

State Auto Financial CORP  
Form 11-K  
March 22, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 11-K**

**(Mark One)**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended December 31, 2012**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 000-19289**

A. Full title of the plan and address of the plan, if different from that of the issuer named below:  
State Auto Insurance Companies

Amended and Restated

Directors Deferred Compensation Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

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State Auto Financial Corporation

518 East Broad Street

Columbus, Ohio 43215-3976

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**REQUIRED INFORMATION**

See the accompanying financial statements for the State Auto Insurance Companies Amended and Restated Directors Deferred Compensation Plan as of December 31, 2012 and 2011, and for the years ended December 31, 2012, 2011 and 2010.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

State Auto Insurance Companies Amended and Restated Directors  
Deferred Compensation Plan

By: /s/ Steven E. English  
Steven E. English  
Chief Financial Officer

By: /s/ James A. Yano  
James A. Yano  
Vice President, Secretary and General Counsel

Date: March 22, 2013

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Report of Independent Registered Public Accounting Firm

Board of Directors

State Auto Financial Corporation

Columbus, Ohio

We have audited the accompanying statements of net assets available for benefits of the State Auto Insurance Companies

Amended and Restated Directors Deferred Compensation Plan (the Plan), as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years ended December 31, 2012, 2011 and 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the years ended December 31, 2012, 2011 and 2010 in conformity with accounting principles generally accepted in the United States of America.

/s/ Clark, Schaefer, Hackett & Co.

March 22, 2013

Columbus, Ohio

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STATE AUTO INSURANCE COMPANIES

AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Statements of Net Assets Available for Benefits

	December 31	
	2012	2011
<b>Assets</b>		
<u>Investments, at fair value:</u>		
Shares of registered investment companies (cost \$4,335,744 and \$3,282,409, respectively)	<b>\$ 4,439,520</b>	\$ 3,135,407
Interest-bearing cash	<b>9,438</b>	9,437
Affiliated Stock (cost \$326,514 and \$315,791, respectively)	<b>298,020</b>	261,271
<i>Total investments</i>	<b>4,746,978</b>	3,406,115
<b>Net assets available for benefits</b>	<b>\$ 4,746,978</b>	\$ 3,406,115

See accompanying notes.

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## STATE AUTO INSURANCE COMPANIES

## AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

## Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31		
	2012	2011	2010
<b><u>Investment income (loss):</u></b>			
Dividends	\$ 165,109	\$ 107,836	\$ 68,455
Unrealized gain (loss)	276,804	(349,221)	(62,149)
Realized gain	58,048	58,863	306,404
<i>Total investment income (loss)</i>	<b>499,961</b>	(182,522)	312,710
<b><u>Contributions:</u></b>			
Participant	501,203	490,750	307,055
Company	350,000	343,770	315,000
<i>Total contributions</i>	<b>851,203</b>	834,520	622,055
<b><u>Deductions:</u></b>			
Benefit payments	10,301	9,817	9,080
<i>Total deductions</i>	<b>10,301</b>	9,817	9,080
<i>Net increase</i>	<b>1,340,863</b>	642,181	925,685
<b><u>Net assets available for benefits:</u></b>			
Beginning of year	3,406,115	2,763,934	1,838,249
<b>End of year</b>	<b>\$ 4,746,978</b>	\$ 3,406,115	\$ 2,763,934

See accompanying notes.

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STATE AUTO INSURANCE COMPANIES

AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements

December 31, 2012

**1. Description of the Plan**

**Organization**

The State Auto Insurance Companies Amended and Restated Directors Deferred Compensation Plan (the Plan) became effective on August 1, 1995, was amended and restated in its entirety effective as of March 1, 2001, and was further amended effective as of December 1, 2005 (First Amendment), January 1, 2009 (Second and Third Amendments), November 1, 2010 (Fourth Amendment), and January 1, 2012 (Fifth Amendment). The Plan provides members of the Boards of Directors of State Automobile Mutual Insurance Company (State Auto Mutual) and its affiliates (collectively, the Company or the State Auto Insurance Companies) a retirement savings plan in which to defer the payment of director and committee meeting fees.

In 2012, the Plan was amended to include, among other things, the following changes:

Eligibility to participate in the plan has been extended to members of the Board of Directors of any State Auto Company, unless otherwise provided in an affiliation agreement or similar document.

In 2010, the Plan was amended to include, among other things, the following change:

For participants who are members of the Board of Directors of State Auto Financial Corporation (STFC), an affiliate of State Auto Mutual, a fund comprised of STFC common stock (Affiliated Stock) was added as an investment option under the Plan.

The benefits provided to participants under the Plan are paid from the Company's general assets. The Plan is intended to be an unfunded Plan for purposes of the Employee Retirement Income Security Act of 1974 (ERISA) and is, therefore, exempt from certain ERISA requirements. Each participant's right to benefits under the Plan are equivalent to the rights of any unsecured creditor of the Company.

Participants must enroll within 30 days after becoming eligible to participate. For subsequent years, participants must enroll prior to the beginning of each new plan year.

**Contributions**

Participants are permitted to defer on a pre-tax basis (a) from 10% to 100% of his or her director fees in the calendar year and/or (b) 0% or 100% of committee meeting fees in the calendar year. In addition, for each of the members of the Board of Directors of State Auto Mutual, State Auto Mutual makes an annual cash contribution in the amount of \$35,000, or such lesser or greater amount as determined at State Auto Mutual's discretion.

**Vesting**

Each participant is fully vested in his or her contributions and any State Auto Mutual discretionary contributions.

**Participant Accounts**

Investment funds available under the Plan are merely devices used to calculate gains and losses on the amounts deferred by Plan participants. No participant has any rights or interests in any particular funds, securities or property of the Company or the trust described in Note 6, or in any investment vehicle in which deferrals are deemed to be invested, by virtue of any investment election. Each deferral account, however, is credited or charged in accordance with the Plan with gains and losses as if the participant in fact had made a corresponding actual investment. The Directors of STFC have the option to purchase Affiliated Stock.

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STATE AUTO INSURANCE COMPANIES

AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

**Payment of Benefits**

The balance of each deferral account will be distributed upon retirement or termination of a participant from the Board of Directors of the Company. Payments will be made in cash and paid in 60 or 120 monthly installments, except for amounts deferred and fully vested prior to December 31, 2004, which can be distributed in alternative payment options as elected by the participant. The Company must receive at least 30 days written notice of the participant's intention to retire and receive retirement benefits.

**2. Significant Accounting Policies**

**Basis of Presentation**

The accounting records of the Plan are maintained in conformity with U.S. generally accepted accounting principles.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Valuation of Investments and Related Investment Income**

The investments of the Plan consist of shares of registered investment companies, interest-bearing cash, and Affiliated Stock. The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 3 for discussion on fair value measurements.

Investment income, including appreciation and depreciation in fair value of investments, is allocated to participant accounts daily based upon the ratio of each participant's account to the total fund balance. Dividend income is recorded on the ex-dividend date. Realized gains and losses on the sale of securities are determined based on the average cost method.

**Benefit Payments**

Benefit payments are recognized when paid.

**Administrative Expenses**

Administrative expenses are paid by the Company.

**Risks and Uncertainties**

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The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Plan's statements of net assets available for benefits.

### **3. Fair Value Measurements**

Below is the fair value hierarchy that categorizes into three levels the inputs to valuation techniques that are used to measure fair value:

Level 1 includes observable inputs which reflect quoted prices for identical assets or liabilities in active markets at the measurement date.

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STATE AUTO INSURANCE COMPANIES

AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

Level 2 includes observable inputs for assets or liabilities other than quoted prices included in Level 1, and it includes valuation techniques which use prices for similar assets and liabilities.

Level 3 includes unobservable inputs which reflect the reporting entity's estimates of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The following is a description of the valuation methods used for assets measured at fair value:

*Registered investment companies:* Registered investment companies are public investment vehicles valued using net asset value (NAV) provided by the administrator of the mutual fund. The NAV is an unadjusted quoted price on an active market and classified within Level 1 of the fair value hierarchy.

*Interest-bearing cash:* The carrying value approximates fair value and is classified within Level 1 of the fair value hierarchy.

*Affiliated Stock:* The fair value is based on the unadjusted closing price reported on the active market on which the security is traded and is classified within Level 1 of the fair value hierarchy.

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## STATE AUTO INSURANCE COMPANIES

## AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

The following tables reflect the Plan's investments within the fair value hierarchy at December 31, 2012 and 2011:

<b>2012</b>	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Registered investment companies:</b>				
Large cap equity investments	<b>\$ 1,043,698</b>	<b>1,043,698</b>		
Mid cap equity investments	<b>259,068</b>	<b>259,068</b>		
Small cap equity investments	<b>11,797</b>	<b>11,797</b>		
International equity investments	<b>867,529</b>	<b>867,529</b>		
Blended fund investments	<b>1,455,574</b>	<b>1,455,574</b>		
Income bond investments	<b>801,854</b>	<b>801,854</b>		
<i>Total registered investment companies</i>	<b>4,439,520</b>	<b>4,439,520</b>		
Interest-bearing cash	<b>9,438</b>	<b>9,438</b>		
Affiliated Stock	<b>298,020</b>	<b>298,020</b>		
<i>Total investments</i>	<b>\$ 4,746,978</b>	<b>4,746,978</b>		

<b>2011</b>	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Registered investment companies:</b>				
Large cap equity investments	\$ 706,569	706,569		
Mid cap equity investments	98,285	98,285		
International equity investments	677,150	677,150		
Blended fund investments	954,494	954,494		
Income bond investments	698,909	698,909		
<i>Total registered investment companies</i>	3,135,407	3,135,407		
Interest-bearing cash	9,437	9,437		
Affiliated Stock	261,271	261,271		

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<i>Total investments</i>	\$ 3,406,115	3,406,115
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## STATE AUTO INSURANCE COMPANIES

## AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

**4. Participant Accounts**

Participant balances for all funds are maintained in shares. Share values are determined on a periodic basis. At December 31, 2012 and 2011, there were 15 and 15 participants in the Plan, respectively, with contributions in one or more of the following funds. The total number of participants in the Plan is less than the sum of the number of participants set forth in the following table because each participant may make contributions to more than one fund. The total number of shares and share values as of December 31, 2012 and 2011, by fund, were as follows:

2012

Investment Options

	Total Number of Shares	Net Asset Share Value	Number of Participants
<u>Registered Investment Company</u>			
ABF Small Cap Val Inst	554	21.30	1
Baron Growth Inst	1,556	54.06	3
Calamos Growth Inst	6,219	52.06	4
FID Contrafund K	5,097	77.51	6
FID Diversified Intl K	19,117	29.89	4
FID Freedom K 2005	7,051	12.63	2
FID Freedom K 2010	19,137	12.88	2
FID Freedom K 2015	42,370	12.96	4
FID Freedom K 2020	28,810	13.39	3
FID Freedom K 2025	6,951	13.58	1
FID Freedom K 2030	6,615	13.72	1
FID Intermed Bond	22,770	11.14	3
Harbor Intl Inst	4,767	62.12	4
JPM Mid Cap Value IS	4,594	27.99	4
MFS Value R4	2,026	25.35	1
PIM Total RT Inst	48,772	11.24	4
Spartan US EQ Index ADV	5,416	50.49	5
VANG Mid Cap IDX SIG	1,441	32.18	2
<i>Total Registered Investment Company</i>	<b>233,263</b>		
<u>Interest-Bearing Cash</u>			
Fidelity US Govt Bond	9,438	1.00	1
<i>Total Interest-Bearing Cash</i>	<b>9,438</b>		

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Affiliated Stock

State Auto Financial Corporation	<b>19,948</b>	<b>14.94</b>	<b>1</b>
<i>Total Affiliated Stock</i>	<b>19,948</b>		
<i>Total Investments</i>	<b>262,649</b>		

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## STATE AUTO INSURANCE COMPANIES

## AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

2011

**Investment Options**

	Total Number of Shares	Net Asset Share Value	Number of Participants
<b><u>Registered Investment Company</u></b>			
Calamos Growth Inst	5,023	50.85	3
FID Contrafund K	3,414	67.41	4
FID Diversified Intl K	18,289	25.48	4
FID Freedom K 2005	7,647	11.98	2
FID Freedom K 2010	15,707	12.10	2
FID Freedom K 2015	28,963	12.13	5
FID Freedom K 2020	19,159	12.43	3
FID Freedom K 2025	6,700	12.44	1
FID Intermed Bond	17,724	10.88	3
Harbor Intl Inst	4,026	52.45	4
JPM Mid Cap Value IS	3,082	23.75	3
MFS Value R4	1,656	22.38	1
PIM Total RT Inst	46,557	10.87	3
Spartan US EQ Index	4,134	44.49	3
VANG Mid Cap IDX	891	28.13	1
<i>Total Registered Investment Company</i>	182,972		
<b><u>Interest-Bearing Cash</u></b>			
Fidelity US Govt Bond	9,437	1.00	1
<i>Total Interest-Bearing Cash</i>	9,437		
<b><u>Affiliated Stock</u></b>			
State Auto Financial Corporation	19,225	13.59	1
<i>Total Affiliated Stock</i>	19,225		
<i>Total Investments</i>	211,634		



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## STATE AUTO INSURANCE COMPANIES

## AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

**5. Investments**

The Plan's investments and related changes at December 31, 2012, 2011 and 2010 and for the years then ended were as follows:

2012	Number of Shares	Fair Value	Dividends	Realized Gain (Loss)	Unrealized Gain (Loss)	Contributions	Benefit Payments
<b>Registered Investment Companies</b>							
ABF Small Cap Val Inst	554	\$ 11,797	\$ 455	\$ (41)	\$ 342	\$ 11,040	\$
Baron Growth Inst	1,556	84,105	8,248	59	(2,173)	45,941	
Calamos Growth Inst	6,219	323,764	21,651	6	1,684	12,994	
FID Contrafund K	5,097	395,090	4,689	3,294	36,062	160,029	
FID Diversified Intl K	19,117	571,400	10,799	2	81,609	12,998	
FID Freedom K 2005	7,051	89,058	2,783	136	4,823		(10,301)
FID Freedom K 2010	19,137	246,481	9,031		12,391	35,000	
FID Freedom K 2015	42,370	549,112	18,030	(926)	24,797	103,563	
FID Freedom K 2020	28,810	385,762	12,671		18,566		
FID Freedom K 2025	6,951	94,398	3,344		7,704		
FID Freedom K 2030	6,615	90,763	2,980	35	783	86,965	
FID Intermed Bond	22,770	253,662	5,605	(47)	5,157	50,107	
Harbor Intl Inst	4,767	296,128	5,869	62	40,551	38,488	
JPM Mid Cap Value IS	4,594	128,580	2,819	54	15,408	37,096	
MFS Value R4	2,026	51,367	1,359	22	5,238	7,678	
PIM Total RT Inst	48,772	548,192	37,955	15,295	7,084	175,409	
Spartan US EQ Index ADV	5,416	273,477	5,450	38	10,183	57,413	
Spartan US EQ Index INV				40,041	(23,585)		
VANG Mid Cap IDX SIG	1,441	46,384	647	18	4,154	16,482	
<i>Total Registered Investment Companies</i>	<b>233,263</b>	<b>4,439,520</b>	<b>154,385</b>	<b>58,048</b>	<b>250,778</b>	<b>851,203</b>	<b>(10,301)</b>
<b>Interest-Bearing Cash</b>							
Fidelity US Govt Bond	9,438	9,438	1				
<i>Total Interest-Bearing Cash</i>	<b>9,438</b>	<b>9,438</b>	<b>1</b>				
<b>Affiliated Stock</b>							
State Auto Financial Corporation	19,948	298,020	10,723		26,026		
<i>Total Affiliated Stock</i>	<b>19,948</b>	<b>298,020</b>	<b>10,723</b>		<b>26,026</b>		
<i>Total Assets Held For Investment</i>	<b>262,649</b>	<b>\$ 4,746,978</b>	<b>\$ 165,109</b>	<b>\$ 58,048</b>	<b>\$ 276,804</b>	<b>\$ 851,203</b>	<b>\$ (10,301)</b>



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## STATE AUTO INSURANCE COMPANIES

## AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

2011	Number of Shares	Fair Value	Dividends	Realized Gain (Loss)	Unrealized Gain (Loss)	Contributions	Benefit Payments
<b>Registered Investment Companies</b>							
ABF Small Cap Val Inst		\$	\$	\$ 143	\$	\$	\$
ABF Small Cap Val INV				(2,794)			
Baron Growth				(1,109)			
Baron Growth Inst				202			
Calamos Growth A				56,343	(69,449)	9,750	
Calamos Growth Inst	5,023	255,400	10,361		(22,569)	3,250	
FID Contrafund K	3,414	230,160	868		(3,296)	48,000	
FID Diversified Intl K	18,289	465,993	9,851		(81,295)	83,000	
FID Freedom K 2005	7,647	91,617	3,864	28	(3,458)		(9,817)
FID Freedom K 2010	15,707	190,059	8,552		(9,753)	35,000	
FID Freedom K 2015	28,963	351,326	17,892	4,758	(20,217)	142,195	
FID Freedom K 2020	19,159	238,143	11,069	(1,042)	(16,953)	120,625	
FID Freedom K 2025	6,700	83,350	3,667		(7,317)	87,000	
FID Intermed Bond	17,724	192,840	3,097		2,947	55,000	
Harbor Intl Inst	4,026	211,157	5,162	(3,133)	(34,653)	30,500	
JPM Mid Cap Value A				6,647	(6,580)	36,000	
JPM Mid Cap Value IS	3,082	73,202	859		16	12,000	
MFS Value Fund A			297	(3,455)			
MFS Value R4	1,656	37,070	240		(12)		
PIM Total RT Inst	46,557	506,068	17,400	1,756	(2,318)	150,000	
Spartan US EQ Index	4,134	183,939	3,080		(369)		
VANG Mid Cap IDX INV				519	(200)		
VANG Mid Cap IDX SIG	891	25,083	334		(1,761)	22,200	
<i>Total Registered Investment Companies</i>	182,972	3,135,407	96,593	58,863	(277,237)	834,520	(9,817)
<b>Interest-Bearing Cash</b>							
Fidelity US Govt Bond	9,437	9,437	1				
<i>Total Interest-Bearing Cash</i>	9,437	9,437	1				
<b>Affiliated Stock</b>							
State Auto Financial Corporation	19,225	261,271	11,242		(71,984)		
<i>Total Affiliated Stock</i>	19,225	261,271	11,242		(71,984)		
<i>Total Assets Held For Investment</i>	211,634	\$ 3,406,115	\$ 107,836	\$ 58,863	\$ (349,221)	\$ 834,520	\$ (9,817)



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## STATE AUTO INSURANCE COMPANIES

## AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

2010	Number of Shares	Fair Value	Dividends	Realized Gain (Loss)	Unrealized Gain (Loss)	Contributions	Benefit Payments
<b><u>Registered Investment Companies</u></b>							
Calamos Growth A	5,015	\$ 267,713	\$	\$ 41,747	\$ 32,041	\$ 63,604	\$
FID Contrafund			163	32,802	(16,434)	20,625	
FID Contrafund K	2,283	154,589	894		4,343	6,875	
FID Diversified Intl				94,805	(56,895)	46,250	
FID Diversified Intl K	15,088	454,437	8,999	(320)	1,544	20,040	
FID Freedom 2005			630	23,502	(15,051)	35,000	(7,489)
FID Freedom 2010			895	21,712	(11,049)	35,000	
FID Freedom 2015			2,048	55,864	(28,933)	106,250	
FID Freedom 2020			459	27,214	(20,912)	36,250	
FID Freedom K 2005	8,119	101,000	1,857	6	84		(1,591)
FID Freedom K 2010	12,323	156,260	2,914		612		
FID Freedom K 2015	30,169	383,753	7,425		1,808	2,500	
FID Freedom K 2020	7,380	97,345	1,825		1,105	6,250	
FID Freedom K 2025				243		10,000	
FID Intermed Bond	5,863	61,852	1,210		844	39,438	
Harbor Intl Inst	3,625	219,476	3,114		15,879	17,500	
JPM Mid Cap Value A	1,049	24,260	187		3,366	6,875	
PIM Total RT Inst	36,833	399,639	32,107	8,829	(3,887)	136,063	
Spartan US EQ Index	2,432	108,169	1,796		11,722	29,785	
VANG Mid Cap IDX	197	3,992	41		200	3,750	
<i>Total Registered Investment Companies</i>	130,376	2,432,485	66,564	306,404	(79,613)	622,055	(9,080)
<b><u>Interest-Bearing Cash</u></b>							
Fidelity US Govt Bond	9,436	9,436	2				
<i>Total Interest-Bearing Cash</i>	9,436	9,436	2				
<b><u>Affiliated Stock</u></b>							
State Auto Financial Corporation	18,485	322,013	1,889		17,464		
<i>Total Affiliated Stock</i>	18,485	322,013	1,889		17,464		
<i>Total Assets Held For Investment</i>	158,297	\$ 2,763,934	\$ 68,455	\$ 306,404	\$ (62,149)	\$ 622,055	\$ (9,080)

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STATE AUTO INSURANCE COMPANIES  
 AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

The Plan's unrealized appreciation (depreciation) at December 31, 2012, 2011, and 2010, were as follows:

	<b>Unrealized Gain (Loss)</b>		
	Beginning Balance	Net Change	Ending Balance
2010	\$ 209,848	(62,149)	147,699
2011	\$ 147,699	(349,221)	(201,522)
<b>2012</b>	<b>\$ (201,522)</b>	<b>276,804</b>	<b>75,282</b>

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## STATE AUTO INSURANCE COMPANIES

## AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

The Plan's net realized gains and losses were as follows for the years ended December 31, 2012, 2011 and 2010:

2012	Aggregate Proceeds	Cost	Net Realized Gains (Losses)
<b>Investment Options</b>			
ABF Small Cap Val Inst	\$ 8	49	(41)
Baron Growth Inst	57	(2)	59
Calamos Growth A	6		6
FID Contrafund K	39,388	36,094	3,294
FID Diversified Intl K	2		2
FID Freedom K 2005	10,301	10,165	136
FID Freedom K 2015	64,072	64,998	(926)
FID Freedom K 2030	35		35
FID Intermed Bond	(116)	(69)	(47)
Harbor Intl Inst	164	102	62
JPM Mid Cap Value IS	40	(14)	54
MFS Value Fund R4	20	(2)	22
PIM Total RT Inst	232,442	217,147	15,295
Spartan US EQ Index ADV	36	(2)	38
Spartan US EQ Index INV	200,394	160,353	40,041
VANG Mid Cap IDX SIG	27	9	18
<b>Total</b>	<b>\$ 546,876</b>	<b>488,828</b>	<b>58,048</b>

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## STATE AUTO INSURANCE COMPANIES

## AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

2011	Aggregate Proceeds	Cost	Net Realized Gains (Losses)
<u>Investment Options</u>			
ABF Small Cap Val Inst	\$ 22,349	22,206	143
ABF Small Cap Val INV	22,206	25,000	(2,794)
Baron Growth	23,891	25,000	(1,109)
Baron Growth Inst	24,093	23,891	202
Calamos Growth A	264,358	208,015	56,343
FID Freedom K 2005	9,817	9,789	28
FID Freedom K 2015	177,056	172,298	4,758
FID Freedom K 2020	22,902	23,944	(1,042)
Harbor Intl Inst	47,594	50,727	(3,133)
JPM Mid Cap Value A	60,327	53,680	6,647
MFS Value Fund A	36,842	40,297	(3,455)
PIM Total RT Inst	143,060	141,304	1,756
VANG Mid Cap IDX INV	4,310	3,791	519
Total	\$ 858,805	799,942	58,863

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STATE AUTO INSURANCE COMPANIES

AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

2010	Aggregate Proceeds	Cost	Net Realized Gains (Losses)
<u>Investment Options</u>			
Calamos Growth A	\$ 206,149	164,402	41,747
FID Contrafund	142,477	109,675	32,802
FID Diversified Intl	516,051	421,246	94,805
FID Diversified Intl K	90,087	90,407	(320)
FID Freedom 2005	168,132	144,630	23,502
FID Freedom 2010	152,734	131,022	21,712
FID Freedom 2015	372,019	316,155	55,864
FID Freedom 2020	176,560	149,346	27,214
FID Freedom K 2005	1,591	1,585	6
FID Freedom K 2025	10,243	10,000	243
PIM Total RT Inst	100,000	91,171	8,829
Spartan US EQ Index	(941)	(941)	
Total	\$ 1,935,102	1,628,698	306,404

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STATE AUTO INSURANCE COMPANIES

AMENDED AND RESTATED DIRECTORS DEFERRED COMPENSATION PLAN

Notes to the Financial Statements (continued)

December 31, 2012

**6. Trust**

The Company maintains a trust to provide a source of funds to assist the Company in meeting its obligations under the Plan. The rights of participants and their beneficiaries under the Plan are merely unsecured contractual rights against the Company and its participating subsidiaries. Participants and beneficiaries have no preferred claim on, or any beneficial ownership interest in, any assets of the trust. All assets of the trust are subject to the claims of the general creditors of the Company and its participating subsidiaries under Federal and state law should the Company and its participating subsidiaries become unable to pay their debts as they become due or become subject to Federal bankruptcy proceedings.

**7. Related Party**

The Plan invests in shares of registered investment companies managed by Fidelity Management Trust Company, custodian of the Plan. Beginning in 2010, members of the Board of Directors of STFC may also invest in Affiliated Stock.

**8. Tax Status**

The Plan is not, and is not intended to be, qualified under Section 401 of the Code. Consequently, an application for a favorable determination has not been filed with the Internal Revenue Service. The Plan does not have a tax filing requirement with the Internal Revenue Service, and therefore, no liability (or asset) or disclosure related to income taxes is included in the Plan's financial statements.

Deferred amounts are subject to FICA and Medicare taxes and most local income taxes at the time of the deferral. Deferred amounts (and the earnings thereon) are not subject to Federal and most state income taxes until distributed from the Plan. Such distributions and the related taxes are the responsibility of the participants.

**9. Right to Terminate**

The Company may terminate the Plan at any time and for any reason. Following termination of the Plan, no additional deferrals may be made, but all existing participant accounts will continue to be administered in accordance with the Plan, unless the Company elects to accelerate distribution of all Plan accounts in accordance with Section 409A of the Code.

**10. Investments**

The following table sets forth the investments, at fair value, which represent 5% or more of assets available for benefits at December 31, 2012 and 2011:

December 31  
**2012**      2011

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Calamos Growth Inst	<b>\$ 323,764</b>	255,400
FID Contrafund K	<b>395,090</b>	230,160
FID Diversified Intl K	<b>571,400</b>	465,993
FID Freedom K 2010	<b>246,481</b>	190,059
FID Freedom K 2015	<b>549,112</b>	351,326
FID Freedom K 2020	<b>385,762</b>	238,143
FID Intermed Bond	<b>253,662</b>	192,840
Harbor Intl Inst	<b>296,128</b>	211,157
PIM Total RT Inst	<b>548,192</b>	506,068
Spartan US EQ Index ADV	<b>273,477</b>	183,939
State Auto Financial Corporation	<b>298,020</b>	261,271

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**EXHIBIT INDEX**

<b><u>EXHIBIT NO.</u></b>	<b><u>DESCRIPTION OF EXHIBIT</u></b>
1	Consent of Independent Registered Public Accounting Firm.