



Financial Supplement
Quarter Ended March 31, 2008

LIBERTY MUTUAL HOLDING COMPANY INC.
Financial Supplement

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LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended March 31, 2008							Three Months Ended March 31, 2007						
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated		Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	
Revenues	\$ 1,634	\$ 1,702	\$ 1,647	\$ 1,731	\$ 171	\$ 6,885		\$ 1,578	\$ 1,636	\$ 1,235	\$ 1,433	\$ 261	\$ 6,143	
Pre-tax operating income before catastrophes and incurred attributable to prior years	\$ 204	\$ 113	\$ 108	\$ 125	\$ 33	\$ 583		\$ 164	\$ 116	\$ 105	\$ 135	\$ (6)	\$ 514	
Catastrophes ¹	(64)	(15)	(80)	-	(7)	(166)		(36)	(5)	(18)	-	-	(59)	
Net incurred attributable to prior years:														
- Asbestos & environmental ²	-	-	-	-	-	-		-	-	-	-	-	-	
- All other ³	2	10	66	6	(9)	75		40	(6)	18	9	(96)	(35)	
Pre-tax operating income (loss)	142	108	94	131	17	492		168	105	105	144	(102)	420	
Realized investment gains (losses), net ⁴	(2)	-	-	(3)	(7)	(12)		2	-	-	12	66	80	
Federal and foreign income tax (expense) benefit ⁴	(42)	(33)	(28)	(32)	15	(120)		(52)	(32)	(31)	(44)	9	(150)	
Net income (loss) ⁴	\$ 98	\$ 75	\$ 66	\$ 96	\$ 25	\$ 360		\$ 118	\$ 73	\$ 74	\$ 112	\$ (27)	\$ 350	

¹ 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 catastrophe 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.

² Net of allowance for uncollectible reinsurance.

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 Amounts are only reported on a consolidated basis consistent with the MD&A.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Three Months Ended March 31, 2008					Three Months Ended March 31, 2007				
	Personal Markets	Commercial Markets	Agency Markets	International	Consolidated	Personal Markets	Commercial Markets	Agency Markets	International	Consolidated
Combined ratio, before catastrophes and incurred attributable to prior years										
Claims and claims adjustment expense ratio	65.5%	83.2%	68.7%	69.2%	71.2%	68.5%	82.2%	66.4%	67.6%	70.6%
Underwriting expense ratio	25.7%	21.5%	32.2%	31.1%	27.6%	25.5%	20.7%	31.6%	30.9%	28.2%
Dividend ratio	0.0%	0.6%	0.8%	0.0%	0.3%	0.0%	0.4%	0.9%	0.0%	0.3%
Subtotal	91.2%	105.3%	101.7%	100.3%	99.1%	94.0%	103.3%	98.9%	98.5%	99.1%
Catastrophes¹	4.7%	1.1%	5.3%	0.0%	2.9%	2.7%	0.4%	1.6%	0.0%	1.2%
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%	0.1%
- All other	(0.2%)	(0.7%)	(4.4%)	(0.4%)	(1.3%)	(3.0%)	0.4%	(1.6%)	(0.7%)	0.7%
Total combined ratio²	95.7%	105.7%	102.6%	99.9%	100.7%	93.7%	104.1%	98.9%	97.8%	101.1%

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.

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.

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 March 31, 2008.
- 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, funds held and guarantee received by Mystic Re (see note 10) 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 purchased \$200M of northeast hurricane coverage from Mystic Re. 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 from Mystic Re. These transactions, totaling \$675M, are collateralized through a trust and guarantee received by Mystic Re from the issuance of catastrophe bonds. No loss occurred; therefore gross and net recoverables were unaffected.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by A.M. Best Rating

As of March 31, 2008 ¹

(dollars in millions)

	Gross Recoverables ²		Collateral Held ^{3, 10}		Net Recoverables ⁴	% of Total Net Recov.	
Rated Entities ^{8, 9}							
A++	\$	1,653	\$	864	\$	788	7%
A+		6,905		1,037		5,923	51%
A		1,292		340		1,101	9%
A-		256		112		165	1%
B++		7		-		7	0%
B+		9		-		9	0%
B or Below		15		1		15	-
Subtotal	\$	10,137	\$	2,354	\$	8,008	68%
Pools & Associations							
State mandated involuntary pools and associations ⁵	\$	2,983	\$	6	\$	2,978	25%
Voluntary		366		80		286	3%
Subtotal	\$	3,349	\$	86	\$	3,264	28%
Non-Rated Entities ⁶							
Captives & fronting companies	\$	1,497	\$	1,804	\$	55	0%
Other ⁶		724		1,204		403	4%
Subtotal	\$	2,221	\$	3,008	\$	458	4%
Grand Total	\$	15,707	\$	5,448	\$	11,730	100%

See explanation of footnoted items on page 4 of financial supplement.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by Standard & Poor's Rating

As of March 31, 2008 ¹

(dollars in millions)

	Gross Recoverables ²	Collateral Held ^{3, 10}	Net Recoverables ⁴	% of Total Net Recov.
Rated Entities ^{8, 9}				
AAA	\$ 1,179	\$ 642	\$ 536	5%
AA+, AA , AA-	5,225	1,457	3,948	34%
A+, A , A-	3,595	296	3,357	29%
BBB+, BBB , BBB -	12	4	9	0%
BB+ or Below	3	\$ -	3	-
Subtotal	\$ 10,014	\$ 2,399	\$ 7,853	68%
Pools & Associations				
State mandated involuntary pools and associations ⁵	\$ 2,983	\$ 6	\$ 2,978	25%
Voluntary	366	80	286	2%
Subtotal	\$ 3,349	\$ 86	\$ 3,264	27%
Non-Rated Entities ⁶				
Captives & fronting companies	\$ 1,497	\$ 1,804	\$ 55	0%
Other ⁶	847	1,159	558	5%
Subtotal	\$ 2,344	\$ 2,963	\$ 613	5%
Grand Total	\$ 15,707	\$ 5,448	\$ 11,730	100%

See explanation of footnoted items on page 4 of financial supplement.

Liberty Mutual Group

Top 15 Reinsurance Recoverables by Group

As of March 31, 2008

(dollars in millions)

Reinsurance Groups ⁷ (Data in Millions)	Gross Recoverables ²	Collateral Held ^{3, 10}	Net Recoverables ⁴
1 Swiss Re Group	\$ 2,221	\$ 549	\$ 1,683
2 Nationwide Group	\$ 2,121	\$ -	\$ 2,121
3 Berkshire Hathaway Inc	\$ 1,175	\$ 643	\$ 532
4 Everest Re Group	\$ 688	\$ 77	\$ 616
5 Munich Re Group	\$ 518	\$ 10	\$ 508
6 UPINSCO	\$ 504	\$ 537	\$ -
7 Chubb Group	\$ 460	\$ 222	\$ 238
8 PartnerRe Group	\$ 433	\$ 348	\$ 118
9 AIG	\$ 341	\$ -	\$ 341
10 ACE Group	\$ 264	\$ 233	\$ 61
11 Associated Electric & Gas	\$ 242	\$ 271	\$ 2
12 W. R. Berkley Group	\$ 220	\$ 11	\$ 212
13 Lloyds Syndicates	\$ 209	\$ 1	\$ 207
14 Contractors Casualty & Surety	\$ 156	\$ 200	\$ -
15 Arch Insurance Group	\$ 147	\$ 84	\$ 85
State Mandated Involuntary pools and associations ⁵	\$ 2,983	\$ 6	\$ 2,978
Voluntary pools and associations	\$ 366	\$ 80	\$ 286
All Other	\$ 2,659	\$ 2,176	\$ 1,742
Total Reinsurance Recoverables	\$ 15,707	\$ 5,448	\$ 11,730

See explanation of footnoted items on page 4 of financial supplement.

LIBERTY MUTUAL HOLDING COMPANY INC.

Issuer and Sector Exposure as of March 31, 2008

(dollars in millions)

(Unaudited)

Top 20 Issuers	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1 Bank of America Corp	\$ 376	\$ 87	\$ 463	0.85%
2 General Electric Co	371	46	417	0.77%
3 Government of Canada	407	-	407	0.75%
4 AT&T Corp	377	23	400	0.74%
5 Wachovia Corp	302	29	331	0.61%
6 Government of Venezuela	321	-	321	0.59%
7 State of Florida	318	-	318	0.58%
8 Commonwealth of Massachusetts	314	-	314	0.58%
9 Citigroup Inc	299	10	309	0.57%
10 American International Group	283	15	298	0.55%
11 US Bancorp	228	59	287	0.53%
12 Government of Spain	281	-	281	0.52%
13 State of Pennsylvania	271	-	271	0.50%
14 Goldman Sachs Group Inc	196	65	261	0.48%
15 HSBC Holdings Plc	226	33	259	0.48%
16 State of California	250	-	250	0.46%
17 Merrill Lynch & Co	199	51	250	0.46%
18 Wal-Mart Stores Inc	212	13	225	0.41%
19 JP Morgan Chase & Co	198	25	223	0.41%
20 Wells Fargo & Co	212	8	220	0.40%
	\$ 5,641	\$ 464	\$ 6,105	11.24%

Top 20 Sectors	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1 Municipal	\$ 10,025	\$ -	\$ 10,025	18.44%
2 Banks	3,277	346	3,623	6.66%
3 Diversified Financial Services	2,760	254	3,014	5.54%
4 Sovereign	2,627	-	2,627	4.83%
5 Electric	1,407	108	1,515	2.79%
6 Telecommunications	1,139	134	1,273	2.34%
7 Oil&Gas	738	469	1,207	2.22%
8 Retail	1,016	115	1,131	2.08%
9 Transportation	701	57	758	1.39%
10 Insurance	577	119	696	1.28%
11 Media	610	42	652	1.20%
12 Food	529	59	588	1.08%
13 Real Estate	49	449	498	0.92%
14 Miscellaneous Manufacturers	315	79	394	0.72%
15 Home Builders	346	11	357	0.66%
16 Multi-National	335	-	335	0.62%
17 Pharmaceuticals	160	137	297	0.55%
18 Aerospace/Defense	239	40	279	0.51%
19 Regional(state/provnc)	249	-	249	0.46%
20 Auto Manufacturers	222	21	243	0.45%
	\$ 27,321	\$ 2,440	\$ 29,761	54.74%

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.