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Liberty Mutual Group Subsidiary Files Registration Statement with U.S. Securities and Exchange Commission for an Initial Public Offering

Boston - Liberty Mutual Group today announced that its subsidiary, Liberty Mutual Agency Corporation (LMAC), consisting of substantially all of the operations currently conducted by its Agency Markets strategic business unit, has filed a registration statement with the U.S. Securities and Exchange Commission (SEC) for an initial public offering of shares of its common stock. The transaction requires review by the SEC, which Liberty Mutual expects will be completed in the third quarter of 2010.

LMAC offers personal and commercial lines of insurance to individuals and small to mid-sized businesses, as well as surety bonds, through independent agents. Liberty Mutual Group will own at least 80 percent of LMAC following the initial public offering and maintain a significant controlling interest going forward, while other shareholders will own up to 20 percent. The status of Liberty Mutual Holding Company Inc. (LMHC) as a mutual holding company will be unaffected by this proposed transaction. Similarly the status of the other companies in the Liberty Mutual Group will be unchanged.

“A publicly traded subsidiary representing a portion of our business offers us access to public equity markets and increases our overall financial flexibility to help us achieve our longer-term strategic objectives,” said Edmund F. Kelly, Liberty Mutual Group Chairman, President and Chief Executive Officer.

About Liberty Mutual Group

Boston-based LMHC, the parent corporation of the Liberty Mutual Group of entities that comprise the Liberty Mutual Group, is a diversified global insurer and the fifth largest property and casualty insurer in the U.S. based on direct written premium. LMHC is a mutual holding company that was formed by the reorganization of its three principal mutual insurance companies which became separate stock insurance companies in 2001 and 2002.

LMHC, through its subsidiaries and affiliated companies offers a wide range of property-casualty insurance products and services to individuals and businesses alike and employs more than 45,000 people in more than 900 offices throughout the world. LMHC conducts substantially all of its business through four strategic business units: Personal Markets, Commercial Markets, Agency Markets and International. Each business unit operates independently of the others and has dedicated sales, underwriting, claims, actuarial, financial and certain information technology resources.

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LMG/Page 2 -

Citi and BofA Merrill Lynch will act as joint book-running managers for the proposed offering. A copy of the prospectus relating to these securities may be obtained, when available, from: Citi, Brooklyn Army Terminal, 140 58th Street, 8th floor, Brooklyn, NY 11220. Telephone: 800-831-9146 or email to: batprospectusdepartment@citi.com or BofA Merrill Lynch, Attn: Prospectus Department, 4 World Financial Center, New York, NY 10080, or email to: Prospectus.Requests@ml.com.

A registration statement relating to these securities has been filed with the SEC but has not yet become effective. These securities may not be sold nor may offers to buy these securities be accepted prior to the time the registration statement becomes effective. This release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

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