Financial Supplement

Quarter Ended September 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 September 30, 2008						Three Months Ended September 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	$ 1,679	$ 1,757	$ 1,824	$ 1,727	$ (116)	$ 6,871	$ 1,648	$ 1,681	$ 1,435	$ 1,565	$ 260	$ 6,589
Pre-tax operating income (loss) before catastrophes and incurred attributable to prior years	$ 222	$ 103	$ 177	$ 174	$ (5)	$ 671	$ 236	$ 143	$ 115	$ 59	$ (10)	$ 543
Catastrophes												
- 2008 Hurricanes	(268)	(156)	(92)	(101)	(80)	(697)	-	-	-	-	-	-
- All other [1]	(52)	(12)	(46)	-	(1)	(111)	(42)	4	(22)	-	-	(60)
Net incurred attributable to prior years:												
- Asbestos & environmental [2]	-	-	-	-	(1)	(1)	-	-	-	-	(95)	(95)
- All other [3]	45	25	177	57	(7)	297	44	(27)	216	18	(117)	134
Pre-tax operating income (loss)	(53)	(40)	216	130	(94)	159	238	120	309	77	(222)	522
Realized investment gains (losses), net [4]	(10)	-	-	(36)	(203)	(249)	(2)	-	-	(11)	32	19
Federal and foreign income tax (expense) benefit [4]	20	11	(65)	(31)	161	96	(70)	(38)	(92)	(14)	77	(137)
Net income (loss) [4]	**$ (43)**	**$ (29)**	**$ 151**	**$ 63**	**$ (136)**	**$ 6**	**$ 166**	**$ 82**	**$ 217**	**$ 52**	**$ (113)**	**$ 404**

[1] Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines 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.

[2] Net of allowance for uncollectible reinsurance.

[3] Net of 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)

	Nine Months Ended September 30, 2008						Nine Months Ended September 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	$ 4,965	$ 5,143	$ 5,141	$ 5,225	$ 230	$ 20,704	$ 4,851	$ 4,959	$ 3,926	$ 4,511	$ 780	$ 19,027
Pre-tax operating income before catastrophes and incurred attributable to prior years	$ 657	$ 335	$ 412	$ 436	$ 46	$ 1,886	$ 615	$ 382	$ 339	$ 338	$ 21	$ 1,695
Catastrophes												
- 2008 Hurricanes	(268)	(156)	(92)	(101)	(80)	(697)	-	-	-	-	-	-
- All other [1]	(307)	(71)	(201)	-	(11)	(590)	(170)	(5)	(66)	-	-	(241)
Net incurred attributable to prior years:												
- Asbestos & environmental [2]	-	-	-	-	(5)	(5)	-	-	(1)	-	(95)	(96)
- All other [3]	58	47	290	96	(27)	464	118	(48)	287	40	(360)	37
Pre-tax operating income (loss)	140	155	409	431	(77)	1,058	563	329	559	378	(434)	1,395
Realized investment gains (losses), net [4]	(19)	-	-	(53)	(184)	(256)	2	-	-	-	142	144
Federal and foreign income tax (expense) benefit [4]	(37)	(49)	(123)	(114)	187	(136)	(170)	(100)	(167)	(105)	96	(446)
Net income (loss) [4]	**$ 84**	**$ 106**	**$ 286**	**$ 264**	**$ (74)**	**$ 666**	**$ 395**	**$ 229**	**$ 392**	**$ 273**	**$ (196)**	**$ 1,093**

[1] Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines 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.

[2] Net of allowance for uncollectible reinsurance.

[3] Net of 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 September 30, 2008					Three Months Ended September 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	62.1%	84.2%	64.4%	66.6%	68.2%	64.6%	79.4%	65.7%	73.5%	70.3%
Underwriting expense ratio	27.0%	20.2%	32.8%	31.7%	26.5%	24.3%	21.7%	33.2%	31.2%	28.1%
Dividend ratio	0.0%	0.4%	0.3%	0.0%	0.2%	0.0%	0.4%	0.8%	0.0%	0.3%
Subtotal	**89.1%**	**104.8%**	**97.5%**	**98.3%**	**94.9%**	**88.9%**	**101.5%**	**99.7%**	**104.7%**	**98.7%**
Catastrophes										
- 2008 Hurricanes	19.0%	11.9%	5.5%	6.5%	11.6%	0.0%	0.0%	0.0%	0.0%	0.0%
- All other [1]	3.7%	0.9%	2.8%	0.0%	1.9%	3.0%	(0.4%)	1.7%	0.0%	1.1%
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%	1.7%
- All other	(3.2%)	(2.2%)	(10.7%)	(3.7%)	(5.0%)	(3.3%)	2.1%	(16.6%)	(1.3%)	(2.5%)
Total combined ratio [2]	**108.6%**	**115.4%**	**95.1%**	**101.1%**	**103.4%**	**88.6%**	**103.2%**	**84.8%**	**103.4%**	**99.0%**

[1] Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines 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.

[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 and environmental commutation.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Nine Months Ended September 30, 2008					Nine Months Ended September 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	63.3%	83.4%	66.5%	68.1%	69.7%	66.2%	80.7%	65.7%	68.9%	69.9%
Underwriting expense ratio	26.5%	20.8%	32.6%	31.8%	27.3%	24.8%	21.4%	32.3%	31.2%	27.9%
Dividend ratio	0.0%	0.6%	0.6%	0.0%	0.3%	0.0%	0.5%	0.9%	0.0%	0.3%
Subtotal	**89.8%**	**104.8%**	**99.7%**	**99.9%**	**97.3%**	**91.0%**	**102.6%**	**98.9%**	**100.1%**	**98.1%**
Catastrophes										
- 2008 Hurricanes	6.4%	4.1%	2.0%	2.2%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- All other [1]	7.4%	1.8%	4.3%	0.0%	3.4%	4.2%	0.1%	1.9%	0.0%	1.6%
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%	0.6%
- All other	(1.4%)	(1.3%)	(6.2%)	(2.1%)	(2.8%)	(2.9%)	1.2%	(8.1%)	(1.0%)	(0.2%)
Total combined ratio [2]	**102.2%**	**109.4%**	**99.8%**	**100.0%**	**102.0%**	**92.3%**	**103.9%**	**92.7%**	**99.1%**	**100.1%**

[1] Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines 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.

[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 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 September 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 $418 million, respectively, as no loss has been incurred.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by A.M. Best Rating

As of September 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++	$ 1,593	$ 842	$ 751	6%
A+	6,473	1,064	5,481	46%
A	1,580	258	1,403	12%
A-	263	123	163	1%
B++	7	$ -	7	0%
B+	7	$ -	7	0%
B or Below	15	1	14	0%
Subtotal	**$ 9,938**	**$ 2,288**	**$ 7,826**	**65%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 3,324	$ 5	$ 3,319	28%
Voluntary	369	80	289	2%
Subtotal	**$ 3,693**	**$ 85**	**$ 3,608**	**30%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,580	$ 1,879	$ 37	0%
Other [6]	813	480	490	5%
Subtotal	**$ 2,393**	**$ 2,359**	**$ 527**	**5%**
Grand Total	**$ 16,024**	**$ 4,732**	**$ 11,961**	**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 September 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	$ 1,174	$ 645	$ 530	4%
AA+, AA , AA-	5,049	1,354	3,811	32%
A+, A , A-	3,593	325	3,352	28%
BBB+, BBB , BBB -	11	3	9	0%
BB+ or Below	3	$ -	3	0%
Subtotal	**$ 9,830**	**$ 2,327**	**$ 7,705**	**64%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 3,324	$ 5	$ 3,319	28%
Voluntary	369	80	289	2%
Subtotal	**$ 3,693**	**$ 85**	**$ 3,608**	**30%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,580	$ 1,879	$ 37	1%
Other [6]	921	441	611	5%
Subtotal	**$ 2,501**	**$ 2,320**	**$ 648**	**6%**
Grand Total	**$ 16,024**	**$ 4,732**	**$ 11,961**	**100%**

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

Liberty Mutual Group

Top 15 Reinsurance Recoverables by Group

As of September 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	$ 2,202	$ 556	$ 1,665
2	Nationwide Group	2,039	-	2,039
3	Berkshire Hathaway Inc	1,171	644	527
4	Everest Re Group	627	85	546
5	Munich Re Group	571	10	560
6	UPINSCO	537	577	-
7	PartnerRe Group	422	351	116
8	Chubb Group	416	198	219
9	AIG	316	-	316
10	ACE Group	271	237	69
11	Associated Electric & Gas	250	270	-
12	Lloyds Syndicates	224	-	224
13	W. R. Berkley Group	212	9	204
14	Equitas	186	-	186
15	Contractors Casualty & Surety	171	223	-
	State Mandated Involuntary pools and associations [5]	3,324	5	3,319
	Voluntary pools and associations	369	80	289
	All Other	2,716	1,487	1,682
	Total Reinsurance Recoverables	**$ 16,024**	**$ 4,732**	**$ 11,961**

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

LIBERTY MUTUAL HOLDING COMPANY INC.

Issuer and Sector Exposure as of September 30, 2008

(dollars in millions)

(Unaudited)

	Top 20 Issuers	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1	Bank of America Corp	$ 340	$ 130	$ 470	0.84%
2	JP Morgan Chase & Co	378	72	450	0.81%
3	AT&T Corp	322	33	355	0.64%
4	General Electric Co	286	32	318	0.57%
5	Government of Canada	316	-	316	0.57%
6	State of Florida	309	-	309	0.56%
7	Citigroup Inc	274	34	308	0.55%
8	State of California	296	-	296	0.53%
9	Government of Venezuela	290	-	290	0.52%
10	Commonwealth of Massachusetts	278	-	278	0.50%
11	Goldman Sachs Group Inc	207	54	261	0.47%
12	State of Pennsylvania	252	-	252	0.45%
13	US Bancorp	196	52	248	0.45%
14	Government of Spain	238	-	238	0.43%
15	Wachovia Corp	206	23	229	0.41%
16	Verizon Communications	204	19	223	0.40%
17	HSBC Holdings Plc	184	36	220	0.40%
18	Wells Fargo & Co	185	28	213	0.38%
19	Wal-Mart Stores Inc	185	27	212	0.38%
20	Royal Bank of Scotland	208	-	208	0.37%
		$ 5,154	**$ 540**	**$ 5,694**	**10.23%**

	Top 20 Sectors	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1	Municipal	$ 13,390	$ -	$ 13,390	24.07%
2	Banks	3,008	359	3,367	6.05%
3	Diversified Financial Services	2,392	209	2,601	4.68%
4	Sovereign	2,295	-	2,295	4.13%
5	Electric	1,475	101	1,576	2.83%
6	Oil&Gas	764	515	1,279	2.30%
7	Telecommunications	1,156	110	1,266	2.28%
8	Retail	996	134	1,130	2.03%
9	Transportation	717	48	765	1.38%
10	Insurance	523	105	628	1.13%
11	Media	587	38	625	1.12%
12	Real Estate	59	472	531	0.95%
13	Food	457	35	492	0.88%
14	Miscellaneous Manufacturers	304	71	375	0.67%
15	Home Builders	313	5	318	0.57%
16	Aerospace/Defense	265	50	315	0.57%
17	Pharmaceuticals	147	127	274	0.49%
18	Regional(state/provnc)	260	-	260	0.47%
19	Beverages	185	45	230	0.41%
20	Multi-National	226	-	226	0.41%
		$ 29,519	**$ 2,424**	**$ 31,943**	**57.42%**

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.