TRAVELERS

Investor Day Meeting

May 22, 2007
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 and statements about our share repurchase plans are forward looking, and we may make forward-looking statements about our results of operations (including, among others, premium volume, income from continuing operations, net and operating income, investment income, return on equity and combined ratio), financial condition (including, among others, invested assets and liquidity); and the sufficiency of our asbestos and other reserves (including, among others, asbestos claim payment patterns); the cost and availability of reinsurance coverage; catastrophe losses; 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 reduce our profitability and adversely impact our ratings, our ability to raise capital and the availability and cost of reinsurance; if actual claims exceed our loss reserves, or if changes in the estimated level of loss reserves are necessary, our financial results could be significantly 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; reinsurance may be unavailable on acceptable terms, and we may be unable to collect reinsurance; the insurance industry is 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 their impact on our business 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 significantly reduce our business volumes, adversely impact our ability to access the capital markets and increase our borrowing costs; our investment portfolio may suffer reduced returns or losses which could reduce our profitability; the intense competition that we face could harm our ability to maintain or increase our profitability and premium volume; the inability of our insurance subsidiaries to pay dividends to us in sufficient amounts would harm our ability to meet our obligations and to pay future dividends; assessments and other surcharges for guaranty funds, second-injury funds, catastrophe funds and other mandatory pooling arrangements may reduce our profitability; loss or significant restriction of the use of credit scoring in the pricing and underwriting of Personal Insurance products could reduce our future profitability; disruptions to our relationships with our distributors, independent agents and brokers could adversely affect us; and if we experience difficulties with outsourcing relationships, technology and/or data security, our ability to conduct our business might be negatively impacted.

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

In this presentation, we may refer to some non-GAAP financial measures, including, among others, operating income, 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 investor section of Travelers website (www.travelers.com) to access our most recent press release and financial supplement.
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session Title</th>
<th>Presenter</th>
</tr>
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<tbody>
<tr>
<td>12:20 - 12:25</td>
<td>Introduction</td>
<td>Mike Connelly</td>
</tr>
<tr>
<td>12:25 - 1:45</td>
<td>Playing to Our Strengths</td>
<td>Jay Fishman</td>
</tr>
<tr>
<td>An Extraordinary P&amp;C Franchise</td>
<td></td>
<td>Brian MacLean</td>
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<tr>
<td>Q&amp;A</td>
<td></td>
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<tr>
<td>1:45 - 2:30</td>
<td>Personal Insurance &amp; Select Accounts: Our Formula for Success</td>
<td>Joe Lacher</td>
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<td>Q&amp;A</td>
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<td>2:30 - 2:45</td>
<td>Break</td>
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<tr>
<td>2:45 - 3:45</td>
<td>Travelers' Organic Growth Story</td>
<td>John Albano</td>
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<tr>
<td>Commerical Accounts: Creating Opportunities, Same Discipline</td>
<td></td>
<td>Bill Cunningham</td>
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<tr>
<td>Q&amp;A</td>
<td></td>
<td></td>
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<tr>
<td>3:45 - 4:30</td>
<td>Financial Management &amp; Balance Sheet Strength</td>
<td>Jay Benet</td>
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<tr>
<td></td>
<td></td>
<td>Scott Belden</td>
</tr>
<tr>
<td>4:30</td>
<td>Q&amp;A</td>
<td>All</td>
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</table>
2007 Annual Guidance

- Earnings per diluted share range of $5.60 to $5.85

Guidance assumptions

- Catastrophe losses of $530 million pre-tax and $355 million after-tax for the full year
- No additional prior year reserve development, favorable or unfavorable
- An approximately $100 million after-tax timing benefit for the full year resulting from accounting for the change to the new fixed supplemental compensation program
- Growth in average invested assets in the low single digits
  - After dividends and approximately $2 billion of share repurchases
- Weighted average diluted share count of approximately 675 million, which includes the impact of:
  - Assumed share repurchases
  - The redemption of the convertible junior subordinated notes
  - Normal growth in share count from employee equity awards

After adjusting for Q1 07 results, supplemental compensation and redemption of convertible securities, guidance was increased for the balance of 2007.
Playing to Our Strengths

Jay S. Fishman
Chairman & Chief Executive Officer
Note: The financial information for the years 1997-2003 reflects the impact of the reorganization that was done in connection with Travelers’ 2002 initial public offering. The 1994-1996 financial information reflects the historical Travelers Property Casualty Corp. prior to the reorganization. The impact from the reorganization is not material for purposes of assessing trends in net written premiums over the years shown.
Travelers Historical Income from Continuing Operations

($’s in billions)

Note: The financial information for the years 1997-2003 reflects the impact of the reorganization that was done in connection with Travelers’ 2002 initial public offering. The 1994-1996 financial information reflects the historical Travelers Property Casualty Corp. prior to the reorganization. The impact from the reorganization is not material for purposes of assessing trends in income over the years shown.
Fortune 100 Ranking – Revenues

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>2006 Revenues ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>77</td>
<td>Cisco Systems</td>
<td>$28.5</td>
</tr>
<tr>
<td>79</td>
<td>American Express</td>
<td>27.1</td>
</tr>
<tr>
<td>82</td>
<td>Hartford Financial Services</td>
<td>26.5</td>
</tr>
<tr>
<td>85</td>
<td>Aetna</td>
<td>25.6</td>
</tr>
<tr>
<td>89</td>
<td><strong>Travelers</strong></td>
<td><strong>25.1</strong></td>
</tr>
<tr>
<td>91</td>
<td>Countrywide Financial</td>
<td>24.4</td>
</tr>
<tr>
<td>94</td>
<td>Coca-Cola</td>
<td>24.1</td>
</tr>
<tr>
<td>97</td>
<td>3M</td>
<td>22.9</td>
</tr>
<tr>
<td>100</td>
<td>Haliburton</td>
<td>22.6</td>
</tr>
</tbody>
</table>

## Fortune 100 Ranking – Net Income

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>2006 Net Income ($B)</th>
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<tbody>
<tr>
<td>27</td>
<td>Home Depot</td>
<td>$ 5.8</td>
</tr>
<tr>
<td>29</td>
<td>Cisco Systems</td>
<td>5.6</td>
</tr>
<tr>
<td>33</td>
<td>Coca-Cola</td>
<td>5.1</td>
</tr>
<tr>
<td>35</td>
<td>Allstate</td>
<td>5.0</td>
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<tr>
<td>37</td>
<td>Travelers</td>
<td><strong>4.2</strong></td>
</tr>
<tr>
<td>41</td>
<td>3M</td>
<td>3.9</td>
</tr>
<tr>
<td>44</td>
<td>American Express</td>
<td>3.7</td>
</tr>
<tr>
<td>49</td>
<td>Walt Disney</td>
<td>3.4</td>
</tr>
<tr>
<td>54</td>
<td>Hartford Financial Services</td>
<td>2.7</td>
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</tbody>
</table>
Current View of the Marketplace
Industry Cyclicality

Source: Insurance Information Institute, 2006 estimate for Fortune 500 from Insurance Information Institute
Stable Retention Trends

Travelers Commercial Lines Retention Ratios

- Remains stable at historically high levels

Important indicator of market environment

1 Includes Industry-Focused Underwriting, Target Risk Underwriting and Specialized Distribution.
Relatively Stable Renewal Pricing Trends

Commercial Accounts (Middle Market) Pricing

Stable pricing trends among leading commercial carriers

Travelers statistics for renewal price change which includes rate and exposure changes. Basis and definition of peer company statistics may vary.
Travelers Franchise Strengths

- Seasoned management team with experience through cycles
- Significant financial strength
- Unparalleled product breadth and underwriting specialization
- Strong agency relationships with leading market position
- Ease of doing business
- Claim effectiveness
- Sophisticated business analytics
Travelers Franchise Strengths

- Sophisticated business analytics
Travelers Information Advantage

- Sophisticated business analytics – 15 years in the making

Granular data analysis, by territory and by product, across the franchise:

- New and renewal business pricing monitors
- Submission, quote and close volume reporting
- Frequency and severity monitoring
- Industry class profitability analysis
- Detailed controllable income reporting at the local level
- Actual and estimated loss trends reflected in current reserving and underwriting decisions
- Existing business profitability analysis

Analytical mindset embedded in the corporate culture
Premium Volume Basics

Annual Premium $21 billion\(^1\)

Retention of 85% 100%

Retained $18 billion

Not Retained $3 billion

Sophisticated business analytics are essential when writing new business

\(^1\) Representative example for illustrative purposes.
# Product Profitability Analysis

## Table 1: Business Unit Profitability

<table>
<thead>
<tr>
<th>NWP - Product 1</th>
<th>Business Unit 1</th>
<th>Business Unit 2</th>
<th>Business Unit 3</th>
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<tbody>
<tr>
<td></td>
<td>Oper. Profit %</td>
<td>Comb. Ratio</td>
<td>Oper. Profit %</td>
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<tr>
<td>Dec YTD AccYr/ Growth</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Policy View</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Benchmark @ xx%-xx%</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
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</table>

<table>
<thead>
<tr>
<th>NWP - Product 2</th>
<th>Business Unit 1</th>
<th>Business Unit 2</th>
<th>Business Unit 3</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Oper. Profit %</td>
<td>Comb. Ratio</td>
<td>Oper. Profit %</td>
</tr>
<tr>
<td>Dec YTD AccYr/ Growth</td>
<td>xx</td>
<td>xx</td>
<td>13%</td>
</tr>
<tr>
<td>Policy View</td>
<td>xx</td>
<td>xx</td>
<td>16%</td>
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<tr>
<td>Benchmark @ xx%-xx%</td>
<td>xx</td>
<td>xx</td>
<td>11%-14%</td>
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</table>

<table>
<thead>
<tr>
<th>NWP - Product 3</th>
<th>Business Unit 1</th>
<th>Business Unit 2</th>
<th>Business Unit 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Oper. Profit %</td>
<td>Comb. Ratio</td>
<td>Oper. Profit %</td>
</tr>
<tr>
<td>Dec YTD AccYr/ Growth</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Policy View</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Benchmark @ xx%-xx%</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
</tr>
</tbody>
</table>

**Red = Below Benchmark; Black = Within Benchmark Range; Blue = Above Benchmark.**
Margins Remain Attractive

Expected Current Returns ¹
Above, Within and Below Targeted Returns

Targeted current returns

71%
25%
13%
4%
10%

¹ 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.

Expected current returns calculation allocated by net written premium business mix over trailing twelve months (excluding Discover Re, Construction – Loss Responsive and International and Lloyd’s)

Statistics as of 3/31/07.
### Monitoring New Business Pricing

<table>
<thead>
<tr>
<th>Line 1</th>
<th>Line 2</th>
<th>Line 3</th>
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<tr>
<td><strong>New Prem</strong></td>
<td><strong>Renewal</strong></td>
<td><strong>New vs Renewal</strong></td>
</tr>
<tr>
<td><strong>$MM</strong></td>
<td><strong>$MM</strong></td>
<td><strong>Diff</strong></td>
</tr>
<tr>
<td>Q4 2005</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q1 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q2 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q3 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q4 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
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<tr>
<td>YR 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q1 2007</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
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<table>
<thead>
<tr>
<th>Line 4</th>
<th>Line 5</th>
<th>Line 6</th>
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<td><strong>New Prem</strong></td>
<td><strong>Renewal</strong></td>
<td><strong>New vs Renewal</strong></td>
</tr>
<tr>
<td><strong>$MM</strong></td>
<td><strong>$MM</strong></td>
<td><strong>Diff</strong></td>
</tr>
<tr>
<td>Q4 2005</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q1 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q2 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q3 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q4 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>YR 2006</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
<tr>
<td>Q1 2007</td>
<td>xx.x</td>
<td>xxx.x</td>
</tr>
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</table>

Using data as a competitive advantage...
## Loss Ratio Analysis

### Loss Rollforward

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>$ xxxxxx</td>
<td>$ 2,763</td>
</tr>
<tr>
<td></td>
<td>$ xxxxxx</td>
<td>$ 438</td>
</tr>
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</table>

### 2005 Normalized Loss Ratio

<table>
<thead>
<tr>
<th></th>
<th>xx.x%</th>
<th>49.3%</th>
<th>xx.x%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned Rate</td>
<td>x.x%</td>
<td>0.5%</td>
<td>x.x%</td>
</tr>
<tr>
<td>Earned Exposure Inflation</td>
<td>x.x%</td>
<td>(1.0%)</td>
<td>x.x%</td>
</tr>
<tr>
<td>New Business Effect</td>
<td>x.x%</td>
<td>1.1%</td>
<td>x.x%</td>
</tr>
<tr>
<td>Frequency Trend</td>
<td>x.x%</td>
<td>(1.9%)</td>
<td>x.x%</td>
</tr>
<tr>
<td>Severity Trend</td>
<td>x.x%</td>
<td>3.6%</td>
<td>x.x%</td>
</tr>
<tr>
<td>Other Change</td>
<td>x.x%</td>
<td>(0.3%)</td>
<td>x.x%</td>
</tr>
<tr>
<td>Mix</td>
<td>x.x%</td>
<td>0.6%</td>
<td>x.x%</td>
</tr>
<tr>
<td>Seasonality adjustment</td>
<td>x.x%</td>
<td>(1.7%)</td>
<td>x.x%</td>
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### 2006 Financial Plan Ratio

<table>
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<tr>
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<th>xx.x%</th>
<th>50.2%</th>
<th>xx.x%</th>
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<tr>
<td>Base Year Movement</td>
<td>x.x%</td>
<td>-</td>
<td>x.x%</td>
</tr>
<tr>
<td>Earned Price Variance</td>
<td>x.x%</td>
<td>0.1%</td>
<td>x.x%</td>
</tr>
<tr>
<td>New Business Effect</td>
<td>x.x%</td>
<td>-</td>
<td>x.x%</td>
</tr>
<tr>
<td>Frequency Trend</td>
<td>x.x%</td>
<td>-</td>
<td>x.x%</td>
</tr>
<tr>
<td>Severity Trend</td>
<td>x.x%</td>
<td>-</td>
<td>x.x%</td>
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<tr>
<td>Large Loss</td>
<td>x.x%</td>
<td>0.9%</td>
<td>x.x%</td>
</tr>
<tr>
<td>Catastrophe</td>
<td>x.x%</td>
<td>(1.8%)</td>
<td>x.x%</td>
</tr>
<tr>
<td>Other</td>
<td>x.x%</td>
<td>(0.1%)</td>
<td>x.x%</td>
</tr>
<tr>
<td>Mix</td>
<td>x.x%</td>
<td>(0.1%)</td>
<td>x.x%</td>
</tr>
</tbody>
</table>

### 2006 Actuarially Indicated Ratio

<table>
<thead>
<tr>
<th></th>
<th>xx.x%</th>
<th>49.3%</th>
<th>xx.x%</th>
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... consistently monitoring trends at a granular level...
Reserving and Profitability Metrics

### Business Unit | Line Of Business

<table>
<thead>
<tr>
<th>Calendar/ Accident Year</th>
<th>Paid to Date</th>
<th>Case Reserves</th>
<th>Carried IBNR</th>
<th>Gross Earned Premium</th>
<th>Premium Fees as Percenta</th>
<th>Expense Ratio</th>
<th>Net Profit Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>x.x.x.x</td>
<td>xx.x x.x</td>
<td>x.x.x x.x</td>
<td>x.x.x x.x</td>
<td>x.x.x x.x x.x x.x</td>
<td>x.x.x</td>
<td>x.x.x x.x x.x</td>
</tr>
<tr>
<td>1998</td>
<td>x.x.x.x</td>
<td>xx.x x.x</td>
<td>x.x.x x.x</td>
<td>x.x.x x.x</td>
<td>x.x.x x.x x.x x.x</td>
<td>x.x.x</td>
<td>x.x.x x.x x.x</td>
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<tr>
<td>1999</td>
<td>x.x.x.x</td>
<td>xx.x x.x</td>
<td>x.x.x x.x</td>
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<td>x.x.x x.x x.x x.x</td>
<td>x.x.x</td>
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<td>2000</td>
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<td>2001</td>
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<td>x.x.x x.x x.x</td>
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<td>2002</td>
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<td>xx.x x.x</td>
<td>x.x.x x.x</td>
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<td>2004</td>
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<td>x.x.x x.x x.x</td>
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<td>2005</td>
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<td>x.x.x x.x</td>
<td>x.x.x x.x</td>
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<td>2006</td>
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<td>xx.x x.x</td>
<td>x.x.x x.x</td>
<td>x.x.x x.x</td>
<td>x.x.x x.x x.x x.x</td>
<td>x.x.x</td>
<td>x.x.x x.x x.x</td>
</tr>
<tr>
<td>Total</td>
<td>x.x.x.x</td>
<td>xx.x x.x</td>
<td>x.x.x x.x</td>
<td>x.x.x x.x</td>
<td>x.x.x x.x x.x x.x</td>
<td>x.x.x</td>
<td>x.x.x x.x x.x</td>
</tr>
</tbody>
</table>

### Profitability Ratios

- **1997**: 10% ROI
- **1998**: 15% ROI
- **1999**: 18% ROI
- **1999**: 20% ROI
- **2000**: 25% ROI
- **2001**: 30% ROI
- **2002**: 35% ROI
- **2003**: 40% ROI
- **2004**: 45% ROI
- **2005**: 50% ROI
- **2006**: 55% ROI

...looking at both current and historical data...
# Reserving and Profitability Metrics

## Business Unit Line Of Business

<table>
<thead>
<tr>
<th>P r o f i t a b i l i t y  T r a c k  R e c o r d</th>
</tr>
</thead>
<tbody>
<tr>
<td>---------------------------------------------</td>
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<td>---------------------------------------------</td>
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<tr>
<td>12/31/1997</td>
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<td>3/31/1998</td>
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<td>6/30/1998</td>
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<td>9/30/1998</td>
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<td>12/31/1998</td>
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<td>3/31/1999</td>
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<td>12/31/1999</td>
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<td>3/31/2000</td>
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<td>3/31/2001</td>
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<td>6/30/2001</td>
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<td>9/30/2001</td>
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<td>12/31/2001</td>
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<td>3/31/2002</td>
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<td>6/30/2002</td>
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<td>9/30/2002</td>
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<td>12/31/2002</td>
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<tr>
<td>3/31/2003</td>
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<tr>
<td>6/30/2003</td>
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<td>9/30/2003</td>
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<tr>
<td>12/31/2003</td>
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<tr>
<td>3/31/2004</td>
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<tr>
<td>6/30/2004</td>
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<td>9/30/2004</td>
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<tr>
<td>12/31/2004</td>
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<tr>
<td>3/31/2005</td>
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<tr>
<td>6/30/2005</td>
</tr>
<tr>
<td>9/30/2005</td>
</tr>
<tr>
<td>12/31/2005</td>
</tr>
<tr>
<td>3/31/2006</td>
</tr>
</tbody>
</table>

... testing and confirming accuracy of analysis...
Metrics Detail

- Product profitability analysis

... both national and local level
Travelers Franchise Strengths

- Seasoned management team with experience through cycles
- Significant financial strength
- Unparalleled product breadth and underwriting specialization
- Strong agency relationships with leading market position
- Ease of doing business
- Claim effectiveness
- Sophisticated business analytics

Targeting mid-teens returns over the long-term
An Extraordinary Property & Casualty Franchise

Brian MacLean
Chief Operating Officer
Our Competitive Advantage

- Our underwriting process is disciplined and fact-based
  - Our data and business analytics drive superior risk selection and pricing

- Our breadth of capabilities and expertise are unmatched in the industry

- These capabilities allow us to find opportunities
  - We can out-perform the competition in any market conditions
Information Advantage – Robust Process

- Comprehensive and proactive process that is built into our corporate “DNA”

- Consistent focus for the past 15 years

- Extensive management information and experienced resources are combined in the decision-making process

- Continually improving process to incorporate results and respond to new opportunities while leveraging knowledge across our business units
Information Advantage – Business Analytics

Metrics
- Profitability
- Production
  - Retention
  - New business
  - New and renewal pricing
  - Submission volume
  - Quote ratios
  - Close ratios
- Pricing segmentation
- Loss trends
  - Frequency
  - Severity
  - Catastrophe
- Expenses

Views
- By Region
- By Office
- By Line of Business
- By Account Size
- By Industry / Program
- By Distributor
- By Underwriter
Pricing trends are continually analyzed at all levels of the organization across all industries and product lines.
Select Accounts Pricing Analytics

Portfolio Accounts Written Countrywide

Portfolio Accounts Written - Region

Portfolio Accounts Written - Office

Portfolio Accounts Written - State
YTD Data as of April 2007

<table>
<thead>
<tr>
<th>Master Pac</th>
<th>Collected Premium</th>
<th>Actual Mods</th>
<th>Target Mods</th>
<th>Retention</th>
<th>New Business</th>
<th>IB Pricing Differential</th>
<th>Plan Loss Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programs</td>
<td>New</td>
<td>Total</td>
<td>New</td>
<td>Renewals</td>
<td>Total</td>
<td>5%</td>
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<tr>
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<td>Condominiums</td>
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<td>Condo Condo</td>
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<tr>
<td>Contractors</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Actual Mods</th>
<th>New Renewal</th>
<th>Target Mods</th>
<th>6%</th>
<th>15%</th>
<th>Actual Plan</th>
<th>Plan Loss Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.86</td>
<td></td>
<td>0.95</td>
<td></td>
<td></td>
<td></td>
<td>0.89</td>
</tr>
<tr>
<td>0.81</td>
<td></td>
<td>0.89</td>
<td></td>
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</tr>
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</table>

Other Lines

<table>
<thead>
<tr>
<th>Collected Premium</th>
<th>Actual Mods</th>
<th>Target Mods</th>
<th>Retention</th>
<th>New Business</th>
<th>IB Pricing Differential</th>
<th>Plan Loss Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>Total</td>
<td>5%</td>
<td>15%</td>
<td>Actual Plan</td>
<td>Actual Plan</td>
<td>Actual Plan</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Actual Plan</td>
<td>Actual Plan</td>
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<td>Actual Plan</td>
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<td>Actual Plan</td>
<td>Actual Plan</td>
<td>Actual Plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>General Liability</th>
<th>Non-Contractors</th>
<th>All Programs</th>
<th>Property</th>
<th>Non-Contractors</th>
<th>All Programs</th>
<th>Auto</th>
<th>Workers Compensation</th>
<th>Non-MasterPac</th>
<th>All Lines</th>
</tr>
</thead>
</table>
Select Pricing Analytics

Master Pac State “A”
New & Renewal Pricing
Compared to Filed Manual Rates

Analyze new and renewal pricing differential trends
Blocks of Business Get Better With Age

Business Unit "B"
Retention Ratios & Retained Loss Ratios

Continual underwriting maintains high-quality portfolio

TRAVELERS
Industry Operating Models

National / Multi-Line Carrier
- National Scale
- Product Breadth
- Expense Efficiency
- Consistent
- Quantity of Data

Regional / Specialty Carrier
- Local Focus
- Specialized Underwriting
- Business Investment
- Nimble
- Targeted Data

or
### Travelers Operating Model

#### The Complete Package

<table>
<thead>
<tr>
<th>National Scale</th>
<th>AND</th>
<th>Local Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Breadth</td>
<td>AND</td>
<td>Specialized Underwriting</td>
</tr>
<tr>
<td>Expense Efficiency</td>
<td>AND</td>
<td>Business Investment</td>
</tr>
<tr>
<td>Consistent</td>
<td>AND</td>
<td>Nimble</td>
</tr>
<tr>
<td>Quantity of Data</td>
<td>AND</td>
<td>Targeted Data</td>
</tr>
</tbody>
</table>
Our Competitive Advantage

- Our underwriting process is disciplined and fact based
  - Our data and business analytics drive superior risk selection and pricing

- Our breadth of capabilities and expertise are unmatched in the industry

- These capabilities allow us to find opportunities
  - We can out-perform the competition in any market conditions
Leveraging Our Expertise

*Example: Workers Compensation in State “Y”*

**The Opportunity**

- **Grow guaranteed cost workers compensation** by leveraging our claim information advantage:
  - **Improve pricing segmentation** by refining demographics and territorial analytics through the utilization of claim activity data

- **Establish a model process** by leveraging our claim information advantage across business units
Leveraging Our Expertise
*Example: Workers Compensation in State “Y”*

**The Approach**
- Identified a state where we were under-penetrated in guaranteed cost workers compensation
- Dissected our claim data to identify key drivers of loss and to enhance underwriting knowledge
- Measured performance against industry statewide benchmarks
- Divided state into 15 metro areas (MSA’s)
The Results

- Identified 3 groups of MSA’s and targeted growth in those areas with positive claim activity attributes

<table>
<thead>
<tr>
<th>Positive</th>
<th>Neutral</th>
<th>Challenging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Area 1</td>
<td>Metro Area 3</td>
<td>Metro Area 2</td>
</tr>
<tr>
<td>Metro Area 4</td>
<td>Metro Area 6</td>
<td>Metro Area 5</td>
</tr>
<tr>
<td>Metro Area 9</td>
<td>Metro Area 7</td>
<td>Metro Area 8</td>
</tr>
<tr>
<td>Metro Area 14</td>
<td>Metro Area 10</td>
<td>Metro Area 11</td>
</tr>
<tr>
<td></td>
<td>Metro Area 12</td>
<td>Metro Area 15</td>
</tr>
<tr>
<td></td>
<td>Metro Area 13</td>
<td></td>
</tr>
</tbody>
</table>

- Dramatically improved pricing segmentation capabilities within the state

Capabilities allow us to find opportunities
Travelers Franchise Strengths

- Product Breadth & Underwriting Specialization
- Ease of Doing Business
- Information Advantage
- Distribution Depth
- Claim Effectiveness

Fostering culture of creating new opportunities
An Extraordinary P&C Franchise

Consistently Profitable
AND
Responsibly Grow
Market Share Over Time
Questions?
Personal Insurance & Select Accounts: Our Formula for Success

Joseph P. Lacher, Jr.
Executive Vice President
Personal Insurance and Select Accounts

- Flow business formula
- Update
  - Personal Insurance
  - QuantumAuto℠
  - Claim initiatives
- Preview
  - QuantumHome℠
  - Select Accounts – TravelersExpress℠ introduction
Key Success Drivers

- Ease of Doing Business
- Information Advantage
- Product Sophistication
- Claim Effectiveness
- Breadth & Depth
### Personal Lines Market – Top 15

**($'s in billions)**

#### Personal Lines Market Positions

<table>
<thead>
<tr>
<th>Company</th>
<th>2006 DWP</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 State Farm</td>
<td>$43.2</td>
<td>19.2%</td>
</tr>
<tr>
<td>2 Allstate</td>
<td>25.6</td>
<td>11.4%</td>
</tr>
<tr>
<td>3 Farmers</td>
<td>12.3</td>
<td>5.5%</td>
</tr>
<tr>
<td>4 Progressive</td>
<td>12.1</td>
<td>5.4%</td>
</tr>
<tr>
<td>5 GEICO</td>
<td>11.1</td>
<td>4.9%</td>
</tr>
<tr>
<td>6 Nationwide</td>
<td>10.5</td>
<td>4.7%</td>
</tr>
<tr>
<td>7 USAA</td>
<td>8.5</td>
<td>3.8%</td>
</tr>
<tr>
<td>8 Liberty Mutual</td>
<td>6.1</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>9 Travelers</strong></td>
<td><strong>6.1</strong></td>
<td><strong>2.7%</strong></td>
</tr>
<tr>
<td>10 AIG</td>
<td>5.7</td>
<td>2.6%</td>
</tr>
<tr>
<td>11 American Family</td>
<td>5.0</td>
<td>2.2%</td>
</tr>
<tr>
<td>12 Hartford</td>
<td>3.7</td>
<td>1.6%</td>
</tr>
<tr>
<td>13 Safeco</td>
<td>3.3</td>
<td>1.5%</td>
</tr>
<tr>
<td>14 MetLife</td>
<td>2.9</td>
<td>1.3%</td>
</tr>
<tr>
<td>15 Mercury General</td>
<td>2.8</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

#### Ranked by

2006 Market Share Changes

<table>
<thead>
<tr>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 GEICO</td>
</tr>
<tr>
<td>2 <strong>Travelers</strong></td>
</tr>
<tr>
<td>3 USAA</td>
</tr>
<tr>
<td>4 Mercury General</td>
</tr>
<tr>
<td>5 State Farm</td>
</tr>
<tr>
<td>6 Farmers</td>
</tr>
<tr>
<td>7 Hartford</td>
</tr>
<tr>
<td>8 Liberty Mutual</td>
</tr>
<tr>
<td>9 Allstate</td>
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<td>10 Nationwide</td>
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<tr>
<td>13 AIG</td>
</tr>
<tr>
<td>14 Progressive</td>
</tr>
<tr>
<td>15 Safeco</td>
</tr>
</tbody>
</table>

1 Change in market share percentage points

Source: AM Best preliminary 2006 premium and market share for Homeowners and Private Passenger Auto Physical Damage and Liability
### Systematic Distribution & Geographic Diversification

($'s in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2006 Net Written Premiums</th>
<th>Agent Location Growth '04-'07</th>
<th>Q1 2007 Trailing 12 Month Net Written Premiums Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$6,711</td>
<td>4,560</td>
<td>$436</td>
</tr>
<tr>
<td><strong>% Change</strong></td>
<td></td>
<td>43%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>% of Total</strong></td>
<td>60%</td>
<td>29%</td>
<td>35%</td>
</tr>
<tr>
<td>Eastern states</td>
<td>60%</td>
<td>29%</td>
<td>35%</td>
</tr>
<tr>
<td>All other</td>
<td>40%</td>
<td>71%</td>
<td>65%</td>
</tr>
</tbody>
</table>

#### Notes:
1. Represents growth in the number of agent locations and the corresponding percentage change since year end 2003. Company currently has approximately 9,060 agents with 15,160 locations.
2. Adjusts for the estimated impact of transitioning to six-month policies for personal automobile new business (in 3Q and 4Q 06).

- Historic penetration in Eastern states
- Sophisticated multi-year agency distribution strategy underway
- Premium growth matched with targeted distribution expansion
A Broader Market Reach – QuantumAuto™

Status as of 1Q 07

- Active in 38 states and D.C.
- Represents 28% of annualized written premium
- Meeting or exceeding profit expectations
- Top tier pricing sophistication
- Top tier ease of use

PL Auto Marketplace

<table>
<thead>
<tr>
<th>$120 Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred and Standard</td>
</tr>
<tr>
<td>Non-Standard</td>
</tr>
</tbody>
</table>

Travelers

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1X</td>
<td>12X</td>
<td>100X</td>
<td>1000X</td>
</tr>
</tbody>
</table>

$30 Billion

$120 Billion

TRAVELERS

Q UA N T U M

SM
**Monitoring and Managing Results**

**Active monitoring and tuning**
- Daily, weekly, monthly frequency
- Quote and sales flow at macro and micro levels
- Relative to entire market and individual competitors
- Relative to profitability (actual and target)
Homeowners - Building Upon Strength

- Consistently outperformed the industry
- Results achieved through risk sophistication and disciplined execution
- Introduction of QuantumHome™ improves leadership position

1 Net statutory data. Industry statistics from AM Best.
2 Travelers statistics for Travelers Personal Insurance & legacy Travelers personal lines.

Homeowners Combined Ratio

Net Written Premium Growth

Averaged 10 pts better than the industry

’01 – ’06 CAGR 13%
’97 – ’01 CAGR 8%
QuantumHome™ – Product and Pricing Sophistication

- Improved ease of use
  - Introduced coverage endorsement bundles
  - Enhanced integrated underwriting process
- Multivariate pricing approach
- Increased granularity provides selection advantage

Example: Kansas

Pre-Quantum – 5 Territories

Quantum – 319 Territories
QuantumHome℠ Risk Profile Distribution – Early Results

Pre – QuantumHome℠
QuantumHome℠ Expanded Reach

Orange & Blue each sum to 100%

Achieving broader reach through increased pricing sophistication
QuantumHome<sup>SM</sup>

- Active in 12 states
- Rollout continues through early 2008
- Impact on growth modest due to external factors:
  - Decline in existing home sales market
  - Modest market softening
  - Catastrophe exposure

Existing Home Sales Trend*

* Source: National Association of Realtors
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 – Speed Improvement

Notice

Issue

Estimate

Property

Auto

Countrywide – March 2004

Countrywide Current Period

Best Office Current Period

- Improvement
  - Property: 9½ days
  - Auto: 5½ days

- 65% inspected within 48 hours
Claim Effectiveness – Closer Contact

- Dramatically reduced claim adjustment by 3rd parties
- Nearly 4 out of 5 claimants see company claim handler
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 allows for superior data, analytics and results
Severity Trends – Personal Auto

3rd Party Property Damage

1st Party Collision

3rd Party Bodily Injury

Index of Average Claim Payment

0.98
1.00
1.05
1.10

Travelers  Adjusted Industry\(^1\)

Claim initiatives offsetting broader severity trends

\(^1\) Industry data is composite of state specific industry data (source: ISO Fast Track data) re-weighted to Travelers distribution by state. Data presented on calendar period 12 month moving average paid claim basis. All data excludes AK, HI, ID, MI, ND, SD, WV & WY due to small data set.
Frequency Trends – Personal Auto

3rd Party Auto Property Damage

Consistent with the industry trends and anticipated Quantum impact

---

1 Industry data is composite of state specific industry data (source: ISO Fast Track data) re-weighted to Travelers distribution by state. Data presented on calendar period 12 month moving average paid claim basis. All data excludes AK, HI, ID, MI, ND, SD, WV & WY due to small data set.
## Select Accounts Overview

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>TravelersExpress&lt;sup&gt;SM&lt;/sup&gt;</th>
<th>TravelersExpress&lt;sup&gt;SM&lt;/sup&gt; Plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 Direct</td>
<td>$2.7</td>
<td>$1.2</td>
<td>$1.5</td>
</tr>
<tr>
<td>Written Premium</td>
<td>$7,000</td>
<td>$4,000</td>
<td>$17,000</td>
</tr>
<tr>
<td>($’s in billions)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Average Account Size
- Flow business
- Average commission less than $600 per account
- Business success driven by
  - Transaction speed and ease
  - Breadth of offering and capability
  - Price competitiveness
TravelersExpress<sup>SM</sup> Goals

- Broaden product reach
  - Industry segment
  - Line of business

- Increase product sophistication
  - Predictive modeling and multivariate analysis

- Increase ease of use
  - Faster decisions
  - Streamline process
  - Significantly expand account rounding

- Expanded agent acceptance and utilization
TravelersExpress℠ Broader Market Reach

- Historic concentrations
  - Over 2/3rd of written premium in CMP, property & liability
  - Over 2/3rd of this written premium in 4 industry segments: B.O.B.S.

- Significant advance in product sophistication and ease of use

- Major phases
  - Express for MasterPac – Early 2007
    - Currently active in 10 states
  - Express for Worker’s Comp – Late 2007
  - Express for Auto - 2008
TravelersExpress℠ Broader Market Reach

Inception to April 2007 in initial 10 states only

Mix of New Business

Pre-Launch

Segment

All Other

B.O.B.S

Line

All Other

CMP*

Post-Launch

Segment

All Other

B.O.B.S

Line

All Other

CMP*

Achieving broader reach in both segment and line

* Commercial multi-peril, property and liability
TravelersExpress℠ Broader Market Reach

Inception to April 2007 in initial 10 states only

- For small transaction size/small commission accounts, “ease” is a critical differentiation

- Significantly improved speed and ease
  - Initiated quick decline process
  - Breadth expansion (segment and line)
  - Reduced system quote to issue times
    - Dynamic questions
    - Improved agent user interface
    - Automated underwriting

Percent of Policies Issued Via Automated Underwriting

<table>
<thead>
<tr>
<th></th>
<th>Pre</th>
<th>Post</th>
</tr>
</thead>
<tbody>
<tr>
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<td>100%</td>
</tr>
<tr>
<td>50%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TravelersExpress℠ Broader Market Reach

Inception to April 2007 in initial 10 states only

Agent Acceptance & Utilization

- Agents Quoting
  - Up 36%
  - Pre-Launch
  - Post-Launch

- Submission Flow
  - Up 87%
  - Pre-Launch
  - Post-Launch

Quotes Per Agent

- Up 37%
- Pre-Launch
- Post-Launch

- Sales are being driven by increased flow
- Flow is being driven by increased ease of use
  - Broader market reach
  - Smoother process
- Pricing sophistication is driving selection
TravelersExpress℠ Growth Impact

Inception to April 2007 in initial 10 states only

Growth in TravelersExpress℠ States

Results are strong and encouraging
Personal Insurance and Select Accounts

Continuing integrated investment in success drivers...

- Leverage product sophistication
  - Quantum
  - TravelersExpress
- Increase ease of use
- Continue distribution expansion
- Broaden claim initiatives
- Expand information advantage

... enhancing competitive advantages and delivering results
Questions?
Travelers’ Organic Growth Story

John Albano
Executive Vice President
Business Insurance
Our Track Record

Net Written Premium Growth

- Travelers & Aetna Merger
- Travelers & St. Paul Merger

Impressive M&A growth
Modest organic growth

1994 - 2006
2006 Key Business Initiatives

- **Commercial Lines**
  - Foster a more consistent sales and marketing culture across the business units.
  - Expand the use of predictive modeling into the underwriting process for business segments and lines of business, i.e., Select Accounts, workers compensation, commercial auto.
  - Enhance product development capabilities.
  - Develop actions for under-penetrated areas by industry group, line of business and geography.

Source: 2006 Investor Day presentation
Enabling Profitable Organic Growth

➢ Our traditional strengths

- Specialized underwriting
- Claim
- National scale
- Risk Control
- Customer satisfaction
- Metrics

AND

➢ Adding a strong sales and marketing culture

- Product breadth
- Ease of doing business
- Distribution advantage
Building on Our Underwriting Specialization …

<table>
<thead>
<tr>
<th>Small</th>
<th>Mid-Size</th>
<th>Large</th>
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<tbody>
<tr>
<td>Select</td>
<td>Commercial Accounts</td>
<td>National</td>
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<td>Express</td>
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Specialized Focus

<table>
<thead>
<tr>
<th>Industry Focused</th>
<th>Product Focused</th>
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<tbody>
<tr>
<td>Construction</td>
<td>Financial &amp; Professional</td>
<td>Northland – Trucking National Programs</td>
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<tr>
<td>Technology</td>
<td>Large Property</td>
<td></td>
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<tr>
<td>Public Sector</td>
<td>Inland Marine</td>
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<tr>
<td>Oil &amp; Gas</td>
<td>Ocean Marine</td>
<td></td>
</tr>
<tr>
<td>Agribusiness</td>
<td>Boiler &amp; Machinery</td>
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<tr>
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<td>Excess Casualty</td>
<td></td>
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<tr>
<td></td>
<td>Global Underwriting</td>
<td></td>
</tr>
</tbody>
</table>

…with Additional Product Breadth
Product Breadth

New Products

2006 Initiatives
- Wrap+™
- Auto Dealers
- Sprinkler Installation Contractors
- Millwrights
- New Select Programs
- Select Mono-line Workers Comp & Auto
- Alternative Risk Financing
- Umbrella Wired

2007 Initiatives
- K-12 Public Schools
- Aviation
- Certified Green Building Coverage
- Utility Contractors
- Printers
- Concrete Contractors
- Public Entity Work Comp
- Predictive Modeling for Work Comp & Auto
- Hospitality
- Entertainment & Special Events
Ease of Doing Business

Embedded Products

2006 Initiatives
- Boiler
- Tech Pac
- Identity Theft

2007 Initiatives
- Employment Practices Liability
- Ocean Cargo
- Construction Equipment & Small Property
- Fidelity/Crime
- Internet Liability
- Inland Marine
- Global Companion
Ease of Doing Business

Services

- TravelersExpress℠
- Local relationships with Regional Presidents
- Expanded marketing and underwriting capabilities
- eCarma℠ - customer risk management information tool
- Internet claim reporting
- ConciergeClaim℠ service
- Claim University
Claim University

Windsor, Connecticut
Distribution Advantage

- 14 regions led by senior field leaders
  - National strength and local presence
    - Regions average approximately $1.5 billion NWP
    - Aligning specialization at point of sale
    - Experts in their marketplace
An Extraordinary P&C Franchise

Consistently Profitable

AND

Responsibly Grow Market Share Over Time
Commercial Accounts: 
Creating Opportunities, Same Discipline 

Bill Cunningham 
President – Commercial Accounts
Commercial Accounts - Overview

- $2.6 billion gross written premiums in 2006
- Individually underwritten accounts – generally between $50,000 and $1 million in premium per account
- Broad industry expertise - **INDUSTRYEdge™**
- National scale and local presence
Illustrative Business Statistics

Retention

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Renewal Price Change

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</table>

New Business

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<td>$100</td>
<td>$150</td>
<td>$100</td>
<td>$150</td>
<td>$200</td>
<td>$150</td>
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<tr>
<td>1Q</td>
<td>$100</td>
<td>$150</td>
<td>$100</td>
<td>$150</td>
<td>$200</td>
<td>$150</td>
</tr>
</tbody>
</table>

Strong renewal results and improved new business

1 Represents estimated average change in premium on policies that renew, including rate and exposure changes, vs. the average premium on those same policies for their prior term.
Executing on the Strategy

Continued Disciplined Execution

Combined with a plan to generate more opportunities by:

Shifting from a Culture of Reacting to Creating
Executing on the Strategy

New Business

($s in millions)

Drivers of increased new business success

Average 1Q - 3Q 2006: $94

Average 4Q 2006 - 1Q 2007: $152

- New Distributors 8%
- Added Lines to Existing Customers 10%
- New Product 12%
- Increased Opportunity 70%

$58

Drivers of increased new business success
Creating More Opportunities

New Business Submissions

Increasing new business opportunities
Creating More Opportunities

Source of Increased Submission Volume 1Q07 vs. 1Q06

- New Product: 19%
- New Distribution: 8%
- Existing Distribution: 73%

Increasing new business opportunities
Creating More Opportunities

Increased Market Visibility

More underwriters contributing to our new business success

<table>
<thead>
<tr>
<th>Period</th>
<th># of Underwriters Producing &gt; $250,000 New Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average 1Q-3Q 2006</td>
<td>136</td>
</tr>
<tr>
<td>4Q 2006</td>
<td>184</td>
</tr>
<tr>
<td>1Q 2007</td>
<td>217</td>
</tr>
</tbody>
</table>

60% Increase!
Executing on the Strategy

New Business

($s in millions)

Drivers of increased new business success

Average 1Q - 3Q 2006: $94

Average 4Q 2006 - 1Q 2007: $152

- New Distributors 8%
- Added Lines to Existing Customers 10%
- New Product 12%
- Increased Opportunity 70%

$58
Executing on the Strategy – New Products

Auto Dealers

($s in millions)

New Business

- **Average 1Q-3Q 2006**: $1.4
- **4Q 2006**: $8.2
- **1Q 2007**: $9.4

**4Q 06 Product Introduction**

Successful launch of **INDUSTRYEdge℠** product
Capitalizing on New Products
Auto Dealers - INDUSTRYEdge™

APPROACH

➢ Evaluate industry opportunity
➢ Create the product
➢ Match the opportunities

REGIONAL EXAMPLE

➢ $260 million premium opportunity identified in region X
  □ Q4 2005 – Q1 2006: 10 submissions
  □ Q4 2006 – Q1 2007: 154 submissions

➢ Added $4.6 million of total premium in Q4 2006 and Q1 2007
Drivers of increased new business success

New Distributors 8%
New Product 12%
Increased Opportunity 70%

$94

Average 1Q - 3Q 2006
Average 4Q 2006 - 1Q 2007

$152

$58
Executing on the Strategy
Adding Lines to Existing Customers

Account XYZ
- Automobile Liability
- General Liability
- **Total Premium: $80,106**

1Q 2007 added:
- Workers Compensation
- Umbrella
- Property
- Ocean Marine
- Global
- **New Total Premium: $712,072**

Additional Premium $631,966
Executing on the Strategy

Adding Lines to Existing Customers

($’s in millions)

New Business from Existing Customers

- Average 1Q-3Q 2006: $17.4
- 4Q 2006: $19.2
- 1Q 2007: $27.3

Enhancing our relationships with current customers
Executing on the Strategy

New Business

($'s in millions)

Drivers of increased new business success

Average 1Q - 3Q 2006

$94

Average 4Q 2006 - 1Q 2007

$152

- New Distributors 8%
- Added Lines to Existing Customers 10%
- New Product 12%
- Increased Opportunity 70%

$58
Distribution Advantage

New Commercial Accounts Distributors

($s in millions)

New Business from Travelers
Appointed Agents Who Previously Had
No Commercial Accounts Relationship

<table>
<thead>
<tr>
<th>Time</th>
<th>New Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average 1Q-3Q</td>
<td>$6.2</td>
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<tr>
<td>4Q 2006</td>
<td>$9.5</td>
</tr>
<tr>
<td>1Q 2007</td>
<td>$12.9</td>
</tr>
</tbody>
</table>

Maximizing the power of the franchise
Creating More Opportunities

New Business Submissions

32% Increase

Number of Submissions

4Q 2005 1Q 2006 2Q 2006 3Q 2006 4Q 2006 1Q 2007
Disciplined Execution

- 100% transaction decisions made by an experienced underwriter
- Over 75% of new business written involves additional underwriting review
- Over 90% of all new business pre-inspected by risk control

More opportunities, but with continued discipline
Disciplined Execution
Metrics and Analytics

Metrics
- Profitability
- Production
  - Retention
  - New business
  - New annual
  - Submission
  - Quote rates
  - Close rates
- Pricing segmentation
- Loss trends
  - Frequency
  - Severity
  - Catastrophe
- Expenses

Views
- By Region
- By Office
- By Line of Business
- By Account Size
- By Industry
- By Distributor
- By Underwriter

4Q 2006 RPC¹
Region ABC  -7.1%
Vs.
Countrywide -2.6%

¹ Renewal Price Change, which represents estimated average change in premium on policies that renew, including rate and exposure changes, vs. the average premium on those same policies for their prior term.
### Disciplined Execution

**Metrics and Analytics**

#### Metrics
- Profitability
- Production
  - Revenue
  - Net
  - New
  - Retention
  - New business
  - New and renewal pricing
  - Submission volume
  - Quote ratios
  - Close ratios
- Pricing segmentation
- Loss trends
  - Frequency
  - Severity
  - Catastrophe
- Expenses

#### Views
- By Region
- By Office
- By Line of Business
- By Account Size
- By Industry
- By Distributor
- By Underwriter
Disciplined Execution

Metrics and Analytics

- **Metrics**
  - Profitability
  - Production
    - Retention
    - New business
    - New and renewal pricing
    - Submission volume
    - Quote ratios
    - Close ratios
  - Pricing segmentation
  - Loss trends
    - Frequency
    - Severity
    - Catastrophe
  - Expenses

- **Views**
  - By Region
  - By Office
  - By Line of Business
  - By Account Size
  - By Industry
  - By Distributor
  - By Underwriter

**4Q 2006 RPC**

**Office 2 -11.9%**
Disciplined Execution

Metrics and Analytics

Metrics
- Profitability
- Production
  - Retention
  - New business
  - New and renewal pricing
  - Submission volume
  - Quote ratios
  - Close ratios
- Pricing segmentation
- Loss trends
  - Frequency
  - Severity
  - Catastrophe
- Expenses

Views
- By Region
- By Office
- By Line of Business
- By Account Size
- By Industry
- By Distributor
- By Underwriter

4Q06 RPC
Office 2, Line 2 -16.4%
Disciplined Execution

**Metrics and Analytics**

- Profitability
- Production
- Retention
- New business
- New and renewal pricing
- Submission volume
- Quote ratios
- Close ratios
- Pricing segmentation
- Loss trends
- Frequency
- Severity
- Catastrophe
- Expenses
- Views: By Region, By Office, By Line of Business, By Account Size, By Industry, By Distributor, By Underwriter

**RPC By Account**
Segmented Range RPC
Region ABC - 1Q 2007

Renewal Price Change %

- 13%: -15% or lower
- 28%: -1% to 5%
- 12%: 15% or more

- 13%: 0% to 5%
- 28%: 6% to 10%
- 12%: 11% to 14%
Disciplined Execution

Metrics and Analytics

Metrics
- Profitability
- Production
  - Retention
  - New business
  - New and renewal
  - Submission volume
  - Quote ratios
  - Close ratios
- Pricing segmentation
- Loss trends
  - Frequency
  - Severity
  - Catastrophe
- Expenses

Views
- By Region
- By Office
- By Line of Business
- By Account Size
- By Industry
- By Distributor
- By Underwriter

1Q 2007 RPC
Region ABC -0.6%
Vs.
Countrywide -1.0%
Our Competitive Advantage

- Our underwriting process is disciplined and fact-based
  - Our data and business analytics drive superior risk selection and pricing

- Our breadth of capabilities and expertise are unmatched in the industry

- These capabilities allow us to find opportunities
  - We can out-perform the competition in any market conditions
Questions?
Financial Management & Balance Sheet Strength

Jay S. Benet
Vice Chairman & Chief Financial Officer

Scott Belden
Senior Vice President
Reinsurance
Financial Management and Balance Sheet Strength

- **Financial Oversight**
  - Travelers finance organization
  - Monthly operating reviews
  - Monthly Management Committee discussion of operating results
  - Quarterly actuarial reviews

- **Capital Management**
  - Operating company capital
  - Catastrophe management and reinsurance
  - Leverage and holding company liquidity
  - Dividends and share repurchases
  - Financial strength targets
Financial Oversight Embedded Throughout the Company

Jay S. Benet
CFO

Controller
Financial Planning & Analysis
Treasury
Actuarial
Tax
Accounting Policy
Reinsurance
Enterprise Risk Management
Internal Audit (Administrative)

Business Insurance CFO
Personal Insurance CFO
FP&I Insurance CFO
Claim CFO
Enterprise Development CFO
Operations & Systems CFO
Financial Oversight Embedded Throughout the Company

Jay S. Benet
CFO

Controller  Financial Planning & Analysis  Treasury  Actuarial  Tax  Accounting Policy  Reinsurance  Enterprise Risk Management  Internal Audit (Administrative)

Business Insurance CFO  Personal Insurance CFO  FP&I Insurance CFO  Claim CFO  Enterprise Development CFO  Operations & Systems CFO

Select Accounts CFO  National Accounts CFO  Commercial Accounts CFO  Targeted Risk CFOs  Industry – Focused CFOs  Specialized Distribution CFOs

Financial Reporting  Expense Reporting  Strategic Planning  Production Analysis  Profit & Loss Analysis  Regional and Agency Analysis
Monthly Finance Operating Review

Detailed examination of performance relative to plan, mid-year forecast and outlooks as well as prior year actual

- Net Investment Income analysis
- Business Segment Analysis
  - Income Statement line item review
  - Income Statement rollforward
  - Loss and Expense Ratio composition and trending
    - Catastrophes
    - Prior year development
    - Current year loss picks
    - Expense variances
    - Impact of investment spending
  - Gross, Ceded, and Net Written Premium results and trends for 16 different markets
    - Retention
    - Renewal Price Change
    - New Business
    - Market conditions
    - Coastal/Non-Coastal
    - Other
  - Loss Ratio rollforwards
  - Census and Controllable Expenses

<table>
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<th>($ in millions)</th>
<th>Business Unit X</th>
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<tbody>
<tr>
<td>Gross</td>
<td>58.7%</td>
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<tr>
<td>Month X Plan Ratio</td>
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<tr>
<td>Base Year Movement</td>
<td>(1.4)</td>
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<tr>
<td>Earned Price Variance</td>
<td>(0.2)</td>
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<td>Frequency Trend</td>
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<tr>
<td>Severity Trend</td>
<td>(0.2)</td>
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<tr>
<td>Large Loss</td>
<td>1.1</td>
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<tr>
<td>Catastrophe Loss</td>
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<td>New Business</td>
<td>-</td>
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<tr>
<td>Other (i.e. Mix)</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>(0.2%)</td>
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<tr>
<td>Month X Gross Rollforward Ratio</td>
<td>58.5%</td>
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</table>
Management Committee

Monthly Discussion of Operating Results

- Two to four hours of interactive discussions led by CFO
- Based on data, observations and insights from monthly operating reviews
- Over 100 pages of detailed financial results, trends and analyses
  - Sample pages:
Quarterly Actuarial Process

- Over 125 individuals participate in quarterly actuarial review process
- Includes line area actuaries and chief financial officers
- Approximately 175 markets by product line level are reviewed
- Separate evaluation of prior year reserves and current year loss picks
- Detailed reporting of results and observations to senior management and audit committee
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 comes from the 2006 combined annual statutory statement of The Travelers Companies, Inc. which contains 92% of total Travelers’ non-asbestos and environmental reserves.
- The six lines presented represent 75% 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 Item 1A Risk Factors in Travelers’ Form 10-K for the year ended December 31, 2006
# Net Paid to Incurred Ratios – 2006 Industry Comparison

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<th>Workers' Compensation</th>
<th>Accident</th>
<th>Private Passenger Auto Liability</th>
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<td>Peer¹</td>
<td>Travelers</td>
<td>Industry</td>
<td>Year</td>
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<td>75.5%</td>
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<td>70.1%</td>
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<td>2006</td>
<td>18.3%</td>
<td>11.9%</td>
<td>17.8%</td>
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<th>Commercial Multi Peril</th>
<th>Accident</th>
<th>Other Liability - Occurrence</th>
<th>Accident</th>
<th>Products Liability - Occurrence</th>
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<td>Year</td>
<td>Peer¹</td>
<td>Travelers</td>
<td>Industry</td>
<td>Year</td>
<td>Peer¹</td>
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<td>1997</td>
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<td>95.6%</td>
<td>96.3%</td>
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<td>88.1%</td>
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<td>96.2%</td>
<td>94.8%</td>
<td>95.7%</td>
<td>1998</td>
<td>79.2%</td>
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<td>28.3%</td>
<td>33.8%</td>
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<td>10.6%</td>
</tr>
</tbody>
</table>

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

Note: Percentages in blue represent the lowest ratio.

Note: See Item 1A Risk Factors in Travelers’ Form 10-K for the year ended December 31, 2006.

Source: Highline Data, filed annual statutory statements for 2006.
<table>
<thead>
<tr>
<th>Accident Year</th>
<th>Workers' Compensation</th>
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<th>Private Passenger Auto Liability</th>
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<th>Accident Year</th>
<th>Commercial Auto</th>
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<td>Other Liability - Occurrence</td>
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<td>Accident Year</td>
<td>Products Liability - Occurrence</td>
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<tr>
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<td>Industry</td>
<td>Peer 1</td>
<td>Travelers</td>
<td>Industry</td>
<td>Peer 1</td>
<td>Travelers</td>
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<td>8.0%</td>
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<td>4.6%</td>
<td>4.3%</td>
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<td>20.4%</td>
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<td>11.1%</td>
<td>19.4%</td>
</tr>
<tr>
<td>2002</td>
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<td>17.1%</td>
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<td>87.2%</td>
<td>77.1%</td>
<td>92.2%</td>
<td>75.3%</td>
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</tbody>
</table>

1 Peer group includes ACE, AIG, Allstate, Chubb, Cincinnati Financial, CNA, Hartford, Progressive, Safeco and XL.
Note: Percentages in blue represent the highest ratio.
Note: See Item 1A Risk Factors in Travelers’ Form 10-K for the year ended December 31, 2006
Source: Highline Data, filed annual statutory statements for 2006.
Financial Objective – Create Shareholder Value

- Achieve mid-teens return on equity over time
- Responsibly grow market share over time
- Flexibility/capacity to absorb severe events, e.g., major catastrophes
- Maintain solid claims paying/financial strength ratings
  - A.M. Best: A+
  - S&P, Moody’s and Fitch: AA range
- Return excess capital to shareholders
- Grow book value per share
Managing Our Catastrophe Exposure

- Rigorous risk/return analysis at the local and business unit level
  - Continually assess capital costs for risk concentrations

- On-going underwriting strategies across geographies and business units to optimize risk/return equation

- Catastrophe exposure update
  - Southeast - improved risk-adjusted margins and significantly reduced total gross exposure
  - Northeast - improved risk-adjusted margins and somewhat increased total gross exposure
### Probable Maximum Catastrophe\(^1\) Loss Estimates\(^2\)

<table>
<thead>
<tr>
<th>Likelihood of Exceedence</th>
<th>Single Hurricane</th>
<th>Single Earthquake(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0% (1-in-50)</td>
<td>$1.2</td>
<td>$0.3</td>
</tr>
<tr>
<td>1.0% (1-in-100)</td>
<td>1.9</td>
<td>0.5</td>
</tr>
<tr>
<td>0.4% (1-in-250)</td>
<td>2.7</td>
<td>0.8</td>
</tr>
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</table>

Probable Maximum Loss (Net of Reinsurance, After Tax) as a Percent of Common Equity\(^4\)

<table>
<thead>
<tr>
<th>Likelihood of Exceedence</th>
<th>Single Hurricane</th>
<th>Single Earthquake(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0% (1-in-50)</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>1.0% (1-in-100)</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>0.4% (1-in-250)</td>
<td>11</td>
<td>3</td>
</tr>
</tbody>
</table>

---

1. Includes only Hurricane and Earthquake perils.
2. See appendix on page A1 for disclosure regarding inherent risks related to catastrophe modeling.
3. Includes property losses only, including fire following losses, and workers' compensation losses.
Assumption for Current Catastrophe Modeling Estimates

- Updated for 2006 RMS v6.0 catastrophe model
- Continue to include estimates for hurricane exposures not incorporated in the model
- Utilized current reinsurance program which expires June 30, 2007
  - Reinsured 27.6% of $500 million excess of $1.00 billion
  - Reinsured 56.0% of $750 million excess of $1.50 billion
  - Reinsured 100.0% of $500 million excess of $2.25 billion, for Northeastern U.S. losses only
- Does not reflect recently issued catastrophe bond
- Modeled exposures as of March 31, 2007
- Assumes 35% tax rate

---

1 See appendix on page A1 for disclosure regarding inherent risks related to catastrophe modeling.
2 For hurricane, earthquake and winter storm/freeze losses from Virginia to Maine. Losses from a covered event (occurring over several days) anywhere in the United States may be used to satisfy the retention.
Regional Distribution of Travelers Catastrophe Exposure

Average Annual Loss (AAL)
- Gulf Hurricane
- Mid-Atlantic Hurricane
- Northeast Hurricane
- Countrywide Earthquake
- Florida Hurricane

Tail Value at Risk (TVAR)
- Gulf Hurricane
- Mid-Atlantic Hurricane
- Northeast Hurricane
- Countrywide Earthquake
- Florida Hurricane

- Average Annual Loss for Florida is 50% greater than for the Northeast
- Tail Value at Risk, a measure of extreme events, for the Northeast is nearly double that of Florida

1 Defined here as catastrophe exposure to wind and earthquake based upon RMS hurricane and earthquake models
Catastrophe Reinsurance Marketplace

- **Capacity**
  
  *There is insufficient capacity across the global reinsurance marketplace relative to severe catastrophe exposures in the industry*

- **Pricing**
  
  *Current market pricing reflects a healthy balance of supply and demand leading to growing capacity and rational, but not inexpensive, pricing*

  *Given our gross exposure and financial strength, at currently quoted reinsurance prices, we are inclined to purchase similar levels of national coverage, while potentially purchasing more coverage in the peak zone of the Northeast*

- **Reinsurance Recoverability**
  
  *Increased financial discipline, the use of more demanding capital models and a year of significant capital growth by the reinsurance marketplace has improved collectibility*

  *Collateralization provisions are important to us for catastrophe reinsurance recoveries and can facilitate access to unrated reinsurance capacity*

  *Alternative capital sources are becoming a mainstay of the catastrophe reinsurance landscape*
Longpoint Re, Ltd. & Catastrophe Bond Issuance

- Special purpose vehicle (SPV) reinsurer
  - Set up to issue bonds and sell reinsurance to Travelers

- Initial issuance of $500 million for 3 years

- Coverage territory
  - NJ, PA, NY, CT, RI, MA, NH, ME, VT

- Coverage trigger
  - Index created by weighting state and line of business shares of industry losses as reported by Property Claims Services (PCS)
    - Structured to estimate Travelers share of losses

- Reinsurance provided
  - $500 million part of $750 million in excess of $2.25 billion of index losses
Catastrophe Bonds vs. Traditional Reinsurance

- **Positives**
  - Multi-year coverage with fixed pricing
  - Transparent coverage trigger
  - Fully collateralized limit
  - Diversified source of reinsurance capital

- **Negatives**
  - Basis risk
  - Single limit of protection – no reinstatement
  - Transactional costs and lead time to set up SPV
  - Permanency untested
Catastrophe Management at Travelers

- We have been a profitable property insurance underwriter.
- Our catastrophe exposure is appropriately sized as compared to our capital position.
- The sustainability of our property insurance business is not dependent on catastrophe reinsurance.
- We believe we can continue to produce appropriate risk-adjusted returns on property insurance.
- Significant alternative capital market capacity emerging that could lower the cost of our peak zone exposures over time.
Operating Company Surplus

- Determined by capital adequacy ratios and ratings targets
  - Rating agency capital models
  - NAIC risk-based capital
  - Internal capital models

- Statutory surplus of $21.2 billion:

- Excess capital sent upstream to holding company
  - Generating capital well in excess of amounts required to support growth
  - Statutory dividend capacity of $3.1 billion without prior approval
### Claims Paying/Financial Strength Ratings

<table>
<thead>
<tr>
<th></th>
<th>A. M. Best</th>
<th>S&amp;P</th>
<th>Moody's</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chubb</td>
<td>A++</td>
<td>AA</td>
<td>Aa2</td>
<td>AA</td>
</tr>
<tr>
<td>Cincinnati Financial</td>
<td>A++</td>
<td>AA-</td>
<td>Aa3</td>
<td>AA</td>
</tr>
<tr>
<td>AIG</td>
<td>A+</td>
<td>AA+</td>
<td>Aa2</td>
<td>AA+</td>
</tr>
<tr>
<td>Progressive</td>
<td>A+</td>
<td>AA+</td>
<td>Aa2</td>
<td>AA+</td>
</tr>
<tr>
<td>Allstate</td>
<td>A+</td>
<td>AA</td>
<td>Aa2</td>
<td>AA+</td>
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<tr>
<td><strong>Travelers</strong></td>
<td>A+</td>
<td>AA-</td>
<td>Aa3</td>
<td>AA</td>
</tr>
<tr>
<td><strong>Outlook</strong></td>
<td>Stable</td>
<td>Stable</td>
<td>Positive</td>
<td>Stable</td>
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<tr>
<td>Hartford</td>
<td>A+</td>
<td>AA-</td>
<td>Aa3</td>
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<td>XL Capital</td>
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<td>A+</td>
<td>A1</td>
<td>A+</td>
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<tr>
<td>Liberty Mutual</td>
<td>A</td>
<td>A</td>
<td>A2</td>
<td>A-</td>
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<tr>
<td>Ohio Casualty</td>
<td>A</td>
<td>A-</td>
<td>A3</td>
<td>A</td>
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<tr>
<td>CNA</td>
<td>A</td>
<td>A-</td>
<td>A3</td>
<td>A-</td>
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</tbody>
</table>

**On May 2, 2007, Moody’s affirmed Travelers ratings and changed outlook to Positive**

**On May 21, 2007, Fitch upgraded Travelers ratings to “AA”**

Ratings as of May 21, 2007
Debt to total capital ratio of 19.7% compared to our targeted 20%

Effective laddering of maturities (reflects retirement of CoCos and hybrid issuance):

Backup credit facility
- $1.0 billion in place through June 2010
- No material adverse change clauses
- Supports commercial paper program
  - $100 million outstanding as of March 31, 2007
Holding Company Liquidity

- Holding company liquidity target - one year of interest and dividends

- Holding company liquidity of $1.7 billion:

  (\$'s in millions)

- Currently above target due to timing of dividends from operating companies, debt refinancing activities and share repurchase activity.
Returning Excess Capital to Shareholders

- On May 2, 2007, quarterly dividend increased by $0.03, or 12%, to $0.29 per common share
  - Dividend yield of 2.1%
  - Payout ratio of 20%¹

- Board authorized repurchase program of $5.0 billion
  - Repurchases since commencement of program in 2Q 2006:
    - At March 31, 2007 $3.2 billion of capacity remaining under share repurchase program

<table>
<thead>
<tr>
<th>($'s in millions)</th>
<th>2Q06</th>
<th>3Q06</th>
<th>4Q06</th>
<th>1Q07</th>
<th>Cumulative Total</th>
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<tbody>
<tr>
<td>Amount</td>
<td>$ 250</td>
<td>$ 121</td>
<td>$ 750</td>
<td>$ 725</td>
<td>$ 1,846</td>
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<tr>
<td>Shares</td>
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<td>2.8</td>
<td>14.4</td>
<td>13.9</td>
<td>36.7</td>
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<tr>
<td>% of O/S repurchased²</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.3%</td>
</tr>
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</table>

¹ Based on First Call consensus estimates for 2007 EPS as of May 20, 2007
² Based on 696.2 million common shares outstanding as of March 31, 2006
### All Financial Strength Targets Achieved

($’s in millions)

<table>
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<th>Target</th>
<th>Mar 31, 2007</th>
<th>Dec 31, 2006</th>
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<tbody>
<tr>
<td>Shareholders’ equity</td>
<td>$ 24,918</td>
<td>$ 24,682</td>
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<tr>
<td>Share repurchases YTD</td>
<td>$ 725</td>
<td>$ 1,121</td>
<td></td>
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<tr>
<td>Debt to total capital</td>
<td>20.0%</td>
<td>19.7%</td>
<td>18.9%</td>
</tr>
<tr>
<td>Statutory surplus</td>
<td>$ 21,204</td>
<td>$ 20,945</td>
<td></td>
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<tr>
<td>Travelers estimate of A.M. Best BCAR</td>
<td>230%</td>
<td>235%</td>
<td>235%</td>
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<tr>
<td>Holding company liquidity</td>
<td>$ 1,100</td>
<td>$ 1,690</td>
<td>$ 1,447</td>
</tr>
</tbody>
</table>

1 Excluding FAS 115
2 A.M. Best has not yet completed its calculation of BCAR for 2006. The ratios above represent Travelers estimate using updated data.

A.M. Best’s last published figure was 210% as of December 31, 2005.
Primary Objective: Creation of Shareholder Value

**Book Value Per Share**

- December 2004: $30.05
- December 2005: $31.47
- December 2006: $36.20
- March 2007: $37.26

24% Growth

Tangible Book Value Per Share

- December 2004: $23.46
- December 2005: $25.44
- December 2006: $30.21
- March 2007: $30.91

32% Growth

After $1.8B of buybacks & $1.5B of dividends

1 Excluding FAS 115
Financial Objective – Create Shareholder Value

- Achieve mid-teens return on equity over time
- Responsibly grow market share over time
- Flexibility/capacity to absorb severe events, e.g., major catastrophes
- Maintain solid claims paying/financial strength ratings
  - A.M. Best: A+
  - S&P, Moody's and Fitch: AA range
- Return excess capital to shareholders
- Grow book value per share
Questions?
Appendix:

The information in this presentation regarding probable maximum catastrophe loss estimates includes output from analytical modeling related to the probability and potential losses associated only with hurricanes and earthquakes, each of which are inherently unpredictable events. Management uses this information to evaluate exposures, establish underwriting guidelines and support reinsurance decisions. Actual catastrophe losses could be materially greater than indicated due to, among other things, severity of natural and man-made catastrophic events beyond levels assumed and the occurrences of catastrophes other than hurricanes and earthquakes.