

**SAFECO CORPORATION
COMPENSATION COMMITTEE CHARTER**

Amended and Restated by the Board of Directors February 1, 2006

I. Purpose

The Compensation Committee shall discharge the Board of Directors' responsibilities relating to compensation of Safeco's executive officers. Furthermore, the Compensation Committee shall have overall responsibility for approving and evaluating the compensation and benefit programs for employees and executives.

II. Organization and Meetings

The Compensation Committee shall be appointed by the Board of Directors upon the recommendation of the Nominating/Governance Committee of the Board and shall consist of no fewer than three members. The members of the committee shall meet the director independence requirements for members of the exchange or market on which Safeco's securities are traded or listed, shall qualify as "outside directors" under Section 162(m) of the Internal Revenue Code, as amended, and shall qualify as "non-employee directors" as defined under Section 16 of the Securities Exchange Act of 1934, as amended. No member shall serve while at the same time being an officer of a company on whose Compensation Committee serves the chief executive officer ("CEO") of Safeco. Each Compensation Committee member shall be independent of the management of Safeco and free of any relationship to Safeco that, in the opinion of the Board of Directors, would interfere with the member's exercise of independent judgment as a committee member.

The Compensation Committee shall meet at least quarterly and may meet more frequently as necessary. The Compensation Committee shall keep minutes of its meetings and make regular reports on its activities to the Board of Directors.

III. Committee Authority and Responsibilities

1. The committee shall review this charter annually and recommend proposed changes to the Board of Directors.
2. The committee shall have sole authority to retain and terminate advisors, including those in the compensation, accounting and employee benefit areas, to assist it in connection with compensation and health, welfare, retirement and savings benefits, including the sole authority to approve the fees and other retention terms with such advisors in connection with their work in these areas.
3. The committee shall annually review and approve for the CEO and the executive officers of Safeco (a) annual base salary level, (b) any annual incentive opportunity level, (c) any long-term incentive opportunity level, (d) employment

agreements, severance arrangements and change in control agreements and provisions, in each case, when and if appropriate, and (e) any special or supplemental benefits.

4. The committee shall approve salary changes for the 10 most highly compensated employees of Safeco and shall reports such changes to the Board from time-to-time. The Chair of the Committee shall have authority to approve the compensation for any newly hired employee that will be one of the 10 most highly compensated and will report such approval to the Committee from time-to-time.
5. The committee shall approve the performance measures to be used in executive, management, and broad-based employee incentive plans and the levels of performance for which incentive compensation is paid.
6. With respect to the compensation of the CEO; the committee shall annually establish financial and leadership goals and objectives relevant to the CEO's compensation, evaluate performance in light of those goals and objectives and approve changes in compensation, including awards under cash and equity based programs. Among the elements the committee shall consider in connection with the annual and long-term incentive component of the CEO's compensation are: Safeco's absolute and relative performance, the value of similar awards to CEOs of comparable companies and the awards made to the CEO in prior years.
7. The committee shall administer the long-term incentive plan and will approve all awards under such plan.
8. The committee shall establish stock ownership requirements for executive officers and annually review share ownership under those requirements.
9. The committee shall adopt employee compensation and welfare or benefit plans from time-to-time and shall approve changes to such benefit plans and programs.
10. The committee shall review the management succession planning process and annually review the management succession plan.
11. The committee shall monitor Safeco's efforts to achieve diversity within its workforce.
12. The committee shall meet in executive session without the presence of any management director or employee at least twice per year.
13. The committee may form and delegate authority to subcommittees, including management subcommittees, when appropriate.

14. The committee shall produce an annual report on executive compensation for inclusion in Safeco's proxy statement for its annual meeting of shareholders.
15. The committee shall annually review its performance under this charter.