



The Allstate Corporation

Second Quarter 2017 Earnings Presentation
August 2, 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 Delivers Strong Second Quarter Operating Performance

- Net income applicable to common shareholders of \$550 million, or \$1.49 per share
 - Operating income* of \$510 million, or \$1.38 per share
- Improved profitability reflects strong auto insurance margins and increased performance-based investment income
- Operating income return on common shareholders' equity* increased to 13.5% for the twelve months ended June 30, 2017

(\$ in millions, except per share data and ratios)	Three months ended June 30			Six months ended June 30		
	2017	2016	Change	2017	2016	Change
Total Revenues	\$9,587	\$9,164	4.6%	\$19,021	\$18,035	5.5%
Property-liability insurance premiums	8,018	7,814	2.6%	15,977	15,537	2.8%
Net investment income	897	762	17.7%	1,645	1,493	10.2%
Income available to common shareholders:						
Net income	550	242	127.3%	1,216	459	164.9%
per diluted common share	1.49	0.64	132.8%	3.29	1.21	171.9%
Operating income*	510	235	117.0%	1,118	557	100.7%
per diluted common share*	1.38	0.62	122.6%	3.02	1.46	106.8%
Return on common shareholders' equity						
Net income available to common shareholders				13.1%	8.0%	5.1 pts
Operating income*				13.5%	10.1%	3.4 pts



Excellent Progress on 2017 Operating Priorities

Better Serve Customers

- Increased customer satisfaction measures in most market facing businesses

Achieve Target Economic Returns on Capital

- Auto insurance margins increased due to profit improvement plans and lower accident frequency
- Homeowners insurance generated underwriting profit despite higher than expected catastrophe losses
- Underlying combined ratio likely to be at or below the lower end of our annual outlook range of 87 – 89
- Allstate Financial had strong investment results in annuities and maintained good returns in life and benefits

Grow Customer Base

- SquareTrade acquisition added 28.5 million policies; 2.8 million added in 2017
- Allstate Benefits policy growth of 8.3%, with policies in force exceeding 4 million
- Allstate brand Trusted Advisor growth initiative being accelerated given improved auto insurance profitability

Proactively Manage Investments

- Market-based portfolios generated stable income and higher valuations reflecting favorable market conditions
- Performance-based portfolio had increased returns from private equity and real estate investments

Build Long-Term Growth Platforms

- Connected Car capabilities being expanded



Continued Capital Strength and Financial Flexibility

Capital Position		
	<u>6/30/17</u>	<u>6/30/16</u>
Return on Common Shareholders' Equity ⁽¹⁾		
- Net Income	13.1%	8.0%
- Operating Income*	13.5%	10.1%
Book Value per Common Share	\$53.83	\$50.05
Deployable Holding Company Assets (\$ in billions)	\$2.1	\$2.5
Common shares outstanding (millions)	361.3	371.2

- Returned \$903 million to common shareholders through the first six months of 2017
 - Repurchased 7.9 million common shares for \$646 million; \$45 million remains on current program
 - Paid \$257 million in common shareholder dividends
- New \$2.0 billion share repurchase authorization to commence in August following completion of current \$1.5 billion program
 - May fund a portion of the program through the issuance of preferred shares

⁽¹⁾ Trailing twelve months



Differentiated Value Propositions to Unique Customer Segments

2017 Property-Liability Results				
(\$ in millions)				
	<u>Q2</u>	<u>Var PY</u>	<u>YTD</u>	<u>Var PY</u>
Net Written Premium	\$8,289	3.0%	\$16,012	2.9%
Catastrophes	\$993	3.3%	\$1,774	(0.8)%
Recorded Combined Ratio	97.2	(3.6) pts	95.4	(4.2) pts
Underlying Combined Ratio*	85.5	(3.1) pts	85.1	(2.8) pts

Property-Liability Customer Segment Results⁽¹⁾

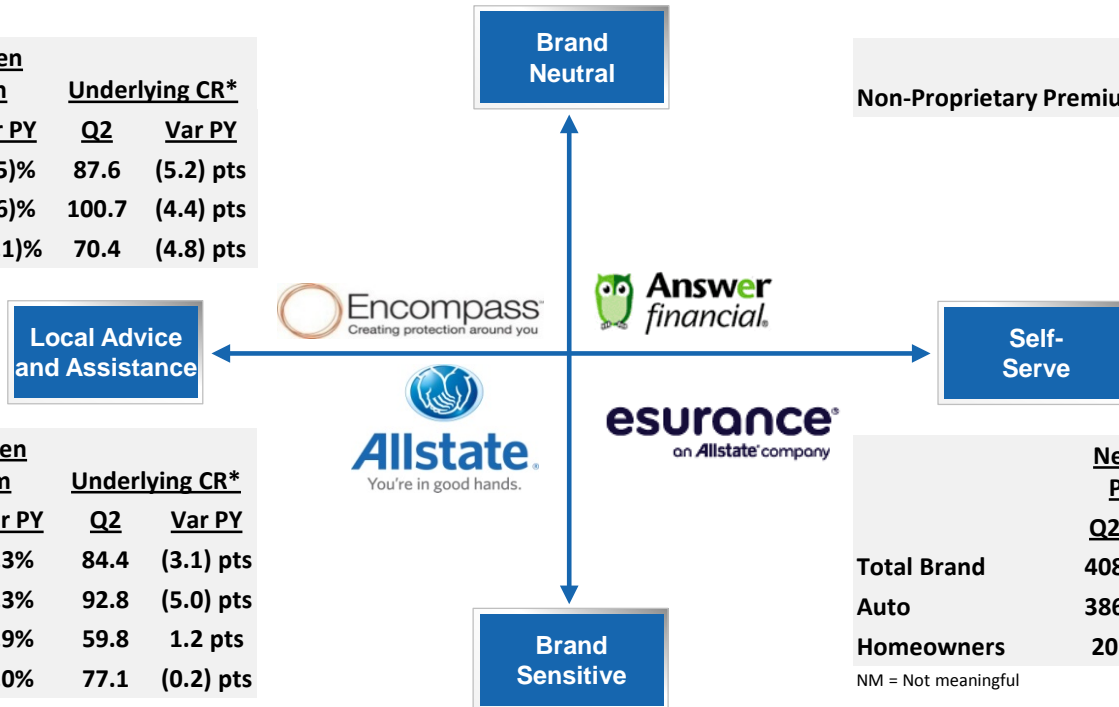
	<u>Net Written Premium</u>		<u>Underlying CR*</u>	
	<u>Q2</u>	<u>Var PY</u>	<u>Q2</u>	<u>Var PY</u>
Total Brand	285	(9.5)%	87.6	(5.2) pts
Auto	148	(8.6)%	100.7	(4.4) pts
Homeowners	112	(11.1)%	70.4	(4.8) pts

	<u>Q2</u>	<u>Var PY</u>
Non-Proprietary Premiums	148	(1.3)%

	<u>Net Written Premium</u>		<u>Underlying CR*</u>	
	<u>Q2</u>	<u>Var PY</u>	<u>Q2</u>	<u>Var PY</u>
Total Brand	7,511	2.3%	84.4	(3.1) pts
Auto	4,925	3.3%	92.8	(5.0) pts
Homeowners	1,847	0.9%	59.8	1.2 pts
Other Personal Lines	441	3.0%	77.1	(0.2) pts

	<u>Net Written Premium</u>		<u>Underlying CR*</u>	
	<u>Q2</u>	<u>Var PY</u>	<u>Q2</u>	<u>Var PY</u>
Total Brand	408	4.1%	100.5	(4.3) pts
Auto	386	2.7%	99.3	(0.7) pts
Homeowners	20	42.9%	125.0	NM

NM = Not meaningful



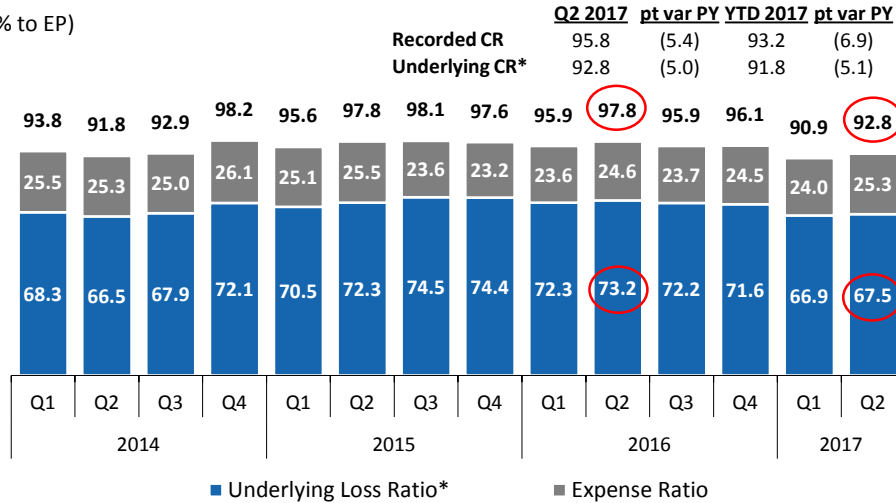
⁽¹⁾ Excludes SquareTrade and Discontinued Lines



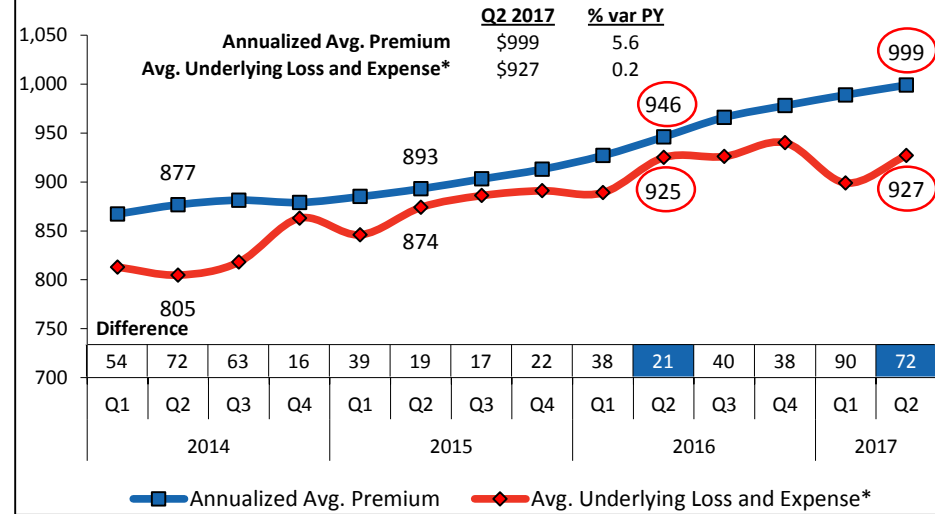
Allstate Brand Auto Underlying Loss Ratio Improves on Increased Premium and Lower Frequency

Allstate Brand Auto Underlying Combined Ratio*

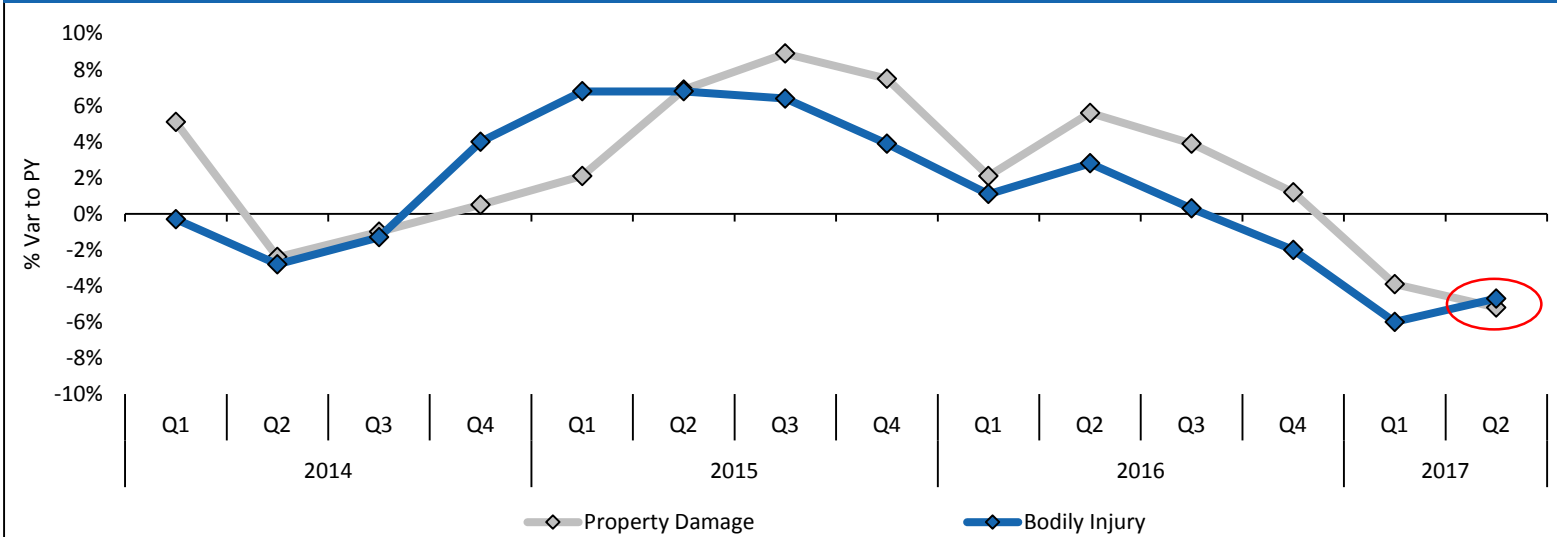
(% to EP)



Auto Underlying Margin Per Policy Trend

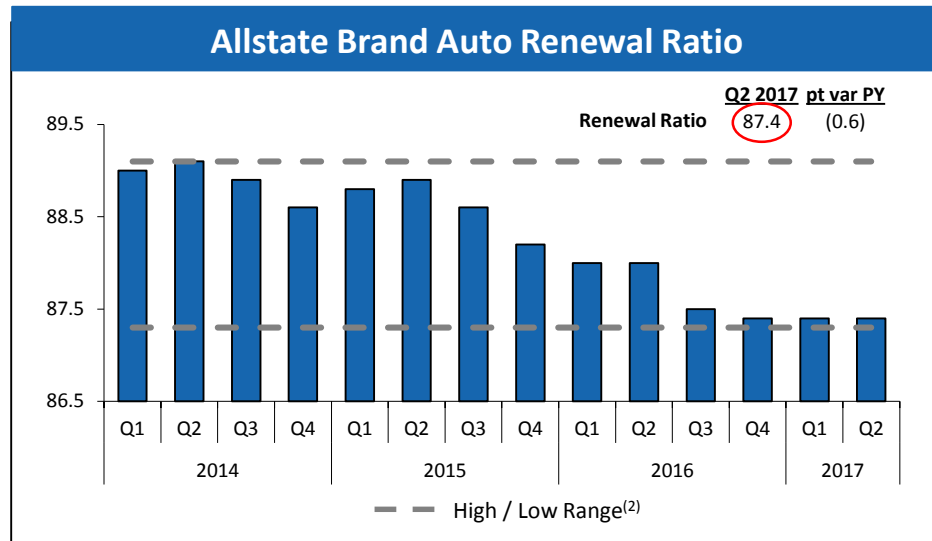
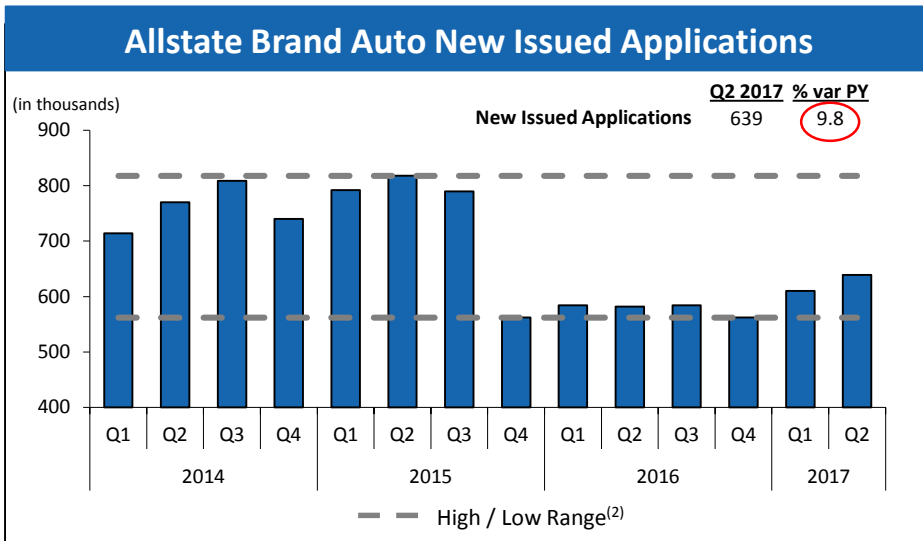
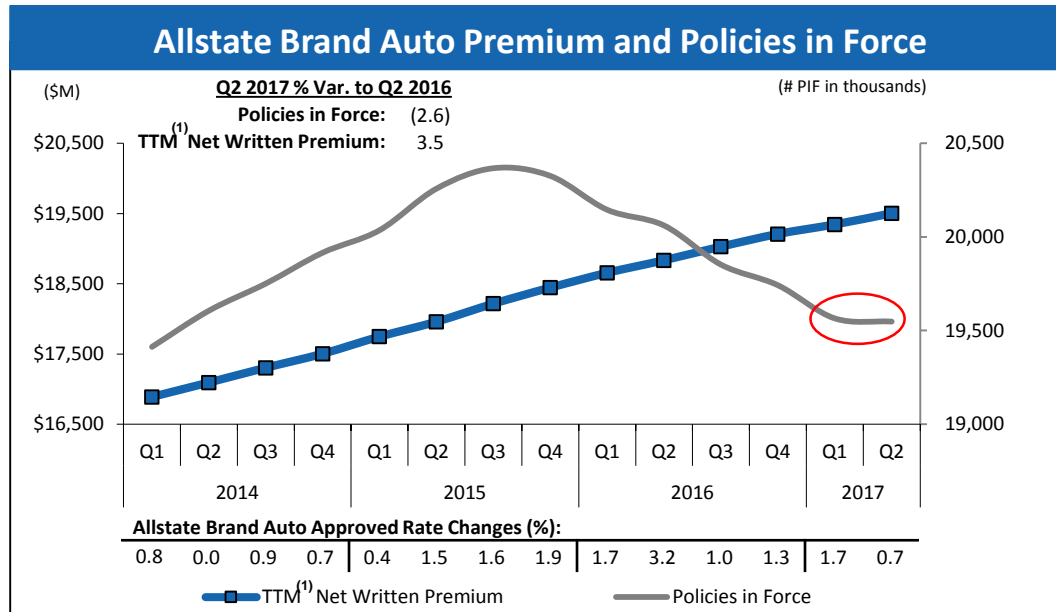


Allstate Brand Auto Gross Frequency Trends





Allstate Brand Auto Policies in Force Stabilize as New Business Increases and Retention Holds

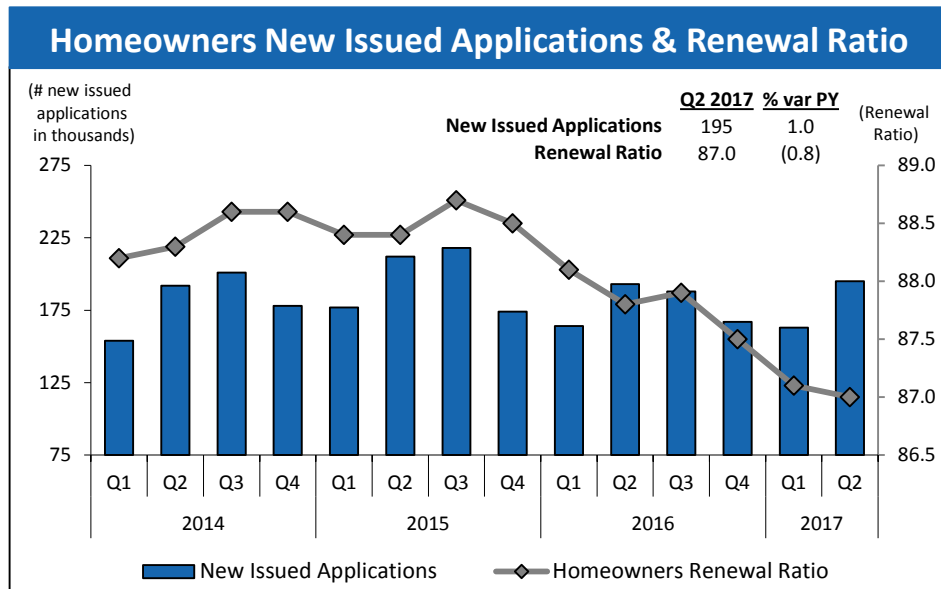
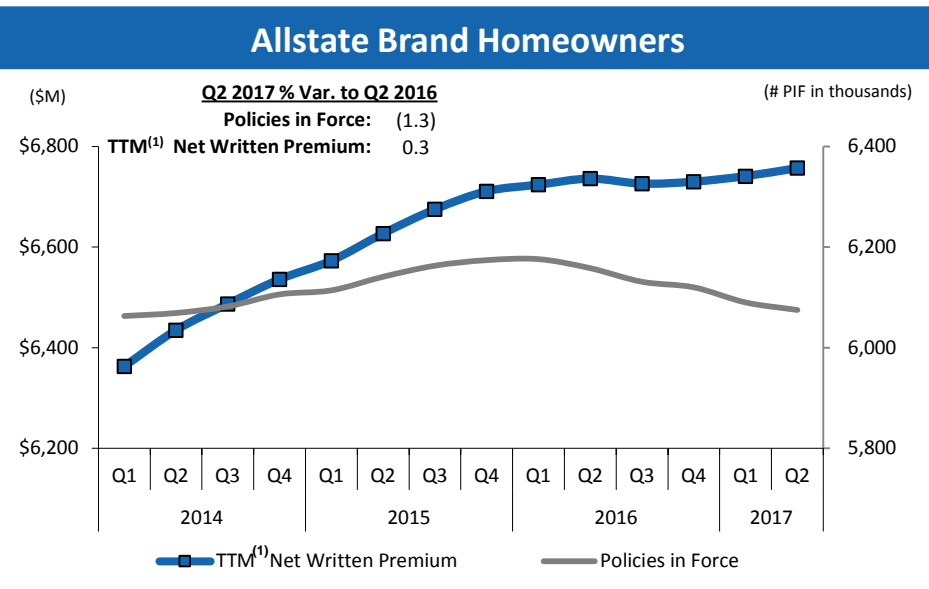
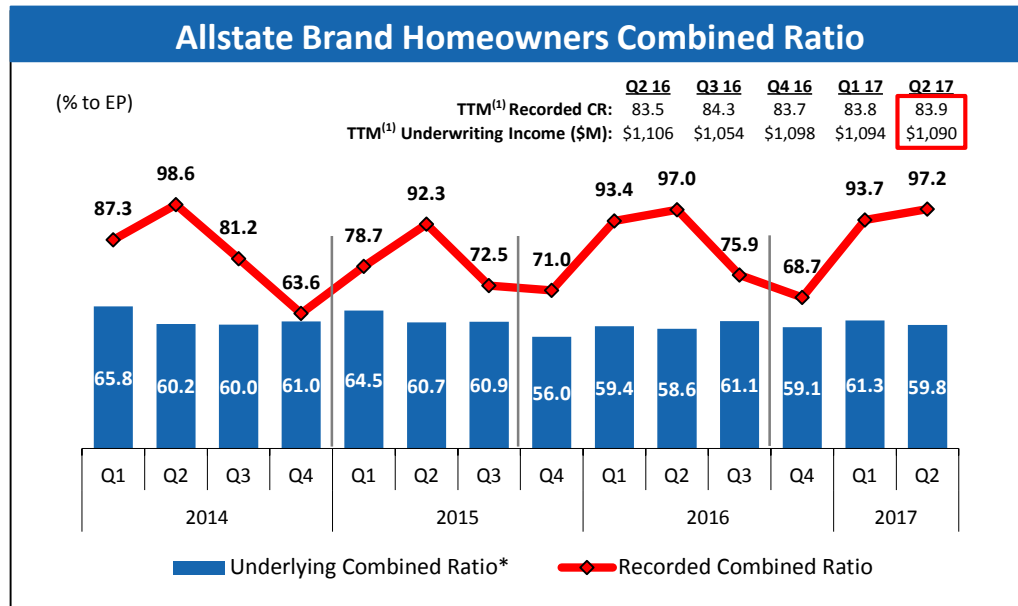


⁽¹⁾ Trailing twelve months

⁽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

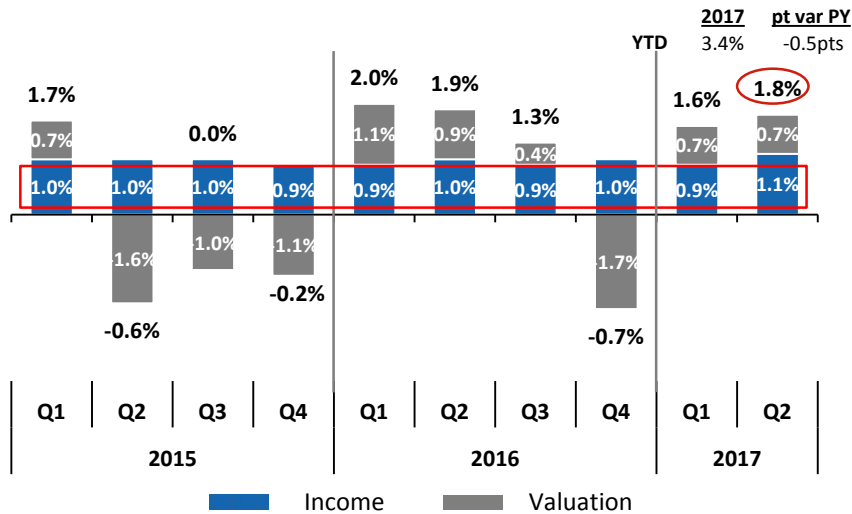


⁽¹⁾Trailing twelve months

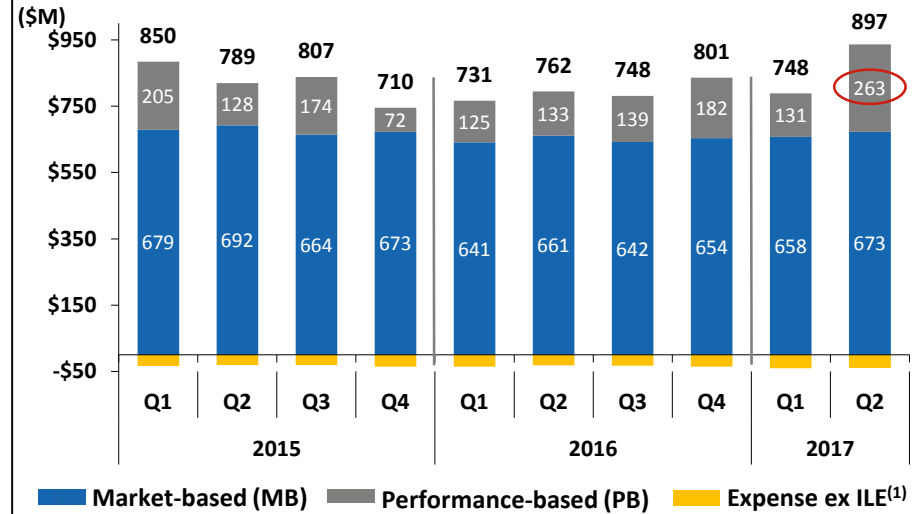


Strong Investment Results Reflect Favorable Markets

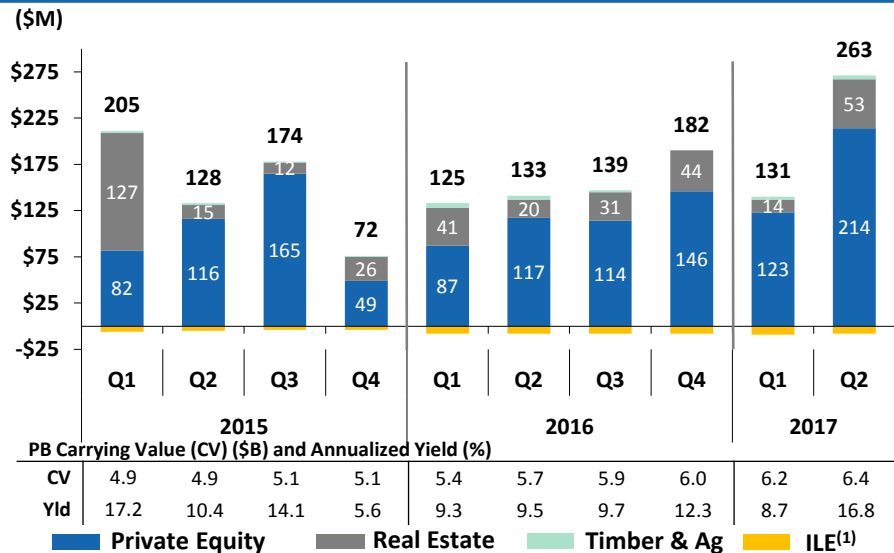
GAAP Total Return



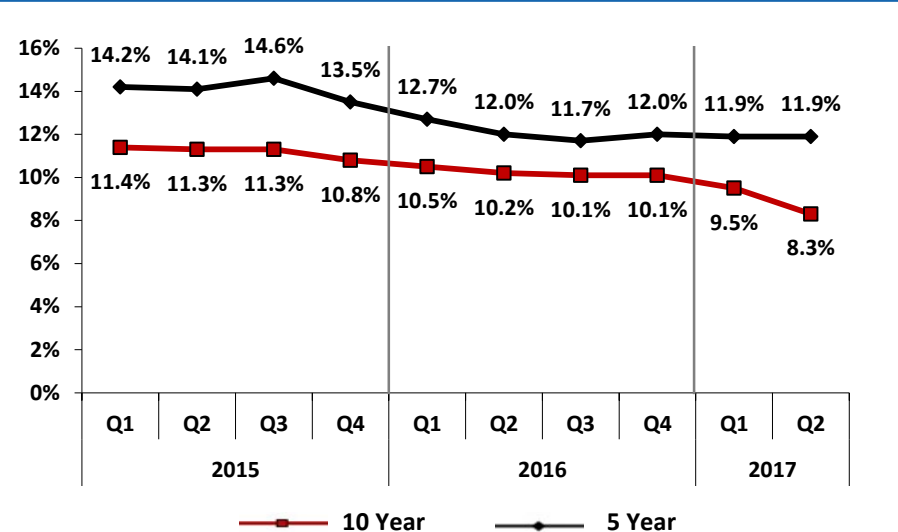
Net Investment Income



Performance-based Net Investment Income



Performance-based Internal Rate of Return



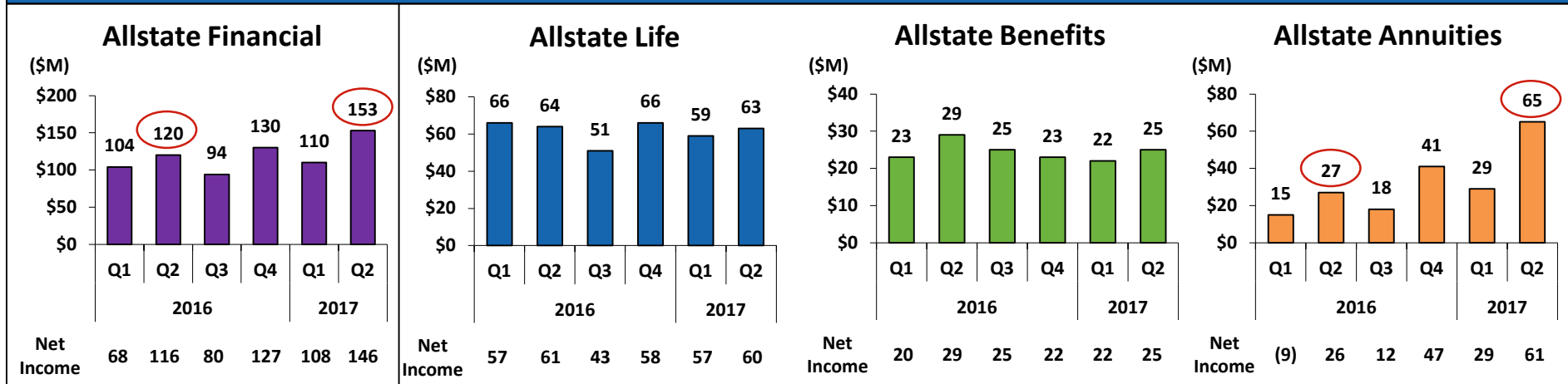
⁽¹⁾ Investee level expenses (ILE) comprise depreciation and asset level operating expenses and are included in Market-based and Performance-based income



Allstate Financial Investment Strategy Improves Annuity Results

Allstate Financial Results				
(\$ in millions)	Q2	Var PY	YTD	Var PY
Premiums / Contract Charges	\$591	4.8%	\$1,184	4.8%
Margins:				
<i>Benefit Spread</i>	160	(4.8)%	334	(0.6)%
<i>Investment Spread</i>	195	61.2%	322	45.0%
Operating Expenses	130	7.4%	265	8.6%
Net Income	146	25.9%	254	38.0%
Operating Income	153	27.5%	263	17.4%
Performance-based Pre-tax Yield	18.6%	8.2 pts	14.2%	3.8 pts

Allstate Financial Operating Income Trend By Business

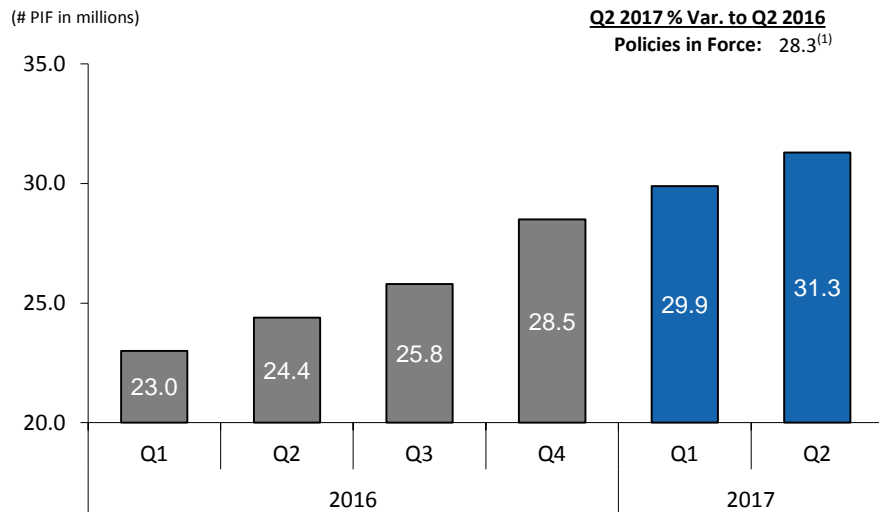




Key Strategic And Operating Priorities

- Increase and broaden customer relationships
 - Existing retail model
 - Allstate businesses
 - New markets
- Enhance competitive position through customer service innovations
- Earn attractive returns on capital deployed

SquareTrade Policies in Force⁽¹⁾



SquareTrade Results

(\$ in millions)

	Q2	YTD
Net Premiums Written	\$85	\$166
Net Premiums Earned	70	129
Underwriting Loss	(22)	(57)
Net Loss	(14)	(37)
Operating Income*⁽²⁾	1	(7)
Adjusted Operating Income*⁽³⁾	4	-

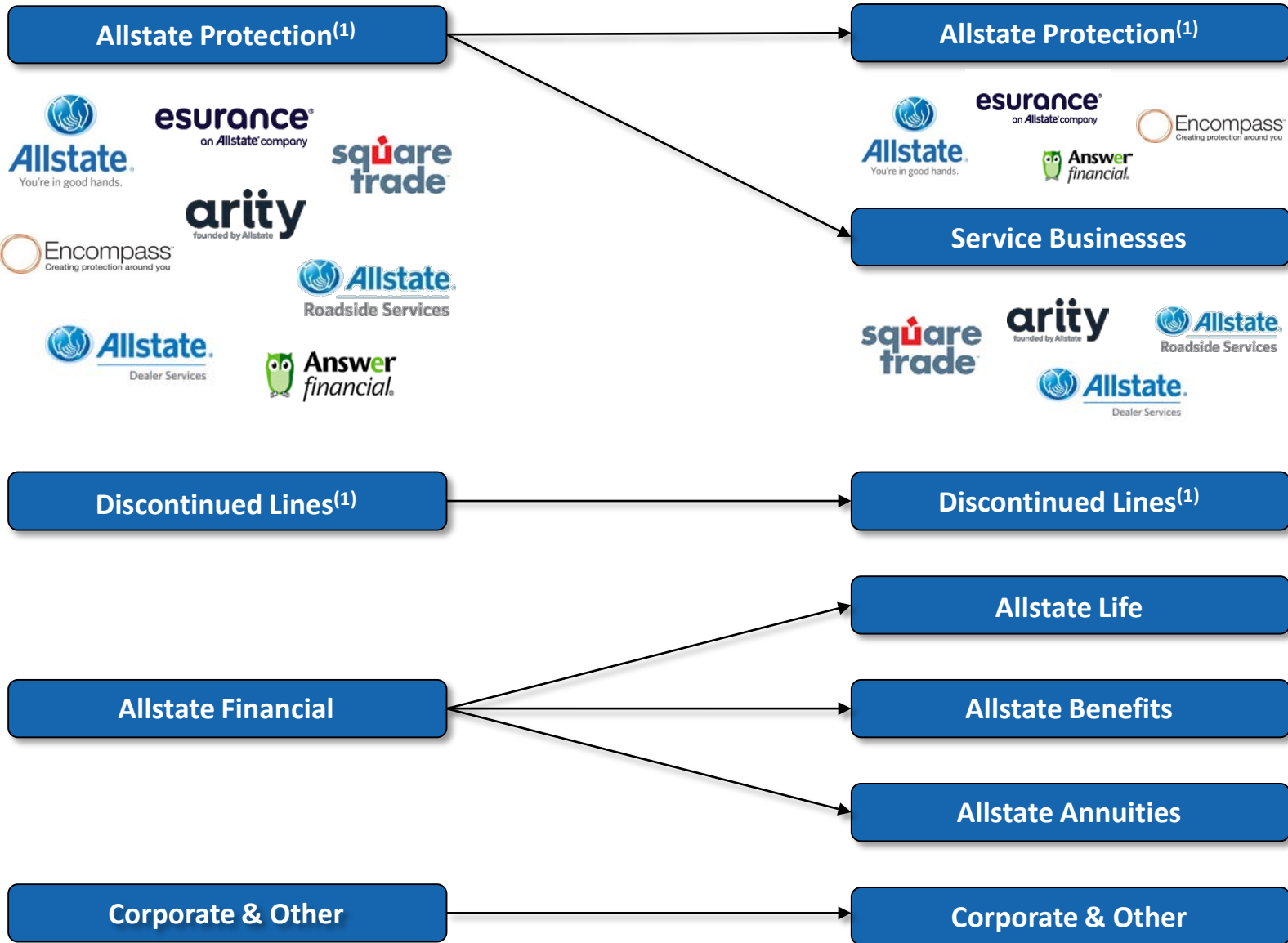
⁽¹⁾ Numbers prior to the first quarter of 2017 precede the acquisition of SquareTrade

⁽²⁾ Excludes amortization of purchased intangible assets, after-tax

⁽³⁾ Defined as operating income excluding acquisition related purchase accounting fair value adjustments, after-tax



Allstate Will Modify Segment Reporting in the Fourth Quarter of 2017



⁽¹⁾ Comprise Property-Liability



Forward-Looking Statements

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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.