

CHARTER OF THE COMPENSATION COMMITTEE LIBERTY MUTUAL HOLDING COMPANY INC.

Committee Charge

The Compensation Committee (the “Committee”) has oversight responsibilities for the establishment of the Company’s compensation programs and employee benefit plans to reasonably assure that compensation policies and practices are appropriate, fairly administered and in compliance with applicable laws and regulations, and, in particular, for reviewing and approving the total compensation of the Chief Executive Officer and other senior management and for making recommendations with respect to Director compensation programs.

Organization and Meetings

The Committee will be composed of not fewer than three independent Directors who are not officers or employees of any company within the Liberty Mutual Insurance Group. Upon recommendation of the Nominating and Governance Committee, the Committee and its Chairperson will be elected by the Board of Directors. Written minutes will be kept. The Committee will meet at least three times a year. The Chairperson or his or her designee will report to the Board of Directors.

Authority and Responsibilities

The Committee has oversight and review responsibilities for the following; however, the primary responsibility for these areas resides with management.

Compensation Philosophy: Development of a compensation philosophy consistent with the company’s strategic goals and operating philosophies.

Benefits and Compensation Programs: Development of specific benefits and compensation programs consistent with articulated philosophy.

The Committee has oversight and approval responsibility for the following areas:

CEO Performance and Compensation: Development and approval of a total compensation program for the CEO consistent with the articulated compensation philosophy. In particular, the Committee will review the CEO’s performance annually in light of the Company’s strategic and tactical goals. The Committee will also review and approve the individual components of the CEO’s total compensation in light of his performance.

Senior Executive Compensation: At least annually, the Committee will review with the CEO the performance and recommended compensation actions of select individual members of senior management and will approve compensation and benefits actions for such senior management.

Benefits Programs: Adoption of employee benefit and retirement programs consistent with articulated philosophy and approval of material changes thereto.

Compensation Practice: Ensuring that compensation programs are administered equitably and in line with approvals. In particular, the Committee will review and approve:

Annual compensation spending guidelines

Aggregate payouts under material incentive compensation programs

Compensation actions as required by laws and regulations

Director Compensation: Development of and recommendations for compensation programs of non-employee Directors consistent with the scale and scope of the Liberty Mutual Group, subject to approval by the Board of Directors.

Annual Charter Review: The Committee will review and approve this charter on an annual basis.

The Committee will also have the authority and funding to engage outside advisors to assist the Committee with matters within the scope of its oversight responsibilities.

To the extent permitted by law and the terms of applicable plan documents, the Committee may, as it deems appropriate, delegate to subcommittees comprised of one or more members of the Committee, or to management and/or management committees, all or a portion of its duties and responsibilities set forth herein, including with respect to (i) adoption, amendment, modification or termination of compensation or benefit plans, and/or of any rules, policies or procedures thereunder, and (ii) administration and interpretation of the terms of such compensation and benefit plans.