Explanatory Note

This presentation contains, and management may make, certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Specifically, earnings guidance, statements about our share repurchase plans (which repurchase plans depend on a variety of factors, including our financial position, earnings, capital requirements of our operating subsidiaries, legal requirements, regulatory constraints, other investment opportunities (including mergers and acquisitions), market conditions and other factors) and statements about the potential impact of recent or future disruption in the investment markets and other economic conditions on our investment portfolio and underwriting results, among others, are forward looking, and we may make forward-looking statements about, among other things, our results of operations (including, among others, premium volume, premium rates (either for new or renewal business), net and operating income, investment portfolio allocation and performance, return on equity, expected current returns and combined ratio) and financial condition; the sufficiency of our asbestos and other reserves (including, among others, asbestos claim payment patterns); the impact of emerging claims issues (including, among others, Chinese-made drywall); the cost and availability of reinsurance coverage; catastrophe losses; the impact of investment, economic and underwriting market conditions; and strategic initiatives. We caution investors that 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 results of operations, our financial position and/or liquidity, and could adversely impact our ratings, our ability to raise capital and the availability and cost of reinsurance; during or following a period of financial market disruption or prolonged economic downturn, our business could be materially and adversely affected; our investment portfolio may suffer reduced returns or material losses; 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; 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; 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; our efforts to develop new products or expand in targeted markets may not be successful and may create enhanced risks; our business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology; if we experience difficulties with technology, data security and/or outsourcing relationships our ability to conduct our business could be negatively impacted; acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences; 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 businesses may be adversely affected if we are unable to hire and retain qualified employees; and 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.

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 our forward-looking statements. For a more detailed discussion of these factors, see the information under the caption "Risk Factors" in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission and "Management’s Discussion and Analysis of Financial Condition and Results of Operations" in our most recent annual report on Form 10-K and our quarterly report on Form 10-Q filed with the Securities and Exchange Commission.

In this presentation, we may refer to some non-GAAP financial measures. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to the Annex to this presentation and to our most recent earnings release and financial supplement which are available on the Travelers website under the investor section (www.travelers.com).
## AGENDA

**Jay Fishman**, Chairman & Chief Executive Officer

**Bill Heyman**, Vice Chairman & Chief Investment Officer

**Jay Benet**, Vice Chairman & Chief Financial Officer

**Brian MacLean**, President & Chief Operating Officer

### Q&A

### Break

**Doreen Spadorcia**, Executive Vice President, Claim Services & Chief Executive Officer, Personal Insurance

**Greg Toczydlowski**, Executive Vice President & President, Personal Insurance

**Jay Fishman**, Wrap Up

### Q&A

### Reception
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
Financial Objectives

- Target mid-teens return on equity over the long term.
- Grow market share over time, with focus on organic growth.
- Focus on maintaining the appropriate level of capital to support our business and “AA” equivalent financial ratings.
  - Maintain debt to total capital ratio of approximately 20%.
  - Maintain meaningful holding company liquidity.
- Return excess capital to shareholders.
Returns Consistent With Financial Targets
($ in billions)

From January 1, 2005 through March 31, 2010,
Average annual return on equity\(^1\) of 13.5%;
Average annual operating return on equity of 14.2%

\^1Excludes equity ownership in Nuveen Investments which was classified as a discontinued operation and sold in 2005.
See Annex for reconciliation of non-GAAP financial measures to the most comparable GAAP measures

<table>
<thead>
<tr>
<th>Year</th>
<th>ROE</th>
<th>Operating ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005(^1)</td>
<td>9.5%</td>
<td>9.6%</td>
</tr>
<tr>
<td>2006</td>
<td>17.9%</td>
<td>17.9%</td>
</tr>
<tr>
<td>2007</td>
<td>18.0%</td>
<td>17.7%</td>
</tr>
<tr>
<td>2008</td>
<td>11.4%</td>
<td>12.4%</td>
</tr>
<tr>
<td>2009</td>
<td>13.5%</td>
<td>14.0%</td>
</tr>
<tr>
<td>1Q'10</td>
<td>9.6%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>
Grow Market Share Over Time: Top Line Growth Versus Competitor Group

Net Written Premium Trends

Outperformed competitor group over a period of 17 quarters by an average of 3.1% 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 Aflanzadora Insurgentes, the company’s Mexican bond operation.

2 Competitor group consists of comparable business segments of: 1) ACE: Insurance North America Segment, 2) AIG: Commercial Insurance Segment, 3) Allstate, 4) Chubb 5) CNA, 6) Hartford: Property Casualty Ongoing Operations, 7) Progressive, 8) Liberty Mutual ex Life Operations and adjusted to include Safeco and Ohio Casualty

Source of competitor data: company reports.
Very Strong Financial Position
($ and shares in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>$ 6,525</td>
<td>$ 6,527</td>
</tr>
<tr>
<td>Preferred equity</td>
<td>77</td>
<td>79</td>
</tr>
<tr>
<td>Common equity ¹</td>
<td>24,656</td>
<td>25,475</td>
</tr>
<tr>
<td>Total capital ¹</td>
<td>$ 31,258</td>
<td>$ 32,081</td>
</tr>
<tr>
<td>Debt to capital ¹</td>
<td>20.9%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Common shares outstanding</td>
<td>497.0</td>
<td>520.3</td>
</tr>
<tr>
<td>Book value per common share</td>
<td>$ 53.50</td>
<td>$ 52.54</td>
</tr>
<tr>
<td>Adjusted book value per common share ¹</td>
<td>$ 49.60</td>
<td>$ 48.96</td>
</tr>
<tr>
<td>Tangible book value per common share ¹</td>
<td>$ 41.82</td>
<td>$ 41.49</td>
</tr>
<tr>
<td>Statutory surplus</td>
<td>$ 21,607</td>
<td>$ 23,195</td>
</tr>
<tr>
<td>Holding company liquidity</td>
<td>$ 3,034</td>
<td>$ 2,144</td>
</tr>
</tbody>
</table>

¹ Excludes net unrealized investment gains

See Annex for reconciliation of non-GAAP financial measures to the most comparable GAAP measures

**Capital**
- At or above target levels for all rating agencies
  - June 2008: Moody’s upgraded financial strength ratings to Aa2
  - August 2009: S&P revised outlook on financial strength and debt ratings to positive from stable

**Leverage**
- Debt to capital ratio of 20.9% approximates target level
- Low level of maturing debt

**Liquidity**
- Holding company liquidity was almost three times the company’s target level due to the timing of operating company dividends

**Very high quality investment portfolio**
Return Excess Capital to Shareholders
($ in millions)

Common Share Repurchases and Dividends

Cumulative share repurchases since initial authorization granted by the Board in 2Q’06 of $10.9 billion, representing 37% of 3/31/06 market capitalization.
Return to Shareholders - Annual Cash Yield

Common Share Repurchases and Dividends as a Percentage of Market Capitalization

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2.5%</td>
</tr>
<tr>
<td>2006</td>
<td>5.9%</td>
</tr>
<tr>
<td>2007</td>
<td>10.1%</td>
</tr>
<tr>
<td>2008</td>
<td>8.4%</td>
</tr>
<tr>
<td>2009</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

Market capitalization as of the beginning of each calendar year.
Growing Book Value Per Share

**Book Value Per Share**

CAGR: 12.9%

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$31.94</td>
</tr>
<tr>
<td>2006</td>
<td>$36.86</td>
</tr>
<tr>
<td>2007</td>
<td>$42.22</td>
</tr>
<tr>
<td>2008</td>
<td>$43.12</td>
</tr>
<tr>
<td>2009</td>
<td>$52.54</td>
</tr>
<tr>
<td>1Q'10</td>
<td>$53.50</td>
</tr>
</tbody>
</table>

**Adjusted Book Value Per Share**

CAGR: 11.3%

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$31.47</td>
</tr>
<tr>
<td>2006</td>
<td>$36.20</td>
</tr>
<tr>
<td>2007</td>
<td>$41.23</td>
</tr>
<tr>
<td>2008</td>
<td>$43.37</td>
</tr>
<tr>
<td>2009</td>
<td>$48.96</td>
</tr>
<tr>
<td>1Q'10</td>
<td>$49.60</td>
</tr>
</tbody>
</table>

1 Adjusted book value per share is total common shareholders’ equity excluding the after-tax impact of net unrealized investment gains and losses divided by the number of common shares outstanding. See Annex for reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
Investments: Illustrative Impact of Higher Short-Term and Non-Fixed Income Yields on Operating Return on Equity

<table>
<thead>
<tr>
<th>Illustrative Impact on Full Year 2010 Operating Return on Equity Embedded in Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returning to a higher short-term yield of 2.5% after-tax</td>
</tr>
<tr>
<td>Returning to a higher yield of 7% after-tax on non-fixed income investment portfolio</td>
</tr>
</tbody>
</table>
Investing in Meaningful and Sustainable Competitive Advantages – Well Positioned for the Present and Future

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

TravComp ®
e-CARMA
Surety Peer Analysis Tool

Direct to Consumer

Claim U
ConciergeCLAIM
CAT Response
Specialized Risk Control

TravelersExpress℠
TravelersExpressPlus℠

Branding

Enhanced Management Analytics
Superior Execution: Submission Flow

Select Accounts\(^1\)

- 31% CAGR

2006 2007 2008 2009

Commercial Accounts

- 19% CAGR

2006 2007 2008 2009

Other Business Insurance\(^2\)

- 15% CAGR

2006 2007 2008 2009

Management Liability

- 12% CAGR

2006 2007 2008 2009

\(^1\) 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.
Superior Execution: Indicators of “Customer” Growth

**Commercial Accounts**
- Standard Account Identifier
- 5% CAGR

- 2007
- 2008
- 2009
- 1Q’10

Well positioned for the future

**Select**
- Accounts In-Force
- 11% CAGR

- 2007
- 2008
- 2009
- 1Q’10

**Personal Insurance**
- Policies In-Force
- 2% CAGR

- 2007
- 2008
- 2009
- 1Q’10
Superior Execution: Retention and New Business

**Business Insurance**
(Excluding National Accounts)

- **Retention:** 80% in 2005, 82% in 2006, 82% in 2007, 83% in 2008, 82% in 2009
- **New business as a percentage of expiring premium:** 19% in 2005, 19% in 2006, 21% in 2007, 19% in 2008, 20% in 2009

**Financial, Professional & International Insurance**
Management Liability

- **Retention:** 81% in 2005, 82% in 2006, 83% in 2007, 84% in 2008, 82% in 2009
- **New business as a percentage of expiring premium:** 19% in 2005, 19% in 2006, 19% in 2007, 15% in 2008, 15% in 2009, 14% in 2009

**Personal Insurance**
Automobile

- **Retention:** 84% in 2005, 84% in 2006, 83% in 2007, 82% in 2008, 81% in 2009
- **New business as a percentage of expiring premium:** 20% in 2005, 26% in 2006, 19% in 2007, 20% in 2008, 18% in 2009

**Personal Insurance**
Homeowners and Other

- **Retention:** 87% in 2005, 87% in 2006, 86% in 2007, 86% in 2008, 86% in 2009
- **New business as a percentage of expiring premium:** 19% in 2005, 22% in 2006, 18% in 2007, 18% in 2008, 18% in 2009

---

1 2005 and 2006 exclude Massachusetts.

Note: statistics are subject to change based on a number of factors, including changes in actuarial estimates.
Superior Execution: Renewal Premium Change
Rate Versus Exposure/Other

Renewal Rate Change
11%

Exposure/Other %

Renewal Premium Change
22%

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.

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.
Total Return: 20 Largest S&P Financial Companies\(^1\) and Other Selected Financial Companies \(^2\) (as of April 30, 2010)

### 5 Year +

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franklin Resources</td>
<td>82.8%</td>
</tr>
<tr>
<td>Charles Schwab</td>
<td>78.7%</td>
</tr>
<tr>
<td>Simon Property Group</td>
<td>70.5%</td>
</tr>
<tr>
<td>The Chubb Companies</td>
<td>56.0%</td>
</tr>
<tr>
<td>Travelers</td>
<td>55.3%</td>
</tr>
<tr>
<td>CME Group</td>
<td>53.9%</td>
</tr>
<tr>
<td>Goldman Sachs Group</td>
<td>46.4%</td>
</tr>
<tr>
<td>Aflac</td>
<td>40.8%</td>
</tr>
<tr>
<td>PNC Corp</td>
<td>38.7%</td>
</tr>
<tr>
<td>ACE</td>
<td>38.6%</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>31.2%</td>
</tr>
<tr>
<td>JPMorgan Chase &amp; Co</td>
<td>27.4%</td>
</tr>
<tr>
<td>Prudential</td>
<td>26.6%</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>26.0%</td>
</tr>
<tr>
<td>MetLife</td>
<td>21.5%</td>
</tr>
<tr>
<td>Cigna</td>
<td>18.8%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>11.2%</td>
</tr>
<tr>
<td>CNA</td>
<td>7.8%</td>
</tr>
<tr>
<td>Progressive</td>
<td>6.0%</td>
</tr>
<tr>
<td>Bank of New York Mellon</td>
<td>6.0%</td>
</tr>
<tr>
<td>U.S. Bancorp</td>
<td>4.7%</td>
</tr>
<tr>
<td>American Express</td>
<td>2.1%</td>
</tr>
<tr>
<td>BB&amp;T</td>
<td>2.0%</td>
</tr>
<tr>
<td>Aetna</td>
<td></td>
</tr>
<tr>
<td>State Street</td>
<td></td>
</tr>
<tr>
<td>Cincinnati Financial</td>
<td></td>
</tr>
<tr>
<td>Allstate</td>
<td></td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td></td>
</tr>
<tr>
<td>Capital One</td>
<td></td>
</tr>
<tr>
<td>Hartford Financial Services</td>
<td></td>
</tr>
<tr>
<td>Bank of America</td>
<td></td>
</tr>
<tr>
<td>XL Capital</td>
<td></td>
</tr>
<tr>
<td>Citigroup</td>
<td></td>
</tr>
<tr>
<td>AIG</td>
<td></td>
</tr>
</tbody>
</table>

1. By Market capitalization as of April 30, 2010
2. 5 Year + is from 12/31/04 – 4/30/10

Note: Total return is a concept used to compare the performance of a company’s stock over time and is the ratio of the net stock price change plus the cumulative amount of dividends over the specified time period, assuming dividend reinvestment, to the stock price at the beginning of the time period. Total return to shareholders is not included as an indication of future performance. Source: SNL Financial
## Investments: Portfolio Mix

($ in millions)

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>1Q'10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total invested assets</strong></td>
<td>$ 74,818</td>
<td>$ 70,738</td>
<td>$ 74,965</td>
<td>$ 74,041</td>
</tr>
<tr>
<td>Taxable fixed maturities</td>
<td>35%</td>
<td>32%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Tax-exempt fixed maturities</td>
<td>52%</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
</tr>
<tr>
<td><strong>Total fixed maturities</strong></td>
<td>87%</td>
<td>87%</td>
<td>88%</td>
<td>88%</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
<td>-%</td>
</tr>
<tr>
<td>Short-term securities</td>
<td>7%</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total fixed income</strong></td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
</tr>
<tr>
<td>Private equities</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Equity securities</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Real estate &amp; other</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total non-fixed income</strong></td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Net realized investment gains(losses) (pretax)</td>
<td>$ 154</td>
<td>$ (415)</td>
<td>$ 17</td>
<td>$ 25</td>
</tr>
</tbody>
</table>

### Fixed maturities data:

<table>
<thead>
<tr>
<th>Average quality rating</th>
<th>Aa1, AA+</th>
<th>Aa1, AA+</th>
<th>Aa2, AA</th>
<th>Aa2, AA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below investment grade</td>
<td>2.5%</td>
<td>2.0%</td>
<td>2.7%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Average duration</td>
<td>4.0</td>
<td>4.2</td>
<td>3.9</td>
<td>3.9</td>
</tr>
</tbody>
</table>

1 Average duration of fixed maturities and short-term securities, net of securities lending activities and net receivables and payables on investment sales and purchases.
Historical Credit Spread

Spread by Asset Class

Option Adjusted Spread

<table>
<thead>
<tr>
<th>U.S. Investment Grade Corporates</th>
<th>Emerging Markets (USD)</th>
<th>U.S. High Yield</th>
<th>Residential Mortgages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-04</td>
<td>Jul-05</td>
<td>Jul-06</td>
<td>Jul-07</td>
</tr>
<tr>
<td>Jan-05</td>
<td>Jan-06</td>
<td>Jan-07</td>
<td>Jan-08</td>
</tr>
<tr>
<td>Jul-08</td>
<td>Jan-09</td>
<td>Jan-10</td>
<td>Jan-11</td>
</tr>
</tbody>
</table>
## Travelers Investment Portfolio

($ in millions)

### March 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>Market Value</th>
<th>3/31/10 Unfunded Commitment</th>
<th>3/31/10 Market Value</th>
<th>Potential Allocation %</th>
<th>Potential Allocation</th>
<th>Estimated Unfunded Asset Allocation</th>
<th>Potential Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed income investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term investments</td>
<td>$ 4,648</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Government</td>
<td>2,104</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal securities</td>
<td>41,406</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign governments</td>
<td>1,922</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td>5,010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment grade corporates</td>
<td>13,295</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Below investment grade corporates</strong></td>
<td>$ 1,379</td>
<td>1.9%</td>
<td>3.0%</td>
<td>$ 2,200</td>
<td>$ 821</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed income investments</strong></td>
<td>$ 69,764</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity &amp; equity-related investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Private equity funds</td>
<td>$ 1,588</td>
<td>$ 962</td>
<td>2.2%</td>
<td>4.0%</td>
<td>$ 3,000</td>
<td>$ 1,800</td>
<td>$ 1,412</td>
</tr>
<tr>
<td>* Hedge funds</td>
<td>476</td>
<td>0.6%</td>
<td>2.0%</td>
<td></td>
<td>1,500</td>
<td>1,024</td>
<td></td>
</tr>
<tr>
<td>Common stocks</td>
<td>227</td>
<td>0.3%</td>
<td>1.0%</td>
<td></td>
<td>700</td>
<td>473</td>
<td></td>
</tr>
<tr>
<td>Trading securities</td>
<td>24</td>
<td>0.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other investments</td>
<td>336</td>
<td>0.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-redeemable preferred stocks</td>
<td>236</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity &amp; equity-related investments</strong></td>
<td>$ 2,887</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 2,909</td>
</tr>
<tr>
<td><strong>Real estate investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Properties directly owned</td>
<td>$ 851</td>
<td>$ 338</td>
<td>1.1%</td>
<td>2.5%</td>
<td>$ 1,900</td>
<td>$ 1,049</td>
<td></td>
</tr>
<tr>
<td>* Real estate partnerships</td>
<td>500</td>
<td>$ 338</td>
<td>0.7%</td>
<td>1.0%</td>
<td>700</td>
<td>500</td>
<td>200</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Real estate investments</strong></td>
<td>$ 1,390</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 1,249</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$ 74,041</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Higher Risk Assets</strong></td>
<td>$ 5,381</td>
<td>$ 1,300</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 2,300</td>
</tr>
</tbody>
</table>

* Schedule BA Assets

Higher risk assets highlighted in yellow

1 Dependent on market conditions and other factors. May change over time
Our current view is that, to alter our asset allocations to the extent shown on the previous page, we would want the expected incremental “Net Investment Income” from the higher risk assets to have a pre-tax yield of 800 bps in excess of our lower risk assets. (Of course, this view depends on market conditions and other factors and may change from time to time)

This would produce $240 million additional after-tax net income

Biggest single variable to portfolio is still interest rates
Very Strong Financial Position
($ and shares in millions, except per share amounts)

Capital
- At or above target levels for all rating agencies
  - June 2008: Moody’s upgraded financial strength ratings to Aa2
  - August 2009: S&P revised outlook on financial strength and debt ratings to positive from stable

Leverage
- Debt to capital ratio of 20.9% approximates target level
- Low level of maturing debt

Liquidity
- Holding company liquidity was almost three times the company’s target level due to the timing of operating company dividends

Very high quality investment portfolio

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>$ 6,525</td>
<td>$ 6,527</td>
</tr>
<tr>
<td>Preferred equity</td>
<td>77</td>
<td>79</td>
</tr>
<tr>
<td>Common equity</td>
<td>24,656</td>
<td>25,475</td>
</tr>
<tr>
<td><strong>Total capital</strong></td>
<td><strong>$ 31,258</strong></td>
<td><strong>$ 32,081</strong></td>
</tr>
<tr>
<td>Debt to capital</td>
<td>20.9%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Common shares outstanding</td>
<td>497.0</td>
<td>520.3</td>
</tr>
<tr>
<td>Book value per common share</td>
<td>$ 53.50</td>
<td>$ 52.54</td>
</tr>
<tr>
<td>Adjusted book value per common share</td>
<td>$ 49.60</td>
<td>$ 48.96</td>
</tr>
<tr>
<td>Tangible book value per common share</td>
<td>$ 41.82</td>
<td>$ 41.49</td>
</tr>
<tr>
<td>Statutory surplus</td>
<td>$ 21,607</td>
<td>$ 23,195</td>
</tr>
<tr>
<td>Holding company liquidity</td>
<td>$ 3,034</td>
<td>$ 2,144</td>
</tr>
</tbody>
</table>

1 Excludes net unrealized investment gains
See Annex for reconciliation of non-GAAP financial measures to the most comparable GAAP measures
Recent Drivers of Favorable Reserve Development

- External environment
  - Favorable frequency trends

**Workers’ Comp Frequency Trend: 1926 – 2008**

Manufacturing – Total Recordable Cases
Rate of Injury and Illness Cases per 100 Full-Time Workers

Note: Recessions indicated by gray bars.
Sources: NCCI from US Bureau of Labor Statistics; National Bureau of Economic Research
Recent Drivers of Favorable Reserve Development
($ in billions)

- External environment
  - Favorable frequency trends
  - Better than expected severity

U.S. Tort Costs*

* Excludes the tobacco settlement and medical malpractice
Sources: Tillinghast-Towers Perrin, 2008 Update on US Tort Cost Trends, Appendix 1A; I.I.I. calculations/estimates for 2009
Recent Drivers of Favorable Reserve Development

- External factors
  - Favorable frequency trends
  - Better than expected severity
- Internal factors

Claim Department Initiatives

ConciergeCLAIM
- Shortening general liability claim cycle

Catastrophe response
- Enhanced subrogation through aggregate strategies
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 2009 combined annual statutory statement of the company’s domestic insurance subsidiaries which contains 94% of total Travelers non-asbestos and environmental reserves
- The six lines presented represent 82% 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

\(^1\) 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, 2009
## Net Paid to Incurred Ratios – 2009 Industry Comparison

<table>
<thead>
<tr>
<th>Accident Year</th>
<th>Peer(1) TRV</th>
<th>Industry TRV</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>76.6%</td>
<td>72.4%</td>
<td>85.2%</td>
</tr>
<tr>
<td>2001</td>
<td>69.2%</td>
<td>65.3%</td>
<td>81.9%</td>
</tr>
<tr>
<td>2002</td>
<td>73.9%</td>
<td>64.9%</td>
<td>80.5%</td>
</tr>
<tr>
<td>2003</td>
<td>76.3%</td>
<td>59.2%</td>
<td>77.2%</td>
</tr>
<tr>
<td>2004</td>
<td>74.3%</td>
<td>57.4%</td>
<td>74.0%</td>
</tr>
<tr>
<td>2005</td>
<td>71.0%</td>
<td>48.5%</td>
<td>70.2%</td>
</tr>
<tr>
<td>2006</td>
<td>61.4%</td>
<td>43.3%</td>
<td>63.0%</td>
</tr>
<tr>
<td>2007</td>
<td>52.6%</td>
<td>40.7%</td>
<td>55.1%</td>
</tr>
<tr>
<td>2008</td>
<td>39.6%</td>
<td>33.6%</td>
<td>42.7%</td>
</tr>
<tr>
<td>2009</td>
<td>18.0%</td>
<td>16.1%</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accident Year</th>
<th>Peer(1) TRV</th>
<th>Industry TRV</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>99.7%</td>
<td>99.5%</td>
<td>99.6%</td>
</tr>
<tr>
<td>2001</td>
<td>99.6%</td>
<td>99.3%</td>
<td>99.5%</td>
</tr>
<tr>
<td>2002</td>
<td>99.2%</td>
<td>99.0%</td>
<td>99.2%</td>
</tr>
<tr>
<td>2003</td>
<td>98.9%</td>
<td>98.6%</td>
<td>98.7%</td>
</tr>
<tr>
<td>2004</td>
<td>98.2%</td>
<td>97.8%</td>
<td>97.9%</td>
</tr>
<tr>
<td>2005</td>
<td>96.4%</td>
<td>95.7%</td>
<td>96.0%</td>
</tr>
<tr>
<td>2006</td>
<td>92.4%</td>
<td>91.8%</td>
<td>91.8%</td>
</tr>
<tr>
<td>2007</td>
<td>85.0%</td>
<td>83.3%</td>
<td>84.1%</td>
</tr>
<tr>
<td>2008</td>
<td>74.1%</td>
<td>67.5%</td>
<td>70.4%</td>
</tr>
<tr>
<td>2009</td>
<td>43.9%</td>
<td>38.7%</td>
<td>40.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accident Year</th>
<th>Peer(1) TRV</th>
<th>Industry TRV</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>96.3%</td>
<td>95.5%</td>
<td>96.6%</td>
</tr>
<tr>
<td>2001</td>
<td>95.5%</td>
<td>96.2%</td>
<td>96.2%</td>
</tr>
<tr>
<td>2002</td>
<td>94.3%</td>
<td>94.0%</td>
<td>94.3%</td>
</tr>
<tr>
<td>2003</td>
<td>93.0%</td>
<td>90.8%</td>
<td>92.9%</td>
</tr>
<tr>
<td>2004</td>
<td>91.0%</td>
<td>91.4%</td>
<td>91.6%</td>
</tr>
<tr>
<td>2005</td>
<td>89.2%</td>
<td>91.5%</td>
<td>87.8%</td>
</tr>
<tr>
<td>2006</td>
<td>77.5%</td>
<td>79.1%</td>
<td>78.7%</td>
</tr>
<tr>
<td>2007</td>
<td>68.8%</td>
<td>71.3%</td>
<td>70.3%</td>
</tr>
<tr>
<td>2008</td>
<td>64.6%</td>
<td>64.5%</td>
<td>65.2%</td>
</tr>
<tr>
<td>2009</td>
<td>37.8%</td>
<td>39.5%</td>
<td>39.1%</td>
</tr>
</tbody>
</table>

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

---

Travelers continues to look favorable relative to industry and peer group.

---

Note: Percentages in blue represent the lowest ratio.

Source: SNL Financial LC, filed annual statutory statements for 2009.
## IBNR to Incurred Ratios – 2009 Industry Comparison

**Note:** Percentages in **blue** represent the highest ratio.

**Source:** SNL Financial LC, filed annual statutory statements for 2009.

### 2009 Industry Comparison

<table>
<thead>
<tr>
<th>Year</th>
<th>Peer (%)</th>
<th>TRV</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>12.1%</td>
<td>11.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>2001</td>
<td>17.9%</td>
<td>17.0%</td>
<td>8.8%</td>
</tr>
<tr>
<td>2002</td>
<td>13.5%</td>
<td>17.5%</td>
<td>9.5%</td>
</tr>
<tr>
<td>2003</td>
<td>12.1%</td>
<td>21.1%</td>
<td>11.8%</td>
</tr>
<tr>
<td>2004</td>
<td>12.7%</td>
<td>23.1%</td>
<td>14.0%</td>
</tr>
<tr>
<td>2005</td>
<td>15.4%</td>
<td>33.0%</td>
<td>16.7%</td>
</tr>
<tr>
<td>2006</td>
<td>22.2%</td>
<td>37.6%</td>
<td>21.5%</td>
</tr>
<tr>
<td>2007</td>
<td>28.4%</td>
<td>41.8%</td>
<td>25.4%</td>
</tr>
<tr>
<td>2008</td>
<td>36.2%</td>
<td>43.0%</td>
<td>32.4%</td>
</tr>
<tr>
<td>2009</td>
<td>59.0%</td>
<td>62.1%</td>
<td>52.2%</td>
</tr>
</tbody>
</table>

### Travelers continues to look favorable relative to industry and peer group

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 2009.
Travelers continues to expect that its full year 2010 operating income per diluted share will be in the range of $5.20 to $5.55, unchanged from the previously announced guidance range.

This guidance includes the reported results for the first quarter 2010 and estimates for the remainder of 2010 based on a number of assumptions, including:

**Assumptions**
- Catastrophe losses of $975 million pre-tax and $640 million after-tax, or $1.30 per diluted share, for the full year which incorporates actual experience for the first quarter 2010 and projects $504 million pre-tax and $328 million after-tax, or $0.67 per diluted share, for the remainder of the year;
- No additional prior year reserve development, favorable or unfavorable;
- Low single digit percentage decrease in average invested assets (excluding net unrealized investment gains and losses), after taking into account dividends and share repurchases;
- Common share repurchases of $3.5 billion to $4.0 billion for the full year; and
- Weighted average diluted shares of 490 million to 495 million.
Brian MacLean
President & Chief Operating Officer

Investor Day
May 20, 2010
Travelers Foundation for Success

Mid-Teens ROE Over Time

- Underwriting Sophistication
- Claim Effectiveness
- Local Access
- Strong Distribution
- Customer Focus
- Product Quality & Breadth

Data | Culture | People | Technology
Travelers Superior Marketplace Execution

Continual Process Focused on Front Line Execution

People

Technology

Data

Culture
Business Intelligence & Analytics Framework

- **Measure**
- **Understand**
- **Anticipate**
- **Influence & Optimize**

The framework consists of four main stages: Measure, Understand, Anticipate, and Influence & Optimize.
Industry Leading Business Intelligence & Analytics
Examples of Travelers’ Successes

- Portfolio Management: Individually Underwritten Business
- Evolution of Reporting: Account Executive Dashboard
- Understanding Causality: Homeowners Property Severity
Flow Business
- High volume, low transaction size
- Ease of use and efficiency are key
- Quantum and Express

Individually Underwritten
- Tools support underwriter in pricing and risk assessment decision
- Pricing support: predictive model-based to loss-rated
Portfolio Management  
Account Executives’ Focus

I. Retention ➡️ Retain the majority of the book

II. Renewal Price Change ➡️ Optimize the profitability on the retained book

III. New Business ➡️ Write new business for long term profitable growth

Giving every Account Executive the tools to optimize both the short and long term profitability of their book of business
Renewal business is critical for near-term profitability
New business is critical for long-term success

Note: statistics are subject to change based on a number of factors, including changes in actuarial estimates.
Drivers of Improvement over Time:

- Quickly identifying underperforming accounts allows us to:
  - Use claim & risk control resources to improve account loss profile
  - Non-renew accounts that cannot be improved

- Demonstrating franchise value allows us to:
  - Enhance retention on business we want
  - Improve pricing on accounts that need it
Portfolio Management
Long-Term View of Customer - Example

**Commercial Accounts 2007 New Business**

<table>
<thead>
<tr>
<th></th>
<th>New Business</th>
<th>1st Renewal</th>
<th>2nd Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Change: 2007 New Business</td>
<td>-2.7%</td>
<td></td>
<td>1.7%</td>
</tr>
<tr>
<td>Rate Change: Remainder of Book</td>
<td>-4.3%</td>
<td></td>
<td>0.5%</td>
</tr>
<tr>
<td>Retention: 2007 New Business</td>
<td>85%</td>
<td></td>
<td>81%</td>
</tr>
<tr>
<td>Retention: Remainder of Book</td>
<td>86.5%</td>
<td></td>
<td>85%</td>
</tr>
</tbody>
</table>

**Improvement over time primarily driven by non-price underwriting actions**
## Portfolio Management
### Optimizing the Portfolio - Example

### Renewal Pricing – Business Office

<table>
<thead>
<tr>
<th>Return on Allocated Capital</th>
<th>Expiring Premium</th>
<th>Retention</th>
<th>Rate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countrywide</td>
<td>$202 million</td>
<td>87.0%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Office</td>
<td>$15 million</td>
<td>90.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Highest</td>
<td></td>
<td>95.6%</td>
<td>1.3%</td>
</tr>
<tr>
<td>High</td>
<td></td>
<td>96.0%</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td>81.8%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td>86.7%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Lowest</td>
<td></td>
<td>93.5%</td>
<td>6.3%</td>
</tr>
</tbody>
</table>

Ability to target appropriate renewal action at the account level, based on predicted profitability.
Portfolio Management
Product Profitability Life Cycle

Illustrative Product Profitability Life Cycle

Return on Allocated Capital

New Business 1st Renewal 2nd Renewal Mature Business

Understanding both target & actual returns on new business is critical to underwriter confidence
## New and Renewal Pricing – Middle Market

<table>
<thead>
<tr>
<th>Policy Period</th>
<th>Retention%</th>
<th>Rate%</th>
<th>New Business %</th>
<th>Est. ROAC Renewal</th>
<th>Est. ROAC New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 2010</td>
<td>84.3%</td>
<td>2.8%</td>
<td>33.6%</td>
<td>15%</td>
<td>7%</td>
</tr>
<tr>
<td>Feb. 2010</td>
<td>76.9%</td>
<td>2.1%</td>
<td>29.6%</td>
<td>15%</td>
<td>8%</td>
</tr>
<tr>
<td>March 2010</td>
<td>79.8%</td>
<td>2.3%</td>
<td>29.5%</td>
<td>17%</td>
<td>6%</td>
</tr>
<tr>
<td>1Q 2010</td>
<td>82.0%</td>
<td>2.6%</td>
<td>32.0%</td>
<td>15%</td>
<td>7%</td>
</tr>
</tbody>
</table>
➤ *Travelers has created tools that enable Account Executives to:*

- Segment their renewals relative to retention & pricing benchmarks
- Clearly see the expected profitability of their new & renewal business
- Monitor & manage the life cycle of that new business over time

*Optimizing profitability for both near & long-term success*
Industry Leading Business Intelligence & Analytics
Examples of Travelers’ Successes

- Portfolio Management: Individually Underwritten Business
- Evolution of Reporting: Account Executive Dashboard
- Understanding Causality: Homeowners Property Severity
Portfolio Management
Reporting Evolution

- Anecdotal information & personal experience based underwriting
- Basic financial results by business & office: Controllable Income Statements
- Continuing granularity of information to line & individual underwriter level
- Interactive real-time individualized Account Executive dashboards

1992

Today
Evolution of Reporting
Dashboard Home Screen

Middle Market AF Dashboard

Upcoming Renewals (139)

New Business Submissions (46)

Prospects (137)
Evolution of Reporting
Key Renewal Information

Middle Market AE Dashboard

3 Year Rate History for COMPANY XXX

<table>
<thead>
<tr>
<th>Line</th>
<th>Eff.Dt.</th>
<th>GC Rate %</th>
<th>Exposure %</th>
<th>Other %</th>
<th>Written Revenue $</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUTO</td>
<td>04/01</td>
<td>-9.8%</td>
<td>-4.2%</td>
<td>-5.0%</td>
<td>$102,410</td>
</tr>
<tr>
<td>GL</td>
<td>04/01</td>
<td>24.7%</td>
<td>15.5%</td>
<td>1.9%</td>
<td>$79,163</td>
</tr>
<tr>
<td>PROP</td>
<td>04/01</td>
<td>-23.8%</td>
<td>-4.4%</td>
<td>1%</td>
<td>$132,557</td>
</tr>
<tr>
<td>WC</td>
<td>04/01</td>
<td>-11.4%</td>
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<td>$117,938</td>
</tr>
<tr>
<td>UMB</td>
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<td>11.9%</td>
<td>5%</td>
<td>$37,813</td>
</tr>
<tr>
<td>BLR</td>
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<td>-30.3%</td>
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<td>$7,889</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>-17.3%</td>
<td>-4.0%</td>
<td>-1.9%</td>
<td>$477,870</td>
</tr>
</tbody>
</table>

0% Quintile

Retained Rev. $ | GC Rate $ | Exp./ Other $ | RPC $ | Calc. Rev. $
114,696 | 5,735 | 5,735 | 129,431
70,627 | 3,531 | 3,531 | 74,158
143,269 | -7,163 | -7,163 | 136,106
95,927 | 9,593 | -19,185 | -9,593 | 86,334
62,999 | 0 | 0 | 62,999
8,589 | 0 | 0 | 8,589
496,107 | 11,696 | -19,185 | -7,490 | 488,617

Pro-Forma Input

<table>
<thead>
<tr>
<th>Line</th>
<th>Eff.Dt.</th>
<th>Avail. Base $</th>
<th>Retn?</th>
<th>Estimate or Actual</th>
<th>GC Rate %</th>
<th>Exp. Other %</th>
<th>Renewing Revenue $</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUTO</td>
<td>04/01</td>
<td>$114,696</td>
<td>Y</td>
<td>Est Actual</td>
<td>5</td>
<td>0</td>
<td>120,431</td>
</tr>
<tr>
<td>GL</td>
<td>04/01</td>
<td>$70,627</td>
<td>Y</td>
<td>Est Actual</td>
<td>5</td>
<td>0</td>
<td>74,158</td>
</tr>
<tr>
<td>PROP</td>
<td>04/01</td>
<td>$143,269</td>
<td>Y</td>
<td>Est Actual</td>
<td>5</td>
<td>0</td>
<td>136,106</td>
</tr>
<tr>
<td>WC</td>
<td>04/01</td>
<td>$95,927</td>
<td>Y</td>
<td>Est Actual</td>
<td>10</td>
<td>-20</td>
<td>86,334</td>
</tr>
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<td>UMB</td>
<td>04/01</td>
<td>$62,999</td>
<td>Y</td>
<td>Est Actual</td>
<td>0</td>
<td>0</td>
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<tr>
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<td>04/01</td>
<td>$8,589</td>
<td>Y</td>
<td>Est Actual</td>
<td>0</td>
<td>0</td>
<td>8,589</td>
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<tr>
<td>Total</td>
<td></td>
<td>$496,107</td>
<td>Y</td>
<td>Est Actual</td>
<td>2.36</td>
<td>-3.87</td>
<td>488,617</td>
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</tbody>
</table>

Pro-Forma Calculated

<table>
<thead>
<tr>
<th>Retained Rev. $</th>
<th>GC Rate $</th>
<th>Exp./ Other $</th>
<th>RPC $</th>
<th>Calc. Rev. $</th>
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<tbody>
<tr>
<td>114,696</td>
<td>5,735</td>
<td>5,735</td>
<td>129,431</td>
<td></td>
</tr>
<tr>
<td>70,627</td>
<td>3,531</td>
<td>3,531</td>
<td>74,158</td>
<td></td>
</tr>
<tr>
<td>143,269</td>
<td>-7,163</td>
<td>-7,163</td>
<td>136,106</td>
<td></td>
</tr>
<tr>
<td>95,927</td>
<td>9,593</td>
<td>-19,185</td>
<td>-9,593</td>
<td>86,334</td>
</tr>
<tr>
<td>62,999</td>
<td>0</td>
<td>0</td>
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<td></td>
</tr>
<tr>
<td>8,589</td>
<td>0</td>
<td>0</td>
<td>8,589</td>
<td></td>
</tr>
<tr>
<td>496,107</td>
<td>11,696</td>
<td>-19,185</td>
<td>-7,490</td>
<td>488,617</td>
</tr>
</tbody>
</table>
### Evolution of Reporting
**Modeling an Account Executives’ Portfolio**

#### Middle Market AE Dashboard

```
<table>
<thead>
<tr>
<th>Home</th>
<th>Renewals</th>
<th>Submissions</th>
<th>Prospects</th>
<th>Results</th>
<th>APE Production</th>
</tr>
</thead>
</table>
```

#### Upcoming Renewals

- **Program** (All)

#### Roll Up

- **Delegated Accounts**

#### Draw Retn %

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>99.9%</td>
<td>29.8%</td>
<td>89.4%</td>
<td>99.7%</td>
<td>91.4%</td>
</tr>
</tbody>
</table>

#### Draw Rate %

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1.3%</td>
<td>4.6%</td>
<td>1.6%</td>
<td>0.0%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

#### TOTAL RPC $:

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-599,823</td>
<td>-3,581</td>
<td>-121,403</td>
<td>6,049</td>
<td>-718,758</td>
</tr>
</tbody>
</table>

#### RPC %

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-12.9%</td>
<td>-1.9%</td>
<td>-18.1%</td>
<td>3.7%</td>
<td>-12.7%</td>
</tr>
</tbody>
</table>

#### Avail. Base $:

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>4,658,295</td>
<td>637,408</td>
<td>751,031</td>
<td>162,555</td>
<td>6,209,289</td>
</tr>
</tbody>
</table>

#### Pro-forma

```
<table>
<thead>
<tr>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention</td>
<td>85.7%</td>
<td>33.0%</td>
<td>100.0%</td>
<td>86.6%</td>
<td>73.3%</td>
</tr>
<tr>
<td>Rate</td>
<td>-5.8%</td>
<td>3.0%</td>
<td>-3.3%</td>
<td>2.8%</td>
<td>2.0%</td>
</tr>
<tr>
<td>RPC $</td>
<td>-25,558</td>
<td>-3,615</td>
<td>-96,632</td>
<td>-75,769</td>
<td>-753</td>
</tr>
</tbody>
</table>
All information is available & organized in one tool

- Links to all underwriting tools & manuals

Account Executives spend less time searching & organizing data and more time executing on the data in the marketplace

Account Executives can model the impact of potential actions

2010 capability with powerful front line impact
Industry Leading Business Intelligence & Analytics
Examples of Travelers’ Successes

- Portfolio Management: Individually Underwritten Business
- Evolution of Reporting: Account Executive Dashboard
- Understanding Causality: Homeowners Property Severity

![Graph showing actual vs. expected wind & hail and actual vs. expected hail](image)
Identifies macro issue; No actionable response facilitated
Understanding Causality
Homeowners Property Severity – Detailed Claim Data

Ex-Catastrophe PI Severity by Cause of Loss

Hail severity attributable to material cost, not average size of repair or labor cost

Average Sq. Ft. of Roof Repair

Labor & Material Cost for Roofs

Hail severity attributable to material cost, not average size of repair or labor cost
Understanding Causality: Asphalt Roof Shingles

Deeper Understanding – Driver of Material Cost

Asphalt Price Compared to PPI

Asphalt shingle price increase due to improvements in the crude oil refining process

Focus strategy on the cause:
Underwriting strategy to address long-term sustainable cost increase

PPI = Producer Price Index
Consistent pursuit to uncover “True” causality through the use of granular data with numerous attribution characteristics

Broad ability to align and incorporate external data

Accurate linking of data throughout policy, underwriting and claim environments

Focus strategy on “True” causality
Travelers Superior Marketplace Execution

Continual Process Focused on Front Line Execution

- People
- Technology
- Data
- Culture
To compete in this game you need to:

1. Have a large quantity of data
2. Have the will & ability to invest in technology and people
3. Have the culture to ensure that the data & tools are appropriately used
4. Understand that this is a race without a finish line
Claim Services
Organizational Principles

➢ Deep expertise leveraged across lines of business

➢ Resolution-focused

➢ Processes designed around customer experience

➢ Information Advantage

Leveraging expertise across a broad footprint

13,000 Claim Employees
Claim Services
A Sustainable Travelers Competitive Advantage

Outcomes

- New business and retention
- Optimal payout
- Deepen customer relationships and deliver value

Claim Contribution

- Information advantage for customer insights, product development, risk selection and pricing – accelerating data certainty
- Resolution excellence compressing claim process (eliminate fraud, improve customer satisfaction, and pay right amount)
- Speed, flexible delivery of claim service that customers value, share risk management knowledge

Jointly accountable for profitable growth
Claim Services
Examples of Competitive Advantages

- ConciergeCLAIM
- Catastrophe Management and Response
- Shortening General Liability Claim Cycle
- Enhanced Subrogation Through Aggregate Strategy
ConciergeCLAIM
Program Overview - Automobile

Concierge mindset: bringing higher levels of service that drive better outcomes

- Seamless management of repair process
- Priority vehicle repair
- Quality repair and lifetime guarantee
- Flexible model
- 68 locations

Growth of ConciergeCLAIM Program

- # of Locations
- # of Customers

Average Claim Payout

- Payout Advantage: 10%

98% customer satisfaction; Payout advantage
Concierge CLAIM
Program Overview - Property

Concierge mindset: bringing higher levels of service that drive better outcomes

After a catastrophe:
- Damaged roofs covered with tarps to prevent further damage
- Tree removal program
- Direct dispatch of cleaning and restoration
- Immediate lodging assistance

Mitigates further loss;
Enhances customer experience
Claim Services
Examples of Competitive Advantages

- Concierge CLAIM
- Catastrophe Management and Response
- Shortening General Liability Claim Cycle
- Enhanced Subrogation Through Aggregate Strategy
Catastrophe Management and Response

Results

Travelers Catastrophe Response – Hurricane Ike vs. Hurricane Rita

- Ike was 4X larger than Rita, but Travelers closed claims 4X faster

Since 2009 – Travelers’ Response to 34 Named Storms

Catastrophes Since 2009\(^1\) (average)
- 98% deployed report and available within 24 hours
- 80% voice-to-voice contact in 2 days
- 83% inspected in 14 days
- 91% closed within 30 days

Proven model; Consistency and sustainability

\(^1\)Named catastrophes since 2009 through first quarter 2010
**Catastrophe Management and Response**

*Travelers responds with our employees by leveraging our size, technology and workflow flexibility*

**Preparation**
- 1,600 property specialists
- 30% of claim cross-trained
- Enterprise resources
- Segmentation / workflow
- 5 Mobile claim centers
  - State of the art technology

**Response**
- Capacity to handle multiple/concurrent catastrophe events
- Contact centers - extensive scalability
- Catastrophe center with virtual expansion to 30+ locations
- Virtual claim handling and technical support

---

**Diagram:**
- **Local CAT Site**
- **Catastrophe Center**
- **Remote Claim Centers**
- **Contact Centers**
- **Enterprise Work Force**
Claim Services
Examples of Competitive Advantages

- ConciergeCLAIM
- Catastrophe Management and Response
- Shortening General Liability Claim Cycle
- Enhanced Subrogation Through Aggregate Strategy
Shortening General Liability Claim Cycle
Resolution Excellence

- Speed – Fair and prompt investigations/settlements lead to claims closing faster, and reduced litigation
- Settle the right claims, try the right cases
- Handle resulting litigation more effectively
- Use of Staff Counsel (in–house trial counsel) for better total outcomes

![Diagram](Image)
Shortening General Liability Claim Cycle

**Resolution Excellence**

- **Investigation / Evaluation / Settlements**
  - 24-hour contact
  - Early on-site investigations
  - Pay promptly what Travelers owes with first call settlements
  - Deny / resolve non-meritorious claims
  - Utilize appropriate specialized resources for early evaluations and resolution plans (nurses, risk control, fraud detection)

- **Time to resolve**

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Severity Claims</th>
<th>High Severity Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>![](17% Higher)</td>
<td>![](9% Higher)</td>
</tr>
<tr>
<td>2009</td>
<td>![](8% Higher)</td>
<td>![](9% Higher)</td>
</tr>
</tbody>
</table>

1 Excludes Construction
Shortening General Liability Claim Cycle
Resolution Excellence

General Liability Staff Counsel Utilization – a Differentiator

- 27% increase in use of Staff Counsel
- 21% reduction in legal expense across General Liability

General Liability Staff Counsel Trial Appetite

- Firm fair offer before trial
- Aggressive use of mediation
- Establish reputation that we will try cases
Shortening General Liability Claim Cycle
Resolution Excellence

**General Liability Notices & Litigated Files**

- Slight increase in general liability notices (2005 – 2009)
- Suit volume down 26%
- Suit duration down greater than 10%

**Summary**

- Claim resolution time
- Lawsuits
- Lawsuit duration
- Legal expense (down)
- Total outcome
- Customer experience
Shortening General Liability Claim Cycle
Resolution Excellence
Claim Services
Examples of Competitive Advantages

- Concierge CLAIM
- Catastrophe Management and Response
- Shortening General Liability Claim Cycle
- Enhanced Subrogation Through Aggregate Strategy
Enhanced Subrogation Through Aggregate Strategy

*Information Advantage Coupled with Specialized Expertise and Process*

### Subrogation

- What is an Aggregate Strategy?
  - Identify and pursue, *as a group*, losses involving similar product failures or similar responsible parties
- Data capture and pattern recognition
- Forensic lab testing capabilities
- Guidelines established for frontline handlers
- Agreements with manufacturers to resolve claims for past and any future losses

### Aggregate Subrogation Advantages

- Achieve greater recovery at lower cost (often faster)
- Pursue claim recoveries that may not be cost effective to pursue individually
- Customer satisfaction and customer retention increase as more deductibles are returned
Enhanced Recoveries Through Aggregate Strategy

Information Advantage Coupled with Specialized Expertise and Process

Sample Products

- Currently pursuing 27 different products involving 31 manufacturers
- To date, Travelers has 4 global agreements with 4 manufacturers

- Aquarium light
- Automobiles
- Exhaust fans
- Dishwashers
- Floor fans
- Plumbing supply hoses
- Refrigerators
- Saws
- Sump pumps
- Toilet fill valves
- Water filters
- Water heaters

Cost effective recovery and mitigation; Enhanced customer experience
Claim Services – Going Forward
Customer Experience Investments to Grow Business

- Deep analytical approach → retention
  - Highly satisfied customers are twice as likely to renew their policy

- End-to-end technology
  - I-phone app & mobile web

- Comprehensive approach that complements Travelers’ deep technical and process excellence
  - Better feedback mechanisms
  - Focused training
  - Tools to set better expectations with customers
  - Overall orientation that has people using all tools to assist with customers’ problems

Result: Right outcome delivered in a way that makes the customer want to stay
Claim Services

Key Points

- Shortening claim cycles good for both customers and Travelers

- Another critical outcome of claims closing faster -- provides greater certainty around Travelers loss cost estimates

- Customers are increasingly becoming advocates
Personal Insurance Topics of Discussion

- Investments to date
- Financial and operational results
- On-going initiatives
Travelers Reporting Segments
($ in billions)

Personal Insurance
Net Written Premium: $7.1

- Offers automobile, homeowners, umbrella, tenant, boat and yacht and other products for individuals
- Distributes products primarily through a network of approximately 11,500 independent agencies throughout the United States
- Markets through additional distribution channels including employee and affinity groups and direct marketing

Business Insurance
Net Written Premium: $10.9

Financial, Professional & International Insurance
Net Written Premium: $3.3

Travelers
2009 Net Written Premium: $21.3
Travelers Personal Insurance Performance
2004-2008 Total Personal Insurance Industry (Auto & Home)

Combined Ratio

Less than 98%

Progressive
MetLife
Erie
Mercury
Liberty

More than 98%

State Farm
American
Family

TRAVELERS
1999-2003

Nationwide
AIG

TRAVELERS
2004-2008

USAA

Allstate
Hartford

GEICO

Farmers

Market Share Change

Source: AM Best auto and homeowners data.
Competitor data points represent 2004 – 2008 results.
Travelers Personal Insurance Blueprint

Priorities

2002

Invest in people, skill sets & culture
Invest in People, Skill Sets & Culture

- Developed advanced analytical talent
  - PhD’s: 17
  - Actuaries: 33
  - Masters in math / statistics: 17

- Established dedicated risk management unit
  - Dedicated staff managing multiple models

- Established state specific product management organization
  - 25 product managers
  - Average years of industry experience: 16

- Enhanced field organization with sales skills
Next Generation of Products

Quantumauto
- Multivariate pricing approach, one of the most sophisticated in the industry
- Currently available in 38 states and D.C.
- Successfully met sophistication, breadth and execution capability goals

Quantumhome
- Roll out: 2006 – ongoing
- Multivariate pricing approach, one of the most sophisticated in the industry
- Industry leading by peril pricing and segmentation
- Currently available in 40 states and D.C.
- Successfully enhanced already strong position with application of auto-like pricing sophistication

TRAVELERS

### PL Auto Marketplace

<table>
<thead>
<tr>
<th>Year</th>
<th>Preferred and Standard</th>
<th>Non-Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1X</td>
<td>D.C.</td>
</tr>
<tr>
<td>2002</td>
<td>12X</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>100X</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>1000X</td>
<td></td>
</tr>
</tbody>
</table>

$143 Billion

$17 Billion

**Granularity Index**
Both systematics strategy of agency appointments and enhanced geographic diversification strategy have contributed to the growth of new business. New agents appointed since 2005 contributed 34% of new business in 2009.

- **Systematic strategy of agency appointments**
  - 11,500 agents at year-end 2009 compared to 7,800 at year-end 2005

- **Enhanced geographic diversification strategy**
  - Western agency appointments comprise 40% of Travelers agency plant compared to 31% at year-end 2005
  - Western agencies contributed 54% of new business in 2009
Re-engineered claim process to focus on cycle time and quality
Personal Insurance Results
($ in millions)

Net Written Premium

CAGR: 7%

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Written Premium ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$4,575</td>
</tr>
<tr>
<td>2003</td>
<td>$5,082</td>
</tr>
<tr>
<td>2004</td>
<td>$5,929</td>
</tr>
<tr>
<td>2005</td>
<td>$6,228</td>
</tr>
<tr>
<td>2006</td>
<td>$6,711</td>
</tr>
<tr>
<td>2007</td>
<td>$6,835</td>
</tr>
<tr>
<td>2008</td>
<td>$6,995</td>
</tr>
<tr>
<td>2009</td>
<td>$7,149</td>
</tr>
</tbody>
</table>

CAGR = Compound Annual Growth Rate
Travelers averaged 4 points better than the industry.

Travelers net written premium compound annual growth rate over this period was 2 points better than the industry.
Travelers averaged 17 points better than the industry

Travelers net written premium compound annual growth rate over this period was 5 points better than the industry
Travelers Personal Insurance Blueprint

Invest in people, skill sets, & culture

2002

Invest in agency distribution

Next generation of products

2004

Claim investments

2007

Invest in digital commerce & customer experience

Invest in people, skill sets, & culture
Invest in People, Skill Sets & Culture

- Developed advanced analytical talent
  - PhD’s: 17
  - Actuaries: 33
  - Masters in math / statistics: 17

- Established dedicated risk management unit
  - Dedicated staff managing multiple models

- Established state specific product management organization
  - 25 product managers
  - Average years of industry experience: 16

- Enhanced field organization with sales skills

- Building the following capabilities:
  - E-commerce Agent experience
  - Marketing Customer experience
  - Call center sales Sales & service
Invest in Digital Commerce & Customer Experience

Launched mobile applications to provide functionality relevant to smartphone usage
Invest in Digital Commerce & Customer Experience

Personal Automobile Insurance Market Share by Channel

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

2008
- Captive Agency: 34%
- Independent Agency: 25%
- Direct: 41%

Direct channel is growing at the expense of the captive agency channel

Source: AM Best
Invest in Digital Commerce & Customer Experience

Travelers Personal Insurance Direct to Consumer Initiative

Goal: Generate calls and clicks at a competitive rate

**Progress:**
- Attribution of media type and spend to brand awareness, quotes and sales
- Significantly improved cost per quote (online and via direct mail)
- Understand quoter profiles by media type & channel

Goal: Efficiently turn shoppers into customers

**Progress:**
- Significantly improved web quoting engine, with further enhancements imminent for online purchase
- Fine-tuned consultative selling approach in call centers

Goal: Profitably provide a competitive price for the shopping population

**Progress:**
- Continue to understand and develop pricing model
Travelers Personal Insurance Blueprint

- Agency & customer “Demand Based” investments

Priorities

2010

Invest in digital commerce & customer experience

2007

Next generation of products  Invest in agency distribution  Claim investments

2004

Invest in people, skill sets & culture

2002
Identification of Target Personal Auto Market

- Underwriting characteristics combined with customer demographic characteristics

- Sources:
  - Underwriting data = Travelers information + survey data
  - Customer data = industry leading customer survey vendor
Agency & Customer “Demand Based” Investments

Identification of Target Personal Auto Market

Underwriting Risk

Low

High

Complex

Asset Protection Needs

Simple

$160 Billion Personal Auto Market
Low

High

Underwriting Risk

Complex

$83 billion

$38 billion

Simple

$24 billion

$15 billion

Asset Protection Needs

Identification of Target Personal Auto Market

Agency & Customer “Demand Based” Investments

More responsible and complex asset protection need customers are largest segment of the market
Agency & Customer “Demand Based” Investments

Identification of Target Personal Auto Market

Underwriting Risk

Low

High

Complex

Asset Protection Needs

Simple

$83 billion

$24 billion

$38 billion

$15 billion

Target market expects value, advice and services, which aligns with Travelers brand.
Personal Insurance – Building Upon Our Success

- Develop next generation of product
  - Target market features: safe driver advantage, new car discount, annual automobile policy, green endorsement

- Enhance agent distribution
  - Advanced agent segmentation

- Leverage claim investments
  - Leveraging all lines medical management depth

- Develop direct to consumer initiative

- Continue to develop marketing capability
  - Further refine market analysis and creative execution

Well positioned to capitalize on opportunities
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 realized and 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 and in the case of operating return on equity, unrealized 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 the 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 earned premiums. 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 incremental impact of 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.
Glossary of Financial Measures - Continued

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. Adjusting for the impact of changes in foreign exchange rates allows the effect of foreign exchange rate differences to be isolated in the analysis of changes in various financial statement line items that are translated from a local currency to the company’s reporting currency, U.S. dollars. The impact is determined by assuming constant foreign exchange rates between periods as illustrated in the reconciliation below. In the opinion of the company’s management, this is useful in an analysis of the results of the FP&II segment.

Net written premiums reflect gross written premiums less premiums ceded to reinsurers. Adjusting for the impact of changes in foreign exchange rates allows the effect of foreign exchange rate differences to be isolated in the analysis of changes in various financial statement line items that are translated from a local currency to the company’s reporting currency, U.S. dollars. The impact is determined by assuming constant foreign exchange rates between periods as illustrated in the reconciliation below. In the opinion of the company’s management, this is useful in an analysis of the results of the FP&II segment.

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 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. 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.

Debt to capital is the ratio of debt to the sum of shareholders’ equity and debt 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 leverage.

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 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 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: The Personal Insurance segment 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 and Reconciliation of Adjusted Common Shareholders’ Equity to Common Shareholders’ Equity

<table>
<thead>
<tr>
<th></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>$631</td>
<td>$3,600</td>
</tr>
<tr>
<td>Net realized investment gains (losses)</td>
<td>$16</td>
<td>$22</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>$647</td>
<td>$3,622</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$647</td>
<td>$3,622</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th>Twelve Months Ended 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>$24,656</td>
<td>$25,475</td>
</tr>
<tr>
<td>Net unrealized investment gains (losses), net of tax</td>
<td>$1,938</td>
<td>$1,861</td>
</tr>
<tr>
<td><strong>Common shareholders’ equity</strong></td>
<td>$26,594</td>
<td>$27,336</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>As of March 31,</th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Return on equity</strong></td>
<td>9.6%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Continuing operations return on equity</td>
<td>9.6%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Operating return on equity</td>
<td>10.1%</td>
<td>14.0%</td>
</tr>
</tbody>
</table>
# Book Value Per Share Reconciliations of Adjusted Book Value per Share to Book Value per Share

($ in millions, except per share amounts)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted common shareholders' equity</td>
<td>$24,656</td>
<td>$25,475</td>
<td>$25,374</td>
<td>$25,884</td>
<td>$24,553</td>
<td>$21,823</td>
</tr>
<tr>
<td>Net unrealized investment gains (losses)</td>
<td>$1,938</td>
<td>$1,861</td>
<td>$(144)</td>
<td>620</td>
<td>453</td>
<td>327</td>
</tr>
<tr>
<td>Common shareholders' equity</td>
<td>$26,594</td>
<td>$27,336</td>
<td>$25,230</td>
<td>$26,504</td>
<td>$25,006</td>
<td>$22,150</td>
</tr>
<tr>
<td>Common shares outstanding</td>
<td>497.0</td>
<td>520.3</td>
<td>585.1</td>
<td>627.8</td>
<td>678.3</td>
<td>693.4</td>
</tr>
<tr>
<td>Adjusted book value per share, at period end</td>
<td>$49.60</td>
<td>$48.96</td>
<td>$43.37</td>
<td>$41.23</td>
<td>$36.20</td>
<td>$31.47</td>
</tr>
<tr>
<td>Book value per share, at period end</td>
<td>$53.50</td>
<td>$52.54</td>
<td>$43.12</td>
<td>$42.22</td>
<td>$36.86</td>
<td>$31.94</td>
</tr>
</tbody>
</table>
Reconciliation of Tangible and Adjusted Common Shareholders’ Equity to Common Shareholders’ Equity

($ in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>As of</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31, 2010</td>
<td>December 31, 2009</td>
</tr>
<tr>
<td>Tangible common shareholders' equity</td>
<td>$ 20,788</td>
<td>$ 21,587</td>
</tr>
<tr>
<td>Goodwill and other intangibles, net of tax</td>
<td>3,868</td>
<td>3,888</td>
</tr>
<tr>
<td>Adjusted common shareholders' equity</td>
<td>24,656</td>
<td>25,475</td>
</tr>
<tr>
<td>Net unrealized investment gains, net of tax</td>
<td>1,938</td>
<td>1,861</td>
</tr>
<tr>
<td>Common shareholders' equity</td>
<td>$ 26,594</td>
<td>$ 27,336</td>
</tr>
<tr>
<td>Common shares outstanding</td>
<td>497.0</td>
<td>520.3</td>
</tr>
<tr>
<td>Tangible book value per share</td>
<td>$ 41.82</td>
<td>$ 41.49</td>
</tr>
<tr>
<td>Adjusted book value per share</td>
<td>49.60</td>
<td>48.96</td>
</tr>
<tr>
<td>Book value per share</td>
<td>53.50</td>
<td>52.54</td>
</tr>
</tbody>
</table>
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 the presentation materials, and the accompanying webcast, are publicly available on the Travelers website (www.travelers.com).

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