Financial Supplement

Quarter Ended March 31, 2006

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 March 31, 2006						Three Months Ended March 31, 2005					
	Personal Market	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	Personal Market	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated
Revenues												
Premiums earned	$1,276	$878	$1,349	$999	$164	$4,666	$1,257	$843	$1,239	$806	$60	$4,205
Net investment income	71	136	108	89	156	560	69	133	106	81	166	555
Net Realized investment gains	-	-	-	15	10	25	-	-	-	1	20	21
Fee and other revenues	15	90	22	12	58	197	15	102	21	11	41	190
Total revenues	**1,362**	**1,104**	**1,479**	**1,115**	**388**	**5,448**	**1,341**	**1,078**	**1,366**	**899**	**287**	**4,971**
Claims, Benefits and Expenses												
Benefits, claims and claim adjustment expenses	909	773	893	672	250	3,497	877	720	812	526	155	3,090
Insurance operating costs and expenses	336	278	442	316	63	1,435	295	287	419	276	104	1,381
Dividends to policyholders	-	1	16	-	3	20	-	(4)	10	-	3	9
Other expenses	-	-	-	16	76	92	-	-	-	18	68	86
Total claims, benefits and expenses	**1,245**	**1,052**	**1,351**	**1,004**	**392**	**5,044**	**1,172**	**1,003**	**1,241**	**820**	**330**	**4,566**
Pre-tax operating income (loss) (excluding net realized investment gains)	117	52	128	96	(14)	379	169	75	125	78	(63)	384
Pre-tax income (loss) before discontinued operations and minority interest	**117**	**52**	**128**	**111**	**(4)**	**404**	**169**	**75**	**125**	**79**	**(43)**	**405**
Federal and foreign income tax expense (benefit)	41	17	45	34	(25)	112	59	26	44	26	(155)	-
Income before discontinued operations and minority interest	76	35	83	77	21	292	110	49	81	53	112	405
Discontinued operations, net of tax	-	-	-	-	-	-	-	-	-	(9)	-	(9)
Net income	**$76**	**$35**	**$83**	**$77**	**$21**	**$292**	**$110**	**$49**	**$81**	**$44**	**$112**	**$396**

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended March 31, 2006						Three Months Ended March 31, 2005					
	Personal Market	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	Personal Market	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated
Revenues	$1,362	$1,104	$1,479	$1,115	$388	$5,448	$1,341	$1,078	$1,366	$899	$287	$4,971
Pre-tax operating income (loss) before catastrophes and incurred attributable to prior years	$176	$100	$135	$114	$29	$554	$189	$105	$120	$78	($16)	$476
Catastrophes: [1]												
- 2005 hurricanes	(11)	(4)	(3)	-	(6)	(24)	-	-	-	-	-	-
- All other	(48)	(8)	(19)	-	-	(75)	(27)	(3)	(7)	-	-	(37)
Net incurred attributable to prior years:												
- Asbestos	-	-	-	-	(1)	(1)	-	-	-	-	-	-
- All other	-	(14)	19	(18)	(34)	(47)	7	(6)	17	-	(44)	(26)
Discount accretion [2]	-	(22)	(4)	-	(2)	(28)	-	(21)	(5)	-	(3)	(29)
Pre-tax operating income (loss)	117	52	128	96	(14)	379	169	75	125	78	(63)	384
Realized investment gains (losses), net	-	-	-	15	10	25	-	-	-	1	20	21
Federal and foreign income tax (expense) benefit	(41)	(17)	(45)	(34)	25	(112)	(59)	(26)	(44)	(26)	155	-
Discontinued operations, net of tax	-	-	-	-	-	-	-	-	-	(9)	-	(9)
Net income	**$76**	**$35**	**$83**	**$77**	**$21**	**$292**	**$110**	**$49**	**$81**	**$44**	**$112**	**$396**

[1] Catastrophe losses from assumed reinsurance lines (assumed voluntary reinsurance and reinsurance assumed through Lloyd's Syndicate 4472) relating to the 2005 hurricanes (Katrina, Rita, & Wilma) have been separately identified in the tables above given the significance of these events. All other catastrophe losses from assumed reinsurance lines have not been separately identified or normalized given the expected volatility associated with these coverages. Catastrophe losses include the impact of earned reinstatement premiums.

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

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of Statutory to GAAP Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended March 31, 2006
Domestic insurance Statutory net income	**$149**
Domestic insurance companies pre-tax GAAP adjustments	24
Subsidiaries and affiliates GAAP pre-tax income	127
GAAP tax adjustment	(8)
GAAP Group net income	**$292**

Note: Subsidiaries and affiliates consist of Liberty International Holdings LLC, Liberty Life Assurance Company of Boston, and non-insurance entities.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Three Months Ended March 31, 2006					Three Months Ended March 31, 2005				
Combined ratio, before catastrophes and incurred attributable to prior years	Personal Market	Commercial Markets	Agency Markets	International	Consolidated	Personal Market	Commercial Markets	Agency Markets	International	Consolidated
Claims and claims adjustment expense ratio	66.6%	80.9%	65.2%	66.1%	69.1%	68.3%	80.0%	65.8%	66.5%	69.5%
Underwriting expense ratio	24.8%	20.4%	31.0%	29.3%	26.6%	21.9%	18.7%	31.7%	30.2%	27.3%
Dividend ratio	0.0%	0.1%	1.2%	0.0%	0.4%	0.0%	(0.5%)	0.8%	0.0%	0.1%
Subtotal	**91.4%**	**101.4%**	**97.4%**	**95.4%**	**96.1%**	**90.2%**	**98.2%**	**98.3%**	**96.7%**	**96.9%**
Catastrophes[1]:										
- 2005 hurricanes	0.9%	0.5%	0.2%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
- All other	3.7%	1.1%	1.4%	0.0%	1.9%	2.1%	0.4%	0.6%	0.0%	0.9%
Net incurred attributable to prior years:										
- Asbestos	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- All other	0.0%	1.8%	(1.4%)	1.9%	1.0%	(0.6%)	0.8%	(1.4%)	0.0%	0.6%
Discount accretion	0.0%	2.8%	0.3%	0.0%	0.6%	0.0%	2.8%	0.4%	0.0%	0.7%
Total Combined Ratio [2]	**96.0%**	**107.6%**	**97.9%**	**97.3%**	**100.1%**	**91.7%**	**102.2%**	**97.9%**	**96.7%**	**99.1%**

[1] Catastrophe losses from assumed reinsurance lines (assumed voluntary reinsurance and reinsurance assumed through Lloyd's Syndicate 4472) relating to the 2005 hurricanes (Katrina, Rita, & Wilma) have been separately identified in the tables above given the significance of these events. All other catastrophe losses from assumed reinsurance lines have not been separately identified given the expected volatility associated with these coverages. Catastrophe losses include the impact of earned reinstatement premiums.

[2] The combined claim and expense ratio, expressed as a percentage, is a measure of underwriting profitability. This measure should only be used in conjunction with, and not in lieu of, underwriting income and may not be comparable to other performance measures used by the Company's competitors. The combined claim and expense ratio is computed as the sum of the following property and casualty ratios: the ratio of claims and claim adjustment expense to earned premium; the ratio to earned premium of insurance operating costs plus amortization of deferred policy acquisition costs less fee income (primarily related to the Company's involuntary market servicing carrier operations) and less installment charges; and the ratio of policyholder dividends to earned premium. Provisions for uncollectible premium and reinsurance are not included in the combined ratio.

LIBERTY MUTUAL HOLDING COMPANY INC.

Allocation of Invested Assets

(dollars in millions)

(Unaudited)

	As of March 31, 2006		As of December 31, 2005	
	Market Value	% of Total	Market Value	% of Total
Invested Assets by Type				
Fixed maturities, available for sale, at fair value	$37,889	88.5%	$37,391	89.3%
Equity securities, available for sale, at fair value	2,137	5.0	1,908	4.6
Trading securities, at fair value	21	0.0	20	0.0
Limited partnerships and limited liability companies	1,256	2.9	1,040	2.5
Short-term investments	1,458	3.4	1,430	3.4
Other investments	85	0.2	84	0.2
Total invested assets	**$42,846**	**100.0%**	**$41,873**	**100.0%**

Fixed Maturities by Security Type				
U.S. Treasury securities	$3,032	8.0%	$3,208	8.6%
U.S. Mortgage and asset-backed securities	12,558	33.1	12,508	33.5
U.S. State and municipal	4,446	11.8	4,005	10.7
Corporate and other	13,830	36.5	13,885	37.1
Foreign	4,023	10.6	3,785	10.1
Total fixed maturities	**$37,889**	**100.0%**	**$37,391**	**100.0%**

Fixed Maturities by Credit Quality				
S&P Rating				
AAA	$20,399	53.8%	$20,285	54.3%
AA+, AA, AA-	4,187	11.0	3,903	10.4
A+, A, A-	6,633	17.5	6,786	18.1
BBB+, BBB, BBB-	3,924	10.4	3,824	10.2
BB+, BB, BB-	1,703	4.5	1,325	3.6
B+, B, B-	1,010	2.7	1,238	3.3
CCC or lower	33	0.1	30	0.1
Total fixed maturities	**$37,889**	**100.0%**	**$37,391**	**100.0%**

LIBERTY MUTUAL HOLDING COMPANY INC.

Net Realized Investment Gains and Losses

(dollars in millions)

(Unaudited)

	Sales & Dispositions	Impairments	Change in Trading Security Unrealized	Total
Net Realized Investment Gains (Losses)				
Three Months Ended March 31, 2006				
Fixed maturities	$10	($13)	$ -	($3)
Common and preferred stock	26	(2)	-	24
Other	4	-	-	4
Total	**$40**	**($15)**	**$ -**	**$25**
Three Months Ended March 31, 2005				
Fixed maturities	$24	$ -	$ -	$24
Common and preferred stock	12	(1)	(14)	(3)
Other	-	-	-	-
Total	**$36**	**($1)**	**($14)**	**$21**

	Three Months Ended March 31, 2006	March 31, 2005
Components of Net Realized Investment Gains (Losses)		
Fixed maturities:		
Gross realized gains	$28	$44
Gross realized losses	(31)	(20)
Equities:		
Gross realized gains	30	18
Gross realized losses	(6)	(21)
Other:		
Gross realized gains	5	3
Gross realized losses	(1)	(3)
Total net realized investment gains (losses)	**$25**	**$21**

LIBERTY MUTUAL HOLDING COMPANY INC.

Net Investment Income and Net Unrealized Investment Gains and Losses

(dollars in millions)

(Unaudited)

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Components of Net Investment Income		
Interest income - taxable	$498	$499
Interest income - tax exempt	41	8
Dividends	7	22
Limited partnerships and limited liability companies	42	53
Other investment income	3	3
Gross investment income	591	585
Investment expenses	(31)	(30)
Net investment income	**$560**	**$555**

	Three Months Ended March 31, 2006	Twelve Months Ended December 31, 2005
Components of Change in Net Unrealized Investment Gains (Losses)		
Fixed maturities	($719)	($893)
Equities	81	78
Other	4	2
Adjustments to deferred policy acquisition costs	57	26
Net change in unrealized investment (losses) gains	(577)	(787)
Deferred income taxes	202	276
Net change in unrealized investment gains (losses), net of tax	**($375)**	**($511)**

	Less Than 12 Months		Greater Than 12 Months	
Unrealized Losses & Fair Value by Security Type	Unrealized Losses	Fair Value of Investments with Unrealized Losses	Unrealized Losses	Fair Value of Investments with Unrealized Losses
U.S. Treasury securities	($59)	$2,002	($30)	$777
U.S. Mortgage and asset-backed securities	(263)	8,949	(86)	1,393
U.S. State and municipal	(64)	2,991	(4)	91
Corporate and other	(264)	6,579	(115)	1,913
Foreign	(33)	1,774	(2)	65
Equities	(10)	148	(7)	58
Total	**($693)**	**$22,443**	**($244)**	**$4,297**

LIBERTY MUTUAL HOLDING COMPANY INC.
Issuer and Sector Exposure as of March 31, 2006
(dollars in millions)
(Unaudited)

	Top 20 Issuers	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1	Bank of America	$442	$21	$463	1.08%
2	JP Morgan Chase	339	13	352	0.82%
3	Wachovia Corp.	340	8	348	0.81%
4	Government of Canada	345	-	345	0.81%
5	General Electric	287	33	320	0.75%
6	Government of Spain	312	-	312	0.73%
7	Citigroup	275	37	312	0.73%
8	US Bancorp	222	81	303	0.71%
9	Government of Venezuela	294	-	294	0.69%
10	American International Group	266	15	281	0.66%
11	Wells Fargo Financial	233	9	242	0.57%
12	Federated Department Stores	237	2	239	0.56%
13	HSBC	234	2	236	0.55%
14	Merrill Lynch & Co.	196	37	233	0.54%
15	Royal Bank of Scotland	206	6	212	0.49%
16	United Mexican States / PEMEX	206	-	206	0.48%
17	Verizon Communications	195	8	203	0.47%
18	Bellsouth Telecommunications	192	5	197	0.46%
19	AT&T Corp.	181	9	190	0.44%
20	Wal-Mart Stores	176	14	190	0.44%
		$5,178	**$300**	**$5,478**	**12.79%**

	Top 20 Sectors	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1	Municipal	$4,465	$ -	$4,465	10.42%
2	Banks	3,001	239	3,240	7.56%
3	Diversified Financial Services	2,428	161	2,589	6.04%
4	Sovereign	1,899	-	1,899	4.43%
5	Telecommunications	1,074	106	1,180	2.75%
6	Electric	1,024	44	1,068	2.49%
7	Retail	873	85	958	2.24%
8	Oil & Gas	607	262	869	2.03%
9	Transportation	597	24	621	1.45%
10	Home Builders	573	5	578	1.35%
11	Insurance	467	70	537	1.25%
12	Food	485	27	512	1.20%
13	Media	410	47	457	1.07%
14	Miscellaneous Manufacturers	238	64	302	0.71%
15	Auto Manufacturers	223	15	238	0.56%
16	Aerospace/Defense	176	26	202	0.47%
17	Building Materials	150	10	160	0.37%
18	Pharmaceuticals	70	90	160	0.37%
19	Cosmetics/Personal Care	125	26	151	0.35%
20	Regional(state/province)	150	-	150	0.35%
		$19,035	**$1,301**	**$20,336**	**47.46%**

Note 1: Charts exclude US Treasury securities, mortgage-backed securities and private equity investments.

Note 2: Top 20 issuers excludes tax-exempt obligations that are pre-refunded or escrowed to maturity.

Note 3: The Company's issuer and sector concentration are based primarily on ticker symbols and industry classification codes available from Bloomberg L.P. information services as of March 31, 2006.

CORPORATE REINSURANCE GUIDELINES AND POLICIES

Scope

The term "reinsurance" refers to all 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 is a servicing carrier for a number of voluntary and involuntary pools and associations in a number of states and classes of 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.

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 are as of March 31, 2006.

[2] Gross recoverables are defined as paid and unpaid claims and claim adjustment expense including IBNR and before both bad debt reserves set aside for potential uncollectible reinsurance and consideration of collateral.

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

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

[5] The reinsurance 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 this servicing carrier business is the composite of the cumulative creditworthiness of all participants in their respective pools.

[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.

[8] The rating of Nationwide Indemnity Co. (NIC) is determined for the purposes of this exhibit to equal 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] The rating of Vantage Casualty Insurance Company is determined for the purposes of this exhibit to equal the rating of Prudential Insurance Company of America, the principal operating insurance company of the parent, Prudential Financial Inc. Pursuant to a guaranty agreement dated October 31, 2003, Prudential Financial Inc. has guaranteed the complete and timely payment and performance of the obligations of Vantage Casualty Insurance Company pursuant to four reinsurance agreements between Vantage Casualty Insurance Company and certain companies acquired by Liberty Mutual Group Inc. from subsidiaries of Prudential Financial, Inc.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by A.M. Best Rating

As of March 31, 2006 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities				
A++	$2,051	$950	$1,101	8%
A+	5,897	922	5,020	39%
A	2,316	212	2,137	17%
A-	376	169	230	2%
B++	131	42	96	1%
B+	62	10	52	0%
B or Below	23	1	23	0%
Subtotal	**$10,856**	**$2,306**	**$8,659**	**67%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$3,441	$7	$3,434	26%
Voluntary	389	74	317	2%
Subtotal	**$3,830**	**$81**	**$3,751**	**28%**
Non-Rated Entities [6]				
Captives & fronting companies	$1,106	$1,329	$28	0%
Other [6]	1,036	466	633	5%
Subtotal	**$2,142**	**$1,795**	**$661**	**5%**
Grand Total	**$16,828**	**$4,182**	**$13,071**	**100%**

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

Liberty Mutual Group

Distribution of Reinsurance Recoverables by Standard & Poor's Rating

As of March 31, 2006 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities				
AAA	$1,443	$624	$819	6%
AA+, AA , AA-	4,321	1,315	3,070	24%
A+, A , A-	4,881	402	4,527	35%
BBB+, BBB , BBB -	121	52	77	1%
BB+ or Below	38	1	37	-
Subtotal	**$10,804**	**$2,394**	**$8,530**	**66%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$3,441	$7	$3,434	26%
Voluntary	389	74	317	2%
Subtotal	**$3,830**	**$81**	**$3,751**	**28%**
Non-Rated Entities [6]				
Captives & fronting companies	$1,106	$1,329	$28	0%
Other [6]	1,088	378	762	6%
Subtotal	**$2,194**	**$1,707**	**$790**	**6%**
Grand Total	**$16,828**	**$4,182**	**$13,071**	**100%**

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

Liberty Mutual Group

Top 15 Reinsurance Recoverables by Group

As of March 31, 2006

(dollars in millions)

	Reinsurance Groups [7] (Data in Millions)	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]
1	Nationwide Group [8]	$2,142	$0	$2,142
2	Swiss Re Group	1,844	464	1,382
3	Berkshire Hathaway Inc	1,454	625	829
4	Chubb	608	325	283
5	GE Global Insurance Group	540	45	505
6	Everest Re Group	533	-	533
7	Munich Re	449	3	446
8	UPINSCO	446	476	-
9	PartnerRe Group	437	334	128
10	ACE	346	231	131
11	Lloyds Syndicates	340	4	356
12	AIG	243	-	243
13	White Mountains Insurance Group	198	3	196
14	Equitas	185	-	185
15	Associated Electric & Gas	155	192	-
	State Mandated Involuntary pools and associations [5]	3,441	7	3,434
	Voluntary pools and associations	389	74	317
	All Other [9]	3,081	1,399	1,961
	Total Reinsurance Recoverables	**$16,828**	**$4,182**	**$13,071**

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

LIBERTY MUTUAL HOLDING COMPANY INC.

Capitalization

(dollars in millions)

(Unaudited)

	As of March 31, 2006	As of December 31, 2005
DEBT		
Short-term debt		
Commercial paper	$145	$100
Revolving credit facilities	40	35
Medium Term Notes, maturing within one year	-	10
Total short-term debt	$185	$145
Long-term debt		
8.20%, Surplus Notes, due 2007	$121	$121
6.75%, Notes, due 2008	15	15
5.00%, Prudential Notes, due 2008	4	4
8.00%, Prudential Notes - Series B, due 2013	260	260
5.75%, Senior Notes, due 2014	500	500
8.50%, Surplus Notes, due 2025	150	150
7.875%, Surplus Notes, due 2026	250	250
7.63%, Notes, due 2028	3	3
7.00%, Senior Notes, due 2034	250	250
6.50%, Senior Notes, due 2035	500	500
7.697%, Surplus Notes, due 2097	500	500
7.10% - 7.86%, Medium Term Notes, various maturities	27	27
Subtotal	2,580	2,580
Unamortized discount	(24)	(25)
Total long-term debt	$2,556	$2,555
Total debt	$2,741	$2,700
POLICYHOLDERS' EQUITY		
Unassigned surplus	$8,758	$8,466
Accumulated other comprehensive income (AOCI)	34	392
Total policyholders' equity	$8,792	$8,858
CAPITALIZATION		
Capitalization including AOCI, net of tax	$11,533	$11,558
Capitalization excluding AOCI, net of tax	$11,499	$11,166
FINANCIAL LEVERAGE RATIOS		
Debt to capitalization including AOCI	23.8%	23.4%
Debt to capitalization excluding AOCI	23.8%	24.2%