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Liberty Mutual Group Completes Safeco Acquisition

Transaction Strengthens the Company's Long-Standing Commitment to Independent Agents and Brokers; Improves Scale and Geographic Reach

Boston – Liberty Mutual Group today announced that it finalized its acquisition of Safeco Corporation (“Safeco”) effective today. With the addition of Safeco, Liberty Mutual Group becomes the fifth largest property and casualty insurer in the U.S., with more than \$32 billion in direct written premium based on 2007 results for both companies. Safeco joins Liberty Mutual’s Agency Markets business unit, which now ranks third in personal lines and fifth in commercial lines in the independent agent distribution channel. The combined surety operation becomes the second largest in the country.

Liberty Mutual Group and Safeco announced on April 23, 2008, that the companies had entered into a definitive agreement for Liberty Mutual to acquire all outstanding shares of Safeco common stock for \$68.25 per share. The companies’ Boards of Directors, Safeco’s shareholders, and the departments of insurance in California, Illinois, Indiana, Missouri, Oregon, Texas and Washington had previously approved the transaction.

“The addition of Safeco enhances our ability to compete across a broad spectrum of markets served by independent agents and brokers,” said Edmund F. Kelly, Liberty Mutual Group chairman, president and chief executive officer. “With our ascent among the top five U.S. property and casualty insurers we demonstrate the fundamental strength of Liberty Mutual Group’s businesses and balance sheet.”

Liberty Mutual’s Agency Markets business unit consists of national and regional property and casualty, and specialty insurance companies that distribute personal, commercial, and surety products and services through independent agents and brokers.

“We are delighted that Safeco is now part of Agency Markets,” said Gary Gregg, president of Liberty Mutual Agency Markets. “Our new, combined organization brings together exceptional people, products, services and technology to form an insurance powerhouse dedicated to the success of independent agents and brokers.”

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The new Liberty Mutual Agency Markets will provide its products and services through three major operating units and a specialty company:

Regional Companies Group – Commercial Lines – The new commercial lines organization, under eight regional company brands, has \$5.7 billion in direct written premium, combining \$3.8 billion from the regional companies with \$1.9 billion from Safeco based on 2007 results. Scott Goodby, executive vice president, Agency Markets and president, Regional Companies Group, will continue to lead the commercial lines organization.

Safeco Personal Lines – Liberty Mutual Agency Markets' new personal lines organization will operate nationally under the Safeco brand. Based on 2007 results, the combined operations have \$4.9 billion in direct written premium, with \$3.6 billion from Safeco and \$1.3 billion from Agency Markets' eight regional companies. Michael Hughes has been appointed executive vice president, Agency Markets, and president, Safeco Insurance. Mr. Hughes had been executive vice president, Insurance Operations for Safeco.

Paula R. Reynolds, formerly chairman, president and chief executive officer of Safeco, will be leaving the organization after a short transition period.

The new Safeco personal lines products will be sold in eight regions that align with the existing regional companies (America First Insurance – Central Region, Colorado Casualty – Mountain Region, Golden Eagle Insurance – California, Indiana Insurance – Midwest Region, Liberty Northwest – Northwest Region, Montgomery Insurance – Southeast Region, Ohio Casualty – Mid-Atlantic Region, and Peerless Insurance – Northeast Region).

Liberty Mutual Surety – The new surety operation has \$773 million in combined direct written premium based on 2007 results, and will offer a complete range of surety and fidelity products to a broad spectrum of customers. Timothy Mikolajewski has been appointed executive vice president, Agency Markets and president, Liberty Mutual Surety. Mr. Mikolajewski had been senior vice president, Safeco Surety.

Summit – Liberty Mutual Agency Markets' specialty workers compensation company will continue to operate in its 10-state Southeastern footprint. Summit has \$698 million in direct written premium based on 2007 results and continues to be led by Rick Hodges, president and chief executive officer.

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About Liberty Mutual Group

Boston-based Liberty Mutual Group is a diversified global insurer and sixth largest property and casualty insurer in the U.S. based on 2007 direct written premium. The Company also ranks 94th on the Fortune 500 list of largest corporations in the U.S. based on 2007 revenue. As of December 31, 2007, Liberty Mutual Group had \$94.7 billion in consolidated assets, \$82.3 billion in consolidated liabilities, and \$25.9 billion in annual consolidated revenue.

Agency Markets, a major business unit of the Liberty Mutual Group focusing on independent agency distribution, had \$6.1 billion in direct written premium in 2007 and has approximately 7,000 employees.

Liberty Mutual Group offers a wide range of insurance products and services, including personal automobile, homeowners, commercial multiple peril, commercial automobile, general liability, surety, workers compensation, global specialty, group disability, assumed reinsurance and fire.

Liberty Mutual Group (www.libertymutualgroup.com) employs over 41,000 people in more than 900 offices throughout the world.

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