

# THE ALLSTATE CORPORATION

## Investor Supplement Third Quarter 2017

The consolidated financial statements and financial exhibits included herein are unaudited. These consolidated financial statements and exhibits should be read in conjunction with the consolidated financial statements and notes thereto included in the most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The results of operations for interim periods should not be considered indicative of results to be expected for the full year.

Measures used in these financial statements and exhibits that are not based on generally accepted accounting principles ("non-GAAP") are denoted with an asterisk (\*). These measures are defined on the page "Definitions of Non-GAAP Measures" and are reconciled to the most directly comparable generally accepted accounting principles ("GAAP") measure herein.



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**THE ALLSTATE CORPORATION**  
**Investor Supplement - Third Quarter 2017**  
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**THE ALLSTATE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(\$ in millions, except per share data)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Revenues</b>									
Property-liability insurance premiums	\$ 8,121	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869	\$ 7,814	\$ 7,723	\$ 24,098	\$ 23,406
Life and annuity premiums and contract charges	593	591	593	574	571	564	566	1,777	1,701
Net investment income	843	897	748	801	748	762	731	2,488	2,241
Realized capital gains and losses:									
Total other-than-temporary impairment ("OTTI") losses	(26)	(47)	(62)	(72)	(73)	(77)	(91)	(135)	(241)
OTTI losses reclassified to (from) other comprehensive income	(2)	(3)	3	2	-	(2)	10	(2)	8
Net OTTI losses recognized in earnings	(28)	(50)	(59)	(70)	(73)	(79)	(81)	(137)	(233)
Sales and other realized capital gains and losses	131	131	193	72	106	103	(68)	455	141
Total realized capital gains and losses	103	81	134	2	33	24	(149)	318	(92)
Total revenues	<u>9,660</u>	<u>9,587</u>	<u>9,434</u>	<u>9,278</u>	<u>9,221</u>	<u>9,164</u>	<u>8,871</u>	<u>28,681</u>	<u>27,256</u>
<b>Costs and expenses</b>									
Property-liability insurance claims and claims expense	5,545	5,689	5,416	5,083	5,553	5,901	5,684	16,650	17,138
Life and annuity contract benefits	456	486	474	464	484	454	455	1,416	1,393
Interest credited to contractholder funds	174	175	173	168	183	185	190	522	558
Amortization of deferred policy acquisition costs	1,200	1,176	1,169	1,157	1,138	1,126	1,129	3,545	3,393
Operating costs and expenses	1,218	1,086	1,097	1,063	1,021	1,040	982	3,401	3,043
Restructuring and related charges	14	53	10	9	5	11	5	77	21
Interest expense	83	83	85	77	73	72	73	251	218
Total costs and expenses	<u>8,690</u>	<u>8,748</u>	<u>8,424</u>	<u>8,021</u>	<u>8,457</u>	<u>8,789</u>	<u>8,518</u>	<u>25,862</u>	<u>25,764</u>
Gain on disposition of operations	1	12	2	1	1	1	2	15	4
<b>Income from operations before income tax expense</b>	971	851	1,012	1,258	765	376	355	2,834	1,496
Income tax expense	305	272	317	418	245	105	109	894	459
<b>Net income</b>	<u>\$ 666</u>	<u>\$ 579</u>	<u>\$ 695</u>	<u>\$ 840</u>	<u>\$ 520</u>	<u>\$ 271</u>	<u>\$ 246</u>	<u>\$ 1,940</u>	<u>\$ 1,037</u>
Preferred stock dividends	29	29	29	29	29	29	29	87	87
<b>Net income applicable to common shareholders</b>	<u>\$ 637</u>	<u>\$ 550</u>	<u>\$ 666</u>	<u>\$ 811</u>	<u>\$ 491</u>	<u>\$ 242</u>	<u>\$ 217</u>	<u>\$ 1,853</u>	<u>\$ 950</u>
<b>Earnings per common share: <sup>(1)</sup></b>									
<b>Net income applicable to common shareholders per common share - Basic</b>	<u>\$ 1.76</u>	<u>\$ 1.51</u>	<u>\$ 1.82</u>	<u>\$ 2.20</u>	<u>\$ 1.32</u>	<u>\$ 0.65</u>	<u>\$ 0.57</u>	<u>\$ 5.10</u>	<u>\$ 2.54</u>
<b>Weighted average common shares - Basic</b>	<u>361.3</u>	<u>363.6</u>	<u>365.7</u>	<u>368.0</u>	<u>371.5</u>	<u>373.6</u>	<u>378.1</u>	<u>363.5</u>	<u>374.4</u>
<b>Net income applicable to common shareholders per common share - Diluted</b>	<u>\$ 1.74</u>	<u>\$ 1.49</u>	<u>\$ 1.79</u>	<u>\$ 2.18</u>	<u>\$ 1.31</u>	<u>\$ 0.64</u>	<u>\$ 0.57</u>	<u>\$ 5.02</u>	<u>\$ 2.51</u>
<b>Weighted average common shares - Diluted</b>	<u>367.1</u>	<u>369.0</u>	<u>371.3</u>	<u>372.5</u>	<u>375.9</u>	<u>378.1</u>	<u>382.9</u>	<u>369.1</u>	<u>378.9</u>
<b>Cash dividends declared per common share</b>	<u>\$ 0.37</u>	<u>\$ 0.37</u>	<u>\$ 0.37</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>	<u>\$ 1.11</u>	<u>\$ 0.99</u>

<sup>(1)</sup> In accordance with GAAP, the quarter and year-to-date per share amounts are calculated discretely. Therefore, the sum of each quarter may not equal the year-to-date amount.

**THE ALLSTATE CORPORATION**  
**CONTRIBUTION TO INCOME**  
(\$ in millions, except per share data)

	Three months ended						Nine months ended		
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Contribution to income</b>									
Net income applicable to common shareholders	\$ 637	\$ 550	\$ 666	\$ 811	\$ 491	\$ 242	\$ 217	\$ 1,853	\$ 950
Realized capital gains and losses, after-tax	(67)	(53)	(88)	(1)	(22)	(17)	96	(208)	57
Valuation changes on embedded derivatives that are not hedged, after-tax	1	1	-	(6)	-	4	4	2	8
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	2	3	3	1	1	1	1	8	3
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	(1)	-	(2)	-	-	(1)	(2)	(1)
Business combination expenses and the amortization of purchased intangible assets, after-tax	17	16	29	4	5	6	6	62	17
Gain on disposition of operations, after-tax	(2)	(6)	(2)	-	(1)	(1)	(1)	(10)	(3)
Operating income *	<u>\$ 587</u>	<u>\$ 510</u>	<u>\$ 608</u>	<u>\$ 807</u>	<u>\$ 474</u>	<u>\$ 235</u>	<u>\$ 322</u>	<u>\$ 1,705</u>	<u>\$ 1,031</u>
<b>Income per common share - Diluted</b>									
Net income applicable to common shareholders	\$ 1.74	\$ 1.49	\$ 1.79	\$ 2.18	\$ 1.31	\$ 0.64	\$ 0.57	\$ 5.02	\$ 2.51
Realized capital gains and losses, after-tax	(0.18)	(0.14)	(0.24)	-	(0.06)	(0.04)	0.25	(0.56)	0.15
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	(0.02)	-	0.01	0.01	0.01	0.02
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	0.01	0.01	0.01	-	-	-	-	0.02	0.01
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	-	-	-	-	-	(0.01)	-
Business combination expenses and the amortization of purchased intangible assets, after-tax	0.04	0.04	0.08	0.01	0.01	0.01	0.01	0.17	0.04
Gain on disposition of operations, after-tax	(0.01)	(0.02)	-	-	-	-	-	(0.03)	(0.01)
Operating income *	<u>\$ 1.60</u>	<u>\$ 1.38</u>	<u>\$ 1.64</u>	<u>\$ 2.17</u>	<u>\$ 1.26</u>	<u>\$ 0.62</u>	<u>\$ 0.84</u>	<u>\$ 4.62</u>	<u>\$ 2.72</u>
Weighted average common shares - Diluted	<u>367.1</u>	<u>369.0</u>	<u>371.3</u>	<u>372.5</u>	<u>375.9</u>	<u>378.1</u>	<u>382.9</u>	<u>369.1</u>	<u>378.9</u>

**THE ALLSTATE CORPORATION**  
**REVENUES**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Property-Liability</b>									
Property-Liability insurance premiums	\$ 8,121	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869	\$ 7,814	\$ 7,723	\$ 24,098	\$ 23,406
Net investment income	372	391	311	338	310	316	302	1,074	928
Realized capital gains and losses	82	85	135	14	53	26	(99)	302	(20)
Total Property-Liability revenues	8,575	8,494	8,405	8,253	8,232	8,156	7,926	25,474	24,314
<b>Allstate Financial</b>									
Life and annuity premiums and contract charges	593	591	593	574	571	564	566	1,777	1,701
Net investment income	461	496	426	453	427	435	419	1,383	1,281
Realized capital gains and losses	21	(4)	(1)	(11)	(21)	-	(49)	16	(70)
Total Allstate Financial revenues	1,075	1,083	1,018	1,016	977	999	936	3,176	2,912
<b>Corporate and Other</b>									
Net investment income	10	10	11	10	11	11	10	31	32
Realized capital gains and losses	-	-	-	(1)	1	(2)	(1)	-	(2)
Total Corporate and Other revenues	10	10	11	9	12	9	9	31	30
<b>Consolidated revenues</b>	<u>\$ 9,660</u>	<u>\$ 9,587</u>	<u>\$ 9,434</u>	<u>\$ 9,278</u>	<u>\$ 9,221</u>	<u>\$ 9,164</u>	<u>\$ 8,871</u>	<u>\$ 28,681</u>	<u>\$ 27,256</u>

**THE ALLSTATE CORPORATION**

**SEGMENT RESULTS**

(\$ in millions)

For the three months ended September 30, 2017

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial	Corporate and Other	Consolidated
Premiums and contract charges	\$ 8,121	\$ -	\$ 8,121	\$ 593	\$ -	\$ 8,714
Claims and claims expense	(5,457)	(88)	(5,545)	-	-	(5,545)
Contract benefits and interest credited to contractholder funds	-	-	-	(630)	-	(630)
Amortization of deferred policy acquisition costs	(1,138)	-	(1,138)	(62)	-	(1,200)
Operating costs and expenses	(995)	-	(995)	(130)	(93) <sup>(1)</sup>	(1,218)
Restructuring and related charges	(13)	-	(13)	(1)	-	(14)
Interest expense	(1)	-	(1)	-	(82)	(83)
<b>Underwriting income (loss)</b>	<b>\$ 517</b>	<b>\$ (88)</b>	<b>\$ 429</b>			
Net investment income			372	461	10	843
Realized capital gains and losses			82	21	-	103
Gain on disposition of operations			-	1	-	1
Income tax (expense) benefit			(279)	(85)	59	(305)
Preferred stock dividends			-	-	(29)	(29)
<b>Net income (loss) applicable to common shareholders</b>			<b>\$ 604</b>	<b>\$ 168</b>	<b>\$ (135)</b>	<b>\$ 637</b>
Realized capital gains and losses, after-tax			(54)	(13)	-	(67)
Valuation changes on embedded derivatives that are not hedged, after-tax			-	1	-	1
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax			-	2	-	2
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(1)	-	-	(1)
Business combination expenses and the amortization of purchased intangible assets, after-tax			16	-	1	17
Gain on disposition of operations, after-tax			(1)	(1)	-	(2)
<b>Operating income (loss) *</b>			<b>\$ 564</b>	<b>\$ 157<sup>(2)</sup></b>	<b>\$ (134)<sup>(2)</sup></b>	<b>\$ 587</b>

For the three months ended September 30, 2016

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial	Corporate and Other	Consolidated
Premiums and contract charges	\$ 7,869	\$ -	\$ 7,869	\$ 571	\$ -	\$ 8,440
Claims and claims expense	(5,454)	(99)	(5,553)	-	-	(5,553)
Contract benefits and interest credited to contractholder funds	-	-	-	(667)	-	(667)
Amortization of deferred policy acquisition costs	(1,068)	-	(1,068)	(70)	-	(1,138)
Operating costs and expenses	(887)	(1)	(888)	(126)	(7)	(1,021)
Restructuring and related charges	(5)	-	(5)	-	-	(5)
Interest expense	-	-	-	-	(73)	(73)
<b>Underwriting income (loss)</b>	<b>\$ 455</b>	<b>\$ (100)</b>	<b>\$ 355</b>			
Net investment income			310	427	11	748
Realized capital gains and losses			53	(21)	1	33
Gain on disposition of operations			-	1	-	1
Income tax (expense) benefit			(235)	(35)	25	(245)
Preferred stock dividends			-	-	(29)	(29)
<b>Net income (loss) applicable to common shareholders</b>			<b>\$ 483</b>	<b>\$ 80</b>	<b>\$ (72)</b>	<b>\$ 491</b>
Realized capital gains and losses, after-tax			(36)	14	-	(22)
Valuation changes on embedded derivatives that are not hedged, after-tax			-	-	-	-
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax			-	1	-	1
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			-	-	-	-
Business combination expenses and the amortization of purchased intangible assets, after-tax			5	-	-	5
Gain on disposition of operations, after-tax			-	(1)	-	(1)
<b>Operating income (loss) *</b>			<b>\$ 452</b>	<b>\$ 94<sup>(2)</sup></b>	<b>\$ (72)<sup>(2)</sup></b>	<b>\$ 474</b>

<sup>(1)</sup> Includes a pension settlement loss of \$86 million recorded for the three months ended September 30, 2017.

<sup>(2)</sup> Operating income is the segment measure for Allstate Financial and Corporate and Other and is not a non-GAAP measure.

**THE ALLSTATE CORPORATION**  
**SEGMENT RESULTS**

(\$ in millions)

For the nine months ended September 30, 2017

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial	Corporate and Other	Consolidated
Premiums and contract charges	\$ 24,098	\$ -	\$ 24,098	\$ 1,777	\$ -	\$ 25,875
Claims and claims expense	(16,557)	(93)	(16,650)	-	-	(16,650)
Contract benefits and interest credited to contractholder funds	-	-	-	(1,938)	-	(1,938)
Amortization of deferred policy acquisition costs	(3,331)	-	(3,331)	(214)	-	(3,545)
Operating costs and expenses	(2,876)	(2)	(2,878)	(395)	(128) <sup>(1)</sup>	(3,401)
Restructuring and related charges	(75)	-	(75)	(2)	-	(77)
Interest expense	(1)	-	(1)	-	(250)	(251)
<b>Underwriting income (loss)</b>	<u>\$ 1,258</u>	<u>\$ (95)</u>	<u>\$ 1,163</u>			
Net investment income			1,074	1,383	31	2,488
Realized capital gains and losses			302	16	-	318
Gain on disposition of operations			10	5	-	15
Income tax (expense) benefit			(809)	(210)	125	(894)
Preferred stock dividends			-	-	(87)	(87)
<b>Net income (loss) applicable to common shareholders</b>			<u>\$ 1,740</u>	<u>\$ 422</u>	<u>\$ (309)</u>	<u>\$ 1,853</u>
Realized capital gains and losses, after-tax			(199)	(9)	-	(208)
Valuation changes on embedded derivatives that are not hedged, after-tax			-	2	-	2
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax			-	8	-	8
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(2)	-	-	(2)
Business combination expenses and the amortization of purchased intangible assets, after-tax			48	-	14	62
Gain on disposition of operations, after-tax			(7)	(3)	-	(10)
<b>Operating income (loss) *</b>			<u>\$ 1,580</u>	<u>\$ 420</u> <sup>(2)</sup>	<u>\$ (295)</u> <sup>(2)</sup>	<u>\$ 1,705</u>

For the nine months ended September 30, 2016

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial	Corporate and Other	Consolidated
Premiums and contract charges	\$ 23,406	\$ -	\$ 23,406	\$ 1,701	\$ -	\$ 25,107
Claims and claims expense	(17,036)	(102)	(17,138)	-	-	(17,138)
Contract benefits and interest credited to contractholder funds	-	-	-	(1,951)	-	(1,951)
Amortization of deferred policy acquisition costs	(3,181)	-	(3,181)	(212)	-	(3,393)
Operating costs and expenses	(2,651)	(2)	(2,653)	(370)	(20)	(3,043)
Restructuring and related charges	(20)	-	(20)	(1)	-	(21)
Interest expense	-	-	-	-	(218)	(218)
<b>Underwriting income (loss)</b>	<u>\$ 518</u>	<u>\$ (104)</u>	<u>\$ 414</u>			
Net investment income			928	1,281	32	2,241
Realized capital gains and losses			(20)	(70)	(2)	(92)
Gain on disposition of operations			-	4	-	4
Income tax (expense) benefit			(419)	(118)	78	(459)
Preferred stock dividends			-	-	(87)	(87)
<b>Net income (loss) applicable to common shareholders</b>			<u>\$ 903</u>	<u>\$ 264</u>	<u>\$ (217)</u>	<u>\$ 950</u>
Realized capital gains and losses, after-tax			10	46	1	57
Valuation changes on embedded derivatives that are not hedged, after-tax			-	8	-	8
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax			-	3	-	3
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(1)	-	-	(1)
Business combination expenses and the amortization of purchased intangible assets, after-tax			17	-	-	17
Gain on disposition of operations, after-tax			-	(3)	-	(3)
<b>Operating income (loss) *</b>			<u>\$ 929</u>	<u>\$ 318</u> <sup>(2)</sup>	<u>\$ (216)</u> <sup>(2)</sup>	<u>\$ 1,031</u>

(1) Includes a pension settlement loss of \$86 million recorded in the third quarter of 2017.

(2) Operating income is the segment measure for Allstate Financial and Corporate and Other and is not a non-GAAP measure.

**THE ALLSTATE CORPORATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(\$ in millions)

	Sept 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016		Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
<b>Assets</b>						<b>Liabilities</b>					
Investments						Reserve for property-liability insurance claims and claims expense	\$ 27,154	\$ 25,884	\$ 25,628	\$ 25,250	\$ 25,450
Fixed income securities, at fair value (amortized cost \$57,608, \$56,901, \$57,194, \$56,576 and \$57,775)	\$ 59,391	\$ 58,656	\$ 58,636	\$ 57,839	\$ 60,306	Reserve for life-contingent contract benefits	12,227	12,234	12,223	12,239	12,228
Equity securities, at fair value (cost \$5,468, \$5,321, \$5,026, \$5,157 and \$4,800)	6,434	6,117	5,685	5,666	5,288	Contractholder funds	19,650	19,832	20,051	20,260	20,583
Mortgage loans	4,322	4,336	4,349	4,486	4,396	Unearned premiums	13,535	13,024	12,705	12,583	12,772
Limited partnership interests	6,600	6,206	5,982	5,814	5,588	Claim payments outstanding	959	939	845	879	934
Short-term, at fair value (amortized cost \$2,198, \$2,175, \$2,753, \$4,288 and \$1,863)	2,198	2,175	2,753	4,288	1,863	Deferred income taxes	1,249	1,104	833	487	935
Other	3,826	3,815	3,738	3,706	3,663	Other liabilities and accrued expenses	6,968	6,583	7,018	6,599	6,122
Total investments	82,771	81,305	81,143	81,799	81,104	Long-term debt	6,349	6,348	6,346	6,347	5,110
						Separate Accounts	3,422	3,416	3,436	3,393	3,469
						Total liabilities	91,513	89,364	89,085	88,037	87,603
						<b>Equity</b>					
Cash	690	482	442	436	389	Preferred stock and additional capital paid-in, 72.2 thousand shares outstanding	1,746	1,746	1,746	1,746	1,746
Premium installment receivables, net	5,922	5,693	5,649	5,597	5,799	Common stock, 360 million, 361 million, 365 million, 366 million and 368 million shares outstanding <sup>(2)</sup>	9	9	9	9	9
Deferred policy acquisition costs	4,147	4,037	3,988	3,954	3,886	Additional capital paid-in	3,330	3,269	3,285	3,303	3,237
Reinsurance recoverables, net <sup>(1)</sup>	9,748	8,722	8,723	8,745	8,922	Retained income	42,125	41,622	41,208	40,678	39,990
Accrued investment income	590	573	577	567	567	Deferred ESOP expense	(6)	(6)	(6)	(6)	(13)
Property and equipment, net	1,067	1,072	1,067	1,065	1,013	Treasury stock, at cost (540 million, 539 million, 535 million, 534 million and 532 million shares)	(25,413)	(25,241)	(24,887)	(24,741)	(24,537)
Goodwill	2,309	2,309	2,295	1,219	1,219	Accumulated other comprehensive income:					
Other assets	2,966	3,256	2,923	1,835	2,169	Unrealized net capital gains and losses:					
Separate Accounts	3,422	3,416	3,436	3,393	3,469	Unrealized net capital gains and losses on fixed income securities with other-than-temporary impairments	68	65	59	57	56
Total assets	\$ 113,632	\$ 110,865	\$ 110,243	\$ 108,610	\$ 108,537	Other unrealized net capital gains and losses	1,715	1,590	1,304	1,091	1,902
						Unrealized adjustment to DAC, DSI and insurance reserves	(132)	(129)	(107)	(95)	(141)
						Total unrealized net capital gains and losses	1,651	1,526	1,256	1,053	1,817
						Unrealized foreign currency translation adjustments	(14)	(42)	(53)	(50)	(48)
						Unrecognized pension and other postretirement benefit cost	(1,309)	(1,382)	(1,400)	(1,419)	(1,267)
						Total accumulated other comprehensive income (loss)	328	102	(197)	(416)	502
						Total shareholders' equity	22,119	21,501	21,158	20,573	20,934
						Total liabilities and shareholders' equity	\$ 113,632	\$ 110,865	\$ 110,243	\$ 108,610	\$ 108,537

<sup>(1)</sup> Reinsurance recoverables of unpaid losses related to Property-Liability were \$7.26 billion, \$6.21 billion, \$6.18 billion, \$6.18 billion and \$6.35 billion as of September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016, respectively.

<sup>(2)</sup> Common shares outstanding were 359,787,293; 361,280,366; 365,015,746; 365,771,746 and 368,126,127 as of September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016, respectively.



**THE ALLSTATE CORPORATION**  
**BOOK VALUE PER COMMON SHARE**

(\$ in millions, except per share data)

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
<b>Book value per common share</b>							
Numerator:							
Common shareholders' equity <sup>(1)</sup>	\$ <u>20,373</u>	\$ <u>19,755</u>	\$ <u>19,412</u>	\$ <u>18,827</u>	\$ <u>19,188</u>	\$ <u>18,807</u>	\$ <u>18,594</u>
Denominator:							
Common shares outstanding and dilutive potential common shares outstanding	<u>365.8</u>	<u>367.0</u>	<u>370.4</u>	<u>370.8</u>	<u>372.7</u>	<u>375.8</u>	<u>380.3</u>
Book value per common share	\$ <u>55.69</u>	\$ <u>53.83</u>	\$ <u>52.41</u>	\$ <u>50.77</u>	\$ <u>51.48</u>	\$ <u>50.05</u>	\$ <u>48.89</u>
<b>Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities</b>							
Numerator:							
Common shareholders' equity	\$ 20,373	\$ 19,755	\$ 19,412	\$ 18,827	\$ 19,188	\$ 18,807	\$ 18,594
Unrealized net capital gains and losses on fixed income securities	<u>1,028</u>	<u>1,013</u>	<u>831</u>	<u>727</u>	<u>1,506</u>	<u>1,407</u>	<u>993</u>
Adjusted common shareholders' equity	\$ <u>19,345</u>	\$ <u>18,742</u>	\$ <u>18,581</u>	\$ <u>18,100</u>	\$ <u>17,682</u>	\$ <u>17,400</u>	\$ <u>17,601</u>
Denominator:							
Common shares outstanding and dilutive potential common shares outstanding	<u>365.8</u>	<u>367.0</u>	<u>370.4</u>	<u>370.8</u>	<u>372.7</u>	<u>375.8</u>	<u>380.3</u>
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities *	\$ <u>52.88</u>	\$ <u>51.07</u>	\$ <u>50.16</u>	\$ <u>48.81</u>	\$ <u>47.44</u>	\$ <u>46.30</u>	\$ <u>46.28</u>

<sup>(1)</sup> Excludes equity related to preferred stock of \$1,746 million in each period.

**THE ALLSTATE CORPORATION**  
**RETURN ON COMMON SHAREHOLDERS' EQUITY**  
(\$ in millions)

Twelve months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
<b>Return on Common Shareholders' Equity</b>							
Numerator:							
Net income applicable to common shareholders <sup>(1)</sup>	\$ <u>2,664</u>	\$ <u>2,518</u>	\$ <u>2,210</u>	\$ <u>1,761</u>	\$ <u>1,410</u>	\$ <u>1,540</u>	\$ <u>1,624</u>
Denominator:							
Beginning common shareholders' equity	\$ 19,188	\$ 18,807	\$ 18,594	\$ 18,279	\$ 18,758	\$ 19,552	\$ 20,433
Ending common shareholders' equity	20,373	19,755	19,412	18,827	19,188	18,807	18,594
Average common shareholders' equity <sup>(2)</sup>	\$ <u>19,781</u>	\$ <u>19,281</u>	\$ <u>19,003</u>	\$ <u>18,553</u>	\$ <u>18,973</u>	\$ <u>19,180</u>	\$ <u>19,514</u>
Return on common shareholders' equity	<u>13.5</u> %	<u>13.1</u> %	<u>11.6</u> %	<u>9.5</u> %	<u>7.4</u> %	<u>8.0</u> %	<u>8.3</u> %
<b>Operating Income Return on Common Shareholders' Equity</b>							
Numerator:							
Operating income * <sup>(1)</sup>	\$ <u>2,512</u>	\$ <u>2,399</u>	\$ <u>2,124</u>	\$ <u>1,838</u>	\$ <u>1,656</u>	\$ <u>1,792</u>	\$ <u>1,819</u>
Denominator:							
Beginning common shareholders' equity	\$ 19,188	\$ 18,807	\$ 18,594	\$ 18,279	\$ 18,758	\$ 19,552	\$ 20,433
Unrealized net capital gains and losses	1,817	1,624	1,200	620	879	1,419	2,137
Adjusted beginning common shareholders' equity	<u>17,371</u>	<u>17,183</u>	<u>17,394</u>	<u>17,659</u>	<u>17,879</u>	<u>18,133</u>	<u>18,296</u>
Ending common shareholders' equity	20,373	19,755	19,412	18,827	19,188	18,807	18,594
Unrealized net capital gains and losses	1,651	1,526	1,256	1,053	1,817	1,624	1,200
Adjusted ending common shareholders' equity	<u>18,722</u>	<u>18,229</u>	<u>18,156</u>	<u>17,774</u>	<u>17,371</u>	<u>17,183</u>	<u>17,394</u>
Average adjusted common shareholders' equity <sup>(2)</sup>	\$ <u>18,047</u>	\$ <u>17,706</u>	\$ <u>17,775</u>	\$ <u>17,717</u>	\$ <u>17,625</u>	\$ <u>17,658</u>	\$ <u>17,845</u>
Operating income return on common shareholders' equity *	<u>13.9</u> %	<u>13.5</u> %	<u>11.9</u> %	<u>10.4</u> %	<u>9.4</u> %	<u>10.1</u> %	<u>10.2</u> %

<sup>(1)</sup> Net income applicable to common shareholders and operating income reflect a trailing twelve-month period.

<sup>(2)</sup> Average common shareholders' equity and average adjusted common shareholders' equity are determined using a two-point average, with the beginning and ending common shareholders' equity and adjusted common shareholders' equity, respectively, for the twelve-month period as data points.

**THE ALLSTATE CORPORATION**  
**DEBT TO CAPITAL**  
(\$ in millions)

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
<b>Debt</b>							
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	6,349	6,348	6,346	6,347	5,110	5,109	5,108
Total debt	<u>\$ 6,349</u>	<u>\$ 6,348</u>	<u>\$ 6,346</u>	<u>\$ 6,347</u>	<u>\$ 5,110</u>	<u>\$ 5,109</u>	<u>\$ 5,108</u>
<b>Capital resources</b>							
Debt	\$ 6,349	\$ 6,348	\$ 6,346	\$ 6,347	\$ 5,110	\$ 5,109	\$ 5,108
Shareholders' equity							
Preferred stock and additional capital paid-in	1,746	1,746	1,746	1,746	1,746	1,746	1,746
Common stock	9	9	9	9	9	9	9
Additional capital paid-in	3,330	3,269	3,285	3,303	3,237	3,203	3,237
Retained income	42,125	41,622	41,208	40,678	39,990	39,623	39,505
Deferred ESOP expense	(6)	(6)	(6)	(6)	(13)	(13)	(13)
Treasury stock	(25,413)	(25,241)	(24,887)	(24,741)	(24,537)	(24,310)	(23,994)
Unrealized net capital gains and losses	1,651	1,526	1,256	1,053	1,817	1,624	1,200
Unrealized foreign currency translation adjustments	(14)	(42)	(53)	(50)	(48)	(41)	(46)
Unrecognized pension and other postretirement benefit cost	(1,309)	(1,382)	(1,400)	(1,419)	(1,267)	(1,288)	(1,304)
Total shareholders' equity	<u>22,119</u>	<u>21,501</u>	<u>21,158</u>	<u>20,573</u>	<u>20,934</u>	<u>20,553</u>	<u>20,340</u>
Total capital resources	<u>\$ 28,468</u>	<u>\$ 27,849</u>	<u>\$ 27,504</u>	<u>\$ 26,920</u>	<u>\$ 26,044</u>	<u>\$ 25,662</u>	<u>\$ 25,448</u>
<b>Ratio of debt to shareholders' equity</b>	<u>28.7 %</u>	<u>29.5 %</u>	<u>30.0 %</u>	<u>30.9 %</u>	<u>24.4 %</u>	<u>24.9 %</u>	<u>25.1 %</u>
<b>Ratio of debt to capital resources</b>	<u>22.3 %</u>	<u>22.8 %</u>	<u>23.1 %</u>	<u>23.6 %</u>	<u>19.6 %</u>	<u>19.9 %</u>	<u>20.1 %</u>

**THE ALLSTATE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Net income	\$ 666	\$ 579	\$ 695	\$ 840	\$ 520	\$ 271	\$ 246	\$ 1,940	\$ 1,037
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation, amortization and other non-cash items	120	119	119	97	97	97	91	358	285
Realized capital gains and losses	(103)	(81)	(134)	(2)	(33)	(24)	149	(318)	92
Gain on disposition of operations	(1)	(12)	(2)	(1)	(1)	(1)	(2)	(15)	(4)
Interest credited to contractholder funds	174	175	173	168	183	185	190	522	558
Changes in:									
Policy benefits and other insurance reserves	1,048	45	183	(347)	401	118	459	1,276	978
Unearned premiums	491	282	(248)	(178)	478	267	(205)	525	540
Deferred policy acquisition costs	(111)	(79)	14	(6)	(87)	(65)	(7)	(176)	(159)
Premium installment receivables, net	(216)	(32)	(19)	194	(209)	(38)	11	(267)	(236)
Reinsurance recoverables, net	(1,023)	(5)	11	156	(300)	(80)	(40)	(1,017)	(420)
Income taxes	161	(326)	284	387	206	(150)	(26)	119	30
Other operating assets and liabilities	660	(174)	(219)	(57)	129	64	(152)	267	41
Net cash provided by operating activities	<u>1,866</u>	<u>491</u>	<u>857</u>	<u>1,251</u>	<u>1,384</u>	<u>644</u>	<u>714</u>	<u>3,214</u>	<u>2,742</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Proceeds from sales:									
Fixed income securities	4,987	7,438	7,083	5,929	6,543	6,373	6,216	19,508	19,132
Equity securities	1,749	829	2,601	1,477	1,582	823	1,664	5,179	4,069
Limited partnership interests	286	271	210	247	271	183	180	767	634
Mortgage loans	-	-	-	-	-	(7)	7	-	-
Other investments	52	94	24	56	62	57	87	170	206
Investment collections:									
Fixed income securities	975	1,034	1,029	1,103	1,292	1,189	949	3,038	3,430
Mortgage loans	172	82	223	98	253	71	79	477	403
Other investments	121	163	174	140	113	125	43	458	281
Investment purchases:									
Fixed income securities	(6,721)	(8,414)	(8,800)	(5,708)	(9,335)	(7,546)	(5,401)	(23,935)	(22,282)
Equity securities	(1,823)	(1,090)	(2,383)	(1,837)	(1,441)	(939)	(1,733)	(5,296)	(4,113)
Limited partnership interests	(504)	(310)	(268)	(322)	(425)	(433)	(270)	(1,082)	(1,128)
Mortgage loans	(163)	(62)	(86)	(186)	(196)	(220)	(44)	(311)	(460)
Other investments	(168)	(313)	(219)	(211)	(225)	(196)	(253)	(700)	(674)
Change in short-term investments, net	115	570	1,572	(2,540)	763	688	(1,357)	2,257	94
Change in other investments, net	(135)	117	(10)	9	(21)	(20)	(19)	(28)	(60)
Purchases of property and equipment, net	(70)	(72)	(74)	(123)	(70)	(68)	(52)	(216)	(190)
Acquisition of operations	-	-	(1,356)	-	-	-	-	(1,356)	-
Net cash (used in) provided by investing activities	<u>(1,127)</u>	<u>337</u>	<u>(280)</u>	<u>(1,868)</u>	<u>(834)</u>	<u>80</u>	<u>96</u>	<u>(1,070)</u>	<u>(658)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Proceeds from issuance of long-term debt	-	-	-	1,236	-	-	-	-	-
Repayments of long-term debt	-	-	-	(1)	-	-	(16)	-	(16)
Contractholder fund deposits	252	258	257	264	263	261	261	767	785
Contractholder fund withdrawals	(459)	(474)	(483)	(550)	(524)	(521)	(492)	(1,416)	(1,537)
Dividends paid on common stock	(134)	(135)	(122)	(122)	(124)	(125)	(115)	(391)	(364)
Dividends paid on preferred stock	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(87)	(87)
Treasury stock purchases	(191)	(393)	(264)	(183)	(250)	(448)	(456)	(848)	(1,154)
Shares reissued under equity incentive plans, net	24	41	67	41	51	42	30	132	123
Excess tax benefits on share-based payment arrangements	-	-	-	7	5	8	12	-	25
Other	6	(56)	3	1	1	3	31	(47)	35
Net cash (used in) provided by financing activities	<u>(531)</u>	<u>(788)</u>	<u>(571)</u>	<u>664</u>	<u>(607)</u>	<u>(809)</u>	<u>(774)</u>	<u>(1,890)</u>	<u>(2,190)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	208	40	6	47	(57)	(85)	36	254	(106)
<b>CASH AT BEGINNING OF PERIOD</b>	482	442	436	389	446	531	495	436	495
<b>CASH AT END OF PERIOD</b>	<u>\$ 690</u>	<u>\$ 482</u>	<u>\$ 442</u>	<u>\$ 436</u>	<u>\$ 389</u>	<u>\$ 446</u>	<u>\$ 531</u>	<u>\$ 690</u>	<u>\$ 389</u>

**THE ALLSTATE CORPORATION**  
**ANALYSIS OF DEFERRED POLICY ACQUISITION COSTS**  
(\$ in millions)

**Change in Deferred Policy Acquisition Costs**  
**For the three months ended September 30, 2017**

	Beginning balance June 30, 2017	Acquisition costs deferred	Amortization before adjustments <sup>(1)(2)</sup>	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged <sup>(2)</sup>	Amortization (acceleration) deceleration for changes in assumptions <sup>(2)</sup>	Effect of unrealized capital gains and losses	Ending balance Sept. 30, 2017
<b>Property-Liability</b>	\$ 2,328	\$ 1,242	\$ (1,138)	\$ -	\$ -	\$ -	\$ 2,432
<b>Allstate Financial:</b>							
Traditional life and accident and health	841	50	(34)	-	-	-	857
Interest-sensitive life	831	21	(35)	(4)	13	(3)	823
Fixed annuity	37	-	(2)	-	-	-	35
Subtotal	<u>1,709</u>	<u>71</u>	<u>(71)</u>	<u>(4)</u>	<u>13</u>	<u>(3)</u>	<u>1,715</u>
<b>Consolidated</b>	<u>\$ 4,037</u>	<u>\$ 1,313</u>	<u>\$ (1,209)</u>	<u>\$ (4)</u>	<u>\$ 13</u>	<u>\$ (3)</u>	<u>\$ 4,147</u>

**Change in Deferred Policy Acquisition Costs**  
**For the three months ended September 30, 2016**

	Beginning balance June 30, 2016	Acquisition costs deferred	Amortization before adjustments	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged	Amortization (acceleration) deceleration for changes in assumptions	Effect of unrealized capital gains and losses	Ending balance Sept. 30, 2016
<b>Property-Liability</b>	\$ 2,101	\$ 1,153	\$ (1,068)	\$ -	\$ -	\$ -	\$ 2,186
<b>Allstate Financial:</b>							
Traditional life and accident and health	806	45	(41)	-	-	-	810
Interest-sensitive life	868	25	(27)	(2)	2	(18)	848
Fixed annuity	44	-	(2)	-	-	-	42
Subtotal	<u>1,718</u>	<u>70</u>	<u>(70)</u>	<u>(2)</u>	<u>2</u>	<u>(18)</u>	<u>1,700</u>
<b>Consolidated</b>	<u>\$ 3,819</u>	<u>\$ 1,223</u>	<u>\$ (1,138)</u>	<u>\$ (2)</u>	<u>\$ 2</u>	<u>\$ (18)</u>	<u>\$ 3,886</u>

<sup>(1)</sup> Amortization before adjustments reflects total DAC amortization before amortization/accretion related to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged and amortization acceleration/deceleration for changes in assumptions.

<sup>(2)</sup> Included as a component of amortization of DAC on the Consolidated Statements of Operations.

**THE ALLSTATE CORPORATION**  
**ANALYSIS OF DEFERRED POLICY ACQUISITION COSTS**  
(\$ in millions)

**Change in Deferred Policy Acquisition Costs**  
**For the nine months ended September 30, 2017**

**Reconciliation of Deferred Policy**  
**Acquisition Costs as of September 30, 2017**

	Beginning balance Dec. 31, 2016	Acquisition costs deferred	Amortization before adjustments <sup>(1)(2)</sup>	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged <sup>(2)</sup>	Amortization (acceleration) deceleration for changes in assumptions <sup>(2)</sup>	Effect of unrealized capital gains and losses	Ending balance Sept. 30, 2017	DAC before impact of unrealized capital gains and losses	Impact of unrealized capital gains and losses	DAC after impact of unrealized capital gains and losses
<b>Property-Liability</b>	\$ 2,188	\$ 3,575 <sup>(3)</sup>	\$ (3,331)	\$ -	\$ -	\$ -	\$ 2,432	\$ 2,432	\$ -	\$ 2,432
<b>Allstate Financial:</b>										
Traditional life and accident and health	821	151	(115)	-	-	-	857	857	-	857
Interest-sensitive life	905	64	(95)	(12)	13	(52)	823	1,015	(192)	823
Fixed annuity	40	-	(5)	-	-	-	35	35	-	35
Subtotal	<u>1,766</u>	<u>215</u>	<u>(215)</u>	<u>(12)</u>	<u>13</u>	<u>(52)</u>	<u>1,715</u>	<u>1,907</u>	<u>(192)</u>	<u>1,715</u>
<b>Consolidated</b>	<u>\$ 3,954</u>	<u>\$ 3,790</u>	<u>\$ (3,546)</u>	<u>\$ (12)</u>	<u>\$ 13</u>	<u>\$ (52)</u>	<u>\$ 4,147</u>	<u>\$ 4,339</u>	<u>\$ (192)</u>	<u>\$ 4,147</u>

**Change in Deferred Policy Acquisition Costs**  
**For the nine months ended September 30, 2016**

**Reconciliation of Deferred Policy**  
**Acquisition Costs as of September 30, 2016**

	Beginning balance Dec. 31, 2015	Acquisition costs deferred	Amortization before adjustments <sup>(1)(2)</sup>	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged <sup>(2)</sup>	Amortization (acceleration) deceleration for changes in assumptions <sup>(2)</sup>	Effect of unrealized capital gains and losses	Ending balance Sept. 30, 2016	DAC before impact of unrealized capital gains and losses	Impact of unrealized capital gains and losses	DAC after impact of unrealized capital gains and losses
<b>Property-Liability</b>	\$ 2,029	\$ 3,338	\$ (3,181)	\$ -	\$ -	\$ -	\$ 2,186	\$ 2,186	\$ -	\$ 2,186
<b>Allstate Financial:</b>										
Traditional life and accident and health	792	139	(121)	-	-	-	810	810	-	810
Interest-sensitive life	993	77	(83)	(5)	2	(136)	848	1,050	(202)	848
Fixed annuity	47	-	(5)	-	-	-	42	42	-	42
Subtotal	<u>1,832</u>	<u>216</u>	<u>(209)</u>	<u>(5)</u>	<u>2</u>	<u>(136)</u>	<u>1,700</u>	<u>1,902</u>	<u>(202)</u>	<u>1,700</u>
<b>Consolidated</b>	<u>\$ 3,861</u>	<u>\$ 3,554</u>	<u>\$ (3,390)</u>	<u>\$ (5)</u>	<u>\$ 2</u>	<u>\$ (136)</u>	<u>\$ 3,886</u>	<u>\$ 4,088</u>	<u>\$ (202)</u>	<u>\$ 3,886</u>

<sup>(1)</sup> Amortization before adjustments reflects total DAC amortization before amortization/accretion related to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged and amortization acceleration/deceleration for changes in assumptions.

<sup>(2)</sup> Included as a component of amortization of DAC on the Consolidated Statements of Operations.

<sup>(3)</sup> Includes \$70 million recorded in connection with the SquareTrade acquisition on January 3, 2017.

**THE ALLSTATE CORPORATION  
POLICIES IN FORCE AND OTHER STATISTICS**

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
<b>Policies in Force statistics (in thousands)</b>							
<b>Allstate Protection <sup>(1)</sup></b>							
<b>Allstate brand</b>							
Auto	19,513	19,548	19,565	19,742	19,852	20,061	20,145
Homeowners	6,071	6,075	6,090	6,120	6,131	6,158	6,176
Landlord	697	703	710	716	720	726	732
Renter	1,578	1,564	1,563	1,568	1,557	1,554	1,556
Condominium	662	662	663	666	665	667	667
Other	1,275	1,270	1,264	1,264	1,260	1,256	1,253
Other personal lines	4,212	4,199	4,200	4,214	4,202	4,203	4,208
Commercial lines	251	262	272	285	296	308	318
Allstate Roadside Services	708	724	743	768	797	824	856
Allstate Dealer Services	4,130	4,139	4,150	4,142	4,125	4,059	3,987
Other business lines	4,838	4,863	4,893	4,910	4,922	4,883	4,843
<b>Total</b>	<b>34,885</b>	<b>34,947</b>	<b>35,020</b>	<b>35,271</b>	<b>35,403</b>	<b>35,613</b>	<b>35,690</b>
<b>Esurance brand</b>							
Auto	1,369	1,388	1,400	1,391	1,395	1,409	1,428
Homeowners	76	69	63	58	52	44	37
Other personal lines	45	47	48	47	47	47	46
<b>Total</b>	<b>1,490</b>	<b>1,504</b>	<b>1,511</b>	<b>1,496</b>	<b>1,494</b>	<b>1,500</b>	<b>1,511</b>
<b>Encompass brand</b>							
Auto	548	571	595	622	649	676	701
Homeowners	262	273	284	295	305	318	329
Other personal lines	88	91	94	98	101	105	108
<b>Total</b>	<b>898</b>	<b>935</b>	<b>973</b>	<b>1,015</b>	<b>1,055</b>	<b>1,099</b>	<b>1,138</b>
<b>SquareTrade <sup>(2)</sup></b>	<b>34,078</b>	<b>31,258</b>	<b>29,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allstate Protection Policies in Force</b>	<b>71,351</b>	<b>68,644</b>	<b>67,411</b>	<b>37,782</b>	<b>37,952</b>	<b>38,212</b>	<b>38,339</b>
<b>Allstate Financial <sup>(3)</sup></b>							
Allstate Life	2,019	2,020	2,017	2,023	2,019	2,022	2,021
Allstate Benefits	4,035	4,064	3,992	3,755	3,733	3,752	3,726
Allstate Annuities	236	240	246	251	256	261	267
<b>Allstate Financial Policies in Force</b>	<b>6,290</b>	<b>6,324</b>	<b>6,255</b>	<b>6,029</b>	<b>6,008</b>	<b>6,035</b>	<b>6,014</b>
<b>Total Policies in Force</b>	<b>77,641</b>	<b>74,968</b>	<b>73,666</b>	<b>43,811</b>	<b>43,960</b>	<b>44,247</b>	<b>44,353</b>
<b>Agency Data <sup>(4)</sup></b>							
Total Allstate agencies <sup>(5)</sup>	12,200	12,200	12,200	12,200	12,200	12,200	12,100
Licensed sales professionals <sup>(6)</sup>	23,900	24,000	23,600	23,800	23,600	23,800	24,000
Allstate independent agencies <sup>(7)</sup>	2,400	2,300	2,200	2,200	2,200	2,000	2,100

(1) Policy counts are based on items rather than customers.

- A multi-car customer would generate multiple item (policy) counts, even if all cars were insured under one policy.
- Non-proprietary products offered by Ivantage (insurance agency) and Answer Financial (independent insurance agency) are not included.
- Allstate Roadside Services represents memberships in force and do not include their wholesale partners as the customer relationship is managed by the wholesale partner.
- Allstate Dealer Services represents service contracts and other products sold in conjunction with auto lending and vehicle sales transactions and do not include their third party administrators ("TPAs") as the customer relationship is managed by the TPAs.
- SquareTrade represents active consumer product protection plans.

(2) SquareTrade had PIF of 28.5, 25.8, 24.4 and 23.0 million at December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, respectively. These numbers are prior to the acquisition of SquareTrade on January 3, 2017 and are not included in the periods above.

(3) Allstate Financial insurance policies and annuities in force reflect the number of contracts in force excluding sold blocks of business that remain on the balance sheet due to the dispositions of the business being effected through reinsurance arrangements. Policy counts associated with our voluntary employee benefits group business reflect certificate counts as opposed to group counts.

(4) Rounded to the nearest hundred.

(5) Total Allstate agencies represents exclusive Allstate agencies and financial representatives in the United States and Canada.

(6) Employees of Allstate agencies who are licensed to sell Allstate products.

(7) Includes 572 and 488 engaged Allstate independent agencies ("AIAs") as of September 30, 2017 and December 31, 2016, respectively. Engaged AIAs, as currently determined, include those that achieve a minimum number of new policies written.

**THE ALLSTATE CORPORATION**  
**PROPERTY-LIABILITY RESULTS**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
Premiums written	\$ 8,583	\$ 8,289	\$ 7,723	\$ 7,723	\$ 8,311	\$ 8,051	\$ 7,515	\$ 24,595	\$ 23,877
(Increase) decrease in unearned premiums	(513)	(301)	234	189	(472)	(264)	166	(580)	(570)
Other	51	30	2	(11)	30	27	42	83	99
Premiums earned	8,121	8,018	7,959	7,901	7,869	7,814	7,723	24,098	23,406
Claims and claims expense	(5,545)	(5,689)	(5,416)	(5,083)	(5,553)	(5,901)	(5,684)	(16,650)	(17,138)
Amortization of deferred policy acquisition costs	(1,138)	(1,103)	(1,090)	(1,086)	(1,068)	(1,057)	(1,056)	(3,331)	(3,181)
Operating costs and expenses	(996)	(947)	(936)	(927)	(888)	(912)	(853)	(2,879)	(2,653)
Restructuring and related charges	(13)	(52)	(10)	(9)	(5)	(10)	(5)	(75)	(20)
Underwriting income (loss)	429	227	507	796	355	(66)	125	1,163	414
Net investment income	372	391	311	338	310	316	302	1,074	928
Income tax expense on operations	(252)	(196)	(255)	(383)	(218)	(70)	(141)	(703)	(429)
Realized capital gains and losses, after-tax	54	56	89	10	36	18	(64)	199	(10)
Gain on disposition of operations, after-tax	1	6	-	-	-	-	-	7	-
Net income applicable to common shareholders	\$ 604	\$ 484	\$ 652	\$ 761	\$ 483	\$ 198	\$ 222	\$ 1,740	\$ 903
Catastrophe losses	\$ 861	\$ 993	\$ 781	\$ 303	\$ 481	\$ 961	\$ 827	\$ 2,635	\$ 2,269
Amortization of purchased intangible assets	\$ 25	\$ 24	\$ 25	\$ 5	\$ 9	\$ 9	\$ 9	\$ 74	\$ 27
Operating ratios									
Claims and claims expense ("loss") ratio	68.3	71.0	68.0	64.3	70.6	75.5	73.6	69.1	73.2
Expense ratio	26.4	26.2	25.6	25.6	24.9	25.3	24.8	26.1	25.0
Combined ratio	94.7	97.2	93.6	89.9	95.5	100.8	98.4	95.2	98.2
Loss ratio	68.3	71.0	68.0	64.3	70.6	75.5	73.6	69.1	73.2
Less: effect of catastrophe losses	10.6	12.4	9.8	3.8	6.1	12.3	10.7	11.0	9.7
effect of prior year non-catastrophe reserve reestimates	(1.6)	(1.0)	(1.3)	(1.6)	1.3	(0.2)	0.4	(1.3)	0.4
Underlying loss ratio *	59.3	59.6	59.5	62.1	63.2	63.4	62.5	59.4	63.1
Expense ratio	26.4	26.2	25.6	25.6	24.9	25.3	24.8	26.1	25.0
Less: effect of amortization of purchased intangible assets	0.3	0.3	0.3	-	0.1	0.1	0.1	0.3	0.1
Expense ratio, excluding the effect of amortization of purchased intangible assets	26.1	25.9	25.3	25.6	24.8	25.2	24.7	25.8	24.9
Reconciliation of combined ratio to underlying combined ratio									
Combined ratio	94.7	97.2	93.6	89.9	95.5	100.8	98.4	95.2	98.2
Effect of catastrophe losses	(10.6)	(12.4)	(9.8)	(3.8)	(6.1)	(12.3)	(10.7)	(11.0)	(9.7)
Effect of prior year non-catastrophe reserve reestimates	1.6	1.0	1.3	1.6	(1.3)	0.2	(0.4)	1.3	(0.4)
Effect of amortization of purchased intangible assets	(0.3)	(0.3)	(0.3)	-	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)
Underlying combined ratio *	85.4	85.5	84.8	87.7	88.0	88.6	87.2	85.2	88.0
Effect of restructuring and related charges on combined ratio	0.2	0.6	0.1	0.1	0.1	0.1	0.1	0.3	0.1
Effect of Discontinued Lines and Coverages on combined ratio	1.1	0.1	-	-	1.3	-	-	0.4	0.4



**THE ALLSTATE CORPORATION**  
**PROPERTY-LIABILITY UNDERWRITING RESULTS BY AREA OF BUSINESS**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Property-Liability Underwriting Summary</b>									
Allstate Protection	\$ 517	\$ 232	\$ 509	\$ 799	\$ 455	\$ (64)	\$ 127	\$ 1,258	\$ 518
Discontinued Lines and Coverages	(88)	(5)	(2)	(3)	(100)	(2)	(2)	(95)	(104)
Underwriting income (loss)	<u>\$ 429</u>	<u>\$ 227</u>	<u>\$ 507</u>	<u>\$ 796</u>	<u>\$ 355</u>	<u>\$ (66)</u>	<u>\$ 125</u>	<u>\$ 1,163</u>	<u>\$ 414</u>
<b>Allstate Protection Underwriting Summary</b>									
Premiums written	<u>\$ 8,583</u>	<u>\$ 8,289</u>	<u>\$ 7,723</u>	<u>\$ 7,722</u>	<u>\$ 8,309</u>	<u>\$ 8,051</u>	<u>\$ 7,515</u>	<u>\$ 24,595</u>	<u>\$ 23,875</u>
Premiums earned	\$ 8,121	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869	\$ 7,814	\$ 7,723	\$ 24,098	\$ 23,406
Claims and claims expense	(5,457)	(5,686)	(5,414)	(5,080)	(5,454)	(5,899)	(5,683)	(16,557)	(17,036)
Amortization of deferred policy acquisition costs	(1,138)	(1,103)	(1,090)	(1,086)	(1,068)	(1,057)	(1,056)	(3,331)	(3,181)
Operating costs and expenses	(996)	(945)	(936)	(927)	(887)	(912)	(852)	(2,877)	(2,651)
Restructuring and related charges	(13)	(52)	(10)	(9)	(5)	(10)	(5)	(75)	(20)
Underwriting income (loss)	<u>\$ 517</u>	<u>\$ 232</u>	<u>\$ 509</u>	<u>\$ 799</u>	<u>\$ 455</u>	<u>\$ (64)</u>	<u>\$ 127</u>	<u>\$ 1,258</u>	<u>\$ 518</u>
Catastrophe losses	<u>\$ 861</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 303</u>	<u>\$ 481</u>	<u>\$ 961</u>	<u>\$ 827</u>	<u>\$ 2,635</u>	<u>\$ 2,269</u>
<b>Operating ratios</b>									
Loss ratio	67.2	70.9	68.0	64.3	69.3	75.5	73.6	68.7	72.8
Expense ratio	26.4	26.2	25.6	25.6	24.9	25.3	24.8	26.1	25.0
Combined ratio	<u>93.6</u>	<u>97.1</u>	<u>93.6</u>	<u>89.9</u>	<u>94.2</u>	<u>100.8</u>	<u>98.4</u>	<u>94.8</u>	<u>97.8</u>
Effect of catastrophe losses on combined ratio	<u>10.6</u>	<u>12.4</u>	<u>9.8</u>	<u>3.8</u>	<u>6.1</u>	<u>12.3</u>	<u>10.7</u>	<u>11.0</u>	<u>9.7</u>
Effect of restructuring and related charges on combined ratio	<u>0.2</u>	<u>0.6</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>	<u>0.1</u>
Effect of amortization of purchased intangible assets on combined ratio	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>-</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>	<u>0.1</u>
<b>Discontinued Lines and Coverages Underwriting Summary</b>									
Premiums written	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
Premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims and claims expense	(88)	(3)	(2)	(3)	(99)	(2)	(1)	(93)	(102)
Operating costs and expenses	-	(2)	-	-	(1)	-	(1)	(2)	(2)
Underwriting loss	<u>\$ (88)</u>	<u>\$ (5)</u>	<u>\$ (2)</u>	<u>\$ (3)</u>	<u>\$ (100)</u>	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ (95)</u>	<u>\$ (104)</u>
Effect of Discontinued Lines and Coverages on the Property-Liability combined ratio	<u>1.1</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>1.3</u>	<u>-</u>	<u>0.1</u>	<u>0.4</u>	<u>0.4</u>
<b>Allstate Protection Underwriting Income (Loss) by Brand</b>									
Allstate brand	\$ 536	\$ 292	\$ 588	\$ 793	\$ 493	\$ (10)	\$ 171	\$ 1,416	\$ 654
Esurance brand	(19)	(26)	(10)	(21)	(41)	(37)	(25)	(55)	(103)
Encompass brand	29	(12)	(33)	29	5	(15)	(18)	(16)	(28)
SquareTrade	(29)	(22)	(35)	-	-	-	-	(86)	-
Answer Financial	-	-	(1)	(2)	(2)	(2)	(1)	(1)	(5)
Underwriting income (loss)	<u>\$ 517</u>	<u>\$ 232</u>	<u>\$ 509</u>	<u>\$ 799</u>	<u>\$ 455</u>	<u>\$ (64)</u>	<u>\$ 127</u>	<u>\$ 1,258</u>	<u>\$ 518</u>

**THE ALLSTATE CORPORATION**  
**PROPERTY-LIABILITY PREMIUMS WRITTEN BY BRAND**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Allstate brand <sup>(1)</sup></b>									
Auto	\$ 5,096	\$ 4,925	\$ 4,882	\$ 4,756	\$ 4,940	\$ 4,767	\$ 4,746	\$ 14,903	\$ 14,453
Homeowners	1,921	1,847	1,403	1,638	1,869	1,831	1,392	5,171	5,092
Landlord	138	130	120	133	141	133	122	388	396
Renter	86	75	67	68	84	75	67	228	226
Condominium	71	68	55	63	70	67	53	194	190
Other	159	168	126	129	152	153	111	453	416
Other personal lines	454	441	368	393	447	428	353	1,263	1,228
Commercial lines	116	124	123	115	123	135	126	363	384
Other business lines	168	174	173	158	185	183	183	515	551
	<u>7,755</u>	<u>7,511</u>	<u>6,949</u>	<u>7,060</u>	<u>7,564</u>	<u>7,344</u>	<u>6,800</u>	<u>22,215</u>	<u>21,708</u>
<b>Esurance brand</b>									
Auto	427	386	439	382	428	376	439	1,252	1,243
Homeowners	24	20	16	15	16	14	11	60	41
Other personal lines	2	2	2	2	2	2	2	6	6
	<u>453</u>	<u>408</u>	<u>457</u>	<u>399</u>	<u>446</u>	<u>392</u>	<u>452</u>	<u>1,318</u>	<u>1,290</u>
<b>Encompass brand</b>									
Auto	141	148	125	138	153	162	138	414	453
Homeowners	108	112	91	103	121	126	104	311	351
Other personal lines	22	25	20	22	25	27	21	67	73
	<u>271</u>	<u>285</u>	<u>236</u>	<u>263</u>	<u>299</u>	<u>315</u>	<u>263</u>	<u>792</u>	<u>877</u>
<b>SquareTrade</b>	104	85	81	-	-	-	-	270	-
<b>Allstate Protection</b>	8,583	8,289	7,723	7,722	8,309	8,051	7,515	24,595	23,875
<b>Discontinued Lines and Coverages <sup>(2)</sup></b>	-	-	-	1	2	-	-	-	2
<b>Property-Liability</b>	<u>\$ 8,583</u>	<u>\$ 8,289</u>	<u>\$ 7,723</u>	<u>\$ 7,723</u>	<u>\$ 8,311</u>	<u>\$ 8,051</u>	<u>\$ 7,515</u>	<u>\$ 24,595</u>	<u>\$ 23,877</u>
<b>Allstate Protection</b>									
Auto	\$ 5,664	\$ 5,459	\$ 5,446	\$ 5,276	\$ 5,521	\$ 5,305	\$ 5,323	\$ 16,569	\$ 16,149
Homeowners	2,053	1,979	1,510	1,756	2,006	1,971	1,507	5,542	5,484
Other personal lines	478	468	390	417	474	457	376	1,336	1,307
Commercial lines	116	124	123	115	123	135	126	363	384
Other business lines	168	174	173	158	185	183	183	515	551
SquareTrade	104	85	81	-	-	-	-	270	-
	<u>\$ 8,583</u>	<u>\$ 8,289</u>	<u>\$ 7,723</u>	<u>\$ 7,722</u>	<u>\$ 8,309</u>	<u>\$ 8,051</u>	<u>\$ 7,515</u>	<u>\$ 24,595</u>	<u>\$ 23,875</u>
<b>Non-Proprietary Premiums</b>									
Ivantage <sup>(3)</sup>	\$ 1,609	\$ 1,584	\$ 1,566	\$ 1,544	\$ 1,531	\$ 1,528	\$ 1,504	\$ 4,759	\$ 4,563
Answer Financial <sup>(4)</sup>	153	148	153	140	158	150	151	454	459
<b><sup>(1)</sup> Canada premiums included in Allstate brand</b>									
Auto	\$ 236	\$ 228	\$ 171	\$ 182	\$ 220	\$ 234	\$ 164	\$ 635	\$ 618
Homeowners	69	65	44	52	64	64	41	178	169
Other personal lines	19	16	12	13	16	16	10	47	42
	<u>\$ 324</u>	<u>\$ 309</u>	<u>\$ 227</u>	<u>\$ 247</u>	<u>\$ 300</u>	<u>\$ 314</u>	<u>\$ 215</u>	<u>\$ 860</u>	<u>\$ 829</u>

(2) Primarily represents retrospective reinsurance premium recognized when billed.

(3) Represents non-proprietary premiums under management as of the end of the period related to personal and commercial line products offered by Ivantage when an Allstate product is not available. Fees for the three and nine months ended September 30, 2017 were \$28.0 million and \$78.3 million, respectively.

(4) Represents non-proprietary premiums written for the period. Commissions earned for the three and nine months ended September 30, 2017 were \$17.8 million and \$53.8 million, respectively.

**THE ALLSTATE CORPORATION**  
**PROPERTY-LIABILITY**  
**IMPACT OF NET RATE CHANGES APPROVED ON PREMIUMS WRITTEN**

	Three months ended September 30, 2017 <sup>(1)</sup>			Three months ended June 30, 2017			Three months ended March 31, 2017		
	Number of locations <sup>(7)</sup>	Total brand (%) <sup>(8)</sup>	Location specific (%) <sup>(9)</sup>	Number of locations	Total brand (%)	Location specific (%)	Number of locations	Total brand (%)	Location specific (%)
<b>Allstate brand</b>									
Auto <sup>(2)(3)(4)</sup>	17	0.4	3.0	23	0.7	3.2	18	1.7 <sup>(10)</sup>	5.3 <sup>(10)</sup>
Homeowners <sup>(5)(6)</sup>	8	0.5	5.3	3	0.1	2.0	14	1.0	4.2
<b>Esurance brand</b>									
Auto	16	2.0	5.6	12	1.7	5.6	7	0.7	5.3
Homeowners	-	-	-	-	-	-	-	-	-
<b>Encompass brand</b>									
Auto	8	0.8	4.5	11	2.3	7.5	5	1.4	7.2
Homeowners	6	0.9	6.0	9	2.8	8.9	3	0.2	3.4
	Three months ended December 31, 2016			Three months ended September 30, 2016			Three months ended June 30, 2016		
	Number of locations	Total brand (%)	Location specific (%)	Number of locations	Total brand (%)	Location specific (%)	Number of locations	Total brand (%)	Location specific (%)
<b>Allstate brand</b>									
Auto <sup>(2)(3)(4)</sup>	23	1.3	5.6	25	1.0	7.1	35	3.2	6.2
Homeowners <sup>(5)(6)</sup>	12	0.5	4.7	10	0.2	4.6	11	0.8	4.9
<b>Esurance brand</b>									
Auto	13	2.2	6.2	9	0.4	2.3	15	1.3	5.6
Homeowners	1	(0.5)	(10)	N/A	N/A	N/A	N/A	N/A	N/A
<b>Encompass brand</b>									
Auto	8	3.2	9.9	9	1.6	8.8	10	4.1	9.5
Homeowners	6	0.6	3.3	5	1.4	9.2	6	1.7	8.1

<sup>(1)</sup> Rate changes include changes approved based on our net cost of reinsurance. These rate changes do not reflect initial rates filed for insurance subsidiaries initially writing business. Based on historical premiums written in those 50 states, the District of Columbia and Canadian provinces, rate changes approved for Allstate brand, Esurance brand and Encompass brand for the three month period ending September 30, 2017 are estimated to total \$156 million. Rate changes do not include rating plan enhancements, including the introduction of discounts and surcharges that result in no change in the overall rate level in a location.

<sup>(2)</sup> Impacts of Allstate brand auto effective rate changes as a percentage of total brand prior year-end premiums written were 0.4%, 1.8%, 1.1%, 1.1%, 1.5% and 3.4% for the three months ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016, respectively. Rate changes are included in the effective calculations in the period the rate change is effective for renewal contracts.

<sup>(3)</sup> Allstate brand auto rate changes were 4.1%, 4.7%, 7.2%, 7.2%, 7.8% and 8.4% for the trailing twelve months ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016, respectively.

<sup>(4)</sup> Allstate brand auto rate changes were cumulatively \$3.30 billion or 17.8% for the period of 2015 through September 30, 2017.

<sup>(5)</sup> Impacts of Allstate brand homeowners effective rate changes as a percentage of total brand prior year-end premiums written were 0.6%, 0.1%, 0.9%, 0.6%, 0.6% and 0.5% for the three months ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016, respectively.

<sup>(6)</sup> Allstate brand homeowner rate changes were cumulatively \$453 million or 6.6% for the period of 2015 through September 30, 2017.

<sup>(7)</sup> Allstate brand auto and homeowners operates in 50 states, the District of Columbia, and 5 Canadian provinces. Esurance brand auto operates in 43 states and 2 Canadian provinces. Esurance brand homeowners operates in 31 states and 2 Canadian provinces. Encompass brand auto and homeowners operates in 39 states and the District of Columbia.

<sup>(8)</sup> Represents the impact in the states, the District of Columbia and Canadian provinces where rate changes were approved during the period as a percentage of total brand prior year-end premiums written.

<sup>(9)</sup> Represents the impact in the states, the District of Columbia and Canadian provinces where rate changes were approved during the period as a percentage of its respective total prior year-end premiums written in those same locations.

<sup>(10)</sup> Includes a rate increase in California in first quarter 2017. Excluding California, Allstate brand auto total brand and location specific rate changes were 1.1% and 4.7% for the three months ended March 31, 2017, respectively.

**THE ALLSTATE CORPORATION**  
**ALLSTATE BRAND PROFITABILITY MEASURES**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
Net premiums written	\$ 7,755	\$ 7,511	\$ 6,949	\$ 7,060	\$ 7,564	\$ 7,344	\$ 6,800	\$ 22,215	\$ 21,708
Net premiums earned									
Auto	\$ 4,951	\$ 4,883	\$ 4,839	\$ 4,826	\$ 4,793	\$ 4,745	\$ 4,667	\$ 14,673	\$ 14,205
Homeowners	1,707	1,691	1,688	1,691	1,683	1,684	1,678	5,086	5,045
Other personal lines	414	411	405	403	399	397	393	1,230	1,189
Commercial lines	124	118	125	123	127	127	129	367	383
Other business lines	146	142	141	145	150	142	143	429	435
Total	<u>7,342</u>	<u>7,245</u>	<u>7,198</u>	<u>7,188</u>	<u>7,152</u>	<u>7,095</u>	<u>7,010</u>	<u>21,785</u>	<u>21,257</u>
Incurred losses									
Auto	\$ 3,456	\$ 3,441	\$ 3,224	\$ 3,416	\$ 3,610	\$ 3,634	\$ 3,519	\$ 10,121	\$ 10,763
Homeowners	988	1,273	1,194	765	893	1,260	1,190	3,455	3,343
Other personal lines	312	258	265	234	236	256	261	835	753
Commercial lines	103	86	96	109	112	135	119	285	366
Other business lines	63	54	52	60	69	64	61	169	194
Total	<u>4,922</u>	<u>5,112</u>	<u>4,831</u>	<u>4,584</u>	<u>4,920</u>	<u>5,349</u>	<u>5,150</u>	<u>14,865</u>	<u>15,419</u>
Expenses									
Auto	\$ 1,242	\$ 1,236	\$ 1,161	\$ 1,181	\$ 1,134	\$ 1,168	\$ 1,103	\$ 3,639	\$ 3,405
Homeowners	400	371	387	396	384	373	377	1,158	1,134
Other personal lines	120	115	112	117	113	106	103	347	322
Commercial lines	36	34	33	34	34	35	38	103	107
Other business lines	86	85	86	83	74	74	68	257	216
Total	<u>1,884</u>	<u>1,841</u>	<u>1,779</u>	<u>1,811</u>	<u>1,739</u>	<u>1,756</u>	<u>1,689</u>	<u>5,504</u>	<u>5,184</u>
Underwriting income (loss)									
Auto	\$ 253	\$ 206	\$ 454	\$ 229	\$ 49	\$ (57)	\$ 45	\$ 913	\$ 37
Homeowners	319	47	107	530	406	51	111	473	568
Other personal lines	(18)	38	28	52	50	35	29	48	114
Commercial lines	(15)	(2)	(4)	(20)	(19)	(43)	(28)	(21)	(90)
Other business lines	(3)	3	3	2	7	4	14	3	25
Total	<u>536</u>	<u>292</u>	<u>588</u>	<u>793</u>	<u>493</u>	<u>(10)</u>	<u>171</u>	<u>1,416</u>	<u>654</u>
Loss ratio	67.0	70.6	67.1	63.8	68.8	75.4	73.5	68.2	72.5
Expense ratio	<u>25.7</u>	<u>25.4</u>	<u>24.7</u>	<u>25.2</u>	<u>24.3</u>	<u>24.7</u>	<u>24.1</u>	<u>25.3</u>	<u>24.4</u>
Combined ratio	<u>92.7</u>	<u>96.0</u>	<u>91.8</u>	<u>89.0</u>	<u>93.1</u>	<u>100.1</u>	<u>97.6</u>	<u>93.5</u>	<u>96.9</u>
Loss ratio	67.0	70.6	67.1	63.8	68.8	75.4	73.5	68.2	72.5
Less: effect of catastrophe losses	11.3	12.7	9.8	4.0	6.2	12.9	11.2	11.3	10.0
effect of prior year non-catastrophe reserve reestimates	<u>(2.9)</u>	<u>(1.1)</u>	<u>(1.5)</u>	<u>(1.5)</u>	<u>-</u>	<u>(0.3)</u>	<u>0.3</u>	<u>(1.9)</u>	<u>-</u>
Underlying loss ratio *	<u>58.6</u>	<u>59.0</u>	<u>58.8</u>	<u>61.3</u>	<u>62.6</u>	<u>62.8</u>	<u>62.0</u>	<u>58.8</u>	<u>62.5</u>
Expense ratio	25.7	25.4	24.7	25.2	24.3	24.7	24.1	25.3	24.4
Less: effect of amortization of purchased intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>25.7</u>	<u>25.4</u>	<u>24.7</u>	<u>25.2</u>	<u>24.3</u>	<u>24.7</u>	<u>24.1</u>	<u>25.3</u>	<u>24.4</u>
Reconciliation of combined ratio to underlying combined ratio									
Combined ratio	92.7	96.0	91.8	89.0	93.1	100.1	97.6	93.5	96.9
Effect of catastrophe losses	(11.3)	(12.7)	(9.8)	(4.0)	(6.2)	(12.9)	(11.2)	(11.3)	(10.0)
Effect of prior year non-catastrophe reserve reestimates	2.9	1.1	1.5	1.5	-	0.3	(0.3)	1.9	-
Effect of amortization of purchased intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Underlying combined ratio *	<u>84.3</u>	<u>84.4</u>	<u>83.5</u>	<u>86.5</u>	<u>86.9</u>	<u>87.5</u>	<u>86.1</u>	<u>84.1</u>	<u>86.9</u>
Effect of prior year reserve reestimates on combined ratio	(3.0)	(1.1)	(1.5)	(1.6)	-	-	0.2	(1.9)	0.1
Effect of advertising expenses on combined ratio	2.0	1.8	2.0	2.4	2.2	2.2	1.5	2.0	2.0

**THE ALLSTATE CORPORATION**  
**ALLSTATE BRAND STATISTICS <sup>(1)</sup>**

	Three months ended						Nine months ended		
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>New Issued Applications</b> (in thousands) <sup>(2)</sup>									
Auto <sup>(3)</sup>	651	639	610	562	584	582	584	1,900	1,750
Homeowners <sup>(4)</sup>	198	195	163	167	188	193	164	556	545
<b>Average Premium - Gross Written</b> (\$) <sup>(5)</sup>									
Auto	556	544	538	537	532	516	507	546	518
Homeowners	1,203	1,192	1,187	1,181	1,181	1,171	1,174	1,194	1,176
<b>Average Premium - Net Earned</b> (\$) <sup>(6)</sup>									
Auto	507	499	492	487	479	471	461	499	470
Homeowners	1,119	1,106	1,106	1,105	1,099	1,090	1,082	1,110	1,090
<b>Renewal Ratio</b> (%) <sup>(7)</sup>									
Auto <sup>(8)</sup>	87.7	87.4	87.4	87.4	87.5	88.0	88.0	87.5	87.9
Homeowners <sup>(9)</sup>	87.5	87.0	87.1	87.5	87.9	87.8	88.1	87.2	87.9
<b>Auto Claim Frequency</b> <sup>(10)</sup>									
<b>(% change year-over-year)</b>									
Bodily Injury Gross	(5.6)	(4.7)	(6.0)	(2.0)	0.3	2.8	1.1	(5.5)	1.4
Bodily Injury Paid <sup>(11)</sup>	(9.1)	(23.7)	(20.5)	(19.2)	(19.6)	1.5	5.9	(18.5)	(4.0)
Property Damage Gross	(8.0)	(5.2)	(3.9)	1.2	3.9	5.6	2.1	(5.7)	3.8
Property Damage Paid <sup>(12)</sup>	(9.0)	(3.4)	(3.2)	(1.2)	0.1	(0.1)	2.4	(5.2)	0.8
<b>Auto Paid Claim Severity</b> <sup>(13)</sup>									
<b>(% change year-over-year)</b>									
Bodily injury <sup>(11)</sup>	15.0	28.3	25.1	18.8	12.4	(2.3)	(5.5)	23.3	0.7
Property damage	4.9	1.6	4.8	1.9	1.9	5.3	7.5	3.8	4.8
<b>Homeowners Excluding Catastrophe Losses</b>									
<b>(% change year-over-year)</b>									
Gross Claim frequency <sup>(10)</sup>	(2.6)	6.0	7.6	2.2	5.2	(12.5)	(7.7)	3.3	(5.1)
Paid Claim frequency <sup>(10)</sup>	(5.4)	7.1	2.3	(0.5)	0.7	(14.3)	(2.0)	1.0	(5.4)
Paid Claim severity	8.1	(0.2)	4.1	1.8	(0.5)	4.7	(2.7)	4.1	0.6

(1) Statistics presented for Allstate brand exclude excess and surplus lines.

(2) New Issued Applications: Item counts of automobiles or homeowners insurance applications for insurance policies that were issued during the period, regardless of whether the customer was previously insured by another Allstate Protection brand. Allstate brand includes automobiles added by existing customers when they exceed the number allowed (currently 10) on a policy.

(3) 41 states, including all of our 10 largest states, experienced increases in new issued applications in the third quarter of 2017 compared to the same period of 2016. 40 states, including 8 of our 10 largest states, experienced increases in new issued applications in the first nine months of 2017 compared to the same period of 2016.

(4) Of our largest 10 states, 6 experienced increases in new issued applications in both the third quarter and first nine months of 2017 compared to the same periods of 2016.

(5) Average Premium - Gross Written: Gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts, surcharges and ceded reinsurance premiums and exclude the impacts from mid-term premium adjustments and premium refund accruals. Average premiums represent the appropriate policy term for each line, which is 6 months for auto and 12 months for homeowners.

(6) Average Premium - Net Earned: Earned premium divided by average policies in force for the period. Earned premium includes the impacts from mid-term premium adjustments and ceded reinsurance, but does not include impacts of premium refund accruals. Average premiums represent the appropriate policy term for each line, which is 6 months for auto and 12 months for homeowners.

(7) Renewal ratio: Renewal policies issued during the period, based on contract effective dates, divided by the total policies issued 6 months prior for auto or 12 months prior for homeowners.

(8) 6 and 3 of our largest 10 states experienced increases in the renewal ratio in the third quarter and first nine months of 2017, respectively, compared to the same periods of 2016.

(9) Of our largest 10 states, 3 and 2 experienced an increase in the renewal ratio in the third quarter and first nine months of 2017, respectively, compared to the same periods of 2016.

(10) Paid claim frequency is calculated as annualized notice counts closed with payment in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency is calculated as annualized notice counts received in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts, regardless of their current status (open or closed) or their ultimate disposition (closed with a payment or closed without payment). Frequency statistics exclude counts associated with catastrophe events. The percent change in paid or gross claim frequency is calculated as the amount of increase or decrease in the paid or gross claim frequency in the current period compared to the same period in the prior year; divided by the prior year paid or gross claim frequency.

(11) Bodily injury claim process changes in the second half of 2016 related to enhanced documentation of injuries and related medical treatments are having a related impact on paid claim frequency and severity due to payment mix and claim closure patterns. These process changes were implemented through the second half of 2016 and normalized during the first half of 2017 and the related impacts on the percent change in paid claim frequency and severity have begun to moderate in third quarter 2017.

(12) 47 states experienced a year over year decrease in property damage paid claim frequency in third quarter 2017 compared to third quarter 2016.

(13) Paid claim severity is calculated by dividing the sum of paid losses and loss expenses by claims closed with a payment during the period. The percent change in paid claim severity is calculated as the amount of increase or decrease in paid claim severity in the current period compared to the same period in the prior year; divided by the prior year paid claims severity.

**THE ALLSTATE CORPORATION**  
**ALLSTATE BRAND AUTO CLAIM FREQUENCY ANALYSIS <sup>(1)</sup>**  
**BODILY INJURY % CHANGE IN GROSS AND PAID CLAIM FREQUENCY**

2012				2013				2014				2015				2016				2017		
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3

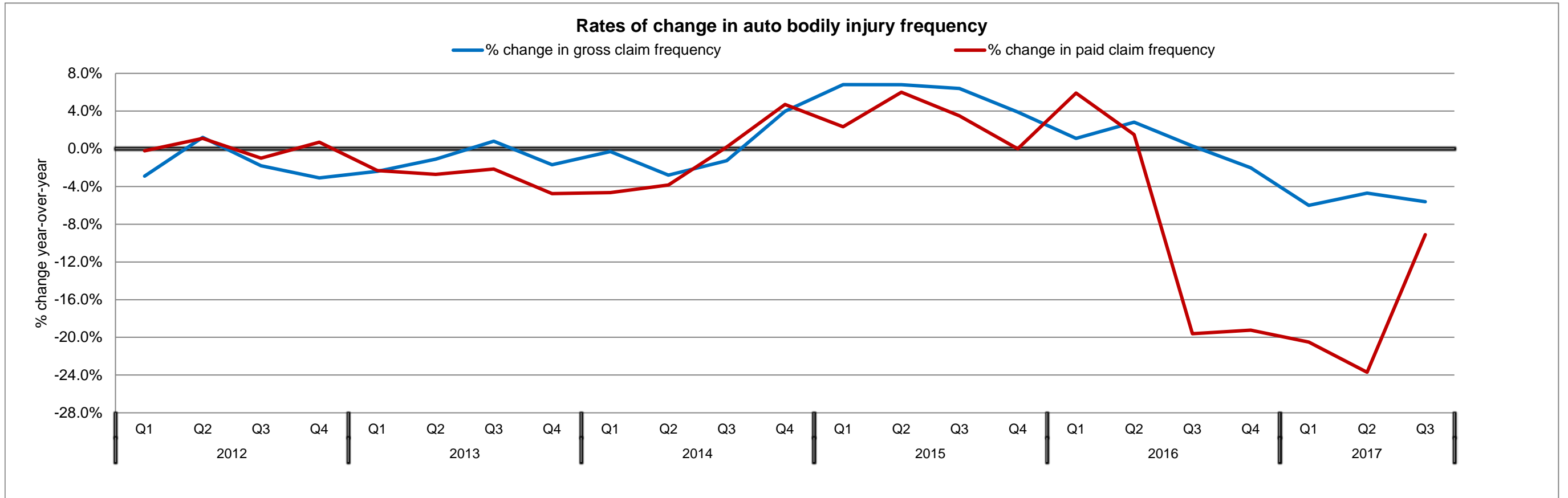
**Change in auto claim frequency <sup>(2)</sup>**

(% change in frequency rate year over year)

**% Change in gross claim frequency**

**% Change in paid claim frequency <sup>(3)</sup>**

-2.9%	1.2%	-1.8%	-3.1%	-2.4%	-1.1%	0.8%	-1.7%	-0.3%	-2.8%	-1.3%	4.0%	6.8%	6.8%	6.4%	3.9%	1.1%	2.8%	0.3%	-2.0%	-6.0%	-4.7%	-5.6%
-0.2%	1.1%	-1.0%	0.7%	-2.3%	-2.7%	-2.1%	-4.7%	-4.7%	-3.8%	0.2%	4.7%	2.3%	6.0%	3.5%	0.0%	5.9%	1.5%	-19.6%	-19.2%	-20.5%	-23.7%	-9.1%



<sup>(1)</sup> Frequency statistics exclude counts associated with catastrophe events.

<sup>(2)</sup> Paid claim frequency is calculated as annualized notice counts closed with payment in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency is calculated as annualized notice counts received in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts, regardless of their current status (open or closed) or their ultimate disposition (closed with a payment or closed without payment). Frequency statistics exclude counts associated with catastrophe events. The percent change in paid or gross claim frequency is calculated as the amount of increase or decrease in the paid or gross claim frequency in the current period compared to the same period in the prior year; divided by the prior year paid or gross claim frequency.

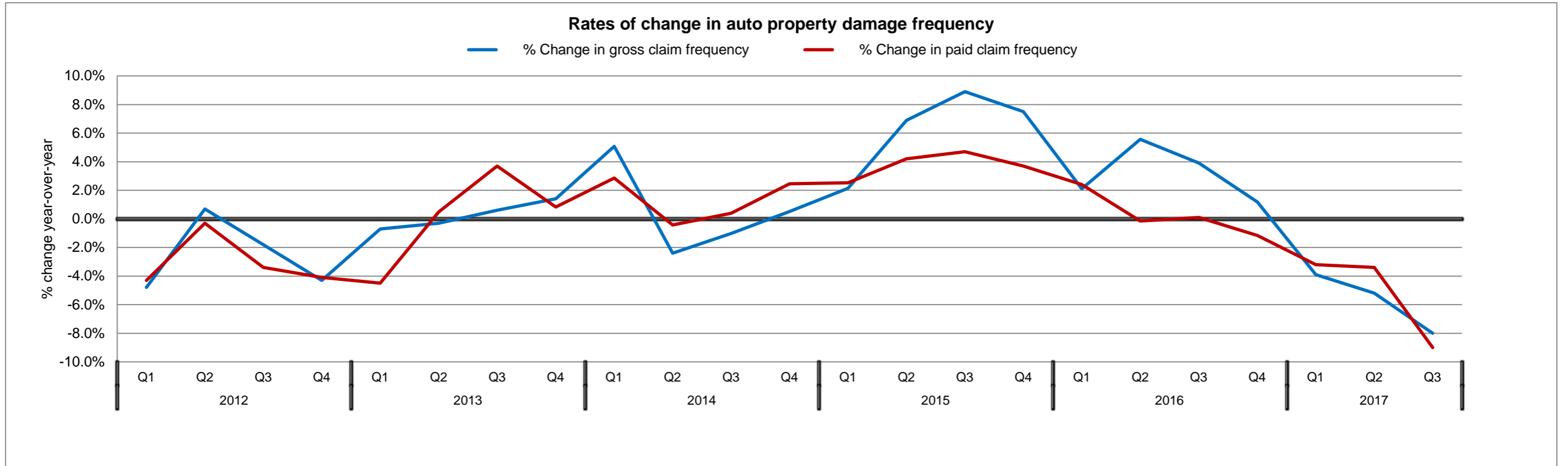
<sup>(3)</sup> Bodily injury claim process changes in the second half of 2016 related to enhanced documentation of injuries and related medical treatments are having a related impact on paid claim frequency and severity due to payment mix and claim closure patterns. These process changes were implemented through the second half of 2016 and normalized during the first half of 2017 and the related impacts on the percent change in paid claim frequency and severity have begun to moderate in third quarter 2017.

**THE ALLSTATE CORPORATION**  
**ALLSTATE BRAND AUTO CLAIM FREQUENCY ANALYSIS <sup>(1)</sup>**  
**PROPERTY DAMAGE % CHANGE IN GROSS AND PAID CLAIM FREQUENCY**

2012				2013				2014				2015				2016				2017		
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3

**Change in auto claim frequency <sup>(2)</sup>**  
 (% change in frequency rate year over year)  
**% Change in gross claim frequency**  
**% Change in paid claim frequency**

-4.8%	0.7%	-1.8%	-4.3%	-0.7%	-0.3%	0.6%	1.4%	5.1%	-2.4%	-1.0%	0.5%	2.1%	6.9%	8.9%	7.5%	2.1%	5.6%	3.9%	1.2%	-3.9%	-5.2%	-8.0%
-4.3%	-0.3%	-3.4%	-4.1%	-4.5%	0.5%	3.7%	0.8%	2.9%	-0.4%	0.4%	2.5%	2.5%	4.2%	4.7%	3.7%	2.4%	-0.1%	0.1%	-1.2%	-3.2%	-3.4%	-9.0%



<sup>(1)</sup> Frequency statistics exclude counts associated with catastrophe events.

<sup>(2)</sup> Paid claim frequency is calculated as annualized notice counts closed with payment in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency is calculated as annualized notice counts received in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts, regardless of their current status (open or closed) or their ultimate disposition (closed with a payment or closed without payment). Frequency statistics exclude counts associated with catastrophe events. The percent change in paid or gross claim frequency is calculated as the amount of increase or decrease in the paid or gross claim frequency in the current period compared to the same period in the prior year; divided by the prior year paid or gross claim frequency.

**THE ALLSTATE CORPORATION**  
**ESURANCE PROFITABILITY MEASURES AND STATISTICS**

(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
Net premiums written	\$ 453	\$ 408	\$ 457	\$ 399	\$ 446	\$ 392	\$ 452	\$ 1,318	\$ 1,290
Net premiums earned									
Auto	\$ 411	\$ 411	\$ 403	\$ 408	\$ 405	\$ 403	\$ 394	\$ 1,225	\$ 1,202
Homeowners	19	16	14	13	11	10	8	49	29
Other personal lines	2	2	2	2	2	2	2	6	6
Total	432	429	419	423	418	415	404	1,280	1,237
Incurring losses									
Auto	\$ 322	\$ 324	\$ 300	\$ 310	\$ 313	\$ 308	\$ 289	\$ 946	\$ 910
Homeowners	14	21	13	8	11	10	4	48	25
Other personal lines	1	1	1	1	2	1	1	3	4
Total	337	346	314	319	326	319	294	997	939
Expenses									
Auto	\$ 104	\$ 100	\$ 107	\$ 114	\$ 111	\$ 107	\$ 123	\$ 311	\$ 341
Homeowners	9	8	8	10	22	25	11	25	58
Other personal lines	1	1	-	1	-	1	1	2	2
Total	114	109	115	125	133	133	135	338	401
Underwriting income (loss)									
Auto <sup>(1)</sup>	\$ (15)	\$ (13)	\$ (4)	\$ (16)	\$ (19)	\$ (12)	\$ (18)	\$ (32)	\$ (49)
Homeowners	(4)	(13)	(7)	(5)	(22)	(25)	(7)	(24)	(54)
Other personal lines	-	-	1	-	-	-	-	1	-
Total	(19)	(26)	(10)	(21)	(41)	(37)	(25)	(55)	(103)
Loss ratio	78.0	80.7	74.9	75.4	78.0	76.9	72.8	77.9	75.9
Expense ratio	26.4	25.4	27.5	29.6	31.8	32.0	33.4	26.4	32.4
Combined ratio	104.4	106.1	102.4	105.0	109.8	108.9	106.2	104.3	108.3
Loss ratio	78.0	80.7	74.9	75.4	78.0	76.9	72.8	77.9	75.9
Less: effect of catastrophe losses	3.9	5.6	1.9	1.2	3.3	3.4	0.7	3.8	2.5
effect of prior year non-catastrophe reserve reestimates	(0.2)	-	-	(2.1)	(1.0)	(1.0)	(1.0)	(0.1)	(1.0)
Underlying loss ratio *	74.3	75.1	73.0	76.3	75.7	74.5	73.1	74.2	74.4
Expense ratio	26.4	25.4	27.5	29.6	31.8	32.0	33.4	26.4	32.4
Less: effect of amortization of purchased intangible assets	0.2	-	0.3	0.9	1.5	1.7	1.5	0.2	1.5
Expense ratio, excluding the effect of amortization of purchased intangible assets	26.2	25.4	27.2	28.7	30.3	30.3	31.9	26.2	30.9
Reconciliation of combined ratio to underlying combined ratio									
Combined ratio <sup>(1)</sup>	104.4	106.1	102.4	105.0	109.8	108.9	106.2	104.3	108.3
Effect of catastrophe losses	(3.9)	(5.6)	(1.9)	(1.2)	(3.3)	(3.4)	(0.7)	(3.8)	(2.5)
Effect of prior year non-catastrophe reserve reestimates	0.2	-	-	2.1	1.0	1.0	1.0	0.1	1.0
Effect of amortization of purchased intangible assets	(0.2)	-	(0.3)	(0.9)	(1.5)	(1.7)	(1.5)	(0.2)	(1.5)
Underlying combined ratio *	100.5	100.5	100.2	105.0	106.0	104.8	105.0	100.4	105.3
Effect of prior year reserve reestimates on combined ratio	(0.2)	(0.2)	-	(2.1)	(1.0)	(1.0)	(1.0)	(0.2)	(1.0)
Effect of advertising expenses on combined ratio	9.3	8.6	8.6	9.2	11.7	12.2	11.6	8.8	11.9
Policies in Force (in thousands)									
Auto	1,369	1,388	1,400	1,391	1,395	1,409	1,428	1,369	1,395
Homeowners	76	69	63	58	52	44	37	76	52
Other personal lines	45	47	48	47	47	47	46	45	47
Total	1,490	1,504	1,511	1,496	1,494	1,500	1,511	1,490	1,494
New Issued Applications (in thousands)									
Auto	116	120	143	137	151	141	168	379	460
Homeowners	10	9	8	9	10	11	7	27	28
Other personal lines	6	7	8	8	9	8	10	21	27
Total	132	136	159	154	170	160	185	427	515
Average Premium - Gross Written (\$)									
Auto	574	564	571	555	546	538	547	570	544
Homeowners	924	910	919	861	872	855	891	919	877
Renewal Ratio (%)									
Auto	81.8	81.9	80.4	79.3	78.9	80.0	79.6	81.3	79.5
Homeowners <sup>(2)</sup>	85.8	86.1	83.5	82.9	83.1	83.9	81.6	85.3	83.3

<sup>(1)</sup> Auto underwriting income includes an underwriting loss related to Esurance expansion into Canada of \$3 million and \$2 million or 0.7 points and 0.5 points on the combined ratio and underlying combined ratio in the third quarter of 2017 and 2016.

<sup>(2)</sup> Esurance's renewal ratios exclude the impact of risk related cancellations. Customers can enter into a policy without a physical inspection. During the underwriting review period, a number of policies may be canceled if upon inspection the condition is unsatisfactory, causing the renewal ratio to appear lower.



**THE ALLSTATE CORPORATION**  
**ENCOMPASS BRAND PROFITABILITY MEASURES AND STATISTICS**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
Net premiums written	\$ 271	\$ 285	\$ 236	\$ 263	\$ 299	\$ 315	\$ 263	\$ 792	\$ 877
Net premiums earned									
Auto	\$ 140	\$ 143	\$ 146	\$ 151	\$ 155	\$ 158	\$ 159	\$ 429	\$ 472
Homeowners	106	108	113	115	119	121	124	327	364
Other personal lines	23	23	24	24	25	25	26	70	76
Total	<u>269</u>	<u>274</u>	<u>283</u>	<u>290</u>	<u>299</u>	<u>304</u>	<u>309</u>	<u>826</u>	<u>912</u>
Incurred losses									
Auto	\$ 91	\$ 105	\$ 104	\$ 104	\$ 117	\$ 130	\$ 123	\$ 300	\$ 370
Homeowners	54	84	108	60	74	85	85	246	244
Other personal lines	13	10	21	13	17	16	31	44	64
Total	<u>158</u>	<u>199</u>	<u>233</u>	<u>177</u>	<u>208</u>	<u>231</u>	<u>239</u>	<u>590</u>	<u>678</u>
Expenses									
Auto	\$ 43	\$ 46	\$ 43	\$ 44	\$ 44	\$ 45	\$ 45	\$ 132	\$ 134
Homeowners	32	34	33	33	34	36	36	99	106
Other personal lines	7	7	7	7	8	7	7	21	22
Total	<u>82</u>	<u>87</u>	<u>83</u>	<u>84</u>	<u>86</u>	<u>88</u>	<u>88</u>	<u>252</u>	<u>262</u>
Underwriting income (loss)									
Auto	\$ 6	\$ (8)	\$ (1)	\$ 3	\$ (6)	\$ (17)	\$ (9)	\$ (3)	\$ (32)
Homeowners	20	(10)	(28)	22	11	-	3	(18)	14
Other personal lines	3	6	(4)	4	-	2	(12)	5	(10)
Total	<u>29</u>	<u>(12)</u>	<u>(33)</u>	<u>29</u>	<u>5</u>	<u>(15)</u>	<u>(18)</u>	<u>(16)</u>	<u>(28)</u>
Loss ratio	58.7	72.6	82.4	61.0	69.6	76.0	77.3	71.4	74.4
Expense ratio	30.5	31.8	29.3	29.0	28.7	28.9	28.5	30.5	28.7
Combined ratio	<u>89.2</u>	<u>104.4</u>	<u>111.7</u>	<u>90.0</u>	<u>98.3</u>	<u>104.9</u>	<u>105.8</u>	<u>101.9</u>	<u>103.1</u>
Loss ratio	58.7	72.6	82.4	61.0	69.6	76.0	77.3	71.4	74.4
Less: effect of catastrophe losses	4.5	19.0	23.7	3.1	9.0	11.2	13.3	15.8	11.2
effect of prior year non-catastrophe reserve reestimates	(0.8)	(2.2)	1.4	(3.8)	-	0.9	4.2	(0.5)	1.8
Underlying loss ratio *	<u>55.0</u>	<u>55.8</u>	<u>57.3</u>	<u>61.7</u>	<u>60.6</u>	<u>63.9</u>	<u>59.8</u>	<u>56.1</u>	<u>61.4</u>
Expense ratio	30.5	31.8	29.3	29.0	28.7	28.9	28.5	30.5	28.7
Less: effect of amortization of purchased intangible assets	-	-	-	-	-	-	-	-	-
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>30.5</u>	<u>31.8</u>	<u>29.3</u>	<u>29.0</u>	<u>28.7</u>	<u>28.9</u>	<u>28.5</u>	<u>30.5</u>	<u>28.7</u>
Reconciliation of combined ratio to underlying combined ratio									
Combined ratio	89.2	104.4	111.7	90.0	98.3	104.9	105.8	101.9	103.1
Effect of catastrophe losses	(4.5)	(19.0)	(23.7)	(3.1)	(9.0)	(11.2)	(13.3)	(15.8)	(11.2)
Effect of prior year non-catastrophe reserve reestimates	0.8	2.2	(1.4)	3.8	-	(0.9)	(4.2)	0.5	(1.8)
Underlying combined ratio *	<u>85.5</u>	<u>87.6</u>	<u>86.6</u>	<u>90.7</u>	<u>89.3</u>	<u>92.8</u>	<u>88.3</u>	<u>86.6</u>	<u>90.1</u>
Effect of prior year reserve reestimates on combined ratio	(0.8)	(2.9)	2.1	(3.8)	0.3	0.3	4.5	(0.5)	1.8
Effect of advertising expenses on combined ratio	0.4	-	-	0.3	-	0.3	-	0.1	0.1
Policies in Force (in thousands)									
Auto	548	571	595	622	649	676	701	548	649
Homeowners	262	273	284	295	305	318	329	262	305
Other personal lines	88	91	94	98	101	105	108	88	101
Total	<u>898</u>	<u>935</u>	<u>973</u>	<u>1,015</u>	<u>1,055</u>	<u>1,099</u>	<u>1,138</u>	<u>898</u>	<u>1,055</u>
New Issued Applications (in thousands)									
Auto	13	13	12	11	13	15	15	38	43
Homeowners	8	8	7	7	9	9	9	23	27
Average Premium - Gross Written (\$)									
Auto	1,087	1,065	1,057	1,043	1,022	988	981	1,070	997
Homeowners	1,703	1,667	1,659	1,650	1,659	1,629	1,618	1,677	1,636
Renewal Ratio (%)									
Auto	72.0	74.2	73.1	73.1	73.1	75.5	76.1	73.2	74.9
Homeowners	77.7	78.7	78.2	78.3	77.9	79.9	81.5	78.2	79.7

**THE ALLSTATE CORPORATION**  
**SQUARETRADE PROFITABILITY MEASURES <sup>(1)</sup>**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
Net premiums written	\$ 104	\$ 85	\$ 81	\$ -	\$ -	\$ -	\$ -	\$ 270	\$ -
Net premiums earned	\$ 78	\$ 70	\$ 59	\$ -	\$ -	\$ -	\$ -	\$ 207	\$ -
Claims and claims expense	\$ (40)	\$ (29) <sup>(2)</sup>	\$ (36)	\$ -	\$ -	\$ -	\$ -	\$ (105)	\$ -
Amortization of deferred policy acquisition costs	\$ (11)	\$ (10)	\$ (8)	\$ -	\$ -	\$ -	\$ -	\$ (29)	\$ -
Other costs and expenses	(33)	(30)	(27)	-	-	-	-	(90)	-
Amortization of purchased intangible assets	(23)	(23)	(23)	-	-	-	-	(69)	-
Expenses	(67)	(63)	(58)	-	-	-	-	(188)	-
Underwriting loss	\$ (29)	\$ (22)	\$ (35)	\$ -	\$ -	\$ -	\$ -	\$ (86)	\$ -
Net investment income	-	-	-	-	-	-	-	-	-
Realized capital gains and losses	-	-	-	-	-	-	-	-	-
Income tax benefit	10	8	12	-	-	-	-	30	-
<b>Net loss applicable to common shareholders</b>	<b>\$ (19)</b>	<b>\$ (14)</b>	<b>\$ (23)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (56)</b>	<b>\$ -</b>
Realized capital gains and losses, after-tax	-	-	-	-	-	-	-	-	-
Amortization of purchased intangible assets, after-tax	15	15	15	-	-	-	-	45	-
<b>Operating (loss) income *</b>	<b>\$ (4)</b>	<b>\$ 1</b>	<b>\$ (8)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11)</b>	<b>\$ -</b>
Fair value adjustments, after-tax <sup>(3)</sup>	2	3	4	-	-	-	-	9	-
<b>Adjusted SquareTrade operating (loss) income *</b>	<b>\$ (2)</b>	<b>\$ 4</b>	<b>\$ (4)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2)</b>	<b>\$ -</b>
<b>Protection Plans in Force (in thousands) <sup>(4) (5)</sup></b>	<b>34,078</b>	<b>31,258</b>	<b>29,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,078</b>	<b>-</b>
<b>New Issued Protection Plans (in thousands) <sup>(6)</sup></b>	<b>5,122</b>	<b>3,586</b>	<b>3,840</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,548</b>	<b>-</b>

<sup>(1)</sup> SquareTrade was acquired on January 3, 2017 and is only included for the quarters and year-to-date periods of 2017.

<sup>(2)</sup> Includes a \$6 million favorable adjustment for loss experience.

<sup>(3)</sup> In connection with the acquisition, purchase accounting adjustments were made to recognize the acquired assets and liabilities at their fair value. The Company recorded unearned premiums of \$373 million, which was reduced by \$48 million, and the Company recorded contractual liability insurance policy premium expenses (reported in other assets) of \$201 million and commissions paid to retailers (reported in deferred policy acquisition costs) of \$70 million, which were reduced \$15 million, respectively. Unearned premiums, contractual liability insurance policy premium expenses, and commissions paid to retailers recorded as of the acquisition date are earned over the life of the in force contracts or approximately three years.

<sup>(4)</sup> SquareTrade had PIF of 28.5, 25.8, 24.4 and 23.0 million at December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, respectively. These numbers are prior to the acquisition of SquareTrade on January 3, 2017 and are not reflected in the periods above.

<sup>(5)</sup> Protection plan terms generally range between one and five years with an average term of three years.

<sup>(6)</sup> SquareTrade had new issued protection plans of 5.1, 2.8, 2.6 and 2.4 million at December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, respectively. These numbers are prior to the acquisition of SquareTrade on January 3, 2017 and are not reflected in the periods above.

**THE ALLSTATE CORPORATION**  
**AUTO PROFITABILITY MEASURES BY BRAND**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Allstate brand auto</b>									
Net premiums written	\$ 5,096	\$ 4,925	\$ 4,882	\$ 4,756	\$ 4,940	\$ 4,767	\$ 4,746	\$ 14,903	\$ 14,453
Net premiums earned	\$ 4,951	\$ 4,883	\$ 4,839	\$ 4,826	\$ 4,793	\$ 4,745	\$ 4,667	\$ 14,673	\$ 14,205
Incurring losses	(3,456)	(3,441)	(3,224)	(3,416)	(3,610)	(3,634)	(3,519)	(10,121)	(10,763)
Expenses	(1,242)	(1,236)	(1,161)	(1,181)	(1,134)	(1,168)	(1,103)	(3,639)	(3,405)
Underwriting income (loss)	\$ 253	\$ 206	\$ 454	\$ 229	\$ 49	\$ (57)	\$ 45	\$ 913	\$ 37
Loss ratio	69.8	70.5	66.6	70.8	75.3	76.6	75.4	69.0	75.8
Less: effect of catastrophe losses	7.4	4.2	1.3	1.2	3.1	4.1	2.9	4.4	3.4
effect of prior year non-catastrophe reserve reestimates	(3.7)	(1.2)	(1.6)	(2.0)	-	(0.7)	0.2	(2.2)	(0.2)
Underlying loss ratio *	66.1	67.5	66.9	71.6	72.2	73.2	72.3	66.8	72.6
Expense ratio	25.1	25.3	24.0	24.5	23.7	24.6	23.6	24.8	23.9
Combined ratio	94.9	95.8	90.6	95.3	99.0	101.2	99.0	93.8	99.7
Effect of catastrophe losses	(7.4)	(4.2)	(1.3)	(1.2)	(3.1)	(4.1)	(2.9)	(4.4)	(3.4)
Effect of prior year non-catastrophe reserve reestimates	3.7	1.2	1.6	2.0	-	0.7	(0.2)	2.2	0.2
Underlying combined ratio *	91.2	92.8	90.9	96.1	95.9	97.8	95.9	91.6	96.5
<b>Esurance brand auto</b>									
Net premiums written	\$ 427	\$ 386	\$ 439	\$ 382	\$ 428	\$ 376	\$ 439	\$ 1,252	\$ 1,243
Net premiums earned	\$ 411	\$ 411	\$ 403	\$ 408	\$ 405	\$ 403	\$ 394	\$ 1,225	\$ 1,202
Incurring losses	(322)	(324)	(300)	(310)	(313)	(308)	(289)	(946)	(910)
Expenses	(104)	(100)	(107)	(114)	(111)	(107)	(123)	(311)	(341)
Underwriting income (loss)	\$ (15)	\$ (13)	\$ (4)	\$ (16)	\$ (19)	\$ (12)	\$ (18)	\$ (32)	\$ (49)
Loss ratio	78.3	78.9	74.4	76.0	77.3	76.4	73.4	77.2	75.7
Less: effect of catastrophe losses	3.6	3.6	1.0	1.0	2.2	2.2	0.5	2.8	1.7
effect of prior year non-catastrophe reserve reestimates	-	0.3	-	(2.2)	(1.0)	(1.0)	(1.0)	-	(1.0)
Underlying loss ratio *	74.7	75.0	73.4	77.2	76.1	75.2	73.9	74.4	75.0
Expense ratio	25.3	24.3	26.6	27.9	27.4	26.6	31.2	25.4	28.4
Combined ratio	103.6	103.2	101.0	103.9	104.7	103.0	104.6	102.6	104.1
Effect of catastrophe losses	(3.6)	(3.6)	(1.0)	(1.0)	(2.2)	(2.2)	(0.5)	(2.8)	(1.7)
Effect of prior year non-catastrophe reserve reestimates	-	(0.3)	-	2.2	1.0	1.0	1.0	-	1.0
Effect of amortization of purchased intangible assets	(0.2)	-	(0.2)	(0.9)	(1.5)	(1.8)	(1.5)	(0.2)	(1.6)
Underlying combined ratio *	99.8	99.3	99.8	104.2	102.0	100.0	103.6	99.6	101.8
<b>Encompass brand auto</b>									
Net premiums written	\$ 141	\$ 148	\$ 125	\$ 138	\$ 153	\$ 162	\$ 138	\$ 414	\$ 453
Net premiums earned	\$ 140	\$ 143	\$ 146	\$ 151	\$ 155	\$ 158	\$ 159	\$ 429	\$ 472
Incurring losses	(91)	(105)	(104)	(104)	(117)	(130)	(123)	(300)	(370)
Expenses	(43)	(46)	(43)	(44)	(44)	(45)	(45)	(132)	(134)
Underwriting income (loss)	\$ 6	\$ (8)	\$ (1)	\$ 3	\$ (6)	\$ (17)	\$ (9)	\$ (3)	\$ (32)
Loss ratio	65.0	73.4	71.2	68.9	75.5	82.3	77.4	69.9	78.4
Less: effect of catastrophe losses	0.7	4.9	2.8	-	3.3	1.9	1.3	2.8	2.1
effect of prior year non-catastrophe reserve reestimates	-	-	-	(2.7)	(1.3)	3.8	1.3	-	1.3
Underlying loss ratio *	64.3	68.5	68.4	71.6	73.5	76.6	74.8	67.1	75.0
Expense ratio	30.7	32.2	29.5	29.1	28.4	28.5	28.3	30.8	28.4
Combined ratio	95.7	105.6	100.7	98.0	103.9	110.8	105.7	100.7	106.8
Effect of catastrophe losses	(0.7)	(4.9)	(2.8)	-	(3.3)	(1.9)	(1.3)	(2.8)	(2.1)
Effect of prior year non-catastrophe reserve reestimates	-	-	-	2.7	1.3	(3.8)	(1.3)	-	(1.3)
Underlying combined ratio *	95.0	100.7	97.9	100.7	101.9	105.1	103.1	97.9	103.4

**THE ALLSTATE CORPORATION**  
**HOMEOWNERS PROFITABILITY MEASURES BY BRAND**  
(\$ in millions)

Three months ended

Nine months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Allstate brand homeowners</b>									
Net premiums written	\$ 1,921	\$ 1,847	\$ 1,403	\$ 1,638	\$ 1,869	\$ 1,831	\$ 1,392	\$ 5,171	\$ 5,092
Net premiums earned	\$ 1,707	\$ 1,691	\$ 1,688	\$ 1,691	\$ 1,683	\$ 1,684	\$ 1,678	\$ 5,086	\$ 5,045
Incurred losses	(988)	(1,273)	(1,194)	(765)	(893)	(1,260)	(1,190)	(3,455)	(3,343)
Expenses	(400)	(371)	(387)	(396)	(384)	(373)	(377)	(1,158)	(1,134)
Underwriting income (loss)	<u>\$ 319</u>	<u>\$ 47</u>	<u>\$ 107</u>	<u>\$ 530</u>	<u>\$ 406</u>	<u>\$ 51</u>	<u>\$ 111</u>	<u>\$ 473</u>	<u>\$ 568</u>
Loss ratio	57.9	75.3	70.8	45.3	53.1	74.8	70.9	67.9	66.2
Less: effect of catastrophe losses	22.4	38.4	34.1	10.8	15.4	38.3	34.2	31.6	29.3
effect of prior year non-catastrophe reserve reestimates	(2.3)	(1.0)	(1.7)	(1.2)	(0.6)	0.1	(0.2)	(1.6)	(0.3)
Underlying loss ratio *	<u>37.8</u>	<u>37.9</u>	<u>38.4</u>	<u>35.7</u>	<u>38.3</u>	<u>36.4</u>	<u>36.9</u>	<u>37.9</u>	<u>37.2</u>
Expense ratio	23.4	21.9	22.9	23.4	22.8	22.2	22.5	22.8	22.5
Combined ratio	81.3	97.2	93.7	68.7	75.9	97.0	93.4	90.7	88.7
Effect of catastrophe losses	(22.4)	(38.4)	(34.1)	(10.8)	(15.4)	(38.3)	(34.2)	(31.6)	(29.3)
Effect of prior year non-catastrophe reserve reestimates	2.3	1.0	1.7	1.2	0.6	(0.1)	0.2	1.6	0.3
Underlying combined ratio *	<u>61.2</u>	<u>59.8</u>	<u>61.3</u>	<u>59.1</u>	<u>61.1</u>	<u>58.6</u>	<u>59.4</u>	<u>60.7</u>	<u>59.7</u>
<b>Esurance brand homeowners</b>									
Net premiums written	\$ 24	\$ 20	\$ 16	\$ 15	\$ 16	\$ 14	\$ 11	\$ 60	\$ 41
Net premiums earned	\$ 19	\$ 16	\$ 14	\$ 13	\$ 11	\$ 10	\$ 8	\$ 49	\$ 29
Incurred losses	(14)	(21)	(13)	(8)	(11)	(10)	(4)	(48)	(25)
Expenses	(9)	(8)	(8)	(10)	(22)	(25)	(11)	(25)	(58)
Underwriting income (loss)	<u>\$ (4)</u>	<u>\$ (13)</u>	<u>\$ (7)</u>	<u>\$ (5)</u>	<u>\$ (22)</u>	<u>\$ (25)</u>	<u>\$ (7)</u>	<u>\$ (24)</u>	<u>\$ (54)</u>
Loss ratio	73.7	131.3	92.9	61.6	100.0	100.0	50.0	98.0	86.2
Less: effect of catastrophe losses	10.5	56.3	28.6	7.7	45.5	50.0	12.5	30.6	37.9
effect of prior year non-catastrophe reserve reestimates	(5.2)	-	-	-	-	-	-	(2.0)	-
Underlying loss ratio *	<u>68.4</u>	<u>75.0</u>	<u>64.3</u>	<u>53.9</u>	<u>54.5</u>	<u>50.0</u>	<u>37.5</u>	<u>69.4</u>	<u>48.3</u>
Expense ratio	47.4	50.0	57.1	76.9	200.0	250.0	137.5	51.0	200.0
Combined ratio	121.1	181.3	150.0	138.5	300.0	350.0	187.5	149.0	286.2
Effect of catastrophe losses	(10.5)	(56.3)	(28.6)	(7.7)	(45.5)	(50.0)	(12.5)	(30.6)	(37.9)
Effect of prior year non-catastrophe reserve reestimates	5.2	-	-	-	-	-	-	2.0	-
Underlying combined ratio *	<u>115.8</u>	<u>125.0</u>	<u>121.4</u>	<u>130.8</u>	<u>254.5</u>	<u>300.0</u>	<u>175.0</u>	<u>120.4</u>	<u>248.3</u>
<b>Encompass brand homeowners</b>									
Net premiums written	\$ 108	\$ 112	\$ 91	\$ 103	\$ 121	\$ 126	\$ 104	\$ 311	\$ 351
Net premiums earned	\$ 106	\$ 108	\$ 113	\$ 115	\$ 119	\$ 121	\$ 124	\$ 327	\$ 364
Incurred losses	(54)	(84)	(108)	(60)	(74)	(85)	(85)	(246)	(244)
Expenses	(32)	(34)	(33)	(33)	(34)	(36)	(36)	(99)	(106)
Underwriting income (loss)	<u>\$ 20</u>	<u>\$ (10)</u>	<u>\$ (28)</u>	<u>\$ 22</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ (18)</u>	<u>\$ 14</u>
Loss ratio	50.9	77.8	95.6	52.2	62.2	70.2	68.6	75.2	67.1
Less: effect of catastrophe losses	10.3	38.9	54.0	7.8	17.6	24.0	30.7	34.9	24.2
effect of prior year non-catastrophe reserve reestimates	-	-	0.9	(2.6)	0.9	0.8	(0.8)	0.3	0.3
Underlying loss ratio *	<u>40.6</u>	<u>38.9</u>	<u>40.7</u>	<u>47.0</u>	<u>43.7</u>	<u>45.4</u>	<u>38.7</u>	<u>40.0</u>	<u>42.6</u>
Expense ratio	30.2	31.5	29.2	28.7	28.6	29.8	29.0	30.3	29.1
Combined ratio	81.1	109.3	124.8	80.9	90.8	100.0	97.6	105.5	96.2
Effect of catastrophe losses	(10.3)	(38.9)	(54.0)	(7.8)	(17.6)	(24.0)	(30.7)	(34.9)	(24.2)
Effect of prior year non-catastrophe reserve reestimates	-	-	(0.9)	2.6	(0.9)	(0.8)	0.8	(0.3)	(0.3)
Underlying combined ratio *	<u>70.8</u>	<u>70.4</u>	<u>69.9</u>	<u>75.7</u>	<u>72.3</u>	<u>75.2</u>	<u>67.7</u>	<u>70.3</u>	<u>71.7</u>

**THE ALLSTATE CORPORATION**  
**OTHER PERSONAL LINES PROFITABILITY MEASURES BY BRAND <sup>(1)</sup>**  
(\$ in millions)

Three months ended

Nine months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Allstate brand other personal lines</b>									
Net premiums written	\$ 454	\$ 441	\$ 368	\$ 393	\$ 447	\$ 428	\$ 353	\$ 1,263	\$ 1,228
Net premiums earned	\$ 414	\$ 411	\$ 405	\$ 403	\$ 399	\$ 397	\$ 393	\$ 1,230	\$ 1,189
Incurred losses	(312)	(258)	(265)	(234)	(236)	(256)	(261)	(835)	(753)
Expenses	(120)	(115)	(112)	(117)	(113)	(106)	(103)	(347)	(322)
Underwriting income (loss)	<u>\$ (18)</u>	<u>\$ 38</u>	<u>\$ 28</u>	<u>\$ 52</u>	<u>\$ 50</u>	<u>\$ 35</u>	<u>\$ 29</u>	<u>\$ 48</u>	<u>\$ 114</u>
Loss ratio	75.3	62.8	65.4	58.1	59.2	64.5	66.4	67.9	63.3
Less: effect of catastrophe losses	15.7	13.9	14.6	9.7	6.0	15.6	16.0	14.7	12.5
effect of prior year non-catastrophe reserve reestimates	0.7	(0.2)	(0.3)	0.7	(0.5)	(1.7)	(1.5)	0.1	(1.2)
Underlying loss ratio *	<u>58.9</u>	<u>49.1</u>	<u>51.1</u>	<u>47.7</u>	<u>53.7</u>	<u>50.6</u>	<u>51.9</u>	<u>53.1</u>	<u>52.0</u>
Expense ratio	29.0	28.0	27.7	29.0	28.3	26.7	26.2	28.2	27.1
Combined ratio	104.3	90.8	93.1	87.1	87.5	91.2	92.6	96.1	90.4
Effect of catastrophe losses	(15.7)	(13.9)	(14.6)	(9.7)	(6.0)	(15.6)	(16.0)	(14.7)	(12.5)
Effect of prior year non-catastrophe reserve reestimates	(0.7)	0.2	0.3	(0.7)	0.5	1.7	1.5	(0.1)	1.2
Underlying combined ratio *	<u>87.9</u>	<u>77.1</u>	<u>78.8</u>	<u>76.7</u>	<u>82.0</u>	<u>77.3</u>	<u>78.1</u>	<u>81.3</u>	<u>79.1</u>
<b>Esurance brand other personal lines</b>									
Net premiums written	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 6	\$ 6
Net premiums earned	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 6	\$ 6
Incurred losses	(1)	(1)	(1)	(1)	(2)	(1)	(1)	(3)	(4)
Expenses	(1)	(1)	-	(1)	-	(1)	(1)	(2)	(2)
Underwriting income (loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
Loss ratio	50.0	50.0	50.0	50.0	100.0	50.0	50.0	50.0	66.7
Less: effect of catastrophe losses	-	-	-	-	-	-	-	-	-
effect of prior year non-catastrophe reserve reestimates	-	(50.0)	-	-	-	-	-	(16.7)	-
Underlying loss ratio *	<u>50.0</u>	<u>100.0</u>	<u>50.0</u>	<u>50.0</u>	<u>100.0</u>	<u>50.0</u>	<u>50.0</u>	<u>66.7</u>	<u>66.7</u>
Expense ratio	50.0	50.0	-	50.0	-	50.0	50.0	33.3	33.3
Combined ratio	100.0	100.0	50.0	100.0	100.0	100.0	100.0	83.3	100.0
Effect of catastrophe losses	-	-	-	-	-	-	-	-	-
Effect of prior year non-catastrophe reserve reestimates	-	50.0	-	-	-	-	-	16.7	-
Underlying combined ratio *	<u>100.0</u>	<u>150.0</u>	<u>50.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<b>Encompass brand other personal lines</b>									
Net premiums written	\$ 22	\$ 25	\$ 20	\$ 22	\$ 25	\$ 27	\$ 21	\$ 67	\$ 73
Net premiums earned	\$ 23	\$ 23	\$ 24	\$ 24	\$ 25	\$ 25	\$ 26	\$ 70	\$ 76
Incurred losses	(13)	(10)	(21)	(13)	(17)	(16)	(31)	(44)	(64)
Expenses	(7)	(7)	(7)	(7)	(8)	(7)	(7)	(21)	(22)
Underwriting income (loss)	<u>\$ 3</u>	<u>\$ 6</u>	<u>\$ (4)</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ (12)</u>	<u>\$ 5</u>	<u>\$ (10)</u>
Loss ratio	56.5	43.5	87.5	54.1	68.0	64.0	119.3	62.9	84.2
Less: effect of catastrophe losses	-	13.0	8.3	-	4.0	8.0	3.8	7.1	5.3
effect of prior year non-catastrophe reserve reestimates	(8.7)	(26.1)	12.6	(16.7)	4.0	(16.0)	46.2	(7.1)	11.8
Underlying loss ratio *	<u>65.2</u>	<u>56.6</u>	<u>66.6</u>	<u>70.8</u>	<u>60.0</u>	<u>72.0</u>	<u>69.3</u>	<u>62.9</u>	<u>67.1</u>
Expense ratio	30.5	30.4	29.2	29.2	32.0	28.0	26.9	30.0	29.0
Combined ratio	87.0	73.9	116.7	83.3	100.0	92.0	146.2	92.9	113.2
Effect of catastrophe losses	-	(13.0)	(8.3)	-	(4.0)	(8.0)	(3.8)	(7.1)	(5.3)
Effect of prior year non-catastrophe reserve reestimates	8.7	26.1	(12.6)	16.7	(4.0)	16.0	(46.2)	7.1	(11.8)
Underlying combined ratio *	<u>95.7</u>	<u>87.0</u>	<u>95.8</u>	<u>100.0</u>	<u>92.0</u>	<u>100.0</u>	<u>96.2</u>	<u>92.9</u>	<u>96.1</u>

<sup>(1)</sup> Other personal lines include renter, condominium, landlord and other personal lines products.

**THE ALLSTATE CORPORATION**  
**COMMERCIAL LINES PROFITABILITY MEASURES <sup>(1)</sup>**

(\$ in millions)	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
Net premiums written	\$ 116	\$ 124	\$ 123	\$ 115	\$ 123	\$ 135	\$ 126	\$ 363	\$ 384
Net premiums earned	\$ 124	\$ 118	\$ 125	\$ 123	\$ 127	\$ 127	\$ 129	\$ 367	\$ 383
Incurred losses	\$ 103	\$ 86	\$ 96	\$ 109	\$ 112	\$ 135	\$ 119	\$ 285	\$ 366
Expenses	\$ 36	\$ 34	\$ 33	\$ 34	\$ 34	\$ 35	\$ 38	\$ 103	\$ 107
Underwriting loss	\$ (15)	\$ (2)	\$ (4)	\$ (20)	\$ (19)	\$ (43)	\$ (28)	\$ (21)	\$ (90)
Loss ratio	83.1	72.9	76.8	88.6	88.2	106.3	92.2	77.6	95.6
Expense ratio	29.0	28.8	26.4	27.7	26.8	27.6	29.5	28.1	27.9
Combined ratio	<u>112.1</u>	<u>101.7</u>	<u>103.2</u>	<u>116.3</u>	<u>115.0</u>	<u>133.9</u>	<u>121.7</u>	<u>105.7</u>	<u>123.5</u>
Effect of catastrophe losses on combined ratio	10.5	1.7	5.6	5.7	5.5	9.5	7.0	6.0	7.3
Effect of prior year reserve reestimates on combined ratio	5.6	(1.7)	1.6	4.9	10.3	18.1	15.5	1.9	14.6
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	0.8	(0.9)	0.8	0.8	-	0.8	2.4	0.3	1.0

<sup>(1)</sup> Commercial lines are all Allstate brand products.

**THE ALLSTATE CORPORATION**  
**OTHER BUSINESS LINES PROFITABILITY MEASURES <sup>(1)</sup>**

(\$ in millions)	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Other Business Lines</b>									
Net premiums written	\$ 168	\$ 174	\$ 173	\$ 158	\$ 185	\$ 183	\$ 183	\$ 515	\$ 551
Net premiums earned	\$ 146	\$ 142	\$ 141	\$ 145	\$ 150	\$ 142	\$ 143	\$ 429	\$ 435
Incurring losses	(63)	(54)	(52)	(60)	(69)	(64)	(61)	(169)	(194)
Expenses	(86)	(85)	(86)	(83)	(74)	(74)	(68)	(257)	(216)
Underwriting (loss) income <sup>(2)</sup>	\$ (3)	\$ 3	\$ 3	\$ 2	\$ 7	\$ 4	\$ 14	\$ 3	\$ 25
Operating ratios									
Loss ratio	43.2	38.0	36.9	41.4	46.0	45.1	42.7	39.4	44.6
Expense ratio	58.9	59.9	61.0	57.2	49.3	52.1	47.5	59.9	49.7
Combined ratio	102.1	97.9	97.9	98.6	95.3	97.2	90.2	99.3	94.3
Effect of catastrophe losses on combined ratio	3.4	-	-	0.7	-	-	-	1.2	-
Effect of prior year reserve reestimates on combined ratio	0.7	-	-	0.7	2.0	-	-	0.2	0.7
Effect of amortization of purchased intangible assets	0.7	-	0.7	0.6	0.6	0.7	0.7	0.5	0.7
<b>Allstate Roadside Services</b>									
Net premiums written	\$ 68	\$ 66	\$ 69	\$ 67	\$ 79	\$ 77	\$ 77	\$ 203	\$ 233
Net premiums earned	\$ 69	\$ 67	\$ 68	\$ 74	\$ 81	\$ 78	\$ 77	\$ 204	\$ 236
Incurring losses	(36)	(33)	(31)	(38)	(48)	(42)	(40)	(100)	(130)
Expenses	(40)	(42)	(42)	(42)	(43)	(38)	(37)	(124)	(118)
Underwriting (loss) income	\$ (7)	\$ (8)	\$ (5)	\$ (6)	\$ (10)	\$ (2)	\$ -	\$ (20)	\$ (12)
Operating ratios									
Loss ratio	52.2	49.2	45.6	51.3	59.2	53.9	51.9	49.0	55.1
Expense ratio	57.9	62.7	61.8	56.8	53.1	48.7	48.1	60.8	50.0
Combined ratio	110.1	111.9	107.4	108.1	112.3	102.6	100.0	109.8	105.1
<b>Allstate Dealer Services</b>									
Net premiums written	\$ 100	\$ 108	\$ 104	\$ 91	\$ 106	\$ 106	\$ 106	\$ 312	\$ 318
Net premiums earned	\$ 77	\$ 75	\$ 73	\$ 71	\$ 69	\$ 64	\$ 66	\$ 225	\$ 199
Incurring losses	(27)	(21)	(21)	(22)	(21)	(22)	(21)	(69)	(64)
Expenses	(60)	(55)	(55)	(52)	(48)	(49)	(43)	(170)	(140)
Underwriting (loss) income	\$ (10)	\$ (1)	\$ (3)	\$ (3)	\$ -	\$ (7)	\$ 2	\$ (14)	\$ (5)
Operating ratios									
Loss ratio	35.1	28.0	28.8	31.0	30.4	34.4	31.8	30.7	32.2
Expense ratio	77.9	73.3	75.3	73.2	69.6	76.5	65.2	75.5	70.3
Combined ratio	113.0	101.3	104.1	104.2	100.0	110.9	97.0	106.2	102.5

<sup>(1)</sup> Other business lines primarily include Allstate Roadside Services, Allstate Dealer Services, Arity and Ivantage.

<sup>(2)</sup> Includes Ivantage underwriting gain of \$14 million, \$12 million, \$11 million, \$11 million, \$17 million, \$13 million and \$12 million in the three months ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, respectively.

**THE ALLSTATE CORPORATION**  
**ALLSTATE BRAND AUTO AND HOMEOWNERS UNDERLYING LOSS AND EXPENSE**

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
<b>Auto</b>							
Annualized average premium <sup>(1)</sup>	\$ 1,015	\$ 999	\$ 989	\$ 978	\$ 966	\$ 946	\$ 927
Underlying combined ratio *	91.2	92.8	90.9	96.1	95.9	97.8	95.9
Average underlying loss (incurred pure premium) and expense *	\$ 926	\$ 927	\$ 899	\$ 940	\$ 926	\$ 925	\$ 889
<b>Homeowners</b>							
Annualized average premium	\$ 1,125	\$ 1,117	\$ 1,112	\$ 1,109	\$ 1,102	\$ 1,098	\$ 1,091
Underlying combined ratio *	61.2	59.8	61.3	59.1	61.1	58.6	59.4
Average underlying loss (incurred pure premium) and expense *	\$ 689	\$ 668	\$ 682	\$ 655	\$ 673	\$ 643	\$ 648

<sup>(1)</sup> Calculated by annualizing net earned premium reported in the quarter divided by policies in force at quarter end.



**THE ALLSTATE CORPORATION**  
**HOMEOWNERS SUPPLEMENTAL INFORMATION**

(\$ in millions)

Nine months ended September 30, 2017

Primary Exposure Groupings <sup>(1)</sup>	Earned premiums	Incurred losses	Loss ratios	Catastrophe losses	Effect of catastrophes on loss ratio	Number of catastrophes	Premium rate changes <sup>(3)</sup>	
							Number of locations	Annual impact of rate changes on state specific premiums written
Florida	\$ 77	\$ 74	96.1%	\$ 30	39.0%			
Other hurricane exposure locations	2,960	1,972	66.6%	972	32.8%			
Total hurricane exposure locations <sup>(2)</sup>	3,037	2,046	67.4%	1,002	33.0%		13	4.9%
Other catastrophe exposure locations <sup>(4)</sup>	2,425	1,703	70.2%	735	30.3%		21	3.9%
<b>Total</b>	<b>\$ 5,462</b>	<b>\$ 3,749</b>	<b>68.6%</b>	<b>\$ 1,737</b>	<b>31.8%</b>	<b>91</b>	<b>34</b>	<b>4.6%</b>

<sup>(1)</sup> **Basis of Presentation**

This homeowners supplemental information schedule displays financial results for the homeowners business (defined to include standard homeowners, scheduled personal property and other than primary residence lines). Each state in which the Company writes business has been categorized into one of two exposure groupings (Hurricane or Other). Hurricane exposure states are comprised of those states in a coastal location that have the potential to have significant hurricane losses. The catastrophe losses for these states also include losses due to other kinds of catastrophes. A catastrophe is defined by Allstate as an event that produces pre-tax losses before reinsurance in excess of \$1 million and involves multiple first party policyholders, or a winter weather event that produces a number of claims in excess of a preset, per-event threshold of average claims in a specific area, occurring within a certain amount of time following the event.

<sup>(2)</sup> Hurricane exposure states include the following coastal locations: Alabama, Connecticut, Delaware, Florida, Georgia, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Virginia and Washington, D.C.

<sup>(3)</sup> Represents the impact in the locations where rate changes were approved during the year as a percentage of total prior year-end premiums written in those locations.

<sup>(4)</sup> Includes Canada.

**THE ALLSTATE CORPORATION**  
**CATASTROPHE LOSSES BY BRAND**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Allstate brand</b>									
Auto	\$ 366	\$ 208	\$ 65	\$ 59	\$ 150	\$ 195	\$ 137	\$ 639	\$ 482
Homeowners	383	650	575	183	259	644	574	1,608	1,477
Other personal lines	65	57	59	39	24	62	63	181	149
Commercial lines	13	2	7	7	7	12	9	22	28
Other business lines	5	-	-	1	-	-	-	5	-
Total	<u>832</u>	<u>917</u>	<u>706</u>	<u>289</u>	<u>440</u>	<u>913</u>	<u>783</u>	<u>2,455</u>	<u>2,136</u>
<b>Esurance brand</b>									
Auto	15	15	4	4	9	9	2	34	20
Homeowners	2	9	4	1	5	5	1	15	11
Other personal lines	-	-	-	-	-	-	-	-	-
Total	<u>17</u>	<u>24</u>	<u>8</u>	<u>5</u>	<u>14</u>	<u>14</u>	<u>3</u>	<u>49</u>	<u>31</u>
<b>Encompass brand</b>									
Auto	1	7	4	-	5	3	2	12	10
Homeowners	11	42	61	9	21	29	38	114	88
Other personal lines	-	3	2	-	1	2	1	5	4
Total	<u>12</u>	<u>52</u>	<u>67</u>	<u>9</u>	<u>27</u>	<u>34</u>	<u>41</u>	<u>131</u>	<u>102</u>
<b>Allstate Protection</b>	<u>\$ 861</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 303</u>	<u>\$ 481</u>	<u>\$ 961</u>	<u>\$ 827</u>	<u>\$ 2,635</u>	<u>\$ 2,269</u>
<b>Allstate Protection</b>									
Auto	\$ 382	\$ 230	\$ 73	\$ 63	\$ 164	\$ 207	\$ 141	\$ 685	\$ 512
Homeowners	396	701	640	193	285	678	613	1,737	1,576
Other personal lines	65	60	61	39	25	64	64	186	153
Commercial lines	13	2	7	7	7	12	9	22	28
Other business lines	5	-	-	1	-	-	-	5	-
Total	<u>\$ 861</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 303</u>	<u>\$ 481</u>	<u>\$ 961</u>	<u>\$ 827</u>	<u>\$ 2,635</u>	<u>\$ 2,269</u>

**THE ALLSTATE CORPORATION  
CATASTROPHE EXPERIENCE**

**CATASTROPHE BY SIZE OF EVENT**

(\$ in millions)

Three months ended September 30, 2017

Size of catastrophe	Number of events		Claims and claims expense		Combined ratio impact	Average catastrophe loss per event
Greater than \$250 million	1	4.5 %	\$ 507	58.9 %	6.2	\$ 507
\$101 million to \$250 million	1	4.5	134	15.6	1.7	134
\$50 million to \$100 million	-	-	-	-	-	-
Less than \$50 million	20	91.0	188	21.8	2.3	9
Total	<u>22</u>	<u>100.0 %</u>	<u>829</u>	<u>96.3</u>	<u>10.2</u>	<u>38</u>
Prior year reserve reestimates			(7)	(0.8)	(0.1)	
Prior quarter reserve reestimates			39	4.5	0.5	
Total catastrophe losses			\$ <u>861</u>	<u>100.0 %</u>	<u>10.6</u>	

Nine months ended September 30, 2017

Size of catastrophe	Number of events		Claims and claims expense		Combined ratio impact	Average catastrophe loss per event
Greater than \$250 million	1	1.1 %	\$ 507	19.2 %	2.1	\$ 507
\$101 million to \$250 million	4	4.4	695	26.4	2.9	174
\$50 million to \$100 million	7	7.7	465	17.7	1.9	66
Less than \$50 million	79	86.8	978	37.1	4.1	12
Total	<u>91</u>	<u>100.0 %</u>	<u>2,645</u>	<u>100.4</u>	<u>11.0</u>	<u>29</u>
Prior year reserve reestimates			(10)	(0.4)	-	
Total catastrophe losses			\$ <u>2,635</u>	<u>100.0 %</u>	<u>11.0</u>	

**EFFECT OF CATASTROPHE LOSSES ON THE COMBINED RATIO**

	Effect of all catastrophe losses on the Property-Liability combined ratio					Premiums earned year-to-date	Total catastrophe losses by year	Excludes the effect of catastrophe losses relating to earthquakes and hurricanes	
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year			Total catastrophe losses by year	Effect on the Property-Liability combined ratio
2008	8.4	10.3	26.8	3.9	12.4	\$ 26,967	\$ 3,342	\$ 1,876	7.0
2009	7.8	12.5	6.2	5.0	7.9	26,194	2,069	2,159	8.2
2010	10.0	9.8	5.9	8.3	8.5	25,957	2,207	2,272	8.8
2011	5.2	36.2	16.7	1.0	14.7	25,942	3,815	3,298	12.7
2012	3.9	12.3	3.1	15.7	8.8	26,737	2,345	1,324	5.0
2013	5.3	9.4	1.8	1.7	4.5	27,618	1,251	1,352	4.9
2014	6.3	13.0	7.1	1.3	6.9	28,929	1,993	2,000	6.9
2015	4.0	10.6	3.5	4.7	5.7	30,309	1,719	1,749	5.8
2016	10.7	12.3	6.1	3.8	8.2	31,307	2,572	2,419	7.7
2017	9.8	12.4	10.6			24,098	2,635	1,987	10.9
Average	<u>7.1</u>	<u>13.9</u>	<u>8.8</u>	<u>5.0</u>	<u>8.6</u>				<u>7.8</u>

**THE ALLSTATE CORPORATION**  
**PROPERTY-LIABILITY**  
**PRIOR YEAR RESERVE REESTIMATES**  
(\$ in millions)

Three months ended

Nine months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Prior Year Reserve Reestimates <sup>(1)</sup></b>									
Auto	\$ (189)	\$ (61)	\$ (86)	\$ (114)	\$ (10)	\$ (36)	\$ 5	\$ (336)	\$ (41)
Homeowners	(42)	(20)	(24)	(32)	(4)	19	(7)	(86)	8
Other personal lines	-	(9)	9	(1)	(2)	(11)	5	-	(8)
Commercial lines	7	(2)	2	6	13	23	20	7	56
Other business lines	1	-	-	1	3	-	-	1	3
Allstate Protection	(223)	(92)	(99)	(140)	-	(5)	23	(414)	18
Discontinued Lines and Coverages	88	3	2	3	99	2	1	93	102
Property-Liability	<u>\$ (135)</u>	<u>\$ (89)</u>	<u>\$ (97)</u>	<u>\$ (137)</u>	<u>\$ 99</u>	<u>\$ (3)</u>	<u>\$ 24</u>	<u>\$ (321)</u>	<u>\$ 120</u>
Allstate brand	\$ (220)	\$ (83)	\$ (105)	\$ (120)	\$ 3	\$ (2)	\$ 13	\$ (408)	\$ 14
Esurance brand	(1)	(1)	-	(9)	(4)	(4)	(4)	(2)	(12)
Encompass brand	(2)	(8)	6	(11)	1	1	14	(4)	16
Allstate Protection	<u>\$ (223)</u>	<u>\$ (92)</u>	<u>\$ (99)</u>	<u>\$ (140)</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ 23</u>	<u>\$ (414)</u>	<u>\$ 18</u>
<b>Catastrophe Losses included in Prior Year Reserve Reestimates</b>									
Allstate brand	\$ (7)	\$ (4)	\$ 2	\$ (7)	\$ 2	\$ 15	\$ (4)	(9)	13
Esurance brand	-	(1)	-	-	-	-	-	(1)	-
Encompass brand	-	(2)	2	-	1	(2)	1	-	-
Allstate Protection	<u>\$ (7)</u>	<u>\$ (7)</u>	<u>\$ 4</u>	<u>\$ (7)</u>	<u>\$ 3</u>	<u>\$ 13</u>	<u>\$ (3)</u>	<u>(10)</u>	<u>13</u>
<b>Effect of Prior Year Reserve Reestimates on Combined Ratio <sup>(1)(2)</sup></b>									
Auto	(2.4)	(0.8)	(1.0)	(1.4)	(0.1)	(0.5)	-	(1.4)	(0.2)
Homeowners	(0.5)	(0.3)	(0.3)	(0.4)	(0.1)	0.3	(0.1)	(0.3)	-
Other personal lines	-	(0.1)	0.1	-	-	(0.1)	-	-	-
Commercial lines	0.1	-	-	0.1	0.2	0.3	0.3	-	0.3
Other business lines	-	-	-	-	-	-	-	-	-
Allstate Protection	(2.8)	(1.2)	(1.2)	(1.7)	-	-	0.2	(1.7)	0.1
Discontinued Lines and Coverages	1.1	0.1	-	-	1.3	-	0.1	0.4	0.4
Property-Liability	<u>(1.7)</u>	<u>(1.1)</u>	<u>(1.2)</u>	<u>(1.7)</u>	<u>1.3</u>	<u>-</u>	<u>0.3</u>	<u>(1.3)</u>	<u>0.5</u>
Allstate brand	(2.8)	(1.1)	(1.3)	(1.5)	-	-	0.1	(1.7)	0.1
Esurance brand	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Encompass brand	-	(0.1)	0.1	(0.1)	-	-	0.2	-	0.1
Allstate Protection	<u>(2.8)</u>	<u>(1.2)</u>	<u>(1.2)</u>	<u>(1.7)</u>	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>(1.7)</u>	<u>0.1</u>

<sup>(1)</sup> Favorable reserve reestimates are shown in parentheses.

<sup>(2)</sup> Calculated using Property-Liability premiums earned for the respective period.

**THE ALLSTATE CORPORATION**  
**ASBESTOS AND ENVIRONMENTAL RESERVES**  
(\$ in millions)

	Three months ended			Twelve months ended December 31,				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	2016	2015	2014	2013	2012
<b>(net of reinsurance)</b>								
<b>Asbestos claims <sup>(1)</sup></b>								
Beginning reserves	\$ 867	\$ 891	\$ 912	\$ 960	\$ 1,014	\$ 1,017	\$ 1,026	\$ 1,078
Incurred claims and claims expense	61	-	-	67	39	87	74	26
Claims and claims expense paid	(20)	(24)	(21)	(115)	(93)	(90)	(83)	(78)
Ending reserves	\$ 908	\$ 867	\$ 891	\$ 912	\$ 960	\$ 1,014	\$ 1,017	\$ 1,026
Claims and claims expense paid as a percent of ending reserves	2.2%	2.8%	2.4%	12.6%	9.7%	8.9%	8.2%	7.6%
<b>Environmental claims <sup>(1)</sup></b>								
Beginning reserves	\$ 166	\$ 178	\$ 179	\$ 179	\$ 203	\$ 208	\$ 193	\$ 185
Incurred claims and claims expense	10	-	-	23	1	15	30	22
Claims and claims expense paid	(1)	(12)	(1)	(23)	(25)	(20)	(15)	(14)
Ending reserves	\$ 175	\$ 166	\$ 178	\$ 179	\$ 179	\$ 203	\$ 208	\$ 193
Claims and claims expense paid as a percent of ending reserves	0.6%	7.2%	0.6%	12.8%	14.0%	9.9%	7.2%	7.3%

<sup>(1)</sup> The 3-year survival ratio for the combined environmental and asbestos claims was 9.0, 8.9, 10.4, 12.2, 14.4 and 14.3 for the annualized nine-months of 2017 and year-end 2016, 2015, 2014, 2013 and 2012, respectively, and is calculated by taking the ending reserves divided by net payments made during the year.

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL SEGMENT RESULTS**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
Premiums	\$ 385	\$ 381	\$ 381	\$ 364	\$ 361	\$ 353	\$ 354	\$ 1,147	\$ 1,068
Contract charges	208	210	212	210	210	211	212	630	633
Net investment income	461	496	426	453	427	435	419	1,383	1,281
Contract benefits	(456)	(486)	(474)	(464)	(484)	(454)	(455)	(1,416)	(1,393)
Interest credited to contractholder funds	(173)	(173)	(173)	(177)	(183)	(179)	(184)	(519)	(546)
Amortization of deferred policy acquisition costs	(58)	(69)	(75)	(70)	(68)	(68)	(71)	(202)	(207)
Operating costs and expenses	(130)	(130)	(135)	(127)	(126)	(121)	(123)	(395)	(370)
Restructuring and related charges	(1)	(1)	-	-	-	(1)	-	(2)	(1)
Income tax expense on operations	(79)	(75)	(52)	(59)	(43)	(56)	(48)	(206)	(147)
<b>Operating income</b>	<b>157</b>	<b>153</b>	<b>110</b>	<b>130</b>	<b>94</b>	<b>120</b>	<b>104</b>	<b>420</b>	<b>318</b>
Realized capital gains and losses, after-tax	13	(3)	(1)	(8)	(14)	-	(32)	9	(46)
Valuation changes on embedded derivatives that are not hedged, after-tax	(1)	(1)	-	6	-	(4)	(4)	(2)	(8)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(2)	(3)	(3)	(1)	(1)	(1)	(1)	(8)	(3)
Gain on disposition of operations, after-tax	1	-	2	-	1	1	1	3	3
<b>Net income applicable to common shareholders</b>	<b>\$ 168</b>	<b>\$ 146</b>	<b>\$ 108</b>	<b>\$ 127</b>	<b>\$ 80</b>	<b>\$ 116</b>	<b>\$ 68</b>	<b>\$ 422</b>	<b>\$ 264</b>

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL**  
**RETURN ON ATTRIBUTED EQUITY**  
(\$ in millions)

Twelve months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
<b>Return on Attributed Equity</b>							
Numerator:							
Net income applicable to common shareholders <sup>(1)</sup>	\$ <u>549</u>	\$ <u>461</u>	\$ <u>431</u>	\$ <u>391</u>	\$ <u>303</u>	\$ <u>485</u>	\$ <u>548</u>
Denominator:							
Beginning attributed equity <sup>(2)</sup>	\$ 8,205	\$ 8,055	\$ 7,680	\$ 7,350	\$ 7,475	\$ 7,621	\$ 7,920
Ending attributed equity	8,073	7,851	7,778	7,904	8,205	8,055	7,680
Average attributed equity <sup>(3)</sup>	\$ <u>8,139</u>	\$ <u>7,953</u>	\$ <u>7,729</u>	\$ <u>7,627</u>	\$ <u>7,840</u>	\$ <u>7,838</u>	\$ <u>7,800</u>
Return on attributed equity	<u>6.7</u> %	<u>5.8</u> %	<u>5.6</u> %	<u>5.1</u> %	<u>3.9</u> %	<u>6.2</u> %	<u>7.0</u> %
<b>Operating Income Return on Adjusted Attributed Equity *</b>							
Numerator:							
Operating income <sup>(1)</sup>	\$ <u>550</u>	\$ <u>487</u>	\$ <u>454</u>	\$ <u>448</u>	\$ <u>416</u>	\$ <u>460</u>	\$ <u>479</u>
Denominator:							
Beginning attributed equity	\$ 8,205	\$ 8,055	\$ 7,680	\$ 7,350	\$ 7,475	\$ 7,621	\$ 7,920
Unrealized net capital gains and losses	<u>1,150</u>	<u>1,077</u>	<u>824</u>	<u>556</u>	<u>722</u>	<u>1,030</u>	<u>1,499</u>
Adjusted beginning attributed equity	7,055	6,978	6,856	6,794	6,753	6,591	6,421
Ending attributed equity	8,073	7,851	7,778	7,904	8,205	8,055	7,680
Unrealized net capital gains and losses	<u>963</u>	<u>916</u>	<u>790</u>	<u>721</u>	<u>1,150</u>	<u>1,077</u>	<u>824</u>
Adjusted ending attributed equity	7,110	6,935	6,988	7,183	7,055	6,978	6,856
Average adjusted attributed equity <sup>(3)</sup>	\$ <u>7,083</u>	\$ <u>6,957</u>	\$ <u>6,922</u>	\$ <u>6,989</u>	\$ <u>6,904</u>	\$ <u>6,785</u>	\$ <u>6,639</u>
Operating income return on attributed equity *	<u>7.8</u> %	<u>7.0</u> %	<u>6.6</u> %	<u>6.4</u> %	<u>6.0</u> %	<u>6.8</u> %	<u>7.2</u> %

<sup>(1)</sup> Net income applicable to common shareholders and operating income reflect a trailing twelve-month period.

<sup>(2)</sup> Allstate Financial attributed equity is the sum of equity for Allstate Life Insurance Company and the applicable equity for Allstate Financial Insurance Holdings Corporation, which includes Allstate Assurance Company and American Heritage Life Insurance Company.

<sup>(3)</sup> Average attributed equity and average adjusted attributed equity are determined using a two-point average, with the beginning and ending attributed equity and adjusted attributed equity, respectively, for the twelve-month period as data points.

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL PREMIUMS AND CONTRACT CHARGES AND OTHER STATISTICS**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>PREMIUMS AND CONTRACT CHARGES - BY PRODUCT</b>									
<b>Underwritten Products</b>									
Traditional life insurance premiums	\$ 153	\$ 148	\$ 149	\$ 151	\$ 145	\$ 139	\$ 138	\$ 450	\$ 422
Accident and health insurance premiums	232	233	232	213	216	214	216	697	646
Interest-sensitive life insurance contract charges	204	207	209	206	206	208	209	620	623
	<u>589</u>	<u>588</u>	<u>590</u>	<u>570</u>	<u>567</u>	<u>561</u>	<u>563</u>	<u>1,767</u>	<u>1,691</u>
<b>Annuities</b>									
Fixed annuity contract charges	4	3	3	4	4	3	3	10	10
Total	<u>\$ 593</u>	<u>\$ 591</u>	<u>\$ 593</u>	<u>\$ 574</u>	<u>\$ 571</u>	<u>\$ 564</u>	<u>\$ 566</u>	<u>\$ 1,777</u>	<u>\$ 1,701</u>
<b>PREMIUMS AND CONTRACT CHARGES - BY DISTRIBUTION CHANNEL</b>									
Allstate agencies	\$ 315	\$ 316	\$ 315	\$ 312	\$ 308	\$ 306	\$ 305	\$ 946	\$ 919
Workplace enrolling agents	254	250	250	236	238	232	233	754	703
Other <sup>(1)</sup>	24	25	28	26	25	26	28	77	79
Total	<u>\$ 593</u>	<u>\$ 591</u>	<u>\$ 593</u>	<u>\$ 574</u>	<u>\$ 571</u>	<u>\$ 564</u>	<u>\$ 566</u>	<u>\$ 1,777</u>	<u>\$ 1,701</u>
<b>PROPRIETARY LIFE INSURANCE POLICIES SOLD BY ALLSTATE AGENCIES <sup>(2)(3)</sup></b>	28,962	31,447	25,970	38,614	27,481	29,839	25,458	86,379	82,778
<b>ALLSTATE BENEFITS NEW BUSINESS WRITTEN PREMIUMS <sup>(4)</sup></b>	\$ 69	\$ 73	\$ 107	\$ 177	\$ 69	\$ 70	\$ 82	\$ 249	\$ 221
<b>INSURANCE POLICIES AND ANNUITIES IN FORCE BY PRODUCT (in thousands)</b>									
<b>Underwritten Products</b>									
Life insurance	2,476	2,483	2,476	2,478	2,477	2,480	2,469	2,476	2,477
Accident and health insurance	3,578	3,601	3,533	3,300	3,275	3,294	3,278	3,578	3,275
Total	<u>6,054</u>	<u>6,084</u>	<u>6,009</u>	<u>5,778</u>	<u>5,752</u>	<u>5,774</u>	<u>5,747</u>	<u>6,054</u>	<u>5,752</u>
<b>Annuities</b>									
Deferred annuities	145	148	152	156	160	163	168	145	160
Immediate annuities	91	92	94	95	96	98	99	91	96
Total	<u>236</u>	<u>240</u>	<u>246</u>	<u>251</u>	<u>256</u>	<u>261</u>	<u>267</u>	<u>236</u>	<u>256</u>
<b>Total</b>	<u>6,290</u>	<u>6,324</u>	<u>6,255</u>	<u>6,029</u>	<u>6,008</u>	<u>6,035</u>	<u>6,014</u>	<u>6,290</u>	<u>6,008</u>
<b>INSURANCE POLICIES AND ANNUITIES IN FORCE BY SOURCE OF BUSINESS (in thousands)</b>									
Allstate Agencies <sup>(5)</sup>	1,931	1,929	1,925	1,928	1,924	1,924	1,922	1,931	1,924
Allstate Benefits	4,035	4,064	3,992	3,755	3,733	3,752	3,726	4,035	3,733
Other <sup>(6)</sup>	324	331	338	346	351	359	366	324	351
Total	<u>6,290</u>	<u>6,324</u>	<u>6,255</u>	<u>6,029</u>	<u>6,008</u>	<u>6,035</u>	<u>6,014</u>	<u>6,290</u>	<u>6,008</u>

(1) Primarily represents independent master brokerage agencies.

(2) Policies sold reduced by lapses within twelve months of sale.

(3) Allstate exclusive agencies and exclusive financial specialists also sell non-proprietary retirement and investment products, including mutual funds, fixed and variable annuities, disability insurance, and long-term care insurance to provide a broad suite of protection and retirement products. As of September 30, 2017, Allstate agencies had approximately \$15.9 billion of nonproprietary mutual funds and fixed and variable annuity account balances under management. New and additional deposits into these non-proprietary products were \$1.4 billion in the nine months ended September 30, 2017.

(4) New business written premiums reflect annualized premiums at initial customer enrollment (including new accounts and new employees or policies of existing accounts), reduced by an estimate for certain policies that are expected to lapse. A significant portion of Allstate Benefits business is seasonally written in the fourth quarter during many clients' annual employee benefits enrollment.

(5) Excludes Allstate Benefits products sold through Allstate Agencies, which are included in the Allstate Benefits line.

(6) Primarily business sold by banks/broker-dealers, independent master brokerage agencies and specialized structured settlement brokers.



**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL CHANGE IN CONTRACTHOLDER FUNDS**  
(\$ in millions)

	Three months ended						Nine months ended		
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Contractholders funds, beginning balance</b>	\$ 19,832	\$ 20,051	\$ 20,260	\$ 20,583	\$ 20,845	\$ 21,092	\$ 21,295	\$ 20,260	\$ 21,295
<b>Deposits</b>									
Interest-sensitive life insurance	268	278	283	273	283	280	286	829	849
Fixed annuities	6	6	11	13	8	11	10	23	29
Total deposits	<u>274</u>	<u>284</u>	<u>294</u>	<u>286</u>	<u>291</u>	<u>291</u>	<u>296</u>	<u>852</u>	<u>878</u>
<b>Interest credited</b>	174	172	173	168	181	184	189	519	554
<b>Benefits, withdrawals, maturities and other adjustments</b>									
Benefits	(228)	(230)	(233)	(231)	(258)	(225)	(252)	(691)	(735)
Surrenders and partial withdrawals	(232)	(248)	(253)	(237)	(271)	(300)	(245)	(733)	(816)
Maturities of and interest payments on institutional products	-	-	-	(86)	-	-	-	-	-
Contract charges	(207)	(206)	(206)	(209)	(208)	(206)	(206)	(619)	(620)
Net transfers from separate accounts	-	2	2	1	2	1	1	4	4
Other adjustments	37	7	14	(15)	1	8	14	58	23
Total benefits, withdrawals, maturities and other adjustments	<u>(630)</u>	<u>(675)</u>	<u>(676)</u>	<u>(777)</u>	<u>(734)</u>	<u>(722)</u>	<u>(688)</u>	<u>(1,981)</u>	<u>(2,144)</u>
<b>Contractholder funds, ending balance</b>	<u>\$ 19,650</u>	<u>\$ 19,832</u>	<u>\$ 20,051</u>	<u>\$ 20,260</u>	<u>\$ 20,583</u>	<u>\$ 20,845</u>	<u>\$ 21,092</u>	<u>\$ 19,650</u>	<u>\$ 20,583</u>

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL ANALYSIS OF NET INCOME**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Benefit spread</b>									
Premiums	\$ 385	\$ 381	\$ 381	\$ 364	\$ 361	\$ 353	\$ 354	\$ 1,147	\$ 1,068
Cost of insurance contract charges <sup>(1)</sup>	139	139	141	139	136	140	141	419	417
Contract benefits excluding the implied interest on immediate annuities with life contingencies <sup>(2)</sup>	(332)	(360)	(348)	(336)	(358)	(325)	(327)	(1,040)	(1,010)
Total benefit spread	<u>192</u>	<u>160</u>	<u>174</u>	<u>167</u>	<u>139</u>	<u>168</u>	<u>168</u>	<u>526</u>	<u>475</u>
<b>Investment spread</b>									
Net investment income	461	496	426	453	427	435	419	1,383	1,281
Implied interest on immediate annuities with life contingencies <sup>(2)</sup>	(124)	(126)	(126)	(128)	(126)	(129)	(128)	(376)	(383)
Interest credited to contractholder funds	(174)	(175)	(173)	(168)	(183)	(185)	(190)	(522)	(558)
Total investment spread	<u>163</u>	<u>195</u>	<u>127</u>	<u>157</u>	<u>118</u>	<u>121</u>	<u>101</u>	<u>485</u>	<u>340</u>
Surrender charges and contract maintenance expense fees <sup>(1)</sup>	69	71	71	71	74	71	71	211	216
Realized capital gains and losses	21	(4)	(1)	(11)	(21)	-	(49)	16	(70)
Amortization of deferred policy acquisition costs	(62)	(73)	(79)	(71)	(70)	(69)	(73)	(214)	(212)
Operating costs and expenses	(130)	(130)	(135)	(127)	(126)	(121)	(123)	(395)	(370)
Restructuring and related charges	(1)	(1)	-	-	-	(1)	-	(2)	(1)
Gain on disposition of operations	1	2	2	1	1	1	2	5	4
Income tax expense	(85)	(74)	(51)	(60)	(35)	(54)	(29)	(210)	(118)
<b>Net income applicable to common shareholders</b>	<u>\$ 168</u>	<u>\$ 146</u>	<u>\$ 108</u>	<u>\$ 127</u>	<u>\$ 80</u>	<u>\$ 116</u>	<u>\$ 68</u>	<u>\$ 422</u>	<u>\$ 264</u>
<b>Benefit spread by product group</b>									
Life insurance	\$ 91	\$ 83	\$ 76	\$ 78	\$ 64	\$ 85	\$ 80	\$ 250	\$ 229
Accident and health insurance	115	106	113	105	103	108	105	334	316
Annuities	(14)	(29)	(15)	(16)	(28)	(25)	(17)	(58)	(70)
Total benefit spread	<u>\$ 192</u>	<u>\$ 160</u>	<u>\$ 174</u>	<u>\$ 167</u>	<u>\$ 139</u>	<u>\$ 168</u>	<u>\$ 168</u>	<u>\$ 526</u>	<u>\$ 475</u>
<b>Investment spread by product group</b>									
Life insurance	\$ 32	\$ 34	\$ 32	\$ 33	\$ 30	\$ 29	\$ 34	\$ 98	\$ 93
Accident and health insurance	5	4	4	4	4	4	4	13	12
Annuities and institutional products	64	94	28	51	25	35	17	186	77
Net investment income on investments supporting capital	<u>64</u>	<u>64</u>	<u>63</u>	<u>60</u>	<u>59</u>	<u>59</u>	<u>52</u>	<u>191</u>	<u>170</u>
Investment spread before valuation changes on embedded derivatives that are not hedged	165	196	127	148	118	127	107	488	352
Valuation changes on derivatives embedded in equity- indexed annuity contracts that are not hedged	(2)	(1)	-	9	-	(6)	(6)	(3)	(12)
Total investment spread	<u>\$ 163</u>	<u>\$ 195</u>	<u>\$ 127</u>	<u>\$ 157</u>	<u>\$ 118</u>	<u>\$ 121</u>	<u>\$ 101</u>	<u>\$ 485</u>	<u>\$ 340</u>
<sup>(1)</sup> <b>Reconciliation of contract charges</b>									
Cost of insurance contract charges	\$ 139	\$ 139	\$ 141	\$ 139	\$ 136	\$ 140	\$ 141	\$ 419	\$ 417
Surrender charges and contract maintenance expense fees	69	71	71	71	74	71	71	211	216
Total contract charges	<u>\$ 208</u>	<u>\$ 210</u>	<u>\$ 212</u>	<u>\$ 210</u>	<u>\$ 210</u>	<u>\$ 211</u>	<u>\$ 212</u>	<u>\$ 630</u>	<u>\$ 633</u>
<sup>(2)</sup> <b>Reconciliation of contract benefits</b>									
Contract benefits excluding the implied interest on immediate annuities with life contingencies	\$ (332)	\$ (360)	\$ (348)	\$ (336)	\$ (358)	\$ (325)	\$ (327)	\$ (1,040)	\$ (1,010)
Implied interest on immediate annuities with life contingencies	(124)	(126)	(126)	(128)	(126)	(129)	(128)	(376)	(383)
Total contract benefits	<u>\$ (456)</u>	<u>\$ (486)</u>	<u>\$ (474)</u>	<u>\$ (464)</u>	<u>\$ (484)</u>	<u>\$ (454)</u>	<u>\$ (455)</u>	<u>\$ (1,416)</u>	<u>\$ (1,393)</u>

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL WEIGHTED AVERAGE INVESTMENT SPREADS**

	Three months ended September 30, 2017			Three months ended September 30, 2016		
	Weighted average investment yield	Weighted average interest crediting rate	Weighted average investment spreads	Weighted average investment yield	Weighted average interest crediting rate	Weighted average investment spreads
Interest-sensitive life insurance	5.1 %	3.9 %	1.2 %	4.8 %	3.9 %	0.9 %
Deferred fixed annuities and institutional products	4.4	2.9	1.5	4.2	2.8	1.4
Immediate fixed annuities with and without life contingencies	7.8	6.0	1.8	6.2	6.0	0.2
Investments supporting capital, traditional life and other products	3.9	n/a	n/a	4.0	n/a	n/a
	Nine months ended September 30, 2017			Nine months ended September 30, 2016		
	Weighted average investment yield	Weighted average interest crediting rate	Weighted average investment spreads	Weighted average investment yield	Weighted average interest crediting rate	Weighted average investment spreads
Interest-sensitive life insurance	5.0 %	3.8 %	1.2 %	4.9 %	3.9 %	1.0 %
Deferred fixed annuities and institutional products	4.3	2.8	1.5	4.1	2.8	1.3
Immediate fixed annuities with and without life contingencies	7.7	6.0	1.7	6.2	5.9	0.3
Investments supporting capital, traditional life and other products	3.9	n/a	n/a	3.9	n/a	n/a

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL SUPPLEMENTAL PRODUCT INFORMATION**  
(\$ in millions)

	As of September 30, 2017		Twelve months ended September 30, 2017	Operating income return on attributed equity * (%)									
	Reserves and Contractholder funds	Attributed equity excluding unrealized capital gains/losses <sup>(3)(4)</sup>	Operating income <sup>(5)</sup>	Twelve months ended									
				Sept. 2017	June 2017	March 2017	Dec. 2016	Sept. 2016	June 2016	March 2016			
<b>Underwritten products</b>													
Life insurance	\$ 11,128	\$ 2,161	\$ 273	11.4 %	10.7 %	10.4 %	9.9 %	10.1 %	10.8 %	11.1 %			
Accident and health insurance	901	725	87	12.7	12.2	12.8	13.2	12.8	12.4	12.2			
Subtotal	12,029	2,886	360	11.7	11.1	11.0	10.6	10.6	11.1	11.3			
<b>Annuities and institutional products:</b>													
Immediate Annuities:													
Sub-standard structured settlements and group pension terminations <sup>(1)</sup>	5,027	2,292	27	1.3	0.3	(0.8)	(0.8)	(1.7)	(0.9)	(0.2)			
Standard structured settlements and SPIA <sup>(2)</sup>	6,269	1,350	99	7.7	6.4	4.9	4.3	2.2	4.1	4.9			
Subtotal <sup>(6)</sup>	11,296	3,642	126	3.7	2.6	1.5	1.2	(0.1)	1.1	2.0			
Deferred Annuities	8,552	582	64	10.5	10.2	10.3	9.7	9.6	10.0	10.4			
Subtotal	19,848	4,224	190	4.7	3.8	2.9	2.7	1.8	2.9	3.7			
<b>Total Allstate Financial</b>	<b>\$ 31,877</b>	<b>\$ 7,110</b>	<b>\$ 550</b>	<b>7.8</b>	<b>7.0</b>	<b>6.6</b>	<b>6.4</b>	<b>6.0</b>	<b>6.8</b>	<b>7.2</b>			

	Nine months ended September 30, 2017			
	Life insurance	Accident and health insurance	Annuities and institutional products	Allstate Financial
<b>Operating income</b>	\$ 204	\$ 67	\$ 149	\$ 420
Realized capital gains and losses, after-tax	3	-	6	9
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(2)	(2)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(8)	-	-	(8)
Gain on disposition of operations, after-tax	-	-	3	3
<b>Net income applicable to common shareholders</b>	<b>\$ 199</b>	<b>\$ 67</b>	<b>\$ 156</b>	<b>\$ 422</b>

<sup>(1)</sup> Structured settlement annuities for annuitants with severe injuries or other health impairments which significantly reduced their life expectancy at the time the annuity was issued and group annuity contracts issued to sponsors of terminated pension plans.

<sup>(2)</sup> Life-contingent structured settlement annuities for annuitants with standard life expectancy, period certain structured settlements and single premium immediate annuities with and without life contingencies.

<sup>(3)</sup> Total Allstate Financial attributed equity is the sum of equity for Allstate Life Insurance Company and the applicable equity for Allstate Financial Insurance Holdings Corporation, excluding unrealized capital gains and losses.

<sup>(4)</sup> Attributed equity is allocated to each product line based on statutory capital adjusted for GAAP reporting differences and the amount of capital held in Allstate Financial may vary from economic capital. The calculation of statutory capital by product incorporates internal factors for invested asset risk, insurance risk (mortality and morbidity), interest rate risk and business risk. Due to the unavailability of final statutory financial statements at the time we release our GAAP financial results, the allocation is derived from prior quarter statutory capital. Statutory capital is adjusted for appropriate GAAP accounting differences. Changes in internal capital factors, investment portfolio mix and risk as well as changes in GAAP and statutory reporting differences will result in changes to the allocation of attributed equity to products.

<sup>(5)</sup> Product line operating income includes allocation of income on investments supporting capital. Operating income reflects a trailing twelve-month period.

<sup>(6)</sup> Of the total immediate annuities, \$8,552 million are reported in reserve for life-contingent contract benefits and \$2,744 million are reported in contractholder funds.

**THE ALLSTATE CORPORATION**  
**ALLSTATE LIFE, ALLSTATE BENEFITS AND ALLSTATE ANNUITIES RESULTS AND PRODUCT INFORMATION**  
(\$ in millions)

	For the three months ended September 30, 2017				For the three months ended September 30, 2016			
	Allstate Life	Allstate Benefits	Allstate Annuities	Allstate Financial Segment	Allstate Life	Allstate Benefits	Allstate Annuities	Allstate Financial Segment
Premiums	\$ 141	\$ 244	\$ -	\$ 385	\$ 134	\$ 227	\$ -	\$ 361
Contract charges	175	29	4	208	176	30	4	210
Net investment income	119	18	324	461	120	18	289	427
Contract benefits	(173)	(142)	(141)	(456)	(197)	(131)	(156)	(484)
Interest credited to contractholder funds	(71)	(8)	(94)	(173)	(72)	(9)	(102)	(183)
Amortization of deferred policy acquisition costs	(25)	(31)	(2)	(58)	(30)	(36)	(2)	(68)
Operating costs and expenses	(56)	(65)	(9)	(130)	(59)	(59)	(8)	(126)
Restructuring and related charges	(1)	(1)	1	(1)	-	-	-	-
Income tax expense on operations	(35)	(16)	(28)	(79)	(21)	(15)	(7)	(43)
<b>Operating income</b>	<b>74</b>	<b>28</b>	<b>55</b>	<b>157</b>	<b>51</b>	<b>25</b>	<b>18</b>	<b>94</b>
Realized capital gains and losses, after-tax	1	1	11	13	(7)	-	(7)	(14)
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(1)	(1)	-	-	-	-
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(2)	-	-	(2)	(1)	-	-	(1)
Gain on disposition of operations, after-tax	-	-	1	1	-	-	1	1
<b>Net income applicable to common shareholders</b>	<b>\$ 73</b>	<b>\$ 29</b>	<b>\$ 66</b>	<b>\$ 168</b>	<b>\$ 43</b>	<b>\$ 25</b>	<b>\$ 12</b>	<b>\$ 80</b>
<b>Premiums and Contract Charges - by Product</b>								
<b>Underwritten Products</b>								
Traditional life insurance premiums	\$ 141	\$ 12	\$ -	\$ 153	\$ 133	\$ 12	\$ -	\$ 145
Accident and health insurance	-	232	-	232	1	215	-	216
Interest-sensitive life insurance contract charges	175	29	-	204	176	30	-	206
	316	273	-	589	310	257	-	567
<b>Annuities</b>								
Fixed annuity contract charges	-	-	4	4	-	-	4	4
<b>Total premiums and contract charges</b>	<b>\$ 316</b>	<b>\$ 273</b>	<b>\$ 4</b>	<b>\$ 593</b>	<b>\$ 310</b>	<b>\$ 257</b>	<b>\$ 4</b>	<b>\$ 571</b>
<b>Benefit Spread by Product Group</b>								
Life Insurance	\$ 83	\$ 8	\$ -	\$ 91	\$ 59	\$ 5	\$ -	\$ 64
Accident and health insurance	6	109	-	115	(2)	105	-	103
Annuities	-	-	(14)	(14)	-	-	(28)	(28)
<b>Total benefit spread</b>	<b>\$ 89</b>	<b>\$ 117</b>	<b>\$ (14)</b>	<b>\$ 192</b>	<b>\$ 57</b>	<b>\$ 110</b>	<b>\$ (28)</b>	<b>\$ 139</b>
<b>Investment Spread by Product Group</b>								
Life insurance	\$ 29	\$ 3	\$ -	\$ 32	\$ 27	\$ 3	\$ -	\$ 30
Accident and health insurance	2	3	-	5	1	3	-	4
Annuities and institutional products	-	-	64	64	-	-	25	25
Net investment income on investments supporting capital	17	4	43	64	20	3	36	59
Investment spread before valuation changes on embedded derivatives that are not hedged	48	10	107	165	48	9	61	118
Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged	-	-	(2)	(2)	-	-	-	-
<b>Total investment spread</b>	<b>\$ 48</b>	<b>\$ 10</b>	<b>\$ 105</b>	<b>\$ 163</b>	<b>\$ 48</b>	<b>\$ 9</b>	<b>\$ 61</b>	<b>\$ 118</b>

**THE ALLSTATE CORPORATION**  
**ALLSTATE LIFE, ALLSTATE BENEFITS AND ALLSTATE ANNUITIES RESULTS AND PRODUCT INFORMATION**  
(\$ in millions)

	For the nine months ended September 30, 2017				For the nine months ended September 30, 2016			
	Allstate Life	Allstate Benefits	Allstate Annuities	Allstate Financial Segment	Allstate Life	Allstate Benefits	Allstate Annuities	Allstate Financial Segment
Premiums	\$ 421	\$ 726	\$ -	\$ 1,147	\$ 395	\$ 673	\$ -	\$ 1,068
Contract charges	535	85	10	630	537	86	10	633
Net investment income	362	54	967	1,383	358	54	869	1,281
Contract benefits	(555)	(421)	(440)	(1,416)	(554)	(380)	(459)	(1,393)
Interest credited to contractholder funds	(211)	(26)	(282)	(519)	(213)	(28)	(305)	(546)
Amortization of deferred policy acquisition costs	(92)	(105)	(5)	(202)	(93)	(109)	(5)	(207)
Operating costs and expenses	(173)	(196)	(26)	(395)	(169)	(178)	(23)	(370)
Restructuring and related charges	(1)	(1)	-	(2)	(1)	-	-	(1)
Income tax expense on operations	(90)	(41)	(75)	(206)	(79)	(41)	(27)	(147)
<b>Operating income</b>	<b>196</b>	<b>75</b>	<b>149</b>	<b>420</b>	<b>181</b>	<b>77</b>	<b>60</b>	<b>318</b>
Realized capital gains and losses, after-tax	2	1	6	9	(17)	(3)	(26)	(46)
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(2)	(2)	-	-	(8)	(8)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(8)	-	-	(8)	(3)	-	-	(3)
Gain on disposition of operations, after-tax	-	-	3	3	-	-	3	3
<b>Net income applicable to common shareholders</b>	<b>\$ 190</b>	<b>\$ 76</b>	<b>\$ 156</b>	<b>\$ 422</b>	<b>\$ 161</b>	<b>\$ 74</b>	<b>\$ 29</b>	<b>\$ 264</b>
<b>Premiums and Contract Charges - by Product</b>								
<b>Underwritten Products</b>								
Traditional life insurance premiums	\$ 420	\$ 30	\$ -	\$ 450	\$ 393	\$ 29	\$ -	\$ 422
Accident and health insurance	1	696	-	697	2	644	-	646
Interest-sensitive life insurance contract charges	535	85	-	620	537	86	-	623
	956	811	-	1,767	932	759	-	1,691
<b>Annuities</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>
Fixed annuity contract charges	-	-	10	10	-	-	10	10
<b>Total premiums and contract charges</b>	<b>\$ 956</b>	<b>\$ 811</b>	<b>\$ 10</b>	<b>\$ 1,777</b>	<b>\$ 932</b>	<b>\$ 759</b>	<b>\$ 10</b>	<b>\$ 1,701</b>
<b>Benefit Spread by Product Group</b>								
Life Insurance	\$ 232	\$ 18	\$ -	\$ 250	\$ 212	\$ 17	\$ -	\$ 229
Accident and health insurance	2	332	-	334	(4)	320	-	316
Annuities	-	-	(58)	(58)	-	-	(70)	(70)
<b>Total benefit spread</b>	<b>\$ 234</b>	<b>\$ 350</b>	<b>\$ (58)</b>	<b>\$ 526</b>	<b>\$ 208</b>	<b>\$ 337</b>	<b>\$ (70)</b>	<b>\$ 475</b>
<b>Investment Spread by Product Group</b>								
Life insurance	\$ 90	\$ 8	\$ -	\$ 98	\$ 85	\$ 8	\$ -	\$ 93
Accident and health insurance	4	9	-	13	4	8	-	12
Annuities and institutional products	-	-	186	186	-	-	77	77
Net investment income on investments supporting capital	57	11	123	191	56	10	104	170
Investment spread before valuation changes on embedded derivatives that are not hedged	151	28	309	488	145	26	181	352
Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged	-	-	(3)	(3)	-	-	(12)	(12)
<b>Total investment spread</b>	<b>\$ 151</b>	<b>\$ 28</b>	<b>\$ 306</b>	<b>\$ 485</b>	<b>\$ 145</b>	<b>\$ 26</b>	<b>\$ 169</b>	<b>\$ 340</b>

**THE ALLSTATE CORPORATION**  
**CORPORATE AND OTHER SEGMENT RESULTS**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
Net investment income	\$ 10	\$ 10	\$ 11	\$ 10	\$ 11	\$ 11	\$ 10	\$ 31	\$ 32
Operating costs and expenses <sup>(1)</sup>	(93)	(9)	(8)	(9)	(7)	(7)	(6)	(110)	(20)
Interest expense	(82)	(83)	(85)	(77)	(73)	(72)	(73)	(250)	(218)
Income tax benefit on operations	60	31	30	29	26	26	25	121	77
Preferred stock dividends	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(87)	(87)
Operating loss	(134)	(80)	(81)	(76)	(72)	(71)	(73)	(295)	(216)
Realized capital gains and losses, after-tax	-	-	-	(1)	-	(1)	-	-	(1)
Business combination expenses, after-tax <sup>(2)</sup>	(1)	-	(13)	-	-	-	-	(14)	-
Net loss applicable to common shareholders	<u>\$ (135)</u>	<u>\$ (80)</u>	<u>\$ (94)</u>	<u>\$ (77)</u>	<u>\$ (72)</u>	<u>\$ (72)</u>	<u>\$ (73)</u>	<u>\$ (309)</u>	<u>\$ (217)</u>

<sup>(1)</sup> Includes a pension settlement loss of \$86 million recorded for the three months ended September 30, 2017.

<sup>(2)</sup> Relates to SquareTrade acquisition on January 3, 2017.

**THE ALLSTATE CORPORATION**  
**INVESTMENTS**  
(\$ in millions)

**PROPERTY-LIABILITY**

**ALLSTATE FINANCIAL**

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Fixed income securities, at fair value:										
Tax-exempt	\$ 4,919	\$ 4,974	\$ 4,623	\$ 4,447	\$ 4,798	\$ -	\$ -	\$ -	\$ -	\$ 1
Taxable	27,728	26,908	26,754	25,855	26,968	24,863	25,065	25,072	25,578	26,225
Equity securities, at fair value <sup>(1)</sup>	4,677	4,410	4,012	4,074	3,604	1,749	1,699	1,670	1,589	1,681
Mortgage loans	334	297	279	280	270	3,988	4,039	4,070	4,206	4,126
Limited partnership interests <sup>(2)</sup>	3,467	3,266	3,122	3,042	2,913	3,132	2,940	2,860	2,771	2,674
Short-term, at fair value	1,052	1,560	1,592	3,405	917	819	566	818	609	733
Other	1,666	1,668	1,618	1,619	1,587	2,160	2,147	2,120	2,087	2,076
Total	<u>\$ 43,843</u>	<u>\$ 43,083</u>	<u>\$ 42,000</u>	<u>\$ 42,722</u>	<u>\$ 41,057</u>	<u>\$ 36,711</u>	<u>\$ 36,456</u>	<u>\$ 36,610</u>	<u>\$ 36,840</u>	<u>\$ 37,516</u>
Fixed income securities, amortized cost:										
Tax-exempt	\$ 4,893	\$ 4,949	\$ 4,635	\$ 4,498	\$ 4,726	\$ -	\$ -	\$ 1	\$ -	\$ 1
Taxable	27,397	26,585	26,529	25,706	26,447	23,457	23,678	23,860	24,424	24,330
Ratio of fair value to amortized cost	101.1%	101.1%	100.7%	100.3%	101.9%	106.0%	105.9%	105.1%	104.7%	107.8%
Equity securities, cost	\$ 3,995	\$ 3,839	\$ 3,526	\$ 3,671	\$ 3,212	\$ 1,465	\$ 1,474	\$ 1,497	\$ 1,483	\$ 1,585
Short-term, amortized cost	1,052	1,560	1,592	3,405	917	819	566	818	609	733

**CORPORATE AND OTHER**

**CONSOLIDATED**

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Fixed income securities, at fair value:										
Tax-exempt	\$ 560	\$ 546	\$ 541	\$ 535	\$ 600	\$ 5,479	\$ 5,520	\$ 5,164	\$ 4,982	\$ 5,399
Taxable	1,321	1,163	1,646	1,424	1,714	53,912	53,136	53,472	52,857	54,907
Equity securities, at fair value	8	8	3	3	3	6,434	6,117	5,685	5,666	5,288
Mortgage loans	-	-	-	-	-	4,322	4,336	4,349	4,486	4,396
Limited partnership interests	1	-	-	1	1	6,600	6,206	5,982	5,814	5,588
Short-term, at fair value	327	49	343	274	213	2,198	2,175	2,753	4,288	1,863
Other	-	-	-	-	-	3,826	3,815	3,738	3,706	3,663
Total	<u>\$ 2,217</u>	<u>\$ 1,766</u>	<u>\$ 2,533</u>	<u>\$ 2,237</u>	<u>\$ 2,531</u>	<u>\$ 82,771</u>	<u>\$ 81,305</u>	<u>\$ 81,143</u>	<u>\$ 81,799</u>	<u>\$ 81,104</u>
Fixed income securities, amortized cost:										
Tax-exempt	\$ 547	\$ 533	\$ 529	\$ 527	\$ 580	\$ 5,440	\$ 5,482	\$ 5,165	\$ 5,025	\$ 5,307
Taxable	1,314	1,156	1,640	1,421	1,691	52,168	51,419	52,029	51,551	52,468
Ratio of fair value to amortized cost	101.1%	101.2%	100.8%	100.6%	101.9%	103.1%	103.1%	102.5%	102.2%	104.4%
Equity securities, cost	\$ 8	\$ 8	\$ 3	\$ 3	\$ 3	\$ 5,468	\$ 5,321	\$ 5,026	\$ 5,157	\$ 4,800
Short-term, amortized cost	327	49	343	274	213	2,198	2,175	2,753	4,288	1,863

<sup>(1)</sup> Equity securities may include investments in exchange traded and mutual funds whose underlying investments are fixed income securities.

<sup>(2)</sup> As of September 30, 2017, we have commitments to invest in additional limited partnership interests totaling \$1.88 billion, \$1.44 billion and \$3.32 billion for Property-Liability, Allstate Financial, and Consolidated, respectively.



**THE ALLSTATE CORPORATION**  
**UNREALIZED NET CAPITAL GAINS AND LOSSES ON SECURITY PORTFOLIO BY TYPE**  
(\$ in millions)

	September 30, 2017			June 30, 2017			March 31, 2017		
	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost <sup>(1)</sup>	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost <sup>(1)</sup>	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost <sup>(1)</sup>
Fixed income securities									
U.S. government and agencies	\$ 57	\$ 3,900	101.5	\$ 63	\$ 3,426	101.9	\$ 66	\$ 4,395	101.5
Municipal	310	7,794	104.1	312	7,855	104.1	258	7,507	103.6
Corporate	1,287	44,546	103.0	1,244	44,251	102.9	992	43,535	102.3
Foreign government	16	1,093	101.5	28	1,047	102.7	32	1,027	103.2
Asset-backed securities ("ABS")	7	1,270	100.6	6	1,243	100.5	3	1,265	100.2
Residential mortgage-backed securities ("RMBS")	99	611	119.3	92	641	116.8	83	672	114.1
Commercial mortgage-backed securities ("CMBS")	4	153	102.7	7	170	104.3	5	211	102.4
Redeemable preferred stock	3	24	114.3	3	23	115.0	3	24	114.3
Total fixed income securities	1,783	59,391	103.1	1,755	58,656	103.1	1,442	58,636	102.5
Equity securities	966	6,434	117.7	796	6,117	115.0	659	5,685	113.1
Short-term investments	-	2,198	100.0	-	2,175	100.0	-	2,753	100.0
Derivatives	(2)	101	n/a	(1)	108	n/a	-	108	n/a
EMA limited partnership interests <sup>(2)</sup>	-	n/a	n/a	(1)	n/a	n/a	-	n/a	n/a
Unrealized net capital gains and losses, pre-tax	2,747			2,549			2,101		
Amounts recognized for:									
Insurance reserves <sup>(3)</sup>	-			-			-		
DAC and DSI <sup>(4)</sup>	(203)			(198)			(165)		
Amounts recognized	(203)			(198)			(165)		
Deferred income taxes	(893)			(825)			(680)		
Unrealized net capital gains and losses, after-tax	\$ 1,651			\$ 1,526			\$ 1,256		
	December 31, 2016			September 30, 2016			June 30, 2016		
	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost <sup>(1)</sup>	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost <sup>(1)</sup>	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost <sup>(1)</sup>
Fixed income securities									
U.S. government and agencies	\$ 65	\$ 3,637	101.8	\$ 105	\$ 4,304	102.5	\$ 122	\$ 3,523	103.6
Municipal	217	7,333	103.0	470	7,902	106.3	532	7,818	107.3
Corporate	859	43,601	102.0	1,804	44,474	104.2	1,566	42,700	103.8
Foreign government	32	1,075	103.1	59	1,119	105.6	61	1,152	105.6
ABS	2	1,171	100.2	(3)	1,390	99.8	(11)	1,726	99.4
RMBS	77	728	111.8	82	778	111.8	70	818	109.4
CMBS	8	270	103.1	11	315	103.6	16	368	104.5
Redeemable preferred stock	3	24	114.3	3	24	114.3	3	24	114.3
Total fixed income securities	1,263	57,839	102.2	2,531	60,306	104.4	2,359	58,129	104.2
Equity securities	509	5,666	109.9	488	5,288	110.2	341	5,265	106.9
Short-term investments	-	4,288	100.0	-	1,863	100.0	-	2,850	100.0
Derivatives	2	111	n/a	1	85	n/a	2	71	n/a
EMA limited partnership interests <sup>(2)</sup>	(4)	n/a	n/a	(5)	n/a	n/a	(5)	n/a	n/a
Unrealized net capital gains and losses, pre-tax	1,770			3,015			2,697		
Amounts recognized for:									
Insurance reserves <sup>(3)</sup>	-			-			-		
DAC and DSI <sup>(4)</sup>	(146)			(216)			(195)		
Amounts recognized	(146)			(216)			(195)		
Deferred income taxes	(571)			(982)			(878)		
Unrealized net capital gains and losses, after-tax	\$ 1,053			\$ 1,817			\$ 1,624		

<sup>(1)</sup> The comparison of percentages from period to period may be distorted by investment transactions such as sales, purchases and impairment write-downs.

<sup>(2)</sup> Unrealized net capital gains and losses for limited partnership interests represent the Company's share of EMA limited partnerships' other comprehensive income. Fair value and amortized cost are not applicable.

<sup>(3)</sup> The insurance reserves adjustment represents the amount by which the reserve balance would increase if the net unrealized gains in the applicable product portfolios were realized and reinvested at current lower interest rates, resulting in a premium deficiency. Although we evaluate premium deficiencies on the combined performance of our life insurance and immediate annuities with life contingencies, the adjustment, if any, primarily relates to structured settlement annuities with life contingencies, in addition to annuity buy-outs and certain payout annuities with life contingencies.

<sup>(4)</sup> The DAC and DSI adjustment balance represents the amount by which the amortization of DAC and DSI would increase or decrease if the unrealized gains or losses in the respective product portfolios were realized.

**THE ALLSTATE CORPORATION**  
**NET INVESTMENT INCOME, YIELDS AND REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX)**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>NET INVESTMENT INCOME</b>									
Fixed income securities	\$ 519	\$ 527	\$ 518	\$ 514	\$ 508	\$ 520	\$ 518	\$ 1,564	\$ 1,546
Equity securities	37	49	44	34	31	44	28	130	103
Mortgage loans	52	50	55	55	56	53	53	157	162
Limited partnership interests ("LP")	223	253	120	178	136	126	121	596	383
Short-term	9	6	6	5	4	3	4	21	11
Other	58	60	56	59	55	57	51	174	163
Investment income, before expense	898	945	799	845	790	803	775	2,642	2,368
Less: Investment expense	(55)	(48)	(51)	(44)	(42)	(41)	(44)	(154)	(127)
Net investment income	<u>\$ 843</u>	<u>\$ 897</u>	<u>\$ 748</u>	<u>\$ 801</u>	<u>\$ 748</u>	<u>\$ 762</u>	<u>\$ 731</u>	<u>\$ 2,488</u>	<u>\$ 2,241</u>
Interest-bearing investments <sup>(1)</sup>	\$ 627	\$ 631	\$ 625	\$ 622	\$ 613	\$ 623	\$ 618	\$ 1,883	\$ 1,854
Equity securities	37	49	44	34	31	44	28	130	103
LP and other alternative investments <sup>(2)</sup>	234	265	130	189	146	136	129	629	411
Investment income, before expense	<u>\$ 898</u>	<u>\$ 945</u>	<u>\$ 799</u>	<u>\$ 845</u>	<u>\$ 790</u>	<u>\$ 803</u>	<u>\$ 775</u>	<u>\$ 2,642</u>	<u>\$ 2,368</u>
<b>PRE-TAX YIELDS <sup>(3)</sup></b>									
Fixed income securities	3.6 %	3.7 %	3.6 %	3.6 %	3.6 %	3.7 %	3.7 %	3.7 %	3.6 %
Equity securities	2.7	3.8	3.5	2.7	2.5	3.7	2.3	3.3	2.8
Mortgage loans	4.8	4.6	4.9	5.0	5.0	4.9	4.9	4.8	4.9
Limited partnership interests	13.9	16.6	8.1	12.5	9.9	9.6	9.7	12.9	9.7
Total portfolio	4.5	4.7	4.0	4.2	4.0	4.1	4.0	4.4	4.0
Interest-bearing investments	3.7	3.8	3.7	3.7	3.7	3.8	3.7	3.7	3.7
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE</b>									
Impairment write-downs	\$ (23)	\$ (28)	\$ (43)	\$ (49)	\$ (63)	\$ (63)	\$ (59)	\$ (94)	\$ (185)
Change in intent write-downs	(5)	(22)	(16)	(21)	(10)	(16)	(22)	(43)	(48)
Net other-than-temporary impairment losses recognized in earnings	(28)	(50)	(59)	(70)	(73)	(79)	(81)	(137)	(233)
Sales and other	148	139	208	47	121	104	(59)	495	166
Valuation and settlements of derivative instruments	(17)	(8)	(15)	25	(15)	(1)	(9)	(40)	(25)
Total	<u>\$ 103</u>	<u>\$ 81</u>	<u>\$ 134</u>	<u>\$ 2</u>	<u>\$ 33</u>	<u>\$ 24</u>	<u>\$ (149)</u>	<u>\$ 318</u>	<u>\$ (92)</u>
<b>TOTAL RETURN ON INVESTMENT PORTFOLIO <sup>(4)</sup></b>									
Income	1.0 %	1.1 %	0.9 %	1.0 %	0.9 %	1.0 %	0.9 %	3.1 %	2.8 %
Valuation	0.5	0.7	0.7	(1.7)	0.4	0.9	1.1	1.8	2.4
Total	<u>1.5 %</u>	<u>1.8 %</u>	<u>1.6 %</u>	<u>(0.7) %</u>	<u>1.3 %</u>	<u>1.9 %</u>	<u>2.0 %</u>	<u>4.9 %</u>	<u>5.2 %</u>
<b>AVERAGE INVESTMENT BALANCES (in billions) <sup>(5)</sup></b>	<u>\$ 79.4</u>	<u>\$ 78.9</u>	<u>\$ 79.5</u>	<u>\$ 79.1</u>	<u>\$ 77.5</u>	<u>\$ 76.9</u>	<u>\$ 76.8</u>	<u>\$ 79.5</u>	<u>\$ 77.2</u>

(1) Comprise fixed income securities, mortgage loans, short-term investments, and other investments including bank and agent loans and derivatives.

(2) Comprise limited partnership interests and other alternative investments, including real estate, timber and agriculture-related investments classified as other investments.

(3) Quarterly pre-tax yield is calculated as annualized quarterly investment income, before investment expense divided by the average of the current and prior quarter investment balances. Year-to-date pre-tax yield is calculated as annualized year-to-date investment income, before investment expense divided by the average of investment balances at the beginning of the year and the end of each quarter during the year. For the purposes of the pre-tax yield calculation, income for directly held real estate, timber and other consolidated investments is net of investee level expenses (depreciation and asset level operating expenses reported in investment expense). For investments carried at fair value, investment balances exclude unrealized capital gains and losses.

(4) Total return on investment portfolio is calculated from GAAP results including the total of net investment income, realized capital gains and losses, the change in unrealized net capital gains and losses, and the change in the difference between fair value and carrying value of mortgage loans, cost method limited partnerships, bank loans and agent loans divided by the average fair value balances.

(5) Average investment balances for the quarter are calculated as the average of the current and prior quarter investment balances. Year-to-date average investment balances are calculated as the average of investment balances at the beginning of the year and the end of each quarter during the year. For purposes of the average investment balances calculation, unrealized capital gains and losses are excluded.

**THE ALLSTATE CORPORATION**  
**PROPERTY-LIABILITY**  
**NET INVESTMENT INCOME, YIELDS AND REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX)**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>NET INVESTMENT INCOME</b>									
Fixed income securities:									
Tax-exempt	\$ 23	\$ 23	\$ 22	\$ 23	\$ 23	\$ 23	\$ 23	\$ 68	\$ 69
Taxable	209	210	204	200	192	198	200	623	590
Equity securities	28	33	29	24	21	30	20	90	71
Mortgage loans	4	2	3	3	3	3	3	9	9
Limited partnership interests	108	118	55	82	69	60	58	281	187
Short-term	5	4	4	3	3	1	2	13	6
Other	25	27	22	24	22	23	20	74	65
Investment income, before expense	<u>402</u>	<u>417</u>	<u>339</u>	<u>359</u>	<u>333</u>	<u>338</u>	<u>326</u>	<u>1,158</u>	<u>997</u>
Less: Investment expense	<u>(30)</u>	<u>(26)</u>	<u>(28)</u>	<u>(21)</u>	<u>(23)</u>	<u>(22)</u>	<u>(24)</u>	<u>(84)</u>	<u>(69)</u>
Net investment income	<u>\$ 372</u>	<u>\$ 391</u>	<u>\$ 311</u>	<u>\$ 338</u>	<u>\$ 310</u>	<u>\$ 316</u>	<u>\$ 302</u>	<u>\$ 1,074</u>	<u>\$ 928</u>
Net investment income, after-tax	<u>\$ 252</u>	<u>\$ 264</u>	<u>\$ 212</u>	<u>\$ 231</u>	<u>\$ 211</u>	<u>\$ 215</u>	<u>\$ 206</u>	<u>\$ 728</u>	<u>\$ 632</u>
Interest-bearing investments	\$ 259	\$ 259	\$ 249	\$ 246	\$ 238	\$ 241	\$ 243	\$ 767	\$ 722
Equity securities	28	33	29	24	21	30	20	90	71
LP and other alternative investments	115	125	61	89	74	67	63	301	204
Investment income, before expense	<u>\$ 402</u>	<u>\$ 417</u>	<u>\$ 339</u>	<u>\$ 359</u>	<u>\$ 333</u>	<u>\$ 338</u>	<u>\$ 326</u>	<u>\$ 1,158</u>	<u>\$ 997</u>
<b>PRE-TAX YIELDS</b>									
Fixed income securities:									
Tax-exempt	1.9 %	1.9 %	1.9 %	2.0 %	2.0 %	2.1 %	2.1 %	1.9 %	2.1 %
Equivalent yield for tax-exempt	2.8	2.8	2.8	2.9	2.9	3.1	3.1	2.8	3.1
Taxable	3.1	3.1	3.1	3.1	3.0	3.2	3.2	3.1	3.1
Equity securities	2.8	3.6	3.3	2.8	2.6	3.6	2.4	3.2	2.9
Mortgage loans	4.2	3.7	3.8	3.9	3.7	3.9	4.0	3.9	3.9
Limited partnership interests	12.9	14.8	7.1	11.0	9.6	8.6	8.9	11.6	9.0
Total portfolio	3.7	3.9	3.2	3.4	3.3	3.5	3.3	3.6	3.4
Interest-bearing investments	3.0	3.0	2.9	2.9	2.9	3.0	3.0	2.9	3.0
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE</b>									
Fixed income securities:									
Tax-exempt	\$ 2	\$ (2)	\$ (2)	\$ (9)	\$ 8	\$ 4	\$ 3	\$ (2)	\$ 15
Taxable	33	40	14	(17)	9	20	(47)	87	(18)
Equity securities	50	23	106	49	42	15	(60)	179	(3)
Limited partnership interests	10	21	27	(29)	13	(10)	13	58	16
Derivatives and other	(13)	3	(10)	20	(19)	(3)	(8)	(20)	(30)
Total	<u>\$ 82</u>	<u>\$ 85</u>	<u>\$ 135</u>	<u>\$ 14</u>	<u>\$ 53</u>	<u>\$ 26</u>	<u>\$ (99)</u>	<u>\$ 302</u>	<u>\$ (20)</u>
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE</b>									
Impairment write-downs	\$ (17)	\$ (16)	\$ (22)	\$ (27)	\$ (26)	\$ (42)	\$ (35)	\$ (55)	\$ (103)
Change in intent write-downs	(5)	(21)	(13)	(17)	(8)	(12)	(19)	(39)	(39)
Net other-than-temporary impairment losses recognized in earnings	(22)	(37)	(35)	(44)	(34)	(54)	(54)	(94)	(142)
Sales and other	117	126	180	43	101	82	(41)	423	142
Valuation and settlements of derivative instruments	(13)	(4)	(10)	15	(14)	(2)	(4)	(27)	(20)
Total	<u>\$ 82</u>	<u>\$ 85</u>	<u>\$ 135</u>	<u>\$ 14</u>	<u>\$ 53</u>	<u>\$ 26</u>	<u>\$ (99)</u>	<u>\$ 302</u>	<u>\$ (20)</u>
<b>AVERAGE INVESTMENT BALANCES (in billions)</b>	<u>\$ 42.5</u>	<u>\$ 41.7</u>	<u>\$ 41.8</u>	<u>\$ 41.1</u>	<u>\$ 39.5</u>	<u>\$ 38.5</u>	<u>\$ 38.3</u>	<u>\$ 42.1</u>	<u>\$ 38.9</u>

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL**  
**NET INVESTMENT INCOME, YIELDS AND REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX)**  
(\$ in millions)

	Three months ended				Nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>NET INVESTMENT INCOME</b>									
Fixed income securities	\$ 277	\$ 283	\$ 281	\$ 280	\$ 282	\$ 288	\$ 284	\$ 841	\$ 854
Equity securities	9	16	15	10	10	14	8	40	32
Mortgage loans	48	48	52	52	53	50	50	148	153
Limited partnership interests	115	135	65	96	67	66	63	315	196
Short-term	3	2	1	2	1	1	2	6	4
Other	33	32	33	34	32	33	30	98	95
Investment income, before expense	<u>485</u>	<u>516</u>	<u>447</u>	<u>474</u>	<u>445</u>	<u>452</u>	<u>437</u>	<u>1,448</u>	<u>1,334</u>
Less: Investment expense	<u>(24)</u>	<u>(20)</u>	<u>(21)</u>	<u>(21)</u>	<u>(18)</u>	<u>(17)</u>	<u>(18)</u>	<u>(65)</u>	<u>(53)</u>
Net investment income	<u>\$ 461</u>	<u>\$ 496</u>	<u>\$ 426</u>	<u>\$ 453</u>	<u>\$ 427</u>	<u>\$ 435</u>	<u>\$ 419</u>	<u>\$ 1,383</u>	<u>\$ 1,281</u>
Net investment income, after-tax	<u>\$ 300</u>	<u>\$ 322</u>	<u>\$ 277</u>	<u>\$ 294</u>	<u>\$ 278</u>	<u>\$ 282</u>	<u>\$ 273</u>	<u>\$ 899</u>	<u>\$ 833</u>
Interest-bearing investments	\$ 357	\$ 360	\$ 363	\$ 364	\$ 363	\$ 369	\$ 363	\$ 1,080	\$ 1,095
Equity securities	9	16	15	10	10	14	8	40	32
LP and other alternative investments	119	140	69	100	72	69	66	328	207
Investment income, before expense	<u>\$ 485</u>	<u>\$ 516</u>	<u>\$ 447</u>	<u>\$ 474</u>	<u>\$ 445</u>	<u>\$ 452</u>	<u>\$ 437</u>	<u>\$ 1,448</u>	<u>\$ 1,334</u>
<b>PRE-TAX YIELDS</b>									
Fixed income securities	4.7 %	4.8 %	4.7 %	4.6 %	4.6 %	4.7 %	4.6 %	4.7 %	4.6 %
Equity securities	2.6	4.2	4.0	2.6	2.5	3.9	2.1	3.6	2.8
Mortgage loans	4.8	4.7	5.0	5.0	5.1	4.9	4.9	4.8	5.0
Limited partnership interests	15.1	18.6	9.3	14.1	10.2	10.7	10.7	14.3	10.5
Total portfolio	5.5	5.8	5.0	5.3	4.9	5.0	4.8	5.4	4.9
Interest-bearing investments	4.7	4.7	4.7	4.7	4.6	4.6	4.6	4.7	4.6
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE</b>									
Fixed income securities	\$ 6	\$ (6)	\$ (7)	\$ (16)	\$ (19)	\$ (1)	\$ (26)	\$ (7)	\$ (46)
Equity securities	7	(4)	-	8	3	(4)	(30)	3	(31)
Mortgage loans	1	-	-	(1)	-	1	-	1	1
Limited partnership interests	11	10	13	(17)	(1)	-	13	34	12
Derivatives and other	(4)	(4)	(7)	15	(4)	4	(6)	(15)	(6)
Total	<u>\$ 21</u>	<u>\$ (4)</u>	<u>\$ (1)</u>	<u>\$ (11)</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ (49)</u>	<u>\$ 16</u>	<u>\$ (70)</u>
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE</b>									
Impairment write-downs	\$ (6)	\$ (12)	\$ (21)	\$ (22)	\$ (37)	\$ (18)	\$ (24)	\$ (39)	\$ (79)
Change in intent write-downs	-	(1)	(3)	(4)	(2)	(4)	(3)	(4)	(9)
Net other-than-temporary impairment losses recognized in earnings	(6)	(13)	(24)	(26)	(39)	(22)	(27)	(43)	(88)
Sales and other	31	13	28	5	19	21	(17)	72	23
Valuation and settlements of derivative instruments	(4)	(4)	(5)	10	(1)	1	(5)	(13)	(5)
Total	<u>\$ 21</u>	<u>\$ (4)</u>	<u>\$ (1)</u>	<u>\$ (11)</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ (49)</u>	<u>\$ 16</u>	<u>\$ (70)</u>
<b>AVERAGE INVESTMENT BALANCES (in billions)</b>	<u>\$ 34.9</u>	<u>\$ 35.0</u>	<u>\$ 35.4</u>	<u>\$ 35.6</u>	<u>\$ 35.7</u>	<u>\$ 35.9</u>	<u>\$ 35.9</u>	<u>\$ 35.2</u>	<u>\$ 35.8</u>

**THE ALLSTATE CORPORATION**  
**CONSOLIDATED INVESTMENT POSITION AND RESULTS BY STRATEGY**  
(\$ in millions)

As of or for the three months ended

As of or for the nine months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>MARKET-BASED ("MB") <sup>(1)</sup></b>									
<b>Investment Position</b>									
Interest-bearing investments	\$ 69,070	\$ 68,331	\$ 68,836	\$ 69,688	\$ 69,579	\$ 68,357	\$ 68,001	\$ 69,070	\$ 69,579
Equity securities	6,336	6,021	5,578	5,567	5,194	5,192	5,032	6,336	5,194
LP and other alternative investments <sup>(2)</sup>	694	591	555	535	481	405	403	694	481
Total	<u>\$ 76,100</u>	<u>\$ 74,943</u>	<u>\$ 74,969</u>	<u>\$ 75,790</u>	<u>\$ 75,254</u>	<u>\$ 73,954</u>	<u>\$ 73,436</u>	<u>\$ 76,100</u>	<u>\$ 75,254</u>
<b>Investment income</b>									
Interest-bearing investments	\$ 625	\$ 629	\$ 624	\$ 622	\$ 611	\$ 618	\$ 614	\$ 1,878	\$ 1,843
Equity securities	37	45	35	34	31	44	28	117	103
LP and other alternative investments	1	-	-	(1)	1	-	-	1	1
Investment income, before expense	663	674	659	655	643	662	642	1,996	1,947
Investee level expenses <sup>(3)</sup>	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(4)	(3)
Income for yield calculation	<u>\$ 662</u>	<u>\$ 672</u>	<u>\$ 658</u>	<u>\$ 654</u>	<u>\$ 642</u>	<u>\$ 661</u>	<u>\$ 641</u>	<u>\$ 1,992</u>	<u>\$ 1,944</u>
<b>Market-based pre-tax yield</b>	3.6 %	3.7 %	3.6 %	3.6 %	3.6 %	3.7 %	3.6 %	3.6 %	3.6 %
<b>Realized capital gains and losses (pre-tax) by transaction type</b>									
Impairment write-downs	\$ (7)	\$ (19)	\$ (36)	\$ (26)	\$ (37)	\$ (50)	\$ (31)	\$ (62)	\$ (118)
Change in intent write-downs	(5)	(22)	(16)	(21)	(10)	(16)	(21)	(43)	(47)
Net other-than-temporary impairment losses recognized in earnings	(12)	(41)	(52)	(47)	(47)	(66)	(52)	(105)	(165)
Sales and other	148	129	208	43	118	123	(80)	485	161
Valuation and settlements of derivative instruments	(12)	(1)	(10)	13	(13)	(5)	(6)	(23)	(24)
Total	<u>\$ 124</u>	<u>\$ 87</u>	<u>\$ 146</u>	<u>\$ 9</u>	<u>\$ 58</u>	<u>\$ 52</u>	<u>\$ (138)</u>	<u>\$ 357</u>	<u>\$ (28)</u>
<b>PERFORMANCE-BASED ("PB") <sup>(4)</sup></b>									
<b>Investment Position</b>									
Interest-bearing investments	\$ 130	\$ 129	\$ 108	\$ 113	\$ 130	\$ 162	\$ 162	\$ 130	\$ 130
Equity securities	98	96	107	99	94	73	85	98	94
LP and other alternative investments	6,443	6,137	5,959	5,797	5,626	5,505	5,194	6,443	5,626
Total	<u>\$ 6,671</u>	<u>\$ 6,362</u>	<u>\$ 6,174</u>	<u>\$ 6,009</u>	<u>\$ 5,850</u>	<u>\$ 5,740</u>	<u>\$ 5,441</u>	<u>\$ 6,671</u>	<u>\$ 5,850</u>
<b>Investment income</b>									
Interest-bearing investments	\$ 2	\$ 2	\$ 1	\$ -	\$ 2	\$ 5	\$ 4	\$ 5	\$ 11
Equity securities	-	4	9	-	-	-	-	13	-
LP and other alternative investments	233	265	130	190	145	136	129	628	410
Investment income, before expense	235	271	140	190	147	141	133	646	421
Investee level expenses	(8)	(8)	(9)	(8)	(8)	(8)	(8)	(25)	(24)
Income for yield calculation	<u>\$ 227</u>	<u>\$ 263</u>	<u>\$ 131</u>	<u>\$ 182</u>	<u>\$ 139</u>	<u>\$ 133</u>	<u>\$ 125</u>	<u>\$ 621</u>	<u>\$ 397</u>
<b>Performance-based pre-tax yield</b>	14.0 %	16.8 %	8.7 %	12.3 %	9.7 %	9.5 %	9.3 %	13.2 %	9.5 %
<b>Realized capital gains and losses (pre-tax) by transaction type</b>									
Impairment write-downs	\$ (16)	\$ (9)	\$ (7)	\$ (23)	\$ (26)	\$ (13)	\$ (28)	\$ (32)	\$ (67)
Change in intent write-downs	-	-	-	-	-	-	(1)	-	(1)
Net other-than-temporary impairment losses recognized in earnings	(16)	(9)	(7)	(23)	(26)	(13)	(29)	(32)	(68)
Sales and other	-	10	-	4	3	(19)	21	10	5
Valuation and settlements of derivative instruments	(5)	(7)	(5)	12	(2)	4	(3)	(17)	(1)
Total	<u>\$ (21)</u>	<u>\$ (6)</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (25)</u>	<u>\$ (28)</u>	<u>\$ (11)</u>	<u>\$ (39)</u>	<u>\$ (64)</u>

(1) Market-based strategy seeks to deliver predictable earnings aligned to business needs and take advantage of short-term opportunities primarily through public and private fixed income investments and public equity securities.

(2) Market-based investments include publicly traded equity securities classified as limited partnerships.

(3) When calculating the pre-tax yields, investee level expenses are netted against income for directly held real estate, timber and other consolidated investments.

(4) Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity, real estate, infrastructure, timber and agriculture-related assets.

**THE ALLSTATE CORPORATION**  
**PROPERTY-LIABILITY**  
**INVESTMENT POSITION AND RESULTS BY STRATEGY**  
(\$ in millions)

As of or for the three months ended

As of or for the nine months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>MARKET-BASED</b>									
<b>Investment Position</b>									
Interest-bearing investments	\$ 35,232	\$ 34,943	\$ 34,389	\$ 35,138	\$ 34,057	\$ 32,729	\$ 31,852	\$ 35,232	\$ 34,057
Equity securities	4,625	4,359	3,956	4,022	3,554	3,589	3,660	4,625	3,554
LP and other alternative investments	474	400	376	369	333	282	277	474	333
Total	<u>\$ 40,331</u>	<u>\$ 39,702</u>	<u>\$ 38,721</u>	<u>\$ 39,529</u>	<u>\$ 37,944</u>	<u>\$ 36,600</u>	<u>\$ 35,789</u>	<u>\$ 40,331</u>	<u>\$ 37,944</u>
<b>Investment income</b>									
Interest-bearing investments	\$ 257	\$ 257	\$ 248	\$ 247	\$ 236	\$ 239	\$ 240	\$ 762	\$ 715
Equity securities	28	31	24	24	21	30	20	83	71
LP and other alternative investments	1	-	-	(1)	-	-	-	1	-
Investment income, before expense	286	288	272	270	257	269	260	846	786
Investee level expenses	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(4)	(3)
Income for yield calculation	<u>\$ 285</u>	<u>\$ 286</u>	<u>\$ 271</u>	<u>\$ 269</u>	<u>\$ 256</u>	<u>\$ 268</u>	<u>\$ 259</u>	<u>\$ 842</u>	<u>\$ 783</u>
<b>Market-based pre-tax yield</b>	2.9 %	3.0 %	2.8 %	2.8 %	2.8 %	3.0 %	2.9 %	2.9 %	2.9 %
<b>Realized capital gains and losses (pre-tax) by transaction type</b>									
Impairment write-downs	\$ (3)	\$ (11)	\$ (18)	\$ (13)	\$ (14)	\$ (25)	\$ (22)	\$ (32)	\$ (61)
Change in intent write-downs	(5)	(21)	(13)	(17)	(8)	(12)	(18)	(39)	(38)
Net other-than-temporary impairment losses recognized in earnings	(8)	(32)	(31)	(30)	(22)	(37)	(40)	(71)	(99)
Sales and other	118	114	181	39	98	87	(48)	413	137
Valuation and settlements of derivative instruments	(10)	(1)	(9)	10	(13)	(4)	(3)	(20)	(20)
Total	<u>\$ 100</u>	<u>\$ 81</u>	<u>\$ 141</u>	<u>\$ 19</u>	<u>\$ 63</u>	<u>\$ 46</u>	<u>\$ (91)</u>	<u>\$ 322</u>	<u>\$ 18</u>
<b>PERFORMANCE-BASED</b>									
<b>Investment Position</b>									
Interest-bearing investments	\$ 107	\$ 109	\$ 94	\$ 95	\$ 109	\$ 129	\$ 128	\$ 107	\$ 109
Equity securities	52	51	56	52	50	43	49	52	50
LP and other alternative investments	3,353	3,221	3,129	3,046	2,954	2,917	2,770	3,353	2,954
Total	<u>\$ 3,512</u>	<u>\$ 3,381</u>	<u>\$ 3,279</u>	<u>\$ 3,193</u>	<u>\$ 3,113</u>	<u>\$ 3,089</u>	<u>\$ 2,947</u>	<u>\$ 3,512</u>	<u>\$ 3,113</u>
<b>Investment income</b>									
Interest-bearing investments	\$ 2	\$ 2	\$ 1	\$ (1)	\$ 2	\$ 2	\$ 3	\$ 5	\$ 7
Equity securities	-	2	5	-	-	-	-	7	-
LP and other alternative investments	114	125	61	90	74	67	63	300	204
Investment income, before expense	116	129	67	89	76	69	66	312	211
Investee level expenses	(4)	(3)	(5)	(4)	(4)	(3)	(4)	(12)	(11)
Income for yield calculation	<u>\$ 112</u>	<u>\$ 126</u>	<u>\$ 62</u>	<u>\$ 85</u>	<u>\$ 72</u>	<u>\$ 66</u>	<u>\$ 62</u>	<u>\$ 300</u>	<u>\$ 200</u>
<b>Performance-based pre-tax yield</b>	13.0 %	15.2 %	7.7 %	11.0 %	9.5 %	8.7 %	8.4 %	12.0 %	8.9 %
<b>Realized capital gains and losses (pre-tax) by transaction type</b>									
Impairment write-downs	\$ (14)	\$ (5)	\$ (4)	\$ (14)	\$ (12)	\$ (17)	\$ (13)	\$ (23)	\$ (42)
Change in intent write-downs	-	-	-	-	-	-	(1)	-	(1)
Net other-than-temporary impairment losses recognized in earnings	(14)	(5)	(4)	(14)	(12)	(17)	(14)	(23)	(43)
Sales and other	(1)	12	(1)	4	3	(5)	7	10	5
Valuation and settlements of derivative instruments	(3)	(3)	(1)	5	(1)	2	(1)	(7)	-
Total	<u>\$ (18)</u>	<u>\$ 4</u>	<u>\$ (6)</u>	<u>\$ (5)</u>	<u>\$ (10)</u>	<u>\$ (20)</u>	<u>\$ (8)</u>	<u>\$ (20)</u>	<u>\$ (38)</u>

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL**  
**INVESTMENT POSITION AND RESULTS BY STRATEGY**  
(\$ in millions)

	As of or for the three months ended				As of or for the nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>MARKET-BASED</b>									
<b>Investment Position</b>									
Interest-bearing investments	\$ 31,630	\$ 31,630	\$ 31,917	\$ 32,317	\$ 32,995	\$ 33,387	\$ 33,351	\$ 31,630	\$ 32,995
Equity securities	1,703	1,654	1,619	1,542	1,637	1,600	1,369	1,703	1,637
LP and other alternative investments	219	191	179	165	147	122	122	219	147
Total	<u>\$ 33,552</u>	<u>\$ 33,475</u>	<u>\$ 33,715</u>	<u>\$ 34,024</u>	<u>\$ 34,779</u>	<u>\$ 35,109</u>	<u>\$ 34,842</u>	<u>\$ 33,552</u>	<u>\$ 34,779</u>
<b>Investment income</b>									
Interest-bearing investments	\$ 357	\$ 360	\$ 363	\$ 363	\$ 363	\$ 366	\$ 362	\$ 1,080	\$ 1,091
Equity securities	9	14	11	10	10	14	8	34	32
LP and other alternative investments	-	-	-	-	1	-	-	-	1
Investment income, before expense	<u>366</u>	<u>374</u>	<u>374</u>	<u>373</u>	<u>374</u>	<u>380</u>	<u>370</u>	<u>1,114</u>	<u>1,124</u>
Investee level expenses	-	-	-	-	-	-	-	-	-
Income for yield calculation	<u>\$ 366</u>	<u>\$ 374</u>	<u>\$ 374</u>	<u>\$ 373</u>	<u>\$ 374</u>	<u>\$ 380</u>	<u>\$ 370</u>	<u>\$ 1,114</u>	<u>\$ 1,124</u>
<b>Market-based pre-tax yield</b>	4.6 %	4.7 %	4.6 %	4.5 %	4.5 %	4.6 %	4.4 %	4.6 %	4.5 %
<b>Realized capital gains and losses (pre-tax) by transaction type</b>									
Impairment write-downs	\$ (4)	\$ (8)	\$ (18)	\$ (13)	\$ (23)	\$ (22)	\$ (9)	\$ (30)	\$ (54)
Change in intent write-downs	-	(1)	(3)	(4)	(2)	(4)	(3)	(4)	(9)
Net other-than-temporary impairment losses recognized in earnings	(4)	(9)	(21)	(17)	(25)	(26)	(12)	(34)	(63)
Sales and other	30	15	27	5	19	35	(31)	72	23
Valuation and settlements of derivative instruments	(2)	-	(1)	3	-	(1)	(3)	(3)	(4)
Total	<u>\$ 24</u>	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ (9)</u>	<u>\$ (6)</u>	<u>\$ 8</u>	<u>\$ (46)</u>	<u>\$ 35</u>	<u>\$ (44)</u>
<b>PERFORMANCE-BASED</b>									
<b>Investment Position</b>									
Interest-bearing investments	\$ 23	\$ 20	\$ 14	\$ 18	\$ 21	\$ 33	\$ 34	\$ 23	\$ 21
Equity securities	46	45	51	47	44	30	36	46	44
LP and other alternative investments	3,090	2,916	2,830	2,751	2,672	2,588	2,424	3,090	2,672
Total	<u>\$ 3,159</u>	<u>\$ 2,981</u>	<u>\$ 2,895</u>	<u>\$ 2,816</u>	<u>\$ 2,737</u>	<u>\$ 2,651</u>	<u>\$ 2,494</u>	<u>\$ 3,159</u>	<u>\$ 2,737</u>
<b>Investment income</b>									
Interest-bearing investments	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 3	\$ 1	\$ -	\$ 4
Equity securities	-	2	4	-	-	-	-	6	-
LP and other alternative investments	119	140	69	100	71	69	66	328	206
Investment income, before expense	<u>119</u>	<u>142</u>	<u>73</u>	<u>101</u>	<u>71</u>	<u>72</u>	<u>67</u>	<u>334</u>	<u>210</u>
Investee level expenses	(4)	(5)	(4)	(4)	(4)	(5)	(4)	(13)	(13)
Income for yield calculation	<u>\$ 115</u>	<u>\$ 137</u>	<u>\$ 69</u>	<u>\$ 97</u>	<u>\$ 67</u>	<u>\$ 67</u>	<u>\$ 63</u>	<u>\$ 321</u>	<u>\$ 197</u>
<b>Performance-based pre-tax yield</b>	15.1 %	18.6 %	9.8 %	13.8 %	10.0 %	10.4 %	10.4 %	14.5 %	10.3 %
<b>Realized capital gains and losses (pre-tax) by transaction type</b>									
Impairment write-downs	\$ (2)	\$ (4)	\$ (3)	\$ (9)	\$ (14)	\$ 4	\$ (15)	\$ (9)	\$ (25)
Change in intent write-downs	-	-	-	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(2)	(4)	(3)	(9)	(14)	4	(15)	(9)	(25)
Sales and other	1	(2)	1	-	-	(14)	14	-	-
Valuation and settlements of derivative instruments	(2)	(4)	(4)	7	(1)	2	(2)	(10)	(1)
Total	<u>\$ (3)</u>	<u>\$ (10)</u>	<u>\$ (6)</u>	<u>\$ (2)</u>	<u>\$ (15)</u>	<u>\$ (8)</u>	<u>\$ (3)</u>	<u>\$ (19)</u>	<u>\$ (26)</u>

**THE ALLSTATE CORPORATION**  
**PERFORMANCE-BASED INVESTMENTS**  
(\$ in millions)

	As of or for the three months ended				As of or for the nine months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Sept. 30, 2017	Sept. 30, 2016
<b>Investment position</b>									
<b>Limited partnerships</b>									
Private equity	\$ 4,650	\$ 4,333	\$ 4,139	\$ 4,031	\$ 3,839	\$ 3,663	\$ 3,324	\$ 4,650	\$ 3,839
Real estate <sup>(1)</sup>	1,296	1,320	1,325	1,281	1,301	1,374	1,399	1,296	1,301
PB - limited partnerships	<u>5,946</u>	<u>5,653</u>	<u>5,464</u>	<u>5,312</u>	<u>5,140</u>	<u>5,037</u>	<u>4,723</u>	<u>5,946</u>	<u>5,140</u>
<b>Non-LP</b>									
Private equity	170	171	161	151	165	179	190	170	165
Real estate	555	538	549	546	545	524	528	555	545
PB - non-LP	<u>725</u>	<u>709</u>	<u>710</u>	<u>697</u>	<u>710</u>	<u>703</u>	<u>718</u>	<u>725</u>	<u>710</u>
<b>Total</b>									
Private equity	4,820	4,504	4,300	4,182	4,004	3,842	3,514	4,820	4,004
Real estate	1,851	1,858	1,874	1,827	1,846	1,898	1,927	1,851	1,846
Total PB	<u>\$ 6,671</u>	<u>\$ 6,362</u>	<u>\$ 6,174</u>	<u>\$ 6,009</u>	<u>\$ 5,850</u>	<u>\$ 5,740</u>	<u>\$ 5,441</u>	<u>\$ 6,671</u>	<u>\$ 5,850</u>
<b>Investment income</b>									
<b>Limited partnerships</b>									
Private equity	\$ 183	\$ 209	\$ 114	\$ 145	\$ 112	\$ 113	\$ 85	\$ 506	\$ 310
Real estate	40	44	6	34	23	13	36	90	72
PB - limited partnerships	<u>223</u>	<u>253</u>	<u>120</u>	<u>179</u>	<u>135</u>	<u>126</u>	<u>121</u>	<u>596</u>	<u>382</u>
<b>Non-LP</b>									
Private equity	2	5	9	1	2	4	2	16	8
Real estate	10	13	11	10	10	11	10	34	31
PB - non-LP	<u>12</u>	<u>18</u>	<u>20</u>	<u>11</u>	<u>12</u>	<u>15</u>	<u>12</u>	<u>50</u>	<u>39</u>
<b>Total</b>									
Private equity	185	214	123	146	114	117	87	522	318
Real estate	50	57	17	44	33	24	46	124	103
Total PB	<u>\$ 235</u>	<u>\$ 271</u>	<u>\$ 140</u>	<u>\$ 190</u>	<u>\$ 147</u>	<u>\$ 141</u>	<u>\$ 133</u>	<u>\$ 646</u>	<u>\$ 421</u>
<b>Investee level expenses</b>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (9)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (25)</u>	<u>\$ (24)</u>
<b>Realized capital gains and losses</b>									
<b>Limited partnerships</b>									
Private equity	\$ (17)	\$ (8)	\$ (10)	\$ (26)	\$ (23)	\$ (20)	\$ 12	\$ (35)	\$ (31)
Real estate	-	4	1	2	2	-	1	5	3
PB - limited partnerships	<u>(17)</u>	<u>(4)</u>	<u>(9)</u>	<u>(24)</u>	<u>(21)</u>	<u>(20)</u>	<u>13</u>	<u>(30)</u>	<u>(28)</u>
<b>Non-LP</b>									
Private equity	(4)	(11)	(4)	16	(4)	(8)	(25)	(19)	(37)
Real estate	-	9	1	1	-	-	1	10	1
PB - non-LP	<u>(4)</u>	<u>(2)</u>	<u>(3)</u>	<u>17</u>	<u>(4)</u>	<u>(8)</u>	<u>(24)</u>	<u>(9)</u>	<u>(36)</u>
<b>Total</b>									
Private equity	(21)	(19)	(14)	(10)	(27)	(28)	(13)	(54)	(68)
Real estate	-	13	2	3	2	-	2	15	4
Total PB	<u>\$ (21)</u>	<u>\$ (6)</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (25)</u>	<u>\$ (28)</u>	<u>\$ (11)</u>	<u>\$ (39)</u>	<u>\$ (64)</u>
<b>Pre-Tax Yield</b>	14.0 %	16.8 %	8.7 %	12.3 %	9.7 %	9.5 %	9.3 %	13.2 %	9.5 %
<b>Internal Rate of Return <sup>(2)</sup></b>									
10 Year	8.5 %	8.3 %	9.5 %	10.1 %	10.1 %	10.2 %	10.5 %		
5 Year	12.7	11.9	11.9	12.0	11.7	12.0	12.7		

(1) Includes Timber and agriculture-related assets.

(2) The internal rate of return ("IRR") is one of the measures we use to evaluate the performance of these investments. The IRR represents the rate of return on the investments considering the cash flows paid and received and, until the investment is fully liquidated, the estimated value of investment holdings at the end of the measurement period. The calculated IRR for any measurement period is highly influenced by the values of the portfolio at the beginning and end of the period, which reflect the estimated fair values of the investments as of such dates. As a result, the IRR can vary significantly for different measurement periods based on macroeconomic or other events that impact the estimated beginning or ending portfolio value, such as the global financial crisis. Our IRR calculation method may differ from those used by other investors. The timing of the recognition of income in the financial statements may differ significantly from the cash distributions and changes in the value of these investments.



**THE ALLSTATE CORPORATION**  
**LIMITED PARTNERSHIP INTERESTS**

(\$ in millions)

As of or for the three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
<b>Investment position</b>							
Accounting basis							
Cost method	\$ 1,339	\$ 1,269	\$ 1,293	\$ 1,282	\$ 1,375	\$ 1,284	\$ 1,193
Equity method ("EMA") <sup>(1)</sup>	5,261	4,937	4,689	4,532	4,213	4,123	3,898
Total	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,588</u>	<u>\$ 5,407</u>	<u>\$ 5,091</u>
Cost method-fair value <sup>(2)</sup>	\$ 1,579	\$ 1,511	\$ 1,525	\$ 1,493	\$ 1,600	\$ 1,511	\$ 1,466
Underlying investment							
Private equity	\$ 4,650	\$ 4,333	\$ 4,139	\$ 4,031	\$ 3,839	\$ 3,663	\$ 3,324
Real estate	1,296	1,320	1,325	1,281	1,301	1,374	1,399
Other	654	553	518	502	448	370	368
Total	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,588</u>	<u>\$ 5,407</u>	<u>\$ 5,091</u>
Segment							
Property-Liability	\$ 3,467	\$ 3,266	\$ 3,122	\$ 3,042	\$ 2,913	\$ 2,842	\$ 2,688
Allstate Financial	3,132	2,940	2,860	2,771	2,674	2,564	2,399
Corporate and Other	1	-	-	1	1	1	4
Total	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,588</u>	<u>\$ 5,407</u>	<u>\$ 5,091</u>
<b>Total Income</b>							
Accounting basis							
Cost method	\$ 64	\$ 51	\$ 37	\$ 26	\$ 43	\$ 47	\$ 39
Equity method	159	202	83	152	93	79	82
Total	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 136</u>	<u>\$ 126</u>	<u>\$ 121</u>
Underlying investment							
Private equity	\$ 183	\$ 209	\$ 114	\$ 145	\$ 112	\$ 113	\$ 85
Real estate	40	44	6	34	23	13	36
Other	-	-	-	(1)	1	-	-
Total	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 136</u>	<u>\$ 126</u>	<u>\$ 121</u>
Segment							
Property-Liability	\$ 108	\$ 118	\$ 55	\$ 82	\$ 69	\$ 60	\$ 58
Allstate Financial	115	135	65	96	67	66	63
Total	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 136</u>	<u>\$ 126</u>	<u>\$ 121</u>
<sup>(1)</sup> Approximate cumulative pre-tax appreciation	\$ 858	\$ 787	\$ 611	\$ 511	\$ 469	\$ 469	\$ 408

<sup>(2)</sup> The fair value of cost method limited partnerships is determined using reported net asset values.

## Definitions of Non-GAAP Measures

We believe that investors' understanding of Allstate's performance is enhanced by our disclosure of the following non-GAAP measures. Our methods for calculating these measures may differ from those used by other companies and therefore comparability may be limited.

**Operating income** is net income applicable to common shareholders, excluding:

- realized capital gains and losses, after-tax, except for periodic settlements and accruals on non-hedge derivative instruments, which are reported with realized capital gains and losses but included in operating income,
- valuation changes on embedded derivatives that are not hedged, after-tax,
- amortization of deferred policy acquisition costs ("DAC") and deferred sales inducements ("DSI"), to the extent they resulted from the recognition of certain realized capital gains and losses or valuation changes on embedded derivatives that are not hedged, after-tax,
- business combination expenses and the amortization of purchased intangible assets, after-tax,
- gain (loss) on disposition of operations, after-tax, and
- adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years.

Net income applicable to common shareholders is the GAAP measure that is most directly comparable to operating income. We use operating income as an important measure to evaluate our results of operations. We believe that the measure provides investors with a valuable measure of the Company's ongoing performance because it reveals trends in our insurance and financial services business that may be obscured by the net effect of realized capital gains and losses, valuation changes on embedded derivatives that are not hedged, business combination expenses and the amortization of purchased intangible assets, gain (loss) on disposition of operations and adjustments for other significant non-recurring, infrequent or unusual items. Realized capital gains and losses, valuation changes on embedded derivatives that are not hedged and gain (loss) on disposition of operations may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is unrelated to the insurance underwriting process. Consistent with our intent to protect results or earn additional income, operating income includes periodic settlements and accruals on certain derivative instruments that are reported in realized capital gains and losses because they do not qualify for hedge accounting or are not designated as hedges for accounting purposes. These instruments are used for economic hedges and to replicate fixed income securities, and by including them in operating income, we are appropriately reflecting their trends in our performance and in a manner consistent with the economically hedged investments, product attributes (e.g. net investment income and interest credited to contractholder funds) or replicated investments. Business combination expenses are excluded because they are non-recurring in nature and the amortization of purchased intangible assets is excluded because it relates to the acquisition purchase price and is not indicative of our underlying insurance business results or trends. Non-recurring items are excluded because, by their nature, they are not indicative of our business or economic trends. Accordingly, operating income excludes the effect of items that tend to be highly variable from period to period and highlights the results from ongoing operations and the underlying profitability of our business. A byproduct of excluding these items to determine operating income is the transparency and understanding of their significance to net income variability and profitability while recognizing these or similar items may recur in subsequent periods. Operating income is used by management along with the other components of net income applicable to common shareholders to assess our performance. We use adjusted measures of operating income in incentive compensation. Therefore, we believe it is useful for investors to evaluate net income applicable to common shareholders, operating income and their components separately and in the aggregate when reviewing and evaluating our performance. We note that investors, financial analysts, financial and business media organizations and rating agencies utilize operating income results in their evaluation of our and our industry's financial performance and in their investment decisions, recommendations and communications as it represents a reliable, representative and consistent measurement of the industry and the Company and management's performance. We note that the price to earnings multiple commonly used by insurance investors as a forward-looking valuation technique uses operating income as the denominator. Operating income should not be considered a substitute for net income applicable to common shareholders and does not reflect the overall profitability of our business. A reconciliation of operating income to net income applicable to common shareholders is provided in the schedule, "Contribution to Income".

**Combined ratio excluding the effect of catastrophes, prior year reserve reestimates and the amortization of purchased intangible assets ("underlying combined ratio")** is a non-GAAP ratio, which is computed as the difference between four GAAP operating ratios: the combined ratio, the effect of catastrophes on the combined ratio, the effect of prior year non-catastrophe reserve reestimates on the combined ratio, the effect of amortization of purchased intangible assets on the combined ratio. We believe that this ratio is useful to investors and it is used by management to reveal the trends in our Property-Liability business that may be obscured by catastrophe losses, prior year reserve reestimates, amortization of purchased intangible assets. Catastrophe losses cause our loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior year reserve reestimates are caused by unexpected loss development on historical reserves. Amortization of purchased intangible assets relates to the acquisition purchase price and is not indicative of our underlying insurance business results or trends. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. We also provide it to facilitate a comparison to our outlook on the underlying combined ratio. The most directly comparable GAAP measure is the combined ratio. The underlying combined ratio should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business. A reconciliation of the underlying combined ratio to combined ratio is provided in the schedules "Property Liability Results", "Allstate Brand Profitability Measures", "Esurance Brand Profitability Measures and Statistics", "Encompass Brand Profitability Measures and Statistics", "SquareTrade Profitability Measures", "Auto Profitability Measures by Brand", "Homeowners Profitability Measures by Brand" and "Other Personal Lines Profitability Measures by Brand".

**Average underlying loss (incurred pure premium) and expense** is calculated as the underlying combined ratio (a non-GAAP measure) multiplied by the GAAP quarterly earned premium, which is annualized (multiplied by 4) ("average premium"). We believe that this measure is useful to investors and it is used by management for the same reasons noted above for the underlying combined ratio. A reconciliation of average underlying loss and expense is provided in the schedule, "Allstate Brand Auto and Homeowners Underlying Loss and Expense".

**Underlying loss ratio** is a non-GAAP ratio, which is computed as the difference between three GAAP operating ratios: the loss ratio, the effect of catastrophes on the combined ratio and the effect of prior year non-catastrophe reserve reestimates on the combined ratio. We believe that this ratio is useful to investors and it is used by management to reveal the trends that may be obscured by catastrophe losses and prior year reserve reestimates. Catastrophe losses cause our loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior year reserve reestimates are caused by unexpected loss development on historical reserves. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. The most directly comparable GAAP measure is the loss ratio. The underlying loss ratio should not be considered a substitute for the loss ratio and does not reflect the overall loss ratio of our business. A reconciliation of underlying loss ratio is provided in the schedules "Property Liability Results", "Allstate Brand Profitability Measures", "Esurance Brand Profitability Measures and Statistics", "Encompass Brand Profitability Measures and Statistics", "Auto Profitability Measures by Brand", "Homeowners Profitability Measures by Brand" and "Other Personal Lines Profitability Measures by Brand".

**Operating income return on common shareholders' equity** is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month operating income by the average of common shareholders' equity at the beginning and at the end of the 12-months, after excluding the effect of unrealized net capital gains and losses. Return on common shareholders' equity is the most directly comparable GAAP measure. We use operating income as the numerator for the same reasons we use operating income, as discussed above. We use average common shareholders' equity excluding the effect of unrealized net capital gains and losses for the denominator as a representation of common shareholders' equity primarily attributable to the Company's earned and realized business operations because it eliminates the effect of items that are unrealized and vary significantly between periods due to external economic developments such as capital market conditions like changes in equity prices and interest rates, the amount and timing of which are unrelated to the insurance underwriting process. We use it to supplement our evaluation of net income applicable to common shareholders and return on common shareholders' equity because it excludes the effect of items that tend to be highly variable from period to period. We believe that this measure is useful to investors and that it provides a valuable tool for investors when considered along with return on common shareholders' equity because it eliminates the after-tax effects of realized and unrealized net capital gains and losses that can fluctuate significantly from period to period and that are driven by economic developments, the magnitude and timing of which are generally not influenced by management. In addition, it eliminates non-recurring items that are not indicative of our ongoing business or economic trends. A byproduct of excluding the items noted above to determine operating income return on common shareholders' equity from return on common shareholders' equity is the transparency and understanding of their significance to return on common shareholders' equity variability and profitability while recognizing these or similar items may recur in subsequent periods. We use adjusted measures of operating income return on common shareholders' equity in incentive compensation. Therefore, we believe it is useful for investors to have operating income return on common shareholders' equity and return on common shareholders' equity when evaluating our performance. We note that investors, financial analysts, financial and business media organizations and rating agencies utilize operating income return on common shareholders' equity results in their evaluation of our and our industry's financial performance and in their investment decisions, recommendations and communications as it represents a reliable, representative and consistent measurement of the industry and the company and management's utilization of capital. Operating income return on common shareholders' equity should not be considered a substitute for return on common shareholders' equity and does not reflect the overall profitability of our business. A reconciliation of return on common shareholders' equity and operating income return on common shareholders' equity can be found in the schedule, "Return on Common Shareholders' Equity".

**Adjusted SquareTrade operating income** is a non-GAAP measure, which is computed as net income (loss) applicable to common shareholders, excluding amortization of purchased intangible assets, after-tax, and realized capital gains and losses, after-tax, and adjusted for the after-tax income statement effects of acquisition-related purchase accounting fair value adjustments to unearned premiums, contractual liability insurance policy premium expenses, and commissions paid to retailers. Net income (loss) applicable to shareholders is the GAAP measure that is most directly comparable to adjusted SquareTrade operating income. We use adjusted SquareTrade operating income as an important measure to evaluate SquareTrade's results of operations. We believe that the measure provides investors with a valuable measure of SquareTrade's ongoing performance because it reveals trends that may be obscured by the amortization of purchased intangible assets, the acquisition-related purchase accounting fair value adjustments, and the net effects of realized capital gains and losses. Amortization of purchased intangible assets is excluded because it relates to the acquisition purchase price and is not indicative of our business results or trends. We adjust for the effects of acquisition-related purchase accounting fair value adjustments because they relate to the acquisition and their effects are not indicative of the underlying business results and trends. Realized capital gains and losses may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is unrelated to SquareTrade's operations. Adjusted SquareTrade operating income highlights the results from ongoing operations and the underlying profitability of our business and is used by management along with the other components of net income applicable to common shareholders to assess our performance. We believe it is useful for investors to evaluate net income applicable to common shareholders, adjusted SquareTrade operating income and their components separately and in the aggregate when reviewing and evaluating SquareTrade's performance. Adjusted SquareTrade operating income should not be considered a substitute for net income applicable to common shareholders and does not reflect the overall profitability of our business. A reconciliation of net income (loss) applicable to common shareholders to adjusted SquareTrade operating income is provided in the schedule, "SquareTrade Profitability Measures".

**Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities**, is a ratio that uses a non-GAAP measure. It is calculated by dividing common shareholders' equity after excluding the impact of unrealized net capital gains and losses on fixed income securities and related DAC, DSI and life insurance reserves by total common shares outstanding plus dilutive potential common shares outstanding. We use the trend in book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, in conjunction with book value per common share to identify and analyze the change in net worth attributable to management efforts between periods. We believe the non-GAAP ratio is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are generally not influenced by management, and we believe it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers. We note that book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a measure commonly used by insurance investors as a valuation technique. Book value per common share is the most directly comparable GAAP measure. Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, should not be considered a substitute for book value per common share, and does not reflect the recorded net worth of our business. A reconciliation of book value per common share, excluding the impact of unrealized net capital gains on fixed income securities, and book value per common share can be found in the schedule, "Book Value per Common Share".