



Financial Supplement
Quarter Ended June 30, 2007

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, 2007						Three Months Ended June 30, 2006					
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated
Revenues												
Premiums earned	\$ 1,341	\$ 1,026	\$ 1,487	\$ 1,365	\$ 137	\$ 5,356	\$ 1,308	\$ 938	\$ 1,410	\$ 1,124	\$ 400	\$ 5,180
Net investment income	84	151	136	130	209	710	73	136	116	99	210	634
Net realized investment gains	-	-	-	(1)	46	45	-	-	-	9	35	44
Fee and other revenues	14	78	20	19	53	184	13	86	24	17	52	192
Total revenues	1,439	1,255	1,643	1,513	445	6,295	1,394	1,160	1,550	1,249	697	6,050
Claims, Benefits and Expenses												
Benefits, claims and claim adjustment expenses	935	876	980	874	297	3,962	903	797	984	808	472	3,964
Insurance operating costs and expenses	355	300	475	463	92	1,685	344	285	435	327	99	1,490
Dividends to policyholders	-	3	15	-	2	20	-	2	13	-	2	17
Other expenses	-	-	-	20	110	130	-	-	-	16	80	96
Total claims, benefits and expenses	1,290	1,179	1,470	1,357	501	5,797	1,247	1,084	1,432	1,151	653	5,567
Pre-tax operating income (loss) (excluding net realized investment gains)	149	76	173	157	(102)	453	147	76	118	89	9	439
Pre-tax income (loss) before discontinued operations and minority interest	149	76	173	156	(56)	498	147	76	118	98	44	483
Federal and foreign income tax expense (benefit)	45	22	52	47	(7)	159	50	27	41	32	10	160
Income (loss) before discontinued operations and minority interest	104	54	121	109	(49)	339	97	49	77	66	34	323
Discontinued operations, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ 104	\$ 54	\$ 121	\$ 109	\$ (49)	\$ 339	\$ 97	\$ 49	\$ 77	\$ 66	\$ 34	\$ 323

LIBERTY MUTUAL HOLDING COMPANY INC.

Consolidating Statements of Income

(dollars in millions)

(Unaudited)

	Six Months Ended June 30, 2007						Six Months Ended June 30, 2006					
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated
Revenues												
Premiums earned	\$ 2,657	\$ 2,052	\$ 2,949	\$ 2,648	\$ 261	\$ 10,567	\$ 2,584	\$ 1,806	\$ 2,769	\$ 2,123	\$ 564	\$ 9,846
Net investment income	165	299	268	253	398	1,383	144	268	228	188	366	1,194
Net realized investment gains	-	-	-	11	114	125	-	-	-	24	45	69
Fee and other revenues	28	159	42	34	100	363	28	176	46	29	110	389
Total revenues	2,850	2,510	3,259	2,946	873	12,438	2,756	2,250	3,043	2,364	1,085	11,498
Claims, Benefits and Expenses												
Benefits, claims and claim adjustment expenses	1,833	1,757	1,995	1,723	524	7,832	1,819	1,559	1,888	1,480	721	7,467
Insurance operating costs and expenses	708	589	936	874	220	3,327	673	560	880	643	163	2,919
Dividends to policyholders	-	6	27	-	6	39	-	3	29	-	5	37
Other expenses	-	-	-	37	205	242	-	-	-	32	156	188
Total claims, benefits and expenses	2,541	2,352	2,958	2,634	955	11,440	2,492	2,122	2,797	2,155	1,045	10,611
Pre-tax operating income (loss) (excluding net realized investment gains)	309	158	301	301	(196)	873	264	128	246	185	(5)	818
Pre-tax income (loss) before discontinued operations and minority interest	309	158	301	312	(82)	998	264	128	246	209	40	887
Federal and foreign income tax expense (benefit)	93	47	90	91	(12)	309	91	44	86	66	(15)	272
Income (loss) before discontinued operations and minority interest	216	111	211	221	(70)	689	173	84	160	143	55	615
Discontinued operations, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ 216	\$ 111	\$ 211	\$ 221	\$ (70)	\$ 689	\$ 173	\$ 84	\$ 160	\$ 143	\$ 55	\$ 615

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended June 30, 2007						Three Months Ended June 30, 2006					
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	Personal Markets	Commercial ⁴ Markets	Agency ⁴ Markets	International	Corporate and Other	Consolidated
Revenues	\$ 1,439	\$ 1,255	\$ 1,643	\$ 1,513	\$ 445	\$ 6,295	\$ 1,394	\$ 1,160	\$ 1,550	\$ 1,249	\$ 697	\$ 6,050
Pre-tax operating income before catastrophes and incurred attributable to prior years	\$ 207	\$ 98	\$ 144	\$ 144	\$ 45	\$ 638	\$ 228	\$ 117	\$ 173	\$ 134	\$ 61	\$ 713
Catastrophes¹	(92)	(3)	(27)	-	-	(122)	(81)	(39)	(62)	(6)	1	(187)
Net incurred attributable to prior years:												
- Asbestos & environmental ²	-	-	(1)	-	-	(1)	-	-	-	-	(1)	(1)
- All other ³	34	(19)	57	13	(147)	(62)	-	(2)	7	(39)	(52)	(86)
Pre-tax operating income (loss)	149	76	173	157	(102)	453	147	76	118	89	9	439
Realized investment gains (losses), net	-	-	-	(1)	46	45	-	-	-	9	35	44
Federal and foreign income tax (expense) benefit	(45)	(22)	(52)	(47)	7	(159)	(50)	(27)	(41)	(32)	(10)	(160)
Net income (loss)	\$ 104	\$ 54	\$ 121	\$ 109	\$ (49)	\$ 339	\$ 97	\$ 49	\$ 77	\$ 66	\$ 34	\$ 323

¹ Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines and exclude losses related to the Company's external reinsurance assumed lines (assumed voluntary reinsurance and reinsurance assumed through Lloyd's Syndicate 4472) except for losses related to the events of September 11, 2001, the 2004 U.S. hurricanes and the 2005 U.S. hurricanes. In addition, losses related to the 2005 U.S. hurricanes and the 2004 U.S. hurricanes for assumed external reinsurance are reported net of the Company's reasonable assumption of expected catastrophe activity (defined as "net catastrophe reinsurance premium earned"). Internally reinsured cat losses are not reported net of net catastrophe reinsurance premium earned. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums and losses related to June 2007 California wildfires.

² Net of allowance for uncollectible reinsurance reduction.

³ Net incurred losses attributable to prior years is defined as incurred losses attributable to prior years (excluding prior year losses related to natural catastrophes and the events of September 11, 2001) including both earned premium attributable to prior years and amortization of retroactive reinsurance gains and excluding discount accretion.

⁴ Effective January 1, 2007, the results associated with the involuntary pool for Wausau, previously included in Commercial Markets, are included in Agency Markets. In the prior period, the net result was allocated to Agency Markets. The prior period has been restated to reflect this change.

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Six Months Ended June 30, 2007						Six Months Ended June 30, 2006					
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	Personal Markets	Commercial ⁴ Markets	Agency ⁴ Markets	International	Corporate and Other	Consolidated
Revenues	\$ 2,850	\$ 2,510	\$ 3,259	\$ 2,946	\$ 873	\$ 12,438	\$ 2,756	\$ 2,250	\$ 3,043	\$ 2,364	\$ 1,085	\$ 11,498
Pre-tax operating income before catastrophes and incurred attributable to prior years	\$ 363	\$ 194	\$ 269	\$ 279	\$ 47	\$ 1,152	\$ 404	\$ 202	\$ 297	\$ 248	\$ 88	\$ 1,239
Catastrophes¹	(128)	(8)	(45)	-	-	(181)	(140)	(51)	(84)	(6)	(5)	(286)
Net incurred attributable to prior years:												
- Asbestos & environmental ²	-	-	(1)	-	-	(1)	-	-	-	-	(3)	(3)
- All other ³	74	(28)	78	22	(243)	(97)	-	(23)	33	(57)	(85)	(132)
Pre-tax operating income (loss)	309	158	301	301	(196)	873	264	128	246	185	(5)	818
Realized investment gains (losses), net	-	-	-	11	114	125	-	-	-	24	45	69
Federal and foreign income tax (expense) benefit	(93)	(47)	(90)	(91)	12	(309)	(91)	(44)	(86)	(66)	15	(272)
Net income (loss)	\$ 216	\$ 111	\$ 211	\$ 221	\$ (70)	\$ 689	\$ 173	\$ 84	\$ 160	\$ 143	\$ 55	\$ 615

¹ Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines and exclude losses related to the Company's external reinsurance assumed lines (assumed voluntary reinsurance and reinsurance assumed through Lloyd's Syndicate 4472) except for losses related to the events of September 11, 2001, the 2004 U.S. hurricanes and the 2005 U.S. hurricanes. In addition, losses related to the 2005 U.S. hurricanes and the 2004 U.S. hurricanes for assumed external reinsurance are reported net of the Company's reasonable assumption of expected catastrophe activity (defined as "net catastrophe reinsurance premium earned"). Internally reinsured cat losses are not reported net of net catastrophe reinsurance premium earned. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums and losses related to June 2007 California wildfires.

² Net of allowance for uncollectible reinsurance reduction.

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LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of Statutory to GAAP Net Income

(dollars in millions)

(Unaudited)

	Six Months Ended
	June 30, 2007
Domestic insurance Statutory net income	\$ 221
Domestic insurance companies pre-tax GAAP adjustments	300
Subsidiaries and affiliates GAAP pre-tax income	314
GAAP tax adjustment	(146)
GAAP Group net income	\$ 689

Note: Subsidiaries and affiliates consist of Liberty International Holdings LLC, Liberty Seguros S.A., 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 June 30, 2007					Three Months Ended June 30, 2006				
	Personal Markets	Commercial Markets	Agency Markets	International	Consolidated	Personal Markets	Commercial ³ Markets	Agency ³ Markets	International	Consolidated
Combined ratio, before catastrophes and incurred attributable to prior years										
Claims and claims adjustment expense ratio	65.4%	82.5%	67.4%	65.4%	68.7%	62.2%	79.6%	65.3%	68.7%	67.7%
Underwriting expense ratio	24.8%	20.1%	30.7%	31.3%	27.5%	25.4%	20.4%	30.7%	27.5%	27.1%
Dividend ratio	0.0%	0.3%	1.0%	0.0%	0.3%	0.0%	0.2%	0.9%	0.0%	0.3%
Subtotal	90.2%	102.9%	99.1%	96.7%	96.5%	87.6%	100.2%	96.9%	96.2%	95.1%
Catastrophes¹	6.9%	0.2%	1.9%	0.0%	2.4%	6.2%	4.7%	4.4%	0.5%	4.0%
Net incurred attributable to prior years:										
- Asbestos & environmental	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- All other	(2.5%)	2.2%	(3.9%)	(1.0%)	1.2%	0.0%	0.2%	(0.5%)	3.6%	1.9%
Total Combined Ratio ²	94.6%	105.3%	97.2%	95.7%	100.1%	93.8%	105.1%	100.8%	100.3%	101.0%

¹ Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines and exclude losses related to the Company's external reinsurance assumed lines (assumed voluntary reinsurance and reinsurance assumed through Lloyd's Syndicate 4472) except for losses related to the events of September 11, 2001, the 2004 U.S. hurricanes and the 2005 U.S. hurricanes. In addition, losses related to the 2005 U.S. hurricanes and the 2004 U.S. hurricanes for assumed external reinsurance are reported net of the Company's reasonable assumption of expected catastrophe activity (defined as "net catastrophe reinsurance premium earned"). Internally reinsured cat losses are not reported net of net catastrophe reinsurance premium earned. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums and losses related to June 2007 California wildfires.

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 managed care income) 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 unless related to an asbestos & environmental commutation.

³ Effective January 1, 2007, the results associated with the involuntary pool for Wausau, previously included in Commercial Markets, are included in Agency Markets. In the prior period, the net result was allocated to Agency Markets. The prior period has been restated to reflect this change.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Six Months Ended June 30, 2007					Six Months Ended June 30, 2006				
	Personal Markets	Commercial Markets	Agency Markets	International	Consolidated	Personal Markets	Commercial ³ Markets	Agency ³ Markets	International	Consolidated
Combined ratio, before catastrophes and incurred attributable to prior years										
Claims and claims adjustment expense ratio	67.0%	82.9%	68.3%	66.5%	69.6%	64.6%	81.1%	65.7%	67.5%	68.8%
Underwriting expense ratio	25.1%	19.4%	30.6%	31.1%	27.9%	24.9%	20.2%	30.9%	28.3%	26.8%
Dividend ratio	0.0%	0.3%	0.9%	0.0%	0.3%	0.0%	0.2%	1.1%	0.0%	0.3%
Subtotal	92.1%	102.6%	99.8%	97.6%	97.8%	89.5%	101.5%	97.7%	95.8%	95.9%
Catastrophes¹	4.8%	0.4%	1.6%	0.0%	1.8%	5.4%	3.1%	3.0%	0.3%	3.2%
Net incurred attributable to prior years:										
- Asbestos & environmental	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- All other	(2.8%)	1.5%	(2.7%)	(0.9%)	1.0%	0.0%	1.5%	(1.2%)	2.8%	1.4%
Total Combined Ratio ²	94.1%	104.5%	98.7%	96.7%	100.6%	94.9%	106.1%	99.5%	98.9%	100.5%

¹ Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines and exclude losses related to the Company's external reinsurance assumed lines (assumed voluntary reinsurance and reinsurance assumed through Lloyd's Syndicate 4472) except for losses related to the events of September 11, 2001, the 2004 U.S. hurricanes and the 2005 U.S. hurricanes. In addition, losses related to the 2005 U.S. hurricanes and the 2004 U.S. hurricanes for assumed external reinsurance are reported net of the Company's reasonable assumption of expected catastrophe activity (defined as "net catastrophe reinsurance premium earned"). Internally reinsured cat losses are not reported net of net catastrophe reinsurance premium earned. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums and losses related to June 2007 California wildfires.

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 managed care income) 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 unless related to an asbestos & environmental commutation.

³ Effective January 1, 2007, the results associated with the involuntary pool for Wausau, previously included in Commercial Markets, are included in Agency Markets. In the prior period, the net result was allocated to Agency Markets. The prior period has been restated to reflect this change.

LIBERTY MUTUAL HOLDING COMPANY INC.

Allocation of Invested Assets

(dollars in millions)

(Unaudited)

	As of June 30, 2007		As of December 31, 2006	
	Market Value	% of Total	Market Value	% of Total
Invested Assets by Type				
Fixed maturities, available for sale, at fair value	\$ 42,406	86.8%	\$ 41,102	87.0%
Equity securities, available for sale, at fair value	3,104	6.4	2,619	5.6
Trading securities, at fair value	23	-	22	-
Limited partnerships and limited liability companies	1,704	3.5	1,435	3.0
Commercial mortgage loans	466	1.0	322	0.7
Short-term investments	920	1.9	1,550	3.3
Other investments	209	0.4	211	0.4
Total invested assets	\$ 48,832	100.0%	\$ 47,261	100.0%

Fixed Maturities by Security Type

U.S. Government and agency securities	\$ 4,423	10.4%	\$ 4,658	11.3%
Mortgage and asset-backed securities	12,409	29.3	12,267	29.8
U.S. state and municipal	7,715	18.2	6,612	16.1
Corporate and other	15,584	36.7	15,354	37.4
Foreign government securities	2,275	5.4	2,211	5.4
Total fixed maturities	\$ 42,406	100.0%	\$ 41,102	100.0%

Fixed Maturities by Credit Quality

S&P Rating

AAA	\$ 22,704	53.6%	\$ 21,954	53.4%
AA+, AA, AA-	6,492	15.3	5,706	13.9
A+, A, A-	6,278	14.8	6,631	16.1
BBB+, BBB, BBB-	3,998	9.4	3,995	9.7
BB+, BB, BB-	1,481	3.5	1,699	4.1
B+, B, B-	1,204	2.8	1,047	2.6
CCC or lower	249	0.6	70	0.2
Total fixed maturities	\$ 42,406	100.0%	\$ 41,102	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 June 30, 2007				
Fixed maturities	\$ 3	\$ -	\$ -	\$ 3
Common and preferred stock	29	-	-	29
Other	22	(9)	-	13
Total	\$ 54	\$ (9)	\$ -	\$ 45
Three Months Ended June 30, 2006				
Fixed maturities	\$ 8	\$ (17)	\$ -	\$ (9)
Common and preferred stock	32	-	-	32
Other	21	-	-	21
Total	\$ 61	\$ (17)	\$ -	\$ 44
Six Months Ended June 30, 2007				
Fixed maturities	\$ 18	\$ -	\$ -	\$ 18
Common and preferred stock	88	(2)	-	86
Other	36	(15)	-	21
Total	\$ 142	\$ (17)	\$ -	\$ 125
Six Months Ended June 30, 2006				
Fixed maturities	\$ 18	\$ (30)	\$ -	\$ (12)
Common and preferred stock	54	(2)	-	52
Other	29	-	-	29
Total	\$ 101	\$ (32)	\$ -	\$ 69

	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Components of Net Realized Investment Gains (Losses)				
Fixed maturities:				
Gross realized gains	\$ 22	\$ 18	\$ 54	\$ 46
Gross realized losses	(19)	(27)	(36)	(58)
Equities:				
Gross realized gains	30	34	91	60
Gross realized losses	(1)	(2)	(5)	(8)
Other:				
Gross realized gains	22	21	36	30
Gross realized losses	(9)	-	(15)	(1)
Total net realized investment gains	\$ 45	\$ 44	\$ 125	\$ 69

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, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Components of Net Investment Income				
Taxable interest income	\$ 540	\$ 510	\$ 1,086	\$ 1,008
Tax-exempt interest income	80	46	152	87
Dividends	25	17	42	24
Limited partnerships and limited liability companies	85	87	150	129
Commercial mortgage loans	6	-	11	
Other investment income	2	2	3	5
Gross investment income	738	662	1,444	1,253
Investment expenses	(28)	(28)	(61)	(59)
Net investment income	\$ 710	\$ 634	\$ 1,383	\$ 1,194

	Less Than 12 Months		Greater Than 12 Months	
	Unrealized Losses	Fair Value of Investments with Unrealized Losses	Unrealized Losses	Fair Value of Investments with Unrealized Losses
Unrealized Losses & Fair Value by Security Type				
U.S. Government and agency securities	\$ (15)	\$ 1,326	\$ (81)	\$ 2,047
Mortgage and asset-backed securities	(115)	5,574	(293)	4,927
U.S. State and municipal	(182)	6,212	(21)	182
Corporate and other	(180)	6,330	(303)	4,701
Foreign government securities	(32)	1,137	(17)	474
Equities	(16)	332	(4)	35
Total	\$ (540)	\$ 20,911	\$ (719)	\$ 12,366

LIBERTY MUTUAL HOLDING COMPANY INC.

Issuer and Sector Exposure as of June 30, 2007

(dollars in millions)

(Unaudited)

Top 20 Issuers	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1 Bank of America	\$ 361	\$ 97	\$ 458	0.94%
2 Government of Canada	418	-	418	0.86%
3 AT&T Corp	344	28	372	0.76%
4 General Electric	305	41	346	0.71%
5 Citigroup	306	31	337	0.69%
6 Merrill Lynch & Co.	241	86	327	0.67%
7 Wachovia Corp.	315	10	325	0.67%
8 US Bancorp	222	85	307	0.63%
9 American International Group	273	19	292	0.60%
10 Government of Venezuela	290	-	290	0.59%
11 State of Florida	273	-	273	0.56%
12 Goldman Sachs Group Inc	188	77	265	0.54%
13 Government of Spain	263	-	263	0.54%
14 HSBC	225	21	246	0.50%
15 Wells Fargo Financial	232	12	244	0.50%
16 State of Pennsylvania	240	-	240	0.49%
17 State of California	227	-	227	0.46%
18 Royal Bank of Scotland	218	-	218	0.45%
19 United Mexican States / PEMEX	215	-	215	0.44%
20 Public School Authority, VA	203	-	203	0.42%
	\$ 5,359	\$ 507	\$ 5,866	12.02%

Top 20 Sectors	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1 Municipal	\$ 7,729	\$ -	\$ 7,729	15.83%
2 Banks	3,054	383	3,437	7.04%
3 Diversified Financial Services	2,577	302	2,879	5.90%
4 Sovereign	2,137	-	2,137	4.38%
5 Electric	1,227	72	1,299	2.66%
6 Retail	972	114	1,086	2.22%
7 Telecommunications	909	166	1,075	2.20%
8 Oil&Gas	628	431	1,059	2.17%
9 Transportation	648	47	695	1.42%
10 Insurance	537	118	655	1.34%
11 Media	494	64	558	1.14%
12 Food	429	55	484	0.99%
13 Home Builders	380	9	389	0.80%
14 Miscellaneous Manufacturers	269	91	360	0.74%
15 Pharmaceuticals	160	138	298	0.61%
16 Multi-National	281	-	281	0.58%
17 Auto Manufacturers	234	30	264	0.54%
18 Aerospace/Defense	210	46	256	0.52%
19 Building Materials	165	16	181	0.37%
20 Chemicals	124	45	169	0.35%
	\$ 23,164	\$ 2,127	\$ 25,291	51.80%

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

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

LIBERTY MUTUAL HOLDING COMPANY INC.
Reinsurance Overview

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 Reinsurance Credit Committee (“RCC”) 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 RCC 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 June 30, 2007.

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 and potential future 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 December 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 two reinsurance agreements between Vantage Casualty Insurance Company and certain companies acquired by Liberty Mutual Group from subsidiaries of Prudential Financial, Inc.

¹⁰ In June 2006, Liberty obtained \$200M of collateral from Mystic Re Ltd. at the inception of the Northeast hurricane reinsurance contract.

In November 2006 Liberty purchased an additional \$325M of Northeast coverage and in May 2007 Liberty purchased an additional \$150M of combined Northeast and Florida Coverage, and obtained collateral bringing the total trust amount to \$675M. No loss occurred; therefore gross and net recoverables were unaffected.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by A.M. Best Rating

As of June 30, 2007 ¹
(dollars in millions)

	Gross Recoverables ²	Collateral Held ^{3, 10}	Net Recoverables ⁴	% of Total Net Recov.
Rated Entities				
A++	\$ 1,812	\$ 914	\$ 900	8%
A+	6,106	971	5,198	44%
A	1,805	260	1,596	14%
A-	195	74	140	1%
B++	44	27	24	-
B+	35	6	32	-
B or Below	1	-	1	-
Subtotal	\$ 9,998	\$ 2,252	\$ 7,891	67%
Pools & Associations				
State mandated involuntary pools and associations ⁵	\$ 3,054	\$ 1	\$ 3,053	26%
Voluntary	360	72	288	2%
Subtotal	\$ 3,414	\$ 73	\$ 3,341	28%
Non-Rated Entities ⁶				
Captives & fronting companies	\$ 1,336	\$ 1,558	\$ 50	-
Other ⁶	823	1,114	480	5%
Subtotal	\$ 2,159	\$ 2,672	\$ 530	5%
Grand Total	\$ 15,571	\$ 4,997	\$ 11,762	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 June 30, 2007 ¹
(dollars in millions)

	Gross Recoverables ²	Collateral Held ^{3, 10}	Net Recoverables ⁴	% of Total Net Recov.
Rated Entities				
AAA	\$ 1,290	\$ 640	\$ 652	6%
AA+, AA , AA-	5,068	1,358	3,812	32%
A+, A , A-	3,522	316	3,273	28%
BBB+, BBB , BBB -	26	13	14	0%
BB+ or Below	4	-	4	0%
Subtotal	\$ 9,910	\$ 2,327	\$ 7,755	66%
Pools & Associations				
State mandated involuntary pools and associations ⁵	\$ 3,054	\$ 1	\$ 3,053	26%
Voluntary	360	72	288	2%
Subtotal	\$ 3,414	\$ 73	\$ 3,341	28%
Non-Rated Entities ⁶				
Captives & fronting companies	\$ 1,336	\$ 1,558	\$ 50	0%
Other ⁶	911	1,039	616	6%
Subtotal	\$ 2,247	\$ 2,597	\$ 666	6%
Grand Total	\$ 15,571	\$ 4,997	\$ 11,762	100%

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

Liberty Mutual Group

Top 15 Reinsurance Recoverables by Group

As of June 30, 2007

(dollars in millions)

Reinsurance Groups ⁷ (Data in Millions)	Gross Recoverables ²	Collateral Held ^{3,10}	Net Recoverables ⁴
1 Swiss Re Group	\$ 2,191	\$ 532	\$ 1,672
2 Nationwide Group ⁸	2,017	-	2,017
3 Berkshire Hathaway Inc	1,290	639	653
4 Everest Re Group	631	28	605
5 Chubb Group	524	273	251
6 UPINSCO	500	519	-
7 Munich Re Group	457	10	448
8 PartnerRe Group	381	326	84
9 AIG	303	-	303
10 ACE Group	259	235	53
11 Lloyds Syndicates	247	2	244
12 Associated Electric & Gas	225	225	5
13 W. R. Berkley Group	189	11	183
14 White Mountains Insurance Group	185	2	184
15 Equitas	180	-	180
State Mandated Involuntary pools and associations ⁵	3,054	1	3,053
Voluntary pools and associations	360	72	288
All Other ⁹	2,578	2,122	1,539
Total Reinsurance Recoverables	\$ 15,571	\$ 4,997	\$ 11,762

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