Explanatory Note

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

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

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

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

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

Managing Risk

Jay S. Fishman
Chairman & Chief Executive Officer
Lehman Brothers Conference
September 10, 2008
Long-term Financial Strategy

Create Shareholder Value
Objective: Mid-Teens ROE Over Time

Meaningful and sustainable competitive advantages

Generation of top tier earnings and capital substantially in excess of growth needs

Balanced approach to rightsizing capital and growing book value per share over time
Long-term Financial Strategy

Financial Community ↔ Company ↔ Employees
Rightsizing Capital
($ in millions)

Cumulative share repurchases since initial authorization granted by the Board in 2Q’06:
$7.8 billion

Still on track for $3.0 billion of share repurchases for the full year2

1 3Q’09 quarter-to-date (QTD) results through September 14, 2009.
2 Subject to market conditions and other factors.
Continuing to Grow Book Value Per Share

**Book Value Per Share**

- 2005: $31.94
- 2006: $36.86
- 2007: $42.22
- 2008: $43.12
- 2Q'09: $47.29

CAGR: 11.9%

**Adjusted Book Value Per Share**

- 2005: $31.47
- 2006: $36.20
- 2007: $41.23
- 2008: $43.37
- 2Q'09: $45.76

CAGR: 11.3%

---

1 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.
From January 1, 2005 through June 30, 2009, average annual operating return on equity of approximately 14.2%.

From January 1, 2005 through June 30, 2009, average annual operating return on equity of approximately 14.2%.
Travelers Rating Activities

➢ Moody’s - June 6, 2008 – FSR Aa2
  • Upgraded financial strength ratings to Aa2 from Aa3, debt ratings to A2 from A3, commercial paper to Prime-1 from Prime-2

➢ S&P - August 11, 2009 – FSR AA-
  • Revised outlook on financial strength and debt ratings to positive from stable
  • Affirmed financial strength ratings of AA- and debt ratings of A-

➢ A.M. Best - May 15, 2009 - FSR A+
  • Revised outlook for issuer credit ratings to positive from stable
  • Affirmed financial strength ratings of A+ and debt ratings of a-

➢ Fitch - February 13, 2009 – FSR AA
  • Affirmed financial strength ratings, debt ratings, including commercial paper. Outlook remained stable
Top Tier Underwriting Results Through Active Management

- Account Underwriting
- Evaluation of Claims, Trends and Reserves
- Active Pricing Strategy
- Claim Experience / Claim Management
- Initial Reserving Process
Underwriting Selection and Pricing Continuum

Flow Business
- High volume, low transaction size
- Ease of use and efficiency are key
- Large number of homogeneous risks = objective analytical pricing

Individually Underwritten
- Provide preliminary price as starting point for underwriting
Active Pricing Strategy

**Flow Business: Select Accounts - TravelersExpress**

**Examples of Variables to Establish Premium**
- Class of Business
- Territory
- Construction Type
- Protection Class
- Occupancy (use)
- Limits (contents, liability)
- Multiple Residents
- Sprinklers

**Predictive Models**
- Based on sophisticated analyses of expanded company and industry data
- Highly objective pricing
Active Pricing Strategy

Flow Business: Select Accounts – Legacy Platform

Only 17% automatically generated bindable quotes; Inefficient quote to issuance process for small revenue accounts
Active Pricing Strategy

Flow Business: Select Accounts – TravelersExpress℠

Flow Business: Select Accounts – TravelersExpress℠

Low Touch

F

L

O

W

CMP

WC

Auto

No Touch

18%

Refer to Underwriter

1 Day

TravelersExpress℠

Straight-thru Processing

82%

Issue

Response time on business referred cut from 3 days to 1; 82% of volume now straight-thru bindable quotes enabling a scalable solution to inefficiencies

CMP = Commercial Multi-Peril; WC = Workers’ Compensation
TravelersExpress\textsuperscript{sm} Results

Agents Quoting
- 17% Increase
- Legacy
- TravelersExpress\textsuperscript{sm}

Quotes Per Agent
- 28% Increase
- Legacy
- TravelersExpress\textsuperscript{sm}

Submission Flow
- 50% Increase
- Legacy
- TravelersExpress\textsuperscript{sm}

Results for TravelersExpress\textsuperscript{SM} for MasterPac product in states launched December 2006 through April 2008 comparing 12 months pre-launch versus 12 months post-launch
### Active Pricing Strategy

#### Flow Business: Select Accounts - TravelersExpress℠

**Pricing example: Florist shop - Commercial Multi-Peril**

<table>
<thead>
<tr>
<th>Rate Plan</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State:</strong></td>
<td>Connecticut</td>
</tr>
<tr>
<td><strong>Segment:</strong></td>
<td>Store</td>
</tr>
<tr>
<td><strong>Building limit:</strong></td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Business personal property limit:</strong></td>
<td>$150,000</td>
</tr>
<tr>
<td><strong>General liability limit:</strong></td>
<td>$1 million / $2 million</td>
</tr>
<tr>
<td><strong>Deductible</strong></td>
<td>$1,000</td>
</tr>
<tr>
<td><strong>Endorsements:</strong></td>
<td>Power Pac, Spoilage, etc.</td>
</tr>
</tbody>
</table>

**Rate Plan Premium – Before Adjustment: $2,500**

**Tier**
- Prior losses
- Years in business
- Total insured value

**Price Adjustment: ($50)**

**Preliminary Premium**

$2,375

**Agent Adjustments (subject to limitation)**
- Risk control
- Company management
- Maintenance
- Loss prevention
- Other items

**Price Adjustment: ($120)**

**Modeled Premium**

$2,255

---

Note: Illustrative data
### Active Pricing Strategy

#### Individually Underwritten Accounts

**Homogenous Grouping**
- Class of Business
- Territory
- Construction Type
- Protection Class
- Occupancy (use)
- Limits (contents, liability)
- Multiple Residents
- Sprinklers

**Individual Account Characteristics**
- Past loss experience
- Safety programs
- Credit history
- Limits/deductibles/client retention
- Multiple locations
- Multiple jurisdictions

#### Underwriter Analytics
Sophisticated analytical tools integrating exposure and pricing into the decision process

- Pricing tools
  - Models
  - Benchmarks
- Customer information
- Risk Control
- CAT/Concentration models
- Third party data tools
- CURE: Collaborative Underwriting Review Evaluation

---

*TRAVELERS*
### Individually Underwritten Accounts: Middle Market

**Pricing Example:** Natural Gas Distributor & Equipment Wholesaler - General Liability

<table>
<thead>
<tr>
<th>Rate Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subline: Prem/Ops &amp; Products</td>
</tr>
<tr>
<td>State: Connecticut &amp; New York</td>
</tr>
<tr>
<td>Territory: Danbury &amp; White Plains</td>
</tr>
<tr>
<td>Exposure: $11M / yr. sales, by subline &amp; loc</td>
</tr>
<tr>
<td>Class: Chemicals &amp; Hardware</td>
</tr>
<tr>
<td>Limit: $1 million</td>
</tr>
<tr>
<td>Deductible: None</td>
</tr>
<tr>
<td>Package: Property purchased</td>
</tr>
<tr>
<td>Extended Covgs: Various</td>
</tr>
</tbody>
</table>

**Manual Premium = $58,000**

#### Predictive Modeling
- D&B analytics
- Loss experience
- Rate adequacy
- Other predictors

**Price Adjustment: ($15,000)**

**Preliminary Premium**

**$43,000**

#### Underwriter Adjustments
- Risk control
- Company management
- Maintenance
- Loss prevention
- Financial condition
- Other items

**Price Adjustment: $10,000**

**Modeled Premium**

**$53,000**
Positive Rate Change in Each Business Segment

Rate Change¹

![Graph showing rate change from 1Q'06 to 3Q'09 for different business segments.]

1 Each percentage represents the estimated change in average premium on policies that renew, excluding exposure changes, versus the average premium on those same policies for their prior term.
2 3Q'09 quarter-to-date (QTD) results through August 31, 2009.
3 2006 data excludes New Jersey and Massachusetts.
4 Excludes surety line of business as surety products are sold on a non-recurring, project specific basis.

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

Select Accounts

- 1Q’08 2Q’08 3Q’08 4Q’08 1Q’09 2Q’09 3Q’09 QTD

0%

Commercial Accounts

- 1Q’08 2Q’08 3Q’08 4Q’08 1Q’09 2Q’09 3Q’09 QTD

0%

Other Business Insurance

- 1Q’08 2Q’08 3Q’08 4Q’08 1Q’09 2Q’09 3Q’09 QTD

0%

1 3Q’09 quarter-to-date (QTD) results through August 31, 2009.
2 Includes Industry-Focused Underwriting, Target Risk Underwriting and Specialized Distribution.
3 Each percentage represents the estimated change in average premium on policies that renew, excluding exposure changes, versus the average premium on those same policies for their prior term.
4 Each percentage represents the estimated change in average premium on policies that renew, including rate and exposure changes, versus the average premium on those same policies for their prior term.

Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.
Renewal Pricing – Commercial Accounts Rate

61% of accounts had positive rate

TRAVELERS

1 Guaranteed cost only
### Illustrative Loss Ratio Rollforward

#### Plan Loss Ratio Development

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Year Loss Ratio Normalized</td>
<td>53.0%</td>
</tr>
<tr>
<td>Earned Rate</td>
<td>0.5%</td>
</tr>
<tr>
<td>Earned Exposure / Inflation</td>
<td>-0.8%</td>
</tr>
<tr>
<td>New Business Effect</td>
<td>0.3%</td>
</tr>
<tr>
<td>Frequency Trend</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Severity Trend</td>
<td>3.5%</td>
</tr>
<tr>
<td>Other Change</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Mix</td>
<td>-0.2%</td>
</tr>
<tr>
<td><strong>Full Year Plan Loss Ratio</strong></td>
<td><strong>55.0%</strong></td>
</tr>
</tbody>
</table>

#### Full Year Rollforward

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Year Movement</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Rate Variance</td>
<td>0.5%</td>
</tr>
<tr>
<td>Exposure Variance</td>
<td>-2.1%</td>
</tr>
<tr>
<td>New Business Impact</td>
<td>0.2%</td>
</tr>
<tr>
<td>Frequency Variance</td>
<td>0.6%</td>
</tr>
<tr>
<td>Severity Variance</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Other Effects</td>
<td>0.0%</td>
</tr>
<tr>
<td>Mix</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Full Year Rollforward Loss Ratio</strong></td>
<td><strong>50.5%</strong></td>
</tr>
</tbody>
</table>
Risk Selection and Underwriting Qualitative Controls

➢ Pre-qualification
   • Underwriting guidance
   • Target prospects
   • Geographic / jurisdiction focus
   • Financial underwriting
   • Loss prevention and risk control

➢ Collaboration
   • Authority triggers by class, size and underwriter experience
   • Coverage and pricing review

➢ On-going monitoring and adjustment
   • Monitor state / line / legal environment
   • Adjust eligibility as coverage and conditions change

➢ Quality control and metrics
   • Field and business unit quality review and underwriting audits
   • Benchmarking price monitoring
   • Monitor changing terms and conditions
New Business Pricing

New Business Versus Renewal Pricing - Commercial Accounts

Points of Difference New Versus Renewal Indexed to 1Q'08

Relative Baseline

10%

6%

2%

(2%)

(6%)

(10%)

1Q'08  2Q'08  3Q'08  4Q'08  1Q'09  2Q'09
Claims Experience / Claims Management

Claims Practices Impacting Loss Trend

- Notice of loss → Contact → Triage → Assignment → Monitoring
  → Information Loop
- Claim handling process
- Pricing/underwriting
- Loss prevention programs

Claim effectiveness provides significant top and bottom line advantage
Structure Designed to Ensure Connectivity Between Claim and Underwriting Operations

- Joint reporting into business heads
- 44 major claim offices co-located with underwriting operations
- “Matrix” reporting embedded in company culture
Travelers is a leading writer and service provider of workers’ compensation

- Claim effectiveness results in lower lost costs, which provides a competitive advantage
- Claim effectiveness sustained through:
  - Scale - provides cost effective local presence and expertise
  - Advanced analytics
  - Significant investment in infrastructure
    - 1,200+ claim handlers, 600+ nurses – patented nurse triage program
    - Travcomp - recognized industry leading return to work product

### Claims Experience / Claims Management Example

<table>
<thead>
<tr>
<th>Accident Year</th>
<th>Workers’ Compensation Paid Loss &amp; LAE as % of Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>60%</td>
</tr>
<tr>
<td>2004</td>
<td>40%</td>
</tr>
<tr>
<td>2005</td>
<td>20%</td>
</tr>
<tr>
<td>2006</td>
<td>40%</td>
</tr>
<tr>
<td>2007</td>
<td>20%</td>
</tr>
<tr>
<td>2008</td>
<td>10%</td>
</tr>
</tbody>
</table>

Proven track record...

1. Travelers consolidated schedule P.
2. AM Best Average & Aggregates – schedule P.
Claims Experience / Claims Management Example

- Redesigned catastrophe response process a competitive advantage
  - Reduced dependence on independent adjusters
  - Improved response time
  - Eliminated inefficiencies
  - Concierge approach for customers with roof damage – Tarp Program
  - Improved customer satisfaction

% of Claims Handled by Independent Adjusters:
- Rita: 55%
- Ike: <1%

<table>
<thead>
<tr>
<th>Hurricanes</th>
<th>Rita</th>
<th>Ike</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact @ 10 Days</td>
<td><img src="chart1.png" alt="Chart" /></td>
<td><img src="chart2.png" alt="Chart" /></td>
</tr>
<tr>
<td>Inspect @ 29 Days</td>
<td><img src="chart3.png" alt="Chart" /></td>
<td><img src="chart4.png" alt="Chart" /></td>
</tr>
<tr>
<td>Close @ 29 Days</td>
<td><img src="chart5.png" alt="Chart" /></td>
<td><img src="chart6.png" alt="Chart" /></td>
</tr>
</tbody>
</table>
Monitoring Frequency and Severity
Workers’ Compensation

Frequency

Severity

Loss Cost

Rolling 4 Accident Quarters Ending

Closed — Reported — Ultimate

Closed — Reported — Ultimate

Closed — Reported — Ultimate
Top Tier Underwriting Results Through Active Management

Industry Leading Analytics

- Active Pricing Strategy
- Initial Reserving Process
- Claim Experience / Claim Management
- Evaluation of Claims, Trends and Reserves
- Account Underwriting
Disclosure

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

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

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