



The Allstate Corporation

Third Quarter 2016 Earnings Presentation
November 3, 2016

Allstate[®]
You're in good hands.



Forward-Looking Statements and Non-GAAP Financial Information

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 2015 Form 10-K, in our most recent earnings release, and at the end of these slides. These materials are available on our website, www.allstateinvestors.com, under the “Financials” link.

This presentation also contains some non-GAAP measures. You can find the reconciliation of those measures to GAAP measures within our most recent earnings release and investor supplement. These materials are available on our website, www.allstateinvestors.com, under the “Financials” link.



Allstate Delivers Balanced Operating Results

- Net Income applicable to common shareholders of \$491 million, \$1.31 per share
- Operating Income of \$474 million, \$1.26 per share
- Property-Liability recorded combined ratio of 95.5; underlying combined ratio was 88.0, at the favorable end of our annual outlook range of 88 - 90
 - Allstate brand auto recorded combined ratio was 99.0; underlying combined ratio was 95.9, 2.2 points below third quarter 2015
- Total investment return of 1.3% for the third quarter and 5.2% through the first nine months

(\$ in millions, except per share data and ratios)	Three months ended September 30,			Nine months ended September 30,		
	2016	2015	Change	2016	2015	Change
Total Revenues	\$9,221	\$9,028	2.1%	\$27,256	\$26,962	1.1%
Property-liability insurance premiums	7,869	7,650	2.9%	23,406	22,625	3.5%
Net investment income	748	807	(7.3)%	2,241	2,446	(8.4)%
Income available to common shareholders:						
Net income	491	621	(20.9)%	950	1,595	(40.4)%
<i>per diluted common share</i>	1.31	1.54	(14.9)%	2.51	3.87	(35.1)%
Operating income	474	610	(22.3)%	1,031	1,488	(30.7)%
<i>per diluted common share</i>	1.26	1.52	(17.1)%	2.72	3.61	(24.7)%
Return on common shareholders' equity						
Net income available to common shareholders				7.4%	12.2%	(4.8) pts
Operating income				9.4%	12.1%	(2.7) pts



Provides Differentiated Value Propositions to Unique Customer Segments

Policies as of 9/30/16		
<u>(# in millions)</u>	<u>#</u>	<u>Var PY</u>
Consolidated Policies in Force ⁽¹⁾	39.8	-1.2%
Property-Liability Policies in Force ⁽²⁾	33.8	-2.6%

Encompass brand Q3 2016 results

Policies in Force	-12.6%
Net Written Premium	-9.7%
Recorded Combined Ratio	98.3
Underlying Combined Ratio	89.3

Answer Financial Q3 2016 results

Non-Proprietary Premium Growth 6.0%

Local Advice and Assistance



Self-Serve



Allstate brand Q3 2016 results

	<u>Auto</u>	<u>Home</u>	<u>Other Personal Lines</u>	<u>Total</u>
Policies in Force	-2.5%	-0.9%	-0.1%	-2.3%
Net Written Premium	4.1%	-0.5%	4.2%	2.5%
Recorded Combined Ratio	99.0	75.9	87.5	93.1
Underlying Combined Ratio	95.9	61.1	82.0	86.9

Esurance brand Q3 2016 results

Policies in Force	-0.6%
Net Written Premium	5.4%
Recorded Combined Ratio	109.8
Underlying Combined Ratio	106.0
Memo: Underlying Loss Ratio	75.7

Arity

⁽¹⁾ Includes Allstate Financial and Property-Liability

⁽²⁾ Excludes Allstate Financial

Note: PIF and net written premium growth variances compare Q3 2016 to Q3 2015



- **Better serve our customers through innovation, effectiveness and efficiency**
- **Achieve target economic returns on capital**
- **Grow insurance policies in force**
- **Proactively manage investments**
- **Build and acquire long-term growth platforms**

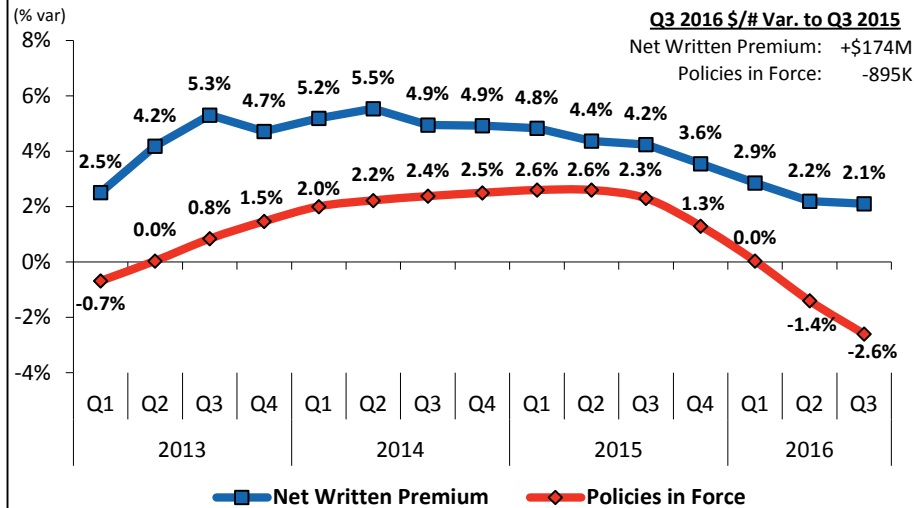


Generated Strong Profit While Continuing To Execute On Auto Margin Actions

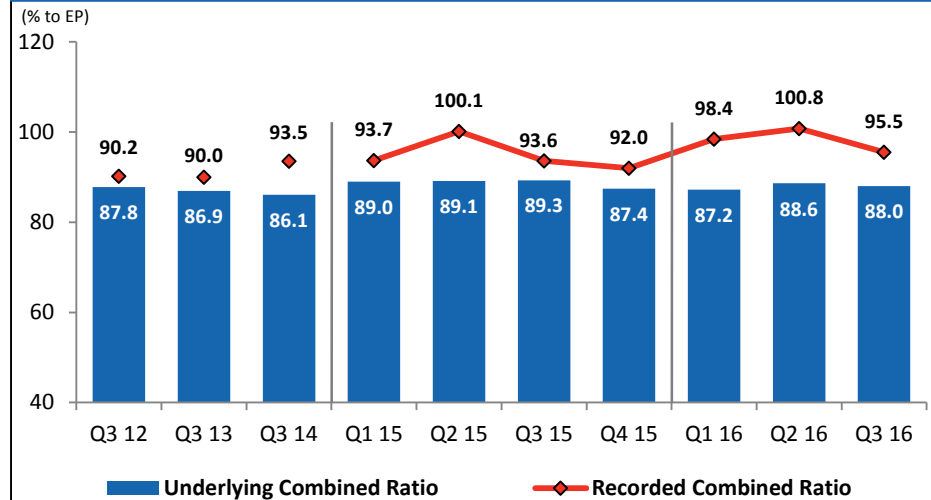
Property-Liability Results

(\$ in millions, except ratios)	Q3	Var PY	YTD	Var PY
Earned Premium	\$7,869	2.9%	\$23,406	3.5%
Catastrophe Losses	481	78.1%	2,269	66.7%
Combined Ratio				
- Recorded	95.5	1.9pts	98.2	2.4pts
- Underlying	88.0	(1.3)pts	88.0	(1.1)pts
Net Investment Income	310	1.0%	928	(3.0)%
Net Income⁽¹⁾	483	10.5%	903	(24.6)%
Operating Income	452	(17.8)%	929	(28.7)%

Property-Liability Premium and Policy Growth



Property-Liability Combined Ratio

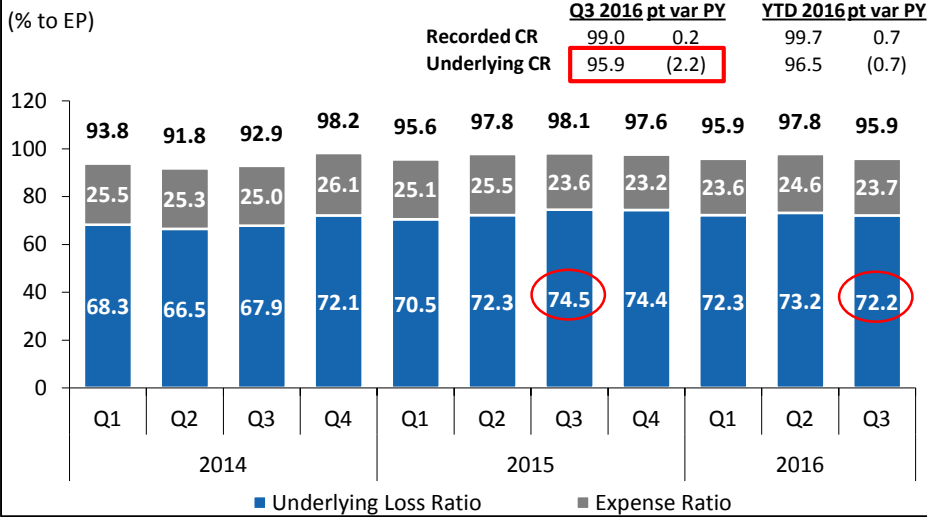


⁽¹⁾ Applicable to common shareholders ⁽²⁾ Trailing twelve months

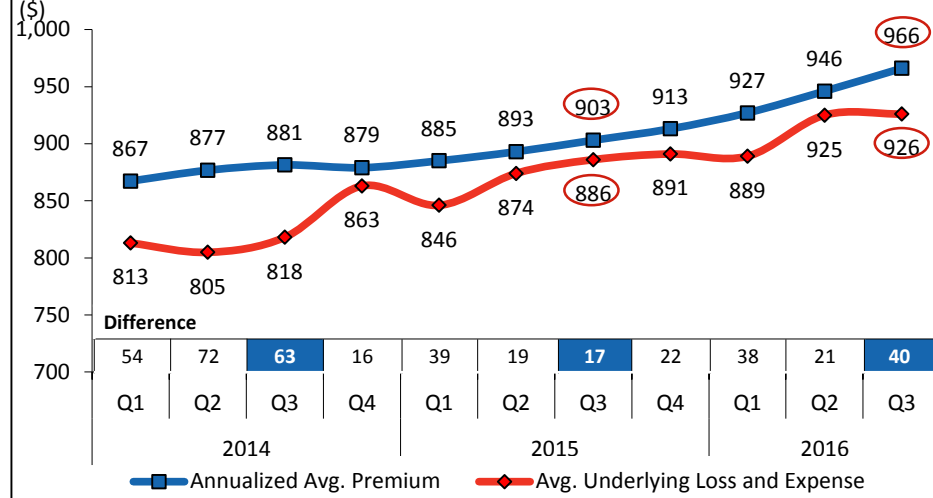


Allstate Brand Underlying Auto Margins Improve

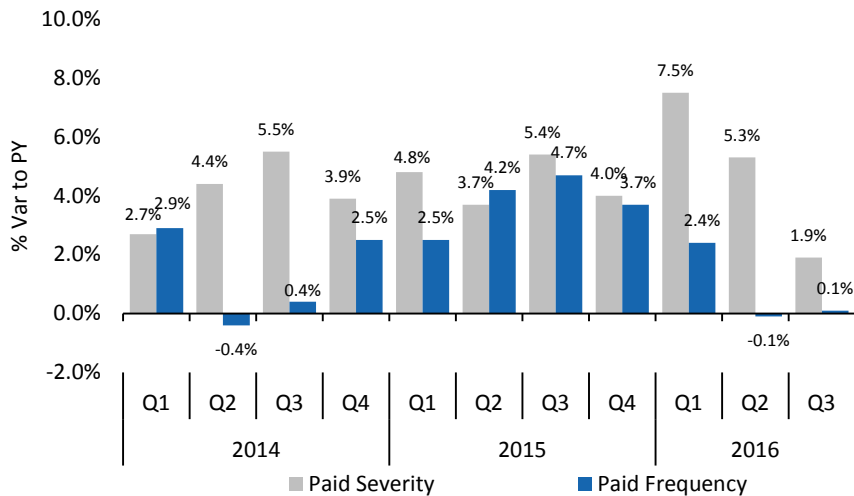
Allstate Brand Auto Underlying Combined Ratio



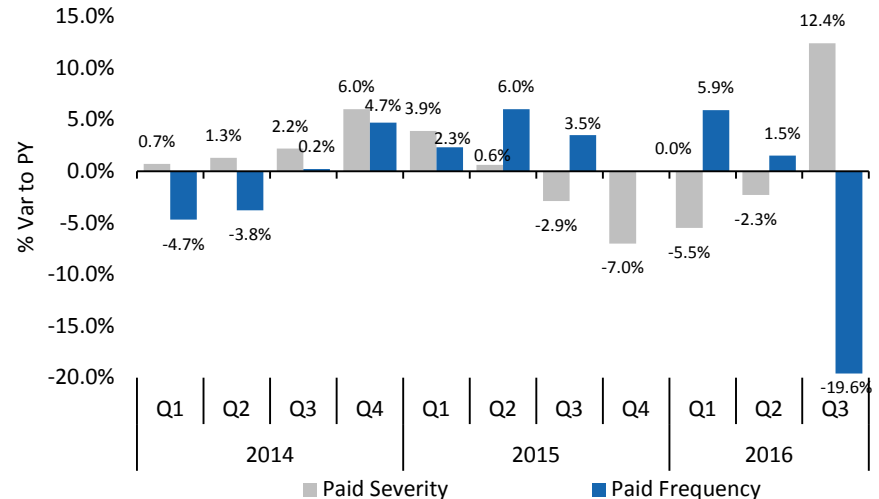
Auto Underlying Margin Per Policy Trend



Allstate Brand Auto Property Damage Paid Frequency & Severity Trends



Allstate Brand Auto Bodily Injury Paid Frequency & Severity Trends⁽¹⁾

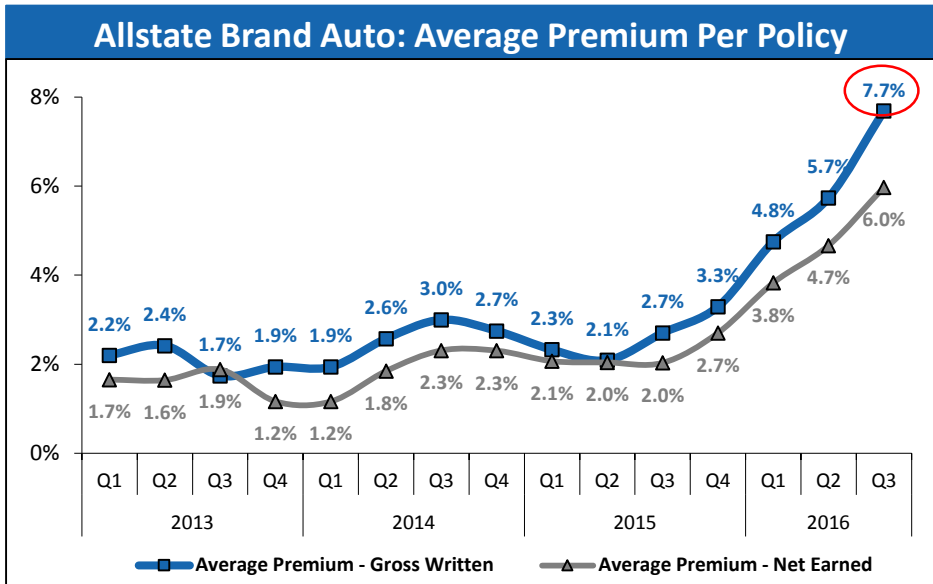
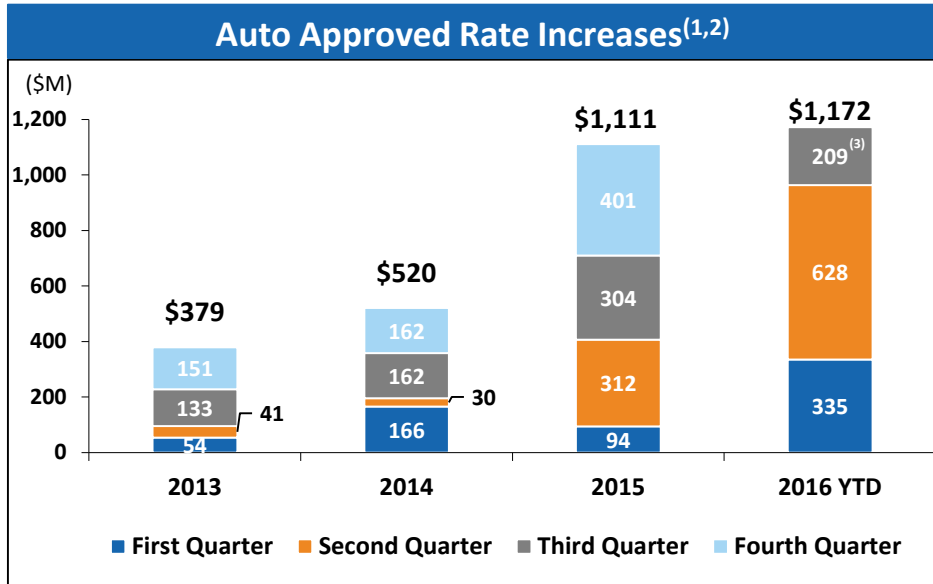


⁽¹⁾The decrease in paid frequency and increase in paid severity during the quarter reflect payment mix and claim closure patterns that were impacted by changes in bodily injury claims processes as highlighted in the 10-Q.



Progress Continues on Auto Insurance Profit Improvement Plan

- Auto insurance rate increases
- Underwriting guideline changes targeted to underperforming segments and geographies; as rate adequacy is achieved, guidelines are modified appropriately
- Claims organization focused on operational excellence
- Expense spending controls



⁽¹⁾ Estimate based on historical written premium. Actual amounts realized will be based on retention and mix of customers. Approximately 30% of the Allstate brand rate increases approved in 2015 were earned in 2015, with the remainder expected to be earned in 2016 and 2017. Approximately 34% of the Allstate brand auto rate increases approved in the first nine months of 2016 are expected to be earned in 2016, with the remainder expected to be earned in 2017 and 2018.

⁽²⁾ Includes Allstate Brand, Esurance Brand, and Encompass Brand.

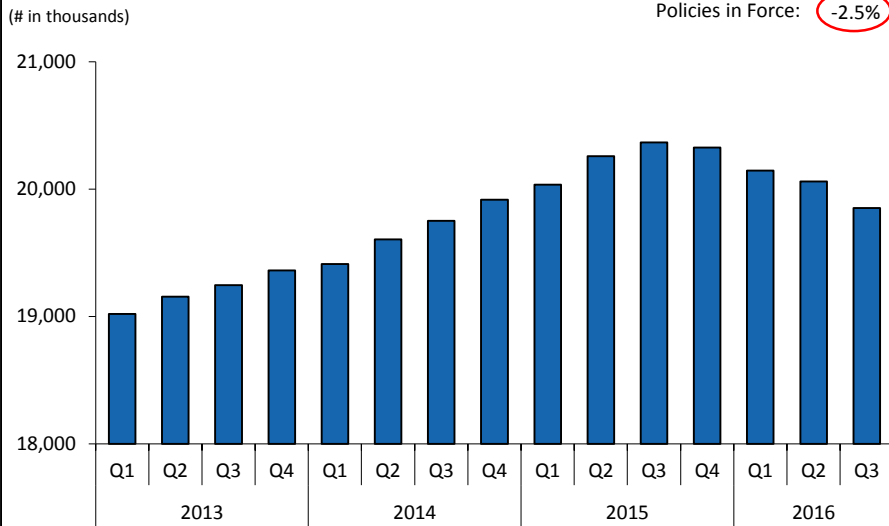
⁽³⁾ Includes \$192 million in net written premium for the Allstate Brand.



Allstate Brand Auto Items in Force Decline; New Issued Applications Stabilize While Retention Pressure Remains

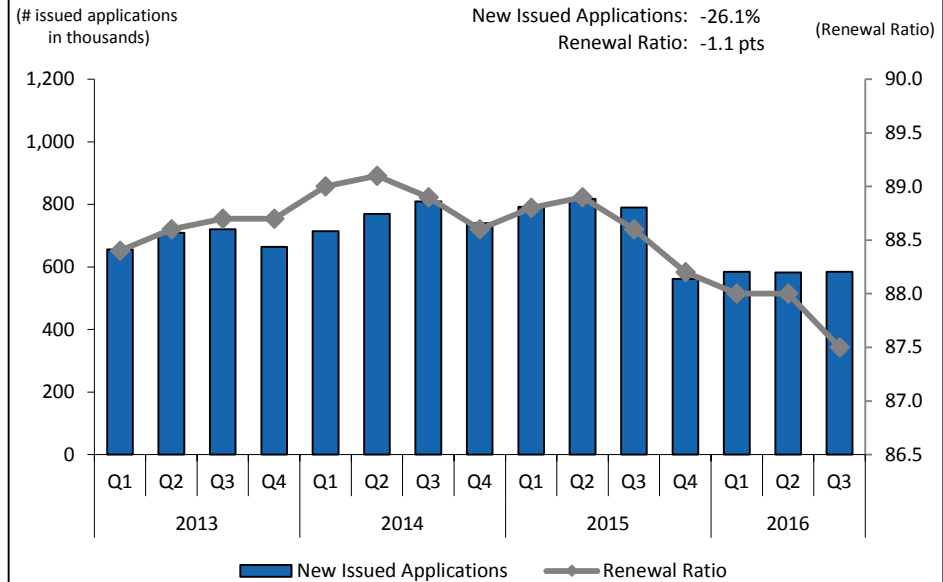
Allstate Brand Auto Policies in Force

Q3 2016 % Var. to Q3 2015
Policies in Force: **-2.5%**



Allstate Brand Auto New Issued Applications & Renewal Ratio

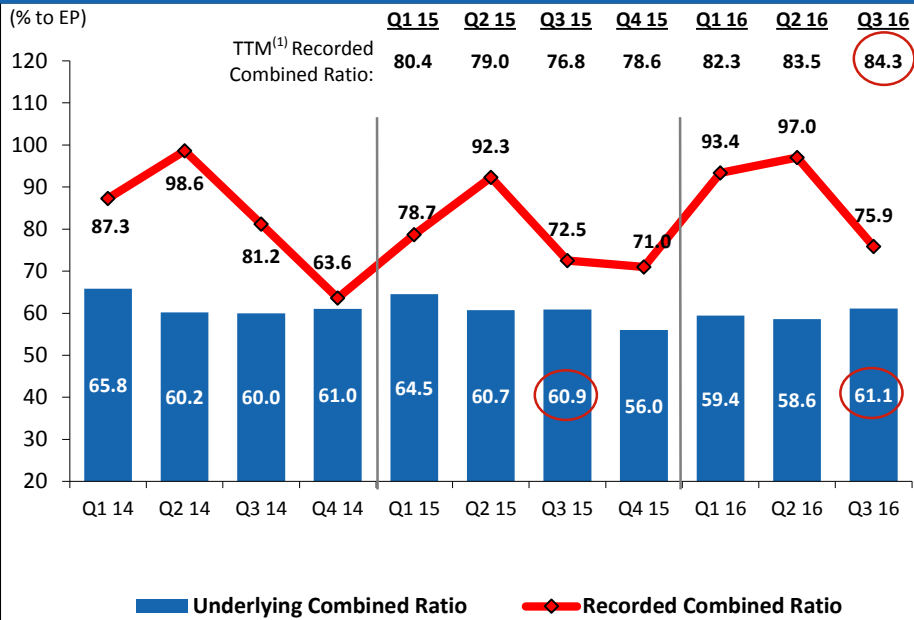
Q3 2016 % Var. to Q3 2015
New Issued Applications: -26.1%
Renewal Ratio: -1.1 pts





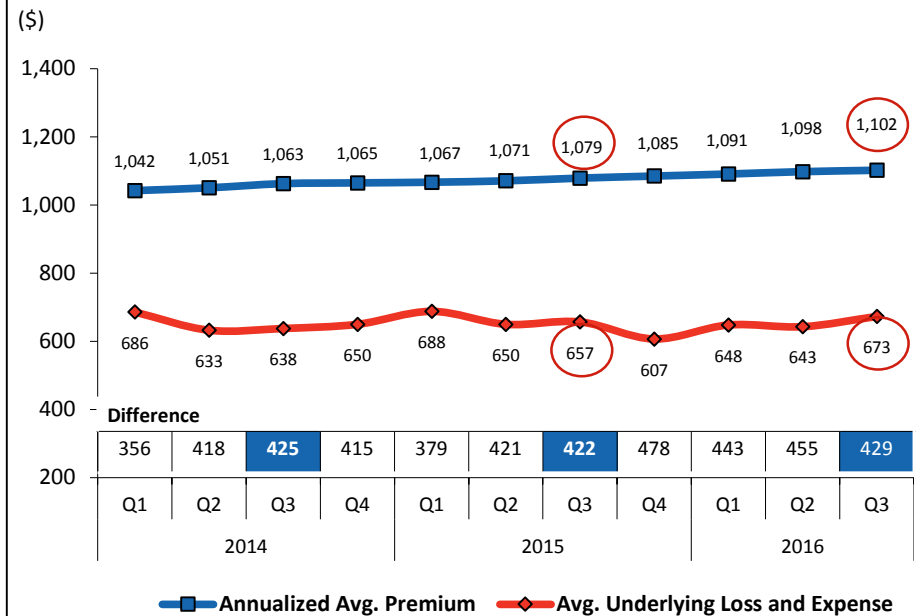
Allstate Brand Homeowners Continues to Generate Attractive Returns

Allstate Brand Homeowners Combined Ratio



⁽¹⁾ Trailing twelve months

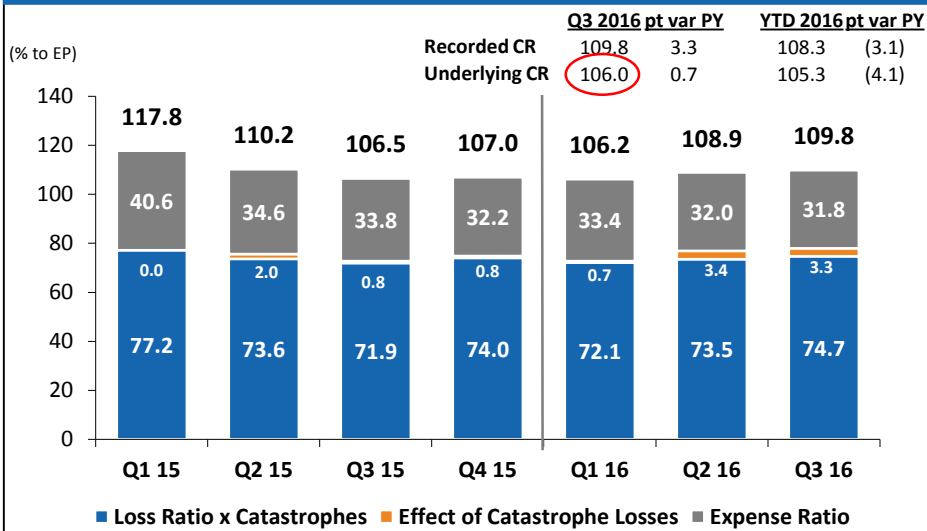
Homeowners Underlying Margin Per Policy Trend



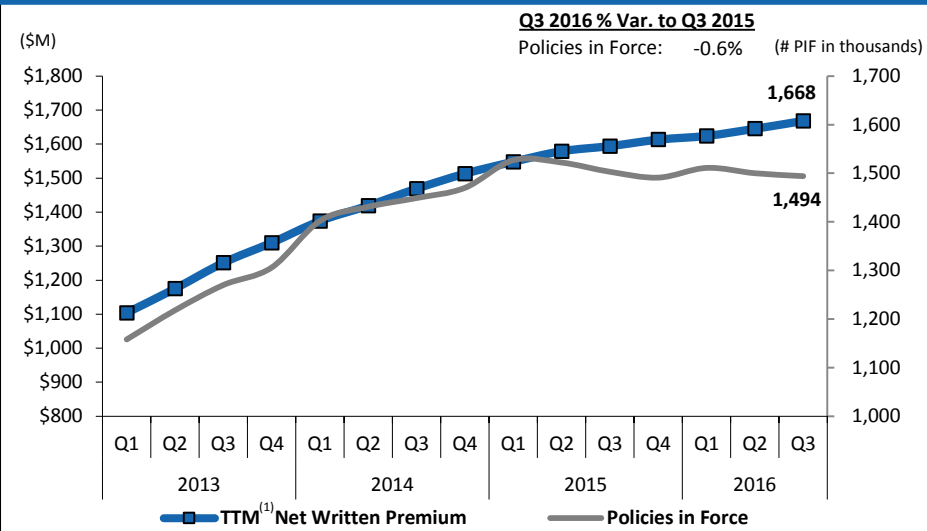


Esurance and Encompass Continues to Execute on Profit Improvement Plan

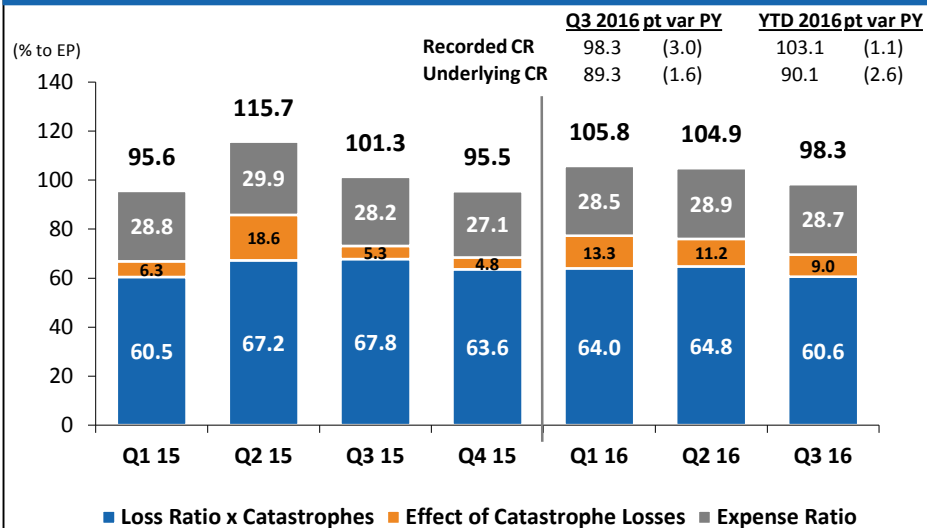
Esurance Combined Ratios



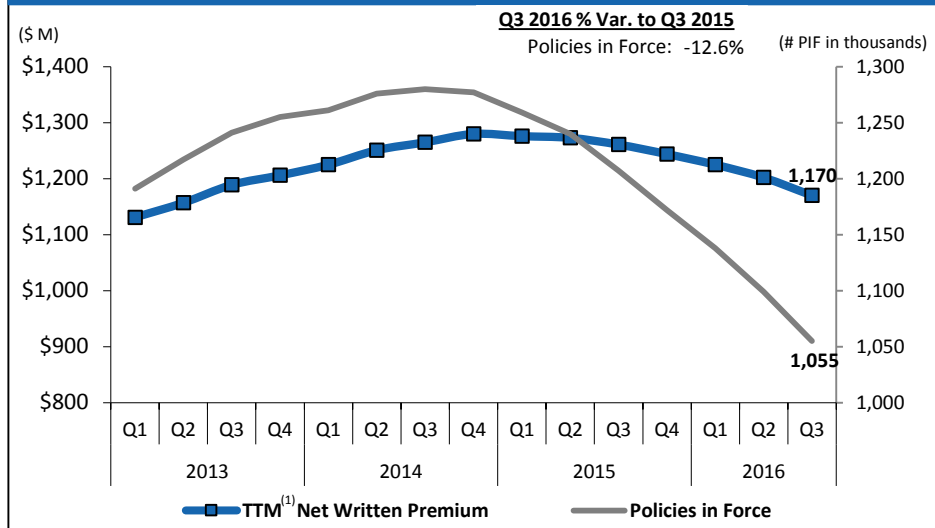
Esurance Brand Premium and Policy in Force Trends



Encompass Combined Ratios



Encompass Brand Premium and Policy in Force Trends



⁽¹⁾ Trailing twelve months

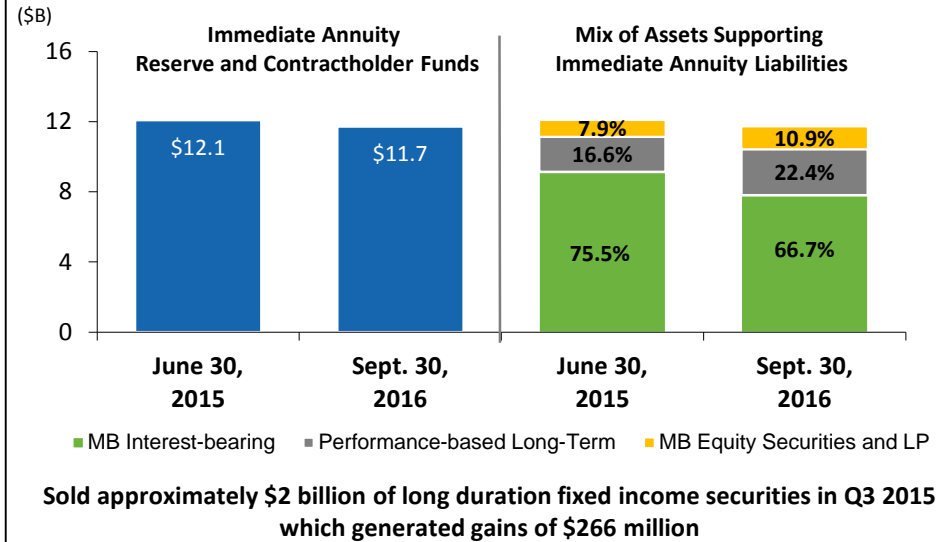


Prior Year Portfolio Repositioning Impacts Allstate Financial Results

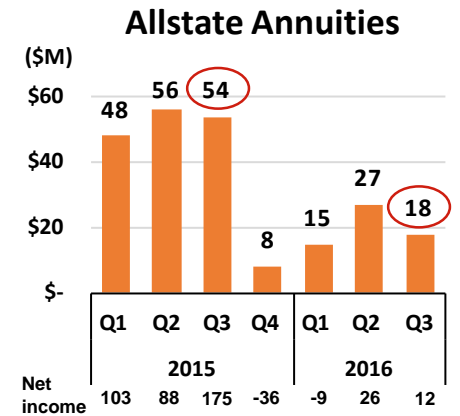
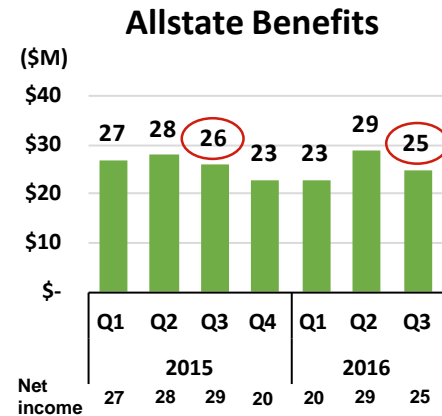
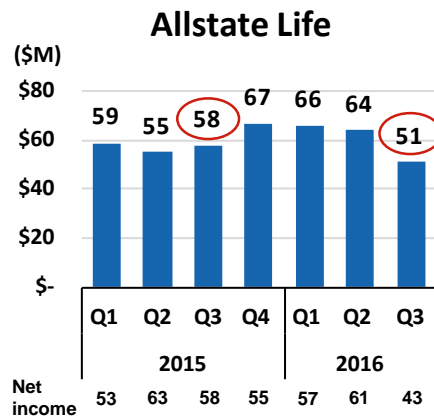
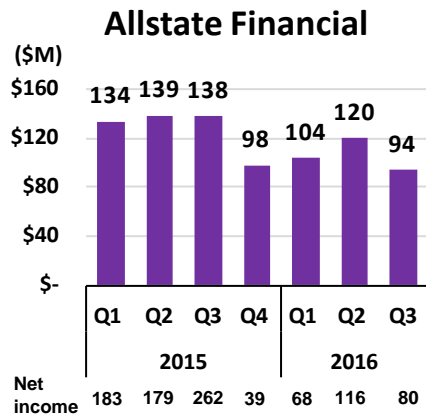
Allstate Financial Results

(\$ in millions)	Q3	Var. PY	YTD	Var. PY
Premiums / contract charges	\$ 571	\$ 33	\$ 1,701	\$ 90
Margins:				
Benefit spread	139	6	475	43
Investment spread	118	(52)	340	(163)
Operating expenses	(126)	(14)	(370)	(17)
Operating income	94	(44)	318	(93)
Net income	80	(182)	264	(360)

Repositioning of Immediate Annuity Investment Portfolio



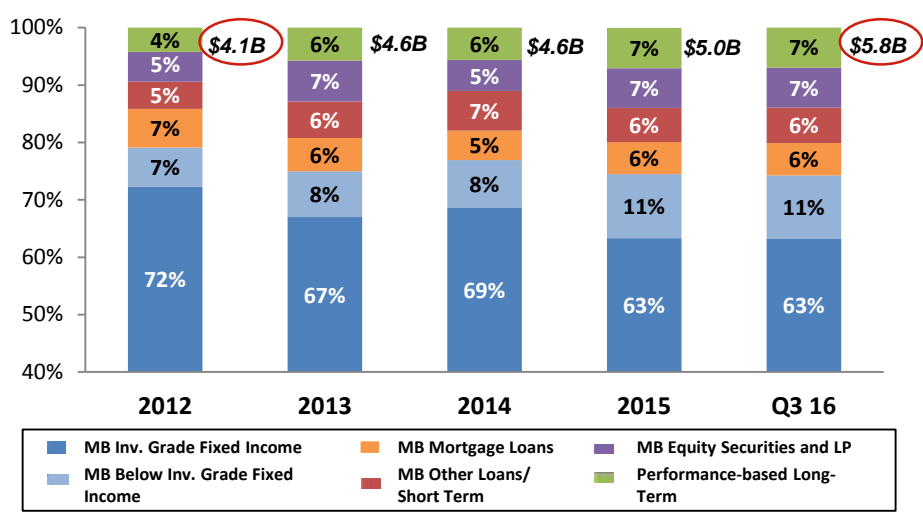
Allstate Financial Operating Income Trend By Business



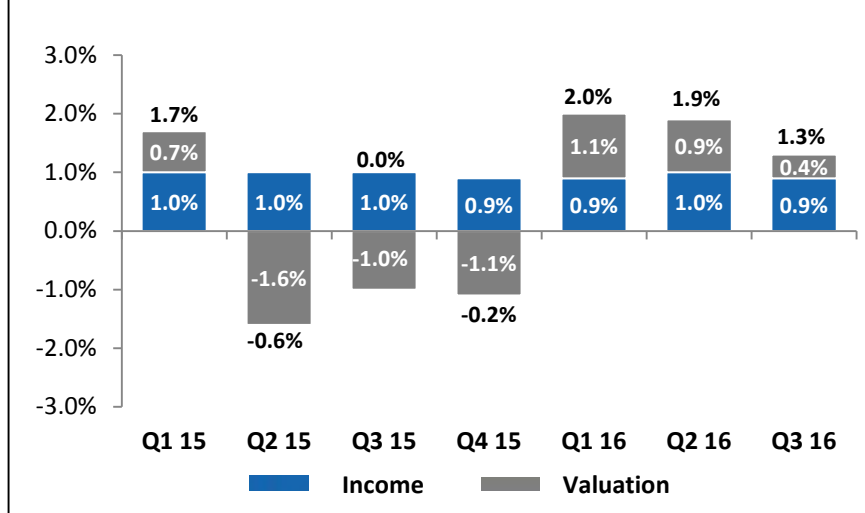


Proactive Management of Investments Aligns With Business Needs

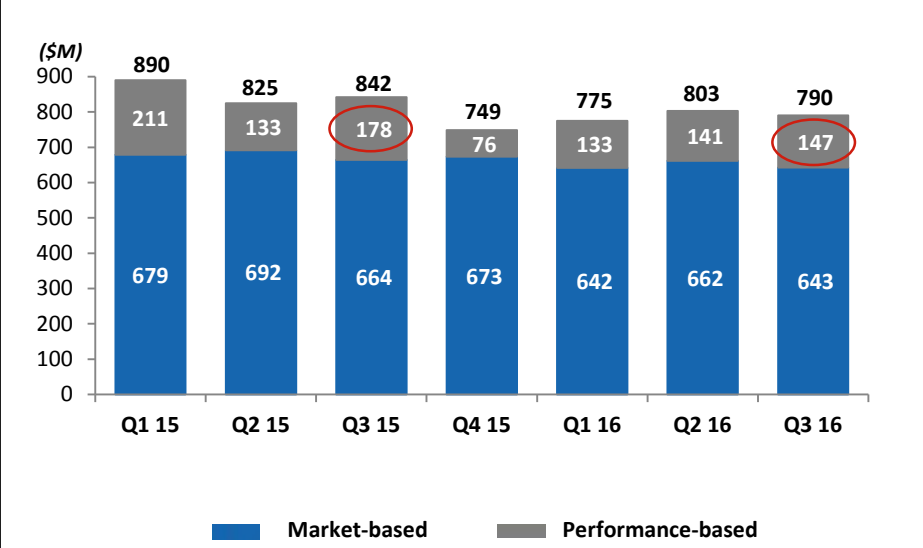
Portfolio Allocation



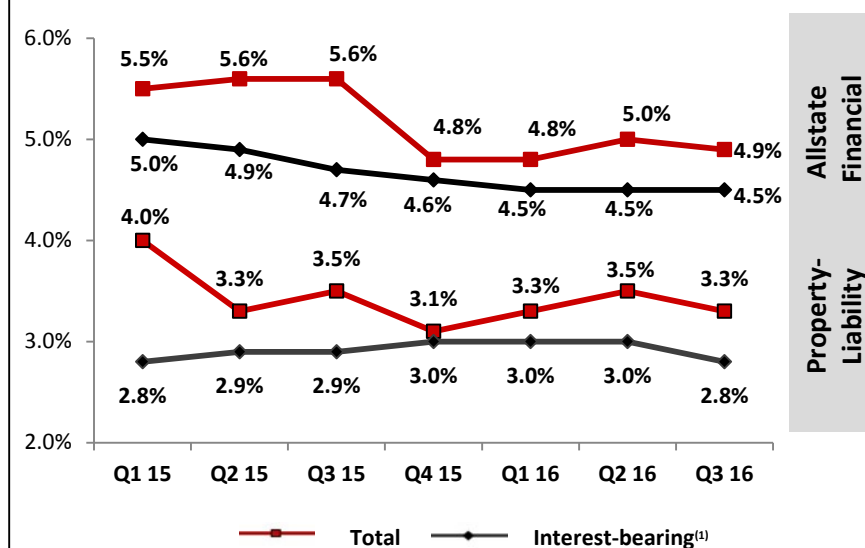
GAAP Total Return



Gross Investment Income



Pre-tax Yield



⁽¹⁾ Interest-bearing yield excludes prepayment fee income and investment expenses



Continued Capital Strength and Financial Flexibility

Capital Position		
	<u>9/30/16</u>	<u>9/30/15</u>
Total Shareholders' Equity (\$ in millions)	\$20,934	\$20,504
Debt-to-Capital Ratio	19.6%	20.0%
Book Value per Common Share	\$51.48	\$47.54
Return on Common Shareholders' Equity ⁽¹⁾		
- Net Income	7.4%	12.2%
- Operating Income	9.4%	12.1%
Deployable Holding Company Assets (\$ in billions)	\$2.7	\$3.1
Common shares outstanding (millions)	368	390

- Returned \$1.5 billion in cash to common shareholders through the first nine months
 - Paid \$364 million in common shareholder dividends
 - Repurchased \$1.1 billion of common shares, including \$532 million in the open market and \$562 million through accelerated share repurchase (ASR) agreements
 - On September 23, 2016, entered into a new ASR agreement to purchase \$250 million of our common shares

⁽¹⁾ Trailing 12-month period



Forward-Looking Statements

Forward-Looking Statements

This presentation contains “forward-looking statements” that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like “plans,” “seeks,” “expects,” “will,” “should,” “anticipates,” “estimates,” “intends,” “believes,” “likely,” “targets” and other words with similar meanings. We believe these statements are based on reasonable estimates, assumptions and plans. However, if the estimates, assumptions or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could differ materially from those communicated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements include risks related to: (1) adverse changes in the nature and level of catastrophes and severe weather events; (2) impacts of catastrophe management strategy on premium growth; (3) unexpected increases in the frequency or severity of claims; (4) regulatory changes, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (5) market convergence and regulatory changes on our risk segmentation and pricing; (6) the cyclical nature of the property and casualty business; (7) reestimates of reserves for claims; (8) adverse legal determinations regarding discontinued product lines and other legal and regulatory actions; (9) changes in underwriting and actual experience; (10) changes in reserve estimates for life-contingent contract benefits payable; (11) the influence of changes in market interest rates on spread-based products; (12) changes in estimates of profitability on interest-sensitive life products; (13) reducing our concentration in spread-based business and exiting certain distribution channels; (14) changes in tax laws; (15) our ability to mitigate the capital impact associated with life insurance statutory reserving requirements; (16) operational issues relating to a decline in Lincoln Benefit Life Company’s financial strength ratings; (17) market risk and declines in credit quality relating to our investment portfolio; (18) our subjective determination of the fair value of our fixed income and equity securities and the amount of realized capital losses recorded for impairments of our investments; (19) competition in the insurance industry; (20) conditions in the global economy and capital markets; (21) losses from legal and regulatory actions; (22) restrictive regulation and regulatory reforms; (23) the availability of reinsurance at current levels and prices; (24) credit risk of our reinsurers; (25) a downgrade in our financial strength ratings; (26) the effect of adverse capital and credit market conditions; (27) failure in cyber or other information security; (28) the impact of a large scale pandemic, the threat or incurrence of terrorism or military action; (29) possible impairments in the value of goodwill; (30) changes in accounting standards; (31) the realization of deferred tax assets; (32) restrictions on our subsidiaries’ ability to pay dividends; (33) restrictions under the terms of certain of our securities on our ability to pay dividends or repurchase our stock; (34) changing climate and weather conditions; (35) loss of key vendor relationships or failure of a vendor to protect confidential and proprietary information; and (36) failure to protect intellectual property. Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our most recent Annual Report on Form 10-K. Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.