Jay S. Benet
Vice Chairman & Chief Financial Officer
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. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates” and similar expressions are used to identify these forward-looking statements. Examples of our forward-looking statements include statements relating to our future financial condition and operating results, the sufficiency of our reserves, the impact of emerging claim issues and other litigation, reinsurance coverage, catastrophe losses, market conditions, our share repurchase plans, potential margins, potential returns, and our strategic initiatives.

We caution 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 by, such forward-looking statements. Some of the factors that could cause actual results to differ include, but are not limited to, the following:

- Catastrophe losses;
- Financial market disruption or economic downturn;
- Changes to our claims and claim adjustment expense reserves;
- The performance of our investment portfolio;
- Asbestos and environmental claims and related litigation;
- Mass tort claims;
- Emerging claim and coverage issues;
- Competition, including the impact of competition on our strategic initiatives and new products;
- The collectability and availability of reinsurance coverage;
- Credit risk we face in insurance operations and investment activities, including under reinsurance or structured settlements;
- The federal, state and international regulatory environment;
- A downgrade in our claims-paying or financial strength ratings;
- The inability of our insurance subsidiaries to pay dividends to our holding company in sufficient amounts;
- Disruptions to our relationships with our independent agents and brokers;
- Risks associated with developing new products, including in Personal Insurance, or expanding in targeted markets;
- Losses of or restrictions placed on the use of credit scoring or other underwriting criteria in the pricing and underwriting of insurance products;
- Risks associated with our use of pricing and capital models;
- Limits to the effectiveness of our information technology systems;
- Difficulties with our technology, data security and/or outsourcing relationships;
- Risks associated with our business outside of the United States, including regulatory risks;
- Risks associated with acquisitions, and integration of acquired businesses;
- Limits to the effectiveness of our compliance controls;
- Our ability to hire and retain qualified employees;
- Company may be unable to protect and enforce its own intellectual property or may be subject to claims infringing on intellectual property of others;
- Other changes in tax laws that adversely impact our investment portfolio or operating results;
- Changes to existing accounting standards;
- Factors impacting the operation of our repurchase plans; and
- The company may not achieve the anticipated benefits of its transactions, its new products or its strategic initiatives or complete a transaction that is subject to closing conditions.

For a more detailed discussion of these factors, see the information under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Our forward-looking statements speak only as of the date of this presentation or as of the date they are made, and we undertake no obligation to update those statements.
• Travelers Profile

• Data & Analytics

• Performance
Travelers Profile

- Property & casualty insurer – writer of primary business, mostly U.S. domestic with growing international presence
- Distribution primarily through independent agents and brokers
- Full year 2013 net written premiums: $22.8 billion
  - 6th largest property & casualty insurer
  - #2 in commercial insurance, strong presence in small and middle market businesses
  - #9 in personal insurance (#2 - agency only)
- Focus on frequency driven product lines, not severity
- Top tier returns
- Financially strong and very highly rated
  - Total assets of $105 billion
  - Investment portfolio of $74 billion
  - Shareholders’ equity of $25.5 billion
- Investment operations support insurance operations, not the other way around
- Component of the Dow Jones Industrial Average
Long-Term Financial Strategy

Meaningful and sustainable competitive advantages

Generation of top tier earnings and capital substantially in excess of growth needs

Balanced approach to rightsizing capital and growing book value per share over time

CREATE SHAREHOLDER VALUE
Objective: Mid-Teens Operating ROE Over Time
Return Focused Company

Operating Return on Equity vs. Estimated Cost of Capital\(^1\)

From Jan. 1, 2005 through Jun. 30, 2014, TRV’s average annual operating ROE was approximately 13.2%

\(^1\) Cost of capital: weighted average cost of capital represents the cost of equity, debt and hybrid securities proportional to the total capital of the enterprise. The cost of equity: weekly two-year adjusted beta against S&P 500, Ibbotson equity market risk premium and ten-year Treasury.
Consistently Growing Book Value Per Share

**Book Value Per Share**

- **2005**: $31.94
- **2006**: $36.86
- **2007**: $42.22
- **2008**: $43.12
- **2009**: $52.54
- **2010**: $58.47
- **2011**: $62.32
- **2012**: $67.31
- **2013**: $70.15
- **Jun. 30, 2014**: $75.32

*CAGR: 10.6%*

**Adjusted Book Value Per Share**

- **2005**: $31.47
- **2006**: $36.21
- **2007**: $41.25
- **2008**: $43.37
- **2009**: $48.98
- **2010**: $54.19
- **2011**: $55.01
- **2012**: $59.09
- **2013**: $66.41
- **Jun. 30, 2014**: $69.38

*CAGR: 9.7%*

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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.
• Travelers Profile

• Data & Analytics

• Performance
• Major part of the company’s culture -- finance fully embedded in our business units

• Knowledge, insight and judgment is the name of the game

• Modern, comprehensive financial systems streamline financial reporting processes and allow for extensive financial planning and analysis

• Highly effective systems of internal control and enterprise risk management in place -- crucial to data integrity at the granular level

• Detailed analytics drive business decisions

Financial information is a fully integrated continuum -- what are actual results telling you about actions you should take both now and in the future?
• Worldwide general ledger\(^1\)

• Consolidated results available on fifth work day of each month

• Domestic field organization controllable income statements available on sixth work day of each month

• Consolidated GAAP results consistent with field results

• Fully integrated into corporate culture and business dialogue

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Deeply rooted analytic culture in place since early 1990’s

\(^1\)Currently excludes a recent acquisition
Continually expanding business analytics for better decision making
Highly Detailed Reserve Setting Process

- Actuarial fully embedded in our business units
- Highly detailed analyses performed quarterly at the business unit level to test carried reserves
- Involves a high degree of judgment informed by historical data, detailed knowledge of the business, econometric trends and extensive communication across the organization

One of 35 triangles used to test Construction WC-GC reserve -- represents 6.6% of total workers’ compensation reserves

Over 500 triangles exist for enterprise workers’ compensation reserves analysis alone

Data is Travelers companies only. St. Paul accounts were renewed into Travelers companies after the 2004 merger

Detailed analyses of reserves each quarter is crucial to product pricing
Reserve Analyses Subject to Extensive Review and Oversight

- Facilitates cross business unit communication -- quarterly meetings of reserving actuaries, pricing actuaries, claim managers and product managers across business units for:
  - Workers’ Compensation
  - General Liability
  - Auto
  - Property

- Evaluates reasonability and consistency of business unit reserve analyses, including underlying assumptions

- Monitors reasonability of carried reserves -- quarterly reserve meetings with business unit, business segment and corporate actuarial and finance leaders, including CFO

- Reports to Audit Committee each quarter as to reserve adequacy in total and by reporting segment

- Communicates with external auditors, regulators, rating agencies & IRS
• Travelers Profile

• Data & Analytics

• Performance
## Components of Operating Return on Equity

<table>
<thead>
<tr>
<th>Year</th>
<th>Long-term fixed net investment portfolio investment income less holding company interest expense</th>
<th>Short-term fixed net investment portfolio investment income</th>
<th>Non-fixed net investment portfolio investment income / (loss)</th>
<th>Underwriting gain / (loss) and other</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.6%</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17.9%</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17.7%</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.4%</td>
</tr>
<tr>
<td>2009</td>
<td></td>
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<td></td>
<td></td>
<td>14.0%</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.5%</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.1%</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.0%</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15.5%</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14.6%</td>
</tr>
</tbody>
</table>

From Jan. 1, 2005 through Jun. 30, 2014, TRV’s average annual operating ROE was approximately 13.2%
Capital Management Strategy

- Operating company capital maintained at levels needed to support current business profile and growth opportunities consistent with AA rating objective.
- Excess capital in operating companies transferred to holding company.
- Holding company leverage maintained at level consistent with AA rating objective.
- Holding company liquidity maintained in excess of amount equal to one year’s dividends and interest.
- Unneeded capital returned to shareholders.
## Travelers Very Highly Rated

### Financial Strength / Claims Paying 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>Berkshire Hathaway</td>
<td>A++</td>
<td>AA+</td>
<td>Aa1</td>
<td>AA+</td>
</tr>
<tr>
<td><strong>Travelers</strong></td>
<td><strong>A++</strong></td>
<td><strong>AA</strong></td>
<td><strong>Aa2</strong></td>
<td><strong>AA</strong></td>
</tr>
<tr>
<td>Chubb</td>
<td>A++</td>
<td>AA</td>
<td>Aa2</td>
<td>AA</td>
</tr>
<tr>
<td>ACE</td>
<td>A++</td>
<td>AA</td>
<td>A1</td>
<td>AA</td>
</tr>
<tr>
<td>Progressive</td>
<td>A+</td>
<td>AA</td>
<td>Aa2</td>
<td>AA</td>
</tr>
<tr>
<td>Zurich - U.S.</td>
<td>A+</td>
<td>AA-</td>
<td>Aa3</td>
<td>AA-</td>
</tr>
<tr>
<td>Allstate</td>
<td>A+</td>
<td>AA-</td>
<td>Aa3</td>
<td>A+</td>
</tr>
<tr>
<td>Cincinnati Financial</td>
<td>A+</td>
<td>A</td>
<td>A1</td>
<td>A+</td>
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<td>AIG</td>
<td>A</td>
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<td>XL Group</td>
<td>A</td>
<td>A+</td>
<td>A2</td>
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<tr>
<td>Hartford</td>
<td>A</td>
<td>A</td>
<td>A2</td>
<td>NR</td>
</tr>
<tr>
<td>Liberty Mutual</td>
<td>A</td>
<td>A</td>
<td>A2</td>
<td>A-</td>
</tr>
<tr>
<td>CNA</td>
<td>A</td>
<td>A</td>
<td>A3</td>
<td>A</td>
</tr>
</tbody>
</table>

Ratings as of September 5, 2014, NR = not rated
Very Strong Financial Position
($ and shares in millions, except per share amounts)

### Capital
- At or above target levels for all rating agencies
- Repurchased 9.5 million shares during the second quarter 2014 and 18.0 million shares year-to-date at a total cost of $876 million and $1.581 billion, respectively
- Dividends in the second quarter and year-to-date were $190 million and $367 million, respectively

### Leverage
- Debt-to-capital ratio\(^1\) of 21.3%, comfortably within target range
- Low level of maturing debt.
  - 2015 $400 million
  - 2016 $400 million
  - 2017 $450 million

### Very high quality investment portfolio
- Net unrealized investment gains of $2.013 billion after-tax ($3.088 billion pre-tax) at June 30, 2014

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<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>December 31, 2013</th>
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</thead>
<tbody>
<tr>
<td>Debt</td>
<td>$6,347</td>
<td>$6,346</td>
</tr>
<tr>
<td>Common equity (^1)</td>
<td>23,519</td>
<td>23,474</td>
</tr>
<tr>
<td>Total capital (^1)</td>
<td>$29,866</td>
<td>$29,820</td>
</tr>
<tr>
<td>Debt-to-capital (^1)</td>
<td>21.3%</td>
<td>21.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Common shares outstanding</th>
<th>339.0</th>
<th>353.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value per common share</td>
<td>$75.32</td>
<td>$70.15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted book value per common share (^1)</th>
<th>$69.38</th>
<th>$66.41</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible book value per common share (^1,2)</td>
<td>$57.86</td>
<td>$55.29</td>
</tr>
</tbody>
</table>

| Statutory surplus | $21,036 | $21,123 |
| Holding company liquidity | $1,827 | $1,587 |

\(^1\) Excludes net unrealized investment gains, net of taxes
\(^2\) Excludes the after-tax value of goodwill and other intangible assets
Since the initial share repurchase authorization granted by the Board on May 2, 2006, TRV has returned $28.6 billion\(^2\) in share repurchases and dividends or 95% of the market capitalization on that day.

\(^1\) Represents stock repurchased under Board of Directors authorization.

\(^2\) Through June 30, 2014.
Consistently Increased Dividends Per Share

Dividends Per Share

CAGR: 10.1%

$0.91  $1.01  $1.13  $1.19  $1.23  $1.41  $1.59  $1.79  $1.96  $1.05

Return on capital focus has resulted in top tier returns in P&C industry and financial services industry broadly.
TRV Significantly Outperformed Comparison Group Over Time

Stock Price Performance

Comparison group: ACE, Aetna, Allstate, American Express, Chubb, CIGNA, Hartford, Manulife, MetLife, Progressive, Prudential

1 Comparison group: ACE, Aetna, Allstate, American Express, Chubb, CIGNA, Hartford, Manulife, MetLife, Progressive, Prudential
Questions?
Disclosure

In this presentation or in the discussion that follows, 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 our press releases and financial supplements that we have made available in connection with our earnings releases, the annex section of our most recent investor day presentation and our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC), as updated by our Form 10Q for the quarter ended June 30, 2014. See the “For Investors” section at Travelers.com.

For further information, please see Travelers reports filed with the SEC pursuant to the Securities Exchange Act of 1934 which are available at the SEC’s website (www.sec.gov).

Copies of this presentation and the accompanying webcast are publicly available on the Travelers website (www.travelers.com). This presentation should be read with the accompanying webcast.

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