



Financial Supplement
Quarter Ended September 30, 2012

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 September 30, 2012						Three Months Ended September 30, 2011					
	Personal Insurance	Commercial Insurance	International	Global Specialty	Corporate and Other	Consolidated	Personal Insurance	Commercial Insurance	International	Global Specialty	Corporate and Other	Consolidated
Revenues	\$3,677	\$2,891	\$1,468	\$1,187	\$55	\$9,278	\$3,420	\$2,789	\$1,404	\$1,066	\$88	\$8,767
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, current accident year re-estimation and LP and LLC ¹ income	\$543	\$155	\$61	\$187	(\$305)	\$641	\$484	\$136	\$74	\$160	(\$286)	\$568
Catastrophes ²	21	(27)	2	(13)	(28)	(45)	(482)	(195)	-	12	69	(596)
Net incurred losses attributable to prior years:												
- Asbestos & environmental ³	-	-	-	-	(53)	(53)	-	-	-	-	(339)	(339)
- All other ⁴	128	25	(6)	73	(241)	(21)	38	(2)	(8)	46	2	76
Current accident year re-estimation ⁵	-	(53)	-	-	-	(53)	-	(49)	-	-	-	(49)
Pre-tax operating income (loss) before LP and LLC income	692	100	57	247	(627)	469	40	(110)	66	218	(554)	(340)
LP and LLC income	-	-	-	-	42	42	-	-	-	-	138	138
Pre-tax operating income (loss)	692	100	57	247	(585)	511	40	(110)	66	218	(416)	(202)
Net realized gains						128						41
SBU realignment expenses						(42)						-
Loss on extinguishment of debt						-						(37)
Pre-tax income (loss)						597						(198)
Income tax (expense) benefit						(132)						88
Consolidated net income (loss)						465						(110)
Less: Net income attributable to non-controlling interest						-						2
Net income (loss) attributable to Liberty Mutual Holding Company Inc.						\$465						(\$112)

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

² Catastrophes include all current and prior accident year catastrophe losses excluding losses related to the Company's external reinsurance assumed lines except for Hurricane Isaac, the 2011 Australia floods, Cyclone Yasi, Japan earthquake and tsunami, New Zealand earthquakes, Hurricane Irene, Thailand floods, the 2011 and 2012 tornadoes and other severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

³ 2011 includes \$294 million of strengthening of asbestos related reserves in connection with a ground-up reserve study.

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

⁵ Re-estimation of the current accident year loss reserves for the six months ended June 30, 2012 and June 30, 2011.

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Nine Months Ended September 30, 2012						Nine Months Ended September 30, 2011					
	Personal Insurance	Commercial Insurance	International	Global Specialty	Corporate and Other	Consolidated	Personal Insurance	Commercial Insurance	International	Global Specialty	Corporate and Other	Consolidated
Revenues	\$10,725	\$8,491	\$4,449	\$3,365	\$286	\$27,316	\$9,959	\$8,321	\$4,046	\$3,021	\$361	\$25,708
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years and LP and LLC ¹ income	\$1,663	\$477	\$188	\$525	(\$811)	\$2,042	\$1,454	\$465	\$213	\$522	(\$670)	\$1,984
Catastrophes ²	(793)	(299)	-	4	71	(1,017)	(1,629)	(666)	-	(345)	193	(2,447)
Net incurred losses attributable to prior years:												
- Asbestos & environmental ³	-	-	-	-	(57)	(57)	-	-	-	-	(341)	(341)
- All other ⁴	148	89	(15)	12	(229)	5	123	15	(16)	209	(28)	303
Pre-tax operating income (loss) before LP and LLC income	1,018	267	173	541	(1,026)	973	(52)	(186)	197	386	(846)	(501)
LP and LLC income	-	-	-	-	254	254	-	-	-	-	476	476
Pre-tax operating income (loss)	1,018	267	173	541	(772)	1,227	(52)	(186)	197	386	(370)	(25)
Net realized gains						349						168
SBU realignment expenses						(42)						-
Loss on extinguishment of debt						(163)						(77)
Pre-tax income						1,371						66
Income tax (expense) benefit						(315)						12
Consolidated net income						1,056						78
Less: Net (loss) income attributable to non-controlling interest						(7)						5
Net income attributable to Liberty Mutual Holding Company Inc.						\$1,063						\$73

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

² Catastrophes include all current and prior accident year catastrophe losses excluding losses related to the Company's external reinsurance assumed lines except for Hurricane Isaac, the 2011 Australia floods, Cyclone Yasi, Japan earthquake and tsunami, New Zealand earthquakes, Hurricane Irene, Thailand floods, the 2011 and 2012 tornadoes and other severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

³ 2011 includes \$294 million of strengthening of asbestos related reserves in connection with a ground-up reserve study.

⁴ Net of earned premium attributable to prior years and amortization of deferred gains on retroactive reinsurance. 2011 reflects a gain on commutation of two retroactive reinsurance contracts during the first quarter.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Three Months Ended September 30, 2012					Three Months Ended September 30, 2011				
	Personal Insurance	Commercial Insurance	International	Global Specialty	Consolidated	Personal Insurance	Commercial Insurance	International	Global Specialty	Consolidated
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation										
Claims and claim adjustment expense ratio	62.1%	77.9%	65.8%	61.3%	67.5%	63.4%	78.3%	65.9%	62.1%	69.1%
Underwriting expense ratio	25.9%	28.3%	37.1%	28.5%	29.0%	25.2%	29.1%	35.4%	28.9%	28.8%
Dividend ratio	-	0.4%	-	0.2%	0.1%	-	0.4%	-	0.2%	0.1%
Subtotal	88.0%	106.6%	102.9%	90.0%	96.6%	88.6%	107.8%	101.3%	91.2%	98.0%
Catastrophes ¹	(0.6%)	1.2%	(0.1%)	1.2%	0.5%	16.1%	8.9%	-	(1.2%)	8.2%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	0.4%	-	-	-	-	4.8%
- All other	(3.9%)	(1.2%)	0.4%	(6.7%)	0.3%	(1.3%)	-	0.6%	(4.8%)	(1.0%)
Current accident year re-estimation ²	-	2.3%	-	-	0.7%	-	2.2%	-	-	0.7%
Total combined ratio ³	83.5%	108.9%	103.2%	84.5%	98.5%	103.4%	118.9%	101.9%	85.2%	110.7%

¹ Catastrophes include all current and prior accident year catastrophe losses excluding losses related to the Company's external reinsurance assumed lines except for Hurricane Isaac, the 2011 Australia floods, Cyclone Yasi, Japan earthquake and tsunami, New Zealand earthquakes, Hurricane Irene, Thailand floods, the 2011 and 2012 tornadoes and other severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

² Re-estimation of the current accident year loss reserves for the six months ended June 30, 2012 and June 30, 2011.

³ The combined ratio, expressed as a percentage, is a measure of underwriting profitability. This measure should only be used in conjunction with, and not in lieu of, underwriting income and may not be comparable to other performance measures used by the Company's competitors. The combined ratio is computed as the sum of the following property and casualty ratios: the ratio of claims and claim adjustment expense to earned premium; the ratio to earned premium of insurance operating costs plus amortization of deferred policy acquisition costs less fee income (primarily related to the Company's involuntary market servicing carrier operations and managed care income) and less installment charges; and the ratio of policyholder dividends to earned premium. Provisions for uncollectible premium and reinsurance are not included in the combined ratio unless related to an asbestos and environmental commutation and certain other run off.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Nine Months Ended September 30, 2012					Nine Months Ended September 30, 2011				
	Personal Insurance	Commercial Insurance	International	Global Specialty	Consolidated	Personal Insurance	Commercial Insurance	International	Global Specialty	Consolidated
Combined ratio before catastrophes and net incurred losses attributable to prior years										
Claims and claim adjustment expense ratio	61.3%	77.9%	66.8%	61.3%	67.5%	62.9%	77.2%	66.1%	59.6%	68.1%
Underwriting expense ratio	25.9%	28.7%	36.4%	28.9%	29.2%	25.5%	29.2%	34.8%	29.5%	28.5%
Dividend ratio	-	0.4%	-	0.2%	0.2%	-	0.4%	-	0.2%	0.2%
Subtotal	87.2%	107.0%	103.2%	90.4%	96.9%	88.4%	106.8%	100.9%	89.3%	96.8%
Catastrophes ¹	8.4%	4.5%	-	(0.1%)	4.5%	18.5%	10.2%	-	12.6%	11.5%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	0.4%	-	-	-	-	1.8%
- All other	(1.6%)	(1.4%)	0.4%	(0.4%)	(0.1%)	(1.4%)	(0.3%)	0.5%	(7.6%)	(1.5%)
Total combined ratio ²	94.0%	110.1%	103.6%	89.9%	101.7%	105.5%	116.7%	101.4%	94.3%	108.6%

¹ Catastrophes include all current and prior accident year catastrophe losses excluding losses related to the Company's external reinsurance assumed lines except for Hurricane Isaac, the 2011 Australia floods, Cyclone Yasi, Japan earthquake and tsunami, New Zealand earthquakes, Hurricane Irene, Thailand floods, the 2011 and 2012 tornadoes and other severe storms in the U.S. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

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LIBERTY MUTUAL HOLDING COMPANY INC.
Issuer and Sector Exposure as of September 30, 2012
(dollars in millions)
(Unaudited)

Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Government of Venezuela	1,153	0	0	1,153	1.48%
2 Government of Brazil	948	0	0	948	1.22%
3 Government of Canada	608	0	0	608	0.77%
4 Bank of America Corp	300	114	0	414	0.53%
5 State of Florida	388	0	0	388	0.49%
6 Invenegy	339	0	0	339	0.44%
7 Wells Fargo & Co	304	6	0	310	0.40%
8 State of California	306	0	0	306	0.39%
9 Government of Colombia	287	0	0	287	0.37%
10 Citigroup Inc	268	6	0	274	0.35%
11 Government of France	266	0	3	269	0.35%
12 Southern Co	222	45	0	267	0.34%
13 General Electric Co	255	9	0	264	0.34%
14 JP Morgan Chase & Co	227	35	1	263	0.34%
15 US Bancorp	176	73	0	249	0.32%
16 Telefonica SA	248	0	0	248	0.32%
17 Commonwealth of Massachusetts	246	0	0	246	0.32%
18 AT&T Corp	237	3	1	241	0.31%
19 State of Texas	232	0	0	232	0.30%
20 Anheuser-Busch InBev NV	222	1	3	226	0.29%
	\$7,232	\$292	\$8	\$7,532	9.67%

Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Municipal	13,417	0	0	13,417	17.22%
2 Sovereign	5,452	0	15	5,467	7.02%
3 Banks	4,372	448	35	4,855	6.23%
4 Electric	2,647	81	6	2,734	3.51%
5 Oil&Gas	1,670	764	0	2,434	3.12%
6 Telecommunications	1,902	48	14	1,964	2.52%
7 Retail	1,485	58	0	1,543	1.98%
8 Diversified Finan Serv	1,435	35	4	1,474	1.89%
9 Transportation	981	16	0	997	1.28%
10 Food	889	35	1	925	1.19%
11 Mining	673	223	0	896	1.15%
12 Insurance	747	142	5	894	1.15%
13 Beverages	860	10	3	873	1.12%
14 Media	815	27	1	843	1.08%
15 Pharmaceuticals	731	51	0	782	1.01%
16 Real Estate	33	684	0	717	0.93%
17 Miscellaneous Manufactur	626	21	0	647	0.83%
18 Chemicals	535	28	0	563	0.72%
19 Regional(state/provnc)	519	0	0	519	0.67%
20 Aerospace/Defense	489	9	0	498	0.64%
	\$40,278	\$2,680	\$84	\$43,042	55.26%

Note: Tables exclude US Treasury and agency securities, mortgage-backed securities, private equity investments, other invested assets, syndicated loans, and municipal obligations that are pre-refunded or escrowed to maturity.