

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

In re ST. PAUL TRAVELERS  
SECURITIES LITIGATION II

) Master File No. 04-CV-4697-JRT-FLN  
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**CORRECTED NOTICE OF PENDENCY OF CLASS ACTION, HEARING ON PROPOSED SETTLEMENT, PLAN OF ALLOCATION AND ATTORNEYS' FEES AND EXPENSES**

**TO: ALL PERSONS WHO PURCHASED SECURITIES OF THE ST. PAUL COMPANIES, INC. ("ST. PAUL") OR THE ST. PAUL TRAVELERS COMPANIES, INC. ("ST. PAUL TRAVELERS") (N/K/A THE TRAVELERS COMPANIES, INC.) BETWEEN JANUARY 27, 2000 AND NOVEMBER 16, 2004 (THE "CLASS PERIOD"); OR EXCHANGED SHARES OF TRAVELERS PROPERTY CASUALTY CORP. ("TRAVELERS PROPERTY CASUALTY") CLASS A AND/OR B COMMON STOCK FOR SHARES OF ST. PAUL TRAVELERS IN THE MERGER BETWEEN ST. PAUL AND TRAVELERS PROPERTY CASUALTY ("THE MERGER").**

**YOU MAY BE ELIGIBLE TO PARTICIPATE IN A CLASS ACTION SETTLEMENT. YOUR LEGAL RIGHTS ARE AFFECTED WHETHER OR NOT YOU ACT. READ THIS NOTICE CAREFULLY.**

**SUMMARY OF SETTLEMENT AND RELATED MATTERS**

**CLAIMS DEADLINE:** CLAIMANTS MUST SUBMIT PROOFS OF CLAIM ON THE FORM ACCOMPANYING THIS NOTICE, SUCH THAT THEY ARE RECEIVED NO LATER THAN AUGUST 27, 2008.

**EXCLUSION DEADLINE:** CLAIMANTS MUST SUBMIT REQUESTS FOR EXCLUSION SUCH THAT THEY ARE RECEIVED NO LATER THAN JUNE 20, 2008.

**SECURITIES BROKERS AND OTHER NOMINEES:** PLEASE SEE INSTRUCTIONS BELOW.

The Hon. John R. Tunheim, United States District Judge for the District of Minnesota (the "Court"), authorized that this Notice be sent to you. All terms are defined in the Stipulation of Settlement ("Stipulation") on file with the Court. This is not a solicitation.

The Court will hold a Final Fairness Hearing on July 11, 2008 at 2:30 p.m. at the United States District Courthouse, 300 S. 4th Street, Minneapolis, Minnesota, to decide whether to approve: (1) the Settlement; (2) the Plan of Allocation; (3) the Settlement Class; and (4) application by plaintiffs' counsel for fees, and applications by Lead Plaintiff and plaintiffs' counsel for out-of-pocket expenses incurred in litigating this class action (the "Action").

**Class Recovery:** Defendants are depositing a fund of Seventy-Seven Million Dollars in cash (\$77,000,000) (the "Settlement Fund") to settle the Action. The Settlement Fund will accrue interest which will be distributed as part of the Settlement. Based on Lead Plaintiff's estimate of the number of shares of common stock entitled to participate in the Settlement Fund, and assuming that all shares entitled to participate do so, the average distribution per share of common stock would be approximately \$0.17 per share, before deduction of Court-approved fees and expenses. However, your actual recovery from the Settlement Fund will depend upon a number of variables including, the type of security purchased, the number of claimants, the number of securities purchased, whether you were an open market purchaser of St. Paul and/or St. Paul Travelers shares, or whether you were a former holder of Travelers Property Casualty A and/or B common stock and exchanged those shares in the Merger, and the costs of administering this Settlement. For a more detailed description of the allocation of the Settlement Fund, please refer to the section below entitled "Plan of Allocation."

**Potential Outcome of the Action:** The Settling Parties do not agree on the average amount of damages per share and/or security that would be recoverable if the Lead Plaintiff had prevailed on each claim against Defendants. The issues on which the Settling Parties disagree include: (1) whether Lead Plaintiff adequately pled and could eventually prove that the Settlement Class' losses were due to disclosures about Defendants on October 14, 2004 and November 16, 2004; (2) whether, during the Class Period, Defendants had properly disclosed the contingent commission payments made to brokers; (3) whether Defendants engaged in improper bid rigging conduct in connection with the bid rigging allegations made by the New York Attorney General in the complaint styled State of New York v. Marsh McLennan Companies, Inc. and Marsh Inc.; (4) whether Defendants used finite insurance products to improperly smooth out earnings; (5) whether Defendants' statements during the Class Period, including those regarding the payment of contingent commissions, were false and misleading, and (6) whether Defendants acted with the requisite intent. Lead Plaintiff estimates that if it had been completely successful in the prosecution of all of its claims, the Settlement Class could have recovered approximately \$2.06 per share of common stock for all shares which were held during the Class Period.

**Statement of Attorneys' Fees and Expenses Sought:** Lead Counsel and other plaintiffs' counsel intend to apply to the Court for an award of attorneys' fees of no more than 25% of the Settlement Fund, plus reimbursement of out-of-pocket expenses of up to \$2.5 million, including expert witness and consultant fees not to exceed \$750,000.

**This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in this Action or the fairness or adequacy of the proposed Settlement.**

**Deadlines:**

Request Exclusion: June 20, 2008  
File Objection: June 20, 2008  
Submit Claim Form: August 27, 2008

**Court Hearing on Fairness of Settlement:** July 11, 2008, 2:30 p.m.

**More Information:**

Claims Administrator:  
***In re St. Paul Travelers Securities Litigation II***  
c/o The Garden City Group, Inc.  
PO BOX 9243  
Dublin, OH 43017-4643

Lead Counsel:  
Thomas A. Dubbs, Esq.  
Javier Bleichmar, Esq.  
LABATON SUCHAROW LLP  
140 Broadway  
New York, New York 10005

**YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:**

- SUBMIT A PROOF OF CLAIM FORM** The only way to get a payment from the Settlement Fund.
- EXCLUDE YOURSELF** Receive no payment. This is the only option that allows you to commence or participate in your own lawsuit against the Defendants relating to the same legal claims asserted in this case.
- OBJECT** You may write to the Court if you know of facts or circumstances which would lead you to believe that the Settlement is not fair, reasonable or adequate, but continue to remain in the Settlement Class.
- GO TO A HEARING** You may ask to speak in court about the fairness of this Settlement at the Final Fairness Hearing, if you have given prior written notice, as discussed below, and may, but are not required to, hire your own counsel.
- DO NOTHING** Receive no payment and forfeit the right to sue in another action, and release all Defendants for the claims which were or could have been asserted in this Action.

**BASIC INFORMATION**

**1. Why Did I Get This Notice Package?**

You or someone in your family may have (1) purchased securities of St. Paul and/or St. Paul Travelers between January 27, 2000 and November 16, 2004; and/or (2) exchanged shares of Travelers Property Casualty A and/or B common stock for St. Paul Travelers common stock as a result of the Merger.

The Court sent you this Notice because you have a right to know about the proposed Settlement, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves it, and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

The Lead Plaintiff in this case is the Educational Retirement Board of New Mexico. The Defendants are St. Paul, St. Paul Travelers, Douglas Leatherdale, Jay Fishman, Robert Lipp, Thomas Bradley, John Treacy, Jay Benet, Carolyn Byrd, John Dasburg, Janet Dolan, Lawrence Graev, Thomas Hodgson, William Kling, James Lawrence, Glen Nelson, Gordon Sprenger, H. Furlong Baldwin, W. John Driscoll, David John, Bruce MacLaury, Anita Pampusch, Blythe McGarvie, Clarence Otis, Frank Tasco, and Laurie Thomsen, (collectively, "Defendants").

**2. What Is This Lawsuit About?**

This Action asserts that during the period of January 27, 2000 to November 16, 2004, Defendants participated in an industry-wide cartel in which insurance carriers and brokers illegally rigged bids for insurance contracts and steered clients to insurance carriers in exchange for kickbacks. These kickbacks took the form of contingent commissions. When the existence of the bid-rigging cartel was disclosed on October 14, 2004, the price of St. Paul Travelers common stock dropped \$2.06 per share on October 14 and October 15, 2004. The Action further alleges that Defendants abused a certain type of re-insurance contract commonly referred to as "finite reinsurance" to improperly smooth earnings and in violation of Generally Accepted Accounting Practices ("GAAP"). The disclosure on November 16, 2004 that the Securities and Exchange Commission had commenced an investigation into St. Paul Travelers' finite reinsurance practices caused the stock price to drop \$0.24. Given these facts, the Second Amended Complaint (the "SAC") charges Defendants with securities fraud. Specifically, the SAC asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "1934 Act"), and Sections 11 and 15 of the Securities Act of 1933 (the "1933 Act").

Lead Plaintiff filed the First Amended Complaint on July 11, 2005. The Court sustained that complaint on October 25, 2006. Defendants then moved on November 1, 2006 for a motion for judgment on the pleadings arguing that Lead Plaintiff did not properly plead loss causation on the finite insurance allegations. The Court granted Defendants' motion on June 1, 2007, but also granted Lead Plaintiff leave to amend and extend the Class Period to November 16, 2004. Lead Plaintiff then filed the SAC on June 8, 2007 extending the end of the Class Period from October 14, 2004 to November 16, 2004.

On July 11, 2007, Defendants filed a motion to dismiss the SAC, and on August 24, 2007, Lead Plaintiff filed its opposition papers. These papers demonstrated that while the SAC asserted meritorious claims, Defendants had asserted defenses, most importantly with respect to materiality and loss causation. These issues could have either resulted in the dismissal of the Action, or the severe curtailment of the Settlement Class' damages.

Also pending before the Court at the time of the Settlement was Lead Plaintiff's motion for Class Certification (the "Class Certification Motion"), which had been filed on March 15, 2007. Defendants submitted their opposition papers on June 18, 2007, and asserted, *inter alia*, that class certification was improper in this case because individualized issues predominated over common ones, including whether certain members of the class had knowledge and received appropriate disclosures about Defendants' contingent commission practices. As a result, class certification was far from assured and remained a risk.

### **3. Why Is This a Class Action?**

In a class action, one or more people called class representatives (in this case the court-appointed Lead Plaintiff, The Educational Retirement Board of New Mexico), sue on behalf of people or entities who have similar claims. Here, the Lead Plaintiff sued on behalf of the Settlement Class or Settlement Class Members. In this class action, the Court resolves the issues for all Settlement Class Members at the same time, except for those who voluntarily exclude or opt out from the Settlement Class.

### **4. Why Is There a Settlement?**

After significant litigation, the review of millions of pages of documents, and months of negotiations, both sides agreed to a settlement based on a compromise of the claims and defenses. The Settlement was arrived at through arms' length negotiations. The Lead Plaintiff and its attorneys agreed to the Settlement after considering the results of their factual and legal investigation of the Settlement Class' claims, and the realistic possibility that Defendants could prevail upon certain of their arguments in connection with the Second Motion to Dismiss and Motion for Class Certification, which could result in the dismissal of the Action – or denial of class certification -- and no recovery for the Class. In addition, as part of discovery, counsel for the Lead Plaintiff obtained over 20 million pages of documents from Defendants and third parties, enabling Lead Plaintiff to confirm the adequacy, reasonableness and fairness of the Settlement.

Based on their investigation and discovery of the claims, the over 40 years of experience which Lead Plaintiff's attorneys (Labaton Sucharow LLP) have in litigating similar complex actions, the procedural protections provided by the Settlement, and the significant all-cash consideration that the Settlement provides to Settlement Class Members, Lead Plaintiff and Lead Counsel believe that the Settlement is in the best interests of all Settlement Class Members.

## **WHO IS IN THE SETTLEMENT?**

To see if you will receive a distribution from this Settlement, you first have to determine if you are a Settlement Class Member.

### **5. How Do I Know If I Am Part of the Settlement?**

You are in the Settlement Class if you or someone in your family: (1) purchased securities of St. Paul and/or St. Paul Travelers between January 27, 2000 and November 16, 2004; and/or (2) exchanged shares of Travelers Property Casualty A and/or B common stock for St. Paul Travelers common stock as a result of the Merger, and you (or they sustained) a loss on the transactions.

### **6. Who Is Excluded?**

Excluded from the Settlement Class are Defendants and their Related Parties (as defined in the Stipulation), and any Person who timely excludes himself or herself from the Settlement Class.

### **7. I Am Still Not Sure if I Am Included.**

If you are still not sure whether you are included, you can ask for free help. You can call the claims administrator, The Garden City Group, Inc., at 1-888-966-6846, for more information. Or, you can fill out and return the claim form described below, to see if you qualify.

## **THE SETTLEMENT BENEFITS**

### **8. What Does the Settlement Provide?**

Defendants have agreed to pay Seventy-Seven Million Dollars (\$77,000,000) in cash. This Settlement Fund will be distributed to eligible Settlement Class Members who send in valid Proof of Claim forms with the requested documentation, after payment of Court-approved legal fees, attorney and Lead Plaintiff expenses and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund").

### **9. How Much Will My Payment Be?**

Your share of the Fund will depend upon: (a) the number of valid Proof of Claim forms that Settlement Class Members have submitted (the fewer the number of Settlement Class members who choose to participate in the Settlement, the larger the recovery for each participant); (b) the number of securities you purchased (or received in the Merger) during the relevant period; and (c) when you bought and sold them.

In order to recover damages, you must have suffered an actual monetary loss on the securities that you purchased and/or exchanged during the Settlement Class Period. For securities that you purchased and sold during the Settlement Class Period, the purchase price must have been greater than the sales price.

## 10. Plan of Allocation

a. **Recognized Loss Formula:** The Seventy-Seven Million Dollars (\$77,000,000) Settlement Fund and the interest earned thereon (the "Gross Settlement Fund"), less approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to Authorized Claimants. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon a formula which takes into account the securities purchased, the amount of inflation during the time of his or her purchases and sales, and the mix of information which was in the market at the time of these purchases and sales, among other things (the "Recognized Loss Formula"). The Recognized Loss Formula, which provides each Claimant with his or her "Recognized Loss," is not intended to be an estimate of the amount which a Settlement Class Member was to recover after trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss Formula is the basis upon which the Net Settlement Fund will be allocated to the Authorized Claimants.

b. The Recognized Loss Formula takes into account, for instance, that Lead Plaintiff's experts have determined that \$1.77 of the stock price decline per share which St. Paul Travelers stock experienced over the period of October 14 and 15, 2004, and \$0.52 on November 17, 2004, are attributable to the disclosure of the alleged false and misleading statements. The aggregate of those stock declines of \$2.29 per share is the maximum loss per share that will be recognized for the purposes of this Settlement.

c. Under Lead Plaintiff's analysis, any securities sold before October 14, 2004 did not suffer losses since such sale occurred in an inflated market and thus at an inflated price.

d. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon the Recognized Loss Formula resulting in an Authorized Claimant's Recognized Loss. The *pro rata* share of the purchasers of securities other than common stock will be calculated based on a limited fund of five million dollars (\$5,000,000) (the "Non-Common Stock Fund"). If the aggregate Recognized Loss of the purchasers of securities other than common stock does not total five million dollars (\$5,000,000), any remaining amount will revert to the funds available for distribution to the common stock holders. The *pro rata* share of the purchasers of common stock will be calculated based on the Net Settlement Fund minus the amount distributed to the purchasers of securities other than common stock.

e. The Recognized Loss will be calculated as follows:

A. For shares of St. Paul common stock and/or St. Paul Travelers common stock purchased or acquired during the period January 27, 2000 through and including the close of trading on October 13, 2004, and:

(1) Sold on October 14, 2004, an Authorized Claimant's Recognized Loss per share shall mean the lesser of: (a) \$.56 per share; or (b) the purchase price per share (including commissions, etc.) less the sales proceeds per share received (net of commissions, etc.); or

(2) Sold during the period October 15, 2004 and November 16, 2004, an Authorized Claimant's Recognized Loss per share shall mean the lesser of: (a) \$1.77 per share; or (b) the purchase price per share (including commissions, etc.) less the sales proceeds per share received (net of commissions, etc.); or

(3) Held as of the close of trading on November 16, 2004, an Authorized Claimant's Recognized Loss per share shall mean the lesser of: (a) \$2.29 per share; or (b) the purchase price per share (including commissions, etc.) less \$37.23 per share.

B. For shares of St. Paul Travelers common stock purchased or acquired on October 14, 2004, and:

(1) Sold during the period October 15, 2004 and November 16, 2004, an Authorized Claimant's Recognized Loss per share shall mean the lesser of: (a) \$1.21 per share; or (b) the purchase price per share (including commissions, etc.) less the sales proceeds per share received (net of commissions, etc.); or

(2) Held as of the close of trading on November 16, 2004, an Authorized Claimant's Recognized Loss per share shall mean the lesser of: (a) \$1.73 per share; or (b) the purchase price per share (including commissions, etc.) less \$37.23 per share.

C. For shares of St. Paul Travelers common stock purchased or acquired during the period October 15, 2004 through and including the close of trading on November 16, 2004, and held as of the close of trading on November 16, 2004, an Authorized Claimant's Recognized Loss per share shall mean the lesser of: (a) \$0.52 per share; or (b) the purchase price per share (including commissions, etc.) less \$37.23 per share.

D. For shares of St. Paul Travelers acquired in exchange for Travelers Property Casualty A and/or B common stock in the Merger, a purchase price of \$40.77 per share shall be used.

E. For each security of St. Paul or St. Paul Travelers other than common stock:

(1) purchased, acquired or written (puts) during the period January 27, 2000 through and including the close of trading on October 13, 2004, and sold or repurchased (puts) on or after October 14, 2004, an Authorized Claimant's Recognized Loss

shall mean the lesser of: (a) the purchase price or writing price (puts) (including commissions, etc.) minus the sales price or repurchase price (puts) (net of commissions, etc.); or (b) the "loss factor" on the date of purchase or date written (puts) minus the "loss factor" on the date of sale or repurchased (puts), as set forth in Table 1;

(2) purchased, acquired or written (puts) on October 14, 2004, and sold or repurchased (puts) after October 14, 2004, an Authorized Claimant's Recognized Loss shall mean the lesser of: (a) the purchase price or writing price (puts) (including commissions, etc.) minus the sales price or repurchase price (puts) (net of commissions, etc.); or (b) the "loss factor" on the date of purchase or date written (puts) minus the "loss factor" on the date of sale or repurchased (puts), as set forth in Table 1; or

(3) purchased, acquired or written (puts) during the period October 15, 2004 through and including the close of trading on November 16, 2004, and held as of the close of trading on November 16, 2004, an Authorized Claimant's Recognized Loss shall mean the lesser of: (a) the purchase price or writing price (puts) (including commissions, etc.) minus the "holding price" as set forth in Table 1; or (b) the "loss factor" on the date of purchase or date written (puts), as set forth in Table 1.

#### Generally

f. In the event a Settlement Class Member has more than one purchase or sale of securities, all purchases and sales shall be matched on a First In First Out ("FIFO") basis. Settlement Class Period sales will be matched first against securities held at the beginning of the Settlement Class Period and then against purchases in chronological order.

### **SUBMITTING A CLAIM FORM**

#### **11. How Will I Get a Payment?**

To qualify for payment, you must be an eligible Settlement Class Member and you must send in a Proof of Claim form with proper documentation. A Proof of Claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it so that it is received no later than August 27, 2008, at the following address ***In re St. Paul Travelers Securities Litigation II***, c/o The Garden City Group, Inc., PO BOX 9243, Dublin, OH 43017-4643.

#### **12. When Will I Get My Payment?**

The Court will hold a hearing on July 11, 2008, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time. However, if no appeals of the Settlement are taken, distribution of the Settlement Fund may commence as early as December 2008.

#### **13. What Am I Giving Up to Get a Payment or Stay in the Settlement Class?**

Unless you exclude yourself, you are a Settlement Class Member, and therefore cannot sue, continue to sue, or be part of any other lawsuit against the Defendants arising from the same legal and factual issues involved in this Action. The Court's orders will apply to you and legally bind you and, in return for a distribution from the Settlement Fund, you will release your claims in this Action against all the Defendants. The terms of the release are included in the Proof of Claim form that is enclosed.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want a payment from this Settlement or to release the Defendants, and want to maintain the right to sue the Defendants on your own about the same legal and factual issues involved in this Action, then you must take steps to opt-out or exclude yourself from the Settlement Class.

To exclude yourself or opt-out from the Settlement Class, you must send a letter by mail specifically stating that you want to be excluded from ***In re St. Paul Travelers Securities Litigation II***, Master File No. 04-CV-4697 (JRT/FLN). You must include your name, address, telephone number, your signature, and the St. Paul and/or St. Paul Travelers securities and amount you held on January 27, 2000, the St. Paul and/or St. Paul Travelers securities and amount you purchased and sold between January 27, 2000 and November 16, 2004, and/or the number of shares of St. Paul received in exchange for Travelers Property Casualty A and/or B common stock in the Merger, and the St. Paul and/or St. Paul Travelers securities and amount you held on October 14, 2004 and November 16, 2004. Your exclusion request must be mailed or delivered so that it is received no later than June 20, 2008 at:

#### ***In re St. Paul Travelers Securities Litigation II - Exclusions***

c/o The Garden City Group, Inc.

PO Box 9247

Dublin, OH 43017-4647

You cannot exclude yourself by phone or e-mail. *You must submit a written exclusion.* If you ask to be excluded, you are not eligible to get any distribution from the Settlement Fund, and you cannot object to the Settlement. You will not be legally bound by the releases entered in this Action.

### **THE LAWYERS REPRESENTING YOU**

#### **14. Do I Have a Lawyer in This Case?**

The Court appointed the law firm of Labaton Sucharow LLP as Lead Counsel to represent you and other Settlement Class Members. If you want to be represented by your own lawyer, you may hire one at your own expense.

## 15. How Will the Lawyers Be Paid?

Plaintiffs' counsel will ask the Court for attorneys' fees not to exceed 25% of the Settlement Fund, a percentage which has been rigorously negotiated with Lead Plaintiff and its representative, and for reimbursement of out-of-pocket expenses up to \$2.5 million, including expert witness and consultant fees not to exceed \$750,000 in the aggregate, which were advanced in connection with the Action. In addition, the Lead Plaintiff will ask the Court for reimbursement of certain costs and expenses directly incurred in connection with its representation of the Settlement Class. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested, to the extent they are awarded by the Court, will be the only payment to plaintiffs' counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. The percentage of the fee request was negotiated by Lead Plaintiff and its representatives in the New Mexico Attorney General's office, who were under a fiduciary obligation to make sure the fee request was reasonable. Counsel for Lead Plaintiff is entitled to petition the Court for its reasonable attorneys' fees, as well as the reimbursement of reasonable actual costs and expenses, taking into account relevant factors for fee awards under the law. Those factors to be considered by the Court, include: (1) the time and labor required, the novelty and difficulty of the questions involved, and the skill required to pursue the litigation properly; (2) the likelihood that the acceptance of this employment precluded other employment by counsel for the Lead Plaintiff; (3) the fees customarily charged for complex litigation where the lawyers must prevail before they are entitled to any fee; (4) the financial amount involved and the result obtained for the State of New Mexico and the Settlement Class; (5) the time limitations imposed by the litigation or the circumstances; (6) the nature and length of the professional representation; (7) the experience, reputation, and ability of counsel performing the services, including background in securities fraud matters; and (8) the uncertainty and risk undertaken by counsel in accepting employment.

### OBJECTING TO THE SETTLEMENT

If you have facts which lead you to believe that the Settlement is not fair, reasonable or adequate, you can file a written objection to the Settlement, giving the reasons why you think the Settlement is not adequate. To object, you must send a letter stating that you object to the Settlement in *In re St. Paul Travelers Securities Litigation II*, Master File No. 04-CV-4697 (JRT/FLN). Be sure to include your name, address, telephone number, your signature, the St. Paul and/or St. Paul Travelers securities and amount you held on January 27, 2000, the St. Paul and/or St. Paul Travelers securities and amount you purchased and sold between January 27, 2000 and November 16, 2004, and/or the number of shares of St. Paul received in exchange for Travelers Property Casualty A and/or B common stock in the Merger, and the St. Paul and/or St. Paul Travelers securities and amount you held on October 14, 2004 and November 16, 2004, and the reasons you object to the Settlement. Any objection to the Settlement must be mailed or delivered such that it is received by each of the following no later than June 20, 2008:

CLERK OF THE COURT  
UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA  
300 S. 4th Street  
Minneapolis, MN 55415

*Lead Counsel for Lead Plaintiff and the Settlement Class:*  
LABATON SUCHAROW LLP  
140 Broadway  
New York, NY 10005  
Attn: Javier Bleichmar, Esq.

*Counsel for all Defendants:*  
SIMPSON THACHER & BARTLETT LLP  
425 Lexington Avenue  
New York, NY 10017  
Attn: Paul C. Curnin, Esq.

## 16. What is the Difference Between Objecting and Excluding Yourself from the Settlement?

Objecting is telling the Court that you do not think the Settlement is fair, reasonable or adequate, based upon facts. You can object *only if you stay* in the Settlement Class. If you exclude yourself, you are not part of the Settlement Class, and cannot object to the Settlement as the Action no longer affects you. If you object, you may still receive a distribution from the Settlement Fund.

### THE FINAL FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve: (1) the Settlement, (2) the Plan of Allocation, (3) certification of a Settlement Class and (4) applications by plaintiffs' counsel for fees and applications by Lead Plaintiff and plaintiffs' counsel's for out-of-pocket expenses incurred in litigating the Action.

The Court will hold a Final Fairness Hearing on July 11, 2008, at 2:30 p.m., at the United States Courthouse, 300 South Fourth Street, Minneapolis, Minnesota. You are welcome to attend the Final Fairness Hearing at your own expense. If you file an objection, you do not have to make a personal appearance. You may also hire your own counsel to attend the Hearing.

**17. May I Speak at the Hearing?**

You may ask the Court for permission to speak at the Final Fairness Hearing. To do so, you must send a letter in advance indicating that you intend to appear in *In re St. Paul Travelers Securities Litigation II*, Master File No. 04-CV-4697 (JRT/FLN). Be sure to include your name, address, telephone number, your signature, and the St. Paul and/or St. Paul Travelers securities and amount you held on January 27, 2000, the St. Paul and/or St. Paul Travelers securities and amount you purchased and sold between January 27, 2000 and November 16, 2004, and/or the number of shares of St. Paul received in exchange for Travelers Property Casualty A and/or B common stock in the Merger, and the St. Paul and/or St. Paul Travelers securities and amount you held on October 14, 2004 and November 16, 2004. Your notice of intention to appear must be mailed or delivered such that it is received no later than June 20, 2008, and must be sent to the Clerk of the Court, Lead Counsel, and Defendants' counsel, at the three addresses listed earlier in this Notice. You cannot speak at the Final Fairness Hearing if you have excluded yourself or opted out of the Settlement Class.

**18. What Happens if I Do Nothing?**

If you do nothing, you will not receive a distribution from the Settlement Fund, but you will be deemed to have released Defendants from the claims asserted in this Action.

**19. Are There More Details About the Settlement?**

This Notice summarizes the proposed Settlement. More details are in the Stipulation. You can get a copy of the Stipulation by visiting the website of Lead Counsel at [www.labaton.com](http://www.labaton.com), or from the Clerk's office at the United States District Court for the District of Minnesota, 300 South Fourth Street, Minneapolis, Minnesota, during regular business hours.

**20. How Do I Get More Information?**

You can call 1-888-966-6846 or write to *In re St. Paul Travelers Securities Litigation II*, c/o The Garden City Group, Inc., PO BOX 9243, Dublin, OH 43017-4643.

**NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES**

If you hold securities of St. Paul and/or St. Paul Travelers purchased between January 27, 2000 and November 16, 2004, or received St. Paul Travelers shares in exchange for Travelers Property Casualty A and/or B common stock by way of the Merger, as nominee for a beneficial owner, then, within five (5) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

***In re St. Paul Travelers Securities Litigation II***  
c/o The Garden City Group, Inc.  
PO BOX 9243  
Dublin, OH 43017-4643

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of this Notice and Proof of Claim as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

**DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE**

If you have any questions about the Settlement or the matters contained in this Notice, you may contact the following representative for the Plaintiffs:

Javier Bleichmar, Esq.  
LABATON SUCHAROW LLP  
140 Broadway  
New York, NY 10005  
(212) 907-0700

DATED: February 4, 2008

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

Security Description	Loss Factor					Holding Value		
	1/27/00 to 4/1/04	4/2/04 to 10/13/04	10/14/04	10/15/04 to 11/16/04	11/17/04 and later			
<b>Purchasers of Debt and Equity Unit Instruments</b>								
9% Equity Units due 2005	3.59	3.59	2.02	0.35	0.00	66.53		
4.5% Convertible Jr Sub Notes due 2032	0.00	0.88	0.57	0.12	0.00	23.10		
7.6% Sub Debentures due 2050	0.07	0.07	0.03	0.00	0.00	29.29		
All other debt instruments of STA	1.85	1.85	0.00	0.00	0.00	0.00		
All other debt instruments of TPC	0.00	1.85	0.00	0.00	0.00	0.00		
<b>Purchasers of Call Options</b>								
<b>Side</b>	<b>Expiration Date</b>	<b>Exercise Price</b>						
Call	10/16/04	30.00	1.74	1.74	1.21	na	0.00	1.94
Call	10/16/04	35.00	0.00	0.00	0.00	na	0.00	0.00
Call	10/16/04	40.00	0.00	0.00	0.00	na	0.00	0.00
Call	10/16/04	45.00	0.00	0.00	0.00	na	0.00	0.00
Call	10/16/04	50.00	0.00	0.00	0.00	na	0.00	0.00
Call	11/20/04	30.00	1.95	1.95	1.46	0.52	0.00	6.20
Call	11/20/04	35.00	0.85	0.85	0.67	0.45	0.00	1.20
Call	11/20/04	40.00	0.00	0.00	0.00	0.00	0.00	0.00
Call	12/18/04	30.00	na	na	na	0.51	0.00	6.25
Call	12/18/04	35.00	na	na	na	0.37	0.00	1.65
Call	12/18/04	40.00	na	na	na	0.00	0.00	0.00
Call	1/22/05	30.00	1.78	1.78	1.34	0.49	0.00	6.25
Call	1/22/05	35.00	0.92	0.92	0.70	0.34	0.00	2.05
Call	1/22/05	40.00	0.15	0.15	0.15	0.07	0.00	0.25
Call	1/22/05	45.00	0.00	0.00	0.00	0.00	0.00	0.00
Call	1/22/05	50.00	0.00	0.00	0.00	0.00	0.00	0.00
Call	4/16/05	30.00	1.68	1.68	1.27	0.46	0.00	6.55
Call	4/16/05	35.00	1.00	1.00	0.75	0.32	0.00	2.73
Call	4/16/05	40.00	0.35	0.35	0.26	0.12	0.00	0.63
Call	1/21/06	15.00	na	na	na	0.49	0.00	21.20
Call	1/21/06	20.00	na	na	na	0.49	0.00	16.20
Call	1/21/06	25.00	na	na	na	0.47	0.00	11.60
Call	1/21/06	30.00	1.58	1.58	1.19	0.41	0.00	7.50
Call	1/21/06	40.00	0.64	0.64	0.48	0.20	0.00	1.88
Call	1/21/06	50.00	0.09	0.09	0.06	0.00	0.00	0.00
Call	1/20/07	15.00	na	na	na	0.49	0.00	21.20
Call	1/20/07	20.00	na	na	na	0.48	0.00	16.40
Call	1/20/07	25.00	na	na	na	0.45	0.00	12.10
Call	1/20/07	30.00	1.56	1.56	1.18	0.39	0.00	8.35
Call	1/20/07	35.00	1.20	1.20	0.90	0.32	0.00	5.25
Call	1/20/07	40.00	0.83	0.83	0.63	0.23	0.00	3.08
Call	1/20/07	45.00	0.50	0.50	0.38	0.15	0.00	1.60
Call	1/20/07	50.00	0.31	0.31	0.23	0.10	0.00	0.95
<b>Sellers of Put Options</b>								
Put	10/16/04	30.00	0.00	0.00	0.00	na	0.00	0.00
Put	10/16/04	35.00	1.77	1.77	1.21	na	0.00	3.06
Put	10/16/04	40.00	1.77	1.77	1.21	na	0.00	8.06
Put	10/16/04	45.00	1.82	1.82	1.26	na	0.00	13.06
Put	10/16/04	50.00	1.82	1.82	1.26	na	0.00	18.06
Put	11/20/04	30.00	0.32	0.32	0.26	0.00	0.00	0.00
Put	11/20/04	35.00	1.46	1.46	1.09	0.10	0.00	0.00
Put	11/20/04	40.00	2.20	2.20	1.67	0.50	0.00	3.85
Put	12/18/04	30.00	na	na	na	0.00	0.00	0.00
Put	12/18/04	35.00	na	na	na	0.16	0.00	0.60
Put	12/18/04	40.00	na	na	na	0.45	0.00	4.00
Put	1/22/05	30.00	0.46	0.46	0.35	0.00	0.00	0.00
Put	1/22/05	35.00	1.39	1.39	1.05	0.19	0.00	0.98
Put	1/22/05	40.00	2.11	2.11	1.59	0.43	0.00	4.10
Put	1/22/05	45.00	2.27	2.27	1.67	0.48	0.00	8.95
Put	1/22/05	50.00	2.26	2.26	1.70	0.48	0.00	13.95
Put	4/16/05	30.00	0.59	0.59	0.46	0.07	0.00	0.50
Put	4/16/05	35.00	1.29	1.29	0.98	0.20	0.00	1.60
Put	4/16/05	40.00	1.90	1.90	1.44	0.38	0.00	4.50
Put	1/21/06	15.00	na	na	na	0.01	0.00	0.10
Put	1/21/06	20.00	na	na	na	0.02	0.00	0.20
Put	1/21/06	25.00	na	na	na	0.05	0.00	0.50
Put	1/21/06	30.00	0.70	0.70	0.53	0.11	0.00	1.35
Put	1/21/06	40.00	1.67	1.67	1.27	0.32	0.00	5.60
Put	1/21/06	50.00	2.08	2.08	1.58	0.45	0.00	14.05
Put	1/20/07	15.00	na	na	na	0.01	0.00	0.18
Put	1/20/07	20.00	na	na	na	0.03	0.00	0.45
Put	1/20/07	25.00	na	na	na	0.07	0.00	1.03
Put	1/20/07	30.00	0.72	0.72	0.55	0.12	0.00	2.20
Put	1/20/07	35.00	1.10	1.10	0.83	0.20	0.00	3.80
Put	1/20/07	40.00	1.48	1.48	1.12	0.29	0.00	6.20
Put	1/20/07	45.00	1.72	1.72	1.30	0.36	0.00	9.90
Put	1/20/07	50.00	1.87	1.87	1.41	0.40	0.00	14.10

na denotes not available or not applicable.

Option loss amounts on a per underlying share basis. Standard option contracts are for 100 shares.

9% Equity Units loss amounts on a per unit basis.

4.5% Cnvble Jr Sub Nts loss amounts on a per note basis.

7.6% Sub Debentures on a per debenture basis.

All other debt instruments are per \$1,000 face value (i.e., per standard note size).

STA refers to The St. Paul Companies, Inc. or The St. Paul Travelers Companies, Inc.

TPC refers to Travelers Property Casualty Corp.