

Corporate Governance Principles
of
Ohio Casualty Corporation

Amended November 15, 2006

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of Ohio Casualty Corporation**

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Corporate Governance Principles of Ohio Casualty Corporation

The following Corporate Governance Principles have been adopted by the Board of Directors (the “Board”) of Ohio Casualty Corporation (the “Company”) to assist the Board in the exercise of its responsibilities. These Corporate Governance Principles reflect the Board’s commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term stockholder value. These Corporate Governance Principles are not intended to change or interpret any Federal or state law or regulation, including the laws of Ohio or the Certificate of Incorporation or Code of Regulations of the Company. These Corporate Governance Principles are subject to modification from time to time by the Board.

THE BOARD

Role of Directors

All of the authority of the Company shall be exercised by or under the direction of its directors except where the law, the articles, or the regulations require action to be authorized or taken by shareholders.

A director shall perform his/her duties as a director, including his/her duties as a member of any committee of the directors upon which he/she may serve, in good faith, in a manner he/she reasonably believes to be in or not opposed to the best interests of the Company and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In performing his/her duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data that are prepared or presented by:

- 1) One or more directors, officers, or employees of the Company who the director reasonably believes are reliable and competent in the matters prepared or presented;
- 2) Counsel, public accountants, or other persons as to matters that the director reasonably believes are within the person’s professional or expert competence;
- 3) A committee of the directors which he/she does not serve, duly established in accordance with a provision of the articles or the regulations, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

The Board’s Goals

The Board’s goal is to build long-term value for the Company’s shareholders and to assure the vitality of the Company for its insureds, agents, employees and the other individuals and organizations who depend on the Company.

To achieve these goals the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer and to select his or her successor.

The selection of a time frame for the achievement of Company goals shall be the responsibility of the directors.

Meetings

A director is expected to spend the time and effort necessary to properly discharge the director's responsibilities. Accordingly, a director is expected to regularly attend all meetings of the Board and committees on which such director sits, and at a minimum, there is an expectation to attend at least 75% of all meetings, and to review prior to meetings material distributed in advance for such meetings. A director is also expected to attend all Annual Meetings of Shareholders. A director who is unable to attend any meeting (which is understood may occur on occasion) is expected to notify the Chief Executive Officer or the Corporate Secretary in advance of such meeting. Meetings may be held in person or by any means authorized by law.

Selection of the Chair and/or Lead Director of the Board

The Company's Independent Directors will designate one of the Directors on the Board to serve as a lead director (the "Lead Director"). The Lead Director shall preside at all meetings of the directors, and shall have such other powers and duties as the directors shall from time to time assign to the Lead Director.

The Board shall be free to elect a Chair for the Board. If a Chair is appointed, the Board will do so in a manner that it deems best for the Company at any given point of time.

Size of the Board

Until changed in accordance with the provisions of the regulations, the number of directors of the Company shall be ten. This number permits diversity of experience without hindering effective discussion or diminishing individual accountability.

Selection of New Directors

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Governance Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Governance Committee shall also consider advice and recommendations from others as it deems appropriate.

Board Membership Criteria

Nominees for director shall be selected on the basis of, among other things, experience, knowledge, skills, expertise, integrity, diversity, ability to make independent analytical inquiries, understanding of the Company's business environment and willingness to devote adequate time and effort to Board responsibilities.

The Governance Committee shall be responsible for assessing the appropriate balance of criteria required of Board members.

Stock Ownership

Each director is expected, within five years from the date of appointment or election, to accumulate and retain thereafter a minimum of 7,500 common shares and/or performance units of the Company, at a minimum rate of 1,500 shares and/or performance units of the Company per year. Directors shall refrain from engaging in the sale of Company shares unless the cumulative target ownership for that particular year has been achieved and maintained. The Governance Committee will evaluate whether exceptions should be made to this requirement for any director.

Other Public Company Directorships

The Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit. However, the Governance Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member.

Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors ("Independent Directors") under the listing standards of The NASDAQ Stock Market, Inc. (NASDAQ).

The Board shall review on an ongoing basis the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such review, only those directors who the Board affirmatively determines have no material relationship with the Company (either directly as a partner, shareholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of The NASDAQ or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence.

Directors Who Change Their Present Job Responsibility

Directors who are also employees of the Company are expected to resign from the Board at the same time they leave employment with the Company.

Any director who changes his or her employer or otherwise has a significant change in job responsibilities, or who accepts or intends to accept a directorship with another company that he or she did not hold when such director was most recently elected to the Board, shall give written notice to the Board, specifying the details, as soon as feasible and shall tender his or her resignation to the Board. The Board, through the Governance Committee, will review the continued appropriateness of such director's membership on the Board and each Board committee on which he or she serves, taking into account all relevant factors in determining whether to accept such resignation. In some instances, it may be appropriate to accept such director's resignation from one or more Board committees even if such person is retained as a director.

Retirement Age

It is the policy of the Company that a director having attained the age of 72 years will promptly submit a notice of resignation to the Board effective at the end of the term then being served by such director. The Board may accept the tendered resignation or choose to subsequently nominate the director for re-election to the Board in its discretion.

Board Compensation

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Company believes that compensation for non-employee directors should be competitive and should encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Governance Committee will periodically review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, including any charitable contributions by the Company to organizations in which a director is affiliated and consulting or other similar arrangements between the Company and a director. Changes to director compensation will be proposed to the full Board for consideration.

Directors' fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company.

All non-employee directors, including Audit Committee members, may elect to defer all or a part of the cash compensation earned for services to the directors' deferred compensation plan.

Executive Sessions of Non-Management Directors

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis. The Lead Director shall preside at such executive sessions, or in such director's absence, another non-management director designated by the Lead Director shall preside at such executive sessions.

Ability to Retain Independent Advisors

The Board and its committees shall have the authority and resources to seek expert advice from independent consultants.

Self-Evaluation by the Board

The Governance Committee will administer an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

Strategic Direction of the Company

It is management's role to formulate, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

Board Access to Management

Board members shall have access to the Company's management and to the Company's outside advisors. Board members shall coordinate such access through the Chief Executive Officer and Board members will use judgment to assure that this access is not distracting to the business operation of the Company.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

Board Materials Distributed in Advance

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practical, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

Board Interaction with Institutional Investors, Analysts, Press and Insureds

The Board believes that management generally should speak for the Company. Each director shall refer inquiries from institutional investors, analysts, the press or insureds to the Chief Executive Officer or his or her designee for response.

Board Orientation and Continuing Education

The Governance Committee shall provide new directors with a director orientation program to familiarize directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance principles, principal officers, internal auditors and independent auditors. In order to maintain the necessary level of expertise to perform his or her responsibilities as a director, each director is expected to complete a minimum of eight hours of continuing education per calendar year. The Governance Committee will evaluate adherence to this requirement as part of the annual board assessment.

BOARD MEETINGS

Frequency of Meetings

There shall be at least four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held each quarter.

Selection of Agenda Items for Board Meetings

The Lead Director and the Chief Executive Officer shall prepare an agenda for each meeting. The agenda shall set forth the items to be considered by the Board at each of its specified meetings during the year.

Any Board member may suggest inclusion of items on the agenda for the meeting or at any future meeting.

COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have five standing committees: Audit, Finance, Governance, Compensation & Development and Executive. The purpose and responsibilities for the committees shall be outlined in committee charters adopted by the Board. The Board may want, from time to time, to form a new committee or disband a current committee depending on circumstances. In addition, the Board may form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.

Independence of Board Committees

Each of the Audit Committee, Governance Committee and the Compensation & Development Committee shall be composed entirely of independent directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

Assignment and Rotation of Committee Members

The Governance Committee shall be responsible for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Governance Committee's recommendations, the Board shall be responsible for appointing the Chair and members to the committees on an annual basis.

LEADERSHIP DEVELOPMENT

Selection of the Chief Executive Officer

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

Evaluation of Chief Executive Officer

The Board will provide the Chief Executive Officer with an annual performance review for the prior year and establish his/her compensation going forward. The Compensation & Development Committee shall determine and recommend to the Board the compensation of the Chief Executive Officer. The Chief Executive Officer shall not be present during a vote or during deliberations regarding his/her compensation.

Succession Planning

The Board shall plan for the succession of the Chief Executive Officer. The Compensation & Development Committee shall determine that a satisfactory system is in effect for the education, development, and orderly succession of the Company's remaining executive officers.

Contacting Non-Management Directors

Any interested parties desiring to communicate with the Lead Director and/or any other non-management directors regarding the Company may do so by calling 1-888-270-5939 , sending an e-mail to www.tnwinc.com or in writing to P.O. Box 18698, Fairfield, OH 45018-0698.