

2009

Employee Benefits Program

Pension Appendices

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Introduction

These Are Appendices

The information in this Pension Appendices section is intended to supplement the information in the main Pension section of this publication. You should read the main Pension section together with these Appendices.

The “Company”

Travelers is the “sponsor” of the Travelers Pension Plan (the “plan”), and the plan covers employees of Travelers and the “participating affiliates” of Travelers. Currently, the participating affiliates are:

- Travelers Indemnity Company
- First Trenton Indemnity Company (also known as Travelers of New Jersey)
- The Premier Insurance Company of Massachusetts (also known as Travelers of Massachusetts)
- First Floridian Auto and Home Insurance Company (also known as Travelers of Florida)
- Discover Re Managers, Inc.
- TCI Global Services, Inc.

References in this section to the “company” are to Travelers and other participating affiliates. Where appropriate, references to the “company” also include predecessors to Travelers, including The St. Paul Companies, Inc. and Travelers Property Casualty Corp., and other subsidiaries or companies that these companies may have acquired. Travelers Property Casualty Corp. is sometimes referred to as “TPC.” References to “Travelers” are to The Travelers Companies, Inc.

Forms Of Payment

The benefits described under each of the formulas set out in the following appendices are payable in various forms. However, there are common payment forms across all of the formulas. These payment forms are described below.

Automatic Form Of Payment

Your benefit automatically will be paid in the following form, unless you choose another payment form: Automatic form for a single participant (if benefit over \$5,000)

If you are not married when your pension begins, your automatic payment method is a life annuity - that is, a monthly benefit paid for the rest of your lifetime.

Automatic form for a married participant (if benefit over \$5,000)

If you are married when your pension begins, the automatic payment method is a 50% joint and survivor annuity. This form of benefit pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your spouse after you die for his or her lifetime. The monthly benefit paid to your spouse equals 50% of your monthly benefit. Your retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes.

You will receive information before your pension starts as to the financial effect of the 50% joint and survivor benefit, and all other optional forms of payment.

Automatic form for benefit up to \$5,000

If your total benefit does not exceed \$5,000, your automatic payment form is a lump-sum payment of your full benefit.

Optional Forms Of Payment

You may choose an optional form of payment instead of the automatic form if your benefit is over \$5,000 and the optional form better suits your needs. If you want to use an optional form of payment, you must choose the option in writing using the forms and following the procedures established for the plan. If you are married and choose a payment option other than a 50%, 75% or 100% joint and survivor annuity with your spouse as the joint annuitant, your spouse must consent to your choice in writing and have his or her signature notarized. Your election of an optional form of payment is irrevocable after you receive your first payment. For this reason, you should consult with your financial advisor before you decide how to receive your benefit from the plan.

The benefit accrued under each appendix may be payable in different optional forms. However, each benefit formula provides for the following optional forms:

100% joint and survivor annuity.

This form of benefit pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your spouse after you die for his or her lifetime. The monthly benefit payable to your spouse equals 100% of your monthly benefit. Your monthly payment will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes.

Forms Of Payment

75% joint and survivor annuity.

This pays a reduced monthly benefit for your lifetime and a monthly benefit to your spouse after you die for his or her lifetime. The monthly benefit payable to your spouse equals 75% of your monthly benefit. Your monthly payment will be reduced using this method because this form of payment often results as a benefit being paid over two (2) lifetimes.

10 year certain and life annuity.

This pays a reduced monthly benefit for the longer of your lifetime or ten (10) years. If you die within ten (10) years after benefits begin, your designated beneficiary will receive payments for the balance of the ten (10)-year period. If you die more than ten (10) years after benefits begin, your beneficiary will not receive any benefits as payments will have continued for your lifetime only.

Special Optional Forms For Certain Formulas

The other optional forms of payment available for certain portions of your benefit are described in the following pages. If you select an optional form of payment for your benefit under one (1) formula that is not available under another formula, you will be required to make a separate election for the second formula.

Small Amount Cash-Out

When your employment with the company ends, if the value of your total plan benefit is \$1,000 or less at that time, the entire value is paid as a lump sum as soon as administratively practicable following your termination of employment. You will be notified if this applies to you.

Survivor Benefits for a Spouse or Domestic Partner

Special rules described later in this summary apply under the plan to survivor benefits payable to your spouse or your domestic partner.

Your “spouse” is a person of the opposite sex to whom you are legally married. (This includes common-law marriage, if acceptable proof of your common-law marriage has been provided to the company.)

These rules also apply to your “domestic partner.”* For this purpose, a person is your “domestic partner” if:

- You and this person have a long-term, intimate, committed relationship with each other, which is demonstrated to be one (1) of mutual caring, affection, and responsibility for each other’s common welfare;
- You and this person hold yourselves out as in a relationship similar to marriage;
- You and this person intend to continue your relationship with each other indefinitely;
- You and this person meet the following marital status requirements:
 - If you and this person are of the opposite sex, both you and this person are unmarried to each other or anyone else; or
 - If you and this person are of the same sex, both you and this person are unmarried to anyone else;
- You and this person are each other’s sole domestic partner;
- Both you and this person are at least 18 years of age;
- Both you and this person are capable to enter into a contract;
- You and this person are not related by blood closer than permitted by marriage law in your state of residence;
- You and this person share a principal residence and have lived together for at least six (6) consecutive months (and this six (6)-month period immediately precedes the date you complete the domestic partnership affidavit);
- You and this person are jointly responsible to each other for basic living expenses; and
- The following timing requirements are met (as applicable):
 - At least six (6) months has elapsed since (i) the later of your divorce or this person’s divorce from a previous spouse or (ii) the later of the death of your previous spouse or this person’s previous spouse; and
 - At least six (6) months has elapsed since the date you notified the company that your previous domestic partnership ended (or the date your previous domestic partner was removed from your active coverage under this plan, if later).

*In order for a person to be your “domestic partner” for plan purposes, you and your domestic partner must complete the required domestic partner affidavit and agreement.

Appendix A

Appendix A: Special Rules For Legacy St. Paul And Legacy Travelers Participants

The St. Paul Companies, Inc. Employees' Retirement Plan (the "legacy St. Paul plan") and the legacy Travelers Pension Plan (the "legacy TPC plan") merged on December 31, 2004, to form The St. Paul Travelers Pension Plan, which is now known as the Travelers Pension Plan (the "plan"). Certain special rules apply to legacy St. Paul and legacy TPC employees.

Eligibility

If you participated in the legacy St. Paul plan or the legacy TPC plan on December 31, 2004, you continued participating in the plan on January 1, 2005.

If you were hired at Travelers during 2004, you became a participant in the plan on January 3, 2005.

If you were accruing benefits in a legacy plan under the St. Paul Cash Balance Pension formula or the Travelers Cash Balance Account formula, you continue as a cash balance participant in the plan. If you were a grandfathered traditional pension participant, you may continue accruing benefits under the grandfathered formula. See appendices B - F for rules applicable to the grandfathered formulas.

Vesting

If you were vested in all or a portion of your accrued benefit under the terms of the applicable legacy plan, you are vested in that portion under the plan. As a "legacy" participant, special rules apply to determine your vesting service. Your vesting service after December 31, 2004 is the sum of:

- Your vesting service under your respective plan as of December 31, 2004, plus
- Your vesting service measured in the manner described in the main Pension section from January 1, 2005 — as if that were your date of hire.

If you are a legacy St. Paul plan participant, and your computation period under the legacy St. Paul plan was between August 2nd and December 1st, one (1) additional year was added to your vesting service as of January 1, 2005. This is to account for the fact that, due to your date of hire during the year, you may not have had enough service for 2004 to earn a year of service for 2004, but may have if the vesting service method had not changed.

If you are either a legacy St. Paul plan participant or a legacy Travelers plan participant, and you have at least three (3) years of vesting service under your legacy plan as of December 31, 2004, your vesting service for purposes of determining if you are entitled to a benefit will be the greater of vesting service calculated under the method described above, or your vesting service calculated in the same manner as under your legacy plan. Your vesting service for determining your pay credits will only be calculated under the elapsed time method described in the main Pension section.

Appendix A

If you are a legacy Travelers participant, you will become 100% vested if you were:

1. hired or rehired by Travelers or an affiliate (a) at or after you attain age 50 and (b) on or after January 1, 2000; and
2. your employment terminates at or after you attain age 55.

Account Balance

Your opening cash balance account balance under the plan on January 1, 2005 was equal to your December 31, 2004 balance under the applicable legacy plan, after all pay and interest credits under the legacy plan formulas have been added.

The legacy St. Paul plan had two (2) retirement choice processes - Retirement Choice - 2001 and Retirement Choice - 2003. If you elected traditional retiree medical coverage during Retirement Choice - 2001, eligibility for that coverage ended on December 31, 2002. Starting January 1, 2003, you participated in the Cash Balance Retiree Health Formula. (An exception was made for employees who were within five (5) years of retirement eligibility on January 1, 2003. For those employees, eligibility for traditional retiree medical coverage continued, subject to the company's retained right to modify or eliminate such coverage at any point in the future.)

The legacy St. Paul Cash Balance Retiree Health formula was discontinued on December 31, 2004. A final pay credit was made to your account, if you were eligible, on December 31, 2004. Your Cash Balance Retiree Health Account is now maintained as part of your cash balance account under the plan. You will continue to receive interest credits on the portion of your account that was attributable to your Cash Balance Retiree Health Account. In addition, you may make a separate payment election with respect to the portion of your account that was attributable to your Cash Balance Retiree Health Account.

Special Rules For TPC Cash Balance Accounts

Interest Crediting Rates

If you are a legacy TPC participant, special rules apply to your "frozen TPC Accounts." For this purpose, your frozen TPC Account includes all your cash balance accounts under the legacy TPC plan, determined as of December 31, 2004 (after all legacy pay and interest credits have been applied), except the TIC Cash Balance Account. Your frozen TPC Accounts will be credited with interest at the 30-year Treasury rate. This interest credit will be made once annually, as of the last day of the plan year, based on your account balance on the first day of the plan year. When you terminate employment and are entitled to a distribution from the plan, your cash balance account under the main plan will never be less than your frozen TPC Accounts as of December 31, 2004, increased with interest at the 30-year Treasury rate. *

* The IRS prescribes the 30-year Treasury rate for qualified retirement plans, and the plan uses this rate.

Payment Form And Timing

Your total cash balance account, including your frozen TPC Accounts, is payable in any of the forms described in the section titled “Forms of Payment.” Other optional forms of payment are available for certain of your frozen TPC Accounts, as described below.

Citibuilder and Legacy TPC Cash Balance Account

The following payment forms are available for Citibuilder accounts and your legacy TPC Cash Balance Account attributable to the period from 2002 - 2004:

- **Lump sum.** This pays your full benefit attributable to the applicable cash balance account in a single lump sum. You may elect to roll over your lump sum to an Individual Retirement Account (IRA), to another employer’s qualified plan, or to the 401(k) Savings Plan (if you have a balance under that plan). You need your spouse’s consent for this form of payment.
- **50% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 50% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse’s consent for this form of payment.
- **75% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 75% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse’s consent for this form of payment.
- **100% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 100% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse’s consent for this form of payment.
- **1% joint and survivor annuity.** This pays a reduced monthly benefit to you during your lifetime, with 1% of your monthly benefit payable to your designated joint annuitant after you die, for his/her lifetime. You need your spouse’s consent for this form of payment.
- **Cash refund annuity.** This pays you a monthly benefit for life. If you die before the total amount of monthly payments you received is at least equal to your account balance measured at the time payments to you started, your beneficiary will receive the difference in a lump sum. If you die after receiving monthly benefits at least equal to your account balance at the time payments to you started, your beneficiary will not receive any benefit. You may select a new beneficiary if your beneficiary dies after you begin receiving your benefit. If you die without a beneficiary on file and a benefit would be due to a beneficiary, the plan will use the regular default rules to determine who should receive the lump sum (see “Survivor benefits under the plan” in the main Pension section for details). You need your spouse’s consent for this payment form.

Appendix A

- **Social Security level income option.** This is a monthly benefit paid for your lifetime, with no payments to anyone after your death. This option provides you with a higher benefit from the plan until your earliest Social Security retirement age, and a reduced benefit from the plan after your earliest Social Security retirement age. This payment form is only available if your pension starts on or after your fifty-fifth birthday. You need your spouse's consent for this payment form.

If the value of your total plan benefit is not more than \$5,000, your benefit will be paid as a lump-sum and the annuity options are not available. In this case, your spouse's consent is not required. You can receive your Citibuilder and legacy TPC Accounts under the normal payment timing rules under the plan (see "Payment of your account" in the main Pension section for details).

Citigroup Cash Balance Accounts

When Travelers spun off from Citigroup, certain participants had a benefit transferred into the legacy TPC Plan from the Citigroup Pension Plan. This benefit was transferred into a Citigroup Cash Balance Account. The Citigroup Cash Balance Account has special payment timing rules, payment forms, and survivor benefit rules.

The following payment forms are available for Citigroup Cash Balance Accounts:

- **Lump sum.** This pays your full benefit attributable to the applicable cash balance account in a single lump sum. You may elect to roll over your lump sum to an Individual Retirement Account (IRA), to another employer's qualified plan, or to the 401(k) Savings Plan (if you have a balance under that plan). You need your spouse's consent for this form of payment.
- **50% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 50% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse's consent for this form of payment.
- **75% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 75% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse's consent for this form of payment.
- **100% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 100% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse's consent for this form of payment.
- **Cash refund annuity.** This pays you a monthly benefit for life. If you die before the total amount of monthly payments you received is at least equal to your account balance measured at the time payments to you started, your beneficiary will receive the difference in a lump sum. If you die after receiving monthly benefits at least equal to your account balance at the time payments to you started, your beneficiary will not receive any benefit. You may select a new beneficiary if your beneficiary dies after you begin receiving your benefit (with your spouse's consent, if required). If you die without a beneficiary on file and a benefit would be due to a beneficiary, the plan will use the regular default rules to determine who should receive the lump sum (see "Survivor benefits under the plan" in the main Pension section for details). You need your spouse's consent for this form of payment.

Appendix A

If the value of your total plan benefit is not more than \$5,000, your benefit will be paid as a lump-sum and the annuity options are not available. In this case, your spouse's consent is not required.

When your Citigroup Cash Balance Account is payable varies based on rules that were in effect when you accrued the benefit in the Citigroup Pension Plan. If you accrued your benefit in the Citigroup Pension Plan as a former Travelers Property Casualty, Travelers Life and Annuity, or Travelers Insurance Company participant after December 31, 1993, or a Copeland Participant after December 31, 1995, you can receive your vested Citigroup Cash Balance Account when you terminate employment after reaching age 55 with five (5) or more years of vesting service, or age 65. If your Citigroup Pension Plan benefit is not described in the prior sentence, you can receive your vested Citigroup Cash Balance Account under the normal payment timing rules under the plan (see "Payment of your account" in the main Pension section for details).

Survivor Benefits

Citibuilder and Legacy TPC Cash Balance Account

Survivor benefits for your Citibuilder and legacy TPC Cash Balance Account are payable according to the rules found in "Survivor benefits under the plan" in the main Pension section.

Citigroup Cash Balance Account

Survivor benefits available for your Citigroup Cash Balance Account depend upon when your benefit was accrued. If your benefit was accrued between January 1, 1989 and December 31, 1993, your survivor benefits are payable according to the rules found in "Survivor benefits under the plan" in the main Pension section.

If your benefit was accrued after December 31, 1993, your spouse or designated beneficiary will receive a survivor benefit calculated as follows. The survivor benefit will be equal to 50% of the annuity that would have been payable if you had a termination of employment on the date of your death, started to receive the applicable portion of your Citigroup Cash Balance Account as a 50% joint and survivor annuity, and died immediately after the start of the annuity.

If you file your pension election for your Citigroup Cash Balance Account within the 90-day period prior to the scheduled pension start date, but you die before your pension starts, the survivor benefit payable to your beneficiary will have an actuarial value that is the greater of two (2) amounts. The first is the actuarial value of the survivor benefit described above (based on the 50% joint and survivor annuity). The second is the actuarial value of the payments that would have been made to your beneficiary under the payment form you elected if you had died immediately after your pension had started in that payment form. This special survivor benefit applies only if you have a signed and fully complete pension form election on file, on which you have elected a payment form and a start date for your pension. Only elections filed within the 90-day period prior to the scheduled pension start date count for this purpose.

If your beneficiary is your spouse or domestic partner, your beneficiary can elect to receive the survivor benefit in one (1) of the following forms, each of which is the actuarial equivalent of the present value amount described above:

- **Single life annuity for your beneficiary's life.** This is a monthly benefit paid for your beneficiary's lifetime.
- **10-year certain and life annuity.** This pays a reduced monthly benefit for the longer of your beneficiary's lifetime or ten (10) years. If your beneficiary dies within ten (10) years after benefits begin, your beneficiary's beneficiary will receive the payments for the balance of the ten (10)-year period.
- **Lump sum.** This pays the survivor benefit in a single lump sum.

Appendix A

If your spouse or domestic partner is your beneficiary, he/she may begin to receive the survivor benefit as soon as administratively practicable following your death and the company's determination of your beneficiary's entitlement. In all cases, benefits to your spouse or domestic partner must begin by the time you would have reached age 65.

If your beneficiary is someone other than your spouse or domestic partner, he/she will receive the survivor benefit in a lump sum as soon as administratively practicable following your death and the company's determination of your beneficiary's entitlement. A lump sum is the only form of payment available to a beneficiary other than a spouse or domestic partner.

Appendix B: Special Rules For Legacy St. Paul Traditional Pension Participants

If you were:

- Employed by The St. Paul Companies prior to January 1, 2001;
- Eligible to make and did make a pension formula election during Retirement Choice - 2001;
- Still employed on January 1, 2003;
- Again eligible to make a pension formula election during Retirement Choice - 2003; and
- You elected the traditional pension formula during Retirement Choice - 2003, then the rules under this Appendix B apply to your benefit.

Your Traditional Pension Benefit

Traditional formula elected during both Retirement Choice Processes

If you were participating in the traditional pension formula prior to January 1, 2003, and you elected to continue under the traditional pension formula as part of Retirement Choice - 2003, your benefit under the plan consists of two (2) pieces (“A” plus “B”):

A = Frozen Old Formula Benefit = This is the benefit you earned under the prior traditional pension formula as of December 31, 2002. It is calculated as if you terminated employment on that date - that is, your service and pay after that date are not taken into account under the benefit formula.

plus

B = New Formula Benefit = This is the benefit you earn under the new traditional pension formula for your service on and after January 1, 2003. Credited service and 5-year final average salary both are calculated from January 1, 2003

Cash balance formula elected in Retirement Choice - 2001; Traditional formula elected in Retirement Choice - 2003

If you were participating in the cash balance pension formula prior to January 1, 2003, and you elected to change to the traditional pension formula as part of Retirement Choice - 2003, your cash balance account will be preserved and will continue to be credited with interest credits (but not pay credits). The traditional pension formula applies to your service and your final average salary on and after January 1, 2003.

Types Of Retirement

Under the traditional pension formula, there are three (3) types of retirement - normal retirement, early retirement and late retirement. If your termination of employment does not qualify as a retirement, then you may be eligible for a deferred vested benefit. This is described later in this section under the heading “Deferred vested benefit.”

Appendix B

Normal retirement

This is when you terminate employment at age 65.

Late retirement

This is when you terminate employment after your 65th birthday. Your benefits must begin no later than your “required beginning date,” which is April 1 of the calendar year following the later of the calendar year in which your employment ends or the calendar year in which you reach age 70½.

Early retirement

This is when you terminate employment either:

- Between ages 55 and 62, with ten (10) or more years of vesting service or
- Between ages 62 and 65, with one (1) or more years of vesting service

Normal Retirement Benefit Formula (Traditional Formula)

Step 1 Determine your 5-year final average monthly pay and your years of credited service on and after January 1, 2003

Step 2 Multiply your 5-year final average monthly pay on and after January 1, 2003 by 1%

Step 3 Multiply the result in Step 2 by your years of credited service on and after January 1, 2003

Step 4 If you were a participant in the traditional pension formula prior to January 1, 2003, add your accrued benefit as of December 31, 2002 to the result in Step 3.

This is your age 65 monthly life annuity.

Important Definitions

5-year final average monthly salary

Your “5-year final average monthly salary” is your highest average monthly pensionable earnings (see “Your Pay under the plan” in the main Pension section for a definition of “pensionable earnings”) for 60 consecutive months during your last 120 months (10 years) of employment with the company. If you have less than 60 months of service on and after January 1, 2003, the average is based on the months of service you do have on and after January 1, 2003.

Your pensionable earnings for your final month of employment may be estimated for purposes of calculating your 5-year final average monthly salary in order to facilitate calculation and timely payment of your pension benefit. Your final month of pay will be included as part of the 60 or 120 months only if doing so operates to your benefit (relative to not including that month). If you work part-time, your actual part-time earnings are used in determining your 5-year final average monthly salary (that is, your earnings are not converted to a full-time equivalent).

Appendix B

Example: 5-year final average monthly salary

For example, let's suppose that you are retiring in 2009 and reached your highest salary level during the five (5) years from 2004 to 2009.

To calculate your 5-year final average monthly salary, add your salary between 2004 and 2008 and divide by 60. Therefore, in this example, your 5-year average monthly salary would be: $\$232,500/60 = \$3,875$.

Employment year	# months	Salary
2004	2	\$ 4,500
2005	12	\$44,000
2006	12	\$45,000
2007	12	\$45,500
2008	12	\$47,000
2009	10	\$46,500
	60	\$232,500

Credited service

You receive one (1) year of "credited service" for each calendar year starting on or after January 1, 2003, during which you are employed with the company throughout the year. If you are employed for less than the full calendar year, you will receive a fraction of a year of credited service for that year.

Service is not counted for any period of unpaid leave unless it is leave under the Family and Medical Leave Act (FMLA) or military leave from which you return to active employment with reemployment rights protected under law. Service also is not counted for any period you are excluded from being an active participant because you are working in an ineligible position (such as while you are working for a non-participating affiliate, or while you are not a regular status, salaried employee).

In the case of disability leave, you receive credit for up to three (3) months while you are on short-term disability. The remaining portion of any approved disability leave is not counted as credited service.

There is no limit on the amount of credited service you can receive under the current traditional pension formula. The maximum amount of credited service you could receive under the old traditional pension formula in effect prior to January 1, 2003 was 30 years.

Example: Normal Retirement Benefit Calculation

Let's assume that you retired in 2009 at age 65 with 25 years of credited service, six (6) years of which are on and after January 1, 2003. Your monthly benefit earned as of December 31, 2002, was \$1,195. Your five (5)-year average monthly salary on and after January 1, 2003, is \$3,400. Your benefit would be calculated as follows:

Step 1 Multiply your 5-year final average monthly pay by 1%.
 $\$3,400 \times 1\% = \34

Step 2 Multiply the result in Step 1 by your credited service on and after January 1, 2003.
 $\$34 \times 6 = \204

Appendix B

Step 3 Add your December 31, 2002, benefit to the result in Step 2.
 $\$1,195 + \$204 = \$1,399$

In this example, if you are not married when your benefit payments begin, you will receive a retirement benefit of \$1,399 a month for life, unless you choose another form of payment.

If you are married when your benefit payments begin, you and your spouse will receive a joint and survivor annuity, unless you choose another form of payment with your spouse's consent. Joint and survivor benefits are reduced so that after your death, 50% of the benefit payable to you will continue to be paid to your surviving spouse during his or her lifetime.

Late Retirement Benefit

Your late retirement benefit will be calculated using the normal retirement benefit formula. You will receive pension benefits based on your salary and service past age 65.

If you continue working beyond age 65, your benefit will generally not be paid until you retire. When you retire, your benefit will equal the greater of the following amounts:

- your benefit measured at age 65, determined as if your employment ended on that date, and actuarially increased to account for delayed commencement; and
- your benefit measured at the date your employment actually ended under the regular pension formula.

If you are still working as of the April 1 of the calendar year following the calendar year you reach age 70½, you can elect to start your benefit as of that April 1. If you choose to start your pension on that April 1 date and you continue working and accruing additional benefits, your pension may increase as of the first day of each subsequent plan year to reflect the difference (if any) between the additional benefits you have earned over the value (on an actuarial basis) of the payments you have already received. Your monthly payment may not increase after the April 1 date (or the increase may be less than what the formula would normally produce because of the reduction that applies to account for payments received).

If you do not choose to start your pension as of April 1 of the calendar year following the calendar year you reach age 70½, when you do retire, your benefit will be the greater of that produced under the pension formula as of your actual retirement, or the pension you would have received if you had retired on the last day of the prior year, actuarially increased for delayed commencement. This suspension of benefits after age 65 is made pursuant to Department of Labor Regulation 2530.203-3.

Early Retirement Benefit

[Note: These special rules for determining the early retirement benefit reduction apply only if you retire on or after your earliest retirement date. These rules do not apply if you terminate employment before your earliest retirement date. If you terminated employment before your earliest retirement date, refer to the "Deferred vested benefit" section immediately following this section for information on how to calculate your benefit.]

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As an active participant in the plan, you can retire anytime after age 62 and before age 65 after completing one (1) year of vesting service, or as early as age 55 if you have at least ten (10) years of vesting service. If you retire early, you must begin receiving your benefits no later than your “required beginning date” - April 1 of the year following the calendar year in which you reach age 70½.

Your early retirement benefit will be calculated using the normal retirement formula, your credited service and your 5-year final average monthly salary at the time you retire. If you are at least age 55 and the sum of your age plus vesting service equals 90 or more, your benefit will not be reduced if you retire early. If your age and service are less than 90, and payments start before age 65, your benefit will be reduced by the smaller of the following two (2) amounts:

- 4% for each year (1/3% for each month) benefits begin before age 65; or
- 2% for each “point” by which the sum of your age and your vesting service (both measured at the time benefits commence) is less than 90 points.

You will receive a notice explaining how your benefits are affected if you begin payments before your 65th birthday.

Example: Early Retirement Reduction Benefit

Let’s assume that you retire at age 62 with 25 years of vesting service and that you will begin receiving your retirement benefit immediately. Also, assume that your normal retirement benefit would be \$1,399 per month at age 65.

Since your age (62) plus your service (25) is less than 90 (87), your benefit would be reduced, as shown in “Early retirement calculation” below.

In this example, if you are not married when your benefit payments begin, you will receive a monthly benefit of \$1,315.06 for life, unless you choose an optional form of payment.

If you are married when your benefit payments begin, you and your spouse will receive a joint and survivor benefit unless, with your spouse’s consent, you choose another form of payment. Joint and survivor benefits are reduced because after your death, 50% of the benefit payable to you will continue to be paid to your surviving spouse during his or her lifetime.

Early Retirement Calculation

Step 1 Multiply 1/3% times the number of months between your retirement month and the month after you reach age 65.
4% x 3 years = 12%

Step 2 Subtract your age plus service from 90 and multiply the difference by 12. Multiply the resulting number of months by 1/6%
90 - 87 = 3 points x 2% = 6%

Step 3 Take the smaller of the two (2) percentages in Steps 1 and 2. Subtract this percentage from 100% to get your reduction percentage.
100% - 6% = 94%

Step 4 Multiply your normal retirement benefit by the reduction percentage.
\$1,399 x 94% = \$1,315.06

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Deferred Vested Benefit

Once you have completed three (3) years of vesting service, you will be vested. That means that you will be entitled to a benefit from the plan. If your employment with the company ends before you have three (3) years of vesting service, you will forfeit your retirement benefit.

If you are vested but your termination does not qualify as an early, normal or late retirement, you will be eligible for a deferred vested benefit.

Calculating your deferred vested benefit

Your deferred vested benefit is calculated using the normal retirement formula shown in “Example: normal retirement benefit calculation” earlier in this section. The calculation is based on your 5-year final average monthly salary and your credited service at the time you leave.

Benefit reduction

You are entitled to an unreduced benefit if you are age 65 at the time benefits commence. If you have ten (10) or more years of vesting service, you may choose to have reduced monthly payments begin as early as age 55. If you have less than ten (10) years of vesting service, benefits under the plan may begin as early as age 62. You must begin receiving your benefits no later than your “required beginning date” - April 1 of the year following the calendar year in which you attain age 70½.

If you choose to begin receiving payments prior to age 65, the monthly amount will be reduced. You will receive the greater of:

- Your benefit accrued as of termination date, actuarially reduced* based on your age at commencement, or
- Your benefit accrued as of December 31, 1995, reduced by the lesser of:
 - 4% for each year (1/3% for each month) benefits begin before age 65; or
 - 2% for each “point” your age plus your vesting service (both measured at the time benefits commence) is less than 90 points.

*The actuarial reduction is calculated using the interest rate and mortality assumptions described under “Value of optional forms” below.

How Benefits Are Paid

Your benefit under this Appendix is payable in any of the forms described in the section titled “Forms of Payment.” Other optional forms of payment for your benefit include:

- **Lump sum.** This pays your entire benefit under this Appendix in a single lump sum. You may elect to roll over your lump sum to an Individual Retirement Account (IRA), to another employer’s qualified plan, or to the 401(k) Savings Plan (if you have a balance under that plan). You need your spouse’s consent for this payment form.
- **50% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 50% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse’s consent for this form of payment.

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- **75% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 75% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse's consent for this form of payment.
- **100% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 100% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse's consent for this form of payment.

If the value of your total benefit is not more than \$5,000, your benefit will be paid as a lump sum and the annuity options are not available. In this case, your spouse's consent is not required.

Value of optional forms

The value of any optional form will be the same on an actuarial basis as the single life annuity. The plan uses interest rate and mortality assumptions to convert from one (1) payment form to another. The assumptions are:

- **Interest Rate:** The interest rates published by the IRS for purposes of Code § 417(e)(3). The rates are determined by the IRS on the basis of the corporate bond yield curve applicable to three (3) time periods. The first is for payments to be paid within five (5) years, the second for payments to be paid in the next 15 years, and the third for payments to be paid more than 20 years in the future. The applicable rates are rates published by the IRS for August of the calendar year preceding the calendar year in which you receive your benefit.
- **Mortality:** The 2009 Applicable Mortality Table published by the IRS. The IRS constructs this mortality table under rules it establishes for this purpose. The table uses a blend of male and female static mortality rates.

Survivor Benefits

The plan pays survivor benefits if you die before your pension begins. The lump-sum survivor benefit is calculated as follows.

- If:
 - you qualify for retirement at the time of your death, or
 - your spouse or domestic partner defers the survivor benefit to a date you could have started your pension (your earliest retirement age), the lump sum survivor benefit is 50% of the present value of the pension benefit you would have received if you had not died, but instead had retired on the date of your death and elected to start your pension at the time your spouse or domestic partner starts the survivor benefit.

To derive the survivor benefit in this instance, your immediate pension is first calculated using the early commencement factors used in the plan. Early retirement benefits may be "subsidized" somewhat - meaning they have a value greater than a true actuarial equivalent. The amount of the subsidy generally goes down as your age approaches age 65. So, if your spouse or domestic partner is your beneficiary, before deciding to defer a survivor benefit, your spouse or domestic partner should consider that the most valuable survivor benefit may be one (1) that is paid soon after your death

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- Otherwise, the benefit is 50% of the present value of the pension benefit you would have received if you had not died, but instead had terminated employment on the date of your death and then elected to start your pension at age 65.

The survivor benefit is not calculated off a subsidized pension if your spouse or domestic partner is paid the benefit before you could start your pension. So, if your spouse or domestic partner is your beneficiary and you would have been eligible for a subsidized early commencement annuity starting at a later age, **your spouse or domestic partner should consider that the most valuable survivor benefit may be a deferred benefit paid when you could have started a subsidized pension.**

If you file your pension election for your legacy St. Paul traditional formula benefit within the 90-day period prior to the scheduled pension start date but you die before your pension starts, the survivor benefit payable to your beneficiary will have an actuarial value that is the greater of two (2) amounts. The first is the actuarial value of the survivor benefit described above (based on the applicable 50% calculation described above). The second is the actuarial value of the payments that would have been made to your beneficiary under the payment form you elected if you had died immediately after your pension had started in that payment form (or, if you elected to receive a lump sum distribution of your pension benefit, the lump sum amount). This special survivor benefit applies only if you have a signed and fully complete pension form election on file, on which you have elected a payment form and a start date for your pension. Only elections filed within the 90-day period prior to the scheduled pension start date count for this purpose.

If your beneficiary is your spouse or domestic partner, your beneficiary can elect to receive the survivor benefit in one (1) of the following forms, each of which is the actuarial equivalent of the present value amount described above:

- **Single life annuity for your beneficiary's life.** This is a monthly benefit paid for your beneficiary's lifetime.
- **10-year certain and life annuity.** This pays a reduced monthly benefit for the longer of your beneficiary's lifetime or ten (10) years. If your beneficiary dies within ten (10) years after benefits begin, your beneficiary's beneficiary will receive the payments for the balance of the ten (10)-year period.
- **Lump sum.** This pays the survivor benefit in a single lump sum.

These annuities will have the same actuarial value as the lump sum determined using the assumptions described above under "Value of optional forms."

If your spouse or domestic partner is your beneficiary, he/she may begin to receive the survivor benefit as soon as administratively practicable following your death and the company's determination of your beneficiary's entitlement. In all cases, benefits to your spouse or domestic partner must begin by the time you would have reached age 65.

If your beneficiary is someone other than your spouse or domestic partner, he/she will receive the survivor benefit in a lump sum as soon as administratively practicable following your death and the company's determination of your beneficiary's entitlement. A lump sum is the only form of payment available to a beneficiary other than a spouse or domestic partner.

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Election of 100% Survivor Coverage

If you remain employed with the company after you qualify for early retirement, you can increase the survivor coverage to 100% (instead of the company-paid 50%). Your ultimate benefit will be reduced by the cost of this additional survivor coverage.

If you purchase 100% survivor coverage, your spouse, domestic partner or designated beneficiary would receive a lump-sum survivor benefit equal to 100% of the present value of the pension benefit you would have received if you had not died, but instead had retired on the date of your death and elected to start your pension at the time your spouse or domestic partner starts the survivor benefit.

You should note that:

- You can elect this additional survivor coverage no more than 12 months before becoming eligible for early retirement.
- If elected, coverage starts 12 months after your election, but not before your earliest retirement age. If, however, you die from accidental causes less than 12 months after electing the additional coverage and you filed your election before the accident occurred, your election will be effective even though it was made less than 12 months before your death. You can revoke coverage; however, you have a one (1)-year waiting period before the revocation takes effect. If, however, your survivor dies, you may elect a new survivor or discontinue coverage without the waiting period.
- You can change this election as often as you want. However, the election or revocation must be on file at least 12 months before your death.
- **You pay for this additional survivor coverage through a reduction in the pension benefit you ultimately receive.** The reduction percentage, based on the number of years and full months you have the protection, is 3/10th of 1% (0.3%, expressed as an annual reduction) at age 55 and increases by 1/10th of one (1) percent (0.1%, expressed as an annual reduction) each year thereafter. If you die with 100% survivor coverage in effect, the company pays the entire cost of the coverage.

This coverage is discontinued automatically if you leave the company for any reason. If you leave the company after electing this coverage and then return, coverage is automatically reinstated.

50% survivor coverage after termination of employment

When you terminate employment (for reasons other than death), the 50% survivor benefit coverage applies automatically.

If you terminate employment after you qualify for retirement (after age 55 with ten (10) years of vesting service or after age 62 with one (1) year of service, or after age 65), there is no charge for the 50% survivor protection and you may not waive the coverage.

If you terminate employment before you qualify for retirement, you pay for the 50% survivor benefit coverage through a reduction in your pension benefit and survivor benefit, as shown in the chart below. Because you are charged for coverage, you can waive coverage in writing if you wish. If you are married, your spouse must consent in writing to the waiver. Your spouse's signature on the waiver form must be notarized.

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Reduction for each year of coverage received

Age	Yearly reduction
55-65	0.8%
45-55	0.4%
Under 45	0.1%

You will receive more information about this coverage if you leave the company before you retire.

Special Rules For Rehires

The following special rules apply if you terminate employment at a time when you are participating in the traditional pension formula, and you later are reemployed and again become an active participant in the plan.

- If you are rehired within 12 months after your termination date, you will remain in the traditional pension formula upon your reemployment.
- If you are rehired more than 12 months after your termination date, you will participate in the cash balance formula after your reemployment.

Your traditional pension formula benefit will be treated as follows if you participate in the cash balance formula upon your reemployment:

- If your traditional pension benefit remains in the plan upon your reemployment - that is, you did not receive a lump sum or annuity - your benefit will be converted to its lump-sum value and credited as the opening balance of your cash balance account upon reemployment. This conversion will be done by taking your accrued benefit - that is, the normal retirement age life annuity that you had accrued as of your termination of employment, and converting it to a lump sum amount. The lump sum conversion will be done using the interest rate and mortality assumption in effect under the plan at the time you are reemployed.
- If you received your traditional pension benefit in the form of a lump-sum payment, your cash balance account upon reemployment will have an initial balance of zero.
- If you are currently receiving your traditional pension benefit in the form of an annuity, that annuity will continue upon your reemployment. Your cash balance account upon reemployment will have an initial balance of zero.

Deciding Whether To Defer A Distribution

In deciding when to receive a distribution from the plan, you may want to consider several factors. The following is a discussion of what you might want to consider (more information about these topics is found elsewhere in this Appendix):

Vested Pension.

If you do not qualify for early retirement when your employment ends, you may still be able to start your pension prior to your normal retirement age (65). When you start your pension may affect the value of your benefit. You are eligible to receive (or begin receiving) your pension benefit as early as age 55, if you have ten (10) years of vesting service, or otherwise at age 62.

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Early Retirement.

“Early Retirement” generally means that you terminated employment after you (i) attained age 62 or (ii) both attained age 55 and completed ten (10) years of Vesting Service and (iii) before your normal retirement age (65). If you qualify for early retirement, the plan provides “subsidized” early retirement benefits, which means that the actuarial value of your early retirement pension is greater than if you wait and start your benefits later. (The “actuarial value” of your pension is the present value of your total expected pension payments, determined using mortality and interest assumptions.)

Rule of 90. If you qualify for early retirement and your employment ends after the sum of your age and years of vesting service equals or exceeds ninety (90), your benefit will not be reduced for early commencement.

Other early retirements. If you qualify for early retirement and your employment ends before you met the Rule of 90, your benefit will be reduced by the smaller of the following two (2) amounts:

- 4% for each year (1/3% for each month) that benefits begin before age 65; or
- 2% for each “point” by which the sum of your current age and your current years of vesting service is less than 90 points.

Plan Interest Rates In Effect.

When you elect to receive your benefit under this Appendix, you will be offered a lump sum distribution as well as several optional annuity payment forms. These payment forms are all actuarially equivalent – that is, the present value of the total expected payment stream to you, determined using mortality and interest assumptions, is the same, no matter which payment form you elect.

However, because the actuarial assumptions change from year to year, when you receive (or start to receive) your payment may impact the value of your expected payment stream. The interest and mortality assumption changes automatically each January. If you elect to receive monthly payments, a lower interest rate generally will result in smaller monthly payments than a higher interest rate. If you elect to receive a lump sum distribution, a lower interest rate generally will result in a higher lump sum distribution than a higher interest rate.

Benefits to Your Survivor.

If you die after you are vested but prior to the start of your pension, the plan provides a survivor benefit to your surviving spouse (or to another beneficiary you have designated, subject to a requirement of spousal consent if you are married). The survivor benefit is calculated as described under the section titled “SURVIVOR BENEFITS” (above). Your beneficiary is generally entitled to the survivor portion of a 50% joint and survivor annuity.

However, if you elect to start an immediate pension, you can elect to receive it in the form of a joint and survivor annuity that provides a monthly payment equal to either 100% or 75% of the amount you received during your lifetime to your spouse or other beneficiary after your death. Delaying the start of your pension thus may impact the survivor benefit available to your spouse or other beneficiary.

Charge for Preretirement Survivor Protection.

If your employment ends after you are vested but prior to the date you are eligible to commence your benefit (that is, you are eligible for a “deferred vested” benefit), the plan provides survivor protection as described above. However, your benefit is reduced to cover the cost of this protection. The longer the protection is in place, the more your ultimate pension benefit will be reduced. If the preretirement survivor charge applies to you, delaying the start of your pension will reduce the amount of your ultimate pension benefit.

Appendix B

Taxation.

Your benefit under the plan remains tax-deferred while in the plan. Distributions in any form are taxable to you. In addition, any lump sum distribution may be subject to a 10% penalty for early withdrawal if paid to you before age 59½ (subject to certain exceptions). You may be able to avoid taxes and penalties if you roll a lump sum distribution over to an eligible employer plan or eligible IRA. (For a detailed explanation of the taxation of distributions, see the “Special Tax Notice Regarding Plan Payments.”)

Assignment.

Generally, you cannot assign your plan benefit to anyone and your benefit is not subject to the claims of creditors – even in the case of bankruptcy. Once you take your money out of the plan, however, you can assign it to others and it may be subject to the claims of creditors.

Appendix C: Special Rules For Former Participants In The USF&G Retirement Pension Plan

The USF&G Retirement Pension Plan was merged into the Legacy St. Paul Plan effective as of January 1, 1999. The following special rules apply to you if you had an accrued benefit under the USF&G Retirement Pension Plan as of December 31, 1998.

If You Elected The Cash Balance Pension Formula During Retirement Choices

If you elected the cash balance pension formula during Retirement Choice - 2001 or Retirement Choice - 2003, your USF&G benefit was converted to a lump sum to form part of your opening cash balance account on January 1, 2001, or January 1, 2003. That conversion was done in the same way as the conversion of your St. Paul benefit. The remaining sections of this appendix (other than as it relates to vesting service) applies to you only if you elected the traditional pension formula during both Retirement Choices.

Combined Plan Benefit

If you were a participant in the USF&G Retirement Pension Plan prior to January 1, 1999, and you elected the traditional pension formula during both Retirement Choices, your benefit under the plan will consist of two (2) pieces ("A" plus "B"):

A = Frozen USF&G Benefit = This is the benefit you earned under the USF&G Retirement Pension Plan as of December 31, 1998. It is calculated as if you terminated employment on that date - that is, your service and pay after that date are not taken into account under the benefit formula.

plus

B = St. Paul Benefit = This is the benefit you earn under Appendix B for your service on and after January 1, 1999. Only your salary earned while participating in the plan will be considered in determining your 5-year final average salary under the plan (i.e., salary from the time you worked at USF&G is not included).

Important Definitions

USF&G early retirement service

Your USF&G early retirement service is equal to

- Your years of service credited under the USF&G Retirement Pension Plan for purposes of determining the amount of your benefits as of December 31, 1998 PLUS
- Your years of vesting service as otherwise determined under the plan for years beginning after December 31, 1998.

Appendix C

Early Retirement Benefit

You may elect to receive your Frozen USF&G Benefit if you retire between ages 55 and 65 and you have ten (10) or more years of USF&G early retirement service. Your Frozen USF&G Benefit will be reduced according to your age, years of USF&G early retirement service and the USF&G early retirement reduction factors, as shown in the following tables.

If you had at least twenty (20) years of USF&G early retirement service, your benefit will be reduced for early commencement using the following factors:

Service Age	20	21	22	23	24	25	26	27	28	29	30+
62-64	No reduction	No reduction	No reduction	No reduction	No reduction	No reduction	No reduction	No reduction	No reduction	No reduction	No reduction
61	97.5	97.5	97.5	97.5	100	100	100	100	100	100	100
60	95	95	95	97.5	97.5	100	100	100	100	100	100
59	90	90	95	95	97.5	97.5	100	100	100	100	100
58	85	90	90	95	95	97.5	97.5	100	100	100	100
57	85	85	90	90	95	95	97.5	97.5	100	100	100
56	80	85	85	90	90	95	95	97.5	97.5	100	100
55	80	80	85	85	90	90	95	95	97.5	97.5	100

If you had at least ten (10) years of USF&G early retirement service, your benefit will be reduced for early commencement using the following factors:

Age at Retirement:	Percentage of Accrued Benefit:
65	100%
64	95%
63	90%
62	85%
61	80%
60	75%
59	70%
58	65%
57	60%
56	55%
55	50%

If your age plus your USF&G early retirement service is 85 or more, your Frozen USF&G Benefit will not be reduced for early commencement.

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Vested Deferred Benefit

If you were a participant in the USF&G Retirement Pension Plan prior to January 1, 1999, your employment ended before you were eligible for early retirement, and you are entitled to a deferred vested benefit, the early commencement reductions that apply to your Frozen USF&G Benefit will depend on your age and years of USF&G early retirement service.

If you had fewer than ten (10) years of USF&G early retirement service, you cannot receive your deferred vested benefit until you are age 65. If you had at least ten (10) years of USF&G early retirement service, you will be eligible to receive your benefit when you attain age 55. Your benefit will be reduced for early commencement using the factors in the second table in the preceding section.

If you had at least twenty (20) years of USF&G early retirement service, your benefit will be reduced for early commencement using the following factors:

Age at Retirement:	Percentage of Accrued Benefit:
65	100%
64	100%
63	100%
62	100%
61	97.5%
60	95%
59	90%
58	85%
57	80%
56	75%
55	70%

If you left USF&G before January 1, 1992, the plan required that you have 20 years of service to be eligible to commence your benefit at age 55. If you had less than 20 years of service, you must wait until you are 65 to receive your vested deferred benefit.

How Benefits Are Paid

Your benefit under this Appendix is payable in any of the forms described in the section titled “Forms of Payment.” Other optional forms of payment for this benefit include:

- **50% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 50% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse’s consent for this form of payment.

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- **75% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 75% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often (10) results in a benefit being paid over two (2) lifetimes. You need your spouse's consent for this form of payment.
- **100% joint and survivor annuity** (with non-spouse joint annuitant). This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 100% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often (10) results in a benefit being paid over two (2) lifetimes. You need your spouse's consent for this form of payment.
- **Flexible percentage joint and survivor annuity.** This pays a reduced monthly benefit to you during your lifetime, with a percentage of your monthly benefit payable to your designated joint annuitant after you die, for his/her lifetime. You specify the percentage, which can be 1 - 99%. You need your spouse's consent for this payment form if the joint annuitant is other than your spouse, or if your spouse is your joint annuitant but the percentage is less than 50%.
- **Social security leveler annuity.** This is a monthly benefit paid for your lifetime, with no payments to anyone after your death. This option provides you with a higher benefit from the plan until Social Security benefits begin, and a reduced benefit from the plan after Social Security benefits begin. You need your spouse's consent for this payment form.

The following payment forms are also available, but only to specified groups:

- 10 year certain and life annuity. This payment form is described in the section titled "Forms of Payment." This payment form is available only to participants who were employees on or after January 1, 2003, or to participants whose benefits from the plan commenced on or after September 1, 2006.
- Lump sum. This pays your entire benefit under this Appendix in a single lump sum. You may elect to roll over your lump sum to an Individual Retirement Account (IRA), to another employer's qualified plan, or to the 401(k) Savings Plan (if you have a balance under that plan). This payment form is available only to participants who were employees on or after January 1, 2001.

If the value of your total plan benefit is not more than \$5,000, your benefit will be paid as a lump sum and the annuity options are not available. In this case, your spouse's consent is not required.

Value of optional forms

The value of any optional form will be the same on an actuarial basis as the single life annuity. Actuarial equivalence for this purpose is determined using either the interest rate assumption and mortality assumption in effect under the main text of the plan, or a set of factors that is published in the official legal document governing the plan. Whichever factor produces the higher benefit will be used.

Survivor Benefits

If you die before you receive (or start to receive) your benefit under this Appendix, your spouse, domestic partner, or beneficiary will receive a survivor benefit.

The survivor benefit is generally equal to 50% of the annuity that would have been payable if you had terminated employment on your date of death (or your actual termination of employment, if earlier), survived to the date you were first eligible to begin receiving benefits, began receiving your benefit in the form of a 50% joint and survivor annuity, and died the next day. However, if you die as an active employee or while performing qualified military service and your spouse or domestic partner is your beneficiary, the 50% survivor annuity is equal to 50% of your benefit under this Appendix, when expressed as a single life annuity payable at age 65 (with no reduction for early commencement or payment form).

If you file your pension election for your USF&G benefit within the 90-day period prior to the scheduled pension start date, but you die before your pension starts, the survivor benefit payable to your beneficiary will have an actuarial value that is the greater of two (2) amounts. The first is the actuarial value of the survivor benefit described above (based on the 50% joint and survivor annuity or 50% of the single life annuity, as described above). The second is the actuarial value of the payments that would have been made to your beneficiary under the payment form you elected if you had died immediately after your pension had started in that payment form (or, if you elected to receive a lump sum distribution of your pension benefit, the lump sum amount). This special survivor benefit applies only if you have a signed and fully complete pension form election on file, on which you have elected a payment form and a start date for your pension. Only elections filed within the 90-day period prior to the scheduled pension start date count for this purpose.

The type of eligible beneficiary and payment form and timing of payment for your survivor benefit depend upon when your employment with the company terminated.

If you were employed on or after January 1, 2001

If you were employed with the company on or after January 1, 2001, you may name any beneficiary to receive the survivor benefit (subject to the requirement to obtain your spouse's consent, if you are married). The survivor benefit is payable in the following manner:

- If your beneficiary is your spouse or domestic partner the survivor benefit is payable in any of the following forms, each of which is the actuarial equivalent of the present value amount described above:
 - **Single life annuity for your spouse or domestic partner's life.** This is a monthly benefit paid for your spouse or domestic partner's lifetime.
 - **10-year certain and life annuity.** This pays a reduced monthly benefit for the longer of your spouse or domestic partner's lifetime or ten (10) years. If your spouse or domestic partner dies within ten (10) years after benefits begin, his or her beneficiary will receive the payments for the balance of the ten (10)-year period.
 - **Lump sum.** This pays the survivor benefit in a single lump sum.

Your spouse or domestic partner may elect to receive the survivor benefit as of the first of any month following your death. In all cases, benefits to your spouse or domestic partner must begin by the time you would have reached age 65.

Appendix C

If your beneficiary is other than your spouse or domestic partner, the survivor benefit is payable only in a lump sum (which is the actuarial equivalent of the present value amount described above). In this case, your beneficiary must receive the lump sum as soon as administratively practicable following the company's determination of your beneficiary's entitlement.

If your employment terminated before January 1, 2001

If you were not employed with the company on or after January 1, 2001, a survivor benefit is only payable if you have a surviving spouse or domestic partner at the time of your death. Your surviving spouse or domestic partner may receive the survivor benefit as of the first day of any calendar month that follows the date you would have attained age 55 and completed ten (10) years of service. The survivor benefit is payable only in the form of a single life annuity or a ten (10) year certain and life annuity.

Deciding Whether To Defer A Distribution.

In deciding when to receive a distribution from the plan, you may want to consider several factors. The following is a discussion of what you might want to consider (more information about these topics is found elsewhere in this Appendix):

Vested Pension.

If you do not qualify for early retirement when your employment ends, you may still be able to start your pension prior to your normal retirement age (65). When you start your pension may affect the value of your benefit. You are generally eligible to receive (or begin receiving) your pension benefit as early as age 55, if you have ten (10) years of service. If you choose to receive (or begin receiving) your pension benefit before age 65, your benefit will be reduced.

Early Retirement.

"Early Retirement" generally means that you terminated employment after you (i) both attained age 55 and completed ten (10) years of service and (ii) before your normal retirement age (65). If you qualify for early retirement, the plan provides "subsidized" early retirement benefits, which means that the actuarial value of your early retirement pension is greater than if you wait and start your benefits later. (The "actuarial value" of your pension is the present value of your total expected pension payments, determined using mortality and interest assumptions.)

Plan Interest Rates In Effect.

When you elect to receive your benefit under this Appendix, you will be offered a lump sum distribution (if you were an employee on January 1, 2001) as well as several optional annuity payment forms. These payment forms are all actuarially equivalent – that is, the present value of the total expected payment stream to you, determined using mortality and interest assumptions, is the same, no matter which payment form you elect.

However, because the actuarial assumptions change from year to year, when you receive (or start to receive) your payment may impact the value of your expected payment stream. The interest and mortality assumption changes automatically each January. If you elect to receive monthly payments, a lower interest rate generally will result in smaller monthly payments than a higher interest rate. If you elect to receive a lump sum distribution, a lower interest rate generally will result in a higher lump sum distribution than a higher interest rate.

Appendix C

Benefits to Your Survivor.

If you die after you are vested but prior to the start of your pension, the plan provides a survivor benefit to your surviving spouse (or to another beneficiary you have designated, subject to a requirement of spousal consent if you are married). The survivor benefit is calculated as described under the section titled “SURVIVOR BENEFITS” (above). Your beneficiary is generally entitled to the survivor portion of a 50% joint and survivor annuity.

However, if you elect to start an immediate pension, you can elect to receive it in the form of a joint and survivor annuity that provides a monthly payment equal to either 100% or 75% of the amount you received during your lifetime to your spouse or other beneficiary after your death. Delaying the start of your pension thus may impact the survivor benefit available to your spouse or other beneficiary. (If you were not an employee on January 1, 2001, the survivor benefit is payable only to your surviving spouse or domestic partner.)

Taxation.

Your benefit under the plan remains tax-deferred while in the plan. Distributions in any form are taxable to you. In addition, you may be eligible to receive your benefit in the form of a lump sum distribution, which may be subject to a 10% penalty for early withdrawal if paid to you before age 59½ (subject to certain exceptions). You may be able to avoid taxes and penalties if you roll a lump sum distribution over to an eligible employer plan or eligible IRA. (For a detailed explanation of the taxation of distributions, see the “Special Tax Notice Regarding Plan Payments.”)

Assignment.

Generally, you cannot assign your plan benefit to anyone and your benefit is not subject to the claims of creditors – even in the case of bankruptcy. Once you take your money out of the plan, however, you can assign it to others and it may be subject to the claims of creditors.

Appendix D: Special Rules For Grandfathered Travelers Insurance Company Participants

If you were a participant in the Travelers Insurance Company Plan (the “TIC Plan”) and you were born before April 1, 1948, your benefit under the plan will be the larger of your cash balance account, as described in the main Pension section plus your TIC cash balance account, as described in Appendix F, or your grandfathered TIC Plan benefit described in this Appendix D. (You are not entitled to the sum of these amounts – rather, your Grandfathered TIC benefit will be compared to the sum of your TIC cash balance, Citigroup, legacy Travelers, and Travelers cash balance accounts (as applicable). You will receive the greater of these two (2) benefits.)

Eligibility

Grandfathered TIC Participants include the following groups:

- Participants who were born before April 1, 1948, and participated in the TIC Plan since March 1, 1993. This group of participants is eligible for a benefit determined under Alternative Formula I described below.
- Participants who were born before April 1, 1948, and participated in the TIC Plan since December 31, 1989. This group of participants is eligible for the “better benefit” calculated under Alternative Formula I and Alternative Formula II described below.

Vesting

All Grandfathered TIC Participants are 100% vested in the benefit described under this Appendix.

Benefit Accruals

Benefit accruals under Alternative Formula I and Alternative Formula II stopped on the earlier of your termination of employment or March 31, 2003. Although your Grandfathered TIC benefit is no longer growing, you receive cash balance pay credits and interest credits in accordance with the rules described in the main Pension section, and you are still receiving interest credits on your TIC cash balance account as described in Appendix F.

Types Of Retirement

Under both Alternative Formulas, there are three (3) types of retirement - normal retirement, early retirement and late retirement. If your termination of employment does not qualify as a retirement, then you may be eligible for a deferred vested benefit. This is described later in this section under the heading “Deferred vested benefit.”

Normal retirement

This is when you terminate employment at age 65 (or later date on which you have five (5) years of vesting service).

Late retirement

This is when you terminate employment after your 65th birthday (or later if you did not have five (5) years of vesting service on your 65th birthday). Your benefits must begin no later than your “required beginning date” - April 1 of the calendar year following the later of the calendar year in which your employment ends or the calendar year you reach age 70½.

Appendix D

Early retirement

This is when you terminate employment after age 55 with ten (10) or more years of vesting service. If you terminate employment after age 62 with ten (10) years of vesting service, your benefit will not be reduced.

Normal Retirement Benefit

Your monthly normal retirement benefit from the plan is calculated using either Alternative Formula I or Alternative Formula II.

Benefit Formulas

Alternative Formula I

This formula calculates your benefit as follows:

- 1.3% of Final 3-Year Average Salary up to Social Security Covered Compensation times Benefit Service up to 30 years PLUS
- 1.6% of Final 3-Year Average Salary in excess of Social Security Covered Compensation times Benefit Service up to 30 years TIMES
- Early Retirement Factor (if applicable).

Alternative Formula II

This formula calculates your benefit as follows:

- 2% of Final 5-Year Average Salary times Benefit Service up to 25 years PLUS
- 2/3% of Final 5-Year Average Salary times Benefit Service over 25 years (up to a maximum of 15 years) TIMES
- Early Retirement Factor (if applicable) MINUS
- 2% of estimated Social Security benefit times Benefit Service up to 25 years.

Supplemental Benefit

You are eligible for a supplemental benefit added to your benefit determined under Alternative Formula II if, as of December 31, 1989, your attained age and years of Benefit Service totaled 55 or more. This benefit equals:

- 0.3% of Final 3-Year Average Salary TIMES
- Number of years (up to 25) that your age plus years of Benefit Service exceeded 55 on December 31, 1989.

Important Definitions

Benefit Service

You received one (1) year of Benefit Service for each year in which you completed 1,875 or more hours of service with the company. If you completed more than 1,000 but less than 1,875 hours of service, you received a partial year of Benefit Service. Your Benefit Service stopped accruing on April 1, 2003.

Appendix D

Covered Compensation

This reflects historical maximum Social Security wage bases. It is the same for everyone born in a particular year. Your covered compensation is determined as of your retirement date, or as of March 31, 2003, whichever occurred first.

Estimated Social Security Benefit

Determined based on your earnings with the company. It is assumed that the payment date is the later of the date you retire or the date you first become eligible for Social Security payments. Your Social Security offset is determined when you retire, and will stay the same even if your Social Security benefit increases. Your estimated Social Security benefit is determined as of your retirement date or March 31, 2003, whichever occurred first.

Final 5-Year Average Salary

This is the average of the highest consecutive 60 months out of the last 120 months of your active salaried service before April 1, 2003. It included your base salary, overtime, and qualified incentive awards when they were earned. Special awards and certain deferred compensation were not included.

Final 3-Year Average Salary

This is the average of the highest consecutive 36 months out of the last 120 months of your active salaried service before April 1, 2003. It included your base salary, overtime, and qualified incentive awards when they were paid. Special awards and certain deferred compensation were not included.

Late Retirement Benefit

Your late retirement benefit will be calculated using the normal retirement benefit formula. If you are still working as of April 1 of the calendar year following the calendar year you reach age 70½, you can elect to start your benefit as of that April 1. If you do not choose to start your pension at that time, when you do retire, your benefit will be the greater of that produced under the pension formula as of your actual retirement, or the pension you would have received if you had retired on the last day of the prior year, actuarially increased for delayed commencement.

Early Retirement Benefit

As an active participant in the plan, you can retire as early as age 55 if you have at least ten (10) years of vesting service. If you retire early, you must begin receiving your benefits no later than your “required beginning date” - April 1 of the calendar year following the calendar year in which you reach age 70½. Your early retirement benefit will be calculated using the appropriate Alternative Formula at the time you retire. If you are at least age 62 with ten (10) years of vesting service, your benefit will not be reduced if you retire early. If you are at least age 55 with ten (10) years of service, your benefit will be reduced for early commencement as shown in the following table on the next page:

Appendix D

If you are this age when benefits begin	You receive this percentage of your vested benefit*:
61	97.5%
60	95.0%
59	90.0%
58	85.0%
57	80.0%
56	75.0%
55	70.0%

*The percentage that you receive may be slightly higher than shown in the table specified above depending on your age when you start your benefit and depending on your spouse's or domestic partner's age. That is because a second adjustment is made to your benefit under a specific table set forth in the plan. The highest possible increase is between 3% and 4%, but your adjustment may be less than that or you may receive no adjustment based on the table.

How Benefits Are Paid

Your benefit under this Appendix is payable in any of the forms described in the section titled "Forms of Payment." Other optional forms of payment for your benefit include:

- **50, 75, or 100% joint and survivor annuity (with non-spouse joint annuitant).** This pays a reduced monthly benefit to you for your lifetime, and a monthly benefit to your joint annuitant after you die for his or her lifetime. The monthly benefit paid to your joint annuitant equals 50, 75 or 100% of your monthly benefit. Your monthly retirement benefit will be reduced using this method because this form of payment often results in a benefit being paid over two (2) lifetimes. You need your spouse's consent for this form of payment.
- **Flexible percentage joint and survivor annuity.** This pays a reduced monthly benefit to you during your lifetime, with an amount payable to your joint annuitant after you die, for his/her lifetime. You elect the amount to be continued to your joint annuitant (i.e., 1 - 100%). You only need your spouse's consent for this payment form if the joint annuitant is someone other than your spouse or the amount continued to your spouse is less than 50%.
- **5-, 10- or 15-year certain and life annuity.** This pays a reduced monthly benefit for the longer of your lifetime or five (5), ten (10), or 15 years. If you die within five (5), ten (10) or 15 years after benefits begin, your designated beneficiary will receive payments for the balance of the five (5)-, ten (10)- or 15-year period. If you die more than five (5), ten (10) or 15 years after benefits begin, your beneficiary will not receive any benefits as payments will have continued for your lifetime only. You need your spouse's consent for this payment form.
- **COLA option.** You can add a cost of living adjustment option to any payment form permitted under this Appendix. If you select the COLA option, your monthly benefit will be adjusted (increased or decreased) up to 3% annually for changes in the Consumer Price Index. If you elect the COLA option, your monthly benefit will be actuarially reduced to cover the cost of the COLA.

If the value of your total plan benefit is not more than \$5,000, your benefit will be paid as a lump sum and the annuity options are not available. In this case, your spouse's consent is not required.

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Value of optional forms

The value of any optional form will be the same on an actuarial basis as the single life annuity. Actuarial equivalence for this purpose is determined using either the interest rate assumption and mortality assumption in effect under the main text of the plan, or a set of factors that is published in the official legal document governing the plan. Whichever factor produces the higher benefit will be used.

Survivor Benefits

If you die before you receive your benefit under this Appendix, your spouse or domestic partner will receive a survivor benefit. The survivor benefit will either be a “standard” survivor benefit or a “special” survivor benefit. Whether your spouse or domestic partner is eligible for the standard survivor benefit or the special survivor benefit depends on your employment status, your age at death, and the amount of service you had.

Standard Survivor Benefit

If your death occurred either 1) while you were actively employed, but you did not meet the requirements for the special survivor benefit, or 2) after your employment ended but before you commenced your benefit, your spouse or domestic partner will receive the standard survivor benefit.

The standard survivor benefit is calculated as follows:

- If you die before the date on which you could have started to receive your benefit, the survivor benefit is equal to 50% of the annuity that would have been payable if you terminated employment on your date of death (or your actual termination of employment if earlier), survived to early retirement eligibility, began receiving your benefit as a 50% joint and survivor annuity, and died the next day. This survivor benefit is payable no earlier than the first day of the calendar month following the calendar month in which you could have reached your earliest retirement date (age 55 if you had ten (10) years of service, or age 65).

There is a charge for survivor coverage if you terminate employment after you are vested but before the date you are eligible to receive your pension benefit. You pay this charge through a reduction in your pension and survivor benefit, as shown in the charge below. Because you are charged for coverage, you can waive coverage in writing if you wish. If you are married, your spouse must consent in writing to the waiver. Your spouse’s signature on the waiver form must be notarized.

Attained Age	Annual Percentage Reduction in Accrued Benefit
Less than 30	0.03%
30 – 34	0.04%
35 – 39	0.06%
40 - 44	0.08%
45 - 49	0.15%
50 - 54	0.26%
55 - 59	0.42%
60 - 64	0.63%
65 - 69	0.90%

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- If you die on or after the date on which you could have started to receive your benefit, the survivor benefit is equal to 50% of the annuity that would have been payable if you terminated employment on your date of death, began receiving your benefit as a 50% joint and survivor annuity, and died the next day. This survivor benefit is payable as early as the first of the month following your date of death.

Special Survivor Benefit

If your death occurred while you were actively employed with the company or while you were performing qualified military service, and either 1) you were at least age 50 at death with at least ten (10) years of vesting service, or 2) you had 20 years of vesting service (regardless of your age), your spouse or domestic partner is eligible for a special survivor benefit.*

The special survivor benefit is calculated as follows:

- The larger of:
 - Your benefit calculated under Alternative Formula I without reduction for early retirement, OR
 - Your benefit calculated under Alternative Formula II without reduction for early retirement and without subtracting your estimated Social Security Benefit;
- Multiplied by 50%; and
- Multiplied by an actuarial factor. The actuarial factor is determined either by the interest rate assumption and mortality assumption in the main text of the plan, or by a list of factors that is published in the official legal document governing the plan, whichever produces the higher benefit.

Your spouse or domestic partner may begin to receive this survivor benefit as of the first of any month following your death. In all cases, benefits to your spouse or domestic partner must begin by the time you would have reached age 65.

Enhanced survivor benefits under special circumstances

If you file your pension election for your Grandfathered TIC benefit within the 90-day period prior to the scheduled pension start date, but you die before your pension starts, the survivor benefit payable to your beneficiary will have an actuarial value that is the greater of two (2) amounts. The first is the actuarial value of the survivor benefit described above (based on the special survivor benefit if you were eligible for it, or otherwise the 50% joint and survivor annuity). The second is the actuarial value of the payments that would have been made to your beneficiary under the payment form you elected if you had died immediately after your pension had started in that payment form. This special survivor benefit applies only if you have a signed and fully complete pension form election on file, on which you have elected a payment form and a start date for your pension. Only elections filed within the 90-day period prior to the scheduled pension start date count for this purpose.

Adjustment for survivor benefits received under other formulas

If your spouse or domestic partner is receiving a survivor benefit attributable to a benefit you accrued under another formula in the plan (for example, a Citigroup cash balance account), his or her survivor benefit under this Appendix will be reduced by the other survivor benefit.

Payment forms

Your spouse or domestic partner can elect to receive the survivor benefit in one (1) of the following forms, each of which is the actuarial equivalent of the present value amount described above:

- Single life annuity for your spouse or domestic partner's life. This is a monthly benefit paid for your spouse or domestic partner's lifetime.

* If you are a retiree who retired early before January 1, 2006, your spouse or domestic partner may also be eligible for the special survivor benefit.

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- 10-year certain and life annuity. This pays a reduced monthly benefit for the longer of your spouse or domestic partner's lifetime or ten (10) years. If your spouse or domestic partner dies within ten (10) years after benefits begin, your spouse or domestic partner's beneficiary will receive the payments for the balance of the ten (10)-year period.

Special Rule For Rehires

If you are eligible for benefits under this Appendix and your employment terminates, you will not forfeit your status as a Grandfathered TIC Participant upon your rehire as long as you are rehired as a regular status, full-time employee. You will continue to earn cash balance benefits under the main plan formula, and at the time you retire, your benefit under this Appendix will be compared to your cash balance account and your TIC cash balance account as described earlier in this section.

Deciding Whether To Defer A Distribution

In deciding when to receive a distribution from the plan, you may want to consider several factors. The following is a discussion of what you might want to consider (more information about these topics is found elsewhere in this Appendix):

Early Retirement.

“Early retirement” generally means that you terminated employment after you (i) both attained age 55 and completed ten (10) years of vesting service, and (ii) before your normal retirement age (65).

If you qualify for an early retirement, the plan provides “subsidized” early retirement benefits, which means that the actuarial value of your reduced early retirement pension is greater than if you wait and start your benefits later. (The “actuarial value” of your pension is the present value of your total expected pension payments, determined using interest and mortality assumptions.)

Plan Interest Rates In Effect.

When you elect to receive your benefit under this Appendix, you will be offered several optional annuity payment forms. These payment forms are all actuarially equivalent – that is, the present value of the total expected payment stream to you, determined using mortality and interest assumptions, is the same, no matter which payment form you elect.

However, because the actuarial assumptions change from year to year, when you start to receive your payment may impact the value of your expected payment stream. The interest and mortality assumption changes automatically each January. A lower interest rate generally will result in smaller monthly payments than a higher interest rate.

Benefits to Your Survivor.

If you die after you are vested but prior to the start of your pension, the plan provides a survivor benefit to your surviving spouse or domestic partner. The survivor benefit is calculated as described under the section titled “SURVIVOR BENEFITS” (above). Your spouse or domestic partner is generally entitled to the survivor portion of a 50% joint and survivor annuity.

However, if you elect to start an immediate pension, you can elect to receive it in the form of a joint and survivor annuity that provides a monthly payment equal to either 100% or 75% of the amount you received during your lifetime to your spouse or domestic partner after your death. Delaying the start of your pension thus may impact the survivor benefit available to your spouse or domestic partner.

Charge for Preretirement Survivor Protection.

If your employment ends after you are vested but prior to the date you are eligible to commence your benefit (that is, you are eligible for a “deferred vested” benefit), the plan provides survivor protection as described above. However, your benefit is reduced to cover the cost of this protection. The longer the protection is in place, the more your ultimate pension benefit will be reduced. If the preretirement survivor charge applies to you, delaying the start of your pension will reduce the amount of your ultimate pension benefit.

Appendix E

Appendix E: Special Rules For Former Participants In The Associates Plan

If you were an active participant in the Associates First Capital Corporation Pension Plan (the “Associates Plan”) on December 31, 2001, you have a grandfathered benefit under the plan. You may be either a “Grandfathered Associates Participant” or an “Associates Participant,” as described below.

Eligibility

You are a “Grandfathered Associates Participant” if you were an active participant in the Associates First Capital Corporation Pension Plan on December 31, 2001, and you:

- Were 50 years or older with at least ten (10) years of vesting service and the sum of your age and service was at least 65 as of December 31, 2001;
- Were 62 or older with at least two (2) years of vesting service as of November 30, 2000; or
- Were 52 or older with at least seven (7) years of vesting service as of November 30, 2000.

For Grandfathered Associates Participants, your plan benefit is determined solely under this Appendix E and you do not have a cash balance account under the main portion of the plan.

If you are not a “Grandfathered Associates Participant” because you do not meet the age and service requirements in the paragraph above, but you were an active participant in the Associates Plan on December 31, 2001, your plan benefit for service through December 31, 2001 was determined under the rules in this Appendix E. Your plan benefit for service from December 31, 2001 - December 31, 2004 was determined under the legacy Travelers cash balance formula. Your plan benefit for service beginning after December 31, 2004 is determined under the cash balance formula under the main portion of the plan.

Vesting

If you are a Grandfathered Associates Participant, you are 100% vested in the benefit described under this Appendix. If you are an Associates Participant, you become vested in the benefit described under this Appendix when you have three (3) years of vesting service.

Types Of Retirement

Under this Appendix, there are three (3) types of retirement - normal retirement, early retirement and late retirement. If your termination of employment does not qualify as a retirement, then you may be eligible for a deferred vested benefit. This is described later in this section under the heading “Deferred vested benefit.”

Normal retirement

This is when you terminate employment at age 65 (or later date on which you have five (5) years of vesting service).

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Late retirement

This is when you terminate employment after your 65th birthday (or later if you did not have five (5) years of vesting service on your 65th birthday). Your benefits must begin no later than your “required beginning date” - April 1 of the calendar year following the later of the calendar year in which your employment ends or the calendar year in which you reach age 70½.

Early retirement

This is when you terminate employment after age 55 with five (5) or more years of vesting service. Your benefit is reduced for early retirement.

Normal Retirement Benefit

Your monthly normal retirement benefit from the plan is calculated using the following formula.

- 2% of Final Average Earnings times Benefit Service up to 20 years PLUS
- 1% of Final Average Earnings times Benefit Service over 20 years MINUS
- 1.25% of your Social Security Benefit beginning at age 65 (or current age if older) times Benefit Service (up to 40 years) (the maximum Social Security offset under this portion of the formula is 50% of your Social Security benefit).

This is your age 65 monthly life annuity.

Important Definitions

Benefit Service

This is generally the period from your date of hire to the date you leave the company, or December 31, 2001, if you are not a Grandfathered Associates Participant. Benefit service also includes certain periods of absence, such as medical, disability and military leave (as long as you return within the time period permitted by law).

Social Security Benefit

This is your estimated monthly Social Security benefit at age 65 - or later, if you continue working after 65. Travelers estimates your Social Security Benefit based on the following:

- The Social Security Act and benefit levels in effect on the January 1 on or before the date your employment terminates; and
- Your earnings history. If you leave the company before age 65, it will be assumed that you had continued working at the same pay rate until age 65. For years before your employment with the company, your earnings are estimated using a 6% salary scale.

Appendix E

Final Average Earnings

Your “final average earnings” is your highest average monthly pensionable earnings (see “Your Pay under the plan” in the main Pension section for a definition of “pensionable earnings”) for 60 consecutive months during your last 120 months (ten (10) years) of employment with the company. Your pensionable earnings for your final month of employment may be estimated for purposes of calculating your final average earnings in order to facilitate calculation and timely payment of your pension benefit. Your final month of pay will be included as part of the 60 or 120 months only if doing so operates to your benefit (relative to not including that month).

If you work part-time, your actual part-time earnings are used in determining your final average earnings (that is, your earnings are not converted to a full-time equivalent).

Late Retirement Benefit

Your late retirement benefit will be calculated using the normal retirement benefit formula. If you are still working as of April 1 of the calendar year following the calendar year you reach age 70½, you can elect to start your benefit as of that April 1. If you do not choose to start your pension at that time, when you do retire, your benefit will be the greater of that produced under the pension formula as of your actual retirement, or the pension you would have received if you had retired on the last day of the prior year, actuarially increased for delayed commencement..

Early Retirement Benefit

[Note: These special rules for determining the early retirement benefit reduction apply only if you retire on or after your earliest retirement date. These rules do not apply if you terminate employment before your earliest retirement date. If you terminated employment before your earliest retirement date, refer to the “Deferred vested benefit” section immediately following this section for information on how to calculate your benefit.]

As an active participant in the plan, you can retire as early as age 55 if you have at least five (5) years of vesting service.

Your early retirement benefit will be calculated using the normal retirement formula at the time you retire. If you retire early, your benefits must begin no later than your “required beginning date” - April 1 of the calendar year following the calendar year in which you reach age 70½.

If you begin receiving benefits before your 65th birthday, your benefit will be reduced for early commencement as shown in the following table:

Appendix E

If you are this age when benefits begin	You receive this percentage of your vested benefit*:
65	100%
64	95.8%
63	91.6%
62	87.4%
61	83.2%
60	79.0%
59	74.8%
58	70.6%
57	66.4%
56	62.2%
55	58.0%

You will receive a notice explaining how your benefits are affected if you begin payments before your 65th birthday.

Deferred Vested Benefit

Once you have completed three (3) years of vesting service, you will be vested. That means that you will be entitled to a benefit from the plan. If your employment with the company ends before you have three (3) years of vesting service, you will forfeit your retirement benefit.

If you are vested but your termination does not qualify as an early, normal or late retirement, you will be eligible for a deferred vested benefit.

Calculating your deferred vested benefit

Your deferred vested benefit is calculated using the normal retirement formula shown above, using your final average salary and your credited service at the time of your termination of employment.

Benefit reduction

You are entitled to an unreduced benefit if you are age 65 at the time benefits commence. You may choose to have reduced monthly payments begin as early as age 55. Your benefits must begin no later than your "required beginning date" - April 1 of the calendar year following the calendar year in which you reach age 70½.

If you choose to begin receiving payments prior to age 65, your monthly retirement benefit will be reduced by 6% per year or .5% per month that payments begin before age 65. If you were employed on December 31, 1986 and your service is continuous between that date and the date that you terminated employment, the reduction factor for your deferred vested benefit will be the same as for early retirement benefits (as shown in the table on the previous page).

If You Become Disabled

If you became disabled and entitled to long-term disability benefits under a plan sponsored by Travelers or a predecessor of Travelers, your period of disability was deemed to be vesting service and Benefit Service under this Appendix. Your final average earnings was determined using your base salary at the time you became disabled, and was deemed to remain constant until the date you retire or your employment ends. Any eligible bonuses and commissions were included, based on the average bonuses and commissions paid during the three (3) years before you became disabled.

The plan was amended on December 31, 2004, to cap the disability benefit outlined in the previous paragraph. If you were disabled under this provision on December 31, 2004, your period of continued service and pay due to your disability ended on the earlier of (a) December 31, 2005, or (b) the date you recover from your disability. If you were not disabled under this provision on December 31, 2004, a future disability will only be treated as continued service and qualify for inclusion under the final average pay calculation for three (3) months, or such other time as is consistent with Travelers' disability leave policy in effect at the time you become disabled.

How Benefits Are Paid

Your benefit under this Appendix is payable in any of the forms described in the section titled "Forms of Payment." Other optional forms of payment for this benefit include:

- **Lump sum.** If you were hired before January 1, 1989, and the lump-sum value of your Appendix E benefit is \$10,000 or less, you can receive your benefit in a single lump sum. If you elect this option, you will receive a single lump-sum payment of the present value of your normal retirement benefit determined under this Appendix. You need your spouse's consent for this payment form.
- **50%, 75%, or 100% joint and survivor annuity (with non-spouse joint annuitant).** This pays a reduced monthly benefit to you during your lifetime, with an amount payable to your joint annuitant after you die, for his/her lifetime. You elect the amount to be continued to your joint annuitant from among the available percentages. You only need your spouse's consent for this payment form if your joint annuitant is not your spouse.
- **Level income option.** This option is designed to level out monthly payments through your lifetime and is available if you retire between ages 55 and 62. Participants who are entitled to a deferred vested benefit cannot elect this option. Under this option, you will receive a larger monthly pension until you reach your earliest social security retirement age (or age 65 if you choose). Then payments will decrease. If you choose this option, your total income from the plan and Social Security will be approximately level throughout your retirement. You can combine this option with a 50%, 75%, or 100% joint and survivor annuity that provides your beneficiary with a survivor annuity after your death. You need your spouse's consent for this payment form.

If the value of your total plan benefit is not more than \$5,000, your benefit will be paid as a lump sum and the annuity options are not available. In this case, your spouse's consent is not required.

Appendix E

Value of optional forms

The value of any optional form will be the same on an actuarial basis as the single life annuity. Actuarial equivalence for this purpose is determined using the interest rate assumption and mortality assumption under the main text of the plan. See “Value of optional forms” in Appendix B for details.

Survivor Benefits

If you die before you begin to receive your benefit under this Appendix, your spouse or domestic partner will receive a survivor benefit. The survivor benefit will either be a “standard” survivor benefit or a “special” survivor benefit. Whether your spouse or domestic partner is eligible for the standard survivor benefit or the special survivor benefit depends on your employment status, your age at death, and the amount of service you had.

Standard Survivor Benefit

If your death occurred either 1) while you were actively employed, but you did not meet the requirements for the special survivor benefit, or 2) after your employment ended but before you commenced your benefit, your spouse or domestic partner will receive the standard survivor benefit; provided however, that if you are a retiree who retired early before January 1, 2006, your spouse or domestic partner may also be eligible for the special survivor benefit.

Attained Age	Annual Percentage Reduction in Accrued Benefit
Less than 30	0.03%
30 – 34	0.04%
35 – 39	0.06%
40 – 44	0.08%
45 – 49	0.15%
50 – 54	0.26%
55 – 59	0.42%
60 – 64	0.63%
65 – 69	0.90%

- If you die on or after the date on which you could have started to receive your benefit, the survivor benefit is equal to 50% of the annuity that would have been payable if you terminated employment on your date of death, began receiving your benefit as a 50% joint and survivor annuity, and died the next day. This survivor benefit is payable as early as the first of the month following your date of death.

Special Survivor Benefit

If your death occurred while you were actively employed with the company or while you were performing qualified military service, and either 1) you were at least age 50 at death with at least ten (10) years of vesting service, or 2) you had 20 years of vesting service (regardless of your age), your spouse or domestic partner is eligible for a special survivor benefit.*

The special survivor benefit is equal to 50% of the annuity that would have been payable if you terminated employment on your date of death (or your actual termination of employment if earlier), were eligible to immediately commence an unreduced benefit, began receiving your benefit as a 50% joint and survivor annuity, and died the next day.

Your spouse or domestic partner may begin to receive this survivor benefit as of the first of any month following your death. In all cases, benefits to your spouse or domestic partner must begin by the time you would have reached age 65.

* If you are a retiree who retired early before January 1, 2006, your spouse or domestic partner may also be eligible for the special survivor benefit.

Special Rule For Rehires

If you are eligible for benefits under this Appendix and your employment terminates, you will forfeit your status as an Associates Participant upon your rehire. If you are a Grandfathered Associates Participant, this means that you will no longer continue to earn benefits under this Appendix. Your benefit under this Appendix will be frozen, and you will earn cash balance benefits under the main plan formula upon your reemployment. If you are an Associates Participant you will continue to earn cash balance benefits under the main plan formula.

At the time you retire, you will receive both your cash balance account and your Appendix E benefit.

Deciding Whether To Defer A Distribution

In deciding when to receive a distribution from the plan, you may want to consider several factors. The following is a discussion of what you might want to consider (more information about these topics is found elsewhere in this Appendix):

Vested Pension.

If you do not qualify for early retirement when your employment ends, you may still be able to start your pension prior to your normal retirement age (65). You are eligible to begin receiving your pension benefit as early as age 55. Your monthly pension is reduced for each month prior to your normal retirement age. The reduction is 1/2 of 1% for each month (6% for each year). (Certain participants who were employed on December 31, 1986 and continuously through the date their employment terminated qualify for “subsidized” benefits as described under “Early Retirement” below.)

Early Retirement.

Early retirement generally means that you terminated employment after you both attained age 55 and completed five (5) years of vesting service, and before your normal retirement age (65).

If you qualify for an early retirement, the plan provides “subsidized” early retirement benefits, which means that the actuarial value of your reduced early retirement pension is greater than if you wait and start your benefits later. (The “actuarial value” of your pension is the present value of your total expected pension payments, determined using interest and mortality assumptions.)

Plan Interest Rates In Effect.

When you elect to receive your benefit under this Appendix, you will be offered several optional annuity payment forms. These payment forms are all actuarially equivalent – that is, the present value of the total expected payment stream to you, determined using mortality and interest assumptions, is the same, no matter which payment form you elect.

However, because the actuarial assumptions change from year to year, when you start to receive your payment may impact the value of your expected payment stream. The interest and mortality assumption changes automatically each January. A lower interest rate generally will result in smaller monthly payments than a higher interest rate.

Appendix E

Benefits to Your Survivor.

If you die after you are vested but prior to the start of your pension, the plan provides a survivor benefit to your surviving spouse or domestic partner. This benefit is a life annuity in a monthly amount generally equal to the monthly amount that would have been paid to your spouse or domestic partner if you had started to receive a pension benefit in the form of a 50% joint and survivor annuity at the time of your death (or at the first time you could have started your pension if you had a termination of employment and survived to your earliest payment age).

However, if you elect to start an immediate pension, you can elect to receive it in the form of a joint and survivor annuity that provides a monthly payment equal to either 100% or 75% of the amount you received during your lifetime to your spouse or domestic partner after your death. Delaying the start of your pension thus may impact the survivor benefit available to your spouse or domestic partner.

Appendix F: Special Rules For Travelers Insurance Company Participants

If you were a participant in the former Pension Plan for Salaried Employees of the Travelers Insurance Company and Certain of its Affiliates (the “TIC Plan”) and a portion of the benefit transferred from the Citigroup Pension Plan to the Travelers Pension Plan was attributable to your participation in the TIC plan, that portion of your benefit is your TIC Account described in this Appendix F.

Vesting

You become vested in your TIC Account when you become vested in your cash balance account under the main section of the plan. See “Vesting” in the Pension section.

TIC Account Credits

Your TIC Account does not receive any pay credits. It does receive interest credits, which are always at the annual rate of 6%.

Types Of Retirement

Under this Appendix, there are three (3) types of retirement - normal retirement, early retirement and late retirement. If your termination of employment does not qualify as a retirement, then you may be eligible for a deferred vested benefit. This is described later in this section under the heading “Deferred vested benefit.”

Normal retirement

This is when you terminate employment at age 65 (or later date on which you have five (5) years of vesting service).

Late retirement

This is when you terminate employment after your 65th birthday (or later if you did not have five (5) years of vesting service on your 65th birthday). Your benefits must begin no later than your “required beginning date” - April 1 of the calendar year following the later of the calendar year in which your employment end or the calendar year in which you reach age 70½.

Early retirement

This is when you terminate employment after age 55 with ten (10) or more years of vesting service. Your benefit is reduced for early retirement.

Normal Retirement Benefit

Your monthly normal retirement benefit from the plan is calculated as a single life annuity by dividing your TIC Account balance as of the date your normal retirement benefit begins by 120.

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Late Retirement Benefit

Your late retirement benefit will be calculated using the normal retirement benefit formula. You will continue to receive TIC Account interest credits following your normal retirement date.

If you are still working as of April 1 of the calendar year following the calendar year you reach age 70½, you can elect to start your benefit as of that April 1. If you do not choose to start your pension at that time, when you do retire, your benefit will be the greater of that produced under the pension formula as of your actual retirement, or the pension you would have received if you had retired on the last day of the prior year, actuarially increased for delayed commencement.

Early Retirement Benefit

[Note: These special rules for determining the early retirement benefit reduction apply only if you retire on or after your earliest retirement date. These rules do not apply if you terminate employment before your earliest retirement date. If you terminated employment before your earliest retirement date, refer to the “Deferred vested benefit” section immediately following this section for information on how to calculate your benefit.]

As an active participant in the plan, you can retire as early as age 55 if you have at least ten (10) years of vesting service. If you retire early, your benefits must begin no later than your “required beginning date” - April 1 of the calendar year following the calendar year in which you reach age 70½.

Your early retirement benefit will be calculated by dividing your TIC Account at your commencement date by 120. Your early retirement benefit may be increased slightly depending on your age when you start your benefit and depending on your spouse or domestic partner’s age. That is because an adjustment is made to your benefit under a specific table set forth in the plan. The highest possible increase is between 3% and 4%, but your adjustment may be less than that or you may receive no adjustment based on the table.

Deferred Vested Benefit

Once you have completed three (3) years of vesting service, you will be vested. That means that you will be entitled to a benefit from the plan. If your employment with the company ends before you have three (3) years of vesting service, you will forfeit your retirement benefit.

If you are vested but your termination does not qualify as an early, normal or late retirement, you will be eligible for a deferred vested benefit.

Calculating your deferred vested benefit

Your deferred vested benefit is calculated using the normal retirement formula shown above.

Benefit reduction

You are entitled to an unreduced benefit if you are age 65 at the time benefits commence. You may choose to have reduced monthly payments begin as early as age 55. Your benefits must begin no later than your “required beginning date” - April 1 of the calendar year following the calendar year in which you reach age 70½.

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If you choose to begin receiving payments prior to age 65, your monthly retirement benefit will be reduced. The amount of the reduction depends upon when you begin to receive your benefit, and when you became a participant in the TIC plan. The following tables indicate the percentage of your age 65 benefit that you will receive if you elect to receive payments earlier than age 65. To determine your age 65 benefit for this purpose, your TIC Account will be credited with interest at the normal rate (6% annually) projected to the date that you will reach age 65. This projected account balance is converted to a single life annuity by dividing by 120. The result is multiplied by the applicable percentage from the applicable chart below to determine your actual deferred vested benefit.

If you were a participant in the TIC Plan on or before March 31, 1993	
If you are this age when benefits begin	You receive this percentage of your vested benefit:
65	100%
64	93.3%
63	86.6%
62	79.9%
61	73.2%
60	66.5%
59	63.2%
58	59.9%
57	56.6%
56	53.3%
55	50.0%

If you became a participant in the TIC Plan after March 31, 1993	
If you are this age when benefits begin	You receive this percentage of your vested benefit:
65	100%
64	89.157%
63	79.701%
62	71.423%
61	64.150%
60	57.740%
59	52.070%
58	47.042%
57	42.568%
56	38.579%
55	35.013%

Appendix F

How Benefits Are Paid

Your benefit under this Appendix is payable in any of the forms described in the section titled “Forms of Payment.” Other optional forms of payment for this benefit are the same as those available to Grandfathered TIC Participants (described in Appendix D). In addition, your TIC Benefit is payable in a single lump sum, if the value of your TIC Benefit, as of the benefit commencement date is \$5,000 or less.

If the value of your total plan benefit is not more than \$5,000, your benefit will be paid as a lump sum and the annuity options are not available. In this case, your spouse’s consent is not required.

Survivor Benefits

If you die before you begin to receive your benefit under this Appendix, your spouse or domestic partner will receive a survivor benefit. The survivor benefit will either be a “standard” survivor benefit or a “special” survivor benefit. Whether your spouse or domestic partner is eligible for the standard survivor benefit or the special survivor benefit depends on your employment status, your age at death, and the amount of service you had.

Standard Survivor Benefit

If your death occurred either 1) while you were actively employed, but you did not meet the requirements for the special survivor benefit, or 2) after your employment ended but before you commenced your benefit, your spouse or domestic partner will receive the standard survivor benefit; provided however, that if you are a retiree who retired early before January 1, 2006, your spouse or domestic partner may also be eligible for the special survivor benefit.

The standard survivor benefit is calculated as follows:

- If you die **before** the date on which you could have started to receive your benefit, the survivor benefit is equal to 50% of the annuity that would have been payable if you terminated employment on your date of death (or your actual termination of employment if earlier), survived to early retirement eligibility, began receiving your benefit as a 50% joint and survivor annuity, and died the next day. This survivor benefit is payable no earlier than the first day of the calendar month following the calendar month in which you could have reached your earliest retirement date (age 55 if you had ten (10) years of service, or age 65).

There is a charge for the standard survivor benefit coverage if you terminate employment after you are vested and at the time of your termination of employment you are not eligible to receive your pension benefit, *i.e.*, there is no charge if at the time of your termination of employment you are eligible to receive your pension benefit. You pay this survivor benefit charge through a reduction in your pension and survivor benefit, as shown in the chart below. Because you are charged for coverage, you can waive coverage in writing if you wish. If you are married, your spouse must consent in writing to the waiver. Your spouse’s signature on the waiver form must be notarized.

Attained Age	Annual Percentage Reduction in Accrued Benefit
Less than 30	0.03%
30 - 34	0.04%
35 - 39	0.06%
40 - 44	0.08%
45 - 49	0.15%
50 - 54	0.26%
55 - 59	0.42%
60 - 64	0.63%
65 - 69	0.90%

Appendix F

- If you die **on or after** the date on which you could have started to receive your benefit, the survivor benefit is equal to 50% of the annuity that would have been payable if you terminated employment on your date of death, began receiving your benefit as a 50% joint and survivor annuity, and died the next day. This survivor benefit is payable as early as the first of the month following your date of death.

Special Survivor Benefit

If your death occurred while you were actively employed with the company or while you were performing qualified military service, and either 1) you were at least age 50 at death with at least ten (10) years of vesting service, or 2) you had 20 years of vesting service (regardless of your age), your spouse or domestic partner is eligible for a special survivor benefit.*

The special survivor benefit is equal to 50% of the annuity that would have been payable if you terminated employment on your date of death (or your actual termination of employment if earlier), were eligible to immediately commence an unreduced benefit, began receiving your benefit as a 50% joint and survivor annuity, and died the next day.

Your spouse or domestic partner may begin to receive this survivor benefit as of the first of any month following your death. In all cases, benefits to your spouse or domestic partner must begin by the time you would have reached age 65.

Special Rule For Rehires

If you are eligible for benefits under this Appendix and your employment terminates, you will not forfeit your status as a TIC Participant upon your rehire.

Deciding Whether To Defer A Distribution

In deciding when to receive a distribution from the plan, you may want to consider several factors. The following is a discussion of what you might want to consider (more information about these topics are found elsewhere in this Appendix or in Appendix D):

Vested Pension.

If you do not qualify for early retirement when your employment ends, you may still be able to start your pension prior to your normal retirement age (65). When you start your pension may affect the value of your benefit. You are eligible to begin receiving your pension benefit as early as age 55, if you have ten (10) years of vesting service, or otherwise age 65. Your monthly pension is reduced for each month prior to your normal retirement age.

Early Retirement.

“Early retirement” generally means that you terminated employment after you (i) both attained age 55 and completed ten (10) years of vesting service, and (ii) before your normal retirement age (65). If you qualify for an early retirement, the plan provides “subsidized” early retirement benefits, which means that the actuarial value of your reduced early retirement pension is greater than if you wait and start your benefits later. (The “actuarial value” of your pension is the present value of your total expected pension payments, determined using mortality and interest assumptions.) If you qualify for an early retirement and you choose to commence your pension early, your monthly payment is calculated by dividing your TIC cash balance account at the time your benefit commences by 120.

* If you are a retiree who retired early before January 1, 2006, your spouse or domestic partner may also be eligible for the special survivor benefit.

Appendix F

Plan Interest Rates In Effect.

When you elect to receive your benefit under this Appendix, you will be offered several optional annuity payment forms. These payment forms are all actuarially equivalent – that is, the present value of the total expected payment stream to you, determined using mortality and interest assumptions, is the same, no matter which payment form you elect.

However, because the actuarial assumptions change from year to year, when you start to receive your payment may impact the value of your expected payment stream. The interest and mortality assumption changes automatically each January. A lower interest rate generally will result in smaller monthly payments than a higher interest rate.

Benefits to Your Survivor.

If you die after you are vested but prior to the start of your pension, the plan provides a survivor benefit to your surviving spouse or domestic partner. The survivor benefit is calculated as described under the section titled “SURVIVOR BENEFITS” (previous page). Your spouse or domestic partner is generally entitled to the survivor portion of a 50% joint and survivor annuity.

However, if you elect to start an immediate pension, you can elect to receive it in the form of a joint and survivor annuity that provides a monthly payment equal to either 100% or 75% of the amount you received during your lifetime to your spouse or domestic partner after your death. Delaying the start of your pension thus may impact the survivor benefit available to your spouse or domestic partner.

Charge for Preretirement Survivor Protection.

If your employment ends after you are vested but prior to the date you are eligible to commence your benefit (that is, you are eligible for a “deferred vested” benefit), the plan provides survivor protection as described above. However, your benefit is reduced to cover the cost of this protection. The longer the protection is in place, the more your ultimate pension benefit will be reduced. If the preretirement survivor charge applies to you, delaying the start of your pension will reduce the amount of your ultimate pension benefit.

Appendix G: Historic St. Paul Companies, Inc. Retirement Plan Provisions

The St. Paul Companies, Inc. Employees' Retirement Plan was established on January 1, 1943. Since that date, the plan was amended from time to time. Certain provisions continue to apply to employees who participated in the St. Paul Companies, Inc. Employees' Retirement Plan prior to these amendments.

Participation Provisions

If you were hired before January 1, 1976, plan participation was immediate.

From January 1, 1976 through December 31, 1983, you became a participant after attaining age 24 and completing one (1) year of service.

From January 1, 1984 through December 31, 1988, you became a participant after attaining age 20 and completing one (1) year of service.

From January 1, 1989 through December 31, 2000, you became a participant on the first of the month following one (1) year of service.

From January 1, 2001 through December 31, 2004, plan participation was immediate.

Service Calculation Provisions

The plan has used various methods to calculate your years of service.

For service before 1976, the plan used consecutive full years of actual employment with The St. Paul and its affiliates.

From 1976 through 1988, the plan used actual hours worked per employment anniversary year.

From 1989 to 2004, the plan used an hours equivalency method to calculate service. In general, you received 90 hours of service for each biweekly pay period in which you worked at least one (1) hour.

Beginning in 2005, the plan uses elapsed time to calculate vesting and credited service. To earn a year of service under the elapsed time method, you must generally be employed for 12 months, however, absences of less than 12 months are included if you return to employment. In addition, you receive elapsed time credit for certain leaves of absence.

Vesting Service Provisions

For service before 1976, you received one (1) year of vesting service for each consecutive, uninterrupted employment anniversary year beginning with your hire date. You must have worked a full twelve months to receive one (1) year of service, including working part time.

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From 1976 to 2004, you earned a year of vesting service for each anniversary year in which you were credited with working at least 1,000 hours of service.

Beginning in 2005, you earn a year of vesting service for each 12-month period that you are employed, with credit given for certain lengths and types of absences.

Vested Status Provisions

Prior to January 1, 1976, the plan required 20 years of service and attainment of age 45 to be 50% vested.

From January 1, 1976 through January 1, 1989, the plan required ten (10) years of service to be vested.

From January 1, 1989 through December 31, 2007, the plan required five (5) years of service to be vested.

For participants with one (1) or more hours of service on or after January 1, 2008, the plan requires three (3) years of service to be vested.

Credited Service Provisions

For service before 1976, you received one (1) year of credited service for each year of consecutive uninterrupted employment beginning with your hire date.

From January 1, 1976 through December 31, 2002, you received one (1) year of credited service for each accrual year you were credited with 1700 hours.

Beginning January 1, 2003, the plan uses elapsed time to count credited service (this is only applicable to participants who are under the Traditional Pension formula described in Appendix B). You receive one (1) year of credited service for each 12-month period that you are employed, with credit given for certain lengths and types of absences.

Prior Service Provisions

If you terminated your employment prior to January 1, 1976 and later returned to employment, your prior years of service are not restored.

If you terminated your employment between January 1, 1976 and January 1, 1985, and your prior service is equal to or greater than the period of time you were away from The St. Paul, your prior service will be restored.

Deferred Vested Benefit Service Requirements

If you have a deferred vested benefit under this plan, you must receive your benefit no later your “required beginning date,” which is generally April 1 following the year in which you attain age 70½. If you participated in the USF&G pension plan and terminated your employment with USF&G before January 1, 1992, the plan required that you have 20 years of service in order to be eligible to receive your benefit as early as age 55. Otherwise, you must wait until you are 65 to receive your benefit. If you participated in The St. Paul plan and left before January 1, 1989, the plan required that you have 20 years of service in order to be eligible to receive your benefit as early as age 55. Otherwise, you must wait until you are 62 to receive your benefit.



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