



The Allstate Corporation

Fourth Quarter 2016 Earnings Presentation
February 2, 2017

Allstate[®]
You're in good hands.



Forward-Looking Statements and Non-GAAP Financial Information

This presentation contains forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this presentation is available in the 2015 Form 10-K, in our most recent earnings release, and at the end of these slides. These materials are available on our website, www.allstateinvestors.com, under the “Financials” link.

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



Allstate Positioned For Continued Success

- Allstate is well-positioned for profitable growth
- Net income applicable to common shareholders of \$811 million; full year 2016 \$1.76 billion
- Operating income* of \$2.17 per share (\$807 million) for the fourth quarter; \$4.87 per share for 2016
- Property-Liability recorded combined ratio of 96.1 in 2016; full year underlying combined ratio* of 87.9, at the favorable end of the annual outlook
- Provided \$1.8 billion of cash to shareholders through dividends (\$486 million) and share repurchases (\$1.3 billion)
- Completed acquisition of SquareTrade on January 3, 2017

(\$ in millions, except per share data and ratios)	Three months ended December 31,			Twelve months ended December 31,		
	2016	2015	Change	2016	2015	Change
Total Revenues	\$9,278	\$8,691	6.8%	\$36,534	\$35,653	2.5%
Property-liability insurance premiums	7,901	7,684	2.8%	31,307	30,309	3.3%
Net investment income	801	710	12.8%	3,042	3,156	(3.6)%
Income available to common shareholders:						
Net income	811	460	76.3%	1,761	2,055	(14.3)%
per diluted common share	2.18	1.18	84.7%	4.67	5.05	(7.5)%
Operating income*	807	625	29.1%	1,838	2,113	(13.0)%
per diluted common share*	2.17	1.60	35.6%	4.87	5.19	(6.2)%
Return on common shareholders' equity						
Net income available to common shareholders				9.5%	10.6%	(1.1) pts
Operating income*				10.4%	11.6%	(1.2) pts
Consolidated Policies in Force (in thousands)⁽¹⁾				39,669	40,235	(1.4)%

⁽¹⁾ Consolidated policies in force includes Property-Liability and Allstate Financial policies in force.



2017 Annual Underlying Combined Ratio* Outlook of 87 – 89

2017 Annual Outlook Assumptions

- Allstate brand auto rate increases moderate as loss trends stabilize
- Allstate brand homeowners continues to achieve target returns
- Encompass profit actions drive further loss ratio improvement
- Esurance auto loss ratio improves and homeowners business initial advertising costs are moderated
- Investments in growth of Allstate Agencies, Allstate Benefits, Esurance, Arity and SquareTrade

2017 Operating Priorities

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



Provides Differentiated Value Propositions to Unique Customer Segments

2016 Property-Liability Results				
(\$ in millions)	Q4	Var PY	YTD	Var PY
Net Written Premium	\$7,723	2.3%	\$31,600	2.4%
Earned Premium	\$7,901	2.8%	\$31,307	3.3%
Policies in Force (in thousands)			33,640	-2.8%
Catastrophes	\$303	-15.4%	\$2,572	49.6%
Recorded Combined Ratio	89.9	-2.1 pts	96.1	1.2 pts
Underlying Combined Ratio*	87.7	0.3 pts	87.9	-0.8 pts

Encompass brand results

Underlying Combined Ratio*	Q4	Var PY	YTD	Var PY
Total Brand	90.7	(1.6) pts	90.3	(2.3) pts
Auto	100.7	(4.2) pts	102.7	(1.3) pts
Homeowners	75.7	4.7 pts	72.7	(2.5) pts

Brand Neutral



Allstate brand results

Underlying Combined Ratio*	Q4	Var PY	YTD	Var PY
Total Brand	86.5	0.3 pts	86.8	(0.6) pts
Auto	96.1	(1.5) pts	96.4	(0.9) pts
Homeowners	59.1	3.1 pts	59.5	(1.0) pts
Other Personal Lines	76.7	4.8 pts	78.5	(0.3) pts

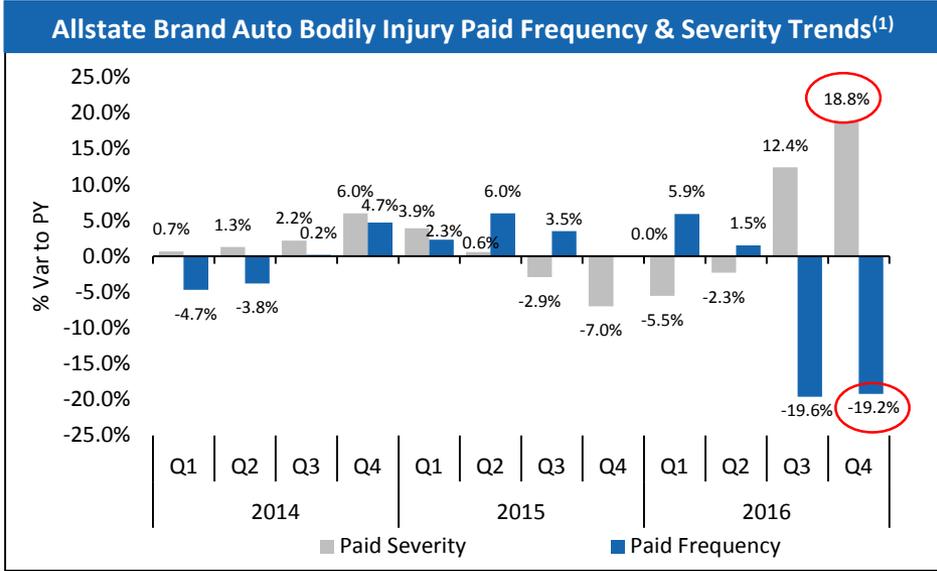
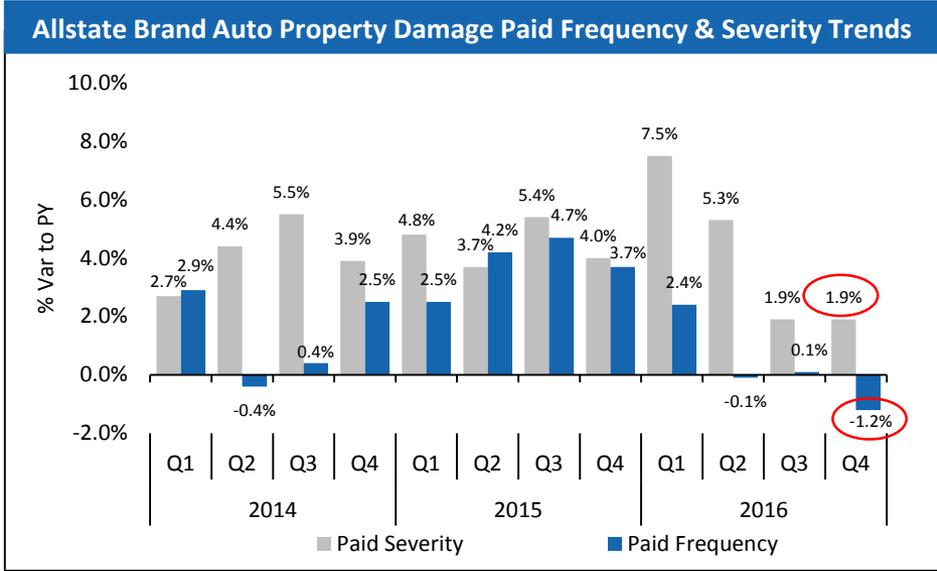
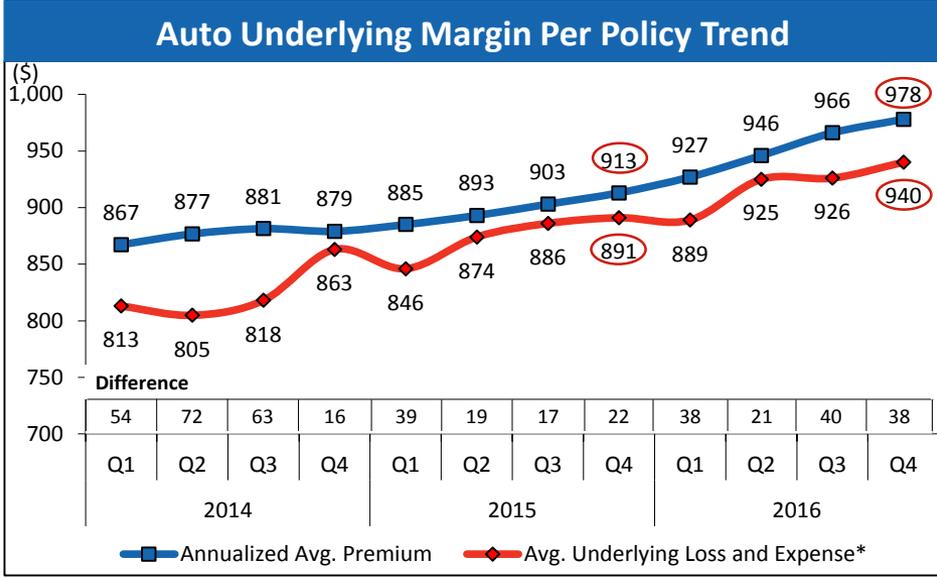
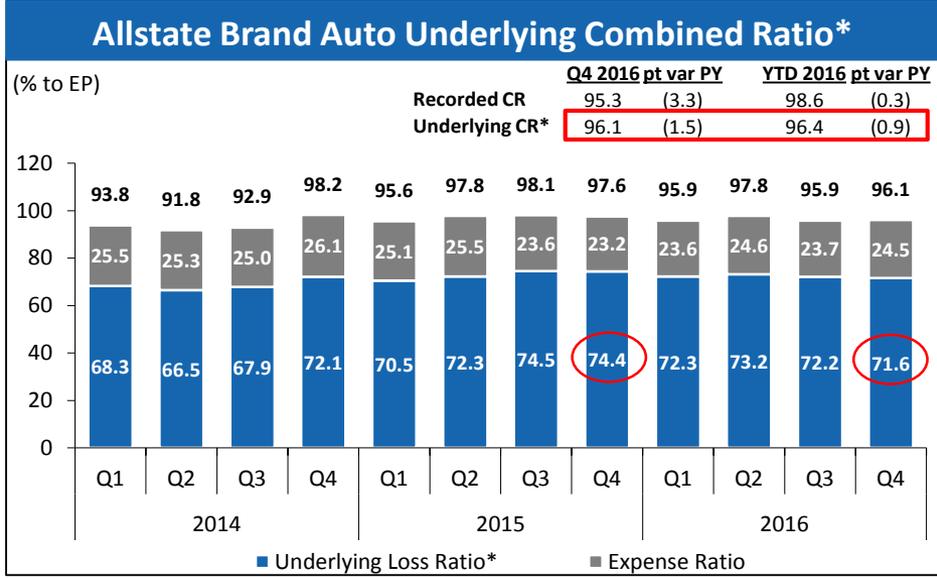
Brand Sensitive

Esurance brand results

Underlying Combined Ratio*	Q4	Var PY	YTD	Var PY
Total Brand	105.0	(0.3) pts	105.2	(3.2) pts
Auto	104.2	0.1 pts	102.4	(5.1) pts
Homeowners	130.8	(40.6) pts	211.9	27.7 pts



Allstate Brand Auto Underlying Loss Ratio Continues to Improve

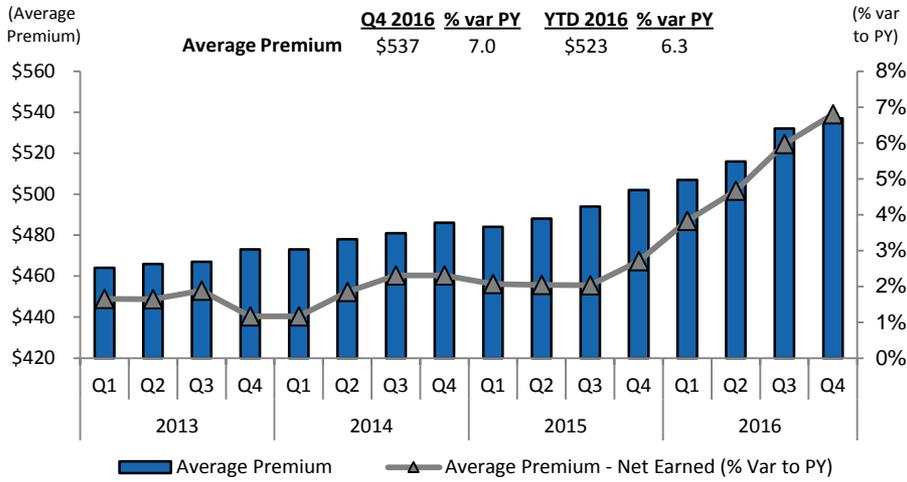


⁽¹⁾ The decrease in paid frequency and increase in paid severity during the quarter reflect payment mix and claim closure patterns that were impacted by changes in bodily injury claims processes as highlighted in the third quarter 2016 10-Q.

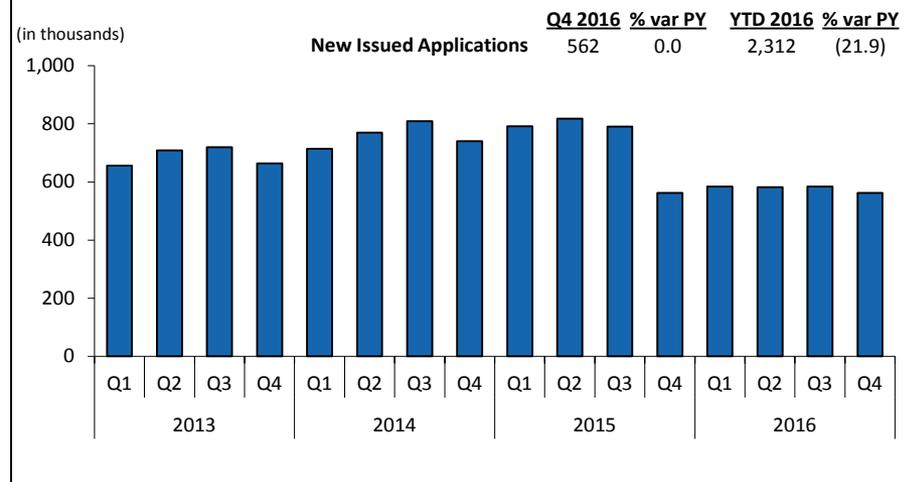


Allstate Brand Auto Premium Increase Driven By Profit Improvement Plan

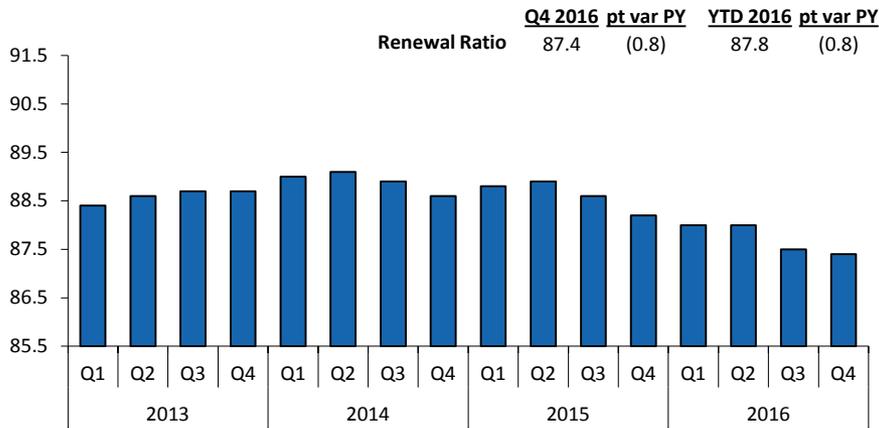
Allstate Brand Auto: Average Premium Per Policy



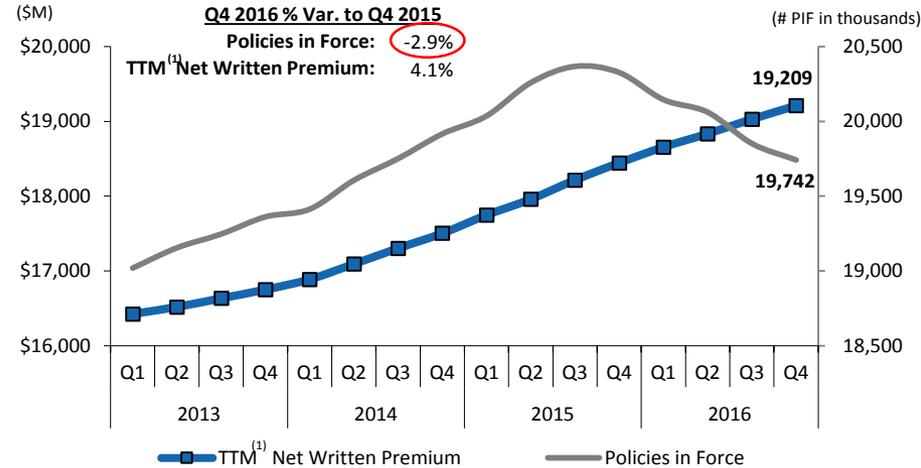
Allstate Brand Auto New Issued Applications



Allstate Brand Auto Renewal Ratio



Allstate Brand Auto Premium and Policies in Force

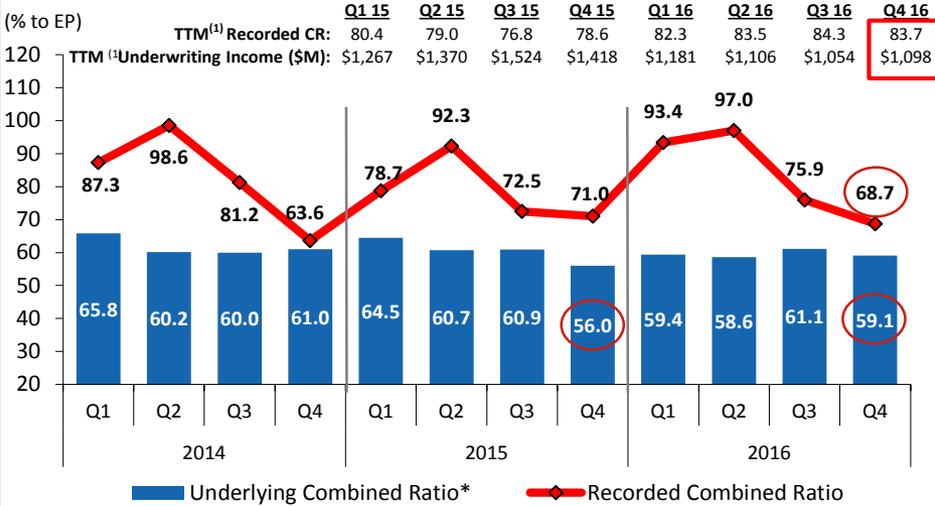


⁽¹⁾Trailing twelve months

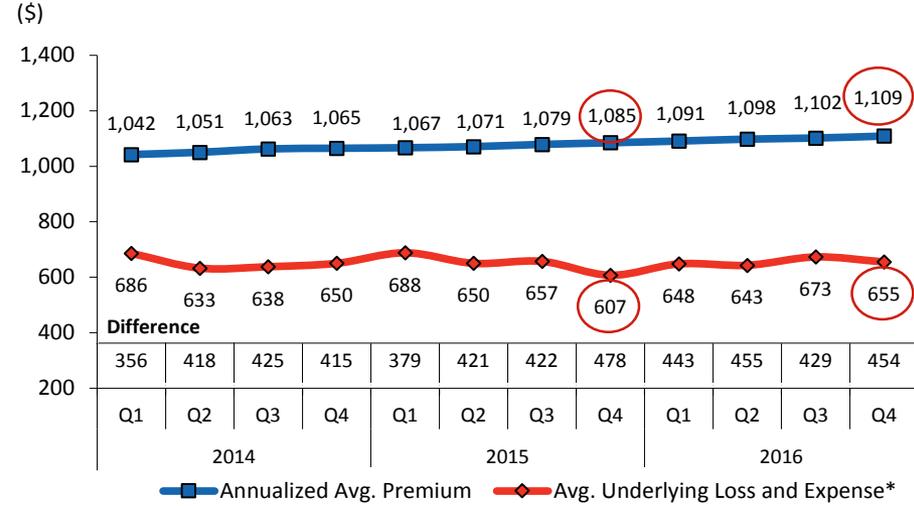


Allstate Brand Homeowners Continued to Generate Attractive Returns While Policy Growth Was Impacted by Auto Profit Actions

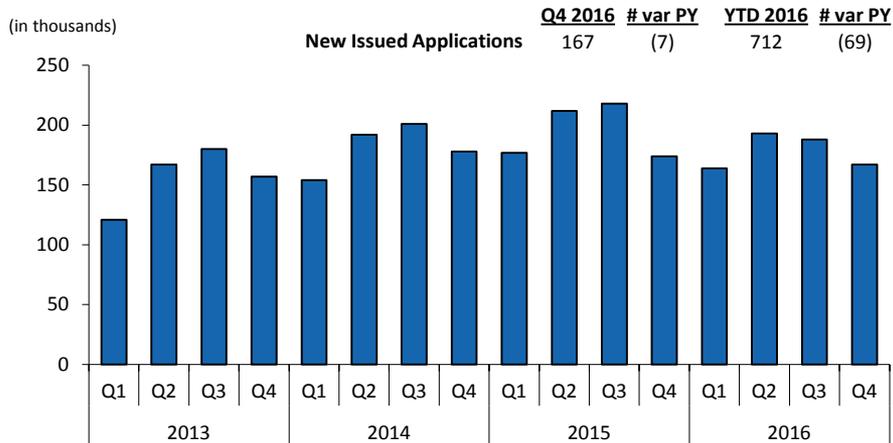
Allstate Brand Homeowners Combined Ratio



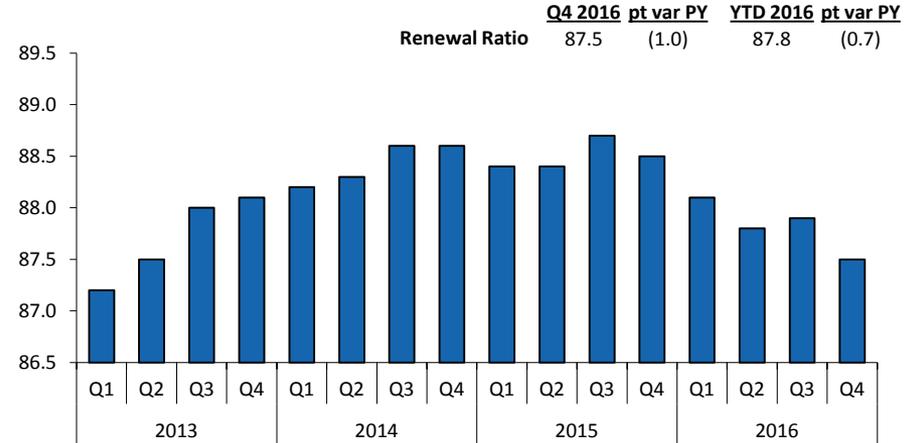
Homeowners Underlying Margin Per Policy Trend



Allstate Brand Homeowners New Issued Applications



Allstate Brand Homeowners Renewal Ratio



⁽¹⁾Trailing twelve months

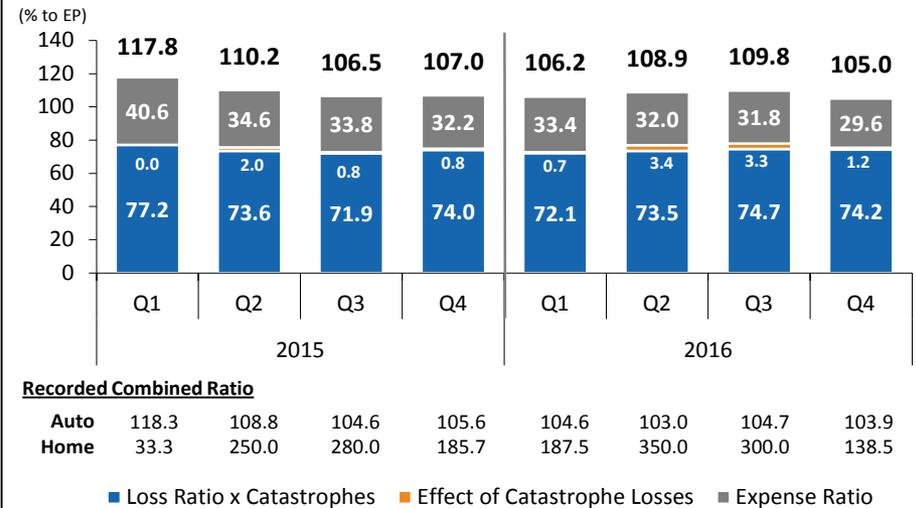


Esurance Remained Focused on Managing Auto Profitability While Investing in Product and Geographic Expansion

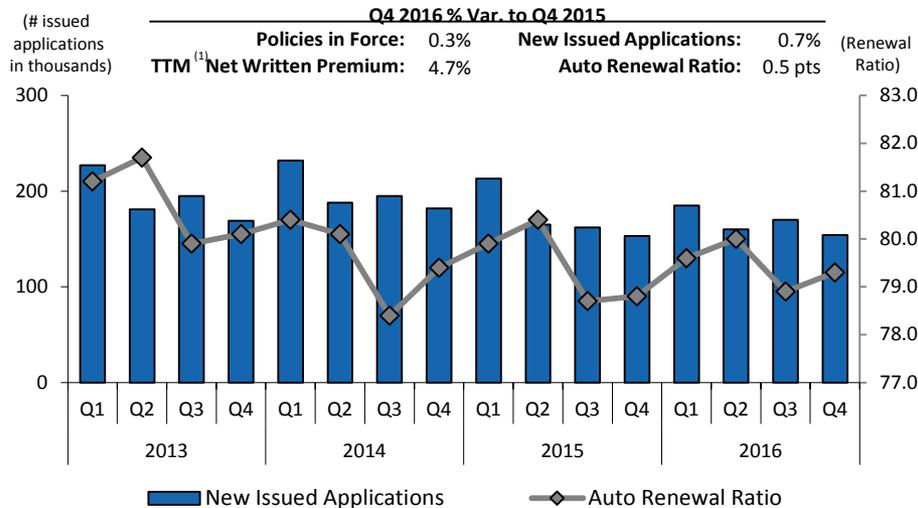
Esurance Results

(\$ in millions)	Q4	Var PY	YTD	Var PY
Net Premiums Written	\$399	5.6%	\$1,689	4.7%
Premiums Earned	423	5.8%	1,660	4.5%
Underwriting Loss	(21)	(25.0%)	(124)	(24.4%)
<i>(% to premiums earned)</i>				
Loss Ratio	75.4	0.6 pts	75.8	0.7 pts
<i>Underlying Loss Ratio*</i>	76.3	1.0 pts	74.9	(0.5) pts
Expense Ratio	29.6	(2.6) pts	31.7	(3.5) pts
<i>Advertising Expense Ratio</i>	9.2	(0.6) pts	11.2	(1.4) pts
Combined Ratio	105.0	(2.0) pts	107.5	(2.8) pts
<i>Underlying Combined Ratio*</i>	105.0	(0.3) pts	105.2	(3.2) pts

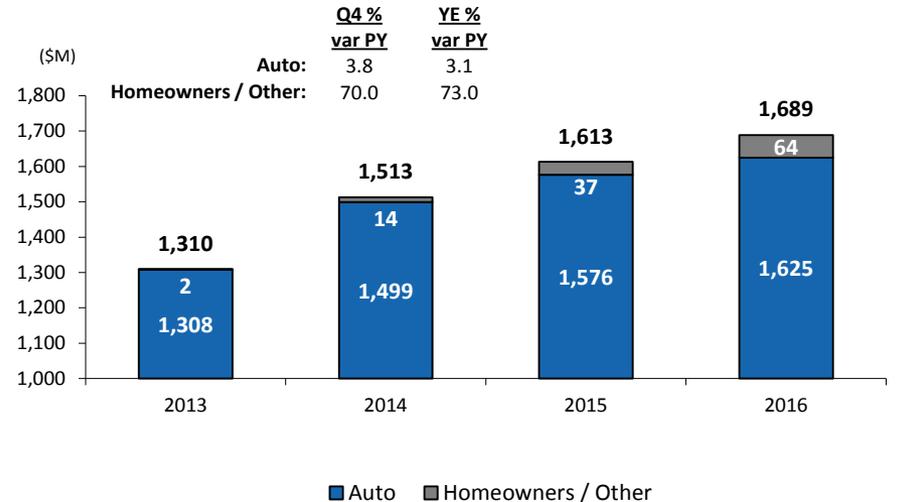
Esurance Combined Ratio



Esurance New Issued Applications & Renewal Ratio



Esurance Written Premium by Business



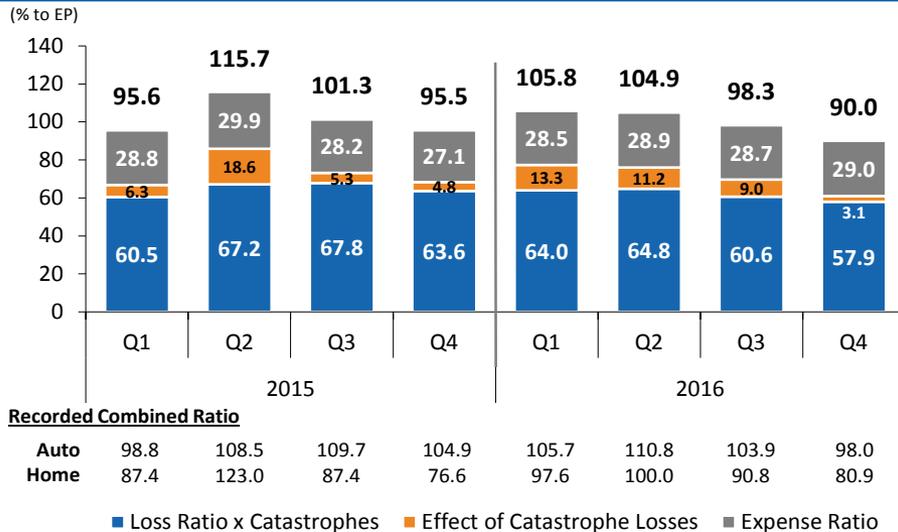
⁽¹⁾ Trailing twelve months



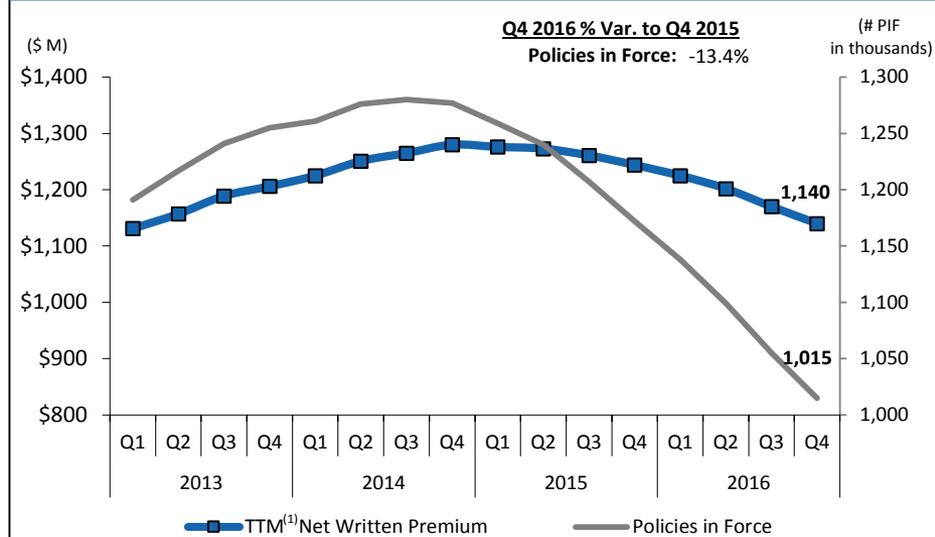
Encompass Achieved Underwriting Profit; Continues to Execute on Profit Improvement Plan

Encompass Results				
	Q4	Var PY	YTD	Var PY
<i>(\$ in millions)</i>				
Net Premiums Written	\$263	(10.2)%	\$1,140	(8.4)%
Premiums Earned	290	(7.3)%	1,202	(5.3)%
Underwriting Income	29	107.1%	1	NM
<i>(% to premiums earned)</i>				
Loss Ratio	61.0	(7.4) pts	71.1	(2.4) pts
<i>Underlying Loss Ratio*</i>	61.7	(3.5) pts	61.5	(2.6) pts
Expense Ratio	29.0	1.9 pts	28.8	0.3 pts
Combined Ratio	90.0	(5.5) pts	99.9	(2.1) pts
<i>Underlying Combined Ratio*</i>	90.7	(1.6) pts	90.3	(2.3) pts

Encompass Combined Ratio



Encompass Premium and Policies in Force



⁽¹⁾ Trailing twelve months

NM = Not meaningful

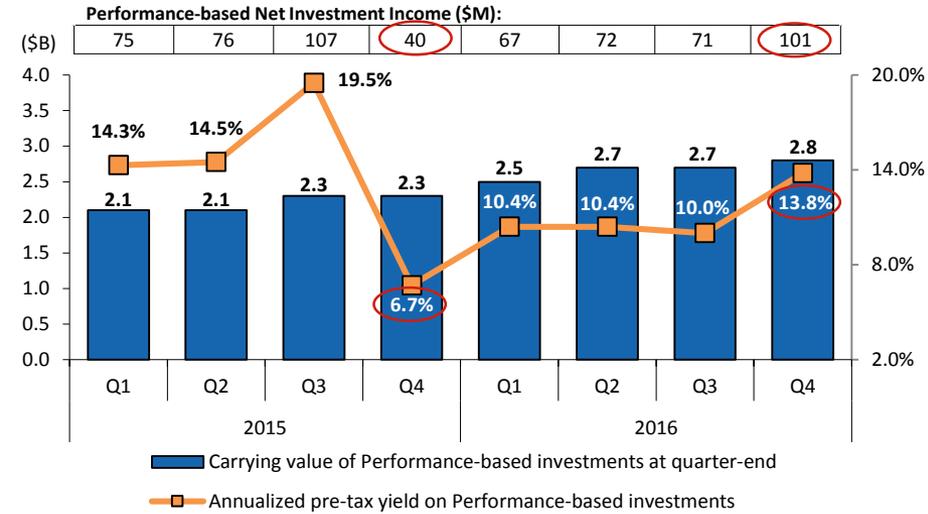


Allstate Financial Fourth Quarter Earnings Reflected Higher Performance-based Income at Annuities and Increased Benefit Spread at Life and Benefits

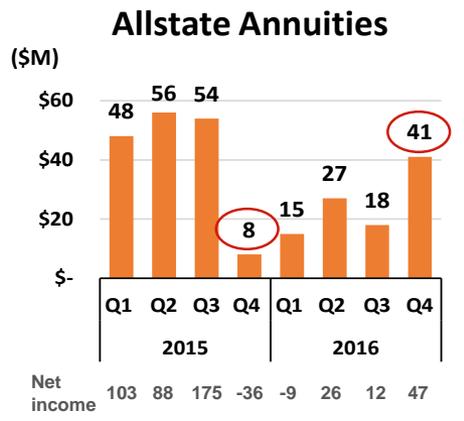
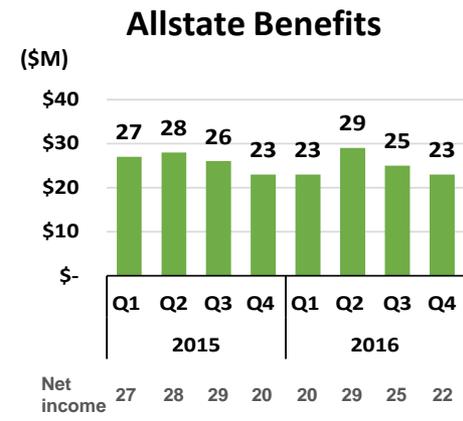
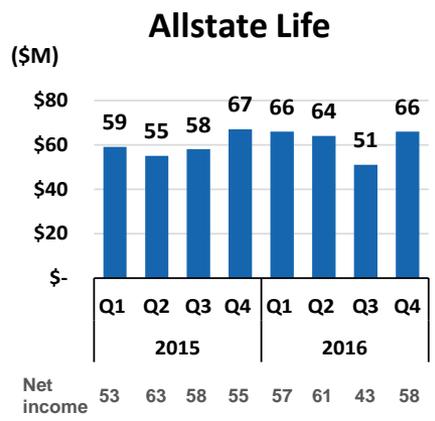
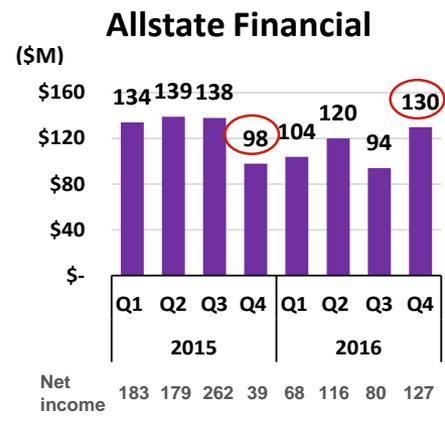
Allstate Financial Results

(\$ in millions)	Q4	Var. PY	YTD	Var. PY
Premiums / contract charges	\$ 574	\$ 27	\$ 2,275	\$ 117
Margins:				
<i>Benefit spread</i>	167	19	642	62
<i>Investment spread</i>	157	48	497	(115)
Operating expenses	(127)	(8)	(497)	(25)
Net income	127	88	391	(272)
Operating income	130	32	448	(61)

Allstate Financial Performance-based Strategy Results



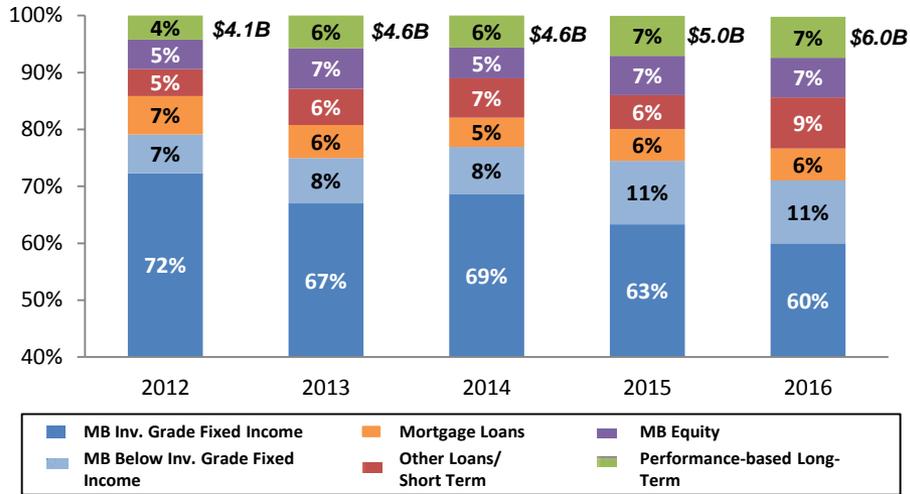
Allstate Financial Operating Income Trend By Business



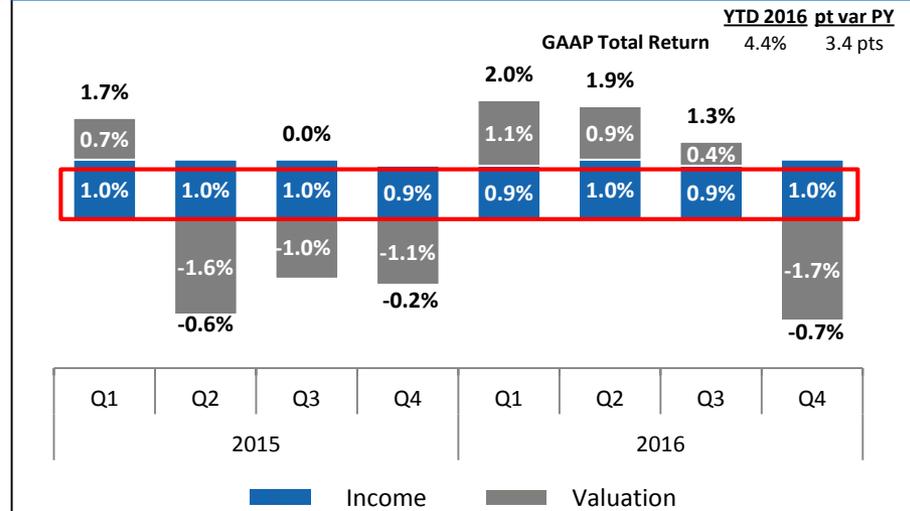


Solid Portfolio Returns Included Strong Results from Performance-based Strategy

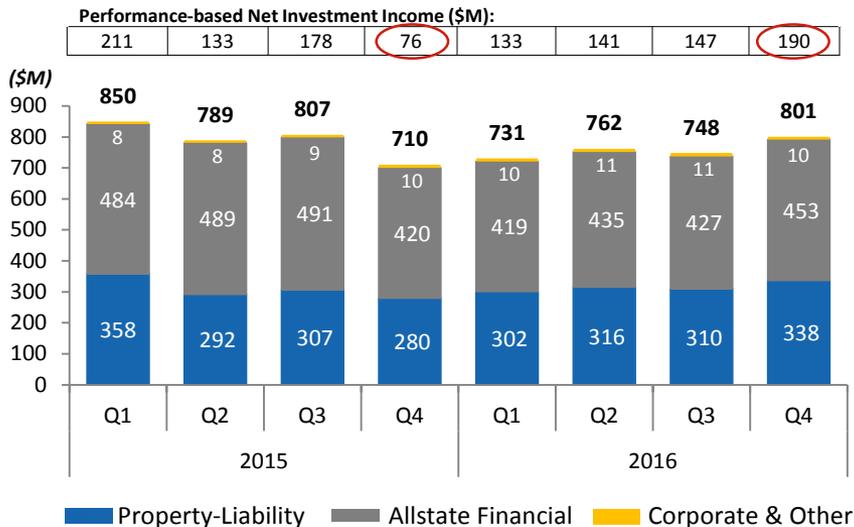
Portfolio Allocation



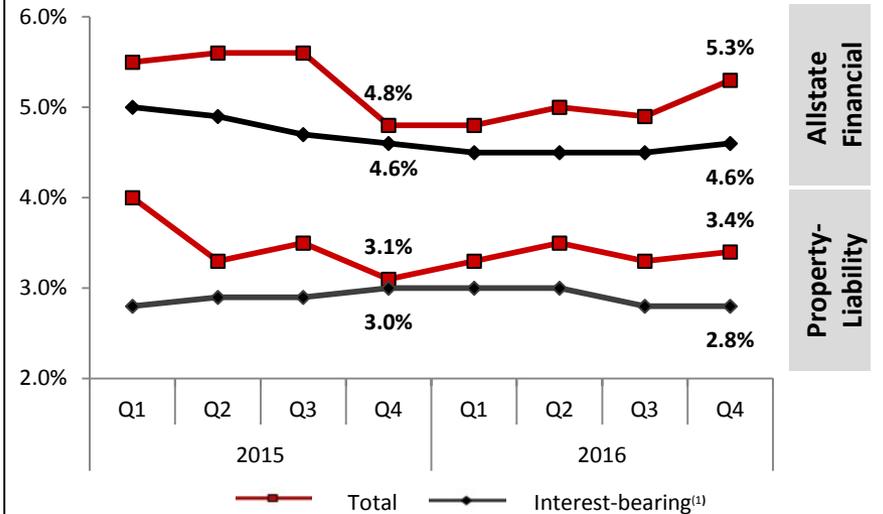
GAAP Total Return



Net Investment Income



Pre-tax Yield



⁽¹⁾ Interest-bearing yield excludes prepayment fee income and investment expenses



Continued Capital Strength and Financial Flexibility

Capital Position		
	<u>12/31/16</u>	<u>12/31/15</u>
Total Shareholders' Equity (\$ in millions)	\$20,573	\$20,025
Debt-to-Capital Ratio	23.6%	20.4%
Book Value per Common Share	\$50.77	\$47.34
Return on Common Shareholders' Equity ⁽¹⁾		
- Net Income	9.5%	10.6%
- Operating Income*	10.4%	11.6%
Deployable Holding Company Assets (\$ in billions) ⁽²⁾	\$2.4	\$2.6
Common shares outstanding (millions)	366	381

- Returned \$1.8 billion in cash to common shareholders in 2016
 - Paid \$486 million in common shareholder dividends
 - Repurchased 5.3% of our beginning of year outstanding shares
 - As of December 31, 2016, there was \$691 million remaining on the \$1.5 billion common share repurchase program
- Issued \$1.25 billion in senior unsecured debt on December 8, 2016 to fund the \$1.4 billion acquisition of SquareTrade, a consumer protection plan provider, which closed on January 3, 2017

(1) Trailing 12-month period

(2) Excludes \$1.4 billion used to fund the acquisition of SquareTrade, which closed on January 3, 2017



Allstate is an Attractive Growth and Value Investment

- **Disciplined, economic value-based management of our business**
- **Leveraging broad market reach, substantial capabilities and resources to provide differentiated customer value propositions**
- **Building long-term strategic platforms**
- **Attractive long-term investment returns**
- **Proactive capital management to enhance shareholder value**



Forward-Looking Statements

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