



Financial Supplement
Quarter Ended June 30, 2015

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, 2015						Three Months Ended June 30, 2014					
	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Corporate and Other	Consolidated	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Corporate and Other	Consolidated
Revenues	\$4,219	\$2,817	\$1,631	\$1,318	\$395	\$10,380	\$3,983	\$2,781	\$1,605	\$1,269	\$310	\$9,948
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, Venezuela devaluation and foreign exchange and LP, LLC and other equity method income ¹	\$736	\$352	\$12	\$146	(\$283)	\$963	\$746	\$332	\$12	\$163	(\$219)	\$1,034
Catastrophes ²	(661)	(95)	(5)	(35)	(4)	(800)	(580)	(109)	-	2	12	(675)
Net incurred losses attributable to prior years:												
- Asbestos & environmental ³	-	-	-	-	(1)	(1)	-	-	-	-	(1)	(1)
- All other ⁴	(9)	(1)	(23)	13	13	(7)	(26)	16	24	(7)	(28)	(21)
Venezuela devaluation and foreign exchange	-	-	(52)	-	-	(52)	-	-	92	-	-	92
Pre-tax operating income (loss) before LP, LLC and other equity method income	66	256	(68)	124	(275)	103	140	239	128	158	(236)	429
LP, LLC and other equity method income	-	-	-	-	68	68	-	-	-	-	124	124
Pre-tax operating income (loss)	66	256	(68)	124	(207)	171	140	239	128	158	(112)	553
Net realized gains						227						46
Pre-tax income						398						599
Income tax expense						149						196
Consolidated net income before discontinued operations						249						403
Discontinued operations, net of tax						-						(17)
Consolidated net income						249						386
Less: Net loss attributable to non-controlling interest						(5)						(5)
Net income attributable to Liberty Mutual Holding Company Inc.						\$254						\$391

¹ Limited partnership ("LP"), limited liability company ("LLC") and other equity method income is included in net investment income in the accompanying Consolidated Statements of Income.

² 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.

³ Gross of the NICO Reinsurance Transaction.

⁴ Net of earned premium and reinstatement premium attributable to prior years and amortization of deferred gains on retroactive reinsurance.

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Six Months Ended June 30, 2015						Six Months Ended June 30, 2014					
	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	\$8,352	\$5,576	\$3,005	\$2,628	\$499	\$20,060	\$7,856	\$5,523	\$2,919	\$2,558	\$754	\$19,610
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, Venezuela devaluation and foreign exchange and LP, LLC and other equity method income ¹	\$1,413	\$657	\$16	\$328	(\$528)	\$1,886	\$1,298	\$608	\$52	\$340	(\$359)	\$1,939
Catastrophes ²	(1,069)	(188)	(5)	(39)	5	(1,296)	(915)	(232)	(9)	(21)	15	(1,162)
Net incurred losses attributable to prior years:												
- Asbestos & environmental ³	-	-	-	-	(2)	(2)	-	-	-	-	(2)	(2)
- All other ^{4,5}	4	91	2	28	1	126	(36)	38	29	(16)	3	18
Venezuela devaluation and foreign exchange	-	-	(41)	-	-	(41)	-	-	71	-	-	71
Pre-tax operating income (loss) before LP, LLC and other equity method income	348	560	(28)	317	(524)	673	347	414	143	303	(343)	864
LP, LLC and other equity method income	-	-	-	-	51	51	-	-	-	-	361	361
Pre-tax operating income (loss)	348	560	(28)	317	(473)	724	347	414	143	303	18	1,225
Net realized gains (losses)						89						(159)
Pre-tax income						813						1,066
Income tax expense						292						344
Consolidated net income before discontinued operations						521						722
Discontinued operations, net of tax						-						(81)
Consolidated net income						521						641
Less: Net loss attributable to non-controlling interest						(9)						(15)
Net income attributable to Liberty Mutual Holding Company Inc.						\$530						\$656

¹ Limited partnership ("LP"), limited liability company ("LLC") and other equity method income is included in net investment income in the accompanying Consolidated Statements of Income.

² 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.

³ Gross of the NICO Reinsurance Transaction.

⁴ The 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.

⁵ 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, 2015¹					Three Months Ended June 30, 2014¹				
	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	59.4%	60.4%	65.8%	58.8%	61.0%	58.8%	62.9%	67.3%	59.2%	61.3%
Underwriting expense ratio	25.6%	34.4%	39.1%	35.3%	32.0%	24.8%	32.8%	38.0%	33.0%	30.6%
Dividend ratio	-	0.1%	-	0.2%	-	-	(0.1%)	-	0.1%	-
Subtotal	85.0%	94.9%	104.9%	94.3%	93.0%	83.6%	95.6%	105.3%	92.3%	91.9%
Catastrophes ²	16.4%	5.1%	0.3%	2.9%	9.3%	15.2%	5.8%	-	(0.1%)	8.2%
Net incurred losses attributable to prior years ³	0.2%	-	1.5%	(1.0%)	0.1%	0.7%	(0.8%)	(1.8%)	0.6%	0.2%
Total combined ratio⁴	101.6%	100.0%	106.7%	96.2%	102.4%	99.5%	100.6%	103.5%	92.8%	100.3%

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

² 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.

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

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 less managed care income 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 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, 2015¹					Six Months Ended June 30, 2014¹				
	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	60.1%	61.0%	67.0%	58.2%	61.4%	60.5%	64.5%	66.0%	58.7%	62.1%
Underwriting expense ratio	25.5%	34.3%	38.6%	34.4%	31.5%	25.4%	32.7%	38.6%	32.8%	30.8%
Dividend ratio	-	0.1%	-	0.2%	-	-	0.1%	-	0.2%	-
Subtotal	85.6%	95.4%	105.6%	92.8%	92.9%	85.9%	97.3%	104.6%	91.7%	92.9%
Catastrophes ²	13.4%	5.1%	0.2%	1.6%	7.6%	12.1%	6.2%	0.3%	0.9%	7.1%
Net incurred losses attributable to prior years ^{3,4}	(0.1%)	(2.5%)	(0.1%)	(1.2%)	(0.7%)	0.5%	(1.1%)	(1.1%)	0.6%	(0.1%)
Total combined ratio⁵	98.9%	98.0%	105.7%	93.2%	99.8%	98.5%	102.4%	103.8%	93.2%	99.9%

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

² 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.

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LIBERTY MUTUAL HOLDING COMPANY INC.

Issuer and Sector Exposure as of June 30, 2015

(dollars in millions)

(Unaudited)

Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Government of Venezuela	633	0	0	633	0.80%
2 Government of Brazil	570	0	0	570	0.72%
3 Invenergy	107	363	0	470	0.59%
4 Government of Canada	382	0	0	382	0.48%
5 Government of United Kingdom	378	0	3	381	0.48%
6 State of California	324	0	0	324	0.41%
7 Bank of America Corp	255	67	0	322	0.41%
8 State of Florida	314	0	0	314	0.40%
9 Wells Fargo & Co	292	2	0	294	0.37%
10 Government of Spain	275	0	0	275	0.35%
11 General Electric Co	256	2	1	259	0.33%
12 Florida Turnpike Authority	257	0	0	257	0.33%
13 JP Morgan Chase & Co	214	29	0	243	0.31%
14 Verizon Communications	220	2	1	223	0.28%
15 Government of Colombia	216	0	0	216	0.27%
16 Southern Co	174	39	0	213	0.27%
17 Statoil	210	0	0	210	0.27%
18 Government of Italy	205	0	0	205	0.26%
19 Government of Germany	193	0	0	193	0.24%
20 Goldman Sachs Group Inc	122	65	0	187	0.24%
	\$5,597	\$569	\$5	\$6,171	7.81%

Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Banking	3,974	508	336	4,818	6.10%
2 Foreign Government	3,917	0	27	3,944	4.99%
3 Electric	3,058	82	0	3,140	3.97%
4 US Municipal - State	1,838	0	0	1,838	2.33%
5 Technology	1,474	266	0	1,740	2.20%
6 US Municipal - Education	1,686	0	0	1,686	2.14%
7 Food and Beverage	1,531	83	0	1,614	2.04%
8 US Municipal - Healthcare	1,601	0	0	1,601	2.03%
9 Metals	985	509	0	1,494	1.89%
10 Diversified Manufacturing	1,259	39	0	1,298	1.64%
11 Retailers	1,147	75	0	1,222	1.55%
12 Independent Energy	605	566	0	1,171	1.48%
13 Integrated Energy	1,136	15	0	1,151	1.46%
14 US Municipal - Local	1,130	0	0	1,130	1.43%
15 US Municipal - Transportation	1,125	0	0	1,125	1.42%
16 Insurance	926	181	0	1,107	1.40%
17 Wirelines	983	24	5	1,012	1.28%
18 US Municipal - Water & Sewer	915	0	0	915	1.16%
19 Chemicals	801	96	0	897	1.14%
20 Pharmaceuticals	830	55	0	885	1.12%
	\$30,921	\$2,499	\$368	\$33,788	42.77%

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