



The Allstate Corporation

First Quarter 2017 Earnings Presentation
May 3, 2017

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 2016 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 that are denoted with an asterisk. You can find the reconciliation of those measures to GAAP measures within our most recent earnings release or investor supplement. These materials are available on our website, www.allstateinvestors.com, under the “Financials” link.



Allstate Starts 2017 With Strong Profitability

- Net income applicable to common shareholders of \$666 million
 - Operating income* of \$608 million, or \$1.64 per share
- Auto insurance profitability improved substantially due to profit improvement plan and favorable weather
- Homeowners insurance generated underwriting income despite significant catastrophe losses
- Property-Liability recorded combined ratio of 93.6; underlying combined ratio* of 84.8
- Acquisition of SquareTrade closed adding 30 million policies in force and broadening distribution
- Returned \$371 million to shareholders

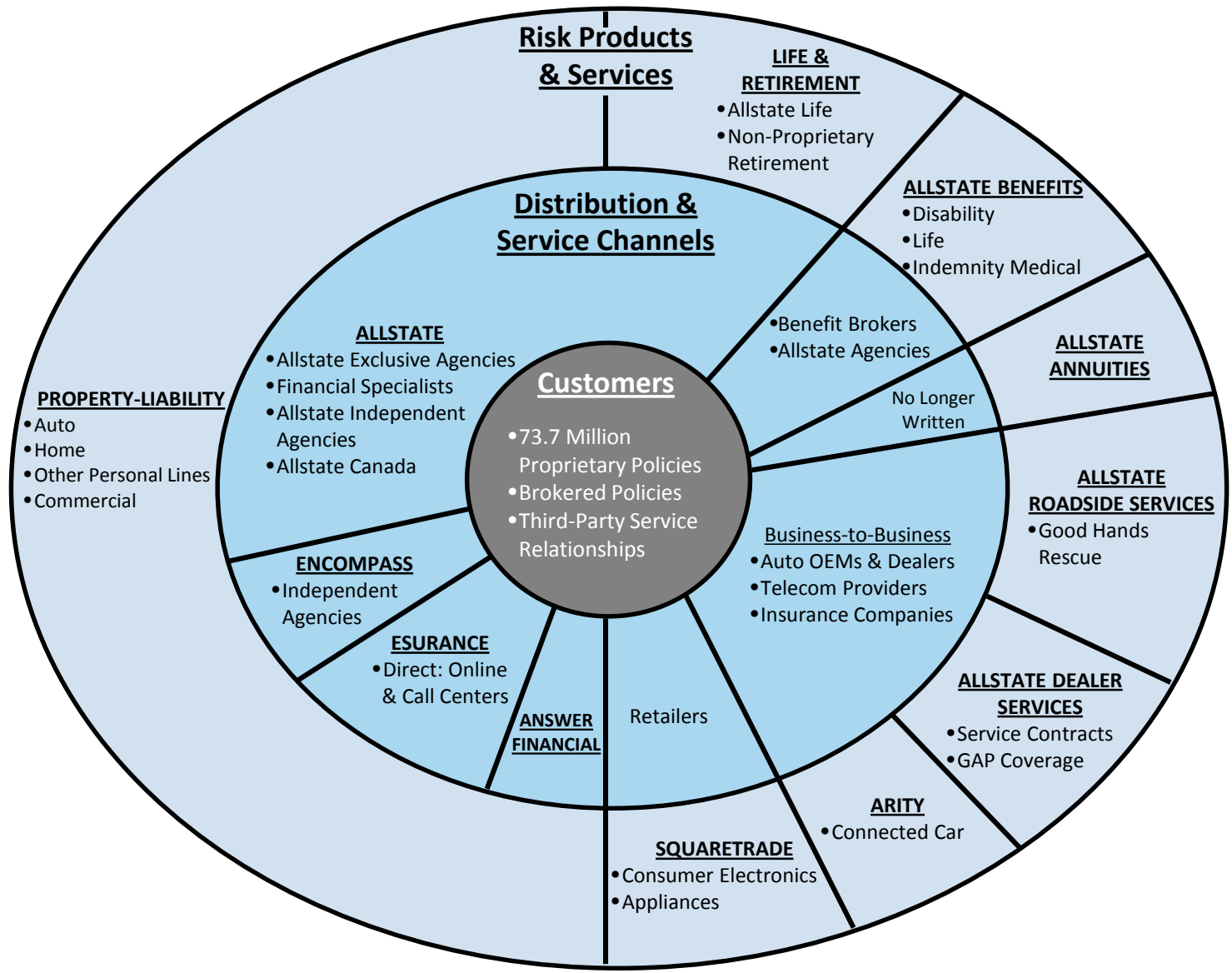
(\$ in millions, except per share data and ratios)	Three months ended March 31,		
	2017	2016	Change
Total Revenues	\$9,434	\$8,871	6.3%
Property-liability insurance premiums	7,959	7,723	3.1%
Net investment income	748	731	2.3%
Income available to common shareholders:			
Net income	666	217	206.9%
<i>per diluted common share</i>	1.79	0.57	214.0%
Operating income*	608	322	88.8%
<i>per diluted common share*</i>	1.64	0.84	95.2%
Return on common shareholders' equity			
Net income available to common shareholders	11.6%	8.3%	3.3 pts
Operating income*	11.9%	10.2%	1.7 pts
Consolidated Policies in Force (in millions)⁽¹⁾	73.7	44.4	NM

⁽¹⁾ Consolidated policies in force includes Property-Liability and Allstate Financial policies in force. Acquisition of SquareTrade in Q1 2017 accounted for 29.9 million active consumer protection plans as of March 31, 2017.

NM = Not meaningful



Allstate's Broad-Based Business Model Built on Core Strengths

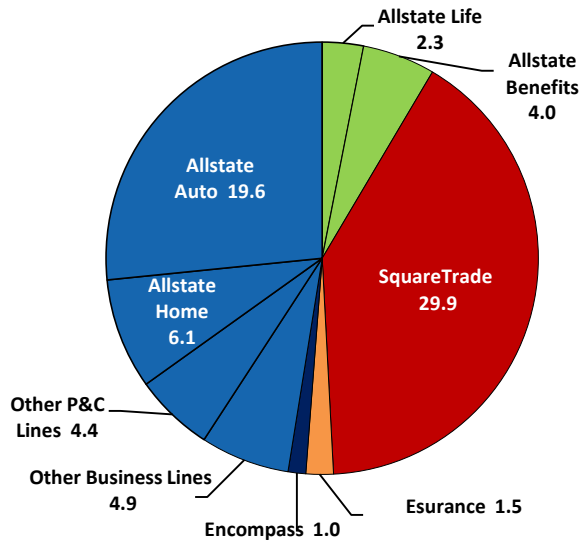




Executing Our Broad-Based Business Model

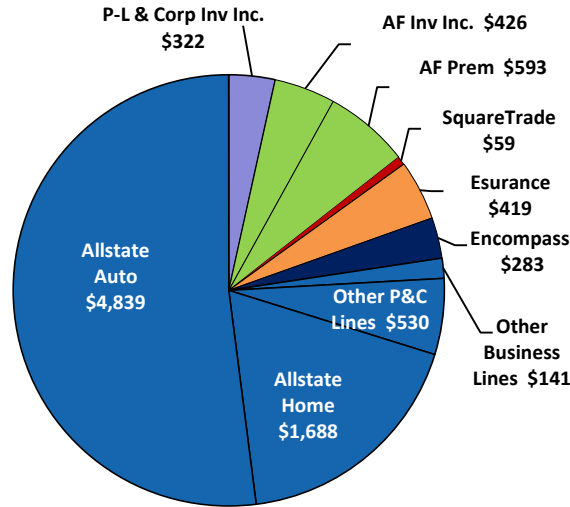
Policies in Force – 73.7 Million

(in millions, as of 3/31/17)



Revenue (Ex. RCGL) - \$9.3 Billion

(\$M, Q1 2017)



Operating Income* - \$608 Million

(\$M after-tax, Q1 2017)

Property-Liability

Underwriting Income	
Allstate Auto	\$295
Allstate Home	70
Other	2
Investment Income	<u>212</u>
Total Property-Liability	579

Allstate Financial

Life	59
Annuities	29
Benefits	<u>22</u>
Total Allstate Financial	110
Total Corporate	<u>(81)</u>
Total Operating Income	608

2017 Operating Priorities

1. Better serve our customers
2. Achieve target economic returns on capital
3. Grow customer base
4. Proactively manage investments
5. Build long-term growth platforms



Differentiated Value Propositions to Unique Customer Segments

2017 Property-Liability Results		
(\$ in millions)	Q1	Var PY
Net Written Premium	\$7,723	2.8%
Earned Premium	\$7,959	3.1%
Catastrophes	\$781	-5.6%
Recorded Combined Ratio	93.6	-4.8 pts
Underlying Combined Ratio*	84.8	-2.4 pts

Property-Liability Customer Segment Results (Excluding SquareTrade)

Encompass brand results

Underlying Combined Ratio*	Q1	Var PY
Total Brand	86.6	(1.7) pts
Auto	97.9	(5.2) pts
Homeowners	69.9	2.2 pts

Brand Neutral

Local Advice and Assistance



Self-Serve



Allstate brand results

Underlying Combined Ratio*	Q1	Var PY
Total Brand	83.5	(2.6) pts
Auto	90.9	(5.0) pts
Homeowners	61.3	1.9 pts
Other Personal Lines	78.8	0.7 pts

Brand Sensitive

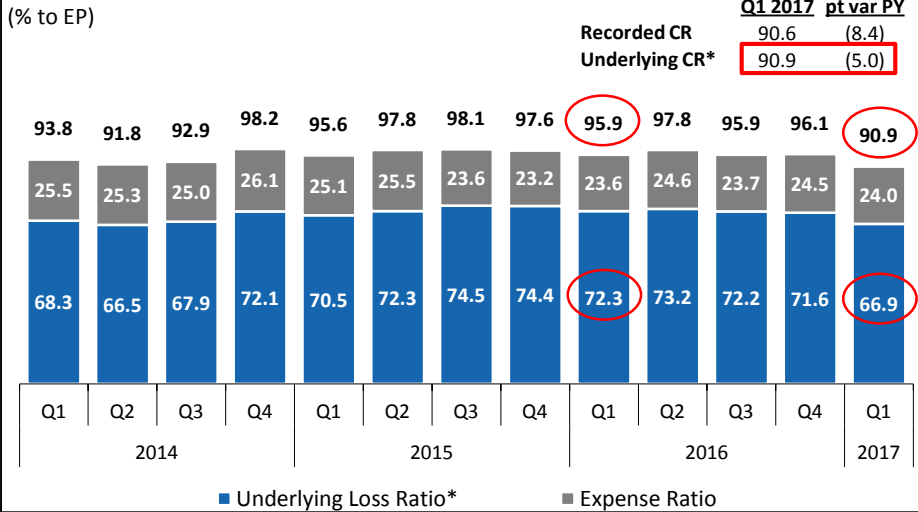
Esurance brand results

Underlying Combined Ratio*	Q1	Var PY
Total Brand	100.2	(4.8) pts
Auto	99.8	(3.8) pts
Homeowners	121.4	(53.6) pts

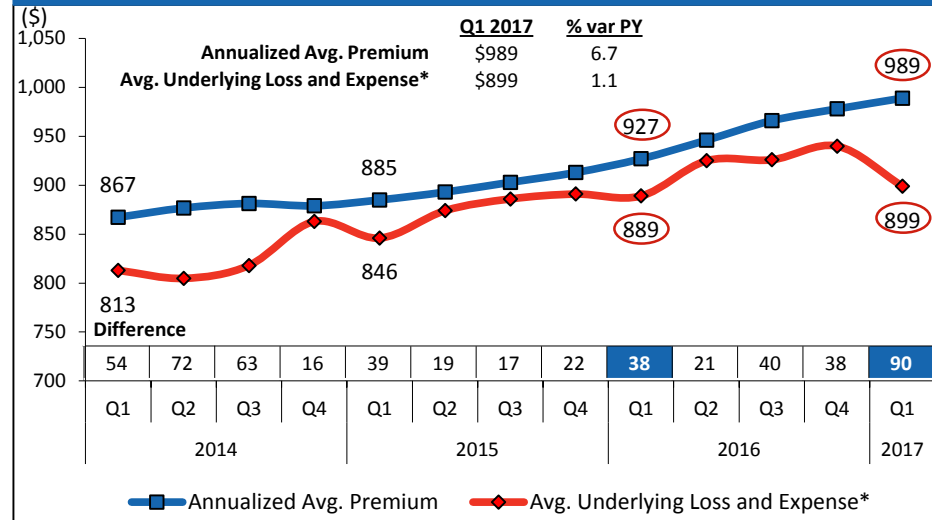


Allstate Brand Auto Underlying Loss Ratio Improves on Increased Premium and Lower Frequency

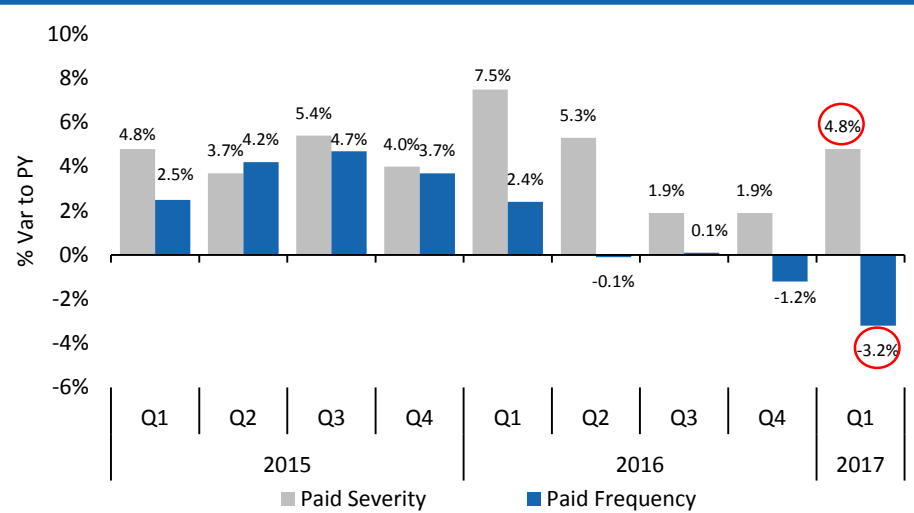
Allstate Brand Auto Underlying Combined Ratio*



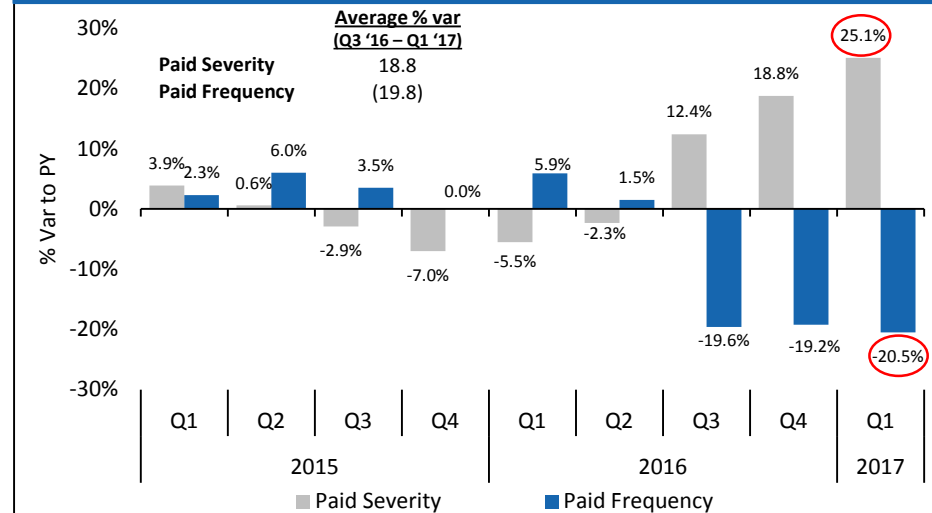
Auto Underlying Margin Per Policy Trend



Allstate Brand Auto Property Damage Paid Frequency & Severity Trends



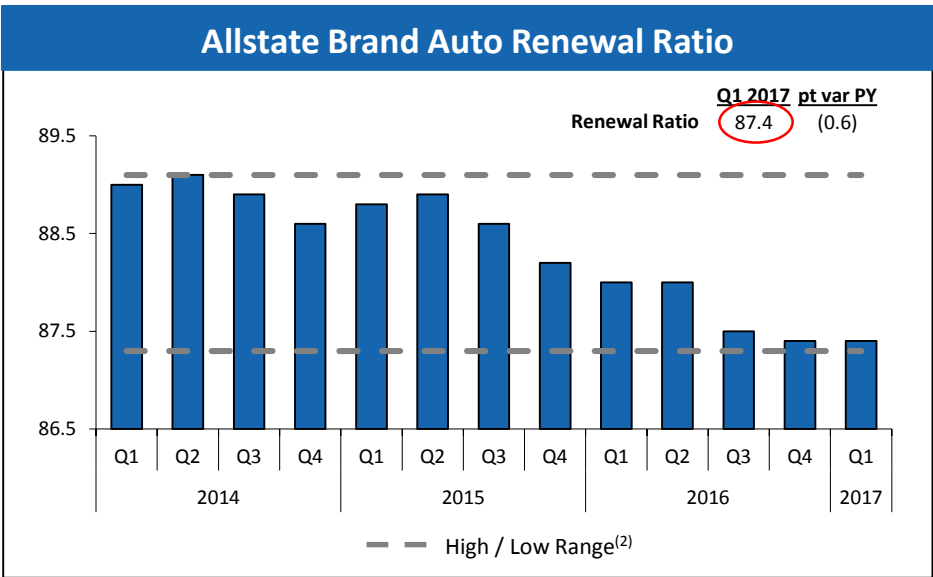
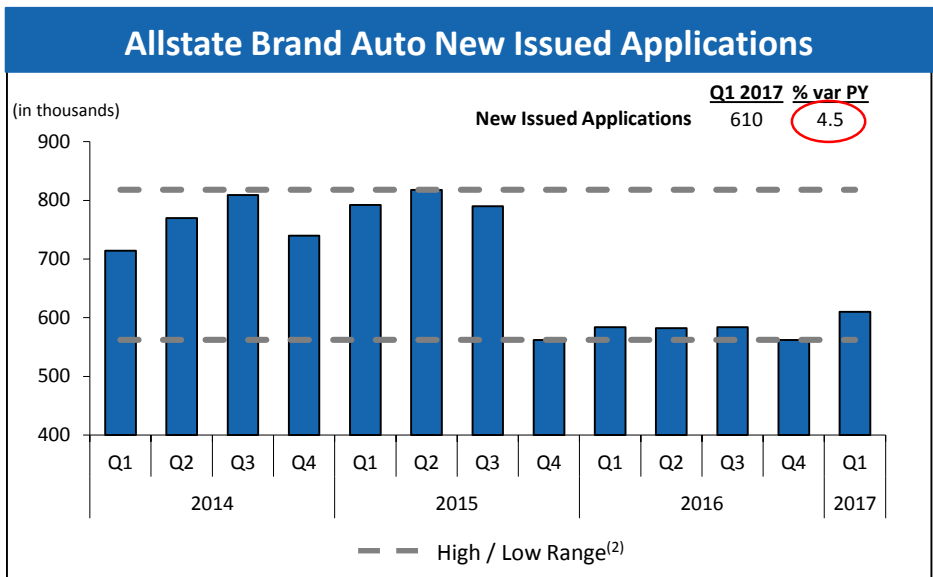
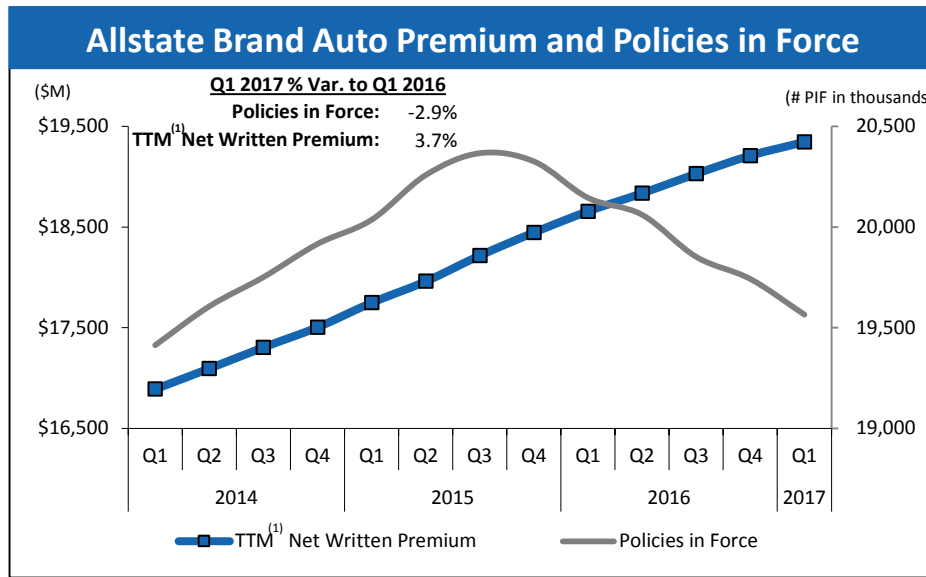
Allstate Brand Auto Bodily Injury Paid Frequency & Severity Trends⁽¹⁾



⁽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 third quarter 2016 10-Q.



Allstate Brand Auto Premium Growth Reflects Rate Increases, Stabilizing Retention and Improved New Business Trends

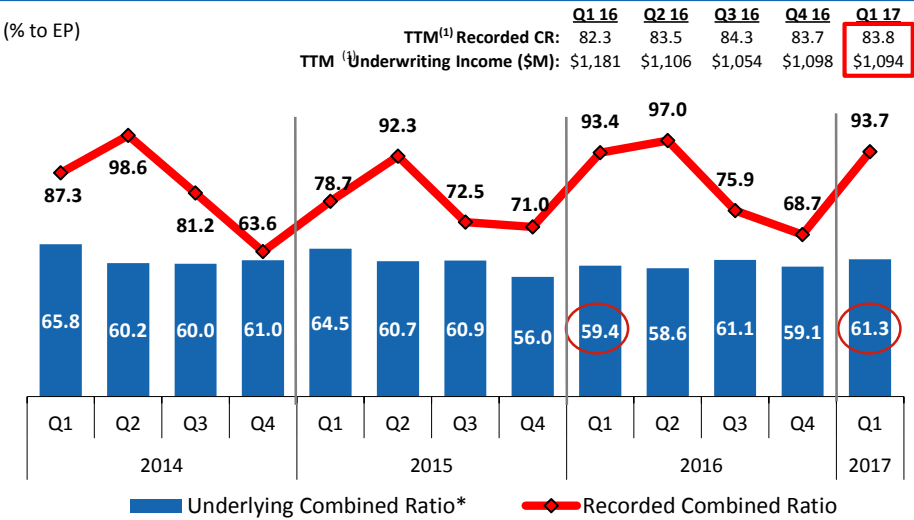


⁽¹⁾ Trailing twelve months
⁽²⁾ High / Low Range represents the highest and lowest levels recorded from Q1 2007 to Q4 2016

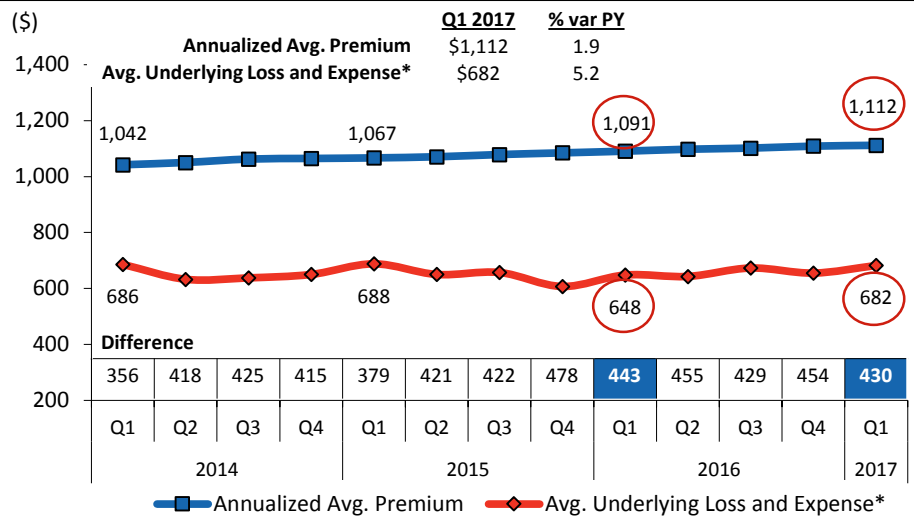


Allstate Brand Homeowners Continues to Generate Attractive Returns; Policy Growth Impacted by Auto Profit Actions

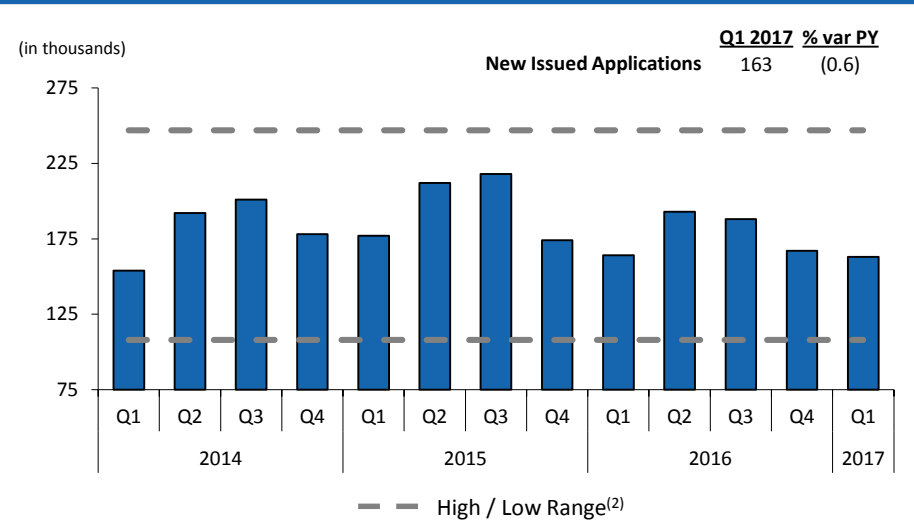
Allstate Brand Homeowners Combined Ratio



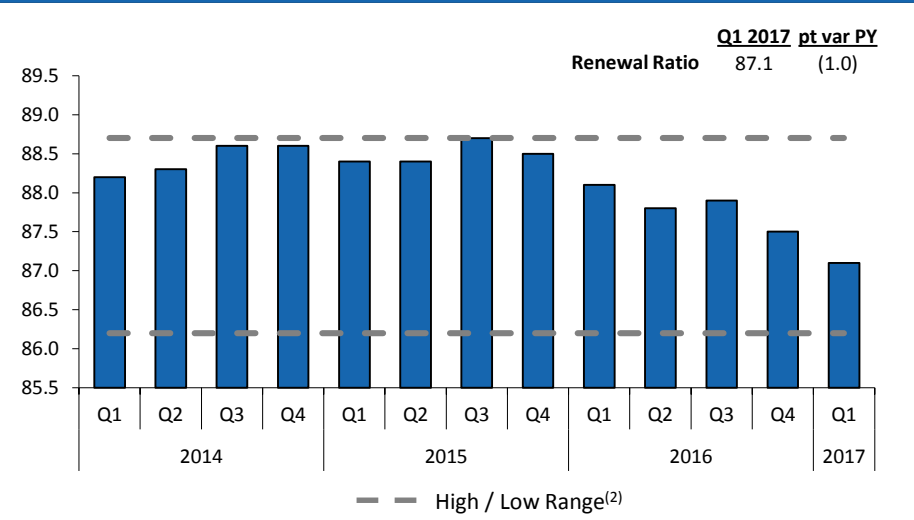
Homeowners Underlying Margin Per Policy Trend



Allstate Brand Homeowners New Issued Applications



Allstate Brand Homeowners Renewal Ratio



⁽¹⁾ Trailing twelve months
⁽²⁾ High / Low Range represents the highest and lowest levels recorded from Q1 2007 to Q4 2016

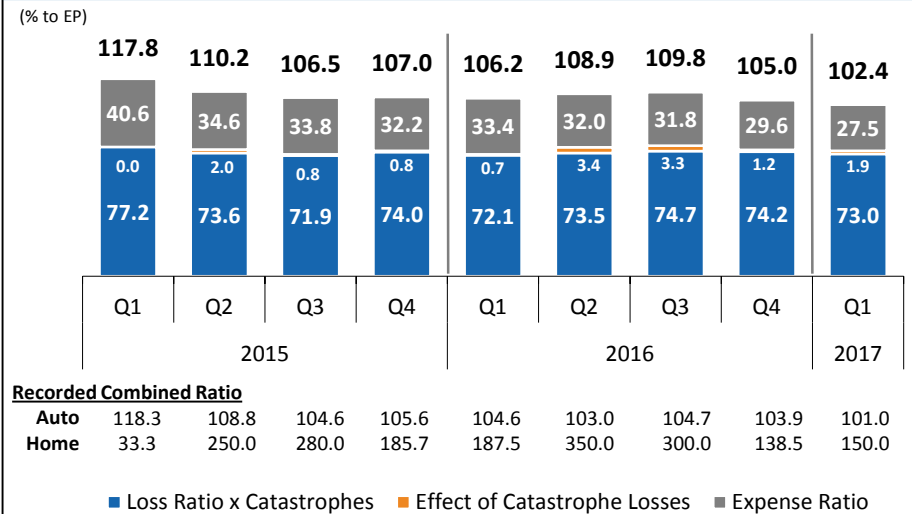


Esurance Focused on Improving Financial Results and Customer Satisfaction

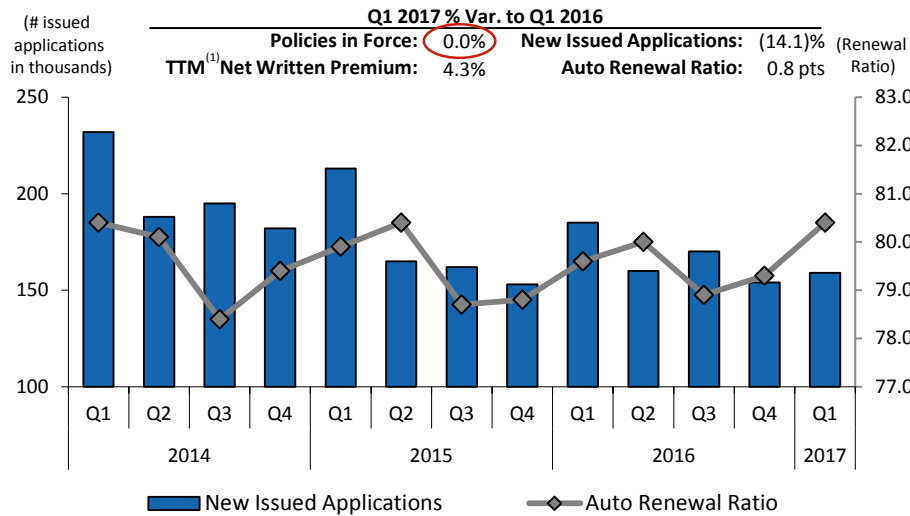
Esurance Results

(\$ in millions)	Q1	Var PY
Net Premiums Written	\$457	1.1%
Premiums Earned	419	3.7%
Underwriting Loss	(10)	60.0%
<hr/>		
(% to premiums earned)		
Loss Ratio	74.9	2.1 pts
<i>Underlying Loss Ratio*</i>	73.0	(0.1) pts
Expense Ratio	27.5	(5.9) pts
<i>Advertising Expense Ratio</i>	8.6	(3.0) pts
Combined Ratio	102.4	(3.8) pts
<i>Underlying Combined Ratio*</i>	100.2	(4.8) pts

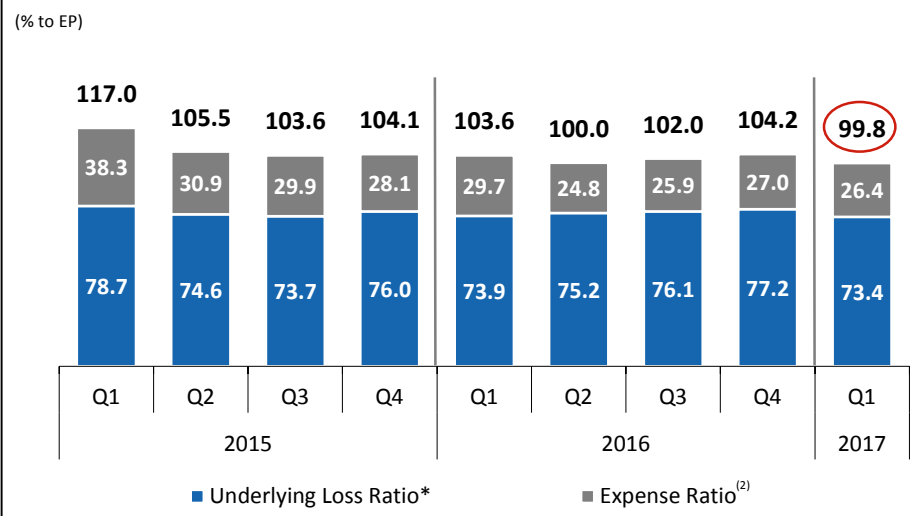
Esurance Combined Ratio



Esurance New Issued Applications & Renewal Ratio



Esurance Auto Underlying Combined Ratio*



⁽¹⁾ Trailing twelve months

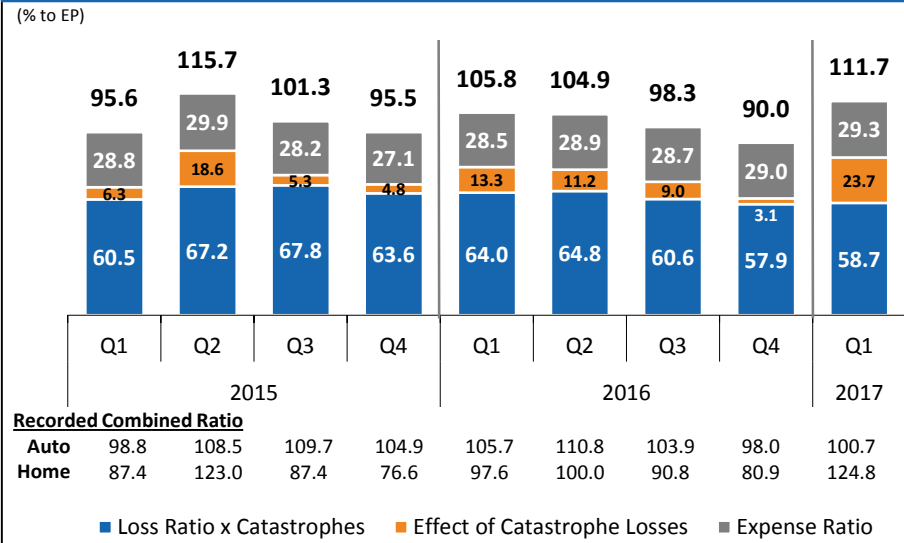
⁽²⁾ Excluding the effect of amortization of purchased intangible assets



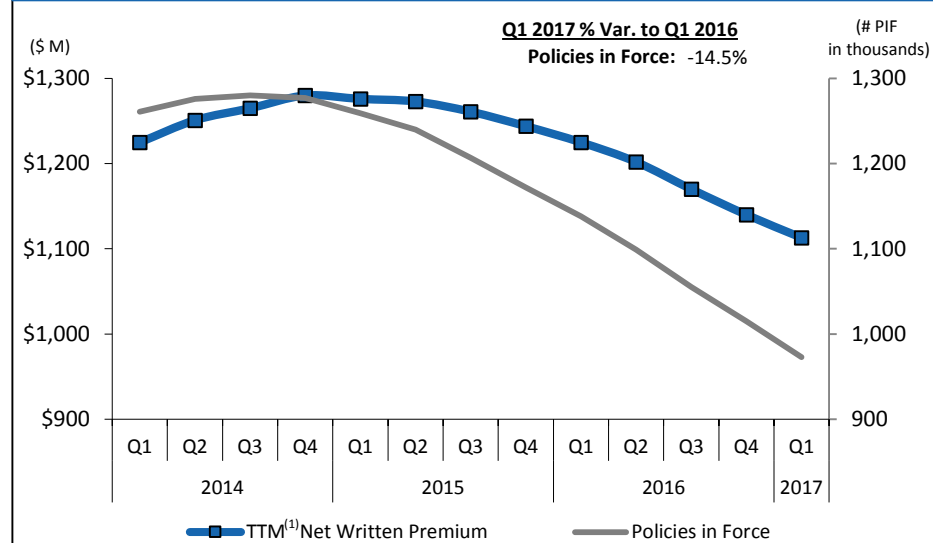
Encompass Reports Underwriting Loss Primarily Due to Catastrophe Losses; Continues to Execute Profit Improvement Plan

Encompass Results		
	Q1	Var PY
<i>(\$ in millions)</i>		
Net Premiums Written	\$236	(10.3)%
Premiums Earned	283	(8.4)%
Underwriting Loss	(33)	(83.3)%
<i>(% to premiums earned)</i>		
Loss Ratio	82.4	5.1 pts
Underlying Loss Ratio*	57.3	(2.5) pts
Expense Ratio	29.3	0.8 pts
Combined Ratio	111.7	5.9 pts
Underlying Combined Ratio*	86.6	(1.7) pts

Encompass Combined Ratio



Encompass Premium and Policies in Force



⁽¹⁾ Trailing twelve months



SquareTrade Focused on Accelerating Growth

SquareTrade⁽¹⁾ Results

	Q1
<i>(\$ in millions)</i>	
Net Premiums Written	\$81
Premiums Earned	59
Underwriting Loss	(35)
<i>(% to premiums earned)</i>	
Loss Ratio	61.0
Expense Ratio	98.3
<i>Amortization of Purchased Intangibles</i>	39.0
Combined Ratio	159.3
Policies in Force (in thousands) ⁽²⁾	29,907

Allstate Corporation Impact

	Q1
<i>(\$ in millions, pre-tax)</i>	
Underwriting Loss	\$(35)
Amortization of Purchased Intangibles	(23)
Underwriting Loss (excl. Amortization)	(12)
<i>(\$ in millions, after-tax)</i>	
Underwriting Loss (excl. Amortization)	\$(8)
Debt Financing	(8)
Operating Income* Impact	(16)

- SquareTrade profitability impacted by growth and recognition of acquisition related expenses
- Anticipate recognizing amortization expense of approximately \$90 million in 2017; \$23 million realized in the first quarter
- Purchased intangible assets will be amortized on an accelerated basis with ~75% of the balance amortized by 2021

⁽¹⁾ SquareTrade was acquired on January 3, 2017 and is only included in three months ended March 31, 2017 results.

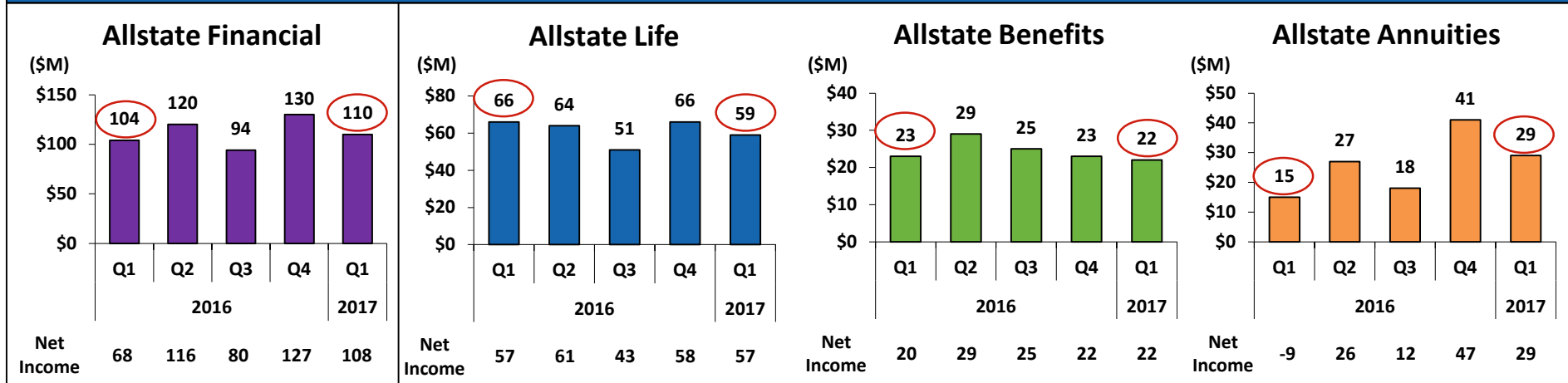
⁽²⁾ SquareTrade policies in force represents active consumer product protection plans.



Allstate Financial Investment Strategy Generated Solid Returns, Partly Offset by Higher Life Insurance Mortality

Allstate Financial Results		
(\$ in millions)	Q1	Var PY
Premiums / Contract Charges	\$593	4.8%
Margins:		
Benefit Spread	174	3.6%
Investment Spread	127	25.7%
Operating Expenses	135	9.8%
Net Income	108	58.8%
Operating Income	110	5.8%

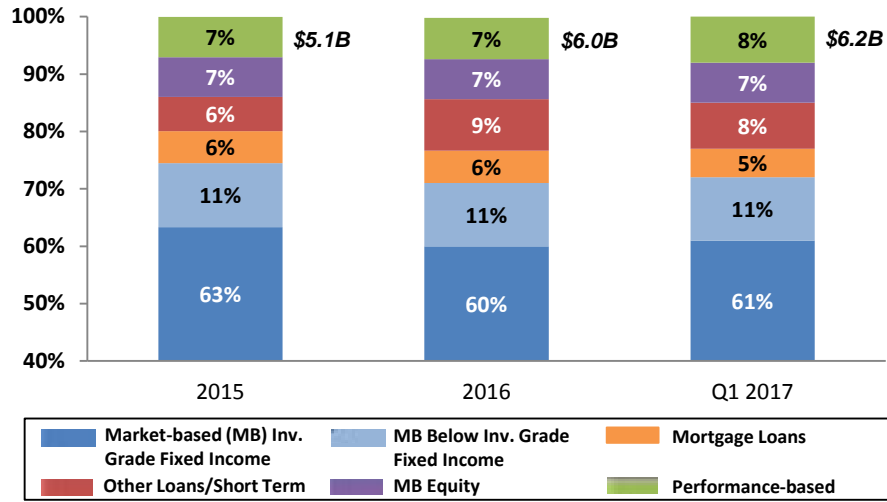
Allstate Financial Operating Income Trend By Business



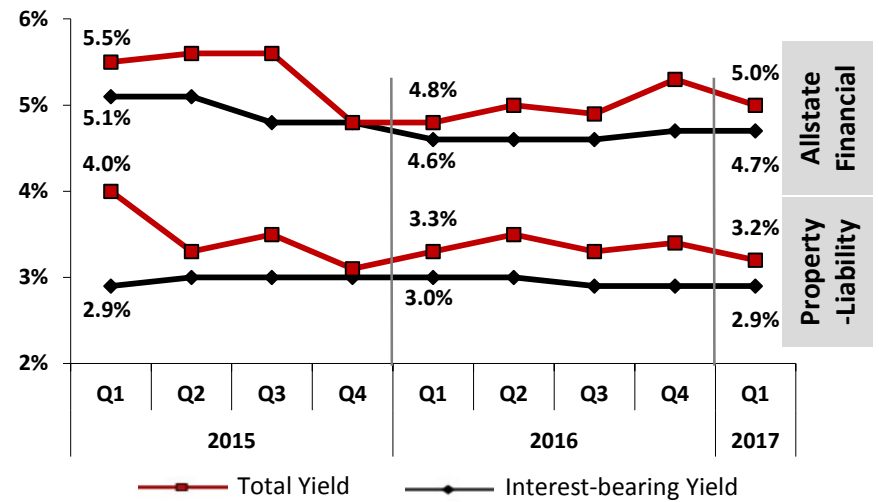


Solid Portfolio Return Reflects Stable Income and Valuation Appreciation

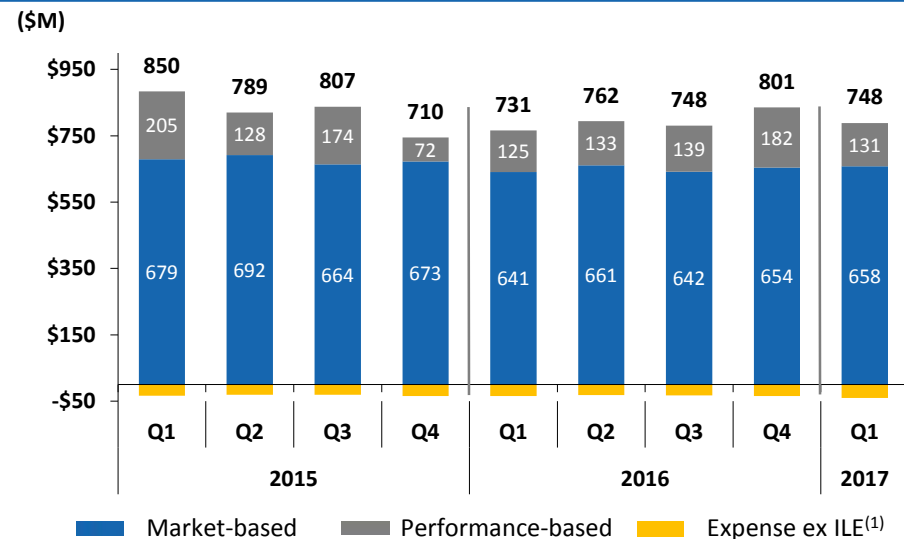
Portfolio Allocation



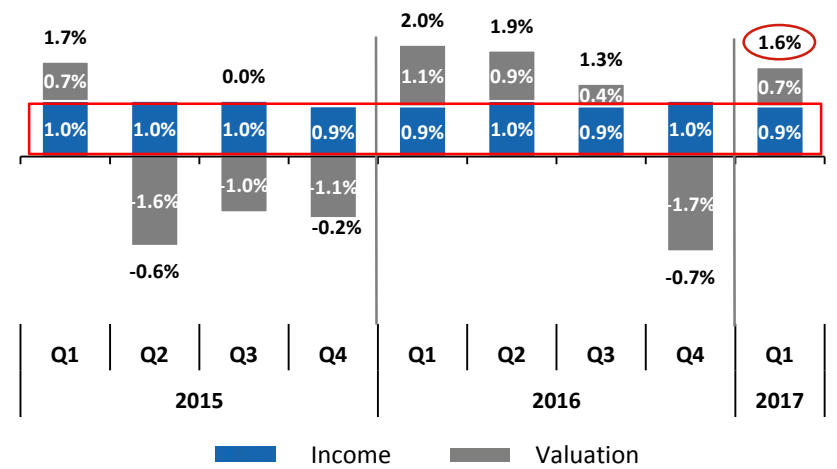
Pre-Tax Yield



Net Investment Income



GAAP Total Return



⁽¹⁾ Investee level expenses (ILE) comprise depreciation and asset level operating expenses and are included in Market-based and Performance-based income



Continued Capital Strength and Financial Flexibility

Capital Position		
	<u>3/31/17</u>	<u>3/31/16</u>
Total Shareholders' Equity (\$ in millions)	\$21,158	\$20,340
Debt-to-Capital Ratio	23.1%	20.1%
Book Value per Common Share	\$52.41	\$48.89
Return on Common Shareholders' Equity ⁽¹⁾		
- Net Income	11.6%	8.3%
- Operating Income*	11.9%	10.2%
Deployable Holding Company Assets (\$ in billions)	\$2.7	\$2.9
Common shares outstanding (millions)	365.0	375.4

- Returned \$371 million in cash to common shareholders in the first quarter
 - Repurchased 3.2 million common shares for \$249 million
 - As of March 31, 2017, there was \$442 million remaining on the \$1.5 billion common share repurchase program
 - Paid \$122 million in common shareholder dividends

⁽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) our 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) impacts from the Covered Agreement, including possible new capital and solvency regulations and changes in state insurance laws; (6) the cyclical nature of the property and casualty business; (7) market convergence and regulatory changes on our risk segmentation and pricing; (8) reestimates of reserves for claims; (9) adverse legal determinations regarding discontinued product lines and other legal and regulatory actions; (10) changes in underwriting and actual experience; (11) changes in reserve estimates for life-contingent contract benefits payable; (12) the influence of changes in market interest rates or performance-based investment returns on spread-based products; (13) changes in estimates of profitability on interest-sensitive life products; (14) reducing our concentration in spread-based business and exiting certain distribution channels; (15) changes in tax laws; (16) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (17) a decline in Lincoln Benefit Life Company’s financial strength ratings; (18) market risk and declines in credit quality relating to our investment portfolio; (19) 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; (20) competition in the insurance industry; (21) impacts of new or changing technologies on our business; (22) conditions in the global economy and capital markets; (23) losses from legal and regulatory actions; (24) restrictive regulation and regulatory reforms; (25) the availability of reinsurance at current levels and prices; (26) risk of our reinsurers; (27) our participation in state industry pools and facilities; (28) a downgrade in our financial strength ratings; (29) the effect of adverse capital and credit market conditions; (30) failure in cyber or other information security; (31) the impact of a large scale pandemic, the threat or occurrence of terrorism or military action; (32) acquisitions of businesses; (33) possible impairments in the value of goodwill; (34) changes in accounting standards; (35) the realization of deferred tax assets; (36) restrictions on our subsidiaries’ ability to pay dividends; (37) restrictions under the terms of certain of our securities on our ability to pay dividends or repurchase our stock; (38) changing climate and weather conditions; (39) loss of key vendor relationships or failure of a vendor to protect confidential and proprietary information; and (40) intellectual property infringement, misappropriation and third party claims. 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.