

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
<i>(In millions, except per share amounts)</i>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net premiums written	\$ 300.7	\$ 267.6	\$ 625.9 ^(B)	\$ 515.1
Earned premiums	281.1	253.3	560.3	505.2
Net investment income	22.3	20.6	44.7	41.9
Net realized gain on investments	2.4	3.6	0.6	4.7
Other income	1.2	1.2	2.4	2.4
Total revenue	307.0	278.7	608.0	554.2
(Loss) income before federal income taxes	(24.2)	28.9	(39.2)	69.7
Federal income tax (benefit) expense	(20.9)	5.5	(23.4)	15.5
Net (loss) income	\$ (3.3)	\$ 23.4	\$ (15.8)	\$ 54.2
(Loss) earnings per share:				
- basic	\$ (0.08)	\$ 0.57	\$ (0.40)	\$ 1.32
- diluted	\$ (0.08)	\$ 0.56	\$ (0.40)	\$ 1.30
(Loss) earnings per share from operations ^(A) :				
- basic	\$ (0.12)	\$ 0.51	\$ (0.41)	\$ 1.24
- diluted	\$ (0.12)	\$ 0.51	\$ (0.41)	\$ 1.23
Weighted average shares outstanding:				
- basic	39.5	41.1	39.9	41.1
- diluted	39.5	41.8	39.9	41.8
Book value per share	\$ 21.44	\$ 21.17		
Dividends paid per share	\$ 0.15	\$ 0.10	\$ 0.30	\$ 0.20
Total shares outstanding	39.4	41.2		
GAAP ratios:				
Loss and LAE ratio	84.0	63.3	80.4	60.1
Expense ratio	31.9	33.4	33.2	33.9
Combined ratio	115.9	96.7	113.6	94.0
Reconciliation of non-GAAP financial measure:				
^(A) Net (loss) income from operations:				
Net (loss) income	\$ (3.3)	\$ 23.4	\$ (15.8)	\$ 54.2
Less net realized gains on investments, less applicable federal income taxes	1.6	2.3	0.4	3.1
Net (loss) income from operations	\$ (4.9)	\$ 21.1	\$ (16.2)	\$ 51.1

^(B) Net premiums written for the six months ended June 30, 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>June 30</u>	<u>December 31</u>
<i>(\$ millions, except per share amounts)</i>	2008	2007
ASSETS		
Fixed maturities, available-for-sale, at fair value (amortized cost \$1,805.5 and \$1,722.9, respectively)	\$ 1,803.3	\$ 1,745.4
Equity securities, at fair value (cost \$182.9 and \$210.2, respectively)	197.2	254.2
Other invested assets, at fair value (cost \$36.0 and \$20.1, respectively)	33.5	20.3
Other invested assets	<u>1.1</u>	<u>1.3</u>
Total investments	2,035.1	2,021.2
Cash and cash equivalents	77.5	70.9
Accrued investment income and other assets	43.1	42.1
Deferred policy acquisition costs	122.0	105.8
Pension benefits	4.5	2.7
Reinsurance recoverable on losses and loss expenses payable	11.1	11.2
Due from affiliate	18.5	19.4
Prepaid reinsurance premiums	6.8	6.0
Current federal income taxes	28.8	-
Deferred federal income taxes	69.9	46.1
Property and equipment, net	<u>12.5</u>	<u>12.5</u>
Total assets	<u>\$ 2,429.8</u>	<u>\$ 2,337.9</u>
LIABILITIES		
Losses and loss expenses payable	\$ 793.1	\$ 658.3
Unearned premiums	502.8	436.0
Notes payable (affiliates \$15.5 and \$15.5, respectively)	117.8	118.0
Postretirement benefits	126.6	125.2
Current federal income taxes	-	7.8
Other liabilities	<u>44.4</u>	<u>57.1</u>
Total liabilities	<u>1,584.7</u>	<u>1,402.4</u>
STOCKHOLDERS' EQUITY		
Common stock, without par value. Authorized 100.0 shares; 46.2 and 46.0 shares issued, respectively, at stated value of \$2.50 per share	115.4	115.0
Less 6.8 and 5.5 treasury shares, at cost, respectively	(115.0)	(81.0)
Additional paid-in capital	104.4	98.2
Accumulated other comprehensive loss	(36.1)	(3.3)
Retained earnings	<u>776.4</u>	<u>806.6</u>
Total stockholders' equity	<u>845.1</u>	<u>935.5</u>
Total liabilities and stockholders' equity	<u>\$ 2,429.8</u>	<u>\$ 2,337.9</u>

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
<i>(\$ millions, except per share amounts)</i>	2008	2007	2008	2007
Earned premiums	\$ 281.1	\$ 253.3	\$ 560.3	\$ 505.2
Net investment income	22.3	20.6	44.7	41.9
Net realized gain on investments	2.4	3.6	0.6	4.7
Other income (includes \$0.8 and \$0.8, and \$1.6 and \$1.6, respectively from affiliates)	1.2	1.2	2.4	2.4
Total revenues	307.0	278.7	608.0	554.2
Losses and loss expenses	236.1	160.4	450.7	303.4
Acquisition and operating expenses	89.6	84.4	186.0	171.4
Interest expense (includes \$0.3 and \$0.4, and \$0.6 and \$0.7, respectively to affiliates)	1.8	1.8	3.7	3.7
Other expenses	3.7	3.2	6.8	6.0
Total expenses	331.2	249.8	647.2	484.5
(Loss) income before federal income taxes	(24.2)	28.9	(39.2)	69.7
Federal income tax (benefit) expense	(20.9)	5.5	(23.4)	15.5
Net (loss) income	<u>\$ (3.3)</u>	<u>\$ 23.4</u>	<u>\$ (15.8)</u>	<u>\$ 54.2</u>
(Loss) earnings per common share:				
Basic	<u>\$ (0.08)</u>	<u>\$ 0.57</u>	<u>\$ (0.40)</u>	<u>\$ 1.32</u>
Diluted	<u>\$ (0.08)</u>	<u>\$ 0.56</u>	<u>\$ (0.40)</u>	<u>\$ 1.30</u>
Dividends paid per common share	<u>\$ 0.15</u>	<u>\$ 0.10</u>	<u>\$ 0.30</u>	<u>\$ 0.20</u>

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

(\$ millions)	Six Months Ended June 30	
	2008	2007
Cash flows from operating activities:		
Net (loss) income	\$ (15.8)	\$ 54.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other, net	4.9	5.3
Share-based compensation	3.3	3.6
Net realized gains on investments	(0.6)	(4.7)
Changes in operating assets and liabilities:		
Deferred policy acquisition costs	(3.4)	(1.8)
Accrued investment income and other assets	(1.5)	(1.3)
Postretirement and pension benefits	4.4	9.3
Other liabilities and due to/from affiliate, net	(18.8)	(43.3)
Reinsurance recoverable on losses and loss expenses payable and prepaid reinsurance premiums	(0.6)	0.4
Losses and loss expenses payable	83.5	7.5
Unearned premiums	13.2	10.5
Excess tax benefits on share based awards	0.2	0.1
Federal income taxes	(43.2)	(15.3)
Cash provided from pooling change, effective 1/1/08	92.0	-
Net cash provided by operating activities	117.6	24.5
Cash flows from investing activities:		
Purchases of fixed maturities - available-for-sale	(189.6)	(243.1)
Purchases of equity securities - available-for-sale	(19.7)	(25.8)
Purchases of other invested assets	(16.6)	(0.6)
Maturities, calls and principal reductions of fixed maturities - available-for-sale	31.8	38.6
Sales of fixed maturities - available-for-sale	78.5	127.4
Sales of equity securities - available-for-sale	46.9	37.1
Sales of other invested assets	0.9	1.3
Net additions of property and equipment	(0.3)	(0.2)
Net cash used in investing activities	(68.1)	(65.3)
Cash flows from financing activities:		
Proceeds from issuance of common stock	2.1	1.9
Payments to acquire treasury shares	(33.2)	-
Excess tax benefits on share based awards	0.2	0.1
Payments of dividends	(12.0)	(8.2)
Net cash used in financing activities	(42.9)	(6.2)
Net increase (decrease) in cash and cash equivalents	6.6	(47.0)
Cash and cash equivalents at beginning of period	70.9	73.4
Cash and cash equivalents at end of period	\$ 77.5	\$ 26.4
<u>Supplemental disclosures:</u>		
Federal income taxes paid	\$ 18.0	\$ 30.5
Interest paid (\$0.7 to affiliates)	\$ 3.8	\$ 3.9

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

(\$ in millions)

	Period Ended	
	June 30, 2008	December 31, 2007
	<u> </u>	<u> </u>
Common shares:		
Balance at beginning of year	46.0	45.7
Issuance of shares	0.2	0.3
Balance at period ended	<u>46.2</u>	<u>46.0</u>
Treasury shares:		
Balance at beginning of year	(5.5)	(4.7)
Shares acquired under repurchase program	(1.3)	(0.8)
Balance at period ended	<u>(6.8)</u>	<u>(5.5)</u>
Common stock:		
Balance at beginning of year	\$115.0	114.3
Issuance of shares	0.4	0.7
Balance at period ended	<u>115.4</u>	<u>115.0</u>
Treasury stock:		
Balance at beginning of year	(\$81.0)	(58.1)
Shares acquired on stock option exercises	(0.8)	(0.8)
Shares acquired under repurchase program	(33.2)	(22.1)
Balance at period ended	<u>(115.0)</u>	<u>(81.0)</u>
Additional paid-in capital:		
Balance at beginning of year	\$98.2	87.3
Issuance of common stock	2.7	4.4
Tax benefit from stock options exercises	0.4	0.7
Stock options granted	3.1	5.8
Balance at period ended	<u>104.4</u>	<u>98.2</u>
Accumulated other comprehensive (loss) income:		
Balance at beginning of year	(\$3.3)	(17.3)
Effect of changing benefit plans measurement date, SFAS No. 158, net of tax	3.5	-
Balance at beginning of year, as adjusted	0.2	(17.3)
Unrealized losses on investments, net of tax	(37.2)	(2.6)
Amortization of gain on derivative used in cash flow hedge	-	(0.1)
Amortization of unrecognized benefit plan obligations, net of tax	0.9	16.7
Balance at period ended	<u>(36.1)</u>	<u>(3.3)</u>
Retained earnings:		
Balance at beginning of year	\$806.6	708.0
Effect of changing benefit plans measurement date, SFAS No. 158, net of tax	(2.4)	-
Balance at beginning of year, as adjusted	804.2	708.0
Net (loss) income	(15.8)	119.1
Cash dividends paid	(12.0)	(20.5)
Balance at period ended	<u>776.4</u>	<u>806.6</u>
Total stockholders' equity at period ended	<u>845.1</u>	<u>935.5</u>

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

DIRECT PREMIUMS WRITTEN

(\$ millions)

	<u>3/31/2008</u>	<u>3/31/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 93.8	\$ 88.2	\$ 194.1	\$ 179.5
Nonstandard private passenger auto	12.3	12.3	22.5	22.4
Homeowners	44.7	38.5	105.6	90.4
Other personal	7.1	5.7	15.1	11.8
Personal segment	<u>157.9</u>	<u>144.7</u>	<u>337.3</u>	<u>304.1</u>
<u>Business Segment:</u>				
Commercial auto	26.9	25.5	56.3	52.0
Commercial multi peril	25.7	22.3	52.6	45.2
Fire & allied lines	22.9	20.4	48.1	41.8
Other & product liability	25.4	24.3	51.8	48.7
Workers' compensation	11.5	8.2	22.9	18.5
Other commercial	8.8	7.1	16.9	14.7
Business segment	<u>121.2</u>	<u>107.8</u>	<u>248.6</u>	<u>220.9</u>
Total	<u>\$ 279.1</u>	<u>\$ 252.5</u>	<u>\$ 585.9</u>	<u>\$ 525.0</u>

	<u>9/30/2008</u>	<u>9/30/2007</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto		\$ 272.3		\$ 360.7
Nonstandard private passenger auto		33.5		42.9
Homeowners		143.2		187.8
Other personal		17.6		23.4
Personal segment	<u>-</u>	<u>466.6</u>	<u>-</u>	<u>614.8</u>
<u>Business Segment:</u>				
Commercial auto		74.7		96.2
Commercial multi peril		67.6		88.5
Fire & allied lines		63.8		84.5
Other & product liability		70.0		90.2
Workers' compensation		27.7		36.2
Other commercial		21.7		28.2
Business segment	<u>-</u>	<u>325.5</u>	<u>-</u>	<u>423.8</u>
Total	<u>-</u>	<u>\$ 792.1</u>	<u>-</u>	<u>\$ 1,038.6</u>

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

NET PREMIUMS WRITTEN

(\$ millions)

	<u>3/31/2008*</u>	<u>3/31/2007</u>	<u>6/30/2008*</u>	<u>6/30/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 93.5	\$ 88.3	\$ 194.0	\$ 179.8
Nonstandard private passenger auto	12.3	12.3	22.5	22.3
Homeowners	44.7	38.6	105.6	90.6
Other personal	6.9	5.5	14.7	11.7
Personal segment	<u>157.4</u>	<u>144.7</u>	<u>336.8</u>	<u>304.4</u>
<u>Business Segment:</u>				
Commercial auto	26.6	25.3	55.9	51.7
Commercial multi peril	24.9	21.9	51.2	44.3
Fire & allied lines	22.4	20.3	47.3	41.3
Other & product liability	20.8	20.5	42.6	41.0
Workers' compensation	11.3	8.1	22.7	18.5
Other commercial	8.2	6.7	15.8	13.9
Business segment	<u>114.2</u>	<u>102.8</u>	<u>235.5</u>	<u>210.7</u>
Total	<u>\$ 271.6</u>	<u>\$ 247.5</u>	<u>\$ 572.3</u>	<u>\$ 515.1</u>

	<u>9/30/2008</u>	<u>9/30/2007</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto		\$ 272.7		\$ 361.5
Nonstandard private passenger auto		33.4		42.7
Homeowners		143.2		187.7
Other personal		17.5		23.2
Personal segment	<u>-</u>	<u>466.8</u>	<u>-</u>	<u>615.1</u>
<u>Business Segment:</u>				
Commercial auto		74.4		95.8
Commercial multi peril		66.2		86.6
Fire & allied lines		63.2		84.0
Other & product liability		58.8		75.6
Workers' compensation		27.6		36.1
Other commercial		20.5		26.6
Business segment	<u>-</u>	<u>310.7</u>	<u>-</u>	<u>404.7</u>
Total		<u>\$ 777.5</u>		<u>\$ 1,019.8</u>

* Excludes the pooling change effect of \$53.6

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

NET PREMIUMS EARNED

(\$ millions)

	<u>3/31/2008</u>	<u>3/31/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto	\$ 93.5	\$ 88.7	\$ 188.4	\$ 177.9
Nonstandard private passenger auto	10.8	10.7	21.6	21.6
Homeowners	53.9	46.5	107.8	93.3
Other personal	7.0	5.7	14.2	11.4
Personal segment	<u>165.2</u>	<u>151.6</u>	<u>332.0</u>	<u>304.2</u>
<u>Business Segment:</u>				
Commercial auto	27.8	24.4	55.3	48.8
Commercial multi peril	24.8	21.8	49.4	43.5
Fire & allied lines	23.6	20.8	47.6	41.2
Other & product liability	20.5	18.9	40.4	38.1
Workers' compensation	10.3	8.1	21.1	16.6
Other commercial	7.0	6.3	14.5	12.8
Business segment	<u>114.0</u>	<u>100.3</u>	<u>228.3</u>	<u>201.0</u>
Total	<u>\$ 279.2</u>	<u>\$ 251.9</u>	<u>\$ 560.3</u>	<u>\$ 505.2</u>

	<u>9/30/2008</u>	<u>9/30/2007</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto		\$ 267.6		\$ 357.3
Nonstandard private passenger auto		32.3		42.9
Homeowners		139.6		186.5
Other personal		17.1		22.9
Personal segment	<u>-</u>	<u>456.6</u>	<u>-</u>	<u>609.6</u>
<u>Business Segment:</u>				
Commercial auto		72.9		96.9
Commercial multi peril		65.1		86.8
Fire & allied lines		61.9		83.4
Other & product liability		56.8		75.5
Workers' compensation		24.7		33.4
Other commercial		19.3		26.0
Business segment	<u>-</u>	<u>300.7</u>	<u>-</u>	<u>402.0</u>
Total		<u>\$ 757.3</u>		<u>\$ 1,011.6</u>

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

NET PREMIUMS WRITTEN

<i>(\$ millions)</i>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 100.5	\$ 91.6	9.7%
Nonstandard private passenger auto	10.2	10.0	2.0%
Homeowners	60.9	52.0	17.1%
Other personal	7.8	6.1	27.9%
Personal segment	<u>179.4</u>	<u>159.7</u>	12.3%
<u>Business Segment:</u>			
Commercial auto	29.3	26.4	11.0%
Commercial multi peril	26.3	22.5	16.9%
Fire & allied lines	24.9	21.0	18.6%
Other & product liability	21.8	20.6	5.8%
Workers' compensation	11.4	10.3	10.7%
Other commercial	7.6	7.1	7.0%
Business segment	<u>121.3</u>	<u>107.9</u>	12.4%
Total	<u>\$ 300.7</u>	<u>\$ 267.6</u>	12.4%

NET PREMIUMS EARNED

<i>(\$ millions)</i>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 94.9	\$ 89.2	6.4%
Nonstandard private passenger auto	10.8	10.9	-0.9%
Homeowners	53.9	46.8	15.2%
Other personal	7.2	5.7	26.3%
Personal segment	<u>166.8</u>	<u>152.6</u>	9.3%
<u>Business Segment:</u>			
Commercial auto	27.5	24.4	12.7%
Commercial multi peril	24.6	21.7	13.4%
Fire & allied lines	24.0	20.4	17.6%
Other & product liability	19.9	19.2	3.6%
Workers' compensation	10.8	8.5	27.1%
Other commercial	7.5	6.5	15.4%
Business segment	<u>114.3</u>	<u>100.7</u>	13.5%
Total	<u>\$ 281.1</u>	<u>\$ 253.3</u>	11.0%

STATE AUTO FINANCIAL CORPORATION

YEAR-TO-DATE

(unaudited)

NET PREMIUMS WRITTEN

<i>(\$ millions)</i>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 194.0	\$ 179.8	7.9%
Nonstandard private passenger auto	22.5	22.3	0.9%
Homeowners	105.6	90.6	16.6%
Other personal	14.7	11.7	25.6%
Personal segment	336.8	304.4	10.6%
<u>Business Segment:</u>			
Commercial auto	55.9	51.7	8.1%
Commercial multi peril	51.2	44.3	15.6%
Fire & allied lines	47.3	41.3	14.5%
Other & product liability	42.6	41.0	3.9%
Workers' compensation	22.7	18.5	22.7%
Other commercial	15.8	13.9	13.7%
Business segment	235.5	210.7	11.8%
Total	\$ 572.3	\$ 515.1	11.1%

NET PREMIUMS EARNED

<i>(\$ millions)</i>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 188.4	\$ 177.9	5.9%
Nonstandard private passenger auto	21.6	21.6	0.0%
Homeowners	107.8	93.3	15.5%
Other personal	14.2	11.4	24.6%
Personal segment	332.0	304.2	9.1%
<u>Business Segment:</u>			
Commercial auto	55.3	48.8	13.3%
Commercial multi peril	49.4	43.5	13.6%
Fire & allied lines	47.6	41.2	15.5%
Other & product liability	40.4	38.1	6.0%
Workers' compensation	21.1	16.6	27.1%
Other commercial	14.5	12.8	13.3%
Business segment	228.3	201.0	13.6%
Total	\$ 560.3	\$ 505.2	10.9%

Reconciliation of Other non-GAAP Financial Measures

(\$ in millions)

	Three Months Ended		<u>Organic Growth</u>	<u>Change</u>
	<u>6/30/08</u>	<u>6/30/07</u>		
Personal Insurance:				
Personal Insurance Net Written Premium	\$179.4	\$159.7		12.3%
Less:				
Pooling Change	11.3			
Florida premium	-	3.5		
Adjusted Personal Insurance Net Written	<u>\$168.1</u>	<u>\$156.2</u>	\$11.9	7.6%

	Six Months Ended		<u>Organic Growth</u>	<u>Change</u>
	<u>6/30/08</u>	<u>6/30/07</u>		
Personal Insurance:				
Personal Insurance Net Written Premium	\$336.8	\$304.4		10.6%
Less:				
Pooling Change	21.5	-		
Florida premium	-	6.6		
Adjusted Personal Insurance Net Written	<u>\$315.3</u>	<u>\$297.8</u>	\$17.5	5.9%

	Three Months Ended		<u>Organic Growth</u>	<u>Change</u>
	<u>6/30/08</u>	<u>6/30/07</u>		
All Lines				
All Lines Net Written Premium	\$300.7	\$267.6		12.4%
Less:				
Pooling Change	24.0			
Florida premium	-	3.5		
Adjusted All Lines Net Written Premium	<u>\$276.7</u>	<u>\$264.1</u>	\$12.6	4.8%

	Six Months Ended		<u>Organic Growth</u>	<u>Change</u>
	<u>6/30/08</u>	<u>6/30/07</u>		
All Lines				
All Lines Net Written Premium	\$572.3	\$515.1		11.1%
Less:				
Pooling Change	44.8	-		
Florida premium	-	6.6		
Adjusted All Lines Net Written Premium	<u>\$527.5</u>	<u>\$508.5</u>	\$19.0	3.7%

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

	<u>3/31/2008</u>	<u>3/31/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto	68.7%	65.7%	68.6%	57.7%
Nonstandard private passenger auto	85.0%	61.3%	76.0%	65.9%
Homeowners	96.6%	56.1%	126.4%	86.9%
Other personal	76.0%	10.0%	88.0%	50.1%
Personal segment	79.2%	60.3%	88.6%	66.9%
<u>Business Segment:</u>				
Commercial auto	56.6%	49.7%	62.2%	49.2%
Commercial multi peril	93.7%	56.5%	99.7%	59.7%
Fire & allied lines	84.1%	56.2%	109.8%	53.0%
Other & product liability	77.4%	40.1%	49.9%	45.3%
Workers' compensation	51.2%	73.1%	63.8%	113.1%
Other commercial	36.8%	12.6%	31.8%	39.5%
Business segment	72.4%	50.3%	76.3%	56.3%
All lines	76.4%	56.3%	83.6%	62.7%

	<u>9/30/2008</u>	<u>9/30/2007</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto		58.2%		64.6%
Nonstandard private passenger auto		62.2%		63.1%
Homeowners		90.1%		25.7%
Other personal		85.9%		46.4%
Personal segment		69.2%		51.9%
<u>Business Segment:</u>				
Commercial auto		53.6%		56.4%
Commercial multi peril		82.0%		39.0%
Fire & allied lines		56.1%		31.6%
Other & product liability		45.1%		43.5%
Workers' compensation		71.7%		41.2%
Other commercial		20.5%		26.4%
Business segment		58.0%		41.7%
All lines		64.8%		47.8%

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

	<u>3/31/2008</u>	<u>3/31/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto	68.7%	65.7%	68.7%	61.7%
Nonstandard private passenger auto	85.0%	61.3%	80.5%	63.7%
Homeowners	96.6%	56.1%	111.5%	71.5%
Other personal	76.0%	10.0%	82.0%	30.1%
Personal segment	79.2%	60.3%	83.9%	63.6%
<u>Business Segment:</u>				
Commercial auto	56.6%	49.7%	59.4%	49.5%
Commercial multi peril	93.7%	56.5%	96.6%	58.1%
Fire & allied lines	84.1%	56.2%	97.1%	54.6%
Other & product liability	77.4%	40.1%	63.9%	42.7%
Workers' compensation	51.2%	73.1%	57.7%	93.6%
Other commercial	36.8%	12.6%	34.3%	26.1%
Business segment	72.4%	50.3%	74.4%	53.3%
All lines	76.4%	56.3%	80.0%	59.5%

	<u>9/30/2008</u>	<u>9/30/2007</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
<u>Personal Segment:</u>				
Standard private passenger auto		60.5%		61.5%
Nonstandard private passenger auto		63.2%		63.2%
Homeowners		77.7%		64.6%
Other personal		48.8%		48.2%
Personal segment		65.5%		62.1%
<u>Business Segment:</u>				
Commercial auto		50.9%		52.2%
Commercial multi peril		66.0%		59.3%
Fire & allied lines		55.1%		49.1%
Other & product liability		43.5%		43.5%
Workers' compensation		86.4%		74.6%
Other commercial		24.2%		24.8%
Business segment		54.8%		51.5%
All lines		61.3%		57.9%

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>06/30/2008</u>	
		<u>Severity</u>	<u>Pure Prem</u>
Bodily Injury	-7.4%	10.9%	2.6%
Property Damage	1.5%	-0.4%	1.2%
Medical Payments	2.0%	-0.8%	1.2%
Personal Injury Prot	-5.3%	16.2%	10.0%
Comprehensive	3.1%	3.8%	7.0%
Collision	4.9%	-0.8%	4.1%
Total	2.2%	1.5%	3.7%