

**The Travelers Companies, Inc.**  
**Financial Supplement - Fourth Quarter 2011**



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

**The Travelers Companies, Inc.**  
**Financial Highlights**

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



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Net income (loss)	\$ 647	\$ 670	\$ 1,005	\$ 894	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 3,216	\$ 1,426
Net income (loss) per share:										
Basic	\$ 1.26	\$ 1.37	\$ 2.14	\$ 1.98	\$ 1.94	\$ (0.88)	\$ 0.80	\$ 1.52	\$ 6.69	\$ 3.40
Diluted	\$ 1.25	\$ 1.35	\$ 2.11	\$ 1.95	\$ 1.92	\$ (0.88)	\$ 0.79	\$ 1.51	\$ 6.62	\$ 3.36
Operating income (loss)	\$ 631	\$ 690	\$ 858	\$ 864	\$ 826	\$ (377)	\$ 332	\$ 609	\$ 3,043	\$ 1,390
Operating income (loss) per share:										
Basic	\$ 1.23	\$ 1.41	\$ 1.83	\$ 1.91	\$ 1.91	\$ (0.91)	\$ 0.79	\$ 1.50	\$ 6.33	\$ 3.31
Diluted	\$ 1.22	\$ 1.39	\$ 1.81	\$ 1.89	\$ 1.89	\$ (0.91)	\$ 0.79	\$ 1.48	\$ 6.26	\$ 3.28
Return on equity	9.6%	10.1%	15.0%	13.6%	13.3%	(5.8)%	5.3%	10.0%	12.1%	5.7%
Operating return on equity	10.1%	11.4%	14.3%	14.5%	14.1%	(6.6)%	5.9%	11.1%	12.5%	6.1%
Total assets, at period end (1)	\$ 109,171	\$ 107,498	\$ 108,629	\$ 105,656	\$ 105,252	\$ 106,468	\$ 106,933	\$ 104,602	\$ 105,656	\$ 104,602
Total equity, at period end	\$ 26,671	\$ 26,286	\$ 27,295	\$ 25,475	\$ 25,243	\$ 25,008	\$ 25,172	\$ 24,477	\$ 25,475	\$ 24,477
Book value per share, at period end	\$ 53.50	\$ 55.67	\$ 59.11	\$ 58.47	\$ 59.91	\$ 59.62	\$ 60.98	\$ 62.32	\$ 58.47	\$ 62.32
Less: Net unrealized investment gains, net of tax	3.90	5.08	6.49	4.28	4.30	5.30	6.45	7.31	4.28	7.31
Adjusted book value per share, at period end	\$ 49.60	\$ 50.59	\$ 52.62	\$ 54.19	\$ 55.61	\$ 54.32	\$ 54.53	\$ 55.01	\$ 54.19	\$ 55.01
Weighted average number of common shares outstanding (basic)	508.4	484.5	465.9	447.9	428.2	418.6	415.0	403.0	476.5	415.8
Weighted average number of common shares outstanding and common stock equivalents (diluted)	515.1	490.8	472.0	454.7	434.4	418.6	418.5	407.0	482.5	420.5
Common shares outstanding at period end	497.0	470.8	460.5	434.6	420.3	419.5	412.8	392.8	434.6	392.8
Common stock dividends declared	\$ 168	\$ 173	\$ 169	\$ 160	\$ 155	\$ 175	\$ 173	\$ 166	\$ 670	\$ 669
Common stock repurchased:										
Under Board of Director authorization										
Shares	27.0	28.0	11.8	28.9	18.9	3.9	7.3	20.9	95.7	51.0
Cost	\$ 1,400	\$ 1,400	\$ 600	\$ 1,600	\$ 1,100	\$ 237	\$ 375	\$ 1,188	\$ 5,000	\$ 2,900
Other										
Shares	0.8	0.2	-	0.3	0.8	0.6	-	-	1.3	1.4
Cost	\$ 40	\$ 14	\$ -	\$ 12	\$ 46	\$ 36	\$ -	\$ -	\$ 66	\$ 82

(1) Includes impact from certain reclassifications made to 2010 amounts to conform to 2011 presentation.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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



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

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Net income (loss)</b>										
Operating income (loss)	\$ 631	\$ 690	\$ 858	\$ 864	\$ 826	\$ (377)	\$ 332	\$ 609	\$ 3,043	\$ 1,390
Net realized investment gains (losses)	16	(20)	147	30	13	13	1	9	173	36
Net income (loss)	\$ 647	\$ 670	\$ 1,005	\$ 894	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 3,216	\$ 1,426
<b>Basic earnings per share</b>										
Operating income (loss)	\$ 1.23	\$ 1.41	\$ 1.83	\$ 1.91	\$ 1.91	\$ (0.91)	\$ 0.79	\$ 1.50	\$ 6.33	\$ 3.31
Net realized investment gains (losses)	0.03	(0.04)	0.31	0.07	0.03	0.03	0.01	0.02	0.36	0.09
Net income (loss)	\$ 1.26	\$ 1.37	\$ 2.14	\$ 1.98	\$ 1.94	\$ (0.88)	\$ 0.80	\$ 1.52	\$ 6.69	\$ 3.40
<b>Diluted earnings per share</b>										
Operating income (loss)	\$ 1.22	\$ 1.39	\$ 1.81	\$ 1.89	\$ 1.89	\$ (0.91)	\$ 0.79	\$ 1.48	\$ 6.26	\$ 3.28
Net realized investment gains (losses)	0.03	(0.04)	0.30	0.06	0.03	0.03	-	0.03	0.36	0.08
Net income (loss)	\$ 1.25	\$ 1.35	\$ 2.11	\$ 1.95	\$ 1.92	\$ (0.88)	\$ 0.79	\$ 1.51	\$ 6.62	\$ 3.36
<b>Adjustments to net income (loss) and weighted average shares for net income (loss) EPS calculations: (1)</b>										
	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Basic</b>										
Net income (loss), as reported	\$ 647	\$ 670	\$ 1,005	\$ 894	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 3,216	\$ 1,426
Preferred stock dividends	(1)	-	(1)	(1)	(1)	-	-	-	(3)	(1)
Participating share-based awards - allocated income	(5)	(5)	(8)	(7)	(7)	(2)	(2)	(5)	(25)	(11)
Net income (loss) available to common shareholders - basic	\$ 641	\$ 665	\$ 996	\$ 886	\$ 831	\$ (366)	\$ 331	\$ 613	\$ 3,188	\$ 1,414
<b>Diluted</b>										
Net income (loss) available to common shareholders - basic	\$ 641	\$ 665	\$ 996	\$ 886	\$ 831	\$ (366)	\$ 331	\$ 613	\$ 3,188	\$ 1,414
Effect of dilutive securities:										
Convertible preferred stock	1	-	1	1	1	-	-	-	3	1
Participating share-based awards - re-allocated income	-	-	1	1	-	-	-	-	2	-
Net income (loss) available to common shareholders - diluted	\$ 642	\$ 665	\$ 998	\$ 888	\$ 832	\$ (366)	\$ 331	\$ 613	\$ 3,193	\$ 1,415
<b>Common Shares</b>										
<b>Basic</b>										
Weighted average shares outstanding	508.4	484.5	465.9	447.9	428.2	418.6	415.0	403.0	476.5	415.8
<b>Diluted</b>										
Weighted average shares outstanding	508.4	484.5	465.9	447.9	428.2	418.6	415.0	403.0	476.5	415.8
Weighted average effects of dilutive securities:										
Convertible preferred stock	1.9	1.8	1.7	1.7	1.6	-	-	-	1.8	0.7
Stock options and performance shares	4.8	4.5	4.4	5.1	4.6	-	3.5	4.0	4.2	4.0
Diluted weighted average shares outstanding	515.1	490.8	472.0	454.7	434.4	418.6	418.5	407.0	482.5	420.5

(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 34.

**The Travelers Companies, Inc.**  
**Statement of Income (Loss) - Consolidated**

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Revenues</b>										
Premiums	\$ 5,230	\$ 5,340	\$ 5,422	\$ 5,440	\$ 5,371	\$ 5,503	\$ 5,605	\$ 5,611	\$ 21,432	\$ 22,090
Net investment income	753	762	735	809	779	758	690	652	3,059	2,879
Fee income	79	76	64	68	74	74	79	69	287	296
Net realized investment gains (losses)	25	(31)	226	44	20	19	2	14	264	55
Other revenues (1)	32	32	35	(29)	34	34	31	27	70	126
Total revenues	6,119	6,179	6,482	6,332	6,278	6,388	6,407	6,373	25,112	25,446
<b>Claims and expenses</b>										
Claims and claim adjustment expenses	3,388	3,419	3,213	3,190	3,382	5,141	4,136	3,617	13,210	16,276
Amortization of deferred acquisition costs	929	950	966	957	948	970	982	976	3,802	3,876
General and administrative expenses	847	832	837	890	883	907	860	906	3,406	3,556
Interest expense	98	97	95	98	96	97	97	96	388	386
Total claims and expenses	5,262	5,298	5,111	5,135	5,309	7,115	6,075	5,595	20,806	24,094
Income (loss) before income taxes	857	881	1,371	1,197	969	(727)	332	778	4,306	1,352
Income tax expense (benefit)	210	211	366	303	130	(363)	(1)	160	1,090	(74)
Net income (loss)	\$ 647	\$ 670	\$ 1,005	\$ 894	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 3,216	\$ 1,426
<b>Net realized investment gains (losses)</b>										
Other-than-temporary impairment losses:										
Total gains (losses)	\$ (1)	\$ 2	\$ 8	\$ (2)	\$ 2	\$ 5	\$ 9	\$ 14	\$ 7	\$ 30
Non-credit component of impairments recognized in accumulated other changes in equity from nonowner sources	(9)	(6)	(14)	(4)	(6)	(9)	(21)	(19)	(33)	(55)
Other-than-temporary impairment losses	(10)	(4)	(6)	(6)	(4)	(4)	(12)	(5)	(26)	(25)
Other net realized investment gains (losses)	35	(27)	232	50	24	23	14	19	290	80
Net realized investment gains (losses)	\$ 25	\$ (31)	\$ 226	\$ 44	\$ 20	\$ 19	\$ 2	\$ 14	\$ 264	\$ 55
<b>Other statistics</b>										
Effective tax rate on net investment income	18.9%	19.1%	18.8%	20.3%	20.2%	20.1%	18.6%	16.9%	19.3%	19.1%
Net investment income (after-tax)	\$ 610	\$ 617	\$ 597	\$ 644	\$ 622	\$ 606	\$ 561	\$ 541	\$ 2,468	\$ 2,330
Catastrophes, net of reinsurance:										
Pre-tax	\$ 471	\$ 439	\$ 117	\$ 86	\$ 186	\$ 1,668	\$ 606	\$ 102	\$ 1,113	\$ 2,562
After-tax	\$ 312	\$ 285	\$ 77	\$ 55	\$ 122	\$ 1,085	\$ 394	\$ 68	\$ 729	\$ 1,669

(1) In 4Q 2010, "Other revenues" include \$(60) million of expenses related to the Company's purchase and retirement of \$885 million of its \$1 billion 6.25% fixed-to-floating rate junior subordinated debentures.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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

(\$ in millions, net of tax)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Underwriting gain (loss)	\$ 80	\$ 119	\$ 302	\$ 303	\$ 249	\$ (924)	\$ (185)	\$ 115	\$ 804	\$ (745)
Net investment income	610	617	597	644	622	606	561	541	2,468	2,330
Other, including interest expense (1)	(59)	(46)	(41)	(83)	(45)	(59)	(44)	(47)	(229)	(195)
Operating income (loss)	631	690	858	864	826	(377)	332	609	3,043	1,390
Net realized investment gains (losses)	16	(20)	147	30	13	13	1	9	173	36
<b>Net income (loss)</b>	<b>\$ 647</b>	<b>\$ 670</b>	<b>\$ 1,005</b>	<b>\$ 894</b>	<b>\$ 839</b>	<b>\$ (364)</b>	<b>\$ 333</b>	<b>\$ 618</b>	<b>\$ 3,216</b>	<b>\$ 1,426</b>
<b>GAAP Combined ratio (2) (3)</b>										
Loss and loss adjustment expense ratio	64.0%	63.3%	58.7%	58.0%	62.1%	92.6%	72.9%	63.7%	61.0%	72.9%
Underwriting expense ratio	32.4%	31.9%	31.9%	32.6%	32.6%	32.4%	31.6%	32.2%	32.2%	32.2%
Combined ratio	96.4%	95.2%	90.6%	90.6%	94.7%	125.0%	104.5%	95.9%	93.2%	105.1%
<i>GAAP combined ratio excluding incremental impact of direct to consumer initiative</i>	95.8%	94.6%	89.7%	89.6%	93.8%	124.1%	103.6%	95.1%	92.4%	104.2%
Impact of catastrophes on combined ratio	9.0%	8.2%	2.2%	1.5%	3.4%	30.3%	10.8%	1.8%	5.2%	11.6%
Impact of prior year reserve development on combined ratio	-5.6%	-7.2%	-4.1%	-6.4%	-4.4%	-3.1%	-3.3%	-2.3%	-5.8%	-3.2%

(1) In 4Q 2010, "Other, including interest expense" includes \$(39) million, net of tax, of expenses related to the Company's purchase and retirement of \$885 million of its \$1 billion 6.25% fixed-to-floating rate junior subordinated debentures.

(2) Before policyholder dividends.

(3) 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 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Billing and policy fees	\$ 27	\$ 25	\$ 27	\$ 25	\$ 26	\$ 25	\$ 26	\$ 25	\$ 104	\$ 102
Fee income:										
Loss and loss adjustment expenses	\$ 36	\$ 31	\$ 23	\$ 30	\$ 33	\$ 34	\$ 38	\$ 28	\$ 120	\$ 133
Underwriting expenses	43	45	41	38	41	40	41	41	167	163
Total fee income	\$ 79	\$ 76	\$ 64	\$ 68	\$ 74	\$ 74	\$ 79	\$ 69	\$ 287	\$ 296

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Revenues</b>										
Premiums	\$ 5,230	\$ 5,340	\$ 5,422	\$ 5,440	\$ 5,371	\$ 5,503	\$ 5,605	\$ 5,611	\$ 21,432	\$ 22,090
Net investment income	753	762	735	809	779	758	690	652	3,059	2,879
Fee income	79	76	64	68	74	74	79	69	287	296
Other revenues (1)	32	32	35	(29)	34	34	31	27	70	126
Total revenues	6,094	6,210	6,256	6,288	6,258	6,369	6,405	6,359	24,848	25,391
<b>Claims and expenses</b>										
Claims and claim adjustment expenses	3,388	3,419	3,213	3,190	3,382	5,141	4,136	3,617	13,210	16,276
Amortization of deferred acquisition costs	929	950	966	957	948	970	982	976	3,802	3,876
General and administrative expenses	847	832	837	890	883	907	860	906	3,406	3,556
Interest expense	98	97	95	98	96	97	97	96	388	386
Total claims and expenses	5,262	5,298	5,111	5,135	5,309	7,115	6,075	5,595	20,806	24,094
Operating income (loss) before income taxes	832	912	1,145	1,153	949	(746)	330	764	4,042	1,297
Income tax expense (benefit)	201	222	287	289	123	(369)	(2)	155	999	(93)
Operating income (loss)	\$ 631	\$ 690	\$ 858	\$ 864	\$ 826	\$ (377)	\$ 332	\$ 609	\$ 3,043	\$ 1,390
<b>Other statistics</b>										
Effective tax rate on net investment income	18.9%	19.1%	18.8%	20.3%	20.2%	20.1%	18.6%	16.9%	19.3%	19.1%
Net investment income (after-tax)	\$ 610	\$ 617	\$ 597	\$ 644	\$ 622	\$ 606	\$ 561	\$ 541	\$ 2,468	\$ 2,330
Catastrophes, net of reinsurance:										
Pre-tax	\$ 471	\$ 439	\$ 117	\$ 86	\$ 186	\$ 1,668	\$ 606	\$ 102	\$ 1,113	\$ 2,562
After-tax	\$ 312	\$ 285	\$ 77	\$ 55	\$ 122	\$ 1,085	\$ 394	\$ 68	\$ 729	\$ 1,669

(1) In 4Q 2010, "Other revenues" include \$(60) million of expenses related to the Company's purchase and retirement of \$885 million of its \$1 billion 6.25% fixed-to-floating rate junior subordinated debentures.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Statutory underwriting</b>										
Gross written premiums	\$ 5,803	\$ 5,974	\$ 6,004	\$ 5,521	\$ 5,961	\$ 6,124	\$ 6,226	\$ 5,576	\$ 23,302	\$ 23,887
Net written premiums	\$ 5,251	\$ 5,688	\$ 5,462	\$ 5,234	\$ 5,437	\$ 5,817	\$ 5,672	\$ 5,261	\$ 21,635	\$ 22,187
Net earned premiums	\$ 5,230	\$ 5,340	\$ 5,422	\$ 5,440	\$ 5,371	\$ 5,503	\$ 5,605	\$ 5,611	\$ 21,432	\$ 22,090
Losses and loss adjustment expenses	3,349	3,382	3,185	3,156	3,342	5,100	4,094	3,570	13,072	16,106
Underwriting expenses	1,708	1,757	1,766	1,725	1,772	1,837	1,812	1,735	6,956	7,156
Statutory underwriting gain (loss)	173	201	471	559	257	(1,434)	(301)	306	1,404	(1,172)
Policyholder dividends	8	7	9	6	10	8	11	15	30	44
Statutory underwriting gain (loss) after policyholder dividends	\$ 165	\$ 194	\$ 462	\$ 553	\$ 247	\$ (1,442)	\$ (312)	\$ 291	\$ 1,374	\$ (1,216)
<b>Other statutory statistics</b>										
Reserves for losses and loss adjustment expenses	\$ 40,849	\$ 40,766	\$ 40,640	\$ 40,235	\$ 40,301	\$ 41,482	\$ 41,238	\$ 40,899	\$ 40,235	\$ 40,899
Increase (decrease) in reserves	\$ (74)	\$ (83)	\$ (126)	\$ (405)	\$ 66	\$ 1,181	\$ (244)	\$ (339)	\$ (688)	\$ 664
Statutory surplus	\$ 21,607	\$ 21,077	\$ 20,868	\$ 20,066	\$ 20,588	\$ 20,224	\$ 19,842	\$ 19,174	\$ 20,066	\$ 19,174
Net written premiums/surplus (1)	0.99:1	1.02:1	1.03:1	1.08:1	1.06:1	1.09:1	1.12:1	1.16:1	1.08:1	1.16:1

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

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Written premiums</b>										
Gross	\$ 5,803	\$ 5,974	\$ 6,004	\$ 5,521	\$ 5,961	\$ 6,124	\$ 6,226	\$ 5,576	\$ 23,302	\$ 23,887
Ceded	(552)	(286)	(542)	(287)	(524)	(307)	(554)	(315)	(1,667)	(1,700)
Net	<u>\$ 5,251</u>	<u>\$ 5,688</u>	<u>\$ 5,462</u>	<u>\$ 5,234</u>	<u>\$ 5,437</u>	<u>\$ 5,817</u>	<u>\$ 5,672</u>	<u>\$ 5,261</u>	<u>\$ 21,635</u>	<u>\$ 22,187</u>
<b>Earned premiums</b>										
Gross	\$ 5,697	\$ 5,770	\$ 5,864	\$ 5,866	\$ 5,804	\$ 5,920	\$ 6,031	\$ 6,032	\$ 23,197	\$ 23,787
Ceded	(467)	(430)	(442)	(426)	(433)	(417)	(426)	(421)	(1,765)	(1,697)
Net	<u>\$ 5,230</u>	<u>\$ 5,340</u>	<u>\$ 5,422</u>	<u>\$ 5,440</u>	<u>\$ 5,371</u>	<u>\$ 5,503</u>	<u>\$ 5,605</u>	<u>\$ 5,611</u>	<u>\$ 21,432</u>	<u>\$ 22,090</u>

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.



**The Travelers Companies, Inc.**  
**Operating Income - Business Insurance**

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Revenues</b>										
Premiums	\$ 2,628	\$ 2,663	\$ 2,736	\$ 2,739	\$ 2,745	\$ 2,802	\$ 2,890	\$ 2,890	\$ 10,766	\$ 11,327
Net investment income	528	537	514	577	556	541	487	457	2,156	2,041
Fee income	79	76	64	66	74	74	78	69	285	295
Other revenues	6	7	10	5	9	10	8	4	28	31
Total revenues	3,241	3,283	3,324	3,387	3,384	3,427	3,463	3,420	13,235	13,694
<b>Claims and expenses</b>										
Claims and claim adjustment expenses	1,583	1,621	1,683	1,617	1,773	2,579	2,204	1,891	6,504	8,447
Amortization of deferred acquisition costs	425	439	448	437	444	457	460	454	1,749	1,815
General and administrative expenses	481	469	463	491	473	492	471	508	1,904	1,944
Total claims and expenses	2,489	2,529	2,594	2,545	2,690	3,528	3,135	2,853	10,157	12,206
Operating income (loss) before federal income taxes	752	754	730	842	694	(101)	328	567	3,078	1,488
Income tax expense (benefit)	185	187	187	218	90	(112)	34	122	777	134
Operating income	\$ 567	\$ 567	\$ 543	\$ 624	\$ 604	\$ 11	\$ 294	\$ 445	\$ 2,301	\$ 1,354
<b>Other statistics</b>										
Effective tax rate on net investment income	18.6%	18.8%	18.5%	20.3%	20.0%	19.9%	18.2%	17.1%	19.1%	18.9%
Net investment income (after-tax)	\$ 430	\$ 435	\$ 420	\$ 459	\$ 445	\$ 433	\$ 398	\$ 379	\$ 1,744	\$ 1,655
<b>Catastrophes, net of reinsurance:</b>										
Pre-tax	\$ 135	\$ 179	\$ 53	\$ 70	\$ 112	\$ 697	\$ 195	\$ 14	\$ 437	\$ 1,018
After-tax	\$ 88	\$ 116	\$ 35	\$ 45	\$ 73	\$ 453	\$ 127	\$ 9	\$ 284	\$ 662

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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

(\$ in millions, net of tax)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Underwriting gain (loss)	\$ 132	\$ 127	\$ 116	\$ 161	\$ 153	\$ (429)	\$ (110)	\$ 63	\$ 536	\$ (323)
Net investment income	430	435	420	459	445	433	398	379	1,744	1,655
Other	5	5	7	4	6	7	6	3	21	22
<b>Operating income</b>	<b>\$ 567</b>	<b>\$ 567</b>	<b>\$ 543</b>	<b>\$ 624</b>	<b>\$ 604</b>	<b>\$ 11</b>	<b>\$ 294</b>	<b>\$ 445</b>	<b>\$ 2,301</b>	<b>\$ 1,354</b>
<b>GAAP Combined ratio (1) (2)</b>										
Loss and loss adjustment expense ratio	58.7%	59.5%	60.5%	57.8%	63.1%	90.6%	74.8%	64.1%	59.1%	73.1%
Underwriting expense ratio	32.7%	32.3%	31.6%	32.3%	31.8%	32.3%	30.6%	31.7%	32.2%	31.6%
Combined ratio	<u>91.4%</u>	<u>91.8%</u>	<u>92.1%</u>	<u>90.1%</u>	<u>94.9%</u>	<u>122.9%</u>	<u>105.4%</u>	<u>95.8%</u>	<u>91.3%</u>	<u>104.7%</u>
Impact of catastrophes on combined ratio	5.1%	6.7%	2.0%	2.6%	4.1%	24.9%	6.8%	0.5%	4.1%	9.0%
Impact of prior year reserve development on combined ratio	-9.2%	-11.3%	-3.8%	-9.3%	-5.2%	-1.0%	-0.9%	-1.7%	-8.4%	-2.2%

(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 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Billing and policy fees	\$ 4	\$ 4	\$ 5	\$ 4	\$ 5	\$ 4	\$ 5	\$ 5	\$ 17	\$ 19
Fee income:										
Loss and loss adjustment expenses	\$ 36	\$ 31	\$ 23	\$ 28	\$ 33	\$ 34	\$ 37	\$ 28	\$ 118	\$ 132
Underwriting expenses	43	45	41	38	41	40	41	41	167	163
Total fee income	<u>\$ 79</u>	<u>\$ 76</u>	<u>\$ 64</u>	<u>\$ 66</u>	<u>\$ 74</u>	<u>\$ 74</u>	<u>\$ 78</u>	<u>\$ 69</u>	<u>\$ 285</u>	<u>\$ 295</u>

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**The Travelers Companies, Inc.**  
**Selected Statistics - Business Insurance**

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Statutory underwriting</b>										
Gross written premiums	\$ 3,118	\$ 2,996	\$ 3,027	\$ 2,750	\$ 3,306	\$ 3,094	\$ 3,205	\$ 2,813	\$ 11,891	\$ 12,418
Net written premiums	\$ 2,834	\$ 2,795	\$ 2,651	\$ 2,577	\$ 3,020	\$ 2,879	\$ 2,826	\$ 2,615	\$ 10,857	\$ 11,340
Net earned premiums	\$ 2,628	\$ 2,663	\$ 2,736	\$ 2,739	\$ 2,745	\$ 2,802	\$ 2,890	\$ 2,890	\$ 10,766	\$ 11,327
Losses and loss adjustment expenses	1,547	1,586	1,659	1,583	1,736	2,540	2,167	1,846	6,375	8,289
Underwriting expenses	866	869	867	854	899	918	898	864	3,456	3,579
Statutory underwriting gain (loss)	215	208	210	302	110	(656)	(175)	180	935	(541)
Policyholder dividends	4	6	5	6	7	5	7	13	21	32
Statutory underwriting gain (loss) after policyholder dividends	\$ 211	\$ 202	\$ 205	\$ 296	\$ 103	\$ (661)	\$ (182)	\$ 167	\$ 914	\$ (573)

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Net written premiums by market</b>										
Select Accounts	\$ 702	\$ 716	\$ 664	\$ 636	\$ 732	\$ 738	\$ 666	\$ 648	\$ 2,718	\$ 2,784
Commercial Accounts	706	581	655	634	822	659	747	662	2,576	2,890
National Accounts	226	194	173	213	211	188	176	207	806	782
Industry-Focused Underwriting	569	584	590	556	628	579	649	551	2,299	2,407
Target Risk Underwriting	412	469	342	350	413	468	356	350	1,573	1,587
Specialized Distribution	215	247	222	188	209	246	231	194	872	880
Total core	2,830	2,791	2,646	2,577	3,015	2,878	2,825	2,612	10,844	11,330
Business Insurance other	4	4	5	-	5	1	1	3	13	10
Total	\$ 2,834	\$ 2,795	\$ 2,651	\$ 2,577	\$ 3,020	\$ 2,879	\$ 2,826	\$ 2,615	\$ 10,857	\$ 11,340
<b>Net written premiums by product line</b>										
Commercial multi-peril	\$ 784	\$ 752	\$ 728	\$ 731	\$ 841	\$ 780	\$ 743	\$ 732	\$ 2,995	\$ 3,096
Workers' compensation	725	600	635	626	854	678	750	677	2,586	2,959
Commercial automobile	483	492	494	441	493	505	515	442	1,910	1,955
Property	430	493	360	358	414	468	354	359	1,641	1,595
General liability	412	458	434	422	415	442	448	400	1,726	1,705
Other	-	-	-	(1)	3	6	16	5	(1)	30
Total	\$ 2,834	\$ 2,795	\$ 2,651	\$ 2,577	\$ 3,020	\$ 2,879	\$ 2,826	\$ 2,615	\$ 10,857	\$ 11,340
<b>National accounts</b>										
Additions to claim volume under administration (1)	\$ 536	\$ 399	\$ 348	\$ 496	\$ 540	\$ 416	\$ 412	\$ 490	\$ 1,779	\$ 1,858
Written fees	\$ 74	\$ 64	\$ 57	\$ 62	\$ 73	\$ 63	\$ 63	\$ 64	\$ 257	\$ 263

(1) Includes new and renewal business.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

**The Travelers Companies, Inc.**  
**Operating Income - Financial, Professional & International Insurance**

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Revenues</b>										
Premiums	\$ 824	\$ 855	\$ 820	\$ 818	\$ 773	\$ 810	\$ 799	\$ 792	\$ 3,317	\$ 3,174
Net investment income	111	110	110	108	106	105	101	102	439	414
Fee income	-	-	-	2	-	-	1	-	2	1
Other revenues	6	7	7	7	7	6	6	7	27	26
Total revenues	941	972	937	935	886	921	907	901	3,785	3,615
<b>Claims and expenses</b>										
Claims and claim adjustment expenses	516	414	350	420	433	378	297	379	1,700	1,487
Amortization of deferred acquisition costs	153	153	154	152	147	152	154	150	612	603
General and administrative expenses	149	148	153	158	160	160	162	166	608	648
Total claims and expenses	818	715	657	730	740	690	613	695	2,920	2,738
Operating income before federal income taxes	123	257	280	205	146	231	294	206	865	877
Income tax expense	37	85	68	55	26	67	83	54	245	230
Operating income	\$ 86	\$ 172	\$ 212	\$ 150	\$ 120	\$ 164	\$ 211	\$ 152	\$ 620	\$ 647
<b>Other statistics</b>										
Effective tax rate on net investment income	21.0%	20.7%	20.6%	20.5%	21.2%	21.2%	20.8%	15.8%	20.7%	19.8%
Net investment income (after-tax)	\$ 87	\$ 89	\$ 86	\$ 86	\$ 84	\$ 82	\$ 81	\$ 85	\$ 348	\$ 332
Catastrophes, net of reinsurance (1):										
Pre-tax	\$ 86	\$ 3	\$ (2)	\$ (5)	\$ 21	\$ 14	\$ 3	\$ 17	\$ 82	\$ 55
After-tax	\$ 62	\$ 2	\$ (2)	\$ (3)	\$ 15	\$ 10	\$ 2	\$ 13	\$ 59	\$ 40

(1) In 3Q 2010 and 4Q 2010 "Catastrophes, net of reinsurance" includes a net benefit from re-estimation of current year catastrophe losses.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

**The Travelers Companies, Inc.**  
**Operating Income by Major Component and Combined Ratio - Financial, Professional**  
**& International Insurance**

(\$ in millions, net of tax)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Underwriting gain (loss)	\$ (5)	\$ 79	\$ 121	\$ 59	\$ 32	\$ 78	\$ 126	\$ 63	\$ 254	\$ 299
Net investment income	87	89	86	86	84	82	81	85	348	332
Other	4	4	5	5	4	4	4	4	18	16
<b>Operating income</b>	<b>\$ 86</b>	<b>\$ 172</b>	<b>\$ 212</b>	<b>\$ 150</b>	<b>\$ 120</b>	<b>\$ 164</b>	<b>\$ 211</b>	<b>\$ 152</b>	<b>\$ 620</b>	<b>\$ 647</b>
<b>GAAP Combined ratio (1) (2)</b>										
Loss and loss adjustment expense ratio	62.3%	48.1%	42.2%	51.2%	55.6%	46.2%	36.8%	47.3%	50.9%	46.4%
Underwriting expense ratio	36.6%	35.2%	37.4%	38.0%	39.7%	38.6%	39.4%	40.0%	36.8%	39.4%
Combined ratio	98.9%	83.3%	79.6%	89.2%	95.3%	84.8%	76.2%	87.3%	87.7%	85.8%
Impact of catastrophes on combined ratio	10.4%	0.4%	-0.3%	-0.6%	2.7%	1.7%	0.4%	2.2%	2.4%	1.7%
Impact of prior year reserve development on combined ratio	-4.2%	-8.4%	-11.8%	-6.8%	-5.1%	-11.7%	-19.1%	-9.0%	-7.8%	-11.3%

(1) Before policyholder dividends.

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

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Fee income:										
Loss and loss adjustment expenses	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 1	\$ -	\$ 2	\$ 1
Underwriting expenses	-	-	-	-	-	-	-	-	-	-
Total fee income	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 1	\$ -	\$ 2	\$ 1

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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



(\$ in millions)

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Statutory underwriting</b>										
Gross written premiums	\$ 898	\$ 915	\$ 852	\$ 869	\$ 810	\$ 910	\$ 854	\$ 834	\$ 3,534	\$ 3,408
Net written premiums	\$ 681	\$ 889	\$ 808	\$ 833	\$ 624	\$ 879	\$ 808	\$ 791	\$ 3,211	\$ 3,102
Net earned premiums	\$ 824	\$ 855	\$ 820	\$ 818	\$ 773	\$ 810	\$ 799	\$ 792	\$ 3,317	\$ 3,174
Losses and loss adjustment expenses	513	412	346	420	430	375	294	375	1,691	1,474
Underwriting expenses	308	303	291	290	309	312	303	300	1,192	1,224
Statutory underwriting gain	3	140	183	108	34	123	202	117	434	476
Policyholder dividends	4	1	4	-	3	3	4	2	9	12
Statutory underwriting gain (loss) after policyholder dividends	\$ (1)	\$ 139	\$ 179	\$ 108	\$ 31	\$ 120	\$ 198	\$ 115	\$ 425	\$ 464

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Net written premiums by market</b>										
Bond & Financial Products	\$ 362	\$ 559	\$ 547	\$ 513	\$ 369	\$ 533	\$ 538	\$ 513	\$ 1,981	\$ 1,953
International	319	330	261	320	255	346	270	278	1,230	1,149
Total	<u>\$ 681</u>	<u>\$ 889</u>	<u>\$ 808</u>	<u>\$ 833</u>	<u>\$ 624</u>	<u>\$ 879</u>	<u>\$ 808</u>	<u>\$ 791</u>	<u>\$ 3,211</u>	<u>\$ 3,102</u>
<b>Net written premiums by product line</b>										
General liability	\$ 130	\$ 231	\$ 233	\$ 240	\$ 135	\$ 234	\$ 230	\$ 237	\$ 834	\$ 836
Fidelity & surety	194	292	271	236	196	264	260	237	993	957
International	319	330	261	320	255	346	270	278	1,230	1,149
Other	38	36	43	37	38	35	48	39	154	160
Total	<u>\$ 681</u>	<u>\$ 889</u>	<u>\$ 808</u>	<u>\$ 833</u>	<u>\$ 624</u>	<u>\$ 879</u>	<u>\$ 808</u>	<u>\$ 791</u>	<u>\$ 3,211</u>	<u>\$ 3,102</u>

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.



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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Revenues</b>										
Premiums	\$ 1,778	\$ 1,822	\$ 1,866	\$ 1,883	\$ 1,853	\$ 1,891	\$ 1,916	\$ 1,929	\$ 7,349	\$ 7,589
Net investment income	114	115	111	124	117	112	102	93	464	424
Other revenues	20	18	18	19	18	18	17	17	75	70
Total revenues	1,912	1,955	1,995	2,026	1,988	2,021	2,035	2,039	7,888	8,083
<b>Claims and expenses</b>										
Claims and claim adjustment expenses	1,289	1,384	1,180	1,153	1,176	2,184	1,635	1,347	5,006	6,342
Amortization of deferred acquisition costs	351	358	364	368	357	361	368	372	1,441	1,458
General and administrative expenses	207	210	215	235	235	225	222	226	867	908
Total claims and expenses	1,847	1,952	1,759	1,756	1,768	2,770	2,225	1,945	7,314	8,708
Operating income (loss) before federal income taxes	65	3	236	270	220	(749)	(190)	94	574	(625)
Income tax expense (benefit)	6	(16)	68	76	50	(278)	(82)	17	134	(293)
Operating income (loss)	\$ 59	\$ 19	\$ 168	\$ 194	\$ 170	\$ (471)	\$ (108)	\$ 77	\$ 440	\$ (332)
<b>Other statistics</b>										
Effective tax rate on net investment income	18.6%	18.7%	18.5%	20.0%	20.0%	19.9%	18.5%	17.5%	19.0%	19.0%
Net investment income (after-tax)	\$ 93	\$ 93	\$ 91	\$ 99	\$ 93	\$ 91	\$ 82	\$ 77	\$ 376	\$ 343
Catastrophes, net of reinsurance:										
Pre-tax	\$ 250	\$ 257	\$ 66	\$ 21	\$ 53	\$ 957	\$ 408	\$ 71	\$ 594	\$ 1,489
After-tax	\$ 162	\$ 167	\$ 44	\$ 13	\$ 34	\$ 622	\$ 265	\$ 46	\$ 386	\$ 967

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

The Travelers Companies, Inc.

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

(\$ in millions, net of tax)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Underwriting gain (loss)	\$ (47)	\$ (87)	\$ 65	\$ 83	\$ 64	\$ (573)	\$ (201)	\$ (11)	\$ 14	\$ (721)
Net investment income	93	93	91	99	93	91	82	77	376	343
Other	13	13	12	12	13	11	11	11	50	46
<b>Operating income (loss)</b>	<b>\$ 59</b>	<b>\$ 19</b>	<b>\$ 168</b>	<b>\$ 194</b>	<b>\$ 170</b>	<b>\$ (471)</b>	<b>\$ (108)</b>	<b>\$ 77</b>	<b>\$ 440</b>	<b>\$ (332)</b>
<b>GAAP Combined ratio (1)</b>										
Loss and loss adjustment expense ratio	72.5%	76.0%	63.2%	61.2%	63.4%	115.6%	85.3%	69.9%	68.1%	83.5%
Underwriting expense ratio	30.1%	29.9%	29.9%	30.9%	30.8%	29.9%	29.7%	29.9%	30.2%	30.1%
Combined ratio	102.6%	105.9%	93.1%	92.1%	94.2%	145.5%	115.0%	99.8%	98.3%	113.6%
<i>GAAP combined ratio excluding incremental impact of direct to consumer initiative</i>	100.9%	104.0%	90.6%	89.1%	91.4%	143.2%	112.5%	97.4%	96.1%	111.1%
Impact of catastrophes on combined ratio	14.0%	14.0%	3.6%	1.1%	2.8%	50.7%	21.3%	3.7%	8.1%	19.6%
Impact of prior year reserve development on combined ratio	-1.0%	-0.5%	-1.2%	-2.0%	-3.0%	-2.4%	-0.3%	-0.3%	-1.2%	-1.5%

(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 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Billing and policy fees	\$ 23	\$ 21	\$ 22	\$ 21	\$ 21	\$ 21	\$ 21	\$ 20	\$ 87	\$ 83

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**The Travelers Companies, Inc.**  
**Selected Statistics - Personal Insurance**



(\$ in millions)

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Statutory underwriting</b>										
Gross written premiums	\$ 1,787	\$ 2,063	\$ 2,125	\$ 1,902	\$ 1,845	\$ 2,120	\$ 2,167	\$ 1,929	\$ 7,877	\$ 8,061
Net written premiums	\$ 1,736	\$ 2,004	\$ 2,003	\$ 1,824	\$ 1,793	\$ 2,059	\$ 2,038	\$ 1,855	\$ 7,567	\$ 7,745
Net earned premiums	\$ 1,778	\$ 1,822	\$ 1,866	\$ 1,883	\$ 1,853	\$ 1,891	\$ 1,916	\$ 1,929	\$ 7,349	\$ 7,589
Losses and loss adjustment expenses	1,289	1,384	1,180	1,153	1,176	2,185	1,633	1,349	5,006	6,343
Underwriting expenses	534	585	608	581	564	607	611	571	2,308	2,353
Statutory underwriting gain (loss)	\$ (45)	\$ (147)	\$ 78	\$ 149	\$ 113	\$ (901)	\$ (328)	\$ 9	\$ 35	\$ (1,107)
Policies in force (in thousands)										
Automobile	2,489	2,516	2,536	2,547	2,559	2,570	2,574	2,571	2,547	2,571
Homeowners and other	5,030	5,100	5,143	5,165	5,183	5,210	5,226	5,225	5,165	5,225

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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



(\$ in millions)

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Statutory underwriting</b>										
Gross written premiums	\$ 917	\$ 951	\$ 958	\$ 894	\$ 923	\$ 952	\$ 950	\$ 881	\$ 3,720	\$ 3,706
Net written premiums	\$ 913	\$ 945	\$ 952	\$ 888	\$ 918	\$ 948	\$ 946	\$ 876	\$ 3,698	\$ 3,688
Net earned premiums	\$ 892	\$ 905	\$ 914	\$ 918	\$ 896	\$ 908	\$ 912	\$ 913	\$ 3,629	\$ 3,629
Losses and loss adjustment expenses	613	638	628	674	620	722	707	757	2,553	2,806
Underwriting expenses	249	254	254	250	249	249	245	237	1,007	980
Statutory underwriting gain (loss)	\$ 30	\$ 13	\$ 32	\$ (6)	\$ 27	\$ (63)	\$ (40)	\$ (81)	\$ 69	\$ (157)
<b>Other statistics</b>										
GAAP Combined ratio (2):										
Loss and loss adjustment expense ratio	68.7%	70.5%	68.7%	73.4%	69.2%	79.5%	77.5%	82.9%	70.3%	77.3%
Underwriting expense ratio	26.7%	26.9%	26.2%	26.9%	26.6%	26.2%	25.8%	26.0%	26.7%	26.1%
Combined ratio	95.4%	97.4%	94.9%	100.3%	95.8%	105.7%	103.3%	108.9%	97.0%	103.4%
Impact of catastrophes on combined ratio	0.8%	1.6%	0.3%	0.5%	0.1%	6.8%	2.1%	1.0%	0.8%	2.5%
Catastrophe losses, net of reinsurance:										
Pre-tax	\$ 7	\$ 14	\$ 3	\$ 4	\$ 1	\$ 61	\$ 20	\$ 8	\$ 28	\$ 90
After-tax	\$ 4	\$ 10	\$ 2	\$ 2	\$ -	\$ 41	\$ 12	\$ 6	\$ 18	\$ 59
Policies in force (in thousands)	2,447	2,468	2,482	2,490	2,497	2,502	2,501	2,494		
Change from prior year quarter	-1.7%	0.1%	1.3%	1.9%	2.0%	1.4%	0.8%	0.2%		
Change from prior quarter	0.2%	0.9%	0.6%	0.3%	0.3%	0.2%	0.0%	-0.3%		

(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 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Billing and policy fees	\$ 13	\$ 11	\$ 12	\$ 12	\$ 12	\$ 11	\$ 11	\$ 11	\$ 48	\$ 45

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

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



(\$ in millions)

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Statutory underwriting</b>										
Gross written premiums	\$ 849	\$ 1,089	\$ 1,140	\$ 982	\$ 891	\$ 1,136	\$ 1,179	\$ 1,015	\$ 4,060	\$ 4,221
Net written premiums	\$ 803	\$ 1,035	\$ 1,024	\$ 910	\$ 845	\$ 1,078	\$ 1,056	\$ 944	\$ 3,772	\$ 3,923
Net earned premiums	\$ 870	\$ 897	\$ 930	\$ 942	\$ 932	\$ 954	\$ 974	\$ 982	\$ 3,639	\$ 3,842
Losses and loss adjustment expenses	662	729	534	459	532	1,428	899	564	2,384	3,423
Underwriting expenses	252	292	305	276	263	308	312	282	1,125	1,165
Statutory underwriting gain (loss)	\$ (44)	\$ (124)	\$ 91	\$ 207	\$ 137	\$ (782)	\$ (237)	\$ 136	\$ 130	\$ (746)
<b>Other statistics</b>										
GAAP Combined ratio (2):										
Loss and loss adjustment expense ratio	76.1%	81.3%	57.4%	48.7%	57.1%	149.7%	92.3%	57.4%	65.5%	89.1%
Underwriting expense ratio	30.6%	29.4%	28.9%	29.5%	30.0%	29.3%	28.8%	29.3%	29.6%	29.3%
Combined ratio	106.7%	110.7%	86.3%	78.2%	87.1%	179.0%	121.1%	86.7%	95.1%	118.4%
Impact of catastrophes on combined ratio	27.9%	26.8%	6.9%	1.6%	5.6%	92.9%	39.6%	6.3%	15.5%	36.1%
Catastrophe losses, net of reinsurance:										
Pre-tax	\$ 242	\$ 241	\$ 64	\$ 15	\$ 52	\$ 887	\$ 385	\$ 62	\$ 562	\$ 1,386
After-tax	\$ 158	\$ 156	\$ 41	\$ 10	\$ 34	\$ 576	\$ 251	\$ 40	\$ 365	\$ 901
Policies in force (in thousands)	5,000	5,064	5,103	5,121	5,135	5,157	5,167	5,162		
Change from prior year quarter	3.1%	3.6%	3.6%	3.3%	2.7%	1.8%	1.3%	0.8%		
Change from prior quarter	0.8%	1.3%	0.8%	0.4%	0.3%	0.4%	0.2%	-0.1%		

(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 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
Billing and policy fees	\$ 10	\$ 9	\$ 10	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 38	\$ 36

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

**The Travelers Companies, Inc.**  
**Interest Expense and Other**

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Revenues</b>										
Other revenues (1)	\$ -	\$ -	\$ -	\$ (60)	\$ -	\$ -	\$ -	\$ (1)	\$ (60)	\$ (1)
<b>Claims and expenses</b>										
Interest expense	98	97	95	98	96	97	97	96	388	386
General and administrative expenses	10	5	6	6	15	30	5	6	27	56
Total claims and expenses	108	102	101	104	111	127	102	102	415	442
Operating loss before federal income tax benefit	(108)	(102)	(101)	(164)	(111)	(127)	(102)	(103)	(475)	(443)
Income taxes	(27)	(34)	(36)	(60)	(43)	(46)	(37)	(38)	(157)	(164)
Operating loss	\$ (81)	\$ (68)	\$ (65)	\$ (104)	\$ (68)	\$ (81)	\$ (65)	\$ (65)	\$ (318)	\$ (279)

(1) In 4Q 2010, "Other revenues" include \$(60) million of expenses related to the Company's purchase and retirement of \$885 million of its \$1 billion 6.25% fixed-to-floating rate junior subordinated debentures.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

**The Travelers Companies, Inc.**  
**Consolidated Balance Sheet**

(in millions)



	December 31, 2011 (1)	December 31, 2010		December 31, 2011 (1)	December 31, 2010
<b>Assets</b>			<b>Liabilities</b>		
Fixed maturities, available for sale, at fair value (amortized cost \$59,994 and \$60,170)	\$ 64,232	\$ 62,820	Claims and claim adjustment expense reserves	\$ 51,419	\$ 51,606
Equity securities, available for sale, at fair value (cost \$414 and \$372)	559	519	Unearned premium reserves	11,102	10,921
Real estate	865	838	Contractholder payables	5,186	5,343
Short-term securities	3,594	5,616	Payables for reinsurance premiums	389	407
Other investments	3,451	2,929	Debt	6,605	6,611
Total investments	<u>72,701</u>	<u>72,722</u>	Other liabilities	5,424	5,293
			<b>Total liabilities</b>	<u>80,125</u>	<u>80,181</u>
Cash	214	200			
Investment income accrued	768	791	<b>Shareholders' equity</b>		
Premiums receivable	5,730	5,497	Preferred Stock Savings Plan - convertible preferred stock (0.0 and 0.2 shares issued and outstanding)	-	68
Reinsurance recoverables	11,182	11,994	Common stock (1,750.0 and 1,748.6 shares authorized; 392.8 and 434.6 shares issued and outstanding)	20,732	20,162
Ceded unearned premiums	828	813	Retained earnings	19,579	18,847
Deferred acquisition costs	1,786	1,782	Accumulated other changes in equity from nonowner sources	2,005	1,255
Deferred taxes	7	493	Treasury stock, at cost (349.0 and 296.6 shares)	(17,839)	(14,857)
Contractholder receivables	5,186	5,343	<b>Total shareholders' equity</b>	<u>24,477</u>	<u>25,475</u>
Goodwill	3,365	3,365	<b>Total liabilities and shareholders' equity</b>	<u>\$ 104,602</u>	<u>\$ 105,656</u>
Other intangible assets	433	502			
Other assets	2,402	2,154			
<b>Total assets</b>	<u>\$ 104,602</u>	<u>\$ 105,656</u>			

(1) Preliminary.

Note: Certain reclassifications have been made to the 2010 consolidated balance sheet to conform to the 2011 presentation.

# The Travelers Companies, Inc.

## Investment Portfolio

(at carrying value, \$ in millions)



	December 31, 2011	Pre-tax Book Yield (1)	December 31, 2010	Pre-tax Book Yield (1)
<b>Investment portfolio</b>				
Taxable fixed maturities (including redeemable preferred stock)	\$ 25,711	4.33%	\$ 23,790	4.80%
Tax-exempt fixed maturities	38,521	4.01%	39,030	4.03%
<b>Total fixed maturities</b>	<b>64,232</b>	<b>4.14%</b>	<b>62,820</b>	<b>4.32%</b>
Non-redeemable preferred stocks	131	6.30%	215	6.47%
Common stocks	428		304	
<b>Total equity securities</b>	<b>559</b>		<b>519</b>	
<b>Real estate</b>	<b>865</b>		<b>838</b>	
<b>Short-term securities</b>	<b>3,594</b>	<b>0.13%</b>	<b>5,616</b>	<b>0.19%</b>
Private equities	1,827		1,725	
Hedge funds	535		512	
Real estate partnerships	601		580	
Mortgage loans	36	6.28%	34	6.28%
Trading securities	25		23	
Other investments	427		55	
<b>Total other investments</b>	<b>3,451</b>		<b>2,929</b>	
<b>Total investments</b>	<b>\$ 72,701</b>		<b>\$ 72,722</b>	
<b>Net unrealized investment gains, net of tax, included in shareholders' equity</b>	<b>\$ 2,871</b>		<b>\$ 1,859</b>	

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



# The Travelers Companies, Inc.

## Investment Portfolio - Fixed Maturities Data

(at carrying value, \$ in millions)



### Fixed maturities

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

December 31, 2011		December 31, 2010	
\$	2,497	\$	2,008
	7,332		7,291
	31,690		32,244
	39,022		39,535
	2,318		2,202
	3,515		4,164
	16,880		14,911
\$	64,232	\$	62,820

### Fixed Maturities Quality Characteristics (1)

#### Quality Ratings

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

December 31, 2011		
	Amount	% of Total
\$	28,849	44.9 %
	20,351	31.7
	7,887	12.2
	5,187	8.1
	62,274	96.9
	868	1.4
	530	0.8
	560	0.9
	1,958	3.1
\$	64,232	100.0 %
	Aa2, AA	
	3.2	

(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 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Gross investment income</b>										
Fixed maturities	\$ 691	\$ 678	\$ 674	\$ 667	\$ 642	\$ 634	\$ 633	\$ 634	\$ 2,710	\$ 2,543
Short-term securities	3	3	3	4	4	3	3	2	13	12
Other	66	89	65	150	140	129	62	24	370	355
	<u>760</u>	<u>770</u>	<u>742</u>	<u>821</u>	<u>786</u>	<u>766</u>	<u>698</u>	<u>660</u>	<u>3,093</u>	<u>2,910</u>
Investment expenses	7	8	7	12	7	8	8	8	34	31
Net investment income, pre-tax	753	762	735	809	779	758	690	652	3,059	2,879
Income taxes	143	145	138	165	157	152	129	111	591	549
Net investment income, after-tax	<u>\$ 610</u>	<u>\$ 617</u>	<u>\$ 597</u>	<u>\$ 644</u>	<u>\$ 622</u>	<u>\$ 606</u>	<u>\$ 561</u>	<u>\$ 541</u>	<u>\$ 2,468</u>	<u>\$ 2,330</u>
Effective tax rate	18.9%	19.1%	18.8%	20.3%	20.2%	20.1%	18.6%	16.9%	19.3%	19.1%
Average invested assets (1)	\$ 72,659	\$ 71,294	\$ 70,929	\$ 71,359	\$ 70,771	\$ 70,476	\$ 70,474	\$ 70,067	\$ 71,637	\$ 70,471
Average yield pre-tax (1)	4.1%	4.3%	4.1%	4.5%	4.4%	4.3%	3.9%	3.7%	4.3%	4.1%
Average yield after-tax	3.4%	3.5%	3.4%	3.6%	3.5%	3.4%	3.2%	3.1%	3.4%	3.3%

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

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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Net realized investment gains (losses)</b>										
Fixed maturities	\$ 22	\$ 17	\$ 25	\$ 18	\$ 10	\$ 14	\$ -	\$ 11	\$ 82	\$ 35
Equity securities (1)	8	3	104	10	1	26	(4)	17	125	40
Other (1) (2)	(5)	(51)	97	16	9	(21)	6	(14)	57	(20)
Realized investment gains (losses) before tax	25	(31)	226	44	20	19	2	14	264	55
Related taxes	9	(11)	79	14	7	6	1	5	91	19
Net realized investment gains (losses)	<u>\$ 16</u>	<u>\$ (20)</u>	<u>\$ 147</u>	<u>\$ 30</u>	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ 1</u>	<u>\$ 9</u>	<u>\$ 173</u>	<u>\$ 36</u>
Gross investment gains (2)	\$ 89	\$ 75	\$ 322	\$ 108	\$ 109	\$ 102	\$ 132	\$ 107	\$ 594	\$ 450
Gross investment losses before impairments (2)	(54)	(102)	(90)	(58)	(85)	(79)	(118)	(88)	(304)	(370)
Net investment gains (losses) before impairments	35	(27)	232	50	24	23	14	19	290	80
Other-than-temporary impairment losses:										
Total gains (losses)	(1)	2	8	(2)	2	5	9	14	7	30
Non-credit component of impairments recognized in accumulated other changes in equity from nonowner sources	(9)	(6)	(14)	(4)	(6)	(9)	(21)	(19)	(33)	(55)
Other-than-temporary impairment losses	(10)	(4)	(6)	(6)	(4)	(4)	(12)	(5)	(26)	(25)
Net realized investment gains (losses) before tax	25	(31)	226	44	20	19	2	14	264	55
Related taxes	9	(11)	79	14	7	6	1	5	91	19
Net realized investment gains (losses)	<u>\$ 16</u>	<u>\$ (20)</u>	<u>\$ 147</u>	<u>\$ 30</u>	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ 1</u>	<u>\$ 9</u>	<u>\$ 173</u>	<u>\$ 36</u>
	<b>March 31, 2010</b>	<b>June 30, 2010</b>	<b>September 30, 2010</b>	<b>December 31, 2010</b>	<b>March 31, 2011</b>	<b>June 30, 2011</b>	<b>September 30, 2011</b>	<b>December 31, 2011</b>		
<b>Net unrealized investment gains, net of tax, by asset type</b>										
Fixed maturities	\$ 2,653	\$ 3,330	\$ 4,399	\$ 2,650	\$ 2,556	\$ 3,209	\$ 3,944	\$ 4,238		
Equity securities & other	298	314	158	177	193	176	118	161		
Unrealized investment gains before tax	2,951	3,644	4,557	2,827	2,749	3,385	4,062	4,399		
Related taxes	1,012	1,251	1,568	968	943	1,163	1,398	1,528		
Balance, end of period	<u>\$ 1,939</u>	<u>\$ 2,393</u>	<u>\$ 2,989</u>	<u>\$ 1,859</u>	<u>\$ 1,806</u>	<u>\$ 2,222</u>	<u>\$ 2,664</u>	<u>\$ 2,871</u>		

(1) In 3Q 2010, the Company sold most of its remaining common stock holdings in Verisk Analytics, Inc. (Verisk) for total proceeds of approximately \$230 million as part of the secondary public offering of Verisk. In connection with this sale, the Company recorded a pretax realized investment gain of \$205 million (\$102 million included in the "Equity securities" and \$103 million included in the "Other investments" categories above).

(2) 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	\$ 26	\$ 37	\$ 52	\$ 73	\$ 47	\$ 32	\$ 46	\$ 47	\$ 188	\$ 172
Gross investment Treasury future losses	\$ 33	\$ 63	\$ 71	\$ 51	\$ 47	\$ 53	\$ 77	\$ 57	\$ 218	\$ 234

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 (1)  
 Structured settlements  
 Total reinsurance recoverables

December 31, 2011	December 31, 2010
\$ 6,216	\$ 6,934
(345)	(363)
5,871	6,571
2,020	2,043
3,291	3,380
<u>\$ 11,182</u>	<u>\$ 11,994</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	December 31, 2011	December 31, 2010
Munich Re Group	A+ second highest of 16 ratings	\$ 670	\$ 744
Swiss Re Group	A+ second highest of 16 ratings	626	707
Transatlantic Holdings, Inc. (2)	A third highest of 16 ratings	349	385
Berkshire Hathaway Group	A++ highest of 16 ratings	289	319
XL Capital Group	A third highest of 16 ratings	281	320

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 December 31, 2011, after deducting mandatory pools and associations and structured settlement balances, \$4.6 billion, or 79%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 99% were rated A- or better. The remaining 21% net recoverables from reinsurers were comprised of the following: 6% related to the Company's participation in voluntary pools, 10% related to recoverables from captive insurance companies and 5% were balances from other companies not rated by A.M. Best Company. In addition, \$1.9 billion of the net recoverables were collateralized by letters of credit, funds held and trust agreements at December 31, 2011.

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	December 31, 2011	December 31, 2010
Fidelity and Guaranty Life (3)	B++ fifth highest of 16 ratings	\$ 1,007	\$ 1,028
Metlife	A+ second highest of 16 ratings	488	508
Genworth	A third highest of 16 ratings	449	458
Symetra	A third highest of 16 ratings	264	272
ING Group	A third highest of 16 ratings	222	229

(1) Includes impact from certain reclassifications made to 2010 amounts to conform to 2011 presentation.

(2) Transatlantic Holdings, Inc. has entered into a merger agreement with Alleghany Corporation in a transaction expected to be finalized in the first quarter of 2012.

(3) Sale of Old Mutual U.S. Life Holdings Inc. to Harbinger Capital Partners LLC was completed on April 7, 2011. Harbinger Group has reverted the Old Mutual businesses to their former names, Fidelity & Guaranty Life Insurance Company and Fidelity & Guaranty Life Insurance Company of New York.

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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Statutory Basis Reserves for Losses and Loss Adjustment Expenses</b>										
<b>Business Insurance</b>										
Beginning of period	\$ 31,289	\$ 31,079	\$ 30,900	\$ 30,752	\$ 30,505	\$ 30,489	\$ 31,158	\$ 31,253	\$ 31,289	\$ 30,505
Incurred	1,547	1,586	1,659	1,583	1,736	2,540	2,167	1,846	6,375	8,289
Paid	(1,747)	(1,751)	(1,822)	(1,832)	(1,759)	(1,874)	(2,059)	(1,968)	(7,152)	(7,660)
Foreign exchange and other	(10)	(14)	15	2	7	3	(13)	-	(7)	(3)
End of period	\$ 31,079	\$ 30,900	\$ 30,752	\$ 30,505	\$ 30,489	\$ 31,158	\$ 31,253	\$ 31,131	\$ 30,505	\$ 31,131
<b>Financial, Professional &amp; International Insurance</b>										
Beginning of period	\$ 6,003	\$ 6,022	\$ 5,995	\$ 6,125	\$ 6,068	\$ 6,267	\$ 6,297	\$ 6,076	\$ 6,003	\$ 6,068
Incurred	513	412	346	420	430	375	294	375	1,691	1,474
Paid	(443)	(363)	(312)	(478)	(294)	(357)	(412)	(428)	(1,596)	(1,491)
Foreign exchange and other	(51)	(76)	96	1	63	12	(103)	(4)	(30)	(32)
End of period	\$ 6,022	\$ 5,995	\$ 6,125	\$ 6,068	\$ 6,267	\$ 6,297	\$ 6,076	\$ 6,019	\$ 6,068	\$ 6,019
<b>Personal Insurance</b>										
Beginning of period	\$ 3,631	\$ 3,748	\$ 3,871	\$ 3,763	\$ 3,662	\$ 3,545	\$ 4,027	\$ 3,909	\$ 3,631	\$ 3,662
Incurred	1,289	1,384	1,180	1,153	1,176	2,185	1,633	1,349	5,006	6,343
Paid	(1,172)	(1,261)	(1,288)	(1,254)	(1,293)	(1,703)	(1,751)	(1,509)	(4,975)	(6,256)
End of period	\$ 3,748	\$ 3,871	\$ 3,763	\$ 3,662	\$ 3,545	\$ 4,027	\$ 3,909	\$ 3,749	\$ 3,662	\$ 3,749
<b>Total</b>										
Beginning of period	\$ 40,923	\$ 40,849	\$ 40,766	\$ 40,640	\$ 40,235	\$ 40,301	\$ 41,482	\$ 41,238	\$ 40,923	\$ 40,235
Incurred	3,349	3,382	3,185	3,156	3,342	5,100	4,094	3,570	13,072	16,106
Paid	(3,362)	(3,375)	(3,422)	(3,564)	(3,346)	(3,934)	(4,222)	(3,905)	(13,723)	(15,407)
Foreign exchange and other	(61)	(90)	111	3	70	15	(116)	(4)	(37)	(35)
End of period	\$ 40,849	\$ 40,766	\$ 40,640	\$ 40,235	\$ 40,301	\$ 41,482	\$ 41,238	\$ 40,899	\$ 40,235	\$ 40,899
<b>Prior Year Reserve Development: Unfavorable (Favorable)</b>										
<b>Business Insurance</b>										
Asbestos	\$ -	\$ -	\$ 140	\$ -	\$ -	\$ -	\$ 175	\$ -	\$ 140	\$ 175
Environmental	-	35	-	-	-	76	-	-	35	76
All other	(242)	(338)	(242)	(254)	(143)	(103)	(201)	(49)	(1,076)	(496)
Prior year development excluding accretion of discount	(242)	(303)	(102)	(254)	(143)	(27)	(26)	(49)	(901)	(245)
Accretion of discount	11	12	11	11	11	12	11	11	45	45
Total Business Insurance	(231)	(291)	(91)	(243)	(132)	(15)	(15)	(38)	(856)	(200)
<b>Financial, Professional &amp; International Insurance</b>										
	(34)	(72)	(97)	(56)	(39)	(96)	(153)	(72)	(259)	(360)
<b>Personal Insurance</b>										
	(18)	(9)	(23)	(37)	(55)	(45)	(5)	(5)	(87)	(110)
<b>Total</b>	\$ (283)	\$ (372)	\$ (211)	\$ (336)	\$ (226)	\$ (156)	\$ (173)	\$ (115)	\$ (1,202)	\$ (670)

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

**The Travelers Companies, Inc.**  
**Asbestos and Environmental Reserves**

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Asbestos reserves</b>										
Beginning reserves:										
Direct	\$ 3,097	\$ 3,004	\$ 2,867	\$ 3,058	\$ 2,941	\$ 2,876	\$ 2,808	\$ 2,921	\$ 3,097	\$ 2,941
Ceded	(339)	(320)	(274)	(400)	(393)	(374)	(370)	(388)	(339)	(393)
Net	2,758	2,684	2,593	2,658	2,548	2,502	2,438	2,533	2,758	2,548
Incurring losses and loss expenses:										
Direct	-	-	262	-	-	-	195	-	262	195
Ceded	-	-	(122)	-	-	-	(20)	-	(122)	(20)
Losses paid:										
Direct	93	137	71	117	65	68	82	141	418	356
Ceded	(19)	(46)	4	(7)	(19)	(4)	(2)	(47)	(68)	(72)
Ending reserves:										
Direct	3,004	2,867	3,058	2,941	2,876	2,808	2,921	2,780	2,941	2,780
Ceded	(320)	(274)	(400)	(393)	(374)	(370)	(388)	(341)	(393)	(341)
Net	\$ 2,684	\$ 2,593	\$ 2,658	\$ 2,548	\$ 2,502	\$ 2,438	\$ 2,533	\$ 2,439	\$ 2,548	\$ 2,439
<b>Environmental reserves</b>										
Beginning reserves:										
Direct	\$ 389	\$ 373	\$ 399	\$ 383	\$ 354	\$ 339	\$ 394	\$ 373	\$ 389	\$ 354
Ceded	4	4	(6)	(6)	(3)	(3)	(6)	(6)	4	(3)
Net	393	377	393	377	351	336	388	367	393	351
Incurring losses and loss expenses:										
Direct	-	45	-	-	-	80	-	-	45	80
Ceded	-	(10)	-	-	-	(4)	-	-	(10)	(4)
Losses paid:										
Direct	16	19	16	29	15	25	21	27	80	88
Ceded	-	-	-	(3)	-	(1)	-	(1)	(3)	(2)
Ending reserves:										
Direct	373	399	383	354	339	394	373	346	354	346
Ceded	4	(6)	(6)	(3)	(3)	(6)	(6)	(5)	(3)	(5)
Net	\$ 377	\$ 393	\$ 377	\$ 351	\$ 336	\$ 388	\$ 367	\$ 341	\$ 351	\$ 341

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

# The Travelers Companies, Inc. Capitalization

(\$ in millions)



## Debt

### Short-term debt

Commercial paper	
5.375% Senior notes due June 15, 2012 (1)	
7.22% Real estate non-recourse debt due September 1, 2011	
Total short-term debt	

### Long-term debt

5.375% Senior notes due June 15, 2012 (1)	
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

### Preferred equity (2)

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

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

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

	December 31, 2011	December 31, 2010
	\$ 100	\$ 100
	250	-
	-	9
	<u>350</u>	<u>109</u>
	-	250
	500	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
	115	115
	<u>6,269</u>	<u>6,519</u>
	53	54
	(67)	(71)
	<u>6,255</u>	<u>6,502</u>
	<u>6,605</u>	<u>6,611</u>
	-	68
	21,606	23,548
	<u>\$ 28,211</u>	<u>\$ 30,227</u>
	23.4%	21.9%

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

(2) In 2Q 2011, the Company's board of directors authorized the redemption of the Company's preferred stock held by The Travelers 401(k) Savings Plan Trust (the Trust) and gave notice of that redemption to the appropriate fiduciaries of the Trust. The Trust, following a fiduciary review, exercised its right to convert each preferred share into eight common shares of the Company.

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.

**The Travelers Companies, Inc.**  
**Statutory to GAAP Shareholders' Equity Reconciliation**

(\$ in millions)



	<u>December 31, 2011 (1)</u>	<u>December 31, 2010</u>
<b>Statutory surplus</b>	\$ 19,174	\$ 20,066
<b>GAAP adjustments</b>		
Goodwill and intangible assets	3,621	3,679
Investments	4,883	3,179
Noninsurance companies	(4,219)	(2,963)
Deferred acquisition costs	1,786	1,782
Deferred federal income tax	(1,946)	(1,238)
Current federal income tax	(40)	(100)
Reinsurance recoverables	242	244
Furniture, equipment & software	708	690
Employee benefits	(9)	(11)
Agents balances	140	110
Other	137	37
Total GAAP adjustments	<u>5,303</u>	<u>5,409</u>
<b>GAAP shareholders' equity</b>	<u>\$ 24,477</u>	<u>\$ 25,475</u>

(1) Estimated and Preliminary

See Glossary of Financial Measures and Description of Reportable Business Segments on page 34.



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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Cash flows from operating activities</b>										
Net income (loss)	\$ 647	\$ 670	\$ 1,005	\$ 894	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 3,216	\$ 1,426
Adjustments to reconcile net income (loss) to net cash provided by operating activities:										
Net realized investment (gains) losses	(25)	31	(226)	(44)	(20)	(19)	(2)	(14)	(264)	(55)
Depreciation and amortization	216	195	197	204	208	197	194	203	812	802
Deferred federal income tax expense (benefit)	76	(25)	98	29	153	(16)	22	(96)	178	63
Amortization of deferred acquisition costs	929	950	966	957	948	970	982	976	3,802	3,876
Equity in income from other investments	(45)	(71)	(45)	(122)	(122)	(109)	(48)	(2)	(283)	(281)
Premiums receivable	(97)	(285)	154	199	(167)	(375)	103	202	(29)	(237)
Reinsurance recoverables	86	442	226	546	218	7	19	563	1,300	807
Deferred acquisition costs	(939)	(991)	(998)	(898)	(964)	(1,009)	(1,015)	(893)	(3,826)	(3,881)
Claims and claim adjustment expense reserves	(224)	(468)	(420)	(856)	(251)	1,140	(147)	(894)	(1,968)	(152)
Unearned premium reserves	86	184	148	(355)	175	220	217	(424)	63	188
Other	(179)	(112)	236	108	(384)	(374)	259	112	53	(387)
<b>Net cash provided by operating activities</b>	<b>531</b>	<b>520</b>	<b>1,341</b>	<b>662</b>	<b>633</b>	<b>268</b>	<b>917</b>	<b>351</b>	<b>3,054</b>	<b>2,169</b>
<b>Cash flows from investing activities</b>										
Proceeds from maturities of fixed maturities	1,229	1,249	1,403	2,015	1,849	1,385	2,007	2,163	5,896	7,404
Proceeds from sales of investments:										
Fixed maturities	1,646	1,135	500	432	490	246	106	319	3,713	1,161
Equity securities	19	8	130	44	8	39	4	84	201	135
Real estate	9	1	-	-	-	-	1	-	10	1
Other investments	114	75	237	291	161	124	197	112	717	594
Purchases of investments:										
Fixed maturities	(2,175)	(1,765)	(1,227)	(1,618)	(1,824)	(1,723)	(2,677)	(2,480)	(6,785)	(8,704)
Equity securities	(5)	(14)	(10)	(32)	(51)	(52)	(15)	(13)	(61)	(131)
Real estate	(3)	(5)	(7)	(6)	(30)	(5)	(6)	(25)	(21)	(66)
Other investments	(104)	(123)	(146)	(141)	(107)	(522)	(129)	(131)	(514)	(889)
Net sales (purchases) of short-term securities	202	848	(1,116)	(633)	(31)	628	216	1,205	(699)	2,018
Securities transactions in course of settlement	95	(93)	(242)	210	134	79	(17)	(196)	(30)	-
Other	(75)	(70)	(75)	(98)	(69)	(74)	(105)	(123)	(318)	(371)
<b>Net cash provided by (used in) investing activities</b>	<b>952</b>	<b>1,246</b>	<b>(553)</b>	<b>464</b>	<b>530</b>	<b>125</b>	<b>(418)</b>	<b>915</b>	<b>2,109</b>	<b>1,152</b>

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

(\$ in millions)



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	YTD 4Q 2010	YTD 4Q 2011
<b>Cash flows from financing activities</b>										
Payment of debt	-	(250)	(25)	(885)	-	(8)	-	-	(1,160)	(8)
Issuance of debt	-	-	-	1,234	-	-	-	-	1,234	-
Dividends paid to shareholders	(168)	(175)	(169)	(161)	(155)	(174)	(171)	(165)	(673)	(665)
Issuance of common stock - employee share options	123	76	68	141	168	77	25	44	408	314
Treasury stock acquired - share repurchase authorization	(1,407)	(1,397)	(637)	(1,557)	(1,104)	(256)	(395)	(1,164)	(4,998)	(2,919)
Treasury stock acquired - net employee share-based compensation	(38)	(2)	-	-	(44)	(2)	-	-	(40)	(46)
Excess tax benefits from share-based payment arrangements	4	1	1	2	7	4	6	1	8	18
<b>Net cash used in financing activities</b>	<b>(1,486)</b>	<b>(1,747)</b>	<b>(762)</b>	<b>(1,226)</b>	<b>(1,128)</b>	<b>(359)</b>	<b>(535)</b>	<b>(1,284)</b>	<b>(5,221)</b>	<b>(3,306)</b>
Effect of exchange rate changes on cash	(1)	(4)	6	2	4	-	(6)	1	3	(1)
Net increase (decrease) in cash	(4)	15	32	(98)	39	34	(42)	(17)	(55)	14
Cash at beginning of period	255	251	266	298	200	239	273	231	255	200
Cash at end of period	<b>\$ 251</b>	<b>\$ 266</b>	<b>\$ 298</b>	<b>\$ 200</b>	<b>\$ 239</b>	<b>\$ 273</b>	<b>\$ 231</b>	<b>\$ 214</b>	<b>\$ 200</b>	<b>\$ 214</b>
Income taxes paid (received)	\$ 44	\$ 265	\$ 202	\$ 273	\$ 112	\$ 179	\$ (14)	\$ (59)	\$ 784	\$ 218
Interest paid	\$ 63	\$ 137	\$ 63	\$ 134	\$ 35	\$ 156	\$ 35	\$ 156	\$ 397	\$ 382

## 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 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. Loss reserve development may be related to one or more prior years or the current year. 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, 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. Gross written premiums are a measure of overall business volume. **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 management liability coverages, which require a primarily credit-based underwriting process, as well as property and casualty products that are primarily marketed on a domestic basis in the United Kingdom, Ireland and Canada, and on an international basis through Lloyd's. The businesses in Financial, Professional & International Insurance are Bond & Financial Products and International.

**Personal Insurance** - The Personal Insurance segment writes virtually all types of property and casualty insurance covering personal risks. The primary coverages in this segment are personal automobile and homeowners insurance sold to individuals.