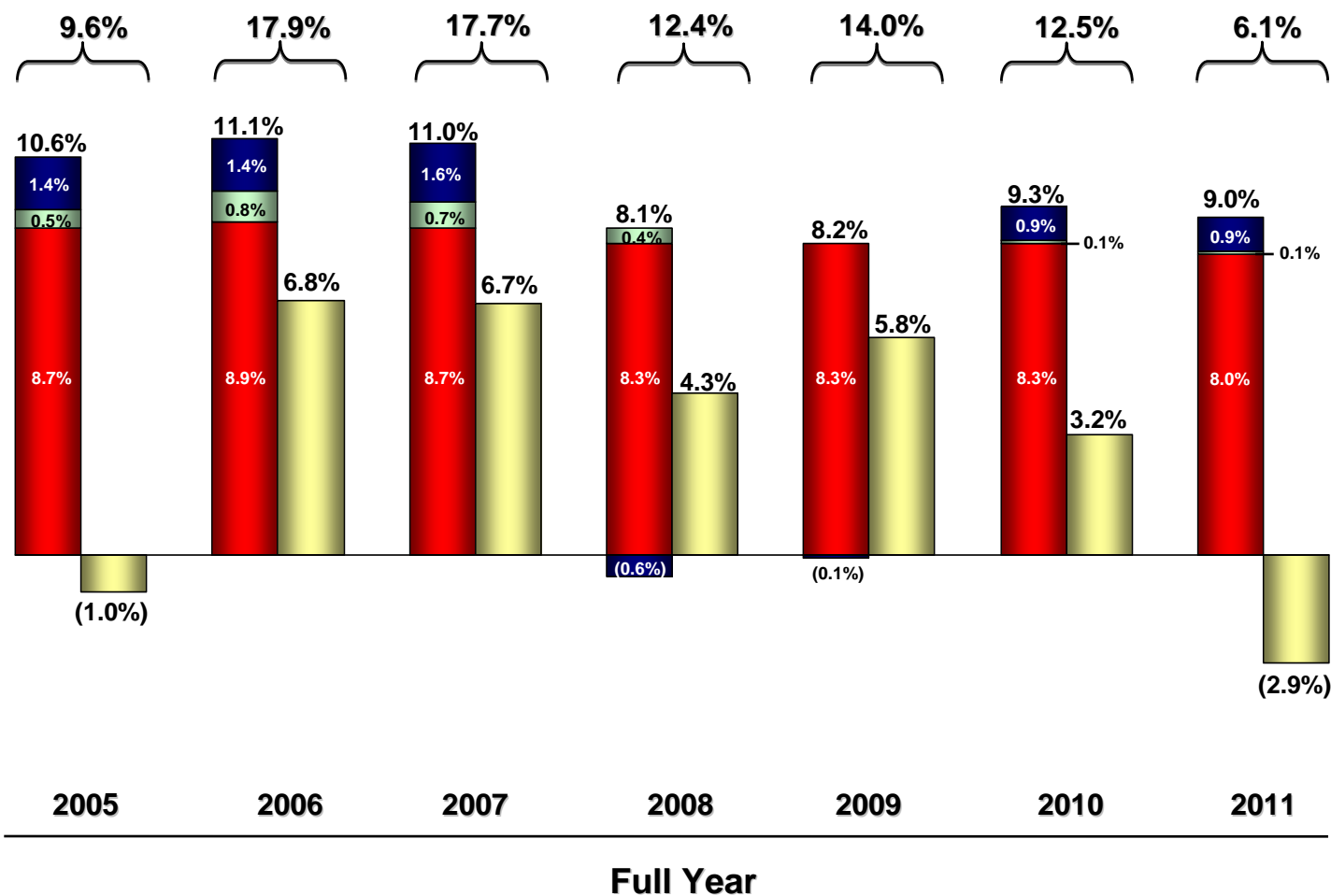


- Net investment income from the long-term fixed income portfolio declined modestly from a year ago due to lower reinvestment rates and lower average invested assets
- Short-term portion of fixed income portfolio continued to be impacted by very low interest rates
- Returns from the non-fixed income portfolio were lower than recent quarters primarily due to private equity and real estate partnership performance

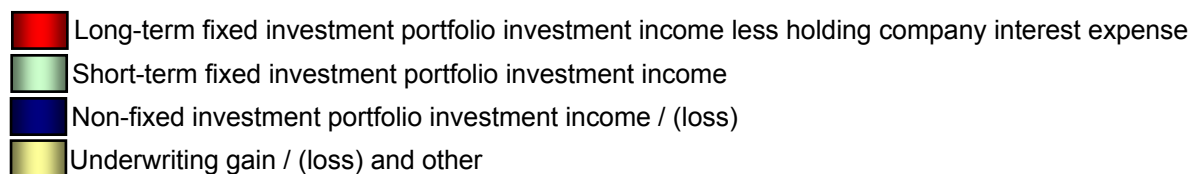


¹ 2008 and 2009 data equals quarterly average
² Excludes investment expenses

Components of Operating Return on Equity



- For full year 2011, investment income contributed 9.0 points to the operating return on equity, a slight decrease from the prior year
- For full year 2011, the underwriting loss reflected significant catastrophe losses that unfavorably impacted operating return on equity
- From January 1, 2005 through December 31, 2011, average annual operating return on equity was approximately 13.0%



Business Insurance: Performance

(\$ in millions)

	Fourth Quarter			Full Year		
	2011	2010	Change	2011	2010	Change
Operating income	<u>\$ 445</u>	<u>\$ 624</u>	(29) %	<u>\$ 1,354</u>	<u>\$ 2,301</u>	(41) %
Loss and loss adjustment ratio	64.1 %	57.8 %		73.1 %	59.1 %	
Underwriting expense ratio	31.7	32.3		31.6	32.2	
GAAP combined ratio ¹	<u>95.8 %</u>	<u>90.1 %</u>	(5.7) pts	<u>104.7 %</u>	<u>91.3 %</u>	(13.4) pts
Net favorable prior year reserve development	1.7	9.3		2.2	8.4	
Catastrophes, net of reinsurance	(0.5)	(2.6)		(9.0)	(4.1)	
Adjusted GAAP combined ratio	<u>97.0 %</u>	<u>96.8 %</u>	(0.2) pts	<u>97.9 %</u>	<u>95.6 %</u>	(2.3) pts
Net Written Premiums						
Select Accounts	\$ 648	\$ 636	2 %	\$ 2,784	\$ 2,718	2 %
Commercial Accounts	662	634	4	2,890	2,576	12
National Accounts	207	213	(3)	782	806	(3)
Industry-Focused Underwriting	551	556	(1)	2,407	2,299	5
Target Risk Underwriting	350	350	-	1,587	1,573	1
Specialized Distribution	194	188	3	880	872	1
Business Insurance Core	<u>2,612</u>	<u>2,577</u>	1 %	<u>11,330</u>	<u>10,844</u>	4 %
Business Insurance Other	3	-		10	13	
Total Business Insurance	<u>\$ 2,615</u>	<u>\$ 2,577</u>	1 %	<u>\$ 11,340</u>	<u>\$ 10,857</u>	4 %

Business Insurance (Ex. National Accounts)

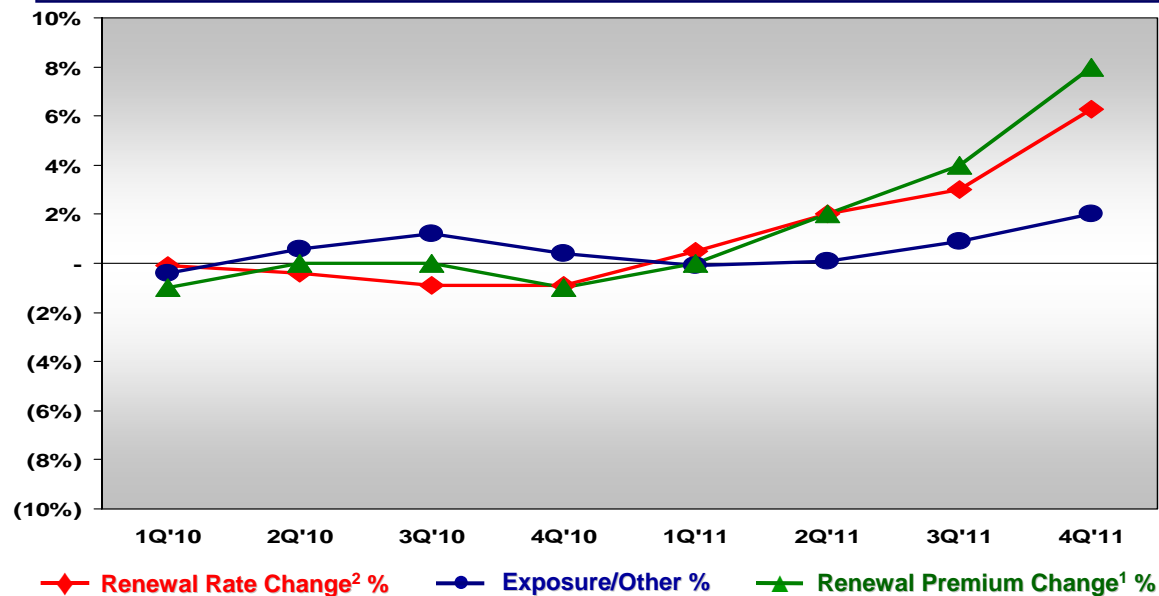
Illustrative Business Statistics

(\$ in millions)

	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Retention	82%	82%	83%	82%	84%	81%	83%	79%
Renewal premium change ¹	(1%)	-%	-%	(1%)	-%	2%	4%	8%
New business	\$ 552	\$ 576	\$ 566	\$ 532	\$ 535	\$ 518	\$ 499	\$ 429

Substantial increase in renewal premium change as well as renewal rate change

Renewal Premium Change: Rate Versus Exposure/Other



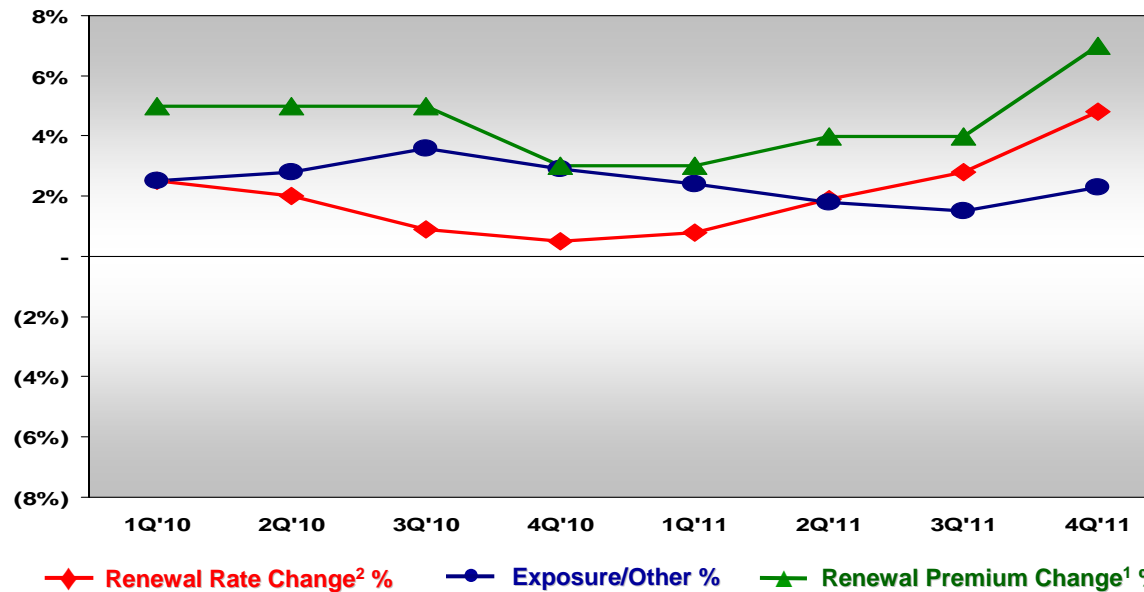
Accelerating rate change in all lines, led by workers' compensation and commercial auto

Business Insurance: Select Accounts

Illustrative Business Statistics

(\$ in millions)	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Retention	77%	78%	80%	80%	81%	80%	79%	76%
Renewal premium change ¹	5%	5%	5%	3%	3%	4%	4%	7%
New business	\$ 123	\$ 140	\$ 135	\$ 131	\$ 142	\$ 128	\$ 116	\$ 107

Renewal Premium Change: Rate Versus Exposure/Other



Strong pricing gains in small commercial

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

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

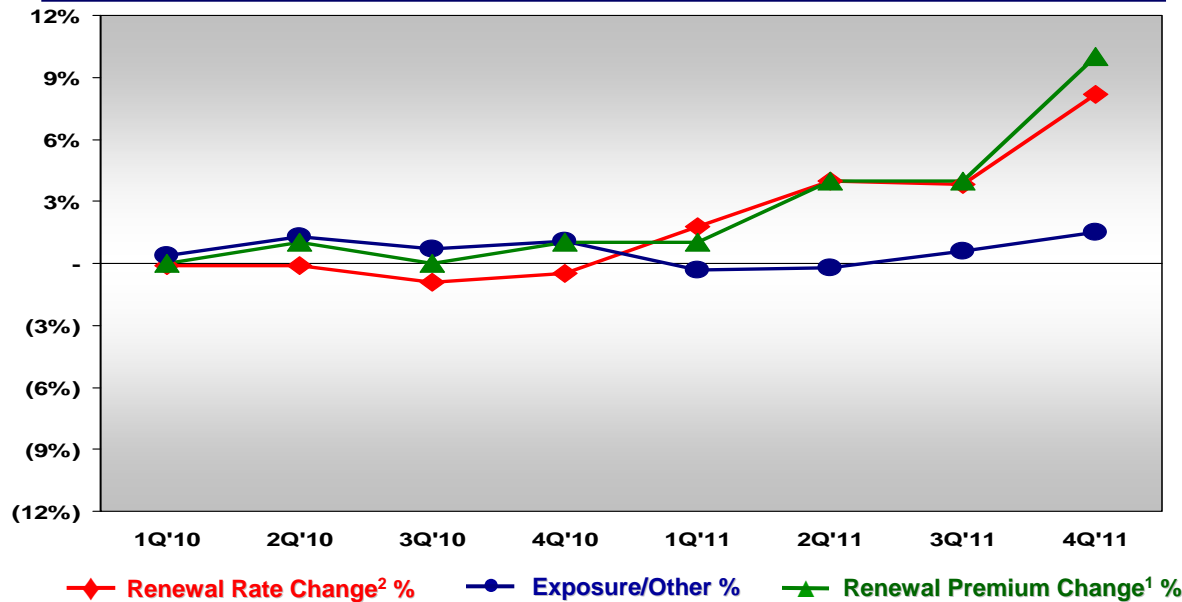
Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.

Business Insurance: Commercial Accounts

Illustrative Business Statistics

(\$ in millions)	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Retention	84%	86%	87%	85%	88%	84%	86%	81%
Renewal premium change ¹	-%	1%	-%	1%	1%	4%	4%	10%
New business	\$153	\$129	\$142	\$134	\$157	\$134	\$ 135	\$ 103

Renewal Premium Change: Rate Versus Exposure/Other



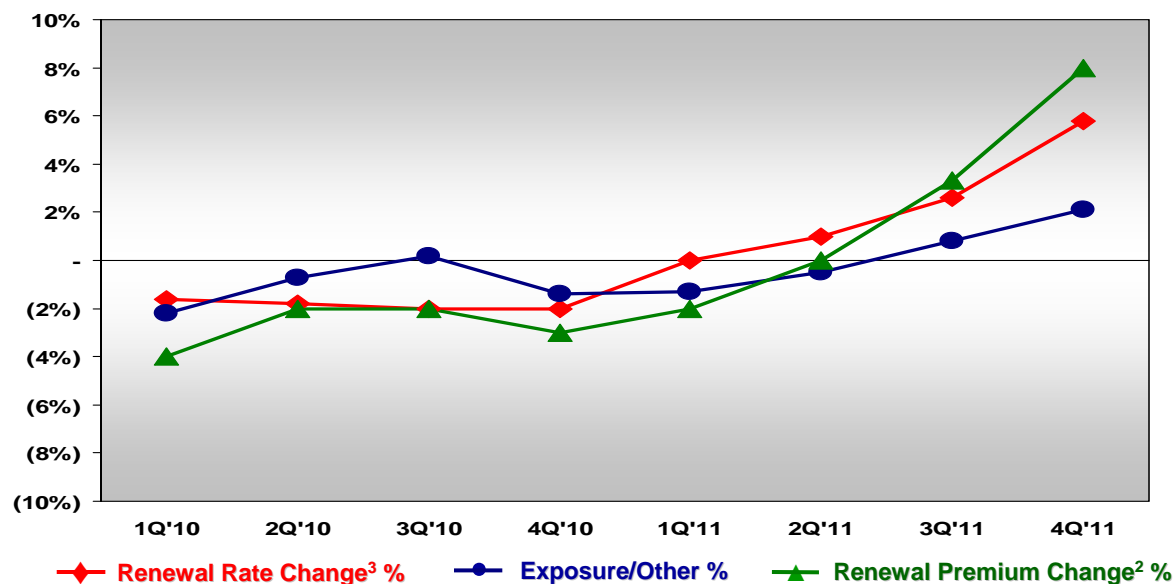
Highest level of renewal premium change since 3rd quarter 2003

Business Insurance: Other Business Insurance¹

Illustrative Business Statistics

(\$ in millions)	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Retention	82%	82%	83%	82%	83%	80%	83%	79%
Renewal premium change ²	(4%)	(2%)	(2%)	(3%)	(2%)	-%	3%	7%
New business	\$276	\$307	\$289	\$267	\$236	\$256	\$ 248	\$ 219

Renewal Premium Change: Rate Versus Exposure/Other



Renewal rate change was positive for third consecutive quarter and continued to improve

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

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

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

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

Financial, Professional & International Insurance (FP&II)

Performance

(\$ in millions)

	Fourth Quarter			Full Year		
	2011	2010	Change	2011	2010	Change
Operating income	<u>\$ 152</u>	<u>\$ 150</u>	1 %	<u>\$ 647</u>	<u>\$ 620</u>	4 %
Loss and loss adjustment ratio	47.3 %	51.2 %		46.4 %	50.9 %	
Underwriting expense ratio	<u>40.0</u>	<u>38.0</u>		<u>39.4</u>	<u>36.8</u>	
GAAP combined ratio ¹	87.3 %	89.2 %	1.9 pts	85.8 %	87.7 %	1.9 pts
Net favorable prior year reserve development	9.0	6.8		11.3	7.8	
Catastrophes, net of reinsurance	<u>(2.2)</u>	<u>0.6</u>		<u>(1.7)</u>	<u>(2.4)</u>	
Adjusted GAAP combined ratio	<u>94.1 %</u>	<u>96.6 %</u>	2.5 pts	<u>95.4 %</u>	<u>93.1 %</u>	(2.3) pts
Net Written Premiums						
Bond & Financial Products	\$ 513	\$ 513	- %	\$ 1,953	\$ 1,981	(1) %
International	<u>278</u>	<u>320</u>	(13)	<u>1,149</u>	<u>1,230</u>	(7)
Total FP&II	<u>\$ 791</u>	<u>\$ 833</u>	(5) %	<u>\$ 3,102</u>	<u>\$ 3,211</u>	(3) %
Total FP&II - Adjusted for the impact of foreign exchange rates			(5) %			(4) %

Financial, Professional & International Insurance

(\$ in millions)

Illustrative Business Statistics

	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Surety								
Gross written premium	\$247	\$239	\$253	\$217	\$235	\$235	\$250	\$209
Management Liability ²								
Retention	81%	82%	85%	83%	84%	85%	87%	85%
Renewal premium change ¹	-%	(1%)	(2%)	(3%)	(1%)	(1%)	1%	1%
New business	\$37	\$39	\$40	\$40	\$41	\$45	\$46	\$42
International ²								
Retention	77%	79%	70%	74%	73%	73%	70%	75%
Renewal premium change ¹	3%	(2%)	1%	1%	(2%)	-%	3%	-%
New business	\$85	\$65	\$54	\$61	\$50	\$69	\$53	\$49

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

² Excludes the surety line of business as surety products are generally 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.

Personal Insurance: Performance

(\$ in millions)

	Fourth Quarter			Full Year		
	2011	2010	Change	2011	2010	Change
Operating income (loss)	<u>\$ 77</u>	<u>\$ 194</u>	(60) %	<u>\$ (332)</u>	<u>\$ 440</u>	NM %
Loss and loss adjustment ratio	69.9 %	61.2 %		83.5 %	68.1 %	
Underwriting expense ratio	<u>29.9</u>	<u>30.9</u>		<u>30.1</u>	<u>30.2</u>	
GAAP combined ratio ¹	99.8 %	92.1 %	(7.7) pts	113.6 %	98.3 %	(15.3) pts
<i>GAAP combined ratio excluding incremental impact of direct to consumer initiative</i>	97.4 %	89.1 %		111.1 %	96.1 %	
Net favorable prior year reserve development	0.3	2.0		1.5	1.2	
Catastrophes, net of reinsurance	<u>(3.7)</u>	<u>(1.1)</u>		<u>(19.6)</u>	<u>(8.1)</u>	
Adjusted GAAP combined ratio	<u>96.4 %</u>	<u>93.0 %</u>	(3.4) pts	<u>95.5 %</u>	<u>91.4 %</u>	(4.1) pts

Net Written Premiums - Agency ²

Automobile	\$ 876	\$ 888		\$ 3,688	\$ 3,698	
Homeowners & Other	<u>944</u>	<u>910</u>		<u>3,923</u>	<u>3,772</u>	
Total	<u>\$ 1,820</u>	<u>\$ 1,798</u>	1 %	<u>\$ 7,611</u>	<u>\$ 7,470</u>	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.

Note: NM = Not Meaningful.

Personal Insurance: Performance

(\$ in millions)

	Fourth Quarter			Full Year		
	2011	2010	Change	2011	2010	Change
<u>Agency Automobile</u> ¹						
Loss and loss adjustment ratio	82.9 %	73.4 %		77.3 %	70.3 %	
Underwriting expense ratio	26.0	26.9		26.1	26.7	
GAAP combined ratio ²	108.9 %	100.3 %	(8.6) pts	103.4 %	97.0 %	(6.4) pts
Net prior year reserve development	(3.7)	0.6		(1.4)	0.3	
Catastrophes, net of reinsurance	(1.0)	(0.5)		(2.5)	(0.8)	
Adjusted GAAP combined ratio	104.2 %	100.4 %	(3.8) pts	99.5 %	96.5 %	(3.0) pts
<u>Agency Homeowners and Other</u> ¹						
Loss and loss adjustment ratio	57.4 %	48.7 %		89.1 %	65.5 %	
Underwriting expense ratio	29.3	29.5		29.3	29.6	
GAAP combined ratio ²	86.7 %	78.2 %	(8.5) pts	118.4 %	95.1 %	(23.3) pts
Net favorable prior year reserve development	4.0	3.5		4.4	2.1	
Catastrophes, net of reinsurance	(6.3)	(1.6)		(36.1)	(15.5)	
Adjusted GAAP combined ratio	84.4 %	80.1 %	(4.3) pts	86.7 %	81.7 %	(5.0) pts

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

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

Personal Insurance

(\$ in millions)

Illustrative Business Statistics

	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Agency Automobile ¹								
Retention ^{2,3}	82%	83%	83%	83%	83%	83%	83%	83%
Renewal premium change ^{3,4}	2%	2%	2%	3%	3%	4%	4%	3%
PIF growth over prior year quarter	(2%)	-%	1%	2%	2%	1%	1%	-%
New business	\$171	\$198	\$211	\$183	\$171	\$166	\$161	\$142
Agency Homeowners and Other ¹								
Retention ²	86%	86%	86%	86%	86%	86%	86%	86%
Renewal premium change ⁴	7%	7%	8%	8%	9%	9%	8%	9%
PIF growth over prior year quarter	3%	4%	4%	3%	3%	2%	1%	1%
New business	\$114	\$142	\$135	\$115	\$100	\$118	\$120	\$99

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.

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

Explanatory Note

This presentation contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates” and similar expressions are used to identify these forward-looking statements. Examples of our forward-looking statements include statements relating to our future financial condition and operating results, our share repurchase plans, expected margin improvement, the sufficiency of our reserves and our strategic initiatives, among others.

We caution investors that 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, such forward-looking statements. Some of the factors that could cause actual results to differ include, but are not limited to, the following: (1) catastrophe losses could materially and adversely affect our results of operations, financial position and/or liquidity, and could adversely impact our ratings, our ability to raise capital and the availability and cost of reinsurance; (2) during or following a period of financial market disruption or economic downturn, our business could be materially and adversely affected; (3) 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; (4) our investment portfolio may suffer reduced returns or material realized or unrealized losses; (5) our business could be harmed because of its potential exposure to asbestos and environmental claims and related litigation; (6) 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; (7) the effects of emerging claim and coverage issues on our business are uncertain; (8) the intense competition that we face could harm our ability to maintain or increase our business volumes and profitability; (9) 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; (10) we are exposed to credit risk in certain of our business operations; (11) our businesses are heavily regulated and changes in regulation may reduce our profitability and limit our growth; (12) 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; (13) the inability of our insurance subsidiaries to pay dividends to our holding company in sufficient amounts would harm our ability to meet our obligations, pay future shareholder dividends or make future share repurchases; (14) disruptions to our relationships with our independent agents and brokers could adversely affect us; (15) our efforts to develop new products or expand in targeted markets may not be successful and may create enhanced risks; (16) we may be adversely affected if our pricing and capital models are inaccurate; (17) we are subject to a number of risks associated with our business outside the United States; (18) our business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology; (19) if we experience difficulties with technology, data security and/or outsourcing relationships, our ability to conduct business could be negatively impacted; (20) acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences; (21) we could be adversely affected if our controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective; (22) our businesses may be adversely affected if we are unable to hire and retain qualified employees; (23) 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; and (24) our repurchase plans depend on a variety of factors, including our financial position, earnings, capital requirements of our operating subsidiaries, legal requirements, regulatory constraints, catastrophe losses, funding of our qualified pension plan, share price, other investment opportunities (including mergers and acquisitions), market conditions and other factors.

For a more detailed discussion of these factors, see the information under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent annual report on Form 10-K and quarterly report on Form 10-Q filed with the Securities and Exchange Commission. Our forward-looking statements speak only as of the date of this presentation or as of the date they are made, and we undertake no obligation to update forward-looking statements.

In this presentation, we may refer to some non-GAAP financial measures. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to the press release and financial supplement that we have made available in connection with this presentation which is available on the Travelers website under the investor section (www.travelers.com) and our most recent annual report on Form 10-K filed with the Securities and Exchange Commission.

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, and the accompanying webcast are publicly available on the Travelers website (www.travelers.com). This presentation should be read with the accompanying webcast and the related press release and financial supplement.**
- **From time to time, Travelers may use its website 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 “E-mail Alert Service” section at <http://investor.travelers.com>.**



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