



The Allstate Corporation

Fourth Quarter 2017 Earnings Presentation
February 8, 2018

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You're in good hands.



Forward-Looking Statements and Non-GAAP Financial Information

This presentation contains forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this presentation is available in the 2016 Form 10-K, in our most recent earnings release, and at the end of these slides. These materials are available on our website, www.allstateinvestors.com, under the “Financials” link.

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

Adoption of New Reporting Segments

- In the fourth quarter, the company adopted new reporting segments, expanding from four to seven.
- The new structure provides enhanced transparency and allows for an evaluation of our businesses grouped by like attributes:
 - **Allstate Protection** includes Allstate, Esurance and Encompass brands and Answer Financial.
 - **Service Businesses** includes SquareTrade, Arity, Allstate Roadside Services and Allstate Dealer Services.
 - Allstate Financial was divided into three new segments: **Allstate Life**, **Allstate Benefits** and **Allstate Annuities**.
 - **Discontinued Lines and Coverages** and **Corporate and Other** segments remain unchanged.
 - Property-Liability results are a combination of Allstate Protection and Discontinued Lines and Coverages.

Other Financial Reporting Changes

- In the fourth quarter, Allstate discontinued the use of the term “Operating income” and replaced the label with “Adjusted net income”.



Allstate Delivered Strong Results and is Positioned for Profitable Growth

- Net income applicable to common shareholders of \$1.2 billion, or \$3.35 per share, for the quarter
 - One-time \$506 million increase to net income due to tax reform
 - Adjusted net income* of \$762 million, or \$2.09 per share
- Operational strength will support accelerated growth in 2018, while maintaining attractive returns
- Adjusted net income return on common shareholders' equity* was 13.3% for the 12 months ended December 31, 2017

(\$ in millions, except per share data and ratios)	Three months ended December 31			Twelve months ended December 31		
	2017	2016	Change	2017	2016	Change
Total revenues	\$9,843	\$9,278	6.1%	\$38,524	\$36,534	5.4%
Property-Liability insurance premiums	7,971	7,756	2.8%	31,433	30,727	2.3%
Net investment income	913	801	14.0%	3,401	3,042	11.8%
Income available to common shareholders:						
Net income	1,220	811	50.4%	3,073	1,761	74.5%
per diluted common share	3.35	2.18	53.7%	8.36	4.67	79.0%
Adjusted net income*	762	807	(5.6)%	2,467	1,838	34.2%
per diluted common share*	2.09	2.17	(3.7)%	6.71	4.87	37.8%
Return on common shareholders' equity						
Net income available to common shareholders				15.5%	9.5%	6.0 pts
Adjusted net income*				13.3%	10.4%	2.9 pts



Allstate Will Deploy Tax Reform Benefits to Our Many Stakeholders

Impact of the Tax Cuts and Jobs Act of 2017

- Revaluation of deferred tax assets and liabilities resulted in \$506 million increase in 2017 net income
- Anticipate 2018 effective tax rate of 19-20%
- Future auto and homeowners insurance rate filings will reflect the impact of lower tax rates
 - Do not expect a material near-term impact on Allstate

Allstate's Deployment of Increased Margins

- Growth
 - Increased marketing
 - Expand distribution
 - Telematics
 - New products
 - Technology
- Employee value proposition
 - Employee "Choice Dollars"
 - Investing in sustainable employability
- Shareholder returns
 - Increase quarterly dividend 24% to 46 cents per share, payable April 2, 2018
- Community
 - An additional \$34 million contribution to The Allstate Foundation in December 2017



Allstate Delivered on All Five 2017 Operating Priorities

Better Serve Customers

- Net Promoter Score increased
- Customer retention improved for Allstate brand and Esurance auto insurance
- Expanded QuickFoto Claim® utilization

Achieve Target Economic Returns on Capital

- Property-Liability recorded combined ratio of 93.6 for the full year
 - Auto insurance underlying margins improved across all three underwritten brands
 - Allstate brand homeowners insurance generated an underwriting profit of \$725 million despite \$2.1 billion of catastrophe losses
- Allstate Annuities income increased significantly, while returns remained low

Grow Customer Base

- Total policies in force increased to 82.3 million, due to acquisition of SquareTrade
- Property-Liability policies in force declined as a result of profit improvement actions
- SquareTrade policies grew 10 million (35.8%) for the year
- Allstate Benefits policy growth of 7.4%

Proactively Manage Investments

- Total return of 5.9%, reflecting strong results from both the market-based and performance-based strategies

Build Long-Term Growth Platforms

- SquareTrade expanded U.S. retail distribution and European cellphone protection
- Arity continued to support Allstate and Esurance telematics expansion; signed first third-party insurance carrier



2018 Annual Property-Liability⁽¹⁾ Underlying Combined Ratio* Outlook of 86-88

- **Accelerate growth while maintaining strong returns**

2018 Operating Priorities

- **Better Serve Our Customers**
- **Achieve Target Economic Returns on Capital**
- **Grow Customer Base**
- **Proactively Manage Investments**
- **Build Long-Term Growth Platforms**



Differentiated Value Propositions to Unique Property-Liability Customer Segments

2017 Property-Liability Results						
(\$ in millions)	Q4	Var PY	YTD	Var PY	As Historically Reported ⁽¹⁾	
					YTD	Var PY
Net Written Premium	\$7,838	3.6%	\$31,648	2.5%	\$32,742	3.6%
Catastrophes	\$598	98.0%	\$3,228	25.6%	\$3,234	25.7%
Recorded Combined Ratio	91.0	1.3 pts	93.6	(2.4) pts	94.4	(1.7) pts
Underlying Combined Ratio*	85.7	(1.7) pts	84.9	(2.7) pts	85.6	(2.3) pts

Allstate Protection Customer Segment Results

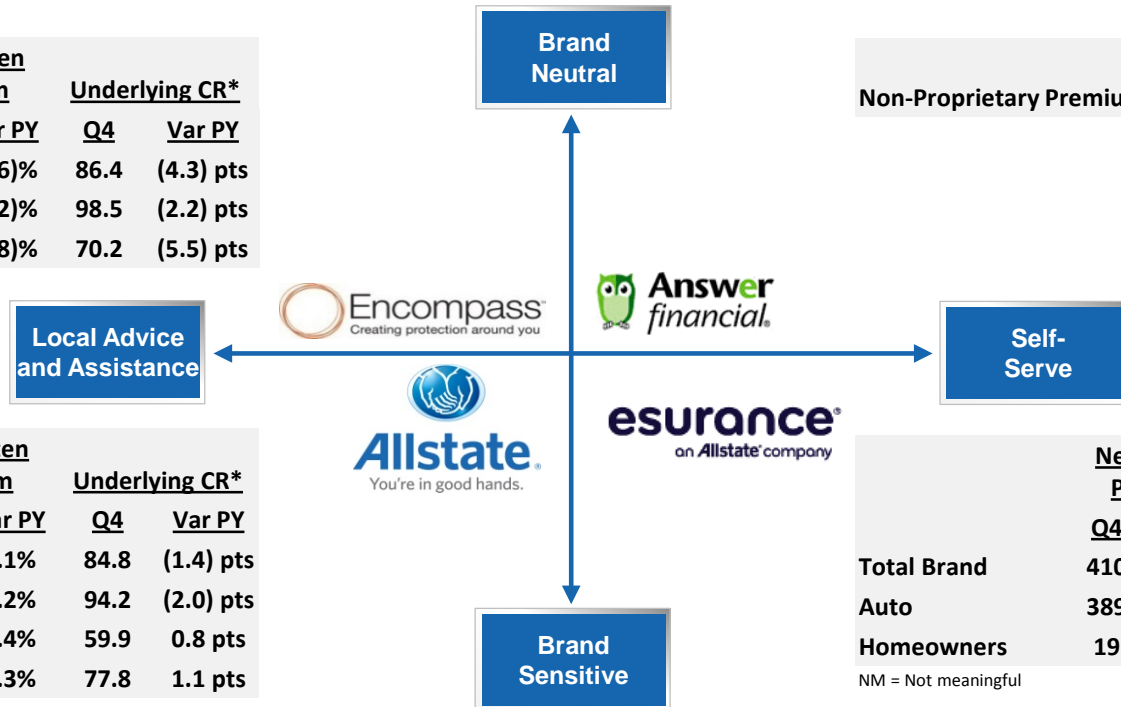
	Net Written Premium		Underlying CR*	
	Q4	Var PY	Q4	Var PY
Total Brand	243	(7.6)%	86.4	(4.3) pts
Auto	128	(7.2)%	98.5	(2.2) pts
Homeowners	95	(7.8)%	70.2	(5.5) pts

	Q4	Var PY
Non-Proprietary Premiums	137	(2.1)%

	Net Written Premium		Underlying CR*	
	Q4	Var PY	Q4	Var PY
Total Brand	7,185	4.1%	84.8	(1.4) pts
Auto	4,956	4.2%	94.2	(2.0) pts
Homeowners	1,694	3.4%	59.9	0.8 pts
Other Personal Lines	410	4.3%	77.8	1.1 pts

	Net Written Premium		Underlying CR*	
	Q4	Var PY	Q4	Var PY
Total Brand	410	2.8%	99.8	(5.2) pts
Auto	389	1.8%	101.0	(3.2) pts
Homeowners	19	26.7%	73.7	NM

NM = Not meaningful

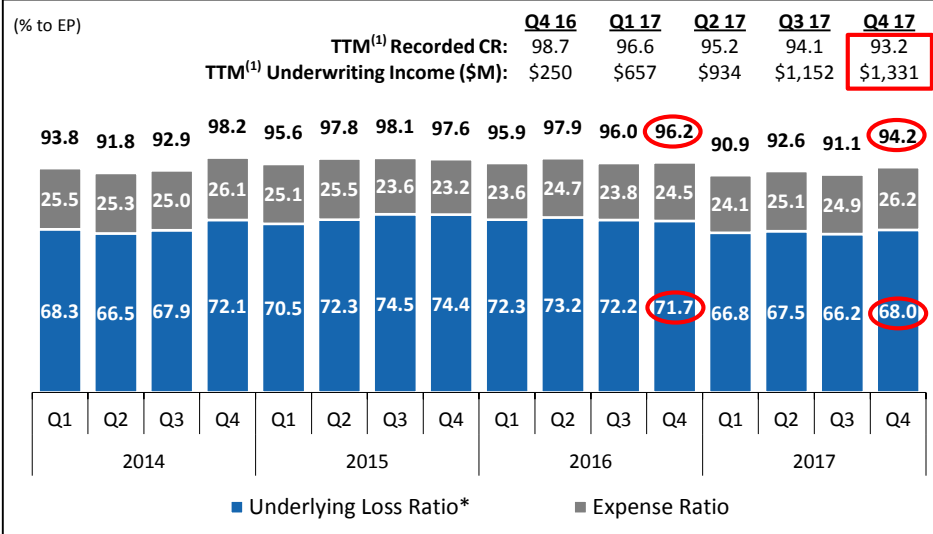


⁽¹⁾ Property-Liability, as historically reported, includes Allstate Protection, Service Businesses and Discontinued Lines & Coverages segment results.

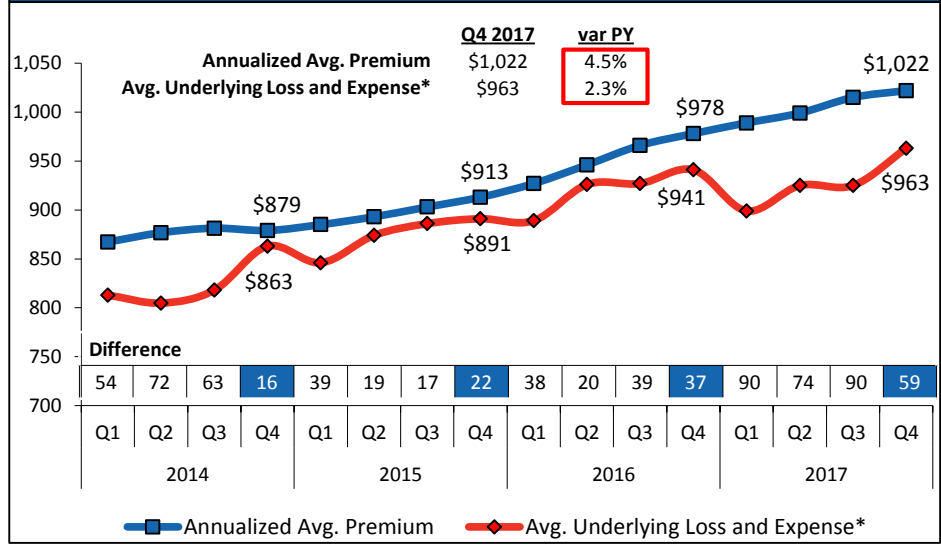


Allstate Brand Auto Underwriting Profit Was Strong

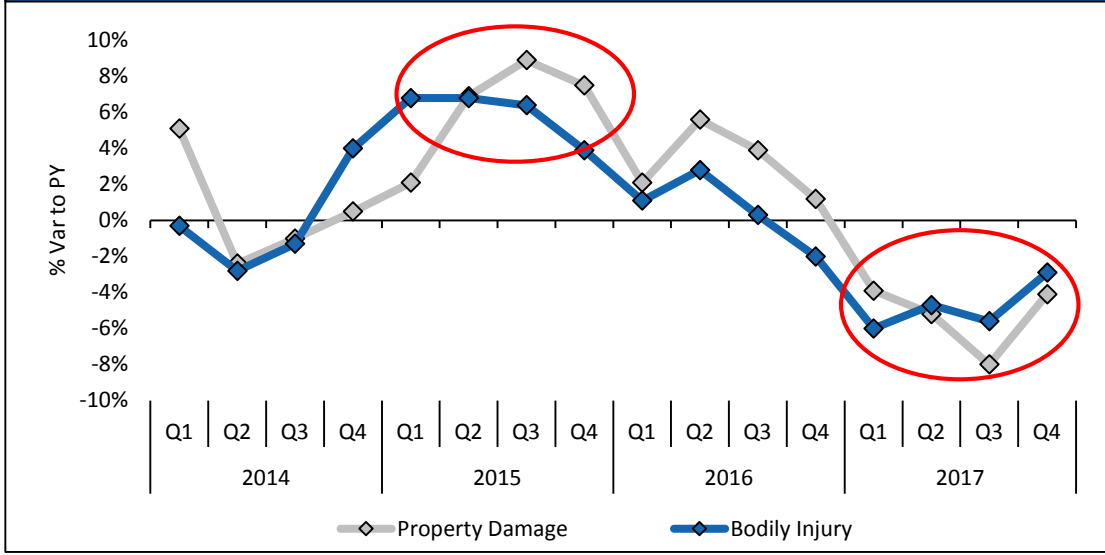
Allstate Brand Auto Underlying Combined Ratio*



Auto Underlying Margin Per Policy Trend



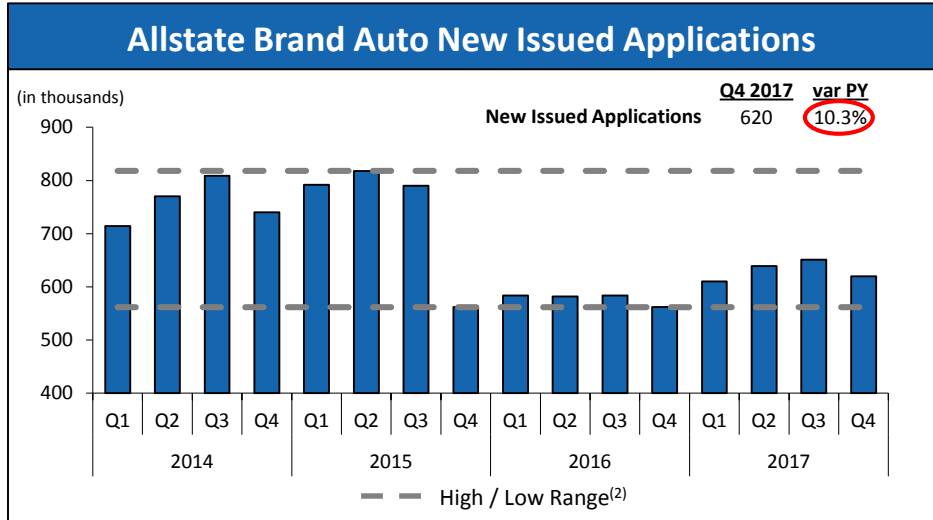
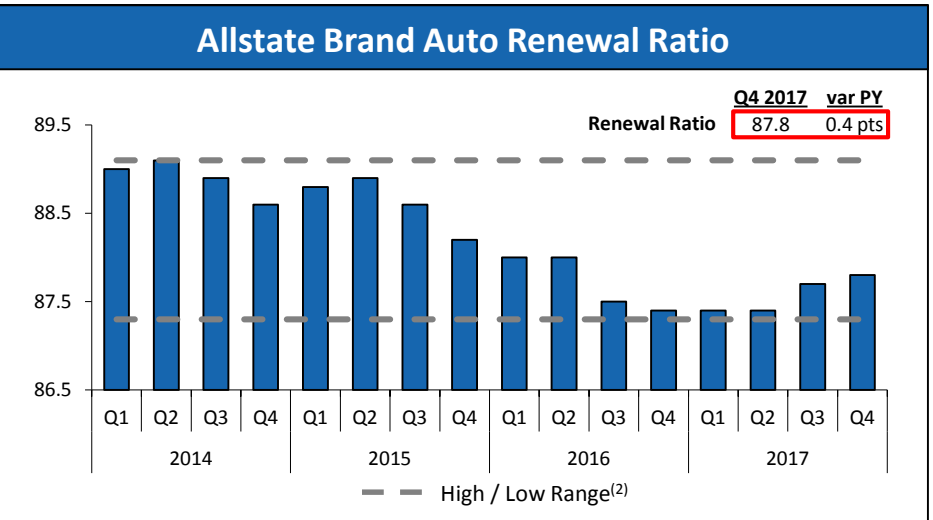
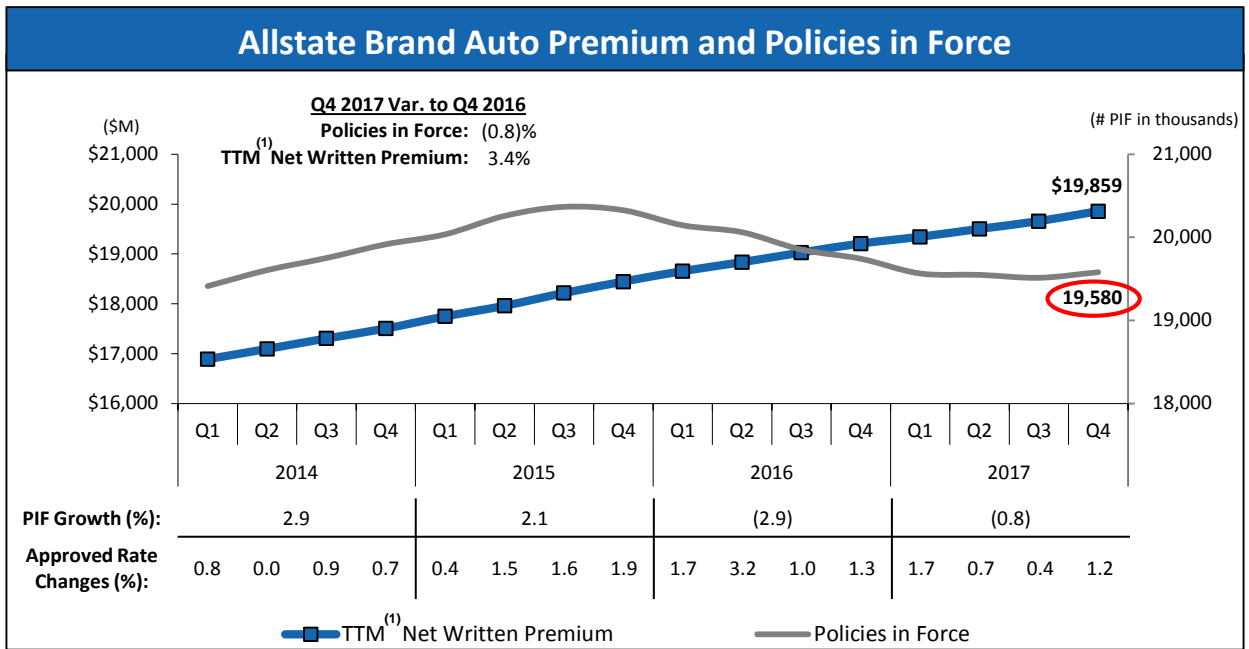
Allstate Brand Auto Gross Frequency Trend



⁽¹⁾Trailing twelve months
Allstate Earnings Conference Call Presentation: February 8, 2018



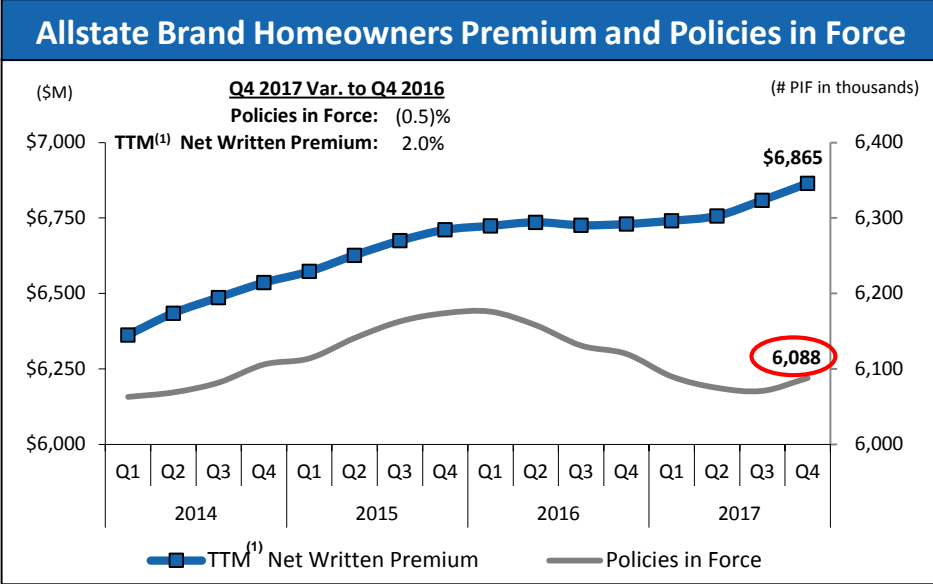
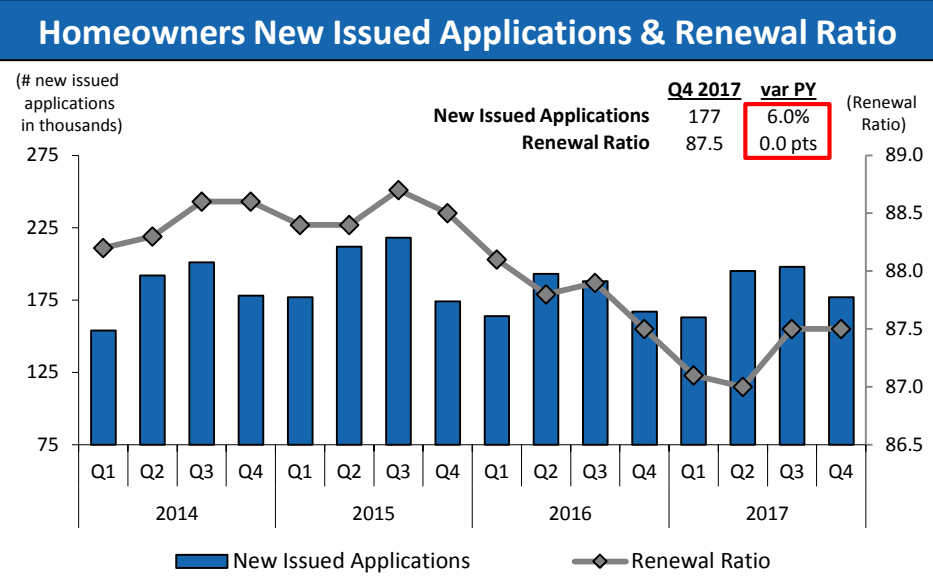
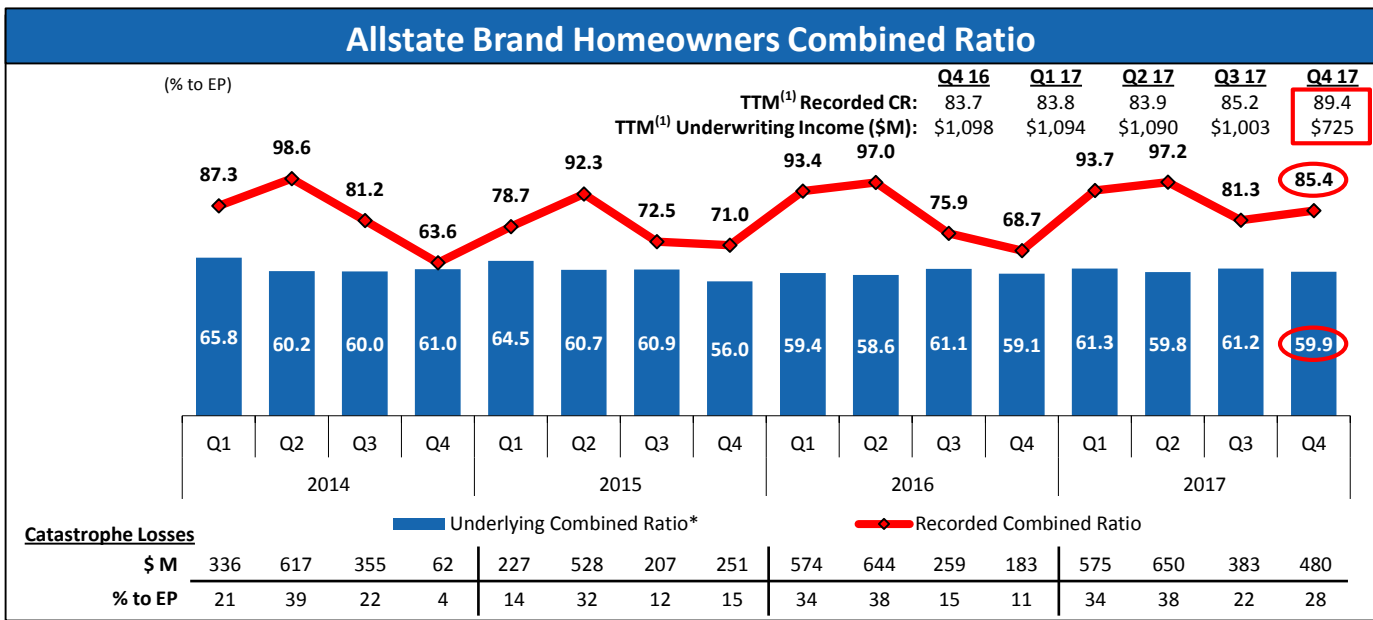
Growth Momentum is Building for Allstate Brand Auto



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



Allstate Brand Homeowners Continued to Generate Attractive Returns Despite High Catastrophe Losses; Positioned for Profitable Growth

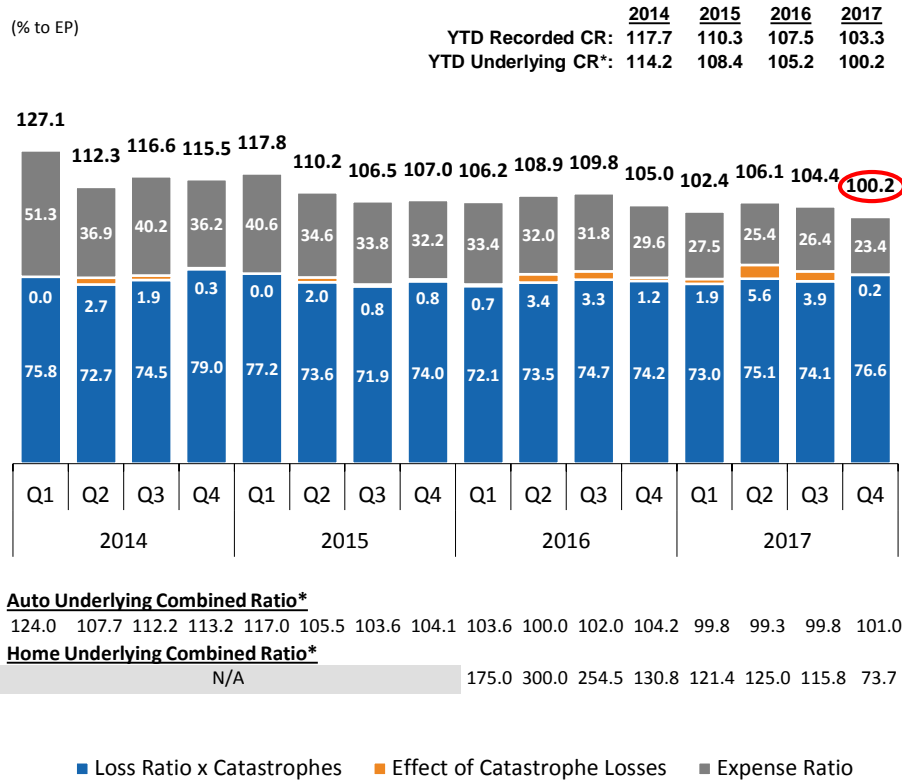


⁽¹⁾Trailing twelve months

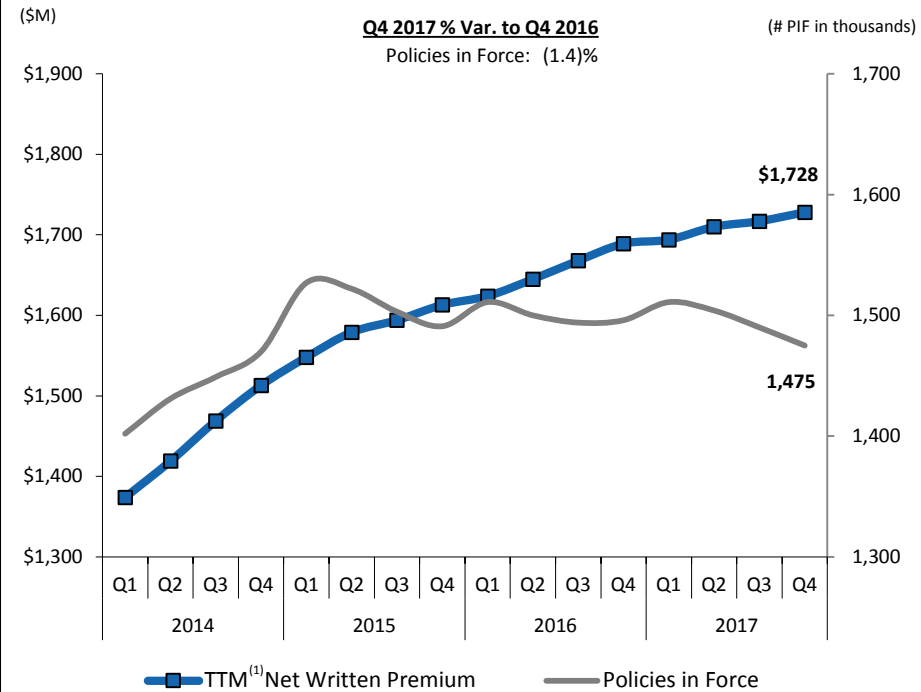


Esurance Improving Profitability

Esurance Combined Ratio



Esurance Brand Premium and Policy in Force Trends

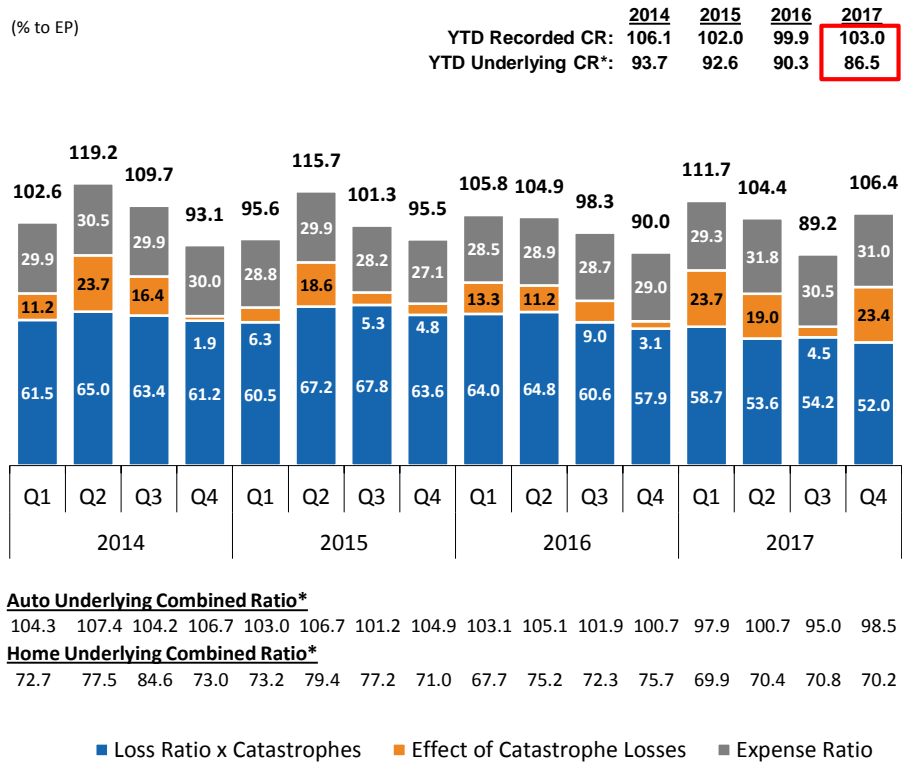


⁽¹⁾ Trailing twelve months

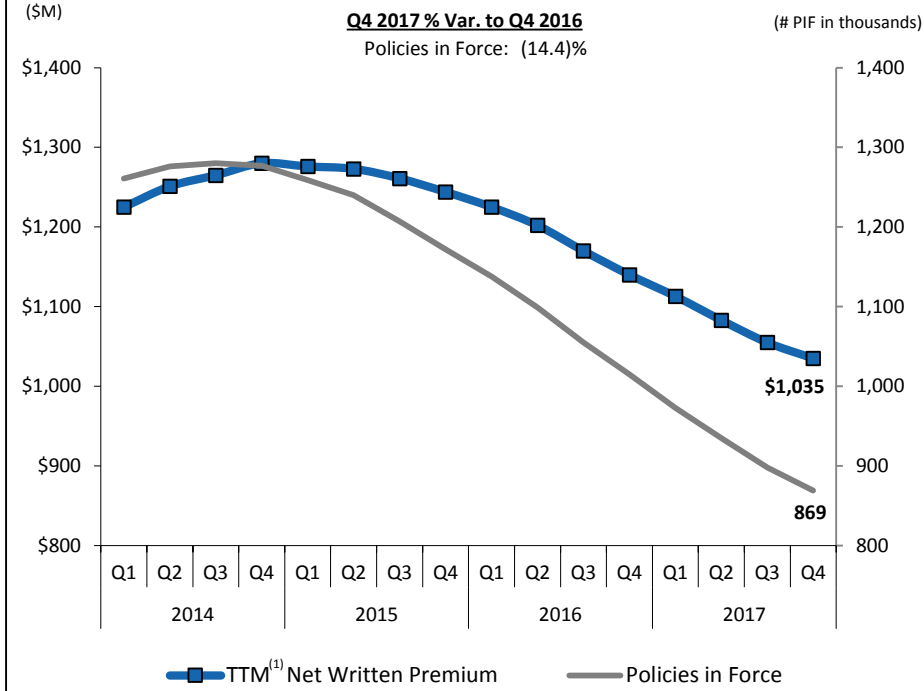


Encompass Improving Profitability

Encompass Combined Ratio



Encompass Brand Premium and Policy in Force Trends



⁽¹⁾ Trailing twelve months

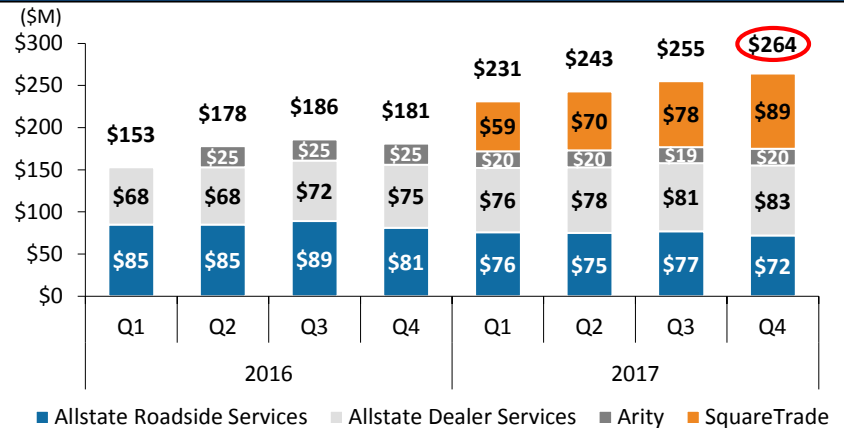


Continued Investment in Service Businesses With Focus on Delivering Superior Value Propositions and Building Strategic Platforms

Service Businesses Results

(\$ in millions)	2017	
	Q4	YTD
Revenues ⁽¹⁾	\$264	\$993
Net Income	\$95	\$15
Adjusted Net Loss	\$(24)	\$(59)
Policies in Force (in thousands)		43,506

Service Businesses Revenues^(1,2)



Full Year 2017 Highlights



- Acquisition of SquareTrade is on pace
 - Rapidly grow new and existing domestic retail customers
 - Raise profitability and returns on capital deployed
 - Create a sustainable growth opportunity beyond U.S. retail
- Arity established relationships with third parties
- Allstate Roadside Services' new digital platform not yet profitable
- Allstate Dealer Services profitability decreased

⁽¹⁾ Service Businesses revenues include insurance premiums, intersegment insurance premiums & service fees, and net investment income. Intersegment insurance premiums & service fees are primarily related to Allstate Roadside Services and Arity and are eliminated in the consolidated financial statements.

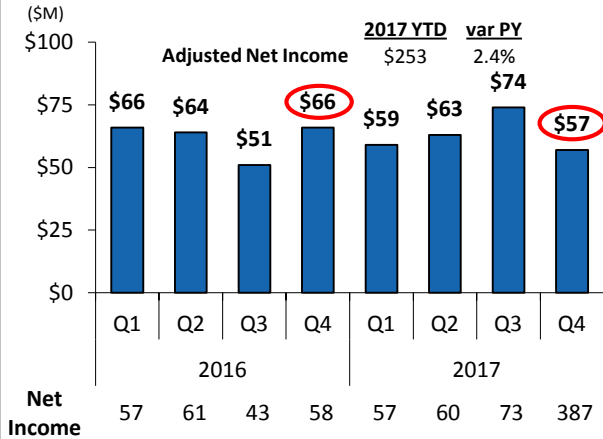
⁽²⁾ Numbers prior to the first quarter of 2017 do not include SquareTrade as they precede its acquisition.



Allstate Life, Benefits and Annuities Businesses are Executing Well

Allstate Life

Adjusted Net Income

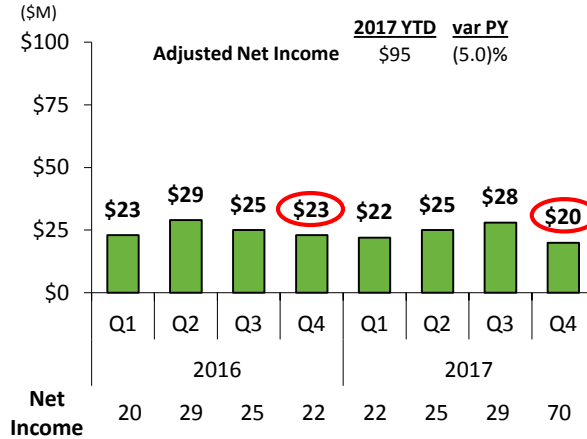


Key Highlights

(\$ in millions)	4th Quarter		
	2017	2016	Var. PY
Premiums/Charges	\$324	\$318	1.9%
Benefit Spread	58	73	(20.5)%
Investment Spread	56	52	7.7%
Expenses & DAC Amortization	95	89	6.7%

Allstate Benefits

Adjusted Net Income

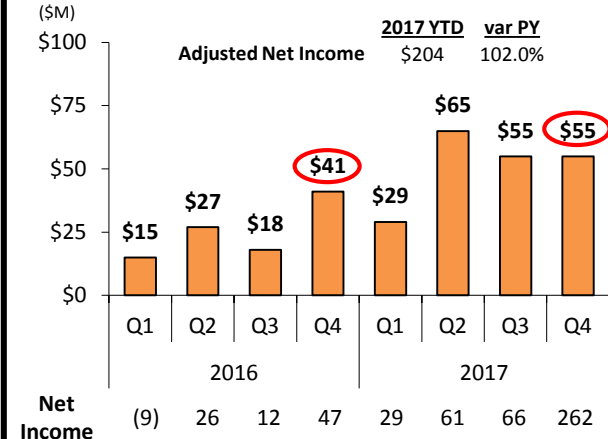


Key Highlights

(\$ in millions, except ratios)	4th Quarter		
	2017	2016	Var. PY
Premiums/Charges	\$273	\$252	8.3%
Benefit Ratio	52.4%	51.2%	1.2 pts
Operating Expense Ratio	25.6%	24.6%	1.0 pts

Allstate Annuities

Adjusted Net Income



Key Highlights

(\$ in millions)	4th Quarter		
	2017	2016	Var. PY
Investment Spread	\$125	\$96	30.2%
Expenses & DAC Amortization	11	11	-
Reserves and Contractholder Funds ⁽¹⁾	19,555	20,636	(5.2)%
Deferred Annuity	8,321	9,141	(9.0)%
Immediate Annuity	11,234	11,495	(2.3)%

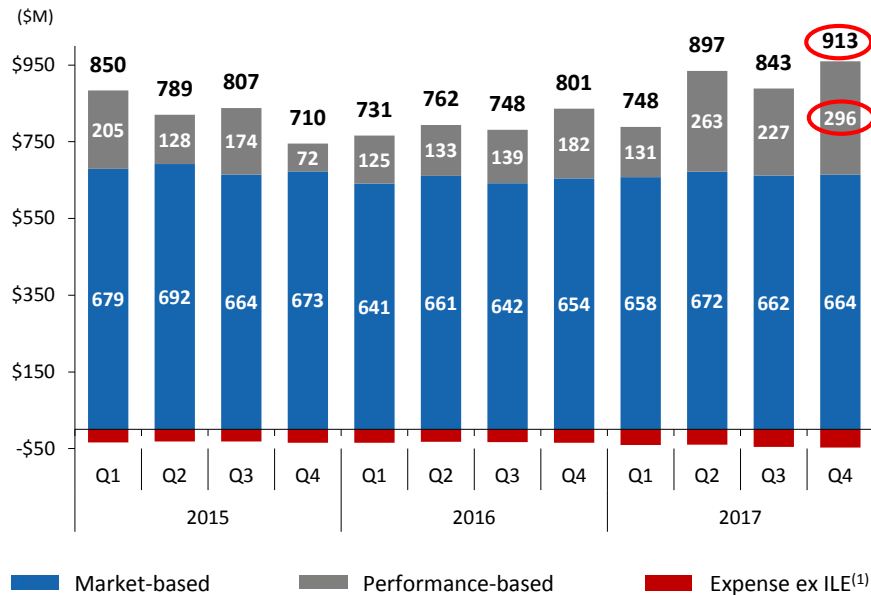
⁽¹⁾ Q4 2017 Allstate Annuities Reserves and Contractholder Funds excludes \$315 million of shadow premium deficiency reserves. The deferred annuity line includes reserves for fixed and variable annuity guarantees.



Increased Investment Returns Reflect Favorable Markets and Proactive Management

Net Investment Income

Net Investment Income **2017 YTD** **var PY**
 \$3,401 11.8%



GAAP Total Return

	2013	2014	2015	2016	2017
GAAP total return	1.8%	5.8%	1.0%	4.4%	5.9%
<i>Components of return (%)</i>					
Net investment income	4.1	4.1	3.9	3.8	4.1
Market-based	3.5	3.3	3.2	3.1	3.0
Performance-based	0.6	0.8	0.7	0.7	1.1
Realized capital gains and losses ⁽²⁾	0.6	0.8	0.0	-0.1	0.5
Change in portfolio valuation:	-2.9	0.9	-2.9	0.7	1.3
Equity securities ⁽³⁾	0.2	-0.3	-0.2	0.3	0.8
Interest-bearing & other	-3.1	1.2	-2.7	0.4	0.5
<i>Contribution to return from:</i>					
Income statement ⁽²⁾	4.7%	4.9%	3.9%	3.7%	4.6%
Change in Portfolio valuation ⁽³⁾	-2.9%	0.9%	-2.9%	0.7%	1.3%

⁽¹⁾ Investee level expenses (ILE) comprise depreciation and asset level operating expenses and are netted against market-based and performance-based income.

⁽²⁾ Beginning in 2018, changes in valuation of equity securities will be reported as realized capital gains and losses within net income.

⁽³⁾ 2017 and prior, changes in valuation of equity securities were included in unrealized capital gains and losses.



Continued Capital Strength and Financial Flexibility

Capital Position		
	<u>12/31/2017</u>	<u>12/31/2016</u>
Return on Common Shareholders' Equity ⁽¹⁾		
- Net Income	15.5%	9.5%
- Adjusted Net Income*	13.3%	10.4%
Total Shareholders' Equity (\$ in millions)	\$22,551	\$20,573
Debt-to-Capital Ratio	22.0%	23.6%
Book Value per Common Share	\$57.58	\$50.77
Common Shares Outstanding (millions)	354.7	365.8

- Returned \$1.9 billion to common shareholders in 2017, representing 6% of average market capitalization
 - Repurchased 15.8 million common shares for \$1.42 billion
 - Paid \$525 million in common shareholder dividends
- Repurchased \$579 million of outstanding shares in fourth quarter of 2017
 - \$300 million ASR agreement entered into on December 8, 2017 was completed on January 5, 2018
 - As of December 31, 2017 there was \$1.27 billion remaining on the common share repurchase program
- Quarterly dividend per common share to increase 24.3% from 37 cents to 46 cents payable on April 2, 2018

⁽¹⁾ Trailing twelve months
Allstate Earnings Conference Call Presentation: February 8, 2018



Forward-Looking Statements

Forward-Looking Statements

This presentation contains “forward-looking statements” that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like “plans,” “seeks,” “expects,” “will,” “should,” “anticipates,” “estimates,” “intends,” “believes,” “likely,” “targets” and other words with similar meanings. We believe these statements are based on reasonable estimates, assumptions and plans. However, if the estimates, assumptions or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could differ materially from those communicated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements include risks related to: (1) adverse changes in the nature and level of catastrophes and severe weather events; (2) our catastrophe management strategy on premium growth; (3) unexpected increases in the frequency or severity of claims; (4) regulatory changes, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (5) impacts from the Covered Agreement, including changes in state insurance laws; (6) the cyclical nature of the property and casualty business; (7) market convergence and regulatory changes on our risk segmentation and pricing; (8) reestimates of reserves for claims; (9) adverse legal determinations regarding discontinued product lines and other legal and regulatory actions; (10) changes in underwriting and actual experience; (11) changes in reserve estimates for life-contingent contract benefits payable; (12) the influence of changes in market interest rates or performance-based investment returns on spread-based products; (13) changes in estimates of profitability on interest-sensitive life products; (14) reducing our concentration in spread-based business and exiting certain distribution channels; (15) changes in tax laws; (16) our ability to mitigate the capital impact associated with statutory reserving and capital requirements; (17) a decline in Lincoln Benefit Life Company’s financial strength ratings; (18) market risk and declines in credit quality relating to our investment portfolio; (19) our subjective determination of the fair value of our fixed income and equity securities and the amount of realized capital losses recorded for impairments of our investments; (20) competition in the insurance industry; (21) impacts of new or changing technologies on our business; (22) conditions in the global economy and capital markets; (23) losses from legal and regulatory actions; (24) restrictive regulation and regulatory reforms; (25) the availability of reinsurance at current levels and prices; (26) risk of our reinsurers; (27) our participation in state industry pools and facilities; (28) a downgrade in our financial strength ratings; (29) the effect of adverse capital and credit market conditions; (30) failure in cyber or other information security; (31) the impact of a large scale pandemic, the threat or occurrence of terrorism or military action; (32) acquisitions of businesses; (33) possible impairments in the value of goodwill; (34) changes in accounting standards; (35) the realization of deferred tax assets; (36) restrictions on our subsidiaries’ ability to pay dividends; (37) restrictions under the terms of certain of our securities on our ability to pay dividends or repurchase our stock; (38) changing climate and weather conditions; (39) loss of key vendor relationships or failure of a vendor to protect confidential and proprietary information; and (40) intellectual property infringement, misappropriation and third party claims. Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the “Risk Factors” section in our most recent annual report on Form 10-K. Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.