

TRAVELERS PROPERTY CASUALTY CORP

Form DEFM14A

February 13, 2004

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SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement Confidential, for Use of the Commission
Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy
Statement

Definitive Additional
Materials

Soliciting Material
Pursuant to
Section 240.14a-11(c)
or Section 240.14a-2.

TRAVELERS PROPERTY CASUALTY CORP.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-12.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

333-111072

(3) Filing Party:

THE ST. PAUL COMPANIES, INC.

(4) Date Filed:

February 13, 2004

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MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

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

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

If the merger is completed, Travelers shareholders will have the right to receive 0.4334 of a share of St. Paul Travelers common stock for each share of Travelers common stock they hold. St. Paul shareholders will continue to own their existing St. Paul shares. The implied value of one share of Travelers common stock on February 12, 2004, the last practicable trading day before the distribution of this document, was \$18.79, based on the closing price of St. Paul common stock on that date. This value will fluctuate prior to the completion of the merger.

Approximately 436,926,685 million shares of St. Paul common stock will be issued to Travelers shareholders in the merger, based on the number of shares of Travelers common stock outstanding on February 6, 2004. These shares will represent approximately 66% of the outstanding common stock of the combined company immediately after the merger. St. Paul shares held by St. Paul shareholders before the merger will represent approximately 34% of the outstanding common stock of the combined company immediately after the merger.

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

For St. Paul shareholders:

March 19, 2004
10:00 a.m., Central Time

The St. Paul Companies, Inc.

Corporate Headquarters

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

St. Paul's board of directors unanimously recommends that St. Paul shareholders vote FOR the articles and bylaws amendments and the issuance of St. Paul common stock in the merger.

For Travelers shareholders:

March 19, 2004
11:00 a.m., Eastern Time

Travelers Property Casualty Corp.

Wadsworth Atheneum

**600 Main Street
Hartford, CT 06103**

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

This document describes the shareholder meetings, the merger, documents related to the merger and other related matters. **Please read this entire document carefully, including the section discussing risk factors beginning on page 32.** You can also obtain information about our companies from documents that we have each filed with the Securities and Exchange Commission.

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

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Jay S. Fishman
Chairman, President and Chief Executive Officer
The St. Paul Companies, Inc.

Robert I. Lipp
Chairman and Chief Executive Officer
Travelers Property Casualty Corp.

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

The date of this joint proxy statement/ prospectus is February 13, 2004, and it is first being mailed or otherwise delivered to St. Paul shareholders and Travelers shareholders on or about February 17, 2004.

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REFERENCES TO ADDITIONAL INFORMATION

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

The St. Paul Companies, Inc.
385 Washington Street
St. Paul, Minnesota 55102
Attention: Bruce A. Backberg, Esq.
Telephone: (651) 310-7911

Travelers Property Casualty Corp.
One Tower Square
Hartford, Connecticut 06183
Attention: Paul H. Eddy, Esq.
Telephone: (860) 277-0111

You will not be charged for any of these documents that you request. Shareholders requesting documents should do so by March 12, 2004 in order to receive them before the special meetings.

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

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Travelers Property Casualty Corp.

**One Tower Square
Hartford, Connecticut 06183**

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Dear Shareholder:

NOTICE IS HEREBY GIVEN that a special meeting of Travelers Property Casualty Corp. shareholders will be held on March 19, 2004 at 11:00 a.m., Eastern Time, at the Wadsworth Atheneum, 600 Main Street, Hartford, Connecticut 06103. The purpose of the Travelers special meeting is to consider and to vote upon a proposal to approve the Agreement and Plan of Merger (referred to in this notice as the merger agreement), dated as of November 16, 2003, as amended, among The St. Paul Companies, Inc., Adams Acquisition Corp., a direct wholly owned subsidiary of St. Paul, and Travelers Property Casualty Corp., and the transactions contemplated by the merger agreement, including the merger.

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

The close of business on February 6, 2004 is the record date for determining shareholders entitled to notice of, and to vote at, the Travelers special meeting. A list of these shareholders will be available at the Travelers headquarters, One Tower Square, Hartford, Connecticut 06183, before the special meeting and will be available at the special meeting. Shareholders will have one vote for each share of Travelers Class A common stock and seven votes for each share of Travelers Class B common stock held as of the record date.

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

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

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

YOUR VOTE IS IMPORTANT.

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

By Order of the Board of Directors,

Paul H. Eddy
Assistant Secretary

February 13, 2004

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QUESTIONS AND ANSWERS ABOUT THE TRANSACTION

Q: What will happen in the transaction?

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

In the transaction, St. Paul's articles of incorporation and bylaws will be amended to, among other things, increase the number of authorized shares of St. Paul common stock to 1.745 billion and implement the governance arrangements described under Required Articles Amendment . St. Paul shareholders will also vote on whether to amend St. Paul's articles of incorporation to reduce the shareholder approval required for certain future fundamental actions. However, approval of this amendment is not required to consummate the transaction.

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

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

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

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

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

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

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

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

Q: When are the shareholder meetings?

A: Each company's meeting will take place on March 19, 2004 at the time and location specified on the cover page of this document.

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Q: What do I need to do now?

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

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

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

Q: What shareholder votes are required?

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

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

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

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

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

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

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

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

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

Q: Why is my vote important?

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

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

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

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

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

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

Q: What if I fail to instruct my broker?

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

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

A: All St. Paul and Travelers shareholders are invited to attend their respective special meetings. However, only shareholders of record as of February 6, 2004 will be entitled to vote in person at the special meetings. If a bank, broker or other nominee holds your shares, then you are not the shareholder of record and you must ask your bank, broker or other nominee how you can vote in person at the special meeting. If your shares are held in the name of a bank, broker or other nominee, your admission ticket is the left side of your voting information form.

Q: Can I change my vote?

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

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

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

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

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

Q: Should I send in my stock certificates now?

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

Q: When do you expect to complete the transaction?

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

Q: Whom should I call with questions?

A: St. Paul shareholders with any questions about the business combination and related transactions should call Morrow & Co., Inc., St. Paul s proxy solicitors, toll-free at (800) 607-0088 or the St. Paul shareholder investor relations department at (651) 310-7788.

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

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

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

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

A: Upon consummation of the transaction, the Travelers convertible junior subordinated notes will be convertible, in accordance with their terms, into 0.4684 of a share of St. Paul Travelers common stock for each \$25 principal amount of notes (assuming that no other event occurs which would cause any adjustment to the conversion feature of such notes in accordance with their terms). This amount is equal to the current conversion ratio of 1.0808 multiplied by the exchange ratio of 0.4334. Holders of the convertible junior subordinated notes are not entitled to vote in connection with the transaction and do not need to take any action for this adjustment to occur.

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

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

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SUMMARY

*This summary highlights selected information from this document. It does not contain all of the information that may be important to you. We urge you to read carefully the entire document and the other documents to which this document refers you in order for you to fully understand the proposed transaction. See *Where You Can Find More Information* beginning on page 141. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.*

The Companies (page 47)

The St. Paul Companies, Inc.

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

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

Travelers Property Casualty Corp.

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

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

Adams Acquisition Corp.

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

Reasons for the Merger (page 57 and page 60)

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

by combining our companies we can create a stronger company that will provide significant benefits to our shareholders and to our customers alike;

both companies have a common strategic focus on delivering the highest value to customers, agents and brokers and, working together, we expect to expand future opportunities and capture new efficiencies; and

the transaction will strengthen the combined company's position as a leading provider of property and casualty insurance products and make the combined company one of the largest financial services companies in the United States.

Recommendations to Shareholders (page 57 and page 60)

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

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

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

The Merger (page 53)

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

Merger Consideration (page 87)

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

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

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

St. Paul common stock is listed on the New York Stock Exchange under the symbol `SPC`. Travelers Class A common stock is listed on the New York Stock Exchange under the symbol `TAPa`, and Travelers Class B common stock is listed on the New York Stock Exchange under the symbol `TAPb`. The following table sets forth the closing sale prices of St. Paul common stock, Travelers Class A common stock and Travelers Class B common stock as reported on the New York Stock Exchange on November 14, 2003, the last trading day before we announced the transaction, and on February 12, 2004, the last practicable trading day before the distribution of this document. This table also shows the implied value of one share of Travelers Class A common stock and the implied value of one share of Travelers Class B common stock, which we calculated by taking the product of the closing price of St. Paul common stock on those dates and the exchange ratio.

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

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

No Appraisal Rights (page 64)

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

Material United States Federal Income Tax Consequences of the Merger (page 108)

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

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

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Interests of Certain Persons in the Merger (page 101)

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

Opinions of Financial Advisors (page 66)

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

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

The Merger Agreement (page 87)

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

Conditions that Must be Satisfied or Waived for the Merger to Occur (page 94)

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

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

Termination of the Merger Agreement (page 95)

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

Also, either of us may terminate the merger agreement, even after the requisite shareholder ap-

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

Termination Fees (page 95)

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

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

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

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

Treatment of Travelers Stock Options and Stock-Based Awards (page 88)

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