

SAFECO CORPORATION GOVERNANCE GUIDELINES

Amended and Restated by the Board of Directors on December 14, 2007

The following corporate governance guidelines have been amended and restated by the Board of Directors of Safeco Corporation upon the recommendation of its Nominating/Governance Committee to assist the Board in the exercise of its duties. These guidelines reflect the Board's commitment to ensuring its effectiveness and desire to enhance shareholder value over the long-term.

These guidelines are subject to future refinement or changes as the Board may find necessary or advisable for Safeco in order to achieve these objectives.

1. Director Composition and Qualifications

- (A) A majority of directors shall meet the criteria for independence required by the New York Stock Exchange and as reflected in Safeco's director independence policy. In addition, directors should be free from conflicts of interest or an appearance of conflict that, in the opinion of the Board of Directors, would interfere with the director's exercise of independent judgment.
- (B) Safeco's bylaws provide that the size of the Board shall be set by resolution. Based upon Safeco's present circumstances the Board believes a Board of between nine and 15 directors is appropriate. The Board periodically evaluates whether a larger or smaller Board would be preferable as well as whether to add directors.
- (C) The Board, upon the recommendation of the Nominating/Governance Committee, will annually appoint a non-management director to serve either as its Lead Director or as Chairman of the Board. The Lead Director shall serve for no more than five consecutive years.
- (D) The Board will decide from time-to-time based on the then relevant factors whether the positions of CEO and Chairman of the Board may be held by the same person.
- (E) The Nominating/Governance Committee of the Board of Directors is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the make-up of the Board. Nominees for vacancies on the Board will be selected by the Nominating/Governance Committee in accordance with its established policies and principles and such nominees will be recommended to the full Board for approval. In connection with their renomination to the Board, the

Nominating/Governance Committee will review each existing director's qualifications to remain on the Board.

- (F) When a director's principal occupation or business association changes substantially during his or her tenure as a director (other than as a result of normal retirement), that director shall tender his or her resignation for consideration by the Nominating/Governance Committee. The Nominating/Governance Committee will review the offered resignation and recommend action to the Board. It is not Safeco's policy that in every instance when a director's principal occupation or business association changes substantially during his or her tenure as a director that the offered resignation should be accepted.
- (G) The Nominating/Governance Committee will assess whether a potential new Board member or an existing director has sufficient time to devote to the substantial duties and responsibilities of a member of the Board. Generally, directors should not serve on more than three other public company boards. However, an Audit Committee member shall serve on no more than two other public company audit committees unless the Board determines that such simultaneous service would not impair the director's ability to effectively serve on Safeco's board. Service on an audit committee of a wholly owned subsidiary will not count so long as the director also serves on the audit committee of the subsidiary's parent. In addition, the Audit Committee Chair may only serve as the chair of one other public company Audit Committee. Directors shall advise the Chairman of the Board, the Lead Director, as the case may be, and the Chairman of the Nominating/Governance Committee in advance of accepting an invitation to serve on another public company board.
- (H) The normal retirement age for a director is 72. The Board has not established term limits.

3. Lead Director Role and Responsibilities

- (A) The Lead Director exists to assure the strength and vitality of the independent directors in their role on behalf of the shareholders. It is a configuration chosen to assure the effectiveness of Safeco's independent directors while avoiding the risk of confusion about the primary business leadership role of the Chairman and CEO in directing the company.
- (B) The Lead Director shall:
 - i) Stay regularly informed on the strategy of the company and its evolution.
 - ii) Stay informed about critical issues and performance of the company.
 - iii) Serve as a liaison between the Chairman and independent directors.

- iv) Work with the chair of Nominating/Governance Committee on Board composition, structure, performance and any additional governance matters.
- v) Work with the chair of Compensation Committee on Chairman and CEO performance reviews, compensation and succession planning.
- vi) Work with independent directors and the Chairman to set the agenda for board meetings.
- vii) Preside at all meetings of the board or shareholders where the Chairman is not present.
- viii) Organize and preside at executive sessions of the Board.
- ix) Know the senior leadership of the company and be a point of contact for their concerns.
- x) Participate in exit interviews of resigning senior managers to determine whether their departure reflects problems with the CEO or other company issues.
- xi) Serve as the point of contact for shareholder concerns.

4. Director Responsibilities

- (A)** The basic responsibility of a director is to discharge the director's duties in good faith, with the care an ordinary prudent person in a like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interests of Safeco.
- (B)** A director is expected to attend Board meetings and meetings of committees on which the director serves, and to spend the time needed and meet as frequently as necessary to properly discharge the director's responsibilities. A director should review all materials provided by Safeco before any board or committee meeting of which the director is a member.
- (C)** In discharging their duties, the directors are entitled to rely on the honesty and integrity of Safeco's senior executives and its outside advisors and auditors, so long as such reliance is not unwarranted. The directors shall also be entitled to (i) have Safeco purchase reasonable directors' and officers' liability insurance on their behalf, and (ii) the benefits of indemnification to the fullest extent permitted by law and Safeco's articles of incorporation and bylaws.
- (D)** Any director may suggest the inclusion of items on the meeting agenda. Any director may raise meeting subjects not on the agenda for a regularly scheduled

meeting. The Board will review Safeco's long-term strategic plans annually during at least one Board meeting.

- (E) Non-management directors will meet without management in executive session at least quarterly. The Lead Director or non-management Chairman of the Board shall preside at these meetings and the director's identity will be disclosed in the annual proxy statement.
- (F) The Chief Executive Officer as well as other senior management are responsible for speaking on Safeco's behalf, including establishing effective communications with Safeco's constituents. The Chairman is the spokesperson for the Board. Individual directors, however, may meet or otherwise communicate with various constituents regarding Safeco with the prior authorization of the Board. This guideline is not intended to limit or inhibit the ability of any Safeco employee or shareholder from in good faith raising a concern about the conduct of Safeco's business or the reporting of its financial results.
- (G) Taking into account the policy set forth above, a shareholder email box has been established so that shareholders may communicate with non-management directors as a whole or the Lead Director individually. The Lead Director or non-executive Chairman, as the case may be, monitors this shareholder communication mechanism, forwards communications to the appropriate committee(s) or non-management director(s) and facilitates an appropriate response. All shareholder communication mechanisms are disclosed in the annual proxy statement along with the title of the individual responsible for monitoring and facilitating responses to shareholder communications received through these mechanisms.

5. Board Committees

- (A) The Board shall establish and maintain these standing committees: an Audit Committee; a Compensation Committee; a Finance Committee; and a Nominating/Governance Committee.
- (B) All of the members of the Audit, Compensation and Nominating/Governance Committees will be independent under the criteria established by the New York Stock Exchange, applicable federal securities laws and as reflected in the director independence policy established by the Nominating/Governance Committee. Furthermore, the Audit Committee members shall have the expertise and experience required by the Securities and Exchange Commission and the New York Stock Exchange.
- (C) Committee members will be appointed annually by the Board upon recommendation of the Nominating/Governance Committee with consideration of the desires of individual directors. It is the policy of the Board that the Chair of each Board committee will rotate at least every five years, unless a different

rotation is required by law or upon the Nominating/Governance Committee's determination. The Board may establish or disband additional committees as necessary or appropriate.

- (D) Each standing committee will have its own charter, which will be posted on Safeco's website. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations, committee reporting to the Board, and provide that each committee annually evaluate its performance.
- (E) The chair of each committee, in consultation with committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. The notice, agenda and materials for each standing committee meeting will be furnished to each director and each director is invited to observe all standing committee meetings.
- (F) Each committee has the sole power to hire and determine the engagement terms and authorize Safeco to pay the fees of independent legal, financial or other advisors as they deem necessary to fulfill such committee's responsibilities.
- (G) The Board shall also have an Executive Committee whose purpose shall be to meet on an emergency basis when the Board is not in session. Such committee shall have power to act on behalf of the Board pursuant to authority delegated by the Board.

6. Director Access to Officers, Employees and Advisors

Directors have full access to officers and employees of Safeco as well as Safeco's outside advisors.

7. Director Compensation

The form and amount of director compensation shall be recommended to the Board by the Nominating/Governance Committee in accordance with the policies and principles set forth in its charter. The Nominating/Governance Committee shall conduct an annual review of director compensation.

8. Stock Ownership Expectation

- (A) By December 31, 2008 or within six years of joining the Board, whichever is later, directors are expected to own at least 10,000 shares or vested restricted stock rights.

9. Director Orientation and Continuing Education

- (A) All new directors must participate in Safeco's orientation program. This orientation will include meetings with or presentations by senior management to familiarize new directors with Safeco's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its governance guidelines, its Code of Business and Financial Conduct and Ethics, its principal officers, and its internal audit structure and independent auditors.
- (B) All directors may attend all or part of the orientation program. Furthermore, Safeco will provide opportunities for its directors to attend continuing education programs, which will include information about industry trends as well as corporate governance matters, and will conduct such programs as it sees fit from time to time.
- (C) Every two years, each director must attend a continuing education program (for instance a Safeco sponsored in-house program or a program accredited by RiskMetrics/Institutional Shareholder Services or similar organization) in order to, among other things, satisfy the qualification and expertise requirements of the Securities and Exchange Commission and the New York Stock Exchange.

10. CEO Evaluation and Management Succession

- (A) The Compensation Committee will conduct an annual review of the CEO's performance, as set forth in its charter. The evaluation of the CEO should be a comprehensive process, based on both qualitative and quantitative factors, including actual performance of the business and long-term business and financial goals. The non-management directors will review the Compensation Committee's report.
- (B) The Compensation Committee will make an annual report to the Board regarding succession planning. The entire Board shall work with the Compensation Committee to evaluate potential successors to the CEO and, to the degree that the Board determines it necessary or appropriate, other members of senior management. The CEO should provide recommendations and evaluations of potential CEO successors as well as for other members of senior management, along with a review of any development plans recommended for such individuals.

11. Annual Performance Evaluation

Under the guidance of the Nominating/Governance Committee, the Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively.