

RECENT PRICE **70.53** P/E RATIO **11.8** (Trailing: 10.1 Median: 11.0) RELATIVE P/E RATIO **0.78** DIV'D YLD **2.6%** **VALUE LINE**

2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	100	(+40%)	11%
Low	80	(+15%)	6%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	0	0	0	0
Options	110	0	3	5	0	5	8	2	
to Sell	212	2	7	5	1	5	10	2	

Institutional Decisions

	1Q2012	2Q2012	3Q2012
to Buy	294	283	283
to Sell	355	354	355
Hld's(000)	320516	301591	320719

% TOT. RETURN 11/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	29.6	14.2
3 yr.	47.0	45.5
5 yr.	52.9	35.5

1996	1997	1998	1999	2000	2001	2002	2003	2004 ^F	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
26.73	27.57	29.71	23.51	27.20	35.14	32.58	30.72	28.40	29.34	30.61	34.20	36.88	41.16	49.31	56.24	59.00	64.05	P/C Prem Earned per sh ^A	83.60
4.85	5.29	6.78	6.92	7.45	5.86	5.15	4.89	3.97	4.56	5.19	5.99	4.77	5.34	7.04	7.33	7.55	8.25	Investment Inc per sh	10.50
d1.37	d1.14	d2.50	d.54	.23	d10.76	d2.80	d.86	d2.75	d.82	3.01	3.68	3.06	4.19	3.06	d3.59	.60	1.90	Underwriting Inc per sh	5.00
3.05	3.83	2.26	3.37	4.32	d4.84	1.24	2.55	1.93	2.90	5.88	6.72	5.24	6.32	6.31	3.25	5.70	6.85	Earnings per sh ^B	9.00
.88	.93	.99	1.03	1.07	1.11	1.15	1.16	.95	.91	1.01	1.13	1.19	1.26	1.44	1.64	1.79	1.89	Div'ds Decl'd per sh ^C	2.15
23.97	27.53	30.48	28.66	33.10	24.35	25.05	26.84	31.35	31.94	36.87	42.22	43.12	52.54	58.46	62.31	68.00	73.15	Book Value per sh ^D	92.90
166.40	167.46	233.75	225.00	216.85	207.60	226.80	229.11	670.30	693.40	678.30	627.80	585.10	520.30	434.60	392.80	380.00	365.00	Common Shs Outst'g ^E	320.00
115%	135%	129%	111%	119%	189%	153%	131%	122%	127%	125%	124%	105%	84%	89%	91%			Price to Book Value	95%
9.0	9.7	17.4	9.4	9.1	--	31.0	13.8	19.9	14.0	7.8	7.8	8.7	7.0	8.2	17.4			Avg Ann'l P/E Ratio	10.0
.56	.56	.90	.54	.59	--	1.69	.79	1.05	.75	4.2	4.1	.52	.47	.52	1.10			Relative P/E Ratio	.65
3.2%	2.5%	2.5%	3.2%	2.7%	2.4%	3.0%	3.3%	2.5%	2.2%	2.2%	2.2%	2.6%	2.8%	2.8%	2.9%			Avg Ann'l Div'd Yield	2.4%

CAPITAL STRUCTURE as of 9/30/12				7390.0	7039.0	19038	20341	20760	21470	21579	21418	21432	22090	22425	23375	P/C Premiums Earned ^A	26750
Total Debt \$6350 mill. Due in 5 Yrs \$3155 mill. (20% of Cap'l)				81.1%	73.7%	81.1%	73.4%	59.0%	57.7%	60.2%	57.9%	61.1%	73.7%	67.0%	65.0%	Loss to Prem Earned	64.0%
Leases, Uncapitalized \$143 mill.				28.8%	29.1%	28.6%	29.4%	31.2%	31.5%	31.5%	31.9%	32.7%	32.7%	32.0%	32.0%	Expense to Prem Writ	30.0%
Pension Assets 12/11-\$2414 mill.				d9.9%	d2.8%	d9.7%	d2.8%	9.8%	10.8%	8.3%	10.2%	6.2%	d6.4%	1.0%	3.0%	Underwriting Margin	6.0%
Oblig. \$2706 mill.				15.0%	18.2%	6.0%	22.9%	26.7%	25.6%	23.2%	23.0%	24.1%	19.1%	25.0%	24.0%	Income Tax Rate	20.0%
Pfd Stock None				289.8	623.8	1195.0	2047.4	4187.4	4509.6	3174.5	3616.4	3066.0	1379.2	2165	2500	Net Profit (\$mill)	2880
				5.7%	5.5%	4.5%	5.0%	5.2%	5.4%	4.3%	4.0%	4.6%	4.2%	4.2%	4.5%	Inv Inc/Total Inv	5.5%
Common Stock 381,449,123 shs. as of 10/15/12				39920	39563	111815	113187	113761	115224	109751	109650	105181	104602	105750	106500	Total Assets (\$mill)	110000
MARKET CAP: \$26.9 billion (Large Cap)				6635.0	6225.0	21201	22303	25135	26616	25319	27415	25475	24477	25850	26700	Shr. Equity (\$mill)	29725
				4.4%	10.0%	5.6%	9.2%	16.7%	16.9%	12.5%	13.2%	12.0%	5.6%	8.5%	9.5%	Return on Shr. Equity	9.5%
FINANCIAL POSITION				2010	2011	9/30/12											
(\$MILL.)																	
				5%	5.7%	3.2%	6.4%	13.9%	14.2%	9.7%	10.7%	9.4%	2.9%	6.0%	7.0%	Retained to Com Eq	7.5%
				90%	44%	44%	31%	17%	16%	23%	19%	22%	48%	31%	28%	All Div'ds to Net Prof	24%

Fixed Maturities	62820	64232	65877	BUSINESS: The Travelers Companies, Inc. (formerly St Paul Travelers) is a leading provider of commercial property/casualty insurance and asset management services. Following the April 1, 2004 acquisition of Travelers, the company is now a leading underwriter of homeowners insurance and automobile insurance through independent agents. USF&G was another notable acquisition, which was purchased in April of 1998. Has approximately 30,600 employees. Officers and directors own approximately 1.6% of common stock outstanding (4/12 proxy). Chief Executive Officer and President: Jay S. Fishman. Incorporated: Minnesota. Address: 485 Lexington Ave, New York, NY 10017. Telephone: 917-778-6000. Internet: www.travelers.com.
Stocks	519	559	629	
Premiums Due	5497	5730	6040	
Other	36345	34081	32903	
Total Assets	105151	104602	105445	
Unearned Prems	10921	11102	11624	
Reserves	51131	51419	50258	
Other	17654	17604	17658	

Total Liabilities	7/9/06	8/01/25	7/9/04
ANNUAL RATES	Past	Past	Est'd
of change (per sh)	10 Yrs.	5 Yrs.	'09-'11
Premium Inc	5.5%	10.5%	15.17
Invest Income	-5.5%	7.5%	9.5%
Earnings	18.5%	8.0%	9.0%
Dividends	3.0%	8.5%	7.0%
Book Value	7.0%	11.5%	8.0%

Cal- endar	NET PREMIUMS EARNED (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	5301	5353	5421	5343	21418
2010	5230	5340	5422	5440	21432
2011	5371	5503	5605	5611	22090
2012	5523	5529	5666	5707	22425
2013	5750	5800	5875	5950	23375

Cal- endar	EARNINGS PER SHARE ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	1.34	1.25	1.61	2.12	6.32
2010	1.22	1.39	1.81	1.89	6.31
2011	1.89	d.91	.79	1.48	3.25
2012	2.01	1.26	2.22	.21	5.70
2013	1.85	1.70	1.50	1.80	6.85

Calendar	QUARTERLY DIVIDENDS PAID					Full Year	after taxes and recoveries from reinsurance policies. Consequently, we have pared our fourth-quarter estimate from \$1.60 to \$0.21. We now look for a full-year loss ratio of approximately 67%, a 2% hike since our report three months ago. That said, share net is likely to climb	These shares have moved up in price quite sharply since our September review. They offer worthwhile risk-adjusted return prospects. Also, we look a higher dividend 3 to 5 years hence, based on solid cash flow from operations. <i>Alan G. House</i> <i>December 14, 2012</i>
	Mar.31	Jun.30	Sep.30	Dec.31				
2008	.29	.29	.29	.30		1.17		
2009	.30	.30	.33	.33		1.26		
2010	.36	.36	.36	.36		1.44		
2011	.41	.41	.41	.41		1.64		
2012	.41	.46	.46					

tion, which was purchased in April of 1998. Has approximately 30,600 employees. Officers and directors own approximately 1.6% of common stock outstanding (4/12 proxy). Chief Executive Officer and President: Jay S. Fishman. Incorporated: Minnesota. Address: 485 Lexington Ave, New York, NY 10017. Telephone: 917-778-6000. Internet: www.travelers.com.

Travelers reported strong results for the September quarter. Earnings from operations, which exclude capital gains and losses from the investment portfolio, were \$2.22 a share, sharply above our \$1.28 estimate and the year-earlier tally of \$0.79. An underwriting profit was the main reason for the bottom-line gain in the period. Net premiums earned increased only slightly relative to last year, while net investment income registered a mid-single-digit gain. A 90.3% combined ratio, versus 104.5% in the comparable period of last year, implies underwriting profitability. Furthermore, the company repurchased 5.4 million shares during the period, supporting share net.

December-quarter results were affected by Hurricane Sandy. Management recently announced that the catastrophic storm resulted in \$650 million in losses after taxes and recoveries from reinsurance policies. Consequently, we have pared our fourth-quarter estimate from \$1.60 to \$0.21. We now look for a full-year loss ratio of approximately 67%, a 2% hike since our report three months ago. That said, share net is likely to climb

markedly in 2012, thanks to strengthening industrywide pricing conditions and a relative dearth of catastrophic events over the first three quarters of the year.

Earnings per share are poised to climb at a double digit clip in 2013. Capacity conditions in the broader insurance industry are at manageable levels, and the devastation caused by Hurricane Sandy will likely further keep supply in check. This should result in rate increases across many product lines. What's more, increased invested assets should result in higher investment income for Travelers over the next year, helping to offset low bond reinvestment yields.

We expect the bottom line to improve at an 8% to 10% annual clip, on average, for the pull to 2015-2017. Our view assumes that catastrophes are around the historical average over that period.

These shares have moved up in price quite sharply since our September review. They offer worthwhile risk-adjusted return prospects. Also, we look a higher dividend 3 to 5 years hence, based on solid cash flow from operations.

Alan G. House *December 14, 2012*

Excl. spec. div'ds of	Company's Financial Strength	A
1. ■ Div'd reinv. plan	Stock's Price Stability	90
\$91 mill., \$13.30/sh.	Price Growth Persistence	70
until '04.	Earnings Predictability	55

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