AGENDA

<table>
<thead>
<tr>
<th>Time</th>
<th>Speaker</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:15 pm</td>
<td>Gabriella Nawi</td>
<td>Senior Vice President - Investor Relations</td>
</tr>
<tr>
<td>12:20 pm</td>
<td>Jay Fishman</td>
<td>Chairman &amp; Chief Executive Officer</td>
</tr>
<tr>
<td>12:40 pm</td>
<td>Jay Benet</td>
<td>Vice Chairman &amp; Chief Financial Officer</td>
</tr>
<tr>
<td>1:00 pm</td>
<td>Brian MacLean</td>
<td>President &amp; Chief Operating Officer</td>
</tr>
<tr>
<td>2:00 pm</td>
<td></td>
<td>Q&amp;A</td>
</tr>
<tr>
<td>2:15 pm</td>
<td>Joe Lacher</td>
<td>Executive Vice President - Personal Insurance &amp; Select Accounts</td>
</tr>
<tr>
<td>2:35 pm</td>
<td>Marc Schmittein</td>
<td>President - Select Accounts</td>
</tr>
<tr>
<td>3:20 pm</td>
<td>John Albano</td>
<td>Executive Vice President - Business Insurance</td>
</tr>
<tr>
<td>3:40 pm</td>
<td>Alan Schnitzer</td>
<td>Executive Vice President - Financial, Professional &amp; International Insurance</td>
</tr>
<tr>
<td>4:25 pm</td>
<td>Jay Fishman</td>
<td>Close</td>
</tr>
</tbody>
</table>

Q&A
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, 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 financial strength 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 are long-term in nature and may negatively impact our expense ratios as we invest and 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 most recent quarterly report on 10-Q filed with the Securities and Exchange Commission.

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

In this presentation, we may refer to some non-GAAP financial measures, 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 annex of this presentation, which will also be available on the Travelers website under the investor section (www.travelers.com).
Jay S. Fishman
Chairman and Chief Executive Officer
Long-term Financial Strategy

- **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**

Create Shareholder Value
Objective: Mid-Teens ROE Over Time
Long-term Financial Strategy

- Financial Community
- Company
- Employees
Returns Consistent With Financial Targets
($ in billions)

From January 1, 2005 through March 31, 2009,
Average annual return on equity\(^1\) of 14.0%;
Average annual operating return on equity of 14.4%

\(^1\)Excludes Nuveen which was a discontinued operation
See Annex for reconciliation of non-GAAP financial measures to the most comparable GAAP measures
Returns Consistent With Financial Targets
($ in billions)

1Excludes Nuveen which was a discontinued operation
See Annex for reconciliation of non-GAAP financial measures to the most comparable GAAP measures
Top Line Outperformance

Outperformed competitor group for 14 quarters by an average of 4.1% premium growth

1 Travelers: excludes run-off operations; data adjusted for the April 2007 sale of Mendota, the company’s non-standard personal auto operation, and the March 2007 sale of Afianzadora Insurgentes, the company’s Mexican bond operation.

2 Competitor group consists of comparable business segments of ACE, AIG, Allstate, Chubb, CNA, Hartford, Progressive, and XL. Source of competitor data: company reports.
Well Positioned Strategically & Tactically

Strategic Positioning

Tactical Positioning
Well Positioned Strategically

- Product Development
- Best and Brightest Talent
- Distribution Strength
- Management Analytics
- Brand Development
- Customer Experience
Well Positioned Tactically

- Tactical Positioning
- Return Adequacy / Pricing Strategy
- Expense Management / Investment For Future
- Staffing
- Marketplace Orientation a.k.a. “Gas Pedal”
Brand Development
Personal Insurance

Direct to Consumer: Long-Term Strategic Initiative

Personal Insurance – Auto Market Share
Consumer Purchasing Trends

1989
- Captive Agency 63%
- Independent Agency 32%
- Direct 5%

1997
- Captive Agency 47%
- Independent Agency 36%
- Direct 17%

2007
- Captive Agency 41%
- Independent Agency 35%
- Direct 24%

Source: A.M. Best
Overview for Remainder of the Day

- Jay Benet
- Brian MacLean
  - Q&A
  - Break
- Joe Lacher
- Marc Schmittlein
  - Q&A
- John Albano
- Alan Schnitzer
  - Q&A
- Close
Jay S. Benet
Vice Chairman & Chief Financial Officer
**Very Strong Financial Position**

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

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**Capital**
- At or above target levels for all rating agencies
- Continued to generate excess capital

**Leverage**
- Debt to capital ratio\(^2\) of 18.9% better than 20.0% target
- March 3, 2009: zero coupon convertible notes with a remaining par value of $141 million matured and were fully paid
- Low level of maturing debt
  - 2009 $ 2 million
  - 2010 $273 million
  - 2011 $ 11 million
- Can self-fund all maturing debt

**Liquidity**
- Holding company liquidity\(^2\) was $1.5 billion more than the company’s target level
- Not reliant on commercial paper market

**Very high credit quality investment portfolio**

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<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>$ 6,039</td>
<td>$ 6,181</td>
</tr>
<tr>
<td>Preferred equity</td>
<td>87</td>
<td>89</td>
</tr>
<tr>
<td>Common equity (^1)</td>
<td>25,867</td>
<td>25,374</td>
</tr>
<tr>
<td>Total capital (^1)</td>
<td>$ 31,993</td>
<td>$ 31,644</td>
</tr>
<tr>
<td>Debt to capital</td>
<td>18.9%</td>
<td>19.5%</td>
</tr>
<tr>
<td>Common shares outstanding</td>
<td>585.3</td>
<td>585.1</td>
</tr>
<tr>
<td>Book value per common share</td>
<td>$ 45.12</td>
<td>$ 43.12</td>
</tr>
<tr>
<td>Adjusted book value per common share (^1)</td>
<td>$ 44.19</td>
<td>$ 43.37</td>
</tr>
<tr>
<td>Tangible book value per common share (^1)</td>
<td>$ 37.45</td>
<td>$ 36.58</td>
</tr>
<tr>
<td>Statutory surplus</td>
<td>$ 21,561</td>
<td>$ 21,491</td>
</tr>
<tr>
<td>Holding company liquidity</td>
<td>$ 2,551</td>
<td>$ 2,146</td>
</tr>
</tbody>
</table>

\(^1\) Excludes FAS 115

\(^2\) As of March 31, 2009

See Annex for reconciliation of non-GAAP financial measures to the most comparable GAAP measures
Highly Successful Debt Issuance

On May 28, priced a $500 million public offering of 5.90% 10-year senior notes

Pricing consistent with similar issuance last year despite capital market turmoil:

- $500 million 10-year notes on May 13, 2008 at 5.80%
- $500 million 10-year notes on May 28, 2009 at 5.90%

On a pro-forma basis, increased March 31, 2009 debt to total capital ratio from 18.9% to 20.1%, consistent with our 20% target
Resumed Share Repurchases in 2Q’09

- Capital and liquidity levels have been in excess of targets
- Recomenced share repurchases in May 2009 as market tone improved
- Repurchased $575 million or 14.4 million shares through June 2, 2009
  - Average purchase price per share of $39.96
  - Compares to book value per share of $45.12 at March 31, 2009
  - Accretive
- Capital management philosophy remains unchanged -- execution subject to market conditions
Enterprise Risk Management

- Embedded in the culture of the organization
  - Conservative/prudent investing for the long-term
  - Thoughtful approach to underwriting
  - Strong corporate governance at Board and management levels
- Seasoned, experienced, stable management team
- Chief Risk Officer oversees Enterprise Risk Management, supported by:
  - Chief Compliance Officer
  - Business Conduct Officer
  - Corporate Actuarial
  - Internal Audit
  - Accounting Policy
  - Many others
- Exposure to catastrophe events well-managed and transparent
- Strong capital position, high liquidity, low financial leverage protect franchise
Enterprise Risk Management: Areas of Focus

➢ Credit/reinsurance
  • Reinsurance recoverables
  • Exposure aggregation
  • Credit aggregation
  • Credit limits

➢ Investment

➢ Treasury

➢ Economic

➢ Legal/regulatory

➢ Competition

➢ Distribution

➢ Economic capital

➢ Insurance product

➢ Operational risk
Travelers is exposed to credit risk through two major activities:

- Underwriting activities
- Investing activities

Travelers mitigates credit exposure from underwriting activities in many ways, including obtaining collateral – primarily letters of credit.

Travelers Credit Committee meets at least twice each quarter to review the enterprise-wide exposure to credit risk, in aggregate and for any specific exposure over $100 million:

- The credit committee includes the CFO, Chief Risk Officer, Chief Reinsurance Officer, Treasurer and representatives from each major product area that exposes the company to credit risk.
- For each major product area, the credit exposure for the largest individual names and in aggregate are reviewed.
- A summary report, aggregating the enterprise-wide risk for the largest individual names and in aggregate are also reviewed.
### Credit Aggregation

**Major Client Net Exposures Greater than $100 Million**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Qtr.</th>
<th>CLIENT</th>
<th>Prior S&amp;P RATING</th>
<th>(1) % Change</th>
<th>Mkt Cap $B</th>
<th>3 mo Chg Stk Prc</th>
<th>Bond Surety</th>
<th>Business Insurance</th>
<th>Reinsurance Recoverables</th>
<th>U/W Subtotal</th>
<th>Letters of Credit</th>
<th>U/W &amp; LOC Subtotal</th>
<th>Structured Settlements</th>
<th>Investments</th>
<th>Total Net Exposure</th>
<th>% Change From 4QXX</th>
<th>Excl. LOCs</th>
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<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Company A</td>
<td>XX</td>
<td></td>
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<td>$</td>
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<td>2</td>
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<td>Company B</td>
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<td>4</td>
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<td>XXX XX%</td>
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<td>6</td>
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<td>7</td>
<td>7</td>
<td>Company G</td>
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<td>XX%</td>
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<td>XXX</td>
<td>XXX</td>
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<tr>
<td>180</td>
<td>178</td>
<td>Company WW</td>
<td>XX</td>
<td></td>
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<td>$XXX</td>
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<td>$XXX</td>
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<tr>
<td>181</td>
<td>180</td>
<td>Company XX</td>
<td>XX</td>
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<td>$ XXX</td>
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<td>XX%</td>
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<td>182</td>
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<td>Company YY</td>
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<td>XX%</td>
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<tr>
<td>183</td>
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<td>Company ZZ</td>
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<td>$ XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XX%</td>
</tr>
</tbody>
</table>

Subtotal Exposure >$XXXM:

|               | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX |

Subtotal Exposure >$XXXM <$XXXM:

| XXX          | XXX   | XXX   | XXX   |

Subtotal Exposure <$XXXM:

| XXX          | XXX   | XXX   | XXX   |

Total Exposure:

| $ XXX       | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX | $ XXX |

**Note:** The table above details major client net exposures greater than $100 million as of XXXXX. The columns represent various financial metrics and client details, and the table is organized to show a clear comparison of these metrics across different companies. The bottom part of the table provides subtotals and total exposure, indicating the financial exposure in different categories.
## Construction Surety Proprietary Credit Model

**Additional risk mitigation applied to below average and high risk accounts (e.g. collateral, personal guarantees, identification of appreciated assets, etc.)**

<table>
<thead>
<tr>
<th>Category</th>
<th>1YR Prob of Default</th>
<th>In-Force Aggregate Limit As of Mar 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>0.03%</td>
<td>XX%</td>
</tr>
<tr>
<td>Above Average</td>
<td>0.34%</td>
<td>XX%</td>
</tr>
<tr>
<td>Average</td>
<td>0.56%</td>
<td>XX%</td>
</tr>
<tr>
<td>Below Average</td>
<td>1.37%</td>
<td>XX%</td>
</tr>
<tr>
<td>High Risk</td>
<td>2.8% to 8.9%</td>
<td>XX%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>85%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
### Premiums and Contractholder Receivables

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency and direct billed premiums receivable</td>
<td>Ability to cancel policies</td>
</tr>
<tr>
<td></td>
<td>Premiums receivables overdue of $89 million or 1.9%</td>
</tr>
<tr>
<td></td>
<td>Allowance for bad debts $75 million or 1.6%</td>
</tr>
<tr>
<td>Projected ultimate receivables from loss sensitive policies, primarily workers' comp</td>
<td>84% collateralized, principally by letters of credit</td>
</tr>
<tr>
<td></td>
<td>Minimal credit losses since 2000: approximately $5 million annually</td>
</tr>
</tbody>
</table>
 Reserve Comparisons

➢ The following exhibits provide a comparison of certain Travelers net paid-to-incurred ratios and net IBNR-to-incurred ratios with the industry and a peer group

   • Travelers information is based on the 2008 combined annual statutory statement of the company’s domestic insurance subsidiaries which contains 95% of total Travelers non-asbestos and environmental reserves.
   • The six lines presented represent 77% of the non-asbestos and environmental reserves for the combined annual statutory statement

➢ The lower the net paid-to-incurred ratios, all things being equal\(^1\), the stronger the reserves

➢ The higher the net IBNR-to-incurred ratios, all things being equal\(^1\), the stronger the reserves

➢ Because of the inherent uncertainties related to setting the reserves, additional liabilities may arise for amounts in excess of the current stated reserves

\(^1\) For example, not impacted by individual company payout patterns or mix of business written.

Note: See “Risk Factors” in Part I, Item 1A of Travelers’ Form 10-K for the year ended December 31, 2008
### Net Paid to Incurred Ratios – 2008 Industry Comparison

<table>
<thead>
<tr>
<th>Accident</th>
<th>Workers' Compensation</th>
<th>Accident</th>
<th>Private Passenger Auto Liability</th>
<th>Accident</th>
<th>Commercial Auto Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Peer(1) TRV Industry</td>
<td>Year</td>
<td>Peer(1) TRV Industry</td>
<td>Year</td>
<td>Peer(1) TRV Industry</td>
</tr>
<tr>
<td>1999</td>
<td>82.9% 78.1% 86.0%</td>
<td>1999</td>
<td>99.6% 100.0% 99.6%</td>
<td>1999</td>
<td>97.8% 98.9% 98.8%</td>
</tr>
<tr>
<td>2000</td>
<td>76.8% 70.3% 85.1%</td>
<td>2000</td>
<td>99.6% 99.6% 99.4%</td>
<td>2000</td>
<td>98.1% 97.3% 98.4%</td>
</tr>
<tr>
<td>2001</td>
<td>70.6% 66.1% 81.8%</td>
<td>2001</td>
<td>99.3% 98.6% 99.3%</td>
<td>2001</td>
<td>97.8% 96.0% 97.5%</td>
</tr>
<tr>
<td>2002</td>
<td>72.5% 62.7% 79.5%</td>
<td>2002</td>
<td>98.8% 97.9% 98.8%</td>
<td>2002</td>
<td>96.6% 94.4% 96.6%</td>
</tr>
<tr>
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</table>

1 Peer group includes ACE, AIG, Allstate, Chubb, Cincinnati Financial, CNA, Hartford, Progressive and XL.
Note: Percentages in blue represent the lowest ratio.
Source: SNL Financial LC, filed annual statutory statements for 2008.
### Net IBNR to Incurred Ratios – 2008 Industry Comparison

<table>
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<tr>
<th>Accidental Year</th>
<th>Workers' Compensation</th>
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<th>Accidental Year</th>
<th>Private Passenger Auto Liability</th>
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<td>0.3%</td>
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<td></td>
<td>Accidental Year</td>
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<td>2008</td>
<td>90.1%</td>
<td>73.6%</td>
<td>82.5%</td>
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</table>

1 Peer group includes ACE, AIG, Allstate, Chubb, Cincinnati Financial, CNA, Hartford, Progressive and XL.

Note: Percentages in blue represent the highest ratio.

Source: SNL Financial LC, filed annual statutory statements for 2008.
Continuing to Grow Book Value Per Share
Including Impact of FAS 115
($ in billions, except per share amounts)

Cumulative Share Repurchases: $6.2
Cumulative Common Dividends: $2.9

CAGR: 9%

Y-o-Y Change = 2%
Y-o-Y Change = 15%
QTD Change = 5%

Dec 31, 2004: $31.35
Dec 31, 2005: $31.94
Dec 31, 2006: $36.86
Dec 31, 2007: $42.22
Dec 31, 2008: $43.12
Mar 31, 2009: $45.12
For the first quarter of 2009, investment income from the fixed income portfolio, net of interest expense on holding company debt, produced an operating return on equity of 8.2%, down slightly due to lower short-term interest rates.

Underwriting income produced an operating return on equity of 5.9%, including catastrophe losses and net favorable prior year reserve development.

From January 1, 2005 through March 31, 2009, average annual operating return on equity of approximately 14.4%.

See Annex for reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
Components of Return on Equity

*Including Net Realized Investment Gains/(Losses)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Long-term fixed investment portfolio investment income less holding company interest expense</th>
<th>Non-fixed investment portfolio investment income / (loss)</th>
<th>Underwriting gain / (loss) and other</th>
<th>Net realized investment gains/(losses)</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
<td>9.5%</td>
<td>10.4%</td>
<td>1.4%</td>
<td>(1.1%)</td>
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<td>2006</td>
<td>17.9%</td>
<td>11.1%</td>
<td>6.8%</td>
<td>- %</td>
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<tr>
<td>2007</td>
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<td>6.7%</td>
<td>0.4%</td>
</tr>
<tr>
<td>2008</td>
<td>11.4%</td>
<td>8.1%</td>
<td>4.4%</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>1Q 2009</td>
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<td>6.4%</td>
<td>5.9%</td>
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Including net realized investment gains/(losses), average annual return on equity was approximately 14.0% from January 1, 2005 through March 31, 2009.

1 Excludes Nuveen which was a discontinued operation
Travelers expects that its full year 2009 operating income per diluted share will be in the range of $4.55 to $4.95, an increase from the previously announced range of $4.50 to $4.90 due to an increase in assumed share repurchase activity.

This guidance includes the reported results for the first three months of 2009 and estimates for the remainder of 2009 based on a number of assumptions, including:

**Assumptions**

- Catastrophe losses of $552 million pre-tax and $360 million after-tax, or $0.63 per diluted share for the full year.
- No additional prior year reserve development, favorable or unfavorable.
- No significant changes in private equity and hedge fund valuations due to an assumption of unchanged market conditions. Lower real estate partnership valuations due to a continuing downward trend in commercial real estate values.
- No significant change in average invested assets (ex. FAS 115) after taking into account dividends as well as approximately $1.750 billion of share repurchases for the full year.
- Weighted average diluted share count of approximately 575 million.
Marketplace Dynamics

- Pricing is broadly firming

- Dramatic flight to quality
  - Retentions stable and continue to be at historically high levels
  - Quantity and quality of new business opportunities increasing

- Current margins within the company’s target range
Marketplace Dynamics: Renewal Premium Change

Personal Insurance

1 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.
Marketplace Dynamics: Rate & Renewal Premium Change

Commercial Lines

Select Accounts

Commercial Accounts

Other Business Insurance

Management Liability

1 Includes all other groups within Business Insurance Core operations excluding National Accounts.
2 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.
3 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.
Marketplace Dynamics: Retention\(^1\)

Personal Insurance

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

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

Select Accounts

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<tr>
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<th>1Q'08</th>
<th>2Q'08</th>
<th>3Q'08</th>
<th>4Q'08</th>
<th>1Q'09</th>
<th>Apr'09</th>
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Commercial Accounts

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<th>4Q'08</th>
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Other Business Insurance¹

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<td>Retention Rate</td>
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<td>90%</td>
<td>80%</td>
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<td>80%</td>
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Management Liability

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<td>80%</td>
<td>90%</td>
<td>80%</td>
<td>70%</td>
<td>80%</td>
</tr>
</tbody>
</table>

¹ Includes all other groups within Business Insurance Core operations excluding National Accounts.

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

**Commercial Lines**

1. **Select Accounts**: 74% Growth
   - Apr’09 YTD +33%

2. **Commercial Accounts**: 54% Growth
   - Apr’09 YTD +11%

3. **Other Business Insurance**: 25% Growth
   - Apr’09 YTD +10%

4. **Management Liability**: 24% Growth
   - Apr’09 YTD +23%

---

1. Quote flow
2. Includes all other groups within Business Insurance Core operations excluding National Accounts.

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

2008 Net Written Premium: $21.7 Billion

- Personal Insurance
  - $7.0 Billion / 32%
- Financial, Professional & International Insurance
  - $3.5 Billion / 16%
- Business Insurance
  - $11.2 Billion / 52%

Providing wide variety of property/casualty products and services to businesses and individuals
Travelers Segments – Granular View

2008 Net Written Premium: $21.7 Billion

- Homeowners and Other
- Select Accounts
- Commercial Accounts
- Construction
- Technology
- Public Sector
- National Property
- Oil & Gas
- Agribusiness
- Inland Marine
- Ocean Marine
- Boiler
- Excess Casualty
- National Programs
- Northland
- National Accounts
- Global Accounts
- Bond & Financial Products
- International
- Automobile

- Business Insurance
- Financial, Professional & International Insurance
- Personal Insurance
Travelers Segments – Today’s Approach

Individual Underwritten
- Business Insurance
- Financial & Professional Insurance
- 52% of net written premium

Flow Business
- Personal Insurance
- Select Accounts (small commercial)
- 48% of net written premium

Travelers U.S. Domestic
2008 Net Written Premium
Travelers Key Competitive Advantages

- Unparalleled Product Breadth & Sophistication
- Significant Scale & Local Access
- Ease of Doing Business
- Customer Focus / Claim Effectiveness

Unique and sustainable competitive advantages have fueled our growth.
Sustainable Competitive Advantages

- Benefits of product breadth
  - Responds to agents’ and customers’ needs with an abundance of related products across markets
  - Creates culture driving continuous product development
  - Increases cross-sell opportunities
  - Facilitates ability to leverage knowledge across markets
  - Provides greater diversification of risk

Specialization and expertise are key differentiators, particularly in today’s marketplace
Travelers Key Competitive Advantages

Unique and sustainable competitive advantages have fueled our growth.

- Unparalleled Product Breadth & Sophistication
- Customer Focus / Claim Effectiveness
- Industry Leading Analytics
- Significant Scale & Local Access
- Ease of Doing Business

Unique and sustainable competitive advantages have fueled our growth.
Sustainable Competitive Advantages
Industry Leading Analytics

Metrics Produced Company-wide:
- Profitability
- Production
- Pricing segmentation
- Loss trends
- Expenses
- Agency performance

Views Accessible by:
- Region
- Office
- Line of Business
- Industry / Program
- Account Size
- Distributor
- Underwriter

Delivering market insight to underwriters and agents, enhancing decision making and execution
Sustainable Competitive Advantages

Industry Leading Analytics

Country-wide Income Statement

Region Income Statement

Office Income Statement

Countrywide – CAG Field
Controllable Income Statement

Jane Smith – (xxx) xxx-xxxx
Southwest Region CAG Field – Controllable Income Statement

John Smith – (xxx) xxx-xxxx
Los Angeles – Controllable Income Statement

Jane Smith – (xxx) xxx-xxxx
Southwest – CAG Field - Production by Account Executive

Jane Smith – (xxx) xxx-xxxx
Southwest – CAG Field - My Most Profitable Agents – By Dollars

Jane Smith – (xxx) xxx-xxxx
Los Angeles – CAG Field - Reported Loss/LAE Triangle

Joha Smith – (xxx) xxx-xxxx
Los Angeles – CAG Field - Reported Loss/LAE Triangle

Account Exec. Production

Agency Profitability

Office Loss Triangles by Line
Sustainable Competitive Advantages

Industry Leading Analytics

- Providing profitability analysis based upon risk adjusted capital

<table>
<thead>
<tr>
<th>Select</th>
<th>CAG - Field</th>
<th>First Party</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Oper. Profit %</td>
<td>Comb. Ratio</td>
</tr>
<tr>
<td>Property-NWP 12 mos '05</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Dec YTD AccYr/ Growth</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Policy View</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Benchmark @xx%-xx%</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>CMP/Other-NWP 12 mos '05</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Dec YTD AccYr/ Growth</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Policy View</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Benchmark @xx%-xx%</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>WC-NWP 12 mos '05</td>
<td>xx</td>
<td>xx</td>
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<tr>
<td>Dec YTD AccYr/ Growth</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Policy View</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Benchmark @xx%-xx%</td>
<td>xx</td>
<td>xx</td>
</tr>
</tbody>
</table>

Red = Below Benchmark; Black = Within Benchmark Range; Blue = Above Benchmark.
Competitive Advantages Driving Profitability

89% of current new and renewal business at or above target return levels

**Note:** Target ROE bands are set annually. Above ratios are determined by target bands in place during the specified period.

The chart represents the percent of new and renewal business aggregated by business unit operating profit % that is above, within and below the company’s target returns of 13 – 18%; Allocated based on net earned premium and fees by business unit for the period specified; Utilizes net earned premium & fees for loss sensitive business and residual market servicing to give due proportion to the size of the business.

Based on allocated equity by product (does not allocate 100% of GAAP shareholders’ equity, as a portion of equity supports prior year / run-off reserves); prospective economic returns based on currently underwritten policies and related investment income. **Not equivalent to GAAP return on equity.**

Excludes Personal Insurance Direct to consumer initiative.
Leveraging Travelers Competitive Advantages

Strategic Investments

- Travelers 1st Choice+℠
- INDUSTRYEdge®
- Quantumauto
- Quantumhome
- Risk Management PLUS+ Online®
- Wrap+®

- TravComp®
e-CARMA
Surety Peer
Analysis Tool

- TravelersExpress℠
TravelersExpressPlus℠

- Direct
to
Consumer

- Claim U
Concierge Claim
CAT Response
Specialized
Risk Control

- Branding

- Enhanced Management
Analytics
Leveraging Travelers Competitive Advantages

Strategic Investments – Claim University

- Investment in the company’s talent, furthering its expertise
- Resulting in higher level of service and higher customer satisfaction
Leveraging Travelers Competitive Advantages

Strategic Investments – Claim Effectiveness

- Redesigned catastrophe response process effectively executed in 2008
  - Reduced dependence on independent adjusters
  - Improved response time
  - Eliminated inefficiencies
  - Improved customer satisfaction

Catastrophe Response

<table>
<thead>
<tr>
<th></th>
<th>Rita</th>
<th>Ike</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact @ 10 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspect @ 29 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Close @ 29 Days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
➢ Current margins within the company’s target range
  • 89% of current business at or above target return levels

➢ Pricing is broadly firming

➢ Dramatic flight to quality
  • We are and will continue to invest to widen the gap
  • Market placing more value on our competitive strengths
Joe Lacher
Executive Vice President
Personal Insurance & Select Accounts
Flow Businesses

Personal Insurance
2008 Net Written Premium: $7.0 Billion

Select Accounts
2008 Net Written Premium: $2.8 Billion
Flow Business
Characteristics

- Small transaction size and high volume
- Portfolio risks more important than individual risks

Scale Matters
- Data Credibility
- Outcome predictability
- Efficiency

- Need sophistication and ease of delivery
- Requires integrated execution
Flow Business
Success Drivers

- Claim effectiveness
- Product sophistication
- Ease of doing business / Customer experience
- Breadth and depth of distribution
- Information advantage

Outstanding execution and integration of simple concepts drives competitive advantage
Personal Insurance Update

➢ Expanding product sophistication and strength
  • QuantumHome\textsuperscript{SM} – an important competitive advantage
  • QuantumAuto\textsuperscript{SM} – strategy, progress and current view

➢ Leading claim effectiveness – loss management and customer experience

➢ Building distribution breadth and depth
  • Expanding agency penetration
  • Broadening by building direct capability
Homeowners – Building Upon Strength

➢ Weak industry performance
  • Poor profitability
  • Limited execution effectiveness

➢ Very strong Travelers results
  • Leverage scale, sophistication and analytics
  • Portfolio mix managed to reduce volatility and enhance risk-return performance
  • Overweight relative to industry
Homeowners – Building Upon Strength

Industry Underperformance

➢ Perennially poor industry profits
  • Only 4 years of underwriting profit in past 20 years
➢ Commonly viewed as loss leader
➢ Limited focus and investment in pricing sophistication

Poor industry performance

1 Net statutory data. Industry statistics from AM Best.
Homeowners – Building Upon Strength

Travelers vs. Industry

- Consistently outperformed the industry

- Results achieved through sophisticated analytics, catastrophe management and disciplined execution

- Introduction of QuantumHome℠ in 2006 improves leadership position

**Homeowners Combined Ratio**
- Averaged 14 pts better than the industry

**Net Written Premium Growth**
- Travelers CAGR 11%
- Industry CAGR 7%

Very strong Travelers performance

---

1 Net statutory data. Industry statistics from AM Best.
2 Travelers statistics for Travelers Personal Insurance & legacy Travelers personal lines.
Homeowners – Building Upon Strength
*Drivers of strong results*

- Managed with focus on long term
  - Low frequency weather driven loss content
  - Results volatile on an annual / quarterly basis – less volatile over longer term
  - Political bias against disruptive actions

- Analytics advantage
  - Identify drivers of loss content and loss volatility
  - Assess returns with appropriate long term loss and risk charges
  - Develop techniques to enhance profitability and reduce volatility

- Disciplined execution
  - Patient incremental management towards longer term objectives
  - Manage portfolio weighting and mix

- Introduction of auto style product design and management
Homeowners – Building Upon Strength

Travelers vs. Industry

Product Reach

- Leveraging scale and analytics
  - Pricing sophistication
  - Product reach

Example: Territory Intimacy

Pre-Quantum: 5 territories
Post-Quantum: 319 territories

Application of sophistication enhances strong position
Homeowners – Building Upon Strength

*Effective Catastrophe Risk & Return Management*

- Historic East Coast concentration
- Growth driven outside East Coast states

<table>
<thead>
<tr>
<th></th>
<th>US Population</th>
<th>TRV Policies</th>
<th>Pols / Pop Index</th>
<th>2009 YTD Growth¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Coast States</td>
<td>44%</td>
<td>62%</td>
<td>140%</td>
<td>(1%)</td>
</tr>
<tr>
<td>Rest of US</td>
<td>56%</td>
<td>38%</td>
<td>68%</td>
<td>13%</td>
</tr>
<tr>
<td>Total US</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>4%</td>
</tr>
</tbody>
</table>

¹ Excluding New Jersey
Homeowners – Building Upon Strength

Effective Catastrophe Risk & Return Management

- Portfolio managed based on risk - return evaluation
  - Under-concentrated in warm water coastal
  - Over-concentrated in balance of coastal states
  - Growing non-coastal portfolio

<table>
<thead>
<tr>
<th></th>
<th>US Population</th>
<th>TRV Policies</th>
<th>Pols / Pop Index</th>
<th>2009 YTD Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warm Water Coastal</td>
<td>12%</td>
<td>5%</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>Cool Water Coastal</td>
<td>10%</td>
<td>18%</td>
<td>180%</td>
<td></td>
</tr>
<tr>
<td>Coastal</td>
<td>22%</td>
<td>23%</td>
<td>106%</td>
<td>(4%)</td>
</tr>
<tr>
<td>Non-Coastal East Coast State</td>
<td>22%</td>
<td>39%</td>
<td>175%</td>
<td>0%</td>
</tr>
<tr>
<td>East Coast States</td>
<td>44%</td>
<td>62%</td>
<td>140%</td>
<td>(1%)</td>
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<td>Total US</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Sophisticated analytics, risk management and disciplined execution have resulted in attractive returns and reduced volatility

1 Excluding New Jersey
Homeowners – Building Upon Strength
*Personal Insurance Homeowner Position*

- Top 15 market PI players represent 66% of homeowner market
- Homeowner represents a very different percentage of PI business

<table>
<thead>
<tr>
<th>Rank</th>
<th>Carrier</th>
<th>Homeowners Direct Written Premium as a % of Total DWP&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Farm</td>
<td>33%</td>
</tr>
<tr>
<td>2</td>
<td>Allstate Ins</td>
<td>28%</td>
</tr>
<tr>
<td>3</td>
<td>Farmers Ins</td>
<td>33%</td>
</tr>
<tr>
<td>4</td>
<td>Progressive</td>
<td>0%</td>
</tr>
<tr>
<td>5</td>
<td>GEICO</td>
<td>0%</td>
</tr>
<tr>
<td>6</td>
<td>Nationwide</td>
<td>27%</td>
</tr>
<tr>
<td>7</td>
<td>Liberty Mutual (SAF)</td>
<td>30%</td>
</tr>
<tr>
<td>8</td>
<td>USAA</td>
<td>31%</td>
</tr>
<tr>
<td>9</td>
<td>Travelers</td>
<td>44%</td>
</tr>
<tr>
<td>10</td>
<td>American Family</td>
<td>29%</td>
</tr>
<tr>
<td>11</td>
<td>AIG</td>
<td>14%</td>
</tr>
<tr>
<td>12</td>
<td>Hartford</td>
<td>29%</td>
</tr>
<tr>
<td>13</td>
<td>MetLife</td>
<td>29%</td>
</tr>
<tr>
<td>14</td>
<td>Erie</td>
<td>29%</td>
</tr>
<tr>
<td>15</td>
<td>Auto Club</td>
<td>16%</td>
</tr>
</tbody>
</table>

<sup>1</sup>Reflects direct written premium; excludes premium distributed by listed carriers underwriting by 3<sup>rd</sup> parties

<sup>2</sup>Source: AM Best 2007
In a market with poor results and lack of focus, Travelers is leveraging strengths:

- Analytics and data
- Risk - return management
- Disciplined execution

Producing attractive returns and growth
Product Sophistication

Auto – Core Capability Strength

- Focus has been on building core capabilities
- Leverages analytics and data

Quantum successfully met sophistication, breadth and execution capability goals
Product Sophistication

Auto – Current View

➢ Industry experiencing some profit pressure
  ▪ Industry combined ratio increased from 97% in 2007 to 100% in 2008\(^1\)
  ▪ Loss inflation has outpaced rate increases

➢ Our results reflect this trend
  ▪ Current returns (excluding Direct initiative impact) are at bottom-end of target profitability range

➢ Seeking profitability improvement since mid 2008
  ▪ Price increases have outpaced inflation
  ▪ Price increases have impacted new business and growth

\(^1\) Source: Conning & Co, A.M. Best
Claim Effectiveness

➢ Faster
  • Identification, intervention and resolution speed

➢ Closer
  • More direct claimant contact and in-house management

➢ Tighter
  • Minimize non-indemnity related leakage
Claim Effectiveness

**Faster – Identification, Intervention & Resolution**

**Property**
- Jan 2004: 336 hrs
- Current: 63 hrs (11 days)

**Auto**
- Jan 2004: 189 hrs
- Current: 53 hrs (6 days)

**Closer Contact**
- 2x Improvement

**Percent of Claims Handled Face-to-Face**
- Before: 0%
- Current: 50%
- Best Office: 100%

Execution of basics drives customer satisfaction and outcome management.

*TRAVELERS*
Claim Effectiveness

*Leveraging Multi-Line Advantage*

Over 525k injury claims annually

- **Workers’ Compensation**: 350k injuries
- **Automobile**: 100k injuries
- **General Liability**: 75k injuries

**All Injury Claims**

**Proper Payment**
- Medical bill re-pricing
- Fraud detection

**Medical Involvement**
- Nurse oversight
- Medical equipment review
- Pharmaceutical management

**Enhance Products & Insight**
- Better pricing all accounts that have injury components
- Understanding regional variances

Product breadth and scale allows for superior data, analytics and results
Claim Effectiveness

**Personal Auto Severity**

### Index of Average Claim Payment

| Travelers Data – Calendar Year Paid Closed 12 month moving average. |
| Industry data is composite of state specific industry data re-weighted to Travelers distribution by state. |
| Source: ISO fast track data – calendar year paid closed 12 month moving average. |
| All data excludes AK, HI, ID, MI, ND, SD, WV & WY due to small or no volume for Travelers. |

#### Claim initiatives offsetting broader severity trend

1. **Property Damage / Collision**
   - Travelers
   - Adjusted Industry

2. **Bodily Injury**
   - Travelers
   - Adjusted Industry
What’s next

- Successfully enhanced core capabilities
  - Product sophistication
  - Claim effectiveness
  - Platform
  - Analytics

- Forward focus
  - Continue to strengthen core
  - Expand breadth and depth of distribution
Distribution – Agency Appointments

- Systematic strategy of agent appointments
  - YE 2005 had 10,000 agents
  - Added 8,000 since YE 2005

- Enhanced geographic diversification strategy
  - 70% of appointments in West

- Same stores and New stores driving growth

New Agents contributed 11% of YE 2008 written premium and 29% of growth since YE 2005

Agency reporting database built in 2006; 2005 WP estimated using 2006 WP growth
TRV data excludes MA
Distribution – Expanding Breadth

*Building Direct Capability*

- Attractive independent agent marketplace
- Direct channel provides growing opportunity

---

Long term growth compels investment in multiple channels

Source: Conning & Co, A.M. Best
Distribution – Expanding Breadth

Building Direct Capability

➢ Recent investments facilitate readiness for direct build
  • Quantum
  • Claim initiatives
  • Systems, operational and information infrastructure

➢ Focus is on longer term
  • Strategic importance clear
  • Near term focus on disciplined execution and “test and learn” orientation

➢ Some direct capabilities already active: example: Affinity business - $0.8B in Written Premium
  • Active multiple call centers telesales and service infrastructure
  • Customer targeting and acquisition

➢ Key development areas
  • Marketing – broad multi media capabilities
  • Web capabilities – sales and service

➢ Anticipate development of capabilities which will enhance agency model
Distribution – Expanding Breadth

Building Direct Capability

- Entering multi year development process

- During development phase, anticipate impact on results of:
  - 2009: additional 2½ points on Auto and 1 point on Homeowners and Other combined Ratio
  - Beyond 2009: earnings reduction of $100 – 150 Million (AT) annually

Capability Build → Load Test → Optimize → Expand

12 – 18 months 12 – 18 months 12 – 18 months 12 – 18 months

- Research & Development
  - Test and learn execution
Personal Insurance

- Strong product portfolio
  - Leading sophistication in auto and home
  - Unique and leverageable strength in homeowners

- Claim effectiveness is an advantage
  - Produces and controls predictable loss cost outcomes
  - Enhances customer experience

- Focus on distribution expansion
  - Increasing depth and breadth of agency relationships
  - Building direct distribution capabilities

- Well positioned to deliver strong results in a challenging environment
Marc Schmittlein
President – Select Accounts
Flow Businesses

Personal Insurance
2008 Net Written Premium:
$7.0 Billion

Select Accounts
2008 Net Written Premium:
$2.8 Billion

- Automobile
- International
- Bond & Financial Products
- National Programs
- Northland
- National Accounts
- Global Accounts
- Construction
- Technology
- Public Sector
- National Property
- Oil & Gas
- Agribusiness
- Inland Marine
- Ocean Marine
- Excess Casualty
- Boiler
- Homeowners and Other
- Commerical Accounts

2008 Net Written Premium:
- Select Accounts: $2.8 Billion
- Personal Insurance: $7.0 Billion
Select Accounts

2008 Net Written Premium: $2.8 Billion

Select Accounts

- Homeowners and Other
- Commercial Accounts
- National Programs
- Northland
- National Accounts
- Global Accounts
- Boiler
- Excess Casualty
- Ocean Marine
- Agribusiness
- Oil & Gas
- National Property
- Public Sector
- Technology
- Construction
- International
- Bond & Financial Products
- Automobile
- Homeowners and Other

2008 Net Written Premium: $2.8 Billion
Industry Leading Market Share and Profitability

- Travelers is the market leader in small commercial
  - Leading business platform
  - Broad based agency plant with deep relationships

### Top Commercial Multi-Peril Direct Written Premium Writers

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Direct Written Premium</th>
<th>Market Share</th>
<th>Net Combined Ratio (4 yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Travelers</td>
<td>$3.0</td>
<td>8.7%</td>
<td>85%</td>
</tr>
<tr>
<td>2</td>
<td>Zurich</td>
<td>2.7</td>
<td>7.8%</td>
<td>108%</td>
</tr>
<tr>
<td>3</td>
<td>Liberty Mutual</td>
<td>2.4</td>
<td>6.8%</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>Hartford</td>
<td>2.0</td>
<td>5.7%</td>
<td>93%</td>
</tr>
<tr>
<td>5</td>
<td>Chubb</td>
<td>1.7</td>
<td>4.9%</td>
<td>80%</td>
</tr>
</tbody>
</table>

($ in Billions)

1 Source: SNL Financial; 2004-2008 weighted average net combined ratio.

Specialization in small commercial
- scale matters
Travelers Excels at Both “Ends” of the Small Commercial Market

Express success driven by:

- Automated business and underwriting rules
- Pricing and rating sophistication
- Low/no underwriter intervention (straight thru processing)

Building competitive advantage for high volume / smaller premium business
Leveraging the Strengths of the Travelers Franchise

- **Quantum Auto pricing sophistication & analytics** *(Personal Lines)*

- **Workers’ compensation underwriting & claim expertise** *(National Accounts / Claim)*

- **IndustryEdge® coverage & industry underwriting specialization** *(Middle Market)*

- **Commercial automobile underwriting expertise** *(Northland)*

- **Agency distribution expansion** *(Enterprise Field Organization)*
A “simple” formula, but all five components are needed and working effectively

<table>
<thead>
<tr>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product and Pricing Sophistication</td>
</tr>
<tr>
<td>Platform</td>
</tr>
<tr>
<td>Class Breadth</td>
</tr>
<tr>
<td>Line of Business Breadth</td>
</tr>
<tr>
<td>Distribution</td>
</tr>
</tbody>
</table>
Formula for Success
Product and Pricing Sophistication / Platform

TravelersExpressSM: PRE-LAUNCH (2006 & Prior)

Low Touch

FLOW

No Touch

Only 17% automatically generated bindable quotes;
Inefficient quote to issuance process for small revenue accounts;
Broad appetite and speed are differentiating factors
Formula for Success
Product and Pricing Sophistication / Platform

TravelersExpress℠: POST-LAUNCH

Small Commercial Paradigm Shift
Referrals reduced from 83% to 18%;
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
Formula for Success
Class Breadth / Line of Business Breadth

Mix of New Business

TravelersExpress℠ Results

Class

Industry¹

B.O.B.S. 28%
All Other 30%

B.O.B.S. 70%
All Other 54%

Line

Auto 11%
WC 18%
CMP 71%

Auto 14%
WC 30%
CMP 56%

Achieving broader reach in both class & line

¹Industry data from Market Stance
B.O.B.S. = Buildings, Office, Business, Stores; CMP = Commercial Multi-Peril; WC = Workers’ Compensation
Formula for Success
Class Breadth / Line of Business Breadth

TravelersExpress℠ Results

Premiums¹ Increased 14%

% Δ

Pre-Launch

Post-Launch

Auto

WC

CMP

16%

44%

6%

Achieving broader reach across industry lines

Sustaining growth in commercial multi-peril while accelerating growth in other lines of business

2008 vs. 2006

¹ Direct written premiums

CMP = Commercial Multi-Peril; WC = Workers’ Compensation
Workers’ Compensation
Identifying Opportunity Through Segmentation

- Select average workers’ compensation policy size: $2,600
- Analytics allow Travelers to identify growth opportunities by segment
- Analytics integrated with current view of state environments for maximum profit potential

Data is YTD April 2009

Workers’ Compensation Written Premium Growth Excluding Rate Change

FACTORS
- Severity / frequency
- Class
- Regulatory environment
- State rate adequacy
Workers’ Compensation
*Identifying Opportunity Through Segmentation*

- Select average workers’ compensation policy size: $2,600
- Analytics allow Travelers to identify growth opportunities by segment
- Analytics integrated with current view of state environments for maximum profit potential

### Workers’ Compensation Written Premium Growth Excluding Rate Change

<table>
<thead>
<tr>
<th>State Environment</th>
<th>Favorable</th>
<th>Average</th>
<th>Unfavorable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better</td>
<td>13%</td>
<td>9%</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td>-5%</td>
<td>15%</td>
</tr>
<tr>
<td>Unfavorable</td>
<td></td>
<td></td>
<td>-7%</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>15%</td>
<td>6%</td>
<td>-2%</td>
<td></td>
</tr>
</tbody>
</table>

*Yields Favorable Results*

**Combination of Account Analytics & Industry Segment**

*Data is April YTD*
Workers’ Compensation
*Identifying Opportunity Through Segmentation*

- Segment and state optimization allows for differentiated rate and overall results

<table>
<thead>
<tr>
<th>State Environment</th>
<th>Better</th>
<th>Average</th>
<th>Worse</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Favorable</td>
<td>13%</td>
<td>9%</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td>-5%</td>
<td>15%</td>
</tr>
<tr>
<td>Unfavorable</td>
<td></td>
<td></td>
<td>-7%</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>15%</td>
<td>6%</td>
<td>-2%</td>
<td></td>
</tr>
</tbody>
</table>

“Worse-Unfavorable” cell rate change 11 points higher than “Better-Favorable” cell

Combination of Account Analytics & Industry Segment

Data is April YTD
The TravelersExpress℠ platform is attracting productive new agents.
TravelersExpress℠ Results

Quote Flow

Average Monthly Quote Volume: Year-Over-Year Growth

Quote Growth Averaging Over 30% a Year

Strong quote momentum validates TravelersExpress℠ business model

1 2009 data thru April
TravelersExpress℠ Results

New Business

New Business Premium as a Percentage of Expiring Premium

Increasing quote flow drives new business

1 2009 data thru April
TravelersExpress<sup>SM</sup> Results

*Policies in Force*

Policies in force achieving new highs each month

- 2005: 425,000
- 2006: 525,000
- 2007: 625,000
- 2008: 525,000
- 2009 YTD: 625,000

PIF Count growing 8% annually since 2006
Select Accounts

**Significant Investments – Meaningful Barrier to Competitors Success**

- **Add New Agents**
  - Umbrella Express
  - Automobile Express
  - Workers’ Comp. Express
  - Technology Segment
  - CMP Express

- **Platform**
  - 750 New Classes

**Technology Segment**

**Platform**

**Add New Agents**

2005  2006  2007  2008  2009  2010

**Manage risk, maximize learning and build momentum**
Select Accounts
Where Do We Go From Here?

TravelersExpressSM
(No-Touch)

Platform
Pricing / Product Sophistication
Line of Business Breadth
Class Breadth
Grow Distribution

Working to achieve increasing share of TravelersExpressSM
Select Accounts
Where Do We Go From Here? – Advancing Product & Pricing Sophistication

Pre-Merger

Low-Touch

No-Touch Issue

2005-2008

Low-Touch

No-Touch:

CMP

WC

2009-2010

Low-Touch

No-Touch:

Auto

CMP

WC

UMB

Continually drive efficiencies into the small commercial space

CMP = Commercial Multi-Peril; WC = Workers’ Compensation
Select Accounts
Growing Market Share Profitably

➢ Scale matters for success

➢ Having a winning formula is critical

➢ All elements need to be there and work together

➢ Achieving strong results in a challenging environment

➢ Well positioned for the future with continued evolution of our winning formula

Increasing Travelers lead in the small commercial marketplace
Business Insurance - Individually Underwritten Accounts

2008 Net Written Premium: $8.5 Billion

Homeowners and Other

Select Accounts

Automobile

International

Bond & Financial Products

National Programs

Northland

National Accounts

Global Accounts

Boiler Excess Casualty

Construction

Technology

Public Sector

National Property

Oil & Gas

Agribusiness

Inland Marine

Ocean Marine

2008 Net Written Premium: $8.5 Billion
Executing on Continuously Expanding Capabilities

+ 

Flight to Quality

= 

Outstanding Results
Individually Underwritten Accounts

Characteristics

- Low volume, high premium dollar
- Underwriting and pricing driven by loss experience and exposure
- Tailored coverages
- Local point-of-sale with field based expertise

Travelers Domestic
2008 Net Written Premium

Successful in altering approach to best meet customer and agents needs

1 Excluding Select Accounts
Specialization and sophistication are keys to success.
Driving Profitable Growth
($ in Billions)

Net Written Premium

Note: Net written premium for Business Insurance – Individually Underwritten Accounts.
Why Agents Place and Keep Individual Account Business With Carriers

These key drivers provide the foundation for our execution strategy:

- Product Breadth & Appetite
- Competitive Price
- Claim Effectiveness
- Local Knowledge
- Financial Strength

Local Relationships
Executing on Continuously Expanding Capabilities
Superior Execution
Building on Our Strengths

- Unparalleled Product Breadth & Sophistication
- Customer Focus / Claim Effectiveness
- Industry Leading Analytics
- Significant Scale & Local Access
- Ease of Doing Business
Superior Execution  
*Product Breadth, Expertise & Specialization*

### New & Updated Product Rollouts

<table>
<thead>
<tr>
<th>2006 &amp; Prior</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Auto Dealers</td>
<td>• Underground Utilities</td>
<td>• Architects</td>
<td>• Building Service Contractors</td>
</tr>
<tr>
<td>• Electrical Equipment</td>
<td>• Concrete Contractors</td>
<td>• Engineers</td>
<td>• Excavation Contractors</td>
</tr>
<tr>
<td>• Electronic/Precision Instruments</td>
<td>• Printers &amp; Publishers</td>
<td>• Wood Products</td>
<td>• Marinas &amp; Boat Dealers</td>
</tr>
<tr>
<td>• Financial Institutions</td>
<td>• Hotels &amp; Restaurants</td>
<td>• Plastics &amp; Rubber Goods</td>
<td>• Masonry Contractors</td>
</tr>
<tr>
<td>• Fire Sprinkler Contractors</td>
<td>• Bridge Builders</td>
<td>• Small Contractors: Construction Plus+</td>
<td>• Plastic &amp; Rubber Goods Manufacturing</td>
</tr>
<tr>
<td>• Food Manufacturers</td>
<td>• Educational Institutions</td>
<td>• Electrical Contractors</td>
<td>• Retail Businesses</td>
</tr>
<tr>
<td>• Imported Products</td>
<td></td>
<td>• Plumbing &amp; Mechanical Contractors</td>
<td>• Street &amp; Road Contractors</td>
</tr>
<tr>
<td>• Information Technology</td>
<td></td>
<td></td>
<td>• Wholesalers &amp; Distributers</td>
</tr>
<tr>
<td>• K-12 Public Schools</td>
<td></td>
<td></td>
<td>• Wood &amp; Paper Products</td>
</tr>
<tr>
<td>• Medical Tech &amp; Equip</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Metals &amp; Minerals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Millwrights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...and much, much more!</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Broad in both classes and lines of business
Superior Execution
Analytics

- Predictive modeling and analytics enhance pricing and performance

  - Size and scale of data unparalleled in industry

  - Cohesive information systems and metrics provide data at granular level

  - Predictive modeling enhances pricing and product development

Experienced Underwriter
+ Enhanced Analytics
= Right Price
Superior Execution

**Claim Effectiveness: Travelers Workers’ Compensation Advantage**

- Travelers is a leading writer and service provider of workers’ compensation
- Scale provides cost effective local presence and expertise
- Advanced analytics provide a competitive advantage
- Lower payout than the industry in total

---

**Workers’ Compensation Paid Loss & LAE as % of Premium**

- **Proven track record...**

**Travelers Workers’ Compensation Net Written Premium Growth**

- **...Profitable Growth**

---

Claim effectiveness provides significant top and bottom line advantage

---

1 Travelers consolidated schedule P
2 AM Best Average & Aggregates – schedule P
3 Travelers financial supplement – year-over-year net written premium growth
Superior Execution
Local Knowledge and Relationships

Submission Flow

Dramatic new business submission flow
Increase continues into 2009

Note: Submission flow for Business Insurance – Individually Underwritten Accounts.
Superior Execution

Financial Strength Allows for Investment

- Product
- Platforms
- Attracting and retaining talent
- Customer service
- Ease of doing business
- Claim handling
- Risk control
- Metrics, measurement and information

Continuous investment and improvement in execution
Executing on Continuously Expanding Capabilities

+ 

Flight to Quality

= 

Outstanding Results
## Top Commercial Lines Carriers

### Market Share

($ in Billions)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Direct Written Premium</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AIG</td>
<td>$22.4</td>
<td>9.1%</td>
</tr>
<tr>
<td>2</td>
<td>Liberty Mutual</td>
<td>15.5</td>
<td>6.3%</td>
</tr>
<tr>
<td>3</td>
<td>Travelers</td>
<td>15.1</td>
<td>6.1%</td>
</tr>
<tr>
<td>4</td>
<td>Zurich</td>
<td>11.5</td>
<td>4.7%</td>
</tr>
<tr>
<td>5</td>
<td>CNA</td>
<td>7.5</td>
<td>3.0%</td>
</tr>
<tr>
<td>6</td>
<td>Hartford</td>
<td>7.2</td>
<td>3.0%</td>
</tr>
<tr>
<td>7</td>
<td>ACE</td>
<td>7.1</td>
<td>2.9%</td>
</tr>
<tr>
<td>8</td>
<td>Chubb</td>
<td>7.1</td>
<td>2.9%</td>
</tr>
<tr>
<td>9</td>
<td>Nationwide</td>
<td>5.1</td>
<td>2.1%</td>
</tr>
<tr>
<td>10</td>
<td>Allianz of America</td>
<td>4.9</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Source: 2008 AM Best

Well positioned with lots of upside
Flight to Quality

Net Gain in Accounts from Top Competitors – Commercial Accounts Only¹

<table>
<thead>
<tr>
<th>Carrier</th>
<th>Sep’08 – Apr’09</th>
<th>Jan’08 – Aug’08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrier 1</td>
<td>257</td>
<td>95</td>
</tr>
<tr>
<td>Carrier 2</td>
<td>246</td>
<td>43</td>
</tr>
<tr>
<td>Carrier 3</td>
<td>110</td>
<td>14</td>
</tr>
<tr>
<td>Carrier 4</td>
<td>105</td>
<td>32</td>
</tr>
<tr>
<td>Carrier 5</td>
<td>78</td>
<td>42</td>
</tr>
<tr>
<td>Carrier 6</td>
<td>86</td>
<td>47</td>
</tr>
</tbody>
</table>

¹ Based on extensive sampling of Commercial Account data for net gain from top competitors in accounts greater than $50K
Flight to Quality

Change in New Business Pricing Relative to Renewal

Maintaining pricing discipline
Flight to Quality
Commercial Lines Agency Preferences

Travelers identified as top tier partner by 67% of Commercial Lines Agents\(^1\)

Significant advantage over competitors

\(^{1}\) Source: Goldman Sachs January 2009 Pricing Survey; published March 9, 2009 - Agents were asked to name the top five companies their agency does commercial lines business with.
Flight to Quality
Consistently Higher Renewal Retentions

Commercial Accounts: Retention

Retaining business at historically high levels and outperforming peers

Source: Competitor retention as reported in company reports.

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

Business Insurance – Individually Underwritten Accounts

Strengthening rate while maintaining strong retentions

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 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.
3 Excludes Inland Marine and National Accounts

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

- Transaction decisions made by an experienced underwriter
- Additional underwriting review for the majority of new business
- Most accounts are pre-inspected by risk control prior to quoting
- Although submission flow is up, quote ratio is at or below historic levels as the company maintains underwriting standards
- Hit ratio continues to be strong in a challenging marketplace
Flight to Quality
Growth Excluding Renewal Premium Change

Organic growth improving

Business Insurance – Individually Underwritten Accounts
Growth Excluding Renewal Premium Change Percentage

Note: Statistics are subject to change based on a number of factors, including changes in actuarial estimates.
Flight to Quality
Results Have Outpaced Competitors

Outperformed competitor group for 14 quarters by an average of 4.1% premium growth

1 Travelers: excludes run-off operations; data adjusted for the April 2007 sale of Mendota, the company’s non-standard personal auto operation, and the March 2007 sale of Afianzadora Insurgentes, the company’s Mexican bond operation.

2 Competitor group consists of comparable business segments of ACE, AIG, Allstate, Chubb, CNA, Hartford, Progressive, and XL. Source of peer data: company reports.
Executing on Continuously Expanding Capabilities

+ 

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= 

Outstanding Results
Alan Schnitzer
Executive Vice President
Financial, Professional & International Insurance
Bond & Financial Products

2008 Net Written Premium: $2.2 Billion

- Homeowners and Other
- Select Accounts
- Commercial Accounts
- Bond & Financial Products
- National Programs
- Northland
- National Accounts
- Global Accounts
- Boiler
- Excess Casualty
- Ocean Marine
- Agribusiness
- Oil & Gas
- Inland Marine
- National Property
- Public Sector
- Technology
- Construction
- International
- Automobile
An Industry Leading Franchise

- Total Bond & Financial Products 2008 net written premiums:
  
  $2.2 billion

- An important market for management liability products (2/3 non-financial, 1/3 financial) with broad market penetration – 2008 net written premium of $1.2 billion

- The largest writer of surety business in U.S. – 2008 net written premium of $1.0 billion

### Top Surety Direct Written Premium Writers

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>2008 Surety Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Travelers</td>
<td>18.0%</td>
</tr>
<tr>
<td>2</td>
<td>Liberty Mutual/Safeco</td>
<td>15.1%</td>
</tr>
<tr>
<td>3</td>
<td>Zurich</td>
<td>8.8%</td>
</tr>
<tr>
<td>4</td>
<td>C N A Surety</td>
<td>7.9%</td>
</tr>
<tr>
<td>5</td>
<td>Chubb</td>
<td>5.4%</td>
</tr>
<tr>
<td>6</td>
<td>Hartford</td>
<td>3.8%</td>
</tr>
<tr>
<td>7</td>
<td>HCC</td>
<td>3.5%</td>
</tr>
<tr>
<td>8</td>
<td>International Fidelity</td>
<td>2.2%</td>
</tr>
<tr>
<td>9</td>
<td>ACE</td>
<td>2.0%</td>
</tr>
<tr>
<td>10</td>
<td>Arch Capital</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
Portfolio Profile
As of December 31, 2008

By Business Unit
- Private & Non-Profit
- Financial Institutions
- PCL
- PL
- Comm’l Surety
- Construction Surety

By Product
- Fiduciary
- E&O
- EPL
- D&O
- Surety – Contract
- Surety – Non Contract
- PC
- Crime

Diversified Risk Profile

= Management Liability – 55%
= Surety – 45%

PCL = Public Company Liability; PL = Professional Liability; EPL = Employment Practices Liability;
PC = Traditional Property Casualty business, which is sold through the Financial Institutions unit
Travelers Domestic D&O Written Premium
As of December 31, 2008

Diversified Risk Profile
Franchise Value
Competitive Advantages

Factors that drive success

Bond & Financial Products

- Local
- Service
- Enterprise
- Product
- Relationship
- Stability

Expertise
Franchise Value
Competitive Advantages

➢ Highly trained, sophisticated specialists – by industry, risk, coverage

  • 1,100 specialists in the field
    – Important resource for generalist agents/brokers
    – Highly valued by specialist agents/brokers
    – Product and credit expertise
Franchise Value
*Competitive Advantages*

- Deployed at the point of sale – near agents, brokers, customers
  - 66 locations deployed throughout 17 regions
- Provides underwriting and marketing insight into local dynamics – issues, economics, risks, opportunities
Franchise Value
*Competitive Advantages*

- Average tenure of top 10 Construction Surety accounts is 30 years
- Average tenure of top 10 Commercial Surety accounts is 17 ½ years
- Achieving “trusted advisor” status drives business flow
- Deep and long-term relationships drive better risk appraisal
Franchise Value
Competitive Advantages

- Leveraging the information advantage: drives business flow and risk appraisal
Peer group analysis and reports

- Travelers has the largest database of financial statements of non-residential contractors in the industry – approximately 7,000 active accounts
- Provide customers with detailed key financial benchmarks relative to representative sample of peer companies of:
  - Type of Construction
  - Size
  - Geographic region
- Help contractors identify and attack problem areas within their business where their performance is below that of their peers
- Benefits contractors by highlighting financial strengths and weaknesses to help optimize strategic financial decision making
- Allows our underwriters to discuss financial topics with contractors and agents in a professional and meaningful way
- Our credit model has proven to be a highly effective measure of contractor financial performance and credit quality
Contractor Peer Group

Balance Sheet Comparison

Sample Account Balance Sheet Asset Composition

Peer Group Balance Sheet Asset Composition

<table>
<thead>
<tr>
<th>Description</th>
<th>Sample Account</th>
<th>Peer Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>6%</td>
<td>26%</td>
</tr>
<tr>
<td>Receivables</td>
<td>33%</td>
<td>50%</td>
</tr>
<tr>
<td>Underbillings</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>Inventory</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>46%</td>
<td>19%</td>
</tr>
<tr>
<td>Other LT Assets</td>
<td>3%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Contractor Peer Group

Income Statement Comparison

Income Statement Comparison
(Percentage Of Revenue)

<table>
<thead>
<tr>
<th>Category</th>
<th>Sample</th>
<th>Peer Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>37.0%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Net Income Before Tax/Distribution</td>
<td>-1.2%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>19.6%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Other Income/Expense</td>
<td>-2.0%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Overhead Expense</td>
<td>17.4%</td>
<td></td>
</tr>
</tbody>
</table>
## Contractor Peer Group

### Credit Model Analysis

<table>
<thead>
<tr>
<th>Liquidity</th>
<th>Sample Account</th>
<th>Sample Account Risk Points</th>
<th>Average of Peer Group</th>
<th>Average of Peer Group Risk Points</th>
<th>Best Ratio in Class</th>
<th>Worst Ratio in Class</th>
<th>Larger Travelers Peer Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash - (%)</td>
<td>13.66</td>
<td>25.00</td>
<td>7.94</td>
<td>6.00</td>
<td>35.16</td>
<td>32.12</td>
<td>22.56</td>
</tr>
<tr>
<td>A/R Age</td>
<td>79.00</td>
<td>6.00</td>
<td>62.31</td>
<td>3.00</td>
<td>4.75</td>
<td>103.54</td>
<td>40.86</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>2.50</td>
<td>10.00</td>
<td>1.94</td>
<td>2.00</td>
<td>3.33</td>
<td>1.26</td>
<td>1.94</td>
</tr>
<tr>
<td>U/B/WC - (%)</td>
<td>235.01</td>
<td>30.00</td>
<td>7.36</td>
<td>0.00</td>
<td>6.00</td>
<td>22.31</td>
<td>10.90</td>
</tr>
<tr>
<td>Other C/E/WC - (%)</td>
<td>112.38</td>
<td>4.00</td>
<td>27.49</td>
<td>1.00</td>
<td>0.96</td>
<td>121.22</td>
<td>2.16</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over In/Ratio - (%)</td>
<td>19.39</td>
<td>0.00</td>
<td>(3.93)</td>
<td>16.00</td>
<td>1.93</td>
<td>(10.92)</td>
<td>3.71</td>
</tr>
<tr>
<td>EBIT/In Exp - Ratio</td>
<td>13.07</td>
<td>3.00</td>
<td>(10.14)</td>
<td>2.00</td>
<td>3.56</td>
<td>(39.98)</td>
<td>0.77</td>
</tr>
<tr>
<td>Net Worth/Overhead - Ratio</td>
<td>0.72</td>
<td>6.00</td>
<td>2.98</td>
<td>2.00</td>
<td>5.81</td>
<td>0.64</td>
<td>1.62</td>
</tr>
<tr>
<td><strong>Leverage</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Debt/Cash/Equity - Ratio</td>
<td>2.09</td>
<td>5.00</td>
<td>0.43</td>
<td>1.00</td>
<td>(0.21)</td>
<td>1.32</td>
<td>0.45</td>
</tr>
<tr>
<td>LT Debt/Equity - (%)</td>
<td>4.34</td>
<td>0.00</td>
<td>5.37</td>
<td>0.00</td>
<td>0.00</td>
<td>11.47</td>
<td>1.77</td>
</tr>
<tr>
<td>WC Compression - (%)</td>
<td>(5.47)</td>
<td>10.00</td>
<td>42.21</td>
<td>1.00</td>
<td>70.03</td>
<td>20.39</td>
<td>44.95</td>
</tr>
<tr>
<td><strong>Work Program</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working Capital Percent Case - (%)</td>
<td>(1.46)</td>
<td>25.00</td>
<td>9.21</td>
<td>6.00</td>
<td>22.47</td>
<td>2.20</td>
<td>10.92</td>
</tr>
<tr>
<td>Net Worth Percent Case - (%)</td>
<td>9.94</td>
<td>0.00</td>
<td>21.45</td>
<td>5.00</td>
<td>63.23</td>
<td>4.67</td>
<td>14.88</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>126.00</td>
<td>45.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Travelers Credit Model was developed in 1993 after an extensive study of actual contractor failures and their financial drivers. Subsequent loss studies have resulted in modifications to the ratios and weights.

The Credit Scale associated with the Credit Scores are as follows:

<table>
<thead>
<tr>
<th>Credit Rating</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>0 to 10</td>
</tr>
<tr>
<td>Above Average</td>
<td>11 to 30</td>
</tr>
<tr>
<td>Average</td>
<td>31 to 55</td>
</tr>
<tr>
<td>Below Average</td>
<td>56 to 75</td>
</tr>
<tr>
<td>High Risk</td>
<td>Above 75</td>
</tr>
</tbody>
</table>

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Contractor Peer Group

Gross Profit Analysis

Regional General Contractor Gross Profit Margin Trend By Work Program Size

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;5</td>
<td>24.1</td>
<td>25.5</td>
<td>16.3</td>
<td>25.4</td>
<td>18.6</td>
<td>12.5</td>
</tr>
<tr>
<td>5-10</td>
<td>17.7</td>
<td>11.7</td>
<td>17.0</td>
<td>6.7</td>
<td>17.0</td>
<td>23.0</td>
</tr>
<tr>
<td>10-25</td>
<td>11.0</td>
<td>16.1</td>
<td>12.3</td>
<td>9.3</td>
<td>11.9</td>
<td>7.5</td>
</tr>
<tr>
<td>25-100</td>
<td>9.5</td>
<td>9.3</td>
<td>8.2</td>
<td>8.9</td>
<td>7.6</td>
<td>6.1</td>
</tr>
<tr>
<td>100-250</td>
<td>4.9</td>
<td>5.8</td>
<td>5.4</td>
<td>9.1</td>
<td>6.7</td>
<td>7.5</td>
</tr>
<tr>
<td>&gt;250</td>
<td>3.3</td>
<td>2.2</td>
<td>4.3</td>
<td>2.6</td>
<td>3.1</td>
<td>4.1</td>
</tr>
</tbody>
</table>
We maintain a web-based platform where risk management information and services are quickly and easily accessible to insureds via the internet 24/7.

Access to ALL on-line Management Liability and Professional Liability resources with the purchase of just one coverage.

Information ➔ Relationship ➔ Drives business flow

Information ➔ Improved risk profile

4,000 customer organizations and 830 agencies / brokerage firms have registered.

In the last 12 months:
- 4,300 new users on the site which is a 43% increase
- Complete a total of 27,000 training modules
Competitive Advantages
Management Liability products

Expanded Distribution Initiatives

State of the industry new product offerings
Submission Flow
Management Liability

Year Over Year

Rolling Twelve Months¹

17% Growth

21% Growth

2007

2008

2007-2008

2008-2009

Increased opportunity without changing risk profile

¹Date range of 4/1/07 – 3/31/08 vs. 4/1/08 – 3/31/09
Expanded Distribution Initiatives

Management Liability

- Quote/Submission Ratio
- Written/Submission Ratio
- Submissions Per Month

Territorial Assessment Launch
Expanded Distribution Initiatives

Management Liability

Quote/Submission Ratio
Written/Submission Ratio
Submissions Per Month

Territorial Assessment Launch
Beginnings of Enhanced Execution
Expanded Distribution Initiatives

Management Liability

Quote/Submission Ratio
Written/Submission Ratio
Submissions Per Month

Territorial Assessment Launch
Beginnings of Enhanced Execution
Full Execution
Expanded Distribution Initiatives
Management Liability

- Quote/Submission Ratio
- Written/Submission Ratio
- Submissions Per Month

Achieving Results

Territorial Assessment Launch

Beginnings of Enhanced Execution

Full Execution

Maintaining underwriting discipline
Managing Risk Today

Investing in Tomorrow

= Solid results today, Well positioned for the future
Annex
Glossary of Financial Measures

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 statement of income or required to be disclosed in the notes to financial statements, and 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 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.

Operating income (loss) is net income (loss) excluding the after-tax impact of net realized investment gains (losses). Operating income (loss) per share is operating income (loss) on a per share basis.

Return on equity is the ratio of net income to average equity. Operating return on equity is the ratio of operating income to average equity excluding net unrealized investment gains and losses, net of tax.

In the opinion of the Company's management, operating income, operating income per share and operating return on equity are meaningful indicators of underwriting and operating results. These measures exclude net realized investment gains or losses which can be significantly impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends. Internally, the Company's management uses operating income, operating income per share and operating return on equity to evaluate performance against historical results and establish financial targets on a consolidated basis.

Underwriting gain (loss) is net earned premiums and fee income less claims and claim adjustment expenses and insurance-related expenses.

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 for investors to understand variability in periodic earnings.

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

GAAP combined ratio is the sum of the loss and loss adjustment expense ratio (loss and LAE ratio), the underwriting expense ratio and, where applicable, the ratio of dividends to policyholders to net premiums earned. 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.

Gross written premiums reflect the direct and assumed contractually determined amounts charged to the policyholders for the effective period of the contract based on the terms and conditions of the insurance contract. Gross written premiums are a measure of overall business volume. Net written premiums reflect gross written premiums less premiums ceded to reinsurers.
Glossary of Financial Measures - Continued

**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 (i.e., excluding FAS 115), 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. **Tangible book value per share** is adjusted book value per share excluding the after-tax value of goodwill and other intangible assets divided by the number of common shares outstanding. In the opinion of the company's management, tangible book value per share is useful in an analysis of a property casualty company’s book value on a nominal basis as it removes certain effects of purchase accounting (i.e., goodwill and other intangible assets), in addition to the effect of changing prices on invested assets.

Description of Reportable Business Segments

**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, Aviation and Agribusiness; Target Risk Underwriting including National Property, Inland Marine, Ocean Marine, Excess Casualty, Boiler & Machinery, and Global Accounts; 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, healthcare 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 require a primarily credit-based underwriting process, as well as property and casualty products that are primarily marketed on a domestic basis in the United Kingdom, Ireland and Canada, and on an international basis through Lloyd’s. The businesses in Financial, Professional & International Insurance are Bond & Financial Products and International.

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

<table>
<thead>
<tr>
<th>($ in millions; after-tax)</th>
<th>Three Months Ended March 31,</th>
<th>Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reconciliation of operating income to net income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>$ 799$</td>
<td>$ 3,195$</td>
</tr>
<tr>
<td>Net realized investment gains (losses)</td>
<td>(137)</td>
<td>(271)</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>662</td>
<td>2,924</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$ 662$</td>
<td>$ 2,924$</td>
</tr>
</tbody>
</table>

### As of March 31,

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>As of March 31,</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reconciliation of adjusted common shareholders’ equity to common shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted common shareholders’ equity</td>
<td>$ 25,867$</td>
<td>$ 25,374$</td>
</tr>
<tr>
<td>Net unrealized investment gains (losses), net of tax</td>
<td>543</td>
<td>(144)</td>
</tr>
<tr>
<td><strong>Common shareholders’ equity</strong></td>
<td>$ 26,410$</td>
<td>$ 25,230$</td>
</tr>
</tbody>
</table>

**Return on equity**
- 10.2% 11.4% 18.0% 17.9% 7.5%
- 10.2% 11.4% 18.0% 17.9% 9.5%
- 12.4% 12.4% 17.7% 17.9% 9.6%
## Reconciliation of Tangible and Adjusted Common Shareholders’ Equity to Common Shareholders’ Equity

($ in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2009</th>
<th>December 31, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible common shareholders’ equity</td>
<td>$21,919</td>
<td>$21,402</td>
</tr>
<tr>
<td>Goodwill and other intangibles, net of tax</td>
<td>3,948</td>
<td>3,972</td>
</tr>
<tr>
<td>Adjusted common shareholders’ equity</td>
<td>25,867</td>
<td>25,374</td>
</tr>
<tr>
<td>Net unrealized investment gains (losses), net of tax</td>
<td>543</td>
<td>(144)</td>
</tr>
<tr>
<td>Common shareholders' equity</td>
<td>$26,410</td>
<td>$25,230</td>
</tr>
</tbody>
</table>

| Common shares outstanding | 585.3 | 585.1 |

| Tangible book value per share | $37.45 | $36.58 |
| Adjusted book value per share | 44.19  | 43.37  |
| Book value per share | 45.12  | 43.12  |
Reconciliation of Underwriting Gain (Loss) to Net Income
($ in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th>Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting gain (loss)</td>
<td>$353</td>
<td>$1,076</td>
</tr>
<tr>
<td>Net investment income</td>
<td>474</td>
<td>2,299</td>
</tr>
<tr>
<td>Other, including interest expense</td>
<td>(28)</td>
<td>(180)</td>
</tr>
<tr>
<td>Operating income</td>
<td>799</td>
<td>3,195</td>
</tr>
<tr>
<td>Net realized investment gains (losses)</td>
<td>(137)</td>
<td>(271)</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>662</td>
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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 financial supplements are publicly available on the Travelers website (www.travelers.com)

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