Financial Supplement

Quarter and Year Ended December 31, 2009

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, 2009						Three Months Ended December 31, 2008 [1]					
	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	$1,814	$2,071	$1,401	($280)	$7,942	$3,104	$1,719	$1,824	$1,661	($157)	$8,151
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years and private equity (loss) income	$335	$172	$121	$62	($284)	$406	$266	$236	$151	$94	($331)	$416
Catastrophes [2]												
- September 2008 Hurricanes	(8)	-	(3)	5	-	(6)	(16)	(2)	(66)	(53)	(37)	(174)
- All other [3]	(84)	(29)	(1)	7	(2)	(109)	(41)	(66)	(22)	12	2	(115)
Net incurred losses attributable to prior years:												
- Asbestos & environmental [4]	-	-	-	-	(2)	(2)	-	-	-	-	(2)	(2)
- All other [5]	111	66	11	23	1	212	291	30	189	(6)	8	512
Current accident year re-estimation[6]	-	-	-	-	-	-	-	12	-	-	-	12
Pre-tax operating income before private equity (loss) income	354	209	128	97	(287)	501	500	210	252	47	(360)	649
Private equity (loss) income[7]	-	-	-	-	(13)	(13)	-	-	-	-	(124)	(124)
Pre-tax operating income (loss)	354	209	128	97	(300)	488	500	210	252	47	(484)	525
Realized investment gains (losses), net [8]	-	4	(4)	(1)	13	12	-	(11)	12	-	(75)	(74)
Income tax (expense) benefit [8]	(113)	(66)	(54)	(27)	216	(44)	(150)	(59)	(51)	(16)	272	(4)
Net income (loss) [8]	**$241**	**$147**	**$70**	**$69**	**($71)**	**456**	**$350**	**$140**	**$213**	**$31**	**($287)**	**$447**

[1] 2008 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. See the Critical Accounting Policy section of the MD&A for further details.

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

[4] Net of change in allowance for uncollectible reinsurance (increase) decrease of zero and ($70) million for the three and twelve months ended December 31, 2009, and zero and $7 million for the comparable periods of 2008.

[5] Net of earned premium attributable to prior years of ($14) million and ($85) million for the three and twelve months ended December 31, 2009, and ($88) million and ($77) million for the comparable periods of 2008. Net of amortization of deferred gains on retroactive reinsurance of $22 million and $74 million for the three and twelve months ended December 31, 2009, and $29 million and $82 million for the comparable periods of 2008.

[6] Year-end re-estimation of 2008 accident year loss reserves for the nine months ended September 30, 2008.

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

[8] 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)

	Twelve Months Ended December 31, 2009						Twelve Months Ended December 31, 2008 [1]					
	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated	Agency Markets	Personal Markets	International	Commercial Markets	Corporate and Other	Consolidated
Revenues	$11,928	$7,001	$7,589	$6,028	($1,452)	$31,094	$8,245	$6,684	$7,049	$6,804	$73	$28,855
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years and private equity (loss) income	$1,300	$912	$463	$318	($943)	$2,050	$678	$905	$587	$429	($413)	$2,186
Catastrophes [2]												
- September 2008 Hurricanes	(24)	21	(12)	5	(12)	(22)	(108)	(270)	(167)	(209)	(117)	(871)
- All other [3]	(496)	(338)	(4)	(32)	1	(869)	(242)	(373)	(22)	(59)	(9)	(705)
Net incurred losses attributable to prior years:												
- Asbestos & environmental [4]	-	-	-	-	(388)	(388)	-	-	-	-	(7)	(7)
- All other [5]	692	59	33	61	(21)	824	581	88	285	41	(19)	976
Current accident year re-estimation[6]	-	-	-	-	-	-	-	-	-	-	-	-
Pre-tax operating income before private equity (loss) income	1,472	654	480	352	(1,363)	1,595	909	350	683	202	(565)	1,579
Private equity (loss) income[7]	-	-	-	-	(411)	(411)	-	-	-	-	4	4
Pre-tax operating income (loss)	1,472	654	480	352	(1,774)	1,184	909	350	683	202	(561)	1,583
Realized investment gains (losses), net [8]	-	(7)	1	(1)	33	26	-	(30)	(41)	-	(259)	(330)
Income tax (expense) benefit [8]	(459)	(197)	(151)	(100)	720	(187)	(273)	(96)	(165)	(65)	459	(140)
Net income (loss) [8]	**$1,013**	**$450**	**$330**	**$251**	**($1,021)**	**$1,023**	**$636**	**$224**	**$477**	**$137**	**($361)**	**$1,113**

[1] 2008 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. See the Critical Accounting Policy section of the MD&A for further details.

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

[4] Net of change in allowance for uncollectible reinsurance (increase) decrease of zero and ($70) million for the three and twelve months ended December 31, 2009, and zero and $7 million for the comparable periods of 2008.

[5] Net of earned premium attributable to prior years of ($14) million and ($85) million for the three and twelve months ended December 31, 2009, and ($88) million and ($77) million for the comparable periods of 2008. Net of amortization of deferred gains on retroactive reinsurance of $22 million and $74 million for the three and twelve months ended December 31, 2009, and $29 million and $82 million for the comparable periods of 2008.

[6] Year-end re-estimation of 2008 accident year loss reserves for the nine months ended September 30, 2008.

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

[8] 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 December 31, 2009					Three Months Ended December 31, 2008				
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	63.0%	69.8%	69.5%	85.5%	70.3%	65.0%	64.7%	68.7%	81.7%	69.4%
Underwriting expense ratio[1]	31.7%	24.9%	31.3%	23.6%	29.5%	31.2%	24.9%	31.5%	23.6%	29.0%
Dividend ratio	0.2%	-	-	0.3%	0.1%	0.3%	-	-	0.5%	0.2%
Subtotal	**94.9%**	**94.7%**	**100.8%**	**109.4%**	**99.9%**	**96.5%**	**89.6%**	**100.2%**	**105.8%**	**98.6%**
Catastrophes [2]										
- September 2008 Hurricanes	0.3%	-	0.2%	(0.5%)	0.1%	0.6%	0.1%	4.1%	4.0%	2.4%
- All other	3.1%	2.0%	-	(0.7%)	1.6%	1.4%	4.6%	1.3%	(0.9%)	1.6%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	-	-	-	-	-	-
- All other	(3.1%)	(2.8%)	(0.6%)	(2.2%)	(2.3%)	(10.3%)	(2.1%)	(11.8%)	1.3%	(7.1%)
Current accident year re-estimation[3]	-	-	-	-	-	-	(0.9%)	-	-	(0.2%)
Total combined ratio [4]	**95.2%**	**93.9%**	**100.4%**	**106.0%**	**99.3%**	**88.2%**	**91.3%**	**93.8%**	**110.2%**	**95.3%**

[1] One-time Safeco integration costs have been excluded from the combined ratio.

[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 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] Year-end re-estimation of 2008 accident year loss reserves for the nine months ended September 30, 2008.

[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)

	Twelve Months Ended December 31, 2009					Twelve Months Ended December 31, 2008				
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	63.9%	65.4%	70.3%	85.2%	69.7%	65.9%	63.4%	68.3%	82.8%	69.6%
Underwriting expense ratio[1]	30.9%	25.0%	30.5%	22.1%	28.5%	32.1%	26.1%	31.7%	21.6%	27.7%
Dividend ratio	0.3%	-	-	0.5%	0.2%	0.5%	-	-	0.6%	0.3%
Subtotal	**95.1%**	**90.4%**	**100.8%**	**107.8%**	**98.4%**	**98.5%**	**89.5%**	**100.0%**	**105.0%**	**97.6%**
Catastrophes [2]										
- September 2008 Hurricanes	0.2%	(0.4%)	0.2%	(0.1%)	0.1%	1.4%	4.8%	2.7%	4.0%	3.6%
- All other	4.5%	5.8%	-	0.7%	3.2%	3.2%	6.7%	0.3%	1.2%	2.8%
Net incurred losses attributable to prior years										
- Asbestos & environmental	-	-	-	-	1.2%	-	-	-	-	0.1%
- All other	(6.3%)	(1.0%)	(0.4%)	(1.3%)	(3.0%)	(7.7%)	(1.6%)	(4.6%)	(0.6%)	(4.0%)
Current accident year re-estimation[3]	-	-	-	-	-	-	-	-	-	-
Total combined ratio [4]	**93.5%**	**94.8%**	**100.6%**	**107.1%**	**99.9%**	**95.4%**	**99.4%**	**98.4%**	**109.6%**	**100.1%**

[1] One-time Safeco integration costs have been excluded from the combined ratio.

[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 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] Year-end re-estimation of 2008 accident year loss reserves for the nine months ended September 30, 2008.

[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 December 31, 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 December 31, 2009 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]				
A++	$ 1,383	$ 774	$ 609	5%
A+	3,731	590	3,219	30%
A	3,969	1,223	3,008	28%
A-	190	85	117	1%
B++	29	20	10	-
B+	8	2	7	-
B or Below	10	-	9	-
Subtotal	**$ 9,320**	**$ 2,694**	**$ 6,979**	**64%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 3,033	$ 6	$ 3,027	28%
Voluntary	377	69	308	3%
Subtotal	**$ 3,410**	**$ 75**	**$ 3,335**	**31%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,607	$ 1,974	$ 52	-
Other [6]	846	1,031	531	5%
Subtotal	**$ 2,453**	**$ 3,005**	**$ 583**	**5%**
Grand Total	**$ 15,183**	**$ 5,774**	**$ 10,897**	**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, 2009 [1]

(dollars in millions)

	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]	% of Total Net Recov.
Rated Entities [8, 9]				
AAA	$ 1,055	$ 648	$ 407	4%
AA+, AA , AA-	1,702	590	1,189	11%
A+, A , A-	6,430	1,511	5,242	48%
BBB+, BBB , BBB -	11	2	9	-
BB+ or Below	5	-	5	-
Subtotal	**$ 9,203**	**$ 2,751**	**$ 6,852**	**63%**
Pools & Associations				
State mandated involuntary pools and associations [5]	$ 3,033	$ 6	$ 3,027	28%
Voluntary	377	69	308	3%
Subtotal	**$ 3,410**	**$ 75**	**$ 3,335**	**31%**
Non-Rated Entities [6]				
Captives & fronting companies	$ 1,607	$ 1,974	$ 52	-
Other [6]	963	974	658	6%
Subtotal	**$ 2,570**	**$ 2,948**	**$ 710**	**6%**
Grand Total	**$ 15,183**	**$ 5,774**	**$ 10,897**	**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, 2009

(dollars in millions)

	Reinsurance Groups [7] (Data in Millions)	Gross Recoverables [2]	Collateral Held [3]	Net Recoverables [4]
1	Swiss Re Group	$2,304	$1,006	$1,499
2	Nationwide Group	1,735	-	1,735
3	Berkshire Hathaway Insurance Group	1,062	649	413
4	Everest Re Group	623	173	482
5	UPINSCO	532	587	-
6	Munich Re Group	527	37	499
7	Lloyds Syndicates	231	-	231
8	PartnerRe Group	368	303	86
9	Chubb Group of Insurance Companies	334	126	208
10	Transatlantic Re	289	-	289
11	ACE Group	240	214	41
12	AEGIS Group	235	249	-
13	W. R. Berkley Group	204	4	200
14	Contractors Casualty & Surety Company	175	263	-
15	Arch Insurance Group	162	122	77
	State Mandated Involuntary pools and associations [5]	3,033	6	3,027
	Voluntary pools and associations	377	69	308
	All Other	2,752	1,966	1,802
	Total Reinsurance Recoverables	**$15,183**	**$5,774**	**$10,897**

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

LIBERTY MUTUAL HOLDING COMPANY INC.

Issuer and Sector Exposure as of December 31, 2009

(dollars in millions)

(Unaudited)

	Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1	Government of Venezuela	$553	$ -	$ -	$553	0.83%
2	Government of Canada	469	-	-	469	0.70%
3	Bank of America Corp	280	169	-	449	0.67%
4	State of Florida	425	-	-	425	0.64%
5	Wells Fargo & Co	368	22	3	393	0.59%
6	JP Morgan Chase & Co	348	29	-	377	0.56%
7	Government of Brazil	340	-	-	340	0.51%
8	AT&T Corp	320	3	-	323	0.48%
9	Verizon Communications	299	2	-	301	0.45%
10	State of California	288	-	-	288	0.43%
11	Invenergy	263	-	20	283	0.42%
12	Commonwealth of Pennsylvania	282	-	-	282	0.42%
13	State of Texas	276	-	-	276	0.41%
14	Government of Germany	263	-	5	268	0.40%
15	Citigroup Inc	263	1	-	264	0.40%
16	Telefonica SA	263	-	-	263	0.39%
17	Government of United Kingdom	261	-	1	262	0.39%
18	Goldman Sachs Group Inc	182	79	-	261	0.39%
19	Commonwealth of Massachusetts	258	-	-	258	0.39%
20	Government of Spain	240	-	1	241	0.36%
		$6,241	**$305**	**$30**	**$6,576**	**9.83%**

	Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1	Municipal	$15,464	$ -	$ -	$15,464	23.15%
2	Banks	3,506	477	107	4,090	6.12%
3	Sovereign	3,511	-	38	3,549	5.31%
4	Electric	1,765	64	2	1,831	2.74%
5	Telecommunications	1,649	16	2	1,667	2.50%
6	Oil & Gas	1,036	380	3	1,419	2.12%
7	Diversified Financial Services	1,358	6	6	1,370	2.05%
8	Retail	1,082	11	-	1,093	1.64%
9	Transportation	858	4	-	862	1.29%
10	Media	658	5	-	663	0.99%
11	Insurance	584	66	-	650	0.97%
12	Food	564	6	9	579	0.87%
13	Energy-Alternate Sources	408	40	36	484	0.72%
14	Beverages	478	5	-	483	0.72%
15	Miscellaneous Manufacturers	446	7	-	453	0.68%
16	Real Estate	44	358	-	402	0.60%
17	Aerospace/Defense	386	4	-	390	0.58%
18	Pharmaceuticals	335	14	2	351	0.53%
19	Regional(state/provnc)	325	-	2	327	0.49%
20	Home Builders	295	1	-	296	0.44%
		$34,752	**$1,464**	**$207**	**$36,423**	**54.51%**

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.