



Financial Supplement
Quarter Ended June 30, 2004

LIBERTY MUTUAL HOLDING COMPANY INC.
Financial Supplement

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LIBERTY MUTUAL HOLDING COMPANY INC.
Consolidating Statements of Income
(dollars in millions)
(Unaudited)

	Three Months Ended June 30, 2004						Six Months Ended June 30, 2004					
	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated
Revenues												
Premiums earned	\$ 1,234	\$ 1,116	\$ 877	\$ 795	\$ 47	\$ 4,069	\$ 2,468	\$ 2,166	\$ 1,710	\$ 1,599	\$ 93	\$ 8,036
Net investment income	73	174	66	78	129	520	144	346	130	155	247	1,022
Net Realized investment gains (losses)	-	-	-	11	26	37	-	-	(2)	11	85	94
Fee and other revenues	14	91	13	7	30	155	28	196	26	15	68	333
Total revenues	1,321	1,381	956	891	232	4,781	2,640	2,708	1,864	1,780	493	9,485
Claims, Benefits and Expenses												
Benefits, claims and claim adjustment expenses	848	951	587	537	142	3,065	1,800	1,857	1,134	1,123	270	6,184
Insurance operating costs and expenses	274	366	293	242	62	1,237	544	714	573	474	157	2,462
Dividends to policyholders	-	1	10	-	2	13	-	6	15	-	6	27
Other expenses	-	-	-	1	72	73	-	-	-	1	136	137
Total claims, benefits and expenses	1,122	1,318	890	780	278	4,388	2,344	2,577	1,722	1,598	569	8,810
Pre-tax operating income (loss) (excluding net realized investment gains)	199	63	66	100	(72)	356	296	131	144	171	(161)	581
Pre-tax income (loss) before discontinued operations and minority interest	199	63	66	111	(46)	393	296	131	142	182	(76)	675
Federal and foreign income tax expense (benefit)	70	22	24	22	(138)	-	104	46	51	43	(244)	-
Income (loss) before discontinued operations and minority interest	129	41	42	89	92	393	192	85	91	139	168	675
Extraordinary items	-	-	-	-	-	-	-	-	-	-	-	-
Discontinued operations, net of tax	14	-	-	-	-	14	15	-	-	-	1	16
Change in accounting principle	-	-	-	-	-	-	-	-	-	-	-	-
Minority interest, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Net income	\$ 143	\$ 41	\$ 42	\$ 89	\$ 92	\$ 407	\$ 207	\$ 85	\$ 91	\$ 139	\$ 169	\$ 691

LIBERTY MUTUAL HOLDING COMPANY INC.
Consolidating Statements of Income
(dollars in millions)
(Unaudited)

	Three Months Ended June 30, 2003						Six Months Ended June 30, 2003					
	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated
Revenues												
Premiums earned	\$ 898	\$ 1,057	\$ 733	\$ 649	\$ 61	\$ 3,398	\$ 1,754	\$ 2,008	\$ 1,434	\$ 1,227	\$ 128	\$ 6,551
Net investment income	53	164	61	55	105	438	106	327	123	102	194	852
Net Realized investment gains (losses)	-	-	2	2	144	148	-	-	2	(12)	84	74
Fee and other revenues	13	78	12	10	24	137	25	156	26	16	51	274
Total revenues	964	1,299	808	716	334	4,121	1,885	2,491	1,585	1,333	457	7,751
Claims, Benefits and Expenses												
Benefits, claims and claim adjustment expenses	693	912	507	495	149	2,756	1,366	1,707	1,002	919	293	5,287
Insurance operating costs and expenses	211	315	249	205	89	1,069	403	644	483	382	161	2,073
Dividends to policyholders	-	5	10	-	2	17	-	13	18	-	7	38
Other expenses	-	-	-	2	57	59	-	-	-	2	112	114
Total claims, benefits and expenses	904	1,232	766	702	297	3,901	1,769	2,364	1,503	1,303	573	7,512
Pre-tax operating income (loss) (excluding net realized investment gains)	60	67	40	12	(107)	72	116	127	80	42	(200)	165
Pre-tax income (loss) before discontinued operations and minority interest	60	67	42	14	37	220	116	127	82	30	(116)	239
Federal and foreign income tax expense (benefit)	20	24	15	18	(42)	35	40	45	29	31	(107)	38
Income (loss) before discontinued operations and minority interest	40	43	27	(4)	79	185	76	82	53	(1)	(9)	201
Extraordinary items	-	-	-	-	-	-	-	-	-	-	-	-
Discontinued operations, net of tax	12	-	-	-	-	12	10	-	-	-	-	10
Change in accounting principle	-	-	-	-	-	-	-	-	-	-	-	-
Minority interest, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ 52	\$ 43	\$ 27	\$ (4)	\$ 79	\$ 197	\$ 86	\$ 82	\$ 53	\$ (1)	\$ (9)	\$ 211

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended March 31, 2004					
	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated
Revenues	\$ 1,319	\$ 1,327	\$ 908	\$ 889	\$ 261	\$ 4,704
PTOI before catastrophes and incurred attributable to prior years	\$ 127	\$ 103	\$ 87	\$ 109	\$ (34)	\$ 392
Catastrophes: ¹						
- Natural	(30)	-	(9)	-	-	(39)
- September 11, 2001	-	-	-	-	-	-
Net incurred attributable to prior years:						
-Asbestos	-	-	-	-	-	-
-All other	(14)	(14)	-	(38)	(52)	(104)
Discount accretion ²	(21)	(21)	-	-	(3)	(24)
Pre-tax operating income	97	68	78	71	(89)	225
Realized investment gains (losses), net	-	-	(2)	-	59	57
Federal and foreign income tax (expense) benefit	(34)	(24)	(27)	(21)	106	-
Discontinued operations, net of tax	1	-	-	-	1	2
Net income	\$ 64	\$ 44	\$ 49	\$ 50	\$ 77	\$ 284

	Three Months Ended June 30, 2004					
	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated
Revenues	\$ 1,321	\$ 1,381	\$ 956	\$ 891	\$ 232	\$ 4,781
PTOI before catastrophes and incurred attributable to prior years	\$ 231	\$ 103	\$ 74	\$ 87	\$ (24)	\$ 471
Catastrophes: ¹						
- Natural	(32)	(5)	(17)	-	-	(54)
- September 11, 2001	-	-	-	-	-	-
Net incurred attributable to prior years:						
-Asbestos	-	-	-	-	(4)	(4)
-All other	(14)	(14)	9	13	(41)	(33)
Discount accretion ²	(21)	(21)	-	-	(3)	(24)
Pre-tax operating income	199	63	66	100	(72)	356
Realized investment gains (losses), net	-	-	-	11	26	37
Federal and foreign income tax (expense) benefit	(70)	(22)	(24)	(22)	138	-
Discontinued operations, net of tax	14	-	-	-	-	14
Net income	\$ 143	\$ 41	\$ 42	\$ 89	\$ 92	\$ 407

	Six Months Ended June 30, 2004					
	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated
Revenues	\$ 2,640	\$ 2,708	\$ 1,864	\$ 1,780	\$ 493	\$ 9,485
PTOI before catastrophes and incurred attributable to prior years	\$ 358	\$ 206	\$ 161	\$ 196	\$ (58)	\$ 863
Catastrophes: ¹						
- Natural	(62)	(5)	(26)	-	-	(93)
- September 11, 2001	-	-	-	-	-	-
Net incurred attributable to prior years:						
-Asbestos	-	-	-	-	(4)	(4)
-All other	(28)	(28)	9	(25)	(93)	(137)
Discount accretion ²	(42)	(42)	-	-	(6)	(48)
Pre-tax operating income	296	131	144	171	(161)	581
Realized investment gains (losses), net	-	-	(2)	11	85	94
Federal and foreign income tax (expense) benefit	(104)	(46)	(51)	(43)	244	-
Discontinued operations, net of tax	15	-	-	-	1	16
Net income	\$ 207	\$ 85	\$ 91	\$ 139	\$ 169	\$ 691

	Three Months Ended March 31, 2003					
	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated
Revenues	\$ 921	\$ 1,192	\$ 777	\$ 617	\$ 123	\$ 3,630
PTOI before catastrophes and incurred attributable to prior years	\$ 83	\$ 103	\$ 53	\$ 52	\$ (42)	\$ 249
Catastrophes: ¹						
- Natural	(19)	(9)	(13)	-	-	(41)
- September 11, 2001	-	-	-	-	-	-
Net incurred attributable to prior years:						
-Asbestos	-	-	-	-	(46)	(46)
-All other	(8)	(18)	-	(22)	(5)	(53)
Discount accretion ²	(16)	(16)	-	-	-	(16)
Pre-tax operating income	56	60	40	30	(93)	93
Realized investment gains (losses), net	-	-	-	(14)	(60)	(74)
Federal and foreign income tax (expense) benefit	(20)	(21)	(14)	(13)	65	(3)
Discontinued operations, net of tax	(2)	-	-	-	-	(2)
Net income	\$ 34	\$ 39	\$ 26	\$ 3	\$ (88)	\$ 14

	Three Months Ended June 30, 2003					
	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated
Revenues	\$ 964	\$ 1,299	\$ 808	\$ 716	\$ 334	\$ 4,121
PTOI before catastrophes and incurred attributable to prior years	\$ 111	\$ 100	\$ 69	\$ 42	\$ (53)	\$ 269
Catastrophes: ¹						
- Natural	(42)	(1)	(25)	-	-	(68)
- September 11, 2001	-	-	-	-	-	-
Net incurred attributable to prior years:						
-Asbestos	-	-	-	-	(23)	(23)
-All other	(9)	(17)	(4)	(30)	(31)	(91)
Discount accretion ²	(15)	(15)	-	-	-	(15)
Pre-tax operating income	60	67	40	12	(107)	72
Realized investment gains (losses), net	-	-	2	2	144	148
Federal and foreign income tax (expense) benefit	(20)	(24)	(15)	(18)	42	(35)
Discontinued operations, net of tax	12	-	-	-	-	12
Net income	\$ 52	\$ 43	\$ 27	\$ (4)	\$ 79	\$ 197

	Six Months Ended June 30, 2003					
	Personal Market	Commercial Markets	Regional Agency Markets	International	Corporate and Other	Consolidated
Revenues	\$ 1,885	\$ 2,491	\$ 1,585	\$ 1,333	\$ 457	\$ 7,751
PTOI before catastrophes and incurred attributable to prior years	\$ 194	\$ 203	\$ 122	\$ 94	\$ (95)	\$ 518
Catastrophes: ¹						
- Natural	(61)	(10)	(38)	-	-	(109)
- September 11, 2001	-	-	-	-	-	-
Net incurred attributable to prior years:						
-Asbestos	-	-	-	-	(69)	(69)
-All other	(17)	(35)	(4)	(52)	(36)	(144)
Discount accretion ²	(31)	(31)	-	-	-	(31)
Pre-tax operating income	116	127	80	42	(200)	165
Realized investment gains (losses), net	-	-	2	(12)	84	74
Federal and foreign income tax (expense) benefit	(40)	(45)	(29)	(31)	107	(38)
Discontinued operations, net of tax	10	-	-	-	-	10
Net income	\$ 86	\$ 82	\$ 53	\$ (1)	\$ (9)	\$ 211

¹Excludes catastrophes assumed through voluntary reinsurance programs.

²The Company discounts the long-term indemnity portion of its workers' compensation claims as permitted by insurance regulations. The discount accretion on these claims flows through underwriting results as the loss reserves accrete to nominal value. Asbestos settlements are discounted at 4.5%.

LIBERTY MUTUAL HOLDING COMPANY INC.

Allocation of Invested Assets

(dollars in millions)

(Unaudited)

	As of June 30, 2004		As of December 31, 2003	
	Amount	% of Total	Amount	% of Total
Fixed Maturities by Security Type				
Fixed maturities, available for sale, at fair value	\$ 33,033	90.7%	\$ 32,287	90.8%
Equity securities, available for sale, at fair value	1,481	4.1	1,346	3.8
Trading securities, at fair value	409	1.1	208	0.6
Limited partnerships (Ex. Liberty Energy)	658	1.9	564	1.6
Liberty Energy limited partnerships	83	0.2	108	0.3
Other investments	119	0.3	96	0.3
Short-term investments	625	1.7	940	2.6
Total investments	\$ 36,408	100.0%	\$ 35,549	100.0%

Fixed Maturities by Asset Sector

U.S. Treasury securities	\$ 2,300	7.0%	\$ 2,717	8.4%
Mortgage and asset-backed securities of government and corporate agencies	11,750	35.6	11,499	35.6
State and municipal	1,352	4.1	1,250	3.9
Corporate and other	17,631	53.3	16,821	52.1
Total fixed maturities	\$ 33,033	100.0%	\$ 32,287	100.0%

Fixed Maturities by Credit Quality

S&P Rating	NAIC Designation				
A- or higher	1	\$ 26,908	81.5%	\$ 26,912	83.4%
BBB- to BBB+	2	3,795	11.5	3,084	9.5
BB- to BB+	3	967	2.9	1,039	3.2
B- to B+	4	1,096	3.3	988	3.1
CCC or lower	5	266	0.8	253	0.8
In or near default	6	1	0.0	11	0.0
Total fixed maturities		\$ 33,033	100.0%	\$ 32,287	100.0%

LIBERTY MUTUAL HOLDING COMPANY INC.

Realized Investment Gains and Losses

(dollars in millions)

(Unaudited)

	Sales & Dispositions	Impairments	Change in Trading Security Unrealized	Total
Net Realized Investment Gains				
Three Months Ended June 30, 2004				
Fixed maturities	\$ 59	\$ -	\$ -	\$ 59
Common and preferred stock	(5)	(15)	-	(20)
Other	(2)	-	-	(2)
Total	\$ 52	\$ (15)	\$ -	\$ 37
Three Months Ended June 30, 2003				
Fixed maturities	\$ 98	\$ (3)	\$ -	\$ 95
Common and preferred stock	59	(7)	3	55
Other	(2)	-	-	(2)
Total	\$ 155	\$ (10)	\$ 3	\$ 148
Six Months Ended June 30, 2004				
Fixed maturities	\$ 115	\$ (5)	\$ -	\$ 110
Common and preferred stock	21	(24)	(8)	(11)
Other	(5)	-	-	(5)
Total	\$ 131	\$ (29)	\$ (8)	\$ 94
Six Months Ended June 30, 2003				
Fixed maturities	\$ 77	\$ (19)	\$ -	\$ 58
Common and preferred stock	31	(18)	3	16
Other	-	-	-	-
Total	\$ 108	\$ (37)	\$ 3	\$ 74

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Components of Net Realized Investment Gains				
Fixed maturities				
Gross realized gains	\$ 73	\$ 95	\$ 139	\$ 128
Gross realized losses	(14)	-	(29)	(70)
Equities				
Gross realized gains	22	64	48	73
Gross realized losses	(42)	(9)	(59)	(57)
Other				
Gross realized gains	1	-	1	2
Gross realized losses	(3)	(2)	(6)	(2)
Total investments	\$ 37	\$ 148	\$ 94	\$ 74

LIBERTY MUTUAL HOLDING COMPANY INC.

Net Investment Income and Net Unrealized Investment Gains and Losses

(dollars in millions)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Components of Net Investment Income				
Interest income	\$ 492	\$ 444	\$ 962	\$ 867
Dividends	27	17	48	35
Limited partnerships	19	(13)	47	(23)
Other investment income	1	-	2	1
Gross investment income	539	448	1,059	880
Investment expenses	(19)	(10)	(37)	(28)
Net investment income	\$ 520	\$ 438	\$ 1,022	\$ 852

Components of Change in Net Unrealized Investment Gains

Fixed maturities	\$ (877)	\$ 551
Equities	34	121
Adjustments to deferred policy acquisition costs	8	(12)
Net change in unrealized investment (losses) gains	(835)	660
Deferred income taxes	293	(231)
Net change in unrealized investment (losses) gains, net of tax	\$ (542)	\$ 429

LIBERTY MUTUAL HOLDING COMPANY INC.

Issuer and Sector Exposure as of June 30, 2004

(dollars in millions)

(Unaudited)

Issuer	Fixed Income	Equity	Total Exposure	Percent of Invested Assets
1 JP Morgan Chase	\$ 556	\$ 16	\$ 572	1.57%
2 Bank of America	444	17	461	1.27
3 Citigroup	345	35	380	1.05
4 Government of Spain	379	-	379	1.04
5 Government of Canada	348	-	348	0.96
7 Wachovia	316	7	323	0.89
6 General Electric	292	26	318	0.88
8 AIG	260	15	275	0.76
9 Goldman Sachs	262	4	266	0.73
10 Verizon	240	20	260	0.72
11 Royal Bank of Scotland	251	7	258	0.71
12 SBC Communications	225	18	243	0.67
13 Wells Fargo	202	8	210	0.58
14 Government of Venezuela	198	-	198	0.54
15 Deutsche Bank	188	-	188	0.52
16 Safeway	183	1	184	0.51
17 Morgan Stanley	179	5	184	0.50
18 Mellon Financial	181	1	182	0.50
19 Norfolk Southern	180	1	181	0.50
20 Albertson's	179	1	180	0.49
Total	\$ 5,408	\$ 182	\$ 5,590	15.39%

Sector	Fixed Income	Equity	Total Exposure	Percent of Invested Assets
1 Banks	\$ 3,072	\$ 132	\$ 3,204	8.81%
2 Diversified Financial Services	2,469	118	2,587	7.11
3 Sovereign	1,661	-	1,661	4.56
4 Municipal	1,371	-	1,371	3.77
5 Telecommunications	976	120	1,096	3.01
6 Electric	996	90	1,086	2.98
7 Retail	875	63	938	2.58
8 Oil & Gas	683	198	881	2.42
9 Food	658	28	686	1.89
10 Transportation	594	14	608	1.67
11 Insurance	472	57	529	1.46
12 Home Builders	465	3	468	1.28
13 Media	303	60	363	1.00
14 Chemicals	213	22	235	0.64
15 Miscellaneous Manufacturing	163	57	220	0.60
16 Cosmetics/Personal Care	163	23	186	0.51
17 Auto Manufacturers	164	12	176	0.49
18 Pharmaceuticals	78	94	172	0.47
19 Regional(state/province)	160	-	160	0.44
20 Multi-National	156	-	156	0.43
Total	\$ 15,692	\$ 1,091	\$ 16,783	46.12%

LIBERTY MUTUAL HOLDING COMPANY INC.

Reinsurance Overview

CORPORATE REINSURANCE GUIDELINES AND POLICIES

Scope

The term “reinsurance” refers to all traditional assumed and ceded reinsurance (and coinsurance) arrangements that typically transfer risk in the property-casualty and life insurance industries.

Strategy

Liberty uses reinsurance as a risk management tool to accomplish the following objectives:

- Limit the organization’s potential loss to catastrophic events such as hurricane, earthquake and terrorism.
- Limit the organization’s potential loss to non-catastrophic trends such as rising medical inflation.
- Improve the organization’s spread of risk.

Liberty also uses a significant amount of reinsurance to facilitate its role as a servicing carrier for a number of voluntary and involuntary pools and associations in a number of states and classes of business.

Reinsurance Security Oversight

As part of its reinsurance security oversight, Liberty Mutual has established a Standing Reinsurance Credit Committee (SRC) that meets quarterly to monitor and review the credit quality of the existing reinsurance portfolio, discuss emerging trends in the reinsurance market place and ensure that the current portfolio of reinsurance is in compliance with the Committee’s security standards. The SRC is directly responsible for establishing the minimum rating, collateral and diversification requirements governing Liberty’s purchase and use of reinsurance.

LIBERTY MUTUAL HOLDING COMPANY INC.
Footnotes to Reinsurance Recoverable Exhibits

¹ AM Best Co. and Standard & Poor's ratings as of July 26, 2004.

² Gross recoverables are defined as paid and unpaid claims and claim adjustment expenses recoverables, before bad debt reserves set aside for potential uncollectible reinsurance and before consideration of collateral. This represents a change in presentation from prior quarters when the gross recoverables were reported net of bad debt reserves.

³ Collateral refers to letters of credit, trust accounts and funds held against outstanding claims and claim adjustment expenses reinsurance recoverable balances.

⁴ Net recoverables are defined as the difference between the amount of gross recoverables and collateral held for specific reinsurance treaties.

⁵ Recoverables from state mandated involuntary market pools and associations represent servicing carrier business. As a servicing carrier, the Company retains no direct underwriting risk but instead cedes 100% of the involuntary market premium and losses back to the pool. Payment of losses is shared among the pool participants in proportion to their pool participation. Credit risk with respect to any given pool or association is the composite of the cumulative creditworthiness of all participants.

⁶ Reinsurers not rated by A.M. Best Co. and/or Standard & Poor's.

⁷ Reinsurance Groups are defined as all reinsurance subsidiaries owned by a common parent. The indicated rating for each group reflects the rating of the principle reinsurer within the group.

⁸ The rating of Nationwide Indemnity Co. (NIC) reflects the rating of its parent, Nationwide Mutual Insurance Co. Nationwide Mutual has guaranteed the timely payment and performance of the obligations of Nationwide Indemnity Company under the reinsurance agreements, dated Dec. 31, 1998, between NIC and Employers Insurance Company of Wausau and certain of its affiliated property and casualty companies.

⁹ Approximately 44% of the net recoverable balance relates to business ceded to Equitas.

LIBERTY MUTUAL HOLDING COMPANY INC.
Distribution of Reinsurance Recoverables by A.M. Best Rating

As of June 30, 2004 ¹

(Data in Millions)	(a) Gross Recoverables ²	(b) Collateral Held ³	(c) Net Recoverables ⁴	(d) % of Total Net Recov.
Rated Entities				
A++	\$ 2,283	\$ 1,218	\$ 1,065	10%
A+	4,585	655	3,957	38%
A	1,078	230	879	9%
A-	670	65	608	6%
B++	60	1	60	-
B+	13	-	13	-
B or Below	12	-	12	-
Subtotal	\$ 8,701	\$ 2,169	\$ 6,594	63%
Pools & Associations				
State mandated involuntary pools and associations ⁵	\$ 2,827	\$ 5	\$ 2,824	27%
Voluntary	349	81	268	3%
Subtotal	\$ 3,176	\$ 86	\$ 3,092	30%
Non-Rated Entities ⁶				
Captives & fronting companies	\$ 949	\$ 1,088	\$ 68	1%
Other	772	283	578	6%
Subtotal	\$ 1,721	\$ 1,371	\$ 646	7%
Grand Total	\$ 13,598	\$ 3,626	\$ 10,332	100.0%

See explanation of footnoted items on page 10 of financial supplement.

LIBERTY MUTUAL HOLDING COMPANY INC.
Distribution of Reinsurance Recoverables by Standard & Poor's Rating

As of June 30, 2004 ¹

(Data in Millions)	(a) Gross Recoverables ²	(b) Collateral Held ³	(c) Net Recoverables ⁴	(d) % of Total Net Recov.
Rated Entities				
AAA	\$ 1,282	\$ 621	\$ 667	6%
AA+, AA , AA-	3,743	1,315	2,460	24%
A+, A , A-	3,592	306	3,319	32%
BBB+, BBB , BBB -	61	3	60	1%
BB+ or Below	6	2	4	-
Subtotal	\$ 8,684	\$ 2,247	\$ 6,510	63%
Pools & Associations				
State mandated involuntary pools and associations ⁵	\$ 2,827	\$ 5	\$ 2,824	27%
Voluntary	349	81	268	3%
Subtotal	\$ 3,176	\$ 86	\$ 3,092	30%
Non-Rated Entities ⁶				
Captives & fronting companies	\$ 949	\$ 1,088	\$ 68	1%
Other	789	205	662	6%
Subtotal	\$ 1,738	\$ 1,293	\$ 730	7%
Grand Total	\$ 13,598	\$ 3,626	\$ 10,332	100%

See explanation of footnoted items on page 10 of financial supplement.

LIBERTY MUTUAL HOLDING COMPANY INC.

Top 15 Reinsurance Recoverables by Group

As of June 30, 2004 ¹

Reinsurance Groups ⁷ (Data in Millions)	Gross Recoverables ²	Collateral ³	Net Recoverables ⁴
1 Swiss Re Group	\$ 1,655	\$ 339	\$ 1,318
2 Nationwide Group ⁸	1,576	-	1,576
3 Berkshire Hathaway Group	1,258	621	643
4 Chubb Group	960	606	354
5 Munich Re	423	4	421
6 PartnerRe Group	355	295	80
7 Equitas / Lloyds of London ⁹	346	-	346
8 UPINSCO (Captive)	341	380	-
9 GE Global Insurance Group	280	6	274
10 Everest Re Group	240	-	240
11 White Mountains Insurance Group	214	-	214
12 ACE	206	206	19
13 Converium Group	159	16	143
14 St. Paul Travelers Companies	124	79	61
15 Associated Electric & Gas	115	125	-
State Mandated Involuntary pools and associations ⁵	2,827	5	2,825
Voluntary pools and associations	349	81	268
All other	2,170	863	1,550
Total Reinsurance Recoverables	\$ 13,598	\$ 3,626	\$ 10,332

See explanation of footnoted items on page 10 of financial supplement.

LIBERTY MUTUAL HOLDING COMPANY INC.

Capitalization

(dollars in millions)

(Unaudited)

	As of June 30, 2004	As of December 31, 2003
DEBT		
Short-term debt		
Commercial paper	\$126	\$84
Revolving credit facilities	19	22
Medium Term Notes, maturing within one year	61	-
Other	-	-
Total short-term debt	\$206	\$106
Long-term debt		
8.20%, Surplus Notes, due 2007	\$121	\$250
6.75%, Notes, due 2008	15	15
5.00%, Prudential Notes, due 2008	30	30
7.00%, Prudential Notes - Series A, due 2008	-	130
8.00%, Prudential Notes - Series B, due 2013	260	260
5.75%, Senior Notes, due 2014	500	-
8.50%, Surplus Notes, due 2025	150	150
7.87%, Surplus Notes, due 2026	250	250
7.63%, Notes, due 2028	3	3
7.00%, Senior Notes, due 2034	250	-
7.70%, Surplus Notes, due 2097	500	500
6.76% - 8.10%, Medium Term Notes, various	27	88
Subtotal	2,106	1,676
Unamortized discount	(15)	(8)
Total long-term debt	\$2,091	\$1,668
Total debt	\$2,297	\$1,774
POLICYHOLDERS' EQUITY		
Unassigned surplus	\$6,885	\$6,194
Accumulated other comprehensive income (AOCI)	585	1,187
Total policyholders' equity	\$7,470	\$7,381
CAPITALIZATION		
Capitalization including AOCI, net of tax	\$9,767	\$9,155
Capitalization excluding AOCI, net of tax	\$9,182	\$7,968
FINANCIAL LEVERAGE RATIOS		
Debt to capitalization including AOCI	23.5%	19.4%
Debt to capitalization excluding AOCI	25.0%	22.3%