

THE TRAVELERS CO NYSE-TRV

RECENT PRICE **113.70**

P/E RATIO **11.4** (Trailing: 11.6; Median: 8.5)

RELATIVE P/E RATIO **0.59**

DIV'D YLD **2.4%**

VALUE LINE

TIMELINESS 3 Raised 11/18/16
SAFETY 1 Raised 9/16/11
TECHNICAL 3 Lowered 12/9/16
BETA .80 (1.00 = Market)

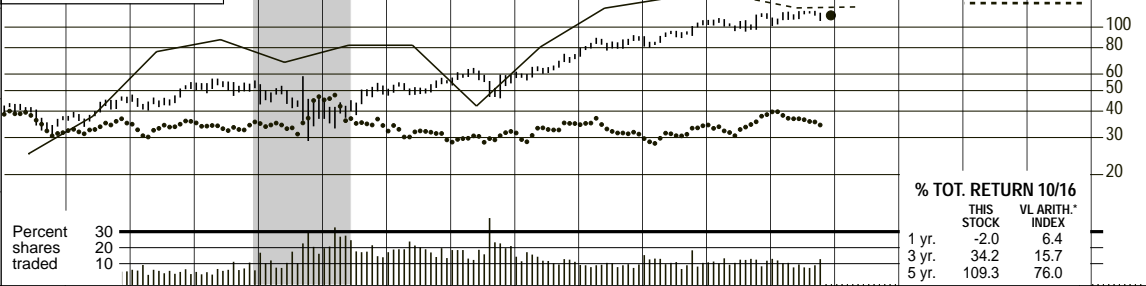
High: 47.0 55.0 57.0 58.6 54.5 57.6 64.2 74.7 91.7 107.9 116.5 119.3
 Low: 33.7 40.2 47.3 28.9 33.1 47.3 46.0 55.9 72.5 79.9 95.2 101.2

LEGENDS
 — 13.0 x Earnings p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

2019-21 PROJECTIONS
 Price Gain Ann'l Total
 High 160 (+40%) 11%
 Low 130 (+15%) 6%

Insider Decisions
 J F M A M J J A S
 to Buy 0 0 0 0 0 0 1 0
 Options 1 22 0 3 5 2 7 3 1
 to Sell 0 5 0 1 4 2 5 3 1

Institutional Decisions
 4Q2015 1Q2016 2Q2016
 to Buy 386 374 375
 to Sell 448 455 442
 Hld's(000) 242347 246309 232094



2000	2001	2002	2003	2004F	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC 19-21
27.20	35.14	32.58	30.72	28.40	29.34	30.61	34.20	36.88	41.16	49.31	56.24	59.24	64.04	73.60	80.68	86.20	92.60	P/C Prem Earned per sh ^A 98.20
7.45	5.86	5.15	4.89	3.97	4.56	5.19	5.99	4.77	5.34	7.04	7.33	7.66	7.68	8.65	8.04	8.00	8.20	Investment Inc per sh 11.00
.23	d10.76	d2.80	d.86	d2.75	d.82	3.01	3.68	3.06	4.19	3.06	d3.59	1.10	6.54	7.44	8.43	7.30	7.15	Underwriting Inc per sh 6.85
4.32	d4.84	1.24	2.55	1.93	2.90	5.88	6.72	5.24	6.32	6.31	3.25	6.21	9.46	10.56	10.87	9.50	9.60	Earnings per sh ^B 11.25
1.07	1.11	1.15	1.16	.95	.91	1.01	1.13	1.19	1.26	1.44	1.64	1.79	1.96	2.15	2.38	2.68	2.74	Div'ds Decl'd per sh ^C 3.00
33.10	24.35	25.05	26.84	31.35	31.94	36.87	42.22	43.12	52.54	58.39	62.31	67.32	70.14	77.08	79.75	85.45	92.15	Book Value per sh ^D 112.75
216.85	207.60	226.80	229.11	670.30	693.40	678.30	627.80	585.10	520.30	434.60	392.80	377.40	353.50	322.20	295.90	285.00	280.00	Common Shs Outst'g ^E 275.00
119%	189%	153%	131%	122%	127%	125%	124%	105%	84%	89%	91%	95%	119%	120%	132%			Price to Book Value 130%
9.1	--	31.0	13.8	19.9	14.0	7.8	7.8	8.7	7.0	8.2	17.4	10.3	8.8	8.8	9.7			Avg Ann'l P/E Ratio 13.0
.59	--	1.69	.79	1.05	.75	.42	.41	.52	.47	.52	1.09	.66	.49	.46	.49			Relative P/E Ratio .80
2.7%	2.4%	3.0%	3.3%	2.5%	2.2%	2.2%	2.2%	2.6%	2.8%	2.8%	2.9%	2.8%	2.3%	2.3%	2.3%			Avg Ann'l Div'd Yield 2.1%

CAPITAL STRUCTURE as of 9/30/16
 Total Debt \$6,436 mill. Due in 5 Yrs \$2,485 mill.
 (21% of Cap'l)
 Leases, Uncapitalized \$159 mill.
 Pension Assets 12/15-\$3,127 mill.
 Oblig. \$3,250 mill.
 Pfd Stock None

Common Stock 284,058,764 shs.
 as of 10/17/16
 MARKET CAP: \$32.3 billion (Large Cap)

FINANCIAL POSITION	2014	2015	9/30/16
Fixed Maturities	63574	60658	63036
Stocks	899	705	744
Premiums Due	6298	6437	6785
Other	32407	32384	32222
Total Assets	103078	100184	102787
Unearned Prem's	11839	11971	12706
Reserves	49850	48295	48168
Other	16553	16320	17474
Total Liabilities	78242	76586	78348

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 of change (per sh)
Premium Inc	9.5%	11.5%	5.0%
Invest Income	6.0%	7.5%	5.0%
Earnings	15.5%	11.5%	1.5%
Dividends	8.0%	11.0%	5.5%
Book Value	9.5%	8.0%	7.0%

Cal-endar	NET PREMIUMS EARNED (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	5517	5603	5666	5851	22637
2014	5823	5928	5983	5979	23713
2015	5888	5931	6032	6023	23874
2016	5981	6067	6209	6303	24560
2017	6400	6450	6500	6575	25925

Cal- endar	EARNINGS PER SHARE ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	2.30	2.13	2.35	2.68	9.46
2014	2.95	1.93	2.61	3.07	10.56
2015	2.52	2.52	2.93	2.90	10.87
2016	2.33	2.20	2.40	2.57	9.50
2017	2.52	2.45	2.30	2.33	9.60

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.41	.46	.46	.46	1.79
2013	.46	.50	.50	.50	1.96
2014	.50	.55	.55	.55	2.15
2015	.55	.61	.61	.61	2.38
2016	.67	.67	.67		

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. Has approximately 30,900 employees.

Travelers third-quarter results were a bit of a mixed bag. Earnings from operations, which exclude capital gains and losses, clocked in at \$2.40 a share, which was \$0.12 above our expectation. However, the figure was a far cry from last year's comparable-period tally of \$2.93 and represented the fourth-consecutive period of a year-to-year earnings decline. **Many of the same factors that affected September-period results might well continue through most of next year.** The combined ratio increased 6%, to 92.9% for the September quarter, reflecting increased weather-related losses and lower net favorable prior year reserve, a trend that is likely to persist in the months ahead. The abnormally low loss ratio of 2013-2015 appears unsustainable, and thus we look for an uptick in this metric moving forward. Also, as higher claims are paid out, it is less likely that there will be favorable reserve development in the near term. What's more, net investment income might well continue its struggle. During the third quarter, this line item fell 32%, to \$582 million. This doesn't come as a shock to us, given that yields on fixed-

income securities remain at historically low levels. We do, however, expect a modest uptick in investment income next year, as the Federal Reserve gradually begins to raise borrowing rates. On another note, net premiums earned ought to climb at a mid-single-digit clip, despite very competitive industry conditions. Travelers' strict underwriting standards and successful marketing initiatives should allow it to gain market share and retain existing accounts. **The industry behemoth seems well positioned for the 3- to 5-year pull.** The combined ratio should remain at profitable levels, and better than the industry average over that span, barring an overage of catastrophes. **The recent pullback in Travelers' stock price adds to its long-term appeal.** These shares offer worthwhile total return potential out to 2019-2021 on a risk-adjusted basis. Stock Price Stability is superb (100 out of 100), particularly when compared to its insurance peers. Conservative investors seeking a presence in this sector might consider a position here. *Alan G. House* *December 9, 2016*