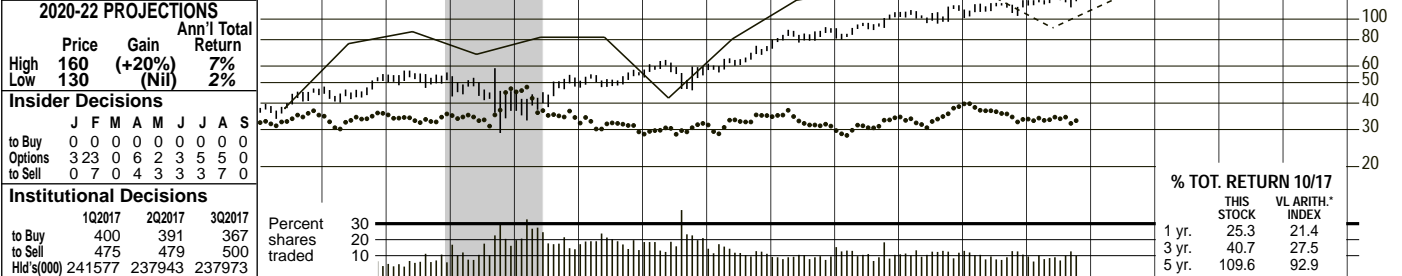


# THE TRAVELERS CO NYSE-TRV

RECENT PRICE **133.01** P/E RATIO **17.1** 16.2 9.0 RELATIVE P/E RATIO **0.85** DIV'D YLD **2.2%** VALUE LINE

TIMELINESS <b>4</b> Lowered 11/3/17	High: 55.0 57.0 58.6 54.5 57.6 64.2 74.7 91.7 107.9 116.5 123.1 135.7	Target Price Range 2020 2021 2022
SAFETY <b>1</b> Raised 9/16/11	Low: 40.2 47.3 28.9 33.1 47.3 46.0 55.9 72.5 79.9 95.2 101.2 113.8	
TECHNICAL <b>3</b> Raised 12/1/17	LEGENDS — 13.0 x Earnings p sh ... Relative Price Strength Options: Yes Shaded area indicates recession	
BETA .85 (1.00 = Market)		



2020-22 PROJECTIONS		© VALUE LINE PUB. LLC 20-22																		
Price	Gain	Ann'l Total Return	2001	2002	2003	2004F	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
High 160	(+20%)	7%	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	<b>83.45</b>	<b>97.10</b>
Low 130	(Nil)	2%	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	<b>8.60</b>	<b>9.35</b>
Insider Decisions			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	<b>3.25</b>	<b>5.30</b>
Institutional Decisions			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	<b>2.83</b>	<b>2.86</b>
Percent shares traded			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	<b>87.25</b>	<b>94.55</b>
to Buy			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	<b>275.00</b>	<b>275.00</b>
to Sell			189%	153%	131%	122%	127%	125%	124%	105%	84%	89%	91%	95%	119%	120%	132%	137%		
Options to Buy			--	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		
Options to Sell			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%		
to Buy			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	<b>275.00</b>	<b>275.00</b>
to Sell			189%	153%	131%	122%	127%	125%	124%	105%	84%	89%	91%	95%	119%	120%	132%	137%		
Hld's(000)			241577	237943	237973															

CAPITAL STRUCTURE as of 9/30/17		© VALUE LINE PUB. LLC 20-22															
Total Debt \$6,921 mill. Due in 5 Yrs \$2,700 mill. (23% of Cap'l)		P/C Prem Earned per sh	98.20														
Leases, Uncapitalized \$147 mill.		Investment Inc per sh	11.00														
Pension Assets 12/16-\$3,387 mill.		Underwriting Inc per sh	6.85														
Pfd Stock None		Earnings per sh <sup>B</sup>	11.25														
Common Stock 273,695,876 shs. as of 10/16/17		Div'ds Decl'd per sh <sup>C</sup>	3.00														
MARKET CAP: \$36.4 billion (Large Cap)		Book Value per sh <sup>D</sup>	112.75														
FINANCIAL POSITION (SMILL)		Common Shs Outst'g <sup>E</sup>	275.00														
Fixed Maturities	60658	60515	62157														
Stocks	705	732	601														
Premiums Due	6437	6722	7267														
Other	32384	32276	34286														
Total Assets	100184	100245	104311														
Unearned Prem's	11971	12329	13247														
Reserves	48295	47949	49750														
Other	16320	16746	17576														
Total Liabilities	76586	77024	80573														
P/C Premiums Earned <sup>A</sup>		Price to Book Value	130%														
Loss to Prem Earned		Avg Ann'l P/E Ratio	13.0														
Expense to Prem Writ		Relative P/E Ratio	.80														
Underwriting Margin		Avg Ann'l Div'd Yield	2.1%														
Income Tax Rate																	
Net Profit (\$mill)																	
Inv Inc/Total Inv																	
Total Assets (\$mill)																	
Shr. Equity (\$mill)																	
Return on Shr. Equity																	
Retained to Com Eq																	
All Div'ds to Net Prof																	

**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.

**Travelers made it through a difficult third quarter in pretty good shape.** This year has been one of the most severe hurricane years on the domestic front in quite some time. Travelers' bottom line checked in at \$0.91 a share after taking out capital gains and losses from investments. While we had expected \$2.06 a share, this was before three major hurricanes wreaked havoc on the United States and its territories. The company's combined ratio was 103.2%, which included a large 10.7% of catastrophe-related losses. The underlying combined ratio was solidly in profitable territory, which is a testament to management's underwriting discipline.

**We anticipate a sharp bottom-line bounce back next year, assuming a return to normal catastrophe levels.** It appears likely that Travelers will have the upper hand during next year's policy renewal season, reflecting the significant number of catastrophes this year. Too, investment income per share ought to receive a shot in the arm from higher bond reinvestment rates, as the Federal Reserve continues to boost interest rates, albeit at a measured clip.

**The industry behemoth's immense size and strong balance sheet put it a cut above the competition, in our view.** The company has the wherewithal to boost capacity when times are good, while being able to weather an industry downturn better than many of its peers.

**These shares have gained notable ground over the past three months.** Hence, their share price currently hovers near the low end of our 3- to 5-year Target Price Range. A decent dividend yield does add some appeal to income-oriented accounts, though not enough to boost total return potential into an attractive range for the 3 to 5 years ahead. Even when considering the equity's Highest (1) Safety rank, these shares aren't a particularly enticing value at present. We suggest most investors wait for a pullback before committing funds. Existing shareholders in it for the long haul may wish to hold onto their shares as these have the propensity to outperform. (See their performance relative to our Arithmetic Index over the past three and five years.)

*Alan G. House* *December 8, 2017*

(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 Jan. '16: \$3,848 mill., \$13.22/sh. (E) In mill. (F) St. Paul only until '04.	Dec. Excl. spec. div'ds of 21¢/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.	Company's Financial Strength <b>A++</b> Stock's Price Stability <b>100</b> Price Growth Persistence <b>85</b> Earnings Predictability <b>55</b>
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