Financial Supplement

Quarter Ended June 30, 2008

LIBERTY MUTUAL HOLDING COMPANY INC.
Financial Supplement

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended June 30, 2008						Three Months Ended June 30, 2007					
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated
Revenues	$ 1,652	$ 1,684	$ 1,670	$ 1,767	$ 175	$ 6,948	$ 1,625	$ 1,642	$ 1,256	$ 1,513	$ 259	$ 6,295
Pre-tax operating income before catastrophes and incurred attributable to prior years	$ 231	$ 119	$ 127	$ 137	$ 18	$ 632	$ 215	$ 123	$ 119	$ 144	$ 37	$ 638
Catastrophes [1]	(191)	(44)	(75)	-	(3)	(313)	(92)	(4)	(26)	-	-	(122)
Net incurred attributable to prior years:												
- Asbestos & environmental [2]	-	-	-	-	(4)	(4)	-	-	(1)	-	-	(1)
- All other [3]	11	12	47	33	(11)	92	34	(15)	53	13	(147)	(62)
Pre-tax operating income (loss)	51	87	99	170	-	407	157	104	145	157	(110)	453
Realized investment gains (losses), net [4]	(7)	-	-	(14)	26	5	2	-	-	(1)	44	45
Federal and foreign income tax (expense) benefit [4]	(15)	(27)	(30)	(51)	11	(112)	(48)	(30)	(44)	(47)	10	(159)
Net income (loss) [4]	**$ 29**	**$ 60**	**$ 69**	**$ 105**	**$ 37**	**$ 300**	**$ 111**	**$ 74**	**$ 101**	**$ 109**	**$ (56)**	**$ 339**

[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 in the MD&A.

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Six Months Ended June 30, 2008					
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated
Revenues	$ 3,286	$ 3,386	$ 3,317	$ 3,498	$ 346	$ 13,833
Pre-tax operating income before catastrophes and incurred attributable to prior years	$ 435	$ 232	$ 235	$ 262	$ 51	$ 1,215
Catastrophes [1]	(255)	(59)	(155)	-	(10)	(479)
Net incurred attributable to prior years:						
- Asbestos & environmental [2]	-	-	-	-	(4)	(4)
- All other [3]	13	22	113	39	(20)	167
Pre-tax operating income (loss)	193	195	193	301	17	899
Realized investment gains (losses), net [4]	(9)	-	-	(17)	19	(7)
Federal and foreign income tax (expense) benefit [4]	(57)	(60)	(58)	(83)	26	(232)
Net income (loss) [4]	**$ 127**	**$ 135**	**$ 135**	**$ 201**	**$ 62**	**$ 660**

	Six Months Ended June 30, 2007					
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated
Revenues	$ 3,203	$ 3,278	$ 2,491	$ 2,946	$ 520	$ 12,438
Pre-tax operating income before catastrophes and incurred attributable to prior years	$ 379	$ 239	$ 224	$ 279	$ 31	$ 1,152
Catastrophes [1]	(128)	(9)	(44)	-	-	(181)
Net incurred attributable to prior years:						
- Asbestos & environmental [2]	-	-	(1)	-	-	(1)
- All other [3]	74	(21)	71	22	(243)	(97)
Pre-tax operating income (loss)	325	209	250	301	(212)	873
Realized investment gains (losses), net [4]	4	-	-	11	110	125
Federal and foreign income tax (expense) benefit [4]	(100)	(62)	(75)	(91)	19	(309)
Net income (loss) [4]	**$ 229**	**$ 147**	**$ 175**	**$ 221**	**$ (83)**	**$ 689**

[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 in the MD&A.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Three Months Ended June 30, 2008					Three Months Ended June 30, 2007				
Combined ratio, before catastrophes and incurred attributable to prior years	Personal Markets	Commercial Markets	Agency Markets	International	Consolidated	Personal Markets	Commercial Markets	Agency Markets	International	Consolidated
Claims and claims adjustment expense ratio	62.5%	82.7%	66.5%	68.6%	70.0%	65.4%	80.6%	65.0%	65.4%	68.7%
Underwriting expense ratio	26.8%	20.8%	33.0%	32.3%	27.7%	24.8%	21.8%	31.9%	31.3%	27.5%
Dividend ratio	0.0%	0.7%	0.7%	0.0%	0.3%	0.0%	0.5%	1.0%	0.0%	0.3%
Subtotal	**89.3%**	**104.2%**	**100.2%**	**100.9%**	**98.0%**	**90.2%**	**102.9%**	**97.9%**	**96.7%**	**96.5%**
Catastrophes[1]	13.8%	3.5%	5.0%	0.0%	5.4%	6.9%	0.3%	2.3%	0.0%	2.4%
Net incurred attributable to prior years:										
- Asbestos & environmental	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%
- All other	(0.8%)	(1.0%)	(3.1%)	(2.1%)	(1.6%)	(2.5%)	1.3%	(4.6%)	(1.0%)	1.2%
Total combined ratio [2]	**102.3%**	**106.7%**	**102.1%**	**98.8%**	**101.9%**	**94.6%**	**104.5%**	**95.7%**	**95.7%**	**100.1%**

[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.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Six Months Ended June 30, 2008					Six Months Ended June 30, 2007				
Combined ratio, before catastrophes and incurred attributable to prior years	Personal Markets	Commercial Markets	Agency Markets	International	Consolidated	Personal Markets	Commercial Markets	Agency Markets	International	Consolidated
Claims and claims adjustment expense ratio	64.0%	83.0%	67.6%	68.9%	70.5%	67.0%	81.4%	65.7%	66.5%	69.6%
Underwriting expense ratio	26.2%	21.2%	32.6%	31.7%	27.7%	25.1%	21.2%	31.8%	31.1%	27.9%
Dividend ratio	0.0%	0.6%	0.7%	0.0%	0.3%	0.0%	0.5%	0.9%	0.0%	0.3%
Subtotal	**90.2%**	**104.8%**	**100.9%**	**100.6%**	**98.5%**	**92.1%**	**103.1%**	**98.4%**	**97.6%**	**97.8%**
Catastrophes[1]	9.3%	2.3%	5.1%	0.0%	4.2%	4.8%	0.3%	2.0%	0.0%	1.8%
Net incurred attributable to prior years:										
- Asbestos & environmental	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
- All other	(0.5%)	(0.9%)	(3.7%)	(1.2%)	(1.5%)	(2.8%)	0.9%	(3.1%)	(0.9%)	1.0%
Total combined ratio [2]	**99.0%**	**106.2%**	**102.3%**	**99.4%**	**101.3%**	**94.1%**	**104.3%**	**97.3%**	**96.7%**	**100.6%**

[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.

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, 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, 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] This exhibit excludes collateral held for Mystic Re and 2008 property cat programs of $675 million and $426 million, respectively, as no loss has been incurred.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by A.M. Best Rating

As of June 30, 2008 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3, 10]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]				
A++	$ 1,611	$ 853	$ 758	7%
A+	6,832	1,051	5,845	50%
A	1,263	245	1,083	9%
A-	277	115	184	2%
B++	7	-	7	0%
B+	4	-	4	0%
B or Below	14	1	13	-
Subtotal	**$ 10,008**	**$ 2,265**	**$ 7,894**	**68%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 2,958	$ 5	$ 2,953	25%
Voluntary	369	80	289	3%
Subtotal	**$ 3,327**	**$ 85**	**$ 3,242**	**28%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,539	$ 1,859	$ 54	0%
Other [6]	714	454	409	4%
Subtotal	**$ 2,253**	**$ 2,313**	**$ 463**	**4%**
Grand Total	**$ 15,588**	**$ 4,663**	**$ 11,599**	**100%**

See explanation of footnoted items on page 6 of financial supplement.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by Standard & Poor's Rating

As of June 30, 2008 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3, 10]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]				
AAA	$ 1,159	$ 643	$ 516	5%
AA+, AA , AA-	5,145	1,370	3,878	33%
A+, A , A-	3,558	296	3,330	29%
BBB+, BBB , BBB -	11	4	8	0%
BB+ or Below	3	-	3	-
Subtotal	**$ 9,876**	**$ 2,313**	**$ 7,735**	**67%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 2,958	$ 5	$ 2,953	25%
Voluntary	369	80	289	3%
Subtotal	**$ 3,327**	**$ 85**	**$ 3,242**	**28%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,539	$ 1,859	$ 54	0%
Other [6]	846	406	568	5%
Subtotal	**$ 2,385**	**$ 2,265**	**$ 622**	**5%**
Grand Total	**$ 15,588**	**$ 4,663**	**$ 11,599**	**100%**

See explanation of footnoted items on page 6 of financial supplement.

Liberty Mutual Group

Top 15 Reinsurance Recoverables by Group

As of June 30, 2008

(dollars in millions)

	Reinsurance Groups [7] (Data in Millions)		Gross Recoverables [2]		Collateral Held [3, 10]		Net Recoverables [4]
1	Swiss Re Group	$	2,207	$	553	$	1,669
2	Nationwide Group	$	2,092	$	-	$	2,092
3	Berkshire Hathaway Inc	$	1,154	$	643	$	512
4	Everest Re Group	$	692	$	85	$	609
5	UPINSCO	$	522	$	581	$	-
6	Munich Re Group	$	520	$	10	$	510
7	Chubb Group	$	438	$	210	$	227
8	PartnerRe Group	$	423	$	352	$	113
9	AIG	$	341	$	-	$	341
10	ACE Group	$	271	$	236	$	68
11	Associated Electric & Gas	$	239	$	271	$	-
12	W. R. Berkley Group	$	230	$	11	$	222
13	Lloyds Syndicates	$	199	$	1	$	199
14	Contractors Casualty & Surety	$	161	$	208	$	-
15	Equitas	$	149	$	-	$	149
	State Mandated Involuntary pools and associations [5]	$	2,958	$	5	$	2,953
	Voluntary pools and associations	$	369	$	80	$	289
	All Other	$	2,623	$	1,417	$	1,646
	Total Reinsurance Recoverables	**$**	**15,588**	**$**	**4,663**	**$**	**11,599**

See explanation of footnoted items on page 6 of financial supplement.

LIBERTY MUTUAL HOLDING COMPANY INC.
Issuer and Sector Exposure as of June 30, 2008
(dollars in millions)
(Unaudited)

Top 20 Issuers	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1 Bank of America Corp	$ 381	$ 76	$ 457	0.89%
2 Government of Canada	412	-	412	0.81%
3 AT&T Corp	362	20	382	0.75%
4 General Electric Co	344	34	378	0.74%
5 JP Morgan Chase & Co	345	20	365	0.71%
6 Government of Venezuela	330	-	330	0.65%
7 Wachovia Corp	291	25	316	0.62%
8 State of Florida	306	-	306	0.60%
9 Citigroup Inc	293	8	301	0.59%
10 American International Group	265	9	274	0.54%
11 Commonwealth of Massachusetts	273	-	273	0.53%
12 State of Pennsylvania	270	-	270	0.53%
13 Government of Spain	268	-	268	0.52%
14 Goldman Sachs Group Inc	196	65	261	0.51%
15 US Bancorp	200	58	258	0.51%
16 HSBC Holdings Plc	220	35	255	0.50%
17 State of California	248	-	248	0.49%
18 Merrill Lynch & Co	195	47	242	0.47%
19 Morgan Stanley	176	48	224	0.44%
20 Verizon Communications	208	9	217	0.42%
	$ 5,583	**$ 454**	**$ 6,037**	**11.82%**

Top 20 Sectors	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1 Municipal	$ 9,496	$ -	$ 9,496	18.59%
2 Banks	3,166	248	3,414	6.68%
3 Diversified Financial Services	2,666	217	2,883	5.64%
4 Sovereign	2,506	-	2,506	4.91%
5 Electric	1,423	85	1,508	2.95%
6 Telecommunications	1,159	92	1,251	2.45%
7 Oil&Gas	760	488	1,248	2.44%
8 Retail	1,023	96	1,119	2.19%
9 Transportation	687	40	727	1.42%
10 Insurance	572	113	685	1.34%
11 Media	618	33	651	1.27%
12 Real Estate	49	453	502	0.98%
13 Food	464	34	498	0.98%
14 Miscellaneous Manufacturers	308	60	368	0.72%
15 Home Builders	333	4	337	0.66%
16 Multi-National	304	-	304	0.60%
17 Aerospace/Defense	245	29	274	0.54%
18 Pharmaceuticals	170	90	260	0.51%
19 Regional(state/provnc)	246	-	246	0.48%
20 Auto Manufacturers	204	9	213	0.42%
	$ 26,399	**$ 2,091**	**$ 28,490**	**55.77%**

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.