Liberty Mutual®
INSURANCE

Fourth Quarter and Full Year 2017 Results

March 1, 2018

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

Liberty Mutual INSURANCE

Strategic Business Units (SBUs)

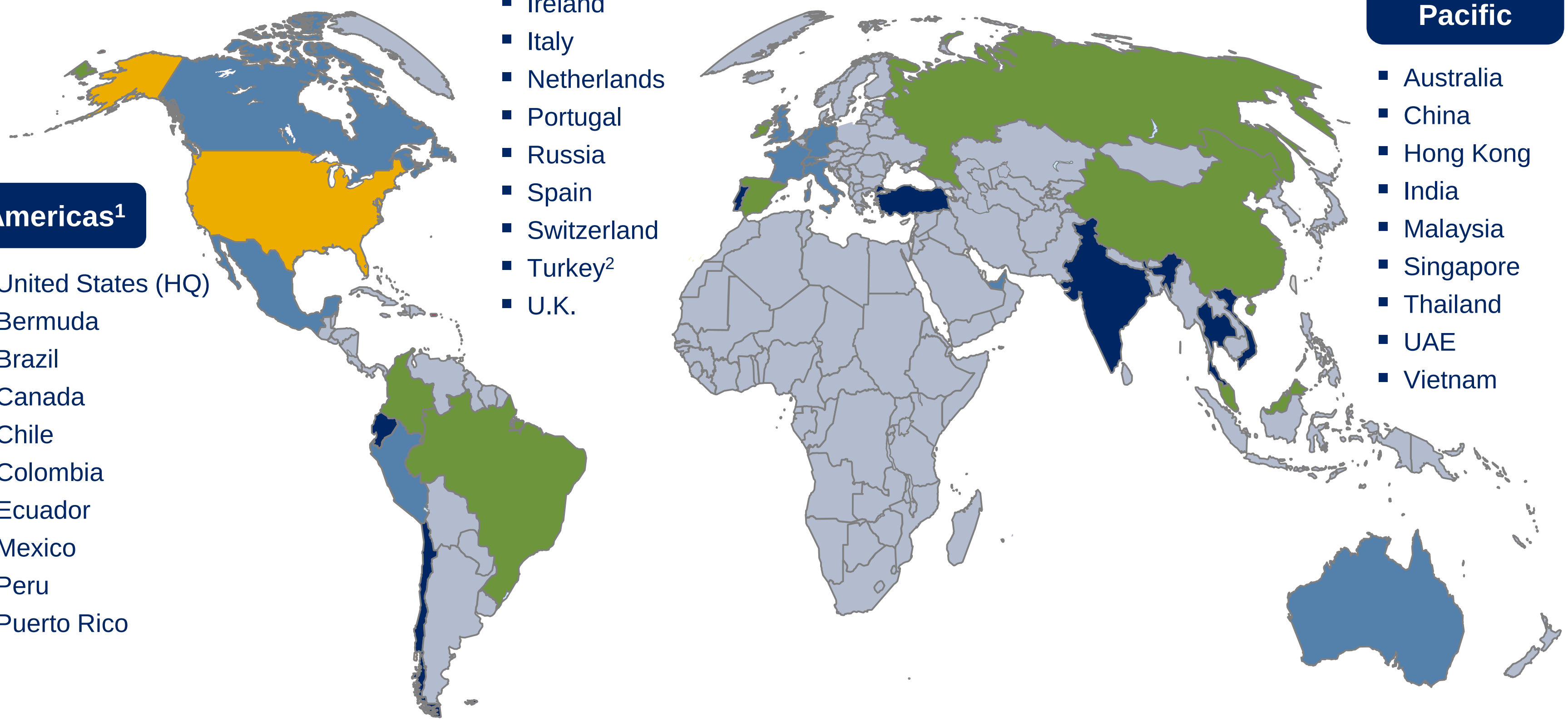
Global Consumer Markets	Commercial Insurance	Global Specialty
• U.S. Consumer Markets (USCM) • Global Consumer Markets (GCM) East | West	• Business Insurance • National Insurance • Other Commercial Insurance	• Liberty Specialty Markets (LSM) – Specialty, Commercial and Reinsurance • Liberty International Underwriters (LIU) • Liberty Mutual Surety (LM Surety) • Ironshore

- Mutual holding company structure
- \$142.5B of assets and \$39.4B of revenues in 2017
- The most diversified P&C insurer
- 75th among Fortune 500 companies[1]
- 4th largest P&C writer in the U.S.[2]
- 4th largest commercial lines writer in the U.S.[2]
- 6th largest personal lines writer in the U.S.[2]
- 6th largest global P&C insurer[3]
- 7th largest surplus lines carrier in the U.S.[4]

[1] Based on 2016 revenue – as reported.
[2] Based on 2016 DWP.
[3] Based on 2016 GWP, excludes state-owned companies.
[4] Based on 2016 DWP, including Ironshore full-year 2016 results.

Liberty Mutual's Global Presence

Liberty Mutual operates in 30 countries and economies around the globe



Americas[1]

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

Europe

- France
- Germany
- Ireland
- Italy
- Netherlands
- Portugal
- Russia
- Spain
- Switzerland
- Turkey[2]
- U.K.

Asia/ Pacific

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

Headquarters

Global Specialty

GCM East | West (Local Operations)

GCM East | West & Global Specialty

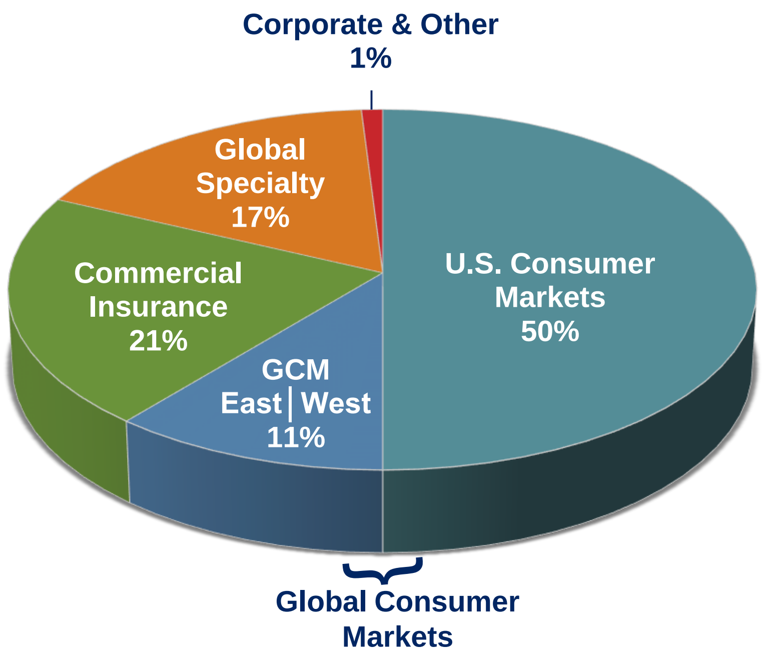
[1] Effective September 30, 2015, the Company deconsolidated its Venezuelan operations.
[2] On January 22, 2018, the Company's Spanish subsidiary entered into an agreement to sell its entire 99.44% interest in its Turkish insurance affiliate to Talanx International.

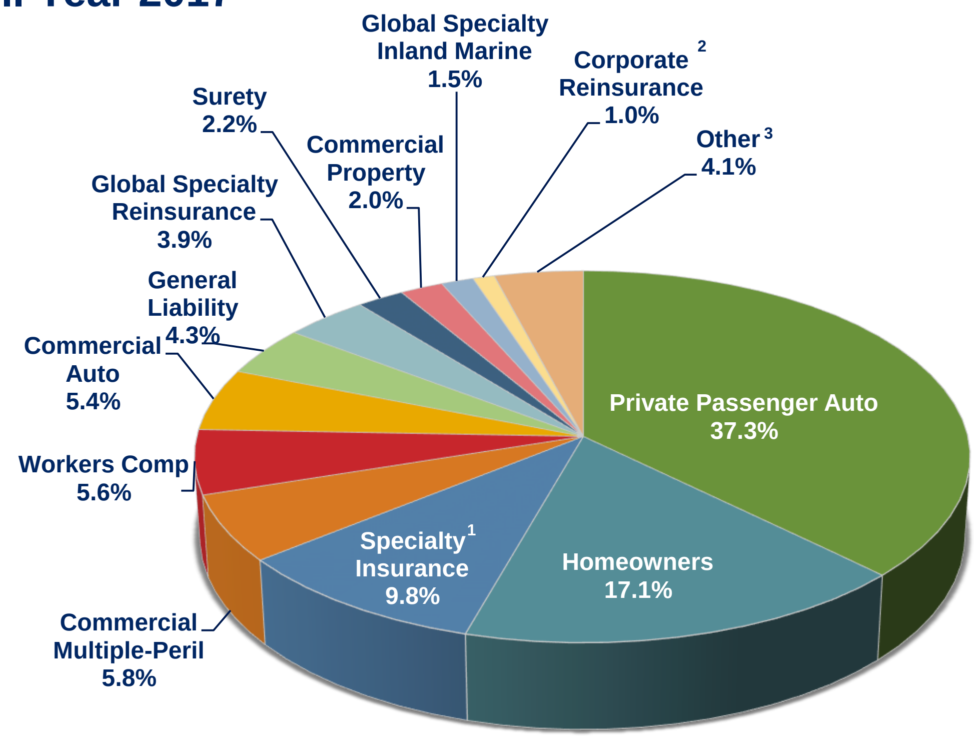
Analysis of Consolidated Net Written Premium "NWP"

NWP by SBU

NWP by Line of Business

Full Year 2017





NWP in 2017 totaled **$36.8** billion, an increase of **8.7%** over 2016.

[1] Specialty insurance is reported within Global Specialty and includes marine, energy, construction, aviation, property, casualty, warranty and indemnity, excess casualty, directors and officers, errors and omissions, environmental impairment liability, railroad, trade credit, excess and surplus property, crisis management, contingent lines and other.
[2] NWP associated with internal reinsurance, net of corporate external placements.
[3] Primarily includes NWP from allied lines, domestic inland marine, and life and health reported within Global Consumer Markets East | West.

Liberty Mutual. INSURANCE

Consolidated Results

($ Millions)	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
NWP	**$8,861**	**$8,145**	**8.8%**	**$36,789**	**$33,857**	**8.7%**
Pre-tax operating income (loss) before partnerships, LLC and other equity method income (loss)	$165	$429	(61.5%)	($1,004)	$1,485	NM
Partnerships, LLC and other equity method income (loss)[1]	100	(30)	NM	570	2	NM
Net realized gains (losses)	122	(74)	NM	468	(125)	NM
Consolidated net income (loss) from continuing operations	153	181	(15.5)	(194)	951	NM
Discontinued operations, net of tax	52	25	108.0	213	118	80.5
Net income attributable to LMHC	**$205**	**$143**	**43.4%**	**$17**	**$1,006**	**(98.3%)**
Cash flow provided by operations before Ironshore Reinsurance and pension contributions	$365	$839	(56.5%)	$2,782	$3,017	(7.8%)
Ironshore Reinsurance[2]	-	-	-	(550)	-	NM
Pension contributions	(5)	(1)	NM	(408)	(805)	(49.3)
Cash flow provided by continuing operations	**$360**	**$838**	**(57.0%)**	**$1,824**	**$2,212**	**(17.5%)**

($ Millions)	As of		
	December 31, 2017	December 31, 2016	Change
Total equity	**$20,688**	**$20,387**	**1.5%**

[1] Partnerships, LLC and other equity method income (loss) includes LP, LLC and other equity method income (loss) within net investment income in the accompanying Consolidated Statements of Income and revenues and expenses from the production and sale of oil and gas.
[2] Ironshore reinsurance agreement (“Ironshore Reinsurance”).
NM = Not Meaningful

Consolidated Results

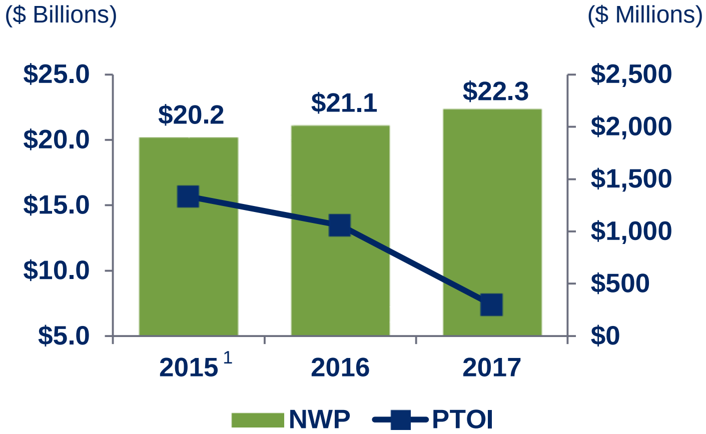
	Fourth Quarter			Full Year		
	2017	2016	Change (Points)	2017	2016	Change (Points)
Claims and claim adjustment expense ratio	64.8%	62.6%	2.2	64.5%	62.7%	1.8
Underwriting expense ratio	29.8	31.1	(1.3)	29.6	31.0	(1.4)
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	**94.6**	**93.7**	**0.9**	**94.1**	**93.7**	**0.4**
Catastrophes[1]	4.8	3.2	1.6	10.1	5.1	5.0
Net incurred losses attributable to prior years:						
- Asbestos and environmental	0.1	0.4	(0.3)	0.5	0.1	0.4
- All other[2]	-	(0.9)	0.9	0.9	(0.6)	1.5
Current accident year re-estimation[3]	1.0	0.6	0.4	-	-	-
Total combined ratio[4]	**100.5%**	**97.0%**	**3.5**	**105.6%**	**98.3%**	**7.3**

[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] Net of earned premium and reinstatement premium attributable to prior years.
[3] Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2017 and 2016, respectively.
[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 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 to earned premium; 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 and Ironshore acquisition and integration costs are not included in the combined ratio.

Liberty Mutual. INSURANCE

Global Consumer Markets

NWP & PTOI



Segment Highlights

- Operates in 17 countries and economies
- 6th largest writer of personal lines in the U.S.[2]
- 3rd largest personal lines independent agency writer in the U.S.[3]
- A market leader in affinity marketing, with over 21,100 sponsored affinity relationships

Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
NWP	**$5,388**	**$5,174**	**4.1%**	**$22,320**	**$21,071**	**5.9%**
PTOI before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	$671	$625	7.4%	$2,476	$2,268	9.2%
Catastrophes[4]	(715)	(162)	NM	(2,221)	(1,227)	81.0
Net incurred losses attributable to prior years	6	3	100.0	43	16	168.8
Current accident year re-estimation[5]	(56)	(10)	NM	-	-	-
Pre-tax operating (loss) income	**($94)**	**$456**	**NM**	**$298**	**$1,057**	**(71.8%)**

	Fourth Quarter			Full Year		
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	**2017**	**2016**	**Change (Points)**	**2017**	**2016**	**Change (Points)**
Claims and claim adjustment expense ratio	63.3%	62.9%	0.4	64.1%	63.7%	0.4
Underwriting expense ratio	26.9	27.5	(0.6)	26.9	27.8	(0.9)
Subtotal	**90.2**	**90.4**	**(0.2)**	**91.0**	**91.5**	**(0.5)**
Catastrophes[4]	12.7	3.1	9.6	10.2	6.0	4.2
Net incurred losses attributable to prior years	(0.1)	-	(0.1)	(0.2)	(0.1)	(0.1)
Current accident year re-estimation[5]	1.0	0.2	0.8	-	-	-
Total combined ratio	**103.8%**	**93.7%**	**10.1**	**101.0%**	**97.4%**	**3.6**

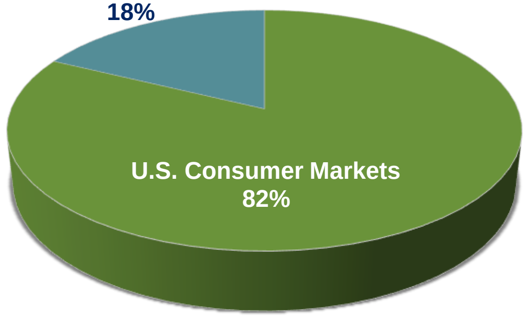
[1] As reported.
[2] Based on 2016 DWP.
[3] Based on Q3 2017 DWP (rolling 12-months).
[4] Catastrophes are defined as a natural catastrophe or terror event exceeding $25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[5] Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2017 and 2016, respectively.
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

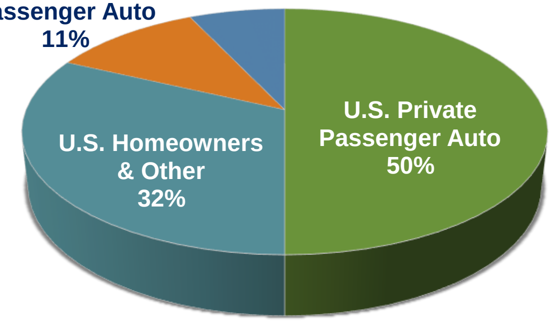
Global Consumer Markets NWP Distribution

NWP by Market Segment

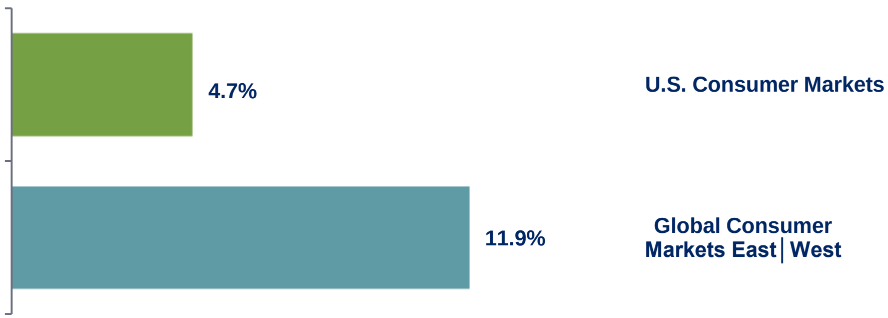
NWP by Line of Business

Full Year 2017

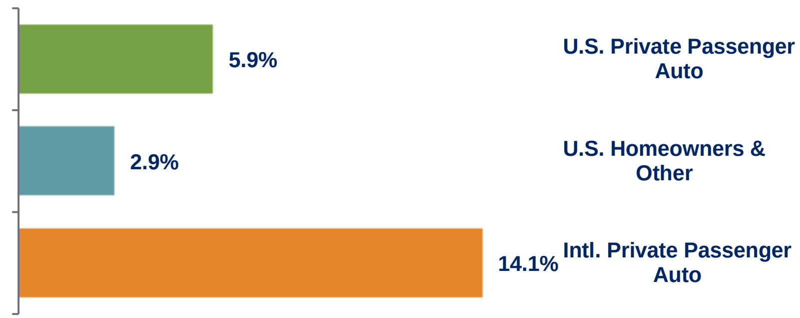




YOY Change in NWP



YOY Change in NWP



NWP in 2017 totaled **$22.3** billion, an increase of **5.9%** over 2016.

[1] Premium related to life and health, commercial auto, homeowners, and other personal and commercial lines including personal accident, bonds, workers compensation, small and medium enterprise, marine and cargo, and commercial property lines of business.

YOY: year-over-year

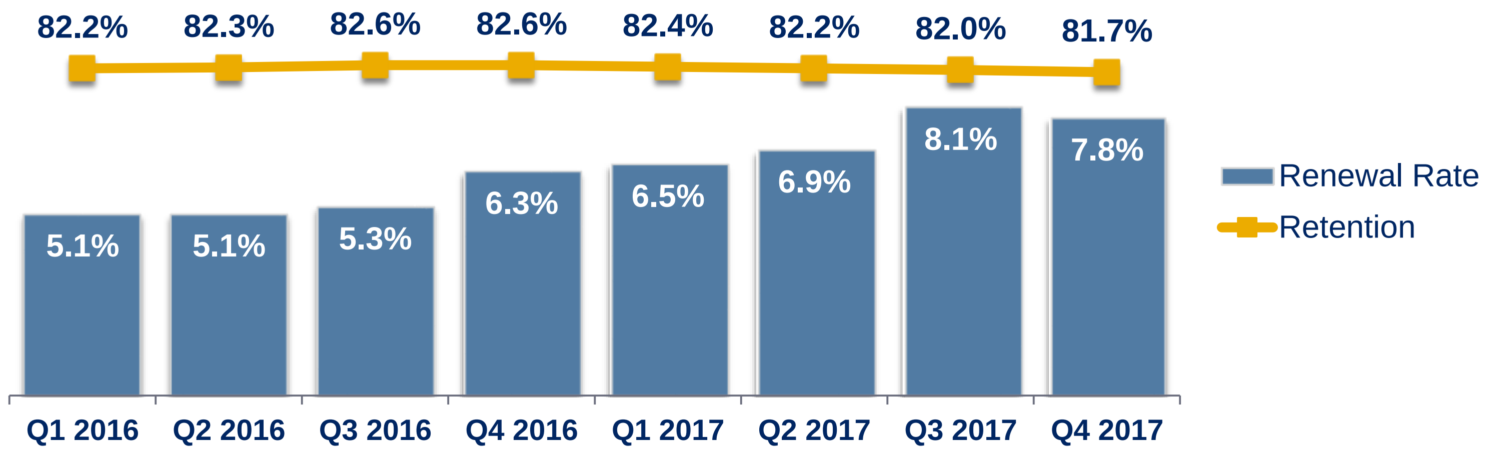
U.S. Consumer Markets: Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
NWP	**$4,365**	**$4,254**	**2.6%**	**$18,363**	**$17,536**	**4.7%**
PTOI before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	$657	$635	3.5%	$2,467	$2,277	8.3%
Catastrophes[1]	(715)	(166)	NM	(2,221)	(1,225)	81.3
Net incurred losses attributable to prior years	(11)	(26)	(57.7)	(14)	(72)	(80.6)
Current accident year re-estimation[2]	(56)	(10)	NM	-	-	-
Pre-tax operating (loss) income	**($125)**	**$433**	**NM**	**$232**	**$980**	**(76.3%)**

	Fourth Quarter			Full Year		
	2017	2016	Change (Points)	2017	2016	Change (Points)
Claims and claim adjustment expense ratio	63.4%	62.3%	1.1	63.8%	63.2%	0.6
Underwriting expense ratio	23.7	24.6	(0.9)	24.0	25.1	(1.1)
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	**87.1**	**86.9**	**0.2**	**87.8**	**88.3**	**(0.5)**
Catastrophes[1]	15.5	3.8	11.7	12.4	7.1	5.3
Net incurred losses attributable to prior years	0.3	0.6	(0.3)	-	0.4	(0.4)
Current accident year re-estimation[2]	1.2	0.2	1.0	-	-	-
Total combined ratio	**104.1%**	**91.5%**	**12.6**	**100.2%**	**95.8%**	**4.4**

[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] Re-estimation of the current accident year loss reserves for the nine months ended September 30, 2017 and 2016, respectively.
NM = Not Meaningful

U.S. Consumer Markets: Renewal Rate, Retention, & PIF[1]



	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Private Passenger Auto								
Renewal Rate	5.8%	6.1%	6.5%	8.3%	8.6%	9.4%	10.4%	9.4%
Retention	81.2%	81.3%	81.5%	81.5%	81.1%	80.6%	80.4%	80.0%
PIF growth	1.2%	1.6%	1.8%	1.5%	1.2%	0.7%	0.3%	(0.5%)
Homeowners								
Renewal Rate	4.4%	4.1%	3.6%	3.3%	3.4%	3.6%	4.4%	5.0%
Retention	82.3%	82.3%	82.5%	82.7%	82.6%	82.5%	82.4%	82.1%
PIF growth	1.0%	1.3%	1.5%	1.5%	1.6%	1.7%	1.9%	1.6%

PIF: policies in-force. Retention is in-force. Renewal rate reported on a 12-month rolling basis.
[1] Prior periods' Retention and PIF growth have been restated.

Global Consumer Markets East | West: Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
NWP	**$1,023**	**$920**	**11.2%**	**$3,957**	**$3,535**	**11.9%**
Pre-tax operating income (loss) before catastrophes and net incurred losses attributable to prior years	$14	($10)	NM	$9	($9)	NM
Catastrophes[1]	-	4	(100.0)	-	(2)	(100.0)
Net incurred losses attributable to prior years	17	29	(41.4)	57	88	(35.2)
Pre-tax operating income	**$31**	**$23**	**34.8%**	**$66**	**$77**	**(14.3%)**

	Fourth Quarter			Full Year		
	2017	**2016**	**Change (Points)**	**2017**	**2016**	**Change (Points)**
Claims and claim adjustment expense ratio	63.3%	66.4%	(3.1)	65.6%	66.1%	(0.5)
Underwriting expense ratio	41.2	41.7	(0.5)	40.5	41.6	(1.1)
Combined ratio before catastrophes and net incurred losses attributable to prior years	**104.5**	**108.1**	**(3.6)**	**106.1**	**107.7**	**(1.6)**
Catastrophes[1]	-	(0.4)	0.4	-	0.1	(0.1)
Net incurred losses attributable to prior years	(1.7)	(3.3)	1.6	(1.5)	(2.6)	1.1
Total combined ratio	**102.8%**	**104.4%**	**(1.6)**	**104.6%**	**105.2%**	**(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.

NM = Not Meaningful

Global Consumer Markets East | West: Global Presence

($ Millions)

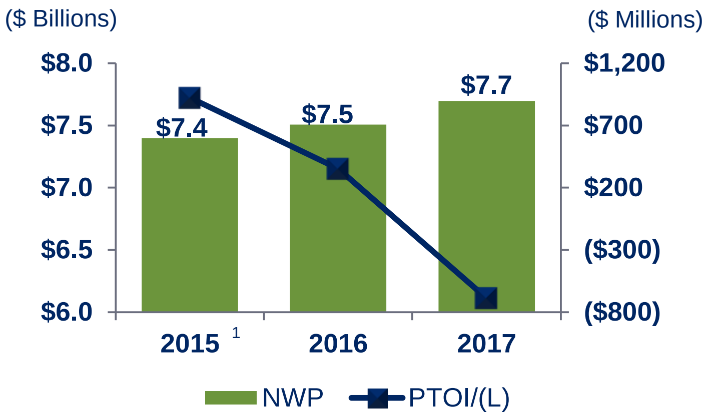
West	2017 NWP	2016 P&C Rank	2016 P&C Share
Brazil	$951	10th	3.6%
Spain	$727	16th	1.9%
Chile	$316	1st	15.4%
Portugal	$300	5th	6.8%
Colombia	$298	4th	7.1%
Ireland*	$263	10th	1.6%
Ecuador	$53	8th	3.8%

East	2017 NWP	2016 P&C Rank	2016 P&C Share
China	$221	39th	0.1%
Thailand	$177	10th	2.9%
Malaysia	$129	14th	3.5%
Hong Kong	$107	16th	2.1%
India	$98	25th	0.4%
Singapore	$97	8th	3.9%
Russia	$68	33rd	0.4%
Turkey	$52	24th	0.6%
Vietnam	$24	16th	1.5%

Source: Axco Global Statistics
*Ireland's P&C rank and market share are based on 2015 results

Commercial Insurance

NWP & PTOI/(L)



Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2017	2016	Change	2017	2016	Change
NWP	**$1,848**	**$1,811**	**2.0%**	**$7,698**	**$7,506**	**2.6%**
PTOI before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	$91	$190	(52.1%)	$577	$792	(27.1%)
Catastrophes[3]	(42)	(39)	7.7	(893)	(296)	NM
Net incurred losses attributable to prior years[4]	(23)	(116)	(80.2)	(372)	(143)	160.1
Current accident year re-estimation[5]	(38)	(38)	-	-	-	-
Pre-tax operating (loss) income	**($12)**	**($3)**	**NM**	**($688)**	**$353**	**NM**

	Fourth Quarter			Full Year		
Combined ratio before catastrophes, net incurred losses attributable to prior years and current accident year re-estimation	**2017**	**2016**	**Change (Points)**	**2017**	**2016**	**Change (Points)**
Claims and claim adjustment expense ratio	70.4%	63.4%	7.0	66.7%	62.0%	4.7
Underwriting expense ratio	32.2	34.5	(2.3)	33.3	35.3	(2.0)
Dividend ratio	0.1	-	0.1	0.1	-	0.1
Subtotal	**102.7%**	**97.9%**	**4.8**	**100.1%**	**97.3%**	**2.8**
Catastrophes[3]	2.2	2.1	0.1	11.6	4.0	7.6
Net incurred losses attributable to prior years[4]	0.9	5.7	(4.8)	4.8	1.9	2.9
Current accident year re-estimation[5]	1.9	2.0	(0.1)	-	-	-
Total combined ratio	**107.7%**	**107.7%**	**-**	**116.5%**	**103.2%**	**13.3**

Segment Highlights

- As an SBU, 7th largest U.S. P&C commercial lines insurer measured by DWP - $8.2B[2]
- 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

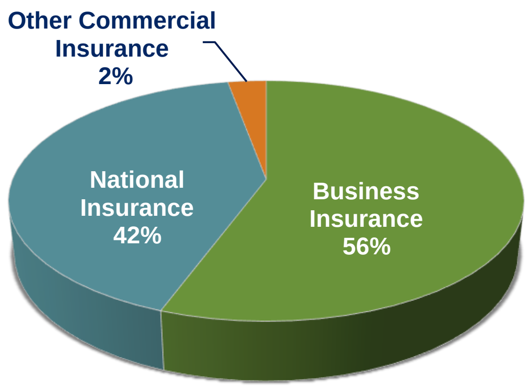
[1] As reported (excluding Liberty Mutual Benefits).
[2] Based on 2016 DWP.
[3] Catastrophes are defined as a natural catastrophe or terror event exceeding $25 million in estimated ultimate losses, net of reinsurance, and before taxes. Catastrophe losses, where applicable, include the impact of accelerated earned catastrophe premiums and earned reinstatement premiums.
[4] Net of earned premium and reinstatement premium attributable to priors years of ($4) million and $8 million for the three and twelve months ended December 31, 2017 and $3 million and ($6) million for the same periods in 2016.
[5] Re-estimation of the current accident year loss and loss adjustment expense reserves for the nine months ended September 30, 2017 and 2016, respectively.
NM = Not Meaningful

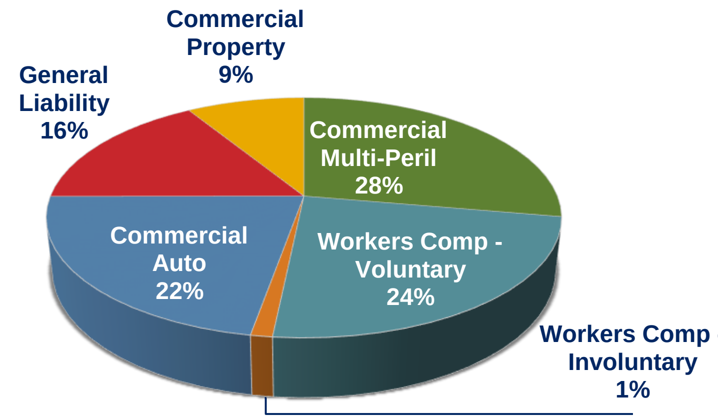
Commercial Insurance NWP Distribution

NWP by Market Segment

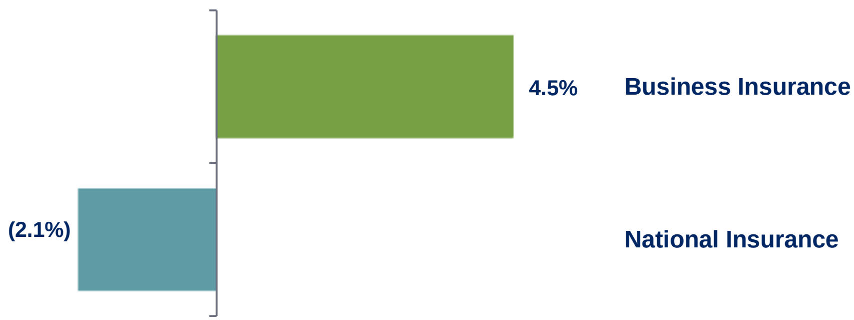
NWP by Line of Business

Full Year 2017

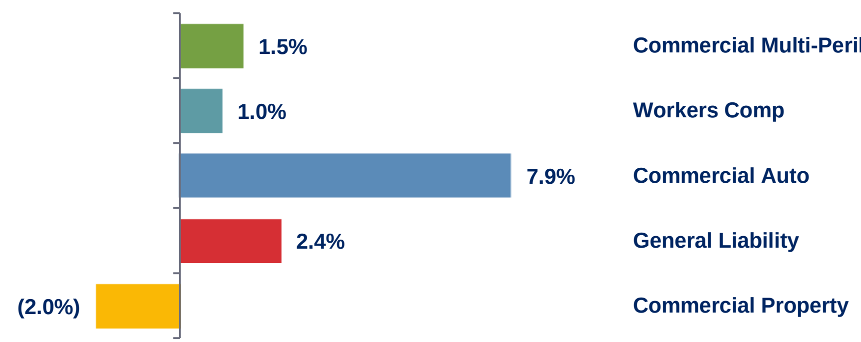




YOY Change in NWP



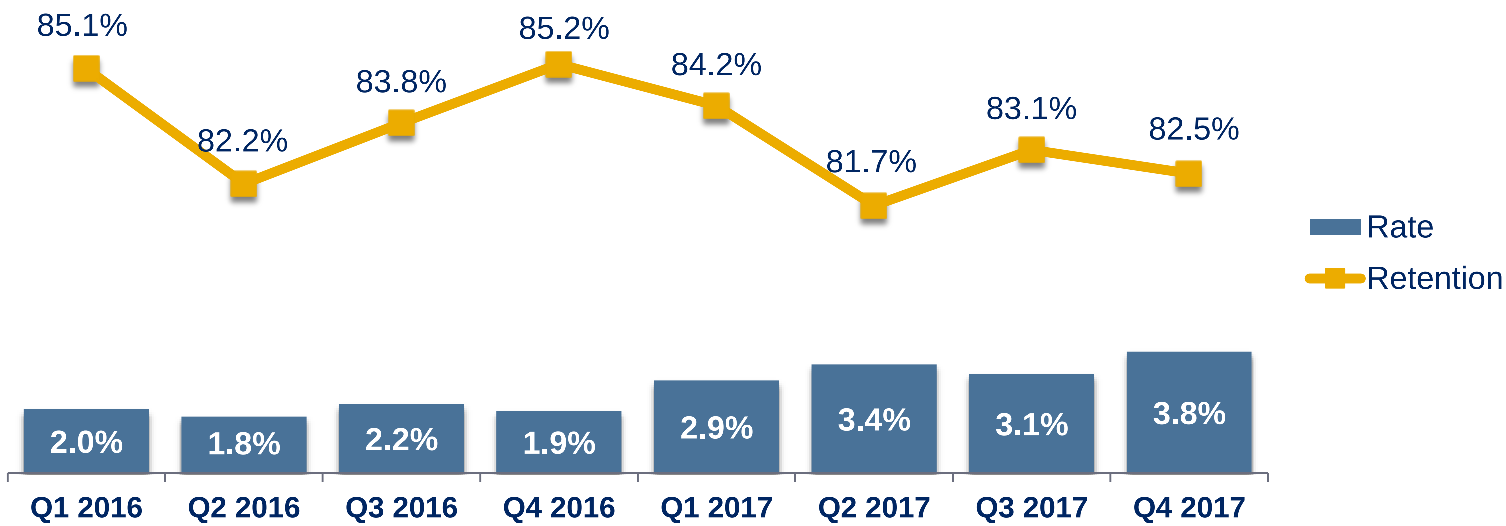
YOY Change in NWP



NWP in 2017 totaled **$7.7** billion, an increase of **2.6%** over 2016.

YOY: Year-over-Year

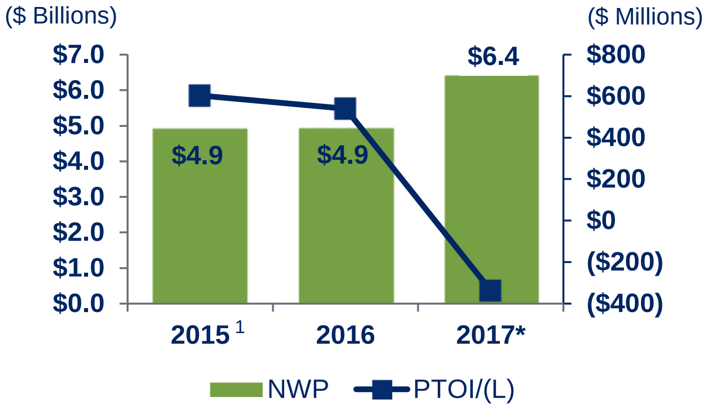
Commercial Insurance: Rate & Retention



	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	YTD 2016	YTD 2017
Business Insurance										
Rate	3.6%	3.3%	3.5%	3.1%	3.9%	4.2%	4.5%	4.9%	3.4%	4.4%
Retention	83.3%	83.4%	83.2%	84.4%	82.8%	81.8%	81.2%	82.5%	83.6%	82.1%
National Insurance										
Rate	-	(0.5%)	0.6%	0.5%	1.6%	2.2%	1.5%	2.3%	0.2%	1.9%
Retention	87.2%	80.8%	84.4%	86.2%	85.8%	81.6%	85.1%	82.6%	84.7%	83.8%
Commercial Insurance P&C										
Rate	2.0%	1.8%	2.2%	1.9%	2.9%	3.4%	3.1%	3.8%	2.0%	3.3%
Retention	85.1%	82.2%	83.8%	85.2%	84.2%	81.7%	83.1%	82.5%	84.1%	82.9%

Global Specialty

NWP & PTOI/(L)



Financial Performance

($ Millions)	Fourth Quarter			Full Year		
	2017*	2016	Change	2017*	2016	Change
NWP	**$1,579**	**$1,084**	**45.7%**	**$6,404**	**$4,942**	**29.6%**
PTOI before catastrophes and net incurred losses attributable to prior years	$181	$147	23.1%	$644	$560	15.0%
Catastrophes[5]	(120)	(67)	79.1	(999)	(147)	NM
Net incurred losses attributable to prior years[6]	31	34	(8.8)	17	127	(86.6)
Pre-tax operating income (loss)	**$92**	**$114**	**(19.3%)**	**($338)**	**$540**	**NM**

	Fourth Quarter			Full Year		
Combined ratio before catastrophes and net incurred losses attributable to prior years	**2017***	**2016**	**Change (Points)**	**2017***	**2016**	**Change (Points)**
Claims and claim adjustment expense ratio	61.6%	56.1%	5.5	61.1%	58.2%	2.9
Underwriting expense ratio	32.7	36.7	(4.0)	33.5	35.1	(1.6)
Dividend Ratio	0.1	0.2	(0.1)	0.1	0.2	(0.1)
Subtotal	**94.4%**	**93.0%**	**1.4**	**94.7%**	**93.5%**	**1.2**
Catastrophes[5]	7.1	5.7	1.4	16.5	3.2	13.3
Net incurred losses attributable to prior years[6]	(1.8)	(3.0)	1.2	(0.2)	(2.8)	2.6
Total combined ratio	**99.7%**	**95.7%**	**4.0**	**111.0%**	**93.9%**	**17.1**

Segment Highlights

- A premier specialty casualty lines underwriter
- 4th largest Lloyd's Syndicate[2]
- 2nd largest surety writer in the U.S.[3]
- 7th largest Surplus lines carrier in U.S.[4]
- Business sold through broker and independent agent channels

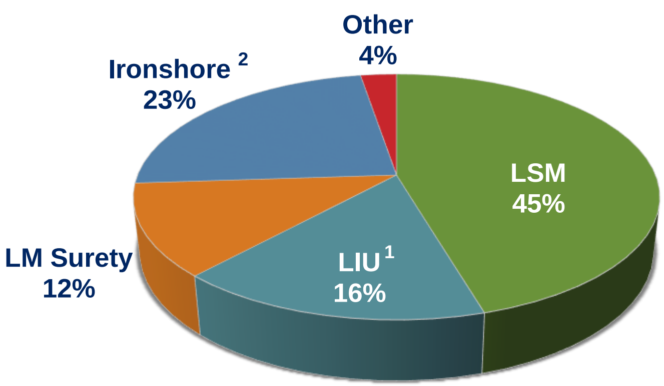
[1] As reported.
[2] Based on 2016 GWP, including Ironshore full-year 2016 results.
[3] Based on 2016 NWP, including Ironshore full-year 2016 results.
[4] Based on 2016 DWP, including Ironshore full-year 2016 results.
[5] Catastrophes are defined as a natural catastrophe or terror event exceeding $25 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.
[6] Net of earned premium and reinstatement premium attributable to priors years of ($21) million and ($31) million for the three and twelve months ended December 31, 2017, and ($9) million and ($7) million for the same periods in 2016.
* 2017 amounts include post acquisition Ironshore results.
NM = Not Meaningful

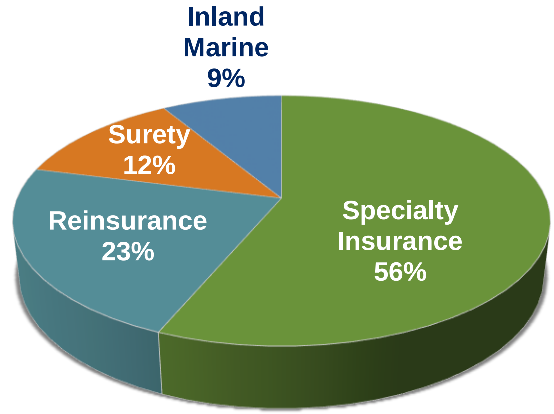
Global Specialty NWP Distribution

NWP by Market Segment

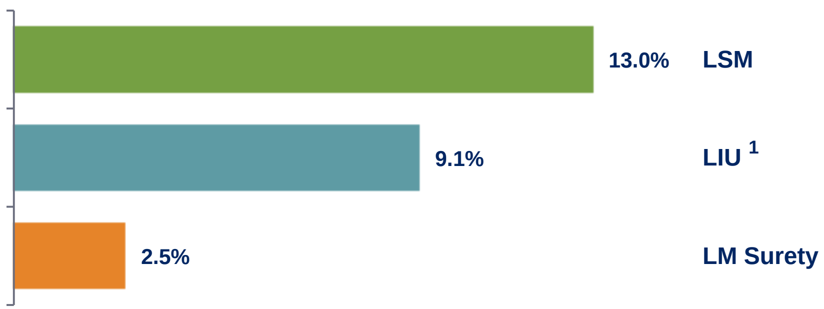
NWP by Line of Business

Full Year 2017

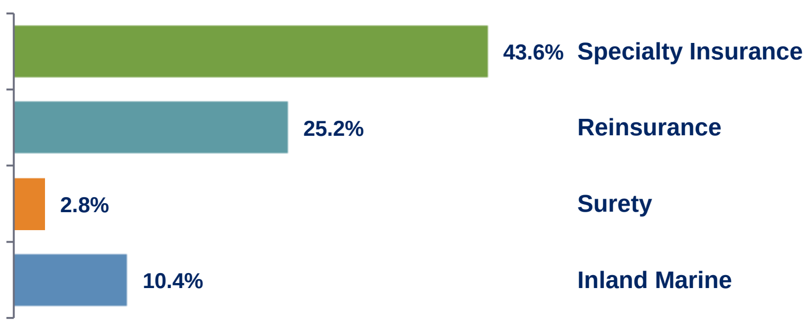




YOY Change in NWP



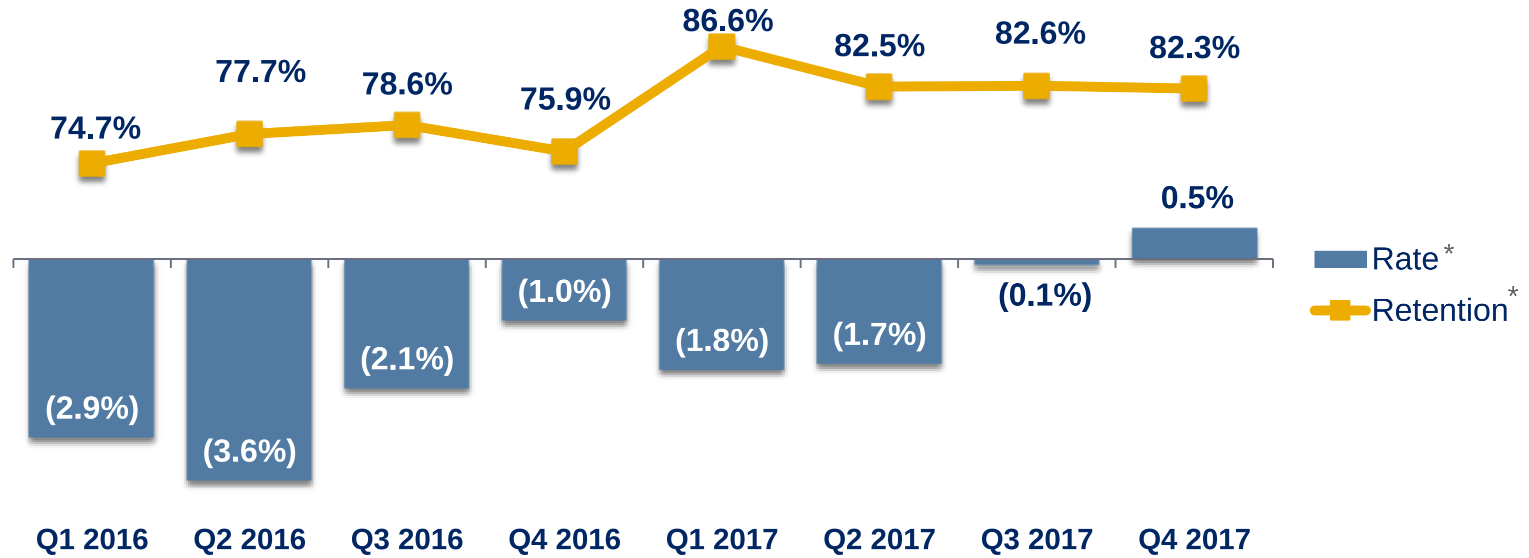
YOY Change in NWP



NWP in 2017 totaled **$6.4 billion**, an increase of **29.6%** over 2016
(or an increase of **29.7%**[3] excluding FX over 2016).

[1] LIU excludes LIU U.S. figures.
[2] Ironshore includes LIU U.S. figures.
[3] Determined by assuming constant foreign exchange rates between periods.
YOY: year-over-year

Global Specialty: Rate & Retention



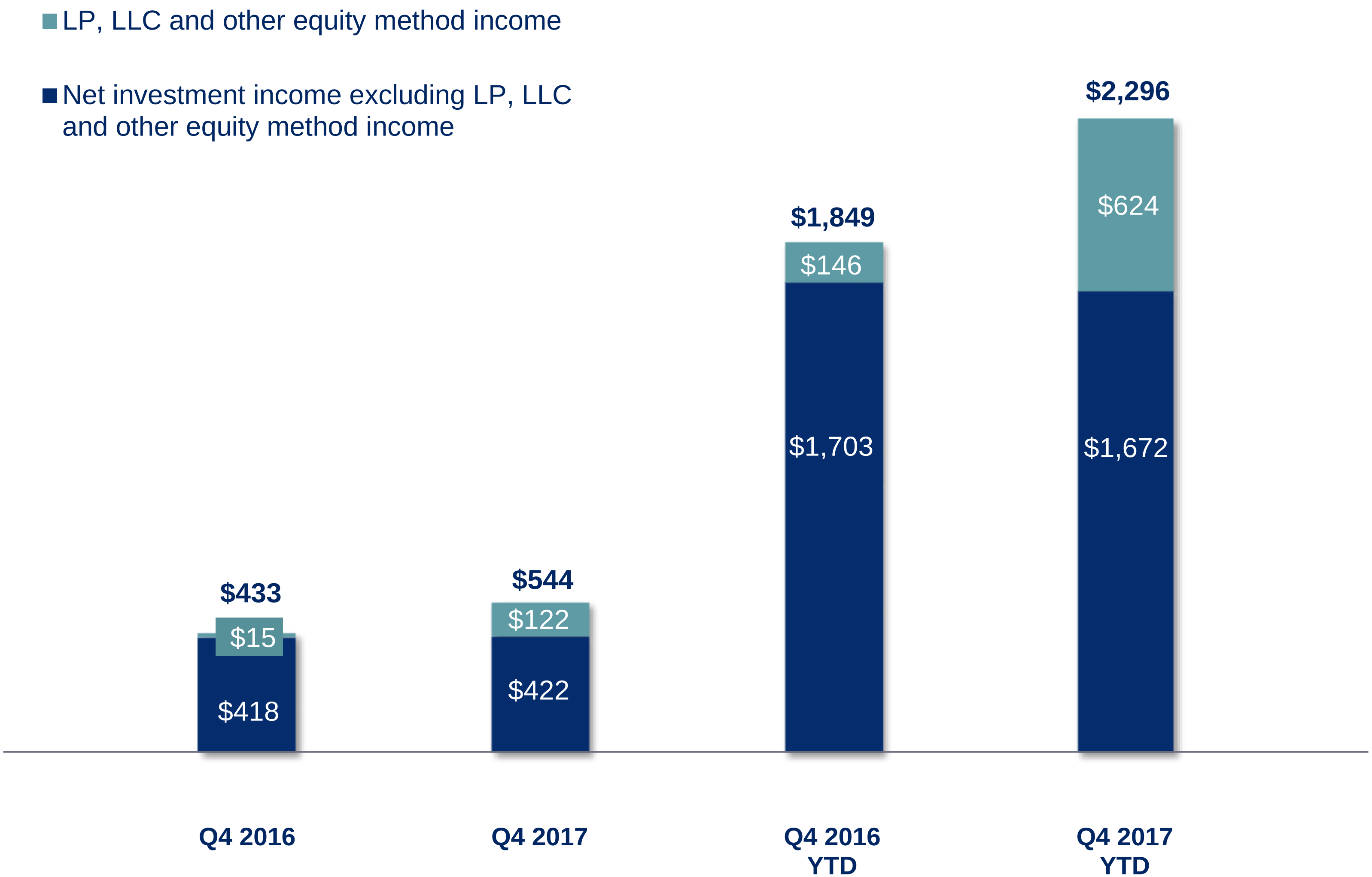
	Q1 2016[1]	Q2 2016[1]	Q3 2016[1]	Q4 2016[1]	Q1 2017	Q2 2017	Q3 2017	Q4 2017[1]	YTD 2016[2]	YTD 2017[2]
Specialty Insurance										
Rate*	(1.5%)	(3.4%)	(2.1%)	(0.9%)	(2.0%)	(1.9%)	(0.6%)	0.7%	(2.4%)	(1.3%)
Retention*	68.7%	76.4%	75.4%	75.6%	84.1%	81.7%	81.1%	79.6%	78.7%	82.1%
Reinsurance										
Rate*	(4.4%)	(4.3%)	(1.9%)	(2.3%)	(1.6%)	(1.2%)	1.6%	0.3%	(3.7%)	(0.8%)
Retention*	82.3%	83.1%	89.8%	78.7%	89.8%	84.9%	87.9%	90.7%	88.1%	87.9%

[1] Rate Change and Retention reported on a one month lag.
[2] YTD includes timing adjustments that are not retro-actively applied in prior periods.
*Rate and Retention figures do not include Ironshore; include LIU US.

Liberty Mutual. INSURANCE

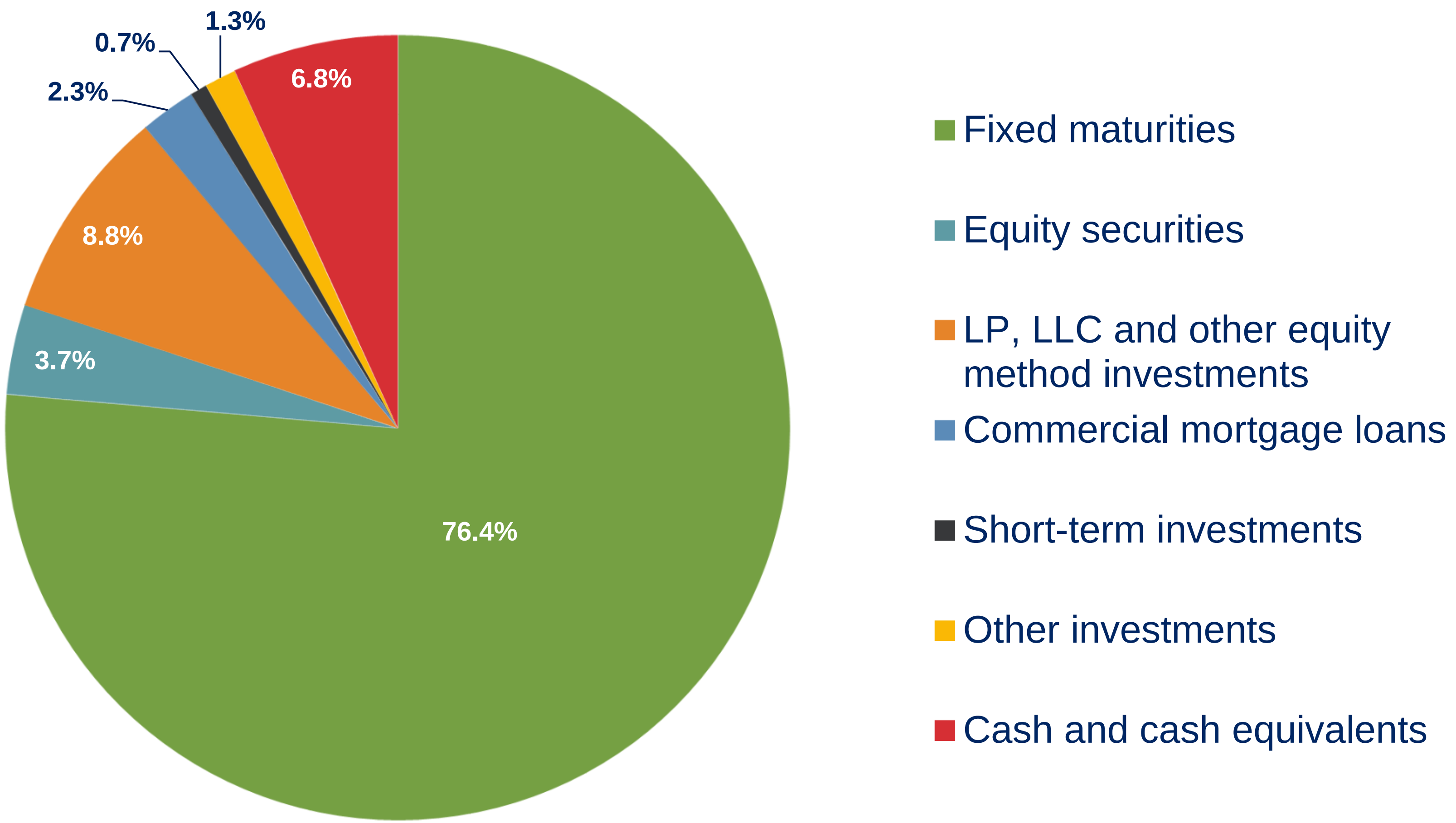
Net Investment Income

($ Millions)



Liberty Mutual. INSURANCE

Investment Mix



Total invested assets as of December 31, 2017: $70.7 Billion

Capitalization

($ Millions)	December 31, 2017	December 31, 2016
Total debt	**$8,325**	**$7,603**
Adjusted debt[1]	**$7,325**	**$6,603**
Total equity	**$20,688**	**$20,387**
Less: AOCI	**($1,026)**	**($1,304)**
Total equity ex. AOCI	**$21,714**	**$21,691**
Total capital ex. AOCI	**$30,039**	**$29,294**
Adjusted debt-to-capital capitalization (ex. AOCI)	**24.4%**	**22.5%**
Statutory surplus	**$17,493**	**$19,582**

[1] Assumes that the Series A and B Junior Subordinated Notes receive 100% equity credit, as per Standard and Poor's.

Holding Company Interest Coverage

($ Millions)	
Preferred dividends	$80
Remaining dividend capacity	$1,598
2018 dividend capacity[1]	$1,678
Estimated PTI from LMG service companies/fees[2]	$380
Total available funding	$2,058
Interest expense[3]	$369
Holding company interest coverage	**5.6x**

[1] Represents the estimated maximum allowable dividend without prior regulatory approval in the state of domicile. Dividends paid January 1, 2017 through December 31, 2017 were $85 million.
[2] In 2017 we established an information technology service entity which increased expected servicing fees by $90M.
[3] Represents the 2018 Plan for debt expense at Liberty Mutual Group Inc.

Reconciliation of Statement of Income to Combined Ratio

For the three months ended December 31, 2017 ($ Millions)

Combined ratio components:	Statement of income	Presentation reclass[1]	Less: Life and annuity business[2]	Less: Non-underwriting expenses and other adjustments[3]	Combined Ratio
Premiums earned	$9,321	$ -	($14)	($1)	$9,306
Benefits, claims and claim adjustment expenses	6,589	-	(19)	(1)	6,569
Operating costs and expenses	1,849	(3)	(55)	(287)	1,504
Amortization of deferred policy acquisition costs	1,283	-	(3)	1	1,281
Dividends to policyholders	N/A	3	(1)	1	3
				Total combined ratio	**100.5%**

For the three months ended December 31, 2016 ($ Millions)

Combined ratio components:	Statement of income	Presentation reclass[1]	Less: Life and annuity business[2]	Less: Non-underwriting expenses and other adjustments[3]	Combined Ratio
Premiums earned	$8,394	$ -	($13)	($2)	$8,379
Benefits, claims and claim adjustment expenses	5,529	-	(7)	(4)	5,518
Operating costs and expenses	1,714	(3)	(23)	(316)	1,372
Amortization of deferred policy acquisition costs	1,243	-	(7)	1	1,237
Dividends to policyholders	N/A	3	(1)	2	4
				Total combined ratio	**97.0%**

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

Reconciliation of Statement of Income to Combined Ratio

For the twelve months ended December 31, 2017					($ Millions)
Combined ratio components:	**Statement of income**	**Presentation reclass[1]**	**Less: Life and annuity business[2]**	**Less: Non-underwriting expenses and other adjustments[3]**	**Combined Ratio**
Premiums earned	$35,789	$ -	($52)	$ -	$35,737
Benefits, claims and claim adjustment expenses	27,189	-	(58)	(2)	27,129
Operating costs and expenses	6,644	(13)	(121)	(969)	5,541
Amortization of deferred policy acquisition costs	5,062	-	(16)	-	5,046
Dividends to policyholders	N/A	13	-	-	13
				Total combined ratio	**105.6%**

For the twelve months ended December 31, 2016					($ Millions)
Combined ratio components:	**Statement of income**	**Presentation reclass[1]**	**Less: Life and annuity business[2]**	**Less: Non-underwriting expenses and other adjustments[3]**	**Combined Ratio**
Premiums earned	$32,987	$ -	($50)	($1)	$32,936
Benefits, claims and claim adjustment expenses	22,215	-	(49)	(2)	22,164
Operating costs and expenses	6,514	(12)	(100)	(1,022)	5,380
Amortization of deferred policy acquisition costs	4,851	-	(17)	-	4,834
Dividends to policyholders	N/A	12	(1)	1	12
				Total combined ratio	**98.3%**

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

Changes in Statutory Surplus

($ Millions)	**Full Year 2017**
Balance at beginning of the year	**$19,582**
Statutory net loss	(1,076)
Change in deferred income taxes	(580)
Net affiliated unrealized losses	(251)
Net unaffiliated unrealized losses	(201)
Other changes in statutory surplus	19
Balance at end of the period	**$17,493**

About Liberty Mutual Insurance

Boston-based LMHC, the parent corporation of the Liberty Mutual Insurance group of entities, is a diversified global insurer and fourth largest property and casualty insurer in the U.S. based on 2016 direct written premium. The Company also ranks 75th on the Fortune 100 list of largest corporations in the U.S. based on 2016 revenue. As of December 31, 2017, LMHC had $142.502 billion in consolidated assets, $121.814 billion in consolidated liabilities, and $39.409 billion in annual consolidated revenue.

LMHC, through its subsidiaries and affiliated companies, offers a wide range of property and 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, 2017 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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