

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

	Three Months Ended December 31		Year Ended December 31	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<i>(In millions, except per share amounts)</i>				
Net premiums written	\$ 242.3	\$ 238.7	\$ 1,019.8	\$ 1,019.5
Earned premiums	254.3	255.2	1,011.6	1,023.8
Net investment income	21.7	21.5	84.7	83.1
Net realized gain (loss) on investments	1.0	3.1	12.1	5.6
Other income	1.3	1.2	5.0	4.9
Total revenue	<u>278.3</u>	<u>281.0</u>	<u>1,113.4</u>	<u>1,117.4</u>
Income before federal income taxes	57.0	62.8	155.3	161.7
Federal income tax expense	15.3	17.9	36.2	41.3
Net income	<u>\$ 41.7</u>	<u>\$ 44.9</u>	<u>\$ 119.1</u>	<u>\$ 120.4</u>
Earnings per share:				
- basic	\$ 1.02	\$ 1.10	\$ 2.90	\$ 2.95
- diluted	\$ 1.01	\$ 1.08	\$ 2.86	\$ 2.90
Earnings per share from operations ^(A) :				
- basic	\$ 1.00	\$ 1.05	\$ 2.71	\$ 2.86
- diluted	\$ 0.99	\$ 1.03	\$ 2.67	\$ 2.81
Weighted average shares outstanding:				
- basic	40.8	41.0	41.0	40.9
- diluted	41.3	41.7	41.6	41.6
Book value per share	\$ 23.10	\$ 20.32		
Dividends paid per share	\$ 0.15	\$ 0.10	\$ 0.50	\$ 0.38
Total shares outstanding	40.5	41.1		
GAAP ratios:				
Loss and LAE ratio	48.3	47.5	58.4	57.4
Expense ratio	36.9	36.0	34.4	34.0
Combined ratio	<u>85.2</u>	<u>83.5</u>	<u>92.8</u>	<u>91.4</u>
^(A) Net income from operations:				
Net income	\$ 41.7	\$ 44.9	\$ 119.1	\$ 120.4
Less net realized gains (losses) on investments, less applicable federal income taxes	0.7	2.0	7.9	3.7
Net income from operations	<u>\$ 41.0</u>	<u>\$ 42.9</u>	<u>\$ 111.2</u>	<u>\$ 116.7</u>

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

	<u>December 31</u> 2007	<u>December 31</u> 2006
<i>(\$ millions, except per share amounts)</i>		
ASSETS		
Fixed maturities, available-for-sale, at fair value (amortized cost \$1,722.9 and \$1,630.6, respectively)	\$ 1,745.4	\$ 1,647.4
Equity securities, at fair value (cost \$210.2 and \$230.8, respectively)	254.2	284.2
Other invested assets	<u>21.6</u>	<u>6.3</u>
Total investments	2,021.2	1,937.9
Cash and cash equivalents	70.9	73.4
Accrued investment income and other assets	42.1	43.7
Deferred policy acquisition costs	105.8	104.0
Pension benefits	2.7	-
Reinsurance recoverable on losses and loss expenses payable	11.2	13.5
Due from affiliate	19.4	17.9
Prepaid reinsurance premiums	6.0	6.0
Deferred federal income taxes	46.1	46.3
Property and equipment, net	<u>12.5</u>	<u>12.4</u>
Total assets	<u>\$ 2,337.9</u>	<u>\$ 2,255.1</u>
LIABILITIES		
Losses and loss expenses payable	\$ 658.3	\$ 674.5
Unearned premiums	436.0	428.8
Notes payable (affiliate \$15.5)	118.0	118.4
Postretirement benefits	125.2	124.8
Pension benefits	-	16.1
Current federal income taxes	7.8	7.2
Other liabilities	<u>57.1</u>	<u>51.1</u>
Total liabilities	<u>1,402.4</u>	<u>1,420.9</u>
STOCKHOLDERS' EQUITY		
Common stock, without par value. Authorized 100.0 shares; 46.0 and 45.7 shares issued, respectively, at stated value of \$2.50 per share	115.0	114.3
Less 5.5 and 4.7 treasury shares, at cost, respectively	(81.0)	(58.1)
Additional paid-in capital	98.2	87.3
Accumulated other comprehensive loss	(3.3)	(17.3)
Retained earnings	<u>806.6</u>	<u>708.0</u>
Total stockholders' equity	<u>935.5</u>	<u>834.2</u>
Total liabilities and stockholders' equity	<u>\$ 2,337.9</u>	<u>\$ 2,255.1</u>

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

	Three Months Ended		Year Ended	
	December 31		December 31	
	2007	2006	2007	2006
<i>(\$ millions, except per share amounts)</i>				
Earned premiums	\$ 254.3	\$ 255.2	\$ 1,011.6	\$ 1,023.8
Net investment income	21.7	21.5	84.7	83.1
Net realized gain on investments	1.0	3.1	12.1	5.6
Other income (includes \$0.9 and \$0.8, and \$3.3 and \$3.0, respectively from affiliates)	1.3	1.2	5.0	4.9
Total revenues	278.3	281.0	1,113.4	1,117.4
Losses and loss expenses	122.8	121.3	590.8	587.6
Acquisition and operating expenses	93.9	92.0	347.9	348.0
Interest expense (includes \$0.4 and \$0.4, and \$1.5 and \$1.5, respectively to affiliates)	2.0	1.8	7.6	7.4
Other expenses	2.6	3.1	11.8	12.7
Total expenses	221.3	218.2	958.1	955.7
Income before federal income taxes	57.0	62.8	155.3	161.7
Federal income tax expense	15.3	17.9	36.2	41.3
Net income	<u>\$ 41.7</u>	<u>\$ 44.9</u>	<u>\$ 119.1</u>	<u>\$ 120.4</u>
Earnings per common share:				
Basic	<u>\$ 1.02</u>	<u>\$ 1.10</u>	<u>\$ 2.90</u>	<u>\$ 2.95</u>
Diluted	<u>\$ 1.01</u>	<u>\$ 1.08</u>	<u>\$ 2.86</u>	<u>\$ 2.90</u>
Dividends paid per common share	<u>\$ 0.150</u>	<u>\$ 0.100</u>	<u>\$ 0.500</u>	<u>\$ 0.380</u>

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(\$ millions)	Year Ended December	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 119.1	\$ 120.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other, net	11.0	9.6
Share-based compensation	6.0	7.0
Net realized gains on investments	(12.1)	(5.6)
Changes in operating assets and liabilities:		
Deferred policy acquisition costs	(1.7)	2.0
Accrued investment income and other assets	1.0	1.6
Postretirement and pension benefits	7.3	6.2
Other liabilities and due to/from affiliate, net	4.0	(2.8)
Reinsurance recoverable on losses and loss expenses payable and prepaid reinsurance premiums	2.3	4.0
Losses and loss expenses payable	(16.2)	(54.2)
Unearned premiums	7.2	(4.1)
Excess tax benefits on share based awards	0.4	(2.4)
Federal income taxes	(6.7)	11.8
Net cash used in investing activities	121.6	93.5
Cash flows from investing activities:		
Purchases of fixed maturities - available-for-sale	(331.6)	(293.8)
Purchases of equity securities - available-for-sale	(73.7)	(101.2)
Purchases of other invested assets	(17.1)	(0.9)
Maturities, calls and principal reductions of fixed maturities - available-for-sale	73.1	76.0
Sales of fixed maturities - available-for-sale	155.2	171.4
Sales of equity securities - available-for-sale	107.0	103.8
Sales of other invested assets	1.8	1.7
Net additions of property and equipment	(0.8)	(0.2)
Net cash used in investing activities	(86.1)	(43.2)
Cash flows from financing activities:		
Proceeds from issuance of common stock	4.3	7.4
Payments to acquire treasury shares	(22.1)	-
Excess tax benefits on share based awards	0.3	2.4
Payments of dividends	(20.5)	(15.4)
Change in securities lending collateral	-	99.0
Change in securities lending obligation	-	(99.0)
Net cash used in financing activities	(38.0)	(5.6)
Net increase in cash and cash equivalents	(2.5)	44.7
Cash and cash equivalents at beginning of period	73.4	28.7
Cash and cash equivalents at end of period	\$ 70.9	\$ 73.4
<u>Supplemental disclosures:</u>		
Federal income taxes paid	\$ 42.3	\$ 29.4
Interest paid (\$1.1 to affiliates)	\$ 7.8	\$ 7.7

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(unaudited)

(\$ in millions)

	Period Ended	
	December 31 2007	December 31, 2006
	<u> </u>	<u> </u>
Common shares:		
Balance at beginning of year	45.7	45.1
Issuance of shares	0.3	0.6
Balance at period ended	<u>46.0</u>	<u>45.7</u>
Treasury shares:		
Balance at beginning of year	(4.7)	(4.6)
Shares acquired on stock option exercises	-	(0.1)
Shares acquired under repurchase program	(0.8)	-
Balance at period ended	<u>(5.5)</u>	<u>(4.7)</u>
Common stock:		
Balance at beginning of year	\$114.3	112.8
Issuance of shares	0.7	1.5
Balance at period ended	<u>115.0</u>	<u>114.3</u>
Treasury stock:		
Balance at beginning of year	(\$58.1)	(56.8)
Shares acquired on stock option exercises	(0.8)	(1.3)
Shares acquired under repurchase program	(22.1)	-
Balance at period ended	<u>(81.0)</u>	<u>(58.1)</u>
Additional paid-in capital:		
Balance at beginning of year	\$87.3	70.2
Issuance of common stock	4.4	7.2
Tax benefit from stock options exercises	0.7	3.2
Stock options granted	5.8	6.7
Balance at period ended	<u>98.2</u>	<u>87.3</u>
Accumulated other comprehensive (loss) income:		
Balance at beginning of year	(\$17.3)	34.3
Unrealized (losses) gains on investments, net of tax	(2.6)	12.4
Amortization of gain on derivative used in cash flow hedge	(0.1)	(0.1)
Employee benefit plans:		
Amortization of benefit plan obligations, net of tax	3.0	-
Net actuarial gains arising during period, net of tax	13.7	-
Accumulated other comprehensive (loss) income before SFAS No. 158 adjustment	<u>(3.3)</u>	<u>46.6</u>
Adjustment to initially apply SFAS No. 158, net of tax	-	(63.9)
Balance at period ended	<u>(3.3)</u>	<u>(17.3)</u>
Retained earnings:		
Balance at beginning of year	\$708.0	603.0
Net income	119.1	120.4
Cash dividends paid	(20.5)	(15.4)
Balance at period ended	<u>806.6</u>	<u>708.0</u>
Total stockholders' equity at period ended	<u>\$935.5</u>	<u>834.2</u>

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

DIRECT PREMIUMS WRITTEN

(\$ millions)

	<u>3/31/2007</u>	<u>3/31/2006</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 88.2	\$ 89.8	\$ 179.5	\$ 181.5
Nonstandard private passenger auto	12.3	12.7	22.4	22.7
Homeowners	38.5	38.3	90.4	89.4
Other personal	<u>5.7</u>	<u>5.5</u>	<u>11.8</u>	<u>11.5</u>
Personal segment	144.7	146.3	304.1	305.1
<u>Business Segment:</u>				
Commercial auto	25.5	25.9	52.0	53.3
Commercial multi peril	22.3	22.0	45.2	45.5
Fire & allied lines	20.4	20.2	41.8	41.6
Other & product liability	24.3	23.6	48.7	48.0
Workers' compensation	8.2	8.4	18.5	17.9
Other commercial	<u>7.1</u>	<u>7.1</u>	<u>14.7</u>	<u>14.5</u>
Business segment	107.8	107.2	220.9	220.8
Total	<u>\$ 252.5</u>	<u>\$ 253.5</u>	<u>\$ 525.0</u>	<u>\$ 525.9</u>

	<u>9/30/2007</u>	<u>9/30/2006</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 272.3	\$ 274.3	\$ 360.7	\$ 360.8
Nonstandard private passenger auto	33.5	33.4	42.9	42.6
Homeowners	143.2	142.2	187.8	185.9
Other personal	<u>17.6</u>	<u>17.3</u>	<u>23.4</u>	<u>22.8</u>
Personal segment	466.6	467.2	614.8	612.1
<u>Business Segment:</u>				
Commercial auto	74.7	77.1	96.2	98.9
Commercial multi peril	67.6	68.4	88.5	89.4
Fire & allied lines	63.8	63.6	84.5	83.7
Other & product liability	70.0	69.8	90.2	90.8
Workers' compensation	27.7	26.7	36.2	34.3
Other commercial	<u>21.7</u>	<u>21.4</u>	<u>28.2</u>	<u>27.6</u>
Business segment	325.5	327.0	423.8	424.7
Total	<u>\$ 792.1</u>	<u>\$ 794.2</u>	<u>\$ 1,038.6</u>	<u>\$ 1,036.8</u>

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

NET PREMIUMS WRITTEN

<i>(\$ millions)</i>	<u>3/31/2007</u>	<u>3/31/2006</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 88.3	\$ 90.1	\$ 179.8	\$ 181.9
Nonstandard private passenger auto	12.3	12.7	22.3	22.6
Homeowners	38.6	38.5	90.6	89.7
Other personal	5.5	5.3	11.7	11.3
Personal segment	144.7	146.6	304.4	305.5
<u>Business Segment:</u>				
Commercial auto	25.3	25.8	51.7	53.1
Commercial multi peril	21.9	21.7	44.3	44.8
Fire & allied lines	20.3	20.2	41.3	41.4
Other & product liability	20.5	19.9	41.0	40.8
Workers' compensation	8.1	8.3	18.5	17.7
Other commercial	6.7	6.6	13.9	13.5
Business segment	102.8	102.5	210.7	211.3
Total	\$ 247.5	\$ 249.1	\$ 515.1	\$ 516.8
	<u>9/30/2007</u>	<u>9/30/2006</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 272.7	\$ 274.9	\$ 361.5	\$ 361.7
Nonstandard private passenger auto	33.4	33.3	42.7	42.4
Homeowners	143.2	142.2	187.7	186.1
Other personal	17.5	17.0	23.2	22.6
Personal segment	466.8	467.4	615.1	612.8
<u>Business Segment:</u>				
Commercial auto	74.4	76.9	95.8	98.7
Commercial multi peril	66.2	67.3	86.6	87.8
Fire & allied lines	63.2	63.3	84.0	83.1
Other & product liability	58.8	59.5	75.6	77.2
Workers' compensation	27.6	26.7	36.1	34.3
Other commercial	20.5	19.7	26.6	25.6
Business segment	310.7	313.4	404.7	406.7
Total	\$ 777.5	\$ 780.8	\$ 1,019.8	\$ 1,019.5

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

NET PREMIUMS EARNED

<i>(\$ millions)</i>	<u>3/31/2007</u>	<u>3/31/2006</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 88.7	\$ 91.1	\$ 177.9	\$ 181.6
Nonstandard private passenger auto	10.7	11.8	21.6	23.2
Homeowners	46.5	46.0	93.3	92.2
Other personal	5.7	5.7	11.4	11.5
Personal segment	151.6	154.6	304.2	308.5
<u>Business Segment:</u>				
Commercial auto	24.4	25.2	48.8	50.4
Commercial multi peril	21.8	21.6	43.5	43.6
Fire & allied lines	20.8	21.3	41.2	42.4
Other & product liability	19.0	18.8	38.1	38.5
Workers' compensation	8.1	8.2	16.6	16.6
Other commercial	6.2	6.4	12.8	12.8
Business segment	100.3	101.5	201.0	204.3
Total	\$ 251.9	\$ 256.1	\$ 505.2	\$ 512.8
	<u>9/30/2007</u>	<u>9/30/2006</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 267.6	\$ 272.2	\$ 357.3	\$ 362.1
Nonstandard private passenger auto	32.3	34.2	42.9	44.8
Homeowners	139.6	138.5	186.5	185.2
Other personal	17.1	17.1	22.9	22.7
Personal segment	456.6	462.0	609.6	614.8
<u>Business Segment:</u>				
Commercial auto	72.9	75.5	96.9	100.3
Commercial multi peril	65.1	65.5	86.8	87.5
Fire & allied lines	61.9	63.4	83.4	84.2
Other & product liability	56.8	57.6	75.5	77.5
Workers' compensation	24.7	25.4	33.4	33.8
Other commercial	19.3	19.2	26.0	25.7
Business segment	300.7	306.6	402.0	409.0
Total	\$ 757.3	\$ 768.6	\$ 1,011.6	\$ 1,023.8

STATE AUTO FINANCIAL CORPORATION
QUARTER-TO-DATE
(unaudited)

NET PREMIUMS WRITTEN

<i>(\$ millions)</i>	<u>12/31/2007</u>	<u>12/31/2006</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 88.8	\$ 86.8	2.3%
Nonstandard private passenger auto	9.3	9.1	2.2%
Homeowners	44.5	43.9	1.4%
Other personal	5.7	5.6	1.8%
Personal segment	<u>148.3</u>	<u>145.4</u>	2.0%
<u>Business Segment:</u>			
Commercial auto	21.4	21.8	-1.8%
Commercial multi peril	20.4	20.5	-0.5%
Fire & allied lines	20.8	19.8	5.1%
Other & product liability	16.8	17.7	-5.1%
Workers' compensation	8.5	7.6	11.8%
Other commercial	6.1	5.9	3.4%
Business segment	<u>94.0</u>	<u>93.3</u>	0.8%
Total	<u>\$ 242.3</u>	<u>\$ 238.7</u>	1.5%

NET PREMIUMS EARNED

<i>(\$ millions)</i>	<u>12/31/2007</u>	<u>12/31/2006</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 89.7	\$ 89.9	-0.2%
Nonstandard private passenger auto	10.6	10.6	0.0%
Homeowners	46.9	46.7	0.4%
Other personal	5.8	5.6	3.6%
Personal segment	<u>153.0</u>	<u>152.8</u>	0.1%
<u>Business Segment:</u>			
Commercial auto	24.0	24.8	-3.2%
Commercial multi peril	21.7	22.0	-1.4%
Fire & allied lines	21.5	20.8	3.4%
Other & product liability	18.7	19.9	-6.0%
Workers' compensation	8.7	8.4	3.6%
Other commercial	6.7	6.5	3.1%
Business segment	<u>101.3</u>	<u>102.4</u>	-1.1%
Total	<u>\$ 254.3</u>	<u>\$ 255.2</u>	-0.4%

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

NET PREMIUMS WRITTEN

<i>(\$ millions)</i>	<u>12/31/2007</u>	<u>12/31/2006</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 361.5	\$ 361.7	-0.1%
Nonstandard private passenger auto	42.7	42.4	0.7%
Homeowners	187.7	186.1	0.9%
Other personal	23.2	22.6	2.7%
Personal segment	615.1	612.8	0.4%
<u>Business Segment:</u>			
Commercial auto	95.8	98.7	-2.9%
Commercial multi peril	86.6	87.8	-1.4%
Fire & allied lines	84.0	83.1	1.1%
Other & product liability	75.6	77.2	-2.1%
Workers' compensation	36.1	34.3	5.2%
Other commercial	26.6	25.6	3.9%
Business segment	404.7	406.7	-0.5%
Total	\$ 1,019.8	\$ 1,019.5	0.0%

NET PREMIUMS EARNED

<i>(\$ millions)</i>	<u>12/31/2007</u>	<u>12/31/2006</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 357.3	\$ 362.1	-1.3%
Nonstandard private passenger auto	42.9	44.8	-4.2%
Homeowners	186.5	185.2	0.7%
Other personal	22.9	22.7	0.9%
Personal segment	609.6	614.8	-0.8%
<u>Business Segment:</u>			
Commercial auto	96.9	100.3	-3.4%
Commercial multi peril	86.8	87.5	-0.8%
Fire & allied lines	83.4	84.2	-1.0%
Other & product liability	75.5	77.5	-2.6%
Workers' compensation	33.4	33.8	-1.2%
Other commercial	26.0	25.7	1.2%
Business segment	402.0	409.0	-1.7%
Total	\$ 1,011.6	\$ 1,023.8	-1.2%

STATE AUTO FINANCIAL CORPORATION
QUARTERLY STATUTORY LOSS AND LAE RATIOS
(unaudited)

	<u>3/31/2007</u>	<u>3/31/2006</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	65.7%	56.0%	57.7%	57.2%
Nonstandard private passenger auto	61.3%	58.4%	65.9%	60.8%
Homeowners	56.1%	54.3%	86.9%	133.8%
Other personal	10.0%	31.9%	50.1%	108.8%
Personal segment	60.3%	54.8%	66.9%	82.4%
<u>Business Segment:</u>				
Commercial auto	49.7%	30.3%	49.2%	38.7%
Commercial multi peril	56.5%	40.7%	59.7%	75.6%
Fire & allied lines	56.2%	61.5%	53.0%	110.6%
Other & product liability	40.1%	29.8%	45.3%	40.5%
Workers' compensation	73.1%	27.4%	113.1%	63.4%
Other commercial	12.6%	60.7%	39.5%	40.2%
Business segment	50.3%	40.7%	56.3%	63.8%
All lines	56.3%	49.2%	62.7%	75.0%

	<u>9/30/2007</u>	<u>9/30/2006</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	58.2%	54.8%	64.6%	60.0%
Nonstandard private passenger auto	62.2%	56.3%	63.1%	64.7%
Homeowners	90.1%	76.6%	25.7%	47.9%
Other personal	85.9%	93.7%	46.4%	-30.0%
Personal segment	69.2%	62.9%	51.9%	53.3%
<u>Business Segment:</u>				
Commercial auto	53.6%	44.0%	56.4%	48.1%
Commercial multi peril	82.0%	64.4%	39.0%	13.6%
Fire & allied lines	56.1%	28.2%	31.6%	32.5%
Other & product liability	45.1%	38.9%	43.5%	40.6%
Workers' compensation	71.7%	68.1%	41.2%	69.5%
Other commercial	20.5%	41.3%	26.4%	42.9%
Business segment	58.0%	46.1%	41.7%	37.5%
All lines	64.8%	56.2%	47.8%	47.0%

STATE AUTO FINANCIAL CORPORATION
YEAR-TO-DATE STATUTORY LOSS AND LAE RATIOS
(unaudited)

	<u>3/31/2007</u>	<u>3/31/2006</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	65.7%	56.0%	61.7%	56.6%
Nonstandard private passenger auto	61.3%	58.4%	63.7%	59.6%
Homeowners	56.1%	54.3%	71.5%	94.2%
Other personal	10.0%	31.9%	30.1%	70.2%
Personal segment	60.3%	54.8%	63.6%	68.6%
<u>Business Segment:</u>				
Commercial auto	49.7%	30.3%	49.5%	34.5%
Commercial multi peril	56.5%	40.7%	58.1%	58.3%
Fire & allied lines	56.2%	61.5%	54.6%	86.0%
Other & product liability	40.1%	29.8%	42.7%	35.3%
Workers' compensation	73.1%	27.4%	93.6%	45.7%
Other commercial	12.6%	60.7%	26.1%	50.4%
Business segment	50.3%	40.7%	53.3%	52.3%
All lines	56.3%	49.2%	59.5%	62.1%

	<u>9/30/2007</u>	<u>9/30/2006</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
<u>Personal Segment:</u>				
Standard private passenger auto	60.5%	56.0%	61.5%	57.0%
Nonstandard private passenger auto	63.2%	58.5%	63.2%	60.0%
Homeowners	77.7%	88.3%	64.6%	78.1%
Other personal	48.8%	78.0%	48.2%	51.1%
Personal segment	65.5%	66.7%	62.1%	63.4%
<u>Business Segment:</u>				
Commercial auto	50.9%	37.7%	52.2%	40.3%
Commercial multi peril	66.0%	60.3%	59.3%	48.6%
Fire & allied lines	55.1%	66.8%	49.1%	58.3%
Other & product liability	43.5%	36.5%	43.5%	37.5%
Workers' compensation	86.4%	53.5%	74.6%	57.5%
Other commercial	24.2%	47.4%	24.8%	46.3%
Business segment	54.8%	50.2%	51.5%	47.0%
All lines	61.3%	60.1%	57.9%	56.8%

STATE AUTO FINANCIAL CORPORATION
ROLLING FOUR QUARTER - PAID LOSS COST TRENDS
STANDARD PRIVATE PASSENGER AUTO
(unaudited)

<u>Line of Business</u>	<u>Frequency</u>	<u>12/31/2007</u> <u>Severity</u>	<u>Pure Prem</u>
Bodily Injury	-8.0%	3.5%	-4.7%
Property Damage	2.5%	1.8%	4.3%
Medical Payments	1.4%	-3.6%	-2.2%
Personal Injury Prot	-6.6%	6.8%	-0.3%
Comprehensive	-2.4%	4.7%	2.2%
Collision	4.9%	-1.2%	3.6%
Total	0.4%	0.4%	0.9%