

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 10/16/2009	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☒ the final return/report;</div><div>☐ an amended return/report;</div><div>☒ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information		
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) SAFECO CORPORATION 1001 4TH AVENUE SEATTLE, WA 98154-1119	1b	Three-digit plan number (PN) ▶ 002
		1c	Effective date of plan 01/01/1967
		2b	Employer Identification Number (EIN) 91-0742146
		2c	Sponsor's telephone number 617-357-9500
		2d	Business code (see instructions) 524140

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	08/13/2010	MARY CONNOLLY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SAFECO CORPORATION 1001 4TH AVENUE SEATTLE, WA 98154-1119	3b Administrator's EIN 91-0742146 3c Administrator's telephone number 617-357-9500
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	9858
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2F 2G 2J 2K 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 10/16/2009	
A Name of plan SAFECO 401(K) PLAN FKA SAFECO 401(K)/PROFIT SHARING RETIREMENT PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 SAFECO CORPORATION	D Employer Identification Number (EIN) 91-0742146

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).....	☒ Yes ☐ No
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b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).
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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
CAPITAL RESEARCH AND MANAGEMENT CO	333 SOUTH HOPE STREET 55TH FLOOR LOS ANGELES, CA 90071

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation	
THE VANGUARD GROUP, INC.	P.O. BOX 2600 VALLEY FORGE, PA 19482

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
HOTCHKIS AND WILEY CAPITAL MGT LLC	725 SOUTH FIGUEROA STREET 39TH FLOOR LOS ANGELES, CA 90017-5439

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
GLOBEFLEX CAPITAL, LP	4365 EXECUTIVE DRIVE SUITE 720 SAN DIEGO, CA 92121

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

WELLS FARGO BANK, N.A.

94-1347393

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 21 28 50	NONE	242879	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	ERNST & YOUNG LLP	b EIN:	34-6565596
c Position:	ACCOUNTANT		
d Address:	999 THIRD AVENUE, SUITE 3500 SEATTLE, WA 98104-4086	e Telephone:	206-654-7581

Explanation: BUSINESS DECISION

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 10/16/2009		
A Name of plan SAFECO 401(K) PLAN FKA SAFECO 401(K)/PROFIT SHARING RETIREMENT PLAN	B Three-digit plan number (PN) ▶	002
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 SAFECO CORPORATION	D Employer Identification Number (EIN) 91-0742146	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: STABLE RETURN FUND G		
b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.		
c EIN-PN 41-6202499-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE: TOTAL RETURN BOND FUND G		
b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.		
c EIN-PN 94-3222878-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE: SHORT-TERM INVESTMENT FUND G		
b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.		
c EIN-PN 41-6292499-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>10/16/2009</u>		
A Name of plan <u>SAFECO 401(K) PLAN FKA SAFECO 401(K)/PROFIT SHARING RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SAFECO CORPORATION</u>	D Employer Identification Number (EIN) <u>91-0742146</u>	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	3203	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1272000	0
(2) Participant contributions	1b(2)	1195000	0
(3) Other	1b(3)	454196	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	2262009	0
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	64364298	0
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	6282792	0
(9) Value of interest in common/collective trusts	1c(9)	242597908	0
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	526976562	0
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	845407968	0

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	2169213	0
i Acquisition indebtedness	1i		
j Other liabilities	1j	155462	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	2324675	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	843083293	0
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	68854	
(B) Participants	2a(1)(B)	299024	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		367878

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	11333	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	169663	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		180996

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		15139815
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		10701749
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		26390438

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	171988837	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		171988837
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	250564	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		250564
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		172239401

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-145848963
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		697234330

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DANIEL DENNIS & COMPANY LLP

(2) EIN: 04-2734675

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		15000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	X		

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☒ Yes ☐ No Amount: 0

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
LIBERTY MUTUAL EMPLOYEES' THRIFT-INCENTIVE PLAN	04-3583679	002

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 10/16/2009

A Name of plan <u>SAFECO 401(K) PLAN FKA SAFECO 401(K)/PROFIT SHARING RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SAFECO CORPORATION</u>	D Employer Identification Number (EIN) <u>91-0742146</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>41-6257133</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Daniel Dennis & Company LLP

Certified Public Accountants

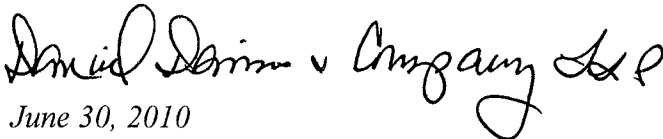
To the Benefit Plans Investment
and Administrative Committee
Safeco 401(k) Plan

Independent Auditors' Report

We have audited the accompanying statement of net assets available for plan benefits of Safeco 401(k) Plan (the Plan) at May 22, 2009 and the related statement of changes in net assets available for plan benefits for the year then ended. 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 audit. The financial statements of the Plan at and for the year ended December 31, 2008 were audited by other auditors whose report dated September 25, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audit provides 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 plan benefits at May 22, 2009 and the changes in net assets available for plan benefits for the period ended May 22, 2009, in conformity with accounting principles generally accepted in the United States of America.


June 30, 2010

SAFECO 401 (K) PLAN

Financial Statements

and

Auditors' Report

May 22, 2009 and December 31, 2008



Daniel Dennis & Company LLP

Certified Public Accountants

116 Huntington Avenue
Boston, MA 02116
(617) 262-9898
FAX: (617) 437-9937

Daniel Dennis & Company LLP

Certified Public Accountants

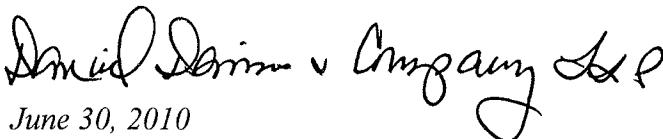
To the Benefit Plans Investment
and Administrative Committee
Safeco 401(k) Plan

Independent Auditors' Report

We have audited the accompanying statement of net assets available for plan benefits of Safeco 401(k) Plan (the Plan) at May 22, 2009 and the related statement of changes in net assets available for plan benefits for the year then ended. 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 audit. The financial statements of the Plan at and for the year ended December 31, 2008 were audited by other auditors whose report dated September 25, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audit provides 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 plan benefits at May 22, 2009 and the changes in net assets available for plan benefits for the period ended May 22, 2009, in conformity with accounting principles generally accepted in the United States of America.


June 30, 2010

SAFECO 401(K) PLAN
Statements of Net Assets Available for Plan Benefits
May 22, 2009 and December 31, 2008

	<i>2009</i>	<i>2008</i>
	<i>(In Thousands)</i>	
Assets		
Cash	\$ -	\$ 3
Investments, at fair value	-	842,484
Receivables:		
Company contributions	-	1,272
Participant contributions	-	1,195
Interest and dividends	-	282
Investment securities sold	-	172
Total receivables	-	2,921
Total assets	-	845,408
Liabilities		
Investment securities purchased	-	2,169
Excess contribution payable	-	3
Other liabilities	-	153
Total liabilities	-	2,325
Net assets available for benefits at fair value	-	843,083
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	-	8,288
Net assets available for benefits	<u>\$ -</u>	<u>\$ 851,371</u>

See accompanying notes to financial statements.

SAFECO 401(K) PLAN

Statements of Changes in Net Assets Available for Plan Benefits
For the Period Ended May 22, 2009 and Year Ended December 31, 2008

	2009	2008
	<i>(In Thousands)</i>	
Additions:		
Additions to net assets attributed to:		
Investment income:		
Interest	\$ 2,423	\$ 7,414
Dividends	904	10,045
Net appreciation/(depreciation) in fair value of investments	<u>14,408</u>	<u>(257,830)</u>
Total investment (loss)/income	17,735	(240,371)
Contributions:		
Company	69	31,956
Participants	<u>299</u>	<u>35,050</u>
Total contributions	<u>368</u>	<u>67,006</u>
Total additions	<u>18,103</u>	<u>(173,365)</u>
Deductions:		
Deductions from net assets attributed to:		
Benefits paid to participants	(171,989)	(114,845)
Administrative expenses	(251)	(653)
Plan assets transferred to Liberty Mutual	<u>(697,234)</u>	<u>-</u>
Total deductions	(869,474)	(115,498)
Net decrease	(851,371)	(288,863)
Net assets available for benefits:		
Beginning of year	<u>851,371</u>	<u>1,140,234</u>
End of year	<u>\$ -</u>	<u>\$ 851,371</u>

See accompanying notes to financial statements

SAFECO 401(K) PLAN
Notes to Financial Statements
May 22, 2009 and December 31, 2008

1. Description of Plan

The following description of the Safeco 401(k) Plan (the Plan), formerly known as the Safeco 401(k)/Profit Sharing Retirement Plan, provides only general information. For a complete description of the Plan's provisions, refer to the Plan document.

General

The Plan is sponsored by Safeco Corporation (the Company) as a defined contribution plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

On September 22, 2008, the Company was acquired by Liberty Mutual Insurance Company (Acquisition). In connection therewith, the Plan was merged into the Liberty Mutual Employees' Thrift-Incentive Plan (Successor Plan) on May 22, 2009 (Merger). The Merger did not change the value of the assets or the benefits owed to participants. Also, participants previously eligible for the Plan became eligible to participate in the Successor Plan effective January 1, 2009.

Eligibility

The Plan covers all eligible salaried employees of the Company or any participating affiliate.

Participant contributions

Employees may contribute to the Plan immediately upon hire. Participants may contribute any whole percentage of their eligible compensation, as defined in the Plan document, to the Plan. These contributions may be designated by the participant as pre-tax, after-tax, or a combination thereof. Participants may also contribute certain amounts representing distributions from other qualified plans. Participants are vested immediately in their contributions.

Matching contributions

For eligible participants, the Company matches 100% of the first 6% of participants' earnings, as defined in the Plan document, contributed to the Plan. Matching contributions are immediately vested for those employees who work at least one hour of service after January 1, 2008; otherwise participants become fully vested in matching contributions after the completion of five years of service, or on the date the participant dies, becomes disabled (as defined in the Plan document), or attains age 65, provided the participant is an employee on such date.

SAFECO 401(K) PLAN
Notes to Financial Statements
May 22, 2009 and December 31, 2008

1. *Description of Plan – Continued*

Fixed contributions

The Company also makes a fixed contribution equal to 3% of compensation on behalf of each eligible participant after the participant completes one year and at least 1,000 hours of service. Fixed contributions are immediately vested.

Forfeitures are used to offset Company contributions.

Participants direct the investment of their contributions and Company contributions into various investment options offered by the Plan. Participants may change the allocation of contributions and transfer account balances at any time by contacting the Plan record keeper.

Total participant contributions in any calendar year are limited by the Internal Revenue Code (the Code). Participant contributions in excess of these limits are reflected as a liability in these financial statements as they are returned to the participants.

Participant Accounts

Each participant's account is credited with the participant's contributions, related matching contributions, fixed contributions, and allocations of: (i) profit sharing contributions (prior to January 1, 2008, if any), and (ii) Plan earnings. Allocations of profit sharing contributions were based on the participant's annual compensation as a percentage of all participants' compensation for the year. Allocations of earnings are based on the participant's account balance. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participant Loans

Participants may borrow from their combined participant and vested matching contribution balances (available balance). Loan amounts range from a minimum of \$1,000 up to a maximum of \$50,000 or 50% of their available balance, whichever is less. Loans are secured by the available balance in the participant's account and bear interest at rates that are determined based on the prime corporate lending rate, plus one percentage point. Only one loan may be outstanding at any time. Principal and interest are repaid ratably through payroll deductions.

Payment of Benefits

Pretax participant contributions may be distributed only upon termination of employment or attaining age 59½, unless the participant qualifies for a hardship withdrawal. After-tax and

SAFECO 401(K) PLAN
Notes to Financial Statements - *Continued*
May 22, 2009 and December 31, 2008

1. *Description of Plan – Continued*

certain vested matching contributions may be withdrawn while a participant is still employed, but will result in a six-month suspension of participation in the Plan.

Upon termination of employment for any reason, a participant is eligible to receive a lump-sum amount equal to the value of his or her vested account balances, a partial lump-sum distribution (up to four times a year), fixed-term installments (not to exceed the lesser of 20 years or the participant's, or surviving spouses' life expectancy), or life expectancy installments. Eligible participants may commence benefit payments at any time by contacting the Plan record keeper. Benefit payments are recorded when paid and may vary significantly from year to year.

Prior to the Acquisition, a participant could elect to receive a portion of his or her lump-sum distribution in shares of the Company's common stock, to the extent invested in such stock.

2. *Summary of Significant Accounting Policies*

Basis of Accounting

The Plan's financial statements are prepared using the accrual method of accounting.

Use of Estimates

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

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. The fair values of registered investment companies (mutual funds), common stocks, and employer securities are stated at the last reported sales price as reported on a national securities exchange or market or, in the case of securities traded in the over-the-counter market and listed securities for which no sale was reported on a given date, at the last quoted bid price.

Investments in common/collective trust funds are valued based on the quoted unit value of the funds, which is determined by the Plan's trustee based on the value of the common/collective trust funds' net assets. Wells Fargo Stable Return Fund G has invested a portion of its net assets in fully benefit-responsive investment contracts. The fully benefit-responsive contracts are stated at fair value and then adjusted to contract value by the trustee.

SAFECO 401(K) PLAN
Notes to Financial Statements - *Continued*
May 22, 2009 and December 31, 2008

2. Summary of Significant Accounting Policies – Continued

The Plan has investments in two non-pooled separate accounts in which the Plan has 100% interest in the underlying investment. The investments consist of common stocks and interest-bearing cash.

Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Expenses

Administrative expenses related to the operation of the Plan may be paid by the Plan or by the Company. All administrative expenses, except loan initiation, investment management, and certain trustee fees, were paid by the Company.

3. Assets Held for Investments

The Plan's investments are held in trust by Wells Fargo Bank, N.A. Individual investments that represent 5% or more of the Plan's net assets available for benefits are as follows:

	2009	2008
	<i>(In Thousands)</i>	
Vanguard Total Stock Market Index Fund	\$ -	\$ 163,355
Wells Fargo Stable Return Fund G	-	148,577
Vanguard Balanced Index Fund	-	117,472
American Europacific Growth Fund	-	58,315
American Growth Fund of America	-	60,659
Wells Fargo Total Return Bond Fund G	-	89,184
Vanguard Total Bond Market Index Fund	-	75,541

The following table presents the net appreciation/(depreciation) in the fair value of investments:

	2009	2008
	<i>(In Thousands)</i>	
Common/collective funds	\$ 6,853	\$ 28,785
Common stocks	-	(52,346)
Mutual funds	7,555	(138,661)
Safeco Corporation common stock	<u>-</u>	<u>(95,608)</u>
Net appreciation in fair value of investments	<u>\$ 14,408</u>	<u>\$ (257,830)</u>

SAFECO 401(K) PLAN
Notes to Financial Statements - *Continued*
May 22, 2009 and December 31, 2008

3. *Assets Held for Investments - Continued*

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices for identical or similar assets or liabilities in markets that are not considered to be active or identical or similar financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable.

The Plan's investments in common stocks and registered investment companies for which the valuation is based on quoted prices in active markets are classified within Level 1 of the fair value hierarchy. The value of these investments at December 31, 2008 is \$591,341.

The Plan's investments in common/collective funds for which the valuation is based on the value of underlying investments are classified within Level 2 of the fair value hierarchy. The value of these investments at December 31, 2008 is \$242,597.

The Plan's investments in participant loans for which valuation is based upon unobservable inputs are classified within Level 3 of the fair value hierarchy. The value of these investments at December 31, 2008 is \$6,283.

The table below sets forth a summary of the changes in the fair value of the Plan's Level 3 assets for the year ending December 31, 2008.

Balance, beginning of year	\$ 6,263
Loan repayments and withdrawals	<u>20</u>
Balance end of year	<u><u>\$ 6,283</u></u>

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 participants' account balances and the amounts reported in the statements of net assets available for benefits.

SAFECO 401(K) PLAN
Notes to Financial Statements - *Continued*
May 22, 2009 and December 31, 2008

4. Plan Amendment or Termination

The Company may amend the Plan at any time. Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become fully vested in their accounts.

5. Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated December 10, 2002, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. The Plan has been amended and restated subsequent to the issuance of the determination letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The Company believes the Plan is designed and being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax exempt.

6. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the December 31, 2009 and 2008 financial statements to the Form 5500:

	2009	2008
	<i>(In Thousands)</i>	
Net assets available for benefits per the financial statements	\$ -	\$ 851,371
Less: Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>-</u>	<u>(8,288)</u>
Net assets available for benefits per the Form 5500	<u>\$ -</u>	<u>\$ 843,083</u>

The following is a reconciliation of net investment income per the financial statements for the year ended December 31, 2009 and 2008 to the Form 5500.

	2009	2008
	<i>(In Thousands)</i>	
Net investment income per the financial statements	\$ 17,735	\$ (240,371)
Less: Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>8,288</u>	<u>(7,793)</u>
Net investment income per the Form 5500	<u>\$ 26,023</u>	<u>\$ (248,164)</u>

SAFECO 401(K) PLAN

Form 5500 – Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

EIN 91-0742146 Plan Number 002

May 22, 2009

NONE

SAFECO 401(K) PLAN

Schedule H, Line 4j - Schedule of Reportable Transactions

EIN 91-0742146 Plan Number 002

May 22, 2009

(In Thousands)

Transactions or Series of Transactions in Excess of 5% of the Current Value of Plan Assets

<i>(a) Identity of Party Involved</i>	<i>(b) Description of Asset (include interest rate and maturity in case of a loan)</i>	<i>(c) Purchase Price</i>	<i>(d) Selling Price</i>	<i>(g) Cost of Asset</i>	<i>(i) Net Gain or (Loss)</i>
Wells Fargo	American Europacific Growth 1,385,226 shares	\$ -	\$ 42,817	\$ 55,142	\$ (12,325)
Wells Fargo	Vanguard Balanced Index 5,299,065 shares	-	88,441	103,300	(14,859)
Wells Fargo	Vanguard Total Bond Index 4,455,607 shares	-	45,224	45,201	23
Wells Fargo	Vanguard Total Stock Mkt Index 5,489,117 shares	-	107,861	137,717	(29,856)
Wells Fargo	Total Return Bond Fund 2,470,292 shares	-	63,376	59,024	4,352
Wells Fargo	Large Cap value Fund 102 sales	-	42,521	74,693	(32,172)
Wells Fargo	WF Stable Return Fund 28 purchases	6,294,351	-	6,294,351	-
Wells Fargo	WF Stable Return Fund 92 sales	-	39,569	34,965	4,604
Wells Fargo	WF Short Term Investment Fund 206 purchases	24,501	-	24,501	-
Wells Fargo	WF Short Term Investment Fund 222 sales	-	29,337	29,337	-

SAFECO 401(K) PLAN

Schedule H, Line 4j - Schedule of Reportable Transactions

EIN 91-0742146 Plan Number 002

May 22, 2009

(In Thousands)

Transactions or Series of Transactions in Excess of 5% of the Current Value of Plan Assets

<i>(a) Identity of Party Involved</i>	<i>(b) Description of Asset (include interest rate and maturity in case of a loan)</i>	<i>(c) Purchase Price</i>	<i>(d) Selling Price</i>	<i>(g) Cost of Asset</i>	<i>(i) Net Gain or (Loss)</i>
Wells Fargo	American Europacific Growth 17 purchases	483	-	483	-
Wells Fargo	American Europacific Growth 120 sales	-	63,513	83,577	(20,064)
Wells Fargo	American Growth Fund of America 19 purchases	955	-	955	-
Wells Fargo	American Growth Fund of America 122 sales	-	66,008	85,582	(19,574)
Wells Fargo	Vanguard Balanced Index 3 purchases	940	-	940	-
Wells Fargo	Vanguard Balanced Index 93 sales	-	118,550	139,118	(20,568)
Wells Fargo	Vanguard Total Bond Index 52 purchases	3,564	-	3,564	-
Wells Fargo	Vanguard Total Bond Index 114 sales	-	78,837	78,853	(16)
Wells Fargo	Vanguard Total Stock Mkt Index 23 purchases	2,212	-	2,212	-
Wells Fargo	Vanguard Total Stock Mkt Index 128 sales	-	164,609	211,484	(46,875)

SAFECO 401(K) PLAN

Schedule H, Line 4j - Schedule of Reportable Transactions

EIN 91-0742146 Plan Number 002

May 22, 2009

(In Thousands)

Transactions or Series of Transactions in Excess of 5% of the Current Value of Plan Assets

<i>(a) Identity of Party Involved</i>	<i>(b) Description of Asset (include interest rate and maturity in case of a loan)</i>	<i>(c) Purchase Price</i>	<i>(d) Selling Price</i>	<i>(g) Cost of Asset</i>	<i>(i) Net Gain or (Loss)</i>
Wells Fargo	Total Return Bond Fund 23 purchases	1,627	-	1,627	-
Wells Fargo	Total Return Bond Fund 103 sales	-	94,854	88,522	6,332

Plan Name	Safeco 401(k) Plan fka Safeco 401(k)/Profit Sharing Retirement Plan	EIN:	91-0742146
Plan Sponsor's Name	Safeco Corporation	PN:	002

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