Financial Supplement

Quarter Ended June 30, 2011

LIBERTY MUTUAL HOLDING COMPANY INC.
Financial Supplement

	Page Number
Consolidating Financial Results by Strategic Business Unit	
- Reconciliation of PTOI to Net Income - Three Months Ended June 30, 2011 & 2010	1
- Reconciliation of PTOI to Net Income - Six Months Ended June 30, 2011 & 2010	2
- Combined Ratio - Three Months Ended June 30, 2011 & 2010	3
- Combined Ratio - Six Months Ended June 30, 2011 & 2010	4
Reinsurance Recoverables	
- Reinsurance Overview	5
- Footnotes to Reinsurance Recoverable Exhibits	6
- Distribution of Reinsurance Recoverables by A.M. Best Rating	7
- Distribution of Reinsurance Recoverables by Standard & Poor's Rating	8
- Top 15 Reinsurance Recoverables by Group	9
Investments	
- Issuer and Sector Exposures	10

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended June 30, 2011						Three Months Ended June 30, 2010					
	LMAC	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated	LMAC	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated
Revenues	$2,857	$1,977	$2,079	$1,573	$74	$8,560	$2,954	$1,852	$1,943	$1,490	($173)	$8,066
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, private equity income (loss), and Venezuelan devaluation	$402	$332	$215	$87	($169)	$867	$316	$296	$145	$81	($249)	$589
Catastrophes [1, 2]	(800)	(386)	(85)	(86)	94	(1,263)	(267)	(203)	(30)	(35)	53	(482)
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	(1)	(1)	-	-	-	-	-	-
- All other [3]	86	(3)	26	5	(101)	13	26	(1)	63	15	(132)	(29)
Venezuelan devaluation	-	-	-	-	-	-	-	-	105	-	-	105
Pre-tax operating (loss) income before private equity income (loss)	(312)	(57)	156	6	(177)	(384)	75	92	283	61	(328)	183
Private equity income (loss) [4]	1	-	-	-	127	128	(7)	-	-	-	12	5
Pre-tax operating (loss) income	(311)	(57)	156	6	(50)	(256)	68	92	283	61	(316)	188
Realized investment gains, net						51						111
Loss on extinguishment of debt						(40)						-
Income tax benefit (expense)						75						(79)
Net (loss) income						**($170)**						**$220**

[1] 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 the 2010 Chilean and New Zealand earthquakes, the 2011 Australian floods, Cyclone Yasi, Japanese earthquake and tsunami, New Zealand earthquakes and the tornadoes and severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

[2] Catastrophes exclude the catastrophe losses ceded under the homeowners quota share agreement.

[3] Net of earned premium attributable to prior years and amortization of deferred gains on retroactive reinsurance. 2011 reflects a gain on commutation of two retroactive reinsurance contracts during the first quarter.

[4] Private equity income is included in net investment income in the accompanying statements of income.

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Six Months Ended June 30, 2011						Six Months Ended June 30, 2010					
	LMAC	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated	LMAC	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated
Revenues	$5,669	$3,891	$4,052	$3,132	$197	$16,941	$5,853	$3,675	$3,910	$3,094	($276)	$16,256
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, private equity income (loss), and Venezuelan devaluation	$716	$617	$368	$168	($392)	$1,477	$706	$552	$255	$170	($490)	$1,193
Catastrophes [1, 2]	(995)	(507)	(337)	(136)	124	(1,851)	(409)	(338)	(113)	(56)	(11)	(927)
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	(2)	(2)	-	-	-	-	(3)	(3)
- All other [3]	184	2	65	2	(30)	223	129	6	57	24	(129)	87
Venezuelan devaluation	-	-	-	-	-	-	-	-	137	-	-	137
Pre-tax operating (loss) income before private equity income (loss)	(95)	112	96	34	(300)	(153)	426	220	336	138	(633)	487
Private equity income (loss) [4]	1	-	-	-	337	338	(5)	-	-	-	94	89
Pre-tax operating income (loss)	(94)	112	96	34	37	185	421	220	336	138	(539)	576
Realized investment gains, net						127						206
Loss on extinguishment of debt						(40)						-
Income tax expense						(80)						(247)
Net income						**$192**						**$535**

[1] 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 the 2010 Chilean and New Zealand earthquakes, the 2011 Australian floods, Cyclone Yasi, Japanese earthquake and tsunami, New Zealand earthquakes and the tornadoes and severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

[2] Catastrophes exclude the catastrophe losses ceded under the homeowners quota share agreement.

[3] Net of earned premium attributable to prior years and amortization of deferred gains on retroactive reinsurance. 2011 reflects a gain on commutation of two retroactive reinsurance contracts during the first quarter.

[4] Private equity income 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 June 30, 2011					Three Months Ended June 30, 2010 [1]				
Combined ratio, before catastrophes and net incurred losses attributable to prior years	LMAC	Personal Markets	International	Commercial Markets	Consolidated	LMAC	Personal Markets	International	Commercial Markets	Consolidated
Claims and claims adjustment expense ratio	60.2%	61.9%	65.1%	85.2%	66.3%	63.2%	62.3%	68.8%	84.5%	68.5%
Underwriting expense ratio	30.8%	24.1%	31.4%	25.4%	28.1%	31.5%	25.1%	30.0%	24.3%	28.4%
Dividend ratio	0.2%	-	-	0.5%	0.1%	0.1%	-	-	0.7%	0.2%
Subtotal	**91.2%**	**86.0%**	**96.5%**	**111.1%**	**94.5%**	**94.8%**	**87.4%**	**98.8%**	**109.5%**	**97.1%**
Catastrophes [2,3]	30.6%	23.2%	4.5%	7.9%	17.8%	10.4%	13.0%	1.9%	3.2%	7.1%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	0.3%	-	-	-	-	-
- All other	(3.3%)	0.2%	(1.3%)	(0.7%)	(0.2%)	(0.9%)	0.1%	(4.0%)	(0.3%)	0.5%
Total combined ratio [4]	**118.5%**	**109.4%**	**99.7%**	**118.3%**	**112.4%**	**104.3%**	**100.5%**	**96.7%**	**112.4%**	**104.7%**

[1] 2010 combined ratio has been adjusted to exclude the impact of the Venezuelan devaluation 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 the 2010 Chilean and New Zealand earthquakes, the 2011 Australian floods, Cyclone Yasi, Japanese earthquake and tsunami, New Zealand earthquakes and the tornadoes and severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

[3] Catastrophes exclude the catastrophe losses ceded under the homeowners quota share agreement.

[4] 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.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Six Months Ended June 30, 2011					Six Months Ended June 30, 2010 [1]				
Combined ratio, before catastrophes and net incurred losses attributable to prior years	LMAC	Personal Markets	International	Commercial Markets	Consolidated	LMAC	Personal Markets	International	Commercial Markets	Consolidated
Claims and claims adjustment expense ratio	61.6%	62.9%	65.9%	85.4%	67.2%	62.8%	63.5%	69.4%	84.2%	68.7%
Underwriting expense ratio	31.1%	24.1%	31.5%	25.1%	28.3%	31.0%	25.1%	30.3%	24.2%	28.3%
Dividend ratio	0.2%	-	-	0.6%	0.2%	0.2%	-	-	0.7%	0.2%
Subtotal	**92.9%**	**87.0%**	**97.4%**	**111.1%**	**95.7%**	**94.0%**	**88.6%**	**99.7%**	**109.1%**	**97.2%**
Catastrophes [2,3]	19.3%	15.4%	9.2%	6.3%	13.2%	8.0%	11.0%	3.5%	2.5%	6.9%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	0.2%	-	-	-	-	-
- All other	(3.7%)	(0.1%)	(1.8%)	(0.2%)	(1.6%)	(2.5%)	(0.2%)	(1.8%)	(0.6%)	(0.6%)
Total combined ratio [4]	**108.5%**	**102.3%**	**104.8%**	**117.2%**	**107.5%**	**99.5%**	**99.4%**	**101.4%**	**111.0%**	**103.5%**

[1] 2010 combined ratio has been adjusted to exclude the impact of the Venezuelan devaluation 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 the 2010 Chilean and New Zealand earthquakes, the 2011 Australian floods, Cyclone Yasi, Japanese earthquake and tsunami, New Zealand earthquakes and the tornadoes and severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

[3] Catastrophes exclude the catastrophe losses ceded under the homeowners quota share agreement.

[4] 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.

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, 2011.

[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 each reinsurer. If the collateral held for a reinsurer is greater than the gross recoverable, net recoverables are reported as $0. The portion of collateral held 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 June 30, 2011 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]				
A++	$ 719	$ 334	$ 385	4%
A+	$ 3,638	$ 590	$ 3,114	31%
A	$ 4,005	$ 1,164	$ 3,058	30%
A-	$ 59	$ 12	$ 48	0%
B++	$ 39	$ 14	$ 25	0%
B+	$ 8	$ 2	$ 7	0%
B or Below	$ -	$ -	$ -	0%
Subtotal	**$ 8,468**	**$ 2,116**	**$ 6,637**	**65%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 2,813	$ 4	$ 2,809	28%
Voluntary	$ 368	$ 71	$ 306	3%
Subtotal	**$ 3,181**	**$ 75**	**$ 3,115**	**31%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,558	$ 1,914	$ 70	1%
Other [6]	$ 484	$ 519	$ 363	3%
Subtotal	**$ 2,042**	**$ 2,433**	**$ 433**	**4%**
Grand Total	**$ 13,691**	**$ 4,624**	**$ 10,185**	**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, 2011 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]				
AAA	$ 3	$ 1	$ 3	0%
AA+, AA, AA-	$ 2,207	$ 811	$ 1,482	15%
A+, A, A-	$ 6,106	$ 1,337	$ 4,990	49%
BBB+, BBB, BBB -	$ 8	$ 3	$ 6	0%
BB+ or Below	$ 18	$ 4	$ 14	0%
Subtotal	**$ 8,342**	**$ 2,156**	**$ 6,495**	**64%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 2,813	$ 4	$ 2,809	27%
Voluntary	$ 368	$ 71	$ 306	3%
Subtotal	**$ 3,181**	**$ 75**	**$ 3,115**	**30%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,558	$ 1,914	$ 70	1%
Other [6]	$ 610	$ 479	$ 505	5%
Subtotal	**$ 2,168**	**$ 2,393**	**$ 575**	**6%**
Grand Total	**$ 13,691**	**$ 4,624**	**$ 10,185**	**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, 2011

(dollars in millions)

	Reinsurance Groups [7] (Data in Millions)	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]
1	Swiss Re Group	$ 2,234	$ 937	$ 1,434
2	Nationwide Group	$ 1,545	$ -	$ 1,545
3	Everest Re Group	$ 609	$ 195	$ 425
4	UPINSCO	$ 535	$ 602	$ -
5	Munich Re Group	$ 506	$ 23	$ 486
6	Berkshire Hathaway Insurance Group	$ 476	$ 237	$ 238
7	PartnerRe Group	$ 367	$ 312	$ 106
8	Transatlantic Holdings, Inc. Group	$ 342	$ -	$ 342
9	Chubb Group of Insurance Companies	$ 257	$ 98	$ 159
10	Lloyd's of London	$ 241	$ -	$ 241
11	AEGIS Group	$ 197	$ 224	$ -
12	W. R. Berkley Group	$ 185	$ 3	$ 182
13	Builders' Credit Reinsurance Company SA	$ 179	$ 278	$ -
14	Equitas Insurance Limited	$ 169	$ -	$ 169
15	Verizon	$ 151	$ 111	$ 42
	State Mandated Involuntary pools and associations [5]	$ 2,813	$ 4	$ 2,809
	Voluntary pools and associations	$ 368	$ 71	$ 306
	All Other	$ 2,517	$ 1,529	$ 1,701
	Total Reinsurance Recoverables	**$ 13,691**	**$ 4,624**	**$ 10,185**

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

LIBERTY MUTUAL HOLDING COMPANY INC.

Issuer and Sector Exposure as of June 30, 2011

(dollars in millions)

(Unaudited)

	Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1	Government of Brazil	1,006	0	3	1,009	1.40%
2	Government of Venezuela	903	0	0	903	1.25%
3	Government of Canada	566	0	13	579	0.80%
4	Bank of America Corp	285	165	0	450	0.62%
5	State of Florida	367	0	0	367	0.51%
6	Invenergy	334	0	0	334	0.46%
7	Government of Colombia	322	0	0	322	0.45%
8	Wells Fargo & Co	297	24	0	321	0.44%
9	AT&T Corp	315	4	0	319	0.44%
10	State of California	275	0	0	275	0.38%
11	JP Morgan Chase & Co	244	31	0	275	0.38%
12	Citigroup Inc	255	2	0	257	0.36%
13	Government of Germany	255	0	0	255	0.35%
14	Commonwealth of Massachusetts	245	0	0	245	0.34%
15	Berkshire Hathaway Inc	239	3	0	242	0.34%
16	Telefonica SA	240	1	0	241	0.33%
17	Government of Spain	239	0	1	240	0.33%
18	State of Texas	239	0	0	239	0.33%
19	General Electric Co	233	4	0	237	0.33%
20	US Bancorp	161	69	0	230	0.32%
		7,020	**303**	**17**	**7,340**	**10.16%**

	Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1	Municipal	13,227	0	7	13,234	18.32%
2	Sovereign	4,728	0	84	4,812	6.66%
3	Banks	3,674	498	31	4,203	5.82%
4	Electric	2,036	93	0	2,129	2.95%
5	Oil&Gas	1,412	544	3	1,959	2.71%
6	Telecommunications	1,764	38	3	1,805	2.50%
7	Diversified Financial Services	1,399	27	2	1,428	1.98%
8	Retail	1,231	59	0	1,290	1.79%
9	Transportation	938	16	0	954	1.32%
10	Media	882	14	0	896	1.24%
11	Insurance	697	111	0	808	1.12%
12	Food	702	30	0	732	1.01%
13	Mining	438	170	0	608	0.84%
14	Real Estate	53	550	0	603	0.83%
15	Miscellaneous Manufacturers	559	22	0	581	0.80%
16	Beverages	551	13	0	564	0.78%
17	Pharmaceuticals	477	33	0	510	0.71%
18	Energy-Alternate Sources	408	59	0	467	0.65%
19	Chemicals	433	29	0	462	0.64%
20	Regional(state/provnc)	429	0	0	429	0.59%
		$36,038	**$2,306**	**$130**	**$38,474**	**53.26%**

Note: Charts exclude US Treasury and agency securities, mortgage-backed securities, private equity investments, other invested assets, and municipal obligations that are pre-refunded or escrowed to maturity.