Second Quarter 2014 Results

August 5, 2014

Cautionary Statement Regarding Forward Looking Statements

This report contains forward looking statements that are intended to enhance the reader's ability to assess the Company's future financial and business performance. 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") and limited liability companies ("LLC"); 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; terrorist acts; 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 cyclicality 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.libertymutual.com/investors. The Company undertakes no obligation to update these forward looking statements.

Liberty Mutual Overview

Mission statement: Helping people live safer, more secure lives

Liberty Mutual INSURANCE

Strategic Business Units (SBUs)

Personal Insurance

- Personal Lines
- Safeco

Commercial Insurance

- Business Insurance
- National Insurance
- Life, Disability, and Accident and Health (A&H)
- Other Commercial Insurance

Liberty International

- Latin America
- Europe
- Asia
- Large Emerging Markets

Global Specialty

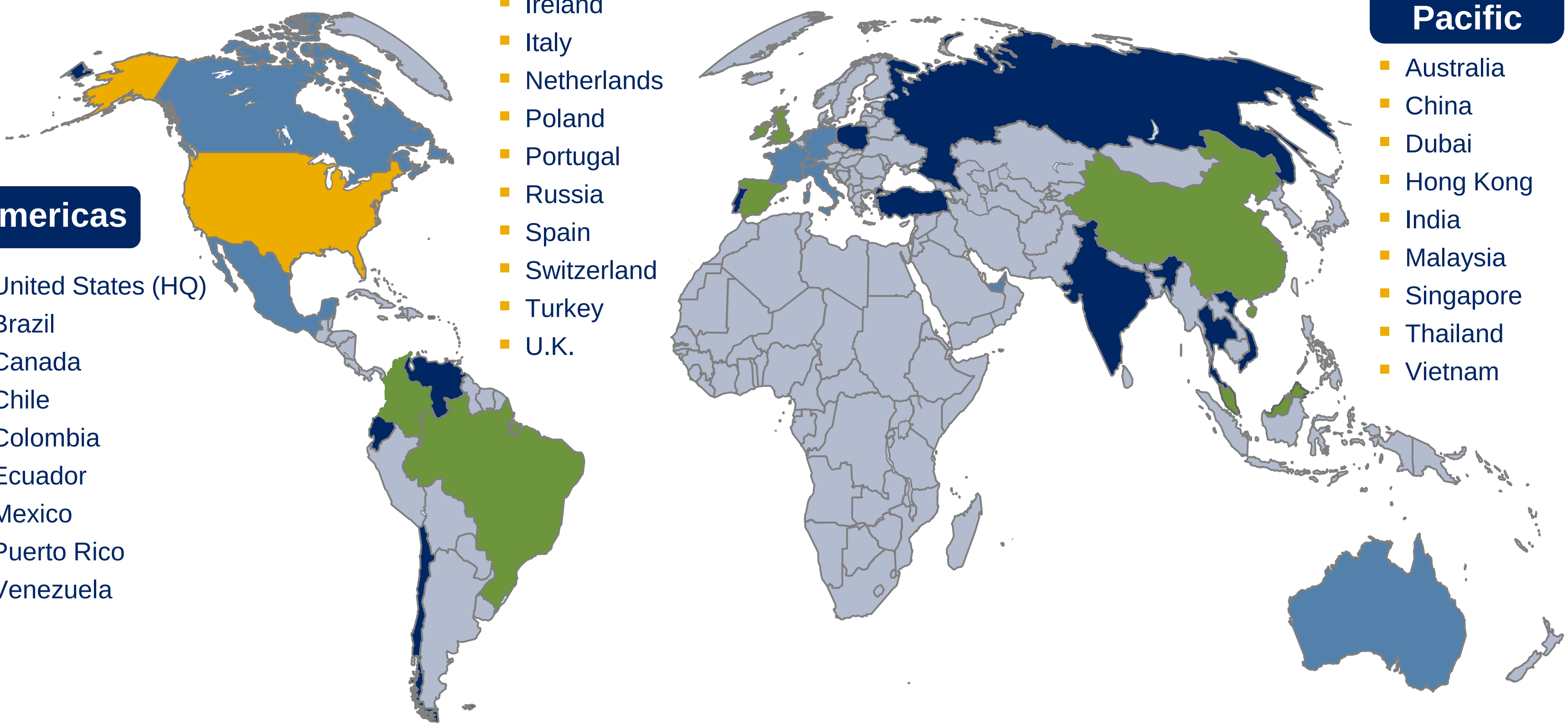
- Specialty Markets (LSM) - Syndicate 4472, Liberty Mutual Insurance Europe (LMIE), Liberty Mutual Reinsurance (LMR)
- Liberty International Underwriters (LIU)
- Surety (LMS)

- Mutual holding company structure
- $121.3B of assets and $38.5B of revenues in 2013
- The most diversified P&C insurer
- 76th among Fortune 500 companies[1]
- 3rd largest P&C writer in the U.S.[2]
- 3rd largest commercial lines writer in the U.S.[2]
- 6th largest personal lines writer in the U.S.[2]
- 6th largest global P&C insurer[3]

[1] Based on 2013 Revenue.
[2] Based on 2013 DWP.
[3] Based on 2013 GWP.

Liberty Mutual's Global Presence

LMIG operates in 30 countries and key markets around the globe



Europe

- France
- Germany
- Ireland
- Italy
- Netherlands
- Poland
- Portugal
- Russia
- Spain
- Switzerland
- Turkey
- U.K.

Americas

- United States (HQ)
- Brazil
- Canada
- Chile
- Colombia
- Ecuador
- Mexico
- Puerto Rico
- Venezuela

Asia Pacific

- Australia
- China
- Dubai
- Hong Kong
- India
- Malaysia
- Singapore
- Thailand
- Vietnam

Headquarters

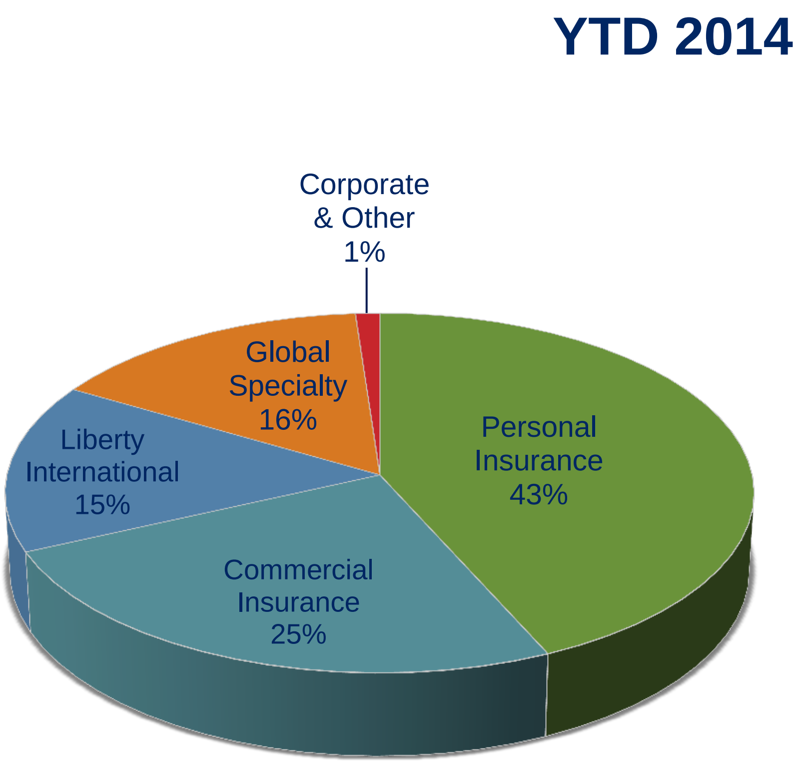
Global Specialty (LIU & Specialty Markets)

Liberty International (Local Operations)

Liberty International & Global Specialty

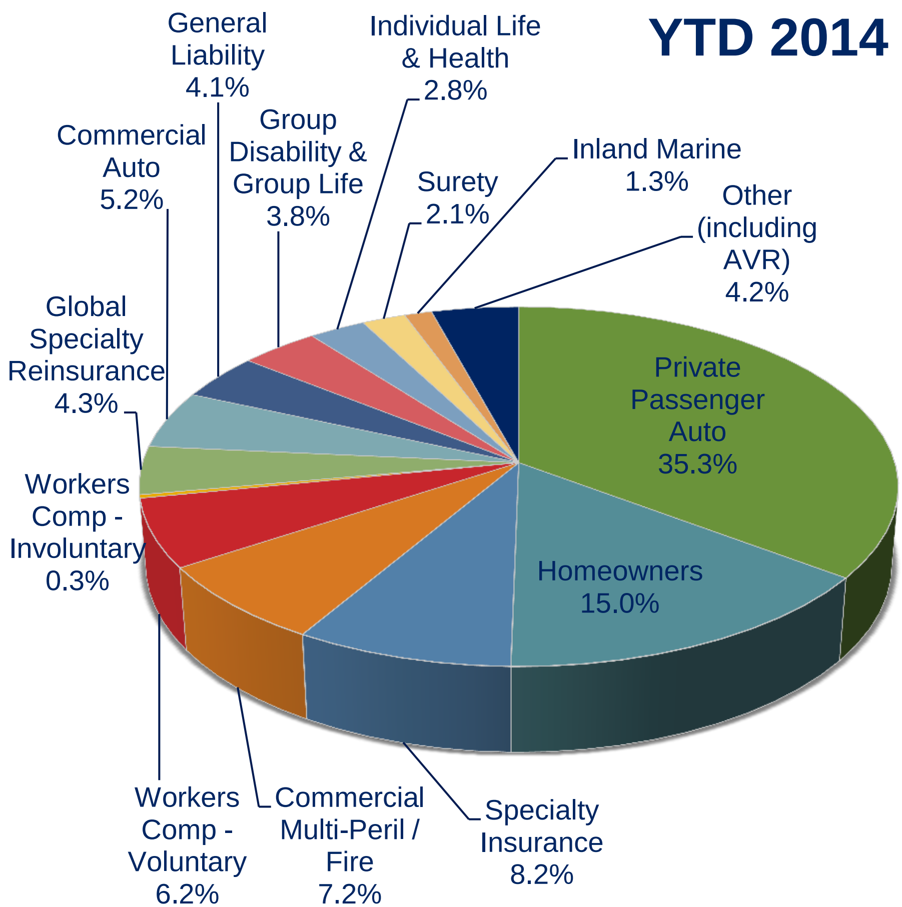
Analysis of Consolidated Net Written Premium "NWP"

NWP by SBU



NWP of $17.968 billion increased 4.7% over 2013.

NWP by line of business



2014 Highlights

Second Quarter

- Revenues for the three months ended June 30, 2014 were $9.939 billion, an increase of $299 million or 3.1% over the same period in 2013.
- NWP for the three months ended June 30, 2014 was $9.182 billion, an increase of $456 million or 5.2% over the same period in 2013.
- PTOI for the three months ended June 30, 2014 was $544 million, a decrease of $38 million or 6.5% from the same period in 2013.
- Catastrophe losses for the three months ended June 30, 2014 were $676 million, an increase of $29 million or 4.5% over the same period in 2013.
- LP and LLC income for the three months ended June 30, 2014 was $118 million, a decrease of $102 million or 46.4% from the same period in 2013.
- Pre-tax gain associated with the Venezuela devaluation and foreign exchange under hyper inflationary accounting (including other-than-temporary impairments) was $91 million in 2014 compared to a pre-tax gain of $78 million in the same period in 2013.
- Net income attributable to LMHC for the three months ended June 30, 2014 was $393 million, a decrease of $55 million or 12.3% from the same period in 2013.
- Cash flow from operations for the three months ended June 30, 2014 was $1.163 billion, an increase of $35 million or 3.1% over the same period in 2013.
- The consolidated combined ratio before catastrophes and net incurred losses attributable to prior years for the three months ended June 30, 2014 was 91.9%, an improvement of 2.3 points over the same period in 2013. Including the impact of catastrophes and net incurred losses attributable to prior years, the Company's combined ratio for the three months ended June 30, 2014 improved 1.0 point to 100.4%.

Year-to-Date

- Revenues for the six months ended June 30, 2014 were $19.598 billion, an increase of $993 million or 5.3% over the same period in 2013.
- NWP for the six months ended June 30, 2014 was $17.968 billion, an increase of $811 million or 4.7% over the same period in 2013.
- PTOI for the six months ended June 30, 2014 was $1.213 billion, a decrease of $17 million or 1.4% from the same period in 2013.
- Catastrophe losses for the six months ended June 30, 2014 were $1.163 billion, an increase of $294 million or 33.8% over the same period in 2013.
- LP and LLC income for the six months ended June 30, 2014 was $384 million, an increase of $116 million or 43.3% over the same period in 2013.
- Pre-tax loss associated with the Venezuela devaluation and foreign exchange under hyper inflationary accounting (including other-than-temporary impairments) was $184 million in 2014 compared to a pre-tax loss of $91 million in the same period in 2013.
- A net loss of $77 million associated with the disposition of the Argentina operations is included within Discontinued Operations for the six months ended June 30, 2014.
- Net income attributable to LMHC for the six months ended June 30, 2014 was $665 million, a decrease of $101 million or 13.2% from the same period in 2013.
- Cash flow from operations for the six months ended June 30, 2014 was $1.496 billion, a decrease of $24 million or 1.6% from the same period in 2013.
- The consolidated combined ratio before catastrophes and net incurred losses attributable to prior years for the six months ended June 30, 2014 was 93.0%, an improvement of 1.6 points over the same period in 2013. Including the impact of catastrophes and net incurred losses attributable to prior years, the Company's combined ratio for the six months ended June 30, 2014 deteriorated 0.2 points to 100.0%.

Please see Management's Discussion & Analysis of Financial Condition and Results of Operations for definitions of terms.

Consolidated Results

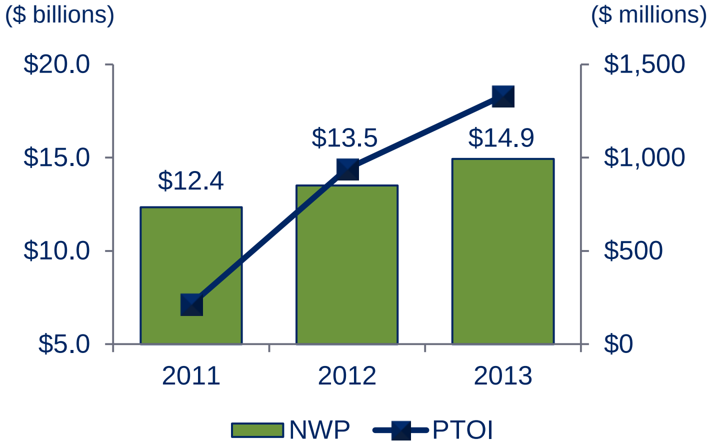
$ millions	Second Quarter			Year-to-Date		
	2014[1]	2013[1]	Change	2014[1]	2013[1]	Change
Revenues	**$9,939**	**$9,640**	**3.1%**	**$19,598**	**$18,605**	**5.3%**
Pre-tax operating income before LP and LLC income	$426	$362	17.7%	$829	$962	(13.8%)
LP and LLC income[2]	118	220	(46.4)	384	268	43.3
Pre-tax operating income	**544**	**582**	**(6.5)**	**1,213**	**1,230**	**(1.4)**
Consolidated net income	388	447	(13.2)	650	757	(14.1)
Less: Net loss attributable to non-controlling interest	(5)	(1)	NM	(15)	(9)	66.7
Net income attributable to LMHC	**$393**	**$448**	**(12.3%)**	**$665**	**$766**	**(13.2%)**
Combined ratio before catastrophes and net incurred losses attributable to prior years						
Claims and claim adjustment expense ratio	61.7%	63.6%	(1.9)	62.5%	64.1%	(1.6)
Underwriting expense ratio	30.2	30.5	(0.3)	30.5	30.4	0.1
Dividend ratio	-	0.1	(0.1)	-	0.1	(0.1)
Subtotal	**91.9**	**94.2**	**(2.3)**	**93.0**	**94.6**	**(1.6)**
Catastrophes[3]	8.2	8.3	(0.1)	7.1	5.5	1.6
Net incurred losses attributable to prior years:						
- Asbestos & environmental	-	0.1	(0.1)	-	0.1	(0.1)
- All other[4]	0.3	(1.2)	1.5	(0.1)	(0.4)	0.3
Total combined ratio[5]	**100.4%**	**101.4%**	**(1.0)**	**100.0%**	**99.8%**	**0.2**

[1] The combined ratio has been adjusted to exclude the impact of the Venezuela devaluation and foreign exchange.
[2] LP and LLC income is included in net investment income in the accompanying Consolidated Statements of Income.
[3] Catastrophes include all current accident year catastrophe losses for severe storms in the U.S., U.K. and Ireland floods, windstorm Ela, Cyclone Oswald and Central European floods. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[4] Net of earned premium and reinstatement premium attributable to prior years and amortization of deferred gains on assumed retroactive reinsurance.
[5] 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.
NM = Not Meaningful.

Liberty Mutual. INSURANCE

Personal Insurance

NWP & PTOI



Segment Highlights

- Distributes through independent agent channel under the Safeco brand and through other channels under the Liberty Mutual brand
- 6th largest writer of personal lines in the U.S.[1]
- Highest growth rate among top 10 multi-line writers[2]
- Market leader in affinity marketing, with over 16,000 affinity relationships

Financial Performance

$ millions	Second Quarter			Year-to-Date		
	2014	2013	Change	2014	2013	Change
NWP	**$4,064**	**$3,772**	**7.7%**	**$7,776**	**$7,202**	**8.0%**
PTOI before catastrophes and net incurred losses attributable to prior years	$746	$661	12.9%	$1,298	$1,192	8.9%
Catastrophes[3]	(580)	(542)	7.0	(915)	(711)	28.7
Net incurred losses attributable to prior years	(26)	6	NM	(36)	(10)	NM
Pre-tax operating income	$140	$125	12.0%	$347	$471	(26.3%)
Combined ratio before catastrophes and net incurred losses attributable to prior years						
Claims and claim adjustment expense ratio	58.8%	58.4%	0.4	60.5%	60.0%	0.5
Underwriting expense ratio	24.8	25.9	(1.1)	25.4	26.0	(0.6)
Subtotal	**83.6**	**84.3**	**(0.7)**	**85.9**	**86.0**	**(0.1)**
Catastrophes[3]	15.2	15.6	(0.4)	12.1	10.4	1.7
Net incurred losses attributable to prior years	0.7	(0.2)	0.9	0.5	0.1	0.4
Total combined ratio	**99.5%**	**99.7%**	**(0.2)**	**98.5%**	**96.5%**	**2.0**

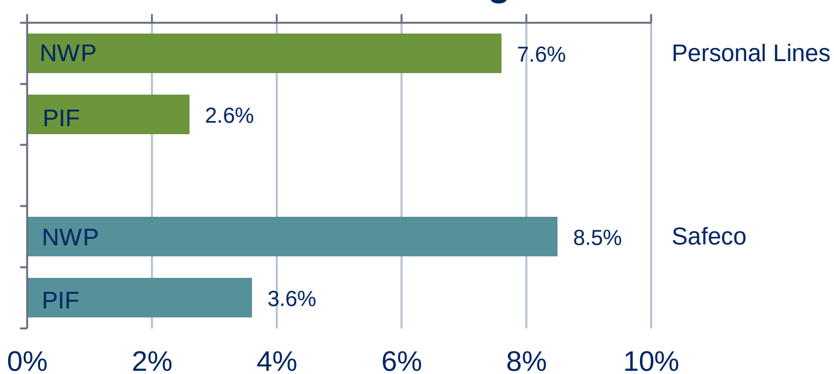
[1] Based on full year 2013 DWP for auto and home.
[2] Based on full year 2013 statutory DWP growth.
[3] Catastrophes include all current accident year catastrophe losses. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
NM = Not Meaningful

Personal Insurance NWP Distribution

NWP by market segment

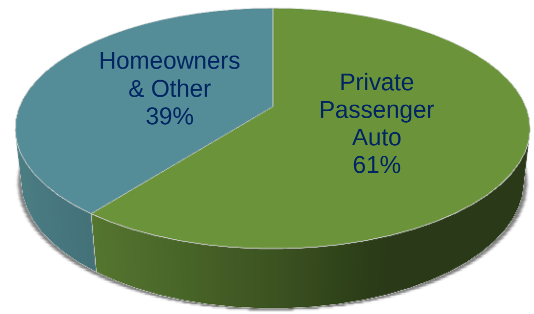
YTD 2014

YOY Change

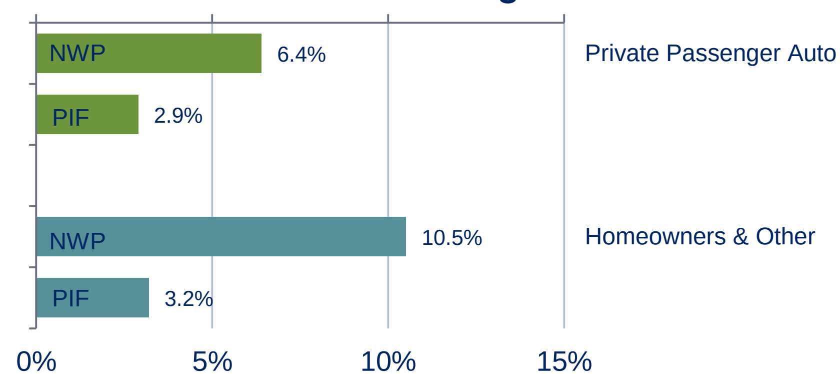


NWP by line of business

YTD 2014



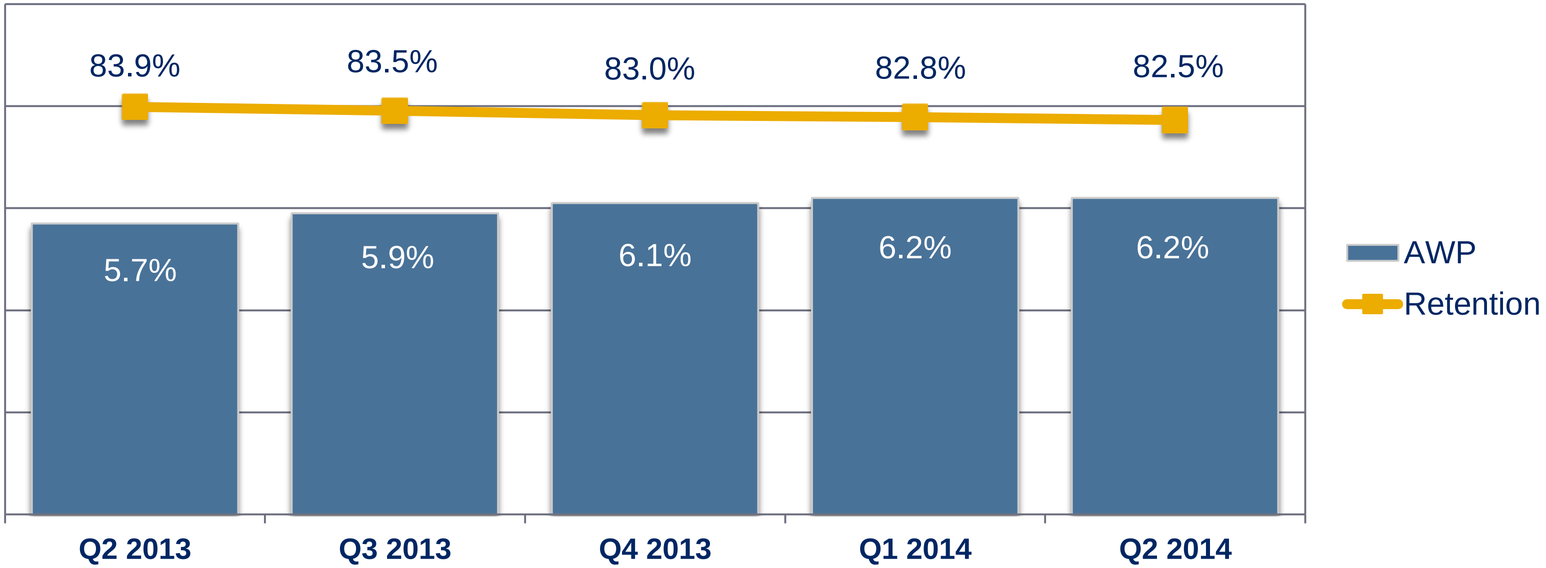
YOY Change



NWP year-to-date in 2014 totaled $7.776 billion, an increase of 8% over the same period in 2013. NWP through the second quarter of 2013 was $7.202 billion.

YOY: Year-over-Year
PIF: Policies in Force
NWP: Net Written Premium

Personal Insurance:
Average Written Premium (AWP) & Retention

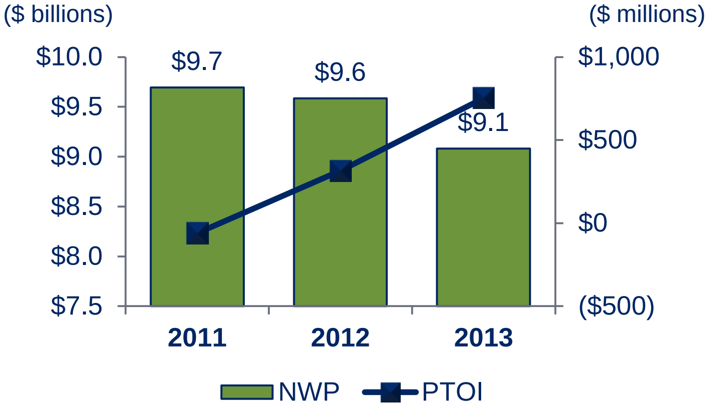


	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
Private Passenger Auto					
AWP	5.0%	4.9%	4.9%	5.0%	4.9%
Retention	83.2%	82.9%	82.4%	82.1%	81.8%
Homeowners					
AWP	6.6%	7.1%	7.4%	7.6%	7.7%
Retention	84.7%	84.2%	83.6%	83.5%	83.3%

*Note: Figures are reported on a 12-month rolling basis.

Commercial Insurance

NWP & PTOI



Segment Highlights

- As an SBU, 4th largest U.S. commercial lines insurer measured by DWP - $9.4B
- Equipped to underwrite and service a wide spectrum of exposures, from small proprietors to multi-nationals
- Approximately 5,700 active P&C agencies in 12,000 locations
- Sold Summit Holding Southeast, Inc. on April 1, 2014
- Consolidated Individual Life and A&H into SBU in June, 2014; merged with Group Benefits to form new segment: Life, Disability, and A&H

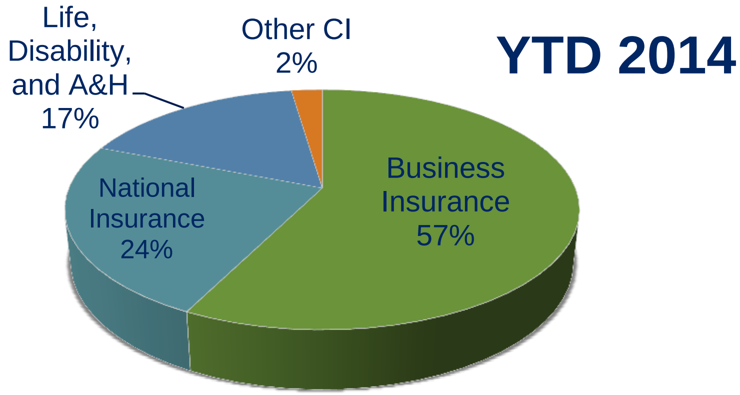
Financial Performance

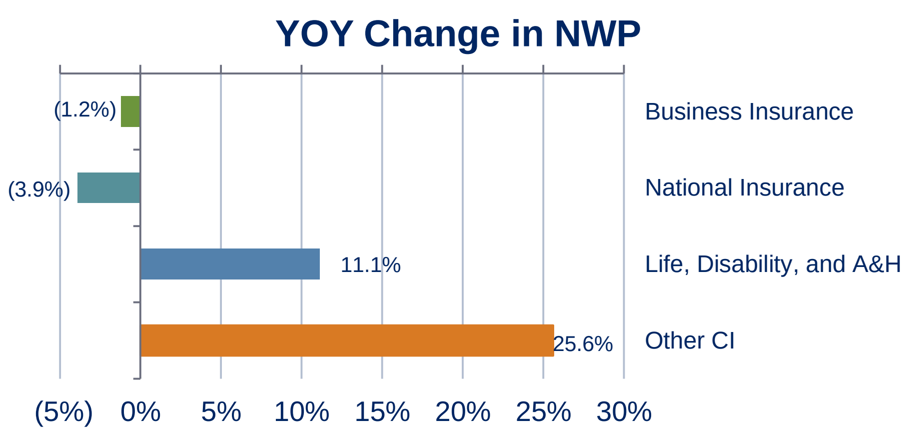
$ millions	Second Quarter			Year-to-Date		
	2014	2013	Change	2014	2013	Change
NWP	**$2,278**	**$2,212**	**3.0%**	**$4,475**	**$4,452**	**0.5%**
PTOI before catastrophes, net incurred losses attributable to prior years, and LP & LLC income	$332	$226	46.9%	$608	$457	33.0%
Catastrophes[1]	(109)	(102)	6.9	(232)	(142)	63.4
Net incurred losses attributable to prior years[2]	16	56	(71.4)	38	91	(58.2)
LP and LLC income	-	2	NM	9	4	125.0
Pre-tax operating income	**$239**	**$182**	**31.3%**	**$423**	**$410**	**3.2%**
Combined ratio before catastrophes and net incurred losses attributable to prior years.						
Claims and claim adjustment expense ratio	64.7%	70.6%	(5.9)	66.2%	70.8%	(4.6)
Underwriting expense ratio	31.0	31.5	(0.5)	31.0	30.8	0.2
Dividend ratio	(0.1)	0.3	(0.4)	0.1	0.2	(0.1)
Subtotal	**95.6**	**102.4**	**(6.8)**	**97.3**	**101.8**	**(4.5)**
Catastrophes[1]	5.8	5.3	0.5	6.2	3.6	2.6
Net incurred losses attributable to prior years[3]	(0.8)	(2.9)	2.1	(1.1)	(2.2)	1.1
Total combined ratio	**100.6%**	**104.8%**	**(4.2)**	**102.4%**	**103.2%**	**(0.8)**

[1]Catastrophes include all current accident year catastrophe losses. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[2]Net of earned premium attributable to prior years of $6 million and $21 million for the three and six months ended June 30, 2014 and ($4) million and ($12) million for the same periods in 2013. Net of amortization of deferred gains on assumed retroactive reinsurance of zero and ($1) million for the three and six months ended June 30, 2014 and for the same periods in 2013.
[3]Net of earned premium and reinstatement premium attributable to prior years.
NM=Not Meaningful

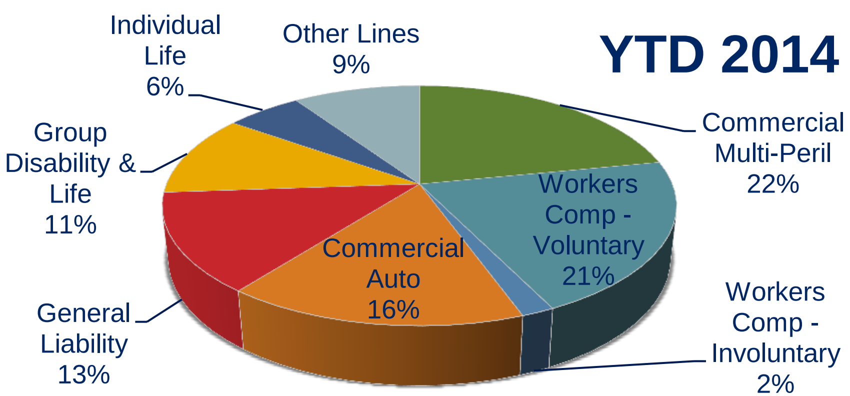
Commercial Insurance NWP Distribution

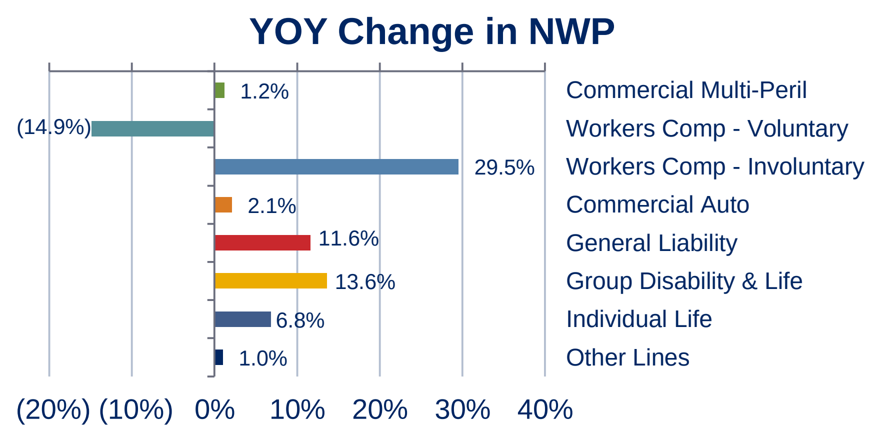
NWP by market segment





NWP by line of business



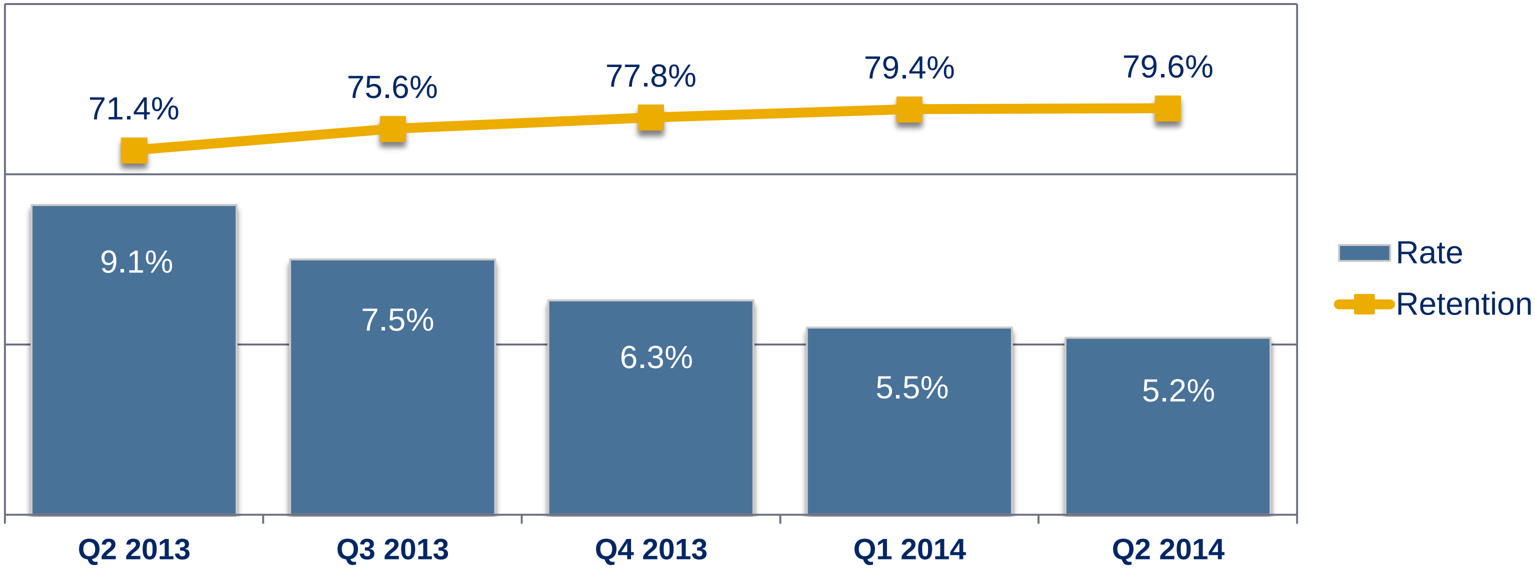


NWP year-to-date in 2014 totaled $4.475 billion, an increase of 0.5% over the same period in 2013. NWP through the second quarter of 2013 was $4.452 billion.

YOY: Year-over-Year

Liberty Mutual. INSURANCE

Commercial Insurance: Rate & Retention

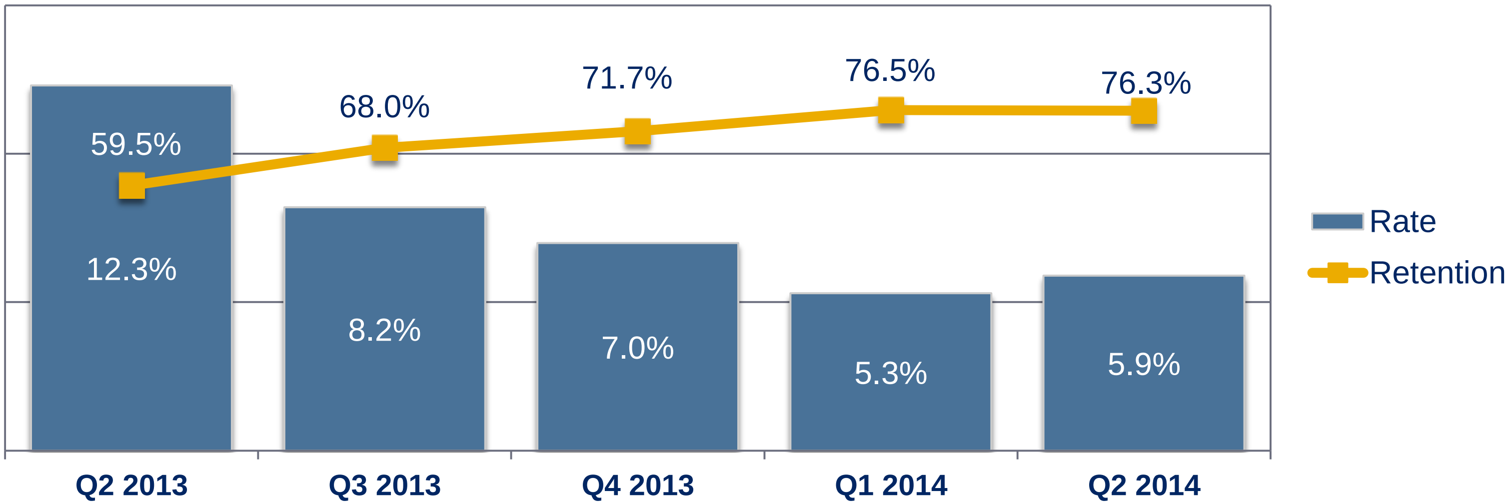


	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	YTD 2013	YTD 2014
Business Insurance							
Rate	9.6%	7.8%	6.8%	5.9%	5.7%	10.2%	5.8%
Retention	70.0%	75.1%	76.4%	78.9%	77.6%	69.8%	78.3%
National Insurance							
Rate	7.9%	6.8%	5.3%	4.3%	4.1%	8.3%	4.2%
Retention	74.5%	76.9%	81.0%	80.4%	83.9%	76.6%	82.0%
Commercial Insurance P&C							
Rate	9.1%	7.5%	6.3%	5.5%	5.2%	9.6%	5.3%
Retention	71.4%	75.6%	77.8%	79.4%	79.6%	72.1%	79.5%

Note: Business Drivers are ex Life, Disability, and Accident & Health.

Commercial Insurance: WC Rate & Retention

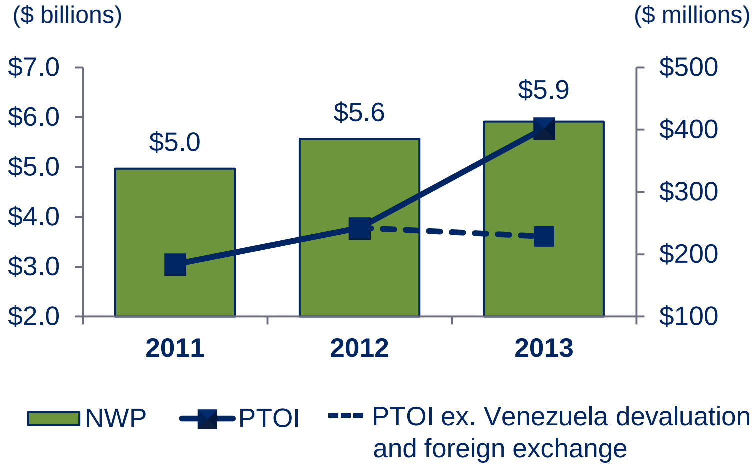
Voluntary NWP of $932 million is down 15% from the second quarter of 2013.



	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	YTD 2013	YTD 2014
Business Insurance							
Rate	12.7%	8.3%	7.7%	6.2%	6.6%	13.0%	6.4%
Retention	55.1%	65.6%	65.5%	71.7%	68.9%	55.6%	70.4%
National Insurance							
Rate	11.7%	8.1%	6.1%	4.3%	5.1%	10.1%	4.7%
Retention	66.8%	71.9%	80.3%	80.4%	86.7%	74.5%	82.5%
Commercial Insurance P&C							
Rate	12.3%	8.2%	7.0%	5.3%	5.9%	11.7%	5.6%
Retention	59.5%	68.0%	71.7%	76.5%	76.3%	64.0%	76.4%

Liberty International

NWP & PTOI



Financial Performance

$ millions	Second Quarter 2014[1]	Second Quarter 2013[1]	Second Quarter Change	Year-to-Date 2014[1]	Year-to-Date 2013[1]	Year-to-Date Change
NWP	**$1,452**	**$1,390**	**4.5%**	**$2,736**	**$2,722**	**0.5%**
PTOI before catastrophes, net incurred losses attributable to prior years and Venezuela devaluation and foreign exchange	$15	$28	(46.4%)	$52	$67	(22.4%)
Catastrophes[2]	-	-	-	(9)	-	NM
Net incurred losses attributable to prior years	24	19	26.3	29	22	31.8
Venezuela devaluation and foreign exchange	89	78	14.1	71	135	(47.4)
Pre-tax operating income	**$128**	**$125**	**2.4%**	**$143**	**$224**	**(36.2%)**

Combined ratio before catastrophes and net incurred losses attributable to prior years

	Second Quarter 2014[1]	Second Quarter 2013[1]	Second Quarter Change	Year-to-Date 2014[1]	Year-to-Date 2013[1]	Year-to-Date Change
Claims and claim adjustment expense ratio	67.3%	66.5%	0.8	66.0%	66.1%	(0.1)
Underwriting expense ratio	38.8	39.1	(0.3)	39.2	38.8	0.4
Subtotal	**106.1**	**105.6**	**0.5**	**105.2**	**104.9**	**0.3**
Catastrophes[2]	-	-	-	0.3	-	0.3
Net incurred losses attributable to prior years	(1.8)	(1.5)	(0.3)	(1.1)	(0.8)	(0.3)
Total combined ratio	**104.3%**	**104.1%**	**0.2**	**104.4%**	**104.1%**	**0.3**

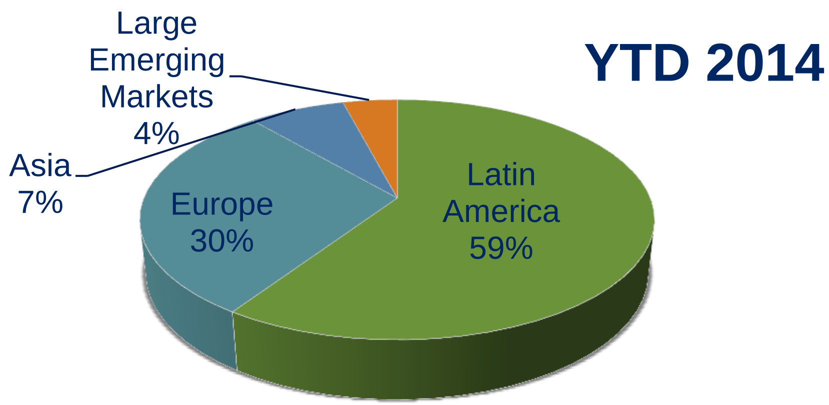
Segment Highlights

- Announced acquisition of Hughes Insurance (close expected around July 1, 2015)
- Venezuela devaluation and foreign exchange favorably impacted PTOI by $89M in Q2
- Malaysia acquisition closed on July 16, 2014

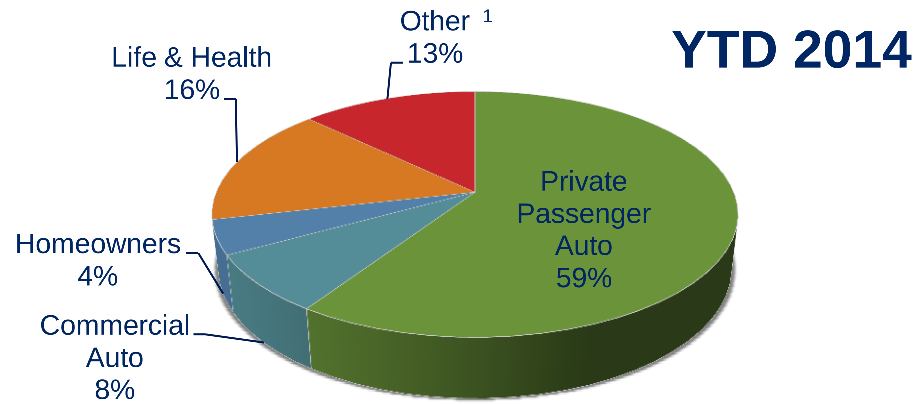
[1] The combined ratios have been adjusted to exclude the impact of the Venezuela devaluation and foreign exchange.
[2] Catastrophes include all current accident year catastrophe losses for the U.K. and Ireland floods. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
Note: The results of Argentina operations are presented as Discontinued Operations on the Consolidated Statements of Income and are no longer included with Liberty International. All prior periods have been restated to reflect the sale.
NM = Not meaningful

Liberty International NWP Distribution

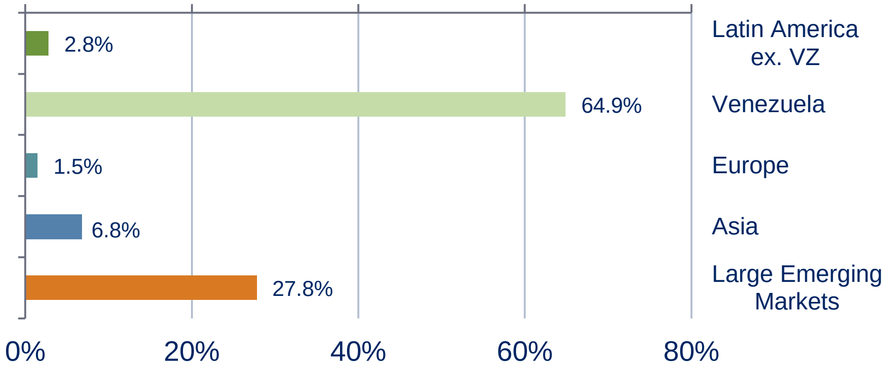
NWP by market segment



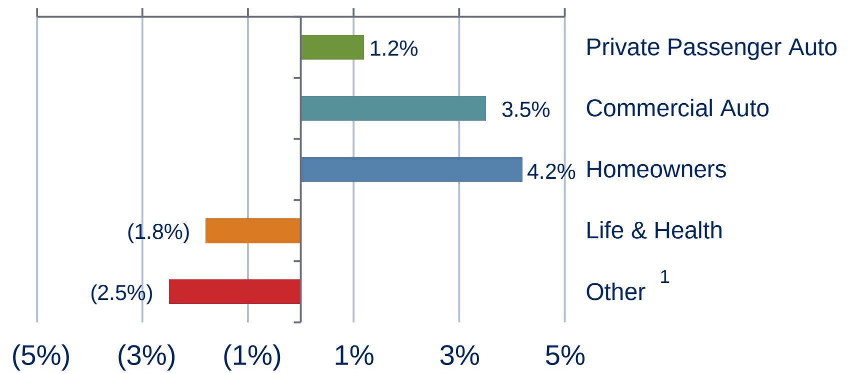
NWP by line of business



YOY Change (original currency) in NWP



YOY Change in NWP



NWP year-to-date in 2014 totaled \$2.736 billion, an increase of 0.5% (or 22.1%[2] excluding FX) over the same period in 2013. NWP through the second quarter of 2013 was \$2.722 billion.

[1] Premium related to other personal and commercial lines including personal accident, bonds, workers compensation, property and fire, small and medium enterprise and marine and cargo lines of business.
[2] Determined by assuming constant foreign exchange rates between periods.
YOY: Year-over-Year

Liberty International: Global Presence

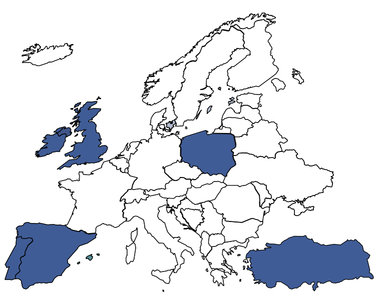
($ millions)

Europe	2014 NWP	P&C Rank	P&C Share
Ireland[1]	$133	7th	6.7%
Portugal[2]	$151	7th	6.4%
Poland[1]	$52	15th	1.1%
Spain[1]	$404	16th	2.0%
Turkey	$21	23rd	0.7%
Great Britain	$44	N/A	N/A

Latin America	2014 NWP	P&C Rank	P&C Share
Venezuela[1,4,5]	$822	1st	14.9%
Colombia	$196	2nd	11.0%
Ecuador[2]	$34	3rd	8.3%
Chile	$68	4th	10.5%
Brazil	$502	7th	4.3%

Asia	2014 NWP	P&C Rank	P&C Share
Singapore[3]	$55	6th	4.8%
Thailand[1]	$88	8th	3.0%
Vietnam	$10	10th	2.5%
Malaysia	N/A	14th	3.2%
Hong Kong	$44	15th	2.0%

Large Emerging Markets	2014 NWP	P&C Rank	P&C Share
China[1,6]	$60	3rd	0.1%
India	$16	27th	0.0%
Russia[2,7]	$35	43rd	0.3%



Rankings Base – 2013 Net Written Premium (NWP) except where noted:
[1] 2013 Gross Written Premium
[2] 2013 Direct Written Premium
[3] 2012 Net Written Premium
[4] Excludes government owned companies
[5] Reflects combined P&C and life markets
[6] Ranking based on non-domestic companies including Mandatory Third Party Liability
[7] Russia's market rank reflects combined P&C and life markets, but market share reflects non-life only
Rankings are based on the most recent financial data available, which varies by country.

Liberty Mutual. INSURANCE

Global Specialty

NWP & PTOI

Segment Highlights

- 4th largest Lloyd's Syndicate
- 2nd largest surety writer in the U.S.
- Business sold through broker and independent agent channels
- A premier specialty casualty lines underwriter
- Mexico acquisition closed on July 8, 2014

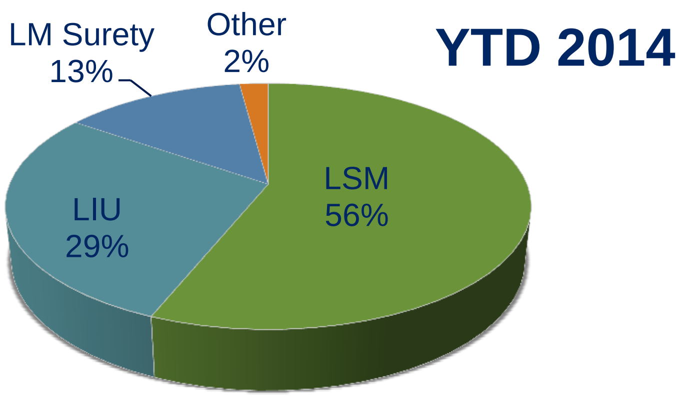
Financial Performance

$ millions	Second Quarter			Year-to-Date		
	2014	2013	Change	2014	2013	Change
NWP	**$1,292**	**$1,261**	**2.5%**	**$2,773**	**$2,659**	**4.3%**
PTOI before catastrophes and net incurred losses attributable to prior years	$163	$177	(7.9%)	$340	$354	(4.0%)
Catastrophes[1]	2	(45)	NM	(21)	(60)	(65.0)
Net incurred losses attributable to prior years[2]	(7)	(20)	(65.0)	(16)	(50)	(68.0)
Pre-tax operating income	**$158**	**$112**	**41.1%**	**$303**	**$244**	**24.2%**
Combined ratio before catastrophes and net incurred losses attributable to prior years						
Claims and claim adjustment expense ratio	59.2%	61.4%	(2.2)	58.7%	60.9%	(2.2)
Underwriting expense ratio	33.0	29.4	3.6	32.8	29.3	3.5
Dividend ratio	0.1	0.2	(0.1)	0.2	0.2	-
Subtotal	**92.3**	**91.0**	**1.3**	**91.7**	**90.4**	**1.3**
Catastrophes[1]	(0.1)	3.9	(4.0)	0.9	2.7	(1.8)
Net incurred losses attributable to prior years[2]	0.6	1.7	(1.1)	0.6	2.2	(1.6)
Total combined ratio	**92.8%**	**96.6%**	**(3.8)**	**93.2%**	**95.3%**	**(2.1)**

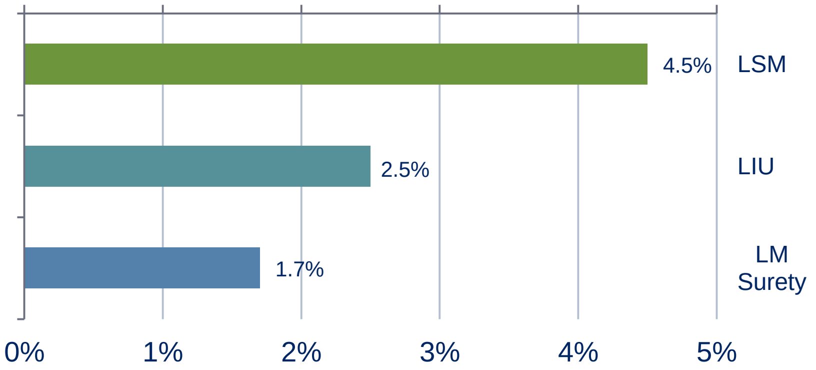
[1] Catastrophes include all current accident year catastrophe losses for severe storms in the U.S., U.K. and Ireland floods, Windstorm Ela, Cyclone Oswald, and Central European floods. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[2] Net of earned premium and reinstatement premium attributable to prior years of $0 million and $9 million for the three and six months ended June 30, 2014 and $7 million and $25 million for the same periods in 2013.
[3] NM = Not meaningful

Global Specialty NWP Distribution

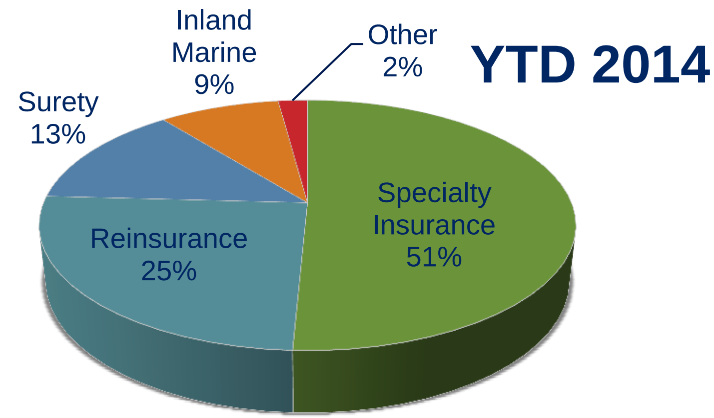
NWP by market segment



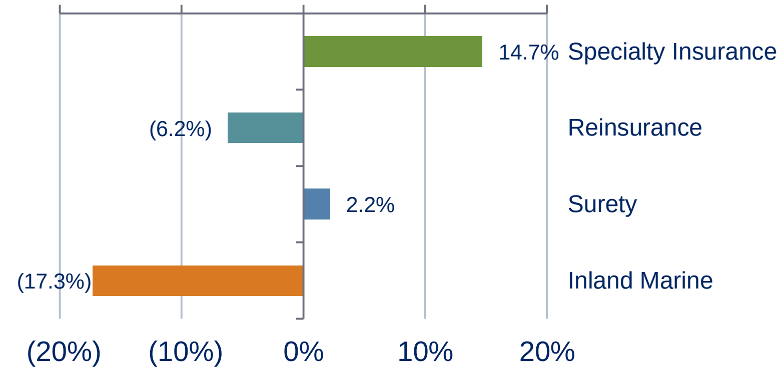
YOY Change in NWP



NWP by line of business



YOY Change in NWP

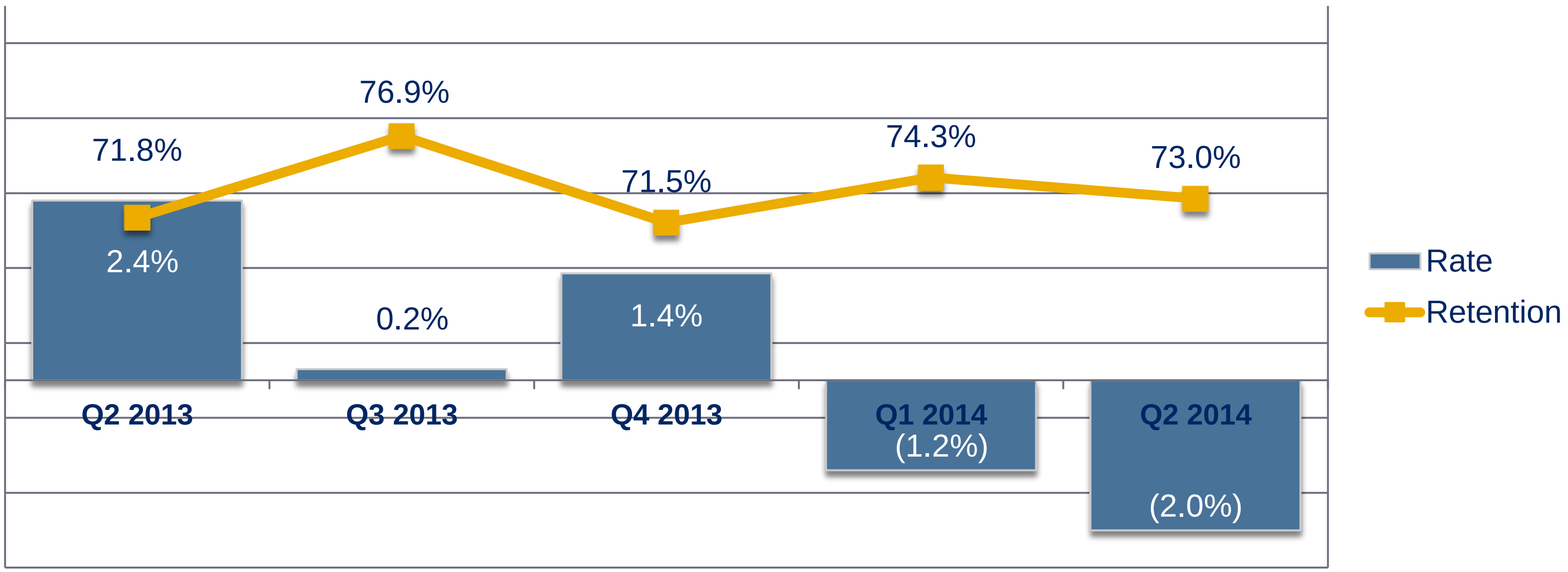


NWP year-to-date in 2014 totaled $2.773 billion, an increase of 4.3% over the same period in 2013. NWP through the second quarter of 2013 was $2.659 billion.

YOY: year-over-year

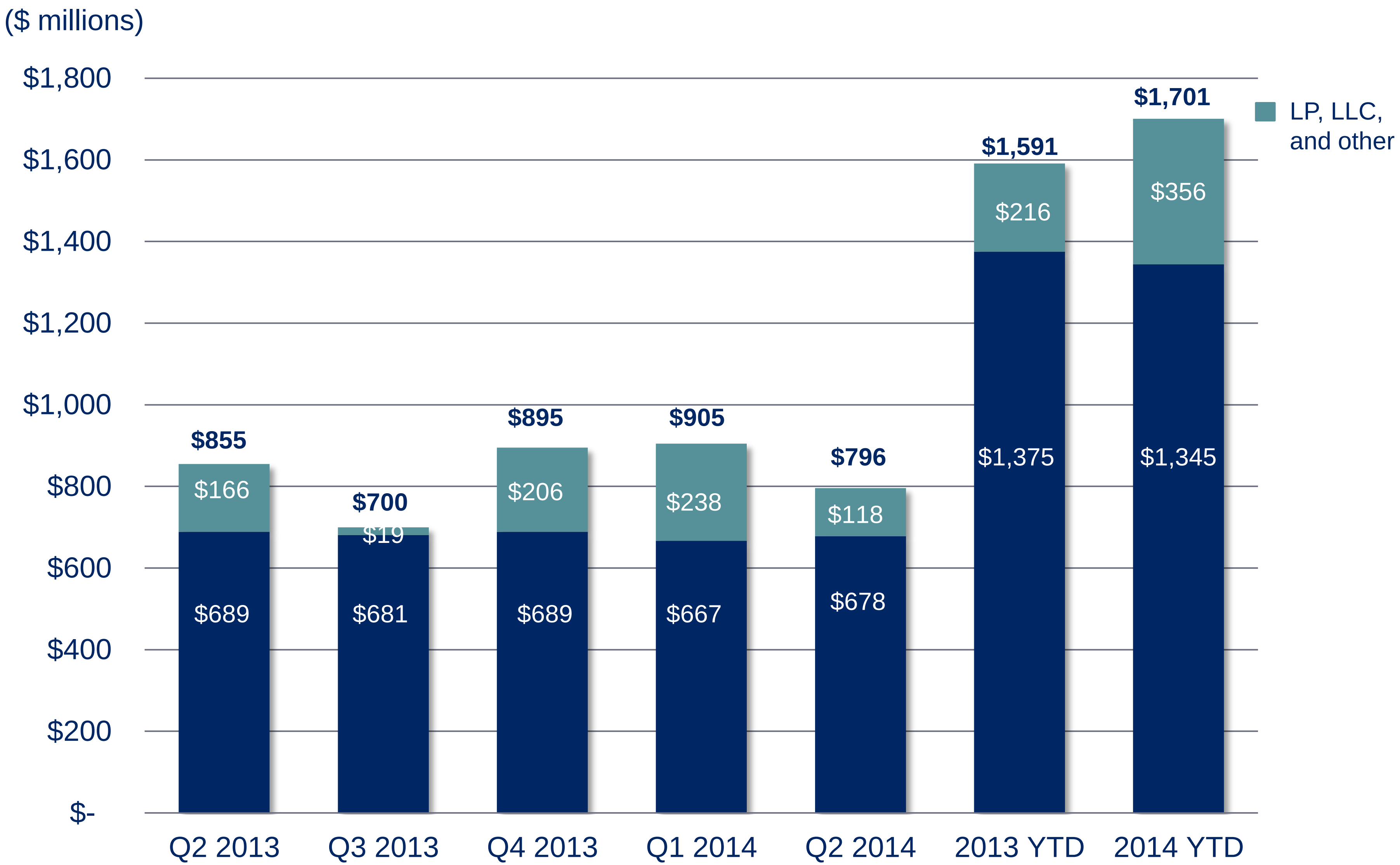
Liberty Mutual. INSURANCE

Global Specialty: Rate & Retention



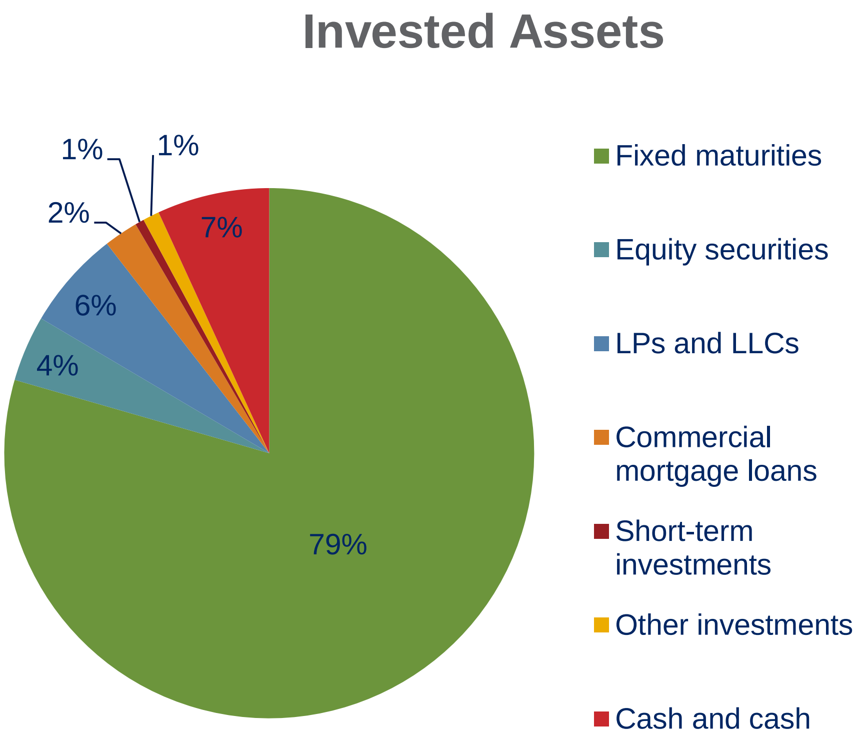
	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	YTD 2013	YTD 2014
Specialty Insurance							
Rate	2.8%	0.7%	2.0%	0.8%	(1.2%)	2.3%	(0.2%)
Retention	70.5%	78.5%	71.7%	70.2%	70.5%	68.3%	70.3%
Reinsurance							
Rate	0.5%	(1.6%)	(3.2%)	(4.4%)	(6.1%)	0.7%	(4.4%)
Retention	78.3%	71.5%	70.5%	80.9%	85.6%	79.2%	82.4%

Net Investment Income



The above chart contains net investment income attributable to discontinued operations.

Investment Mix and Capitalization



Total invested assets as of June 30, 2014: $79.912 billion

($ millions)	June 30, 2014	December 31, 2013
Long-term debt	$6,239	$6,285
Adjusted debt[1]	$5,239	$5,285
Total equity	$20,639	$19,012
Less: AOCI	$1,614	$640
Total equity ex. AOCI	$19,025	$18,372
Total capital ex. AOCI	$25,264	$24,657
Adjusted debt-to-total capitalization (ex. AOCI)	20.7%	21.4%
Statutory surplus	$17,458	$17,508

[1] Assumes that the Series A and B Junior Subordinated Notes receive 100% equity credit, as per S&P.

Liberty Mutual. INSURANCE

Holding Company Interest Coverage

($ millions)	
Preferred dividends	$91
Remaining dividend capacity	$1,496
2014 dividend capacity[1]	$1,587
Estimated PTOI from LMG service companies/fees	$366
Total available funding	$1,953
Interest expense[2]	$331
Holding company interest coverage	5.9x

[1] Represents the estimated maximum allowable dividend without prior regulatory approval in the state of domicile. Available dividend capacity is calculated as 2014 dividend capacity less dividends paid for the preceding twelve months. Dividends paid July 1, 2013 through June 30, 2014 were $84 million.
[2] Represents the expected run-rate for interest expense at Liberty Mutual Group Inc., as of June 30, 2014. This table does not incorporate events subsequent to that date.

Reconciliation of Statement of Income to Combined Ratio

For the three months ended June 30, 2014					$ millions
Combined ratio components:	**Statement of income**	**Presentation reclass[1]**	**Less: Life insurance[2]**	**Less: Non underwriting expenses and other adjustments[3]**	**Combined Ratio**
Premiums earned	$8,771		($422)	($123)	$8,226
Benefits, claims and claim adjustment expenses	6,222		(453)	(3)	5,766
Operating costs and expenses	1,765	(1)	(92)	(321)	1,351
Amortization of deferred policy acquisition costs	1,193		(18)	(36)	1,139
Dividends to policyholders	N/A	1	(1)	-	-
				Total combined ratio	**100.4%**

For the three months ended June 30, 2013					$ millions
Combined ratio components:	**Statement of income**	**Presentation reclass[1]**	**Less: Life insurance[2]**	**Less: Non underwriting expenses and other adjustments[3]**	**Combined Ratio**
Premiums earned	$8,439		($396)	($95)	$7,948
Benefits, claims and claim adjustment expenses	6,101		(403)	(39)	5,659
Operating costs and expenses	1,554	(10)	(78)	(197)	1,269
Amortization of deferred policy acquisition costs	1,173		(19)	(27)	1,127
Dividends to policyholders	N/A	10	(1)	(5)	4
				Total combined ratio	**101.4%**

[1] Dividends to policyholders
[2] Life and annuity business excluded from P&C combined ratio
[3] Includes adjustments for Venezuela devaluation, non-underwriting expenses primarily related to the Company's energy production and service operations, fee income, and installment charges.

Reconciliation of Statement of Income to Combined Ratio

For the six months ended June 30, 2014					$ millions
Combined ratio components:	**Statement of income**	**Presentation reclass[1]**	**Less: Life insurance[2]**	**Less: Non underwriting expenses and other adjustments[3]**	**Combined Ratio**
Premiums earned	$17,400		($800)	($253)	$16,347
Benefits, claims and claim adjustment expenses	12,243		(874)	(7)	11,362
Operating costs and expenses	3,547	(9)	(177)	(735)	2,626
Amortization of deferred policy acquisition costs	2,420		(36)	(34)	2,350
Dividends to policyholders	N/A	9	(3)	-	6
				Total combined ratio	**100.0%**

For the six months ended June 30, 2013					$ millions
Combined ratio components:	**Statement of income**	**Presentation reclass[1]**	**Less: Life insurance[2]**	**Less: Non underwriting expenses and other adjustments[3]**	**Combined Ratio**
Premiums earned	$16,604		($741)	($181)	$15,682
Benefits, claims and claim adjustment expenses	11,705		(762)	(44)	10,899
Operating costs and expenses	3,154	(24)	(155)	(507)	2,468
Amortization of deferred policy acquisition costs	2,317		(36)	(14)	2,267
Dividends to policyholders	N/A	24	(3)	(6)	15
				Total combined ratio	**99.8%**

[1] Dividends to policyholders
[2] Life and annuity business excluded from P&C combined ratio
[3] Includes adjustments for Venezuela devaluation, non-underwriting expenses primarily related to the Company's energy production and service operations, fee income, and installment charges

Subsequent Events

- On July 24, 2014, Liberty Mutual Group Inc. issued $750 million of Senior Notes due 2044 (the “2044 Notes”). Interest is payable semi-annually at a fixed rate of 4.85%. The 2044 Notes mature on August 1, 2044.

- On July 17, 2014, the Company entered into and closed a reinsurance agreement with National Indemnity Company (“NICO”), a subsidiary of Berkshire Hathaway Inc., on a combined aggregate adverse development cover for substantially all of the Company’s U.S. workers compensation, asbestos and environmental liabilities (the “NICO Reinsurance Transaction”), attaching at approximately $12.5 billion of combined aggregate reserves, with an aggregate limit of $6.5 billion and sublimits of $3.1 billion for asbestos and environmental (“A&E”) liabilities and $4.507 billion for certain workers compensation liabilities. At the closing of the NICO Reinsurance Transaction, but effective as of January 1, 2014, the Company ceded approximately $3.3 billion of existing liabilities (including substantially all A&E reserves totaling $1.3 billion) under a retroactive reinsurance agreement. NICO will provide approximately $3.2 billion of additional aggregate adverse development cover. The Company paid NICO total consideration of approximately $3.0 billion. In general terms, the covered business includes post December 31, 2013 development on: (1) A&E liabilities arising under policies of insurance and reinsurance with effective dates prior to January 1, 2005; and (2) workers compensation liabilities arising out of policies on the books of the Company’s Commercial Insurance SBU as of December 31, 2013, as respects injuries or accidents occurring prior to January 1, 2014. With respect to the ceded A&E business, NICO has been given authority to handle claims, subject to the Company’s oversight and control. With respect to the ceded workers compensation business, the Company will continue to handle claims. The NICO Reinsurance Transaction will be accounted for as retroactive reinsurance in the Company’s GAAP consolidated financial statements and results in a pre-tax loss of approximately $130 million as of the effective date, which will be included in the third quarter results.

- On July 16, 2014, the Company purchased from Uni.Asia Capital Sdn Bhd its 68.09% stake in Uni.Asia General Insurance Berhad, a Malaysian property-casualty insurer, for approximately $118 million.

- On July 8, 2014, the Company acquired Mexican surety company Primero Fianzas from Grupo Valores Operativos Monterray, a private investor group. The parties have not disclosed the financial terms of the transaction. Primero Fianzas had $33 million of NWP in 2013.

- On July 1, 2014, LMIC entered into a one-year renewable $1 billion repurchase agreement which terminates July 2, 2015 unless renewed. To date, no funds have been borrowed under the facility.

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 2013 direct written premium. The Company also ranks 76th on the Fortune 100 list of largest corporations in the U.S. based on 2013 revenue. As of December 31, 2013, LMHC had $121.282 billion in consolidated assets, $102.270 billion in consolidated liabilities, and $38.509 billion in annual consolidated revenue.

LMHC, through its subsidiaries and affiliated companies, offers a wide range of property-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, LMIC, LMFIC and EICOW, each became separate stock insurance companies under the ownership of LMHC.

Functionally, the Company conducts substantially all of its business through strategic business units, with each operating independently of the others with dedicated sales, underwriting, claims, actuarial, financial and certain information technology resources. Management believes this structure allows each business unit to execute its business strategy and/or to make acquisitions without impacting or disrupting the operations of the Company's other business units.

LMHC employs more than 50,000 people in approximately 900 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.libertymutual.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 and six months ended June 30, 2014 are available on the Company's Investor Relations website at www.libertymutual.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 www.libertymutual.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 www.libertymutual.com/investors.

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