



Financial Supplement
Quarter Ended June 30, 2013

LIBERTY MUTUAL HOLDING COMPANY INC.
Financial Supplement

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LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended June 30, 2013						Three Months Ended June 30, 2012					
	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	\$3,940	\$2,660	\$1,585	\$1,244	\$395	\$9,824	\$3,577	\$2,810	\$1,495	\$1,120	\$155	\$9,157
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, Venezuela devaluation, current accident year re-estimation and LP and LLC ¹ income	\$681	\$218	\$33	\$145	(\$243)	\$834	\$553	\$194	\$60	\$148	(\$287)	\$668
Catastrophes ²	(542)	(102)	-	(15)	42	(617)	(614)	(161)	-	(1)	74	(702)
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	(3)	(3)	-	-	-	-	(3)	(3)
- All other ³	6	59	17	(19)	26	89	32	44	5	15	2	98
Venezuela devaluation	-	-	71	-	-	71	-	-	-	-	-	-
Current accident year re-estimation ⁴	-	-	-	-	-	-	-	(13)	-	-	-	(13)
Pre-tax operating income (loss) before LP and LLC income	145	175	121	111	(178)	374	(29)	64	65	162	(214)	48
LP and LLC income	-	-	-	-	220	220	-	-	-	-	91	91
Pre-tax operating income (loss)	145	175	121	111	42	594	(29)	64	65	162	(123)	139
Net realized gains						63						172
SBU realignment expenses						(2)						-
Loss on extinguishment of debt						(39)						(148)
Pre-tax income						616						163
Income tax expense						169						28
Consolidated net income						447						135
Less: Net loss attributable to non-controlling interest						(1)						(4)
Net income attributable to Liberty Mutual Holding Company Inc.						\$448						\$139

¹ Limited partnership ("LP") and limited liability company ("LLC") income is included in net investment income in the accompanying consolidated statements of income.

² Catastrophes include all current accident year catastrophe losses excluding losses related to Syndicate 4472 and LMR except for the 2013 Oklahoma and Texas tornados and 2012 tornados and other severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

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

⁴ Re-estimation of the current accident year loss reserves for the three months ended March 31, 2013 and March 31, 2012.

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Six Months Ended June 30, 2013						Six Months Ended June 30, 2012					
	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	\$7,715	\$5,367	\$2,927	\$2,461	\$499	\$18,969	\$7,048	\$5,599	\$2,981	\$2,179	\$231	\$18,038
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, Venezuela devaluation and LP and LLC ¹ income	\$1,222	\$452	\$80	\$305	(\$431)	\$1,628	\$1,119	\$375	\$125	\$338	(\$509)	\$1,448
Catastrophes ²	(711)	(142)	-	(15)	44	(824)	(839)	(321)	-	(3)	104	(1,059)
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	(4)	(4)	-	-	-	-	(5)	(5)
- All other ³	(10)	94	19	(49)	10	64	46	113	(9)	(41)	11	120
Venezuela devaluation	-	-	121	-	(3)	118	-	-	-	-	-	-
Pre-tax operating income (loss) before LP and LLC income	501	404	220	241	(384)	982	326	167	116	294	(399)	504
LP and LLC income	-	-	-	-	268	268	-	-	-	-	212	212
Pre-tax operating income (loss)	501	404	220	241	(116)	1,250	326	167	116	294	(187)	716
Net realized (losses) gains						(134)						221
SBU realignment expenses						(3)						-
Loss on extinguishment of debt						(60)						(163)
Pre-tax income						1,053						774
Income tax expense						296						183
Consolidated net income						757						591
Less: Net loss attributable to non-controlling interest						(9)						(7)
Net income attributable to Liberty Mutual Holding Company Inc.						\$766						\$598

¹ Limited partnership ("LP") and limited liability company ("LLC") income is included in net investment income in the accompanying consolidated statements of income.

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³ 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 June 30, 2013 ¹					Three Months Ended June 30, 2012				
	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated
Combined ratio before catastrophes, net incurred losses attributable to prior years, and current accident year re-estimation										
Claims and claim adjustment expense ratio	58.4%	71.2%	66.5%	64.1%	64.3%	60.9%	76.9%	66.7%	64.2%	67.8%
Underwriting expense ratio	25.9%	30.9%	39.3%	29.6%	30.4%	26.0%	28.8%	36.9%	28.8%	29.5%
Dividend ratio	-	0.4%	-	0.2%	0.1%	-	0.5%	-	0.2%	0.2%
Subtotal	84.3%	102.5%	105.8%	93.9%	94.8%	86.9%	106.2%	103.6%	93.2%	97.5%
Catastrophes ²	15.6%	4.9%	-	1.2%	7.7%	19.6%	7.3%	-	0.2%	9.3%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	0.1%	-	-	-	-	0.2%
- All other	(0.2%)	(2.9%)	(1.2%)	1.6%	(1.1%)	(1.0%)	(2.1%)	(0.4%)	(1.5%)	(1.4%)
Current accident year re-estimation ³	-	-	-	-	-	-	0.6%	-	-	0.2%
Total combined ratio ⁴	99.7%	104.5%	104.6%	96.7%	101.5%	105.5%	112.0%	103.2%	91.9%	105.8%

¹ 2013 combined ratio has been adjusted to exclude the impact of the Venezuela devaluation for comparative purposes.

² Catastrophes include all current accident year catastrophe losses excluding losses related to Syndicate 4472 and LMR except for the 2013 Oklahoma and Texas tornados and 2012 tornados and other severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

³ Re-estimation of the current accident year loss reserves for the three months ended March 31, 2013 and March 31, 2012.

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 and certain other run off.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Six Months Ended June 30, 2013 ¹					Six Months Ended June 30, 2012				
	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated
Combined ratio before catastrophes and net incurred losses attributable to prior years										
Claims and claim adjustment expense ratio	60.0%	71.2%	66.0%	62.9%	64.7%	60.8%	76.8%	67.4%	61.4%	67.3%
Underwriting expense ratio	26.0%	30.3%	39.1%	29.5%	30.3%	25.9%	28.9%	36.1%	29.0%	29.3%
Dividend ratio	-	0.4%	-	0.2%	0.1%	-	0.4%	-	0.2%	0.2%
Subtotal	86.0%	101.9%	105.1%	92.6%	95.1%	86.7%	106.1%	103.5%	90.6%	96.8%
Catastrophes ²	10.4%	3.4%	-	0.6%	5.1%	13.5%	7.3%	-	0.2%	7.1%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	0.1%	-	-	-	-	0.3%
- All other	0.1%	(2.2%)	(0.7%)	2.2%	(0.4%)	(0.7%)	(2.6%)	0.3%	2.1%	(0.8%)
Total combined ratio ³	96.5%	103.1%	104.4%	95.4%	99.9%	99.5%	110.8%	103.8%	92.9%	103.4%

¹ 2013 combined ratio has been adjusted to exclude the impact of the Venezuela devaluation for comparative purposes.

² Catastrophes include all current accident year catastrophe losses excluding losses related to Syndicate 4472 and LMR except for the 2013 Oklahoma and Texas tornados and 2012 tornados and other severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

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LIBERTY MUTUAL HOLDING COMPANY INC.
Issuer and Sector Exposure as of June 30, 2013
(dollars in millions)
(Unaudited)

Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Government of Venezuela	\$1,245	\$0	\$15	\$1,260	1.62%
2 Government of Brazil	940	0	0	940	1.21%
3 Government of Canada	595	0	0	595	0.77%
4 Bank of America Corp	257	129	0	386	0.50%
5 State of Florida	376	0	0	376	0.48%
6 Invenegy	366	0	0	366	0.47%
7 Wells Fargo & Co	304	3	0	307	0.40%
8 State of California	304	0	0	304	0.39%
9 Citigroup Inc	280	7	0	287	0.37%
10 JP Morgan Chase & Co	247	37	2	286	0.37%
11 General Electric Co	262	12	0	274	0.35%
12 AT&T Corp	268	3	0	271	0.35%
13 Government of Poland	244	0	6	250	0.32%
14 State of Washington	243	0	0	243	0.31%
15 Government of France	240	0	0	240	0.31%
16 Government of Spain	239	0	0	239	0.30%
17 Government of Colombia	234	0	0	234	0.30%
18 Government of Italy	221	0	4	225	0.29%
19 US Bancorp	157	65	0	222	0.29%
20 Government of United Kingdom	221	0	0	221	0.28%
	\$7,243	\$256	\$27	\$7,526	9.68%

Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Municipal	\$13,412	\$0	\$0	\$13,412	17.26%
2 Sovereign	5,840	0	57	5,897	7.59%
3 Banks	4,577	476	21	5,074	6.53%
4 Electric	2,783	89	0	2,872	3.70%
5 Oil&Gas	1,657	855	3	2,515	3.24%
6 Telecommunications	1,952	51	0	2,003	2.58%
7 Retail	1,415	84	0	1,499	1.93%
8 Diversified Finan Serv	1,330	44	0	1,374	1.77%
9 Transportation	891	133	0	1,024	1.32%
10 Mining	625	323	1	949	1.22%
11 Food	891	43	0	934	1.20%
12 Media	858	32	0	890	1.14%
13 Beverages	858	16	0	874	1.12%
14 Pharmaceuticals	758	64	0	822	1.06%
15 Insurance	692	119	4	815	1.04%
16 Real Estate	41	674	0	715	0.92%
17 Miscellaneous Manufactur	642	27	0	669	0.86%
18 Chemicals	579	33	0	612	0.78%
19 Healthcare-Services	563	19	0	582	0.75%
20 Commercial Services	505	43	0	548	0.71%
	\$40,869	\$3,125	\$86	\$44,080	56.72%

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.