



Financial Supplement
Quarter Ended September 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 September 30, 2016							Three Months Ended September 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	\$5,525	\$4,542	\$983	\$2,883	\$1,307	\$175	\$9,890	\$5,233	\$4,321	\$912	\$2,797	\$1,312	(\$30)	\$9,312
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 income ¹	\$586	\$560	\$26	\$208	\$177	(\$251)	\$720	\$625	\$625	\$0	\$248	\$109	(\$297)	\$685
Catastrophes ²	(184)	(183)	(1)	(52)	(16)	(6)	(258)	(75)	(75)	-	(8)	(3)	2	(84)
Net incurred losses attributable to prior years:														
- Asbestos & environmental ³	-	-	-	-	-	(50)	(50)	-	-	-	-	-	(2)	(2)
- All other ^{3,4}	(28)	(43)	15	(34)	11	62	11	(12)	(13)	1	2	58	24	72
- Current accident year re-estimation ⁵	-	-	-	(6)	-	-	(6)	-	-	-	-	-	-	-
Pre-tax operating income (loss) before partnerships, LLC and other equity method income	374	334	40	116	172	(245)	417	538	537	1	242	164	(273)	671
Partnerships, LLC and other equity method income	-	-	-	-	-	62	62	-	-	-	-	-	52	52
Pre-tax operating income (loss)	\$374	\$334	\$40	\$116	\$172	(\$183)	479	\$538	\$537	\$1	\$242	\$164	(\$221)	723
Net realized gains (losses)							84							(256)
Loss on extinguishment of debt							(1)							(1)
Pre-tax income							562							466
Income tax expense							112							154
Consolidated net income from continuing operations							450							312
Discontinued operations, net of tax							-							(744)
Consolidated net income (loss)							450							(432)
Less: Net loss attributable to non-controlling interest							(5)							(5)
Net income (loss) attributable to Liberty Mutual Holding Company Inc.							\$455							(\$427)

¹ Partnerships, LLC and other equity method income includes limited partnership ("LLP"), limited liability company ("LLC") and other equity method 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.

² Catastrophes are defined as a natural catastrophe or terror event exceeding \$25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

³ Asbestos & environmental is gross of the NICO Reinsurance Transaction, and All other includes all cessions related to the NICO Reinsurance Transaction.

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

⁵ Re-estimation of the current accident year loss reserves for the six months ended June 30, 2016.

LIBERTY MUTUAL HOLDING COMPANY INC.

Reconciliation of PTOI to Net Income

(dollars in millions)

(Unaudited)

	Nine Months Ended September 30, 2016							Nine Months Ended September 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	\$16,166	\$13,327	\$2,839	\$8,467	\$3,824	\$184	\$28,641	\$15,476	\$12,673	\$2,803	\$8,373	\$3,940	\$493	\$28,282
Pre-tax operating income (loss) before catastrophes, net incurred losses attributable to prior years and partnerships, LLC and other equity method income ¹	\$1,833	\$1,832	\$1	\$893	\$462	(\$647)	\$2,541	\$1,767	\$1,804	(\$37)	\$876	\$416	(\$786)	\$2,273
Catastrophes ²	(1,065)	(1,059)	(6)	(257)	(80)	(6)	(1,408)	(910)	(910)	-	(167)	(21)	19	(1,079)
Net incurred losses attributable to prior years:														
- Asbestos & environmental ³	-	-	-	-	-	(41)	(41)	-	-	-	-	-	(4)	(4)
- All other ^{3,4,5}	13	(46)	59	(28)	93	34	112	(29)	(9)	(20)	93	86	25	175
Pre-tax operating income (loss) before partnerships, LLC and other equity method income	781	727	54	608	475	(660)	1,204	828	885	(57)	802	481	(746)	1,365
Partnerships, LLC and other equity method income	-	-	-	-	-	26	26	-	-	-	-	-	50	50
Pre-tax operating income (loss)	\$781	\$727	\$54	\$608	\$475	(\$634)	1,230	\$828	\$885	(\$57)	\$802	\$481	(\$696)	1,415
Net realized (losses) gains							(50)							22
Loss on extinguishment of debt							(9)							(1)
Pre-tax income							1,171							1,436
Income tax expense							308							438
Consolidated net income from continuing operations							863							998
Discontinued operations, net of tax							-							(909)
Consolidated net income							863							89
Less: Net loss attributable to non-controlling interest							-							(14)
Net income attributable to Liberty Mutual Holding Company Inc.							\$863							\$103

¹ 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 Income and revenue and expenses from the production and sale of oil and gas.

² Catastrophes are defined as a natural catastrophe or terror event exceeding \$25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

³ Asbestos & environmental is gross of the NICO Reinsurance Transaction, and All other includes all cessions related to the NICO Reinsurance Transaction.

⁴ The nine months ended September 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.

⁵ 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 September 30, 2016						Three Months Ended September 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
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation												
Claims and claim adjustment expense ratio	65.2%	65.3%	64.5%	63.7%	57.4%	63.8%	63.1%	62.5%	66.2%	64.0%	64.4%	64.1%
Underwriting expense ratio	27.4%	24.8%	40.3%	35.1%	34.8%	30.3%	28.1%	25.6%	41.3%	35.9%	33.4%	31.2%
Dividend ratio	-	-	-	0.2%	0.1%	0.1%	-	-	-	0.1%	0.2%	0.1%
Subtotal	92.6%	90.1%	104.8%	99.0%	92.3%	94.2%	91.2%	88.1%	107.5%	100.0%	98.0%	95.4%
Catastrophes ¹	3.5%	4.2%	0.1%	2.8%	1.3%	3.1%	1.5%	1.8%	-	0.4%	0.2%	1.0%
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	-	0.6%	-	-	-	-	-	-
- All Other ²	0.5%	1.0%	(1.7%)	1.7%	(0.8%)	(0.2%)	0.3%	0.3%	(0.1%)	(0.1%)	(4.7%)	(0.8%)
Current accident year re-estimation ³	-	-	-	0.3%	-	0.1%	-	-	-	-	-	-
Total combined ratio ⁴	96.6%	95.3%	103.2%	103.8%	92.8%	97.8%	93.0%	90.2%	107.4%	100.3%	93.5%	95.6%

¹ Catastrophes are defined as a natural catastrophe or terror event exceeding \$25 million in estimated ultimate losses, net of reinsurance, and before taxes. 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.

³ Re-estimation of the current accident year loss reserves for the six months ended June 30, 2016.

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 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, 2016						Nine Months Ended September 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
Combined ratio before catastrophes and net incurred losses attributable to prior years												
Claims and claim adjustment expense ratio	63.8%	63.3%	66.0%	60.7%	59.0%	62.3%	63.3%	62.8%	65.3%	62.5%	60.8%	63.1%
Underwriting expense ratio	28.0%	25.3%	41.6%	35.5%	34.5%	30.7%	28.5%	25.5%	43.0%	34.8%	34.1%	31.5%
Dividend ratio	-	-	-	-	0.2%	-	-	-	-	0.1%	0.2%	0.1%
Subtotal	91.8%	88.6%	107.6%	96.2%	93.7%	93.0%	91.8%	88.3%	108.3%	97.4%	95.1%	94.7%
Catastrophes ¹	7.0%	8.3%	0.2%	4.7%	2.2%	5.7%	6.2%	7.5%	-	3.0%	0.6%	4.5%
Net incurred losses attributable to prior years:												
- Asbestos & environmental	-	-	-	-	-	0.2%	-	-	-	-	-	-
- All Other ^{2,3}	(0.1%)	0.4%	(2.4%)	0.5%	(2.6%)	(0.4%)	0.2%	0.1%	0.8%	(1.6%)	(2.4%)	(0.8%)
Total combined ratio ⁴	98.7%	97.3%	105.4%	101.4%	93.3%	98.5%	98.2%	95.9%	109.1%	98.8%	93.3%	98.4%

¹ Catastrophes are defined as a natural catastrophe or terror event exceeding \$25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.

² 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.

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 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, 2016

(dollars in millions)

(Unaudited)

Top 20 Issuers	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Government of United Kingdom	693	0	11	704	0.84%
2 Government of Brazil	621	0	1	622	0.74%
3 Invenegy	0	416	0	416	0.50%
4 Anheuser-Busch InBev SA/NV	361	4	0	365	0.44% A
5 Government of Canada	331	0	8	339	0.41%
6 State of Washington	308	0	0	308	0.36%
7 Government of Spain	308	0	0	308	0.37%
8 State of California	302	0	0	302	0.36%
9 Wells Fargo & Co	269	3	0	272	0.32%
10 JP Morgan Chase & Co	235	31	0	266	0.32%
11 Bank of America Corp	180	75	0	255	0.30%
12 Government of Colombia	250	0	0	250	0.30%
13 Southern Co	209	40	0	249	0.30%
14 Verizon Communications	232	4	0	236	0.28%
15 State of Florida	231	0	0	231	0.28%
16 AT&T Corp	218	4	3	225	0.27%
17 General Electric Co	215	5	0	220	0.26%
18 Government of Italy	217	0	0	217	0.26%
19 Commonwealth of Virginia	217	0	0	217	0.26%
20 Government of Mexico	216	0	0	216	0.26%
	\$5,613	\$582	\$23	\$6,218	7.43%

Top 20 Sectors	Fixed Maturity	Equity	Short Term	Total Exposure	Percent of Invested Assets
1 Banking	4,582	504	286	5,372	6.42%
2 Foreign Government	3,795	0	25	3,820	4.56%
3 Electric	3,038	142	0	3,180	3.80%
4 US Municipal - Education	2,269	0	0	2,269	2.72%
5 US Municipal - State	2,046	0	0	2,046	2.44%
6 Technology	1,639	316	5	1,960	2.34%
7 Food and Beverage	1,594	77	0	1,671	2.00%
8 US Municipal - Healthcare	1,533	0	0	1,533	1.83%
9 US Municipal - Water & Sewer	1,477	0	0	1,477	1.76%
10 Metals	866	576	0	1,442	1.72%
11 Insurance	1,269	162	0	1,431	1.72%
12 US Municipal - Local	1,362	0	0	1,362	1.63%
13 Pharmaceuticals	1,218	124	0	1,342	1.60%
14 Diversified Manufacturing	1,305	27	0	1,332	1.59%
15 Retailers	1,172	46	0	1,218	1.46%
16 Chemicals	985	129	0	1,114	1.33%
17 Wirelines	1,065	23	3	1,091	1.30%
18 US Municipal - Power	1,071	0	0	1,071	1.28%
19 US Municipal - Transportation	1,065	0	0	1,065	1.27%
20 Automotive	980	31	0	1,011	1.21%
	\$34,331	\$2,157	\$319	\$36,807	43.98%

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

Note A: our Anheuser-Busch InBev exposure reflects Anheuser-Busch InBev's 10/10/16 acquisition of SAB Miller