FORM 10-K

Annual report pursuant to section 13 and 15(d)

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ST PAUL COMPANIES INC /MN/

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Business Address
385 WASHINGTON ST
SAINT PAUL MN 55102
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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
--- EXCHANGE ACT OF 1934 (FEE REQUIRED)
For the fiscal year ended December 31, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
--- EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
For the transition period from --------- to -----------

Commission file number 0-3021

THE ST. PAUL COMPANIES, INC.
(Exact name of Registrant as specified in its charter)

Minnesota	41-0518860
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
385 Washington Street, Saint Paul, MN	55102
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	612-221-7911

Securities registered pursuant to Section 12(b) of the Act:

Common Stock (without par value)	New York Stock Exchange
Stock Purchase Rights	New York Stock Exchange
(Title of class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

The aggregate market value of the outstanding Common Stock held by non-affiliates of the Registrant on March 16, 1994 was $3,413,523,325. The number of shares of the Registrant's Common Stock, without par value, outstanding at March 16, 1994, was 42,032,939.

An Exhibit Index is set forth at page 38 of this report.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's 1993 Annual Report to Shareholders are incorporated by reference into Parts I, II and IV of this report. Portions of the Registrant's Proxy Statement relating to the annual meeting of shareholders to be held May 3, 1994, are incorporated by reference into Parts III and IV of this report.

PART I

Item 1. Business.

General Description

The Registrant is incorporated as a general business corporation under the laws of the State of Minnesota. The Registrant and its subsidiaries comprise one of the oldest insurance organizations in the United States, dating back to 1853. The Registrant is a management company principally engaged, through its subsidiaries, in three industry segments: property-liability insurance underwriting, insurance brokerage and investment banking-asset management. As a management company, the Registrant oversees the operations of its subsidiaries and provides them with capital, management and administrative services. According to "Fortune" magazine's most recent rankings, in terms of total assets, the Registrant is the 25th largest diversified financial company in the United States. At March 16, 1994, the Registrant and its subsidiaries employed approximately 12,900 persons.

The Registrant's primary business is insurance underwriting, which accounted for 88% of consolidated revenues in 1993. The Registrant's insurance brokerage and investment banking-asset management operations accounted for 7% and 5% of consolidated revenues, respectively, in 1993. Note 15 on pages 61 and 62 of the Registrant's 1993 Annual Report to Shareholders, which discloses revenues, income (loss) before income taxes and identifiable assets for the Registrant's industry segments and by geographic areas for the last three years, is incorporated herein by reference.

The following table lists, for each of the last three years, the percentage of consolidated revenues contributed by each of the operations or departments that accounted for 10% or more of consolidated revenues during any of those years:

Operation or Department with Similar Products or Services	Percentage of Consolidated Revenues 1993	1992	1991
Insurance Underwriting:			
Specialized Commercial	22.7%	23.4%	25.8%
Medical Services	15.4	16.1	15.8
Net Investment Income	14.5	14.3	14.7
Business Insurance	11.9	15.0	16.1

Underwriting Operations

Overview. The Registrant's principal operating subsidiary is St. Paul Fire and Marine Insurance Company ("Fire and Marine"), which is a property-liability insurance company doing business throughout the United States and in selected international markets. Fire and Marine and its subsidiaries underwrite property and liability insurance and provide insurance-related products and services to commercial, professional and individual customers. They also reinsure other insurers and provide risk management services.

The primary sources of Fire and Marine's revenues are premiums earned on insurance policies sold and income earned from the investment of those premiums. According to the most recent industry statistics published in "Best's Review" with respect to property-liability insurers doing business in the United States, Fire and Marine ranked 15th on the basis of 1992 written premiums.

Principal Departments and Products

The "Underwriting Results" table on page 25 of the Registrant's 1993 Annual Report to Shareholders, which summarizes written premiums, underwriting results and combined ratios for each of Fire and Marine's underwriting operations for the last three years, is incorporated herein by reference. The information in that table, as well as the following description of underwriting operations, reflects Fire and Marine's reporting structure as it existed in 1993. See "1994 Restructured Underwriting Operations" on page 5 herein for a discussion of Fire and Marine's organizational restructuring effective Jan. 1, 1994.

Specialized Commercial. This operation is composed of Industry Underwriting, Specialty Underwriting, St. Paul Surety, Financial Services and Pools.

Industry Underwriting underwrites insurance for selected industry groups, such as construction companies, technology companies and public sector entities. This operation provides coverage for damage to the customer's property (fire, inland marine and auto), liability for bodily injury or damage to the property of others (general liability, auto liability and excess), and workers' compensation insurance. In addition, specialty errors and omissions insurance may be provided. Businesses insured in the construction line include general building contractors, highway contractors and specialty contractors. Large construction projects are insured during the life of the project. The following businesses are insured in the technology line: electronics manufacturers, software and telecommunications companies, medical equipment manufacturers and manufacturers of synthetic products and electronic equipment for industrial use. The public sector line provides coverages for cities and counties as well as other publicly created authorities.

Specialty Underwriting includes National Accounts, Professional Liability, Surplus Lines and Ocean Marine. National Accounts underwrites large commercial risks for a broad spectrum of large businesses. Professional Liability provides errors and omissions coverage for certain professionals such as lawyers and real estate agents, and also underwrites directors and officers liability insurance. Surplus Lines underwrites products liability insurance, umbrella and excess liability coverages, property insurance for high risk classes of business, and coverages for unique, sometimes one-of-a-kind risks. Ocean Marine provides a variety of property and liability insurance related to ocean and inland waterways traffic, including cargo and hull property protection.

St. Paul Surety underwrites surety bonds, primarily for construction contractors, which guarantee that third parties will be indemnified against nonperformance of contractual obligations. This operation also underwrites specialty casualty coverages, including railroad protective liability, directors and officers liability for nonprofit organizations and advertisers liability for advertising agencies and broadcasting stations. Based on 1992 premium data published in "Best's Review," Fire and Marine is the leading underwriter of surety bonds in the United States.

Financial Services provides coverages for depository institutions. These coverages include fidelity, which covers employers against dishonest acts of employees; directors and officers liability; and all property and liability coverages for this industry.

Pools. Fire and Marine is a member of and participates in business produced by a number of pools and associations which provide specialized engineering and underwriting skills for the classes of business which they supervise. These pools and associations also serve to increase the underwriting capacity of the member companies for insurance policies where the concentration of risk is so high or the amount so large that a single company could not prudently accept the entire risk.

Medical Services. Medical Services underwrites professional liability insurance and various other types of property and liability insurance for physicians and surgeons, hospitals, nurses, dentists, nursing homes and other health care providers. Professional liability insurance written for physicians and surgeons accounted for approximately 37% of Medical Services' business in 1993. Professional liability insurance written for hospitals, nurses, dentists, nursing homes and other health care providers produced approximately 40% of Medical Services' premium volume in 1993. The Registrant is the largest medical liability insurer in the United States, with premium volume representing approximately 12% of the United States market in 1992 based on data published in "Best's Review."

Business Insurance. Business Insurance underwrites general commercial property and liability coverages, commercial package insurance and various coverages designed specifically for small- to medium-sized commercial businesses, including manufacturers, wholesalers and retailers. Customers served by this operation include a broad class of middle market businesses, as well as specific customer groups such as museums and country clubs.

Reinsurance. Fire and Marine's Reinsurance operation functions under the name St. Paul Re, which is based in New York with an office in London, England. St. Paul Re underwrites reinsurance in both domestic and international insurance markets (referred to as "assumed reinsurance"). Reinsurance is an agreement between insurance companies to transfer risks. A large portion of reinsurance is effected automatically under general reinsurance contracts known as treaties. In some instances, reinsurance is effected by negotiation on individual risks, which is referred to as facultative reinsurance.

Personal Insurance. Personal Insurance underwrites all personal property and liability insurance coverages for homes, automobiles, boats and other personal property. Fire & Marine's primary product has been a personal package policy, which combines auto and homeowners insurance along with other personal coverages into one policy. Package policies accounted for approximately 83% of Fire & Marine's Personal Insurance premium volume in 1993. In August 1993, the Registrant acquired Economy Fire & Casualty Company ("Economy"), a personal insurance underwriter based in Illinois, for a total investment of $395 million. Economy primarily markets monoline policies, which provides coverage for specific personal insurance needs, such as home or auto.

International. The International category is composed of direct insurance written in foreign countries, primarily the United Kingdom and Canada, and multinational accounts.

1994 Restructured Underwriting Operations. Effective Jan. 1, 1994, the Registrant restructured its U.S. Insurance Underwriting operations into three separate organizations, each having a distinct identity and each focused on particular insurance market sectors. St. Paul Specialty is composed of Medical Services, National Accounts, Surety, Construction, Custom Markets (which includes Technology, Financial Services, Professional Liability, Surplus Lines, Ocean Marine and Public Sector) and Pools. St. Paul Personal & Business Insurance is composed of the Registrant's personal insurance operations (including Economy) and also serves small commercial accounts. St. Paul Commercial primarily consists of the Registrant's former Business Insurance operation and serves midsize commercial customers. The Registrant's Reinsurance and International underwriting operations were unaffected by this restructuring.

Principal Markets and Methods of Distribution

Fire and Marine and its subsidiaries are licensed and transact business in all 50 states of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, all provinces of Canada, the United Kingdom, the Republic of Ireland and Spain. Fire and Marine's business is broadly distributed throughout the United States, with a particularly strong market presence in the Midwestern region. Five percent or more of Fire and Marine's 1993 property-liability written premiums were produced in each of Illinois, Minnesota, and Texas. Approximately 88% of Fire and Marine's 1993 property-liability insurance business was written on U.S.-based insurance risks.

Fire and Marine's U.S. insurance business is produced primarily through approximately 8,900 independent insurance agencies and national insurance brokers. Fire and Marine maintains 29 service centers in major cities throughout the United States (and one in Canada) to respond to the needs of agents, brokers and policyholders. Over 70% of Fire and Marine's total premium volume in 1993 originated in the service centers, with the balance of business produced by other Fire and Marine subsidiaries, by various insurance pools and by the home office. The reorganization of Fire and Marine's U.S. Insurance Underwriting operations in 1994 will not materially alter the methods by which Fire and Marine's business is generated. Independent insurance agents and national insurance brokers will continue to produce the majority of Fire and Marine's business.

Reserves for Losses and Loss Adjustment Expenses (LAE)

General Information. When claims are made by or against policyholders, any amounts Fire and Marine pays or expects to pay to the claimant are referred to as losses. The costs of investigating, resolving and processing these claims are referred to as loss adjustment expenses (LAE). Fire and Marine establishes reserves which reflect the estimated unpaid total cost of these two items. The reserves for unpaid losses and LAE cover claims which were incurred not only in 1993 but also in prior years. These reserves include estimates of the total cost of claims that have already been reported but not yet settled, and of the cost of claims that have been incurred but not yet reported. Loss reserves are established on an undiscounted basis, and are reduced for deductibles recoverable from customers and estimates of salvage and subrogation.

Management continually reviews loss reserves, using a variety of statistical and actuarial techniques to analyze claim costs, frequency and severity data, and social and economic factors. Management believes that the reserves currently established for losses and LAE are adequate to cover their eventual costs. However, final claim payments may differ from these reserves, particularly when these payments may not take place for several years. Adjustments to previously estimated reserves are reflected in results in the year in which they are made.

Ten-year Development. The table on page 8 presents a development of net loss and LAE reserve liabilities and payments for the years 1983 through 1993. The top line on the table shows the estimated liability for unpaid losses and LAE, net of reinsurance recoverable, recorded at the balance sheet date for each of the years indicated. Loss development data for Fire and Marine's foreign underwriting subsidiary, St. Paul UK, is included for all years in the table since 1988.

The upper portion of the table, which shows the re-estimated amount relating to the previously recorded liability, is based upon experience as of the end of each succeeding year. This estimate is either increased or decreased as further information becomes known about individual claims and as changes in the trend of claim frequency and severity become apparent.

The "Cumulative Redundancy (Deficiency)" line on the table for any given year represents the aggregate change in the estimates for all years subsequent to the year the reserves were initially established. For example, the 1983 reserve of $2,413 million developed up to $2,539 million, or a $126 million deficiency, by the end of 1984. By the end of 1993, the 1983 reserve had developed a deficiency of $408 million. The changes in the estimate of 1983 loss reserves were reflected in operations during the past ten years.

In 1993, the Registrant adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts." This statement required, among other things, that reinsurance recoverables on unpaid losses and LAE be shown as an asset, instead of the prior practice of netting this amount against insurance reserves for balance sheet reporting purposes.

The middle portion of the table, which includes data for only those periods impacted by SFAS No. 113 (the years 1992 and 1993), represents a reconciliation between the net reserve liability as shown on the top line of the table and the gross reserve liability as shown on the Registrant's balance sheet. This portion of the table also presents the gross re-estimated reserve liability as of the end of the latest re-estimation period (Dec. 31, 1993) and the related re-estimated reinsurance recoverable.

The lower portion of the table presents the cumulative amounts paid with respect to the previously recorded liability as of the end of each succeeding year. For example, as of Dec. 31, 1993, Fire and Marine has paid $2,555 million of the currently estimated $2,821 million of losses and LAE that have been incurred for the years up to and including 1983. Thus, as of Dec. 31, 1993, Fire and Marine estimates that $266 million of losses and LAE are unpaid for the years up to and including 1983.

Caution should be exercised in evaluating the information shown on this table. It should be noted that each amount includes the effects of all changes in amounts for prior periods. For example, the portion of the development shown for year-end 1992 reserves that relates to 1983 losses is included in the cumulative redundancy or deficiency amount for the years 1983 through 1992.

This table presents calendar year data. It does not present accident or policy year development data, which some readers may be more accustomed to analyzing. The social and economic conditions and other trends which had an impact on the changes in the estimated liability in the past are not necessarily indicative of the future. Accordingly, readers are cautioned against extrapolating any conclusions about future results from the information presented in this table.

Analysis of Loss and Loss Adjustment Expense (LAE) Development

<TABLE>
<CAPTION>

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Year Ended December 31	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Net Liability for	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Unpaid Losses and LAE	$2,413	2,917	3,364	4,043	4,745	5,502	5,907	6,279	6,688	7,207	7,640
Liability Re-estimated as of:											
One Year Later	2,539	2,993	3,477	4,087	4,727	5,313	5,656	6,037	6,436	6,984	
Two Years Later	2,523	3,104	3,625	4,078	4,489	4,914	5,338	5,787	6,260		
Three Years Later	2,601	3,203	3,652	3,955	4,268	4,789	5,135	5,628			
Four Years Later	2,664	3,222	3,597	3,874	4,226	4,731	5,027				
Five Years Later	2,679	3,202	3,572	3,874	4,178	4,707					
Six Years Later	2,670	3,227	3,624	3,885	4,180						

Seven Years Later	2,714	3,280	3,652	3,914							
Eight Years Later	2,756	3,308	3,688								
Nine Years Later	2,780	3,361									
Ten Years Later	2,821										
Cumulative Redundancy (Deficiency)	$ (408)	(444)	(324)	129	565	795	880	651	428	223	
Cumulative Redundancy (Deficiency) Excluding Foreign Exchange(1)	$ (408)	(444)	(324)	129	565	803	859	647	428	206	
Gross Liability for Unpaid Losses and LAE										8,813	9,185
Reinsurance Recoverable on Unpaid Losses										1,606	1,545
Net Liability										7,207	7,640
Gross Re-estimated Liability										8,692	
Re-estimated Recoverable										1,708	
Net Re-estimated Liability										6,984	
Gross Cumulative Redundancy										121	
Gross Cumulative Redundancy Excluding Foreign Exchange(1)										88	
Cumulative Amount of Liability Paid Through:											
One Year Later	$ 811	941	976	1,008	1,101	1,196	1,318	1,450	1,452	1,547	
Two Years Later	1,320	1,539	1,666	1,787	1,884	2,044	2,209	2,361	2,493		
Three Years Later	1,675	1,983	2,185	2,332	2,466	2,646	2,797	3,015			
Four Years Later	1,928	2,304	2,548	2,732	2,869	3,043	3,216				
Five Years Later	2,107	2,533	2,812	3,012	3,132	3,348					
Six Years Later	2,240	2,703	3,008	3,205	3,322						
Seven Years Later	2,347	2,833	3,157	3,343							
Eight Years Later	2,429	2,935	3,258								
Nine Years Later	2,500	3,010									
Ten Years Later	2,555										

(1) The results of St. Paul UK translated from original currencies into U.S. dollars are included with Fire and Marine's U.S. Insurance Underwriting operations in this table since 1988. The foreign currency translation impact on the cumulative redundancy (deficiency) arises from the difference between reserve developments translated at the exchange rates at the end of the year in which the liabilities were originally estimated, and the exchange rates at the end of the year in which the liabilities were re-estimated.

</TABLE>

For further information on Fire and Marine's loss reserves, including an analysis of loss reserve liabilities for each of the latest three years, refer to the "Reserves for Losses and Loss Adjustment Expenses" section on pages 31 through 33 of the Registrant's 1993 Annual Report to Shareholders, which is incorporated herein by reference.

Ceded Reinsurance

Through ceded reinsurance, other insurers and reinsurers agree to share certain risks that Fire and Marine and its subsidiaries have underwritten. The purpose of reinsurance is to limit a ceding insurer's maximum net loss arising from large risks or catastrophes. Reinsurance also serves to increase the direct writing capacity of the ceding insurer. In accordance with the provisions of SFAS No. 113, Fire and Marine records the amounts recoverable on ceded losses as an asset.

The Registrant strives to achieve the following objectives with respect to ceded reinsurance:

1) Protect its assets from large individual risk and occurrence losses by purchasing reinsurance from financially secure reinsurance companies at a reasonable cost.

2) Provide its respective underwriting operations with the capacity necessary to write large limits on accounts by purchasing reinsurance from financially secure reinsurance companies at a reasonable cost.

The collectibility of reinsurance is subject to the solvency of reinsurers. The placement of ceded reinsurance is guided by Fire and Marine's Reinsurance Security Committee, which has established financial standards to determine qualified reinsurers. Uncollectible reinsurance recoverables have not had a material adverse impact on the Registrant's consolidated financial position. Note 13 on pages 60 and 61 of the Registrant's 1993 Annual Report to Shareholders, which provides a schedule of ceded reinsurance information, is incorporated herein by reference.

INSURANCE BROKERAGE OPERATIONS

All of the Registrant's insurance brokerage operations are managed by the Minet Group (Minet) based in London, England. Based on the most recent ranking in terms of total 1992 revenues by "Business Insurance," Minet is the eighth largest international insurance broking organization in the world. Minet has 125 offices throughout North America, Europe, Africa, Asia and Australia.

Minet operates through six business units, each focusing on distinct client groups. Global Professional Services provides insurance brokerage services to the world's largest accounting firms and other professionals. International Retail serves clients in Asia, Africa, Australia and Europe. Retail brokers act on behalf of organizations such as corporations and partnerships by procuring insurance coverages. International Broking assembles underwriting capacity to provide specialized insurance programs for clients throughout the world.

North America serves professional clients and major industrial and service corporations. This business unit includes Minet's U.S. wholesale brokerage network, Swett & Crawford, which, according to the most recent rankings in terms of total revenues by "Business Insurance," is the largest wholesale insurance broker in the United States. Wholesale brokers act on behalf of retail brokers by procuring specialty insurance coverages. Reinsurance provides treaty and facultative reinsurance brokerage services worldwide. Reinsurance brokers act as intermediaries for obtaining reinsurance for insurance companies. Minet Risk Services provides consulting and actuarial to clients worldwide, and also provides management services to captive insurance companies.

Minet has sought to expand the scope of its specialty brokerage operations by acquiring several small, specialized brokers throughout the world to complement its existing worldwide client base and market network.

In 1992, the Registrant significantly reduced the carrying value of its investment in Minet through a $365 million write-down of goodwill. The "Insurance Brokerage" section of "Management's Discussion and Analysis" on pages 35 and 36 of the Registrant's 1993 Annual Report to Shareholders, which discusses the goodwill write-down and other matters, is incorporated herein by reference.

INVESTMENT BANKING-ASSET MANAGEMENT OPERATIONS

The John Nuveen Company ("Nuveen") is the Registrant's investment banking-asset management subsidiary. The Registrant and Fire and Marine currently hold a combined 74% interest in Nuveen after selling a minority interest by means of an initial public offering in 1992. Note 12 on page 60 of the Registrant's 1993 Annual Report to Shareholders, which provides further information on the sale of a minority interest in Nuveen, is incorporated herein by reference.

Through John Nuveen & Co. Incorporated, a wholly-owned subsidiary, Nuveen markets tax-exempt open-end and closed-end (exchange-traded) managed fund shares. Nuveen also underwrites and trades municipal bonds and tax-exempt unit investment trusts (UIT). Nuveen markets its fund shares and UITs to individuals through registered representatives associated with unaffiliated national and regional broker-dealers and other financial organizations. Through its Municipal Finance Department, the firm also serves state and local governments and their authorities by financing community projects through both negotiated and competitive financings.

Nuveen Advisory Corp., a wholly-owned subsidiary of John Nuveen & Co. Incorporated, is investment adviser to the Nuveen-sponsored open-end mutual funds and exchange-traded funds. Nuveen Institutional Advisory Corp., also a wholly-owned subsidiary, is investment adviser to the Nuveen-sponsored exchange-traded funds and provides investment management services for trust funds established by public utilities for the decommissioning of nuclear power plants.

As the leading sponsor of tax-free unit investment trusts, Nuveen currently sponsors trusts with assets of more than $20 billion in 50 different national, state and insured portfolios. Nuveen also sponsors 21 tax-free, open-end mutual funds and money market funds with assets of approximately $7 billion in national, state, insured and money market portfolios. In addition, Nuveen sponsors 82 closed-end tax-free managed funds with approximately $26 billion in total assets. These funds are traded on national stock exchanges and provide individual investors with additional opportunities to invest in tax-free securities.

Nuveen has its principal office in Chicago and maintains regional sales offices in other cities across the United States.

INVESTMENTS

Objectives. The Registrant's Board of Directors approves the annual investment plans of the underwriting subsidiaries. The primariy objectives of those plans are as follows:

1) to maintain a widely diversified fixed maturities portfolio structured to maximize investment income while minimizing credit risk through investments in high-quality instruments;

2) to provide for long-term growth in the market value of the investment portfolio through investments in certain other investment classes, such as equity securities, real estate and venture capital;

3) to manage the mix of portfolio maturities to correspond to anticipated insurance loss pay-out patterns.

Fixed Maturities. Fixed maturities constituted 81% of the Registrant's investment portfolio at Dec. 31, 1993. The following table presents information about the fixed maturities portfolio for the last five years (dollars in millions).

Year	Amortized Cost at Year-End	Pretax Net Investment Income	Weighted Average Pretax Yield	Weighted Average After-tax Yield
1993	$8,385.1	$607.1	7.4%	5.9%
1992	7,731.2	605.2	8.0%	6.5%
1991	7,230.3	589.0	8.4%	6.8%

1990	6,538.1	561.4	9.0%	6.9%
1989	6,284.3	561.8	9.3%	7.0%

Based on its current and projected tax position and the relationship between taxable and tax-exempt investment yields, the Registrant determines the mix of its investment in taxable and tax-exempt securities. The Registrant's fixed-maturity purchases in 1993 were predominantly intermediate-term, investment-grade taxable securities. At Dec. 31, 1993, the unrealized appreciation on the fixed-maturities portfolio totaled $763 million. The Registrant implemented SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" as of Dec. 31, 1993. The fixed-maturity portfolio is reported at estimated market value at Dec. 31, 1993, with unrealized gains and losses (net of deferred taxes) recorded in common shareholders' equity.

The fixed maturities portfolio is managed conservatively to provide reasonable return while limiting exposure to risks. Approximately 95% of the fixed maturities portfolio is rated at investment grade levels (BBB or better). Nonrated securities comprise the remainder of the portfolio. Most of these are nonrated municipal bonds which, in the Registrant's view, would be considered of investment grade quality if rated.

Equities. Equity securities comprised 5% of investments as of Dec. 31, 1993. Common stocks are held with the primary objective of achieving capital appreciation. This portfolio provided $44 million of realized investment gains and $12 million of dividend income in 1993.

Real Estate. The Registrant's real estate holdings, which comprised 4% of total investments, consist primarily of a diversified portfolio of commercial buildings. The Registrant does not invest in real estate mortgages.

Venture Capital. Securities of small-to medium-sized companies comprised the Registrant's investments in venture capital, which accounted for 3% of total investments at Dec. 31, 1993. These investments are in the form of limited partnerships or direct ownership.

Other Investments. The Registrant's portfolio also includes short-term securities and other miscellaneous investments, which in the aggregate comprised 7% of total investments.

Notes 3 and 4 on pages 52 and 53 of the Registrant's 1993 Annual Report to Shareholders, which provide additional information about the Registrant's total investment portfolio, are incorporated herein by reference.

COMPETITION AND REGULATION

The businesses in which the subsidiaries of the Registrant are engaged are all highly competitive.

Underwriting. The Registrant's underwriting subsidiaries compete with a large number of other insurers. These subsidiaries compete principally by attempting to offer a combination of superior products, underwriting expertise and services at a competitive price. The combination of products, services, pricing and other methods of competition varies by line of insurance and by coverage within each line of insurance.

The Registrant and its underwriting subsidiaries are subject to regulation by certain states as an insurance holding company system. Such regulation generally provides that transactions between companies within the holding company system must be fair and equitable. In addition, transfers of assets among such affiliated companies, certain dividend payments from underwriting subsidiaries and certain material transactions between companies within the system may be subject to prior notice to or approval of state regulatory authorities. During 1993, the Registrant received

$200.0 million in cash dividends from Fire and Marine; in 1994, Fire and Marine has regulatory approval to pay up to $300.0 million in cash dividends to the Registrant, in addition to a dividend of the capital stock of its U.K.-based underwriting operation. Any change of control (generally presumed by the holding company laws to occur with the acquisition of 10% or more of an insurance holding company's voting securities) of the Registrant and its underwriting subsidiaries is also subject to such prior approval.

The underwriting subsidiaries are subject to licensing and supervision by government regulatory agencies in the jurisdictions in which they do business. The nature and extent of such regulation varies but generally have their source in statutes which delegate regulatory, supervisory and administrative powers to state insurance commissioners. Such regulation, supervision and administration

of the underwriting subsidiaries may relate, among other things, to the standards of solvency which must be met and maintained; the licensing of insurers and their agents; the nature of and limitations on investments; restrictions on the size of risk which may be insured under a single policy; deposits of securities for the benefit of policyholders; regulation of policy forms and premium rates; periodic examination of the affairs of insurance companies; annual and other reports required to be filed on the financial condition of insurers or for other purposes; requirements regarding reserves for unearned premiums, losses and other matters; the nature of and limitations on dividends to policyholders and shareholders; the nature and extent of required participation in insurance guaranty funds; and the involuntary assumption of hard-to-place or high-risk insurance business, primarily in the personal auto and workers' compensation insurance lines.

Loss ratio trends in property-liability insurance underwriting experience may be improved by, among other things, changing the kinds of coverages provided by policies, providing loss prevention services, increasing premium rates or by a combination of these. The freedom of the insurance underwriting subsidiaries of the Registrant to meet emerging adverse underwriting trends may be slowed, from time to time, by the effects of those state laws which require prior approval by insurance regulatory authorities of changes in policy forms and premium rates. Fire and Marine does business in all 50 states and the District of Columbia. Many of these jurisdictions require prior approval of most or all premium rates.

In 1988, California voters passed Proposition 103 which provided that rates for most property liability insurance policies be rolled back for one year by up to 20% from November 1987 levels. It also required pre-approval by the California insurance commissioner of rates charged subsequent to November 1989. The commissioner can grant relief from the rollback if the rollback does not allow a fair and reasonable return.

The Registrant filed timely requests for a rollback exemption and approval for subsequent rates. The Registrant believes these filings demonstrate that its rates are fair and reasonable. In February 1993, a California trial judge invalidated key sections of the current insurance commissioner's rollback standards. The California Supreme Court is reviewing and will provide guidance on Proposition 103's standards for all insurers. The Registrant believes that even if its requests are denied, any premium refunds it will be required to make will not materially impact its overall financial position.

Insurance Brokerage. The Registrant's brokerage operations are subject to licensing requirements and other regulations under the laws of the countries in which they operate. In addition, rules of the Lloyd's insurance market in London and other regulatory organizations govern certain business activities of the brokerage operations. The regulation, supervision and administration of the brokerage operations is extensive, but in general relate to licensing standards and procedures applicable to brokers; limitations on the handling and investment of premium trust funds; business reporting and premium tax collection requirements; procedures for issuing policies; and restrictions on the eligibility of insurers with whom insurance coverage may be placed.

Investment Banking-Asset Management. Nuveen is a publicly-traded company registered under the Securities Exchange Act of 1934 and listed on the New York Stock Exchange. One of its subsidiaries is a registered broker and dealer under the Securities Exchange Act of 1934, and is subject to regulation by The Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other federal and state agencies. Nuveen's other two subsidiaries are registered investment advisers under the Investment Advisers Act of 1940. As such, they are subject to regulation by the Securities and Exchange Commission.

Item 2. Properties.

Fire and Marine owns its home office buildings, located at 385 Washington Street and 130 West Sixth Street, Saint Paul, Minn. These buildings, which are adjacent to one another and connected by skyway, are also occupied by the Registrant and a number of its other insurance subsidiaries located in Saint Paul. These buildings consist of approximately 1.1 million square feet of gross floor space.

Several subsidaries of the Registrant, including the Minet Group, St. Paul UK and Economy, own buildings which house their respective operations.

Fire and Marine and its subsidiary, St. Paul Properties, Inc., own a portfolio of income-producing properties in various locations across the United States that they have purchased for investment.

The Registrant's operating subsidiaries rent or lease office space in many cities in which they operate.

Management considers the currently owned and leased office facilities of the Registrant and its subsidiaries adequate for the current and anticipated future level of operations.

Item 3. Legal Proceedings.

The information set forth in the "Legal Matters" section of Note 10 on page 60 of the Registrant's 1993 Annual Report to Shareholders, and the "Environmental Claims" section of "Management's Discussion and Analysis" on pages 38 and 39 of said Annual Report are incorporated herein by reference.

In 1989, Economy commenced a declaratory judgment action in the Circuit Court of Missouri asking that court to declare that Economy is not liable under a homeowner's policy for a wrongful death that occurred in the home of its insured, Robert A. Berdella, Jr. (Berdella). In a separate lawsuit (to which Economy was not a party) concerning that wrongful death, judgment was entered against Berdella and in favor of the claimant (Haste) in the amount of $2.5 billion in compensatory damages and $2.5 billion in punitive damages. Berdella subsequently agreed to pay Haste $17 million, in settlement of the $2.5 billion punitive damages award, and interest (currently totaling approximately $250 million) on $2.5 billion, in settlement of the $2.5 billion compensatory damages award. In its declaratory judgment action, Economy has moved for summary judgment which, if granted, would mean that Economy is not liable to pay any portion of the amount that Berdella has agreed to pay Haste. The Registrant expects the court to rule on Economy's motion for summary judgment in the near future. Kemper Corporation has agreed to indemnify the Registrant and its subsidiaries (including Economy) against all losses and expenses incurred in connection with this lawsuit.

The Registrant previously reported that the Superior Court of California had entered judgment against St. Paul Fire and Marine Insurance Company and in favor of Arntz Contracting Company and certain of its affiliates in the amount of $16.5 million in compensatory damages and $100 million in punitive damages. In January 1994, the portion of the judgment granting punitive damages was vacated. Both parties have appealed the court's rulings.

Item 4. Submission of Matters to a Vote of Security Holders.

No matter was submitted to a vote of security holders during the quarter ended Dec. 31, 1993.

Executive Officers of the Registrant.

All of the persons listed below are regarded as executive officers of The St. Paul Companies, Inc. because of the responsibilities they have and duties they perform as elected officers of the Registrant, Fire and Marine or St. Paul Re. There are no family relationships between any of the Registrant's executive officers and directors, and there are no arrangements or understandings between any of these officers and any other person pursuant to which the officer was selected as an officer. All of the following officers except Nicholas M. Brown Jr., Andrew I. Douglass and Greg A. Lee have held executive positions with the Registrant or one or more of its subsidiaries for more than five years, and have been employees of the Registrant or a subsidiary for more than five years. Nicholas M. Brown Jr. joined the Registrant in September 1993. For more than five years prior to joining the Registrant, Mr. Brown held various management positions with Aetna Life and Casualty. Mr. Douglass joined the Registrant in August 1993. For more than five years prior to joining the Registrant, Mr. Douglass held various legal management positions with Heller International Corporation. Greg A. Lee joined the Registrant in January 1993. For more than five years prior to joining the Registrant, Mr. Lee held various human resources management positions with PepsiCo, Inc. and its subsidiaries.

Name	Age	Positions Presently Held	Term of Office and Period of Service
Douglas W. Leatherdale	57	Chairman, President and Chief Executive Officer	Serving at the pleasure of the Board from 5-90
Thomas W. McKeown	64	Executive Vice President and Chief Administrative Officer	Serving at the pleasure of the Board from 5-85
Patrick A. Thiele	43	Executive Vice President and Chief Financial Officer	Serving at the pleasure of the Board from 12-91
Nicholas M. Brown Jr.	39	President- St. Paul Specialty- Fire and Marine	Serving at the pleasure of the Board from 9-93
Gary P. Hanson	50	President- St. Paul Personal & Business Insurance-	Serving at the pleasure of the Board from 9-93

Fire and Marine

James A. Schulte	44	President- St. Paul Commercial- Fire and Marine	Serving at the pleasure of the Board from 10-93
James F. Duffy	50	President and Chief Executive Officer- St. Paul Re	Serving at the pleasure of the Board from 9-93
Howard E. Dalton	56	Senior Vice President and Chief Accounting Officer	Serving at the pleasure of the Board from 9-87
Andrew I. Douglass	50	Senior Vice President and General Counsel	Serving at the pleasure of the Board from 8-93
Greg A. Lee	44	Senior Vice President- Human Resources	Serving at the pleasure of the Board from 1-93
Bruce A. Backberg	45	Vice President and Corporate Secretary	Serving at the pleasure of the Board from 5-92
James L. Boudreau	58	Vice President and Treasurer	Serving at the pleasure of the Board from 11-90

Part II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters.

The "Stock Trading" and "Stock Price and Dividend Rate" portions of the "Shareholder Information" section on the inside back cover of the Registrant's 1993 Annual Report to Shareholders are incorporated herein by reference.

Item 6. Selected Financial Data.

The "Eleven-year Summary of Selected Financial Data" section on pages 42 and 43 of the Registrant's 1993 Annual Report to Shareholders is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The "Management's Discussion and Analysis" section on pages 22 to 41 of the Registrant's 1993 Annual Report to Shareholders is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

The financial statements and supplementary data on pages 42 to 63 of the Registrant's 1993 Annual Report to Shareholders are incorporated herein by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Part III

Item 10. Directors and Executive Officers of the Registrant.

The "Nominees for Directors" section, which provides information regarding the Registrant's directors, on pages 4 to 6 of the Registrant's Proxy Statement relating to the annual meeting of shareholders to be held May 3, 1994, is incorporated herein by reference. Roger L. Hale, who has served the Registrant as a director since January 1, 1980, is not standing for re-election as a director at the May 3, 1994 annual meeting. Mr. Hale, who is 59 years old, has held the positions of President and Chief Executive Officer of TENNANT, which manufactures industrial floor maintenance equipment, for more than the past five years. He also serves as a director of TENNANT, First Bank System, Inc. and Dayton-Hudson Corporation. Information regarding the Registrant's executive officers is included in Part I of this report.

Item 11. Executive Compensation.

The "Executive Compensation" section on pages 19 to 26 and the "Board of Directors Compensation" section on pages 6 to 8 of the Registrant's Proxy Statement relating to the annual meeting of shareholders to be held May 3, 1994, are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The "Security Ownership of Certain Beneficial Owners and Management" section on pages 27 to 30 of the Registrant's Proxy Statement relating to the annual meeting of shareholders to be held May 3, 1994, are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

None.

Part IV

Item 14. Exhibits, Financial Statements, Financial Statement Schedules and Reports on Form 8-K.

(a) Filed documents. The following documents are filed as part of this report:

1. Financial Statements.
   Incorporated by reference into Part II of this report:
   The St. Paul Companies, Inc. and Subsidiaries:
   - Consolidated Statements of Operations - Year Ended December 31, 1993, 1992 and 1991
   - Consolidated Balance Sheets - December 31, 1993 and 1992
   - Consolidated Statements of Common Shareholders' Equity - Year Ended December 31, 1993, 1992 and 1991
   - Consolidated Statements of Cash Flows - Year Ended December 31, 1993, 1992 and 1991
   - Notes to Consolidated Financial Statements

2. Financial Statement Schedules.
   The St. Paul Companies, Inc. and Subsidiaries:
   - Independent Auditor's Report on Financial Statement Schedules
   - I. Summary of Investments - Other than Investments in Related Parties

II. Amounts Receivable from Related Parties, and Underwriters, Promoters, and Employees Other Than Related Parties
III. Condensed Financial Information of Registrant
V. Supplementary Insurance Information
VI. Reinsurance
VIII. Valuation and Qualifying Accounts
IX. Short-term Borrowings
X. Supplemental Information - Property-Liability Insurance

All other schedules are omitted because they are not applicable, not required, or the information is included elsewhere in the Financial Statements or Notes thereto.

3. Exhibits. An Exhibit Index is set forth at page 38 of this report.

(3) The current articles of incorporation and the current bylaws of the Registrant are incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 1990.

(4) A specimen certificate of the Registrant's common stock is incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 1992.

The Registrant's Shareholder Protection Rights Agreement and the amendment thereof are incorporated herein by reference to the Registrant's Form 8-K Current Reports dated December 4, 1989 and March 9, 1990.

There are no long-term debt instruments in which the total amount of securities authorized exceeds 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis. The Registrant agrees to furnish a copy of any of its long-term debt instruments to the Commission upon request.

(10) The Registrant's Non-Employee Director Stock Retainer Plan is incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 1991.

The summary description of the Registrant's Outside Directors' Retirement Plan is incorporated by reference to the Registrant's proxy statement relating to the annual meeting of shareholders to be held May 3, 1994.

The Registrant's 1988 Stock Option Plan, as amended, is incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 1990.

The Registrant's Restricted Stock Award Plan, as amended, is incorporated herein by reference to the Registrant's Form 10-K for the year ended December 31, 1989.

The Registrant's Benefit Equalization Plan and Special Severance Policy are incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 1987.

The Registrant's amended 1980 Stock Option Plan as in effect for options granted prior to February 1988, is incorporated by reference to the Registrant's Registration Statement on Form S-8 (SEC File No. 33-26923) filed February 8, 1989.

The Deferred Management Incentive Awards Agreement - Prime Rate, the Deferred Management Incentive Awards Agreement - Phantom Stock, the Directors' Deferred Compensation Agreement - Prime Rate and the Directors' Deferred Compensation Agreement - Phantom Stock are incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 1982.

The Registrant's Alternate Long-Term Incentive Plan is incorporated by reference to the Registrant's Form 10-Q for the quarter ended March 31, 1983.

The summary descriptions of the Registrant's Annual Incentive Plan, Executive Post-Retirement Life Insurance Plan and Executive Excess Long-Term Disability Plan are incorporated by reference to the Registrant's proxy statement relating to the annual meeting of shareholders which was held on May 5, 1992.

(11) A statement regarding the computation of per share earnings.

(12) A statement regarding the computation of the ratio of earnings to combined fixed charges and preferred stock dividends.

(13) The Registrant's 1993 Annual Report to Shareholders. The following portions of such annual report, representing those portions expressly incorporated by reference in this report on Form 10-K, are filed as an exhibit to this report:

Portions of Annual Report for the this year ended December 31, 1993	Items in report
Consolidated Financial Statements	Item 8
Notes to Consolidated Financial Statements	Item 1,8
Independent Auditors' Report	Item 8
Management's Discussion and Analysis	Item 7
"Stock Trading" and "Stock Price and Dividend Rate" portions of "Shareholder Information"	Item 5
Eleven-year Summary of Selected Financial Data	Item 6

The Registrant's complete 1993 Annual Report to Shareholders is furnished to the Commission in a paper format pursuant to Rule 14a-3(c).

(21) List of subsidiaries of the Registrant.

(23) Consent of independent auditors to incorporation by reference of certain reports into the Registrant's Registration Statements on Form S-8 (SEC File No. 2-69894, No. 33-15392, No. 33-20516, No. 33-23446, No. 33-23948, No. 33-24220, No. 33-24575, No. 33-26923 and No. 33-49273) and Form S-3 (SEC File No. 33-33931 and No. 33-50115).

(24) Power of attorney.

(28) Information from reports furnished to state insurance regulatory authorities.

(b) Reports on Form 8-K.

The Registrant filed a Form 8-K Current Report dated October 12, 1993, pertaining to exhibits filed in connection with the Registrant's Registration Statement on Form S-3.

The Registrant filed a Form 8-K Current Report dated October 21, 1993, pertaining to the Registrant's press release relating to the announcement of third quarter 1993 financial results.

The Registrant filed a Form 8-K Current Report dated January 24, 1994, pertaining to the Registrant's press release relating to the announcement of financial results for the year ended December 31, 1993.

The Registrant filed a Form 8-K Current Report dated February 10, 1994, pertaining to the Registrant's press release relating to the announcement of estimated losses from catastrophes in January 1994 and to the possibility of the Registrant repurchasing up to one million of its common shares.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE ST. PAUL COMPANIES, INC.
(Registrant)

Date March 18, 1994 By /s/ Bruce A. Backberg
Bruce A. Backberg
Vice President and
Corporate Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date March 18, 1994 By /s/ Douglas W. Leatherdale
Douglas W. Leatherdale, Director,
Chairman of the Board, President
and Chief Executive Officer

Date March 18, 1994 By /s/ Patrick A. Thiele
Patrick A. Thiele, Director,
Executive Vice President and
Chief Financial Officer

Date March 18, 1994 By /s/ Howard E. Dalton
Howard E. Dalton, Senior
Vice President and
Chief Accounting Officer

Date March 18, 1994 By /s/ Michael R. Bonsignore
Michael R. Bonsignore*, Director

Date March 18, 1994 By /s/ John H. Dasburg
John H. Dasburg*, Director

Date March 18, 1994 By /s/ W. John Driscoll
W. John Driscoll*, Director

Date March 18, 1994 By /s/ Mark S. Fowler
Mark S. Fowler*, Director

Date March 18, 1994 By /s/ Pierson M. Grieve
Pierson M. Grieve*, Director

Date March 18, 1994 By /s/ Roger L. Hale
Roger L. Hale*, Director

Date March 18, 1994 By /s/ Ronald James
Ronald James*, Director

Date March 18, 1994 By /s/ William H. Kling
William H. Kling*, Director

Date March 18, 1994 By /s/ Bruce K. MacLaury
Bruce K. MacLaury*, Director

Date March 18, 1994 By /s/ Ian A. Martin
Ian A. Martin*, Director

Date March 18, 1994 By /s/ Glen D. Nelson
Glen D. Nelson*, Director

Date March 18, 1994 By /s/ Anita M. Pampusch
Anita M. Pampusch*, Director

Date March 18, 1994 *By /s/ Bruce A. Backberg
Bruce A. Backberg,
Attorney-in-fact

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENT SCHEDULES

The Board of Directors and Shareholders
The St. Paul Companies, Inc.:

Under date of January 24, 1994, we reported on the consolidated balance sheets of The St. Paul Companies, Inc. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of operations, common shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1993, as contained in the 1993 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1993. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedules listed in the index in Item 14(a) 2.

of said Form 10-K. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

St. Paul, Minnesota
January 24, 1994

/s/ KPMG Peat Marwick
KPMG Peat Marwick

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES

SCHEDULE I - SUMMARY OF INVESTMENTS
OTHER THAN INVESTMENTS IN RELATED PARTIES
December 31, 1993
(In thousands of dollars)

<TABLE>
<CAPTION>

	1993		
	Cost(1)	Value(1)	Amount at which shown in the balance sheet
Type of investment:			
Fixed maturities:			
United States Government and government agencies and authorities	$ 1,854,287	1,938,992	1,938,992
States, municipalities and political subdivisions	4,108,680	4,610,918	4,610,918
Foreign governments	520,254	564,699	564,699
Corporate securities	957,526	1,016,074	1,016,074
Mortgage-backed securities	944,352	1,017,281	1,017,281
Total fixed maturities	8,385,099	9,147,964	9,147,964
Equity securities:			
Common stocks:			
Public utilities	40,389	44,025	44,025
Banks, trusts and insurance companies	23,871	25,030	25,030
Industrial, miscellaneous and all other	424,123	479,627	479,627
Total equity securities	488,383	548,682	548,682
Venture capital	224,523	297,982	297,982
Real estate	498,691(2)		488,691
Other investments	47,834		47,834
Short-term investments	725,261		725,261
Total investments	$10,369,791		11,256,414

</TABLE>

(1) See Notes 1, 3 and 4 to the consolidated financial statements included in the Registrant's 1993 Annual Report to Shareholders.

(2) The cost of real estate represents the cost of the properties

before the valuation provision. (See Schedule VIII on page 34).

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES

SCHEDULE II - AMOUNTS RECEIVABLE FROM
RELATED PARTIES, AND UNDERWRITERS, PROMOTERS AND
EMPLOYEES OTHER THAN RELATED PARTIES
Years Ended December 31, 1993, 1992 and 1991
(In thousands of dollars)

			Deductions		Balance at End of Year	
Name of Employee	Balance at Beginning of Year	Additions	Amounts Collected	Foreign Currency Translation	Current	Non-current
1993						
Murray, R.H. (1)	$ 432	27	(71)	-	388	-
Quick, S.J. (2)	36	-	-	(6)	30	-
Bedford, A.D. (3)	107	-	(45)	(17)	45	-
Burne, R.E. (4)	416	-	(416)	-	-	-
Roche, B.J. (4)	416	-	(416)	-	-	-
	$1,407	27	(948)	(23)	463	-
1992						
Murray, R.H.	$ 402	30	-	-	432	-
Quick, S.J.	166	-	(133)	3	36	-
Bedford, A.D.	105	-	-	2	107	-
Burne, R.E.	409	-	-	7	416	-
Roche, B.J.	409	-	-	7	416	-
	$1,491	30	(133)	19	1,407	-
1991						
Murray, R.H.	$ 375	27	-	-	402	-
Quick, S.J.	178	-	-	(12)	166	-
Bedford, A.D.	112	-	-	(7)	105	-
Burne, R.E.	-	409	-	-	-	409
Roche, B.J.	-	409	-	-	-	409
	$ 665	845	-	(19)	673	818

(1) Represents demand note, interest rate at market.
(2) Represents interest free, unsecured loan.
(3) Represents housing loan at 2.5%.
(4) Represents interest free, secured loan.

THE ST. PAUL COMPANIES, INC. (Parent Only)

SCHEDULE III - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
CONDENSED BALANCE SHEET INFORMATION
December 31, 1993 and 1992
(In thousands of dollars)

<TABLE>
<CAPTION>

Assets	1993	1992
Investment in subsidiaries	$3,555,191	2,752,740
Investments:		
Fixed maturities (at estimated market value in 1993; amortized cost in 1992)	49,134	49,237
Equity securities, at market	32,959	23,134
Short-term investments	2,478	7,387
Deferred income taxes	113,765	100,147
Notes and other receivables from subsidiaries	1,205	1,315
Other assets	31,920	37,107
Total assets	$3,786,652	2,971,067
Liabilities		
Debt	$ 717,056	705,570
Dividends payable to shareholders	29,634	28,590
Other liabilities	36,155	34,981
Total liabilities	782,845	769,141
Convertible preferred stock	147,608	149,161
Guaranteed obligation - PSOP	(148,929)	(149,734)
Net convertible preferred stock	(1,321)	(573)
Common Shareholders' Equity		
Common stock, authorized 120,000,000 shares; issued 42,357,338 shares (42,059,277 in 1992)	438,559	422,249
Retained earnings	2,082,832	1,781,113
Guaranteed obligation - ESOP	(56,005)	(67,452)
Unrealized appreciation of investments	588,844	63,669
Unrealized gain (loss) on foreign currency translation	(49,102)	2,920
Total common shareholders' equity	3,005,128	2,202,499
Total liabilities, preferred stock and common shareholders' equity	$3,786,652	2,971,067

</TABLE>
See accompanying notes to condensed financial information.

THE ST. PAUL COMPANIES, INC. (Parent Only)

SCHEDULE III - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
CONDENSED STATEMENT OF INCOME INFORMATION
Years Ended December 31, 1993, 1992 and 1991
(In thousands of dollars)

<TABLE>
<CAPTION>

	1993	1992	1991
Revenues:			
Realized investment gains (losses)	$ 5,551	(7,022)	3,128
Net investment income	4,647	7,174	4,270
Realized gain on sale of minority			

interest in Nuveen	-	98,284	-
Other	-	-	43
Total revenues	10,198	98,436	7,441
Expenses:			
Interest expense	43,349	36,933	39,157
Administrative and other	25,403	22,575	14,005
Total expenses	68,752	59,508	53,162
Income (loss) before income taxes	(58,554)	38,928	(45,721)
Income tax benefit	(24,977)	(119,574)	(14,017)
Income (loss) before cumulative effects of accounting changes	(33,577)	158,502	(31,704)
Cumulative effects of accounting changes:			
Income taxes	-	(23,264)	-
Postretirement benefits	-	(2,934)	-
Net income (loss) - Parent only	(33,577)	132,304	(31,704)
Equity in net income (loss) of subsidiaries	461,186	(288,342)	436,766
Consolidated net income (loss)	$427,609	(156,038)	405,062

</TABLE>

See accompanying notes to condensed financial information.

THE ST. PAUL COMPANIES, INC. (Parent Only)

SCHEDULE III - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
CONDENSED STATEMENT OF CASH FLOWS INFORMATION
Years Ended December 31, 1993, 1992 and 1991
(In thousands of dollars)

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Operating Activities:			
Net income (loss)	$ (33,577)	132,304	(31,704)
Cash dividends from subsidiaries	208,333	109,788	200,676
Tax payments from subsidiaries	99,751	106,078	188,796
State and federal income tax payments	(83,200)	(107,100)	(160,200)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Deferred tax provision (benefit)	(7,609)	(109,994)	1,865
Realized gains	(5,551)	(91,262)	(3,128)
Other	(14,205)	2,951	(24,761)
Cash provided by operating activities	163,942	42,765	171,544
Investing Activities:			
Proceeds from sales and maturities of investments	62,656	145,083	58,651
Purchases of investments	(61,614)	(193,626)	(68,106)
Capital contributions to subsidiaries	(75,136)	(50,311)	(44,080)
Proceeds from sale of Nuveen shares	-	137,052	-

Other	1,356	(5,734)	788
Cash provided by (used in) investing activities	(72,738)	32,464	(52,747)
Financing Activities:			
Dividends paid to shareholders	(129,218)	(126,067)	(120,154)
Issuance of debt	77,243	102,646	64,831
Repayment of debt	(51,735)	(8,504)	(45,011)
Repayment of intercompany debt	-	-	(30,387)
Reacquired common shares	(207)	(57,722)	(193)
Stock options exercised and other	12,713	14,418	12,117
Cash used in financing activities	(91,204)	(75,229)	(118,797)
Effect of exchange rate changes on cash	-	-	-
Change in cash	-	-	-
Cash at beginning of year	-	-	-
Cash at end of year	$ -	-	-

</TABLE>
See accompanying notes to condensed financial information.

THE ST. PAUL COMPANIES, INC. (Parent Only)

SCHEDULE III - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
NOTES TO CONDENSED FINANCIAL INFORMATION

1. The accompanying condensed financial information should be read in conjunction with the consolidated financial statements and notes included in the Registrant's 1993 Annual Report to Shareholders.

2. Carrying Value of Fixed Maturities: The Registrant adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," as of Dec. 31, 1993. The fixed-maturity portfolio is now recorded at estimated market value, with the corresponding unrealized appreciation recorded, net of taxes, in common shareholders' equity. The Registrant did not restate its 1992 balance sheet to reflect this change. The estimated market value of the Registrant's fixed-maturity portfolio at Dec. 31, 1992 was $51.9 million.

3. Cash Flow Reclassification: In 1993, the Registrant changed its classification of realized gains from an operating cash flow to an investing cash flow. The Registrant's statements of cash flows for 1992 and 1991 were restated to reflect this change.

4. Debt consists of the following:

	December 31, 1993	December 31, 1992
Medium-term notes	$210,780	133,534
Commercial paper	201,384	229,889
Guaranteed PSOP debt (1)	148,929	149,734
9-3/8% notes	99,959	99,947
Guaranteed ESOP debt	47,223	58,333
Guaranteed ESOP debt (1)	8,781	9,119
Pound sterling loan notes	-	25,014
Total debt	$717,056	705,570

======= =======

(1) Eliminated in consolidation.

See Note 6 to the consolidated financial statements included in the Registrant's 1993 Annual Report to Shareholders for further information on the debt outstanding at Dec. 31, 1993.

The amount of debt, other than debt eliminated in consolidation, that becomes due during each of the next five years is as follows: 1994, $31.5 million; 1995, $11.1 million; 1996, $212.5 million; 1997, $111.1 million; 1998, $27.8 million.

5. Common Shareholders' Equity: See Note 9 to the consolidated financial statements included in the Registrant's 1993 Annual Report to Shareholders.

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES

SCHEDULE V-SUPPLEMENTARY INSURANCE INFORMATION
(In thousands of dollars)

<TABLE>
<CAPTION>

	At December 31,			
	Deferred policy acquisition expenses	Gross loss and loss adjustment expense reserves	Gross unearned premiums	Other policy claims and benefits payable
1993				
Property-Liability Insurance Underwriting:				
Specialized Commercial	$106,584	3,014,729	595,960	-
Medical Services	44,951	2,229,728	552,165	-
Business Insurance	46,328	1,471,664	215,125	-
Reinsurance	29,177	1,812,517	161,178	-
Personal Insurance	58,458	472,655	268,902	-
International	9,362	183,898	82,305	-
Total	$294,860	9,185,191	1,875,635	-
1992				
Property-Liability Insurance Underwriting:				
Specialized Commercial	$107,443	2,921,368	595,691	-
Medical Services	45,551	2,309,568	493,399	-
Business Insurance	59,539	1,533,655	272,363	-
Reinsurance	25,536	1,758,949	134,949	-
Personal Insurance	28,019	200,760	116,806	-
International	14,042	88,259	95,803	-
Total	$280,130	8,812,559	1,709,011	-

</TABLE>

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES

SCHEDULE V-SUPPLEMENTARY INSURANCE INFORMATION
(In thousands of dollars)

	Premiums earned	Net investment income	Insurance losses and loss adjustment expenses	Amortization of policy acquisition expenses	Other operating expenses	Premiums written
1993						
Property-Liability Insurance Underwriting:						
Specialized Commercial	$1,011,439	-	751,406	263,138	91,570	1,000,255
Medical Services	688,980	-	389,483	122,323	48,777	710,281
Business Insurance	531,465	-	397,786	170,155	34,673	477,515
Reinsurance	395,008	-	327,696	74,026	38,152	431,242
Personal Insurance	372,734	-	258,300	70,221	66,405	387,864
International	178,712	-	179,067	32,274	30,042	171,388
Net investment income	-	646,396	-	-	-	-
Other	-	-	-	-	53,211	-
Total	$3,178,338	646,396	2,303,738	732,137	362,830	3,178,545
1992						
Property-Liability Insurance Underwriting:						
Specialized Commercial	$1,050,936	-	868,570	282,938	77,583	1,058,127
Medical Services	722,172	-	403,990	134,442	40,471	712,021
Business Insurance	676,265	-	567,768	203,045	49,515	623,434
Reinsurance	361,093	-	558,305	79,950	37,194	343,045
Personal Insurance	206,746	-	161,038	66,593	22,953	225,974
International	126,034	-	130,375	22,337	21,159	179,818
Net investment income	-	642,301	-	-	-	-
Other	-	-	-	-	61,525	-
Total	$3,143,246	642,301	2,690,046	789,305	310,400	3,142,419
1991						
Property-Liability Insurance Underwriting:						
Specialized Commercial	$1,122,561	-	854,842	260,721	56,099	1,137,504
Medical Services	685,402	-	370,232	134,141	39,357	716,768
Business Insurance	699,225	-	568,544	209,228	43,119	730,425
Reinsurance	375,427	-	386,358	80,238	34,939	363,997
Personal Insurance	198,212	-	129,498	62,907	18,837	203,527
International	65,411	-	56,095	9,863	13,223	81,508
Net investment income	-	640,856	-	-	-	-
Other	-	-	-	-	31,747	-
Total	$3,146,238	640,856	2,365,569	757,098	237,321	3,233,729

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES

SCHEDULE VI - REINSURANCE
Years Ended December 31, 1993, 1992 and 1991
(In thousands of dollars)

<TABLE>
<CAPTION>

Property-liability insurance premiums earned:	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
1993	$3,021,203	523,491	680,626	3,178,338	21.4%
1992	$3,027,243	545,502	661,505	3,143,246	21.0%
1991	$2,985,674	547,293	707,857	3,146,238	22.5%

</TABLE>

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 1993, 1992 and 1991
(In thousands of dollars)

<TABLE>
<CAPTION>

Description	Balance at beginning of year	Additions: Charged to costs and expenses	Additions: Charged to other accounts	Deductions(1)	Balance at end of year
1993					
Real estate valuation adjustment	$ -	10,000	-	-	10,000
Allowance for uncollectible:					
Agency loans	$ 5,000	3,000	-	3,250	4,750
Premiums receivable from:					
Underwriting activities	$ 7,314	8,756	-	1,068	15,002
Brokerage activities	$ 18,771	1,637	-	1,339	19,069
Reinsurance	$ 32,768	2,947	-	9,513	26,202
1992					
Oil and gas valuation adjustment for ceiling test write-down	$ 65,636	-	-	65,636	-
Allowance for uncollectible:					
Agency loans	$ 5,000	-	-	-	5,000
Premiums receivable from:					
Underwriting activities	$ 12,344	2,496	-	7,526	7,314
Brokerage activities	$ 20,843	1,992	-	4,064	18,771
Reinsurance	$ 13,708	21,508	-	2,448	32,768

1991

Oil and gas valuation adjustment for ceiling test write-down	$126,838	17,000	-	78,202	65,636
Allowance for uncollectible:					
Agency loans	$ 5,000	-	-	-	5,000
Premiums receivable from:					
Underwriting activities	$ 10,578	3,842	-	2,076	12,344
Brokerage activities	$ 21,235	3,216	-	3,608	20,843
Reinsurance	$ 15,869	283	-	2,444	13,708

</TABLE>

(1) Deductions include write-offs of amounts determined to be uncollectible and unrealized foreign exchange gains and losses. For the oil and gas valuation adjustment, the deduction in 1992 and 1991 represents that portion of the accumulated ceiling test write-down allocated to properties sold in those years.

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES

SCHEDULE IX - SHORT-TERM BORROWINGS
Years Ended December 31, 1993, 1992 and 1991
(In thousands of dollars)

<TABLE>
<CAPTION>

	Balance at end of year	Weighted average interest rate at end of year	Maximum amount outstanding during the year	Average amount outstanding during the year(3)	Weighted average interest rate during the year
1993					
Short-term borrowings:					
Securities sold under agreement to repurchase(1)	$80,383	3.6%	$ 80,383	$ 661	3.6%
Bank borrowings(2)	$ -	-	$124,000	$ 3,057	4.8%
1992					
Short-term bank borrowings(2)	$20,000	5.8%	$139,000	$12,498	4.1%
1991					
Short-term bank borrowings(2)	$22,000	5.4%	$ 54,000	$ 1,567	6.1%

</TABLE>

(1) Represents short-term borrowings of Nuveen.

(2) Represents the collateralized bank borrowings of Nuveen.

(3) Based on weighted average daily amounts outstanding.

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES

SCHEDULE X-SUPPLEMENTAL INFORMATION - PROPERTY-LIABILITY INSURANCE
(In thousands of dollars)

<TABLE>
<CAPTION>

<S> At December 31	Deferred Policy Acquisition Expenses	Gross Reserves for Losses and Loss Adjustment Expenses	Discount on Loss Reserves	Gross Unearned Premiums
	<C>	<C>		<C>
1993	$294,860	9,185,191	-	1,875,635
1992	$280,130	8,812,559	-	1,709,011

</TABLE>

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES

SCHEDULE X-SUPPLEMENTAL INFORMATION - PROPERTY-LIABILITY INSURANCE
(In thousands of dollars)

<TABLE>
<CAPTION>

<S> Year Ended December 31,	Earned Premiums	Net Investment Income	Losses and Loss Adjustment Expenses Incurred Related to Current Year(1)	Losses and Loss Adjustment Expenses Incurred Related to Prior Years(1)	Amortization of Deferred Policy Acquisition Expenses	Paid Losses and Loss Adjustment Expenses	Premiums Written
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1993	$3,178,338	646,396	2,526,675	(222,937)	732,137	2,126,515	3,178,545
1992	$3,143,246	642,301	2,941,214	(251,168)	789,305	2,160,091	3,142,419
1991	$3,146,238	640,856	2,607,896	(242,327)	757,098	1,953,750	3,233,729

</TABLE>

(1) Current year and prior year losses and loss adjustment expenses incurred for 1992 and 1991 were reclassified to conform to the 1993 presentation, which includes the results of the Registrant's U.K.-based underwriting operation, St. Paul UK, in the current and prior year information.

EXHIBIT INDEX*

Exhibit		How Filed
(2)	Plan of acquisition, reorganization, arrangement,	

liquidation, or succession** . . . .

(3)	Articles of incorporation and by-laws***	
(4)	Instruments defining the rights of security holders, including indentures.	
	(a) Specimen Common Stock Certificate***.	
	(b) Shareholder Protection Rights Agreement***.	
(9)	Voting trust agreements**	
(10)	Material contracts	
	(a) Non-Employee Director Stock Retainer Plan***.	
	(b) Outside Directors' Retirement Plan***	
	(c) Amended 1988 Stock Option Plan***	
	(d) Restricted Stock Award Plan***.	
	(e) Benefit Equalization Plan***.	
	(f) Special Severance Policy***	
	(g) Amended 1980 Stock Option Plan***	
	(h) Deferred Management Incentive Awards Agreement - Prime Rate***	
	(i) Deferred Management Incentive Awards Agreement - Phantom Stock***.	
	(j) Directors' Deferred Compensation Agreement - Prime Rate***	
	(k) Directors' Deferred Compensation Agreement - Phantom Stock***.	
	(l) Alternative Long-Term Incentive Plan***	
	(m) Annual Incentive Plan***.	
	(n) Executive Post-Retirement Life Insurance Plan***.	
	(o) Executive Excess Long-Term Disability Plan***	
(11)	Statement re computation of per share earnings.	(1)
(12)	Statement re computation of ratios.	(1)
(13)	Annual report to security holders	(1)
(16)	Letter re change in certifying accountant**	
(18)	Letter re change in accounting principles**	
(21)	Subsidiaries of the Registrant.	(1)
(22)	Published report regarding matters submitted to vote of security holders**	
(23)	Consents of experts and counsel	(1)
(24)	Power of attorney	(1)
(27)	Financial data schedule**	
(28)	Information from reports furnished to state insurance regulatory authorities****.	Paper Page 3
(99)	Additional exhibits**	

*The exhibits are included only with the copies of this report that are filed with the Securities and Exchange Commission. However, copies of the exhibits may be obtained from the Registrant for a reasonable fee by writing to the Corporate Secretary, The St. Paul Companies, Inc., 385 Washington Street, St. Paul, Minnesota 55102.

**These items are not applicable.

***These items are incorporated by reference as described in Item 14(a)(3) of this report.

****Filed on paper under cover of Form SE in accordance with Rule 202 of Regulation S-T.

(1) Filed electronically.

EXHIBIT 11

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES
Computation of Earnings (Loss) Per Common Share
(In thousands, except per share amounts)

<TABLE>
<CAPTION>

	Twelve Months Ended December 31, 1993	1992	1991
<S>	<C>	<C>	<C>
PRIMARY			
Earnings (loss):			
Net income (loss), as reported	$427,609	(156,038)	405,062
Preferred dividends declared (net of taxes)	(8,395)	(8,349)	(8,037)
Tax benefit on common stock dividends paid to ESOP	-	-	1,998
Net income (loss), as adjusted	$419,214	(164,387)	399,023
Shares:			
Weighted average number of common shares outstanding	42,209	42,360	42,413
Additional dilutive effect of:			
Outstanding stock options (based on treasury stock method using average market price)	402	-	281
Weighted average, as adjusted	42,611	42,360	42,694
FULLY DILUTED			
Earnings (loss):			
Net income (loss), as reported	$427,609	(156,038)	405,062
Additional PSOP expense (net of taxes) due to assumed conversion of preferred stock	(4,080)	-	(4,472)
Tax benefit on common stock dividends paid to ESOP and PSOP	-	-	3,834
Preferred dividends declared (net of taxes)	-	(8,349)	-
Net income (loss), as adjusted	$423,529	(164,387)	404,424
Shares:			
Weighted average number of common shares outstanding	42,209	42,360	42,413

Additional dilutive effect of:			
Convertible preferred stock	2,053	-	2,078
Outstanding stock options (based on treasury stock method using market price at end of period)	473	-	400
Weighted average, as adjusted	44,735	42,360	44,891
EARNINGS (LOSS) PER COMMON SHARE:			
Primary	$ 9.84	(3.88)	9.35
Fully diluted	$ 9.47	(3.88)	9.01

</TABLE>

EXHIBIT 12

THE ST. PAUL COMPANIES, INC. AND SUBSIDIARIES
Computation of Ratios
(In thousands, except ratios)

	Twelve Months Ended December 31,				
	1993	1992	1991	1990	1989
EARNINGS (LOSS):					
Income (loss) before income taxes	$522,606	(225,063)	528,061	503,905	489,398
Add: fixed charges	65,633	70,897	65,045	60,148	52,179
Less: capitalized interest	-	4,580	3,571	6,935	2,162
Income (loss), as adjusted	$588,239	(158,746)	589,535	557,118	539,415
FIXED CHARGES AND PREFERRED STOCK DIVIDENDS:					
Fixed charges:					
Interest costs	$ 40,921	40,288	39,275	36,490	31,789
Rental expense (1)	24,712	30,609	25,770	23,658	20,390
Total fixed charges	65,633	70,897	65,045	60,148	52,179
Preferred stock dividends	18,488	18,395	18,451	17,285	-
Total fixed charges and preferred stock dividends	$ 84,121	89,292	83,496	77,433	52,179
Ratio of earnings to fixed charges (2)	8.96	-	9.06	9.26	10.34
Ratio of earnings to combined fixed charges and preferred stock dividends (2)	6.99	-	7.06	7.19	10.34

(1) Interest portion deemed implicit in total rent expense.

(2) The 1992 loss was inadequate to cover "fixed charges" by $229.6 million, and "combined fixed charges and preferred dividends" by $248.0 million.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis

RECORD EARNINGS, ROE OF 17% FOR THE ST. PAUL IN 1993

After the tumultuous year of 1992, during which we weathered unprecedented catastrophe losses of $305 million and a $365 million goodwill write-down, we rebounded to post record net income in 1993. Our pretax earnings in 1993 were $523 million, compared with a loss of $225 million in 1992 and earnings of $528 million in 1991. It would be difficult not to show improvement after a year like 1992, and the following table provides a clearer picture of the extent of that improvement in 1993 by segregating the impact of catastrophe losses, the goodwill write-down and realized gains.

	Year Ended December 31		
(In millions)	1993	1992	1991
Pretax earnings (loss), as reported	$523	$(225)	$528
Add (subtract):			
Catastrophe losses	62	305	73
Goodwill write-down	-	365	-
Realized gains	(58)	(156)	(38)
	$527	$289	$563

(GRAPHIC IMAGE NO.1- SEE APPENDIX)

In 1993, we experienced significant improvements in our core commercial, personal and reinsurance underwriting operations, saw the beginnings of recovery in our insurance brokerage operations, and continued to reap strong returns from our investment in The John Nuveen Company.

Our after-tax operating earnings, which exclude realized investment gains, totaled $387 million in 1993, translating into a 17% return on beginning shareholders' equity.

Net income of $428 million in 1993, the highest annual total in the company's history, was driven by the improvements noted earlier. Another factor contributing to 1993's net income was a change in the statutory federal tax rate. When the rate increased to 35% in 1993 retroactive to the beginning of the year, we recorded a net income tax benefit of $15 million, or $0.34 per share. This benefit reflected the impact of the rate change on our significant deferred tax asset. In 1992, we incurred tax expense despite the sizable pretax loss because our goodwill write-down and substantial foreign underwriting and insurance brokerage losses were not deductible for U.S. federal tax purposes. Also in 1992, we implemented two new Statements of Financial Accounting Standards (SFAS) relating to income taxes and postretirement benefits, which in total reduced our net loss by $76 million.

Consolidated revenues of $4.5 billion in 1993 were level with 1992 revenues. Marginal growth in earned premiums and a 10% increase in investment banking-asset management revenues were offset by a decline in realized gains, which were unusually high in 1992 due to the $98 million gain realized on our sale of a minority interest in The John Nuveen Company. In 1992, revenues were 3% higher than 1991 as a result of an increase in realized gains (due to the Nuveen sale) and a 25% increase in investment banking-asset management revenues.

(GRAPHIC IMAGE NO.2-SEE APPENDIX)

Our total assets at the end of 1993 exceeded $17 billion. In 1993, we adopted SFAS No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts," which required us to record reinsurance recoverables on unpaid losses and ceded unearned premiums as assets instead of netting these items against insurance reserves. Total assets at the end of both 1993 and 1992 increased by $1.8 billion compared with what they would have been under our prior practice of netting these amounts. We also adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," as of Dec. 31, 1993. Our fixed-maturity portfolio is now recorded at estimated market value on our balance sheet, with the corresponding unrealized appreciation recorded, net of taxes, in common shareholders' equity. This increased total assets by $764 million at the end of 1993. We did not restate our 1992 balance sheet to reflect this change. Our adoption of these statements had no effect on net income or loss.

Operational Review

We operate in three business segments - underwriting, insurance brokerage and investment banking-asset management. Our underwriting segment operates primarily under the name St. Paul Fire and Marine Insurance Company, which is our largest subsidiary. Our insurance brokerage companies do business as the Minet Group, which is based in London. The John Nuveen Company, of which we are a 74% majority owner, comprises our investment banking-asset management segment. In the next several pages, we analyze the pretax results of these segments for the last three years.

UNDERWRITING RESULTS MUCH IMPROVED OVER 1992

Buoyed by the decline in catastrophe losses and other improvements experienced in several of our underwriting operations, pretax income in our underwriting segment totaled $507 million in 1993, much improved over 1992 income of $81 million. Pretax catastrophe losses in 1993 - $62 million - were our lowest total in five years and were 20% of 1992's record total of $305 million. When catastrophe losses are factored out of both years' results, our underwriting performance improved by over $174 million in 1993, an indication of the underlying quality of earnings in 1993. Written premiums in 1993 were level with 1992, a result which was expected given our strategy of reducing premium volume in certain market sectors. If not for our acquisition of Economy Fire & Casualty Company (Economy) in the third quarter of 1993, written premiums would have been 3% below 1992, mirroring the 3% decline in 1992 from 1991. A sharp reduction in Business Insurance volume and a less pronounced decline in Specialized Commercial premiums in 1993 were offset by strong increases in Reinsurance and Personal Insurance premiums. Our recent efforts to reduce premium growth in certain coverages, such as workers' compensation, and our more frequent use of higher deductibles on large accounts have been major factors in restraining premium growth for the last two years.

Our consolidated GAAP underwriting loss of $150 million was over $400 million less than the catastrophe-driven loss of $567 million in 1992. This translated into a 13 point improvement in the loss and loss expense ratio compared with 1992, eight points of which were due to the decline in catastrophe losses. The underwriting expense ratio improved slightly in 1993, due to the combined effect of expense control efforts and the addition of Economy. In 1992, the underwriting loss was $400 million worse than 1991, and the loss and loss expense ratio was 10 points worse than 1991, due to the highest level of catastrophe losses incurred in the company's history.

Reinsurance, which was particularly hard hit by catastrophe losses in 1992, improved its underwriting results by $269 million in 1993. Specialized Commercial and Business Insurance also achieved declines in underwriting losses, although not of the same magnitude as Reinsurance. In addition, Personal Insurance improved in 1993, due to improved loss experience and strong results from Economy.

Restructuring - During 1993, we began to restructure our U.S. Insurance Underwriting operations into a more customer-focused, flexible and efficient organization. We recorded charges of $21 million in 1993 associated with this restructuring, primarily consisting of severance and relocation expenses. Beginning in 1994, our underwriting performance will be reported in a new format to reflect the results of this restructuring. See the underwriting segment's "Outlook for 1994 - Our Restructured Underwriting Operations" section on page 30 for further information.

Underwriting Results - The accompanying table summarizes written premiums, underwriting results and combined ratios for each of our underwriting operations for the last three years. Following the table is a discussion of 1993 results for each operation and a look ahead to 1994.

(GRAPHIC IMAGE NO.3-SEE APPENDIX)

($ in millions)	% of 1993 Written Premiums	Year Ended December 31 1993	1992	1991
SPECIALIZED COMMERCIAL				
Written premiums	31%	$1,000	$1,058	$1,138
Underwriting result		$ (89)	$ (171)	$ (41)
Combined ratio		109.3	116.2	103.6
MEDICAL SERVICES				
Written premiums	22%	$ 710	$ 712	$ 717
Underwriting result		$ 133	$ 152	$ 149
Combined ratio		80.0	78.6	77.1
BUSINESS INSURANCE				
Written premiums	15%	$ 478	$ 623	$ 730
Underwriting result		$ (71)	$ (142)	$ (120)
Combined ratio		115.0	122.2	115.9
REINSURANCE				
Written premiums	14%	$ 431	$ 343	$ 364
Underwriting result		$ (45)	$ (314)	$ (126)
Combined ratio		109.9	187.1	133.7
PERSONAL INSURANCE				
Written premiums	12%	$ 388	$ 226	$ 204
Underwriting result		$ (16)	$ (44)	$ (13)
Combined ratio		103.4	118.9	106.4
INTERNATIONAL				
Written premiums	6%	$ 172	$ 180	$ 81
Underwriting result		$ (62)	$ (48)	$ (13)
Combined ratio		135.9	132.1	117.4
TOTAL				
Written premiums	100%	$3,179	$3,142	$3,234
Underwriting result		$ (150)	$ (567)	$ (164)
Combined ratio:				
Loss and loss expense ratio		72.5	85.6	75.2
Underwriting expense ratio		32.0	32.2	29.4
Combined ratio		104.5	117.8	104.6
Combined ratio including policyholders' dividends		104.7	118.2	105.0

Figures are on a GAAP basis, except for statutory combined ratios, which are not derived from the GAAP financial statements.

Specialized Commercial

Specialized Commercial is composed of Industry Underwriting, Specialty Underwriting, St. Paul Surety, Financial Services and Pools. Industry Underwriting underwrites property-liability insurance, including workers' compensation, for selected industry groups, which include construction companies, technology companies and public sector entities. Specialty Underwriting includes National Accounts, Professional Liability, Surplus Lines and Ocean Marine. National Accounts underwrites large commercial risks for a broad spectrum of large businesses. Professional Liability provides errors and omissions coverage for certain professionals, such as lawyers and real estate agents, and also underwrites directors and officers liability insurance. Surplus Lines underwrites coverages for unique and hard-to-place risks typically placed in the excess and surplus lines marketplace. Ocean Marine provides a variety of property-liability coverages related to ocean and inland waterways. St. Paul Surety underwrites surety bonds (primarily for construction contractors), which guarantee that third parties will be indemnified against the nonperformance of contractual obligations. Financial Services provides coverages for depository institutions. These policies include fidelity, which covers employers against dishonest acts of employees; directors and officers liability; and all property-liability coverages for this industry.

Written Premiums - Specialized Commercial written premiums of $1 billion were down 5% in 1993, following a 7% reduction in 1992. These declines were expected and were concentrated in Industry Underwriting. We were experiencing unacceptably high levels of underwriting losses, including heavy losses on workers' compensation business, and we initiated corrective actions to reduce our exposure to these losses. We increased our emphasis on deductible policies for large accounts so the policyholder retains more risk of loss. We also sharply curtailed the amount of guaranteed-cost policies we underwrite and instead focused on loss-sensitive policies (in which premiums are based on claim experience). The premium decline in 1992 was further impacted by the economic recession, which reduced demand for certain insurance products.

(GRAPHIC IMAGE NO.4-SEE APPENDIX)

Underwriting Result - The 1993 underwriting loss in Specialized Commercial declined by $82 million from the 1992 loss, primarily resulting from a significant turnaround in Industry Underwriting results. The improvement was driven by a reduction in workers' compensation exposures and losses. In addition, the Construction sector of Industry Underwriting experienced favorable development on losses recorded in prior years. Specialty Underwriting, Financial Services and St. Paul Surety also posted improved results in 1993. In 1992, Specialized Commercial's underwriting loss of $171 million was over four times the 1991 loss as a result of increased current year losses and increased operating expenses. Catastrophe losses were not a significant factor in the 1992 loss, although they totaled $16 million, compared with only $3 million in 1991.

Medical Services

Medical Services markets and underwrites professional liability insurance and various other types of property-liability insurance for physicians and surgeons, hospitals, nurses, dentists, nursing homes and other health care providers. Medical Services operates through four major market sectors - Physicians and Surgeons, Health Care Facilities, Major Accounts and Other Professionals.

Written Premiums - Medical Services recorded written premiums of $710 million in 1993, level with premium volume in both 1992 and 1991. However, the Major Accounts sector, which serves large health care

(GRAPHIC IMAGE

delivery systems, showed a 23% increase in premiums over 1992. We believe our value-added services give us a competitive advantage in this sector. Premium volume in the Physicians and Surgeons sector declined 3% from 1992, and Other Professionals volume was down 19% from 1992. In 1992, an increase over 1991 in Physicians and Surgeons volume was offset by slight declines in the other three sectors.

NO.5-SEE APPENDIX)

Underwriting Result - Medical Services continues to be a major success for us. The underwriting profit of $133 million in 1993, although down slightly from 1992's profit of $152 million, represented the fifth consecutive annual underwriting profit for Medical Services. In 1991, the profit was $149 million. In all three years, we experienced savings on provisions for losses made in prior years in all market sectors. Loss experience has been better than what was envisioned when reserves were originally established.

Business Insurance

Business Insurance underwrites general commercial property-liability coverages, commercial package insurance and various coverages designed specifically for small- to medium-sized commercial businesses, including manufacturers, wholesalers and retailers. This operation serves a broad class of middle market businesses, as well as specific customer groups.

Written Premiums - Premium volume in Business Insurance of $478 million declined 23% in 1993. Much like the reduction in Specialized Commercial premiums discussed earlier, we expected a decline of this magnitude because of our conscious efforts to reduce the volume of business for which our loss experience had been unacceptable. In 1993, we sharply reduced the amount of workers' compensation business written, and we intensified our efforts to ensure that business in this market sector was adequately priced. In 1992, premium volume was not directly comparable to 1991 totals due to a realignment in our operations. Totals for 1991 include premiums from our Canadian operations, which in 1992 were reported in our International operation, and premiums relating to Financial Services, which in 1992 were reported in Specialized Commercial. We continue to operate in a very competitive pricing environment in this segment of the domestic insurance market, a situation which has contributed to the lack of premium growth for several years.

Underwriting Result - The underwriting loss of $71 million for this operation was half the 1992 loss of $142 million. A decline in catastrophe losses from $34 million in 1992 to $14 million in 1993 contributed to this result; however, the significant reduction in the volume of business in this operation was the dominant factor in the reduced underwriting loss. In 1992, catastrophe losses accounted for the majority of the deterioration from 1991. Workers' compensation losses were a significant factor in underwriting losses for both 1992 and 1991.

Reinsurance

A reinsurance agreement transfers risk between insurance companies. Our Reinsurance business operates under the name St. Paul Re, which is based in New York with an office in London. St. Paul Re underwrites treaty and facultative reinsurance in both the domestic and international marketplaces. Treaty reinsurance covers whole classes or lines of business, while facultative reinsurance covers specific risks.

Written Premiums - Written premiums of $431 million in 1993 increased 26% over 1992, primarily due to price increases implemented for most of our property reinsurance products (led by catastrophe reinsurance). Reinsurance was one of the few operations in which market conditions were amenable to price increases in 1993. In 1992, premium volume declined 6% from 1991 due to our efforts to restrain growth in certain types of coverages.

Underwriting Result - The underwriting loss of $45 million in 1993 was the best result posted by Reinsurance in five years and represented a significant improvement over the loss of $314 million in 1992. Obviously, 1993 was a much calmer year in terms of natural disasters than 1992, when we experienced the most expensive storm in U.S. history - Hurricane Andrew - - and a host of other weather-related disasters. Reinsurance catastrophe losses of $25 million in 1993 were nearly $200 million less than the record losses of $221 million incurred in 1992. In addition to price increases on catastrophe coverages, we have increased the deductibles that insurance companies pay before our catastrophe coverage is triggered, and we have put limits on the total amount we'll pay for a single catastrophe. We continue to shift our book of business from "pro rata" coverages to "excess of loss" coverages in which we have more control over pricing. In 1992, underwriting results deteriorated from the 1991 loss of $126 million due to the unprecedented catastrophe losses incurred.

Personal Insurance

Personal Insurance includes all personal property-liability insurance coverages for homes, automobiles, boats and other personal property. On Aug. 31, 1993, we acquired Economy, a personal insurance underwriter based in Illinois. The St. Paul's focus has been on PAK II, a package policy which combines auto and homeowners insurance, along with other personal coverages, into one policy. Economy primarily markets monoline policies, which offer coverage for specific personal insurance needs, such as home or auto.

(GRAPHIC IMAGE NO.6-SEE APPENDIX)

Written Premiums - Personal Insurance premiums of $388 million increased by nearly 72% in 1993, primarily due to the addition of Economy, which recorded $127 million in written premiums from the date of acquisition to the end of the year. We also experienced a 25% increase in PAK II volume in 1993, reflecting the continued aggressive marketing efforts for this product. Since the end of 1991, the total number of PAK II policies in force has increased by 63%, totaling 107,000 at the end of 1993. In 1992, the 11% growth in premium volume over 1991 resulted from a strong increase in PAK II volume.

Underwriting Result - Underwriting results rebounded markedly in 1993, aided by a decline in catastrophe losses and Economy's strong performance. The underwriting loss of $16 million was one-third of the $44 million loss in 1992, which was driven by catastrophe losses from Hurricane Andrew. Economy posted an underwriting profit of $9 million since its acquisition. In 1992, underwriting results deteriorated by over $30 million from 1991 due to catastrophe losses and increased underwriting expenses associated with exiting states where we chose not to do business. Excluding the impact of catastrophes in both years, PAK II loss experience in 1992 was slightly improved over 1991.

International

International includes direct insurance written in foreign countries, primarily the United Kingdom and Canada, and multinational accounts. We formed International in 1992; this business was previously reported in various underwriting operations of the company.

Written Premiums - Premium volume of $172 million in 1993 was down 5% from 1992, primarily due to reduced personal insurance business in the United Kingdom. However, commercial insurance volume in the United Kingdom increased by $29 million over 1992. Total premiums generated in Canada also increased in 1993. Premium volume in 1992 was not directly comparable to 1991 because we did not restate prior year totals to include our Canadian operations, which accounted for $39 million in premiums in 1992. We also experienced strong growth in the United Kingdom in 1992.

Underwriting Result - The underwriting loss deteriorated to $62 million in 1993, compared with a loss of $48 million in 1992. An increase in losses incurred on commercial business written in Canada and the United Kingdom accounted for the higher loss in 1993. The 1992 loss was $35 million worse than the comparable 1991 loss, primarily due to increased losses in commercial and personal insurance in the United Kingdom.

(GRAPHIC IMAGE NO.7-SEE APPENDIX)

1994 Outlook- Our Restructured Underwriting Operations

We changed the organizational structure of our U.S. Insurance Underwriting operations, effective January 1994. Our goal is to create a more efficient and customer-focused organization. We have formed three separate underwriting operations, each having a distinct identity and each focused on particular insurance market sectors. Reinsurance and International will remain as separate operations and are not impacted by this restructuring. The following is a discussion of our 1994 outlook for each of the three new operations, as well as for Reinsurance and International.

St. Paul Specialty - This new operation is composed of Medical Services, National Accounts, Surety, Construction, Custom Markets (which includes Technology, Financial Services, Professional Liability, Surplus Lines, Ocean Marine and Public Sector) and Pools. This operation will focus on the specialized needs of a variety of customers. In Medical Services, we will continue to focus on new business development in Major Accounts in 1994, where we experienced strong growth in 1993. We will continue to strive for profitable growth in all market sectors served by St. Paul Specialty as economic conditions improve.

St. Paul Personal & Business Insurance - This operation markets package and monoline personal insurance products (including Economy's) and also serves small commercial accounts (generally those which generate less than $10,000 in annual premiums). In 1994, our focus will be on integrating Economy into our existing operations and continuing our aggressive efforts to reduce the costs associated with underwriting business in this market. We do not expect the level of competition to abate in 1994; consequently, achieving significant gains in market share will be difficult. We do, however, expect to realize cost savings as a result of our efforts to improve efficiency and productivity.

St. Paul Commercial - This operation primarily consists of our former Business Insurance operation and will focus on midsize commercial customers, which generate between $10,000 and $1 million in annual premiums. To enable this operation to be more responsive to the unique needs of customers in particular geographic areas, we have established 12 regional offices, each headed by a regional president authorized to handle transactions from start to finish. We believe the regionalization of this operation will allow us to be more responsive to the specific issues that affect potential profitability in each region of the country. Our challenge in 1994 will be completing the restructuring while maintaining the underwriting and pricing discipline instituted in our Business Insurance operations in 1993.

Reinsurance - Our challenge in 1994 will be to sustain the improvements we achieved in 1993 in this operation. We believe our financial strength will allow us to take advantage of opportunities out of the reach of some of our competitors. We expect that premiums will increase in 1994 due to continued price increases.

International - We intend to gradually increase our International premium volume in 1994 and beyond by employing the same approach we have successfully used domestically - identifying "niche" markets and developing superior products to meet customers' needs.

Reserves for Losses and Loss Adjustment Expenses

Loss reserves comprise the largest liability on our balance sheet. We establish reserves that reflect our estimates of the total losses and loss adjustment expenses we will ultimately have to pay under insurance and reinsurance policies. These claims include those that have been reported but not settled, as well as claims that have been incurred but not yet reported to us. The length of time that reserves are carried on our balance sheet is a function of the pay-out patterns for the types of coverages involved. For example, reserves for medical malpractice claims, which are frequently settled many years after the claim is reported, generally remain on our balance sheet longer than reserves for property claims, which are usually settled shortly after the claim is reported.

We establish loss reserves on an undiscounted basis after deductions for deductibles and estimates of salvage and subrogation, which combined totaled $611 million and $580 million at the end of 1993 and 1992, respectively. Our loss reserve estimates reflect such variables as past loss experience, social trends in damage awards, changes in judicial interpretation of legal liability and policy coverages and inflation. We take into account not only monetary increases in the cost of what we insure, but also changes in societal factors that influence jury verdicts and case law and, in turn, claim costs.

Subjective judgments are an integral component of our loss reserving process, due to the nature of the variables involved. We continually review our reserves, using a variety of statistical and actuarial techniques to analyze current claim costs, frequency and severity data, and economic, social and legal factors. The degree of judgment involved in estimating insurance reserves is underscored by the fact that 47% of our reserves at the end of 1993 pertained to our estimate of losses that had been incurred but not reported to us. We adjust reserves established in prior years as loss experience develops and new information becomes available. Adjustments to previously estimated reserves are reflected in our financial results in the periods in which they are made.

Reconciliation of Liability for Losses and Loss Adjustment Expenses (LAE) - The accompanying table presents a reconciliation of beginning and ending loss reserves for the last three years. We have reclassified incurred and paid losses in 1992 and 1991 to conform to the 1993 presentation, which includes the results of our U.K.-based underwriting operation, St. Paul UK, in the current year and prior year information.

	Year Ended December 31		
(In millions)	1993	1992	1991
Loss and LAE reserves at beginning of year, as reported	$8,813	$8,246	$7,777
Less reinsurance recoverables on unpaid losses at beginning of year	(1,606)	(1,558)	(1,498)
Net loss and LAE reserves at beginning of year	7,207	6,688	6,279
Economy reserves at acquisition	280	-	-
Provision for losses and LAE for claims incurred:			
Current year	2,527	2,941	2,608
Prior years	(223)	(251)	(242)
Total incurred	2,304	2,690	2,366
Losses and LAE payments for claims incurred:			
Current year	(580)	(708)	(503)
Prior years	(1,547)	(1,452)	(1,451)
Total paid	(2,127)	(2,160)	(1,954)
Unrealized foreign exchange gain	(24)	(11)	(3)
Net loss and LAE reserves at end of year	7,640	7,207	6,688
Plus reinsurance recoverables on unpaid losses at end of year	1,545	1,606	1,558
Loss and LAE reserves at end of year, as reported	$9,185	$8,813	$8,246

We recorded a $223 million reduction in prior year loss reserves in 1993, compared with similar reductions of $251 million and $242 million in 1992 and 1991, respectively. Favorable loss development in all Medical Services sectors and in Specialized Commercial drove the 1993 reduction, while the 1992 and 1991 reductions resulted from favorable loss development in Medical Services. Claims on Medical Services coverages are typically settled several years after they are originally reported. Improvement in claim experience, as well as changes in economic, social and legal trends since the loss reserves were originally established, caused us to reduce our estimate of the ultimate cost of losses incurred. The decline in current year losses incurred resulted from the marked decline in catastrophe losses and improvement in noncatastrophe loss experience.

Paid losses and loss adjustment expenses on current year claims decreased by 18% in 1993 due to the decline in catastrophe losses incurred. Because the majority of our business involves liability coverages, which typically experience longer pay-out patterns than property coverages, the majority of our paid losses in each year were on claims incurred in prior years.

Investments

Achieving appreciable growth in our investment income continued to be a major challenge in the lower interest rate environment which prevailed throughout 1993. Our underwriting segment's pretax investment income of $646 million was essentially level with 1992 income of $642 million. Investment income in 1992 increased less than

(GRAPHIC IMAGE
NO.8-SEE

1% over 1991. We have experienced essentially no growth in investment returns over the last few years due to the lower yields available on new investments relative to the average yield on investments maturing during that period. For the three-year period ending Dec. 31, 1993, fixed-maturity investments of $2.8 billion with an average yield of 10.3% matured or were redeemed, while the average yield on new investments purchased in those three years was 6.8%, including an average yield of only 6.4% in 1993. The fact that we purchased approximately $1.7 billion of tax-exempt securities in those years, which have lower yields than taxable securities, also contributed to the lack of growth in pretax investment income. In 1993, despite the fact that our investment purchases were almost exclusively taxable securities, our fixed-maturity portfolio's weighted average pretax yield fell to 7.4%, compared with 8.0% and 8.4% in 1992 and 1991, respectively.

APPENDIX)

After subtracting the $760 million increase in the carrying value of our fixed-maturity portfolio in 1993 (which resulted from our new practice of recording these securities at estimated market value), our total underwriting investment portfolio increased to $10.1 billion at the end of 1993, an increase of 9% over 1992. Invested assets in 1992 increased 7% over year-end 1991. The primary sources of funds to build our investment portfolio are underwriting cash flows, which consist of the excess of premiums collected over losses and expenses paid, and investment cash flows, which consist of income on existing investments and proceeds from sales and maturities of investments. Our investment portfolio continued to grow at a strong pace in 1993 due to positive underwriting cash flows.

The quality of our investment portfolio remains very high. Our investment strategy mirrors our corporate philosophy - maximizing shareholder return while maintaining financial integrity. In spite of a sustained period of declining returns from fixed-maturity securities, we have not compromised the quality of our investment portfolio by increasing our holdings of other investment vehicles that have potential for higher short-term returns but also carry more long-term risk. At the end of 1993, our fixed-maturities portfolio comprised 85% of the underwriting segment's total investments, and 95% of that portfolio was rated at investment grade levels (BBB or better). The remainder of the portfolio consisted of nonrated securities, most of which would be considered investment grade quality if rated.

The carrying value of our equity-security portfolio at the end of the year was $516 million, which included $62 million of unrealized appreciation. Equities account for 5% of total investments. We recorded dividend income of $12 million and realized gains of $43 million from this portfolio in 1993.

The remainder of our invested assets consist of real estate, venture capital, short-term investments and other miscellaneous investments, which in the aggregate comprised 10% of the portfolio at the end of 1993. These investments have potential for higher returns but also carry more risk, including less liquidity and greater uncertainty of rate of return. Our venture capital carrying value included $73 million of unrealized appreciation at Dec. 31, 1993. We recorded $24 million of realized gains from sales of venture capital investments in 1993. Our real estate holdings consist of direct and joint venture investments - we do not have a portfolio of real estate mortgage loans.

1994 Outlook - Investment-grade, intermediate-term fixed-maturity securities will continue to constitute the majority of our investment purchases in 1994. As was the case in 1993, we expect that most of these purchases will be taxable securities in consideration of our consolidated tax position. We expect the low interest rate environment to continue throughout 1994. However, barring unusually severe losses which would restrict cash flow, we expect slightly higher

(GRAPHIC IMAGE NO.9-SEE APPENDIX)

investment income. We will also pursue attractive investment opportunities in our other asset classes.

INSURANCE BROKERAGE FOCUSES ON SPECIALTY MARKETS

The insurance brokerage segment includes the combined results of all our brokerage companies, which are managed by the Minet Group in London. Minet's operating results in recent years have been negatively impacted by the combined effect of a stagnant worldwide economy and excess capacity in primary insurance markets, which has dampened demand for its brokerage services. However, Minet's pretax loss of $13 million in 1993 was a significant improvement over the 1992 pretax loss of $433 million. The 1992 loss included a $365 million write-down in the value of goodwill and a provision of $39 million for reorganization costs and other nonrecurring charges. The impact of these one-time charges in 1992 and goodwill amortization for both years must be subtracted from the pretax losses to provide a more meaningful comparison of Minet's operational performance. On this comparative basis, Minet's 1993 pretax loss was $4 million, compared with a loss of $8 million in 1992. Operating expenses declined 4% from 1992, primarily resulting from aggressive expense control efforts. In 1991, Minet posted pretax earnings of $9 million.

(GRAPHIC IMAGE NO.10-SEE APPENDIX)

The Minet companies are engaged in retail, wholesale and reinsurance broking on a worldwide basis. Retail brokers act on behalf of organizations such as corporations and partnerships by providing risk management advisory services and procuring insurance coverages. Wholesale brokers act on behalf of retail brokers by procuring specialty insurance coverages. Reinsurance brokers act as intermediaries to service the reinsurance needs of insurers. Minet is a broker of specialized coverages in several markets, such as professional indemnity, construction, financial institutions and energy. The purpose of the 1992 reorganization of Minet's operating structure was to enable Minet to be profitable despite unfavorable external factors. Minet no longer strives to be an "all-purpose" broker, but rather focuses on the specialty markets in which it has experienced success in the past. We believe that the improvement in operating results in 1993, although relatively modest, is an indication that Minet's new focus can be successful in a difficult market environment.

Total insurance brokerage revenues were $321 million in 1993, a slight decline from 1992 revenues of $328 million. Fees and commissions grew modestly in 1993. However, investment income decreased by $8 million in 1993, due primarily to a general decline in international interest rates and a reduction in funds available for investment. In 1992, brokerage fees and commissions were near 1991 levels.

Minet's reinsurance broking operation posted increased earnings in 1993, driven by an increase in brokerage fees and commissions. The severe worldwide catastrophe losses experienced in 1992 resulted in a tightening of capacity in the catastrophe reinsurance market, which in turn increased the demand for Minet's brokerage services. Minet also acquired a reinsurance brokerage company in 1993, which contributed to the growth in revenues. Minet's retail brokerage revenues declined from 1992; however, results improved due to a sharp decrease in operating expenses. Wholesale brokerage improved slightly over 1992 due to an increase in revenues. In 1992, Minet's reinsurance brokerage results improved over 1991, but both retail and wholesale results were adversely impacted by excess capacity in primary insurance markets.

The goodwill write-down in 1992 occurred after we analyzed our estimates of Minet's discounted future earnings and concluded that our carrying value was significantly higher than its estimated value. The write-down was a noncash charge with no related tax benefit.

1994 Outlook - We believe that Minet is poised to achieve further improvement in 1994. Newly streamlined after the complete reorganization of its operations, Minet is positioned to take advantage of emerging trends in the marketplace. We are seeking to expand Minet's specialty operations through the acquisition of existing brokerage companies and the recruitment of new brokers to augment its current operations. Efforts to contain expenses will continue.

INVESTMENT BANKING-ASSET MANAGEMENT POSTS RECORD EARNINGS

Our investment banking-asset management segment consists of The John Nuveen Company. Nuveen achieved record pretax income of $112 million in 1993, of which we recorded $83 million after deducting the minority shareholders' interest of $29 million. Nuveen's pretax earnings in 1992 were $98 million (our share was $82 million), and 1991 earnings were $77 million. Management fees earned from providing investment advisory services on assets under management drove earnings in all three years. We sold a minority interest in Nuveen through an initial public offering in 1992, after which we retained 74% ownership. Consequently, our consolidated results reflect 100% of Nuveen's earnings up to the date of sale in 1992 and 74% of earnings thereafter. We realized a pretax gain of $98 million and proceeds of $137 million on the minority interest sale in 1992.

Nuveen markets tax-exempt open-end and closed-end (exchange-traded) managed fund shares and provides investment advice to and administers the business affairs of its family of managed funds. Nuveen also underwrites and trades municipal bonds and tax-exempt unit investment trusts (UITs), and provides pricing and surveillance services to its UITs.

(GRAPHIC IMAGE NO.11-SEE APPENDIX)

Revenues increased by 11% in 1993, driven by a 27% increase in investment advisory fees earned. In 1992, these fees grew by 47% over 1991. These large increases resulted from the significant growth in assets under management.

Total assets under Nuveen's management were $32.7 billion at the end of 1993, a 20% increase over the comparable 1992 total of $27.3 billion and over $10 billion higher than year-end 1991. The growth in these managed assets is largely the result of sponsoring new tax-free fund products. The increase in managed assets also reflects increased sales over redemptions of existing tax-free open-end fund products, reinvestment of fund dividends and interest distributions of Nuveen-sponsored UITs, and increases in the value of the underlying municipal bond investments of the funds.

In 1993, Nuveen sold $4.0 billion of tax-exempt, exchange-traded funds, down slightly from 1992 sales of $4.2 billion. Total sales in 1991 were $7.3 billion. The decline reflected increased competition in the leveraged closed-end fund market. Sales of UITs in 1993 declined for the second year in a row due to the low interest rate environment and increased competition for investor attention from equity markets. UIT sales were $1.4 billion in 1993, compared with $1.9 billion and $2.3 billion in 1992 and 1991, respectively.

Nuveen's sales of municipal securities increased by 12% to just under $2.6 billion in 1993, reflecting an increase in municipal bond new issue and refunding activity. During 1993, Nuveen was senior manager or co-manager in 128 municipal underwritings totaling $7.8 billion, compared with 127 municipal underwritings totaling $4.7 billion in 1992.

Environmental Claims

Our underwriting operations continue to receive claims under policies written many years ago alleging injuries from hazardous waste substances or alleging covered property damages for the cost to clean up hazardous waste sites. Significant legal issues, primarily pertaining to issues of coverage, exist with regard to the alleged liability of our underwriting operations for these claims. In our opinion, court decisions in certain jurisdictions have tended to expand insurance coverage beyond the intent of the original policies.

Our ultimate liability for pollution claims is extremely difficult to estimate. Insured parties have submitted claims for losses not covered in the insurance policy, and the ultimate resolution of these claims may be subject to lengthy litigation, during which time it is difficult to estimate our potential liability. In addition, variables, such as the length of time necessary to clean up a polluted site, and controversies surrounding the identity of the responsible party and the degree of remediation deemed necessary, make it difficult to estimate the total cost of a pollution claim. We maintain a claim staff that continually evaluates our exposure to pollution liability losses. At the end of 1993, our total reserves for pollution-related losses were approximately $75 million.

Despite these difficulties in estimating potential liability, we believe that our reserves for such losses are adequate. Many significant pollution claims currently being brought against insurance companies arise out of contamination that occurred 20 to 30 years ago, a time frame during which our underwriting operations' commercial book of business was largely composed of small- to medium-sized businesses without significant exposure to pollution liability. In addition, we believe our current mix of commercial business carries a relatively low risk of significant pollution liability. Finally, our Commercial General Liability policy form has, since 1970, included a specific pollution coverage exclusion, and, since 1986, an absolute pollution exclusion.

Legal developments may cause us to make additional adjustments to the reserves for these claims in the future, but, in our judgment, such adjustments should not have a material adverse impact on our financial position.

Capital Resources and Liquidity

Capital Resources

Capital resources consist of our common shareholders' equity and debt outstanding, representing those funds deployed or available to be deployed to support our business operations. The following table summarizes our capitalization for the last three years:

(GRAPHIC IMAGE NO.12-SEE APPENDIX)

(In millions)	December 31 1993	1992	1991
Common shareholders' equity	$3,005	$2,202	$2,533
Debt	640	567	487
Total capitalization	$3,645	$2,769	$3,020
Ratio of debt to total capitalization	18%	20%	16%

Our strong earnings for the year contributed to the increase in capital funds in 1993, but approximately $500 million of the increase was due to the unrealized appreciation (net of taxes) recorded on our fixed-maturity portfolio. This new practice pushed our common shareholders' equity past the $3 billion mark for the first time in company history. At the end of 1992, total capital resources had declined from 1991 due to severe operating losses and a significant repurchase of common stock outstanding during the year.

Total debt outstanding at Dec. 31, 1993, grew primarily due to increased short-term borrowings by Nuveen. We issued $77 million of medium-term notes in 1993 at interest rates ranging from 5.9% to 6.7%. Our commercial paper outstanding fell to just over $200 million, a decline of almost $30 million during the year. We also repaid the remaining $25 million of St. Paul loan notes that we issued in 1988. In 1992, debt outstanding increased $80 million over year-end 1991, primarily due to the issuance of medium-term notes during the year. Total debt did not materially change in 1991.

We may issue additional medium-term notes in 1994 to take advantage of the relatively low interest rate environment currently prevailing. At year-end, we had the capacity to issue an additional $288 million of debt under a $300 million shelf registration with the Securities and Exchange Commission.

In 1993, our major capital transaction consisted of the purchase of Economy from Kemper Corporation. Our total investment in Economy is approximately $395 million, of which we paid $295 million in cash. The remainder of the purchase price consisted of a $100 million contribution of securities to the capital of Economy. This acquisition was financed with internal funds.

We repurchased and retired 793,000 shares of our common stock in 1992 for a total cost of $58 million. We also completed construction of Minet's office building in London and renovation of our existing headquarters building in Saint Paul, Minn. The total cost of these projects in 1992 was $43 million, which was funded internally.

(GRAPHIC IMAGE NO.13-SEE APPENDIX)

In 1991, our major capital transactions consisted of funding the completion of a new headquarters building and renovation of our existing building, both in Saint Paul, and we continued construction of Minet's building in London. The total cost of these projects in 1991 was $64 million, which was funded internally.

In February 1994, we announced that we may repurchase up to one million of our outstanding common shares from time to time in 1994 depending on market conditions to meet the needs of our stock-based employee compensation programs. The cost of any such repurchase will be funded internally. We anticipate no additional major capital expenditures during 1994.

Liquidity

We define liquidity as our ability to generate sufficient cash flows to meet the short- and long-term cash requirements of our business operations. Our short-term cash needs primarily consist of funding insurance loss and loss adjustment expense payments and day-to-day operating expenses. These needs are met through cash receipts from our operations, primarily composed of insurance premiums collected, investment income, insurance brokerage fees and commissions and investment banking-asset management revenues. Our net positive cash flow from operations is used to fund our commitments and to build the investment portfolio, thereby increasing future investment income.

Because of the nature of our business operations, in which premiums are collected and invested before related losses are paid, we believe our liquidity requirements beyond 1994 will be adequately funded by operational cash flows. However, our financial strength and relatively conservative level of debt currently outstanding provide us with the flexibility and capacity to obtain funds externally through debt or equity financings.

We generated net operational cash flows of $733 million in 1993, compared with $587 million in 1992 and $719 million in 1991. Operating cash flows in our underwriting segment in 1993 increased strongly over 1992 as a result of a decline in paid losses pertaining to catastrophes and reinsurance recoveries on catastrophe losses incurred in 1992. Insurance brokerage cash flows were level with 1992.

In 1992, cash flows from operations declined from 1991 primarily due to an 11% increase in insurance losses paid, a large portion of which was related to catastrophes. Insurance brokerage cash flows also declined in 1992 as a result of operating losses. The goodwill write-down in 1992 was a noncash charge and had no cash flow impact. Operational cash flows in each of the last three years have been more than adequate to meet the liquidity requirements for our business operations.

Our investment portfolio is also a source of liquidity should the need arise, in the form of readily marketable fixed maturities, common stocks and short-term investments.

New Accounting Standard

The Financial Accounting Standards Board issued SFAS No. 112, "Employers Accounting for Postemployment Benefits," to be implemented no later than 1994. This statement establishes standards for employers who provide benefits to former or inactive employees after employment but before retirement (postemployment benefits). Employers are required to recognize the obligation to provide postemployment benefits if certain conditions are met. Our current practice is to record workers' compensation benefits on the accrual basis and record all other postemployment benefits on the cash basis. We do not expect the implementation of this statement to materially affect the results of our operations.

APPENDIX TO ITEM 7-NARRATIVE DESCRIPTION OF GRAPHIC IMAGES CONTAINED IN PAPER FORMAT VERSION OF MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

GRAPHIC IMAGE NO. 1-Bar graph depicting Operating Earnings (Loss) per Common Share for the years 1989 through 1993.

1989: $6.91
1990: $8.19
1991: $8.47
1992: ($8.08)
1993: $8.55

CAPTION: "The St. Paul generated record operating earnings in 1993 after a record loss in 1992. Corrective underwriting actions and a decline in catastrophe losses drove the improvement in 1993."

GRAPHIC IMAGE NO. 2-Bar graph depicting Return on Equity for the years 1989 through 1993.

1989: 16.8%
1990: 16.1%
1991: 17.0%
1992: --
1993: 17.2%

CAPTION: "This ratio is calculated by dividing operating earnings (less preferred dividends) by common shareholders' equity at the beginning of the year."

GRAPHIC IMAGE NO. 3-Illustration of continental United States with the following caption: "The St. Paul's U.S. Insurance Underwriting operations were restructured effective Jan. 1, 1994. Three operations-St. Paul Specialty, St. Paul Commercial and St. Paul Personal and Business Insurance-were formed from Specialized Commercial (Industry Underwriting, Specialty Underwriting, Surety, Financial Services), Medical Services, Business Insurance and Personal Insurance."

GRAPHIC IMAGE NO. 4-Illustration of construction girders with following caption: "St. Paul Surety is the largest surety underwriter in the United States."

GRAPHIC IMAGE NO. 5-Illustration of medical equipment with the following caption: "The St. Paul's Medical Services operation is the nation's largest underwriter of medical liability insurance."

GRAPHIC IMAGE NO. 6-Illustration of single-family home with the following caption: "The acquisition of Economy Fire & Casualty Company in August 1993 helped boost Personal Insurance premiums to $388 million in 1993 from $226 million in 1992."

GRAPHIC IMAGE NO. 7-Illustration of various countries' flags with the following caption: "St. Paul International underwrites property-liability insurance in the United Kingdom, Spain and the Republic of Ireland. The St. Paul also underwrites business in Canada."

GRAPHIC IMAGE NO. 8-Bar graph depicting Underwriting Operations Invested Assets for the years 1989 through 1993.
(In Billions)

1989: $7.8
1990: $8.1
1991: $8.6
1992: $9.2
1993: $10.9

CAPTION: "Our invested assets have grown at a compound rate of 9% over the last five years."

GRAPHIC IMAGE NO. 9-Graph depicting composition of Underwriting Operations Investment Portfolio at the end of 1993.

Fixed Maturities	85%
Equities	5%
Real Estate	4%
Venture Capital	3%
Short-term and Other Investments	3%

CAPTION: "The obligation to pay claims when they come due drives the portfolio mix, which is heavily weighted toward high-quality bonds."

GRAPHIC IMAGE NO. 10-Illustration of painting, tanker and oil rig with the following caption: "Minet is a specialty broker and adviser, serving clients in construction, financial institutions, marine and energy, fine arts and jewelry, professional services and other businesses."

GRAPHIC IMAGE NO. 11-Bar graph depicting Pretax Earnings, The John Nuveen Company, for the years 1989 through 1993.
(In Millions)

1989: $38
1990: $47
1991: $77
1992: $98
1993: $112

CAPTION: "The St. Paul's portion of Nuveen's record $112 million 1993 pretax earnings was $83 million. The St. Paul owns 74% of Nuveen after selling a minority interest in 1992."

GRAPHIC IMAGE NO. 12-Bar graph depicting Book Value per Common Share at the end of the years 1989 through 1993.

1989: $47.65
1990: $52.00
1991: $59.57
1992: $52.37
1993: $70.95

CAPTION: "Common Shareholders' equity reached a new high of $3 billion, or $70.95 per share at year-end."

GRAPHIC IMAGE NO. 13-Bar graph depicting Ratio of Debt to Total Capitalization at the end of the years 1989 through 1993.

1989: 11.1%
1990: 17.7%
1991: 16.1%
1992: 20.5%
1993: 17.6%

CAPTION: "We maintain a conservative level of debt as a percentage of our total capital. Growth in common shareholders' equity drove the decrease in 1993."

Item 6. SELECTED FINANCIAL DATA.

<TABLE>
<CAPTION>

Consolidated

For the year ended December 31 (Dollars in thousands)	1993	1992	1991	1990	1989	1988
FROM CONTINUING OPERATIONS						
Revenues	$4,460,172	$4,498,692	$4,351,700	$4,005,237	$3,788,648	$3,634,953
Operating earnings (loss)	386,628	(333,791)	380,804	385,458	338,267	349,261
Income (loss) before cumulative effects and extraordinary credit	427,609	(232,521)	405,062	391,270	398,158	352,615
INVESTMENT ACTIVITY						
Net investment income	661,106	666,374	675,604	669,989	662,211	592,032
Realized investment gains (losses), net of taxes	40,981	36,437	24,258	5,812	59,891	3,354
Change in unrealized appreciation of investments, net of taxes*	525,175	(23,815)	55,093	(67,558)	60,045	20,428
OTHER SELECTED FINANCIAL DATA (As of December 31)						
Total assets	17,149,196	15,392,054	14,744,717	13,907,293	12,734,411	11,997,989
Debt	639,729	566,717	486,779	473,829	293,802	417,140
Common shareholders' equity	3,005,128	2,202,499	2,532,841	2,196,371	2,349,254	2,015,219
Common shares outstanding	42,357,338	42,059,277	42,521,242	42,234,029	49,303,881	46,364,084
PER COMMON SHARE DATA						
Operating earnings (loss)	8.55	(8.08)	8.47	8.19	6.91	7.26
Income (loss) before cumulative effects and extraordinary credit	9.47	(5.69)	9.01	8.31	8.12	7.32
Book value	70.95	52.37	59.57	52.00	47.65	43.47
Market price	89.88	77.00	72.88	62.75	59.13	43.50
Cash dividends declared	2.80	2.72	2.60	2.40	2.20	2.00
OPERATING EARNINGS RETURN ON BEGINNING EQUITY	17.2%	-	17.0%	16.1%	16.8%	20.4%

Underwriting

For the year ended December 31 (Dollars in thousands)	1993	1992	1991	1990	1989	1988
Written premiums	$3,178,545	$3,142,419	$3,233,729	$3,052,032	$2,807,223	$2,690,536
Statutory underwriting result	(143,599)	(557,463)	(170,894)	(141,751)	(207,977)	(92,741)
GAAP underwriting result	(150,255)	(566,886)	(163,782)	(120,730)	(196,378)	(90,209)
Net investment income	646,396	642,301	640,856	629,242	614,119	548,766
Pretax operating earnings (loss)	457,752	20,781	451,184	457,161	364,352	420,339
Pretax income (loss)	507,181	81,132	486,063	466,731	456,167	424,187
Statutory combined ratio:						
Loss and loss expense ratio	72.5	85.6	75.2	73.2	75.7	73.6
Underwriting expense ratio	32.0	32.2	29.4	30.0	30.5	30.0
Combined ratio	104.5	117.8	104.6	103.2	106.2	103.6
Combined ratio including policyholders' dividends	104.7	118.2	105.0	104.2	106.6	104.0

<FN>
* The change for 1993 includes the impact of adopting SFAS No. 115.

</TABLE>

<TABLE>
<CAPTION>

Consolidated

For the year ended December 31 (Dollars in thousands)	1987	1986	1985	1984	1983
FROM CONTINUING OPERATIONS					
Revenues	$3,358,918	$3,190,754	$2,762,126	$2,366,528	$2,096,173
Operating earnings (loss)	324,315	153,882	42,061	(196,794)	116,027
Income (loss) before cumulative effects and extraordinary credit	318,826	159,585	90,899	(192,850)	125,551
INVESTMENT ACTIVITY					
Net investment income	534,767	458,710	381,280	327,608	284,154
Realized investment gains (losses), net of taxes	(5,489)	5,703	48,838	3,944	9,524
Change in unrealized appreciation of investments, net of taxes	(19,959)	(13,396)	3,317	(32,744)	(17,831)
OTHER SELECTED FINANCIAL DATA (As of December 31)					
Total assets	9,712,307	8,669,598	7,861,877	6,176,745	5,807,111
Debt	96,576	344,299	750,876	126,932	128,660
Common shareholders' equity	1,711,362	1,440,565	1,012,245	968,692	1,286,712
Common shares outstanding	46,301,857	46,247,850	40,100,450	40,089,946	40,079,884
PER COMMON SHARE DATA					
Operating earnings (loss)	6.76	3.33	1.05	(4.91)	2.75
Income (loss) before cumulative effects and extraordinary credit	6.64	3.45	2.27	(4.81)	2.98
Book value	36.96	31.15	25.24	24.16	32.10
Market price	46.00	40.25	39.94	26.81	30.25
Cash dividends declared	1.76	1.50	1.50	1.50	1.40
OPERATING EARNINGS RETURN ON BEGINNING EQUITY	22.5%	15.2%	4.3%	-	8.8%

Underwriting

For the year ended December 31 (Dollars in thousands)	1987	1986	1985	1984	1983
Written premiums	$2,704,165	$2,556,425	$2,234,910	$1,894,355	$1,744,091
Statutory underwriting result	(145,061)	(265,105)	(460,306)	(574,447)	(241,820)
GAAP underwriting result	(127,066)	(275,184)	(408,755)	(572,542)	(231,138)
Net investment income	498,251	431,594	366,687	313,395	273,386
Pretax operating earnings (loss)	358,493	142,532	(58,387)	(261,134)	34,827
Pretax income (loss)	351,358	151,552	31,674	(254,332)	49,820
Statutory combined ratio:					
Loss and loss expense ratio	76.2	82.0	91.3	99.4	81.3
Underwriting expense ratio	28.9	27.9	28.5	30.9	31.8
Combined ratio	105.1	109.9	119.8	130.3	113.1
Combined ratio including policyholders' dividends	105.3	110.5	120.8	131.0	113.5

</TABLE>

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Management's Responsibility for Financial Statements

Scope of Responsibility - Management prepares the accompanying financial statements and related information and is responsible for their integrity and objectivity. The statements were prepared in conformity with generally accepted accounting principles. These financial statements include amounts that are based on management's estimates and judgments, particularly our reserves for losses and loss adjustment expenses. We believe that these statements present fairly the company's financial position and results of operations and that the other information contained in the annual report is consistent with the financial statements.

Internal Controls - We maintain and rely on a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. Our internal audit department also independently reviews and evaluates these controls. We recognize the inherent limitations in all control systems and believe that our systems provide an appropriate balance between the costs and benefits desired. We believe our systems of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the financial statements are prevented or detected in the normal course of business.

Independent Auditors - Our independent auditors, KPMG Peat Marwick, have audited the consolidated financial statements. Their audit was conducted in accordance with generally accepted auditing standards, which includes the consideration of our internal controls to the extent necessary to form an independent opinion on the consolidated financial statements prepared by management.

Audit Committee - The audit committee of the board of directors, composed solely of outside directors, oversees management's discharge of its financial reporting responsibilities. The committee meets periodically with management, our internal auditors and representatives of KPMG Peat Marwick to discuss auditing, financial reporting and internal control matters. Both internal audit and KPMG Peat Marwick have access to the audit committee without management's presence.

Code of Conduct - We recognize our responsibility for maintaining a strong ethical climate. This responsibility is addressed in the company's written code of conduct.

/s/ Douglas W. Leatherdale	/s/ Howard E. Dalton
Douglas W. Leatherdale	Howard E. Dalton
Chairman, President and	Senior Vice President
Chief Executive Officer	Chief Accounting Officer

Independent Auditors' Report

The Board of Directors and Shareholders
The St. Paul Companies, Inc.:

We have audited the accompanying consolidated balance sheets of The St. Paul Companies, Inc. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of operations, common shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1993. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The St. Paul Companies, Inc. and subsidiaries at December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Notes 1 and 13 to the consolidated financial statements, the company adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts," in 1993.

Also, as discussed in Notes 5 and 7 to the consolidated financial statements, the company adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," and No. 106, "Accounting for Postretirement Benefits Other Than Pensions," in 1992.

/s/ KPMG Peat Marwick
- ---------------------
KPMG Peat Marwick

Saint Paul, Minnesota
January 24, 1994

The St. Paul Companies
Consolidated Statements of Operations

(In thousands)	Year Ended December 31 1993	1992	1991
REVENUES			
Premiums earned	$3,178,338	$3,143,246	$3,146,238
Net investment income	661,106	666,374	675,604
Insurance brokerage fees and commissions	283,680	280,836	284,702
Investment banking-asset management	241,730	218,825	175,610
Realized investment gains	58,254	57,451	38,008
Realized gain on sale of minority interest in Nuveen	-	98,284	-
Other	37,064	33,676	31,538
Total revenues	4,460,172	4,498,692	4,351,700
EXPENSES			
Insurance losses and loss adjustment expenses	2,303,738	2,690,046	2,365,569
Policy acquisition expenses	732,137	789,305	757,098
Operating and administrative	901,691	879,404	700,972
Write-down of goodwill	-	365,000	-
Total expenses	3,937,566	4,723,755	3,823,639
Income (loss) before income taxes	522,606	(225,063)	528,061
Income tax expense (benefit):			
Federal current	148,508	109,740	190,520
Other	(53,511)	(102,282)	(67,521)
Total income tax expense	94,997	7,458	122,999
Income (loss) before cumulative effects of accounting changes	427,609	(232,521)	405,062
Cumulative effects of accounting changes:			
Income taxes	-	126,047	-
Postretirement benefits	-	(49,564)	-
Net Income (Loss)	$ 427,609	$ (156,038)	$ 405,062

PRIMARY EARNINGS (LOSS) PER COMMON SHARE			
Income (loss) before cumulative effects of accounting changes	$ 9.84	$ (5.69)	$ 9.35
Cumulative effects of accounting changes:			
Income taxes	-	2.98	-
Postretirement benefits	-	(1.17)	-
Net Income (Loss)	$ 9.84	$ (3.88)	$ 9.35

FULLY DILUTED EARNINGS (LOSS) PER COMMON SHARE			
Income (loss) before cumulative effects of accounting changes	$ 9.47	$ (5.69)	$ 9.01
Cumulative effects of accounting changes:			
Income taxes	-	2.98	-
Postretirement benefits	-	(1.17)	-
Net Income (Loss)	$ 9.47	$ (3.88)	$ 9.01

See notes to consolidated financial statements.

The St. Paul Companies
Consolidated Balance Sheets

(In thousands)	December 31 1993	1992
ASSETS		
Investments:		
Fixed maturities	$ 9,147,964	$ 7,722,479
Equities	548,682	493,797
Real estate	488,691	435,079
Venture capital	297,982	231,159
Other investments	47,834	55,561
Short-term investments	725,261	638,685
Total investments	11,256,414	9,576,760
Cash	25,420	26,648
Investment banking inventory securities	305,804	226,332
Reinsurance recoverables:		
Unpaid losses	1,545,026	1,605,824
Paid losses	94,437	146,046
Receivables:		
Underwriting premiums	1,008,034	1,103,315
Insurance brokerage activities	805,209	656,042
Interest and dividends	174,852	167,939
Other	105,513	92,767
Deferred policy acquisition expenses	294,860	280,130
Ceded unearned premiums	238,633	189,382
Deferred income taxes	425,012	599,576
Office properties and equipment	455,861	462,796
Goodwill	284,276	121,349
Other assets	129,845	137,148
Total Assets	$17,149,196	$15,392,054
LIABILITIES		
Insurance reserves:		
Losses and loss adjustment expenses	$ 9,185,191	$ 8,812,559
Unearned premiums	1,875,635	1,709,011
Total insurance reserves	11,060,826	10,521,570
Debt	639,729	566,717
Payables:		
Insurance brokerage activities	1,083,845	935,457
Reinsurance premiums	138,150	143,878
Income taxes	162,645	109,451
Accrued expenses and other	593,205	507,124
Other liabilities	466,989	405,931

Total Liabilities	14,145,389	13,190,128
Convertible preferred stock	147,608	149,161
Guaranteed obligation - PSOP	(148,929)	(149,734)
Net Convertible Preferred Stock	(1,321)	(573)
COMMON SHAREHOLDERS' EQUITY		
Common stock	438,559	422,249
Retained earnings	2,082,832	1,781,113
Guaranteed obligation - ESOP	(56,005)	(67,452)
Unrealized appreciation of investments	588,844	63,669
Unrealized gain (loss) on foreign currency translation	(49,102)	2,920
Total Common Shareholders' Equity	3,005,128	2,202,499
Total Liabilities, Preferred Stock and Common Shareholders' Equity	$17,149,196	$15,392,054

See notes to consolidated financial statements.

The St. Paul Companies
Consolidated Statements of Common Shareholders' Equity

(In thousands)	Year Ended December 31 1993	1992	1991
COMMON SHAREHOLDERS' EQUITY			
Common stock:			
Beginning of year	$ 422,249	$ 414,257	$ 398,694
Stock issued under stock option and other incentive plans	16,334	15,862	15,593
Reacquired common shares	(24)	(7,870)	(30)
End of year	438,559	422,249	414,257
Retained earnings:			
Beginning of year	1,781,113	2,108,923	1,820,360
Net income (loss)	427,609	(156,038)	405,062
Dividends declared on common stock, $2.80 per share in 1993 ($2.72 in 1992 and $2.60 in 1991)	(116,962)	(113,478)	(108,285)
Dividends declared on preferred stock, net of taxes	(8,395)	(8,349)	(8,037)
Reacquired common shares	(533)	(49,945)	(177)
End of year	2,082,832	1,781,113	2,108,923
Guaranteed obligation - ESOP:			
Beginning of year	(67,452)	(78,564)	(90,156)
Principal payments	11,447	11,112	11,592
End of year	(56,005)	(67,452)	(78,564)
Unrealized appreciation of investments, net of taxes:			
Beginning of year	63,669	87,484	32,391
Change due to adoption of SFAS No. 115	501,982	-	-
Other changes for the year	23,193	(23,815)	55,093
End of year	588,844	63,669	87,484
Unrealized gain (loss) on foreign currency translation, net of taxes:			
Beginning of year	2,920	741	35,082
Change for the year	(52,022)	2,179	(34,341)
End of year	(49,102)	2,920	741
Total Common Shareholders' Equity	$3,005,128	$2,202,499	$2,532,841

See notes to consolidated financial statements.

The St. Paul Companies
Consolidated Statements of Cash Flows

(In thousands)	Year Ended December 31 1993	1992	1991
OPERATING ACTIVITIES			
Underwriting:			
Net income	$ 423,109	$ 218,261	$ 390,593
Adjustments:			
Change in net insurance reserves	204,423	515,202	522,338
Change in underwriting premiums receivable	89,441	64,336	(82,753)
Deferred tax benefit	(48,976)	(113,435)	(110,262)
Cumulative effects of accounting changes	-	(99,092)	-
Realized gains	(49,429)	(60,351)	(34,880)
Other	157,560	91,658	25,422
Total underwriting	776,128	616,579	710,458
Insurance brokerage:			
Net loss	(24,710)	(442,830)	(6,313)
Adjustments:			
Change in premium balances	(20,718)	3,768	17,674
Change in accounts payable and accrued expenses	(8,985)	9,732	(15,370)
Depreciation and goodwill amortization	20,233	33,717	33,052
Write-down of goodwill	-	365,000	-
Other	(2,833)	(8,308)	(7,716)
Total insurance brokerage	(37,013)	(38,921)	21,327
Investment banking-asset management:			
Net income	52,103	49,653	47,886
Adjustments:			
Change in inventory securities	(79,472)	5,150	3,814
Change in short-term borrowings	60,383	(2,000)	8,300
Change in open security transactions	(3,143)	(4,562)	(20,845)
Other	8,872	18,960	(25,980)
Total investment banking-asset management	38,743	67,201	13,175
Parent company and consolidating eliminations:			
Net income (loss)	(22,893)	18,878	(27,104)
Realized gains	(8,825)	(95,384)	(3,128)
Other adjustments	(12,672)	18,316	4,593
Total parent company and consolidating eliminations	(44,390)	(58,190)	(25,639)
Net Cash Provided by Operating Activities	733,468	586,669	719,321
INVESTING ACTIVITIES			
Purchases of investments	(2,484,731)	(2,315,872)	(2,201,215)
Proceeds from sales and maturities of investments	1,954,206	1,721,498	1,506,913
Purchase of Economy Fire & Casualty, net of cash acquired	(274,561)	-	-
Proceeds from sale of Nuveen shares	-	137,052	-
Change in short-term investments	134,165	20,697	212,300
Change in open security transactions	56,463	(15,443)	(45,475)
Net purchases of office properties and equipment	(47,210)	(100,695)	(94,388)
Other	(28,866)	8,540	(9,045)
Net Cash Used in Investing Activities	(690,534)	(544,223)	(630,910)
FINANCING ACTIVITIES			
Dividends paid on common and preferred stock	(129,218)	(126,067)	(120,154)
Proceeds from issuance of debt	77,243	102,646	64,831
Repayment of debt	(51,735)	(8,504)	(45,011)
Repurchase of common shares	(207)	(57,722)	(193)
Other	61,359	49,737	19,395

Net Cash Used in Financing Activities	(42,558)	(39,910)	(81,132)
Effect of exchange rate changes on cash	(1,604)	(55)	(59)
Increase (Decrease) in Cash	(1,228)	2,481	7,220
Cash at beginning of year	26,648	24,167	16,947
Cash at End of Year	$ 25,420	$ 26,648	$ 24,167

See notes to consolidated financial statements.

The St. Paul Companies
Notes to Consolidated Financial Statements

Note 1

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

How We Prepare Our Financial Statements

The following summary explains the accounting policies we use to arrive at some of the more significant amounts in our financial statements.

GAAP - We prepare our financial statements in accordance with generally accepted accounting principles (GAAP). We follow the accounting standards established by the Financial Accounting Standards Board and the American Institute of Certified Public Accountants.

Consolidation - We combine our financial statements with those of our subsidiaries and present them on a consolidated basis. The consolidated financial statements do not include the results of material transactions between us and our subsidiaries or among our subsidiaries. We record the results of our insurance brokerage and foreign underwriting operations on a one-quarter lag.

Reclassifications - We reclassified some figures in our 1992 and 1991 financial statements and notes to conform with the 1993 presentation. This includes the reporting of "gross" assets and liabilities for reinsurance-related balances in accordance with Statement of Financial Accounting Standards (SFAS) No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts," and the reclassification of realized gains from operating cash flow to investing cash flow. These reclassifications had no effect on net income or loss, or common shareholders' equity, as previously reported for those years.

Information About Our Investments

New Method for Valuing Investments - We implemented SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" as of Dec. 31, 1993. We classified our entire fixed maturity and equity investment portfolios as "available-for-sale." Accordingly, these investments are reported at estimated market value at Dec. 31, 1993, with unrealized gains and losses (net of deferred taxes) recorded in common shareholders' equity. Prior years' financial statements were not restated. Classifying these portfolios as "available-for-sale" did not impact net income.

Fixed Maturities - We carry our fixed maturities at estimated market value as of Dec. 31, 1993. Prior to our adoption of SFAS No. 115, we carried fixed maturities at amortized cost.

Equities - We carry our equity securities at estimated market value, consistent with prior years.

Real Estate - Our real estate investments primarily consist of commercial buildings. Some of these properties we own directly and others we hold in joint ventures.

For direct investments, we carry land at cost and buildings at cost less accumulated depreciation and valuation adjustments. We depreciate real estate assets on a straight-line basis over 40 years. Tenant improvements are amortized over the term of the lease. The accumulated depreciation of these assets was $48.8 million and $39.0 million at Dec. 31, 1993 and 1992, respectively.

We account for our joint ventures using the equity method, which means we carry these investments at cost, adjusted for our share of earnings or losses from these joint ventures, and reduced by any cash distributions the joint ventures make to us.

Venture Capital - We invest in securities of small- to medium-sized companies. These investments are in the form of limited partnerships or direct ownership. The limited partnerships are carried at our equity in the estimated market value of the investments held by these limited partnerships. The securities we own directly are carried at estimated market value.

Realized Investment Gains and Losses - We record the cost of each individual investment security so that when we sell, we are able to identify and record the gain or loss on that transaction.

We continually monitor the difference between the cost and estimated market value of our investments. If any of our investments experience a decline in value that is other than temporary, we establish a valuation allowance for the decline and record a realized loss on the statement of operations.

Unrealized Appreciation and Depreciation of Investments - - For investments we carry at estimated market value, we record the difference between cost and market, net of deferred taxes, as a part of common shareholders' equity. This difference is referred to as unrealized appreciation or depreciation of investments.

Accounting for Our Underwriting Operations

Premiums Earned - Our largest source of revenues is from premiums on policies written by our insurance underwriters. We reflect the premiums as revenues evenly over the policy terms. The premiums that we have not yet recognized as revenues are recorded as unearned premiums.

Insurance Losses and Loss Adjustment Expenses - Losses refer to the amounts we paid or expect to pay to claimants for events that have occurred. The costs of investigating, resolving and processing these claims are referred to as loss adjustment expenses. We record these items on our statement of operations net of reinsurance, which means that we reduce our gross losses and loss expenses incurred by the amounts we will recover under reinsurance contracts.

We establish reserves for the estimated total unpaid cost of losses and loss expenses, which cover events that occurred in 1993 and prior years. These reserves reflect our estimates of the total cost of claims that were reported to us but not yet paid, and the cost of claims not yet reported to us. We base our estimates on past loss experience and consider current claim trends as well as prevailing social, economic and legal conditions. We reduce our loss reserves for estimated amounts of salvage and subrogation, and deductibles recoverable from our customers. Estimated amounts recoverable from reinsurers on unpaid losses and loss expenses are reflected as assets.

We believe that the reserves we have established are adequate to cover the ultimate costs of losses and loss adjustment expenses. Final claim payments, however, may differ from the established reserves, particularly when these payments may not occur for several years. Any adjustments we make to reserves are reflected in the results for the year during which the adjustments are made.

Policy Acquisition Expenses - The costs directly related to writing an insurance policy are referred to as policy acquisition expenses and consist of commissions, state premium taxes and other direct underwriting expenses. Although these expenses arise when we issue a policy, we defer and amortize them over the same period as the premiums are recorded as revenues.

If deferred policy acquisition expenses were to exceed the sum of unearned premiums and related anticipated investment income less expected losses and loss adjustment expenses, the excess costs would be expensed immediately.

Accounting for Our Insurance Brokerage Operations

Fees and Commissions - Our insurance brokers and advisers help customers obtain or place insurance policies or reinsurance contracts and provide insurance advisory and consulting services. We earn fees and commissions for providing these services. These revenues are recorded on the date billed or the effective date of the policy, whichever is later. Servicing costs are expensed as incurred. We record premiums receivable from customers as assets with corresponding liabilities, net of commissions, to the insurance carriers with whom the business was placed.

Restricted Funds - Premiums collected, but not yet remitted to insurance carriers, are restricted as to use by business practices. These amounts are included in short-term investments and totaled $393.2 million and $366.7 million at the end of 1993 and 1992, respectively.

Accounting for Our Investment Banking-Asset Management Operations

Our investment banking-asset management segment markets tax-exempt open-end and closed-end (exchange-traded) managed fund shares and provides investment advice to and manages the business affairs of the Nuveen family of managed funds. They also underwrite and trade municipal bonds and tax-exempt unit investment trusts (UITs). They hold in inventory municipal bonds and UITs that will be sold to individuals or security dealers; such inventory securities are carried at market value.

Revenues include investment advisory fees, revenues from the distribution of Nuveen UITs and managed fund investment products, gains and losses from the sale of inventory securities, and unrealized gains and losses on inventory securities held.

Goodwill

Goodwill is the excess of the amount paid to acquire a company over the fair value of its net assets, reduced by any subsequent valuation adjustments. We amortize goodwill over periods of up to 15 years. In 1992 and prior years, we amortized this asset on a straight-line basis over periods of up to 40 years. The accumulated amortization of goodwill was $70.1 million and $51.1 million at Dec. 31, 1993 and 1992, respectively.

We continually monitor the value of our goodwill based on our estimates of discounted future earnings. If we determine that our goodwill has been impaired, we reduce its carrying value with a corresponding charge to expenses. At the end of 1992, we wrote down $365 million of the goodwill associated with our investment in the Minet Group and reduced the amortization period for substantially all of the remaining goodwill to 15 years.

Office Properties and Equipment

We carry office properties and equipment at depreciated cost. We depreciate these assets on a straight-line basis over the estimated useful lives of the assets. The accumulated depreciation for office properties and equipment was $215.4 million and $193.1 million at the end of 1993 and 1992, respectively.

Foreign Currency Translation

We assign functional currencies to our foreign operations. These are generally the currencies of the local operating environment. Foreign currency amounts are converted to the functional currency, and the resulting foreign exchange gains or losses are reflected in the statement of operations. Functional currency amounts are then translated into U.S. dollars. The unrealized gain or loss from this translation is recorded as a part of common shareholders' equity. Both the conversion and translation are calculated using current exchange rates for the balance sheets and average exchange rates for the statements of operations.

Supplemental Cash Flow Information

Interest and Income Taxes Paid - We paid interest of $41.2 million in 1993, $35.1 million in 1992 and $35.1 million in 1991. Interest payments in 1992 and 1991 were net of capitalized interest of $4.6 million and $3.6 million, respectively. We paid federal income taxes of $121.8 million in 1993, $107.1 million in 1992 and $160.2 million in 1991.

Noncash Financing Activities - In connection with our acquisition of Economy Fire & Casualty Company (Economy) from Kemper Corporation in 1993, we contributed securities with a book value of approximately $100 million to the capital of Economy.

Note 2

EARNINGS PER COMMON SHARE

Earnings (loss) per common share (EPS) amounts were calculated by dividing net income (loss), as adjusted, by the average common shares outstanding.

	Year Ended December 31		
(In thousands)	1993	1992	1991
PRIMARY			
Net income (loss), as reported	$427,609	$(156,038)	$405,062
Preferred dividends declared (net of taxes)	(8,395)	(8,349)	(8,037)
Tax benefit on common stock			

dividends paid to ESOP	-	-	1,998
Net income (loss), as adjusted	$419,214	$(164,387)	$399,023

FULLY DILUTED

Net income (loss), as reported	$427,609	$(156,038)	$405,062
Additional PSOP expense (net of taxes) due to assumed conversion of preferred stock	(4,080)	-	(4,472)
Tax benefit on common stock dividends paid to ESOP and PSOP	-	-	3,834
Preferred dividends declared (net of taxes)	-	(8,349)	-
Net income (loss), as adjusted	$423,529	$(164,387)	$404,424

AVERAGE SHARES OUTSTANDING

Primary	42,611	42,360	42,694
Fully diluted	44,735	42,360	44,891

Average shares outstanding include, if dilutive, the common and common equivalent shares outstanding for the year and, for fully diluted EPS, common shares that would be issuable upon conversion of preferred stock.

Note 3

INVESTMENTS

Valuation of Investments - The following presents the cost, gross unrealized appreciation and depreciation, and estimated market value of our investments in fixed maturities, equities and venture capital.

	December 31, 1993			
(In thousands)	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Estimated Market Value
Fixed maturities:				
U.S. government	$1,854,287	$ 89,183	$ (4,478)	$1,938,992
States and political subdivisions	4,108,680	502,819	(581)	4,610,918
Foreign governments	520,254	47,515	(3,070)	564,699
Corporate securities	957,526	66,917	(8,369)	1,016,074
Mortgage-backed securities	944,352	74,361	(1,432)	1,017,281
Total fixed maturities	8,385,099	780,795	(17,930)	9,147,964
Equities	488,383	80,398	(20,099)	548,682
Venture capital	224,523	89,100	(15,641)	297,982
Total	$9,098,005	$950,293	$(53,670)	$9,994,628

	December 31, 1992			
(In thousands)	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Estimated Market Value
Fixed maturities:				
U.S. government	$1,322,264	$ 70,779	$ (88)	$1,392,955
States and political subdivisions	4,248,793	311,687	(2,758)	4,557,722
Foreign governments	391,598	22,066	(625)	413,039
Corporate securities	564,584	10,840	(11,106)	564,318
Mortgage-backed securities	1,203,972	104,916	(620)	1,308,268
Total fixed maturities	7,731,211	520,288	(15,197)	8,236,302
Equities	409,505	94,553	(10,261)	493,797
Venture capital	210,250	33,469	(12,560)	231,159
Total	$8,350,966	$648,310	$(38,018)	$8,961,258

Statutory Deposits - At Dec. 31, 1993, our underwriting subsidiary had investments in fixed maturities with an estimated market value of $402.9 million on deposit with regulatory authorities as required by law.

Securities Lending Program - We participate in a securities lending program that is administered by one of our custodial banks. Under this program, we loan U.S. Treasury securities to qualified third parties, primarily major brokerage firms. We obtain collateral for the loan equal to 102 percent of the estimated market value and accrued interest of the loaned securities. We receive a portion of the interest earned on the collateral. In addition, we maintain full ownership rights to the securities loaned, including investment income. We also have the ability to sell the securities while they are on loan. As of Dec. 31, 1993, the estimated market value of loaned securities was $867 million.

Fixed Maturities by Maturity Date - Presented below is a breakdown of our fixed maturities by years to maturity. Actual maturities may differ from those stated as a result of calls and prepayments.

	December 31, 1993	
(In thousands)	Amortized Cost	Estimated Market Value
One year or less	$ 114,598	$ 115,325
Over one year through five years	758,056	804,925
Over five years through ten years	2,133,120	2,311,488
Over ten years	4,434,973	4,898,945
Mortgage-backed securities with various maturities	944,352	1,017,281
Total	$8,385,099	$9,147,964

Note 4

INVESTMENT TRANSACTIONS

Investment Activity - Here is a summary of our investment purchases, sales and maturities.

	Year Ended December 31		
(In thousands)	1993	1992	1991
PURCHASES			
Fixed maturities	$1,816,965	$1,778,736	$1,671,570
Equities	465,056	401,374	397,164
Real estate	110,371	64,658	46,298
Venture capital	79,410	55,928	50,558
Other investments	12,929	15,176	35,625
Total purchases	2,484,731	2,315,872	2,201,215
PROCEEDS FROM SALES AND MATURITIES			
Fixed maturities:			
Sales	169,330	295,648	361,734
Maturities and redemptions	1,236,912	976,712	601,448
Equities	437,610	431,225	464,145
Real estate	40,764	-	31,248
Venture capital	59,124	2,803	15,926
Other investments	10,466	15,110	32,412
Total sales and maturities	1,954,206	1,721,498	1,506,913
Net purchases	$ 530,525	$ 594,374	$ 694,302

Net Investment Income - Here is a summary of our net investment income.

	Year Ended December 31		
(In thousands)	1993	1992	1991
Fixed maturities	$607,067	$605,217	$589,048
Equities	12,035	11,629	12,763

Real estate	19,288	19,022	15,298
Venture capital	(2,012)	(1,966)	(1,156)
Other investments	698	569	5,353
Short-term investments	37,952	46,018	67,622
Total	675,028	680,489	688,928
Investment expenses	(13,922)	(14,115)	(13,324)
Net investment income	$661,106	$666,374	$675,604

Realized and Unrealized Investment Gains (Losses) - The following summarizes our pretax realized investment gains and losses and change in pretax unrealized appreciation.

	Year Ended December 31		
(In thousands)	1993	1992	1991
PRETAX REALIZED INVESTMENT GAINS (LOSSES)			
Fixed maturities:			
Gross realized gains	$ 8,916	$ 12,702	$ 6,488
Gross realized losses	(3,585)	(1,391)	(2,209)
Total fixed maturities	5,331	11,311	4,279
Equities:			
Gross realized gains	62,310	81,841	80,658
Gross realized losses	(18,782)	(16,066)	(20,048)
Total equities	43,528	65,775	60,610
Real estate	(10,188)	(7,519)	(644)
Venture capital	24,046	(180)	(4,167)
Other	(4,463)	(11,936)	(22,070)
Total pretax realized investment gains	$ 58,254	$ 57,451	$ 38,008
CHANGE IN PRETAX UNREALIZED APPRECIATION			
Fixed maturities	$257,774	$ 13,297	$317,542
Equities	(23,993)	(34,038)	65,343
Venture capital	52,550	6,687	15,962
Total change in pretax unrealized appreciation	$286,331	$(14,054)	$398,847

Note 5

INCOME TAXES

New Federal Tax Rate - During the third quarter of 1993, the corporate federal income tax rate increased from 34% to 35%, retroactive to Jan. 1, 1993. Because we have a significant deferred tax asset on our balance sheet, the tax rate increase resulted in a net benefit to income of $15.4 million, or $0.34 per share, in 1993.

Method for Computing Income Tax Expense - We implemented SFAS No. 109, "Accounting for Income Taxes," in the first quarter of 1992. The cumulative effect of this change was a one-time increase to earnings of $126.0 million or $2.98 per share. Prior years' financial statements were not restated to apply the provisions of this statement.

SFAS No. 109 changed the way we calculate tax expense shown in our financial statements. Under prior rules, the primary objective was to match the tax expense with pretax income on the statement of operations. Under SFAS No. 109, the primary objective is to ensure that the deferred tax asset or liability on the balance sheet properly reflects the amount due to or from the government in the future. As a consequence, the portion of the tax expense that is a result of the change in the deferred tax asset or liability may not always be consistent with the income reported in the statements of operations.

Some items of revenue and expense included in the statements of operations may not be currently taxable or deductible on our income tax returns. Therefore, our income tax assets and liabilities are divided into a current portion, which is the amount attributable to our current year's tax return, and a deferred portion, which is the amount attributable to another year's tax return. The revenue and expense items not currently taxable or deductible are called temporary differences.

Income Tax Expense (Benefit) - Income tax expense or benefits are recorded in various places in our financial statements. A summary of the amounts and places follows:

(In thousands)	Year Ended December 31 1993	1992
STATEMENTS OF OPERATIONS		
Expense related to income or loss before cumulative effects of accounting changes	$ 94,997	$ 7,458
Benefit from the adoption of:		
SFAS No. 109	-	(126,047)
SFAS No. 106	-	(25,777)
Total income tax expense (benefit) included in net income or loss	94,997	(144,366)
COMMON SHAREHOLDERS' EQUITY		
Benefit for deductions relating to dividends on unallocated ESOP and PSOP shares	(4,873)	(5,226)
Expense (benefit) for the change in unrealized appreciation of investments and unrealized foreign exchange	274,126	(15,675)
Total income tax expense (benefit) included in common shareholders' equity	269,253	(20,901)
Total income tax expense (benefit) included in financial statements	$364,250	$(165,267)

Components of Income Tax Expense - The components of income tax expense related to the income or loss before cumulative effects of accounting changes are as follows:

(In thousands)	Year Ended December 31 1993	1992	1991
Federal current tax expense	$148,508	$ 109,740	$190,520
Federal deferred tax benefit	(54,935)	(114,832)	(94,323)
Impact of tax rate change	(15,383)	-	-
Total federal income tax expense (benefit)	78,190	(5,092)	96,197
Foreign income taxes	9,692	6,776	21,196
State income taxes	7,115	5,774	5,606
Total income tax expense	$ 94,997	$ 7,458	$122,999

Our Tax Rate Is Different From The Statutory Rate - Our total federal income tax expense (benefit) differs from the statutory rate of 35% (34% in 1992 and 1991) of pretax income or loss as shown in the following table:

(In thousands)	Year Ended December 31 1993	1992	1991

Federal income tax expense (benefit) at statutory rates	$182,912	$ (76,521)	$179,541
Increase (decrease) attributable to:			
Nontaxable investment income	(90,502)	(91,780)	(77,438)
Foreign operations	9,869	48,894	15,233
Impact of tax rate change	(15,383)	-	-
Write-down of goodwill	-	124,100	-
Loss reserve fresh start benefit	-	-	(12,681)
Salvage and subrogation fresh start benefit	-	-	(9,199)
Other	(8,706)	(9,785)	741
Federal income tax expense (benefit)	$ 78,190	$ (5,092)	$ 96,197

Loss Reserve Fresh Start - The loss reserve fresh start benefit represents the permanent exclusion from taxable income of the effect of discounting year-end 1986 loss reserves. Under SFAS No. 109, adopted in 1992, loss reserve fresh start is treated as a temporary difference. Consequently, it did not impact our rate reconciliation in 1993 or 1992. The majority of the cumulative effect benefit of $126.0 million from implementing SFAS No. 109 was due to the immediate recognition of the remaining loss reserve fresh start benefit.

SALVAGE AND SUBROGATION FRESH START - Sometimes when we incur a loss we obtain a right to sell the damaged property we insured or a right to collect a portion of the loss we incurred from another insurance company or another party. These rights are called salvage and subrogation and reduce our losses incurred.

The salvage and subrogation fresh start benefit represents the permanent exclusion from taxable income of a portion of the salvage and subrogation related to losses incurred in years prior to 1990. A company like ours, which has accrued salvage and subrogation in prior years, is allowed a tax deduction equal to 87% of the discounted value of the amount accrued as of Dec. 31, 1989. Under the prior rules, the deduction was to be recorded equally over four years. Therefore, in 1990 and 1991 we recognized 25% of the deduction. We took the remaining deduction in 1992 when we implemented SFAS No. 109. As with loss reserve fresh start, salvage and subrogation fresh start is considered a temporary difference under SFAS No. 109 and did not impact our rate reconciliation in 1993 or 1992.

Major Components of Deferred Income Taxes on Our Balance Sheet - The tax effects of temporary differences that give rise to the deferred tax assets and deferred tax liabilities are presented below:

	December 31	
(In thousands)	1993	1992
DEFERRED TAX ASSETS		
Loss reserves	$593,938	$545,052
Unearned premium reserves	107,142	95,357
Deferred compensation	82,501	45,277
Foreign loss carryforwards	51,479	47,015
Other	140,344	115,542
Total gross deferred tax assets	975,404	848,243
Less valuation allowance	(58,931)	(54,173)
Net deferred tax assets	916,473	794,070
DEFERRED TAX LIABILITIES		
Unrealized appreciation of investments	308,718	32,799
Deferred acquisition costs	97,958	88,761

Real estate	44,062	25,835
Other	40,723	47,099
Total gross deferred tax liabilities	491,461	194,494
Net deferred income tax assets	$425,012	$599,576

We have alternative minimum tax (AMT) credit carryforwards of approximately $30.1 million which are available to reduce future federal regular income taxes over an indefinite period. The benefit of the AMT credit carryforward is included in our net deferred tax assets.

If we think that all of our deferred tax assets will not result in future tax benefits, we must establish a "valuation allowance" for the portion of these assets that we think will not be realized. The valuation allowance for deferred tax assets as of Jan. 1, 1992, was $35.0 million. The net change in the total valuation allowance for the years ended Dec. 31, 1993 and 1992, was an increase of $4.7 million and $19.2 million, respectively, relating entirely to our foreign operations. Based upon a review of our refundable taxes, anticipated future earnings, and all other available evidence, both positive and negative, we have concluded it is "more likely than not" that our net deferred tax assets will be realized.

A summary of timing differences under the income tax accounting rules used prior to 1992 and their related federal tax effects follows:

(In thousands)	Year Ended December 31, 1991
Loss reserves	$(69,292)
Unearned premium reserves	(16,846)
Deferred compensation	12,031
Oil and gas	(7,972)
Other	(12,244)
Deferred income tax benefit	$(94,323)

Undistributed Earnings of Subsidiaries - U.S. income taxes have not been provided on $31.6 million of our foreign operations' undistributed earnings as of Dec. 31, 1993, as such earnings are intended to be permanently reinvested in those operations. Furthermore, any taxes paid to foreign governments on these earnings may be partially used as credits against the U.S. tax on any dividend distributions from such earnings.

We have not provided taxes on approximately $57.5 million of undistributed earnings related to our 74% ownership of The John Nuveen Company that arose in 1993 and 1992 because we currently do not expect those earnings to become taxable to us.

IRS Examinations - The Internal Revenue Service has examined our consolidated returns through 1990 and is currently examining the years 1991 and 1992. We believe that any additional taxes assessed as a result of these examinations would not materially affect our overall financial position.

Note 6

DEBT AND CREDIT ARRANGEMENTS

Debt consists of the following:

December 31

(In thousands)	1993 Book Value	1993 Fair Value	1992 Book Value	1992 Fair Value
Commercial paper	$201,384	$201,384	$229,889	$229,889
Medium-term notes:				
Series A	198,780	208,500	133,534	137,700
Series B	12,000	12,600	-	-
9-3/8% notes	99,959	113,400	99,947	111,900
Short-term borrowings	80,383	80,383	20,000	20,000
Guaranteed ESOP debt	47,223	52,200	58,333	65,000
Pound sterling loan notes	-	-	25,014	25,014
Total debt	$639,729	$668,467	$566,717	$589,503

Fair Value - The fair value of our commercial paper and short-term borrowings approximates their book value because they are short-term in nature. For our other debt, which has longer terms and fixed interest rates, our fair value estimate is based on current interest rates available on debt securities in the market which have terms similar to ours. Because interest rates generally have declined since our debt was issued, it would have cost us more than book value to retire our debt at year-end.

Commercial Paper - Our commercial paper is supported by a $400 million credit agreement which expires in 1996. The credit agreement requires us to stay below a certain ratio of debt to equity, maintain a stated amount of common shareholders' equity and meet certain other requirements. As of year-end 1993, we had not borrowed any funds under the agreement, and we were in compliance with all provisions.

Interest rates on commercial paper issued in 1993 ranged from 3.0% to 3.6%; in 1992 the range was 3.0% to 4.7%; and in 1991 the range was 4.5% to 7.4%. In 1993, we entered into an interest-rate swap agreement that requires us to pay a fixed rate of 5.6% on $50 million of our outstanding commercial paper through the year 2000.

Medium-term Notes - The Series A medium-term notes were issued at various times during the three-year period ended Dec. 31, 1993, bearing interest rates ranging from 5.9% to 8.4%. Maturities range from three to 10 years after the issuance date.

One Series B medium-term note was issued in 1993. This note bears an interest rate of 6.3% and matures 10 years after the issuance date.

9-3/8% Notes - The 9-3/8% notes were issued in 1990 and mature on June 15, 1997.

Short-term Borrowings - Short-term borrowings are obligations of our investment banking-asset management operation that are collateralized by some of its inventory securities. These borrowings consisted of securities sold under an agreement to repurchase at year-end 1993, and bank borrowings at the end of 1992.

Guaranteed ESOP Debt - The guaranteed ESOP debt bears an interest rate of 7.95% and is due March 1, 1998. The ESOP's principal payments and related interest are funded quarterly through a combination of our contributions and dividends on shares held by the ESOP. We show this debt as our liability, because we guaranteed the debt.

Interest Expense - Our interest expense was $40.8 million in 1993, $35.6 million in 1992 and $35.6

million in 1991.

Maturities - The amount of debt that becomes due in each of the next five years is as follows: 1994, $111.8 million; 1995, $11.1 million; 1996, $212.5 million; 1997, $111.1 million; and 1998, $27.8 million.

Note 7

RETIREMENT PLANS

Pension Plans - We maintain funded defined benefit pension plans for most of our U.S. and non-U.S. employees. Benefits are based on years of service and the employee's compensation while employed by the company. U.S. pension benefits generally vest after five years of service. Non-U.S. pension benefits generally vest after two years of service.

Our U.S. pension plans are noncontributory. This means that employees do not pay anything into the plans. Our funding policy is to contribute amounts sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act, and any additional amounts that may be necessary. This may result in no contribution being made in a particular year.

We contribute to our non-U.S. pension plans based on a percentage of salaries. These plans are contributory, which means that employees also contribute a percentage of their salary to the plan.

The following table details the components of our net periodic pension cost for our U.S. and non-U.S. funded pension plans.

	Year Ended December 31		
(In thousands)	1993	1992	1991
Service cost - benefits earned during the year	$29,515	$32,912	$22,621
Interest cost on projected benefit obligation	36,670	39,449	30,328
Actual return on plan assets	(66,449)	(25,333)	(77,173)
Net amortization and deferral	28,270	(20,352)	36,572
Net periodic pension cost	$28,006	$26,676	$12,348

The following table summarizes the funded status of our plans. We use the services of an independent actuary to assist us in the determination of our pension costs and obligations.

	December 31			
	1993		1992	
(In thousands)	U.S.	Non-U.S.	U.S.	Non-U.S.
Accumulated benefit obligation:				
Vested	$233,565	$194,403	$220,514	$170,079
Nonvested	30,746	119	22,664	117
Subtotal	264,311	194,522	243,178	170,196
Effect of projected salary increases	94,340	42,753	112,407	30,080
Projected benefit obligation	358,651	237,275	355,585	200,276
Plan assets at fair value	228,322	215,843	238,756	206,862
Assets (greater) less than projected benefit obligation	130,329	21,432	116,829	(6,586)
Unrecognized net loss	(54,233)	(52,386)	(39,912)	(33,368)
Unrecognized net asset at transition	12,973	16,797	14,721	22,336
Unrecognized prior service cost	109	(2,991)	67	(3,919)

Accrued (prepaid) pension cost recorded on the balance sheet	$ 89,178	$ (17,148)	$ 91,705	$ (21,537)

Pension cost is determined using assumptions at the beginning of the year. The funded status is determined using assumptions at the end of the year. Assumptions as of Dec. 31 used to determine projected benefit obligations and pension costs are as follows:

	1993	1992	1991	1990
U.S. PLANS				
Discount rate	6.25%	7.25%	7.75%	8.50%
Rate of increase in compensation	4.25	5.50	6.00	6.00
Expected rate of return on plan assets	9.00	9.00	9.50	9.50
NON-U.S. PLANS				
Discount rate	7.50	9.50	9.50	10.50
Rate of increase in compensation	5.50	7.50	7.50	8.00
Expected rate of return on plan assets	9.50	10.50	10.50	11.50

Plan assets are invested primarily in equities and fixed maturities, and included 190,086 shares of our common stock with a market value of $17.1 million and $14.6 million at Dec. 31, 1993 and 1992, respectively.

We also maintain a noncontributory, unfunded pension plan to provide certain employees with pension benefits in excess of limits imposed by federal tax law and a noncontributory, unfunded pension plan for our outside directors. At the end of both 1993 and 1992, we had a liability of $11.7 million recorded for these plans.

During the fourth quarter of 1992, we offered a voluntary early retirement incentive, enabling certain eligible employees to elect early retirement. Early retirement was elected by 292 employees, which resulted in a pretax cost of $31.0 million in 1992.

Employee Stock Ownership Plan - We maintain an ESOP for qualified employees of our U.S.-based corporate, underwriting and insurance brokerage operations. The ESOP allocated 249,628 shares in 1993, 246,209 shares in 1992, and 247,933 shares in 1991. The remaining 1,054,476 shares will be released for allocation annually through March 1, 1998.

Shares of our stock that have been and will be allocated to eligible employees are held by the ESOP trust, which is responsible for making principal and interest payments on the debt it incurred to purchase those shares at the inception of the ESOP. We pay dividends on the shares in the trust and also make contributions as needed to meet the ESOP's debt service obligations.

The following table summarizes our ESOP expense for each of the last three years:

	Year Ended December 31		
(In thousands)	1993	1992	1991
Debt service	$16,626	$17,093	$18,504
Dividends paid to ESOP trust	(6,185)	(6,339)	(6,310)
Proceeds from sales of forfeited shares, interest income and other	226	290	(697)
Net ESOP expense	$10,667	$11,044	$11,497
Cash contributions to trust	$10,091	$10,496	$11,389

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Preferred Stock Ownership Plan - Our Savings Plus Preferred Stock Ownership Plan (PSOP) allocates preferred shares semiannually to those employees participating in our Savings Plus Plan. The allocations are equivalent to 60% of employees' contributions up to a maximum of 6% of their salary plus shares equal to the value of dividends on previously allocated shares. Each share is currently convertible into two shares of common stock.

We pay annual preferred dividends of $11.724 per share and make additional cash contributions to the PSOP as necessary in order to meet the PSOP's debt obligations. We paid preferred dividends of $12.0 million in 1993, and $12.2 million in 1992 and 1991. We also made additional cash contributions to the PSOP of $2.7 million in 1993, $1.8 million in 1992, and $2.0 million in 1991.

The PSOP allocated 53,342 preferred shares in 1993, 51,057 shares in 1992 and 49,957 in 1991. The remaining 860,300 shares will be released for allocation annually through Jan. 31, 2005. We recorded PSOP expense of $9.3 million, $9.8 million and $8.7 million in 1993, 1992 and 1991, respectively.

Postretirement Benefits Other Than Pension - We provide certain health care and life insurance benefits for retired U.S. employees and their eligible dependents. We currently anticipate that most of our employees will become eligible for these benefits if they retire while working for us. The cost of these benefits is shared with the retiree. The benefits are generally provided through our employee benefits trust to which periodic contributions are made to cover benefits paid during the year.

Effective Jan. 1, 1992, we implemented SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This statement changed our method of accounting for postretirement benefits from the cash basis to the accrual basis. Now, we accrue postretirement benefits expense during the period that the employee renders the service to earn the benefit.

We recorded a transition obligation of $75.3 million, representing the cumulative Jan. 1, 1992, liability for postretirement benefits, in the first quarter of 1992. This cumulative effect, net of taxes, was a charge to earnings of $49.6 million, or $1.17 per share.

The following table details the components of the net periodic postretirement benefits cost:

(In thousands)	Year Ended December 31 1993	1992
Service cost - benefits attributed to service during the year	$ 4,227	$ 4,159
Interest cost on accumulated postretirement benefits obligation	8,699	7,117
Actual return on plan assets	(686)	(891)
Net amortization and deferral	(590)	(17)
Net periodic postretirement benefits cost	$11,650	$10,368

The postretirement benefits expense for 1991 was $3.1 million. The 1991 expense was based on cash contributions made to the employee benefits trust for retired employees.

The following table summarizes the funded status of the plan. We use the services of an independent actuary to assist in the determination of benefits costs and obligations.

(In thousands)	December 31 1993	1992

Accumulated postretirement benefits obligation:		
Retirees	$ 74,541	$ 59,342
Fully eligible active plan participants	8,720	4,199
Other active plan participants	47,797	41,830
Subtotal	131,058	105,371
Plan assets at fair value	13,693	13,007
Assets less than accumulated post-retirement benefits obligation	117,365	92,364
Unrecognized net loss	(14,374)	(4,369)
Unrecognized prior service cost	5,370	-
Accrued postretirement benefits cost recorded on the balance sheet	$108,361	$ 87,995

Postretirement benefits cost is determined using assumptions at the beginning of the year. The funded status is determined using the assumptions at the end of the year. Assumptions as of Dec. 31 used to determine postretirement benefits cost and accumulated postretirement benefits obligations are as follows:

	1993	1992	1991
Discount rate	7.00%	7.75%	8.00%
Rate of increase in compensation	4.25	5.50	6.00
Expected rate of return on plan assets	7.50	7.50	7.50

A health care inflation rate of 15% was assumed in 1993. The rate is assumed to decrease 1% annually to 6% and then remain at that level. This inflation rate assumption has a significant impact on the health care portion of the postretirement benefits. For example, a 1% increase in this rate would have increased the accumulated postretirement benefits obligation at Dec. 31, 1993, by $19.5 million and the 1993 periodic benefits cost by $2.7 million.

Note 8

STOCK OPTION AND OTHER INCENTIVE PLANS

Stock Option Plans - Our option plans for certain U.S.-based officers and outside directors give these individuals the right to buy our stock at the market price on the day the options were granted. Generally, each option to buy remains open for 10 years. During this period, option holders may buy any number of shares up to the limit set in their option grant. Approximately 410,500 option shares were available at year-end for future grants under our U.S. plans.

We also have separate stock option plans for certain employees of our non-U.S. operations. Most of the options granted under these plans were priced at the market price of our common stock on the grant date. Generally, they can be exercised from three to 10 years after the grant date. Approximately 222,000 option shares remained available at year-end for future grants under our non-U.S. plans.

Information concerning our U.S. and non-U.S. stock option plans is in the following table:

Shares	Option Price Per Share	Number of Option Shares
Outstanding Jan. 1, 1991	$14.42-63.00	1,325,518
Granted	63.75-72.50	736,362
Canceled	41.50-68.50	(97,021)
Exercised	19.90-60.40	(275,771)
Outstanding Dec. 31, 1991	14.42-72.50	1,689,088
Granted	70.00-77.00	233,507
Canceled	20.19-68.50	(11,136)

Exercised	14.42-72.50	(322,650)
Outstanding Dec. 31, 1992	19.90-77.00	1,588,809
Granted	76.50-95.75	189,454
Canceled	25.96-74.13	(21,297)
Exercised	19.90-80.13	(283,112)
Outstanding Dec. 31, 1993	$19.90-95.75	1,473,854
Exercisable Dec. 31, 1993	$19.90-93.25	955,574

Restricted Stock Award Plan - Restricted common shares of the company have been awarded to certain management personnel through our Restricted Stock Award Plan. The stock is restricted because recipients receive the stock only upon the completion of a specified period of employment, generally one to five years. The shares are considered issued when awarded, but the recipient does not own and cannot sell the shares during the restriction period. Up to 500,000 shares can be awarded under the plan, of which 337,627 were unissued at Dec. 31, 1993.

Note 9

COMMON SHAREHOLDERS' EQUITY

Common Stock and Reacquired Shares - We are governed by the Minnesota Business Corporation Act. There are 120 million authorized shares of voting common stock with no par value. Shares of common stock reacquired are considered unissued shares. During 1992, we reacquired 793,000 of our common shares for a total cost of $57.7 million. We reduced our capital stock account for the cost of these repurchases in proportion to the percentage of shares reacquired, with the remainder of the cost charged to retained earnings.

Undesignated Shares - Our articles of incorporation allow us to issue 5 million undesignated shares. The board of directors may designate the type of shares and set the terms thereof. The board designated 1,450,000 of these shares as Series B Convertible Preferred Stock in connection with the formation of our Preferred Stock Ownership Plan (PSOP). The board designated 50,000 shares as Series A Junior Participating Preferred Stock in connection with the establishment of our Shareholder Protection Rights Plan.

A summary of our common stock activity for the last three years is as follows:

	Year Ended December 31		
(Number of Shares)	1993	1992	1991
Outstanding at beginning of year	42,059,277	42,521,242	42,234,029
Issued under stock option and other incentive plans	297,907	329,599	289,945
Issued upon conversion of preferred stock	2,566	1,064	353
Reacquired	(2,412)	(792,628)	(3,085)
Outstanding at end of year	42,357,338	42,059,277	42,521,242

Dividend Restrictions - We primarily depend on dividends from our subsidiaries to pay dividends to our shareholders, service our debt and pay expenses. Various state laws and regulations limit the amount of dividends we may receive from our underwriting subsidiary. We have received regulatory approval for our underwriting subsidiary to pay us cash dividends of up to $300 million in 1994 in addition to a dividend of the capital stock of its U.K.-based underwriting operation. During 1993, dividends received from our underwriting subsidiary amounted to $200 million.

Shareholder Protection Rights Plan - Our Shareholder Protection Rights Plan is designed to protect the interests of our shareholders in the event of unsolicited and unfair or coercive attempts to acquire control of the company. Our shareholders own one right for each common share owned which would enable them to initiate specified actions to protect their interests. We may redeem this right under circumstances specified in the plan.

Note 10

COMMITMENTS AND CONTINGENCIES

Investment Commitments - We have long-term commitments to fund venture capital and real estate investments totaling $71.0 million as of Dec. 31, 1993. We estimate these commitments will be paid as follows: $26.6 million in 1994; $22.0 million in 1995; $14.6 million in 1996; $7.3 million in 1997; and $0.5 million in 1998.

Lease Commitments - A portion of our business activities is carried on in rented premises. We also enter into leases for equipment, such as office machines and computers. Our total rental expense was $74.9 million in 1993, $92.8 million in 1992 and $78.1 million in 1991.

Certain leases are noncancelable, and we would remain responsible for payment even if we stopped using the space or equipment. On Dec. 31, 1993, the minimum annual rents for which we would be liable under these types of leases are as follows: $63.9 million in 1994, $53.3 million in 1995, $41.9 million in 1996, $33.9 million in 1997, $29.5 million in 1998 and $119.1 million thereafter.

Legal Matters - In the ordinary course of conducting business, our operations have been named as defendants in various lawsuits. Some of these lawsuits attempt to establish liability under insurance contracts issued by our underwriting operations. Plaintiffs in these lawsuits are asking for money damages or to have the court direct the activities of our operations in certain ways. In some cases, plaintiffs seek to establish coverage for their liability under environmental protection laws.

We believe that the total amounts that we and our subsidiaries will ultimately have to pay in all of these lawsuits will have no material effect on our overall financial position.

Note 11

ACQUISITION OF ECONOMY

On Aug. 31, 1993, we acquired Economy from Kemper Corporation. Economy is a personal insurance underwriter with 1993 net written premiums of approximately $384 million. Our investment in Economy totaled approximately $395 million. This included a $100 million contribution of securities to the capital of Economy, with the remainder paid in cash to Kemper Corporation. We recorded goodwill of approximately $142 million that we are amortizing over 15 years.

We accounted for the acquisition as a purchase. As a result, Economy's results were included in our consolidated results from the date of purchase. Consolidated results would not have been materially different had this acquisition been completed at the beginning of 1991.

Note 12

SALE OF MINORITY INTEREST IN NUVEEN

In May 1992, we sold a minority interest in our investment banking-asset management subsidiary, The John Nuveen Company. The sale generated pretax proceeds of $137.1 million, and resulted in a pretax gain of $98.3 million. We retained approximately 74 percent ownership in Nuveen.

We continue to consolidate 100 percent of Nuveen's assets, liabilities, revenues and expenses, with reductions on the balance sheet and statement of operations for the minority interest sold. The minority interest represents the minority shareholders' proportionate interest in Nuveen's equity and earnings. Minority interest of $71.9 million and $54.4 million was recorded in other liabilities at the end of 1993 and 1992, respectively.

Note 13

REINSURANCE

Our financial statements reflect the effects of assumed and ceded reinsurance transactions. Assumed reinsurance refers to our acceptance of certain insurance risks that other insurance companies have underwritten. Ceded reinsurance means other insurance companies agree to share certain risks with us. The primary purpose of ceded reinsurance is to protect us from potential losses in excess of what we are prepared to accept.

Effective Jan. 1, 1993, we implemented SFAS No. 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts." This statement requires us to report balances pertaining to reinsurance transactions "gross" on the balance sheet. We now record reinsurance recoverables on unpaid losses and ceded unearned premiums as assets, in contrast to our prior practice of netting these amounts against the corresponding insurance reserves. Adoption of SFAS No. 113 had no impact on net income or common shareholders' equity.

The largest portion (approximately 17%) of our total reinsurance recoverables and ceded unearned premiums was with General Reinsurance Corporation. That company is rated "A++" by A.M. Best, "Aaa" by Moody's and "AAA" by Standard & Poor's for its property-liability insurance claims-paying ability.

We expect the companies to which we have ceded reinsurance to honor their obligations. In the event these companies are unable to honor their obligations to us, we will pay these amounts. We have established allowances for possible nonpayment of amounts due to us. The effect of assumed and ceded reinsurance on premiums written, premiums earned and insurance losses and loss adjustment expenses is as follows:

	Year Ended December 31		
(In thousands)	1993	1992	1991
PREMIUMS WRITTEN			
Direct	$3,053,532	$3,011,879	$3,081,944
Assumed	686,557	636,587	697,221
Ceded	(561,544)	(506,047)	(545,436)
Net premiums written	$3,178,545	$3,142,419	$3,233,729
PREMIUMS EARNED			
Direct	$3,021,203	$3,027,243	$2,985,674
Assumed	680,626	661,505	707,857
Ceded	(523,491)	(545,502)	(547,293)
Net premiums earned	3,178,338	$3,143,246	$3,146,238
INSURANCE LOSSES AND LOSS ADJUSTMENT EXPENSES			
Direct	$1,968,839	$2,304,848	$2,060,588
Assumed	721,141	1,034,594	743,921
Ceded	(386,242)	(649,396)	(438,940)

Net insurance losses and loss adjustment expenses	$2,303,738	$2,690,046	$2,365,569

Note 14

STATUTORY ACCOUNTING PRACTICES

Our U.S.-based underwriting operations are required to file financial statements with state regulatory authorities. The accounting principles used to prepare these statutory financial statements differ from GAAP. On a statutory accounting basis, our U.S.-based underwriting operations reported net income of $441.1 million in 1993, $185.0 million in 1992 and $156.3 million in 1991. Statutory surplus (shareholder's equity) of these operations was $1.8 billion and $1.6 billion as of Dec. 31, 1993 and 1992, respectively.

Note 15

SEGMENT INFORMATION

Geographic Areas - We provide international broking services and property-liability insurance coverages. The following summary presents financial data based on the location of our operations:

(In thousands)	Year Ended December 31 1993	1992	1991
REVENUES			
U.S.	$ 3,875,545	$ 3,963,203	$ 3,866,797
Non-U.S.	584,627	535,489	484,903
Total revenues	$ 4,460,172	$ 4,498,692	$ 4,351,700
INCOME (LOSS) BEFORE INCOME TAXES			
U.S.	$ 559,512	$ 145,477	$ 556,772
Non-U.S.	(36,906)	(370,540)	(28,711)
Total income (loss) before income taxes	$ 522,606	$ (225,063)	$ 528,061

(In thousands)	December 31 1993	1992	1991
IDENTIFIABLE ASSETS			
U.S.	$14,703,637	$13,166,460	$12,551,073
Non-U.S.	2,445,559	2,225,594	2,193,644
Total assets	$17,149,196	$15,392,054	$14,744,717

Industry - Our industry segments consist of underwriting, insurance brokerage and investment banking-asset management. The following summary presents revenues, income (loss) before income taxes and identifiable assets for each industry segment. Revenues and pretax income (loss) for each segment include its respective investment income. The insurance brokerage segment's fees and commissions include intercompany commissions which are eliminated when we consolidate our operations.

(In thousands)	Year Ended December 31 1993	1992	1991
REVENUES			
Underwriting:			
Specialized commercial	$ 1,011,439	$ 1,050,936	$ 1,122,561
Medical services	688,980	722,172	685,402
Business insurance	531,465	676,265	699,225
Reinsurance	395,008	361,093	375,427

Personal insurance	372,734	206,746	198,212
International	178,712	126,034	65,411
Total premiums earned	3,178,338	3,143,246	3,146,238
Net investment income	646,396	642,301	640,856
Realized investment gains	49,429	60,351	34,880
Other	31,723	24,985	24,077
Total underwriting	3,905,886	3,870,883	3,846,051
Insurance brokerage:			
Fees and commissions	294,579	290,081	293,646
Net investment income	21,213	29,444	40,441
Other	4,725	8,267	9,009
Total insurance brokerage	320,517	327,792	343,096
Investment banking-asset management	245,732	221,182	180,238
Total industry segments	4,472,135	4,419,857	4,369,385
Parent company and consolidating eliminations	(11,963)	78,835	(17,685)
Total revenues	$ 4,460,172	$ 4,498,692	$ 4,351,700

INCOME (LOSS) BEFORE INCOME TAXES			
Underwriting:			
Specialized commercial	$ (89,490)	$ (170,765)	$ (40,595)
Medical services	132,922	151,906	149,326
Business insurance	(70,602)	(142,001)	(119,606)
Reinsurance	(44,866)	(314,355)	(126,104)
Personal insurance	(15,548)	(43,835)	(13,031)
International	(62,671)	(47,836)	(13,772)
Total GAAP underwriting result	(150,255)	(566,886)	(163,782)
Net investment income	646,396	642,301	640,856
Realized investment gains	49,429	60,351	34,880
Other	(38,389)	(54,634)	(25,891)
Total underwriting	507,181	81,132	486,063
Insurance brokerage	(12,629)	(432,527)	9,432
Investment banking-asset management:			
Pretax income before minority interest	111,663	97,866	77,481
Minority interest	(29,076)	(15,405)	-
Total investment banking-asset management	82,587	82,461	77,481
Total industry segments	577,139	(268,934)	572,976
Parent company and consolidating eliminations	(54,533)	43,871	(44,915)
Total income before income taxes	$ 522,606	$ (225,063)	$ 528,061

	December 31		
(In thousands)	1993	1992	1991
IDENTIFIABLE ASSETS			
Underwriting	$15,144,260	$13,682,466	$12,740,545
Insurance brokerage	1,616,574	1,463,647	1,792,394
Investment banking-asset management	410,764	294,235	311,846
Total industry segments	17,171,598	15,440,348	14,844,785
Parent company and consolidating eliminations	(22,402)	(48,294)	(100,068)
Total assets	$17,149,196	$15,392,054	$14,744,717

Note 16

QUARTERLY RESULTS OF OPERATIONS (Unaudited)

An unaudited summary of our quarterly performance is shown below.

(In thousands)	1993 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$1,114,028	$1,069,338	$1,104,975	$1,171,831
Net income	88,031	108,497	141,388	89,693
Net income per common share:				
Primary	2.02	2.50	3.27	2.05
Fully diluted	1.95	2.41	3.14	1.98

(In thousands)	1992 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$1,099,209	$1,172,957	$1,125,114	$1,101,412
Income (loss) before cumulative effects of accounting changes	105,788	143,122	(63,886)	(417,545)
Net income (loss)	182,271	143,122	(63,886)	(417,545)
Earnings (loss) per common share:				
Primary:				
Income (loss) before cumulative effects of accounting changes	2.42	3.29	(1.56)	(9.99)
Net income (loss)	4.20	3.29	(1.56)	(9.99)
Fully diluted:				
Income (loss) before cumulative effects of accounting changes	2.33	3.15	(1.56)	(9.99)
Net income (loss)	4.03	3.15	(1.56)	(9.99)

(In thousands)	1991 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$1,021,167	$1,063,512	$1,125,780	$1,141,241
Net income	84,171	103,712	107,747	109,432
Net income per common share:				
Primary	1.94	2.39	2.49	2.52
Fully diluted	1.88	2.31	2.40	2.43

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Shareholder Information

Stock Trading

The company's stock is traded nationally on the New York Stock Exchange, where it is assigned the symbol SPC. The approximate number of holders of record, including individual owners, of our common stock was 7,550 as of Feb. 15, 1994.

Options on the company's stock trade on the Chicago Board Options Exchange, under the symbol SPQ.

Stock Price and Dividend Rate

The table below sets forth the amount of cash dividends declared per share and the high and low closing sales prices of company stock for each quarter during the past two years.

1993	High	Low	Cash Dividend Declared
1st Quarter	$83 1/4	$75 1/2	$.70
2nd Quarter	82 7/8	78 1/2	.70
3rd Quarter	93 3/8	80 5/8	.70
4th Quarter	97	86 1/2	.70

Cash dividend paid in 1993 was $2.78.

1992	High	Low	Cash Dividend Declared

	----	---	--------
1st Quarter	$74 3/4	$68 3/4	$.68
2nd Quarter	80 1/8	67	.68
3rd Quarter	80	69 3/8	.68
4th Quarter	78 1/4	68 1/4	.68

Cash dividend paid in 1992 was $2.69.

Exhibit 21

Subsidiaries of the Registrant

Name	State or Other Jurisdiction of Incorporation
(1) St. Paul Fire and Marine Insurance Company	Minnesota
Subsidiaries:	
(i) St. Paul Mercury Insurance Co.	Minnesota
(ii) St. Paul Guardian Insurance Co.	Minnesota
(iii) The St. Paul Insurance Co.	Texas
(iv) The St. Paul Insurance Co. of Illinois	Illinois
(v) St. Paul Specialty Underwriting, Inc.	Delaware
Subsidiaries:	
(a) St. Paul Surplus Lines Insurance Co.	Delaware
(b) St. Paul Risk Services, Inc.	Minnesota
(c) Ramsey Insurance Co.	Minnesota
(d) Athena Assurance Co.	Minnesota
(vi) St. Paul Property and Casualty Insurance Co.	Nebraska
(vii) St. Paul Insurance Co. of North Dakota	North Dakota
(viii) St. Paul Fire and Casualty Insurance Co.	Wisconsin
(ix) Economy Fire & Casualty Co.	Illinois
(a) Economy Preferred Insurance Co.	Illinois
(b) Economy Premier Assurance Co.	Illinois
(c) Premier Assurance Center, Inc.	Illinois
(x) St. Paul Indemnity Insurance Co.	Indiana
(xi) St. Paul Properties, Inc.	Delaware
Subsidiaries:	
(a) 77 Water Street, Inc.	Minnesota
(b) St. Paul Interchange, Inc.	Minnesota
(c) St. Paul 345, Inc.	Minnesota
(d) 350 Market Street	Minnesota
(e) St. Paul Cambridge, Inc.	Minnesota
(xii) Seaboard Surety Company	
Subsidiary:	
(a) Seaboard Surety Company of Canada	Canada
(xiii) St. Paul (UK) Ltd.	United Kingdom
Subsidiaries:	
(a) St. Paul Reinsurance Company, Limited	United Kingdom
(b) St. Paul Management Limited	United Kingdom
(c) Selsdon Insurance Management Limited	United Kingdom
(d) St. Paul International Insurance Company, Limited	United Kingdom
(e) Seguros Albia, Compania De Seguros Y Reaseguros, S.A.	Spain
(xiv) St. Paul Media, Inc.	Minnesota

(xv) St. Paul Private RE, Inc.	Minnesota
(xvi) St. Paul Venture Capital, Inc.	Minnesota
(xvii) St. Paul Land Resources, Inc.	Minnesota
(xviii) Heffron, Ingle, McDowell & Cooper	Minnesota
(xix) St. Paul Lloyds Holdings, Inc.	Texas
(xx) St. Paul Management Services, Inc.	Minnesota
(2) Minet Holdings, Inc.	New York
Subsidiaries:	
(i) The Swett & Crawford Group, Inc.	California
Subsidiaries:	
(a) Swett Insurance Managers of Nevada, Inc.	Nevada
(b) Swett Insurance Managers of Idaho, Inc.	Idaho
(c) Durin Financial Corporation	Wisconsin
(d) Swett Insurance Managers of California, Inc.	California
(e) Swett Insurance Managers of Pennsylvania, Inc.	Pennsylvania
(f) Montgomery General Agency of New Jersey, Inc.	New Jersey
(g) Swett & Crawford	California
Subsidiaries:	
(1) Swett & Crawford of Texas, Inc.	Texas
(2) Swett & Crawford of Hawaii, Inc.	Hawaii
(3) Swett Insurance Managers, Inc.	Colorado
(h) Swett & Crawford of Connecticut, Inc.	Connecticut
(i) Swett Insurance Managers of Maine, Inc.	Maine
(j) Swett & Crawford Insurance Agency of Massachusetts	Massachusetts
(ii) Minet Re North America, Inc.	Georgia
Subsidiaries:	
(a) RFC Intermediaries, Inc.	California
(b) Tailored Awards, Inc.	Minnesota
(c) RFC Management Corporation	Minnesota
(d) Intere Intermediaries, Inc.	New York
Subsidiaries:	
(1) Intere Bermuda	Bermuda
(2) Intere Far East, Ltd.	Hong Kong
(3) Port Cove Associates	New York
(e) IOC Reinsurance Brokers, Ltd.	Canada
(iii) Continental Underwriters, Ltd.	Louisiana
(iv) Minet, Inc.	New Jersey
Subsidiary:	
(a) Minet Insurance Services, Inc.	California
(b) Minet Insurance Services of Texas, Inc.	Texas
(v) Minet Limited - Bermuda	Bermuda
(3) St. Paul Reinsurance Management Corporation	New York

Subsidiary:	
(i) Excess & Treaty Management Corporation	New York
(4) Minet Group PLC*	United Kingdom
Subsidiaries:	
(i) JH Minet & Company Limited	United Kingdom
(ii) Minet Insurance Brokers (International) Limited	United Kingdom
(iii) Minet Professional Services Limited	United Kingdom
Subsidiaries:	
(a) Minet Professional Services Limited	Canada
(b) Minet Professional Services Limited	Australia
(iv) JH Minet (Canada) Inc.	Canada
(v) Cork, Bays and Fisher, Limited	United Kingdom
(5) The John Nuveen Company**	Delaware
Subsidiaries:	
(i) John Nuveen & Co. Incorporated	Delaware
(ii) Nuveen Advisory Corp.	Delaware
(iii) Nuveen Institutional Advisory Corp.	Delaware
(6) St. Paul Investments Limited	United Kingdom
(7) Camperdown Corporation	Delaware

*Minet Group PLC and its listed subsidiaries also conduct insurance brokerage business through a number of wholly-owned subsidiaries. A total of 8 such subsidiaries operate in the United States and 61 operate in foreign countries. These 69 subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of December 31, 1993.

**The John Nuveen Company is a majority-owned subsidiary jointly owned by the Registrant, which holds a 39% interest, and the Registrant's subsidiary, St. Paul Fire and Marine Insurance Company, which holds a 35% interest.

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
The St. Paul Companies, Inc.:

We consent to incorporation by reference in the Registration Statement on Form S-8 (SEC File No. 2-69894, No. 33-15392, No. 33-20516, No. 33-23446, No. 33-23948, No. 33-24220, No. 33-24575, No. 33-26923, and No. 33-49273) and Form S-3 (SEC File No. 33-33931 and No. 33-50115) of The St Paul Companies, Inc., of our reports dated January 24, 1994, relating to the consolidated balance sheets of The St. Paul Companies, Inc. and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of operations, common shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1993, and to the related financial statement schedules, which reports appear in the 1993 annual report to shareholders and annual report on Form 10-K for the year 1993 of The St. Paul Companies, Inc.

St. Paul, Minnesota
March 18, 1994

/s/ KPMG Peat Marwick

KPMG Peat Marwick

Exhibit 24

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, That I, the undersigned, a director of The St. Paul Companies, Inc., a Minnesota corporation ("The St. Paul"), do hereby make, nominate and appoint Bruce A. Backberg and Howard E. Dalton, or either of them, to be my attorney-in-fact, with full power and authority to include my conformed signature on the electronic filing of a Form 10-K for the year ended December 31, 1993, to be filed by The St. Paul with the Securities and Exchange Commission, and any amendment thereto, and shall have the same force and effect as though I had manually signed the Form 10-K or ammendment.

Dated: February 1, 1994 Signature: /s/ Michael R. Bonsignore
Name: Michael R. Bonsignore

Dated: February 7, 1994 Signature: /s/ John H. Dasburg
Name: John H. Dasburg

Dated: February 1, 1994 Signature: /s/ W. John Driscoll
Name: W. John Driscoll

Dated: February 1, 1994 Signature: /s/ Mark S. Fowler
Name: Mark S. Fowler

Dated: February 1, 1994 Signature: /s/ Pierson M. Grieve
Name: Pierson M. Grieve

Dated: February 1, 1994 Signature: /s/ Roger L. Hale
Name: Roger L. Hale

Dated: March 4, 1994 Signature: /s/ Ronald James
Name: Ronald James

Dated: February 1, 1994 Signature: /s/ William H. Kling
Name: William H. Kling

Dated: February 1, 1994 Signature: /s/ Bruce K. MacLaury
Name: Bruce K. MacLaury

Dated: February 1, 1994 Signature: /s/ Ian A. Martin
Name: Ian A. Martin

Dated: February 1, 1994 Signature: /s/ Glen D. Nelson
Name: Glen D. Nelson

Dated: February 1, 1994 Signature: /s/ Anita M. Pampusch
Name: Anita M. Pampusch