Dear Shareholders:

In 2010, The Hartford began a multiyear journey to transform itself into an organization that delivers superior performance and greater shareholder value. The first leg of our journey was to stabilize the company, strengthen the balance sheet, and rebuild forward momentum. We achieved these milestones in 2011.

The Hartford is strong and stable. The company's investment portfolio is healthy and well positioned to deal with economic uncertainty. Our portfolio of customer-centered businesses is developing innovative products that make a difference in customers' lives and businesses, and our distribution relationships with agents, brokers, and financial professionals are strong. We also lowered the risk profile of the company while enhancing our enterprise risk management practices. In addition, we are a more efficient organization that has improved the speed and quality of its decision making. This progress is the result of tremendous effort by The Hartford's more than 24,000 teammates.

Although it would have been easier to continue along the path we were on, management and the Board of Directors decided the status quo would not deliver superior performance and create shareholder value in an acceptable period of time.

So in July 2011, we began a rigorous evaluation of the company's strategy and portfolio of businesses. We assessed each business objectively, examining its potential for profitable growth, capital requirements, scale, returns, risk profile, customer value, and other factors. We also looked at a range of alternative strategies, taking into account market dynamics, returns, sensitivities to capital markets, capital requirements, and the company's competitive positions. In addition, we examined how to mitigate and eventually isolate or separate the risks associated with the company's in-force annuity blocks. We are determined to aggressively manage everything within our control to increase profitability and generate shareholder value.

Operating with a Sharper Focus

Last month, we finished our evaluation and announced that, going forward, The Hartford will operate with a sharper focus. We are concentrating attention and resources on our Property and Casualty, Group Benefits, and Mutual Funds businesses. Doing so will position our company over time for higher returns on equity, reduced sensitivity to capital markets, a lower cost of capital, and increased financial flexibility. The Board and I are convinced this is the right path to unlock value and deliver superior, long-term returns for shareholders.

The Hartford also announced that it will stop new sales of individual annuities on April 27, 2012, place the Individual Annuity segment into runoff, and put the Individual Life, Retirement Plans, and Woodbury Financial Services businesses up for sale. We have engaged financial advisors to assist in the selling process and will continue to write new business during this period.

In our evaluation, we determined that The Hartford's ongoing businesses must meet all three important criteria: 1) distinct and competitive market positions, upon which we could invest for profitable growth, 2) strong capital generating ability, and 3) lower sensitivity to capital markets. These ongoing businesses are projected to have a return on equity between 12 and 13 percent in 2012, and represent virtually all of the company's statutory earnings power.

One Hartford Plaza
Hartford, CT 06155

While the company has competitive positions in all of its current businesses, this narrower portfolio is distinctive and will enable us to build on our core competencies in insurance underwriting, claims management, and distribution. We will allocate capital to businesses that primarily take insurance risk—property, casualty, mortality, and morbidity—and reduce the allocation to businesses that take market risk.

Creating a Superior-Performing Company

The decision to sell Individual Life, Woodbury Financial Services, and Retirement Plans was very difficult. They are strong, innovative businesses with talented teammates and distinct market positions. To create a superior-performing company, however, The Hartford must concentrate its resources on those businesses that meet our criteria. We are confident that the businesses we sell will thrive with a new owner. As our company has done for more than 200 years, we will continue to honor our commitments to annuity policyholders and provide a high level of service to customers.

The proceeds from any transactions will increase our financial flexibility, and provide opportunities to deleverage the balance sheet, de-risk the legacy annuity blocks, invest in the ongoing businesses, and potentially take other capital management actions. In December, we formed The Hartford's Wealth Management Runoff Life Operations Division. Its focus is to reduce the size, risk, volatility, and capital consumption of our life runoff businesses and, over time, release capital. With our U.S. annuity and Japan legacy annuity blocks in the Runoff Division, we are evaluating actions such as sales, securitizations, and risk-sharing that can accelerate the release of the capital supporting these annuity blocks.

Distinct Market Positions

Our Commercial Markets business provides solutions for workers' compensation, property, general liability, group life, and disability. The Hartford is known for product breadth, disciplined underwriting, service excellence, and strong distribution. We were the first insurer to set up a dedicated unit to serve the distinctive needs of small business owners, more than 1.2 million of whom are customers. In addition, we are broadening the company's property and liability capabilities to complement our historic strength in workers' compensation.

The Hartford is the third largest writer in group life and disability lines, and has excellent relationships with distribution partners, a strong client profile, and outstanding claims management practices. While our Group Benefits business has experienced some challenges in recent periods, we have a significant market position and are taking responsible price actions to improve margins.

Another distinctive business, Consumer Markets provides auto and home insurance products for consumers, and writes three-quarters of its business directly to consumers through The Hartford's exclusive relationship with AARP, whose 37 million members represent the largest affinity organization in the country. We are among the top five in the direct channel through our relationship with AARP. This business is aligned with the demographics of an aging U.S. population, in which 78 million baby boomers represent the largest and fastest-growing age cohort in history. The Hartford is expert at targeting, pricing, acquiring, and servicing this key market.

One-quarter of Consumer Markets business is done through agents, an important channel in that 75 percent of consumers, including AARP members, prefer to buy auto and home insurance through agents. We have strong partnerships with more than 8,000 independent agents, and expect to increase that number significantly over the next two years.

In Mutual Funds, The Hartford has greatly improved its competitive position. We recently expanded our 28-year relationship with Wellington Management, one of the world's top and most respected institutional money managers, which becomes the sole sub-advisor for The Hartford's fixed income and equity mutual funds. In addition, we have invested in more sales professionals and, in March, relocated the Mutual Funds headquarters to Radnor, Pa., to be closer to Wellington staff. With Wellington managing our fixed income funds, The Hartford becomes a stronger and more marketable mutual funds complex.

Strong Capital Generation

Strong capital-generating ability is an essential attribute of our ongoing businesses. The Hartford's Property and Casualty businesses are strong generators of capital. We expect Group Benefits to return to normalized capital generation levels as the economy improves and our pricing discipline takes effect. The Mutual Funds business consistently produces capital.

The Hartford's ongoing businesses also meet the third criteria—lower sensitivity to capital markets. Over time, our goal is to reduce The Hartford's overall sensitivity to capital markets and decrease the volatility of our results. Our sharper focus will help us accomplish this in two ways. First, the ongoing businesses are much less capital-markets sensitive. Second, the proceeds from divestitures will provide The Hartford with greater financial flexibility that could be used to reduce the risks associated with the legacy annuity block.

Our ultimate goal is to isolate or separate the risks of the annuity block from our ongoing businesses. The plan we anounced in mid-March will provide us with additional financial flexibility to consider options that may contribute to achieving this goal. In the interim, we are actively evaluating different opportunities, including sales, securitizations, and reinsurance transactions. When economic solutions emerge, we will be prepared.

In April 2012, we reached an agreement with Allianz SE to repurchase all its outstanding warrants and high interest debt, originally issued in October 2008. In addition, we successfully completed a public debt offering to finance the repurchase of Allianz debt on much more favorable interest rate terms. These transactions are designed to provide The Hartford with additional financial flexibility and an improved capital structure.

Integrity of The Hartford's Brand

As part of the company's ongoing transformation, we strengthened the management team in 2011. In April, Douglas Elliot joined as president, Commercial Markets, bringing a strong combination of commercial property and casualty insurance experience, deep industry knowledge, and business and financial acumen. In October, Robert Rupp was appointed executive vice president and chief risk officer. He has more than 30 years of financial services experience across a breadth of disciplines, including risk management, investments, strategy, treasury, and regulatory compliance.

One of The Hartford's strongest assets is its brand, which stands above all for trustworthiness, stability, and integrity. The company's stag logo is one of the most recognized symbols in the financial services industry, conveying to customers they can feel confident that The Hartford will deliver on its promises. The integrity of the brand is supported by the recognition we have received from the Ethisphere Institute, which recently named The Hartford one of the "World's Most Ethical Companies," for the fifth year in a row. In addition, The Hartford's call-center operation was recognized for customer satisfaction excellence for the seventh consecutive year by J.D. Power and Associates.

Our company is determined to reduce energy use and contribute to a cleaner environment by integrating sound environmental practices into its operations. For the fourth consecutive year, the international, independent non-profit organization, Carbon Disclosure Project (CDP), recognized The Hartford for its professional approach to corporate governance regarding climate change disclosure practices by placing us on the S&P 500 Carbon Disclosure Leadership Index. During the year, we were ranked No. 12 on Newsweek magazine's 2011 Green Rankings—ahead of all other financial services firms.

Positioned for Greater Shareholder Value

Exemplifying the company's culture of service and social outreach, The Hartford's teammates place a high value on engaging with the community and volunteering their time, energy, and creativity to activities and causes about which they are passionate. We are striving to build a diverse and inclusive culture that will engage the talents, perspectives, and full potential of all our teammates. We need our workforce to mirror the marketplace and our local communities, so that we can fully understand our diverse customers and meet their unique needs. For The Hartford, the pursuit of diversity and inclusion is a business imperative.

Our teammates put their hearts into their work. They bring knowledge, determination, and caring to everything they do. The Hartford's success is the result of their dedication, hard work, and commitment. I offer my sincere thanks to teammates for their many contributions to shareholders, customers, partners, communities, and one another.

Our company has come a long way in a little over two years and is now midway through its transformation. As a more focused company, we will be positioned to win in the marketplace and achieve greater shareholder value over time through higher returns on equity, reduced sensitivity to capital market risks, a lower cost of capital, and increased financial flexibility. We are determined to become a superior-performing company, and face the future with optimism and confidence.

Sincerely,

LIAM E. MCGEE
Chairman, President
and Chief Executive Officer

April 5, 2012

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 2011 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 today's date.

About The Hartford

The Hartford Financial Services Group Inc. (NYSE: HIG) is a leading provider of insurance and wealth management services for millions of consumers and businesses worldwide. The Hartford is consistently recognized for its superior service, its sustainability efforts and as one of the world's most ethical companies. More information on the company and its financial performance is available at www.thehartford.com.