



**Liberty
Mutual®**

INSURANCE

Second Quarter 2015 Results

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 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.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



Strategic Business Units (SBUs)

Personal Insurance

- Personal Lines
- Safeco

Commercial Insurance

- Business Insurance
- National Insurance
- Liberty Mutual Benefits (LMB)
- Other Commercial Insurance

Liberty International

- Latin America & Iberia
- Emerging Europe
- Asia
- Large Emerging Markets

Global Specialty

- Liberty Specialty Markets (LSM) – Specialty, Commercial and Reinsurance.
- Liberty International Underwriters (LIU)
- Liberty Mutual Surety (LM Surety)

- Mutual holding company structure
- \$124.3B of assets and \$39.7B of revenues in 2014
- The most diversified P&C insurer
- 78th 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 personal lines writer in the U.S.²
- 6th largest global P&C insurer³

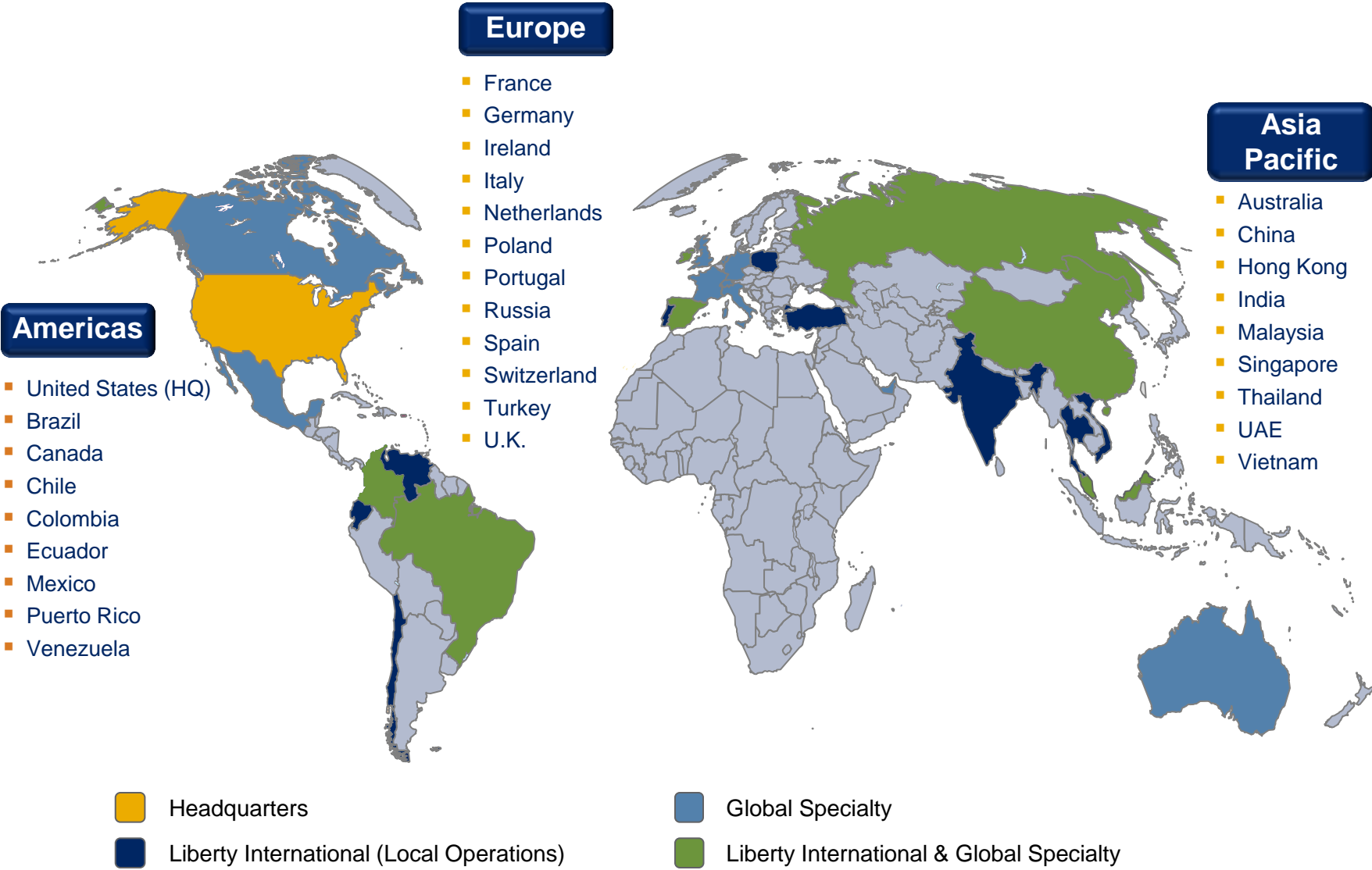
¹ Based on 2014 Revenue.

² Based on 2014 DWP.

³ Based on 2014 GWP.

Liberty Mutual's Global Presence

LMIG operates in 30 countries and economies around the globe

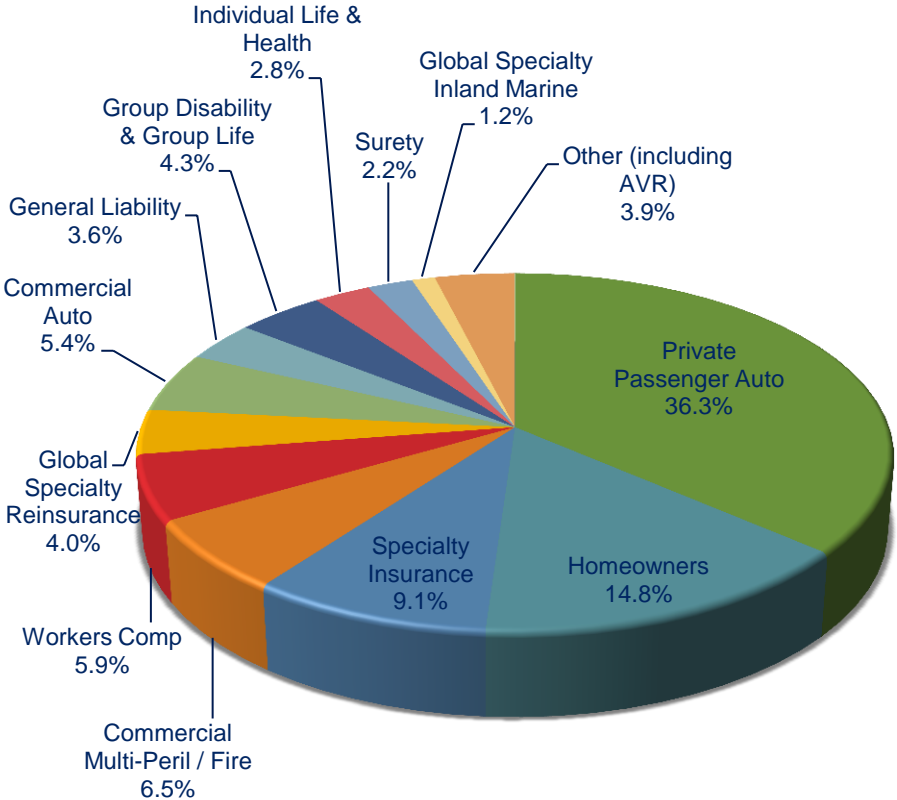
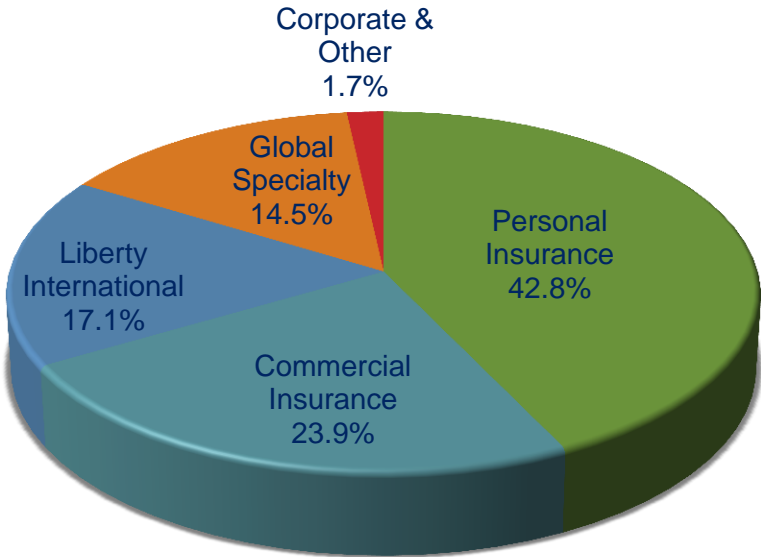


Analysis of Consolidated Net Written Premium “NWP”

NWP by SBU

NWP by line of business

June YTD 2015



NWP of \$19.1 billion increased 6.4% over 2014.

2015 Highlights

Second Quarter

- ❖ Revenues for the three months ended June 30, 2015 were \$10.380 billion, an increase of \$432 million or 4.3% over the same period in 2014.
- ❖ Net written premium (“NWP”) for the three months ended June 30, 2015 was \$9.727 billion, an increase of \$545 million or 5.9% over the same period in 2014.
- ❖ Net investment income for the three months ended June 30, 2015 was \$726 million, a decrease of \$79 million or 9.8% from the same period in 2014.
- ❖ Pre-tax operating income (“PTOI”) for the three months ended June 30, 2015 was \$171 million, a decrease of \$382 million or 69.1% from the same period in 2014.
- ❖ Catastrophe losses for the three months ended June 30, 2015 were \$800 million, an increase of \$125 million or 18.5% over the same period in 2014.
- ❖ Pre-tax loss associated with the Venezuela devaluation and foreign exchange under hyperinflationary accounting (including other-than-temporary impairments and foreign exchange losses on certain Venezuela investments) was \$81 million in 2015 compared to a pre-tax gain of \$92 million in the same period in 2014.
- ❖ Net operating income for the three months ended June 30, 2015 was \$115 million, a decrease of \$263 million or 69.6% from the same period in 2014.
- ❖ Net income attributable to LMHC for the three months ended June 30, 2015 was \$254 million, a decrease of \$137 million or 35.0% from the same period in 2014.
- ❖ The consolidated combined ratio before catastrophes and net incurred losses attributable to prior years for the three months ended June 30, 2015 was 93.0%, an increase of 1.1 points over the same period in 2014. Including the impact of catastrophes and net incurred losses attributable to prior years (primarily Ireland), the Company’s combined ratio for the three months ended June 30, 2015 increased 2.1 points to 102.4%.
- ❖ Cash flow from operations for the three months ended June 30, 2015 was \$855 million, a decrease of \$323 million or 27.4% from the same period in 2014.

Year-to-Date

- ❖ Revenues for the six months ended June 30, 2015 were \$20.060 billion, an increase of \$450 million or 2.3% over the same period in 2014.
- ❖ NWP for the six months ended June 30, 2015 was \$19.126 billion, an increase of \$1.158 billion or 6.4% over the same period in 2014.
- ❖ Net investment income for the six months ended June 30, 2015 was \$1.363 billion, a decrease of \$336 million or 19.8% from the same period in 2014.
- ❖ PTOI for the six months ended June 30, 2015 was \$724 million, a decrease of \$501 million or 40.9% from the same period in 2014.
- ❖ Catastrophe losses for the six months ended June 30, 2015 were \$1.296 billion, an increase of \$134 million or 11.5% over the same period in 2014.
- ❖ Pre-tax loss associated with the Venezuela devaluation and foreign exchange under hyperinflationary accounting (including other-than-temporary impairments and foreign exchange losses on certain Venezuela investments) was \$244 million in 2015 compared to a pre-tax loss of \$183 million in the same period in 2014.
- ❖ Net operating income for the six months ended June 30, 2015 was \$541 million, a decrease of \$389 million or 41.8% from the same period in 2014.
- ❖ Net income attributable to LMHC for the six months ended June 30, 2015 was \$530 million, a decrease of \$126 million or 19.2% from the same period in 2014.
- ❖ The consolidated combined ratio before catastrophes and net incurred losses attributable to prior years for the six months ended June 30, 2015 was 92.9%, no change compared to the same period in 2014. Including the impact of catastrophes and favorable net incurred losses attributable to prior years (primarily a one time benefit as a result of a reduction in the estimated liability for state assessments related to workers compensation), the Company’s combined ratio for the six months ended June 30, 2015 improved 0.1 points to 99.8%.
- ❖ Cash flow from operations for the six months ended June 30, 2015 was \$1.583 billion, an increase of \$87 million or 5.8% over the same period in 2014.

Please see Management’s Discussion & Analysis (MD&A) of Financial Condition and Results of Operations for definitions of terms.

Consolidated Results

\$ millions

| | Second Quarter | | | Year-to-Date | | |
|---|-------------------|-------------------|----------------|-------------------|-------------------|----------------|
| | 2015 ¹ | 2014 ¹ | Change | 2015 ¹ | 2014 ¹ | Change |
| Revenues | \$10,380 | \$9,948 | 4.3% | \$20,060 | \$19,610 | 2.3% |
| Pre-tax operating income before LP, LLC and other equity method income | \$103 | \$429 | (76.0%) | \$673 | \$864 | (22.1%) |
| LP, LLC, and other equity method income ² | 68 | 124 | (45.2) | 51 | 361 | (85.9) |
| Pre-tax operating income | \$171 | \$553 | (69.1%) | \$724 | \$1,225 | (40.9%) |
| Net operating income | 115 | 378 | (69.6) | 541 | 930 | (41.8) |
| Consolidated net income | 249 | 386 | (35.5) | 521 | 641 | (18.7) |
| Less: Net loss attributable to non-controlling interest | (5) | (5) | - | (9) | (15) | (40.0) |
| Net income attributable to LMHC | \$254 | \$391 | (35.0%) | \$530 | \$656 | (19.2%) |
| Combined ratio before catastrophes and net incurred losses attributable to prior years | | | | | | |
| Claims and claim adjustment expense ratio | 61.0% | 61.3% | (0.3) | 61.4% | 62.1% | (0.7) |
| Underwriting expense ratio | 32.0 | 30.6 | 1.4 | 31.5 | 30.8 | 0.7 |
| Dividend ratio | - | - | - | - | - | - |
| Subtotal | 93.0% | 91.9% | 1.1 | 92.9% | 92.9% | - |
| Catastrophes ³ | 9.3 | 8.2 | 1.1 | 7.6 | 7.1 | 0.5 |
| Net incurred losses attributable to prior years ^{4,5} | 0.1 | 0.2 | (0.1) | (0.7) | (0.1) | (0.6) |
| Total combined ratio⁶ | 102.4% | 100.3% | 2.1 | 99.8% | 99.9% | (0.1) |

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, Chile floods, Hailstorm Ela, Cyclone Niklas and New South Wales severe storms. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

⁴ The six months ended June, 30 2015 includes a one-time benefit of \$91 million due to a reduction in the estimated prior years' liability for state assessments related to workers compensation.

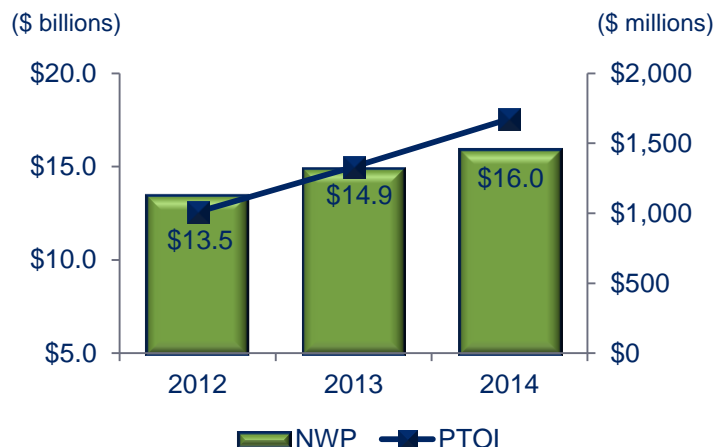
⁵ Net of earned premium and reinstatement premium attributable to prior years and amortization of deferred gains on assumed retroactive reinsurance.

⁶ 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.

Personal Insurance

NWP & PTOI



Segment Highlights

- Distributes through independent agent channel under the Safeco brand and through other channels under the Liberty Mutual brand
- 5th largest writer of personal lines in the U.S.²
- 2nd largest independent agency writer in the U.S.³
- Market leader in affinity marketing, with over 17,000 affinity relationships

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 Based on 2014 DWP.

³ Based on Q2 2015 DWP (rolling 12-months).

NM = Not Meaningful

Financial Performance

| \$ millions | Second Quarter | | | Year-to-Date | | |
|--|----------------|----------------|----------------|----------------|----------------|-------------|
| | 2015 | 2014 | Change | 2015 | 2014 | Change |
| NWP | \$4,277 | \$4,064 | 5.2% | \$8,181 | \$7,776 | 5.2% |
| PTOI before catastrophes and net incurred losses attributable to prior years | \$736 | \$746 | (1.3%) | \$1,413 | \$1,298 | 8.9% |
| Catastrophes ¹ | (661) | (580) | 14.0 | (1,069) | (915) | 16.8 |
| Net incurred losses attributable to prior years | (9) | (26) | (65.4) | 4 | (36) | NM |
| Pre-tax operating income | \$66 | \$140 | (52.9%) | \$348 | \$347 | 0.3% |

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

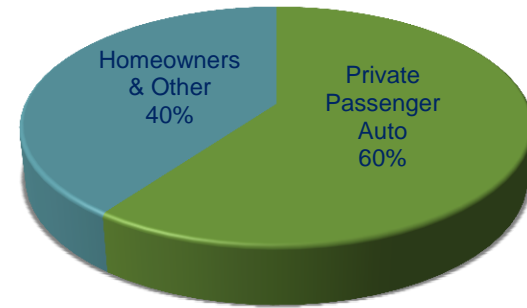
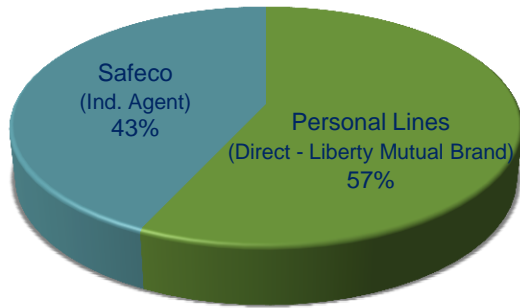
| | | | | | | |
|---|---------------|--------------|------------|--------------|--------------|--------------|
| Claims and claim adjustment expense ratio | 59.4% | 58.8% | 0.6 | 60.1% | 60.5% | (0.4) |
| Underwriting expense ratio | 25.6 | 24.8 | 0.8 | 25.5 | 25.4 | 0.1 |
| Subtotal | 85.0% | 83.6% | 1.4 | 85.6% | 85.9% | (0.3) |
| Catastrophes ¹ | 16.4 | 15.2 | 1.2 | 13.4 | 12.1 | 1.3 |
| Net incurred losses attributable to prior years | 0.2 | 0.7 | (0.5) | (0.1) | 0.5 | (0.6) |
| Total combined ratio | 101.6% | 99.5% | 2.1 | 98.9% | 98.5% | 0.4 |

Personal Insurance NWP Distribution

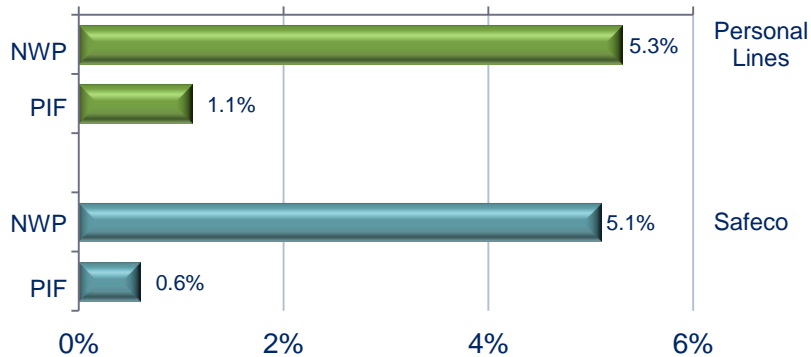
NWP by market segment

NWP by line of business

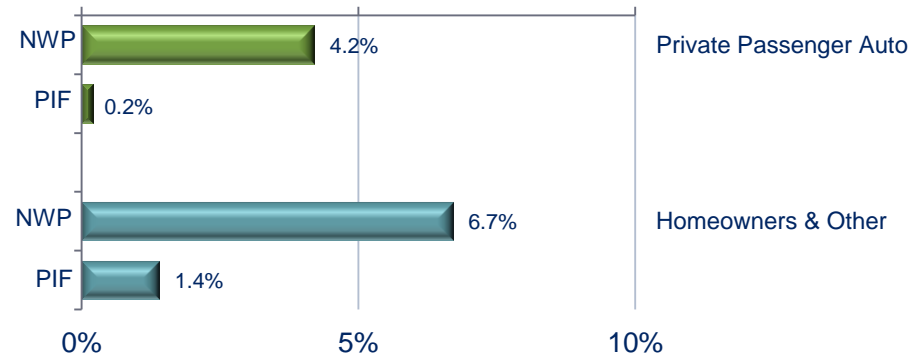
June YTD 2015



YOY Change



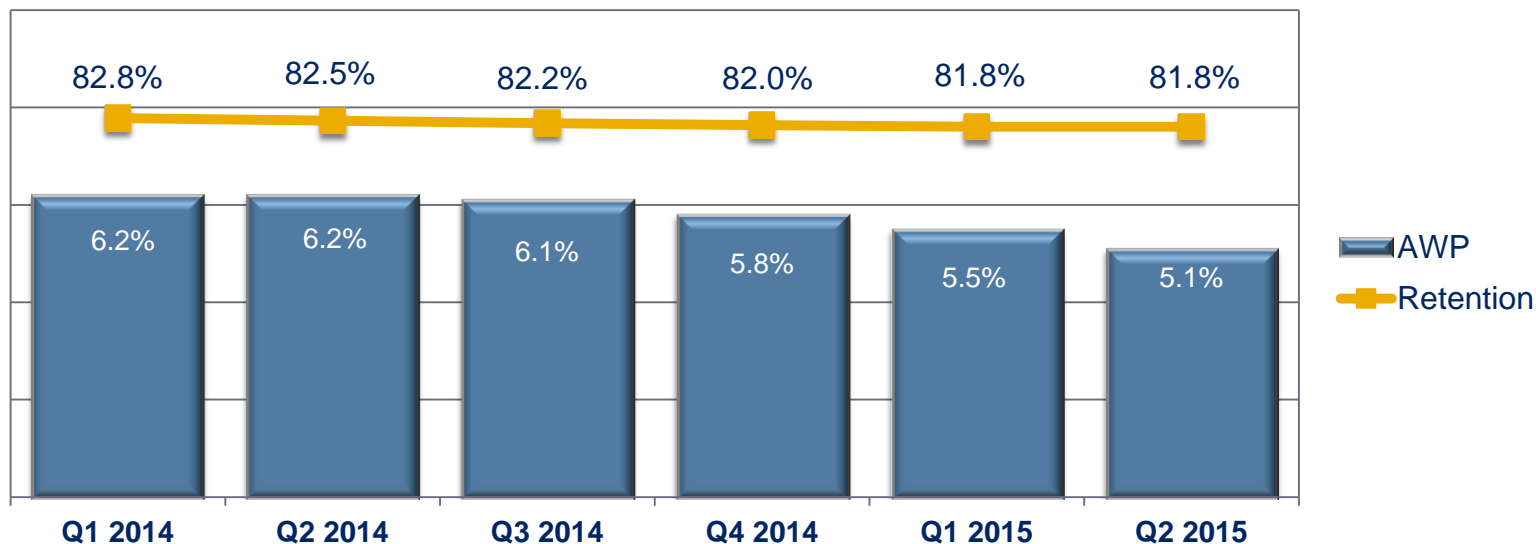
YOY Change



NWP for the year-to-date 2015 totaled \$8.2 billion, an increase of 5.2% over the same period in 2014.

YOY: Year-over-Year
PIF: Policies in Force

Personal Insurance: Average Written Premium (AWP) & Retention

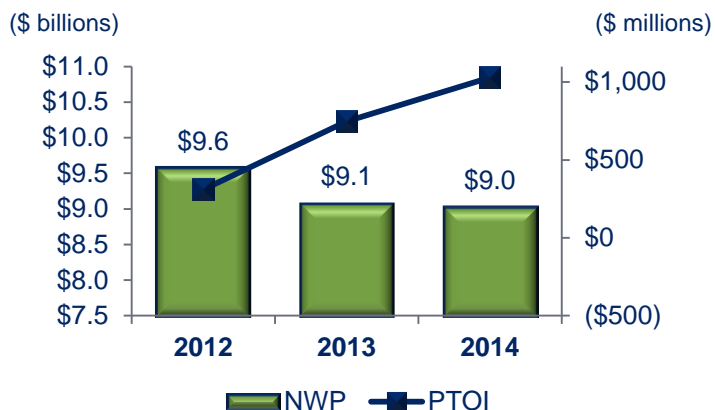


| | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 |
|-------------------------------|------------|------------|------------|------------|------------|------------|
| Private Passenger Auto | | | | | | |
| AWP | 5.0% | 4.9% | 4.9% | 4.8% | 4.8% | 4.8% |
| Retention | 82.1% | 81.8% | 81.4% | 81.2% | 81.0% | 81.0% |
| Homeowners | | | | | | |
| AWP | 7.6% | 7.7% | 7.3% | 6.9% | 6.3% | 5.4% |
| Retention | 83.5% | 83.3% | 83.1% | 82.9% | 82.7% | 82.6% |

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

Commercial Insurance

NWP & PTOI



Segment Highlights

- As an SBU, 7th largest U.S. P&C commercial lines insurer measured by DWP - \$8.3B⁵
- Equipped to underwrite and service a wide spectrum of exposures, from small proprietors to multi-nationals
- Approximately 5,700 active P&C independent agents and brokers in 12,100 locations
- Liberty Mutual Benefits (LMB) formed in 2014 (includes Life and Disability)

¹Catastrophes include all current accident year catastrophe losses. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

²The six months ended June 30, 2015 include a one time benefit of \$91 million due to a reduction in the estimated prior years' liability for state assessments related to workers compensation.

³Net of earned premium attributable to prior years of \$2 million and \$4 million for the three months and six months ended June 30, 2015 and \$6 million and \$21 million for the same periods in 2014. Net of amortization of deferred gains on assumed retroactive reinsurance of \$1 million for both three and six months ended June 30, 2015 and zero and \$1 million for the same periods in 2014.

⁴Net of earned premium attributable to prior years.

⁵Based on 2014 DWP (excludes LMB).

NM=Not Meaningful

Financial Performance

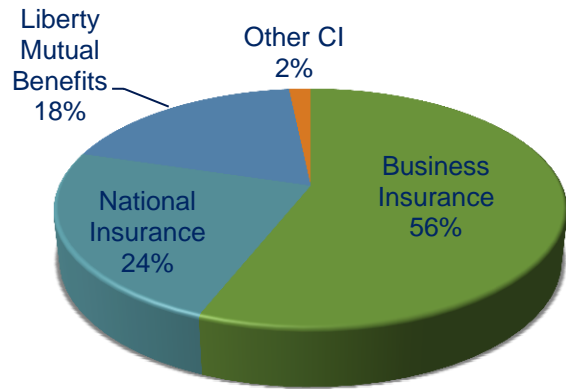
| \$ millions | Second Quarter | | | Year-to-Date | | |
|--|----------------|----------------|-------------|----------------|----------------|--------------|
| | 2015 | 2014 | Change | 2015 | 2014 | Change |
| NWP | \$2,359 | \$2,277 | 3.6% | \$4,563 | \$4,475 | 2.0% |
| PTOI before catastrophes and net incurred losses attributable to prior years | \$352 | \$332 | 6.0% | \$657 | \$608 | 8.1% |
| Catastrophes ¹ | (95) | (109) | (12.8) | (188) | (232) | (19.0) |
| Net incurred losses attributable to prior years ^{2,3} | (1) | 16 | NM | 91 | 38 | 139.5 |
| Pre-tax operating income | \$256 | \$239 | 7.1% | \$560 | \$414 | 35.3% |

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

| | | | | | | |
|--|---------------|---------------|--------------|--------------|---------------|--------------|
| Claims and claim adjustment expense ratio | 60.4% | 62.9% | (2.5) | 61.0% | 64.5% | (3.5) |
| Underwriting expense ratio | 34.4 | 32.8 | 1.6 | 34.3 | 32.7 | 1.6 |
| Dividend ratio | 0.1 | (0.1) | 0.2 | 0.1 | 0.1 | - |
| Subtotal | 94.9% | 95.6% | (0.7) | 95.4% | 97.3% | (1.9) |
| Catastrophes ¹ | 5.1 | 5.8 | (0.7) | 5.1 | 6.2 | (1.1) |
| Net incurred losses attributable to prior years ^{2,4} | - | (0.8) | 0.8 | (2.5) | (1.1) | (1.4) |
| Total combined ratio | 100.0% | 100.6% | (0.6) | 98.0% | 102.4% | (4.4) |

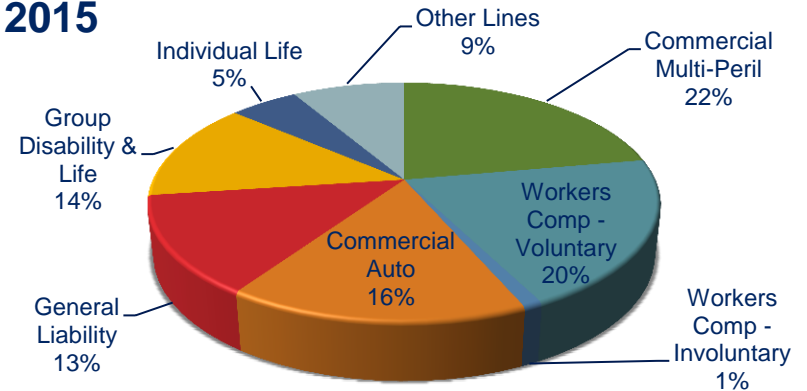
Commercial Insurance NWP Distribution

NWP by market segment

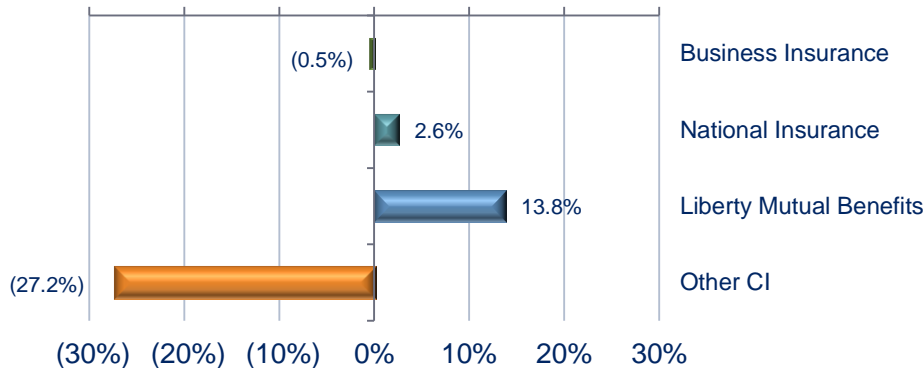


NWP by line of business

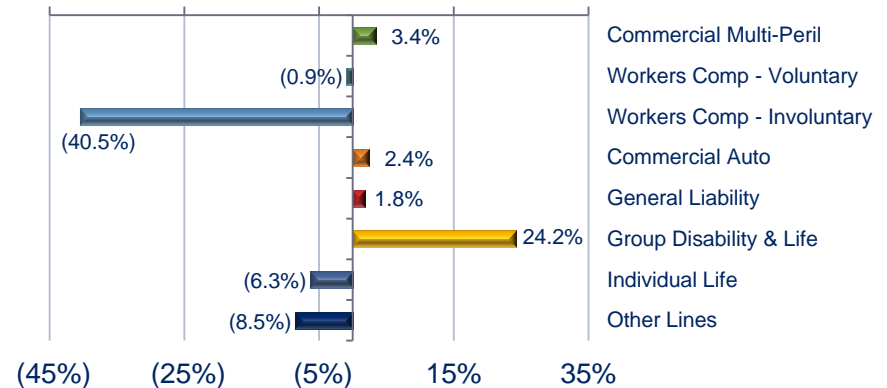
June YTD 2015



YOY Change in NWP



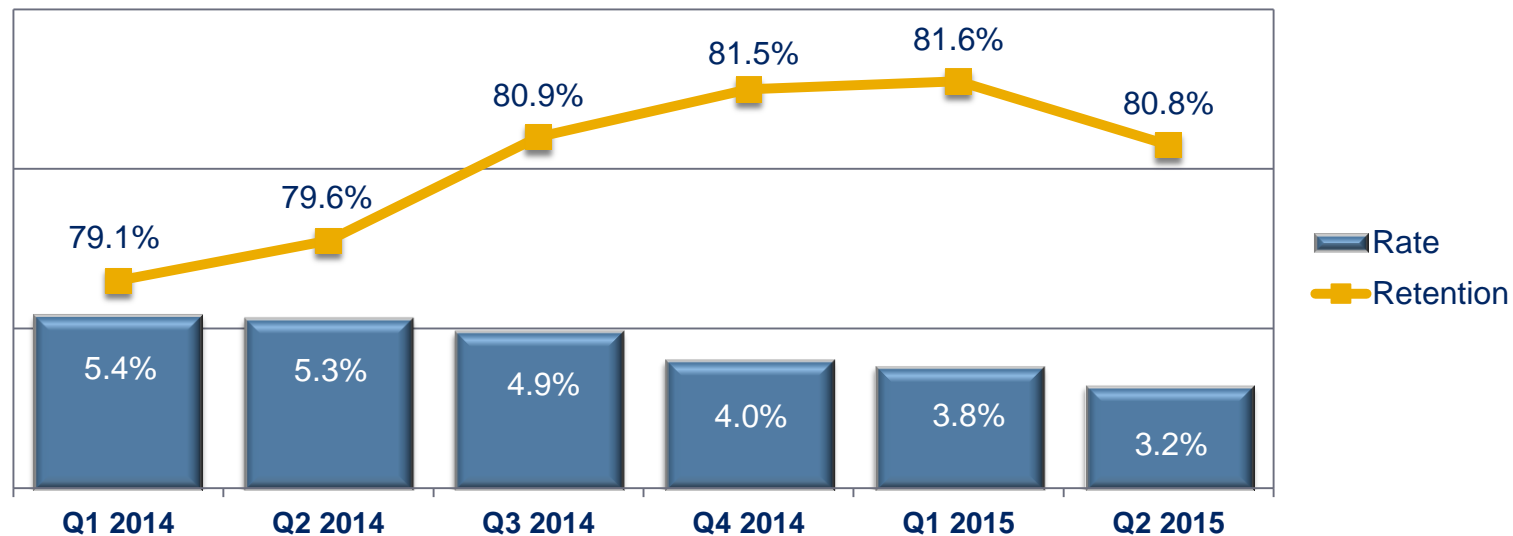
YOY Change in NWP



NWP for the year-to-date 2015 totaled \$4.6 billion, a increase of 2.0% from the same period in 2014.

YOY: Year-over-Year

Commercial Insurance: Rate & Retention

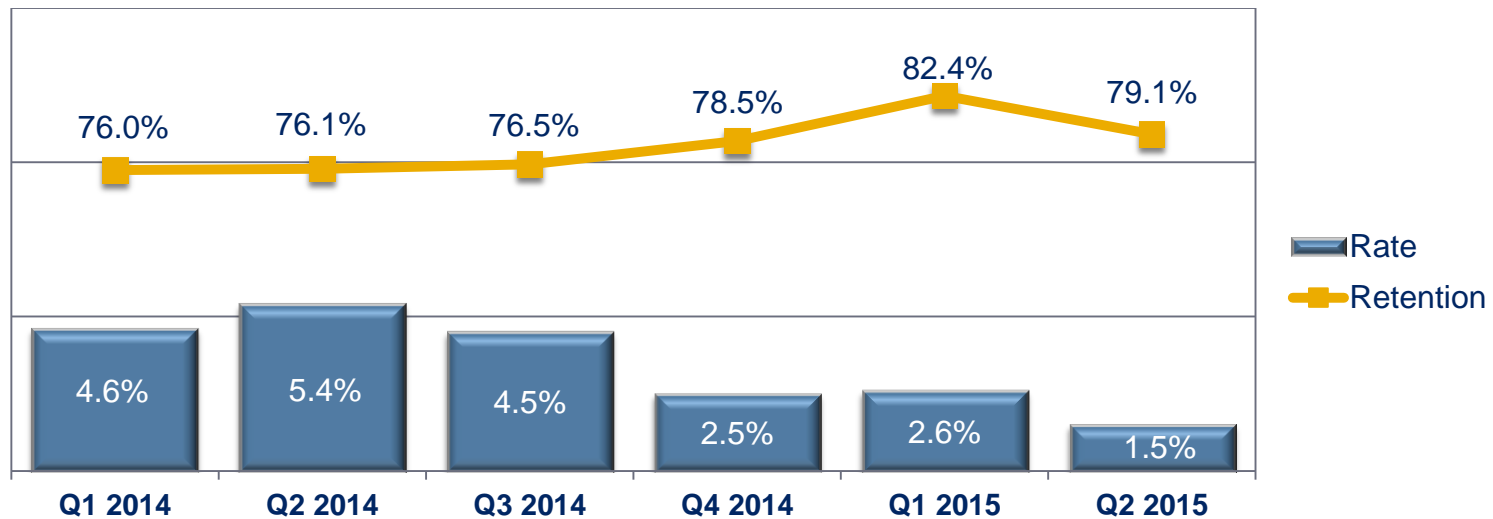


| | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | YTD 2014 | YTD 2015 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|----------|----------|
| Business Insurance | | | | | | | | |
| Rate | 6.0% | 6.0% | 5.4% | 4.8% | 4.3% | 3.6% | 6.0% | 4.0% |
| Retention | 78.5% | 77.7% | 79.6% | 78.8% | 79.6% | 80.6% | 78.1% | 80.1% |
| National Insurance | | | | | | | | |
| Rate | 4.1% | 3.6% | 3.4% | 2.1% | 2.6% | 1.9% | 3.9% | 2.3% |
| Retention | 80.0% | 83.5% | 84.1% | 87.4% | 85.5% | 81.1% | 81.6% | 83.4% |
| Commercial Insurance P&C | | | | | | | | |
| Rate | 5.4% | 5.3% | 4.9% | 4.0% | 3.8% | 3.2% | 5.4% | 3.5% |
| Retention | 79.1% | 79.6% | 80.9% | 81.5% | 81.6% | 80.8% | 79.3% | 81.2% |

Note: Business Drivers are ex Liberty Mutual Benefits.

Commercial Insurance: WC Rate & Retention

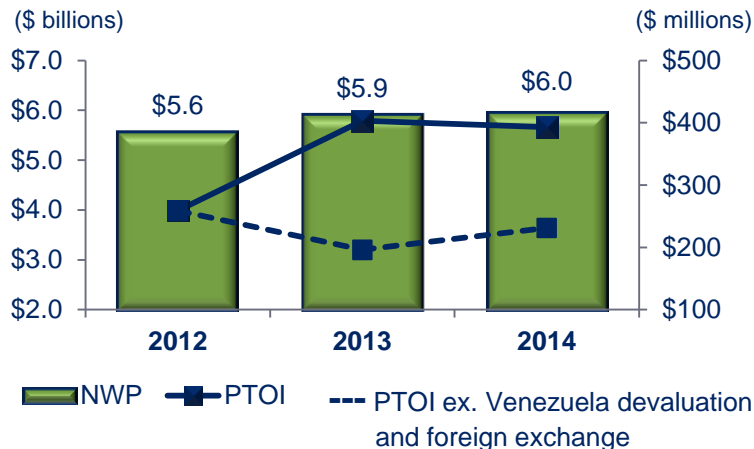
Voluntary NWP of \$924 million is down 0.9% from the prior year.



| | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | YTD 2014 | YTD 2015 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| Business Insurance | | | | | | | | |
| Rate | 5.0% | 5.8% | 4.7% | 4.2% | 2.1% | 1.2% | 5.4% | 1.6% |
| Retention | 71.2% | 69.3% | 72.2% | 71.4% | 72.7% | 76.3% | 70.3% | 74.4% |
| National Insurance | | | | | | | | |
| Rate | 4.2% | 5.0% | 4.3% | 0.5% | 2.9% | 1.9% | 4.6% | 2.5% |
| Retention | 79.8% | 85.5% | 82.6% | 87.4% | 90.5% | 82.5% | 81.8% | 87.4% |
| Commercial Insurance P&C | | | | | | | | |
| Rate | 4.6% | 5.4% | 4.5% | 2.5% | 2.6% | 1.5% | 5.0% | 2.1% |
| Retention | 76.0% | 76.1% | 76.5% | 78.5% | 82.4% | 79.1% | 76.0% | 81.0% |

Liberty International

NWP & PTOI



Segment Highlights

- Announced expansion of its presence in Chile by agreeing to acquire Compañía de Seguros Generales Penta Security S.A.. The transaction is subject to the approval of the insurance regulator.
- Announced plans to exit the personal general insurance market in Great Britain (GB) to focus on the market in Ireland, including Northern Ireland.

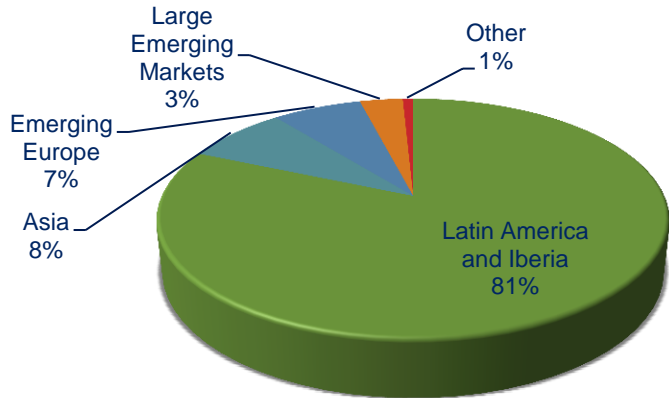
Financial Performance

| \$ millions | Second Quarter | | | Year-to-Date | | |
|---|-------------------|-------------------|--------------|-------------------|-------------------|--------------|
| | 2015 ¹ | 2014 ¹ | Change | 2015 ¹ | 2014 ¹ | Change |
| NWP | \$1,746 | \$1,452 | 20.2% | \$3,261 | \$2,736 | 19.2% |
| Mature operations and other ² PTOI before catastrophes, net incurred losses attributable to prior years and Venezuela devaluation and foreign exchange | \$66 | \$39 | 69.2% | \$98 | \$107 | (8.4%) |
| Emerging operations ³ pre-tax operating loss before catastrophes, net incurred losses attributable to prior years and Venezuela devaluation and foreign exchange | (54) | (27) | 100.0 | (82) | (55) | 49.1 |
| Catastrophes ⁴ | (5) | - | NM | (5) | (9) | (44.4) |
| Net incurred losses attributable to prior years | (23) | 24 | NM | 2 | 29 | (93.1) |
| Venezuela devaluation and foreign exchange | (52) | 92 | NM | (41) | 71 | NM |
| Pre-tax operating (loss) income | (\$68) | \$128 | NM | (\$28) | \$143 | NM |
| Combined ratio before catastrophes and net incurred losses attributable to prior years | | | | | | |
| Claims and claim adjustment expense ratio | 65.8% | 67.3% | (1.5) | 67.0% | 66.0% | 1.0 |
| Underwriting expense ratio | 39.1 | 38.0 | 1.1 | 38.6 | 38.6 | - |
| Subtotal | 104.9% | 105.3% | (0.4) | 105.6% | 104.6% | 1.0 |
| Catastrophes ⁴ | 0.3 | - | 0.3 | 0.2 | 0.3 | (0.1) |
| Net incurred losses attributable to prior years | 1.5 | (1.8) | 3.3 | (0.1) | (1.1) | 1.0 |
| Total combined ratio | 106.7% | 103.5% | 3.2 | 105.7% | 103.8% | 1.9 |

¹ The combined ratios have been adjusted to exclude the impact of the Venezuela devaluation and foreign exchange.
² Mature operations include Latin America and Iberia and Asia. Other includes internal reinsurance and home office expenses.
³ Emerging operations include Emerging Europe and Large Emerging Markets.
⁴ 2015 Catastrophes include all current accident year catastrophe losses for Chile floods. 2014 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 2014 Consolidated Statements of Income and are no longer included with Liberty International.
 NM = Not meaningful

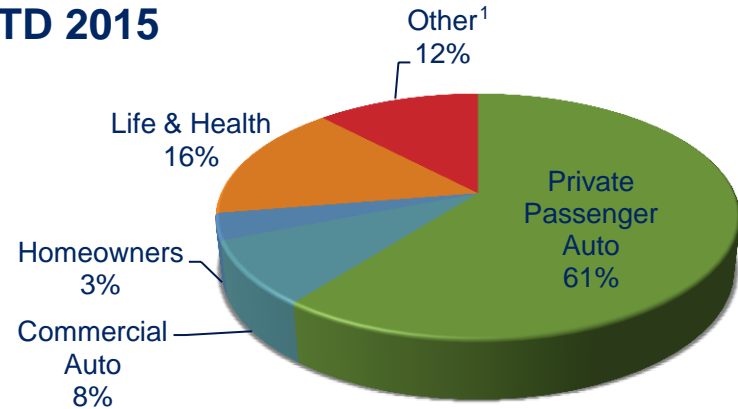
Liberty International NWP Distribution

NWP by market segment

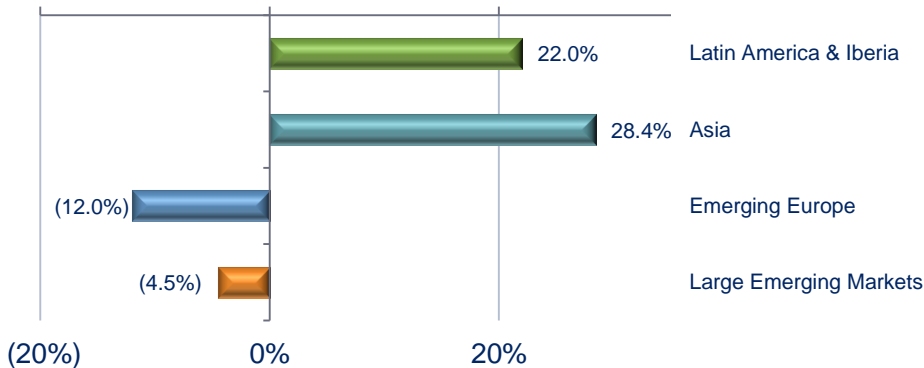


June YTD 2015

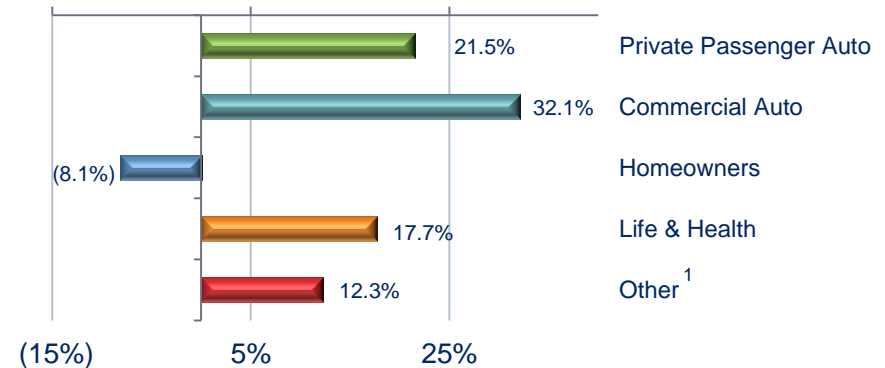
NWP by line of business



YOY Change in NWP



YOY Change in NWP



NWP for the year-to-date 2015 totaled \$3.3 billion, an increase of 19.2% (or 45.0%² excluding FX) over the same period in 2014.

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)

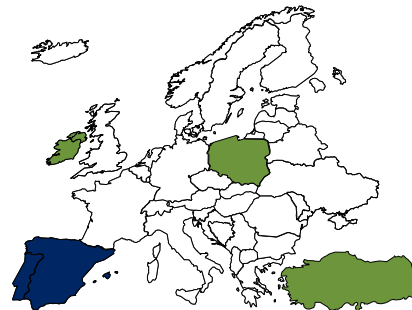
| Large Emerging Markets | 2015 NWP | P&C Rank | P&C Share |
|------------------------|----------|------------------|-----------|
| China ^{1,8} | \$57 | 6 th | 0.1% |
| India ³ | \$24 | 24 th | 0.2% |
| Russia ² | \$25 | 34 th | 0.3% |

| Asia | 2015 NWP | P&C Rank | P&C Share |
|------------------------|----------|------------------|-----------|
| Singapore ¹ | \$51 | 7 th | 4.5% |
| Thailand ¹ | \$81 | 9 th | 2.8% |
| Vietnam | \$11 | 9 th | 2.6% |
| Malaysia ¹ | \$62 | 14 th | 3.2% |
| Hong Kong | \$48 | 12 th | 2.0% |

| Latin America and Iberia | 2015 NWP | P&C Rank | P&C Share |
|----------------------------|----------|------------------|-----------|
| Venezuela ^{1,6,7} | \$1,485 | 1 st | 15.4% |
| Colombia | \$170 | 3 rd | 10.1% |
| Chile | \$62 | 5 th | 9.2% |
| Ecuador ² | \$24 | 7 th | 4.6% |
| Portugal ² | \$125 | 7 th | 6.6% |
| Brazil ⁷ | \$446 | 9 th | 3.1% |
| Spain ¹ | \$344 | 16 th | 2.0% |



| Emerging Europe | 2015 NWP | P&C Rank | P&C Share |
|------------------------|----------|------------------|-----------|
| Ireland ^{4,5} | \$133 | 7 th | 7.1% |
| Poland ¹ | \$42 | 13 th | 1.2% |
| Turkey | \$21 | 23 rd | 0.6% |



Rankings Base – 2014 Net Written Premium (NWP) except where noted:

¹ 2014 Gross Written Premium

² 2014 Direct Written Premium

³ 2013 Net Written Premium

⁴ 2013 Gross Written Premium

⁵ Ireland rank is based on 2013, share is based on 2014

⁶ Excludes government owned companies

⁷ Reflects combined P&C and life markets

⁸ Ranking based on non-domestic companies including Mandatory Third Party Liability

Rankings are based on the most recent financial data available, which varies by country.

Global Specialty

NWP & PTOI



Segment Highlights

- 5th 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

Financial Performance

| \$ millions | Second Quarter | | | Year-to-Date | | |
|--|----------------|----------------|----------------|----------------|----------------|-------------|
| | 2015 | 2014 | Change | 2015 | 2014 | Change |
| NWP | \$1,298 | \$1,292 | 0.5% | \$2,784 | \$2,773 | 0.4% |
| PTOI before catastrophes and net incurred losses attributable to prior years | \$146 | \$163 | (10.4%) | \$328 | \$340 | (3.5%) |
| Catastrophes ¹ | (35) | 2 | NM | (39) | (21) | 85.7 |
| Net incurred losses attributable to prior years ² | 13 | (7) | NM | 28 | (16) | NM |
| Pre-tax operating income | \$124 | \$158 | (21.5%) | \$317 | \$303 | 4.6% |

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

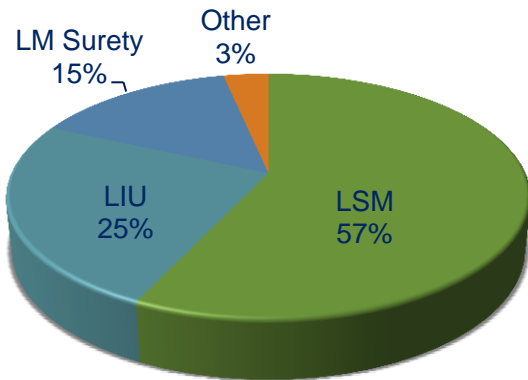
| | | | | | | |
|--|--------------|--------------|------------|--------------|--------------|------------|
| Claims and claim adjustment expense ratio | 58.8% | 59.2% | (0.4) | 58.2% | 58.7% | (0.5) |
| Underwriting expense ratio | 35.3 | 33.0 | 2.3 | 34.4 | 32.8 | 1.6 |
| Dividend ratio | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 | - |
| Subtotal | 94.3% | 92.3% | 2.0 | 92.8% | 91.7% | 1.1 |
| Catastrophes ¹ | 2.9 | (0.1) | 3.0 | 1.6 | 0.9 | 0.7 |
| Net incurred losses attributable to prior years ² | (1.0) | 0.6 | (1.6) | (1.2) | 0.6 | (1.8) |
| Total combined ratio | 96.2% | 92.8% | 3.4 | 93.2% | 93.2% | - |

¹ Catastrophes include all current accident year catastrophe losses for severe storms in the U.S., U.K. floods, Hailstorm Ela, Cyclone Niklas and New South Wales severe storms. 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 zero and \$2 million for the three and six months ended June 30, 2015 and zero and \$9 million for the same periods in 2014.

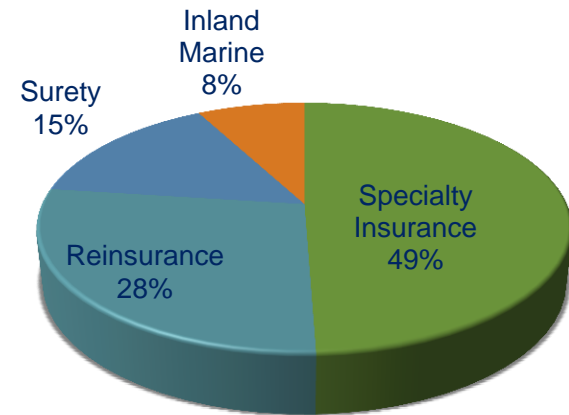
Global Specialty NWP Distribution

NWP by market segment

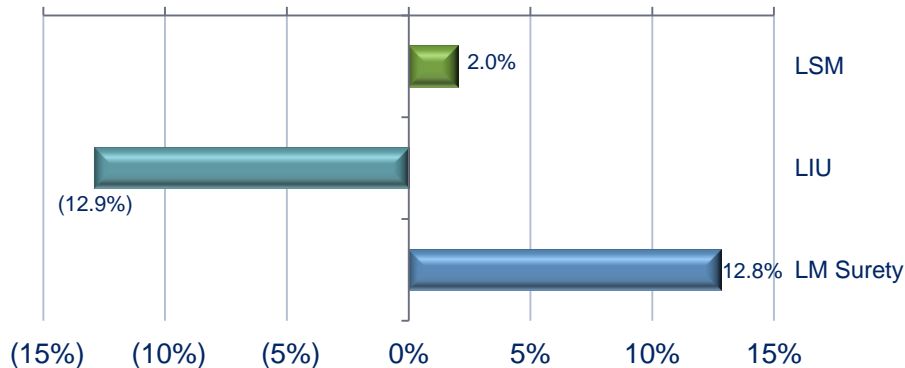


June YTD 2015

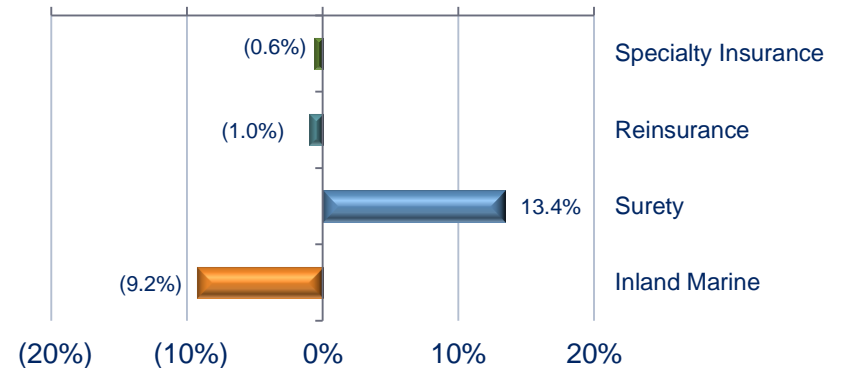
NWP by line of business



YOY Change in NWP



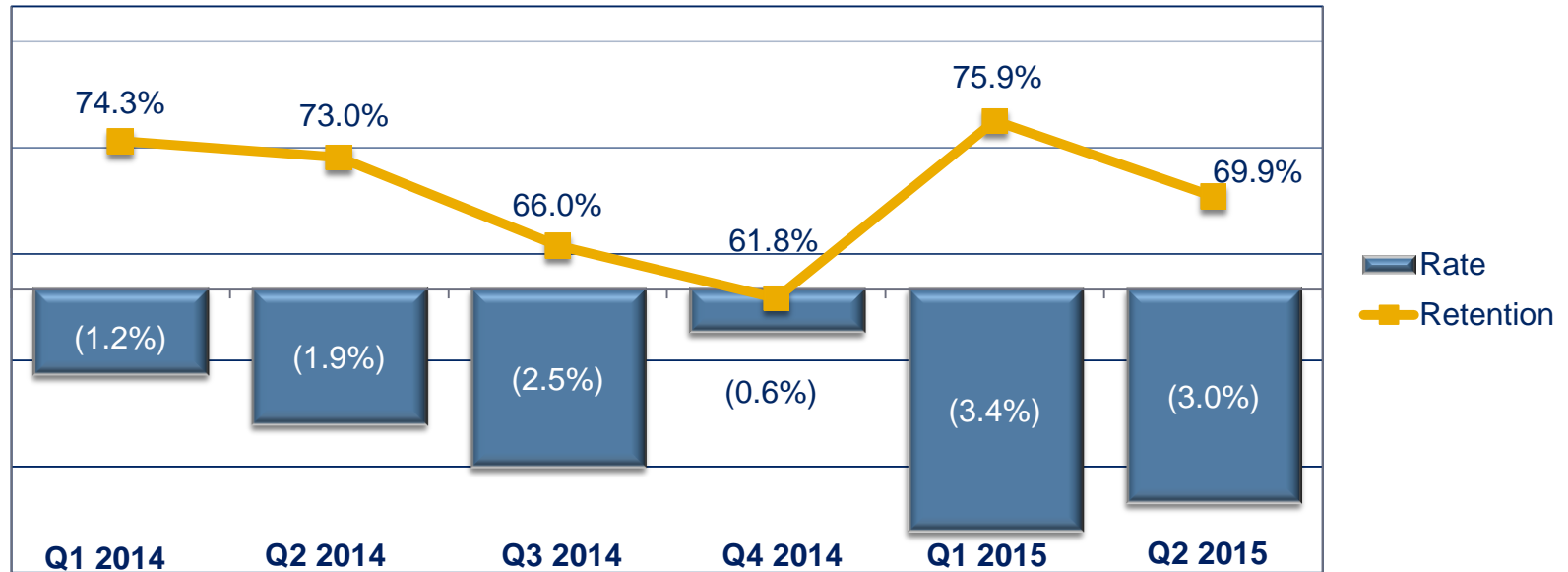
YOY Change in NWP



NWP for the year-to-date 2015 totaled \$2.8 billion, an increase of 0.4% (or 4.8%¹ excluding FX) over the same period in 2014.

¹ Determined by using constant foreign exchange rates between periods
YOY: year-over-year

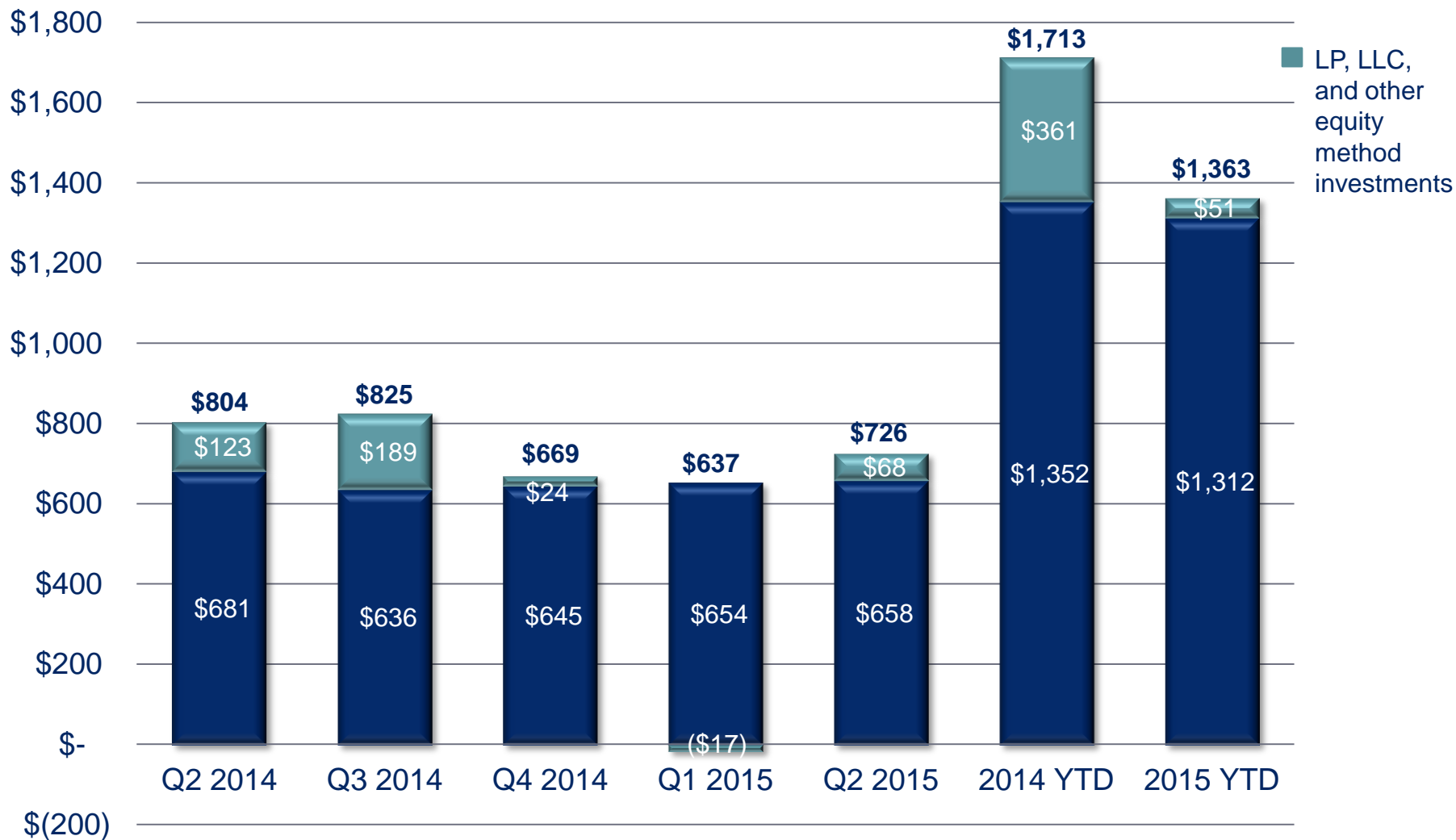
Global Specialty: Rate & Retention



| | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | YTD 2014 | YTD 2015 |
|----------------------------|---------|---------|---------|---------|---------|---------|----------|----------|
| Specialty Insurance | | | | | | | | |
| Rate | 0.8% | (1.2%) | (1.5%) | (0.4%) | (1.4%) | (2.5%) | 0.1% | (1.7%) |
| Retention | 70.2% | 70.5% | 63.2% | 59.5% | 69.5% | 68.0% | 70.2% | 71.4% |
| Reinsurance | | | | | | | | |
| Rate | (4.4%) | (5.1%) | (6.3%) | (3.3%) | (4.9%) | (4.7%) | (4.7%) | (4.9%) |
| Retention | 80.9% | 85.6% | 77.1% | 84.5% | 82.3% | 79.7% | 82.4% | 84.6% |

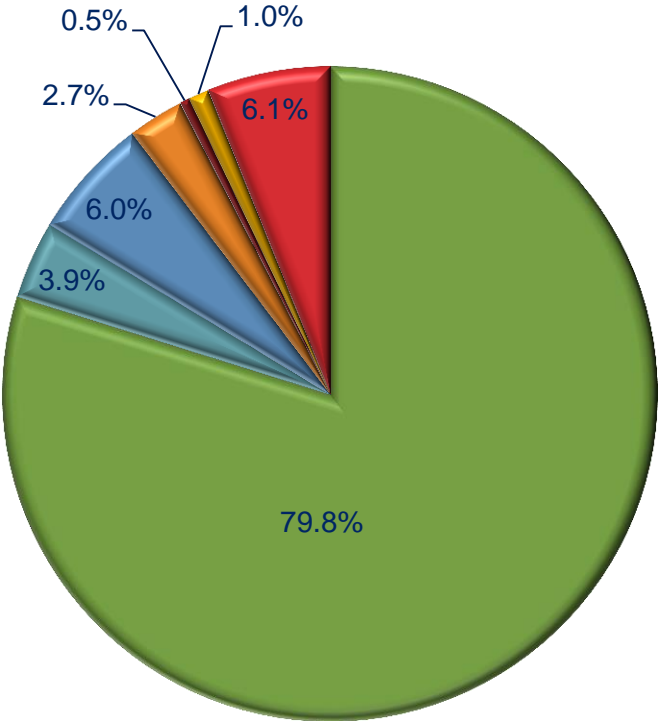
Net Investment Income

(\$ millions)



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

Investment Mix



- Fixed maturities
- Equity securities
- LPs, LLCs, and other equity method investments
- Commercial mortgage loans
- Short-term investments
- Other investments
- Cash and cash equivalents

Total invested assets as of
June 30, 2015: \$78.998 billion

Capitalization

| (\$ millions) | June 30, 2015 | December 31, 2014 |
|--|----------------|-------------------|
| Long-term debt | \$7,232 | \$7,232 |
| Adjusted debt ¹ | \$6,232 | \$6,232 |
| | | |
| Total equity | \$19,942 | \$20,291 |
| Less: AOCI | <u>(\$813)</u> | <u>\$57</u> |
| Total equity ex. AOCI | \$20,755 | \$20,234 |
| | | |
| Total capital ex. AOCI | \$27,987 | \$27,466 |
| | | |
| Adjusted debt-to-total capitalization (ex. AOCI) | 22.3% | 22.7% |
| | | |
| Statutory surplus | \$18,521 | \$19,180 |

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

Energy-Related Investments

(\$ Millions)

As of June 30, 2015

| | Carrying Value | Unfunded Commitments | Average Credit Rating |
|---|----------------|----------------------|-----------------------|
| Investment grade bonds | \$2,294 | \$ - | A- |
| Below investment grade bonds | 269 | - | B+ |
| Publicly traded equity securities | 154 | - | |
| Private equities – energy focused ¹ | 540 | 782 | |
| | \$3,257 | \$782 | |
| <i>Percent of total invested assets</i> | <i>4.1%</i> | | |
| Direct investment in oil & gas wells ² | \$1,871 | \$1,836 | |
| Total exposure | \$5,128 | \$2,618 | |

1: Includes \$520 million of natural resources partnerships and \$20 million of other investments

2: Included in 'Other assets' on Consolidated Balance Sheets

Holding Company Interest Coverage

| (\$ millions) | |
|---|----------------|
| Preferred dividends | \$80 |
| Remaining dividend capacity | <u>\$1,761</u> |
| 2015 dividend capacity ¹ | \$1,841 |
| Estimated PTI from LMG service companies/fees | <u>\$384</u> |
| Total available funding | \$2,225 |
| Interest expense ² | \$376 |
| Holding company interest coverage | 5.9x |

¹ Represents the estimated maximum allowable dividend without prior regulatory approval in the state of domicile. Dividends paid July 1, 2014 through June 30, 2015 were \$80 million. Available dividend capacity is calculated as 2015 dividend capacity less dividends paid for the preceding twelve months.

² Represents the expected run-rate for interest expense at Liberty Mutual Group Inc.

Reconciliation of Statement of Income to Combined Ratio

| For the three months ended June 30, 2015 | | | | | \$ 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 | \$9,105 | | (\$457) | (\$14) | \$8,634 |
| Benefits, claims and claim adjustment expenses | 6,531 | | (449) | (3) | 6,079 |
| Operating costs and expenses | 2,008 | (6) | (108) | (376) | 1,518 |
| Amortization of deferred policy acquisition costs | 1,266 | | (22) | (2) | 1,242 |
| Dividends to policyholders | N/A | 6 | (1) | (1) | 4 |
| Total combined ratio | | | | | 102.4% |

| 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 | | (\$423) | (\$122) | \$8,226 |
| Benefits, claims and claim adjustment expenses | 6,190 | | (454) | - | 5,736 |
| Operating costs and expenses | 1,797 | (1) | (87) | (349) | 1,360 |
| Amortization of deferred policy acquisition costs | 1,193 | | (19) | (16) | 1,158 |
| Dividends to policyholders | N/A | 1 | (1) | - | - |
| Total combined ratio | | | | | 100.3% |

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, 2015 | | | | | \$ 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 | \$17,975 | | (\$895) | (\$40) | \$17,040 |
| Benefits, claims and claim adjustment expenses | 12,659 | | (934) | (5) | 11,720 |
| Operating costs and expenses | 3,733 | (12) | (220) | (682) | 2,819 |
| Amortization of deferred policy acquisition costs | 2,504 | | (36) | (7) | 2,461 |
| Dividends to policyholders | N/A | 12 | (3) | (1) | 8 |
| Total combined ratio | | | | | 99.8% |

| 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 | | (\$802) | (\$251) | \$16,347 |
| Benefits, claims and claim adjustment expenses | 12,178 | | (875) | (6) | 11,297 |
| Operating costs and expenses | 3,612 | (9) | (177) | (744) | 2,682 |
| Amortization of deferred policy acquisition costs | 2,420 | | (37) | (35) | 2,348 |
| Dividends to policyholders | N/A | 9 | (3) | - | 6 |
| Total combined ratio | | | | | 99.9% |

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 23, 2015, the Company sold its Quinn-direct branded private motor book in Great Britain to Chaucer Insurance Services Ltd.
- ❖ On July 13, 2015, the Company announced expansion of its presence in Chile by agreeing to acquire an additional insurance company, Compañía de Seguros Generales Penta Security S.A., the fourth largest non-life insurer in Chile. The transaction is subject to the approval of the insurance regulator.
- ❖ Effective July 2, 2015, Liberty Mutual Insurance Company (“LMIC”) renewed its \$1 billion repurchase agreement for a two-year period, which terminates July 3, 2017 unless extended. To date, no funds have been borrowed under the facility.
- ❖ On July 1, 2015, the Company completed the acquisition of Hughes Insurance, an independent insurance broker in Northern Ireland. Further discussion can be found in the Consolidated Results of Operations section.

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 2014 direct written premium. The Company also ranks 78th on the Fortune 100 list of largest corporations in the U.S. based on 2014 revenue. As of December 31, 2014, LMHC had \$124.293 billion in consolidated assets¹, \$104.002 billion in consolidated liabilities¹, and \$39.657 billion in annual consolidated revenue¹.

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.

¹ Reflects the 2015 adoption of the FASB issued ASU 2014-01, *Accounting for Investments in Qualified Affordable Housing Projects*

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 six months ended June 30, 2015 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.



Liberty Mutual[®]

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