

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

**In re ST. PAUL TRAVELERS
SECURITIES LITIGATION II**

)
) **Civ. No. 04cv4697 (JRT/FLN)**
)
) **STIPULATION OF SETTLEMENT**
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This Stipulation of Settlement dated as of January 17, 2008 (the “Stipulation”), is made and entered into by and among the Settling Parties (as defined in ¶ 1.26) in the above-entitled Action (as defined in ¶ 1.1). The Settling Parties are (i) the Lead Plaintiff (on behalf of itself and each of the Settlement Class Members, as defined in ¶ 1.23), by and through its counsel of record in the Action; and (ii) the Defendants (as defined in ¶ 1.8), by and through their counsel of record in the Action. The Stipulation is intended by the Settling Parties to fully, finally and forever resolve, discharge and settle the Released Claims (defined in ¶ 1.20), upon and subject to the terms and conditions hereof.

I. THE LITIGATION

In November 2004, two putative class actions, *Sidney Kahn v. St. Paul Travelers Companies, Inc., et al.*, Civ. Action No. 04-CV-4697 (JRT/FLN) (the “Kahn Action”), and *Michael A. Bernstein Profit Sharing Plan v. The St. Paul Travelers Companies, Inc., et al.*, Civ. Action No. 04-CV-4756 (DWF/JSM) (the “Bernstein Action”), were filed in the United States District Court for the District of Minnesota (the “Court”). These actions asserted federal securities law claims alleging that Defendants made false and misleading statements or omitted material facts about The St. Paul Companies, Inc. and The St. Paul Travelers Companies, Inc.’s (together, the “Company”) allegedly improper payment of contingent commissions and the Company’s alleged involvement in a bid-rigging scheme, which various state and federal

regulators, including the New York Attorney General's Office (the "NYAG"), were investigating.

By order dated April 25, 2005, the Court appointed the Educational Retirement Board of New Mexico ("ERB") as Lead Plaintiff, approved ERB's selection of counsel, and consolidated the Kahn and Bernstein Actions.

On July 11, 2005, in accordance with the a previously entered scheduling order, Lead Plaintiff filed the Amended and Consolidated Complaint for Violations of the Federal Securities Laws (the "Amended Complaint"). The Amended Complaint is a putative class action lawsuit filed on behalf of all purchasers of the securities of the Company from the period of January 27, 2000 through October 14, 2004. The Amended Complaint asserted causes of action 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"). The Amended Complaint included similar allegations as pled in the Kahn and Bernstein Actions regarding the Company's allegedly improper use of contingent commissions and its alleged participation in a bid-rigging scheme. The Amended Complaint also included allegations regarding the Company's alleged misuse of non-traditional or loss mitigation insurance or reinsurance (also known as finite reinsurance), which various state and federal regulators, including the NYAG and the United States Securities and Exchange Commission, were investigating.

On September 26, 2005, Defendants filed a Motion to Dismiss the Amended Complaint. On September 25, 2006, the Court denied that motion.

On November 1, 2006, the Court entered a Pretrial Schedule, which, among other things, set a trial-ready date of no later than September 1, 2008.

On November 3, 2006, Defendants filed a Motion for Partial Judgment on the Pleadings. On June 1, 2007, the Court granted Defendants' motion and granted Lead Plaintiff leave to file an amended complaint.

On June 8, 2007, Lead Plaintiff filed the Second Amended and Consolidated Complaint for Violations of the Federal Securities Laws (the "Second Amended Complaint"). The Second Amended Complaint asserts the same claims as the Amended Complaint on behalf of all purchasers of the securities of the Company from the extended period of January 27, 2000 through November 16, 2004 (the "Class").

On March 15, 2007, Lead Plaintiff filed a Motion for Class Certification, and Defendants opposed the motion on June 18, 2007. Lead Plaintiff filed its reply brief on August 3, 2007. That motion is in abeyance pending approval of the proposed settlement.

On July 11, 2007, Defendants filed a Motion to Dismiss the Second Amended Complaint. Lead Plaintiff opposed the motion on August 24, 2007. Defendants filed their reply brief on September 10, 2007. That motion is in abeyance pending approval of the proposed settlement.

II. THE SETTLEMENT NEGOTIATIONS

In or about July 2007, counsel for the Settling Parties commenced settlement discussions, which led to rigorous, arm's length negotiations over the ensuing five months. These negotiations continued under the supervision and with the input of Lead Plaintiff. These negotiations culminated in the present proposed settlement (the "Settlement"), memorialized in this Stipulation.

III. BENEFITS OF SETTLEMENT TO LEAD PLAINTIFF AND THE CLASS

This case was brought as a putative class action alleging that the Defendants made false and misleading statements or omitted to state material facts about the following: (1) the

Company's payment of allegedly illegal contingent commissions to brokers to steer business to the Company; (2) the Company's alleged involvement in an insurance industry-wide bid-rigging scheme; and (3) the Company's alleged manipulation of its financials through the sale and use of non-traditional or loss mitigation insurance or reinsurance. The Second Amended Complaint alleges that as a consequence of these allegedly false and misleading statements or omissions, the price of securities of the Company was artificially inflated during the Class Period (as defined in ¶ 1.5), causing damages to purchasers of securities of the Company. The Second Amended Complaint further alleges that these damages occurred when the stock price of the Company declined on October 14 and 15, 2004, after the NYAG announced an action against an insurance broker alleging the existence of an insurance industry cartel. The Second Amended Complaint alleges that further damages occurred when the stock price of the Company declined on November 17, 2004, after the Company disclosed that it had received a subpoena from the NYAG in connection with an industry-wide investigation relating to non-traditional or loss mitigation insurance. The Second Amended Complaint also alleges that the true extent of the Company's alleged wrongdoing and its alleged impact on its financials has not yet been fully disclosed.

Lead Plaintiff believes that the claims asserted in the Action have merit and that its investigation to date supports those claims. However, Lead Plaintiff recognizes and acknowledges the expense and delay of continued proceedings necessary to prosecute the Action against the Defendants through trial and through appeals, and further recognizes that the Defendants have advanced certain legal arguments in their Motion to Dismiss that could result in the dismissal of the Action. Lead Plaintiff also has taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Action, as well as the

difficulties and delays inherent in such litigation. Lead Plaintiff also is aware of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Action, including the difficulties that it may face in attempting to prove that misleading statements and omissions were made, that Defendants' allegedly misleading statements and omissions were the cause of Settlement Class Members' damages, that Defendants acted with scienter, and that any alleged misstatements or omissions caused legally cognizable damages.

Lead Plaintiff believes that the Settlement set forth in this Stipulation consisting of Seventy-Seven Million Dollars (\$77,000,000), in cash, confers substantial benefits upon the Settlement Class (as defined in ¶ 1.22). Based on their evaluation, Lead Plaintiff and Lead Counsel have determined that the Settlement is in the best interests of Lead Plaintiff and the Settlement Class.

IV. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiff in the Second Amended Complaint. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action. Defendants have denied and continue to deny, among other things, the allegations that the Company or any Defendant engaged in alleged bid-rigging or any unlawful conduct regarding broker compensation or the Company's use of non-traditional or loss mitigation insurance or reinsurance, that Defendants had knowledge of any such alleged conduct, that Defendants made any false or misleading statements or omissions of any kind at any time, that the Lead Plaintiff or the Settlement Class have suffered any damages, that the price of the Company's securities was artificially inflated by reasons of any alleged misrepresentations, omissions or otherwise, and

that any declines in the Company's stock price during the Class Period were causally related to any of the conduct alleged in the Second Amended Complaint. Defendants have filed a Motion to Dismiss that presents these and other arguments that Defendants believe are meritorious and could result in the dismissal of the Action.

Nonetheless, Defendants have concluded that further conduct of the Action would be protracted, expensive and disruptive to the business of the Company, and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. The Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Action, and the magnitude of the damages alleged in the Action. Defendants have, therefore, determined that it is desirable and beneficial that the Action be settled in the manner and upon the terms and conditions set forth in this Stipulation.

V. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Lead Plaintiff (for itself and the Settlement Class Members), and Defendants, by and through their respective counsel or attorneys of record, that, subject to the approval of the Court, the Action and the Released Claims (defined below) shall be finally and fully compromised, settled and released, and the Action shall be dismissed with prejudice, as to all Defendants, upon and subject to the terms and conditions of the Stipulation, as follows:

A. DEFINITIONS

As used in this Stipulation the following terms have the meanings specified below:

1.1. "Action" means *In re St. Paul Travelers Securities Litigation II*, Civ. Action No. 04-CV-4697 (JRT/FLN) (D. Minn.), including all actions consolidated therein.

1.2. “Authorized Claimant” means any Settlement Class Member whose claim for recovery has been allowed, in whole or in part, pursuant to the terms of the Stipulation.

1.3. “Claimant” means any Settlement Class Member who files a Proof of Claim in such form and manner, and within such time, as the Court shall prescribe.

1.4. “Claims Administrator” means the claims administrator to be designated at a later time by Lead Plaintiff.

1.5. “Class Period” means January 27, 2000, to and including November 16, 2004.

1.6. “Corporate Defendants” means The St. Paul Travelers Companies, Inc. (“SPT”) and The St. Paul Companies, Inc. (“St. Paul”).

1.7. “Court” means the United States District Court for the District of Minnesota.

1.8. “Defendants” means SPT, St. Paul, 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.

1.9. “Effective Date” means the first date by which all of the events and conditions specified in ¶ 8.1 of the Stipulation have been met and have occurred.

1.10. “Escrow Agent” means Labaton Sucharow LLP (“Labaton Sucharow”).

1.11. “Excluded Persons” means Individual Defendants, members of their immediate families, heirs and assigns, and any entity over which an Individual Defendant has direct or indirect control; St. Paul, The Travelers Companies, Inc. (“Travelers”), SPT, and their divisions, affiliates, subsidiaries, predecessors and successors, and any entity over which any of these Corporate Defendants has direct or indirect control. Excluded Persons does not include, except

for Individual Defendants, any of Defendants' officers, employees, agents and any Defendants' employee stock ownership plan, including any 401(k) plans.

1.12. "Final" means when (i) one (1) business day after the time in which to appeal the Judgment (as defined in ¶ 1.14) has passed without any appeal having been taken (which date shall be deemed to be thirty (30) days following the entry of the Judgment, unless the date to take such an appeal shall have been extended by Court order or otherwise, or unless the 30th day falls on a weekend or a Court holiday, in which case the date for purposes of this Stipulation shall be deemed to be the next business day after such 30th day); or (ii) if such an appeal is taken, one (1) business day after the determination of that appeal in such a manner as to permit the consummation of the Settlement substantially in accordance with the terms and conditions of this Stipulation. For purposes of this paragraph, an "appeal" shall not include any appeal that concerns only the issue of attorneys' fees and/or reimbursement of their costs, reimbursement of Lead Plaintiff's costs and expenses, or the Plan of Allocation (as defined in ¶ 1.18) of the Settlement Fund (as defined in ¶ 1.25).

1.13. "Individual Defendants" means 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.

1.14. "Judgment" means the judgment to be entered by the Court, substantially in the form attached hereto as Exhibit B.

1.15. "Lead Counsel" means Labaton Sucharow.

1.16. "Lead Plaintiff" means the Educational Retirement Board of New Mexico.

1.17. “Person” means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.18. “Plan of Allocation” means a plan or formula of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of the expenses of notice and administration of the settlement, taxes and tax expenses and such attorneys’ fees, attorneys’ and Lead Plaintiff’s costs and expenses, and interest, as may be awarded by the Court, where necessary. Any Plan of Allocation is not part of the Stipulation and Defendants and their Related Parties (as defined in ¶ 1.19) shall have no responsibility therefore or liability with respect thereto.

1.19. “Related Parties” means each Corporate Defendant’s past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, controlling shareholders, agents, attorneys, accountants or auditors, investment advisors, personal or legal representatives, affiliates, predecessors, successors, parents, subsidiaries, divisions, joint ventures, including but not limited to Travelers and Travelers Property Casualty Corp., and with respect to the Individual Defendants, their assigns, spouses, heirs, related or affiliated entities, agents, attorneys, any entity in which an Individual Defendant has a controlling interest, any members of an Individual Defendant’s immediate family, or any trust of which the Individual Defendant is the settlor or which is for the benefit of the Individual Defendant’s family.

1.20. “Released Claims” shall mean all claims (including “Unknown Claims” as defined in ¶ 1.27 hereof), demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, whether or not concealed or hidden, accrued or

unaccrued, asserted or that might have been asserted, including, without limitation, claims for negligence, gross negligence, breach of duty of care and or breach of duty of loyalty, fraud, breach of fiduciary duty, or violations of any state or federal statutes, rules or regulations, without limitation, including the federal securities laws, that have been or that could have been asserted in the Action by or on behalf of the Lead Plaintiff, the Settlement Class or any Settlement Class Member against the Defendants or their Related Parties based on, arising out of, relating to, or in connection with the facts alleged in the complaints filed in this Action, disclosures made by Defendants during the Settlement Class Period, or the purchase, acquisition, holding, sale or other disposition of securities during the Settlement Class Period, including but not limited to claims relating in any way to (1) broker compensation; (2) any alleged involvement in a bid-rigging scheme regarding bids or quotes for insurance; (3) the sale and use of non-traditional, loss mitigation or finite insurance or reinsurance (also known as finite reinsurance); (4) announcements regarding any of the foregoing; and (5) federal or state inquiries or investigations relating to any of the foregoing.

1.21. “Released Persons” means each and all of the Defendants and each and all of their Related Parties.

1.22. “Settlement Class” means all purchasers of the securities of St. Paul and SPT from the period of January 27, 2000 through and including November 16, 2004. Excluded from the Settlement Class are Defendants, Excluded Persons and any Person who timely excludes himself from the Settlement Class.

1.23. “Settlement Class Member” or “Member of the Settlement Class” means a Person who falls within the definition of the Settlement Class as set forth in ¶ 1.22 of the Stipulation.

1.24. "Settlement Class Period" means January 27, 2000 to November 16, 2004, inclusive.

1.25. "Settlement Fund" means the principal amount of Seventy-Seven Million Dollars (\$77,000,000) in cash to be paid by wire transfer to the Escrow Agent pursuant to ¶ 2.1 of this Stipulation, plus all interest earned thereon.

1.26. "Settling Parties" means, collectively, each of the Defendants, their Related Parties, and the Lead Plaintiff on behalf of itself and Settlement Class Members.

1.27. "Unknown Claims" shall collectively mean all claims, demands, rights, liabilities, and causes of action of every nature and description which the Lead Plaintiff or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement.

B. THE SETTLEMENT

1. The Settlement Fund

2.1. Within ten (10) business days after preliminary approval of the Settlement by the Court, Defendants or their agents will wire transfer to an account established by Labaton Sucharow for this purpose in its capacity as Escrow Agent, the full Settlement Fund of Seventy-Seven Million Dollars (\$77,000,000) in cash. If the agreed upon sum is not timely transferred to the Escrow Agent, the un-transferred portion shall bear interest at 8% per annum from the date due until such amount, plus the accumulated interest, is transferred to the Escrow Agent. Within seven (7) days of execution of this Stipulation, Lead Counsel shall provide to Defendants' counsel wire transfer instructions for the transfer of the Settlement Fund to the Escrow Agent.

2. The Escrow Agent

2.2. The Escrow Agent shall invest the Settlement Fund deposited in instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates, or if approved by Lead Counsel, may invest the Settlement Fund in money market funds of any of the one hundred largest banks in the United States. Defendants shall bear no risks related to investment of the Settlement Funds.

2.3. The Escrow Agent shall not disburse the Settlement Fund except as provided in the Stipulation, by an order of the Court, or with the written agreement of counsel for Defendants.

2.4. Subject to further order and/or direction as may be made by the Court, the Escrow Agent is authorized to execute such transactions on behalf of the Settlement Class Members as are consistent with the terms of the Stipulation.

2.5. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

2.6. Within two (2) days after payment of the Settlement Fund to the Escrow Agent, the Escrow Agent may establish a "Class Notice and Administration Fund," and may deposit up to \$500,000 from the Settlement Fund in it. Within seven (7) days after the Settlement becomes Final, the Escrow Agent may deposit up to an additional \$2,500,000 from the Settlement Fund in the Class Notice and Administration Fund. The Class Notice and Administration Fund may be

used by Lead Counsel to pay costs and expenses reasonably and actually incurred in connection with providing notice to the Settlement Class, locating Settlement Class Members, administering and distributing the Settlement Fund to Authorized Claimants, processing Proofs of Claim and Release forms and paying escrow fees and costs, if any. The Class Notice and Administration Fund may also be invested and earn interest as provided for in this Stipulation. In no event shall Defendants or their Related Parties have any responsibility for or liability with respect to the Escrow Agent or its actions or the Class Notice and Administration Fund. In no event shall Defendants pay any amount other than the settlement amount of \$77,000,000.

3. Taxes

2.7. Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a “qualified settlement fund” within the meaning of Treas. Reg. § 1.468B-1. In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this Stipulation, including the “relation-back election” (as defined in Treas. Reg. § 1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent or any agent thereof to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(a) For the purpose of § 468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow Agent. The Escrow Agent or any agent thereof shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including without limitation the returns described in Treas. Reg. § 1.468B-2(k)). Such returns (as well as

the election described in ¶ 2.7 hereof) shall be consistent with this Stipulation and in all events shall reflect that all taxes (including any estimated taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in this Stipulation.

(b) All (a) taxes (including any estimated taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any taxes or tax detriments that may be imposed with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes (“Taxes”), and (b) expenses and costs incurred in connection with the operation and implementation of this ¶ 2.7 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this ¶ 2.7) (“Tax Expenses”), shall be paid out of the Settlement Fund; in no event shall the Defendants or their Related Parties have any responsibility for or liability with respect to any Taxes or the Tax Expenses relating to the Settlement Fund or the Escrow Account. The Escrow Agent shall indemnify and hold each of the Defendants and their Related Parties harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by the Escrow Agent out of the Settlement Fund without prior order from the Court and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. § 1.468B-2(1)(2)); neither the

Defendants nor their Related Parties are responsible therefore nor shall they have any liability with respect thereto. The Settling Parties hereto agree to cooperate with the Escrow Agent or any agent thereof, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Stipulation.

(c) For the purpose of this Stipulation, references to the Settlement Fund shall include both the Settlement Fund and the Class Notice and Administration Fund and shall also include any earnings thereon.

4. Termination of Settlement

2.8. In the event that the Settlement is not approved, or is terminated, canceled, or otherwise fails to become effective in accordance with terms of this Stipulation, the Settlement Fund (including accrued interest) less expenses actually incurred or due and owing in connection with the Settlement (including costs of providing notice to the Settlement Class) provided for herein shall be refunded to Travelers.

2.9. In the event that the Stipulation should terminate, or be cancelled, or otherwise fail to become effective for any reason, including without limitation in the event that the Final Order and Judgment is reversed or vacated following any appeal taken therefrom, then (i) the Settling Parties shall be restored to their respective positions in the Action as of December 28, 2007, with all of their respective claims and defenses preserved as they existed on that date; (ii) the terms and provisions of the Stipulation, with the exception of ¶¶ 1.1-1.27, 2.5, 2.6, 2.7, 2.8-2.9, 10.5-10.8, and 10.10-10.13 here (which shall continue in full force and effect), shall be null and void and shall have no further force or effect with respect to the Settling Parties, and neither the existence nor the terms of this Stipulation (nor any negotiations preceding this Stipulation nor any acts performed pursuant to, or in furtherance of, this Stipulation) shall be used in the Action

or in any other action or proceeding for any purpose; (iii) any judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, nunc pro tunc; (iv) the Settlement Class, if it has been certified, shall be decertified; and (v) the Released Persons shall be entitled to an applicable judgment credit under applicable law.

C. RELEASE AND BAR OF FURTHER PROSECUTION OF CLAIMS

3.1. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of the Released Claims against all Released Persons and any Related Parties.

3.2. With respect to any and all Released Claims, including but not limited to Unknown Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff shall expressly waive, and each of the Settlement Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived, the provisions, rights and benefits of California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff shall expressly and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code § 1542. Lead Plaintiff and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff nevertheless shall expressly fully, finally and forever settle and release, and each Settlement Class Member, upon the Effective

Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims. The Final Order and Judgment shall incorporate this release in all material terms and bar all Settlement Class Members from prosecuting any and all Released Claims.

3.3. Upon the Effective Date of the Settlement, all claims for contribution arising out of the Action are barred: (a) by any Person against the Released Persons; and (b) by the Released Persons against any Person other than a Person whose liability to Settlement Class Members has been extinguished pursuant to this Stipulation or the Final Order and Judgment. The foregoing does not operate to release any claims by any Released Person against his or her or its insurers, and, further, no Released Person shall be barred by this Stipulation from pursuing a claim against his or her or its insurers in any forum or by any process, including, but not limited to, arbitration, mediation, or litigation.

D. PRELIMINARY APPROVAL AND NOTICE

4.1. Promptly after execution of the Stipulation, the Settling Parties shall submit the Stipulation together with its Exhibits to the Court and shall apply for entry of an order (the "Preliminary Approval Order"), substantially in the form of Exhibit A hereto, requesting, *inter alia*, the preliminary approval of the Settlement, the certification of the Settlement Class for settlement purposes, and approval for mailing of the Notice of Pendency (the "Notice") substantially in the form of Exhibit A-1 hereto and publication of a summary notice substantially in the form of Exhibit A-3 hereto. The Notice shall include the general terms of the Settlement, the proposed Plan of Allocation, the general terms of the attorneys' fee, and attorneys' and Lead Plaintiff's reimbursement of expense applications and the date of the Final Fairness Hearing.

4.2. Each of the Settling Parties will use its best efforts and the Settling Parties will cooperate to obtain preliminary approval of the Settlement and entry of the Preliminary Approval Order no later than January 29, 2008, along with a Court approved schedule providing for (i) giving notice of the Settlement to the Settlement Class, (ii) a period, following the giving of such Notice and ending no less than five (5) business days before the Final Fairness Hearing, during which Class members may object to the Settlement or opt out of the Class (the "Opt Out Period"), and (iii) the Final Fairness Hearing, scheduled after close of the Opt Out Period.

4.3. Lead Counsel shall request that after notice is given, the Court hold a hearing (the "Final Fairness Hearing") and approve the Settlement. At or after the Final Fairness Hearing, Lead Counsel also will request that the Court approve the proposed Plan of Allocation and the fee and reimbursement of expense applications.

E. OBJECTIONS AND OPT-OUTS

5.1. Within sixty (60) days after the mailing of the Notice or such other time as may be set by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim and Release, substantially in the form of Exhibit A-2 hereto, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim and Release and as are reasonably available to the Authorized Claimant.

5.2. Except as otherwise ordered by the Court, all Settlement Class Members who fail to timely submit a Proof of Claim and Release within such period, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Stipulation and the Settlement, but will in all other respects be subject to and bound by the provisions of the Stipulation, the Release and the Judgment.

F. FINAL ORDER AND JUDGMENT

6.1. Counsel for the Settling Parties shall request that, simultaneously with, or subsequent to, issuing its final approval of the Settlement contemplated by this Stipulation of Settlement, the Court enter a Final Order and Judgment substantially in the form annexed hereto as Exhibit B. The Settlement is expressly conditioned upon, among other things, the entry of a Final Order and Judgment substantially in the form annexed hereto as Exhibit B. The condition described in this paragraph will be considered satisfied if the Final Order and Judgment entered by the Court has a bar order at least as broad as the bar order in Exhibit B, provided that the Final Order and Judgment entered by the Court is otherwise substantially in the form of Exhibit B.

G. ADMINISTRATION OF SETTLEMENT

7.1. Under the supervision of Lead Counsel, the Claims Administrator shall administer and calculate the claims submitted by Settlement Class Members.

7.2. The Settlement Fund shall be applied as follows:

- (a) to pay the taxes and tax expenses described in ¶ 2.7 hereof;
- (b) to pay all the costs and expenses reasonably and actually incurred in connection with providing notice, locating Settlement Class Members, administering and distributing the Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms and paying escrow fees and costs, if any;
- (c) to pay attorneys' fees and expenses, and Lead Plaintiff's expenses, with interest thereon (the "Fee and Expense Awards"), if and to the extent allowed by the Court; and
- (d) to distribute the balance of the Settlement Fund (the "Net Settlement Fund") to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or the Court.

7.3. The Net Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with a Plan of Allocation to be described in the Notice and approved by the Court. If there is any balance remaining in the Net Settlement Fund after six (6) months from the date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), the Claims Administrator, acting under the supervision of Lead Counsel, shall, if feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. Thereafter, any balance which still remains in the Net Settlement Fund shall be donated to an appropriate non-profit organization, subject to approval by the Court.

7.4. This is not a claims-made settlement and, if all conditions of the Stipulation are satisfied and the Settlement becomes Final, no portion of the Settlement Fund will be returned to the Defendants or their insurers. The Defendants and their Related Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of taxes or tax expenses, or any losses incurred in connection therewith.

7.5. No Person shall have any claim against Lead Counsel, the Claims Administrator or other entity designated by Lead Counsel, Defendants and their Related Parties, or any other person, based on distributions made substantially in accordance with the Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

7.6. It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness

and adequacy of the Settlement set forth in the Stipulation, and any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect the finality of the Court's Judgment approving the Stipulation and the Settlement set forth therein, or any other orders entered pursuant to the Stipulation.

H. EFFECTIVE DATE OF SETTLEMENT, WAIVER OR TERMINATION

8.1. The Effective Date of Settlement shall be the date when all the following shall have occurred:

(a) payment of the Settlement Fund by Defendants to Labaton Sucharow in its capacity as Escrow Agent for the Settlement Fund;

(b) entry of the Preliminary Approval Order in all material respects in the form annexed hereto as Exhibit A;

(c) approval by the Court of the Settlement, following notice to the Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and

(d) entry by the Court of a Final Order and Judgment, in all material respects in the form set forth in Exhibit B annexed hereto, and the expiration of any time for appeal or review, without the Final Order and Judgment being changed in any material respect.

8.2. Defendants or Lead Plaintiff shall have the right to terminate the Settlement and this Stipulation of Settlement by providing written notice of their election to do so ("Termination Notice") to all signatories hereto within thirty days of the later of: (a) written notice of the Court's unwillingness to enter the Preliminary Order in any material respect; (b) written notice of the Court's unwillingness to approve this Stipulation of Settlement or any material part of it; (c) written notice of the Court's unwillingness to enter the Final Order and Judgment in any material respect; or (d) written notice that the Final Order and Judgment has been modified or reversed in

any material respect by the Court of Appeals for the Eighth Circuit or the United States Supreme Court.

I. APPLICATIONS FOR FEES AND REIMBURSEMENT OF EXPENSES

9.1. Counsel for plaintiffs, separately or together, and Lead Plaintiff, may submit applications (the “Fee and Expense Applications”) for distributions to them from the Settlement Fund for: (a) an award of attorneys’ fees; and (b) reimbursement to the attorneys of actual expenses, including the fees of any experts or consultants, incurred in connection with prosecuting the Action plus any interest on such fees and expenses at the same rate and for the same periods as earned by the Settlement Fund (until paid), as may be awarded by the Court.

9.2. The fees and expenses, as awarded by the Court, shall be paid to plaintiffs’ counsel and Lead Plaintiff from the Settlement Fund, as ordered, immediately after the Court executes an order awarding such fees and expenses, notwithstanding the existence of timely filed objections thereto, or potential for appeal there from, or collateral attack on the Settlement or any part thereof. In the event that the Effective Date does not occur, or the Judgment or the order making the attorneys fee and expense award, or the Lead Plaintiff expense award, is reversed or modified, or the Stipulation is canceled or terminated for any other reason, and in the event that the attorney fee and expense award and/or the Lead Plaintiff expense award has been paid to any extent, then plaintiffs’ counsel, and/or the Lead Plaintiff, shall within five (5) business days from receiving notice from Defendants’ counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund the fees and expenses previously paid to either or both of them from the Settlement Fund plus interest thereon at the same rate as earned on the cash portion of the Settlement Fund in an amount consistent with such reversal or modification.

9.3. The procedure for and the allowance or disallowance by the Court of any applications by plaintiffs' counsel for attorneys' fees and expenses, including the fees of experts and consultants, and by Lead Plaintiff for reimbursement of costs and expenses, to be paid out of the Settlement Fund, are not part of the Settlement set forth in the Stipulation, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the Settlement set forth in the Stipulation, and any order or proceedings relating to the fee and expense applications, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the Settlement of the Action set forth therein.

9.4. Defendants and their Related Parties shall have no responsibility for or liability with respect to any payment of attorneys' fees and expenses to plaintiffs' counsel, and reimbursement of the Lead Plaintiff's expenses, over and above payment from the Settlement Fund.

J. MISCELLANEOUS PROVISIONS

10.1. Notwithstanding ¶ 8.2, if prior to the Final Fairness Hearing, Persons who otherwise would be Members of the Settlement Class have requested exclusion from the Settlement Class in accordance with the requirements set forth in the Notice, and such Persons in the aggregate purchased or acquired securities of St. Paul and SPT in excess of the number specified in a separate supplemental agreement between the Settling Parties (the "Supplemental Agreement"), Defendants shall have the option to terminate this Stipulation in accordance with the procedures set forth in the Supplemental Agreement. The Supplemental Agreement will not

be filed with the Court unless and until a dispute among the Settling Parties concerning its interpretation or application arises.

10.2. The Settling Parties (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their reasonable best efforts to accomplish the foregoing terms and conditions of the Stipulation.

10.3. The Settling Parties intend this Settlement to be a final and complete resolution of all disputes between them with respect to the Action. The Settlement compromises claims which are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense. The Final Order and Judgment will contain a statement that during the course of the Action, the parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11. While retaining their right to deny liability, the Defendants agree that the amount paid to the Settlement Fund and the other terms of the Settlement were negotiated in good faith by the Settling Parties, and reflect a Settlement that was reached voluntarily after consultation with competent legal counsel.

10.4. The Settling Parties agree not to publicly disparage any of the parties to the Settlement.

10.5. Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of the Defendants; or (b) is or may be deemed to be or may be used as an admission of, or evidence of any fault or omission of any of the Defendants in any civil, criminal or administrative proceeding in any court, administrative agency or other

tribunal. Defendants may file the Stipulation and/or the Final Order and Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

10.6. All agreements made and orders entered during the course of the Action relating to the confidentiality of information shall survive this Stipulation.

10.7. All of the Exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

10.8. The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

10.9. The Stipulation and the Exhibits attached hereto constitute the entire agreement among the parties hereto and no representations, warranties or inducements have been made to any party concerning the Stipulation or its Exhibits other than the representations, warranties and covenants contained and memorialized in such documents. Except as otherwise provided herein, each party shall bear its own costs.

10.10. Lead Counsel, on behalf of the Settlement Class, is expressly authorized by the Lead Plaintiff to take all appropriate action required or permitted to be taken by the Settlement Class pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter into any modifications or amendments to the Stipulation on behalf of the Settlement Class which they deem appropriate.

10.11. Each counsel or other Person executing the Stipulation or any of its Exhibits on behalf of any party hereto hereby warrants that such Person has the full authority to do so.

10.12. The Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

10.13. The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

10.14. The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation.

10.15. The Stipulation and the Exhibits hereto shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of Minnesota, and the rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of Minnesota without giving effect to that State's choice-of-law principles.

IN WITNESS WHEREOF, the Settling Parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys dated as of January 17, 2008.

SIMPSON THACHER & BARTLETT LLP

BY: 

Paul C. Curnin

425 Lexington Avenue
New York, New York 10017
(P) 212-455-2519
(F) 212-455-2502

Attorneys for Defendants

LABATON SUCHAROW LLP

By: 

Thomas A. Dubbs

140 Broadway
New York, New York 10005
(P) 212-907-0700
(F) 212-818-0477

Attorneys for Lead Plaintiff and the Settlement Class

Exhibit A

EXHIBIT A

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

**In re ST. PAUL TRAVELERS
SECURITIES LITIGATION II**

)
) **Civ. No. 04cv4697 (JRT/FLN)**
)
) **[PROPOSED] ORDER**
) **PRELIMINARILY APPROVING**
) **SETTLEMENT AND PROVIDING FOR**
) **NOTICE**
)

WHEREAS, a consolidated class action is pending before the Court entitled *In re St. Paul Travelers Securities Litigation II*, Master File No. 04-CV-4697 (JRT/FLN) (the “Action”);

WHEREAS, the Court has received the Stipulation of Settlement dated as of January 17, 2008 (the “Stipulation”), that has been entered into by counsel on behalf of Lead Plaintiff and Defendants (as those terms are defined in the Stipulation), and the Court has reviewed the Stipulation and its attached exhibits; and

WHEREAS, the Settling Parties having made application, pursuant to Federal Rule of Civil Procedure 23(e), for an order preliminarily approving the Settlement, in accordance with the Stipulation, which, together with the exhibits annexed thereto sets forth the terms and conditions for a proposed Settlement of the Action and for dismissal of the Action with prejudice upon the terms and conditions set forth therein; and the Court having read and considered the Stipulation and the exhibits annexed thereto; and

WHEREAS, all defined terms contained herein shall have the same meanings as set forth in the Stipulation;

NOW THEREFORE, IT IS HEREBY ORDERED:

1. The Court hereby preliminarily approves the Settlement as fair, reasonable and adequate as to the Settlement Class Members, subject to further consideration at the Final Fairness Hearing described below.

2. A hearing (the “Final Fairness Hearing”) shall be held before this Court on [April 18], 2008, at ____, before the Honorable John R. Tunheim, United States District Judge, at the United States District Courthouse, for the District of Minnesota, 300 South Fourth Street, Minneapolis, Minnesota 55415, to determine: (1) whether the proposed Settlement of the Action for the sum of Seventy-Seven Million Dollars (\$77,000,000) in cash (the “Settlement Fund”) should be approved by the Court as fair, reasonable and adequate; (2) whether the Action should be dismissed with prejudice; (3) whether the Plan of Allocation of the Settlement Fund is fair and reasonable; (4) whether the Settlement Class should be certified pursuant to Rule 23 of the Federal Rules of Civil Procedure; and (5) whether the application of plaintiffs’ counsel for attorneys’ fees and reimbursement of out of pocket expenses, and the application of Lead Plaintiff for reimbursement of its out of pocket expenses, should be approved. The Court may adjourn the Final Fairness Hearing without further notice to Members of the Settlement Class.

3. The Court further reserves the right to enter a Final Order and Judgment approving the Settlement and dismissing the Action on the merits and with prejudice regardless of whether it has approved the Plan of Allocation or awarded attorneys’ fees and expenses, or Lead Plaintiff’s expenses.

4. Pursuant to Rule 23 of the Federal Rules of Civil procedure, the Court preliminarily certifies, only for purposes of effectuating the Settlement, a Settlement Class consisting of all purchasers of securities of St. Paul and SPT from the period of January 27, 2000 through November 16, 2004. Excluded from the Settlement Class are the Defendants, Excluded Persons and those Persons who timely and validly request exclusion from the Settlement Class pursuant to the Notice of Pendency. The certification of the Settlement Class shall be binding only with respect to the Settlement.

5. With respect to the Settlement Class, this Court finds for purposes of effectuating the Settlement that (a) the Members of the Settlement Class are so numerous that joinder of all Settlement Class Members in the Action is impracticable; (b) there are questions of law and fact common to the Settlement Class which predominate over any individual questions; (c) the claims of Lead Plaintiff are typical of the claims of the Settlement Class; (d) Lead Plaintiff and Lead Counsel have fairly and adequately represented and protected the interests of all of the Settlement Class Members; and (e) a class action is superior to other available methods for the fair and efficient adjudication of the controversy, considering: (i) the interests of the Members of the Settlement Class in individually controlling the prosecution of the Action, (ii) the extent and nature of any litigation concerning the controversy already commenced by Members of the Settlement Class; (iii) the desirability or undesirability of continuing the Action of these claims in this particular forum; and (iv) the difficulties likely to be encountered in the management of the Action.

6. The Court approves, as to the form and content, the Notice of Pendency, the Proof of Claim and Release form (the “Proof of Claim”), and Summary Notice for publication annexed as Exhibits A-1, A-2 and A-3 hereto, and finds that the mailing and distribution of the Notice and publishing of the Summary Notice substantially in the manner set forth in ¶¶ 7-8 of this Order meet the requirements of Federal Rule of Civil Procedure 23 and due process, and is the best notice practicable under the circumstances and shall constitute due and sufficient notice to all persons entitled thereto.

7. The Court appoints _____ (“Claims Administrator”) to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below:

(a) The Claims Administrator shall make reasonable efforts to identify all Persons who are Members of the Settlement Class, and not later than [February 4], 2008 (the “Notice Date”), the Claims Administrator shall cause a copy of the Notice and the Proof of Claim, substantially in the form annexed as Exhibit A-1 and A-2 hereto, to be mailed by first class mail to all Settlement Class Members who can be identified with reasonable effort;

(b) Not later than [February 11], 2008, the Claims Administrator shall cause the Summary Notice to be published once in *The Wall Street Journal*; and

(c) At least seven (7) calendar days prior to the Final Fairness Hearing, Lead Counsel should cause to be served on Defendants’ counsel and filed with the Court proof, by affidavit or declaration, of such mailing and publishing.

8. Nominees who purchased or acquired securities of St. Paul and SPT from the period of January 27, 2000 through November 16, 2004 shall send the Notice and Proof of Claim to all beneficial owners of such Securities within five (5) days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within five (5) days of receipt thereof, in which event the Claims Administrator shall promptly mail the Notice and Proof of Claim to such beneficial owners. Lead Counsel shall, if requested, reimburse banks, brokerage houses or other nominees solely for their reasonable out-of-pocket expenses incurred in providing notice to beneficial owners who are Settlement Class Members out of the Class Notice and Administration Fund, which expenses would not have been incurred except for the sending of such notice, subject to further order of this Court with respect to any dispute concerning such compensation.

9. All Members of the Settlement Class shall be bound by all determinations and judgments in the Action concerning the Settlement, whether favorable or unfavorable to the Settlement Class.

10. Settlement Class Members who wish to participate in the Settlement shall complete and submit Proof of Claim forms in accordance with the instructions contained therein. Unless the Court orders otherwise, all Proof of Claim forms must be submitted no later than [June 27, 2008]. Any Settlement Class Member who does not timely submit a Proof of Claim within the time provided for shall be barred from sharing in the distribution of the proceeds of the Settlement Fund, unless otherwise ordered by the Court.

11. Any Person who desires to request exclusion from the Settlement Class shall do so within the time set forth and in the manner described in the Notice. All Persons who submit valid and timely requests for exclusion in the manner set forth in the Notice shall have no rights under the Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or the judgment entered in the Action.

12. Any Member of the Settlement Class may enter an appearance in the Action, at their own expense, individually or through counsel of their own choice. If they do not enter an appearance, they will be represented by Lead Counsel.

13. Any Member of the Settlement Class may appear and show cause if he, she or it has any reason why the proposed Settlement of the Action should or should not be approved as fair, reasonable and adequate, why a judgment should or should not be entered thereon, why the Plan of Allocation should or should not be approved, why attorneys' fees and expenses should or should not be awarded to Lead Counsel, why expenses should not be awarded to Lead Plaintiff; provided, however, that no Settlement Class Member or any other Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, or, if approved, the Final Order and Judgment to be entered thereon approving the same, or the order approving the Plan of Allocation, or the attorneys' fees and expenses to be awarded to Lead Counsel, or expenses to Lead Plaintiff, unless that Person has delivered by hand or sent by first class mail written objections and copies of any papers and briefs such that they are received on or before [April 3], 2008 by: Javier Bleichmar, Labaton Sucharow LLP, 140 Broadway,

New York, NY 10005; and Paul C. Cumin, Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, and filed said objections, papers and briefs with the Clerk of the United States District Court for the District of Minnesota, on or before [April 3], 2008. Any Member of the Settlement Class who does not make his, her or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement as set forth in the Stipulation, to the Plan of Allocation, or to the award of attorneys' fees and expenses to Lead Counsel, and expenses to Lead Plaintiff, unless otherwise ordered by the Court.

14. The Settlement Fund held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such Settlement Fund shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

15. All papers in support of the Settlement, the Plan of Allocation and any application by Lead Counsel for attorneys' fees or reimbursement of expenses shall be filed and served ten (10) calendar days prior to the Final Fairness Hearing.

16. Neither Defendants nor their Related Persons shall have any responsibility for or liability with respect to the Plan of Allocation or any application for Attorneys' fees or reimbursement of expenses submitted by Lead Counsel or Lead Plaintiff, and such matters will be considered separately from the fairness, reasonableness and adequacy of the Settlement.

17. At or after the Final Fairness Hearing, the Court shall determine whether the Plan of Allocation proposed by Lead Counsel, and any application for attorneys' fees or reimbursement of expenses shall be approved.

18. All reasonable expenses incurred in identifying and notifying Settlement Class Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation. In the event the Settlement is not approved by the Court, or otherwise fails to become effective, neither the Lead Plaintiff nor Lead Counsel shall have any obligation to repay any amounts actually and properly disbursed from the Class Notice and Administration Fund.

19. Neither the Stipulation nor the Settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement, is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any of the allegations in the Action, or of any liability, fault, or wrongdoing of any kind.

20. The Court reserves the right to adjourn the date of the Final Fairness Hearing without further notice to the Members of the Settlement Class, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Settlement Class.

IT IS SO ORDERED.

DATED: _____

THE HONORABLE JOHN R. TUNHEIM
UNITED STATES DISTRICT JUDGE

Exhibit A-1

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Master File No. 04-CV-4697-JRT-FLN

1

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 [April 18,] 2008 at _____ 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: [April 3], 2008

File Objection: [April 3], 2008

Submit Claim Form: [June 27], 2008

Court Hearing on Fairness of Settlement: [April 18], 2008

More Information:

Claims Administrator:

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, _____ 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 17, 2004, an Authorized Claimant's Recognized Loss per share shall mean the lesser of: (a) \$1.37 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) \$1.77 per share; or (b) the purchase price per share (including commissions, etc.) less the sales proceeds per share received (net of commissions, etc.); or

(2) Held as of the close of trading on November 17, 2004, an Authorized Claimant's Recognized Loss per share shall mean the lesser of: (a) \$1.37 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) \$1.37 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 or acquired during the period January 27, 2000 through and including the close of trading on October 13, 2004, and sold on or after October 14, 2004, an Authorized Claimant's Recognized Loss shall mean the lesser of: (a) the purchase price (including commissions, etc.) minus the sales price (net of commissions, etc.); or (b) the "loss factor" on the date

of purchase minus the “loss factor” on the date of sale, as set forth in Table 1;

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

(3) 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 shall mean the lesser of: (a) the purchase price (including commissions, etc.) minus the “holding price” as set forth in Table 1; or (b) the “loss factor” on the date of purchase, 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 [June 27, 2008], at the following address: ***In re St. Paul Travelers Securities Litigation II***_____.

12. When Will I Get My Payment?

The Court will hold a hearing on [April 18, 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 [April 3], 2008 at:

In re St. Paul Travelers Securities Litigation II
[Claims Administrator]

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 [April 3], 2008:

CLERK OF THE COURT
UNITED STATES OF 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 [April 18], 2008, at _____, 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 [April 3], 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, 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 _____ or write to *In re St. Paul Travelers Securities Litigation II*,
_____.

NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES

If you hold securities of St. Paul and/or St. Paul Travelers purchased between January 27, 2004 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

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: _____, 2008

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

Exhibit A-2

Must be Postmarked
No Later Than
_____, 2008

In re St. Paul Travelers Securities Litigation II

S2P



CLAIMANT IDENTIFICATION:

Claim Number:

Control Number:

PROOF OF CLAIM

YOU MUST COMPLETE THIS CLAIM FORM BY _____, 2008 TO BE ELIGIBLE TO SHARE IN THE \$77 MILLION SETTLEMENT.

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**SECTION A - CLAIMANT INFORMATION**

Claimant Name(s) (as you would like the name(s) to appear on the check, if eligible for payment):

Last 4 digits of Claimant Social Security Number/Taxpayer ID Number:

Name of the Person you would like the Claims Administrator to Contact Regarding This Claim (if different from the Claimant Name(s) listed above):

Claimant or Representative Contact Information:The Claims Administrator will use this information for all communications relevant to this Claim (including the check, if eligible for payment). If this information changes, you MUST notify the Claims Administrator in writing at the address above.

Street Address:

City:

State and Zip Code:

Country (Other than U.S.):

Daytime Telephone Number: () -

Evening Telephone Number: () -

Email Address:

IF YOU FAIL TO SUBMIT A COMPLETE CLAIM BY _____, 2008 YOUR CLAIM IS SUBJECT TO REJECTION
OR YOUR PAYMENT MAY BE DELAYED.



SECTION B - COMMON STOCK TRANSACTIONS

1. **BEGINNING HOLDINGS:** Number of shares of St. Paul common stock held at the close of business on **January 26, 2000**. (If none, write 0), (Must be documented):

2. **PURCHASES:** Below, please list all purchases of St. Paul common stock and/or St. Paul Travelers Companies (STA) common stock during the period of **January 27, 2000** through and including **November 16, 2004**. (Must be documented):

Date(s) of Purchase (List Chronologically) (Month/Day/Year)	Number of Shares Purchased	Purchase Price Per Share	Total Purchase Price (including commissions, taxes, or other fees)
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.

3. **MERGER HOLDINGS:** If you **EXCHANGED** Travelers Property Casualty A and/or B common shares in the Merger, list the number of St. Paul Travelers Companies (STA) shares you received in exchange. (If none, write 0), (Must be documented):

4. **POST CLASS PERIOD PURCHASES:** Please provide **THE TOTAL NUMBER OF SHARES** of St. Paul Travelers Companies (STA) common stock purchased during the period between **November 17, 2004** and _____, **2008**, inclusive.

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SECTION B CONTINUED - COMMON STOCK TRANSACTIONS

5. **SALES:** Below, please list all sales of St. Paul common stock and/or St. Paul Travelers Companies (STA) common stock during the period between **January 27, 2000** and _____ **2008**, inclusive. *(Must be documented):*

Sale Date(s) (List Chronologically) (Month/Day/Year)	Number of Shares of Common Stock Sold	Sale Price Per Share	Total Sale Price (after commissions, transfer taxes, or other fees)
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.
/ /		\$.	\$.

6. **UNSOLD HOLDINGS:** Number of shares of St. Paul Travelers Companies (STA) common stock held at the close of business on _____, **2008**.
(If none, write 0), (Must be documented):

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SECTION C - OPTION CONTRACTS
CALL OPTIONS

1. **BEGINNING POSITION:** At the close of business on **January 26, 2000** I owned the following call options on St. Paul or St. Paul Travelers Companies (STA) common stock (must be documented):

Date of Purchase (List Chronologically) (Month/Day/Year)	Number of Contracts	Expiration Month and Year & Strike Price of Options (ie. May 2002/\$40)	Purchase Price Per Contract	Amount Paid (including commissions, taxes, and fees)	Insert an "E" if Exercised or an "X" if Expired	Exercise Date (Month/Day/Year)
/ /						/ /
/ /						/ /
/ /						/ /

2. **PURCHASES:** I made the following purchases of call options on St. Paul or St. Paul Travelers Companies (STA) common stock between **January 27, 2000** and **November 16, 2004**, inclusive (must be documented):

Date of Purchase (List Chronologically) (Month/Day/Year)	Number of Contracts	Expiration Month and Year & Strike Price of Options (ie. May 2002/\$40)	Purchase Price Per Contract	Amount Paid (including commissions, taxes, and fees)	Insert an "E" if Exercised or an "X" if Expired	Exercise Date (Month/Day/Year)
/ /						/ /
/ /						/ /
/ /						/ /

3. **SALES:** I made the following sales of the above call options on St. Paul or St. Paul Travelers Companies (STA) common stock which call options were purchased before **November 16, 2004** (include all such sales no matter when they occurred) (must be documented):

Date of Sale (List Chronologically) (Month/Day/Year)	Number of Contracts	Expiration Month and Year & Strike Price of Options (ie. May 2002/\$40)	Sale Price Per Contract	Amount Received (net of commissions, taxes, and fees)
/ /				
/ /				
/ /				

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SECTION C CONTINUED - OPTION CONTRACTS
PUT OPTIONS

4. **BEGINNING POSITION:** At the close of business on **January 26, 2000**, I was obligated on the following put options on St. Paul or St. Paul Travelers Companies (STA) common stock (must be documented):

Number of Contracts	Expiration Month and Year & Strike Price of Options (ie. May 2002/\$40)	Sale Price Per Contract	Amount Received (net of commissions, taxes, and fees)	Insert an "A" if Assigned or an "X" if Expired	Assign Date (Month/Day/Year)
					/ /
					/ /
					/ /

5. **SALES (WRITING) OF PUT OPTIONS:** I wrote (sold) put options on St. Paul or St. Paul Travelers Companies (STA) common stock between **January 27, 2000** and **November 16, 2004**, inclusive, as follows (must be documented):

Date of Writing (Sale) (List Chronologically) (Month/Day/Year)	Number of Contracts	Expiration Month and Year & Strike Price of Options (ie. May 2002/\$40)	Sale Price Per Contract	Amount Received (net of commissions, taxes, and fees)	Insert an "A" if Assigned or an "X" if Expired	Assign Date (Month/Day/Year)
/ /						/ /
/ /						/ /
/ /						/ /

6. **COVERING TRANSACTIONS (REPURCHASES):** I made the following repurchases of the above put options on St. Paul or St. Paul Travelers Companies (STA) common stock that I wrote (sold) before **November 16, 2004** (include all repurchases no matter when they occurred) (must be documented):

Date of Purchase (List Chronologically) (Month/Day/Year)	Number of Contracts	Expiration Month and Year & Strike Price of Options (ie. May 2002/\$40)	Price Paid Per Contract	Aggregate Cost (including commissions, taxes, and fees)
/ /				
/ /				
/ /				

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**SECTION D - BOND TRANSACTIONS
POSITIONS**

1. **BEGINNING AND ENDING POSITIONS:** Please provide the principal amount of the specified St. Paul Travelers Bonds below that you may have held at the close of business on **January 26, 2000** and at the close of business on **November 16, 2004** (must be documented):

Code	Coupon Rate	Name of Issuer	Maturity Date	Cusip	Principal amount held as of the close of business on January 26, 2000	Principal amount held as of the close of business on November 16, 2004
A	0.000%	USF&G Corporation	3/3/2009	903290AD6		
B	5.75%	Travelers Cos Inc	3/15/2007	792860AF5		
C	6.380%	Travelers Cos Inc	12/15/2008	79286LDN9		
D	6.440%	St Paul Companies Inc	8/24/2005	79286LBP6		
E	6.550%	St Paul Companies Inc	12/5/2006	79286LDB5		
F	6.570%	St Paul Companies Inc	12/11/2006	79286LDD1		
G	6.580%	St Paul Companies Inc	12/11/2006	79286LDC3		
H	6.600%	St Paul Companies Inc	6/9/2005	79286LBZ4		
I	6.600%	St Paul Companies Inc	12/11/2006	79286LDE9		
J	6.680%	St Paul Companies Inc	7/13/2005	79286LCE0		
K	6.710%	St Paul Companies Inc	6/9/2005	79286LCB6		
L	6.720%	St Paul Companies Inc	6/9/2005	79286LCA8		
M	6.730%	St Paul Companies Inc	7/14/2005	79286LCF7		
N	6.740%	St Paul Companies Inc	7/18/2005	79286LCG5		
O	6.820%	St Paul Companies Inc	6/30/2005	79286LCC4		
P	6.850%	Travelers Cos Inc	7/2/2007	79286LCD2		
Q	6.860%	St Paul Companies Inc	6/8/2005	79286LBY7		
R	6.970%	St Paul Companies Inc	9/1/2006	79286LCY6		
S	7.010%	St Paul Companies Inc	6/1/2005	79286LBX9		
T	7.020%	St Paul Companies Inc	9/1/2006	79286LCZ3		

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**SECTION D CONTINUED - BOND TRANSACTIONS
POSITIONS**

Code	Coupon Rate	Name of Issuer	Maturity Date	Cusip	Principal amount held as of the close of business on January 26, 2000	Principal amount held as of the close of business on November 16, 2004
U	7.050%	Travelers Cos Inc	3/7/2007	79286LDG4		
V	7.090%	St Paul Companies Inc	8/1/2005	79286LCH3		
W	7.125%	USF&G Corporation	6/1/2005	903290AP1		
X	7.150%	St Paul Companies Inc	8/29/2006	79286LCW0		
Y	7.190%	Travelers Cos Inc	8/2/2007	79286LCK6		
Z	7.200%	Travelers Cos Inc	1/1/2007	79286LCJ9		
AA	7.210%	Travelers Cos Inc	8/29/2007	79286LCX8		
BB	7.220%	St Paul Companies Inc	8/28/2006	79286LCT7		
CC	7.240%	St Paul Companies Inc	8/21/2006	79286LCR1		
DD	7.250%	Travelers Cos Inc	8/9/2007	79286LCL4		
EE	7.280%	St Paul Companies Inc	8/22/2006	79286LCS9		
FF	7.280%	Travelers Cos Inc	8/28/2007	79286LCU4		
GG	7.290%	Travelers Cos Inc	8/21/2007	78286LCQ3		
HH	7.290%	Travelers Cos Inc	8/28/2007	79286LCV2		
II	7.330%	St Paul Companies Inc	8/18/2006	79286LCM2		
JJ	7.370%	Travelers Cos Inc	8/20/2007	79286LCN0		
KK	7.415%	Travelers Cos Inc	8/23/2010	79286LCP5		
LL	7.625%	MMI Capital Trust I	12/15/2027	553086AC3		
MM	7.875%	St Paul Companies Inc	4/15/2005	792860AE8		
NN	8.125%	Travelers Cos Inc	4/15/2010	792860AD0		
OO	8.470%	USF&G Capital II	1/10/2027	90330JAA8		

**IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST
PHOTOCOPY THIS PAGE AND CHECK THIS BOX ☐
IF YOU DO NOT CHECK THIS BOX THESE ADDITIONAL PAGES WILL NOT BE REVIEWED**



SECTION D CONTINUED - BOND TRANSACTIONS
PURCHASES AND SALES

2. **PURCHASES:** Below please list (in chronological order) all purchases of St. Paul Travelers Bonds between **January 27, 2000** and **November 16, 2004**, inclusive (must be documented):

Insert Corresponding Code of Bonds as Indicated on Page 7 & 8	Date(s) of Purchase (Month/Day/Year)	Principal Amount	Purchase Price per \$1,000 of Principal Amount	Aggregate Cost (including commissions, taxes, and fees)
	/ /			
	/ /			
	/ /			
	/ /			
	/ /			
	/ /			

3. **SALES:** Below please list (in chronological order) all sales of St. Paul Travelers Bonds between **January 27, 2000** and **November 16, 2004**, inclusive (must be documented):

Insert Corresponding Code of Bonds as Indicated on Page 7 & 8	Date(s) of Sale (Month/Day/Year)	Principal Amount	Sale Price per \$1,000 of Principal Amount	Amount Received (net of commissions, taxes, and fees)
	/ /			
	/ /			
	/ /			
	/ /			
	/ /			
	/ /			

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST
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SECTION E - RELEASE AND SIGNATURE

I. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I submit this Proof of Claim under the terms of the Stipulation and Agreement of Settlement dated as of _____, 2008, ("Stipulation"). I also submit to the jurisdiction of the United States District Court for the District of Minnesota, with respect to my Claim as a Class Member (as defined in the Notice of Pendency of Class Action, Hearing on Proposed Settlement, Plan of Allocation and Attorneys' Fees and Expenses) and for purposes of enforcing the release set forth herein. I further acknowledge that I am bound by and subject to the terms of any judgment that may be entered in the Action. I agree to furnish additional information to Lead Plaintiff's Counsel to support this Claim if required to do so. I have not submitted any other Claim covering the same purchases or acquisitions of St. Paul common stock and/or St. Paul Travelers Companies (STA) common stock during the Class Period and know of no other Person having done so on my behalf.

II. RELEASE

"Released Claims" shall mean all claims (including "Unknown Claims" as defined below), demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, whether or not concealed or hidden, accrued or unaccrued, asserted or that might have been asserted, including, without limitation, claims for negligence, gross negligence, breach of duty of care and or breach of duty of loyalty, fraud, breach of fiduciary duty, or violations of any state or federal statutes, rules or regulations, without limitation, including the federal securities laws, that have been or that could have been asserted in the Action by or on behalf of the Lead Plaintiff, the Settlement Class or any Settlement Class Member against the Defendants or their Related Parties based on, arising out of, relating to, or in connection with the facts alleged in the complaints filed in this Action, disclosures made by Defendants during the Settlement Class Period, or the purchase, acquisition, holding, sale or other disposition of securities during the Settlement Class Period, including but not limited to claims relating in any way to (1) broker compensation; (2) any alleged involvement in a bid-rigging scheme regarding bids or quotes for insurance; (3) the sale and use of non-traditional, loss mitigation or finite insurance or reinsurance (also known as finite reinsurance); (4) announcements regarding any of the foregoing; and (5) federal or state inquiries or investigations relating to any of the foregoing.

"Unknown Claims" shall collectively mean all claims, demands, rights, liabilities, and causes of action of every nature and description which the Lead Plaintiff or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement.

I declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____, in _____, _____.

(Month/Year) (City) (State/Country)

(Sign your name here)

(Type your name here)

Capacity of Person(s) Signing, e.g.,
Beneficial Purchaser, Executor
or Administrator



REMINDER CHECKLIST

1. Please fill out this form in its entirety.
2. Don't forget to sign page 10 of this form.
3. Don't forget to submit your supporting documents.
4. DO NOT SEND ORIGINALS OF ANY SUPPORTING DOCUMENTS.
5. The Claims Administrator will acknowledge receipt of your Proof of Claim by mail, within 30 days. Your Claim is not deemed filed until you receive an acknowledgment postcard. If you do not receive an acknowledgment postcard within 30 days, please call the Claims Administrator toll free at 1-888-966-6846.
6. If you move, please send us your new address.
7. **Do not use highlighter on the Proof of Claim form or supporting documentation.**

THIS PROOF OF CLAIM MUST BE POSTMARKED NO LATER THAN
_____, 2008 AND MUST BE MAILED TO:

In re St. Paul Travelers Securities Litigation II

Exhibit A-3

EXHIBIT A-3

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

**In re ST. PAUL TRAVELERS II
SECURITIES LITIGATION II**

Master File No. 04-CV-4697-JRT-FLN

SUMMARY NOTICE

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 ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the District of Minnesota, that a hearing will be held on [April 18], 2008, at _____, before the Honorable John R. Tunheim, United States District Judge, at the United States Courthouse for the District of Minnesota, 300 South Fourth Street, Minneapolis, Minnesota (the “Hearing”), in order to consider a proposed settlement (the “Settlement”) of a consolidated class action (the “Action”). At the Hearing, the Court will determine: (1) whether the proposed Settlement of the Action, for the sum of Seventy-Seven Million Dollars (\$77,000,000) in cash (the “Settlement Fund”) should be approved by the Court as fair, reasonable and adequate; (2) whether the Action should be dismissed with prejudice; (3) whether the Plan of Allocation of the Settlement Fund is fair and reasonable; (4) whether the Settlement Class should be certified

pursuant to Rule 23 of the Federal Rules of Civil Procedure; and (5) whether the application of plaintiffs' counsel for attorneys' fees and reimbursement of out-of-pocket expenses, and the application of Lead Plaintiff for reimbursement of its out-of-pocket expenses, should be approved.

If you purchased St. Paul and/or St. Paul Travelers securities between January 27, 2000 and November 16, 2004 or exchanged shares of Travelers Property Casualty in the Merger, your rights may be affected by the Settlement of this Action. If you have not received a detailed Notice of Pendency and a copy of the Proof of Claim and Release, you may obtain copies by writing to *In re St. Paul Travelers Securities Litigation II*, [claims administrator's address]. If you are a Settlement Class Member, in order to share in the distribution of the Settlement Fund (net of attorneys' fees and various expenses), you must submit a Proof of Claim and Release so that it is received no later than [June 27], 2008, establishing that you are entitled to recovery.

If you desire to be excluded from the Settlement Class, you must submit a Request for Exclusion so that it is actually received by the Claims Administrator and counsel, by [April 3], 2008, in the manner and form explained in the detailed Notice referred to above. All Members of the Settlement Class who have not requested exclusion from the Settlement Class will be bound by any judgment entered in the Action pursuant to the Stipulation of Settlement.

Any objection to the Settlement, must be mailed or delivered such that it is received by each of the following no later than [April 3], 2008, and must indicate that it is an Objection to the Settlement in the action: *In re St. Paul Travelers Securities Litigation II*, 04-CV-4697 (JRT/FLN):

CLERK OF THE COURT
UNITED STATES OF DISTRICT COURT
DISTRICT OF MINNESOTA
300 South Fourth Street
Minneapolis, Minnesota 55415

Lead Counsel for Lead Plaintiff and the Settlement Class:

LABATON SUCHAROW LLP
140 Broadway
New York, New York 10005
Attn: Javier Bleichmar, Esq.

Counsel for Defendants:

SIMPSON THACHER & BARTLETT LLP
425 Lexington Avenue
New York, New York 10017
Attn: Paul C. Curnin, Esq.

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE
REGARDING THIS NOTICE.**

DATED: _____, 2008

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

Exhibit B

EXHIBIT B

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

**In re ST. PAUL TRAVELERS
SECURITIES LITIGATION II**

)
) **Civ. No. 04cv4697 (JRT/FLN)**
)
) **[PROPOSED] FINAL ORDER AND**
) **JUDGMENT**
)
)

This matter came before the Court for hearing pursuant to the Preliminary Approval Order of this Court, dated _____, 2008, on the application of the Settling Parties for approval of the settlement (the “Settlement”) set forth in the Stipulation of Settlement (the “Stipulation”). Due and adequate notice having been given of the Settlement as required in said Preliminary Approval Order, and the Court having considered all papers filed and proceedings held herein and otherwise being fully informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This judgment incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings set forth in the Stipulation.
2. This Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all Members of the Settlement Class.
3. Except as to any individual claim of those Persons (identified in Exhibit 1 attached hereto) who have validly and timely requested exclusion from the

Settlement Class, the Action and all claims contained therein, including all of the Released Claims, are dismissed with prejudice as to the Lead Plaintiff and Members of the Settlement Class, and as against each and all of the Released Persons. The parties are to bear their own costs, except as otherwise provided in the Stipulation.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby approves the Settlement and finds that said Settlement is, in all respects, fair, reasonable and adequate, and is in the best interests of the Lead Plaintiff, the Settlement Class and each of the Settlement Class Members. This Court further finds the Settlement set forth in the Stipulation is the result of arms' length negotiations between experienced counsel representing the interests of the Lead Plaintiff, the Settlement Class Members and Defendants. Accordingly, the Settlement memorialized in the Stipulation is hereby approved in all respects and shall be consummated in accordance with its terms and provisions. The Settling Parties are hereby directed to perform the terms of the Stipulation.

5. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court hereby certifies, only for purposes of effectuating this Settlement, a Settlement Class consisting of all purchasers of securities of St. Paul and SPT from the period of January 27, 2000 through November 16, 2004. Excluded from the Settlement Class are Defendants and the Excluded Persons. Also excluded from the Settlement Class are those Persons who timely and validly requested exclusion from the Settlement Class pursuant to the Notice of Pendency, as identified in Exhibit 1 hereto.

6. With respect to the Settlement Class, this Court finds for the purposes of effectuating this Settlement that (a) the Members of the Settlement Class are so numerous that joinder of all Settlement Class Members in the Action is impracticable; (b) there are questions of law and fact common to the Settlement Class which predominate over any individual questions; (c) the claims of Lead Plaintiff are typical of the claims of the Settlement Class; (d) Lead Plaintiff and Lead Counsel have fairly and adequately represented and protected the interests of all Settlement Class Members; and (e) a class action is superior to other available methods for the fair and efficient adjudication of the controversy, considering: (i) the interests of the Members of the Settlement Class in individually controlling the prosecution of the separate actions; (ii) the extent and nature of any litigation concerning the controversy already commenced by Members of the Settlement Class; (iii) the desirability or undesirability of continuing the Action of these claims in this particular forum; and (iv) the difficulties likely to be encountered in the management of the Action.

7. Upon the Effective Date, Lead Plaintiff and each of the Settlement Class Members shall be deemed to have, and by operation of the judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims against the Released Persons, whether or not such Settlement Class Member executes and delivers a Proof of Claim and Release form with prejudice.

8. Lead Plaintiff and all Settlement Class Members are hereby forever barred and enjoined from prosecuting the Released Claims against the Released Persons.

9. Upon the Effective Date hereof, each of the Released Persons shall be deemed to have, and by operation of this judgment shall have, fully, finally, and forever released, relinquished and discharged each and all of the Settlement Class Members and their counsel from all claims (including unknown claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Action or the Released Claims.

10. Upon the Effective Date of the Settlement, all claims for contribution arising out of the Action are barred: (a) by any Person against the Released Persons; and (b) by the Released Persons against any Person other than a Person whose liability to Settlement Class Members has been extinguished pursuant to this Stipulation or the Final Order and Judgment. The foregoing does not operate to release any claims by any Released Person against his or her or its insurers, and, further, no Released Person shall be barred by this Stipulation from pursuing a claim against his or her or its insurers in any forum or by any process, including, but not limited to, arbitration, mediation, or litigation.

11. The distribution of the Notice of Pendency and the publication of the Summary Notice as provided for in the Preliminary Approval Order constituted the best notice practicable under the circumstances, including individual notice to all Members of the Settlement Class who could be identified through reasonable effort. Said Notice provided the best notice practicable under the circumstances of those proceedings and of the matters set forth therein, including the proposed Settlement set forth in the Stipulation, to all Persons entitled to such notice, and said Notice fully satisfied the

requirements of Federal Rule of Civil Procedure 23, the requirements of due process, and any other applicable law.

12. Any plan of allocation submitted by Lead Counsel or any order entered regarding the attorneys' fee and expense application and the Lead Plaintiff expense application shall in no way disturb or affect this Final Order and Judgment and shall be considered separate from this Final Order and Judgment.

13. Neither the Stipulation nor the Settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of the Defendants; or (b) is or may be deemed to be or may be used as an admission of, or evidence of any fault or omission of any of the Defendants in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Defendants may file the Stipulation and/or the Judgment in any other action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

14. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over (a) implementation of this Settlement and any award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund; (c) hearing and determining applications for

attorneys' fees and expenses in the Action and for reimbursement of the Lead Plaintiff's costs and expenses incurred in the Action; and (d) all parties hereto for the purpose of construing, enforcing and administering the Stipulation and Settlement.

15. The Court finds that during the course of the Action, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

16. In the event that the Settlement does not become effective in accordance with the terms of the Stipulation or the Effective Date does not occur, or in the event that the Settlement Fund, or any portion thereof, is returned to Defendants, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation.

IT IS SO ORDERED.

DATED: _____

THE HONORABLE JOHN R. TUNHEIM
UNITED STATES DISTRICT JUDGE