

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



	<u>Page Number</u>
Consolidated Results	
Financial Highlights	1
Reconciliation to Net Income (Loss) and Earnings Per Share	2
Statement of Income (Loss)	3
Net Income (Loss) by Major Component and Combined Ratio	4
Operating Income (Loss)	5
Selected Statistics - Property and Casualty Operations	6
Written and Earned Premiums - Property and Casualty Operations	7
Business Insurance	
Operating Income	8
Operating Income by Major Component and Combined Ratio	9
Selected Statistics	10
Net Written Premiums	11
Financial, Professional & International Insurance	
Operating Income	12
Operating Income by Major Component and Combined Ratio	13
Selected Statistics	14
Net Written Premiums	15
Personal Insurance	
Operating Income (Loss)	16
Operating Income (Loss) by Major Component and Combined Ratio	17
Selected Statistics	18
Selected Statistics - Agency Automobile	19
Selected Statistics - Agency Homeowners and Other	20
Selected Statistics - Direct to Consumer	21
Supplemental Detail	
Interest Expense and Other	22
Consolidated Balance Sheet	23
Investment Portfolio	24
Investment Portfolio - Fixed Maturities Data	25
Investment Income	26
Net Realized and Unrealized Investment Gains	27
Reinsurance Recoverables	28
Net Reserves for Losses and Loss Adjustment Expense	29
Asbestos and Environmental Reserves	30
Capitalization	31
Statutory to GAAP Shareholders' Equity Reconciliation	32
Statement of Cash Flows	33
Statement of Cash Flows (continued)	34
Glossary of Financial Measures and Description of Reportable Business Segments	35
The information included in the Financial Supplement is unaudited. This document should be read in conjunction with the Company's Form 10-Q which will be filed with the Securities and Exchange Commission.	

The Travelers Companies, Inc.
Financial Highlights

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



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Net income (loss)	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 864	\$ 808	\$ 2,169
Net income (loss) per share:									
Basic	\$ 1.94	\$ (0.88)	\$ 0.80	\$ 1.52	\$ 2.04	\$ 1.27	\$ 2.23	\$ 1.90	\$ 5.55
Diluted	\$ 1.92	\$ (0.88)	\$ 0.79	\$ 1.51	\$ 2.02	\$ 1.26	\$ 2.21	\$ 1.88	\$ 5.50
Operating income (loss)	\$ 826	\$ (377)	\$ 332	\$ 609	\$ 801	\$ 495	\$ 867	\$ 781	\$ 2,163
Operating income (loss) per share:									
Basic	\$ 1.91	\$ (0.91)	\$ 0.79	\$ 1.50	\$ 2.03	\$ 1.27	\$ 2.24	\$ 1.84	\$ 5.53
Diluted	\$ 1.89	\$ (0.91)	\$ 0.79	\$ 1.48	\$ 2.01	\$ 1.26	\$ 2.22	\$ 1.82	\$ 5.48
Return on equity	13.3%	(5.8)%	5.3%	10.0%	13.1%	8.0%	13.6%	4.3%	11.6%
Operating return on equity	14.1%	(6.6)%	5.9%	11.1%	14.7%	9.0%	15.5%	4.5%	13.1%
Total assets, at period end	\$ 105,227	\$ 106,443	\$ 106,906	\$ 104,575	\$ 104,838	\$ 104,330	\$ 105,445	\$ 106,906	\$ 105,445
Total equity, at period end	\$ 25,243	\$ 25,008	\$ 25,172	\$ 24,477	\$ 24,872	\$ 25,049	\$ 25,905	\$ 25,172	\$ 25,905
Book value per share, at period end	\$ 59.91	\$ 59.62	\$ 60.98	\$ 62.32	\$ 63.81	\$ 64.90	\$ 67.81	\$ 60.98	\$ 67.81
Less: Net unrealized investment gains, net of tax	4.30	5.30	6.45	7.31	7.28	7.72	8.68	6.35	8.68
Adjusted book value per share, at period end	<u>\$ 55.61</u>	<u>\$ 54.32</u>	<u>\$ 54.53</u>	<u>\$ 55.01</u>	<u>\$ 56.53</u>	<u>\$ 57.18</u>	<u>\$ 59.13</u>	<u>\$ 54.63</u>	<u>\$ 59.13</u>
Weighted average number of common shares outstanding (basic)	428.2	418.6	415.0	403.0	392.0	388.0	384.0	420.4	388.0
Weighted average number of common shares outstanding and common stock equivalents (diluted)	434.4	418.6	418.5	407.0	395.8	391.6	387.9	425.6	391.5
Common shares outstanding at period end	420.3	419.5	412.8	392.8	389.8	386.0	382.0	412.8	382.0
Common stock dividends declared	\$ 155	\$ 175	\$ 173	\$ 166	\$ 162	\$ 181	\$ 179	\$ 503	\$ 522
Common stock repurchased:									
Under Board of Director authorization									
Shares	18.9	3.9	7.3	20.9	6.0	5.6	5.4	30.1	17.0
Cost	\$ 1,100	\$ 237	\$ 375	\$ 1,188	\$ 350	\$ 350	\$ 350	\$ 1,712	\$ 1,050
Other									
Shares	0.8	0.6	-	-	0.8	-	-	1.4	0.8
Cost	\$ 46	\$ 36	\$ -	\$ -	\$ 52	\$ 1	\$ -	\$ 82	\$ 53

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

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

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



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

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Net income (loss)									
Operating income (loss)	\$ 826	\$ (377)	\$ 332	\$ 609	\$ 801	\$ 495	\$ 867	\$ 781	\$ 2,163
Net realized investment gains (losses)	13	13	1	9	5	4	(3)	27	6
Net income (loss)	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 864	\$ 808	\$ 2,169
Basic earnings per share									
Operating income (loss)	\$ 1.91	\$ (0.91)	\$ 0.79	\$ 1.50	\$ 2.03	\$ 1.27	\$ 2.24	\$ 1.84	\$ 5.53
Net realized investment gains (losses)	0.03	0.03	0.01	0.02	0.01	-	(0.01)	0.06	0.02
Net income (loss)	\$ 1.94	\$ (0.88)	\$ 0.80	\$ 1.52	\$ 2.04	\$ 1.27	\$ 2.23	\$ 1.90	\$ 5.55
Diluted earnings per share									
Operating income (loss)	\$ 1.89	\$ (0.91)	\$ 0.79	\$ 1.48	\$ 2.01	\$ 1.26	\$ 2.22	\$ 1.82	\$ 5.48
Net realized investment gains (losses)	0.03	0.03	-	0.03	0.01	-	(0.01)	0.06	0.02
Net income (loss)	\$ 1.92	\$ (0.88)	\$ 0.79	\$ 1.51	\$ 2.02	\$ 1.26	\$ 2.21	\$ 1.88	\$ 5.50
Adjustments to net income (loss) and weighted average shares for net income (loss) EPS calculations: (1)									
	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Basic									
Net income (loss), as reported	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 864	\$ 808	\$ 2,169
Participating share-based awards - allocated income	(7)	(2)	(2)	(5)	(6)	(4)	(6)	(6)	(17)
Preferred stock dividends	(1)	-	-	-	-	-	-	(1)	-
Net income (loss) available to common shareholders - basic	\$ 831	\$ (366)	\$ 331	\$ 613	\$ 800	\$ 495	\$ 858	\$ 801	\$ 2,152
Diluted									
Net income (loss) available to common shareholders - basic	\$ 831	\$ (366)	\$ 331	\$ 613	\$ 800	\$ 495	\$ 858	\$ 801	\$ 2,152
Effect of dilutive securities:									
Convertible preferred stock	1	-	-	-	-	-	-	1	-
Net income (loss) available to common shareholders - diluted	\$ 832	\$ (366)	\$ 331	\$ 613	\$ 800	\$ 495	\$ 858	\$ 802	\$ 2,152
Common Shares									
Basic									
Weighted average shares outstanding	428.2	418.6	415.0	403.0	392.0	388.0	384.0	420.4	388.0
Diluted									
Weighted average shares outstanding	428.2	418.6	415.0	403.0	392.0	388.0	384.0	420.4	388.0
Weighted average effects of dilutive securities:									
Stock options and performance shares	4.6	-	3.5	4.0	3.8	3.6	3.9	4.3	3.5
Convertible preferred stock	1.6	-	-	-	-	-	-	0.9	-
Diluted weighted average shares outstanding	434.4	418.6	418.5	407.0	395.8	391.6	387.9	425.6	391.5

(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 35.

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Revenues									
Premiums	\$ 5,371	\$ 5,503	\$ 5,605	\$ 5,611	\$ 5,523	\$ 5,529	\$ 5,666	\$ 16,479	\$ 16,718
Net investment income	779	758	690	652	740	738	722	2,227	2,200
Fee income	74	74	79	69	82	59	92	227	233
Net realized investment gains (losses)	20	19	2	14	10	4	(2)	41	12
Other revenues	34	34	31	27	37	29	34	99	100
Total revenues	<u>6,278</u>	<u>6,388</u>	<u>6,407</u>	<u>6,373</u>	<u>6,392</u>	<u>6,359</u>	<u>6,512</u>	<u>19,073</u>	<u>19,263</u>
Claims and expenses									
Claims and claim adjustment expenses	3,382	5,141	4,136	3,617	3,364	3,786	3,359	12,659	10,509
Amortization of deferred acquisition costs	948	970	982	976	971	976	986	2,900	2,933
General and administrative expenses	883	907	860	906	884	893	904	2,650	2,681
Interest expense	96	97	97	96	96	96	93	290	285
Total claims and expenses	<u>5,309</u>	<u>7,115</u>	<u>6,075</u>	<u>5,595</u>	<u>5,315</u>	<u>5,751</u>	<u>5,342</u>	<u>18,499</u>	<u>16,408</u>
Income (loss) before income taxes	969	(727)	332	778	1,077	608	1,170	574	2,855
Income tax expense (benefit)	130	(363)	(1)	160	271	109	306	(234)	686
Net income (loss)	<u>\$ 839</u>	<u>\$ (364)</u>	<u>\$ 333</u>	<u>\$ 618</u>	<u>\$ 806</u>	<u>\$ 499</u>	<u>\$ 864</u>	<u>\$ 808</u>	<u>\$ 2,169</u>
Net realized investment gains (losses)									
Other-than-temporary impairment losses:									
Total gains	\$ 2	\$ 5	\$ 9	\$ 14	\$ -	\$ 11	\$ 17	\$ 16	\$ 28
Non-credit component of impairments recognized in accumulated other comprehensive income	(6)	(9)	(21)	(19)	(4)	(15)	(20)	(36)	(39)
Other-than-temporary impairment losses	(4)	(4)	(12)	(5)	(4)	(4)	(3)	(20)	(11)
Other net realized investment gains	24	23	14	19	14	8	1	61	23
Net realized investment gains (losses)	<u>\$ 20</u>	<u>\$ 19</u>	<u>\$ 2</u>	<u>\$ 14</u>	<u>\$ 10</u>	<u>\$ 4</u>	<u>\$ (2)</u>	<u>\$ 41</u>	<u>\$ 12</u>
Other statistics									
Effective tax rate on net investment income	20.2%	20.1%	18.6%	16.9%	19.9%	20.2%	20.0%	19.7%	20.0%
Net investment income (after-tax)	\$ 622	\$ 606	\$ 561	\$ 541	\$ 593	\$ 589	\$ 578	\$ 1,789	\$ 1,760
Catastrophes, net of reinsurance:									
Pre-tax	\$ 186	\$ 1,668	\$ 606	\$ 102	\$ 168	\$ 549	\$ 91	\$ 2,460	\$ 808
After-tax	\$ 122	\$ 1,085	\$ 394	\$ 68	\$ 109	\$ 357	\$ 59	\$ 1,601	\$ 525

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

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

(\$ in millions, net of tax)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Underwriting gain (loss)	\$ 249	\$ (924)	\$ (185)	\$ 115	\$ 248	\$ (47)	\$ 327	\$ (860)	\$ 528
Net investment income	622	606	561	541	593	589	578	1,789	1,760
Other, including interest expense	(45)	(59)	(44)	(47)	(40)	(47)	(38)	(148)	(125)
Operating income (loss)	826	(377)	332	609	801	495	867	781	2,163
Net realized investment gains (losses)	13	13	1	9	5	4	(3)	27	6
Net income (loss)	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 864	\$ 808	\$ 2,169
GAAP Combined ratio (1) (2)									
Loss and loss adjustment expense ratio	62.1%	92.6%	72.9%	63.7%	60.1%	68.1%	58.4%	76.0%	62.1%
Underwriting expense ratio	32.6%	32.4%	31.6%	32.2%	32.1%	32.4%	31.9%	32.2%	32.2%
Combined ratio	94.7%	125.0%	104.5%	95.9%	92.2%	100.5%	90.3%	108.2%	94.3%
<i>GAAP combined ratio excluding incremental impact of direct to consumer initiative</i>	93.8%	124.1%	103.6%	95.1%	91.4%	99.8%	89.3%	107.3%	93.5%
Impact of catastrophes on combined ratio	3.4%	30.3%	10.8%	1.8%	3.1%	10.0%	1.6%	14.9%	4.9%
Impact of prior year reserve development on combined ratio	-4.4%	-3.1%	-3.3%	-2.3%	-5.5%	-4.0%	-3.4%	-3.5%	-4.3%

(1) Before policyholder dividends.

(2) Billing and policy fees, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses as follows:

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Billing and policy fees	\$ 26	\$ 25	\$ 26	\$ 25	\$ 27	\$ 25	\$ 24	\$ 77	\$ 76
Fee income:									
Loss and loss adjustment expenses	\$ 33	\$ 34	\$ 38	\$ 28	\$ 35	\$ 11	\$ 40	\$ 105	\$ 86
Underwriting expenses	41	40	41	41	47	48	52	122	147
Total fee income	\$ 74	\$ 74	\$ 79	\$ 69	\$ 82	\$ 59	\$ 92	\$ 227	\$ 233

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

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Revenues									
Premiums	\$ 5,371	\$ 5,503	\$ 5,605	\$ 5,611	\$ 5,523	\$ 5,529	\$ 5,666	\$ 16,479	\$ 16,718
Net investment income	779	758	690	652	740	738	722	2,227	2,200
Fee income	74	74	79	69	82	59	92	227	233
Other revenues	34	34	31	27	37	29	34	99	100
Total revenues	6,258	6,369	6,405	6,359	6,382	6,355	6,514	19,032	19,251
Claims and expenses									
Claims and claim adjustment expenses	3,382	5,141	4,136	3,617	3,364	3,786	3,359	12,659	10,509
Amortization of deferred acquisition costs	948	970	982	976	971	976	986	2,900	2,933
General and administrative expenses	883	907	860	906	884	893	904	2,650	2,681
Interest expense	96	97	97	96	96	96	93	290	285
Total claims and expenses	5,309	7,115	6,075	5,595	5,315	5,751	5,342	18,499	16,408
Operating income (loss) before income taxes	949	(746)	330	764	1,067	604	1,172	533	2,843
Income tax expense (benefit)	123	(369)	(2)	155	266	109	305	(248)	680
Operating income (loss)	\$ 826	\$ (377)	\$ 332	\$ 609	\$ 801	\$ 495	\$ 867	\$ 781	\$ 2,163
Other statistics									
Effective tax rate on net investment income	20.2%	20.1%	18.6%	16.9%	19.9%	20.2%	20.0%	19.7%	20.0%
Net investment income (after-tax)	\$ 622	\$ 606	\$ 561	\$ 541	\$ 593	\$ 589	\$ 578	\$ 1,789	\$ 1,760
Catastrophes, net of reinsurance:									
Pre-tax	\$ 186	\$ 1,668	\$ 606	\$ 102	\$ 168	\$ 549	\$ 91	\$ 2,460	\$ 808
After-tax	\$ 122	\$ 1,085	\$ 394	\$ 68	\$ 109	\$ 357	\$ 59	\$ 1,601	\$ 525

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

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Statutory underwriting									
Gross written premiums	\$ 5,961	\$ 6,124	\$ 6,226	\$ 5,576	\$ 6,073	\$ 6,240	\$ 6,271	\$ 18,311	\$ 18,584
Net written premiums	\$ 5,437	\$ 5,817	\$ 5,672	\$ 5,261	\$ 5,497	\$ 5,868	\$ 5,697	\$ 16,926	\$ 17,062
Net earned premiums	\$ 5,371	\$ 5,503	\$ 5,605	\$ 5,611	\$ 5,523	\$ 5,529	\$ 5,666	\$ 16,479	\$ 16,718
Losses and loss adjustment expenses	3,342	5,100	4,094	3,570	3,318	3,791	3,310	12,536	10,419
Underwriting expenses	1,772	1,837	1,812	1,735	1,797	1,838	1,840	5,421	5,475
Statutory underwriting gain (loss)	257	(1,434)	(301)	306	408	(100)	516	(1,478)	824
Policyholder dividends	10	8	11	15	12	11	11	29	34
Statutory underwriting gain (loss) after policyholder dividends	\$ 247	\$ (1,442)	\$ (312)	\$ 291	\$ 396	\$ (111)	\$ 505	\$ (1,507)	\$ 790
Other statutory statistics									
Reserves for losses and loss adjustment expenses	\$ 40,301	\$ 41,482	\$ 41,238	\$ 40,899	\$ 40,791	\$ 40,925	\$ 40,528	\$ 41,238	\$ 40,528
Increase (decrease) in reserves	\$ 66	\$ 1,181	\$ (244)	\$ (339)	\$ (108)	\$ 134	\$ (397)	\$ 1,003	\$ (371)
Statutory surplus	\$ 20,588	\$ 20,224	\$ 19,842	\$ 19,174	\$ 19,867	\$ 19,841	\$ 20,291	\$ 19,842	\$ 20,291
Net written premiums/surplus (1)	1.06:1	1.09:1	1.12:1	1.16:1	1.12:1	1.12:1	1.10:1	1.12:1	1.10:1

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

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

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



(\$ in millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Written premiums									
Gross	\$ 5,961	\$ 6,124	\$ 6,226	\$ 5,576	\$ 6,073	\$ 6,240	\$ 6,271	\$ 18,311	\$ 18,584
Ceded	(524)	(307)	(554)	(315)	(576)	(372)	(574)	(1,385)	(1,522)
Net	<u>\$ 5,437</u>	<u>\$ 5,817</u>	<u>\$ 5,672</u>	<u>\$ 5,261</u>	<u>\$ 5,497</u>	<u>\$ 5,868</u>	<u>\$ 5,697</u>	<u>\$ 16,926</u>	<u>\$ 17,062</u>
Earned premiums									
Gross	\$ 5,804	\$ 5,920	\$ 6,031	\$ 6,032	\$ 5,973	\$ 5,985	\$ 6,132	\$ 17,755	\$ 18,090
Ceded	(433)	(417)	(426)	(421)	(450)	(456)	(466)	(1,276)	(1,372)
Net	<u>\$ 5,371</u>	<u>\$ 5,503</u>	<u>\$ 5,605</u>	<u>\$ 5,611</u>	<u>\$ 5,523</u>	<u>\$ 5,529</u>	<u>\$ 5,666</u>	<u>\$ 16,479</u>	<u>\$ 16,718</u>

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

The Travelers Companies, Inc.
Operating Income - Business Insurance

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Revenues									
Premiums	\$ 2,745	\$ 2,802	\$ 2,890	\$ 2,890	\$ 2,876	\$ 2,860	\$ 2,982	\$ 8,437	\$ 8,718
Net investment income	556	541	487	457	532	536	524	1,584	1,592
Fee income	74	74	78	69	82	58	92	226	232
Other revenues	9	10	8	4	14	8	9	27	31
Total revenues	<u>3,384</u>	<u>3,427</u>	<u>3,463</u>	<u>3,420</u>	<u>3,504</u>	<u>3,462</u>	<u>3,607</u>	<u>10,274</u>	<u>10,573</u>
Claims and expenses									
Claims and claim adjustment expenses	1,773	2,579	2,204	1,891	1,709	2,049	1,906	6,556	5,664
Amortization of deferred acquisition costs	444	457	460	454	467	465	477	1,361	1,409
General and administrative expenses	473	492	471	508	498	504	504	1,436	1,506
Total claims and expenses	<u>2,690</u>	<u>3,528</u>	<u>3,135</u>	<u>2,853</u>	<u>2,674</u>	<u>3,018</u>	<u>2,887</u>	<u>9,353</u>	<u>8,579</u>
Operating income (loss) before federal income taxes	694	(101)	328	567	830	444	720	921	1,994
Income tax expense (benefit)	90	(112)	34	122	218	82	177	12	477
Operating income	<u>\$ 604</u>	<u>\$ 11</u>	<u>\$ 294</u>	<u>\$ 445</u>	<u>\$ 612</u>	<u>\$ 362</u>	<u>\$ 543</u>	<u>\$ 909</u>	<u>\$ 1,517</u>
Other statistics									
Effective tax rate on net investment income	20.0%	19.9%	18.2%	17.1%	20.0%	20.3%	20.1%	19.4%	20.1%
Net investment income (after-tax)	\$ 445	\$ 433	\$ 398	\$ 379	\$ 425	\$ 428	\$ 419	\$ 1,276	\$ 1,272
Catastrophes, net of reinsurance:									
Pre-tax	\$ 112	\$ 697	\$ 195	\$ 14	\$ 53	\$ 252	\$ 50	\$ 1,004	\$ 355
After-tax	\$ 73	\$ 453	\$ 127	\$ 9	\$ 34	\$ 164	\$ 33	\$ 653	\$ 231

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

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



(\$ in millions, net of tax)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Underwriting gain (loss)	\$ 153	\$ (429)	\$ (110)	\$ 63	\$ 177	\$ (71)	\$ 117	\$ (386)	\$ 223
Net investment income	445	433	398	379	425	428	419	1,276	1,272
Other	6	7	6	3	10	5	7	19	22
Operating income	\$ 604	\$ 11	\$ 294	\$ 445	\$ 612	\$ 362	\$ 543	\$ 909	\$ 1,517
GAAP Combined ratio (1) (2)									
Loss and loss adjustment expense ratio	63.1%	90.6%	74.8%	64.1%	57.8%	71.0%	62.3%	76.3%	63.7%
Underwriting expense ratio	31.8%	32.3%	30.6%	31.7%	31.8%	32.0%	31.0%	31.5%	31.6%
Combined ratio	94.9%	122.9%	105.4%	95.8%	89.6%	103.0%	93.3%	107.8%	95.3%
Impact of catastrophes on combined ratio	4.1%	24.9%	6.8%	0.5%	1.8%	8.8%	1.7%	11.9%	4.1%
Impact of prior year reserve development on combined ratio	-5.2%	-1.0%	-0.9%	-1.7%	-8.6%	-2.0%	-1.4%	-2.3%	-4.0%

(1) Before policyholder dividends.

(2) Billing and policy fees, which are a component of other revenues, are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses as follows:

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Billing and policy fees	\$ 5	\$ 4	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 14	\$ 15
Fee income:									
Loss and loss adjustment expenses	\$ 33	\$ 34	\$ 37	\$ 28	\$ 35	\$ 10	\$ 40	\$ 104	\$ 85
Underwriting expenses	41	40	41	41	47	48	52	122	147
Total fee income	\$ 74	\$ 74	\$ 78	\$ 69	\$ 82	\$ 58	\$ 92	\$ 226	\$ 232

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

The Travelers Companies, Inc.
Selected Statistics - Business Insurance



(\$ in millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Statutory underwriting									
Gross written premiums	\$ 3,306	\$ 3,094	\$ 3,205	\$ 2,813	\$ 3,429	\$ 3,280	\$ 3,382	\$ 9,605	\$ 10,091
Net written premiums	\$ 3,020	\$ 2,879	\$ 2,826	\$ 2,615	\$ 3,100	\$ 3,026	\$ 2,962	\$ 8,725	\$ 9,088
Net earned premiums	\$ 2,745	\$ 2,802	\$ 2,890	\$ 2,890	\$ 2,876	\$ 2,860	\$ 2,982	\$ 8,437	\$ 8,718
Losses and loss adjustment expenses	1,736	2,540	2,167	1,846	1,663	2,057	1,860	6,443	5,580
Underwriting expenses	899	918	898	864	940	928	937	2,715	2,805
Statutory underwriting gain (loss)	110	(656)	(175)	180	273	(125)	185	(721)	333
Policyholder dividends	7	5	7	13	10	8	9	19	27
Statutory underwriting gain (loss) after policyholder dividends	<u>\$ 103</u>	<u>\$ (661)</u>	<u>\$ (182)</u>	<u>\$ 167</u>	<u>\$ 263</u>	<u>\$ (133)</u>	<u>\$ 176</u>	<u>\$ (740)</u>	<u>\$ 306</u>

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

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Net written premiums by market									
Select Accounts	\$ 732	\$ 738	\$ 666	\$ 648	\$ 718	\$ 721	\$ 679	\$ 2,136	\$ 2,118
Commercial Accounts	822	659	747	662	861	717	805	2,228	2,383
National Accounts	211	188	176	207	235	226	202	575	663
Industry-Focused Underwriting	628	579	649	551	648	636	671	1,856	1,955
Target Risk Underwriting	413	468	356	350	429	486	382	1,237	1,297
Specialized Distribution	209	246	231	194	208	242	222	686	672
Total core	3,015	2,878	2,825	2,612	3,099	3,028	2,961	8,718	9,088
Business Insurance other	5	1	1	3	1	(2)	1	7	-
Total	\$ 3,020	\$ 2,879	\$ 2,826	\$ 2,615	\$ 3,100	\$ 3,026	\$ 2,962	\$ 8,725	\$ 9,088
Net written premiums by product line									
Commercial multi-peril	\$ 841	\$ 780	\$ 743	\$ 732	\$ 819	\$ 777	\$ 769	\$ 2,364	\$ 2,365
Workers' compensation	854	678	750	677	944	800	849	2,282	2,593
Commercial automobile	493	505	515	442	489	499	498	1,513	1,486
Property	414	468	354	359	416	481	373	1,236	1,270
General liability	415	442	448	400	426	464	452	1,305	1,342
Other	3	6	16	5	6	5	21	25	32
Total	\$ 3,020	\$ 2,879	\$ 2,826	\$ 2,615	\$ 3,100	\$ 3,026	\$ 2,962	\$ 8,725	\$ 9,088
National accounts									
Additions to claim volume under administration (1)	\$ 540	\$ 416	\$ 412	\$ 490	\$ 639	\$ 472	\$ 480	\$ 1,368	\$ 1,591
Written fees	\$ 73	\$ 63	\$ 63	\$ 64	\$ 88	\$ 77	\$ 77	\$ 199	\$ 242

(1) Includes new and renewal business.

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

The Travelers Companies, Inc.

Operating Income - Financial, Professional & International Insurance

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Revenues									
Premiums	\$ 773	\$ 810	\$ 799	\$ 792	\$ 737	\$ 766	\$ 772	\$ 2,382	\$ 2,275
Net investment income	106	105	101	102	104	99	97	312	300
Fee income	-	-	1	-	-	1	-	1	1
Other revenues	7	6	6	7	8	5	8	19	21
Total revenues	886	921	907	901	849	871	877	2,714	2,597
Claims and expenses									
Claims and claim adjustment expenses	433	378	297	379	341	302	309	1,108	952
Amortization of deferred acquisition costs	147	152	154	150	143	149	149	453	441
General and administrative expenses	160	160	162	166	165	165	165	482	495
Total claims and expenses	740	690	613	695	649	616	623	2,043	1,888
Operating income before federal income taxes	146	231	294	206	200	255	254	671	709
Income tax expense	26	67	83	54	51	73	74	176	198
Operating income	\$ 120	\$ 164	\$ 211	\$ 152	\$ 149	\$ 182	\$ 180	\$ 495	\$ 511
Other statistics									
Effective tax rate on net investment income	21.2%	21.2%	20.8%	15.8%	18.9%	19.7%	19.3%	21.1%	19.3%
Net investment income (after-tax)	\$ 84	\$ 82	\$ 81	\$ 85	\$ 85	\$ 79	\$ 78	\$ 247	\$ 242
Catastrophes, net of reinsurance:									
Pre-tax	\$ 21	\$ 14	\$ 3	\$ 17	\$ -	\$ 4	\$ 1	\$ 38	\$ 5
After-tax	\$ 15	\$ 10	\$ 2	\$ 13	\$ -	\$ 3	\$ -	\$ 27	\$ 3

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

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



(\$ in millions, net of tax)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Underwriting gain	\$ 32	\$ 78	\$ 126	\$ 63	\$ 59	\$ 99	\$ 97	\$ 236	\$ 255
Net investment income	84	82	81	85	85	79	78	247	242
Other	4	4	4	4	5	4	5	12	14
Operating income	\$ 120	\$ 164	\$ 211	\$ 152	\$ 149	\$ 182	\$ 180	\$ 495	\$ 511
GAAP Combined ratio (1) (2)									
Loss and loss adjustment expense ratio	55.6%	46.2%	36.8%	47.3%	46.0%	39.1%	39.7%	46.1%	41.5%
Underwriting expense ratio	39.7%	38.6%	39.4%	40.0%	41.8%	40.9%	40.5%	39.2%	41.1%
Combined ratio	95.3%	84.8%	76.2%	87.3%	87.8%	80.0%	80.2%	85.3%	82.6%
Impact of catastrophes on combined ratio	2.7%	1.7%	0.4%	2.2%	0.0%	0.4%	0.1%	1.6%	0.2%
Impact of prior year reserve development on combined ratio	-5.1%	-11.7%	-19.1%	-9.0%	-6.1%	-12.5%	-11.3%	-12.1%	-10.0%

(1) Before policyholder dividends.

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

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

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

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



(\$ in millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Statutory underwriting									
Gross written premiums	\$ 810	\$ 910	\$ 854	\$ 834	\$ 791	\$ 882	\$ 763	\$ 2,574	\$ 2,436
Net written premiums	\$ 624	\$ 879	\$ 808	\$ 791	\$ 604	\$ 840	\$ 729	\$ 2,311	\$ 2,173
Net earned premiums	\$ 773	\$ 810	\$ 799	\$ 792	\$ 737	\$ 766	\$ 772	\$ 2,382	\$ 2,275
Losses and loss adjustment expenses	430	375	294	375	341	299	307	1,099	947
Underwriting expenses	309	312	303	300	316	319	295	924	930
Statutory underwriting gain	34	123	202	117	80	148	170	359	398
Policyholder dividends	3	3	4	2	2	3	2	10	7
Statutory underwriting gain after policyholder dividends	\$ 31	\$ 120	\$ 198	\$ 115	\$ 78	\$ 145	\$ 168	\$ 349	\$ 391

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

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Net written premiums by market									
Bond & Financial Products	\$ 369	\$ 533	\$ 538	\$ 513	\$ 357	\$ 524	\$ 529	\$ 1,440	\$ 1,410
International	255	346	270	278	247	316	200	871	763
Total	<u>\$ 624</u>	<u>\$ 879</u>	<u>\$ 808</u>	<u>\$ 791</u>	<u>\$ 604</u>	<u>\$ 840</u>	<u>\$ 729</u>	<u>\$ 2,311</u>	<u>\$ 2,173</u>
Net written premiums by product line									
General liability	\$ 135	\$ 234	\$ 230	\$ 237	\$ 143	\$ 236	\$ 233	\$ 599	\$ 612
Fidelity & surety	196	264	260	237	172	248	246	720	666
International	255	346	270	278	247	316	200	871	763
Other	38	35	48	39	42	40	50	121	132
Total	<u>\$ 624</u>	<u>\$ 879</u>	<u>\$ 808</u>	<u>\$ 791</u>	<u>\$ 604</u>	<u>\$ 840</u>	<u>\$ 729</u>	<u>\$ 2,311</u>	<u>\$ 2,173</u>

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

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Revenues									
Premiums	\$ 1,853	\$ 1,891	\$ 1,916	\$ 1,929	\$ 1,910	\$ 1,903	\$ 1,912	\$ 5,660	\$ 5,725
Net investment income	117	112	102	93	104	103	101	331	308
Other revenues	18	18	17	17	19	16	17	53	52
Total revenues	1,988	2,021	2,035	2,039	2,033	2,022	2,030	6,044	6,085
Claims and expenses									
Claims and claim adjustment expenses	1,176	2,184	1,635	1,347	1,314	1,435	1,144	4,995	3,893
Amortization of deferred acquisition costs	357	361	368	372	361	362	360	1,086	1,083
General and administrative expenses	235	225	222	226	214	219	230	682	663
Total claims and expenses	1,768	2,770	2,225	1,945	1,889	2,016	1,734	6,763	5,639
Operating income (loss) before federal income taxes	220	(749)	(190)	94	144	6	296	(719)	446
Income tax expense (benefit)	50	(278)	(82)	17	36	(11)	90	(310)	115
Operating income (loss)	\$ 170	\$ (471)	\$ (108)	\$ 77	\$ 108	\$ 17	\$ 206	\$ (409)	\$ 331
Other statistics									
Effective tax rate on net investment income	20.0%	19.9%	18.5%	17.5%	20.1%	20.4%	20.2%	19.5%	20.2%
Net investment income (after-tax)	\$ 93	\$ 91	\$ 82	\$ 77	\$ 83	\$ 82	\$ 81	\$ 266	\$ 246
Catastrophes, net of reinsurance:									
Pre-tax	\$ 53	\$ 957	\$ 408	\$ 71	\$ 115	\$ 293	\$ 40	\$ 1,418	\$ 448
After-tax	\$ 34	\$ 622	\$ 265	\$ 46	\$ 75	\$ 190	\$ 26	\$ 921	\$ 291

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

The Travelers Companies, Inc.
Operating Income (Loss) by Major Component and Combined Ratio - Personal Insurance

(\$ in millions, net of tax)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Underwriting gain (loss)	\$ 64	\$ (573)	\$ (201)	\$ (11)	\$ 12	\$ (75)	\$ 113	\$ (710)	\$ 50
Net investment income	93	91	82	77	83	82	81	266	246
Other	13	11	11	11	13	10	12	35	35
Operating income (loss)	\$ 170	\$ (471)	\$ (108)	\$ 77	\$ 108	\$ 17	\$ 206	\$ (409)	\$ 331
GAAP Combined ratio (1)									
Loss and loss adjustment expense ratio	63.4%	115.6%	85.3%	69.9%	68.8%	75.4%	59.8%	88.3%	68.0%
Underwriting expense ratio	30.8%	29.9%	29.7%	29.9%	29.0%	29.4%	29.9%	30.1%	29.4%
Combined ratio	<u>94.2%</u>	<u>145.5%</u>	<u>115.0%</u>	<u>99.8%</u>	<u>97.8%</u>	<u>104.8%</u>	<u>89.7%</u>	<u>118.4%</u>	<u>97.4%</u>
<i>GAAP combined ratio excluding incremental impact of direct to consumer initiative</i>	91.4%	143.2%	112.5%	97.4%	95.7%	102.9%	86.8%	115.8%	95.1%
Impact of catastrophes on combined ratio	2.8%	50.7%	21.3%	3.7%	6.0%	15.3%	2.1%	25.1%	7.8%
Impact of prior year reserve development on combined ratio	-3.0%	-2.4%	-0.3%	-0.3%	-0.5%	-3.5%	-3.4%	-1.9%	-2.5%

(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 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Billing and policy fees	\$ 21	\$ 21	\$ 21	\$ 20	\$ 22	\$ 20	\$ 19	\$ 63	\$ 61

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

The Travelers Companies, Inc.
Selected Statistics - Personal Insurance



(\$ in millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Statutory underwriting									
Gross written premiums	\$ 1,845	\$ 2,120	\$ 2,167	\$ 1,929	\$ 1,853	\$ 2,078	\$ 2,126	\$ 6,132	\$ 6,057
Net written premiums	\$ 1,793	\$ 2,059	\$ 2,038	\$ 1,855	\$ 1,793	\$ 2,002	\$ 2,006	\$ 5,890	\$ 5,801
Net earned premiums	\$ 1,853	\$ 1,891	\$ 1,916	\$ 1,929	\$ 1,910	\$ 1,903	\$ 1,912	\$ 5,660	\$ 5,725
Losses and loss adjustment expenses	1,176	2,185	1,633	1,349	1,314	1,435	1,143	4,994	3,892
Underwriting expenses	564	607	611	571	541	591	608	1,782	1,740
Statutory underwriting gain (loss)	\$ 113	\$ (901)	\$ (328)	\$ 9	\$ 55	\$ (123)	\$ 161	\$ (1,116)	\$ 93
Policies in force (in thousands)									
Automobile	2,559	2,570	2,574	2,571	2,554	2,505	2,436	2,574	2,436
Homeowners and other	5,183	5,210	5,226	5,225	5,195	5,133	5,020	5,226	5,020

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

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



(\$ in millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Statutory underwriting									
Gross written premiums	\$ 923	\$ 952	\$ 950	\$ 881	\$ 904	\$ 903	\$ 911	\$ 2,825	\$ 2,718
Net written premiums	\$ 918	\$ 948	\$ 946	\$ 876	\$ 900	\$ 899	\$ 906	\$ 2,812	\$ 2,705
Net earned premiums	\$ 896	\$ 908	\$ 912	\$ 913	\$ 902	\$ 891	\$ 888	\$ 2,716	\$ 2,681
Losses and loss adjustment expenses	620	722	707	757	641	674	659	2,049	1,974
Underwriting expenses	249	249	245	237	235	238	233	743	706
Statutory underwriting gain (loss)	\$ 27	\$ (63)	\$ (40)	\$ (81)	\$ 26	\$ (21)	\$ (4)	\$ (76)	\$ 1
Other statistics									
GAAP Combined ratio (2):									
Loss and loss adjustment expense ratio	69.2%	79.5%	77.5%	82.9%	71.1%	75.6%	74.1%	75.4%	73.6%
Underwriting expense ratio	26.6%	26.2%	25.8%	26.0%	25.4%	25.9%	25.3%	26.2%	25.5%
Combined ratio	95.8%	105.7%	103.3%	108.9%	96.5%	101.5%	99.4%	101.6%	99.1%
Impact of catastrophes on combined ratio	0.1%	6.8%	2.1%	1.0%	1.0%	3.8%	0.4%	3.0%	1.8%
Impact of prior year reserve development on combined ratio	-0.1%	-0.3%	2.2%	3.7%	-0.2%	0.0%	0.9%	0.6%	0.2%
Catastrophe losses, net of reinsurance:									
Pre-tax	\$ 1	\$ 61	\$ 20	\$ 8	\$ 9	\$ 34	\$ 4	\$ 82	\$ 47
After-tax	\$ -	\$ 41	\$ 12	\$ 6	\$ 6	\$ 22	\$ 3	\$ 53	\$ 31
Policies in force (in thousands)	2,497	2,502	2,501	2,494	2,473	2,423	2,353		
Change from prior year quarter	2.0%	1.4%	0.8%	0.2%	-1.0%	-3.2%	-5.9%		
Change from prior quarter	0.3%	0.2%	0.0%	-0.3%	-0.8%	-2.0%	-2.9%		

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

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

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Billing and policy fees	\$ 12	\$ 11	\$ 11	\$ 11	\$ 12	\$ 10	\$ 11	\$ 34	\$ 33

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

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



(\$ in millions)

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Statutory underwriting									
Gross written premiums	\$ 891	\$ 1,136	\$ 1,179	\$ 1,015	\$ 912	\$ 1,135	\$ 1,171	\$ 3,206	\$ 3,218
Net written premiums	\$ 845	\$ 1,078	\$ 1,056	\$ 944	\$ 855	\$ 1,064	\$ 1,056	\$ 2,979	\$ 2,975
Net earned premiums	\$ 932	\$ 954	\$ 974	\$ 982	\$ 973	\$ 976	\$ 986	\$ 2,860	\$ 2,935
Losses and loss adjustment expenses	532	1,428	899	564	643	730	457	2,859	1,830
Underwriting expenses	263	308	312	282	262	309	315	883	886
Statutory underwriting gain (loss)	\$ 137	\$ (782)	\$ (237)	\$ 136	\$ 68	\$ (63)	\$ 214	\$ (882)	\$ 219
Other statistics									
GAAP Combined ratio (2):									
Loss and loss adjustment expense ratio	57.1%	149.7%	92.3%	57.4%	66.0%	74.8%	46.4%	100.0%	62.4%
Underwriting expense ratio	30.0%	29.3%	28.8%	29.3%	29.0%	29.4%	29.0%	29.3%	29.1%
Combined ratio	87.1%	179.0%	121.1%	86.7%	95.0%	104.2%	75.4%	129.3%	91.5%
Impact of catastrophes on combined ratio	5.6%	92.9%	39.6%	6.3%	10.7%	26.1%	3.6%	46.3%	13.5%
Impact of prior year reserve development on combined ratio	-6.1%	-4.7%	-2.8%	-4.0%	-1.1%	-6.9%	-7.3%	-4.5%	-5.1%
Catastrophe losses, net of reinsurance:									
Pre-tax	\$ 52	\$ 887	\$ 385	\$ 62	\$ 104	\$ 256	\$ 35	\$ 1,324	\$ 395
After-tax	\$ 34	\$ 576	\$ 251	\$ 40	\$ 68	\$ 166	\$ 22	\$ 861	\$ 256
Policies in force (in thousands)	5,135	5,157	5,167	5,162	5,128	5,061	4,945		
Change from prior year quarter	2.7%	1.8%	1.3%	0.8%	-0.1%	-1.9%	-4.3%		
Change from prior quarter	0.3%	0.4%	0.2%	-0.1%	-0.7%	-1.3%	-2.3%		

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

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

Billing and policy fees are as follows:

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Billing and policy fees	\$ 9	\$ 9	\$ 9	\$ 9	\$ 10	\$ 8	\$ 9	\$ 27	\$ 27

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

The Travelers Companies, Inc.
Selected Statistics - Direct to Consumer (1)

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Net written premiums									
Automobile	\$ 24	\$ 24	\$ 27	\$ 25	\$ 29	\$ 28	\$ 32	\$ 75	\$ 89
Homeowners and other	6	9	9	10	9	11	12	24	32
Total net written premiums	<u>\$ 30</u>	<u>\$ 33</u>	<u>\$ 36</u>	<u>\$ 35</u>	<u>\$ 38</u>	<u>\$ 39</u>	<u>\$ 44</u>	<u>\$ 99</u>	<u>\$ 121</u>
Revenues									
Premiums	\$ 25	\$ 29	\$ 30	\$ 34	\$ 35	\$ 36	\$ 38	\$ 84	\$ 109
Other revenues	1	-	1	-	-	-	1	2	1
Total revenues	<u>26</u>	<u>29</u>	<u>31</u>	<u>34</u>	<u>35</u>	<u>36</u>	<u>39</u>	<u>86</u>	<u>110</u>
Claims and expenses									
Claims and claim adjustment expenses	23	36	28	27	31	31	27	87	89
Amortization of deferred acquisition costs	1	-	1	1	1	1	1	2	3
General and administrative expenses	53	48	54	51	42	42	61	155	145
Total claims and expenses	<u>77</u>	<u>84</u>	<u>83</u>	<u>79</u>	<u>74</u>	<u>74</u>	<u>89</u>	<u>244</u>	<u>237</u>
Operating loss before federal income taxes	(51)	(55)	(52)	(45)	(39)	(38)	(50)	(158)	(127)
Income taxes	(18)	(19)	(18)	(16)	(14)	(13)	(17)	(55)	(44)
Operating loss	<u>\$ (33)</u>	<u>\$ (36)</u>	<u>\$ (34)</u>	<u>\$ (29)</u>	<u>\$ (25)</u>	<u>\$ (25)</u>	<u>\$ (33)</u>	<u>\$ (103)</u>	<u>\$ (83)</u>
Other statistics									
Policies in force (in thousands)									
Automobile	62	68	73	77	81	82	83		
Homeowners and other	48	53	59	63	67	72	75		
Unfavorable prior year reserve development	\$ 3	\$ 2	\$ 2	\$ -	\$ 2	\$ 1	\$ (2)	\$ 7	\$ 1
Catastrophes, net of reinsurance:									
Pre-tax	\$ -	\$ 9	\$ 3	\$ 1	\$ 2	\$ 3	\$ 1	\$ 12	\$ 6
After-tax	\$ -	\$ 5	\$ 2	\$ -	\$ 1	\$ 2	\$ 1	\$ 7	\$ 4

(1) Represents incremental premiums, other revenues and claims and expenses of Direct to Consumer business activities included in Personal Insurance operating income (loss).

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

The Travelers Companies, Inc.
Interest Expense and Other

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Revenues									
Other revenues	\$ -	\$ -	\$ -	\$ (1)	\$ (4)	\$ -	\$ -	\$ -	\$ (4)
Claims and expenses									
Interest expense	96	97	97	96	96	96	93	290	285
General and administrative expenses	15	30	5	6	7	5	5	50	17
Total claims and expenses	111	127	102	102	103	101	98	340	302
Operating loss before federal income tax benefit	(111)	(127)	(102)	(103)	(107)	(101)	(98)	(340)	(306)
Income taxes	(43)	(46)	(37)	(38)	(39)	(35)	(36)	(126)	(110)
Operating loss	\$ (68)	\$ (81)	\$ (65)	\$ (65)	\$ (68)	\$ (66)	\$ (62)	\$ (214)	\$ (196)

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

The Travelers Companies, Inc.
Consolidated Balance Sheet

(in millions)



	September 30, 2012 (1)	December 31, 2011
Assets		
Fixed maturities, available for sale, at fair value (amortized cost \$61,003 and \$59,994)	\$ 65,873	\$ 64,232
Equity securities, available for sale, at fair value (cost \$439 and \$414)	629	559
Real estate investments	893	865
Short-term securities	3,641	3,594
Other investments	3,454	3,451
Total investments	<u>74,490</u>	<u>72,701</u>
Cash	220	214
Investment income accrued	705	768
Premiums receivable	6,040	5,730
Reinsurance recoverables	10,240	11,155
Ceded unearned premiums	987	828
Deferred acquisition costs	1,860	1,786
Deferred taxes	-	7
Contractholder receivables	4,886	5,186
Goodwill	3,365	3,365
Other intangible assets	393	433
Other assets	2,259	2,402
Total assets	<u>\$ 105,445</u>	<u>\$ 104,575</u>

Liabilities

Claims and claim adjustment expense reserves	\$ 50,258	\$ 51,392
Unearned premium reserves	11,624	11,102
Contractholder payables	4,886	5,186
Payables for reinsurance premiums	479	389
Deferred taxes	487	-
Debt	6,350	6,605
Other liabilities	5,456	5,424
Total liabilities	<u>79,540</u>	<u>80,098</u>

Shareholders' equity

Common stock (1,750.0 shares authorized; 382.0 and 392.8 shares issued and outstanding)	21,085	20,732
Retained earnings	21,226	19,579
Accumulated other comprehensive income	2,536	2,005
Treasury stock, at cost (366.8 and 349.0 shares)	(18,942)	(17,839)
Total shareholders' equity	<u>25,905</u>	<u>24,477</u>
Total liabilities and shareholders' equity	<u>\$ 105,445</u>	<u>\$ 104,575</u>

	September 30, 2012 (1)	December 31, 2011
Liabilities		
Claims and claim adjustment expense reserves	\$ 50,258	\$ 51,392
Unearned premium reserves	11,624	11,102
Contractholder payables	4,886	5,186
Payables for reinsurance premiums	479	389
Deferred taxes	487	-
Debt	6,350	6,605
Other liabilities	5,456	5,424
Total liabilities	<u>79,540</u>	<u>80,098</u>
Shareholders' equity		
Common stock (1,750.0 shares authorized; 382.0 and 392.8 shares issued and outstanding)	21,085	20,732
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Accumulated other comprehensive income	2,536	2,005
Treasury stock, at cost (366.8 and 349.0 shares)	(18,942)	(17,839)
Total shareholders' equity	<u>25,905</u>	<u>24,477</u>
Total liabilities and shareholders' equity	<u>\$ 105,445</u>	<u>\$ 104,575</u>

(1) Preliminary.

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

The Travelers Companies, Inc.

Investment Portfolio

(at carrying value, \$ in millions)



	September 30, 2012	Pre-tax Book Yield (1)	December 31, 2011	Pre-tax Book Yield (1)
Investment portfolio				
Taxable fixed maturities (including redeemable preferred stock)	\$ 27,104	4.05%	\$ 25,711	4.33%
Tax-exempt fixed maturities	38,769	3.89%	38,521	4.01%
Total fixed maturities	65,873	3.96%	64,232	4.14%
Non-redeemable preferred stocks	133	6.31%	131	6.30%
Common stocks	496		428	
Total equity securities	629		559	
Real estate investments	893		865	
Short-term securities	3,641	0.22%	3,594	0.13%
Private equities	1,901		1,827	
Hedge funds	461		535	
Real estate partnerships	617		601	
Mortgage loans	35	5.97%	36	6.28%
Trading securities	25		25	
Other investments	415		427	
Total other investments	3,454		3,451	
Total investments	\$ 74,490		\$ 72,701	
Net unrealized investment gains, net of tax, included in shareholders' equity	\$ 3,315		\$ 2,871	

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

The Travelers Companies, Inc.

Investment Portfolio - Fixed Maturities Data

(at carrying value, \$ in millions)



Fixed maturities

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

	September 30, 2012		December 31, 2011
\$	2,171	\$	2,497
	8,798		7,332
	<u>30,454</u>		<u>31,690</u>
	<u>39,252</u>		<u>39,022</u>
	2,366		2,318
	3,154		3,515
	18,930		16,880
\$	<u><u>65,873</u></u>	\$	<u><u>64,232</u></u>

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	

September 30, 2012		
	Amount	% of Total
\$	28,456	43.2 %
	21,068	32.0
	8,412	12.8
	<u>5,943</u>	<u>9.0</u>
	<u>63,879</u>	<u>97.0</u>
	955	1.5
	489	0.7
	<u>550</u>	<u>0.8</u>
	<u>1,994</u>	<u>3.0</u>
\$	<u><u>65,873</u></u>	<u><u>100.0 %</u></u>
	Aa2, AA	
	<u><u>3.2</u></u>	

(1) Rated using external rating agencies or by Travelers when a public rating does not exist. Below investment grade assets refer to securities rated "Ba" or below.

The Travelers Companies, Inc.
Investment Income

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Gross investment income									
Fixed maturities	\$ 642	\$ 634	\$ 633	\$ 634	\$ 620	\$ 611	\$ 604	\$ 1,909	\$ 1,835
Short-term securities	4	3	3	2	2	3	3	10	8
Other	140	129	62	24	128	133	124	331	385
	786	766	698	660	750	747	731	2,250	2,228
Investment expenses	7	8	8	8	10	9	9	23	28
Net investment income, pre-tax	779	758	690	652	740	738	722	2,227	2,200
Income taxes	157	152	129	111	147	149	144	438	440
Net investment income, after-tax	<u>\$ 622</u>	<u>\$ 606</u>	<u>\$ 561</u>	<u>\$ 541</u>	<u>\$ 593</u>	<u>\$ 589</u>	<u>\$ 578</u>	<u>\$ 1,789</u>	<u>\$ 1,760</u>
Effective tax rate	20.2%	20.1%	18.6%	16.9%	19.9%	20.2%	20.0%	19.7%	20.0%
Average invested assets (1)	\$ 70,771	\$ 70,476	\$ 70,474	\$ 70,067	\$ 69,494	\$ 69,623	\$ 69,813	\$ 70,619	\$ 69,684
Average yield pre-tax (1)	4.4%	4.3%	3.9%	3.7%	4.3%	4.2%	4.1%	4.2%	4.2%
Average yield after-tax	3.5%	3.4%	3.2%	3.1%	3.4%	3.4%	3.3%	3.4%	3.4%

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

The Travelers Companies, Inc.
Net Realized and Unrealized Investment Gains

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Net realized investment gains (losses)									
Fixed maturities	\$ 10	\$ 14	\$ -	\$ 11	\$ 8	\$ 17	\$ 14	\$ 24	\$ 39
Equity securities	1	26	(4)	17	3	2	-	23	5
Other (1)	9	(21)	6	(14)	(1)	(15)	(16)	(6)	(32)
Realized investment gains (losses) before tax	20	19	2	14	10	4	(2)	41	12
Related taxes	7	6	1	5	5	-	1	14	6
Net realized investment gains (losses)	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ 1</u>	<u>\$ 9</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ (3)</u>	<u>\$ 27</u>	<u>\$ 6</u>
Gross investment gains (1)	\$ 109	\$ 102	\$ 132	\$ 107	\$ 121	\$ 78	\$ 78	\$ 343	\$ 277
Gross investment losses before impairments (1)	(85)	(79)	(118)	(88)	(107)	(70)	(77)	(282)	(254)
Net investment gains before impairments	24	23	14	19	14	8	1	61	23
Other-than-temporary impairment losses:									
Total gains	2	5	9	14	-	11	17	16	28
Non-credit component of impairments recognized in accumulated other comprehensive income	(6)	(9)	(21)	(19)	(4)	(15)	(20)	(36)	(39)
Other-than-temporary impairment losses	(4)	(4)	(12)	(5)	(4)	(4)	(3)	(20)	(11)
Net realized investment gains (losses) before tax	20	19	2	14	10	4	(2)	41	12
Related taxes	7	6	1	5	5	-	1	14	6
Net realized investment gains (losses)	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ 1</u>	<u>\$ 9</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ (3)</u>	<u>\$ 27</u>	<u>\$ 6</u>
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	March 31, 2012	June 30, 2012	September 30, 2012		
Net unrealized investment gains, net of tax, by asset type									
Fixed maturities	\$ 2,556	\$ 3,209	\$ 3,944	\$ 4,238	\$ 4,166	\$ 4,392	\$ 4,870		
Equity securities & other	193	176	118	161	181	176	209		
Unrealized investment gains before tax	2,749	3,385	4,062	4,399	4,347	4,568	5,079		
Related taxes	943	1,163	1,398	1,528	1,509	1,588	1,764		
Balance, end of period	<u>\$ 1,806</u>	<u>\$ 2,222</u>	<u>\$ 2,664</u>	<u>\$ 2,871</u>	<u>\$ 2,838</u>	<u>\$ 2,980</u>	<u>\$ 3,315</u>		

(1) Includes the following gross investment gains and gross investment losses related to U.S. Treasury futures, which are settled daily:

Gross investment Treasury future gains	\$ 47	\$ 32	\$ 46	\$ 47	\$ 47	\$ 25	\$ 27	\$ 125	\$ 99
Gross investment Treasury future losses	\$ 47	\$ 53	\$ 77	\$ 57	\$ 41	\$ 38	\$ 35	\$ 177	\$ 114

The Company entered into these arrangements as part of its strategy to shorten the duration of the fixed maturity portfolio. In a changing interest rate environment, the change in the value of the futures contracts can be expected to partially offset changes in the value of the fixed maturity portfolio.

The Travelers Companies, Inc.

Reinsurance Recoverables

(\$ in millions)



Gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses
 Allowance for uncollectible reinsurance
 Net reinsurance recoverables
 Mandatory pools and associations
 Structured settlements
 Total reinsurance recoverables

September 30, 2012	December 31, 2011
\$ 5,383	\$ 6,255
(280)	(345)
5,103	5,910
1,960	2,020
3,177	3,225
<u>\$ 10,240</u>	<u>\$ 11,155</u>

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

Reinsurer	A.M. Best Rating of Group's Predominant Reinsurer	September 30, 2012	December 31, 2011
Munich Re Group	A+ second highest of 16 ratings	\$ 579	\$ 670
Swiss Re Group	A+ second highest of 16 ratings	537	626
Alleghany Group (1)	A third highest of 16 ratings	301	349
XL Capital Group	A third highest of 16 ratings	278	281
Berkshire Hathaway Group	A++ highest of 16 ratings	263	289

The gross reinsurance recoverables on paid and unpaid claims and claim adjustment expenses represent the current and estimated future amounts due from reinsurers on known and unasserted claims. The ceded reserves are estimated in a manner consistent with the underlying direct and assumed reserves. Although this total comprises recoverables due from nearly one thousand different reinsurance entities, about half is attributable to 10 reinsurer groups.

The net reinsurance recoverables reflect an allowance for uncollectible reinsurance that is based upon the Company's ongoing review of amounts outstanding, reinsurer solvency, the Company's experience, current economic conditions, and other relevant factors. Of the total net recoverables due from reinsurers at September 30, 2012, after deducting mandatory pools and associations and structured settlement balances, \$4.1 billion, or 80%, were rated by A.M. Best Company. Of the total rated by A.M. Best Company, 98% were rated A- or better. The remaining 20% net recoverables from reinsurers were comprised of the following: 6% related to the Company's participation in voluntary pools, 11% related to recoverables from captive insurance companies and 3% were balances from other companies not rated by A.M. Best Company. In addition, \$1.6 billion of the net recoverables were collateralized by letters of credit, funds held and trust agreements at September 30, 2012.

The mandatory pools and associations represent various involuntary assigned risk pools that the Company is required to participate in. These pools principally involve workers' compensation and automobile insurance, which provide various insurance coverages to insureds that otherwise are unable to purchase coverage in the open market. The costs of these mandatory pools in most states are usually charged back to the participating members in proportion to voluntary writings of related business in that state. In the event that a member of the pool becomes insolvent, the remaining members assume an additional pro rata share of the pool's liabilities.

Included in reinsurance recoverables are certain amounts related to structured settlements, which comprise annuities purchased from various life insurance companies to settle certain personal physical injury claims, of which workers' compensation claims comprise a significant portion. In cases where the Company did not receive a release from the claimant, the amount due from the life insurance company related to the structured settlement is included in the Company's consolidated balance sheet as a liability and as a reinsurance recoverable, as the Company retains the contingent liability to pay the claimant in the event that the life insurance company fails to make the required annuity payments. The Company would be required to make such payments, to the extent the purchased annuities are not covered by state guaranty associations. The Company's top five groups by structured settlement is as follows:

Group	A.M. Best Rating of Group's Predominant Insurer	September 30, 2012	December 31, 2011
Fidelity and Guaranty Life	B++ fifth highest of 16 ratings	\$ 987	\$ 1,007
Metlife	A+ second highest of 16 ratings	472	488
Genworth Financial Group	A third highest of 16 ratings	440	449
Symetra Financial Corporation	A third highest of 16 ratings	258	264
John Hancock Group	A+ second highest of 16 ratings	190	189

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

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

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Statutory Basis Reserves for Losses and Loss Adjustment Expenses									
Business Insurance									
Beginning of period	\$ 30,505	\$ 30,489	\$ 31,158	\$ 31,253	\$ 31,131	\$ 31,006	\$ 31,126	\$ 30,505	\$ 31,131
Incurred	1,736	2,540	2,167	1,846	1,663	2,057	1,860	6,443	5,580
Paid	(1,759)	(1,874)	(2,059)	(1,968)	(1,792)	(1,932)	(1,937)	(5,692)	(5,661)
Foreign exchange and other	7	3	(13)	-	4	(5)	2	(3)	1
End of period	\$ 30,489	\$ 31,158	\$ 31,253	\$ 31,131	\$ 31,006	\$ 31,126	\$ 31,051	\$ 31,253	\$ 31,051
Financial, Professional & International Insurance									
Beginning of period	\$ 6,068	\$ 6,267	\$ 6,297	\$ 6,076	\$ 6,019	\$ 6,045	\$ 5,992	\$ 6,068	\$ 6,019
Incurred	430	375	294	375	341	299	307	1,099	947
Paid	(294)	(357)	(412)	(428)	(361)	(307)	(453)	(1,063)	(1,121)
Foreign exchange and other	63	12	(103)	(4)	46	(45)	48	(28)	49
End of period	\$ 6,267	\$ 6,297	\$ 6,076	\$ 6,019	\$ 6,045	\$ 5,992	\$ 5,894	\$ 6,076	\$ 5,894
Personal Insurance									
Beginning of period	\$ 3,662	\$ 3,545	\$ 4,027	\$ 3,909	\$ 3,749	\$ 3,740	\$ 3,807	\$ 3,662	\$ 3,749
Incurred	1,176	2,185	1,633	1,349	1,314	1,435	1,143	4,994	3,892
Paid	(1,293)	(1,703)	(1,751)	(1,509)	(1,323)	(1,368)	(1,367)	(4,747)	(4,058)
End of period	\$ 3,545	\$ 4,027	\$ 3,909	\$ 3,749	\$ 3,740	\$ 3,807	\$ 3,583	\$ 3,909	\$ 3,583
Total									
Beginning of period	\$ 40,235	\$ 40,301	\$ 41,482	\$ 41,238	\$ 40,899	\$ 40,791	\$ 40,925	\$ 40,235	\$ 40,899
Incurred	3,342	5,100	4,094	3,570	3,318	3,791	3,310	12,536	10,419
Paid	(3,346)	(3,934)	(4,222)	(3,905)	(3,476)	(3,607)	(3,757)	(11,502)	(10,840)
Foreign exchange and other	70	15	(116)	(4)	50	(50)	50	(31)	50
End of period	\$ 40,301	\$ 41,482	\$ 41,238	\$ 40,899	\$ 40,791	\$ 40,925	\$ 40,528	\$ 41,238	\$ 40,528
Prior Year Reserve Development: Unfavorable (Favorable)									
Business Insurance									
Asbestos	\$ -	\$ -	\$ 175	\$ -	\$ -	\$ -	\$ 167	\$ 175	\$ 167
Environmental	-	76	-	-	-	90	-	76	90
All other	(143)	(103)	(201)	(49)	(248)	(148)	(208)	(447)	(604)
Prior year development excluding accretion of discount	(143)	(27)	(26)	(49)	(248)	(58)	(41)	(196)	(347)
Accretion of discount	11	12	11	11	12	13	12	34	37
Total Business Insurance	(132)	(15)	(15)	(38)	(236)	(45)	(29)	(162)	(310)
Financial, Professional & International Insurance									
Asbestos	-	-	-	-	-	-	8	-	8
All other	(39)	(96)	(153)	(72)	(46)	(96)	(95)	(288)	(237)
Total Financial, Professional & International Insurance	(39)	(96)	(153)	(72)	(46)	(96)	(87)	(288)	(229)
Personal Insurance									
	(55)	(45)	(5)	(5)	(10)	(67)	(65)	(105)	(142)
Total	\$ (226)	\$ (156)	\$ (173)	\$ (115)	\$ (292)	\$ (208)	\$ (181)	\$ (555)	\$ (681)

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

The Travelers Companies, Inc.
Asbestos and Environmental Reserves

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Asbestos reserves									
Beginning reserves:									
Gross	\$ 2,941	\$ 2,876	\$ 2,808	\$ 2,921	\$ 2,780	\$ 2,724	\$ 2,660	\$ 2,941	\$ 2,780
Ceded	(393)	(374)	(370)	(388)	(341)	(340)	(335)	(393)	(341)
Net	2,548	2,502	2,438	2,533	2,439	2,384	2,325	2,548	2,439
Incurring losses and loss expenses:									
Gross	-	-	195	-	-	-	171	195	171
Ceded	-	-	(20)	-	-	-	4	(20)	4
Losses paid:									
Gross	65	68	82	141	56	64	60	215	180
Ceded	(19)	(4)	(2)	(47)	(1)	(5)	(7)	(25)	(13)
Ending reserves:									
Gross	2,876	2,808	2,921	2,780	2,724	2,660	2,771	2,921	2,771
Ceded	(374)	(370)	(388)	(341)	(340)	(335)	(324)	(388)	(324)
Net	\$ 2,502	\$ 2,438	\$ 2,533	\$ 2,439	\$ 2,384	\$ 2,325	\$ 2,447	\$ 2,533	\$ 2,447
Environmental reserves									
Beginning reserves:									
Gross	\$ 354	\$ 339	\$ 394	\$ 373	\$ 346	\$ 321	\$ 396	\$ 354	\$ 346
Ceded	(3)	(3)	(6)	(6)	(5)	(4)	(9)	(3)	(5)
Net	351	336	388	367	341	317	387	351	341
Incurring losses and loss expenses:									
Gross	-	80	-	-	-	96	3	80	99
Ceded	-	(4)	-	-	-	(6)	(3)	(4)	(9)
Losses paid:									
Gross	15	25	21	27	25	21	19	61	65
Ceded	-	(1)	-	(1)	(1)	(1)	(5)	(1)	(7)
Ending reserves:									
Gross	339	394	373	346	321	396	380	373	380
Ceded	(3)	(6)	(6)	(5)	(4)	(9)	(7)	(6)	(7)
Net	\$ 336	\$ 388	\$ 367	\$ 341	\$ 317	\$ 387	\$ 373	\$ 367	\$ 373

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

The Travelers Companies, Inc.

Capitalization

(\$ in millions)



Debt

Short-term debt

Commercial paper

5.375% Senior notes due June 15, 2012

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

Total short-term debt

Long-term debt

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

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

6.25% Senior notes due June 20, 2016 (1)

5.75% Senior notes due December 15, 2017 (1)

5.80% Senior notes due May 15, 2018 (1)

5.90% Senior notes due June 2, 2019 (1)

3.90% Senior notes due November 1, 2020 (1)

7.75% Senior notes due April 15, 2026

7.625% Junior subordinated debentures due December 15, 2027

6.375% Senior notes due March 15, 2033 (1)

6.75% Senior notes due June 20, 2036 (1)

6.25% Senior notes due June 15, 2037 (1)

5.35% Senior notes due November 1, 2040 (1)

8.50% Junior subordinated debentures due December 15, 2045

8.312% Junior subordinated debentures due July 1, 2046

6.25% Fixed-to-floating rate junior subordinated debentures due March 15, 2067 (1)

Total long-term debt

Unamortized fair value adjustment

Unamortized debt issuance costs

Total debt

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

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

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

	September 30, 2012	December 31, 2011
	\$ 100	\$ 100
	-	250
	500	-
	600	350
	-	500
	400	400
	400	400
	450	450
	500	500
	500	500
	500	500
	200	200
	125	125
	500	500
	400	400
	800	800
	750	750
	56	56
	73	73
	107	115
	5,761	6,269
	52	53
	(63)	(67)
	5,750	6,255
	6,350	6,605
	22,590	21,606
	\$ 28,940	\$ 28,211
	21.9%	23.4%

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

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

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

(\$ in millions)



	<u>September 30, 2012 (1)</u>	<u>December 31, 2011</u>
Statutory surplus	\$ 20,291	\$ 19,174
GAAP adjustments		
Goodwill and intangible assets	3,584	3,621
Investments	5,608	4,883
Noninsurance companies	(4,368)	(4,219)
Deferred acquisition costs	1,860	1,786
Deferred federal income tax	(2,291)	(1,946)
Current federal income tax	(4)	(40)
Reinsurance recoverables	242	242
Furniture, equipment & software	671	708
Employee benefits	-	(9)
Agents balances	148	140
Other	164	137
Total GAAP adjustments	<u>5,614</u>	<u>5,303</u>
GAAP shareholders' equity	<u>\$ 25,905</u>	<u>\$ 24,477</u>

(1) Estimated and Preliminary

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

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Cash flows from operating activities									
Net income (loss)	\$ 839	\$ (364)	\$ 333	\$ 618	\$ 806	\$ 499	\$ 864	\$ 808	\$ 2,169
Adjustments to reconcile net income (loss) to net cash provided by operating activities:									
Net realized investment (gains) losses	(20)	(19)	(2)	(14)	(10)	(4)	2	(41)	(12)
Depreciation and amortization	208	197	194	203	216	196	206	599	618
Deferred federal income tax expense (benefit)	153	(16)	22	(96)	119	6	96	159	221
Amortization of deferred acquisition costs	948	970	982	976	971	976	986	2,900	2,933
Equity in income from other investments	(122)	(109)	(48)	(2)	(114)	(114)	(43)	(279)	(271)
Premiums receivable	(167)	(375)	103	202	(151)	(317)	161	(439)	(307)
Reinsurance recoverables	218	7	21	563	495	257	174	246	926
Deferred acquisition costs	(964)	(1,009)	(1,015)	(893)	(984)	(1,016)	(1,005)	(2,988)	(3,005)
Claims and claim adjustment expense reserves	(251)	1,140	(149)	(894)	(504)	(95)	(597)	740	(1,196)
Unearned premium reserves	175	220	217	(424)	117	229	160	612	506
Other	(384)	(374)	259	112	(147)	(166)	497	(499)	184
Net cash provided by operating activities	633	268	917	351	814	451	1,501	1,818	2,766
Cash flows from investing activities									
Proceeds from maturities of fixed maturities	1,849	1,385	2,007	2,163	1,615	2,552	1,688	5,241	5,855
Proceeds from sales of investments:									
Fixed maturities	490	246	106	319	223	319	182	842	724
Equity securities	8	39	4	84	15	7	9	51	31
Real estate investments	-	-	1	-	-	3	-	1	3
Other investments	161	124	197	112	203	183	130	482	516
Purchases of investments:									
Fixed maturities	(1,824)	(1,723)	(2,677)	(2,480)	(2,604)	(2,596)	(2,477)	(6,224)	(7,677)
Equity securities	(51)	(52)	(15)	(13)	(10)	(23)	(6)	(118)	(39)
Real estate investments	(30)	(5)	(6)	(25)	(5)	(53)	(4)	(41)	(62)
Other investments	(107)	(522)	(129)	(131)	(114)	(107)	(71)	(758)	(292)
Net sales (purchases) of short-term securities	(31)	628	216	1,205	226	141	(408)	813	(41)
Securities transactions in course of settlement	134	79	(17)	(196)	248	(171)	(24)	196	53
Other	(69)	(74)	(105)	(123)	(92)	(41)	(96)	(248)	(229)
Net cash provided by (used in) investing activities	530	125	(418)	915	(295)	214	(1,077)	237	(1,158)

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

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

(\$ in millions)



	1Q 2011	2Q 2011	3Q 2011	4Q 2011	1Q 2012	2Q 2012	3Q 2012	YTD 3Q 2011	YTD 3Q 2012
Cash flows from financing activities									
Payment of debt	-	(8)	-	-	-	(258)	-	(8)	(258)
Dividends paid to shareholders	(155)	(174)	(171)	(165)	(161)	(180)	(178)	(500)	(519)
Issuance of common stock - employee share options	168	77	25	44	77	93	77	270	247
Treasury stock acquired - share repurchase authorization	(1,104)	(256)	(395)	(1,164)	(354)	(353)	(349)	(1,755)	(1,056)
Treasury stock acquired - net employee share-based compensation	(44)	(2)	-	-	(52)	-	-	(46)	(52)
Excess tax benefits from share-based payment arrangements	7	4	6	1	12	7	13	17	32
Net cash used in financing activities	(1,128)	(359)	(535)	(1,284)	(478)	(691)	(437)	(2,022)	(1,606)
Effect of exchange rate changes on cash	4	-	(6)	1	3	(2)	3	(2)	4
Net increase (decrease) in cash	39	34	(42)	(17)	44	(28)	(10)	31	6
Cash at beginning of period	200	239	273	231	214	258	230	200	214
Cash at end of period	<u>\$ 239</u>	<u>\$ 273</u>	<u>\$ 231</u>	<u>\$ 214</u>	<u>\$ 258</u>	<u>\$ 230</u>	<u>\$ 220</u>	<u>\$ 231</u>	<u>\$ 220</u>
Income taxes paid (received)	\$ 112	\$ 179	\$ (14)	\$ (59)	\$ 20	\$ 276	\$ 14	\$ 277	\$ 310
Interest paid	\$ 35	\$ 156	\$ 35	\$ 156	\$ 35	\$ 156	\$ 35	\$ 226	\$ 226

Glossary of Financial Measures and Description of Reportable Business Segments

The following measures are used by the Company's management to evaluate financial performance against historical results and establish targets on a consolidated basis. In some cases, these measures are considered non-GAAP financial measures under applicable SEC rules because they are not displayed as separate line items in the consolidated financial statements or are not required to be disclosed in the notes to financial statements or, in some cases, include or exclude certain items not ordinarily included or excluded in the most comparable GAAP financial measure.

In the opinion of the Company's management, a discussion of these measures provides investors, financial analysts, rating agencies and other financial statement users with a better understanding of the significant factors that comprise the Company's periodic results of operations and how management evaluates the Company's financial performance. Internally, the Company's management uses these measures to evaluate performance against historical results and establish financial targets on a consolidated basis.

Some of these measures exclude net realized gains (losses), net of tax, and/or net unrealized investment gains (losses), net of tax, which can be significantly impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends.

Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by the Company's management.

Operating income (loss) is net income (loss) excluding the after-tax impact of net realized investment gains (losses). Management uses operating income (loss) to analyze each segment's performance and as a tool in making business decisions. Financial statement users also consider operating income when analyzing the results and trends of insurance companies. **Operating earnings (loss) per share** is operating income (loss) on a per common share basis.

Average shareholders' equity is (a) the sum of total shareholders' equity excluding preferred stock at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two. **Adjusted shareholders' equity** is shareholders' equity excluding net unrealized investment gains (losses), net of tax, net realized investment gains (losses), net of tax, for the period presented and preferred stock. **Adjusted average shareholders' equity** is average shareholders' equity excluding net unrealized investment gains (losses), net of tax, for all quarters included in the calculation and, for each quarterly period included in the calculation that quarter's net realized investment gains (losses), net of tax.

Return on equity is the ratio of annualized net income (loss) less preferred dividends to average shareholders' equity for the periods presented. **Operating return on equity** is the ratio of annualized operating income (loss) less preferred dividends to adjusted average shareholders' equity for the periods presented. In the opinion of the Company's management, these are important indicators of how well management creates value for its shareholders through its operating activities and its capital management.

Underwriting gain (loss) is net earned premiums and fee income less claims and claim adjustment expenses and insurance-related expenses. In the opinion of the Company's management, it is important to measure the profitability of each segment excluding the results of investing activities, which are managed separately from the insurance business. This measure is used to assess each segment's business performance and as a tool in making business decisions.

A **catastrophe** is a severe loss, resulting from natural and man-made events, including risks such as fire, earthquake, windstorm, explosion, terrorism and other similar events. Each catastrophe has unique characteristics, and catastrophes are not predictable as to timing or amount. Their effects are included in net and operating income and claims and claim adjustment expense reserves upon occurrence. A catastrophe may result in the payment of reinsurance reinstatement premiums and assessments from various pools. In the opinion of the Company's management, a discussion of the impact of catastrophes is meaningful to users of the financial statements to understand the Company's periodic earnings and the variability in periodic earnings caused by the unpredictable nature of catastrophes.

Net favorable (unfavorable) prior year loss reserve development is the increase or decrease in incurred claims and claim adjustment expenses as a result of the re-estimation of claims and claim adjustment expense reserves at successive valuation dates for a given group of claims, which may be related to one or more prior years. In the opinion of the Company's management, a discussion of loss reserve development is meaningful to users of the financial statements as it allows them to assess the impact between prior and current year development on incurred claims and claim adjustment expenses, net and operating income (loss), and changes in claims and claim adjustment expense reserve levels from period to period.

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

GAAP combined ratio excluding the incremental impact of the direct to consumer initiative is the GAAP combined ratio adjusted to exclude the direct, variable impact of the company's direct-to-consumer initiative in Personal Insurance. In the opinion of the company's management, this is useful in an analysis of the profitability of the company's ongoing agency business.

Gross written premiums reflect the direct and assumed contractually determined amounts charged to policyholders for the effective period of the contract based on the terms and conditions of the insurance contract. **Net written premiums** reflect gross written premiums less premiums ceded to reinsurers.

Book value per share is total common shareholders' equity divided by the number of common shares outstanding. **Adjusted book value per share** is total common shareholders' equity excluding the after-tax impact of net unrealized investment gains and losses, divided by the number of common shares outstanding. In the opinion of the Company's management, adjusted book value is useful in an analysis of a property casualty company's book value as it removes the effect of changing prices on invested assets, (i.e., net unrealized investment gains (losses), net of tax) which do not have an equivalent impact on unpaid claims and claim adjustment expense reserves.

Total capital is the sum of total shareholders' equity and debt. **Debt-to-capital ratio excluding net unrealized gain (loss) on investments** is the ratio of debt to total capital excluding the after-tax impact of net unrealized investment gains and losses. In the opinion of the company's management, the debt to capital ratio is useful in an analysis of the company's financial leverage.

Statutory surplus represents the excess of an insurance company's assets over its liabilities in accordance with the statutory accounting practices required by state laws and regulations.

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

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

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

Personal Insurance - The Personal Insurance segment writes a broad range of property and casualty insurance covering individuals' personal risks. The primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.