



Financial Supplement
Quarter Ended March 31, 2010

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, 2010 ¹						Three Months Ended March 31, 2009 ²					
	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated
Revenues	\$2,782	\$1,823	\$1,967	\$1,604	\$14	\$8,190	\$2,876	\$1,671	\$1,728	\$1,762	(\$631)	\$7,406
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years and private equity income (loss)	\$375	\$256	\$77	\$83	(\$189)	\$602	\$316	\$222	\$128	\$123	(\$251)	\$538
Catastrophes ^{3,4}	(142)	(135)	(18)	(15)	(101)	(411)	(206)	(102)	(4)	(6)	(8)	(326)
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	(3)	(3)	-	-	-	-	(1)	(1)
- All other ⁵	103	7	(6)	9	3	116	150	18	(2)	20	(2)	184
Pre-tax operating income before private equity income (loss)	336	128	53	77	(290)	304	260	138	122	137	(262)	395
Private equity income (loss) ⁶	-	-	-	-	84	84	-	-	-	-	(373)	(373)
Pre-tax operating income (loss)	336	128	53	77	(206)	388	260	138	122	137	(635)	22
Realized investment gains (losses), net	-	1	19	-	75	95	-	(13)	8	-	11	6
Income tax (expense) benefit	(98)	(40)	(4)	(23)	(3)	(168)	(81)	(37)	(30)	(41)	183	(6)
Net income (loss)	\$238	\$89	\$68	\$54	(\$134)	\$315	\$179	\$88	\$100	\$96	(\$441)	\$22

¹ Effective January 1, 2010, the Venezuelan operations of the Company's International SBU began applying hyper-inflationary accounting, utilizing the U.S. dollar as the functional currency.

² 2009 results have been restated for the retrospective accounting change related to the change in the discount rate applied to the long-term indemnity portion of the settled unpaid workers compensation claims.

³ Catastrophes include all current and prior year catastrophe losses including assessments from TWIA 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, the 2005 U.S. Hurricanes and the September 2008 Hurricanes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

⁴ Catastrophe losses ceded under the homeowners quota share treaty are included to the extent that the ceded combined ratio exceeds 100.0%.

⁵ Net of earned premium attributable to prior years and amortization of deferred gains on retroactive reinsurance.

⁶ Private equity income (loss) is included in net investment income in the accompanying statements of income.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Three Months Ended March 31, 2010 ¹					Three Months Ended March 31, 2009				
	Agency Markets	Personal Markets	International	Commercial Markets	Consolidated	Agency Markets	Personal Markets	International	Commercial Markets	Consolidated
Combined ratio, before catastrophes and net incurred losses attributable to prior years										
Claims and claims adjustment expense ratio	62.0%	64.9%	74.0%	84.3%	69.4%	63.2%	65.3%	69.2%	83.3%	69.2%
Underwriting expense ratio	30.6%	25.1%	30.6%	24.2%	28.2%	31.2%	24.6%	31.0%	20.9%	28.0%
Dividend ratio	0.2%	-	-	0.7%	0.2%	0.2%	-	-	0.9%	0.2%
Subtotal	92.8%	90.0%	104.6%	109.2%	97.8%	94.6%	89.9%	100.2%	105.1%	97.4%
Catastrophes ²	5.6%	8.9%	1.1%	1.3%	6.2%	7.9%	7.2%	0.3%	0.4%	4.9%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	-	-	-	-	-	-
- All other	(4.1%)	(0.5%)	0.3%	(0.8%)	(1.8%)	(5.8%)	(1.3%)	0.1%	(1.5%)	(2.8%)
Total combined ratio ³	94.3%	98.4%	106.0%	109.7%	102.2%	96.7%	95.8%	100.6%	104.0%	99.5%

¹ 2010 combined ratio has been adjusted to exclude the impact of the devaluation of the Venezuelan Bolivar for comparative purposes.

² Catastrophes include all current and prior year catastrophe losses including assessments from TWIA 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, the 2005 U.S. Hurricanes and the September 2008 Hurricanes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

³ The combined 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 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 and 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, 2010.
- 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. The portion of the Corporate H.O. QS Trust securing Unearned Premium has been excluded when calculating Net Recoverables for Swiss Reinsurance America Corporation.
- 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.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by A.M. Best Rating

As of March 31, 2010 ¹
(dollars in millions)

	Gross Recoverables ²	Collateral Held ³	Net Recoverables ⁴	% of Total Net Recov.
Rated Entities ^{8,9}				
A++	\$ 1,369	\$ 782	\$ 588	5%
A+	\$ 4,181	572	3,669	32%
A	\$ 4,031	1,108	3,104	27%
A-	\$ 244	79	177	1%
B++	\$ 29	20	9	-
B+	\$ 8	1	7	-
B or below	\$ -	-	-	-
Subtotal	\$ 9,862	\$ 2,562	\$ 7,554	65%
Pools & Associations				
State mandated involuntary pools and associations ⁵	\$ 3,046	\$ 5	\$ 3,041	26%
Voluntary	368	69	299	3%
Subtotal	\$ 3,414	\$ 74	\$ 3,340	29%
Non-Rated Entities ⁶				
Captives & fronting companies	\$ 1,642	\$ 2,002	\$ 101	1%
Other ⁶	894	874	578	5%
Subtotal	\$ 2,536	\$ 2,876	\$ 679	6%
Grand Total	\$ 15,812	\$ 5,512	\$ 11,573	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, 2010 ¹

(dollars in millions)

	Gross Recoverables ²	Collateral Held ³	Net Recoverables ⁴	% of Total Net Recov.
Rated Entities ^{8,9}				
AAA	\$ 2	\$ -	\$ 2	0%
AA+, AA , AA-	\$ 3,184	\$ 1,221	\$ 2,016	17%
A+, A , A-	\$ 6,558	\$ 1,379	\$ 5,405	47%
BBB+, BBB , BBB -	\$ 11	\$ 2	\$ 9	0%
BB+ or below	\$ 5	\$ -	\$ 5	0%
Subtotal	\$ 9,760	\$ 2,602	\$ 7,437	64%
Pools & Associations				
State mandated involuntary pools and associations ⁵	\$ 3,046	\$ 5	\$ 3,041	26%
Voluntary	\$ 368	\$ 69	\$ 299	3%
Subtotal	\$ 3,414	\$ 74	\$ 3,340	29%
Non-Rated Entities ⁶				
Captives & fronting companies	\$ 1,642	\$ 2,002	\$ 101	1%
Other ⁶	\$ 996	\$ 834	\$ 695	6%
Subtotal	\$ 2,638	\$ 2,836	\$ 796	7%
Grand Total	\$ 15,812	\$ 5,512	\$ 11,573	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, 2010

(dollars in millions)

Reinsurance Groups ⁷ (Data in Millions)	Gross Recoverables ²	Collateral Held ³	Net Recoverables ⁴
1 Swiss Re Group	\$ 2,309	\$ 901	\$ 1,529
2 Nationwide Group	\$ 1,670	\$ -	\$ 1,670
3 Berkshire Hathaway Insurance Group	\$ 1,056	\$ 650	\$ 406
4 Everest Re Group	\$ 711	\$ 173	\$ 564
5 Munich Re Group	\$ 558	\$ 31	\$ 533
6 UPINSCO	\$ 544	\$ 619	\$ -
7 PartnerRe Group	\$ 428	\$ 303	\$ 144
8 Allianz Group	\$ 346	\$ 36	\$ 315
9 Chubb Group of Insurance Companies	\$ 329	\$ 133	\$ 195
10 Transatlantic Holdings, Inc. Group	\$ 289	\$ -	\$ 289
11 Equitas Insurance Limited	\$ 273	\$ 5	\$ 268
12 Lloyd's of London	\$ 266	\$ -	\$ 266
13 ACE Group	\$ 239	\$ 202	\$ 40
14 AEGIS Group	\$ 227	\$ 249	\$ -
15 W. R. Berkley Group	\$ 200	\$ 4	\$ 195
State Mandated Involuntary pools and associations ⁵	\$ 3,046	\$ 5	\$ 3,041
Voluntary pools and associations	\$ 368	\$ 69	\$ 299
All Other	\$ 2,953	\$ 2,132	\$ 1,819
Total Reinsurance Recoverables	\$ 15,812	\$ 5,512	\$ 11,573

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

LIBERTY MUTUAL HOLDING COMPANY INC.
Issuer and Sector Exposure as of March 31, 2010
(dollars in millions)
(Unaudited)

Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Government of Canada	\$489	\$ -	\$ -	\$489	0.74%
2 Bank of America Corp	289	192	-	481	0.72%
3 Government of Venezuela	427	-	-	427	0.64%
4 Wells Fargo & Co	379	23	3	405	0.61%
5 State of Florida	401	-	-	401	0.60%
6 JP Morgan Chase & Co	339	31	-	370	0.56%
7 Government of Brazil	345	-	-	345	0.52%
8 AT&T Corp	325	2	-	327	0.49%
9 Verizon Communications	297	1	-	298	0.45%
10 State of California	286	-	-	286	0.43%
11 Invenegy	263	-	20	283	0.43%
12 Government of Germany	270	-	5	275	0.41%
13 Citigroup Inc	263	1	-	264	0.40%
14 Commonwealth of Pennsylvania	264	-	-	264	0.40%
15 Telefonica SA	261	-	-	261	0.39%
16 Commonwealth of Massachusetts	258	-	-	258	0.39%
17 Government of Colombia	257	-	-	257	0.39%
18 State of Texas	252	-	-	252	0.38%
19 Berkshire Hathaway Inc	252	-	-	252	0.38%
20 Goldman Sachs Group Inc	174	76	-	250	0.38%
	\$6,091	\$326	\$28	\$6,445	9.71%

Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Municipal	\$14,793	\$ -	\$ -	\$14,793	22.27%
2 Banks	3,552	504	88	4,144	6.24%
3 Sovereign	3,351	-	44	3,395	5.11%
4 Electric	1,776	65	1	1,842	2.77%
5 Telecommunications	1,711	15	1	1,727	2.60%
6 Oil&Gas	1,056	442	3	1,501	2.26%
7 Diversified Financial Services	1,387	5	6	1,398	2.10%
8 Retail	1,168	11	-	1,179	1.77%
9 Transportation	890	3	-	893	1.34%
10 Food	711	6	8	725	1.09%
11 Media	717	6	-	723	1.09%
12 Insurance	622	73	-	695	1.05%
13 Beverages	510	5	-	515	0.78%
14 Energy-Alternate Sources	383	38	30	451	0.68%
15 Miscellaneous Manufacturers	429	8	-	437	0.66%
16 Real Estate	45	352	-	397	0.60%
17 Aerospace/Defense	380	4	-	384	0.58%
18 Pharmaceuticals	365	13	2	380	0.57%
19 Regional(state/provnc)	330	-	2	332	0.50%
20 Mining	320	2	-	322	0.48%
	\$34,496	\$1,552	\$185	\$36,233	54.54%

Note: Charts exclude US Treasury and agency securities, mortgage-backed securities, private equity investments and other invested assets.

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

*Currency devaluation effective in 2010 would reduce 2009 exposure approximately \$145 million.