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The Allstate Corporation

Investor Supplement First Quarter 2019

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.

The Allstate Corporation

We changed our accounting principle for recognizing actuarial gains and losses and expected return on plan assets for our pension and other postretirement plans to a more preferable policy under U.S. Generally Accepted Accounting Principles. Under the new principle, remeasurement of projected benefit obligation and plan assets are immediately recognized through earnings and are referred to as pension and other postretirement remeasurement gains and losses on the Condensed Consolidated Statements of Operations. This change has been applied on a retrospective basis. The following table provides a summary of the impacts of this change on previously reported periods. See Note 1 of the condensed consolidated financial statements in the March 31, 2019 Form 10-Q for further information regarding the impact of the change in accounting principle on our condensed consolidated financial statements.

(\$ in millions, except per share data and ratios)

| | Three months ended | | | |
|---|--------------------|-------------------|------------------|-------------------|
| | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
| As adjusted | | | | |
| Net (loss) income applicable to common shareholders | \$ (585) | \$ 942 | \$ 678 | \$ 977 |
| Adjusted net income * | 552 | 759 | 710 | 1,108 |
| Net (loss) income applicable to common shareholders per common share - Basic | (1.71) | 2.72 | 1.94 | 2.76 |
| Net (loss) income applicable to common shareholders per common share - Diluted | (1.71) | 2.68 | 1.91 | 2.71 |
| Return on common shareholders' equity (rolling 12 months) | 10.0 % | 18.6 % | 18.5 % | 17.9 % |
| Adjusted net income return on common shareholders' equity * (rolling 12 months) | 16.2 % | 16.9 % | 17.0 % | 16.2 % |
| Property-Liability combined ratio | 96.6 | 93.9 | 94.4 | 87.5 |
| Property-Liability underlying combined ratio * | 86.3 | 86.2 | 85.0 | 83.6 |
| Impact of change | | | | |
| Net (loss) income applicable to common shareholders | \$ (273) | \$ 109 | \$ 41 | \$ 31 |
| Adjusted net income * | 122 | 79 | 35 | 42 |
| Net (loss) income applicable to common shareholders per common share - Basic | (0.80) | 0.31 | 0.12 | 0.09 |
| Net (loss) income applicable to common shareholders per common share - Diluted | (0.80) | 0.31 | 0.11 | 0.08 |
| Return on common shareholders' equity (rolling 12 months) | (0.5) % | 1.2 % | 1.5 % | 1.3 % |
| Adjusted net income return on common shareholders' equity * (rolling 12 months) | 1.4 % | 1.0 % | 1.2 % | 1.2 % |
| Property-Liability combined ratio | (0.4) | (0.4) | (0.5) | (0.5) |
| Property-Liability underlying combined ratio * | (0.5) | (0.4) | (0.5) | (0.6) |
| As previously reported | | | | |
| Net (loss) income applicable to common shareholders | \$ (312) | \$ 833 | \$ 637 | \$ 946 |
| Adjusted net income * | 430 | 680 | 675 | 1,066 |
| Net (loss) income applicable to common shareholders per common share - Basic | (0.91) | 2.41 | 1.82 | 2.67 |
| Net (loss) income applicable to common shareholders per common share - Diluted | (0.91) | 2.37 | 1.80 | 2.63 |
| Return on common shareholders' equity (rolling 12 months) | 10.5 % | 17.4 % | 17.0 % | 16.6 % |
| Adjusted net income return on common shareholders' equity * (rolling 12 months) | 14.8 % | 15.9 % | 15.8 % | 15.0 % |
| Property-Liability combined ratio | 97.0 | 94.3 | 94.9 | 88.0 |
| Property-Liability underlying combined ratio * | 86.8 | 86.6 | 85.5 | 84.2 |

The Allstate Corporation

Pension and other postretirement service cost, interest cost, expected return on plan assets and amortization of prior service credits are allocated to the Company's reportable segments. The pension and other postretirement remeasurement gains and losses are reported in the Corporate and Other segment.

| (\$ in millions) | Net income (loss) applicable to common shareholders | | | | Adjusted net income (loss) * | | | |
|------------------------------------|---|-------------------|------------------|-------------------|------------------------------|-------------------|------------------|-------------------|
| | Three months ended | | | | Three months ended | | | |
| | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
| As adjusted | | | | | | | | |
| Property-Liability ⁽¹⁾ | \$ 13 | \$ 832 | \$ 630 | \$ 990 | \$ 532 | \$ 736 | \$ 643 | \$ 1,066 |
| Service Businesses ⁽²⁾ | (22) | (20) | (15) | (22) | 8 | 1 | 2 | (3) |
| Allstate Life ⁽²⁾ | 63 | 55 | 75 | 67 | 69 | 75 | 80 | 71 |
| Allstate Benefits ⁽²⁾ | 20 | 35 | 36 | 27 | 26 | 33 | 36 | 29 |
| Allstate Annuities ⁽²⁾ | (122) | 131 | 50 | 17 | 32 | 20 | 44 | 35 |
| Corporate and Other ⁽²⁾ | (537) | (91) | (98) | (102) | (115) | (106) | (95) | (90) |
| Consolidated | \$ (585) | \$ 942 | \$ 678 | \$ 977 | \$ 552 | \$ 759 | \$ 710 | \$ 1,108 |
| Impact of change | | | | | | | | |
| Property-Liability | \$ 30 | \$ 27 | \$ 30 | \$ 37 | \$ 30 | \$ 27 | \$ 30 | \$ 37 |
| Service Businesses | 2 | 1 | 1 | 2 | 2 | 1 | 1 | 2 |
| Allstate Life | 1 | 1 | 2 | 2 | 1 | 1 | 2 | 2 |
| Allstate Benefits | 1 | 1 | 2 | 1 | 1 | 1 | 2 | 1 |
| Allstate Annuities | 1 | - | - | - | 1 | - | - | - |
| Corporate and Other | (308) | 79 | 6 | (11) | 87 | 49 | - | - |
| Consolidated | \$ (273) | \$ 109 | \$ 41 | \$ 31 | \$ 122 | \$ 79 | \$ 35 | \$ 42 |
| As previously reported | | | | | | | | |
| Property-Liability | \$ (17) | \$ 805 | \$ 600 | \$ 953 | \$ 502 | \$ 709 | \$ 613 | \$ 1,029 |
| Service Businesses | (24) | (21) | (16) | (24) | 6 | - | 1 | (5) |
| Allstate Life | 62 | 54 | 73 | 65 | 68 | 74 | 78 | 69 |
| Allstate Benefits | 19 | 34 | 34 | 26 | 25 | 32 | 34 | 28 |
| Allstate Annuities | (123) | 131 | 50 | 17 | 31 | 20 | 44 | 35 |
| Corporate and Other | (229) | (170) | (104) | (91) | (202) | (155) | (95) | (90) |
| Consolidated | \$ (312) | \$ 833 | \$ 637 | \$ 946 | \$ 430 | \$ 680 | \$ 675 | \$ 1,066 |

(1) Allstate Protection and Discontinued Lines and Coverages segments comprise Property-Liability.

(2) Adjusted net income is the segment measure used for each business.

The Allstate Corporation
Investor Supplement - First Quarter 2019

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The Allstate Corporation
Condensed Consolidated Statements of Operations

(\$ in millions, except per share data)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|---------------------------------|--------------------|------------------|-------------------|
| Revenues | | | | | |
| Property and casualty insurance premiums ⁽¹⁾ | \$ 8,802 | \$ 8,707 | \$ 8,595 | \$ 8,460 | \$ 8,286 |
| Life premiums and contract charges ⁽²⁾ | 628 | 625 | 612 | 612 | 616 |
| Other revenue ⁽³⁾ | 250 | 257 | 238 | 228 | 216 |
| Net investment income | 648 | 786 | 844 | 824 | 786 |
| Realized capital gains and losses: | | | | | |
| Total other-than-temporary impairment ("OTTI") losses | (16) | (5) | (4) | (4) | - |
| OTTI losses reclassified to (from) other comprehensive income | 2 | 1 | (1) | - | (1) |
| Net OTTI losses recognized in earnings | (14) | (4) | (5) | (4) | (1) |
| Sales and valuation changes on equity investments and derivatives | 676 | (890) | 181 | (21) | (133) |
| Total realized capital gains and losses | 662 | (894) | 176 | (25) | (134) |
| Total revenues | <u>10,990</u> | <u>9,481</u> | <u>10,465</u> | <u>10,099</u> | <u>9,770</u> |
| Costs and expenses | | | | | |
| Property and casualty insurance claims and claims expense | 5,820 | 6,067 | 5,805 | 5,777 | 5,129 |
| Life contract benefits | 497 | 488 | 498 | 483 | 504 |
| Interest credited to contractholder funds | 162 | 165 | 163 | 165 | 161 |
| Amortization of deferred policy acquisition costs | 1,364 | 1,336 | 1,317 | 1,296 | 1,273 |
| Operating costs and expenses | 1,380 | 1,508 | 1,425 | 1,358 | 1,303 |
| Pension and other postretirement rereasurement gains and losses | 15 | 500 | (39) | (7) | 14 |
| Amortization of purchased intangible assets | 32 | 36 | 24 | 23 | 22 |
| Restructuring and related charges | 18 | 12 | 13 | 23 | 19 |
| Interest expense | 83 | 81 | 82 | 86 | 83 |
| Total costs and expenses | <u>9,371</u> | <u>10,193</u> | <u>9,288</u> | <u>9,204</u> | <u>8,508</u> |
| Gain on disposition of operations | 1 | 2 | 1 | 2 | 1 |
| Income (Loss) from operations before income tax expense | 1,620 | (710) | 1,178 | 897 | 1,263 |
| Income tax expense (benefit) | 328 | (168) ⁽⁴⁾ | 199 ⁽⁴⁾ | 180 | 257 |
| Net income (loss) | <u>1,292</u> | <u>(542)</u> | <u>979</u> | <u>717</u> | <u>1,006</u> |
| Preferred stock dividends | 31 | 43 | 37 | 39 | 29 |
| Net income (loss) applicable to common shareholders | <u>\$ 1,261</u> | <u>\$ (585)</u> | <u>\$ 942</u> | <u>\$ 678</u> | <u>\$ 977</u> |
| Earnings per common share | | | | | |
| Net income (loss) applicable to common shareholders per common share - Basic | <u>\$ 3.79</u> | <u>\$ (1.71)</u> | <u>\$ 2.72</u> | <u>\$ 1.94</u> | <u>\$ 2.76</u> |
| Weighted average common shares - Basic | <u>332.6</u> | <u>341.9</u> | <u>346.0</u> | <u>349.2</u> | <u>354.1</u> |
| Net income (loss) applicable to common shareholders per common share - Diluted | <u>\$ 3.74</u> | <u>\$ (1.71) ⁽⁵⁾</u> | <u>\$ 2.68</u> | <u>\$ 1.91</u> | <u>\$ 2.71</u> |
| Weighted average common shares - Diluted | <u>337.5</u> | <u>347.1</u> | <u>351.7</u> | <u>354.6</u> | <u>359.9</u> |
| Cash dividends declared per common share | <u>\$ 0.50</u> | <u>\$ 0.46</u> | <u>\$ 0.46</u> | <u>\$ 0.46</u> | <u>\$ 0.46</u> |

⁽¹⁾ Property and casualty insurance premiums are reported in the Property-Liability and Service Businesses results and include auto, homeowners and other personal lines insurance products, as well as consumer product protection plans, roadside assistance, and finance and insurance products.

⁽²⁾ Life premiums and contract charges are reported in the Allstate Life, Allstate Benefits and Allstate Annuities results and include life insurance, voluntary accident and health insurance, and annuity products.

⁽³⁾ Other revenue primarily represents fees collected from policyholders relating to premium installment payments, commissions on sales of non-proprietary products, fee-based services and other revenue transactions.

⁽⁴⁾ Includes a \$2 million Tax Legislation expense for the quarter ended December 31, 2018 and a \$31 million benefit for the quarter ended September 30, 2018.

⁽⁵⁾ Calculation uses weighted average shares of 341.9 million, which excludes weighted average diluted shares of 5.2 million due to a net loss reported for the three months ended December 31, 2018.

The Allstate Corporation
Contribution to Income

(\$ in millions, except per share data)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|--------------------------|-------------------|------------------|-------------------|
| Contribution to income | | | | | |
| Net income (loss) applicable to common shareholders | \$ 1,261 | \$ (585) | \$ 942 | \$ 678 | \$ 977 |
| Realized capital gains and losses, after-tax | (524) | 704 | (141) | 19 | 106 |
| Pension and other postretirement rereasurement gains and losses, after-tax | 11 | 395 | (30) | (6) | 11 |
| Valuation changes on embedded derivatives not hedged, after-tax | 3 | 2 | (1) | - | (4) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax | 2 | 1 | 1 | 3 | 2 |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | (1) | (1) | - | (1) | - |
| Business combination expenses and the amortization of purchased intangible assets, after-tax | 25 | 35 | 20 | 18 | 17 |
| Gain on disposition of operations, after-tax | (1) | (1) | (1) | (1) | (1) |
| Tax Legislation expense (benefit) | - | 2 | (31) | - | - |
| Adjusted net income * | <u>\$ 776</u> | <u>\$ 552</u> | <u>\$ 759</u> | <u>\$ 710</u> | <u>\$ 1,108</u> |
| Income per common share - Diluted | | | | | |
| Net income (loss) applicable to common shareholders | \$ 3.74 | \$ (1.71) ⁽¹⁾ | \$ 2.68 | \$ 1.91 | \$ 2.71 |
| Realized capital gains and losses, after-tax | (1.55) | 2.03 | (0.40) | 0.05 | 0.29 |
| Pension and other postretirement rereasurement gains and losses, after-tax | 0.03 | 1.15 | (0.08) | (0.01) | 0.03 |
| Valuation changes on embedded derivatives not hedged, after-tax | 0.01 | 0.01 | - | - | (0.01) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax | - | - | - | - | 0.01 |
| 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 | 0.07 | 0.10 | 0.05 | 0.05 | 0.05 |
| Gain on disposition of operations, after-tax | - | - | - | - | - |
| Tax Legislation expense (benefit) | - | 0.01 | (0.09) | - | - |
| Adjusted net income * | <u>\$ 2.30</u> | <u>\$ 1.59</u> | <u>\$ 2.16</u> | <u>\$ 2.00</u> | <u>\$ 3.08</u> |
| Weighted average common shares - Diluted | <u>337.5</u> | <u>347.1</u> | <u>351.7</u> | <u>354.6</u> | <u>359.9</u> |

⁽¹⁾ Calculation uses weighted average shares of 341.9 million, which excludes weighted average diluted shares of 5.2 million due to a net loss reported for the three months ended December 31, 2018.

**The Allstate Corporation
Revenues**

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Property-Liability⁽¹⁾ | | | | | |
| Insurance premiums | \$ 8,507 | \$ 8,422 | \$ 8,320 | \$ 8,189 | \$ 8,019 |
| Other revenue ⁽²⁾ | 176 | 188 | 192 | 184 | 174 |
| Net investment income | 291 | 364 | 410 | 353 | 337 |
| Realized capital gains and losses | 497 | (655) | 126 | (15) | (95) |
| Total Property-Liability revenues | <u>9,471</u> | <u>8,319</u> | <u>9,048</u> | <u>8,711</u> | <u>8,435</u> |
| Service Businesses | | | | | |
| Insurance premiums | 295 | 285 | 275 | 271 | 267 |
| Intersegment insurance premiums and service fees ⁽³⁾ | 33 | 33 | 31 | 29 | 29 |
| Other revenue ⁽²⁾ | 47 | 34 | 16 | 16 | 16 |
| Net investment income | 9 | 9 | 7 | 6 | 5 |
| Realized capital gains and losses | 8 | (5) | - | (2) | (4) |
| Total Service Businesses revenues | <u>392</u> | <u>356</u> | <u>329</u> | <u>320</u> | <u>313</u> |
| Allstate Life | | | | | |
| Premiums and contract charges | 337 | 340 | 322 | 326 | 327 |
| Other revenue ⁽²⁾ | 27 | 35 | 30 | 28 | 26 |
| Net investment income | 127 | 125 | 128 | 130 | 122 |
| Realized capital gains and losses | (5) | (5) | (3) | (3) | (3) |
| Total Allstate Life revenues | <u>486</u> | <u>495</u> | <u>477</u> | <u>481</u> | <u>472</u> |
| Allstate Benefits | | | | | |
| Premiums and contract charges | 288 | 281 | 285 | 283 | 286 |
| Net investment income | 19 | 20 | 19 | 19 | 19 |
| Realized capital gains and losses | 4 | (9) | 2 | - | (2) |
| Total Allstate Benefits revenues | <u>311</u> | <u>292</u> | <u>306</u> | <u>302</u> | <u>303</u> |
| Allstate Annuities | | | | | |
| Contract charges | 3 | 4 | 5 | 3 | 3 |
| Net investment income | 190 | 253 | 260 | 293 | 290 |
| Realized capital gains and losses | 156 | (194) | 51 | 6 | (29) |
| Total Allstate Annuities revenues | <u>349</u> | <u>63</u> | <u>316</u> | <u>302</u> | <u>264</u> |
| Corporate and Other | | | | | |
| Net investment income | 12 | 15 | 20 | 23 | 13 |
| Realized capital gains and losses | 2 | (26) | - | (11) | (1) |
| Total Corporate and Other revenues | <u>14</u> | <u>(11)</u> | <u>20</u> | <u>12</u> | <u>12</u> |
| Intersegment eliminations⁽³⁾ | <u>(33)</u> | <u>(33)</u> | <u>(31)</u> | <u>(29)</u> | <u>(29)</u> |
| Consolidated revenues | <u>\$ 10,990</u> | <u>\$ 9,481</u> | <u>\$ 10,465</u> | <u>\$ 10,099</u> | <u>\$ 9,770</u> |

(1) Allstate Protection and Discontinued Lines and Coverages segments comprise Property-Liability.

(2) Other revenue primarily represents fees collected from policyholders relating to premium installment payments, commissions on sales of non-proprietary products, fee-based services and other revenue transactions.

(3) Intersegment insurance premiums and service fees are primarily related to Arity and Allstate Roadside Services and are eliminated in the consolidated financial statements.

**The Allstate Corporation
Consolidating Segment Results**

| (\$ in millions) | Allstate Protection | Discontinued Lines | Property- Liability | Service Businesses | Allstate Life | Allstate Benefits | Allstate Annuities | Corporate and Other | Intersegment Eliminations | Consolidated |
|--|------------------------|-----------------------|------------------------|------------------------------|-----------------------------|-----------------------------|-------------------------------|--------------------------------|------------------------------|-----------------|
| Three months ended March 31, 2019 | | | | | | | | | | |
| Premiums and contract charges | \$ 8,507 | \$ - | \$ 8,507 | \$ 295 | \$ 337 | \$ 288 | \$ 3 | \$ - | \$ - | \$ 9,430 |
| Intersegment insurance premiums and service fees | - | - | - | 33 | - | - | - | - | (33) | - |
| Other revenue | 176 | - | 176 | 47 | 27 | - | - | - | - | 250 |
| Claims and claims expense | (5,728) | (2) | (5,730) | (92) | - | - | - | - | 2 | (5,820) |
| Contract benefits and interest credited to contractholder funds | - | - | - | - | (286) | (154) | (219) | - | - | (659) |
| Amortization of deferred policy acquisition costs | (1,164) | - | (1,164) | (127) | (28) | (43) | (2) | - | - | (1,364) |
| Operating costs and expenses | (1,069) | (1) | (1,070) | (151) | (91) | (71) | (7) | (21) | 31 | (1,380) |
| Pension and other postretirement remeasurement gains and losses | - | - | - | - | - | - | - | (15) | - | (15) |
| Amortization of purchased intangible assets | (1) | - | (1) | (31) | - | - | - | - | - | (32) |
| Restructuring and related charges | (18) | - | (18) | - | - | - | - | - | - | (18) |
| Interest expense | - | - | - | - | - | - | - | (83) | - | (83) |
| Underwriting income (loss) | \$ 703 | \$ (3) | 700 | - | - | - | - | - | - | (83) |
| Net investment income | - | - | 291 | 9 | 127 | 19 | 190 | 12 | - | 648 |
| Realized capital gains and losses | - | - | 497 | 8 | (5) | 4 | 156 | 2 | - | 662 |
| Gain on disposition of operations | - | - | - | - | - | - | 1 | - | - | 1 |
| Income tax (expense) benefit | - | - | (306) | 3 | (14) | (9) | (25) | 23 | - | (328) |
| Preferred stock dividends | - | - | - | - | - | - | - | (31) | - | (31) |
| Net income (loss) applicable to common shareholders | - | - | \$ 1,182 | \$ (6) | \$ 67 | \$ 34 | \$ 97 | \$ (113) | \$ - | \$ 1,261 |
| Realized capital gains and losses, after-tax | - | - | (393) | (7) | 4 | (3) | (124) | (1) | - | (524) |
| Pension and other postretirement remeasurement gains and losses, after-tax | - | - | - | - | - | - | - | 11 | - | 11 |
| Valuation changes on embedded derivatives not hedged, after-tax | - | - | - | - | - | - | 3 | - | - | 3 |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives 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 | - | - | 1 | 24 | - | - | - | - | - | 25 |
| Gain on disposition of operations, after-tax | - | - | - | - | - | - | (1) | - | - | (1) |
| Adjusted net income (loss) * | - | - | \$ 789 | \$ 11 ⁽¹⁾ | \$ 73 ⁽¹⁾ | \$ 31 ⁽¹⁾ | \$ (25) ⁽¹⁾ | \$ (103) ⁽¹⁾ | \$ - | \$ 776 |
| Three months ended March 31, 2018 | | | | | | | | | | |
| Premiums and contract charges | \$ 8,019 | \$ - | \$ 8,019 | \$ 267 | \$ 327 | \$ 286 | \$ 3 | \$ - | \$ - | \$ 8,902 |
| Intersegment insurance premiums and service fees | - | - | - | 29 | - | - | - | - | (29) | - |
| Other revenue | 174 | - | 174 | 16 | 26 | - | - | - | - | 216 |
| Claims and claims expense | (5,035) | (3) | (5,038) | (93) | - | - | - | - | 2 | (5,129) |
| Contract benefits and interest credited to contractholder funds | - | - | - | - | (275) | (157) | (233) | - | - | (665) |
| Amortization of deferred policy acquisition costs | (1,088) | - | (1,088) | (110) | (33) | (41) | (1) | - | - | (1,273) |
| Operating costs and expenses | (1,043) | - | (1,043) | (117) | (83) | (70) | (9) | (8) | 27 | (1,303) |
| Pension and other postretirement remeasurement gains and losses | - | - | - | - | - | - | - | (14) | - | (14) |
| Amortization of purchased intangible assets | (1) | - | (1) | (21) | - | - | - | - | - | (22) |
| Restructuring and related charges | (18) | - | (18) | (1) | - | - | - | - | - | (19) |
| Interest expense | - | - | - | - | - | - | - | (83) | - | (83) |
| Underwriting income (loss) | \$ 1,008 | \$ (3) | 1,005 | - | - | - | - | - | - | (83) |
| Net investment income | - | - | 337 | 5 | 122 | 19 | 290 | 13 | - | 786 |
| Realized capital gains and losses | - | - | (95) | (4) | (3) | (2) | (29) | (1) | - | (134) |
| Gain on disposition of operations | - | - | - | - | - | - | 1 | - | - | 1 |
| Income tax (expense) benefit | - | - | (257) | 7 | (14) | (8) | (5) | 20 | - | (257) |
| Preferred stock dividends | - | - | - | - | - | - | - | (29) | - | (29) |
| Net income (loss) applicable to common shareholders | - | - | \$ 990 | \$ (22) | \$ 67 | \$ 27 | \$ 17 | \$ (102) | \$ - | \$ 977 |
| Realized capital gains and losses, after-tax | - | - | 75 | 3 | 2 | 2 | 23 | 1 | - | 106 |
| Pension and other postretirement remeasurement gains and losses, after-tax | - | - | - | - | - | - | - | 11 | - | 11 |
| Valuation changes on embedded derivatives not hedged, after-tax | - | - | - | - | - | - | (4) | - | - | (4) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax | - | - | - | - | 2 | - | - | - | - | 2 |
| Business combination expenses and the amortization of purchased intangible assets, after-tax | - | - | 1 | 16 | - | - | - | - | - | 17 |
| Gain on disposition of operations, after-tax | - | - | - | - | - | - | (1) | - | - | (1) |
| Adjusted net income (loss) * | - | - | \$ 1,066 | \$ (3) ⁽¹⁾ | \$ 71 ⁽¹⁾ | \$ 29 ⁽¹⁾ | \$ 35 ⁽¹⁾ | \$ (90) ⁽¹⁾ | \$ - | \$ 1,108 |

⁽¹⁾ Adjusted net income is the segment measure used for each business.

The Allstate Corporation
Condensed Consolidated Statements of Financial Position

| (\$ in millions) | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Assets | | | | | |
| Investments | | | | | |
| Fixed income securities, at fair value ⁽¹⁾ | \$ 58,202 | \$ 57,170 | \$ 57,663 | \$ 56,891 | \$ 56,674 |
| Equity securities, at fair value ⁽²⁾ | 5,802 | 5,036 | 6,965 | 6,888 | 6,986 |
| Mortgage loans | 4,681 | 4,670 | 4,592 | 4,535 | 4,679 |
| Limited partnership interests | 7,493 | 7,505 | 7,602 | 7,679 | 7,434 |
| Short-term, at fair value | 4,157 | 3,027 | 3,071 | 3,123 | 3,424 |
| Other | 3,786 | 3,852 | 4,075 | 4,125 | 4,092 |
| Total investments | <u>84,121</u> | <u>81,260</u> | <u>83,968</u> | <u>83,241</u> | <u>83,289</u> |
| Cash | 551 | 499 | 460 | 489 | 450 |
| Premium installment receivables, net | 6,201 | 6,154 | 6,196 | 5,953 | 5,856 |
| Deferred policy acquisition costs | 4,670 | 4,784 | 4,667 | 4,533 | 4,409 |
| Reinsurance and indemnification recoverables, net | 9,374 | 9,565 | 8,994 | 8,910 | 8,916 |
| Accrued investment income | 614 | 600 | 616 | 589 | 576 |
| Property and equipment, net | 1,047 | 1,045 | 1,032 | 1,040 | 1,060 |
| Goodwill | 2,547 | 2,530 | 2,189 | 2,189 | 2,189 |
| Other assets | 3,659 | 3,007 | 3,060 | 3,150 | 3,230 |
| Separate Accounts | 3,050 | 2,805 | 3,307 | 3,271 | 3,314 |
| Total assets | <u>\$ 115,834</u> | <u>\$ 112,249</u> | <u>\$ 114,489</u> | <u>\$ 113,365</u> | <u>\$ 113,289</u> |
| Liabilities | | | | | |
| Reserve for property and casualty insurance claims and claims expense | \$ 27,544 | \$ 27,423 | \$ 26,939 | \$ 26,623 | \$ 26,115 |
| Reserve for life-contingent contract benefits | 12,200 | 12,208 | 12,214 | 12,213 | 12,333 |
| Contractholder funds | 18,161 | 18,371 | 18,650 | 18,888 | 19,139 |
| Unearned premiums | 14,323 | 14,510 | 14,408 | 13,824 | 13,448 |
| Claim payments outstanding | 891 | 1,007 | 904 | 894 | 865 |
| Deferred income taxes | 817 | 425 | 667 | 723 | 723 |
| Other liabilities and accrued expenses | 8,977 | 7,737 | 7,291 | 7,359 | 7,232 |
| Long-term debt | 6,453 | 6,451 | 6,450 | 6,448 | 6,847 |
| Separate Accounts | 3,050 | 2,805 | 3,307 | 3,271 | 3,314 |
| Total liabilities | <u>92,416</u> | <u>90,937</u> | <u>90,830</u> | <u>90,243</u> | <u>90,016</u> |
| Equity | | | | | |
| Preferred stock and additional capital paid-in ⁽³⁾ | 1,930 | 1,930 | 2,303 | 2,303 | 2,303 |
| Common stock ⁽⁴⁾ | 9 | 9 | 9 | 9 | 9 |
| Additional capital paid-in | 3,291 | 3,310 | 3,441 | 3,391 | 3,367 |
| Retained income | 45,148 | 44,033 | 44,776 | 43,997 | 43,479 |
| Deferred ESOP expense | (3) | (3) | (3) | (3) | (3) |
| Treasury stock, at cost ⁽⁵⁾ | (28,042) | (28,085) | (27,011) | (26,818) | (26,280) |
| Accumulated other comprehensive income: | | | | | |
| Unrealized net capital gains and losses | 972 | (2) | (16) | 54 | 187 |
| Unrealized foreign currency translation adjustments | (44) | (49) | (23) | (9) | (3) |
| Unamortized pension and other postretirement prior service credit | 157 | 169 | 183 | 198 | 214 |
| Total accumulated other comprehensive income | <u>1,085</u> | <u>118</u> | <u>144</u> | <u>243</u> | <u>398</u> |
| Total shareholders' equity | <u>23,418</u> | <u>21,312</u> | <u>23,659</u> | <u>23,122</u> | <u>23,273</u> |
| Total liabilities and shareholders' equity | <u>\$ 115,834</u> | <u>\$ 112,249</u> | <u>\$ 114,489</u> | <u>\$ 113,365</u> | <u>\$ 113,289</u> |

(1) Amortized cost was \$56,831, \$57,134, \$57,618, \$56,750 and \$56,209 as of March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018, respectively.

(2) Cost was \$4,767, \$4,489, \$5,741, \$5,846 and \$5,928 as of March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018, respectively.

(3) Preferred shares outstanding were 79.8 thousand at March 31, 2019 and December 31, 2018 and 95.2 thousand at September 30, 2018, June 30, 2018 and March 31, 2018.

(4) Common shares outstanding were 333,056,875; 331,908,805; 344,950,779; 346,600,485 and 352,133,515 as of March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018, respectively.

(5) Treasury shares outstanding were 567 million, 568 million, 555 million, 553 million and 548 million as of March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018, respectively.

The Allstate Corporation
Book Value per Common Share

(\$ in millions, except per share data)

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Book value per common share | | | | | |
| Numerator: | | | | | |
| Common shareholders' equity ⁽¹⁾ | \$ 21,488 | \$ 19,382 | \$ 21,356 | \$ 20,819 | \$ 20,970 |
| Denominator: | | | | | |
| Common shares outstanding and dilutive potential common shares outstanding | 337.9 | 336.7 | 350.9 | 351.9 | 357.7 |
| Book value per common share | \$ 63.59 | \$ 57.56 | \$ 60.86 | \$ 59.16 | \$ 58.62 |
| Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities | | | | | |
| Numerator: | | | | | |
| Common shareholders' equity | \$ 21,488 | \$ 19,382 | \$ 21,356 | \$ 20,819 | \$ 20,970 |
| Less: Unrealized net capital gains and losses on fixed income securities | 975 | - | (15) | 55 | 187 |
| Adjusted common shareholders' equity | \$ 20,513 | \$ 19,382 | \$ 21,371 | \$ 20,764 | \$ 20,783 |
| Denominator: | | | | | |
| Common shares outstanding and dilutive potential common shares outstanding | 337.9 | 336.7 | 350.9 | 351.9 | 357.7 |
| Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities * | \$ 60.71 | \$ 57.56 | \$ 60.90 | \$ 59.01 | \$ 58.10 |

(1) Excludes equity related to preferred stock of \$1,930 million at March 31, 2019 and December 31, 2018 and \$2,303 million for all other periods presented.

The Allstate Corporation
Return on Common Shareholders' Equity

(\$ in millions)

Twelve months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Return on Common Shareholders' Equity | | | | | |
| Numerator: | | | | | |
| Net income applicable to common shareholders ⁽¹⁾ | \$ 2,296 ⁽⁴⁾ | \$ 2,012 ⁽⁴⁾ | \$ 3,891 ⁽⁴⁾ | \$ 3,759 ⁽⁴⁾ | \$ 3,630 ⁽⁴⁾ |
| Denominator: | | | | | |
| Beginning common shareholders' equity | \$ 20,970 | \$ 20,805 | \$ 20,508 | \$ 19,806 | \$ 19,495 |
| Ending common shareholders' equity ⁽²⁾ | 21,488 | 19,382 | 21,356 | 20,819 | 20,970 |
| Average common shareholders' equity ⁽³⁾ | <u>\$ 21,229</u> | <u>\$ 20,094</u> | <u>\$ 20,932</u> | <u>\$ 20,313</u> | <u>\$ 20,233</u> |
| Return on common shareholders' equity | <u>10.8 %</u> | <u>10.0 %</u> | <u>18.6 %</u> | <u>18.5 %</u> | <u>17.9 %</u> |
| Adjusted Net Income Return on Common Shareholders' Equity | | | | | |
| Numerator: | | | | | |
| Adjusted net income * ⁽¹⁾ | <u>\$ 2,797</u> | <u>\$ 3,129</u> | <u>\$ 3,400</u> | <u>\$ 3,322</u> | <u>\$ 3,157</u> |
| Denominator: | | | | | |
| Beginning common shareholders' equity | \$ 20,970 | \$ 20,805 | \$ 20,508 | \$ 19,806 | \$ 19,495 |
| Less: Unrealized net capital gains and losses | <u>187</u> | <u>1,662</u> | <u>1,651</u> | <u>1,526</u> | <u>1,256</u> |
| Adjusted beginning common shareholders' equity | 20,783 | 19,143 | 18,857 | 18,280 | 18,239 |
| Ending common shareholders' equity | 21,488 | 19,382 | 21,356 | 20,819 | 20,970 |
| Less: Unrealized net capital gains and losses | <u>972</u> | <u>(2)</u> | <u>(16)</u> | <u>54</u> | <u>187</u> |
| Adjusted ending common shareholders' equity | 20,516 | 19,384 | 21,372 | 20,765 | 20,783 |
| Average adjusted common shareholders' equity ⁽³⁾ | <u>\$ 20,650</u> | <u>\$ 19,264</u> | <u>\$ 20,115</u> | <u>\$ 19,523</u> | <u>\$ 19,511</u> |
| Adjusted net income return on common shareholders' equity * | <u>13.5 %</u> | <u>16.2 %</u> | <u>16.9 %</u> | <u>17.0 %</u> | <u>16.2 %</u> |

(1) Net income applicable to common shareholders and adjusted net income reflect a trailing twelve-month period.

(2) Excludes equity related to preferred stock of \$1,930 million at March 31, 2019 and December 31, 2018 and \$2,303 million for all other periods presented.

(3) 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.

(4) Includes a \$29 million Tax Legislation benefit for the periods ended March 31, 2019 and December 31, 2018, \$540 million benefit for the period ended September 30, 2018, and a \$509 million benefit for all other periods presented.

The Allstate Corporation
Debt to Capital

| (\$ in millions) | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Debt | | | | | |
| Short-term debt | \$ - | \$ - | \$ - | \$ - | \$ - |
| Long-term debt | 6,453 | 6,451 | 6,450 | 6,448 | 6,847 |
| Total debt | <u>\$ 6,453</u> | <u>\$ 6,451</u> | <u>\$ 6,450</u> | <u>\$ 6,448</u> | <u>\$ 6,847</u> |
| Capital resources | | | | | |
| Debt | \$ 6,453 | \$ 6,451 | \$ 6,450 | \$ 6,448 | \$ 6,847 |
| Shareholders' equity | | | | | |
| Preferred stock and additional capital paid-in | 1,930 | 1,930 | 2,303 | 2,303 | 2,303 |
| Common stock | 9 | 9 | 9 | 9 | 9 |
| Additional capital paid-in | 3,291 | 3,310 | 3,441 | 3,391 | 3,367 |
| Retained income | 45,148 | 44,033 | 44,776 | 43,997 | 43,479 |
| Deferred ESOP expense | (3) | (3) | (3) | (3) | (3) |
| Treasury stock | (28,042) | (28,085) | (27,011) | (26,818) | (26,280) |
| Unrealized net capital gains and losses | 972 | (2) | (16) | 54 | 187 |
| Unrealized foreign currency translation adjustments | (44) | (49) | (23) | (9) | (3) |
| Unamortized pension and other postretirement prior service credit | 157 | 169 | 183 | 198 | 214 |
| Total shareholders' equity | <u>23,418</u> | <u>21,312</u> | <u>23,659</u> | <u>23,122</u> | <u>23,273</u> |
| Total capital resources | <u>\$ 29,871</u> | <u>\$ 27,763</u> | <u>\$ 30,109</u> | <u>\$ 29,570</u> | <u>\$ 30,120</u> |
| Ratio of debt to shareholders' equity | <u>27.6%</u> | <u>30.3%</u> | <u>27.3%</u> | <u>27.9%</u> | <u>29.4%</u> |
| Ratio of debt to capital resources | <u>21.6%</u> | <u>23.2%</u> | <u>21.4%</u> | <u>21.8%</u> | <u>22.7%</u> |

The Allstate Corporation
Consolidated Statements of Cash Flows

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|--------------------|-------------------|
| Cash flows from operating activities | | | | | |
| Net income | \$ 1,292 | \$ (542) | \$ 979 | \$ 717 | \$ 1,006 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Depreciation, amortization and other non-cash items | 157 | 135 | 128 | 126 | 122 |
| Realized capital gains and losses | (662) | 894 | (176) | 25 | 134 |
| Pension and other postretirement remeasurement gains and losses | 15 | 500 | (39) | (7) | 14 |
| Gain on disposition of operations | (1) | (2) | (1) | (2) | (1) |
| Interest credited to contractholder funds | 162 | 165 | 163 | 165 | 161 |
| Changes in: | | | | | |
| Policy benefits and other insurance reserves | (114) | 379 | 112 | 342 | (364) |
| Unearned premiums | (201) | 130 | 574 | 415 | (204) |
| Deferred policy acquisition costs | 33 | (93) | (123) | (90) | 10 |
| Premium installment receivables, net | (39) | 26 | (237) | (127) | (58) |
| Reinsurance recoverables, net | 179 | (553) | (94) | 3 | (12) |
| Income taxes | 303 | (202) | 60 | (427) | 189 |
| Other operating assets and liabilities | (410) | 520 | 382 | 324 | (371) |
| Net cash provided by operating activities | <u>714</u> | <u>1,357</u> | <u>1,728</u> | <u>1,464</u> | <u>626</u> |
| Cash flows from investing activities | | | | | |
| Proceeds from sales: | | | | | |
| Fixed income securities | 9,034 | 6,960 | 6,708 | 8,896 | 10,619 |
| Equity securities | 633 | 2,222 | 1,061 | 2,438 | 1,138 |
| Limited partnership interests | 241 | 274 | 308 | 129 | 53 |
| Other investments | 44 | 299 | 99 | 59 | 76 |
| Investment collections: | | | | | |
| Fixed income securities | 628 | 1,078 | 946 | 859 | 583 |
| Mortgage loans | 104 | 151 | 63 | 269 | 46 |
| Other investments | 68 | 118 | 135 | 113 | 122 |
| Investment purchases: | | | | | |
| Fixed income securities | (9,056) | (7,911) | (8,648) | (10,612) | (9,789) |
| Equity securities | (871) | (1,145) | (890) | (2,366) | (1,535) |
| Limited partnership interests | (282) | (362) | (444) | (458) | (415) |
| Mortgage loans | (114) | (229) | (119) | (124) | (192) |
| Other investments | (89) | (178) | (151) | (205) | (330) |
| Change in short-term investments, net | (552) | 160 | (153) | 1,021 | (1,533) |
| Change in other investments, net | 47 | (70) | 7 | (8) | (27) |
| Purchases of property and equipment, net | (80) | (82) | (67) | (66) | (62) |
| Acquisition of operations | (18) | (548) | - | (5) | (5) |
| Net cash (used in) provided by investing activities | <u>(263)</u> | <u>737</u> | <u>(1,145)</u> | <u>(60)</u> | <u>(1,251)</u> |
| Cash flows from financing activities | | | | | |
| Proceeds from issuance of long-term debt | - | - | - | - | 498 |
| Redemption and repayment of long-term debt | - | 1 | - | (401) | - |
| Redemption of preferred stock | - | (385) | - | - | - |
| Proceeds from issuance of preferred stock | - | - | - | (1) ⁽¹⁾ | 558 |
| Contractholder fund deposits | 254 | 254 | 250 | 253 | 253 |
| Contractholder fund withdrawals | (458) | (493) | (477) | (505) | (492) |
| Dividends paid on common stock | (158) | (159) | (160) | (163) | (132) |
| Dividends paid on preferred stock | (31) | (37) | (39) | (29) | (29) |
| Treasury stock purchases | - | (1,241) | (224) | (568) | (270) |
| Shares reissued under equity incentive plans, net | (5) | 7 | 38 | 18 | 10 |
| Other | (1) | (2) | - | 31 | 62 |
| Net cash (used in) provided by financing activities | <u>(399)</u> | <u>(2,055)</u> | <u>(612)</u> | <u>(1,365)</u> | <u>458</u> |
| Net increase (decrease) in cash | 52 | 39 | (29) | 39 | (167) |
| Cash at beginning of period | 499 | 460 | 489 | 450 | 617 |
| Cash at end of period | <u>\$ 551</u> | <u>\$ 499</u> | <u>\$ 460</u> | <u>\$ 489</u> | <u>\$ 450</u> |

(1) Represents payment of issuance costs for March 29, 2018 preferred stock issuance.

The Allstate Corporation
Analysis of Deferred Policy Acquisition Costs

| (\$ in millions) | Change in Deferred Policy Acquisition Costs For the three months ended March 31, 2019 | | | | | | Reconciliation of Deferred Policy Acquisition Costs as of March 31, 2019 | | | |
|---|--|-------------------------------|--|---|--|---|---|---|---|--|
| | Beginning balance Dec. 31, 2018 | Acquisition costs deferred | Amortization before adjustments ⁽¹⁾⁽²⁾ | Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged ⁽²⁾ | Amortization (acceleration) deceleration for changes in assumptions ⁽²⁾ | Effect of unrealized capital gains and losses | Ending balance March 31, 2019 | 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 |
| Allstate Protection | \$ 1,618 | \$ 1,128 | \$ (1,164) | \$ - | \$ - | \$ - | \$ 1,582 | \$ 1,582 | \$ - | \$ 1,582 |
| Service Businesses | 1,290 | 139 | (127) | - | - | - | 1,302 | 1,302 | - | 1,302 |
| Allstate Life | | | | | | | | | | |
| Traditional life and accident and health | 489 | 15 | (12) | - | - | - | 492 | 492 | - | 492 |
| Interest-sensitive life | 811 | 15 | (14) | (2) | - | (81) | 729 | 845 | (116) | 729 |
| Subtotal | 1,300 | 30 | (26) | (2) | - | (81) | 1,221 | 1,337 | (116) | 1,221 |
| Allstate Benefits | | | | | | | | | | |
| Traditional life and accident and health | 408 | 31 | (37) | - | - | - | 402 | 402 | - | 402 |
| Interest-sensitive life | 141 | 5 | (6) | - | - | (2) | 138 | 139 | (1) | 138 |
| Subtotal | 549 | 36 | (43) | - | - | (2) | 540 | 541 | (1) | 540 |
| Allstate Annuities | | | | | | | | | | |
| Fixed annuity | 27 | - | (2) | - | - | - | 25 | 25 | - | 25 |
| Consolidated | <u>\$ 4,784</u> | <u>\$ 1,333</u> | <u>\$ (1,362)</u> | <u>\$ (2)</u> | <u>\$ -</u> | <u>\$ (83)</u> | <u>\$ 4,670</u> | <u>\$ 4,787</u> | <u>\$ (117)</u> | <u>\$ 4,670</u> |

| (\$ in millions) | Change in Deferred Policy Acquisition Costs For the three months ended March 31, 2018 | | | | | | Reconciliation of Deferred Policy Acquisition Costs as of March 31, 2018 | | | |
|---|--|-------------------------------|--|---|--|---|---|---|---|--|
| | Beginning balance Dec. 31, 2017 | Acquisition costs deferred | Amortization before adjustments ⁽¹⁾⁽²⁾ | Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged ⁽²⁾ | Amortization (acceleration) deceleration for changes in assumptions ⁽²⁾ | Effect of unrealized capital gains and losses | Ending balance March 31, 2018 | 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 |
| Allstate Protection | \$ 1,510 | \$ 1,062 | \$ (1,088) | \$ - | \$ - | \$ - | \$ 1,484 | \$ 1,484 | \$ - | \$ 1,484 |
| Service Businesses | 954 | 279 | (110) | - | - | - | 1,123 | 1,123 | - | 1,123 |
| Allstate Life | | | | | | | | | | |
| Traditional life and accident and health | 465 | 14 | (11) | - | - | - | 468 | 468 | - | 468 |
| Interest-sensitive life | 687 | 16 | (20) | (2) | - | 79 | 760 | 866 | (106) | 760 |
| Subtotal | 1,152 | 30 | (31) | (2) | - | 79 | 1,228 | 1,334 | (106) | 1,228 |
| Allstate Benefits | | | | | | | | | | |
| Traditional life and accident and health | 403 | 35 | (35) | - | - | - | 403 | 403 | - | 403 |
| Interest-sensitive life | 139 | 5 | (6) | - | - | 1 | 139 | 139 | - | 139 |
| Subtotal | 542 | 40 | (41) | - | - | 1 | 542 | 542 | - | 542 |
| Allstate Annuities | | | | | | | | | | |
| Fixed annuity | 33 | - | (1) | - | - | - | 32 | 32 | - | 32 |
| Consolidated | <u>\$ 4,191</u> | <u>\$ 1,411</u> | <u>\$ (1,271)</u> | <u>\$ (2)</u> | <u>\$ -</u> | <u>\$ 80</u> | <u>\$ 4,409</u> | <u>\$ 4,515</u> | <u>\$ (106)</u> | <u>\$ 4,409</u> |

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

(2) Included as a component of amortization of DAC on the Condensed Consolidated Statements of Operations.

The Allstate Corporation
Policies in Force and Other Statistics

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Policies in Force statistics (in thousands) ⁽¹⁾ | | | | | |
| Allstate Protection | | | | | |
| Allstate brand | | | | | |
| Auto | 20,145 | 20,104 | 19,912 | 19,810 | 19,617 |
| Homeowners | 6,198 | 6,186 | 6,145 | 6,121 | 6,093 |
| Landlord | 676 | 681 | 683 | 688 | 692 |
| Renter | 1,655 | 1,642 | 1,626 | 1,612 | 1,599 |
| Condominium | 668 | 668 | 665 | 664 | 663 |
| Other | 1,307 | 1,304 | 1,297 | 1,287 | 1,276 |
| Other personal lines | 4,306 | 4,295 | 4,271 | 4,251 | 4,230 |
| Commercial lines | 230 | 231 | 231 | 234 | 238 |
| Total | 30,879 | 30,816 | 30,559 | 30,416 | 30,178 |
| Esurance brand | | | | | |
| Auto | 1,548 | 1,488 | 1,463 | 1,432 | 1,399 |
| Homeowners | 98 | 95 | 92 | 88 | 84 |
| Other personal lines | 48 | 46 | 46 | 46 | 45 |
| Total | 1,694 | 1,629 | 1,601 | 1,566 | 1,528 |
| Encompass brand | | | | | |
| Auto | 499 | 502 | 504 | 507 | 517 |
| Homeowners | 237 | 239 | 240 | 243 | 248 |
| Other personal lines | 78 | 78 | 80 | 81 | 83 |
| Total | 814 | 819 | 824 | 831 | 848 |
| Allstate Protection Policies in Force | 33,387 | 33,264 | 32,984 | 32,813 | 32,554 |
| Service Businesses | | | | | |
| SquareTrade | 77,866 | 68,588 | 52,151 | 44,459 | 41,806 |
| InfoArmor | 1,211 | 1,040 | - | - | - |
| Allstate Roadside Services | 649 | 663 | 671 | 681 | 692 |
| Allstate Dealer Services | 3,863 | 3,896 | 3,919 | 3,959 | 4,026 |
| Total | 83,589 | 74,187 | 56,741 | 49,099 | 46,524 |
| Allstate Life | 2,012 | 2,022 | 2,018 | 2,019 | 2,018 |
| Allstate Benefits | 4,322 | 4,208 | 4,241 | 4,283 | 4,260 |
| Allstate Annuities | 206 | 211 | 215 | 220 | 225 |
| Total Policies in Force | 123,516 | 113,892 | 96,199 | 88,434 | 85,581 |
| Agency Data ⁽²⁾ | | | | | |
| Total Allstate agencies ⁽³⁾ | 12,700 | 12,700 | 12,400 | 12,300 | 12,300 |
| Licensed sales professionals ⁽⁴⁾ | 26,800 | 26,900 | 25,600 | 25,200 | 24,700 |
| Allstate independent agencies ⁽⁵⁾⁽⁶⁾ | 3,000 | 2,700 | 2,600 | 2,600 | 2,500 |

(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.
- Commercial lines PIF for the agreement with a transportation network company reflects corporate contracts as opposed to individual driver counts.
- Non-proprietary products offered by Ivantage (insurance agency) and Answer Financial (independent insurance agency) are not included.
- Allstate Roadside Services reflects memberships in force and do not include their wholesale partners as the customer relationship is managed by the wholesale partner.
- Allstate Dealer Services reflects 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.
- InfoArmor reflects individual customer counts for identity protection products.
- Allstate Life insurance policies and Allstate 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.
- Allstate Benefits reflects certificate counts as opposed to group counts.

(2) Rounded to the nearest hundred.

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

(4) Represents employees of Allstate agencies who are licensed to sell Allstate products.

(5) Includes 816 and 919 engaged Allstate independent agencies ("AIAs") as of March 31, 2019 and December 31, 2018, respectively. Engaged AIAs, as currently determined, include those that achieve a minimum number of new policies written.

(6) Beginning March 31, 2019, includes separate agency counts for agencies operating out of multiple locations, which increased the total agencies by approximately 200.

The Allstate Corporation
Premiums Written for Allstate Protection and Service Businesses

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Allstate Protection | | | | | |
| Allstate brand ⁽¹⁾ | | | | | |
| Auto | \$ 5,395 | \$ 5,272 | \$ 5,357 | \$ 5,211 | \$ 5,151 |
| Homeowners | 1,565 | 1,777 | 2,008 | 1,949 | 1,465 |
| Landlord | 124 | 133 | 139 | 131 | 121 |
| Renter | 69 | 70 | 86 | 77 | 69 |
| Condominium | 62 | 68 | 73 | 72 | 59 |
| Other | 144 | 149 | 174 | 195 | 126 |
| Other personal lines | 399 | 420 | 472 | 475 | 375 |
| Commercial lines | 185 | 177 | 173 | 172 | 137 |
| Total | <u>7,544</u> | <u>7,646</u> | <u>8,010</u> | <u>7,807</u> | <u>7,128</u> |
| Esurance brand | | | | | |
| Auto | 532 | 452 | 487 | 430 | 470 |
| Homeowners | 25 | 23 | 30 | 27 | 21 |
| Other personal lines | 2 | 2 | 2 | 2 | 2 |
| Total | <u>559</u> | <u>477</u> | <u>519</u> | <u>459</u> | <u>493</u> |
| Encompass brand | | | | | |
| Auto | 120 | 130 | 143 | 146 | 118 |
| Homeowners | 86 | 98 | 106 | 108 | 86 |
| Other personal lines | 18 | 19 | 22 | 21 | 19 |
| Total | <u>224</u> | <u>247</u> | <u>271</u> | <u>275</u> | <u>223</u> |
| Total Allstate Protection | | | | | |
| Auto | 6,047 | 5,854 | 5,987 | 5,787 | 5,739 |
| Homeowners | 1,676 | 1,898 | 2,144 | 2,084 | 1,572 |
| Other personal lines | 419 | 441 | 496 | 498 | 396 |
| Commercial lines | 185 | 177 | 173 | 172 | 137 |
| Total | <u>8,327</u> | <u>8,370</u> | <u>8,800</u> | <u>8,541</u> | <u>7,844</u> |
| Discontinued Lines and Coverages | | | | | |
| | - | - | - | - | - |
| Total Property-Liability | <u>\$ 8,327</u> | <u>\$ 8,370</u> | <u>\$ 8,800</u> | <u>\$ 8,541</u> | <u>\$ 7,844</u> |
| Service Businesses ⁽²⁾ | | | | | |
| SquareTrade | \$ 206 | \$ 323 | \$ 194 | \$ 126 | \$ 130 |
| Allstate Roadside Services | 63 | 61 | 65 | 68 | 65 |
| Allstate Dealer Services | 99 | 105 | 99 | 103 | 92 |
| Total | <u>\$ 368</u> | <u>\$ 489</u> | <u>\$ 358</u> | <u>\$ 297</u> | <u>\$ 287</u> |
| Total premiums written | <u>\$ 8,695</u> | <u>\$ 8,859</u> | <u>\$ 9,158</u> | <u>\$ 8,838</u> | <u>\$ 8,131</u> |
| Non-Proprietary Premiums | | | | | |
| Ivantage ⁽³⁾ | \$ 1,806 | \$ 1,780 | \$ 1,758 | \$ 1,719 | \$ 1,679 |
| Answer Financial ⁽⁴⁾ | 145 | 140 | 156 | 156 | 148 |
| ⁽¹⁾ Canada premiums included in Allstate brand | | | | | |
| Auto | \$ 205 | \$ 220 | \$ 244 | \$ 245 | \$ 186 |
| Homeowners | 58 | 68 | 77 | 77 | 50 |
| Other personal lines | 20 | 23 | 25 | 29 | 14 |
| Total | <u>\$ 283</u> | <u>\$ 311</u> | <u>\$ 346</u> | <u>\$ 351</u> | <u>\$ 250</u> |

(2) There are no premiums written for Arity or InfoArmor, which are part of the Service Businesses segment. Revenues for Arity and InfoArmor are reported as intersegment service fees and other revenue, respectively.

(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 months ended March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018 and March 31, 2018 were \$37.3 million, \$39.3 million, \$45.2 million, \$43.5 million and \$37.2 million, respectively.

(4) Represents non-proprietary premiums written for the period. Commissions earned for the three months ended March 31, 2019 were \$20.2 million.

The Allstate Corporation Catastrophe Losses

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|--------------------|--------------------|-------------------|------------------|-------------------|
| Allstate Protection | | | | | |
| Allstate brand | | | | | |
| Auto | \$ 68 | \$ 53 | \$ 113 | \$ 160 | \$ (1) |
| Homeowners | 511 ⁽¹⁾ | 798 ⁽¹⁾ | 418 | 627 | 300 |
| Other personal lines | 64 | 87 | 51 | 46 | 27 |
| Commercial lines | 1 | 9 | 6 | 4 | 3 |
| Total | <u>644</u> | <u>947</u> | <u>588</u> | <u>837</u> | <u>329</u> |
| Esurance brand | | | | | |
| Auto | 3 | 2 | 8 | 15 | 2 |
| Homeowners | 3 | 4 | 6 | 14 | 1 |
| Total | <u>6</u> | <u>6</u> | <u>14</u> | <u>29</u> | <u>3</u> |
| Encompass brand | | | | | |
| Auto | 3 | (1) | 2 | 4 | 1 |
| Homeowners | 25 | 9 | 20 | 34 | 26 |
| Other personal lines | 2 | 2 | 1 | 2 | 2 |
| Total | <u>30</u> | <u>10</u> | <u>23</u> | <u>40</u> | <u>29</u> |
| Total Allstate Protection | | | | | |
| Auto | 74 | 54 | 123 | 179 | 2 |
| Homeowners | 539 | 811 | 444 | 675 | 327 |
| Other personal lines | 66 | 89 | 52 | 48 | 29 |
| Commercial lines | 1 | 9 | 6 | 4 | 3 |
| Total | <u>680</u> | <u>963</u> | <u>625</u> | <u>906</u> | <u>361</u> |
| Discontinued Lines and Coverages | - | - | - | - | - |
| Total Property-Liability | <u>\$ 680</u> | <u>\$ 963</u> | <u>\$ 625</u> | <u>\$ 906</u> | <u>\$ 361</u> |
| Service Businesses | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total catastrophe losses | <u>\$ 680</u> | <u>\$ 963</u> | <u>\$ 625</u> | <u>\$ 906</u> | <u>\$ 361</u> |

⁽¹⁾ Includes \$15 million and \$60 million of reinstatement reinsurance premiums for the periods ended March 31, 2019 and December 31, 2018, respectively, related to the 2018 Camp Fire.

The Allstate Corporation
Property-Liability Results

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Premiums written | \$ 8,327 | \$ 8,370 | \$ 8,800 | \$ 8,541 | \$ 7,844 |
| Decrease (increase) in unearned premiums | 179 | 99 | (505) | (347) | 209 |
| Other | 1 | (47) | 25 | (5) | (34) |
| Premiums earned | 8,507 | 8,422 | 8,320 | 8,189 | 8,019 |
| Other revenue | 176 | 188 | 192 | 184 | 174 |
| Claims and claims expense | (5,730) | (5,991) | (5,717) | (5,689) | (5,038) |
| Amortization of deferred policy acquisition costs | (1,164) | (1,144) | (1,133) | (1,110) | (1,088) |
| Operating costs and expenses | (1,071) | (1,180) | (1,143) | (1,098) | (1,044) |
| Restructuring and related charges | (18) | (9) | (12) | (21) | (18) |
| Underwriting income | 700 | 286 | 507 | 455 | 1,005 |
| Net investment income | 291 | 364 | 410 | 353 | 337 |
| Income tax expense on operations | (202) | (119) | (185) | (166) | (277) |
| Realized capital gains and losses, after-tax | 393 | (516) | 103 | (12) | (75) |
| Tax Legislation expense | - | (2) | (3) | - | - |
| Net income applicable to common shareholders | \$ 1,182 | \$ 13 | \$ 832 | \$ 630 | \$ 990 |
| Catastrophe losses | \$ 680 | \$ 963 | \$ 625 | \$ 906 | \$ 361 |
| Amortization of purchased intangible assets | \$ 1 | \$ 3 | \$ 4 | \$ 3 | \$ 1 |
| Operating ratios | | | | | |
| Claims and claims expense ("loss") ratio | 67.4 | 71.1 | 68.7 | 69.4 | 62.9 |
| Expense ratio ⁽¹⁾ | 24.4 | 25.5 | 25.2 | 25.0 | 24.6 |
| Combined ratio | 91.8 | 96.6 | 93.9 | 94.4 | 87.5 |
| Loss ratio | 67.4 | 71.1 | 68.7 | 69.4 | 62.9 |
| Less: effect of catastrophe losses | 8.0 | 11.4 | 7.5 | 11.1 | 4.5 |
| effect of prior year non-catastrophe reserve reestimates | (0.4) | (1.1) | 0.2 | (1.7) | (0.6) |
| Underlying loss ratio * | 59.8 | 60.8 | 61.0 | 60.0 | 59.0 |
| Reconciliation of combined ratio to underlying combined ratio | | | | | |
| Combined ratio | 91.8 | 96.6 | 93.9 | 94.4 | 87.5 |
| Effect of catastrophe losses | (8.0) | (11.4) | (7.5) | (11.1) | (4.5) |
| Effect of prior year non-catastrophe reserve reestimates | 0.4 | 1.1 | (0.2) | 1.7 | 0.6 |
| Underlying combined ratio * | 84.2 | 86.3 | 86.2 | 85.0 | 83.6 |
| Effect of restructuring and related charges on combined ratio | 0.2 | 0.1 | 0.1 | 0.3 | 0.2 |
| Effect of Discontinued Lines and Coverages on combined ratio | 0.1 | - | 1.0 | - | 0.1 |

(1) Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Property-Liability Underwriting Results by Area of Business

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Property-Liability Underwriting Summary | | | | | |
| Allstate Protection | \$ 703 | \$ 290 | \$ 587 | \$ 458 | \$ 1,008 |
| Discontinued Lines and Coverages | (3) | (4) | (80) | (3) | (3) |
| Underwriting income | <u>\$ 700</u> | <u>\$ 286</u> | <u>\$ 507</u> | <u>\$ 455</u> | <u>\$ 1,005</u> |
| Allstate Protection Underwriting Summary | | | | | |
| Premiums written | <u>\$ 8,327</u> | <u>\$ 8,370</u> | <u>\$ 8,800</u> | <u>\$ 8,541</u> | <u>\$ 7,844</u> |
| Premiums earned | \$ 8,507 | \$ 8,422 | \$ 8,320 | \$ 8,189 | \$ 8,019 |
| Other revenue | 176 | 188 | 192 | 184 | 174 |
| Claims and claims expense | (5,728) | (5,989) | (5,637) | (5,687) | (5,035) |
| Amortization of deferred policy acquisition costs | (1,164) | (1,144) | (1,133) | (1,110) | (1,088) |
| Operating costs and expenses | (1,070) | (1,178) | (1,143) | (1,097) | (1,044) |
| Restructuring and related charges | (18) | (9) | (12) | (21) | (18) |
| Underwriting income | <u>\$ 703</u> | <u>\$ 290</u> | <u>\$ 587</u> | <u>\$ 458</u> | <u>\$ 1,008</u> |
| Catastrophe losses | <u>\$ 680</u> | <u>\$ 963</u> | <u>\$ 625</u> | <u>\$ 906</u> | <u>\$ 361</u> |
| Operating ratios | | | | | |
| Loss ratio | 67.3 | 71.1 | 67.7 | 69.4 | 62.8 |
| Expense ratio ⁽¹⁾ | 24.4 | 25.5 | 25.2 | 25.0 | 24.6 |
| Combined ratio | <u>91.7</u> | <u>96.6</u> | <u>92.9</u> | <u>94.4</u> | <u>87.4</u> |
| Effect of catastrophe losses on combined ratio | <u>8.0</u> | <u>11.4</u> | <u>7.5</u> | <u>11.1</u> | <u>4.5</u> |
| Effect of restructuring and related charges on combined ratio | <u>0.2</u> | <u>0.1</u> | <u>0.1</u> | <u>0.3</u> | <u>0.2</u> |
| Discontinued Lines and Coverages Underwriting Summary | | | | | |
| Premiums written | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Premiums earned | \$ - | \$ - | \$ - | \$ - | \$ - |
| Claims and claims expense | (2) | (2) | (80) | (2) | (3) |
| Operating costs and expenses | (1) | (2) | - | (1) | - |
| Underwriting loss | <u>\$ (3)</u> | <u>\$ (4)</u> | <u>\$ (80)</u> | <u>\$ (3)</u> | <u>\$ (3)</u> |
| Effect of Discontinued Lines and Coverages on the Property-Liability combined ratio | <u>0.1</u> | <u>-</u> | <u>1.0</u> | <u>-</u> | <u>0.1</u> |
| Allstate Protection Underwriting Income (Loss) by Brand | | | | | |
| Allstate brand | \$ 702 | \$ 306 | \$ 587 | \$ 463 | \$ 1,001 |
| Esurance brand | 3 | (9) | (10) | (9) | 3 |
| Encompass brand | (2) | (4) | 11 | 5 | 6 |
| Answer Financial | - | (3) | (1) | (1) | (2) |
| Underwriting income | <u>\$ 703</u> | <u>\$ 290</u> | <u>\$ 587</u> | <u>\$ 458</u> | <u>\$ 1,008</u> |

⁽¹⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation Property-Liability Catastrophe Experience

Catastrophe by Size of Event

(\$ in millions)

Three months ended March 31, 2019

| Size of catastrophe | Number of events | % | Claims and claims expense | % | Combined ratio impact | Average catastrophe loss per event |
|---------------------------------|------------------|--------------|---------------------------|--------------|-----------------------|------------------------------------|
| Greater than \$250 million | - | - | \$ - | - | - | \$ - |
| \$101 million to \$250 million | 1 | 4.6 | 225 | 33.1 | 2.7 | 225 |
| \$50 million to \$100 million | 3 | 13.6 | 225 | 33.1 | 2.7 | 75 |
| Less than \$50 million | 18 | 81.8 | 177 | 26.0 | 2.0 | 10 |
| Total | 22 | 100.0 | 627 | 92.2 | 7.4 | 29 |
| Prior year reserve reestimates | | | 53 | 7.8 | 0.6 | |
| Total catastrophe losses | | | \$ 680 | 100.0 | 8.0 | |

Effect of Catastrophe Losses on the Combined Ratio ⁽¹⁾

| | Effect of all catastrophe losses on the combined ratio | | | | | Premiums earned year-to-date | Total catastrophe losses by year | Total catastrophe losses by year | Effect on the property and casualty combined ratio |
|----------------|--|-------------|------------|------------|------------|------------------------------|----------------------------------|----------------------------------|--|
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Year | | | | |
| 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 | 10.9 | 12.5 | 6.2 | 3.9 | 8.4 | 30,727 | 2,571 | 2,419 | 7.9 |
| 2017 | 10.1 | 12.7 | 10.9 | 7.5 | 10.3 | 31,433 | 3,228 | 2,611 | 8.3 |
| 2018 | 4.5 | 11.1 | 7.5 | 11.4 | 8.7 | 32,950 | 2,855 | 2,653 | 8.1 |
| 2019 | 8.0 | | | | | 8,507 | 680 | 683 | 8.0 |
| Average | 6.8 | 14.2 | 7.0 | 6.2 | 8.5 | | | | 7.6 |

⁽¹⁾ Catastrophe losses and the effect on the combined ratio for 2016 - 2019 do not include Service Businesses. The periods 2010 through 2015 include historical Property-Liability results, which include Allstate Protection, Discontinued Lines and Coverages and Service Businesses. The effect on the combined ratio is calculated using the total premiums earned.

The Allstate Corporation
Property-Liability Prior Year Reserve Reestimates

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Prior Year Reserve Reestimates ⁽¹⁾ | | | | | |
| Allstate Protection | | | | | |
| Allstate brand | | | | | |
| Auto | \$ (58) | \$ (94) | \$ (97) | \$ (155) | \$ (101) |
| Homeowners | 46 | (35) | (17) | 24 | 27 |
| Other personal lines | 10 | 12 | 8 | (6) | (6) |
| Commercial lines | 4 | 1 | 42 | 45 | 20 |
| Total | <u>2</u> | <u>(116)</u> | <u>(64)</u> | <u>(92)</u> | <u>(60)</u> |
| Esurance brand | | | | | |
| Auto | 4 | 2 | - | (1) | 1 |
| Homeowners | (1) | 1 | 1 | 1 | (1) |
| Other personal lines | - | - | (1) | - | - |
| Total | <u>3</u> | <u>3</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Encompass brand | | | | | |
| Auto | - | (7) | (2) | (1) | - |
| Homeowners | 8 | 2 | 3 | 2 | 6 |
| Other personal lines | (3) | (4) | (4) | (6) | - |
| Total | <u>5</u> | <u>(9)</u> | <u>(3)</u> | <u>(5)</u> | <u>6</u> |
| Discontinued Lines and Coverages | <u>2</u> | <u>2</u> | <u>80</u> | <u>2</u> | <u>3</u> |
| Total Property-Liability | <u>\$ 12</u> | <u>\$ (120)</u> | <u>\$ 13</u> | <u>\$ (95)</u> | <u>\$ (51)</u> |
| Effect of Prior Year Reserve Reestimates on Combined Ratio ⁽¹⁾⁽²⁾ | | | | | |
| Allstate Protection | | | | | |
| Auto | (0.6) | (1.1) | (1.2) | (1.9) | (1.2) |
| Homeowners | 0.6 | (0.4) | (0.1) | 0.3 | 0.4 |
| Other personal lines | 0.1 | 0.1 | - | (0.1) | (0.1) |
| Commercial lines | - | - | 0.5 | 0.5 | 0.2 |
| Total | <u>0.1</u> | <u>(1.4)</u> | <u>(0.8)</u> | <u>(1.2)</u> | <u>(0.7)</u> |
| Discontinued Lines and Coverages | <u>0.1</u> | <u>-</u> | <u>1.0</u> | <u>-</u> | <u>0.1</u> |
| Total Property-Liability | <u>0.2</u> | <u>(1.4)</u> | <u>0.2</u> | <u>(1.2)</u> | <u>(0.6)</u> |
| Allstate Protection by brand | | | | | |
| Allstate brand | - | (1.3) | (0.8) | (1.1) | (0.8) |
| Esurance brand | - | - | - | - | - |
| Encompass brand | 0.1 | (0.1) | - | (0.1) | 0.1 |
| Total | <u>0.1</u> | <u>(1.4)</u> | <u>(0.8)</u> | <u>(1.2)</u> | <u>(0.7)</u> |

(1) Favorable reserve reestimates are shown in parentheses.

(2) Calculated using the total premiums earned for Property-Liability for the respective period. Discontinued Lines and Coverages does not have premiums earned.

The Allstate Corporation
Property-Liability Catastrophe Losses included in Prior Year Reserve Reestimates

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|-------------------|-------------------|
| Allstate Protection ⁽¹⁾ | | | | | |
| Allstate brand | | | | | |
| Auto | \$ (1) | \$ (2) | \$ (4) | \$ (5) | \$ (27) |
| Homeowners | 42 ⁽³⁾ | (19) | 2 | 41 ⁽⁴⁾ | 27 |
| Other personal lines | 9 | 1 | - | - | (3) |
| Commercial lines | (1) | - | - | 1 | (1) |
| Total | <u>49</u> | <u>(20)</u> | <u>(2)</u> | <u>37</u> | <u>(4)</u> |
| Esurance brand | | | | | |
| Homeowners | - | - | 1 | 1 | - |
| Total | <u>-</u> | <u>-</u> | <u>1</u> | <u>1</u> | <u>-</u> |
| Encompass brand | | | | | |
| Auto | - | - | (1) | - | - |
| Homeowners | 4 | - | 3 | 2 | 7 |
| Other personal lines | - | - | - | - | 1 |
| Total | <u>4</u> | <u>-</u> | <u>2</u> | <u>2</u> | <u>8</u> |
| Total Allstate Protection | | | | | |
| Auto | (1) | (2) | (5) | (5) | (27) |
| Homeowners | 46 | (19) | 6 | 44 | 34 |
| Other personal lines | 9 | 1 | - | - | (2) |
| Commercial lines | (1) | - | - | 1 | (1) |
| Total | <u>53</u> | <u>(20)</u> | <u>1</u> | <u>40</u> | <u>4</u> |
| Discontinued Lines and Coverages | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Property-Liability | <u>\$ 53</u> | <u>\$ (20)</u> | <u>\$ 1</u> | <u>\$ 40</u> | <u>\$ 4</u> |
| Effect of Catastrophe Losses included in Prior Year Reserve Reestimates on Combined Ratio ⁽¹⁾⁽²⁾ | | | | | |
| Allstate Protection | | | | | |
| Auto | - | - | (0.1) | (0.1) | (0.4) |
| Homeowners | 0.5 | (0.3) | 0.1 | 0.6 | 0.4 |
| Other personal lines | 0.1 | - | - | - | - |
| Commercial lines | - | - | - | - | - |
| Total | <u>0.6</u> | <u>(0.3)</u> | <u>-</u> | <u>0.5</u> | <u>-</u> |
| Allstate Protection by brand | | | | | |
| Allstate brand | 0.6 | (0.3) | - | 0.5 | (0.1) |
| Esurance brand | - | - | - | - | - |
| Encompass brand | - | - | - | - | 0.1 |
| Total | <u>0.6</u> | <u>(0.3)</u> | <u>-</u> | <u>0.5</u> | <u>-</u> |

(1) Favorable reserve reestimates are shown in parentheses.

(2) Calculated using the total premiums earned for Property-Liability for the respective period. Discontinued Lines and Coverages does not have premiums earned or incur claims and claims expense related to catastrophes.

(3) Includes \$15 million of reinstatement reinsurance premiums incurred during the period related to the 2018 Camp Fire.

(4) Includes \$37 million for Texas Windstorm Insurance Association assessments related to Hurricane Harvey which occurred in third quarter 2017.

The Allstate Corporation
Allstate Protection Impact of Net Rate Changes Approved on Premiums Written

| | Three months ended March 31, 2019 ⁽¹⁾ | | | Three months ended December 31, 2018 | | | Three months ended September 30, 2018 | | |
|---------------------------|---|--------------------------------|---|---|-----------------|--------------------------|--|--------------------|--------------------------|
| | Number of locations ⁽⁵⁾ | Total brand (%) ⁽⁶⁾ | Location specific (%) ⁽⁷⁾ | Number of locations | Total brand (%) | Location specific (%) | Number of locations | Total brand (%) | Location specific (%) |
| Allstate brand | | | | | | | | | |
| Auto ⁽²⁾⁽³⁾ | 19 | 0.6 | 3.4 | 25 | 0.3 | 3.2 | 20 | - | 1.0 |
| Homeowners ⁽⁴⁾ | 20 | 2.1 | 5.5 | 18 | 1.1 | 4.6 | 10 | 0.4 | 3.6 |
| Esurance brand | | | | | | | | | |
| Auto | 9 | 0.6 | 4.1 | 8 | 0.3 | 1.3 | 14 | 0.9 | 3.4 |
| Homeowners | 2 | 2.0 | 18.2 | 1 | 0.4 | 9.9 | - | - | - |
| Encompass brand | | | | | | | | | |
| Auto | 3 | 0.5 | 4.5 | 4 | 0.5 | 2.6 | 7 | 0.6 | 4.6 |
| Homeowners | 4 | 1.4 | 10.8 | 3 | 1.2 | 8.2 | 11 | 2.7 | 7.8 |
| | Three months ended June 30, 2018 | | | Three months ended March 31, 2018 | | | Three months ended December 31, 2017 | | |
| | Number of locations | Total brand (%) | Location specific (%) | Number of locations | Total brand (%) | Location specific (%) | Number of locations | Total brand (%) | Location specific (%) |
| Allstate brand | | | | | | | | | |
| Auto ⁽²⁾⁽³⁾ | 21 | 0.5 | 2.5 | 24 | 0.3 | 2.4 | 25 | 1.2 ⁽⁸⁾ | 5.4 ⁽⁸⁾ |
| Homeowners ⁽⁴⁾ | 5 | 0.1 | 1.8 | 14 | 1.1 | 4.9 | 11 | 0.2 | 1.5 |
| Esurance brand | | | | | | | | | |
| Auto | 8 | 0.5 | 2.9 | 2 | 0.1 | 4.5 | 7 | 0.8 | 4.2 |
| Homeowners | - | - | - | 5 | 1.7 | 6.4 | 3 | 4.5 | 18.5 |
| Encompass brand | | | | | | | | | |
| Auto | 5 | 1.0 | 7.9 | 4 | 0.3 | 3.0 | 8 | 1.7 | 5.7 |
| Homeowners | 7 | 0.7 | 6.1 | 3 | 0.1 | 2.0 | 7 | 0.9 | 4.5 |

⁽¹⁾ 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 March 31, 2019 are estimated to total \$297 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.

⁽²⁾ Impacts of Allstate brand auto effective rate changes as a percentage of total brand prior year-end premiums written were 0.6%, 0.2%, 0.4%, 0.1%, 1.2% and 0.5% for the three months ended March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively. Rate changes are included in the effective calculations in the period the rate change is effective for renewal contracts.

⁽³⁾ Allstate brand auto rate changes were 1.4%, 1.1%, 2.0%, 2.4%, 2.6% and 4.0% for the trailing twelve months ended March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively.

⁽⁴⁾ Impacts of Allstate brand homeowners effective rate changes as a percentage of total brand prior year-end premiums written were 2.3%, 0.2%, 0.4%, 0.3%, 1.0% and 0.1% for the three months ended March 31, 2019, December 31, 2018, September 30, 2018, June 30, 2018, March 31, 2018 and December 31, 2017, respectively.

⁽⁵⁾ Allstate brand operates in 50 states, the District of Columbia, and 5 Canadian provinces. Esurance brand operates in 43 states. In the second quarter of 2018, Esurance brand discontinued its operations in Canada. Encompass operates in 40 states and the District of Columbia.

⁽⁶⁾ 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.

⁽⁷⁾ 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.

⁽⁸⁾ Includes a rate increase in California in fourth quarter 2017. Excluding California, Allstate brand auto total brand and location specific rate changes were 0.5% and 4.2%, respectively, in fourth quarter 2017.

The Allstate Corporation
Allstate Brand Profitability Measures

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Net premiums written | \$ 7,544 | \$ 7,646 | \$ 8,010 | \$ 7,807 | \$ 7,128 |
| Net premiums earned | | | | | |
| Auto | \$ 5,321 | \$ 5,275 | \$ 5,210 | \$ 5,131 | \$ 5,046 |
| Homeowners | 1,811 | 1,787 | 1,769 | 1,742 | 1,727 |
| Other personal lines | 437 | 432 | 432 | 432 | 420 |
| Commercial lines | 183 | 178 | 176 | 165 | 136 |
| Total | <u>\$ 7,752</u> | <u>\$ 7,672</u> | <u>\$ 7,587</u> | <u>\$ 7,470</u> | <u>\$ 7,329</u> |
| Other revenue | | | | | |
| Auto | \$ 57 | \$ 65 | \$ 56 | \$ 56 | \$ 54 |
| Homeowners | 11 | 12 | 11 | 11 | 11 |
| Other personal lines | 28 | 34 | 36 | 34 | 28 |
| Commercial lines | 1 | 1 | 2 | 1 | 2 |
| Other business lines ⁽¹⁾ | 38 | 39 | 47 | 41 | 41 |
| Total | <u>\$ 135</u> | <u>\$ 151</u> | <u>\$ 152</u> | <u>\$ 143</u> | <u>\$ 136</u> |
| Incurred losses | | | | | |
| Auto | \$ 3,485 | \$ 3,520 | \$ 3,495 | \$ 3,424 | \$ 3,189 |
| Homeowners | 1,254 | 1,445 | 1,125 | 1,308 | 995 |
| Other personal lines | 292 | 316 | 305 | 260 | 257 |
| Commercial lines | 139 | 141 | 184 | 166 | 107 |
| Total | <u>\$ 5,170</u> | <u>\$ 5,422</u> | <u>\$ 5,109</u> | <u>\$ 5,158</u> | <u>\$ 4,548</u> |
| Expenses | | | | | |
| Auto | \$ 1,381 | \$ 1,419 | \$ 1,380 | \$ 1,378 | \$ 1,300 |
| Homeowners | 426 | 449 | 438 | 408 | 406 |
| Other personal lines | 143 | 161 | 157 | 145 | 140 |
| Commercial lines | 38 | 37 | 36 | 36 | 37 |
| Other business lines ⁽¹⁾ | 27 | 29 | 32 | 25 | 33 |
| Total | <u>\$ 2,015</u> | <u>\$ 2,095</u> | <u>\$ 2,043</u> | <u>\$ 1,992</u> | <u>\$ 1,916</u> |
| Underwriting income (loss) | | | | | |
| Auto | \$ 512 | \$ 401 | \$ 391 | \$ 385 | \$ 611 |
| Homeowners | 142 | (95) | 217 | 37 | 337 |
| Other personal lines | 30 | (11) | 6 | 61 | 51 |
| Commercial lines | 7 | 1 | (42) | (36) | (6) |
| Other business lines ⁽¹⁾ | 11 | 10 | 15 | 16 | 8 |
| Total | <u>\$ 702</u> | <u>\$ 306</u> | <u>\$ 587</u> | <u>\$ 463</u> | <u>\$ 1,001</u> |
| Loss ratio | 66.7 | 70.7 | 67.4 | 69.0 | 62.0 |
| Expense ratio ⁽²⁾ | 24.2 | 25.3 | 24.9 | 24.8 | 24.3 |
| Combined ratio | <u>90.9</u> | <u>96.0</u> | <u>92.3</u> | <u>93.8</u> | <u>86.3</u> |
| Loss ratio | 66.7 | 70.7 | 67.4 | 69.0 | 62.0 |
| Less: effect of catastrophe losses | 8.3 | 12.3 | 7.8 | 11.2 | 4.5 |
| effect of prior year non-catastrophe reserve reestimates | (0.6) | (1.2) | (0.8) | (1.7) | (0.8) |
| Underlying loss ratio * | <u>59.0</u> | <u>59.6</u> | <u>60.4</u> | <u>59.5</u> | <u>58.3</u> |
| Reconciliation of combined ratio to underlying combined ratio | | | | | |
| Combined ratio | 90.9 | 96.0 | 92.3 | 93.8 | 86.3 |
| Effect of catastrophe losses | (8.3) | (12.3) | (7.8) | (11.2) | (4.5) |
| Effect of prior year non-catastrophe reserve reestimates | 0.6 | 1.2 | 0.8 | 1.7 | 0.8 |
| Underlying combined ratio * | <u>83.2</u> | <u>84.9</u> | <u>85.3</u> | <u>84.3</u> | <u>82.6</u> |
| Effect of prior year reserve reestimates on combined ratio | - | (1.5) | (0.8) | (1.2) | (0.8) |
| Effect of advertising expenses on combined ratio | 1.9 | 2.5 | 2.5 | 2.0 | 1.6 |

⁽¹⁾ Other business lines represent commissions earned and other costs and expenses for Ivantage.

⁽²⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Allstate Brand Statistics ⁽¹⁾

| | Three months ended | | | | |
|--|--------------------|------------------|-------------------|------------------|-------------------|
| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
| New Issued Applications (in thousands) ⁽²⁾ | | | | | |
| Auto | 740 | 710 | 755 | 754 | 714 |
| Homeowners | 197 | 197 | 219 | 223 | 187 |
| Average Premium - Gross Written (\$) ⁽³⁾ | | | | | |
| Auto | 578 | 578 | 572 | 566 | 564 |
| Homeowners | 1,267 | 1,243 | 1,238 | 1,226 | 1,212 |
| Average Premium - Net Earned (\$) ⁽⁴⁾ | | | | | |
| Auto | 530 | 528 | 525 | 522 | 516 |
| Homeowners | 1,166 | 1,156 | 1,148 | 1,135 | 1,131 |
| Annualized Average Premium (\$) ⁽⁵⁾ | | | | | |
| Auto | 1,057 | 1,050 | 1,047 | 1,036 | 1,029 |
| Homeowners | 1,169 | 1,156 | 1,152 | 1,138 | 1,134 |
| Average Underlying Loss (Incurred Pure Premium) and Expense * (\$) ⁽⁶⁾ | | | | | |
| Auto | 953 | 978 | 963 | 956 | 920 |
| Homeowners | 745 | 712 | 751 | 716 | 716 |
| Renewal Ratio (%) ⁽⁷⁾ | | | | | |
| Auto | 88.8 | 88.5 | 88.7 | 88.5 | 88.3 |
| Homeowners | 88.4 | 88.5 | 88.3 | 87.7 | 87.5 |
| Auto Property Damage (% change year-over-year) | | | | | |
| Gross claim frequency ⁽⁸⁾ | (1.6) | (2.5) | (2.7) | (2.9) | (2.5) |
| Paid claim frequency ⁽⁸⁾ | (3.6) | (0.6) | 0.2 | (3.0) | (3.0) |
| Paid claim severity ⁽⁹⁾ | 6.1 | 7.4 | 7.7 | 3.7 | 4.7 |
| Bodily Injury (% change year-over-year) | | | | | |
| Gross claim frequency ⁽⁸⁾ | (1.2) | (2.5) | (0.7) | (2.7) | (2.0) |
| Homeowners Excluding Catastrophe Losses (% change year-over-year) | | | | | |
| Gross claim frequency ⁽⁸⁾ | (0.2) | 8.7 | 7.0 | 7.1 | (1.1) |
| Paid claim frequency ⁽⁸⁾ | 1.1 | 9.0 | 8.5 | 5.9 | (4.0) |
| Paid claim severity ⁽⁹⁾ | 0.5 | (0.1) | 3.4 | 5.0 | 14.4 |

(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) 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.

(4) 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.

(5) Annualized Average Premium is calculated by annualizing net earned premium reported in the quarter and year-to-date divided by policies in force at quarter end.

(6) Average underlying loss (incurred pure premium) and expense is calculated as the underlying combined ratio multiplied by the annualized average premium.

(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) 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.

(9) 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
Esurance Brand Profitability Measures and Statistics

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Net premiums written | \$ 559 | \$ 477 | \$ 519 | \$ 459 | \$ 493 |
| Net premiums earned | | | | | |
| Auto | \$ 475 | \$ 466 | \$ 455 | \$ 439 | \$ 411 |
| Homeowners | 25 | 26 | 22 | 22 | 20 |
| Other personal lines | 2 | 2 | 2 | 2 | 2 |
| Total | <u>\$ 502</u> | <u>\$ 494</u> | <u>\$ 479</u> | <u>\$ 463</u> | <u>\$ 433</u> |
| Other revenue | | | | | |
| Auto | \$ 20 | \$ 19 | \$ 21 | \$ 20 | \$ 20 |
| Total | <u>\$ 20</u> | <u>\$ 19</u> | <u>\$ 21</u> | <u>\$ 20</u> | <u>\$ 20</u> |
| Incurred losses | | | | | |
| Auto | \$ 367 | \$ 374 | \$ 346 | \$ 334 | \$ 309 |
| Homeowners | 15 | 16 | 20 | 28 | 11 |
| Other personal lines | 2 | 2 | - | 2 | 1 |
| Total | <u>\$ 384</u> | <u>\$ 392</u> | <u>\$ 366</u> | <u>\$ 364</u> | <u>\$ 321</u> |
| Expenses | | | | | |
| Auto | \$ 129 | \$ 123 | \$ 135 | \$ 120 | \$ 121 |
| Homeowners | 6 | 6 | 8 | 8 | 7 |
| Other personal lines | - | 1 | 1 | - | 1 |
| Total | <u>\$ 135</u> | <u>\$ 130</u> | <u>\$ 144</u> | <u>\$ 128</u> | <u>\$ 129</u> |
| Underwriting income (loss) | | | | | |
| Auto | \$ (1) | \$ (12) | \$ (5) | \$ 5 | \$ 1 |
| Homeowners | 4 | 4 | (6) | (14) | 2 |
| Other personal lines | - | (1) | 1 | - | - |
| Total | <u>\$ 3</u> | <u>\$ (9)</u> | <u>\$ (10)</u> | <u>\$ (9)</u> | <u>\$ 3</u> |
| Loss ratio | 76.5 | 79.3 | 76.4 | 78.6 | 74.1 |
| Expense ratio ⁽¹⁾ | <u>22.9</u> | <u>22.5</u> | <u>25.7</u> | <u>23.3</u> | <u>25.2</u> |
| Combined ratio | 99.4 | 101.8 | 102.1 | 101.9 | 99.3 |
| Loss ratio | 76.5 | 79.3 | 76.4 | 78.6 | 74.1 |
| Less: effect of catastrophe losses | 1.2 | 1.2 | 2.9 | 6.2 | 0.7 |
| effect of prior year non-catastrophe reserve reestimates | 0.6 | 0.6 | (0.2) | (0.2) | - |
| Underlying loss ratio * | <u>74.7</u> | <u>77.5</u> | <u>73.7</u> | <u>72.6</u> | <u>73.4</u> |
| Reconciliation of combined ratio to underlying combined ratio | | | | | |
| Combined ratio | 99.4 | 101.8 | 102.1 | 101.9 | 99.3 |
| Effect of catastrophe losses | (1.2) | (1.2) | (2.9) | (6.2) | (0.7) |
| Effect of prior year non-catastrophe reserve reestimates | (0.6) | (0.6) | 0.2 | 0.2 | - |
| Effect of amortization of purchased intangible assets | (0.2) | (0.2) | (0.2) | - | (0.2) |
| Underlying combined ratio * | <u>97.4</u> | <u>99.8</u> | <u>99.2</u> | <u>95.9</u> | <u>98.4</u> |
| Effect of prior year reserve reestimates on combined ratio | 0.6 | 0.6 | - | - | - |
| Effect of advertising expenses on combined ratio | 8.2 | 7.5 | 10.6 | 8.6 | 8.1 |
| Policies in Force (in thousands) | | | | | |
| Auto | 1,548 | 1,488 | 1,463 | 1,432 | 1,399 |
| Homeowners | 98 | 95 | 92 | 88 | 84 |
| Other personal lines | 48 | 46 | 46 | 46 | 45 |
| Total | <u>1,694</u> | <u>1,629</u> | <u>1,601</u> | <u>1,566</u> | <u>1,528</u> |
| New Issued Applications (in thousands) | | | | | |
| Auto | 180 | 153 | 166 | 156 | 158 |
| Homeowners | 7 | 6 | 9 | 9 | 8 |
| Average Premium - Gross Written (\$) | | | | | |
| Auto (6-month policy) | 625 | 608 | 603 | 602 | 605 |
| Homeowners (12-month policy) | 1,016 | 974 | 984 | 977 | 970 |
| Renewal Ratio (%) | | | | | |
| Auto | 83.9 | 82.8 | 82.9 | 84.3 | 83.5 |
| Homeowners | 84.8 | 84.4 | 85.9 | 86.2 | 84.4 |

(1) Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Encompass Brand Profitability Measures and Statistics

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Net premiums written | \$ 224 | \$ 247 | \$ 271 | \$ 275 | \$ 223 |
| Net premiums earned | | | | | |
| Auto | \$ 134 | \$ 135 | \$ 133 | \$ 135 | \$ 134 |
| Homeowners | 99 | 101 | 100 | 100 | 101 |
| Other personal lines | 20 | 20 | 21 | 21 | 22 |
| Total | <u>\$ 253</u> | <u>\$ 256</u> | <u>\$ 254</u> | <u>\$ 256</u> | <u>\$ 257</u> |
| Other revenue | | | | | |
| Auto | \$ 1 | \$ 1 | \$ - | \$ 1 | \$ 1 |
| Homeowners | - | - | 1 | 1 | - |
| Total | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 2</u> | <u>\$ 1</u> |
| Incurring losses | | | | | |
| Auto | \$ 91 | \$ 99 | \$ 83 | \$ 82 | \$ 85 |
| Homeowners | 72 | 58 | 70 | 75 | 65 |
| Other personal lines | 11 | 18 | 9 | 8 | 16 |
| Total | <u>\$ 174</u> | <u>\$ 175</u> | <u>\$ 162</u> | <u>\$ 165</u> | <u>\$ 166</u> |
| Expenses | | | | | |
| Auto | \$ 45 | \$ 45 | \$ 42 | \$ 45 | \$ 45 |
| Homeowners | 31 | 33 | 34 | 34 | 34 |
| Other personal lines | 6 | 8 | 6 | 9 | 7 |
| Total | <u>\$ 82</u> | <u>\$ 86</u> | <u>\$ 82</u> | <u>\$ 88</u> | <u>\$ 86</u> |
| Underwriting income (loss) | | | | | |
| Auto | \$ (1) | \$ (8) | \$ 8 | \$ 9 | \$ 5 |
| Homeowners | (4) | 10 | (3) | (8) | 2 |
| Other personal lines | 3 | (6) | 6 | 4 | (1) |
| Total | <u>\$ (2)</u> | <u>\$ (4)</u> | <u>\$ 11</u> | <u>\$ 5</u> | <u>\$ 6</u> |
| Loss ratio | 68.8 | 68.4 | 63.8 | 64.4 | 64.6 |
| Expense ratio ⁽¹⁾ | <u>32.0</u> | <u>33.2</u> | <u>31.9</u> | <u>33.6</u> | <u>33.1</u> |
| Combined ratio | 100.8 | 101.6 | 95.7 | 98.0 | 97.7 |
| Loss ratio | 68.8 | 68.4 | 63.8 | 64.4 | 64.6 |
| Less: effect of catastrophe losses | 11.9 | 3.9 | 9.1 | 15.6 | 11.3 |
| effect of prior year non-catastrophe reserve reestimates | 0.4 | (3.5) | (2.0) | (2.8) | (0.8) |
| Underlying loss ratio * | <u>56.5</u> | <u>68.0</u> | <u>56.7</u> | <u>51.6</u> | <u>54.1</u> |
| Reconciliation of combined ratio to underlying combined ratio | | | | | |
| Combined ratio | 100.8 | 101.6 | 95.7 | 98.0 | 97.7 |
| Effect of catastrophe losses | (11.9) | (3.9) | (9.1) | (15.6) | (11.3) |
| Effect of prior year non-catastrophe reserve reestimates | (0.4) | 3.5 | 2.0 | 2.8 | 0.8 |
| Underlying combined ratio * | <u>88.5</u> | <u>101.2</u> | <u>88.6</u> | <u>85.2</u> | <u>87.2</u> |
| Effect of prior year reserve reestimates on combined ratio | 2.0 | (3.5) | (1.2) | (2.0) | 2.3 |
| Effect of advertising expenses on combined ratio | - | 0.4 | - | 0.4 | - |
| Policies in Force (in thousands) | | | | | |
| Auto | 499 | 502 | 504 | 507 | 517 |
| Homeowners | 237 | 239 | 240 | 243 | 248 |
| Other personal lines | 78 | 78 | 80 | 81 | 83 |
| Total | <u>814</u> | <u>819</u> | <u>824</u> | <u>831</u> | <u>848</u> |
| New Issued Applications (in thousands) | | | | | |
| Auto | 20 | 19 | 21 | 19 | 17 |
| Homeowners | 9 | 9 | 10 | 10 | 8 |
| Average Premium - Gross Written (\$) | | | | | |
| Auto (12-month policy) | 1,134 | 1,136 | 1,115 | 1,104 | 1,116 |
| Homeowners (12-month policy) | 1,768 | 1,766 | 1,730 | 1,701 | 1,698 |
| Renewal Ratio (%) | | | | | |
| Auto | 77.7 | 77.5 | 76.4 | 73.3 | 72.5 |
| Homeowners | 82.1 | 81.8 | 80.9 | 78.9 | 78.3 |

(1) Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Auto Profitability Measures by Brand

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Allstate brand auto | | | | | |
| Net premiums written | \$ 5,395 | \$ 5,272 | \$ 5,357 | \$ 5,211 | \$ 5,151 |
| Net premiums earned | \$ 5,321 | \$ 5,275 | \$ 5,210 | \$ 5,131 | \$ 5,046 |
| Other revenue | 57 | 65 | 56 | 56 | 54 |
| Incurred losses | (3,485) | (3,520) | (3,495) | (3,424) | (3,189) |
| Expenses | (1,381) | (1,419) | (1,380) | (1,378) | (1,300) |
| Underwriting income | <u>\$ 512</u> | <u>\$ 401</u> | <u>\$ 391</u> | <u>\$ 385</u> | <u>\$ 611</u> |
| Loss ratio | 65.5 | 66.7 | 67.1 | 66.7 | 63.2 |
| Less: effect of catastrophe losses | 1.3 | 1.0 | 2.2 | 3.1 | - |
| effect of prior year non-catastrophe reserve reestimates | (1.1) | (1.7) | (1.8) | (2.9) | (1.5) |
| Underlying loss ratio * | <u>65.3</u> | <u>67.4</u> | <u>66.7</u> | <u>66.5</u> | <u>64.7</u> |
| Expense ratio ⁽¹⁾ | 24.9 | 25.7 | 25.4 | 25.8 | 24.7 |
| Combined ratio | 90.4 | 92.4 | 92.5 | 92.5 | 87.9 |
| Effect of catastrophe losses | (1.3) | (1.0) | (2.2) | (3.1) | - |
| Effect of prior year non-catastrophe reserve reestimates | 1.1 | 1.7 | 1.7 | 2.9 | 1.5 |
| Underlying combined ratio * | <u>90.2</u> | <u>93.1</u> | <u>92.0</u> | <u>92.3</u> | <u>89.4</u> |
| Esurance brand auto | | | | | |
| Net premiums written | \$ 532 | \$ 452 | \$ 487 | \$ 430 | \$ 470 |
| Net premiums earned | \$ 475 | \$ 466 | \$ 455 | \$ 439 | \$ 411 |
| Other revenue | 20 | 19 | 21 | 20 | 20 |
| Incurred losses | (367) | (374) | (346) | (334) | (309) |
| Expenses | (129) | (123) | (135) | (120) | (121) |
| Underwriting (loss) income | <u>\$ (1)</u> | <u>\$ (12)</u> | <u>\$ (5)</u> | <u>\$ 5</u> | <u>\$ 1</u> |
| Loss ratio | 77.3 | 80.3 | 76.0 | 76.1 | 75.2 |
| Less: effect of catastrophe losses | 0.6 | 0.4 | 1.8 | 3.4 | 0.5 |
| effect of prior year non-catastrophe reserve reestimates | 0.9 | 0.4 | - | (0.2) | 0.3 |
| Underlying loss ratio * | <u>75.8</u> | <u>79.5</u> | <u>74.2</u> | <u>72.9</u> | <u>74.4</u> |
| Expense ratio ⁽¹⁾ | 22.9 | 22.3 | 25.1 | 22.8 | 24.6 |
| Combined ratio | 100.2 | 102.6 | 101.1 | 98.9 | 99.8 |
| Effect of catastrophe losses | (0.6) | (0.4) | (1.8) | (3.4) | (0.5) |
| Effect of prior year non-catastrophe reserve reestimates | (0.9) | (0.4) | - | 0.2 | (0.3) |
| Effect of amortization of purchased intangible assets | (0.2) | (0.3) | (0.2) | - | (0.2) |
| Underlying combined ratio * | <u>98.5</u> | <u>101.5</u> | <u>99.1</u> | <u>95.7</u> | <u>98.8</u> |
| Encompass brand auto | | | | | |
| Net premiums written | \$ 120 | \$ 130 | \$ 143 | \$ 146 | \$ 118 |
| Net premiums earned | \$ 134 | \$ 135 | \$ 133 | \$ 135 | \$ 134 |
| Other revenue | 1 | 1 | - | 1 | 1 |
| Incurred losses | (91) | (99) | (83) | (82) | (85) |
| Expenses | (45) | (45) | (42) | (45) | (45) |
| Underwriting (loss) income | <u>\$ (1)</u> | <u>\$ (8)</u> | <u>\$ 8</u> | <u>\$ 9</u> | <u>\$ 5</u> |
| Loss ratio | 67.9 | 73.3 | 62.4 | 60.7 | 63.4 |
| Less: effect of catastrophe losses | 2.2 | (0.7) | 1.5 | 3.0 | 0.8 |
| effect of prior year non-catastrophe reserve reestimates | - | (5.3) | (0.7) | (0.8) | - |
| Underlying loss ratio * | <u>65.7</u> | <u>79.3</u> | <u>61.6</u> | <u>58.5</u> | <u>62.6</u> |
| Expense ratio ⁽¹⁾ | 32.8 | 32.6 | 31.6 | 32.6 | 32.9 |
| Combined ratio | 100.7 | 105.9 | 94.0 | 93.3 | 96.3 |
| Effect of catastrophe losses | (2.2) | 0.7 | (1.5) | (3.0) | (0.8) |
| Effect of prior year non-catastrophe reserve reestimates | - | 5.3 | 0.7 | 0.8 | - |
| Underlying combined ratio * | <u>98.5</u> | <u>111.9</u> | <u>93.2</u> | <u>91.1</u> | <u>95.5</u> |

(1) Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Homeowners Profitability Measures by Brand

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Allstate brand homeowners | | | | | |
| Net premiums written | \$ 1,565 | \$ 1,777 | \$ 2,008 | \$ 1,949 | \$ 1,465 |
| Net premiums earned | \$ 1,811 | \$ 1,787 | \$ 1,769 | \$ 1,742 | \$ 1,727 |
| Other revenue | 11 | 12 | 11 | 11 | 11 |
| Incurring losses | (1,254) | (1,445) | (1,125) | (1,308) | (995) |
| Expenses | (426) | (449) | (438) | (408) | (406) |
| Underwriting income (loss) | <u>\$ 142</u> | <u>\$ (95)</u> | <u>\$ 217</u> | <u>\$ 37</u> | <u>\$ 337</u> |
| Loss ratio | 69.3 | 80.9 | 63.6 | 75.1 | 57.6 |
| Less: effect of catastrophe losses | 28.2 | 44.6 | 23.6 | 36.0 | 17.4 |
| effect of prior year non-catastrophe reserve reestimates | 0.3 | (0.9) | (1.1) | (1.0) | - |
| Underlying loss ratio * | <u>40.8</u> | <u>37.2</u> | <u>41.1</u> | <u>40.1</u> | <u>40.2</u> |
| Expense ratio ⁽¹⁾ | 22.9 | 24.4 | 24.1 | 22.8 | 22.9 |
| Combined ratio | 92.2 | 105.3 | 87.7 | 97.9 | 80.5 |
| Effect of catastrophe losses | (28.2) | (44.6) | (23.6) | (36.0) | (17.4) |
| Effect of prior year non-catastrophe reserve reestimates | (0.3) | 0.9 | 1.1 | 1.0 | - |
| Underlying combined ratio * | <u>63.7</u> | <u>61.6</u> | <u>65.2</u> | <u>62.9</u> | <u>63.1</u> |
| Esurance brand homeowners | | | | | |
| Net premiums written | \$ 25 | \$ 23 | \$ 30 | \$ 27 | \$ 21 |
| Net premiums earned | \$ 25 | \$ 26 | \$ 22 | \$ 22 | \$ 20 |
| Incurring losses | (15) | (16) | (20) | (28) | (11) |
| Expenses | (6) | (6) | (8) | (8) | (7) |
| Underwriting income (loss) | <u>\$ 4</u> | <u>\$ 4</u> | <u>\$ (6)</u> | <u>\$ (14)</u> | <u>\$ 2</u> |
| Loss ratio | 60.0 | 61.5 | 90.9 | 127.3 | 55.0 |
| Less: effect of catastrophe losses | 12.0 | 15.4 | 27.3 | 63.6 | 5.0 |
| effect of prior year non-catastrophe reserve reestimates | (4.0) | 3.8 | - | - | (5.0) |
| Underlying loss ratio * | <u>52.0</u> | <u>42.3</u> | <u>63.6</u> | <u>63.7</u> | <u>55.0</u> |
| Expense ratio ⁽¹⁾ | 24.0 | 23.1 | 36.4 | 36.3 | 35.0 |
| Combined ratio | 84.0 | 84.6 | 127.3 | 163.6 | 90.0 |
| Effect of catastrophe losses | (12.0) | (15.4) | (27.3) | (63.6) | (5.0) |
| Effect of prior year non-catastrophe reserve reestimates | 4.0 | (3.8) | - | - | 5.0 |
| Underlying combined ratio * | <u>76.0</u> | <u>65.4</u> | <u>100.0</u> | <u>100.0</u> | <u>90.0</u> |
| Encompass brand homeowners | | | | | |
| Net premiums written | \$ 86 | \$ 98 | \$ 106 | \$ 108 | \$ 86 |
| Net premiums earned | \$ 99 | \$ 101 | \$ 100 | \$ 100 | \$ 101 |
| Other revenue | - | - | 1 | 1 | - |
| Incurring losses | (72) | (58) | (70) | (75) | (65) |
| Expenses | (31) | (33) | (34) | (34) | (34) |
| Underwriting (loss) income | <u>\$ (4)</u> | <u>\$ 10</u> | <u>\$ (3)</u> | <u>\$ (8)</u> | <u>\$ 2</u> |
| Loss ratio | 72.7 | 57.4 | 70.0 | 75.0 | 64.3 |
| Less: effect of catastrophe losses | 25.3 | 8.9 | 20.0 | 34.0 | 25.7 |
| effect of prior year non-catastrophe reserve reestimates | 4.0 | 2.0 | - | - | (1.0) |
| Underlying loss ratio * | <u>43.4</u> | <u>46.5</u> | <u>50.0</u> | <u>41.0</u> | <u>39.6</u> |
| Expense ratio ⁽¹⁾ | 31.3 | 32.7 | 33.0 | 33.0 | 33.7 |
| Combined ratio | 104.0 | 90.1 | 103.0 | 108.0 | 98.0 |
| Effect of catastrophe losses | (25.3) | (8.9) | (20.0) | (34.0) | (25.7) |
| Effect of prior year non-catastrophe reserve reestimates | (4.0) | (2.0) | - | - | 1.0 |
| Underlying combined ratio * | <u>74.7</u> | <u>79.2</u> | <u>83.0</u> | <u>74.0</u> | <u>73.3</u> |

(1) Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Other Personal Lines Profitability Measures by Brand ⁽¹⁾

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Allstate brand other personal lines | | | | | |
| Net premiums written | \$ 399 | \$ 420 | \$ 472 | \$ 475 | \$ 375 |
| Net premiums earned | \$ 437 | \$ 432 | \$ 432 | \$ 432 | \$ 420 |
| Other revenue | 28 | 34 | 36 | 34 | 28 |
| Incurring losses | (292) | (316) | (305) | (260) | (257) |
| Expenses | (143) | (161) | (157) | (145) | (140) |
| Underwriting income (loss) | <u>\$ 30</u> | <u>\$ (11)</u> | <u>\$ 6</u> | <u>\$ 61</u> | <u>\$ 51</u> |
| Loss ratio | 66.8 | 73.1 | 70.6 | 60.2 | 61.2 |
| Less: effect of catastrophe losses | 14.6 | 20.1 | 11.8 | 10.7 | 6.5 |
| effect of prior year non-catastrophe reserve reestimates | 0.2 | 2.5 | 1.8 | (1.4) | (0.7) |
| Underlying loss ratio * | <u>52.0</u> | <u>50.5</u> | <u>57.0</u> | <u>50.9</u> | <u>55.4</u> |
| Expense ratio ⁽²⁾ | 26.3 | 29.4 | 28.0 | 25.7 | 26.7 |
| Combined ratio | 93.1 | 102.5 | 98.6 | 85.9 | 87.9 |
| Effect of catastrophe losses | (14.6) | (20.1) | (11.8) | (10.7) | (6.5) |
| Effect of prior year non-catastrophe reserve reestimates | (0.2) | (2.5) | (1.8) | 1.4 | 0.7 |
| Underlying combined ratio * | <u>78.3</u> | <u>79.9</u> | <u>85.0</u> | <u>76.6</u> | <u>82.1</u> |
| Esurance brand other personal lines | | | | | |
| Net premiums written | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 |
| Net premiums earned | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 |
| Incurring losses | (2) | (2) | - | (2) | (1) |
| Expenses | - | (1) | (1) | - | (1) |
| Underwriting (loss) income | <u>\$ -</u> | <u>\$ (1)</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ -</u> |
| Encompass brand other personal lines | | | | | |
| Net premiums written | \$ 18 | \$ 19 | \$ 22 | \$ 21 | \$ 19 |
| Net premiums earned | \$ 20 | \$ 20 | \$ 21 | \$ 21 | \$ 22 |
| Incurring losses | (11) | (18) | (9) | (8) | (16) |
| Expenses | (6) | (8) | (6) | (9) | (7) |
| Underwriting income (loss) | <u>\$ 3</u> | <u>\$ (6)</u> | <u>\$ 6</u> | <u>\$ 4</u> | <u>\$ (1)</u> |
| Loss ratio | 55.0 | 90.0 | 42.8 | 38.1 | 72.7 |
| Less: effect of catastrophe losses | 10.0 | 10.0 | 4.8 | 9.5 | 9.1 |
| effect of prior year non-catastrophe reserve reestimates | (15.0) | (20.0) | (19.1) | (28.5) | (4.6) |
| Underlying loss ratio * | <u>60.0</u> | <u>100.0</u> | <u>57.1</u> | <u>57.1</u> | <u>68.2</u> |
| Expense ratio ⁽²⁾ | 30.0 | 40.0 | 28.6 | 42.9 | 31.8 |
| Combined ratio | 85.0 | 130.0 | 71.4 | 81.0 | 104.5 |
| Effect of catastrophe losses | (10.0) | (10.0) | (4.8) | (9.5) | (9.1) |
| Effect of prior year non-catastrophe reserve reestimates | 15.0 | 20.0 | 19.1 | 28.5 | 4.6 |
| Underlying combined ratio * | <u>90.0</u> | <u>140.0</u> | <u>85.7</u> | <u>100.0</u> | <u>100.0</u> |

(1) Other personal lines include renters, condominium, landlord and other personal lines products in Allstate Protection.

(2) Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Commercial Lines Profitability Measures ⁽¹⁾⁽²⁾

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Net premiums written | \$ 185 | \$ 177 | \$ 173 | \$ 172 | \$ 137 |
| Net premiums earned | \$ 183 | \$ 178 | \$ 176 | \$ 165 | \$ 136 |
| Other revenue | 1 | 1 | 2 | 1 | 2 |
| Incurred losses | (139) | (141) | (184) | (166) | (107) |
| Expenses | (38) | (37) | (36) | (36) | (37) |
| Underwriting income (loss) | <u>\$ 7</u> | <u>\$ 1</u> | <u>\$ (42)</u> | <u>\$ (36)</u> | <u>\$ (6)</u> |
| Loss ratio | 76.0 | 79.2 | 104.6 | 100.6 | 78.7 |
| Expense ratio ⁽³⁾ | <u>20.2</u> | <u>20.2</u> | <u>19.3</u> | <u>21.2</u> | <u>25.7</u> |
| Combined ratio | 96.2 | 99.4 | 123.9 | 121.8 | 104.4 |
| Reconciliation of combined ratio to underlying combined ratio | | | | | |
| Combined ratio | 96.2 | 99.4 | 123.9 | 121.8 | 104.4 |
| Effect of catastrophe losses on combined ratio | (0.5) | (5.1) | (3.4) | (2.4) | (2.2) |
| Effect of prior year non-catastrophe reserve reestimates | (2.8) | (0.5) | (23.9) | (26.7) | (15.4) |
| Underlying combined ratio * | <u>92.9</u> | <u>93.8</u> | <u>96.6</u> | <u>92.7</u> | <u>86.8</u> |
| Effect of prior year reserve reestimates on combined ratio | 2.2 | 0.5 | 23.9 | 27.3 | 14.7 |
| Effect of catastrophe losses included in prior year reserve reestimates on combined ratio | (0.6) | - | - | 0.6 | (0.7) |

(1) Commercial lines are all Allstate brand products.

(2) Includes an agreement with a transportation network company to provide commercial auto insurance coverage in select states that became effective March 1, 2018. Effective March 1, 2019, this coverage was expanded to 15 states from 4 states in 2018. Incurred losses are based on original pricing expectations given limited loss experience.

(3) Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Discontinued Lines and Coverages Reserves

| (\$ in millions) | Three months ended | Twelve months ended December 31, | | | | |
|--|--------------------|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | March 31, 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| (net of reinsurance) | | | | | | |
| Asbestos | | | | | | |
| Beginning reserves | \$ 866 | \$ 884 | \$ 912 | \$ 960 | \$ 1,014 | \$ 1,017 |
| Incurred claims and claims expense | - | 44 | 61 | 67 | 39 | 87 |
| Claims and claims expense paid | (19) | (62) | (89) | (115) | (93) | (90) |
| Ending reserves | <u>\$ 847</u> | <u>\$ 866</u> | <u>\$ 884</u> | <u>\$ 912</u> | <u>\$ 960</u> | <u>\$ 1,014</u> |
| Claims and claims expense paid as a percent of ending reserves | 2.2 % | 7.2 % | 10.1 % | 12.6 % | 9.7 % | 8.9 % |
| Environmental | | | | | | |
| Beginning reserves | \$ 170 | \$ 166 | \$ 179 | \$ 179 | \$ 203 | \$ 208 |
| Incurred claims and claims expense | - | 20 | 10 | 23 | 1 | 15 |
| Claims and claims expense paid | (3) | (16) | (23) | (23) | (25) | (20) |
| Ending reserves | <u>\$ 167</u> | <u>\$ 170</u> | <u>\$ 166</u> | <u>\$ 179</u> | <u>\$ 179</u> | <u>\$ 203</u> |
| Claims and claims expense paid as a percent of ending reserves | 1.8 % | 9.4 % | 13.9 % | 12.8 % | 14.0 % | 9.9 % |
| Other ⁽¹⁾ | | | | | | |
| Beginning reserves | \$ 355 | \$ 357 | \$ 354 | \$ 377 | \$ 395 | \$ 421 |
| Incurred claims and claims expense | 2 | 23 | 25 | 15 | 13 | 11 |
| Claims and claims expense paid | (7) | (25) | (22) | (38) | (31) | (37) |
| Ending reserves | <u>\$ 350</u> | <u>\$ 355</u> | <u>\$ 357</u> | <u>\$ 354</u> | <u>\$ 377</u> | <u>\$ 395</u> |
| Claims and claims expense paid as a percent of ending reserves | 2.0 % | 7.0 % | 6.2 % | 10.7 % | 8.2 % | 9.4 % |
| Total ⁽²⁾ | | | | | | |
| Beginning reserves | \$ 1,391 | \$ 1,407 | \$ 1,445 | \$ 1,516 | \$ 1,612 | \$ 1,646 |
| Incurred claims and claims expense | 2 | 87 | 96 | 105 | 53 | 113 |
| Claims and claims expense paid | (29) | (103) | (134) | (176) | (149) | (147) |
| Ending reserves | <u>\$ 1,364</u> | <u>\$ 1,391</u> | <u>\$ 1,407</u> | <u>\$ 1,445</u> | <u>\$ 1,516</u> | <u>\$ 1,612</u> |
| Claims and claims expense paid as a percent of ending reserves | 2.1 % | 7.4 % | 9.5 % | 12.2 % | 9.8 % | 9.1 % |

(1) Other includes other mass torts, workers' compensation, commercial and other.

(2) The 3-year survival ratio for the combined asbestos, environmental and other claims was 11.6, 10.1, 9.2, 9.2, 10.6 and 12.0 for the annualized three months of 2019 and twelve months ended 2018, 2017, 2016, 2015 and 2014, respectively, and is calculated by taking the ending reserves divided by net payments made during the year.

The Allstate Corporation Service Businesses Segment Results ⁽¹⁾

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Service Businesses | | | | | |
| Net premiums written | \$ 368 | \$ 489 | \$ 358 | \$ 297 | \$ 287 |
| Net premiums earned | \$ 295 | \$ 285 | \$ 275 | \$ 271 | \$ 267 |
| Intersegment insurance premiums and service fees | 33 | 33 | 31 | 29 | 29 |
| Other revenue | 47 | 34 | 16 | 16 | 16 |
| Net investment income | 9 | 9 | 7 | 6 | 5 |
| Realized capital gains and losses | 8 | (5) | - | (2) | (4) |
| Claims and claims expense | (92) | (78) | (90) | (89) | (93) |
| Amortization of deferred policy acquisition costs | (127) | (122) | (118) | (113) | (110) |
| Operating costs and expenses | (151) | (148) | (124) | (116) | (117) |
| Amortization of purchased intangible assets | (31) | (33) | (20) | (20) | (21) |
| Restructuring and related charges | - | (3) | - | - | (1) |
| Income tax benefit | 3 | 6 | 3 | 3 | 7 |
| Net loss applicable to common shareholders | \$ (6) | \$ (22) | \$ (20) | \$ (15) | \$ (22) |
| Realized capital gains and losses, after-tax | (7) | 4 | 1 | 1 | 3 |
| Amortization of purchased intangible assets, after-tax | 24 | 26 | 16 | 16 | 16 |
| Tax Legislation expense | - | - | 4 | - | - |
| Adjusted net income (loss) | \$ 11 | \$ 8 | \$ 1 | \$ 2 | \$ (3) |

(1) Service Businesses results include SquareTrade, Arity, InfoArmor, Allstate Roadside Services and Allstate Dealer Services. SquareTrade results are on page 30 and other service businesses segment results are on page 31.

The Allstate Corporation SquareTrade Results

(\$ in millions)

As of or for the three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Net premiums written | \$ 206 | \$ 323 | \$ 194 | \$ 126 | \$ 130 |
| Net premiums earned | \$ 145 | \$ 134 | \$ 125 | \$ 121 | \$ 123 |
| Other revenue ⁽¹⁾ | 8 | 3 | - | - | - |
| Net investment income | 4 | 4 | 2 | 2 | 1 |
| Realized capital gains and losses | 7 | (4) | 1 | (1) | (2) |
| Claims and claims expense | (43) | (32) | (37) | (39) | (41) |
| Amortization of deferred policy acquisition costs | (53) | (50) | (47) | (45) | (45) |
| Other costs and expenses | (42) | (47) | (38) | (32) | (35) |
| Amortization of purchased intangible assets | (18) | (20) | (20) | (20) | (21) |
| Income tax (expense) benefit | (2) | 2 | 1 | 3 | 4 |
| Net income (loss) applicable to common shareholders | \$ 6 | \$ (10) | \$ (13) | \$ (11) | \$ (16) |
| Realized capital gains and losses, after-tax | (6) | 3 | - | - | 2 |
| Amortization of purchased intangible assets, after-tax | 14 | 16 | 16 | 16 | 16 |
| Tax Legislation expense | - | - | 4 | - | - |
| Adjusted net income | \$ 14 | \$ 9 | \$ 7 | \$ 5 | \$ 2 |
| Fair value adjustments, after-tax ⁽²⁾ | 1 | 2 | 2 | 2 | 2 |
| Adjusted net income, excluding purchase accounting adjustments * | \$ 15 | \$ 11 | \$ 9 | \$ 7 | \$ 4 |
| Protection Plans in Force (in thousands) ⁽³⁾ | 77,866 | 68,588 | 52,151 | 44,459 | 41,806 |
| New Issued Protection Plans (in thousands) | 13,500 | 22,110 | 11,120 | 5,319 | 5,564 |

⁽¹⁾ Other revenue relates to the acquisition of PlumChoice and iCracked Inc.

⁽²⁾ Purchase accounting adjustments made to record the acquired assets and liabilities at their fair value for unearned premiums, contractual liability insurance policy premium expenses, and commissions paid to retailers recorded as of the acquisition date are recognized over the life of the in force contracts or approximately three years.

⁽³⁾ Protection plan terms generally range between one and five years with an average term of three years.

The Allstate Corporation
Other Service Businesses Segment Results

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Arity ⁽¹⁾ | | | | | |
| Intersegment service fees | \$ 24 | \$ 24 | \$ 22 | \$ 21 | \$ 21 |
| Operating costs and other expenses | (27) | (26) | (26) | (25) | (25) |
| Income tax benefit | 1 | 1 | - | 1 | 1 |
| Net loss applicable to common shareholders | <u>\$ (2)</u> | <u>\$ (1)</u> | <u>\$ (4)</u> | <u>\$ (3)</u> | <u>\$ (3)</u> |
| Adjusted net loss | <u>\$ (2)</u> | <u>\$ (1)</u> | <u>\$ (4)</u> | <u>\$ (3)</u> | <u>\$ (3)</u> |
| InfoArmor ⁽¹⁾ | | | | | |
| Other revenue | \$ 24 | \$ 16 | \$ - | \$ - | \$ - |
| Operating costs and other expenses ⁽²⁾ | (25) | (14) | - | - | - |
| Amortization of purchased intangible assets | (13) | (13) | - | - | - |
| Income tax benefit | 3 | 2 | - | - | - |
| Net loss applicable to common shareholders | <u>\$ (11)</u> | <u>\$ (9)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Amortization of purchased intangible assets, after-tax | 10 | 10 | - | - | - |
| Adjusted net (loss) income | <u>\$ (1)</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Allstate Roadside Services | | | | | |
| Net premiums written | \$ 63 | \$ 61 | \$ 65 | \$ 68 | \$ 65 |
| Net premiums earned | \$ 63 | \$ 65 | \$ 66 | \$ 68 | \$ 64 |
| Intersegment insurance premiums and service fees | 9 | 9 | 9 | 8 | 8 |
| Other revenue | 1 | 1 | 1 | 1 | 2 |
| Net investment income | - | - | 1 | - | - |
| Realized capital gains and losses | - | (1) | - | - | - |
| Claims and claims expense | (38) | (36) | (38) | (36) | (35) |
| Amortization of deferred policy acquisition costs | (1) | (1) | (1) | (2) | (1) |
| Operating costs and other expenses | (42) | (43) | (45) | (44) | (43) |
| Restructuring and related charges | - | (3) | - | - | (1) |
| Income tax benefit | 2 | 2 | 2 | 1 | 1 |
| Net loss applicable to common shareholders | <u>\$ (6)</u> | <u>\$ (7)</u> | <u>\$ (5)</u> | <u>\$ (4)</u> | <u>\$ (5)</u> |
| Realized capital gains and losses, after-tax | - | 1 | - | - | - |
| Adjusted net loss | <u>\$ (6)</u> | <u>\$ (6)</u> | <u>\$ (5)</u> | <u>\$ (4)</u> | <u>\$ (5)</u> |
| Allstate Dealer Services | | | | | |
| Net premiums written | \$ 99 | \$ 105 | \$ 99 | \$ 103 | \$ 92 |
| Net premiums earned | \$ 87 | \$ 86 | \$ 84 | \$ 82 | \$ 80 |
| Other revenue | 14 | 14 | 15 | 15 | 14 |
| Net investment income | 5 | 5 | 4 | 4 | 4 |
| Realized capital gains and losses | 1 | - | (1) | (1) | (2) |
| Claims and claims expense | (11) | (10) | (15) | (14) | (17) |
| Amortization of deferred policy acquisition costs | (73) | (71) | (70) | (66) | (64) |
| Operating costs and other expenses | (15) | (18) | (15) | (15) | (14) |
| Income tax (expense) benefit | (1) | (1) | - | (2) | 1 |
| Net income applicable to common shareholders | <u>\$ 7</u> | <u>\$ 5</u> | <u>\$ 2</u> | <u>\$ 3</u> | <u>\$ 2</u> |
| Realized capital gains and losses, after-tax | (1) | - | 1 | 1 | 1 |
| Adjusted net income | <u>\$ 6</u> | <u>\$ 5</u> | <u>\$ 3</u> | <u>\$ 4</u> | <u>\$ 3</u> |

(1) There are no premiums written or earned for Arity or InfoArmor.

(2) Costs include investments in growing the business and integration into Allstate.

The Allstate Corporation
Allstate Life Segment Results and Other Statistics

(\$ in millions)

As of or for the three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Premiums | \$ 154 | \$ 158 | \$ 149 | \$ 149 | \$ 146 |
| Contract charges | 183 | 182 | 173 | 177 | 181 |
| Other revenue ⁽¹⁾ | 27 | 35 | 30 | 28 | 26 |
| Net investment income | 127 | 125 | 128 | 130 | 122 |
| Contract benefits | (214) | (216) | (193) | (195) | (205) |
| Interest credited to contractholder funds | (72) | (72) | (72) | (71) | (70) |
| Amortization of deferred policy acquisition costs | (26) | (24) | (36) | (31) | (31) |
| Operating costs and expenses | (91) | (104) | (88) | (86) | (83) |
| Restructuring and related charges | - | - | (1) | (2) | - |
| Income tax expense on operations | (15) | (15) | (15) | (19) | (15) |
| Adjusted net income | <u>73</u> | <u>69</u> | <u>75</u> | <u>80</u> | <u>71</u> |
| Realized capital gains and losses, after-tax | (4) | (4) | (3) | (2) | (2) |
| DAC and DSI amortization relating to realized capital gains and losses, after-tax | (2) | (2) | (1) | (3) | (2) |
| Tax Legislation expense | - | - | (16) | - | - |
| Net income applicable to common shareholders | <u>\$ 67</u> | <u>\$ 63</u> | <u>\$ 55</u> | <u>\$ 75</u> | <u>\$ 67</u> |
| Premiums and Contract Charges by Product | | | | | |
| Traditional life insurance premiums | \$ 154 | \$ 157 | \$ 149 | \$ 148 | \$ 146 |
| Accident and health insurance premiums | - | 1 | - | 1 | - |
| Interest-sensitive life insurance contract charges | 183 | 182 | 173 | 177 | 181 |
| Total | <u>\$ 337</u> | <u>\$ 340</u> | <u>\$ 322</u> | <u>\$ 326</u> | <u>\$ 327</u> |
| Proprietary Life Issued Policies ⁽²⁾ | 28,425 | 46,421 | 35,454 | 37,021 | 30,479 |
| Policies in Force (in thousands) ⁽³⁾ | | | | | |
| Life insurance | | | | | |
| Allstate agencies | 1,823 | 1,831 | 1,820 | 1,819 | 1,816 |
| Closed channels | 187 | 189 | 196 | 198 | 200 |
| Accident and health insurance | 2 | 2 | 2 | 2 | 2 |
| Total | <u>2,012</u> | <u>2,022</u> | <u>2,018</u> | <u>2,019</u> | <u>2,018</u> |

(1) Includes gross dealer concessions received in connection with Allstate exclusive agencies and exclusive financial specialist's sales of non-proprietary products, including mutual funds, fixed and variable annuities, disability insurance and long-term care insurance.

(2) Policies issued during the period.

(3) Reflect the number of contracts in force.

The Allstate Corporation
Allstate Life Analysis of Net Income

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Benefit spread | | | | | |
| Premiums | \$ 154 | \$ 158 | \$ 149 | \$ 149 | \$ 146 |
| Cost of insurance contract charges ⁽¹⁾ | 129 | 127 | 119 | 121 | 126 |
| Contract benefits | <u>(214)</u> | <u>(216)</u> | <u>(193)</u> | <u>(195)</u> | <u>(205)</u> |
| Total benefit spread | <u>69</u> | <u>69</u> | <u>75</u> | <u>75</u> | <u>67</u> |
| Investment spread | | | | | |
| Net investment income | 127 | 125 | 128 | 130 | 122 |
| Interest credited to contractholder funds | <u>(72)</u> | <u>(72)</u> | <u>(72)</u> | <u>(71)</u> | <u>(70)</u> |
| Total investment spread | <u>55</u> | <u>53</u> | <u>56</u> | <u>59</u> | <u>52</u> |
| Surrender charges and contract maintenance expense fees ⁽¹⁾ | 54 | 55 | 54 | 56 | 55 |
| Other revenue | 27 | 35 | 30 | 28 | 26 |
| Realized capital gains and losses | (5) | (5) | (3) | (3) | (3) |
| Amortization of deferred policy acquisition costs | (28) | (26) | (38) | (35) | (33) |
| Operating costs and expenses | (91) | (104) | (88) | (86) | (83) |
| Restructuring and related charges | - | - | (1) | (2) | - |
| Income tax expense | <u>(14)</u> | <u>(14)</u> | <u>(30)</u> | <u>(17)</u> | <u>(14)</u> |
| Net income applicable to common shareholders | <u>\$ 67</u> | <u>\$ 63</u> | <u>\$ 55</u> | <u>\$ 75</u> | <u>\$ 67</u> |
| ⁽¹⁾ Reconciliation of contract charges | | | | | |
| Cost of insurance contract charges | \$ 129 | \$ 127 | \$ 119 | \$ 121 | \$ 126 |
| Surrender charges and contract maintenance expense fees | <u>54</u> | <u>55</u> | <u>54</u> | <u>56</u> | <u>55</u> |
| Total contract charges | <u>\$ 183</u> | <u>\$ 182</u> | <u>\$ 173</u> | <u>\$ 177</u> | <u>\$ 181</u> |

The Allstate Corporation
Allstate Life Return on Equity

(\$ in millions)

Twelve months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Return on Equity | | | | | |
| Numerator: | | | | | |
| Net income applicable to common shareholders ⁽¹⁾⁽²⁾ | \$ 260 | \$ 260 | \$ 591 | \$ 611 | \$ 598 |
| Denominator: | | | | | |
| Beginning equity | \$ 2,542 | \$ 2,618 | | | |
| Ending equity ⁽³⁾ | 2,657 | 2,474 | \$ 2,528 | \$ 2,587 | \$ 2,542 |
| Average equity ⁽⁴⁾ | \$ 2,600 | \$ 2,546 | | | |
| Return on equity | 10.0 % | 10.2 % | 23.4 % | 23.6 % | 23.5 % |
| Adjusted Net Income Return on Adjusted Equity * | | | | | |
| Numerator: | | | | | |
| Adjusted net income ⁽¹⁾ | \$ 297 | \$ 295 | \$ 284 | \$ 285 | \$ 270 |
| Denominator: | | | | | |
| Beginning equity | \$ 2,542 | \$ 2,618 | | | |
| Less: Unrealized net capital gains and losses | 142 | 234 | | | |
| Goodwill | 175 | 175 | | | |
| Adjusted beginning equity | \$ 2,225 | \$ 2,209 | | | |
| Ending equity ⁽³⁾ | \$ 2,657 | \$ 2,474 | \$ 2,528 | \$ 2,587 | \$ 2,542 |
| Less: Unrealized net capital gains and losses | 168 | 52 | 75 | 89 | 142 |
| Goodwill | 175 | 175 | 175 | 175 | 175 |
| Adjusted ending equity | \$ 2,314 | \$ 2,247 | \$ 2,278 | \$ 2,323 | \$ 2,225 |
| Average adjusted equity ⁽⁴⁾ | \$ 2,270 | \$ 2,228 | | | |
| Adjusted net income return on adjusted equity * | 13.1 % | 13.2 % | 12.5 % | 12.3 % | 12.1 % |

(1) Net income applicable to common shareholders and adjusted net income reflect a trailing twelve-month period.

(2) Includes a \$16 million Tax Legislation expense for the periods ended March 31, 2019 and December 31, 2018, a \$322 million benefit for the period ended September 30, 2018, and a \$338 million benefit for all other periods presented.

(3) For the periods ended September 30, 2018, June 30, 2018 and March 31, 2018, ending equity has been used due to the changes in reportable segments that were effective October 2017.

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

The Allstate Corporation
Allstate Life Reserves and Contractholder Funds

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Reserve for life-contingent contract benefits | | | | | |
| Traditional life insurance | \$ 2,561 | \$ 2,539 | \$ 2,507 | \$ 2,482 | \$ 2,467 |
| Accident and health insurance | 137 | 138 | 165 | 169 | 170 |
| Total | <u>\$ 2,698</u> | <u>\$ 2,677</u> | <u>\$ 2,672</u> | <u>\$ 2,651</u> | <u>\$ 2,637</u> |
| Contractholders funds, beginning balance | \$ 7,656 | \$ 7,650 | \$ 7,630 | \$ 7,603 | \$ 7,608 |
| Deposits | 234 | 250 | 237 | 238 | 240 |
| Interest credited | 72 | 72 | 71 | 71 | 70 |
| Benefits, withdrawals and other adjustments | | | | | |
| Benefits | (61) | (58) | (59) | (56) | (59) |
| Surrenders and partial withdrawals | (70) | (63) | (64) | (65) | (67) |
| Contract charges | (176) | (177) | (176) | (175) | (176) |
| Net transfers from separate accounts | 2 | 1 | 1 | 2 | 2 |
| Other adjustments | 29 | (19) | 10 | 12 | (15) |
| Total benefits, withdrawals and other adjustments | <u>(276)</u> | <u>(316)</u> | <u>(288)</u> | <u>(282)</u> | <u>(315)</u> |
| Contractholder funds, ending balance | <u>\$ 7,686</u> | <u>\$ 7,656</u> | <u>\$ 7,650</u> | <u>\$ 7,630</u> | <u>\$ 7,603</u> |

The Allstate Corporation
Allstate Benefits Segment Results and Other Statistics

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Premiums | \$ 259 | \$ 253 | \$ 259 | \$ 254 | \$ 258 |
| Contract charges | 29 | 28 | 26 | 29 | 28 |
| Net investment income | 19 | 20 | 19 | 19 | 19 |
| Contract benefits | (145) | (144) | (159) | (143) | (149) |
| Interest credited to contractholder funds | (9) | (10) | (8) | (9) | (8) |
| Amortization of deferred policy acquisition costs | (43) | (43) | (26) | (36) | (41) |
| Operating costs and expenses | (71) | (71) | (68) | (69) | (70) |
| Income tax expense on operations | (8) | (7) | (10) | (9) | (8) |
| Adjusted net income | <u>31</u> | <u>26</u> | <u>33</u> | <u>36</u> | <u>29</u> |
| Realized capital gains and losses, after-tax | 3 | (7) | 2 | - | (2) |
| DAC and DSI amortization relating to realized capital gains and losses, after-tax | - | 1 | - | - | - |
| Net income applicable to common shareholders | <u><u>\$ 34</u></u> | <u><u>\$ 20</u></u> | <u><u>\$ 35</u></u> | <u><u>\$ 36</u></u> | <u><u>\$ 27</u></u> |
| Benefit ratio ⁽¹⁾ | 50.3 | 51.2 | 55.8 | 50.5 | 52.1 |
| Operating expense ratio ⁽²⁾ | 24.7 | 25.3 | 23.9 | 24.4 | 24.5 |

(1) Benefit ratio is contract benefits divided by premiums and contract charges.

(2) Operating expense ratio is operating costs and expenses divided by premiums and contract charges.

The Allstate Corporation
Allstate Benefits Segment Premium and Other Statistics

(\$ in millions)

As of or for the three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Premiums and Contract Charges by Product | | | | | |
| Life | \$ 38 | \$ 40 | \$ 39 | \$ 38 | \$ 38 |
| Accident | 76 | 73 | 75 | 75 | 74 |
| Critical illness | 122 | 117 | 119 | 119 | 121 |
| Short-term disability | 26 | 27 | 27 | 27 | 27 |
| Other health | 26 | 24 | 25 | 24 | 26 |
| Total | <u>\$ 288</u> | <u>\$ 281</u> | <u>\$ 285</u> | <u>\$ 283</u> | <u>\$ 286</u> |
| New Annualized Premium Sales by Product ⁽¹⁾ | | | | | |
| Life | \$ 8 | \$ 16 | \$ 10 | \$ 11 | \$ 8 |
| Accident | 21 | 49 | 22 | 20 | 21 |
| Critical illness | 24 | 63 | 22 | 23 | 25 |
| Short-term disability | 8 | 13 | 9 | 7 | 10 |
| Other health | 11 | 28 | 10 | 10 | 12 |
| Total | <u>\$ 72</u> | <u>\$ 169</u> | <u>\$ 73</u> | <u>\$ 71</u> | <u>\$ 76</u> |
| Annualized Premium In Force ⁽²⁾ | | | | | |
| | <u>\$ 1,251</u> | <u>\$ 1,225</u> | <u>\$ 1,234</u> | <u>\$ 1,245</u> | <u>\$ 1,237</u> |
| Policies in Force (in thousands) ⁽³⁾ | | | | | |
| Life insurance | 457 | 457 | 464 | 469 | 468 |
| Accident and health insurance | 3,865 | 3,751 | 3,777 | 3,814 | 3,792 |
| Total | <u>4,322</u> | <u>4,208</u> | <u>4,241</u> | <u>4,283</u> | <u>4,260</u> |

- (1) New annualized premium sales reflects annualized premiums at initial customer enrollment (including new accounts and new employees or policies of existing accounts). A significant portion of Allstate Benefits business is seasonally written in the fourth quarter during many clients' annual employee benefits enrollment.
- (2) Premium amount paid annually for all active policies, which have not been cancelled.
- (3) Individual life and accident and health insurance policies reflect the number of contracts in force. Group life and accident and health insurance reflect certificate counts as opposed to group counts.

The Allstate Corporation
Allstate Benefits Return on Equity

(\$ in millions)

Twelve months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Return on Equity | | | | | |
| Numerator: | | | | | |
| Net income applicable to common shareholders ⁽¹⁾⁽²⁾ | \$ 125 | \$ 118 | \$ 172 | \$ 167 | \$ 158 |
| Denominator: | | | | | |
| Beginning equity | \$ 824 | \$ 821 | | | |
| Ending equity ⁽³⁾ | 906 | 842 | 883 | 848 | 824 |
| Average equity ⁽⁴⁾ | \$ 865 | \$ 832 | | | |
| Return on equity | 14.5 % | 14.2 % | 19.5 % | 19.7 % | 19.2 % |
| Adjusted Net Income Return on Adjusted Equity * | | | | | |
| Numerator: | | | | | |
| Adjusted net income ⁽¹⁾ | \$ 126 | \$ 124 | \$ 119 | \$ 115 | \$ 106 |
| Denominator: | | | | | |
| Beginning equity | \$ 824 | \$ 821 | | | |
| Less: Unrealized net capital gains and losses | 8 | 57 | | | |
| Goodwill | 96 | 96 | | | |
| Adjusted beginning equity | \$ 720 | \$ 668 | | | |
| Ending equity ⁽³⁾ | \$ 906 | \$ 842 | \$ 883 | \$ 848 | \$ 824 |
| Less: Unrealized net capital gains and losses | 21 | (10) | (4) | (4) | 8 |
| Goodwill | 96 | 96 | 96 | 96 | 96 |
| Adjusted ending equity | \$ 789 | \$ 756 | \$ 791 | \$ 756 | \$ 720 |
| Average adjusted equity ⁽⁴⁾ | \$ 755 | \$ 712 | | | |
| Adjusted net income return on adjusted equity * | 16.7% | 17.4 % | 15.0 % | 15.2 % | 14.7 % |

(1) Net income applicable to common shareholders and adjusted net income reflect a trailing twelve-month period.

(2) Includes a \$54 million Tax Legislation benefit for the periods ended September 30, 2018, June 30, 2018 and March 31, 2018.

(3) For the periods ended September 30, 2018, June 30, 2018 and March 31, 2018, ending equity has been used due to the changes in reportable segments that were effective October 2017.

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

The Allstate Corporation
Allstate Annuities Segment Results and Other Statistics

(\$ in millions)

As of or for the three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Contract charges | \$ 3 | \$ 4 | \$ 5 | \$ 3 | \$ 3 |
| Net investment income | 190 | 253 | 260 | 293 | 290 |
| Contract benefits | (138) | (128) | (146) | (145) | (150) |
| Interest credited to contractholder funds | (78) | (80) | (83) | (87) | (87) |
| Amortization of deferred policy acquisition costs | (2) | (2) | (2) | (2) | (1) |
| Operating costs and expenses | (7) | (6) | (7) | (9) | (9) |
| Income tax benefit (expense) on operations | 7 | (9) | (7) | (9) | (11) |
| Adjusted net (loss) income | <u>(25)</u> | <u>32</u> | <u>20</u> | <u>44</u> | <u>35</u> |
| Realized capital gains and losses, after-tax | 124 | (153) | 40 | 5 | (23) |
| Valuation changes on embedded derivatives not hedged, after-tax | (3) | (2) | 1 | - | 4 |
| Gain on disposition of operations, after-tax | 1 | 1 | 1 | 1 | 1 |
| Tax Legislation benefit | - | - | 69 | - | - |
| Net income (loss) applicable to common shareholders | <u>\$ 97</u> | <u>\$ (122)</u> | <u>\$ 131</u> | <u>\$ 50</u> | <u>\$ 17</u> |
| Policies in Force (in thousands) ⁽¹⁾ | | | | | |
| Deferred annuities | 123 | 127 | 130 | 133 | 137 |
| Immediate annuities | 83 | 84 | 85 | 87 | 88 |
| | <u>206</u> | <u>211</u> | <u>215</u> | <u>220</u> | <u>225</u> |

(1) Allstate 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.

The Allstate Corporation
Allstate Annuities Analysis of Net Income

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Benefit spread | | | | | |
| Cost of insurance contract charges ⁽¹⁾ | \$ 2 | \$ 3 | \$ 3 | \$ 1 | \$ 2 |
| Contract benefits excluding the implied interest on immediate annuities with life contingencies ⁽²⁾ | (17) | (6) | (23) | (22) | (26) |
| Total benefit spread | <u>(15)</u> | <u>(3)</u> | <u>(20)</u> | <u>(21)</u> | <u>(24)</u> |
| Investment spread | | | | | |
| Net investment income ⁽³⁾ | 190 | 253 | 260 | 293 | 290 |
| Implied interest on immediate annuities with life contingencies ⁽²⁾ | (121) | (122) | (123) | (123) | (124) |
| Interest credited to contractholder funds | (81) | (83) | (83) | (85) | (83) |
| Total investment spread | <u>(12)</u> | <u>48</u> | <u>54</u> | <u>85</u> | <u>83</u> |
| Surrender charges and contract maintenance expense fees ⁽¹⁾ | 1 | 1 | 2 | 2 | 1 |
| Realized capital gains and losses | 156 | (194) | 51 | 6 | (29) |
| Amortization of deferred policy acquisition costs | (2) | (2) | (2) | (2) | (1) |
| Operating costs and expenses | (7) | (6) | (7) | (9) | (9) |
| Gain on disposition of operations | 1 | 2 | 1 | 2 | 1 |
| Income tax (expense) benefit | (25) | 32 | 52 | (13) | (5) |
| Net income (loss) applicable to common shareholders | <u>\$ 97</u> | <u>\$ (122)</u> | <u>\$ 131</u> | <u>\$ 50</u> | <u>\$ 17</u> |
| ⁽¹⁾ Reconciliation of contract charges | | | | | |
| Cost of insurance contract charges | \$ 2 | \$ 3 | \$ 3 | \$ 1 | \$ 2 |
| Surrender charges and contract maintenance expense fees | 1 | 1 | 2 | 2 | 1 |
| Total contract charges | <u>\$ 3</u> | <u>\$ 4</u> | <u>\$ 5</u> | <u>\$ 3</u> | <u>\$ 3</u> |
| ⁽²⁾ Reconciliation of contract benefits | | | | | |
| Contract benefits excluding the implied interest on immediate annuities with life contingencies | \$ (17) | \$ (6) | \$ (23) | \$ (22) | \$ (26) |
| Implied interest on immediate annuities with life contingencies | (121) | (122) | (123) | (123) | (124) |
| Total contract benefits | <u>\$ (138)</u> | <u>\$ (128)</u> | <u>\$ (146)</u> | <u>\$ (145)</u> | <u>\$ (150)</u> |
| ⁽³⁾ Performance-based net investment income, a component of net investment income | <u>\$ 1</u> | <u>\$ 64</u> | <u>\$ 72</u> | <u>\$ 92</u> | <u>\$ 97</u> |

The Allstate Corporation
Allstate Annuities Return on Equity

(\$ in millions)

Twelve months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Return on Equity | | | | | |
| Numerator: | | | | | |
| Net income applicable to common shareholders ⁽¹⁾⁽²⁾ | \$ 156 | \$ 76 | \$ 461 | \$ 396 | \$ 407 |
| Denominator: | | | | | |
| Beginning equity | \$ 5,009 | \$ 4,950 | | | |
| Ending equity ⁽³⁾ | 5,278 | 4,949 | \$ 5,119 | \$ 5,029 | \$ 5,009 |
| Average equity ⁽⁴⁾ | \$ 5,144 | \$ 4,950 | | | |
| Return on equity | 3.0% | 1.5% | 9.0% | 7.9% | 8.1% |
| Adjusted Net Income Return on Adjusted Equity * | | | | | |
| Numerator: | | | | | |
| Adjusted net income ⁽¹⁾ | \$ 71 | \$ 131 | \$ 155 | \$ 190 | \$ 211 |
| Denominator: | | | | | |
| Beginning equity | \$ 5,009 | \$ 4,950 | | | |
| Less: Unrealized net capital gains and losses | 279 | 607 | | | |
| Adjusted beginning equity | \$ 4,730 | \$ 4,343 | | | |
| Ending equity ⁽³⁾ | \$ 5,278 | \$ 4,949 | \$ 5,119 | \$ 5,029 | \$ 5,009 |
| Less: Unrealized net capital gains and losses | 428 | 193 | 241 | 272 | 279 |
| Adjusted ending equity | \$ 4,850 | \$ 4,756 | \$ 4,878 | \$ 4,757 | \$ 4,730 |
| Average adjusted equity ⁽⁴⁾ | \$ 4,790 | \$ 4,550 | | | |
| Adjusted net income return on adjusted equity * | 1.5% | 2.9% | 3.2% | 4.0% | 4.5% |
| Adjusted net income return on adjusted equity by product: | | | | | |
| Deferred annuities | 11.7% | 10.7% | 10.4% | 11.3% | 10.6% |
| Immediate annuities | 0.4% | 1.9% | 2.4% | 3.2% | 3.7% |

(1) Net income applicable to common shareholders and adjusted net income reflect a trailing twelve-month period.

(2) Includes a \$69 million Tax Legislation benefit for the periods ended March 31, 2019 and December 31, 2018, a \$251 million benefit for the period ended September 30, 2018, and a \$182 million benefit for all other periods presented.

(3) For the periods ended September 30, 2018, June 30, 2018 and March 31, 2018, ending equity has been used due to the changes in reportable segments that were effective October 2017.

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

The Allstate Corporation
Allstate Annuities Reserves and Contractholder Funds

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Reserve for life-contingent contract benefits | | | | | |
| Immediate fixed annuities with life contingencies: Sub-standard structured settlements and group pension terminations ⁽¹⁾ | \$ 4,987 | \$ 4,990 | \$ 5,010 | \$ 5,011 | \$ 5,135 |
| Standard structured settlements and SPIA ⁽²⁾ | 3,401 | 3,425 | 3,443 | 3,469 | 3,491 |
| Subtotal ⁽³⁾ | 8,388 | 8,415 | 8,453 | 8,480 | 8,626 |
| Other | 109 | 109 | 82 | 87 | 81 |
| Total | <u>\$ 8,497</u> | <u>\$ 8,524</u> | <u>\$ 8,535</u> | <u>\$ 8,567</u> | <u>\$ 8,707</u> |
| Contractholder funds | | | | | |
| Deferred fixed annuities | \$ 6,962 | \$ 7,156 | \$ 7,423 | \$ 7,630 | \$ 7,883 |
| Immediate fixed annuities without life contingencies ⁽⁴⁾ | 2,478 | 2,525 | 2,568 | 2,620 | 2,656 |
| Other | 131 | 136 | 107 | 109 | 104 |
| Total | <u>\$ 9,571</u> | <u>\$ 9,817</u> | <u>\$ 10,098</u> | <u>\$ 10,359</u> | <u>\$ 10,643</u> |
| Contractholders funds, beginning balance | \$ 9,817 | \$ 10,098 | \$ 10,359 | \$ 10,643 | \$ 10,936 |
| Deposits | 5 | 3 | 3 | 5 | 4 |
| Interest credited | 80 | 83 | 82 | 84 | 82 |
| Benefits, withdrawals and other adjustments | | | | | |
| Benefits | (141) | (135) | (148) | (148) | (156) |
| Surrenders and partial withdrawals | (181) | (229) | (197) | (227) | (201) |
| Contract charges | (2) | (3) | (3) | (1) | (2) |
| Net transfers (to) from separate accounts | (1) | - | - | - | - |
| Other adjustments | (6) | - | 2 | 3 | (20) |
| Total benefits, withdrawals and other adjustments | (331) | (367) | (346) | (373) | (379) |
| Contractholder funds, ending balance | <u>\$ 9,571</u> | <u>\$ 9,817</u> | <u>\$ 10,098</u> | <u>\$ 10,359</u> | <u>\$ 10,643</u> |

- (1) Includes structured settlement annuities for 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.
- (2) Includes life-contingent structured settlement annuities for annuitants with standard life expectancy and single premium immediate annuities with life contingencies.
- (3) To the extent that unrealized gains on fixed income securities would result in a premium deficiency had those gains actually been realized, a premium deficiency reserve is recorded for certain immediate annuities with life contingencies. Liabilities of \$8 million and \$119 million are included in the reserve for life-contingent contract benefits with respect to this deficiency as of March 31, 2019 and March 31, 2018, respectively. The offset to this liability is recorded as a reduction of the unrealized net capital gains included in accumulated other comprehensive income. The liability was zero for all other periods presented.
- (4) Includes period certain structured settlements and single premium immediate annuities without life contingencies.

The Allstate Corporation
Corporate and Other Segment Results

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Net investment income | \$ 12 | \$ 15 | \$ 20 | \$ 23 | \$ 13 |
| Operating costs and expenses | (21) | (24) | (28) | (11) | (8) |
| Interest expense | (83) | (81) | (82) | (86) | (83) |
| Income tax benefit on operations | 20 | 18 | 21 | 18 | 17 |
| Preferred stock dividends | (31) | (43) | (37) | (39) | (29) |
| Adjusted net loss | <u>(103)</u> | <u>(115)</u> | <u>(106)</u> | <u>(95)</u> | <u>(90)</u> |
| Realized capital gains and losses, after-tax | 1 | (20) | - | (9) | (1) |
| Pension and other postretirement remeasurement gains and losses, after-tax | (11) | (395) | 30 | 6 | (11) |
| Business combination expenses, after-tax | - | (7) | - | - | - |
| Tax Legislation expense | - | - | (15) | - | - |
| Net loss applicable to common shareholders | <u>\$ (113)</u> | <u>\$ (537)</u> | <u>\$ (91)</u> | <u>\$ (98)</u> | <u>\$ (102)</u> |

The Allstate Corporation Consolidated Investments

| (\$ in millions) | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Consolidated Investments | | | | | |
| Fixed income securities, at fair value: | | | | | |
| Tax-exempt | \$ 7,132 | \$ 7,000 | \$ 7,252 | \$ 7,396 | \$ 6,310 |
| Taxable | 51,070 | 50,170 | 50,411 | 49,495 | 50,364 |
| Equity securities ⁽¹⁾ | 5,802 | 5,036 | 6,965 | 6,888 | 6,986 |
| Mortgage loans | 4,681 | 4,670 | 4,592 | 4,535 | 4,679 |
| Limited partnership interests ⁽²⁾ | 7,493 | 7,505 | 7,602 | 7,679 | 7,434 |
| Short-term, at fair value | 4,157 | 3,027 | 3,071 | 3,123 | 3,424 |
| Other | 3,786 | 3,852 | 4,075 | 4,125 | 4,092 |
| Total | <u>\$ 84,121</u> | <u>\$ 81,260</u> | <u>\$ 83,968</u> | <u>\$ 83,241</u> | <u>\$ 83,289</u> |
| Fixed income securities, at amortized cost: | | | | | |
| Tax-exempt | \$ 6,980 | \$ 6,994 | \$ 7,340 | \$ 7,438 | \$ 6,379 |
| Taxable | 49,851 | 50,140 | 50,278 | 49,312 | 49,830 |
| Ratio of fair value to amortized cost | 102.4 % | 100.1 % | 100.1 % | 100.2 % | 100.8 % |
| Short-term, at amortized cost | \$ 4,157 | \$ 3,027 | \$ 3,071 | \$ 3,123 | \$ 3,424 |

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

⁽²⁾ As of March 31, 2019, we have commitments to invest in additional limited partnership interests totaling \$2.89 billion.

The Allstate Corporation Investments by Segment

(\$ in millions)

As of March 31, 2019

| | Property- Liability | Service Businesses | Allstate Life | Allstate Benefits | Allstate Annuities | Corporate and Other | Total |
|--|------------------------|-----------------------|------------------|----------------------|-----------------------|------------------------|------------------|
| Investments by Segment | | | | | | | |
| Fixed income securities, at fair value: | | | | | | | |
| Tax-exempt | \$ 6,837 | \$ - | \$ - | \$ - | \$ 70 | \$ 225 | \$ 7,132 |
| Taxable | 25,297 | 1,048 | 7,571 | 1,253 | 14,173 | 1,728 | 51,070 |
| Equity securities ⁽¹⁾ | 4,182 | 162 | 73 | 96 | 1,257 | 32 | 5,802 |
| Mortgage loans | 360 | - | 1,877 | 206 | 2,238 | - | 4,681 |
| Limited partnership interests | 4,288 | - | - | - | 3,205 | - | 7,493 |
| Short-term, at fair value | 2,325 | 108 | 401 | 41 | 913 | 369 | 4,157 |
| Other | 1,521 | - | 1,294 | 304 | 667 | - | 3,786 |
| Total | \$ 44,810 | \$ 1,318 | \$ 11,216 | \$ 1,900 | \$ 22,523 | \$ 2,354 | \$ 84,121 |
| Fixed income securities, at amortized cost: | | | | | | | |
| Tax-exempt | \$ 6,695 | \$ - | \$ - | \$ - | \$ 68 | \$ 217 | \$ 6,980 |
| Taxable | 25,017 | 1,033 | 7,237 | 1,226 | 13,623 | 1,715 | 49,851 |
| Ratio of fair value to amortized cost | 101.3 % | 101.5 % | 104.6 % | 102.2 % | 104.0 % | 101.1 % | 102.4 % |
| Short-term, at amortized cost | \$ 2,325 | \$ 108 | \$ 401 | \$ 41 | \$ 913 | \$ 369 | \$ 4,157 |
| Fixed income securities portfolio duration (in years) ⁽²⁾ | 4.52 | 4.19 | 5.62 | 4.78 | 4.22 | 2.44 | 4.52 |

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

⁽²⁾ Duration measures the price sensitivity of assets and liabilities to changes in interest rates.

The Allstate Corporation
Net Investment Income, Yields and Realized Capital Gains and Losses (Pre-Tax)

(\$ in millions)

Three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Net Investment Income | | | | | |
| Fixed income securities | \$ 538 | \$ 533 | \$ 527 | \$ 509 | \$ 508 |
| Equity securities | 30 | 40 | 35 | 61 | 34 |
| Mortgage loans | 53 | 54 | 52 | 60 | 51 |
| Limited partnership interests ("LP") ⁽¹⁾ | 9 | 142 | 210 | 173 | 180 |
| Short-term | 26 | 23 | 19 | 19 | 12 |
| Other | 63 | 67 | 71 | 68 | 66 |
| Investment income, before expense | 719 | 859 | 914 | 890 | 851 |
| Less: Investment expense ⁽²⁾ | (71) | (73) | (70) | (66) | (65) |
| Net investment income | <u>\$ 648</u> | <u>\$ 786</u> | <u>\$ 844</u> | <u>\$ 824</u> | <u>\$ 786</u> |
| Interest-bearing investments ⁽³⁾ | \$ 664 | \$ 659 | \$ 650 | \$ 639 | \$ 622 |
| Equity securities | 30 | 40 | 35 | 61 | 34 |
| LP and other alternative investments ⁽⁴⁾ | 25 | 160 | 229 | 190 | 195 |
| Investment income, before expense | <u>\$ 719</u> | <u>\$ 859</u> | <u>\$ 914</u> | <u>\$ 890</u> | <u>\$ 851</u> |
| Pre-Tax Yields ⁽⁵⁾ | | | | | |
| Fixed income securities | 3.8 % | 3.7 % | 3.7 % | 3.6 % | 3.6 % |
| Equity securities | 2.6 | 3.2 | 2.3 | 4.1 | 2.5 |
| Mortgage loans | 4.6 | 4.6 | 4.6 | 5.2 | 4.4 |
| Limited partnership interests | 0.5 | 7.5 | 11.0 | 9.2 | 10.1 |
| Total portfolio | 3.4 | 4.1 | 4.4 | 4.3 | 4.1 |
| Interest-bearing investments | 3.9 | 3.9 | 3.8 | 3.8 | 3.7 |
| Realized Capital Gains and Losses (Pre-tax) by Transaction Type | | | | | |
| Impairment write-downs | \$ (14) | \$ (4) | \$ (5) | \$ (4) | \$ (1) |
| Change in intent write-downs | - | - | - | - | - |
| Net other-than-temporary impairment losses recognized in earnings | (14) | (4) | (5) | (4) | (1) |
| Sales | 95 | (76) | (22) | (75) | (42) |
| Valuation of equity investments | 627 | (840) | 198 | 34 | (83) |
| Valuation and settlements of derivative instruments | (46) | 26 | 5 | 20 | (8) |
| Total | <u>\$ 662</u> | <u>\$ (894)</u> | <u>\$ 176</u> | <u>\$ (25)</u> | <u>\$ (134)</u> |
| Total Return on Investment Portfolio ⁽⁶⁾ | | | | | |
| Net investment income | 0.8 % | 0.9 % | 1.0 % | 1.0 % | 0.9 % |
| Valuation-interest bearing | 1.7 | (0.1) | (0.1) | (0.5) | (1.3) |
| Valuation-equity owned | 0.8 | (1.0) | 0.2 | - | (0.1) |
| Total | <u>3.3 %</u> | <u>(0.2) %</u> | <u>1.1 %</u> | <u>0.5 %</u> | <u>(0.5) %</u> |
| Average Investment Balances (in billions) ⁽⁷⁾ | <u>\$ 81.2</u> | <u>\$ 81.7</u> | <u>\$ 82.4</u> | <u>\$ 81.9</u> | <u>\$ 81.0</u> |

⁽¹⁾ Income from equity method of accounting LP is generally recognized on a three-month delay due to the availability of the related financial statements from investees.

⁽²⁾ Includes \$20 million and \$18 million of investee level expenses (depreciation and asset level operating expenses) for the three months ended March 31, 2019 and 2018, respectively, and \$11 million and \$4 million of securities lending expenses (portion of reinvestment income on securities lending collateral paid to counterparties) for the three months ended March 31, 2019 and 2018, respectively.

⁽³⁾ Comprised of fixed income securities, mortgage loans, short-term investments, and other investments, including bank and agent loans, and derivatives.

⁽⁴⁾ Comprised of limited partnership interests and other alternative investments, including real estate investments classified as other investments.

⁽⁵⁾ 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 and other consolidated investments is net of investee level expenses (depreciation and asset level operating expenses reported in investment expense). Fixed income securities investment balances exclude unrealized capital gains and losses. Equity securities investment balances use cost in the calculation.

⁽⁶⁾ 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, bank loans and agent loans divided by the average fair value balances.

⁽⁷⁾ 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 on fixed income securities are excluded and equity securities investment balances are at cost.

The Allstate Corporation
Net Investment Income, Yields and Realized Capital Gains and Losses (Pre-Tax) by Segment

(\$ in millions)

Three months ended March 31, 2019

| | Property-Liability | Service Businesses | Allstate Life | Allstate Benefits | Allstate Annuities | Corporate and Other | Total |
|--|--------------------|--------------------|---------------|-------------------|--------------------|---------------------|---------|
| Net Investment Income | | | | | | | |
| Fixed income securities | \$ 259 | \$ 7 | \$ 90 | \$ 13 | \$ 158 | \$ 11 | \$ 538 |
| Equity securities | 23 | 1 | - | - | 6 | - | 30 |
| Mortgage loans | 4 | - | 22 | 2 | 25 | - | 53 |
| Limited partnership interests ("LP") | 6 | - | - | - | 3 | - | 9 |
| Short-term | 15 | 1 | 2 | - | 6 | 2 | 26 |
| Other | 26 | - | 19 | 5 | 12 | 1 | 63 |
| Investment income, before expense | 333 | 9 | 133 | 20 | 210 | 14 | 719 |
| Less: Investment expense | (42) | - | (6) | (1) | (20) | (2) | (71) |
| Net investment income | \$ 291 | \$ 9 | \$ 127 | \$ 19 | \$ 190 | \$ 12 | \$ 648 |
| Net investment income, after-tax | \$ 241 | \$ 7 | \$ 104 | \$ 15 | \$ 150 | \$ 10 | \$ 527 |
| Interest-bearing investments ⁽¹⁾ | \$ 293 | \$ 8 | \$ 133 | \$ 20 | \$ 196 | \$ 14 | \$ 664 |
| Equity securities | 23 | 1 | - | - | 6 | - | 30 |
| LP and other alternative investments ⁽²⁾ | 17 | - | - | - | 8 | - | 25 |
| Investment income, before expense | \$ 333 | \$ 9 | \$ 133 | \$ 20 | \$ 210 | \$ 14 | \$ 719 |
| Pre-Tax Yields ⁽³⁾ | | | | | | | |
| Fixed income securities | 3.2 % | 2.9 % | 4.9 % | 4.1 % | 4.6 % | 2.8 % | 3.8 % |
| Equity securities | 2.9 | 2.9 | 2.1 | 1.0 | 2.0 | 0.4 | 2.6 |
| Mortgage loans | 4.8 | - | 4.6 | 4.4 | 4.5 | - | 4.6 |
| Limited partnership interests | 0.5 | - | - | - | 0.4 | - | 0.5 |
| Total portfolio | 2.9 | 2.9 | 4.9 | 4.3 | 3.7 | 2.9 | 3.4 |
| Interest-bearing investments | 3.3 | 2.9 | 4.9 | 4.4 | 4.5 | 3.0 | 3.9 |
| Realized Capital Gains and Losses (Pre-tax) by transaction type | | | | | | | |
| Impairment write-downs | \$ (7) | \$ - | \$ - | \$ - | \$ (7) | \$ - | \$ (14) |
| Change in intent write-downs | - | - | - | - | - | - | - |
| Net other-than-temporary impairment losses recognized in earnings | (7) | - | - | - | (7) | - | (14) |
| Sales | 101 | - | (8) | (2) | 4 | - | 95 |
| Valuation of equity investments | 453 | 8 | 3 | 6 | 155 | 2 | 627 |
| Valuation and settlements of derivative instruments | (50) | - | - | - | 4 | - | (46) |
| Total | \$ 497 | \$ 8 | \$ (5) | \$ 4 | \$ 156 | \$ 2 | \$ 662 |

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

(2) Comprised of limited partnership interests and other alternative investments, including real estate 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. For the purposes of the pre-tax yield calculation, income for directly held real estate and other consolidated investments is net of investee level expenses (depreciation and asset level operating expenses reported in investment expense). Fixed income securities investment balances exclude unrealized capital gains and losses. Equity securities investment balances use cost in the calculation.

The Allstate Corporation
Investment Position and Results by Strategy

(\$ in millions)

As of or for the three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|--|-------------------|------------------|-------------------|------------------|-------------------|
| Market-Based ⁽¹⁾ | | | | | |
| Investment Position | | | | | |
| Interest-bearing investments | \$ 69,863 | \$ 67,757 | \$ 68,441 | \$ 67,733 | \$ 67,934 |
| Equity securities ⁽²⁾ | 5,583 | 4,775 | 6,725 | 6,670 | 6,818 |
| LP and other alternative investments ⁽³⁾ | 766 | 691 | 764 | 930 | 828 |
| Total | <u>\$ 76,212</u> | <u>\$ 73,223</u> | <u>\$ 75,930</u> | <u>\$ 75,333</u> | <u>\$ 75,580</u> |
| Investment income | | | | | |
| Interest-bearing investments | \$ 663 | \$ 656 | \$ 648 | \$ 638 | \$ 619 |
| Equity securities | 30 | 40 | 36 | 59 | 34 |
| LP and other alternative investments | 2 | 2 | 1 | - | 1 |
| Investment income, before expense | 695 | 698 | 685 | 697 | 654 |
| Investee level expenses ⁽⁴⁾ | (2) | (2) | (2) | (1) | (2) |
| Income for yield calculation | <u>\$ 693</u> | <u>\$ 696</u> | <u>\$ 683</u> | <u>\$ 696</u> | <u>\$ 652</u> |
| Market-based pre-tax yield | 3.8 % | 3.8 % | 3.7 % | 3.8 % | 3.5 % |
| Realized capital gains and losses (pre-tax) by transaction type | | | | | |
| Impairment write-downs | \$ (13) | \$ (4) | \$ (3) | \$ (3) | \$ (1) |
| Change in intent write-downs | - | - | - | - | - |
| Net other-than-temporary impairment losses recognized in earnings | (13) | (4) | (3) | (3) | (1) |
| Sales | 66 | (81) | (25) | (74) | (42) |
| Valuation of equity investments | 602 | (853) | 194 | 15 | (83) |
| Valuation and settlements of derivative instruments | (50) | 16 | (3) | 1 | - |
| Total | <u>\$ 605</u> | <u>\$ (922)</u> | <u>\$ 163</u> | <u>\$ (61)</u> | <u>\$ (126)</u> |
| Performance-Based ⁽⁵⁾ | | | | | |
| Investment Position | | | | | |
| Interest-bearing investments | \$ 127 | \$ 113 | \$ 124 | \$ 112 | \$ 115 |
| Equity securities | 219 | 261 | 240 | 218 | 168 |
| LP and other alternative investments | 7,563 | 7,663 | 7,674 | 7,578 | 7,426 |
| Total | <u>\$ 7,909</u> | <u>\$ 8,037</u> | <u>\$ 8,038</u> | <u>\$ 7,908</u> | <u>\$ 7,709</u> |
| Investment income | | | | | |
| Interest-bearing investments | \$ 1 | \$ 3 | \$ 2 | \$ 1 | \$ 3 |
| Equity securities | - | - | (1) | 2 | - |
| LP and other alternative investments | 23 | 158 | 228 | 190 | 194 |
| Investment income, before expense | 24 | 161 | 229 | 193 | 197 |
| Investee level expenses | (18) | (16) | (15) | (17) | (16) |
| Income for yield calculation | <u>\$ 6</u> | <u>\$ 145</u> | <u>\$ 214</u> | <u>\$ 176</u> | <u>\$ 181</u> |
| Performance-based pre-tax yield | 0.3 % | 7.2 % | 10.8 % | 9.0 % | 9.9 % |
| Realized capital gains and losses (pre-tax) by transaction type | | | | | |
| Impairment write-downs | \$ (1) | \$ - | \$ (2) | \$ (1) | \$ - |
| Change in intent write-downs | - | - | - | - | - |
| Net other-than-temporary impairment losses recognized in earnings | (1) | - | (2) | (1) | - |
| Sales | 29 | 5 | 3 | (1) | - |
| Valuation of equity investments | 25 | 13 | 4 | 19 | - |
| Valuation and settlements of derivative instruments | 4 | 10 | 8 | 19 | (8) |
| Total | <u>\$ 57</u> | <u>\$ 28</u> | <u>\$ 13</u> | <u>\$ 36</u> | <u>\$ (8)</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) Equity securities may include investments in exchange traded and mutual funds whose underlying investments are fixed income securities.

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

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

(5) Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity and real estate.

The Allstate Corporation
Investment Position and Results by Strategy and Segment

(\$ in millions)

As of or for the three months ended March 31, 2019

| | Property- Liability | Service Businesses | Allstate Life | Allstate Benefits | Allstate Annuities | Corporate and Other | Total |
|--|------------------------|-----------------------|------------------|----------------------|-----------------------|------------------------|------------------|
| Market-based ⁽¹⁾ | | | | | | | |
| Investment Position | | | | | | | |
| Interest-bearing investments | \$ 35,672 | \$ 1,156 | \$ 11,143 | \$ 1,804 | \$ 17,766 | \$ 2,322 | \$ 69,863 |
| Equity securities ⁽²⁾ | 4,036 | 162 | 73 | 96 | 1,184 | 32 | 5,583 |
| LP and other alternative investments ⁽³⁾ | 635 | - | - | - | 131 | - | 766 |
| Total | <u>\$ 40,343</u> | <u>\$ 1,318</u> | <u>\$ 11,216</u> | <u>\$ 1,900</u> | <u>\$ 19,081</u> | <u>\$ 2,354</u> | <u>\$ 76,212</u> |
| Investment income | | | | | | | |
| Interest-bearing investments | \$ 292 | \$ 8 | \$ 133 | \$ 20 | \$ 196 | \$ 14 | \$ 663 |
| Equity securities | 23 | 1 | - | - | 6 | - | 30 |
| LP and other alternative investments | 2 | - | - | - | - | - | 2 |
| Investment income, before expense | 317 | 9 | 133 | 20 | 202 | 14 | 695 |
| Investee level expenses ⁽⁴⁾ | (2) | - | - | - | - | - | (2) |
| Income for yield calculation | <u>\$ 315</u> | <u>\$ 9</u> | <u>\$ 133</u> | <u>\$ 20</u> | <u>\$ 202</u> | <u>\$ 14</u> | <u>\$ 693</u> |
| Market-based pre-tax yield | 3.2 % | 2.9 % | 4.9 % | 4.3 % | 4.4 % | 2.9 % | 3.8 % |
| Realized capital gains and losses (pre-tax) by transaction type | | | | | | | |
| Impairment write-downs | \$ (7) | \$ - | \$ - | \$ - | \$ (6) | \$ - | \$ (13) |
| Change in intent write-down | - | - | - | - | - | - | - |
| Net other-than-temporary impairment losses recognized in earnings | (7) | - | - | - | (6) | - | (13) |
| Sales | 72 | - | (8) | (2) | 4 | - | 66 |
| Valuation of equity investments | 441 | 8 | 3 | 6 | 142 | 2 | 602 |
| Valuation and settlements of derivative instruments | (53) | - | - | - | 3 | - | (50) |
| Total | <u>\$ 453</u> | <u>\$ 8</u> | <u>\$ (5)</u> | <u>\$ 4</u> | <u>\$ 143</u> | <u>\$ 2</u> | <u>\$ 605</u> |
| Performance-based ⁽⁵⁾ | | | | | | | |
| Investment Position | | | | | | | |
| Interest-bearing investments | \$ 96 | \$ - | \$ - | \$ - | \$ 31 | \$ - | \$ 127 |
| Equity securities | 146 | - | - | - | 73 | - | 219 |
| LP and other alternative investments | 4,225 | - | - | - | 3,338 | - | 7,563 |
| Total | <u>\$ 4,467</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,442</u> | <u>\$ -</u> | <u>\$ 7,909</u> |
| Investment income | | | | | | | |
| Interest-bearing investments | \$ 1 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1 |
| Equity securities | - | - | - | - | - | - | - |
| LP and other alternative investments | 15 | - | - | - | 8 | - | 23 |
| Investment income, before expense | 16 | - | - | - | 8 | - | 24 |
| Investee level expenses | (11) | - | - | - | (7) | - | (18) |
| Income for yield calculation | <u>\$ 5</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ 6</u> |
| Performance-based pre-tax yield | 0.4 % | n/a | n/a | n/a | 0.3 % | n/a | 0.3 % |
| Realized capital gains and losses (pre-tax) by transaction type | | | | | | | |
| Impairment write-downs | \$ - | \$ - | \$ - | \$ - | \$ (1) | \$ - | \$ (1) |
| Change in intent write-downs | - | - | - | - | - | - | - |
| Net other-than-temporary impairment losses recognized in earnings | - | - | - | - | (1) | - | (1) |
| Sales | 29 | - | - | - | - | - | 29 |
| Valuation of equity investments | 12 | - | - | - | 13 | - | 25 |
| Valuation and settlements of derivative instruments | 3 | - | - | - | 1 | - | 4 |
| Total | <u>\$ 44</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13</u> | <u>\$ -</u> | <u>\$ 57</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⁾ Equity securities may include investments in exchange traded and mutual funds whose underlying investments are fixed income securities.

⁽³⁾ Market-based investments include publicly traded equity securities classified as limited partnerships.

⁽⁴⁾ When calculating the pre-tax yields, investee level expenses are netted against income for directly held real estate and other consolidated investments.

⁽⁵⁾ Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity and real estate.

The Allstate Corporation
Performance-Based ("PB") Investments

(\$ in millions)

As of or for the three months ended

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Investment position | | | | | |
| Limited partnerships | | | | | |
| Private equity | \$ 5,786 | \$ 5,724 | \$ 5,712 | \$ 5,585 | \$ 5,437 |
| Real estate | 984 | 1,134 | 1,170 | 1,207 | 1,212 |
| PB - limited partnerships | <u>6,770</u> | <u>6,858</u> | <u>6,882</u> | <u>6,792</u> | <u>6,649</u> |
| Non-LP | | | | | |
| Private equity | 331 | 343 | 327 | 300 | 249 |
| Real estate | 808 | 836 | 829 | 816 | 811 |
| PB - non-LP | <u>1,139</u> | <u>1,179</u> | <u>1,156</u> | <u>1,116</u> | <u>1,060</u> |
| Total | | | | | |
| Private equity | 6,117 | 6,067 | 6,039 | 5,885 | 5,686 |
| Real estate | 1,792 | 1,970 | 1,999 | 2,023 | 2,023 |
| Total PB | <u>\$ 7,909</u> | <u>\$ 8,037</u> | <u>\$ 8,038</u> | <u>\$ 7,908</u> | <u>\$ 7,709</u> |
| Investment income | | | | | |
| Limited partnerships | | | | | |
| Private equity | \$ (5) | \$ 130 | \$ 123 | \$ 152 | \$ 177 |
| Real estate | 12 | 12 | 87 | 21 | 3 |
| PB - limited partnerships | <u>7</u> | <u>142</u> | <u>210</u> | <u>173</u> | <u>180</u> |
| Non-LP | | | | | |
| Private equity | 3 | 2 | 1 | 4 | 2 |
| Real estate | 14 | 17 | 18 | 16 | 15 |
| PB - non-LP | <u>17</u> | <u>19</u> | <u>19</u> | <u>20</u> | <u>17</u> |
| Total | | | | | |
| Private equity | (2) | 132 | 124 | 156 | 179 |
| Real estate | 26 | 29 | 105 | 37 | 18 |
| Total PB | <u>\$ 24</u> | <u>\$ 161</u> | <u>\$ 229</u> | <u>\$ 193</u> | <u>\$ 197</u> |
| Investee level expenses | | | | | |
| | <u>\$ (18)</u> | <u>\$ (16)</u> | <u>\$ (15)</u> | <u>\$ (17)</u> | <u>\$ (16)</u> |
| Realized capital gains and losses | | | | | |
| Limited partnerships | | | | | |
| Private equity | \$ (3) | \$ (3) | \$ 1 | \$ (1) | \$ - |
| Real estate | - | - | (2) | - | - |
| PB - limited partnerships | <u>(3)</u> | <u>(3)</u> | <u>(1)</u> | <u>(1)</u> | <u>-</u> |
| Non-LP | | | | | |
| Private equity | 28 | 18 | 13 | 34 | (8) |
| Real estate | 32 | 13 | 1 | 3 | - |
| PB - non-LP | <u>60</u> | <u>31</u> | <u>14</u> | <u>37</u> | <u>(8)</u> |
| Total | | | | | |
| Private equity | 25 | 15 | 14 | 33 | (8) |
| Real estate | 32 | 13 | (1) | 3 | - |
| Total PB | <u>\$ 57</u> | <u>\$ 28</u> | <u>\$ 13</u> | <u>\$ 36</u> | <u>\$ (8)</u> |
| Pre-Tax Yield | 0.3 % | 7.2 % | 10.8 % | 9.0 % | 9.9 % |
| Internal Rate of Return ⁽¹⁾ | | | | | |
| 10 Year | 11.4 % | 10.0 % | 9.3 % | 9.1 % | 9.0 % |
| 5 Year | 11.2 % | 12.3 % | 13.0 % | 13.1 % | 13.0 % |

(1) 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

| | March 31, 2019 | Dec. 31, 2018 | Sept. 30, 2018 | June 30, 2018 | March 31, 2018 |
|---|-------------------|------------------|-------------------|------------------|-------------------|
| Investment position | | | | | |
| Underlying investment | | | | | |
| Private equity | \$ 5,788 | \$ 5,724 | \$ 5,712 | \$ 5,585 | \$ 5,437 |
| Real estate | 984 | 1,134 | 1,170 | 1,207 | 1,212 |
| Other ⁽¹⁾ | 721 | 647 | 720 | 887 | 785 |
| Total | <u>\$ 7,493</u> | <u>\$ 7,505</u> | <u>\$ 7,602</u> | <u>\$ 7,679</u> | <u>\$ 7,434</u> |
| Accounting basis | | | | | |
| Equity method | \$ 5,755 | \$ 5,726 | \$ 5,893 | \$ 6,029 | \$ 5,771 |
| Fair value | 1,738 | 1,779 | 1,709 | 1,650 | 1,663 |
| Total | <u>\$ 7,493</u> | <u>\$ 7,505</u> | <u>\$ 7,602</u> | <u>\$ 7,679</u> | <u>\$ 7,434</u> |
| Approximate cumulative pre-tax appreciation | \$ 1,231 | \$ 1,236 | \$ 1,308 | \$ 1,366 | \$ 1,347 |
| Investment income ⁽²⁾ | | | | | |
| Underlying investment | | | | | |
| Private equity | \$ (3) | \$ 130 | \$ 123 | \$ 152 | \$ 177 |
| Real estate | 12 | 12 | 87 | 21 | 3 |
| Total | <u>\$ 9</u> | <u>\$ 142</u> | <u>\$ 210</u> | <u>\$ 173</u> | <u>\$ 180</u> |
| Accounting basis | | | | | |
| Equity method | \$ 40 | \$ 70 | \$ 135 | \$ 143 | \$ 103 |
| Fair value | (31) | 72 | 75 | 30 | 77 |
| Total | <u>\$ 9</u> | <u>\$ 142</u> | <u>\$ 210</u> | <u>\$ 173</u> | <u>\$ 180</u> |

(1) Comprised of certain limited partnerships where the underlying assets are predominately public equity securities with changes in fair value reported as realized capital gains and losses.

(2) Income from equity method of accounting limited partnership interests is generally recognized on a three-month delay due to the availability of the related financial statements from investees.

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.

Adjusted net 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 adjusted net income,
- pension and other postretirement rereasurement gains and losses, after-tax,
- valuation changes on embedded derivatives 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 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 adjusted net income. We use adjusted net 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 service business that may be obscured by the net effect of realized capital gains and losses, pension and other postretirement rereasurement gains and losses, valuation changes on embedded derivatives 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, pension and other postretirement rereasurement gains and losses, valuation changes on embedded derivatives 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, adjusted net 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 adjusted net 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 business results or trends. Non-recurring items are excluded because, by their nature, they are not indicative of our business or economic trends. Accordingly, adjusted net 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 adjusted net 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. Adjusted net 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 adjusted net income in incentive compensation. Therefore, we believe it is useful for investors to evaluate net income applicable to common shareholders, adjusted net 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 adjusted net 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 adjusted net income as the denominator. Adjusted net 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 adjusted net 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 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, and 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 and 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 which could increase or decrease current year income. 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", "Auto Profitability Measures by Brand", "Homeowners Profitability Measures by Brand", "Other Personal Lines Profitability Measures by Brand" and "Commercial Lines Profitability Measures".

Average underlying loss (incurred pure premium) and expense is calculated as the underlying combined ratio (a non-GAAP measure) provided on the schedule "Auto Profitability Measures by Brand" and "Homeowners Profitability Measures by Brand" multiplied by average premium calculated using annualized GAAP quarterly earned premium, which is annualized (multiplied by 4), provided on the schedule "Auto Profitability Measures by Brand" and "Homeowners Profitability Measures by Brand", divided by the policies in force provided on the schedule "Policies in Force" ("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.

Definitions of Non-GAAP Measures (continued)

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".

Adjusted net income return on common shareholders' equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month adjusted net 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 adjusted net income as the numerator for the same reasons we use adjusted net 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 adjusted net 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 adjusted net income return on common shareholders' equity in incentive compensation. Therefore, we believe it is useful for investors to have adjusted net 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 adjusted net 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. Adjusted net 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 adjusted net income return on common shareholders' equity can be found in the schedule, "Return on Common Shareholders' Equity".

Adjusted net income return on adjusted equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month adjusted net income by the average of equity at the beginning and at the end of the 12-months, after excluding the effect of unrealized net capital gains and losses and goodwill. Return on equity is the most directly comparable GAAP measure. We use average equity excluding the effect of unrealized net capital gains and losses and goodwill for the denominator as a representation of equity primarily attributable to the Company's earned and realized business operations. Unrealized net capital gains and losses are excluded because they 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. Goodwill is excluded because it relates to the acquisition purchase price and is not indicative of our underlying business results. We believe it is useful for investors to have adjusted net income return on adjusted equity when evaluating our performance as it represents a reliable, representative and consistent measurement of the company and management's utilization of capital. Adjusted net income return on adjusted equity should not be considered a substitute for return on equity and does not reflect the overall profitability of our business. A reconciliation of return on equity and adjusted net income return on adjusted equity can be found in the schedules, "Allstate Life Return on Equity", "Allstate Benefits Return on Equity" and "Allstate Annuities Return on Equity".

Adjusted net income, excluding purchase accounting adjustments, is a non-GAAP measure, which is computed as net income (loss) applicable to common shareholders, excluding amortization of purchased intangible assets, after-tax, realized capital gains and losses, after-tax, pension and other postretirement rereasurement 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 net income, excluding purchase accounting adjustments. We use adjusted net income, excluding purchase accounting adjustments, 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 net income, excluding purchase accounting adjustments, 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 net income, excluding purchase accounting adjustments, and their components separately and in the aggregate when reviewing and evaluating SquareTrade's performance. Adjusted net income, excluding purchase accounting adjustments, 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 net income, excluding purchase accounting adjustments, is provided in the schedule, "SquareTrade Results".

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".