



Financial Supplement
Quarter Ended September 30, 2013

LIBERTY MUTUAL HOLDING COMPANY INC.
Financial Supplement

	<u>Page Number</u>
Consolidating Financial Results by Strategic Business Unit	
- Reconciliation of PTOI to Net Income - Three Months Ended September 30, 2013 & 2012	1
- Reconciliation of PTOI to Net Income - Nine Months Ended September 30, 2013 & 2012	2
- Combined Ratio - Three Months Ended September 30, 2013 & 2012	3
- Combined Ratio - Nine Months Ended September 30, 2013 & 2012	4
Investments	
- Issuer and Sector Exposures	5

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Three Months Ended September 30, 2013						Three Months Ended September 30, 2012					
	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	\$4,106	\$2,734	\$1,586	\$1,350	\$244	\$10,020	\$3,677	\$2,892	\$1,468	\$1,186	\$55	\$9,278
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, Venezuela devaluation, current accident year re-estimation and LP and LLC ¹ income	\$689	\$201	\$67	\$177	(\$318)	\$816	\$544	\$156	\$63	\$187	(\$304)	\$646
Catastrophes ²	(95)	(42)	-	(33)	(109)	(279)	(85)	(38)	-	(25)	(5)	(153)
Net incurred losses attributable to prior years:												
- Asbestos & environmental ³	-	-	-	-	(279)	(279)	-	-	-	-	(53)	(53)
- All other ⁴	(41)	32	6	22	222	241	233	35	(6)	85	(265)	82
Venezuela devaluation	-	-	43	-	-	43	-	-	-	-	-	-
Current accident year re-estimation ⁵	-	(8)	-	-	-	(8)	-	(53)	-	-	-	(53)
Pre-tax operating income (loss) before LP and LLC income	553	183	116	166	(484)	534	692	100	57	247	(627)	469
LP and LLC income	-	-	-	-	88	88	-	-	-	-	42	42
Pre-tax operating income (loss)	553	183	116	166	(396)	622	692	100	57	247	(585)	511
Net realized gains						80						128
SBU realignment benefit (expense)						11						(42)
Loss on extinguishment of debt						(96)						-
Pre-tax income						617						597
Income tax expense						138						132
Consolidated net income						479						465
Less: Net loss attributable to non-controlling interest						(2)						-
Net income attributable to Liberty Mutual Holding Company Inc.						\$481						\$465

¹ Limited partnership ("LP") and limited liability company ("LLC") 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., Cyclone Oswald, Central Europe floods, Alberta floods and Germany hail storms. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

³ 2013 includes \$278 million of strengthening of asbestos and environmental related reserves.

⁴ Net of earned premium and reinstatement 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, 2013 and June 30, 2012.

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Nine Months Ended September 30, 2013						Nine Months Ended September 30, 2012					
	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	\$11,821	\$8,101	\$4,513	\$3,811	\$743	\$28,989	\$10,725	\$8,491	\$4,449	\$3,365	\$286	\$27,316
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, Venezuela devaluation and LP and LLC ¹ income	\$1,911	\$645	\$147	\$526	(\$738)	\$2,491	\$1,663	\$478	\$188	\$525	(\$813)	\$2,041
Catastrophes ²	(806)	(184)	-	(92)	(76)	(1,158)	(924)	(359)	-	(28)	99	(1,212)
Net incurred losses attributable to prior years:												
- Asbestos & environmental ³	-	-	-	-	(283)	(283)	-	-	-	-	(58)	(58)
- All other ⁴	(51)	126	25	(27)	232	305	279	148	(15)	44	(254)	202
Venezuela devaluation	-	-	164	-	(3)	161	-	-	-	-	-	-
Pre-tax operating income (loss) before LP and LLC income	1,054	587	336	407	(868)	1,516	1,018	267	173	541	(1,026)	973
LP and LLC income	-	-	-	-	356	356	-	-	-	-	254	254
Pre-tax operating income (loss)	1,054	587	336	407	(512)	1,872	1,018	267	173	541	(772)	1,227
Net realized (losses) gains						(54)						349
SBU realignment benefit (expense)						8						(42)
Loss on extinguishment of debt						(156)						(163)
Pre-tax income						1,670						1,371
Income tax expense						434						315
Consolidated net income						1,236						1,056
Less: Net loss attributable to non-controlling interest						(11)						(7)
Net income attributable to Liberty Mutual Holding Company Inc.						\$1,247						\$1,063

¹ Limited partnership ("LP") and limited liability company ("LLC") 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., Cyclone Oswald, Central Europe floods, Alberta floods and Germany hail storms. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

³ 2013 includes \$278 million of strengthening of asbestos and environmental related reserves.

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.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Three Months Ended September 30, 2013¹					Three Months Ended September 30, 2012				
	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated	Personal Insurance	Commercial Insurance	Liberty 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	59.7%	72.6%	66.0%	63.0%	65.6%	62.1%	77.9%	65.8%	61.3%	67.7%
Underwriting expense ratio	25.5%	29.8%	37.7%	28.4%	29.6%	25.9%	28.3%	37.1%	28.5%	29.1%
Dividend ratio	-	0.4%	-	0.2%	0.1%	-	0.4%	-	0.2%	0.1%
Subtotal	85.2%	102.8%	103.7%	91.6%	95.3%	88.0%	106.6%	102.9%	90.0%	96.9%
Catastrophes ²	2.7%	2.0%	-	2.7%	3.3%	2.7%	1.6%	-	2.3%	2.0%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	3.4%	-	-	-	-	0.9%
- All Other ³	1.1%	(1.6%)	(0.4%)	(1.8%)	(2.9%)	(7.2%)	(1.6%)	0.4%	(7.8%)	(1.1%)
Current accident year re-estimation ⁴	-	0.4%	-	-	0.1%	-	2.3%	-	-	0.7%
Total combined ratio⁵	89.0%	103.6%	103.3%	92.5%	99.2%	83.5%	108.9%	103.3%	84.5%	99.4%

¹ 2013 combined ratio has been adjusted to exclude the impact of the Venezuela devaluation for comparative purposes.

² Catastrophes include all current accident year catastrophe losses for severe storms in the U.S., Cyclone Oswald, Central Europe floods, Alberta floods and Germany hail 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.

⁴ Re-estimation of the current accident year loss reserves for the six months ended June 30, 2013 and June 30, 2012.

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.

LIBERTY MUTUAL HOLDING COMPANY INC.

Combined Ratio by Strategic Business Unit

(Unaudited)

	Nine Months Ended September 30, 2013¹					Nine Months Ended September 30, 2012				
	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	59.9%	71.8%	66.0%	61.7%	64.7%	61.3%	77.9%	66.8%	61.3%	67.6%
Underwriting expense ratio	25.8%	30.1%	38.7%	29.1%	30.1%	25.9%	28.7%	36.4%	28.9%	29.3%
Dividend ratio	-	0.4%	-	0.2%	0.1%	-	0.4%	-	0.2%	0.2%
Subtotal	85.7%	102.3%	104.7%	91.0%	94.9%	87.2%	107.0%	103.2%	90.4%	97.1%
Catastrophes ²	7.7%	2.9%	-	2.6%	4.7%	9.8%	5.4%	-	0.9%	5.3%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	1.2%	-	-	-	-	0.5%
- All Other ³	0.5%	(1.9%)	(0.7%)	0.8%	(1.1%)	(3.0%)	(2.3%)	0.4%	(1.4%)	(0.9%)
Total combined ratio⁴	93.9%	103.3%	104.0%	94.4%	99.7%	94.0%	110.1%	103.6%	89.9%	102.0%

¹ 2013 combined ratio has been adjusted to exclude the impact of the Venezuela devaluation for comparative purposes.

² Catastrophes include all current accident year catastrophe losses for severe storms in the U.S., Cyclone Oswald, Central Europe floods, Alberta floods and Germany hail 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.

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 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.
Issuer and Sector Exposure as of September 30, 2013
(dollars in millions)
(Unaudited)

Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Government of Venezuela	\$ 1,223	\$ 0	\$ 15	\$ 1,238	1.57%
2 Government of Brazil	956	0	0	956	1.22%
3 Government of Canada	609	0	0	609	0.77%
4 State of Florida	373	0	0	373	0.47%
5 Invenergy	180	186	0	366	0.47%
6 Government of Germany	361	0	2	363	0.46%
7 Bank of America Corp	261	65	0	326	0.42%
8 Government of Spain	309	0	0	309	0.39%
9 Wells Fargo & Co	301	4	0	305	0.39%
10 State of California	300	0	0	300	0.38%
11 Government of France	289	0	0	289	0.37%
12 Citigroup Inc	282	3	0	285	0.37%
13 JP Morgan Chase & Co	245	32	2	279	0.35%
14 State of Washington	271	0	0	271	0.34%
15 General Electric Co	263	5	0	268	0.34%
16 AT&T Corp	263	4	0	267	0.34%
17 Government of Poland	262	0	3	265	0.34%
18 Government of United Kingdom	260	0	0	260	0.33%
19 Government of Colombia	253	0	0	253	0.32%
20 Government of Italy	242	0	4	246	0.31%
	\$ 7,503	\$ 299	\$ 26	\$ 7,828	9.95%

Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Municipal	\$ 13,208	\$ 0	\$ 0	\$ 13,208	16.80%
2 Sovereign	6,033	0	58	6,091	7.75%
3 Banks	4,721	357	22	5,100	6.49%
4 Electric	2,954	80	6	3,040	3.87%
5 Oil&Gas	1,730	866	5	2,601	3.31%
6 Telecommunications	2,037	36	2	2,075	2.64%
7 Retail	1,467	71	0	1,538	1.96%
8 Diversified Finan Serv	1,366	44	0	1,410	1.79%
9 Transportation	860	148	0	1,008	1.27%
10 Food	911	40	0	951	1.21%
11 Media	888	26	0	914	1.16%
12 Mining	608	293	1	902	1.15%
13 Beverages	827	17	0	844	1.07%
14 Pharmaceuticals	768	60	0	828	1.05%
15 Insurance	719	102	2	823	1.05%
16 Real Estate	43	676	0	719	0.91%
17 Miscellaneous Manufactur	661	24	0	685	0.87%
18 Healthcare-Services	655	15	0	670	0.85%
19 Aerospace/Defense	598	14	0	612	0.78%
20 Chemicals	579	27	0	606	0.77%
	\$ 41,633	\$ 2,896	\$ 96	\$ 44,625	56.75%

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