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TRAVELERS PROPERTY CASUALTY CORP  
Form 11-K  
June 30, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

Commission file number: 001-31266

- A. Full title of the plan and address of the plan, if different from that of the issuer named below:

Travelers 401(k) Savings Plan

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

TRAVELERS PROPERTY CASUALTY CORP.  
ONE TOWER SQUARE  
HARTFORD, CT 06183

TRAVELERS  
401(k) SAVINGS PLAN

Financial Statements and Supplemental Schedule

December 31, 2002

(With Independent Auditors' Report Thereon)

TRAVELERS  
401(k) SAVINGS PLAN

Financial Statements and Supplemental Schedule

December 31, 2002

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# Edgar Filing: TRAVELERS PROPERTY CASUALTY CORP - Form 11-K

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## SUPPLEMENTAL SCHEDULE: \*

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\* Schedules required by Form 5500 which are not applicable have not been included.

## INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants of the  
Travelers 401(k) Savings Plan:

We have audited the accompanying statement of net assets available for plan benefits of the Travelers 401(k) Savings Plan (the Plan) as of December 31, 2002, and the related statement of changes in net assets available for plan benefits for the period August 20, 2002 (inception of Plan) to December 31, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Travelers 401(k) Savings Plan as of December 31, 2002, and the changes in net assets available for plan benefits for the period August 20, 2002 (inception of Plan) to December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule H, Line 4i-Schedule of assets (held at end of year) - December 31, 2002 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, New York  
June 30, 2003

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TRAVELERS 401(k) SAVINGS PLAN

Statement of Net Assets Available for Plan Benefits

As of December 31, 2002

ASSETS

|                                    |                  |
|------------------------------------|------------------|
| Investments at fair value (note 3) | \$ 1,073,510,400 |
|                                    | -----            |
| Receivables:                       |                  |
| Employer contributions             | 17,808,417       |
| Accrued interest and dividends     | 310,250          |
| Investments sold but not delivered | 1,329,977        |
|                                    | -----            |
| Total receivables                  | 19,448,644       |
|                                    | -----            |
| TOTAL ASSETS                       | 1,092,959,044    |
|                                    | -----            |

LIABILITIES

|                                        |                  |
|----------------------------------------|------------------|
| Investments purchased but not received | 555,229          |
| Administrative fees payable            | 421,716          |
|                                        | -----            |
| TOTAL LIABILITIES                      | 976,945          |
|                                        | -----            |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS | \$ 1,091,982,099 |
|                                        | =====            |

See accompanying notes to financial statements.

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TRAVELERS 401(k) SAVINGS PLAN

Statement of Changes in Net Assets Available for Plan Benefits

For the Period August 20, 2002 (inception of Plan) to December 31, 2002

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

|                                                        |              |
|--------------------------------------------------------|--------------|
| Investment income:                                     |              |
| Net appreciation in fair value of investments (note 3) | \$ 4,679,376 |
| Dividends                                              | 3,025,093    |
| Interest                                               | 5,434,076    |
|                                                        | -----        |
|                                                        | 13,138,545   |
| Less investment expenses                               | 469,810      |
|                                                        | -----        |
| Net investment income                                  | 12,668,735   |

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|                                                        |                  |
|--------------------------------------------------------|------------------|
| CONTRIBUTIONS:                                         |                  |
| Employee contribution                                  | 23,856,753       |
| Employee rollover contribution                         | 958,273          |
| Employer contribution                                  | 17,808,417       |
| TOTAL CONTRIBUTIONS                                    | 42,623,443       |
| Total additions                                        | 55,292,178       |
| DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:              |                  |
| Benefits paid to participants                          | 8,260,040        |
| TOTAL DEDUCTIONS                                       | 8,260,040        |
| NET INCREASE IN NET ASSETS AVAILABLE FOR PLAN BENEFITS | 47,032,138       |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS AT:             |                  |
| BEGINNING OF PERIOD                                    | -                |
| Transfer in from Citigroup 401(k) Plan                 | 1,044,949,961    |
| END OF PERIOD                                          | \$ 1,091,982,099 |

See accompanying notes to financial statements.

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### TRAVELERS 401(k) SAVINGS PLAN

#### Notes to Financial Statements

December 31, 2002

(1) PLAN DESCRIPTION

The following brief description of the Travelers 401(k) Savings Plan (the "Plan") is provided for general information purposes only. Participants should refer to the plan document for a more complete description of the Plan's provisions.

Travelers Property Casualty Corp. and participating affiliated companies (the "Company") was reorganized in connection with its Initial Public Offering in March 2002. Citigroup, Inc. (together with its consolidated subsidiaries, - "Citigroup") completed the spin-off of the Company, as an independent public company in August 2002 (the "Effective Date"). The Plan received an asset transfer from the Citigroup 401(k) Plan, and in conjunction therewith, assumed the liability for benefits previously provided under the Citigroup 401(k) Plan with respect to participants on the Effective Date in this Plan. The Company as the Plan Sponsor has the power to appoint a committee to carry out its administrative duties.

The Plan is a defined contribution section 401(k) plan that covers all eligible employees of the Company. The Plan is subject to the provisions of the Employee Income Retirement Security Act of 1974, as

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amended (ERISA).

INVESTMENT PROGRAMS - Employee contributions to the Plan are invested by the Plan's trustee, State Street Bank and Trust Company, as directed by the participants. The Plan offers participants a choice of funds in which to invest. As of December 31, 2002, the Plan offered the following investment funds:

1. TRAVELERS PROPERTY CASUALTY CORP. CLASS A STOCK FUND - This fund invests primarily in shares of the Company's class "A" common stock (TAP.A).
2. TRAVELERS PROPERTY CASUALTY CORP. CLASS B STOCK FUND - This fund invests primarily in shares of the Company's class "B" common stock (TAP.B).
3. CITIGROUP COMMON STOCK FUND - This fund invests primarily in shares of Citigroup Inc. common stock (C).
4. STABLE VALUE FUND - This fund invests in: (i) high-quality insurance, bank or like products, including guaranteed interest contracts, insurance company separate accounts, and general account insurance contracts, and (ii) collective investment funds that invest primarily in high quality, stable value investment contracts issued by insurance companies and banks and synthetic guaranteed investment contracts.
5. SMITH BARNEY MONEY FUNDS CASH PORTFOLIO FUND (class "Y" shares) - This fund invests in U.S. government obligations, high-quality commercial paper and other short-term obligations, corporate obligations, and municipal obligations.
6. FIXED-INCOME SECURITIES FUND - This fund is designed to be an enhanced fixed-income index fund and is expected to offer a return that is close to the index return.

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### TRAVELERS 401(k) SAVINGS PLAN

#### Notes to Financial Statements

December 31, 2002

7. SMITH BARNEY GOVERNMENT SECURITIES FUND (class "Y" shares) - This fund seeks to achieve its objective through investments, primarily in debt securities issued or guaranteed by the U.S. government, its agencies, or its instrumentalities. These include U.S. Treasury and mortgage-rated securities.
8. SMITH BARNEY DIVERSIFIED STRATEGIC INCOME FUND (class "Y" shares) - This fund invests primarily in three types of fixed income securities: U.S. government securities and U.S. government mortgage-related securities; foreign government securities, including securities issued by supranational organizations; and U.S. and foreign corporate debt securities.
9. SALOMON BROTHERS HIGH YIELD BOND FUND (class "O" shares) - This fund invests primarily in high-yield, fixed-income securities issued by

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U.S. and foreign corporations and foreign governments and their agencies and instrumentalities. The fund will limit its investments in emerging market governmental issuers to 35% of its assets.

10. CONSERVATIVE FOCUS FUND - This fund invests in a mix of fixed-income and equity funds. The fund is managed to approximate this target portfolio mix. The fund is rebalanced monthly or more often when justified by significant activity or changes in the market values of the underlying funds.
11. MODERATE FOCUS FUND - This fund invests in a mix of fixed-income and equity funds and is managed to approximate this target portfolio mix. The fund is rebalanced monthly or more often when justified by significant activity or changes in the market values of the underlying funds.
12. AGGRESSIVE FOCUS FUND - This fund invests in a mix of fixed-income and equity funds and is managed to approximate this target portfolio mix. The fund is rebalanced monthly or more often when justified by significant activity or changes in the market values of the underlying funds.
13. S&P 500 INDEX FUND - This fund invests in an index fund that replicates the composition of the S&P 500 Index, and the return for the fund is expected to be very close to that of the S&P 500. A relatively small cash balance is maintained for liquidity purposes, but it is equitized using S&P 500 stock index futures in order to keep the Fund fully invested.
14. SMITH BARNEY APPRECIATION FUND (class "Y" shares) - This fund invests primarily in equity securities of U.S. companies. The fund typically invests in medium- and large-capitalization companies and may invest in small-capitalization companies. Equity securities include exchange-traded and over-the-counter common stocks and preferred stocks, debt securities convertible into equity securities, and warrants and rights relating to equity securities.
15. SMITH BARNEY LARGE CAP GROWTH FUND (class "Y" shares) - This fund invests primarily in equity securities of companies with large market capitalizations. Large-capitalization companies are those with total market capitalizations of \$5 billion or more at the time of investment. Equity securities include U.S. exchange-traded and over-the-counter common stocks, debt securities convertible into equity securities, and warrants and rights relating to equity securities.

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TRAVELERS  
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Notes to Financial Statements

December 31, 2002

16. SMITH BARNEY LARGE CAP VALUE FUND (class "Y" shares) - This fund invests primarily in common stocks of U.S. companies having market capitalizations of at least \$5 billion at the time of investment.
17. SALOMON BROTHERS INVESTORS VALUE FUND (class "O" shares) - This fund

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invests primarily in common stocks of established U.S. companies. The fund also may invest in other equity securities. To a lesser degree, the fund invests in income-producing securities, such as debt securities.

18. STATE STREET GLOBAL ADVISORS RUSSELL 2000 INDEX SECURITIES LENDING FUND (Series A) - This fund attempts to invest in all 2,000 stocks in the Russell 2000 Index in proportion to their weighting in the Index. The Fund may also hold 2-5% of its value in futures contracts (an agreement to buy or sell a specific security by a specific date at an agreed upon price). The strategy of investing in the same stocks as the Index minimizes the need for trading and therefore results in lower expenses.
19. SMITH BARNEY AGGRESSIVE GROWTH FUND (class "Y" shares) - This fund invests primarily in common stocks of companies that the manager believes are experiencing, or will experience, growth in earnings that exceeds the average rate of earnings growth of the companies that comprise the S&P 500 Index. The fund may invest in the securities of large, well-known companies that offer prospects of long-term earnings growth. However, because higher earnings growth rates are often achieved by small- to medium-sized companies, a significant portion of the fund's assets are invested in the securities of such companies.
20. SMITH BARNEY INTERNATIONAL ALL CAP GROWTH FUND (class "Y" shares) - This fund invests primarily in equity securities of foreign companies. Equity securities include exchange-traded and over-the-counter common stocks and preferred shares, debt securities convertible into equity securities, and warrants and rights relating to equity securities.
21. INTERNATIONAL SECURITIES FUND - This fund invests 90% of its assets in the DFA International Value Portfolio IV and 10% in the Emerging Markets Portfolio II. Each portfolio is a separate fund managed by Dimensional Fund Advisors Inc. (DFA). The DFA International Value Portfolio IV invests in large non-U.S.-based companies in developed countries whose stocks DFA deems value stocks, typically because the shares have higher book value in relations to their market value. Generally, investments are in companies whose market capitalization (shares outstanding times market price) exceeds \$800 million and whose book-to-market ratio is in the top 30% of all companies of each country. DFA generally invests in the same countries as are found in the Morgan Stanley Europe, Australasia, Far East Index (EAFE), a widely followed international index for developed countries. The Emerging Markets Portfolio II invests in stocks of companies in countries whose economies have the potential for rapid economic growth. These countries are located in regions such as Southeast Asia, Latin America, and the Middle East. The portfolio will invest in companies whose market capitalization ranking by size is in the top 40th-75th percentile of the total market capitalization of public companies in the country.

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December 31, 2002

- 22. EURO-PACIFIC GROWTH FUND -This fund's assets may be invested in common stocks; securities convertible into common stocks, warrants and rights; debt securities; government securities; nonconvertible preferred stocks; repurchase agreements; and cash or cash equivalents. Holdings range from small firms to multinational corporations located in major world markets as well as in smaller, developing countries.
- 23. TEMPLETON DEVELOPING MARKETS TRUST FUND (class "A" Shares) - This fund invests primarily in equity securities of developing or emerging market issuers.
- 24. VAN KAMPEN EMERGING GROWTH FUND (class "A" shares) - This fund seeks to achieve its objective by investing in common stocks of emerging-growth companies.
- 25. VAN KAMPEN COMSTOCK FUND (class "A" Shares) - This fund emphasizes a "value" style of investing, seeking well-established, undervalued companies.
- 26. SALOMON BROTHERS CAPITAL FUND (class "O" Shares) - This fund invests in securities believed to have above-average price appreciation potential. The fund may invest in seasoned, established companies and relatively small new companies as well as new issues. The fund will not invest more than 25% of its assets in any particular industry.

EMPLOYEE CONTRIBUTIONS

Eligible employees who elect to participate in the plan may contribute up to 50% (in increments of 1%) of their eligible compensation as pre-tax contributions into the Plan (subject to statutory limitations of \$11,000 for 2002) as defined in the Plan.

EMPLOYER CONTRIBUTION

The Company makes employer matching contributions to the Company Common Stock Funds on behalf of eligible participants as defined in the Plan document. Allocations are based on participant's qualifying compensation and eligible pay, as provided in the Plan document. Each participant is entitled only to the benefits equal to the vested portion of their participant's account.

Travelers 401(k) Savings Plan Company Match for 2002 to be credited in 2003

| If total eligible compensation is: | For each \$1 contributed by the participant, the Company will contribute | To a maximum of:                                               |
|------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------|
| \$0 - \$50,000                     | \$3                                                                      | The lesser of 3% of eligible compensation or \$1,500 annually. |
| Greater-than \$50,000 - \$75,000   | \$2                                                                      |                                                                |
| Greater-than \$75,000 - \$100,000  | \$1                                                                      |                                                                |
| Greater-than \$100,000             | No matching contribution made.                                           |                                                                |



TRAVELERS  
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Notes to Financial Statements

December 31, 2002

The 2002 employer contribution was a receivable to the Plan as of December 31, 2002. The contribution amount for plan year 2002 was \$16,326,691 and was made on March 28, 2003. This amount was contributed in the Company's class "B" common stock. The Plan allows for the Company to make discretionary profit sharing contributions to the Plan. There were no such contributions for 2002.

Aetna Supplemental Company Contribution

The Aetna Supplemental Company Contribution is a supplement to the Travelers 401(k) Savings Plan. The Aetna Supplemental Company Contribution was established in conjunction with the April 2, 1996 acquisition by Travelers Insurance Group Holding Inc. of the outstanding capital stock of Travelers Casualty and Surety Company (formerly Aetna Casualty and Surety Company) and the Standard Fire Insurance Company. It provides a fixed annual contribution into the Plan for eligible employees ("Aetna Participants").

The contribution amount for each Aetna Participant is fixed for each year the employee remains actively employed with the Company. In the year an employee terminates employment, retires, becomes disabled or dies, the contribution will be prorated to reflect the number of full months worked. The Aetna Participants are fully vested in this supplemental account. The 2002 Aetna Supplemental Company Contribution was a receivable to the Plan as of December 31, 2002. The contribution amount for plan year 2002 was \$1,481,726 and was made in February 2003.

VESTING

Participants are fully vested in their contributions to the Plan plus actual earnings thereon. The Plan provides for participants to be one-hundred percent (100%) vested in employer contributions after completion of three years of service.

Amounts forfeited from Participant Accounts during a plan year shall be applied, at the Company's discretion, to pay the Plan administration expenses or to reduce the employer contribution amount which would otherwise be required for any matching contribution or profit-sharing contributions made under the Plan. There were no forfeitures in 2002.

PLAN TERMINATION

The Company expects to continue the Plan indefinitely, but reserves the right at any time to terminate the Plan in its entirety. The Company may also completely discontinue contributions to the Plan. Upon full or partial termination or complete discontinuance of contributions under the Plan, all amounts credited to the affected Participants' Accounts shall become one-hundred percent (100%) vested and shall not thereafter

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be subject to forfeiture.

### FUND TRANSFERS AND ALLOCATION OF CONTRIBUTIONS

Participants may elect to divide their contributions among the investment funds in whole increments divisible by 1%. Certain restrictions apply to transfers in and out of various investment funds.

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### TRAVELERS 401(k) SAVINGS PLAN

#### Notes to Financial Statements

December 31, 2002

Company matching contributions made on behalf of a participant (and any earnings thereon) which are initially invested in either the Company's class A or class B common stock funds (collectively, the "Travelers Funds") may not be transferred to other investment funds for a period of five years unless such Participant attains age 55, at which point there are no transfer restrictions.

### INVESTMENTS

Plan assets are held in a trust fund established under the Plan.

### ROLLOVER AND TRANSFER CONTRIBUTIONS

Participants may also elect to contribute amounts as "rollovers" representing distributions from other qualified defined benefit or defined contribution plans of a former employer or to make rollover contributions into the Plan from an individual retirement account (or similar arrangement).

### PARTICIPANT LOANS

Loans transferred to the Plan pursuant to the Citigroup 401(k) Plan Asset Transfer shall be treated as loans under the Plan, and will retain all of the material features (e.g. interest rate and repayment schedule) that such loans had under the Citigroup 401(k) Plan. Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. Each loan bears interest at prime rate plus 1% as published in the Wall Street Journal on the first business day of the month in which the loan is made.

Loan repayments by participants who are employed by the Company are generally made through after-tax payroll deductions.

### WITHDRAWALS

Generally, contributions may not be withdrawn while employed by the Company prior to retirement age. No amounts attributable to matching or additional employer contributions may be withdrawn while a participant is employed by the Company prior to age 59 1/2. In the case of hardships resulting in an "immediate and heavy financial need", a participant may elect to withdraw all or a portion of his or her account balance, including earnings in an amount which, as determined

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by the Committee to be "necessary to satisfy the financial need". Any hardship withdrawals under the Citigroup 401(k) Plan within twelve (12) months prior to the Effective Date of this Plan shall be deemed to be a hardship withdrawal under this Plan.

Withdrawals to which a participant is entitled are the amounts that can be provided by the contributions and income thereon (including net realized and unrealized investment gains and losses) allocated to each Participant's Account. Any Participant who makes a withdrawal from the Travelers Funds or the Citigroup Stock Fund other than for a hardship withdrawal may elect to receive payments in the form of common stock or cash at the discretion of the participant. Fractional shares and withdrawals from other funds are paid in cash.

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### TRAVELERS 401(k) SAVINGS PLAN

#### Notes to Financial Statements

December 31, 2002

#### DISTRIBUTIONS

A Participant or beneficiary may receive distributions from his/her account under the Plan upon any termination of employment, retirement, death or disability (as defined in the Plan) in the forms of a lump-sum payment, or, if vested account balance is greater than \$5,000, in installments.

#### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

##### INVESTMENT VALUATION AND INCOME RECOGNITION

Plan investments are stated at fair value, except for short-term money market investments and participant loans, which are valued at cost plus interest received which approximates fair value. Stocks and bonds traded on national securities exchanges are valued at their closing market prices. When no trades are reported, stocks and bonds are valued at the most recent bid quotation; securities traded in the over-the-counter market are valued at their last sale or bid price.

The shares of the mutual and commingled funds are valued at the net asset value per share as reported by the sponsor of the mutual and commingled fund.

U.S. Government and Agency Obligations are valued based upon bid quotations for identical or similar obligations. Guaranteed investment contracts which have contract provisions that require withdrawals at contract value for benefit payments, loans or transfers are carried at contract value.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are

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recorded on the ex-dividend date.

### BENEFITS PAID TO PARTICIPANTS

Benefit payments are recorded when paid.

### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

### EXPENSES

Substantially all expenses related to the administration of the Plan are paid by the participants of the Plan.

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## TRAVELERS 401(k) SAVINGS PLAN

### Notes to Financial Statements

December 31, 2002

### MARKET RISK

The Plan offers a number of investment options including the Travelers Funds and other investment Funds. The investment funds include U.S. equities, international equities, and fixed income securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonable to expect the changes in the values of investment securities will occur in the near term and that such changes could materially affect participant account balances and the statement of changes in net assets available for plan benefits.

### CREDIT RISK

The Plan's exposure to a concentration of credit risk is limited by the diversification of investments across twenty-six participant-direct fund elections. Additionally the investments within each participant-direct fund elections are further diversified into varied financial instruments, with the exceptions of the Travelers Funds and Citigroup Common Stock Fund, which primarily invest in securities of a single issuer.

### (3) INVESTMENTS

A summary of the Plan's investments as of December 31, 2002 is listed below. Investments that represent more than 5% of the Plans assets are separately identified.

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2002

Investments at fair value as determined by quoted market price:

|                                                      |                |
|------------------------------------------------------|----------------|
| Citigroup Common Stock                               | \$ 471,543,220 |
| Travelers Property Casualty Corp. (class "A" shares) | 30,236,443     |
| Travelers Property Casualty Corp. (class "B" shares) | 19,486,903     |
| U.S. Government and Agency Obligation                | 9,820,984      |
| Corporate & Foreign Bonds                            | 4,910,374      |
| Stable Value Fund                                    | 265,847,376    |
| INVESCO 500 Index Fund                               | 59,917,022     |
| Other Mutual and Commingled Funds                    | 163,703,750    |
|                                                      | -----          |
|                                                      | 1,025,466,072  |
|                                                      | -----          |

Investments at contract value:

|                                 |               |
|---------------------------------|---------------|
| Short Term Investment Fund      | 12,244,389    |
| Guaranteed Investment Contracts | 3,849,788     |
| Participant Loans               | 31,950,151    |
|                                 | -----         |
|                                 | \$ 48,044,328 |
|                                 | -----         |

Total Investments \$ 1,073,510,400  
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TRAVELERS  
401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2002

The credit rates for Guaranteed Investment Contracts as of December 31, 2002 ranged from 4.65% to 7.31%. During the period from August 20, 2002 to December 31, 2002, the Plan's investments (including investments bought, sold and held during the year) appreciated in value by \$4,679,376.

|                                               |               |
|-----------------------------------------------|---------------|
| Common Stock                                  | \$ 13,576,358 |
| U.S. Government and Agency Obligation         | 84,774        |
| Corporate & Foreign Bonds                     | 129,186       |
| Other Mutual and Commingled Funds             | (9,110,942)   |
|                                               | -----         |
| Net appreciation in fair value of investments | \$ 4,679,376  |
|                                               | =====         |

(4) NON - PARTICIPANT DIRECTED INVESTMENTS

Employer contributions and Company Matching Contributions made on behalf of a participant must stay in the Company's common stock fund for five plan years. After five plan years, the restriction on the

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contribution, lapses, and that portion of contributions and its earnings can be transferred to any of the available investment options.

This five-year restriction also lapses when the participant reaches age 55. Once a participant is vested in his or her company contributions, the funds are non-forfeitable and will become available for distribution or withdrawal in accordance with the terms of the Plan.

Information about the net assets and significant components of the changes in net assets relating to non-participant directed investments is as follows:

|                                         | 2002          |
|-----------------------------------------|---------------|
|                                         | -----         |
| Net Assets Available for Plan Benefits: |               |
| Employer Contribution Receivable        | \$ 16,326,691 |
| Significant Changes in Net Assets:      |               |
| Employer Contribution                   | \$ 16,326,691 |

(5) TAX STATUS

The Plan has not yet requested a determination letter from the Internal Revenue Service. The Plan Administrator and the Plan's legal counsel believe that the Plan as designed qualifies under the applicable provisions of the Internal Revenue Code and, therefore the related trust, is exempt from Federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and should qualified under the applicable provisions of the Internal Revenue Code. Therefore, no provision for income tax is included in the Plan's financial statements.

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TRAVELERS  
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Notes to Financial Statements

December 31, 2002

(6) RELATED PARTY TRANSACTIONS (PARTIES IN INTEREST)

Certain Plan investments are shares on stock issued by Travelers Property Casualty Corp. Travelers Property Casualty Corp. is the Plan Sponsor of the Plan.

Certain Plan investments are shares of commingled trust funds managed by State Street Bank and Trust Company ("State Street"), and common stock issued by State Street. State Street is the custodian of the Plan's assets.

CitiStreet, a subsidiary of a joint venture between Citigroup and State Street provided administration and recordkeeping for the Plan.

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SUPPLEMENTAL SCHEDULE I

TRAVELERS 401(k) PLAN

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

December 31, 2002

| IDENTITY OF ISSUE                        | RATE   | MATURITY DATE | NUMBER OF SHARES | COST        |
|------------------------------------------|--------|---------------|------------------|-------------|
| <hr/>                                    |        |               |                  |             |
| STATE STREET BANK                        |        |               |                  |             |
| State Street Bank & Trust Co             |        |               | 12,244,389       | 12,244,389  |
| <hr/>                                    |        |               |                  |             |
| COMMON STOCK                             |        |               |                  |             |
| Citigroup Inc.                           |        |               | 13,399,921       | 455,597,297 |
| *Travelers Property Casualty Corp. TAP.A |        |               | 2,063,921        | 31,020,172  |
| *Travelers Property Casualty Corp. TAP.B |        |               | 1,330,164        | 21,072,739  |
| <hr/>                                    |        |               |                  |             |
|                                          |        |               |                  | 507,690,208 |
| <hr/>                                    |        |               |                  |             |
| U.S. GOVERNMENT AND AGENCY OBLIGATIONS   |        |               |                  |             |
| Federal Home Loan Banks                  | 6.250% | 8/4/13        | 100,000          | 107,341     |
| Federal Home Loan Mortgage Corp          | 5.750% | 4/15/08       | 125,000          | 139,082     |
| Federal Home Loan Mortgage Corp          | 6.000% | 6/15/11       | 150,000          | 167,336     |
| Federal Home Loan Mortgage Corp          | 6.250% | 7/15/04       | 400,000          | 427,344     |
| Federal Home Loan Mortgage Corp          | 6.875% | 1/15/05       | 450,000          | 495,094     |
| Federal Home Loan Mortgage Corp          | 5.250% | 1/15/06       | 1,100,000        | 1,184,988   |
| Federal National Mortgage Association    | 6.000% | 5/15/08       | 70,000           | 76,997      |
| Federal National Mortgage Association    | 6.375% | 6/15/09       | 100,000          | 111,948     |
| Federal National Mortgage Association    | 7.125% | 3/15/07       | 125,000          | 143,291     |
| Federal National Mortgage Association    | 5.125% | 2/13/04       | 300,000          | 312,930     |
| Federal National Mortgage Association    | 7.000% | 6/15/05       | 500,000          | 556,735     |
| Federal National Mortgage Association    | 7.500% | 2/25/29       | 101,396          | 108,107     |
| Federal Natl Mtg Assn Gtd                | 7.000% | 12/25/41      | 135,082          | 142,960     |
| FHLMC                                    | 5.500% | 12/31/99      | 300,000          | 307,313     |
| FNMA Pool                                | 6.500% | 12/1/12       | 16,398           | 17,211      |
| United States Treasury Notes             | 5.750% | 8/15/10       | 40,000           | 44,668      |
| United States Treasury Notes             | 5.750% | 8/15/03       | 150,000          | 155,789     |
| United States Treasury Notes             | 6.125% | 8/15/07       | 140,000          | 157,569     |
| United States Treasury Notes             | 5.250% | 5/15/04       | 200,000          | 210,908     |
| United States Treasury Notes             | 6.500% | 2/15/10       | 190,000          | 220,964     |
| United States Treasury Notes             | 5.625% | 5/15/08       | 260,000          | 292,565     |
| United States Treasury Notes             | 6.625% | 5/14/07       | 400,000          | 458,488     |
| United States Treasury Notes             | 5.625% | 2/15/06       | 500,000          | 548,012     |
| United States Treasury Notes             | 7.875% | 11/15/03      | 680,000          | 759,306     |
| United States Treasury Notes             | 6.500% | 10/15/06      | 920,000          | 1,048,368   |
| United States Treasury Notes             | 5.000% | 8/15/11       | 970,000          | 1,042,381   |
| United States Treasury Bill              |        |               | 500,000          | 498,515     |
| <hr/>                                    |        |               |                  |             |
|                                          |        |               |                  | 9,736,210   |
| <hr/>                                    |        |               |                  |             |
| CORPORATE BONDS                          |        |               |                  |             |
| Alcoa Inc                                | 5.875% | 6/1/06        | 10,000           | 10,635      |
| All State Corporation                    | 7.200% | 12/1/09       | 50,000           | 57,264      |
| AOL Time Warner Inc                      | 6.125% | 4/15/06       | 20,000           | 18,400      |
| AT&T Wireless Services Inc               | 7.875% | 3/1/11        | 30,000           | 28,050      |

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|                                   |        |          |         |        |
|-----------------------------------|--------|----------|---------|--------|
| Atlantic Richfield Co             | 5.900% | 4/15/09  | 80,000  | 85,810 |
| Bank of America                   | 7.125% | 9/15/06  | 60,000  | 67,183 |
| Bellsouth Corp                    | 5.000% | 10/15/06 | 15,000  | 15,224 |
| Boeing Capital Corporation        | 6.100% | 3/1/11   | 15,000  | 15,279 |
| Boeing Capital Corporation        | 6.500% | 2/15/12  | 25,000  | 26,871 |
| Burlington Northern Santa Fe      | 7.125% | 12/15/10 | 80,000  | 89,531 |
| Capital One Bank                  | 6.875% | 2/1/06   | 35,000  | 33,250 |
| Capital One Master Tr             | 4.900% | 3/15/10  | 50,000  | 52,186 |
| Citigroup Inc.                    | 7.375% | 4/2/07   | 50,000  | 51,648 |
| Citigroup Inc.                    | 7.250% | 10/1/10  | 60,000  | 68,059 |
| Comcast Cable Communications      | 6.750% | 1/1/11   | 15,000  | 13,588 |
| Comcast Cable Communications      | 6.375% | 6/30/06  | 35,000  | 33,644 |
| Comcast Cable Communications Inc  | 6.875% | 6/15/09  | 60,000  | 59,815 |
| Conagra Inc                       | 6.000% | 9/15/06  | 80,000  | 85,174 |
| Continental Airlines Pass Thru Tr | 7.918% | 5/1/10   | 25,000  | 22,000 |
| Cox Communications Inc New        | 7.750% | 11/1/10  | 30,000  | 32,860 |
| Credit Swisse First Boston USA    | 6.125% | 11/15/11 | 25,000  | 25,132 |
| CSX Corp                          | 6.250% | 10/15/08 | 80,000  | 85,674 |
| Daimler Chrysler Na Holdings      | 6.400% | 5/15/06  | 25,000  | 26,346 |
| Devon Fing Corp U L C             | 6.875% | 9/30/11  | 15,000  | 16,205 |
| Discover Card Master Tr I         | 5.300% | 11/16/06 | 70,000  | 73,266 |
| EOP Oper LTD Partnership          | 6.800% | 1/15/09  | 70,000  | 74,365 |
| Erac Usa Fin Co                   | 8.000% | 1/15/11  | 50,000  | 55,880 |
| FedEx Corp                        | 6.875% | 2/16/06  | 60,000  | 65,216 |
| Ford Motor Car Company            | 7.375% | 10/28/09 | 90,000  | 88,504 |
| Ford Motor Car Company            | 6.875% | 2/1/06   | 100,000 | 98,194 |

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SUPPLEMENTAL SCHEDULE I

TRAVELERS 401(k) PLAN

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

December 31, 2002

| IDENTITY OF ISSUE               | RATE   | MATURITY DATE | NUMBER OF SHARES | COST    |
|---------------------------------|--------|---------------|------------------|---------|
| General Electric Cap Corp       | 8.850% | 4/1/05        | 50,000           | 56,919  |
| General Electric Cap Corp MTN   | 5.875% | 2/15/12       | 100,000          | 106,776 |
| General Mills Inc               | 5.125% | 2/15/07       | 50,000           | 51,765  |
| General Motors Acceptance Corp  | 6.750% | 1/15/06       | 130,000          | 131,816 |
| Goldman Sachs Group Inc.        | 6.875% | 1/15/11       | 30,000           | 32,494  |
| Goldman Sachs Group Inc.        | 6.650% | 5/15/09       | 90,000           | 98,762  |
| Household Financial Corp        | 6.500% | 1/24/06       | 35,000           | 34,790  |
| Household Financial Corp        | 7.200% | 6/15/06       | 35,000           | 36,788  |
| Household Financial Corp        | 5.750% | 1/30/07       | 120,000          | 119,240 |
| International Business Machines | 5.375% | 2/1/09        | 60,000           | 61,459  |
| International Paper Company     | 8.125% | 6/8/05        | 15,000           | 16,674  |
| Kellogg Company                 | 6.000% | 4/1/06        | 50,000           | 53,472  |
| Lehman Brothers Holding         | 7.000% | 2/1/08        | 25,000           | 28,014  |
| Lehman Brothers Holding Inc     | 8.250% | 6/15/07       | 15,000           | 17,457  |
| Lehman Brothers Holding Inc     | 7.250% | 10/15/03      | 50,000           | 52,456  |
| Lockheed Martin Corp            | 8.200% | 12/1/09       | 50,000           | 59,382  |



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|                                   |        |          |         |         |
|-----------------------------------|--------|----------|---------|---------|
| Marsh and McLennan Cos Inc        | 6.625% | 6/15/04  | 70,000  | 74,204  |
| MBNA Master CR Card TR II         | 5.800% | 12/15/05 | 60,000  | 61,875  |
| Mellon Financial Co               | 6.000% | 3/1/04   | 60,000  | 62,794  |
| Merill Lynch & Co Inc             | 6.150% | 1/26/06  | 50,000  | 54,206  |
| Morgan J P & Co Inc               | 6.700% | 11/1/07  | 20,000  | 21,423  |
| Morgan J P & Co Inc               | 5.750% | 2/25/04  | 50,000  | 51,751  |
| Morgan Stanley Group Inc          | 6.100% | 4/15/06  | 50,000  | 52,641  |
| National Rural Utilities Coop Fin | 7.250% | 3/1/12   | 60,000  | 64,172  |
| Nomura Asset Secs Corp            | 6.280% | 3/15/30  | 47,203  | 50,531  |
| Norwest Financial Inc.            | 5.625% | 2/3/09   | 75,000  | 77,736  |
| Pfizer Inc                        | 3.625% | 11/1/04  | 70,000  | 71,409  |
| Phillips Pete Co                  | 8.750% | 5/25/10  | 80,000  | 97,018  |
| Progress Energy Inc               | 7.100% | 3/1/11   | 30,000  | 32,631  |
| Raytheon Co                       | 6.750% | 8/15/07  | 80,000  | 86,253  |
| Safeway Inc                       | 6.500% | 3/1/11   | 20,000  | 21,484  |
| SBC Communications Inc            | 5.750% | 5/2/06   | 50,000  | 53,805  |
| Sears Roebuck Accep Corp Mtn      | 6.560% | 11/20/03 | 50,000  | 51,834  |
| Sprint Cap Corp                   | 7.625% | 1/30/11  | 40,000  | 37,150  |
| Toyota Motor Car Corp             | 5.500% | 12/15/08 | 70,000  | 73,777  |
| Union Pac Corp                    | 6.500% | 4/15/12  | 50,000  | 53,967  |
| Unilever Capital                  | 7.125% | 11/1/10  | 15,000  | 17,075  |
| Viacom Inc                        | 7.700% | 6/30/10  | 15,000  | 16,892  |
| Wachovia Corp                     | 6.250% | 8/4/08   | 50,000  | 53,805  |
| Walmart Stores Inc                | 6.550% | 8/10/04  | 70,000  | 75,227  |
| Wash Mutual Bank FA               | 6.875% | 6/15/11  | 50,000  | 54,274  |
| Wells Fargo & Co new              | 6.625% | 7/15/04  | 50,000  | 53,651  |
| Weyerhaeuser Co                   | 6.750% | 3/15/12  | 50,000  | 52,591  |
| Verizon Global Fdg Corp           | 7.250% | 12/1/10  | 100,000 | 105,005 |

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4,012,698

FOREIGN BONDS

|                                 |        |          |         |         |
|---------------------------------|--------|----------|---------|---------|
| Inter American Development Bank | 5.750% | 2/26/08  | 60,000  | 65,684  |
| United Mexican States           | 8.375% | 1/14/11  | 100,000 | 108,140 |
| British Columbia Prov Cda       | 5.375% | 10/29/08 | 70,000  | 74,825  |
| British Telecommunications PLC  | 8.125% | 12/15/10 | 30,000  | 34,224  |
| Ontario Prov Cda                | 7.375% | 1/27/03  | 20,000  | 20,401  |
| Italy Rep                       | 5.625% | 6/15/12  | 50,000  | 53,532  |
| France Telecom Sa               | 7.200% | 3/1/06   | 15,000  | 15,805  |
| AXA Financial Inc.              | 7.750% | 8/1/10   | 70,000  | 76,580  |
| Bayerische Landes Bank          | 5.875% | 12/1/08  | 70,000  | 74,808  |
| National Australia Bank Ltd     | 8.600% | 5/1/10   | 70,000  | 84,736  |
| Royal Kpn Nv                    | 8.000% | 10/1/10  | 25,000  | 26,671  |
| Pemex Fin Ltd                   | 7.330% | 5/15/12  | 70,000  | 66,440  |
| Deutsche Telekom International  | 1.000% | 6/15/10  | 60,000  | 66,644  |

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768,490

MUTUAL FUNDS AND COMINGLED FUNDS

|                                  |  |  |        |         |
|----------------------------------|--|--|--------|---------|
| Conservative Focus Funds         |  |  |        |         |
| *SSGA Daily Eafe SL Series A     |  |  | 12,175 | 115,946 |
| *SSGA Daily EMG Markets Series A |  |  | 5,848  | 36,603  |
| *SSGA Passive Bond Market Index  |  |  | 48,351 | 692,643 |
| *SSGA Russell 2000 Index SL Fund |  |  | 2,951  | 36,076  |
| *SSGA S& P 500 Flagship Series A |  |  | 1,706  | 274,811 |
| -----                            |  |  |        |         |
| Moderate Focus Funds             |  |  |        |         |
| *SSGA Daily Eafe SL Series A     |  |  | 91,922 | 884,562 |

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SUPPLEMENTAL SCHEDULE I

TRAVELERS 401(k) PLAN

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

December 31, 2002

| IDENTITY OF ISSUE                   | RATE   | MATURITY DATE | NUMBER OF SHARES | COST        |
|-------------------------------------|--------|---------------|------------------|-------------|
| *SSGA Daily EMG Markets Series A    |        |               | 44,023           | 278,216     |
| *SSGA Passive Bond Market Index     |        |               | 121,744          | 1,743,575   |
| *SSGA Russell 2000 Index SL Fund    |        |               | 22,281           | 275,146     |
| *SSGA S& P 500 Flagship Series A    |        |               | 12,869           | 2,093,140   |
| -----                               |        |               |                  |             |
| Aggressive Focus Funds              |        |               |                  |             |
| *SSGA Daily Eafe SL Series A        |        |               | 148,726          | 1,437,650   |
| *SSGA Daily EMG Markets Series A    |        |               | 71,135           | 451,591     |
| *SSGA Passive Bond Market Index     |        |               | 65,542           | 938,920     |
| *SSGA Russell 2000 Index SL Fund    |        |               | 36,010           | 445,594     |
| *SSGA S& P 500 Flagship Series A    |        |               | 20,802           | 3,399,301   |
| -----                               |        |               |                  |             |
| INVESCO 500 Index Fund              |        |               | 7,691,333        | 63,652,703  |
| Dimensional Invt Group Inc          |        |               | 206,859          | 1,575,756   |
| *Smith Barney Money Funds Inc       |        |               | 28,643,792       | 28,643,792  |
| *Smith Barney Govt Securities Fund  |        |               | 1,076,087        | 10,716,433  |
| *Smith Barney Div Strat Inc Fund    |        |               | 375,056          | 2,380,752   |
| *Salomon Brothers Service Funds Inc |        |               | 420,020          | 2,897,774   |
| *Smith Barney Appreciation Fund     |        |               | 1,007,918        | 11,789,479  |
| *Smith Barney Large Cap Growth Fund |        |               | 515,661          | 8,327,733   |
| *Smith Barney Large Cap Value Fund  |        |               | 346,795          | 4,397,787   |
| *Salomon Brothers Investor Fund     |        |               | 339,819          | 5,263,355   |
| *SSGA Russell 2000 Index Fund       |        |               | 2,657,167        | 32,871,769  |
| *Smith Barney Aggressive Growth     |        |               | 496,624          | 33,116,389  |
| *Salomon Brothers Cap Fund Inc      |        |               | 103,035          | 1,984,355   |
| *Smith Barney World Funds Inc       |        |               | 160,152          | 1,709,829   |
| Euro Pacific Growth Fund            |        |               | 285,616          | 6,786,912   |
| Templeton Developing Markets        |        |               | 161,699          | 1,603,135   |
| Van Kampen Amern Cap Comstock Fund  |        |               | 31,140           | 398,945     |
| Van Kampen Amern Cap Emerging Fund  |        |               | 15,704           | 499,397     |
| -----                               |        |               |                  |             |
|                                     |        |               |                  | 231,720,069 |
|                                     |        |               |                  |             |
| STABLE VALUE FUND                   |        |               |                  |             |
| American General                    | 5.630% | various       | 713,502          | 713,502     |
| Principal Life                      | 5.100% | various       | 8,508,136        | 8,508,136   |
| Principal Life                      | 4.050% | various       | 3,009,729        | 3,009,729   |
| John Hancock                        | 7.300% | 10/1/2003     | 598,522          | 598,522     |
| Metropolitan Life                   | 7.310% | 4/1/2003      | 189,681          | 189,681     |
| Monumental Life                     | 4.910% | various       | 6,366,890        | 6,366,890   |
| Monumental Life                     | 4.650% | various       | 10,158,176       | 10,158,176  |
| Travelers Life & Annuity            | 6.450% | various       | 89,492,128       | 89,492,128  |
| Travelers Life & Annuity            | 7.350% | various       | 9,352,934        | 9,352,934   |
| Travelers Life & Annuity            | 5.550% | various       | 29,623,676       | 29,623,676  |
| Travelers Life & Annuity            | 5.960% | various       | 184,039          | 184,039     |
| Travelers Life & Annuity            | 6.940% | various       | 9,813,093        | 9,813,093   |

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|                                                                |        |          |            |                  |
|----------------------------------------------------------------|--------|----------|------------|------------------|
| Travelers Life & Annuity                                       | 5.360% | various  | 7,999,520  | 7,999,520        |
| Travelers Life & Annuity                                       | 6.000% | various  | 70,813,591 | 70,813,591       |
| State Street Bank - Stif                                       | 1.346% | various  | 19,023,759 | 19,023,759       |
|                                                                |        |          |            | -----            |
|                                                                |        |          |            | 265,847,376      |
|                                                                |        |          |            |                  |
| GUARANTEED INVESTMENT CONTRACTS                                |        |          |            |                  |
| Travelers Life & Annuity                                       | 5.100% | 12/31/03 | 865,540    | 865,540          |
| Travelers Life & Annuity                                       | 6.940% | 1/1/04   | 1,226,902  | 1,226,902        |
| Travelers Life & Annuity                                       | 7.100% | 1/1/06   | 1,006,134  | 1,006,134        |
| Travelers Life & Annuity                                       | 5.000% | 2/6/07   | 751,212    | 751,212          |
|                                                                |        |          |            | -----            |
|                                                                |        |          |            | 3,849,788        |
|                                                                |        |          |            |                  |
| Loan Fund ( 5,491 loans interest ranging from 5.25% to 12.5% ) |        |          | 31,950,151 | 31,950,151       |
|                                                                |        |          |            | =====            |
|                                                                |        |          |            | \$ 1,067,819,379 |
|                                                                |        |          |            | =====            |

\* PARTY-IN-INTEREST AS DEFINED BY ERISA.

See accompanying independent auditors' report.

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SIGNATURE

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

Date: June 30, 2003

Travelers 401(k) Savings Plan

By: /s/ Diane Bengston

\_\_\_\_\_

Diane Bengston

Senior Vice President-Human Resources

Travelers Property Casualty Corp.

Index to Exhibits

Exhibit  
Number  
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23.01 Independent Auditors' Consent

99.1 Certification pursuant to Section 906 of Sarbanes-Oxley Act of 2002

99.2 Certification pursuant to Section 906 of Sarbanes-Oxley Act of 2002