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The Travelers Companies, Inc

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Explanatory Note

This presentation contains, and management may make, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Specifically, earnings guidance, statements about our share repurchase plans (which repurchase plans depend on a variety of factors, including our financial position, earnings, capital requirements of our operating subsidiaries, legal requirements, regulatory constraints, strategic initiatives and other factors), statements about the potential impact of recent or future disruption in the investment markets and other economic conditions on our investment portfolio and underwriting results are forward looking, and we may make forward-looking statements about: our results of operations (including, among others, premium volume, premium rates (either for new or renewal business), net and operating income, investment income, return on equity, expected current returns and combined ratio) and financial condition (including, among others, invested assets and liquidity); the sufficiency of our asbestos and other reserves (including, among others, asbestos claim payment patterns); the cost and availability of reinsurance coverage; catastrophe losses; investment performance; investment, economic and underwriting market conditions; and strategic initiatives. Such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Some of the factors that could cause actual results to differ include, but are not limited to, the following: catastrophe losses could materially and adversely affect our results of operations, our financial position and/or liquidity, and could adversely impact our ratings, our ability to raise capital and the availability and cost of reinsurance; during or following a period of financial market disruption or prolonged economic downturn, our business could be materially and adversely affected; our investment portfolio may suffer reduced returns or material losses; if actual claims exceed our loss reserves, or if changes in the estimated level of loss reserves are necessary, our financial results could be materially and adversely affected; our business could be harmed because of our potential exposure to asbestos and environmental claims and related litigation; we are exposed to, and may face adverse developments involving, mass tort claims such as those relating to exposure to potentially harmful products or substances; the effects of emerging claim and coverage issues on our business are uncertain; the intense competition that we face could harm our ability to maintain or increase our business volumes and our profitability; we may not be able to collect all amounts due to us from reinsurers, and reinsurance coverage may not be available to us in the future at commercially reasonable rates or at all; we are exposed to credit risk in certain of our business operations; our businesses are heavily regulated and changes in regulation may reduce our profitability and limit our growth; a downgrade in our claims-paying and financial strength ratings could adversely impact our business volumes, adversely impact our ability to access the capital markets and increase our borrowing costs; the inability of our insurance subsidiaries to pay dividends to our holding company in sufficient amounts would harm our ability to meet our obligations and to pay future shareholder dividends; disruptions to our relationships with our independent agents and brokers could adversely affect us; our efforts to develop new products or expand in targeted markets may not be successful and may create enhanced risks; our business success and profitability depend, in part, on effective information technology systems and on continuing to develop and implement improvements in technology; if we experience difficulties with technology, data security and/or outsourcing relationships our ability to conduct our business could be negatively impacted; acquisitions and integration of acquired businesses may result in operating difficulties and other unintended consequences; we are subject to a number of risks associated with our business outside the United States; we could be adversely affected if our controls to ensure compliance with guidelines, policies and legal and regulatory standards are not effective; our businesses may be adversely affected if we are unable to hire and retain qualified employees; and loss of or significant restriction on the use of credit scoring in the pricing and underwriting of Personal Insurance products could reduce our future profitability.

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 filed with the Securities and Exchange Commission.

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

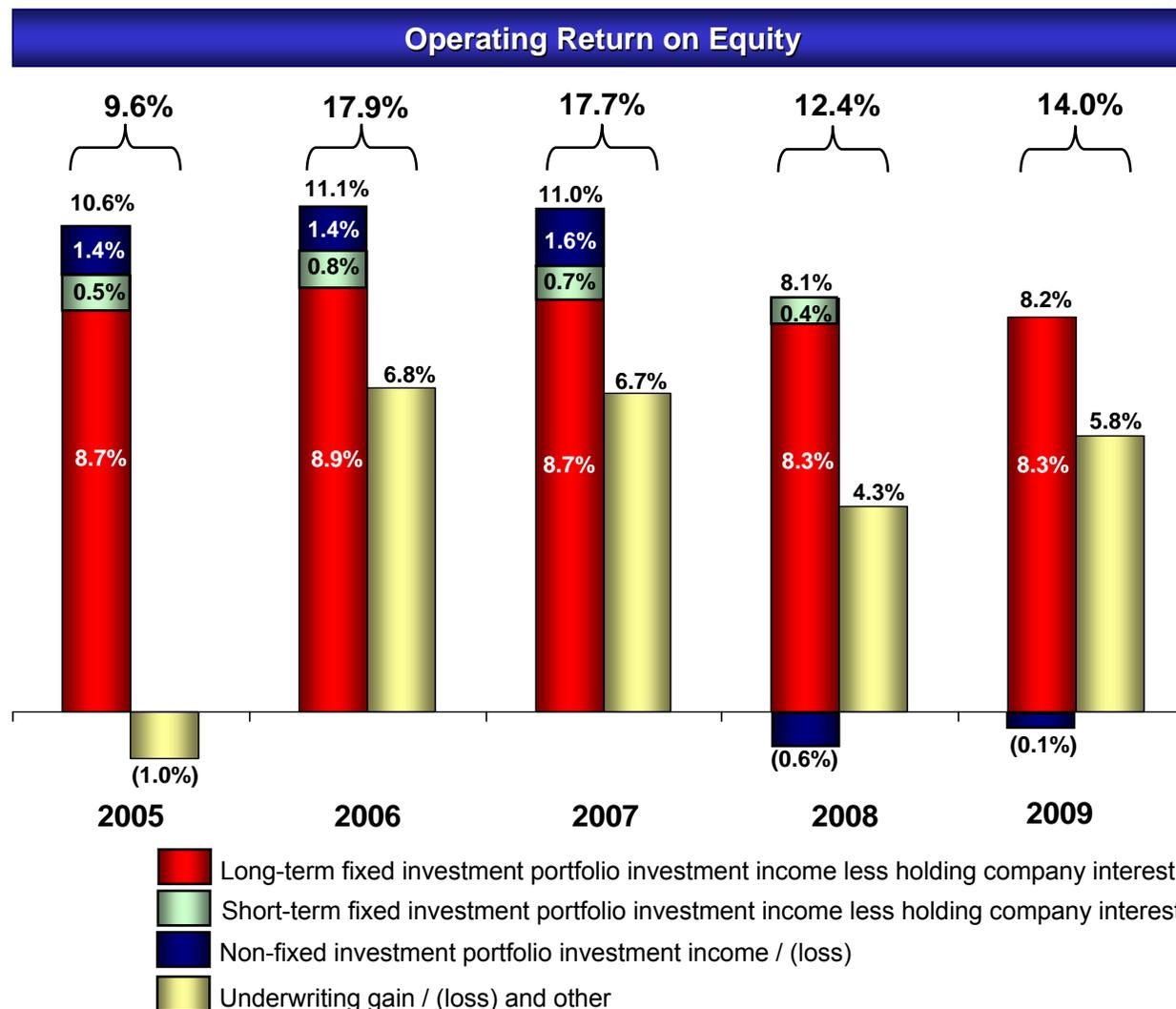
In this presentation, we may refer to some non-GAAP financial measures, including, among others, operating income, operating income per diluted share, operating income excluding catastrophes, operating return on equity, underwriting gain (loss), GAAP combined ratio excluding catastrophes and prior year development and adjusted and tangible book value per common share. For a reconciliation of these measures to the most comparable GAAP measures and a glossary of financial measures, we refer you to the press releases and financial supplements that we have made available with our quarterly earnings releases which are available on the Travelers website under the investor section (www.travelers.com).

Long-Term Financial Strategy



Create Shareholder Value
Objective: Mid-Teens ROE Over Time

Returns Consistent With Long-Term Financial Targets



**From January 1, 2005 through December 31, 2009,
average annual operating return on equity was
approximately 14.4%**

Total Return: 20 Largest S&P Financial Companies¹ and Other Selected Financial Companies (as of February 19, 2010)

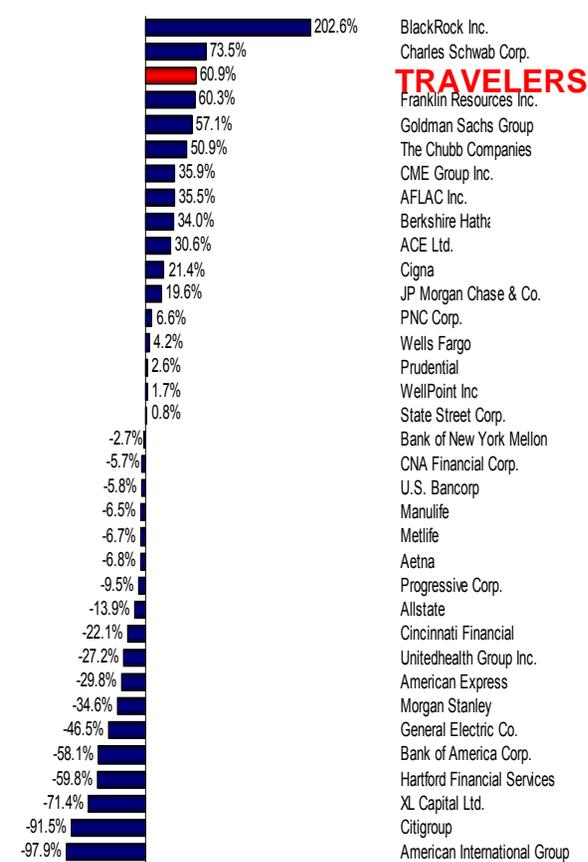
2 Year (Since December 31, 2007)



3 Year (Since December 29, 2006)



5 Year (Since December 31, 2004)



¹ By Market Capitalization as of January 25, 2010

Note: **Total return** is a concept used to compare the performance of a company's stock over time and is the ratio of the net stock price change plus the cumulative amount of dividends over the specified time period, assuming dividend reinvestment, to the stock price at the beginning of the time period.

Total return to shareholders is not included as an indication of future performance.

Source: SNL Financial, Thomson Financial



Drivers of Operating Returns

Operating Earnings

➤ Underwriting income

- Renewal business
- New business
- Loss costs

➤ Investment income

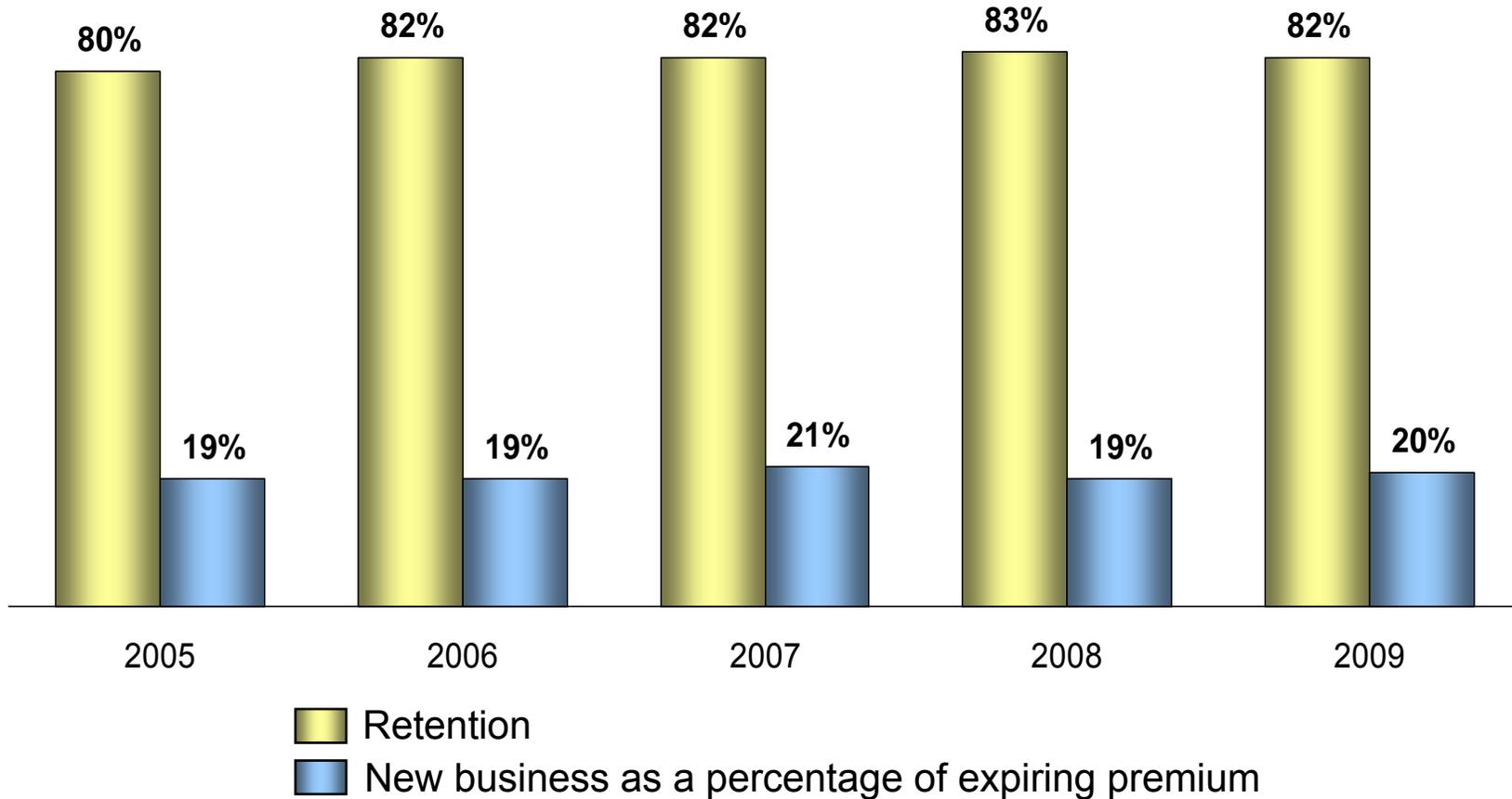
- Long-term fixed income portfolio
- Short-term fixed income portfolio
- Non-fixed income portfolio

Capital Management

- Common share repurchases
- Common share dividends

Importance of Retention

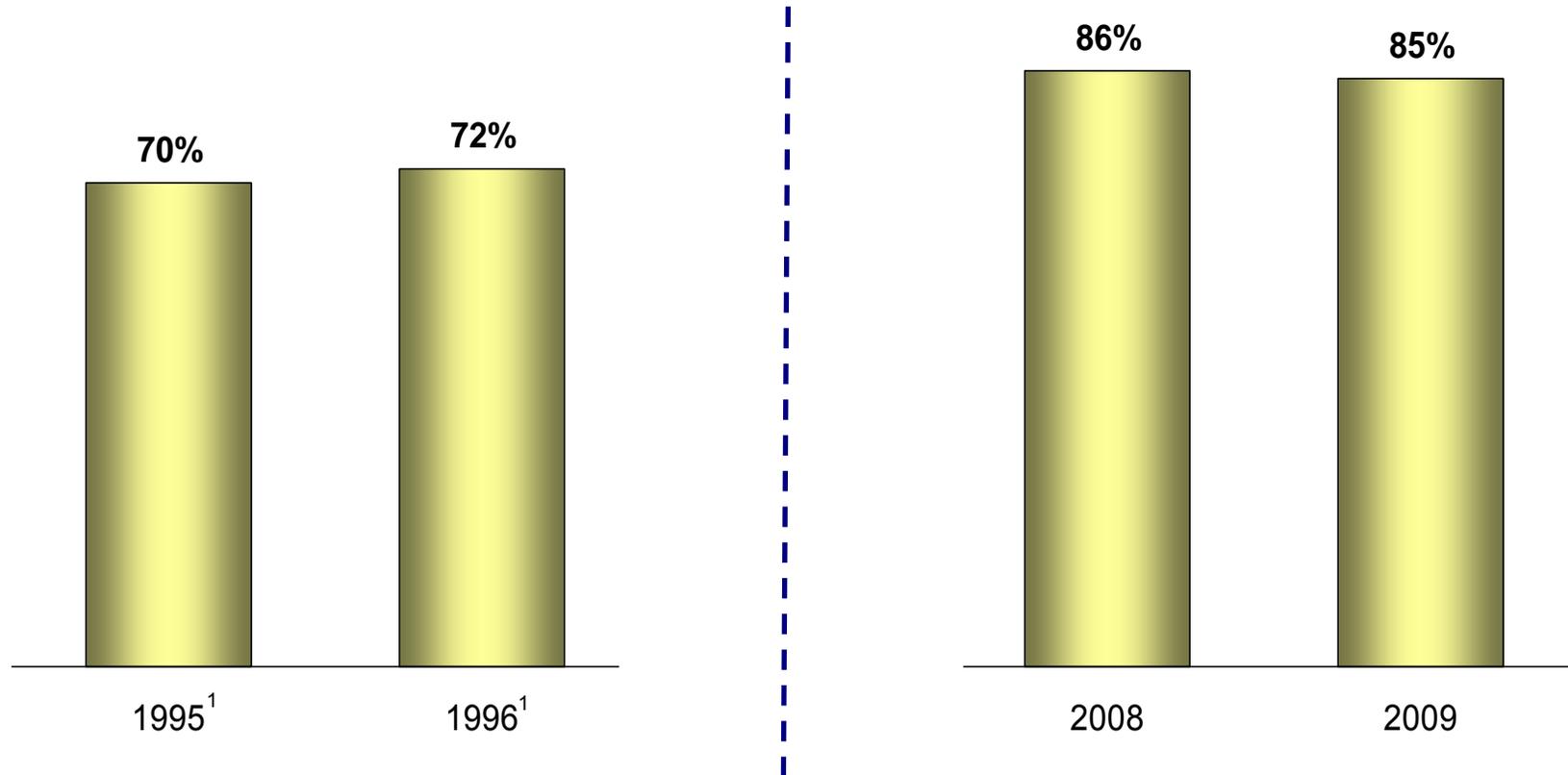
Business Insurance (Excluding National Accounts)



Renewal business is critical factor in profitability

Importance of Retention

Commercial Accounts Retention



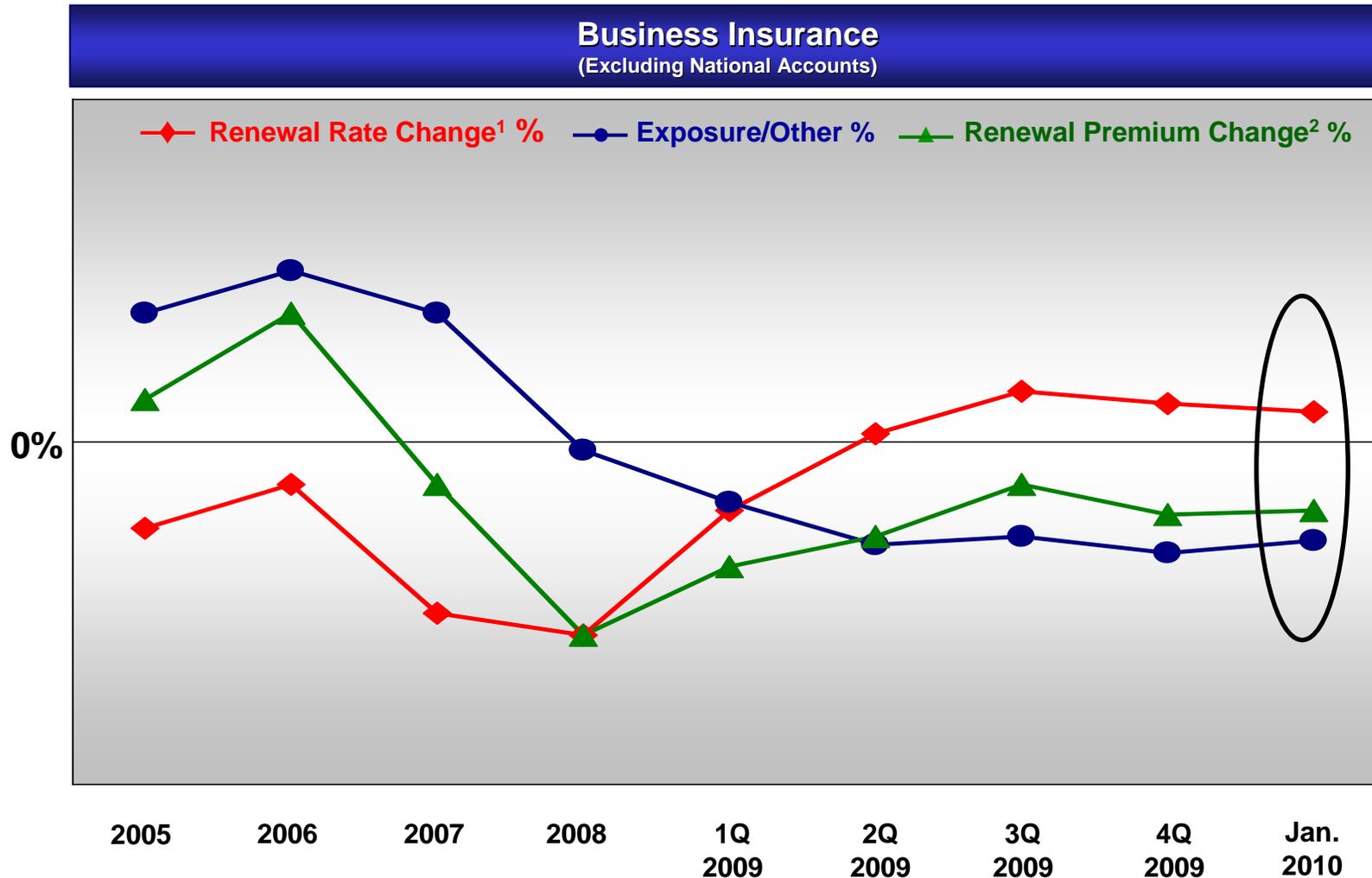
Retention is critical factor in profitability

¹ 1995 & 1996 retentions are Travelers only (excludes St. Paul) statistics and reflect the Travelers acquisition of Aetna Property & Casualty in April 1996.

Impact of Renewal Rate Change on Renewal Premiums



Importance of Renewal Rate Change

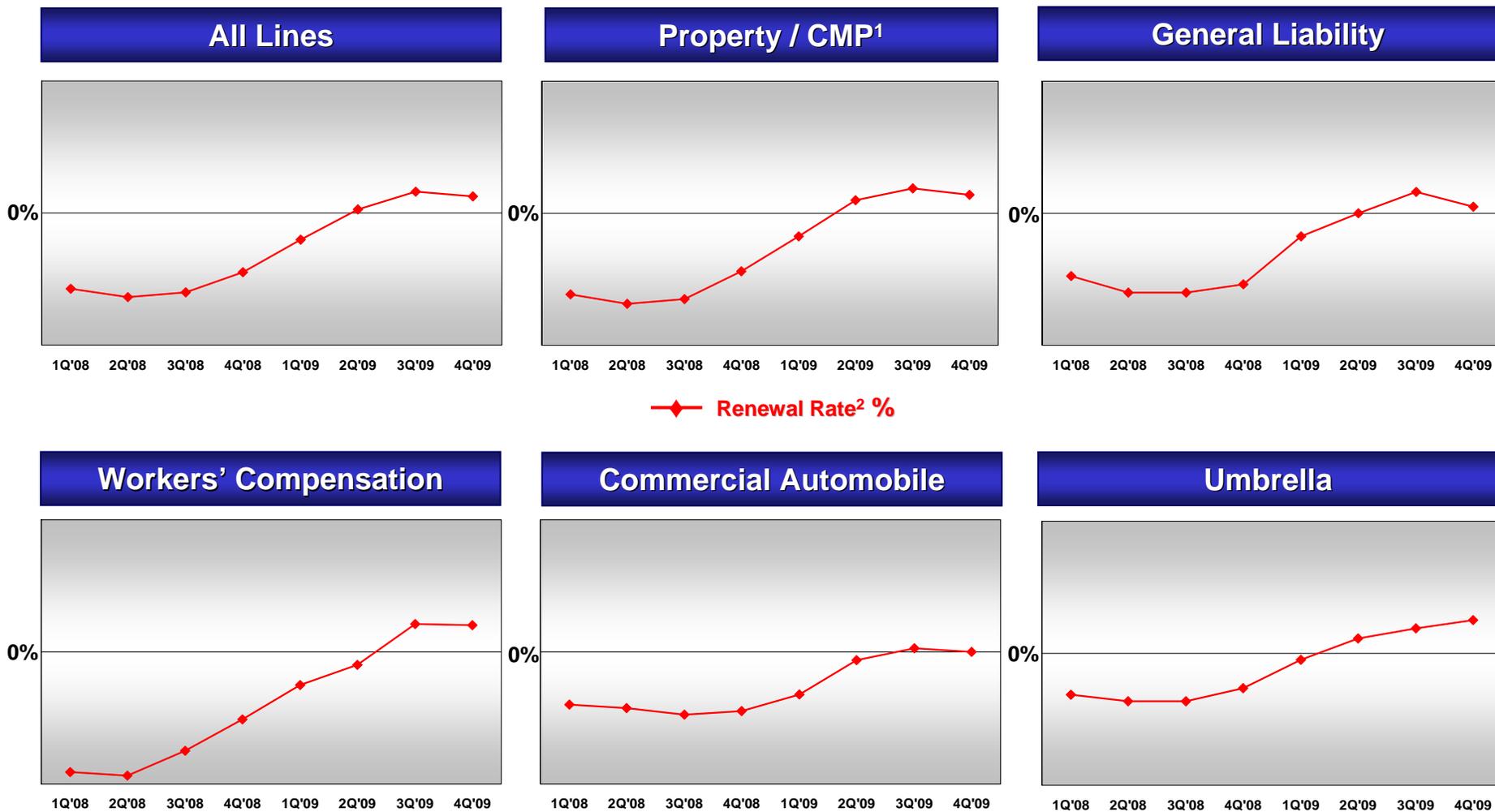


¹ Each percentage represents the estimated change in average premium on policies that renew, excluding exposure changes, versus the average premium on those same policies for their prior term.

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.

Business Insurance (ex. National Accounts) Renewal Rate Change By Product Line



¹CMP = Commercial Multi-Peril, which refers to policies which cover both property and third-party liability exposures.

²Each 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.

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

Impact of Renewal Rate Change and Exposure

Illustrative Scenarios - Assumes Loss Trend is Zero in Each Scenario

Scenario 1

Premium Flat

Renewal Rate Change **+5%**

Exposure Change **(5%)**

- Margin expansion
- No change in loss dollars associated with rate change
- Reduced loss costs associated with lower exposures

Scenario 2

Premium Flat

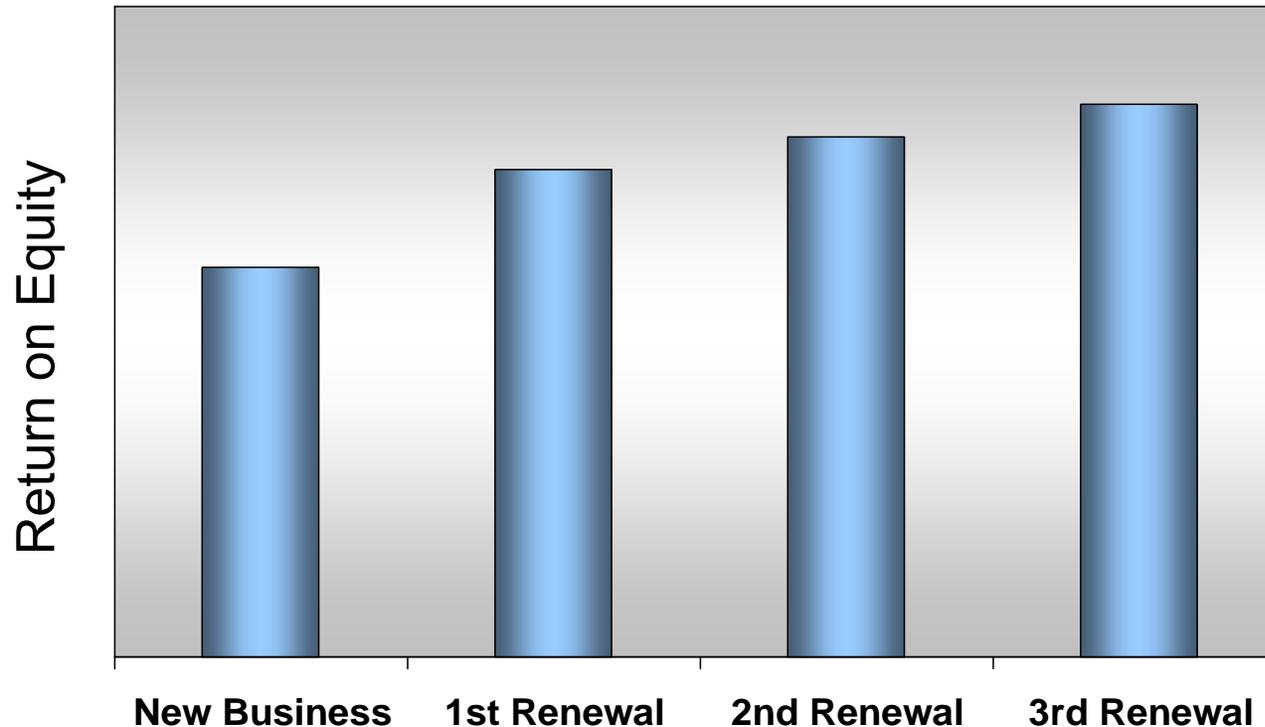
Renewal Rate Change **(5%)**

Exposure Change **+5%**

- Margin contraction
- No change in loss dollars associated with rate change
- Added loss costs associated with increased exposures

Renewal rate change on premiums has a much more significant impact on profitability than an equivalent amount of exposure change on premiums

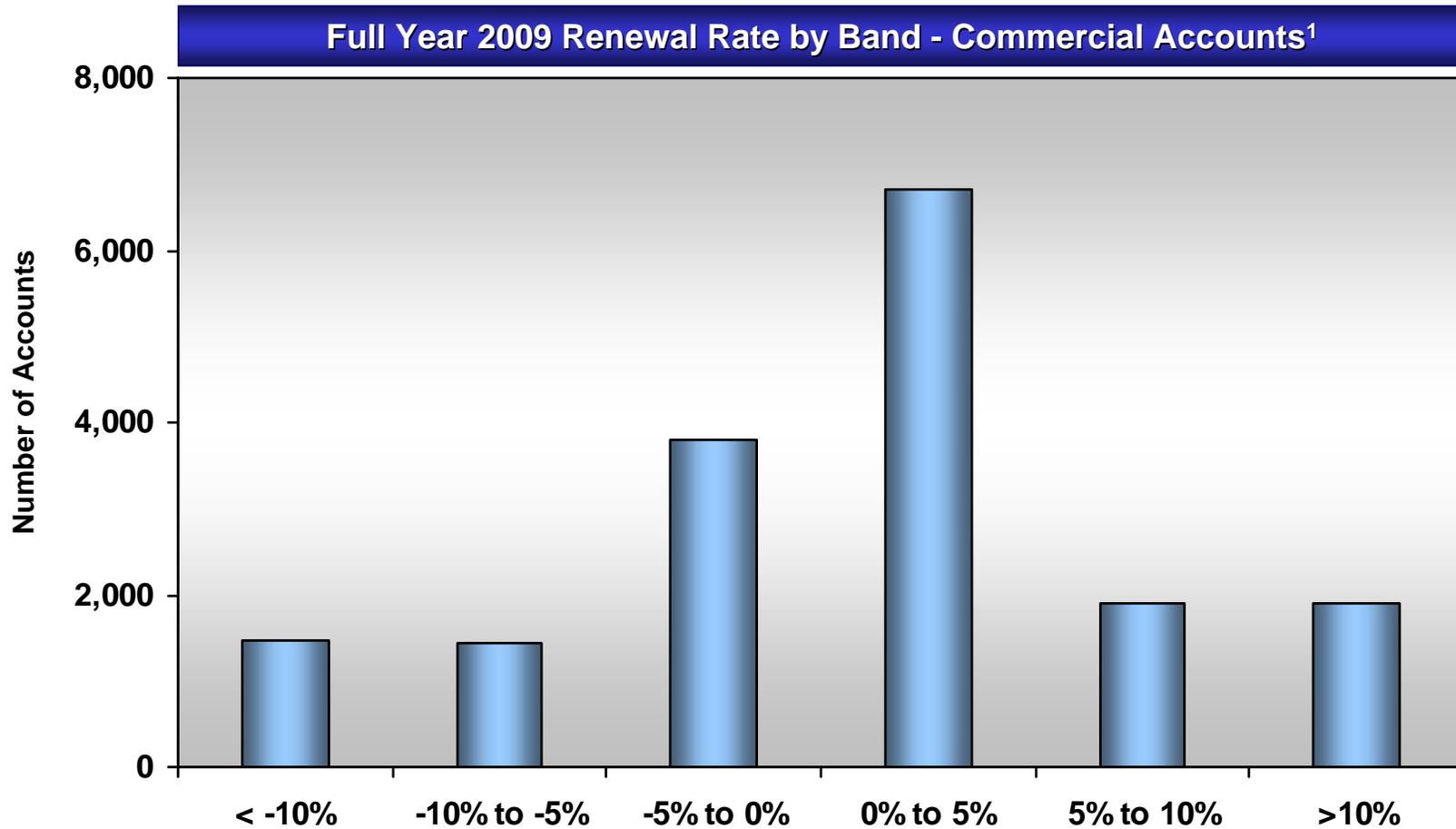
New Business: Illustrative Product Profitability Life Cycle



- New business generally has a higher combined ratio than renewal business
- Profitability of a new book of business typically improves over time from better understanding of the book and taking appropriate underwriting, risk mitigation and pricing actions

Travelers active management of new and renewal business is supported by industry leading analytics

Distribution of Renewal Rate Change



Pricing strategy is driven by individual account underwriting and profitability

Drivers Impacting Loss Costs

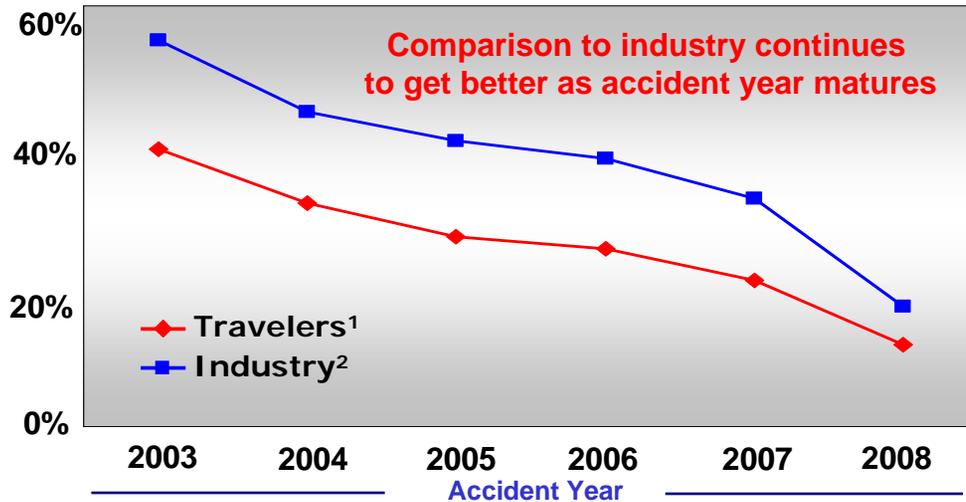
Drivers Impacting Loss Costs

- Underwriting - frequency
- Loss inflation
- Claims experience / claims management
- Analytics
- Connectivity between claim and underwriting operations
- Catastrophe management
- Loss prevention programs
- Risk profile and exposure

Ability to impact loss costs is a key differentiator among companies

Examples of Travelers Margin Advantage

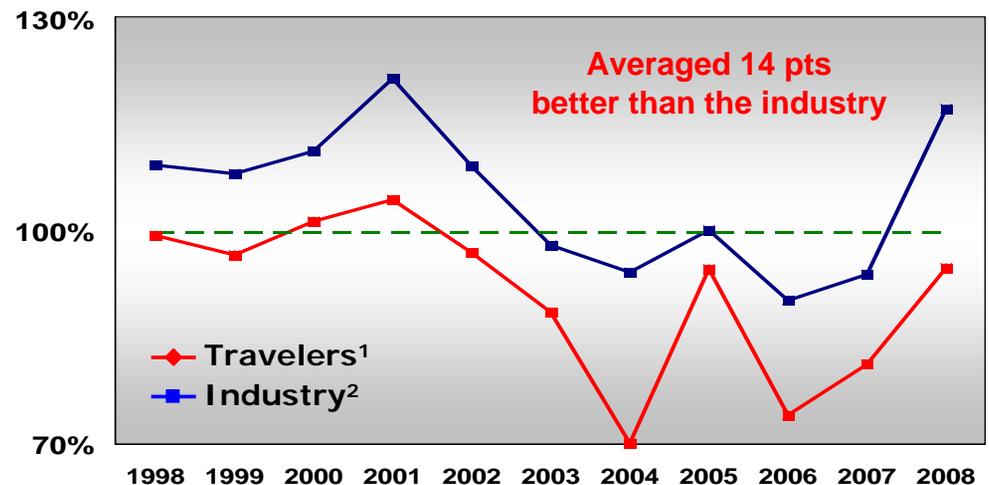
Workers' Compensation - Paid Loss & LAE as % of Premium



- Claim effectiveness results in lower loss costs
- Claim effectiveness is sustained through:
 - Scale – provides cost effective local presence and expertise
 - Advanced analytics
 - Significant investment in infrastructure
 - 1,200+ claim handlers, 600+ nurses – patented nurse triage program
 - *Travcomp* - recognized industry leading return to work product

Homeowners - Combined Ratio

- Homeowners business has consistently outperformed the industry
- Results achieved through advanced analytics, catastrophe management and disciplined execution
- Introduction of QuantumHomeSM in 2006



¹ Net statutory data from Travelers regulatory filings
² Industry statistics from AM Best

Drivers of Operating Returns

Operating Earnings

➤ Underwriting income

- Renewal business
- New business
- Loss costs

➤ Investment income

- Long-term fixed income portfolio
- Short-term fixed income portfolio
- Non-fixed income portfolio

Capital Management

- Common share repurchases
- Common share dividends

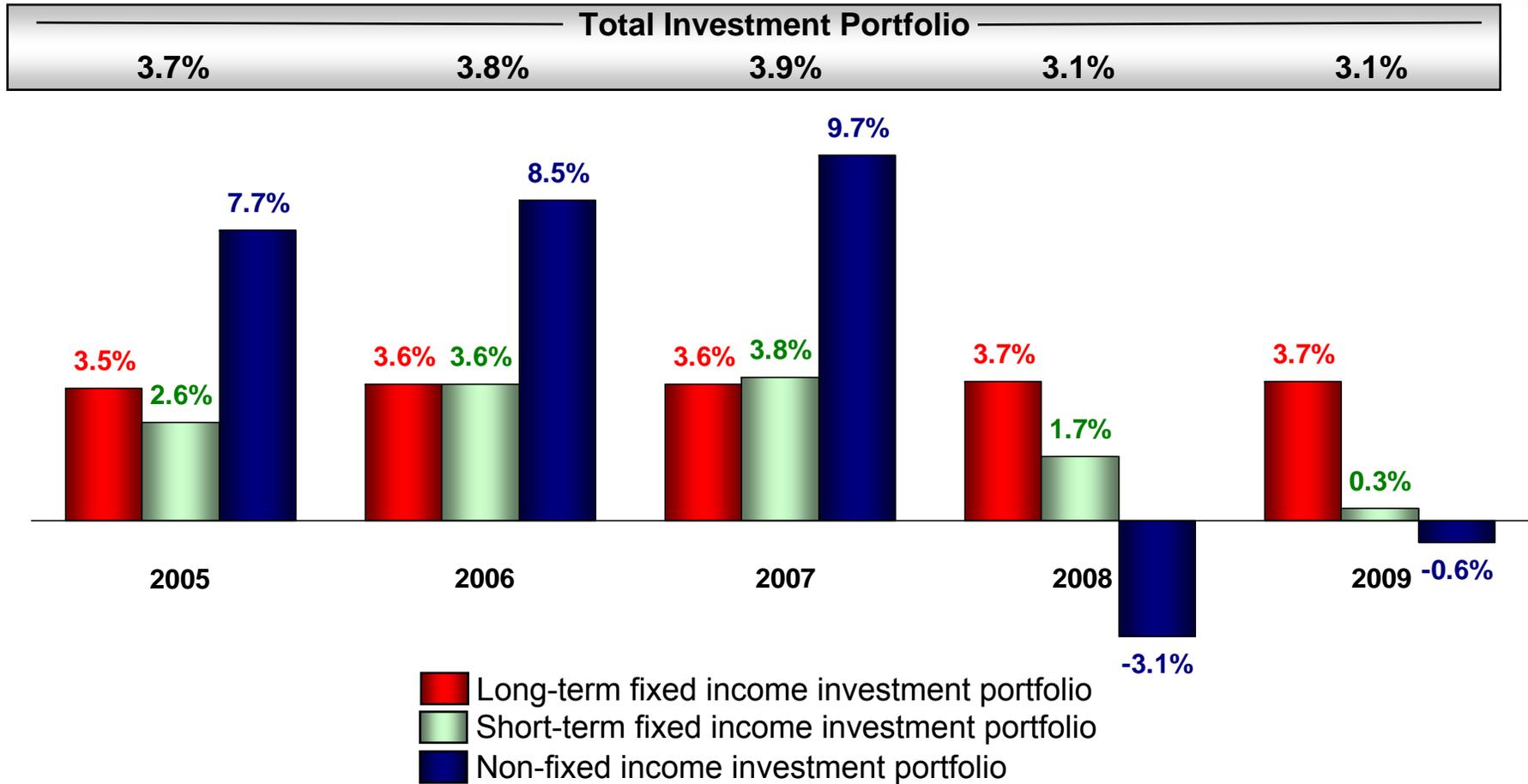
Investments: Portfolio Mix

(\$ in billions)

	December 31,				
	2005	2006	2007	2008	2009
Total invested assets	\$ 68.3	\$ 72.3	\$ 74.8	\$ 70.7	\$ 75.0
Taxable fixed maturities	41%	38%	35%	32%	33%
Tax-exempt fixed maturities	46%	49%	52%	55%	55%
Total fixed maturities	87%	87%	87%	87%	88%
Mortgage loans	-%	-%	-%	-%	-%
Short-term securities	7%	7%	7%	7%	6%
Total fixed income	94%	94%	94%	94%	94%
Private equities	2%	2%	2%	2%	2%
Hedge funds	1%	1%	1%	1%	1%
Equity securities	1%	1%	1%	1%	1%
Real estate & other	2%	2%	2%	2%	2%
Total non-fixed income	6%	6%	6%	6%	6%
	100%	100%	100%	100%	100%
Fixed maturities data:					
Average quality rating	Aa1, AA+	Aa1, AA+	Aa1, AA+	Aa1, AA+	Aa2, AA
Below investment grade	3.0%	2.9%	2.5%	2.0%	2.7%
Average duration ¹	3.9	4.0	4.0	4.2	3.9

Consistent high quality investment portfolio

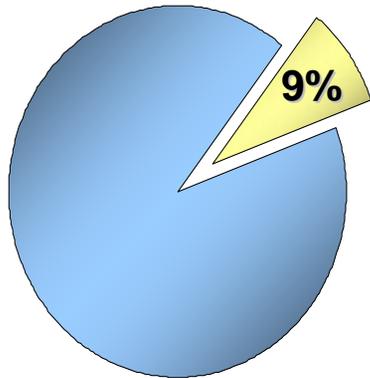
Investments: After-Tax Yields



**Long-term fixed income investment portfolio returns
have remained consistent**

Investments: Long-Term Fixed Income Portfolio

Long-Term Fixed Income Investment Portfolio (as of December 31, 2009)



- \$65.8 billion
- Full year 2009 after-tax yield: 3.7%
- Average duration: 4.2
- Average quality rating: AA

▶ Portion of long-term fixed income investment portfolio maturing or expected to be called/paid down in 2010

Month of January 2010

- Maturities / sales
 - \$533 million
 - After-tax yield: 3.61%
- Purchases
 - \$574 million
 - After-tax yield: 2.87%
 - Duration: 7.5 (generally consistent with maintaining overall portfolio duration)
 - Average quality: AA

- Difference between maturing yields and lower reinvestment yields in January was (75) bps
- If the yield curve and our investment strategy remain consistent, difference between maturing yields and lower reinvestment yields for the full year is estimated to be (50)-(60) bps
- Accordingly, if the yield curve and our investment strategy remain consistent, estimated full year reduction to total long-term fixed income after-tax yield is less than (5) bps

Investments: Illustrative Impact of Higher Short-Term and Non-Fixed Income Yields on Operating Return on Equity

Illustrative Impact on Full Year 2009 Operating Return on Equity

Returning to a higher short-term yield of 2.5% after-tax (+\$132 million to operating income)	+0.4%
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Returning to a higher yield of 7% after-tax on non-fixed income investment portfolio (+\$299 million to operating income)	+1.1%
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Drivers of Operating Returns

Operating Earnings

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➤ Investment income

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Capital Management

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- Common share dividends

Very Strong Financial Position

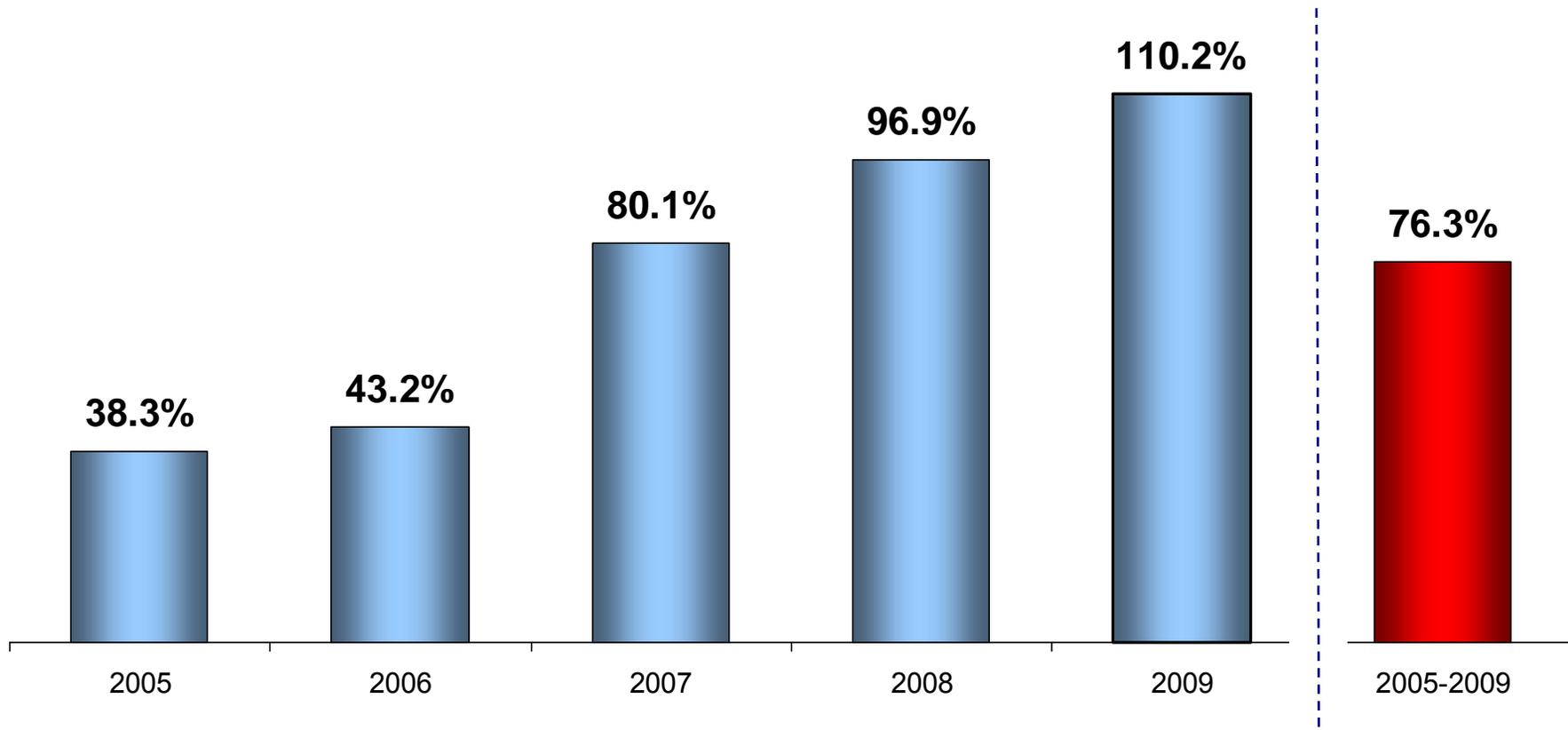
(\$ in millions)

	2006	2007	2008	2009
Debt	\$ 5,760	\$ 6,242	\$ 6,181	\$ 6,527
Preferred equity	129	112	89	79
Common equity ¹	<u>24,553</u>	<u>25,884</u>	<u>25,374</u>	<u>25,475</u>
Total capital ¹	<u>\$ 30,442</u>	<u>\$ 32,238</u>	<u>\$ 31,644</u>	<u>\$ 32,081</u>
<i>Debt to capital</i> ¹	18.9%	19.4%	19.5%	20.3%
Statutory surplus	\$ 20,945	\$ 22,878	\$ 21,491	\$ 23,195
Total capital returned to shareholders	\$ 1,817	\$ 3,685	\$ 2,834	\$ 3,990

At year-end 2009 all of the company's financial strength indicators at or better than target levels

Capital Management: Rightsizing Capital

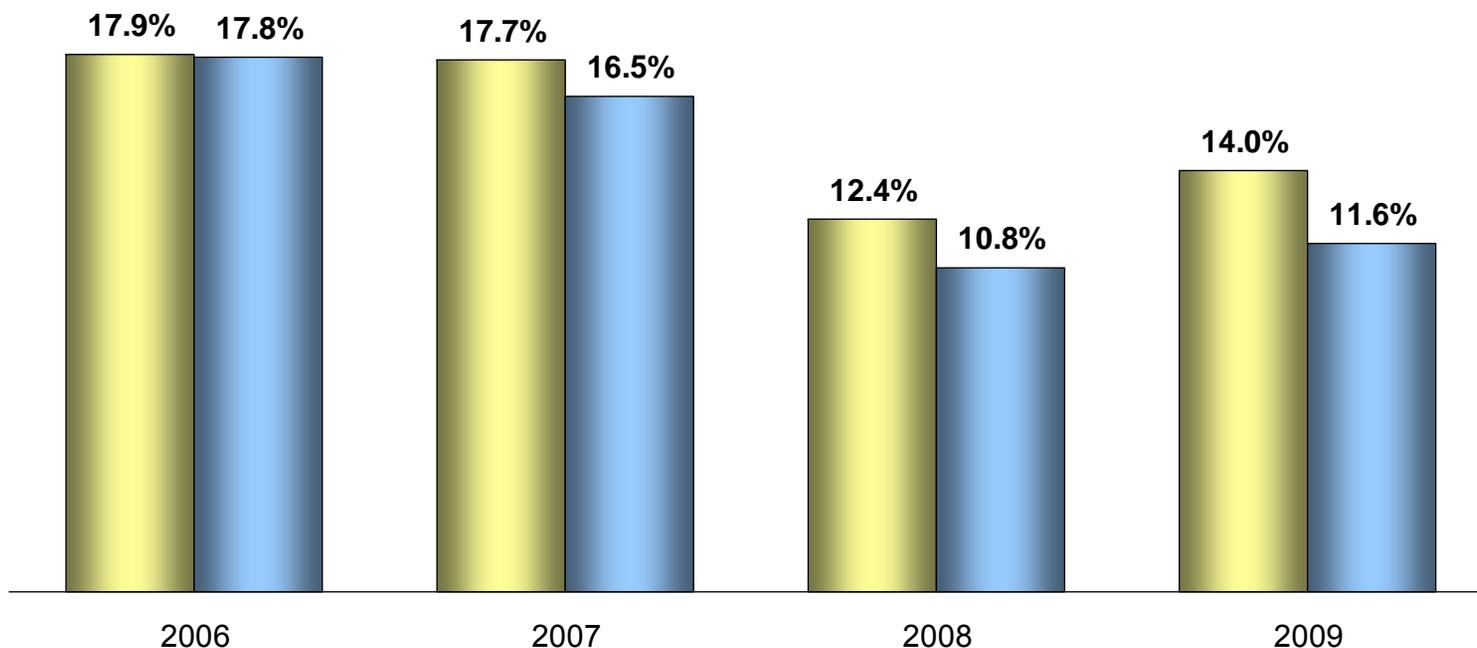
Common Share Repurchases and Dividends as a Percentage of Net Income



2010 year-to-date¹ share repurchases of \$0.7 billion

Capital Management: Impact on Returns

Operating Return on Equity



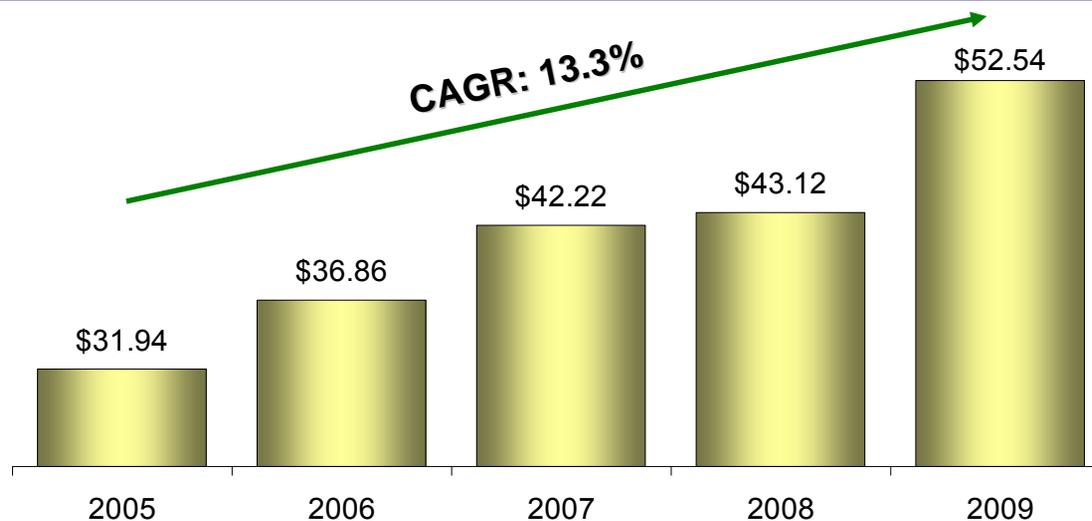
 Operating return on equity - reported

 Operating return on equity - adjusted to exclude cumulative impact of common share repurchases^{1,2}

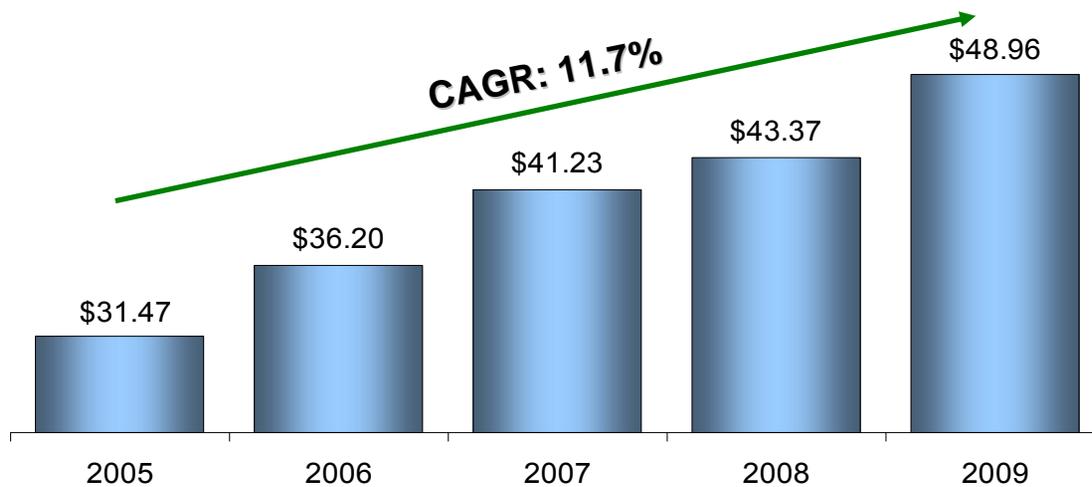
Share repurchases positively impact returns

Continuing to Grow Book Value Per Share

Book Value Per Share



Adjusted Book Value Per Share¹



Disclosure

- **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 related financial supplement are publicly available on the Travelers website (www.travelers.com)**
- **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>.**



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