

CHANGE NO. 1 TO FORM A

STATEMENT REGARDING THE PROPOSED ACQUISITION OF CONTROL OF
SAFECO INSURANCE COMPANY OF OREGON

(Name of Domestic Insurer) and

SAFECO CORPORATION

(Name of Corporation Ultimately Controlling Such Insurer)

By

LIBERTY MUTUAL HOLDING COMPANY INC.

LMHC MASSACHUSETTS HOLDINGS INC.

LIBERTY MUTUAL GROUP INC.

LIBERTY MUTUAL INSURANCE COMPANY

LIBERTY INSURANCE HOLDINGS, INC.

LIH US P&C CORPORATION

(Names of Acquiring Parties)

Filed with the Oregon Department of Consumer and Business Services,
Division of Insurance

Dated: June 16, 2008

Received

JUN 19 2008

Insurance Division
State of Oregon

Name, title, address and telephone number of individuals to whom notices and correspondence concerning this statement should be addressed:

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This Statement (this “Statement”) seeks the prior approval of the Director of the Oregon Department of Consumer and Business Services (the “Director”) for, among other items, the acquisition of control (the “Proposed Acquisition”) of Safeco Insurance Company of Oregon, an Oregon-domiciled stock property and casualty insurance company (the “Domestic Insurer”). Safeco Corporation (“Safeco”), a Washington corporation, is the indirect owner of the Domestic Insurer. The acquiring parties are Liberty Mutual Holding Company Inc. (“LMHC”), a Massachusetts mutual holding company and the ultimate parent corporation of the affiliated Liberty Mutual Group of companies, LMHC Massachusetts Holdings Inc. (“LMHC MA”), a Massachusetts corporation and a direct wholly-owned subsidiary of LMHC, Liberty Mutual Group Inc. (“LMGI”), a Massachusetts corporation and a direct wholly-owned subsidiary of LMHC MA, Liberty Mutual Insurance Company (“LMIC” or the “Contracting Purchaser”), a Massachusetts stock insurance company and a direct wholly-owned subsidiary of LMGI, Liberty Insurance Holdings, Inc. (“LIHI”), a Delaware corporation and a direct wholly-owned subsidiary of LMIC, and LIH US P&C Corporation (“LIH US”), a Delaware corporation and a direct wholly-owned subsidiary of LIHI (together, the “Acquiring Parties”).

Specific Approvals Requested

This Statement seeks the express approval or, in the case of all affiliate transactions, non-disapproval of the Director for the following transactions that are described in this Statement, including the exhibits hereto:

- (i) the acquisition of control of the Insurer;
- (ii) affiliate transactions to which the Domestic Insurer will be a party following the acquisition of control¹, namely:
 - (a) two Investment Management Agreements;
 - (b) Cash Management Agreement;
 - (c) Federal Tax Sharing Agreement; and
 - (d) two Management Services Agreements.

¹ Copies of the proposed affiliated transaction agreements referenced herein are attached to this Statement as Exhibits 7-A through 7-F.
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ITEM 1. DOMESTIC INSURER AND METHOD OF ACQUISITION

(a) Domestic Insurer

The name of the insurance company to which this Statement relates is Safeco Insurance Company of Oregon. The statutory home office and main administrative office address of the Domestic Insurer are as follows:

Statutory Home Office

16505 S.W. 72nd Avenue
Portland, OR 97224

Main Administrative Office

Safeco Plaza
Seattle, WA 98185

(b) Method of Acquisition

Overview

The Contracting Purchaser has agreed to acquire control of the Domestic Insurer, as well as its non-Oregon domestic affiliated property and casualty insurance companies (collectively, the “Non-Oregon Domestic Companies”), pursuant to an agreement and plan of merger, with the Contracting Purchaser acquiring by merger all outstanding shares of common stock of Safeco. Safeco is the direct or indirect owner of the Domestic Insurer and the Non-Oregon Domestic Companies (collectively, the “Acquired Companies”).

Merger Agreement

The Contracting Purchaser has agreed to acquire control of the Acquired Companies by acquiring all of the issued and outstanding voting securities of Safeco pursuant to an Agreement and Plan of Merger (the “Merger Agreement”), dated as of April 23, 2008, by and among the Contracting Purchaser, Safeco and Big Apple Merger Corporation (“Merger Sub”), a wholly-owned direct subsidiary of the Contracting Purchaser. The Merger Agreement is attached hereto as Exhibit 1.

The Merger Agreement provides for a merger whereby Merger Sub will merge with and into Safeco (the “Merger”). As a result of the Merger, the separate corporate existence of Merger Sub will cease and Safeco will continue as the surviving corporation in the Merger and a subsidiary of the Contracting Purchaser. At the effective time of the Merger, each share of Safeco common stock issued and outstanding (other than any shares to be cancelled pursuant to the Merger Agreement and dissenting shares) will be converted into the right to receive \$68.25 in cash, without interest (the “Merger Consideration”). At the effective time of the Merger, (i) each Safeco stock option, whether vested or unvested, will be cancelled and the holder thereof will be entitled to an amount of cash per share subject the option equal to the positive difference, if any, between the Merger Consideration and the exercise price per share of such stock option and (ii) each Safeco restricted stock right shall vest in full and be converted into the right to receive the

Merger Consideration. All cash payments made to holders of Safeco common stock, holders of Safeco stock options and holders of Safeco restricted stock rights pursuant to the Merger Agreement will be made less any applicable withholding taxes.

Pursuant to the terms of the Merger Agreement, consummation of the Merger is conditioned upon, among other things, obtaining the affirmative vote of at least two-thirds of the votes entitled to be cast by the holders of outstanding shares of Safeco common stock. In addition, consummation of the Merger is conditioned upon (i) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (ii) making necessary filings and obtaining necessary approvals under the insurance laws applicable to the Merger, including the approval of state insurance regulatory authorities in California, Illinois, Indiana, Missouri, Oregon, Texas and Washington and (iii) satisfaction or waiver of other customary closing conditions.

The summary of the Merger Agreement and other agreements to be entered into in connection with the Proposed Acquisition as described in this Statement does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement and such other agreements, which are filed as exhibits to this Statement.

Although Merger Sub is currently a wholly-owned direct subsidiary of the Contracting Purchaser, it is expected that at some time prior to the effective time of the Merger the Contracting Purchaser will contribute the shares of Merger Sub to LIHI, which in turn will contribute the shares of Merger Sub to LIH US. As a result, at the effective time of the Merger, LIH US will be the owner of 100% of Safeco.

Although LIHI is currently a wholly-owned direct subsidiary of the Contracting Purchaser, it is expected that at some time prior to the effective time of the Merger, two affiliated insurers, Employers Insurance Company of Wausau (“EICOW”) and Liberty Mutual Fire Insurance Company (“LMFIC”) will purchase shares of LIHI in the amounts of approximately 4% and 3%, respectively. Because each of EICOW and LMFIC will own or control less than a 10% ownership interest, beneficially, directly or indirectly, in the Domestic Insurer, none of them would be in control of the Domestic Insurer following the Proposed Acquisition, as control is defined in ORS 732.548(2) and thus they are not treated as Acquiring Parties for purposes of this Statement. EICOW and LMFIC are direct wholly-owned subsidiaries of IMG1.

Exhibit 2 to this Statement (“Post-Closing Organization Chart of Acquiring Parties and Acquired Companies”) is a post-closing chart of the organizational structure of the Acquiring Parties and the Acquired Companies.

ITEM 2. IDENTITY AND BACKGROUND OF THE ACQUIRING PARTIES

(a) The Acquiring Parties

The names and main administrative office addresses of the Acquiring Parties are as follows:
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Liberty Mutual Holding Company Inc.
LMHC Massachusetts Holdings Inc.
Liberty Mutual Group Inc.
Liberty Mutual Insurance Company
Liberty Insurance Holdings, Inc.
LIH US P&C Corporation
175 Berkeley Street
Boston, Massachusetts 02117-0140

(b) **The Acquiring Parties' Business Operations**

Organization and Business Operations of the Acquiring Parties

(i) **LMHC.** LMHC, a Massachusetts mutual holding company, was formed in 2001 as part of the mutual holding company reorganization of LMIC. LMHC will not be a direct purchaser of Safeco. Its status as an Acquiring Party arises solely out of its status as an entity being in control of LIH US.

LMHC and its affiliates constitute a diversified global group of insurance companies and the sixth largest property and casualty insurance group in the United States, based on 2007 direct written premium. The group also ranks 94th on the Fortune 500 list of largest corporations in the United States based on 2007 revenue. As of December 31, 2007, LMHC had \$94.7 billion in consolidated assets, \$82.3 billion in consolidated liabilities, and \$25.9 billion in annual consolidated revenue.²

The Liberty Mutual Group of insurers offers a wide range of 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. Following the Proposed Acquisition, the Liberty Mutual Group of companies expects to continue to pursue its current strategic objectives and expects that the business of the Acquired Companies will complement these objectives.

LMHC and its affiliates have a proven record of acquiring and integrating other property and casualty businesses, and the policyholders of the Acquired Companies stand to benefit from LMHC and its affiliates' commitment to property and casualty insurance and their customer service expertise.

(ii) **LMHC MA.** LMHC MA, a Massachusetts stock holding company, was also formed in 2001 as part of LMIC's mutual holding company reorganization. LMHC MA is a direct wholly-owned subsidiary of LMHC. LMHC MA will not

² The consolidated financial statements of LMHC have been prepared in conformity with accounting principles generally accepted in the United States, commonly known as "GAAP."
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be a direct purchaser of Safeco. Its status as an Acquiring Party arises solely out of its status as an entity being in control of LIH US.

(iii) **LMGI**. LMGI, a Massachusetts stock holding company, was also formed in 2001 as part of LMIC's mutual holding company reorganization. LMGI is a direct wholly-owned subsidiary of LMHC MA. LMGI will not be a direct purchaser of Safeco. Its status as an Acquiring Party arises solely out of its status as an entity being in control of LIH US.

(iv) **LMIC**. LMIC, a Massachusetts stock insurance company, was formed in 1912. LMIC is a direct wholly-owned subsidiary of LMGI. LMIC will not be a direct purchaser of Safeco. Its status as an Acquiring Party arises solely out of its status as an entity being in control of LIH US.

(v) **LIHI**. LIHI, a Delaware corporation, was acquired by the Liberty Mutual Group in 1999. LIHI is a direct wholly-owned subsidiary of LMIC. As indicated above, it is expected that at some point prior to the effective time of the Merger, LIHI will be owned approximately 93% by LMIC, 4% by EICOW and 3% by LMFIC. LIHI will not be a direct purchaser of Safeco. Its status as an Acquiring Party arises solely out of its status as an entity being in control of LIH US.

(vi) **LIH US**. LIH US, a Delaware corporation, was acquired by the Liberty Mutual Group in 1999. LIH US is a direct wholly-owned subsidiary of LIHI. LIH US will be the direct purchaser of Safeco.

For a more detailed description of the Acquiring Parties' future plans with respect to the Insurer, please see the discussion in Item 5 of this Statement.

(c) **Organizational Chart**

Exhibit 3 to this Statement is a chart presenting the identities of, and interrelationships among, the Acquiring Parties and all persons known to control or to be controlled by or under common control with the Acquiring Parties. Such chart indicates the percentage of voting securities of each such person that is owned or controlled by the Acquiring Parties or by any other such person. Unless otherwise indicated, each person is a corporation and control of such person is maintained by the ownership or control of voting securities. Such chart indicates the jurisdiction of domicile of each person specified therein. No court proceedings looking toward a reorganization or liquidation are pending with respect to any such person.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE ACQUIRING PARTIES

Set forth in Exhibit 4 to this Statement are the names of the individuals who are currently directors and executive officers of the Acquiring Parties. There are no owners of 10% or more of the voting securities of LMHC. LMHC MA is a direct wholly-owned subsidiary of

LMHC. LMGI is a direct wholly-owned subsidiary of LMHC MA. LMIC is a direct wholly-owned subsidiary of LMGI. LIHI is a direct wholly-owned subsidiary of LMIC. LIH US is a direct wholly-owned subsidiary of LIHI.

The biographical affidavits completed by the individuals identified in Exhibit 4 are attached to this Statement as Exhibit 5. To the knowledge of the Acquiring Parties, none of the current directors or executive officers of the Acquiring Parties has been convicted in the last ten years in a criminal proceeding (excluding minor traffic violations).

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Consideration

The purchase of the Acquired Companies is valued at approximately \$6.2 billion. Consummation of the Merger is not subject to any financing condition or other financing contingency. The Acquiring Parties' intention is to fund the Proposed Acquisition with cash on hand. On May 29, 2008, LMGI issued \$1.25 billion of junior subordinated securities (hybrid debt). The Acquiring Parties intend to contribute the proceeds of such issuance down to LIH US as an investment in a subsidiary. Following such contribution, LMGI and LIH US will have adequate liquidity to fund the entire Proposed Acquisition with cash on hand, including, in part, proceeds from dividends that have been declared by certain of their current affiliates, subject in some cases to regulatory approval or non-disapproval. LMGI will not borrow any funds under the previously-disclosed \$1.25 billion bridge financing facility.

The Domestic Insurer will have no obligation to pay the funds borrowed in connection with the Proposed Acquisition, and neither the stock nor any asset of the Domestic Insurer is to be pledged or hypothecated, or guarantees provided thereby, in connection with the Proposed Acquisition. LMGI intends to service the debt incurred in connection with the Proposed Acquisition through sources of revenue other than dividends from the Domestic Insurer. The Acquiring Parties, however, anticipate that the Domestic Insurer will from time to time pay dividends that may statutorily be available for distribution to its parent entity. In the event that any contemplated dividends are extraordinary, as that term is defined in Oregon law, the Domestic Insurer will pay such dividends only after complying with the provisions of the Oregon Insurance Code regarding notice to, or approval from, the Director, and with consideration of the Domestic Insurer's surplus as regards policyholders.

(b) Arm's-Length Negotiation

The terms and conditions, including the nature and amount of the consideration to be paid in connection with the Proposed Acquisition, were determined by arm's-length negotiation among the parties to the Merger Agreement.

ITEM 5. FUTURE PLANS FOR THE DOMESTIC INSURER

(a) Dividends, Liquidation, Dissolution, Sale of Assets, etc.

Except as described herein and in the Merger Agreement, the Acquiring Parties have no present plans or proposals to have the Domestic Insurer declare any extraordinary dividend, to liquidate the Domestic Insurer, to sell the Domestic Insurer's assets (except for transactions, such as investment portfolio transactions, in the ordinary course of business), to merge the Domestic Insurer with any person or persons or to make any other material change in any of the Domestic Insurer's investment policy, business, corporate structure, or management.

LMIC, or an affiliate, proposes to enter into the following agreements with the Domestic Insurer immediately upon consummation of the transaction (except where otherwise noted) and respectfully requests non-disapproval by the Director of such agreements:

- (1) Investment Management Agreement with LMIC (attached hereto as Exhibit 7-A)
The Investment Management Agreement provides for LMIC to manage and invest certain assets on behalf of the Domestic Insurer in designated asset sectors in accordance with investment policies and guidelines.
- (2) Investment Management Agreement with Liberty Mutual Investment Advisors, LLC (attached hereto as Exhibit 7-B)
The Investment Management Agreement provides for Liberty Mutual Investment Advisors, LLC ("LMIA") to manage and invest certain assets on behalf of the Domestic Insurer in designated asset sectors in accordance with investment policies and guidelines.
- (3) Cash Management Agreement with LMIA (attached hereto as Exhibit 7-C)
Under the Cash Management Agreement, LMIA will make, hold and administer certain short-term investments maturing within 365 days or less of purchase.
- (4) Federal Tax Sharing Agreement with LMHC and affiliates (attached hereto as Exhibit 7-D, together with proposed Amendment No. 4)
It is proposed that the Domestic Insurer be added as parties to this agreement by Amendment No. 4. LMHC files a consolidated U.S. Federal income tax return on behalf of qualified subsidiaries. The Federal Tax Sharing Agreement outlines the rules for LMHC when preparing, calculating and filing the consolidated return.
- (5) Management Services Agreement with LMIC (attached hereto as Exhibit 7-E)
The Management Services Agreement provides for the rendering of certain high-level management services by LMIC on behalf of each Domestic Insurer. If it is determined that the Domestic Insurer should join the inter-company pool referenced in subsection (b) below, it is anticipated that these agreements will be effective as of the date the Domestic Insurer joins the pool.

- (6) Management Services Agreement with Peerless Insurance Company (attached hereto as Exhibit 7-E, together with proposed Amendment 7)

If it is determined that the Domestic Insurer should join the inter-company pool referenced in subsection (b) below, it is proposed that the Domestic Insurer be added as parties to this agreement by Amendment 7 effective as of the date the Domestic Insurer joins the pool. This agreement provides for the rendering of certain day-to-day services by Peerless Insurance Company or its affiliates, which will be affiliates of the Domestic Insurer upon closing of the Proposed Acquisition.

The Domestic Insurer's prospective Oregon-domiciled affiliates within the Regional Companies division of the Liberty Mutual Agency Markets business unit—Liberty Northwest Insurance Corporation, North Pacific Insurance Company and Oregon Automobile Insurance Company—all have entered into agreements that are materially identical in form, subject to changes in investment guidelines, to those proposed to be entered into by the Domestic Insurer upon closing, and each of the agreements has been submitted to, and not disapproved by, the Insurance Division of the Oregon Consumer and Business Services Department in the past. Simultaneous with the entry into these agreements, the Acquiring Parties plan to have the Domestic Insurer terminate the following inter-company agreement to which the Domestic Insurer currently is a party:

- (1) Agreement of Allocation of Payment of Federal Income Taxes.

(b) **Future Operations**

At present, the Acquiring Parties anticipate no change in the types of business to be written by the Domestic Insurer, which will continue to be property and casualty personal, commercial and specialty lines business. Additionally, the Acquiring Parties believe that it is in the best interests of the Domestic Insurer and its policyholders to maintain its personal, commercial and specialty lines focus and to continue offering their insurance products through the independent agency system. As a result, while the Acquiring Parties have yet to evaluate certain of the Domestic Insurer's marketing programs, the Acquiring Parties anticipate no material change in the method and manner in which the Domestic Insurer's insurance products are marketed and distributed. The Acquiring Parties, however, currently believe they may utilize the "Safeco" brand nationally to strengthen the Liberty Mutual Agency Markets personal lines operations.

The Acquiring Parties have no present intention to relocate the home office or corporate records of the Domestic Insurer. If a determination is made to relocate the corporate records of the Domestic Insurer, the Acquiring Parties will notify the Director in a timely manner. As Liberty Mutual continues to grow its business and increase its employee base, it considers from time to time whether efficiencies and other business benefits may be achieved by moving its employees into various employer entities controlled by LMHC. In the event any such moves were implemented, these changes would be conducted in a manner that assures that all

employees of the Domestic Insurer are treated consistently with similarly situated employees of Liberty Mutual and its affiliates, and at all times in accordance with, and subject to, the terms of the Merger Agreement.

The Acquiring Parties do not currently intend to modify the Domestic Insurer's existing inter-company reinsurance agreement or its ceded reinsurance arrangements, although the Acquiring Parties plan to examine whether it is in the best interests of the Domestic Insurer and its affiliates to join the inter-company pool that covers the Regional Companies division of the Liberty Mutual Agency Markets business unit. If the determination is made to have the Domestic Insurer join the inter-company pool that covers the Domestic Insurer's prospective affiliates, a Form D or an amendment to this Form A would be filed with the Director in a timely manner for her review. Finally, it is anticipated that, upon closing, the Domestic Insurer will adopt the investment policy attached as Appendix A to the Liberty Mutual Investment Advisors, LLC Investment Management Agreement.

(c) Changes in Board of Directors and Executive Officers

While the Acquiring Parties have no present intention to change the day-to-day management of the business and operations of the Domestic Insurer, it is expected that, upon closing, the following individuals will become directors and executive officers of the Domestic Insurer, replacing the current directors and executive officers of the Domestic Insurer, so that the directors and executive officers of the Domestic Insurer are, to the extent permitted by law and the Domestic Insurers' organizational documents, consistent with the directors and executive officers of the Acquiring Parties' other Oregon-domiciled insurers within the Liberty Mutual Agency Markets business unit:

Directors:

James F. Dore
Christopher C. Mansfield
Larry Becker (Oregon resident)
Scott R. Goodby
Gary R. Gregg, Chairman
Mary Augustyn (Oregon resident)

Executive Officers:

Gary R. Gregg, President & CEO
James F. Dore, Treasurer & CFO
A. Alexander Fontanes, Executive Vice
President & Chief Investment Officer
Joseph A. Gilles, Executive Vice President
Scott R. Goodby, Executive Vice President
& Chief Operating Officer
Edmund C. Kenealy, Secretary

These changes will make the Domestic Insurer's corporate governance functions more efficient and more consistent with those of their Liberty Mutual Agency Markets affiliates. Additionally, it is possible that other titling changes may occur upon and after closing of the Proposed Acquisition to conform the Domestic Insurer to Liberty Mutual Agency Markets' officer titling practices. Biographical affidavits completed by Messrs. Gregg, Fontanes, and Mansfield are attached to this Statement as part of Exhibit 5. Biographical affidavits completed by the remaining individuals identified above are attached to this Statement as Exhibit 7-G.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

LIH US plans to acquire all of the issued and outstanding voting securities of Safeco, which owns all of the issued and outstanding voting securities of Safeco Insurance Company of America, which in turn owns all of the issued and outstanding voting securities of Safeco Insurance Company of Oregon. The terms and conditions of the Merger Agreement, which is attached hereto as Exhibit 1 and discussed in Items 1 and 4, were determined by arm's-length negotiation among the parties to the Merger Agreement.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Except as provided in the Merger Agreement and as discussed herein, none of the Acquiring Parties, and to the knowledge of the Acquiring Parties, any person controlling, controlled by or under common control with any Acquiring Party or any person listed in Item 3 holds of record or beneficially owns or has a right to acquire any voting securities or securities which may be converted into voting securities of Safeco or the Domestic Insurer.

ITEM 8. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Except as provided in the Merger Agreement and discussed herein, there are no contracts, arrangements, or understandings directly or indirectly relating to any voting securities of Safeco or the Domestic Insurer involving any Acquiring Party, and to the knowledge of the Acquiring Parties, any person controlling, controlled by or under common control with any Acquiring Party or any person listed in Item 3, including but not limited to the transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

Except as set forth in Exhibit 8, there have been no purchases during the twelve calendar months preceding the filing of this Statement of any voting securities of Safeco or the Domestic Insurer which were effected by any Acquiring Party, and to the knowledge of the Acquiring Parties, any person controlling, controlled by or under common control with any Acquiring Party or any person listed in Item 3 above.

Set forth in Exhibit 8 are such purchases by two insurance companies in the Liberty Mutual Group (LMIC and Peerless Insurance Company) which have hired Enhanced Investment Technologies, LLC ("Intech") to manage a public equity portfolio. Intech is a third-party investment manager that uses a proprietary enhanced indexing investment strategy that seeks to outperform the S&P 500. Intech utilizes this strategy for multiple clients, and its trading activity is not directed or influenced by employees of any company in the Liberty Mutual Group.

Otherwise, persons controlling, controlled by or under common control with any Acquiring Party have made no such purchases but may have purchased shares in commingled funds/collective trusts and mutual funds which may have voting securities of Safeco as a portion of their investment. Persons listed in Item 3 above have made no such purchases but may have purchased shares in mutual funds which may have voting securities of Safeco as a portion of their investment. In any such case, persons controlling, controlled by or under common control with any Acquiring Party or any person listed in Item 3 above did not make the specific investment decisions or dictate the specific investment choices for these funds; instead, the specific investment decisions were made independently by the fund managers.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

None of the Acquiring Parties, and to the knowledge of the Acquiring Parties, any person controlling, controlled by or under common control with any Acquiring Party or any person listed in Item 3, or anyone based upon interviews or at the suggestion of the Acquiring Parties, any person controlling, controlled by or under common control with any Acquiring Party or any person listed in Item 3, has made recommendations to purchase any voting security of Safeco or the Domestic Insurer during the twelve calendar months preceding the filing of this Statement, except as provided in the Merger Agreement and discussed herein.

ITEM 11. COPIES OF TENDER AND OTHER OFFERS

Other than as discussed in this Statement, to the knowledge of the Acquiring Parties there are no tender offers for, requests or invitations for tenders of, exchange offers for, or agreements to acquire or exchange any voting securities of Safeco or the Domestic Insurer or soliciting material relating thereto.

ITEM 12. AGREEMENTS WITH BROKER-DEALERS

The Acquiring Parties have no agreements, contracts or understandings with any broker-dealer as to solicitation of voting securities of Safeco or the Domestic Insurer for tender.

ITEM 13. FINANCIAL STATEMENTS AND EXHIBITS

(a) Exhibits

The following information has been submitted in the form of exhibits to this Statement:

- | | |
|------------|---|
| Exhibit 1. | Merger Agreement |
| Exhibit 2. | Post-Closing Organization Chart of Acquiring Parties and Acquired Companies |
| Exhibit 3. | Current Organization Chart of the Acquiring Parties |

Exhibit 4.	List of Directors and Executive Officers of the Acquiring Parties
Exhibit 5.	Biographical Affidavits of the Directors and Executive Officers of the Acquiring Parties
Exhibit 6	[No longer applicable in light of amendment to Item 4]
Exhibit 7-A.	Investment Management Agreement (Liberty Mutual Insurance Company)
Exhibit 7-B.	Investment Management Agreement (Liberty Mutual Investment Advisors LLC)
Exhibit 7-C.	Cash Management Agreement
Exhibit 7-D.	Federal Tax Sharing Agreement
Exhibit 7-E.	Management Services Agreement (Liberty Mutual Insurance Company)
Exhibit 7-F.	Management Services Agreement (Peerless Insurance Company)
Exhibit 7-G.	Biographical Affidavits of Certain of the Proposed Directors and Executive Officers of the Domestic Insurer
Exhibit 8	Purchases during the twelve calendar months preceding the filing of this Statement of any voting securities of Safeco or the Domestic Insurer which were effected by any Acquiring Party, any person controlling, controlled by or under common control with any Acquiring Party or any person listed in Item 3 above.
Exhibit 9-A.	Consolidated Financial Statements of LMHC for the Period Ended March 31, 2008 ³
Exhibit 9-B.	Audited Consolidated Financial Statements (prepared on a GAAP basis) of LMHC for the Years Ended December 31, 2007, December 31, 2006, December 31, 2005, December 31, 2004 and December 31, 2003
Exhibit 9-C.	Balance Sheets of LIHI for the Years Ended December 31, 2007, December 31, 2006, December 31, 2005, December 31, 2004, and December 31, 2003

³ Because the only material asset of LMHC is the shares of LMHC MA, and the only material asset of LMHC MA is the shares of LMGI, the consolidated financial statements of LMHC MA and the consolidated financial statements of LMGI would not differ materially from the consolidated financial statements of LMHC. Therefore, the consolidated financial statements of LMHC MA and the consolidated financial statements of LMGI are not being provided.

- Exhibit 9-D. Balance Sheets of LIH US for the Years Ended December 31, 2007, December 31, 2006, December 31, 2005, December 31, 2004, and December 31, 2003
- Exhibit 10-A. Statutory Financial Statements of LMIC for the Period Ended March 31, 2008⁴
- Exhibit 10-B. Statutory Financial Statements of LMIC for the Years Ended December 31, 2007, December 31, 2006, December 31, 2005, December 31, 2004 and December 31, 2003

(b) Financial Statements

The financial statements of the Acquiring Parties are attached to this Statement as Exhibits 9-A through 10-B.

(c) Information Related to the Domestic Insurer and the Acquiring Parties

Other than as discussed in this Statement, to the knowledge of the Acquiring Parties there are no tender offers for, requests or invitations for tenders of, exchange offers for, or agreements to acquire or exchange any voting securities of Safeco or the Domestic Insurer or soliciting material relating thereto, or proposed employment, consultation, advisory or management contracts concerning Safeco or the Domestic Insurer. The Acquiring Parties do not prepare annual reports to shareholders or proxy statements.

⁴ Exhibits 9-A, 9-C, 9-D & 10-A are the most recent financial statements covering the period from the end of the last fiscal year.
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ITEM 13. SIGNATURES AND CERTIFICATIONS

SIGNATURE

Pursuant to the requirements of ORS 732.517 to 732.592, Liberty Mutual Holding Company Inc. has caused this application to be duly signed on its behalf in the City of Boston in the Commonwealth of Massachusetts on the 12 day of June, 2008.

(SEAL)

LIBERTY MUTUAL HOLDING COMPANY INC.

BY: 
Christopher C. Mansfield
Senior Vice President and General Counsel

Attest:


James R. Pugh
Assistant Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Statement dated June 12, 2008, for and on behalf of Liberty Mutual Holding Company Inc., that he is the Senior Vice President and General Counsel of such company, and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.


Christopher C. Mansfield

Subscribed and sworn to me this 12 day of June, 2008.


Notary Public
My commission expires on March 11, 2012

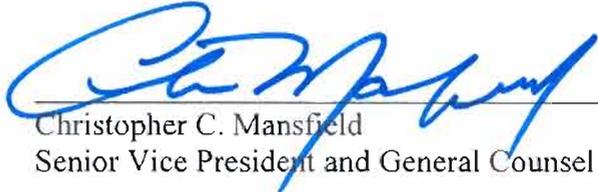
SIGNATURE

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(SEAL)

LIBERTY MUTUAL INSURANCE COMPANY

BY:



Christopher C. Mansfield
Senior Vice President and General Counsel

Attest:



James R. Pugh
Assistant Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Statement dated June 12, 2008, for and on behalf of Liberty Mutual Insurance Company, that he is the Senior Vice President and General Counsel of such company, and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



Christopher C. Mansfield

Subscribed and sworn to me this 12 day of June, 2008.



Notary Public
My commission expires on March 16, 2012

SIGNATURE

Pursuant to the requirements of ORS 732.517 to 732.592, Liberty Insurance Holdings, Inc. has caused this application to be duly signed on its behalf in the City of Boston in the Commonwealth of Massachusetts on the 12 day of June, 2008.

(SEAL)

LIBERTY INSURANCE HOLDINGS, INC.

BY: 
Christopher C. Mansfield
Vice President and General Counsel

Attest:


James R. Pugh
Assistant Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Statement dated June 12, 2008, for and on behalf of Liberty Insurance Holdings, Inc., that he is the Vice President and General Counsel of such company, and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.


Christopher C. Mansfield

Subscribed and sworn to me this 12 day of June, 2008.


Notary Public
My commission expires on March 16, 2012

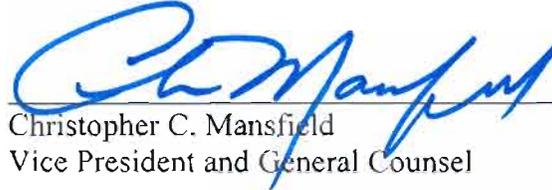
SIGNATURE

Pursuant to the requirements of ORS 732.517 to 732.592, LMHC Massachusetts Holdings Inc. has caused this application to be duly signed on its behalf in the City of Boston in the Commonwealth of Massachusetts on the 12 day of June, 2008.

(SEAL)

LMHC MASSACHUSETTS HOLDINGS INC.

BY:



Christopher C. Mansfield
Vice President and General Counsel

Attest:



James R. Pugh
Assistant Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Statement dated June 12, 2008, for and on behalf of LMHC Massachusetts Holdings Inc., that he is the Vice President and General Counsel of such company, and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



Christopher C. Mansfield

Subscribed and sworn to me this 12 day of June, 2008.



Notary Public
My commission expires on March 16, 2012

SIGNATURE

Pursuant to the requirements of ORS 732.517 to 732.592, LIH US P&C Corporation has caused this application to be duly signed on its behalf in the City of Boston in the Commonwealth of Massachusetts on the 12 day of June, 2008.

(SEAL)

LIH US P&C CORPORATION

BY:



Christopher C. Mansfield
Vice President and General Counsel

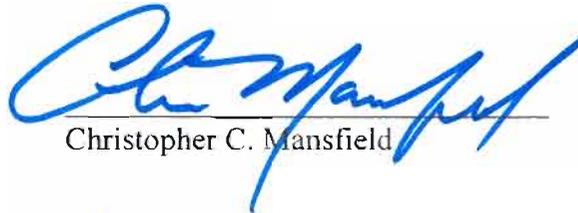
Attest:



James R. Pugh
Assistant Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Statement dated June 12, 2008, for and on behalf of LIH US P&C Corporation that he is the Vice President and General Counsel of such company, and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



Christopher C. Mansfield

Subscribed and sworn to me this 12 day of June, 2008.



Notary Public
My commission expires on March 10, 2012

SIGNATURE

Pursuant to the requirements of ORS 732.517 to 732.592, Liberty Mutual Group Inc. has caused this application to be duly signed on its behalf in the City of Boston in the Commonwealth of Massachusetts on the 12 day of June, 2008.

(SEAL)

LIBERTY MUTUAL GROUP INC.

BY:



Christopher C. Mansfield
Vice President and General Counsel

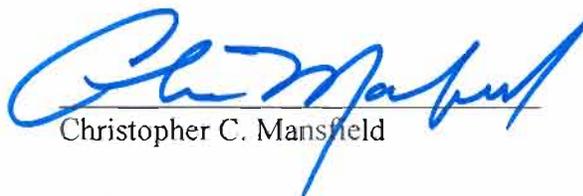
Attest:



James R. Pugh
Assistant Secretary

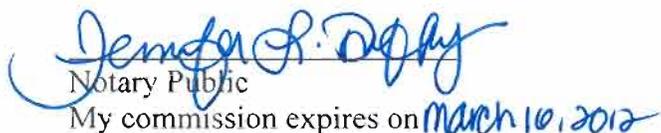
CERTIFICATION

The undersigned deposes and says that he has duly executed the attached Statement dated June 12, 2008, for and on behalf of Liberty Mutual Group Inc., that he is the Vice President and General Counsel of such company, and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



Christopher C. Mansfield

Subscribed and sworn to me this 12 day of June, 2008.



Notary Public
My commission expires on March 10, 2012