Financial Supplement

Quarter Ended September 30, 2010

LIBERTY MUTUAL HOLDING COMPANY INC.
Financial Supplement

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LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended September 30, 2010 [1]						Three Months Ended September 30, 2009 [2]					
	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated
Revenues	$2,969	$1,891	$2,007	$1,571	($51)	$8,387	$2,706	$1,785	$1,924	$1,630	($129)	$7,916
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years and private equity income (loss)	$346	$280	$194	$59	($325)	$554	$388	$253	$115	$59	($286)	$529
Catastrophes [3, 4]	(63)	(66)	8	(11)	5	(127)	(82)	(93)	(6)	(5)	26	(160)
Net incurred losses attributable to prior years:												
- Asbestos & environmental [5]	-	-	-	-	(2)	(2)	-	-	-	-	(361)	(361)
- All other [6]	40	3	15	16	14	88	238	(21)	(8)	31	6	246
Pre-tax operating income before private equity income (loss)	323	217	217	64	(308)	513	544	139	101	85	(615)	254
Private equity income (loss) [7]	1	-	-	-	144	145	(1)	-	-	-	(4)	(5)
Pre-tax operating income (loss)	324	217	217	64	(164)	658	543	139	101	85	(619)	249
Realized investment gains (losses), net						86						35
Income tax (expense) benefit						(177)						(24)
Net income (loss)						**$567**						**$260**

[1] Effective January 1, 2010, the Venezuelan operations of the Company's International SBU began applying hyper-inflationary accounting, utilizing the U.S. dollar as the functional currency.

[2] 2009 results have been restated for the retrospective accounting change related to the change in the discount rate applied to the long-term indemnity portion of the settled unpaid workers compensation claims.

[3] 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.

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

[5] Net of allowance for uncollectible reinsurance.

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

[7] Private equity income (loss) 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)

	Nine Months Ended September 30, 2010 [1]						Nine Months Ended September 30, 2009 [2]					
	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated
Revenues	$8,822	$5,566	$5,917	$4,665	($327)	$24,643	$8,221	$5,187	$5,518	$5,073	($847)	$23,152
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years and private equity income (loss)	$1,140	$832	$493	$223	($895)	$1,793	$1,024	$740	$342	$261	($904)	$1,463
Catastrophes [3, 4]	(473)	(404)	(12)	(61)	5	(945)	(367)	(288)	(12)	(39)	84	(622)
Net incurred losses attributable to prior years:												
- Asbestos & environmental [5]	-	-	-	-	(5)	(5)	-	-	-	-	(364)	(364)
- All other [6]	82	9	72	40	(46)	157	510	(7)	22	71	(6)	590
Pre-tax operating income before private equity income (loss)	749	437	553	202	(941)	1,000	1,167	445	352	293	(1,190)	1,067
Private equity income (loss) [7]	(4)	-	-	-	238	234	(36)	-	-	-	(362)	(398)
Pre-tax operating income (loss)	745	437	553	202	(703)	1,234	1,131	445	352	293	(1,552)	669
Realized investment gains (losses), net						292						14
Income tax (expense) benefit						(424)						(133)
Net income (loss)						**$1,102**						**$550**

[1] Effective January 1, 2010, the Venezuelan operations of the Company's International SBU began applying hyper-inflationary accounting, utilizing the U.S. dollar as the functional currency.

[2] 2009 results have been restated for the retrospective accounting change related to the change in the discount rate applied to the long-term indemnity portion of the settled unpaid workers compensation claims.

[3] 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.

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

[5] Net of allowance for uncollectible reinsurance.

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

[7] Private equity income (loss) 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 September 30, 2010 [1]					Three Months Ended September 30, 2009				
Combined ratio, before catastrophes and net incurred losses 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	63.4%	64.4%	69.0%	85.3%	69.6%	61.4%	64.3%	71.1%	86.5%	70.1%
Underwriting expense ratio	30.1%	24.3%	30.9%	25.0%	28.8%	31.5%	24.5%	29.7%	22.7%	28.2%
Dividend ratio	0.3%	-	-	0.5%	0.2%	0.2%	-	-	0.7%	0.2%
Subtotal	**93.8%**	**88.7%**	**99.9%**	**110.8%**	**98.6%**	**93.1%**	**88.8%**	**100.8%**	**109.9%**	**98.5%**
Catastrophes [2]	2.4%	4.1%	(0.5%)	1.0%	1.9%	3.2%	6.3%	0.4%	0.4%	2.4%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	-	-	-	-	-	4.3%
- All other	(1.5%)	(0.2%)	(0.9%)	(1.4%)	(1.3%)	(9.8%)	(0.2%)	0.4%	(2.4%)	(4.4%)
Total combined ratio [3]	**94.7%**	**92.6%**	**98.5%**	**110.4%**	**99.2%**	**86.5%**	**94.9%**	**101.6%**	**107.9%**	**100.8%**

[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 LIU 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.

[3] 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, 2010 [1]					Nine Months Ended September 30, 2009				
Combined ratio, before catastrophes and net incurred losses 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	62.0%	63.9%	71.1%	84.7%	69.5%	63.4%	63.8%	70.6%	84.9%	70.4%
Underwriting expense ratio	30.6%	24.8%	30.5%	24.5%	28.4%	31.3%	25.1%	30.2%	22.0%	28.2%
Dividend ratio	0.2%	-	-	0.6%	0.2%	0.2%	-	-	0.8%	0.2%
Subtotal	**92.8%**	**88.7%**	**101.6%**	**109.8%**	**98.1%**	**94.9%**	**88.9%**	**100.8%**	**107.7%**	**98.8%**
Catastrophes [2]	6.1%	8.6%	0.2%	1.8%	4.7%	4.9%	6.6%	0.3%	1.0%	3.1%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	-	-	-	-	-	1.5%
- All other	(1.1%)	(0.2%)	(1.4%)	(0.8%)	(0.8%)	(6.8%)	(0.4%)	(0.5%)	(1.8%)	(3.2%)
Total combined ratio [3]	**97.8%**	**97.1%**	**100.4%**	**110.8%**	**102.0%**	**93.0%**	**95.1%**	**100.6%**	**106.9%**	**100.2%**

[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 LIU 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.

[3] 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, 2010.

[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 September 30, 2010 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]				
A++	$ 1,323	$ 771	$ 553	5%
A+	$ 3,923	573	3,426	31%
A	$ 3,948	1,150	3,018	28%
A-	$ 117	26	97	1%
B++	$ 44	38	14	-
B+	$ 8	1	7	-
B or below	$ -	-	$ -	-
Subtotal	**$ 9,363**	**$ 2,559**	**$ 7,115**	**65%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 2,902	$ 4	$ 2,897	27%
Voluntary	366	69	296	3%
Subtotal	**$ 3,268**	**$ 73**	**$ 3,193**	**30%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,545	$ 1,877	$ 59	-
Other [6]	821	862	523	5%
Subtotal	**$ 2,366**	**$ 2,739**	**$ 582**	**5%**
Grand Total	**$ 14,997**	**$ 5,371**	**$ 10,890**	**100%**

See explanation of footnoted items on page 11 of financial supplement.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by Standard & Poor's Rating

As of September 30, 2010 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]				
AAA	$ 4	$ -	$ 3	-
AA+, AA , AA-	$ 3,015	$ 1,214	$ 1,884	17%
A+, A , A-	$ 6,245	$ 1,380	$ 5,110	47%
BBB+, BBB , BBB -	$ 8	$ 4	$ 5	-
BB+ or below	$ 5	$ -	$ 5	-
Subtotal	**$ 9,277**	**$ 2,598**	**$ 7,007**	**64%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 2,902	$ 4	$ 2,897	27%
Voluntary	$ 366	$ 69	$ 296	3%
Subtotal	**$ 3,268**	**$ 73**	**$ 3,193**	**30%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,545	$ 1,877	$ 59	-
Other [6]	$ 907	$ 823	$ 631	6%
Subtotal	**$ 2,452**	**$ 2,700**	**$ 690**	**6%**
Grand Total	**$ 14,997**	**$ 5,371**	**$ 10,890**	**100%**

See explanation of footnoted items on page 11 of financial supplement.

Liberty Mutual Group

Top 15 Reinsurance Recoverables by Group

As of September 30, 2010

(dollars in millions)

	Reinsurance Groups [7] (Data in Millions)		Gross Recoverables [2]		Collateral Held [3]		Net Recoverables [4]
1	Swiss Re Group	$	2,258	$	910	$	1,482
2	Nationwide Group	$	1,594	$	-	$	1,594
3	Berkshire Hathaway Insurance Group	$	1,044	$	653	$	391
4	Everest Re Group	$	650	$	174	$	496
5	Munich Re Group	$	583	$	31	$	564
6	UPINSCO	$	562	$	594	$	-
7	PartnerRe Group	$	412	$	308	$	144
8	Chubb Group of Insurance Companies	$	302	$	118	$	184
9	Transatlantic Holdings, Inc. Group	$	274	$	-	$	274
10	Lloyd's of London	$	249	$	5	$	244
11	Equitas Insurance Limited	$	249	$	-	$	249
12	ACE Group	$	249	$	207	$	48
13	AEGIS Group	$	222	$	249	$	-
14	Allianz Group	$	191	$	33	$	162
15	Contractors Casualty & Surety Company	$	182	$	263	$	-
	State Mandated Involuntary pools and associations [5]	$	2,902	$	4	$	2,897
	Voluntary pools and associations	$	366	$	69	$	297
	All Other	$	2,708	$	1,753	$	1,864
	Total Reinsurance Recoverables	**$**	**14,997**	**$**	**5,371**	**$**	**10,890**

See explanation of footnoted items on page 11 of financial supplement.

LIBERTY MUTUAL HOLDING COMPANY INC.

Issuer and Sector Exposure as of September 30, 2010

(dollars in millions)

(Unaudited)

	Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1	Government of Brazil	$698	$ -	$ -	$698	1.00%
2	Government of Canada	501	-	2	503	0.72%
3	Government of Venezuela	484	-	-	484	0.69%
4	Bank of America Corp	303	169	-	472	0.67%
5	Wells Fargo & Co	390	23	-	413	0.59%
6	Government of Germany	373	-	1	374	0.53%
7	State of Florida	372	-	-	372	0.53%
8	JP Morgan Chase & Co	326	30	-	356	0.51%
9	AT&T Corp	338	3	-	341	0.49%
10	Invenergy	337	-	-	337	0.48%
11	Government of Colombia	315	-	-	315	0.45%
12	Citigroup Inc	278	1	-	279	0.40%
13	State of California	278	-	-	278	0.40%
14	Royal Bank of Scotland Group Plc	263	-	-	263	0.38%
15	Berkshire Hathaway Inc	261	-	-	261	0.37%
16	Verizon Communications	259	1	-	260	0.37%
17	Commonwealth of Massachusetts	250	-	-	250	0.36%
18	Telefonica SA	248	-	-	248	0.35%
19	Goldman Sachs Group Inc	171	74	-	245	0.35%
20	State of Texas	243	-	-	243	0.35%
		$6,688	**$301**	**$3**	**$6,992**	**9.99%**

	Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1	Municipal	$13,706	$ -	$1	$13,707	19.57%
2	Banks	3,746	472	48	4,266	6.09%
3	Sovereign	3,937	-	76	4,013	5.73%
4	Electric	2,046	67	2	2,115	3.02%
5	Telecommunications	1,788	12	1	1,801	2.57%
6	Oil&Gas	1,281	475	-	1,756	2.51%
7	Diversified Financial Services	1,556	5	5	1,566	2.24%
8	Retail	1,353	11	-	1,364	1.95%
9	Transportation	966	3	-	969	1.38%
10	Media	907	6	-	913	1.30%
11	Insurance	720	77	-	797	1.14%
12	Food	749	7	-	756	1.08%
13	Beverages	539	5	-	544	0.78%
14	Miscellaneous Manufacturers	531	8	-	539	0.77%
15	Pharmaceuticals	458	13	1	472	0.67%
16	Energy-Alternate Sources	403	54	-	457	0.65%
17	Real Estate	44	393	-	437	0.62%
18	Aerospace/Defense	431	4	-	435	0.62%
19	Mining	433	3	-	436	0.62%
20	Chemicals	407	12	-	419	0.60%
		$36,001	**$1,627**	**$134**	**$37,762**	**53.91%**

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