# *The Allstate Corporation – Earnings Call Presentation*
# *Fourth Quarter 2009*

Allstate®

You're in good hands.

**February 11, 2010**

# *Safe Harbor*

This presentation contains forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this presentation is available in the 2008 Form 10-K, Form 10-Q for the third quarter 2009, and in our most recent earnings release, available on our website, allstate.com. This presentation also contains some non-GAAP measures. You can find the reconciliation of those measures to GAAP measures on the Investor Relations portion of our website, allstate.com, under the "Quarterly Investor Information" link.

# *The Allstate Corporation's 2009 Priorities*

- Keep Allstate financially strong
- Improve customer loyalty
- Reinvent Protection and Retirement for the consumer

# Strong Property-Liability Results

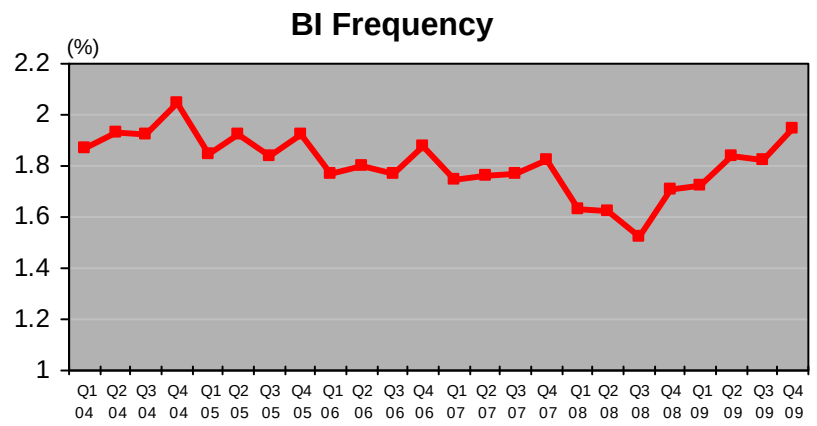
| | 2008 | | | | 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | *Q1* | *Q2* | *Q3* | *Q4* | *Q1* | *Q2* | *Q3* | *Q4* |
| *Net Written Premium ($ in millions)* | | | | | | | | |
| Total | 6,514 | 6,803 | 6,966 | 6,301 | 6,269 | 6,615 | 6,810 | 6,277 |
| Standard Auto* | 4,077 | 3,957 | 4,050 | 3,834 | 3,978 | 3,876 | 4,049 | 3,860 |
| Homeowners* | 1,185 | 1,531 | 1,576 | 1,347 | 1,171 | 1,532 | 1,573 | 1,359 |
| All Other | 1,252 | 1,315 | 1,340 | 1,120 | 1,120 | 1,207 | 1,188 | 1,058 |
| *Standard Auto** | | | | | | | | |
| New Issued Applications (% PY) | (13.7) | (6.7) | (2.7) | (6.4) | 14.8 | 11.0 | 12.0 | 11.4 |
| Renewal Ratio (%) | 89.0 | 89.1 | 88.9 | 88.6 | 88.6 | 89.0 | 89.1 | 88.8 |
| *Combined Ratio* | 94.0 | 94.4 | 112.7 | 96.4 | 96.8 | 100.0 | 94.7 | 93.2 |
| *Underlying Combined Ratio* (1) | 85.8 | 84.1 | 85.9 | 91.5 | 88.9 | 87.2 | 88.0 | 88.1 |
| *Catastrophes ($ in millions)* | | | | | | | | |
| *Recorded* | 568 | 698 | 1,816 | 260 | 516 | 818 | 407 | 328 |
| *Excl. Prior Year Reserve Re-estimates* | 451 | 687 | 1,819 | 260 | 576 | 817 | 487 | 358 |

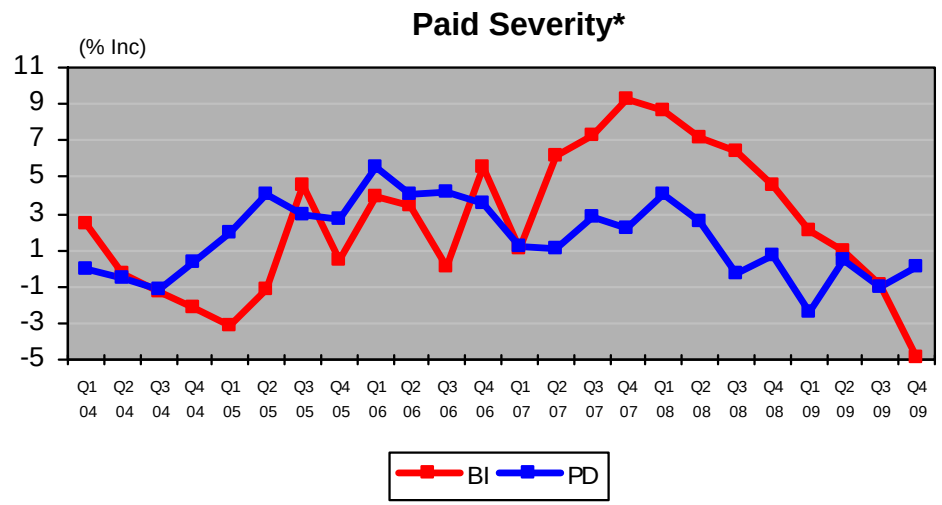
* Allstate Brand

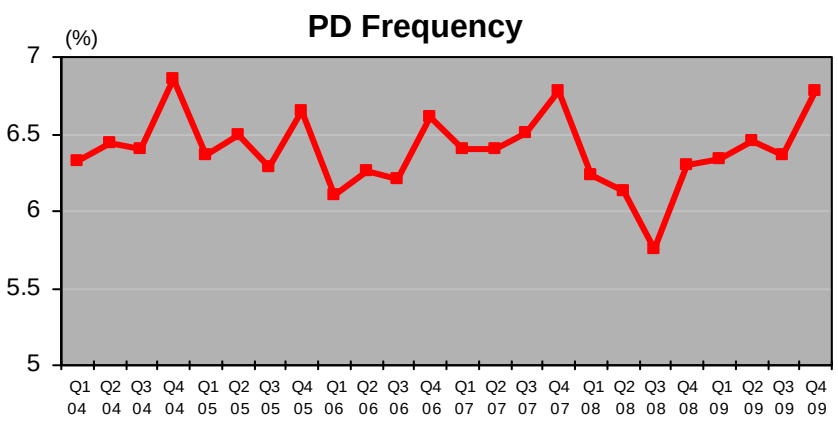
(1) Excludes catastrophe losses and prior year reserve re-estimates.

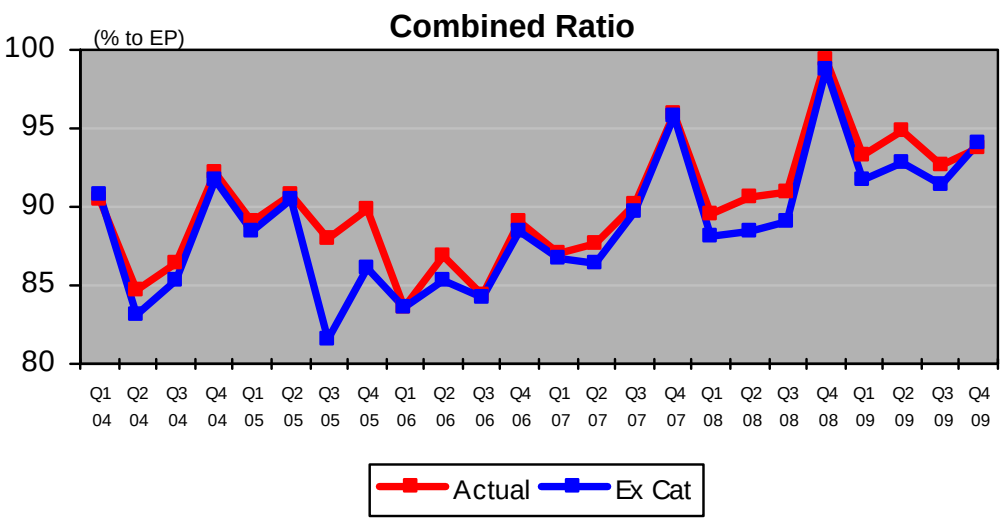
***2010 Underlying Combined Ratio Outlook Range of 88-90***

# Auto Loss Trends Mixed . . . Margin Remains Strong




*Paid Severity is for Allstate Brand Total Auto.

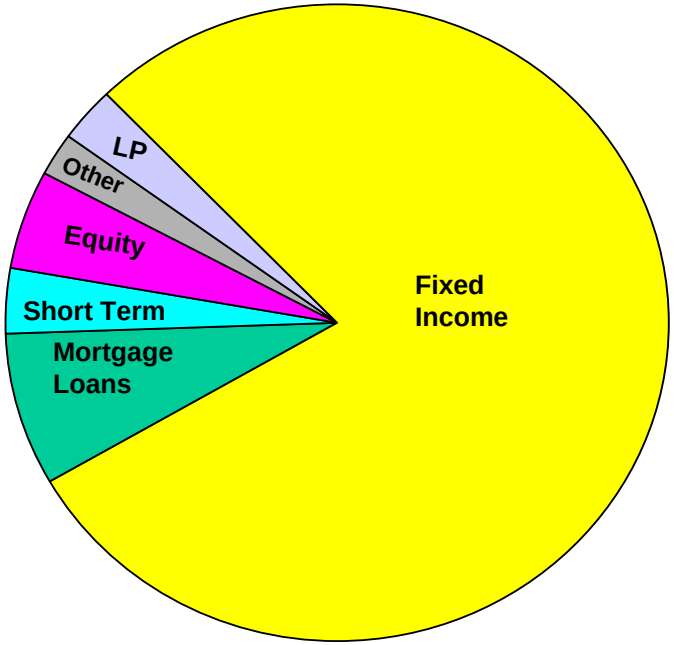
Frequency and Combined Ratio Charts are for Allstate Brand Standard Auto.

# *Allstate Financial Focusing on Returns*

| ($ in millions) | Three Months Ended December 31 | | | Year Ended December 31 | | |
|---|---|---|---|---|---|---|
| | 2008 | 2009 | % Change | 2008 | 2009 | % Change |
| Premiums and Deposits | $1,557 | $1,156 | (25.8) | $10,952 | $5,121 | (53.2) |
| Benefit Spread | 143 | 100 | (30.1) | 478 | 526 | 10.0 |
| Investment Spread | 139 | 107 | (23.0) | 848 | 380 | (55.2) |
| Operating Costs and Expenses | (143) | (105) | (26.6) | (520) | (430) | (17.3) |
| Operating Income | 89 | 95 | 6.7 | 438 | 340 | (22.4) |
| Net (Loss) | (1,035) | (137) | (86.8) | (1,721) | (483) | (71.9) |

- Premiums and Deposits reflect our focus on generating acceptable returns and on reducing concentrations in spread-based products.
- Focus to Win program is successfully reducing expenses as we shift from fixed to variable costs and target higher returns on new products

# Investment Asset Allocation Continues to Reflect Risk Mitigation & Return Optimization




| ($ in billions) | Carrying Value 12/08 | Carrying Value 12/09 | % to Total 12/08 | % to Total 12/09 |
|---|---|---|---|---|
| Corporate | $27.6 | $33.1 | 28.8 % | 33.2 % |
| Municipal | 21.9 | 21.3 | 22.8 | 21.3 |
| RMBS | 6.6 | 8.0 | 6.8 | 8.0 |
| US Gov't. | 4.2 | 7.6 | 4.4 | 7.6 |
| Foreign Gov't. | 2.7 | 3.2 | 2.8 | 3.2 |
| ABS | 1.8 | 3.0 | 1.9 | 3.0 |
| CMBS | 3.8 | 2.6 | 4.0 | 2.6 |
| Total Fixed Income | 68.6 | 78.8 | 71.5 | 78.9 |
| Mortgage Loans | 10.2 | 7.9 | 10.7 | 7.9 |
| Equities | 2.8 | 5.0 | 2.9 | 5.0 |
| Short Term | 8.9 | 3.1 | 9.3 | 3.1 |
| Ltd. Partnerships | 2.8 | 2.7 | 2.9 | 2.8 |
| Other | 2.7 | 2.3 | 2.7 | 2.3 |
| Total Investments | $96.0 | $99.8 | 100.0 % | 100.0 % |

Total @ 12/31/2009 = $99.8 Billion

**Fourth Quarter Actions (compared to 9/30/09)**

- Commercial real estate exposure reduced by $1.2 billion of amortized cost
- Municipal bond concentrations reduced by $445 million of amortized cost
- Deployed $7.0 billion of short-term investments and cash receipts

**YTD Actions (compared to 12/31/08)**

- Commercial real estate exposure reduced $5.4 billion of amortized cost
- Municipal bond concentrations reduced by $1.9 billion of amortized cost
- Duration reduced 5% to 4.0 years
- Deployed $16.6 billion of short-term investments and cash receipts

# Investment Results Reflect Proactive Management and Low Yields

($ in millions)

| | 2008 | | | | 2009 | | | |
|---|---|---|---|---|---|---|---|---|
| | *Q1* | *Q2* | *Q3* | *Q4* | *Q1* | *Q2* | *Q3* | *Q4* |
| *Net Investment Income* | $1,526 | $1,412 | $1,355 | $1,329 | $1,176 | $1,108 | $1,084 | $1,076 |
| % Change to Prior Year Quarter | (2.9) | (13.6) | (15.5) | (18.3) | (22.9) | (21.5) | (20.0) | (19.0) |
| *Realized Capital Gains & Losses* | | | | | | | | |
| OTTI (Impairments & Intent) | $(458) | $(1,265) | $(1,119) | $(893) | $(725) | $(317) | $(392) | $(485) |
| Sales | 103 | (73) | (137) | (357) | 418 | 263 | 201 | 390 |
| Derivatives | (300) | 123 | (32) | (585) | 91 | 419 | (361) | 56 |
| Limited Partnerships - EMA | -- | -- | -- | (97) | (143) | (37) | 33 | 6 |
| TOTAL | $(655) | $(1,215) | $(1,288) | $(1,932) | $(359) | $328 | $(519) | $(33) |

- Investment income decline reflects lower investment yields, actions to shorten duration and maintain liquidity, and reduced asset balances
- Impairment losses primarily relate to investments with residential and commercial real estate exposure
- Sales primarily due to a change in equity strategy to a more passive portfolio management approach

# *Strong Year Over Year Improvement in Unrealized Net Capital Loss Position*

($ in millions)

| | Unrealized Net Capital Gains and Losses | |
|---|---|---|
| | *12/31/08* | *12/31/09* |
| Structured (RMBS, CMBS, ABS) | $(4,787) | $(2,913) |
| Corporate | (3,413) | 345 |
| Municipal | (1,717) | (403) |
| Other Fixed Income | 1,421 | 494 |
| Total Fixed Income | (8,496) | (2,477) |
| Equities | (332) | 179 |
| Other Investments | 14 | (23) |
| Total Unrealized Net Capital Loss, pre-tax | $(8,814) | $(2,321) |
| Shadow DAC and DSI and Insurance Reserves | 3,122 | 990 |
| Deferred income taxes | 1,954 | 461 |
| Total Unrealized Net Capital Gain (Loss), after-tax | $(3,738) | $(870) |

- Unrealized net capital loss improved $180 million pre-tax during the fourth quarter
- Shadow DAC and DSI decline at 12/31/09 was due to updated assumptions for the investment performance on Allstate Financial fixed annuities

# Strong Year End 2009 Capital Position

($ in billions, except per share data)

| | 12/31/08 | 3/31/09 | 6/30/09 | 9/30/09 | 12/31/09 |
|---|---|---|---|---|---|
| *Capital Position* | | | | | |
| Shareholders' Equity | $12.6 | $12.2 | $15.1 | $17.5 | $16.7 |
| Book Value per Share | 23.47 | 22.65 | 27.87 | 32.29 | 30.84 |
| Holding Company Level Invested Assets | 3.6 | 3.3 | 3.4 | 3.4 | 3.1 |
| Statutory Surplus: AIC* | 13.0 | 13.1 | 13.8 | 14.8 | 14.9 est. |
| ALIC | 3.2 | 3.5 | 3.4 | 3.2 | 3.4 est. |

*Includes Statutory Surplus of ALIC

# *The Allstate Corporation's 2010 Priorities*

- **Improve customer loyalty**
- **Reinvent protection and retirement for the consumer**
- **Grow our businesses**

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