



Third Quarter 2015 Results

Long-Term Financial Strategy



CREATE SHAREHOLDER VALUE

Objective: Mid-Teens Operating ROE *Over Time*

Third Quarter 2015 Overview

Travelers Reports Third Quarter Net Income per Diluted Share of \$2.97, Up 10% from Prior Year Quarter

Operating Income per Diluted Share of \$2.93, Up 12% from Prior Year Quarter

Third Quarter Return on Equity and Operating Return on Equity of 15.4% and 16.2%, Respectively

- Net and operating income of \$928 million and \$918 million increased 1% and 3%, respectively, from prior year quarter.
- Consolidated combined ratio of 86.9% reflected strong underwriting results in each business segment.
- Record net written premiums of \$6.191 billion increased 3% from the prior year quarter, with increases in each business segment.
- Total capital returned to shareholders of \$939 million in the quarter, including \$750 million of share repurchases. Year-to-date total capital returned to shareholders of \$2.784 billion, including \$2.223 billion of share repurchases.
- Book value per share of \$79.00 and adjusted book value per share of \$74.35 increased 2% and 5%, respectively, from year-end 2014.
- Board of Directors approves quarterly dividend per share of \$0.61.

Consolidated Performance

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

	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
Operating income	\$ 918	\$ 893	3 %	\$ 2,551	\$ 2,618	(3) %
<i>per diluted share</i>	<i>\$ 2.93</i>	<i>\$ 2.61</i>	<i>12 %</i>	<i>\$ 7.97</i>	<i>\$ 7.50</i>	<i>6 %</i>
<u>Included the following items:</u>						
Net favorable prior year reserve development	\$ 132	\$ 74		\$ 423	\$ 386	
Catastrophes, net of reinsurance	(56)	(54)		(305)	(435)	
Total items	\$ 76	\$ 20		\$ 118	\$ (49)	
Loss and loss adjustment ratio	55.2 %	58.0 %		57.2 %	59.2 %	
Underwriting expense ratio	31.7	32.0		31.7	31.1	
Combined ratio ¹	86.9 %	90.0 %	3.1 pts	88.9 %	90.3 %	1.4 pts
Net favorable prior year reserve development	3.3	1.9		3.6	3.3	
Catastrophes, net of reinsurance	(1.4)	(1.4)		(2.6)	(3.7)	
Underlying combined ratio	88.8 %	90.5 %	1.7 pts	89.9 %	89.9 %	- pts
Net Written Premiums	\$ 6,191	\$ 6,033	3 %	\$ 18,257	\$ 18,068	1 %
Total net written premiums includes the impact of changes in:						
Reinsurance			2 %			- %
Foreign exchange rates			(1) %			(1) %

Very Strong Financial Position

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

	<u>September 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
Debt	\$ 6,743	\$ 6,349
Common equity ¹	<u>22,619</u>	<u>22,870</u>
Total capital ¹	<u>\$ 29,362</u>	<u>\$ 29,219</u>
<i>Debt-to-capital</i> ¹	<i>23.0%</i>	<i>21.7%</i>
Common shares outstanding	304.2	322.2
Book value per common share	\$ 79.00	\$ 77.08
Adjusted book value per common share ¹	\$ 74.35	\$ 70.98
Tangible book value per common share ^{1,2}	\$ 61.86	\$ 59.00
Statutory capital and surplus	\$ 20,822	\$ 21,049
Holding company liquidity	\$ 2,037	\$ 1,587

Capital

- At or above target levels for all rating agencies.
- Repurchased 7.3 million shares during the third quarter 2015 at a total cost of \$750 million.
- Dividends in the third quarter were \$189 million.

Leverage

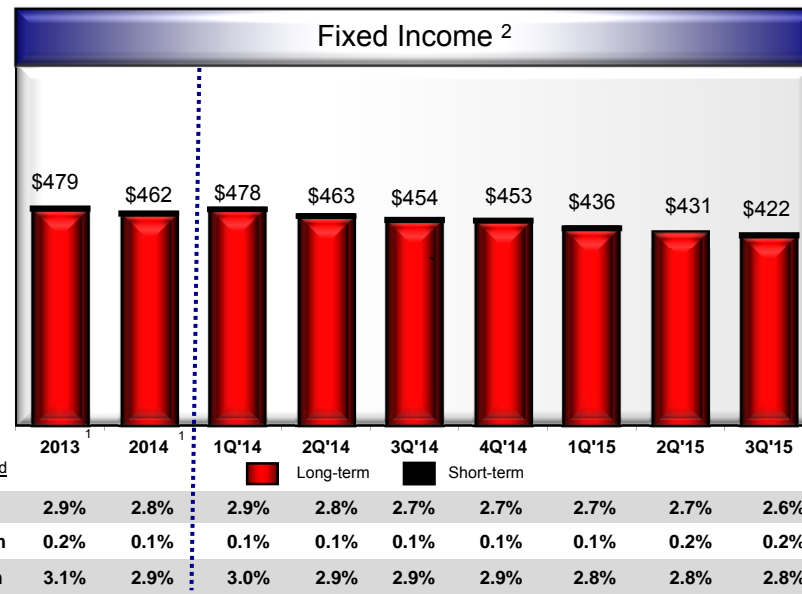
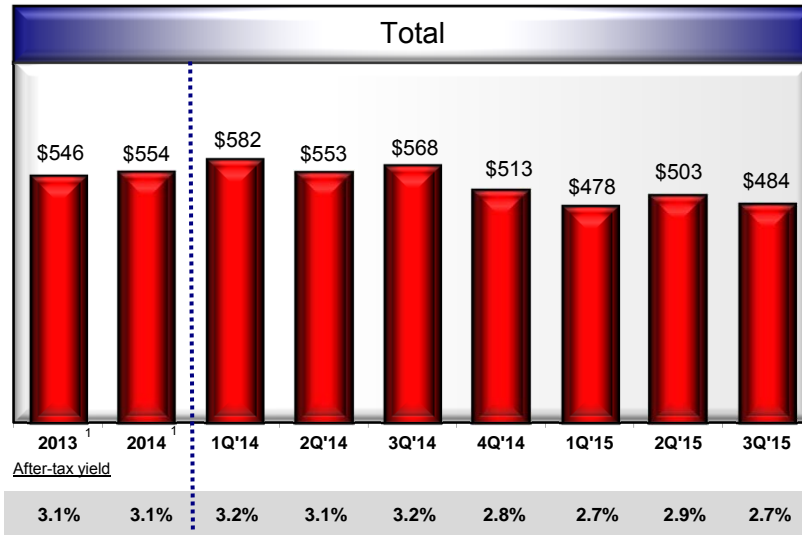
- Issued \$400 million of 4.30% senior notes to prefund \$400 million of 5.50% senior notes maturing December 1, 2015.
- Debt-to-capital ratio¹ of 23.0%, comfortably within target range, including a 1.1% impact due to prefunding of maturing debt.
- Low level of maturing debt.
 - 2015 \$400 million (pre-funded per above)
 - 2016 \$400 million
 - 2017 \$450 million

Very high quality investment portfolio

- Net unrealized investment gains of \$1.414 billion after-tax (\$2.166 billion pre-tax) at September 30, 2015.
- Fixed maturities average weighted quality Aa2, AA.
- Fixed maturities below investment grade 2.9%.

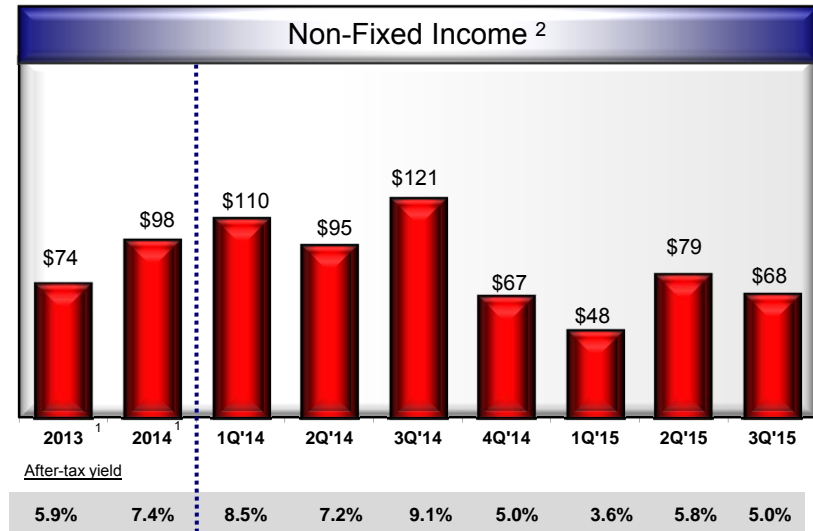
Net Investment Income

(\$ in millions, after-tax)



Third Quarter 2015 Commentary

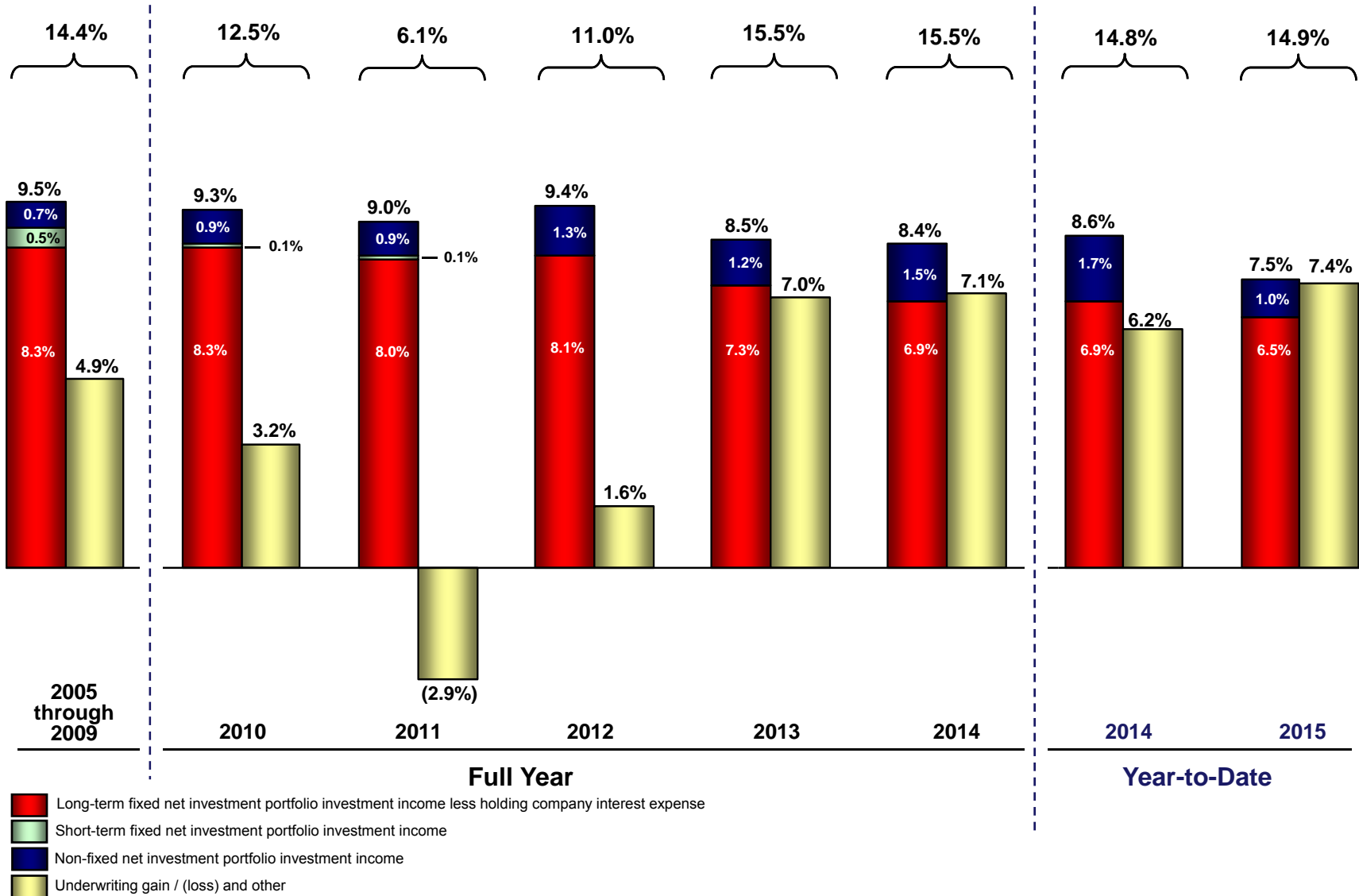
- Net investment income from the long-term fixed income portfolio declined modestly from the prior year quarter due to lower reinvestment rates as expected as well as the impact of foreign exchange, volume and mix changes
- Short-term portion of fixed income portfolio continued to be impacted by very low interest rates
- Net investment income from the non-fixed income portfolio decreased from the prior year quarter due to lower private equity and hedge fund returns



¹ 2013 and 2014 data represent quarterly average

² Excludes investment expenses

Components of Operating Return on Equity



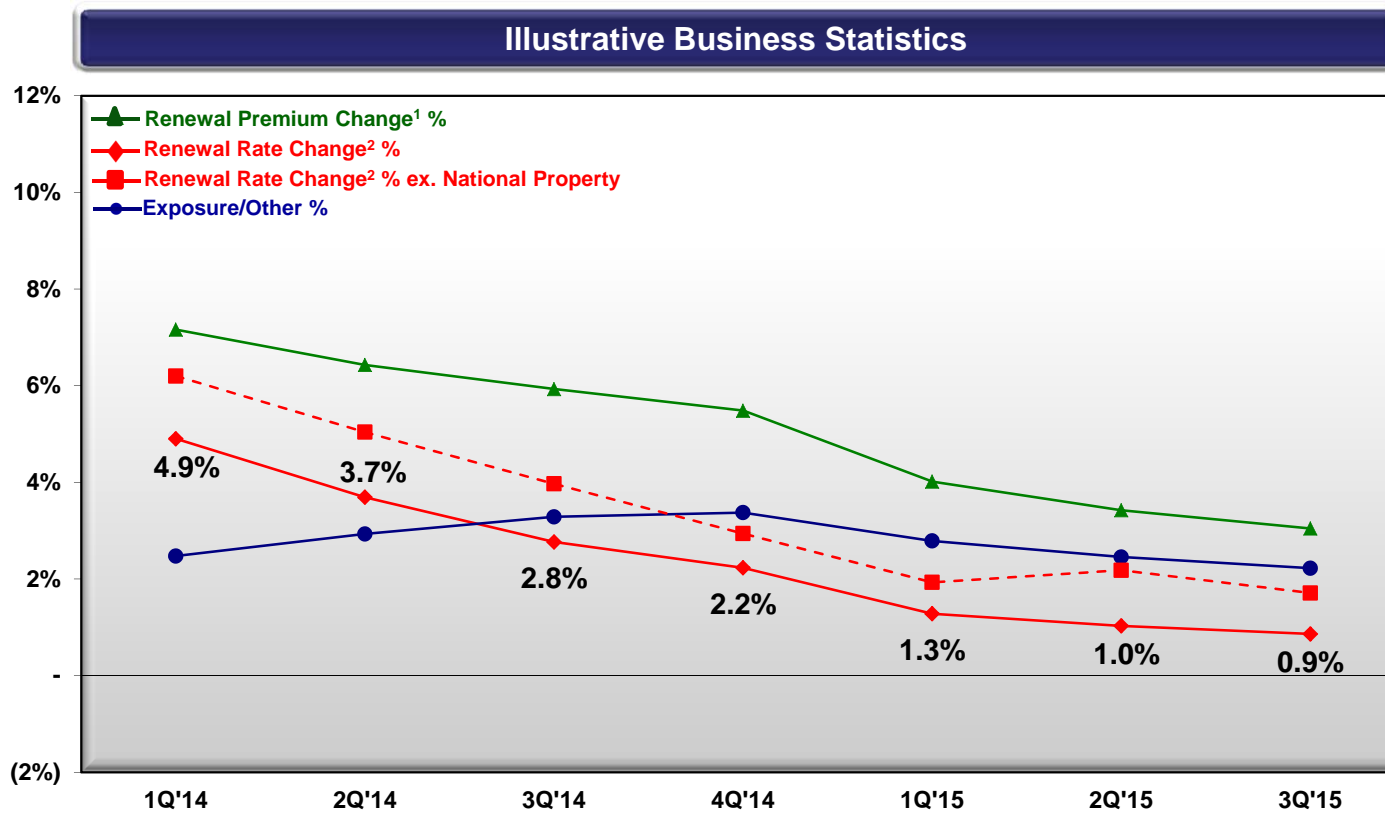
From Jan. 1, 2005 through Sept. 30, 2015, TRV's average annual operating ROE was approximately 13.4%

Business and International Insurance Performance

(\$ in millions)

	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
Operating income	<u>\$ 546</u>	<u>\$ 552</u>	(1) %	<u>\$ 1,604</u>	<u>\$ 1,717</u>	(7) %
Loss and loss adjustment ratio	59.6 %	63.1 %		60.5 %	63.0 %	
Underwriting expense ratio	<u>32.6</u>	<u>32.1</u>		<u>32.4</u>	<u>31.2</u>	
Combined ratio ¹	<u>92.2 %</u>	<u>95.2 %</u>	3.0 pts	<u>92.9 %</u>	<u>94.2 %</u>	1.3 pts
Net favorable prior year reserve development	1.4	0.6		2.1	1.5	
Catastrophes, net of reinsurance	<u>(1.1)</u>	<u>(0.9)</u>		<u>(2.2)</u>	<u>(3.3)</u>	
Underlying combined ratio	<u>92.5 %</u>	<u>94.9 %</u>	2.4 pts	<u>92.8 %</u>	<u>92.4 %</u>	(0.4) pts
Net written premiums						
Domestic						
Select Accounts	\$ 654	\$ 654	- %	\$ 2,085	\$ 2,077	- %
Middle Market	1,602	1,545	4	4,791	4,597	4
National Accounts	254	249	2	781	792	(1)
First Party	411	369	11	1,203	1,206	-
Specialized Distribution	<u>277</u>	<u>262</u>	6	<u>845</u>	<u>812</u>	4
Total Domestic	<u>3,198</u>	<u>3,079</u>	4	<u>9,705</u>	<u>9,484</u>	2
International	<u>392</u>	<u>481</u>	(19)	<u>1,361</u>	<u>1,577</u>	(14)
Total Business and International Insurance	<u>\$ 3,590</u>	<u>\$ 3,560</u>	1 %	<u>\$ 11,066</u>	<u>\$ 11,061</u>	- %
Total Business and International Insurance net written premiums includes the impact of changes in:						
Reinsurance			3 %			- %
Foreign exchange rates			(2) %			(1) %

Domestic Business Insurance (Ex. National Accounts)



(\$ in millions)

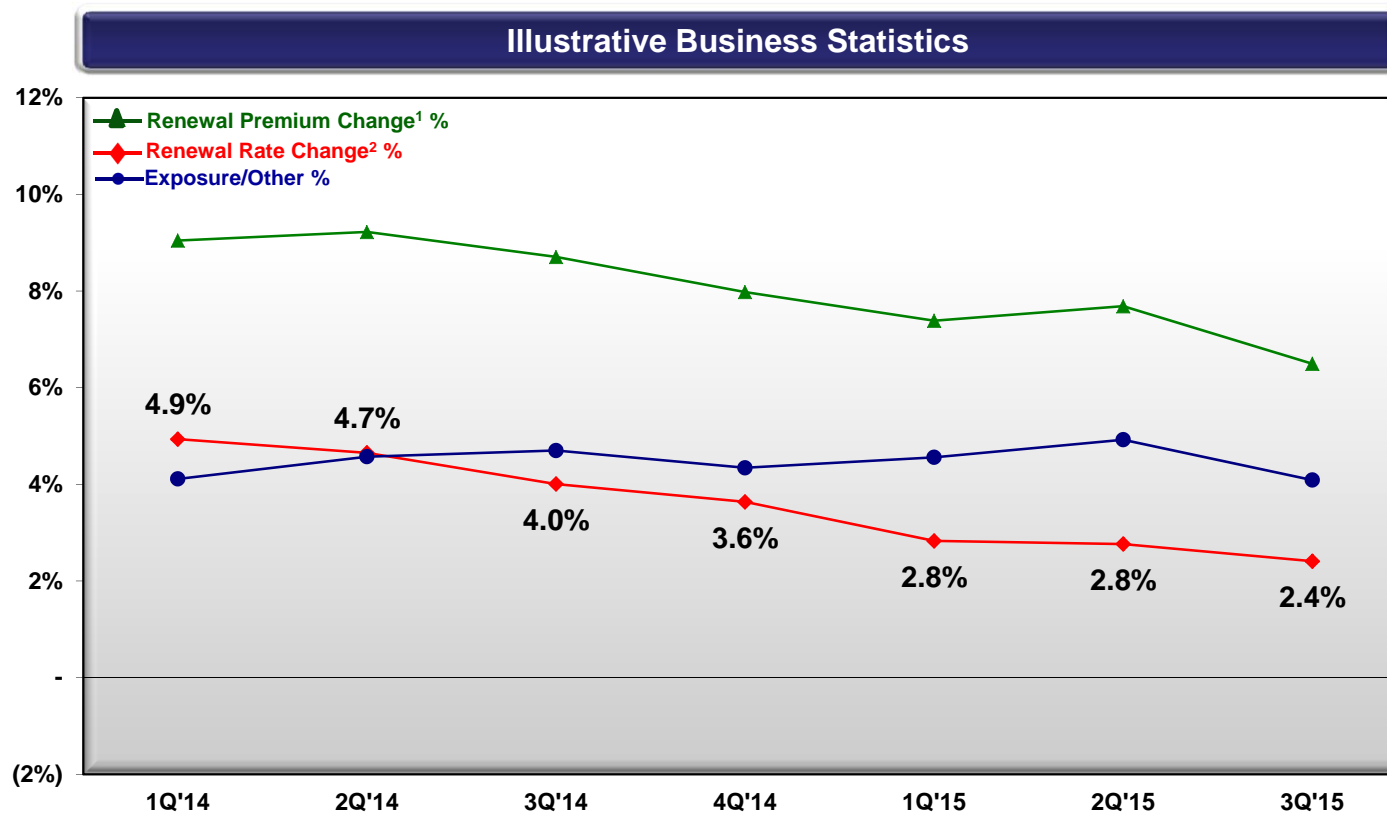
Retention	81%	81%	82%	82%	84%	84%	84%
Renewal premium change¹	7.2%	6.4%	5.9%	5.5%	4.0%	3.4%	3.0%
New business	\$460	\$500	\$452	\$464	\$521	\$479	\$444

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 in part dependent on the use of estimates and are therefore subject to change.

Domestic Business Insurance: *Select Accounts*



(\$ in millions)

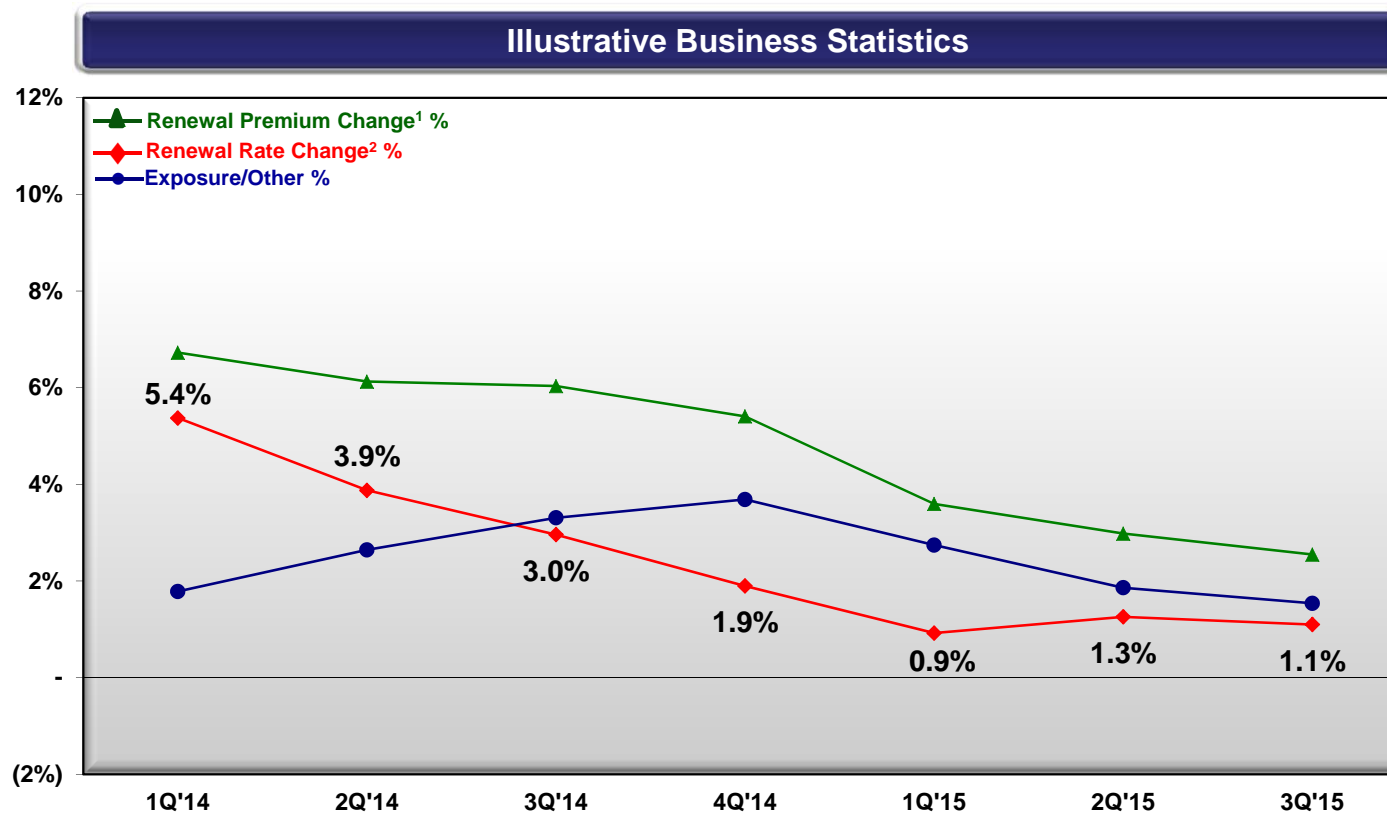
Retention	79%	80%	80%	80%	82%	82%	82%
Renewal premium change¹	9.0%	9.2%	8.7%	8.0%	7.4%	7.7%	6.5%
New business	\$100	\$98	\$92	\$86	\$101	\$96	\$90

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.

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Domestic Business Insurance: *Middle Market*

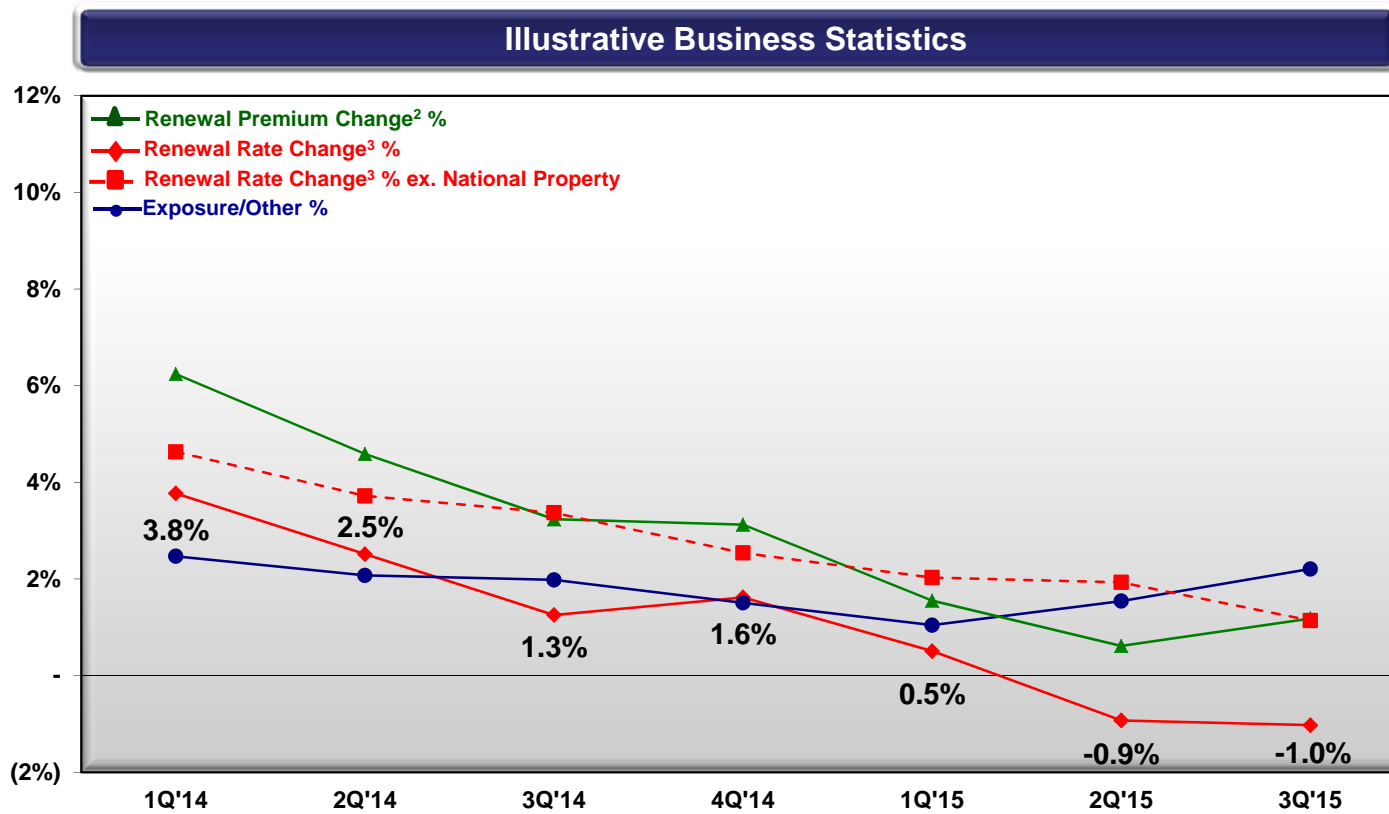


(\$ in millions)

Retention	83%	83%	85%	84%	86%	86%	86%
Renewal premium change¹	6.7%	6.1%	6.0%	5.4%	3.6%	3.0%	2.5%
New business	\$233	\$253	\$236	\$253	\$299	\$231	\$216

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 in part dependent on the use of estimates and are therefore subject to change.

Domestic Business Insurance: *Other Business Insurance*¹



(\$ in millions)

Retention	76%	78%	78%	80%	80%	81%	82%
Renewal premium change²	6.2%	4.6%	3.2%	3.1%	1.6%	0.6%	1.2%
New business	\$127	\$149	\$124	\$125	\$121	\$152	\$138

¹ Includes First Party 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 in part dependent on the use of estimates and are therefore subject to change.

International Insurance

(\$ in millions)

Illustrative Business Statistics

	2014				2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<u>International</u> ¹							
Retention	84%	81%	81%	82%	85%	83%	81%
Renewal premium change ²	1.6%	1.9%	(0.6%)	1.1%	1.0%	0.3%	(0.2%)
New business	\$84	\$90	\$72	\$69	\$57	\$62	\$58

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

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

Note: Statistics are in part dependent on the use of estimates and are therefore subject to change.

Bond & Specialty Insurance Performance

(\$ in millions)

	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
Operating income	<u>\$ 196</u>	<u>\$ 165</u>	19 %	<u>\$ 471</u>	<u>\$ 511</u>	(8) %
Loss and loss adjustment ratio	20.6 %	28.7 %		31.3 %	26.7 %	
Underwriting expense ratio	<u>36.5</u>	<u>38.2</u>		<u>37.5</u>	<u>37.9</u>	
Combined ratio ¹	57.1 %	66.9 %	9.8 pts	68.8 %	64.6 %	(4.2) pts
Net favorable prior year reserve development	19.1	15.0		11.4	17.4	
Catastrophes, net of reinsurance	<u>(0.1)</u>	<u>(0.2)</u>		<u>(0.2)</u>	<u>(0.5)</u>	
Underlying combined ratio	<u>76.1 %</u>	<u>81.7 %</u>	5.6 pts	<u>80.0 %</u>	<u>81.5 %</u>	1.5 pts
<hr/>						
Net written premiums						
Management Liability	\$ 350	\$ 348	1 %	\$ 993	\$ 1,003	(1) %
Surety	<u>215</u>	<u>208</u>	3	<u>584</u>	<u>575</u>	2
Total Bond & Specialty Insurance	<u>\$ 565</u>	<u>\$ 556</u>	2 %	<u>\$ 1,577</u>	<u>\$ 1,578</u>	- %

Bond & Specialty Insurance

(\$ in millions)

Illustrative Business Statistics

	2014				2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<u>Management Liability</u> ¹							
Retention	85%	84%	83%	83%	85%	86%	87%
Renewal premium change ²	7.4%	4.3%	4.0%	4.7%	3.9%	3.2%	3.5%
New business	\$37	\$36	\$34	\$35	\$38	\$40	\$45

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

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

Note: Statistics are in part dependent on the use of estimates and are therefore subject to change.

Personal Insurance Performance

(\$ in millions)

	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
Operating income	<u>\$ 241</u>	<u>\$ 239</u>	1 %	<u>\$ 667</u>	<u>\$ 582</u>	15 %
Loss and loss adjustment ratio	56.5 %	56.0 %		58.0 %	60.9 %	
Underwriting expense ratio	<u>28.6</u>	<u>30.1</u>		<u>28.6</u>	<u>28.9</u>	
Combined ratio¹	85.1 %	86.1 %	1.0 pts	86.6 %	89.8 %	3.2 pts
Net favorable prior year reserve development	2.6	0.7		4.5	2.9	
Catastrophes, net of reinsurance	<u>(2.5)</u>	<u>(2.8)</u>		<u>(4.1)</u>	<u>(5.6)</u>	
Underlying combined ratio	<u>85.2 %</u>	<u>84.0 %</u>	(1.2) pts	<u>87.0 %</u>	<u>87.1 %</u>	0.1 pts
<hr/>						
Net written premiums						
Agency Automobile ²	\$ 934	\$ 849	10 %	\$ 2,646	\$ 2,468	7 %
Agency Homeowners & Other ²	1,035	1,017	2	2,793	2,821	(1)
Direct to Consumer	<u>67</u>	<u>51</u>	31	<u>175</u>	<u>140</u>	25
Total Personal Insurance	<u>\$ 2,036</u>	<u>\$ 1,917</u>	6 %	<u>\$ 5,614</u>	<u>\$ 5,429</u>	3 %
The impact of changes in reinsurance on net written premiums			1 %			- %

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

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

Personal Insurance Performance

	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
Agency Automobile ¹						
Loss and loss adjustment ratio	68.5 %	70.1 %		67.8 %	70.8 %	
Underwriting expense ratio	25.4	26.6		25.8	26.2	
Combined ratio ²	93.9 %	96.7 %	2.8 pts	93.6 %	97.0 %	3.4 pts
Net favorable prior year reserve development	2.4	-		2.6	-	
Catastrophes, net of reinsurance	(0.1)	(0.6)		(0.8)	(1.8)	
Underlying combined ratio	96.2 %	96.1 %	(0.1) pts	95.4 %	95.2 %	(0.2) pts
Agency Homeowners & Other ¹						
Loss and loss adjustment ratio	44.6 %	43.6 %		48.4 %	52.2 %	
Underwriting expense ratio	28.8	29.9		28.5	28.5	
Combined ratio ²	73.4 %	73.5 %	0.1 pts	76.9 %	80.7 %	3.8 pts
Net favorable prior year reserve development	2.8	1.4		6.4	5.5	
Catastrophes, net of reinsurance	(4.7)	(4.8)		(7.1)	(9.2)	
Underlying combined ratio	71.5 %	70.1 %	(1.4) pts	76.2 %	77.0 %	0.8 pts

Personal Insurance

(\$ in millions)

Illustrative Business Statistics

	2014				2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Agency Automobile ¹							
Retention ²	80%	81%	82%	82%	82%	83%	83%
Renewal premium change ³	6.7%	6.8%	6.2%	5.7%	5.2%	4.4%	3.4%
Policies in force (in thousands)	1,985	1,981	1,990	2,000	2,021	2,057	2,106
• Sequential quarter growth	(1%)	-%	-%	1%	1%	2%	2%
• Year over year growth	(9%)	(7%)	(3%)	-%	2%	4%	6%
New business	\$104	\$139	\$166	\$161	\$174	\$191	\$218
Agency Homeowners & Other ¹							
Retention ²	84%	84%	84%	85%	85%	84%	84%
Renewal premium change ³	8.2%	7.5%	5.8%	5.4%	5.1%	4.9%	4.4%
Policies in force (in thousands)	4,146	4,110	4,072	4,032	4,008	4,017	4,034
• Sequential quarter growth	(1%)	(1%)	(1%)	(1%)	(1%)	-%	-%
• Year over year growth	(8%)	(7%)	(5%)	(4%)	(3%)	(2%)	(1%)
New business	\$56	\$85	\$95	\$83	\$77	\$113	\$122

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

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

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

Note: Statistics are in part dependent on the use of estimates and are therefore subject to change.



Appendix

Explanatory Note

This presentation contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates” and similar expressions are used to identify these forward-looking statements. Examples of our forward-looking statements include statements relating to our future financial condition and operating results, our share repurchase plans, future pension plan contributions, potential margins, potential returns, the sufficiency of our reserves, the impact of emerging claim issues and litigation, the cost and availability of reinsurance coverage, catastrophe losses, the impact of investment, economic and underwriting conditions and our strategic initiatives.

We caution investors that such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the Company’s control, that could cause actual results to differ materially from those expressed in, or implied 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;
- Financial market disruption, economic downturn or prolonged period of slow economic growth;
- Changes to our claims and claim adjustment expense reserves;
- The performance of our investment portfolio;
- Asbestos and environmental claims and related litigation;
- Mass tort claims;
- Emerging claim and coverage issues;
- Competition, including the impact of competition on our business volume and profitability;
- Consolidation within the insurance industry could alter the competitive environment in which the Company operates, which may impact the Company’s premium volume, the rate it can charge for its products, and the terms on which its products are offered;
- The collectability and availability of reinsurance coverage;
- Credit risk we face in insurance operations, including under reinsurance or structured settlements, and investment activities;
- The federal, state and international regulatory environment;
- A downgrade in our claims-paying or financial strength ratings;
- The inability of our insurance subsidiaries to pay dividends to our holding company in sufficient amounts;
- Disruptions to our relationships with our independent agents and brokers;
- Risks associated with developing new products or expanding in targeted markets;
- Risks associated with our use of pricing and capital models;
- Limits to the effectiveness of our information technology systems;
- Difficulties with our technology, data and network security, including as a result of cyber-attacks, and/or outsourcing relationships, including cloud-based;
- Risks associated with our business outside of the United States, including foreign currency exchange fluctuations and restrictive regulations;
- Loss of or restrictions placed on the use of underwriting criteria, such as credit scoring, or other data or methodologies, in the pricing and underwriting of insurance products;
- Risks associated with acquisitions and integration of acquired businesses;
- Limits to the effectiveness of our compliance controls;
- Our ability to hire and retain qualified employees;
- We may be unable to protect and enforce our own intellectual property or may be subject to claims for infringing the intellectual property of others;
- Changes to existing accounting standards;
- Changes in tax laws that adversely impact our investment portfolio or operating results; and
- Factors impacting the operation of our repurchase plans

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

Disclosure

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

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

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The Travelers Companies, Inc.
