

ST PAUL COMPANIES INC /MN/

Form S-4/A

February 13, 2004

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As Filed With The Securities and Exchange Commission on February 13, 2004

Registration No. 333-111072

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

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**Amendment No. 1  
to  
FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**THE ST. PAUL COMPANIES, INC.**

*(Exact name of Registrant as specified in its charter)*

**Minnesota**  
*(State or other jurisdiction  
of incorporation)*

**6331**  
*(Primary Standard Industrial  
Classification Code Number)*

**41-0518860**  
*(I.R.S. Employer  
Identification Number)*

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**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)*

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**With copies to:**

**Paul H. Eddy, 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**

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**Philip 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. ☐

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. ☐

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. ☐

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**CALCULATION OF REGISTRATION FEE**


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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 <sup>1</sup>	N/A	\$16,098,282,770.59	\$1,302,351.08 <sup>2</sup>

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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 Previously paid in connection with the initial filing of this registration statement on December 10, 2003. Pursuant to Rules 457(c) and 457(f) under the Securities Act of 1933, as amended, the registration fee was 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).

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**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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## **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 February 12, 2004, the last practicable trading day before the distribution of this document, was \$18.79, 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 436,926,685 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 February 6, 2004. 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:**

March 19, 2004

10:00 a.m., Central Time

**The St. Paul Companies, Inc.**

**Corporate Headquarters**

**385 Washington Street**

**St. Paul, MN 55102**

**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.**

**For Travelers shareholders:**

March 19, 2004

11:00 a.m., Eastern Time

**Travelers Property Casualty Corp.**

**Wadsworth Atheneum**

**600 Main Street**

**Hartford, CT 06103**

**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 32.** 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**.

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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 February 13, 2004, and it is first being mailed or otherwise delivered to St. Paul shareholders and Travelers shareholders on or about February 17, 2004.

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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: Paul H. Eddy, 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 March 12, 2004 in order to receive them before the special meetings.*

See Where You Can Find More Information beginning on page 141.

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**The St. Paul Companies, Inc.**

**385 Washington Street  
St. Paul, Minnesota 55102**

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

A special meeting of the shareholders of The St. Paul Companies, Inc. will be held on March 19, 2004 at 10:00 a.m., 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, as amended, 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 February 6, 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

February 13, 2004

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**Travelers Property Casualty Corp.**

**One Tower Square  
Hartford, Connecticut 06183**

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**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 March 19, 2004 at 11:00 a.m., Eastern Time, at the Wadsworth Atheneum, 600 Main Street, Hartford, Connecticut 06103. 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, as amended, 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 February 6, 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,

Paul H. Eddy  
Assistant Secretary

February 13, 2004

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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 completion of the transaction, St. Paul shareholders will own approximately 34% of the outstanding common stock of the combined company and Travelers shareholders will own approximately 66% of the outstanding common stock of the combined company.

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 1.745 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 March 19, 2004 at the time and 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 February 6, 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.

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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 (800) 607-0088 or the St. Paul shareholder investor relations department at (651) 310-7788.

Travelers shareholders with any questions about the business combination and related transactions should call Georgeson Shareholder, Travelers proxy solicitors, toll-free at (800) 221-4214 (banks and brokers should call (212) 440-9800) or the Travelers shareholder investor relations department at (860) 277-0779.

### **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 affect 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). This amount is equal to the current conversion ratio of 1.0808 multiplied by the exchange ratio of 0.4334. 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.

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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* beginning on page 141. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.*

**The Companies (page 47)**

***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 57 and page 60)**

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 57 and page 60)**

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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

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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 53)**

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 87)**

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. We expect that, upon completion of the transaction, St. Paul shareholders will own approximately 34% of the outstanding common stock of the combined company and Travelers shareholders will own approximately 66% of the outstanding common stock 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.*

### **Comparative Market Prices and Share Information (page 23 and page 63)**

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 February 12, 2004, 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.

	<b>St. Paul Common Stock</b>	<b>Travelers Class A Common Stock</b>	<b>Travelers Class B Common Stock</b>	<b>Travelers Class A/ Class B Common Stock Implied Value</b>
November 14, 2003	\$36.77	\$16.03	\$16.06	\$15.94
February 12, 2004	\$43.35	\$18.44	\$18.45	\$18.79

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 64)**

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 108)**

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 101)**

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 66)**

*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 87)**

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 94)**

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 95)**

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 ap-

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provals 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 95)**

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 88)**

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 88)**

After the transaction, the board of directors of the combined company will have 23 members, consisting of 11 members of St. Paul's pre-merger board of directors designated by St. Paul (including Jay S. Fishman) and 12 members of Travelers pre-merger 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:

<b>Committee</b>	<b>St. Paul Designees</b>	<b>Travelers Designees</b>
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 62)**

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.

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### **Name and Headquarters (page 88)**

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 51)**

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 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. Applications or notifications have also been 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 retains 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 Federal Trade Commission granted early termination of the waiting period under the HSR Act on December 22, 2003.

### **The Rights of Travelers Shareholders will be Governed by Different Laws and New Organizational Documents After the Merger (page 114)**

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 113)**

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 107)**

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 97 and page 98)**

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. ;

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increase the number of authorized shares of St. Paul voting common stock from 480 million shares to 1.745 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 such transactions, the general rule requires approval by a majority of the voting power of the outstanding shares entitled to vote. Article V also currently requires the approval of a majority of the voting power of all voting shares to amend any article of St. Paul's articles of incorporation other than Article V. As a result of the proposed amendment, the required vote for any amendments to the St. Paul Travelers articles of incorporation will be a majority of the voting power represented in person or by proxy at a meeting for which a quorum is present.

**St. Paul Special Meeting (page 39)**

*Meeting.* The St. Paul special meeting will be held on March 19, 2004, at 10:00 a.m., 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.



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*Record Date.* St. Paul has fixed the close of business on February 6, 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.

A St. Paul shareholder's failure to vote will have the effect of reducing the aggregate number of shares voting and the number of affirmative votes required to approve (i) the issuance of shares of St. Paul common stock in the transaction and (ii) the bylaws amendment. In addition, a St. Paul shareholder's failure to vote will have the same effect as a vote against the articles amendments, including the amendment required to complete the transaction.

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 3,855,250 shares of St. Paul common stock and 3,180 shares of St. Paul Series B convertible preferred stock, or less than 1.7% of the outstanding St. Paul common stock and less than 0.5% 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 1.7% 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 125 shares of St. Paul common stock, or less than 0.01% 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 four proposals.

### **Travelers Special Meeting (page 44)**

*Meeting.* The Travelers special meeting will be held on March 19, 2004, at 11:00 a.m., Eastern Time, at the Wadsworth Atheneum, 600 Main

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Street, Hartford, Connecticut 06103. 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 February 6, 2004. On that date, there were 508,373,560 shares of Travelers Class A common stock and 499,763,693 shares of Travelers Class B common stock entitled to vote at the special meeting.

*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 1,540,105 shares of Travelers Class A common stock and 219,724 shares of Travelers Class B common stock, or less than 0.4% of the outstanding Travelers Class A common stock, less than 0.05% of the outstanding Travelers Class B common stock and less than 0.08% of the combined voting power of both classes of 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 14,163 shares of Travelers Class A common stock and 21,962 shares of Travelers Class B common stock, or less than 0.01% of the outstanding Travelers Class A common stock and less than 0.01% 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.

**Table of Contents****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" beginning on page 141.

	At and for the nine months ended September 30,		At and for the year ended December 31,				
	2003	2002	2002 <sup>(4)</sup>	2001 <sup>(5)</sup>	2000 <sup>(7)</sup>	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 <sup>(1)</sup>	(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 <sup>(2)</sup>	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 <sup>(3)</sup>		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 <sup>(6)</sup>				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



**Table of Contents****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 <sup>(4)</sup>	2001 <sup>(5)</sup>	2000 <sup>(7)</sup>	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 <sup>(6)</sup>				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

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**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.

**Table of Contents****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](#) beginning on page 141.

	At and for the nine months ended September 30,		At and for the year ended December 31, <sup>(1)</sup>				
	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 ( <sup>2</sup> )		(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 <sup>(3)</sup>	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

**Table of Contents****Selected Consolidated Historical Financial Data of Travelers**

	At and for the nine months ended September 30,		At and for the year ended December 31, <sup>(1)</sup>				
	2003	2002	2002	2001	2000	1999	1998
(in millions, except per share amounts)							
Period-end common shares outstanding <sup>(4)</sup>	1,004.7	1,003.3	1,003.9	769.0	769.0	769.0	769.0
Per common share data:							
Cash dividends <sup>(5)</sup>	\$ 0.20	\$ 5.23	\$ 5.23	\$ 0.53	\$ 11.98	\$ 8.37	\$ 7.50
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**

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. See Accounting Treatment on page 107.

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 128. 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.

**Table of Contents****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 128. See also *Where You Can Find More Information* beginning on page 141. 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)				
<b>Basic Earnings Per Common Share from Continuing Operations</b>				
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
<b>Diluted Earnings Per Common Share from Continuing Operations</b>				
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
<b>Dividends Per Common Share(2)</b>				
Common stock dividends	\$ 198	\$ 202	\$ 202	\$ 400
Dividends per common share	\$ 0.87	\$ 0.20	\$ 0.46	N/A
<b>Book Value Per Common Share</b>				
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)				
<b>Basic Earnings Per Common Share from Continuing Operations</b>				
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
<b>Diluted Earnings Per Common Share from Continuing Operations</b>				
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
<b>Dividends Per Common Share(2)(3)</b>				
Common stock dividends	\$ 252	\$ 5,253	\$ 5,253	\$5,505
Dividends per common share	\$ 1.16	\$ 5.23	\$ 12.07	N/A
<b>Book Value Per Common Share</b>				
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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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 February 12, 2004, 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.

	<b>St. Paul Common Stock</b>	<b>Travelers Class A Common Stock</b>	<b>Travelers Class B Common Stock</b>	<b>Travelers Class A Common Stock Pro Forma Equivalent</b>	<b>Travelers Class B Common Stock Pro Forma Equivalent</b>
November 14, 2003	\$36.77	\$16.03	\$16.06	\$15.94	\$15.94
February 12, 2004	\$43.35	\$18.44	\$18.45	\$18.79	\$18.79

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**ST. PAUL RECENT DEVELOPMENTS**

On January 28, 2004, St. Paul issued a press release reporting its fourth quarter and full year 2003 results. The following section sets out certain financial results reported by St. Paul in its press release. All financial results included in this section are unaudited as of the date of this joint proxy statement/prospectus. 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 .

In its release, St. Paul announced fourth quarter 2003 net income of \$52 million, or \$0.21 per share, including a previously announced fourth quarter after-tax Health Care reserve charge of \$228 million, or \$0.98 per share. Net income for fourth quarter 2002 was \$244 million, or \$1.02 per share.

Fourth-quarter 2003 highlights also included:

A 13.0 percent increase in total revenues, to \$2.32 billion

Ongoing segments net earned premiums were \$1.83 billion, up 22.8 percent, and net written premiums were \$1.86 billion, up 24.6 percent

Ongoing segments statutory combined ratio of 89.5, improved from 100.1

An 18.8 percent increase in Nuveen Investments contribution to earnings, to \$32 million

St. Paul's annual net income return on average equity for 2003 was 11.1 percent.

**2003 Year in Review**

Net income was \$661 million in 2003, compared to \$218 million in 2002, and included net realized investment gains of \$79 million, a loss from the cumulative effect of an accounting change of \$21 million, and losses in discontinued operations of \$17 million.

St. Paul's ongoing segments, Commercial Lines and Specialty Commercial, reported net earned premiums of \$6.71 billion, an increase of 21.5 percent over 2002. Those same segments combined net written premiums grew to \$7.33 billion, up 23.6 percent over 2002, in excess of price increases, which averaged in the mid-teens for 2003.

St. Paul announced the acquisition of the right to renew certain business from Kemper Insurance Companies in May of 2003. During 2003, St. Paul wrote approximately \$277 million in gross written premiums, \$78 million in the fourth quarter alone, from this transaction. St. Paul expects to write additional premiums from this transaction in 2004.

St. Paul's statutory combined ratio for ongoing segments for 2003 improved to 91.7 from 95.8 in 2002, with a loss ratio of 63.0 and an expense ratio of 28.7. Underperformance in the surety business was offset by strong underwriting results in all other businesses. For Specialty Commercial, the 2003 statutory combined ratio was 93.3, compared to 97.8 for 2002. For Commercial Lines, the 2003 statutory combined ratio was 88.3, compared to 91.7 for 2002. The overall statutory combined ratio improved to 102.5, from 109.6 for 2002, as the ongoing segments strong performance continued to improve.

Net earned premiums in St. Paul's runoff businesses were \$327 million, declining from \$1.98 billion for 2002. Net written premiums declined to \$215 million from \$1.21 billion in 2002. In addition to the previously announced \$350 million of prior year medical malpractice reserve increases, there were \$153 million of current year losses and a series of other prior year reserve actions. The underwriting results in St. Paul's Other segment do not include investment income earned on the invested assets held to pay \$5.62 billion in estimated claim obligations. In 2004, net earned premiums on those businesses are expected to be immaterial and, as a consequence, St. Paul anticipates current year underwriting losses in this segment to be less than \$10 million per quarter.

The total net earned premiums for 2003 were \$7.04 billion, down 6.2 percent from \$7.50 billion in 2002. Total 2003 net written premiums of \$7.54 billion were up 5.6 percent from 2002. Total revenues were



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\$8.85 billion, down 1.9 percent from 2002. Strong premium growth resulted in increased positive cash flow, contributing to net investment income growth in the fourth quarter over the third quarter.