



Allstate[®]
You're in good hands.

THE ALLSTATE CORPORATION

Investor Supplement Fourth Quarter 2017

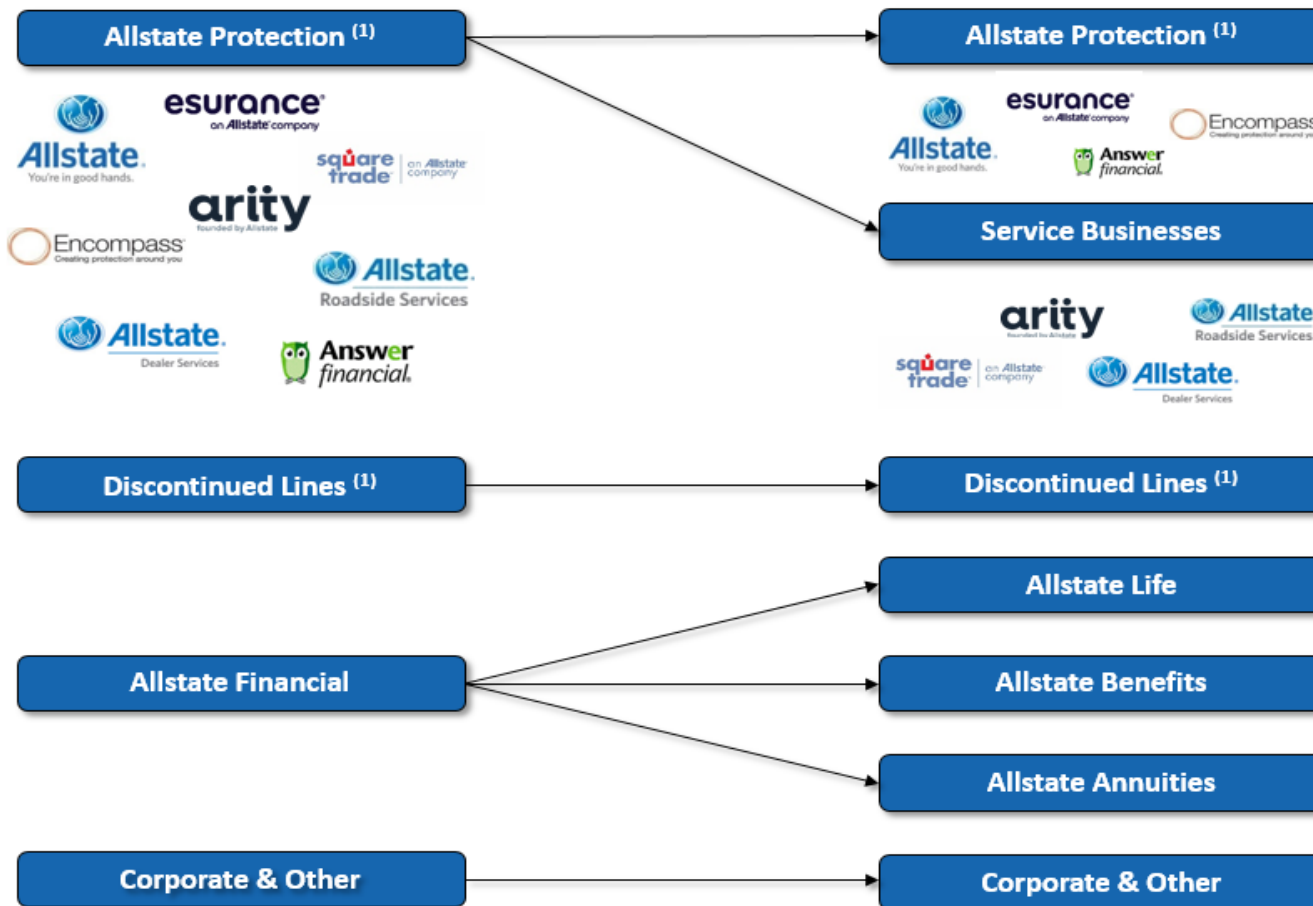
The consolidated financial statements and financial exhibits included herein are unaudited. These consolidated financial statements and exhibits should be read in conjunction with the consolidated financial statements and notes thereto included in the most recent Annual Report on Form 10-K and Quarterly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

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

THE ALLSTATE CORPORATION
Investor Supplement - Fourth Quarter 2017
Updated to Reflect Changes in Reportable Segments

Beginning in the fourth quarter of 2017, Allstate will be reporting its financial performance in the following segments: Allstate Protection, Discontinued Lines and Coverages, Service Businesses, Allstate Life, Allstate Benefits, Allstate Annuities, and Corporate and Other. These segments align with the Company's key product and service offerings, including the acquisition of SquareTrade and the strategic focus and expansion of Arity and other service businesses.

We have updated all periods presented in our Fourth Quarter 2017 Investor Supplement to be consistent with our new reportable segments.



⁽¹⁾ Comprises Property-Liability.

THE ALLSTATE CORPORATION
Investor Supplement - Fourth Quarter 2017
Reportable Segments Products and Strategies

The seven reportable segments are described below and reflect the manner in which the Company's chief operating decision maker reviews performance and makes decisions about the allocation of resources.

Allstate Protection offers private passenger auto, homeowners and other personal lines and small commercial insurance products through agencies and directly through contact centers and the internet. Our strategy is to position our product offerings and distribution channels to meet customers' evolving needs and effectively address the risks they face.

Allstate Protection has four market-facing businesses with products and services that cater to different customer preferences for advice and brand recognition to improve our competitive position and performance. We serve all four consumer segments with unique products and value propositions, while leveraging our claims, pricing and operational capabilities.



Allstate brand products are sold primarily through Allstate exclusive agencies and serve customers who prefer local personalized advice and service and are brand-sensitive. Our insurance products include auto, homeowners, specialty auto (motorcycle, trailer, motor home and off-road vehicle), other personal lines (renters, condominium, landlord, boat, umbrella and manufactured home) and commercial lines (insurance products for small-business owners). Our strategy is to grow by positioning Allstate exclusive agencies as trusted advisors to customers and leveraging best-in-class operational capabilities. Our target customers prefer to purchase multiple products from one insurance provider, including auto, homeowners, life insurance and financial products.

The Allstate brand differentiates itself by offering comprehensive product options and features through agencies that provide local advice and service, including a partnership with exclusive financial specialists to deliver life and retirement solutions. Our trusted advisor initiative is a critical component to creating broader relationships by positioning agents, licensed sales professionals and exclusive financial specialists to better know their customers and their unique protection needs.

We are expanding distribution by strategically increasing the number of agency owners and licensed sales professionals based on market opportunities with a focus on penetrating underserved markets. We utilize targeted marketing, with messaging that communicates the value of our Good Hands®, the importance of having proper coverage, product options, and the ease of doing business with Allstate and our exclusive agencies.

Esurance brand products are sold directly to self-directed, brand-sensitive consumers online and through call centers. Our insurance products include auto, homeowners, motorcycle and renters. Our strategy is to drive higher growth across all lines of business, improve our competitive position, maintain focus on expense management, and increase retention through investments in processes and operations to improve the customer experience.

Encompass brand products are sold through independent agencies that serve brand-neutral customers who prefer personal service and support from an independent agent. Our insurance products include auto, homeowners and other personal lines (renters, condominium, landlord, boat and umbrella). Our strategy is to expand the agent footprint, geographic diversification, enhance pricing and underwriting sophistication and operational excellence in underwriting and claims processes. While profit improvement actions continue in many markets, targeted growth plans are in place for states with sustainable profitability trends and long-term growth potential.

Answer Financial products include comparison quotes for non-proprietary auto, homeowners and other personal lines (condominium, renters, motorcycle, recreational vehicle and boat). Our strategy as a technology-enabled insurance agency is to provide comparison shopping and related services for businesses, offering customers choice, convenience and ease of use.

THE ALLSTATE CORPORATION
Investor Supplement - Fourth Quarter 2017
Reportable Segments Products and Strategies (continued)

Service Businesses include SquareTrade, Arity, Allstate Roadside Services and Allstate Dealer Services, which offer a broad range of products and services that expand and enhance our customer value propositions. Our strategy is to deliver superior value propositions and build strategic platforms to connect and engage with customers and effectively address their changing needs and preferences.

	Business Overview	Strategy
<i>SquareTrade</i>	A leading and innovative provider of consumer electronics and appliance protection plans, covering TVs, smartphones and computers. Distributed primarily through many of the U.S.'s major retailers and mobile operators in Europe.	Rapidly grow new and existing domestic retail customer accounts and expand internationally while increasing profitability and returns.
<i>Arity</i>	A connected car technology and data analytics company with offerings including device and mobile data collection services, analytics and customer risk assessment solutions and telematics services. Allstate and Esurance brands and Answer Financial use Arity's services through their Drivewise [®] , DriveSense [®] and StreetWise telematics solutions. In 2017, Arity began providing services to non-affiliates.	Build a strategic mobility platform that provides data and analytics solutions to insurance customers, consumers and other businesses (including government agencies) on a recurring basis. We are investing in research and development in support of our strategy.
<i>Allstate Roadside Services</i>	A leading roadside assistance provider in North America offering towing, jump-start, lockout, fuel delivery, and tire change services to retail customers and customers of our wholesale partners. Good Hands Rescue [®] is a 24/7 pay-per-use service offered through a mobile application that connects users to a select network of countrywide providers to assist with emergencies.	Digitize the roadside assistance business and enhance capabilities to deliver a superior customer experience while lowering costs in the customer assistance centers and optimizing the rescue network.
<i>Allstate Dealer Services</i>	Offers finance and insurance products through independent agencies and brokers to auto dealerships countrywide. Products primarily include vehicle service contracts, guaranteed asset protection waivers, road hazard tire and wheel and paintless dent repair protection.	Leverage relationships with auto dealerships while improving operational efficiency and profitability.

THE ALLSTATE CORPORATION
Investor Supplement - Fourth Quarter 2017
Reportable Segments Products and Strategies (continued)

Allstate Life offers traditional, interest-sensitive and variable life insurance products through Allstate exclusive agencies and exclusive financial specialists. Our strategy is to deepen Allstate customer relationships by positioning Allstate exclusive agencies and financial specialists as trusted advisors and fully integrating into the Allstate brand customer value proposition. We are modernizing our operating model through tailored distribution support for agents and financial specialists, product innovation and enhancing the underwriting process. Our product positioning provides solutions to help meet customer needs during various life stages.

Allstate Benefits is an industry leader in the rapidly growing voluntary benefits market offering life, accident, critical illness, short-term disability and other health products sold through workplace enrolling independent agents and Allstate exclusive agencies. Our strategy for growth includes investing in new generation enrollment and administrative technology to improve our customer experience and modernize our operating model, continued expansion of our national accounts team relationships, deeper engagement with independent agents and Allstate agencies, and continued investment in product innovation.

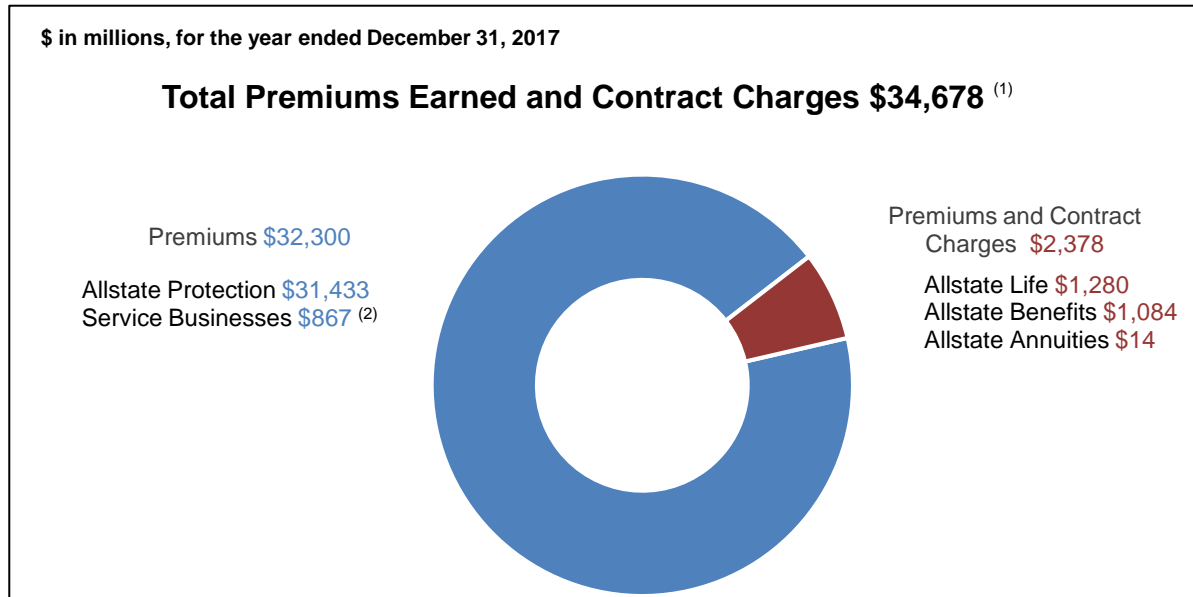
Allstate Annuities consists of deferred fixed annuities and immediate fixed annuities (including standard and sub-standard structured settlements). The segment is in run-off and is focused on increasing lifetime economic value. We exited the continuing sale of annuities over an eight year period from 2006 to 2014, reflecting our expectations of declining returns.

Discontinued Lines and Coverages includes results from property and casualty insurance coverage that primarily relates to policies written during the 1960s through the mid-1980s. Our exposure to asbestos, environmental and other discontinued lines claims arises from direct excess commercial insurance, assumed reinsurance coverage, direct primary commercial insurance and other businesses in run-off. We have assigned management of this segment to a designated group of professionals with expertise in claims handling, policy coverage interpretation, exposure identification and reinsurance collection.

Corporate and Other includes holding company activities and certain non-insurance operations.

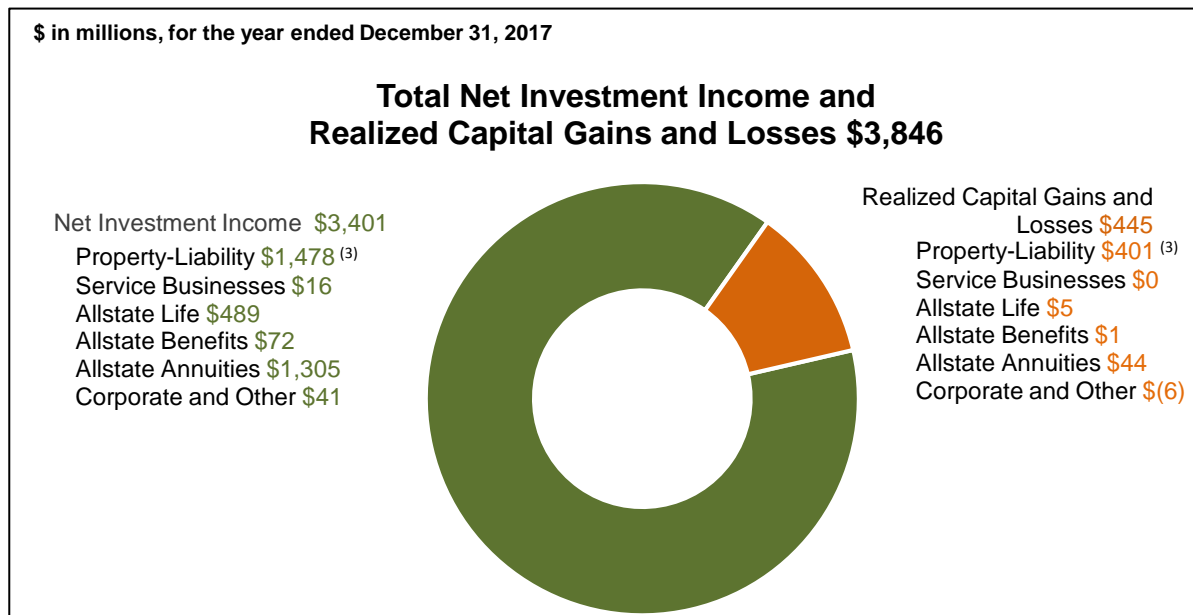
Allstate Protection and Discontinued Lines and Coverages comprise Property-Liability. The Company does not allocate investment income, realized capital gains and losses, or assets to the Allstate Protection and Discontinued Lines and Coverages segments.

THE ALLSTATE CORPORATION
Investor Supplement - Fourth Quarter 2017
Revenue by Reportable Segments



(1) The Discontinued Lines and Coverages and Corporate and Other segments do not have recurring premiums or contract charges.

(2) Excludes \$110 million of intersegment premiums and service fees, which are eliminated in the consolidated financial statements.



(3) Allstate Protection and Discontinued Lines and Coverages segments comprise Property-Liability. The Company does not allocate investment income, realized capital gains and losses, or investment assets to the Allstate Protection and Discontinued Lines and Coverages segments.

THE ALLSTATE CORPORATION
CHANGES IN REPORTABLE SEGMENTS AND COMBINED RATIO CALCULATION

Property-Liability⁽¹⁾ Combined Ratio and Underlying Combined Ratio*

Property-Liability includes Allstate Protection and Discontinued Lines and Coverages segment results. Property-Liability, as historically reported, included Allstate Protection, Service Businesses and Discontinued Lines and Coverages segment results. The change column represents the impact of the Service Businesses segment, which includes SquareTrade, Arity, Allstate Roadside Services and Allstate Dealer Services and is no longer included in Allstate Protection.

	For the twelve months ended December 31, 2017		
	Property-Liability As Historically Reported	Property-Liability	Change ⁽²⁾
Premiums earned	\$ 32,300	\$ 31,433	\$ (867)
Incurred losses	(21,929)	(21,566)	363
Expenses	(8,553)	(7,855)	698
Underwriting income	\$ 1,818	\$ 2,012	\$ 194
Catastrophe losses	\$ 3,234	\$ 3,228	\$ (6)
Non-catastrophe prior year reserve reestimates	(485)	(487)	(2)
Amortization of purchased intangible assets	99	7	(92)
Combined Ratio	94.4	93.6	(0.8)
Effect of catastrophe losses on combined ratio	(10.0)	(10.3)	(0.3)
Effect of prior year non-catastrophe prior year reserve reestimates	1.5	1.6	0.1
Effect of amortization of purchased intangible assets on combined ratio	(0.3)	-	0.3
Underlying combined ratio *	85.6	84.9	(0.7)

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

(2) Excludes intersegment insurance premiums and services fees of \$110 million and the related incurred losses of \$6 million and expenses of \$104 million.

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THE ALLSTATE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Revenues										
Property and casualty insurance premiums ⁽¹⁾	\$ 8,202	\$ 8,121	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869	\$ 7,814	\$ 7,723	\$ 32,300	\$ 31,307
Life premiums and contract charges ⁽²⁾	601	593	591	593	574	571	564	566	2,378	2,275
Net investment income	913	843	897	748	801	748	762	731	3,401	3,042
Realized capital gains and losses:										
Total other-than-temporary impairment ("OTTI") losses	(11)	(26)	(47)	(62)	(72)	(73)	(77)	(91)	(146)	(313)
OTTI losses reclassified to (from) other comprehensive income	(2)	(2)	(3)	3	2	-	(2)	10	(4)	10
Net OTTI losses recognized in earnings	(13)	(28)	(50)	(59)	(70)	(73)	(79)	(81)	(150)	(303)
Sales and other realized capital gains and losses	140	131	131	193	72	106	103	(68)	595	213
Total realized capital gains and losses	127	103	81	134	2	33	24	(149)	445	(90)
Total revenues	<u>9,843</u>	<u>9,660</u>	<u>9,587</u>	<u>9,434</u>	<u>9,278</u>	<u>9,221</u>	<u>9,164</u>	<u>8,871</u>	<u>38,524</u>	<u>36,534</u>
Costs and expenses										
Property and casualty insurance claims and claims expense	5,279	5,545	5,689	5,416	5,083	5,553	5,901	5,684	21,929	22,221
Life contract benefits	507	456	486	474	464	484	454	455	1,923	1,857
Interest credited to contractholder funds	168	174	175	173	168	183	185	190	690	726
Amortization of deferred policy acquisition costs	1,239	1,200	1,176	1,169	1,157	1,138	1,126	1,129	4,784	4,550
Operating costs and expenses	1,257	1,218	1,086	1,097	1,063	1,021	1,040	982	4,658	4,106
Restructuring and related charges	32	14	53	10	9	5	11	5	109	30
Goodwill impairment	125	-	-	-	-	-	-	-	125	-
Interest expense	84	83	83	85	77	73	72	73	335	295
Total costs and expenses	<u>8,691</u>	<u>8,690</u>	<u>8,748</u>	<u>8,424</u>	<u>8,021</u>	<u>8,457</u>	<u>8,789</u>	<u>8,518</u>	<u>34,553</u>	<u>33,785</u>
Gain on disposition of operations	5	1	12	2	1	1	1	2	20	5
Income from operations before income tax expense	1,157	971	851	1,012	1,258	765	376	355	3,991	2,754
Income tax (benefit) expense	(92) ⁽⁴⁾	305	272	317	418	245	105	109	802 ⁽⁴⁾	877
Net income	<u>\$ 1,249</u>	<u>\$ 666</u>	<u>\$ 579</u>	<u>\$ 695</u>	<u>\$ 840</u>	<u>\$ 520</u>	<u>\$ 271</u>	<u>\$ 246</u>	<u>\$ 3,189</u>	<u>\$ 1,877</u>
Preferred stock dividends	29	29	29	29	29	29	29	29	116	116
Net income applicable to common shareholders	<u>\$ 1,220</u>	<u>\$ 637</u>	<u>\$ 550</u>	<u>\$ 666</u>	<u>\$ 811</u>	<u>\$ 491</u>	<u>\$ 242</u>	<u>\$ 217</u>	<u>\$ 3,073</u>	<u>\$ 1,761</u>
Earnings per common share: ⁽³⁾										
Net income applicable to common shareholders per common share - Basic	<u>\$ 3.41</u>	<u>\$ 1.76</u>	<u>\$ 1.51</u>	<u>\$ 1.82</u>	<u>\$ 2.20</u>	<u>\$ 1.32</u>	<u>\$ 0.65</u>	<u>\$ 0.57</u>	<u>\$ 8.49</u>	<u>\$ 4.72</u>
Weighted average common shares - Basic	<u>357.5</u>	<u>361.3</u>	<u>363.6</u>	<u>365.7</u>	<u>368.0</u>	<u>371.5</u>	<u>373.6</u>	<u>378.1</u>	<u>362.0</u>	<u>372.8</u>
Net income applicable to common shareholders per common share - Diluted	<u>\$ 3.35</u>	<u>\$ 1.74</u>	<u>\$ 1.49</u>	<u>\$ 1.79</u>	<u>\$ 2.18</u>	<u>\$ 1.31</u>	<u>\$ 0.64</u>	<u>\$ 0.57</u>	<u>\$ 8.36</u>	<u>\$ 4.67</u>
Weighted average common shares - Diluted	<u>363.8</u>	<u>367.1</u>	<u>369.0</u>	<u>371.3</u>	<u>372.5</u>	<u>375.9</u>	<u>378.1</u>	<u>382.9</u>	<u>367.8</u>	<u>377.3</u>
Cash dividends declared per common share	<u>\$ 0.37</u>	<u>\$ 0.37</u>	<u>\$ 0.37</u>	<u>\$ 0.37</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>	<u>\$ 1.48</u>	<u>\$ 1.32</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⁾ In accordance with GAAP, the quarter and year-to-date per share amounts are calculated discretely. Therefore, the sum of each quarter may not equal the year-to-date amount.

⁽⁴⁾ Includes a \$506 million benefit related to Tax Legislation.

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

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Contribution to income										
Net income applicable to common shareholders	\$ 1,220	\$ 637	\$ 550	\$ 666	\$ 811	\$ 491	\$ 242	\$ 217	\$ 3,073	\$ 1,761
Realized capital gains and losses, after-tax	(90)	(67)	(53)	(88)	(1)	(22)	(17)	96	(298)	56
Valuation changes on embedded derivatives not hedged, after-tax	(2)	1	1	-	(6)	-	4	4	-	2
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	2	2	3	3	1	1	1	1	10	4
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	(1)	(1)	-	(2)	-	-	(1)	(3)	(3)
Business combination expenses and the amortization of purchased intangible assets, after-tax	17	17	16	29	4	5	6	6	79	21
Gain on disposition of operations, after-tax	(3)	(2)	(6)	(2)	-	(1)	(1)	(1)	(13)	(3)
Goodwill impairment	125	-	-	-	-	-	-	-	125	-
Tax Legislation benefit	(506)	-	-	-	-	-	-	-	(506)	-
Adjusted net income *	<u>\$ 762</u>	<u>\$ 587</u>	<u>\$ 510</u>	<u>\$ 608</u>	<u>\$ 807</u>	<u>\$ 474</u>	<u>\$ 235</u>	<u>\$ 322</u>	<u>\$ 2,467</u>	<u>\$ 1,838</u>
Income per common share - Diluted										
Net income applicable to common shareholders	\$ 3.35	\$ 1.74	\$ 1.49	\$ 1.79	\$ 2.18	\$ 1.31	\$ 0.64	\$ 0.57	\$ 8.36	\$ 4.67
Realized capital gains and losses, after-tax	(0.25)	(0.18)	(0.14)	(0.24)	-	(0.06)	(0.04)	0.25	(0.81)	0.15
Valuation changes on embedded derivatives not hedged, after-tax	(0.01)	-	-	-	(0.02)	-	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	0.01	0.01	0.01	-	-	-	-	0.03	0.01
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	-	-	-	-	-	-	(0.01)	(0.01)
Business combination expenses and the amortization of purchased intangible assets, after-tax	0.05	0.04	0.04	0.08	0.01	0.01	0.01	0.01	0.22	0.06
Gain on disposition of operations, after-tax	(0.01)	(0.01)	(0.02)	-	-	-	-	-	(0.04)	(0.01)
Goodwill impairment	0.34	-	-	-	-	-	-	-	0.34	-
Tax Legislation benefit	(1.39)	-	-	-	-	-	-	-	(1.38)	-
Adjusted net income *	<u>\$ 2.09</u>	<u>\$ 1.60</u>	<u>\$ 1.38</u>	<u>\$ 1.64</u>	<u>\$ 2.17</u>	<u>\$ 1.26</u>	<u>\$ 0.62</u>	<u>\$ 0.84</u>	<u>\$ 6.71</u>	<u>\$ 4.87</u>
Weighted average common shares - Diluted	<u>363.8</u>	<u>367.1</u>	<u>369.0</u>	<u>371.3</u>	<u>372.5</u>	<u>375.9</u>	<u>378.1</u>	<u>382.9</u>	<u>367.8</u>	<u>377.3</u>

THE ALLSTATE CORPORATION
REVENUES
(\$ in millions)

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Property-Liability ⁽¹⁾										
Insurance premiums	\$ 7,971	\$ 7,896	\$ 7,807	\$ 7,759	\$ 7,756	\$ 7,719	\$ 7,672	\$ 7,580	\$ 31,433	\$ 30,727
Net investment income	415	368	387	308	334	307	313	299	1,478	1,253
Realized capital gains and losses	99	82	85	135	14	53	26	(99)	401	(6)
Total Property-Liability revenues	<u>8,485</u>	<u>8,346</u>	<u>8,279</u>	<u>8,202</u>	<u>8,104</u>	<u>8,079</u>	<u>8,011</u>	<u>7,780</u>	<u>33,312</u>	<u>31,974</u>
Service Businesses										
Insurance premiums	231	225	211	200	145	150	142	143	867	580
Intersegment insurance premiums and service fees ⁽²⁾	28	26	28	28	32	33	33	7	110	105
Net investment income	5	4	4	3	4	3	3	3	16	13
Realized capital gains and losses	-	-	-	-	-	-	-	-	-	-
Total Service Businesses revenues	<u>264</u>	<u>255</u>	<u>243</u>	<u>231</u>	<u>181</u>	<u>186</u>	<u>178</u>	<u>153</u>	<u>993</u>	<u>698</u>
Allstate Life										
Premiums and contract charges	324	316	319	321	318	310	310	312	1,280	1,250
Net investment income	127	119	123	120	124	120	118	120	489	482
Realized capital gains and losses	1	2	1	1	(13)	(10)	(3)	(12)	5	(38)
Total Allstate Life revenues	<u>452</u>	<u>437</u>	<u>443</u>	<u>442</u>	<u>429</u>	<u>420</u>	<u>425</u>	<u>420</u>	<u>1,774</u>	<u>1,694</u>
Allstate Benefits										
Premiums and contract charges	273	273	269	269	252	257	251	251	1,084	1,011
Net investment income	18	18	19	17	17	18	18	18	72	71
Realized capital gains and losses	-	1	-	-	1	(1)	-	(5)	1	(5)
Total Allstate Benefits revenues	<u>291</u>	<u>292</u>	<u>288</u>	<u>286</u>	<u>270</u>	<u>274</u>	<u>269</u>	<u>264</u>	<u>1,157</u>	<u>1,077</u>
Allstate Annuities										
Contract charges	4	4	3	3	4	4	3	3	14	14
Net investment income	338	324	354	289	312	289	299	281	1,305	1,181
Realized capital gains and losses	33	18	(5)	(2)	1	(10)	3	(32)	44	(38)
Total Allstate Annuities revenues	<u>375</u>	<u>346</u>	<u>352</u>	<u>290</u>	<u>317</u>	<u>283</u>	<u>305</u>	<u>252</u>	<u>1,363</u>	<u>1,157</u>
Corporate and Other										
Net investment income	10	10	10	11	10	11	11	10	41	42
Realized capital gains and losses	(6)	-	-	-	(1)	1	(2)	(1)	(6)	(3)
Total Corporate and Other revenues	<u>4</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>9</u>	<u>12</u>	<u>9</u>	<u>9</u>	<u>35</u>	<u>39</u>
Intersegment eliminations ⁽²⁾	<u>(28)</u>	<u>(26)</u>	<u>(28)</u>	<u>(28)</u>	<u>(32)</u>	<u>(33)</u>	<u>(33)</u>	<u>(7)</u>	<u>(110)</u>	<u>(105)</u>
Consolidated revenues	<u>\$ 9,843</u>	<u>\$ 9,660</u>	<u>\$ 9,587</u>	<u>\$ 9,434</u>	<u>\$ 9,278</u>	<u>\$ 9,221</u>	<u>\$ 9,164</u>	<u>\$ 8,871</u>	<u>\$ 38,524</u>	<u>\$ 36,534</u>

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

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

THE ALLSTATE CORPORATION
CONSOLIDATING SEGMENT RESULTS
(\$ in millions)

Three months ended December 31, 2017	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Intersegment Eliminations	Consolidated
Premiums and contract charges	\$ 7,971	\$ -	\$ 7,971	\$ 231	\$ 324	\$ 273	\$ 4	\$ -	\$ -	\$ 8,803
Intersegment insurance premiums and service fees	-	-	-	28	-	-	-	-	(28)	-
Claims and claims expense	(5,187)	(3)	(5,190)	(90)	-	-	-	-	1	(5,279)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(281)	(152)	(242)	-	-	(675)
Amortization of deferred policy acquisition costs	(1,091)	-	(1,091)	(79)	(30)	(37)	(2)	-	-	(1,239)
Operating costs and expenses	(956)	(1)	(957)	(139)	(65)	(70)	(9)	(44)	27	(1,257)
Restructuring and related charges	(18)	-	(18)	(11)	(1)	(2)	-	-	-	(32)
Goodwill impairment	-	-	-	-	-	-	-	(125)	-	(125)
Interest expense	-	-	-	-	-	-	-	(84)	-	(84)
Underwriting income (loss)	\$ 719	\$ (4)	715	5	127	18	338	10	-	913
Net investment income	-	-	415	5	127	18	338	10	-	913
Realized capital gains and losses	-	-	99	-	1	-	33	(6)	-	127
Gain on disposition of operations	-	-	4	-	-	-	1	-	-	5
Income tax (expense) benefit	-	-	(466)	150	312	40	139	(83)	-	92
Preferred stock dividends	-	-	-	-	-	-	-	(29)	-	(29)
Net income (loss) applicable to common shareholders	-	-	\$ 767	\$ 95	\$ 387	\$ 70	\$ 262	\$ (361)	\$ -	\$ 1,220
Realized capital gains and losses, after-tax	-	-	(73)	-	-	1	(22)	4	-	(90)
Valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	-	-	(2)	-	-	(2)
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	-	-	2	15	-	-	-	-	-	17
Gain on disposition of operations, after-tax	-	-	(2)	-	-	-	(1)	-	-	(3)
Goodwill impairment	-	-	-	-	-	-	-	125	-	125
Tax Legislation expense (benefit)	-	-	65	(134)	(332)	(51)	(182)	128	-	(506)
Adjusted net income (loss) *	-	-	\$ 758	\$ (24)⁽¹⁾	\$ 57⁽¹⁾	\$ 20⁽¹⁾	\$ 55⁽¹⁾	\$ (104)⁽¹⁾	\$ -	\$ 762

Three months ended December 31, 2016	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Intersegment Eliminations	Consolidated
Premiums and contract charges	\$ 7,756	\$ -	\$ 7,756	\$ 145	\$ 318	\$ 252	\$ 4	\$ -	\$ -	\$ 8,475
Intersegment insurance premiums and service fees	-	-	-	32	-	-	-	-	(32)	-
Claims and claims expense	(5,021)	(3)	(5,024)	(60)	-	-	-	-	1	(5,083)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(260)	(137)	(235)	-	-	(632)
Amortization of deferred policy acquisition costs	(1,029)	-	(1,029)	(57)	(33)	(36)	(2)	-	-	(1,157)
Operating costs and expenses	(893)	-	(893)	(65)	(56)	(62)	(9)	(9)	31	(1,063)
Restructuring and related charges	(9)	-	(9)	-	-	-	-	-	-	(9)
Interest expense	-	-	-	-	-	-	-	(77)	-	(77)
Underwriting income (loss)	\$ 804	\$ (3)	801	-	-	-	-	-	-	801
Net investment income	-	-	334	4	124	17	312	10	-	801
Realized capital gains and losses	-	-	14	-	(13)	1	1	(1)	-	2
Gain on disposition of operations	-	-	-	-	-	-	1	-	-	1
Income tax (expense) benefit	-	-	(389)	2	(22)	(13)	(25)	29	-	(418)
Preferred stock dividends	-	-	-	-	-	-	-	(29)	-	(29)
Net income (loss) applicable to common shareholders	-	-	\$ 760	\$ 1	\$ 58	\$ 22	\$ 47	\$ (77)	\$ -	\$ 811
Realized capital gains and losses, after-tax	-	-	(10)	-	7	1	-	1	-	(1)
Valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	-	-	(6)	-	-	(6)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	1	-	-	-	-	1
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	(2)	-	-	-	-	-	-	(2)
Business combination expenses and the amortization of purchased intangible assets, after-tax	-	-	4	-	-	-	-	-	-	4
Gain on disposition of operations, after-tax	-	-	-	-	-	-	-	-	-	-
Adjusted net income (loss) *	-	-	\$ 752	\$ 1⁽¹⁾	\$ 66⁽¹⁾	\$ 23⁽¹⁾	\$ 41⁽¹⁾	\$ (76)⁽¹⁾	\$ -	\$ 807

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

THE ALLSTATE CORPORATION
CONSOLIDATING SEGMENT RESULTS
(\$ in millions)

Twelve months ended December 31, 2017	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Intersegment Eliminations	Consolidated
Premiums and contract charges	\$ 31,433	\$ -	\$ 31,433	\$ 867	\$ 1,280	\$ 1,084	\$ 14	\$ -	\$ -	\$ 34,678
Intersegment insurance premiums and service fees	-	-	-	110	-	-	-	-	(110)	-
Claims and claims expense	(21,470)	(96)	(21,566)	(369)	-	-	-	-	6	(21,929)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(1,047)	(599)	(967)	-	-	(2,613)
Amortization of deferred policy acquisition costs	(4,205)	-	(4,205)	(296)	(134)	(142)	(7)	-	-	(4,784)
Operating costs and expenses	(3,555)	(3)	(3,558)	(493)	(238)	(266)	(35)	(172)	104	(4,658)
Restructuring and related charges	(91)	-	(91)	(13)	(2)	(3)	-	-	-	(109)
Goodwill impairment	-	-	-	-	-	-	-	(125)	-	(125)
Interest expense	(1)	-	(1)	-	-	-	-	(334)	-	(335)
Underwriting income (loss)	\$ 2,111	\$ (99)	2,012							
Net investment income			1,478	16	489	72	1,305	41	-	3,401
Realized capital gains and losses			401	-	5	1	44	(6)	-	445
Gain on disposition of operations			14	-	-	-	6	-	-	20
Income tax (expense) benefit			(1,318)	193	224	(1)	58	42	-	(802)
Preferred stock dividends			-	-	-	-	-	(116)	-	(116)
Net income (loss) applicable to common shareholders			\$ 2,587	\$ 15	\$ 577	\$ 146	\$ 418	\$ (670)	\$ -	\$ 3,073
Realized capital gains and losses, after-tax			(272)	-	(2)	-	(28)	4	-	(298)
Valuation changes on embedded derivatives not hedged, after-tax			-	-	-	-	-	-	-	-
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax			-	-	10	-	-	-	-	10
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(3)	-	-	-	-	-	-	(3)
Business combination expenses and the amortization of purchased intangible assets, after-tax			5	60	-	-	-	14	-	79
Gain on disposition of operations, after-tax			(9)	-	-	-	(4)	-	-	(13)
Goodwill impairment			-	-	-	-	-	125	-	125
Tax Legislation expense (benefit)			65	(134)	(332)	(51)	(182)	128	-	(506)
Adjusted net income (loss) *			\$ 2,373	\$ (59)⁽¹⁾	\$ 253⁽¹⁾	\$ 95⁽¹⁾	\$ 204⁽¹⁾	\$ (399)⁽¹⁾	\$ -	\$ 2,467

Twelve months ended December 31, 2016	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Intersegment Eliminations	Consolidated
Premiums and contract charges	\$ 30,727	\$ -	\$ 30,727	\$ 580	\$ 1,250	\$ 1,011	\$ 14	\$ -	\$ -	\$ 33,582
Intersegment insurance premiums and service fees	-	-	-	105	-	-	-	-	(105)	-
Claims and claims expense	(21,863)	(105)	(21,968)	(258)	-	-	-	-	5	(22,221)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(1,027)	(545)	(1,011)	-	-	(2,583)
Amortization of deferred policy acquisition costs	(4,053)	-	(4,053)	(214)	(131)	(145)	(7)	-	-	(4,550)
Operating costs and expenses	(3,455)	(2)	(3,457)	(223)	(225)	(240)	(32)	(29)	100	(4,106)
Restructuring and related charges	(29)	-	(29)	-	(1)	-	-	-	-	(30)
Interest expense	-	-	-	-	-	-	-	(295)	-	(295)
Underwriting income (loss)	\$ 1,327	\$ (107)	1,220							
Net investment income			1,253	13	482	71	1,181	42	-	3,042
Realized capital gains and losses			(6)	-	(38)	(5)	(38)	(3)	-	(90)
Gain on disposition of operations			-	-	-	-	5	-	-	5
Income tax (expense) benefit			(806)	-	(91)	(51)	(36)	107	-	(877)
Preferred stock dividends			-	-	-	-	-	(116)	-	(116)
Net income (loss) applicable to common shareholders			\$ 1,661	\$ 3	\$ 219	\$ 96	\$ 76	\$ (294)	\$ -	\$ 1,761
Realized capital gains and losses, after-tax			-	-	24	4	26	2	-	56
Valuation changes on embedded derivatives not hedged, after-tax			-	-	-	-	2	-	-	2
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax			-	-	4	-	-	-	-	4
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(3)	-	-	-	-	-	-	(3)
Business combination expenses and the amortization of purchased intangible assets, after-tax			21	-	-	-	-	-	-	21
Gain on disposition of operations, after-tax			-	-	-	-	(3)	-	-	(3)
Adjusted net income (loss) *			\$ 1,679	\$ 3⁽¹⁾	\$ 247⁽¹⁾	\$ 100⁽¹⁾	\$ 101⁽¹⁾	\$ (292)⁽¹⁾	\$ -	\$ 1,838

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

THE ALLSTATE CORPORATION
HISTORICAL CONSOLIDATING SEGMENT RESULTS
(\$ in millions)

Twelve months ended December 31, 2015	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Intersegment Eliminations	Consolidated
Premiums and contract charges	\$ 29,748	\$ -	\$ 29,748	\$ 561	\$ 1,223	\$ 921	\$ 14	\$ -	\$ -	\$ 32,467
Intersegment insurance premiums and service fees	-	-	-	42	-	-	-	-	(42)	-
Claims and claims expense	(20,718)	(53)	(20,771)	(277)	-	-	-	-	14	(21,034)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(1,031)	(488)	(1,045)	-	-	(2,564)
Amortization of deferred policy acquisition costs	(3,933)	-	(3,933)	(169)	(133)	(124)	(5)	-	-	(4,364)
Operating costs and expenses	(3,437)	(2)	(3,439)	(164)	(212)	(222)	(38)	(34)	28	(4,081)
Restructuring and related charges	(39)	-	(39)	-	(1)	-	1	-	-	(39)
Interest expense	-	-	-	-	-	-	-	(292)	-	(292)
Underwriting income (loss)	<u>\$ 1,621</u>	<u>\$ (55)</u>	<u>1,566</u>							
Net investment income			1,226	11	490	71	1,323	35	-	3,156
Realized capital gains and losses			(237)	-	2	1	264	-	-	30
(Loss) gain on disposition of operations			-	-	(1)	-	4	-	-	3
Income tax (expense) benefit			(867)	(2)	(108)	(55)	(188)	109	-	(1,111)
Preferred stock dividends			-	-	-	-	-	(116)	-	(116)
Net income applicable to common shareholders			<u>\$ 1,688</u>	<u>\$ 2</u>	<u>\$ 229</u>	<u>\$ 104</u>	<u>\$ 330</u>	<u>\$ (298)</u>	<u>\$ -</u>	<u>\$ 2,055</u>
Realized capital gains and losses, after-tax			154	-	(1)	-	(172)	-	-	(19)
Valuation changes on embedded derivatives not hedged, after-tax			-	-	-	-	1	-	-	1
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax			-	-	4	-	(1)	-	-	3
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(2)	-	-	-	-	-	-	(2)
Business combination expenses and the amortization of purchased intangible assets, after-tax			32	-	-	-	-	-	-	32
(Loss) gain on disposition of operations, after-tax			-	-	1	-	(3)	-	-	(2)
Change in accounting for investments in qualified affordable housing projects, after-tax			28	-	6	-	11	-	-	45
Adjusted net income (loss) *			<u>\$ 1,900</u>	<u>\$ 2⁽¹⁾</u>	<u>\$ 239⁽¹⁾</u>	<u>\$ 104⁽¹⁾</u>	<u>\$ 166⁽¹⁾</u>	<u>\$ (298)⁽¹⁾</u>	<u>\$ -</u>	<u>\$ 2,113</u>

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

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

	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016		Dec 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016
Assets						Liabilities					
Investments						Reserve for property and casualty insurance claims and claims expense	\$ 26,325	\$ 27,154	\$ 25,884	\$ 25,628	\$ 25,250
Fixed income securities, at fair value (amortized cost \$57,525, \$57,608, \$56,901, \$57,194 and \$56,576)	\$ 58,992	\$ 59,391	\$ 58,656	\$ 58,636	\$ 57,839	Reserve for life-contingent contract benefits	12,549	12,227	12,234	12,223	12,239
Equity securities, at fair value (cost \$5,461, \$5,468, \$5,321, \$5,026 and \$5,157)	6,621	6,434	6,117	5,685	5,666	Contractholder funds	19,434	19,650	19,832	20,051	20,260
Mortgage loans	4,534	4,322	4,336	4,349	4,486	Unearned premiums	13,473	13,535	13,024	12,705	12,583
Limited partnership interests	6,740	6,600	6,206	5,982	5,814	Claim payments outstanding	875	959	939	845	879
Short-term, at fair value (amortized cost \$1,944, \$2,198, \$2,175, \$2,753 and \$4,288)	1,944	2,198	2,175	2,753	4,288	Deferred income taxes	782	1,249	1,104	833	487
Other	3,972	3,826	3,815	3,738	3,706	Other liabilities and accrued expenses	6,639	6,968	6,583	7,018	6,599
Total investments	82,803	82,771	81,305	81,143	81,799	Long-term debt	6,350	6,349	6,348	6,346	6,347
Cash	617	690	482	442	436	Separate Accounts	3,444	3,422	3,416	3,436	3,393
Premium installment receivables, net	5,786	5,922	5,693	5,649	5,597	Total liabilities	89,871	91,513	89,364	89,085	88,037
Deferred policy acquisition costs	4,191	4,147	4,037	3,988	3,954	Equity					
Reinsurance recoverables, net ⁽¹⁾	8,921	9,748	8,722	8,723	8,745	Preferred stock and additional capital paid-in, 72.2 thousand shares outstanding	1,746	1,746	1,746	1,746	1,746
Accrued investment income	569	590	573	577	567	Common stock, 355 million, 360 million, 361 million, 365 million and 366 million shares outstanding ⁽²⁾	9	9	9	9	9
Property and equipment, net	1,072	1,067	1,072	1,067	1,065	Additional capital paid-in	3,313	3,330	3,269	3,285	3,303
Goodwill	2,181	2,309	2,309	2,295	1,219	Retained income	43,211 ⁽³⁾	42,125	41,622	41,208	40,678
Other assets	2,838	2,966	3,256	2,923	1,835	Deferred ESOP expense	(3)	(6)	(6)	(6)	(6)
Separate Accounts	3,444	3,422	3,416	3,436	3,393	Treasury stock, at cost (545 million, 540 million, 539 million, 535 million and 534 million shares)	(25,982)	(25,413)	(25,241)	(24,887)	(24,741)
Total assets	\$ 112,422	\$ 113,632	\$ 110,865	\$ 110,243	\$ 108,610	Accumulated other comprehensive income:					
						Unrealized net capital gains and losses	1,372 ⁽³⁾	1,651	1,526	1,256	1,053
						Unrealized foreign currency translation adjustments	(3) ⁽³⁾	(14)	(42)	(53)	(50)
						Unrecognized pension and other postretirement benefit cost	(1,112) ⁽³⁾	(1,309)	(1,382)	(1,400)	(1,419)
						Total accumulated other comprehensive income (loss)	257 ⁽³⁾	328	102	(197)	(416)
						Total shareholders' equity	22,551	22,119	21,501	21,158	20,573
						Total liabilities and shareholders' equity	\$ 112,422	\$ 113,632	\$ 110,865	\$ 110,243	\$ 108,610

⁽¹⁾ Reinsurance recoverables of unpaid losses related to Allstate Protection, Discontinued Lines and Coverages and Service Businesses segments were \$6.47 billion, \$7.26 billion, \$6.21 billion, \$6.18 billion and \$6.18 billion as of December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017 and December 31, 2016, respectively.

⁽²⁾ Common shares outstanding were 354,690,536; 359,787,293; 361,280,366; 365,015,746 and 365,771,746 as of December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017 and December 31, 2016, respectively.

⁽³⁾ In January 2018, the FASB issued a Proposed Accounting Standards Update titled "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," requiring reclassification of the impact of the newly enacted tax rates on the unrealized balances presented net of tax in accumulated other comprehensive income to retained income. We plan to early adopt the new guidance as of December 31, 2017, when finalized. The impact of the adoption will decrease retained income by \$49 million, increase unrealized net capital gains and losses by \$290 million, decrease unrealized foreign currency translation adjustments by \$6 million and decrease unrecognized pension and other postretirement benefit cost by \$235 million.

THE ALLSTATE CORPORATION
BOOK VALUE PER COMMON SHARE

(\$ in millions, except per share data)

	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
Book value per common share								
Numerator:								
Common shareholders' equity ⁽¹⁾	\$ <u>20,805</u>	\$ <u>20,373</u>	\$ <u>19,755</u>	\$ <u>19,412</u>	\$ <u>18,827</u>	\$ <u>19,188</u>	\$ <u>18,807</u>	\$ <u>18,594</u>
Denominator:								
Common shares outstanding and dilutive potential common shares outstanding	<u>361.3</u>	<u>365.8</u>	<u>367.0</u>	<u>370.4</u>	<u>370.8</u>	<u>372.7</u>	<u>375.8</u>	<u>380.3</u>
Book value per common share	\$ <u>57.58</u>	\$ <u>55.69</u>	\$ <u>53.83</u>	\$ <u>52.41</u>	\$ <u>50.77</u>	\$ <u>51.48</u>	\$ <u>50.05</u>	\$ <u>48.89</u>
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities								
Numerator:								
Common shareholders' equity	\$ 20,805	\$ 20,373	\$ 19,755	\$ 19,412	\$ 18,827	\$ 19,188	\$ 18,807	\$ 18,594
Unrealized net capital gains and losses on fixed income securities	<u>622</u> ⁽²⁾	<u>1,028</u>	<u>1,013</u>	<u>831</u>	<u>727</u>	<u>1,506</u>	<u>1,407</u>	<u>993</u>
Adjusted common shareholders' equity	\$ <u>20,183</u>	\$ <u>19,345</u>	\$ <u>18,742</u>	\$ <u>18,581</u>	\$ <u>18,100</u>	\$ <u>17,682</u>	\$ <u>17,400</u>	\$ <u>17,601</u>
Denominator:								
Common shares outstanding and dilutive potential common shares outstanding	<u>361.3</u>	<u>365.8</u>	<u>367.0</u>	<u>370.4</u>	<u>370.8</u>	<u>372.7</u>	<u>375.8</u>	<u>380.3</u>
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities *	\$ <u>55.86</u> ⁽²⁾	\$ <u>52.88</u>	\$ <u>51.07</u>	\$ <u>50.16</u>	\$ <u>48.81</u>	\$ <u>47.44</u>	\$ <u>46.30</u>	\$ <u>46.28</u>

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

(2) In January 2018, the FASB issued a Proposed Accounting Standards Update titled "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," requiring reclassification of the impact of the newly enacted tax rates on the unrealized balances presented net of tax in accumulated other comprehensive income to retained income. We plan to early adopt the new guidance as of December 31, 2017, when finalized. The impact of the adoption will increase the unrealized net capital gains and losses on fixed income securities by \$135 million and decrease book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, by \$0.37.

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

Twelve months ended

	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
Return on Common Shareholders' Equity								
Numerator:								
Net income applicable to common shareholders ⁽¹⁾	\$ <u>3,073</u>	\$ <u>2,664</u>	\$ <u>2,518</u>	\$ <u>2,210</u>	\$ <u>1,761</u>	\$ <u>1,410</u>	\$ <u>1,540</u>	\$ <u>1,624</u>
Denominator:								
Beginning common shareholders' equity	\$ 18,827	\$ 19,188	\$ 18,807	\$ 18,594	\$ 18,279	\$ 18,758	\$ 19,552	\$ 20,433
Ending common shareholders' equity	20,805	20,373	19,755	19,412	18,827	19,188	18,807	18,594
Average common shareholders' equity ⁽²⁾	\$ <u>19,816</u>	\$ <u>19,781</u>	\$ <u>19,281</u>	\$ <u>19,003</u>	\$ <u>18,553</u>	\$ <u>18,973</u>	\$ <u>19,180</u>	\$ <u>19,514</u>
Return on common shareholders' equity ⁽³⁾	<u>15.5</u> %	<u>13.5</u> %	<u>13.1</u> %	<u>11.6</u> %	<u>9.5</u> %	<u>7.4</u> %	<u>8.0</u> %	<u>8.3</u> %
Adjusted Net Income Return on Common Shareholders' Equity								
Numerator:								
Adjusted net income * ⁽¹⁾	\$ <u>2,467</u>	\$ <u>2,512</u>	\$ <u>2,399</u>	\$ <u>2,124</u>	\$ <u>1,838</u>	\$ <u>1,656</u>	\$ <u>1,792</u>	\$ <u>1,819</u>
Denominator:								
Beginning common shareholders' equity	\$ 18,827	\$ 19,188	\$ 18,807	\$ 18,594	\$ 18,279	\$ 18,758	\$ 19,552	\$ 20,433
Less: Unrealized net capital gains and losses	1,053	1,817	1,624	1,200	620	879	1,419	2,137
Adjusted beginning common shareholders' equity	<u>17,774</u>	<u>17,371</u>	<u>17,183</u>	<u>17,394</u>	<u>17,659</u>	<u>17,879</u>	<u>18,133</u>	<u>18,296</u>
Ending common shareholders' equity	20,805	20,373	19,755	19,412	18,827	19,188	18,807	18,594
Less: Unrealized net capital gains and losses	1,372	1,651	1,526	1,256	1,053	1,817	1,624	1,200
Adjusted ending common shareholders' equity	<u>19,433</u>	<u>18,722</u>	<u>18,229</u>	<u>18,156</u>	<u>17,774</u>	<u>17,371</u>	<u>17,183</u>	<u>17,394</u>
Average adjusted common shareholders' equity ⁽²⁾	\$ <u>18,604</u>	\$ <u>18,047</u>	\$ <u>17,706</u>	\$ <u>17,775</u>	\$ <u>17,717</u>	\$ <u>17,625</u>	\$ <u>17,658</u>	\$ <u>17,845</u>
Adjusted net income return on common shareholders' equity * ⁽³⁾⁽⁴⁾	<u>13.3</u> %	<u>13.9</u> %	<u>13.5</u> %	<u>11.9</u> %	<u>10.4</u> %	<u>9.4</u> %	<u>10.1</u> %	<u>10.2</u> %

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

⁽²⁾ 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.

⁽³⁾ The Tax Legislation adjustment recorded in fourth quarter 2017 increased return on common shareholders' equity by 2.4 points and decreased adjusted net income return on common shareholders' equity by 0.1 points.

⁽⁴⁾ In January 2018, the FASB issued a Proposed Accounting Standards Update titled "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," requiring reclassification of the impact of the newly enacted tax rates on the unrealized balances presented net of tax in accumulated other comprehensive income to retained income. We plan to early adopt the new guidance as of December 31, 2017, when finalized. The impact of the adoption will increase the adjusted net income return on equity calculation by 0.1 points.

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

	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
Debt								
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	6,350	6,349	6,348	6,346	6,347	5,110	5,109	5,108
Total debt	<u>\$ 6,350</u>	<u>\$ 6,349</u>	<u>\$ 6,348</u>	<u>\$ 6,346</u>	<u>\$ 6,347</u>	<u>\$ 5,110</u>	<u>\$ 5,109</u>	<u>\$ 5,108</u>
Capital resources								
Debt	\$ 6,350	\$ 6,349	\$ 6,348	\$ 6,346	\$ 6,347	\$ 5,110	\$ 5,109	\$ 5,108
Shareholders' equity								
Preferred stock and additional capital paid-in	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746
Common stock	9	9	9	9	9	9	9	9
Additional capital paid-in	3,313	3,330	3,269	3,285	3,303	3,237	3,203	3,237
Retained income	43,211	42,125	41,622	41,208	40,678	39,990	39,623	39,505
Deferred ESOP expense	(3)	(6)	(6)	(6)	(6)	(13)	(13)	(13)
Treasury stock	(25,982)	(25,413)	(25,241)	(24,887)	(24,741)	(24,537)	(24,310)	(23,994)
Unrealized net capital gains and losses	1,372	1,651	1,526	1,256	1,053	1,817	1,624	1,200
Unrealized foreign currency translation adjustments	(3)	(14)	(42)	(53)	(50)	(48)	(41)	(46)
Unrecognized pension and other postretirement benefit cost	(1,112)	(1,309)	(1,382)	(1,400)	(1,419)	(1,267)	(1,288)	(1,304)
Total shareholders' equity	<u>22,551</u>	<u>22,119</u>	<u>21,501</u>	<u>21,158</u>	<u>20,573</u>	<u>20,934</u>	<u>20,553</u>	<u>20,340</u>
Total capital resources	<u>\$ 28,901</u>	<u>\$ 28,468</u>	<u>\$ 27,849</u>	<u>\$ 27,504</u>	<u>\$ 26,920</u>	<u>\$ 26,044</u>	<u>\$ 25,662</u>	<u>\$ 25,448</u>
Ratio of debt to shareholders' equity	<u>28.2 %</u>	<u>28.7 %</u>	<u>29.5 %</u>	<u>30.0 %</u>	<u>30.9 %</u>	<u>24.4 %</u>	<u>24.9 %</u>	<u>25.1 %</u>
Ratio of debt to capital resources	<u>22.0 %</u>	<u>22.3 %</u>	<u>22.8 %</u>	<u>23.1 %</u>	<u>23.6 %</u>	<u>19.6 %</u>	<u>19.9 %</u>	<u>20.1 %</u>

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

Three months ended

Twelve months ended

	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES										
Net income	\$ 1,249	\$ 666	\$ 579	\$ 695	\$ 840	\$ 520	\$ 271	\$ 246	\$ 3,189	\$ 1,877
Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation, amortization and other non-cash items	125	120	119	119	97	97	97	91	483	382
Realized capital gains and losses	(127)	(103)	(81)	(134)	(2)	(33)	(24)	149	(445)	90
Gain on disposition of operations	(5)	(1)	(12)	(2)	(1)	(1)	(1)	(2)	(20)	(5)
Interest credited to contractholder funds	168	174	175	173	168	183	185	190	690	726
Goodwill impairment	125	-	-	-	-	-	-	-	125	-
Changes in:										
Policy benefits and other insurance reserves	(974)	1,048	45	183	(347)	401	118	459	302	631
Unearned premiums	(62)	491	282	(248)	(178)	478	267	(205)	463	362
Deferred policy acquisition costs	(38)	(111)	(79)	14	(6)	(87)	(65)	(7)	(214)	(165)
Premium installment receivables, net	136	(216)	(32)	(19)	194	(209)	(38)	11	(131)	(42)
Reinsurance recoverables, net	806	(1,023)	(5)	11	156	(300)	(80)	(40)	(211)	(264)
Income taxes	(364)	161	(326)	284	387	206	(150)	(26)	(245)	417
Other operating assets and liabilities	61	660	(174)	(219)	(57)	129	64	(152)	328	(16)
Net cash provided by operating activities	<u>1,100</u>	<u>1,866</u>	<u>491</u>	<u>857</u>	<u>1,251</u>	<u>1,384</u>	<u>644</u>	<u>714</u>	<u>4,314</u>	<u>3,993</u>
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from sales:										
Fixed income securities	5,833	4,987	7,438	7,083	5,929	6,543	6,373	6,216	25,341	25,061
Equity securities	1,325	1,749	829	2,601	1,477	1,582	823	1,664	6,504	5,546
Limited partnership interests	358	286	271	210	247	271	183	180	1,125	881
Mortgage loans	-	-	-	-	-	-	(7)	7	-	-
Other investments	104	52	94	24	56	62	57	87	274	262
Investment collections:										
Fixed income securities	1,156	975	1,034	1,029	1,103	1,292	1,189	949	4,194	4,533
Mortgage loans	123	172	82	223	98	253	71	79	600	501
Other investments	184	121	163	174	140	113	125	43	642	421
Investment purchases:										
Fixed income securities	(7,210)	(6,721)	(8,414)	(8,800)	(5,708)	(9,335)	(7,546)	(5,401)	(31,145)	(27,990)
Equity securities	(1,289)	(1,823)	(1,090)	(2,383)	(1,837)	(1,441)	(939)	(1,733)	(6,585)	(5,950)
Limited partnership interests	(358)	(504)	(310)	(268)	(322)	(425)	(433)	(270)	(1,440)	(1,450)
Mortgage loans	(335)	(163)	(62)	(86)	(186)	(196)	(220)	(44)	(646)	(646)
Other investments	(299)	(168)	(313)	(219)	(211)	(225)	(196)	(253)	(999)	(885)
Change in short-term investments, net	353	115	570	1,572	(2,540)	763	688	(1,357)	2,610	(2,446)
Change in other investments, net	(2)	(135)	117	(10)	9	(21)	(20)	(19)	(30)	(51)
Purchases of property and equipment, net	(83)	(70)	(72)	(74)	(123)	(70)	(68)	(52)	(299)	(313)
Acquisition of operations	-	-	-	(1,356)	-	-	-	-	(1,356)	-
Net cash (used in) provided by investing activities	<u>(140)</u>	<u>(1,127)</u>	<u>337</u>	<u>(280)</u>	<u>(1,868)</u>	<u>(834)</u>	<u>80</u>	<u>96</u>	<u>(1,210)</u>	<u>(2,526)</u>
CASH FLOWS FROM FINANCING ACTIVITIES										
Proceeds from issuance of long-term debt	-	-	-	-	1,236	-	-	-	-	1,236
Repayments of long-term debt	-	-	-	-	(1)	-	-	(16)	-	(17)
Contractholder fund deposits	258	252	258	257	264	263	261	261	1,025	1,049
Contractholder fund withdrawals	(474)	(459)	(474)	(483)	(550)	(524)	(521)	(492)	(1,890)	(2,087)
Dividends paid on common stock	(134)	(134)	(135)	(122)	(122)	(124)	(125)	(115)	(525)	(486)
Dividends paid on preferred stock	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(116)	(116)
Treasury stock purchases	(647)	(191)	(393)	(264)	(183)	(250)	(448)	(456)	(1,495)	(1,337)
Shares reissued under equity incentive plans, net	3	24	41	67	41	51	42	30	135	164
Excess tax benefits on share-based payment arrangements	-	-	-	-	7	5	8	12	-	32
Other	(10)	6	(56)	3	1	1	3	31	(57)	36
Net cash (used in) provided by financing activities	<u>(1,033)</u>	<u>(531)</u>	<u>(788)</u>	<u>(571)</u>	<u>664</u>	<u>(607)</u>	<u>(809)</u>	<u>(774)</u>	<u>(2,923)</u>	<u>(1,526)</u>
NET (DECREASE) INCREASE IN CASH	(73)	208	40	6	47	(57)	(85)	36	181	(59)
CASH AT BEGINNING OF PERIOD	690	482	442	436	389	446	531	495	436	495
CASH AT END OF PERIOD	<u>\$ 617</u>	<u>\$ 690</u>	<u>\$ 482</u>	<u>\$ 442</u>	<u>\$ 436</u>	<u>\$ 389</u>	<u>\$ 446</u>	<u>\$ 531</u>	<u>\$ 617</u>	<u>\$ 436</u>

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

Change in Deferred Policy Acquisition Costs
For the three months ended December 31, 2017

	Beginning balance Sept. 30, 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 Dec. 31, 2017
Allstate Protection	\$ 1,511	\$ 1,090	\$ (1,091)	\$ -	\$ -	\$ -	\$ 1,510
Service Businesses	921	112	(79)	-	-	-	954
Allstate Life							
Traditional life and accident and health	458	17	(10)	-	-	-	465
Interest-sensitive life	684	17	(18)	(2)	-	6	687
Subtotal	<u>1,142</u>	<u>34</u>	<u>(28)</u>	<u>(2)</u>	<u>-</u>	<u>6</u>	<u>1,152</u>
Allstate Benefits							
Traditional life and accident and health	399	35	(31)	-	-	-	403
Interest-sensitive life	139	6	(6)	-	-	-	139
Subtotal	<u>538</u>	<u>41</u>	<u>(37)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>542</u>
Allstate Annuities							
Fixed annuity	35	-	(2)	-	-	-	33
Consolidated	<u>\$ 4,147</u>	<u>\$ 1,277</u>	<u>\$ (1,237)</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 4,191</u>

Change in Deferred Policy Acquisition Costs
For the three months ended December 31, 2016

	Beginning balance Sept. 30, 2016	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 Dec. 31, 2016
Allstate Protection	\$ 1,453	\$ 1,008	\$ (1,029)	\$ -	\$ -	\$ -	\$ 1,432
Service Businesses	733	80	(57)	-	-	-	756
Allstate Life							
Traditional life and accident and health	432	16	(10)	-	-	-	438
Interest-sensitive life	707	18	(22)	(1)	-	60	762
Subtotal	<u>1,139</u>	<u>34</u>	<u>(32)</u>	<u>(1)</u>	<u>-</u>	<u>60</u>	<u>1,200</u>
Allstate Benefits							
Traditional life and accident and health	378	35	(31)	-	-	-	382
Interest-sensitive life	141	6	(5)	-	-	2	144
Subtotal	<u>519</u>	<u>41</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>526</u>
Allstate Annuities							
Fixed annuity	42	-	(2)	-	-	-	40
Consolidated	<u>\$ 3,886</u>	<u>\$ 1,163</u>	<u>\$ (1,156)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ 3,954</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 Consolidated Statements of Operations.

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

Change in Deferred Policy Acquisition Costs
For the twelve months ended December 31, 2017

Reconciliation of Deferred Policy
Acquisition Costs as of December 31, 2017

	Beginning balance Dec. 31, 2016	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 Dec. 31, 2017	DAC before impact of unrealized capital gains and losses	Impact of unrealized capital gains and losses	DAC after impact of unrealized capital gains and losses
Allstate Protection	\$ 1,432	\$ 4,283	\$ (4,205)	\$ -	\$ -	\$ -	\$ 1,510	\$ 1,510	\$ -	\$ 1,510
Service Businesses	756	494 ⁽³⁾	(296)	-	-	-	954	954	-	954
Allstate Life										
Traditional life and accident and health	438	66	(39)	-	-	-	465	465	-	465
Interest-sensitive life	762	66	(95)	(14)	14	(46)	687	872	(185)	687
Subtotal	1,200	132	(134)	(14)	14	(46)	1,152	1,337	(185)	1,152
Allstate Benefits										
Traditional life and accident and health	382	138	(117)	-	-	-	403	403	-	403
Interest-sensitive life	144	20	(24)	-	(1)	-	139	140	(1)	139
Subtotal	526	158	(141)	-	(1)	-	542	543	(1)	542
Allstate Annuities										
Fixed annuity	40	-	(7)	-	-	-	33	33	-	33
Consolidated	\$ 3,954	\$ 5,067	\$ (4,783)	\$ (14)	\$ 13	\$ (46)	\$ 4,191	\$ 4,377	\$ (186)	\$ 4,191

Change in Deferred Policy Acquisition Costs
For the twelve months ended December 31, 2016

Reconciliation of Deferred Policy
Acquisition Costs as of December 31, 2016

	Beginning balance Dec. 31, 2015	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 Dec. 31, 2016	DAC before impact of unrealized capital gains and losses	Impact of unrealized capital gains and losses	DAC after impact of unrealized capital gains and losses
Allstate Protection	\$ 1,410	\$ 4,075	\$ (4,053)	\$ -	\$ -	\$ -	\$ 1,432	\$ 1,432	\$ -	\$ 1,432
Service Businesses	619	351	(214)	-	-	-	756	756	-	756
Allstate Life										
Traditional life and accident and health	424	57	(43)	-	-	-	438	438	-	438
Interest-sensitive life	847	77	(88)	(6)	6	(74)	762	900	(138)	762
Subtotal	1,271	134	(131)	(6)	6	(74)	1,200	1,338	(138)	1,200
Allstate Benefits										
Traditional life and accident and health	368	133	(119)	-	-	-	382	382	-	382
Interest-sensitive life	146	24	(22)	-	(4)	-	144	145	(1)	144
Subtotal	514	157	(141)	-	(4)	-	526	527	(1)	526
Allstate Annuities										
Fixed annuity	47	-	(7)	-	-	-	40	40	-	40
Consolidated	\$ 3,861	\$ 4,717	\$ (4,546)	\$ (6)	\$ 2	\$ (74)	\$ 3,954	\$ 4,093	\$ (139)	\$ 3,954

(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 Consolidated Statements of Operations.

(3) Includes \$66 million recorded in connection with the SquareTrade acquisition on January 3, 2017.

THE ALLSTATE CORPORATION
HISTORICAL CONSOLIDATED OPERATING
AND FINANCIAL POSITION DATA
(\$ in millions except per share data)

	As of or for the Year Ended December 31,				
	2017	2016	2015	2014	2013
Consolidated statement of operations data:					
Insurance premiums and contract charges	\$ 34,678	\$ 33,582	\$ 32,467	\$ 31,086	\$ 29,970
Net investment income	3,401	3,042	3,156	3,459	3,943
Realized capital gains and losses	445	(90)	30	694	594
Total revenues	<u>\$ 38,524</u>	<u>\$ 36,534</u>	<u>\$ 35,653</u>	<u>\$ 35,239</u>	<u>\$ 34,507</u>
Net income applicable to common shareholders	\$ 3,073	\$ 1,761	\$ 2,055	\$ 2,746	\$ 2,263
Realized capital gains and losses, after-tax	(298)	56	(19)	(451)	(385)
Valuation changes on embedded derivatives not hedged, after-tax	-	2	1	15	16
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	10	4	3	3	5
DAC and DSI unlocking relating to realized capital gains and losses, after-tax	-	-	-	-	(7)
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(3)	(3)	(2)	(7)	7
Amortization of purchased intangible assets, after-tax	79	21	32	45	55
(Gain) loss on disposition of operations, after-tax	(13)	(3)	(2)	16	515
Loss on extinguishment of debt, after-tax	-	-	-	-	319
Postretirement benefits curtailment gain, after-tax	-	-	-	-	(118)
Change in accounting for investments in qualified affordable housing projects	-	-	45	-	-
Goodwill impairment	125	-	-	-	-
Tax Legislation benefit	(506)	-	-	-	-
Adjusted net income *	<u>\$ 2,467</u>	<u>\$ 1,838</u>	<u>\$ 2,113</u>	<u>\$ 2,367</u>	<u>\$ 2,670</u>
Income per common share - Diluted					
Net income applicable to common shareholders	\$ 8.36	\$ 4.67	\$ 5.05	\$ 6.27	\$ 4.81
Realized capital gains and losses, after-tax	(0.81)	0.15	(0.05)	(1.03)	(0.82)
Valuation changes on embedded derivatives not hedged, after-tax	-	-	-	0.03	0.03
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	0.03	0.01	-	0.01	0.01
DAC and DSI unlocking relating to realized capital gains and losses, after-tax	-	-	-	-	(0.01)
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(0.01)	(0.01)	-	(0.02)	0.01
Amortization of purchased intangible assets, after-tax	0.22	0.06	0.08	0.10	0.12
(Gain) loss on disposition of operations, after-tax	(0.04)	(0.01)	-	0.04	1.10
Loss on extinguishment of debt, after-tax	-	-	-	-	0.68
Postretirement benefits curtailment gain, after-tax	-	-	-	-	(0.25)
Change in accounting for investments in qualified affordable housing projects	-	-	0.11	-	-
Goodwill impairment	0.34	-	-	-	-
Tax Legislation benefit	(1.38)	-	-	-	-
Adjusted net income *	<u>\$ 6.71</u>	<u>\$ 4.87</u>	<u>\$ 5.19</u>	<u>\$ 5.40</u>	<u>\$ 5.68</u>
Net income applicable to common shareholders per share - Basic	<u>\$ 8.49</u>	<u>\$ 4.72</u>	<u>\$ 5.12</u>	<u>\$ 6.37</u>	<u>\$ 4.87</u>
Consolidated statement of financial position data:					
Investments	\$ 82,803	\$ 81,799	\$ 77,758	\$ 81,113	\$ 81,155
Total assets	112,422	108,610	104,656	108,479	123,460
Reserves for claims and claims expense, life-contingent contract benefits and contractholder funds	58,308	57,749	57,411	57,832	58,547
Debt	6,350	6,347	5,124	5,140	6,141
Shareholders' equity	22,551	20,573	20,025	22,304	21,480
Book value per share	57.58	50.77	47.34	48.24	45.31
Operating ratio:					
Annual statutory premiums written to surplus ratio (U.S. property-liability operations)	1.7x	1.9x	1.9x	1.8x	1.6x
Other operating data:					
Total employees ⁽¹⁾	42,900	43,500	41,600	40,200	39,400
Total Allstate agencies ⁽¹⁾⁽²⁾	12,400	12,200	12,300	11,900	11,600

(1) Rounded to the nearest hundred.

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

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

Policies in Force statistics (in thousands)	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
Allstate Protection ⁽¹⁾								
Allstate brand								
Auto	19,580	19,513	19,548	19,565	19,742	19,852	20,061	20,145
Homeowners	6,088	6,071	6,075	6,090	6,120	6,131	6,158	6,176
Landlord	694	697	703	710	716	720	726	732
Renter	1,588	1,578	1,564	1,563	1,568	1,557	1,554	1,556
Condominium	663	662	662	663	666	665	667	667
Other	1,278	1,275	1,270	1,264	1,264	1,260	1,256	1,253
Other personal lines	4,223	4,212	4,199	4,200	4,214	4,202	4,203	4,208
Commercial lines	245	251	262	272	285	296	308	318
Total	30,136	30,047	30,084	30,127	30,361	30,481	30,730	30,847
Esurance brand								
Auto	1,352	1,369	1,388	1,400	1,391	1,395	1,409	1,428
Homeowners	79	76	69	63	58	52	44	37
Other personal lines	44	45	47	48	47	47	47	46
Total	1,475	1,490	1,504	1,511	1,496	1,494	1,500	1,511
Encompass brand								
Auto	530	548	571	595	622	649	676	701
Homeowners	254	262	273	284	295	305	318	329
Other personal lines	85	88	91	94	98	101	105	108
Total	869	898	935	973	1,015	1,055	1,099	1,138
Allstate Protection Policies in Forces	32,480	32,435	32,523	32,611	32,872	33,030	33,329	33,496
Service Businesses ⁽¹⁾								
SquareTrade ⁽²⁾	38,719	34,078	31,258	29,907	-	-	-	-
Allstate Roadside Services	699	708	724	743	768	797	824	856
Allstate Dealer Services	4,088	4,130	4,139	4,150	4,142	4,125	4,059	3,987
Total	43,506	38,916	36,121	34,800	4,910	4,922	4,883	4,843
Allstate Life ⁽¹⁾	2,026	2,019	2,020	2,017	2,023	2,019	2,022	2,021
Allstate Benefits ⁽¹⁾	4,033	4,035	4,064	3,992	3,755	3,733	3,752	3,726
Allstate Annuities ⁽¹⁾	231	236	240	246	251	256	261	267
Total Policies in Force	<u>82,276</u>	<u>77,641</u>	<u>74,968</u>	<u>73,666</u>	<u>43,811</u>	<u>43,960</u>	<u>44,247</u>	<u>44,353</u>
Agency Data ⁽³⁾								
Total Allstate agencies ⁽⁴⁾	12,400	12,200	12,200	12,200	12,200	12,200	12,200	12,100
Licensed sales professionals ⁽⁵⁾	24,800	23,900	24,000	23,600	23,800	23,600	23,800	24,000
Allstate independent agencies ⁽⁶⁾	2,400	2,400	2,300	2,200	2,200	2,200	2,000	2,100

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

- A multi-car customer would generate multiple item (policy) counts, even if all cars were insured under one policy.
- Non-proprietary products offered by Ivantage (insurance agency) and Answer Financial (independent insurance agency) are not included.
- Allstate Roadside Services 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.
- 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⁾ SquareTrade had PIF of 28.5 million, 25.8 million, 24.4 million and 23.0 million at December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, respectively. These numbers are prior to the acquisition of SquareTrade on January 3, 2017, so they are not reflected in the periods above.

⁽³⁾ Rounded to the nearest hundred.

⁽⁴⁾ Total Allstate agencies represents exclusive Allstate agencies and financial representatives in the United States and employee producers in Canada.

⁽⁵⁾ Employees of Allstate agencies who are licensed to sell Allstate products.

⁽⁶⁾ Includes 703 and 488 engaged Allstate independent agencies ("AIAs") as of December 31, 2017 and December 31, 2016, respectively. Engaged AIAs, as currently determined, include those that achieve a minimum number of new policies written.

THE ALLSTATE CORPORATION
PREMIUMS WRITTEN FOR ALLSTATE PROTECTION AND SERVICE BUSINESSES
(\$ in millions)

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Allstate Protection										
Allstate brand ⁽¹⁾										
Auto	\$ 4,956	\$ 5,096	\$ 4,925	\$ 4,882	\$ 4,756	\$ 4,940	\$ 4,767	\$ 4,746	\$ 19,859	\$ 19,209
Homeowners	1,694	1,921	1,847	1,403	1,638	1,869	1,831	1,392	6,865	6,730
Landlord	132	138	130	120	133	141	133	122	520	529
Renter	68	86	75	67	68	84	75	67	296	294
Condominium	65	71	68	55	63	70	67	53	259	253
Other	145	159	168	126	129	152	153	111	598	545
Other personal lines	410	454	441	368	393	447	428	353	1,673	1,621
Commercial lines	125	116	124	123	115	123	135	126	488	499
Total	<u>7,185</u>	<u>7,587</u>	<u>7,337</u>	<u>6,776</u>	<u>6,902</u>	<u>7,379</u>	<u>7,161</u>	<u>6,617</u>	<u>28,885</u>	<u>28,059</u>
Esurance brand										
Auto	389	427	386	439	382	428	376	439	1,641	1,625
Homeowners	19	24	20	16	15	16	14	11	79	56
Other personal lines	2	2	2	2	2	2	2	2	8	8
Total	<u>410</u>	<u>453</u>	<u>408</u>	<u>457</u>	<u>399</u>	<u>446</u>	<u>392</u>	<u>452</u>	<u>1,728</u>	<u>1,689</u>
Encompass brand										
Auto	128	141	148	125	138	153	162	138	542	591
Homeowners	95	108	112	91	103	121	126	104	406	454
Other personal lines	20	22	25	20	22	25	27	21	87	95
Total	<u>243</u>	<u>271</u>	<u>285</u>	<u>236</u>	<u>263</u>	<u>299</u>	<u>315</u>	<u>263</u>	<u>1,035</u>	<u>1,140</u>
Total Allstate Protection										
Auto	5,473	5,664	5,459	5,446	5,276	5,521	5,305	5,323	\$ 22,042	\$ 21,425
Homeowners	1,808	2,053	1,979	1,510	1,756	2,006	1,971	1,507	7,350	7,240
Other personal lines	432	478	468	390	417	474	457	376	1,768	1,724
Commercial lines	125	116	124	123	115	123	135	126	488	499
Total	<u>7,838</u>	<u>8,311</u>	<u>8,030</u>	<u>7,469</u>	<u>7,564</u>	<u>8,124</u>	<u>7,868</u>	<u>7,332</u>	<u>31,648</u>	<u>30,888</u>
Discontinued Lines and Coverages ⁽²⁾	-	-	-	-	1	2	-	-	-	3
Total Property-Liability	<u>\$ 7,838</u>	<u>\$ 8,311</u>	<u>\$ 8,030</u>	<u>\$ 7,469</u>	<u>\$ 7,565</u>	<u>\$ 8,126</u>	<u>\$ 7,868</u>	<u>\$ 7,332</u>	<u>\$ 31,648</u>	<u>\$ 30,891</u>
Service Businesses ⁽³⁾										
SquareTrade	\$ 156	\$ 104	\$ 85	\$ 81	\$ -	\$ -	\$ -	\$ -	\$ 426	\$ -
Allstate Roadside Services	60	68	66	69	67	79	77	77	263	300
Allstate Dealer Services	93	100	108	104	91	106	106	106	405	409
Total	<u>\$ 309</u>	<u>\$ 272</u>	<u>\$ 259</u>	<u>\$ 254</u>	<u>\$ 158</u>	<u>\$ 185</u>	<u>\$ 183</u>	<u>\$ 183</u>	<u>\$ 1,094</u>	<u>\$ 709</u>
Total premiums written	<u>\$ 8,147</u>	<u>\$ 8,583</u>	<u>\$ 8,289</u>	<u>\$ 7,723</u>	<u>\$ 7,723</u>	<u>\$ 8,311</u>	<u>\$ 8,051</u>	<u>\$ 7,515</u>	<u>\$ 32,742</u>	<u>\$ 31,600</u>
Non-Proprietary Premiums										
Ivantage ⁽⁴⁾	\$ 1,643	\$ 1,609	\$ 1,584	\$ 1,566	\$ 1,544	\$ 1,531	\$ 1,528	\$ 1,504	\$ 1,643	\$ 1,544
Answer Financial ⁽⁵⁾	137	153	148	153	140	158	150	151	591	599
⁽¹⁾ Canada premiums included in Allstate brand										
Auto	\$ 196	\$ 236	\$ 228	\$ 171	\$ 182	\$ 220	\$ 234	\$ 164	\$ 831	\$ 800
Homeowners	59	69	65	44	52	64	64	41	237	221
Other personal lines	15	19	16	12	13	16	16	10	62	55
Total	<u>\$ 270</u>	<u>\$ 324</u>	<u>\$ 309</u>	<u>\$ 227</u>	<u>\$ 247</u>	<u>\$ 300</u>	<u>\$ 314</u>	<u>\$ 215</u>	<u>\$ 1,130</u>	<u>\$ 1,076</u>

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

⁽³⁾ There are no premiums written for Arity, which is part of the Service Businesses segment.

⁽⁴⁾ Represents non-proprietary premiums under management as of the end of the period related to personal and commercial line products offered by Ivantage when an Allstate product is not available. Fees for the three and twelve months ended December 31, 2017 were \$40.4 million and \$166.6 million, respectively.

⁽⁵⁾ Represents non-proprietary premiums written for the period. Commissions earned for the three and twelve months ended December 31, 2017 were \$17.3 million and \$71.1 million, respectively.

THE ALLSTATE CORPORATION
CATASTROPHE LOSSES
(\$ in millions)

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Allstate Protection										
Allstate brand										
Auto	\$ 33	\$ 366	\$ 208	\$ 65	\$ 59	\$ 150	\$ 195	\$ 137	\$ 672	\$ 541
Homeowners	480	383	650	575	183	259	644	574	2,088	1,660
Other personal lines	20	65	57	59	39	24	62	63	201	188
Commercial lines	2	13	2	7	7	7	12	9	24	35
Total	<u>535</u>	<u>827</u>	<u>917</u>	<u>706</u>	<u>288</u>	<u>440</u>	<u>913</u>	<u>783</u>	<u>2,985</u>	<u>2,424</u>
Esurance brand										
Auto	-	15	15	4	4	9	9	2	34	24
Homeowners	1	2	9	4	1	5	5	1	16	12
Other personal lines	-	-	-	-	-	-	-	-	-	-
Total	<u>1</u>	<u>17</u>	<u>24</u>	<u>8</u>	<u>5</u>	<u>14</u>	<u>14</u>	<u>3</u>	<u>50</u>	<u>36</u>
Encompass brand										
Auto	-	1	7	4	-	5	3	2	12	10
Homeowners	59	11	42	61	9	21	29	38	173	97
Other personal lines	3	-	3	2	-	1	2	1	8	4
Total	<u>62</u>	<u>12</u>	<u>52</u>	<u>67</u>	<u>9</u>	<u>27</u>	<u>34</u>	<u>41</u>	<u>193</u>	<u>111</u>
Total Allstate Protection										
Auto	33	382	230	73	63	164	207	141	718	575
Homeowners	540	396	701	640	193	285	678	613	2,277	1,769
Other personal lines	23	65	60	61	39	25	64	64	209	192
Commercial lines	2	13	2	7	7	7	12	9	24	35
Total	<u>598</u>	<u>856</u>	<u>993</u>	<u>781</u>	<u>302</u>	<u>481</u>	<u>961</u>	<u>827</u>	<u>3,228</u>	<u>2,571</u>
Discontinued Lines and Coverages	-	-	-	-	-	-	-	-	-	-
Total Property-Liability	<u>\$ 598</u>	<u>\$ 856</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 302</u>	<u>\$ 481</u>	<u>\$ 961</u>	<u>\$ 827</u>	<u>\$ 3,228</u>	<u>\$ 2,571</u>
Service Businesses ⁽¹⁾	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 1</u>
Total catastrophe losses	<u>\$ 599</u>	<u>\$ 861</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 303</u>	<u>\$ 481</u>	<u>\$ 961</u>	<u>\$ 827</u>	<u>\$ 3,234</u>	<u>\$ 2,572</u>

⁽¹⁾ Catastrophe losses relate to Allstate Dealer Services.

THE ALLSTATE CORPORATION
PRIOR YEAR RESERVE REESTIMATES
(\$ in millions)

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Prior Year Reserve Reestimates ⁽¹⁾										
Allstate Protection										
Auto	\$ (154)	\$ (189)	\$ (61)	\$ (86)	\$ (114)	\$ (10)	\$ (36)	\$ 5	\$ (490)	\$ (155)
Homeowners	(45)	(42)	(20)	(24)	(32)	(4)	19	(7)	(131)	(24)
Other personal lines	1	-	(9)	9	(1)	(2)	(11)	5	1	(9)
Commercial lines	12	7	(2)	2	6	13	23	20	19	62
Total	<u>(186)</u>	<u>(224)</u>	<u>(92)</u>	<u>(99)</u>	<u>(141)</u>	<u>(3)</u>	<u>(5)</u>	<u>23</u>	<u>(601)</u>	<u>(126)</u>
Discontinued Lines and Coverages	<u>3</u>	<u>88</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>99</u>	<u>2</u>	<u>1</u>	<u>96</u>	<u>105</u>
Total Property-Liability	<u>\$ (183)</u>	<u>\$ (136)</u>	<u>\$ (89)</u>	<u>\$ (97)</u>	<u>\$ (138)</u>	<u>\$ 96</u>	<u>\$ (3)</u>	<u>\$ 24</u>	<u>\$ (505)</u>	<u>\$ (21)</u>
Service Businesses	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 4</u>
Total prior year reserve reestimates	<u>\$ (182)</u>	<u>\$ (135)</u>	<u>\$ (89)</u>	<u>\$ (97)</u>	<u>\$ (137)</u>	<u>\$ 99</u>	<u>\$ (3)</u>	<u>\$ 24</u>	<u>\$ (503)</u>	<u>\$ (17)</u>
Allstate Protection by Brand										
Allstate brand	\$ (176)	\$ (221)	\$ (83)	\$ (105)	\$ (121)	\$ -	\$ (2)	\$ 13	\$ (585)	\$ (110)
Esurance brand	-	(1)	(1)	-	(9)	(4)	(4)	(4)	(2)	(21)
Encompass brand	(10)	(2)	(8)	6	(11)	1	1	14	(14)	5
Total	<u>\$ (186)</u>	<u>\$ (224)</u>	<u>\$ (92)</u>	<u>\$ (99)</u>	<u>\$ (141)</u>	<u>\$ (3)</u>	<u>\$ (5)</u>	<u>\$ 23</u>	<u>\$ (601)</u>	<u>\$ (126)</u>
Catastrophe Losses included in Prior Year Reserve Reestimates										
Allstate Protection										
Allstate brand	\$ (7)	\$ (7)	\$ (4)	\$ 2	\$ (7)	\$ 2	\$ 15	\$ (4)	\$ (16)	\$ 6
Esurance brand	-	-	(1)	-	-	-	-	-	(1)	-
Encompass brand	(1)	-	(2)	2	-	1	(2)	1	(1)	-
Total	<u>\$ (8)</u>	<u>\$ (7)</u>	<u>\$ (7)</u>	<u>\$ 4</u>	<u>\$ (7)</u>	<u>\$ 3</u>	<u>\$ 13</u>	<u>\$ (3)</u>	<u>\$ (18)</u>	<u>\$ 6</u>
Effect of Prior Year Reserve Reestimates on Combined Ratio ⁽¹⁾⁽²⁾										
Allstate Protection										
Auto	(1.9)	(2.4)	(0.8)	(1.0)	(1.4)	(0.1)	(0.5)	-	(1.5)	(0.5)
Homeowners	(0.5)	(0.5)	(0.3)	(0.3)	(0.4)	(0.1)	0.3	(0.1)	(0.4)	(0.1)
Other personal lines	-	-	(0.1)	0.1	-	-	(0.1)	-	-	-
Commercial lines	0.1	0.1	-	-	0.1	0.2	0.3	0.3	-	0.2
Total	<u>(2.3)</u>	<u>(2.8)</u>	<u>(1.2)</u>	<u>(1.2)</u>	<u>(1.7)</u>	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>(1.9)</u>	<u>(0.4)</u>
Discontinued Lines and Coverages	<u>0.1</u>	<u>1.1</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>1.3</u>	<u>-</u>	<u>0.1</u>	<u>0.3</u>	<u>0.3</u>
Total Property-Liability	<u>(2.2)</u>	<u>(1.7)</u>	<u>(1.1)</u>	<u>(1.2)</u>	<u>(1.7)</u>	<u>1.3</u>	<u>-</u>	<u>0.3</u>	<u>(1.6)</u>	<u>(0.1)</u>
Service Businesses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total prior year reserve reestimates	<u>(2.2)</u>	<u>(1.7)</u>	<u>(1.1)</u>	<u>(1.2)</u>	<u>(1.7)</u>	<u>1.3</u>	<u>-</u>	<u>0.3</u>	<u>(1.6)</u>	<u>(0.1)</u>
Allstate Protection by brand										
Allstate brand	(2.2)	(2.8)	(1.1)	(1.3)	(1.5)	-	-	0.1	(1.8)	(0.3)
Esurance brand	-	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Encompass brand	(0.1)	-	(0.1)	0.1	(0.1)	-	-	0.2	(0.1)	-
Total	<u>(2.3)</u>	<u>(2.8)</u>	<u>(1.2)</u>	<u>(1.2)</u>	<u>(1.7)</u>	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>(1.9)</u>	<u>(0.4)</u>

⁽¹⁾ Favorable reserve reestimates are shown in parentheses.

⁽²⁾ Calculated using the total premiums earned for Allstate Protection, Discontinued Lines and Coverages and Service Businesses for the respective period.

THE ALLSTATE CORPORATION
HISTORICAL PRIOR YEAR RESERVE REESTIMATES
(\$ in millions)

	Twelve months ended December 31,		
	2017	2016	2015
Prior Year Reserve Reestimates ⁽¹⁾			
Allstate brand	\$ (585)	\$ (110)	\$ 36
Esurance brand	(2)	(21)	(17)
Encompass brand	<u>(14)</u>	<u>5</u>	<u>7</u>
Allstate Protection	(601)	(126)	26
Discontinued Lines and Coverages	<u>96</u>	<u>105</u>	<u>53</u>
Total Property-Liability	<u>\$ (505)</u>	<u>\$ (21)</u>	<u>\$ 79</u>
Service Businesses	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 2</u>
Total prior year reserve reestimates	<u>\$ (503)</u>	<u>\$ (17)</u>	<u>\$ 81</u>
Effect of Prior Year Reserve Reestimates on Combined Ratio ⁽¹⁾⁽²⁾			
Allstate brand	(1.8)	(0.3)	0.1
Esurance brand	-	(0.1)	-
Encompass brand	<u>(0.1)</u>	<u>-</u>	<u>-</u>
Allstate Protection	<u>(1.9)</u>	<u>(0.4)</u>	<u>0.1</u>
Discontinued Lines and Coverages	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>
Total Property-Liability	<u>(1.6)</u>	<u>(0.1)</u>	<u>0.3</u>
Service Businesses	<u>-</u>	<u>-</u>	<u>-</u>
Total prior year reserve reestimates	<u>(1.6)</u>	<u>(0.1)</u>	<u>0.3</u>

⁽¹⁾ Favorable reserve reestimates are shown in parentheses.

⁽²⁾ Calculated using the total premiums earned for Allstate Protection, Discontinued Lines and Coverages and Service Businesses for the respective period.

THE ALLSTATE CORPORATION
HISTORICAL LOSS RESERVES
(\$ in millions)

	As of and for the twelve months ended December 31,				
(net of reinsurance)	2017	2016	2015	2014	2013
Net reserve for claims and claims expense, beginning of year	\$ 19,066	\$ 17,977	\$ 17,229	\$ 17,193	\$ 17,278
Acquisitions	17	-	-	-	-
Claims and claims expense					
Provision attributable to the current year	22,432	22,238	20,953	19,512	18,032
Change in provision attributable to prior years ⁽¹⁾	(503)	(17)	81	(84)	(121)
Total claims and claims expense	<u>21,929</u>	<u>22,221</u>	<u>21,034</u>	<u>19,428</u>	<u>17,911</u>
Payments					
Claims and claims expense attributable to current year	(14,194)	(14,222)	(13,660)	(12,924)	(11,658)
Claims and claims expense attributable to prior years	(6,964)	(6,910)	(6,626)	(6,468)	(6,338)
Total payments	<u>(21,158)</u>	<u>(21,132)</u>	<u>(20,286)</u>	<u>(19,392)</u>	<u>(17,996)</u>
Net reserve for claims and claims expense, end of year ⁽²⁾	<u>\$ 19,854</u>	<u>\$ 19,066</u>	<u>\$ 17,977</u>	<u>\$ 17,229</u>	<u>\$ 17,193</u>
Percent change in loss reserves	4.1 %	6.1 %	4.3 %	0.2 %	(0.5) %
⁽¹⁾ Reserve reestimates due to:					
Asbestos and environmental claims	\$ 71	\$ 90	\$ 40	\$ 102	\$ 104
All other property and casualty claims	(574)	(107)	41	(186)	(225)
Change in pre-tax reserve	<u>\$ (503)</u>	<u>\$ (17)</u>	<u>\$ 81</u>	<u>\$ (84)</u>	<u>\$ (121)</u>

⁽²⁾ Net reserves for claims and claims expense are net of expected reinsurance recoveries of \$6.47 billion, \$6.18 billion, \$5.89 billion, \$5.69 billion and \$4.66 billion at December 31, 2017, 2016, 2015, 2014, and 2013, respectively.

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

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Premiums written	\$ 7,838	\$ 8,311	\$ 8,030	\$ 7,469	\$ 7,565	\$ 8,126	\$ 7,868	\$ 7,332	\$ 31,648	\$ 30,891
Decrease (increase) in unearned premiums	139	(456)	(239)	298	214	(416)	(204)	225	(258)	(181)
Other	(6)	41	16	(8)	(23)	9	8	23	43	17
Premiums earned	7,971	7,896	7,807	7,759	7,756	7,719	7,672	7,580	31,433	30,727
Claims and claims expense	(5,190)	(5,441)	(5,607)	(5,328)	(5,024)	(5,484)	(5,837)	(5,623)	(21,566)	(21,968)
Amortization of deferred policy acquisition costs	(1,091)	(1,060)	(1,032)	(1,022)	(1,029)	(1,013)	(1,005)	(1,006)	(4,205)	(4,053)
Operating costs and expenses	(957)	(899)	(852)	(851)	(893)	(858)	(883)	(823)	(3,559)	(3,457)
Restructuring and related charges	(18)	(12)	(51)	(10)	(9)	(5)	(10)	(5)	(91)	(29)
Underwriting income (loss)	715	484	265	548	801	359	(63)	123	2,012	1,220
Net investment income	415	368	387	308	334	307	313	299	1,478	1,253
Income tax expense on operations	(373)	(271)	(207)	(268)	(385)	(218)	(70)	(139)	(1,119)	(812)
Realized capital gains and losses, after-tax	73	54	56	89	10	36	18	(64)	272	-
Gain on disposition of operations, after-tax	2	1	6	-	-	-	-	-	9	-
Tax Legislation expense	(65)	-	-	-	-	-	-	-	(65)	-
Net income applicable to common shareholders	\$ 767	\$ 636	\$ 507	\$ 677	\$ 760	\$ 484	\$ 198	\$ 219	\$ 2,587	\$ 1,661
Catastrophe losses	\$ 598	\$ 856	\$ 993	\$ 781	\$ 302	\$ 481	\$ 961	\$ 827	\$ 3,228	\$ 2,571
Amortization of purchased intangible assets	\$ 2	\$ 2	\$ 1	\$ 2	\$ 5	\$ 9	\$ 9	\$ 9	\$ 7	\$ 32
Operating ratios										
Claims and claims expense ("loss") ratio	65.1	68.9	71.8	68.6	64.8	71.0	76.1	74.2	68.6	71.5
Expense ratio	25.9	25.0	24.8	24.3	24.9	24.3	24.7	24.2	25.0	24.5
Combined ratio	91.0	93.9	96.6	92.9	89.7	95.3	100.8	98.4	93.6	96.0
Loss ratio	65.1	68.9	71.8	68.6	64.8	71.0	76.1	74.2	68.6	71.5
Less: effect of catastrophe losses	7.5	10.9	12.7	10.1	3.9	6.2	12.5	10.9	10.3	8.4
effect of prior year non-catastrophe reserve reestimates	(2.2)	(1.6)	(1.0)	(1.3)	(1.7)	1.2	(0.2)	0.4	(1.6)	(0.1)
Underlying loss ratio *	59.8	59.6	60.1	59.8	62.6	63.6	63.8	62.9	59.9	63.2
Expense ratio	25.9	25.0	24.8	24.3	24.9	24.3	24.7	24.2	25.0	24.5
Less: effect of amortization of purchased intangible assets	-	-	-	-	0.1	0.1	0.1	0.1	-	0.1
Expense ratio, excluding the effect of amortization of purchased intangible assets	25.9	25.0	24.8	24.3	24.8	24.2	24.6	24.1	25.0	24.4
Reconciliation of combined ratio to underlying combined ratio										
Combined ratio	91.0	93.9	96.6	92.9	89.7	95.3	100.8	98.4	93.6	96.0
Effect of catastrophe losses	(7.5)	(10.9)	(12.7)	(10.1)	(3.9)	(6.2)	(12.5)	(10.9)	(10.3)	(8.4)
Effect of prior year non-catastrophe reserve reestimates	2.2	1.6	1.0	1.3	1.7	(1.2)	0.2	(0.4)	1.6	0.1
Effect of amortization of purchased intangible assets	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)	-	(0.1)
Underlying combined ratio *	85.7	84.6	84.9	84.1	87.4	87.8	88.4	87.0	84.9	87.6
Effect of restructuring and related charges on combined ratio	0.2	0.2	0.7	0.1	0.1	0.1	0.1	0.1	0.3	0.1
Effect of Discontinued Lines and Coverages on combined ratio	-	1.1	0.1	-	0.1	1.3	-	-	0.3	0.3

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

	Twelve months ended December 31,		
	2017	2016	2015
Premiums written	\$ 31,648	\$ 30,891	\$ 30,115
Increase in unearned premium	(258)	(181)	(253)
Other	43	17	(114)
Premiums earned	31,433	30,727	29,748
Claims and claims expense	(21,566)	(21,968)	(20,771)
Amortization of deferred policy acquisition costs	(4,205)	(4,053)	(3,933)
Operating costs and expenses	(3,559)	(3,457)	(3,439)
Restructuring and related charges	(91)	(29)	(39)
Underwriting income	<u>2,012</u>	<u>1,220</u>	<u>1,566</u>
Net investment income	1,478	1,253	1,226
Income tax expense on operations	(1,119)	(812)	(922)
Realized capital gains and losses, after-tax	272	-	(154)
Gain on disposition of operations, after-tax	9	-	-
Change in accounting for investments in qualified affordable housing projects	-	-	(28)
Tax Legislation expense	(65)	-	-
Net income applicable to common shareholders	<u>\$ 2,587</u>	<u>\$ 1,661</u>	<u>\$ 1,688</u>
Catastrophe losses	<u>\$ 3,228</u>	<u>\$ 2,571</u>	<u>\$ 1,719</u>
Amortization of purchased intangible assets	<u>\$ 7</u>	<u>\$ 32</u>	<u>\$ 50</u>
Operating ratios			
Loss ratio	68.6	71.5	69.8
Expense ratio	25.0	24.5	24.9
Combined ratio	<u>93.6</u>	<u>96.0</u>	<u>94.7</u>
Loss ratio	68.6	71.5	69.8
Less: effect of catastrophe losses	10.3	8.4	5.8
effect of prior year non-catastrophe reserve reestimates	(1.6)	(0.1)	0.3
Underlying loss ratio *	<u>59.9</u>	<u>63.2</u>	<u>63.7</u>
Expense ratio	25.0	24.5	24.9
Less: effect of amortization of purchased intangible assets	-	0.1	0.1
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>25.0</u>	<u>24.4</u>	<u>24.8</u>
Reconciliation of combined ratio to underlying combined ratio			
Combined ratio	93.6	96.0	94.7
Effect of catastrophe losses	(10.3)	(8.4)	(5.8)
Effect of prior year non-catastrophe reserve reestimates	1.6	0.1	(0.3)
Effect of amortization of purchased intangible assets	-	(0.1)	(0.1)
Underlying combined ratio *	<u>84.9</u>	<u>87.6</u>	<u>88.5</u>
Effect of restructuring and related charges on combined ratio	<u>0.3</u>	<u>0.1</u>	<u>0.1</u>
Effect of Discontinued Lines and Coverages on the combined ratio	<u>0.3</u>	<u>0.3</u>	<u>0.2</u>

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

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Property-Liability Underwriting Summary										
Allstate Protection	\$ 719	\$ 572	\$ 270	\$ 550	\$ 804	\$ 459	\$ (61)	\$ 125	\$ 2,111	\$ 1,327
Discontinued Lines and Coverages	(4)	(88)	(5)	(2)	(3)	(100)	(2)	(2)	(99)	(107)
Underwriting income (loss)	<u>\$ 715</u>	<u>\$ 484</u>	<u>\$ 265</u>	<u>\$ 548</u>	<u>\$ 801</u>	<u>\$ 359</u>	<u>\$ (63)</u>	<u>\$ 123</u>	<u>\$ 2,012</u>	<u>\$ 1,220</u>
Allstate Protection Underwriting Summary										
Premiums written	<u>\$ 7,838</u>	<u>\$ 8,311</u>	<u>\$ 8,030</u>	<u>\$ 7,469</u>	<u>\$ 7,564</u>	<u>\$ 8,124</u>	<u>\$ 7,868</u>	<u>\$ 7,332</u>	<u>\$ 31,648</u>	<u>\$ 30,888</u>
Premiums earned	\$ 7,971	\$ 7,896	\$ 7,807	\$ 7,759	\$ 7,756	\$ 7,719	\$ 7,672	\$ 7,580	\$ 31,433	\$ 30,727
Claims and claims expense	(5,187)	(5,353)	(5,604)	(5,326)	(5,021)	(5,385)	(5,835)	(5,622)	(21,470)	(21,863)
Amortization of deferred policy acquisition costs	(1,091)	(1,060)	(1,032)	(1,022)	(1,029)	(1,013)	(1,005)	(1,006)	(4,205)	(4,053)
Operating costs and expenses	(956)	(899)	(850)	(851)	(893)	(857)	(883)	(822)	(3,556)	(3,455)
Restructuring and related charges	(18)	(12)	(51)	(10)	(9)	(5)	(10)	(5)	(91)	(29)
Underwriting income (loss)	<u>\$ 719</u>	<u>\$ 572</u>	<u>\$ 270</u>	<u>\$ 550</u>	<u>\$ 804</u>	<u>\$ 459</u>	<u>\$ (61)</u>	<u>\$ 125</u>	<u>\$ 2,111</u>	<u>\$ 1,327</u>
Catastrophe losses	<u>\$ 598</u>	<u>\$ 856</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 302</u>	<u>\$ 481</u>	<u>\$ 961</u>	<u>\$ 827</u>	<u>\$ 3,228</u>	<u>\$ 2,571</u>
Operating ratios										
Loss ratio	65.1	67.8	71.8	68.6	64.7	69.7	76.1	74.2	68.3	71.2
Expense ratio	25.9	25.0	24.7	24.3	24.9	24.3	24.7	24.2	25.0	24.5
Combined ratio	<u>91.0</u>	<u>92.8</u>	<u>96.5</u>	<u>92.9</u>	<u>89.6</u>	<u>94.0</u>	<u>100.8</u>	<u>98.4</u>	<u>93.3</u>	<u>95.7</u>
Effect of catastrophe losses on combined ratio	<u>7.5</u>	<u>10.9</u>	<u>12.7</u>	<u>10.1</u>	<u>3.9</u>	<u>6.2</u>	<u>12.5</u>	<u>10.9</u>	<u>10.3</u>	<u>8.4</u>
Effect of restructuring and related charges on combined ratio	<u>0.2</u>	<u>0.2</u>	<u>0.7</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>	<u>0.1</u>
Effect of amortization of purchased intangible assets on combined ratio	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>-</u>	<u>0.1</u>
Discontinued Lines and Coverages Underwriting Summary										
Premiums written	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>
Premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims and claims expense	(3)	(88)	(3)	(2)	(3)	(99)	(2)	(1)	(96)	(105)
Operating costs and expenses	(1)	-	(2)	-	-	(1)	-	(1)	(3)	(2)
Underwriting loss	<u>\$ (4)</u>	<u>\$ (88)</u>	<u>\$ (5)</u>	<u>\$ (2)</u>	<u>\$ (3)</u>	<u>\$ (100)</u>	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ (99)</u>	<u>\$ (107)</u>
Effect of Discontinued Lines and Coverages on the Property-Liability combined ratio	<u>-</u>	<u>1.1</u>	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>1.3</u>	<u>-</u>	<u>-</u>	<u>0.3</u>	<u>0.3</u>
Allstate Protection Underwriting Income (Loss) by Brand										
Allstate brand	\$ 737	\$ 562	\$ 308	\$ 594	\$ 798	\$ 497	\$ (7)	\$ 169	\$ 2,201	\$ 1,457
Esurance brand	(1)	(19)	(26)	(10)	(21)	(41)	(37)	(25)	(56)	(124)
Encompass brand	(17)	29	(12)	(33)	29	5	(15)	(18)	(33)	1
Answer Financial	-	-	-	(1)	(2)	(2)	(2)	(1)	(1)	(7)
Underwriting income (loss)	<u>\$ 719</u>	<u>\$ 572</u>	<u>\$ 270</u>	<u>\$ 550</u>	<u>\$ 804</u>	<u>\$ 459</u>	<u>\$ (61)</u>	<u>\$ 125</u>	<u>\$ 2,111</u>	<u>\$ 1,327</u>

THE ALLSTATE CORPORATION
PROPERTY-LIABILITY CATASTROPHE EXPERIENCE

CATASTROPHE BY SIZE OF EVENT

(\$ in millions)

Three months ended December 31, 2017

Size of catastrophe	Number of events		Claims and claims expense		Combined ratio impact	Average catastrophe loss per event
Greater than \$250 million	1	5.0 %	\$ 347	58.0 %	4.4	\$ 347
\$101 million to \$250 million	-	-	-	-	-	-
\$50 million to \$100 million	2	10.0	158	26.4	2.0	79
Less than \$50 million	17	85.0	98	16.4	1.2	6
Total	<u>20</u>	<u>100.0 %</u>	<u>603</u>	<u>100.8</u>	<u>7.6</u>	<u>30</u>
Prior year reserve reestimates			(8)	(1.3)	(0.1)	
Prior quarter reserve reestimates			3	0.5	-	
Total catastrophe losses			<u>\$ 598</u>	<u>100.0 %</u>	<u>7.5</u>	

Twelve months ended December 31, 2017

Size of catastrophe	Number of events		Claims and claims expense		Combined ratio impact	Average catastrophe loss per event
Greater than \$250 million	2	1.8 %	\$ 806	25.0 %	2.6	\$ 403
\$101 million to \$250 million	4	3.6	719	22.3	2.3	180
\$50 million to \$100 million	8	7.2	574	17.8	1.8	72
Less than \$50 million	97	87.4	1,147	35.5	3.7	12
Total	<u>111</u>	<u>100.0 %</u>	<u>3,246</u>	<u>100.6</u>	<u>10.4</u>	<u>29</u>
Prior year reserve reestimates			(18)	(0.6)	(0.1)	
Total catastrophe losses			<u>\$ 3,228</u>	<u>100.0 %</u>	<u>10.3</u>	

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	Excludes the effect of catastrophe losses relating to earthquakes and hurricanes	
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year			Total catastrophe losses by year	Effect on the property and casualty combined ratio
2008	8.4	10.3	26.8	3.9	12.4	\$ 26,967	\$ 3,342	\$ 1,876	7.0
2009	7.8	12.5	6.2	5.0	7.9	26,194	2,069	2,159	8.2
2010	10.0	9.8	5.9	8.3	8.5	25,957	2,207	2,272	8.8
2011	5.2	36.2	16.7	1.0	14.7	25,942	3,815	3,298	12.7
2012	3.9	12.3	3.1	15.7	8.8	26,737	2,345	1,324	5.0
2013	5.3	9.4	1.8	1.7	4.5	27,618	1,251	1,352	4.9
2014	6.3	13.0	7.1	1.3	6.9	28,929	1,993	2,000	6.9
2015	4.0	10.6	3.5	4.7	5.7	30,309	1,719	1,749	5.8
2016	10.9	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
Average	<u>7.2</u>	<u>13.9</u>	<u>8.8</u>	<u>5.3</u>	<u>8.7</u>				<u>7.5</u>

⁽¹⁾ Catastrophe losses and the effect on the combined ratio were updated for 2017 and 2016 to remove Service Businesses from the calculation. The periods 2015 through 2008 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
ALLSTATE PROTECTION
IMPACT OF NET RATE CHANGES APPROVED ON PREMIUMS WRITTEN

	Three months ended December 31, 2017 ⁽¹⁾			Three months ended September 30, 2017			Three months ended June 30, 2017		
	Number of locations ⁽⁷⁾	Total brand (%) ⁽⁸⁾	Location specific (%) ⁽⁹⁾	Number of locations	Total brand (%)	Location specific (%)	Number of locations	Total brand (%)	Location specific (%)
Allstate brand									
Auto ⁽²⁾⁽³⁾⁽⁴⁾	25	1.2 ⁽¹⁰⁾	5.4 ⁽¹⁰⁾	17	0.4	3.0	23	0.7	3.2
Homeowners ⁽⁵⁾⁽⁶⁾	11	0.2	1.5	8	0.5	5.3	3	0.1	2.0
Esurance brand									
Auto	7	0.6	5.0	16	2.0	5.6	12	1.7	5.6
Homeowners	4	5.1	14.3	-	-	-	-	-	-
Encompass brand									
Auto	8	1.7	5.7	8	0.8	4.5	11	2.3	7.5
Homeowners	7	0.9	4.5	6	0.9	6.0	9	2.8	8.9
	Three months ended March 31, 2017			Three months ended December 31, 2016			Three months ended September 30, 2016		
	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⁾⁽⁴⁾	18	1.7 ⁽¹⁰⁾	5.3 ⁽¹⁰⁾	23	1.3	5.6	25	1.0	7.1
Homeowners ⁽⁵⁾⁽⁶⁾	14	1.0	4.2	12	0.5	4.7	10	0.2	4.6
Esurance brand									
Auto	7	0.7	5.3	13	2.2	6.2	9	0.4	2.3
Homeowners	-	-	-	1	(0.5)	(10.0)	N/A	N/A	N/A
Encompass brand									
Auto	5	1.4	7.2	8	3.2	9.9	9	1.6	8.8
Homeowners	3	0.2	3.4	6	0.6	3.3	5	1.4	9.2

⁽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 December 31, 2017 are estimated to total \$258 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 0.5%, 0.4%, 1.8%, 1.1%, 1.1% and 1.5% for the three months ended December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016, 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 4.0% 4.1%, 4.7%, 7.2%, 7.2% and 7.8% for the trailing twelve months ended December 31, 2017, September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016, respectively.

⁽⁴⁾ Allstate brand auto rate changes were cumulatively \$3.0 billion or 16.5% for 2017, 2016 and 2015.

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

⁽⁶⁾ Allstate brand homeowner rate changes were cumulatively \$387 million or 5.7% in 2017 and 2016.

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

⁽⁸⁾ 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.

⁽⁹⁾ 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.

⁽¹⁰⁾ Includes a rate increase in California in first and fourth quarter 2017. Excluding California, Allstate brand auto total brand and location specific rate changes were 1.1% and 4.7%, respectively, in first quarter 2017 and 0.5% and 4.2%, respectively, in fourth quarter 2017.

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

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Net premiums written	\$ 7,185	\$ 7,587	\$ 7,337	\$ 6,776	\$ 6,902	\$ 7,379	\$ 7,161	\$ 6,617	\$ 28,885	\$ 28,059
Net premiums earned										
Auto	\$ 5,003	\$ 4,950	\$ 4,884	\$ 4,839	\$ 4,826	\$ 4,793	\$ 4,745	\$ 4,667	\$ 19,676	\$ 19,031
Homeowners	1,725	1,707	1,691	1,688	1,691	1,683	1,684	1,678	6,811	6,736
Other personal lines	419	414	411	405	403	399	397	393	1,649	1,592
Commercial lines	128	124	118	125	123	127	127	129	495	506
Total	<u>7,275</u>	<u>7,195</u>	<u>7,104</u>	<u>7,057</u>	<u>7,043</u>	<u>7,002</u>	<u>6,953</u>	<u>6,867</u>	<u>28,631</u>	<u>27,865</u>
Incurring losses										
Auto	\$ 3,289	\$ 3,455	\$ 3,442	\$ 3,224	\$ 3,417	\$ 3,610	\$ 3,634	\$ 3,519	\$ 13,410	\$ 14,180
Homeowners	1,052	988	1,273	1,194	765	893	1,260	1,190	4,507	4,108
Other personal lines	226	312	258	265	234	236	256	261	1,061	987
Commercial lines	89	103	86	96	109	112	135	119	374	475
Total	<u>4,656</u>	<u>4,858</u>	<u>5,059</u>	<u>4,779</u>	<u>4,525</u>	<u>4,851</u>	<u>5,285</u>	<u>5,089</u>	<u>19,352</u>	<u>19,750</u>
Expenses										
Auto	\$ 1,310	\$ 1,234	\$ 1,228	\$ 1,163	\$ 1,184	\$ 1,140	\$ 1,174	\$ 1,103	\$ 4,935	\$ 4,601
Homeowners	421	400	371	387	396	384	373	377	1,579	1,530
Other personal lines	128	120	115	112	117	113	106	103	475	439
Commercial lines	37	36	34	33	34	34	35	38	140	141
Other business lines ⁽¹⁾	(14)	(15)	(11)	(11)	(11)	(17)	(13)	(12)	(51)	(53)
Total	<u>1,882</u>	<u>1,775</u>	<u>1,737</u>	<u>1,684</u>	<u>1,720</u>	<u>1,654</u>	<u>1,675</u>	<u>1,609</u>	<u>7,078</u>	<u>6,658</u>
Underwriting income (loss)										
Auto	\$ 404	\$ 261	\$ 214	\$ 452	\$ 225	\$ 43	\$ (63)	\$ 45	\$ 1,331	\$ 250
Homeowners	252	319	47	107	530	406	51	111	725	1,098
Other personal lines	65	(18)	38	28	52	50	35	29	113	166
Commercial lines	2	(15)	(2)	(4)	(20)	(19)	(43)	(28)	(19)	(110)
Other business lines	14	15	11	11	11	17	13	12	51	53
Total	<u>737</u>	<u>562</u>	<u>308</u>	<u>594</u>	<u>798</u>	<u>497</u>	<u>(7)</u>	<u>169</u>	<u>2,201</u>	<u>1,457</u>
Loss ratio	64.0	67.5	71.2	67.7	64.3	69.3	76.0	74.1	67.6	70.9
Expense ratio	25.9	24.7	24.5	23.9	24.4	23.6	24.1	23.4	24.7	23.9
Combined ratio	<u>89.9</u>	<u>92.2</u>	<u>95.7</u>	<u>91.6</u>	<u>88.7</u>	<u>92.9</u>	<u>100.1</u>	<u>97.5</u>	<u>92.3</u>	<u>94.8</u>
Loss ratio	64.0	67.5	71.2	67.7	64.3	69.3	76.0	74.1	67.6	70.9
Less: effect of catastrophe losses	7.4	11.5	12.9	10.0	4.1	6.3	13.1	11.4	10.4	8.7
effect of prior year non-catastrophe reserve reestimates	(2.3)	(3.0)	(1.1)	(1.5)	(1.6)	-	(0.2)	0.2	(2.0)	(0.4)
Underlying loss ratio *	<u>58.9</u>	<u>59.0</u>	<u>59.4</u>	<u>59.2</u>	<u>61.8</u>	<u>63.0</u>	<u>63.1</u>	<u>62.5</u>	<u>59.2</u>	<u>62.6</u>
Expense ratio	25.9	24.7	24.5	23.9	24.4	23.6	24.1	23.4	24.7	23.9
Less: effect of amortization of purchased intangible assets	-	-	-	-	-	-	-	-	-	-
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>25.9</u>	<u>24.7</u>	<u>24.5</u>	<u>23.9</u>	<u>24.4</u>	<u>23.6</u>	<u>24.1</u>	<u>23.4</u>	<u>24.7</u>	<u>23.9</u>
Reconciliation of combined ratio to underlying combined ratio										
Combined ratio	89.9	92.2	95.7	91.6	88.7	92.9	100.1	97.5	92.3	94.8
Effect of catastrophe losses	(7.4)	(11.5)	(12.9)	(10.0)	(4.1)	(6.3)	(13.1)	(11.4)	(10.4)	(8.7)
Effect of prior year non-catastrophe reserve reestimates	2.3	3.0	1.1	1.5	1.6	-	0.2	(0.2)	2.0	0.4
Effect of amortization of purchased intangible assets	-	-	-	-	-	-	-	-	-	-
Underlying combined ratio *	<u><u>84.8</u></u>	<u><u>83.7</u></u>	<u><u>83.9</u></u>	<u><u>83.1</u></u>	<u><u>86.2</u></u>	<u><u>86.6</u></u>	<u><u>87.2</u></u>	<u><u>85.9</u></u>	<u><u>83.9</u></u>	<u><u>86.5</u></u>
Effect of prior year reserve reestimates on combined ratio	(2.4)	(3.1)	(1.2)	(1.5)	(1.7)	-	-	0.2	(2.0)	(0.4)
Effect of advertising expenses on combined ratio	2.0	2.1	1.9	2.0	2.4	2.2	2.3	1.6	2.0	2.1

⁽¹⁾ Other business lines primarily include Ivantage and represents commissions earned and other costs and expenses.

THE ALLSTATE CORPORATION
ALLSTATE BRAND STATISTICS ⁽¹⁾

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
New Issued Applications (in thousands) ⁽²⁾										
Auto ⁽³⁾	620	651	639	610	562	584	582	584	2,520	2,312
Homeowners ⁽⁴⁾	177	198	195	163	167	188	193	164	733	712
Average Premium - Gross Written (\$) ⁽⁵⁾										
Auto	561	556	544	538	537	532	516	507	550	523
Homeowners	1,206	1,203	1,192	1,187	1,181	1,181	1,171	1,174	1,197	1,177
Average Premium - Net Earned (\$) ⁽⁶⁾										
Auto	512	507	499	492	487	479	471	461	503	474
Homeowners	1,131	1,119	1,106	1,106	1,105	1,099	1,090	1,082	1,115	1,094
Annualized Average Premium (\$) ⁽⁷⁾										
Auto	1,022	1,015	999	989	978	966	946	927	1,005	964
Homeowners	1,133	1,125	1,117	1,112	1,109	1,102	1,098	1,091	1,119	1,104
Average Underlying Loss (Incurred Pure Premium) and Expense * (\$) ⁽⁸⁾										
Auto	963	925	925	899	941	927	926	889	927	930
Homeowners	679	689	668	682	655	673	643	648	677	657
Renewal Ratio (%) ⁽⁹⁾										
Auto ⁽¹⁰⁾	87.8	87.7	87.4	87.4	87.4	87.5	88.0	88.0	87.6	87.8
Homeowners ⁽¹¹⁾	87.5	87.5	87.0	87.1	87.5	87.9	87.8	88.1	87.3	87.8
Auto Claim Frequency ⁽¹²⁾										
(% change year-over-year)										
Bodily Injury Gross	(2.9)	(5.6)	(4.7)	(6.0)	(2.0)	0.3	2.8	1.1	(4.8)	0.5
Bodily Injury Paid ⁽¹³⁾	(13.2)	(9.1)	(23.7)	(20.5)	(19.2)	(19.6)	1.5	5.9	(17.4)	(7.9)
Property Damage Gross	(4.1)	(8.0)	(5.2)	(3.9)	1.2	3.9	5.6	2.1	(5.3)	3.1
Property Damage Paid ⁽¹⁴⁾	(5.2)	(9.0)	(3.4)	(3.2)	(1.2)	0.1	(0.1)	2.4	(5.2)	0.3
Auto Paid Claim Severity ⁽¹⁵⁾										
(% change year-over-year)										
Bodily injury ⁽¹³⁾	17.6	15.0	28.3	25.1	18.8	12.4	(2.3)	(5.5)	22.0	4.7
Property damage	6.7	4.9	1.6	4.8	1.9	1.9	5.3	7.5	4.5	4.1
Homeowners Excluding Catastrophe Losses										
(% change year-over-year)										
Gross Claim frequency ⁽¹²⁾	(2.9)	(2.6)	6.0	7.6	2.2	5.2	(12.5)	(7.7)	1.9	(3.4)
Paid Claim frequency ⁽¹²⁾	(3.7)	(5.4)	7.1	2.3	(0.5)	0.7	(14.3)	(2.0)	(0.1)	(4.3)
Paid Claim severity	8.1	8.1	(0.2)	4.1	1.8	(0.5)	4.7	(2.7)	5.0	0.9

⁽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⁾ 36 states, including 10 of our 10 largest states, experienced increases in new issued applications in the fourth quarter of 2017 compared to the same period of 2016. 38 states, including 9 of our 10 largest states, experienced increases in new issued applications in 2017 compared to 2016, with 20 states experiencing double digit increases.

⁽⁴⁾ Of our largest 10 states, 5 and 6 experienced increases in new issued applications in the fourth quarter and the twelve months of 2017, respectively, compared to the same periods of 2016.

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

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

⁽⁷⁾ Calculated by annualizing net earned premium reported in the quarter and year-to-date divided by policies in force at quarter end.

⁽⁸⁾ Average underlying loss (incurred pure premium) and expense is calculated as the underlying combined ratio multiplied by the annualized average premium.

⁽⁹⁾ 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.

⁽¹⁰⁾ 28 and 20 states in the fourth quarter and the twelve months of 2017, respectively, including 7 and 3 of our largest 10 states, experienced increases in the renewal ratio compared to the same periods of 2016.

⁽¹¹⁾ Of our largest 10 states, 5 and 1 experienced increases in the renewal ratio in the fourth quarter and the twelve months of 2017, respectively, compared to the same periods of 2016.

⁽¹²⁾ 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.

⁽¹³⁾ Bodily injury claim process changes in the second half of 2016 related to enhanced documentation of injuries and related medical treatments are having a related impact on paid claim frequency and severity due to payment mix and claim closure patterns. These process changes are beginning to normalize and the related impacts on the percent change in paid claim frequency and severity have begun to moderate.

⁽¹⁴⁾ 42 states experienced a year over year decrease in property damage paid claim frequency in fourth quarter 2017 compared to fourth quarter 2016.

⁽¹⁵⁾ Paid claim severity is calculated by dividing the sum of paid losses and loss expenses by claims closed with a payment during the period. The percent change in paid claim severity is calculated as the amount of increase or decrease in paid claim severity in the current period compared to the same period in the prior year; divided by the prior year paid claims severity.

THE ALLSTATE CORPORATION
ALLSTATE BRAND AUTO CLAIM FREQUENCY ANALYSIS ⁽¹⁾
BODILY INJURY % CHANGE IN GROSS AND PAID CLAIM FREQUENCY RATE

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

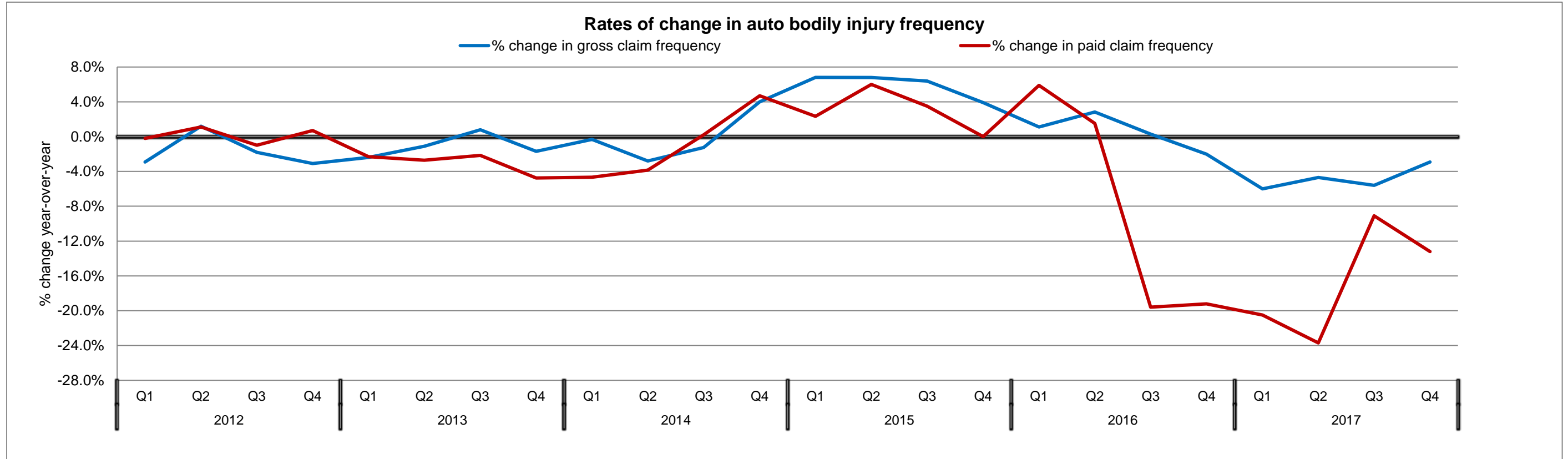
Change in auto claim frequency ⁽²⁾

(% change in frequency rate year over year)

% Change in gross claim frequency

% Change in paid claim frequency ⁽³⁾

-2.9%	1.2%	-1.8%	-3.1%	-2.4%	-1.1%	0.8%	-1.7%	-0.3%	-2.8%	-1.3%	4.0%	6.8%	6.8%	6.4%	3.9%	1.1%	2.8%	0.3%	-2.0%	-6.0%	-4.7%	-5.6%	-2.9%
-0.2%	1.1%	-1.0%	0.7%	-2.3%	-2.7%	-2.1%	-4.7%	-4.7%	-3.8%	0.2%	4.7%	2.3%	6.0%	3.5%	0.0%	5.9%	1.5%	-19.6%	-19.2%	-20.5%	-23.7%	-9.1%	-13.2%



⁽¹⁾ Frequency statistics exclude counts associated with catastrophe events.

⁽²⁾ 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). 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.

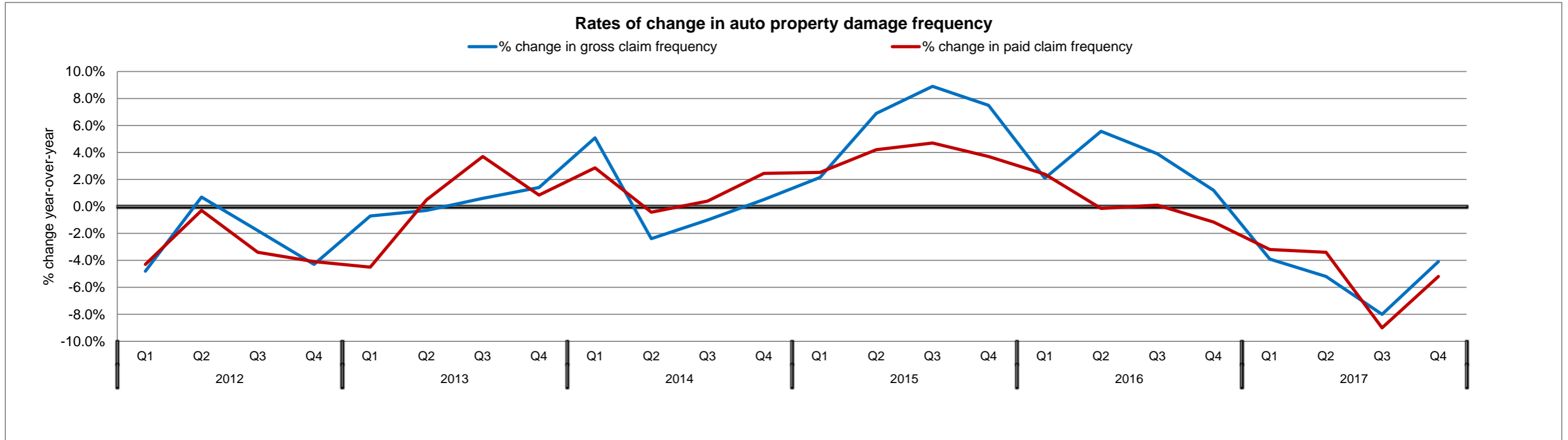
⁽³⁾ Bodily injury claim process changes in the second half of 2016 related to enhanced documentation of injuries and related medical treatments are having a related impact on paid claim frequency and severity due to payment mix and claim closure patterns. These process changes are beginning to normalize and the related impacts on the percent change in paid claim frequency and severity have begun to moderate.

THE ALLSTATE CORPORATION
ALLSTATE BRAND AUTO CLAIM FREQUENCY ANALYSIS ⁽¹⁾
PROPERTY DAMAGE % CHANGE IN GROSS AND PAID CLAIM FREQUENCY

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

Change in auto claim frequency ⁽²⁾
 (% change in frequency rate year over year)
% Change in gross claim frequency
% Change in paid claim frequency

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



⁽¹⁾ Frequency statistics exclude counts associated with catastrophe events.

⁽²⁾ 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). The percent change in paid or gross claim frequency is calculated as the amount of increase or decrease in the paid or gross claim frequency in the current period compared to the same period in the prior year; divided by the prior year paid or gross claim frequency.

THE ALLSTATE CORPORATION
ESURANCE PROFITABILITY MEASURES AND STATISTICS

(\$ in millions)

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Net premiums written	\$ 410	\$ 453	\$ 408	\$ 457	\$ 399	\$ 446	\$ 392	\$ 452	\$ 1,728	\$ 1,689
Net premiums earned										
Auto	\$ 411	\$ 411	\$ 411	\$ 403	\$ 408	\$ 405	\$ 403	\$ 394	\$ 1,636	\$ 1,610
Homeowners	19	19	16	14	13	11	10	8	68	42
Other personal lines	2	2	2	2	2	2	2	2	8	8
Total	<u>432</u>	<u>432</u>	<u>429</u>	<u>419</u>	<u>423</u>	<u>418</u>	<u>415</u>	<u>404</u>	<u>1,712</u>	<u>1,660</u>
Incurred losses										
Auto	\$ 322	\$ 322	\$ 324	\$ 300	\$ 310	\$ 313	\$ 308	\$ 289	\$ 1,268	\$ 1,220
Homeowners	9	14	21	13	8	11	10	4	57	33
Other personal lines	1	1	1	1	1	2	1	1	4	5
Total	<u>332</u>	<u>337</u>	<u>346</u>	<u>314</u>	<u>319</u>	<u>326</u>	<u>319</u>	<u>294</u>	<u>1,329</u>	<u>1,258</u>
Expenses										
Auto	\$ 94	\$ 104	\$ 100	\$ 107	\$ 114	\$ 111	\$ 107	\$ 123	\$ 405	\$ 455
Homeowners	6	9	8	8	10	22	25	11	31	68
Other personal lines	1	1	1	-	1	-	1	1	3	3
Total	<u>101</u>	<u>114</u>	<u>109</u>	<u>115</u>	<u>125</u>	<u>133</u>	<u>133</u>	<u>135</u>	<u>439</u>	<u>526</u>
Underwriting (loss) income										
Auto	\$ (5)	\$ (15)	\$ (13)	\$ (4)	\$ (16)	\$ (19)	\$ (12)	\$ (18)	\$ (37)	\$ (65)
Homeowners	4	(4)	(13)	(7)	(5)	(22)	(25)	(7)	(20)	(59)
Other personal lines	-	-	-	1	-	-	-	-	1	-
Total	<u>(1)</u>	<u>(19)</u>	<u>(26)</u>	<u>(10)</u>	<u>(21)</u>	<u>(41)</u>	<u>(37)</u>	<u>(25)</u>	<u>(56)</u>	<u>(124)</u>
Loss ratio	76.8	78.0	80.7	74.9	75.4	78.0	76.9	72.8	77.6	75.8
Expense ratio	23.4	26.4	25.4	27.5	29.6	31.8	32.0	33.4	25.7	31.7
Combined ratio	<u>100.2</u>	<u>104.4</u>	<u>106.1</u>	<u>102.4</u>	<u>105.0</u>	<u>109.8</u>	<u>108.9</u>	<u>106.2</u>	<u>103.3</u>	<u>107.5</u>
Loss ratio	76.8	78.0	80.7	74.9	75.4	78.0	76.9	72.8	77.6	75.8
Less: effect of catastrophe losses	0.2	3.9	5.6	1.9	1.2	3.3	3.4	0.7	2.9	2.2
effect of prior year non-catastrophe reserve reestimates	-	(0.2)	-	-	(2.1)	(1.0)	(1.0)	(1.0)	-	(1.3)
Underlying loss ratio *	<u>76.6</u>	<u>74.3</u>	<u>75.1</u>	<u>73.0</u>	<u>76.3</u>	<u>75.7</u>	<u>74.5</u>	<u>73.1</u>	<u>74.7</u>	<u>74.9</u>
Expense ratio	23.4	26.4	25.4	27.5	29.6	31.8	32.0	33.4	25.7	31.7
Less: effect of amortization of purchased intangible assets	0.2	0.2	-	0.3	0.9	1.5	1.7	1.5	0.2	1.4
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>23.2</u>	<u>26.2</u>	<u>25.4</u>	<u>27.2</u>	<u>28.7</u>	<u>30.3</u>	<u>30.3</u>	<u>31.9</u>	<u>25.5</u>	<u>30.3</u>
Reconciliation of combined ratio to underlying combined ratio										
Combined ratio	100.2	104.4	106.1	102.4	105.0	109.8	108.9	106.2	103.3	107.5
Effect of catastrophe losses	(0.2)	(3.9)	(5.6)	(1.9)	(1.2)	(3.3)	(3.4)	(0.7)	(2.9)	(2.2)
Effect of prior year non-catastrophe reserve reestimates	-	0.2	-	-	2.1	1.0	1.0	1.0	-	1.3
Effect of amortization of purchased intangible assets	(0.2)	(0.2)	-	(0.3)	(0.9)	(1.5)	(1.7)	(1.5)	(0.2)	(1.4)
Underlying combined ratio *	<u>99.8</u>	<u>100.5</u>	<u>100.5</u>	<u>100.2</u>	<u>105.0</u>	<u>106.0</u>	<u>104.8</u>	<u>105.0</u>	<u>100.2</u>	<u>105.2</u>
Effect of prior year reserve reestimates on combined ratio	-	(0.2)	(0.2)	-	(2.1)	(1.0)	(1.0)	(1.0)	(0.1)	(1.3)
Effect of advertising expenses on combined ratio	6.7	9.3	8.6	8.6	9.2	11.7	12.2	11.6	8.3	11.2
Policies in Force (in thousands)										
Auto	1,352	1,369	1,388	1,400	1,391	1,395	1,409	1,428	1,352	1,391
Homeowners	79	76	69	63	58	52	44	37	79	58
Other personal lines	44	45	47	48	47	47	47	46	44	47
Total	<u>1,475</u>	<u>1,490</u>	<u>1,504</u>	<u>1,511</u>	<u>1,496</u>	<u>1,494</u>	<u>1,500</u>	<u>1,511</u>	<u>1,475</u>	<u>1,496</u>
New Issued Applications (in thousands)										
Auto	105	116	120	143	137	151	141	168	484	597
Homeowners	7	10	9	8	9	10	11	7	34	37
Other personal lines	6	6	7	8	8	9	8	10	27	35
Total	<u>118</u>	<u>132</u>	<u>136</u>	<u>159</u>	<u>154</u>	<u>170</u>	<u>160</u>	<u>185</u>	<u>545</u>	<u>669</u>
Average Premium - Gross Written (\$)										
Auto	586	574	564	571	555	546	538	547	574	547
Homeowners	901	924	910	919	861	872	855	891	917	875
Renewal Ratio (%)										
Auto	82.2	81.8	81.9	80.4	79.3	78.9	80.0	79.6	81.5	79.4
Homeowners	85.7	85.8	86.1	83.5	82.9	83.1	83.9	81.6	85.5	82.6

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

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Net premiums written	\$ 243	\$ 271	\$ 285	\$ 236	\$ 263	\$ 299	\$ 315	\$ 263	\$ 1,035	\$ 1,140
Net premiums earned										
Auto	\$ 137	\$ 140	\$ 143	\$ 146	\$ 151	\$ 155	\$ 158	\$ 159	\$ 566	\$ 623
Homeowners	104	106	108	113	115	119	121	124	431	479
Other personal lines	23	23	23	24	24	25	25	26	93	100
Total	<u>264</u>	<u>269</u>	<u>274</u>	<u>283</u>	<u>290</u>	<u>299</u>	<u>304</u>	<u>309</u>	<u>1,090</u>	<u>1,202</u>
Incurred losses										
Auto	\$ 88	\$ 91	\$ 105	\$ 104	\$ 104	\$ 117	\$ 130	\$ 123	\$ 388	\$ 474
Homeowners	100	54	84	108	60	74	85	85	346	304
Other personal lines	11	13	10	21	13	17	16	31	55	77
Total	<u>199</u>	<u>158</u>	<u>199</u>	<u>233</u>	<u>177</u>	<u>208</u>	<u>231</u>	<u>239</u>	<u>789</u>	<u>855</u>
Expenses										
Auto	\$ 42	\$ 43	\$ 46	\$ 43	\$ 44	\$ 44	\$ 45	\$ 45	\$ 174	\$ 178
Homeowners	33	32	34	33	33	34	36	36	132	139
Other personal lines	7	7	7	7	7	8	7	7	28	29
Total	<u>82</u>	<u>82</u>	<u>87</u>	<u>83</u>	<u>84</u>	<u>86</u>	<u>88</u>	<u>88</u>	<u>334</u>	<u>346</u>
Underwriting (loss) income										
Auto	\$ 7	\$ 6	\$ (8)	\$ (1)	\$ 3	\$ (6)	\$ (17)	\$ (9)	\$ 4	\$ (29)
Homeowners	(29)	20	(10)	(28)	22	11	-	3	(47)	36
Other personal lines	5	3	6	(4)	4	-	2	(12)	10	(6)
Total	<u>(17)</u>	<u>29</u>	<u>(12)</u>	<u>(33)</u>	<u>29</u>	<u>5</u>	<u>(15)</u>	<u>(18)</u>	<u>(33)</u>	<u>1</u>
Loss ratio	75.4	58.7	72.6	82.4	61.0	69.6	76.0	77.3	72.4	71.1
Expense ratio	31.0	30.5	31.8	29.3	29.0	28.7	28.9	28.5	30.6	28.8
Combined ratio	<u>106.4</u>	<u>89.2</u>	<u>104.4</u>	<u>111.7</u>	<u>90.0</u>	<u>98.3</u>	<u>104.9</u>	<u>105.8</u>	<u>103.0</u>	<u>99.9</u>
Loss ratio	75.4	58.7	72.6	82.4	61.0	69.6	76.0	77.3	72.4	71.1
Less: effect of catastrophe losses	23.4	4.5	19.0	23.7	3.1	9.0	11.2	13.3	17.7	9.2
effect of prior year non-catastrophe reserve reestimates	(3.4)	(0.8)	(2.2)	1.4	(3.8)	-	0.9	4.2	(1.2)	0.4
Underlying loss ratio *	<u>55.4</u>	<u>55.0</u>	<u>55.8</u>	<u>57.3</u>	<u>61.7</u>	<u>60.6</u>	<u>63.9</u>	<u>59.8</u>	<u>55.9</u>	<u>61.5</u>
Expense ratio	31.0	30.5	31.8	29.3	29.0	28.7	28.9	28.5	30.6	28.8
Less: effect of amortization of purchased intangible assets	-	-	-	-	-	-	-	-	-	-
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>31.0</u>	<u>30.5</u>	<u>31.8</u>	<u>29.3</u>	<u>29.0</u>	<u>28.7</u>	<u>28.9</u>	<u>28.5</u>	<u>30.6</u>	<u>28.8</u>
Reconciliation of combined ratio to underlying combined ratio										
Combined ratio	106.4	89.2	104.4	111.7	90.0	98.3	104.9	105.8	103.0	99.9
Effect of catastrophe losses	(23.4)	(4.5)	(19.0)	(23.7)	(3.1)	(9.0)	(11.2)	(13.3)	(17.7)	(9.2)
Effect of prior year non-catastrophe reserve reestimates	3.4	0.8	2.2	(1.4)	3.8	-	(0.9)	(4.2)	1.2	(0.4)
Underlying combined ratio *	<u>86.4</u>	<u>85.5</u>	<u>87.6</u>	<u>86.6</u>	<u>90.7</u>	<u>89.3</u>	<u>92.8</u>	<u>88.3</u>	<u>86.5</u>	<u>90.3</u>
Effect of prior year reserve reestimates on combined ratio	(3.8)	(0.8)	(2.9)	2.1	(3.8)	0.3	0.3	4.5	(1.3)	0.4
Effect of advertising expenses on combined ratio	0.4	0.4	-	-	0.3	-	0.3	-	0.2	0.2
Policies in Force (in thousands)										
Auto	530	548	571	595	622	649	676	701	530	622
Homeowners	254	262	273	284	295	305	318	329	254	295
Other personal lines	85	88	91	94	98	101	105	108	85	98
Total	<u>869</u>	<u>898</u>	<u>935</u>	<u>973</u>	<u>1,015</u>	<u>1,055</u>	<u>1,099</u>	<u>1,138</u>	<u>869</u>	<u>1,015</u>
New Issued Applications (in thousands)										
Auto	14	13	13	12	11	13	15	15	52	54
Homeowners	7	8	8	7	7	9	9	9	30	34
Average Premium - Gross Written (\$)										
Auto	1,111	1,087	1,065	1,057	1,043	1,022	988	981	1,079	1,008
Homeowners	1,706	1,703	1,667	1,659	1,650	1,659	1,629	1,618	1,684	1,639
Renewal Ratio (%)										
Auto	72.6	72.0	74.2	73.1	73.1	73.1	75.5	76.1	73.0	74.4
Homeowners	77.6	77.7	78.7	78.2	78.3	77.9	79.9	81.5	78.1	79.4

THE ALLSTATE CORPORATION
HISTORICAL UNDERWRITING RESULTS BY AREA OF BUSINESS
(\$ in millions)

	For the twelve months ended December 31, 2017			
	Allstate brand	Esurance brand	Encompass brand	Allstate Protection ⁽¹⁾
Net premiums written	\$ 28,885	\$ 1,728	\$ 1,035	\$ 31,648
Net premiums earned	\$ 28,631	\$ 1,712	\$ 1,090	\$ 31,433
Incurred losses	(19,352)	(1,329)	(789)	(21,470)
Expenses	(7,078)	(439)	(334)	(7,852)
Underwriting income (loss)	<u>\$ 2,201</u>	<u>\$ (56)</u>	<u>\$ (33)</u>	<u>\$ 2,111</u>
Loss ratio	67.6	77.6	72.4	68.3
Expense ratio	24.7	25.7	30.6	25.0
Reconciliation of combined ratio to underlying combined ratio				
Combined ratio	92.3	103.3	103.0	93.3
Effect of catastrophe losses	(10.4)	(2.9)	(17.7)	(10.3)
Effect of prior year non-catastrophe reserve reestimates	2.0	-	1.2	1.8
Effect of amortization of purchased intangible assets	-	(0.2)	-	-
Underlying combined ratio *	<u>83.9</u>	<u>100.2</u>	<u>86.5</u>	<u>84.8</u>
	For the twelve months ended December 31, 2016			
	Allstate brand	Esurance brand	Encompass brand	Allstate Protection ⁽¹⁾
Net premiums written	\$ 28,059	\$ 1,689	\$ 1,140	\$ 30,888
Net premiums earned	\$ 27,865	\$ 1,660	\$ 1,202	\$ 30,727
Incurred losses	(19,750)	(1,258)	(855)	(21,863)
Expenses	(6,658)	(526)	(346)	(7,537)
Underwriting income (loss)	<u>\$ 1,457</u>	<u>\$ (124)</u>	<u>\$ 1</u>	<u>\$ 1,327</u>
Loss ratio	70.9	75.8	71.1	71.2
Expense ratio	23.9	31.7	28.8	24.5
Reconciliation of combined ratio to underlying combined ratio				
Combined ratio	94.8	107.5	99.9	95.7
Effect of catastrophe losses	(8.7)	(2.2)	(9.2)	(8.4)
Effect of prior year non-catastrophe reserve reestimates	0.4	1.3	(0.4)	0.4
Effect of amortization of purchased intangible assets	-	(1.4)	-	(0.1)
Underlying combined ratio *	<u>86.5</u>	<u>105.2</u>	<u>90.3</u>	<u>87.6</u>
	For the twelve months ended December 31, 2015			
	Allstate brand	Esurance brand	Encompass brand	Allstate Protection ⁽¹⁾
Net premiums written	\$ 27,258	\$ 1,613	\$ 1,244	\$ 30,115
Net premiums earned	\$ 26,891	\$ 1,588	\$ 1,269	\$ 29,748
Incurred losses	(18,593)	(1,192)	(933)	(20,718)
Expenses	(6,479)	(560)	(362)	(7,409)
Underwriting income (loss)	<u>\$ 1,819</u>	<u>\$ (164)</u>	<u>\$ (26)</u>	<u>\$ 1,621</u>
Loss ratio	69.1	75.1	73.5	69.7
Expense ratio	24.1	35.2	28.5	24.9
Reconciliation of combined ratio to underlying combined ratio				
Combined ratio	93.2	110.3	102.0	94.6
Effect of catastrophe losses	(5.9)	(0.9)	(8.7)	(5.8)
Effect of prior year non-catastrophe reserve reestimates	(0.2)	1.2	(0.7)	(0.1)
Effect of amortization of purchased intangible assets	-	(2.2)	-	(0.2)
Underlying combined ratio *	<u>87.1</u>	<u>108.4</u>	<u>92.6</u>	<u>88.5</u>

⁽¹⁾ Includes Answer Financial underwriting loss of \$1 million, \$7 million and \$8 million in 2017, 2016 and 2015, respectively.

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

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Allstate brand auto										
Net premiums written	\$ 4,956	\$ 5,096	\$ 4,925	\$ 4,882	\$ 4,756	\$ 4,940	\$ 4,767	\$ 4,746	\$ 19,859	\$ 19,209
Net premiums earned	\$ 5,003	\$ 4,950	\$ 4,884	\$ 4,839	\$ 4,826	\$ 4,793	\$ 4,745	\$ 4,667	\$ 19,676	\$ 19,031
Incurred losses	(3,289)	(3,455)	(3,442)	(3,224)	(3,417)	(3,610)	(3,634)	(3,519)	(13,410)	(14,180)
Expenses	(1,310)	(1,234)	(1,228)	(1,163)	(1,184)	(1,140)	(1,174)	(1,103)	(4,935)	(4,601)
Underwriting income (loss)	\$ 404	\$ 261	\$ 214	\$ 452	\$ 225	\$ 43	\$ (63)	\$ 45	\$ 1,331	\$ 250
Loss ratio	65.7	69.8	70.5	66.6	70.8	75.3	76.6	75.4	68.1	74.5
Less: effect of catastrophe losses	0.7	7.3	4.2	1.4	1.2	3.1	4.1	2.9	3.4	2.8
effect of prior year non-catastrophe reserve reestimates	(3.0)	(3.7)	(1.2)	(1.6)	(2.1)	-	(0.7)	0.2	(2.4)	(0.6)
Underlying loss ratio *	68.0	66.2	67.5	66.8	71.7	72.2	73.2	72.3	67.1	72.3
Expense ratio	26.2	24.9	25.1	24.1	24.5	23.8	24.7	23.6	25.1	24.2
Combined ratio	91.9	94.7	95.6	90.7	95.3	99.1	101.3	99.0	93.2	98.7
Effect of catastrophe losses	(0.7)	(7.3)	(4.2)	(1.4)	(1.2)	(3.1)	(4.1)	(2.9)	(3.4)	(2.8)
Effect of prior year non-catastrophe reserve reestimates	3.0	3.7	1.2	1.6	2.1	-	0.7	(0.2)	2.4	0.6
Underlying combined ratio *	94.2	91.1	92.6	90.9	96.2	96.0	97.9	95.9	92.2	96.5
Esurance brand auto										
Net premiums written	\$ 389	\$ 427	\$ 386	\$ 439	\$ 382	\$ 428	\$ 376	\$ 439	\$ 1,641	\$ 1,625
Net premiums earned	\$ 411	\$ 411	\$ 411	\$ 403	\$ 408	\$ 405	\$ 403	\$ 394	\$ 1,636	\$ 1,610
Incurred losses	(322)	(322)	(324)	(300)	(310)	(313)	(308)	(289)	(1,268)	(1,220)
Expenses	(94)	(104)	(100)	(107)	(114)	(111)	(107)	(123)	(405)	(455)
Underwriting (loss) income	\$ (5)	\$ (15)	\$ (13)	\$ (4)	\$ (16)	\$ (19)	\$ (12)	\$ (18)	\$ (37)	\$ (65)
Loss ratio	78.3	78.3	78.9	74.4	76.0	77.3	76.4	73.4	77.5	75.8
Less: effect of catastrophe losses	-	3.6	3.6	1.0	1.0	2.2	2.2	0.5	2.1	1.5
effect of prior year non-catastrophe reserve reestimates	-	-	0.3	-	(2.2)	(1.0)	(1.0)	(1.0)	0.1	(1.3)
Underlying loss ratio *	78.3	74.7	75.0	73.4	77.2	76.1	75.2	73.9	75.3	75.6
Expense ratio	22.9	25.3	24.3	26.6	27.9	27.4	26.6	31.2	24.8	28.2
Combined ratio	101.2	103.6	103.2	101.0	103.9	104.7	103.0	104.6	102.3	104.0
Effect of catastrophe losses	-	(3.6)	(3.6)	(1.0)	(1.0)	(2.2)	(2.2)	(0.5)	(2.1)	(1.5)
Effect of prior year non-catastrophe reserve reestimates	-	-	(0.3)	-	2.2	1.0	1.0	1.0	(0.1)	1.3
Effect of amortization of purchased intangible assets	(0.2)	(0.2)	-	(0.2)	(0.9)	(1.5)	(1.8)	(1.5)	(0.2)	(1.4)
Underlying combined ratio *	101.0	99.8	99.3	99.8	104.2	102.0	100.0	103.6	99.9	102.4
Encompass brand auto										
Net premiums written	\$ 128	\$ 141	\$ 148	\$ 125	\$ 138	\$ 153	\$ 162	\$ 138	\$ 542	\$ 591
Net premiums earned	\$ 137	\$ 140	\$ 143	\$ 146	\$ 151	\$ 155	\$ 158	\$ 159	\$ 566	\$ 623
Incurred losses	(88)	(91)	(105)	(104)	(104)	(117)	(130)	(123)	(388)	(474)
Expenses	(42)	(43)	(46)	(43)	(44)	(44)	(45)	(45)	(174)	(178)
Underwriting income (loss)	\$ 7	\$ 6	\$ (8)	\$ (1)	\$ 3	\$ (6)	\$ (17)	\$ (9)	\$ 4	\$ (29)
Loss ratio	64.2	65.0	73.4	71.2	68.9	75.5	82.3	77.4	68.6	76.1
Less: effect of catastrophe losses	-	0.7	4.9	2.8	-	3.3	1.9	1.3	2.1	1.6
effect of prior year non-catastrophe reserve reestimates	(3.6)	-	-	-	(2.7)	(1.3)	3.8	1.3	(0.9)	0.4
Underlying loss ratio *	67.8	64.3	68.5	68.4	71.6	73.5	76.6	74.8	67.4	74.1
Expense ratio	30.7	30.7	32.2	29.5	29.1	28.4	28.5	28.3	30.7	28.6
Combined ratio	94.9	95.7	105.6	100.7	98.0	103.9	110.8	105.7	99.3	104.7
Effect of catastrophe losses	-	(0.7)	(4.9)	(2.8)	-	(3.3)	(1.9)	(1.3)	(2.1)	(1.6)
Effect of prior year non-catastrophe reserve reestimates	3.6	-	-	-	2.7	1.3	(3.8)	(1.3)	0.9	(0.4)
Underlying combined ratio *	98.5	95.0	100.7	97.9	100.7	101.9	105.1	103.1	98.1	102.7

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

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Allstate brand homeowners										
Net premiums written	\$ 1,694	\$ 1,921	\$ 1,847	\$ 1,403	\$ 1,638	\$ 1,869	\$ 1,831	\$ 1,392	\$ 6,865	\$ 6,730
Net premiums earned	\$ 1,725	\$ 1,707	\$ 1,691	\$ 1,688	\$ 1,691	\$ 1,683	\$ 1,684	\$ 1,678	\$ 6,811	\$ 6,736
Incurred losses	(1,052)	(988)	(1,273)	(1,194)	(765)	(893)	(1,260)	(1,190)	(4,507)	(4,108)
Expenses	(421)	(400)	(371)	(387)	(396)	(384)	(373)	(377)	(1,579)	(1,530)
Underwriting income (loss)	\$ 252	\$ 319	\$ 47	\$ 107	\$ 530	\$ 406	\$ 51	\$ 111	\$ 725	\$ 1,098
Loss ratio	61.0	57.9	75.3	70.8	45.3	53.1	74.8	70.9	66.2	61.0
Less: effect of catastrophe losses	27.8	22.4	38.4	34.1	10.8	15.4	38.3	34.2	30.7	24.6
effect of prior year non-catastrophe reserve reestimates	(2.3)	(2.3)	(1.0)	(1.7)	(1.2)	(0.6)	0.1	(0.2)	(1.8)	(0.4)
Underlying loss ratio *	35.5	37.8	37.9	38.4	35.7	38.3	36.4	36.9	37.3	36.8
Expense ratio	24.4	23.4	21.9	22.9	23.4	22.8	22.2	22.5	23.2	22.7
Combined ratio	85.4	81.3	97.2	93.7	68.7	75.9	97.0	93.4	89.4	83.7
Effect of catastrophe losses	(27.8)	(22.4)	(38.4)	(34.1)	(10.8)	(15.4)	(38.3)	(34.2)	(30.7)	(24.6)
Effect of prior year non-catastrophe reserve reestimates	2.3	2.3	1.0	1.7	1.2	0.6	(0.1)	0.2	1.8	0.4
Underlying combined ratio *	59.9	61.2	59.8	61.3	59.1	61.1	58.6	59.4	60.5	59.5
Esurance brand homeowners										
Net premiums written	\$ 19	\$ 24	\$ 20	\$ 16	\$ 15	\$ 16	\$ 14	\$ 11	\$ 79	\$ 56
Net premiums earned	\$ 19	\$ 19	\$ 16	\$ 14	\$ 13	\$ 11	\$ 10	\$ 8	\$ 68	\$ 42
Incurred losses	(9)	(14)	(21)	(13)	(8)	(11)	(10)	(4)	(57)	(33)
Expenses	(6)	(9)	(8)	(8)	(10)	(22)	(25)	(11)	(31)	(68)
Underwriting income (loss)	\$ 4	\$ (4)	\$ (13)	\$ (7)	\$ (5)	\$ (22)	\$ (25)	\$ (7)	\$ (20)	\$ (59)
Loss ratio	47.3	73.7	131.3	92.9	61.6	100.0	100.0	50.0	83.8	78.6
Less: effect of catastrophe losses	5.2	10.5	56.3	28.6	7.7	45.5	50.0	12.5	23.5	28.6
effect of prior year non-catastrophe reserve reestimates	-	(5.2)	-	-	-	-	-	-	(1.5)	-
Underlying loss ratio *	42.1	68.4	75.0	64.3	53.9	54.5	50.0	37.5	61.8	50.0
Expense ratio	31.6	47.4	50.0	57.1	76.9	200.0	250.0	137.5	45.6	161.9
Combined ratio	78.9	121.1	181.3	150.0	138.5	300.0	350.0	187.5	129.4	240.5
Effect of catastrophe losses	(5.2)	(10.5)	(56.3)	(28.6)	(7.7)	(45.5)	(50.0)	(12.5)	(23.5)	(28.6)
Effect of prior year non-catastrophe reserve reestimates	-	5.2	-	-	-	-	-	-	1.5	-
Underlying combined ratio *	73.7	115.8	125.0	121.4	130.8	254.5	300.0	175.0	107.4	211.9
Encompass brand homeowners										
Net premiums written	\$ 95	\$ 108	\$ 112	\$ 91	\$ 103	\$ 121	\$ 126	\$ 104	\$ 406	\$ 454
Net premiums earned	\$ 104	\$ 106	\$ 108	\$ 113	\$ 115	\$ 119	\$ 121	\$ 124	\$ 431	\$ 479
Incurred losses	(100)	(54)	(84)	(108)	(60)	(74)	(85)	(85)	(346)	(304)
Expenses	(33)	(32)	(34)	(33)	(33)	(34)	(36)	(36)	(132)	(139)
Underwriting (loss) income	\$ (29)	\$ 20	\$ (10)	\$ (28)	\$ 22	\$ 11	\$ -	\$ 3	\$ (47)	\$ 36
Loss ratio	96.2	50.9	77.8	95.6	52.2	62.2	70.2	68.6	80.3	63.5
Less: effect of catastrophe losses	56.7	10.3	38.9	54.0	7.8	17.6	24.0	30.7	40.1	20.3
effect of prior year non-catastrophe reserve reestimates	1.0	-	-	0.9	(2.6)	0.9	0.8	(0.8)	0.5	(0.5)
Underlying loss ratio *	38.5	40.6	38.9	40.7	47.0	43.7	45.4	38.7	39.7	43.7
Expense ratio	31.7	30.2	31.5	29.2	28.7	28.6	29.8	29.0	30.6	29.0
Combined ratio	127.9	81.1	109.3	124.8	80.9	90.8	100.0	97.6	110.9	92.5
Effect of catastrophe losses	(56.7)	(10.3)	(38.9)	(54.0)	(7.8)	(17.6)	(24.0)	(30.7)	(40.1)	(20.3)
Effect of prior year non-catastrophe reserve reestimates	(1.0)	-	-	(0.9)	2.6	(0.9)	(0.8)	0.8	(0.5)	0.5
Underlying combined ratio *	70.2	70.8	70.4	69.9	75.7	72.3	75.2	67.7	70.3	72.7

THE ALLSTATE CORPORATION
OTHER PERSONAL LINES PROFITABILITY MEASURES BY BRAND ⁽¹⁾
(\$ in millions)

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Allstate brand other personal lines										
Net premiums written	\$ 410	\$ 454	\$ 441	\$ 368	\$ 393	\$ 447	\$ 428	\$ 353	\$ 1,673	\$ 1,621
Net premiums earned	\$ 419	\$ 414	\$ 411	\$ 405	\$ 403	\$ 399	\$ 397	\$ 393	\$ 1,649	\$ 1,592
Incurring losses	(226)	(312)	(258)	(265)	(234)	(236)	(256)	(261)	(1,061)	(987)
Expenses	(128)	(120)	(115)	(112)	(117)	(113)	(106)	(103)	(475)	(439)
Underwriting income (loss)	\$ 65	\$ (18)	\$ 38	\$ 28	\$ 52	\$ 50	\$ 35	\$ 29	\$ 113	\$ 166
Loss ratio	53.9	75.3	62.8	65.4	58.1	59.2	64.5	66.4	64.3	62.0
Less: effect of catastrophe losses	4.8	15.7	13.9	14.6	9.7	6.0	15.6	16.0	12.2	11.8
effect of prior year non-catastrophe reserve reestimates	1.9	0.7	(0.2)	(0.3)	0.7	(0.5)	(1.7)	(1.5)	0.5	(0.7)
Underlying loss ratio *	47.2	58.9	49.1	51.1	47.7	53.7	50.6	51.9	51.6	50.9
Expense ratio	30.6	29.0	28.0	27.7	29.0	28.3	26.7	26.2	28.8	27.6
Combined ratio	84.5	104.3	90.8	93.1	87.1	87.5	91.2	92.6	93.1	89.6
Effect of catastrophe losses	(4.8)	(15.7)	(13.9)	(14.6)	(9.7)	(6.0)	(15.6)	(16.0)	(12.2)	(11.8)
Effect of prior year non-catastrophe reserve reestimates	(1.9)	(0.7)	0.2	0.3	(0.7)	0.5	1.7	1.5	(0.5)	0.7
Underlying combined ratio *	77.8	87.9	77.1	78.8	76.7	82.0	77.3	78.1	80.4	78.5
Esurance brand other personal lines										
Net premiums written	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 8	\$ 8
Net premiums earned	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 8	\$ 8
Incurring losses	(1)	(1)	(1)	(1)	(1)	(2)	(1)	(1)	(4)	(5)
Expenses	(1)	(1)	(1)	-	(1)	-	(1)	(1)	(3)	(3)
Underwriting income (loss)	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
Loss ratio	50.0	50.0	50.0	50.0	50.0	100.0	50.0	50.0	50.0	62.5
Less: effect of catastrophe losses	-	-	-	-	-	-	-	-	-	-
effect of prior year non-catastrophe reserve reestimates	-	-	(50.0)	-	-	-	-	-	(12.5)	-
Underlying loss ratio *	50.0	50.0	100.0	50.0	50.0	100.0	50.0	50.0	62.5	62.5
Expense ratio	50.0	50.0	50.0	-	50.0	-	50.0	50.0	37.5	37.5
Combined ratio	100.0	100.0	100.0	50.0	100.0	100.0	100.0	100.0	87.5	100.0
Effect of catastrophe losses	-	-	-	-	-	-	-	-	-	-
Effect of prior year non-catastrophe reserve reestimates	-	-	50.0	-	-	-	-	-	12.5	-
Underlying combined ratio *	100.0	100.0	150.0	50.0	100.0	100.0	100.0	100.0	100.0	100.0
Encompass brand other personal lines										
Net premiums written	\$ 20	\$ 22	\$ 25	\$ 20	\$ 22	\$ 25	\$ 27	\$ 21	\$ 87	\$ 95
Net premiums earned	\$ 23	\$ 23	\$ 23	\$ 24	\$ 24	\$ 25	\$ 25	\$ 26	\$ 93	\$ 100
Incurring losses	(11)	(13)	(10)	(21)	(13)	(17)	(16)	(31)	(55)	(77)
Expenses	(7)	(7)	(7)	(7)	(7)	(8)	(7)	(7)	(28)	(29)
Underwriting income (loss)	\$ 5	\$ 3	\$ 6	\$ (4)	\$ 4	\$ -	\$ 2	\$ (12)	\$ 10	\$ (6)
Loss ratio	47.8	56.5	43.5	87.5	54.1	68.0	64.0	119.3	59.1	77.0
Less: effect of catastrophe losses	13.0	-	13.0	8.3	-	4.0	8.0	3.8	8.6	4.0
effect of prior year non-catastrophe reserve reestimates	(21.7)	(8.7)	(26.1)	12.6	(16.7)	4.0	(16.0)	46.2	(10.8)	5.0
Underlying loss ratio *	56.5	65.2	56.6	66.6	70.8	60.0	72.0	69.3	61.3	68.0
Expense ratio	30.5	30.5	30.4	29.2	29.2	32.0	28.0	26.9	30.1	29.0
Combined ratio	78.3	87.0	73.9	116.7	83.3	100.0	92.0	146.2	89.2	106.0
Effect of catastrophe losses	(13.0)	-	(13.0)	(8.3)	-	(4.0)	(8.0)	(3.8)	(8.6)	(4.0)
Effect of prior year non-catastrophe reserve reestimates	21.7	8.7	26.1	(12.6)	16.7	(4.0)	16.0	(46.2)	10.8	(5.0)
Underlying combined ratio *	87.0	95.7	87.0	95.8	100.0	92.0	100.0	96.2	91.4	97.0

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

THE ALLSTATE CORPORATION
COMMERCIAL LINES PROFITABILITY MEASURES ⁽¹⁾
(\$ in millions)

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Net premiums written	\$ 125	\$ 116	\$ 124	\$ 123	\$ 115	\$ 123	\$ 135	\$ 126	\$ 488	\$ 499
Net premiums earned	\$ 128	\$ 124	\$ 118	\$ 125	\$ 123	\$ 127	\$ 127	\$ 129	\$ 495	\$ 506
Incurred losses	\$ 89	\$ 103	\$ 86	\$ 96	\$ 109	\$ 112	\$ 135	\$ 119	\$ 374	\$ 475
Expenses	\$ 37	\$ 36	\$ 34	\$ 33	\$ 34	\$ 34	\$ 35	\$ 38	\$ 140	\$ 141
Underwriting income (loss)	\$ 2	\$ (15)	\$ (2)	\$ (4)	\$ (20)	\$ (19)	\$ (43)	\$ (28)	\$ (19)	\$ (110)
Loss ratio	69.5	83.1	72.9	76.8	88.6	88.2	106.3	92.2	75.5	93.9
Expense ratio	28.9	29.0	28.8	26.4	27.7	26.8	27.6	29.5	28.3	27.8
Combined ratio	98.4	112.1	101.7	103.2	116.3	115.0	133.9	121.7	103.8	121.7
Effect of catastrophe losses on combined ratio	1.6	10.5	1.7	5.6	5.7	5.5	9.5	7.0	4.8	6.9
Effect of prior year reserve reestimates on combined ratio	9.3	5.6	(1.7)	1.6	4.9	10.3	18.1	15.5	3.6	12.2
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	-	0.8	(0.9)	0.8	0.8	-	0.8	2.4	0.2	1.0

⁽¹⁾ Commercial lines are all Allstate brand products.

THE ALLSTATE CORPORATION
DISCONTINUED LINES AND COVERAGES RESERVES
(\$ in millions)

	Three months ended				Twelve months ended December 31,				
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	2017	2016	2015	2014	2013
(net of reinsurance)									
Asbestos claims									
Beginning reserves	\$ 908	\$ 867	\$ 891	\$ 912	\$ 912	\$ 960	\$ 1,014	\$ 1,017	\$ 1,026
Incurred claims and claims expense	-	61	-	-	61	67	39	87	74
Claims and claims expense paid	(24)	(20)	(24)	(21)	(89)	(115)	(93)	(90)	(83)
Ending reserves	<u>\$ 884</u>	<u>\$ 908</u>	<u>\$ 867</u>	<u>\$ 891</u>	<u>\$ 884</u>	<u>\$ 912</u>	<u>\$ 960</u>	<u>\$ 1,014</u>	<u>\$ 1,017</u>
Claims and claims expense paid as a percent of ending reserves	2.7%	2.2%	2.8%	2.4%	10.1%	12.6%	9.7%	8.9%	8.2%
Environmental claims									
Beginning reserves	\$ 175	\$ 166	\$ 178	\$ 179	\$ 179	\$ 179	\$ 203	\$ 208	\$ 193
Incurred claims and claims expense	-	10	-	-	10	23	1	15	30
Claims and claims expense paid	(9)	(1)	(12)	(1)	(23)	(23)	(25)	(20)	(15)
Ending reserves	<u>\$ 166</u>	<u>\$ 175</u>	<u>\$ 166</u>	<u>\$ 178</u>	<u>\$ 166</u>	<u>\$ 179</u>	<u>\$ 179</u>	<u>\$ 203</u>	<u>\$ 208</u>
Claims and claims expense paid as a percent of ending reserves	5.4%	0.6%	7.2%	0.6%	13.9%	12.8%	14.0%	9.9%	7.2%
Other claims ⁽¹⁾									
Beginning reserves	\$ 363	\$ 350	\$ 349	\$ 354	\$ 354	\$ 377	\$ 395	\$ 421	\$ 418
Incurred claims and claims expense	3	17	3	2	25	15	13	11	38
Claims and claims expense paid	(9)	(4)	(2)	(7)	(22)	(38)	(31)	(37)	(35)
Ending reserves	<u>\$ 357</u>	<u>\$ 363</u>	<u>\$ 350</u>	<u>\$ 349</u>	<u>\$ 357</u>	<u>\$ 354</u>	<u>\$ 377</u>	<u>\$ 395</u>	<u>\$ 421</u>
Claims and claims expense paid as a percent of ending reserves	2.5%	1.1%	0.6%	2.0%	6.2%	10.7%	8.2%	9.4%	8.3%
Total claims ⁽²⁾									
Beginning reserves	\$ 1,446	\$ 1,383	\$ 1,418	\$ 1,445	\$ 1,445	\$ 1,516	\$ 1,612	\$ 1,646	\$ 1,637
Incurred claims and claims expense	3	88	3	2	96	105	53	113	142
Claims and claims expense paid	(42)	(25)	(38)	(29)	(134)	(176)	(149)	(147)	(133)
Ending reserves	<u>\$ 1,407</u>	<u>\$ 1,446</u>	<u>\$ 1,383</u>	<u>\$ 1,418</u>	<u>\$ 1,407</u>	<u>\$ 1,445</u>	<u>\$ 1,516</u>	<u>\$ 1,612</u>	<u>\$ 1,646</u>
Claims and claims expense paid as a percent of ending reserves	3.0%	1.7%	2.7%	2.0%	9.5%	12.2%	9.8%	9.1%	8.1%

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

⁽²⁾ The 3-year survival ratio for the combined asbestos, environmental and other claims was 9.2, 9.2, 10.6, 12.0 and 14.2 for year-end 2017, 2016, 2015, 2014 and 2013, 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

Twelve months ended

	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Net premiums written	\$ 309	\$ 272	\$ 259	\$ 254	\$ 158	\$ 185	\$ 183	\$ 183	\$ 1,094	\$ 709
Net premiums earned	\$ 231	\$ 225	\$ 211	\$ 200	\$ 145	\$ 150	\$ 142	\$ 143	\$ 867	\$ 580
Intersegment insurance premiums and service fees	28	26	28	28	32	33	33	7	110	105
Net investment income	5	4	4	3	4	3	3	3	16	13
Claims and claims expense	(90)	(106)	(83)	(90)	(60)	(71)	(65)	(62)	(369)	(258)
Amortization of deferred policy acquisition costs	(79)	(78)	(72)	(67)	(57)	(55)	(52)	(50)	(296)	(214)
Operating costs and expenses	(116)	(98)	(98)	(89)	(65)	(61)	(61)	(36)	(401)	(223)
Amortization of purchased intangible assets	(23)	(23)	(23)	(23)	-	-	-	-	(92)	-
Restructuring and related charges	(11)	(1)	(1)	-	-	-	-	-	(13)	-
Income tax benefit (expense) on operations	150	19	11	13	2	-	-	(2)	193	-
Net income (loss) applicable to common shareholders	<u>95</u>	<u>(32)</u>	<u>(23)</u>	<u>(25)</u>	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>3</u>	<u>15</u>	<u>3</u>
Realized capital gains and losses, after-tax	-	-	-	-	-	-	-	-	-	-
Amortization of purchased intangible assets, after-tax	15	15	15	15	-	-	-	-	60	-
Tax Legislation benefit	(134)	-	-	-	-	-	-	-	(134)	-
Adjusted net (loss) income	<u>\$ (24)</u>	<u>\$ (17)</u>	<u>\$ (8)</u>	<u>\$ (10)</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ (59)</u>	<u>\$ 3</u>
Allstate Roadside Services										
Net premiums written	\$ 60	\$ 68	\$ 66	\$ 69	\$ 67	\$ 79	\$ 77	\$ 77	\$ 263	\$ 300
Net premiums earned	64	69	67	68	73	81	77	78	268	309
Intersegment insurance premiums and service fees	8	7	8	8	7	8	8	7	31	30
Net investment income	-	1	-	-	1	-	-	-	1	1
Claims and claims expense	(35)	(38)	(35)	(32)	(39)	(50)	(43)	(41)	(140)	(173)
Amortization of deferred policy acquisition costs	(4)	(4)	(5)	(5)	(5)	(6)	(6)	(7)	(18)	(24)
Operating costs and other expenses	(44)	(42)	(42)	(43)	(44)	(42)	(38)	(37)	(171)	(161)
Restructuring and related charges	-	(1)	(1)	-	-	-	-	-	(2)	-
Income tax benefit	8	3	3	1	2	3	1	-	15	6
Net loss	<u>\$ (3)</u>	<u>\$ (5)</u>	<u>\$ (5)</u>	<u>\$ (3)</u>	<u>\$ (5)</u>	<u>\$ (6)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (16)</u>	<u>\$ (12)</u>
Tax Legislation benefit	(4)	-	-	-	-	-	-	-	(4)	-
Adjusted net loss	<u>\$ (7)</u>	<u>\$ (5)</u>	<u>\$ (5)</u>	<u>\$ (3)</u>	<u>\$ (5)</u>	<u>\$ (6)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (20)</u>	<u>\$ (12)</u>
Allstate Dealer Services										
Net premiums written	\$ 93	\$ 100	\$ 108	\$ 104	\$ 91	\$ 106	\$ 106	\$ 106	\$ 405	\$ 409
Net premiums earned	79	78	74	73	72	69	65	65	304	271
Net investment income	4	3	4	3	3	3	3	3	14	12
Claims and claims expense	(18)	(27)	(20)	(22)	(21)	(21)	(22)	(21)	(87)	(85)
Amortization of deferred policy acquisition costs	(62)	(63)	(57)	(54)	(52)	(49)	(46)	(43)	(236)	(190)
Operating costs and other expenses	(3)	2	2	-	(1)	-	(3)	1	1	(3)
Income tax benefit (expense)	70	3	(1)	-	1	(1)	1	(2)	72	(1)
Net (loss) income	<u>\$ 70</u>	<u>\$ (4)</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ (2)</u>	<u>\$ 3</u>	<u>\$ 68</u>	<u>\$ 4</u>
Tax Legislation benefit	(70)	-	-	-	-	-	-	-	(70)	-
Adjusted net (loss) income	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ (2)</u>	<u>\$ 3</u>	<u>\$ (2)</u>	<u>\$ 4</u>
Arity ⁽²⁾										
Intersegment service fees	\$ 20	\$ 19	\$ 20	\$ 20	\$ 25	\$ 25	\$ 25	\$ -	\$ 79	\$ 75
Net investment income	-	-	-	-	-	-	-	-	-	-
Operating costs and other expenses	(25)	(26)	(27)	(19)	(20)	(19)	(20)	-	(97)	(59)
Income tax benefit (expense)	(3)	3	1	-	(1)	(2)	(2)	-	1	(5)
Net (loss) income	<u>\$ (8)</u>	<u>\$ (4)</u>	<u>\$ (6)</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (17)</u>	<u>\$ 11</u>
Tax Legislation expense	2	-	-	-	-	-	-	-	2	-
Adjusted net (loss) income	<u>\$ (6)</u>	<u>\$ (4)</u>	<u>\$ (6)</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (15)</u>	<u>\$ 11</u>

⁽¹⁾ Service Businesses results include SquareTrade. SquareTrade was acquired on January 3, 2017 and is only included for the quarters and year-to-date periods of 2017. Further details related to SquareTrade results are on page 39.

⁽²⁾ There are no premiums written or earned for Arity.

THE ALLSTATE CORPORATION
SQUARETRADE RESULTS ⁽¹⁾
(\$ in millions)

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Net premiums written	\$ 156	\$ 104	\$ 85	\$ 81	\$ -	\$ -	\$ -	\$ -	\$ 426	\$ -
Net premiums earned	\$ 88	\$ 78	\$ 70	\$ 59	\$ -	\$ -	\$ -	\$ -	\$ 295	\$ -
Net investment income	1	-	-	-	-	-	-	-	1	-
Realized capital gains and losses	-	-	-	-	-	-	-	-	-	-
Claims and claims expense	(37)	(40)	(29) ⁽²⁾	(36)	-	-	-	-	(142)	-
Amortization of deferred policy acquisition costs	(13)	(11)	(10)	(8)	-	-	-	-	(42)	-
Other costs and expenses	(44)	(33)	(30)	(27)	-	-	-	-	(134)	-
Amortization of purchased intangible assets	(23)	(23)	(23)	(23)	-	-	-	-	(92)	-
Restructuring and related charges	(11)	-	-	-	-	-	-	-	(11)	-
Income tax benefit	75	10	8	12	-	-	-	-	105	-
Net income (loss) applicable to common shareholders	\$ 36	\$ (19)	\$ (14)	\$ (23)	\$ -	\$ -	\$ -	\$ -	\$ (20)	\$ -
Realized capital gains and losses, after-tax	-	-	-	-	-	-	-	-	-	-
Amortization of purchased intangible assets, after-tax	15	15	15	15	-	-	-	-	60	-
Tax Legislation benefit	(62)	-	-	-	-	-	-	-	(62)	-
Adjusted net (loss) income	\$ (11)	\$ (4)	\$ 1	\$ (8)	\$ -	\$ -	\$ -	\$ -	\$ (22)	\$ -
Fair value adjustments, after-tax ⁽³⁾	3	2	3	4	-	-	-	-	12	-
Adjusted net (loss) income, excluding purchase accounting adjustments *	\$ (8)	\$ (2)	\$ 4	\$ (4)	\$ -	\$ -	\$ -	\$ -	\$ (10)	\$ -
Protection Plans in Force (in thousands) ^{(4) (5)}	38,719	34,078	31,258	29,907	-	-	-	-	38,719	-
New Issued Protection Plans (in thousands) ⁽⁶⁾	8,210	5,122	3,586	3,840	-	-	-	-	20,758	-

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

⁽²⁾ Includes a \$6 million favorable adjustment for loss experience.

⁽³⁾ In connection with the acquisition, purchase accounting adjustments made to recognize 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 earned over the life of the in force contracts or approximately three years.

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

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

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

THE ALLSTATE CORPORATION
ALLSTATE LIFE SEGMENT RESULTS AND OTHER STATISTICS
(\$ in millions)

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Premiums	\$ 149	\$ 141	\$ 140	\$ 140	\$ 140	\$ 134	\$ 131	\$ 130	\$ 570	\$ 535
Contract charges	175	175	179	181	178	176	179	182	710	715
Net investment income	127	119	123	120	124	120	118	120	489	482
Contract benefits	(210)	(173)	(187)	(195)	(188)	(197)	(177)	(180)	(765)	(742)
Interest credited to contractholder funds	(71)	(71)	(71)	(69)	(72)	(72)	(71)	(70)	(282)	(285)
Amortization of deferred policy acquisition costs	(27)	(25)	(35)	(32)	(32)	(30)	(32)	(31)	(119)	(125)
Operating costs and expenses	(65)	(56)	(58)	(59)	(56)	(59)	(54)	(56)	(238)	(225)
Restructuring and related charges	(1)	(1)	-	-	-	-	(1)	-	(2)	(1)
Income tax expense on operations	(20)	(35)	(28)	(27)	(28)	(21)	(29)	(29)	(110)	(107)
Adjusted net income	57	74	63	59	66	51	64	66	253	247
Realized capital gains and losses, after-tax	-	1	-	1	(7)	(7)	(2)	(8)	2	(24)
DAC and DSI amortization relating to realized capital gains and losses, after-tax	(2)	(2)	(3)	(3)	(1)	(1)	(1)	(1)	(10)	(4)
Tax Legislation benefit	332	-	-	-	-	-	-	-	332	-
Net income applicable to common shareholders	\$ 387	\$ 73	\$ 60	\$ 57	\$ 58	\$ 43	\$ 61	\$ 57	\$ 577	\$ 219
Premiums and Contract Charges by Product										
Traditional life insurance premiums	\$ 148	\$ 141	\$ 139	\$ 140	\$ 140	\$ 133	\$ 130	\$ 130	\$ 568	\$ 533
Accident and health insurance premiums	1	-	1	-	-	1	1	-	2	2
Interest-sensitive life insurance contract charges	175	175	179	181	178	176	179	182	710	715
Total	\$ 324	\$ 316	\$ 319	\$ 321	\$ 318	\$ 310	\$ 310	\$ 312	\$ 1,280	\$ 1,250
Proprietary Life Insurance Policies Sold by Allstate Agencies ⁽¹⁾⁽²⁾	43,318	28,962	31,447	25,970	38,614	27,481	29,839	25,458	129,697	121,392
Policies in Force (in thousands) ⁽³⁾										
Life insurance										
Allstate agencies	1,903	1,893	1,891	1,887	1,889	1,884	1,883	1,880	1,903	1,889
Closed channels	121	123	126	127	131	132	136	138	121	131
Accident and health insurance	2	3	3	3	3	3	3	3	2	3
Total	2,026	2,019	2,020	2,017	2,023	2,019	2,022	2,021	2,026	2,023

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

(2) Allstate exclusive agencies and exclusive financial specialists also sell non-proprietary retirement and investment products, including mutual funds, fixed and variable annuities, disability insurance, and long-term care insurance to provide a broad suite of protection and retirement products. As of December 31, 2017, Allstate agencies had approximately \$16.8 billion of nonproprietary mutual funds and fixed and variable annuity account balances under management. New and additional deposits into these non-proprietary products were \$2.1 billion in the twelve months ended December 31, 2017.

(3) Reflect the number of contracts in force.

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

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Benefit spread										
Premiums	\$ 149	\$ 141	\$ 140	\$ 140	\$ 140	\$ 134	\$ 131	\$ 130	\$ 570	\$ 535
Cost of insurance contract charges ⁽¹⁾	119	121	123	124	121	120	122	125	487	488
Contract benefits	(210)	(173)	(187)	(195)	(188)	(197)	(177)	(180)	(765)	(742)
Total benefit spread	<u>58</u>	<u>89</u>	<u>76</u>	<u>69</u>	<u>73</u>	<u>57</u>	<u>76</u>	<u>75</u>	<u>292</u>	<u>281</u>
Investment spread										
Net investment income	127	119	123	120	124	120	118	120	489	482
Interest credited to contractholder funds	(71)	(71)	(71)	(69)	(72)	(72)	(71)	(70)	(282)	(285)
Total investment spread	<u>56</u>	<u>48</u>	<u>52</u>	<u>51</u>	<u>52</u>	<u>48</u>	<u>47</u>	<u>50</u>	<u>207</u>	<u>197</u>
Surrender charges and contract maintenance expense fees ⁽¹⁾	56	54	56	57	57	56	57	57	223	227
Realized capital gains and losses	1	2	1	1	(13)	(10)	(3)	(12)	5	(38)
Amortization of deferred policy acquisition costs	(30)	(29)	(39)	(36)	(33)	(31)	(34)	(33)	(134)	(131)
Operating costs and expenses	(65)	(56)	(58)	(59)	(56)	(59)	(54)	(56)	(238)	(225)
Restructuring and related charges	(1)	(1)	-	-	-	-	(1)	-	(2)	(1)
Income tax benefit (expense)	312	(34)	(28)	(26)	(22)	(18)	(27)	(24)	224	(91)
Net income applicable to common shareholders	<u>\$ 387</u>	<u>\$ 73</u>	<u>\$ 60</u>	<u>\$ 57</u>	<u>\$ 58</u>	<u>\$ 43</u>	<u>\$ 61</u>	<u>\$ 57</u>	<u>\$ 577</u>	<u>\$ 219</u>
⁽¹⁾ Reconciliation of contract charges										
Cost of insurance contract charges	\$ 119	\$ 121	\$ 123	\$ 124	\$ 121	\$ 120	\$ 122	\$ 125	\$ 487	\$ 488
Surrender charges and contract maintenance expense fees	56	54	56	57	57	56	57	57	223	227
Total contract charges	<u>\$ 175</u>	<u>\$ 175</u>	<u>\$ 179</u>	<u>\$ 181</u>	<u>\$ 178</u>	<u>\$ 176</u>	<u>\$ 179</u>	<u>\$ 182</u>	<u>\$ 710</u>	<u>\$ 715</u>

THE ALLSTATE CORPORATION
ALLSTATE LIFE
RETURN ON EQUITY
(\$ in millions)

	Twelve months ended
Return on Equity	Dec. 31, 2017
Numerator:	
Net income applicable to common shareholders	\$ <u>577</u>
Denominator:	
Ending equity ⁽¹⁾	\$ <u>2,591</u>
Return on equity ⁽²⁾	<u>22.3</u> %
Adjusted Net Income Return on Adjusted Equity *	
Numerator:	
Adjusted net income	\$ <u>253</u>
Denominator:	
Ending equity ⁽¹⁾	\$ 2,591
Less: Unrealized net capital gains and losses	191
Goodwill	175
Adjusted ending equity	\$ <u>2,225</u>
Adjusted net income return on adjusted equity * ⁽²⁾⁽³⁾	<u>11.4</u> %

- (1) Ending equity has been used due to the changes in reportable segments, which was effective October 2017.
- (2) The Tax Legislation adjustment recorded in fourth quarter 2017 increased return on equity by 11.5 points and decreased adjusted net income return on adjusted equity by 2.0 points.
- (3) In January 2018, the FASB issued a Proposed Accounting Standards Update titled "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," requiring reclassification of the impact of the newly enacted tax rates on the unrealized balances presented net of tax in accumulated other comprehensive income to retained income. We plan to early adopt the new guidance as of December 31, 2017, when finalized. The impact of the adoption will increase the adjusted net income return on adjusted equity calculation by 0.2 points.

THE ALLSTATE CORPORATION
ALLSTATE LIFE RESERVES AND CONTRACTHOLDER FUNDS
(\$ in millions)

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Reserve for life-contingent contract benefits										
Traditional life insurance	\$ 2,460	\$ 2,426	\$ 2,420	\$ 2,405	\$ 2,398	\$ 2,372	\$ 2,359	\$ 2,351	\$ 2,460	\$ 2,398
Accident health and insurance	176	178	180	179	180	180	180	184	176	180
Total	<u>\$ 2,636</u>	<u>\$ 2,604</u>	<u>\$ 2,600</u>	<u>\$ 2,584</u>	<u>\$ 2,578</u>	<u>\$ 2,552</u>	<u>\$ 2,539</u>	<u>\$ 2,535</u>	<u>\$ 2,636</u>	<u>\$ 2,578</u>
Contractholders funds, beginning balance	\$ 7,559	\$ 7,514	\$ 7,497	\$ 7,464	\$ 7,446	\$ 7,410	\$ 7,385	\$ 7,359	\$ 7,464	\$ 7,359
Deposits	243	236	243	251	243	250	245	253	973	991
Interest credited	71	71	70	70	72	71	71	70	282	284
Benefits, withdrawals and other adjustments										
Benefits	(58)	(54)	(66)	(63)	(59)	(65)	(62)	(59)	(241)	(245)
Surrenders and partial withdrawals	(64)	(62)	(63)	(65)	(63)	(61)	(62)	(64)	(254)	(250)
Contract charges	(177)	(175)	(176)	(176)	(177)	(176)	(175)	(177)	(704)	(705)
Net transfers from separate accounts	1	-	2	1	-	2	1	1	4	4
Other adjustments	33	29	7	15	2	15	7	2	84	26
Total benefits, withdrawals and other adjustments	<u>(265)</u>	<u>(262)</u>	<u>(296)</u>	<u>(288)</u>	<u>(297)</u>	<u>(285)</u>	<u>(291)</u>	<u>(297)</u>	<u>(1,111)</u>	<u>(1,170)</u>
Contractholder funds, ending balance	<u>\$ 7,608</u>	<u>\$ 7,559</u>	<u>\$ 7,514</u>	<u>\$ 7,497</u>	<u>\$ 7,464</u>	<u>\$ 7,446</u>	<u>\$ 7,410</u>	<u>\$ 7,385</u>	<u>\$ 7,608</u>	<u>\$ 7,464</u>

THE ALLSTATE CORPORATION
ALLSTATE BENEFITS SEGMENT RESULTS AND OTHER STATISTICS
(\$ in millions)

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Premiums	\$ 244	\$ 244	\$ 241	\$ 241	\$ 224	\$ 227	\$ 222	\$ 224	\$ 970	\$ 897
Contract charges	29	29	28	28	28	30	29	27	114	114
Net investment income	18	18	19	17	17	18	18	18	72	71
Contract benefits	(143)	(142)	(143)	(136)	(129)	(131)	(121)	(128)	(564)	(509)
Interest credited to contractholder funds	(9)	(8)	(9)	(9)	(8)	(9)	(10)	(9)	(35)	(36)
Amortization of deferred policy acquisition costs	(37)	(31)	(33)	(41)	(36)	(36)	(35)	(38)	(142)	(145)
Operating costs and expenses	(70)	(65)	(64)	(67)	(62)	(59)	(60)	(59)	(266)	(240)
Restructuring and related charges	(2)	(1)	-	-	-	-	-	-	(3)	-
Income tax expense on operations	(10)	(16)	(14)	(11)	(11)	(15)	(14)	(12)	(51)	(52)
Adjusted net income	20	28	25	22	23	25	29	23	95	100
Realized capital gains and losses, after-tax	(1)	1	-	-	(1)	-	-	(3)	-	(4)
Tax Legislation benefit	51	-	-	-	-	-	-	-	51	-
Net income applicable to common shareholders	\$ 70	\$ 29	\$ 25	\$ 22	\$ 22	\$ 25	\$ 29	\$ 20	\$ 146	\$ 96
Benefit ratio ⁽¹⁾	52.4	52.0	53.2	50.6	51.2	51.0	48.2	51.0	52.0	50.3
Operating expense ratio ⁽²⁾	25.6	23.8	23.8	24.9	24.6	23.0	23.9	23.5	24.5	23.7

⁽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)

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Premiums and Contract Charges by Product										
Life	\$ 40	\$ 41	\$ 37	\$ 37	\$ 39	\$ 42	\$ 37	\$ 36	\$ 155	\$ 154
Accident	68	70	71	71	67	68	67	68	280	270
Critical illness	117	116	116	119	111	110	111	111	468	443
Disability	26	27	25	24	19	20	20	19	102	78
Other health	22	19	20	18	16	17	16	17	79	66
Total	<u>\$ 273</u>	<u>\$ 273</u>	<u>\$ 269</u>	<u>\$ 269</u>	<u>\$ 252</u>	<u>\$ 257</u>	<u>\$ 251</u>	<u>\$ 251</u>	<u>\$ 1,084</u>	<u>\$ 1,011</u>
New Annualized Premium Sales by Product ⁽¹⁾										
Life	\$ 18	\$ 10	\$ 11	\$ 9	\$ 18	\$ 9	\$ 10	\$ 11	\$ 48	\$ 48
Accident	55	21	21	25	48	23	22	25	122	118
Critical illness	74	22	23	28	70	22	24	29	147	145
Disability	13	9	10	29	13	7	7	7	61	34
Other health	35	7	8	16	28	8	7	10	66	53
Total	<u>\$ 195</u>	<u>\$ 69</u>	<u>\$ 73</u>	<u>\$ 107</u>	<u>\$ 177</u>	<u>\$ 69</u>	<u>\$ 70</u>	<u>\$ 82</u>	<u>\$ 444</u>	<u>\$ 398</u>
Annualized Premium Inforce ⁽²⁾	<u>\$ 1,185</u>	<u>\$ 1,187</u>	<u>\$ 1,193</u>	<u>\$ 1,179</u>	<u>\$ 1,107</u>	<u>\$ 1,102</u>	<u>\$ 1,104</u>	<u>\$ 1,093</u>	<u>\$ 1,185</u>	<u>\$ 1,107</u>
Policies in Force (in thousands) ⁽³⁾										
Life insurance	458	460	466	462	458	461	461	451	458	458
Accident and health insurance	3,575	3,575	3,598	3,530	3,297	3,272	3,291	3,275	3,575	3,297
Total	<u>4,033</u>	<u>4,035</u>	<u>4,064</u>	<u>3,992</u>	<u>3,755</u>	<u>3,733</u>	<u>3,752</u>	<u>3,726</u>	<u>4,033</u>	<u>3,755</u>

⁽¹⁾ New annualized premium sales reflects annualized premiums at initial customer enrollment (including new accounts and new employees or policies of existing accounts), reduced by an estimate for certain policies that are expected to lapse. A significant portion of Allstate Benefits business is seasonally written in the fourth quarter during many clients' annual employee benefits enrollment.

⁽²⁾ Premium amount paid annually for all active policies, which have not been cancelled.

⁽³⁾ Individual life 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

Return on Equity

Numerator:

Net income applicable to common shareholders

\$ 146

Denominator:

Ending equity ⁽¹⁾

\$ 801

Return on equity ⁽²⁾

18.2 %

Adjusted Net Income Return on Adjusted Equity *

Numerator:

Adjusted net income

\$ 95

Denominator:

Ending equity ⁽¹⁾

\$ 801

Less: Unrealized net capital gains and losses

47

Goodwill

96

Adjusted ending equity

\$ 658

Adjusted net income return on adjusted equity * ⁽²⁾⁽³⁾

14.4 %

- (1) Ending equity has been used due to the changes in reportable segments, which was effective October 2017.
- (2) The Tax Legislation adjustment recorded in fourth quarter 2017 increased return on equity by 5.5 points and decreased adjusted net income return on adjusted equity by 1.3 points.
- (3) In January 2018, the FASB issued a Proposed Accounting Standards Update titled "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," requiring reclassification of the impact of the newly enacted tax rates on the unrealized balances presented net of tax in accumulated other comprehensive income to retained income. We plan to early adopt the new guidance as of December 31, 2017, when finalized. The impact of the adoption will increase the adjusted net income return on adjusted equity calculation by 0.3 points.

THE ALLSTATE CORPORATION
ALLSTATE ANNUITIES SEGMENT RESULTS AND OTHER STATISTICS
(\$ in millions)

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Contract charges	\$ 4	\$ 4	\$ 3	\$ 3	\$ 4	\$ 4	\$ 3	\$ 3	\$ 14	\$ 14
Net investment income	338	324	354	289	312	289	299	281	1,305	1,181
Contract benefits	(154)	(141)	(156)	(143)	(147)	(156)	(156)	(147)	(594)	(606)
Interest credited to contractholder funds	(90)	(94)	(93)	(95)	(97)	(102)	(98)	(105)	(372)	(402)
Amortization of deferred policy acquisition costs	(2)	(2)	(1)	(2)	(2)	(2)	(1)	(2)	(7)	(7)
Operating costs and expenses	(9)	(9)	(8)	(9)	(9)	(8)	(7)	(8)	(35)	(32)
Restructuring and related charges	-	1	(1)	-	-	-	-	-	-	-
Income tax expense on operations	(32)	(28)	(33)	(14)	(20)	(7)	(13)	(7)	(107)	(47)
Adjusted net income	55	55	65	29	41	18	27	15	204	101
Realized capital gains and losses, after-tax	22	11	(3)	(2)	-	(7)	2	(21)	28	(26)
Valuation changes on embedded derivatives not hedged, after-tax	2	(1)	(1)	-	6	-	(4)	(4)	-	(2)
Gain on disposition of operations, after-tax	1	1	-	2	-	1	1	1	4	3
Tax Legislation benefit	182	-	-	-	-	-	-	-	182	-
Net income applicable to common shareholders	\$ 262	\$ 66	\$ 61	\$ 29	\$ 47	\$ 12	\$ 26	\$ (9)	\$ 418	\$ 76
Policies in Force (in thousands) ⁽¹⁾										
Deferred annuities	142	145	148	152	156	160	163	168	142	156
Immediate annuities	89	91	92	94	95	96	98	99	89	95
	<u>231</u>	<u>236</u>	<u>240</u>	<u>246</u>	<u>251</u>	<u>256</u>	<u>261</u>	<u>267</u>	<u>231</u>	<u>251</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				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Benefit spread										
Cost of insurance contract charges ⁽¹⁾	\$ 3	\$ 3	\$ 1	\$ 2	\$ 3	\$ 2	\$ 2	\$ 2	\$ 9	\$ 9
Contract benefits excluding the implied interest on immediate annuities with life contingencies ⁽²⁾	<u>(29)</u>	<u>(17)</u>	<u>(30)</u>	<u>(17)</u>	<u>(19)</u>	<u>(30)</u>	<u>(27)</u>	<u>(19)</u>	<u>(93)</u>	<u>(95)</u>
Total benefit spread	<u>(26)</u>	<u>(14)</u>	<u>(29)</u>	<u>(15)</u>	<u>(16)</u>	<u>(28)</u>	<u>(25)</u>	<u>(17)</u>	<u>(84)</u>	<u>(86)</u>
Investment spread										
Net investment income ⁽³⁾	338	324	354	289	312	289	299	281	1,305	1,181
Implied interest on immediate annuities with life contingencies ⁽²⁾	(125)	(124)	(126)	(126)	(128)	(126)	(129)	(128)	(501)	(511)
Interest credited to contractholder funds	<u>(88)</u>	<u>(95)</u>	<u>(95)</u>	<u>(95)</u>	<u>(88)</u>	<u>(102)</u>	<u>(104)</u>	<u>(111)</u>	<u>(373)</u>	<u>(405)</u>
Total investment spread	<u>125</u>	<u>105</u>	<u>133</u>	<u>68</u>	<u>96</u>	<u>61</u>	<u>66</u>	<u>42</u>	<u>431</u>	<u>265</u>
Surrender charges and contract maintenance expense fees ⁽¹⁾	1	1	2	1	1	2	1	1	5	5
Realized capital gains and losses	33	18	(5)	(2)	1	(10)	3	(32)	44	(38)
Amortization of deferred policy acquisition costs	(2)	(2)	(1)	(2)	(2)	(2)	(1)	(2)	(7)	(7)
Operating costs and expenses	(9)	(9)	(8)	(9)	(9)	(8)	(7)	(8)	(35)	(32)
Restructuring and related charges	-	1	(1)	-	-	-	-	-	-	-
Gain on disposition of operations	1	1	2	2	1	1	1	2	6	5
Income tax benefit (expense)	<u>139</u>	<u>(35)</u>	<u>(32)</u>	<u>(14)</u>	<u>(25)</u>	<u>(4)</u>	<u>(12)</u>	<u>5</u>	<u>58</u>	<u>(36)</u>
Net income applicable to common shareholders	<u>\$ 262</u>	<u>\$ 66</u>	<u>\$ 61</u>	<u>\$ 29</u>	<u>\$ 47</u>	<u>\$ 12</u>	<u>\$ 26</u>	<u>\$ (9)</u>	<u>\$ 418</u>	<u>\$ 76</u>
⁽¹⁾ Reconciliation of contract charges										
Cost of insurance contract charges	\$ 3	\$ 3	\$ 1	\$ 2	\$ 3	\$ 2	\$ 2	\$ 2	\$ 9	\$ 9
Surrender charges and contract maintenance expense fees	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>
Total contract charges	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 14</u>	<u>\$ 14</u>
⁽²⁾ Reconciliation of contract benefits										
Contract benefits excluding the implied interest on immediate annuities with life contingencies	\$ (29)	\$ (17)	\$ (30)	\$ (17)	\$ (19)	\$ (30)	\$ (27)	\$ (19)	\$ (93)	\$ (95)
Implied interest on immediate annuities with life contingencies	<u>(125)</u>	<u>(124)</u>	<u>(126)</u>	<u>(126)</u>	<u>(128)</u>	<u>(126)</u>	<u>(129)</u>	<u>(128)</u>	<u>(501)</u>	<u>(511)</u>
Total contract benefits	<u>\$ (154)</u>	<u>\$ (141)</u>	<u>\$ (156)</u>	<u>\$ (143)</u>	<u>\$ (147)</u>	<u>\$ (156)</u>	<u>\$ (156)</u>	<u>\$ (147)</u>	<u>\$ (594)</u>	<u>\$ (606)</u>
⁽³⁾ Performance-based net investment income	<u>\$ 142</u>	<u>\$ 115</u>	<u>\$ 137</u>	<u>\$ 69</u>	<u>\$ 97</u>	<u>\$ 67</u>	<u>\$ 67</u>	<u>\$ 63</u>	<u>\$ 463</u>	<u>\$ 294</u>

THE ALLSTATE CORPORATION
ALLSTATE ANNUITIES
RETURN ON EQUITY
(\$ in millions)

	Twelve months ended
	Dec. 31, 2017
Return on Equity	
Numerator:	
Net income applicable to common shareholders	\$ <u>418</u>
Denominator:	
Ending equity ⁽¹⁾	\$ <u>4,947</u>
Return on equity ⁽²⁾	<u>8.4 %</u>
 Adjusted Net Income Return on Adjusted Equity *	
Numerator:	
Adjusted net income	\$ <u>204</u>
Denominator:	
Ending equity ⁽¹⁾	\$ 4,947
Less: Unrealized net capital gains and losses	<u>500</u>
Adjusted ending equity	\$ <u>4,447</u>
Adjusted net income return on adjusted equity * ⁽²⁾⁽³⁾	<u>4.6 %</u>

- (1) Ending equity has been used due to the changes in reportable segments, which was effective October 2017.
- (2) The Tax Legislation adjustment recorded in fourth quarter 2017 increased return on equity by 3.4 points and decreased adjusted net income return on adjusted equity by 0.2 points.
- (3) In January 2018, the FASB issued a Proposed Accounting Standards Update titled "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," requiring reclassification of the impact of the newly enacted tax rates on the unrealized balances presented net of tax in accumulated other comprehensive income to retained income. We plan to early adopt the new guidance as of December 31, 2017, when finalized. The impact of the adoption will increase the adjusted net income return on adjusted equity calculation by 0.1 points.

THE ALLSTATE CORPORATION
ALLSTATE ANNUITIES RESERVES AND CONTRACTHOLDER FUNDS
(\$ in millions)

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Reserve for life-contingent contract benefits										
Immediate fixed annuities with life contingencies:										
Sub-standard structured settlements and group pension terminations ⁽¹⁾	\$ 5,284	\$ 5,027	\$ 5,034	\$ 5,033	\$ 5,029	\$ 5,028	\$ 5,028	\$ 5,028	\$ 5,284	\$ 5,029
Standard structured settlements and SPIA ⁽²⁾	3,565	3,525	3,545	3,559	3,592	3,617	3,628	3,659	3,565	3,592
Subtotal ⁽³⁾	8,849	8,552	8,579	8,592	8,621	8,645	8,656	8,687	8,849	8,621
Other	85	92	95	101	100	107	111	98	85	100
Total	\$ 8,934	\$ 8,644	\$ 8,674	\$ 8,693	\$ 8,721	\$ 8,752	\$ 8,767	\$ 8,785	\$ 8,934	\$ 8,721
Contractholder funds										
Deferred fixed annuities	\$ 8,128	\$ 8,341	\$ 8,523	\$ 8,722	\$ 8,921	\$ 9,115	\$ 9,321	\$ 9,555	\$ 8,128	\$ 8,921
Immediate fixed annuities without life contingencies ⁽⁴⁾	2,700	2,744	2,792	2,831	2,874	2,928	2,998	3,040	2,700	2,874
Other ⁽⁵⁾	108	119	113	116	120	216	241	241	108	120
Total	\$ 10,936	\$ 11,204	\$ 11,428	\$ 11,669	\$ 11,915	\$ 12,259	\$ 12,560	\$ 12,836	\$ 10,936	\$ 11,915
Contractholders funds, beginning balance	\$ 11,204	\$ 11,428	\$ 11,669	\$ 11,915	\$ 12,259	\$ 12,560	\$ 12,836	\$ 13,070	\$ 11,915	\$ 13,070
Deposits	5	6	6	11	13	8	11	10	28	42
Interest credited	88	94	94	94	87	102	104	110	370	403
Benefits, withdrawals, maturities and other adjustments										
Benefits	(149)	(163)	(160)	(166)	(168)	(188)	(160)	(189)	(638)	(705)
Surrenders and partial withdrawals	(197)	(165)	(180)	(181)	(169)	(205)	(231)	(175)	(723)	(780)
Maturities of and interest payments on institutional products	-	-	-	-	(86)	-	-	-	-	(86)
Contract charges	(3)	(3)	(1)	(2)	(3)	(2)	(2)	(2)	(9)	(9)
Net transfers from separate accounts	-	-	-	1	1	-	-	-	1	1
Other adjustments	(12)	7	-	(3)	(19)	(16)	2	12	(8)	(21)
Total benefits, withdrawals, maturities and other adjustments	(361)	(324)	(341)	(351)	(444)	(411)	(391)	(354)	(1,377)	(1,600)
Contractholder funds, ending balance	\$ 10,936	\$ 11,204	\$ 11,428	\$ 11,669	\$ 11,915	\$ 12,259	\$ 12,560	\$ 12,836	\$ 10,936	\$ 11,915

⁽¹⁾ 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⁾ 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. A liability of \$315 million is included in the reserve for life-contingent contract benefits with respect to this deficiency as of December 31, 2017. 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 here.

⁽⁴⁾ Period certain structured settlements and single premium immediate annuities without life contingencies.

⁽⁵⁾ Includes \$85 million related to institutional products in September 30, 2016, June 30, 2016 and March 31, 2016.

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

	Three months ended								Twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Net investment income	\$ 10	\$ 10	\$ 10	\$ 11	\$ 10	\$ 11	\$ 11	\$ 10	\$ 41	\$ 42
Operating costs and expenses	(44) ⁽¹⁾	(93) ⁽¹⁾	(9)	(8)	(9)	(7)	(7)	(6)	(154) ⁽¹⁾	(29)
Interest expense	(84)	(82)	(83)	(85)	(77)	(73)	(72)	(73)	(334)	(295)
Income tax benefit on operations	43	60	31	30	29	26	26	25	164	106
Preferred stock dividends	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(116)	(116)
Adjusted net loss	(104)	(134)	(80)	(81)	(76)	(72)	(71)	(73)	(399)	(292)
Realized capital gains and losses, after-tax	(4)	-	-	-	(1)	-	(1)	-	(4)	(2)
Business combination expenses, after-tax ⁽²⁾	-	(1)	-	(13)	-	-	-	-	(14)	-
Goodwill impairment	(125)	-	-	-	-	-	-	-	(125)	-
Tax Legislation expense	(128)	-	-	-	-	-	-	-	(128)	-
Net loss applicable to common shareholders	\$ (361)	\$ (135)	\$ (80)	\$ (94)	\$ (77)	\$ (72)	\$ (72)	\$ (73)	\$ (670)	\$ (294)

⁽¹⁾ Includes a pension settlement loss of \$36 million and \$86 million for the three months ended December 31, 2017 and September 30, 2017, respectively.

⁽²⁾ Relates to SquareTrade acquisition on January 3, 2017.

THE ALLSTATE CORPORATION
CONSOLIDATED INVESTMENTS
(\$ in millions)

	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
Consolidated Investments								
Fixed income securities, at fair value:								
Tax-exempt	\$ 6,010	\$ 5,479	\$ 5,520	\$ 5,164	\$ 4,982	\$ 5,399	\$ 5,223	\$ 5,059
Taxable	52,982	53,912	53,136	53,472	52,857	54,907	52,906	52,232
Equity securities, at fair value ⁽¹⁾	6,621	6,434	6,117	5,685	5,666	5,288	5,265	5,117
Mortgage loans	4,534	4,322	4,336	4,349	4,486	4,396	4,453	4,302
Limited partnership interests ⁽²⁾	6,740	6,600	6,206	5,982	5,814	5,588	5,407	5,091
Short-term, at fair value	1,944	2,198	2,175	2,753	4,288	1,863	2,850	3,526
Other	3,972	3,826	3,815	3,738	3,706	3,663	3,590	3,550
Total	<u>\$ 82,803</u>	<u>\$ 82,771</u>	<u>\$ 81,305</u>	<u>\$ 81,143</u>	<u>\$ 81,799</u>	<u>\$ 81,104</u>	<u>\$ 79,694</u>	<u>\$ 78,877</u>
Fixed income securities, amortized cost:								
Tax-exempt	\$ 6,011	\$ 5,440	\$ 5,482	\$ 5,165	\$ 5,025	\$ 5,307	\$ 5,096	\$ 4,955
Taxable	51,514	52,168	51,419	52,029	51,551	52,468	50,674	50,672
Ratio of fair value to amortized cost	102.6 %	103.1 %	103.1 %	102.5 %	102.2 %	104.4 %	104.2 %	103.0 %
Equity securities, cost	\$ 5,461	\$ 5,468	\$ 5,321	\$ 5,026	\$ 5,157	\$ 4,800	\$ 4,924	\$ 4,792
Short-term, amortized cost	1,944	2,198	2,175	2,753	4,288	1,863	2,850	3,526

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

⁽²⁾ As of December 31, 2017, we have commitments to invest in additional limited partnership interests totaling \$3.2 billion.

THE ALLSTATE CORPORATION
INVESTMENTS BY SEGMENT
(\$ in millions)

As of December 31, 2017

	<u>Property- Liability</u>	<u>Service Businesses</u>	<u>Allstate Life</u>	<u>Allstate Benefits</u>	<u>Allstate Annuities</u>	<u>Corporate and Other</u>	<u>Total</u>
Investments by Segment							
Fixed income securities, at fair value:							
Tax-exempt	\$ 5,441	\$ 2	\$ -	\$ -	\$ 18	\$ 549	\$ 6,010
Taxable	26,299	755	7,904	1,159	15,673	1,192	52,982
Equity securities, at fair value ⁽¹⁾	4,752	144	42	89	1,584	10	6,621
Mortgage loans	394	-	1,823	195	2,122	-	4,534
Limited partnership interests	3,599	-	-	-	3,141	-	6,740
Short-term, at fair value	909	53	228	18	529	207	1,944
Other	1,789	-	1,213	315	655	-	3,972
Total	<u>\$ 43,183</u>	<u>\$ 954</u>	<u>\$ 11,210</u>	<u>\$ 1,776</u>	<u>\$ 23,722</u>	<u>\$ 1,958</u>	<u>\$ 82,803</u>
Fixed income securities, amortized cost:							
Tax-exempt	\$ 5,448	\$ 2	\$ -	\$ -	\$ 18	\$ 543	\$ 6,011
Taxable	26,139	758	7,413	1,116	14,896	1,192	51,514
Ratio of fair value to amortized cost	100.5 %	99.6 %	106.6 %	103.9 %	105.2 %	100.3 %	102.6 %
Equity securities, cost	\$ 3,932	\$ 144	\$ 41	\$ 57	\$ 1,277	\$ 10	\$ 5,461
Short-term, amortized cost	909	53	228	18	529	207	1,944
Fixed income securities portfolio duration (in years) ⁽²⁾	3.28	2.68	5.70	5.01	4.13	2.30	3.83

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

	December 31, 2017			September 30, 2017			June 30, 2017		
	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost ⁽¹⁾	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost ⁽¹⁾	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost ⁽¹⁾
Fixed income securities									
U.S. government and agencies	\$ 36	\$ 3,616	101.0	\$ 57	\$ 3,900	101.5	\$ 63	\$ 3,426	101.9
Municipal	275	8,328	103.4	310	7,794	104.1	312	7,855	104.1
Corporate	1,030	44,026	102.4	1,287	44,546	103.0	1,244	44,251	102.9
Foreign government	16	1,021	101.6	16	1,093	101.5	28	1,047	102.7
Asset-backed securities ("ABS")	6	1,272	100.5	7	1,270	100.6	6	1,243	100.5
Residential mortgage-backed securities ("RMBS")	98	578	120.4	99	611	119.3	92	641	116.8
Commercial mortgage-backed securities ("CMBS")	4	128	103.2	4	153	102.7	7	170	104.3
Redeemable preferred stock	2	23	109.5	3	24	114.3	3	23	115.0
Total fixed income securities	<u>1,467</u>	<u>58,992</u>	<u>102.6</u>	<u>1,783</u>	<u>59,391</u>	<u>103.1</u>	<u>1,755</u>	<u>58,656</u>	<u>103.1</u>
Equity securities ⁽²⁾	1,160	6,621	121.2	966	6,434	117.7	796	6,117	115.0
Short-term investments	-	1,944	100.0	-	2,198	100.0	-	2,175	100.0
Derivatives	(1)	127	n/a	(2)	101	n/a	(1)	108	n/a
EMA limited partnership interests ⁽³⁾	1	n/a	n/a	-	n/a	n/a	(1)	n/a	n/a
Unrealized net capital gains and losses, pre-tax	<u>2,627</u>			<u>2,747</u>			<u>2,549</u>		
Amounts recognized for:									
Insurance reserves ⁽⁴⁾	(315)			-			-		
DAC and DSI ⁽⁵⁾	(196)			(203)			(198)		
Amounts recognized	<u>(511)</u>			<u>(203)</u>			<u>(198)</u>		
Deferred income taxes	(744)			(893)			(825)		
Unrealized net capital gains and losses, after-tax	<u>\$ 1,372</u>			<u>\$ 1,651</u>			<u>\$ 1,526</u>		
	March 31, 2017			December 31, 2016			September 30, 2016		
	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost ⁽¹⁾	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost ⁽¹⁾	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost ⁽¹⁾
Fixed income securities									
U.S. government and agencies	\$ 66	\$ 4,395	101.5	\$ 65	\$ 3,637	101.8	\$ 105	\$ 4,304	102.5
Municipal	258	7,507	103.6	217	7,333	103.0	470	7,902	106.3
Corporate	992	43,535	102.3	859	43,601	102.0	1,804	44,474	104.2
Foreign government	32	1,027	103.2	32	1,075	103.1	59	1,119	105.6
ABS	3	1,265	100.2	2	1,171	100.2	(3)	1,390	99.8
RMBS	83	672	114.1	77	728	111.8	82	778	111.8
CMBS	5	211	102.4	8	270	103.1	11	315	103.6
Redeemable preferred stock	3	24	114.3	3	24	114.3	3	24	114.3
Total fixed income securities	<u>1,442</u>	<u>58,636</u>	<u>102.5</u>	<u>1,263</u>	<u>57,839</u>	<u>102.2</u>	<u>2,531</u>	<u>60,306</u>	<u>104.4</u>
Equity securities ⁽²⁾	659	5,685	113.1	509	5,666	109.9	488	5,288	110.2
Short-term investments	-	2,753	100.0	-	4,288	100.0	-	1,863	100.0
Derivatives	-	108	n/a	2	111	n/a	1	85	n/a
EMA limited partnership interests ⁽³⁾	-	n/a	n/a	(4)	n/a	n/a	(5)	n/a	n/a
Unrealized net capital gains and losses, pre-tax	<u>2,101</u>			<u>1,770</u>			<u>3,015</u>		
Amounts recognized for:									
Insurance reserves ⁽⁴⁾	-			-			-		
DAC and DSI ⁽⁵⁾	(165)			(146)			(216)		
Amounts recognized	<u>(165)</u>			<u>(146)</u>			<u>(216)</u>		
Deferred income taxes	(680)			(571)			(982)		
Unrealized net capital gains and losses, after-tax	<u>\$ 1,256</u>			<u>\$ 1,053</u>			<u>\$ 1,817</u>		

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

⁽²⁾ Beginning January 1, 2018, due to the adoption of the new accounting standard for the recognition and measurement of financial assets and liabilities, equity securities will be measured at fair value with changes in fair value recognized in net income. The existing unrealized net capital gains and losses, after-tax, will be reclassified to retained income through a cumulative effect adjustment.

⁽³⁾ Unrealized net capital gains and losses for limited partnership interests represent the Company's share of EMA limited partnerships' other comprehensive income. Fair value and amortized cost are not applicable.

⁽⁴⁾ The insurance reserves adjustment represents the amount by which the reserve balance would increase if the net unrealized gains in the applicable product portfolios were realized and reinvested at current lower interest rates, resulting in a premium deficiency. This adjustment primarily relates to structured settlement annuities with life contingencies (a type of immediate fixed annuities).

⁽⁵⁾ The DAC and DSI adjustment balance represents the amount by which the amortization of DAC and DSI would increase or decrease if the unrealized gains or losses in the respective product portfolios were realized.

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

	Three months ended				Twelve months ended					
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Net Investment Income										
Fixed income securities	\$ 514	\$ 519	\$ 527	\$ 518	\$ 514	\$ 508	\$ 520	\$ 518	\$ 2,078	\$ 2,060
Equity securities	44	37	49	44	34	31	44	28	174	137
Mortgage loans	49	52	50	55	55	56	53	53	206	217
Limited partnership interests ("LP")	293	223	253	120	178	136	126	121	889	561
Short-term	9	9	6	6	5	4	3	4	30	16
Other	62	58	60	56	59	55	57	51	236	222
Investment income, before expense	971	898	945	799	845	790	803	775	3,613	3,213
Less: Investment expense	(58)	(55)	(48)	(51)	(44)	(42)	(41)	(44)	(212)	(171)
Net investment income	<u>\$ 913</u>	<u>\$ 843</u>	<u>\$ 897</u>	<u>\$ 748</u>	<u>\$ 801</u>	<u>\$ 748</u>	<u>\$ 762</u>	<u>\$ 731</u>	<u>\$ 3,401</u>	<u>\$ 3,042</u>
Interest-bearing investments ⁽¹⁾	\$ 623	\$ 627	\$ 631	\$ 625	\$ 622	\$ 613	\$ 623	\$ 618	\$ 2,506	\$ 2,476
Equity securities	44	37	49	44	34	31	44	28	174	137
LP and other alternative investments ⁽²⁾	304	234	265	130	189	146	136	129	933	600
Investment income, before expense	<u>\$ 971</u>	<u>\$ 898</u>	<u>\$ 945</u>	<u>\$ 799</u>	<u>\$ 845</u>	<u>\$ 790</u>	<u>\$ 803</u>	<u>\$ 775</u>	<u>\$ 3,613</u>	<u>\$ 3,213</u>
Pre-Tax Yields ⁽³⁾										
Fixed income securities	3.6 %	3.6 %	3.7 %	3.6 %	3.6 %	3.6 %	3.7 %	3.7 %	3.6 %	3.6 %
Equity securities	3.2	2.7	3.8	3.5	2.7	2.5	3.7	2.3	3.3	2.8
Mortgage loans	4.4	4.8	4.6	4.9	5.0	5.0	4.9	4.9	4.7	4.9
Limited partnership interests	17.5	13.9	16.6	8.1	12.5	9.9	9.6	9.7	14.2	10.5
Total portfolio	4.8	4.5	4.7	4.0	4.2	4.0	4.1	4.0	4.5	4.1
Interest-bearing investments	3.7	3.7	3.8	3.7	3.7	3.7	3.8	3.7	3.7	3.7
Realized Capital Gains and Losses (Pre-tax) by Transaction Type										
Impairment write-downs	\$ (8)	\$ (23)	\$ (28)	\$ (43)	\$ (49)	\$ (63)	\$ (63)	\$ (59)	\$ (102)	\$ (234)
Change in intent write-downs	(5)	(5)	(22)	(16)	(21)	(10)	(16)	(22)	(48)	(69)
Net other-than-temporary impairment losses recognized in earnings	(13)	(28)	(50)	(59)	(70)	(73)	(79)	(81)	(150)	(303)
Sales and other	146	148	139	208	47	121	104	(59)	641	213
Valuation and settlements of derivative instruments	(6)	(17)	(8)	(15)	25	(15)	(1)	(9)	(46)	-
Total	<u>\$ 127</u>	<u>\$ 103</u>	<u>\$ 81</u>	<u>\$ 134</u>	<u>\$ 2</u>	<u>\$ 33</u>	<u>\$ 24</u>	<u>\$ (149)</u>	<u>\$ 445</u>	<u>\$ (90)</u>
Total Return on Investment Portfolio ⁽⁴⁾										
Income	1.1 %	1.0 %	1.1 %	0.9 %	1.0 %	0.9 %	1.0 %	0.9 %	4.1 %	3.8 %
Valuation	-	0.5	0.7	0.7	(1.7)	0.4	0.9	1.1	1.8	0.6
Total	<u>1.1 %</u>	<u>1.5 %</u>	<u>1.8 %</u>	<u>1.6 %</u>	<u>(0.7) %</u>	<u>1.3 %</u>	<u>1.9 %</u>	<u>2.0 %</u>	<u>5.9 %</u>	<u>4.4 %</u>
Average Investment Balances (in billions) ⁽⁵⁾	<u>\$ 80.1</u>	<u>\$ 79.4</u>	<u>\$ 78.9</u>	<u>\$ 79.5</u>	<u>\$ 79.1</u>	<u>\$ 77.5</u>	<u>\$ 76.9</u>	<u>\$ 76.8</u>	<u>\$ 79.6</u>	<u>\$ 77.7</u>

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

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

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

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

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

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

Three months ended December 31, 2017

	Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Total
Net Investment Income							
Fixed income securities	\$ 228	\$ 4	\$ 92	\$ 12	\$ 168	\$ 10	\$ 514
Equity securities	32	1	1	1	9	-	44
Mortgage loans	3	-	20	2	24	-	49
Limited partnership interests ("LP")	151	-	-	-	142	-	293
Short-term	5	-	1	-	2	1	9
Other	26	-	18	4	13	1	62
Investment income, before expense	<u>445</u>	<u>5</u>	<u>132</u>	<u>19</u>	<u>358</u>	<u>12</u>	<u>971</u>
Less: Investment expense	(30)	-	(5)	(1)	(20)	(2)	(58)
Net investment income	<u>\$ 415</u>	<u>\$ 5</u>	<u>\$ 127</u>	<u>\$ 18</u>	<u>\$ 338</u>	<u>\$ 10</u>	<u>\$ 913</u>
Interest-bearing investments ⁽¹⁾	\$ 255	\$ 4	\$ 131	\$ 18	\$ 203	\$ 12	\$ 623
Equity securities	32	1	1	1	9	-	44
LP and other alternative investments ⁽²⁾	158	-	-	-	146	-	304
Investment income, before expense	<u>\$ 445</u>	<u>\$ 5</u>	<u>\$ 132</u>	<u>\$ 19</u>	<u>\$ 358</u>	<u>\$ 12</u>	<u>\$ 971</u>
Pre-Tax Yields ⁽³⁾							
Fixed income securities	2.9 %	2.0 %	4.9 %	4.2 %	4.6 %	2.3 %	3.6 %
Equity securities	3.4	3.5	3.6	4.3	2.8	0.1	3.2
Mortgage loans	3.8	-	4.5	4.4	4.5	-	4.4
Limited partnership interests	17.1	-	-	-	18.1	-	17.5
Total portfolio	4.2	2.2	4.9	4.5	6.3	2.3	4.8
Interest-bearing investments	3.0	1.9	4.9	4.5	4.5	2.3	3.7
Realized Capital Gains and Losses (Pre-tax) by transaction type							
Impairment write-downs	\$ (2)	\$ -	\$ -	\$ -	\$ (2)	\$ (4)	\$ (8)
Change in intent write-downs	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
Net other-than-temporary impairment losses recognized in earnings	(7)	-	-	-	(2)	(4)	(13)
Sales and other	109	-	1	-	38	(2)	146
Valuation and settlements of derivative instruments	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>(6)</u>
Total	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ (6)</u>	<u>\$ 127</u>

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

(2) Comprise limited partnership interests and other alternative investments, including real estate 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). For investments carried at fair value, investment balances exclude unrealized capital gains and losses.

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

	As of or for the three months ended								As of or for the twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Market-Based ("MB") ⁽¹⁾										
Investment Position										
Interest-bearing investments	\$ 68,648	\$ 69,070	\$ 68,331	\$ 68,836	\$ 69,688	\$ 69,579	\$ 68,357	\$ 68,001	\$ 68,648	\$ 69,688
Equity securities ⁽²⁾	6,483	6,336	6,021	5,578	5,567	5,194	5,192	5,032	6,483	5,567
LP and other alternative investments ⁽³⁾	738	694	591	555	535	481	405	403	738	535
Total	<u>\$ 75,869</u>	<u>\$ 76,100</u>	<u>\$ 74,943</u>	<u>\$ 74,969</u>	<u>\$ 75,790</u>	<u>\$ 75,254</u>	<u>\$ 73,954</u>	<u>\$ 73,436</u>	<u>\$ 75,869</u>	<u>\$ 75,790</u>
Investment income										
Interest-bearing investments	\$ 620	\$ 625	\$ 629	\$ 624	\$ 622	\$ 611	\$ 618	\$ 614	\$ 2,498	\$ 2,465
Equity securities	44	37	45	35	34	31	44	28	161	137
LP and other alternative investments	1	1	-	-	(1)	1	-	-	2	-
Investment income, before expense	665	663	674	659	655	643	662	642	2,661	2,602
Investee level expenses ⁽⁴⁾	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(5)	(4)
Income for yield calculation	<u>\$ 664</u>	<u>\$ 662</u>	<u>\$ 672</u>	<u>\$ 658</u>	<u>\$ 654</u>	<u>\$ 642</u>	<u>\$ 661</u>	<u>\$ 641</u>	<u>\$ 2,656</u>	<u>\$ 2,598</u>
Market-based pre-tax yield	3.6 %	3.6 %	3.7 %	3.6 %	3.6 %	3.6 %	3.7 %	3.6 %	3.6 %	3.6 %
Realized capital gains and losses (pre-tax) by transaction type										
Impairment write-downs	\$ (8)	\$ (7)	\$ (19)	\$ (36)	\$ (26)	\$ (37)	\$ (50)	\$ (31)	\$ (70)	\$ (144)
Change in intent write-downs	(5)	(5)	(22)	(16)	(21)	(10)	(16)	(21)	(48)	(68)
Net other-than-temporary impairment losses recognized in earnings	(13)	(12)	(41)	(52)	(47)	(47)	(66)	(52)	(118)	(212)
Sales and other	141	148	129	208	43	118	123	(80)	626	204
Valuation and settlements of derivative instruments	1	(12)	(1)	(10)	13	(13)	(5)	(6)	(22)	(11)
Total	<u>\$ 129</u>	<u>\$ 124</u>	<u>\$ 87</u>	<u>\$ 146</u>	<u>\$ 9</u>	<u>\$ 58</u>	<u>\$ 52</u>	<u>\$ (138)</u>	<u>\$ 486</u>	<u>\$ (19)</u>
Performance-Based ("PB") ⁽⁵⁾										
Investment Position										
Interest-bearing investments	\$ 120	\$ 130	\$ 129	\$ 108	\$ 113	\$ 130	\$ 162	\$ 162	\$ 120	\$ 113
Equity securities	138	98	96	107	99	94	73	85	138	99
LP and other alternative investments	6,676	6,443	6,137	5,959	5,797	5,626	5,505	5,194	6,676	5,797
Total	<u>\$ 6,934</u>	<u>\$ 6,671</u>	<u>\$ 6,362</u>	<u>\$ 6,174</u>	<u>\$ 6,009</u>	<u>\$ 5,850</u>	<u>\$ 5,740</u>	<u>\$ 5,441</u>	<u>\$ 6,934</u>	<u>\$ 6,009</u>
Investment income										
Interest-bearing investments	\$ 3	\$ 2	\$ 2	\$ 1	\$ -	\$ 2	\$ 5	\$ 4	\$ 8	\$ 11
Equity securities	-	-	4	9	-	-	-	-	13	-
LP and other alternative investments	303	233	265	130	190	145	136	129	931	600
Investment income, before expense	306	235	271	140	190	147	141	133	952	611
Investee level expenses	(10)	(8)	(8)	(9)	(8)	(8)	(8)	(8)	(35)	(32)
Income for yield calculation	<u>\$ 296</u>	<u>\$ 227</u>	<u>\$ 263</u>	<u>\$ 131</u>	<u>\$ 182</u>	<u>\$ 139</u>	<u>\$ 133</u>	<u>\$ 125</u>	<u>\$ 917</u>	<u>\$ 579</u>
Performance-based pre-tax yield	17.4 %	14.0 %	16.8 %	8.7 %	12.3 %	9.7 %	9.5 %	9.3 %	14.3 %	10.3 %
Realized capital gains and losses (pre-tax) by transaction type										
Impairment write-downs	\$ -	\$ (16)	\$ (9)	\$ (7)	\$ (23)	\$ (26)	\$ (13)	\$ (28)	\$ (32)	\$ (90)
Change in intent write-downs	-	-	-	-	-	-	-	(1)	-	(1)
Net other-than-temporary impairment losses recognized in earnings	-	(16)	(9)	(7)	(23)	(26)	(13)	(29)	(32)	(91)
Sales and other	5	-	10	-	4	3	(19)	21	15	9
Valuation and settlements of derivative instruments	(7)	(5)	(7)	(5)	12	(2)	4	(3)	(24)	11
Total	<u>\$ (2)</u>	<u>\$ (21)</u>	<u>\$ (6)</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (25)</u>	<u>\$ (28)</u>	<u>\$ (11)</u>	<u>\$ (41)</u>	<u>\$ (71)</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 BY SEGMENT
(\$ in millions)

As of or for the three months ended December 31, 2017

	Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Total
Market-based ("MB") ⁽¹⁾							
Investment Position							
Interest-bearing investments	\$ 34,236	\$ 810	\$ 11,168	\$ 1,687	\$ 18,799	\$ 1,948	\$ 68,648
Equity securities ⁽²⁾	4,672	144	42	89	1,526	10	6,483
LP and other alternative investments ⁽³⁾	504	-	-	-	234	-	738
Total	<u>\$ 39,412</u>	<u>\$ 954</u>	<u>\$ 11,210</u>	<u>\$ 1,776</u>	<u>\$ 20,559</u>	<u>\$ 1,958</u>	<u>\$ 75,869</u>
Investment income							
Interest-bearing investments	\$ 253	\$ 4	\$ 131	\$ 18	\$ 202	\$ 12	\$ 620
Equity securities	32	1	1	1	9	-	44
LP and other alternative investments	1	-	-	-	-	-	1
Investment income, before expense	286	5	132	19	211	12	665
Investee level expenses ⁽⁴⁾	(1)	-	-	-	-	-	(1)
Income for yield calculation	<u>\$ 285</u>	<u>\$ 5</u>	<u>\$ 132</u>	<u>\$ 19</u>	<u>\$ 211</u>	<u>\$ 12</u>	<u>\$ 664</u>
Market-based pre-tax yield	3.0 %	2.2 %	4.9 %	4.5 %	4.3 %	2.3 %	3.6 %
Realized capital gains and losses (pre-tax) by transaction type							
Impairment write-downs	\$ (2)	\$ -	\$ -	\$ -	\$ (2)	\$ (4)	\$ (8)
Change in intent write-downs	(5)	-	-	-	-	-	(5)
Net other-than-temporary impairment losses recognized in earnings	(7)	-	-	-	(2)	(4)	(13)
Sales and other	108	-	1	-	34	(2)	141
Valuation and settlements of derivative instruments	1	-	-	-	-	-	1
Total	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ (6)</u>	<u>\$ 129</u>
Performance-based ("PB") ⁽⁵⁾							
Investment Position							
Interest-bearing investments	\$ 98	\$ -	\$ -	\$ -	\$ 22	\$ -	\$ 120
Equity securities	80	-	-	-	58	-	138
LP and other alternative investments	3,593	-	-	-	3,083	-	6,676
Total	<u>\$ 3,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,163</u>	<u>\$ -</u>	<u>\$ 6,934</u>
Investment income							
Interest-bearing investments	\$ 2	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 3
Equity securities	-	-	-	-	-	-	-
LP and other alternative investments	157	-	-	-	146	-	303
Investment income, before expense	159	-	-	-	147	-	306
Investee level expenses	(5)	-	-	-	(5)	-	(10)
Income for yield calculation	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ 296</u>
Performance-based pre-tax yield	16.9 %	N/A %	N/A %	N/A %	18.0 %	N/A %	17.4 %
Realized capital gains and losses (pre-tax) by transaction type							
Impairment write-downs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in intent write-downs	-	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	-	-	-	-	-	-	-
Sales and other	1	-	-	-	4	-	5
Valuation and settlements of derivative instruments	(4)	-	-	-	(3)	-	(7)
Total	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (2)</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 INVESTMENTS
(\$ in millions)

	As of or for the three months ended								As of or for the twelve months ended	
	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Investment position										
Limited partnerships										
Private equity	\$ 4,752	\$ 4,650	\$ 4,333	\$ 4,139	\$ 4,031	\$ 3,839	\$ 3,663	\$ 3,324	\$ 4,752	\$ 4,031
Real estate	1,293	1,296	1,320	1,325	1,281	1,301	1,374	1,399	1,293	1,281
PB - limited partnerships	6,045	5,946	5,653	5,464	5,312	5,140	5,037	4,723	6,045	5,312
Non-LP										
Private equity	210	170	171	161	151	165	179	190	210	151
Real estate	679	555	538	549	546	545	524	528	679	546
PB - non-LP	889	725	709	710	697	710	703	718	889	697
Total										
Private equity	4,962	4,820	4,504	4,300	4,182	4,004	3,842	3,514	4,962	4,182
Real estate	1,972	1,851	1,858	1,874	1,827	1,846	1,898	1,927	1,972	1,827
Total PB	<u>\$ 6,934</u>	<u>\$ 6,671</u>	<u>\$ 6,362</u>	<u>\$ 6,174</u>	<u>\$ 6,009</u>	<u>\$ 5,850</u>	<u>\$ 5,740</u>	<u>\$ 5,441</u>	<u>\$ 6,934</u>	<u>\$ 6,009</u>
Investment income										
Limited partnerships										
Private equity	\$ 219	\$ 183	\$ 209	\$ 114	\$ 145	\$ 112	\$ 113	\$ 85	\$ 725	\$ 455
Real estate	74	40	44	6	34	23	13	36	164	106
PB - limited partnerships	293	223	253	120	179	135	126	121	889	561
Non-LP										
Private equity	3	2	5	9	1	2	4	2	19	9
Real estate	10	10	13	11	10	10	11	10	44	41
PB - non-LP	13	12	18	20	11	12	15	12	63	50
Total										
Private equity	222	185	214	123	146	114	117	87	744	464
Real estate	84	50	57	17	44	33	24	46	208	147
Total PB	<u>\$ 306</u>	<u>\$ 235</u>	<u>\$ 271</u>	<u>\$ 140</u>	<u>\$ 190</u>	<u>\$ 147</u>	<u>\$ 141</u>	<u>\$ 133</u>	<u>\$ 952</u>	<u>\$ 611</u>
Investee level expenses	<u>\$ (10)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (9)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (35)</u>	<u>\$ (32)</u>
Realized capital gains and losses										
Limited partnerships										
Private equity	\$ (3)	\$ (17)	\$ (8)	\$ (10)	\$ (26)	\$ (23)	\$ (20)	\$ 12	\$ (38)	\$ (57)
Real estate	2	-	4	1	2	2	-	1	7	5
PB - limited partnerships	(1)	(17)	(4)	(9)	(24)	(21)	(20)	13	(31)	(52)
Non-LP										
Private equity	(7)	(4)	(11)	(4)	16	(4)	(8)	(25)	(26)	(21)
Real estate	6	-	9	1	1	-	-	1	16	2
PB - non-LP	(1)	(4)	(2)	(3)	17	(4)	(8)	(24)	(10)	(19)
Total										
Private equity	(10)	(21)	(19)	(14)	(10)	(27)	(28)	(13)	(64)	(78)
Real estate	8	-	13	2	3	2	-	2	23	7
Total PB	<u>\$ (2)</u>	<u>\$ (21)</u>	<u>\$ (6)</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (25)</u>	<u>\$ (28)</u>	<u>\$ (11)</u>	<u>\$ (41)</u>	<u>\$ (71)</u>
Pre-Tax Yield	17.4 %	14.0 %	16.8 %	8.7 %	12.3 %	9.7 %	9.5 %	9.3 %	14.3 %	10.3 %
Internal Rate of Return ⁽¹⁾										
10 Year	8.6 %	8.5 %	8.3 %	9.5 %	10.1 %	10.1 %	10.2 %	10.5		
5 Year	12.8	12.7	11.9	11.9	12.0	11.7	12.0	12.7		

⁽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

	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	March 31, 2016
Investment position								
Accounting basis								
Cost method	\$ 1,327	\$ 1,339	\$ 1,269	\$ 1,293	\$ 1,282	\$ 1,375	\$ 1,284	\$ 1,193
Equity method ("EMA") ⁽¹⁾	5,413	5,261	4,937	4,689	4,532	4,213	4,123	3,898
Total	<u>\$ 6,740</u>	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,588</u>	<u>\$ 5,407</u>	<u>\$ 5,091</u>
Cost method-fair value ⁽²⁾	\$ 1,569	\$ 1,579	\$ 1,511	\$ 1,525	\$ 1,493	\$ 1,600	\$ 1,511	\$ 1,466
Underlying investment								
Private equity	\$ 4,752	\$ 4,650	\$ 4,333	\$ 4,139	\$ 4,031	\$ 3,839	\$ 3,663	\$ 3,324
Real estate	1,293	1,296	1,320	1,325	1,281	1,301	1,374	1,399
Other	695	654	553	518	502	448	370	368
Total	<u>\$ 6,740</u>	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,588</u>	<u>\$ 5,407</u>	<u>\$ 5,091</u>
Total Income								
Accounting basis								
Cost method	\$ 47	\$ 64	\$ 51	\$ 37	\$ 26	\$ 43	\$ 47	\$ 39
Equity method	246	159	202	83	152	93	79	82
Total	<u>\$ 293</u>	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 136</u>	<u>\$ 126</u>	<u>\$ 121</u>
Underlying investment								
Private equity	\$ 219	\$ 183	\$ 209	\$ 114	\$ 145	\$ 112	\$ 113	\$ 85
Real estate	74	40	44	6	34	23	13	36
Other	-	-	-	-	(1)	1	-	-
Total	<u>\$ 293</u>	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 136</u>	<u>\$ 126</u>	<u>\$ 121</u>
⁽¹⁾ Approximate cumulative pre-tax appreciation	\$ 854	\$ 858	\$ 787	\$ 611	\$ 511	\$ 469	\$ 469	\$ 408

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

Definitions of Non-GAAP Measures

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

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

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

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", "Historical 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 equity balance, 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 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, and realized capital gains and losses, after-tax, and adjusted for the after-tax income statement effects of acquisition-related purchase accounting fair value adjustments to unearned premiums, contractual liability insurance policy premium expenses, and commissions paid to retailers. Net income (loss) applicable to shareholders is the GAAP measure that is most directly comparable to adjusted 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".