



October 6, 2008

To Our Stakeholders:

Over the past few months, the U.S. economy and the financial services industry have been severely shaken. Venerable institutions have fallen and The Hartford's share price has taken a significant hit. In addition to the widespread market volatility, a number of other factors contributed to the current instability of our share price.

As swift and dramatic as the events of the past few weeks have been, I want to assure you that The Hartford remains strong. Our core operating businesses are performing well, we have a good capital base and our insurance financial strength ratings are excellent.

However, we have taken decisive action to help secure The Hartford's financial future and position us well for long-term success.

First, we have reached an agreement on a \$2.5 billion capital investment from Allianz SE, one of the world's largest financial services companies. In reaching this agreement, Allianz recognized the underlying financial strength of The Hartford. As a result of this investment, The Hartford projects it will have a \$3.5 billion capital margin above its modeled rating agency requirements to maintain AA level ratings at year end. We are fully committed to maintaining strong insurance financial strength ratings. In addition, we have reduced our quarterly dividend to \$0.32 per share.

Second, we announced preliminary third quarter financial data to help inform our stakeholders about company performance. We took this action because, in the current volatile market environment, a company's share price can be affected by perception and rumors rather than facts. The facts are that we experienced sizeable realized losses on our investment portfolio, but our core operations are still doing very well. \$2.1 billion to \$2.2 billion in after-tax realized losses are difficult to bear, but The Hartford is a resilient institution with a long tradition of managing through challenging times.

Third, we have named Greg McGreevey as our new chief investment officer and president of Hartford Investment Management Company. Greg joined The Hartford in August and is a seasoned investment expert and is already immersed in our businesses. Dave Znamierowski, who has served the company with dedication for the last 12 years, will leave the company but will work with Greg to ensure a smooth transition.

These actions put us in position to navigate this turbulent period and emerge a stronger company. I want to thank you for standing by The Hartford. Your trust in us is well founded. Our commitment to you remains unchanged – to deliver the outstanding products and service you have come to expect from us and maintain the financial strength to fulfill the promises we make to our customers.

Sincerely,

Ramani Ayer
Chairman and CEO