

State Auto Financial CORP  
Form 8-K  
February 18, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 18, 2011 (February 17, 2011)

**STATE AUTO FINANCIAL CORPORATION**

(Exact name of registrant as specified in its charter)

**Ohio**  
(State or other jurisdiction  
of incorporation)

**000-19289**  
(Commission  
File Number)

**31-1324304**  
(IRS Employer  
Identification No.)

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**518 East Broad Street, Columbus, Ohio**  
(Address of principal executive offices)

**43215-3976**  
(Zip Code)

**Registrant's telephone number, including area code: (614) 464-5000**

**Not Applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Section 2. Financial Information**

**Item 2.02. Results of Operations and Financial Condition.**

On February 17, 2011, State Auto Financial Corporation (the **Company** ) issued a press release disclosing the Company's results of operations for its fourth quarter and year ended December 31, 2010 (the **Release** ). The full text of the Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The Release included a non-GAAP financial measure, net income (loss) from operations per diluted share. Net income (loss) from operations differs from GAAP net income (loss) only by the exclusion of realized capital gains (losses), net of applicable taxes, on investment activity for the periods being reported.

For the fourth quarter ended December 31, 2010 and 2009, GAAP net income was \$0.94 per diluted share and \$0.36 per diluted share, respectively, while net income from operations was \$0.78 per diluted share and \$0.36 per diluted share for these same respective periods. For the fourth quarter ended December 31, 2010 and 2009, realized capital gains, net of applicable taxes, increased GAAP net income per diluted share by \$0.16 and \$0.00, respectively.

For the year ended December 31, 2010 and 2009, GAAP net income was \$0.62 per diluted share and \$0.25 per diluted share, respectively, while net income from operations was \$0.36 per diluted share and \$0.33 per diluted share for these same respective periods. For the year ended December 31, 2010, realized capital gains, net of applicable taxes, increased GAAP net income per diluted share by \$0.26, while for the year ended December 31, 2009, realized capital losses, net of applicable taxes, decreased GAAP net income per diluted share by \$0.08.

Management uses net income (loss) from operations because it believes this calculation better indicates the Company's operating performance than GAAP net income (loss) because net income (loss) from operations excludes the sometimes volatile realized capital gains/losses, net of applicable federal income taxes, that can produce inconsistent results. Net income (loss) from operations provides a more consistent measure on which to predict future earnings of the Company.

**Section 7. Regulation FD**

**Item 7.01. Regulation FD Disclosure.**

The Company's management conducted a conference call on February 17, 2011, at approximately 10:00 a.m., ET, to review the Company's financial results for the fourth quarter and year ended December 31, 2010, and to respond to questions from interested investors and analysts. A transcript of the conference call is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

**Section 9. Financial Statements and Exhibits**

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits.

Exhibit No.	Description
99.1	Press release issued by State Auto Financial Corporation on February 17, 2011, regarding results of operations for the fourth quarter and year ended December 31, 2010.
99.2	Transcript of conference call held by management of State Auto Financial Corporation on February 17, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STATE AUTO FINANCIAL CORPORATION

Date: February 18, 2011

By */s/* JAMES A. YANO  
**Vice President and General Counsel**

EXHIBIT INDEX

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