Financial Supplement

Quarter Ended December 31, 2007

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 December 31, 2007						Three Months Ended December 31, 2006					
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated
Revenues	$ 1,495	$ 1,530	$ 1,643	$ 1,637	$ 629	$ 6,934	$ 1,442	$ 1,583	$ 1,239	$ 1,325	$ 419	$ 6,008
Pre-tax operating income before catastrophes and incurred attributable to prior years	$ 215	$ 175	$ 140	$ 65	$ (142)	$ 453	$ 208	$ 161	$ 132	$ 143	$ 23	$ 667
Catastrophes [1]	(125)	2	(24)	(3)	11	(139)	(41)	(11)	(30)	(16)	(26)	(124)
Net incurred attributable to prior years:												
- Asbestos & environmental [2]	-	-	3	-	(65)	(62)	-	-	-	-	(19)	(19)
- All other [3]	54	(42)	199	38	(157)	92	50	(151)	48	(5)	(43)	(101)
Current year re-estimation [4]	58	8	(43)	-	-	23	-	102	20	-	-	122
Pre-tax operating income (loss)	202	143	275	100	(353)	367	217	101	170	122	(65)	545
Realized investment gains (losses), net [5]	-	-	-	-	-	292	-	-	-	-	-	32
Federal and foreign income tax (expense) benefit [5]	-	-	-	-	-	(234)	-	-	-	-	-	(122)
Net income (loss) [5]	**-**	**-**	**-**	**-**	**-**	**$ 425**	**-**	**-**	**-**	**-**	**-**	**$ 455**

[1] 1 Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines 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 and the 2005 U.S. hurricanes. In addition, losses related to the 2005 U.S. hurricanes and the 2004 U.S. hurricanes for assumed external reinsurance are reported net of the Company's reasonable assumption of expected catastrophe activity (defined as "net catastrophe reinsurance premium earned"). Internally reinsured catastrophe losses are not reported net of net catastrophe reinsurance premium earned. 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 incurred losses attributable to prior years is defined as incurred losses attributable to prior years (excluding prior year losses related to natural catastrophes and the events of September 11, 2001) including both earned premium attributable to prior years and amortization of retroactive reinsurance gains and excluding discount accretion.

[4] Re-estimation of the current accident year loss reserves as of September 30, 2006 and 2007.

[5] Amounts are only reported on a consolidated basis consistent with the MD&A.

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Twelve Months Ended December 31, 2007						Twelve Months Ended December 31, 2006					
	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated	Personal Markets	Commercial Markets	Agency Markets	International	Corporate and Other	Consolidated
Revenues	$ 5,829	$ 6,489	$ 5,569	$ 6,148	$ 1,926	$ 25,961	$ 5,602	$ 6,075	$ 4,841	$ 4,890	$ 2,112	$ 23,520
Pre-tax operating income before catastrophes and incurred attributable to prior years	$ 867	$ 565	$ 436	$ 403	$ (100)	$ 2,171	$ 844	$ 630	$ 533	$ 543	$ 164	$ 2,714
Catastrophes [1]	(295)	(3)	(90)	(3)	13	(378)	(218)	(80)	(146)	(62)	(35)	(541)
Net incurred attributable to prior years:												
- Asbestos & environmental [2]	-	-	2	-	(160)	(158)	-	-	-	-	(22)	(22)
- All other [3]	172	(90)	486	78	(519)	127	70	(215)	110	(24)	(177)	(236)
Current year re-estimation [4]	-	-	-	-	-	-	-	-	-	-	-	-
Pre-tax operating income (loss)	744	472	834	478	(766)	1,762	696	335	497	457	(70)	1,915
Realized investment gains (losses), net [5]	-	-	-	-	-	436	-	-	-	-	-	343
Federal and foreign income tax (expense) benefit [5]	-	-	-	-	-	(680)	-	-	-	-	-	(632)
Net income (loss) [5]	**-**	**-**	**-**	**-**	**-**	**$ 1,518**	**-**	**-**	**-**	**-**	**-**	**$ 1,626**

[1] Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines 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 and the 2005 U.S. hurricanes. In addition, losses related to the 2005 U.S. hurricanes and the 2004 U.S. hurricanes for assumed external reinsurance are reported net of the Company's reasonable assumption of expected catastrophe activity (defined as "net catastrophe reinsurance premium earned"). Internally reinsured catastrophe losses are not reported net of net catastrophe reinsurance premium earned. 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 incurred losses attributable to prior years is defined as incurred losses attributable to prior years (excluding prior year losses related to natural catastrophes and the events of September 11, 2001) including both earned premium attributable to prior years and amortization of retroactive reinsurance gains and excluding discount accretion.

[4] Re-estimation of the current accident year loss reserves as of September 30, 2006 and 2007.

[5] Amounts are only reported on a consolidated basis consistent with the MD&A.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Three Months Ended December 31, 2007					Three Months Ended December 31, 2006				
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	64.8%	77.0%	64.6%	73.2%	69.6%	63.6%	75.0%	63.7%	66.3%	66.4%
Underwriting expense ratio	25.3%	21.9%	34.6%	30.8%	29.5%	26.4%	21.5%	31.4%	29.4%	28.6%
Dividend ratio	0.0%	0.3%	1.5%	0.0%	0.5%	0.0%	0.5%	1.1%	0.0%	0.4%
Subtotal	**90.1%**	**99.2%**	**100.7%**	**104.0%**	**99.6%**	**90.0%**	**97.0%**	**96.2%**	**95.7%**	**95.4%**
Catastrophes[1]	9.0%	(0.1%)	1.6%	0.2%	2.5%	3.1%	0.9%	2.6%	1.4%	2.5%
Net incurred attributable to prior years:										
- Asbestos & environmental	0.0%	0.0%	(0.2%)	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.7%
- All other	(3.8%)	3.5%	(13.4%)	(2.6%)	(1.6%)	(3.7%)	12.2%	(4.1%)	0.4%	2.0%
Current year re-estimation [3]	(4.2%)	(0.6%)	2.9%	0.0%	(0.4%)	0.0%	(8.2%)	(1.8%)	0.0%	(2.5%)
Total combined ratio [2]	**91.1%**	**102.0%**	**91.6%**	**101.6%**	**101.0%**	**89.4%**	**101.9%**	**92.9%**	**97.5%**	**98.1%**

[1] Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines 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 and the 2005 U.S. hurricanes. In addition, losses related to the 2005 U.S. hurricanes and the 2004 U.S. hurricanes for assumed external reinsurance are reported net of the Company's reasonable assumption of expected catastrophe activity (defined as "net catastrophe reinsurance premium earned"). Internally reinsured cat losses are not reported net of net catastrophe reinsurance premium earned. 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 & environmental commutation.

[3] Re-estimation of the current accident year loss reserves as of September 30, 2006 and 2007.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Twelve Months Ended December 31, 2007					Twelve Months Ended December 31, 2006				
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	64.7%	79.6%	66.2%	70.1%	69.7%	64.0%	76.6%	63.0%	66.3%	67.3%
Underwriting expense ratio	25.0%	21.6%	33.0%	31.0%	28.3%	25.2%	21.5%	31.5%	29.0%	27.3%
Dividend ratio	0.0%	0.4%	1.1%	0.0%	0.4%	0.0%	0.3%	1.1%	0.0%	0.3%
Subtotal	**89.7%**	**101.6%**	**100.3%**	**101.1%**	**98.4%**	**89.2%**	**98.4%**	**95.6%**	**95.3%**	**94.9%**
Catastrophes[1]	5.4%	0.1%	1.8%	0.1%	1.8%	4.2%	1.8%	3.3%	1.4%	2.9%
Net incurred attributable to prior years:										
- Asbestos & environmental	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.2%
- All other	(3.1%)	1.8%	(9.7%)	(1.5%)	(0.6%)	(1.3%)	4.6%	(2.4%)	0.5%	1.3%
Current year re-estimation [3]	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total combined ratio [2]	**92.0%**	**103.5%**	**92.4%**	**99.7%**	**100.3%**	**92.1%**	**104.8%**	**96.5%**	**97.2%**	**99.3%**

[1] Catastrophes include all current and prior year catastrophe losses related to the Company's insurance lines 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 and the 2005 U.S. hurricanes. In addition, losses related to the 2005 U.S. hurricanes and the 2004 U.S. hurricanes for assumed external reinsurance are reported net of the Company's reasonable assumption of expected catastrophe activity (defined as "net catastrophe reinsurance premium earned"). Internally reinsured cat losses are not reported net of net catastrophe reinsurance premium earned. 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 & environmental commutation.

[3] Re-estimation of the current accident year loss reserves as of September 30, 2006 and 2007.

LIBERTY MUTUAL HOLDING COMPANY INC.
Reinsurance Overview

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 December 31, 2007.

[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] In June 2006, the Company obtained $200M of collateral from Mystic Re Ltd. at the inception of the Northeast hurricane reinsurance contract. In November 2006, the Company purchased an additional $325M of Northeast coverage and and in May 2007 the Company purchased an additional $150M of combined Northeast and Florida Coverage, and obtained collateral bringing the total trust amount to $675M. No loss occurred; therefore gross and net recoverables were unaffected.

Liberty Mutual Group

Distribution of Reinsurance Recoverables by A.M. Best Rating

As of December 31, 2007 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3, 10]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8,9]				
A++	$ 1,725	$ 855	$ 870	7%
A+	6,583	1,048	5,593	47%
A	1,608	249	1,418	12%
A-	252	123	156	1%
B++	9	-	9	-
B+	9	-	9	-
B or Below	16	1	15	-
Subtotal	**$ 10,202**	**$ 2,276**	**$ 8,070**	**67%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 3,024	$ 6	$ 3,018	26%
Voluntary	368	80	288	2%
Subtotal	**$ 3,392**	**$ 86**	**$ 3,306**	**28%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,491	$ 1,829	$ 107	1%
Other [6]	764	1,068	439	4%
Subtotal	**$ 2,255**	**$ 2,897**	**$ 546**	**5%**
Grand Total	**$ 15,849**	**$ 5,259**	**$ 11,922**	**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 December 31, 2007 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3, 10]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8,9]				
AAA	$ 1,255	$ 642	$ 612	5%
AA+, AA , AA-	5,205	1,357	3,940	33%
A+, A , A-	3,614	325	3,359	28%
BBB+, BBB , BBB -	12	4	9	-
BB+ or Below	4	-	4	-
Subtotal	**$ 10,090**	**$ 2,328**	**$ 7,924**	**66%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 3,024	$ 6	$ 3,018	26%
Voluntary	368	80	288	2%
Subtotal	**$ 3,392**	**$ 86**	**$ 3,306**	**28%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,491	$ 1,829	$ 107	1%
Other [6]	876	1,016	585	5%
Subtotal	**$ 2,367**	**$ 2,845**	**$ 692**	**6%**
Grand Total	**$ 15,849**	**$ 5,259**	**$ 11,922**	**100%**

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

Liberty Mutual Group

Top 15 Reinsurance Recoverables by Group

As of December 31, 2007

(dollars in millions)

	Reinsurance Groups [7] (Data in Millions)		Gross Recoverables [2]		Collateral Held [3, 10]		Net Recoverables [4]
1	Swiss Re Group	$	2,239	$	547	$	1,702
2	Nationwide Group		2,130		-		2,130
3	Berkshire Hathaway Inc		1,254		642		612
4	Everest Re Group		665		77		600
5	Munich Re Group		524		10		514
6	UPINSCO		486		537		-
7	Chubb Group		452		213		239
8	PartnerRe Group		436		353		111
9	AIG		328		-		328
10	ACE Group		252		230		48
11	Associated Electric & Gas		235		272		-
12	W. R. Berkley Group		217		11		209
13	Lloyds Syndicates		209		1		208
14	Equitas		163		-		163
15	Arch Insurance Group		149		83		86
	State Mandated Involuntary pools and associations [5]		3,024		6		3,018
	Voluntary pools and associations		368		80		288
	All Other		2,718		2,197		1,666
	Total Reinsurance Recoverables	**$**	**15,849**	**$**	**5,259**	**$**	**11,922**

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

LIBERTY MUTUAL HOLDING COMPANY INC.
Issuer and Sector Exposure as of December 31, 2007
(dollars in millions)
(Unaudited)

	Top 20 Issuers	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1	Bank of America Corp	$ 409	$ 90	$ 499	0.92%
2	Government of Canada	421	-	421	0.78%
3	General Electric Co	350	51	401	0.74%
4	AT&T Corp	347	25	372	0.69%
5	Commonwealth of Massachusetts	335	-	335	0.62%
6	Wachovia Corp	317	16	333	0.62%
7	Citigroup Inc	309	14	323	0.60%
8	American International Group	290	20	310	0.57%
9	State of Florida	303	-	303	0.56%
10	US Bancorp	225	70	295	0.55%
11	Goldman Sachs Group Inc	202	76	278	0.51%
12	Merrill Lynch & Co	212	64	276	0.51%
13	HSBC Holdings Plc	229	34	263	0.49%
14	Government of Spain	261	-	261	0.48%
15	Government of Venezuela	259	-	259	0.48%
16	State of Pennsylvania	259	-	259	0.48%
17	State of California	246	-	246	0.46%
18	Wells Fargo & Co	232	9	241	0.45%
19	State of Georgia	223	-	223	0.41%
20	Morgan Stanley	167	55	222	0.41%
		$ 5,596	**$ 524**	**$ 6,120**	**11.33%**

	Top 20 Sectors	Fixed Maturity	Equity	Total Exposure	Percent of Invested Assets
1	Municipal	$ 9,855	$ -	$ 9,855	18.25%
2	Banks	3,352	413	3,765	6.97%
3	Diversified Financial Services	2,461	279	2,740	5.07%
4	Sovereign	2,515	-	2,515	4.66%
5	Electric	1,270	78	1,348	2.50%
6	Telecommunications	948	165	1,113	2.06%
7	Oil&Gas	637	452	1,089	2.02%
8	Retail	956	97	1,053	1.95%
9	Transportation	641	42	683	1.26%
10	Insurance	569	108	677	1.25%
11	Food	564	68	632	1.17%
12	Media	503	48	551	1.02%
13	Real Estate	35	368	403	0.75%
14	Miscellaneous Manufacturers	274	78	352	0.65%
15	Home Builders	334	10	344	0.64%
16	Pharmaceuticals	170	156	326	0.60%
17	Multi-National	295	-	295	0.55%
18	Aerospace/Defense	239	42	281	0.52%
19	Auto Manufacturers	243	29	272	0.50%
20	Regional(state/provnc)	239	-	239	0.44%
		$ 26,100	**$ 2,433**	**$ 28,533**	**52.83%**

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.