

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

	Three Months Ended March 31	
<i>(In millions, except per share amounts)</i>	<u>2009</u>	<u>2008</u>
Net premiums written	\$ 287.1	\$ 325.2 ^(B)
Earned premiums	286.0	279.2
Net investment income	18.3	22.4
Net realized loss on investments	(11.3)	(1.8)
Other income	<u>1.0</u>	<u>1.2</u>
Total revenue	<u>294.0</u>	<u>301.0</u>
Loss before federal income taxes	(30.9)	(15.0)
Federal income tax benefit	<u>(16.9)</u>	<u>(2.5)</u>
Net loss	<u>\$ (14.0)</u>	<u>\$ (12.5)</u>
Loss per share:		
- basic	\$ (0.35)	\$ (0.31)
- diluted	\$ (0.35)	\$ (0.31)
Loss per share from operations ^(A) :		
- basic	\$ (0.18)	\$ (0.28)
- diluted	\$ (0.18)	\$ (0.28)
Weighted average shares outstanding:		
- basic	39.6	40.3
- diluted	39.6	40.3
Book value per share	\$ 19.21	\$ 22.18
Dividends paid per share	\$ 0.15	\$ 0.15
Total shares outstanding	39.6	39.8
GAAP ratios:		
Loss and LAE ratio	78.6	76.8
Expense ratio	<u>33.4</u>	<u>34.5</u>
Combined ratio	<u>112.0</u>	<u>111.3</u>
Reconciliation of non-GAAP financial measure:		
^(A) Net loss from operations:		
Net loss	\$ (14.0)	\$ (12.5)
Less net realized losses on investments, less applicable federal income taxes	<u>(6.8)</u>	<u>(1.2)</u>
Net loss from operations	<u>\$ (7.2)</u>	<u>\$ (11.3)</u>

^(B) Net premiums written for the three months ended March 31, 2008, includes \$53.6 million of unearned premiums transferred to STFC in connection with the addition of The Patrons Group, Beacon National and SAMMI to the State Auto Pool, effective January 1, 2008.

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	<u>March 31</u>	<u>December 31</u>
<i>(\$ millions, except per share amounts)</i>	2009	2008
ASSETS		
Fixed maturities, available-for-sale, at fair value (amortized cost \$1,751.7 and \$1,781.1, respectively)	\$ 1,773.8	\$ 1,770.7
Equity securities, at fair value (cost \$124.8 and \$144.3, respectively)	113.2	137.5
Other invested assets, at fair value (cost \$32.6 and \$32.4, respectively)	27.4	31.7
Other invested assets	<u>1.3</u>	<u>1.4</u>
Total investments	1,915.7	1,941.3
Cash and cash equivalents	147.7	150.5
Accrued investment income and other assets	52.3	40.2
Deferred policy acquisition costs	122.4	122.3
Reinsurance recoverable on losses and loss expenses payable	18.7	21.2
Prepaid reinsurance premiums	7.2	7.0
Current federal income taxes	51.5	37.6
Deferred federal income taxes	107.9	111.0
Property and equipment, net	<u>12.4</u>	<u>12.5</u>
Total assets	<u>\$ 2,435.8</u>	<u>\$ 2,443.6</u>
LIABILITIES		
Losses and loss expenses payable	\$ 811.5	\$ 791.2
Unearned premiums	516.5	515.1
Notes payable (affiliates \$15.5 and \$15.5, respectively)	117.9	117.6
Pension and postretirement benefits	186.3	187.7
Due to affiliate	5.4	15.9
Other liabilities	<u>37.5</u>	<u>55.1</u>
Total liabilities	<u>1,675.1</u>	<u>1,682.6</u>
STOCKHOLDERS' EQUITY		
Common stock, without par value. Authorized 100.0 shares; 46.4 and 46.3 shares issued, respectively, at stated value of \$2.50 per share	116.0	115.9
Less 6.8 and 6.8 treasury shares, at cost, respectively	(115.6)	(115.5)
Additional paid-in capital	110.4	109.0
Accumulated other comprehensive loss	(79.4)	(97.6)
Retained earnings	<u>729.3</u>	<u>749.2</u>
Total stockholders' equity	<u>760.7</u>	<u>761.0</u>
Total liabilities and stockholders' equity	<u>\$ 2,435.8</u>	<u>\$ 2,443.6</u>

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

<i>(\$ millions, except per share amounts)</i>	Three Months Ended March 31	
	2009	2008
Earned premiums	\$ 286.0	\$ 279.2
Net investment income	18.3	22.4
Net realized loss on investments	(11.3)	(1.8)
Other income (includes \$0.7 and \$0.8, respectively from affiliates)	1.0	1.2
Total revenues	294.0	301.0
Losses and loss expenses	224.8	214.6
Acquisition and operating expenses	95.4	96.4
Interest expense (includes \$0.2 and \$0.3, respectively to affiliates)	2.0	1.9
Other expenses	2.7	3.1
Total expenses	324.9	316.0
Loss before federal income taxes	(30.9)	(15.0)
Federal income tax benefit	(16.9)	(2.5)
Net loss	\$ (14.0)	\$ (12.5)
Loss per common share:		
Basic	\$ (0.35)	\$ (0.31)
Diluted	\$ (0.35)	\$ (0.31)
Dividends paid per common share	\$ 0.15	\$ 0.15

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

(\$ millions)	Three Months Ended March 31	
	2009	2008
Cash flows from operating activities:		
Net loss	\$ (14.0)	\$ (12.5)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation, amortization and other, net	4.9	2.7
Share-based compensation	0.7	2.0
Net realized loss on investments	11.3	1.8
Changes in operating assets and liabilities:		
Deferred policy acquisition costs	(0.1)	1.3
Accrued investment income and other assets	(0.7)	(4.9)
Postretirement and pension benefits	(0.5)	4.8
Other liabilities and due to/from affiliate, net	(27.3)	17.3
Reinsurance recoverable on losses and loss expenses payable and prepaid reinsurance premiums	2.3	(0.2)
Losses and loss expenses payable	20.3	40.6
Unearned premiums	1.5	(6.6)
Excess tax benefits on share based awards	-	0.1
Federal income taxes	(16.8)	(11.3)
Cash provided from pooling change, effective 1/1/08	-	92.0
Net cash (used in) provided by operating activities	(18.4)	127.1
Cash flows from investing activities:		
Purchases of fixed maturities - available-for-sale	(79.8)	(89.0)
Purchases of equity securities - available-for-sale	(2.0)	(10.5)
Purchases of other invested assets	(0.3)	(8.6)
Maturities, calls and principal reductions of fixed maturities - available-for-sale	28.2	19.3
Sales of fixed maturities - available-for-sale	65.9	33.9
Sales of equity securities - available-for-sale	9.3	21.1
Sales of other invested assets	0.1	0.3
Net additions of property and equipment	-	(0.1)
Net cash provided by (used in) investing activities	21.4	(33.6)
Cash flows from financing activities:		
Proceeds from issuance of common stock	0.1	0.6
Payments to acquire treasury shares	-	(20.7)
Excess tax benefits on share based awards	-	0.1
Payments of dividends	(5.9)	(6.0)
Net cash used in financing activities	(5.8)	(26.0)
Net (decrease) increase in cash and cash equivalents	(2.8)	67.5
Cash and cash equivalents at beginning of period	150.5	70.9
Cash and cash equivalents at end of period	\$ 147.7	\$ 138.4
<u>Supplemental disclosures:</u>		
Federal income taxes (received) paid	\$ (0.1)	\$ 7.3
Interest paid (to affiliates \$0.2 and \$0.4, respectively)	\$ 0.2	\$ 0.4

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

(\$ in millions)

	Period Ended	
	March 31, 2009	December 31, 2008
Common shares:		
Balance at beginning of year	46.3	46.0
Issuance of shares	0.1	0.3
Balance at period ended	46.4	46.3
Treasury shares:		
Balance at beginning of year	(6.8)	(5.5)
Shares acquired on stock option exercises	-	(0.1)
Shares acquired under repurchase program	-	(1.2)
Balance at period ended	(6.8)	(6.8)
Common stock:		
Balance at beginning of year	\$115.9	115.0
Issuance of shares	0.1	0.9
Balance at period ended	116.0	115.9
Treasury stock:		
Balance at beginning of year	(\$115.5)	(81.0)
Shares acquired on stock option exercises	(0.1)	(1.3)
Shares acquired under repurchase program	-	(33.2)
Balance at period ended	(115.6)	(115.5)
Additional paid-in capital:		
Balance at beginning of year	\$109.0	98.2
Issuance of common stock	0.1	4.9
Tax benefit from stock options exercises	-	0.8
Stock options granted	1.3	5.1
Balance at period ended	110.4	109.0
Accumulated other comprehensive income (loss):		
Balance at beginning of year	(\$97.6)	(3.3)
Effects of changing benefit plan measurement date pursuant to SFAS No. 158, net of tax	-	3.5
Balance at beginning of year, as adjusted	(97.6)	0.2
Change in unrealized gains (losses) on investments, net of tax and reclassification adjustment	17.6	(57.6)
Amortization of gain on derivative used in cash flow hedge	-	(0.1)
Change in unrecognized benefit plan obligations, net of tax and reclassification adjustment	0.6	(40.1)
Balance at period ended	(79.4)	(97.6)
Retained earnings:		
Balance at beginning of year	\$749.2	806.6
Effects of changing benefit plan measurement date pursuant to SFAS No. 158, net of tax	-	(2.4)
Balance at beginning of year, as adjusted	749.2	804.2
Net loss	(14.0)	(31.1)
Cash dividends paid	(5.9)	(23.9)
Balance at period ended	729.3	749.2
Total stockholders' equity at period ended	760.7	761.0

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

DIRECT PREMIUMS WRITTEN

(\$ millions)

	<u>3/31/2009</u>	<u>3/31/2008</u>	<u>6/30/2009</u>	<u>6/30/2008</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 107.2	\$ 93.8		\$ 194.1
Nonstandard private passenger auto	11.2	12.3		22.5
Homeowners	49.8	44.7		105.6
Other personal	7.9	7.1		15.1
Personal segment	<u>176.1</u>	<u>157.9</u>	<u>-</u>	<u>337.3</u>
<u>Business Segment:</u>				
Commercial auto	26.2	26.9		56.3
Commercial multi peril	25.3	25.7		52.6
Fire & allied lines	25.7	22.9		48.1
Other & product liability	24.4	25.4		51.8
Workers' compensation	12.8	11.5		22.9
Other commercial	7.5	8.8		16.9
Business segment	<u>121.9</u>	<u>121.2</u>	<u>-</u>	<u>248.6</u>
Total	<u>\$ 298.0</u>	<u>\$ 279.1</u>		<u>\$ 585.9</u>

	<u>9/30/2009</u>	<u>9/30/2008</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
<u>Personal Segment:</u>				
Standard private passenger auto		\$ 297.9		\$ 398.8
Nonstandard private passenger auto		33.3		42.3
Homeowners		168.6		222.1
Other personal		22.8		31.1
Personal segment	<u>-</u>	<u>522.6</u>	<u>-</u>	<u>694.3</u>
<u>Business Segment:</u>				
Commercial auto		83.4		110.7
Commercial multi peril		78.6		102.1
Fire & allied lines		74.2		100.1
Other & product liability		76.2		98.9
Workers' compensation		35.1		46.0
Other commercial		24.3		31.4
Business segment	<u>-</u>	<u>371.8</u>	<u>-</u>	<u>489.2</u>
Total		<u>\$ 894.4</u>		<u>\$ 1,183.5</u>

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

NET PREMIUMS WRITTEN

<i>(\$ millions)</i>	<u>3/31/2009</u>	<u>3/31/2008*</u>	<u>6/30/2009</u>	<u>6/30/2008*</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 106.8	\$ 93.5		\$ 194.0
Nonstandard private passenger auto	11.2	12.3		22.5
Homeowners	48.5	44.7		105.6
Other personal	7.5	6.9		14.7
Personal segment	<u>174.0</u>	<u>157.4</u>	<u>-</u>	<u>336.8</u>
<u>Business Segment:</u>				
Commercial auto	26.0	26.6		55.9
Commercial multi peril	24.2	24.9		51.2
Fire & allied lines	24.5	22.4		47.3
Other & product liability	19.3	20.8		42.6
Workers' compensation	12.6	11.3		22.7
Other commercial	6.5	8.2		15.8
Business segment	<u>113.1</u>	<u>114.2</u>	<u>-</u>	<u>235.5</u>
Total	<u>\$ 287.1</u>	<u>\$ 271.6</u>	<u>-</u>	<u>\$ 572.3</u>
	<u>9/30/2009</u>	<u>9/30/2008*</u>	<u>12/31/2009</u>	<u>12/31/2008*</u>
<u>Personal Segment:</u>				
Standard private passenger auto		\$ 297.8		\$ 398.8
Nonstandard private passenger auto		33.3		42.2
Homeowners		166.9		219.8
Other personal		22.0		30.0
Personal segment	<u>-</u>	<u>520.0</u>	<u>-</u>	<u>690.8</u>
<u>Business Segment:</u>				
Commercial auto		82.9		110.0
Commercial multi peril		76.2		99.0
Fire & allied lines		71.8		96.8
Other & product liability		62.0		80.5
Workers' compensation		34.8		45.5
Other commercial		22.4		28.7
Business segment	<u>-</u>	<u>350.1</u>	<u>-</u>	<u>460.5</u>
Total	<u>-</u>	<u>\$ 870.1</u>	<u>-</u>	<u>\$ 1,151.3</u>

* Excludes the pooling change effect of \$53.6

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

NET PREMIUMS EARNED

(\$ millions)	<u>3/31/2009</u>	<u>3/31/2008</u>	<u>6/30/2009</u>	<u>6/30/2008</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 101.5	\$ 93.5		\$ 188.4
Nonstandard private passenger auto	10.0	10.8		21.6
Homeowners	54.8	53.9		107.8
Other personal	7.5	7.0		14.2
Personal segment	<u>173.8</u>	<u>165.2</u>	<u>-</u>	<u>332.0</u>
<u>Business Segment:</u>				
Commercial auto	27.2	27.8		55.3
Commercial multi peril	24.0	24.8		49.4
Fire & allied lines	23.8	23.6		47.6
Other & product liability	19.4	20.5		40.4
Workers' compensation	10.9	10.3		21.1
Other commercial	6.9	7.0		14.5
Business segment	<u>112.2</u>	<u>114.0</u>	<u>-</u>	<u>228.3</u>
Total	<u>\$ 286.0</u>	<u>\$ 279.2</u>	<u>-</u>	<u>\$ 560.3</u>
	<u>9/30/2009</u>	<u>9/30/2008</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
<u>Personal Segment:</u>				
Standard private passenger auto		\$ 285.3		\$ 384.3
Nonstandard private passenger auto		32.3		42.6
Homeowners		160.8		215.4
Other personal		21.2		28.6
Personal segment	<u>-</u>	<u>499.6</u>	<u>-</u>	<u>670.9</u>
<u>Business Segment:</u>				
Commercial auto		83.0		110.5
Commercial multi peril		73.7		97.9
Fire & allied lines		70.6		94.7
Other & product liability		60.4		79.9
Workers' compensation		32.2		43.4
Other commercial		21.5		28.7
Business segment	<u>-</u>	<u>341.4</u>	<u>-</u>	<u>455.1</u>
Total		<u>\$ 841.0</u>		<u>\$ 1,126.0</u>

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

NET PREMIUMS WRITTEN

<i>(\$ millions)</i>	<u>3/31/2009</u>	<u>03/31/2008*</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 106.8	\$ 93.5	14.2%
Nonstandard private passenger auto	11.2	12.3	-8.9%
Homeowners	48.5	44.7	8.5%
Other personal	7.5	6.9	8.7%
Personal segment	<u>174.0</u>	<u>157.4</u>	10.5%
<u>Business Segment:</u>			
Commercial auto	26.0	26.6	-2.3%
Commercial multi peril	24.2	24.9	-2.8%
Fire & allied lines	24.5	22.4	9.4%
Other & product liability	19.3	20.8	-7.2%
Workers' compensation	12.6	11.3	11.5%
Other commercial	6.5	8.2	-20.7%
Business segment	<u>113.1</u>	<u>114.2</u>	-1.0%
Total	<u>\$ 287.1</u>	<u>\$ 271.6</u>	5.7%

NET PREMIUMS EARNED

<i>(\$ millions)</i>	<u>3/31/2009</u>	<u>3/31/2008</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 101.5	\$ 93.5	8.6%
Nonstandard private passenger auto	10.0	10.8	-7.4%
Homeowners	54.8	53.9	1.7%
Other personal	7.5	7.0	7.1%
Personal segment	<u>173.8</u>	<u>165.2</u>	5.2%
<u>Business Segment:</u>			
Commercial auto	27.2	27.8	-2.2%
Commercial multi peril	24.0	24.8	-3.2%
Fire & allied lines	23.8	23.6	0.8%
Other & product liability	19.4	20.5	-5.4%
Workers' compensation	10.9	10.3	5.8%
Other commercial	6.9	7.0	-1.4%
Business segment	<u>112.2</u>	<u>114.0</u>	-1.6%
Total	<u>\$ 286.0</u>	<u>\$ 279.2</u>	2.4%

* Excludes the pooling change effect of \$53.6

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

NET PREMIUMS WRITTEN

<i>(\$ millions)</i>	<u>3/31/2009</u>	<u>3/31/2008*</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 106.8	\$ 93.5	14.2%
Nonstandard private passenger auto	11.2	12.3	-8.9%
Homeowners	48.5	44.7	8.5%
Other personal	7.5	6.9	8.7%
Personal segment	<u>174.0</u>	<u>157.4</u>	10.5%
<u>Business Segment:</u>			
Commercial auto	26.0	26.6	-2.3%
Commercial multi peril	24.2	24.9	-2.8%
Fire & allied lines	24.5	22.4	9.4%
Other & product liability	19.3	20.8	-7.2%
Workers' compensation	12.6	11.3	11.5%
Other commercial	6.5	8.2	-20.7%
Business segment	<u>113.1</u>	<u>114.2</u>	-1.0%
Total	<u>\$ 287.1</u>	<u>\$ 271.6</u>	5.7%

NET PREMIUMS EARNED

<i>(\$ millions)</i>	<u>3/31/2009</u>	<u>3/31/2008</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 101.5	\$ 93.5	8.6%
Nonstandard private passenger auto	10.0	10.8	-7.4%
Homeowners	54.8	53.9	1.7%
Other personal	7.5	7.0	7.1%
Personal segment	<u>173.8</u>	<u>165.2</u>	5.2%
<u>Business Segment:</u>			
Commercial auto	27.2	27.8	-2.2%
Commercial multi peril	24.0	24.8	-3.2%
Fire & allied lines	23.8	23.6	0.8%
Other & product liability	19.4	20.5	-5.4%
Workers' compensation	10.9	10.3	5.8%
Other commercial	6.9	7.0	-1.4%
Business segment	<u>112.2</u>	<u>114.0</u>	-1.6%
Total	<u>\$ 286.0</u>	<u>\$ 279.2</u>	2.4%

* Excludes the pooling change effect of \$53.6

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

	<u>3/31/2009</u>	<u>3/31/2008</u>	<u>6/30/2009</u>	<u>6/30/2008</u>
<u>Personal Segment:</u>				
Standard private passenger auto	66.3%	68.7%		68.6%
Nonstandard private passenger auto	79.5%	85.0%		76.0%
Homeowners	128.5%	96.6%		126.4%
Other personal	53.9%	76.0%		88.0%
Personal segment	86.1%	79.2%		88.6%
<u>Business Segment:</u>				
Commercial auto	52.1%	56.6%		62.2%
Commercial multi peril	58.7%	93.7%		99.7%
Fire & allied lines	97.4%	84.1%		109.8%
Other & product liability	62.6%	77.4%		49.9%
Workers' compensation	68.2%	51.2%		63.8%
Other commercial	37.4%	36.8%		31.8%
Business segment	65.6%	72.4%		76.3%
All lines	78.1%	76.4%		83.6%

	<u>9/30/2009</u>	<u>9/30/2008</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
<u>Personal Segment:</u>				
Standard private passenger auto		66.6%		69.4%
Nonstandard private passenger auto		57.2%		80.8%
Homeowners		126.0%		32.1%
Other personal		105.1%		31.9%
Personal segment		86.4%		56.6%
<u>Business Segment:</u>				
Commercial auto		68.7%		60.0%
Commercial multi peril		71.3%		32.7%
Fire & allied lines		98.4%		65.8%
Other & product liability		73.3%		57.2%
Workers' compensation		82.2%		122.7%
Other commercial		37.9%		24.3%
Business segment		75.5%		58.9%
All lines		82.0%		57.5%

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

	<u>3/31/2009</u>	<u>3/31/2008</u>	<u>6/30/2009</u>	<u>6/30/2008</u>
<u>Personal Segment:</u>				
Standard private passenger auto	66.3%	68.7%		68.7%
Nonstandard private passenger auto	79.5%	85.0%		80.5%
Homeowners	128.5%	96.6%		111.5%
Other personal	53.9%	76.0%		82.0%
Personal segment	86.1%	79.2%		83.9%
<u>Business Segment:</u>				
Commercial auto	52.1%	56.6%		59.4%
Commercial multi peril	58.7%	93.7%		96.6%
Fire & allied lines	97.4%	84.1%		97.1%
Other & product liability	62.6%	77.4%		63.9%
Workers' compensation	68.2%	51.2%		57.7%
Other commercial	37.4%	36.8%		34.3%
Business segment	65.6%	72.4%		74.4%
All lines	78.1%	76.4%		80.0%

	<u>9/30/2009</u>	<u>9/30/2008</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
<u>Personal Segment:</u>				
Standard private passenger auto		68.0%		68.3%
Nonstandard private passenger auto		72.8%		74.7%
Homeowners		116.3%		95.0%
Other personal		89.7%		74.7%
Personal segment		84.7%		77.5%
<u>Business Segment:</u>				
Commercial auto		62.5%		61.9%
Commercial multi peril		88.3%		74.6%
Fire & allied lines		97.5%		89.5%
Other & product liability		67.0%		64.6%
Workers' compensation		66.1%		80.7%
Other commercial		35.5%		32.7%
Business segment		74.7%		70.8%
All lines		80.7%		74.8%

State Auto Financial Corporation
2009 STATUTORY LOSS AND LAE RATIOS

(unaudited)

(\$ millions)

1st Quarter 2009	Earned Premium	Catastrophe Loss & LAE	Excluding Cat Loss & LAE	Statutory Loss & LAE	Loss & LAE Catastrophe Ratio	Loss & LAE Excluding Cat Ratio	Loss & LAE Ratio
Personal Segment:							
Std private pass auto	\$ 101.5	\$ 1.1	\$ 66.2	\$ 67.3	1.1%	65.2%	66.3%
Nonstd private pass auto	10.0	0.2	7.8	8.0	1.5%	78.0%	79.5%
Homeowners	54.8	31.7	38.7	70.4	57.9%	70.6%	128.5%
Other personal	7.5	1.9	2.1	4.0	25.1%	28.8%	53.9%
Personal segment	<u>173.8</u>	<u>34.9</u>	<u>114.8</u>	<u>149.7</u>	20.1%	66.0%	86.1%
Business Segment:							
Commercial auto	27.2	0.2	14.0	14.2	0.6%	51.5%	52.1%
Commercial multi peril	24.0	2.4	11.7	14.1	9.9%	48.8%	58.7%
Fire & allied lines	23.8	6.4	16.8	23.2	26.8%	70.6%	97.4%
Other & product liability	19.4	-	12.1	12.1	0.0%	62.6%	62.6%
Workers' compensation	10.9	-	7.5	7.5	0.0%	68.2%	68.2%
Other commercial	6.9	(0.1)	2.6	2.5	-0.3%	37.7%	37.4%
Business segment	<u>112.2</u>	<u>8.9</u>	<u>64.7</u>	<u>73.6</u>	8.0%	57.6%	65.6%
Total	<u>\$ 286.0</u>	<u>\$ 43.8</u>	<u>\$ 179.5</u>	<u>\$ 223.3</u>	15.3%	62.8%	78.1%

State Auto Financial Corporation
2008 STATUTORY LOSS AND LAE RATIOS
(unaudited)

(\$ millions)

1st Quarter 2008	Earned Premium	Catastrophe Loss & LAE	Excluding Cat Loss & LAE	Statutory Loss & LAE	Loss & LAE Catastrophe Ratio	Loss & LAE Excluding Cat Ratio	Loss & LAE Ratio
Personal Segment:							
Std private pass auto	\$ 93.5	\$ 1.3	\$ 62.9	\$ 64.2	1.3%	67.4%	68.7%
Nonstd private pass auto	10.8	0.1	9.1	9.2	0.7%	84.3%	85.0%
Homeowners	53.9	21.8	30.3	52.1	40.5%	56.1%	96.6%
Other personal	7.0	2.1	3.2	5.3	31.0%	45.0%	76.0%
Personal segment	<u>165.2</u>	<u>25.3</u>	<u>105.5</u>	<u>130.8</u>	15.3%	63.9%	79.2%
Business Segment:							
Commercial auto	27.8	0.1	15.7	15.8	0.3%	56.3%	56.6%
Commercial multi peril	24.8	4.7	18.5	23.2	19.1%	74.6%	93.7%
Fire & allied lines	23.6	4.6	15.2	19.8	19.4%	64.7%	84.1%
Other & product liability	20.5	-	15.8	15.8	0.0%	77.4%	77.4%
Workers' compensation	10.3	-	5.3	5.3	0.0%	51.2%	51.2%
Other commercial	7.0	0.3	2.3	2.6	4.3%	32.5%	36.8%
Business segment	<u>114.0</u>	<u>9.7</u>	<u>72.8</u>	<u>82.5</u>	8.5%	63.9%	72.4%
Total	<u>\$ 279.2</u>	<u>\$ 35.0</u>	<u>\$ 178.3</u>	<u>\$ 213.3</u>	12.5%	63.9%	76.4%

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>03/31/2009</u>	
		<u>Severity</u>	<u>Pure Prem</u>
Bodily Injury	-3.8%	8.7%	4.5%
Property Damage	0.5%	0.3%	0.9%
Medical Payments	-5.2%	-0.1%	-5.3%
Personal Injury Prot	-5.5%	7.2%	1.3%
Comprehensive	2.3%	-0.6%	1.6%
Collision	2.9%	3.5%	6.5%
Total	0.7%	2.8%	3.6%