



Financial Supplement  
Quarter Ended September 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 September 30, 2015						Three Months Ended September 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	\$4,321	\$2,797	\$934	\$1,312	(\$52)	\$9,312	\$4,104	\$2,758	\$1,129	\$1,286	\$272	\$9,549
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, and partnerships, LLC and other equity method income <sup>1</sup>	\$703	\$269	\$3	\$119	(\$245)	\$849	\$707	\$341	\$9	\$153	(\$242)	\$968
Catastrophes <sup>2</sup>	(152)	(29)	(8)	(13)	(37)	(239)	(64)	(50)	-	(10)	(166)	(290)
Net incurred losses attributable to prior years:												
- Asbestos & environmental <sup>3</sup>	-	-	-	-	(2)	(2)	-	-	-	-	(111)	(111)
- All other <sup>4</sup>	(14)	2	-	58	23	69	(5)	12	16	(23)	26	26
Pre-tax operating income (loss) before partnerships, LLC and other equity method income	537	242	(5)	164	(261)	677	638	303	25	120	(493)	593
Partnerships, LLC and other equity method income	-	-	-	-	46	46	-	-	-	-	195	195
Pre-tax operating income (loss)	537	242	(5)	164	(215)	723	638	303	25	120	(298)	788
Net realized losses						(256)						(41)
Loss on extinguishment of debt						(1)						(29)
Pre-tax income						466						718
Income tax expense						154						183
Consolidated net income from continuing operations						312						535
Discontinued operations, net of tax						(744)						66
Consolidated net (loss) income						(432)						601
Less: Net loss attributable to non-controlling interest						(5)						(4)
<b>Net (loss) income attributable to Liberty Mutual Holding Company Inc.</b>						<b>(\$427)</b>						<b>\$605</b>

<sup>1</sup> Partnerships, LLC and other equity method income includes limited partnership ("LP"), limited liability company ("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.

<sup>2</sup> 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.

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

<sup>4</sup> 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)

	Nine Months Ended September 30, 2015						Nine Months Ended September 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	\$12,673	\$8,373	\$2,869	\$3,940	\$427	\$28,282	\$11,960	\$8,281	\$3,252	\$3,844	\$983	\$28,320
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years, and partnerships, LLC and other equity method income <sup>1</sup>	\$2,116	\$926	(\$36)	\$447	(\$712)	\$2,741	\$2,005	\$949	(\$33)	\$493	(\$600)	\$2,814
Catastrophes <sup>2</sup>	(1,221)	(217)	(13)	(52)	(32)	(1,535)	(979)	(282)	(9)	(31)	(151)	(1,452)
Net incurred losses attributable to prior years:												
- Asbestos & environmental <sup>3</sup>	-	-	-	-	(4)	(4)	-	-	-	-	(113)	(113)
- All other <sup>4,5</sup>	(10)	93	(20)	86	24	173	(41)	50	36	(39)	29	35
Pre-tax operating income (loss) before partnerships, LLC and other equity method income	885	802	(69)	481	(724)	1,375	985	717	(6)	423	(835)	1,284
Partnerships, LLC and other equity method income	-	-	-	-	40	40	-	-	-	-	599	599
Pre-tax operating income (loss)	885	802	(69)	481	(684)	1,415	985	717	(6)	423	(236)	1,883
Net realized gains						22						13
Loss on extinguishment of debt						(1)						(29)
Pre-tax income						1,436						1,867
Income tax expense						438						506
Consolidated net income from continuing operations						998						1,361
Discontinued operations, net of tax						(909)						(119)
Consolidated net income						89						1,242
Less: Net loss attributable to non-controlling interest						(14)						(19)
<b>Net income attributable to Liberty Mutual Holding Company Inc.</b>						<b>\$103</b>						<b>\$1,261</b>

<sup>1</sup> Partnerships, LLC and other equity method income includes limited partnership ("LP"), limited liability company ("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.

<sup>2</sup> 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.

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

<sup>4</sup> 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.

<sup>5</sup> 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)

	<b>Three Months Ended September 30, 2015</b>					<b>Three Months Ended September 30, 2014</b>				
	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated
<b>Combined ratio before catastrophes and net incurred losses attributable to prior years</b>										
Claims and claim adjustment expense ratio	60.6%	62.8%	65.6%	63.7%	62.1%	59.7%	61.7%	64.6%	61.1%	61.5%
Underwriting expense ratio	25.6%	35.9%	42.0%	33.3%	31.3%	25.2%	33.3%	40.9%	32.5%	30.7%
Dividend ratio	-	0.1%	-	0.2%	0.1%	-	0.1%	-	0.2%	-
Subtotal	86.2%	98.8%	107.6%	97.2%	93.5%	84.9%	95.1%	105.5%	93.8%	92.2%
Catastrophes <sup>1</sup>	3.7%	1.6%	0.9%	1.0%	2.9%	1.7%	2.7%	0.1%	0.8%	3.6%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	0.1%	-	-	-	-	1.3%
- All Other <sup>2</sup>	0.3%	(0.1%)	-	(4.7%)	(0.9%)	0.1%	(0.6%)	(1.6%)	2.0%	(0.3%)
<b>Total combined ratio <sup>3</sup></b>	<b>90.2%</b>	<b>100.3%</b>	<b>108.5%</b>	<b>93.5%</b>	<b>95.6%</b>	<b>86.7%</b>	<b>97.2%</b>	<b>104.0%</b>	<b>96.6%</b>	<b>96.8%</b>

<sup>1</sup> 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.

<sup>2</sup> Net of earned premium and reinstatement premium attributable to prior years and amortization of deferred gains on retroactive reinsurance.

<sup>3</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)

	Nine Months Ended September 30, 2015					Nine Months Ended September 30, 2014				
	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated	Personal Insurance	Commercial Insurance	Liberty International	Global Specialty	Consolidated
<b>Combined ratio before catastrophes and net incurred losses attributable to prior years</b>										
Claims and claim adjustment expense ratio	60.3%	61.6%	65.1%	60.0%	61.1%	60.2%	63.6%	65.6%	59.5%	61.8%
Underwriting expense ratio	25.5%	34.8%	43.5%	34.1%	31.5%	25.3%	32.9%	41.8%	32.7%	30.8%
Dividend ratio	-	0.1%	-	0.2%	0.1%	-	0.1%	-	0.2%	-
Subtotal	85.8%	96.5%	108.6%	94.3%	92.7%	85.5%	96.6%	107.4%	92.4%	92.6%
Catastrophes <sup>1</sup>	10.0%	3.9%	0.5%	1.4%	6.4%	8.6%	5.0%	0.3%	0.9%	6.2%
Net incurred losses attributable to prior years:										
- Asbestos & environmental	-	-	-	-	-	-	-	-	-	0.5%
- All Other <sup>2,3</sup>	0.1%	(1.6%)	0.8%	(2.4%)	(0.6%)	0.4%	(0.9%)	(1.2%)	1.1%	(0.2%)
<b>Total combined ratio <sup>4</sup></b>	<b>95.9%</b>	<b>98.8%</b>	<b>109.9%</b>	<b>93.3%</b>	<b>98.5%</b>	<b>94.5%</b>	<b>100.7%</b>	<b>106.5%</b>	<b>94.4%</b>	<b>99.1%</b>

<sup>1</sup>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.

<sup>2</sup>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.

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

<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 September 30, 2015**  
(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 Invenery	\$ 107	\$ 363	\$ 0	\$ 470	0.60%
2 Government of Brazil	453	0	0	453	0.58%
3 Government of United Kingdom	391	0	3	394	0.50%
4 Government of Canada	366	0	0	366	0.47%
5 State of California	320	0	0	320	0.41%
6 Bank of America Corp	243	65	0	308	0.39%
7 State of Florida	307	0	0	307	0.39%
8 Government of Spain	294	0	0	294	0.38%
9 Wells Fargo & Co	278	2	0	280	0.36%
10 Florida Turnpike Authority	260	0	0	260	0.33%
11 General Electric Co	252	2	1	255	0.33%
12 JP Morgan Chase & Co	217	29	0	246	0.31%
13 Verizon Communications	223	1	1	225	0.29%
14 CVS Caremark Corp	217	1	0	218	0.28%
15 Government of Colombia	217	0	0	217	0.28%
16 Southern Co	175	38	0	213	0.27%
17 Government of Italy	212	0	0	212	0.27%
18 Statoil	211	0	0	211	0.27%
19 Goldman Sachs Group Inc	122	64	0	186	0.24%
20 State of Washington	184	0	0	184	0.24%
	<b>\$ 5,049</b>	<b>\$ 565</b>	<b>\$ 5</b>	<b>\$ 5,619</b>	<b>7.19%</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	\$ 4,053	\$ 506	\$ 248	\$ 4,807	6.15%
2 Electric	3,134	133	0	3,267	4.18%
3 Foreign Government	3,130	0	18	3,148	4.02%
4 US Municipal - State	1,992	0	0	1,992	2.55%
5 US Municipal - Education	1,891	0	0	1,891	2.42%
6 Technology	1,560	261	0	1,821	2.33%
7 Food and Beverage	1,570	79	0	1,649	2.11%
8 US Municipal - Healthcare	1,611	0	0	1,611	2.06%
9 Metals	908	477	0	1,385	1.77%
10 Diversified Manufacturing	1,278	34	0	1,312	1.68%
11 Retailers	1,164	67	0	1,231	1.57%
12 Insurance	993	188	0	1,181	1.51%
13 US Municipal - Local	1,170	0	0	1,170	1.50%
14 Independent Energy	583	548	0	1,131	1.45%
15 Integrated Energy	1,105	13	0	1,118	1.43%
16 US Municipal - Transportation	1,078	0	0	1,078	1.38%
17 Wirelines	1,030	22	0	1,052	1.34%
18 US Municipal - Water & Sewer	994	0	0	994	1.27%
19 Pharmaceuticals	917	48	0	965	1.23%
20 Chemicals	856	82	0	938	1.20%
	<b>\$ 31,017</b>	<b>\$ 2,458</b>	<b>\$ 266</b>	<b>\$ 33,741</b>	<b>43.15%</b>

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