Jay S. Benet
Vice Chairman & Chief Financial Officer

Barclays Capital
Global Financial Services Conference
September 14, 2010
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 the Company’s share repurchase plans (which repurchase plans depend on a variety of factors, including the Company’s financial position, earnings, capital requirements of the Company’s operating subsidiaries, legal requirements, regulatory constraints, catastrophe losses, 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 the Company’s investment portfolio and underwriting results, among others, are forward looking, and the Company may make forward-looking statements about, among other things, its results of operations (including, among others, premium volume, premium rates (either for new or renewal business), net and operating income, investment income and performance, return on equity, expected current returns and combined ratio) and financial condition; the sufficiency of the Company’s asbestos and other reserves (including, among others, asbestos claim payment patterns); the impact of emerging claims issues; the cost and availability of reinsurance coverage; catastrophe losses; the impact of investment, economic and underwriting market conditions; and strategic initiatives. The Company cautions investors that such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the Company’s 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 the Company’s results of operations, its financial position and/or liquidity, and could adversely impact the Company’s ratings, the Company’s ability to raise capital and the availability and cost of reinsurance; during or following a period of financial market disruption or prolonged economic downturn, the Company’s business could be materially and adversely affected; the Company’s investment portfolio may suffer reduced returns or material losses, including as a result of a challenging economic environment that impacts the credit of municipal or other issuers in the company’s portfolio; if actual claims exceed the Company’s loss reserves, or if changes in the estimated level of loss reserves are necessary, the Company’s financial results could be materially and adversely affected; the Company’s business could be harmed because of its potential exposure to asbestos and environmental claims and related litigation; the Company is 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 the Company’s business are uncertain; the intense competition that the Company faces could harm its ability to maintain or increase its business volumes and profitability; the Company may not be able to collect all amounts due to it from reinsurers, and reinsurance coverage may not be available to the Company in the future at commercially reasonable rates or at all; the Company is exposed to credit risk in certain of its business operations; the Company’s businesses are heavily regulated and changes in regulation (including as a result of the adoption of financial services reform legislation) may reduce the Company’s profitability and limit its growth; a downgrade in the Company’s claims-paying and financial strength ratings could adversely impact the Company’s business volumes, adversely impact the Company’s ability to access the capital markets and increase the Company’s borrowing costs; the inability of the Company’s insurance subsidiaries to pay dividends to the Company’s holding company in sufficient amounts would harm the Company’s ability to meet its obligations and to pay future shareholder dividends; disruptions to the Company’s relationships with its independent agents and brokers could adversely affect the Company; the Company’s efforts to develop new products (including its direct to consumer initiative in Personal Insurance) or expand in targeted markets may not be successful, may create enhanced risks and may adversely impact results; the Company’s business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology; if the Company experiences difficulties with technology, data security and/or outsourcing relationships the Company’s ability to conduct its business could be negatively impacted; acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences; the Company is subject to a number of risks associated with its business outside the United States; the Company could be adversely affected if its controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective; the Company’s businesses may be adversely affected if it is 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 the Company’s 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 earnings press releases and financial supplements which are available on the Travelers website under the investor section (www.travelers.com).
• Very strong financial position

• Capital management
  – Economic conditions
  – Interest rate environment

• Convergence of U.S. GAAP & International Financial Reporting Standards (IFRS)
Very Strong Financial Position
($ and shares in millions, except per share amounts)

Capital
- At or above target levels for all rating agencies
- Continued to generate excess capital and repurchase common shares

Leverage
- Debt-to-capital ratio of 20.8\%\(^3\) approximates target level
- Low level of maturing debt
  - 3Q & 4Q 2010 $23 million
  - 2011 $11 million
  - 2012 $250 million
  - Can self-fund all maturing debt

Liquidity
- Holding company liquidity was more than two times the company’s target level\(^3\)

Very high quality investment portfolio
- Net unrealized investment gains of $2.4 billion after-tax ($3.6 billion pre-tax) at end of second quarter 2010

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<table>
<thead>
<tr>
<th></th>
<th>June 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>$ 6,276</td>
<td>$ 6,527</td>
</tr>
<tr>
<td>Preferred equity</td>
<td>72</td>
<td>79</td>
</tr>
<tr>
<td>Common equity</td>
<td>23,833</td>
<td>25,475</td>
</tr>
<tr>
<td>Total capital</td>
<td>$ 30,181</td>
<td>$ 32,081</td>
</tr>
<tr>
<td>Debt-to-capital</td>
<td>20.8%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Common shares</td>
<td>470.8</td>
<td>520.3</td>
</tr>
<tr>
<td>outstanding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Book value per</td>
<td>$ 55.67</td>
<td>$ 52.54</td>
</tr>
<tr>
<td>common share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted book</td>
<td>$ 50.62</td>
<td>$ 48.96</td>
</tr>
<tr>
<td>value per common</td>
<td></td>
<td></td>
</tr>
<tr>
<td>share 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible book</td>
<td>$ 42.44</td>
<td>$ 41.49</td>
</tr>
<tr>
<td>value per common</td>
<td></td>
<td></td>
</tr>
<tr>
<td>share 1,2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutory surplus</td>
<td>$ 21,077</td>
<td>$ 23,195</td>
</tr>
<tr>
<td>Holding company</td>
<td>$ 2,400</td>
<td>$ 2,144</td>
</tr>
<tr>
<td>liquidity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Excludes net unrealized investment gains, net of taxes
\(^2\) Excludes the after-tax value of goodwill and other intangible assets
\(^3\) As of June 30, 2010
## Consistent High Quality Investment Portfolio
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
<th></th>
<th></th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2006</td>
<td>2007</td>
<td>2008</td>
</tr>
<tr>
<td><strong>Total invested assets</strong></td>
<td>$ 68,287</td>
<td>$ 72,268</td>
<td>$ 74,818</td>
<td>$ 70,738</td>
</tr>
<tr>
<td>Taxable fixed maturities</td>
<td>41%</td>
<td>38%</td>
<td>35%</td>
<td>32%</td>
</tr>
<tr>
<td>Tax-exempt fixed maturities</td>
<td>46%</td>
<td>49%</td>
<td>52%</td>
<td>55%</td>
</tr>
<tr>
<td>Total fixed maturities</td>
<td>87%</td>
<td>87%</td>
<td>87%</td>
<td>87%</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>7%</td>
<td>7%</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><strong>Net realized investment gains(losses) (pretax)</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Fixed maturities data:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average quality rating</td>
<td>Aa1, AA+</td>
<td>Aa1, AA+</td>
<td>Aa1, AA+</td>
<td>Aa1, AA+</td>
</tr>
<tr>
<td>Below investment grade</td>
<td>3.0%</td>
<td>2.9%</td>
<td>2.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Average duration</td>
<td>3.9</td>
<td>4.0</td>
<td>4.0</td>
<td>4.2</td>
</tr>
</tbody>
</table>

1. Amounts shown represent period-to-date as per column heading.
2. Average duration of fixed maturities and short-term securities, net of securities lending activities and net receivables and payables on investment sales and purchases.
Reserve Comparisons

- The following two slides 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.
## Reserve Comparisons

### Net Paid to Incurred Ratios – 2009 Industry Comparison

<table>
<thead>
<tr>
<th>Accident</th>
<th>Workers' Compensation</th>
<th>Accident</th>
<th>Private Passenger Auto Liability</th>
<th>Accident</th>
<th>Commercial Auto Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Peer(1)</td>
<td>TRV</td>
<td>Industry</td>
<td>Year</td>
<td>Peer(1)</td>
</tr>
<tr>
<td>2000</td>
<td>76.6%</td>
<td>72.4%</td>
<td>85.2%</td>
<td>2000</td>
<td>99.7%</td>
</tr>
<tr>
<td>2001</td>
<td>69.2%</td>
<td>65.3%</td>
<td>81.9%</td>
<td>2001</td>
<td>99.6%</td>
</tr>
<tr>
<td>2002</td>
<td>73.9%</td>
<td>64.9%</td>
<td>80.5%</td>
<td>2002</td>
<td>99.2%</td>
</tr>
<tr>
<td>2003</td>
<td>76.3%</td>
<td>59.2%</td>
<td>77.2%</td>
<td>2003</td>
<td>98.9%</td>
</tr>
<tr>
<td>2004</td>
<td>74.3%</td>
<td>57.4%</td>
<td>74.0%</td>
<td>2004</td>
<td>98.2%</td>
</tr>
<tr>
<td>2005</td>
<td>71.0%</td>
<td>48.5%</td>
<td>70.2%</td>
<td>2005</td>
<td>96.4%</td>
</tr>
<tr>
<td>2006</td>
<td>61.4%</td>
<td>43.3%</td>
<td>63.0%</td>
<td>2006</td>
<td>92.4%</td>
</tr>
<tr>
<td>2007</td>
<td>52.6%</td>
<td>40.7%</td>
<td>55.1%</td>
<td>2007</td>
<td>85.0%</td>
</tr>
<tr>
<td>2008</td>
<td>39.6%</td>
<td>33.6%</td>
<td>42.7%</td>
<td>2008</td>
<td>74.1%</td>
</tr>
<tr>
<td>2009</td>
<td>18.0%</td>
<td>16.1%</td>
<td>19.8%</td>
<td>2009</td>
<td>43.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accident</th>
<th>Commercial Multi Peril</th>
<th>Accident</th>
<th>Other Liability - Occurrence</th>
<th>Accident</th>
<th>Other Liability - Claims Made</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Peer(1)</td>
<td>TRV</td>
<td>Industry</td>
<td>Year</td>
<td>Peer(1)</td>
</tr>
<tr>
<td>2000</td>
<td>96.3%</td>
<td>95.5%</td>
<td>96.6%</td>
<td>2000</td>
<td>84.1%</td>
</tr>
<tr>
<td>2001</td>
<td>95.5%</td>
<td>96.2%</td>
<td>96.2%</td>
<td>2001</td>
<td>83.3%</td>
</tr>
<tr>
<td>2002</td>
<td>94.3%</td>
<td>94.0%</td>
<td>94.3%</td>
<td>2002</td>
<td>82.7%</td>
</tr>
<tr>
<td>2003</td>
<td>93.0%</td>
<td>90.8%</td>
<td>92.9%</td>
<td>2003</td>
<td>81.2%</td>
</tr>
<tr>
<td>2004</td>
<td>91.0%</td>
<td>91.4%</td>
<td>91.6%</td>
<td>2004</td>
<td>73.0%</td>
</tr>
<tr>
<td>2005</td>
<td>89.2%</td>
<td>91.5%</td>
<td>87.8%</td>
<td>2005</td>
<td>64.3%</td>
</tr>
<tr>
<td>2006</td>
<td>77.5%</td>
<td>79.1%</td>
<td>78.7%</td>
<td>2006</td>
<td>52.6%</td>
</tr>
<tr>
<td>2007</td>
<td>68.8%</td>
<td>71.3%</td>
<td>70.3%</td>
<td>2007</td>
<td>39.8%</td>
</tr>
<tr>
<td>2008</td>
<td>64.6%</td>
<td>64.5%</td>
<td>65.2%</td>
<td>2008</td>
<td>23.9%</td>
</tr>
<tr>
<td>2009</td>
<td>37.8%</td>
<td>39.5%</td>
<td>39.1%</td>
<td>2009</td>
<td>15.5%</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 lowest ratio.

Source: SNL Financial LC, filed annual statutory statements for 2009.
### Reserve Comparisons

**IBNR to Incurred Ratios – 2009 Industry Comparison**

<table>
<thead>
<tr>
<th>Accident Year</th>
<th>Workers' Compensation</th>
<th>Accident Year</th>
<th>Private Passenger Auto Liability</th>
<th>Accident Year</th>
<th>Commercial Auto Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Peer (1)</td>
<td>TRV</td>
<td>Industry</td>
<td>Peer (1)</td>
<td>TRV</td>
</tr>
<tr>
<td>2000</td>
<td>12.1%</td>
<td>11.3%</td>
<td>6.5%</td>
<td>2000</td>
<td>0.3%</td>
</tr>
<tr>
<td>2001</td>
<td>17.9%</td>
<td>17.0%</td>
<td>8.8%</td>
<td>2001</td>
<td>0.4%</td>
</tr>
<tr>
<td>2002</td>
<td>13.5%</td>
<td>17.5%</td>
<td>9.5%</td>
<td>2002</td>
<td>0.5%</td>
</tr>
<tr>
<td>2003</td>
<td>12.1%</td>
<td>21.1%</td>
<td>11.8%</td>
<td>2003</td>
<td>0.5%</td>
</tr>
<tr>
<td>2004</td>
<td>12.7%</td>
<td>23.1%</td>
<td>14.0%</td>
<td>2004</td>
<td>0.7%</td>
</tr>
<tr>
<td>2005</td>
<td>15.4%</td>
<td>33.0%</td>
<td>16.7%</td>
<td>2005</td>
<td>0.8%</td>
</tr>
<tr>
<td>2006</td>
<td>22.2%</td>
<td>37.6%</td>
<td>21.5%</td>
<td>2006</td>
<td>1.7%</td>
</tr>
<tr>
<td>2007</td>
<td>28.4%</td>
<td>41.8%</td>
<td>25.4%</td>
<td>2007</td>
<td>3.2%</td>
</tr>
<tr>
<td>2008</td>
<td>36.2%</td>
<td>43.0%</td>
<td>32.4%</td>
<td>2008</td>
<td>5.1%</td>
</tr>
<tr>
<td>2009</td>
<td>59.0%</td>
<td>62.1%</td>
<td>52.2%</td>
<td>2009</td>
<td>14.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accident Year</th>
<th>Commercial Multi Peril</th>
<th>Accident Year</th>
<th>Other Liability - Occurrence</th>
<th>Accident Year</th>
<th>Other Liability - Claims Made</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Peer (1)</td>
<td>TRV</td>
<td>Industry</td>
<td>Peer (1)</td>
<td>TRV</td>
</tr>
<tr>
<td>2000</td>
<td>2.2%</td>
<td>3.2%</td>
<td>2.0%</td>
<td>2000</td>
<td>10.5%</td>
</tr>
<tr>
<td>2001</td>
<td>2.4%</td>
<td>2.5%</td>
<td>2.4%</td>
<td>2001</td>
<td>10.8%</td>
</tr>
<tr>
<td>2002</td>
<td>3.5%</td>
<td>4.1%</td>
<td>3.6%</td>
<td>2002</td>
<td>12.2%</td>
</tr>
<tr>
<td>2003</td>
<td>3.8%</td>
<td>5.7%</td>
<td>4.3%</td>
<td>2003</td>
<td>13.8%</td>
</tr>
<tr>
<td>2004</td>
<td>5.0%</td>
<td>3.7%</td>
<td>5.0%</td>
<td>2004</td>
<td>21.2%</td>
</tr>
<tr>
<td>2005</td>
<td>6.0%</td>
<td>3.5%</td>
<td>6.5%</td>
<td>2005</td>
<td>28.3%</td>
</tr>
<tr>
<td>2006</td>
<td>11.8%</td>
<td>7.4%</td>
<td>11.0%</td>
<td>2006</td>
<td>37.3%</td>
</tr>
<tr>
<td>2007</td>
<td>16.6%</td>
<td>10.9%</td>
<td>15.0%</td>
<td>2007</td>
<td>46.2%</td>
</tr>
<tr>
<td>2008</td>
<td>19.7%</td>
<td>16.0%</td>
<td>18.8%</td>
<td>2008</td>
<td>62.1%</td>
</tr>
<tr>
<td>2009</td>
<td>39.1%</td>
<td>33.5%</td>
<td>35.7%</td>
<td>2009</td>
<td>78.0%</td>
</tr>
</tbody>
</table>

---

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

Note: Percentages in blue represent the highest ratio.

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

---

Travelers continues to look favorable relative to industry and peer group.
• Very strong financial position

• Capital management
  – Economic conditions
  – Interest rate environment

• Convergence of U.S. GAAP & International Financial Reporting Standards (IFRS)
Economic conditions are impacting the P&C insurance industry...
Economic Environment
Impact on Insured Exposures

Travelers Business Insurance
(Excluding National Accounts)

- Renewal Rate Change\(^1\) %
- Exposure/Other %
- Renewal Premium Change\(^2\) %

2005 2006 2007 2008 2009 1Q 2010 2Q 2010

0%

….but to a lesser extent than other industries

1 Each percentage represents the estimated change in average premium on policies that renew, excluding exposure changes, versus the average premium on those same policies for their prior term.
2 Each percentage represents the estimated change in average premium on policies that renew, including rate and exposure changes, versus the average premium on those same policies for their prior term.

Note: statistics are subject to change based on a number of factors, including changes in actuarial estimates.
**Interest Rate Environment: Net Investment Income**
($ in millions, after-tax)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010 YTD¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$2,438</td>
<td>$2,128</td>
<td>$2,382</td>
<td>$2,523</td>
<td>$2,464</td>
<td>$2,333</td>
<td>$1,134</td>
</tr>
<tr>
<td>2006</td>
<td>$2,712</td>
<td>$2,010</td>
<td>$2,198</td>
<td>$2,343</td>
<td>$2,371</td>
<td>$2,316</td>
<td>$1,130</td>
</tr>
<tr>
<td>2007</td>
<td>$2,915</td>
<td>$1,118</td>
<td>$184</td>
<td>$180</td>
<td>$93</td>
<td>$17</td>
<td>$4</td>
</tr>
<tr>
<td>2008</td>
<td>$2,299</td>
<td>$2,010</td>
<td>$2,198</td>
<td>$2,343</td>
<td>$2,371</td>
<td>$2,316</td>
<td>$1,134</td>
</tr>
<tr>
<td>2009</td>
<td>$2,290</td>
<td>$1,118</td>
<td>$184</td>
<td>$180</td>
<td>$93</td>
<td>$17</td>
<td>$4</td>
</tr>
<tr>
<td>2010 YTD¹</td>
<td>$1,227</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**After-tax yield**
- Total: 3.4% 3.6% 3.6% 3.5% 3.4% 3.3%
- Short-term: 2.6% 3.6% 3.8% 1.7% 0.3% 0.2%
- Long-term: 3.5% 3.6% 3.6% 3.7% 3.7% 3.6%

- Long-term fixed income portfolio returns have been steady
- Net investment income from short-term portion of fixed income portfolio impacted by very low interest rates in recent years
- Non-fixed income portfolio returns positive in first half 2010

---

¹ Year-to-date through June 30, 2010.
² Excludes investment expenses
10 Year – Treasury Yields, AA Industrial Spreads & Yields

Source: Bloomberg.
### Interest Rate Environment

($ in millions)

#### Illustration of an Impact on Net Investment Income if Today's Interest Rate Environment Persists for Next 3 Years

<table>
<thead>
<tr>
<th>Long-Term Fixed Income Maturities</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts in dollars</td>
<td>$5,900</td>
<td>$5,400</td>
<td>$5,000</td>
</tr>
<tr>
<td>Percentage of fixed income portfolio</td>
<td>9.6%</td>
<td>8.8%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Tax equivalent yield</td>
<td>5.0%</td>
<td>5.2%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$ (19)</td>
<td>$ (38)</td>
<td>$ (38)</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>(18)</td>
<td>(36)</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td>(16)</td>
</tr>
<tr>
<td>Total</td>
<td>$ (19)</td>
<td>$ (56)</td>
<td>$ (90)</td>
</tr>
</tbody>
</table>
Travelers has paid cash dividends without interruption for 138 years - current dividend yield\(^1\): 2.9%
## Capital Management

<table>
<thead>
<tr>
<th>($ in billions)</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010 YTD(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$2.9</td>
<td>$4.3</td>
<td>$4.9</td>
<td>$4.1</td>
<td>$3.9</td>
<td>$1.2</td>
</tr>
<tr>
<td>Dividends paid to parent company(^2)</td>
<td>1.0</td>
<td>1.4</td>
<td>3.2</td>
<td>3.7</td>
<td>3.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Surplus</td>
<td>17.8</td>
<td>20.9</td>
<td>22.9</td>
<td>21.5</td>
<td>23.2</td>
<td>21.1</td>
</tr>
</tbody>
</table>

\(^1\) Year-to-date through June 30, 2010.

\(^2\) Dividends paid from operating companies to the parent company.
## Capital Management

### ($ in billions)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010 YTD&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statutory:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$2.9</td>
<td>$4.3</td>
<td>$4.9</td>
<td>$4.1</td>
<td>$3.9</td>
<td>$1.2</td>
</tr>
<tr>
<td>Dividends paid to parent company&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1.0</td>
<td>1.4</td>
<td>3.2</td>
<td>3.7</td>
<td>3.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Surplus</td>
<td>17.8</td>
<td>20.9</td>
<td>22.9</td>
<td>21.5</td>
<td>23.2</td>
<td>21.1</td>
</tr>
<tr>
<td><strong>GAAP:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$1.6</td>
<td>$4.2</td>
<td>$4.6</td>
<td>$2.9</td>
<td>$3.6</td>
<td>$1.3</td>
</tr>
<tr>
<td>Debt-to-capital ratio&lt;sup&gt;3&lt;/sup&gt;</td>
<td>21.0%</td>
<td>18.9%</td>
<td>19.4%</td>
<td>19.5%</td>
<td>20.3%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Holding company liquidity</td>
<td>1.6</td>
<td>1.5</td>
<td>1.6</td>
<td>2.2</td>
<td>2.1</td>
<td>2.4</td>
</tr>
</tbody>
</table>

<sup>1</sup> Year-to-date through June 30, 2010.

<sup>2</sup> Dividends paid from operating companies to the parent company.

<sup>3</sup> Excludes net unrealized investment gains (losses), net of taxes.
## Capital Management

### Statutory:

|                      | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 YTD
|----------------------|------|------|------|------|------|---------|
| Net income           | $2.9 | $4.3 | $4.9 | $4.1 | $3.9 | $1.2
| Dividends paid to parent company | 1.0 | 1.4 | 3.2 | 3.7 | 3.6 | 3.4
| Surplus              | 17.8 | 20.9 | 22.9 | 21.5 | 23.2 | 21.1
| GAAP:                |      |      |      |      |      |         |
| Net income           | $1.6 | $4.2 | $4.6 | $2.9 | $3.6 | $1.3
| Debt-to-capital ratio | 21.0% | 18.9% | 19.4% | 19.5% | 20.3% | 20.8%
| Holding company liquidity | 1.6 | 1.5 | 1.6 | 2.2 | 2.1 | 2.4

### Cash Returned to Common Shareholders:

|                      | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 YTD
|----------------------|------|------|------|------|------|---------|
| Dividends            | $0.6 | $0.7 | $0.7 | $0.7 | $0.7 | $0.3
| Share Repurchases    | -    | 1.1  | 3.0  | 2.1  | 3.3  | 2.8
| Total                | $0.6 | $1.8 | $3.7 | $2.8 | $4.0 | $3.1

1 Year-to-date through June 30, 2010.
2 Dividends paid from operating companies to the parent company.
3 Excludes net unrealized investment gains (losses), net of taxes.
4 Repurchased under Board of Director authorization. Initial repurchase authorization granted in the second quarter 2006.
Capital Management
Consistently Growing Book Value Per Share

Book Value Per Share

CAGR: 13.1%

Adjusted Book Value Per Share

CAGR: 11.1%

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.

2 Assumed 3.7% after-tax investment yield.
Capital Management

Impact of Common Share Repurchase Program

<table>
<thead>
<tr>
<th>Diluted Operating Income Per Share</th>
<th>Operating Return on Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2006</strong></td>
<td><strong>2006</strong></td>
</tr>
<tr>
<td>$5.85</td>
<td>17.8%</td>
</tr>
<tr>
<td><strong>2007</strong></td>
<td><strong>2007</strong></td>
</tr>
<tr>
<td>$6.39</td>
<td>17.9%</td>
</tr>
<tr>
<td><strong>2008</strong></td>
<td><strong>2008</strong></td>
</tr>
<tr>
<td>$4.75</td>
<td>16.5%</td>
</tr>
<tr>
<td><strong>2009</strong></td>
<td><strong>2009</strong></td>
</tr>
<tr>
<td>$5.26</td>
<td>17.7%</td>
</tr>
<tr>
<td><strong>2010 YTD</strong></td>
<td><strong>2010 YTD</strong></td>
</tr>
<tr>
<td>$5.88</td>
<td>17.9%</td>
</tr>
</tbody>
</table>

**Adjusted to exclude cumulative impact of common share repurchases**

Common share repurchase program has meaningfully increased diluted operating income per share and operating return on equity

1 Year-to-date through June 30, 2010.
2 Since the initial share repurchase authorization granted by the Board in the second quarter of 2006.
3 Assumed 3.7% after-tax investment yield.
• Very strong financial position

• Capital management
  – Economic conditions
  – Interest rate environment

• Convergence of U.S. GAAP & International Financial Reporting Standards (IFRS)
“The IASB and the FASB are in the process of developing a global insurance standard that may involve methodologies for valuing insurance contract liabilities that may be significantly different from the methodologies required by current GAAP. The FASB and the IASB are also embarked on a long-term project to converge GAAP and IFRS. The Company is not able to predict whether it will choose to, or be required to, adopt IFRS or how the adoption of IFRS (or the convergence of GAAP and IFRS) may impact the Company’s financial statements in the future.”
Convergence of U.S. GAAP and International Financial Reporting Standards (IFRS)
FASB Accounting Standards Activity

- **Accounting for Financial Instruments** (exposure draft issued in May)
  Requires most financial instruments to be measured at fair value. The proposed effective date is no sooner than January 1, 2013.

- **Other Comprehensive Income** (exposure draft issued in May)
  Requires all of the components of net income and other comprehensive income (OCI) to be reported in a single, continuous financial statement, “Statement of Comprehensive Income”. FASB intends to align the effective date of the draft guidance with the effective date of the Financial Instruments exposure draft.

- **Fair Value Measurements** (exposure draft issued in June)
  Intended to converge U.S. GAAP and IFRS guidance on fair value measurement. A potential effective date has not yet been determined.

- **Revenue Recognition** (exposure draft issued in June)
  Requires a contract-based approach for revenue recognition, focused on the assets and liabilities that are created when an entity enters into and performs under a contract. A potential effective date has not yet been determined.

- **Disclosure of Loss Contingencies** (revised exposure draft issued in July)
  Requires the disclosure of loss contingencies that have a remote likelihood of occurring but could have a severe impact on the reporting entity. Effective date is currently proposed for year end 2010.

- **Deferred Acquisition Costs** (expected to be finalized soon)
  Addresses the accounting for the costs of acquiring or renewing insurance contracts. The proposed effective date is year-end 2011.

- **Leases** (exposure draft issued in August)
  Develops a common definition of a “lease” and a single approach to accounting for leases. The effective date has not yet been determined.

- **Insurance Contracts** (discussion paper expected to be issued)
  Addresses the recognition, measurement, presentation, and disclosure requirements for insurance contracts.
### Accounting for P&C Insurance Contracts

The following is a comparison to current U.S. GAAP of some of the more significant provisions of the recently issued IASB exposure draft:

<table>
<thead>
<tr>
<th>Current U.S. GAAP (ASC 944)</th>
<th>IASB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Premiums</strong></td>
<td><strong>Premiums would be recognized over the coverage period for only those contracts having 12 months or less of coverage.</strong></td>
</tr>
<tr>
<td>• Premiums from short-duration insurance contracts are recognized as revenue over the period of the contract in proportion to the amount of insurance protection provided.</td>
<td>• For contracts exceeding 12 months, no premiums would be recognized; instead a net insurance asset or liability would be recognized on the balance sheet (net of amount received from the policyholder and amounts expected to be paid under the policy) and only changes in the asset/liability would be recognized in earnings.</td>
</tr>
<tr>
<td><strong>Pre-Claims Liability</strong></td>
<td></td>
</tr>
<tr>
<td>• An insurer recognizes a liability for premiums that have been received from policyholders but not yet earned (“unearned premium reserve”). The liability represents the amounts that would be returned to the policyholder if coverage were cancelled. Premiums are recognized as described above.</td>
<td>• An insurer would recognize a pre-claims liability and would measure the liability as the sum of the premiums initially received, if any, plus the expected present value of premiums not yet received, if any, less the incremental acquisition costs.</td>
</tr>
<tr>
<td>• Costs that vary with and are primarily related to the acquisition of insurance contracts (deferred acquisition costs or DAC) are capitalized and reported as a separate asset. DAC is charged to expense in proportion to premium revenue recognized. Other costs are expensed as incurred.</td>
<td>• The pre-claims liability would be reduced and recognized in earnings over the coverage period in a systematic manner based on the passage of time, but also on the basis of the expected timing of incurred losses, if that pattern differs significantly from the passage of time.</td>
</tr>
</tbody>
</table>
### Liability for Claims

- A liability for unpaid claims costs, including the estimated costs related to incurred but not reported claims, is accrued when insured events occur.

- The liability includes the estimated ultimate cost of settling claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience.

- Changes in estimates of claim costs are recognized in income of the period in which the estimates are changed or payments are made.

- In general, the liability for property and casualty claims is undiscounted. However, the liability for settled but unpaid claims is allowed to be discounted when the payment pattern and ultimate cost are fixed and determinable. In these situations the discount rate is determined at the time the claims are settled. In addition, the liability for certain other claims and claims adjustment expenses may be discounted at the same rate that the insurer uses for reporting those claim liabilities to state regulatory authorities.

- The liability for claims would be measured using the “building blocks approach”, i.e., the expected (probability weighted) future cash outflows adjusted for risk and a discount for the time value of money.

- The expected future cash flows would be those cash flows that will arise as the insurer fulfills the insurance contracts over the life of the contract.

- The risk adjustment would be the maximum amount the insurer would rationally pay to be relieved of the risk that the ultimate fulfillment cash flows exceed the expected cash flows.

- The discount for the time value of money would be at rates that are consistent with observable current market prices [at each reporting date] for those instruments with cash flows whose characteristics reflect those of the insurance contracts liability, in terms of, for example, timing, currency, and liquidity.
Potential Issues for Users of IFRS Based Financial Statements

• Comparability among reporting enterprises
  – Increased use of judgment
  – Layering of assumptions
  – Impact of company size on risk margins

• Variability in reported results
  – Changes in interest rates and liquidity premiums
  – Revaluation of assumptions e.g. risk margins

• Comprehension of financial information

• Implementation, training and systems costs

• Increased audit complexity

The FASB plans to release for comment a discussion paper later in September. The paper is expected to provide:
  – A comparison of the IASB ED to current U.S. GAAP for insurance contracts
  – A discussion of the areas where the two Boards reached different conclusions
• Very strong financial position

• Capital management
  – Economic conditions
  – Interest rate environment

• Convergence of U.S. GAAP & International Financial Reporting Standards (IFRS)

• Q & A
• 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).

• This presentation should be read with accompanying discussion and Travelers SEC filings.

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