

THE TRAVELERS CO NYSE-TRV

RECENT PRICE **123.01** P/E RATIO **13.3** (Trailing: 12.7; Median: 9.0) RELATIVE P/E RATIO **0.71** DIV'D YLD **2.3%** VALUE LINE

TIMELINESS 4 Lowered 8/25/17
SAFETY 1 Raised 9/16/11
TECHNICAL 3 Lowered 8/11/17
 BETA .85 (1.00 = Market)

High: 55.0 57.0 58.6 54.5 57.6 64.2 74.7 91.7 107.9 116.5 123.1 130.4
 Low: 40.2 47.3 28.9 33.1 47.3 46.0 55.9 72.5 79.9 95.2 101.2 115.9

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

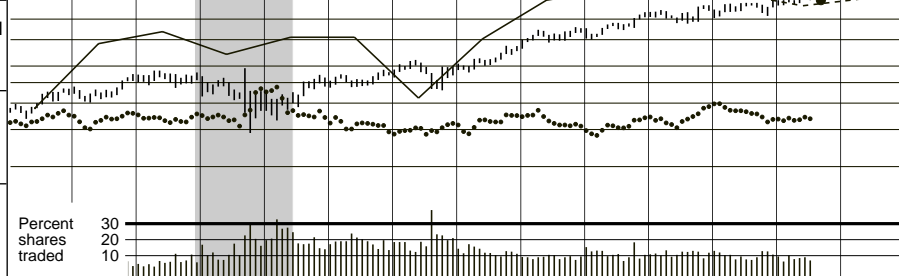
2020-22 PROJECTIONS
 Price 160 Gain (+30%) Ann'l Total Return 9%
 High 160 Low 130 (+5%) 4%

Insider Decisions

O N D J F M A M J											
to Buy	0	1	0	0	0	0	0	0	0	0	0
Options to Buy	2	1	0	3	2	3	0	6	2	3	3
to Sell	0	2	0	0	7	0	4	2	3	3	3

Institutional Decisions

3Q2016			4Q2016			1Q2017		
to Buy	358	413	400	400	400	400	400	400
to Sell	446	477	475	475	475	475	475	475
Hld's(000)	219201	223995	241577	241577	241577	241577	241577	241577



Target Price Range		
2020	2021	2022
100	100	100
80	80	80
60	60	60
40	40	40
20	20	20

% TOT. RETURN 7/17
 THIS STOCK VS. ARITH. INDEX
 1 yr. 12.7 14.4
 3 yr. 53.1 26.9
 5 yr. 129.7 95.3

2001	2002	2003	2004F	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
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	87.75	92.30	96.35	P/C Prem Earned per sh	98.20
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	8.23	8.60	9.35	Investment Inc per sh	11.00
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	4.98	5.15	5.30	Underwriting Inc per sh	6.85
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	10.13	8.90	9.65	Earnings per sh ^B	11.25
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	2.83	2.86	Div'ds Decl'd per sh ^C	3.00
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	83.05	89.10	94.55	Book Value per sh ^D	112.75
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	279.60	275.00	275.00	Common Shs Outst'g ^E	275.00
189%	153%	131%	122%	127%	125%	124%	105%	84%	89%	91%	95%	119%	120%	132%	137%			Price to Book Value	130%
--	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	11.2			Avg Ann'l P/E Ratio	13.0
--	1.69	.79	1.05	.75	.42	.41	.52	.47	.52	1.09	.66	.49	.46	.49	.59			Relative P/E Ratio	.80
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%	2.4%			Avg Ann'l Div'd Yield	2.1%

CAPITAL STRUCTURE as of 6/30/17
 Total Debt \$6,920 mill. Due in 5 Yrs \$2,700 mill. (22% of Cap'l)
 Leases, Uncapitalized \$147 mill.
 Pension Assets 12/16-\$3,387 mill.
 Pfd Stock None
 Common Stock 275,947,036 shs. as of 7/17/17
 MARKET CAP: \$33.9 billion (Large Cap)

FINANCIAL POSITION (\$MILL)

	2015	2016	6/30/17
Fixed Maturities	60658	60515	61907
Stocks	705	732	700
Premiums Due	6437	6722	7345
Other	32384	32276	32717
Total Assets	100184	100245	102669
Unearned Prem's	11971	12329	13052
Reserves	48295	47949	48574
Other	16320	16746	17185
Total Liabilities	76586	77024	78811

21470	21579	21418	21432	22090	22357	22637	23713	23874	24534	25385	26500	P/C Premiums Earned ^A	27000
57.7%	60.2%	57.9%	61.1%	73.7%	65.6%	58.8%	58.5%	57.5%	61.4%	62.0%	62.5%	Loss to Prem Earned	64.0%
31.5%	31.5%	31.9%	32.7%	32.7%	32.5%	31.0%	31.4%	32.1%	32.9%	32.5%	32.0%	Expense to Prem Writ	29.0%
10.8%	8.3%	10.2%	6.2%	-6.4%	1.9%	10.2%	10.1%	10.4%	5.7%	5.5%	5.5%	Underwriting Margin	7.0%
25.6%	23.2%	23.0%	24.1%	--	21.7%	25.7%	27.3%	27.6%	25.7%	25.5%	25.0%	Income Tax Rate	25.0%
4509.6	3174.5	3616.4	3066.0	1379.2	2439.0	3549.5	3644.6	3429.7	2972.0	2450	2655	Net Profit (\$mill)	3375
5.4%	4.3%	4.0%	4.6%	4.2%	4.1%	3.9%	4.0%	3.6%	3.5%	3.5%	3.8%	Inv Inc/Total Inv	5.5%
115224	109751	109650	105181	104602	104938	103812	103078	100184	100245	101500	103000	Total Assets (\$mill)	108500
26616	25319	27415	25445	24477	25405	24796	24836	23598	23221	24500	26000	Shr. Equity (\$mill)	31000
16.9%	12.5%	13.2%	12.0%	5.6%	9.6%	14.3%	14.7%	14.5%	12.8%	10.0%	10.0%	Return on Shr. Equity	11.0%
14.2%	9.7%	10.7%	9.4%	2.9%	6.9%	11.4%	11.7%	11.4%	9.5%	7.0%	7.0%	Retained to Com Eq	7.5%
16%	23%	19%	22%	48%	28%	21%	20%	22%	25%	32%	30%	All Div'ds to Net Prof	27%

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.

Officers and directors own approximately .8% of common stock outstanding; BlackRock, 8.2%; The Vanguard Group, 7.4%; State Street Corporation, 6.6% (4/17 Proxy). Chief Executive Officer: Alan D. Schnitzer. Chairman: John H. Dasburg. Incorporated: Minnesota. Address: 485 Lexington Ave, New York, NY 10017. Telephone: 917-778-6000. Internet: www.travelers.com.

ANNUAL RATES

	Past 10 Yrs	Past 5 Yrs	Est'd '14-'16 to '20-22
of change (per sh)	10.5%	10.5%	3.5%
Premium Inc	6.0%	5.0%	5.0%
Invest Income	11.5%	14.5%	1.0%
Earnings	9.5%	10.5%	4.0%
Dividends	9.0%	6.5%	6.0%

Travelers stock has increased nicely in price over the last three months. This occurred even though earnings from operations, excludes capital gains and losses from investments, clocked in at \$1.92, well below our estimate of \$2.16 and the year-ago tally of \$2.20. On a positive note, the top line, as defined by net premiums earned, was just over \$6.35 billion, a year-over-year increase of 4.7%.

We look for the bottom line to take a step back this year, before likely regaining traction in 2018. The June-interim combined ratio was 96.7%, which represented an increase of 3.6% from last year's comparable-period tally. Results were constrained by an above-average level of storm activity, which kicked up the loss ratio. At this juncture, we don't foresee things getting any better on this front in the near term. Indeed, Hurricane Harvey has ravaged Texas with a phenomenal amount of rain, which may result in losses of \$20 billion, making it one of the 10 costliest hurricanes of all time. Of course, it's too early to tell precisely how much the immense storm will cost the insurance industry, but initial in-

dications are that it will be very significant. Hence, we look for Travelers' share net to decrease moderately this year, owing to a likely less attractive combined ratio. However, catastrophes can be a bit of a double-edged sword for insurers as these may allow for price increases during policy-renewal season. This is a factor that bears watching in the months ahead.

Income from investments ought to provide a shot in the arm for the 3- to 5-year pull. Fixed-income investments account for the lion's share of Travelers' portfolio. We forecast increased bond reinvestment rates out to 2020-2022, as we believe the Federal Reserve will continue to boost interest rates, at least over the next couple of years.

Cal-ender	NET PREMIUMS EARNED (\$mill.) ^A	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2014	5823 5928 5983 5979	23713
2015	5888 5931 6032 6023	23874
2016	5981 6067 6209 6277	24534
2017	6183 6351 6400 6451	25385
2018	6550 6600 6650 6700	26500

These shares are no longer in the good graces of our Timeliness Ranking System, having fallen a notch since our June report. Still, conservative accounts seeking a presence in the P/C Insurance Industry may be enticed by the equity's Highest (1) Safety rank, while its decent dividend provides a level of support and current income.

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Cal-ender	EARNINGS PER SHARE ^B	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
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 3.20	10.13
2017	2.16 1.92 2.06 2.76	8.90
2018	2.50 2.35 2.24 2.56	9.65

Alan G. House

September 8, 2017

Cal-ender	QUARTERLY DIVIDENDS PAID ^C	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
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 .67	2.68
2017	.67 .72	

Company's Financial Strength A++
Stock's Price Stability 100
Price Growth Persistence 85
Earnings Predictability 55

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(A) P/C only. (B) Dil. egs. Excl. cap gains and losses after '02. Excl. nonrec. (charges)/gains in '02, ('18c); '06, '3c; '07, '14c; '08, ('42c); '09, '1c; '10, '31c; '11, '11c; '12, '9c; '13, '28c; '14, '14c; '15, '3c; '16, '15c. Excl. losses from disc. ops.: '02, '12c; '03, '7c; '04, '62c. Excl. extra. losses: '02, '3c; '03, '9c. Next egs. rpt. late Oct. (C) Div'ds. paid in late March, June, Sept., Dec. Excl. spec. div'ds of 21c/sh. paid 3/04 and 4/04. ■ Div'd reinv. plan avail. (D) Intang. '16: \$3,848 mill., \$13.22/sh. (E) In mill. (F) St. Paul only until '04.