



Financial Supplement  
Quarter Ended June 30, 2016

**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, 2016							Three Months Ended June 30, 2015						
	Global Consumer Markets	U.S. Consumer Markets	International Consumer Markets	Commercial Insurance	Global Specialty	Corporate and Other	Consolidated	Global Consumer Markets	U.S. Consumer Markets	International Consumer Markets	Commercial Insurance	Global Specialty	Corporate and Other	Consolidated
Revenues	\$5,398	\$4,421	\$977	\$2,814	\$1,266	(\$89)	\$9,389	\$5,189	\$4,219	\$970	\$2,817	\$1,318	\$379	\$9,703
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, current accident year re-estimation and partnerships, LLC and other equity method (loss) income <sup>1</sup>	\$725	\$749	(\$24)	\$347	\$125	(\$210)	\$987	\$710	\$736	(\$26)	\$352	\$146	(\$258)	\$950
Catastrophes <sup>2</sup>	(599)	(594)	(5)	(162)	(65)	(6)	(832)	(666)	(661)	(5)	(95)	(35)	(4)	(800)
Net incurred losses attributable to prior years:														
- Asbestos & environmental <sup>3</sup>	-	-	-	-	-	9	9	-	-	-	-	-	(1)	(1)
- All other <sup>4</sup>	29	1	28	-	65	(49)	45	(25)	(9)	(16)	(1)	13	13	-
- Current accident year re-estimation <sup>5</sup>	(36)	(36)	-	-	-	-	(36)	-	-	-	-	-	-	-
Pre-tax operating income (loss) before partnerships, LLC and other equity method (loss) income	119	120	(1)	185	125	(256)	173	19	66	(47)	256	124	(250)	149
Partnerships, LLC and other equity method (loss) income	-	-	-	-	-	(59)	(59)	-	-	-	-	-	51	51
Pre-tax operating income (loss)	\$119	\$120	(\$1)	\$185	\$125	(\$315)	114	\$19	\$66	(\$47)	\$256	\$124	(\$199)	200
Net realized (losses) gains							(95)							241
Pre-tax income							19							441
Income tax expense							9							145
Consolidated net income from continuing operations							10							296
Discontinued operations, net of tax							-							(47)
Consolidated net income							10							249
Less: Net loss attributable to non-controlling interest							(5)							(5)
<b>Net income attributable to Liberty Mutual Holding Company Inc.</b>							<b>\$15</b>							<b>\$254</b>

<sup>1</sup> Partnerships, LLC and other equity method (loss) income includes limited partnership ("LP"), limited liability company ("LLC") and other equity method (loss) income within net investment income in the accompanying Consolidated Statements of Income and revenue and expenses from the production and sale of oil and gas.

<sup>2</sup> 2016 catastrophes include all current accident year catastrophe losses for Canadian wildfires, Ecuador earthquake, severe storms in the U.S. and Cyclone Winston. 2015 catastrophes include all current accident year catastrophe losses for severe storms in the U.S., Cyclone Niklas, New South Wales severe storms and Chile floods. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

<sup>3</sup> Gross of the NICO Reinsurance Transaction.

<sup>4</sup> Net of earned premium and reinstatement premium attributable to prior years.

<sup>5</sup> Re-estimation of the current accident year loss reserves for the three months ended March 31, 2016.

**LIBERTY MUTUAL HOLDING COMPANY INC.**

**Reconciliation of PTOI to Net Income**

(dollars in millions)

(Unaudited)

	Six Months Ended June 30, 2016							Six Months Ended June 30, 2015						
	Global Consumer Markets	U.S. Consumer Markets	International Consumer Markets	Commercial Insurance	Global Specialty	Corporate and Other	Consolidated	Global Consumer Markets	U.S. Consumer Markets	International Consumer Markets	Commercial Insurance	Global Specialty	Corporate and Other	Consolidated
Revenues	\$10,689	\$8,785	\$1,904	\$5,584	\$2,517	(\$39)	\$18,751	\$10,287	\$8,352	\$1,935	\$5,576	\$2,628	\$479	\$18,970
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years and partnerships, LLC and other equity method loss <sup>1</sup>	\$1,423	\$1,454	(\$31)	\$730	\$301	(\$395)	\$2,059	\$1,374	\$1,413	(\$39)	\$657	\$328	(\$471)	\$1,888
Catastrophes <sup>2</sup>	(1,062)	(1,057)	(5)	(244)	(80)	4	(1,382)	(1,074)	(1,069)	(5)	(188)	(39)	5	(1,296)
Net incurred losses attributable to prior years:														
- Asbestos & environmental <sup>3</sup>	-	-	-	-	-	9	9	-	-	-	-	-	(2)	(2)
- All other <sup>4,5</sup>	40	(4)	44	6	82	(27)	101	(16)	4	(20)	91	28	1	104
Pre-tax operating income (loss) before partnerships, LLC and other equity method loss	401	393	8	492	303	(409)	787	284	348	(64)	560	317	(467)	694
Partnerships, LLC and other equity method loss	-	-	-	-	-	(36)	(36)	-	-	-	-	-	(2)	(2)
Pre-tax operating income (loss)	\$401	\$393	\$8	\$492	\$303	(\$445)	751	\$284	\$348	(\$64)	\$560	\$317	(\$469)	692
Net realized (losses) gains							(134)							278
Loss on extinguishment of debt							(8)							-
Pre-tax income							609							970
Income tax expense							196							284
Consolidated net income from continuing operations							413							686
Discontinued operations, net of tax							-							(165)
Consolidated net income							413							521
Less: Net income (loss) attributable to non-controlling interest							5							(9)
<b>Net income attributable to Liberty Mutual Holding Company Inc.</b>							<b>\$408</b>							<b>\$530</b>

<sup>1</sup> Partnerships, LLC and other equity method loss includes limited partnership ("LP"), limited liability company ("LLC") and other equity method loss within net investment income in the accompanying Consolidated Statements of Income and revenue and expenses from the production and sale of oil and gas.

<sup>2</sup> 2016 catastrophes include all current accident year catastrophe losses for Canadian wildfires, Ecuador earthquake, severe storms in the U.S. and Cyclone Winston. 2015 catastrophes include all current accident year catastrophe losses for severe storms in the U.S., Cyclone Niklas, New South Wales severe storms and Chile floods. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

<sup>3</sup> Gross of the NICO Reinsurance Transaction.

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

<sup>5</sup> Net of earned premium and reinstatement premium attributable to prior years.

**LIBERTY MUTUAL HOLDING COMPANY INC.**

**Combined Ratio by Strategic Business Unit**

(Unaudited)

	Three Months Ended June 30, 2016						Three Months Ended June 30, 2015					
	Global Consumer Markets	U.S. Consumer Markets	International Consumer Markets	Commercial Insurance	Global Specialty	Consolidated	Global Consumer Markets	U.S. Consumer Markets	International Consumer Markets	Commercial Insurance	Global Specialty	Consolidated
<b>Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation</b>												
Claims and claim adjustment expense ratio	61.1%	59.7%	67.3%	58.9%	61.5%	60.2%	60.1%	59.4%	63.6%	60.4%	58.8%	60.5%
Underwriting expense ratio	28.6%	25.5%	43.5%	35.8%	34.5%	31.2%	29.1%	25.6%	45.1%	34.4%	35.3%	32.1%
Dividend ratio	-	-	-	(0.1%)	0.2%	-	-	-	-	0.1%	0.2%	-
Subtotal	89.7%	85.2%	110.8%	94.6%	96.2%	91.4%	89.2%	85.0%	108.7%	94.9%	94.3%	92.6%
Catastrophes <sup>1</sup>	11.8%	14.1%	0.5%	8.9%	5.5%	10.2%	13.6%	16.4%	0.6%	5.1%	2.9%	10.0%
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	-	(0.1%)	-	-	-	-	-	-
- All Other <sup>2</sup>	(0.6%)	-	(3.2%)	-	(5.6%)	(0.5%)	0.5%	0.2%	1.9%	-	(1.0%)	-
Current accident year re-estimation <sup>3</sup>	0.7%	0.9%	-	-	-	0.4%	-	-	-	-	-	-
<b>Total combined ratio <sup>4</sup></b>	<b>101.6%</b>	<b>100.2%</b>	<b>108.1%</b>	<b>103.5%</b>	<b>96.1%</b>	<b>101.4%</b>	<b>103.3%</b>	<b>101.6%</b>	<b>111.2%</b>	<b>100.0%</b>	<b>96.2%</b>	<b>102.6%</b>

<sup>1</sup> 2016 catastrophes include all current accident year catastrophe losses for Canadian wildfires, Ecuador earthquake, severe storms in the U.S. and Cyclone Winston. 2015 catastrophes include all current accident year catastrophe losses for severe storms in the U.S., Cyclone Niklas, New South Wales severe storms and Chile floods. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

<sup>2</sup> Net of earned premium and reinstatement premium attributable to prior years.

<sup>3</sup> Re-estimation of the current accident year loss reserves for the three months ended March 31, 2016.

<sup>4</sup> 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 third-party administration income and 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, 2016						Six Months Ended June 30, 2015					
	Global Consumer Markets	U.S. Consumer Markets	International Consumer Markets	Commercial Insurance	Global Specialty	Consolidated	Global Consumer Markets	U.S. Consumer Markets	International Consumer Markets	Commercial Insurance	Global Specialty	Consolidated
<b>Combined ratio before catastrophes and net incurred losses attributable to prior years</b>												
Claims and claim adjustment expense ratio	61.4%	60.3%	67.0%	58.0%	59.1%	60.1%	60.9%	60.1%	64.9%	61.0%	58.2%	60.7%
Underwriting expense ratio	28.3%	25.5%	42.2%	35.6%	34.4%	30.9%	28.7%	25.5%	43.8%	34.3%	34.4%	31.6%
Dividend ratio	-	-	-	-	0.2%	-	-	-	-	0.1%	0.2%	0.1%
Subtotal	89.7%	85.8%	109.2%	93.6%	93.7%	91.0%	89.6%	85.6%	108.7%	95.4%	92.8%	92.4%
Catastrophes <sup>1</sup>	10.5%	12.6%	0.3%	6.7%	3.4%	8.6%	11.1%	13.4%	0.3%	5.1%	1.6%	8.1%
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	-	(0.1%)	-	-	-	-	-	-
- All Other <sup>2,3</sup>	(0.4%)	-	(2.6%)	(0.1%)	(3.5%)	(0.6%)	0.2%	(0.1%)	1.2%	(2.5%)	(1.2%)	(0.6%)
<b>Total combined ratio <sup>4</sup></b>	<b>99.8%</b>	<b>98.4%</b>	<b>106.9%</b>	<b>100.2%</b>	<b>93.6%</b>	<b>98.9%</b>	<b>100.9%</b>	<b>98.9%</b>	<b>110.2%</b>	<b>98.0%</b>	<b>93.2%</b>	<b>99.9%</b>

<sup>1</sup> 2016 catastrophes include all current accident year catastrophe losses for Canadian wildfires, Ecuador earthquake, severe storms in the U.S. and Cyclone Winston. 2015 catastrophes include all current accident year catastrophe losses for severe storms in the U.S., Cyclone Niklas, New South Wales severe storms and Chile floods. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

<sup>2</sup> 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.

<sup>3</sup> Net of earned premium and reinstatement premium attributable to prior years.

<sup>4</sup> 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 third-party administration income and 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.**

**Issuer and Sector Exposure as of June 30, 2016**

(dollars in millions)

(Unaudited)

<b>Top 20 Issuers</b>	<b>Fixed Maturity</b>	<b>Equity</b>	<b>Short Term</b>	<b>Total Exposure</b>	<b>Percent of Invested Assets</b>
1 Government of Brazil	\$623	\$0	\$0	\$623	0.75%
2 Government of United Kingdom	491	0	14	505	0.61%
3 Invenegy	0	416	0	416	0.50%
4 Government of Canada	344	0	12	356	0.43%
5 Bank of America Corp	252	70	0	322	0.39%
6 Government of Spain	310	0	0	310	0.38%
7 Wells Fargo & Co	290	4	0	294	0.37%
8 State of Washington	280	0	0	280	0.34%
9 Florida Turnpike Authority	249	0	0	249	0.30%
10 State of California	245	0	0	245	0.30%
11 Southern Co	205	39	0	244	0.30%
12 JP Morgan Chase & Co	212	30	0	242	0.29%
13 Verizon Communications	230	4	0	234	0.28%
14 State of Florida	227	0	0	227	0.27%
15 General Electric Co	221	6	0	227	0.27%
16 AT&T Corp	219	4	0	223	0.27%
17 Government of Italy	221	0	0	221	0.27%
18 Government of Colombia	218	0	0	218	0.26%
19 Government of Mexico	211	0	2	213	0.26%
20 CVS Caremark Corp	210	2	0	212	0.26%
	<b>\$5,258</b>	<b>\$575</b>	<b>\$28</b>	<b>\$5,861</b>	<b>7.10%</b>

<b>Top 20 Sectors</b>	<b>Fixed Maturity</b>	<b>Equity</b>	<b>Short Term</b>	<b>Total Exposure</b>	<b>Percent of Invested Assets</b>
1 Banking	\$4,464	\$476	\$214	\$5,154	6.24%
2 Foreign Government	3,602	0	29	3,631	4.40%
3 Electric	3,002	129	0	3,131	3.79%
4 US Municipal - Education	2,151	0	0	2,151	2.60%
5 US Municipal - State	1,993	0	0	1,993	2.41%
6 Technology	1,642	287	5	1,934	2.34%
7 Food and Beverage	1,593	75	0	1,668	2.02%
8 US Municipal - Healthcare	1,566	0	0	1,566	1.90%
9 Metals	917	562	0	1,479	1.79%
10 Insurance	1,249	164	0	1,413	1.70%
11 US Municipal - Water & Sewer	1,388	0	0	1,388	1.68%
12 US Municipal - Local	1,346	0	0	1,346	1.63%
13 Diversified Manufacturing	1,316	28	0	1,344	1.63%
14 Retailers	1,175	44	0	1,219	1.48%
15 Pharmaceuticals	1,120	59	0	1,179	1.43%
16 Chemicals	986	136	0	1,122	1.36%
17 US Municipal - Transportation	1,092	0	0	1,092	1.32%
18 Wirelines	1,050	21	1	1,072	1.30%
19 Automotive	969	24	1	994	1.20%
20 US Municipal - Power	991	0	0	991	1.20%
	<b>\$33,612</b>	<b>\$2,005</b>	<b>\$250</b>	<b>\$35,867</b>	<b>43.42%</b>

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