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ST PAUL TRAVELERS COMPANIES INC

Form 11-K

June 28, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

X Annual Report Pursuant to Section 15(d) of the
--- Securities Exchange Act of 1934 (Fee Required)

or

Transition Report Pursuant to Section 15(d) of
--- the Securities Exchange Act of 1934(no fee required)
for the transition period from _____ to _____ .

For the fiscal year ended December 31, 2003

Commission file number 001-10898

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

THE ST. PAUL COMPANIES, INC.
385 WASHINGTON STREET
ST. PAUL MINNESOTA 55102

(Full title of the Plan and address of the Plan)

THE ST. PAUL COMPANIES, INC.
385 WASHINGTON STREET
ST. PAUL, MINNESOTA 55102

(Name and address of principal executive
offices of the issuer of the securities)

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REQUIRED INFORMATION

The St. Paul Companies, Inc. Stock Ownership Plan (the "Plan") is subject to the provisions of the Employee Retirement Income Securities Act of 1974, as amended ("ERISA"), and for purposes of satisfying the requirements of Form 11-K has included for filing herewith the Plan financial statements and schedule prepared in accordance with the financial reporting requirements of ERISA.

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Report of Independent Registered Public Accounting Firm

The Plan Administrative Committee and Plan Participants
The St. Paul Companies, Inc. Stock Ownership Plan:

We have audited the accompanying statements of net assets available for benefits of The St. Paul Companies, Inc. Stock Ownership Plan (the Plan) as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those

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standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of The St. Paul Companies, Inc. Stock Ownership Plan as of December 31, 2003 and 2002, and the changes in the net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) and reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's administrator. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

KPMG LLP

Minneapolis, Minnesota
June 25, 2004

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Statement of Net Assets Available for Benefits
December 31, 2003

| | Allocated | | | |
|--------------|-----------------|-------------|-------------|-------|
| | ----- | ----- | ----- | ----- |
| Assets: | Non-Participant | Participant | | |
| | Directed | Directed | Unallocated | Total |
| | ----- | ----- | ----- | ----- |
| Investments: | | | | |
| ----- | | | | |

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| | | | | |
|--|---------------|--------------|--------------|---------------|
| Preferred stock of The St. Paul Companies, Inc. | \$192,198,139 | \$ - | \$24,443,556 | \$216,641,695 |
| Common stock of The St. Paul Companies, Inc. | 166,992,795 | 66,308,123 | - | 233,300,918 |
| Cash and short-term investments | 1,726,807 | 612,355 | 2,015,987 | 4,355,149 |
| | ----- | ----- | ----- | ----- |
| Total investments | 360,917,741 | 66,920,478 | 26,459,543 | 454,297,762 |
| Receivables: | | | | |
| ----- | | | | |
| Participating companies' contributions | - | - | 5,443,145 | 5,443,145 |
| Accrued dividends and interest | 1,224,643 | 484,977 | 1,712 | 1,711,332 |
| Investments sold but not delivered | 194,332 | - | - | 194,332 |
| | ----- | ----- | ----- | ----- |
| Total receivables | 1,418,975 | 484,977 | 5,444,857 | 7,348,809 |
| | ----- | ----- | ----- | ----- |
| Total assets | 362,336,716 | 67,405,455 | 31,904,400 | 461,646,571 |
| | ----- | ----- | ----- | ----- |
| Liabilities: | | | | |
| ----- | | | | |
| Long-term debt | - | - | 22,664,215 | 22,664,215 |
| Accrued expenses | 65,745 | - | 887,682 | 953,427 |
| Other payable | 8,124 | 490,517 | - | 498,641 |
| | ----- | ----- | ----- | ----- |
| Total liabilities | 73,869 | 490,517 | 23,551,897 | 24,116,283 |
| | ----- | ----- | ----- | ----- |
| Net assets available for benefits | \$362,262,847 | \$66,914,938 | \$8,352,503 | \$437,530,288 |
| | ===== | ===== | ===== | ===== |

See accompanying notes to financial statements.

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Statement of Net Assets Available for Benefits
December 31, 2002

| | Allocated | | | |
|--|-----------------------------|-------------------------|--------------|---------------|
| Assets: | Non-Participant Directed | Participant Directed | Unallocated | Total |
| | ----- | ----- | ----- | ----- |
| Investments: | | | | |
| ----- | | | | |
| Preferred stock of The St. Paul Companies, Inc. | \$154,061,804 | \$ - | \$47,288,353 | \$201,350,157 |

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| | | | | |
|--|---------------|---------------|--------------|---------------|
| Common stock of The St. Paul Companies, Inc. | 161,439,222 | 60,341,605 | - | 221,780,827 |
| Cash and short-term investments | 1,910,368 | 450,544 | 2,174,782 | 4,535,694 |
| Total investments | 317,411,394 | 60,792,149 | 49,463,135 | 427,666,678 |
| Receivables: | | | | |
| ----- | | | | |
| Participating companies' contributions | - | - | 5,337,124 | 5,337,124 |
| Accrued dividends and interest | 1,380,539 | 515,286 | 2,490 | 1,898,315 |
| Other receivable | 400,037 | - | - | 400,037 |
| Total receivables | 1,780,576 | 515,286 | 5,339,614 | 7,635,476 |
| Total assets | 319,191,970 | 61,307,435 | 54,802,749 | 435,302,154 |
| Liabilities: | | | | |
| ----- | | | | |
| Long-term debt | - | - | 40,469,582 | 40,469,582 |
| Accrued expenses | 69,365 | - | 1,585,058 | 1,654,423 |
| Other payable | 48,287 | 366,213 | - | 414,500 |
| Total liabilities | 117,652 | 366,213 | 42,054,640 | 42,538,505 |
| Net assets available for benefits | \$319,074,318 | \$ 60,941,222 | \$12,748,109 | \$392,763,649 |
| | ===== | ===== | ===== | ===== |

See accompanying notes to financial statements.

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2003

| | Allocated | | | |
|--------------------|-----------------------------|-------------------------|-------------|--------------|
| | Non-Participant Directed | Participant Directed | Unallocated | Total |
| | ----- | ----- | ----- | ----- |
| Additions: | | | | |
| ----- | | | | |
| Investment income: | | | | |
| Dividends | \$11,709,760 | \$1,976,580 | \$1,677,529 | \$15,363,869 |
| Interest | 23,293 | 7,297 | 14,731 | 45,321 |
| Net appreciation | | | | |

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| | | | | |
|---|---------------|--------------|--------------|---------------|
| in market value of investments | 48,681,351 | 9,687,310 | 5,688,294 | 64,056,955 |
| | ----- | ----- | ----- | ----- |
| Net investment income | 60,414,404 | 11,671,187 | 7,380,554 | 79,466,145 |
| Participating companies' contributions | - | - | 12,896,541 | 12,896,541 |
| Transfer from St. Paul Companies, Inc Savings Plus Plan | - | 16,954,672 | - | 16,954,672 |
| | ----- | ----- | ----- | ----- |
| Total additions | 60,414,404 | 28,625,859 | 20,277,095 | 109,317,358 |
| | ----- | ----- | ----- | ----- |
| Deductions: | | | | |
| | ----- | | | |
| Interest expense | - | - | 2,742,647 | 2,742,647 |
| Administrative expenses | 241,215 | - | - | 241,215 |
| Other expense | 690 | 2,130 | - | 2,820 |
| Paid to participants in cash | 25,575,444 | 2,650,988 | - | 28,226,432 |
| Common stock distributed at market value | 8,187,603 | 1,457,092 | - | 9,644,695 |
| Transfer to St. Paul Companies, Inc. Savings Plus Plan | 5,150,977 | 18,541,933 | - | 23,692,910 |
| | ----- | ----- | ----- | ----- |
| Total deductions | 39,155,929 | 22,652,143 | 2,742,647 | 64,550,719 |
| | ----- | ----- | ----- | ----- |
| Net increase prior to interfund transfers | 21,258,475 | 5,973,716 | 17,534,448 | 44,766,639 |
| Interfund transfers: | | | | |
| | ----- | | | |
| Allocation of 95,246 shares of preferred stock, at market | 28,533,091 | - | (28,533,091) | - |
| Transfer of dividend income for debt service | (6,603,037) | - | 6,603,037 | - |
| | ----- | ----- | ----- | ----- |
| Net increase (decrease) | 43,188,529 | 5,973,716 | (4,395,606) | 44,766,639 |
| | ----- | ----- | ----- | ----- |
| Net assets available for benefits: | | | | |
| Beginning of year | 319,074,318 | 60,941,222 | 12,748,109 | 392,763,649 |
| | ----- | ----- | ----- | ----- |
| End of year | \$362,262,847 | \$66,914,938 | \$ 8,352,503 | \$437,530,288 |
| | ===== | ===== | ===== | ===== |

See accompanying notes to financial statements.

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2002

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| | Allocated | | | |
|---|-----------------------------|-------------------------|--------------|---------------|
| | Non-Participant Directed | Participant Directed | Unallocated | Total |
| Additions (reductions): | | | | |
| ----- | | | | |
| Investment income (loss): | | | | |
| Dividends | \$ 11,794,868 | \$ 2,016,588 | \$ 2,707,940 | \$16,519,396 |
| Interest | 46,084 | 15,894 | 25,313 | 87,291 |
| Net depreciation in in market value of investments | (88,630,403) | (18,757,739) | (19,575,570) | (126,963,712) |
| | ----- | ----- | ----- | ----- |
| Net investment loss | (76,789,451) | (16,725,257) | (16,842,317) | (110,357,025) |
| Participating companies' contributions | - | - | 11,190,849 | 11,190,849 |
| Other income | 2,276 | - | - | 2,276 |
| Transfer from St. Paul Companies, Inc. Savings Plus Plan | - | 81,817,119 | - | 81,817,119 |
| | ----- | ----- | ----- | ----- |
| Total additions (reductions) | (76,787,175) | 65,091,862 | (5,651,468) | (17,346,781) |
| | ----- | ----- | ----- | ----- |
| Deductions: | | | | |
| ----- | | | | |
| Interest expense | - | - | 4,283,118 | 4,283,118 |
| Administrative expenses | 205,655 | - | - | 205,655 |
| Other expense | - | 6,977 | - | 6,977 |
| Paid to participants in cash | 24,697,001 | 2,808,812 | - | 27,505,813 |
| Common stock distributed at market value | 9,636,369 | 1,393,511 | - | 11,029,880 |
| Transfer to St. Paul Companies, Inc. Savings Plus Plan | 781,388 | 1,912,259 | - | 2,693,647 |
| | ----- | ----- | ----- | ----- |
| Total deductions | 35,320,413 | 6,121,559 | 4,283,118 | 45,725,090 |
| | ----- | ----- | ----- | ----- |
| Net increase (decrease) prior to interfund transfers | (112,107,588) | 58,970,303 | (9,934,586) | (63,071,871) |
| Interfund transfers: | | | | |
| ----- | | | | |
| Allocation of 82,383 shares of preferred stock, at market | 23,277,838 | - | (23,277,838) | - |
| Transfer of dividend income for debt service | (6,132,360) | - | 6,132,360 | - |
| | ----- | ----- | ----- | ----- |
| Net increase (decrease) | (94,962,110) | 58,970,303 | (27,080,064) | (63,071,871) |
| Net assets available for benefits: | | | | |
| Beginning of year | 414,036,428 | 1,970,919 | 39,828,173 | 455,835,520 |
| | ----- | ----- | ----- | ----- |
| End of year | \$319,074,318 | \$60,941,222 | \$12,748,109 | \$392,763,649 |

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See accompanying notes to financial statements.

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2003 and 2002

Note 1 Description of the Plan

General Provisions

The following brief description of the St. Paul Companies, Inc. Stock Ownership Plan (the Plan) is provided for general information purposes. Plan participants should refer to the Plan document for more complete information.

Effective January 1, 1998, The St. Paul Companies, Inc. Savings Plus Preferred Stock Plan (PSOP) and The St. Paul Companies, Inc. Employee Stock Ownership Plan (ESOP) were merged into one plan, thereby creating the Plan. The Plan is a defined contribution plan under which guaranteed matching contributions are made, with respect to employees' pretax 401(k) contributions to The St. Paul Companies, Inc. Savings Plus Plan (Savings Plus Plan). The St. Paul Companies, Inc. (The Company) and certain of its subsidiaries, St. Paul Fire and Marine Insurance Company and St. Paul Reinsurance Management Corporation currently participate in the Plan. Octagon Risk Services, Inc. withdrew from the Plan effective October 5, 2003, pursuant to its sale by the Company.

U.S. Bank National Association is the Trustee for the ESOP Common Stock Fund portion of The St. Paul Companies, Inc. Stock Ownership Trust (Trust). Fidelity Management Trust Company (FMTC) is the Trustee for the remaining portion of the Trust. The Company has appointed an Administrative Committee which acts as Plan Administrator.

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Notes to Financial Statements

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December 31, 2003 and 2002

Note 1 Description of the Plan (continued)

Participation, Vesting and Allocations

Employees of the Company and participating subsidiaries, who participated in the ESOP or PSOP on December 31, 1997 became Plan participants on January 1, 1998. Employees of the Company and participating subsidiaries, who were not participants in the ESOP or PSOP on December 31, 1997 become participants as of the later of January 1, 1998 or their employment date.

Participants are fully vested in their pre-1999 matching, performance-based and ESOP allocations after six years of service. Participants become 20 percent vested in these allocations of Company stock after two years of service increasing an additional 20 percent for each additional year of service. Participants are immediately vested in their 1999-2002 matching allocations. Beginning January 1, 2003, participants are fully vested after three years of service. Participants also become fully vested in full upon retirement, permanent and total disability, death, or upon termination of the Plan or a change in control of the Company, as defined by the Plan.

The Plan allocates shares of the Company's Series B Convertible Preferred Stock (preferred stock) to those employees participating in the Savings Plus Plan. Shares of the Company's preferred stock are allocated to eligible participants semi-annually based on their Savings Plus Plan contributions through June 30 and December 31. Effective January 1, 2003, the Company increased the matching contribution of one dollar for every dollar of participant salary conversion contribution from four to six percent of their base salary. This matching contribution made in the form of The St. Paul Companies, Inc. Preferred Stock is subject to a three-year cliff vesting provision. Except for cases of retirement, permanent and total disability, or death, this matching allocation is made only to participants actively employed on the last working day of June or December, respectively.

Over a period of ten years, shares of the Company's common stock were allocated, from the former ESOP, to participants based on compensation. The final ESOP allocation was made as of December 31, 1997. Except for cases of death, retirement or permanent and total disability, the allocation was made only to participants actively employed on the last working day of the calendar year.

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THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2003 and 2002

Note 1 Description of the Plan (continued)

Voting Rights

Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of the plan participants and beneficiaries.

Long Term Debt

Prior to the merger that created the Plan, the PSOP had obtained long-term financing from St. Paul Fire and Marine Insurance Company to purchase Company preferred stock for future allocation to PSOP participants. This loan principal and interest continues to be repaid by the Plan using participating Company contributions and dividends received on allocated and unallocated shares of Company preferred stock held by the Trust. See Note 7 for more information.

Distribution of Benefits

Distribution of vested benefits from the Trust is made upon a participant's retirement, permanent and total disability, death or employment termination. Distribution of vested benefits from the Preferred Stock or ESOP Common Stock Funds, at the participant's election, will be either in the form of cash, or full shares of Company common stock and cash in lieu of any fractional shares of such stock.

ESOP Common Stock Fund dividends are distributed to participants as soon as practicable following the dividend pay date. As of October 2003 participants are able to reinvest dividends in the Plan if they so choose.

Diversification

Participants do not have investment discretion regarding the Preferred Stock Fund. Participants who have attained age 55 may elect to diversify a portion of their Preferred Stock balance, once a year for six years, up to a maximum amount. Diversifications are made through transfers out of the Plan for investment in The St. Paul Companies, Inc. Savings Plus Plan.

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Beginning in 2003, a participant who has an ESOP account in the Plan has the ability to move money out of the ESOP account into other investment options. ESOP diversification was phased in during 2003 according to the following schedule:

| | |
|------------------|--|
| February 1, 2003 | Up to 25% of ESOP shares can be diversified |
| April 1, 2003 | Up to 50% of original ESOP shares can be diversified |
| June 1, 2003 | Up to 75% of original ESOP shares can be diversified |
| August 1, 2003 | Full ESOP balance can be diversified |

Diversifications are made through transfers out of the Plan for investment in The St. Paul Companies, Inc. Savings Plus Plan.

Forfeitures

Under the Plan, forfeitures are used in the following priority:

- to restore benefits to participants returning to the Plan;
- to make any necessary corrective allocations or distributions to participants;
- to pay administrative expenses, and;
- any remaining forfeitures are reallocated to participants as described in the Plan.

Under those terms the Company plans to utilize a portion of these forfeitures to reduce future employer contributions. Forfeited non-vested accounts totaled \$5.4 million and \$3.2 million at December 31, 2003 and 2002, respectively. Forfeitures used to reduce employer contributions totaled \$1.6 million in 2003 and zero in 2002, respectively.

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2003 and 2002

Note 1 Description of the Plan (continued)

Plan Termination

Although the Company expects to continue the Plan indefinitely, it has reserved the right to terminate the Plan at any time. Upon such termination, the Plan Administrative Committee would consider directing the Trustee to distribute participant account balances. Upon termination of the Plan participant account balances would vest in full.

Tax Status

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The Internal Revenue Service has determined and informed the Company by letter dated December 31, 2003, that the Plan as designed is in accordance with applicable Section 401-1(b)(3) and the Trust is qualified under Section 501(a) of the Internal Revenue Code.

Note 2 Significant Accounting Policies

The accompanying Plan financial statements are prepared in conformity with United States generally accepted accounting principles (GAAP).

The preparation of these financial statements requires management to rely on estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. We continually review our estimates and make adjustments as necessary, but actual results could turn out to be significantly different from what we expected when we made these estimates.

The Plan provides for investment in St. Paul Preferred and Common Stock funds. Investments in general are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

The investment in preferred and common stock of the Company are carried at market value as discussed in Note 8.

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2003 and 2002

Note 2 Significant Accounting Policies (continued)

Realized gains or losses on the sales of investments and the change in unrealized appreciation or depreciation in the market value of investments are presented in total in the statements of changes in net assets available for plan benefits. The average cost method is used to determine cost of shares sold or distributed. Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest is recorded when earned.

Money market portfolios and short-term investments are carried at cost plus accrued interest or

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amortized discount, which approximates market value.

A portion of administrative expenses of the Plan are paid by the participating companies and are not reflected in the accompanying financial statements. Plan administrative expenses paid by the Plan are paid out of forfeitures. Benefits are recorded when paid.

Note 3 Investment in Preferred Stock of the Company

Information regarding the Plan's investment in preferred stock of the Company follows:

| | Allocated ----- | Unallocated ----- | Total ----- |
|----------------------------|--------------------|----------------------|----------------|
| December 31, 2003 ----- | | | |
| Number of shares | 601,164 | 76,455 | 677,619 |
| Cost | \$86,747,964 | \$11,032,514 | \$97,780,478 |
| Market value | \$192,198,139 | \$24,443,556 | \$216,641,695 |
| Market value per share | | | \$319.71 |
| December 31, 2002 ----- | | | |
| Number of shares | 559,391 | 171,701 | 731,092 |
| Cost | \$80,720,084 | \$24,776,549 | \$105,496,633 |
| Market value | \$154,061,804 | \$47,288,353 | \$201,350,157 |
| Market value per share | | | \$275.41 |

Each share of the Company's preferred stock has a guaranteed minimum value of \$144.30, a dividend rate of \$11.724 annually and is convertible into eight shares of the Company's common stock.

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2003 and 2002

Note 4 Investment in Common Stock of the Company

Information regarding the Plan's investment in common stock of the Company follows. All shares are considered allocated.

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| | Total |
|---|---------------|
| December 31, 2003 | ----- |
| Number of shares | 5,884,008 |
| Cost | \$102,152,889 |
| Market value | \$233,300,918 |
| Percent of total Company shares outstanding | 2.6% |
| Market value per share | \$39.65 |
| December 31, 2002 | ----- |
| Number of shares | 6,513,387 |
| Cost | \$109,415,823 |
| Market value | \$221,780,827 |
| Percent of total Company shares outstanding | 2.9% |
| Market value per share | \$34.05 |

Note 5 Net Appreciation (Depreciation) in Market Value of Investments

Plan investments, including gains and losses on investments bought and sold as well as held during the year, appreciated (depreciated) as follows:

| | December 31, 2003 | December 31, 2002 |
|------------------------------------|-------------------|-------------------|
| | ----- | ----- |
| Preferred Stocks | \$ 30,531,658 | \$ (59,843,734) |
| Common Stocks | 33,525,297 | (67,134,258) |
| Mutual Funds | - | 13,216 |
| Common Trust Fund | - | 1,064 |
| | ----- | ----- |
| Net Appreciation (Depreciation) | \$ 64,056,955 | \$ (126,963,712) |
| | ===== | ===== |

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2003 and 2002

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Note 6 Party-in-Interest Transactions

Transactions resulting in Plan assets being transferred to or used by a related party are prohibited under the Employee Retirement Income Security Act of 1974 (ERISA) unless a specific exemption applied. U.S. Bank National Association (U.S. Bank) and Fidelity Management Trust Company (FMTC), are parties-in-interest as defined by ERISA as a result of being trustees of the Plan. U.S. Bank and FMTC are investing plan assets in their respective short-term investment fund. Certain Plan investments were in shares of mutual funds or a commingled pool managed by Fidelity Investments. The Plan also engages in transactions involving the acquisition or disposition of units of participation in preferred and common stock of The St. Paul Companies, Inc., a party-in-interest with respect to the Plan. These transactions are covered by an exemption from the "prohibited transactions" provisions of ERISA and the Internal Revenue Code.

Note 7 Long Term Debt

To finance the preferred stock purchase for future allocation to qualified employees, the Trust (formerly the PSOP) borrowed \$150 million from St. Paul Fire and Marine Insurance Company, at an interest rate of 9.4 percent. This long-term debt matures on January 31, 2005, and requires semiannual interest payments. Payments of principal will be made in order to provide the targeted benefits of the Plan. Any remaining unpaid balance is due on maturity date. Each participating company's cash contribution to the Trust is based on its percentage of the total Company match and performance-based allocation. When these loan payments are made, a pro rata amount of preferred stock is allocated from unallocated shares to Participants' Plan accounts. These allocations are characterized as either matching contributions, performance-based contributions or as dividends on participants' allocated preferred shares. Repayment of this loan is guaranteed by the Company. The outstanding balance of this debt was \$22,664,215 and \$40,469,582, as of December 31, 2003 and 2002, respectively.

Future maturities of long-term debt are as follows:

| Year ending December 31 | |
|-------------------------|--------------|
| ----- | |
| 2004 | \$ 8,373,088 |
| 2005 | 14,291,127 |
| | ----- |
| | \$22,664,215 |
| | ===== |

PAGE>

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Notes to Financial Statements

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December 31, 2003 and 2002

Note 8 Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Cash and Short-term Investments are carried at cost plus accrued interest or amortized discount, which approximates the fair value.

Preferred stock is based on a valuation model provided by an independent appraiser.

Common stock of The Company is based on published market prices.

The fair values of the Plan's long-term debt is based primarily on the fair value of debt securities in the market that have terms similar to the Plan's debt.

The carrying amounts and estimated fair values of the Plan's financial instruments at December 31 are as follows:

| | 2003 | | 2002 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Cash and short-term investments | \$ 4,355,149 | \$ 4,355,149 | \$ 4,535,694 | \$ 4,535,694 |
| Preferred stock of The St. Paul Companies, Inc. | 216,641,695 | 216,641,695 | 201,350,157 | 201,350,157 |
| Common stock of The St. Paul Companies, Inc. | 233,300,918 | 233,300,918 | 221,780,827 | 221,780,827 |
| Total Investments | \$454,297,762 | \$454,297,762 | \$427,666,678 | \$427,666,678 |
| Long-term debt | \$ 22,664,215 | \$ 24,226,913 | \$ 40,469,582 | \$ 45,466,361 |

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2003 and 2002

Note 9 Subsequent Event

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On November 17, 2003, the Company announced the proposed business combination with Travelers Property Casualty Corporation an closing took place on April 1, 2004. The name of the registrant was changed from "The St. Paul Companies, Inc." to "The St. Paul Travelers Companies, Inc." in connection with the merger and St. Paul Travelers Common and Series B Convertible Preferred Stock was issued. This business combination is considered a change-in-control for the Plan therefore all company contributions allocated to active participants before April 1, 2004 became full vested. Company contributions allocated to participants after April 1, 2004 vest after three years of service. The Plan, St. Paul Companies, Inc. Savings Plus Plan and Travelers 401(k) Savings Plans are expected to merge into one plan on or near January 1, 2005.

SCHEDULE 1

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
December 31, 2003

| Identity of Issue | Description of Investment | Cost | Current Value |
|------------------------------------|--|----------------|----------------|
| *The St. Paul Companies, Inc. | Series B Convertible Preferred Stock, no par value, 677,619 shares | \$ 97,780,478 | \$ 216,641,695 |
| *The St. Paul Companies, Inc. | Common stock, no par value, 5,884,008 shares | 102,152,889 | 233,300,918 |
| *U.S. Bank N.A. | First American Prime Obligation, Class Y Institutional Fund | 633,558 | 633,558 |
| *Fidelity Management Trust Company | Institutional Cash Portfolio MM Fund shares | 3,721,591 | 3,721,591 |
| Total Investments | | \$ 204,288,516 | \$ 454,297,762 |

* Party-in-interest

See accompanying report of independent registered public accounting firm.

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SCHEDULE 2

THE ST. PAUL COMPANIES, INC. STOCK OWNERSHIP PLAN

Schedule H, Line 4j - Schedule of Reportable Transactions
Year Ended December 31, 2003

| (a) | (b) | (c) | (d) | (f) |
|-------------------------------------|--|----------------------------|------------------------------------|------------------------------------|
| Identity of Issuer | Description of Investment | Purchase Price | Selling Price | Expenses Incurred with Transaction |
| ----- | ----- | ----- | ----- | ----- |
| * The St. Paul Companies, Inc. | Common Stock | \$15,054,091 | \$ - 34,697,934 | \$ - 24,703 |
| * U.S. Bank, N.A. | First American Prime Obligation Class Y Institutional Fund | 20,475,797 | - 20,930,127 | - - |
| * Fidelity Management Trust Company | Institutional Cash Portfolio MM Fund Class I Shares | 36,866,492 | - 36,754,517 | - - |
| | | (g) | (h) | (i) |
| | | Cost | Current Value on Distribution Date | Net Gain |
| | | ----- | ----- | ----- |
| * The St. Paul Companies, Inc. | Common Stock | \$15,054,091 22,443,204 | \$15,054,091 34,697,934 | \$ - 12,254,730 |
| * U.S. Bank, N.A. | First American Prime Obligation Class Y Institutional Fund | 20,475,797 20,930,127 | 20,475,797 20,930,127 | - - |
| * Fidelity Management Trust Company | Institutional Cash Portfolio MM Fund Class I Shares | 36,866,492 36,754,517 | 36,866,492 36,754,517 | - - |

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* Party-in-interest

See accompanying report of independent registered public accounting firm.

SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

June 25, 2004

THE ST. PAUL COMPANIES, INC.
SAVINGS PLUS PLAN
(The Plan)

By John P. Clifford Jr.

John P. Clifford Jr.
Senior Vice President, Human Resources
Member of the Administrative
Committee for The St. Paul
Companies, Inc. Stock
Ownership Plan

Exhibit Index

Exhibit Number

Description

23.1

Consent of KPMG LLP, Independent Auditors