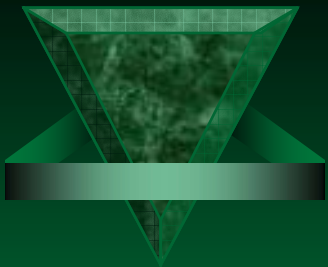


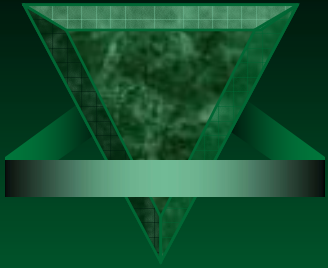


State Auto Financial  
Corporation  
Annual Meeting  
May 18, 2006

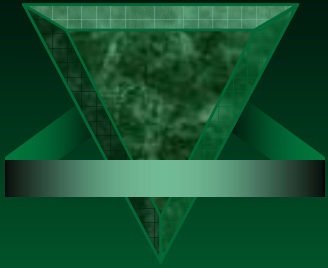
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Bob Restrepo  
Chairman of the Board  
President and CEO

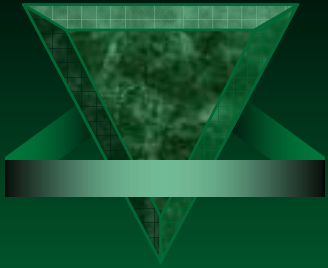


# John Lowther, Senior VP Secretary, General Counsel



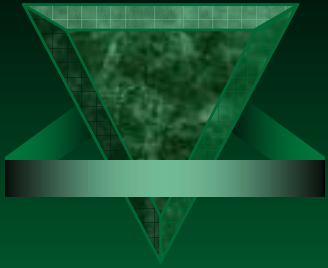
# Election of Directors

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# Independent Auditors

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# Steve McCreary

## Ernst & Young, LLP

# “Safe Harbor” Statement

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties, many beyond the Company’s control, that may cause actual results to differ materially from those anticipated, as described in these statements. Factors that might cause such results to differ have been identified in the company’s filings with the SEC, any one of which factors might materially affect the operations of the Company. Any forward-looking statements speak only as of the date made. We undertake no obligation to update these statements to reflect events or circumstances arising after the date on which they are made.

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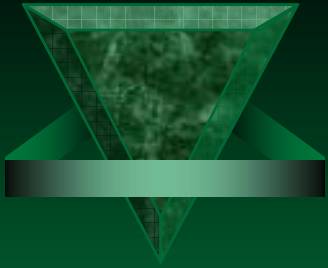
Bob Moone,  
Retired Chairman  
President and CEO

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# 100 Day Plan

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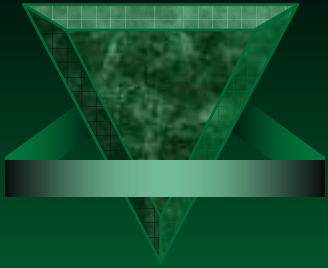
## 100-Day Plan

- ✓ Branch Visits
- ✓ Board of Directors Interviews
- ✓ Agency Introductions
- ✓ Company Leadership
- ✓ Investment Community



# Preliminary Conclusions

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## Preliminary Conclusions

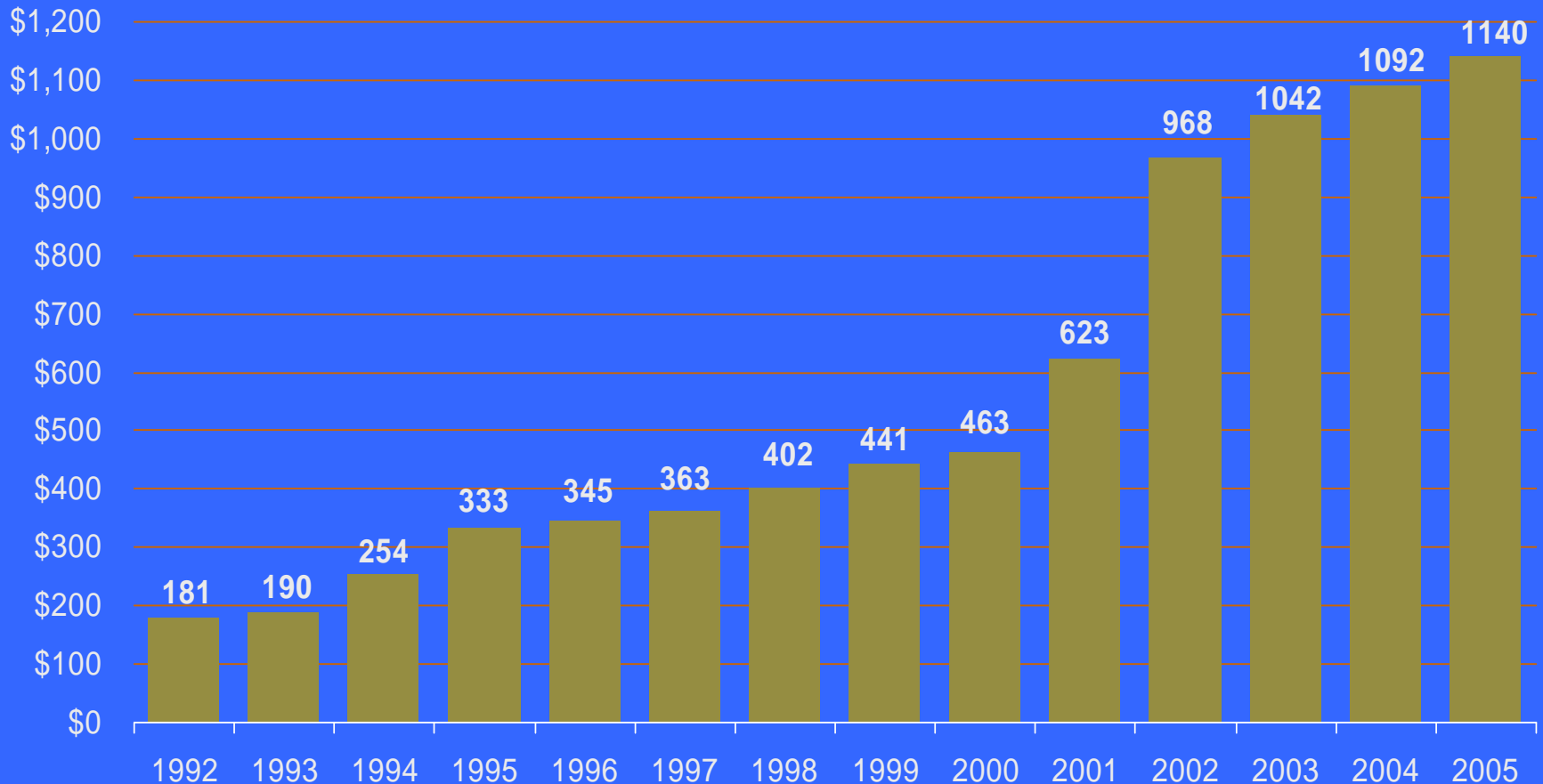
- ✓ Quality People
- ✓ Disciplined Risk Management
- ✓ Strong Agency Relations
- ✓ Ease of Doing Business
- ✓ Sales Management

# Well Positioned For Success



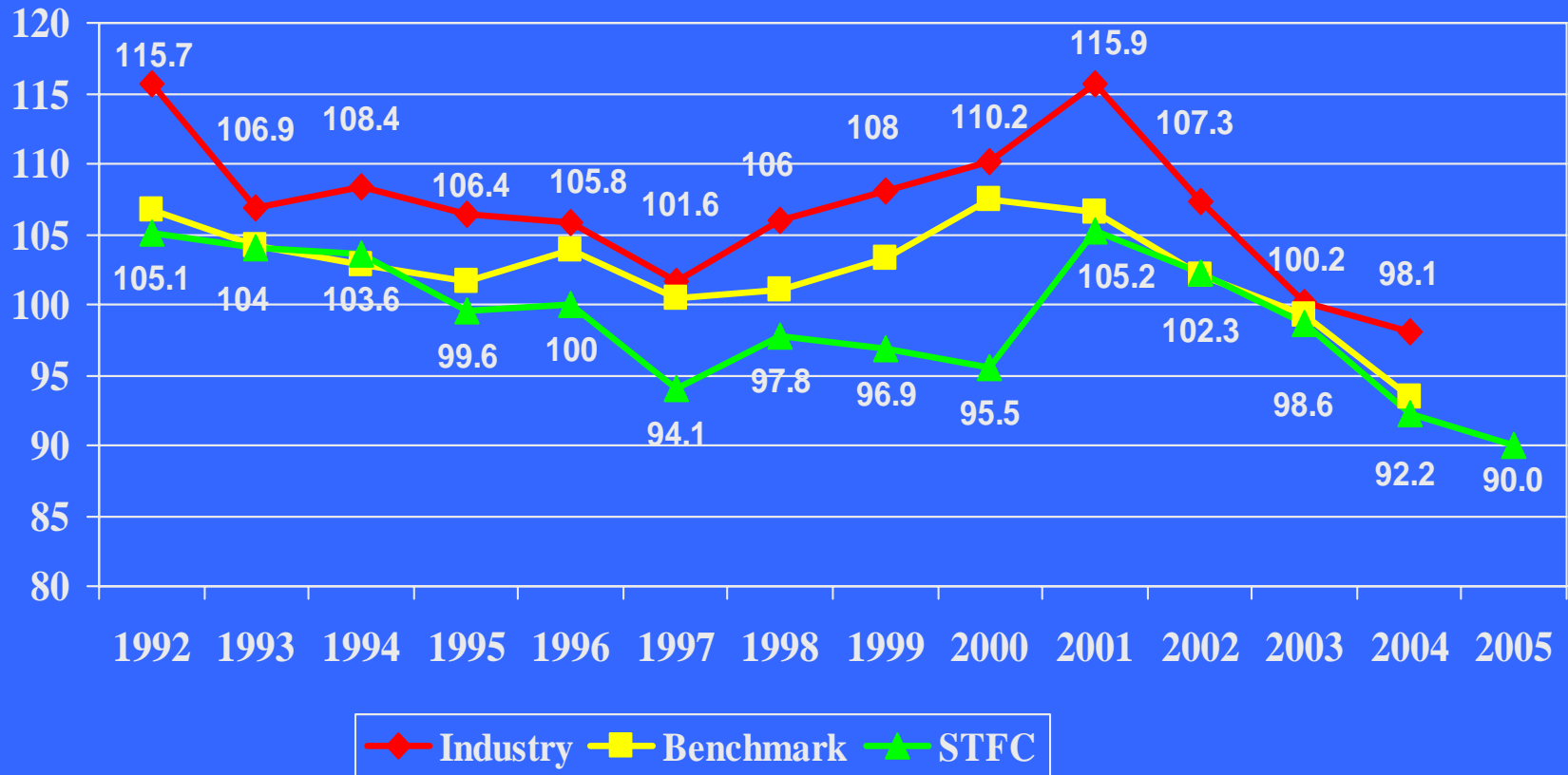
# Total Revenue

\$ millions



Compound average growth rate through 03/31/06 = 17%

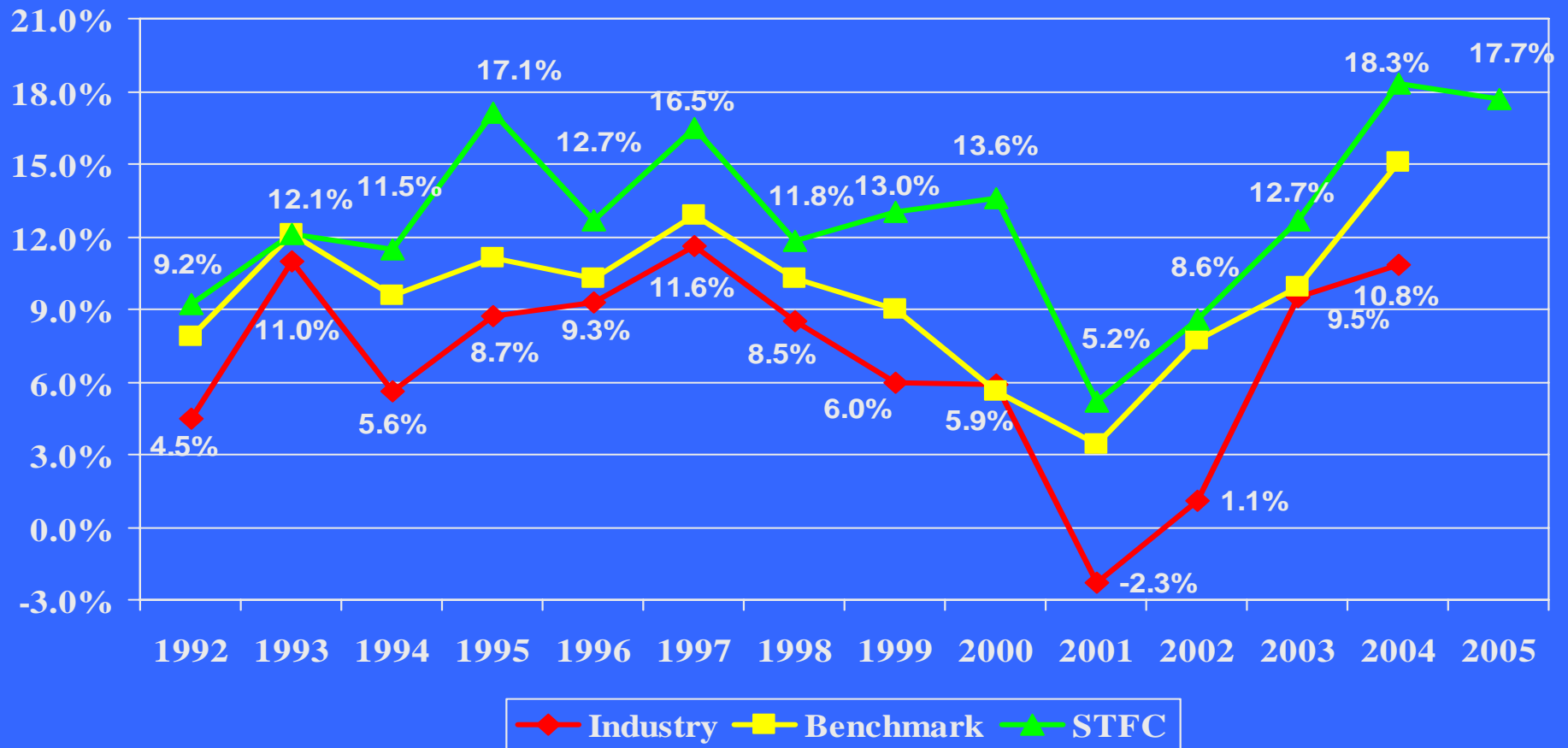
# Statutory Combined Ratio



Benchmark group: ALFA, ALL, CB, CINP, HGIC, OCAS, PGR, SAFC

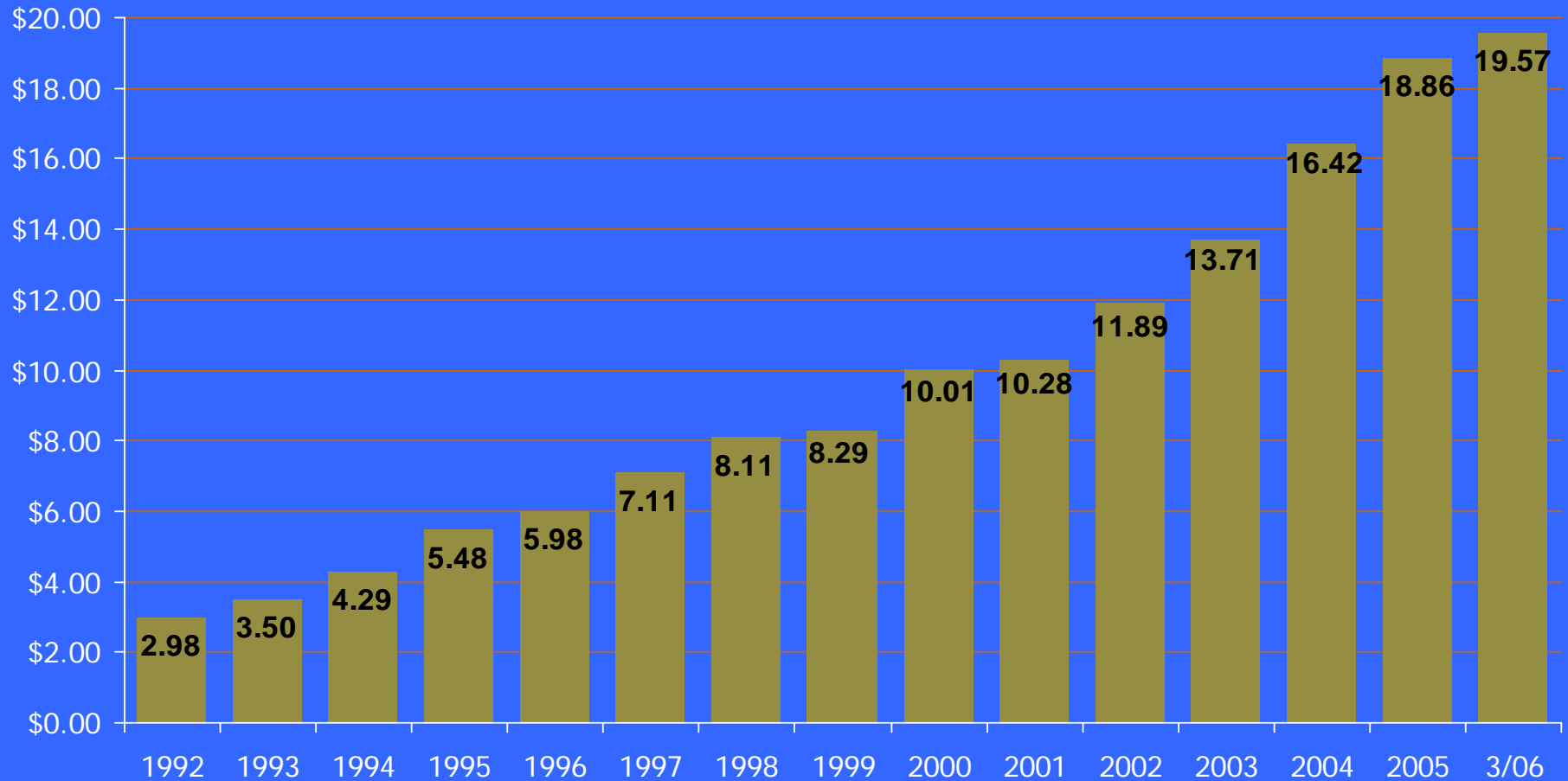
Industry data from A.M. Best

# Return On Equity



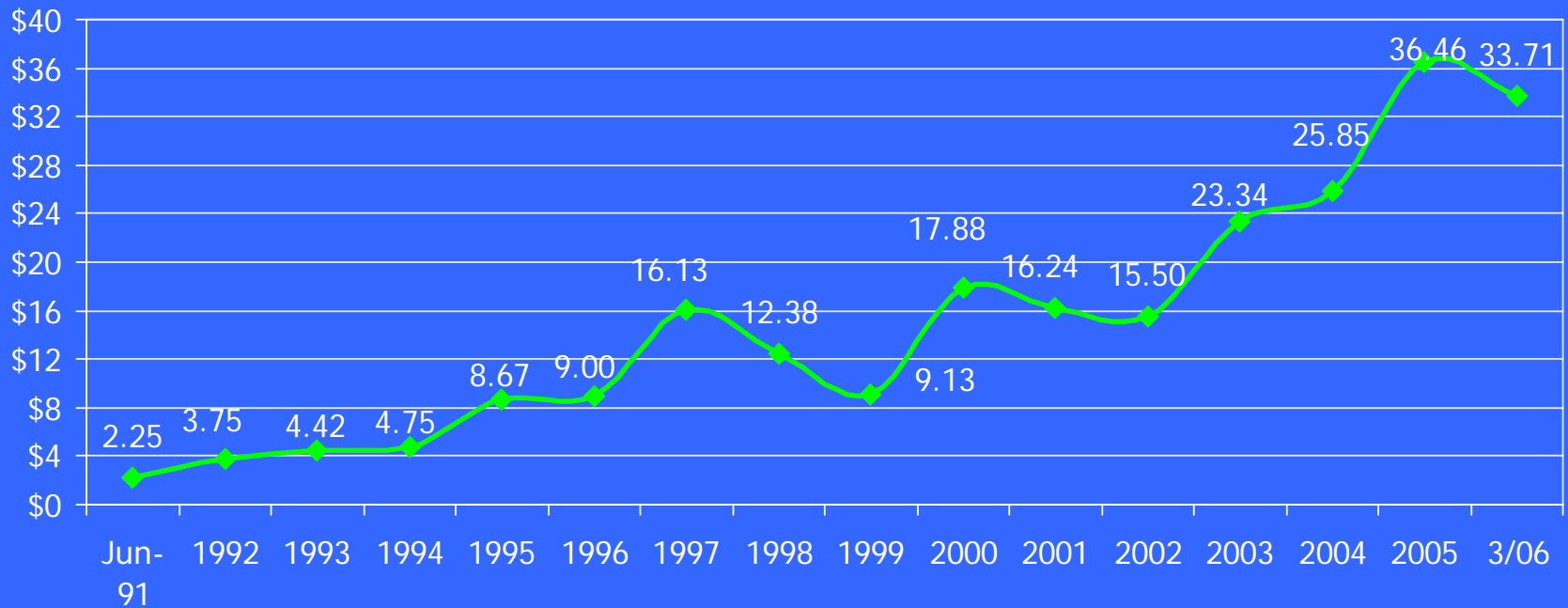
Benchmark group: ALFA, ALL, CB, CINF, HGIC, OCAS, PGR, SAFC  
 Industry data from Insurance Services Office

# Book Value Per Share



Compound Average Growth Rate through 03/31/06 = 14%

# Stock Price

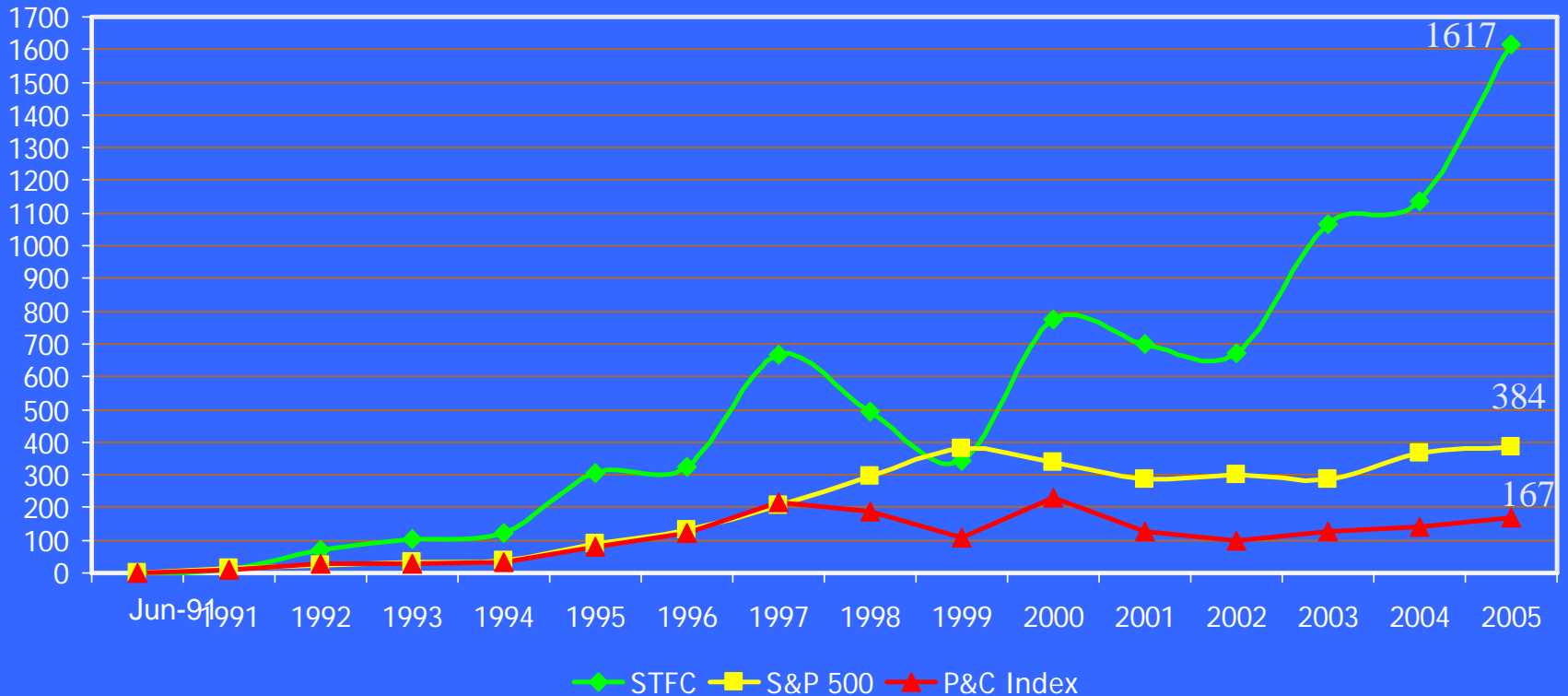


Total Return: 1,398% from IPO through 03/31/06

Compound Average Growth Rate: 20% since IPO (1991)

# Comparative Returns

## *STFC vs. S&P 500 vs. P&C Index*



Source: Bloomberg Professional Assumes reinvestment of dividends



# 2005 Overview

- ✓ Earnings of \$3.12 Per Share vs. \$2.76 for 2004
- ✓ GAAP Combined Ratio of 90.1 vs. 91.7 for 2004
- ✓ Catastrophes Accounted for 6.9 Loss Points
- ✓ 2005 Return on Equity 17.7%



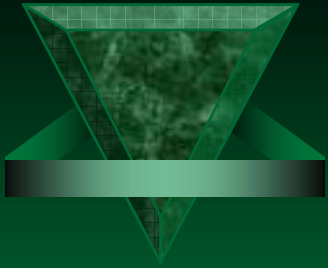
# First Quarter 2006 Overview

- ✓ Earnings of \$0.98 Per Share vs. \$0.96 for 1Q05
- ✓ GAAP Combined Ratio of 83.9 vs. 84.6 for 1Q05
- ✓ Catastrophes Accounted for 3.7 Loss Points
- ✓ LTM Return on Equity 17.0%



# Strategic Focus

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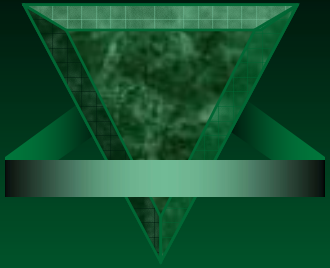
# STRATEGIC FOCUS

- ✔ Underwriting Profitability
- ✔ Customer Focus: Ease of Doing Business
- ✔ Culture and People
- ✔ Risk Management
- ✔ M & A



# Critical Competencies

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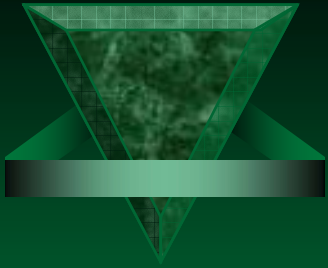
## Critical Competencies

- ▼ Faster
- ▼ Focused
- ▼ More Flexible
- ▼ Frictionless
- ▼ Family Friendly



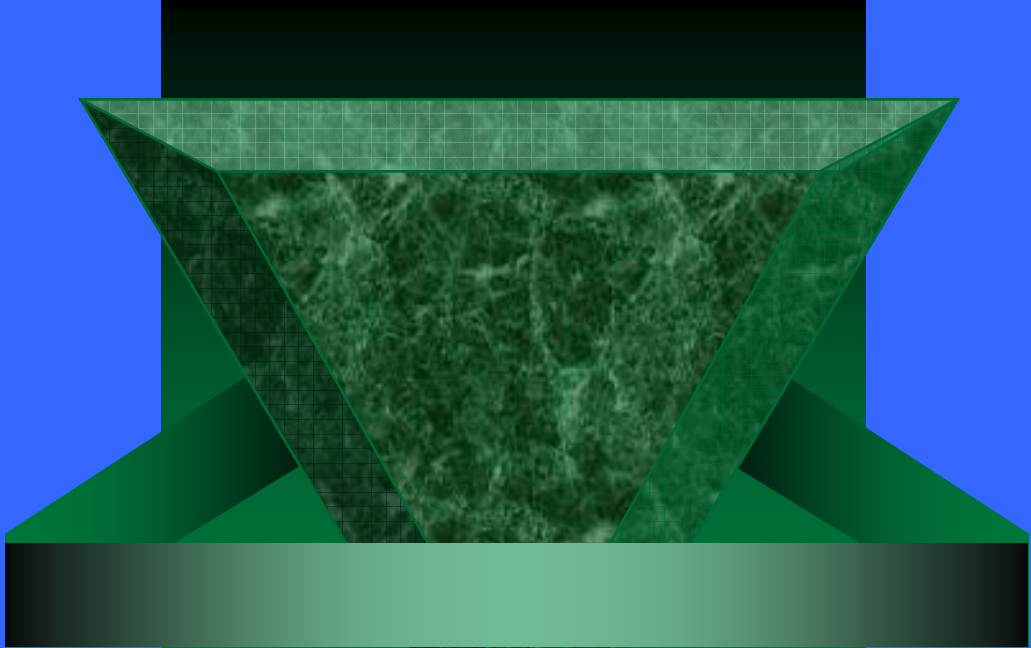
# Organizational Focus

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## Organizational Focus

- ▼ Marketing
- ▼ Product Teams
- ▼ Corporate Finance
- ▼ Corporate Administration
- ▼ Branch Operations



# STFC

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