

First Quarter 2018 Results

May 3, 2018

Cautionary Statement Regarding Forward Looking Statements

This report contains forward looking statements that are intended to enhance the reader's ability to assess the future financial and business performance of Liberty Mutual Holding Company Inc., the parent corporation of the Liberty Mutual Insurance group of entities (the "Company" or "LMHC"). Forward looking statements include, but are not limited to, statements that represent the Company's beliefs concerning future operations, strategies, financial results or other developments, and contain words and phrases such as "may," "expects," "should," "believes," "anticipates," "estimates," "intends" or similar expressions. Because these forward looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond the Company's control or are subject to change, actual results could be materially different.

Some of the factors that could cause actual results to differ include, but are not limited to the following: the occurrence of catastrophic events (including terrorist acts, hurricanes, hail, tornados, tsunamis, earthquakes, floods, snowfall and winter conditions); inadequacy of loss reserves; adverse developments involving asbestos, environmental or toxic tort claims and litigation; adverse developments in the cost, availability or ability to collect reinsurance; disruptions to the Company's relationships with its independent agents and brokers; financial disruption or a prolonged economic downturn; the performance of the Company's investment portfolios; a rise in interest rates; risks inherent in the Company's alternative investments in private limited partnerships ("LP"), limited liability companies ("LLC"), commercial mortgages and natural resource working interests; difficulty in valuing certain of the Company's investments; subjectivity in the determination of the amount of impairments taken on the Company's investments; unfavorable outcomes from litigation and other legal proceedings, including the effects of emerging claim and coverage issues and investigations by state and federal authorities; the Company's exposure to credit risk in certain of its business operations; the Company's inability to obtain price increases or maintain market share due to competition or otherwise; inadequacy of the Company's pricing models; changes to insurance laws and regulations; changes in the amount of statutory capital that the Company must hold to maintain its financial strength and credit ratings; regulatory restrictions on the Company's ability to change its methods of marketing and underwriting in certain areas; assessments for guaranty funds and mandatory pooling arrangements; a downgrade in the Company's claims-paying and financial strength ratings; the ability of the Company's subsidiaries to pay dividends to the Company; inflation, including inflation in medical costs and automobile and home repair costs; the cyclical nature of the property and casualty insurance industry; political, legal, operational and other risks faced by the Company's international business; potentially high severity losses involving the Company's surety products; loss or significant restriction on the Company's ability to use credit scoring in the pricing and underwriting of personal lines policies; inadequacy of the Company's controls to ensure compliance with legal and regulatory standards; changes in federal or state tax laws; risks arising out of the Company's securities lending program; the Company's utilization of information technology systems and its implementation of technology innovations; difficulties with technology or data security; insufficiency of the Company's business continuity plan in the event of a disaster; the Company's ability to successfully integrate operations, personnel and technology from its acquisitions; insufficiency of the Company's enterprise risk management models and modeling techniques; and changing climate conditions. The Company's forward looking statements speak only as of the date of this report or as of the date they are made and should be regarded solely as the Company's current plans, estimates and beliefs. For a detailed discussion of these and other cautionary statements, visit the Company's Investor Relations website at www.libertymutualgroup.com/investors. The Company undertakes no obligation to update these forward looking statements.

Liberty Mutual Overview



Helping people embrace today and confidently pursue tomorrow

P&C Businesses

Global Retail Markets (GRM)

- U.S. Consumer Markets
- Business Insurance
- GRM East | West

Global Risk Solutions (GRS)

- Liberty Specialty Markets
- National Insurance
- North America Specialty
- Global Surety

- Mutual holding company structure
- \$142.5B of assets and \$39.4B of revenues in 2017
- The most diversified P&C insurer
- 75th among Fortune 500 companies¹
- 3rd largest P&C writer in the U.S.²
- 4th largest commercial lines writer in the U.S.²
- 5th largest global P&C insurer³
- 6th largest personal lines writer in the U.S.²
- 8th largest surplus lines carrier in the U.S.²

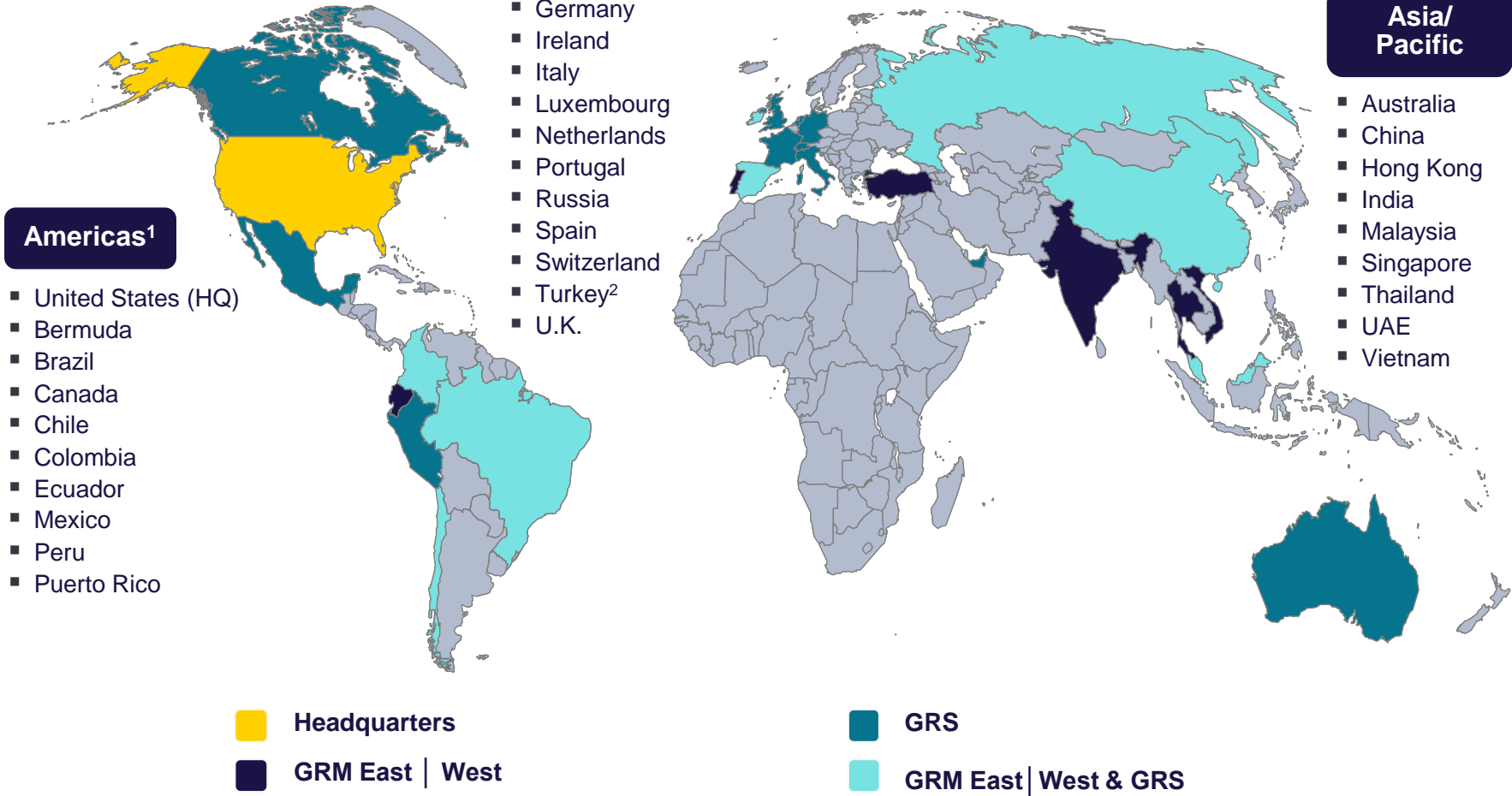
¹ Based on 2016 revenue – as reported.

² Based on 2017 DWP, includes Ironshore full-year 2017 results.

³ Based on 2017 GWP, excludes state-owned companies.

Liberty Mutual's Global Presence

Liberty Mutual operates in 31 countries and economies around the globe

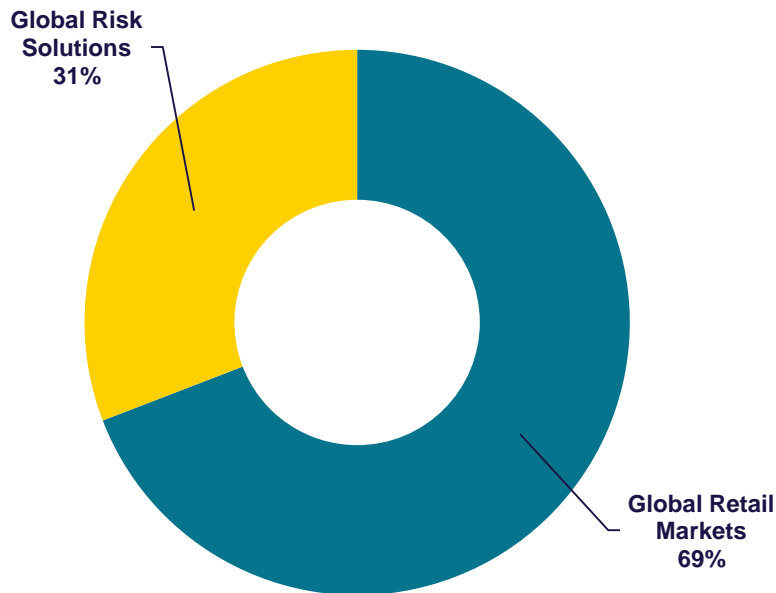


¹ Effective September 30, 2015, the Company deconsolidated its Venezuelan operations.

² On May 3, 2018, the Company's Spanish subsidiary, Liberty Seguros Compania de Seguros y Reaseguros S.A., completed the sale of its entire 99.44% interest in its Turkish insurance affiliate, Liberty Sigorta A.S., to Talanx International.

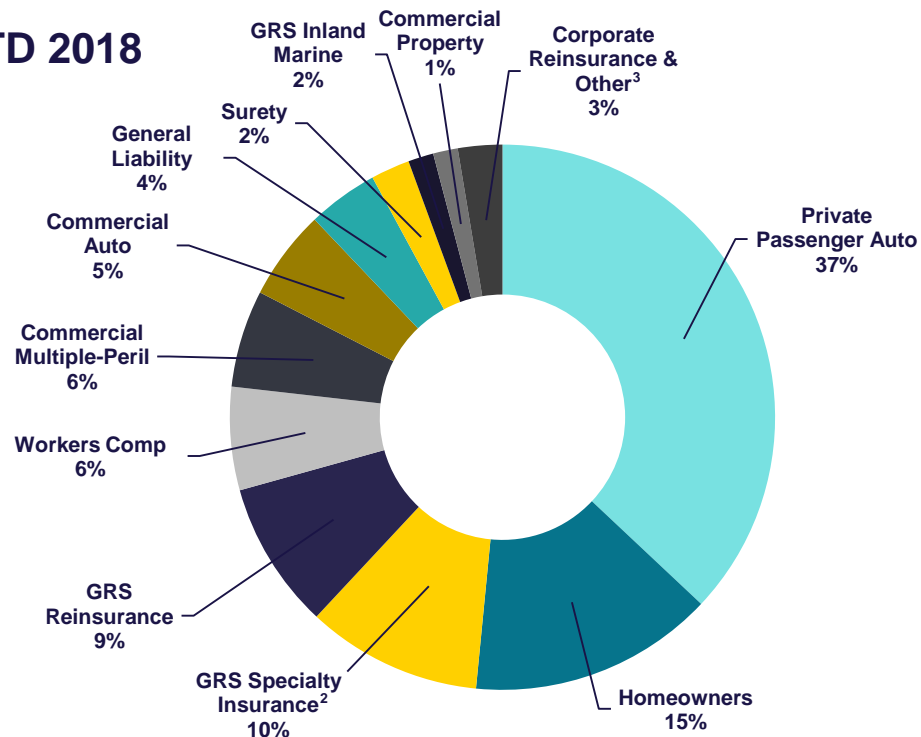
Analysis of Consolidated Net Written Premium (“NWP”)

NWP by SBU¹



NWP by Line of Business

March YTD 2018



NWP year-to-date in 2018 totaled **\$9.4 billion**, an increase of **8.6%** over the same period 2017 (or an increase of **7.2%**⁴ excluding FX over the same period in 2017)

¹ Excludes “Corporate and Other” of (\$143) million.

² Specialty insurance is reported within GRS and includes marine, energy, construction, aviation, property, casualty, warranty and indemnity, excess casualty, directors and officers, errors and omissions, environmental impairment liability, railroad, trade credit, excess and surplus property, crisis management, contingent lines and other.

³ Corporate Reinsurance is NWP associated with internal reinsurance assumed into corporate, net of corporate external placements. Other primarily includes NWP from allied lines, domestic inland marine, and life and health reported within GRM.

⁴ Determined by assuming constant foreign exchange rates between periods.

Consolidated Results

(\$ Millions)	First Quarter		
	2018	2017	Change
NWP	\$9,434	\$8,688	8.6%
Pre-tax operating income ("PTOI") before partnerships, LLC and other equity method income	\$393	\$101	NM
Partnerships, LLC and other equity method income ¹	216	160	35.0
Net realized gains	155	151	2.6
Consolidated net income from continuing operations	590	294	100.7
Discontinued operations, net of tax	59	57	3.5
Net income attributable to LMHC	\$648	\$351	84.6%
Cash flow provided by operations before pension contributions	\$36	\$148	(75.7%)
Pension contributions	-	(401)	(100.0)
Cash flow provided by (used in) continuing operations	\$36	(\$253)	NM

(\$ Millions)	As of		
	March 31, 2018	December 31, 2017	Change
Total equity	\$20,489	\$20,688	(1.0%)

¹ Partnerships, LLC and other equity method income includes LP, LLC and other equity method income within net investment income in the accompanying Consolidated Statements of Income and revenue and expenses from the production and sale of oil and gas.

NM = Not Meaningful

Consolidated Results

	First Quarter		
	2018	2017	Change (Points)
Claims and claim adjustment expense ratio	65.0%	64.1%	0.9
Underwriting expense ratio	30.2	30.1	0.1
Combined ratio before catastrophes and net incurred losses attributable to prior years	95.2	94.2	1.0
Catastrophes ¹	3.8	7.7	(3.9)
Net incurred losses attributable to prior years:			
- Asbestos and environmental	0.1	-	0.1
- All other ²	(0.1)	(0.1)	-
Total combined ratio³	99.0%	101.8%	(2.8)

¹ Catastrophes are defined as a natural catastrophe or terror event exceeding \$25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

² Net incurred losses attributable to prior years is defined as incurred losses attributable to prior years (including prior year losses related to catastrophes and prior year catastrophe reinstatement premium) including earned premium attributable to prior years.

³ 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 less managed care income to earned premium; the ratio of insurance operating costs plus amortization of deferred policy acquisition costs less third-party administration income and fee income (primarily related to the Company's involuntary market servicing carrier operations) and installment charges to earned premium; 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. Restructuring and Ironshore acquisition and integration costs are not included in the combined ratio.

Global Retail Markets

Segment Highlights

- Operates in 11 markets across 17 countries
- 6th largest writer of personal lines in the U.S.¹
- 2nd largest personal lines independent agency writer in the U.S.²

Financial Performance

(\$ Millions)	First Quarter		
	2018	2017	Change
NWP	\$6,622	\$6,299	5.1%
PTOI before catastrophes and net incurred losses attributable to prior years	\$712	\$642	10.9%
Catastrophes ³	(330)	(603)	(45.3)
Net incurred losses attributable to prior years	13	11	18.2
PTOI	\$395	\$50	NM

	First Quarter		
	2018	2017	Change (Points)
Combined ratio before catastrophes and net incurred losses attributable to prior years			
Claims and claim adjustment expense ratio	63.5%	63.5%	-
Underwriting expense ratio	28.5	29.1	(0.6)
Subtotal	92.0	92.6	(0.6)
Catastrophes ³	5.0	9.7	(4.7)
Net incurred losses attributable to prior years	(0.2)	(0.3)	0.1
Total combined ratio	96.8%	102.0%	(5.2)

¹ Based on 2017 DWP.

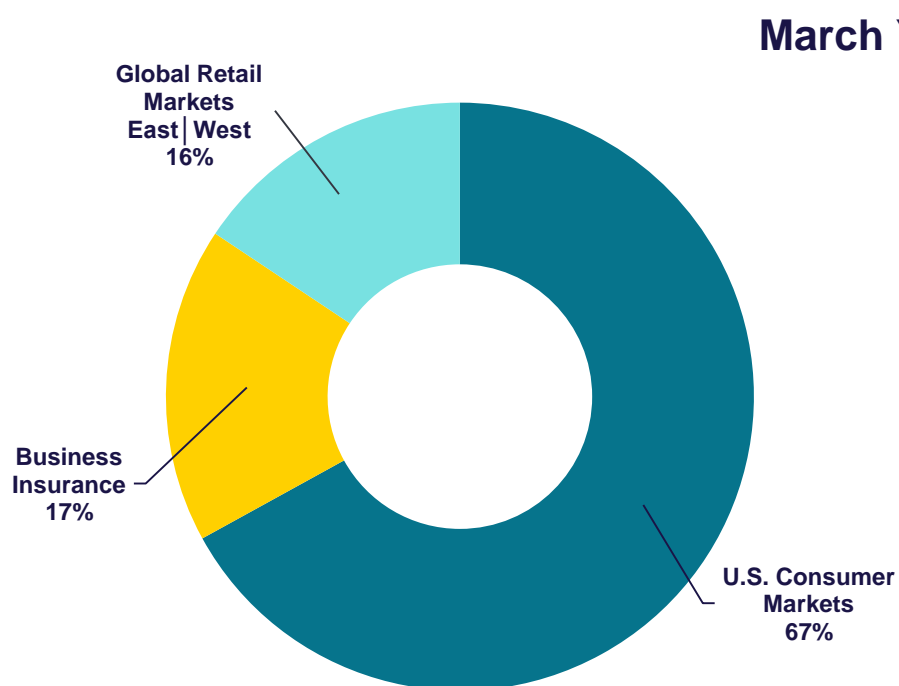
² Based on Q4 2017 DWP (rolling 12-months).

³ Catastrophes are defined as a natural catastrophe or terror event exceeding \$25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

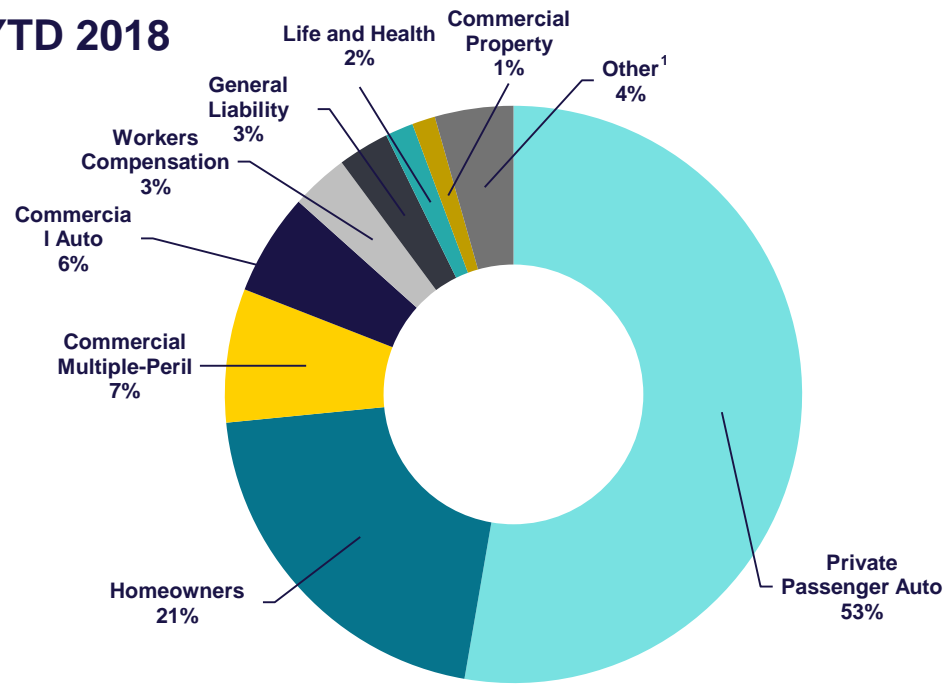
NM = Not Meaningful

Global Retail Markets NWP Distribution

NWP by Market Segment



NWP by Line of Business

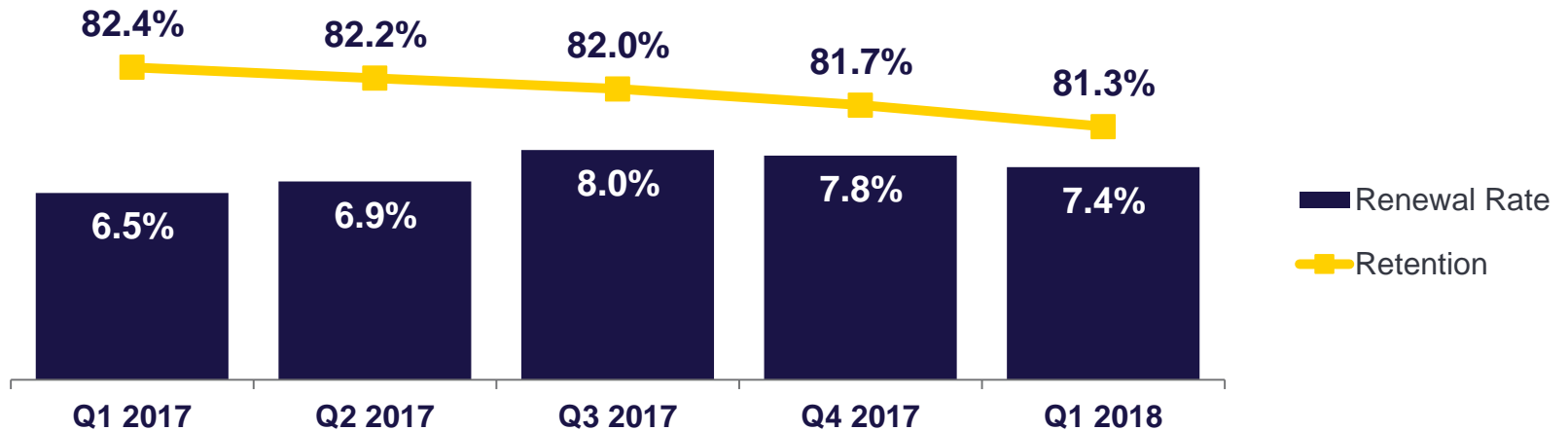


NWP year-to-date in 2018 totaled **\$6.6** billion, an increase of **5.1%** over the same period in 2017 (or an increase of **4.1%**² excluding FX over the same period in 2017)

¹ Premium related to other personal and commercial lines including personal accident, bonds, small and medium enterprise, and marine and cargo lines of business.

² Determined by assuming constant foreign exchange rates between periods.

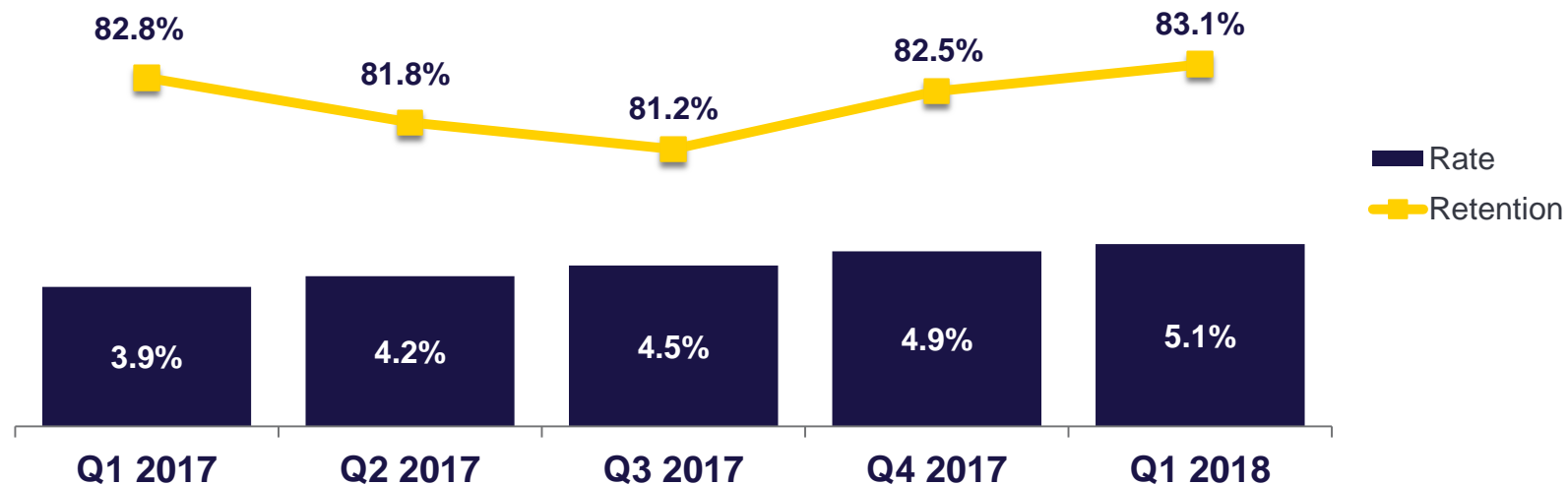
U.S. Consumer Markets: Renewal Rate, Retention, & PIF



	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Private Passenger Auto					
Renewal Rate	8.6%	9.3%	10.2%	9.4%	8.9%
Retention	81.1%	80.6%	80.4%	80.0%	79.6%
PIF growth	1.5%	1.0%	0.5%	(0.3%)	(1.0%)
Homeowners					
Renewal Rate	3.5%	3.8%	4.5%	5.2%	4.9%
Retention	82.6%	82.5%	82.4%	82.1%	81.8%
PIF growth	1.6%	1.7%	1.9%	1.6%	1.3%

PIF: policies in-force. Retention is in-force.
Prior periods' results have been restated.

Business Insurance: Rate & Retention



	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Business Insurance					
Rate	3.9%	4.2%	4.5%	4.9%	5.1%
Retention	82.8%	81.8%	81.2%	82.5%	83.1%

Global Risk Solutions

Segment Highlights

- Offers a wide array of property, casualty, specialty and reinsurance coverages through brokers, independent agents and captive agents globally
- 4th largest U.S. commercial and specialty lines writer^{3,4}
- 2nd largest surety writer in the U.S.³
- 3rd largest Lloyd's Syndicate⁵
- 8th largest surplus lines carrier in the U.S.³

Financial Performance

(\$ Millions)	First Quarter		
	2018*	2017	Change
NWP	\$2,955	\$2,444	20.9%
PTOI before catastrophes and net incurred losses attributable to prior years	\$248	\$245	1.2%
Catastrophes ¹	(28)	(46)	(39.1)
Net incurred losses attributable to prior years ²	3	3	-
PTOI	\$223	\$202	10.4%

	First Quarter		
	2018*	2017	Change (Points)
Combined ratio before catastrophes and net incurred losses attributable to prior years	2018*	2017	Change (Points)
Claims and claim adjustment expense ratio	67.3%	64.2%	3.1
Underwriting expense ratio	31.4	32.1	(0.7)
Dividend ratio	0.1	0.1	-
Subtotal	98.8%	96.4%	2.4
Catastrophes ¹	1.1	2.1	(1.0)
Net incurred losses attributable to prior years ²	(0.2)	-	(0.2)
Total combined ratio	99.7%	98.5%	1.2

¹ Catastrophes are defined as a natural catastrophe or terror event exceeding \$25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

² Net of earned premium and reinstatement premium attributable to prior years of \$2 million and \$3 million for the three months ended March 31, 2018 and 2017, respectively.

³ Based on 2017 DWP

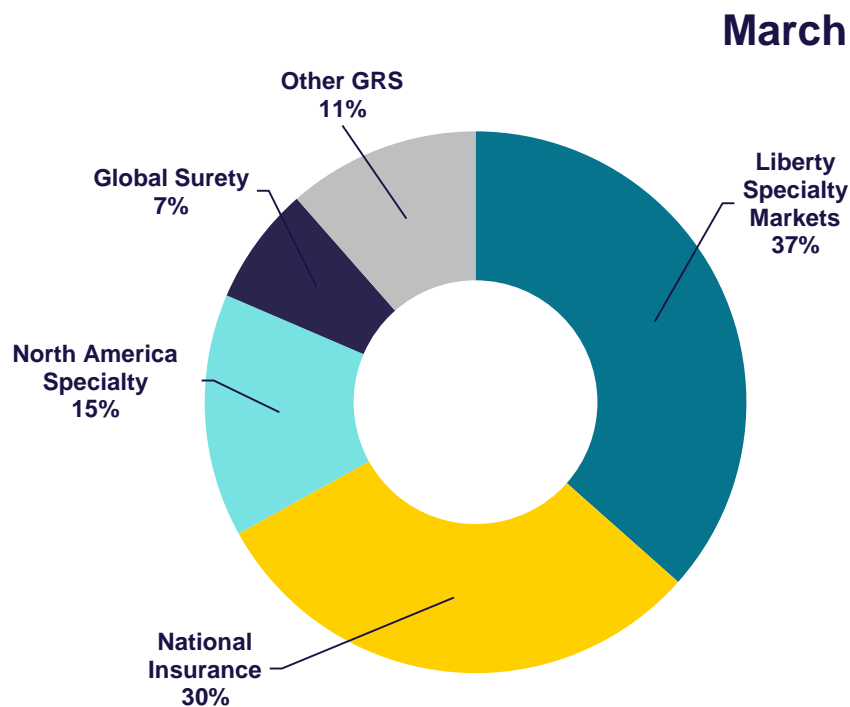
⁴ Includes U.S. commercial business written in Global Retail Markets

⁵ Based on 2017 GWP

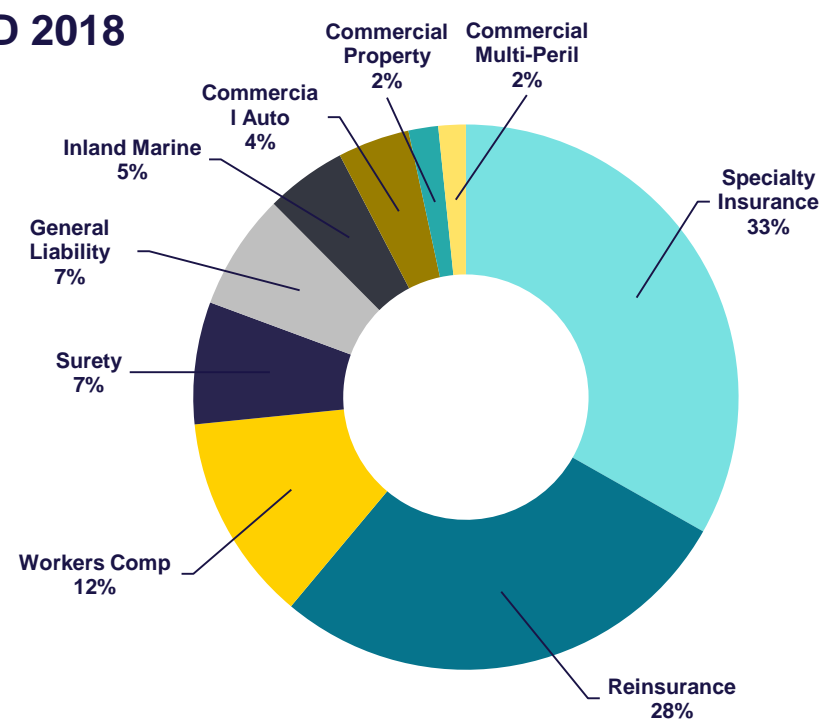
* 2018 amounts include post acquisition Ironshore results.

Global Risk Solutions NWP Distribution

NWP by Market Segment



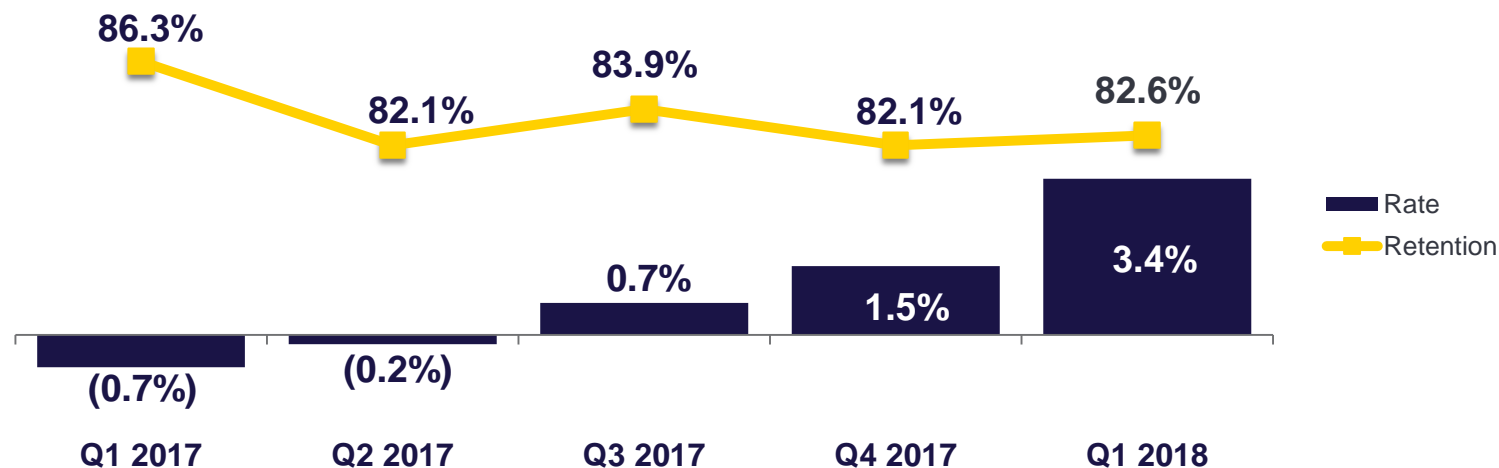
NWP by Line of Business



NWP year-to-date in 2018 totaled **\$3.0** billion, an increase of **20.9%** over the same period in 2017 (or an increase of **18.5%**¹ excluding FX over the same period in 2017)

¹ Determined by assuming constant foreign exchange rates between periods.

Global Risk Solutions: Rate & Retention



	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018 ³
Specialty¹					
Rate	(2.0%)	(1.9%)	(0.6%)	1.1%	3.4%
Retention	84.1%	81.7%	81.1%	80.4%	78.8%
Reinsurance					
Rate	(1.6%)	(1.2%)	1.6%	0.3%	3.8%
Retention	89.8%	84.9%	87.9%	86.0%	84.6%
Domestic National Insurance²					
Rate	1.6%	2.2%	1.5%	2.3%	2.8%
Retention	85.8%	81.6%	85.1%	82.6%	84.7%

¹ Q1 2018 includes legacy Ironshore domestic business; all prior periods exclude legacy Ironshore data

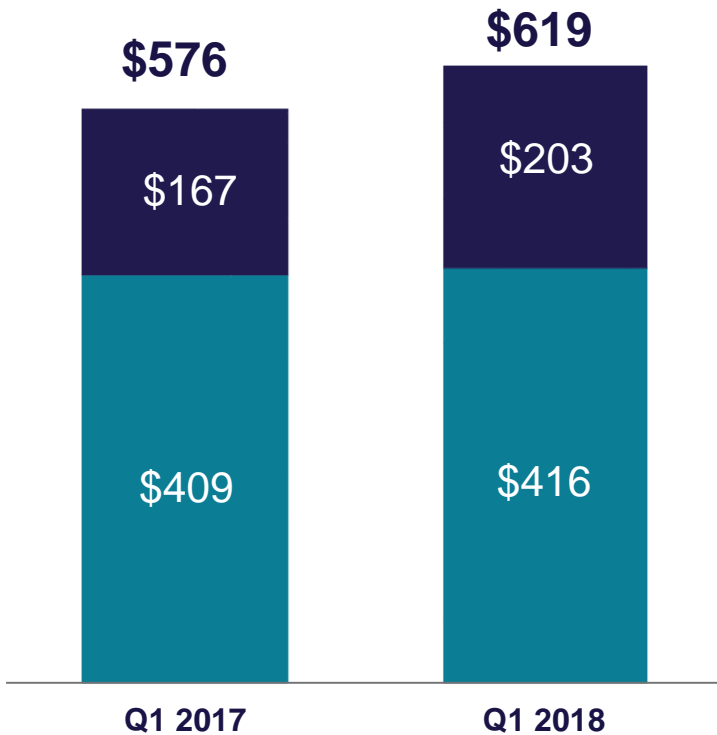
² Excludes Asurion

³ Specialty and Reinsurance Rate Change and Retention reported on a one month lag

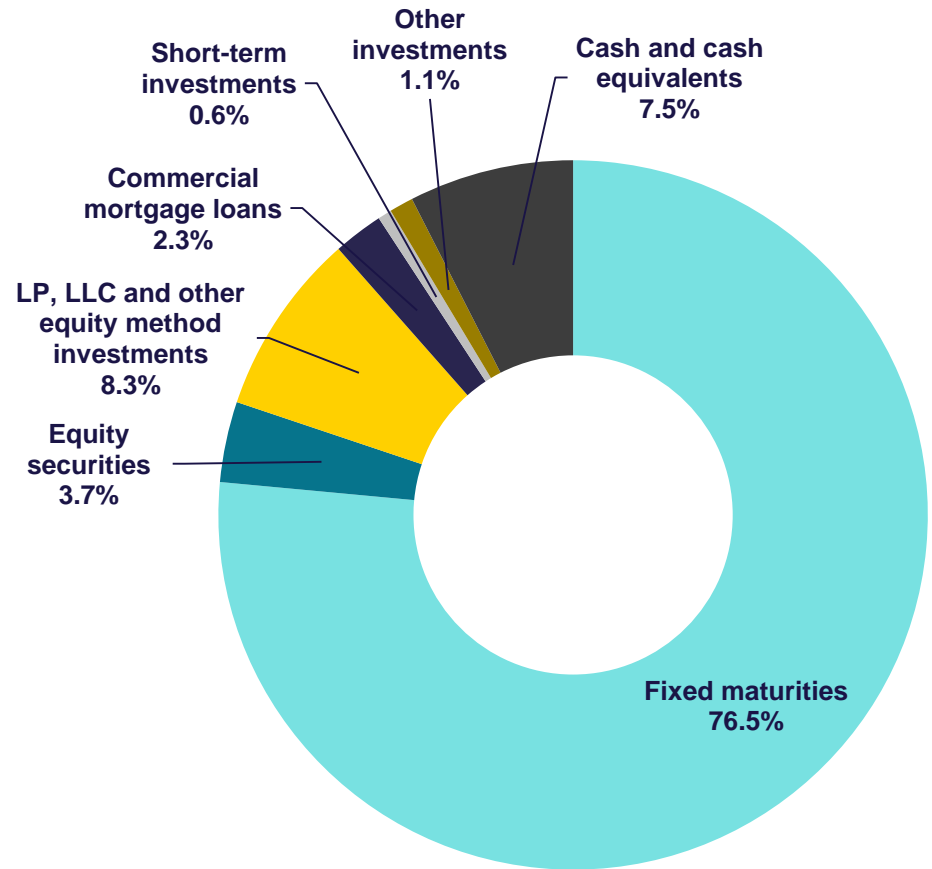
Investments

(\$ Millions)

Net Investment Income



- LP, LLC and other equity method income
- Net investment income excluding LP, LLC and other equity method income



Total invested assets as of March 31, 2018: \$70.1 Billion

Capitalization

(\$ Millions)	March 31, 2018	December 31, 2017
Total debt	\$8,360	\$8,325
Adjusted debt¹	\$7,360	\$7,325
Total equity	\$20,489	\$20,688
Less: Accumulated other comprehensive loss (“AOCL”)	<u>(\$2,016)</u>	<u>(\$1,026)</u>
Total equity ex. AOCL	\$22,505	\$21,714
Total capital ex. AOCL	\$30,865	\$30,039
<i>Adjusted debt-to-capital capitalization (ex. AOCL)</i>	23.8%	24.4%
Statutory surplus	\$17,893	\$17,493

¹ Assumes that the Series A and B Junior Subordinated Notes receive 100% equity credit.

Holding Company Interest Coverage

(\$ Millions)	
Preferred dividends	\$80
Remaining dividend capacity	<u>\$1,598</u>
2018 dividend capacity¹	\$1,678
Estimated PTI from LMG service companies/fees²	<u>\$380</u>
Total available funding	\$2,058
Interest expense³	\$380
Holding company interest coverage	5.4x

¹ Represents the estimated maximum allowable dividend without prior regulatory approval in the state of domicile. Dividends paid April 1, 2017 through March 31, 2018 were \$85 million.

² In 2017 we established an information technology service entity which increased expected servicing fees by \$90M.

³ Represents the 2018 Plan for debt expense at Liberty Mutual Group Inc.

Changes in Statutory Surplus

(\$ Millions)	March YTD 2018
Balance at beginning of the year	\$17,493
Statutory net income	502
Net affiliated unrealized gains	83
Change in deferred income taxes	(131)
Net unaffiliated unrealized losses	(18)
Other changes in statutory surplus	(36)
Balance at end of the period	\$17,893

About Liberty Mutual Insurance

Boston-based LMHC, the parent corporation of the Liberty Mutual Insurance group of entities, is a diversified global insurer and third largest property and casualty insurer in the U.S. based on 2017 direct written premium. The Company also ranks 75th on the Fortune 100 list of largest corporations in the U.S. based on 2016 revenue. As of December 31, 2017, LMHC had \$142.502 billion in consolidated assets, \$121.814 billion in consolidated liabilities, and \$39.409 billion in annual consolidated revenue.

LMHC, through its subsidiaries and affiliated companies, offers a wide range of property and casualty insurance products and services to individuals and businesses alike. In 2001 and 2002, the Company formed a mutual holding company structure, whereby the three principal mutual insurance companies, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company and Employers Insurance Company of Wausau, each became separate stock insurance companies under the ownership of LMHC.

Functionally, the Company conducts substantially all of its business through two business units, with each operating independently of the other in certain areas such as sales, underwriting, and claims, but, as appropriate, collaborating in other areas such as actuarial and financial. Management believes this structure provides increased synergy to the Company and permits each business unit to execute its business strategy and/or to make acquisitions without impacting or disrupting the operations of the other business unit.

LMHC employs more than 50,000 people in over 800 offices throughout the world. For a full description of the Company's business operations, products and distribution channels, please visit Liberty Mutual's Investor Relations web site at www.libertymutualgroup.com/investors.

Additional Notes

The Company's financial results, management's discussion and analysis of operating results and financial condition, accompanying financial statements and other supplemental financial information for the three months ended March 31, 2018 are available on the Company's Investor Relations website at <http://www.libertymutualgroup.com/investors>.

The Company's discussions related to net income are presented in conformity with U.S. generally accepted accounting principles ("GAAP") on an after-tax basis. All other discussions are presented on a pre-tax GAAP basis, unless otherwise noted. Further, the Company notes that it may make material information regarding the Company available to the public, from time to time, via the Company's Investor Relations website at <http://www.libertymutualgroup.com/investors> (or any successor site).

The Company's annual audited financial statements and the Report of Independent Registered Public Accounting Firm on the Effectiveness of Internal Control Over Financial Reporting are also published on the Company's Investor Relations website at <http://www.libertymutualgroup.com/investors>.



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INSURANCE