

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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net premiums written	\$ 318.0	\$ 300.7	\$ 605.1	\$ 625.9 ^(B)
Earned premiums	292.6	281.1	578.6	560.3
Net investment income	20.8	22.3	39.1	44.7
Net realized gain (loss) on investments	2.5	2.4	(8.8)	0.6
Other income	1.0	1.2	2.0	2.4
Total revenue	316.9	307.0	610.9	608.0
Loss before federal income taxes	(11.7)	(24.2)	(42.6)	(39.2)
Federal income tax benefit	(8.5)	(20.9)	(25.4)	(23.4)
Net loss	\$ (3.2)	\$ (3.3)	\$ (17.2)	\$ (15.8)
Loss per share:				
- basic	\$ (0.08)	\$ (0.08)	\$ (0.44)	\$ (0.40)
- diluted	\$ (0.08)	\$ (0.08)	\$ (0.44)	\$ (0.40)
Loss per share from operations ^(A) :				
- basic	\$ (0.12)	\$ (0.12)	\$ (0.31)	\$ (0.41)
- diluted	\$ (0.12)	\$ (0.12)	\$ (0.31)	\$ (0.41)
Weighted average shares outstanding:				
- basic	39.6	39.5	39.6	39.9
- diluted	39.6	39.5	39.6	39.9
Book value per share	\$ 19.64	\$ 21.44		
Dividends paid per share	\$ 0.15	\$ 0.15	\$ 0.30	\$ 0.30
Total shares outstanding	39.7	39.4		
GAAP ratios:				
Loss and LAE ratio	77.1	84.0	77.8	80.4
Expense ratio	33.5	31.9	33.4	33.2
Combined ratio	110.6	115.9	111.2	113.6
Reconciliation of non-GAAP financial measure:				
^(A) Net loss from operations:				
Net loss	\$ (3.2)	\$ (3.3)	\$ (17.2)	\$ (15.8)
Less net realized (losses) gains on investments, less applicable federal income taxes	1.6	1.6	(5.2)	0.4
Net loss from operations	\$ (4.8)	\$ (4.9)	\$ (12.0)	\$ (16.2)

^(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>	2009	2008
ASSETS		
Fixed maturities, available-for-sale, at fair value (amortized cost \$1,759.1 and \$1,781.1, respectively)	\$ 1,779.3	\$ 1,770.7
Equity securities, at fair value (cost \$121.7 and \$144.3, respectively)	126.3	137.5
Other invested assets, at fair value (cost \$32.5 and \$32.4, respectively)	33.7	31.7
Other invested assets	1.2	1.4
Notes receivable from affiliate	<u>70.0</u>	<u>-</u>
Total investments	2,010.5	1,941.3
Cash and cash equivalents	104.5	150.5
Accrued investment income and other assets	47.4	40.2
Deferred policy acquisition costs	127.8	122.3
Reinsurance recoverable on losses and loss expenses payable	23.0	21.2
Due from affiliate	27.9	-
Prepaid reinsurance premiums	7.3	7.0
Current federal income taxes	46.5	37.6
Deferred federal income taxes	94.5	111.0
Property and equipment, net	<u>12.2</u>	<u>12.5</u>
Total assets	<u>\$ 2,501.6</u>	<u>\$ 2,443.6</u>
LIABILITIES		
Losses and loss expenses payable	\$ 841.1	\$ 791.2
Unearned premiums	542.0	515.1
Notes payable (affiliates \$15.5 and \$15.5, respectively)	117.4	117.6
Pension and postretirement benefits	165.9	187.7
Due to affiliate	-	15.9
Other liabilities	<u>54.9</u>	<u>55.1</u>
Total liabilities	<u>1,721.3</u>	<u>1,682.6</u>
STOCKHOLDERS' EQUITY		
Common stock, without par value. Authorized 100.0 shares; 46.5 and 46.3 shares issued, respectively, at stated value of \$2.50 per share	116.3	115.9
Less 6.8 and 6.8 treasury shares, at cost, respectively	(115.7)	(115.5)
Additional paid-in capital	112.9	109.0
Accumulated other comprehensive loss	(53.3)	(97.6)
Retained earnings	<u>720.1</u>	<u>749.2</u>
Total stockholders' equity	<u>780.3</u>	<u>761.0</u>
Total liabilities and stockholders' equity	<u>\$ 2,501.6</u>	<u>\$ 2,443.6</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>	2009	2008	2009	2008
Earned premiums	\$ 292.6	\$ 281.1	\$ 578.6	\$ 560.3
Net investment income	20.8	22.3	39.1	44.7
Net realized gain (loss) on investments	2.5	2.4	(8.8)	0.6
Other income (includes \$0.5 and \$0.8, and \$1.2 and \$1.6, respectively from affiliates)	1.0	1.2	2.0	2.4
Total revenues	316.9	307.0	610.9	608.0
Losses and loss expenses	225.5	236.1	450.3	450.7
Acquisition and operating expenses	98.0	89.6	193.4	186.0
Interest expense (includes \$0.2 and \$0.3, and \$0.4 and \$0.6, respectively to affiliates)	1.8	1.8	3.8	3.7
Other expenses	3.3	3.7	6.0	6.8
Total expenses	328.6	331.2	653.5	647.2
Loss before federal income taxes	(11.7)	(24.2)	(42.6)	(39.2)
Federal income tax benefit	(8.5)	(20.9)	(25.4)	(23.4)
Net loss	<u>\$ (3.2)</u>	<u>\$ (3.3)</u>	<u>\$ (17.2)</u>	<u>\$ (15.8)</u>
Loss per common share:				
Basic	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>	<u>\$ (0.44)</u>	<u>\$ (0.40)</u>
Diluted	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>	<u>\$ (0.44)</u>	<u>\$ (0.40)</u>
Dividends paid per common share	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.30</u>	<u>\$ 0.30</u>

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

(\$ millions)	Six Months Ended June 30	
	2009	2008
Cash flows from operating activities:		
Net loss	\$ (17.2)	\$ (15.8)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and other, net	7.5	4.9
Share-based compensation	2.0	3.3
Net realized loss (gain) on investments	8.8	(0.6)
Changes in operating assets and liabilities:		
Deferred policy acquisition costs	(5.4)	(3.4)
Accrued investment income and other assets	0.4	(1.5)
Postretirement and pension benefits	(1.2)	4.4
Other liabilities and due to/from affiliate, net	(52.0)	(18.8)
Reinsurance recoverable on losses and loss expenses payable and prepaid reinsurance premiums	(2.1)	(0.6)
Losses and loss expenses payable	49.9	83.5
Unearned premiums	26.9	13.2
Excess tax benefits on share based awards	-	0.2
Federal income taxes	(12.5)	(43.2)
Cash provided from pooling change, effective 1/1/08	-	92.0
Net cash provided by operating activities	5.1	117.6
Cash flows from investing activities:		
Purchases of fixed maturities - available-for-sale	(208.0)	(189.6)
Purchases of equity securities - available-for-sale	(6.8)	(19.7)
Purchases of other invested assets	(0.4)	(16.6)
Maturities, calls and principal reductions of fixed maturities - available-for-sale	47.0	31.8
Sales of fixed maturities - available-for-sale	179.3	78.5
Sales of equity securities - available-for-sale	17.5	46.9
Sales of other invested assets	0.3	0.9
Note to affiliate	(70.0)	-
Net additions of property and equipment	-	(0.3)
Net cash used in investing activities	(41.1)	(68.1)
Cash flows from financing activities:		
Proceeds from issuance of common stock	1.9	2.1
Payments to acquire treasury shares	-	(33.2)
Excess tax benefits on share based awards	-	0.2
Payments of dividends	(11.9)	(12.0)
Net cash used in financing activities	(10.0)	(42.9)
Net (decrease) increase in cash and cash equivalents	(46.0)	6.6
Cash and cash equivalents at beginning of period	150.5	70.9
Cash and cash equivalents at end of period	\$ 104.5	\$ 77.5
<u>Supplemental disclosures:</u>		
Federal income taxes (received) paid	\$ (12.9)	\$ 18.0
Interest paid (to affiliates \$0.5 and \$0.7, respectively)	\$ 3.6	\$ 3.8

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

(\$ in millions)

	Six Months Ended June 30, 2009	Year Ended December 2008
Common shares:		
Balance at beginning of year	46.3	46.0
Issuance of shares	0.2	0.3
Balance at period ended	<u>46.5</u>	<u>46.3</u>
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	<u>(6.8)</u>	<u>(6.8)</u>
Common stock:		
Balance at beginning of year	\$115.9	115.0
Issuance of shares	0.4	0.9
Balance at period ended	<u>116.3</u>	<u>115.9</u>
Treasury stock:		
Balance at beginning of year	(\$115.5)	(81.0)
Shares acquired on stock option exercises	(0.2)	(1.3)
Shares acquired under repurchase program	-	(33.2)
Balance at period ended	<u>(115.7)</u>	<u>(115.5)</u>
Additional paid-in capital:		
Balance at beginning of year	\$109.0	98.2
Issuance of common stock	1.6	4.9
Tax benefit from stock options exercises	0.1	0.8
Stock options granted	2.2	5.1
Balance at period ended	<u>112.9</u>	<u>109.0</u>
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	<u>(97.6)</u>	<u>0.2</u>
Change in unrealized gains (losses) on investments, net of tax and reclassification adjustment	31.1	(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	13.2	(40.1)
Balance at period ended	<u>(53.3)</u>	<u>(97.6)</u>
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	<u>749.2</u>	<u>804.2</u>
Net loss	(17.2)	(31.1)
Cash dividends paid	(11.9)	(23.9)
Balance at period ended	<u>720.1</u>	<u>749.2</u>
Total stockholders' equity at period ended	<u><u>780.3</u></u>	<u><u>761.0</u></u>

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	\$ 224.9	\$ 194.1
Nonstandard private passenger auto	11.2	12.3	20.4	22.5
Homeowners	49.8	44.7	118.9	105.6
Other personal	7.9	7.1	16.5	15.1
Personal segment	<u>176.1</u>	<u>157.9</u>	<u>380.7</u>	<u>337.3</u>
<u>Business Segment:</u>				
Commercial auto	26.2	26.9	53.5	56.3
Commercial multi peril	25.3	25.7	51.3	52.6
Fire & allied lines	25.7	22.9	52.2	48.1
Other & product liability	24.4	25.4	49.1	51.8
Workers' compensation	12.8	11.5	24.4	22.9
Other commercial	7.5	8.8	15.3	16.9
Business segment	<u>121.9</u>	<u>121.2</u>	<u>245.8</u>	<u>248.6</u>
Total	<u>\$ 298.0</u>	<u>\$ 279.1</u>	<u>\$ 626.5</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>-</u>	<u>\$ 894.4</u>	<u>-</u>	<u>\$ 1,183.5</u>

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

NET 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	\$ 106.8	\$ 93.5	\$ 224.4	\$ 194.0
Nonstandard private passenger auto	11.2	12.3	20.4	22.5
Homeowners	48.5	44.7	116.3	105.6
Other personal	7.5	6.9	15.8	14.7
Personal segment	<u>174.0</u>	<u>157.4</u>	<u>376.9</u>	<u>336.8</u>
<u>Business Segment:</u>				
Commercial auto	26.0	26.6	53.2	55.9
Commercial multi peril	24.2	24.9	49.1	51.2
Fire & allied lines	24.5	22.4	49.4	47.3
Other & product liability	19.3	20.8	39.0	42.6
Workers' compensation	12.6	11.3	24.1	22.7
Other commercial	6.5	8.2	13.4	15.8
Business segment	<u>113.1</u>	<u>114.2</u>	<u>228.2</u>	<u>235.5</u>
Total	<u>\$ 287.1</u>	<u>\$ 271.6</u>	<u>\$ 605.1</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	\$ 207.9	\$ 188.4
Nonstandard private passenger auto	10.0	10.8	20.1	21.6
Homeowners	54.8	53.9	111.2	107.8
Other personal	7.5	7.0	15.1	14.2
Personal segment	<u>173.8</u>	<u>165.2</u>	<u>354.3</u>	<u>332.0</u>
<u>Business Segment:</u>				
Commercial auto	27.2	27.8	54.1	55.3
Commercial multi peril	24.0	24.8	48.0	49.4
Fire & allied lines	23.8	23.6	48.0	47.6
Other & product liability	19.4	20.5	38.5	40.4
Workers' compensation	10.9	10.3	22.3	21.1
Other commercial	6.9	7.0	13.4	14.5
Business segment	<u>112.2</u>	<u>114.0</u>	<u>224.3</u>	<u>228.3</u>
Total	<u>\$ 286.0</u>	<u>\$ 279.2</u>	<u>\$ 578.6</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>6/30/2009</u>	<u>6/30/2008</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 117.6	\$ 100.5	17.0%
Nonstandard private passenger auto	9.2	10.2	-9.8%
Homeowners	67.8	60.9	11.3%
Other personal	8.3	7.8	6.4%
Personal segment	<u>202.9</u>	<u>179.4</u>	13.1%
<u>Business Segment:</u>			
Commercial auto	27.2	29.3	-7.2%
Commercial multi peril	24.9	26.3	-5.3%
Fire & allied lines	24.9	24.9	0.0%
Other & product liability	19.7	21.8	-9.6%
Workers' compensation	11.5	11.4	0.9%
Other commercial	6.9	7.6	-9.2%
Business segment	<u>115.1</u>	<u>121.3</u>	-5.1%
Total	<u>\$ 318.0</u>	<u>\$ 300.7</u>	5.8%

NET PREMIUMS EARNED

<i>(\$ millions)</i>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 106.4	\$ 94.9	12.1%
Nonstandard private passenger auto	10.1	10.8	-6.5%
Homeowners	56.4	53.9	4.6%
Other personal	7.6	7.2	5.6%
Personal segment	<u>180.5</u>	<u>166.8</u>	8.2%
<u>Business Segment:</u>			
Commercial auto	26.9	27.5	-2.2%
Commercial multi peril	24.0	24.6	-2.4%
Fire & allied lines	24.2	24.0	0.8%
Other & product liability	19.1	19.9	-4.0%
Workers' compensation	11.4	10.8	5.6%
Other commercial	6.5	7.5	-13.3%
Business segment	<u>112.1</u>	<u>114.3</u>	-1.9%
Total	<u>\$ 292.6</u>	<u>\$ 281.1</u>	4.1%

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

NET PREMIUMS WRITTEN

<i>(\$ millions)</i>	<u>6/30/2009</u>	<u>6/30/2008*</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 224.4	\$ 194.0	15.7%
Nonstandard private passenger auto	20.4	22.5	-9.3%
Homeowners	116.3	105.6	10.1%
Other personal	15.8	14.7	7.5%
Personal segment	<u>376.9</u>	<u>336.8</u>	11.9%
<u>Business Segment:</u>			
Commercial auto	53.2	55.9	-4.8%
Commercial multi peril	49.1	51.2	-4.1%
Fire & allied lines	49.4	47.3	4.4%
Other & product liability	39.0	42.6	-8.5%
Workers' compensation	24.1	22.7	6.2%
Other commercial	13.4	15.8	-15.2%
Business segment	<u>228.2</u>	<u>235.5</u>	-3.1%
Total	<u>\$ 605.1</u>	<u>\$ 572.3</u>	5.7%

NET PREMIUMS EARNED

<i>(\$ millions)</i>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>Change</u>
<u>Personal Segment:</u>			
Standard private passenger auto	\$ 207.9	\$ 188.4	10.4%
Nonstandard private passenger auto	20.1	21.6	-6.9%
Homeowners	111.2	107.8	3.2%
Other personal	15.1	14.2	6.3%
Personal segment	<u>354.3</u>	<u>332.0</u>	6.7%
<u>Business Segment:</u>			
Commercial auto	54.1	55.3	-2.2%
Commercial multi peril	48.0	49.4	-2.8%
Fire & allied lines	48.0	47.6	0.8%
Other & product liability	38.5	40.4	-4.7%
Workers' compensation	22.3	21.1	5.7%
Other commercial	13.4	14.5	-7.6%
Business segment	<u>224.3</u>	<u>228.3</u>	-1.8%
Total	<u>\$ 578.6</u>	<u>\$ 560.3</u>	3.3%

* 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%	69.9%	68.6%
Nonstandard private passenger auto	79.5%	85.0%	79.5%	76.0%
Homeowners	128.5%	96.6%	105.6%	126.4%
Other personal	53.9%	76.0%	50.9%	88.0%
Personal segment	86.1%	79.2%	80.8%	88.6%
<u>Business Segment:</u>				
Commercial auto	52.1%	56.6%	52.7%	62.2%
Commercial multi peril	58.7%	93.7%	68.0%	99.7%
Fire & allied lines	97.4%	84.1%	98.8%	109.8%
Other & product liability	62.6%	77.4%	72.7%	49.9%
Workers' compensation	68.2%	51.2%	77.7%	63.8%
Other commercial	37.4%	36.8%	46.7%	31.8%
Business segment	65.6%	72.4%	71.5%	76.3%
All lines	78.1%	76.4%	77.3%	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%	68.2%	68.7%
Nonstandard private passenger auto	79.5%	85.0%	79.5%	80.5%
Homeowners	128.5%	96.6%	116.9%	111.5%
Other personal	53.9%	76.0%	52.4%	82.0%
Personal segment	86.1%	79.2%	83.4%	83.9%
<u>Business Segment:</u>				
Commercial auto	52.1%	56.6%	52.4%	59.4%
Commercial multi peril	58.7%	93.7%	63.4%	96.6%
Fire & allied lines	97.4%	84.1%	98.1%	97.1%
Other & product liability	62.6%	77.4%	67.6%	63.9%
Workers' compensation	68.2%	51.2%	73.0%	57.7%
Other commercial	37.4%	36.8%	41.9%	34.3%
Business segment	65.6%	72.4%	68.6%	74.4%
All lines	78.1%	76.4%	77.7%	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)

	<u>Earned</u>	<u>Catastrophe</u>	<u>Excluding Cat</u>	<u>Statutory</u>	<u>Loss & LAE</u>	<u>Loss & LAE</u>	
1st Quarter 2009	Premium	Loss & LAE	Loss & LAE	Loss & LAE	Catastrophe	Excluding Cat	Loss & LAE
					Ratio	Ratio	Ratio
<u>Personal Segment:</u>							
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%
<u>Business Segment:</u>							
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	10.0%	48.7%	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%

(\$ millions)

	<u>Earned</u>	<u>Catastrophe</u>	<u>Excluding Cat</u>	<u>Statutory</u>	<u>Loss & LAE</u>	<u>Loss & LAE</u>	
2nd Quarter 2009	Premium	Loss & LAE	Loss & LAE	Loss & LAE	Catastrophe	Excluding Cat	Loss & LAE
					Ratio	Ratio	Ratio
<u>Personal Segment:</u>							
Std private pass auto	\$ 106.4	\$ 2.6	\$ 71.8	\$ 74.4	2.5%	67.4%	69.9%
Nonstd private pass auto	10.1	0.2	7.8	8.0	1.5%	78.0%	79.5%
Homeowners	56.4	22.7	36.9	59.6	40.2%	65.4%	105.6%
Other personal	7.6	1.2	2.7	3.9	15.8%	35.1%	50.9%
Personal segment	<u>180.5</u>	<u>26.7</u>	<u>119.2</u>	<u>145.9</u>	14.8%	66.0%	80.8%
<u>Business Segment:</u>							
Commercial auto	26.9	0.3	13.9	14.2	1.1%	51.6%	52.7%
Commercial multi peril	24.0	2.7	13.6	16.3	11.4%	56.6%	68.0%
Fire & allied lines	24.2	6.8	17.1	23.9	28.2%	70.6%	98.8%
Other & product liability	19.1	-	13.9	13.9	0.0%	72.7%	72.7%
Workers' compensation	11.4	-	8.8	8.8	0.0%	77.7%	77.7%
Other commercial	6.5	0.4	2.6	3.0	5.0%	41.7%	46.7%
Business segment	<u>112.1</u>	<u>10.2</u>	<u>69.9</u>	<u>80.1</u>	9.1%	62.4%	71.5%
Total	<u>\$ 292.6</u>	<u>\$ 36.9</u>	<u>\$ 189.1</u>	<u>\$ 226.0</u>	12.6%	64.7%	77.3%

State Auto Financial Corporation
2009 STATUTORY LOSS AND LAE RATIOS

(unaudited)

(\$ millions)

Year to date 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	\$ 207.9	\$ 3.7	\$ 138.0	\$ 141.7	1.8%	66.4%	68.2%
Nonstd private pass auto	20.1	0.4	15.6	16.0	1.5%	78.0%	79.5%
Homeowners	111.2	54.4	75.6	130.0	48.9%	68.0%	116.9%
Other personal	15.1	3.1	4.8	7.9	20.4%	32.0%	52.4%
Personal segment	<u>354.3</u>	<u>61.6</u>	<u>234.0</u>	<u>295.6</u>	17.4%	66.0%	83.4%
Business Segment:							
Commercial auto	54.1	0.5	27.9	28.4	0.9%	51.5%	52.4%
Commercial multi peril	48.0	5.1	25.3	30.4	10.7%	52.7%	63.4%
Fire & allied lines	48.0	13.2	33.9	47.1	27.5%	70.6%	98.1%
Other & product liability	38.5	-	26.0	26.0	0.0%	67.6%	67.6%
Workers' compensation	22.3	-	16.3	16.3	0.0%	73.0%	73.0%
Other commercial	13.4	0.3	5.2	5.5	2.3%	39.6%	41.9%
Business segment	<u>224.3</u>	<u>19.1</u>	<u>134.6</u>	<u>153.7</u>	8.5%	60.1%	68.6%
Total	<u>\$ 578.6</u>	<u>\$ 80.7</u>	<u>\$ 368.6</u>	<u>\$ 449.3</u>	14.0%	63.7%	77.7%

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
<u>Personal Segment:</u>							
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%
<u>Business Segment:</u>							
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%

(\$ millions)

2nd 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
<u>Personal Segment:</u>							
Std private pass auto	\$ 94.9	\$ 5.2	\$ 59.9	\$ 65.1	5.5%	63.1%	68.6%
Nonstd private pass auto	10.8	0.2	8.1	8.3	2.0%	74.0%	76.0%
Homeowners	53.9	39.6	28.6	68.2	73.4%	53.0%	126.4%
Other personal	7.2	3.2	3.0	6.2	44.7%	43.3%	88.0%
Personal segment	<u>166.8</u>	<u>48.2</u>	<u>99.6</u>	<u>147.8</u>	28.9%	59.7%	88.6%
<u>Business Segment:</u>							
Commercial auto	27.5	0.6	16.5	17.1	2.0%	60.2%	62.2%
Commercial multi peril	24.6	9.7	14.8	24.5	39.6%	60.1%	99.7%
Fire & allied lines	24.0	17.6	8.8	26.4	73.1%	36.7%	109.8%
Other & product liability	19.9	-	9.9	9.9	0.0%	49.9%	49.9%
Workers' compensation	10.8	-	6.9	6.9	0.0%	63.8%	63.8%
Other commercial	7.5	0.7	1.7	2.4	9.3%	22.5%	31.8%
Business segment	<u>114.3</u>	<u>28.6</u>	<u>58.6</u>	<u>87.2</u>	25.0%	51.3%	76.3%
Total	<u>\$ 281.1</u>	<u>\$ 76.8</u>	<u>\$ 158.2</u>	<u>\$ 235.0</u>	27.3%	56.3%	83.6%

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

(\$ millions)

Year to date 2008	<u>Earned</u> <u>Premium</u>	<u>Catastrophe</u> <u>Loss & LAE</u>	<u>Excluding Cat</u> <u>Loss & LAE</u>	<u>Statutory</u> <u>Loss & LAE</u>	<u>Loss & LAE</u> <u>Catastrophe</u> <u>Ratio</u>	<u>Loss & LAE</u> <u>Excluding Cat</u> <u>Ratio</u>	<u>Loss & LAE</u> <u>Ratio</u>
<u>Personal Segment:</u>							
Std private pass auto	\$ 188.4	\$ 6.5	\$ 122.8	\$ 129.3	3.4%	65.3%	68.7%
Nonstd private pass auto	21.6	0.3	17.1	17.4	1.4%	79.1%	80.5%
Homeowners	107.8	61.4	58.9	120.3	56.9%	54.6%	111.5%
Other personal	14.2	5.3	6.4	11.7	37.9%	44.1%	82.0%
Personal segment	<u>332.0</u>	<u>73.5</u>	<u>205.2</u>	<u>278.7</u>	22.2%	61.7%	83.9%
<u>Business Segment:</u>							
Commercial auto	55.3	0.6	32.3	32.9	1.1%	58.3%	59.4%
Commercial multi peril	49.4	14.5	33.2	47.7	29.3%	67.3%	96.6%
Fire & allied lines	47.6	22.2	24.0	46.2	46.5%	50.6%	97.1%
Other & product liability	40.4	-	25.8	25.8	0.0%	63.9%	63.9%
Workers' compensation	21.1	-	12.2	12.2	0.0%	57.7%	57.7%
Other commercial	14.5	1.0	3.9	4.9	6.9%	27.4%	34.3%
Business segment	<u>228.3</u>	<u>38.3</u>	<u>131.4</u>	<u>169.7</u>	16.8%	57.6%	74.4%
Total	<u>\$ 560.3</u>	<u>\$ 111.8</u>	<u>\$ 336.6</u>	<u>\$ 448.4</u>	20.0%	60.0%	80.0%

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>06/30/2009</u> <u>Severity</u>	<u>Pure Prem</u>
Bodily Injury	-6.6%	-1.0%	-7.5%
Property Damage	3.0%	1.2%	4.2%
Medical Payments	-5.2%	1.0%	-4.2%
Personal Injury Prot	-5.2%	3.1%	-2.3%
Comprehensive	2.6%	1.0%	3.6%
Collision	2.9%	4.7%	7.8%
Total	1.2%	0.1%	1.3%