

The Hartford Financial Services Group, Inc.
August 22, 2018

**The Hartford to Acquire Navigators: Broadens and Deepens
Commercial Lines Product Offerings and Underwriting Risk Appetite**





Disclaimers

Forward Looking Statements

Certain statements made in this presentation 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 and projections regarding the impact of the acquisition of Navigators. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially.

Factors that could cause The Hartford's actual results to differ, possibly materially, from those in the forward looking statements include but are not limited to (i) receipt of regulatory approvals for the transaction; (ii) the successful closing of the transaction within the estimated timeframe; (iii) the failure to realize the expected synergies from the transaction or delay in realization thereof; (iv) purchase accounting impacts, including determination of goodwill and other intangible assets at closing; (v) integration costs; (vi) acquisition-related charges, including transaction costs and changes in Navigators' loss reserve estimates or other balance sheet items that are deemed necessary at closing; (vii) industry conditions; and (viii) other factors that can be found in The Hartford's news releases and SEC filings, including those discussed in The Hartford's news releases issued on July 26, 2018 and August 22, 2018, The Hartford's Quarterly Reports on Form 10-Q, The Hartford's 2017 Annual Report on Form 10-K, and other filings we make with the U.S. Securities and Exchange Commission. We assume no obligation to update this release, which speaks as of today's date.

Use of Non-GAAP Financial Measures

The discussion in this presentation includes financial measures that are not derived from generally accepted accounting principles (GAAP). Information regarding these non-GAAP financial measures, including reconciliations to the most directly comparable GAAP financial measures, is provided in the appendix.

Additional Information and Where to Find It

From time to time, The Hartford may use 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 <https://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 <https://ir.thehartford.com>.

Transaction summary

Purchase price

- The Hartford to acquire Navigators (NASDAQ: NAVG) in an all-cash transaction for \$2.1 billion, or \$70.00 per share, based on current shares outstanding
- The Hartford to assume \$265 million of Navigators' senior notes

Valuation

- Implied purchase price value:
 - 1.7x book value per outstanding share as of June 30, 2018
 - 8.9% premium to Navigators' closing price on Aug. 21, 2018
 - 16.6% premium to Navigators' 3-month volume-weighted average stock price

Earnings impact

- Expected 2020 net income accretion of \$30 million to \$75 million and core earnings¹ accretion of \$60 million to \$95 million; estimated accretion comprised of a contribution by Navigators of \$80 million to \$125 million to net income and \$110 million to \$145 million to core earnings, offset by a reduction of approximately \$50 million in The Hartford's net investment income, after tax, due to the cash used to fund the acquisition
- Expected to produce attractive returns through revenue growth and modest expense efficiencies

Approvals & timing

- Subject to approval by Navigators' shareholders and other customary closing conditions, including regulatory approvals
- Expected closing in the first half of 2019

Other

- Board of directors of both companies have voted to approve the transaction
- Navigators' founder and major shareholder, as well as its CEO (~22% of outstanding shares) have executed voting agreements in favor of the acquisition

1. Denotes financial measure not calculated based on GAAP; see appendix for a discussion and reconciliation to closest GAAP measure



Overview of Navigators



Navigators: A global specialty organization with \$1.7 billion in 2017 gross written premiums and strong underwriting track record

Overview

- Global specialty focus with highly regarded team underwriting in 22 industry or product verticals with expertise in complex, low-frequency, high-severity risks in the marine, energy, construction, casualty and professional liability lines
- Track record of underwriting profit and strong organic growth
- Deep relationships with global retail and wholesale brokers, enabling access to attractive risks
- Conservative balance sheet: investment portfolio with an average credit quality of "AA-/Aa3" as rated by S&P and Moody's, respectively, and an effective duration of 3.5 years; 17.6% total debt to capital ratio as of June 30, 2018

9.4%
5 Year CAGR²
Net Written Premiums (NWP)

\$1.2 billion
Stockholders' Equity
(As of June 30, 2018)

96.6%
5 Year Average
Underlying Combined Ratio³

"A" Rated
S&P and A.M. Best
Financial Strength Ratings

Corporate Details

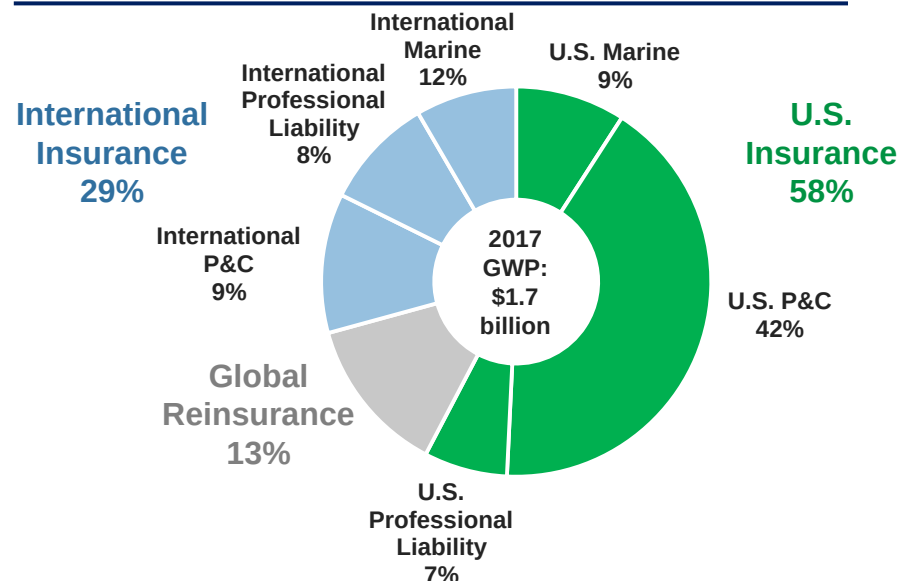
Year Founded: 1974

Headquarters: Stamford, CT

Offices / Countries: 30 / 9

Employees: ~820

Well-Balanced, Global Portfolio of \$1.7 Billion GWP¹



Global Ocean Marine since 1974



Lloyd's Marine and Energy Specialist since 1980



U.S. Construction Liability since 1995



Global Management and Professional Liability since 2001

1. Gross written premiums (GWP) 2. Compound annual growth rate (CAGR) 3. Denotes financial measure not calculated based on GAAP

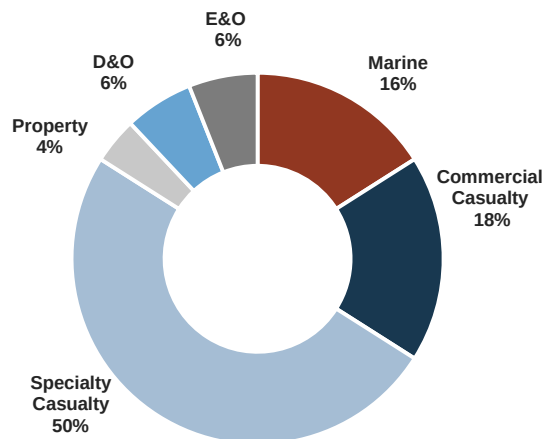
Source: Based on Navigators' 10-Q as reported for June 30, 2018, 10-K as reported for Dec. 31, 2017 and company information

Navigators has three reporting segments, led by U.S. Insurance with ~60% of 2017 gross written premiums

U.S. Insurance

\$988 million (58%)

2017 GWP



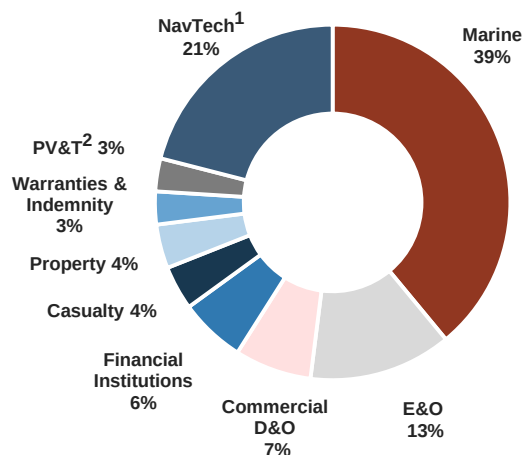
5 year GWP CAGR **7.3%**

**5 year average
combined ratio** **95.4%**

International Insurance

\$501 million (29%)

2017 GWP



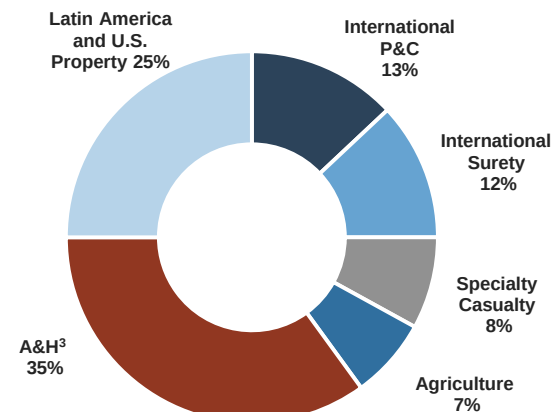
5 year GWP CAGR **3.8%**

**5 year average
combined ratio** **99.5%**

Global Reinsurance

\$224 million (13%)

2017 GWP



5 year GWP CAGR **3.8%**

**5 year average
combined ratio** **93.8%**

Source: Navigators' 10-K as reported for Dec. 31, 2017 and information provided by Navigators

1. NavTech includes Navigators' energy and engineering lines

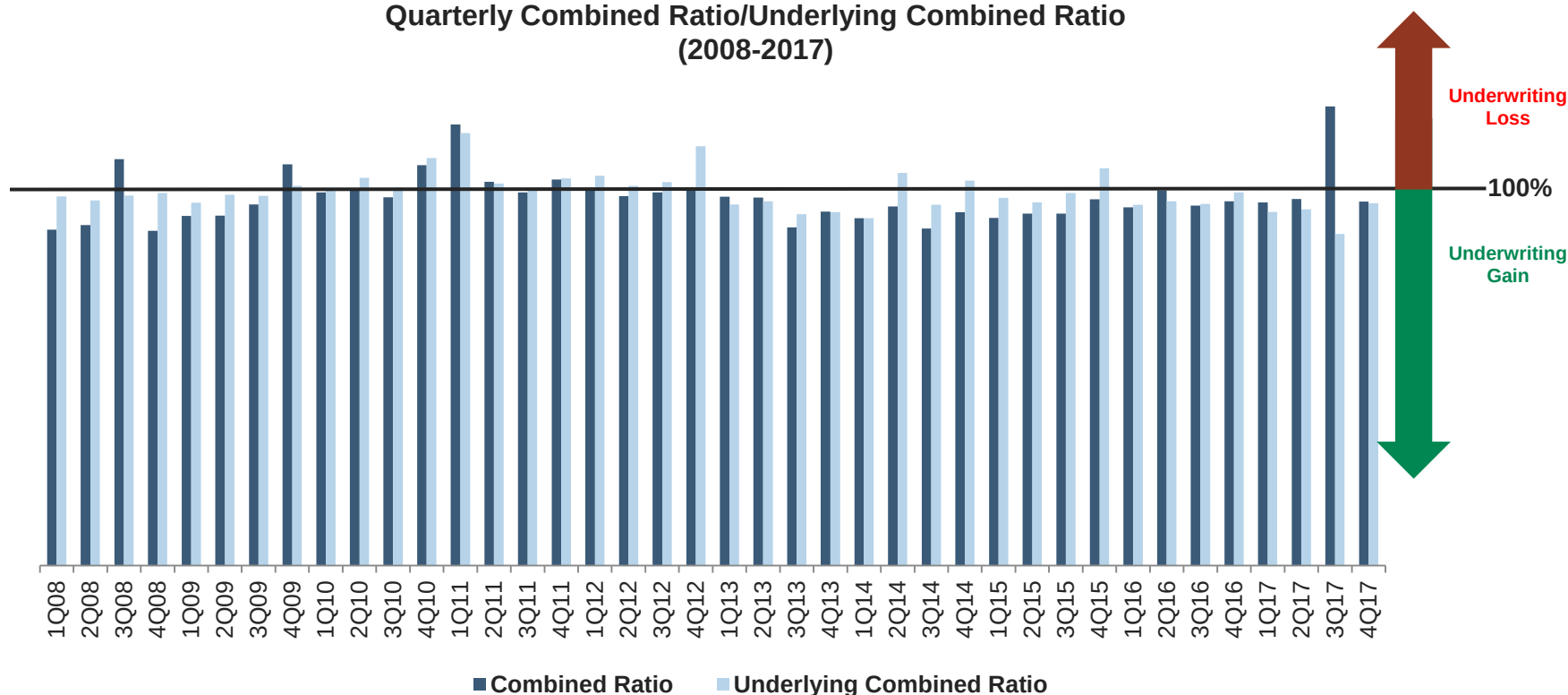
2. Political Violence and Terrorism (PV&T)

3. Accident and Health (A&H)

Navigators has a strong underwriting track record, with underlying underwriting profits and favorable prior accident year development (PYD) over the last 10 years



Quarterly Combined Ratio/Underlying Combined Ratio
(2008-2017)



Full Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10 Year Average
Combined ratio	93.8	97.2	100.7	104.7	99.3	94.8	92.6	94.1	96.7	103.2	97.7
Catastrophe (CAT) ratio	4.3	-	-	-	2.6	-	-	1.0	2.4	7.1	1.7
(Favorable)/Unfavorable PYD	(7.9)	(1.3)	(2.1)	0.3	(5.8)	(0.1)	(5.9)	(6.6)	(2.6)	2.9	(2.9)
Underlying combined ratio	97.4	98.5	102.8	104.4	102.5	94.9	98.5	99.7	96.9	93.2	98.9

*Source: Based on Navigators' 10-Q, 8-K and 10-K



Transaction Benefits

The acquisition of Navigators achieves key strategic and financial objectives for The Hartford's Commercial Lines segment



Enhances Commercial Lines market presence

- Highly complementary to current Commercial Lines competencies with added specialty and excess and surplus lines capabilities
- More diversified Commercial Lines business, with reduced concentration in workers' compensation
- Pro forma #7 ranking in U.S. commercial lines from #9 in 2017

Broadens and deepens product offerings

- Global specialty underwriter with established marine, energy, construction, casualty and professional liability expertise
- Market leader in the U.S. excess casualty and surplus lines
- Reinsurance capabilities focused on A&H and specialty lines

Expands geographic underwriting reach

- Lloyd's platform supports future growth of The Hartford's specialty lines and industry verticals
- Growing underwriting operations in Europe, Asia and Latin America, with post-Brexit platform in Belgium
- Reinsurance capabilities provide efficient access for select products in some markets

Adds proven talent with similar cultures

- Proven and tenured team with customer-centric approach
- Acquisition combines two organizations with disciplined underwriting execution and shared commitment to innovation, financial performance, and ethics
- Both organizations focused on attracting and retaining talent

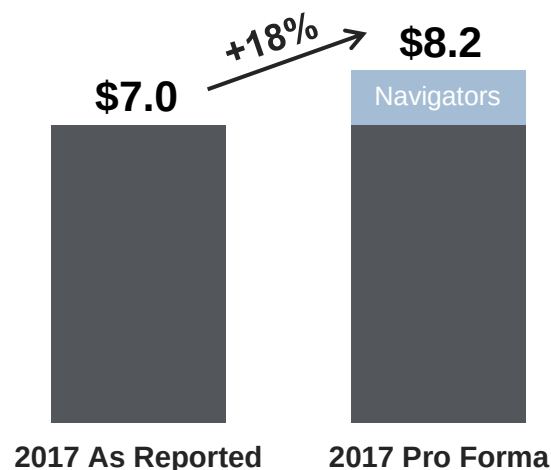
Financially accretive

- Expected to be accretive to 2020 net income and core earnings
- Expect greater premium growth opportunities than standalone operations would present

Enhances Commercial Lines market presence to #7 in the U.S.

- Acquisition brings together two underwriting-centric organizations with a commitment to innovation, financial performance and talent development
 - Strengthens U.S. commercial middle market and specialty lines franchise with additional industry verticals and complementary underwriting and product expertise
 - Pro forma #7¹ ranking in U.S. commercial lines
 - More than \$8.2 billion in combined net written premiums in Commercial Lines
- Significantly broadens The Hartford's specialty and surplus lines offerings
 - Similar target customer and complementary product offerings enable us to offer more comprehensive coverage to existing customers
- Deepens expertise in major U.S. industry segments by adding specialty lines coverages and markets where The Hartford does not currently underwrite or have a significant market presence, including: marine, energy, environmental, construction wrap ups, international and A&H
- Increases scale of The Hartford's existing positions in construction, professional liability, financial products and life sciences

**The Hartford Commercial Lines
Net Written Premiums, Pro Forma 2017**
(\$ in billions)



U.S. Commercial Lines Market Ranking
(Based on 2017 direct written premiums)¹

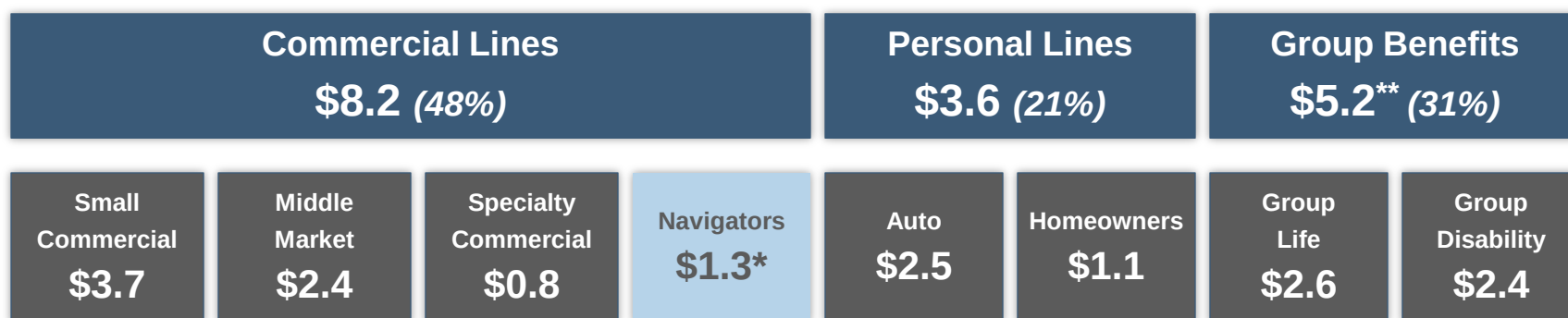
#9 → **#7**

1. Per A.M. Best, based on 2017 direct written premiums

Increases Commercial Lines to ~50% of pro forma consolidated premiums

The Hartford 2017 Pro Forma Net Written Premiums¹ \$17.0 Billion

(\$ in billions)



Leader – P&C Small Commercial

#2 – Workers' Compensation²

#5 – Ocean Marine³

#6 – Commercial Multi-Peril²

#7 – P&C Commercial Lines²

#4 – Direct Personal Lines²

**#2 – Group Life & Disability
In-Force Premiums⁴**

**#2 – Group Life & Disability
Sales⁴**

1. Represents 2017 full year NWP for Commercial Lines and Personal Lines and pro forma fully insured ongoing premiums, excluding buyout premiums, for Group Benefits including 4Q17 acquisition

2. Per A.M. Best, based on 2017 written premiums, pro forma for transaction

3. Per NAIC, based on 2017 written premiums, pro forma for transaction

4. Per LIMRA based on sales and in-force premiums as of December 31, 2017 (pro forma)

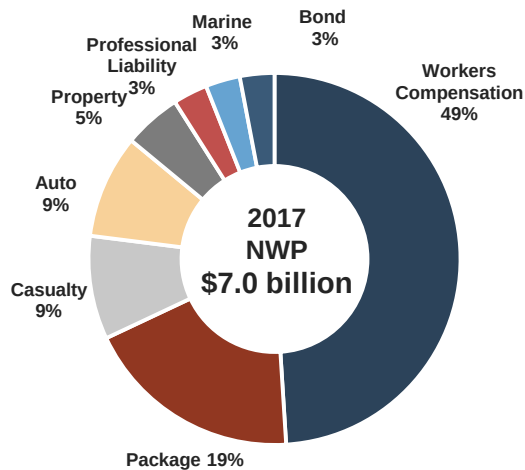
* Source: Navigators' 10-K

** 2017 pro forma Group Benefits premiums comprised of 2017 premiums contributed by The Hartford's Group Benefits segment (excluding the impact of the 4Q17 acquisition) and 2016 full year premiums from the U.S. group life and disability business acquired; \$5.2 billion of total 2017 pro forma premiums include \$0.2 billion of Other premiums

Broadens and deepens Commercial Lines product offerings, reducing concentration in workers' compensation and expanding casualty, professional liability and marine

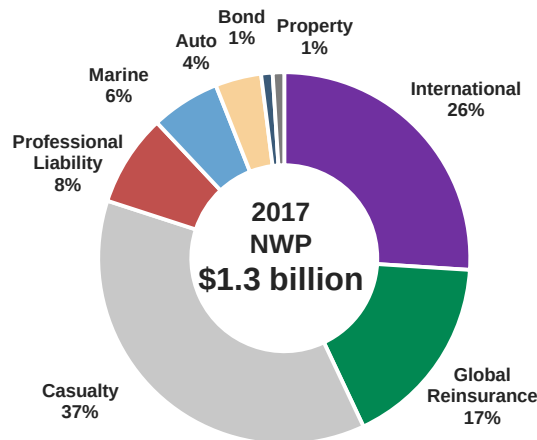


The Hartford¹



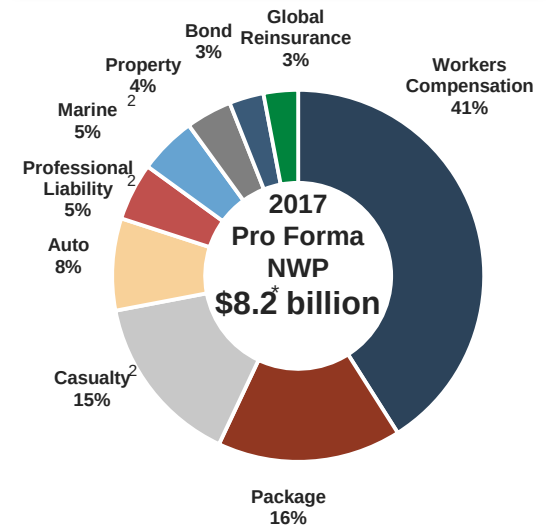
100% U.S.

Navigators



71% U.S.

Pro Forma



95% U.S.

1. The Hartford's Commercial Lines

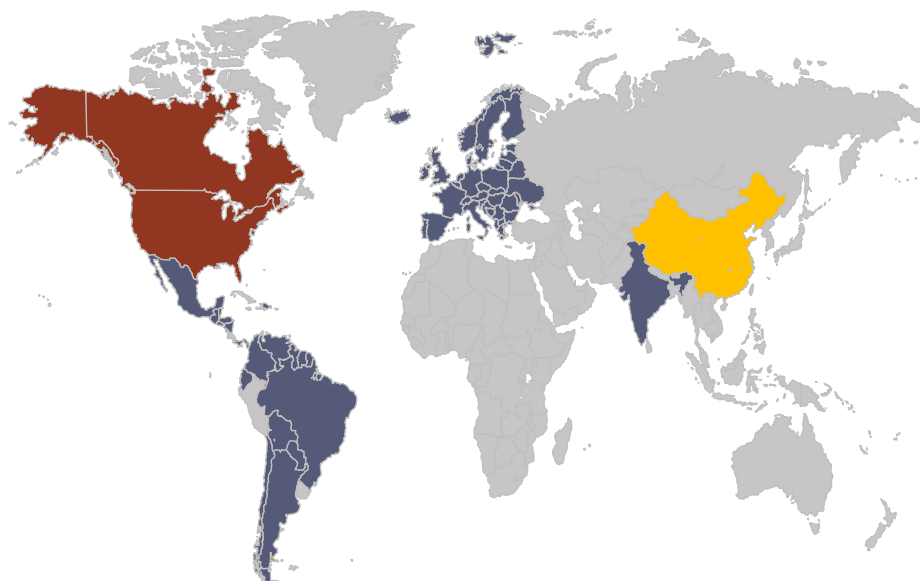
2. Includes international of approximately 2 points in marine, 1 point in professional liability and 1 point in casualty

*Total may not add due to rounding

Source: Based on company information

Expands geographic underwriting reach to support industry verticals and The Hartford's U.S. customers' risk management needs

- Provides access to the world's largest specialty market through an established Lloyd's presence
 - Managing agency of Syndicate 1221, founded in 1980 as a marine specialist and acquired by Navigators in 1998
- Expands The Hartford's global footprint with claims and underwriting offices in 9 international locations
- Adds global reinsurance capabilities focused on U.S. A&H and international property along with other specialty treaty products
 - The Hartford expects to continue Navigators' reinsurance strategy, gaining efficient access to global risks in product lines with profitable growth potential
- Provides an opportunity to grow target customer segments in select international markets by leveraging Navigators' growing underwriting operations in Europe, Asia and Latin America



Navigators' International Locations¹

- International office locations include:
 - Antwerp, Belgium
 - Hong Kong, China
 - London, U.K.
 - Luxembourg
 - Madrid, Spain
 - Milan, Italy
 - Paris, France
 - Rotterdam, The Netherlands
 - Zurich, Switzerland
- And a Lloyd's representative office in China

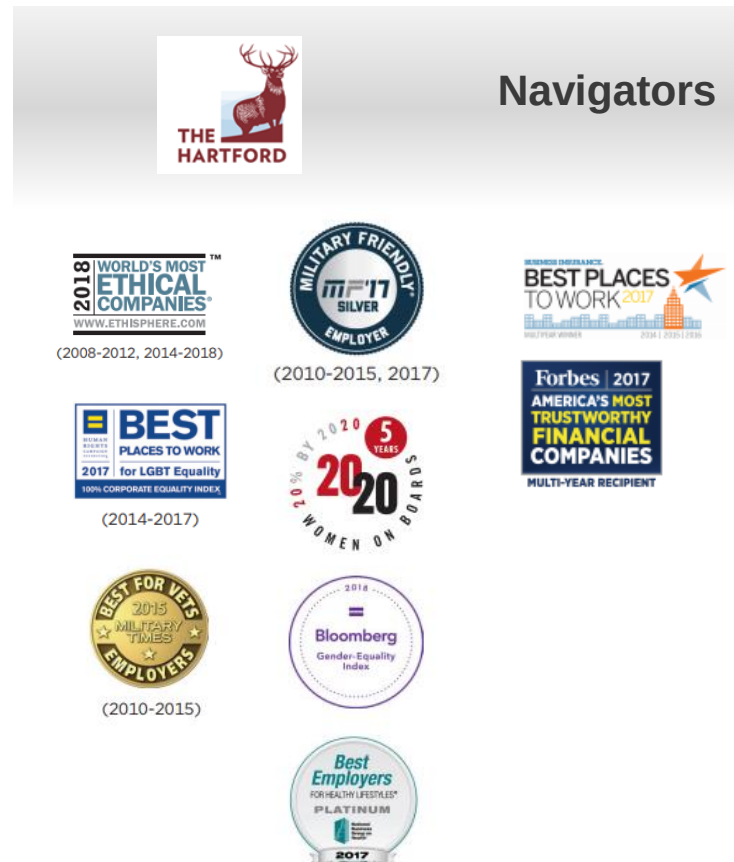
- The Hartford's and Navigators' offices
- Navigators offices and licensed regions
- China presence through Lloyd's

Source: Based on company information

1. In addition, Navigators Corporate Underwriters Ltd. (Lloyd's Syndicate 1221) utilizes Lloyd's licenses to provide insurance around the globe

Adds proven and tenured team with customer-centric approach and similar culture to The Hartford

- Founded in 1974 as a marine managing agency, listed on the NASDAQ since June 1986, Navigators has a long-standing presence in specialty lines, with deep expertise in certain lines and industries
- Navigators has a seasoned management team, with long tenure and significant industry experience
 - CEO Stanley Galanski joined in 2001; 38 years industry experience
 - CFO Ciro DeFalco joined in 2011; 37 years industry experience
 - Senior executive team with an average tenure of ~9 years with Navigators and over 32 years of industry experience
 - Over 285 underwriting professionals with an average tenure of ~7 years with Navigators
 - Over 275 professionals providing service excellence to a variety of customers with complex, global needs
- Similar cultures focused on underwriting discipline and financial performance, that also value innovation, talent development and ethics



Source: Based on company information



Financial Impacts



Financially accretive, driven principally by higher premium growth with modest expense synergies

- Sufficient existing resources to fund all cash purchase price of \$2.1 billion, but will consider financing alternatives; The Hartford does not intend to issue common equity in connection with the transaction
- Expected to be immediately accretive to 2019 net income, excluding integration costs and acquisition-related charges, including transaction costs and changes in Navigators' loss reserve estimates or other balance sheet items
- Expected to produce attractive returns in the low double-digit range over time through revenue growth and modest expense savings
- Modest dilution to book value per share at closing due to transaction and integration costs

Total purchase price:	\$2.1 billion³
2020 estimate of earnings accretion¹:	
Net income	+\$30 to \$75 million
Core earnings	+\$60 to \$95 million
Estimated annual amortization of intangibles, after tax	\$15 to \$30 million
Pro forma impact to 6/30/18:	
Book value per diluted share (BVPS)	Modest and dependent on closing charges and purchase accounting
Leverage ratio²	
Estimated transaction and integration related costs within 2 years of closing	~\$70 to \$110 million, before tax ~\$55 to \$85 million, after tax

1. Estimated accretion comprised of a contribution by Navigators of \$80 million to \$125 million to net income and \$110 million to \$145 million to core earnings, offset by a reduction of approximately \$50 million in The Hartford's net investment income, after tax, due to the cash used to fund the acquisition. Assumes April 1, 2019 closing. Amortization of intangibles included in net income and core earnings. Transaction and integration related costs included in net income.

2. Total debt to capitalization ratio, excluding accumulated other comprehensive income (AOCI)

3. Does not include the value of outstanding unvested Navigators stock-based awards of approximately \$60 to \$70 million, a portion of which would be accounted for as purchase consideration

Modest impact to leverage ratios expected at closing

As reported as of June 30, 2018
(\$ in millions)



Pro Forma¹
June 30, 2018

Leverage ratio		
Total debt	\$4,675	\$4,939
Stockholders' equity	12,546	12,526 ²
AOCI	(1,353)	(1,353)
Total capital	\$17,221	\$17,465
Total debt/capital, excluding AOCI	25.2%	26.3%
Total rating agency adjusted debt to capitalization ratio ³	29.7%	30.7%
Balance sheet items		
Total cash and invested assets	\$45,795	\$46,984
Total loss & LAE ⁴ reserves	\$32,080	\$34,654

1. Subject to the timing of the close and before finalization of purchase accounting impacts, such as determination of goodwill and other intangible assets, integration costs, and acquisition-related charges, including transaction costs and changes in Navigators' loss reserves estimates or other balance sheet items

2. Modest estimated decline due to transaction costs

3. Based on Moody's methodology

4. Loss adjustment expenses (LAE)

Acquisition accelerates key strategic and financial goals

Acquisition helps advance key strategic goals in our Commercial Lines business, including broader product offerings and underwriting risk appetite

Combines two organizations with disciplined underwriting cultures and a shared commitment to innovation, financial performance, and attracting and retaining top talent

Provides attractive future returns driven by higher premium growth and strengthens our value proposition to agents and customers

Purchase price funded by existing corporate resources;
The Hartford does not intend to issue common equity to fund this acquisition



Navigators Financial Summary

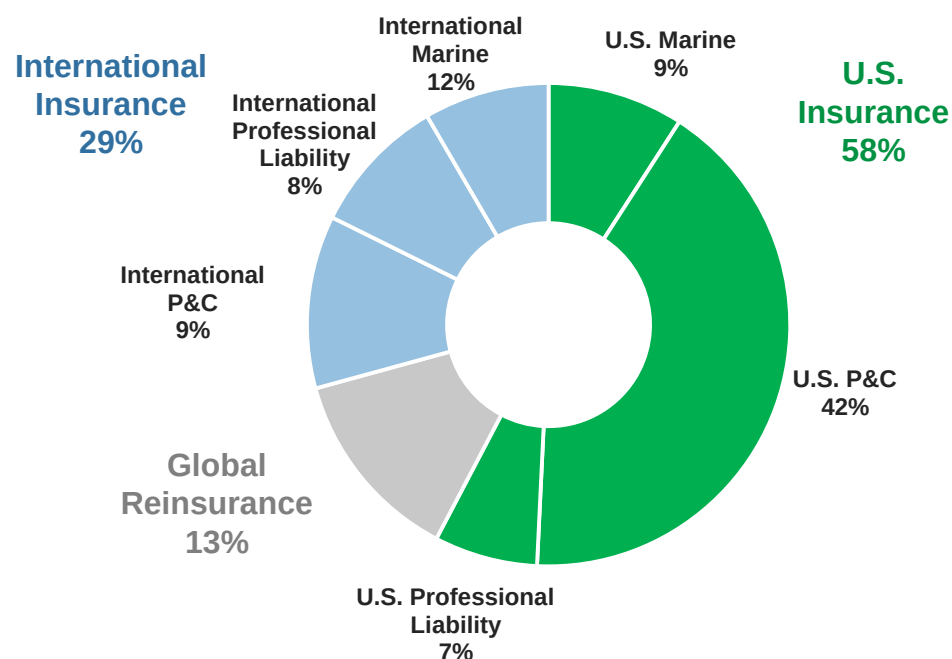
Navigators profile

Business Description

- Navigators is a global specialty underwriter with three reporting segments: U.S. Insurance, International Insurance and Global Reinsurance
- The **U.S. Insurance** and **International Insurance** segments are each comprised of three principal lines of business:
 - **Marine:** includes coverage for shipping, global trade and transport
 - **P&C:** provides primary and excess casualty, environmental, property, commercial auto, life sciences, property and energy
 - **Professional liability:** D&O, E&O and other coverages
- **Global Reinsurance** segment underwrites A&H, marine, P&C and professional liability reinsurance in markets outside the U.S. and Europe, with a specialization in Latin America
- Offices are located across the U.S. and in the U.K., continental Europe and Hong Kong as well as a Lloyd's representative office in China

2017 Business Mix

By Segment and Line of Business

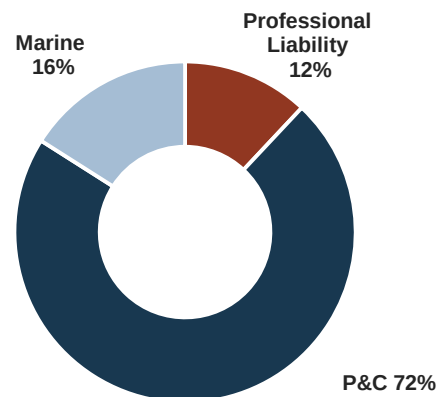


Summary of U.S. Insurance segment

Business Description

- U.S. Insurance is composed of three business lines: P&C, Marine, and Professional Liability
- P&C is 72% of 2017 U.S. Insurance GWP and is primarily construction liability
- Marine is Navigators' oldest business line, comprising 16% of 2017 U.S. Insurance GWP
- Professional Liability, which includes D&O and E&O, comprised 12% of 2017 U.S. Insurance GWP
- U.S. Insurance has its principal offices in New York, Chicago, Houston, San Francisco, Los Angeles, Atlanta and Seattle allowing underwriters to develop deep regional expertise and strong broker and policyholder relationships

U.S. Insurance Business Mix



2017 GWP: \$988 million

Financial Highlights (\$ in millions)

	2013	2014	2015	2016	2017	CAGR
Gross written premiums	\$746	\$807	\$866	\$919	\$988	7.3%
Net written premiums	466	552	597	684	721	11.5
Net earned premiums	438	504	556	629	675	11.4
						5 year avg.
Loss ratio	64.8%	61.8%	61.8%	63.2%	65.7%	63.5%
Expense ratio	31.9	32.4	33.5	31.5	30.6	32.0
Combined ratio	96.7	94.2	95.3	94.7	96.3	95.4
Underlying combined ratio	94.2	97.2	98.7	94.9	92.6	95.5

5-year average underlying combined ratio: 95.5%

Source: Based on Navigators' company SEC filings and company information

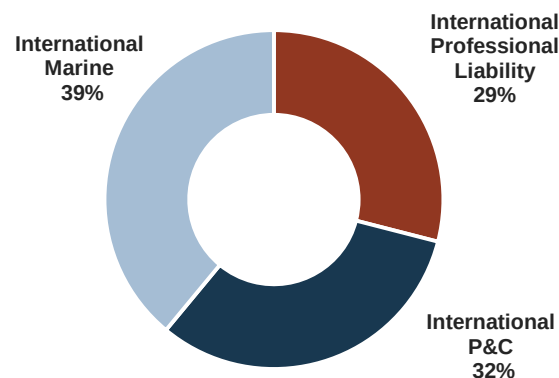
Summary of International Insurance segment

Business Description

- International Insurance is composed of three business lines: Marine, P&C, and Professional Liability
- Marine is the largest business line at 39% of 2017 GWP, and includes Marine Liability, Specie Cargo and Transport, with the majority of premium written through Lloyd's
- P&C is 32% of GWP and includes International Casualty, NavTech, Property, and Political Violence & Terrorism (PV&T)
- Professional Liability, 29% of GWP, is the fastest growing line and includes E&O, D&O, Warranties & Indemnity, and Financial Institutions products
- Regional offices on the European continent have been instrumental in growing smaller premium lines, including the Management Liability products and E&O, and introducing new products, such as PV&T
 - In addition to London, underwriting offices are located in Rotterdam, Antwerp, Paris, Zurich, Madrid and Milan
 - BDM and ASCO acquisition¹ will help Navigators penetrate new local markets

1. On June 7, 2018, Navigators announced the completion of the acquisition of Bracht, Deckers & Mackelbert NV ("BDM"), a specialty underwriting agency, and its affiliated insurance company, Assurances Continentales – Continentale Verzekeringen NV ("ASCO"), both domiciled in Antwerp, Belgium

International Insurance Business Mix



2017 GWP: \$501 million

Financial Highlights (\$ in millions)

	2013	2014	2015	2016	2017	CAGR
Gross written premiums	\$431	\$425	\$412	\$484	\$501	3.8%
Net written premiums	234	253	278	346	336	9.5
Net earned premiums	233	243	260	307	334	9.4
						5 year avg.
Loss ratio	44.6%	47.3%	51.8%	58.0%	68.8%	54.1%
Expense ratio	42.4	45.0	46.0	48.2	45.6	45.5
Combined ratio	87.0	92.3	97.8	106.2	114.4	99.5
Underlying combined ratio	98.8	107.6	108.0	108.6	100.1	104.6

5-year average underlying combined ratio: 104.6%

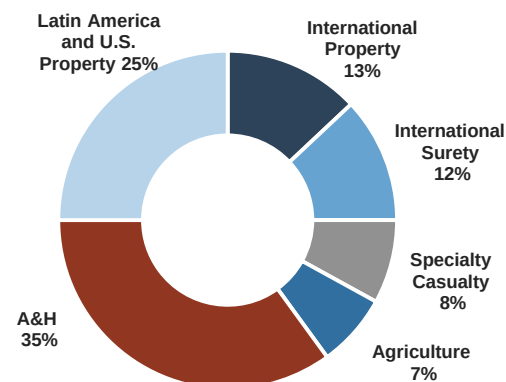
Source: Based on Navigators' company SEC filings and company information

Summary of Global Reinsurance segment

Business Description

- Global Reinsurance underwrites specialty products in regions where treaty reinsurance is a more efficient means of participating in the local market
- Built the business organically since 2011 to \$224 million GWP in 2017 with a track record of underwriting profitability
- Global Reinsurance's product focus provides geographic and product diversification to the company's marine, energy, construction and professional liability specialization; products currently include:
 - Accident & Health (A&H)
 - Latin America and U.S. Property
 - International Property
 - International Surety
 - Specialty Casualty
 - Agriculture
- The U.S. Accident & Health treaty business has experienced significant growth, and currently represents the largest portion of Global Reinsurance GWP at 35%
- The Latin American business, which includes P&C and Surety in Central and South America, has experienced 55% GWP growth in 2017 due in part to an increase in renewal rates

Global Reinsurance Business Mix



2017 GWP: \$224 million

Financial Highlights (\$ in millions)

	2013	2014	2015	2016	2017	CAGR
Gross written premiums	\$193	\$200	\$176	\$165	\$224	3.8%
Net written premiums	188	195	169	157	214	3.3
Net earned premiums	171	188	168	164	178	1.0
						5 year avg.
Loss ratio	76.7%	62.9%	56.1%	54.6%	74.9%	65.0%
Expense ratio	23.8	25.9	28.4	32.4	33.4	28.8
Combined ratio	100.5	88.8	84.5	87.0	108.3	93.8
Underlying combined ratio	91.7	90.0	90.0	82.6	82.2	87.3

5-year average underlying combined ratio: 87.3%

Source: Based on Navigators' company SEC filings and company information

Navigators financial highlights

Financials (\$ in millions, except per share amounts)	2013	2014	2015	2016	2017	5 Year CAGR	1H18 ¹
Gross written premiums	\$ 1,371	\$ 1,432	\$ 1,454	\$ 1,569	\$ 1,713	5.7%	\$ 992
Net written premiums	888	1,000	1,044	1,186	1,271	9.4%	773
Net investment income	56	64	69	79	89	12.6%	48
Net income	\$ 63	\$ 95	\$ 81	\$ 83	\$ 40	(10.6%)	\$ 63
Less:							
Net realized capital gains, before tax ²	21	13	7	10	42		1
FX gains (losses), before tax	-	10	(1)	9	(4)		1
Loss on extinguishment of debt, before tax	(18)	-	-	-	-		-
Net gain on disposal of product line, before tax	-	-	-	-	-		1
One time charge related to tax reform	-	-	-	-	(20)		-
Income tax benefit (expense)	(1)	(8)	(2)	(6)	(13)		(1)
Core earnings³	\$ 62	\$ 80	\$ 77	\$ 71	\$ 36	(12.8%)	\$ 61
Impact of catastrophe losses on core earnings⁴	\$ -	\$ -	\$ 7	\$ 17	\$ 55		\$ -
Total stockholders' equity	\$ 902	\$ 1,027	\$ 1,096	\$ 1,178	\$ 1,226	8.0%	\$ 1,234
AOCI	28	47	24	9	20	(8.5%)	(36)
Common equity, excluding AOCI	\$ 874	\$ 981	\$ 1,073	\$ 1,169	\$ 1,206	8.4%	\$ 1,270
Operating metrics	2013	2014	2015	2016	2017	5 Year Average	1H18
Loss ratio	61.6	58.3	58.2	60.5	68.0	61.3	58.5
Expense ratio	33.2	34.3	35.9	36.2	35.2	35.0	36.5
Combined ratio	94.8	92.6	94.1	96.7	103.2	96.3	95.0
Catastrophe losses	-	-	1.0	2.4	7.1	2.1	-
(Favorable)/unfavorable PYD	(0.1)	(5.9)	(6.6)	(2.6)	2.9	(2.5)	0.5
Underlying combined ratio³	94.9	98.5	99.7	96.9	93.2	96.6	94.5
Net income ROE	7.1%	9.9%	7.6%	7.3%	3.4%	7.1%	10.2%*
Core earnings ROE^{3,5}	7.4%	8.7%	7.5%	6.3%	3.0%	6.6%	9.8%**

Source: Based on Navigators' SEC filings including 10-K, 10-Q, 8-K and news releases

1. First half of 2018 (1H18) 2. Net realized gains (losses), excluded from core earnings, before tax 3. Denotes financial measure not calculated based on GAAP

4. Assumes 35% tax rate 5. Core earnings ROE equal to trailing four quarters of core earnings divided by average equity (ex. AOCI)

* Annualized net income divided by average equity ** Annualized core earnings divided by average equity (ex. AOCI)

Appendix – Discussion and reconciliation of GAAP to non-GAAP financial measures





Discussion of non-GAAP financial measures – The Hartford

The Hartford's non-GAAP financial measures

The Hartford uses non-GAAP financial measures in this presentation to assist investors in analyzing the projected impact of the transaction described herein on the company's operating performance for the periods presented. Because The Hartford's calculation of these measures may differ from similar measures used by other companies, investors should be careful when comparing The Hartford's non-GAAP financial measures to those of other companies. Definitions of non-GAAP and other financial measures used in this presentation can be found below and in The Hartford's Press Releases, issued on July 26, 2018 and August 22, 2018 and The Hartford's Investor Financial Supplement for second quarter 2018, which are available on The Hartford's website, <https://ir.thehartford.com>.

Core Earnings: The Hartford uses the non-GAAP measure core earnings as an important measure of the company's operating performance. The Hartford believes that the measure core earnings provides investors with a valuable measure of the performance of the company's ongoing businesses because it reveals trends in our insurance and financial services businesses that may be obscured by including the net effect of certain realized capital gains and losses, certain restructuring and other costs, integration and transaction costs in connection with an acquired business, pension settlements, loss on extinguishment of debt, gains and losses on reinsurance transactions, income tax benefit from reduction in deferred income tax valuation allowance, impact of tax reform on net deferred tax assets, and results of discontinued operations. Some realized capital gains and losses are primarily driven by investment decisions and external economic developments, the nature and timing of which are unrelated to the insurance and underwriting aspects of our business. Accordingly, core earnings excludes the effect of all realized gains and losses (net of tax and the effects of DAC) that tend to be highly variable from period to period based on capital market conditions.

The Hartford believes, however, that some realized capital gains and losses are integrally related to our insurance operations, so core earnings includes net realized gains and losses such as net periodic settlements on credit derivatives. These net realized gains and losses are directly related to an offsetting item included in the income statement such as net investment income. Results from discontinued operations are excluded from core earnings for businesses held for sale because such results could obscure trends in our ongoing businesses that are valuable to our investors' ability to assess the company's financial performance.

Net income (loss) and income from continuing operations (during periods when the company reports significant discontinued operations) are the most directly comparable U.S. GAAP measures to core earnings. Income from continuing operations is net income, excluding the income (loss) from discontinued operations. Core earnings should not be considered as a substitute for net income (loss) or income (loss) from continuing operations and does not reflect the overall profitability of the company's business. Therefore, The Hartford believes that it is useful for investors to evaluate net income (loss), income (loss) from continuing operations and core earnings when reviewing the company's performance. A quantitative reconciliation net income (loss) to core earnings (loss) is not calculable on a forward-looking basis because it is not possible to provide a reliable forecast of realized capital gains and losses, which typically vary substantially from period to period.



Discussion of non-GAAP financial measures – The Hartford - continued

Core Earnings ROE (Core Earnings Return on Equity): The Hartford provides different measures of the return on stockholders' equity. Net income ROE is calculated by dividing (a) net income for the prior four fiscal quarters by (b) average common stockholders' equity, including AOCI. Core earnings ROE is calculated based on non-GAAP financial measures. Core earnings ROE is calculated by dividing (a) core earnings for the prior four fiscal quarters by (b) average common stockholders' equity, excluding AOCI. Net income ROE is the most directly comparable U.S. GAAP measure. The Hartford excludes AOCI in the calculation of core earnings ROE to provide investors with a measure of how effectively the company is investing the portion of the company's net worth that is primarily attributable to the company's business operations. The company provides to investors return-on-equity measures based on its non-GAAP core earnings financial measures for the reasons set forth in the related discussion above. A quantitative reconciliation net income (loss) ROE to core earnings (loss) ROE is not calculable on a forward-looking basis because it is not possible to provide a reliable forecast of realized capital gains and losses, which typically vary substantially from period to period.

Underlying combined ratio: Represents the combined ratio before catastrophes and PYD and is a non-GAAP financial measure. Combined ratio is the most directly comparable GAAP measure. The combined ratio is the sum of the loss and loss adjustment expense ratio (also known as a loss ratio), the expense ratio and the policyholder dividend ratio. This ratio measures the cost of losses and expenses for every \$100 of earned premiums. A combined ratio below 100 demonstrates a positive underwriting result. A combined ratio above 100 indicates a negative underwriting result. The underlying combined ratio represents the combined ratio for the current accident year, excluding the impact of current accident year catastrophes. The company believes this ratio is an important measure of the trend in profitability since it removes the impact of volatile and unpredictable catastrophe losses and prior accident year loss and loss adjustment expense reserve.

Net income, before integration costs and acquisition-related charges: The Company uses net income, before integration costs and acquisition-related charges, herein to assist investors in analyzing the projected impact of the acquisition on the Company's operating performance for the periods presented. The Company believes it is a valuable measure to illustrate the immediate run-rate impact to earnings that the acquisition is expected to have that may be obscured by acquisition related charges, including integration costs and potential changes in Navigators' reserves that The Hartford may record at closing. Net income (loss) is the most directly comparable U.S. GAAP measure.

Discussion of non-GAAP financial measures – Navigators

Navigators' non-GAAP financial measures

In order to assist investors in analyzing the projected impact of the transaction, this presentation includes financial measures of Navigators that have been adjusted to be consistent with The Hartford's non-GAAP financial measures. These measures begin with the GAAP financial measures presented in Navigators' financial statements filed with the SEC and are adjusted based on The Hartford's definition of the relevant non-GAAP financial measure. The Hartford believes that this will enable investors to assess Navigators' operating performance in a manner that is consistent with how The Hartford measures its own operating performance. Reconciliations of these Navigators non-GAAP measures are provided below.

Core Earnings: Navigators uses the non-GAAP measure "Net Operating Earnings" which is substantively identical with The Hartford's non-GAAP measure of "Core Earnings" as defined in prior section. A reconciliation of Navigators' net income to Navigators' core earnings on a reported basis are provided for the specified periods in the table set forth below.

(\$ in millions)	Twelve Months Ended					Six Months Ended
	Dec 31 2013	Dec 31 2014	Dec 31 2015	Dec 31 2016	Dec 31 2017	Jun 30 2018
Net income	\$ 63	\$ 95	\$ 81	\$ 83	\$ 40	\$ 63
Less: Net realized capital gains (losses), excluded from core earnings, before tax	21	13	7	10	42	1
Less: FX gains (losses), before tax	-	10	(1)	9	(4)	1
Less: Loss on extinguishment of debt, before tax	(18)	-	-	-	-	-
Less: Net gain on disposal of product line, before tax	-	-	-	-	-	1
Less: One time charge related to Tax Act	-	-	-	-	(20)	-
Less: Income tax benefit (expense)	(1)	(8)	(2)	(6)	(13)	(1)
Core earnings	\$ 62	\$ 80	\$ 77	\$ 71	\$ 36	\$ 61

Discussion of non-GAAP financial measures – Navigators – continued

Core Earnings ROE (Core Earnings Return on Equity): We are providing Navigators' core earnings ROE (as defined in the discussion of The Hartford's non-GAAP financial measures) based on Navigators' financial statements as reported in its SEC filings. Reconciliations of Navigators' net income (loss) ROE to Navigators' Core earnings (losses) ROE at a consolidated level can be found on a reported basis for the specified periods in the table set forth below.

	Last Twelve Months Ended				
	Dec 31 2013	Dec 31 2014	Dec 31 2015	Dec 31 2016	Dec 31 2017
Net income ROE	7.1%	9.9%	7.6%	7.3%	3.4%
Less: Net realized capital gains (losses), excluded from core earnings, before tax	2.4%	1.3%	0.7%	0.9%	3.5%
Less: FX gains (losses), before tax	0.0%	1.0%	(0.1%)	0.8%	(0.4%)
Less: Loss on extinguishment of debt, before tax	(2.0%)	0.0%	0.0%	0.0%	0.0%
Less: One time charge related to Tax Act	0.0%	0.0%	0.0%	0.0%	(1.6%)
Less: Income tax benefit (expense)	(0.1%)	(0.8%)	(0.2%)	(0.5%)	(1.1%)
Less: Impact of AOCI, excluded from Core ROE	(0.5%)	(0.3%)	(0.2%)	(0.2%)	(0.0%)
Core earnings ROE	7.4%	8.7%	7.5%	6.3%	3.0%

	1H18 Annualized ROE
Net income ROE	10.2%
Less: Net realized capital gains (losses), excluded from core earnings, before tax	0.2%
Less: FX gains (losses), before tax	0.2%
Less: Loss on extinguishment of debt, before tax	0.0%
Less: Net gain on disposal of product line	0.2%
Less: One time charge related to Tax Act	0.0%
Less: Income tax benefit (expense)	(0.1%)
Less: Impact of AOCI, excluded from Core ROE	0.0%
Core earnings ROE	9.8%

Discussion of non-GAAP financial measures – Navigators - continued

Underlying combined ratio: We are providing Navigators' underlying combined ratio (as defined in the discussion of The Hartford's non-GAAP financial measures) based on Navigators' financial statements as reported in its SEC filings. A reconciliation of the combined ratio to the underlying combined ratio at Navigators' consolidated level and at Navigators' individual reporting segment level can be found on a reported basis for the specified periods in the tables set forth below.

	Twelve Months Ended					Six Months Ended Jun 30 2018
	Dec 31 2013	Dec 31 2014	Dec 31 2015	Dec 31 2016	Dec 31 2017	
Consolidated						
Combined ratio	94.8	92.6	94.1	96.7	103.2	95.0
Less: Impact of catastrophes	0.0	0.0	1.0	2.4	7.1	0.0
Less: Impact of PYD	(0.1)	(5.9)	(6.6)	(2.6)	2.9	0.5
Underlying combined ratio	94.9	98.5	99.7	96.9	93.2	94.5
U.S. Insurance						
Combined ratio	96.7	94.2	95.3	94.7	96.3	
Less: Impact of catastrophes	0.0	0.0	1.8	0.0	1.2	
Less: Impact of PYD	2.5	(3.0)	(5.2)	(0.2)	2.5	
Underlying combined ratio	94.2	97.2	98.7	94.9	92.6	
International Insurance						
Combined ratio	87.0	92.3	97.8	106.2	114.4	
Less: Impact of catastrophes	0.0	0.0	0.0	5.7	9.9	
Less: Impact of PYD	(11.7)	(15.3)	(10.2)	(8.1)	4.4	
Underlying combined ratio	98.8	107.6	108.0	108.6	100.1	
Global Reinsurance						
Combined ratio	100.5	88.8	84.5	87.0	108.3	
Less: Impact of catastrophes	0.0	0.0	0.0	5.7	24.6	
Less: Impact of PYD	8.8	(1.2)	(5.5)	(1.3)	1.6	
Underlying combined ratio	91.7	90.0	90.0	82.6	82.2	

Discussion of non-GAAP financial measures – Navigators - continued

Consolidated		Twelve Months Ended			
2008	1Q08	2Q08	3Q08	4Q08	
Combined ratio	89.2%	90.4%	107.9%	88.9%	
Less: Impact of catastrophes	0.0%	0.0%	14.9%	0.8%	
Less: Impact of PYD	(8.8%)	(6.5%)	(5.2%)	(10.8%)	
Underlying combined ratio	98.0%	96.9%	98.2%	98.9%	
2009	1Q09	2Q09	3Q09	4Q09	
Combined ratio	92.8%	92.9%	95.9%	106.5%	
Less: Impact of catastrophes	0.0%	0.0%	0.0%	0.0%	
Less: Impact of PYD	(3.5%)	(5.6%)	(2.2%)	5.7%	
Underlying combined ratio	96.3%	98.5%	98.1%	100.8%	
2010	1Q10	2Q10	3Q10	4Q10	
Combined ratio	99.1%	99.7%	97.8%	106.3%	
Less: Impact of catastrophes	0.0%	0.0%	0.0%	0.0%	
Less: Impact of PYD	(0.8%)	(3.3%)	(2.5%)	(1.9%)	
Underlying combined ratio	99.9%	103.0%	100.3%	108.2%	
2011	1Q11	2Q11	3Q11	4Q11	
Combined ratio	117.1%	101.9%	99.1%	102.5%	
Less: Impact of catastrophes	0.0%	0.0%	0.0%	0.0%	
Less: Impact of PYD	2.3%	0.5%	(0.9%)	(0.3%)	
Underlying combined ratio	114.8%	101.4%	100.0%	102.8%	
2012	1Q12	2Q12	3Q12	4Q12	
Combined ratio	99.8%	98.1%	99.1%	100.2%	
Less: Impact of catastrophes	0.0%	0.0%	0.0%	2.6%	
Less: Impact of PYD	(3.7%)	(2.7%)	(2.7%)	(13.7%)	
Underlying combined ratio	103.5%	100.8%	101.8%	111.3%	

Consolidated	Twelve Months Ended			
2013	1Q13	2Q13	3Q13	4Q13
Combined ratio	97.9%	97.7%	89.8%	94.0%
Less: Impact of catastrophes	0.0%	0.0%	0.0%	0.0%
Less: Impact of PYD	2.0%	1.0%	(3.5%)	0.2%
Underlying combined ratio	95.9%	96.7%	93.3%	93.8%
2014	1Q14	2Q14	3Q14	4Q14
Combined ratio	92.2%	95.3%	89.5%	93.8%
Less: Impact of catastrophes	0.0%	0.0%	0.0%	0.0%
Less: Impact of PYD	0.0%	(8.9%)	(6.3%)	(8.4%)
Underlying combined ratio	92.2%	104.2%	95.8%	102.2%
2015	1Q15	2Q15	3Q15	4Q15
Combined ratio	92.3%	93.4%	93.4%	97.2%
Less: Impact of catastrophes	0.0%	0.0%	0.0%	4.0%
Less: Impact of PYD	(5.3%)	(3.0%)	(5.5%)	(12.2%)
Underlying combined ratio	97.6%	96.4%	98.9%	105.4%
2016	1Q16	2Q16	3Q16	4Q16
Combined ratio	95.1%	99.6%	95.6%	96.7%
Less: Impact of catastrophes	0.0%	6.1%	0.0%	3.7%
Less: Impact of PYD	(0.7%)	(3.2%)	(0.4%)	(6.0%)
Underlying combined ratio	95.8%	96.7%	96.0%	99.0%
2017	1Q17	2Q17	3Q17	4Q17
Combined ratio	96.4%	97.3%	121.9%	96.6%
Less: Impact of catastrophes	0.0%	0.0%	24.2%	3.9%
Less: Impact of PYD	2.5%	2.7%	9.7%	(3.5%)
Underlying combined ratio	93.9%	94.6%	88.0%	96.2%