ST PAUL COMPANIES INC /MN/
Form S-4
December 10, 2003

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As Filed With The Securities and Exchange Commission on December 10, 2003

Registration No. 333-   l

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

THE ST. PAUL COMPANIES, INC.
(Exact name of Registrant as specified in its charter)

Minnesota	**6331**	**41-0518860**
(State or other jurisdiction of incorporation)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

385 Washington Street
St. Paul, Minnesota 55102
(651) 310-7911
(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Bruce A. Backberg, Esq.

Senior Vice President and Corporate Secretary
The St. Paul Companies, Inc.
385 Washington Street
St. Paul, Minnesota 55102
(651) 310-7911
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

James M. Michener, Esq. **Travelers Property Casualty Corp.** **One Tower Square** **Hartford, Connecticut 06183** **(860) 277-0111**	**John R. Ettinger, Esq.** **John H. Butler, Esq.** **Davis Polk & Wardwell** **450 Lexington Avenue** **New York, New York 10017** **(212) 450-4000**	**Phillip T. Ruegger III, Esq.** **Alan D. Schnitzer, Esq.** **Simpson Thacher & Bartlett LLP** **425 Lexington Avenue** **New York, New York 10017** **(212) 455-2000**

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share of common stock	Proposed maximum aggregate offering price	Amount of registration fee
Common stock, without designated par value	435,519,236[1]	N/A	$16,098,282,770.59	$1,302,351.08[2]

1 Represents the maximum number of shares of common stock, without designated par value, of The St. Paul Companies, Inc., a Minnesota corporation (St. Paul), estimated to be issuable upon the completion of the merger of Adams Acquisition Corp., a Connecticut corporation and a direct wholly owned subsidiary of St. Paul, with and into Travelers Property Casualty Corp., a Connecticut corporation (Travelers), based on the estimated maximum number of shares of Travelers Class A common stock, par value $0.01 per share (the Class A common stock), and Travelers Class B common stock, par value $0.01 per share (the Class B common stock and, together with the Class A common stock, the Travelers common stock), expected to be outstanding immediately prior to the effective time of the merger and the exchange of each such share of Travelers common stock for 0.4334 of a share of St. Paul Travelers common stock.

2 Pursuant to Rules 457(c) and 457(f) under the Securities Act of 1933, as amended, the registration fee is based on the average of the high and low sales prices of Travelers common stock as reported on the New York Stock Exchange on December 3, 2003 (Class A $16.01; Class B $16.03), and computed based on the estimated maximum number of such shares that may be exchanged for the St. Paul common stock being registered (Class A 505,030,560; Class B 499,859,233).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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PRELIMINARY JOINT PROXY STATEMENT/ PROSPECTUS
DATED DECEMBER l , 2003, SUBJECT TO COMPLETION

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The boards of directors of St. Paul and Travelers have approved a business combination of the two companies in a merger of equals transaction. As we describe in greater detail in this document, we believe the transaction will result in significant benefits to you in connection with your ownership of our stocks.

Our combined company will be named The St. Paul Travelers Companies, Inc., and its corporate headquarters will be located in St. Paul, Minnesota.

If the merger is completed, Travelers shareholders will have the right to receive 0.4334 of a share of St. Paul Travelers common stock for each share of Travelers common stock they hold. St. Paul shareholders will continue to own their existing St. Paul shares. The implied value of one share of Travelers common stock on l , 200l, the last practicable trading day before the distribution of this document, was $ l , based on the closing price of St. Paul common stock on that date. This value will fluctuate prior to the completion of the merger.

Approximately l million shares of St. Paul common stock will be issued to Travelers shareholders in the merger, based on the number of shares of Travelers common stock outstanding on l , 200l. These shares will represent approximately 66% of the outstanding common stock of the combined company immediately after the merger. St. Paul shares held by St. Paul shareholders before the merger will represent approximately 34% of the outstanding common stock of the combined company immediately after the merger.

Your vote is important. We cannot complete the merger unless, among other things, the holders of Travelers Class A common stock and Travelers Class B common stock approve the merger and the merger agreement and the holders of St. Paul common stock and St. Paul Series B convertible preferred stock approve required amendments to the articles of incorporation and bylaws of St. Paul as well as the issuance of shares of St. Paul common stock in the transaction. Holders of St. Paul common stock and St. Paul Series B convertible preferred stock are also being asked to approve an additional amendment to the articles of incorporation of St. Paul. While this additional amendment will become effective only if the merger occurs, the merger will not be conditioned on receipt of approval of this additional amendment. Each of us will hold a special meeting of our shareholders to vote on these proposals.

For St. Paul shareholders:	For Travelers shareholders:
l , 2004	l , 2004
l a.m., Central Time	l a.m., Eastern Time
The St. Paul Companies, Inc.	**Travelers Property Casualty Corp.**
Corporate Headquarters	**l**
385 Washington Street	**l**
St. Paul, MN 55102	**Hartford, CTl**
St. Paul s board of directors unanimously recommends that St. Paul shareholders vote FOR the articles and bylaws amendments and the issuance of St. Paul common stock in the merger.	**Travelers board of directors unanimously recommends that Travelers shareholders vote FOR the approval of the merger and the merger agreement.**

This document describes the shareholder meetings, the merger, documents related to the merger and other related matters. **Please read this entire document carefully, including the section discussing risk factors beginning on page l .** You can also obtain information about our companies from documents that we have each filed with the Securities and Exchange Commission.

St. Paul common stock is listed on the New York Stock Exchange under the symbol SPC . Travelers Class A common stock is listed on the New York Stock Exchange under the symbol TAPa , and Travelers Class B common stock is listed on the New York Stock Exchange under the symbol TAPb .

Jay S. Fishman Chairman, President and Chief Executive Officer The St. Paul Companies, Inc.	Robert I. Lipp Chairman and Chief Executive Officer Travelers Property Casualty Corp.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the St. Paul Travelers common stock to be issued in connection with the transaction or determined if this joint proxy statement/ prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this joint proxy statement/ prospectus is l , 200l, and it is first being mailed or otherwise delivered to St. Paul shareholders and Travelers shareholders on or about l , 200l.

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REFERENCES TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about St. Paul and Travelers from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document by requesting them in writing or by telephone from the appropriate company at the following addresses:

The St. Paul Companies, Inc. 385 Washington Street St. Paul, Minnesota 55102 Attention: Bruce A. Backberg, Esq. Telephone: (651) 310-7911	Travelers Property Casualty Corp. One Tower Square Hartford, Connecticut 06183 Attention: James M. Michener, Esq. Telephone: (860) 277-0111

You will not be charged for any of these documents that you request. Shareholders requesting documents should do so by l , 2004 [INSERT DATE; 5 BUSINESS DAYS BEFORE MEETING] in order to receive them before the special meetings.

See Where You Can Find More Information on page l .

The St. Paul Companies, Inc.

385 Washington Street
St. Paul, Minnesota 55102

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Dear Shareholder:

A special meeting of the shareholders of The St. Paul Companies, Inc. will be held on l , 2004 at l , Central Time, at The St. Paul Companies, Inc. Corporate Headquarters, 385 Washington Street, St. Paul, MN 55102. The purpose of the special meeting is to consider and to vote upon the following matters:

1. a proposal to issue shares of St. Paul s common stock in connection with the transaction contemplated by the Agreement and Plan of Merger, dated as of November 16, 2003, among The St. Paul Companies, Inc., Travelers Property Casualty Corp. and Adams Acquisition Corp., a direct wholly owned subsidiary of St. Paul;

2. a proposal to amend St. Paul s bylaws in connection with the transaction, as described in the accompanying joint proxy statement/ prospectus;

3. a proposal to amend St. Paul s articles of incorporation in connection with the transaction, as described in the accompanying joint proxy statement/ prospectus; and

4. a proposal to further amend St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions, as more fully described in the accompanying joint proxy statement/ prospectus.

In the merger, St. Paul will issue to the holders of Travelers Class A common stock and Travelers Class B common stock 0.4334 of a share of St. Paul Travelers common stock for each outstanding share of Travelers common stock. Copies of the merger agreement and proposed articles and bylaws amendments are included as Appendices A, B, C and D to the accompanying joint proxy statement/ prospectus.

Your failure to vote will have the result of reducing the aggregate number of shares voting and the number of affirmative votes required to approve both the issuance of shares of St. Paul common stock in the transaction and the bylaws amendment. In addition, your failure to vote will have the same effect as a vote against the articles amendments, including the amendment required to complete the transaction. **Therefore, your vote is very important.**

All St. Paul shareholders are cordially invited to attend this special meeting, although only those shareholders of record at the close of business on l , 2004 will be entitled to receive notice of and to vote at the St. Paul special meeting or any adjournment or postponement thereof. Your attention is directed to the joint proxy statement/ prospectus accompanying this notice for a more complete statement regarding the matters proposed to be acted upon at the meeting.

You will need an admission ticket or proof of ownership of St. Paul common stock and a photo I.D. to enter the meeting. If you are a shareholder of record, you will find an admission ticket attached to the enclosed proxy form. If your shares are held in the name of a broker, bank or other holder of record, your admission ticket is the left side of your proxy form. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the meeting and you will be admitted only if we can verify that you are a St. Paul shareholder. Your recent brokerage statement or letter from your bank or broker is an example of proof of ownership.

The St. Paul board of directors has unanimously approved the articles amendments, the bylaws amendment and the issuance of St. Paul common stock in the transaction and unanimously recommends that St. Paul s shareholders vote FOR the articles amendments, the bylaws amendment and the issuance of St. Paul common stock in the transaction.

PLEASE VOTE AS SOON AS POSSIBLE BY MAIL, PHONE OR INTERNET. INSTRUCTIONS ON THESE THREE DIFFERENT WAYS TO VOTE YOUR PROXY ARE FOUND ON THE ENCLOSED PROXY FORM. YOU MAY REVOKE YOUR PROXY AT ANY

TIME BEFORE IT IS VOTED AT THE SPECIAL MEETING.

Bruce A. Backberg
Corporate Secretary

l , 2004

Travelers Property Casualty Corp.

One Tower Square
Hartford, Connecticut 06183

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Dear Shareholder:

NOTICE IS HEREBY GIVEN that a special meeting of Travelers Property Casualty Corp. shareholders will be held on l , 2004 at l , Eastern Time, at l , Hartford, Connecticut l . The purpose of the Travelers special meeting is to consider and to vote upon a proposal to approve the Agreement and Plan of Merger (referred to in this notice as the merger agreement), dated as of November 16, 2003, among The St. Paul Companies, Inc., Adams Acquisition Corp., a direct wholly owned subsidiary of St. Paul, and Travelers Property Casualty Corp., and the transactions contemplated by the merger agreement, including the merger.

In the merger, each share of Travelers Class A common stock and Travelers Class B common stock will be converted into the right to receive 0.4334 of a share of St. Paul Travelers common stock. Your attention is directed to the joint proxy statement/ prospectus accompanying this notice for a discussion of the merger. A copy of the merger agreement is included as Appendix A to the accompanying joint proxy statement/ prospectus.

The close of business on l , 2004 is the record date for determining shareholders entitled to notice of, and to vote at, the Travelers special meeting. A list of these shareholders will be available at the Travelers headquarters, One Tower Square, Hartford, Connecticut 06183, before the special meeting and will be available at the special meeting. Shareholders will have one vote for each share of Travelers Class A common stock and seven votes for each share of Travelers Class B common stock held as of the record date.

Approval of the merger and the merger agreement requires the affirmative vote of each of (i) the holders of the Travelers common stock (Class A common stock and Class B common stock voting together) representing a majority of all of the votes entitled to be cast by such holders, (ii) the holders of the Travelers Class A common stock representing a majority of all of the votes entitled to be cast by such holders and (iii) the holders of the Travelers Class B common stock representing a majority of all of the votes entitled to be cast by such holders. **Your failure to vote will have the same effect as a vote against the approval of the transaction and the merger agreement. Therefore, your vote is very important.**

You will need an admission ticket or proof of ownership of Travelers common stock to enter the meeting. If you are a shareholder of record, you will find an admission ticket attached to the proxy card sent to you. If you plan to attend the meeting, please so indicate when you vote and bring the ticket with you to the meeting. If your shares are held in the name of a bank, broker or other holder of record, your admission ticket is the left side of your voting information form. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership. If you arrive at the meeting without an admission ticket, you will only be admitted if Travelers can verify that you are a Travelers shareholder.

The Travelers board of directors has unanimously determined that the merger and the merger agreement are fair to and in the best interests of Travelers, its shareholders and certain other constituencies, and that it is advisable and in the best interests of Travelers and its shareholders to enter into the merger agreement. The Travelers board of directors unanimously recommends that Travelers shareholders vote FOR the approval of the merger and the merger agreement.

YOUR VOTE IS IMPORTANT.

PLEASE VOTE AS SOON AS POSSIBLE BY MAIL, PHONE OR INTERNET. INSTRUCTIONS ON THESE THREE DIFFERENT WAYS TO VOTE YOUR PROXY ARE FOUND ON THE ENCLOSED PROXY FORM. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE SPECIAL MEETING.

By Order of the Board of Directors,

James M. Michener
Secretary

l , 2004

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APPENDICES

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QUESTIONS AND ANSWERS ABOUT THE TRANSACTION

Q: What will happen in the transaction?

A: We are proposing to combine our companies in a merger of equals transaction. In the transaction, Travelers will become a wholly owned, direct subsidiary of St. Paul, and the combined company will be named The St. Paul Travelers Companies, Inc. Travelers shareholders will have their shares of common stock (both Class A common and Class B common) converted into newly-issued shares of common stock of St. Paul Travelers, and St. Paul shareholders will retain their existing shares of St. Paul common stock and St. Paul Series B convertible preferred stock. We expect that, upon the completion of the transaction, approximately 34% of the outstanding common stock of the combined company will be held by former St. Paul shareholders, and approximately 66% of the outstanding common stock of the combined company will be held by former Travelers shareholders.

In the transaction, St. Paul s articles of incorporation and bylaws will be amended to, among other things, increase the number of authorized shares of St. Paul common stock to 2.995 billion and implement the governance arrangements described under Required Articles Amendment . St. Paul shareholders will also vote on whether to amend St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions. However, approval of this amendment is not required to consummate the transaction.

Q: What will the dividend rate be for the combined company after the transaction?

A: The combined company is initially expected to pay dividends at the annual rate of $0.88 per share. In addition, St. Paul expects to declare a special dividend to its shareholders prior to the closing of the transaction, so that assuming after the closing of the transaction, St. Paul Travelers makes regular quarterly cash dividends of $0.22 per share, shareholders of St. Paul prior to the transaction will receive dividends with record dates in 2004 in an amount equal to St. Paul s current annual dividend rate of $1.16 per share. The special dividend or dividends will be paid to St. Paul common shareholders as of a record date that is currently expected to be set after the receipt of the necessary shareholder and regulatory approvals and prior to the closing of the merger.

Q: Will St. Paul and Travelers coordinate the declaration and payment of dividends prior to the completion of the merger?

A: Yes. In the merger agreement, St. Paul and Travelers have agreed to coordinate regarding the declaration and payment of dividends on St. Paul common stock and Travelers common stock, including with respect to payment dates and record dates, so that, in addition to the special dividend described above for St. Paul stockholders, holders of St. Paul common stock and Travelers common stock receive one, and only one, dividend payment in each calendar quarter, including the quarter in which the transaction closes.

Q: Will holders of Travelers Class A common stock and Travelers Class B common stock receive the same consideration in the transaction?

A: Yes. The Travelers certificate of incorporation provides that the holders of shares of Travelers Class A common stock and Travelers Class B common stock are entitled to receive the same per-share consideration in any merger or consolidation of Travelers with any other corporation. Accordingly, holders of Travelers Class A common stock and holders of Travelers Class B common stock will all receive 0.4334 of a share of St. Paul Travelers common stock in exchange for each share of Travelers Class A common stock or Travelers Class B common stock they hold.

Q: Does any shareholder have dissenters or appraisal rights in the transaction?

A: No. Under both Minnesota law (applicable to St. Paul shareholders) and Connecticut law (applicable to Travelers shareholders), no dissenters , appraisal or similar rights are available to shareholders of either company with respect to the transaction.

Q: When are the shareholder meetings?

A: Each company s meeting will take place on l , 2004 at the location specified on the cover page of this document.

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Q: What do I need to do now?

A: After you have carefully read this entire document, please vote your shares of St. Paul common stock, St. Paul Series B convertible preferred stock or Travelers common stock. You may do this either by completing, signing, dating and mailing the enclosed proxy card or by submitting your proxy by telephone or through the Internet, as explained in this document. This will enable your shares to be represented and voted at the St. Paul special meeting or the Travelers special meeting. If you submit a valid proxy and do not indicate how you want to vote, we will count your proxy as a vote in favor of the proposals submitted at your shareholder meeting.

The St. Paul board of directors unanimously recommends that St. Paul shareholders vote FOR the articles amendments, the bylaws amendment and the issuance of St. Paul common stock in the transaction.

The Travelers board of directors unanimously recommends that Travelers shareholders vote FOR the approval of the transaction and the merger agreement.

Q: What shareholder votes are required?

A: St. Paul shareholders are being asked to approve four separate items, three of which are necessary to consummate the merger. The consummation of the merger requires the affirmative vote of each of:

the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, representing a majority of the voting power of such shares represented in person or by proxy at the special meeting to approve the issuance of St. Paul common stock in connection with the transaction,

the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, representing a majority of the voting power of such shares represented in person or by proxy at the special meeting to approve the amendment of St. Paul s bylaws in connection with the transaction and

the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, and the holders of St. Paul common stock, voting separately as a single class, representing in each case a majority of the votes eligible to be cast by such holders to approve the required amendment of St. Paul s articles of incorporation in connection with the transaction.

In order to approve the fourth item, the additional amendment to St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions, the affirmative vote of the holders of St. Paul common stock and Series B convertible preferred stock, voting together as a single class, representing at least two-thirds of the votes eligible to be cast by such holders, is required. Approval of this fourth item is not necessary to consummate the transaction. However, it is a condition to this additional amendment that the transaction occurs.

Travelers shareholders are being asked to approve the transaction and the merger agreement. Approval of the transaction and the merger agreement requires the affirmative vote of each of:

the holders of the Travelers common stock (Class A common stock and Class B common stock voting together) representing a majority of all of the votes entitled to be cast by such holders,

the holders of the Travelers Class A common stock representing a majority of all of the votes entitled to be cast by such holders and

the holders of the Travelers Class B common stock representing a majority of all of the votes entitled to be cast by such holders.

Q: Why is my vote important?

A: If you do not return your proxy card, submit your proxy by telephone or through the Internet or vote in person at your special meeting, it will be more difficult for each of St. Paul and Travelers to obtain the necessary quorum to hold its special meeting. If you are a St. Paul shareholder, your failure to vote will have the effect of reducing the aggregate number of shares voting and the number of affirmative votes required to approve the issuance of shares of St. Paul common stock in the transaction and the bylaws amendment. In addition, if you

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are a St. Paul shareholder, your failure to vote will have the same effect as a vote against the articles amendments, including the amendment required to complete the transaction. If you are a Travelers shareholder, your failure to vote will have the same effect as a vote against the approval of the transaction and the merger agreement.

Q: Are the issuance of St. Paul common stock in the transaction, the articles amendment related to the transaction and the bylaws amendment related to the transaction each conditioned upon all of the others?

A: Yes. Each of these proposals relating to the merger is conditioned upon the approval of all of the others and the approval of each such proposal is a condition to completion of the transaction. The approval of the additional amendment to reduce the shareholder approval required for certain future fundamental actions is not required to approve any of the proposals relating to the transaction. However, it is a condition to this additional amendment and to the other three proposals that the transaction occurs.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the directions your broker provides. Please check the voting information form used by your broker to see if it offers telephone or Internet voting.

Q: What if I fail to instruct my broker?

A: If you fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will, if you are a St. Paul shareholder, not be counted towards a quorum at the St. Paul special meeting. For purposes of determining whether a proposal has been approved, a broker non-vote on the proposal will have the following effect: for the share issuance and for the bylaws amendment, broker non-votes have no effect; for the required articles amendment and the additional articles amendment, broker non-votes have the effect of votes against the amendments. If you are a Travelers shareholder, a broker non-vote will be counted towards a quorum at the Travelers special meeting, but will have the same effect as a vote against the approval of the transaction and the merger agreement.

Q: Can I attend the special meeting and vote my shares in person?

A: All St. Paul and Travelers shareholders are invited to attend their respective special meetings. However, only shareholders of record as of 1 , 2004 will be entitled to vote in person at the special meetings. If a bank, broker or other nominee holds your shares, then you are not the shareholder of record and you must ask your bank, broker or other nominee how you can vote in person at the special meeting. If your shares are held in the name of a bank, broker or other nominee, your admission ticket is the left side of your voting information form.

Q: Can I change my vote?

A: Yes. If you are a record holder, there are three ways you can change your proxy instructions after you have submitted your proxy card, or submitted your proxy by telephone or through the Internet.

First, you may send a written notice revoking your proxy to the person to whom you submitted your proxy or, if you are a St. Paul shareholder, to any corporate officer of St. Paul.

Second, you may complete and submit a new proxy card or submit a new proxy by telephone or through the Internet. The latest proxy actually received by St. Paul or Travelers before the vote on a matter will be counted for that matter, and any earlier proxies will be revoked.

Third, if you are a record shareholder, you may attend the St. Paul special meeting or the Travelers special meeting and vote in person. You must provide to any corporate officer of St. Paul or Travelers, as appropriate, a written notice revoking your earlier proxy prior to voting at the meeting. However, in either case, simply attending the meeting will ***not*** revoke your previously submitted proxy.

If you own your shares through a broker, you must follow the directions you receive from your broker in order to change or revoke your vote.

Q: Should I send in my stock certificates now?

A: No. You should not send in your stock certificates at this time. Travelers shareholders will need to exchange their Travelers stock certificates for shares of St. Paul Travelers common stock after we complete the transaction. We will send you instructions for exchanging Travelers stock certificates at that time. If you hold your Travelers common stock in book-entry form, we will send you instructions for exchanging your shares after we complete the transaction. St. Paul shareholders will retain their current stock certificates after the transaction and should not send in their stock certificates.

Q: When do you expect to complete the transaction?

A: We expect to complete the transaction during the second calendar quarter of 2004. However, we cannot assure you when or if the transaction will be completed. We must first obtain the necessary approvals of our shareholders at the special meetings, and we must also obtain the necessary regulatory approvals.

Q: Whom should I call with questions?

A: St. Paul shareholders with any questions about the business combination and related transactions should call Morrow & Co., Inc., St. Paul s proxy solicitors, toll-free at **l** or the St. Paul shareholder investor relations department at **l** .

Travelers shareholders with any questions about the business combination and related transactions should call **l** toll-free at **l** .

Q: Why was the transaction structured with Travelers becoming a subsidiary of St. Paul?

A: We structured the combination of the two companies as a merger of equals instead of an acquisition of one company by the other. In this merger of equals the shareholders of St. Paul and the shareholders of Travelers will own shares in the combined company based on an exchange ratio that does not provide a premium to either set of shareholders. The technical form of the transaction, where Adams Acquisition Corp., a direct wholly owned subsidiary of St. Paul, merges with and into Travelers resulting in Travelers becoming a direct wholly owned subsidiary of St. Paul, was chosen for a number of legal and technical reasons, none of which affected the economic substance of the transaction. Under any of the structures considered, the St. Paul and Travelers shareholders would own the same relative percentage ownership in the combined company as they would under the structure actually chosen.

Q: What will happen to the Travelers convertible junior subordinated notes in the merger?

A: Upon consummation of the transaction, the Travelers convertible junior subordinated notes will be convertible, in accordance with their terms, into 0.4684 of a share of St. Paul Travelers common stock for each $25 principal amount of notes (assuming that no other event occurs which would cause any adjustment to the conversion feature of such notes in accordance with their terms). Holders of the convertible junior subordinated notes are not entitled to vote in connection with the transaction and do not need to take any action for this adjustment to occur.

Q: What are the tax consequences of the merger to shareholders?

A: St. Paul shareholders will not recognize any gain or loss as a result of the merger. Travelers shareholders who exchange their shares of Travelers common stock for shares of St. Paul Travelers common stock pursuant to the merger generally will not recognize any gain or loss on the exchange for United States federal income tax purposes, except with respect to the cash, if any, they receive in lieu of fractional shares of St. Paul Travelers common stock. To review the tax consequences to shareholders in greater detail, see Material United States Federal Income Tax Consequences of the Merger beginning on page l .

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SUMMARY

This summary highlights selected information from this document. It does not contain all of the information that may be important to you. We urge you to read carefully the entire document and the other documents to which this document refers you in order for you to fully understand the proposed transaction. See Where You Can Find More Information on page l . Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

The Companies (page l)

The St. Paul Companies, Inc.

385 Washington Street
St. Paul, Minnesota 55102
(651) 310-7911
http://www.stpaul.com

St. Paul and its subsidiaries constitute one of the oldest insurance organizations in the United States, dating back to 1853. St. Paul is a management company principally engaged, through its subsidiaries, in providing general and specialty commercial property and casualty insurance worldwide. St. Paul also has a presence in the asset management industry through its 79% majority ownership of Nuveen Investments, Inc., referred to as Nuveen Investments.

Travelers Property Casualty Corp.

One Tower Square
Hartford, Connecticut 06183
(860) 277-0111
http://www.travelers.com

Travelers and its subsidiaries constitute a leading property and casualty insurance company in the United States. Travelers and its predecessor companies have been in the insurance business for more than 130 years. Travelers provides a wide range of commercial and personal property and casualty insurance products and services to businesses, government units, associations and individuals. Travelers conducts its operations through its wholly owned or majority-owned subsidiaries in two business segments: commercial lines, which provides a variety of commercial coverages to a broad spectrum of business clients, and personal lines, which primarily offers automobile and homeowners insurance to individuals.

Adams Acquisition Corp.

Adams Acquisition Corp. is a Connecticut corporation and a direct wholly owned subsidiary of St. Paul. Adams Acquisition Corp. was formed exclusively for the purpose of completing the merger.

Reasons for the Merger (page l and page l)

Our companies are proposing to combine because, among other things, we believe that:

- by combining our companies we can create a stronger company that will provide significant benefits to our shareholders and to our customers alike;
- both companies have a common strategic focus on delivering the highest value to customers, agents and brokers and, working together, we expect to expand future opportunities and capture new efficiencies; and
- the transaction will strengthen the combined company s position as a leading provider of property and casualty insurance products and make the combined company one of the largest financial services companies in the United States.

Recommendations to Shareholders (page l and page l)

The St. Paul board of directors has determined that the transaction and the merger agreement are fair to and in the best interests of St. Paul and its shareholders and has unanimously approved the articles amendments, the bylaws amendment and the issuance of St. Paul common stock in the transaction and unanimously recommends that St. Paul s shareholders vote **FOR** the articles amendments, the bylaws amendment and the issuance of St. Paul common stock in the transaction.

The Travelers board of directors has unanimously determined that the merger and the merger agreement are fair to and in the best interests of Travelers, its shareholders and certain other constituencies, and that it is advisable and in the best interests of Travelers and its shareholders to enter into the merger agreement. The Travelers board of directors unanimously recommends that Travelers shareholders vote **FOR** the approval of the transaction and the merger agreement.

The Merger (page l)

We are proposing a merger of Adams Acquisition Corp. with and into Travelers, with Travelers as the surviving entity in the merger. After the transaction is completed, Travelers will be a wholly owned, direct subsidiary of St. Paul Travelers.

Merger Consideration (page l)

As a result of the transaction, each Travelers shareholder will have the right to receive 0.4334 of a share of St. Paul Travelers common stock for each share of Travelers common stock held. Upon the completion of the transaction, we expect that St. Paul shareholders will own approximately 34% of the combined company and Travelers shareholders will own approximately 66% of the combined company. St. Paul Travelers will not issue any fractional shares in the transaction. Travelers shareholders will instead receive amounts in cash equal to the value of any fractional shares that would have been issued, based on the closing price of St. Paul common stock on the trading day immediately preceding the day on which the transaction is completed.

For example: If you hold 100 shares of Travelers common stock you will receive 43 shares of St. Paul Travelers common stock and an amount in cash equal to the value of approximately 0.34 of a share of St. Paul common stock.

Share Information and Comparative Market Prices (page l and page l)

St. Paul common stock is listed on the New York Stock Exchange under the symbol SPC . Travelers Class A common stock is listed on the New York Stock Exchange under the symbol TAPa , and Travelers Class B common stock is listed on the New York Stock Exchange under the symbol TAPb . The following table sets forth the closing sale prices of St. Paul common stock, Travelers Class A common stock and Travelers Class B common stock as reported on the New York Stock Exchange on November 14, 2003, the last trading day before we announced the transaction, and on l , 200l, the last practicable trading day before the distribution of this document. This table also shows the implied value of one share of Travelers Class A common stock and the implied value of one share of Travelers Class B common stock, which we calculated by taking the product of the closing price of St. Paul common stock on those dates and the exchange ratio.

	St. Paul Common Stock	Travelers Class A Common Stock	Travelers Class B Common Stock	Travelers Class A/ Class B Common Stock Implied Value
November 14, 2003	$36.77	$16.03	$16.06	$15.94
l , 200l	$ l	$ l	$ l	$ l

The market prices of each share of St. Paul common stock, Travelers Class A common stock and Travelers Class B common stock will fluctuate prior to the transaction. Therefore, you should obtain current market quotations for St. Paul common stock, Travelers Class A common stock and Travelers Class B common stock.

No Appraisal Rights (page l)

Under Minnesota law, St. Paul shareholders have no right to an appraisal of the value of their shares in connection with the transaction. Under Connecticut law, Travelers shareholders have no right to an appraisal of the value of their shares in connection with the transaction.

Material United States Federal Income Tax Consequences of the Merger (page l)

St. Paul shareholders will not recognize any gain or loss as a result of the merger. The receipt of St. Paul Travelers common stock by Travelers shareholders in exchange for their Travelers common stock in the merger will generally be tax-free for United States federal income tax purposes. Travelers shareholders will not recognize any gain or loss, except for any gain or loss that may result from the receipt of cash in lieu of fractional shares of St. Paul Travelers common stock.

Tax matters can be complicated and the tax consequences of the merger to shareholders will depend on each shareholder s particular tax situation. Shareholders should consult their tax advisors to fully understand the tax consequences of the merger to them.

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Interests of Certain Persons in the Merger (page 1)

When considering the St. Paul and Travelers boards of directors recommendations that shareholders vote in favor of the merger agreement, the transaction and related proposals, shareholders should be aware that some St. Paul and Travelers executive officers and directors may have interests in the merger that may be different from, or in addition to, St. Paul and Travelers shareholders interests.

Opinions of Financial Advisors (page 1)

St. Paul s Financial Advisors. Each of Goldman, Sachs & Co., referred to as Goldman Sachs, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, referred to as Merrill Lynch, has delivered its written opinion to the St. Paul board of directors that, as of November 16, 2003, and based upon and subject to the factors and assumptions set forth in their respective opinions, the exchange ratio of 0.4334 of a share of St. Paul Travelers common stock to be issued in the merger in respect of each share of Travelers common stock is fair from a financial point of view to St. Paul. **The full text of the written opinions of Goldman Sachs and Merrill Lynch, each dated November 16, 2003, which set forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with their opinions, are attached to this joint proxy statement/ prospectus as Appendix E and Appendix F, respectively. Goldman Sachs and Merrill Lynch provided their opinions for the information and assistance of the St. Paul board of directors in connection with its consideration of the merger. The Goldman Sachs and Merrill Lynch opinions are not recommendations as to how any holder of St. Paul common stock should vote with respect to the merger or any matter relating to the merger. We encourage you to read the opinions in their entirety.**

Travelers Financial Advisors. Each of Citigroup Global Markets Inc., referred to as Citigroup, and Lehman Brothers Inc., referred to as Lehman Brothers, Travelers financial advisors in connection with the transaction, has delivered to the Travelers board of directors a written opinion to the effect that, as of November 16, 2003 based on and subject to the matters described in its opinion, the 0.4334 exchange ratio provided for in the merger was fair, from a financial point of view, to the holders of Travelers common stock. **These opinions were provided to the Travelers board of directors in connection with its evaluation of the transaction between Travelers and St. Paul and do not constitute a recommendation of the transaction to any person or for any purpose.** We have attached copies of Citigroup s and Lehman Brothers written opinions as Appendices G and H, respectively, to this joint proxy statement/prospectus. We encourage you to read these opinions carefully in their entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken.

The Merger Agreement (page 1)

The merger agreement is attached as Appendix A to this document. We urge you to read the entire merger agreement, because it is the legal document governing the transaction.

Conditions that Must be Satisfied or Waived for the Merger to Occur (page 1)

As more fully described in this document and the merger agreement, the completion of the transaction depends on a number of conditions being satisfied or waived, including receipt of shareholder approvals, regulatory approvals and tax opinions.

Although we expect to complete the transaction in the second calendar quarter of 2004, we cannot be certain when, or if, the conditions to the transaction will be satisfied or waived, or that the transaction will be completed.

Termination of the Merger Agreement (page 1)

We may mutually agree to terminate the merger agreement before completing the transaction, even after the approval by St. Paul shareholders of the required articles amendment, the bylaws amendment and the issuance of St. Paul common stock and the approval by Travelers shareholders of the transaction and the merger agreement. Each of us may also terminate the merger agreement if St. Paul s shareholders do not approve the required articles amendment, the bylaws amendment and the issuance of St. Paul common stock in the transaction or if Travelers shareholders do not approve the transaction and the merger agreement.

Also, either of us may terminate the merger agreement, even after the requisite shareholder approvals have been received, if the transaction has not been completed by November 30, 2004, or if the other party has willfully and materially breached certain obligations in the merger agreement concerning the solicitation of alternate transactions or holding a shareholder meeting to obtain shareholder approvals for the transaction or if the board of directors of the other party has failed to make, withdrawn or modified in a manner adverse to the terminating party, its recommendation to shareholders with respect to the transaction and the related proposals.

Termination Fees (page l)

Each of St. Paul and Travelers has agreed to pay the other party a fee of $300 million in cash in any of the following payment events:

if the other party terminates the merger agreement as a result of the paying party s board of directors having (i) willfully and materially breached certain obligations concerning the solicitation of alternate transactions, (ii) willfully and materially failed to call and hold a shareholder meeting to obtain shareholder approval for the transaction, or (iii) failed to make, withdrawn or modified in a manner adverse to the terminating party, its recommendation to shareholders with respect to the transaction and the related proposals;

if (i) prior to termination, an Acquisition Proposal (as defined in the merger agreement) relating to the paying party was made or renewed and not publicly withdrawn at least 20 days prior to the paying party s shareholder vote, (ii) either party terminates the merger agreement following the paying party s failure to obtain its required shareholder approval and (iii) within 18 months following termination, the paying party enters into a definitive agreement for, or consummates, an Acquisition Proposal; or

if (i) prior to termination, an Acquisition Proposal relating to the paying party was made or renewed and not publicly withdrawn at least 20 days prior to the termination of the merger agreement, (ii) either party exercises its right to terminate the merger agreement based on the merger not having been consummated on or before November 30, 2004 and (iii) within 18 months following termination, the paying party enters into a definitive agreement for, or consummates, an Acquisition Proposal.

Treatment of Travelers Stock Options and Stock-Based Awards (page l)

Each option to purchase shares of Travelers common stock will be converted into an option to purchase shares of St. Paul Travelers common stock upon consummation of the transaction on the same terms and conditions as were applicable prior to the transaction. The number of shares subject to the options after consummation of the transaction will be determined by multiplying the number of shares subject to each option by 0.4334, the exchange ratio. The exercise price of such options after consummation of the transaction will be equal to the current exercise price divided by 0.4334. Other types of stock-based awards relating to Travelers common stock will be treated similarly.

Governance After the Merger (page l)

After the transaction, the board of directors of the combined company will have 23 members, consisting of 11 current members of St. Paul s board of directors designated by St. Paul (including Jay S. Fishman) and 12 current members of Travelers board of directors designated by Travelers (including Robert I. Lipp). The board of directors of the combined company will have standing executive, governance, compensation, audit, investment and capital markets and risk committees, each comprised of an equal number of directors designated by

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St. Paul and directors designated by Travelers, and organized as follows:

Committee	St. Paul Designees	Travelers Designees
Executive	Four (including St. Paul CEO)	Four (including Travelers CEO)
Governance	Three (including co-chairman)	Three (including co-chairman)
Compensation	Three	Three (including chairman)
Audit	Two (including vice chairman)	Two (including chairman and vice chairman)
Investment and Capital Markets	Two (including chairman)	Two
Risk	Two (including chairman)	Two

Until January 1, 2006, the following decisions by the St. Paul Travelers board of directors will require a two-thirds vote:

removal of, or failure to re-elect (if such person is willing to serve), the chairman of the board or chief executive officer or any modification to either of their respective duties, authority or reporting relationships;

any change in the size or chairmanship of the board of directors or any committee of the board, in the responsibilities of, or the authority delegated to, any committee of the board or in the ratio of St. Paul designees to Travelers designees on the board of directors or on any committee of the board;

any (i) statutory share exchange or merger of the combined company or any of its subsidiaries with, into or involving a company that is larger than the combined company; (ii) sale of all or substantially all of the assets of the combined company and its subsidiaries; or (iii) dissolution or liquidation of the combined company; or

any change in the location of the principal executive offices of the combined company.

The governance committee of the combined company s board of directors will have the exclusive delegated authority of the board of directors to nominate individuals for election to the board of directors by the shareholders and to designate individuals to fill newly created positions on the board of directors, and, until January 1, 2006, the governance committee will exercise this authority only upon a two-thirds vote of its members. In addition, until January 1, 2006, (i) a majority of the membership of the governance committee that was initially designated by St. Paul (and their designated successors) will have the exclusive delegated authority of the board of directors to fill any vacancy on the board of directors, or on any committee of the board of directors, formerly held by a director designated by St. Paul and (ii) a majority of the membership of the governance committee that was initially designated by Travelers (and their designated successors) will have the exclusive delegated authority of the board of directors to fill any vacancy on the board of directors, or on any committee of the board of directors, formerly held by a director designated by Travelers.

The governance committee will have the responsibility for undertaking a complete review of the combined company s corporate governance standards and policies and will make a comprehensive governance recommendation to the board of directors of the combined company on or before January 1, 2006.

Executive Officers (page l)

After the merger, Jay S. Fishman, chairman, president and chief executive officer of St. Paul, will be the chief executive officer and a director of the combined company, and Robert I. Lipp, chairman and chief executive officer of Travelers, will be the executive chairman of the board of directors, an executive officer position, and a director of the combined company. Mr. Lipp has announced his intention to step down as executive chairman and as a director of the combined company effective December 31, 2005, and at that time Mr. Fishman, if available, is expected to succeed Mr. Lipp as chairman in addition to continuing as chief executive officer.

Certain current executive officers of St. Paul and Travelers will hold executive officer positions with the combined company after the transaction.

Name and Headquarters (page 1)

We agreed in the merger agreement that the name of the combined company will be The St. Paul Travelers Companies, Inc. We also agreed that the combined company will have its corporate headquarters and principal executive offices in St. Paul, Minnesota.

Regulatory and Other Approvals Required for the Merger (page 1)

State insurance laws generally require that, prior to the acquisition of an insurance company, the acquiring party must obtain approval from the insurance commissioner of the insurance company s state of domicile. Accordingly, applications have been or will be filed with the insurance commissioners of the states of domicile of Travelers U.S. insurance company subsidiaries. In addition, filings have been made under the insurance laws of certain other states that require the filing of a pre-acquisition notice and the expiration or termination of a waiting period prior to the consummation of the transaction. In addition, applications or notifications have been or will be filed with various foreign regulatory authorities in connection with the changes in control that may be deemed to occur as a result of the transaction.

The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, referred to as the HSR Act, and the rules and regulations thereunder, provide that the transaction may not be completed until pre-merger notification filings have been made with the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice, and the specified waiting period thereunder has expired or is terminated. Even after the waiting period expires or is terminated, the Justice Department and the Federal Trade Commission will have the authority to challenge the transaction on antitrust grounds before or after the transaction is completed. Each of St. Paul and Travelers filed a notification and report form for the transaction with the Federal Trade Commission and the Justice Department on November 26, 2003.

The Rights of Travelers Shareholders will be Governed by Different Laws and New Organizational Documents After the Merger (page 1)

St. Paul is incorporated in Minnesota; Travelers is incorporated in Connecticut. Minnesota and Connecticut laws differ, as do the rights of shareholders under the organizational documents of St. Paul and Travelers. Accordingly, the rights of Travelers shareholders may change materially as a result of the completion of the transaction and the Travelers shareholders becoming shareholders of the combined company. In addition, certain rights of the St. Paul shareholders will be changed as a result of the amendments to the St. Paul articles of incorporation and bylaws discussed in this document.

Listing of Common Stock of the Combined Company (page 1)

St. Paul has agreed to file an application to have the St. Paul Travelers common stock issued in the transaction listed on the New York Stock Exchange.

Accounting Treatment of the Merger (page 1)

Upon completion of the merger, holders of Travelers Class A common stock and Travelers Class B common stock will be entitled to receive 0.4334 of a share of St. Paul Travelers common stock for each share of Travelers Class A common stock and Travelers Class B common stock (see The Merger Structure of the Merger). For accounting purposes, this transaction will be accounted for as a reverse acquisition with Travelers as the accounting acquirer. Accordingly, St. Paul Travelers will account for the transaction as a purchase business combination, using Travelers historical financial information and accounting policies and applying fair value estimates to the acquired assets, liabilities and commitments of St. Paul as of the date of the transaction.

The St. Paul Articles Amendments and Bylaws Amendment (page 1 and page 1)

At the St. Paul special meeting, the St. Paul shareholders will be asked to approve amendments to the articles of incorporation and bylaws of St. Paul that are required in order to complete the transaction and that would take effect only upon completion of the transaction.

Required Articles Amendment. The required amendments to the St. Paul articles of incorporation to be made in connection with the transaction will:

change the name of the company to The St. Paul Travelers Companies, Inc. ;

increase the number of authorized shares of St. Paul voting common stock from 480 million shares to 2.995 billion shares;

increase the size of the St. Paul board of directors to 23 (as described above under Governance After the Merger);

enact the supermajority voting requirements for the board of directors and the governance committee to be in effect until January 1, 2006 (as described above under Governance After the Merger);

require that, until January 1, 2006, board actions be taken without a meeting only upon the unanimous written consent of the directors (and, thereafter, generally permit such actions to be taken with the written consent of only the number of directors necessary to approve such action); and

make additional, incidental amendments to the articles of incorporation.

Bylaws Amendment. The amendments to the St. Paul bylaws to be made in connection with the transaction will:

establish the responsibilities of the governance committee of the combined company s board of directors (as described above under Governance After the Merger);

define the duties and responsibilities of the chairman of the board of directors of the combined company and the chief executive officer of the combined company, as well as those of other executive officers;

grant the board of directors the authority to set the date for the annual meeting of shareholders of the combined company;

increase the number of required regular meetings of the board of directors from four to five and require that one such meeting be held in the State of Connecticut; and

make additional, incidental amendments to the bylaws.

Additional Articles Amendment. As an additional matter, St. Paul s shareholders will be asked to approve an additional amendment to the articles of incorporation. If holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, representing two-thirds of the votes eligible to be cast by those shareholders, vote in favor of this additional articles amendment then, in addition to the amendments described above under Required Articles Amendment , the St. Paul articles of incorporation will be amended to delete Article V and renumber the subsequent articles. Article V currently requires, where shareholder approval, authorization or adoption is required by Minnesota law, for any of the following transactions, the affirmative vote of the holders of at least two-thirds of the voting power of all voting shares to approve: any plan of merger; any plan of exchange; any sale, lease, transfer or other disposition of all or substantially all of St. Paul s property and assets, including its goodwill, not in the usual and regular course of business; or any dissolution of St. Paul. As a result of this amendment, the required vote for any such transaction will be such vote as is generally required by Minnesota law. For some such transactions, the general rule requires approval by a majority of the voting power represented in person or by proxy at a meeting for which a quorum is present. For other transactions, such as mergers and other business combinations, the general rule requires approval by a majority of the voting power of the outstanding shares entitled to vote.

St. Paul Special Meeting (page l)

Meeting. The St. Paul special meeting will be held on l , 2004, at l , Central Time, at The St. Paul Companies, Inc. Corporate Headquarters, 385 Washington Street, St. Paul, MN 55102. At the St. Paul special meeting, St. Paul shareholders will be asked:

to approve the issuance of shares of St. Paul common stock in connection with the transaction;

to approve the amendment of St. Paul s bylaws in connection with the transaction;

to approve the required amendment of St. Paul s articles of incorporation in connection with the transaction; and

to approve the additional amendment of St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions.

Record Date. St. Paul has fixed the close of business on l , 2004 as the record date for determining the St. Paul shareholders entitled to

receive notice of and to vote at the St. Paul special meeting. Only holders of record of St. Paul common stock, or of St. Paul Series B convertible preferred stock, on the record date are entitled to receive notice of and to vote at the St. Paul special meeting, and any adjournment or postponement thereof. The holders of St. Paul common stock and St. Paul Series B convertible preferred stock will vote together as one class on all matters at the special meeting (except that the holders of St. Paul common stock will also vote as a separate class in approving the articles amendment required to approve the transaction). Each share of St. Paul common stock is entitled to one vote, and each share of St. Paul Series B convertible preferred stock is entitled to eight votes.

Required Vote. The consummation of the merger requires the affirmative vote of each of:

the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, representing a majority of the voting power of such shares represented in person or by proxy at the special meeting to approve the issuance of St. Paul common stock in connection with the transaction;

the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, representing a majority of the voting power of such shares represented in person or by proxy at the special meeting to approve the amendment of St. Paul s bylaws in connection with the transaction; and

the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, and the holders of St. Paul common stock, voting separately as a single class, representing in each case a majority of the votes eligible to be cast by such holders to approve the required amendment of St. Paul s articles of incorporation in connection with the transaction.

In order to approve the fourth item, the additional amendment to St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions, the affirmative vote of the holders of St. Paul common stock and Series B convertible preferred stock, voting together as a single class, representing at least two-thirds of the votes eligible to be cast by such holders, is required. Approval of this fourth item is not necessary to consummate the transaction. However, it is a condition to this additional amendment that the transaction occurs.

As of the St. Paul record date, directors and executive officers of St. Paul and their affiliates beneficially owned or had the right to vote l shares of St. Paul common stock and l shares of St. Paul Series B convertible preferred stock, or less than l % of the outstanding St. Paul common stock and less than l % of the outstanding St. Paul Series B convertible preferred stock entitled to be voted at the special meeting. Each share of St. Paul Series B convertible preferred stock is entitled to eight votes. On a voting power basis, the voting stock held by directors and executive officers of St. Paul and their affiliates had less than l % of the voting power of the stock entitled to vote at the special meeting. At that date, directors and executive officers of Travelers and their affiliates, including Travelers, beneficially owned or had the right to vote l shares of St. Paul common stock, or less than l % of the outstanding St. Paul common stock, and no shares of St. Paul Series B convertible preferred stock entitled to be voted at the meeting. To St. Paul s knowledge, the directors and executive officers of St. Paul and their affiliates intend to vote their St. Paul common stock and their St. Paul Series B convertible preferred stock in favor of the transaction.

Travelers Special Meeting (page l)

Meeting. The Travelers special meeting will be held on l , 2004, at l a.m., Eastern Time, at l Hartford, Connecticut. At the Travelers special meeting, Travelers shareholders will be asked to vote on the transaction and the merger agreement.

Record Date. Travelers shareholders may cast one vote for each share of Travelers Class A common stock and seven votes for each share of Travelers Class B common stock that they owned at the close of business on l , 2004. On that date, there were l shares of Travelers Class A common stock and l shares of Travelers Class B common stock entitled to vote at the special meeting.

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Required Vote. Approval of the transaction and the merger agreement requires the affirmative vote of each of the following groups:

- the holders of the Travelers common stock (Class A common stock and Class B common stock voting together) representing a majority of all of the votes entitled to be cast by such holders;

- the holders of the Travelers Class A common stock representing a majority of all of the votes entitled to be cast by such holders; and

- the holders of the Travelers Class B common stock representing a majority of all of the votes entitled to be cast by such holders.

Accordingly, any Travelers shareholder s failure to vote or a broker non-vote will have the same effect as a vote against the approval of the transaction and the merger agreement.

As of the Travelers record date, directors and executive officers of Travelers and their affiliates beneficially owned or had the right to vote l shares of Travelers Class A common stock and l shares of Travelers Class B common stock, or less than l % of the outstanding Travelers Class A common stock and less than l % of the outstanding Travelers Class B common stock entitled to be voted at the special meeting. At that date, directors and executive officers of St. Paul and their affiliates, including St. Paul, beneficially owned or had the right to vote l shares of Travelers Class A common stock and l shares of Travelers Class B common stock, or less than l % of the outstanding Travelers Class A common stock and less than l % of the outstanding Travelers Class B common stock. To Travelers knowledge, the directors and executive officers of Travelers and their affiliates intend to vote their Travelers common stock in favor of the approval of the transaction and the merger agreement.

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Selected Consolidated Historical Financial Data of St. Paul

The following selected historical financial data for each of the years in the five-year period ended December 31, 2002 has been derived from St. Paul s audited consolidated financial statements. The following selected historical financial data for the nine months ended September 30, 2003 and 2002 has been derived from St. Paul s unaudited interim consolidated financial statements. In the opinion of St. Paul s management, the unaudited interim consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the interim consolidated financial statements. Results for the interim periods are not necessarily indicative of the results to be expected for the full year. This information is only a summary and you should read it together with St. Paul s historical financial statements contained in its Annual Report on Form 10-K for the year ended December 31, 2002 and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 that have been filed with the Securities and Exchange Commission and incorporated into this document by reference. See Where You Can Find More Information on page l.

	At and for the nine months ended September 30,		At and for the year ended December 31,				
	2003	2002	2002[(4)]	2001[(5)]	2000[(7)]	1999	1998
	(in millions, except per share amounts)						
Total revenues	$ 6,531	$ 6,975	$ 9,030	$ 9,032	$ 7,946	$ 7,149	$ 7,315
Income (loss) before cumulative effect of changes in accounting principles and discontinued operations	$ 633	$ (1)	$ 249	$ (1,009)	$ 970	$ 732	$ 187
Cumulative effect of changes in accounting principles, net of tax[(1)]	(21)	(6)	(6)			(27)	
Discontinued operations, net of tax	(3)	(19)	(25)	(79)	23	129	(98)
Net income (loss)	$ 609	$ (26)	$ 218	$ (1,088)	$ 993	$ 834	$ 89
Total investments	$22,673	$23,161	$22,733	$22,178	$22,052	$21,581	$22,703
Total assets	40,363	39,969	39,959	38,369	35,502	33,379	33,622
Claims and claim adjustment expense reserves	20,899	22,616	22,626	22,101	18,196	17,720	18,186
Total debt	3,573	2,586	2,713	2,130	1,647	1,426	1,260
Total liabilities[(2)]	34,095	33,566	33,324	32,362	27,938	26,482	26,483
St. Paul-obligated mandatorily redeemable preferred securities of trusts holding solely subordinated debentures of St. Paul [(3)]		889	889	893	337	425	503
Shareholders equity	6,268	5,514	5,746	5,114	7,227	6,472	6,636
Basic earnings per common share:							
Income (loss) before cumulative effect of changes in accounting principles and discontinued operations	$ 2.72	$ (0.06)	$ 1.09	$ (4.84)	$ 4.39	$ 3.16	$ 0.74
Cumulative effect of changes in accounting principles, net of tax	(0.09)	(0.03)	(0.03)			(0.12)	
Discontinued operations, net of tax	(0.01)	(0.09)	(0.12)	(0.38)	0.11	0.57	(0.41)
Reported net income (loss)	2.62	(0.18)	0.94	(5.22)	4.50	3.61	0.33
Goodwill amortization[(6)]				0.54	0.17	0.21	0.19
Adjusted earnings (loss) per common share	$ 2.62	$ (0.18)	$ 0.94	$ (4.68)	$ 4.67	$ 3.82	$ 0.52

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Selected Consolidated Historical Financial Data of St. Paul

	At and for the nine months ended September 30,		At and for the year ended December 31,				
	2003	2002	2002[4]	2001[5]	2000[7]	1999	1998
	(in millions, except per share amounts)						
Diluted earnings per common share:							
Income (loss) before cumulative effect of changes in accounting principles and discontinued operations	$ 2.61	$ (0.06)	$ 1.06	$ (4.84)	$ 4.14	$ 3.00	$ 0.73
Cumulative effect of changes in accounting principles, net of tax	(0.09)	(0.03)	(0.03)			(0.11)	
Discontinued operations, net of tax	(0.01)	(0.09)	(0.11)	(0.38)	0.10	0.52	(0.41)
Reported net income (loss)	2.51	(0.18)	0.92	(5.22)	4.24	3.41	0.32
Goodwill amortization[6]				0.54	0.16	0.20	0.19
Adjusted earnings (loss) per common share	$ 2.51	$ (0.18)	$ 0.92	$ (4.68)	$ 4.40	$ 3.61	$ 0.51
Period-end common shares outstanding	228.1	226.4	226.8	207.6	218.3	224.8	233.7
Per common share data:							
Cash dividends	$ 0.87	$ 0.87	$ 1.16	$ 1.12	$ 1.08	$ 1.04	$ 1.00
Book value	$27.15	$24.06	$25.05	$24.35	$32.88	$28.68	$28.32

(1) Cumulative effect of changes in accounting principles, net of tax (1) for the nine months ended September 30, 2003 reduced net income by $21 million as a result of the partial adoption of FIN 46 Consolidation of Variable Interest Entities; (2) for the nine months ended September 30, 2002 and for the year ended December 31, 2002 reduced net income by $6 million as a result of a change in accounting for goodwill and other intangible assets and (3) for the year ended December 31, 1999 reduced net income by $27 million as a result of a change in accounting for insurance related assessments.

(2) Total liabilities include minority interest liabilities of $92 million and $80 million at September 30, 2003 and 2002, respectively, and of $80 million, $92 million, $86 million, $74 million and $67 million at December 31, 2002, 2001, 2000, 1999, and 1998, respectively.

(3) In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity , which generally requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). We adopted the provisions of SFAS No. 150 in the third quarter of 2003. Our only financial instruments that fell within the scope of SFAS No. 150 were the St. Paul-obligated mandatorily redeemable preferred securities of trusts holding solely subordinated debentures of St. Paul that had been classified as a separate line between liabilities and shareholders equity on our consolidated balance sheet. These securities were issued by five separate trusts which are included in our consolidated financial statements and further described in the notes to those statements. In accordance with SFAS No. 150, we have reclassified these securities to liabilities on our consolidated balance sheet in 2003, where they are included in our total debt outstanding.

On November 7, 2003, the FASB issued FASB Staff Position No. 150-3, Effective Date, Disclosures, and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests under FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity (FSP 150-3)*. FSP 150-3 indefinitely deferred the effective date of SFAS No. 150 for certain mandatorily redeemable noncontrolling interests, which includes our St. Paul-obligated mandatorily redeemable preferred securities of trusts holding solely subordinated debentures of St. Paul described above. This deferral may result in the reclassification of the trusts in current and/or prior periods. However, the ultimate conclusion will also depend on decisions surrounding the remaining implementation of FASB Interpretation No. 46, Consolidation of Variable Interest Entities , which we partially adopted in third

Selected Consolidated Historical Financial Data of St. Paul

quarter 2003, specifically excluding these trusts. The conclusion with regards to FIN 46 is dependent on the ultimate outcome of a currently proposed FASB Interpretation, which modifies certain provisions of FIN 46, providing additional scope exceptions. We are currently evaluating the impact to our consolidated financial statements of these actions.

(4) Our 2002 results reflected a net pretax loss of $472 million related to an asbestos litigation settlement agreement.

(5) Our 2001 results reflected a net pretax loss of $941 million related to the September 11, 2001 terrorist attack.

(6) Related to our December 2001 strategic review, we made a decision to exit all business underwritten by our Health Care operation, as well as certain business underwritten by our Lloyds operation. In connection with these actions, in 2001 we wrote off $73 million of goodwill related to the exited businesses.

(7) In April 2000, we closed on our acquisition of MMI Companies, Inc. Amounts related to MMI are included from the date of acquisition.

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Selected Consolidated Historical Financial Data of Travelers

The following selected historical financial data for each of the years in the five-year period ended December 31, 2002 has been derived from Travelers audited consolidated financial statements. The following selected historical financial data for the nine months ended September 30, 2003 and 2002 has been derived from Travelers unaudited interim consolidated financial statements. In the opinion of Travelers management, the unaudited interim consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the interim consolidated financial statements. Results for the interim periods are not necessarily indicative of the results to be expected for the full year. This information is only a summary and you should read it together with Travelers historical financial statements contained in its Annual Report on Form 10-K for the year ended December 31, 2002 and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 that have been filed with the Securities and Exchange Commission and incorporated into this document by reference. See Where You Can Find More Information on page l.

	At and for the nine months ended September 30,		At and for the year ended December 31,(1)				
	2003	2002	2002	2001	2000	1999	1998
	(in millions, except per share amounts)						
Total revenues	$11,097	$10,116	$14,270	$12,231	$11,071	$10,573	$10,454
Income before cumulative effect of changes in accounting principles	$ 1,207	$ 1,009	$ 216	$ 1,062	$ 1,312	$ 1,136	$ 1,104
Cumulative effect of changes in accounting principles, net of tax (2)		(243)	(243)	3		(112)	
Net income (loss)	$ 1,207	$ 766	$ (27)	$ 1,065	$ 1,312	$ 1,024	$ 1,104
Total investments	$37,793	$35,434	$38,425	$32,619	$30,754	$29,843	$31,901
Total assets	63,535	59,698	64,138	57,778	53,850	50,795	51,751
Claims and claim adjustment expense reserves	33,854	30,551	33,736	30,737	28,442	29,003	29,589
Total debt	2,673	2,794	2,544	2,078	3,005	2,148	3,192
Total liabilities(3)	52,063	47,638	53,101	46,192	43,736	43,455	45,080
TIGHI-obligated mandatorily redeemable securities of subsidiary trusts holding solely junior subordinated debt securities of TIGHI		900	900	900	900	900	900
Shareholders equity	11,472	11,160	10,137	10,686	9,214	6,440	5,771
Basic and diluted earnings per share:							
Income before cumulative effect of changes in accounting principles	$ 1.20	$ 1.08	$ 0.23	$ 1.38	$ 1.71	$ 1.48	$ 1.44
Cumulative effect of changes in accounting principles, net of tax		(0.26)	(0.26)	0.01		(0.15)	
Reported net income (loss)	1.20	0.82	(0.03)	1.39	1.71	1.33	1.44
Goodwill amortization				0.09	0.08	0.06	0.05

Adjusted earnings (loss) per share	$ 1.20	$ 0.82	$ (0.03)	$ 1.48	$ 1.79	$ 1.39	$ 1.49

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Selected Consolidated Historical Financial Data of Travelers

	At and for the nine months ended September 30,		At and for the year ended December 31,[1]				
	2003	2002	2002	2001	2000	1999	1998
	(in millions, except per share amounts)						
Period-end common shares outstanding[4]	1,004.7	1,003.3	1,003.9	769.0	769.0	769.0	769.0
Per common share data:							
Cash dividends[5]	$ 0.20	$ 5.23	$ 5.23	$ 0.53	$	$	$
Book value	$ 11.42	$ 11.12	$ 10.10	$ 13.90	$ 11.98	$ 8.37	$ 7.50

(1) During April 2000, Travelers completed a cash tender offer and acquired all of Travelers Insurance Group Holdings Inc. s (TIGHI) outstanding shares of common stock that were not already owned by Travelers for approximately $2.413 billion financed by a loan from Citigroup Inc. On May 31, 2000, Travelers acquired the surety business of Reliance Group Holdings, Inc. (Reliance Surety). On October 1, 2001, Travelers purchased The Northland Company and its subsidiaries (Northland) from Citigroup Inc. On October 3, 2001, Citigroup Inc. contributed the capital stock of Associates Insurance Company (Associates) to Travelers. Includes amounts related to Northland, Associates, the remainder of TIGHI and Reliance Surety from their dates of acquisition.

(2) Cumulative effect of changes in accounting principles, net of tax (1) for the nine months ended September 30, 2002 and for the year ended December 31, 2002 consists of a loss of $243 million as a result of a change in accounting for goodwill and other intangible assets; (2) for the year ended December 31, 2001 consists of a gain of $4 million as a result of a change in accounting for derivative instruments and hedging activities and a loss of $1 million as a result of a change in accounting for securitized financial assets; and (3) for the year ended December 31, 1999 consists of a loss of $135 million as a result of a change in accounting for insurance-related assessments and a gain of $23 million as a result of a change in accounting for insurance and reinsurance contracts that do not transfer insurance risk.

(3) Total liabilities include minority interest liabilities of $104 million and $90 million at September 30, 2003 and 2002, respectively, and of $87 million, $1.368 billion and $1.487 billion at December 31, 2002, 1999 and 1998, respectively.

(4) In March 2002, Travelers issued common stock through its Initial Public Offering (IPO). See Note 1 to the Consolidated Financial Statements included in Travelers Annual Report on Form 10-K for the year ended December 31, 2002.

(5) Dividends per common share reflect the recapitalization effected as part of Travelers corporate reorganization. See Note 1 to the Consolidated Financial Statements included in Travelers Annual Report on Form 10-K for the year ended December 31, 2002. During the first quarter of 2002, Travelers paid dividends of $5.095 billion in the form of a note payable and $158 million in cash, respectively, to Citigroup Inc., its then sole shareholder. During 2001, Travelers paid dividends of $526 million to Citigroup Inc., its then sole shareholder.

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Selected Unaudited Pro Forma Combined Financial Information

The merger will be accounted for using the purchase method of accounting with Travelers treated as the acquirer (reverse acquisition). Accordingly, Travelers cost to acquire St. Paul will be allocated to the acquired assets, liabilities and commitments based upon their fair values as of the date of acquisition. See Accounting Treatment on page l.

The selected preliminary unaudited pro forma combined financial information which follows reflects the purchase method of accounting and is intended to provide information regarding how the companies might have looked had St. Paul and Travelers actually been combined as of the dates indicated. The preliminary selected unaudited pro forma combined financial information does not reflect the effect of revenue enhancements, expense efficiencies, synergies or asset dispositions that may result from the merger. The preliminary selected unaudited pro forma combined financial information should not be relied upon as being indicative of the historical results that would have occurred had the companies been combined or the future results that may be achieved after the merger.

The following selected preliminary unaudited pro forma combined financial information has been derived from, and should be read in conjunction with, the preliminary Unaudited Pro Forma Condensed Combined Financial Statements and related notes that begin on page l. The preliminary Unaudited Pro Forma Condensed Combined Balance Sheet combines the historical consolidated balance sheet of St. Paul and the historical consolidated balance sheet of Travelers as of September 30, 2003, giving effect to the merger as if it had been consummated on that date. The preliminary Unaudited Pro Forma Condensed Combined Statements of Income combine the historical consolidated statements of income of St. Paul and Travelers for the nine months ended September 30, 2003 and the year ended December 31, 2002, giving effect to the merger as if it had occurred on January 1, 2002. We have adjusted the historical consolidated financial information to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable, and (3) with respect to the statements of income, expected to have a continuing impact on the combined results.

The preliminary unaudited pro forma adjustments represent management s estimates based on information available at this time. Actual adjustments to the combined balance sheet and income statements will differ, perhaps materially, from those reflected in these preliminary unaudited pro forma condensed combined financial statements because the assets and liabilities of St. Paul will be recorded at their respective fair values on the date the merger is consummated, and the preliminary assumptions used to estimate these fair values may change between now and the completion of the merger.

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	Pro Forma Information	
	For the nine months ended September 30, 2003	For the year ended December 31, 2002
	(in millions, except per share amounts)	
Total revenues	$17,534	$23,107
Income from continuing operations	$ 1,661	$ 174
Earnings per common share continuing operations:		
Basic	$ 2.49	$ 0.25
Diluted	$ 2.45	$ 0.25
Cash dividends paid per share(1)	N/A	N/A

	At September 30, 2003
	(in millions)
Total investments	$ 60,801
Total assets	109,123
Claims and claim adjustment expense reserves	55,523
Total debt	6,507
Total liabilities	88,917
Shareholders equity	20,206

(1) St. Paul s current quarterly dividend is $0.29 per share ($1.16 per share annualized) and is subject to future approval and declaration by St. Paul s board of directors. Travelers current quarterly dividend is $0.08 per share ($0.32 per share annualized) and is subject to future approval and declaration by Travelers board of directors. On a Travelers pro forma equivalent basis, the Travelers current quarterly dividend would be $0.185 per share ($0.74 per share annualized). (See Notes 1 and 2 on page 22.) The dividend policy of the combined company after the merger will be determined by its board of directors following the merger. The combined company is expected to pay dividends at the annual rate of $0.88 per share. In addition, St. Paul expects to pay a special dividend to its shareholders prior to the closing of the merger, so that shareholders of St. Paul prior to the merger will receive dividends with record dates in 2004 amounting to St. Paul s current indicated annual rate of $1.16 per share assuming that after closing of the merger, St. Paul Travelers makes regular quarterly cash dividends of $0.22 per share.

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Comparative Per Share Data

The following table presents, for the periods indicated, selected pro forma per common share amounts for shares of St. Paul Travelers common stock, pro forma per share equivalent amounts for shares of Travelers common stock and the comparative historical per share data for the St. Paul common stock and Travelers common stock. The pro forma amounts included in the table below are presented as if the merger had been effective for the periods presented, have been prepared in accordance with accounting principles generally accepted in the United States of America and are based on the purchase method of accounting. The pro forma amounts in the tables below do not, however, give consideration to the impact of possible revenue enhancements, expense efficiencies, synergies or asset dispositions, as well as other possible adjustments discussed in Note 1 to the preliminary Unaudited Pro Forma Condensed Combined Financial Statements.

You should read this information in conjunction with, and the information is qualified in its entirety by, the consolidated financial statements of St. Paul and Travelers incorporated into this proxy statement/ prospectus by reference and the preliminary unaudited pro forma condensed combined financial statements and accompanying discussions and notes beginning on page 1 . See also Where You Can Find More Information beginning on page 1 . The pro forma amounts in the table below are presented for informational purposes only. You should not rely on the pro forma amounts as being indicative of the financial position or results of operations of the combined company that would have actually occurred had the merger been effective during the periods presented or of the future financial position or future results of operations of the combined company. The combined financial information as of and for the periods presented may have been different had the companies actually been combined as of and during those periods.

	At and for the nine months ended September 30, 2003			
	Historical St. Paul	**Historical Travelers**	**Travelers Pro Forma Equivalent(1)**	**Pro Forma St. Paul Travelers**
	(in millions, except per share data)			
Basic Earnings Per Common Share from Continuing Operations				
Income from continuing operations	$ 633	$ 1,207	$ 1,207	$ 1,661
Income from continuing operations available to common shareholders	$ 622	$ 1,207	$ 1,207	$ 1,650
Weighted average basic common shares outstanding	227.5	1,002.3	434.4	661.9
Basic earnings per common share	$ 2.72	$ 1.20	$ 2.78	$ 2.49
Diluted Earnings Per Common Share from Continuing Operations				
Income from continuing operations	$ 633	$ 1,207	$ 1,207	$ 1,661
Income from continuing operations available to common shareholders	$ 626	$ 1,207	$ 1,207	$ 1,654
Weighted average diluted common shares outstanding	239.1	1,007.6	436.7	675.8
Diluted earnings per common share	$ 2.61	$ 1.20	$ 2.76	$ 2.45
Dividends Per Common Share(2)				
Common stock dividends	$ 198	$ 202	$ 202	$ 400
Dividends per common share	$ 0.87	$ 0.20	$ 0.46	N/A
Book Value Per Common Share				
Total common shareholders equity	$6,192	$ 11,472	$11,472	$20,029
Common shares outstanding at period-end	228.1	1,004.7	435.4	663.5
Book value per common share	$27.15	$ 11.42	$ 26.35	$ 30.19

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	At and for the year ended December 31, 2002			
	Historical St. Paul	**Historical Travelers**	**Travelers Pro Forma Equivalent(1)**	**Pro Forma St. Paul Travelers**
	(in millions, except per share data)			
Basic Earnings Per Common Share from Continuing Operations				
Income from continuing operations	$ 249	$ 216	$ 216	$ 174
Income from continuing operations available to common shareholders	$ 234	$ 216	$ 216	$ 159
Weighted average basic common shares outstanding	215.9	949.5	411.5	627.4
Basic earnings per common share	$ 1.09	$ 0.23	$ 0.52	$ 0.25
Diluted Earnings Per Common Share from Continuing Operations				
Income from continuing operations	$ 249	$ 216	$ 216	$ 174
Income from continuing operations available to common shareholders	$ 241	$ 216	$ 216	$ 156
Weighted average diluted common shares outstanding	226.6	951.2	412.3	629.9
Diluted earnings per common share	$ 1.06	$ 0.23	$ 0.52	$ 0.25
Dividends Per Common Share(2)(3)				
Common stock dividends	$ 252	$ 5,253	$ 5,253	$5,505
Dividends per common share	$ 1.16	$ 5.23	$ 12.07	N/A
Book Value Per Common Share				
Total common shareholders equity	$5,681	$ 10,137	$10,137	
Common shares outstanding at period-end	226.8	1,003.9	435.1	
Book value per common share	$25.05	$ 10.10	$ 23.30	

(1) Amounts are based on Travelers historical share amounts adjusted by the exchange ratio in the merger (0.4334 of a share of St. Paul common stock for each share of Travelers common stock).

(2) St. Paul s current quarterly dividend is $0.29 per share ($1.16 per share annualized) and is subject to future approval and declaration by St. Paul s board of directors. Travelers current quarterly dividend is $0.08 per share ($0.32 per share annualized) and is subject to future approval and declaration by Travelers board of directors. On a Travelers pro forma equivalent basis, the Travelers current quarterly dividend would be $0.185 per share ($0.74 per share annualized). The dividend policy of the combined company after the merger will be determined by its board of directors following the merger. The combined company is expected to pay dividends at the annual rate of $0.88 per share. In addition, St. Paul expects to pay a special dividend to its shareholders prior to the closing of the merger, so that shareholders of St. Paul prior to the merger will receive dividends with record dates in 2004 amounting to St. Paul s current indicated annual rate of $1.16 per share assuming that after closing of the merger, St. Paul Travelers makes regular quarterly cash dividends of $0.22 per share

(3) Dividends per common share reflect the recapitalization effected as part of Travelers corporate reorganization. See Note 1 to the Consolidated Financial Statements included in Travelers Annual Report on Form 10-K for the year ended December 31, 2002. During the first quarter of 2002, Travelers paid dividends of $5.095 billion in the form of a note payable and $158 million in cash, respectively, to Citigroup Inc., its then sole shareholder.

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Comparative Market Price Information

The table below sets forth the closing sale prices of St. Paul common stock, Travelers Class A common stock and Travelers Class B common stock as reported on the New York Stock Exchange composite tape on November 14, 2003, the last trading day prior to the public announcement of the merger, and on l , 200 l , the last practicable trading day before the distribution of this proxy statement/prospectus. The table also sets forth the equivalent pro forma sale price of each of Travelers Class A common stock and Travelers Class B common stock on each of these dates, as determined by multiplying the applicable closing sale price of St. Paul common shares by the exchange ratio of 0.4334. The market prices of Travelers Class A common stock, Travelers Class B common stock and St. Paul common stock will fluctuate between the date of this joint proxy statement/ prospectus and the completion of the merger. No assurance can be given concerning the market prices of Travelers Class A common stock, Travelers Class B common stock or St. Paul common stock before the completion of the merger or the market price of St. Paul Travelers common stock after the completion of the merger. The exchange ratio is fixed in the merger agreement and neither St. Paul nor Travelers has the right to terminate the merger agreement based on changes in either party s stock price. One result of this is that the market value of the St. Paul Travelers common stock that Travelers shareholders will receive in the merger may vary significantly from the prices shown in the table below. Travelers and St. Paul shareholders are advised to obtain current market prices for Travelers Class A common stock, Travelers Class B common stock and St. Paul common stock.

	St. Paul Common Stock	Travelers Class A Common Stock	Travelers Class B Common Stock	Travelers Class A Common Stock Pro Forma Equivalent	Travelers Class B Common Stock Pro Forma Equivalent
November 14, 2003	$36.77	$16.03	$16.06	$15.94	$15.94
l , 200l	$ l	$ l	$ l	$ l	$ l

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RISK FACTORS

In addition to the other information contained or incorporated by reference in this document, you should consider the following risk factors in determining how to vote at the special meetings of St. Paul and Travelers.

Risks Relating to the Merger

Shareholders cannot be sure of the market value of the shares of St. Paul Travelers common stock that will be issued in the merger.

Upon the completion of the merger, each share of common stock of Travelers outstanding immediately prior to the merger will be converted into the right to receive 0.4334 of a share of St. Paul Travelers common stock. Because the exchange ratio is fixed at 0.4334 of a share of St. Paul Travelers common stock for each share of Travelers common stock, the market value of the St. Paul Travelers common stock issued in the merger will depend upon the market price of a share of St. Paul common stock upon the completion of the merger. This market value of St. Paul common stock will fluctuate prior to the completion of the merger and therefore may be different at the time the merger is completed than it was at the time the merger agreement was signed and at the time of the shareholder meetings. Stock price changes may result from a variety of factors that are beyond our control, including general market and economic conditions, changes in business prospects, catastrophic events, both natural and man-made, and regulatory considerations. Accordingly, shareholders cannot be sure of the market value of the St. Paul Travelers common stock that will be issued in the merger or the market value of St. Paul Travelers common stock at any time after the merger.

St. Paul and Travelers may experience difficulties in integrating their businesses, which could cause the combined company to fail to realize many of the anticipated potential benefits of the merger.

We have entered into the merger agreement because we believe that the merger will be beneficial to each of St. Paul, Travelers and their respective shareholders. Achieving the anticipated benefits of the merger will depend in part upon whether our two companies integrate our businesses in an efficient and effective manner. We may not be able to accomplish this integration process smoothly or successfully. The necessity of coordinating geographically separated organizations and addressing possible differences in corporate cultures and management philosophies may increase the difficulties of integration. The integration of certain operations following the merger will require the dedication of significant management resources, which may temporarily distract management s attention from the day-to-day business of the combined company. Employee uncertainty and lack of focus during the integration process may also disrupt the business of the combined company. Any inability of our management to integrate successfully the operations of our two companies could have a material adverse effect on the business and results of operations of the combined company. We may not be able to achieve the anticipated cross-selling opportunities, the development and marketing of more comprehensive insurance product offerings, cost savings, revenue growth or the consistent use of our best practices. An inability to realize the full extent of, or any of, the anticipated benefits of the merger, as well as any delays encountered in the transition process, could have an adverse effect upon the revenues, level of expenses and operating results of the combined company, which may affect the value of the St. Paul Travelers common shares after the closing of the merger.

The success of the combined company after the merger will depend in part upon the ability of St. Paul and Travelers to retain key employees of both companies. Competition for qualified personnel can be very intense. In addition, key employees may depart because of issues relating to the uncertainty or difficulty of integration or a desire not to remain with the combined company. Accordingly, no assurance can be given that St. Paul or Travelers will be able to retain key employees to the same extent that they have been able to do so in the past.

We must obtain many governmental and other consents to complete the merger, which, if delayed, not granted or granted with unacceptable conditions, may jeopardize or postpone the completion of the merger, result in additional expenditures of money and resources and/or reduce the anticipated benefits of the merger.

We must obtain certain approvals and consents in a timely manner from federal, state and foreign agencies prior to the completion of the merger. If we do not receive these approvals, or do not receive them on terms that satisfy the conditions set forth in the merger agreement, then we will not be obligated to complete the merger. The governmental agencies from which we will seek these approvals have broad discretion in administering the governing regulations. As a condition to approval of the merger, agencies may impose requirements, limitations or costs that could negatively affect the way the combined company conducts business. These requirements, limitations or costs could jeopardize or delay the completion of the merger. If we agree to any material requirements, limitations or costs in order to obtain any approvals required to complete the merger, these requirements, limitations or additional costs could adversely affect the two companies ability to integrate their operations or reduce the anticipated benefits of the merger. This could result in a material adverse effect on the business and results of operations of the combined company.

Risks Relating to the Business of the Combined Company

Because the risks and uncertainties facing each of St. Paul and Travelers differ, the results of operations, financial condition and liquidity of the combined entity may be affected by risks and uncertainties different from those currently affecting each of St. Paul and Travelers on a standalone basis.

Upon completion of the merger, the shareholders of St. Paul prior to the merger will own shares in a company that includes the operations of Travelers, and the former shareholders of Travelers will own shares in a company that includes the operations of St. Paul. For a discussion of the respective businesses of St. Paul and Travelers, we urge you to read the documents incorporated by reference in this proxy statement/ prospectus and referred to under Where You Can Find More Information beginning on page l. Specifically, for a discussion of the risks, uncertainties and trends affecting each company, we urge you to read the information under Management s Discussion and Analysis of Financial Condition and Results of Operations and Legal Proceedings in each company s most recent Annual Report on Form 10-K, all related disclosures in each company s 2003 Quarterly Reports on Form 10-Q and Current Reports on Form 8-K since the period covered by that Annual Report, in each case as filed with the Securities and Exchange Commission.

The combined company may incur income statement charges if the claims and claim adjustment expense reserves are insufficient. Such income statement charges could be material, individually or in the aggregate, to the combined company s operating results and financial condition in future periods and could result in rating agency actions and/or the need to raise capital.

Both St. Paul and Travelers maintain claims and claim adjustment expense reserves to cover estimated ultimate unpaid liabilities with respect to reported and unreported claims incurred as of the end of each accounting period. Reserves do not represent an exact calculation of liability, but instead represent management s estimates, which take into account various statistical and actuarial projection techniques as well as other influencing factors. These reserve estimates represent management s expectations of what the ultimate settlement and administration of claims will cost based on an assessment of facts and circumstances then known, review of historical settlement patterns, estimates of trends in claims severity and frequency, changing legal theories of liability and other factors. Variables in the reserve estimation process can be affected by both internal and external events, such as changes in claims handling procedures, economic inflation, legal trends and legislative changes. Many of these items are not directly quantifiable, particularly on a prospective basis. Additionally, there may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the insurer. Reserve estimates are continually refined in a regular ongoing process as historical loss experience develops and additional claims are reported and settled, and as a consequence, management s estimates may change from time to time. Because establishment of claims and claim adjustment expense reserves is an inherently uncertain process involving estimates, currently established reserves may not be sufficient or estimates of ultimate claim and claim adjustment expenses may increase.

The combined company will be exposed to a high degree of uncertainty with respect to future exposure from asbestos and environmental claims because of:

new theories of insured and insurer liability;

risks inherent in major litigation, including more aggressive asbestos-related litigation against insurers;

- diverging legal interpretations and judgments in different jurisdictions;
- disputes regarding the extent of coverage under insurance policies and whether or not particular claims are subject to an aggregate limit;
- the number of occurrences involved in particular claims;
- significant issues surrounding the liabilities of the insurers, including with respect to so-called direct actions challenging insurers conduct in resolving asbestos claims; and
- the impact of legislative actions, including federal and state legislation related to asbestos liability reform.

The combined company will also be exposed to a level of uncertainty related to the medical malpractice book of business, which St. Paul put in runoff in late 2001. The uncertainty related to this book of business arises principally out of claim payments being greater than originally anticipated due primarily to escalation of large jury awards in recent years, as well as the effect of evaluating claim activity in a runoff environment.

Management of the combined company will also make decisions regarding the integration of claims handling practices, actuarial practices and other operational procedures after the merger. These decisions may impact management s estimate of reserves.

Because of all of the above, estimates of ultimate claims and claim adjustment expenses may increase in the future. Income statement charges that would result from such increases, if any, cannot now be reasonably estimated. Such charges could be material, individually or in the aggregate, to the combined company s future operating results and financial condition and could result in rating agency actions and/or the need to raise capital. Adjustments to reserves are reflected in the results of the periods in which the estimates are changed. You should also be aware that the exposures of Travelers may be materially different than the exposures of St. Paul, and correspondingly that the exposures of the combined company may be materially different from the separate exposures of either company.

For more information about each of St. Paul s and Travelers claims and claim adjustment expense reserves generally, and their respective exposure from asbestos and environmental claims and related litigation and medical malpractice exposures in particular, see the information under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations and Legal Proceedings in each company s most recent Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the Securities and Exchange Commission.

The combined company may incur income statement charges as a result of recent, well-publicized alleged incidents of inappropriate and illegal trading in the mutual fund industry.

Both St. Paul and Travelers insure asset management companies and mutual funds and their officers and directors against specified liabilities arising out of actual or alleged improper acts and omissions. The recent, well-publicized incidents of inappropriate and illegal trading in the mutual fund industry could result in income statement charges relating to claims and anticipated claims under these policies issued by St. Paul and Travelers that could be material to St. Paul s, Travelers or the combined company s results of operations in future periods.

In addition, St. Paul holds an approximately 79% interest in Nuveen Investments, an asset management company. In addition to the risks and uncertainties customarily attendant to an investment in this industry, the alleged incidents of inappropriate and illegal trading by others in the industry could result in increased regulation of all asset managers, including Nuveen Investments. Such regulation could have an adverse effect on Nuveen Investments profitability.

There can be no assurance that the merger will not result in a ratings downgrade of St. Paul, Travelers or the combined company, which may result in an adverse effect on the combined company s business, financial condition and results of operations.

Ratings with respect to claims paying ability and financial strength are important factors in establishing the competitive position of insurance companies and will also impact the cost and availability of capital to an insurance company. The combined operations of St. Paul and Travelers will compete with other insurance

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companies, financial intermediaries and financial institutions on the basis of a number of factors, including the ratings assigned by internationally-recognized rating organizations. Ratings will represent an important consideration in maintaining customer confidence in the combined company and in its ability to market insurance products. Rating organizations regularly analyze the financial performance and condition of insurers. Any ratings downgrades, or the potential for ratings downgrades, of the combined company could adversely affect its ability to market and distribute products and services, which could have an adverse effect on the combined company s business, financial condition and results of operations.

In connection with the announcement of the transaction, A.M. Best, Moody s Investor Service (Moody s), Standard & Poor s Ratings Services (S&P) and Fitch Ratings (Fitch) announced the following rating actions with respect to St. Paul:

A.M. Best: Placed the financial strength and debt ratings of St. Paul under review with positive implications.

Moody s: Confirmed the financial strength and debt ratings; raised the financial strength rating outlook from stable to positive; confirmed the stable outlook for debt ratings.

S&P: Placed the financial strength and debt ratings on CreditWatch with positive implications and indicated that the ratings could be affirmed or raised by one notch.

Fitch: Placed the debt ratings on Rating Watch positive and indicated that the long term debt rating could be upgraded by one or two notches.

In connection with the announcement of the transaction, A.M. Best, Moody s, S&P and Fitch announced the following rating actions with respect to Travelers:

A.M. Best: Placed the financial strength and debt ratings under review with negative implications and indicated that the ratings could either be lowered or remain the same.

Moody s: Confirmed the financial strength rating and placed the long-term debt rating on review for possible downgrade; confirmed stable outlook for the financial strength rating and indicated that a more traditional three-notch relationship between senior debt and financial strength ratings could prevail.

S&P: Placed the financial strength and debt ratings on CreditWatch with negative implications and indicated that the ratings could be affirmed or lowered by one notch.

Fitch: Placed the financial strength and debt ratings on Rating Watch negative and indicated that the ratings could be affirmed or downgraded by one notch.

Ratings are not in any way a measure of protection afforded to investors and should not be relied upon in making an investment or voting decision.

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CAUTIONARY STATEMENT REGARDING

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking information about St. Paul, Travelers and the combined company after completion of the transactions that is intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this document or may be incorporated in this document by reference to other documents and may include statements for the period following the completion of the merger. Representatives of St. Paul and Travelers may also make forward-looking statements. Forward-looking statements are statements that are not historical facts. Words such as expect , feel , believe , will , may , anticipate , plan , estimate , intend , should and similar expressions are intended to identify forward-looking statem statements include, but are not limited to: financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to risks and uncertainties, including the risks described in this document under Risk Factors , that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Some other risks and uncertainties include, but are not limited to:

- those discussed and identified in public filings with the Securities and Exchange Commission made by St. Paul and Travelers;
- the inability to obtain price increases due to competition or otherwise;
- weakening U.S. and global economic conditions;
- losses in investment portfolios and losses due to foreign currency exchange rate fluctuations, which could be adversely impacted by adverse developments in U.S. and global financial markets, interest rates and rates of inflation;
- insufficiency of, or changes in, loss reserves;
- the occurrence of catastrophic events, both natural and man-made, including terrorist acts, with a severity or frequency exceeding our expectations;
- exposure to, and adverse developments involving, asbestos claims and related litigation, environmental claims and related litigation, medical malpractice claims, surety claims and assumed reinsurance;
- the impact of claims related to exposure to potentially harmful products or substances, including, but not limited to, lead paint, silica and other potentially harmful substances;
- adverse changes in loss cost trends, including inflationary pressures in medical costs and auto and home repair costs;
- developments relating to coverage and liability for mold claims;
- the effects of corporate bankruptcies on surety bond claims;
- adverse developments in the cost, availability and/or ability to collect reinsurance;
- the ability of our subsidiaries to pay dividends to us;
- adverse outcomes in legal proceedings;
- judicial expansion of policy coverage and the impact of new theories of liability;

the impact of legislative actions, including federal and state legislation related to asbestos liability reform;

larger than expected assessments for guaranty funds and mandatory pooling arrangements;

a downgrade in claims-paying and financial strength ratings;

the loss of or significant restriction on the ability to use credit scoring in the pricing and underwriting of insurance policies;

amendments and changes to the risk-based capital requirements;

the ability to achieve the cost savings and synergies contemplated by the proposed merger;

the effect of regulatory conditions, if any, imposed by regulatory agencies on the proposed merger;

the reaction of St. Paul s and Travelers customers, agents, brokers and policyholders to the transaction;

the ability to promptly and effectively integrate the businesses of St. Paul and Travelers; and

diversion of management time on merger-related issues.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof or in the case of statements incorporated by reference, on the date of the document incorporated by reference. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to St. Paul or Travelers or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, neither St. Paul nor Travelers undertakes any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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THE ST. PAUL SPECIAL MEETING

This section contains information from St. Paul for St. Paul shareholders about the special meeting of shareholders it has called to consider and approve the issuance of St. Paul common stock in the merger and related matters, including the amendment of St. Paul s articles of incorporation and bylaws, and to consider and approve an additional amendment to St. Paul s articles of incorporation as described below. Together with this document, St. Paul is also sending you a notice of the St. Paul special meeting and a form of proxy that is being solicited by St. Paul s board of directors for use at the St. Paul special meeting. **The information and instructions contained in this section are addressed to St. Paul shareholders and all references to you in this section should be understood to be addressed to St. Paul shareholders**.

Time and Place

The St. Paul meeting will take place on l , 2004 at l , Central Time, at The St. Paul Companies, Inc. Corporate Headquarters, 385 Washington Street, St. Paul, Minnesota 55102.

Purpose of Meeting; Matters to Be Considered

The purpose of the St. Paul special meeting is to consider and vote on the following items:

- a proposal to issue shares of St. Paul s common stock in connection with the merger;
- a proposal to amend St. Paul s bylaws in connection with the merger, as described under Bylaws Amendment ;
- a proposal to amend St. Paul s articles of incorporation in connection with the merger, as described under Required Articles Amendment ; and
- a proposal to further amend St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions, as more fully described under Additional Articles Amendment .

Record Date

St. Paul has fixed the close of business on l , 2004 as the record date for determining the St. Paul shareholders entitled to receive notice of and to vote at the St. Paul special meeting. As of that date, there were l shares of St. Paul common stock and l shares of St. Paul Series B convertible preferred stock outstanding. Only holders of record of St. Paul common stock, or of St. Paul Series B convertible preferred stock, on the record date are entitled to receive notice of and to vote at the St. Paul special meeting, and any adjournment or postponement thereof. The holders of St. Paul common stock and St. Paul Series B convertible preferred stock will together vote as one class on all matters at the special meeting (except that the holders of St. Paul common stock also will vote as a separate class in approving the articles amendment required to complete the merger). Each share of common stock is entitled to one vote, and each share of Series B convertible preferred stock is entitled to eight votes.

Quorum Requirement

Under Minnesota law and St. Paul s bylaws, the presence in person or by proxy of a majority of the aggregate voting power of the shares of St. Paul common stock and St. Paul Series B convertible preferred stock entitled to vote constitutes the quorum necessary for shareholders to take action at the special meeting. Shares represented in person or by proxy at the special meeting will be counted for quorum purposes regardless of whether the shareholder or proxy fails to vote on a particular proposal, referred to as an abstention. Where a broker with discretionary authority fails to exercise such authority with respect to a particular proposal, referred to as broker non-vote, such proxy is not counted toward the quorum required at the shareholders meeting. For purposes of determining whether a proposal has been approved, an abstention or broker non-vote on the proposal will have the following effect:

- share issuance broker non-votes have no effect and abstentions have the effect of votes against;

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bylaws amendment broker non-votes have no effect and abstentions have the effect of votes against;

required articles amendment both broker non-votes and abstentions have the effect of votes against; and

additional articles amendment both broker non-votes and abstentions have the effect of votes against.

Votes Required

The approval of the proposals to be considered and voted upon at the special meeting will require the following votes:

the proposal to issue shares of St. Paul common stock in connection with the merger will require the affirmative votes of the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, representing a majority of the voting power of such shares represented in person or by proxy;

the proposal to amend St. Paul s bylaws in connection with the merger, as described under Bylaws Amendment , will require the affirmative votes of the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, representing a majority of the voting power of such shares represented in person or by proxy;

the proposal to amend St. Paul s articles of incorporation in connection with the merger, as described under Required Articles Amendment , will require the affirmative votes of the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, representing a majority of the votes eligible to be cast by such holders, together with a majority of the votes eligible to be cast by the holders of St. Paul common stock, voting as a single class; and

the proposal to further amend St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions, as described under Additional Articles Amendment , will require the affirmative votes of the holders of St. Paul common stock and St. Paul Series B convertible preferred stock, voting together as a single class, representing two-thirds of the votes eligible to be cast by such holders.

Each of the first three proposals listed above relating to the merger are conditioned upon one another and the approval of each such proposal is a condition to completion of the merger. These proposals are sometimes referred to in this document as the St. Paul merger proposals . **None of the issuance of St. Paul common stock in connection with the merger, the amendment of the St. Paul bylaws in connection with the merger or amendments of the St. Paul articles of incorporation in connection with the merger will take place unless all three of these proposals are approved by the St. Paul shareholders and the merger is completed.**

Approval of the additional amendment to the St. Paul articles of incorporation as described under Additional Articles Amendment is not required to approve any of the St. Paul merger proposals or to complete the merger. However, it is a condition to this additional amendment that the merger occurs.

Shares Beneficially Owned as of the Record Date.

As of the St. Paul record date, directors and executive officers of St. Paul and their affiliates beneficially owned or had the right to vote l shares of St. Paul common stock and l shares of St. Paul Series B convertible preferred stock, or less than l% of the outstanding St. Paul common stock and less than l% of the outstanding St. Paul Series B convertible preferred stock entitled to be voted at the special meeting. Each share of St. Paul Series B convertible preferred stock is entitled to eight votes. On a voting power basis, the voting stock held by directors and executive officers of St. Paul and their affiliates had less than l% of the voting power of the stock entitled to vote at the special meeting. At that date, directors and executive officers of Travelers and their affiliates, including Travelers, beneficially owned or had the right to vote l shares of St. Paul common stock, or less than l% of the outstanding St. Paul common stock, and no shares of St. Paul Series B convertible preferred stock entitled to be voted at the meeting. To St. Paul s knowledge, the directors

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and executive officers of St. Paul and their affiliates intend to vote their St. Paul common stock and their St. Paul Series B convertible preferred stock in favor of the St. Paul merger proposals and the additional amendment to the St. Paul articles of incorporation.

Proxies

Voting at the St. Paul Special Meeting. Record holders may vote in person at the St. Paul special meeting or by proxy. St. Paul recommends that record holders vote by proxy even if they plan to attend the St. Paul special meeting. Record holders can always revoke their proxy and change their votes at the St. Paul special meeting.

Voting instructions are included on your proxy card. If you properly give your proxy and submit it to St. Paul in time to vote, one of the individuals named as your proxy will vote your shares as you have directed. You may vote for or against any or all of the proposals submitted at the St. Paul special meeting or abstain from voting.

How to Vote by Proxy. If your shares are registered in your name, there are three ways to vote your proxy: by telephone; by Internet; or by mail. Your telephone vote or Internet vote authorizes Jay S. Fishman, John A. MacColl and Bruce A. Backberg, and each of them, as proxies, each with the power to appoint his substitute, to represent and vote your shares in the same manner as if you marked, signed and returned your proxy form by mail.

Vote by Telephone Toll-Free l

Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week until l (Central Time) on l , 2004.

You will be prompted to enter your 3-digit Company Number and your 7-digit Control Number, which are located on your admission ticket, and the last 4 digits of the U.S. Social Security Number or Tax Identification Number associated with this account. If you do not have a U.S. SSN or TIN, please enter 4 zeros.

Follow the simple instructions provided.

Vote by Internet http://www.eproxy.com/spc/

Use the Internet to vote your proxy 24 hours a day, 7 days a week until l (Central Time) on l , 2004.

You will be prompted to enter your 3-digit Company Number and your 7-digit Control Number, which are located on your admission ticket, and the last 4 digits of the U.S. Social Security Number or Tax Identification Number associated with this account to obtain your records and create an electronic ballot. If you do not have a U.S. SSN or TIN, please leave blank.

Vote by Mail

Mark, sign and date your proxy card and return it in the postage-paid envelope provided; or

Return it to The St. Paul Companies, Inc., c/o Shareowner Services, Wells Fargo Minnesota, N.A., P.O. Box 64873, St. Paul, Minnesota 55164-0873.

If your shares are held in street name (through a broker, bank or other nominee), you may receive a separate voting instruction form with voting instructions, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the telephone or Internet.

If you vote by telephone or Internet, please do not mail your proxy form.

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If you sign and submit a proxy but do not mark a box with respect to one or more of the St. Paul proposals, your proxies will follow the St. Paul board of directors recommendations and vote these shares:

FOR approval of the proposal to issue shares of St. Paul s common stock in connection with the merger;

FOR approval of the proposal to amend St. Paul s bylaws in connection with the merger, as described under Bylaws Amendment ;

FOR approval of the proposal to amend St. Paul s articles of incorporation in connection with the merger, as described under Required Articles Amendment ; and

FOR approval of the proposal to further amend St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions, as more fully described under Additional Articles Amendment .

Revoking Your Proxy. You may revoke your proxy before it is voted by:

submitting a new proxy with a later date, including a proxy given by telephone or Internet, or

notifying St. Paul s Corporate Secretary (or another corporate officer of St. Paul) in writing before the St. Paul special meeting that you have revoked your proxy.

If you have instructed your broker to vote your shares, you must follow directions you receive from your broker in order to change or revoke your vote.

People with Disabilities. St. Paul can provide reasonable assistance to help you participate in the St. Paul special meeting if you tell St. Paul about your disability and your plan to attend. Please call or write the St. Paul Corporate Secretary at least two weeks before the St. Paul special meeting at the number or address under Information About the Companies St. Paul .

Confidential Voting. Independent inspectors will tabulate the votes. Each St. Paul shareholder s individual vote is kept confidential from St. Paul unless special circumstances exist. For example, a copy of your proxy card will be sent to St. Paul if you write comments on the card.

Proxy Solicitation. St. Paul and Travelers will equally share the expenses incurred in connection with the printing and mailing of this document. St. Paul has retained Morrow & Co., Inc., for a fee of $ 1 , plus reimbursement of reasonable out-of-pocket expenses, to assist in the solicitation of proxies and otherwise in connection with the St. Paul special meeting. St. Paul and its proxy solicitor will also request banks, brokers and other intermediaries holding shares of St. Paul common stock beneficially owned by others to send this document to, and obtain proxies from, the beneficial owners and will reimburse holders for their reasonable expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitation by the directors, officers and employees of St. Paul. No additional compensation will be paid to directors, officers or employees for such solicitation efforts.

The extent to which these proxy soliciting efforts will be necessary depends largely upon how promptly proxies are submitted. Please send in your proxy by mail, telephone or Internet without delay.

Voting Shares in Employee Plans

Shares of St. Paul common stock and/or St. Paul Series B convertible preferred stock may be held for the account of current and former St. Paul employees under the following St. Paul employee plans: Savings Plus Plan and Stock Ownership Plan (which consists of the Employee Stock Ownership Plan Fund and the Preferred Stock Fund). Each current or former St. Paul employee who has shares of St. Paul stock allocated to his or her plan account under these plans has a right to direct the trustee of the applicable plan to vote the shares of St. Paul common stock and/or St. Paul Series B convertible preferred stock allocated to the employee s plan account. Plan participants may direct the trustee on how to vote by properly completing and signing a proxy card that may be provided separately for that purpose. Shares of St. Paul stock held by

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employees and former employees under the plans for which no voting instructions are received by the applicable trustee shall:

in the case of St. Paul common stock held under the Savings Plus Plan, not be voted by the trustee;

in the case of St. Paul Series B convertible preferred stock held under the Preferred Stock Fund or not credited to any employee s account under the Stock Ownership Plan, be voted by the trustee in its sole discretion; and

in the case of St. Paul common stock held under the Employee Stock Ownership Plan Fund, not be voted by the trustee.

Attending the Meeting

You will need an admission ticket or proof of ownership of St. Paul common stock and a photo I.D. to enter the St. Paul special meeting. If you are a shareholder of record, you will find an admission ticket attached to the enclosed proxy form. If your shares are held in the name of a broker, bank or other holder of record, your admission ticket is the left side of your proxy form. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the meeting and you will only be admitted if we can verify that you are a St. Paul shareholder. Your recent brokerage statement or letter from your bank or broker is an example of proof of ownership.

No Other Business; Adjournments

Under Minnesota law and St. Paul s bylaws, the business to be conducted at the St. Paul special meeting will be limited to the purposes stated in the notice to St. Paul shareholders provided with this joint proxy statement/ prospectus.

Adjournments may be made for the purpose of, among other things, soliciting additional proxies. Any adjournment of up to 120 days in the aggregate may be made from time to time by the chairman or otherwise with the approval of the holders of shares representing the greater of (a) a majority of the votes present in person or by proxy at the time of the vote, whether or not a quorum exists, or (b) a majority of the minimum number of votes that would constitute a quorum, without further notice other than by an announcement made at the original meeting of the date, time and place of the adjourned meeting.

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THE TRAVELERS SPECIAL MEETING

This section contains information from Travelers for Travelers shareholders about the special meeting of shareholders it has called to consider and approve the merger and the merger agreement. Together with this document, Travelers is also sending you a notice of the Travelers special meeting and a form of proxy that is solicited by the Travelers board of directors for use at the Travelers special meeting. **The information and instructions contained in this section are addressed to Travelers shareholders and all references to you in this section should be understood to be addressed to Travelers shareholders.**

General

This joint proxy statement/ prospectus is being furnished to holders of Travelers Class A common stock and Travelers Class B common stock in connection with a special meeting of Travelers shareholders and any adjournments or postponements of the meeting. At the Travelers special meeting, the shareholders of Travelers will consider and vote upon the approval of the merger and the merger agreement.

When and Where the Travelers Special Meeting Will Be Held

The Travelers special meeting will be held on l , 2004, at l , Eastern Time, at l Hartford, Connecticut, subject to any adjournments or postponements.

Matters to Be Considered

At the Travelers meeting, Travelers shareholders will consider and vote on a proposal to approve the merger and the merger agreement.

Record Date

Travelers shareholders who held their shares of record as of the close of business on l , 200l are entitled to notice of and to vote at the Travelers special meeting. On the record date, there were l shares of Travelers Class A common stock outstanding and entitled to vote at the special meeting and l shares of Travelers Class B common stock outstanding and entitled to vote at the special meeting.

As of the Travelers record date, the directors and executive officers of Travelers and their affiliates beneficially owned or had the right to vote l shares of Travelers Class A common stock and l shares of Travelers Class B common stock, or less than l % of the outstanding Travelers Class A common stock and less than l % of the outstanding Travelers Class B common stock entitled to be voted at the special meeting. At that date, the directors and executive officers of St. Paul and their affiliates, including St. Paul, beneficially owned or had the right to vote l shares of Travelers Class A common stock and l shares of Travelers Class B common stock, or less than l % of the outstanding Travelers Class A common stock and less than l % of the outstanding Travelers Class B common stock entitled to be voted at the special meeting. To Travelers knowledge, the directors and executive officers of Travelers and their affiliates intend to vote their Travelers common stock in favor of the approval of the merger and the merger agreement.

Votes Required

Approval of the merger and the merger agreement requires the affirmative vote of each of (i) the holders of the Travelers common stock (Class A common stock and Class B common stock voting together) representing a majority of all of the votes entitled to be cast by such holders, (ii) the holders of the Travelers Class A common stock representing a majority of all of the votes entitled to be cast by such holders and (iii) the holders of the Travelers Class B common stock representing a majority of all of the votes entitled to be cast by such holders. Each share of Travelers Class A common stock is entitled to cast one vote and each share of Travelers Class B common stock is entitled to cast seven votes.

A majority of the votes that can be cast by Travelers Class A common stock outstanding as of the record date and a majority of the votes that can be cast by Travelers Class B common stock outstanding as of the

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record date, must be represented at the meeting in order for there to be a quorum at the Travelers special meeting and to permit a vote to be taken on the proposal to approve the merger agreement. If a quorum is not present at the Travelers special meeting, Travelers intends to adjourn or postpone the meeting to solicit additional proxies.

Voting at the Special Meeting

Whether or not you plan to attend the special meeting, please vote your shares. If your shares are registered in your name, to vote by proxy, you can vote by mail, telephone or Internet.

Vote by Telephone Toll-Free 1-800- l

Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week until l (Eastern Time) on l , 2004.

You will be prompted to enter your 3-digit Company Number and your 7-digit Control Number, which are located on your admission ticket, and the last 4 digits of the U.S. Social Security Number or Tax Identification Number associated with this account. If you do not have a U.S. SSN or TIN, please enter 4 zeros.

Follow the simple instructions provided.

Vote by Internet http://www. l

Use the Internet to vote your proxy 24 hours a day, 7 days a week until l (Eastern Time) on , 2004.

You will be prompted to enter your 3-digit Company Number and your 7-digit Control Number, which are located on your admission ticket, and the last 4 digits of the U.S. Social Security Number or Tax Identification Number associated with this account to obtain your records and create an electronic ballot. If you do not have a U.S. SSN or TIN, please leave blank.

Vote by Mail

Mark, sign and date your proxy card and return it in the postage-paid envelope provided; or

Return it to Travelers Property Casualty Corp., c/o l .

If your shares are held in street name (through a broker, bank or other nominee), you may receive a separate voting instruction form with voting instructions, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the telephone or Internet.

If you vote by telephone or Internet, please do not mail your proxy form.

Each proxy that is properly completed will be voted at the Travelers special meeting. If you sign and return a proxy but do not specify your vote, your shares will be voted **FOR** the approval of the merger and the merger agreement.

Voting Shares in Employee Plans

Shares of Travelers Class A common stock and/or Travelers Class B common stock may be issued to or held for the account of current and former Travelers employees under Travelers employee plans under which voting rights attach to such shares, including without limitation, the Travelers 401(k) Savings Plan and the Travelers Property Casualty Corp. 2002 Stock Incentive Plan, any such plan referred to as a voting plan. If so, then employees may direct the respective fiduciary or administrator of each voting plan to vote shares of Travelers Class A common stock and/or Travelers Class B common stock in the employee s name and/or account under such voting plan by properly completing and executing a proxy card, by voting by phone or the Internet. Shares held in voting plans for which no voting directions are received shall be voted in the same proportion as shares for which voting directions have been received by the respective fiduciary or administrator of each voting plan. Travelers employees who participate in Travelers employee plans may receive their proxy cards separately.

Attending the Special Meeting

You will need an admission ticket or proof of ownership of Travelers common stock to enter the meeting. If you are a shareholder of record, you will find an admission ticket attached to the proxy card sent to you. If you plan to attend the meeting, please so indicate when you vote and bring the ticket with you to the meeting. If your shares are held in the name of a bank, broker or other holder of record, your admission ticket is the left side of your voting information form. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership.

Changing Your Vote

If your shares are registered in your name, you may revoke your proxy at any time before the meeting. You may revoke your proxy by sending in a new signed proxy card with a later date, by casting a new vote by telephone or Internet or by sending a written notice of revocation to the Travelers Secretary. If you attend the special meeting and want to vote in person, you can make a written request to any corporate officer that your previously submitted proxy be revoked. Otherwise, your attendance itself will not constitute a revocation of your previously submitted proxy. If you have instructed a bank, broker or other holder of record to vote your shares, you must follow directions you receive from your broker in order to change or revoke your vote.

How Proxies are Counted

All shares of Travelers common stock represented by properly executed proxies received before or at the Travelers special meeting, and not revoked, will be voted in accordance with the instructions indicated in the proxies. If no instructions are indicated on the proxy, the proxy will be voted FOR the approval of the merger and the merger agreement.

Travelers will count a properly executed proxy marked ABSTAIN as present for purposes of determining whether there is a quorum, but an abstention will have the effect of a vote against the approval of the merger.

Broker non-votes (*i.e.*, shares held by brokers which are represented at the meeting but with respect to which the broker is not empowered to vote on a particular proposal) will be counted for purposes of determining whether there is a quorum at the Travelers special meeting. However, brokers cannot vote the shares that they hold beneficially either for or against the merger and the merger agreement without specific instructions from the person who beneficially owns those shares. Therefore, if your shares are held by a broker and you do not give your broker instructions on how to vote your shares, this will have the same effect as voting against the merger and the merger agreement.

Solicitation of Proxies

Travelers will pay the cost of the Travelers special meeting and the cost of soliciting proxies. In addition to soliciting proxies by mail, Travelers may solicit proxies by personal interview, telephone and similar means. No director, officer or employee of Travelers will be specifically compensated for these activities. Travelers also intends to request that brokers, banks and other nominees solicit proxies from their principals and will pay the brokers, banks and other nominees certain expenses they incur for such activities. Travelers has retained l , a proxy soliciting firm, to assist in the solicitation of proxies. l s solicitation fee is $ l , plus reimbursement of certain out-of-pocket expenses.

TRAVELERS SHAREHOLDERS SHOULD NOT SEND IN THEIR STOCK CERTIFICATES WITH THE PROXY CARDS. SOON AFTER THE MERGER IS COMPLETED, YOU WILL RECEIVE WRITTEN INSTRUCTIONS ON HOW TO EXCHANGE YOUR TRAVELERS STOCK CERTIFICATES FOR SHARES OF ST. PAUL TRAVELERS COMMON STOCK.

INFORMATION ABOUT THE COMPANIES

St. Paul

The St. Paul Companies, Inc.

385 Washington Street
St. Paul, Minnesota 55102
Telephone: (651) 310-7911
http://www.stpaul.com

St. Paul and its subsidiaries constitute one of the oldest insurance organizations in the United States, dating back to 1853. St. Paul is a management company principally engaged, through its subsidiaries, in providing commercial property-liability insurance worldwide. St. Paul is the sixth largest writer of commercial lines insurance in the United States based on 2002 direct written premiums as compiled and published by A.M. Best. St. Paul also has a presence in the asset management industry through its 79% majority ownership of Nuveen Investments. As a management company, St. Paul oversees the operations of its subsidiaries and provides them with capital and management and administrative services. At September 30, 2003, St. Paul s total assets were $40.4 billion and its shareholders equity was $6.3 billion. St. Paul conducts its ongoing operations through wholly owned and majority-owned subsidiaries in three business segments: Specialty Commercial and Commercial Lines, each of which is a property-liability insurance segment, and Asset Management. In addition, St. Paul reports, in the Other (Runoff Business) segment, the results of the lines of business placed in runoff in late 2001 and 2002.

Specialty Commercial

The Specialty Commercial segment includes the following specialty business centers: surety, construction, technology, financial and professional services, marine, personal catastrophe risk, public sector services, Discover Re, excess and surplus lines, specialty programs, oil and gas, and its International & Lloyd s operations. These business centers are considered specialty operations because each provides products and services requiring specialty expertise and focuses on the respective customer group served. St. Paul s surety business center underwrites surety bonds, which are agreements under which one party (the surety) guarantees to another party (the owner or obligee) that a third party (the contractor or principal) will perform in accordance with contractual obligations. The construction business center offers a variety of products and services, including traditional insurance and risk management solutions, to a broad range of contractors and parties responsible for construction projects. St. Paul s ongoing international operations consist of its specialty underwriting operations in the United Kingdom, Canada (other than surety) and the Republic of Ireland, and the international exposures of most U.S. underwriting business. At Lloyd s, St. Paul s ongoing operations are comprised of the following types of insurance coverage that St. Paul underwrites mostly through a single wholly owned syndicate: aviation, marine, global property and personal lines. For the year ended December 31, 2002 and the nine months ended September 30, 2003, Specialty Commercial generated net written premiums of approximately $4.1 billion and $3.8 billion, respectively.

Commercial Lines

The Commercial Lines segment includes St. Paul s small commercial, middle market commercial and property solutions business centers, as well as the results of St. Paul s limited involvement in involuntary insurance pools. The small commercial business center services commercial firms that typically have between one and fifty employees through its proprietary St. Paul Mainstreet[SM] and St. Paul Advantage[SM] products, with a particular focus on offices, wholesalers, retailers, artisan contractors and other service risks. The middle market commercial business center offers comprehensive insurance coverages for a wide variety of manufacturing, wholesale, service and retail exposures. This business center also offers loss-sensitive casualty programs, including significant deductible and self-insured retention options, for the higher end of the middle market sector. The property solutions business center combines St. Paul s large accounts property business with the commercial portion of St. Paul s catastrophe risk business and allows St. Paul to take a unified approach to large property risks. For the year ended December 31, 2002 and the nine months ended September 30, 2003, Commercial Lines generated net written premiums of approximately $1.8 billion and $1.6 billion, respectively.

Other (Runoff Business)

The Other segment includes the results of the lines of business St. Paul placed in runoff in late 2001 and early 2002, including its former health care and reinsurance segments, and the results of the following international operations: St. Paul s runoff operations at Lloyd s, including St. Paul s participation in the insuring of the Lloyd s Central Fund; Unionamerica, the London-based underwriting unit acquired as part of St. Paul s purchase of MMI Cos. Inc. in 2000; and international operations St. Paul decided to exit at the end of 2001. This segment also includes the results of St. Paul s participation in voluntary insurance pools, as well as loss development on business underwritten prior to 1980 (prior to 1988 for business acquired in St. Paul s merger with USF&G Corporation in 1998). That prior year business includes the majority of St. Paul s environmental and asbestos liability exposures. St. Paul s health care operation historically provided a wide range of medical liability insurance products and services throughout the entire health care delivery system. St. Paul s reinsurance operations historically underwrote treaty and facultative reinsurance for a wide variety of property and liability exposures. In November 2002, St. Paul transferred its ongoing reinsurance operations to Platinum Underwriters Holdings, Ltd. For the year ended December 31, 2002 and the nine months ended September 30, 2003, Other had net written premiums of approximately $1.2 billion and $0.3 billion, respectively.

Asset Management

St. Paul holds approximately a 79% interest in Nuveen Investments (formerly The John Nuveen Company), which constitutes St. Paul s asset management segment. Nuveen Investments core businesses are asset management and related research, as well as the development, marketing and distribution of investment products and services for the affluent, high-net-worth and institutional market segments. Nuveen Investments distributes its investment products and services, including individually managed accounts, closed-end exchange-traded funds and mutual funds, to the affluent and high-networth market segments through unaffiliated intermediary firms including broker/ dealers, commercial banks, affiliates of insurance providers, financial planners, accountants, consultants and investment advisors. Nuveen Investments also provides managed account services to several institutional market segments and channels. The company markets its capabilities under four distinct brands: NWQ, a leader in value-style equities; Nuveen Investments, a leader in tax-free investments; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios. Nuveen Investments is listed on the New York Stock Exchange, trading under the symbol JNC . For the year ended December 31, 2002 and the nine months ended September 30, 2003, Nuveen Investments generated revenue of approximately $397 million and $329 million, respectively.

Adams Acquisition Corp.

Adams Acquisition Corp. is a Connecticut corporation and a direct wholly owned subsidiary of St. Paul. Adams Acquisition Corp. was formed exclusively for the purpose of completing the merger.

Travelers

Travelers Property Casualty Corp.

One Tower Square
Hartford, Connecticut 06183
(860) 277-0111
http://www.travelers.com

Travelers is a leading property and casualty insurance company in the United States. Travelers and its predecessor companies have been in the insurance business for more than 130 years. Travelers provides a wide

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range of commercial and personal property and casualty insurance products and services to businesses, government units, associations and individuals. Travelers conducts its operations through its wholly owned or majority-owned subsidiaries in two business segments: Commercial Lines, which provides a variety of commercial coverages to a broad spectrum of business clients, and Personal Lines, which primarily offers automobile and homeowners insurance to individuals. Commercial coverages and personal coverages accounted for 61% and 39%, respectively, of Travelers combined net written premiums for the nine months ended September 30, 2003. At September 30, 2003, Travelers had total assets and shareholders equity of $63.535 billion and $11.472 billion, respectively.

Commercial Lines

Travelers is the third largest writer of commercial lines insurance in the United States based on 2002 direct written premiums as compiled and published by A.M. Best. Travelers Commercial Lines segment offers a broad array of property and casualty insurance and insurance-related services to its clients. Commercial Lines is organized into the following five marketing and underwriting groups, each of which focuses on a particular client base or product grouping to provide products and services that specifically address clients needs:

National accounts provides large corporations with casualty products and services and includes Travelers residual market business which primarily offers workers compensation products and services to the involuntary market;

Commercial accounts provides property and casualty products to mid-sized businesses, property products to large businesses, and boiler and machinery products to businesses of all sizes, and includes dedicated groups focused on the construction industry, trucking industry, agribusiness, and ocean and inland marine;

Select accounts provides small businesses with property and casualty products, including packaged property and liability policies;

Bond provides a wide range of customers with specialty products built around Travelers surety bond business along with an expanding executive liability practice; and

Gulf Insurance Group, a majority-owned subsidiary, serves all sizes of customers through specialty programs, with particular emphasis on executive and professional liability products.

The commercial coverages which Travelers markets include workers compensation, general liability, including product liability, multiple peril, commercial automobile, property, including fire and allied lines, and a variety of other coverages. Travelers also underwrites specialty coverages, including general liability for selected product liability risks, umbrella and excess liability coverage, directors and officers liability insurance, errors and omissions insurance, fidelity and surety bonds, fiduciary liability insurance and other professional liability insurance. In addition, Travelers offers various risk management services, generally including claims management, loss control and engineering services, to businesses that choose to self-insure some exposures, to states and insurance carriers that participate in state involuntary workers compensation pools and to employers seeking to manage workers compensation medical and disability costs.

Travelers distributes its commercial products through approximately 5,800 independent agencies and brokers located throughout the United States, supported by a network of approximately 80 field offices and two customer service centers. For the year ended December 31, 2002 and the nine months ended September 30, 2003, Commercial Lines generated net written premiums of approximately $7.4 billion and $6.0 billion, respectively.

Personal Lines

Travelers is the second largest writer of personal lines insurance through independent agents and the eighth largest writer of personal lines insurance overall in the United States, based on 2002 direct written premiums as compiled and published by A.M. Best. Travelers writes most types of property and casualty insurance covering personal risks. Personal Lines had approximately 5.7 million policies in force at September 30, 2003. The primary coverages in Personal Lines are personal automobile and homeowners insurance sold to individuals.

Personal Lines products are distributed primarily through approximately 7,500 independent agencies located throughout the United States, supported by personnel in 12 marketing regions and six customer service centers. Travelers also markets through additional distribution channels, including sponsoring organizations such as employers and consumer associations, and joint marketing arrangements with other insurers. For the year ended December 31, 2002 and the nine months ended September 30, 2003, Personal Lines generated net written premiums of approximately $4.6 billion and $3.8 billion, respectively.

For more information on St. Paul and Travelers, see Where You Can Find More Information on page 1.

REGULATORY AND OTHER APPROVALS REQUIRED FOR THE MERGER

Under the merger agreement, each of St. Paul and Travelers has agreed to use its reasonable best efforts to prepare and file as promptly as practicable all documentation to effect all necessary applications, notices, petitions, filings, ruling requests and other documents, to obtain as promptly as practicable all consents, waivers, licenses, orders, registrations, approvals, permits, rulings, authorizations and clearances necessary or advisable to be obtained from any third party and/or any governmental entity in order to complete the merger and the other transactions contemplated by the merger agreement, to take all actions reasonably necessary to satisfy the closing conditions contained in the merger agreement and to complete the merger.

Notwithstanding the foregoing, neither St. Paul nor Travelers nor any of their respective subsidiaries shall be required to hold separate (including by trust or otherwise) or to divest any of their respective businesses or assets, or to take or agree to take any action or agree to any limitation, in any such case, that would reasonably be expected to have a material adverse effect on St. Paul or Travelers, in each case after giving effect to the merger, or to materially impair the benefits to St. Paul or Travelers expected, as of November 16, 2003, to be realized from consummation of the merger, and neither St. Paul nor Travelers shall be required to agree to or effect any divestiture, hold separate any business or take any other action that is not conditional on the consummation of the merger.

A condition to the parties respective obligations to consummate the merger is that any waiting period applicable to the merger under the HSR Act will have expired or earlier termination thereof will have been granted and the required governmental regulatory consents and approvals will have been obtained on terms that satisfy the standard described in the immediately preceding paragraph. See The Merger Agreement Principal Conditions to Completion of the Merger on page 1 .

A further condition to the parties respective obligations is that all necessary consents, including consents from insurance commissioners in a number of states, in accordance with the insurance laws and regulations of those states, shall have been obtained.

U.S. Antitrust Filing. Under the HSR Act and the rules and regulations promulgated thereunder, certain transactions, including the merger, may not be consummated unless certain waiting period requirements have expired or been terminated. Each of St. Paul and Travelers filed a Pre-Merger Notification and Report Form pursuant to the HSR Act with the Justice Department and the Federal Trade Commission on November 26, 2003. Under the HSR Act, the merger may not be consummated until 30 days after the initial filing (unless early termination of this waiting period is granted) or, if the Antitrust Division of the Department of Justice or the Federal Trade Commission issues a request for additional information, 30 days after St. Paul and Travelers have complied with such request for additional information (unless this period is shortened pursuant to a grant of earlier termination). At any time before the effective time of the merger, the Federal Trade Commission, the Justice Department or others could take action under the antitrust laws with respect to the merger, including seeking to enjoin the completion of the merger, to rescind the merger or to require the divestiture of certain assets of St. Paul or Travelers. St. Paul and Travelers have no reason to believe that a challenge to the merger on antitrust grounds is likely to be made or, if such a challenge is made, that it is likely to be successful.

Insurance Regulations. The insurance laws and regulations of all 50 U.S. states and the District of Columbia generally require that, prior to the acquisition of an insurance company, either through the acquisition of or merger with the insurance company or a holding company of that insurance company, domiciled in that jurisdiction, the acquiring company must obtain the approval of the insurance commissioner of that jurisdiction. In connection with this state approval process, the necessary applications have been or will be made with the insurance commissioners of Arizona, California, Connecticut, Delaware, Florida, Illinois, Indiana, Iowa, Massachusetts, Minnesota, New Jersey and Texas, the domiciliary states of Travelers U.S. insurance company subsidiaries.

In addition, the insurance laws and regulations of certain U.S. states require that, prior to an acquisition of an insurance company doing business in that state or licensed by that state (or the acquisition of its holding company), a notice filing disclosing certain market share data in the applicable jurisdiction must be made and

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an applicable waiting period must expire or be terminated. These filings have been made in Alaska, Arkansas, Georgia, Hawaii, Idaho, Kentucky, Maryland, Missouri, Nevada, New Hampshire, North Dakota, Pennsylvania, South Carolina, South Dakota, Tennessee, Virginia, Washington and the District of Columbia. Additionally, similar filings have been made in Indiana and Minnesota. Furthermore, applications or notifications have been or will be filed with various foreign regulatory authorities in connection with the changes in control that may be deemed to occur as a result of the merger.

Although St. Paul and Travelers do not expect these regulatory authorities to raise any significant concerns in connection with their review of the merger, there is no assurance that St. Paul and Travelers will obtain all required regulatory approvals, or that those approvals will not include terms, conditions or restrictions that may have an adverse effect on St. Paul or Travelers.

Other than the filings described above, neither St. Paul nor Travelers is aware of any regulatory approvals required to be obtained, or waiting periods to expire, to complete the merger. If the parties discover that other approvals or waiting periods are necessary, they will seek to obtain or comply with them. If any additional approval or action is needed, however, St. Paul or Travelers may not be able to obtain it, as is the case with respect to the other necessary approvals. Even if St. Paul or Travelers could obtain all necessary approvals, and the merger agreement is approved by the St. Paul and Travelers shareholders, conditions may be placed on any such approval that could cause either St. Paul or Travelers to abandon the merger.

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THE MERGER

The following discussion contains material information pertaining to the merger. This discussion is subject and qualified in its entirety by reference to the merger agreement and related documents attached as Appendices to this document. We urge you to read and review those entire documents as well as the discussion in this document.

General

This section provides material information about the merger of equals transaction involving St. Paul and Travelers and the circumstances surrounding the transaction. You can find a more detailed description of the terms of the merger agreement, including information about the conditions to completion of the transaction and the provisions for terminating the merger agreement, below under The Merger Agreement .

We are furnishing this document to St. Paul shareholders and Travelers shareholders in connection with the solicitation of proxies by the board of directors of each of St. Paul and Travelers for use at their respective special meetings of shareholders and any adjournment or postponement of the meetings.

St. Paul Proposals. At the St. Paul special meeting, holders of St. Paul common stock and St. Paul Series B convertible preferred stock will be asked to vote upon the following items:

- a proposal to issue shares of St. Paul s common stock in connection with the merger;
- a proposal to amend St. Paul s bylaws in connection with the merger, as described under Bylaws Amendment ;
- a proposal to amend St. Paul s articles of incorporation in connection with the merger, as described under Required Articles Amendment ; and
- a proposal to further amend St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions, as more fully described under Additional Articles Amendment .

Each of the first three proposals listed above relating to the merger are conditioned upon one another and the approval of each such proposal is a condition to completion of the merger. These proposals are sometimes referred to in this document as the St. Paul merger proposals . None of the issuance of St. Paul common stock in connection with the merger, the amendment of the St. Paul bylaws in connection with the merger or the amendment of the St. Paul articles of incorporation in connection with the merger will take place unless all three of these proposals are approved by the St. Paul shareholders and the merger is completed.

Approval of the additional amendment to the St. Paul articles of incorporation as described under Additional Articles Amendment is not required to approve any of the St. Paul merger proposals or to complete the merger. However, it is a condition to this additional amendment that the merger occurs.

Travelers Proposals. At the Travelers special meeting, holders of Travelers Class A common stock, voting as a separate class, holders of Travelers Class B common stock, voting as a separate class, and holders of Travelers Class A common stock and Travelers Class B common stock, voting together as a single class, will be asked to vote upon a proposal to approve the merger and the merger agreement.

Approval of the merger and the merger agreement by the holders of the Travelers Class A common stock and Travelers Class B common stock, each voting as a separate class and voting together as a single class, is a condition to completion of the merger.

Structure of the Merger

The merger agreement provides for the merger of Adams Acquisition Corp., a Connecticut corporation and a wholly owned, direct subsidiary of St. Paul, with and into Travelers. Upon completion of the merger, the separate corporate existence of Adams Acquisition Corp. will cease and Travelers will continue as the

surviving corporation and a wholly owned, direct subsidiary of St. Paul. Following the merger, St. Paul will be renamed The St. Paul Travelers Companies, Inc.

Upon completion of the merger, holders of Travelers Class A common stock and Travelers Class B common stock will be entitled to receive 0.4334 of a share of St. Paul Travelers common stock for each share of Travelers Class A common stock and Travelers Class B common stock. Travelers shareholders will receive cash in lieu of any fractional shares of St. Paul Travelers common stock that would have otherwise been issued at the completion of the merger. The 0.4334 of a share of St. Paul Travelers common stock that will be issued for each share of Travelers Class A common stock or Travelers Class B common stock is sometimes referred to in this document as the exchange ratio. If, between the date of the merger agreement and the effective time of the merger, there is a reclassification, recapitalization, stock split, split-up, stock dividend, combination or exchange of shares with respect to, or rights issued in respect of, the capital stock of St. Paul or Travelers, the exchange ratio will be adjusted accordingly to provide to the holders of Travelers common stock the same economic effect as contemplated by the merger agreement prior to such event.

As a result of the merger, the St. Paul shareholders immediately prior to the merger will own approximately 34% of the outstanding shares of St. Paul Travelers common stock immediately after the merger, and the Travelers shareholders immediately prior to the merger will own approximately 66%. These figures are calculated assuming the number of shares of St. Paul common stock outstanding as of December l , 2003 and the number of shares of Travelers common stock outstanding as of December 1 , 2003.

Prior to the effective time of the merger, St. Paul will declare a special dividend to its shareholders so that, assuming that after the closing of the merger St. Paul Travelers makes regular quarterly cash dividends of $0.22 per share, shareholders of St. Paul prior to the merger will receive dividends with record dates in 2004 in an amount equal to St. Paul s current indicated rate of $1.16 per share.

Background of the Merger

On June 3, 2003, Robert I. Lipp, chairman and chief executive officer of Travelers, and Mr. Jay S. Fishman, chairman, president and chief executive officer of St. Paul, encountered each other at a social event in New York City. They agreed to meet the next day to discuss the possibility of exploring the merits and feasibility of a business combination between St. Paul and Travelers. On June 6, 2003, St. Paul and Travelers executed a confidentiality agreement, and over the next several months Mr. Lipp and Mr. Fishman had a number of conversations in which they discussed in general terms the possibility of a business combination between the two companies and related governance matters.

In early July 2003, Mr. Fishman discussed the possibility of a combination of St. Paul and Travelers with the executive committee of the St. Paul board of directors, and the executive committee suggested that Mr. Fishman continue discussions with Mr. Lipp. Thereafter, Mr. Fishman continued to update members of the St. Paul board on the status of the discussions from time to time up until the signing of the merger agreement.

Also in July 2003, Mr. Lipp advised the non-management members of the Travelers board of directors at a regularly scheduled meeting that preliminary conversations were taking place regarding the possibility of a business combination between St. Paul and Travelers. The non-management members of the board of directors suggested that Mr. Lipp continue the conversations with Mr. Fishman. Mr. Lipp periodically updated the non-management members of the Travelers board of directors from time to time informally and at regularly scheduled meetings.

Near the end of August 2003, Mr. Fishman and Mr. Lipp met and again discussed the possibility and long term benefits to shareholders of a business combination between St. Paul and Travelers. Over the next month, senior executives of and/or counsel to St. Paul and Travelers met or had conversations several times in order to, among other things, discuss the possibility of a transaction and conduct limited legal due diligence. On September 19, 2003, the parties executed a further confidentiality agreement.

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On October 16, 2003, Mr. Fishman, Mr. Lipp and their respective counsel met in New York City to discuss the possibility of a strategic business combination between Travelers and St. Paul. On October 20 and 21, 2003, senior executives of St. Paul and Travelers met in New York City to proceed with preliminary due diligence and discuss a process and timing for detailed due diligence.

On October 23, 2003, the Travelers board of directors met in Hartford, Connecticut at a regularly scheduled meeting and was informed of the ongoing discussions between members of senior management of Travelers and members of senior management of St. Paul. Members of the Travelers board of directors asked questions of Mr. Lipp and discussed the possibility, risks and possible strategic and financial benefits of a transaction. The board of directors suggested that management pursue further discussions with St. Paul.

A number of meetings and conversations between individual members of the senior management of St. Paul and Travelers and further preliminary due diligence occurred during the week of October 26, 2003. On October 29, 2003, the executive committee of the St. Paul board of directors had a teleconference during which Mr. Fishman described the status of the ongoing discussions and due diligence investigations. A discussion followed in which, among other things, the members of the executive committee discussed the possibility, risks and possible strategic and financial benefits of a transaction, and they suggested that management pursue further discussions with Travelers.

On November 1 and 2, 2003, senior executives of St. Paul and Travelers and their counsel met in New York City to conduct more detailed due diligence investigations, and to further discuss the complementary strengths of the companies and the risks and possible strategic and financial benefits of a transaction. At these meetings, it was decided that additional due diligence investigations of each company by the members of senior management of the other company would proceed. These meetings focused on financial, business and legal due diligence and on determining a structure for a potential business combination. At this time, counsel to St. Paul delivered to counsel to Travelers a draft merger agreement relating to the proposed transaction. Negotiations regarding the terms of the merger agreement continued until the signing of the merger agreement on November 16, 2003. Due diligence investigations and meetings of senior executives of the two companies also continued until the signing of the merger agreement.

On November 4, 2003, a regularly scheduled meeting of the St. Paul board of directors was held in St. Paul, Minnesota. Among other items discussed by the St. Paul board of directors were the possibility, risks and possible strategic and financial benefits of a merger between St. Paul and Travelers. Both management and legal counsel made presentations to the board of directors and responded to questions from the board of directors. The presentation by Davis Polk & Wardwell, counsel to St. Paul, included a discussion of the fiduciary duties of the directors. After discussion, the St. Paul board of directors suggested that management engage in further discussions with Travelers.

On November 10, 2003, St. Paul contacted Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated to act as its financial advisors with respect to the proposed merger with Travelers. On the same day, Travelers similarly contacted Citigroup Global Markets Inc. and Lehman Brothers Inc. On November 11, 2003, Travelers engaged Citigroup and Lehman Brothers to act as Travelers financial advisers in connection with the proposed merger. St. Paul entered into engagement letters with each of Goldman Sachs and Merrill Lynch on November 13, 2003.

Also on November 11, 2003, the Travelers board of directors held a telephonic meeting to receive an update from management on the ongoing discussions. Travelers senior management made a presentation to the board on the status of the potential transaction and the results of the due diligence that had been conducted to date, and Travelers senior management and Simpson Thacher & Bartlett LLP, counsel to Travelers, responded to questions. The Travelers board of directors suggested that management proceed with the discussions and with negotiations on the merger agreement.

On that same day, the St. Paul board held a teleconference during which senior management and outside counsel updated the board on, among other things, the status of the ongoing due diligence review of Travelers and the progress of the merger discussions. The St. Paul board of directors suggested that management continue these discussions and the negotiations on the merger agreement.

On November 13, 2003, Mr. Lipp arranged for an informal gathering among a number of the members of the Travelers board of directors and Mr. Fishman. Following that event, and after consultation with their respective financial and legal advisors, Mr. Lipp and Mr. Fishman discussed certain significant terms of the potential combination, including the structure of the transaction, appropriate exchange ratio and the dividend rate for the combined company. Mr. Fishman and Mr. Lipp agreed on the exchange ratio, structure and dividend rate they could each recommend and concluded that they would propose for their respective boards a merger of equals on that basis.

On November 14, 2003, the Travelers board of directors conducted a full-day meeting in New York City. During this meeting, Mr. Fishman addressed the Travelers board of directors and responded to questions by way of a brief video conference. Following this video conference, senior executives of Travelers presented their due diligence findings and views with respect to the risks and possible strategic and financial benefits of the transaction to Travelers and its various constituencies. Citigroup and Lehman Brothers discussed with the board of directors the financial review that they had undertaken up to that time. Simpson Thacher & Bartlett LLP gave a presentation on the fiduciary duties of the directors and on the terms of the merger agreement as they had been negotiated up until that time and responded to questions. The Travelers board of directors asked questions of Travelers management and advisors and discussed the risks and possible strategic and financial benefits of the transaction. The non-management members of the board of directors also met in executive session for further discussions. The meeting concluded with the board of directors directing management to proceed with negotiations.

Also on the morning of November 14, 2003 and continuing into the early evening, the St. Paul board of directors held a special meeting in Minneapolis, Minnesota, to discuss the potential merger with Travelers. At this meeting, St. Paul s senior management and advisors made extensive presentations concerning their ongoing due diligence review of Travelers and the risks and possible strategic and financial benefits of the merger. Goldman Sachs and Merrill Lynch discussed with the St. Paul board of directors the financial review that they had undertaken up to that time. Davis Polk & Wardwell and Faegre & Benson LLP, counsel to St. Paul, discussed the fiduciary duties of the directors, the terms of the merger agreement as they had been negotiated up until that time and other legal matters. The St. Paul board of directors engaged in discussions and asked questions of management and its advisors. The non-management members of the board of directors then met in an executive session. The meeting concluded with the board of directors directing management to continue with the negotiations.

On November 16, 2003, the Travelers board of directors held a telephonic special meeting to receive an update on the status of negotiations and due diligence and to consider resolutions approving the merger. Also at such meeting, each of Citigroup and Lehman Brothers reviewed with the Travelers board of directors its financial analysis of the exchange ratio and rendered to the Travelers board of directors separate opinions, each dated November 16, 2003, to the effect that, as of that date and based on and subject to the matters stated in their respective opinions, the exchange ratio was fair, from a financial point of view, to the holders of Travelers common stock. The meeting concluded with the passing of resolutions of the Travelers board of directors approving and adopting the merger and the merger agreement and authorizing management to finalize the negotiations.

Also on November 16, 2003, the St. Paul board of directors had a telephonic special meeting to receive an update on the status of due diligence and negotiations and to consider resolutions approving the merger. At this meeting, Goldman Sachs and Merrill Lynch reviewed their financial analysis with the board of directors and each rendered to the St. Paul board of directors its opinion to the effect that, as of that date and based on and subject to factors and assumptions set forth in their respective opinions, the exchange ratio was fair, from a financial point of view, to St. Paul. The meeting concluded with the passing of resolutions approving the transaction and related matters and authorizing management to finalize negotiations.

Following those meetings, on the evening of November 16, 2003, St. Paul and Travelers signed the merger agreement. During the following morning of November 17, 2003, the parties issued a joint press release announcing the proposed merger.

St. Paul s Reasons for the Merger; Recommendation of the St. Paul Board of Directors

The St. Paul board of directors believes that the merger will create a premier property and casualty insurance company that will be well positioned for long-term success and the creation of superior shareholder value in the highly competitive property and casualty insurance industry. In particular, the St. Paul board of directors believes that the combined company will benefit from the combined financial resources, management and personnel of St. Paul and Travelers and will be able to better capitalize on opportunities in the insurance industry both domestically and internationally. In addition, the St. Paul board of directors believes that the merger will permit the combined company to derive significant advantages from the more efficient utilization of the combined assets, management and personnel of St. Paul and Travelers. The St. Paul board of directors considered the factors set forth below in reaching these conclusions.

Strategic Benefits. The St. Paul board of directors believes that the combined company will have significant product breadth and geographic reach and will be uniquely positioned as the property casualty insurer of choice for agents, brokers and customers across the United States. The merger will bring together St. Paul s particular expertise and focus in specialty lines and international insurance operations, with Travelers traditional strength in national accounts, and highly attractive middle market and small commercial businesses. The merger will also combine St. Paul s traditional geographic strength in the Southeast and Midwest United States with Travelers traditional strength in the Northeast. Based on management estimates and/or 2002 data compiled by A.M. Best, the St. Paul board of directors expects the combined company to be:

the number three U.S. property and casualty insurer by market capitalization;

a leading agency-based property and casualty insurance company;

one of the top three commercial insurers in 42 states and the District of Columbia;

the number two insurer in domestic commercial lines;

the number two insurer in agent-distributed domestic personal lines;

the number five overall domestic property and casualty insurance company; and

the number eight overall insurer in domestic personal lines.

Financial Strength. The St. Paul board of directors expects the merger to produce a combined company with greater financial strength than St. Paul had on its own which would likely be reflected by higher debt and insurance financial strength ratings. The St. Paul board of directors believes that this financial strength will be attractive to the agents, brokers and customers of the combined company and will better enable the combined company to manage the risks and uncertainties inherent in the insurance industry in general and in the specific business lines in which the combined company will engage.

Compatible Cultures and Record of Successful Transactions. The St. Paul board of directors believes that the similar business approaches and management cultures of St. Paul and Travelers will help to ease the process of integrating the two companies. Both companies have traditionally pursued similar business strategies, with an emphasis on independent agents and brokers. The St. Paul board of directors believes that the companies share a common focus on underwriting, claims and actuarial disciplines, on controlling expenses, and on running their businesses as meritocracies, with an emphasis on performance and accountability at each level. In addition, both companies bring a track record of successfully managing acquisitions and other significant transactions over the past decade including St. Paul s acquisition of USF&G Corporation and the separation of its Platinum reinsurance business and Travelers acquisition of Aetna P&C and its separation from Citigroup Inc. which experience, the St. Paul board of directors believes, will further ease the process of integration.

Synergies. The St. Paul board of directors expects the merger to enhance growth opportunities for the combined company and enable the combined company to benefit from improved efficiencies and economies of scale. The St. Paul board of directors considered management s estimates that the combined company would expect to realize approximately $228 million in annual after-tax cost savings by 2006, beginning with approximately $44 million in second half of 2004 (assuming the merger closes in the second quarter of 2004), approximately $146 million in 2005 and approximately $228 million in 2006. In addition, the St. Paul board of directors considered management s estimates that combining the product ranges and distribution opportunities of the two companies would allow for after-tax revenue synergies of approximately $55 million in 2004, increasing to approximately $160 million in 2006.

Accretion. The St. Paul board of directors considered that, based upon management s analysis, and taking into account the effect of certain after-tax projected expense savings and after-tax projected revenue gains, the proposed merger would be accretive to St. Paul s earnings per share in the second half of 2004 and in 2005 and 2006.

Opinions of Financial Advisors. The St. Paul board of directors considered the financial presentations of Goldman Sachs and Merrill Lynch and their opinions dated November 16, 2003 to the effect that, as of that date and based upon and subject to the assumptions, qualifications and limitations set forth therein, the exchange ratio is fair to St. Paul from a financial point of view. The fairness opinions of Goldman Sachs and Merrill Lynch are included as Appendices E and F, respectively, to this document and should each be read in their entirety.

Commitment to St. Paul, Minnesota. The St. Paul board of directors considered that the combined company would be a Minnesota corporation headquartered in St. Paul, Minnesota, continuing the corporation s historical commitments to that community.

Governance. The St. Paul board of directors considered the fact that Jay S. Fishman will be the chief executive officer of the combined company, that Robert I. Lipp will be the executive chairman of the board of directors of the combined company, an executive officer position, and that Mr. Fishman, in addition to remaining the chief executive officer, would succeed Mr. Lipp as chairman on January 1, 2006. In addition, the St. Paul board also considered that each of Mr. Fishman and Mr. Lipp have agreed to waive their rights to certain change in control payments and benefits to which they would otherwise be entitled in connection with the consummation of the merger, as more fully described under Interests of Certain Persons in the Merger . The St. Paul board of directors also considered the terms of the merger agreement and the proposed amendments to the articles of incorporation and bylaws of St. Paul (described below under Required Articles Amendment and Bylaws Amendment , respectively) and that these provisions provide for substantial ongoing representation by St. Paul s board of directors on the board of the combined company.

Special Dividend. The St. Paul board of directors considered that the merger agreement contemplates that St. Paul will declare a special dividend to its shareholders prior to the closing of the merger, so that, assuming that after the closing of the merger St. Paul Travelers makes regular quarterly cash dividends of $0.22 per share, shareholders of St. Paul prior to the merger will receive dividends with record dates in 2004 in an amount equal to St. Paul s current annual dividend rate of $1.16 per share.

Nuveen Investments. The St. Paul board of directors considered that the combined company will continue to benefit from St. Paul s approximately 79% ownership interest in Nuveen Investments, an asset management company based in Chicago serving affluent individuals. The St. Paul board of directors believes that the increased financial strength resulting from the merger will provide the combined company with greater flexibility, including the ability to devote additional financial resources, in its relationship with Nuveen Investments.

Tax-Free Transaction. The St. Paul board of directors considered that the merger will be tax-free for U.S. federal income tax purposes to St. Paul and its shareholders.

Other Terms of the Merger Agreement. The St. Paul board of directors considered the other terms and conditions of the merger agreement, including the conditions to closing, the termination fees payable under certain circumstances and the restrictions imposed on the conduct of business of St. Paul and Travelers in the period prior to closing. The St. Paul board of directors took particular note of the likelihood of the consummation of the merger in light of the provisions of the merger agreement including the provisions that require each of St. Paul and Travelers to hold a shareholder meeting to consider the transaction and that do not permit St. Paul or Travelers, before the earlier of the shareholder meeting or November 30, 2004, to

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terminate the agreement to accept a superior acquisition proposal or in circumstances where the board of such company is compelled to change its recommendation of the merger and the related proposals.

The St. Paul board of directors also considered potential adverse consequences and negative factors, primarily consisting of the following, but concluded that the positive factors outweighed these negative factors:

Risk Factors. The St. Paul board of directors considered the risks described in this document under Risk Factors , including the challenges and costs inherent in integrating two businesses the size of St. Paul and Travelers and the management time and effort from both St. Paul and Travelers executives that will be required to successfully achieve that integration.

Unforeseen Events; Reserve Adequacy. The St. Paul board of directors recognized that the combined company could be materially adversely affected by unforeseen events impacting one or both of St. Paul and Travelers. The St. Paul board of directors also considered the uncertainties inherent in the establishment of loss reserves, including in the areas of asbestos and environmental exposure. In evaluating these and other risks, the St. Paul board of directors actively participated in and carefully considered extensive presentations concerning the due diligence reviews of Travelers performed in connection with the transaction.

Transaction Risk. The St. Paul board of directors considered the risk that the merger would not be consummated, whether as a result of regulatory delays or otherwise.

Due to the variety of factors and the quality and amount of information considered, the St. Paul board of directors did not find it practicable to and did not make specific assessments of, quantify or assign relative weights to the specific factors considered in reaching its determination to approve the merger agreement and the transactions contemplated by the merger agreement. Instead, the St. Paul board of directors made its determination after consideration of all factors taken together. In addition, individual members of the St. Paul board of directors may have given different weight to different factors.

Recommendation of the St. Paul Board of Directors. **At a meeting held on November 16, 2003, after due consideration with financial, accounting and legal advisors, the St. Paul board of directors determined that the merger agreement and the related transactions were fair to, and in the best interests of, St. Paul and its shareholders and unanimously approved them. Accordingly, the St. Paul board of directors unanimously recommends that St. Paul shareholders vote:**

FOR approval of the proposal to issue shares of St. Paul s common stock in connection with the merger;

FOR approval of the proposal to amend St. Paul s bylaws in connection with the merger, as described under Bylaws Amendment ;

FOR approval of the proposal to amend St. Paul s articles of incorporation in connection with the merger, as described under Required Articles Amendment ; and

FOR approval of the proposal to further amend St. Paul s articles of incorporation to reduce the shareholder approval required for certain future fundamental actions, as described under Additional Articles Amendment .

Travelers Reasons for the Merger; Recommendation of the Travelers Board of Directors

The Travelers board of directors believes that the merger of St. Paul and Travelers presents a unique and compelling opportunity to combine and expand two complementary businesses and strategies to create a leading provider of commercial and personal property casualty insurance products, and that the merger will create a company uniquely positioned as a property casualty insurer of choice for agents, brokers and customers across the United States. The Travelers board of directors consulted with Travelers management and Travelers legal and financial advisors and determined that the merger was consistent with the strategic plans of Travelers, would enhance prospects for strong and consistent earnings growth and would result in significant cost efficiencies and economies of scale.

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The Travelers board of directors also determined that the merger and the merger agreement are fair to, and in the best interests of, Travelers, its shareholders and certain other constituencies, and that it is advisable and in the best interests of Travelers and its shareholders to enter into the merger agreement. In reaching its conclusion to unanimously adopt the merger agreement, the Travelers board of directors considered a number of factors, including the following:

Strategic Growth; Potential Benefits of Combination. The Travelers board of directors observed that the merger of St. Paul and Travelers will provide the combined company with an excellent opportunity to have a leading position in middle market commercial accounts and small commercial accounts, in addition to its current leading position in national accounts. The combination will also create a leading insurer focused on industry-specific exposures. The merger combines two companies with excellent brands and reputations and similar operating discipline and underwriting skills to create a significantly larger and more diversified enterprise with a greater ability to assume and manage risk. The Travelers board of directors considered that the combined company will be one of the largest financial services companies in the United States. The combined company is expected to be:

- a leading provider of property casualty insurance distributed through independent brokers and agents;
- one of the top three commercial insurers in 42 of the 50 states and in the District of Columbia;
- the number two insurer in domestic commercial lines;
- the number two insurer in agent distributed personal lines; and
- the number five insurer overall among domestic property and casualty insurance companies.

The combination of St. Paul and Travelers will create a national presence through St. Paul s operations in the Southeast and Midwest and Travelers operations in the East, Northeast and Mid-Atlantic states. The Travelers board of directors considered management s belief that the merger with St. Paul will provide Travelers with a greater ability to compete through significant depth and breadth of product offerings and a stronger distribution presence with enhanced geographic coverage across the U.S.

Synergies. The Travelers board of directors believes that following the merger, additional earnings and cash flow will be generated by cost savings and incremental revenues and that the combined company will benefit from significant economies of scale.

Similar Corporate Cultures. The Travelers board of directors considered management s belief that St. Paul and Travelers have strict operating disciplines, similar performance-based cultures and overall corporate philosophies that value and reward superior employee contributions.

Financial Strength. The Travelers board of directors noted that the merger is expected to result in a financially strong company with pro forma total shareholders equity of approximately $20 billion.

Personnel; Continuity. The Travelers board of directors considered that, upon the completion of the merger, Robert I. Lipp, the current chairman and chief executive officer of Travelers, will become the executive chairman of the combined company, an executive officer position, and that it is expected that he will remain in that position until December 31, 2005. The Travelers board of directors also considered that, upon completion of the merger, Jay S. Fishman, the current chairman and chief executive officer of St. Paul, will become the chief executive officer of the combined company and that he is expected to succeed Robert I. Lipp as chairman of the board of directors of the combined company. The Travelers board of directors considered that each of Mr. Lipp and Mr. Fishman have agreed to waive their rights to certain change of control payments and benefits to which they would otherwise be entitled in connection with the consummation of the merger. The Travelers board of directors also considered that, upon completion of the merger, 12 of 23, or a

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majority, of the directors of the combined company will be former Travelers directors and that certain current officers of St. Paul and Travelers will serve as officers of the combined company.

Dividend. The Travelers board of directors considered that the combined company is initially expected to pay dividends at the annual rate of $0.88 per share, as compared to Travelers current indicated annual rate of $0.32 per share. The Travelers board of directors also considered that the merger agreement contemplates that St. Paul will pay a special dividend to its shareholders prior to the closing of the merger, so that, assuming that after the closing of the merger St. Paul Travelers makes regular quarterly cash dividends of $0.22 per share, shareholders of St. Paul prior to the merger will receive dividends with record dates in 2004 in an amount equal to St. Paul s current annual dividend rate of $1.16 per share.

Recent Acquisitions. The Travelers board of directors also noted St. Paul s and Travelers, and, in particular, Mr. Fishman s and Mr. Lipp s, records of successfully integrating large and complex business combinations.

Tax Treatment. The Travelers board of directors considered that the intended treatment of the merger would be as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to as the Code.

Regulatory Approvals and Clearances. The Travelers board of directors considered its belief, after consultation with its legal counsel, that the regulatory approvals and clearances necessary to complete the merger were highly likely to be obtained.

Due Diligence. The Travelers board of directors considered discussions with Travelers senior management and legal and financial advisors regarding the business, financial, legal and accounting aspects of the merger and the results of legal and financial due diligence on St. Paul in connection with the receipt by Travelers shareholders of St. Paul common stock. In connection with its due diligence review, the Travelers board of directors considered the risks inherent in the valuation of venture capital and real estate investments; the risks inherent in establishing loss reserves, including with respect to St. Paul s medical malpractice exposure, asbestos and environmental exposure, surety exposure and reinsurance and international runoff businesses; the collectibility of St. Paul s ceded reinsurance; the risks associated with pending litigation as well as other commitments, contingencies and guarantees; and St. Paul s approximately 79% interest in Nuveen Investments, an asset management company, especially in light of recent well-publicized events regarding alleged inappropriate and illegal trading activities by other companies in the asset management industry.

Continued Presence in Hartford. The Travelers board of directors considered that the combined company s general commercial lines businesses will be consolidated under the Travelers brand and, along with the combined company s personal lines businesses, will be based in Hartford, Connecticut, the location of Travelers existing headquarters.

Terms of the Transaction. The Travelers board of directors reviewed the terms of, and conditions to, the merger agreement with its financial and legal advisors, including the terms of the proposed articles of incorporation and bylaws of the combined company. In particular, the Travelers board of directors considered the likelihood of consummation of the transaction in light of the terms of the merger agreement described below under The Merger Agreement Principal Covenants beginning on page 1 , The Merger Agreement Termination beginning on page 1 and The Merger Agreement Termination Fees; Other Expenses beginning on page 1 , including the provisions of the merger agreement that require the boards of directors of St. Paul and Travelers to seek their respective shareholder approvals notwithstanding the existence of any potential superior alternative transaction.

Financial Advice. The Travelers board of directors considered the separate financial presentations of Citigroup and Lehman Brothers, including their respective opinions dated November 16, 2003, to the Travelers board of directors as to the fairness, from a financial point of view and as of the date of such opinions, of the exchange ratio to the holders of Travelers common stock, as more fully described below under Opinions of Financial Advisors Opinions of Travelers Financial Advisors Citigroup Global Markets Inc. and Lehman Brothers Inc. . The written opinions of Citigroup and Lehman Brothers are attached as Appendices G and H, respectively.

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The Travelers board of directors weighed these advantages, opportunities and risks, the challenges inherent in the combination of two business enterprises of the size and scope of St. Paul and Travelers, the possible resulting diversion of management attention for an extended period of time and the other matters described under Risk Factors beginning on page 1 . However, the Travelers board of directors concluded that the potential positive factors outweighed the potential risks of consummating the merger.

The above discussion of the information and factors considered by the Travelers board of directors is not exhaustive but includes the material factors considered by the Travelers board of directors. In view of the wide variety of factors considered by the Travelers board of directors in connection with its evaluation of the merger and the complexity of these matters, the Travelers board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Travelers board of directors discussed the factors described above, asked questions of Travelers management and Travelers legal and financial advisors and determined that the merger was fair to and in the best interests of Travelers, its shareholders and certain other constituencies, and that it is advisable and in the best interests of Travelers and its shareholders to enter into the merger and the merger agreement. In considering the factors described above, individual members of the Travelers board of directors may have given different weight to different factors. Some information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under Cautionary Statement Regarding Forward-Looking Statements on page 1 .

At a special meeting held on November 16, 2003, after due consideration with Travelers management and Travelers legal and financial advisors, the Travelers board of directors unanimously adopted the merger agreement. Accordingly, the Travelers board of directors unanimously recommends that Travelers shareholders vote FOR approval of the merger and the merger agreement.

Board of Directors and Management of St. Paul Travelers Following the Merger; Business Lines

Board of Directors and Management of St. Paul Travelers. At the closing of the merger, the St. Paul Travelers board of directors will consist of 23 directors, 11 of whom will have been St. Paul directors prior the merger and 12 of whom will have been Travelers directors prior to the merger. All of the current non-employee directors of St. Paul and of Travelers, as well as St. Paul chief executive officer Jay S. Fishman and Travelers chief executive officer Robert I. Lipp, are expected to be appointed to the St. Paul Travelers board of directors upon the closing of the merger. At the closing of the merger, the St. Paul Travelers board of directors will have standing executive, audit, governance, investment and capital markets, compensation and risk committees, each comprised of an equal number of St. Paul designees and Travelers designees.

At the closing of the merger, Robert I. Lipp will, if available, be appointed executive chairman of the board of directors of St. Paul Travelers, an executive officer position, and Jay S. Fishman, if available, will be the chief executive officer of St. Paul Travelers. Mr. Lipp has announced his intention to step down as executive chairman on December 31, 2005. Mr. Fishman, if available, is expected to succeed Mr. Lipp as chairman at that time and to remain as chief executive officer. The senior management team of St. Paul Travelers at the closing of the merger will also include Jay S. Benet (executive vice president and chief financial officer), Charles J. Clarke (vice chairman), Douglas G. Elliot (chief executive officer of general commercial and personal lines businesses), Irwin R. Ettinger (vice chairman), William H. Heyman (chief investment officer), John A. MacColl (vice chairman and general counsel) and T. Michael Miller (chief executive officer of the specialty commercial insurance operations). The definitive joint proxy statement/ prospectus will contain a more comprehensive listing of the senior management team.

Other officers of the combined company at the completion of the merger will be selected by Mr. Fishman in consultation with Mr. Lipp, which selections will be subject to confirmation by the St. Paul Travelers board of directors at the closing of the merger.

See Interests of Certain Persons in the Merger St. Paul and Interests of Certain Persons in the Merger Travelers for a description of the material interests of the directors and executive officers of St. Paul and Travelers, respectively, in the merger that are in addition to, or different than, their interests as shareholders. Additional information about the current directors and executive officers of St. Paul and

Travelers can be found in the Annual Report on Form 10-K for the year ended December 31, 2002 of each company, each of which is incorporated by reference into this joint proxy statement/ prospectus. See Where You Can Find More Information on page l .

Business Lines. Following completion of the merger, the specialty insurance lines of the combined company will operate under the St. Paul brand and will be based in St. Paul, Minnesota. The combined company s general commercial lines and personal lines will operate under the Travelers brand and will be based in Hartford, Connecticut. The combined company s international business will continue to be based in London following completion of the merger.

Public Trading Markets

St. Paul common stock is currently listed on the New York Stock Exchange under the symbol SPC . Travelers Class A common stock is currently listed on the New York Stock Exchange under the symbol TAPa and Travelers Class B common stock is currently listed on the New York Stock Exchange under the symbol TAPb . Upon the completion of the merger, Travelers Class A common stock and Travelers Class B common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934, as amended. The newly issued St. Paul Travelers common stock issuable pursuant to the merger agreement will be listed on the New York Stock Exchange.

The shares of St. Paul Travelers common stock to be issued in connection with the merger will be freely transferable under the Securities Act of 1933, as amended, except for shares issued to any shareholder who may be deemed to be an affiliate of Travelers, as discussed in The Merger Resales of St. Paul Travelers Stock by Affiliates on page l .

As reported on the New York Stock Exchange, the closing sale price per share of St. Paul common stock on November 14, 2003, the last business day prior to the date of the merger agreement was $36.77. The closing sale price per share of Travelers Class A common stock on that date was $16.03, and the closing sale price per share of Travelers Class B common stock on that date was $16.06. Based on the closing sale price per share of St. Paul common stock, the implied value to be paid in the merger for each share of Travelers common stock (both Class A and Class B) was $15.94 as of that date. The closing sale price per share of St. Paul common stock on l , 200l, the last practicable trading day before the date of this document, was $ l , the closing sale price per share of Travelers Class A common stock on l , 200l, was $ l , and the closing sale price per share of Travelers Class B common stock on that date was $ l . Based on the closing sale price per share of St. Paul common stock, the implied value to be paid in the merger for each share of Travelers Class A common stock and Travelers Class B common stock was $ l as of that date. The implied value to be paid in the merger for each share of Travelers common stock as of these dates was calculated by multiplying St. Paul s closing sale price per share by 0.4334, the exchange ratio. Because the stock price of both of our companies will fluctuate, you should obtain current quotations of these prices.

St. Paul Dividends

St. Paul currently pays a dividend of $0.29 per calendar quarter on its shares of common stock. The parties have agreed in the merger agreement that St. Paul will declare to the holders of its common stock as of a record date prior to the completion of the merger one or more special dividends in an amount sufficient to result in the holders of St. Paul common stock receiving aggregate dividends with record dates in calendar year 2004 of $1.16 per share, assuming the combined company pays the expected dividends described below. The special dividend or dividends will be paid to St. Paul common shareholders as of a record date that is currently expected to be set after the receipt of the necessary shareholder and regulatory approvals and prior to the closing of the merger. Holders of Travelers common stock will not participate in these special dividends. At the closing of the merger, the parties intend to initially set the quarterly dividend rate of the combined company at $0.22 per calendar quarter, which dividends will be payable only when and if declared by the board of directors of the combined company out of funds legally available for the payment of dividends.

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No Appraisal Rights

Under the Minnesota Business Corporation Act, the shareholders of St. Paul are not entitled to dissenters appraisal rights in connection with the merger because a subsidiary of St. Paul, and not St. Paul itself, is merging with Travelers.

Under the Connecticut Business Corporation Act, holders of shares of Travelers common stock are not entitled to dissenters appraisal rights in connection with the merger because the Travelers common stock will be listed on the New York Stock Exchange on the record date of the Travelers special meeting of shareholders and St. Paul Travelers common stock to be issued in the merger will be listed on the New York Stock Exchange at the time that the merger becomes effective.

Resales of St. Paul Travelers Stock by Travelers Affiliates

Affiliates of Travelers, as defined under Rule 145 under the Securities Act of 1933, as amended, generally may not sell their shares of St. Paul Travelers common stock acquired in the merger except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or an applicable exemption from such registration requirements, including Rules 144 and 145 issued by the Securities and Exchange Commission under the Securities Act of 1933, as amended.

Under the merger agreement, Travelers must provide St. Paul with a list of the persons who, to Travelers knowledge, may be deemed to be affiliates of Travelers as of the date of the Travelers special meeting. Travelers will also use its reasonable best efforts to deliver to St. Paul a letter agreement executed by each of these persons by which that person will agree, among other things, not to offer to sell, transfer or otherwise dispose of any of the shares of St. Paul Travelers common stock distributed to him or her pursuant to the merger except in compliance with Rule 144 and Rule 145 under the Securities Act of 1933, as amended, or in a transaction that, in the opinion of counsel reasonably satisfactory to St. Paul Travelers, is otherwise exempt from such registration requirements or in an offering registered under the Securities Act of 1933, as amended. St. Paul may place restrictive legends on St. Paul Travelers common stock certificates that are issued in the merger to persons who are deemed to be affiliates of Travelers under the Securities Act of 1933, as amended.

This document does not cover any resales of St. Paul Travelers common stock received in the merger by any person who may be deemed an affiliate of Travelers.

Exchange of Financial Forecasts

During the course of the discussions between St. Paul and Travelers that led to the execution of the merger agreement, each of St. Paul and Travelers provided the other with financial estimates that are not publicly available. The estimates do not take into account any of the potential effects of the transactions contemplated by the merger agreement.

Specifically, St. Paul advised Travelers that St. Paul estimated net income growth is 12% per year for 2005 as compared to 2004 and 2006 as compared to 2005. Travelers advised St. Paul that Travelers estimated net income growth is 9% per year on a blended basis for 2005 as compared to 2004 and 2006 as compared to 2005. In addition, each of St. Paul and Travelers advised the other company that it could rely on the publicly available estimates of First Call Corporation, a Thompson Financial Company, referred to as First Call, for 2004 as being reasonable.

These estimates were not prepared with a view to public disclosure or compliance with the published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. Each of St. Paul and Travelers prepares projections for internal use and for assisting management in capital, budgeting and other management decisions. The projections are subject to periodic revision based on actual experience, business developments and other factors. Also, these estimates were based on a number of assumptions which may not be realized and are subject to significant contingencies and uncertainties, many of which are beyond the control of St. Paul and Travelers. The companies independent accountants did not compile, and have not examined, these estimates and accordingly do not provide any form of assurance with respect to the estimates. The

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inclusion of this information should not be regarded as an indication that either company considers this information a reliable prediction of future events, and this information should not be relied upon for that purpose. Actual results may differ materially from those set forth above. For a discussion of some of the factors that could cause actual results to differ, see Cautionary Statement Regarding Forward-Looking Statements. Except to the extent required by applicable securities laws, neither St. Paul nor Travelers intends to make publicly available any update or other revision to these estimates. In light of the foregoing and the uncertainties inherent in any projected data, shareholders are cautioned not to place undue reliance on the projections.

Certain Litigation Relating to the Merger

Travelers and its board of directors have recently been named as defendants in two purported class action lawsuits brought by three of Travelers shareholders seeking injunctive relief as well as unspecified monetary damages. The actions are captioned *Henzel, et al. v. Travelers Property Casualty Corp., et al.* (Jud. Dist. of Hartford, CT Nov. 17, 2003) and *Vozzolo v. Travelers Property Casualty Corp., et al.* (Jud. Dist. of Hartford, CT Nov. 17, 2003). Both complaints allege that the defendants breached their fiduciary duties to Travelers shareholders in connection with the adoption of the merger and the merger agreement. According to the plaintiffs, the merger enriches Travelers management to the detriment of Travelers shareholders. The plaintiffs further claim that the defendants failed to investigate adequately alternatives to the merger. Travelers believes the suits are wholly without merit and intends to vigorously defend against the suits.

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OPINIONS OF FINANCIAL ADVISORS

St. Paul engaged Goldman Sachs and Merrill Lynch as its financial advisors, and Travelers engaged Citigroup and Lehman Brothers as its financial advisors, in connection with the merger. A description of their respective opinions and related financial analyses is summarized below.

Opinions of St. Paul s Financial Advisors Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated

On November 10, 2003, St. Paul contacted Goldman Sachs and Merrill Lynch in connection with having Goldman Sachs and Merrill Lynch act as its financial advisors with respect to the proposed merger with Travelers. On November 16, 2003, each of Goldman Sachs and Merrill Lynch delivered its opinion to the St. Paul board of directors that, as of that date, the exchange ratio of 0.4334 of a share of St. Paul Travelers common stock to be issued in the merger in respect of each share of Travelers common stock was fair from a financial point of view to St. Paul.

The full text of the written opinions of Goldman Sachs and Merrill Lynch, each dated November 16, 2003, which set forth assumptions made, procedures followed, matters considered, and limitations on the review undertaken in connection with each such opinion, are attached as Appendices E and F, respectively. Each of Goldman Sachs and Merrill Lynch provided its opinion for the information and assistance of the St. Paul board of directors in connection with its consideration of the merger. Neither the Goldman Sachs opinion nor the Merrill Lynch opinion is a recommendation as to how any holder of St. Paul common stock should vote with respect to the merger or on any matter related to the merger. We encourage you to read each opinion in its entirety.

Opinion of Goldman Sachs

In connection with its opinion, Goldman Sachs reviewed, among other things:

- the merger agreement;
- annual reports to shareholders and annual reports on Form 10-K of St. Paul for the five fiscal years ended December 31, 2002;
- the annual report to shareholders and annual report on Form 10-K of Travelers for the fiscal year ended December 31, 2002;
- the registration statement on Form S-1 of Travelers, dated March 20, 2002, and the related prospectus;
- interim reports to shareholders and quarterly reports on Form 10-Q of St. Paul and Travelers;
- statutory annual statements filed by certain insurance subsidiaries of each of St. Paul and Travelers with the insurance departments of the states under the laws in which they are organized, respectively, for the three years ended December 31, 2002, and the quarterly periods ended March 31, 2003, June 30, 2003, and September 30, 2003;
- estimates of 2004 earnings for each of Travelers and St. Paul based on publicly available compilations of updated broker dealer research provided by First Call, approved for use in connection with this opinion by the management of St. Paul;
- other communications from St. Paul and Travelers to their respective shareholders;
- internal financial analyses and forecasts for St. Paul prepared by its management;
- internal financial analyses and forecasts for Travelers prepared by its management; and
- financial analyses and forecasts for the combined company on a pro forma basis prepared by the managements of St. Paul and Travelers, including purchase accounting adjustments, cost savings and related expenses, and revenue synergies projected by the managements of St. Paul and Travelers to result from the merger.

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Goldman Sachs also held discussions with members of the senior managements of St. Paul and Travelers regarding their assessment of the strategic importance, and the potential benefits, of the merger and the past and current business operations, financial condition and future prospects of their respective companies.

In addition, Goldman Sachs:

reviewed the reported price and trading activity for the St. Paul common stock and Travelers Class A common stock;

compared certain financial and stock market information for St. Paul and Travelers with similar information for certain other companies the securities of which are publicly traded;

reviewed the financial terms of certain recent business combinations in the insurance industry specifically and in other industries generally; and

performed such other studies and analyses as it considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, legal, tax, and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering its opinion. In that regard, Goldman Sachs assumed, with the consent of the board of directors of St. Paul, that the financial analyses and forecasts for the combined company on a pro forma basis prepared by the managements of St. Paul and Travelers, including purchase accounting adjustments, cost savings and related expenses, and revenue synergies projected by the managements of St. Paul and Travelers to result from the merger, were reasonably prepared on a basis reflecting the best currently available estimates and judgments of St. Paul and Travelers. In addition, for purposes of rendering its opinion, the management of St. Paul instructed Goldman Sachs to use, with respect to analyses regarding years 2004 to 2006, for 2004, estimates of 2004 earnings for each of St. Paul and Travelers based on publicly available compilations of updated broker dealer research provided by First Call and, for 2005 and 2006, estimates of the future earnings performance of each of St. Paul and Travelers for these years based on the 2004 earnings estimates provided by First Call, increased by estimates of projected earnings growth that the managements of St. Paul and Travelers have provided to Goldman Sachs with respect to each of St. Paul and Travelers for 2005 and 2006. Goldman Sachs assumed with the consent of the St. Paul board of directors that the estimated growth rates for St. Paul and Travelers for 2005 and 2006 reflected the best currently available estimates and judgments of the senior managements of St. Paul and Travelers. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on St. Paul or Travelers or on the expected benefits of the merger in any way material to its analysis. Goldman Sachs is not an actuary and its services did not include any actuarial determination or evaluation by Goldman Sachs or any attempt to evaluate actuarial assumptions and Goldman Sachs relied on St. Paul s actuaries with respect to reserve adequacy. In that regard, Goldman Sachs made no analysis of, and expressed no opinion as to, the adequacy of the losses and loss adjustment expense reserves of St. Paul and the adequacy of the claims and claim adjustment expense reserves of Travelers, including any asbestos-related reserves and outstanding claim obligations of each of St. Paul and Travelers. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any derivative or off-balance-sheet assets and liabilities) of St. Paul or Travelers or any of their respective subsidiaries, and was not furnished with any such evaluation or appraisal. Goldman Sachs did not render any legal or accounting advice and understood that St. Paul relied on its legal counsel and accounting advisors as to legal and accounting matters in connection with the merger.

Goldman Sachs opinion does not address the relative merits of the merger as compared to any alternative business transaction that might be available to St. Paul, nor does it address the underlying business decision of St. Paul to engage in the merger. In addition, Goldman Sachs did not express any opinion as to the prices at which shares of St. Paul common stock or Travelers common stock will trade at any time. Goldman Sachs advisory services and the opinion were provided for the information and assistance of the St. Paul board of directors in connection with its consideration of the merger and such opinion does not constitute a recommendation as to how any holder of St. Paul common stock should vote with respect to the merger or on any matter related to the merger.

Opinion of Merrill Lynch

In connection with rendering its opinion and performing the related financial analyses, Merrill Lynch, among other things:

reviewed St. Paul s annual reports, Forms 10-K, and related financial information for the five years ended December 31, 2002 and St. Paul s Forms 10-Q and the related financial information for the quarterly periods ending March 31, June 30 and September 30, 2003;

reviewed Travelers annual report, Form 10-K, and related financial information for the fiscal year ended December 31, 2002, Travelers Forms 10-Q and the related unaudited financial information for the quarterly periods ending March 31, June 30 and September 30, 2003, and the prospectus for Travelers initial public offering, dated March 21, 2002;

reviewed the statutory annual statements filed by certain insurance subsidiaries of each of St. Paul and Travelers with the insurance departments of the states under the laws in which they are organized, respectively, for the three years ended December 31, 2002 and the quarterly periods ending March 31, June 30 and September 30, 2003;

reviewed certain estimates of 2004 earnings for each of St. Paul and Travelers based on publicly available compilations of updated broker dealer research provided by First Call approved for use in connection with this opinion by the management of St. Paul;

reviewed certain information, including financial forecasts, relating to the business, earnings, and prospects of St. Paul and Travelers furnished to Merrill Lynch by St. Paul and Travelers, respectively, as well as certain financial analyses and forecasts for the combined company on a pro forma basis prepared by the managements of St. Paul and Travelers, including the amount and timing of certain purchase accounting adjustments, certain cost savings and related expenses, and certain revenue synergies projected by the managements of St. Paul and Travelers to result from the merger;

conducted discussions with members of senior management and representatives of St. Paul and Travelers concerning their respective businesses and prospects;

reviewed valuation multiples and the historical market prices and trading activity for St. Paul common stock and Travelers Class A common stock and compared them with that of certain publicly traded companies that Merrill Lynch deemed to be reasonably similar to St. Paul and Travelers;

compared the results of operations of St. Paul and Travelers with that of certain companies that Merrill Lynch deemed to be reasonably similar to St. Paul and Travelers;

compared the proposed financial terms of the transaction contemplated by the merger agreement with the financial terms of certain other mergers and acquisitions that Merrill Lynch deemed to be relevant;

considered the pro forma effect of the merger on St. Paul s capitalization ratios, earnings, and book value;

reviewed the merger agreement; and

reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including its assessment of general economic, market and monetary conditions.

In preparing its opinion, Merrill Lynch relied on the accuracy and completeness of all information supplied or otherwise made available to it for purposes of its opinion and Merrill Lynch did not assume any responsibility for independent verification of such information. In that regard, Merrill Lynch assumed, with the consent of the board of directors of St. Paul, that certain information, including financial forecasts, relating to the business, earnings, and prospects of St. Paul and Travelers furnished to Merrill Lynch by St. Paul and Travelers, respectively, as well as certain financial analyses and forecasts for the combined company on a pro forma basis prepared by the managements of St. Paul and Travelers, including the amount and timing of certain purchase accounting adjustments, certain cost savings and related expenses, and certain revenue synergies projected by the managements of St. Paul and Travelers to result from the merger were reasonably prepared on a basis reflecting the best currently available estimates and judgments of St. Paul and Travelers. In addition, for purposes of rendering its opinion, the management of St. Paul instructed Merrill Lynch to use, with respect to analyses regarding years 2004 to 2006, for 2004, estimates of 2004 earnings for each of St. Paul and Travelers based on publicly available compilations of updated broker dealer research provided by First Call and, for 2005 and 2006, estimates of the future earnings performance of each of St. Paul and Travelers for these years based on the 2004 earnings estimates provided by First Call, increased by estimates of projected earnings growth that the managements of St. Paul and Travelers provided to Merrill Lynch with respect to each of St. Paul and Travelers for 2005 and 2006. Merrill Lynch assumed with the consent of the St. Paul board of directors that the estimated growth rates for St. Paul and Travelers for 2005 and 2006 reflected the best currently available estimates and judgments of the senior managements of St. Paul and Travelers. Merrill Lynch also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on St. Paul or Travelers or on the expected benefits of the merger in any way material to its analysis. Merrill Lynch is not an expert in the evaluation of reserves for property and casualty insurance losses and loss adjustment expenses and did not make an independent evaluation of the adequacy of the reserves of St. Paul or Travelers. In that regard, Merrill Lynch made no analysis of, and expressed no opinion as to, the losses and loss adjustment expense reserves of St. Paul and the adequacy of claims and claim adjustment expense reserves of Travelers, including any asbestos-related reserves and outstanding claim obligations of each of St. Paul and Travelers. In addition, Merrill Lynch did not make an independent evaluation or appraisal of any of the assets or liabilities of St. Paul or Travelers or any of their subsidiaries and was not furnished with any such evaluation or appraisal, nor did Merrill Lynch evaluate the solvency or fair value of St. Paul or Travelers under any state or federal laws relating to bankruptcy, insolvency or similar matters. Merrill Lynch s opinion does not address the relative merits of the merger as compared to any alternative business transaction that might be available to St. Paul, nor does it address the underlying business decision of St. Paul to engage in the merger. In addition, Merrill Lynch does not consider or express any opinion with respect to the prices at which the shares of St. Paul common stock or Travelers common stock will trade following the announcement of the merger or the price at which shares of St. Paul common stock will trade following the consummation of the merger. St. Paul did not ask Merrill Lynch to address, and its opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of St. Paul.

The Merrill Lynch opinion was necessarily based upon market, economic and other conditions as in effect on, and on the information made available to Merrill Lynch as of, the date of its opinion. For the purposes of rendering its opinion, Merrill Lynch assumed that the proposed merger would be completed substantially in accordance with the terms contained in the merger agreement, including in all respects material to Merrill Lynch s analysis, that the representations and warranties of each party in the merger agreement and in all related documents and instruments that are referred to in the merger agreement were true and correct, that each party to such documents and instruments would perform all of the covenants and agreements required to be performed by such party under such documents and instruments, and that all conditions to the completion of the merger would be satisfied without waiver. Merrill Lynch further assumed that the merger will qualify as a tax-free reorganization for U.S. federal income tax purposes and that the final form of the merger agreement will be substantially similar to the last draft reviewed by Merrill Lynch.

In connection with its opinion, Merrill Lynch was not authorized by St. Paul or the St. Paul board of directors to solicit, nor did Merrill Lynch solicit, third-party indications of interest for the acquisition of all or any part of St. Paul.

Merrill Lynch does not express any opinion as to the prices at which the shares of St. Paul common stock or Travelers Class A common stock will trade following the announcement or completion of the proposed merger. Furthermore, the Merrill Lynch opinion does not constitute a recommendation to any holder of St. Paul common stock as to how such shareholder should vote on any matter related to the merger.

Summary of the Financial Analyses Performed by St. Paul s Financial Advisors

The following is a summary of the material financial analyses presented by Goldman Sachs and Merrill Lynch to the St. Paul board of directors in connection with providing their opinions to the St. Paul board of directors. The following summary, however, does not purport to be a complete description of the analyses performed by Goldman Sachs and Merrill Lynch. The order of analyses described does not represent relative importance or weight given to those analyses by Goldman Sachs and Merrill Lynch. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs and Merrill Lynch s financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before November 14, 2003, and is not necessarily indicative of current market conditions.

Comparison of Selected Property and Casualty Insurance Companies Analysis. Goldman Sachs and Merrill Lynch reviewed and compared certain financial and stock market information for St. Paul and Travelers with the following property and casualty insurance companies, referred to as the peer group:

ACE Limited

The Allstate Corporation

American International Group, Inc.

The Chubb Corporation

Cincinnati Financial Corporation

The Hartford Financial Services Group, Inc.

The Progressive Corporation

Safeco Corporation

XL Capital Ltd.

The historical financial data used was based on publicly available financial statements for each of the selected companies. Estimates of earnings for St. Paul and Travelers were based on publicly available compilations of updated broker dealer research provided by First Call. All other estimates were based on median estimates of earnings per share, referred to as EPS, from the Institutional Brokerage Estimate System, referred to as I/B/E/S, a data service that compiles estimates of securities research analysts. First Call, I/B/E/S, and market data estimates used were as of November 14, 2003. Return on average common equity, referred to as ROACE, estimates were based on projections of net income and common equity using I/B/E/S median EPS estimates as of November 14, 2003, and the current dividend rates of each of St. Paul and Travelers.

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The following table compares certain information derived by Goldman Sachs and Merrill Lynch with respect to St. Paul and Travelers with certain information derived by Goldman Sachs and Merrill Lynch with respect to the peer group:

	Peer Group Median	St. Paul	Travelers
November 14, 2003 stock price as a percentage of 52 week high	94%	94%	93%
Stock price as a multiple of estimated 2003 earnings	12.9x	10.4x	9.5x
Stock price as a multiple of estimated 2004 earnings	9.5x	8.4x	7.9x
2003 to 2004 estimated earnings growth rate	14.5%	23.9%	20.2%
I/B/E/S estimated five year EPS growth rate	12.0%	10.0%	12.0%
Stock prices as a multiple of book value (excluding accumulated other comprehensive income)	1.6x	1.6x	1.5x
Estimated 2003 ROACE (excluding accumulated other comprehensive income)	16.4%	15.7%	16.6%
Estimated 2004 ROACE (excluding accumulated other comprehensive income)	16.7%	17.3%	17.3%
Dividend Yield	2.2%	3.2%	2.0%
Estimated 2003 dividend payout ratio	25.9%	32.7%	19.0%

Historical Exchange Ratio Analysis. Goldman Sachs and Merrill Lynch calculated the average historical exchange ratios of shares of Travelers Class A common stock to St. Paul common stock based on the closing prices of shares of Travelers Class A common stock to St. Paul common stock on November 14, 2003, and for the one-week, one-month, three-month, six-month, and one-year periods ending November 14, 2003. This analysis indicated that the average historical exchange ratios for such periods were 0.436x, 0.435x, 0.434x, 0.433x, 0.445x, and 0.452x, respectively. In addition, Goldman Sachs and Merrill Lynch calculated the average historical exchange ratio of shares of Travelers Class A common stock to St. Paul common stock based on the closing prices of shares of Travelers Class A common stock to St. Paul common stock from March 22, 2002, the date of the initial public offering of Travelers Class A common stock, through November 14, 2003. This analysis indicated that the average historical exchange ratio for this period was 0.449x.

Contribution Analysis. Goldman Sachs and Merrill Lynch analyzed the potential relative contributions of St. Paul and Travelers to the fully-diluted market capitalization, last twelve months, referred to as LTM, premiums and revenue, and estimated 2004, 2005, and 2006 net income, as well as to the book value, of the combined company (both including and excluding accumulated other comprehensive income). LTM premiums and revenue were based on publicly available financial statements for each of St. Paul and Travelers. Estimates of 2004 net income used were based on publicly available compilations of updated broker dealer research provided by First Call. Estimates of 2005 and 2006 net income were based on estimates of the future earnings performance of each of St. Paul and Travelers using the estimates of 2004 net income provided by First Call increased by annual projected earnings growth rates of 12% and 9% for St. Paul and Travelers, respectively, which growth rates were provided by the managements of St. Paul and Travelers. These estimates exclude the impact of purchase accounting adjustments, certain cost savings and related expenses, and certain revenue synergies projected by the managements of St. Paul and Travelers to result from the merger. The results of this analysis are as follows:

	% Contribution		Implied Exchange Ratio
	St. Paul	**Travelers**	
Fully-diluted Equity Market Capitalization			
As of November 14, 2003	35.2%	64.8%	0.436x
Average price for the 30 trading days prior to November 14, 2003	35.5%	64.5%	0.431x
Average price for the six months prior to November 14, 2003	34.8%	65.2%	0.445x
LTM Premiums	35.8%	64.2%	0.426x
LTM Revenue	35.7%	64.3%	0.427x
Net Income Estimates			
Estimated 2004 net income	34.1%	65.9%	0.459x
Estimated 2005 net income	34.7%	65.3%	0.447x
Estimated 2006 net income	35.3%	64.7%	0.435x
Book value (excluding accumulated other comprehensive income)	34.8%	65.2%	0.444x
Book value	35.3%	64.7%	0.434x

Illustrative Pro Forma EPS and Return on Average Equity Accretion/ Dilution Analyses. Goldman Sachs and Merrill Lynch performed an illustrative pro forma analysis of the financial impact of the merger on St. Paul s and Travelers EPS using certain estimates of EPS for each of St. Paul and Travelers. Estimates of 2004 net income used were based on publicly available information provided by First Call. Estimates of 2005 and 2006 net income were based on estimates of the future earnings performance of each of St. Paul and Travelers using the estimates of 2004 net income provided by First Call increased by annual projected earnings growth rates of 12% and 9% for St. Paul and Travelers, respectively, provided by the managements of St. Paul and Travelers.

Based on this analysis, taking into account the effect of certain after-tax projected expense savings and after-tax projected revenue gains, but not certain after-tax purchase accounting adjustments, the proposed merger would be accretive to St. Paul s EPS in the second half of 2004 and in 2005 and 2006, and accretive to Travelers EPS in the second half of 2004 and in 2005 and 2006. Taking into account the effect of estimated after-tax purchase accounting adjustments as well as certain after-tax projected expense savings and after-tax projected revenue gains, the proposed merger would be accretive to St. Paul s EPS in the second half of 2004 and in 2005 and 2006 and dilutive to Travelers EPS in the second half of 2004 and in 2005, and accretive to Travelers EPS in 2006.

Goldman Sachs and Merrill Lynch also performed an illustrative pro forma analysis of the financial impact of the merger on St. Paul s return on average equity, or ROAE, using certain estimates of net income, average equity (excluding accumulated other comprehensive income), and the current dividend rates for each of St. Paul and Travelers, based on publicly available compilations of updated broker dealer research provided by First Call and estimates provided by the managements of St. Paul and Travelers. Estimates of 2004 net income used were based on publicly available information provided by First Call. Estimates of 2005 and 2006 earnings were based on estimates of the future earnings performance of each of St. Paul and Travelers using the estimates of 2004 net income provided by First Call increased by annual projected earnings growth rates of 12% and 9% for St. Paul and Travelers, respectively, provided by the managements of St. Paul and Travelers.

Based on this analysis, taking into account the effect of certain after-tax projected expense savings and after-tax projected revenue gains, but not certain after-tax purchase accounting adjustments, the proposed merger would be dilutive to St. Paul s ROAE in 2005 and become less dilutive in 2006. After taking into account the effect of estimated after-tax purchase accounting adjustments, the proposed merger would be dilutive to St. Paul s ROAE in 2005 and become less dilutive in 2006.

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General

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the opinions of Goldman Sachs and Merrill Lynch. In arriving at their fairness determinations, Goldman Sachs and Merrill Lynch did not attribute any particular weight to any factor or analysis considered by them. Rather, Goldman Sachs and Merrill Lynch made their determinations as to fairness on the basis of their experience and professional judgment after considering the results of all the analyses. No company or transaction used in the above analyses as a comparison is directly comparable to St. Paul, Travelers or the merger.

Goldman Sachs and Merrill Lynch prepared these analyses for purposes of providing their opinions to the board of directors of St. Paul as to the fairness from a financial point of view to St. Paul of the exchange ratio of 0.4334 of a share of St. Paul common stock to be issued in respect of each share of Travelers common stock pursuant to the merger. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of St. Paul, Travelers, Goldman Sachs, Merrill Lynch, or any other person assumes responsibility if future results are different from those forecast. As described above, the opinions of Goldman Sachs and Merrill Lynch to the St. Paul board of directors were one of many factors taken into consideration by the St. Paul board of directors in making its determination to approve the merger agreement.

Goldman Sachs and its affiliates and Merrill Lynch, as part of their respective investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes.

Goldman Sachs has provided certain investment banking services to St. Paul from time to time, including having acted as:

- lead manager in the initial public offering of 30,040,000 common shares of St. Paul s reinsurance business, Platinum Underwriters Holdings, Ltd., in October 2002 and the related Equity Security Unit offering;

- financial advisor in connection with the sale of St. Paul s Standard Auto Business in October 1999;

- financial advisor in connection with the sale of St. Paul s Non-Standard Auto Business in May 2000;

- financial advisor in connection with the sale of St. Paul s wholly owned subsidiary, Fidelity and Guaranty Life, in September 2001; and

- financial advisor in connection with the transaction contemplated by the merger agreement.

In addition, Goldman Sachs extended to St. Paul a $60 million back-up liquidity commitment in June 2003 and is currently acting as one of St. Paul s commercial paper dealers.

Goldman Sachs has also provided certain investment banking services to Travelers from time to time, including having acted as co-manager on several note and capital securities offerings and acted as a co-manager of the initial public offering of 210 million shares of Travelers Class A common stock and $850 million principal amount of convertible junior subordinated notes of Travelers due 2032 in March 2002. In addition, Goldman Sachs is currently advising St. Paul, Travelers and other insurance companies in connection with the negotiation of a potential global settlement of asbestos litigation. Goldman Sachs may provide investment banking services to St. Paul or Travelers in the future. In connection with the above-described services, Goldman Sachs has received, and may receive in the future, compensation.

Merrill Lynch has, in the past, provided financial advisory, investment banking, and other services to St. Paul and Travelers and has received fees for the rendering of such services, and may continue to provide such services in the future.

Goldman Sachs and Merrill Lynch are full service securities firms engaged, either directly or through their affiliates, in securities trading, investment management, financial planning and benefits counseling, financing and brokerage activities for both companies and individuals. In the ordinary course of their trading, investment management, financing and brokerage activities, Goldman Sachs and Merrill Lynch and their respective affiliates may actively trade the debt and equity securities of St. Paul and Travelers (or related derivative securities) for their own accounts and for the accounts of their customers and may at any time hold long and short positions of such securities.

As of the date of its opinion, Goldman Sachs accumulated a long position of 3,440,560 shares of Travelers Class A common stock and 6,426,391 shares of Travelers Class B common stock, against which Goldman Sachs was short 24,317 shares of Travelers Class A common stock and 14,734 shares of Travelers Class B common stock. Goldman Sachs had also accumulated a long position of 93,500 shares of St. Paul common stock, against which it had a short position of 519,940 shares of St. Paul common stock, and a long position of 55,200 Equity Security Units of St. Paul.

St. Paul selected Goldman Sachs and Merrill Lynch as its financial advisors because they are internationally recognized investment banking firms that have substantial experience in transactions similar to the transaction contemplated by the merger agreement.

St. Paul entered into separate letter agreements with each of Goldman Sachs and Merrill Lynch in connection with their engagement as its financial advisors with respect to the transaction. Pursuant to the terms of these respective letter agreements, St. Paul agreed to pay each of Goldman Sachs and Merrill Lynch a transaction fee of $4 million, $1 million of which has been paid and $3 million of which is payable upon consummation of the merger. St. Paul also has agreed to reimburse each of Goldman Sachs and Merrill Lynch for its reasonable expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs and related persons and Merrill Lynch and related persons against various liabilities, including various liabilities under the federal securities laws.

Opinions of Travelers Financial Advisors Citigroup Global Markets Inc. and Lehman Brothers Inc.

Opinion of Citigroup

Citigroup was retained to act as financial advisor to Travelers in connection with the possible merger of Travelers with St. Paul. Pursuant to Citigroup s letter agreement with Travelers dated November 11, 2003, Citigroup rendered an opinion to the Travelers board of directors on November 16, 2003, to the effect that, based upon and subject to the considerations and limitations set forth in the opinion, Citigroup s work described below and other factors it deemed relevant, as of that date, the exchange ratio was fair, from a financial point of view, to the holders of Travelers common stock.

The full text of Citigroup s opinion, which sets forth the assumptions made, general procedures followed, matters considered and limits on the review undertaken, is included as Appendix G to this document. The summary of Citigroup s opinion set forth below is qualified in its entirety by reference to the full text of the opinion. You are urged to read Citigroup s opinion carefully and in its entirety.

In arriving at its opinion, Citigroup reviewed a draft of the merger agreement, dated November 16, 2003, and held discussions with certain senior officers and other representatives and advisors of Travelers and St. Paul concerning the businesses, operations and prospects of Travelers and St. Paul. Citigroup examined certain publicly available business and financial information relating to Travelers and St. Paul. Citigroup also reviewed certain financial forecasts and other information and data relating to Travelers and St. Paul which were provided to or otherwise discussed with Citigroup by the managements of Travelers and St. Paul, including information regarding certain strategic implications and operational benefits anticipated to result from the transaction. Citigroup reviewed the financial terms of the transaction as set forth in the merger agreement in relation to, among other things:

- current and historical market prices and trading volumes of Travelers common stock and St. Paul common stock;
- the historical and projected earnings and other operating data for Travelers and St. Paul; and
- the capitalization and financial condition of Travelers and St. Paul.

Citigroup also considered, to the extent publicly available, the financial and other terms of certain other similar transactions effected that Citigroup considered relevant in evaluating the transaction and analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citigroup considered relevant in evaluating those of Travelers and St. Paul. Citigroup also evaluated the pro forma financial impact of the transaction. In addition to the foregoing, Citigroup conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citigroup deemed appropriate in arriving at its opinion.

In rendering its opinion, Citigroup assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data furnished to or otherwise reviewed by or discussed with it. With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with it, Citigroup was advised by the managements of Travelers and St. Paul that such forecasts and other information and data had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Travelers and St. Paul as to the future financial performance of Travelers and St. Paul, and the strategic implications and operational benefits anticipated to result from the transaction. Citigroup assumed, with Travelers consent, that the financial results (including the potential strategic implications and operational benefits anticipated to result from the transaction) reflected in such forecasts and other information and data will be realized in the amounts and at the times projected. Citigroup expressed no view with respect to such forecasts and other information and data or the assumptions on which they were based. Citigroup did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Travelers or St. Paul nor did it make any physical inspection of the properties or assets of Travelers or St. Paul. Citigroup assumed, and had been advised by Travelers, that the final terms of the merger agreement would not vary materially from those set forth in the draft reviewed by Citigroup. It also was assumed by Citigroup, with the consent of Travelers, that the transaction will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals and consents for the transaction, no delay, limitation, restriction or condition will be imposed that would have a material adverse effect on Travelers, St. Paul or the contemplated benefits of the transaction. Citigroup assumed that the transaction will be treated as a tax-free reorganization for federal income tax purposes and will not result in any adverse consequences related to the spin-off of Travelers from Citigroup Inc. In addition, Citigroup assumed that the insurance reserves of Travelers and St. Paul with respect to their respective insurance liabilities are adequate to cover such insurance liabilities.

Citigroup did not express any opinion as to what the value of the St. Paul Travelers common stock actually will be when issued in the transaction or the price at which it will trade subsequent to the transaction. Citigroup was not requested to consider, and its opinion did not address, the relative merits of the transaction as compared to any alternative business strategies that might exist for Travelers or the effect of any other transaction in which Travelers might engage. Citigroup s opinion necessarily was based on information available to it, and financial, stock market and other conditions and circumstances existing and disclosed to it as of the date of its opinion.

Citigroup s advisory services and opinion were provided for the information of the Travelers board of directors in its evaluation of the transaction between Travelers and St. Paul and do not constitute a recommendation of the transaction to any person or for any purpose.

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In connection with rendering its opinion, Citigroup made a presentation to the Travelers board of directors on November 16, 2003, with respect to the material analyses performed by Citigroup in evaluating the fairness of the exchange ratio provided for in the transaction. The following is a summary of that presentation. The summary includes information presented in tabular format. **In order to understand fully the financial analyses used by Citigroup, these tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.** The following quantitative information, to the extent it is based on market data, is, except as otherwise indicated, based on market data as it existed on or prior to November 14, 2003, and is not necessarily indicative of current or future market conditions.

Overview of Travelers and St. Paul

Citigroup included in its presentation to the Travelers board of directors an overview of Travelers and St. Paul, including a summary description of their respective businesses, historical financial information, historical trading price information and a summary of the views of Wall Street analysts on Travelers and St. Paul. Citigroup also outlined the financial and structural terms of certain transactions recently effected that Citigroup considered relevant in evaluating the transaction. Citigroup did not utilize this information to derive a specific value, or range of values, for St. Paul common stock, but rather to confirm that the trading price of St. Paul common stock was a reasonable indicator of the value to be received by holders of Travelers common stock in the transaction and to confirm that the terms of the proposed transaction were similar to the terms of recent transactions involving peer firms.

Citigroup reviewed the historical trading prices of Travelers Class A common stock, Travelers Class B common stock and St. Paul common stock. On November 14, 2003, the last trading day prior to the announcement of the execution of the merger agreement between Travelers and St. Paul, the closing price per share of Travelers Class A common stock was $16.03, the closing price per share of Travelers Class B common stock was $16.06 and the closing price per share of St. Paul common stock was $36.77.

Citigroup calculated the average price differential between the closing prices per share of Travelers Class A common stock and Travelers Class B common stock on November 14, 2003 and for the five-day, one-month, six-month and twelve-month periods ending November 14, 2003, as well as for the period between August 20, 2002, the date of the distribution of Travelers Class B common stock, and November 14, 2003. Citigroup noted that the average price differential for each of these periods was respectively $0.03, $0.03, $0.09, $0.06, $0.08 and $0.15 in absolute value and 0.2%, 0.2%, 0.5%, 0.4%, 0.5% and 1.0% of the average closing price per share of Travelers Class A common stock for the respective period.

The following tables set forth certain historical information with respect to the shares of Travelers Class A common stock and St. Paul common stock for the period between March 21, 2002, the date of the initial public offering of Travelers Class A common stock, and November 14, 2003.

	Low	Average	High	As of November 14, 2003
Travelers Class A common stock				
Historical Price	$12.38	$15.89	$20.97	$16.03
Historical Price/Forward Earnings*	7.5x	9.5x	14.4x	8.0x
Historical Price/Stated Book Valuation	1.15x	1.52x	2.18x	1.40x
St. Paul common stock				
Historical Price**	$24.20	$40.47	$56.38	$36.77
Historical Price/Forward Earnings*	7.6x	10.0x	13.8x	8.7x
Historical Price/Stated Book Valuation	1.11x	1.44x	2.06x	1.35x

* Forward earnings information is based on the Institutional Brokerage Estimate System, referred to as I/B/E/S, rolling twelve month forward estimates.

** For the three years ending November 14, 2003.

Summary of the Financial Analyses Performed by Citigroup

Public Market Comparison. Citigroup compared financial, operating and stock market data and forecasted financial information for selected publicly traded companies to similar information for St. Paul. The selected comparable companies considered by Citigroup were:

Travelers Property Casualty Corp.	ACE Limited
The Hartford Financial Services Group, Inc.	Cincinnati Financial Corp.
The Chubb Corporation	Safeco Corp.
XL Capital Ltd.	W.R. Berkley Corp.

The forecasted financial information used by Citigroup for all companies in the course of this analysis was based on information published by First Call and I/ B/ E/ S, which compile summaries of financial forecasts published by various brokerage firms and securities research analysts and information contained in Investext equity research reports. In addition, for Travelers and St. Paul, Citigroup used forecasted financial information prepared by the managements of Travelers and St. Paul. For the purposes of this analysis Citigroup used the closing price per common share of each of the selected comparable companies, Travelers and St. Paul as of November 14, 2003 and balance sheet information as of September 30, 2003.

For each of the selected comparable companies, Citigroup derived and compared the ratio of the closing price per common share of each company to its EPS for each of calendar years 2003 and 2004. Citigroup noted that the ratios calculated in this analysis ranged between 8.4x and 18.5x in calendar year 2003 and 7.3x and 16.2x in calendar year 2004 and had mean values of, respectively, 11.0x and 9.0x. Citigroup also derived and compared the ratio of the closing price per common share of each company to its stated book value, book value excluding unrealized gains and losses and tangible book value excluding unrealized gains and losses and acquisition related intangible assets, in each case as of November 14, 2003. Based on this analysis, Citigroup noted that the ratios of the closing price per common share to stated book value ranged from 1.02x to 1.78x and had a mean value of 1.39x, the ratios of the closing price per common share to book value excluding unrealized gains and losses ranged from 1.37x to 1.95x and had a mean value of 1.55x, and the ratios of the closing price per common share to tangible book value excluding unrealized gains and losses and acquisition related intangible assets ranged from 1.59x to 2.22x and had a mean value of 1.98x.

Based on this information, Citigroup derived a reference range for the implied equity value per share of St. Paul common stock of $38.00 to $40.00 and an implied exchange ratio of 0.4218x to 0.4008x, based on the closing price per share of Travelers Class A common stock on November 14, 2003 of $16.03, as compared to the transaction exchange ratio of 0.4334x.

Regression Analysis. Citigroup performed a regression analysis to compare the relationship of the ratio of the closing market price to tangible book value per share (excluding unrealized gains and losses) to the estimated 2004 return on average tangible common equity for St. Paul and the comparable companies described above (other than Cincinnati Financial Corp. which was excluded for statistical reasons).

Based on this analysis, Citigroup derived a reference range for the implied equity value per share of St. Paul common stock of $37.00 to $39.00 and an implied exchange ratio of 0.4332x to 0.4110x, based on the closing price per share of Travelers Class A common stock on November 14, 2003 of $16.03, as compared to the transaction exchange ratio of 0.4334x.

Sum of the Parts Analysis. Citigroup performed a sum of the parts analysis of St. Paul by valuing separately each of its core insurance business and its asset management business conducted by its majority-owned subsidiary, Nuveen Investments and deriving therefrom a range of implied equity values for St. Paul as a whole. In the case of St. Paul s core insurance business, Citigroup applied a range of selected book value per share multiples, derived from the comparable companies listed above (other than Cincinnati Financial Corp. which was excluded for statistical reasons), to St. Paul s book value per share (adjusted for the exclusion of Nuveen Investments), to derive a range for the implied value of St. Paul s core insurance business per share of St. Paul common stock of $31.39 to $37.66.

In the case of Nuveen Investments, Citigroup divided the market value of St. Paul s 79% ownership interest in Nuveen Investments, estimated based on the closing price per share of common stock of Nuveen

Investments on the New York Stock Exchange on November 14, 2003, by the number of diluted shares of St. Paul common stock outstanding on such date to derive an implied value per share of St. Paul common stock of $8.41. Citigroup included in its presentation to the Travelers board of directors an overview of Nuveen Investments, including historical trading price information and a comparison with financial, operating and stock market data and forecasted financial information for selected publicly traded asset management companies. Citigroup did not utilize this information to derive a specific value, or range of values, for Nuveen Investments common stock, but rather to confirm that the trading price of Nuveen Investments common stock was consistent with the trading prices of peer firms and with its expected future cash flows so that Citigroup could utilize the current trading price of Nuveen Investments in its analysis.

Based on these results, Citigroup derived a reference range for the implied equity value per share of St. Paul common stock of $39.79 to $46.07 and an implied exchange ratio of 0.4028x to 0.3480x, based on the closing price per share of Travelers Class A common stock on November 14, 2003 of $16.03, as compared to the transaction exchange ratio of 0.4334x.

Contribution Analysis. Citigroup reviewed certain historical market and historical and estimated future operating and financial information for Travelers and St. Paul and the relative contribution of Travelers and St. Paul to the combined company, based on First Call estimates for 2004 and long-term growth rates of 9% for Travelers and 12% for St. Paul, as provided by the managements of Travelers and St. Paul, respectively. Based on this information, Citigroup derived a set of implied exchange ratios, as compared to the transaction exchange ratio of 0.4334x, set forth in the table below.

	Travelers	St. Paul	Implied Exchange Ratio
Stock Market			
Market Capitalization as of December 31, 2002	65.6%	34.4%	0.4302x
Market Capitalization as of November 14, 2003	64.6%	35.4%	0.4334x
Balance Sheet			
Median Equity Contribution as at December 31, 2002	63.2%	36.8%	0.4067x
Median Equity Contribution as at September 30, 2003	63.8%	36.2%	0.4177x
Income Statement			
Operating Income (12-month period ending September 30, 2003)	65.6%	34.4%	0.4523x
Projected Operating Income (fiscal year 2004)*	65.2%	34.8%	0.4445x
Adjusted Projected Operating Income (fiscal year 2004)**	63.3%	36.7%	0.4087x
Projected Operating Income (fiscal year 2005)*	65.3%	34.7%	0.4468x

* Operating income equals net income plus or minus any net realized investment gains or losses and adjusted to take into account the impact of certain charges on Travelers and St. Paul.

** Excludes preliminary pro forma purchase accounting adjustments and includes management estimated revenue enhancements and cost savings with a net income impact of $99 million in fiscal 2004.

Historical Exchange Ratio Analysis. Citigroup calculated the average historical exchange ratios of the closing price per share of Travelers Class A common stock to the closing price per share of St. Paul common stock on November 14, 2003 and for the five-day, one-month, six-month and twelve-month periods ending November 14, 2003, as well as for the period between March 21, 2002 and November 14, 2003. Based on this analysis, Citigroup noted that the historical exchange ratio on November 14, 2003 and for the respective preceding periods had an average value of 0.4360x, 0.4353x, 0.4338x, 0.4450x, 0.4515x and 0.4485x, as compared to the transaction exchange ratio of 0.4334x.

Citigroup also calculated the average implied ownership of holders of Travelers common stock and holders of St. Paul common stock in the combined company on November 14, 2003 and for the five-day, one-month, six-month and twelve-month periods ending November 14, 2003, as well as for the period between March 21, 2002 and November 14, 2003, excluding for the purpose of such analysis shares underlying

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outstanding options to purchase Travelers common stock or St. Paul common stock. Based on this analysis, Citigroup noted that the average pro forma ownership of shares in the combined company by holders of Travelers common stock on November 14, 2003 and for the respective preceding periods was 64.8%, 64.6%, 64.5%, 65.1%, 65.4% and 65.2%, as compared to the 64.6% pro forma ownership of shares in the combined company by holders of Travelers common stock immediately following the consummation of the transaction based on the transaction exchange ratio of 0.4334x.

Pro Forma Analysis. Citigroup presented the pro forma effects of the transaction on Travelers forecasted EPS, book value per share, tangible book value per share and dividends for calendar years 2004, 2005 and 2006 using estimates published by First Call for 2004 and thereafter long-term growth rates of 9% for Travelers and 12% for St. Paul as provided by the managements of Travelers and St. Paul respectively. Citigroup assumed, based on forecasts of the managements of Travelers and St. Paul, that after-tax synergies achieved in the transaction will include annualized after-tax revenue enhancements of $110 to $160 million and annualized after-tax expense savings of $88 to $228 million, and that costs associated with the transaction would be approximately $20 million. Citigroup noted that, after excluding the impact of purchase accounting expected to result from the transaction, the transaction would be accretive to Travelers forecasted EPS beginning in fiscal 2004. In addition, Citigroup noted that after taking into account the impact of purchase accounting, the transaction would be accretive to Travelers forecasted EPS beginning in fiscal 2006. Citigroup noted that the transaction would be accretive to Travelers forecasted dividends per share and stated book value per share beginning in fiscal 2004. Citigroup also noted that the transaction would be dilutive to Travelers tangible book value per share for fiscal 2004, 2005 and 2006.

Citigroup also noted that the transaction would be accretive to St. Paul s forecasted EPS and book value beginning in fiscal 2004 and would be dilutive to St. Paul s tangible book value per share for each of 2004, 2005 and 2006 and to St. Paul s dividends per share for each of 2005 and 2006.

General

The preceding discussion is a summary of the material financial analyses furnished by Citigroup to the Travelers board of directors, but it does not purport to be a complete description of the analyses performed by Citigroup or of its presentation to the Travelers board of directors. The preparation of financial analyses and fairness opinions is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. Citigroup made no attempt to assign specific weights to particular analyses or factors considered, but rather made qualitative judgments as to the significance and relevance of all the analyses and factors considered and determined to give its fairness opinion as described above. Accordingly, Citigroup believes that its analyses, and the summary set forth above, must be considered as a whole, and that selecting portions of the analyses and of the factors considered by Citigroup, without considering all of the analyses and factors, could create a misleading or incomplete view of the processes underlying the analyses conducted by Citigroup and its opinion. With regard to the comparable companies analyses summarized above, Citigroup selected comparable public companies on the basis of various factors, including size and similarity of the line of business of the relevant entities; however, no company utilized in these analyses is identical to Travelers or St. Paul and no precedent transaction is identical to the Travelers/ St. Paul transaction. As a result, these analyses are not purely mathematical, but also take into account differences in financial and operating characteristics of the subject companies and other factors that could affect the transaction or public trading value of the subject companies to which Travelers and St. Paul are being compared.

In its analyses, Citigroup made numerous assumptions with respect to Travelers, St. Paul, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Travelers and St. Paul. Any estimates contained in Citigroup s analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. Estimates of values of companies do not purport to be appraisals or necessarily to reflect the prices at which companies may actually be sold. Because these estimates are inherently subject to uncertainty, none of Travelers, St. Paul, the Travelers board of directors, the St. Paul board of directors, Citigroup or any other person assumes responsibility if future results or actual values differ materially from the estimates.

Citigroup s analyses were prepared solely as part of Citigroup s analysis of the fairness of the consideration to be paid in the transaction and were provided to the Travelers board of directors in that connection. The opinion of Citigroup was only one of the factors taken into consideration by the Travelers board of directors in making its determination to approve the merger agreement and the transaction. See The Merger Travelers Reasons for the Merger; Recommendation of the Travelers Board of Directors .

Citigroup is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Travelers selected Citigroup to act as its financial advisor on the basis of Citigroup s international reputation and Citigroup s familiarity and historical relationship with Travelers. Citigroup and its affiliates in the past have provided and currently provide services to Travelers and St. Paul unrelated to the proposed transaction, for which services Citigroup and its affiliates have received and expect to receive compensation. Until March 2002, Travelers was an indirect wholly owned subsidiary of Citigroup Inc. and Citigroup and certain of its affiliates and employees (including Citigroup Inc. and its affiliates) hold a significant portion of the securities of Travelers for their own accounts. In the ordinary course of its business, Citigroup and its affiliates may actively trade or hold the securities of both Travelers and St. Paul for their own account and for the account of customers and, accordingly, may at any time hold a long or short position in those securities. Citigroup and its affiliates, including Citigroup Inc. and its affiliates, maintain relationships with Travelers and St. Paul and their respective affiliates.

Pursuant to its letter agreement with Citigroup, Travelers agreed to pay Citigroup a transaction fee of $4 million, $1 million of which has been paid and $3 million of which is payable upon consummation of the merger. Travelers has also agreed to reimburse Citigroup for its reasonable travel and other out-of-pocket expenses incurred in connection with its engagement, including the reasonable fees and expenses of its counsel, and to indemnify Citigroup against specific liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

Opinion of Lehman Brothers

In November 2003, Travelers engaged Lehman Brothers to act as its financial advisor with respect to the proposed merger with St. Paul. At a meeting of the Travelers board of directors held on November 16, 2003 to evaluate the proposed merger, Lehman Brothers rendered to the Travelers board of directors its opinion to the effect that, as of that date and based on and subject to the matters stated in its opinion, the exchange ratio was fair, from a financial point of view, to the holders of Travelers common stock.

Lehman Brothers financial advisory services and opinion were provided for the information and assistance of the Travelers board of directors in connection with its evaluation of the exchange ratio provided for in the merger. Lehman Brothers opinion does not address any other aspect of the merger and is not intended to be and does not constitute a recommendation to any shareholder as to how such shareholder should vote or act on any matters relating to the merger. Lehman Brothers was not requested to opine as to, and its opinion does not address, Travelers underlying business decision to proceed with or effect the merger.

A copy of the full text of Lehman Brothers opinion, dated November 16, 2003, is attached as Appendix H to this joint proxy statement/ prospectus. Holders of Travelers common stock are encouraged to read Lehman Brothers opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Lehman Brothers in rendering its opinion. The following is a summary of Lehman Brothers opinion and the methodology that Lehman Brothers used to render its opinion.

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In arriving at its opinion, Lehman Brothers reviewed and analyzed:

the merger agreement and the specific terms of the proposed merger;

publicly available information concerning Travelers and St. Paul that Lehman Brothers believed to be relevant to its analysis, including Travelers Annual Report on Form 10-K for the fiscal year ended December 31, 2002, Travelers Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003, St. Paul s Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and St. Paul s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003;

financial and operating information with respect to the businesses, operations and prospects of Travelers and St. Paul furnished to Lehman Brothers by the managements of Travelers and St. Paul, including expected growth rates for earnings of each of the companies in the future;

publicly available estimates of independent research analysts regarding the future financial performance of Travelers and St. Paul, including earnings estimates for Travelers and St. Paul for the years ended December 31, 2003 and December 31, 2004, published by First Call;

the trading histories of Travelers common stock and St. Paul common stock from March 22, 2002 to November 14, 2003 and a comparison of these trading histories with each other and with those of other companies that Lehman Brothers deemed relevant;

a comparison of the historical financial results and present financial condition of Travelers and St. Paul with each other and with those of other companies that Lehman Brothers deemed relevant;

the relative financial contributions of Travelers and St. Paul to the present and future financial performance of the combined company on a pro forma basis; and

the potential pro forma effect of the proposed merger, including the purchase accounting adjustments and the cost savings and revenue enhancements, which cost savings and revenue enhancements are referred to as expected synergies, that the managements of Travelers and St. Paul expect to result from a combination of the businesses of Travelers and St. Paul.

In addition, Lehman Brothers had discussions with the managements of Travelers and St. Paul concerning their respective businesses, operations, assets, liabilities, financial condition and prospects and undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied on the accuracy and completeness of the financial and other information used by Lehman Brothers without assuming any responsibility for independent verification of such information and further relied on the assurances of the managements of Travelers and St. Paul that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. Lehman Brothers was not provided with, and did not have any access to, financial projections of Travelers or St. Paul prepared by the managements of Travelers or St. Paul. Accordingly, Lehman Brothers assumed, upon the advice of Travelers, that the publicly available estimates of independent research analysts with respect to Travelers 2003 and 2004 earnings, and earnings growth rates thereafter provided by the management of Travelers, were a reasonable basis upon which to evaluate the future financial performance of Travelers and that Travelers would perform substantially in accordance with those estimates and growth rates. Lehman Brothers also assumed, upon the advice of St. Paul, that the publicly available estimates of independent research analysts with respect to St. Paul s 2003 and 2004 earnings, and earnings growth rates thereafter provided by the management of St. Paul, were a reasonable basis upon which to evaluate the future financial performance of St. Paul and that St. Paul would perform substantially in accordance with those estimates and growth rates. Upon the advice of Travelers and St. Paul, Lehman Brothers assumed that the purchase accounting adjustments for the merger would be recorded, and the expected synergies would be realized, substantially in accordance with the expectations of Travelers and St. Paul.

Lehman Brothers noted that, pursuant to the Travelers certificate of incorporation, the holders of Travelers Class A common stock were entitled to receive in the merger the same per share consideration as the per share consideration received by the holders of Travelers Class B common stock. In addition, upon the advice of Travelers, Lehman Brothers assumed that the merger would qualify as a reorganization within the meaning of Section 368(a) of the Code and therefore, as a tax-free transaction to holders of Travelers common stock.

In arriving at its opinion, Lehman Brothers did not conduct a physical inspection of the properties and facilities of Travelers or St. Paul and did not make or obtain any evaluations or appraisals of the assets or liabilities of Travelers or St. Paul. Lehman Brothers is not an actuary and its services did not include actuarial determinations or evaluations by Lehman Brothers or an attempt to evaluate actuarial assumptions. In that regard, Lehman Brothers made no analyses of, and expressed no opinion as to, the adequacy of the policy and other insurance reserves of Travelers or St. Paul and relied upon information furnished to it by Travelers and St. Paul as to the adequacy of such reserves.

Lehman Brothers expressed no opinion as to the prices at which shares of St. Paul Travelers common stock would trade at any time following the announcement or consummation of the merger. Lehman Brothers opinion should not be viewed as providing any assurance that the market value of the shares of St. Paul Travelers common stock to be held by the holders of Travelers common stock after the consummation of the merger will be in excess of the market value of the shares of Travelers common stock owned by such holders at any time prior to the announcement or consummation of the merger. Lehman Brothers opinion necessarily was based on market, economic and other conditions as they existed on, and could be evaluated as of, the date of Lehman Brothers opinion. Although Lehman Brothers evaluated the exchange ratio from a financial point of view, it did not recommend the specific consideration payable in the merger, which was determined through negotiation between Travelers and St. Paul.

Except as described above, Travelers imposed no other instructions or limitations on Lehman Brothers with respect to the investigations made or procedures followed by Lehman Brothers in rendering its opinion.

In connection with rendering its opinion, Lehman Brothers performed various financial, comparative and other analyses as described below. In arriving at its opinion, Lehman Brothers did not ascribe a specific range of value to Travelers or St. Paul, but rather made its determination as to the fairness, from a financial point of view, of the exchange ratio on the basis of the financial, comparative and other analyses performed. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis and the application of those methods to the particular circumstances, and therefore, such an opinion is not readily susceptible to summary description. In arriving at its opinion, Lehman Brothers did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Lehman Brothers believes that its analysis must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion. In its analyses, Lehman Brothers considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of Travelers and St. Paul. Lehman Brothers assumes no responsibility if future results are materially different from those reflected. Any estimates contained in Lehman Brothers analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by its analyses. In addition, analyses relating to the value of businesses do not necessarily purport to be appraisals or to reflect the prices at which businesses actually may be sold.

Lehman Brothers opinion and analyses were only one of many factors considered by the Travelers board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the Travelers board of directors or management with respect to the merger or the consideration payable to the holders of Travelers common stock in the merger.

The following is a summary of the material financial analyses used by Lehman Brothers in connection with its opinion to the Travelers board of directors. **The financial analyses summarized below include**

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information presented in tabular format. In order to fully understand Lehman Brothers financial analyses, the tables should be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Lehman Brothers opinion.

Stock Trading History

Lehman Brothers reviewed the historical trading performance of Travelers and St. Paul over various periods from March 22, 2002, the first trading day following the date of Travelers initial public offering, to November 14, 2003, based on the stock price performance of Travelers Class A common stock and St. Paul common stock and the forward price-to-earnings and latest price-to-book value trading multiples of Travelers and St. Paul relative to one another and to selected companies in the property and casualty insurance industry during these periods. Lehman Brothers noted that Travelers and St. Paul generally had a similar trading performance over the periods reviewed.

Historical Exchange Ratio Analysis

Lehman Brothers compared the ratio of the closing price of Travelers common stock to the closing price of St. Paul common stock on November 14, 2003, and the ratio of the average of the daily closing prices of Travelers common stock to the average of the daily closing prices of St. Paul common stock over the five trading days, 30 days, three months, six months and 12 months prior to November 14, 2003 and from the period March 22, 2002 to November 14, 2003. Lehman Brothers then calculated the exchange ratios and pro forma ownership percentages of holders of Travelers common stock in the combined company implied by these historical ratios over the periods analyzed. Closing prices for Travelers common stock were based on the average of the closing prices of Travelers Class A common stock and Travelers Class B common stock over the relevant periods. Based on these average closing prices, this analysis yielded an implied median exchange ratio reference range for Travelers Class A common stock of 0.4337x to 0.4463x, an implied median exchange ratio reference range for Travelers Class B common stock of 0.4356x to 0.4488x and an implied median pro forma ownership reference range for holders of Travelers common stock in the combined company of approximately 64.7% to 65.3%, as compared to the exchange ratio provided for in the merger of 0.4334x and the pro forma ownership percentage for holders of Travelers common stock in the combined company immediately upon consummation of the merger based on the merger exchange ratio of approximately 65%, as indicated on the following table:

	Implied Median Exchange Ratio		
Specified Period	**Travelers Class A Common Stock**	**Travelers Class B Common Stock**	**Implied Median Pro Forma Ownership for Holders of Travelers Common Stock**
November 14, 2003	0.4360x	0.4368x	64.8%
Five trading days prior to November 14, 2003	0.4360x	0.4368x	64.8%
30 days prior to November 14, 2003	0.4350x	0.4363x	64.7%
Three months prior to November 14, 2003	0.4337x	0.4356x	64.7%
Six months prior to November 14, 2003	0.4461x	0.4464x	65.3%
12 months prior to November 14, 2003	0.4463x	0.4472x	65.3%
From March 22, 2002 to November 14, 2003	0.4444x	0.4488x	65.3%
Merger Exchange Ratio	0.4334x		
Pro Forma Ownership for Holders of Travelers Common Stock in the Merger			64.6%

Contribution Analysis

Lehman Brothers analyzed the relative contributions of Travelers and St. Paul to various balance sheet items and profit and loss items, referred to as P&L items, of the combined company. Balance sheet items that were analyzed consisted of invested assets, total assets, total equity and total equity excluding unrealized gains,

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each as of September 30, 2003. Given that a 21% equity interest in Nuveen Investments is publicly held, a percentage of St. Paul s total assets equal to that minority interest was deducted from St. Paul s total assets contribution to the combined company. P&L items that were analyzed consisted of estimated operating income for 2003 through 2005, utilizing First Call estimates for Travelers and St. Paul for 2003 and 2004 and extrapolating estimated operating income for 2005 by applying earnings growth rate estimates of the managements of Travelers and St. Paul to First Call s 2004 earnings estimates. Lehman Brothers also analyzed the relative contributions of Travelers and St. Paul to the combined company s market capitalization as of November 14, 2003 and average market capitalization for the five-day and 10-day periods prior to November 14, 2003. Lehman Brothers then calculated implied exchange ratios based on these contributions. This analysis yielded an implied exchange ratio reference range of 0.3722x to 0.4732x, as compared to the exchange ratio in the merger of 0.4334x, as indicated in the following table:

	Implied Contribution Percentages		
Balance Sheet Items (as of September 30, 2003):	**Travelers**	**St. Paul**	**Implied Exchange Ratio**
Invested Assets	63%	37%	0.3954x
Total Assets	61%	39%	0.3722x
Total Equity	65%	35%	0.4341x
Total Equity excluding unrealized gains	65%	35%	0.4436x
P&L Items:			
2003 Estimated Operating Income	67%	33%	0.4732x
2004 Estimated Operating Income	66%	34%	0.4591x
2005 Estimated Operating Income	65%	35%	0.4468x
Market Capitalization:			
Market Capitalization as of November 14, 2003	65%	35%	0.4364x
Market Capitalization for five-day average prior to November 14, 2003	65%	35%	0.4357x
Market Capitalization for 10-day average prior to November 14, 2003	64%	36%	0.4306x
Merger Exchange Ratio			0.4334x

Selected Companies Analysis

Lehman Brothers reviewed and compared selected financial and operating data of Travelers and St. Paul with the following eight selected companies in the property and casualty insurance industry:

The Hartford Financial Services Group, Inc.

The Chubb Corporation

XL Capital Ltd.

ACE Limited

CNA Financial Corporation

Safeco Corporation

Old Republic International Corporation

W.R. Berkley Corporation

Using publicly available information, Lehman Brothers compared, among other things, the closing stock prices of the selected companies, Travelers and St. Paul on November 14, 2003 as a multiple of 2003 and 2004 estimated EPS, based on First Call estimates and as a multiple of book value per share as of September 30, 2003. In the case of Travelers, Lehman Brothers utilized the average closing prices for Travelers Class A common stock and Travelers Class B common stock on November 14, 2003. Lehman Brothers then applied a range of selected multiples derived from the selected companies to corresponding data of Travelers and St. Paul (excluding data attributable to St. Paul s asset management business conducted through Nuveen Investments) and calculated an implied value of St. Paul s 79% equity interest in Nuveen Investments utilizing the closing price of Nuveen Investments common stock on November 14, 2003. This yielded an

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implied equity reference range for Travelers of approximately $14.89 to $19.35 per share and an implied equity reference range for St. Paul of approximately $35.56 to $43.93 per share. Using these implied equity reference ranges, this analysis indicated the following implied exchange ratio reference range, as compared to the exchange ratio in the merger:

Implied Exchange Ratio Reference Range	Merger Exchange Ratio
0.4186x to 0.4405x	0.4334x

Given the inherent differences in the businesses, operations and prospects of Travelers, St. Paul and the selected companies, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected companies analysis, but also made qualitative judgments concerning differences in the financial and operating characteristics and prospects of Travelers, St. Paul and the selected companies that could affect the public trading values of each.

Dividend Discount Analysis

As a further part of its analysis, Lehman Brothers performed a dividend discount analysis to calculate the estimated present value of Travelers common stock and St. Paul common stock. The estimated present value of Travelers common stock and St. Paul common stock was calculated by adding the estimated present value of Travelers and St. Paul s future stream of dividend payments to their shareholders in 2004 through 2008 and the present value of the terminal value per share of Travelers common stock and St. Paul common stock at the end of the year 2008, based on net income and earnings growth rate estimates for Travelers and St. Paul. Net income estimates were based on First Call estimates for Travelers and St. Paul for 2003 and 2004. Earnings growth rate estimates were based on estimates of the managements of Travelers and St. Paul for 2005 and 2006 and were extrapolated thereafter assuming an earnings growth rate consistent with managements earnings growth rate estimate for 2006. Estimated dividend amounts were based on estimates of the managements of Travelers and St. Paul for 2004 and extrapolated for subsequent years assuming a constant dividend payout ratio. Using a range of terminal value multiples based on 2008 net income of 9.0x to 10.0x and discount rates ranging from 11.0% to 13.0%, Lehman Brothers calculated an implied equity reference range for Travelers of approximately $15.28 to $18.36 per share and an implied equity reference range for St. Paul of approximately and $38.91 to $46.44 per share. Based on these implied equity reference ranges, this analysis indicated the following implied exchange ratio reference range, as compared to the exchange ratio in the merger:

Implied Exchange Ratio Reference Range	Merger Exchange Ratio
0.3928x to 0.3953x	0.4334x

Pro Forma Merger Analysis

Lehman Brothers analyzed the potential pro forma effect of the merger on Travelers estimated EPS for the second half of 2004 and for the full years 2004 through 2006 and St. Paul s estimated EPS for the second half of 2004 and for the full years 2005 through 2006. This analysis was undertaken after taking into account expected synergies and excluding implementation costs associated with the merger, as estimated by the managements of Travelers and St. Paul, and both before and after taking into account purchase accounting adjustments for the merger estimated by the managements of Travelers and St. Paul to be recorded in accordance with United States generally accepted accounting principles, referred to as PGAAP. EPS estimates were based on First Call estimates for Travelers and St. Paul for the second half of 2004 and for the full year 2004 and were extrapolated thereafter based on earnings growth rate estimates of the managements of Travelers and St. Paul. Based on the exchange ratio in the merger of 0.4334x, this analysis indicated that the merger could be accretive to Travelers and St. Paul s estimated EPS on a standalone basis in each of the periods analyzed before taking into account PGAAP and, after taking into account PGAAP, could be accretive to Travelers estimated EPS on a standalone basis for the full year 2006 and dilutive in the prior periods analyzed and could be accretive to St. Paul s estimated EPS on a standalone basis in each of the periods analyzed.

Lehman Brothers also analyzed the potential pro forma impact of the merger on Travelers and St. Paul s return on equity, referred to as ROE, and book value per share. The potential pro forma ROE impact was analyzed for the second half of 2004 and for the full years 2004 through 2006 in the case of Travelers and for the second half of 2004 and for the full years 2005 through 2006 in the case of St. Paul, assuming aggregate dividends payable by the combined company during the second half of 2004 in an amount equal to the sum of the dividend payments payable by Travelers and St. Paul for the first half of 2004 as estimated by the managements of Travelers and St. Paul and a constant dividend payout ratio for subsequent years. The potential pro forma stated book value impact was analyzed as of June 30, 2004 based on estimates of the managements of Travelers and St. Paul as to dividend amounts payable as of that date. Based on the exchange ratio of 0.4334x, this analysis indicated that the merger could be dilutive to Travelers and St. Paul s ROE, and accretive to Travelers and St. Paul s book value per share, relative to Travelers and St. Paul s ROE and book value per share on a standalone basis in each of the periods analyzed.

The financial forecasts and estimates underlying this analysis are subject to substantial uncertainty and, therefore, actual results may be substantially different.

Miscellaneous

Lehman Brothers is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Travelers selected Lehman Brothers because of its experience, reputation and familiarity with Travelers and St. Paul and the property and casualty insurance industry generally and because its investment banking professionals have substantial experience in transactions comparable to the merger.

Travelers has agreed to pay Lehman Brothers a transaction fee of $4.0 million, $1.0 million of which has been paid and $3.0 million of which is payable upon consummation of the merger. In addition, Travelers has agreed to reimburse Lehman Brothers for reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Lehman Brothers for liabilities that may arise out of its engagement and the rendering of its opinion. Lehman Brothers in the past has provided investment banking services to Travelers and St. Paul and has received customary compensation for those services.

In the ordinary course of its business, Lehman Brothers may actively trade the debt or equity securities of Travelers and St. Paul for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in those securities.

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THE MERGER AGREEMENT

General

The following summary of the merger agreement is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as Appendix A to this document. We urge you to read the entire merger agreement because it is the legal document governing the merger.

Structure of the Merger

Adams Acquisition Corp., a direct wholly owned subsidiary of St. Paul, will merge with and into Travelers, with Travelers continuing as the surviving corporation and a direct wholly owned subsidiary of St. Paul.

Merger Consideration

At the effective time of the merger, each issued and outstanding share of Travelers Class A common stock and each issued and outstanding share of Travelers Class B common stock, in each case together with the associated preferred stock purchase rights which are described in detail under Comparison of Shareholders Rights Travelers Shareholder Rights Plan , will be converted into the right to receive 0.4334 of a share of St. Paul Travelers common stock. However, each share of Travelers Class A common stock and each share of Travelers Class B common stock, in each case together with the associated preferred stock purchase rights, held by Travelers as treasury shares or owned by St. Paul or Adams Acquisition Corp. (and, in each case, that are not held on behalf of or as fiduciary for third parties) will be canceled, and no exchange will be made with respect to them. Cash will be paid in lieu of any fractional shares of St. Paul Travelers common stock that would otherwise be issuable.

Exchange of Shares

St. Paul Travelers will make available to an exchange agent designated by St. Paul the shares of St. Paul Travelers common stock issuable in exchange for the outstanding shares of Travelers common stock and will deposit cash with the exchange agent in an amount required to be paid in lieu of fractional shares of St. Paul Travelers common stock and dividends and other distributions on the St. Paul Travelers common stock. Promptly after the effective time of the merger, each record holder of shares of Travelers common stock will be sent a letter of transmittal and instructions on how to surrender such shares. Thereafter, holders of Travelers common stock may either surrender their certificates to the exchange agent, together with a properly completed letter of transmittal, or deliver an agent s message to the exchange agent (or such other evidence, if any, of transfer as the exchange agent may reasonably request) in the case of a book-entry transfer of uncertificated shares of Travelers common stock. In exchange for shares of the Travelers common stock, holders will receive in uncertificated book-entry form (unless a physical certificate is requested by a holder of shares of Travelers common stock or is otherwise required under applicable law) the number of shares of St. Paul Travelers common stock described under Merger Consideration. Holders of unexchanged shares of Travelers common stock will not be entitled to receive any dividends or other distributions payable by St. Paul Travelers with respect to those shares of St. Paul Travelers common stock, or cash in lieu of fractional shares, until the applicable Travelers certificate is surrendered or the Travelers uncertificated share is transferred. Upon surrender or transfer, those holders will receive accumulated dividends and distributions, without interest, together with cash in lieu of fractional shares.

St. Paul Travelers will not issue fractional shares in the merger. All fractional shares of St. Paul Travelers common stock that a holder of shares of Travelers common stock would otherwise be entitled to receive as a result of the merger will be aggregated. For each fractional share that results from such aggregation, the exchange agent will pay the holder an amount equal to the fractional St. Paul Travelers common share *multiplied by* the closing sales price of a share of St. Paul common stock on the trading day immediately preceding the effective time of the merger.

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Travelers Stock Options and Other Stock-Based Awards

Each outstanding option to purchase shares of Travelers common stock granted under an equity compensation plan, whether vested or unvested, will be converted at the effective time of the merger into a replacement option to purchase shares of St. Paul Travelers common stock on the same terms and conditions under which it was issued, including any option reload features relating to any Travelers stock option outstanding on November 16, 2003 or granted in accordance with the terms of the merger agreement. The number of shares of St. Paul Travelers common stock subject to each such replacement stock option will equal the number of the shares of Travelers common stock subject to each converted stock option multiplied by 0.4334, the exchange ratio. The replacement stock option will have a per share exercise price equal to the per share exercise price specified in the Travelers stock option divided by the exchange ratio.

At the closing, each right to receive shares of Travelers common stock, contingent or accrued, and each other outstanding stock-based award, whether vested or unvested, will cease to represent a right or award with respect to shares of Travelers common stock and will be converted into a right or award with respect to St. Paul Travelers common stock on the same terms and conditions under which it was granted. The number of shares of St. Paul Travelers common stock subject to each such replacement right or award will equal the number of the shares of Travelers common stock subject to each converted right or award multiplied by the exchange ratio. Any dividend equivalents credited to any holder of Travelers stock-based awards will remain credited to such holder s account, subject to the foregoing adjustment in the number of shares.

Certain Post-Merger Governance Matters

St. Paul and Travelers have agreed to take all actions necessary so that at the effective time:

the St. Paul articles of incorporation will be amended as described under Required Articles Amendment and, if the required St. Paul shareholders approval is obtained at the special meeting, as further described under Additional Articles Amendment ;

the St. Paul bylaws will be amended as described under Bylaws Amendment ;

the St. Paul Travelers board of directors will be increased from 12 to 23, of whom 11 will have been St. Paul directors prior to the merger and of whom 12 will have been Travelers directors prior to the merger, as described under The Merger Board of Directors and Management of St. Paul Travelers Following the Merger; Business Lines;

The St. Paul Travelers board of directors will have standing executive, governance, compensation, audit, investment and capital markets and risk committees, each comprised of an equal number of St. Paul directors designated by St. Paul and Travelers directors designated by Travelers, and organized as follows:

Committee	St. Paul Designees	Travelers Designees
Executive	Four (including St. Paul CEO)	Four (including Travelers CEO)
Governance	Three (including co-chairman)	Three (including co-chairman)
Compensation	Three	Three (including chairman)
Audit	Two (including vice chairman)	Two (including chairman and vice chairman)
Investment and Capital Markets	Two (including chairman)	Two
Risk	Two (including chairman)	Two

Jay S. Fishman, if available, will be appointed the chief executive officer of St. Paul Travelers; and

Robert I. Lipp, if available, will be appointed executive chairman of the St. Paul Travelers board of directors, which position will be an executive officer position.

Following the merger, St. Paul Travelers headquarters will be in St. Paul, Minnesota, and certain of the executive officers and managers of St. Paul Travelers will be the individuals identified under The Merger Board of Directors and Management of St. Paul Travelers Following the Merger; Business Lines .

The Governance Committee of the St. Paul Travelers board of directors will have responsibility for undertaking a complete review of St. Paul Travelers governance standards and policies and will make a comprehensive recommendation to the St. Paul Travelers board of directors on January 1, 2006 or on such earlier date as the Governance Committee shall determine.

Representations and Warranties

The merger agreement contains a number of substantially reciprocal representations and warranties of St. Paul and Travelers as to, among other things: due incorporation and qualification; corporate authority to enter into the contemplated transactions; required consents and filings with government entities; absence of conflicts with organizational documents, laws and material agreements; capitalization; ownership, due incorporation and qualification of subsidiaries; licenses and authorizations of insurance subsidiaries; reports filed with the Securities and Exchange Commission (including, in the case of St. Paul, reports filed by its majority-owned subsidiary, Nuveen Investments); statutory financial reporting of insurance subsidiaries; financial statements; information supplied for use in this document; absence of material changes or events; absence of undisclosed liabilities; compliance with laws and court orders; litigation; insurance matters; insurance liabilities and reserves; advisory and broker-dealer matters; finders fees; opinions of financial advisors; tax matters and tax treatment; employee benefits plans; labor matters; environmental matters; intellectual property; material contracts; inapplicability to the merger of state takeover statutes, shareholders rights agreements and anti-takeover provisions in organizational documents; and financial controls.

Certain of these representations and warranties are qualified as to materiality or material adverse effect . For purposes of the merger agreement, material adverse effect means with respect to St. Paul or Travelers, as the case may be:

- a material adverse effect on the condition (financial or otherwise), properties, business, results of operations or prospects of such party and its subsidiaries taken as a whole, other than:
  - effects caused by changes in general economic or securities markets conditions,
  - changes that affect the businesses in which such party and its subsidiaries operate in general and which do not have a materially disproportionate effect on such party and its subsidiaries, and
  - changes resulting from the announcement or proposed consummation of the merger agreement and the transactions contemplated by the merger agreement; or
- a material impairment of the ability of such party (or, in the case of St. Paul, the ability of St. Paul or Adams Acquisition Corp.) to consummate the transactions contemplated in the merger agreement.

The representations and warranties in the merger agreement do not survive the effective time of the merger and, as described below under Termination , if the agreement is validly terminated, neither party will have any liability for inaccuracies in its representations and warranties, or otherwise under the merger agreement, unless the party has willfully or intentionally failed to fulfill a condition or to perform a covenant contained therein.

Principal Covenants

Interim Operations of St. Paul and Travelers. Each of St. Paul and Travelers has undertaken a separate covenant that places restrictions on it and its subsidiaries until either the effective time or termination of the merger agreement. In general, St. Paul and its subsidiaries and Travelers and its subsidiaries are required to conduct their respective businesses in the ordinary course consistent with past practices and to use all reasonable efforts to preserve intact their present business organizations and relationships with third parties and to keep available the services of their present officers and employees. Each company has also agreed to certain restrictions on its and its subsidiaries activities that are subject to exceptions described in the merger

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agreement. The most significant activities that each company has agreed not to do, authorize or agree to do are as follows:

amending its organizational documents;

entering into any merger, consolidation or other significant transaction with a third person;

making equity investments or material acquisitions, except permitted capital expenditures, equity investments in wholly owned subsidiaries or investment activities in the ordinary course of business consistent with past practices (other than with the consent of the other party, which consent shall not be unreasonably withheld);

selling, leasing, licensing or otherwise disposing of any assets material to such party and its subsidiaries on a consolidated basis, other than in the ordinary course of business consistent with past practices, pursuant to existing contracts or commitments or with the consent of the other party, which consent shall not be unreasonably withheld;

splitting, combining or reclassifying its capital stock or declaring dividends, subject to certain exceptions including regular quarterly dividends in accordance with past practice and, in the case of St. Paul, the special dividends discussed below under Dividends; Special St. Paul Dividend ;

issuing, selling, transferring, pledging or disposing of capital stock or securities convertible into, exchangeable for or providing the right to acquire capital stock, except in limited instances, or reducing the exercise or conversion price, extending the term or otherwise materially modifying the terms of any such securities;

acquiring, redeeming or purchasing such company s capital stock, other than in the ordinary course of business on behalf of or as fiduciary for third parties;

making material capital expenditures, other than in the ordinary course of business consistent with past practices;

incurring, assuming, guaranteeing or otherwise becoming liable for debt, making loans to third parties, or pledging material assets or capital stock of such company or its subsidiaries, in each case subject to specified exceptions;

except as required by law or by existing agreements or arrangements, increasing employee compensation or benefits, other than increases in salary or performance bonuses consistent with past practices in light of actual performance, arrangements for new hires consistent with existing policies and practices and increases of not more than $250,000 in the aggregate for any individual;

entering into material contracts or transactions, other than as provided in the merger agreement or in the ordinary course of business consistent with past practices;

entering into agreements that materially restrict such company and its subsidiaries from engaging or competing in any line of business or in any geographical area;

paying, discharging or settling non-insurance claims and liabilities in excess of $100,000,000 (other than in the ordinary course of business, with the consent of the other party, which consent shall not be unreasonably withheld, or pursuant to existing contractual obligations);

paying, discharging or settling insurance claims and liabilities in excess of $100,000,000 (other than with the consent of the other party, which consent shall not be unreasonably withheld);

making or changing material tax elections, changing its method of accounting if the change would have a material adverse impact on taxes or changing its fiscal year;

entering into certain new reinsurance transactions as ceding insurer, other than those having specified market terms or transactions that do not materially change the company s reinsurance profile;

altering or amending in any material respect its accounting, underwriting, actuarial or similar policies;

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taking actions that would prevent or impede the merger from qualifying as a tax-free reorganization;

granting initial stock options with optional reload features or, except as required by law or existing agreements or arrangements or as consistent with past practices, granting reloaded stock options with further reload features; or

taking any action that would make any representation or warranty by it inaccurate (except as would not be expected to have a material adverse effect) or would result in a condition to the merger not being satisfied.

With respect to its majority-owned subsidiary, Nuveen Investments, St. Paul s obligations under these interim operations covenants are limited to St. Paul s reasonable best efforts.

Shareholder Meetings and Duties to Recommend. St. Paul has agreed to recommend the approval of the matters described under The St. Paul Special Meeting Purpose of Meeting; Matters to be Considered and to call a meeting of its shareholders for this purpose. The Travelers board of directors has agreed to recommend the approval of the merger and the merger agreement by Travelers shareholders and has agreed to call a meeting of its shareholders for this purpose. Each party s board of directors, however, can fail to make, withdraw or modify in a manner adverse to the other party, its recommendation, in each case as discussed below under No Solicitation .

No Solicitation. Each party has agreed that none of the party, its subsidiaries or any of their officers, directors, employees or other representatives will (a) solicit, initiate or take any action to facilitate or encourage the submission of any Acquisition Proposal (as defined below), (b) enter into or participate in any discussions or negotiations with, furnish any non-public information relating to it or any of its subsidiaries or afford access to the business, properties, assets, books or records of it or any of its subsidiaries, or otherwise cooperate in any way with or knowingly assist, participate in, facilitate or encourage any effort by, any third party that is seeking to make, or has made, an Acquisition Proposal, (c) approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal, (d) amend or grant any waiver or release under any standstill or similar agreement with respect to any class of its equity securities or any class of equity securities of its subsidiaries or (e) enter into any agreement, understanding or commitment with respect to an Acquisition Proposal. However, each party s board of directors, directly or indirectly through advisors, agents or other intermediaries, may (i) engage in negotiations or discussions with any third party that, subject to the party s compliance with the restrictions described in this No Solicitation section, has made a bona fide unsolicited written Acquisition Proposal that such board of directors has determined in good faith by a majority vote, after consultation with its financial advisor and outside legal counsel, would reasonably be expected to lead to a Superior Proposal (as defined below), (ii) furnish to such third party non-public information regarding the party and its subsidiaries, pursuant to an appropriate confidentiality agreement having provisions that are no less favorable to such party than those contained in the confidentiality agreement between St.