



Financial Supplement  
Quarter Ended March 31, 2014

**LIBERTY MUTUAL HOLDING COMPANY INC.**  
**Financial Supplement**

	<u>Page Number</u>
<b>Consolidating Financial Results by Strategic Business Unit</b>	
- Reconciliation of PTOI to Net Income - Three Months Ended March 31, 2014 & 2013	1
- Combined Ratio - Three Months Ended March 31, 2014 & 2013	2
<b>Investments</b>	
- Issuer and Sector Exposures	3

**LIBERTY MUTUAL HOLDING COMPANY INC.**

**Reconciliation of PTOI to Net Income**

(dollars in millions)

(Unaudited)

	Three Months Ended March 31, 2014						Three Months Ended March 31, 2013					
	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Corporate and Other	Consolidated	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Corporate and Other	Consolidated
Revenues	\$4,151	\$2,471	\$1,314	\$1,290	\$433	\$9,659	\$3,775	\$2,554	\$1,314	\$1,217	\$105	\$8,965
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, Venezuela devaluation and foreign exchange and LP and LLC <sup>1</sup> income	\$570	\$262	\$37	\$173	(\$168)	\$874	\$540	\$224	\$47	\$175	(\$187)	\$799
Catastrophes <sup>2</sup>	(335)	(123)	(9)	(23)	3	(487)	(169)	(40)	-	(15)	2	(222)
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	(1)	(1)	-	-	-	-	(1)	(1)
- All other <sup>3</sup>	(10)	22	5	(9)	30	38	(16)	35	3	(30)	(14)	(22)
Venezuela devaluation and foreign exchange	-	-	(18)	-	(2)	(20)	-	-	49	-	(3)	46
Pre-tax operating income (loss) before LP and LLC income	225	161	15	141	(138)	404	355	219	99	130	(203)	600
LP and LLC income	9	-	-	-	256	265	1	-	-	-	47	48
Pre-tax operating income (loss)	234	161	15	141	118	669	356	219	99	130	(156)	648
Net realized losses						(205)						(197)
SBU realignment expense						-						(1)
Loss on extinguishment of debt						-						(21)
Pre-tax income						464						429
Income tax expense						138						124
Consolidated net income before discontinued operations						326						305
Discontinued operations, net of tax						(64)						5
Consolidated net income						262						310
Less: Net loss attributable to non-controlling interest						(10)						(8)
<b>Net income attributable to Liberty Mutual Holding Company Inc.</b>						<b>\$272</b>						<b>\$318</b>

<sup>1</sup> Limited partnership ("LP") and limited liability company ("LLC") income is included in net investment income in the accompanying Consolidated Statements of Income.

<sup>2</sup> Catastrophes include all current accident year catastrophe losses for severe storms in the U.S., U.K. and Ireland floods, and Cyclone Oswald. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

<sup>3</sup> Net of earned premium and reinstatement premium attributable to prior years and amortization of deferred gains on retroactive reinsurance.

**LIBERTY MUTUAL HOLDING COMPANY INC.**

**Combined Ratio by Strategic Business Unit**

(Unaudited)

	Three Months Ended March 31, 2014 <sup>1</sup>					Three Months Ended March 31, 2013 <sup>1</sup>				
	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated
<b>Combined ratio before catastrophes and net incurred losses attributable to prior years</b>										
Claims and claim adjustment expense ratio	62.2%	67.8%	64.6%	58.3%	63.2%	61.4%	71.0%	65.7%	60.4%	64.5%
Underwriting expense ratio	26.0%	30.9%	39.6%	33.0%	30.7%	26.2%	30.2%	38.5%	29.3%	30.3%
Dividend ratio	-	0.2%	-	0.2%	0.1%	-	0.2%	-	0.3%	0.1%
Subtotal	88.2%	98.9%	104.2%	91.5%	94.0%	87.6%	101.4%	104.2%	90.0%	94.9%
Catastrophes <sup>2</sup>	9.0%	6.6%	0.7%	1.9%	6.0%	5.0%	2.0%	-	1.4%	2.9%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	-	-	-	-	-	-
- All Other <sup>3</sup>	0.3%	(1.3%)	(0.4%)	0.7%	(0.4%)	0.5%	(1.8%)	(0.2%)	2.7%	0.3%
<b>Total combined ratio <sup>4</sup></b>	<b>97.5%</b>	<b>104.2%</b>	<b>104.5%</b>	<b>94.1%</b>	<b>99.6%</b>	<b>93.1%</b>	<b>101.6%</b>	<b>104.0%</b>	<b>94.1%</b>	<b>98.1%</b>

<sup>1</sup> The combined ratio has been adjusted to exclude the impact of the Venezuela devaluation and foreign exchange.

<sup>2</sup> Catastrophes include all current accident year catastrophe losses for severe storms in the U.S., U.K. and Ireland floods, and Cyclone Oswald. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

<sup>3</sup> Net of earned premium and reinstatement premium attributable to prior years and amortization of deferred gains on retroactive reinsurance.

<sup>4</sup> 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 and certain other run off.

**LIBERTY MUTUAL HOLDING COMPANY INC.**  
**Issuer and Sector Exposure as of March 31, 2014**  
(dollars in millions)  
(Unaudited)

<b>Top 20 Issuers</b>	<b>Fixed Maturity</b>	<b>Equity</b>	<b>Short Term</b>	<b>Total Exposure</b>	<b>Percent of Invested Assets</b>
1 Government of Venezuela	\$ 906	\$ 0	\$ 0	\$ 906	1.13%
2 Government of Brazil	728	0	0	728	0.91%
3 Government of Canada	539	0	0	539	0.68%
4 Invergy	192	212	0	404	0.50%
5 State of Florida	381	0	0	381	0.48%
6 Government of Spain	358	0	0	358	0.45%
7 Government of Germany	344	0	0	344	0.43%
8 Bank of America Corp	268	69	0	337	0.42%
9 State of California	332	0	0	332	0.41%
10 Wells Fargo & Co	320	5	0	325	0.41%
11 Government of United Kingdom	311	0	3	314	0.39%
12 Citigroup Inc	282	3	0	285	0.36%
13 JP Morgan Chase & Co	251	34	0	285	0.36%
14 Government of Colombia	275	0	0	275	0.34%
15 General Electric Co	266	6	0	272	0.34%
16 Government of Ireland	267	0	0	267	0.33%
17 State of Washington	266	0	0	266	0.33%
18 Government of Italy	253	0	3	256	0.32%
19 Southern Co	197	42	0	239	0.30%
20 US Bancorp	165	67	0	232	0.29%
	<b>\$ 6,901</b>	<b>\$ 438</b>	<b>\$ 6</b>	<b>\$ 7,345</b>	<b>9.18%</b>

<b>Top 20 Sectors</b>	<b>Fixed Maturity</b>	<b>Equity</b>	<b>Short Term</b>	<b>Total Exposure</b>	<b>Percent of Invested Assets</b>
1 Banking	\$ 4,412	\$ 491	\$ 377	\$ 5,280	6.60%
2 Foreign Government	4,890	0	17	4,907	6.13%
3 Electric	2,892	86	0	2,978	3.72%
4 US Municipal - State	2,356	0	0	2,356	2.94%
5 US Municipal - Education	2,084	0	0	2,084	2.60%
6 Integrated Energy	1,069	795	0	1,864	2.33%
7 US Municipal - Healthcare	1,621	0	0	1,621	2.03%
8 Food and Beverage	1,525	60	3	1,588	1.99%
9 Diversified Manufacturing	1,390	47	0	1,437	1.80%
10 US Municipal - Local	1,277	0	0	1,277	1.60%
11 Metals	848	325	0	1,173	1.47%
12 Wirelines	1,144	25	2	1,171	1.46%
13 Technology	913	245	0	1,158	1.45%
14 Retailers	1,083	60	0	1,143	1.43%
15 US Municipal - Transportation	1,130	0	0	1,130	1.41%
16 US Municipal - Water & Sewer	1,054	0	0	1,054	1.32%
17 US Municipal - Power	940	0	0	940	1.17%
18 Insurance	796	132	1	929	1.16%
19 Wireless	871	11	0	882	1.10%
20 Automotive	810	34	1	845	1.06%
	<b>\$ 33,105</b>	<b>\$ 2,311</b>	<b>\$ 401</b>	<b>\$ 35,817</b>	<b>44.77%</b>

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