

Dear Fellow Shareholders,

It would be difficult to imagine a more tumultuous year than 2001. But if one major test of a company's character is its performance in the face of extreme adversity, The Hartfordaced that test.

Successfully managing our company through a turbulent stock market and the beginning of a recession was challenge enough through the first eight months of the year.

Then came the morning of Sept. 11. What followed, in retrospect, almost made those "normal" challenges seem like child's play.

None of us will ever forget where we were when we heard the shocking news. I had just stopped at the home of Stuart Carlisle, The Hartford's director of investor relations. We were on our way to an analysts' meeting in Manhattan, but that meeting, of course, never took place.

With our eyes glued to the horrific events unfolding on television, our thoughts turned immediately to our 330 employees in 7 World Trade Center and our partners at Aon, Marsh & McLennan, Bank of America and Morgan Stanley, who had offices in the Twin Towers.

As you'll read in this report, we were profoundly thankful that all of our people survived the devastation. Our New York offices were back up and running within a week, thanks to a superb group of people I'm proud to call our employees. Tragically, not all our partners were as fortunate. Many of us lost friends, relatives or long-time business colleagues.

It's almost a cliché now, but that morning changed our lives. Entire industries, including the financial services industry, will feel its effects for many years.

Sept. 11 also taught us some harsh business lessons. There are suddenly new risks in insuring large sections of neighborhoods filled with top-quality office buildings. Horribly, we have to alter our view of workers' compensation risks, even for employers in low-risk professions, like accountants and attorneys.

But even with all that, we know one thing didn't change on Sept. 11: a determination, backed by 190 years of experience, to run The Hartford's business the right way. The right way means always thinking ahead and doing the things that ensure we have the unshakable financial strength to pay over \$1.2 billion in gross losses (before taxes and reinsurance) relating to Sept. 11. In a broader context, it means taking the long-term view and sticking to