Liberty Mutual INSURANCE

Fourth Quarter and Full Year 2016 Results

March 1, 2017

Cautionary Statement Regarding Forward Looking Statements

This report contains forward looking statements that are intended to enhance the reader's ability to assess the future financial and business performance of Liberty Mutual Holding Company Inc., the parent corporation of the Liberty Mutual Insurance group of entities (the "Company" or "LMHC"). 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"), limited liability companies ("LLC"), commercial mortgages and natural resource working interests; 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 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.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

Liberty Mutual INSURANCE

Strategic Business Units (SBUs)

Global Consumer Markets

- U.S. Consumer Markets (USCM)
- Global Consumer Markets East | West

Commercial Insurance

- Business Insurance
- National Insurance
- Liberty Mutual Benefits (LMB)
- Other Commercial Insurance

Global Specialty

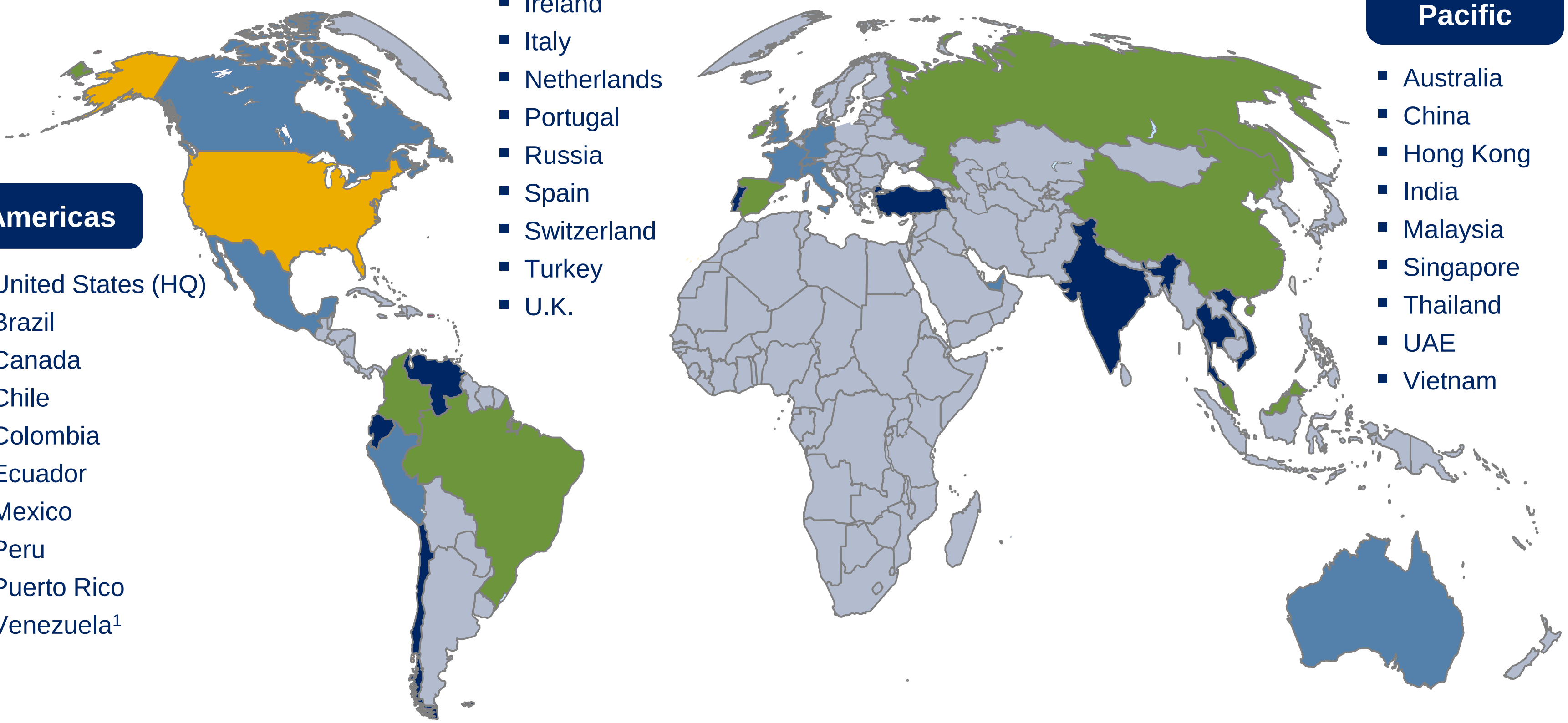
- Liberty Specialty Markets (LSM) – Specialty, Commercial and Reinsurance
- Liberty International Underwriters (LIU)
- Liberty Mutual Surety (LM Surety)

- Mutual holding company structure
- \$125.6B of assets and \$38.3B of revenues in 2016
- The most diversified P&C insurer
- 73rd among Fortune 500 companies[1]
- 5th largest P&C writer in the U.S.[2]
- 5th largest commercial lines writer in the U.S.[2]
- 5th largest personal lines writer in the U.S.[2]
- 6th largest global P&C insurer[3]

[1] Based on 2015 Revenue – as reported.
[2] Based on 2015 DWP.
[3] Based on 2015 GWP, excludes state-owned companies.

Liberty Mutual's Global Presence

Liberty Mutual operates in 30 countries and economies around the globe



Europe

- France
- Germany
- Ireland
- Italy
- Netherlands
- 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
- Peru
- Puerto Rico
- Venezuela[1]

Headquarters

Global Specialty

GCM East | West (Local Operations)

GCM East | West & Global Specialty

[1] Effective September 30, 2015, the Company deconsolidated its Venezuelan operations.

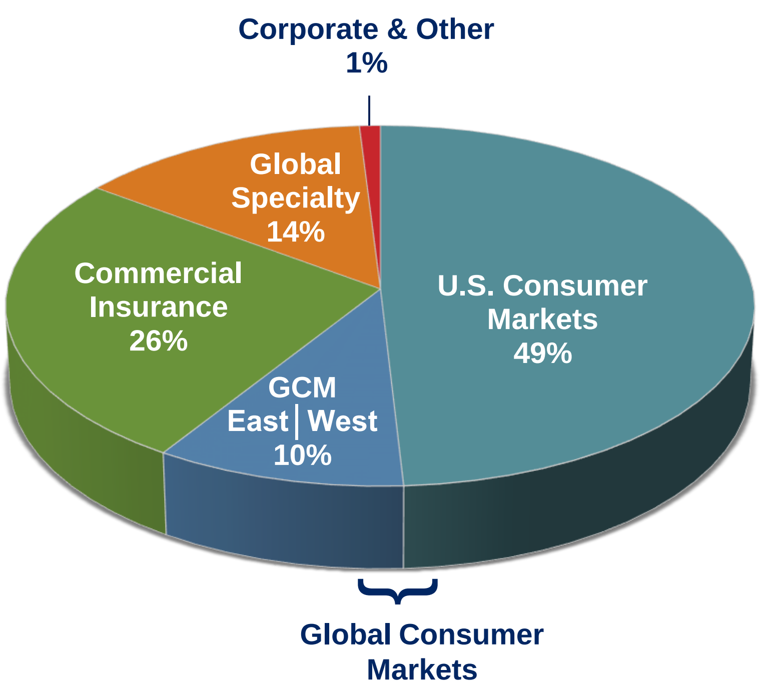
Liberty Mutual. INSURANCE

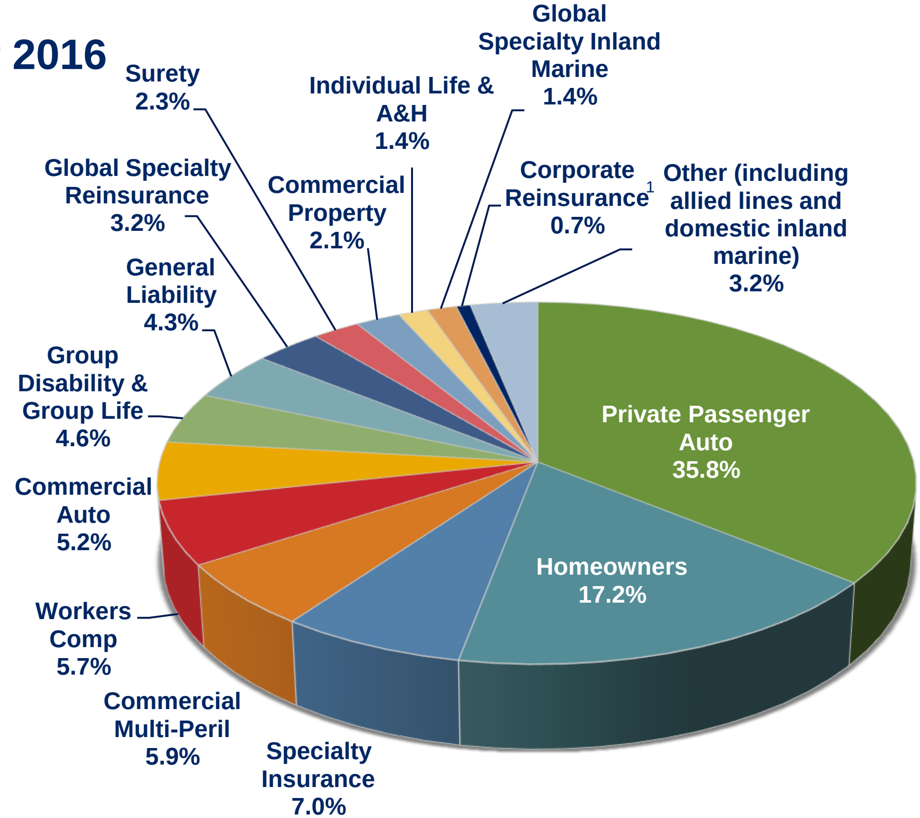
Analysis of Consolidated Net Written Premium "NWP"

NWP by SBU

NWP by line of business

Full Year 2016





NWP of **$35.7** billion increased **3.4%** over 2015.

[1] NWP associated with internal reinsurance, net of corporate external placements.

Consolidated Results

($ Millions)	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
NWP	**$8,615**	**$8,116**	**6.1%**	**$35,714**	**$34,533**	**3.4%**
Pre-tax operating income (“PTOI”) before partnerships, LLC and other equity method loss	$468	$661	(29.2%)	$1,672	$2,026	(17.5%)
Partnerships, LLC, and other equity method loss[1]	(27)	(84)	(67.9)	(1)	(34)	(97.1)
Net realized losses	(77)	(46)	67.4	(127)	(24)	NM
Consolidated net income from continuing operations	206	445	(53.7)	1,069	1,443	(25.9)
Discontinued operations, net of tax	-	-	-	-	(909)	(100.0)
Net income attributable to LMHC	**$143**	**$411**	**(65.2%)**	**$1,006**	**$514**	**95.7%**
Cash flow provided by continuing operations	**$1,102**	**$890**	**23.8%**	**$3,017**	**$3,543**	**(14.8%)**

($ Millions)	As of		
	December 31, 2016	December 31, 2015	Change
Total equity	**$20,387**	**$19,241**	**6.0%**

[1] Partnerships, LLC and other equity method loss includes LP, LLC and other equity method income within net investment loss in the accompanying Consolidated Statements of Income and revenue and expenses from the production and sale of oil and gas.
NM = Not Meaningful

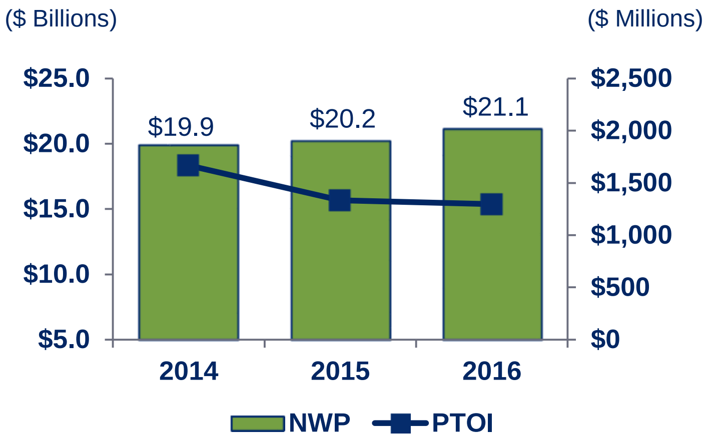
Consolidated Results

	Fourth Quarter			Full Year		
	2016	**2015**	**Change (Points)**	**2016**	**2015**	**Change (Points)**
Claims and claim adjustment expense ratio	62.7%	62.7%	-	62.7%	62.9%	(0.2)
Underwriting expense ratio	30.8	32.0	(1.2)	30.7	31.6	(0.9)
Dividend ratio	-	-	-	-	0.1	(0.1)
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	**93.5**	**94.7**	**(1.2)**	**93.4**	**94.6**	**(1.2)**
Catastrophes[1]	3.2	3.0	0.2	5.1	4.1	1.0
Net incurred losses attributable to prior years						
- Asbestos & environmental	1.2	-	1.2	0.4	-	0.4
- All other[2,3]	(0.9)	(1.6)	0.7	(0.5)	(0.9)	0.4
Current accident year re-estimation[4]	0.6	(0.2)	0.8	-	-	-
Total combined ratio[5]	**97.6%**	**95.9%**	**1.7**	**98.4%**	**97.8%**	**0.6**

[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] The twelve months ended December 31, 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] Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2016, and current accident year loss and earned but not reported reserves for the nine months ended September 30, 2015.
[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. Restructuring costs are not included in the combined ratio.

Global Consumer Markets

NWP & PTOI



Segment Highlights

- Operates in 17 countries and economies
- 5th largest writer of personal lines in the U.S.[3]
- 3rd largest independent agency writer in the U.S.[4]
- A market leader in affinity marketing, with over 22,000 sponsored affinity relationships

Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
NWP	**$5,174**	**$4,893**	**5.7%**	**$21,071**	**$20,161**	**4.5%**
PTOI before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	$685	$621	10.3%	$2,508	$2,388	5.0%
Catastrophes[1]	(162)	(146)	11.0	(1,227)	(1,056)	16.2
Net incurred losses attributable to prior years	3	30	(90.0)	16	1	NM
Current accident year re-estimation[2]	(10)	-	NM	-	-	-
Pre-tax operating income	**$516**	**$505**	**2.2%**	**$1,297**	**$1,333**	**(2.7%)**

	Fourth Quarter			Full Year		
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	**2016**	**2015**	**Change (Points)**	**2016**	**2015**	**Change (Points)**
Claims and claim adjustment expense ratio	62.9%	62.9%	-	63.7%	63.2%	0.5
Underwriting expense ratio	27.5	28.6	(1.1)	27.8	28.5	(0.7)
Subtotal	**90.4%**	**91.5%**	**(1.1)**	**91.5%**	**91.7%**	**(0.2)**
Catastrophes[1]	3.1	2.9	0.2	6.0	5.4	0.6
Net incurred losses attributable to prior years	-	(0.6)	0.6	(0.1)	-	(0.1)
Current accident year re-estimation[2]	0.2	-	0.2	-	-	-
Total combined ratio	**93.7%**	**93.8%**	**(0.1)**	**97.4%**	**97.1%**	**0.3**

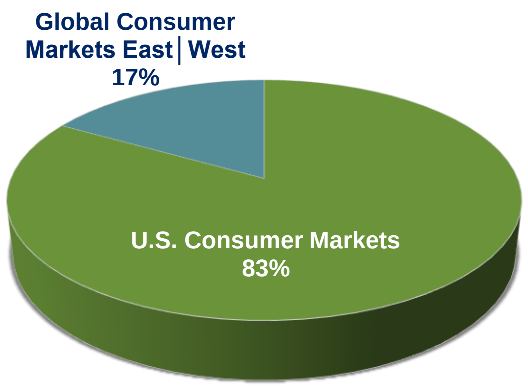
[1] Catastrophes are defined as a natural catastrophe or terror event exceeding $25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[2] Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2016.
[3] Based on 2015 DWP.
[4] Based on Q3 2016 DWP (rolling 12-months).
On September 30, 2016, the Company completed the sale of substantially all the assets and liabilities of its Polish operation resulting in an immaterial gain. The results of the Polish operation are presented in the Corporate and Other section and are no longer reported in Global Consumer Markets East│West. All prior periods have been adjusted to reflect this change.
NM = Not Meaningful

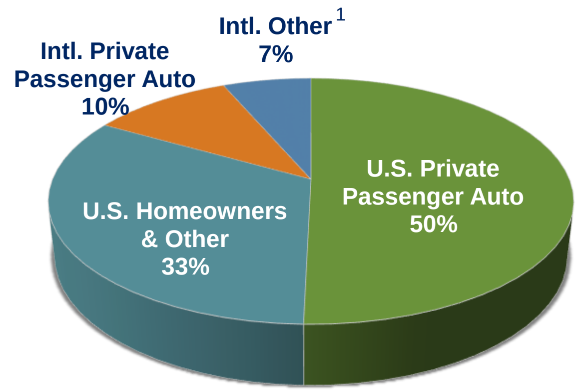
Global Consumer Markets NWP Distribution

NWP by market segment

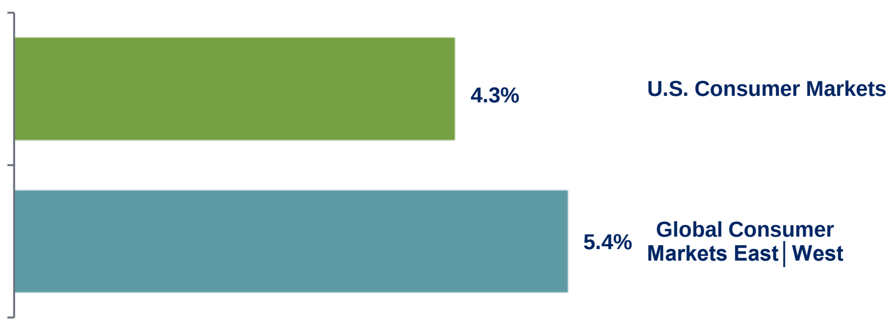
NWP by line of business

Full Year 2016

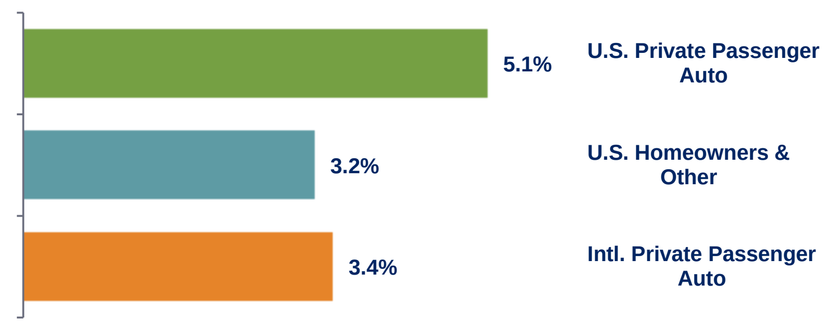




YOY Change in NWP



YOY Change in NWP



NWP in 2016 totaled **$21.1** billion, an increase of **4.5%** over the same period in 2015.

[1] Intl. Other contains the following Global Consumer Markets East│West lines of business: Life and health, Commercial automobile, Homeowners, Commercial property and Other. Other for Global Consumer Markets East│West contains 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.

YOY: year-over-year

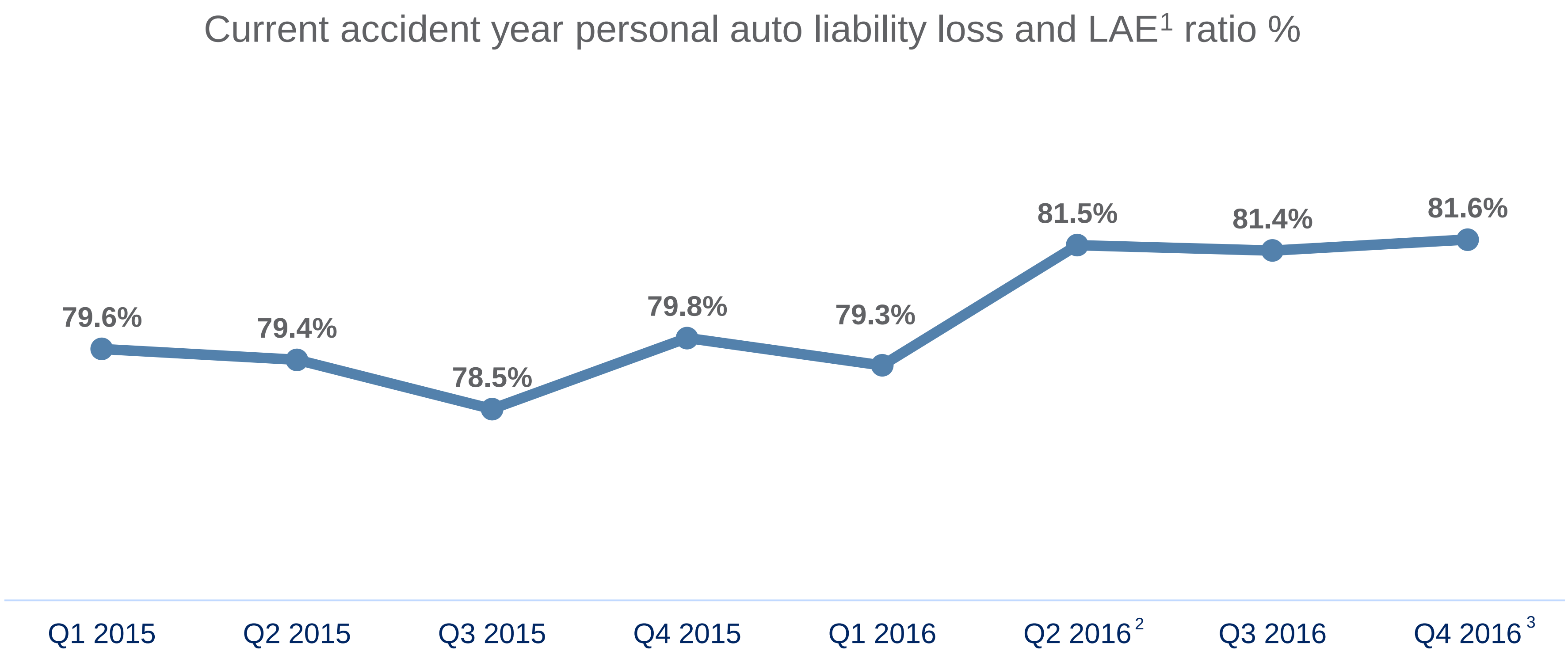
U.S. Consumer Markets: Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
NWP	**$4,254**	**$4,079**	**4.3%**	**$17,536**	**$16,807**	**4.3%**
PTOI before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	$695	$612	13.6%	$2,517	$2,416	4.2%
Catastrophes[1]	(166)	(139)	19.4	(1,225)	(1,049)	16.8
Net incurred losses attributable to prior years	(26)	8	NM	(72)	(1)	NM
Current accident year re-estimation[2]	(10)	-	NM	-	-	-
Pre-tax operating income	**$493**	**$481**	**2.5%**	**$1,220**	**$1,366**	**(10.7%)**

	Fourth Quarter			Full Year		
	2016	2015	Change (Points)	2016	2015	Change (Points)
Claims and claim adjustment expense ratio	62.3%	62.5%	(0.2)	63.2%	62.8%	0.4
Underwriting expense ratio	24.6	26.0	(1.4)	25.1	25.6	(0.5)
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	**86.9%**	**88.5%**	**(1.6)**	**88.3%**	**88.4%**	**(0.1)**
Catastrophes[1]	3.8	3.3	0.5	7.1	6.4	0.7
Net incurred losses attributable to prior years	0.6	(0.2)	0.8	0.4	-	0.4
Current accident year re-estimation[2]	0.2	-	0.2	-	-	-
Total combined ratio	**91.5%**	**91.6%**	**(0.1)**	**95.8%**	**94.8%**	**1.0**

[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] Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2016.
NM = Not Meaningful

Personal automobile loss ratios adversely impacted by elevated loss trends



Rapidly advancing vehicle technology is putting pressure on severity trends, driven by higher repair costs. Specifically, repairs for cars with Advanced Driver Assistance Systems (ADAS) involve a higher number of parts replaced per claim along with elevated labor hours.

[1] LAE: Loss adjustment expense.
[2] Excludes 2.5 points of current accident year re-estimation.
[3] Excludes 0.7 points of current accident year re-estimation.

Example:

Cost to Repair a 2016 vs. 2014 Entry-Level Luxury Car

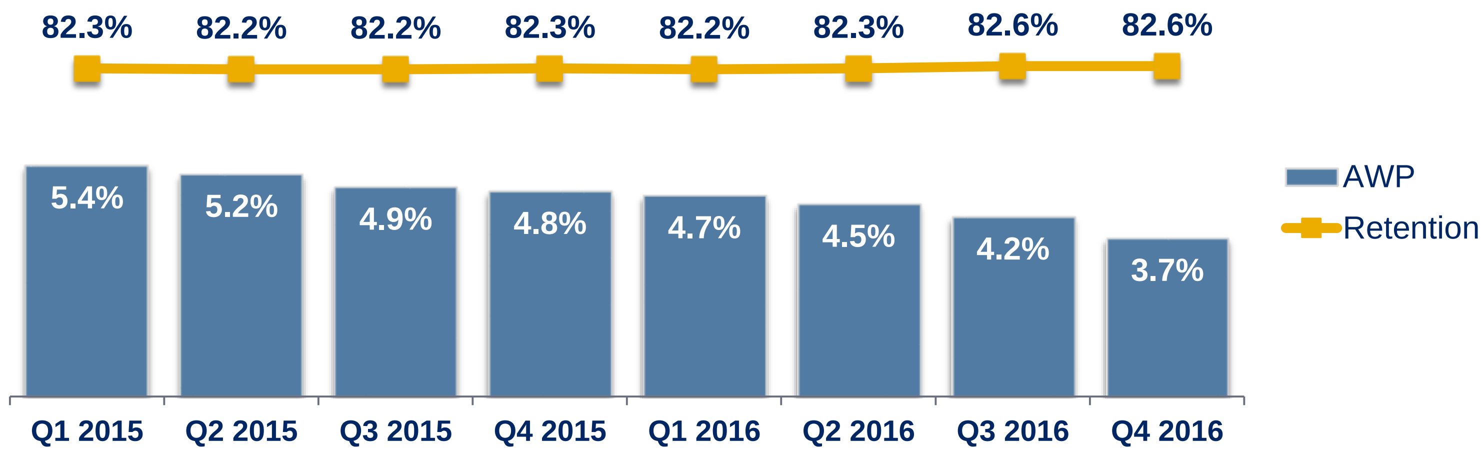
Entry-level 4-door luxury car with minor front end damage

Part	Description	2014	2016
Front Bumper			
	O/H Front Bumper	$110	$110
	Bumper Cover	$528	$528
	Add Clear Coat	$53	$53
Grille			
	Grille w/ Adaptive Cruise	$240	$205
	Distance Sensor	**-**	**$1,216**
Front Lamps			
	Headlamp Assembly	**$394**	**$918**
	Aim Headlamps	$18	$18
Fender			
	Fender	$450	$450
	Add for Clear Coat	$44	$44
	Add for Edging	$22	$22
	Deduct for Overlap	($13)	($13)
Estimate Totals	**Parts**	**$1,225**	**$2,818**
	Body Labor	$273	$277
	Paint Labor	$348	$348
	Mechanical Labor	-	$108
	Total Cost of Repairs	**$1,846**	**$3,551**

Impact of additional vehicle technology

- This example compares repair costs for the same make & model 2014 and 2016 4-door entry-level luxury sedan (mid-$30k MSRP)
- The 2016 vehicle includes adaptive cruise control and LED headlamps
- Total repair costs are up **$1,705**, driven by higher parts and labor costs for sensor and headlamp
- Parts costs are up **130%** and labor costs are up **18%**, driven by labor for sensor installation and calibration

U.S. Consumer Markets:
Average Written Premium (AWP), Retention, & PIF[1]



	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Private Passenger Auto								
AWP[2]	4.4%	4.3%	4.2%	4.1%	4.0%	4.2%	4.4%	4.8%
Retention	81.0%	81.0%	81.0%	81.2%	81.2%	81.3%	81.5%	81.5%
PIF growth	0.3%	0.2%	0.2%	0.6%	1.2%	1.6%	1.8%	1.5%
Homeowners								
AWP	6.2%	5.5%	4.9%	4.1%	3.3%	2.4%	1.5%	1.1%
Retention	82.7%	82.5%	82.3%	82.3%	82.3%	82.3%	82.5%	82.7%
PIF growth	1.2%	0.8%	0.7%	0.9%	1.0%	1.3%	1.5%	1.5%

PIF: policies in-force. Retention is in-force. AWP reported on a 12-month rolling basis.

[1] Prior periods' AWP, Retention, and PIF growth have been restated to align with the Company's updated definition of the terms.

[2] Private Passenger Auto AWP is weighted for 6 and 12 month policy term mix.

Global Consumer Markets East | West: Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
NWP	**$920**	**$814**	**13.0%**	**$3,535**	**$3,354**	**5.4%**
Pre-tax operating (loss) income before catastrophes and net incurred losses attributable to prior years	($10)	$9	NM	($9)	($28)	(67.9%)
Catastrophes[1]	4	(7)	NM	(2)	(7)	(71.4)
Net incurred losses attributable to prior years	29	22	31.8	88	2	NM
Pre-tax operating income (loss)	**$23**	**$24**	**(4.2%)**	**$77**	**($33)**	**NM**

	Fourth Quarter			Full Year		
	2016	2015	Change (Points)	2016	2015	Change (Points)
Claims and claim adjustment expense ratio	66.4%	65.1%	1.3	66.1%	65.3%	0.8
Underwriting expense ratio	41.7	42.6	(0.9)	41.6	42.9	(1.3)
Combined ratio before catastrophes and net incurred losses attributable to prior years	**108.1%**	**107.7%**	**0.4**	**107.7%**	**108.2%**	**(0.5)**
Catastrophes[1]	(0.4)	1.0	(1.4)	0.1	0.2	(0.1)
Net incurred losses attributable to prior years	(3.3)	(3.0)	(0.3)	(2.6)	(0.1)	(2.5)
Total combined ratio	**104.4%**	**105.7%**	**(1.3)**	**105.2%**	**108.3%**	**(3.1)**

[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.
NM = Not Meaningful

Global Consumer Markets East | West: Global Presence

($ Millions)

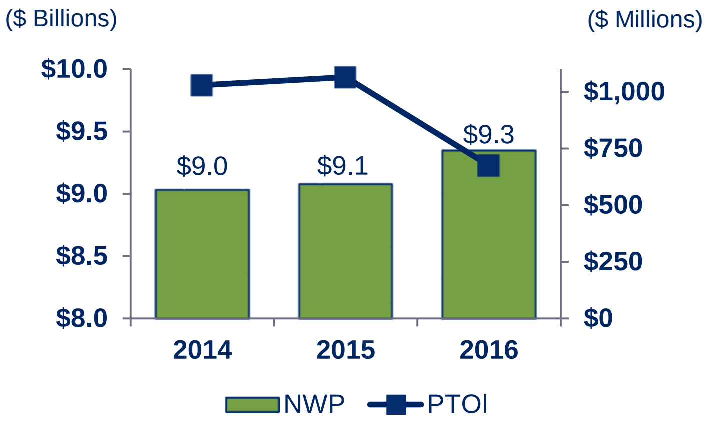
West	YTD NWP	P&C Rank	P&C Share
Brazil[6]	$762	7th	6.9%
Chile	$336	2nd	16.8%
Colombia[4]	$301	4th	6.5%
Ecuador	$56	8th	5.7%
Spain[1,5]	$707	9th	1.9%
Portugal[2]	$260	5th	7.0%
Ireland[1,3]	$222	8th	6.1%

East	YTD NWP	P&C Rank	P&C Share
Hong Kong	$98	13th	2.1%
Malaysia	$120	13th	3.5%
Singapore	$105	9th	4.0%
Thailand	$168	10th	2.9%
Vietnam	$23	11th	1.9%
China	$178	38th	0.1%
India[7]	$68	23rd	0.5%
Russia	$51	25th	0.3%
Turkey	$47	24th	0.5%

Rankings Base – Net Written Premium (NWP) except when noted:
[1] Gross Written Premium
[2] Direct Written Premium
[3] Ireland rank and share is only Republic of Ireland
[4] Reflects combined P&C and life markets
[5] Spain rank based on motor only
[6] Brazil rank and share based on motor only
[7] India Market data based on NWP for Apr – Sept 2016
Rankings are based on the most recent financial data available, which varies by country.

Commercial Insurance

NWP & PTOI



Segment Highlights

- As an SBU, 7th largest U.S. P&C commercial lines insurer measured by DWP - $8.1B[5]
- 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 13,300 locations

Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
NWP	**$2,278**	**$2,180**	**4.5%**	**$9,349**	**$9,077**	**3.0%**
PTOI before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	$260	$249	4.4%	$1,115	$1,140	(2.2%)
Catastrophes[1]	(39)	(48)	(18.8)	(296)	(215)	37.7
Net incurred losses attributable to prior years[2,3]	(115)	47	NM	(143)	140	NM
Current accident year re-estimation[4]	(38)	15	NM	-	-	-
Pre-tax operating income	**$68**	**$263**	**(74.1%)**	**$676**	**$1,065**	**(36.5%)**

	Fourth Quarter			Full Year		
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	**2016**	**2015**	**Change (Points)**	**2016**	**2015**	**Change (Points)**
Claims and claim adjustment expense ratio	63.4%	63.6%	(0.2)	62.0%	62.7%	(0.7)
Underwriting expense ratio	34.4	36.4	(2.0)	35.2	35.1	0.1
Dividend Ratio	-	0.1	(0.1)	-	0.1	(0.1)
Subtotal	**97.8%**	**100.1%**	**(2.3)**	**97.2%**	**97.9%**	**(0.7)**
Catastrophes[1]	2.1	2.6	(0.5)	4.0	2.9	1.1
Net incurred losses attributable to prior years[2,3]	5.7	(2.6)	8.3	1.8	(1.9)	3.7
Current accident year re-estimation[4]	2.0	(0.8)	2.8	-	-	-
Total combined ratio	**107.6%**	**99.3%**	**8.3**	**103.0%**	**98.9%**	**4.1**

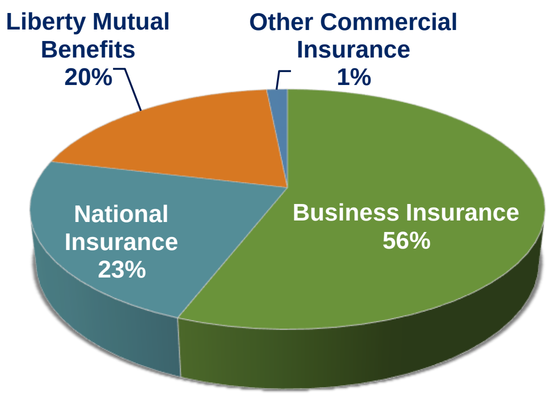
[1] Catastrophes are defined as a natural catastrophe or terror event exceeding $25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[2] Net of earned premium and reinstatement premium attributable to prior years of $3 million and ($6) million for the three and twelve months ended December 31, 2016 and $36 million and $39 million for the same periods in 2015.
[3] The twelve months ended December 31, 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] Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2016 and current accident year loss and earned but not reported reserves for the nine months ended September 30, 2015.
[5] Based on 2015 DWP (excludes LMB).
NM = Not Meaningful

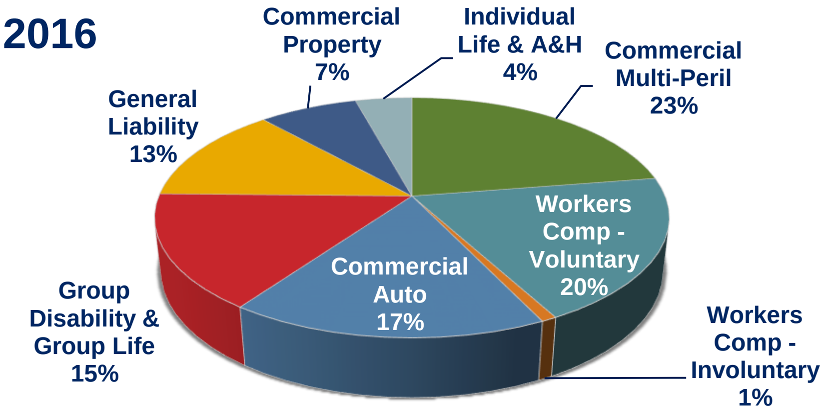
Commercial Insurance NWP Distribution

NWP by market segment

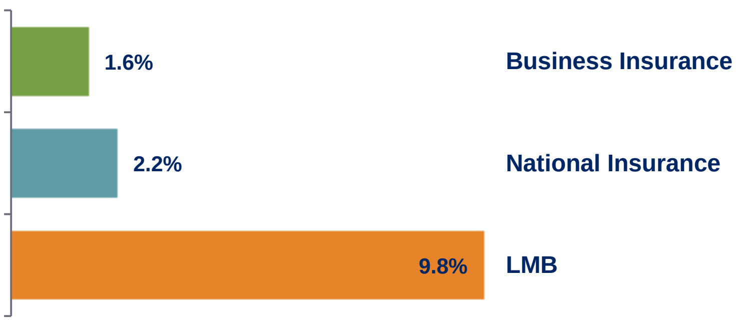
NWP by line of business

Full Year 2016

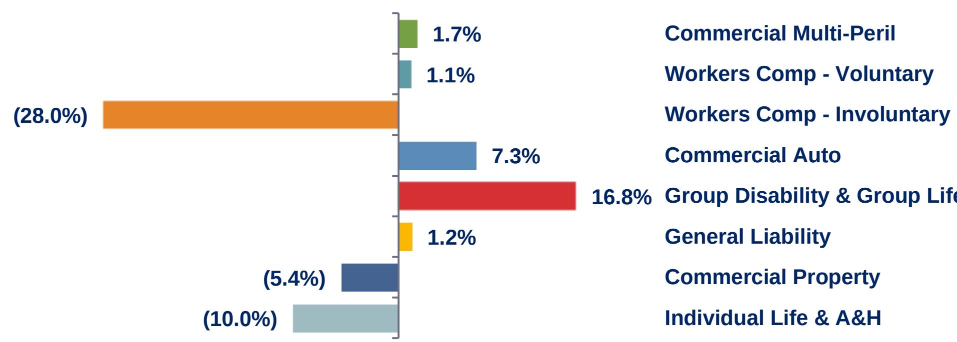




YOY Change in NWP



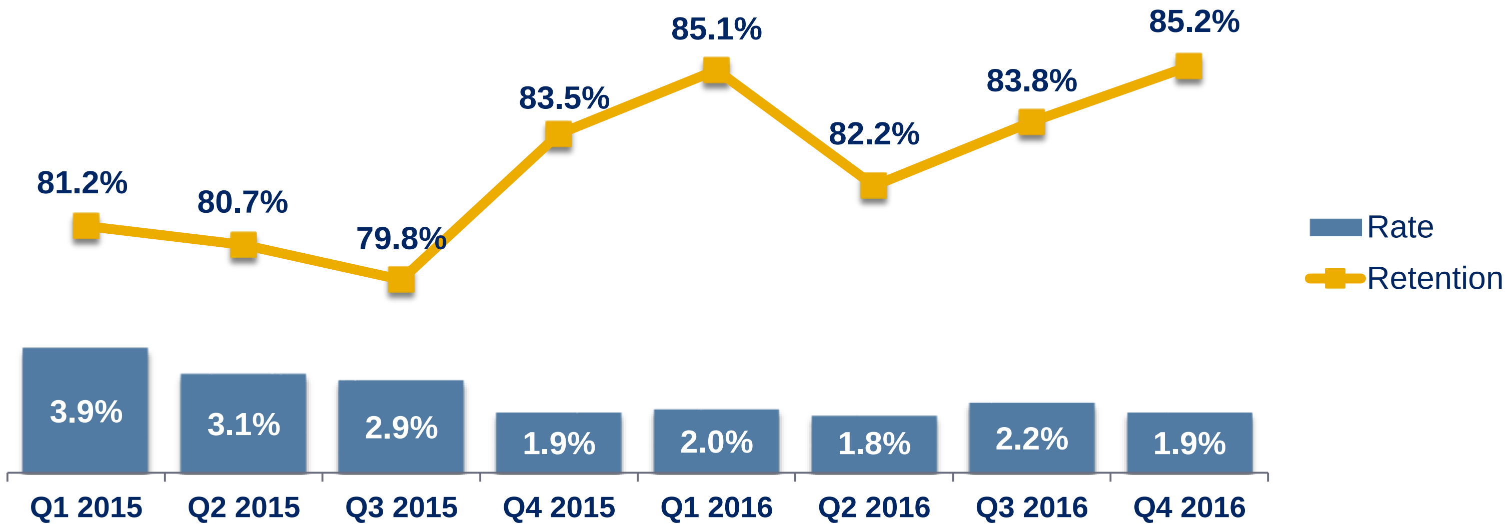
YOY Change in NWP



NWP in 2016 totaled **$9.3** billion, an increase of **3.0%** over the same period in 2015.

YOY: Year-over-Year

Commercial Insurance: Rate & Retention

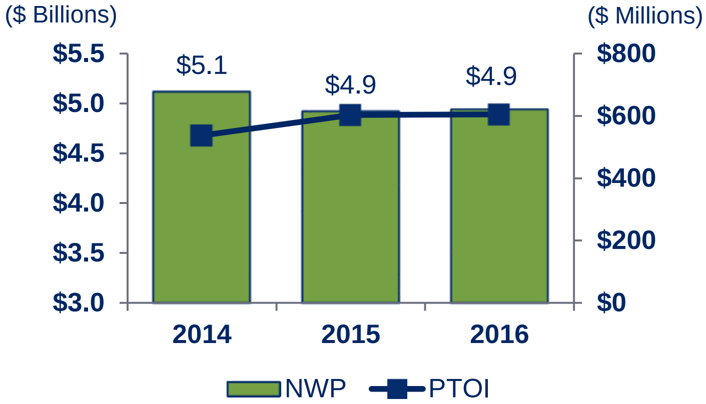


	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	YTD 2015	YTD 2016
Business Insurance										
Rate	4.5%	3.9%	3.3%	2.5%	2.7%	2.7%	3.0%	2.5%	3.5%	2.7%
Retention	79.2%	80.6%	80.0%	81.9%	82.9%	82.6%	82.8%	83.9%	80.4%	83.1%
National Insurance										
Rate	2.6%	1.3%	1.9%	0.6%	0.6%	(0.7%)	- %	0.6%	1.6%	0.2%
Retention	85.0%	81.0%	79.4%	86.2%	89.3%	81.3%	86.3%	87.8%	83.1%	86.3%
Commercial Insurance P&C										
Rate	3.9%	3.1%	2.9%	1.9%	2.0%	1.8%	2.2%	1.9%	3.0%	2.0%
Retention	81.2%	80.7%	79.8%	83.5%	85.1%	82.2%	83.8%	85.2%	81.3%	84.1%

Note: Business Drivers are ex Liberty Mutual Benefits.

Global Specialty

NWP & PTOI



Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2016	2015	Change	2016	2015	Change
NWP	**$1,084**	**$1,027**	**5.6%**	**$4,942**	**$4,923**	**0.4%**
PTOI before catastrophes and net incurred losses attributable to prior years	$163	$122	33.6%	$625	$538	16.2%
Catastrophes[1]	(67)	(51)	31.4	(147)	(72)	104.2
Net incurred losses attributable to prior years[2]	34	51	(33.3)	127	137	(7.3)
Pre-tax operating income	**$130**	**$122**	**6.6%**	**$605**	**$603**	**0.3%**

	Fourth Quarter			Full Year		
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	**2016**	**2015**	**Change (Points)**	**2016**	**2015**	**Change (Points)**
Claims and claim adjustment expense ratio	56.1%	60.4%	(4.3)	58.2%	60.7%	(2.5)
Underwriting expense ratio	36.7	35.7	1.0	35.1	34.5	0.6
Dividend Ratio	0.2	0.2	-	0.2	0.2	-
Subtotal	**93.0%**	**96.3%**	**(3.3)**	**93.5%**	**95.4%**	**(1.9)**
Catastrophes[1]	5.7	4.2	1.5	3.2	1.5	1.7
Net incurred losses attributable to prior years[2]	(3.0)	(4.2)	1.2	(2.8)	(2.9)	0.1
Total combined ratio	**95.7%**	**96.3%**	**(0.6)**	**93.9%**	**94.0%**	**(0.1)**

Segment Highlights

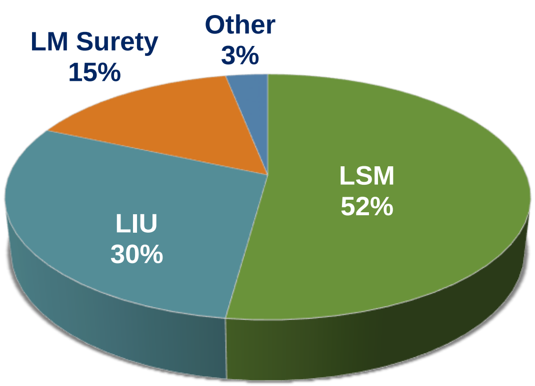
- 8th largest Lloyd's Syndicate[3]
- 2nd largest surety writer in the U.S.[4]
- Business sold through broker and independent agent channels
- A premier specialty casualty lines underwriter

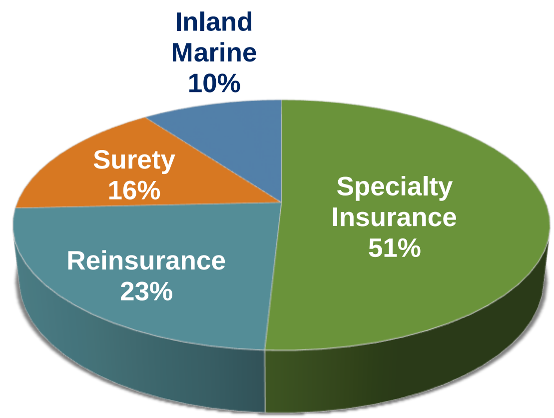
[1] Catastrophes are defined as a natural catastrophe or terror event exceeding $25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[2] Net of earned premium and reinstatement premium attributable to prior years of ($9) million and ($7) million for the three months and twelve months ended December 31, 2016 and ($3) million and ($1) million for the same periods in 2015.
[3] Based on 2015 GWP.
[4] Based on 2015 NWP.

Global Specialty NWP Distribution

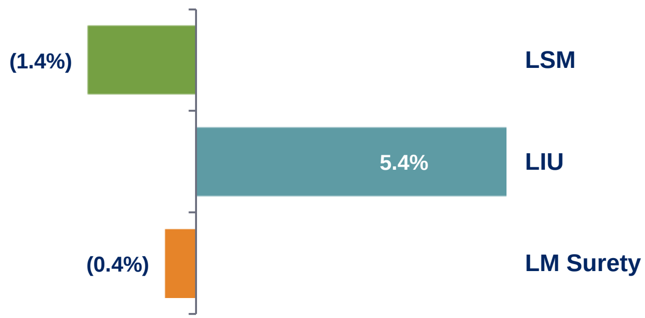
NWP by market segment	NWP by line of business

Full Year 2016

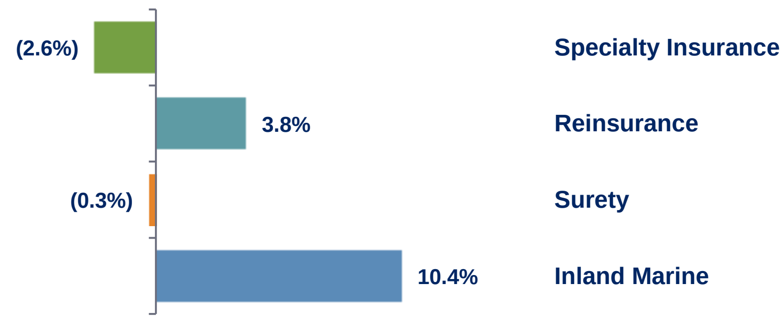




YOY Change in NWP



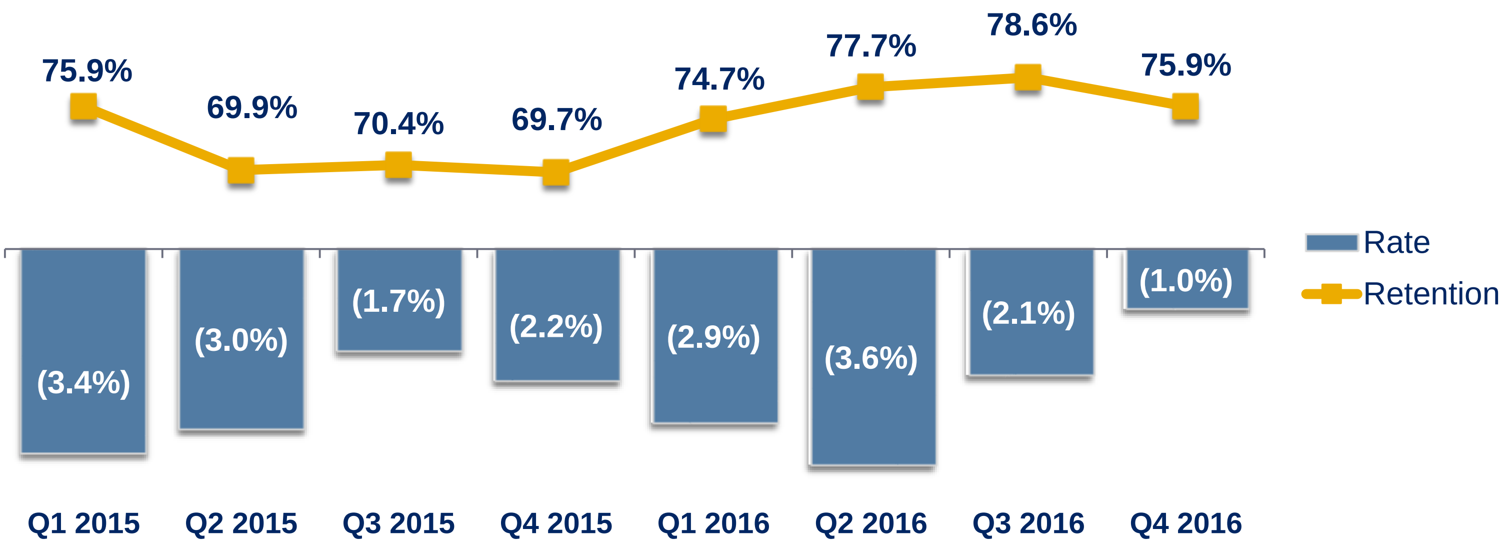
YOY Change in NWP



NWP in 2016 totaled **$4.9 billion**, an increase of **0.4%** over the same period in 2015 (or an increase of **2.2%**[1] excluding FX over the same period in 2015).

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

Global Specialty: Rate & Retention

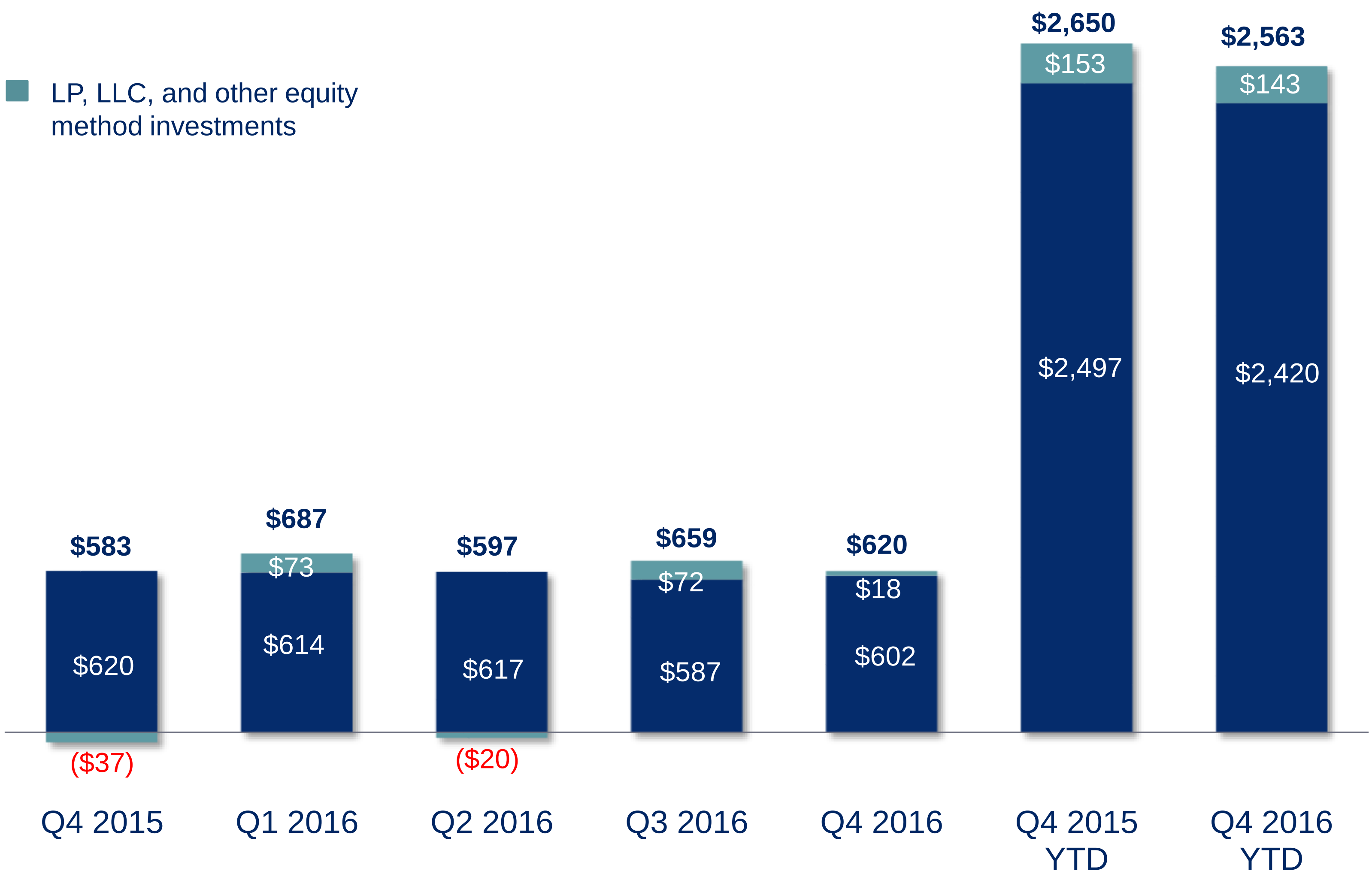


	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	YTD 2015[1]	YTD 2016[1]
Specialty Insurance										
Rate	(1.4%)	(2.5%)	(1.1%)	(2.2%)	(1.5%)	(3.4%)	(2.1%)	(0.9%)	(2.2%)	(2.4%)
Retention	69.5%	68.0%	69.8%	69.3%	68.7%	76.4%	75.4%	75.6%	73.2%	78.7%
Reinsurance										
Rate	(4.9%)	(4.7%)	(3.5%)	(2.3%)	(4.4%)	(4.3%)	(1.9%)	(2.3%)	(4.5%)	(3.7%)
Retention	82.3%	79.7%	72.2%	72.7%	82.3%	83.1%	89.8%	78.7%	82.6%	88.1%

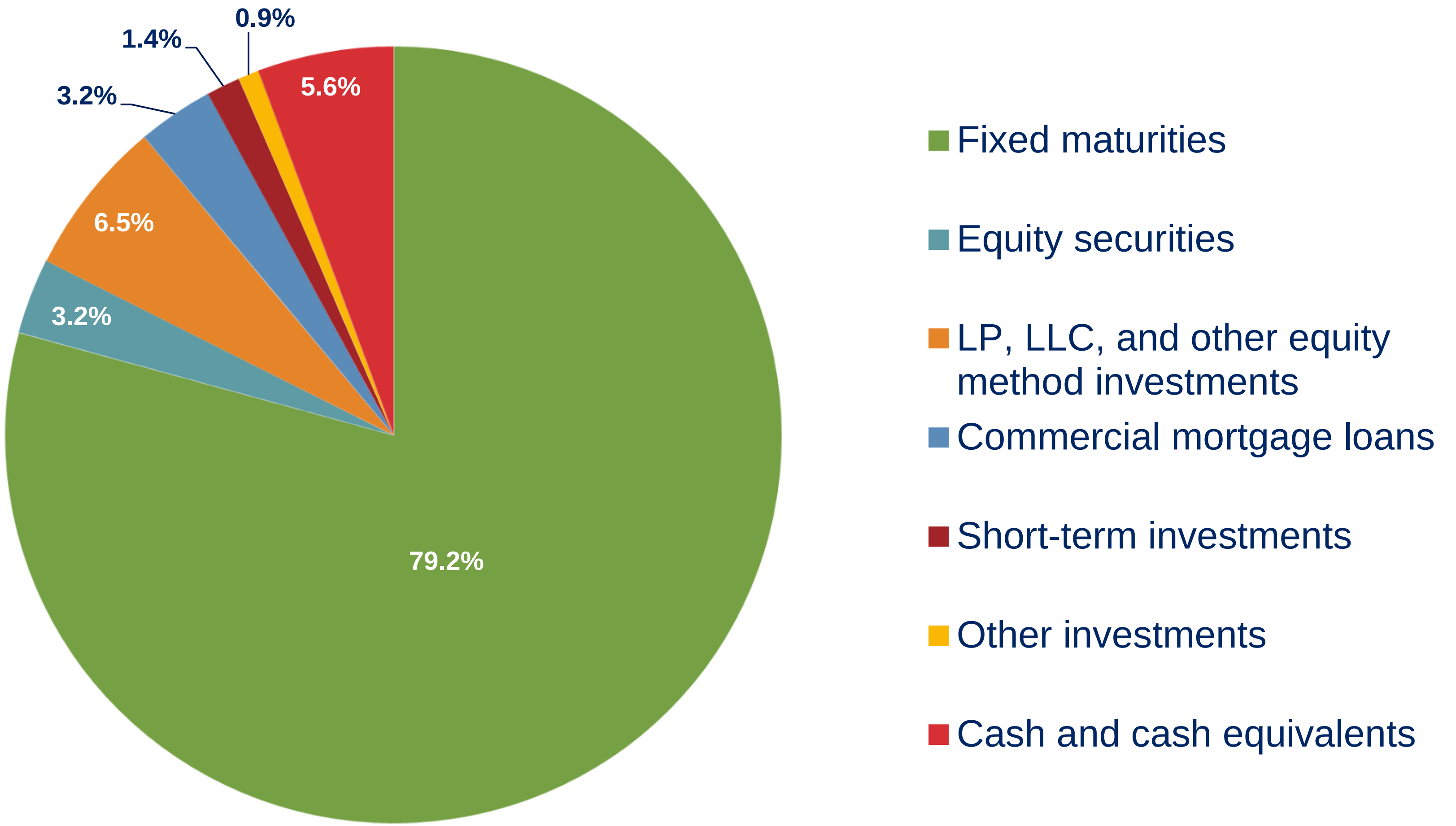
[1] YTD includes timing adjustments that are not retro-actively applied in prior periods.

Net Investment Income

($ Millions)



Investment Mix



Total invested assets as of December 31, 2016: $81.638 Billion

Capitalization

($ Millions)	December 31, 2016	December 31, 2015
Long-term debt	**$7,603**	**$6,940**
Adjusted debt[1]	**$6,603**	**$5,940**
Total equity	**$20,387**	**$19,241**
Less: AOCI	**($1,304)**	**($1,521)**
Total equity ex. AOCI	**$21,691**	**$20,762**
Total capital ex. AOCI	**$29,294**	**$27,702**
Adjusted debt-to-total capitalization (ex. AOCI)	**22.5%**	**21.4%**
Statutory surplus	**$19,582**	**$18,687**

[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, 2016			Change since December 31, 2015	
	Carrying Value	Unfunded Commitments	Average Credit Rating	Carrying Value	Unfunded Commitments
Investment grade bonds	$2,271	$ -	A-	$190	$ -
Below investment grade bonds	333	-	B+	94	-
Publicly traded equity securities	199	-		39	-
Private equities – energy focused	386[1]	563		(134)	(786)
	$3,189	**$563**		**$189**	**($786)**
Percent of total invested assets	3.9%				
Direct investment in oil & gas wells	$1,188	$89		($339)	($1,572)
Total exposure	**$4,377**	**$652**[2]		**($150)**	**($2,358)**[3]

[1] Includes Carrying Values of $384 million of natural resources partnership and $2 million of equity method investments (carried at fair value and reported in “Other investments”).
[2] Energy commitments declined $286 million in the quarter, primarily due to a net decrease of $275 million related to direct investments in oil and gas wells.
[3] The year ended December 31, 2015 has been restated to include an estimated $600 million commitment made by the Company to invest in the successor fund of an existing private equity fund which was subsequently terminated in the quarter ended September 30, 2016.

Holding Company Interest Coverage

($ Millions)	
Preferred dividends	$80
Remaining dividend capacity	$1,837
2017 dividend capacity[1]	$1,917
Estimated PTI from LMG service companies/fees	$294
Total available funding	$2,211
Interest expense[2]	$383
Holding company interest coverage	5.8x

[1] Represents the estimated maximum allowable dividend without prior regulatory approval in the state of domicile. Dividends paid January 1, 2016 through December 31, 2016 were $83 million. Remaining/available dividend capacity is calculated as 2017 dividend capacity less dividends paid for the preceding twelve months.
[2] Represents the 2017 Plan for debt expense at Liberty Mutual Group Inc.

Reconciliation of Statement of Income to Combined Ratio

For the three months ended December 31, 2016					$ 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	$8,865		($485)	($1)	$8,379
Benefits, claims and claim adjustment expenses	6,044		(522)	69	5,591
Operating costs and expenses	1,815	(3)	(128)	(341)	1,343
Amortization of deferred policy acquisition costs	1,261		(25)	1	1,237
Dividends to policyholders	N/A	3	(1)	1	3
				Total combined ratio	**97.6%**

For the three months ended December 31, 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	$8,544		($433)	($1)	$8,110
Benefits, claims and claim adjustment expenses	5,627		(435)	(3)	5,189
Operating costs and expenses	1,825	(5)	(118)	(274)	1,428
Amortization of deferred policy acquisition costs	1,176		(20)	(1)	1,155
Dividends to policyholders	N/A	5	(1)	-	4
				Total combined ratio	**95.9%**

[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, installment charges and A&E bad debt.

Reconciliation of Statement of Income to Combined Ratio

For the twelve months ended December 31, 2016					$ 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	$34,835		($1,898)	($1)	$32,936
Benefits, claims and claim adjustment expenses	24,213		(2,047)	96	22,262
Operating costs and expenses	6,901	(17)	(482)	(1,113)	5,289
Amortization of deferred policy acquisition costs	4,922		(88)	-	4,834
Dividends to policyholders	N/A	17	(6)	1	12
				Total combined ratio	**98.4%**

For the twelve months ended December 31, 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	$33,884		($1,751)	($1)	$32,132
Benefits, claims and claim adjustment expenses	23,201		(1,839)	(18)	21,344
Operating costs and expenses	7,070	(23)	(444)	(1,149)	5,454
Amortization of deferred policy acquisition costs	4,675		(80)	(1)	4,594
Dividends to policyholders	N/A	23	(6)	-	17
				Total combined ratio	**97.8%**

[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, installment charges and A&E bad debt.

Q4 2016 Significant Events:

- On December 5, 2016, the Company entered into an agreement to purchase Ironshore Inc. (“Ironshore”) from Fosun International Ltd. Ironshore had $2.2 billion of gross written premium in 2015. The transaction is subject to regulatory approval and expected to close in the first half of 2017.

- On December 20, 2016, the Company entered into a multi-year collateralized reinsurance transaction led by an unaffiliated Bermuda domiciled segregated cell company, Limestone Re Ltd. providing for approximately $160 million of reinsurance collateralized with investor capital and covering risks for U.S. property catastrophe, U.S. homeowners and London Market specialty insurance.

Subsequent Events:

- On January 5, 2017, the Company completed the sale of its 10 St. James and 75 Arlington properties. The sale resulted in a gain of $302 million, of which $188 million was deferred over the terms of the lease and $114 million was recognized in the Consolidated Statements of Income. The Company has entered into a sale lease back agreement which extends over 15 years resulting in a net lease obligation of $258 million.

- On February 27, 2017, the United Kingdom’s Ministry of Justice announced a reduction in the discount rate utilized for certain lump sum personal injury compensation claims from 2.5% to (.75%) effective March 20, 2017. The Company’s reserve estimation process provided for the impact of a range of events such as this.

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 fifth largest property and casualty insurer in the U.S. based on 2015 direct written premium. The Company also ranks 73rd on the Fortune 100 list of largest corporations in the U.S. based on 2015 revenue. As of December 31, 2016, LMHC had $125.592 billion in consolidated assets, $105.205 billion in consolidated liabilities, and $38.308 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, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company and Employers Insurance Company of Wausau, each became separate stock insurance companies under the ownership of LMHC.

Functionally, the Company conducts substantially all of its business through the SBUs, 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 over 800 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.libertymutualgroup.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, 2016 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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