



**Liberty
Mutual[®]**

INSURANCE

Third 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; 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.libertymutualgroup.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 \$37.7B 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

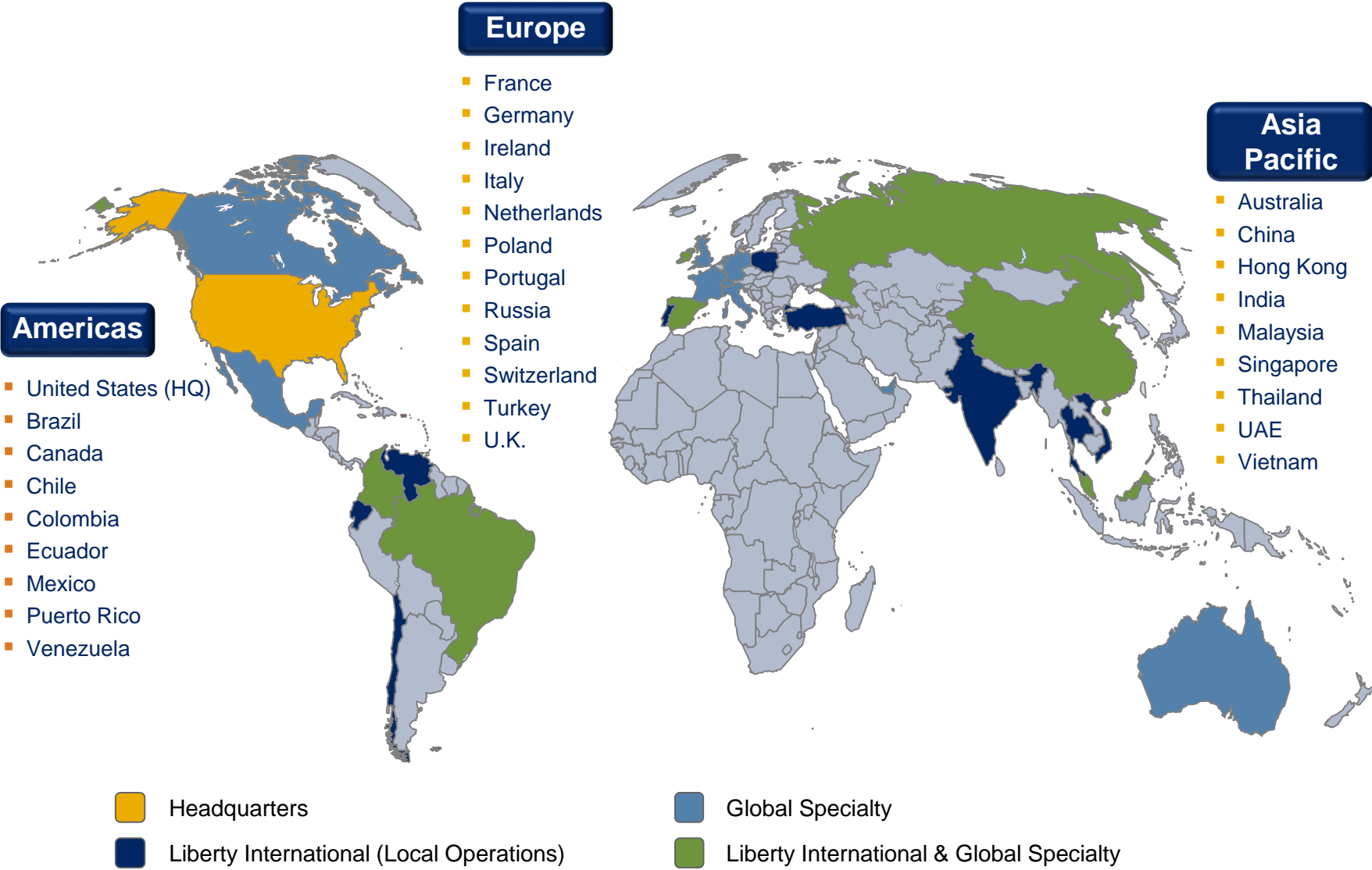
¹ Based on 2014 Revenue – as reported.

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

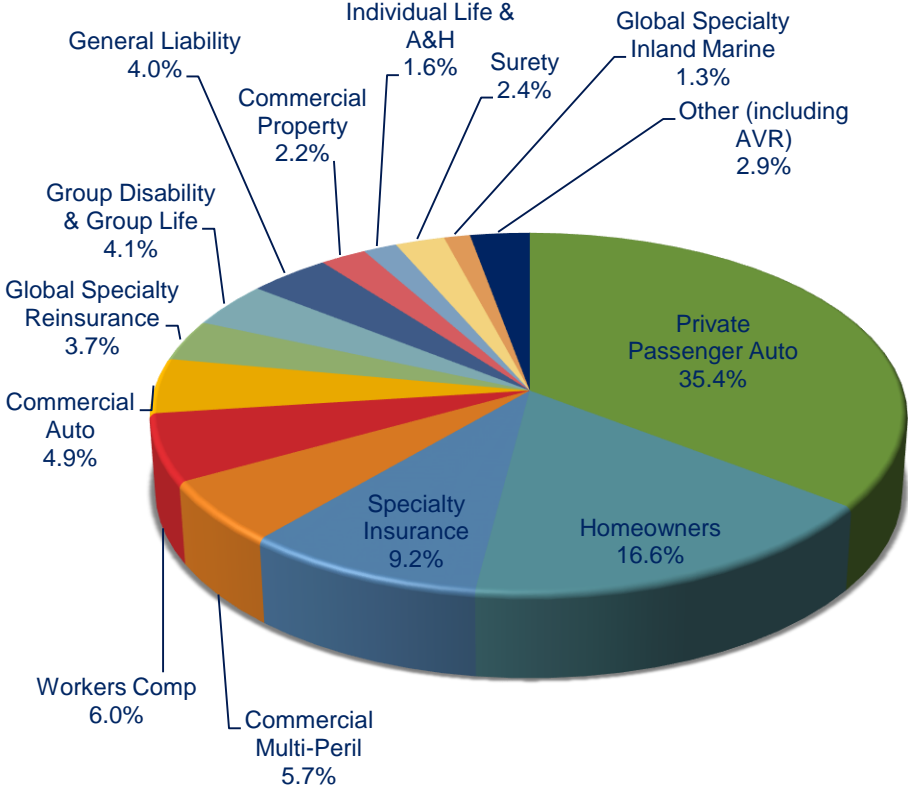
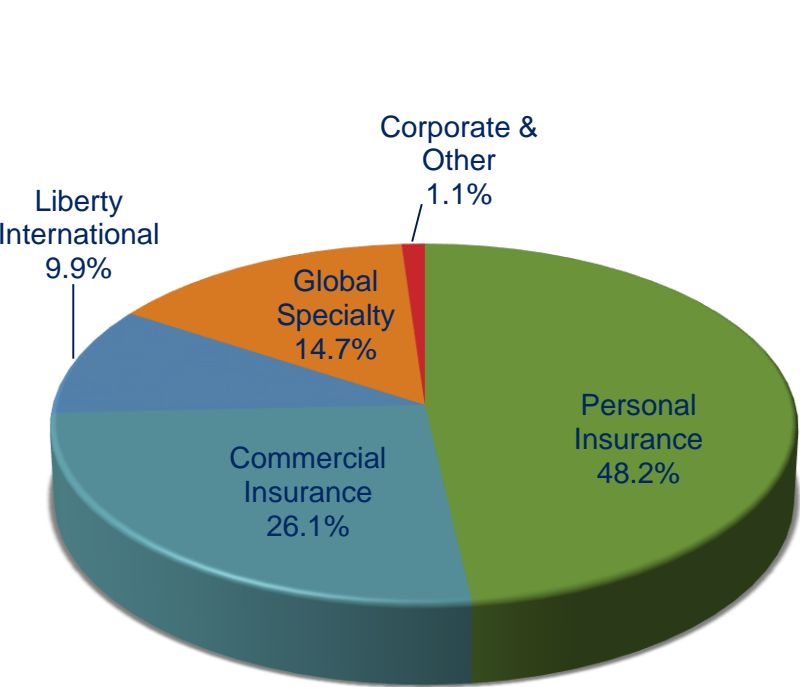


Analysis of Consolidated Net Written Premium “NWP”

NWP by SBU

NWP by line of business

September YTD 2015



NWP of \$26.4 billion increased 1.2% over 2014.

2015 Highlights

Third Quarter

- ❖ Revenues for the three months ended September 30, 2015 were \$9.312 billion, a decrease of \$237 million or 2.5% from the same period in 2014.
- ❖ Net written premium (“NWP”) for the three months ended September 30, 2015 was \$8.776 billion, a decrease of \$179 million or 2.0% from the same period in 2014.
- ❖ Net investment income for the three months ended September 30, 2015 was \$759 million, a decrease of \$45 million or 5.6% from the same period in 2014.
- ❖ Pre-tax operating income (“PTOI”) before partnerships, LLC and other equity method income for the three months ended September 30, 2015 was \$677 million, an increase of \$84 million or 14.2% over the same period in 2014.
- ❖ PTOI for the three months ended September 30, 2015 was \$723 million, a decrease of \$65 million or 8.2% from the same period in 2014.
- ❖ Catastrophe losses for the three months ended September 30, 2015 were \$239 million, a decrease of \$51 million or 17.6% from the same period in 2014.
- ❖ Discontinued operations, net of tax for the three months ended September 30, 2015 were (\$744) million versus \$66 million in the same period in 2014. Effective September 30, 2015, the Company determined it was appropriate to deconsolidate the Venezuelan operations, and has classified the Venezuelan operations as discontinued operations and held for sale.
- ❖ Net operating income for the three months ended September 30, 2015 was \$485 million, a decrease of \$100 million or 17.1% from the same period in 2014.
- ❖ Net loss attributable to LMHC for the three months ended September 30, 2015 was \$427 million versus \$605 million net income attributable to LMHC in the same period in 2014, reflecting the deconsolidation of our Venezuelan subsidiary and energy investment related losses.
- ❖ The consolidated combined ratio before catastrophes and net incurred losses attributable to prior years for the three months ended September 30, 2015 was 93.5%, an increase of 1.3 points over the same period in 2014. Including the impact of catastrophes and net incurred losses attributable to prior years, the Company’s combined ratio for the three months ended September 30, 2015 improved 1.2 points to 95.6%.
- ❖ Cash flow provided by operations for the three months ended September 30, 2015 was \$1.519 billion, compared to cash used of \$1.587 billion for the same period in 2014.

Year-to-Date

- ❖ Revenues for the nine months ended September 30, 2015 were \$28.282 billion, a decrease of \$38 million or 0.1% from the same period in 2014.
- ❖ NWP for the nine months ended September 30, 2015 was \$26.417 billion, an increase of \$316 million or 1.2% over the same period in 2014.
- ❖ Net investment income for the nine months ended September 30, 2015 was \$2.067 billion, a decrease of \$391 million or 15.9% from the same period in 2014.
- ❖ PTOI before partnerships, LLC and other equity method income for the nine months ended September 30, 2015 was \$1.375 billion, an increase of \$91 million or 7.1% over the same period in 2014.
- ❖ PTOI for the nine months ended September 30, 2015 was \$1.415 billion, a decrease of \$468 million or 24.9% from the same period in 2014.
- ❖ Catastrophe losses for the nine months ended September 30, 2015 were \$1.535 billion, an increase of \$83 million or 5.7% over the same period in 2014.
- ❖ Discontinued operations, net of tax for the nine months ended September 30, 2015 were (\$909) million versus (\$119) million in the same period in 2014. Effective September 30, 2015, the Company determined it was appropriate to deconsolidate the Venezuelan operations, and has classified the Venezuelan operations as discontinued operations and held for sale.
- ❖ Net operating income for the nine months ended September 30, 2015 was \$997 million, a decrease of \$391 million or 28.2% from the same period in 2014.
- ❖ Net income attributable to LMHC for the nine months ended September 30, 2015 was \$103 million, a decrease of \$1.158 billion or 91.8% from the same period in 2014, reflecting the deconsolidation of our Venezuelan subsidiary and energy investment related losses.
- ❖ The consolidated combined ratio before catastrophes and net incurred losses attributable to prior years for the nine months ended September 30, 2015 was 92.7%, an increase of 0.1 points over the same period in 2014. Including the impact of catastrophes and favorable net incurred losses attributable to prior years, the Company’s combined ratio for the nine months ended September 30, 2015 improved 0.6 points to 98.5%.
- ❖ Cash flow provided by operations for the nine months ended September 30, 2015 was \$2.653 billion, compared to cash used of \$379 million for 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	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
Revenues	\$9,312	\$9,549	(2.5%)	\$28,282	\$28,320	(0.1%)
Pre-tax operating income before partnerships, LLC and other equity method income	\$677	\$593	14.2%	\$1,375	\$1,284	7.1%
Partnerships, LLC, and other equity method income ¹	46	195	(76.4)	40	599	(93.3)
Pre-tax operating income	\$723	\$788	(8.2%)	\$1,415	\$1,883	(24.9%)
Net operating income	485	585	(17.1)	997	1,388	(28.2)
Consolidated net (loss) income	(432)	601	NM	89	1,242	(92.8)
Less: Net loss attributable to non-controlling interest	(5)	(4)	25.0	(14)	(19)	(26.3)
Net (loss) income attributable to LMHC	(\$427)	\$605	NM	\$103	\$1,261	(91.8%)

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

Claims and claim adjustment expense ratio	62.1%	61.5%	0.6	61.1%	61.8%	(0.7)
Underwriting expense ratio	31.3	30.7	0.6	31.5	30.8	0.7
Dividend ratio	0.1	-	0.1	0.1	-	0.1
Subtotal	93.5%	92.2%	1.3	92.7%	92.6%	0.1
Catastrophes ²	2.9	3.6	(0.7)	6.4	6.2	0.2
Net incurred losses attributable to prior years						
- Asbestos & environmental	0.1	1.3	(1.2)	-	0.5	(0.5)
- All other ^{3,4}	(0.9)	(0.3)	(0.6)	(0.6)	(0.2)	(0.4)
Total combined ratio⁵	95.6%	96.8%	(1.2)	98.5%	99.1%	(0.6)

¹ Partnerships, LLC and other equity method income includes LP, LLC and other equity method income within net investment income in the accompanying Consolidated Statements of Operations and revenue and expenses from the production and sale of oil and gas.
² 2015 catastrophes include all current accident year catastrophe losses for severe storms in the U.S. and New South Wales, Cyclone Niklas, Chile earthquake and Chile floods. 2014 catastrophes include all current accident year catastrophe losses for severe storms in the U.S., U.K. and Ireland floods and Hailstorm Ela. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

³ The nine months ended September 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.

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

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 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.

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 Q3 2015 DWP (rolling 12-months).

Financial Performance

\$ millions	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
NWP	\$4,547	\$4,324	5.2%	\$12,728	\$12,100	5.2%
PTOI before catastrophes and net incurred losses attributable to prior years	\$703	\$707	(0.6%)	\$2,116	\$2,005	5.5%
Catastrophes ¹	(152)	(64)	137.5	(1,221)	(979)	24.7
Net incurred losses attributable to prior years	(14)	(5)	180.0	(10)	(41)	(75.6)
Pre-tax operating income	\$537	\$638	(15.8%)	\$885	\$985	(10.2%)

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

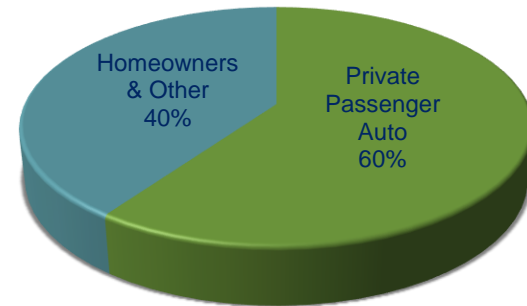
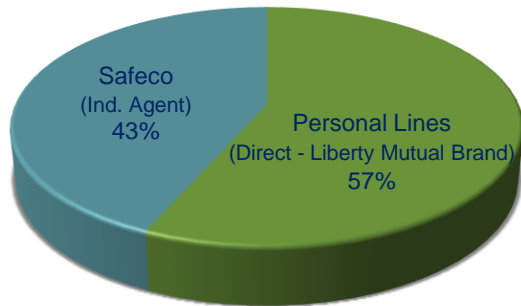
Claims and claim adjustment expense ratio	60.6%	59.7%	0.9	60.3%	60.2%	0.1
Underwriting expense ratio	25.6	25.2	0.4	25.5	25.3	0.2
Subtotal	86.2%	84.9%	1.3	85.8%	85.5%	0.3
Catastrophes ¹	3.7	1.7	2.0	10.0	8.6	1.4
Net incurred losses attributable to prior years	0.3	0.1	0.2	0.1	0.4	(0.3)
Total combined ratio	90.2%	86.7%	3.5	95.9%	94.5%	1.4

Personal Insurance NWP Distribution

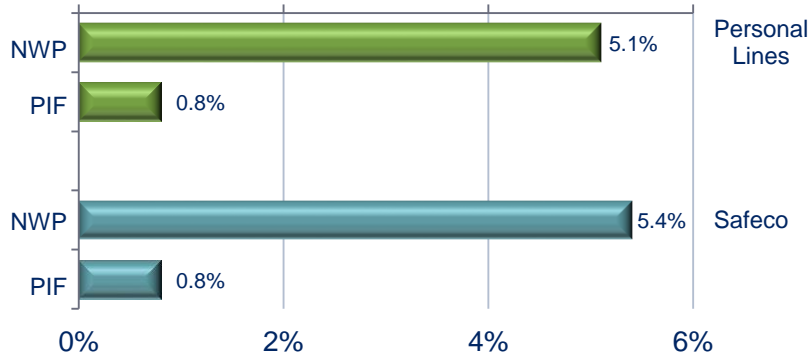
NWP by market segment

NWP by line of business

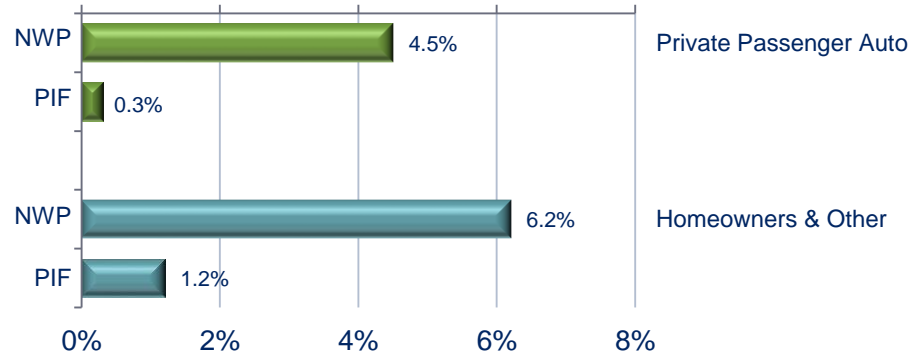
September YTD 2015



YOY Change



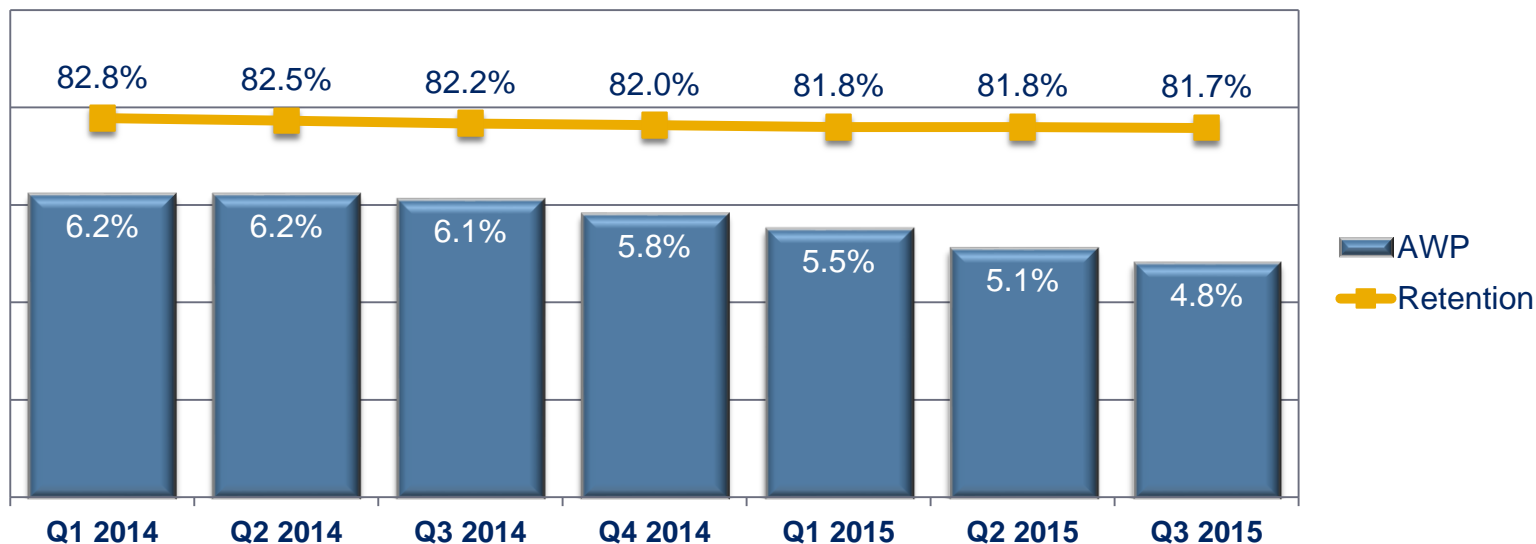
YOY Change



NWP year-to-date in 2015 totaled \$12.7 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

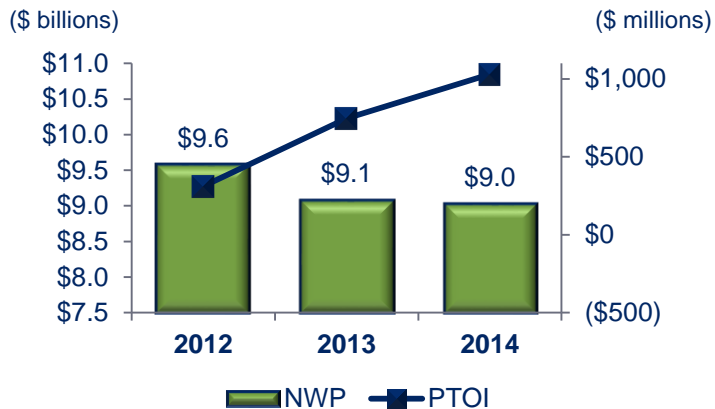


	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Private Passenger Auto							
AWP	5.0%	4.9%	4.9%	4.8%	4.8%	4.8%	4.7%
Retention	82.1%	81.8%	81.4%	81.2%	81.0%	81.0%	81.1%
Homeowners							
AWP	7.6%	7.7%	7.3%	6.9%	6.3%	5.4%	4.9%
Retention	83.5%	83.3%	83.1%	82.9%	82.7%	82.6%	82.3%

*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 12,150 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 nine months ended September 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 zero and \$4 million for the three and nine months ended September 30, 2015 and (\$4) million and \$17 million for the same periods in 2014. Net of amortization of deferred gains on assumed retroactive reinsurance of zero and \$1 million for the three and nine months ended September 30, 2015 and 2014.

⁴Net of earned premium and reinstatement premium attributable to prior years.

⁵Based on 2014 DWP (excludes LMB).

Financial Performance

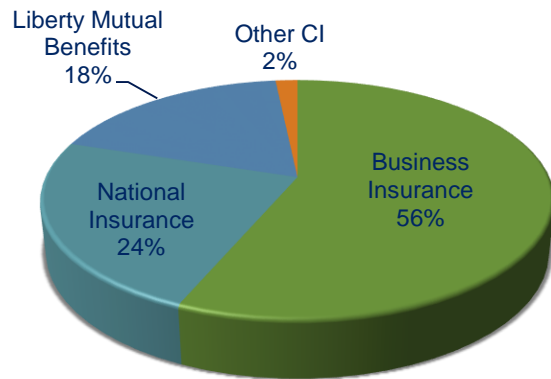
\$ millions	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
NWP	\$2,334	\$2,385	(2.1%)	\$6,897	\$6,860	0.5%
PTOI before catastrophes and net incurred losses attributable to prior years	\$269	\$341	(21.1%)	\$926	\$949	(2.4%)
Catastrophes ¹	(29)	(50)	(42.0)	(217)	(282)	(23.0)
Net incurred losses attributable to prior years ^{2,3}	2	12	(83.3)	93	50	86.0
Pre-tax operating income	\$242	\$303	(20.1%)	\$802	\$717	11.9%

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

Claims and claim adjustment expense ratio	62.8%	61.7%	1.1	61.6%	63.6%	(2.0)
Underwriting expense ratio	35.9	33.3	2.6	34.8	32.9	1.9
Dividend ratio	0.1	0.1	-	0.1	0.1	-
Subtotal	98.8%	95.1%	3.7	96.5%	96.6%	(0.1)
Catastrophes ¹	1.6	2.7	(1.1)	3.9	5.0	(1.1)
Net incurred losses attributable to prior years ^{2,4}	(0.1)	(0.6)	0.5	(1.6)	(0.9)	(0.7)
Total combined ratio	100.3%	97.2%	3.1	98.8%	100.7%	(1.9)

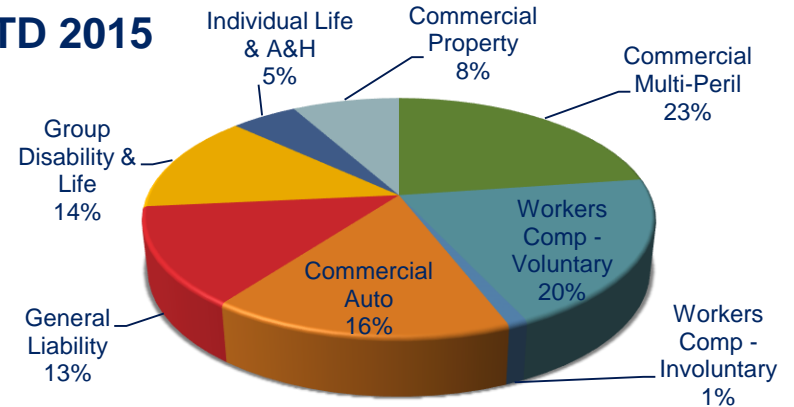
Commercial Insurance NWP Distribution

NWP by market segment

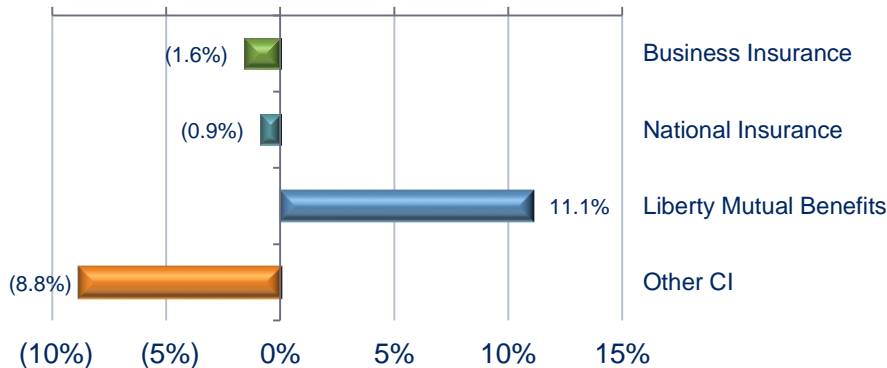


September YTD 2015

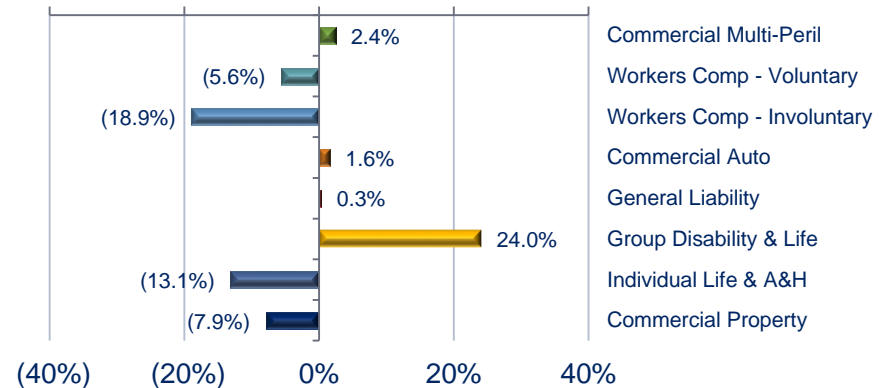
NWP by line of business



YOY Change in NWP



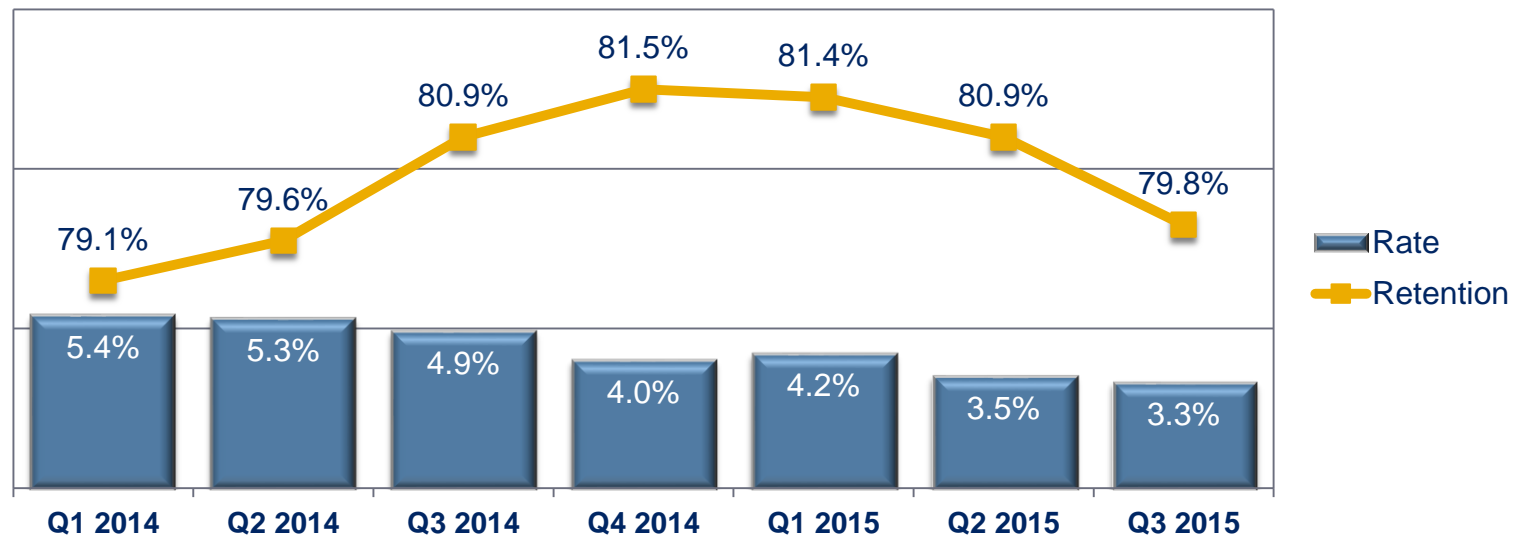
YOY Change in NWP



NWP year-to-date in 2015 totaled \$6.9 billion, a increase of 0.5% over the same period in 2014.

YOY: Year-over-Year

Commercial Insurance: Rate & Retention

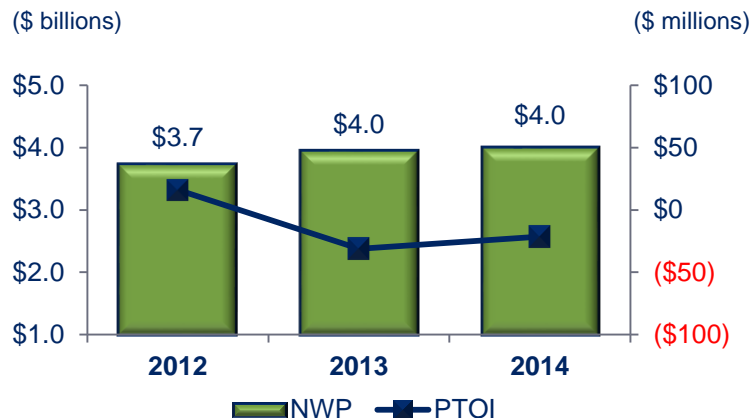


	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	YTD 2014	YTD 2015
Business Insurance									
Rate	6.0%	6.0%	5.4%	4.8%	4.8%	4.3%	3.7%	5.8%	4.2%
Retention	78.5%	77.7%	79.6%	78.8%	79.3%	80.7%	79.8%	78.7%	80.0%
National Insurance									
Rate	4.1%	3.6%	3.4%	2.1%	2.6%	1.7%	2.1%	3.7%	2.1%
Retention	80.0%	83.5%	84.1%	87.4%	85.4%	81.1%	79.8%	82.4%	82.3%
Commercial Insurance P&C									
Rate	5.4%	5.3%	4.9%	4.0%	4.2%	3.5%	3.3%	5.2%	3.6%
Retention	79.1%	79.6%	80.9%	81.5%	81.4%	80.9%	79.8%	79.9%	80.7%

Note: Business Drivers are ex Liberty Mutual Benefits.

Liberty International

NWP & PTOI



Segment Highlights

- On July 23, 2015, the Company sold its GB personal motor book of business to Chaucer Insurance Services Ltd. The Company will now focus on the Republic of Ireland market.
- Effective September 30, 2015, the Company determined it was appropriate to deconsolidate the assets and liabilities of our Venezuelan operations in our Consolidated Balance Sheet.
- On November 29, 2015 the Company through its affiliate entered into a stock purchase agreement for the sale of the Venezuelan operations. The transaction is subject to certain conditions and the receipt of appropriate regulatory approvals.

¹ Mature operations include Latin America and Iberia and Asia. Other includes internal reinsurance and home office expenses.

² Emerging operations include Emerging Europe and Large Emerging Markets.

³ 2015 catastrophes include all current accident year catastrophe losses for Chile floods and Chile earthquake. 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. The results of Venezuela operations are presented as Discontinued Operations on the 2015 Consolidated Statements of Income and are no longer included with Liberty International.

NM = Not meaningful

Financial Performance

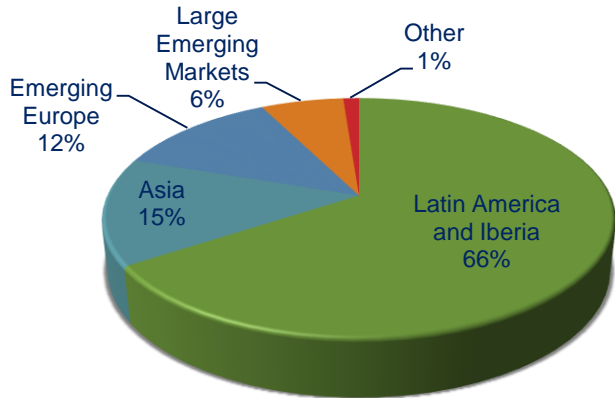
\$ millions	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
NWP	\$829	\$1,065	(22.2%)	\$2,605	\$2,979	(12.6%)
Mature operations and other ¹ PTOI before catastrophes and net incurred losses attributable to prior years	\$30	\$30	- %	\$72	\$43	67.4%
Emerging operations ² pre-tax operating loss before catastrophes and net incurred losses attributable to prior years	(27)	(21)	28.6	(108)	(76)	42.1
Catastrophes ³	(8)	-	NM	(13)	(9)	44.4
Net incurred losses attributable to prior years	-	16	(100.0)	(20)	36	NM
Pre-tax operating (loss) income	(\$5)	\$25	NM	(\$69)	(\$6)	NM

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

Claims and claim adjustment expense ratio	65.6%	64.6%	1.0	65.1%	65.6%	(0.5)
Underwriting expense ratio	42.0	40.9	1.1	43.5	41.8	1.7
Subtotal	107.6%	105.5%	2.1	108.6%	107.4%	1.2
Catastrophes ³	0.9	0.1	0.8	0.5	0.3	0.2
Net incurred losses attributable to prior years	-	(1.6)	1.6	0.8	(1.2)	2.0
Total combined ratio	108.5%	104.0%	4.5	109.9%	106.5%	3.4

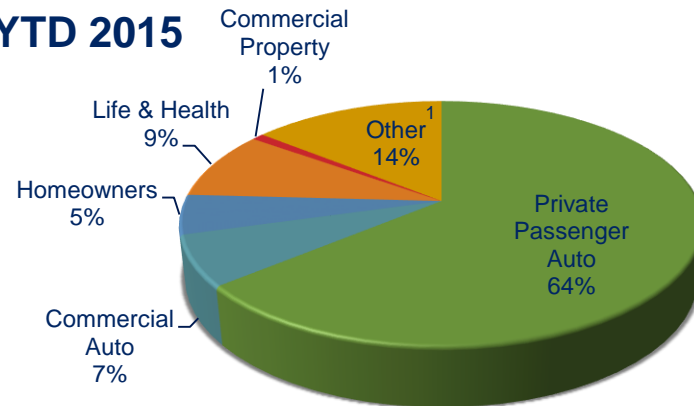
Liberty International NWP Distribution

NWP by market segment

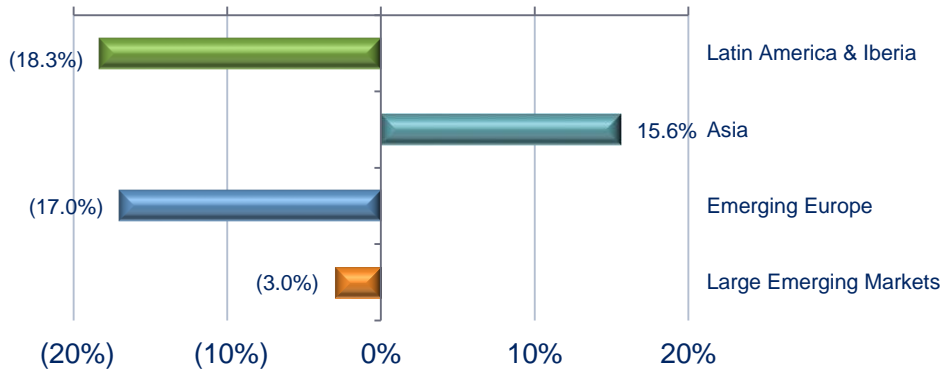


NWP by line of business

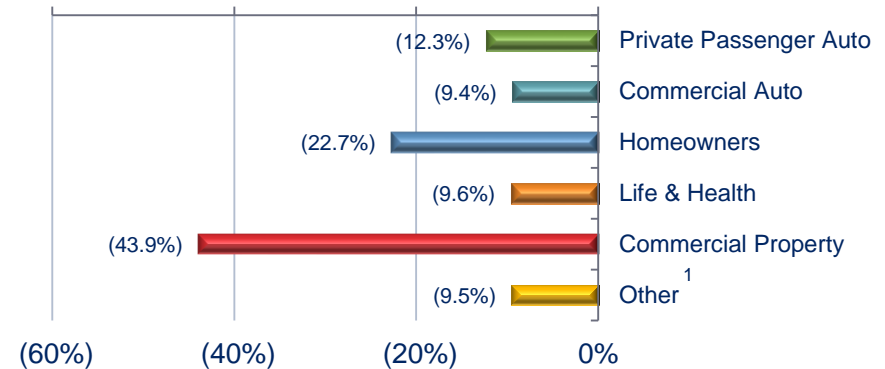
September YTD 2015



YOY Change in NWP



YOY Change in NWP



NWP year-to-date in 2015 totaled \$2.6 billion, a decrease of 12.6% from the same period in 2014 (or an increase of 7.4%² excluding FX over the same period in 2014).

¹ Premium related to other personal and commercial lines including personal accident, bonds, workers compensation, 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

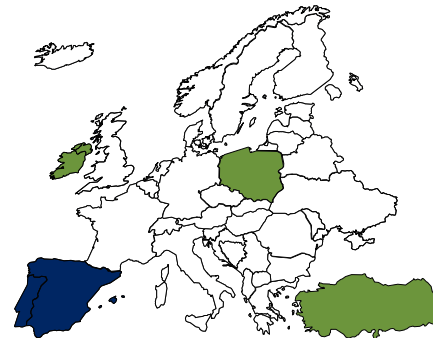
(\$ millions)

Large Emerging Markets	2015 NWP	P&C Rank	P&C Share
China ^{1,5}	\$89	6 th	0.1%
India ³	\$36	23 rd	0.4%
Russia ²	\$38	34 th	0.3%

Asia	2015 NWP	P&C Rank	P&C Share
Singapore ¹	\$79	7 th	4.5%
Thailand ¹	\$119	9 th	2.8%
Vietnam	\$17	9 th	2.6%
Malaysia ¹	\$89	14 th	3.2%
Hong Kong	\$73	12 th	2.0%

Latin America and Iberia	2015 NWP	P&C Rank	P&C Share
Colombia	\$257	3 rd	10.1%
Chile	\$101	5 th	9.2%
Ecuador ²	\$39	7 th	4.6%
Portugal ²	\$174	7 th	6.6%
Brazil ⁶	\$626	9 th	3.1%
Spain ¹	\$515	16 th	2.0%

Emerging Europe	2015 NWP	P&C Rank	P&C Share
Ireland ^{1,4}	\$197	8 th	7.1%
Poland ¹	\$66	13 th	1.2%
Turkey	\$32	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 Indian Fiscal year is April 2014 - March 2015

⁴ Ireland rank and share is only ROI

⁵ Ranking based on non-domestic companies including Mandatory Third Party Liability

⁶ Reflects combined P&C and life markets

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	Third Quarter			Year-to-Date		
	2015	2014	Change	2015	2014	Change
NWP	\$1,112	\$1,201	(7.4%)	\$3,896	\$3,974	(2.0%)
PTOI before catastrophes and net incurred losses attributable to prior years	\$119	\$153	(22.2%)	\$447	\$493	(9.3%)
Catastrophes ¹	(13)	(10)	30.0	(52)	(31)	67.7
Net incurred losses attributable to prior years ²	58	(23)	NM	86	(39)	NM
Pre-tax operating income	\$164	\$120	36.7%	\$481	\$423	13.7%

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

Claims and claim adjustment expense ratio	63.7%	61.1%	2.6	60.0%	59.5%	0.5
Underwriting expense ratio	33.3	32.5	0.8	34.1	32.7	1.4
Dividend ratio	0.2	0.2	-	0.2	0.2	-
Subtotal	97.2%	93.8%	3.4	94.3%	92.4%	1.9
Catastrophes ¹	1.0	0.8	0.2	1.4	0.9	0.5
Net incurred losses attributable to prior years ²	(4.7)	2.0	(6.7)	(2.4)	1.1	(3.5)
Total combined ratio	93.5%	96.6%	(3.1)	93.3%	94.4%	(1.1)

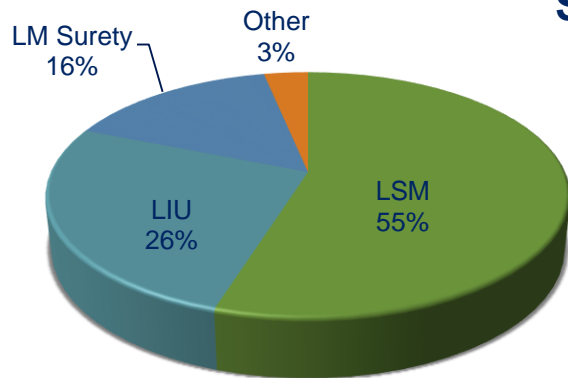
¹ 2015 catastrophes include all current accident year catastrophe losses for severe storms in the U.S. and New South Wales, Cyclone Niklas, and Chile earthquake. 2014 catastrophes include all current accident year catastrophe losses for severe storms in the U.S., U.K. floods and Hailstorm Ela. Catastrophe 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 nine months ended September 30, 2015 and zero and \$9 million for the same periods in 2014.

NM=Not Meaningful

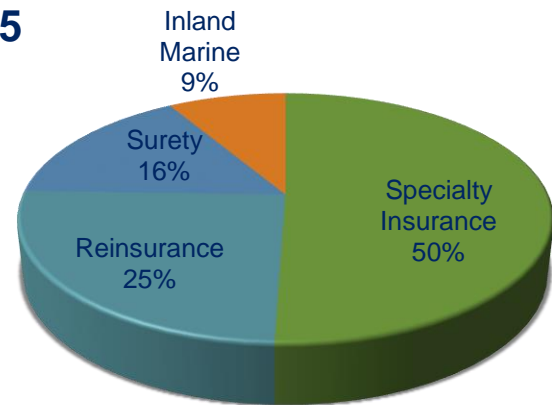
Global Specialty NWP Distribution

NWP by market segment

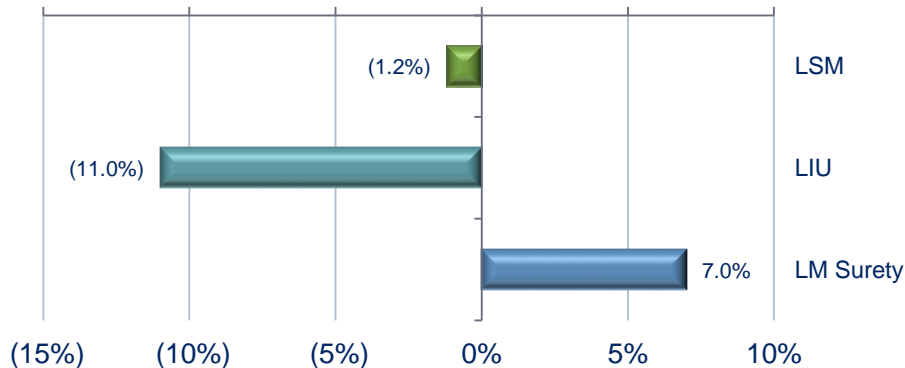


September YTD 2015

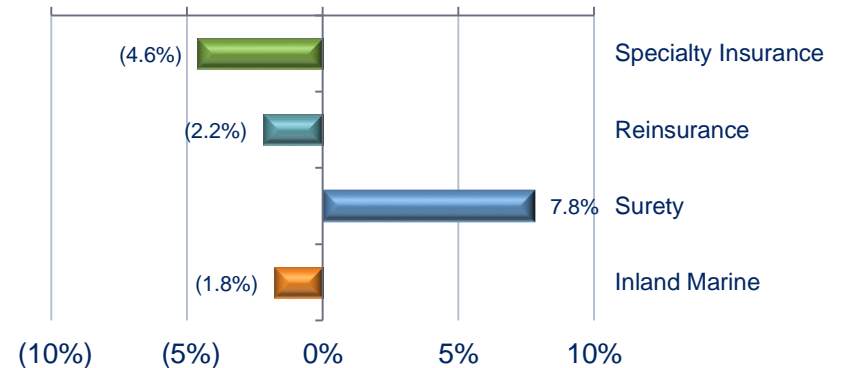
NWP by line of business



YOY Change in NWP



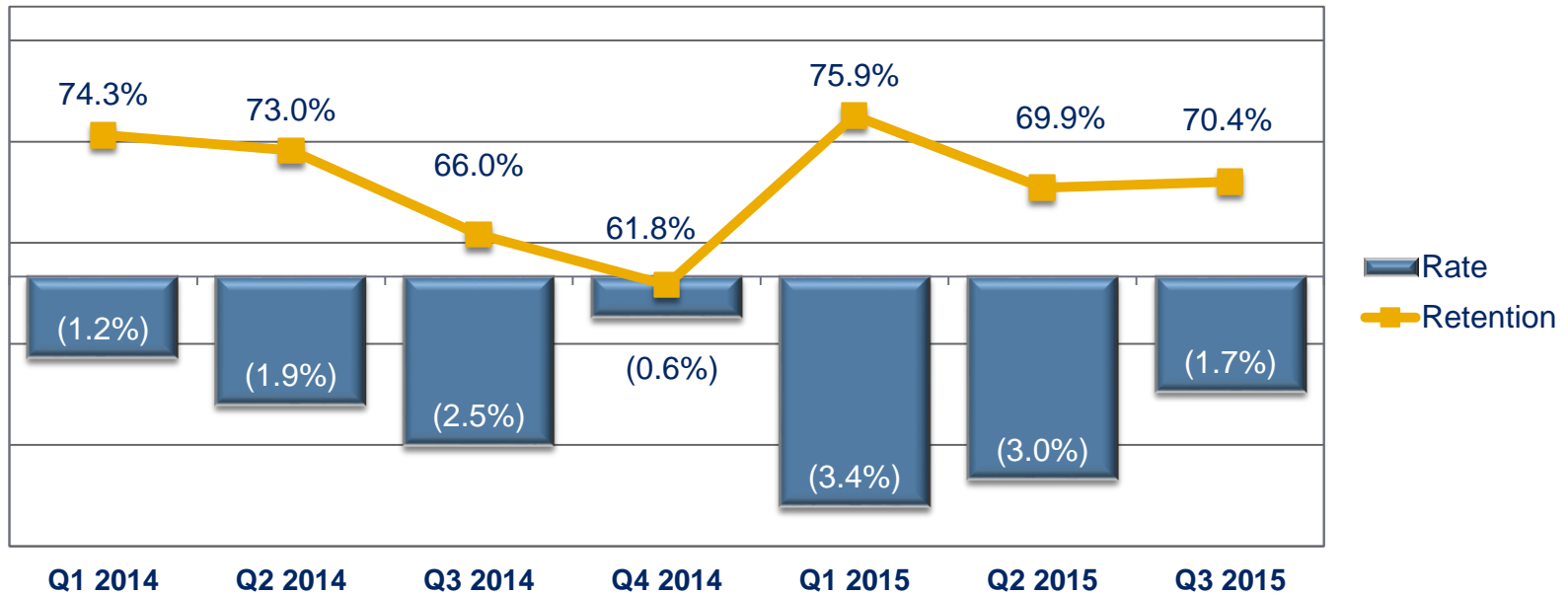
YOY Change in NWP



NWP year-to-date in 2015 totaled \$3.9 billion, a decrease of 2.0% from the same period in 2014 (or an increase of 2.2%¹ excluding FX over the same period in 2014).

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

Global Specialty: Rate & Retention

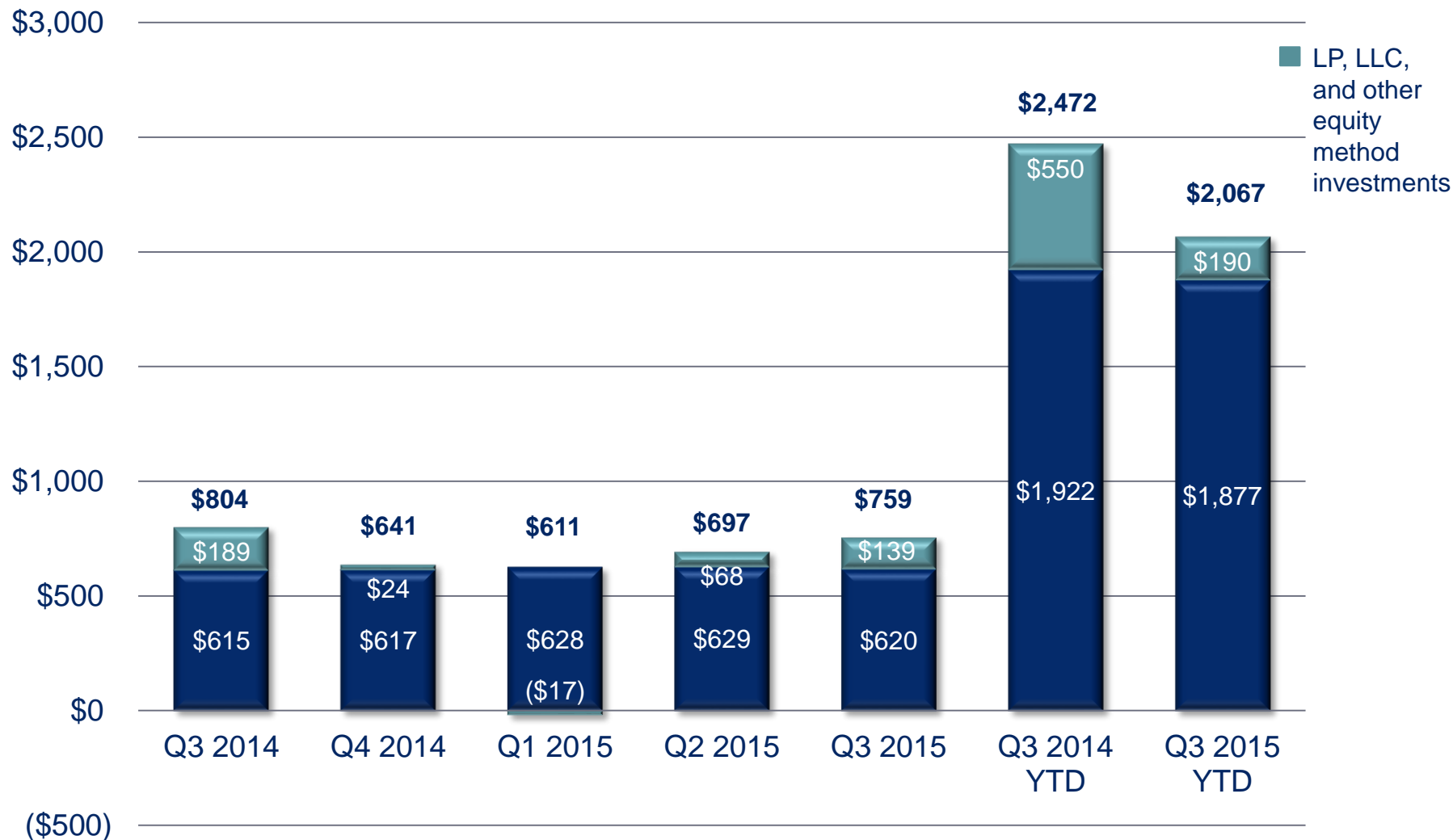


	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	YTD 2014*	YTD 2015*
Specialty Insurance									
Rate	0.8%	(1.2%)	(1.5%)	(0.4%)	(1.4%)	(2.5%)	(1.1%)	(0.4%)	(2.1%)
Retention	70.2%	70.5%	63.2%	59.5%	69.5%	68.0%	69.8%	71.2%	73.0%
Reinsurance									
Rate	(4.4%)	(5.1%)	(6.3%)	(3.3%)	(4.9%)	(4.7%)	(3.5%)	(4.5%)	(4.7%)
Retention	80.9%	85.6%	77.1%	84.5%	82.3%	79.7%	72.2%	81.5%	82.5%

* YTD includes timing adjustments that are not retro-actively applied in prior periods.

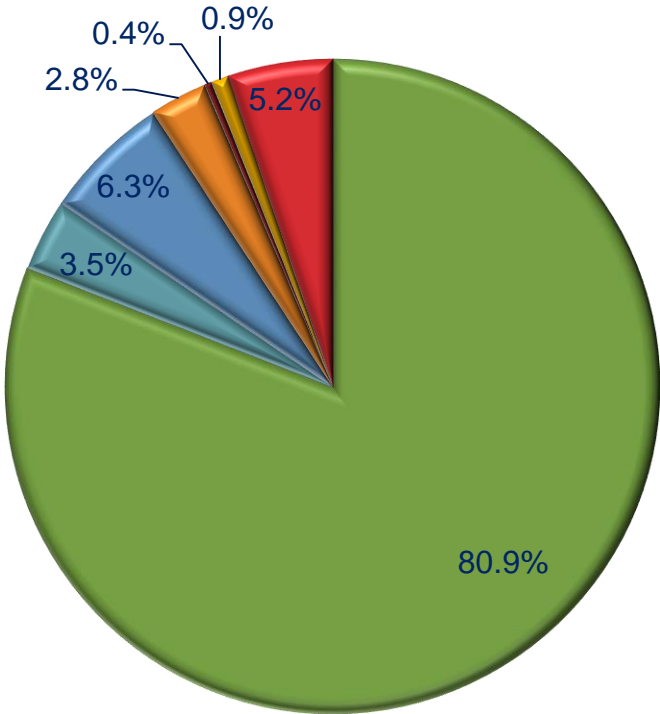
Net Investment Income

(\$ millions)



The above chart contains net investment income attributable to discontinued operations related to Summit and the Argentina operations of \$14 million for the nine months ended September 30, 2014.

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
September 30, 2015: \$78.229 billion

Capitalization

(\$ millions)	September 30, 2015	December 31, 2014
Long-term debt	\$6,982	\$7,232
Adjusted debt ¹	\$5,982	\$6,232
Total equity	\$19,082	\$20,291
Less: AOCI	<u>(\$1,234)</u>	<u>\$57</u>
Total equity ex. AOCI	\$20,316	\$20,234
Total capital ex. AOCI	\$27,298	\$27,466
<i>Adjusted debt-to-total capitalization (ex. AOCI)</i>	21.9%	22.7%
Statutory surplus	\$17,970	\$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 September 30, 2015

	Carrying Value	Unfunded Commitments	Average Credit Rating
Investment grade bonds	\$2,234	\$ -	A-
Below investment grade bonds	285	-	BB-
Publicly traded equity securities	124	-	
Private equities – energy focused ¹	527	744	
	\$3,170	\$744	
<i>Percent of total invested assets</i>	<i>4.1%</i>		
Direct investment in oil & gas wells ²	\$1,556	\$1,791	
Total exposure	\$4,726	\$2,535	

¹ Includes Carrying Values of \$517 million of natural resources partnership and \$10 million of equity method investments (either carried at fair value and reported in "Other investments" or carried at fair value and reported in "LPs, LLCs and equity method investments" in the invested assets table on the MD&A).

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 October 1, 2014 through September 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 September 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	\$8,521		(\$428)	\$1	\$8,094
Benefits, claims and claim adjustment expenses	5,678		(474)	(1)	5,203
Operating costs and expenses	1,815	(6)	(108)	(319)	1,382
Amortization of deferred policy acquisition costs	1,176		(24)	(1)	1,151
Dividends to policyholders	N/A	6	(2)	1	5
Total combined ratio					95.6%

For the three months ended September 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	\$8,457		(\$405)	\$ -	\$8,052
Benefits, claims and claim adjustment expenses	5,767		(443)	(4)	5,320
Operating costs and expenses	1,696	(6)	(95)	(272)	1,323
Amortization of deferred policy acquisition costs	1,165		(13)	(1)	1,151
Dividends to policyholders	N/A	6	(2)	-	4
Total combined ratio					96.8%

¹ Dividends to policyholders

² Life and annuity business excluded from P&C combined ratio

³ Includes adjustments for 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 nine months ended September 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	\$25,340		(\$1,324)	\$1	\$24,017
Benefits, claims and claim adjustment expenses	17,574		(1,408)	(7)	16,159
Operating costs and expenses	5,245	(18)	(328)	(859)	4,040
Amortization of deferred policy acquisition costs	3,499		(60)	-	3,439
Dividends to policyholders	N/A	18	(5)	-	13
Total combined ratio					98.5%

For the nine months ended September 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	\$24,887		(\$1,208)	\$ -	\$23,679
Benefits, claims and claim adjustment expenses	17,484		(1,318)	(10)	16,156
Operating costs and expenses	4,975	(15)	(272)	(806)	3,882
Amortization of deferred policy acquisition costs	3,457		(50)	-	3,407
Dividends to policyholders	N/A	15	(5)	-	10
Total combined ratio					99.1%

¹ Dividends to policyholders

² Life and annuity business excluded from P&C combined ratio

³ Includes adjustments for non-underwriting expenses primarily related to the Company's energy production and service operations, fee income, and installment charges.

Subsequent Events:

- ❖ On December 2, 2015, the Company received regulatory approval for the Compañía de Seguros Generales Penta Security S.A., acquisition in Chile. The transaction still remains subject to certain closing conditions.
- ❖ On November 29, 2015, the Company through its affiliate entered into a stock purchase agreement for the sale of the Venezuelan operations. The transaction is subject to certain conditions and the receipt of appropriate regulatory approvals.

Please refer to Management's Discussion & Analysis (MD&A) of Financial Condition and Results of Operations for further detail.

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 \$37.721 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 <http://www.libertymutualgroup.com/investors>.

¹ Reflects the 2015 adoption of the FASB issued ASU 2014-01, *Accounting for Investments in Qualified Affordable Housing Projects* and the deconsolidation of the Venezuelan operations, and the classification of the Venezuelan operations as discontinued operations and held for sale.

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 three and nine months ended September 30, 2015 are available on the Company's Investor Relations website at <http://www.libertymutualgroup.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 <http://www.libertymutualgroup.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 <http://www.libertymutualgroup.com/investors>.



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