APRIL 2016



CHRISTOPHER J. SWIFT
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

Dear Shareholders,

2015 was a successful year for The Hartford. We delivered strong financial results and maintained underwriting discipline, while investing in the operating capabilities and talent that are making us a broader, deeper risk player and a more efficient, customer-focused company.

Core earnings per diluted share[1] increased 15 percent; core earnings return on equity (ROE)[1] increased to 9.2 percent from 8.4 percent; book value per diluted share[2] grew 7 percent; and we returned $1.6 billion of excess capital to shareholders in the form of dividends and share repurchases. In addition, the ratings of our Property & Casualty (P&C) insurance companies were upgraded by A.M. Best, Moody's and Standard & Poor's – an affirmation of our improved balance sheet, operating performance and financial flexibility. We are pleased with our continued financial progress and the growing market strength of each of our businesses.

PROPERTY & CASUALTY

Our P&C business performed well in 2015. The underlying combined ratio, excluding catastrophes and prior year development[1], improved and top-line growth continued, reflecting an increase in new business premium, strong retention and positive pricing. In Commercial Lines, we grew written premium across our Small Commercial, Middle Market and Specialty Commercial businesses, and delivered more than $1 billion in core earnings.

Our market-leading Small Commercial franchise reported written premium growth of 4 percent, and delivered an outstanding underlying combined ratio, which excludes catastrophes and prior year development, of 86.6 percent. Our unique product, distribution and service capabilities enable us to consistently produce outstanding performance in this business year after year.

THE HARTFORD

In Middle Market, written premium grew by 3 percent, and the underlying combined ratio improved by 3.1 points to 91.4 percent. We have enhanced our market position in this business by building on our strengths in workers' compensation, strengthening our general liability and commercial auto products, and expanding our appetite in new areas such as construction, marine and property. As a result, we are now able to offer a total solution to more customers, making us a better partner to our independent agents and brokers.

In Personal Lines, written premium grew by 1.5 percent, but the underlying combined ratio deteriorated by 1.4 points due to higher than expected personal auto frequency and non-weather losses in homeowners. We are confident in our ability to improve the performance of this business and to sustain our market leadership position in the age 50+ market.

CORE EARNINGS PER DILUTED SHARE[1]



15%

FROM 2014

CORE EARNINGS ROE[1]



80 BASIS POINTS

FROM 2014 to 9.2%

BOOK VALUE PER DILUTED SHARE[1,2]



7%

FROM 2014

GROUP BENEFITS

Group Benefits had a very strong year, reporting solid earnings growth and a core earnings margin[1] of 5.6 percent – the highest reported since 2009 – due in large part to successful underwriting and pricing actions executed over recent years. Strong sales and book persistency contributed to growth in earned premium. We were especially pleased to welcome back several large customers this year as a result of our superior service and product capabilities.

MUTUAL FUNDS

Mutual Funds generated positive annual net flows for the first time since 2010, while increasing sales and delivering solid relative fund performance. Hartford Funds achieved 6th place overall in the 2015 Barron's/ Lipper Fund Family Ranking[3] and a 4th place distinction for domestic equity funds. Hartford Funds was also ranked a top-10 fund family overall by Barron's for the third time in four years.

TALCOTT RESOLUTION

Talcott Resolution, our run-off life and annuity operation, continued to run off its variable annuity and fixed annuity contract counts, further reducing the size and risk of those exposures. Talcott returned $1 billion in excess capital to the holding company in 2015 and another $500 million in January 2016. We continue to manage Talcott to maintain its capital self-sufficiency.

COMPETITIVELY WELL POSITIONED

The market has become increasingly competitive and the investment environment less favorable. Consolidation among carriers, as well as independent agents and brokers, has accelerated. Legacy information technology platforms are aging and costly to maintain. We face disruption from the advent of big data, the "sharing economy," autonomous vehicles, digital technology and an influx of new capital. These dynamics are challenging insurance companies to re-evaluate their operations and to adapt.

"We are executing a strategy that we are confident will enable us to continue to deliver value to shareholders, customers and the independent agents and brokers that represent us in the marketplace."

We are well positioned to address these challenges and to take advantage of the market opportunities they present. We are focused on a core set of businesses that have strong margins and leading market positions. We have the benefit of a strong balance sheet and capital flexibility. The investments we have made in technology, distribution, analytics and risk management have provided the foundational capabilities necessary for success. And, we are executing a strategy that we are confident will enable us to continue to deliver value to shareholders, customers and the independent agents and brokers that represent us in the marketplace.



Our strategy has us focused in five key areas. Let me share a few examples of our progress with respect to each:

1. **Product and Risk Expansion.** Investments in product, data and underwriting are making us a broader, deeper risk player, and enabling us to better meet customer needs, and accordingly, the needs of the independent agents and brokers that serve them. For example, in our Middle Market business, we are extending our capabilities in industries such as construction, auto parts manufacturing and hospitality. In Small Commercial, we have invested in capabilities required to extend our business model to write larger small business accounts. And, in Group Benefits, we are expanding our suite of voluntary product offerings, enabling us to increase our share of the voluntary market.

2. **Distribution Effectiveness.** The Hartford has been partnering with independent agents and brokers to serve the insurance needs of consumers and businesses for more than 200 years. Our partners play a critical role in our success by providing us with the insight we need to be a better business partner and a total solutions provider to their customers. In 2015, we increased our sales and underwriting presence in targeted geographies, and realigned our support model to better serve our partners' needs.

3. **Customer Experience.** We believe companies that consistently meet or exceed customer, agent and broker expectations will be the winners in our industry over the long term. That is why we actively solicit and act on their feedback. In 2016, we will introduce an improved risk management information system that will enable managers of large, loss-sensitive accounts to better manage their total cost of risk. In Personal Lines, enhanced mobile experiences will make it easier for customers to quote and make policy changes; and in Group Benefits, the use of innovative marketing and educational tools will make insurance more accessible to younger generations.

4. **Market-Leading Operating Capabilities.** Continued investment in the modernization of our technology platform will increase the speed at which we develop and roll out new products and services. For example, investments in a new Middle Market underwriting desktop and a new claim system have already begun to reduce cycle times and enhance the experiences we are delivering to independent agents, brokers and customers. Investments in data and predictive analytics are improving underwriting performance and claim outcomes.

5. **Talent.** We are building a diverse and engaging culture that is enabling us to attract and retain the talent we need to execute our strategy and propel our company forward. Our employee engagement scores are in the top decile of global companies as measured by the IBM® Kenexa® Survey. Our leaders have strong track records of performance and a clear vision for our future – and how to get there.

CONDUCTING BUSINESS WITH CHARACTER

At The Hartford, we are committed to winning in the right way. We believe that making a positive difference in the world is the right thing to do and a business imperative. For example, we have supported U.S. Paralympic athletes for more than 20 years because they embody our Group Benefits Ability Philosophy, which focuses on helping people of all abilities prevail. Our success is inextricably tied to the well-being of our customers, agents and brokers, employees and the communities in which we work and live, and by the way we conduct ourselves.

Our corporate responsibility commitments manifest themselves in many ways, including the following four areas:

- **Environment.** As an insurance company, we understand the inherent risks that environmental challenges present to people and communities. In response, we are reducing our own impact on the environment and conserving natural resources, while reducing our operating costs in the process.

> *"We believe that making a positive difference in the world is the right thing to do and a business imperative."*

- **Entrepreneurship.** As a supporter of commerce, we are advocating for entrepreneurship by partnering with Junior Achievement's JA Company Program to provide basic economic education for high school students by allowing them to organize and operate an actual business. And, through our partnership with Accion, a national not-for-profit firm, we are providing micro-businesses with access to the capital and education they need to sustain and grow their businesses.

- **Community.** As a neighbor, we are fostering stability and vitality in our communities by providing those in need with access to food, shelter and economic opportunity. We are making a difference in each of these areas by targeting our philanthropic support, partnering with like-minded national and local organizations, and harnessing the power of our 17,400-person workforce – mobilizing them to invest their time, talent and generosity as community volunteers.

- **Employees.** As an employer, we are proud of our reputation for being a company that places ethics and integrity above all else.

We are honored to have received many accolades this year that point to the strength of our character and integrity, including being recognized by the New York Stock Exchange Governance Services with an award for best governance, risk management and compliance program for a large cap company; being named one of the "World's Most Ethical Companies" by the Ethisphere Institute for the eighth time; and being included in the Dow Jones Sustainability Index for the fourth consecutive year.

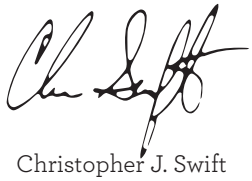


POISED FOR SUCCESS IN 2016

In closing, let me express how proud I am of what we accomplished in 2015, and give my sincere thanks to our employees, agents and brokers, customers and shareholders for their continued support and confidence. We have a strong portfolio of businesses and capital flexibility. We also have a clear strategy, an experienced management team, a powerful national distribution network, differentiated products, and a brand that stands for strength and integrity.

As we enter 2016, we remain focused on profitable growth, while maintaining underwriting discipline, and tightly managing expenses to support ongoing investment in the capabilities and talent needed to be a top-of-mind company for the products we offer. I am confident in our ability to navigate a dynamic market environment to continue to create value for our shareholders.

Sincerely,



Christopher J. Swift

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CHIEF EXECUTIVE OFFICER

[1] Denotes a financial measure not calculated based on generally accepted accounting principles ("non-GAAP financial measures"). Information regarding non-GAAP financial measures, including reconciliations to the most directly comparable GAAP financial measures, is provided in The Hartford's Investor Financial Supplement for the fourth quarter 2015, which is available at the Investor Relations section of The Hartford's website at http://ir.thehartford.com.

[2] Excluding accumulated other comprehensive income

[3] Source: Barron's, "Top Mutual Fund Families," February 6, 2016. The Barron's/Lipper Fund Survey ranks fund families by evaluating the asset-weighted returns of funds in five categories: U.S. equity, world equity, mixed equity (balanced), taxable-bond, and tax-exempt bond utilizing Barron's methodology. Barron's did not include sales charges and 12b-1 fees in calculating returns. All rankings are based on the one-year period ending 12/31/15. Past performance is not indicative of future results.

Certain statements made in this letter to shareholders should be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These include statements about The Hartford's future results of operations. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Investors should consider the important risks and uncertainties that may cause actual results to differ, including those discussed in our 2015 Annual Report on Form 10-K, in our Quarterly Reports on Form 10-Q and other filings we make with the Securities and Exchange Commission. We assume no obligation to update this letter to shareholders, which speaks as of April 7, 2016.

ABOUT THE HARTFORD
With more than 200 years of expertise, The Hartford (NYSE:HIG) is a leader in property and casualty insurance, group benefits and mutual funds. The company is widely recognized for its service excellence, sustainability practices, trust and integrity. More information on the company and its financial performance is available at www.thehartford.com.

From time to time, The Hartford uses its website to disseminate material company information. Financial and other important information regarding The Hartford is routinely accessible through and posted on our website at http://ir.thehartford.com. In addition, you may automatically receive email alerts and other information about The Hartford when you enroll your email address by visiting the "Email Alerts" section at http://ir.thehartford.com.

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Employee Benefits
Auto
Home

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