Liberty Mutual®

Financial Supplement

Quarter Ended September 30, 2009

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 September 30, 2009 & 2008	1
- Reconciliation of PTOI to Net Income - Nine Months Ended September 30, 2009 & 2008	2
- Combined Ratio - Three Months Ended September 30, 2009 & 2008	3
- Combined Ratio - Nine Months Ended September 30, 2009 & 2008	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 September 30, 2009						Three Months Ended September 30, 2008					
	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated
Revenues	$2,936	$1,785	$1,924	$1,493	($222)	$7,916	$1,824	$1,679	$1,727	$1,757	($116)	$6,871
Pre-tax operating income (loss) before catastrophes, net incurred attributable to prior years and private equity (loss) income	$351	$253	$115	$68	($212)	$575	$177	$222	$174	$103	($15)	$661
Catastrophes [1]												
- September 2008 Hurricanes	-	-	(3)	-	1	(2)	(92)	(268)	(101)	(156)	(80)	(697)
- All other [2]	(95)	(93)	(3)	(5)	1	(195)	(46)	(52)	-	(12)	(1)	(111)
Net incurred attributable to prior years:												
- Asbestos & environmental [3]	-	-	-	-	(361)	(361)	-	-	-	-	(1)	(1)
- All other [4]	293	(21)	(8)	13	(31)	246	177	45	57	25	(7)	297
Pre-tax operating income before private equity (loss) income	549	139	101	76	(602)	263	216	(53)	130	(40)	(104)	149
Private equity (loss) income[5]	-	-	-	-	(5)	(5)	-	-	-	-	10	10
Pre-tax operating income (loss)	549	139	101	76	(607)	258	216	(53)	130	(40)	(94)	159
Realized investment gains (losses), net [6]	-	5	(10)	-	40	35	-	(10)	(36)	-	(203)	(249)
Federal and foreign income tax (expense) benefit [6]	(173)	(43)	(33)	(21)	242	(28)	(65)	20	(31)	11	161	96
Net income (loss) [6]	**$376**	**$101**	**$58**	**$55**	**($325)**	**265**	**$151**	**($43)**	**$63**	**($29)**	**($136)**	**$6**

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

[3] Net of allowance for uncollectible reinsurance.

[4] Net of both earned premium attributable to prior years and amortization of deferred gains on retroactive reinsurance.

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

[6] 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, 2009						Nine Months Ended September 30, 2008					
	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated
Revenues	$8,992	$5,187	$5,518	$4,627	($1,172)	$23,152	$5,141	$4,965	$5,225	$5,143	$230	$20,704
Pre-tax operating income (loss) before catastrophes, net incurred attributable to prior years and private equity (loss) income	$965	$740	$342	$256	($659)	$1,644	$412	$657	$436	$335	($82)	$1,758
Catastrophes [1]												
- September 2008 Hurricanes	(16)	21	(9)	-	(12)	(16)	(92)	(268)	(101)	(156)	(80)	(697)
- All other [2]	(412)	(309)	(3)	(39)	3	(760)	(201)	(307)	-	(71)	(11)	(590)
Net incurred attributable to prior years												
- Asbestos & environmental [3]	-	-	-	-	(364)	(364)	-	-	-	-	(5)	(5)
- All other [4]	581	(7)	22	38	(44)	590	290	58	96	47	(27)	464
Pre-tax operating income before private equity (loss) income	1,118	445	352	255	(1,076)	1,094	409	140	431	155	(205)	930
Private equity (loss) income [5]	-	-	-	-	(398)	(398)	-	-	-	-	128	128
Pre-tax operating income (loss)	1,118	445	352	255	(1,474)	696	409	140	431	155	(77)	1,058
Realized investment gains (losses), net [6]	-	(11)	5	-	20	14	-	(19)	(53)	-	(184)	(256)
Federal and foreign income tax (expense) benefit [6]	(355)	(130)	(97)	(73)	512	(143)	(123)	(37)	(114)	(49)	187	(136)
Net income (loss) [6]	**$763**	**$304**	**$260**	**$182**	**($942)**	**$567**	**$286**	**$84**	**$264**	**$106**	**($74)**	**$666**

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

[3] Net of allowance for uncollectible reinsurance.

[4] Net of both earned premium attributable to prior years and amortization of deferred gains on retroactive reinsurance.

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

[6] 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, 2009					Three Months Ended September 30, 2008				
Combined ratio, before catastrophes and net incurred attributable to prior years	Agency Markets	Personal Markets	International	Commercial Markets	Consolidated	Agency Markets	Personal Markets	International	Commercial Markets	Consolidated
Claims and claims adjustment expense ratio	62.8%	64.3%	71.1%	85.7%	69.5%	64.4%	62.1%	66.6%	84.2%	68.2%
Underwriting expense ratio	31.1%	24.5%	29.7%	22.4%	28.2%	32.8%	27.0%	31.7%	20.2%	26.5%
Dividend ratio	0.3%	-	-	0.5%	0.2%	0.3%	-	-	0.4%	0.2%
Subtotal	**94.2%**	**88.8%**	**100.8%**	**108.6%**	**97.9%**	**97.5%**	**89.1%**	**98.3%**	**104.8%**	**94.9%**
Catastrophes [1]										
- September 2008 Hurricanes	-	-	0.2%	0.1%	-	5.5%	19.0%	6.5%	11.9%	11.6%
- All other	3.4%	6.3%	0.2%	0.5%	2.9%	2.8%	3.7%	-	0.9%	1.9%
Net incurred attributable to prior years:										
- Asbestos & environmental	-	-	-	-	4.3%	-	-	-	-	-
- All other	(12.0%)	(0.2%)	0.4%	(1.2%)	(4.5%)	(10.7%)	(3.2%)	(3.7%)	(2.2%)	(5.0%)
Total combined ratio [2]	**85.6%**	**94.9%**	**101.6%**	**108.0%**	**100.6%**	**95.1%**	**108.6%**	**101.1%**	**115.4%**	**103.4%**

[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 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 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)

	Nine Months Ended September 30, 2009					Nine Months Ended September 30, 2008				
Combined ratio, before catastrophes and net incurred attributable to prior years	Agency Markets	Personal Markets	International	Commercial Markets	Consolidated	Agency Markets	Personal Markets	International	Commercial Markets	Consolidated
Claims and claims adjustment expense ratio	64.2%	63.8%	70.6%	85.2%	69.6%	66.5%	63.3%	68.1%	83.4%	69.7%
Underwriting expense ratio	30.7%	25.1%	30.2%	21.6%	28.2%	32.6%	26.5%	31.8%	20.8%	27.3%
Dividend ratio	0.3%	-	-	0.5%	0.2%	0.6%	-	-	0.6%	0.3%
Subtotal	**95.2%**	**88.9%**	**100.8%**	**107.3%**	**98.0%**	**99.7%**	**89.8%**	**99.9%**	**104.8%**	**97.3%**
Catastrophes [1]										
- September 2008 Hurricanes	0.2%	(0.5%)	0.2%	-	-	2.0%	6.4%	2.2%	4.1%	4.0%
- All other	5.0%	7.1%	0.1%	1.1%	3.8%	4.3%	7.4%	-	1.8%	3.4%
Net incurred attributable to prior years										
- Asbestos & environmental	-	-	-	-	1.5%	-	-	-	-	0.1%
- All other	(7.5%)	(0.4%)	(0.5%)	(1.0%)	(3.2%)	(6.2%)	(1.4%)	(2.1%)	(1.3%)	(2.8%)
Total combined ratio [2]	**92.9%**	**95.1%**	**100.6%**	**107.4%**	**100.1%**	**99.8%**	**102.2%**	**100.0%**	**109.4%**	**102.0%**

[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 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 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 September 30, 2009.

[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 Recovables 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 September 30, 2009 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]				
A++	$ 1,471	$ 801	$ 670	6%
A+	4,014	599	3,488	30%
A	4,068	1,203	3,138	27%
A-	236	110	152	1%
B++	31	21	12	-
B+	8	2	8	-
B or Below	9	-	9	-
Subtotal	**$ 9,837**	**$ 2,736**	**$ 7,477**	**64%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 3,131	$ 5	$ 3,126	27%
Voluntary	394	74	320	3%
Subtotal	**$ 3,525**	**$ 79**	**$ 3,446**	**30%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,609	$ 1,975	$ 72	1%
Other [6]	876	1,035	547	5%
Subtotal	**$ 2,485**	**$ 3,010**	**$ 619**	**6%**
Grand Total	**$ 15,847**	**$ 5,825**	**$ 11,542**	**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, 2009 [1]

(dollars in millions)

		Gross Recoverables [2]		Collateral Held [3]		Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]							
AAA	$	1,120	$	648	$	472	4%
AA+, AA , AA-		1,803		671		1,239	11%
A+, A , A-		6,782		1,459		5,620	49%
BBB+, BBB , BBB -		15		2		13	-
BB+ or Below		6		-		6	-
Subtotal	**$**	**9,726**	**$**	**2,780**	**$**	**7,350**	**64%**
Pools & Associations							
State mandated involuntary pools and associations [5]	$	3,131	$	5	$	3,126	27%
Voluntary		394		74		320	3%
Subtotal	**$**	**3,525**	**$**	**79**	**$**	**3,446**	**30%**
Non-Rated Entities [6]							
Captives & fronting companies	$	1,609	$	1,975	$	72	1%
Other [6]		987		991		674	5%
Subtotal	**$**	**2,596**	**$**	**2,966**	**$**	**746**	**6%**
Grand Total	**$**	**15,847**	**$**	**5,825**	**$**	**11,542**	**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, 2009

(dollars in millions)

	Reinsurance Groups [7] (Data in Millions)	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]
1	Swiss Re Group	$2,355	$970	$1,584
2	Nationwide Group	1,887	-	1,887
3	Berkshire Hathaway Insurance Group	1,127	649	478
4	Everest Re Group	668	135	535
5	Munich Re Group	549	31	519
6	UPINSCO	531	585	-
7	PartnerRe Group	414	352	122
8	Chubb Group of Insurance Companies	353	153	200
9	Transatlantic Re	290	-	290
10	Lloyd's of London	254	-	254
11	AEGIS Group	245	249	2
12	ACE Group	243	212	38
13	Equitas Insurance Limited	256	5	251
14	W. R. Berkley Group	208	4	204
15	Contractors Casualty & Surety Company	179	263	-
	State Mandated Involuntary pools and associations 5	3,131	5	3,126
	Voluntary pools and associations	394	74	320
	All Other	2,763	2,138	1,732
	Total Reinsurance Recoverables	**$15,847**	**$5,825**	**$11,542**

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

LIBERTY MUTUAL HOLDING COMPANY INC.

Issuer and Sector Exposure as of September 30, 2009

(dollars in millions)

(Unaudited)

	Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1	Government of Venezuela	$577	$ -	$ -	$577	0.88%
2	Government of Canada	439	-	-	439	0.67%
3	Bank of America Corp	275	163	-	438	0.66%
4	Wells Fargo & Co	368	20	5	393	0.60%
5	State of Florida	380	-	-	380	0.58%
6	JP Morgan Chase & Co	350	28	-	378	0.57%
7	Government of Brazil	331	-	4	335	0.51%
8	AT&T Corp	321	3	-	324	0.49%
9	State of California	313	-	-	313	0.48%
10	Verizon Communications	294	1	-	295	0.45%
11	Commonwealth of Pennsylvania	287	-	-	287	0.44%
12	State of Texas	284	-	-	284	0.43%
13	Telefonica SA	264	-	-	264	0.40%
14	Goldman Sachs Group Inc	181	66	15	262	0.40%
15	Citigroup Inc	259	1	-	260	0.39%
16	Invenergy	253	-	-	253	0.38%
17	Government of Spain	243	-	2	245	0.37%
18	State of Georgia	243	-	-	243	0.37%
19	State of New York	242	-	-	242	0.37%
20	Commonwealth of Massachusetts	239	-	-	239	0.36%
		$6,143	**$282**	**$26**	**$6,451**	**9.80%**

	Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1	Municipal	$15,588	$ -	$ -	$15,588	23.66%
2	Banks	3,290	434	133	3,857	5.85%
3	Sovereign	3,239	8	30	3,277	4.97%
4	Electric	1,802	61	-	1,863	2.83%
5	Telecommunications	1,583	14	-	1,597	2.42%
6	Diversified Financial Services	1,429	8	8	1,445	2.19%
7	Oil&Gas	1,014	371	-	1,385	2.10%
8	Retail	1,091	11	-	1,102	1.67%
9	Transportation	831	4	-	835	1.27%
10	Media	688	5	-	693	1.05%
11	Insurance	592	95	-	687	1.04%
12	Food	551	6	-	557	0.85%
13	Beverages	458	5	-	463	0.70%
14	Miscellaneous Manufacturers	454	7	-	461	0.70%
15	Real Estate	45	414	-	459	0.70%
16	Energy-Alternate Sources	381	44	-	425	0.65%
17	Aerospace/Defense	393	3	-	396	0.60%
18	Pharmaceuticals	331	14	-	345	0.52%
19	Regional(state/provnc)	327	-	-	327	0.50%
20	Home Builders	297	1	-	298	0.45%
		$34,384	**$1,505**	**$171**	**$36,060**	**54.72%**

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.