Fourth Quarter and Full Year 2014 Results

March 3, 2015

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; terrorist acts; 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 cyclicality 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.libertymutual.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

Liberty Mutual.
INSURANCE

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

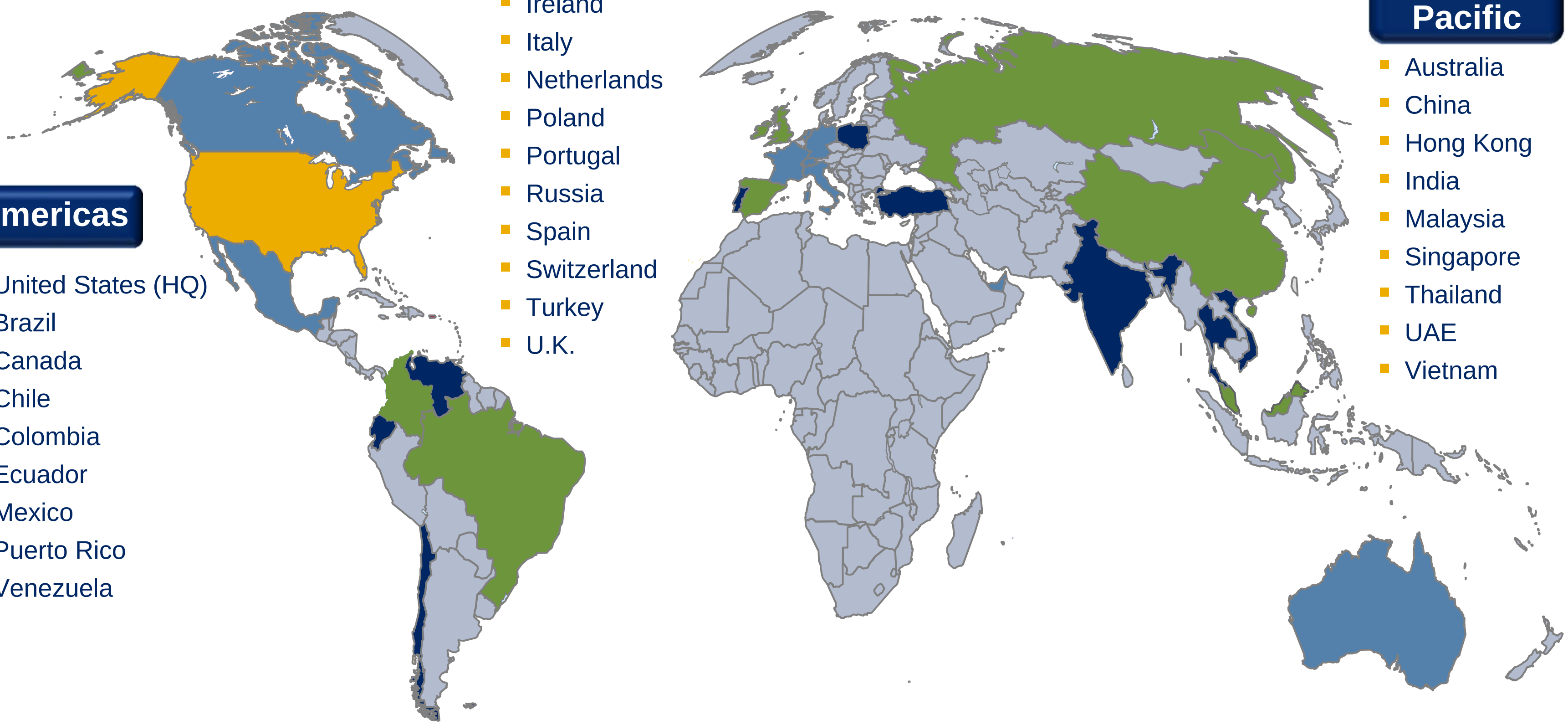
- Liberty Specialty Markets (LSM) - Syndicate 4472, Liberty Mutual Insurance Europe (LMIE), Liberty Mutual Reinsurance (LMR)
- Liberty International Underwriters (LIU)
- Liberty Mutual Surety (LM Surety)

- Mutual holding company structure
- $124.3B of assets and $39.6B of revenues in 2014
- The most diversified P&C insurer
- 76^{th} among Fortune 500 companies[1]
- 3^{rd} largest P&C writer in the U.S.[2]
- 3^{rd} largest commercial lines writer in the U.S.[2]
- 5^{th} largest personal lines writer in the U.S.[3]
- 6^{th} largest global P&C insurer[4]

[1] Based on 2013 Revenue.
[2] Based on 2013 DWP.
[3] Based on Q3 YTD 2014 DWP.
[4] Based on 2013 GWP.

Liberty Mutual's Global Presence

LMIG operates in 30 countries and key markets around the globe



Europe

- France
- Germany
- Ireland
- Italy
- Netherlands
- Poland
- Portugal
- Russia
- Spain
- Switzerland
- Turkey
- U.K.

Asia Pacific

- Australia
- China
- Hong Kong
- India
- Malaysia
- Singapore
- Thailand
- UAE
- Vietnam

Americas

- United States (HQ)
- Brazil
- Canada
- Chile
- Colombia
- Ecuador
- Mexico
- Puerto Rico
- Venezuela

Headquarters

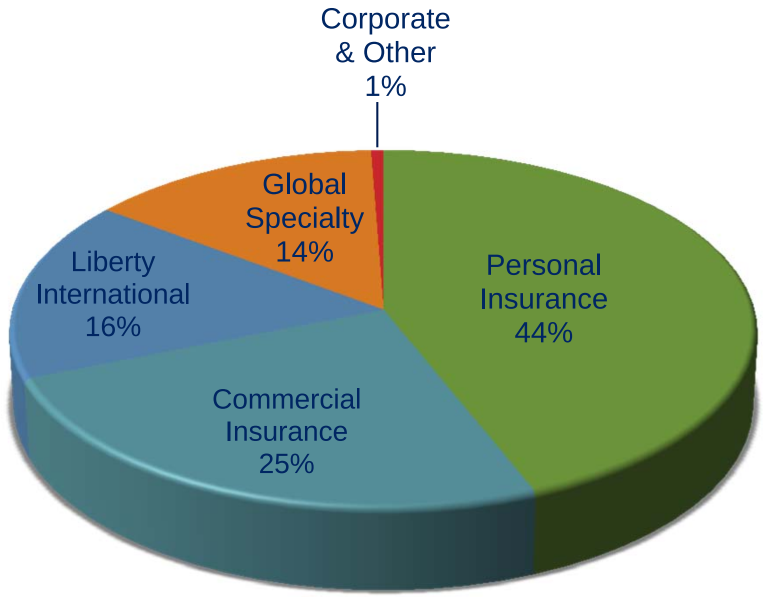
Global Specialty

Liberty International (Local Operations)

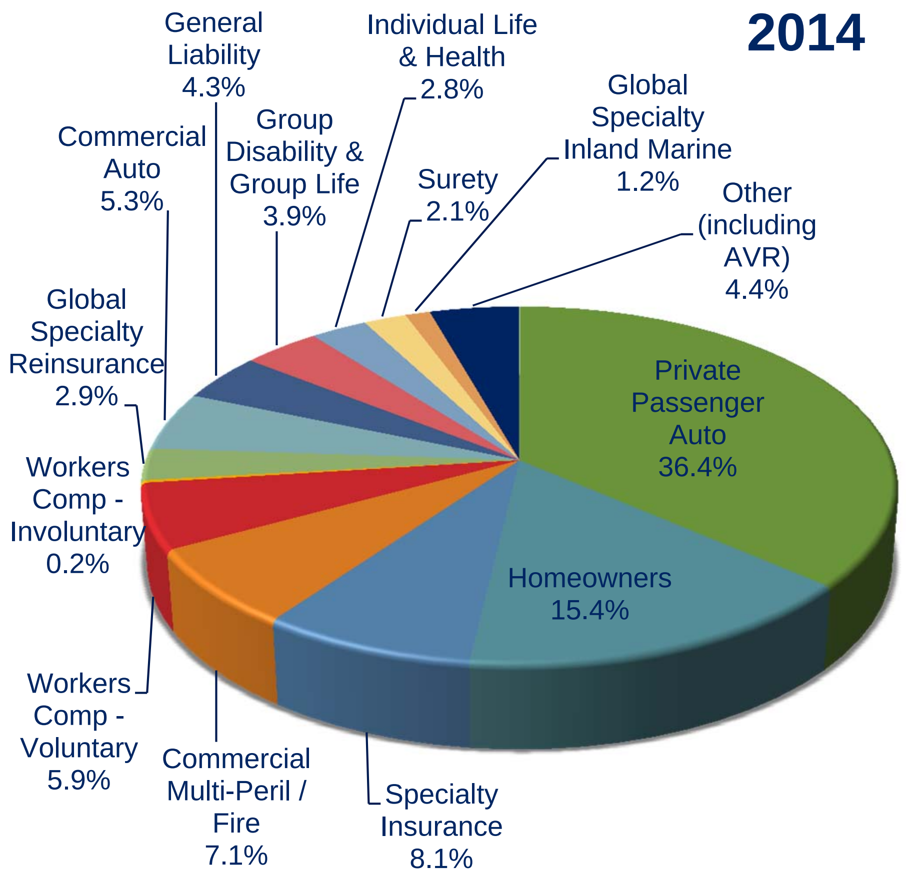
Liberty International & Global Specialty

Analysis of Consolidated Net Written Premium "NWP"

NWP by SBU



NWP by line of business



NWP of $36.275 billion increased 3.3% over 2013.

2014 Highlights

Fourth Quarter

- Revenues for the three months ended December 31, 2014 were $9.948 billion, a decrease of $7 million or 0.1% from the same period in 2013.
- Net written premium (“NWP”) for the three months ended December 31, 2014 was $8.857 billion, an increase of $95 million or 1.1% over the same period in 2013.
- Pre-tax operating income (“PTOI”) for the three months ended December 31, 2014 was $900 million, an increase of $275 million or 44.0% over the same period in 2013.
- Catastrophe losses for the three months ended December 31, 2014 were $155 million, an increase of $54 million or 53.5% over the same period in 2013.
- Pre-tax loss associated with the Venezuela devaluation and foreign exchange under hyper inflationary accounting (including other-than-temporary impairments) was $17 million (net of $44 million of PTOI) in 2014 compared to a pre-tax gain of $20 million in the same period in 2013.
- Net operating income for the three months ended December 31, 2014 was $651 million, an increase of $177 million or 37.3% over the same period in 2013.
- Net income attributable to LMHC for the three months ended December 31, 2014 was $559 million, an increase of $63 million or 12.7% over the same period in 2013.
- The consolidated combined ratio before catastrophes , net incurred losses attributable to prior years and current accident year re-estimation for the three months ended December 31, 2014 was 92.9%, an improvement of 3.1 points over the same period in 2013. Including the impact of catastrophes, net incurred losses attributable to prior years and current accident year re-estimation, the Company's combined ratio for the three months ended December 31, 2014 improved 6.6 points to 93.5%.
- Cash flow provided by operations for the three months ended December 31, 2014 was $1.169 billion, an increase of $140 million or 13.6% over the same period in 2013.

Full Year

- Revenues for the twelve months ended December 31, 2014 were $39.631 billion, an increase of $1.233 billion or 3.2% over the same period in 2013.
- NWP for the twelve months ended December 31, 2014 was $36.275 billion, an increase of $1.159 billion or 3.3% over the same period in 2013.
- PTOI for the twelve months ended December 31, 2014 was $2.970 billion, an increase of $504 million or 20.4% over the same period in 2013.
- Catastrophe losses for the twelve months ended December 31, 2014 were $1.606 billion, an increase of $344 million or 27.3% over the same period in 2013.
- Pre-tax loss associated with the Venezuela devaluation and foreign exchange under hyper inflationary accounting (including other-than-temporary impairments) was $153 million (net of $162 million of PTOI) in 2014 compared to a pre-tax loss of $19 million (net of $204 million of PTOI) in the same period in 2013.
- Net operating income for the twelve months ended December 31, 2014 was $2.236 billion, an increase of $311 million or 16.2% over the same period in 2013.
- A net loss of $77 million associated with the disposition of the Argentina operations is included within Discontinued Operations for the twelve months ended December 31, 2014.
- Net income attributable to LMHC for the twelve months ended December 31, 2014 was $1.833 billion, an increase of $90 million or 5.2% over the same period in 2013.
- During the year, the Company entered into a retroactive aggregate excess of loss agreement (the “NICO Reinsurance Transaction”) with National Indemnity Company (“NICO”). The NICO Reinsurance Transaction is accounted for as retroactive reinsurance in the Company's GAAP consolidated financial statements and resulted in a pre-tax loss of $128 million as of the effective date, which was included in the third quarter results. Subsequent to the effective date, the Company recorded $85 million of net asbestos and environmental (“A&E”) and workers compensation adverse development. Since the cumulative claims and claim adjustment expenses ceded (including the $85 million of adverse prior year development) have not exceeded the consideration paid, the Company was able to recognize $85 million of retroactive reinsurance benefit.
- The consolidated combined ratio before catastrophes and net incurred losses attributable to prior years for the twelve months ended December 31, 2014 was 92.8%, an improvement of 2.4 points over the same period in 2013. Including the impact of catastrophes and net incurred losses attributable to prior years, the Company's combined ratio for the twelve months ended December 31, 2014 improved 2.2 points to 97.5%.
- Cash flow provided by operations for the twelve months ended December 31, 2014 was $1.237 billion, a decrease of $2.920 billion or 70.2% from the same period in 2013. The decrease reflects approximately $3.0 billion total consideration paid to fund the NICO Reinsurance Transaction.

Please see Management's Discussion & Analysis (MD&A) of Financial Condition and Results of Operations for definitions of terms.

Consolidated Results

$ millions	Fourth Quarter			Full Year		
	2014[1]	2013[1]	Change	2014[1]	2013[1]	Change
Revenues	**$9,948**	**$9,955**	**(0.1%)**	**$39,631**	**$38,398**	**3.2%**
Pre-tax operating income before LP and LLC income	$867	$359	141.5%	$2,332	$1,854	25.8%
LP and LLC income[2]	33	266	(87.6)	638	612	4.2
Pre-tax operating income	**$900**	**$625**	**44.0%**	**$2,970**	**$2,466**	**20.4%**
Net operating income	651	474	37.3	2,236	1,925	16.2%
Consolidated net income	554	524	5.7	1,809	1,760	2.8
Less: Net loss attributable to non-controlling interest	(5)	28	NM	(24)	17	NM
Net income attributable to LMHC	**$559**	**$496**	**12.7%**	**$1,833**	**$1,743**	**5.2%**

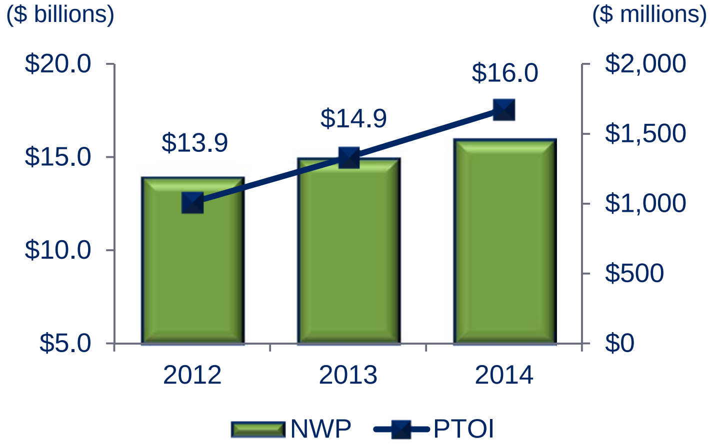
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation

	2014 Q4	2013 Q4	Change	2014 FY	2013 FY	Change
Claims and claim adjustment expense ratio	61.1%	64.8%	(3.7)	61.8%	64.4%	(2.6)
Underwriting expense ratio	31.8	31.2	0.6	31.0	30.7	0.3
Dividend ratio	-	-	-	-	0.1	(0.1)
Subtotal	**92.9%**	**96.0%**	**(3.1)**	**92.8%**	**95.2%**	**(2.4)**
Catastrophes[3]	1.8	1.2	0.6	4.8	3.9	0.9
Net incurred losses attributable to prior years:						
- Asbestos & environmental	-	0.1	(0.1)	0.3	0.9	(0.6)
- All other[4]	(1.2)	2.0	(3.2)	(0.4)	(0.3)	(0.1)
Current accident year re-estimation[5]	-	0.8	(0.8)	-	-	-
Total combined ratio[6]	**93.5%**	**100.1%**	**(6.6)**	**97.5%**	**99.7%**	**(2.2)**

[1] The combined ratio has been adjusted to exclude the impact of the Venezuela devaluation and foreign exchange.
[2] LP and LLC income is included in net investment income in the accompanying Consolidated Statements of Income.
[3] Catastrophes include all current accident year catastrophe losses for severe storms in the U.S., U.K. and Ireland floods, Windstorm Ela, Cyclone Oswald, Central European floods, Alberta floods, German hailstorm, Hurricane Odile and Typhoon Fitow. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[4] Net of earned premium and reinstatement premium attributable to prior years and amortization of deferred gains on assumed retroactive reinsurance. Net of the impact of the NICO Reinsurance Transaction.
[5] Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2014 and 2013.
[6] 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 current and prior year managed care income 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 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 A&E 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.[3]
- Highest growth rate among top 10 multi-line writers[4]
- Market leader in affinity marketing, with over 17,000 affinity relationships

Financial Performance

$ millions	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
NWP	**$3,852**	**$3,665**	**5.1%**	**$15,952**	**$14,934**	**6.8%**
PTOI before catastrophes, net incurred losses attributable to prior years, and current accident year re-estimation	$693	$600	15.5%	$2,698	$2,380	13.4%
Catastrophes[1]	2	5	(60.0)	(977)	(801)	22.0
Net incurred losses attributable to prior years	(6)	(197)	(97.0)	(47)	(248)	(81.0)
Current accident year re-estimation[2]	-	(67)	(100.0)	-	-	-
Pre-tax operating income	$689	$341	102.1%	$1,674	$1,331	25.8%

Combined ratio before catastrophes, net incurred losses attributable to prior years, and current accident year re-estimation

	2014	2013	Change	2014	2013	Change
Claims and claim adjustment expense ratio	60.4%	61.1%	(0.7)	60.3%	60.7%	(0.4)
Underwriting expense ratio	25.0	25.9	(0.9)	25.2	25.9	(0.7)
Subtotal	**85.4%**	**87.0%**	**(1.6)**	**85.5%**	**86.6%**	**(1.1)**
Catastrophes[3]	(0.1)	(0.1)	-	6.3	5.6	0.7
Net incurred losses attributable to prior years	0.2	5.3	(5.1)	0.3	1.7	(1.4)
Current accident year re-estimation[4]	-	1.8	(1.8)	-	-	-
Total combined ratio	**85.5%**	**94.0%**	**(8.5)**	**92.1%**	**93.9%**	**(1.8)**

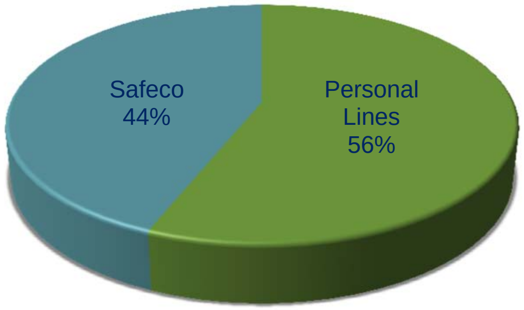
[1] Catastrophes include all current accident year catastrophe losses. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[2] Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2014 and 2013.
[3] Based on Q3 YTD 2014 DWP.
[4] Based on full year 2013 statutory organic DWP growth.
NM = Not Meaningful

Liberty Mutual INSURANCE

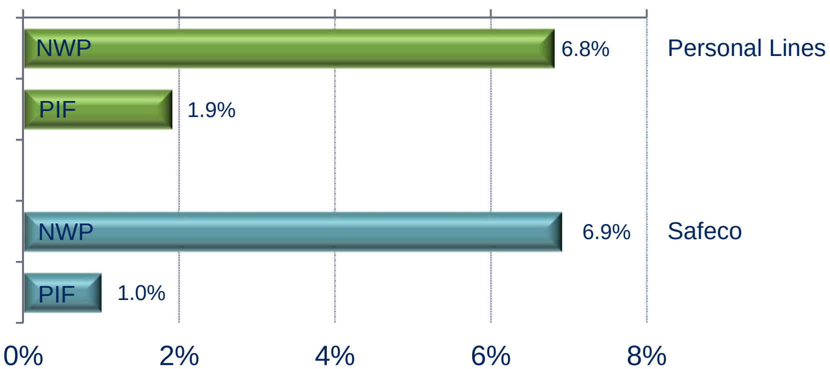
Personal Insurance NWP Distribution

NWP by market segment

2014

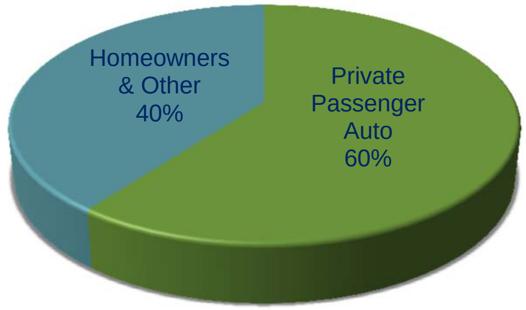


YOY Change

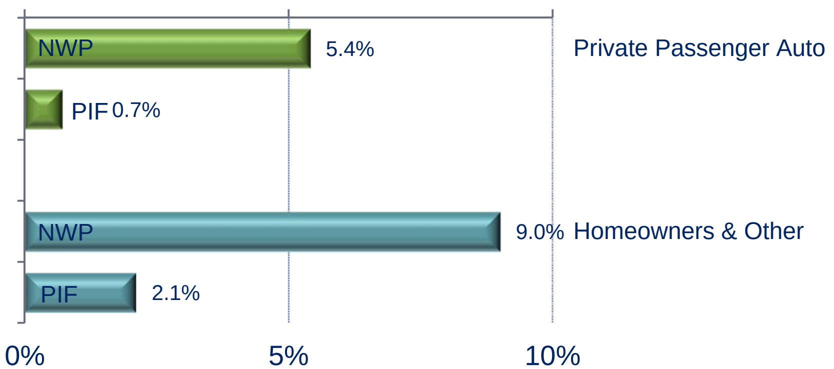


NWP by line of business

2014



YOY Change

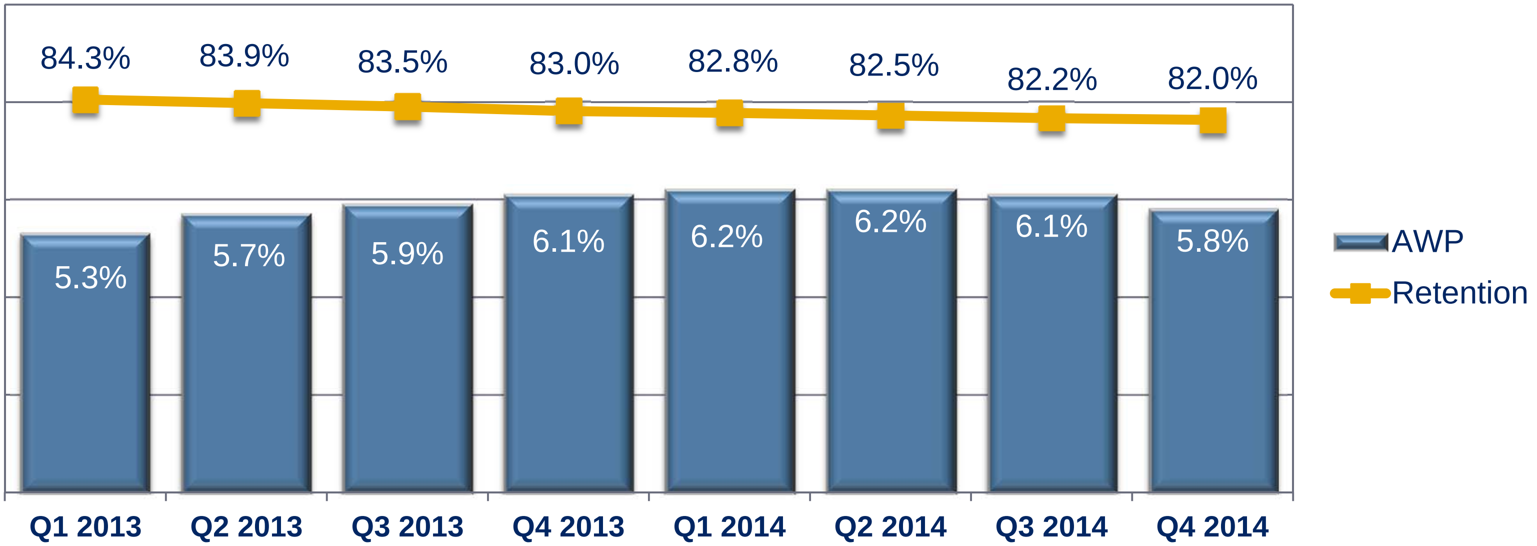


NWP for the full year 2014 totaled $16.0 billion, an increase of 6.8% over the same period in 2013.

YOY: Year-over-Year
PIF: Policies in Force

Liberty Mutual. INSURANCE

Personal Insurance:
Average Written Premium (AWP) & Retention

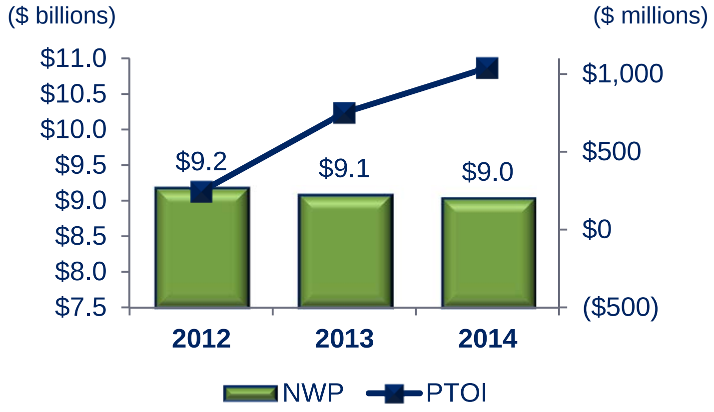


	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Private Passenger Auto								
AWP	4.6%	5.0%	4.9%	4.9%	5.0%	4.9%	4.9%	4.8%
Retention	83.5%	83.2%	82.9%	82.4%	82.1%	81.8%	81.4%	81.2%
Homeowners								
AWP	6.1%	6.6%	7.1%	7.4%	7.6%	7.7%	7.3%	6.9%
Retention	85.1%	84.7%	84.2%	83.6%	83.5%	83.3%	83.1%	82.9%

*Note: Figures are reported on a 12-month rolling basis.

Commercial Insurance

NWP & PTOI



Segment Highlights

- As an SBU, 4th largest U.S. commercial lines insurer measured by DWP - $9.4B[4]
- Equipped to underwrite and service a wide spectrum of exposures, from small proprietors to multi-nationals
- Approximately 5,700 active P&C agencies in 12,000 locations
- Sold Summit Holding Southeast, Inc. and its related companies on April 1, 2014
- Consolidated Individual Life and A&H into SBU in June, 2014; merged with Group Benefits to form new segment: Liberty Mutual Benefits (LMB)

Financial Performance

$ millions	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
NWP	**$2,172**	**$2,135**	**1.7%**	**$9,032**	**$9,081**	**(0.5%)**
PTOI before catastrophes, net incurred losses attributable to prior years, and LP & LLC (loss) income	$330	$219	50.7%	$1,279	$889	43.9%
Catastrophes[1]	(43)	(68)	(36.8)	(325)	(252)	29.0
Net incurred losses attributable to prior years[2]	26	(8)	NM	76	110	(30.9)
LP and LLC (loss) income	(1)	1	NM	10	5	100.0
Pre-tax operating income	**$312**	**$144**	**116.7%**	**$1,040**	**$752**	**38.3%**

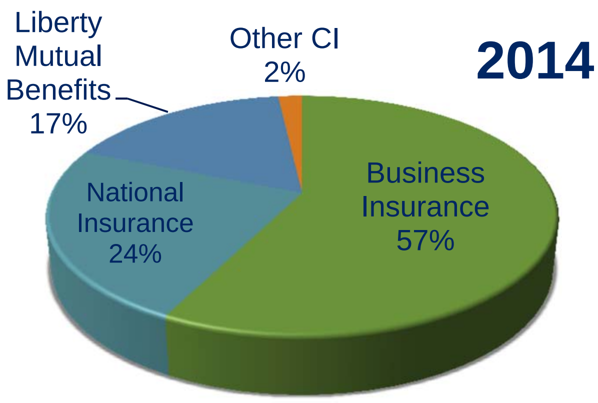
Combined ratio before catastrophes and net incurred losses attributable to prior years.

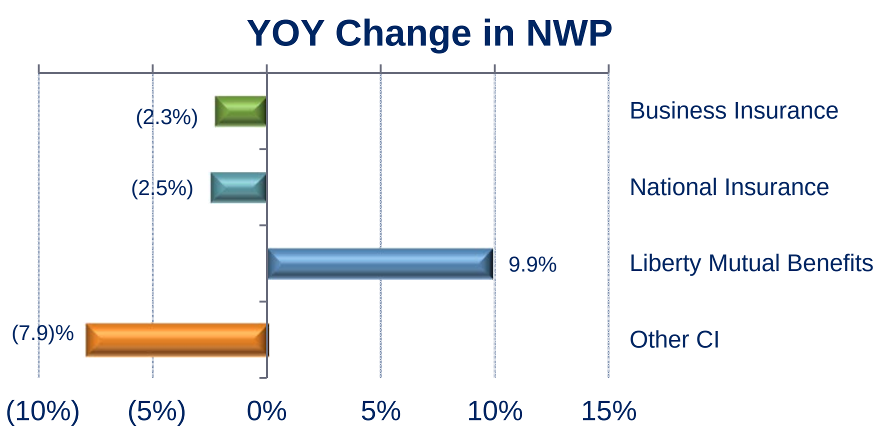
	Q4 2014	Q4 2013	Q4 Change	FY 2014	FY 2013	FY Change
Claims and claim adjustment expense ratio	61.5%	69.2%	(7.7)	63.0%	69.4%	(6.4)
Underwriting expense ratio	34.6	33.3	1.3	33.3	32.7	0.6
Dividend ratio	0.1	(0.1)	0.2	0.1	0.2	(0.1)
Subtotal	**96.2%**	**102.4%**	**(6.2)**	**96.4%**	**102.3%**	**(5.9)**
Catastrophes[1]	2.3	3.5	(1.2)	4.4	3.2	1.2
Net incurred losses attributable to prior years[3]	(1.4)	0.4	(1.8)	(1.0)	(1.4)	0.4
Total combined ratio	**97.1%**	**106.3%**	**(9.2)**	**99.8%**	**104.1%**	**(4.3)**

[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]Net of earned premium attributable to prior years of ($1) million and $16 million for the three and twelve months ended December 31, 2014 and $5 million and ($10) million for the same periods in 2013. Net of amortization of deferred gains on assumed retroactive reinsurance of $1 million and $2 million for the three and twelve months ended December 31, 2014 and zero and $2 million for the same periods in 2013.
[3]Net of earned premium attributable to prior years.
[4]Based on 2013 DWP (excludes Individual Life and A&H).
NM=Not Meaningful

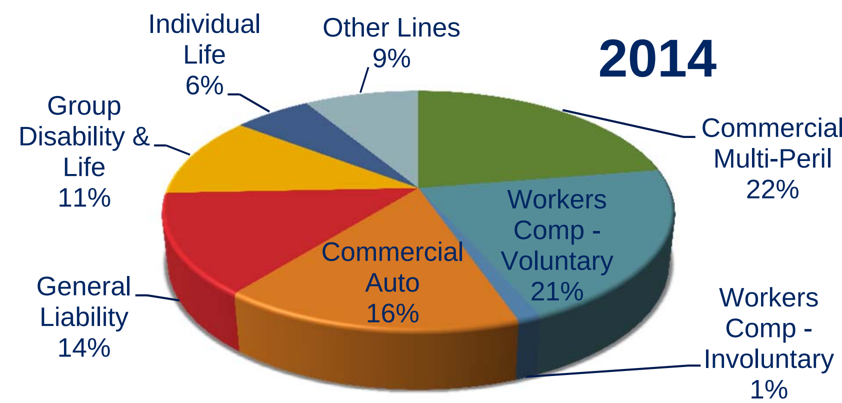
Commercial Insurance NWP Distribution

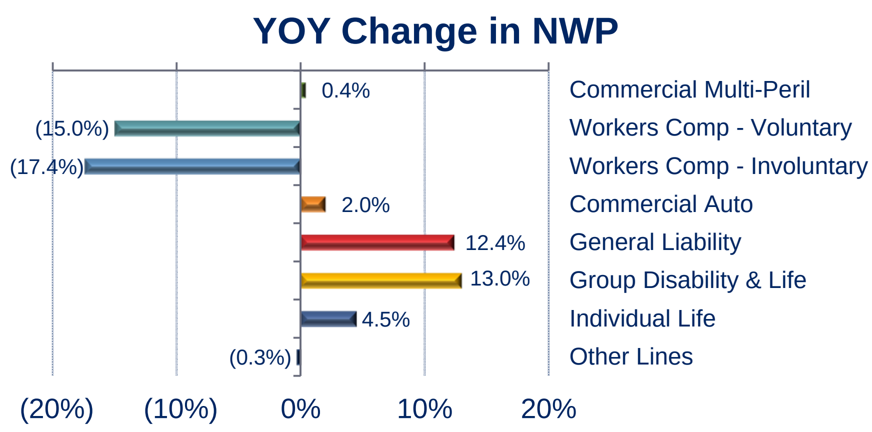
NWP by market segment





NWP by line of business

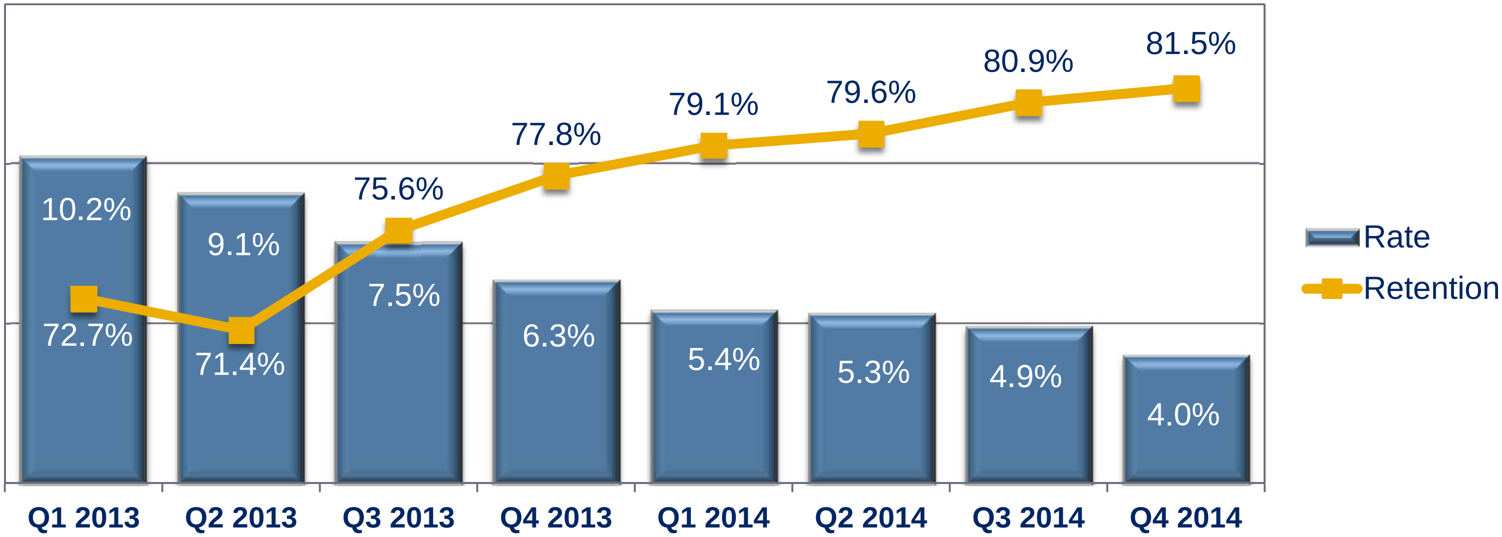




NWP for the full year 2014 totaled $9.0 billion, a decrease of 0.5% from the same period in 2013.

YOY: Year-over-Year

Commercial Insurance: Rate & Retention

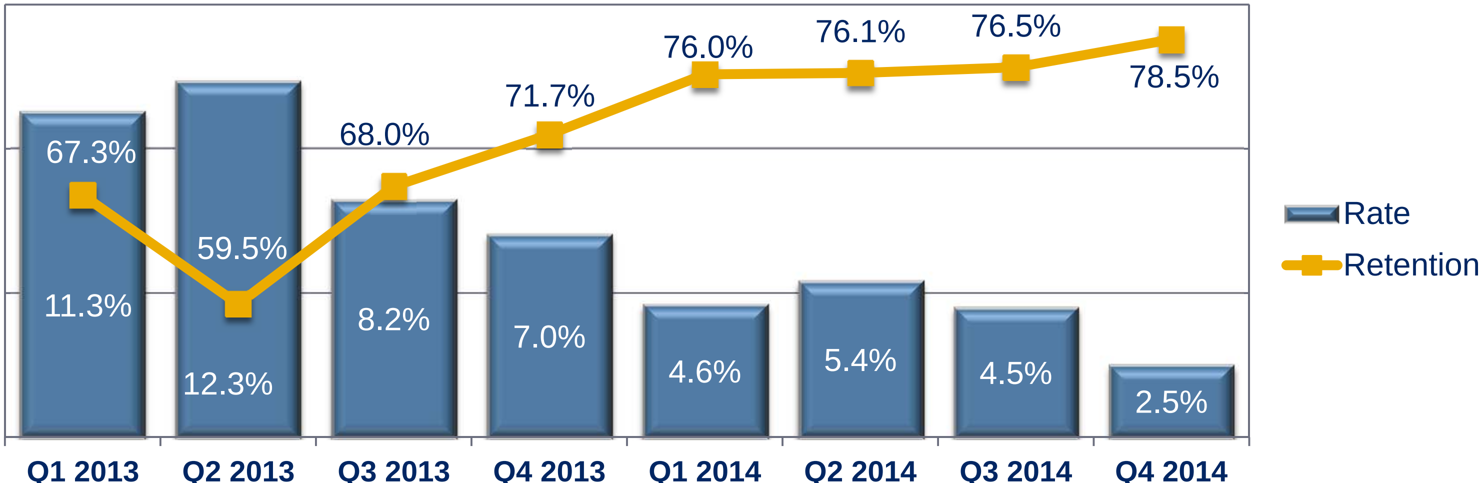


	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	YTD 2013	YTD 2014
Business Insurance										
Rate	10.9%	9.6%	7.8%	6.8%	6.0%	6.0%	5.4%	4.8%	8.7%	5.5%
Retention	69.7%	70.0%	75.1%	76.4%	78.5%	77.7%	79.6%	78.8%	72.7%	78.7%
National Insurance										
Rate	8.7%	7.9%	6.8%	5.3%	4.1%	3.6%	3.4%	2.1%	7.2%	3.3%
Retention	78.3%	74.5%	76.9%	81.0%	80.0%	83.5%	84.1%	87.4%	77.7%	83.6%
Commercial Insurance P&C										
Rate	10.2%	9.1%	7.5%	6.3%	5.4%	5.3%	4.9%	4.0%	8.3%	4.9%
Retention	72.7%	71.4%	75.6%	77.8%	79.1%	79.6%	80.9%	81.5%	74.3%	80.3%

Note: Business Drivers are ex Liberty Mutual Benefits.

Commercial Insurance: WC Rate & Retention

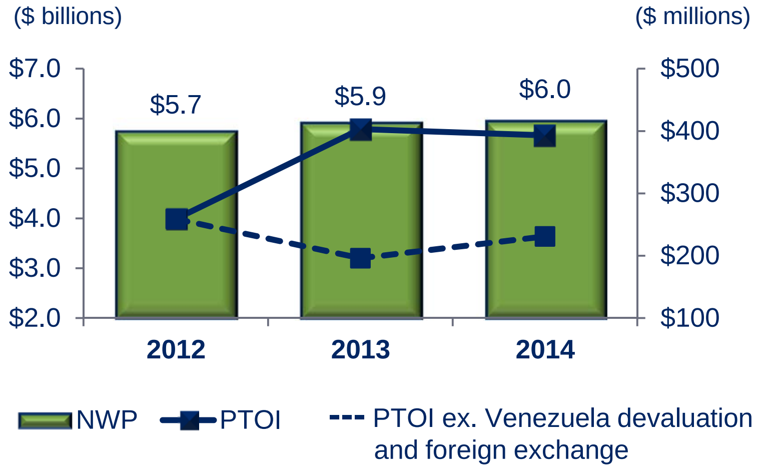
NWP of $2.010 billion is down 15% from the prior year.



	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	YTD 2013	YTD 2014
Business Insurance										
Rate	13.2%	12.7%	8.3%	7.7%	5.0%	5.8%	4.7%	4.2%	10.5%	4.9%
Retention	56.1%	55.1%	65.6%	65.5%	71.2%	69.3%	72.2%	71.4%	60.4%	71.1%
National Insurance										
Rate	8.9%	11.7%	8.1%	6.1%	4.2%	5.0%	4.3%	0.5%	8.7%	3.6%
Retention	78.8%	66.8%	71.9%	80.3%	79.8%	85.5%	82.6%	87.4%	75.1%	83.2%
Commercial Insurance P&C										
Rate	11.3%	12.3%	8.2%	7.0%	4.6%	5.4%	4.5%	2.5%	9.7%	4.3%
Retention	67.3%	59.5%	68.0%	71.7%	76.0%	76.1%	76.5%	78.5%	66.6%	76.7%

Liberty International

NWP & PTOI



Segment Highlights

- Venezuela devaluation and foreign exchange favorably impacted PTOI by $44M in Q4 2014.
- Q4 growth impacted by dollar strengthening
- Malaysia acquisition closed on July 16, 2014
- Announced acquisition of Hughes Insurance (close expected around July 1, 2015)

Financial Performance

$ millions	Fourth Quarter			Full year		
	2014[1]	2013[1]	Change	2014[1]	2013[1]	Change
NWP	**$1,656**	**$1,685**	**(1.7%)**	**$5,952**	**$5,913**	**0.7%**
PTOI before catastrophes, net incurred losses attributable to prior years and Venezuela devaluation and foreign exchange	$19	$6	NM	$108	$132	(18.2%)
Catastrophes[2]	-	-	-	(9)	-	NM
Net incurred losses attributable to prior years	78	34	129.4	132	64	106.3
Venezuela devaluation and foreign exchange	44	20	120.0	162	207	(21.7)
Pre-tax operating income	**$141**	**$60**	**135.0%**	**$393**	**$403**	**(2.5%)**

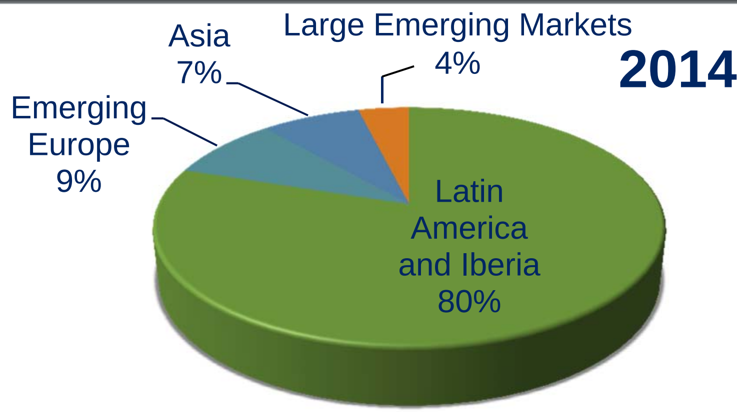
Combined ratio before catastrophes and net incurred losses attributable to prior years

	2014[1] Q4	2013[1] Q4	Change	2014[1] FY	2013[1] FY	Change
Claims and claim adjustment expense ratio	65.7%	66.0%	(0.3)	66.0%	66.1%	(0.1)
Underwriting expense ratio	39.7	40.1	(0.4)	38.6	38.5	0.1
Subtotal	**105.4%**	**106.1%**	**(0.7)**	**104.6%**	**104.6%**	**-**
Catastrophes[2]	-	-	-	0.2	-	0.2
Net incurred losses attributable to prior years	(5.6)	(2.3)	(3.3)	(2.4)	(1.2)	(1.2)
Total combined ratio	**99.8%**	**103.8%**	**(4.0)**	**102.4%**	**103.4%**	**(1.0)**

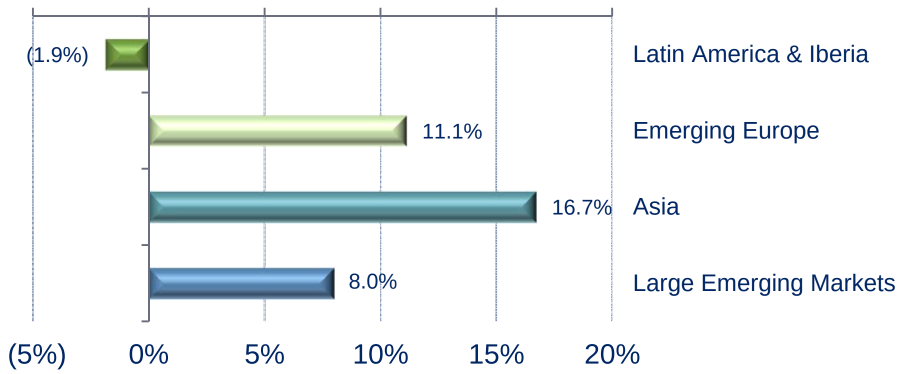
[1] The combined ratios have been adjusted to exclude the impact of the Venezuela devaluation and foreign exchange.
[2] Catastrophes include all current accident year catastrophe losses for the U.K. and Ireland floods. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
Note: The results of Argentina operations are presented as Discontinued Operations on the Consolidated Statements of Income and are no longer included with Liberty International. All prior periods have been restated to reflect the sale.
NM = Not meaningful

Liberty International NWP Distribution

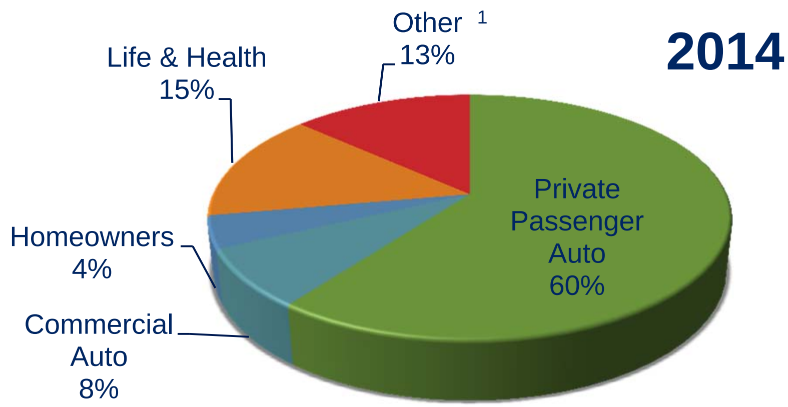
NWP by market segment



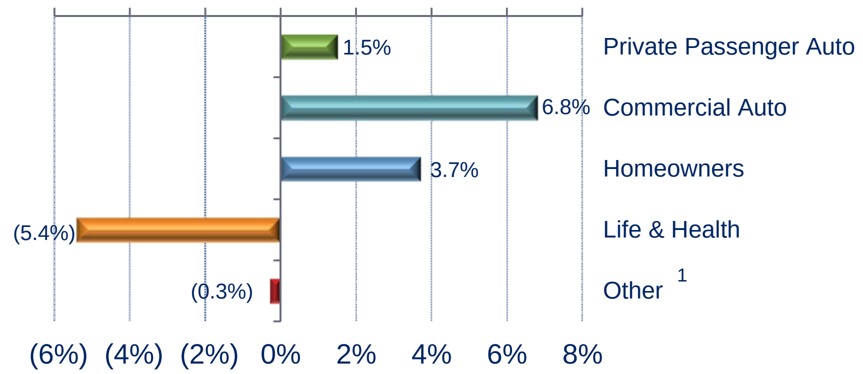
YOY Change in NWP



NWP by line of business



YOY Change in NWP



NWP for the full year 2014 totaled $6.0 billion, an increase of 0.7% (or 28.5%[2] excluding FX) over the same period in 2013.

[1] Premium related to other personal and commercial lines including personal accident, bonds, workers compensation, property and fire, 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

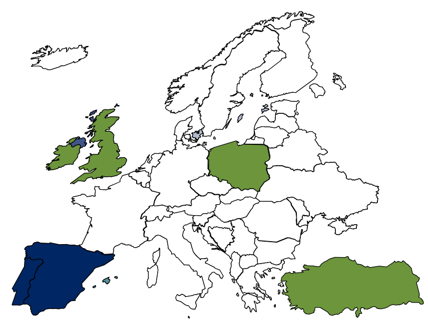
Liberty International: Global Presence

($ millions)

Large Emerging Markets	NWP	P&C Rank	P&C Share
China[1,8]	$126	5th	0.1%
India[1]	$37	23rd	0.3%
Russia[5]	$67	43rd	0.3%

Asia	NWP	P&C Rank	P&C Share
Singapore[9]	$114	7th	5.1%
Thailand[1]	$170	9th	3.0%
Vietnam	$23	10th	2.3%
Malaysia	$56	14th	3.2%
Hong Kong[3]	$84	15th	2.0%

Emerging Europe	NWP	P&C Rank	P&C Share
Ireland[4]	$293	7th	6.8%
Poland[1]	$99	12th	1.0%
Turkey	$47	24th	0.6%
Great Britain	$70	N/A	N/A

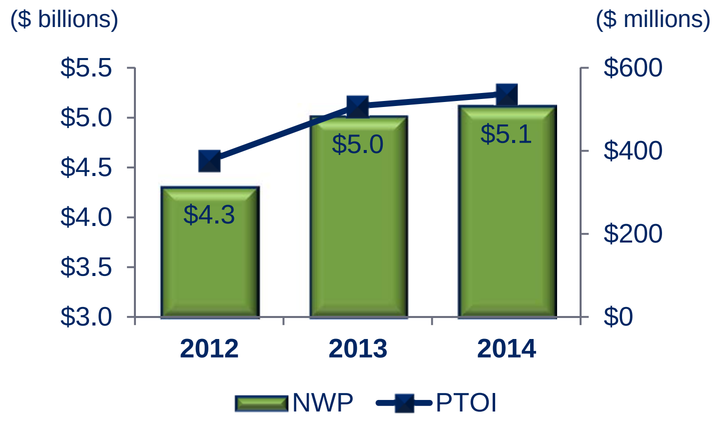


Latin America and Iberia	NWP	P&C Rank	P&C Share
Venezuela[1,6,7]	$1,943	1st	14.6%
Colombia	$442	3rd	9.8%
Chile	$172	4th	9.7%
Ecuador[2]	$70	5th	5.3%
Portugal[2]	$294	7th	6.4%
Brazil[7]	$1,039	9th	2.9%
Spain[1]	$805	16th	2.1%

Rankings Base – 2014 Net Written Premium (NWP) except where noted:
[1] 2014 Gross Written Premium
[2] 2014 Direct Written Premium
[3] 2013 Net Written Premium
[4] 2013 Gross Written Premium
[5] 2013 Direct Written Premium
[6] Excludes government owned companies
[7] Reflects combined P&C and life markets
[8] Ranking based on non-domestic companies including Mandatory Third Party Liability
[9] Singapore's market rank reflects 2013 GWP, but market share reflects 2013 NWP
Rankings are based on the most recent financial data available, which varies by country.

Global Specialty

NWP & PTOI



Segment Highlights

- 3rd 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
- Mexico acquisition closed on July 8, 2014

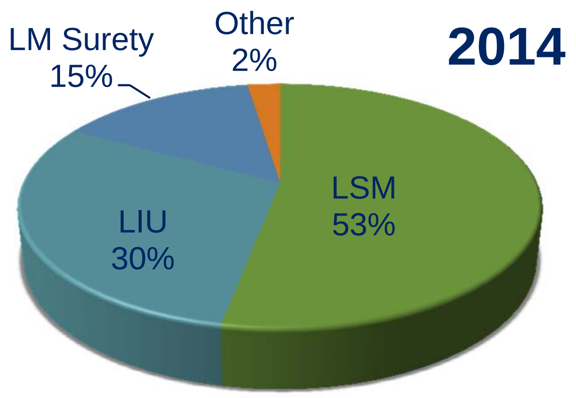
Financial Performance

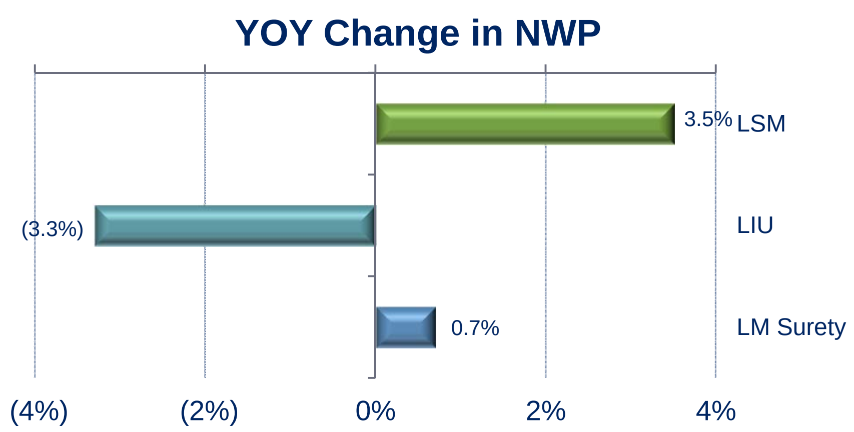
$ millions	Fourth Quarter			Full Year		
	2014	2013	Change	2014	2013	Change
NWP	**$1,146**	**$1,131**	**1.3%**	**$5,120**	**$5,016**	**2.1%**
PTOI before catastrophes and net incurred losses attributable to prior years	$167	$148	12.8%	$660	$682	(3.2%)
Catastrophes[1]	(20)	(7)	185.7	(51)	(102)	(50.0)
Net incurred losses attributable to prior years[2]	(33)	(44)	(25.0)	(72)	(72)	-
Pre-tax operating income	**$114**	**$97**	**17.5%**	**$537**	**$508**	**5.7%**
Combined ratio before catastrophes and net incurred losses attributable to prior years						
Claims and claim adjustment expense ratio	57.8%	64.9%	(7.1)	59.1%	62.5%	(3.4)
Underwriting expense ratio	34.9	29.4	5.5	33.3	29.0	4.3
Dividend ratio	0.2	0.1	0.1	0.2	0.2	-
Subtotal	**92.9%**	**94.4%**	**(1.5)**	**92.6%**	**91.7%**	**0.9**
Catastrophes[1]	1.6	0.6	1.0	1.0	2.1	(1.1)
Net incurred losses attributable to prior years[2]	2.7	3.6	(0.9)	1.5	1.6	(0.1)
Total combined ratio	**97.2%**	**98.6%**	**(1.4)**	**95.1%**	**95.4%**	**(0.3)**

[1] Catastrophes include all current accident year catastrophe losses for severe storms in the U.S., U.K. and Ireland floods, Windstorm Ela, Cyclone Oswald, Central European floods, Alberta floods, German hailstorm, Hurricane Odile and Typhoon Fitow. 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 $1 million and $10 million for the three and twelve months ended December 31, 2014 and $6 million and $27 million for the same periods in 2013.

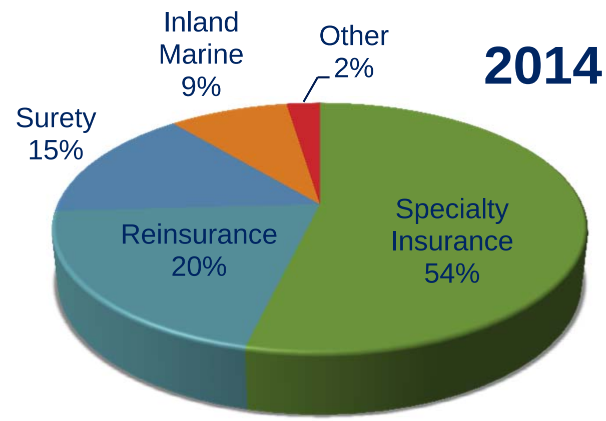
Global Specialty NWP Distribution

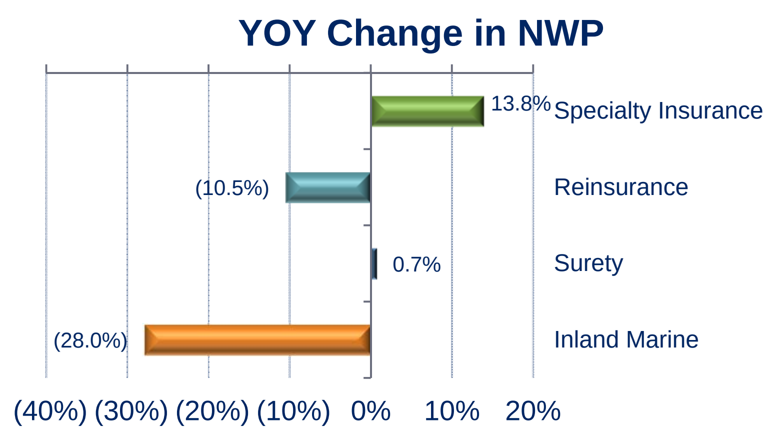
NWP by market segment





NWP by line of business

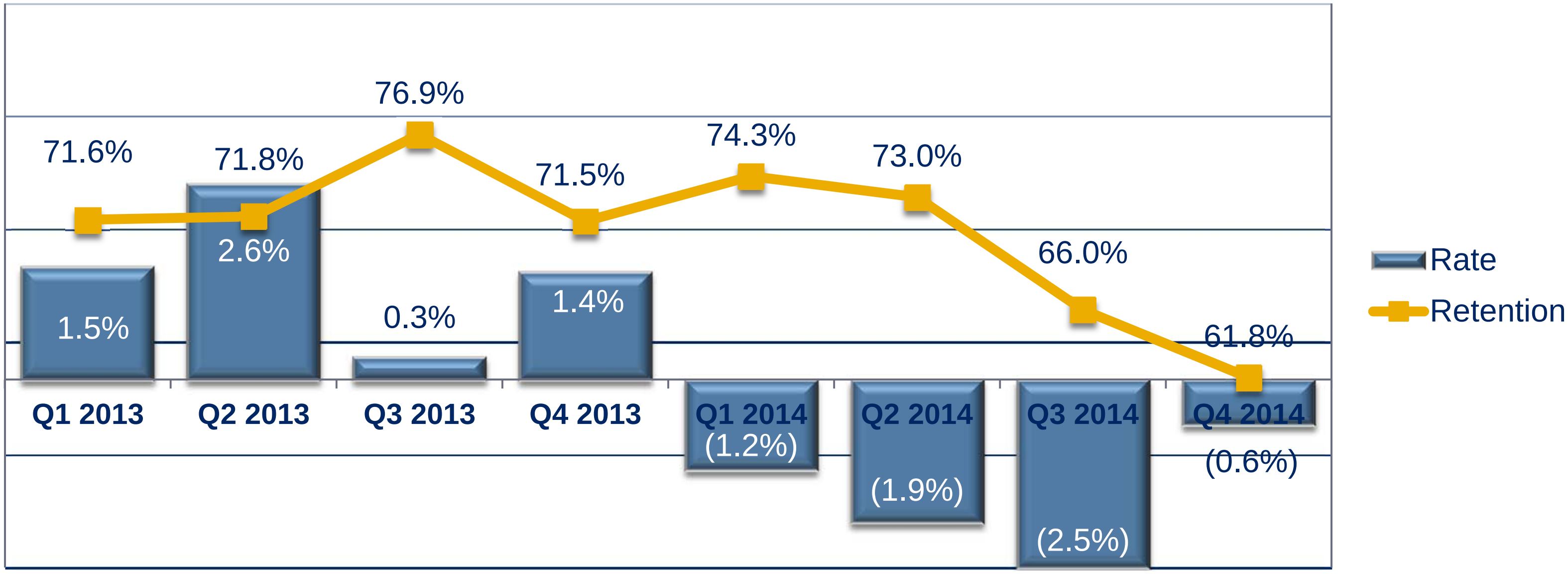




NWP for the full year 2014 totaled $5.1 billion, an increase of 2.1% over the same period in 2013.

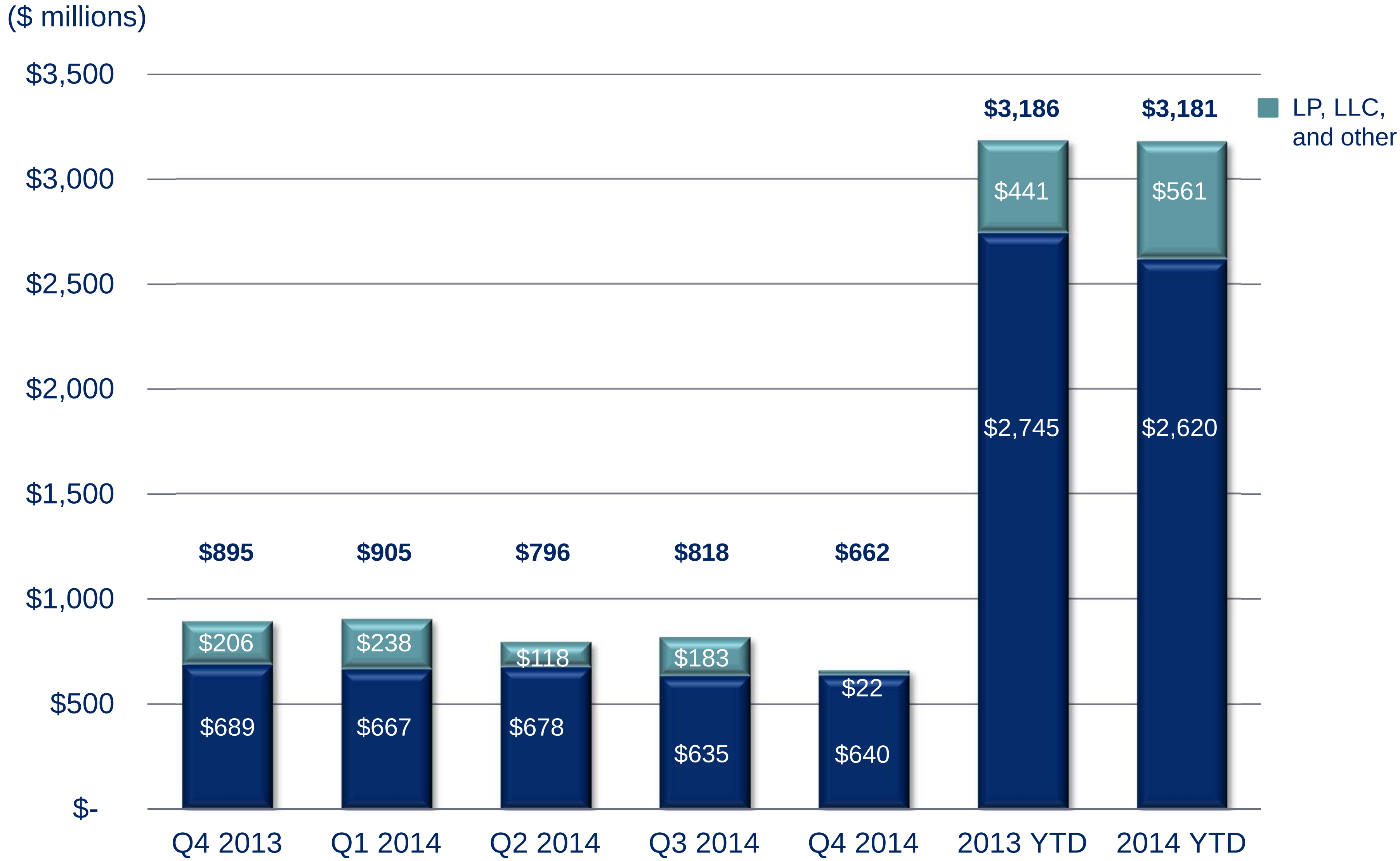
YOY: year-over-year

Global Specialty: Rate & Retention



	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	YTD 2013	YTD 2014
Specialty Insurance										
Rate	1.2%	2.8%	0.7%	2.0%	0.8%	(1.2%)	(1.5%)	(0.4%)	1.7%	(0.5%)
Retention	65.6%	70.5%	78.5%	71.7%	70.2%	70.5%	63.2%	59.5%	71.3%	69.4%
Reinsurance										
Rate	1.0%	1.9%	(0.8%)	(3.3%)	(4.4%)	(5.1%)	(6.3%)	(3.3%)	0.5%	(4.8%)
Retention	79.6%	78.3%	71.5%	70.5%	80.9%	85.6%	77.1%	84.5%	77.0%	82.7%

Net Investment Income

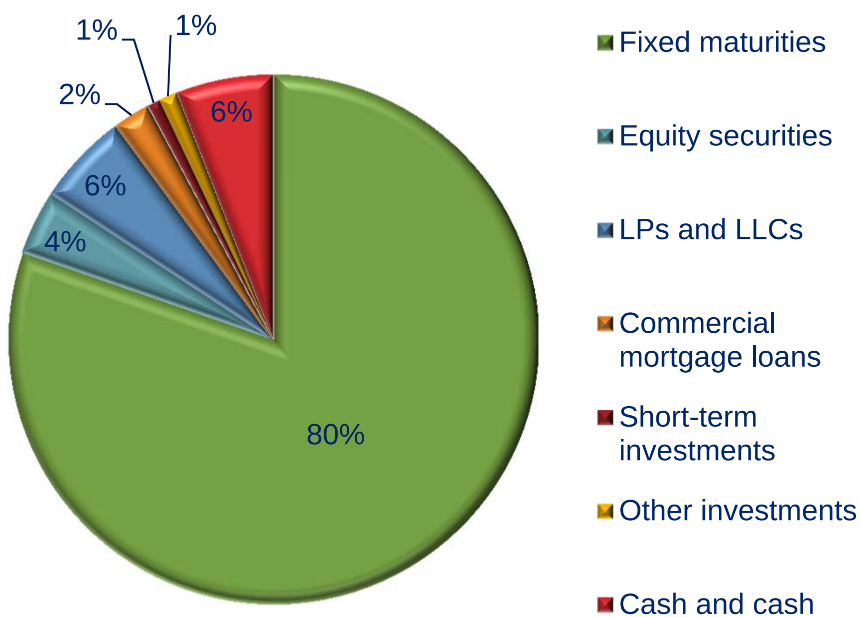


The above chart contains net investment income attributable to discontinued operations.

Liberty Mutual. INSURANCE

Investment Mix and Capitalization

Invested Assets



Total invested assets as of December 31, 2014: $79.789 billion

($ millions)	December 31, 2014	December 31, 2013
Long-term debt	**$7,232**	**$6,285**
Adjusted debt[1]	**$6,232**	**$5,285**
Total equity	**$20,302**	**$19,012**
Less: AOCI	**$57**	**$640**
Total equity ex. AOCI	**$20,245**	**$18,372**
Total capital ex. AOCI	**$27,477**	**$24,657**
Adjusted debt-to-total capitalization (ex. AOCI)	**22.7%**	**21.4%**
Statutory surplus	**$19,180**	**$17,508**

[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 December 31, 2014		
	Carrying Value	Unfunded Commitments	Average Credit Rating
Investment grade bonds	$2,115	$ -	A-
Below investment grade bonds	280	-	B+
Publicly traded equity securities	177	-	
Private equities – energy focused[1]	663	679	
	$3,235	**$679**	
Percent of total invested assets	*4.1%*		
Direct investment in oil & gas wells[2]	$1,636	$2,029	
Total exposure	**$4,871**	**$2,708**	

1: Includes $590 million of natural resources partnerships and $73 million of other investments
2: Included in 'Other assets' on Consolidated Balance Sheets

Holding Company Interest Coverage

($ millions)	
Preferred dividends	$80
Remaining dividend capacity	$1,761
2015 dividend capacity[1]	$1,841
2014 PTI from LMG service companies/fees	$317
Total available funding	$2,158
Interest expense[2]	$376
Holding company interest coverage	5.7x

[1] Represents the estimated maximum allowable dividend without prior regulatory approval in the state of domicile. Dividends paid during the year ended December 31, 2014 were $92 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.

Subsequent Events

- On February 10, 2015, the Venezuelan government issued Official Gazette # 6171 that created a new three tier exchange rate system. The three tiers are:
  - (1) CENCOEX exchange rate (at VEF/USD 6.30) for essential imports (food and medicines), as in the past
  - (2) SICAD exchange rate (at VEF/USD of 12.00 as of the date of the official gazette) for non-essential imports
  - (3) SIMADI exchange rate which is a market-clearing exchange rate (based on the Exchange Accord No. 33).
- The SIMADI will mainly operate through banks and authorized brokerage houses. Dollar-suppliers and buyers freely have to present their positions in order to reach a market outcome. Exchange transactions can be done in cash and/or government bonds (via swap).
- The SIMADI exchange rate as of the date of issuance of the official gazette was approximately VEF/USD of 170:1.
- The Company will continue to apply the SICAD exchange rate to the remeasurement of its Venezuela operations

Reconciliation of Statement of Income to Combined Ratio

For the three months ended December 31, 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	$9,045		($437)	($71)	$8,537
Benefits, claims and claim adjustment expenses	5,741		(470)	(2)	5,269
Operating costs and expenses	1,939	(6)	(99)	(385)	1,449
Amortization of deferred policy acquisition costs	1,293		(20)	(9)	1,264
Dividends to policyholders	N/A	6	(1)	(1)	4
				Total combined ratio	**93.5%**

For the three months ended December 31, 2013					$ 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	$8,691		($379)	($25)	$8,287
Benefits, claims and claim adjustment expenses	6,102		(377)	(9)	5,716
Operating costs and expenses	1,792	(2)	(92)	(306)	1,392
Amortization of deferred policy acquisition costs	1,204		(18)	3	1,189
Dividends to policyholders	N/A	2	(1)	-	1
				Total combined ratio	**100.1%**

[1] Dividends to policyholders
[2] Life and annuity business excluded from P&C combined ratio
[3] Includes adjustments for Venezuela devaluation, non-underwriting expenses primarily related to the Company's energy production and service operations, fee income, and installment charges.

Liberty Mutual. INSURANCE

Reconciliation of Statement of Income to Combined Ratio

For the twelve months ended December 31, 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	$35,394		($1,644)	($433)	$33,317
Benefits, claims and claim adjustment expenses	23,951		(1,788)	(12)	22,151
Operating costs and expenses	7,375	(21)	(371)	(1,481)	5,502
Amortization of deferred policy acquisition costs	4,944		(70)	(58)	4,816
Dividends to policyholders	N/A	21	(6)	(1)	14
				Total combined ratio	**97.5%**

For the twelve months ended December 31, 2013					$ 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	$34,049		($1,520)	($271)	$32,258
Benefits, claims and claim adjustment expenses	23,878		(1,542)	(60)	22,276
Operating costs and expenses	6,650	(29)	(325)	(1,083)	5,213
Amortization of deferred policy acquisition costs	4,717		(64)	(14)	4,639
Dividends to policyholders	N/A	29	(6)	-	23
				Total combined ratio	**99.7%**

[1] Dividends to policyholders
[2] Life and annuity business excluded from P&C combined ratio
[3] Includes adjustments for Venezuela devaluation, non-underwriting expenses primarily related to the Company's energy production and service operations, fee income, and installment charges

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 2013 direct written premium. The Company also ranks 76th on the Fortune 100 list of largest corporations in the U.S. based on 2013 revenue. As of December 31, 2014, LMHC had $124.304 billion in consolidated assets, $104.002 billion in consolidated liabilities, and $39.631 billion in annual consolidated revenue.

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 www.libertymutual.com/investors.

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 twelve months ended December 31, 2014 are available on the Company's Investor Relations website at www.libertymutual.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 www.libertymutual.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 www.libertymutual.com/investors.

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