

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

_____X
In re ST. PAUL TRAVELERS SECURITIES : Master File No. 04-CV-3801-JRT-FLN
LITIGATION :
: :
: :
This Document Relates To: :
ALL ACTIONS :
: :
_____X

**NOTICE OF PENDENCY OF CLASS ACTION, HEARING ON PROPOSED SETTLEMENT,
PLAN OF ALLOCATION AND ATTORNEYS' FEES AND EXPENSES**

TO: ALL PERSONS WHO: (1) PURCHASED COMMON STOCK OF THE ST. PAUL COMPANIES, INC. ("ST. PAUL") BETWEEN NOVEMBER 17, 2003 AND APRIL 1, 2004 (THE "PRE-MERGER PERIOD"); (2) EXCHANGED SHARES OF TRAVELERS PROPERTY CASUALTY CORP. ("TRAVELERS") CLASS A AND/OR B COMMON STOCK FOR SHARES OF THE ST. PAUL TRAVELERS COMPANIES, INC. ("STA") IN THE MERGER BETWEEN ST. PAUL AND TRAVELERS ("THE MERGER"); OR (3) PURCHASED STA COMMON STOCK BETWEEN APRIL 2, 2004 AND AUGUST 5, 2004 (THE "POST-MERGER PERIOD")

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

SUMMARY OF SETTLEMENT AND RELATED MATTERS

CLAIMS DEADLINE: CLAIMANTS MUST SUBMIT PROOFS OF CLAIM ON THE FORM ACCOMPANYING THIS NOTICE, SUCH THAT THEY ARE RECEIVED NO LATER THAN JANUARY 23, 2006.

EXCLUSION DEADLINE: CLAIMANTS MUST SUBMIT REQUESTS FOR EXCLUSION SUCH THAT THEY ARE RECEIVED NO LATER THAN DECEMBER 22, 2005.

SECURITIES BROKERS AND OTHER NOMINEES: PLEASE SEE INSTRUCTIONS BELOW.

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

The Court will hold a Final Fairness Hearing on December 27, 2005, at 1:30 p.m., at the United States District Courthouse, 300 South Fourth Street, Minneapolis, MN 55415, to decide whether to approve: (1) the Settlement; (2) the Plan of Allocation; (3) certification of 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 sixty-seven million five hundred thousand dollars (\$67,500,000) (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 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 \$0.1322 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 number of claimants, the number of shares you purchased, whether you were an open market purchaser of St. Paul or STA shares, or whether you were a former holder of Travelers 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, Lead Plaintiff refers you 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 that would be recoverable if 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 Defendants' disclosures on August 5, 2004; (2) whether, during the Class Period, Defendants had already disseminated sufficient "cautionary language" into the market for St. Paul and STA shares, especially in the Joint Proxy/Prospectus used to solicit approval for the Merger, to forewarn investors that STA would be required to take a material reserve adjustment; (3) whether St. Paul was under-reserved, and whether the Triennial Report by the Minnesota Department of Commerce regarding St. Paul's reserves is relevant to the claims in this Action; and (4) whether Defendants' statements, including those regarding the degree of due diligence they performed on St. Paul's reserves, were false and misleading. 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 \$1.456 per share 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 attorney's fees of no more than 15 % of the Settlement Fund (including any interest or income earned thereon), plus reimbursement of out-of-pocket expenses up to \$350,000, including expert witness and consultant fees not to exceed \$100,000 in the aggregate, including Lead Plaintiff's application to the Court for the reimbursement of its expenses of \$297,000.

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

Deadlines:

Request Exclusion: December 22, 2005
File Objection: December 22, 2005
Submit Claim: January 23, 2006

Court Hearing on Fairness of Settlement: December 27, 2005

More Information:

Claims Administrator:

In re St. Paul Travelers Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. 9000 #6375
Merrick, NY 11566-9000

Lead Counsel:

Thomas A. Dubbs, Esq.
Lynda J. Grant, Esq.
LABATON SUCHAROW
& RUDOFF LLP
100 Park Avenue, 12th Floor
New York, NY 10017-5563

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

- SUBMIT A PROOF OF CLAIM FORM** The only way to receive 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 have been asserted in this Action.

WHAT THIS NOTICE CONTAINS

	PAGE
BASIC INFORMATION	3
1. Why Did I Get this Notice Package?.....	3
2. What is This Lawsuit About?.....	3
3. Why is This a Class Action?	3
4. Why is There a Settlement?.....	4
WHO IS IN THE SETTLEMENT	4
5. How Do I Know if I am Part of the Settlement?.....	4
6. Who is Excluded?	4
7. I'm Still Not Sure if I am Included.	4
THE SETTLEMENT BENEFITS – WHAT YOU GET	4
8. What Does the Settlement Provide?.....	4
9. How Much Will My Payment Be?	4
10. Plan of Allocation	4
SUBMITTING A CLAIM FORM	6
11. How Will I Get a Payment?	6
12. When Will I Get My Payment?	6
13. What am I Giving Up to Get a Payment or Stay in the Class?	6
EXCLUDING YOURSELF FROM THE SETTLEMENT	6
THE LAWYERS REPRESENTING YOU	7
14. Do I Have a Lawyer in This Case?	7
15. How Will the Lawyers Be Paid?	7

OBJECTING TO THE SETTLEMENT	7
16. What's the Difference Between Objecting and Excluding?	7
17. May I Speak at the Hearing?	8
IF YOU DO NOTHING	8
18. What Happens if I Do Nothing?	8
GETTING MORE INFORMATION	8
19. Are There More Details About the Settlement?	8
20. How Do I Get More Information?	8
NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES	8

BASIC INFORMATION

1. Why Did I Get This Notice Package?

You or someone in your family may have (1) purchased shares of St. Paul common stock between November 17, 2003 and April 1, 2004; (2) exchanged shares of Travelers A and/or B common stock for STA common stock as a result of the Merger and/or voted on the Merger; and/or (3) purchased shares of STA common stock between April 2, 2004 and August 4, 2004.

You received 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 consists of three large pension funds from the State of New Mexico, including: 1) the Public Employees Retirement Association of New Mexico; 2) the New Mexico State Investment Council; and 3) the Educational Retirement Board of New Mexico. The Defendants are St. Paul, Travelers, STA, and officers and directors of St. Paul and STA, Jay Fishman, Robert E. Lipp, Jay Benet, John A. MacColl, Thomas A. Bradley, John C. Treacy, Carolyn H. Byrd, John H. Dasburg, Janet M. Dolan, Lawrence G. Graev, Thomas R. Hodgson, William H. Kling, James A. Lawrence, Glen D. Nelson, and Gordon M. Sprenger.

2. What Is This Lawsuit About?

This Action asserts that during the period of November 17, 2003 to August 5, 2004, St. Paul was significantly under-reserved, and did not have enough reserves to cover the claims which would be made under its policies. It further alleges that sometime in 2003, St. Paul's directors and officers were told this by the Minnesota Department of Commerce (the "MNDOC") and even received a report (the "MNDOC Report") confirming this. Yet, according to the Amended Complaint, they did not disclose this information, resulting in the artificial inflation of St. Paul's stock.

On November 17, 2003, St. Paul announced that it was going to merge with Travelers, a financially stronger company. It also announced that both St. Paul and Travelers had performed significant due diligence, especially on St. Paul's reserves. The Amended Complaint alleges that St. Paul wanted this Merger, in effect, to bail itself out from its under-reserve situation, among other things. Both before and after the Merger, however, Lead Plaintiff contends that St. Paul and the remaining Defendants never disclosed the alleged truth – that as a result of the Merger and St. Paul's lack of reserves, the resulting company, STA, would eventually be forced to take a massive adjustment to its reserves. In turn, this resulted in its having to take a substantial charge to its income statement for its first operating quarter, causing a significant operating loss. As such, Lead Plaintiff alleges St. Paul's stock traded at an artificially high price and Travelers A and B common shareholders were purportedly defrauded into approving the Merger and exchanging their shares at the Merger rate set by the Defendants, based upon false information.

STA shares, after the Merger, continued to trade at an artificially inflated price until July 23, 2004, when STA finally announced that as a result of the Merger, and purportedly to conform St. Paul's balance sheet to that of Travelers, it would be taking a \$1.6 billion reserve adjustment. It also announced that this adjustment would likely be taken against its income statement (rather than its balance sheet), and that it was thus likely to sustain a loss of over \$300 million in its first operating quarter. With that partial disclosure of the truth, the price of STA stock declined. An additional disclosure on August 5th confirmed and expounded upon this disclosure, resulting in a further decline of St. Paul's stock and a total market capitalization loss of \$1.2 billion.

Based on these allegations, the Amended Complaint charges Defendants with securities fraud. Specifically, the Amended Complaint asserts claims under: (1) Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "1934 Act") on behalf of the Pre-Merger and Post-Merger portions of the putative Class; and (2) Sections 11 and 15 of the Securities Act of 1933 (the "1933 Act"); and Sections 14(a) and 20(a) of the 1934 Act, on behalf of those Travelers shareholders who exchanged their shares in the Merger.

On August 23, 2005, Defendants filed a Motion to Dismiss the Amended Complaint (the "Motion"), and on October 24, 2005, Lead Plaintiff filed its opposition papers. These papers demonstrated that while the Amended Complaint asserted meritorious claims, Defendants had asserted defenses which placed the Action at risk of being dismissed, including the fact that the Joint Proxy/Prospectus contained substantial cautionary language, and that there may have been loss causation issues. These issues could have resulted either in the dismissal of the Action, or the severe curtailment of the Settlement Class' damages.

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 New Mexico State Funds), 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 themselves or opt out from the Settlement Class.

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

After significant litigation, 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 their Motion, which could result in the dismissal of the Action and no recovery for the Settlement Class. In addition, as part of their due diligence, counsel for the Lead Plaintiff and the Settlement Class will review additional discovery materials and take depositions which Defendants are required to provide as part of the Settlement, 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 the Lead Plaintiff's attorneys, Labaton Sucharow & Rudoff 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 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 shares of St. Paul common stock between November 17, 2003 and April 1, 2004; (2) exchanged shares of Travelers A and/or B common stock for STA common stock as a result of the Merger between St. Paul and Travelers and/or voted for the Merger; and/or (3) purchased shares of STA common stock between April 2, 2004 and August 4, 2004, and you or they sustained a loss on your/their 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 from the Settlement Class.

7. **I'm Still Not Sure if I Am Included.**

If you are still not sure whether you are included, you can ask for free help. You can call the Claims Administrator, The Garden City Group, Inc. at 1 (800) 445-9125 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 sixty-seven million five hundred thousand dollars (\$67,500,000) 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 shares of stock 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 shares of stock that you purchased and/or exchanged during the Settlement Class Period. For shares 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 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 strength of the Claimant's claim, which security he purchased, the amount of stock inflation during the time of his 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 "Recognized Loss", is not intended to be an estimate of the amount which a Settlement Class Member would 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, Lead Plaintiff's position that STA made a partial disclosure of the truth on July 23, 2004, but that the full truth about STA and St. Paul was not made until August 5, 2004. Based upon that position, Lead Plaintiff has determined that \$0.50 of the stock price decline per share which STA experienced on July 23, 2004 can be attributed to this disclosure of the partial truth, and thus is relevant to damages in this Action. Lead Plaintiff has further determined that \$0.97 of the stock price decline per share which STA stock experienced on August 5, 2004, is attributable to this disclosure of the remaining truth or information

and is thus relevant to damages in this Action. The aggregate of those stock declines of \$1.47 per share is the maximum loss per share that will be recognized for the purposes of this Settlement.

c. The proposed Plan of Allocation provides that any shares sold before July 23, 2004 did not suffer losses since such sale occurred in an inflated market and thus at an inflated price. The proposed Plan of Allocation also provides that Authorized Claimants who exchanged their Travelers A and/or B common stock in the Merger have the strongest claims of all Settlement Class Members.

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 Total Recognized Loss. Each Authorized Claimant's Total Recognized Loss will be calculated by multiplying the number of shares purchased or acquired in each transaction by the Authorized Claimant by the Recognized Loss per share. The Recognized Loss per share will be calculated as follows:

For the Period of November 17, 2003 through February 17, 2004:

A. For shares of St. Paul common stock purchased during the period November 17, 2003 through and including the close of trading on February 17, 2004,¹ and:

(1) Sold during the period July 23, 2004 through August 4, 2004, an Authorized Claimant's Recognized Loss per share shall mean 64% of the lesser of: (a) \$0.50 per share or (b) the purchase price per share (including commissions, etc.) less the sales proceeds per share received (net of commissions, etc.). If the amount in (b) is negative, i.e. the Authorized Claimant's sales proceeds (net of commissions, etc.) per share are higher than the purchase price (including commissions, etc.) per share, then the Authorized Claimant's gain will be used to offset the Authorized Claimant's Recognized Losses; or

(2) Held as of the close of trading on August 4, 2004, an Authorized Claimant's Recognized Loss per share shall mean 26% of the lesser of: (a) \$1.47 per share or (b) the purchase price per share (including commissions, etc.) less \$33.68, the average price for the 90 days prior to the August 5, 2004 disclosure, as prescribed by the Private Securities Litigation Reform Act of 1995 (the "PSLRA").

For the Period of February 18, 2004 to April 1, 2004:

B. For shares of St. Paul purchased during the period February 18, 2004 through and including the close of trading on April 1, 2004,² and:

(1) Sold during the period July 23, 2004 through August 4, 2004, an Authorized Claimant's Recognized Loss per share shall mean 45% of the lesser of: (a) \$0.50 per share or (b) the purchase price per share (including commissions, etc.) less the sales proceeds per share received (net of commissions, etc.). If the amount in (b) is negative, i.e. the Authorized Claimant's sales proceeds (net of commissions, etc.) are higher than the purchase price (including commissions, etc.), the Authorized Claimant's gain will be used to offset the Authorized Claimant's Recognized Losses; or

(2) Held as of the close of trading on August 4, 2004, an Authorized Claimant's Recognized Loss per share shall mean 19% of the lesser of: (a) \$1.47 per share or (b) the purchase price per share (including commissions, etc.) less \$33.68, the average price for the 90 days from the date of the final disclosure on August 5, 2004, as prescribed by the PSLRA.

For the Period of April 2, 2004 to July 22, 2004:

C. For shares of STA purchased during the period April 2, 2004 through and including the close of trading on July 22, 2004,³ and:

(1) Sold during the period July 23, 2004 through August 4, 2004, an Authorized Claimant's Recognized Loss per share shall mean 62% of the lesser of: (a) \$0.50 per share or (b) the purchase price per share (including commissions, etc.) less the sales proceeds per share received (net of commissions, etc.). If the amount in (b) is negative, i.e. the Authorized Claimant's sales proceeds (net of commissions, etc.) per share are higher than the purchase price (including commissions, etc.) per share, then the Authorized Claimant's gain will be used to offset the Authorized Claimant's Recognized Losses; or

(2) Held as of the close of trading on August 4, 2004, an Authorized Claimant's Recognized Loss per share shall mean 25% of the lesser of: (a) \$1.47 per share or (b) the purchase price per share (including commissions, etc.) less \$33.68, the average price for the 90 days prior to the August 5, 2004 disclosure, as prescribed by the PSLRA.

For the Period of July 23, 2004 to August 4, 2004:

D. For shares of STA purchased during the period July 23, 2004 through and including the close of trading on August 4, 2004,⁴ and:

¹ Allocation of the Settlement Fund to Authorized Claimants with Section 10(b) claims who purchased their shares between November 17, 2003 and February 17, 2004, takes into account that the fact that no cautionary language regarding the reconciling of reserve methodologies was disseminated in the market at that time.

² Allocation of the Settlement Fund to Section 10(b) Authorized Claimants who purchased their shares between February 18, 2004 and April 1, 2004, takes into consideration the fact that the Joint Proxy/Prospectus with purportedly relevant cautionary language, was disseminated into the market at that time.

³ Allocation of the Settlement Fund to Section 10(b) Authorized Claimants who purchased their shares between April 2, 2004 and July 22, 2004, takes into consideration that the Joint Proxy/Prospectus, with purportedly relevant cautionary language, was disseminated into the market, and that these Authorized Claimants may also possess Section 11 claims arising from the Merger.

⁴ Allocation of the Settlement Fund to Section 10(b) Authorized Claimants who purchased their shares between July 23, 2004 and August 4, 2004, takes into consideration that such Authorized Claimants were purchasing in a market in which Defendants had disseminated cautionary language and made a partial disclosure of the truth.

(1) Sold during the period July 23, 2004 through August 4, 2004, an Authorized Claimant's Recognized Loss per share is zero; or

(2) Held as of the close of trading on August 4, 2004, an Authorized Claimant's Recognized Loss per share shall mean 4% of the lesser of: (a) \$0.97 per share or (b) the purchase price per share (including commissions, etc.) less \$33.68, the average price for the 90 days prior to the August 5, 2004 disclosure, as prescribed under the PSLRA.

The Merger

E. For shares of STA acquired through the Merger, in exchange for Travelers Class A and Class B common stock⁵ and:

(1) Sold during the period July 23, 2004 through August 4, 2004, an Authorized Claimant's Recognized Loss per share shall be \$0.50 per share; or

(2) Held as of the close of trading on August 4, 2004, an Authorized Claimant's Recognized Loss per share shall be 41% of \$1.47 per share.

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 December 22, 2005, to the following: ***In re St. Paul Travelers Securities Litigation***, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9000 #6375, Merrick, NY 11566-9000.

12. When Will I Get My Payment?

The Court will hold a hearing on December 27, 2005, 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 are taken to the Settlement, distributions of the Settlement Fund may commence in early 2006.

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 the ***In re St. Paul Travelers Securities Litigation***, Master File No. 04-CV-3801 (JRT/FLN). You must include your name, address, telephone number, your signature, and the number of shares of St. Paul common stock you held on November 17, 2003, the amount of St. Paul and STA shares you purchased between November 17, 2003 and August 4, 2004, and/or the number of shares of STA received in exchange for Travelers A and/or B common stock in the Merger, and the number of STA shares you held on August 4, 2004. You must include the number of shares sold during this time period, if any, and the dates of such purchases and sales. Your exclusion request must be mailed or delivered so that it is received no later than December 22, 2005 to:

In re St. Paul Travelers Securities Litigation

c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9000 #6375
Merrick, NY 11566-9000

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.

⁵ The Plan of Allocation reflects that this is the strongest of all the claims.

THE LAWYERS REPRESENTING YOU

14. Do I Have a Lawyer in This Case?

The Court appointed the law firm of Labaton Sucharow & Rudoff 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 15% 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 \$350,000, including expert witness and consultant fees not to exceed \$100,000 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. Pursuant to its contract with the State of New Mexico, Office of the Attorney General, 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, pursuant to the contract, 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*, Master File No. 04-CV-3801 (JRT/FLN). Be sure to include your name, address, telephone number, your signature, the number of shares of St. Paul / STA common stock you purchased and sold between November 17, 2003 and August 4, 2004, the number of shares of STA received in exchange for Travelers A and/or B common stock by way of the Merger, the number of STA shares you held at the close of business on August 4, 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 December 22, 2005:

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
& RUDOFF, LLP
100 Park Avenue, 12th Floor
New York, NY 10017-5563
Attn: Lynda J. Grant, Esq.

Counsel for all Defendants:
SIMPSON THACHER & BARTLETT LLP
425 Lexington Avenue
New York, New York 10017-3954
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 for out-of-pocket expenses incurred in litigating the Action.

The Court will hold a Final Fairness Hearing on December 27, 2005, at 1:30 p.m., at the United States Courthouse, 300 South Fourth Street, Minneapolis, MN 55415. 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*, Master File No. 04-CV-3801 (JRT/FLN). Be sure to include your name, address, telephone number, your signature, and the number of shares of St. Paul/STA common stock you purchased and sold between November 17, 2003 and August 4, 2004, or the number of shares of STA received in exchange for Travelers common stock by way of the Merger, and the number of STA shares you held on August 4, 2004. Your notice of intention to appear must be mailed or delivered such that it is received no later than December 22, 2005, 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, MN 55415, during regular business hours.

20. How Do I Get More Information?

You can call 1 (800) 445-9125 or write to *In re St. Paul Travelers Securities Litigation*, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9000 #6375, Merrick, NY 11566-9000.

NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES

If you hold shares of St. Paul / STA common stock purchased between November 17, 2003 and August 4, 2004, or received STA shares in exchange for Travelers 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
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9000 #6375
Merrick, NY 11566-9000

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:

Lynda J. Grant, Esq.
LABATON SUCHAROW & RUDOFF LLP
100 Park Avenue, 12th Floor
New York, NY 10017-5563
212-907-0700

DATED: November 25, 2005

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