# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): October 29, 2014

# THE ALLSTATE CORPORATION
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Delaware** | **1-11840** | **36-3871531** |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| | |
|---|---|
| **2775 Sanders Road, Northbrook, Illinois** | **60062** |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code **(847) 402-5000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Section 2 – Financial Information**

**Item 2.02. Results of Operations and Financial Condition.**

On October 29, 2014, the registrant issued a press release announcing its financial results for the third quarter of 2014, and the availability of the registrant's third quarter investor supplement on the registrant's web site. The press release and the investor supplement are furnished as Exhibits 99.1 and 99.2 to this report. The information contained in the press release and the investor supplement are furnished and not filed pursuant to instruction B.2 of Form 8-K.

**Section 9 – Financial Statements and Exhibits**

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

| | |
|---|---|
| 99.1 | Registrant's press release dated October 29, 2014 |
| 99.2 | Third quarter 2014 Investor Supplement of The Allstate Corporation |



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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**THE ALLSTATE CORPORATION**
(Registrant)

By: /s/ Samuel H. Pilch
Name: Samuel H. Pilch
Title: Senior Group Vice President and Controller

Date: October 29, 2014

**FOR IMMEDIATE RELEASE**

Contacts:
Maryellen Thielen
Media Relations
(847) 402-5600

Pat Macellaro
Investor Relations
(847) 402-2800

## Allstate Reports Broad-Based Growth and Strong Profitability

NORTHBROOK, Ill., October 29, 2014 – The Allstate Corporation (NYSE: ALL) today reported financial results for the third quarter of 2014. The financial highlights were:

| The Allstate Corporation Consolidated Highlights | | | | | | |
|---|---|---|---|---|---|---|
| | Three months ended September 30, | | | Nine months ended September 30, | | |
| ($ millions, except per share amounts and ratios) | 2014 | 2013 | % / pts Change | 2014 | 2013 | % / pts Change |
| **Consolidated revenues** | $ 8,936 | $ 8,465 | 5.6 | $ 26,480 | $ 25,715 | 3.0 |
| **Net income available to common shareholders** | 750 | 310 | 141.9 | 1,951 | 1,453 | 34.3 |
| per diluted common share | 1.74 | 0.66 | 163.6 | 4.42 | 3.07 | 44.0 |
| **Operating income*** | 598 | 713 | (16.1) | 1,631 | 1,889 | (13.7) |
| per diluted common share* | 1.39 | 1.53 | (9.2) | 3.69 | 3.99 | (7.5) |
| **Return on common shareholders' equity (twelve months ended)** | | | | | | |
| Net income available to common shareholders | | | | 13.6% | 9.0% | 4.6 pts |
| Operating income* | | | | 13.0% | 12.0% | 1.0 pts |
| **Book value per common share** | | | | 48.28 | 43.49 | 11.0 |
| Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities* | | | | 44.67 | 40.37 | 10.7 |
| **Property-Liability combined ratio** | | | | | | |
| Recorded | 93.5 | 90.0 | 3.5 pts | 95.2 | 93.1 | 2.1 pts |
| Underlying combined ratio* (excludes catastrophes, prior year reserve reestimates and amortization of purchased intangibles) | 86.1 | 86.9 | (0.8) pts | 86.4 | 87.2 | (0.8) pts |
| **Catastrophe losses** | 517 | 128 | NM | 1,898 | 1,134 | 67.4 |

NM = not meaningful

* Measures used in this release that are not based on accounting principles generally accepted in the United States of America ("non-GAAP") are defined and reconciled to the most directly comparable GAAP measure in the "Definitions of Non-GAAP Measures" section of this document.

"Allstate grew across brands and customer segments while generating excellent profitability, despite a significant increase in losses from severe weather. The combination of a unique strategy and operational focus continues to improve our competitive position and create value for shareholders," said Thomas J. Wilson, chairman, president and CEO of The Allstate Corporation. "Over the last year, we added 790,000 policies in force, a 2.4% improvement, and net written premiums increased by $1.4 billion for the trailing twelve months. The Allstate brand increased both auto and homeowners policies, reflecting the execution of a comprehensive growth plan. Esurance continued to increase its market share of the self-serve branded segment, although policy growth moderated to 14.1% in the third quarter given profit improvement initiatives. Similarly, policy growth at Encompass slowed to 3.1% over the prior year quarter," continued Wilson.



"Profitability was also strong and consistent with our strategic direction and a proactive approach to managing risk and return. Net income was $750 million and operating income was $598 million for the quarter, as the underlying combined ratio was better than the annual outlook range of 87 - 89 and limited partnership results were higher than the prior year. The strategic decision to deploy capital out of the life and annuity businesses is progressing well, but resulted in lower Allstate Life and Retirement operating income. Shareholders continued to realize good returns, with an operating income return on equity of 13.0% and $1.05 billion of dividends and share repurchases in the third quarter."

### Third Quarter 2014 Financial Results

- Written premiums for the trailing twelve months ended September 30, 2014 increased by $1.4 billion to $29.3 billion, or 5.1%, over the trailing twelve months ended September 30, 2013 of $27.9 billion. Allstate Protection written premiums were $367 million higher in the quarter versus the third quarter of 2013. Allstate brand written premiums increased $303 million, or 4.5%, Esurance premiums rose $50 million, or 14.0%, and Encompass premiums increased $14 million, or 4.3%, compared to third quarter 2013. Allstate Financial premiums and contract charges of $512 million declined by 12.3% for the third quarter of 2014 from the year-earlier period due to the sale of Lincoln Benefit Life Company (LBL).

- Third quarter 2014 net income available to common shareholders was $750 million, or $1.74 per diluted common share, compared to $310 million, or $0.66 per diluted common share, in the third quarter of 2013. The quarterly comparison was affected by a number of after-tax items in the 2013 quarter, including a $475 million estimated loss on the disposition of LBL and a $118 million postretirement benefits curtailment gain.

- Operating income was $598 million, or $1.39 per diluted common share, in the third quarter of 2014, compared to $713 million, or $1.53 per diluted common share, in the same period of 2013. The decrease in operating income was driven by catastrophe losses of $517 million, pre-tax, which were $389 million higher than the prior year quarter.

- The recorded Property-Liability combined ratio was 93.5 for the third quarter of 2014, 3.5 points unfavorable to the prior year quarter due to greater catastrophe losses. The underlying combined ratio of 86.1 for the third quarter was 0.8 points better than the same period of last year, reflecting the continued strong performance of the Allstate brand. While Esurance's loss ratio improved from the prior year quarter, growth investments continue to impact the combined ratio and recorded earnings. Encompass is also continuing its profit improvement initiatives.

- Allstate Financial recorded net income of $116 million in the third quarter, compared to a net loss of $360 million in the prior year quarter, which included the initial estimated loss on the disposition of LBL. Operating income declined 1.6% to $125 million from the same quarter a year ago as the absence of $55 million of income from the disposed LBL business was offset by lower deferred acquisition cost unlocking charges in 2014.

- Total net investment income was $823 million in the third quarter of 2014, and included $162 million from limited partnership interests. Property-Liability net investment income increased by $35 million, or 11.3% in the third quarter of 2014 compared to the prior year quarter, due to higher limited partnership income, partially offset by lower fixed income yields due to rate risk reduction actions. Allstate Financial net investment income declined by $160 million in the third quarter of 2014 compared to the same period of 2013 on lower investment balances resulting from the sale of LBL and continuing run-off of deferred annuities.

### 2014 Operating Priorities

**Grow insurance policies in force.** Allstate Protection insurance policies in force increased by 790,000, or 2.4%, in the third quarter of 2014 versus the same period last year, reflecting broad-based geographic growth across customer segments and product offerings.

· The Allstate brand grew insurance policies in force by 572,000, or 1.9% in the third quarter of 2014 compared to the prior year quarter, after reflecting a comprehensive plan to generate profitable growth. This growth was driven by an increase of 504,000 Allstate auto policies, 2.6% higher than the third quarter of 2013, and a modest increase of 5,000 or 0.1% in Allstate



homeowners policies. Allstate brand other personal lines increased by 70,000 policies in the third quarter of 2014, 1.7% higher than the 2013 quarter, reflecting the ongoing focus on providing complete household solutions through a broad range of products.

· Esurance grew insurance policies in force by 14.1%, or 179,000 policies, in the third quarter of 2014 versus the same period a year ago. Esurance's rate of policy growth has continued to slow from prior quarters due to the impact of ongoing profit improvement actions designed to improve the underlying loss ratio and the increased size of the business.

· Encompass grew insurance policies in force by 3.1%, or 39,000 policies, in the third quarter of 2014 compared with the same quarter of 2013.

**Maintain the underlying combined ratio.** The Property-Liability underlying combined ratio of 86.1 in the third quarter of 2014 was 0.8 points better than in the prior year quarter.

· The Allstate brand combined ratio was 89.8 in the third quarter, with an underlying combined ratio of 84.2, 1.2 points better than in the prior year quarter. Allstate brand **auto** had a third quarter 2014 combined ratio of 93.1 and an underlying combined ratio of 92.9, 1.4 points better than in the prior year quarter. Allstate brand **homeowners** recorded a combined ratio of 81.2 and an underlying combined ratio of 60.0, 1.8 points better than in the third quarter of 2013.

· Esurance recorded a third quarter 2014 combined ratio of 116.6 and an underlying combined ratio of 112.3, 0.8 points higher than the prior year quarter. Esurance profitability continues to be negatively impacted by growth initiatives, including aggressive advertising and expansion into renters, motorcycle and homeowners product lines and new geographic markets. The Esurance underlying loss ratio* was 75.3 for the third quarter of 2014, 2.1 points better than the same period of 2013, benefiting from ongoing profit improvement actions.

· In the Encompass brand, the third quarter combined ratio was 109.7, 16.1 points higher than the third quarter of 2013, due to higher catastrophe losses. The underlying combined ratio of 95.6 was 3.1 points higher than the third quarter of 2013. The Encompass team continues to implement pricing, underwriting and agency management actions to achieve its desired returns.

**Proactively manage our investments to generate attractive risk-adjusted returns.** Net investment income was 13.4% lower than the third quarter of 2013 due to a $12 billion reduction in the portfolio associated with the LBL divestiture, the decision to shorten the Property-Liability fixed income portfolio duration, and lower prepayment fees and litigation proceeds.

· The annualized portfolio yield in the third quarter of 2014 was 4.4%, essentially flat from the prior year quarter, as strong limited partnership results more than offset a lower contribution from the interest-bearing portfolio. Portfolio total return for the third quarter of 2014 was 0.4%, and 4.7% for the first nine months of 2014.

· Limited partnership interests contributed income of $162 million in the third quarter, 52.8% higher than the prior year quarter, due to continued favorable valuations and strong cash distributions.

· Allstate's consolidated investment portfolio totaled $80.7 billion at September 30, 2014 compared to $81.2 billion at December 31, 2013, which excluded LBL investments held for sale.

**Operational priorities.** Allstate is making progress on modernizing its operating model and building long-term growth platforms.

· The Allstate brand continues to evolve its agency force to a trusted advisor model and is expanding into more local markets.

· Investments are being made to improve customer value propositions by enhancing customer service and lowering costs. This includes simplifying technology applications and using continuous improvement programs to improve effectiveness and efficiency.



· Esurance continued to expand its geographic reach and product portfolio, offering auto insurance in 43 states, renters insurance in 18 states, homeowners insurance in 11 states and motorcycle insurance in 10 states as of September 30, 2014.

· We enhanced the Drivewise® telematics offering with the addition of a mobile phone-based application in 16 states.

**Creating Shareholder Value Through Capital Management**

"We continued to create shareholder value through capital management," said Steve Shebik, chief financial officer. "During the third quarter, we returned $1.05 billion to shareholders through common stock dividends and repurchasing 3.6% of our outstanding shares. Book value per diluted common share increased 11.0% from a year ago, to $48.28 at the end of the third quarter of 2014."

Statutory surplus at September 30, 2014 was an estimated $18.0 billion for the combined insurance operating companies, an increase of $0.7 billion from September 30, 2013. Property-Liability statutory surplus was an estimated $15.1 billion of this total, with Allstate Financial companies accounting for the remainder. During the third quarter, Allstate repaid $650 million of 5.0% senior notes from available capital resources.

Visit www.allstateinvestors.com to view additional information about Allstate's results, including a webcast of its quarterly conference call and the presentation discussed on the call. The conference call will be held at 9 a.m. ET on Thursday, October 30.

The Allstate Corporation (NYSE: ALL) is the nation's largest publicly held personal lines insurer, protecting approximately 16 million households from life's uncertainties through its Allstate, Encompass, Esurance and Answer Financial brand names and Allstate Financial business segment. Allstate is widely known through the slogan "You're In Good Hands With Allstate®." The Allstate brand's network of small businesses offers auto, home, life and retirement products and services to customers in the United States and Canada.

Financial information, including material announcements about The Allstate Corporation, is routinely posted on www.allstateinvestors.com.



**THE ALLSTATE CORPORATION AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

| ($ in millions, except per share data) | Three months ended September 30, 2014 | Three months ended September 30, 2013 | Nine months ended September 30, 2014 | Nine months ended September 30, 2013 |
|---|---|---|---|---|
| | (unaudited) | | (unaudited) | |
| **Revenues** | | | | |
| Property-liability insurance premiums | $ 7,307 | $ 6,972 | $ 21,575 | $ 20,604 |
| Life and annuity premiums and contract charges | 512 | 584 | 1,637 | 1,742 |
| Net investment income | 823 | 950 | 2,680 | 2,917 |
| Realized capital gains and losses: | | | | |
| Total other-than-temporary impairment losses | (53) | (96) | (177) | (178) |
| Portion of loss recognized in other comprehensive income | -- | 8 | (2) | (7) |

| | | | | |
|---|---|---|---|---|
| Net other-than-temporary impairment losses recognized in earnings | (53) | (88) | (179) | (185) |
| Sales and other realized capital gains and losses | 347 | 47 | 767 | 637 |
| Total realized capital gains and losses | 294 | (41) | 588 | 452 |
| | 8,936 | 8,465 | 26,480 | 25,715 |
| **Costs and expenses** | | | | |
| Property-liability insurance claims and claims expense | 4,909 | 4,427 | 14,810 | 13,628 |
| Life and annuity contract benefits | 433 | 498 | 1,334 | 1,427 |
| Interest credited to contractholder funds | 198 | 317 | 717 | 973 |
| Amortization of deferred policy acquisition costs | 1,030 | 1,026 | 3,100 | 2,933 |
| Operating costs and expenses | 1,068 | 937 | 3,185 | 3,129 |
| Restructuring and related charges | 3 | 13 | 13 | 59 |
| Loss on extinguishment of debt | -- | 9 | 1 | 489 |
| Interest expense | 78 | 83 | 249 | 280 |
| | 7,719 | 7,310 | 23,409 | 22,918 |
| Loss on disposition of operations | (27) | (646) | (77) | (644) |
| **Income from operations before income tax expense** | 1,190 | 509 | 2,994 | 2,153 |
| Income tax expense | 409 | 193 | 968 | 694 |
| **Net income** | 781 | 316 | 2,026 | 1,459 |
| Preferred stock dividends | 31 | 6 | 75 | 6 |
| **Net income available to common shareholders** | $ 750 | $ 310 | $ 1,951 | $ 1,453 |
| **Earnings per common share:** | | | | |
| **Net income available to common shareholders per common share – Basic** | $ 1.77 | $ 0.67 | $ 4.49 | $ 3.10 |
| **Weighted average common shares – Basic** | 424.5 | 461.1 | 435.0 | 468.2 |
| **Net income available to common shareholders per common share – Diluted** | $ 1.74 | $ 0.66 | $ 4.42 | $ 3.07 |
| **Weighted average common shares – Diluted** | 431.2 | 467.1 | 441.6 | 473.8 |
| **Cash dividends declared per common share** | $ 0.28 | $ 0.25 | $ 0.84 | $ 0.75 |



**THE ALLSTATE CORPORATION**
**BUSINESS RESULTS**

| ($ in millions, except ratios) | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| **Property-Liability** | | | | |
| Premiums written | $ 7,806 | $ 7,438 | $ 22,322 | $ 21,214 |
| Premiums earned | $ 7,307 | $ 6,972 | $ 21,575 | $ 20,604 |
| Claims and claims expense | (4,909) | (4,427) | (14,810) | (13,628) |
| Amortization of deferred policy acquisition costs | (972) | (929) | (2,902) | (2,690) |
| Operating costs and expenses | (948) | (910) | (2,817) | (2,810) |
| Restructuring and related charges | (4) | (9) | (11) | (52) |
| Underwriting income* | 474 | 697 | 1,035 | 1,424 |
| Net investment income | 344 | 309 | 1,007 | 993 |
| Periodic settlements and accruals on non-hedge derivative instruments | (1) | (2) | (7) | (5) |
| Amortization of purchased intangible assets | 17 | 21 | 51 | 62 |
| Income tax expense on operations | (281) | (340) | (701) | (800) |
| Operating income | 553 | 685 | 1,385 | 1,674 |
| Realized capital gains and losses, after-tax | 173 | (17) | 368 | 253 |
| (Loss) gain on disposition of operations, after-tax | (1) | -- | 37 | (1) |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | -- | 1 | 4 | 3 |
| Amortization of purchased intangible assets, after-tax | (11) | (13) | (33) | (40) |
| Net income available to common shareholders | $ 714 | $ 656 | $ 1,761 | $ 1,889 |
| Catastrophe losses | $ 517 | $ 128 | $ 1,898 | $ 1,134 |
| Operating ratios: | | | | |
| Claims and claims expense ratio | 67.2 | 63.5 | 68.6 | 66.1 |
| Expense ratio | 26.3 | 26.5 | 26.6 | 27.0 |
| Combined ratio | 93.5 | 90.0 | 95.2 | 93.1 |
| Effect of catastrophe losses on combined ratio | 7.1 | 1.8 | 8.8 | 5.5 |
| Effect of prior year reserve reestimates on combined ratio | 0.1 | 0.5 | -- | (0.3) |
| Effect of catastrophe losses included in prior year reserve reestimates on combined ratio | -- | (0.5) | 0.2 | (0.4) |
| Effect of amortization of purchased intangible assets on combined ratio | 0.2 | 0.3 | 0.2 | 0.3 |
| Effect of Discontinued Lines and Coverages on combined ratio | 1.4 | 1.9 | 0.5 | 0.7 |
| **Allstate Financial** | | | | |
| Premiums and contract charges | $ 512 | $ 584 | $ 1,637 | $ 1,742 |
| Net investment income | 473 | 633 | 1,651 | 1,901 |
| Periodic settlements and accruals on non-hedge derivative instruments | -- | 2 | (1) | 17 |
| Contract benefits | (433) | (498) | (1,334) | (1,427) |
| Interest credited to contractholder funds | (200) | (302) | (699) | (953) |
| Amortization of deferred policy acquisition costs | (56) | (109) | (195) | (250) |
| Operating costs and expenses | (115) | (132) | (345) | (420) |
| Restructuring and related charges | 1 | (4) | (2) | (7) |
| Income tax expense on operations | (57) | (47) | (233) | (175) |
| Operating income | 125 | 127 | 479 | 428 |
| Realized capital gains and losses, after-tax | 19 | (12) | 13 | 37 |
| Valuation changes on embedded derivatives that are not hedged, after-tax | 2 | (10) | (12) | (13) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (3) | 1 | (3) | (2) |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | -- | 7 | -- | 7 |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | -- | (1) | 1 | (11) |
| Loss on disposition of operations, after-tax | (27) | (472) | (55) | (470) |
| Net income available to common shareholders | $ 116 | $ (360) | $ 423 | $ (24) |
| **Corporate and Other** | | | | |
| Net investment income | $ 6 | $ 8 | $ 22 | $ 23 |
| Operating costs and expenses | (83) | (159) | (272) | (360) |
| Income tax benefit on operations | 28 | 58 | 92 | 130 |
| Preferred stock dividends | (31) | (6) | (75) | (6) |
| Operating loss | (80) | (99) | (233) | (213) |
| Realized capital gains and losses, after-tax | -- | 1 | -- | 1 |
| Loss on extinguishment of debt, after-tax | -- | (6) | -- | (318) |
| Postretirement benefits curtailment gain, after-tax | -- | 118 | -- | 118 |
| Net (loss) income available to common shareholders | $ (80) | $ 14 | $ (233) | $ (412) |
| **Consolidated net income available to common shareholders** | $ 750 | $ 310 | $ 1,951 | $ 1,453 |

## THE ALLSTATE CORPORATION AND SUBSIDIARIES
## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| ($ in millions, except par value data) | September 30, 2014 | December 31, 2013 |
|---|---|---|
| **Assets** | (unaudited) | |
| Investments: | | |
| Fixed income securities, at fair value (amortized cost $59,616 and $59,008) | $ 62,313 | $ 60,910 |
| Equity securities, at fair value (cost $3,877 and $4,473) | 4,335 | 5,097 |
| Mortgage loans | 4,143 | 4,721 |
| Limited partnership interests | 4,348 | 4,967 |
| Short-term, at fair value (amortized cost $2,463 and $2,393) | 2,463 | 2,393 |
| Other | 3,119 | 3,067 |
| Total investments | 80,721 | 81,155 |
| Cash | 885 | 675 |
| Premium installment receivables, net | 5,604 | 5,237 |
| Deferred policy acquisition costs | 3,516 | 3,372 |
| Reinsurance recoverables, net | 7,555 | 7,621 |
| Accrued investment income | 595 | 624 |
| Property and equipment, net | 1,012 | 1,024 |
| Goodwill | 1,219 | 1,243 |
| Other assets | 2,682 | 1,937 |
| Separate Accounts | 4,521 | 5,039 |
| Assets held for sale | -- | 15,593 |
| **Total assets** | $ 108,310 | $ 123,520 |
| **Liabilities** | | |
| Reserve for property-liability insurance claims and claims expense | $ 22,350 | $ 21,857 |
| Reserve for life-contingent contract benefits | 12,482 | 12,386 |
| Contractholder funds | 22,848 | 24,304 |
| Unearned premiums | 11,728 | 10,932 |
| Claim payments outstanding | 814 | 631 |
| Deferred income taxes | 1,076 | 635 |
| Other liabilities and accrued expenses | 4,967 | 5,156 |
| Long-term debt | 5,195 | 6,201 |
| Separate Accounts | 4,521 | 5,039 |
| Liabilities held for sale | -- | 14,899 |
| **Total liabilities** | 85,981 | 102,040 |
| **Equity** | | |
| Preferred stock and additional capital paid-in, $1 par value, 72.2 thousand and 32.3 thousand shares issued and outstanding, $1,805 and $807.5 aggregate liquidation preference | 1,746 | 780 |
| Common stock, $.01 par value, 900 million issued, 419 million and 449 million shares outstanding | 9 | 9 |
| Additional capital paid-in | 3,059 | 3,143 |
| Retained income | 37,164 | 35,580 |
| Deferred ESOP expense | (31) | (31) |
| Treasury stock, at cost (481 million and 451 million shares) | (20,856) | (19,047) |
| Accumulated other comprehensive income: | | |
| Unrealized net capital gains and losses: | | |
| Unrealized net capital gains and losses on fixed income securities with OTTI | 70 | 50 |
| Other unrealized net capital gains and losses | 1,970 | 1,698 |
| Unrealized adjustment to DAC, DSI and insurance reserves | (213) | (102) |
| Total unrealized net capital gains and losses | 1,827 | 1,646 |
| Unrealized foreign currency translation adjustments | 18 | 38 |
| Unrecognized pension and other postretirement benefit cost | (607) | (638) |
| Total accumulated other comprehensive income | 1,238 | 1,046 |
| **Total shareholders' equity** | 22,329 | 21,480 |
| **Total liabilities and shareholders' equity** | $ 108,310 | $ 123,520 |



## THE ALLSTATE CORPORATION AND SUBSIDIARIES
## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| ($ in millions) | Nine months ended September 30, 2014 | Nine months ended September 30, 2013 |
|---|---|---|
| **Cash flows from operating activities** | (unaudited) | |
| Net income | $ 2,026 | $ 1,459 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, amortization and other non-cash items | 277 | 246 |
| Realized capital gains and losses | (588) | (452) |
| Loss on extinguishment of debt | 1 | 489 |
| Loss on disposition of operations | 77 | 644 |
| Interest credited to contractholder funds | 717 | 973 |
| Changes in: | | |
| Policy benefits and other insurance reserves | 50 | (787) |
| Unearned premiums | 822 | 670 |
| Deferred policy acquisition costs | (189) | (208) |
| Premium installment receivables, net | (386) | (300) |
| Reinsurance recoverables, net | (110) | 294 |
| Income taxes | 175 | 455 |
| Other operating assets and liabilities | (307) | (412) |
| Net cash provided by operating activities | 2,565 | 3,071 |
| **Cash flows from investing activities** | | |
| Proceeds from sales | | |
| Fixed income securities | 27,648 | 15,354 |
| Equity securities | 5,263 | 2,231 |
| Limited partnership interests | 1,084 | 676 |
| Mortgage loans | 10 | 20 |
| Other investments | 292 | 93 |
| Investment collections | | |
| Fixed income securities | 2,787 | 4,879 |
| Mortgage loans | 868 | 783 |
| Other investments | 158 | 213 |
| Investment purchases | | |
| Fixed income securities | (30,650) | (16,645) |
| Equity securities | (4,208) | (2,565) |
| Limited partnership interests | (892) | (911) |
| Mortgage loans | (218) | (423) |
| Other investments | (652) | (880) |
| Change in short-term investments, net | 265 | (544) |
| Change in other investments, net | 58 | 92 |
| Purchases of property and equipment, net | (207) | (116) |
| Disposition (acquisition) of operations | 378 | (24) |
| Net cash provided by investing activities | 1,984 | 2,233 |
| **Cash flows from financing activities** | | |

| | | |
|---|---|---|
| Proceeds from issuance of long-term debt | -- | 2,267 |
| Repayment of long-term debt | (1,006) | (2,605) |
| Proceeds from issuance of preferred stock | 965 | 651 |
| Contractholder fund deposits | 926 | 1,608 |
| Contractholder fund withdrawals | (2,831) | (5,458) |
| Dividends paid on common stock | (360) | (237) |
| Dividends paid on preferred stock | (56) | -- |
| Treasury stock purchases | (2,189) | (1,385) |
| Shares reissued under equity incentive plans, net | 204 | 108 |
| Excess tax benefits on share-based payment arrangements | 22 | 33 |
| Other | (14) | (10) |
| Net cash used in financing activities | (4,339) | (5,028) |
| Cash classified as held for sale | -- | (13) |
| **Net increase in cash** | 210 | 263 |
| **Cash at beginning of period** | 675 | 806 |
| **Cash at end of period** | $ 885 | $ 1,069 |



**Definitions of Non-GAAP Measures**

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

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

- realized capital gains and losses, after-tax, except for periodic settlements and accruals on non-hedge derivative instruments, which are reported with realized capital gains and losses but included in operating income,
- valuation changes on embedded derivatives that are not hedged, after-tax,
- amortization of deferred policy acquisition costs (DAC) and deferred sales inducements (DSI), to the extent they resulted from the recognition of certain realized capital gains and losses or valuation changes on embedded derivatives that are not hedged, after-tax,
- 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 available to common shareholders is the GAAP measure that is most directly comparable to operating income.

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

The following tables reconcile operating income and net income available to common shareholders.

| **($ in millions, except per share data)** | **For the three months ended September 30,** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Property-Liability** | | **Allstate Financial** | | **Consolidated** | | **Per diluted common share** | |
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| **Operating income** | $ 553 | $ 685 | $ 125 | $ 127 | $ 598 | $ 713 | $ 1.39 | $ 1.53 |
| Realized capital gains and losses, after-tax | 173 | (17) | 19 | (12) | 192 | (28) | 0.45 | (0.06) |
| Valuation changes on embedded derivatives that are not hedged, after-tax | -- | -- | 2 | (10) | 2 | (10) | -- | (0.02) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | -- | -- | (3) | 1 | (3) | 1 | (0.01) | -- |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | -- | -- | -- | 7 | -- | 7 | -- | 0.01 |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | -- | 1 | -- | (1) | -- | -- | -- | -- |
| Amortization of purchased intangible assets, after-tax | (11) | (13) | -- | -- | (11) | (13) | (0.03) | (0.03) |
| Loss on disposition of operations, after-tax | (1) | -- | (27) | (472) | (28) | (472) | (0.06) | (1.01) |
| Loss on extinguishment of debt, after-tax | -- | -- | -- | -- | -- | (6) | -- | (0.01) |
| Postretirement benefits curtailment gain, after-tax | -- | -- | -- | -- | -- | 118 | -- | 0.25 |
| **Net income (loss) available to common shareholders** | $ 714 | $ 656 | $ 116 | $ (360) | $ 750 | $ 310 | $ 1.74 | $ 0.66 |



| **($ in millions, except per share data)** | **For the nine months ended September 30,** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Property-Liability** | | **Allstate Financial** | | **Consolidated** | | **Per diluted common share** | |
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| **Operating income** | $ 1,385 | $ 1,674 | $ 479 | $ 428 | $ 1,631 | $ 1,889 | $ 3.69 | $ 3.99 |
| Realized capital gains and losses, after-tax | 368 | 253 | 13 | 37 | 381 | 291 | 0.86 | 0.61 |
| Valuation changes on embedded derivatives that are not hedged, after-tax | -- | -- | (12) | (13) | (12) | (13) | (0.03) | (0.03) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | -- | -- | (3) | (2) | (3) | (2) | -- | -- |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | -- | -- | -- | 7 | -- | 7 | -- | 0.01 |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | 4 | 3 | 1 | (11) | 5 | (8) | 0.01 | (0.02) |
| Amortization of purchased intangible assets, after-tax | (33) | (40) | -- | -- | (33) | (40) | (0.07) | (0.08) |
| Gain (loss) on disposition of operations, after-tax | 37 | (1) | (55) | (470) | (18) | (471) | (0.04) | (0.99) |
| Loss on extinguishment of debt, after-tax | -- | -- | -- | -- | -- | (318) | -- | (0.67) |
| Postretirement benefits curtailment gain, after-tax | -- | -- | -- | -- | -- | 118 | -- | 0.25 |
| **Net income (loss) available to common shareholders** | $ 1,761 | $ 1,889 | $ 423 | $ (24) | $ 1,951 | $ 1,453 | $ 4.42 | $ 3.07 |

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

The following tables reconcile return on common shareholders' equity and operating income return on common shareholders' equity.

| **($ in millions)** | **For the twelve months ended September 30,** | |
|---|---|---|
| | **2014** | **2013** |
| **Return on common shareholders' equity** | | |
| Numerator: | | |
| Net income available to common shareholders | $ 2,761 | $ 1,847 |
| Denominator: | | |
| Beginning common shareholders' equity [1] | $ 20,130 | $ 20,837 |
| Ending common shareholders' equity [1] | 20,583 | 20,130 |
| Average common shareholders' equity | $ 20,357 | $ 20,484 |
| Return on common shareholders' equity | 13.6% | 9.0% |

| | **For the twelve months ended September 30,** | |
|---|---|---|
| | **2014** | **2013** |
| **Operating income return on common shareholders' equity** | | |
| Numerator: | | |
| Operating income | $ 2,412 | $ 2,178 |
| Denominator: | | |
| Beginning common shareholders' equity | $ 20,130 | $ 20,837 |
| Unrealized net capital gains and losses | 1,714 | 2,880 |
| Adjusted beginning common shareholders' equity | 18,416 | 17,957 |
| Ending common shareholders' equity | 20,583 | 20,130 |
| Unrealized net capital gains and losses | 1,827 | 1,714 |
| Adjusted ending common shareholders' equity | 18,756 | 18,416 |
| Average adjusted common shareholders' equity | $ 18,586 | $ 18,187 |
| Operating income return on common shareholders' equity | 13.0% | 12.0% |

[1] Excludes equity related to preferred stock of $1,746 million and $650 million as of September 30, 2014 and 2013, respectively.

**Underwriting income** is calculated as premiums earned, less claims and claims expense ("losses"), amortization of DAC, operating costs and expenses and restructuring and related charges as determined using GAAP. Management uses this measure in its evaluation of the results of operations to analyze the profitability of our Property-Liability insurance operations separately from investment results. It is also an integral component of incentive compensation. It is useful for investors to evaluate the components of income separately and in the aggregate when reviewing performance. Net income available to common shareholders is the most directly comparable GAAP measure. Underwriting income should not be considered a substitute for net income available to common shareholders and does not reflect the overall profitability of our business. A reconciliation of Property-Liability underwriting income to net income available to common shareholders is provided in the "Business Results" page.



**Combined ratio excluding the effect of catastrophes, prior year reserve reestimates and amortization of purchased intangible assets ("underlying combined ratio")** is a non-GAAP ratio, which is computed as the difference between four GAAP operating ratios: the combined ratio, the effect of catastrophes on the combined ratio, the effect of prior year non-catastrophe reserve reestimates on the combined ratio, and the effect of amortization of purchased intangible assets on the combined ratio. We believe that this ratio is useful to investors and it is used by management to reveal the trends in our Property-Liability business that may be obscured by catastrophe losses, prior year reserve reestimates and amortization of purchased intangible assets. Catastrophe losses cause our loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior year reserve reestimates are caused by unexpected loss development on historical reserves. 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.

The following table reconciles the Property-Liability underlying combined ratio to the Property-Liability combined ratio.

| | **Three months ended September 30,** | | **Nine months ended September 30,** | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| **Combined ratio excluding the effect of catastrophes, prior year reserve reestimates and amortization of purchased intangible assets ("underlying combined ratio")** | 86.1 | 86.9 | 86.4 | 87.2 |
| Effect of catastrophe losses | 7.1 | 1.8 | 8.8 | 5.5 |
| Effect of prior year non-catastrophe reserve reestimates | 0.1 | 1.0 | (0.2) | 0.1 |
| Effect of amortization of purchased intangible assets | 0.2 | 0.3 | 0.2 | 0.3 |
| **Combined ratio** | 93.5 | 90.0 | 95.2 | 93.1 |
| Effect of prior year catastrophe reserve reestimates | -- | (0.5) | 0.2 | (0.4) |

Underwriting margin is calculated as 100% minus the combined ratio.

In this news release, we provide our outlook range on the Property-Liability 2014 underlying combined ratio. A reconciliation of this measure to the combined ratio is not possible on a forward-looking basis because it is not possible to provide a reliable forecast of catastrophes. Future prior year reserve reestimates are expected to be zero because reserves are determined based on our best estimate of ultimate loss reserves as of the reporting date.

The following table reconciles the Allstate brand underlying combined ratio to the Allstate brand combined ratio.

| | **Three months ended September 30,** | | **Nine months ended September 30,** | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| **Underlying combined ratio** | 84.2 | 85.4 | 84.5 | 85.7 |
| Effect of catastrophe losses | 6.9 | 1.7 | 8.8 | 5.7 |
| Effect of prior year non-catastrophe reserve reestimates | (1.3) | (0.8) | (0.7) | (0.6) |
| **Combined ratio** | 89.8 | 86.3 | 92.6 | 90.8 |
| Effect of prior year catastrophe reserve reestimates | -- | (0.6) | 0.2 | (0.4) |

The following table reconciles the Allstate brand auto underlying combined ratio to the Allstate brand auto combined ratio.

| | **Three months ended September 30,** | | **Nine months ended September 30,** | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| **Underlying combined ratio** | 92.9 | 94.3 | 92.8 | 93.8 |
| Effect of catastrophe losses | 1.8 | 0.8 | 2.1 | 1.3 |
| Effect of prior year non-catastrophe reserve reestimates | (1.6) | (0.9) | (0.9) | (0.9) |
| **Combined ratio** | 93.1 | 94.2 | 94.0 | 94.2 |
| Effect of prior year catastrophe reserve reestimates | (0.2) | 0.1 | (0.2) | (0.5) |

The following table reconciles the Allstate brand homeowners underlying combined ratio to the Allstate brand homeowners combined ratio.

| | **Three months ended September 30,** | | **Nine months ended September 30,** | |
|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** |
| **Underlying combined ratio** | 60.0 | 61.8 | 62.0 | 63.4 |
| Effect of catastrophe losses | 22.0 | 4.7 | 27.3 | 18.5 |
| Effect of prior year non-catastrophe reserve reestimates | (0.8) | (1.2) | (0.3) | (0.2) |
| **Combined ratio** | 81.2 | 65.3 | 89.0 | 81.7 |
| Effect of prior year catastrophe reserve reestimates | 0.7 | (2.1) | 1.2 | 0.3 |

The following table reconciles the Encompass brand underlying combined ratio to the Encompass brand combined ratio.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| **Underlying combined ratio** | 95.6 | 92.5 | 94.1 | 94.3 |
| Effect of catastrophe losses | 16.4 | 5.8 | 17.1 | 6.8 |
| Effect of prior year non-catastrophe reserve reestimates | (2.3) | (4.7) | (0.7) | (1.8) |
| **Combined ratio** | 109.7 | 93.6 | 110.5 | 99.3 |
| Effect of prior year catastrophe reserve reestimates | 0.4 | (0.4) | 0.2 | (0.6) |

**Esurance brand 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 in the Esurance business 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.

The following table reconciles the Esurance brand underlying loss ratio and underlying combined ratio to the Esurance brand combined ratio.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| **Underlying loss ratio** | 75.3 | 77.4 | 75.2 | 77.1 |
| Expense ratio, excluding the effect of amortization of purchased intangible assets | 37.0 | 34.1 | 39.3 | 34.6 |
| **Underlying combined ratio** | 112.3 | 111.5 | 114.5 | 111.7 |
| Effect of catastrophe losses | 1.9 | 0.6 | 1.7 | 1.1 |
| Effect of prior year non-catastrophe reserve reestimates | (0.8) | -- | (1.0) | -- |
| Effect of amortization of purchased intangible assets | 3.2 | 4.7 | 3.3 | 5.0 |
| **Combined ratio** | 116.6 | 116.8 | 118.5 | 117.8 |

**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. The following table shows the reconciliation.

| **($ in millions, except per share data)** | As of September 30, | |
|---|---|---|
| | 2014 | 2013 |
| **Book value per common share** | | |
| Numerator: | | |
| Common shareholders' equity | $ 20,583 | $ 20,130 |
| Denominator: | | |
| Common shares outstanding and dilutive potential common shares outstanding | 426.3 | 462.9 |
| Book value per common share | $ 48.28 | $ 43.49 |
| **Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities** | | |
| Numerator: | | |
| Common shareholders' equity | $ 20,583 | $ 20,130 |
| Unrealized net capital gains and losses on fixed income securities | 1,541 | 1,445 |
| Adjusted common shareholders' equity | $ 19,042 | $ 18,685 |
| Denominator: | | |
| Common shares outstanding and dilutive potential common shares outstanding | 426.3 | 462.9 |
| Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities | $ 44.67 | $ 40.37 |

**Forward-Looking Statements and Risk Factors**

This news release contains forward-looking statements about our outlook for the Property-Liability combined ratio excluding the effect of catastrophes, prior year reserve reestimates and amortization of purchased intangible assets for 2014. These statements are subject to the Private Securities Litigation Reform Act of 1995 and are based on management's estimates, assumptions and projections. Actual results may differ materially from those projected based on the risk factors described below.

- Premiums written and premiums earned, the denominator of the underlying combined ratio, may be materially less than projected. Policyholder attrition may be greater than anticipated resulting in a lower amount of insurance in force.
- Unanticipated increases in the severity or frequency of auto insurance claims may adversely affect our underwriting results. Changes in the severity or frequency of claims may affect the profitability of our Allstate Protection segment. Changes in bodily injury claim severity are driven primarily by inflation in the medical sector of the economy and litigation. Changes in auto physical



damage claim severity are driven primarily by inflation in auto repair costs, auto parts prices and used car prices. The short-term level of claim frequency we experience may vary from period to period and may not be sustainable over the longer term. A decline in gas prices, increase in miles driven, and higher unemployment are examples of factors leading to a short-term frequency change. A significant long-term increase in claim frequency could have an adverse effect on our underwriting results.

We undertake no obligation to publicly correct or update any forward-looking statements. This news release contains unaudited financial information.

# # # # #

Exhibit 99.2

# THE ALLSTATE CORPORATION

# Investor Supplement
# Third Quarter 2014

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 (*) the first time they appear. 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 - Third Quarter 2014**
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**THE ALLSTATE CORPORATION**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**($ in millions, except per share data)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Revenues** | | | | | | | | | |
| Property-liability insurance premiums | $ 7,307 | $ 7,204 | $ 7,064 | $ 7,014 | $ 6,972 | $ 6,862 | $ 6,770 | $ 21,575 | $ 20,604 |
| Life and annuity premiums and contract charges | 512 | 518 | 607 | 610 | 584 | 579 | 579 | 1,637 | 1,742 |
| Net investment income | 823 | 898 | 959 | 1,026 | 950 | 984 | 983 | 2,680 | 2,917 |
| Realized capital gains and losses: | | | | | | | | | |
| Total other-than-temporary impairment losses | (53) | (44) | (80) | (29) | (96) | (55) | (27) | (177) | (178) |
| Portion of loss recognized in other comprehensive income | - | (1) | (1) | (1) | 8 | (5) | (10) | (2) | (7) |
| Net other-than-temporary impairment losses recognized in earnings | (53) | (45) | (81) | (30) | (88) | (60) | (37) | (179) | (185) |
| Sales and other realized capital gains and losses | 347 | 285 | 135 | 172 | 47 | 422 | 168 | 767 | 637 |
| Total realized capital gains and losses | 294 | 240 | 54 | 142 | (41) | 362 | 131 | 588 | 452 |
| Total revenues | 8,936 | 8,860 | 8,684 | 8,792 | 8,465 | 8,787 | 8,463 | 26,480 | 25,715 |
| **Costs and expenses** | | | | | | | | | |
| Property-liability insurance claims and claims expense | 4,909 | 5,142 | 4,759 | 4,283 | 4,427 | 4,741 | 4,460 | 14,810 | 13,628 |
| Life and annuity contract benefits | 433 | 413 | 488 | 490 | 498 | 471 | 458 | 1,334 | 1,427 |
| Interest credited to contractholder funds | 198 | 212 | 307 | 305 | 317 | 311 | 345 | 717 | 973 |
| Amortization of deferred policy acquisition costs | 1,030 | 1,035 | 1,035 | 1,069 | 1,026 | 961 | 946 | 3,100 | 2,933 |
| Operating costs and expenses | 1,068 | 1,023 | 1,094 | 1,258 | 937 | 1,090 | 1,102 | 3,185 | 3,129 |
| Restructuring and related charges | 3 | 4 | 6 | 11 | 13 | 20 | 26 | 13 | 59 |
| Loss on extinguishment of debt | - | 1 | - | 2 | 9 | 480 | - | 1 | 489 |
| Interest expense | 78 | 84 | 87 | 87 | 83 | 99 | 98 | 249 | 280 |
| Total costs and expenses | 7,719 | 7,914 | 7,776 | 7,505 | 7,310 | 8,173 | 7,435 | 23,409 | 22,918 |
| (Loss) gain on disposition of operations | (27) | 9 | (59) | (44) | (646) | - | 2 | (77) | (644) |
| **Income from operations before income tax expense** | 1,190 | 955 | 849 | 1,243 | 509 | 614 | 1,030 | 2,994 | 2,153 |
| Income tax expense | 409 | 310 | 249 | 422 | 193 | 180 | 321 | 968 | 694 |
| **Net income** | $ 781 | $ 645 | $ 600 | $ 821 | $ 316 | $ 434 | $ 709 | $ 2,026 | $ 1,459 |
| Preferred stock dividends | 31 | 31 | 13 | 11 | 6 | - | - | 75 | 6 |
| **Net income available to common shareholders** | $ 750 | $ 614 | $ 587 | $ 810 | $ 310 | $ 434 | $ 709 | $ 1,951 | $ 1,453 |
| **Earnings per common share:** [(1)] | | | | | | | | | |
| **Net income available to common shareholders per common share - Basic** | $ 1.77 | $ 1.41 | $ 1.31 | $ 1.79 | $ 0.67 | $ 0.93 | $ 1.49 | $ 4.49 | $ 3.10 |
| **Weighted average common shares - Basic** | 424.5 | 434.3 | 446.4 | 452.8 | 461.1 | 468.3 | 475.4 | 435.0 | 468.2 |
| **Net income available to common shareholders per common share - Diluted** | $ 1.74 | $ 1.39 | $ 1.30 | $ 1.76 | $ 0.66 | $ 0.92 | $ 1.47 | $ 4.42 | $ 3.07 |
| **Weighted average common shares - Diluted** | 431.2 | 440.7 | 452.8 | 459.6 | 467.1 | 473.8 | 480.8 | 441.6 | 473.8 |
| **Cash dividends declared per common share** | $ 0.28 | $ 0.28 | $ 0.28 | $ 0.25 | $ 0.25 | $ 0.25 | $ 0.25 | $ 0.84 | $ 0.75 |

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



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Contribution to income** | | | | | | | | | |
| Operating income before the impact of restructuring and related charges | $ 599 | $ 448 | $ 592 | $ 789 | $ 721 | $ 542 | $ 664 | $ 1,639 | $ 1,927 |
| Restructuring and related charges, after-tax | (1) | (3) | (4) | (8) | (8) | (13) | (17) | (8) | (38) |
| Operating income * | 598 | 445 | 588 | 781 | 713 | 529 | 647 | 1,631 | 1,889 |
| Realized capital gains and losses, after-tax | 192 | 154 | 35 | 94 | (28) | 234 | 85 | 381 | 291 |
| Valuation changes on embedded derivatives that are not hedged, after-tax | 2 | (3) | (11) | (3) | (10) | 3 | (6) | (12) | (13) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (3) | - | - | (3) | 1 | (4) | 1 | (3) | (2) |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | - | - | - | - | 7 | - | - | - | 7 |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | - | 3 | 2 | 1 | - | (3) | (5) | 5 | (8) |
| Amortization of purchased intangible assets, after-tax | (11) | (11) | (11) | (15) | (13) | (13) | (14) | (33) | (40) |
| (Loss) gain on disposition of operations, after-tax | (28) | 26 | (16) | (44) | (472) | - | 1 | (18) | (471) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Loss on extinguishment of debt, after-tax | - | - | - | (1) | (6) | (312) | - | - | (318) |
| Postretirement benefits curtailment gain, after-tax | - | - | - | - | 118 | - | - | - | 118 |
| Net income available to common shareholders | $ 750 | $ 614 | $ 587 | $ 810 | $ 310 | $ 434 | $ 709 | $ 1,951 | $ 1,453 |
| **Income per common share - Diluted** [1] | | | | | | | | | |
| Operating income before the impact of restructuring and related charges | $ 1.39 | $ 1.02 | $ 1.31 | $ 1.72 | $ 1.54 | $ 1.14 | $ 1.38 | $ 3.71 | $ 4.07 |
| Restructuring and related charges, after-tax | - | (0.01) | (0.01) | (0.02) | (0.01) | (0.02) | (0.03) | (0.02) | (0.08) |
| Operating income | 1.39 | 1.01 | 1.30 | 1.70 | 1.53 | 1.12 | 1.35 | 3.69 | 3.99 |
| Realized capital gains and losses, after-tax | 0.45 | 0.35 | 0.08 | 0.21 | (0.06) | 0.50 | 0.18 | 0.86 | 0.61 |
| Valuation changes on embedded derivatives that are not hedged, after-tax | - | (0.01) | (0.02) | (0.01) | (0.02) | 0.01 | (0.02) | (0.03) | (0.03) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (0.01) | - | - | (0.01) | - | (0.01) | - | - | - |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | - | - | - | - | 0.01 | - | - | - | 0.01 |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | - | 0.01 | - | - | - | (0.01) | (0.01) | 0.01 | (0.02) |
| Amortization of purchased intangible assets, after-tax | (0.03) | (0.03) | (0.02) | (0.03) | (0.03) | (0.03) | (0.03) | (0.07) | (0.08) |
| (Loss) gain on disposition of operations, after-tax | (0.06) | 0.06 | (0.04) | (0.10) | (1.01) | - | - | (0.04) | (0.99) |
| Loss on extinguishment of debt, after-tax | - | - | - | - | (0.01) | (0.66) | - | - | (0.67) |
| Postretirement benefits curtailment gain, after-tax | - | - | - | - | 0.25 | - | - | - | 0.25 |
| Net income available to common shareholders | $ 1.74 | $ 1.39 | $ 1.30 | $ 1.76 | $ 0.66 | $ 0.92 | $ 1.47 | $ 4.42 | $ 3.07 |
| Weighted average common shares - Diluted | 431.2 | 440.7 | 452.8 | 459.6 | 467.1 | 473.8 | 480.8 | 441.6 | 473.8 |

[1] In accordance with GAAP, the quarter and year-to-date per share amounts are calculated discretely. Therefore, the sum of each quarter may not equal the year-to-date amount.



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Property-Liability** | | | | | | | | | |
| Property-Liability insurance premiums | $ 7,307 | $ 7,204 | $ 7,064 | $ 7,014 | $ 6,972 | $ 6,862 | $ 6,770 | $ 21,575 | $ 20,604 |
| Net investment income | 344 | 351 | 312 | 382 | 309 | 343 | 341 | 1,007 | 993 |
| Realized capital gains and losses | 266 | 250 | 53 | 128 | (26) | 305 | 112 | 569 | 391 |
| Total Property-Liability revenues | 7,917 | 7,805 | 7,429 | 7,524 | 7,255 | 7,510 | 7,223 | 23,151 | 21,988 |
| **Allstate Financial** | | | | | | | | | |
| Life and annuity premiums and contract charges | 512 | 518 | 607 | 610 | 584 | 579 | 579 | 1,637 | 1,742 |
| Net investment income | 473 | 538 | 640 | 637 | 633 | 633 | 635 | 1,651 | 1,901 |
| Realized capital gains and losses | 28 | (10) | 1 | 14 | (16) | 57 | 19 | 19 | 60 |
| Total Allstate Financial revenues | 1,013 | 1,046 | 1,248 | 1,261 | 1,201 | 1,269 | 1,233 | 3,307 | 3,703 |
| **Corporate and Other** | | | | | | | | | |
| Service fees [1] | 1 | 1 | 2 | 3 | 3 | 2 | 1 | 4 | 6 |
| Net investment income | 6 | 9 | 7 | 7 | 8 | 8 | 7 | 22 | 23 |
| Realized capital gains and losses | - | - | - | - | 1 | - | - | - | 1 |
| Total Corporate and Other revenues before reclassification of services fees | 7 | 10 | 9 | 10 | 12 | 10 | 8 | 26 | 30 |
| Reclassification of service fees [1] | (1) | (1) | (2) | (3) | (3) | (2) | (1) | (4) | (6) |
| Total Corporate and Other revenues | 6 | 9 | 7 | 7 | 9 | 8 | 7 | 22 | 24 |
| **Consolidated revenues** | $ 8,936 | $ 8,860 | $ 8,684 | $ 8,792 | $ 8,465 | $ 8,787 | $ 8,463 | $ 26,480 | $ 25,715 |

[1] For presentation in the Consolidated Statements of Operations, service fees of the Corporate and Other segment are reclassified to Operating costs and expenses.



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

| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Investments | | | | | |
| Fixed income securities, at fair value (amortized cost $59,616, $59,447, $58,587, $59,008 and $58,129) | $ 62,313 | $ 62,634 | $ 61,161 | $ 60,910 | $ 60,295 |
| Equity securities, at fair value (cost $3,877, $4,658, $4,575, $4,473 and $4,370) | 4,335 | 5,394 | 5,297 | 5,097 | 4,812 |
| Mortgage loans | 4,143 | 4,174 | 4,472 | 4,721 | 4,817 |
| Limited partnership interests | 4,348 | 4,309 | 5,024 | 4,967 | 5,091 |
| Short-term, at fair value (amortized cost $2,463, $2,914, $2,573, $2,393 and $2,694) | 2,463 | 2,914 | 2,573 | 2,393 | 2,694 |
| Other | 3,119 | 3,138 | 3,163 | 3,067 | 2,774 |
| Total investments | 80,721 | 82,563 | 81,690 | 81,155 | 80,483 |

| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Reserve for property-liability insurance claims and claims expense | $ 22,350 | $ 22,317 | $ 21,985 | $ 21,857 | $ 20,983 |
| Reserve for life-contingent contract benefits | 12,482 | 12,688 | 12,435 | 12,386 | 12,590 |
| Contractholder funds | 22,848 | 23,472 | 23,989 | 24,304 | 24,476 |
| Unearned premiums | 11,728 | 11,217 | 10,821 | 10,932 | 11,016 |
| Claim payments outstanding | 814 | 851 | 785 | 631 | 702 |
| Deferred income taxes | 1,076 | 1,146 | 886 | 635 | 440 |
| Other liabilities and accrued expenses | 4,967 | 5,044 | 5,566 | 5,156 | 5,245 |
| Long-term debt | 5,195 | 5,846 | 6,200 | 6,201 | 6,217 |
| Separate Accounts | 4,521 | 4,780 | 4,878 | 5,039 | 4,928 |
| Liabilities held for sale | - | - | 14,641 | 14,899 | 14,908 |
| Total liabilities | 85,981 | 87,361 | 102,186 | 102,040 | 101,505 |
| **Equity** | | | | | |
| Preferred stock and additional capital paid-in, 72.2 thousand, 72.2 thousand, 62.2 thousand, 32.3 thousand and 26.9 thousand outstanding | 1,746 | 1,746 | 1,505 | 780 | 650 |
| Common stock, 419 million, 434 million, 434 million, | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Cash | 885 | 889 | 1,170 | 675 | 1,069 |
| Premium installment receivables, net | 5,604 | 5,384 | 5,271 | 5,237 | 5,341 |
| Deferred policy acquisition costs | 3,516 | 3,377 | 3,316 | 3,372 | 3,286 |
| Reinsurance recoverables, net [(1)] | 7,555 | 7,500 | 7,512 | 7,621 | 6,938 |
| Accrued investment income | 595 | 611 | 610 | 624 | 617 |
| Property and equipment, net | 1,012 | 990 | 1,024 | 1,024 | 993 |
| Goodwill | 1,219 | 1,219 | 1,243 | 1,243 | 1,243 |
| Other assets | 2,682 | 2,920 | 2,187 | 1,937 | 1,810 |
| Separate Accounts | 4,521 | 4,780 | 4,878 | 5,039 | 4,928 |
| Assets held for sale | - | - | 15,390 | 15,593 | 15,577 |
| Total assets | $ 108,310 | $ 110,233 | $ 124,291 | $ 123,520 | $ 122,285 |

| | | | | | |
|---|---|---|---|---|---|
| 449 million and 456 million shares outstanding | 9 | 9 | 9 | 9 | 9 |
| Additional capital paid-in | 3,059 | 3,035 | 3,017 | 3,143 | 3,127 |
| Retained income | 37,164 | 36,532 | 36,041 | 35,580 | 34,885 |
| Deferred ESOP expense | (31) | (31) | (31) | (31) | (39) |
| Treasury stock, at cost (481 million, 466 million, 466 million, 451 million and 444 million) | (20,856) | (19,985) | (19,922) | (19,047) | (18,662) |
| Accumulated other comprehensive income: | | | | | |
| Unrealized net capital gains and losses: | | | | | |
| Unrealized net capital gains and losses on fixed income securities with other-than-temporary impairments | 70 | 72 | 66 | 50 | 33 |
| Other unrealized net capital gains and losses | 1,970 | 2,461 | 2,271 | 1,698 | 1,804 |
| Unrealized adjustment to DAC, DSI and insurance reserves | (213) | (383) | (246) | (102) | (123) |
| Total unrealized net capital gains and losses | 1,827 | 2,150 | 2,091 | 1,646 | 1,714 |
| Unrealized foreign currency translation adjustments | 18 | 35 | 22 | 38 | 50 |
| Unrecognized pension and other postretirement benefit cost | (607) | (619) | (627) | (638) | (954) |
| Total accumulated other comprehensive income | 1,238 | 1,566 | 1,486 | 1,046 | 810 |
| Total shareholders' equity | 22,329 | 22,872 | 22,105 | 21,480 | 20,780 |
| Total liabilities and shareholders' equity | $ 108,310 | $ 110,233 | $ 124,291 | $ 123,520 | $ 122,285 |

(1) Reinsurance recoverables of unpaid losses related to Property-Liability were $4,764 million, $4,695 million, $4,671 million, $4,664 million and $3,652 million as of September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013 and September 30, 2013, respectively.



# THE ALLSTATE CORPORATION
## BOOK VALUE PER COMMON SHARE
**($ in millions, except per share data )**

| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 |
|---|---|---|---|---|---|---|---|
| **Book value per common share** | | | | | | | |
| Numerator: | | | | | | | |
| Common shareholders' equity [(1)] | $ 20,583 | $ 21,126 | $ 20,600 | $ 20,700 | $ 20,130 | $ 19,591 | $ 20,619 |
| Denominator: | | | | | | | |
| Common shares outstanding and dilutive potential common shares outstanding | 426.3 | 440.4 | 441.1 | 456.9 | 462.9 | 470.6 | 474.4 |
| Book value per common share | $ 48.28 | $ 47.97 | $ 46.70 | $ 45.31 | $ 43.49 | $ 41.63 | $ 43.46 |
| **Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities *** | | | | | | | |
| Numerator: | | | | | | | |
| Common shareholders' equity | $ 20,583 | $ 21,126 | $ 20,600 | $ 20,700 | $ 20,130 | $ 19,591 | $ 20,619 |
| Unrealized net capital gains and losses on fixed income securities | 1,541 | 1,690 | 1,640 | 1,258 | 1,445 | 1,489 | 2,486 |
| Adjusted common shareholders' equity | $ 19,042 | $ 19,436 | $ 18,960 | $ 19,442 | $ 18,685 | $ 18,102 | $ 18,133 |
| Denominator: | | | | | | | |
| Common shares outstanding and dilutive potential common shares outstanding | 426.3 | 440.4 | 441.1 | 456.9 | 462.9 | 470.6 | 474.4 |
| Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities | $ 44.67 | $ 44.13 | $ 42.98 | $ 42.55 | $ 40.37 | $ 38.47 | $ 38.22 |

(1) Excludes equity related to preferred stock of $1,746 million, $1,746 million, $1,505 million, $780 million, $650 million and $278 million as of September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013 and June 30, 2013, respectively.



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

| | Twelve months ended | | | | | | |
|---|---|---|---|---|---|---|---|
| | Sept. 30 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 |
| **Return on Common Shareholders' Equity** | | | | | | | |
| Numerator: | | | | | | | |
| Net income available to common shareholders [(1)] | $ 2,761 | $ 2,321 | $ 2,141 | $ 2,263 | $ 1,847 | $ 2,260 | $ 2,249 |
| Denominator: | | | | | | | |
| Beginning common shareholders' equity | $ 20,130 | $ 19,591 | $ 20,619 | $ 20,580 | $ 20,837 | $ 19,475 | $ 19,182 |
| Ending common shareholders' equity | 20,583 | 21,126 | 20,600 | 20,700 | 20,130 | 19,591 | 20,619 |
| Average common shareholders' equity [(2)] | $ 20,357 | $ 20,359 | $ 20,610 | $ 20,640 | $ 20,484 | $ 19,533 | $ 19,901 |
| Return on common shareholders' equity | 13.6 % | 11.4 % | 10.4 % | 11.0 % | 9.0 % | 11.6 % | 11.3 % |
| **Operating Income Return on Common Shareholders' Equity *** | | | | | | | |
| Numerator: | | | | | | | |
| Operating income [(1)] | $ 2,412 | $ 2,527 | $ 2,611 | $ 2,670 | $ 2,178 | $ 2,182 | $ 2,085 |
| Denominator: | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Beginning common shareholders' equity | $ 20,130 | $ 19,591 | $ 20,619 | $ 20,580 | $ 20,837 | $ 19,475 | $ 19,182 |
| Unrealized net capital gains and losses | 1,714 | 1,651 | 2,905 | 2,834 | 2,880 | 2,070 | 1,874 |
| Adjusted beginning common shareholders' equity | 18,416 | 17,940 | 17,714 | 17,746 | 17,957 | 17,405 | 17,308 |
| Ending common shareholders' equity | 20,583 | 21,126 | 20,600 | 20,700 | 20,130 | 19,591 | 20,619 |
| Unrealized net capital gains and losses | 1,827 | 2,150 | 2,091 | 1,646 | 1,714 | 1,651 | 2,905 |
| Adjusted ending common shareholders' equity | 18,756 | 18,976 | 18,509 | 19,054 | 18,416 | 17,940 | 17,714 |
| Average adjusted common shareholders' equity [(2)] | $ 18,586 | $ 18,458 | $ 18,112 | $ 18,400 | $ 18,187 | $ 17,673 | $ 17,511 |
| Operating income return on common shareholders' equity | 13.0 % | 13.7 % | 14.4 % | 14.5 % | 12.0 % | 12.3 % | 11.9 % |

[(1)] Net income available to common shareholders and operating 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.



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

| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 |
|---|---|---|---|---|---|---|---|
| **Debt** | | | | | | | |
| Short-term debt | $ - | $ - | $ - | $ - | $ - | $ 500 | $ - |
| Long-term debt | 5,195 | 5,846 | 6,200 | 6,201 | 6,217 | 5,475 | 6,556 |
| Total debt | $ 5,195 | $ 5,846 | $ 6,200 | $ 6,201 | $ 6,217 | $ 5,975 | $ 6,556 |
| **Capital resources** | | | | | | | |
| Debt | $ 5,195 | $ 5,846 | $ 6,200 | $ 6,201 | $ 6,217 | $ 5,975 | $ 6,556 |
| Shareholders' equity | | | | | | | |
| Preferred stock and additional capital paid-in | 1,746 | 1,746 | 1,505 | 780 | 650 | 278 | - |
| Common stock | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Additional capital paid-in | 3,059 | 3,035 | 3,017 | 3,143 | 3,127 | 3,105 | 3,028 |
| Retained income | 37,164 | 36,532 | 36,041 | 35,580 | 34,885 | 34,691 | 34,375 |
| Deferred ESOP expense | (31) | (31) | (31) | (31) | (39) | (39) | (39) |
| Treasury stock | (20,856) | (19,985) | (19,922) | (19,047) | (18,662) | (18,225) | (18,033) |
| Unrealized net capital gains and losses | 1,827 | 2,150 | 2,091 | 1,646 | 1,714 | 1,651 | 2,905 |
| Unrealized foreign currency translation adjustments | 18 | 35 | 22 | 38 | 50 | 37 | 58 |
| Unrecognized pension and other postretirement benefit cost | (607) | (619) | (627) | (638) | (954) | (1,638) | (1,684) |
| Total shareholders' equity | 22,329 | 22,872 | 22,105 | 21,480 | 20,780 | 19,869 | 20,619 |
| Total capital resources | $ 27,524 | $ 28,718 | $ 28,305 | $ 27,681 | $ 26,997 | $ 25,844 | $ 27,175 |
| **Ratio of debt to shareholders' equity** | 23.3 % | 25.6 % | 28.0 % | 28.9 % | 29.9 % | 30.1 % | 31.8 % |
| **Ratio of debt to capital resources** | 18.9 % | 20.4 % | 21.9 % | 22.4 % | 23.0 % | 23.1 % | 24.1 % |



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | | | | |
| Net income | $ 781 | $ 645 | $ 600 | $ 821 | $ 316 | $ 434 | $ 709 | $ 2,026 | $ 1,459 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | | | | |
| Depreciation, amortization and other non-cash items | 88 | 91 | 98 | 122 | 66 | 93 | 87 | 277 | 246 |
| Realized capital gains and losses | (294) | (240) | (54) | (142) | 41 | (362) | (131) | (588) | (452) |
| Loss on extinguishment of debt | - | 1 | - | 2 | 9 | 480 | - | 1 | 489 |
| Loss (gain) on disposition of operations | 27 | (9) | 59 | 44 | 646 | - | (2) | 77 | 644 |
| Interest credited to contractholder funds | 198 | 212 | 307 | 305 | 317 | 311 | 345 | 717 | 973 |
| Changes in: | | | | | | | | | |
| Policy benefits and other insurance reserves | (53) | 121 | (18) | 732 | (180) | (93) | (514) | 50 | (787) |
| Unearned premiums | 535 | 379 | (92) | (68) | 505 | 311 | (146) | 822 | 670 |
| Deferred policy acquisition costs | (112) | (80) | 3 | (60) | (101) | (77) | (30) | (189) | (208) |
| Premium installment receivables, net | (234) | (106) | (46) | 95 | (219) | (59) | (22) | (386) | (300) |
| Reinsurance recoverables, net | (71) | 6 | (45) | (1,023) | (33) | (79) | 406 | (110) | 294 |
| Income taxes | 370 | (127) | (68) | 118 | 172 | 6 | 277 | 175 | 455 |
| Other operating assets and liabilities | 129 | (166) | (270) | 225 | (21) | (152) | (239) | (307) | (412) |
| Net cash provided by operating activities | 1,364 | 727 | 474 | 1,171 | 1,518 | 813 | 740 | 2,565 | 3,071 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | | |
| Proceeds from sales | | | | | | | | | |
| Fixed income securities | 13,443 | 7,722 | 6,483 | 5,889 | 4,893 | 4,987 | 5,474 | 27,648 | 15,354 |
| Equity securities | 2,519 | 1,416 | 1,328 | 942 | 489 | 1,532 | 210 | 5,263 | 2,231 |
| Limited partnership interests | 282 | 564 | 238 | 369 | 238 | 278 | 160 | 1,084 | 676 |
| Mortgage loans | - | - | 10 | 4 | - | 18 | 2 | 10 | 20 |
| Other investments | 211 | 51 | 30 | 58 | 55 | 23 | 15 | 292 | 93 |
| Investment collections | | | | | | | | | |
| Fixed income securities | 1,057 | 881 | 849 | 1,029 | 1,221 | 1,913 | 1,745 | 2,787 | 4,879 |
| Mortgage loans | 142 | 402 | 324 | 237 | 308 | 238 | 237 | 868 | 783 |
| Other investments | 51 | 57 | 50 | 62 | 42 | 117 | 54 | 158 | 213 |
| Investment purchases | | | | | | | | | |
| Fixed income securities | (14,848) | (9,550) | (6,252) | (7,442) | (6,008) | (4,553) | (6,084) | (30,650) | (16,645) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Equity securities | (1,540) | (1,338) | (1,330) | (1,112) | (555) | (1,693) | (317) | (4,208) | (2,565) |
| Limited partnership interests | (239) | (376) | (277) | (401) | (434) | (222) | (255) | (892) | (911) |
| Mortgage loans | (109) | (107) | (2) | (115) | (109) | (239) | (75) | (218) | (423) |
| Other investments | (257) | (152) | (243) | (204) | (342) | (342) | (196) | (652) | (880) |
| Change in short-term investments, net | 325 | (249) | 189 | 117 | (121) | 385 | (808) | 265 | (544) |
| Change in other investments, net | 9 | 13 | 36 | 5 | 1 | 57 | 34 | 58 | 92 |
| Purchases of property and equipment, net | (83) | (69) | (55) | (91) | (73) | 17 | (60) | (207) | (116) |
| Disposition and acquisition of operations | - | 380 | (2) | - | (24) | - | - | 378 | (24) |
| Net cash provided by (used in) investing activities | 963 | (355) | 1,376 | (653) | (419) | 2,516 | 136 | 1,984 | 2,233 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | | |
| Change in short-term debt | - | - | - | - | (500) | 500 | - | - | - |
| Proceeds from issuance of long-term debt | - | - | - | 4 | 786 | 989 | 492 | - | 2,267 |
| Repayment of long-term debt | (651) | (354) | (1) | (22) | (65) | (2,540) | - | (1,006) | (2,605) |
| Proceeds from issuance of preferred stock | - | 240 | 725 | 130 | 373 | 278 | - | 965 | 651 |
| Contractholder fund deposits | 260 | 263 | 403 | 566 | 489 | 528 | 591 | 926 | 1,608 |
| Contractholder fund withdrawals | (909) | (838) | (1,084) | (1,098) | (1,185) | (3,014) | (1,259) | (2,831) | (5,458) |
| Dividends paid on common stock | (122) | (125) | (113) | (115) | (118) | (119) | - | (360) | (237) |
| Dividends paid on preferred stock | (31) | (13) | (12) | (6) | - | - | - | (56) | - |
| Treasury stock purchases | (932) | (142) | (1,115) | (449) | (488) | (158) | (739) | (2,189) | (1,385) |
| Shares reissued under equity incentive plans, net | 55 | 72 | 77 | 62 | 48 | 43 | 17 | 204 | 108 |
| Excess tax benefits on share-based payment arrangements | 4 | 5 | 13 | 5 | 4 | 6 | 23 | 22 | 33 |
| Other | (5) | (3) | (6) | (2) | 5 | (28) | 13 | (14) | (10) |
| Net cash used in financing activities | (2,331) | (895) | (1,113) | (925) | (651) | (3,515) | (862) | (4,339) | (5,028) |
| Cash classified as held for sale | - | 242 | (242) | 13 | (13) | - | - | - | (13) |
| **NET INCREASE (DECREASE) IN CASH** | (4) | (281) | 495 | (394) | 435 | (186) | 14 | 210 | 263 |
| **CASH AT BEGINNING OF PERIOD** | 889 | 1,170 | 675 | 1,069 | 634 | 820 | 806 | 675 | 806 |
| **CASH AT END OF PERIOD** | $ 885 | $ 889 | $ 1,170 | $ 675 | $ 1,069 | $ 634 | $ 820 | $ 885 | $ 1,069 |



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

**Change in Deferred Policy Acquisition Costs**
**For the three months ended September 30, 2014**

| | Beginning balance June 30, 2014 | Acquisition costs deferred | Amortization before adjustments (1) (2) | Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged (2) | Amortization (acceleration) deceleration for the changes in assumptions(2) | Effect of unrealized capital gains and losses | Ending balance Sept. 30, 2014 |
|---|---|---|---|---|---|---|---|
| **Property-Liability** | $ 1,704 | $ 1,072 | $ (972) | $ - | $ - | $ - | $ 1,804 |
| **Allstate Financial:** | | | | | | | |
| Traditional life and accident and health | 727 | 40 | (29) | - | - | - | 738 |
| Interest-sensitive life | 899 | 28 | (33) | (1) | 10 | 24 | 927 |
| Fixed annuity | 47 | - | (2) | (1) | (2) | 5 | 47 |
| Subtotal | 1,673 | 68 | (64) | (2) | 8 | 29 | 1,712 |
| **Consolidated** | $ 3,377 | $ 1,140 | $ (1,036) | $ (2) | $ 8 | $ 29 | $ 3,516 |

**Change in Deferred Policy Acquisition Costs**
**For the three months ended September 30, 2013**

| | Beginning balance June 30, 2013 | Acquisition costs deferred | Amortization before adjustments (1)(2) | Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged (2) | Amortization (acceleration) deceleration for the changes in assumptions(2) | Effect of unrealized capital gains and losses | DAC classified as held for sale | Ending balance Sept. 30, 2013 |
|---|---|---|---|---|---|---|---|---|
| **Property-Liability** | $ 1,461 | $ 1,045 | $ (929) | $ - | $ - | $ - | $ - | $ 1,577 |
| **Allstate Financial:** | | | | | | | | |
| Traditional life and accident and health | 694 | 40 | (27) | - | - | - | (12) | 695 |
| Interest-sensitive life | 1,707 | 38 | (46) | 1 | (35) | 9 | (700) | 974 |
| Fixed annuity | 52 | 5 | (4) | 2 | 12 | 2 | (29) | 40 |
| Subtotal | 2,453 | 83 | (77) | 3 | (23) | 11 | (741) | 1,709 |
| **Consolidated** | $ 3,914 | $ 1,128 | $ (1,006) | $ 3 | $ (23) | $ 11 | $ (741) | $ 3,286 |

(1) Amortization before adjustments reflects total DAC amortization before amortization/accretion related to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged and amortization acceleration/deceleration for changes in assumptions.
(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 nine months ended September 30, 2014 | | | | | | | | | | Reconciliation of Deferred Policy Acquisition Costs as of September 30, 2014 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Beginning balance | DAC classified as held for sale beginning | Total DAC including those classified | Acquisition costs | Amortization before | Amortization relating to realized capital gains and losses and valuation changes on embedded | Amortization (acceleration) deceleration for changes in | Effect of unrealized capital gains | DAC sold in LBL | Ending balance | DAC before impact of unrealized capital gains | Impact of unrealized capital gains | DAC after impact of unrealized capital gains |

| | Dec. 31, 2013 | balance | as held for sale | deferred | adjustments (1) (2) | derivatives that are not hedged (2) | assumptions (2) | and losses | disposition | Sept. 30, 2014 | and losses | and losses | and losses |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Property-Liability** | $ 1,625 | $ - | $ 1,625 | $ 3,081 | $ (2,902) | $ - | $ - | $ - | $ - | $ 1,804 | $ 1,804 | $ - | $ 1,804 |
| **Allstate Financial:** | | | | | | | | | | | | | |
| Traditional life and accident and health | 711 | 13 | 724 | 121 | (94) | - | - | - | (13) | 738 | 738 | - | 738 |
| Interest-sensitive life | 991 | 700 | 1,691 | 84 | (102) | (5) | 10 | (77) | (674) | 927 | 1,071 | (144) | 927 |
| Fixed annuity | 45 | 30 | 75 | - | (7) | 2 | (2) | (1) | (20) | 47 | 53 | (6) | 47 |
| Subtotal | 1,747 | 743 | 2,490 | 205 | (203) | (3) | 8 | (78) | (707) | 1,712 | 1,862 | (150) | 1,712 |
| **Consolidated** | $ 3,372 | $ 743 | $ 4,115 | $ 3,286 | $ (3,105) | $ (3) | $ 8 | $ (78) | $ (707) | $ 3,516 | $ 3,666 | $ (150) | $ 3,516 |

| | Change in Deferred Policy Acquisition Costs For the nine months ended September 30, 2013 | | | | | | | | Reconciliation of Deferred Policy Acquisition Costs as of September 30, 2013 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Beginning balance Dec. 31, 2012 | Acquisition costs deferred | Amortization before adjustments (1) (2) | Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged (2) | Amortization (acceleration) deceleration for changes in assumptions (2) | Effect of unrealized capital gains and losses | DAC classified as held for sale | Ending balance Sept. 30, 2013 | 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 |
| **Property-Liability** | $ 1,396 | $ 2,871 | $ (2,690) | $ - | $ - | $ - | $ - | $ 1,577 | $ 1,577 | $ - | $ 1,577 |
| **Allstate Financial:** | | | | | | | | | | | |
| Traditional life and accident and health | 671 | 118 | (82) | - | - | - | (12) | 695 | 695 | - | 695 |
| Interest-sensitive life | 1,529 | 133 | (125) | (2) | (35) | 174 | (700) | 974 | 1,083 | (109) | 974 |
| Fixed annuity | 25 | 17 | (11) | - | 12 | 26 | (29) | 40 | 47 | (7) | 40 |
| Subtotal | 2,225 | 268 | (218) | (2) | (23) | 200 | (741) | 1,709 | 1,825 | (116) | 1,709 |
| **Consolidated** | $ 3,621 | $ 3,139 | $ (2,908) | $ (2) | $ (23) | $ 200 | $ (741) | $ 3,286 | $ 3,402 | $ (116) | $ 3,286 |

(1) Amortization before adjustments reflects total DAC amortization before amortization/accretion related to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged and amortization acceleration/deceleration for changes in assumptions.
(2) Included as a component of amortization of DAC on the Consolidated Statements of Operations.



## THE ALLSTATE CORPORATION
## PROPERTY-LIABILITY RESULTS
**($ in millions, except ratios)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| Premiums written [1] | $ 7,806 | $ 7,547 | $ 6,969 | $ 6,950 | $ 7,438 | $ 7,151 | $ 6,625 | $ 22,322 | $ 21,214 |
| (Increase) decrease in unearned premiums | (512) | (397) | 112 | 84 | (518) | (293) | 155 | (797) | (656) |
| Other | 13 | 54 | (17) | (20) | 52 | 4 | (10) | 50 | 46 |
| Premiums earned | 7,307 | 7,204 | 7,064 | 7,014 | 6,972 | 6,862 | 6,770 | 21,575 | 20,604 |
| Claims and claims expense | (4,909) | (5,142) | (4,759) | (4,283) | (4,427) | (4,741) | (4,460) | (14,810) | (13,628) |
| Amortization of deferred policy acquisition costs | (972) | (969) | (961) | (984) | (929) | (890) | (871) | (2,902) | (2,690) |
| Operating costs and expenses | (948) | (901) | (968) | (942) | (910) | (943) | (957) | (2,817) | (2,810) |
| Restructuring and related charges | (4) | (3) | (4) | (11) | (9) | (19) | (24) | (11) | (52) |
| Underwriting income * | 474 | 189 | 372 | 794 | 697 | 269 | 458 | 1,035 | 1,424 |
| Net investment income | 344 | 351 | 312 | 382 | 309 | 343 | 341 | 1,007 | 993 |
| Periodic settlements and accruals on non-hedge derivative instruments | (1) | (3) | (3) | (2) | (2) | (2) | (1) | (7) | (5) |
| Amortization of purchased intangible assets | 17 | 17 | 17 | 23 | 21 | 20 | 21 | 51 | 62 |
| Income tax expense on operations | (281) | (190) | (230) | (404) | (340) | (197) | (263) | (701) | (800) |
| Operating income | 553 | 364 | 468 | 793 | 685 | 433 | 556 | 1,385 | 1,674 |
| Realized capital gains and losses, after-tax | 173 | 161 | 34 | 86 | (17) | 197 | 73 | 368 | 253 |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | - | 2 | 2 | 1 | 1 | 1 | 1 | 4 | 3 |
| Amortization of purchased intangible assets, after-tax | (11) | (11) | (11) | (15) | (13) | (13) | (14) | (33) | (40) |
| (Loss) gain on disposition of operations, after-tax | (1) | 38 | - | - | - | (1) | - | 37 | (1) |
| Net income available to common shareholders | $ 714 | $ 554 | $ 493 | $ 865 | $ 656 | $ 617 | $ 616 | $ 1,761 | $ 1,889 |
| Catastrophe losses | $ 517 | $ 936 | $ 445 | $ 117 | $ 128 | $ 647 | $ 359 | $ 1,898 | $ 1,134 |
| Operating ratios | | | | | | | | | |
| Claims and claims expense (“loss”) ratio | 67.2 | 71.4 | 67.4 | 61.1 | 63.5 | 69.1 | 65.9 | 68.6 | 66.1 |
| Expense ratio | 26.3 | 26.0 | 27.3 | 27.6 | 26.5 | 27.0 | 27.3 | 26.6 | 27.0 |
| Combined ratio | 93.5 | 97.4 | 94.7 | 88.7 | 90.0 | 96.1 | 93.2 | 95.2 | 93.1 |
| Combined ratio excluding the effect of catastrophes * | 86.4 | 84.4 | 88.4 | 87.0 | 88.2 | 86.7 | 87.9 | 86.4 | 87.6 |
| Effect of catastrophe losses on combined ratio | 7.1 | 13.0 | 6.3 | 1.7 | 1.8 | 9.4 | 5.3 | 8.8 | 5.5 |
| Combined ratio | 93.5 | 97.4 | 94.7 | 88.7 | 90.0 | 96.1 | 93.2 | 95.2 | 93.1 |
| Combined ratio excluding the effect of catastrophes, prior year reserve reestimates and amortization of purchased intangible assets (“underlying”) | 86.1 | 84.7 | 88.4 | 87.5 | 86.9 | 86.9 | 87.7 | 86.4 | 87.2 |
| Effect of catastrophe losses on combined ratio | 7.1 | 13.0 | 6.3 | 1.7 | 1.8 | 9.4 | 5.3 | 8.8 | 5.5 |
| Effect of prior year reserve reestimates on combined ratio | 0.1 | (0.1) | (0.2) | (0.9) | 0.5 | (0.8) | (0.6) | - | (0.3) |
| Effect of catastrophe losses included in prior year reserve reestimates on combined ratio | - | (0.5) | - | 0.1 | 0.5 | 0.3 | 0.5 | (0.2) | 0.4 |
| Effect of amortization of purchased intangible assets on combined ratio | 0.2 | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.3 |
| Combined ratio | 93.5 | 97.4 | 94.7 | 88.7 | 90.0 | 96.1 | 93.2 | 95.2 | 93.1 |
| Effect of restructuring and related charges on combined ratio | 0.1 | - | 0.1 | 0.2 | 0.1 | 0.3 | 0.4 | 0.1 | 0.3 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Effect of Discontinued Lines and Coverages on combined ratio | 1.4 | 0.1 | - | - | 1.9 | 0.1 | - | 0.5 | 0.7 |

(1) Trailing twelve months written premiums were $29.27 billion and $27.85 billion for the twelve months ended September 30, 2014 and September 30, 2013, respectively, comprising nine months ended September 30, 2014 and 2013 reported above and $6,950 million and $6,637 million in the fourth quarter of 2013 and 2012, respectively.



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Property-Liability Underwriting Summary** | | | | | | | | | |
| Allstate Protection | $ 579 | $ 192 | $ 375 | $ 795 | $ 831 | $ 273 | $ 462 | $ 1,146 | $ 1,566 |
| Discontinued Lines and Coverages | (105) | (3) | (3) | (1) | (134) | (4) | (4) | (111) | (142) |
| Underwriting income | $ 474 | $ 189 | $ 372 | $ 794 | $ 697 | $ 269 | $ 458 | $ 1,035 | $ 1,424 |
| **Allstate Protection Underwriting Summary** | | | | | | | | | |
| Premiums written | $ 7,805 | $ 7,547 | $ 6,969 | $ 6,950 | $ 7,438 | $ 7,151 | $ 6,625 | $ 22,321 | $ 21,214 |
| Premiums earned | $ 7,306 | $ 7,204 | $ 7,064 | $ 7,014 | $ 6,972 | $ 6,862 | $ 6,770 | $ 21,574 | $ 20,604 |
| Claims and claims expense | (4,804) | (5,140) | (4,756) | (4,282) | (4,292) | (4,738) | (4,457) | (14,700) | (13,487) |
| Amortization of deferred policy acquisition costs | (972) | (969) | (961) | (984) | (929) | (890) | (871) | (2,902) | (2,690) |
| Operating costs and expenses | (947) | (900) | (968) | (942) | (911) | (942) | (956) | (2,815) | (2,809) |
| Restructuring and related charges | (4) | (3) | (4) | (11) | (9) | (19) | (24) | (11) | (52) |
| Underwriting income | $ 579 | $ 192 | $ 375 | $ 795 | $ 831 | $ 273 | $ 462 | $ 1,146 | $ 1,566 |
| Catastrophe losses | $ 517 | $ 936 | $ 445 | $ 117 | $ 128 | $ 647 | $ 359 | $ 1,898 | $ 1,134 |
| Operating ratios | | | | | | | | | |
| Loss ratio | 65.8 | 71.3 | 67.3 | 61.1 | 61.6 | 69.0 | 65.9 | 68.1 | 65.5 |
| Expense ratio | 26.3 | 26.0 | 27.4 | 27.6 | 26.5 | 27.0 | 27.3 | 26.6 | 26.9 |
| Combined ratio | 92.1 | 97.3 | 94.7 | 88.7 | 88.1 | 96.0 | 93.2 | 94.7 | 92.4 |
| Effect of catastrophe losses on combined ratio | 7.1 | 13.0 | 6.3 | 1.7 | 1.8 | 9.4 | 5.3 | 8.8 | 5.5 |
| Effect of restructuring and related charges on combined ratio | 0.1 | - | 0.1 | 0.2 | 0.1 | 0.3 | 0.4 | 0.1 | 0.3 |
| Effect of amortization of purchased intangible assets on combined ratio | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 | 0.3 |
| **Discontinued Lines and Coverages Underwriting Summary** | | | | | | | | | |
| Premiums written | $ 1 | $ - | $ - | $ - | $ - | $ - | $ - | $ 1 | $ - |
| Premiums earned | $ 1 | $ - | $ - | $ - | $ - | $ - | $ - | $ 1 | $ - |
| Claims and claims expense | (105) | (2) | (3) | (1) | (135) | (3) | (3) | (110) | (141) |
| Operating costs and expenses | (1) | (1) | - | - | 1 | (1) | (1) | (2) | (1) |
| Underwriting loss | $ (105) | $ (3) | $ (3) | $ (1) | $ (134) | $ (4) | $ (4) | $ (111) | $ (142) |
| Effect of Discontinued Lines and Coverages on the Property-Liability combined ratio | 1.4 | 0.1 | - | - | 1.9 | 0.1 | - | 0.5 | 0.7 |
| **Underwriting Income by Brand** | | | | | | | | | |
| Allstate brand | $ 676 | $ 299 | $ 478 | $ 814 | $ 871 | $ 346 | $ 520 | $ 1,453 | $ 1,737 |
| Encompass brand | (31) | (59) | (8) | 41 | 19 | (7) | (6) | (98) | 6 |
| Esurance brand | (62) | (45) | (93) | (56) | (54) | (61) | (47) | (200) | (162) |
| Answer Financial | (4) | (3) | (2) | (4) | (5) | (5) | (5) | (9) | (15) |
| Underwriting income | $ 579 | $ 192 | $ 375 | $ 795 | $ 831 | $ 273 | $ 462 | $ 1,146 | $ 1,566 |



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Allstate brand** (1) | | | | | | | | | |
| Auto | $ 4,490 | $ 4,375 | $ 4,292 | $ 4,147 | $ 4,280 | $ 4,170 | $ 4,155 | $ 13,157 | $ 12,605 |
| Homeowners | 1,831 | 1,765 | 1,342 | 1,549 | 1,779 | 1,693 | 1,268 | 4,938 | 4,740 |
| Other personal lines | 426 | 416 | 351 | 368 | 417 | 406 | 348 | 1,193 | 1,171 |
| Commercial lines | 122 | 130 | 116 | 119 | 114 | 121 | 112 | 368 | 347 |
| Other business lines | 185 | 180 | 176 | 157 | 161 | 151 | 133 | 541 | 445 |
| | 7,054 | 6,866 | 6,277 | 6,340 | 6,751 | 6,541 | 6,016 | 20,197 | 19,308 |
| **Encompass brand** | | | | | | | | | |
| Auto | 178 | 176 | 151 | 155 | 172 | 167 | 147 | 505 | 486 |
| Homeowners | 137 | 136 | 110 | 115 | 129 | 120 | 97 | 383 | 346 |
| Other personal lines | 28 | 29 | 25 | 25 | 28 | 28 | 23 | 82 | 79 |
| | 343 | 341 | 286 | 295 | 329 | 315 | 267 | 970 | 911 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Esurance brand** | | | | | | | | | |
| Auto | 403 | 338 | 404 | 315 | 357 | 294 | 342 | 1,145 | 993 |
| Homeowners | 3 | 1 | 1 | - | - | - | - | 5 | - |
| Other personal lines | 2 | 1 | 1 | - | 1 | 1 | - | 4 | 2 |
| | 408 | 340 | 406 | 315 | 358 | 295 | 342 | 1,154 | 995 |
| **Allstate Protection** | 7,805 | 7,547 | 6,969 | 6,950 | 7,438 | 7,151 | 6,625 | 22,321 | 21,214 |
| **Discontinued Lines and Coverages** | 1 | - | - | - | - | - | - | 1 | - |
| **Property-Liability** | $ 7,806 | $ 7,547 | $ 6,969 | $ 6,950 | $ 7,438 | $ 7,151 | $ 6,625 | $ 22,322 | $ 21,214 |
| **Allstate Protection** | | | | | | | | | |
| Auto | $ 5,071 | $ 4,889 | $ 4,847 | $ 4,617 | $ 4,809 | $ 4,631 | $ 4,644 | $ 14,807 | $ 14,084 |
| Homeowners | 1,971 | 1,902 | 1,453 | 1,664 | 1,908 | 1,813 | 1,365 | 5,326 | 5,086 |
| Other personal lines | 456 | 446 | 377 | 393 | 446 | 435 | 371 | 1,279 | 1,252 |
| Commercial lines | 122 | 130 | 116 | 119 | 114 | 121 | 112 | 368 | 347 |
| Other business lines | 185 | 180 | 176 | 157 | 161 | 151 | 133 | 541 | 445 |
| | $ 7,805 | $ 7,547 | $ 6,969 | $ 6,950 | $ 7,438 | $ 7,151 | $ 6,625 | $ 22,321 | $ 21,214 |
| [1] **Canada premiums included in Allstate brand** | | | | | | | | | |
| Auto | $ 233 | $ 250 | $ 180 | $ 199 | $ 225 | $ 245 | $ 184 | $ 663 | $ 654 |
| Homeowners | 66 | 63 | 40 | 50 | 58 | 59 | 38 | 169 | 155 |
| Other personal lines | 16 | 15 | 11 | 13 | 14 | 15 | 13 | 42 | 42 |
| | $ 315 | $ 328 | $ 231 | $ 262 | $ 297 | $ 319 | $ 235 | $ 874 | $ 851 |



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

| | Three months ended September 30, 2014 [1] | | | Three months ended June 30, 2014 | | | Three months ended March 31, 2014 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of locations | Total brand (%) [4] | Location specific (%) [5] | Number of locations | Total brand (%) [4] | Location specific (%) [5] | Number of locations | Total brand (%) [4] | Location specific (%) [5] |
| **Allstate brand** | | | | | | | | | |
| Auto [2] | 20 [6] | 0.9 | 3.7 | 25 [6] | - [8] | (0.2) | 19 | 0.8 | 2.5 |
| Homeowners [3] | 6 | 0.2 | 6.0 | 11 [7] | 0.4 | 5.7 | 8 [7] | 0.2 | 2.3 |
| **Encompass brand** | | | | | | | | | |
| Auto | 9 | 0.9 | 4.1 | 12 | 2.4 | 7.6 | 2 | 0.5 | 4.9 |
| Homeowners | 7 | 0.6 | 6.5 | 12 | 1.5 | 7.8 | 1 | - | 2.5 |
| **Esurance brand** | | | | | | | | | |
| Auto | 15 | 0.6 | 3.1 | 15 | 1.7 | 4.4 | 17 | 2.2 | 8.2 |

| | Three months ended December 31, 2013 | | | Three months ended September 30, 2013 | | | Three months ended June 30, 2013 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of locations | Total brand (%) [4] | Location specific (%) [5] | Number of locations | Total brand (%) [4] | Location specific (%) [5] | Number of locations | Total brand (%) [4] | Location specific (%) [5] |
| **Allstate brand** | | | | | | | | | |
| Auto [2] | 24 | 0.8 | 2.6 | 12 | 0.7 | 3.1 | 15 | 0.1 | 0.5 |
| Homeowners [3] | 21 | 1.5 | 4.5 | 3 | 0.3 | 6.8 | 8 | 0.5 | 6.2 |
| **Encompass brand** | | | | | | | | | |
| Auto | 11 | 2.1 | 6.6 | 9 | 1.4 | 5.7 | 14 | 1.6 | 4.8 |
| Homeowners | 14 | 2.7 | 6.4 | 11 | 1.4 | 6.9 | 15 | 1.9 | 4.8 |
| **Esurance brand** | | | | | | | | | |
| Auto | 16 | 1.1 | 5.5 | 14 | 1.1 | 5.2 | 15 | 1.7 | 4.7 |

[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 states and Canadian provinces, rate changes approved for the three month period ending September 30, 2014 are estimated to total $183 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 the state. Allstate Brand rate changes exclude Canada and specialty auto in periods prior to first quarter 2014. In 2013, the Ontario government gave the Financial Services Commission of Ontario the authority to implement an average reduction of premium rates by 15%. The rate reductions were effective on new business beginning May 2014 and renewal contracts beginning July 2014 and represented an overall decrease of approximately 14%. This will reduce expected premiums written by approximately $35 million and premiums earned by approximately $11 million in 2014. Management is pursuing various actions to lessen the impact of the rate decrease, a number of which are currently being implemented.

[2] Impacts of Allstate brand auto effective rate changes as a percentage of total brand prior year-end premiums written were 0.2%, 1.1%, 0.5%, 0.5%, 0.7% and 0.2% for the three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013 and June 30, 2013, respectively. Rate changes are included in the effective calculations in the period the rate change is effective for renewal contracts. Therefore, the Canada renewal rate change referred to in Note 1 was included in the effective calculation in third quarter 2014.

[3] Impacts of Allstate brand homeowners effective rate changes as a percentage of total brand prior year-end premiums written were 0.1%, 0.5%, 1.3%, 0.4%, 0.3% and 1.2% for the three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013 and June 30, 2013, respectively.

[4] Represents the impact in the states and Canadian provinces where rate changes were approved during the period as a percentage of total brand prior year-end premiums written.

[5] Represents the impact in the states 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.

[6] Includes one and three Canadian provinces for auto for the three months ended September 30, 2014 and June 30, 2014, respectively.

[7] Includes two and one Canadian provinces for homeowners for the three months ended June 30, 2014 and March 31, 2014, respectively.

[8] Excluding Canada, Allstate Brand Auto rate change was 0.5% for the three months ended June 30, 2014.



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

| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 |
|---|---|---|---|---|---|---|---|
| **Policies in Force** (in thousands) [1] | | | | | | | |
| **Allstate Brand** | | | | | | | |
| Auto | 19,751 | 19,605 | 19,413 | 19,362 | 19,247 | 19,155 | 19,020 |
| Homeowners | 6,082 | 6,069 | 6,063 | 6,077 | 6,077 | 6,097 | 6,136 |
| Landlord | 737 | 738 | 740 | 742 | 742 | 744 | 748 |
| Renter | 1,447 | 1,421 | 1,402 | 1,385 | 1,371 | 1,364 | 1,364 |
| Condominium | 652 | 648 | 646 | 645 | 641 | 640 | 639 |
| Other | 1,248 | 1,245 | 1,244 | 1,252 | 1,260 | 1,267 | 1,273 |
| Other personal lines | 4,084 | 4,052 | 4,032 | 4,024 | 4,014 | 4,015 | 4,024 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Commercial lines | 320 | 313 | 305 | 301 | 295 | 291 | 286 |
| Other business lines | 958 | 972 | 991 | 989 | 996 | 997 | 1,001 |
| Excess and surplus | 26 | 25 | 23 | 22 | 20 | 18 | 15 |
| Total | 31,221 | 31,036 | 30,827 | 30,775 | 30,649 | 30,573 | 30,482 |
| **Encompass Brand** | | | | | | | |
| Auto | 792 | 788 | 778 | 774 | 767 | 752 | 737 |
| Homeowners | 365 | 364 | 359 | 356 | 350 | 341 | 333 |
| Other personal lines | 123 | 124 | 124 | 125 | 124 | 124 | 121 |
| Total | 1,280 | 1,276 | 1,261 | 1,255 | 1,241 | 1,217 | 1,191 |
| **Esurance Brand** | | | | | | | |
| Auto | 1,410 | 1,399 | 1,375 | 1,286 | 1,254 | 1,207 | 1,151 |
| Homeowners | 6 | 2 | 1 | - | - | - | - |
| Other personal lines | 33 | 30 | 26 | 20 | 16 | 11 | 7 |
| Total | 1,449 | 1,431 | 1,402 | 1,306 | 1,270 | 1,218 | 1,158 |
| **Total Policies in Force** | 33,950 | 33,743 | 33,490 | 33,336 | 33,160 | 33,008 | 32,831 |
| **Other Customer Relationships** | | | | | | | |
| Good Hands Roadside Members (in thousands) [2] | 1,996 | 1,871 | 1,734 | 1,585 | 1,439 | 1,272 | 1,099 |
| **Non-Proprietary Premiums ($ in millions)** | | | | | | | |
| Ivantage [3] | $ 1,431 | $ 1,414 | $ 1,396 | $ 1,394 | $ 1,389 | $ 1,363 | $ 1,310 |
| Answer Financial [4] | 134 | 125 | 139 | 118 | 122 | 111 | 126 |

(1) Policies in Force: 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. Allstate Dealer Services (service contracts and other products sold in conjunction with auto lending and vehicle sales transactions) and Partnership Marketing Group (roadside assistance products) statistics are not included in total policies in force since these are not meaningful. Additionally, non-proprietary products offered by Ivantage (insurance agency) and Answer Financial (independent insurance agency) are not included.

(2) Membership provides pay on demand access to roadside services. Fees for three months ended September 30, 2014 were $196 thousand.

(3) Represents non-proprietary premiums under management as of the end of the period related to personal and commercial line products offered by Ivantage when an Allstate product is not available. Premiums under management are reported on a one month delay. Premiums are estimates and are reported by entities which have brokering arrangements with Allstate. Fees for the three months ended September 30, 2014 were $19.2 million.

(4) Represents non-proprietary premiums written for the period. Fees for the three months ended September 30, 2014 were $16.9 million.



**THE ALLSTATE CORPORATION**
**ALLSTATE BRAND PROFITABILITY MEASURES**
**($ in millions, except ratios)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| Net premiums written | $ 7,054 | $ 6,866 | $ 6,277 | $ 6,340 | $ 6,751 | $ 6,541 | $ 6,016 | $ 20,197 | $ 19,308 |
| Net premiums earned | | | | | | | | | |
| Auto | 4,352 | 4,297 | 4,209 | 4,186 | 4,165 | 4,133 | 4,094 | 12,858 | 12,392 |
| Homeowners | 1,616 | 1,594 | 1,580 | 1,574 | 1,568 | 1,525 | 1,516 | 4,790 | 4,609 |
| Other personal lines [1] | 389 | 387 | 385 | 384 | 384 | 380 | 379 | 1,161 | 1,143 |
| Commercial lines | 120 | 121 | 110 | 115 | 114 | 113 | 114 | 351 | 341 |
| Other business lines [2] | 138 | 131 | 133 | 126 | 124 | 115 | 106 | 402 | 345 |
| Total | 6,615 | 6,530 | 6,417 | 6,385 | 6,355 | 6,266 | 6,209 | 19,562 | 18,830 |
| Incurred losses | | | | | | | | | |
| Auto | 2,964 | 3,011 | 2,858 | 2,876 | 2,857 | 2,843 | 2,774 | 8,833 | 8,474 |
| Homeowners | 930 | 1,212 | 994 | 656 | 645 | 1,084 | 914 | 3,136 | 2,643 |
| Other personal lines | 229 | 226 | 279 | 187 | 221 | 239 | 247 | 734 | 707 |
| Commercial lines | 72 | 78 | 81 | 77 | 70 | 69 | 61 | 231 | 200 |
| Other business lines | 70 | 64 | 63 | 58 | 60 | 49 | 47 | 197 | 156 |
| Total | 4,265 | 4,591 | 4,275 | 3,854 | 3,853 | 4,284 | 4,043 | 13,131 | 12,180 |
| Expenses | | | | | | | | | |
| Auto | 1,088 | 1,089 | 1,075 | 1,114 | 1,068 | 1,069 | 1,068 | 3,252 | 3,205 |
| Homeowners | 382 | 359 | 385 | 393 | 379 | 368 | 376 | 1,126 | 1,123 |
| Other personal lines | 103 | 105 | 108 | 115 | 108 | 113 | 115 | 316 | 336 |
| Commercial lines | 38 | 35 | 34 | 37 | 34 | 33 | 34 | 107 | 101 |
| Other business lines | 63 | 52 | 62 | 58 | 42 | 53 | 53 | 177 | 148 |
| Total | 1,674 | 1,640 | 1,664 | 1,717 | 1,631 | 1,636 | 1,646 | 4,978 | 4,913 |
| Underwriting income (loss) | | | | | | | | | |
| Auto | 300 | 197 | 276 | 196 | 240 | 221 | 252 | 773 | 713 |
| Homeowners | 304 | 23 | 201 | 525 | 544 | 73 | 226 | 528 | 843 |
| Other personal lines | 57 | 56 | (2) | 82 | 55 | 28 | 17 | 111 | 100 |
| Commercial lines | 10 | 8 | (5) | 1 | 10 | 11 | 19 | 13 | 40 |
| Other business lines | 5 | 15 | 8 | 10 | 22 | 13 | 6 | 28 | 41 |
| Total | 676 | 299 | 478 | 814 | 871 | 346 | 520 | 1,453 | 1,737 |
| Loss ratio | 64.5 | 70.3 | 66.6 | 60.4 | 60.6 | 68.4 | 65.1 | 67.1 | 64.7 |
| Expense ratio | 25.3 | 25.1 | 26.0 | 26.9 | 25.7 | 26.1 | 26.5 | 25.5 | 26.1 |
| Combined ratio | 89.8 | 95.4 | 92.6 | 87.3 | 86.3 | 94.5 | 91.6 | 92.6 | 90.8 |
| Effect of catastrophe losses on combined ratio | 6.9 | 13.1 | 6.4 | 1.8 | 1.7 | 9.8 | 5.5 | 8.8 | 5.7 |
| Effect of prior year reserve reestimates on combined ratio | (1.3) | (0.1) | (0.2) | (0.6) | (1.4) | (0.9) | (0.6) | (0.5) | (1.0) |
| Effect of advertising expenses on combined ratio | 2.6 | 2.7 | 2.4 | 2.3 | 2.7 | 3.2 | 2.7 | 2.6 | 2.9 |
| Combined ratio excluding the effect of catastrophes and prior year reserve reestimates (“underlying”) | 84.2 | 83.0 | 86.4 | 86.1 | 85.4 | 85.4 | 86.2 | 84.5 | 85.7 |
| Effect of catastrophe losses | 6.9 | 13.1 | 6.4 | 1.8 | 1.7 | 9.8 | 5.5 | 8.8 | 5.7 |
| Effect of prior year non-catastrophe reserve reestimates | (1.3) | (0.7) | (0.2) | (0.6) | (0.8) | (0.7) | (0.1) | (0.7) | (0.6) |
| Combined ratio | 89.8 | 95.4 | 92.6 | 87.3 | 86.3 | 94.5 | 91.6 | 92.6 | 90.8 |

(1) Other personal lines include renter, condominium, landlord and other personal lines.
(2) Other business lines include Allstate Roadside Services, Allstate Dealer Services and other business lines.

## THE ALLSTATE CORPORATION
## ALLSTATE BRAND STATISTICS [1]

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **New Issued Applications** (in thousands) [2] | | | | | | | | | |
| Auto | 809 | 770 | 714 | 664 | 720 | 709 | 656 | 2,293 | 2,085 |
| Homeowners | 201 | 192 | 154 | 157 | 180 | 167 | 121 | 547 | 468 |
| **Average Premium - Gross Written ($)** [3] | | | | | | | | | |
| Auto | 481 | 478 | 473 | 473 | 467 | 466 | 464 | 477 | 466 |
| Homeowners | 1,144 | 1,135 | 1,137 | 1,126 | 1,119 | 1,109 | 1,104 | 1,139 | 1,111 |
| **Average Premium - Net Earned ($)** [4] | | | | | | | | | |
| Auto | 443 | 441 | 435 | 434 | 433 | 433 | 430 | 439 | 432 |
| Homeowners | 1,054 | 1,045 | 1,034 | 1,029 | 1,024 | 990 | 976 | 1,045 | 997 |
| **Renewal Ratio (%)** [5] | | | | | | | | | |
| Auto | 88.9 | 89.1 | 89.0 | 88.7 | 88.7 | 88.6 | 88.4 | 89.0 | 88.5 |
| Homeowners | 88.6 | 88.3 | 88.2 | 88.1 | 88.0 | 87.5 | 87.2 | 88.4 | 87.6 |
| **Bodily Injury Claim Frequency (% change year-over-year)** | | | | | | | | | |
| Auto | (1.3) | (2.8) | (0.3) | (1.7) | 0.8 | (1.1) | (2.4) | (1.5) | (0.9) |
| **Property Damage Claim Frequency (% change year-over-year)** | | | | | | | | | |
| Auto | (1.0) | (2.4) | 5.1 | 1.4 | 0.6 | (0.3) | (0.7) | 0.5 | (0.1) |
| **Auto Paid Severity (% change year-over-year)** | | | | | | | | | |
| Bodily injury | 2.2 | 1.3 | 0.7 | 2.0 | 2.3 | 4.1 | 6.7 | 1.4 | 4.4 |
| Property damage | 5.5 | 4.4 | 2.7 | 3.2 | 0.8 | 3.7 | (0.2) | 4.2 | 1.4 |
| **Homeowners Excluding Catastrophe Losses (% change year-over-year)** | | | | | | | | | |
| Claim frequency | (5.5) | 2.3 | 6.1 | (2.2) | (1.1) | 0.6 | 1.2 | 0.7 | 0.3 |
| Claim severity | 9.2 | 5.5 | 8.3 | 0.2 | (2.2) | 1.3 | (0.2) | 7.6 | (0.4) |

[1] Statistics presented for Allstate brand exclude excess and surplus lines.
[2] New Issued Applications: Item counts of automobiles or homeowners insurance applications for insurance policies that were issued during the period, regardless of whether the customer was previously insured by another Allstate Protection brand. Does not include automobiles that are added by existing customers.
[3] Average Premium - Gross Written: Gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts, surcharges and ceded reinsurance premiums and exclude the impacts from mid-term premium adjustments and premium refund accruals. Average premiums represent the appropriate policy term for each line, which is 6 months for auto and 12 months for homeowners.
[4] Average Premium - Net Earned: Earned premium divided by average policies in force for the period. Earned premium includes the impacts from mid-term premium adjustments and ceded reinsurance, but does not include impacts of premium refund accruals. Average premiums represent the appropriate policy term for each line, which is 6 months for auto and 12 months for homeowners.
[5] 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.



## THE ALLSTATE CORPORATION
## ENCOMPASS BRAND PROFITABILITY MEASURES AND STATISTICS
**($ in millions, except ratios)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| Net premiums written | $ 343 | $ 341 | $ 286 | $ 295 | $ 329 | $ 315 | $ 267 | $ 970 | $ 911 |
| Net premiums earned | | | | | | | | | |
| Auto | $ 168 | $ 162 | $ 161 | $ 155 | $ 158 | $ 158 | $ 155 | $ 491 | $ 471 |
| Homeowners | 123 | 120 | 117 | 114 | 111 | 105 | 100 | 360 | 316 |
| Other personal lines | 27 | 26 | 26 | 25 | 26 | 24 | 25 | 79 | 75 |
| Total | 318 | 308 | 304 | 294 | 295 | 287 | 280 | 930 | 862 |
| Incurred losses | | | | | | | | | |
| Auto | $ 131 | $ 134 | $ 114 | $ 114 | $ 112 | $ 117 | $ 117 | $ 379 | $ 346 |
| Homeowners | 103 | 118 | 86 | 48 | 63 | 69 | 62 | 307 | 194 |
| Other personal lines | 20 | 21 | 21 | - | 13 | 21 | 20 | 62 | 54 |
| Total | 254 | 273 | 221 | 162 | 188 | 207 | 199 | 748 | 594 |
| Expenses | | | | | | | | | |
| Auto | $ 50 | $ 50 | $ 48 | $ 49 | $ 47 | $ 48 | $ 47 | $ 148 | $ 142 |
| Homeowners | 37 | 37 | 35 | 35 | 34 | 33 | 32 | 109 | 99 |
| Other personal lines | 8 | 7 | 8 | 7 | 7 | 6 | 8 | 23 | 21 |
| Total | 95 | 94 | 91 | 91 | 88 | 87 | 87 | 280 | 262 |
| Underwriting income (loss) | | | | | | | | | |
| Auto | $ (13) | $ (22) | $ (1) | $ (8) | $ (1) | $ (7) | $ (9) | $ (36) | $ (17) |
| Homeowners | (17) | (35) | (4) | 31 | 14 | 3 | 6 | (56) | 23 |
| Other personal lines | (1) | (2) | (3) | 18 | 6 | (3) | (3) | (6) | - |
| Total | (31) | (59) | (8) | 41 | 19 | (7) | (6) | (98) | 6 |
| Loss ratio | 79.8 | 88.7 | 72.7 | 55.1 | 63.7 | 72.1 | 71.1 | 80.4 | 68.9 |
| Expense ratio | 29.9 | 30.5 | 29.9 | 31.0 | 29.9 | 30.3 | 31.0 | 30.1 | 30.4 |
| Combined ratio | 109.7 | 119.2 | 102.6 | 86.1 | 93.6 | 102.4 | 102.1 | 110.5 | 99.3 |
| Effect of catastrophe losses on combined ratio | 16.4 | 23.7 | 11.2 | 0.3 | 5.8 | 10.1 | 4.6 | 17.1 | 6.8 |
| Effect of prior year reserve reestimates on combined ratio | (1.9) | 1.0 | (0.7) | (7.5) | (5.1) | (1.4) | (0.7) | (0.5) | (2.4) |
| Effect of advertising expenses on combined ratio | - | 0.6 | 0.7 | 0.3 | - | 0.7 | 0.7 | 0.4 | 0.5 |
| Combined ratio excluding the effect of catastrophes and prior year reserve reestimates | 95.6 | 94.8 | 91.8 | 91.8 | 92.5 | 92.7 | 97.9 | 94.1 | 94.3 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ("underlying") | | | | | | | | | |
| Effect of catastrophe losses | 16.4 | 23.7 | 11.2 | 0.3 | 5.8 | 10.1 | 4.6 | 17.1 | 6.8 |
| Effect of prior year non-catastrophe reserve reestimates | (2.3) | 0.7 | (0.4) | (6.0) | (4.7) | (0.4) | (0.4) | (0.7) | (1.8) |
| Combined ratio | 109.7 | 119.2 | 102.6 | 86.1 | 93.6 | 102.4 | 102.1 | 110.5 | 99.3 |
| Policies in Force (in thousands) | | | | | | | | | |
| Auto | 792 | 788 | 778 | 774 | 767 | 752 | 737 | 792 | 767 |
| Homeowners | 365 | 364 | 359 | 356 | 350 | 341 | 333 | 365 | 350 |
| Other personal lines | 123 | 124 | 124 | 125 | 124 | 124 | 121 | 123 | 124 |
| | 1,280 | 1,276 | 1,261 | 1,255 | 1,241 | 1,217 | 1,191 | 1,280 | 1,241 |
| New Issued Applications (in thousands) | | | | | | | | | |
| Auto | 34 | 40 | 33 | 36 | 43 | 41 | 35 | 107 | 119 |
| Homeowners | 18 | 20 | 17 | 18 | 22 | 22 | 17 | 55 | 61 |
| Average Premium - Gross Written ($) | | | | | | | | | |
| Auto | 898 | 888 | 893 | 886 | 879 | 872 | 882 | 893 | 878 |
| Homeowners | 1,471 | 1,437 | 1,440 | 1,392 | 1,390 | 1,362 | 1,346 | 1,450 | 1,368 |
| Renewal Ratio (%) | | | | | | | | | |
| Auto | 79.4 | 80.3 | 79.2 | 79.1 | 79.4 | 78.4 | 77.8 | 79.7 | 78.6 |
| Homeowners | 84.8 | 86.2 | 86.6 | 86.2 | 87.4 | 86.4 | 86.1 | 85.8 | 86.7 |



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

| ($ in millions) | Three months ended Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Nine months ended Sept. 30, 2014 | Sept. 30, 2013 |
|---|---|---|---|---|---|---|---|---|---|
| Net premiums written | $ 408 | $ 340 | $ 406 | $ 315 | $ 358 | $ 295 | $ 342 | $ 1,154 | $ 995 |
| Net premiums earned | | | | | | | | | |
| Auto | $ 370 | $ 365 | $ 342 | $ 334 | $ 322 | $ 308 | $ 281 | $ 1,077 | $ 911 |
| Homeowners | 1 | - | - | - | - | - | - | 1 | - |
| Other personal lines | 2 | 1 | 1 | 1 | - | 1 | - | 4 | 1 |
| | 373 | 366 | 343 | 335 | 322 | 309 | 281 | 1,082 | 912 |
| Incurred losses | | | | | | | | | |
| Auto | $ 283 | $ 275 | $ 260 | $ 266 | $ 251 | $ 246 | $ 215 | $ 818 | $ 712 |
| Homeowners | 1 | - | - | - | - | - | - | 1 | - |
| Other personal lines | 1 | 1 | - | - | - | 1 | - | 2 | 1 |
| | 285 | 276 | 260 | 266 | 251 | 247 | 215 | 821 | 713 |
| Expenses | | | | | | | | | |
| Auto | $ 148 | $ 135 | $ 174 | $ 123 | $ 125 | $ 122 | $ 113 | $ 457 | $ 360 |
| Other personal lines | 2 | - | 2 | 2 | - | 1 | - | 4 | 1 |
| | 150 | 135 | 176 | 125 | 125 | 123 | 113 | 461 | 361 |
| Underwriting loss | | | | | | | | | |
| Auto | $ (61) | $ (45) | $ (92) | $ (55) | $ (54) | $ (60) | $ (47) | $ (198) | $ (161) |
| Other personal lines | (1) | - | (1) | (1) | - | (1) | - | (2) | (1) |
| | (62) | (45) | (93) | (56) | (54) | (61) | (47) | (200) | (162) |
| Loss ratio | 76.4 | 75.4 | 75.8 | 79.4 | 78.0 | 79.9 | 76.5 | 75.9 | 78.2 |
| Expense ratio | 40.2 | 36.9 | 51.3 | 37.3 | 38.8 | 39.8 | 40.2 | 42.6 | 39.6 |
| Combined ratio | 116.6 | 112.3 | 127.1 | 116.7 | 116.8 | 119.7 | 116.7 | 118.5 | 117.8 |
| Effect of catastrophe losses on combined ratio | 1.9 | 2.7 | 0.3 | 0.3 | 0.6 | 1.6 | 1.1 | 1.7 | 1.1 |
| Effect of prior year reserve reestimates on combined ratio | (0.8) | (1.4) | (0.9) | - | - | - | - | (1.0) | - |
| Effect of amortization of purchased intangible assets on combined ratio | 3.2 | 3.3 | 3.5 | 4.5 | 4.7 | 5.2 | 5.3 | 3.3 | 5.0 |
| Effect of advertising expenses on combined ratio | 15.8 | 14.5 | 28.3 | 12.8 | 14.6 | 16.2 | 16.0 | 19.3 | 15.6 |
| Combined ratio excluding the effect of catastrophes, prior year reserve reestimates, and amortization of purchased intangible assets ("underlying") | 112.3 | 107.7 | 124.2 | 111.9 | 111.5 | 112.9 | 110.3 | 114.5 | 111.7 |
| Effect of catastrophe losses | 1.9 | 2.7 | 0.3 | 0.3 | 0.6 | 1.6 | 1.1 | 1.7 | 1.1 |
| Effect of prior year non-catastrophe reserve reestimates | (0.8) | (1.4) | (0.9) | - | - | - | - | (1.0) | - |
| Effect of amortization of purchased intangible assets | 3.2 | 3.3 | 3.5 | 4.5 | 4.7 | 5.2 | 5.3 | 3.3 | 5.0 |
| Combined ratio | 116.6 | 112.3 | 127.1 | 116.7 | 116.8 | 119.7 | 116.7 | 118.5 | 117.8 |
| Policies in Force (in thousands) | | | | | | | | | |
| Auto | 1,410 | 1,399 | 1,375 | 1,286 | 1,254 | 1,207 | 1,151 | 1,410 | 1,254 |
| Homeowners | 6 | 2 | 1 | - | - | - | - | 6 | - |
| Other personal lines | 33 | 30 | 26 | 20 | 16 | 11 | 7 | 33 | 16 |
| | 1,449 | 1,431 | 1,402 | 1,306 | 1,270 | 1,218 | 1,158 | 1,449 | 1,270 |
| New Issued Applications (in thousands) | | | | | | | | | |
| Auto | 181 | 177 | 221 | 162 | 188 | 175 | 222 | 579 | 585 |
| Homeowners | 5 | 1 | 1 | - | - | - | - | 7 | - |
| Other personal lines | 9 | 10 | 10 | 7 | 7 | 6 | 5 | 29 | 16 |
| | 195 | 188 | 232 | 169 | 195 | 181 | 227 | 615 | 601 |
| Average Premium - Gross Written ($) | | | | | | | | | |
| Auto | 499 | 497 | 504 | 483 | 480 | 481 | 494 | 498 | 485 |
| Homeowners | 829 | 822 | 691 | 752 | - | - | - | 821 | - |
| Renewal Ratio (%) | | | | | | | | | |
| Auto | 78.4 | 80.1 | 80.4 | 80.1 | 79.9 | 81.7 | 81.2 | 79.6 | 80.9 |

## THE ALLSTATE CORPORATION
## AUTO PROFITABILITY MEASURES

| ($ in millions) | Three months ended Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Nine months ended Sept. 30, 2014 | Sept. 30, 2013 |
|---|---|---|---|---|---|---|---|---|---|
| Net premiums written | | | | | | | | | |
| Allstate brand | $ 4,490 | $ 4,375 | $ 4,292 | $ 4,147 | $ 4,280 | $ 4,170 | $ 4,155 | $ 13,157 | $ 12,605 |
| Encompass brand | 178 | 176 | 151 | 155 | 172 | 167 | 147 | 505 | 486 |
| Esurance brand | 403 | 338 | 404 | 315 | 357 | 294 | 342 | 1,145 | 993 |
| | 5,071 | 4,889 | 4,847 | 4,617 | 4,809 | 4,631 | 4,644 | 14,807 | 14,084 |
| Net premiums earned | | | | | | | | | |
| Allstate brand | $ 4,352 | $ 4,297 | $ 4,209 | $ 4,186 | $ 4,165 | $ 4,133 | $ 4,094 | $ 12,858 | $ 12,392 |
| Encompass brand | 168 | 162 | 161 | 155 | 158 | 158 | 155 | 491 | 471 |
| Esurance brand | 370 | 365 | 342 | 334 | 322 | 308 | 281 | 1,077 | 911 |
| | 4,890 | 4,824 | 4,712 | 4,675 | 4,645 | 4,599 | 4,530 | 14,426 | 13,774 |
| Incurred losses | | | | | | | | | |
| Allstate brand | $ 2,964 | $ 3,011 | $ 2,858 | $ 2,876 | $ 2,857 | $ 2,843 | $ 2,774 | $ 8,833 | $ 8,474 |
| Encompass brand | 131 | 134 | 114 | 114 | 112 | 117 | 117 | 379 | 346 |
| Esurance brand | 283 | 275 | 260 | 266 | 251 | 246 | 215 | 818 | 712 |
| | 3,378 | 3,420 | 3,232 | 3,256 | 3,220 | 3,206 | 3,106 | 10,030 | 9,532 |
| Expenses | | | | | | | | | |
| Allstate brand | $ 1,088 | $ 1,089 | $ 1,075 | $ 1,114 | $ 1,068 | $ 1,069 | $ 1,068 | $ 3,252 | $ 3,205 |
| Encompass brand | 50 | 50 | 48 | 49 | 47 | 48 | 47 | 148 | 142 |
| Esurance brand | 148 | 135 | 174 | 123 | 125 | 122 | 113 | 457 | 360 |
| | 1,286 | 1,274 | 1,297 | 1,286 | 1,240 | 1,239 | 1,228 | 3,857 | 3,707 |
| Underwriting income | | | | | | | | | |
| Allstate brand | $ 300 | $ 197 | $ 276 | $ 196 | $ 240 | $ 221 | $ 252 | $ 773 | $ 713 |
| Encompass brand | (13) | (22) | (1) | (8) | (1) | (7) | (9) | (36) | (17) |
| Esurance brand | (61) | (45) | (92) | (55) | (54) | (60) | (47) | (198) | (161) |
| | 226 | 130 | 183 | 133 | 185 | 154 | 196 | 539 | 535 |
| Loss ratio | | | | | | | | | |
| Allstate brand | 68.1 | 70.1 | 67.9 | 68.7 | 68.6 | 68.8 | 67.7 | 68.7 | 68.4 |
| Encompass brand | 78.0 | 82.7 | 70.8 | 73.6 | 70.9 | 74.0 | 75.5 | 77.2 | 73.5 |
| Esurance brand | 76.5 | 75.3 | 76.0 | 79.7 | 78.0 | 79.9 | 76.5 | 76.0 | 78.2 |
| Allstate Protection | 69.1 | 70.9 | 68.6 | 69.6 | 69.3 | 69.7 | 68.6 | 69.5 | 69.2 |
| Expense ratio | | | | | | | | | |
| Allstate brand | 25.0 | 25.3 | 25.5 | 26.6 | 25.6 | 25.9 | 26.1 | 25.3 | 25.8 |
| Encompass brand | 29.7 | 30.9 | 29.8 | 31.6 | 29.7 | 30.4 | 30.3 | 30.1 | 30.1 |
| Esurance brand | 40.0 | 37.0 | 50.9 | 36.8 | 38.8 | 39.6 | 40.2 | 42.4 | 39.5 |
| Allstate Protection | 26.3 | 26.4 | 27.5 | 27.6 | 26.7 | 27.0 | 27.1 | 26.8 | 26.9 |
| Combined ratio | | | | | | | | | |
| Allstate brand | 93.1 | 95.4 | 93.4 | 95.3 | 94.2 | 94.7 | 93.8 | 94.0 | 94.2 |
| Encompass brand | 107.7 | 113.6 | 100.6 | 105.2 | 100.6 | 104.4 | 105.8 | 107.3 | 103.6 |
| Esurance brand | 116.5 | 112.3 | 126.9 | 116.5 | 116.8 | 119.5 | 116.7 | 118.4 | 117.7 |
| Allstate Protection | 95.4 | 97.3 | 96.1 | 97.2 | 96.0 | 96.7 | 95.7 | 96.3 | 96.1 |
| Effect of catastrophe losses on combined ratio | | | | | | | | | |
| Allstate brand | 1.8 | 4.1 | 0.4 | - | 0.8 | 1.9 | 1.1 | 2.1 | 1.3 |
| Encompass brand | 3.0 | 9.3 | 0.6 | (0.6) | 1.9 | 0.6 | (0.6) | 4.3 | 0.6 |
| Esurance brand | 1.9 | 2.7 | 0.3 | 0.3 | 0.6 | 1.6 | 1.1 | 1.7 | 1.1 |
| Effect of prior year reserve reestimates on combined ratio | | | | | | | | | |
| Allstate brand | (1.8) | (0.6) | (0.9) | (0.9) | (0.8) | (1.8) | (1.6) | (1.1) | (1.4) |
| Encompass brand | 0.5 | (3.7) | (4.3) | (4.5) | (7.6) | (3.2) | (3.9) | (2.5) | (4.9) |
| Esurance brand | (0.8) | (1.4) | (0.9) | - | - | - | - | (1.0) | - |
| Effect of catastrophe losses included in prior year reserve reestimates on combined ratio | | | | | | | | | |
| Allstate brand | (0.2) | (0.1) | (0.1) | (0.3) | 0.1 | (0.5) | (1.1) | (0.2) | (0.5) |
| Encompass brand | - | (0.6) | - | - | - | (0.7) | (1.3) | (0.2) | (0.7) |
| Esurance brand | - | - | - | - | - | - | - | - | - |
| Effect of amortization of purchased intangible assets on combined ratio | | | | | | | | | |
| Esurance brand | 3.2 | 3.3 | 3.5 | 4.5 | 4.7 | 5.2 | 5.3 | 3.3 | 5.0 |



## THE ALLSTATE CORPORATION
## HOMEOWNERS PROFITABILITY MEASURES

| ($ in millions) | Three months ended Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Nine months ended Sept. 30, 2014 | Sept. 30, 2013 |
|---|---|---|---|---|---|---|---|---|---|
| Net premiums written | | | | | | | | | |
| Allstate brand | $ 1,831 | $ 1,765 | $ 1,342 | $ 1,549 | $ 1,779 | $ 1,693 | $ 1,268 | $ 4,938 | $ 4,740 |
| Encompass brand | 137 | 136 | 110 | 115 | 129 | 120 | 97 | 383 | 346 |
| Esurance brand | 3 | 1 | 1 | - | - | - | - | 5 | - |
| | 1,971 | 1,902 | 1,453 | 1,664 | 1,908 | 1,813 | 1,365 | 5,326 | 5,086 |
| Net premiums earned | | | | | | | | | |
| Allstate brand | $ 1,616 | $ 1,594 | $ 1,580 | $ 1,574 | $ 1,568 | $ 1,525 | $ 1,516 | $ 4,790 | $ 4,609 |
| Encompass brand | 123 | 120 | 117 | 114 | 111 | 105 | 100 | 360 | 316 |
| Esurance brand | 1 | - | - | - | - | - | - | 1 | - |
| | 1,740 | 1,714 | 1,697 | 1,688 | 1,679 | 1,630 | 1,616 | 5,151 | 4,925 |
| Incurred losses | | | | | | | | | |
| Allstate brand | $ 930 | $ 1,212 | $ 994 | $ 656 | $ 645 | $ 1,084 | $ 914 | $ 3,136 | $ 2,643 |
| Encompass brand | 103 | 118 | 86 | 48 | 63 | 69 | 62 | 307 | 194 |
| Esurance brand | 1 | - | - | - | - | - | - | 1 | - |
| | 1,034 | 1,330 | 1,080 | 704 | 708 | 1,153 | 976 | 3,444 | 2,837 |
| Expenses | | | | | | | | | |
| Allstate brand | $ 382 | $ 359 | $ 385 | $ 393 | $ 379 | $ 368 | $ 376 | $ 1,126 | $ 1,123 |
| Encompass brand | 37 | 37 | 35 | 35 | 34 | 33 | 32 | 109 | 99 |
| Esurance brand | - | - | - | - | - | - | - | - | - |
| | 419 | 396 | 420 | 428 | 413 | 401 | 408 | 1,235 | 1,222 |
| Underwriting income | | | | | | | | | |
| Allstate brand | $ 304 | $ 23 | $ 201 | $ 525 | $ 544 | $ 73 | $ 226 | $ 528 | $ 843 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Encompass brand | (17) | (35) | (4) | 31 | 14 | 3 | 6 | (56) | 23 |
| Esurance brand | - | - | - | - | - | - | - | - | - |
| | 287 | (12) | 197 | 556 | 558 | 76 | 232 | 472 | 866 |
| Loss ratio | | | | | | | | | |
| Allstate brand | 57.6 | 76.1 | 62.9 | 41.6 | 41.1 | 71.1 | 60.3 | 65.5 | 57.3 |
| Encompass brand | 83.7 | 98.3 | 73.5 | 42.1 | 56.8 | 65.7 | 62.0 | 85.3 | 61.4 |
| Esurance brand | 100.0 | - | - | - | - | - | - | 100.0 | - |
| Allstate Protection | 59.4 | 77.6 | 63.6 | 41.7 | 42.2 | 70.7 | 60.4 | 66.8 | 57.6 |
| Expense ratio | | | | | | | | | |
| Allstate brand | 23.6 | 22.5 | 24.4 | 25.0 | 24.2 | 24.1 | 24.8 | 23.5 | 24.4 |
| Encompass brand | 30.1 | 30.9 | 29.9 | 30.7 | 30.6 | 31.4 | 32.0 | 30.3 | 31.3 |
| Esurance brand | - | - | - | - | - | - | - | - | - |
| Allstate Protection | 24.1 | 23.1 | 24.8 | 25.4 | 24.6 | 24.6 | 25.2 | 24.0 | 24.8 |
| Combined ratio | | | | | | | | | |
| Allstate brand | 81.2 | 98.6 | 87.3 | 66.6 | 65.3 | 95.2 | 85.1 | 89.0 | 81.7 |
| Encompass brand | 113.8 | 129.2 | 103.4 | 72.8 | 87.4 | 97.1 | 94.0 | 115.6 | 92.7 |
| Esurance brand | 100.0 | - | - | - | - | - | - | 100.0 | - |
| Allstate Protection | 83.5 | 100.7 | 88.4 | 67.1 | 66.8 | 95.3 | 85.6 | 90.8 | 82.4 |
| Effect of catastrophe losses on combined ratio | | | | | | | | | |
| Allstate brand | 22.0 | 38.7 | 21.3 | 7.1 | 4.7 | 32.5 | 18.7 | 27.3 | 18.5 |
| Encompass brand | 36.6 | 46.7 | 25.6 | 1.8 | 13.5 | 23.8 | 12.0 | 36.4 | 16.5 |
| Effect of prior year reserve reestimates on combined ratio | | | | | | | | | |
| Allstate brand | (0.1) | 2.1 | 0.8 | (0.3) | (3.3) | 1.0 | 2.6 | 0.9 | 0.1 |
| Encompass brand | (6.5) | 6.7 | 4.3 | (4.4) | - | (1.0) | 1.0 | 1.4 | - |
| Effect of catastrophe losses included in prior year reserve reestimates on combined ratio | | | | | | | | | |
| Allstate brand | 0.7 | 2.4 | 0.6 | 0.9 | (2.1) | 1.0 | 2.0 | 1.2 | 0.3 |
| Encompass brand | 0.9 | 1.7 | (0.8) | (2.6) | (0.9) | (1.9) | - | 0.5 | (0.9) |



## THE ALLSTATE CORPORATION
## AUTO AND HOMEOWNERS UNDERLYING COMBINED RATIOS

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Auto** | | | | | | | | | |
| Allstate brand underlying combined ratio | 92.9 | 91.8 | 93.8 | 95.9 | 94.3 | 94.1 | 93.2 | 92.8 | 93.8 |
| Effect of catastrophe losses on combined ratio | 1.8 | 4.1 | 0.4 | - | 0.8 | 1.9 | 1.1 | 2.1 | 1.3 |
| Effect of prior year non-catastrophe reserve reestimates on combined ratio | (1.6) | (0.5) | (0.8) | (0.6) | (0.9) | (1.3) | (0.5) | (0.9) | (0.9) |
| Allstate brand combined ratio | 93.1 | 95.4 | 93.4 | 95.3 | 94.2 | 94.7 | 93.8 | 94.0 | 94.2 |
| Encompass brand underlying combined ratio | 104.2 | 107.4 | 104.3 | 110.3 | 106.3 | 106.3 | 109.0 | 105.3 | 107.2 |
| Effect of catastrophe losses on combined ratio | 3.0 | 9.3 | 0.6 | (0.6) | 1.9 | 0.6 | (0.6) | 4.3 | 0.6 |
| Effect of prior year non-catastrophe reserve reestimates on combined ratio | 0.5 | (3.1) | (4.3) | (4.5) | (7.6) | (2.5) | (2.6) | (2.3) | (4.2) |
| Encompass brand combined ratio | 107.7 | 113.6 | 100.6 | 105.2 | 100.6 | 104.4 | 105.8 | 107.3 | 103.6 |
| Esurance brand underlying combined ratio | 112.2 | 107.7 | 124.0 | 111.7 | 111.5 | 112.7 | 110.3 | 114.4 | 111.6 |
| Effect of catastrophe losses on combined ratio | 1.9 | 2.7 | 0.3 | 0.3 | 0.6 | 1.6 | 1.1 | 1.7 | 1.1 |
| Effect of prior year non-catastrophe reserve reestimates on combined ratio | (0.8) | (1.4) | (0.9) | - | - | - | - | (1.0) | - |
| Effect of amortization of purchased intangible assets on combined ratio | 3.2 | 3.3 | 3.5 | 4.5 | 4.7 | 5.2 | 5.3 | 3.3 | 5.0 |
| Esurance brand combined ratio | 116.5 | 112.3 | 126.9 | 116.5 | 116.8 | 119.5 | 116.7 | 118.4 | 117.7 |
| **Homeowners** | | | | | | | | | |
| Allstate brand underlying combined ratio | 60.0 | 60.2 | 65.8 | 60.7 | 61.8 | 62.7 | 65.8 | 62.0 | 63.4 |
| Effect of catastrophe losses on combined ratio | 22.0 | 38.7 | 21.3 | 7.1 | 4.7 | 32.5 | 18.7 | 27.3 | 18.5 |
| Effect of prior year non-catastrophe reserve reestimates on combined ratio | (0.8) | (0.3) | 0.2 | (1.2) | (1.2) | - | 0.6 | (0.3) | (0.2) |
| Allstate brand combined ratio | 81.2 | 98.6 | 87.3 | 66.6 | 65.3 | 95.2 | 85.1 | 89.0 | 81.7 |
| Encompass brand underlying combined ratio | 84.6 | 77.5 | 72.7 | 72.8 | 73.0 | 72.4 | 81.0 | 78.3 | 75.3 |
| Effect of catastrophe losses on combined ratio | 36.6 | 46.7 | 25.6 | 1.8 | 13.5 | 23.8 | 12.0 | 36.4 | 16.5 |
| Effect of prior year non-catastrophe reserve reestimates on combined ratio | (7.4) | 5.0 | 5.1 | (1.8) | 0.9 | 0.9 | 1.0 | 0.9 | 0.9 |
| Encompass brand combined ratio | 113.8 | 129.2 | 103.4 | 72.8 | 87.4 | 97.1 | 94.0 | 115.6 | 92.7 |



## THE ALLSTATE CORPORATION
## OTHER PERSONAL LINES PROFITABILITY MEASURES [1]

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| ($ in millions) | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| Net premiums written | | | | | | | | | |
| Allstate brand | $ 426 | $ 416 | $ 351 | $ 368 | $ 417 | $ 406 | $ 348 | $ 1,193 | $ 1,171 |
| Encompass brand | 28 | 29 | 25 | 25 | 28 | 28 | 23 | 82 | 79 |
| Esurance brand | 2 | 1 | 1 | - | 1 | 1 | - | 4 | 2 |
| | 456 | 446 | 377 | 393 | 446 | 435 | 371 | 1,279 | 1,252 |
| Net premiums earned | | | | | | | | | |
| Allstate brand | $ 389 | $ 387 | $ 385 | $ 384 | $ 384 | $ 380 | $ 379 | $ 1,161 | $ 1,143 |
| Encompass brand | 27 | 26 | 26 | 25 | 26 | 24 | 25 | 79 | 75 |
| Esurance brand | 2 | 1 | 1 | 1 | - | 1 | - | 4 | 1 |
| | 418 | 414 | 412 | 410 | 410 | 405 | 404 | 1,244 | 1,219 |
| Incurred losses | | | | | | | | | |
| Allstate brand | $ 229 | $ 226 | $ 279 | $ 187 | $ 221 | $ 239 | $ 247 | $ 734 | $ 707 |
| Encompass brand | 20 | 21 | 21 | - | 13 | 21 | 20 | 62 | 54 |
| Esurance brand | 1 | 1 | - | - | - | 1 | - | 2 | 1 |
| | 250 | 248 | 300 | 187 | 234 | 261 | 267 | 798 | 762 |
| Expenses | | | | | | | | | |
| Allstate brand | $ 103 | $ 105 | $ 108 | $ 115 | $ 108 | $ 113 | $ 115 | $ 316 | $ 336 |
| Encompass brand | 8 | 7 | 8 | 7 | 7 | 6 | 8 | 23 | 21 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Esurance brand | 2 | - | 2 | 2 | - | 1 | - | 4 | 1 |
| | 113 | 112 | 118 | 124 | 115 | 120 | 123 | 343 | 358 |
| Underwriting income | | | | | | | | | |
| Allstate brand | $ 57 | $ 56 | $ (2) | $ 82 | $ 55 | $ 28 | $ 17 | $ 111 | $ 100 |
| Encompass brand | (1) | (2) | (3) | 18 | 6 | (3) | (3) | (6) | - |
| Esurance brand | (1) | - | (1) | (1) | - | (1) | - | (2) | (1) |
| | 55 | 54 | (6) | 99 | 61 | 24 | 14 | 103 | 99 |
| Loss ratio | | | | | | | | | |
| Allstate brand | 58.9 | 58.4 | 72.5 | 48.7 | 57.6 | 62.9 | 65.2 | 63.2 | 61.9 |
| Encompass brand | 74.1 | 80.8 | 80.8 | - | 50.0 | 87.5 | 80.0 | 78.5 | 72.0 |
| Esurance brand | 50.0 | 100.0 | - | - | - | 100.0 | - | 50.0 | 100.0 |
| Allstate Protection | 59.8 | 59.9 | 72.8 | 45.6 | 57.1 | 64.4 | 66.1 | 64.1 | 62.5 |
| Expense ratio | | | | | | | | | |
| Allstate brand | 26.4 | 27.1 | 28.0 | 29.9 | 28.1 | 29.7 | 30.3 | 27.2 | 29.4 |
| Encompass brand | 29.6 | 26.9 | 30.7 | 28.0 | 26.9 | 25.0 | 32.0 | 29.1 | 28.0 |
| Esurance brand | 100.0 | - | 200.0 | 200.0 | - | 100.0 | - | 100.0 | 100.0 |
| Allstate Protection | 27.0 | 27.1 | 28.7 | 30.2 | 28.0 | 29.6 | 30.4 | 27.6 | 29.4 |
| Combined ratio | | | | | | | | | |
| Allstate brand | 85.3 | 85.5 | 100.5 | 78.6 | 85.7 | 92.6 | 95.5 | 90.4 | 91.3 |
| Encompass brand | 103.7 | 107.7 | 111.5 | 28.0 | 76.9 | 112.5 | 112.0 | 107.6 | 100.0 |
| Esurance brand | 150.0 | 100.0 | 200.0 | 200.0 | - | 200.0 | - | 150.0 | 200.0 |
| Allstate Protection | 86.8 | 87.0 | 101.5 | 75.9 | 85.1 | 94.1 | 96.5 | 91.7 | 91.9 |
| Effect of catastrophe losses on combined ratio | | | | | | | | | |
| Allstate brand | 4.9 | 12.4 | 12.7 | 1.0 | (0.3) | 8.7 | 4.7 | 10.0 | 4.4 |
| Encompass brand | 7.4 | 7.7 | 11.5 | - | (3.8) | 12.5 | 8.0 | 8.9 | 5.3 |
| Esurance brand | - | - | - | - | - | - | - | - | - |
| Effect of prior year reserve reestimates on combined ratio | | | | | | | | | |
| Allstate brand | 2.6 | (3.4) | 3.9 | - | 2.6 | 4.2 | 0.3 | 1.0 | 2.4 |
| Encompass brand | 3.7 | 3.8 | - | (40.0) | (11.5) | 8.3 | 12.0 | 2.5 | 2.7 |
| Esurance brand | - | - | - | - | - | - | - | - | - |

(1) Other personal lines include renter, condominium, landlord and other personal lines. Profitability measures for commercial and other business lines can be found on the Allstate Brand Profitability Measures page.



## THE ALLSTATE CORPORATION
### HOMEOWNERS SUPPLEMENTAL INFORMATION
**($ in millions)**

| | Nine months ended September 30, 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Premium rate changes (3) | |
| Primary Exposure Groupings (1) | Earned premiums | Incurred losses | Loss ratios | Catastrophe losses | Effect of catastrophes on loss ratio | Number of catastrophes | Number of states | Annual impact of rate changes on state specific premiums written |
| Florida | $ 101 | $ 55 | 54.5% | $ 1 | 1.0% | | | |
| Other hurricane exposure states | 2,705 | 1,649 | 61.0% | 651 | 24.1% | | | |
| Total hurricane exposure states (2) | 2,806 | 1,704 | 60.7% | 652 | 23.2% | | 10 | 2.9% |
| Other catastrophe exposure states (4) | 2,345 | 1,740 | 74.2% | 787 | 33.6% | | 19 | 7.1% |
| Total | $ 5,151 | $ 3,444 | 66.8% | $ 1,439 | 27.9% | 71 | 29 | 5.0% |

(1) **Basis of Presentation**
This homeowners supplemental information schedule displays financial results for the homeowners business (defined to include standard homeowners, scheduled personal property and other than primary residence lines). Each state in which the Company writes business has been categorized into one of two exposure groupings (Hurricane or Other). Hurricane exposure states are comprised of those states in which hurricanes are the primary catastrophe exposure. However, the catastrophe losses for these states include losses due to other kinds of catastrophes. A catastrophe is defined by Allstate as an event that produces pre-tax losses before reinsurance in excess of $1 million, and involves multiple first party policyholders, or an event that produces a number of claims in excess of a preset per-event threshold of average claims in a specific area, occurring within a certain amount of time following the event.
(2) Hurricane exposure states include the following coastal locations: Alabama, Connecticut, Delaware, Florida, Georgia, Louisiana, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Virginia and Washington, D.C.
(3) Represents the impact in the states where rate changes were approved during the year as a percentage of total prior year-end premiums written in those states.
(4) Includes Canada



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Allstate brand** | | | | | | | | | |
| Auto | $ 80 | $ 178 | $ 16 | $ 1 | $ 35 | $ 79 | $ 43 | $ 274 | $ 157 |
| Homeowners | 355 | 617 | 336 | 112 | 74 | 496 | 284 | 1,308 | 854 |
| Other personal lines | 19 | 48 | 49 | 4 | (1) | 33 | 18 | 116 | 50 |
| Commercial lines | 4 | 10 | 9 | (2) | 1 | 5 | (2) | 23 | 4 |
| Other business lines | - | - | - | - | - | - | - | - | - |
| Total | 458 | 853 | 410 | 115 | 109 | 613 | 343 | 1,721 | 1,065 |
| **Encompass brand** | | | | | | | | | |
| Auto | 5 | 15 | 1 | (1) | 3 | 1 | (1) | 21 | 3 |
| Homeowners | 45 | 56 | 30 | 2 | 15 | 25 | 12 | 131 | 52 |
| Other personal lines | 2 | 2 | 3 | - | (1) | 3 | 2 | 7 | 4 |
| Total | 52 | 73 | 34 | 1 | 17 | 29 | 13 | 159 | 59 |
| **Esurance brand** | | | | | | | | | |
| Auto | 7 | 10 | 1 | 1 | 2 | 5 | 3 | 18 | 10 |
| Other personal lines | - | - | - | - | - | - | - | - | - |
| Total | 7 | 10 | 1 | 1 | 2 | 5 | 3 | 18 | 10 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Allstate Protection** | $ 517 | $ 936 | $ 445 | $ 117 | $ 128 | $ 647 | $ 359 | $ 1,898 | $ 1,134 |
| **Allstate Protection** | | | | | | | | | |
| Auto | $ 92 | $ 203 | $ 18 | $ 1 | $ 40 | $ 85 | $ 45 | $ 313 | $ 170 |
| Homeowners | 400 | 673 | 366 | 114 | 89 | 521 | 296 | 1,439 | 906 |
| Other personal lines | 21 | 50 | 52 | 4 | (2) | 36 | 20 | 123 | 54 |
| Commercial lines | 4 | 10 | 9 | (2) | 1 | 5 | (2) | 23 | 4 |
| Other business lines | - | - | - | - | - | - | - | - | - |
| | $ 517 | $ 936 | $ 445 | $ 117 | $ 128 | $ 647 | $ 359 | $ 1,898 | $ 1,134 |



## THE ALLSTATE CORPORATION
## PROPERTY-LIABILITY
## EFFECT OF CATASTROPHE LOSSES ON THE COMBINED RATIO
**($ in millions, except ratios)**

| | Effect of all catastrophe losses on the Property-Liability combined ratio | | | | | | | Excludes the effect of catastrophe losses relating to earthquakes and hurricanes | |
|---|---|---|---|---|---|---|---|---|---|
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Year | Premiums earned year-to-date | Total catastrophe losses by year | Total catastrophe losses by year | Effect on the Property-Liability combined ratio |
| 2005 | 2.5 | 2.2 | 69.4 | 9.6 | 21.0 | $ 27,039 | $ 5,674 | $ 460 | 1.7 |
| 2006 | 1.6 | 3.7 | 2.5 | 4.1 | 3.0 | 27,369 | 810 | 1,044 | 3.8 |
| 2007 | 2.4 | 6.3 | 5.0 | 7.0 | 5.2 | 27,233 | 1,409 | 1,336 | 4.9 |
| 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 | - | - | 21,575 | 1,898 | 1,904 | 8.8 |
| Average | 5.3 | 11.5 | 14.4 | 6.2 | 9.5 | | | | 6.5 |



## THE ALLSTATE CORPORATION
## CATASTROPHE BY SIZE OF EVENT
**($ in millions, except ratios)**

Three months ended September 30, 2014

| Size of catastrophe | Number of events | | Claims and claims expense | | Combined ratio impact | Average catastrophe loss per event |
|---|---|---|---|---|---|---|
| Greater than $250 million | - | - % | $ - | - % | - | $ - |
| $101 million to $250 million | 1 | 3.4 | 140 | 27.1 | 1.9 | 140 |
| $50 million to $100 million | 1 | 3.4 | 70 | 13.5 | 1.0 | 70 |
| Less than $50 million | 27 | 93.2 | 174 | 33.7 | 2.4 | 6 |
| Total | 29 | 100.0 % | 384 | 74.3 | 5.3 | 13 |
| Prior year reserve reestimates | | | 6 | 1.1 | - | |
| Prior quarter reserve reestimates | | | 127 | 24.6 | 1.8 | |
| Total catastrophe losses | | | $ 517 | 100.0 % | 7.1 | |

Nine months ended September 30, 2014

| Size of catastrophe | Number of events | | Claims and claims expense | | Combined ratio impact | Average catastrophe loss per event |
|---|---|---|---|---|---|---|
| Greater than $250 million | 2 | 2.8 % | $ 552 | 29.1 % | 2.6 | $ 276 |
| $101 million to $250 million | 2 | 2.8 | 259 | 13.7 | 1.2 | 130 |
| $50 million to $100 million | 5 | 7.1 | 399 | 21.0 | 1.8 | 80 |
| Less than $50 million | 62 | 87.3 | 644 | 33.9 | 3.0 | 10 |
| Total | 71 | 100.0 % | 1,854 | 97.7 | 8.6 | 26 |
| Prior year reserve reestimates | | | 44 | 2.3 | 0.2 | |
| Total catastrophe losses | | | $ 1,898 | 100.0 % | 8.8 | |



## THE ALLSTATE CORPORATION
## PROPERTY-LIABILITY
## EFFECT OF PRIOR YEAR RESERVE REESTIMATES ON THE COMBINED RATIO
**($ in millions, except ratios)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Prior Year Reserve Reestimates** [1] | | | | | | | | | |
| Auto | $ (79) | $ (36) | $ (48) | $ (44) | $ (44) | $ (79) | $ (70) | $ (163) | $ (193) |
| Homeowners | (9) | 41 | 18 | (10) | (51) | 15 | 41 | 50 | 5 |
| Other personal lines | 11 | (12) | 15 | (10) | 7 | 18 | 4 | 14 | 29 |
| Commercial lines | (17) | (1) | (1) | 1 | (13) | (14) | (10) | (19) | (37) |
| Other business lines | - | - | - | - | - | (1) | (3) | - | (4) |
| Allstate Protection | (94) | (8) | (16) | (63) | (101) | (61) | (38) | (118) | (200) |
| Discontinued Lines and Coverages | 105 | 2 | 3 | 1 | 135 | 3 | 3 | 110 | 141 |
| Property-Liability | $ 11 | $ (6) | $ (13) | $ (62) | $ 34 | $ (58) | $ (35) | $ (8) | $ (59) |
| Allstate brand [2] | $ (85) | $ (6) | $ (11) | $ (41) | $ (86) | $ (57) | $ (36) | $ (102) | $ (179) |
| Encompass brand [2] | (6) | 3 | (2) | (22) | (15) | (4) | (2) | (5) | (21) |
| Esurance brand | (3) | (5) | (3) | - | - | - | - | (11) | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Allstate Protection [2] | $ (94) | $ (8) | $ (16) | $ (63) | $ (101) | $ (61) | $ (38) | $ (118) | $ (200) |
| **Effect of Prior Year Reserve Reestimates on Combined Ratio** [1][3] | | | | | | | | | |
| Auto | (1.1) | (0.5) | (0.7) | (0.5) | (0.6) | (1.2) | (1.0) | (0.7) | (0.9) |
| Homeowners | (0.1) | 0.6 | 0.3 | (0.2) | (0.7) | 0.2 | 0.6 | 0.2 | - |
| Other personal lines | 0.2 | (0.2) | 0.2 | (0.2) | 0.1 | 0.3 | - | 0.1 | 0.1 |
| Commercial lines | (0.3) | - | - | - | (0.2) | (0.2) | (0.2) | (0.1) | (0.2) |
| Other business lines | - | - | - | - | - | - | - | - | - |
| Allstate Protection | (1.3) | (0.1) | (0.2) | (0.9) | (1.4) | (0.9) | (0.6) | (0.5) | (1.0) |
| Discontinued Lines and Coverages | 1.4 | - | - | - | 1.9 | 0.1 | - | 0.5 | 0.7 |
| Property-Liability | 0.1 | (0.1) | (0.2) | (0.9) | 0.5 | (0.8) | (0.6) | - | (0.3) |
| Allstate brand [2] | (1.2) | (0.1) | (0.2) | (0.6) | (1.2) | (0.8) | (0.5) | (0.5) | (0.9) |
| Encompass brand [2] | (0.1) | 0.1 | - | (0.3) | (0.2) | (0.1) | (0.1) | - | (0.1) |
| Esurance brand | - | (0.1) | - | - | - | - | - | - | - |
| Allstate Protection [2] | (1.3) | (0.1) | (0.2) | (0.9) | (1.4) | (0.9) | (0.6) | (0.5) | (1.0) |

[1] Favorable reserve reestimates are shown in parentheses.
[2] Unfavorable (favorable) reserve reestimates included in catastrophe losses for Allstate brand, Encompass brand and Allstate Protection totaled $5 million, $1 million and $6 million and ($33) million, ($1) million and ($34) million, respectively, in the three months ended September 30, 2014 and 2013, respectively. Unfavorable (favorable) reserve reestimates included in catastrophe losses for Allstate brand, Encompass brand and Allstate Protection totaled $43 million, $1 million and $44 million and ($79) million, ($5) million and ($84) million, respectively, in the nine months ended September 30, 2014 and 2013, respectively.
[3] Calculated using Property-Liability premiums earned for the respective period.



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

| | Three months ended | | | Twelve months ended December 31, | | | | |
|---|---|---|---|---|---|---|---|---|
| **(net of reinsurance)** | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| **Asbestos claims** | | | | | | | | |
| Beginning reserves | $ 976 | $ 993 | $ 1,017 | $ 1,026 | $ 1,078 | $ 1,100 | $ 1,180 | $ 1,228 |
| Incurred claims and claims expense | 87 | - | - | 74 | 26 | 26 | 5 | (8) |
| Claims and claims expense paid | (18) | (17) | (24) | (83) | (78) | (48) | (85) | (40) |
| Ending reserves | $ 1,045 | $ 976 | $ 993 | $ 1,017 | $ 1,026 | $ 1,078 | $ 1,100 | $ 1,180 |
| Claims and claims expense paid as a percent of ending reserves | 1.7% | 1.7% | 2.4% | 8.2% | 7.6% | 4.5% | 7.7% | 3.4% |
| **Environmental claims** | | | | | | | | |
| Beginning reserves | $ 201 | $ 204 | $ 208 | $ 193 | $ 185 | $ 201 | $ 198 | $ 195 |
| Incurred claims and claims expense | 15 | - | - | 30 | 22 | - | 18 | 13 |
| Claims and claims expense paid | (5) | (3) | (4) | (15) | (14) | (16) | (15) | (10) |
| Ending reserves | $ 211 | $ 201 | $ 204 | $ 208 | $ 193 | $ 185 | $ 201 | $ 198 |
| Claims and claims expense paid as a percent of ending reserves | 2.4% | 1.5% | 2.0% | 7.2% | 7.3% | 8.6% | 7.5% | 5.1% |



## THE ALLSTATE CORPORATION
## ALLSTATE PERSONAL LINES PROFITABILITY MEASURES [1]
**($ in millions, except ratios and policies in force)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| Net premiums written | | | | | | | | | |
| Auto | $ 4,490 | $ 4,375 | $ 4,292 | $ 4,147 | $ 4,280 | $ 4,170 | $ 4,155 | $ 13,157 | $ 12,605 |
| Homeowners | 1,831 | 1,765 | 1,342 | 1,549 | 1,779 | 1,693 | 1,268 | 4,938 | 4,740 |
| Landlord | 147 | 137 | 126 | 138 | 143 | 135 | 124 | 410 | 402 |
| Renter | 79 | 72 | 59 | 58 | 69 | 59 | 53 | 210 | 181 |
| Condominium | 62 | 61 | 48 | 52 | 58 | 55 | 45 | 171 | 158 |
| Other | 138 | 146 | 118 | 120 | 147 | 157 | 126 | 402 | 430 |
| Other personal lines | 426 | 416 | 351 | 368 | 417 | 406 | 348 | 1,193 | 1,171 |
| Total | 6,747 | 6,556 | 5,985 | 6,064 | 6,476 | 6,269 | 5,771 | 19,288 | 18,516 |
| Net premiums earned | | | | | | | | | |
| Auto | $ 4,352 | $ 4,297 | $ 4,209 | $ 4,186 | $ 4,165 | $ 4,133 | $ 4,094 | $ 12,858 | $ 12,392 |
| Homeowners | 1,616 | 1,594 | 1,580 | 1,574 | 1,568 | 1,525 | 1,516 | 4,790 | 4,609 |
| Other personal lines | 389 | 387 | 385 | 384 | 384 | 380 | 379 | 1,161 | 1,143 |
| Total | 6,357 | 6,278 | 6,174 | 6,144 | 6,117 | 6,038 | 5,989 | 18,809 | 18,144 |
| Incurred losses | | | | | | | | | |
| Auto | $ 2,964 | $ 3,011 | $ 2,858 | $ 2,876 | $ 2,857 | $ 2,843 | $ 2,774 | $ 8,833 | $ 8,474 |
| Homeowners | 930 | 1,212 | 994 | 656 | 645 | 1,084 | 914 | 3,136 | 2,643 |
| Other personal lines | 229 | 226 | 279 | 187 | 221 | 239 | 247 | 734 | 707 |
| Total | 4,123 | 4,449 | 4,131 | 3,719 | 3,723 | 4,166 | 3,935 | 12,703 | 11,824 |
| Expenses | | | | | | | | | |
| Auto | $ 1,088 | $ 1,089 | $ 1,075 | $ 1,114 | $ 1,068 | $ 1,069 | $ 1,068 | $ 3,252 | $ 3,205 |
| Homeowners | 382 | 359 | 385 | 393 | 379 | 368 | 376 | 1,126 | 1,123 |
| Other personal lines | 103 | 105 | 108 | 115 | 108 | 113 | 115 | 316 | 336 |
| Total | 1,573 | 1,553 | 1,568 | 1,622 | 1,555 | 1,550 | 1,559 | 4,694 | 4,664 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Underwriting income (loss) | | | | | | | | | |
| Auto | $ 300 | $ 197 | $ 276 | $ 196 | $ 240 | $ 221 | $ 252 | $ 773 | $ 713 |
| Homeowners | 304 | 23 | 201 | 525 | 544 | 73 | 226 | 528 | 843 |
| Other personal lines | 57 | 56 | (2) | 82 | 55 | 28 | 17 | 111 | 100 |
| Total | 661 | 276 | 475 | 803 | 839 | 322 | 495 | 1,412 | 1,656 |
| Loss ratio | 64.9 | 70.9 | 66.9 | 60.5 | 60.9 | 69.0 | 65.7 | 67.5 | 65.2 |
| Expense ratio | 24.7 | 24.7 | 25.4 | 26.4 | 25.4 | 25.7 | 26.0 | 25.0 | 25.7 |
| Combined ratio | 89.6 | 95.6 | 92.3 | 86.9 | 86.3 | 94.7 | 91.7 | 92.5 | 90.9 |
| Effect of catastrophe losses on combined ratio | 7.1 | 13.4 | 6.5 | 1.9 | 1.8 | 10.1 | 5.8 | 9.0 | 5.8 |
| Effect of prior year reserve reestimates on combined ratio | (1.1) | (0.1) | (0.2) | (0.7) | (1.2) | (0.7) | (0.4) | (0.4) | (0.8) |
| Combined ratio excluding the effect of catastrophes and prior year reserve reestimates ("underlying") | 83.6 | 82.8 | 86.0 | 85.7 | 85.2 | 85.1 | 85.9 | 84.1 | 85.4 |
| Effect of catastrophe losses | 7.1 | 13.4 | 6.5 | 1.9 | 1.8 | 10.1 | 5.8 | 9.0 | 5.8 |
| Effect of prior year non-catastrophe reserve reestimates | (1.1) | (0.6) | (0.2) | (0.7) | (0.7) | (0.5) | - | (0.6) | (0.3) |
| Combined ratio | 89.6 | 95.6 | 92.3 | 86.9 | 86.3 | 94.7 | 91.7 | 92.5 | 90.9 |
| Policies in Force (in thousands) | | | | | | | | | |
| Auto | 19,751 | 19,605 | 19,413 | 19,362 | 19,247 | 19,155 | 19,020 | 19,751 | 19,247 |
| Homeowners | 6,082 | 6,069 | 6,063 | 6,077 | 6,077 | 6,097 | 6,136 | 6,082 | 6,077 |
| Other personal lines | 4,084 | 4,052 | 4,032 | 4,024 | 4,014 | 4,015 | 4,024 | 4,084 | 4,014 |
| Excess and surplus | 26 | 25 | 23 | 22 | 20 | 18 | 15 | 26 | 20 |
| Total | 29,943 | 29,751 | 29,531 | 29,485 | 29,358 | 29,285 | 29,195 | 29,943 | 29,358 |

(1) Allstate Personal Lines comprise Allstate brand auto, homeowners and other personal lines. Allstate Protection segment comprises Allstate Personal Lines; Business to Business-Encompass, Commercial and Other Business Lines; Esurance; and Answer Financial.



## THE ALLSTATE CORPORATION
## BUSINESS TO BUSINESS - ENCOMPASS, COMMERCIAL AND OTHER BUSINESS LINES PROFITABILITY MEASURES
**($ in millions, except ratios and policies in force)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| Net premiums written | | | | | | | | | |
| Auto | $ 178 | $ 176 | $ 151 | $ 155 | $ 172 | $ 167 | $ 147 | $ 505 | $ 486 |
| Homeowners | 137 | 136 | 110 | 115 | 129 | 120 | 97 | 383 | 346 |
| Other personal lines | 28 | 29 | 25 | 25 | 28 | 28 | 23 | 82 | 79 |
| Subtotal - Encompass | 343 | 341 | 286 | 295 | 329 | 315 | 267 | 970 | 911 |
| Commercial lines | 122 | 130 | 116 | 119 | 114 | 121 | 112 | 368 | 347 |
| Allstate Roadside Services | 96 | 94 | 97 | 88 | 91 | 88 | 82 | 287 | 261 |
| Allstate Dealer Services | 89 | 86 | 79 | 69 | 70 | 63 | 51 | 254 | 184 |
| Other business lines | 185 | 180 | 176 | 157 | 161 | 151 | 133 | 541 | 445 |
| Total | 650 | 651 | 578 | 571 | 604 | 587 | 512 | 1,879 | 1,703 |
| Net premiums earned | | | | | | | | | |
| Auto | $ 168 | $ 162 | $ 161 | $ 155 | $ 158 | $ 158 | $ 155 | $ 491 | $ 471 |
| Homeowners | 123 | 120 | 117 | 114 | 111 | 105 | 100 | 360 | 316 |
| Other personal lines | 27 | 26 | 26 | 25 | 26 | 24 | 25 | 79 | 75 |
| Subtotal - Encompass | 318 | 308 | 304 | 294 | 295 | 287 | 280 | 930 | 862 |
| Commercial lines | 120 | 121 | 110 | 115 | 114 | 113 | 114 | 351 | 341 |
| Other business lines | 138 | 131 | 133 | 126 | 124 | 115 | 106 | 402 | 345 |
| Total | 576 | 560 | 547 | 535 | 533 | 515 | 500 | 1,683 | 1,548 |
| Incurred losses | | | | | | | | | |
| Auto | $ 131 | $ 134 | $ 114 | $ 114 | $ 112 | $ 117 | $ 117 | $ 379 | $ 346 |
| Homeowners | 103 | 118 | 86 | 48 | 63 | 69 | 62 | 307 | 194 |
| Other personal lines | 20 | 21 | 21 | - | 13 | 21 | 20 | 62 | 54 |
| Subtotal - Encompass | 254 | 273 | 221 | 162 | 188 | 207 | 199 | 748 | 594 |
| Commercial lines | 72 | 78 | 81 | 77 | 70 | 69 | 61 | 231 | 200 |
| Other business lines | 70 | 64 | 63 | 58 | 60 | 49 | 47 | 197 | 156 |
| Total | 396 | 415 | 365 | 297 | 318 | 325 | 307 | 1,176 | 950 |
| Expenses | | | | | | | | | |
| Auto | $ 50 | $ 50 | $ 48 | $ 49 | $ 47 | $ 48 | $ 47 | $ 148 | $ 142 |
| Homeowners | 37 | 37 | 35 | 35 | 34 | 33 | 32 | 109 | 99 |
| Other personal lines | 8 | 7 | 8 | 7 | 7 | 6 | 8 | 23 | 21 |
| Subtotal - Encompass | 95 | 94 | 91 | 91 | 88 | 87 | 87 | 280 | 262 |
| Commercial lines | 38 | 35 | 34 | 37 | 34 | 33 | 34 | 107 | 101 |
| Other business lines | 63 | 52 | 62 | 58 | 42 | 53 | 53 | 177 | 148 |
| Total | 196 | 181 | 187 | 186 | 164 | 173 | 174 | 564 | 511 |
| Underwriting income (loss) | | | | | | | | | |
| Auto | $ (13) | $ (22) | $ (1) | $ (8) | $ (1) | $ (7) | $ (9) | $ (36) | $ (17) |
| Homeowners | (17) | (35) | (4) | 31 | 14 | 3 | 6 | (56) | 23 |
| Other personal lines | (1) | (2) | (3) | 18 | 6 | (3) | (3) | (6) | - |
| Subtotal - Encompass | (31) | (59) | (8) | 41 | 19 | (7) | (6) | (98) | 6 |
| Commercial lines | 10 | 8 | (5) | 1 | 10 | 11 | 19 | 13 | 40 |
| Other business lines | 5 | 15 | 8 | 10 | 22 | 13 | 6 | 28 | 41 |
| Total | (16) | (36) | (5) | 52 | 51 | 17 | 19 | (57) | 87 |
| Loss ratio | 68.8 | 74.1 | 66.7 | 55.5 | 59.7 | 63.1 | 61.4 | 69.9 | 61.4 |
| Expense ratio | 34.0 | 32.3 | 34.2 | 34.8 | 30.7 | 33.6 | 34.8 | 33.5 | 33.0 |
| Combined ratio | 102.8 | 106.4 | 100.9 | 90.3 | 90.4 | 96.7 | 96.2 | 103.4 | 94.4 |
| Effect of catastrophe losses on combined ratio | 9.8 | 14.8 | 7.9 | (0.2) | 3.4 | 6.6 | 2.2 | 10.8 | 4.1 |
| Effect of prior year reserve reestimates on | (4.0) | 0.3 | (0.6) | (3.9) | (5.3) | (3.7) | (3.0) | (1.4) | (4.0) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| combined ratio | | | | | | | | | |
| Effect of amortization of purchased intangible assets [1] | 0.2 | 0.2 | 0.2 | 0.4 | - | - | - | 0.2 | |
| Combined ratio excluding the effect of catastrophes, prior year reserve reestimates, and the amortization of purchased intangible assets (“underlying”) | 97.2 | 91.3 | 93.4 | 93.1 | 92.1 | 92.2 | 96.2 | 94.0 | 93.5 |
| Effect of catastrophe losses | 9.8 | 14.8 | 7.9 | (0.2) | 3.4 | 6.6 | 2.2 | 10.8 | 4.1 |
| Effect of prior year non-catastrophe reserve reestimates | (4.4) | 0.1 | (0.6) | (3.0) | (5.1) | (2.1) | (2.2) | (1.6) | (3.2) |
| Effect of amortization of purchased intangible assets | 0.2 | 0.2 | 0.2 | 0.4 | - | - | - | 0.2 | - |
| Combined ratio | 102.8 | 106.4 | 100.9 | 90.3 | 90.4 | 96.7 | 96.2 | 103.4 | 94.4 |
| Policies in Force (in thousands) | | | | | | | | | |
| Auto | 792 | 788 | 778 | 774 | 767 | 752 | 737 | 792 | 767 |
| Homeowners | 365 | 364 | 359 | 356 | 350 | 341 | 333 | 365 | 350 |
| Other personal lines | 123 | 124 | 124 | 125 | 124 | 124 | 121 | 123 | 124 |
| Subtotal - Encompass | 1,280 | 1,276 | 1,261 | 1,255 | 1,241 | 1,217 | 1,191 | 1,280 | 1,241 |
| Commercial lines | 320 | 313 | 305 | 301 | 295 | 291 | 286 | 320 | 295 |
| Other business lines | 958 | 972 | 991 | 989 | 996 | 997 | 1,001 | 958 | 996 |
| Total | 2,558 | 2,561 | 2,557 | 2,545 | 2,532 | 2,505 | 2,478 | 2,558 | 2,532 |

[1] Relates to the acquisition of Northeast Agency in 2013.



**THE ALLSTATE CORPORATION**
**ALLSTATE FINANCIAL RESULTS [1]**
**($ in millions)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| Premiums | $ 308 | $ 312 | $ 327 | $ 332 | $ 306 | $ 307 | $ 303 | $ 947 | $ 916 |
| Contract charges | 204 | 206 | 280 | 278 | 278 | 272 | 276 | 690 | 826 |
| Net investment income | 473 | 538 | 640 | 637 | 633 | 633 | 635 | 1,651 | 1,901 |
| Periodic settlements and accruals on non-hedge derivative instruments | - | (1) | - | - | 2 | 5 | 10 | (1) | 17 |
| Contract benefits | (433) | (413) | (488) | (490) | (498) | (471) | (458) | (1,334) | (1,427) |
| Interest credited to contractholder funds | (200) | (208) | (291) | (301) | (302) | (315) | (336) | (699) | (953) |
| Amortization of deferred policy acquisition costs | (56) | (65) | (74) | (80) | (109) | (65) | (76) | (195) | (250) |
| Operating costs and expenses | (115) | (112) | (118) | (145) | (132) | (140) | (148) | (345) | (420) |
| Restructuring and related charges | 1 | (1) | (2) | - | (4) | (1) | (2) | (2) | (7) |
| Income tax expense on operations | (57) | (91) | (85) | (71) | (47) | (68) | (60) | (233) | (175) |
| **Operating income** | 125 | 165 | 189 | 160 | 127 | 157 | 144 | 479 | 428 |
| Realized capital gains and losses, after-tax | 19 | (6) | - | 9 | (12) | 37 | 12 | 13 | 37 |
| Valuation changes on embedded derivatives that are not hedged, after-tax | 2 | (3) | (11) | (3) | (10) | 3 | (6) | (12) | (13) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (3) | - | - | (3) | 1 | (4) | 1 | (3) | (2) |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | - | - | - | - | 7 | - | - | - | 7 |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | - | 1 | - | - | (1) | (4) | (6) | 1 | (11) |
| (Loss) gain on disposition of operations, after-tax | (27) | (12) | (16) | (44) | (472) | 1 | 1 | (55) | (470) |
| **Net income (loss) available to common shareholders** | $ 116 | $ 145 | $ 162 | $ 119 | $ (360) | $ 190 | $ 146 | $ 423 | $ (24) |

[1] Refer to pages 33 and 34 for further details related to the impact of LBL on comparison of Allstate Financial results.



**THE ALLSTATE CORPORATION**
**IMPACT OF LBL ON COMPARISON OF ALLSTATE FINANCIAL RESULTS [1]**
**($ in millions)**

| | Three months ended | | | | | Nine months ended | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | Sept. 30, 2013 | Change | Q3 2013 LBL results | Change excl.LBL | Sept. 30, 2014 | Sept. 30, 2013 | Change | Q2-Q3 2013 LBL results | Change excl.LBL |
| Premiums and contract charges | $ 512 | $ 584 | $ (72) | $ 83 | $ 11 | $ 1,637 | $ 1,742 | $ (105) | $ 165 | $ 60 |
| Net investment income | 473 | 633 | (160) | 135 | (25) | 1,651 | 1,901 | (250) | 271 | 21 |
| Periodic settlements and accruals on non-hedge derivative instruments | - | 2 | (2) | - | (2) | (1) | 17 | (18) | - | (18) |
| Contract benefits | (433) | (498) | 65 | (65) | - | (1,334) | (1,427) | 93 | (127) | (34) |
| Interest credited to contractholder funds | (200) | (302) | 102 | (80) | 22 | (699) | (953) | 254 | (165) | 89 |
| Amortization of deferred policy acquisition costs | (56) | (109) | 53 | 22 | 75 | (195) | (250) | 55 | 11 | 66 |
| Operating costs and expenses | (115) | (132) | 17 | (11) | 6 | (345) | (420) | 75 | (24) | 51 |
| Restructuring and related charges | 1 | (4) | 5 | - | 5 | (2) | (7) | 5 | - | 5 |
| Income tax expense on operations | (57) | (47) | (10) | (29) | (39) | (233) | (175) | (58) | (45) | (103) |
| **Operating income** | 125 | 127 | (2) | 55 | 53 | 479 | 428 | 51 | 86 | 137 |
| Realized capital gains and losses, after-tax | 19 | (12) | 31 | - | 31 | 13 | 37 | (24) | - | (24) |
| Valuation changes on embedded derivatives that are not hedged, after-tax | 2 | (10) | 12 | (8) | 4 | (12) | (13) | 1 | (10) | (9) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (3) | 1 | (4) | 1 | (3) | (3) | (2) | (1) | - | (1) |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | - | 7 | (7) | 6 | (1) | - | 7 | (7) | 6 | (1) |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | - | (1) | 1 | - | 1 | 1 | (11) | 12 | - | 12 |
| (Loss) gain on disposition of operations, after-tax | (27) | (472) | 445 | - | 445 | (55) | (470) | 415 | - | 415 |
| **Net income (loss) available to common shareholders** | $ 116 | $ (360) | $ 476 | $ 54 | $ 530 | $ 423 | $ (24) | $ 447 | $ 82 | $ 529 |

(1) As a result of LBL disposition on April 1, 2014, Allstate Financial results no longer include LBL beginning in the second quarter of 2014. To assist with comparison of Allstate Financial results between periods, estimated results of LBL business for the second and third quarter of 2013 were excluded in this presentation.



## THE ALLSTATE CORPORATION
## ESTIMATED RESULTS OF DISPOSED LBL BUSINESS
**($ in millions)**

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 |
| Premiums and contract charges | $ 85 | $ 89 | $ 83 | $ 82 | $ 87 |
| Net investment income (1) | 126 | 126 | 135 | 136 | 141 |
| Contract benefits | (65) | (46) | (65) | (62) | (44) |
| Interest credited to contractholder funds | (80) | (83) | (80) | (85) | (97) |
| Amortization of deferred policy acquisition costs | (6) | (17) | 22 | (11) | (23) |
| Operating costs and expenses | (8) | (7) | (11) | (13) | (16) |
| Income tax expense on operations | (18) | (21) | (29) | (16) | (16) |
| **Operating income** | 34 | 41 | 55 | 31 | 32 |
| Realized capital gains and losses, after-tax | - | - | - | - | - |
| Valuation changes of equity-indexed annuity forward starting options, after-tax | (6) | (6) | (8) | (2) | (6) |
| DAC and DSI amortization relating to non-operating items, after tax | - | (1) | 1 | (1) | 1 |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | - | - | 6 | - | - |
| **Net income** | $ 28 | $ 34 | $ 54 | $ 28 | $ 27 |
| Benefit spread | $ (1) | $ 19 | $ (4) | $ (4) | $ 15 |
| Investment spread | 46 | 43 | 55 | 51 | 44 |
| Surrender charges and contract maintenance expense fees | 21 | 24 | 22 | 24 | 28 |

(1) Net investment income included investment expenses of $5 million in each quarter of 2013 and $4 million in first quarter 2014. These expenses are not expected to be eliminated in connection with the LBL sale.



## ALLSTATE FINANCIAL
## RETURN ON ATTRIBUTED EQUITY
**($ in millions)**

| | Twelve months ended | | | | | | |
|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 |
| **Return on Attributed Equity** | | | | | | | |
| Numerator: | | | | | | | |
| Net income available to common shareholders (1) | $ 542 | $ 66 | $ 111 | $ 95 | $ 142 | $ 633 | $ 575 |
| Denominator: | | | | | | | |
| Beginning attributed equity (2) | $ 7,819 | $ 8,224 | $ 8,617 | $ 8,446 | $ 8,291 | $ 7,737 | $ 7,475 |
| Ending attributed equity | 7,356 | 7,262 | 7,812 | 7,273 | 7,819 | 8,224 | 8,617 |
| Average attributed equity (3) | $ 7,588 | $ 7,743 | $ 8,215 | $ 7,860 | $ 8,055 | $ 7,981 | $ 8,046 |
| Return on attributed equity | 7.1 % | 0.9 % | 1.4 % | 1.2 % | 1.8 % | 7.9 % | 7.1 % |
| **Operating Income Return on Attributed Equity** | | | | | | | |
| Numerator: | | | | | | | |
| Operating income (1) | $ 639 | $ 641 | $ 633 | $ 588 | $ 572 | $ 542 | $ 523 |
| Denominator: | | | | | | | |
| Beginning attributed equity (2) | $ 7,819 | $ 8,224 | $ 8,617 | $ 8,446 | $ 8,291 | $ 7,737 | $ 7,475 |
| Unrealized net capital gains and losses | 1,076 | 1,120 | 1,702 | 1,678 | 1,666 | 1,240 | 1,073 |
| Adjusted begining attributed equity | 6,743 | 7,104 | 6,915 | 6,768 | 6,625 | 6,497 | 6,402 |
| Ending attributed equity | 7,356 | 7,262 | 7,812 | 7,273 | 7,819 | 8,224 | 8,617 |
| Unrealized net capital gains and losses | 1,305 | 1,285 | 1,280 | 946 | 1,076 | 1,120 | 1,702 |
| Adjusted ending attributed equity | 6,051 | 5,977 | 6,532 | 6,327 | 6,743 | 7,104 | 6,915 |
| Average adjusted attributed equity (3) | $ 6,397 | $ 6,541 | $ 6,724 | $ 6,548 | $ 6,684 | $ 6,801 | $ 6,659 |
| Operating income return on attributed equity | 10.0 % | 9.8 % | 9.4 % | 9.0 % | 8.6 % | 8.0 % | 7.9 % |

(1) Net income available to common shareholders and operating income reflect a trailing twelve-month period.
(2) Allstate Financial attributed equity is the sum of equity for Allstate Life Insurance Company and the applicable equity for Allstate Financial Insurance Holdings Corporation.

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



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **PREMIUMS AND CONTRACT CHARGES - BY PRODUCT** | | | | | | | | | |
| **Underwritten Products** | | | | | | | | | |
| Traditional life insurance premiums | $ 126 | $ 125 | $ 127 | $ 136 | $ 120 | $ 119 | $ 116 | $ 378 | $ 355 |
| Accident and health insurance premiums | 182 | 187 | 195 | 181 | 180 | 179 | 180 | 564 | 539 |
| Interest-sensitive life insurance contract charges | 200 | 202 | 274 | 273 | 272 | 268 | 273 | 676 | 813 |
| | 508 | 514 | 596 | 590 | 572 | 566 | 569 | 1,618 | 1,707 |
| **Annuities** | | | | | | | | | |
| Immediate annuities with life contingencies premiums | - | - | 5 | 15 | 6 | 9 | 7 | 5 | 22 |
| Other fixed annuity contract charges | 4 | 4 | 6 | 5 | 6 | 4 | 3 | 14 | 13 |
| | 4 | 4 | 11 | 20 | 12 | 13 | 10 | 19 | 35 |
| Total | $ 512 | $ 518 | $ 607 | $ 610 | $ 584 | $ 579 | $ 579 | $ 1,637 | $ 1,742 |
| **PREMIUMS AND CONTRACT CHARGES - BY DISTRIBUTION CHANNEL** | | | | | | | | | |
| Allstate agencies (1) | $ 288 | $ 285 | $ 291 | $ 294 | $ 283 | $ 281 | $ 276 | $ 864 | $ 840 |
| Workplace enrolling agents | 198 | 203 | 204 | 195 | 195 | 189 | 188 | 605 | 572 |
| Other (2) | 26 | 30 | 112 | 121 | 106 | 109 | 115 | 168 | 330 |
| Total | $ 512 | $ 518 | $ 607 | $ 610 | $ 584 | $ 579 | $ 579 | $ 1,637 | $ 1,742 |
| **PREMIUMS AND CONTRACT CHARGES - BY PRODUCT INCLUDED IN LINCOLN BENEFIT LIFE COMPANY SALE (3)** | | | | | | | | | |
| **Underwritten Products** | | | | | | | | | |
| Traditional life insurance premiums | $ - | $ - | $ 6 | $ 7 | $ 4 | $ 6 | $ 5 | $ 6 | $ 15 |
| Accident and health insurance premiums | - | - | 6 | 7 | 6 | 5 | 6 | 6 | 17 |
| Interest-sensitive life insurance contract charges | - | - | 71 | 73 | 71 | 70 | 74 | 71 | 215 |
| | - | - | 83 | 87 | 81 | 81 | 85 | 83 | 247 |
| **Annuities** | | | | | | | | | |
| Immediate annuities with life contingencies premiums | - | - | - | - | - | - | - | - | - |
| Other fixed annuity contract charges | - | - | 2 | 2 | 2 | 1 | 2 | 2 | 5 |
| | - | - | 2 | 2 | 2 | 1 | 2 | 2 | 5 |
| Total | $ - | $ - | $ 85 | $ 89 | $ 83 | $ 82 | $ 87 | $ 85 | $ 252 |
| **ISSUED LIFE INSURANCE POLICIES BY DISTRIBUTION CHANNEL (4)** | | | | | | | | | |
| Allstate agencies (1) | 33,483 | 32,625 | 31,220 | 42,286 | 35,537 | 34,074 | 36,421 | 97,328 | 106,032 |
| Other | - | - | - | 146 | 447 | 618 | 879 | - | 1,944 |
| Total | 33,483 | 32,625 | 31,220 | 42,432 | 35,984 | 34,692 | 37,300 | 97,328 | 107,976 |
| **ALLSTATE BENEFITS NEW BUSINESS WRITTEN PREMIUMS (5)** | $ 63 | $ 58 | $ 52 | $ 164 | $ 59 | $ 64 | $ 52 | $ 173 | $ 175 |

(1) Includes products directly sold through call centers and internet.
(2) Primarily represents independent master brokerage agencies, and to a lesser extent, specialized brokers.
(3) Amounts are included in section above. On April 1, 2014, the sale of LBL was completed.
(4) Excludes Allstate Benefits and non-proprietary products.
(5) New business written premiums reflect annualized premiums at initial customer enrollment (including new accounts and new employees or policies of existing accounts), reduced by an estimate for certain policies that are expected to lapse. A significant portion of Allstate Benefits business is seasonally written in the fourth quarter during many clients' annual employee benefits enrollment.



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Contractholders funds, beginning balance** | $ 23,472 | $ 23,989 | $ 24,304 | $ 24,476 | $ 36,357 | $ 38,807 | $ 39,319 | $ 24,304 | $ 39,319 |
| **Contractholders funds classified as held for sale, beginning balance** | - | 10,661 | 10,945 | 11,283 | - | - | - | 10,945 | - |
| **Total contractholders funds, including those classified as held for sale** | 23,472 | 34,650 | 35,249 | 35,759 | 36,357 | 38,807 | 39,319 | 35,249 | 39,319 |
| **Deposits** | | | | | | | | | |
| Interest-sensitive life insurance | 247 | 246 | 318 | 334 | 330 | 328 | 386 | 811 | 1,044 |
| Fixed annuities | 48 | 56 | 127 | 276 | 218 | 281 | 287 | 231 | 786 |
| Total deposits | 295 | 302 | 445 | 610 | 548 | 609 | 673 | 1,042 | 1,830 |
| **Interest credited** | 197 | 212 | 308 | 310 | 321 | 314 | 350 | 717 | 985 |
| **Benefits, withdrawals, maturities and other adjustments** | | | | | | | | | |
| Benefits | (286) | (289) | (380) | (349) | (392) | (399) | (395) | (955) | (1,186) |
| Surrenders and partial withdrawals | (630) | (554) | (712) | (756) | (807) | (845) | (891) | (1,896) | (2,543) |
| Maturities of and interest payments on institutional products | (1) | - | - | - | (1) | (1,797) | (1) | (1) | (1,799) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Contract charges | (197) | (199) | (281) | (282) | (279) | (274) | (277) | (677) | (830) |
| Net transfers from separate accounts | 2 | 1 | 3 | 4 | 2 | 5 | 1 | 6 | 8 |
| Other adjustments | (4) | 11 | 18 | (47) | 10 | (63) | 28 | 25 | (25) |
| Total benefits, withdrawals, maturities and other adjustments | (1,116) | (1,030) | (1,352) | (1,430) | (1,467) | (3,373) | (1,535) | (3,498) | (6,375) |
| **Contractholder funds sold in LBL disposition** | - | (10,662) | - | - | - | - | - | (10,662) | - |
| **Contractholder funds classified as held for sale, ending balance** | - | - | (10,661) | (10,945) | (11,283) | - | - | - | (11,283) |
| **Contractholder funds, ending balance** | $ 22,848 | $ 23,472 | $ 23,989 | $ 24,304 | $ 24,476 | $ 36,357 | $ 38,807 | $ 22,848 | $ 24,476 |



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Benefit spread** | | | | | | | | | |
| Premiums | $ 308 | $ 312 | $ 327 | $ 332 | $ 306 | $ 307 | $ 303 | $ 947 | $ 916 |
| Cost of insurance contract charges [1] | 135 | 135 | 187 | 184 | 182 | 179 | 180 | 457 | 541 |
| Contract benefits excluding the implied interest on immediate annuities with life contingencies [2] | (302) | (283) | (358) | (359) | (365) | (341) | (325) | (943) | (1,031) |
| Total benefit spread | 141 | 164 | 156 | 157 | 123 | 145 | 158 | 461 | 426 |
| **Investment spread** | | | | | | | | | |
| Net investment income | 473 | 538 | 640 | 637 | 633 | 633 | 635 | 1,651 | 1,901 |
| Implied interest on immediate annuities with life contingencies [2] | (131) | (130) | (130) | (131) | (133) | (130) | (133) | (391) | (396) |
| Interest credited to contractholder funds | (198) | (212) | (307) | (305) | (317) | (311) | (345) | (717) | (973) |
| Total investment spread | 144 | 196 | 203 | 201 | 183 | 192 | 157 | 543 | 532 |
| Surrender charges and contract maintenance expense fees [1] | 69 | 71 | 93 | 94 | 96 | 93 | 96 | 233 | 285 |
| Realized capital gains and losses | 28 | (10) | 1 | 14 | (16) | 57 | 19 | 19 | 60 |
| Amortization of deferred policy acquisition costs | (58) | (66) | (74) | (85) | (97) | (71) | (75) | (198) | (243) |
| Operating costs and expenses | (115) | (112) | (118) | (145) | (132) | (140) | (148) | (345) | (420) |
| Restructuring and related charges | 1 | (1) | (2) | - | (4) | (1) | (2) | (2) | (7) |
| (Loss) gain on disposition of operations | (26) | (8) | (59) | (44) | (646) | 1 | 2 | (93) | (643) |
| Income tax (expense) benefit | (68) | (89) | (38) | (73) | 133 | (86) | (61) | (195) | (14) |
| **Net income (loss) available to common shareholders** | $ 116 | $ 145 | $ 162 | $ 119 | $ (360) | $ 190 | $ 146 | $ 423 | $ (24) |
| **Benefit spread by product group** | | | | | | | | | |
| Life insurance | $ 72 | $ 86 | $ 74 | $ 101 | $ 60 | $ 75 | $ 86 | $ 232 | $ 221 |
| Accident and health insurance | 99 | 97 | 102 | 78 | 85 | 86 | 89 | 298 | 260 |
| Annuities | (30) | (19) | (20) | (22) | (22) | (16) | (17) | (69) | (55) |
| Total benefit spread | $ 141 | $ 164 | $ 156 | $ 157 | $ 123 | $ 145 | $ 158 | $ 461 | $ 426 |
| **Investment spread by product group** | | | | | | | | | |
| Annuities and institutional products | $ 54 | $ 98 | $ 110 | $ 95 | $ 100 | $ 88 | $ 59 | $ 262 | $ 247 |
| Life insurance | 23 | 26 | 30 | 28 | 25 | 25 | 27 | 79 | 77 |
| Accident and health insurance | 4 | 4 | 7 | 6 | 6 | 7 | 6 | 15 | 19 |
| Net investment income on investments supporting capital | 61 | 72 | 73 | 75 | 69 | 67 | 74 | 206 | 210 |
| Investment spread before valuation changes on embedded derivatives that are not hedged | 142 | 200 | 220 | 204 | 200 | 187 | 166 | 562 | 553 |
| Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged | 2 | (4) | (17) | (3) | (17) | 5 | (9) | (19) | (21) |
| Total investment spread | $ 144 | $ 196 | $ 203 | $ 201 | $ 183 | $ 192 | $ 157 | $ 543 | $ 532 |
| [1] **Reconciliation of contract charges** | | | | | | | | | |
| Cost of insurance contract charges | $ 135 | $ 135 | $ 187 | $ 184 | $ 182 | $ 179 | $ 180 | $ 457 | $ 541 |
| Surrender charges and contract maintenance expense fees | 69 | 71 | 93 | 94 | 96 | 93 | 96 | 233 | 285 |
| Total contract charges | $ 204 | $ 206 | $ 280 | $ 278 | $ 278 | $ 272 | $ 276 | $ 690 | $ 826 |
| [2] **Reconciliation of contract benefits** | | | | | | | | | |
| Contract benefits excluding the implied interest on immediate annuities with life contingencies | $ (302) | $ (283) | $ (358) | $ (359) | $ (365) | $ (341) | $ (325) | $ (943) | $ (1,031) |
| Implied interest on immediate annuities with life contingencies | (131) | (130) | (130) | (131) | (133) | (130) | (133) | (391) | (396) |
| Total contract benefits | $ (433) | $ (413) | $ (488) | $ (490) | $ (498) | $ (471) | $ (458) | $ (1,334) | $ (1,427) |



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

| | Three months ended September 30, 2014 | | | Three months ended September 30, 2013 [1] | | |
|---|---|---|---|---|---|---|
| | Weighted average investment yield | Weighted average interest crediting rate | Weighted average investment spreads | Weighted average investment yield | Weighted average interest crediting rate | Weighted average investment spreads |
| Interest-sensitive life insurance | 5.1 % | 4.0 % | 1.1 % | 5.0 % | 3.8 % | 1.2 % |
| Deferred fixed annuities and institutional products | 4.5 | 2.8 | 1.7 | 4.8 | 2.9 | 1.9 |
| Immediate fixed annuities with and without life contingencies | 6.7 | 6.0 | 0.7 | 6.9 | 6.0 | 0.9 |
| Investments supporting capital, traditional life and other products | 4.3 | n/a | n/a | 4.0 | n/a | n/a |

| | Nine months ended September 30, 2014 [1] | Nine months ended September 30, 2013 [1] |
|---|---|---|

| | Weighted average investment yield | Weighted average interest crediting rate | Weighted average investment spreads | Weighted average investment yield | Weighted average interest crediting rate | Weighted average investment spreads |
|---|---|---|---|---|---|---|
| Interest-sensitive life insurance | 5.3 % | 3.9 % | 1.4 % | 5.1 % | 3.8 % | 1.3 % |
| Deferred fixed annuities and institutional products | 4.5 | 2.9 | 1.6 | 4.7 | 3.0 | 1.7 |
| Immediate fixed annuities with and without life contingencies | 7.4 | 6.0 | 1.4 | 6.6 | 6.0 | 0.6 |
| Investments supporting capital, traditional life and other products | 4.3 | n/a | n/a | 3.9 | n/a | n/a |

(1) For purposes of these calculations, investments, reserves and contractholder funds classified as held for sale were included for periods prior to April 1, 2014.



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

| | As of September 30, 2014 | | Twelve months ended September 30, 2014 | Operating income return on attributed equity (%) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Twelve months ended | | | | | | |
| | Reserves and Contractholder funds | Attributed equity excluding unrealized capital gains/losses (3)(4) | Operating income (5) | Sept. 2014 | June 2014 | March 2014 | Dec. 2013 | Sept. 2013 | June 2013 | March 2013 |
| **Underwritten products** | | | | | | | | | | |
| Life insurance | $ 10,412 | $ 2,217 | $ 290 | 11.7 % | 8.9 % | 9.0 % | 9.4 % | 8.4 % | 8.6 % | 8.9 % |
| Accident and health insurance | 827 | 679 | 98 | 15.0 | 14.5 | 14.7 | 14.8 | 15.6 | 15.4 | 13.5 |
| Subtotal | 11,239 | 2,896 | 388 | 12.4 | 9.9 | 10.1 | 10.4 | 9.7 | 9.8 | 9.8 |
| **Annuities and institutional products:** | | | | | | | | | | |
| Immediate Annuities: | | | | | | | | | | |
| Sub-standard structured settlements and group pension terminations (1) | 5,083 | 1,329 | 17 | 1.4 | 2.0 | 0.7 | (0.5) | (1.4) | (1.8) | (1.9) |
| Standard structured settlements and SPIA (2) | 7,492 | 771 | 79 | 12.2 | 16.8 | 13.2 | 9.5 | 7.8 | 5.5 | 5.1 |
| Subtotal | 12,575 | 2,100 | 96 | 5.3 | 7.1 | 5.0 | 3.0 | 1.7 | 0.7 | 0.4 |
| Deferred Annuities | 11,428 | 1,048 | 152 | 10.7 | 12.0 | 12.3 | 12.0 | 12.5 | 11.3 | 10.9 |
| Institutional products | 88 | 7 | 3 | | | | | | | |
| Subtotal | 24,091 | 3,155 | 251 | 7.7 | 9.6 | 8.7 | 7.6 | 7.4 | 6.2 | 6.0 |
| **Total Allstate Financial** | $ 35,330 | $ 6,051 | $ 639 | 10.0 | 9.8 | 9.4 | 9.0 | 8.6 | 8.0 | 7.9 |

| | Nine months ended September 30, 2014 | | | |
|---|---|---|---|---|
| | Life insurance | Accident and health insurance | Annuities and institutional products | Allstate Financial |
| **Operating income** | $ 209 | $ 84 | $ 186 | $ 479 |
| Realized capital gains and losses, after-tax | 4 | - | 9 | 13 |
| Valuation changes on embedded derivatives that are not hedged, after-tax | - | - | (12) | (12) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (4) | - | 1 | (3) |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | - | - | - | - |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | 1 | - | - | 1 |
| Loss on disposition of operations, after-tax | (28) | - | (27) | (55) |
| **Net income available to common shareholders** | $ 182 | $ 84 | $ 157 | $ 423 |

(1) Structured settlement annuities for annuitants with severe injuries or other health impairments which significantly reduced their life expectancy at the time the annuity was issued and group annuity contracts issued to sponsors of terminated pension plans.
(2) Life-contingent structured settlement annuities for annuitants with standard life expectancy, period certain structured settlements and single premium immediate annuities with and without life contingencies.
(3) Total Allstate Financial attributed equity is the sum of equity for Allstate Life Insurance Company and the applicable equity for Allstate Financial Insurance Holdings Corporation, excluding unrealized capital gains and losses.
(4) Attributed equity is allocated to each product line based on statutory capital adjusted for GAAP reporting differences and the amount of capital held in Allstate Financial may vary from economic capital. The calculation of statutory capital by product incorporates internal factors for invested asset risk, insurance risk (mortality and morbidity), interest rate risk and business risk. Due to the unavailability of final statutory financial statements at the time we release our GAAP financial results, the allocation is derived from prior quarter statutory capital. Statutory capital is adjusted for appropriate GAAP accounting differences. Changes in internal capital factors, investment portfolio mix and risk as well as changes in GAAP and statutory reporting differences will result in changes to the allocation of attributed equity to products.
(5) Product line operating income includes allocation of income on investments supporting capital. Operating income reflects a trailing twelve-month period.



## THE ALLSTATE CORPORATION
## ALLSTATE FINANCIAL INSURANCE POLICIES AND ANNUITIES IN FORCE (1)
### (in thousands)

| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 |
|---|---|---|---|---|---|---|---|
| **ALLSTATE FINANCIAL INSURANCE POLICIES AND ANNUITIES IN FORCE BY PRODUCT** | | | | | | | |
| **Underwritten products** | | | | | | | |
| Life insurance | 2,432 | 2,436 | 2,588 | 2,567 | 2,572 | 2,574 | 2,572 |
| Accident and health insurance | 2,530 | 2,577 | 2,593 | 2,342 | 2,322 | 2,322 | 2,338 |
| | 4,962 | 5,013 | 5,181 | 4,909 | 4,894 | 4,896 | 4,910 |
| **Annuities** | | | | | | | |
| Deferred annuities | 197 | 205 | 337 | 346 | 353 | 362 | 373 |
| Immediate annuities | 108 | 110 | 111 | 112 | 112 | 113 | 114 |
| | 305 | 315 | 448 | 458 | 465 | 475 | 487 |
| **Total** | 5,267 | 5,328 | 5,629 | 5,367 | 5,359 | 5,371 | 5,397 |
| **ALLSTATE FINANCIAL INSURANCE POLICIES AND ANNUITIES IN FORCE BY SOURCE OF BUSINESS** | | | | | | | |
| Allstate Agencies (2) | 1,898 | 1,895 | 1,938 | 1,939 | 1,938 | 1,936 | 1,930 |
| Allstate Benefits | 2,957 | 3,010 | 3,040 | 2,762 | 2,741 | 2,741 | 2,757 |
| Other (3) | 412 | 423 | 651 | 666 | 680 | 694 | 710 |
| **Total** | 5,267 | 5,328 | 5,629 | 5,367 | 5,359 | 5,371 | 5,397 |
| **INSURANCE POLICIES AND ANNUITIES IN FORCE INCLUDED IN LINCOLN BENEFIT LIFE COMPANY SALE** | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Life insurance | - | - | 142 | 145 | 148 | 150 | 152 |
| Deferred annuities | - | - | 124 | 128 | 132 | 138 | 144 |
| **Total** | - | - | 266 | 273 | 280 | 288 | 296 |

(1) Allstate Financial insurance policies and annuities in force reflect the number of contracts in force excluding sold blocks of business that remain on the balance sheet due to the dispositions of the business being effected through reinsurance arrangements. Policy counts associated with our voluntary employee benefits group business reflect certificate counts as opposed to group counts.
(2) Excludes Allstate Benefits products sold through Allstate Agencies, which are included in the Allstate Benefits line.
(3) Primarily business sold by independent master brokerage agencies, banks/broker-dealers and specialized structured settlement brokers.



## THE ALLSTATE CORPORATION
## ALLSTATE LIFE AND RETIREMENT AND ALLSTATE BENEFITS RESULTS AND PRODUCT INFORMATION
**($ in millions)**

| | For the nine months ended September 30, 2014 | | | For the nine months ended September 30, 2013 | | |
|---|---|---|---|---|---|---|
| | Allstate Life and Retirement | Allstate Benefits | Allstate Financial Segment | Allstate Life and Retirement | Allstate Benefits | Allstate Financial Segment |
| Premiums | $ 365 | $ 582 | $ 947 | $ 371 | $ 545 | $ 916 |
| Contract charges | 617 | 73 | 690 | 755 | 71 | 826 |
| Net investment income | 1,597 | 54 | 1,651 | 1,849 | 52 | 1,901 |
| Periodic settlements and accruals on non-hedge derivative instruments | (1) | - | (1) | 17 | - | 17 |
| Contract benefits | (1,026) | (308) | (1,334) | (1,129) | (298) | (1,427) |
| Interest credited to contractholder funds | (672) | (27) | (699) | (927) | (26) | (953) |
| Amortization of deferred policy acquisition costs | (111) | (84) | (195) | (174) | (76) | (250) |
| Operating costs and expenses | (194) | (151) | (345) | (275) | (145) | (420) |
| Restructuring and related charges | (2) | - | (2) | (6) | (1) | (7) |
| Income tax expense on operations | (184) | (49) | (233) | (133) | (42) | (175) |
| **Operating income** | 389 | 90 | 479 | 348 | 80 | 428 |
| Realized capital gains and losses, after-tax | 12 | 1 | 13 | 38 | (1) | 37 |
| Valuation changes on embedded derivatives that are not hedged, after-tax | (12) | - | (12) | (13) | - | (13) |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (3) | - | (3) | (2) | - | (2) |
| DAC and DSI unlocking relating to realized capital gains and losses, after tax | - | - | - | 7 | - | 7 |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | 1 | - | 1 | (11) | - | (11) |
| Loss on disposition of operations, after-tax | (55) | - | (55) | (470) | - | (470) |
| **Net income** | $ 332 | $ 91 | $ 423 | $ (103) | $ 79 | $ (24) |
| **Premiums and Contract Charges - by Product** | | | | | | |
| **Underwritten Products** | | | | | | |
| Traditional life insurance premiums | $ 353 | $ 25 | $ 378 | $ 330 | $ 25 | $ 355 |
| Accident and health insurance premiums | 7 | 557 | 564 | 19 | 520 | 539 |
| Interest-sensitive life insurance contract charges | 603 | 73 | 676 | 742 | 71 | 813 |
| | 963 | 655 | 1,618 | 1,091 | 616 | 1,707 |
| **Annuities** | | | | | | |
| Immediate annuities with life contingencies premiums | 5 | - | 5 | 22 | - | 22 |
| Other fixed annuity contract charges | 14 | - | 14 | 13 | - | 13 |
| | 19 | - | 19 | 35 | - | 35 |
| **Total life and annuity premiums and contract charges** | $ 982 | $ 655 | $ 1,637 | $ 1,126 | $ 616 | $ 1,742 |
| **Benefit Spread by Product Group** | | | | | | |
| Life Insurance | $ 220 | $ 12 | $ 232 | $ 206 | $ 15 | $ 221 |
| Accident and health insurance | (5) | 303 | 298 | (11) | 271 | 260 |
| Annuities | (69) | - | (69) | (55) | - | (55) |
| **Total benefit spread** | $ 146 | $ 315 | $ 461 | $ 140 | $ 286 | $ 426 |
| **Investment Spread by Product Group** | | | | | | |
| Annuities and institutional products | $ 262 | $ - | $ 262 | $ 247 | $ - | $ 247 |
| Life insurance | 71 | 8 | 79 | 68 | 9 | 77 |
| Accident and health insurance | 7 | 8 | 15 | 11 | 8 | 19 |
| Net investment income on investments supporting capital | 195 | 11 | 206 | 201 | 9 | 210 |
| Investment spread before valuation changes on embedded derivatives that are not hedged | 535 | 27 | 562 | 527 | 26 | 553 |
| Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged | (19) | - | (19) | (21) | - | (21) |
| **Total investment spread** | $ 516 | $ 27 | $ 543 | $ 506 | $ 26 | $ 532 |



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| Net investment income | $ 6 | $ 9 | $ 7 | $ 7 | $ 8 | $ 8 | $ 7 | $ 22 | $ 23 |
| Operating costs and expenses | (6) | (10) | (8) | (171) | (76) | (8) | 3 | (24) | (81) |
| Interest expense | (77) | (84) | (87) | (87) | (83) | (98) | (98) | (248) | (279) |
| Income tax benefit on operations | 28 | 32 | 32 | 90 | 58 | 37 | 35 | 92 | 130 |
| Preferred stock dividends | (31) | (31) | (13) | (11) | (6) | - | - | (75) | (6) |
| Operating loss | (80) | (84) | (69) | (172) | (99) | (61) | (53) | (233) | (213) |
| Realized capital gains and losses, after-tax | - | (1) | 1 | (1) | 1 | - | - | - | 1 |
| Loss on extinguishment of debt, after-tax | - | - | - | (1) | (6) | (312) | - | - | (318) |
| Postretirement benefits curtailment gain, after-tax | - | - | - | - | 118 | - | - | - | 118 |
| Net (loss) income available to common shareholders | $ (80) | $ (85) | $ (68) | $ (174) | $ 14 | $ (373) | $ (53) | $ (233) | $ (412) |

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

| | PROPERTY-LIABILITY | | | | | ALLSTATE FINANCIAL [1] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 |
| Fixed income securities, at fair value: | | | | | | | | | | |
| Tax-exempt | $ 4,288 | $ 4,353 | $ 4,618 | $ 4,711 | $ 5,484 | $ 39 | $ 2 | $ 2 | $ 2 | $ 1 |
| Taxable | 27,078 | 26,091 | 24,223 | 24,867 | 22,920 | 28,984 | 29,898 | 30,057 | 29,646 | 30,216 |
| Equity securities, at fair value | 3,053 | 4,072 | 4,341 | 4,396 | 4,156 | 1,282 | 1,322 | 956 | 701 | 656 |
| Mortgage loans | 372 | 373 | 403 | 429 | 431 | 3,771 | 3,801 | 4,069 | 4,292 | 4,386 |
| Limited partnership interests | 2,411 | 2,438 | 2,900 | 2,898 | 3,043 | 1,933 | 1,866 | 2,121 | 2,064 | 2,044 |
| Short-term, at fair value | 1,328 | 812 | 894 | 1,002 | 1,056 | 880 | 1,038 | 870 | 668 | 629 |
| Other | 1,401 | 1,531 | 1,528 | 1,335 | 1,102 | 1,718 | 1,607 | 1,635 | 1,732 | 1,672 |
| Total | $ 39,931 | $ 39,670 | $ 38,907 | $ 39,638 | $ 38,192 | $ 38,607 | $ 39,534 | $ 39,710 | $ 39,105 | $ 39,604 |
| Fixed income securities, amortized cost: | | | | | | | | | | |
| Tax-exempt | $ 4,181 | $ 4,238 | $ 4,521 | $ 4,625 | $ 5,367 | $ 39 | $ 2 | $ 2 | $ 2 | $ 1 |
| Taxable | 26,715 | 25,484 | 23,696 | 24,424 | 22,464 | 26,785 | 27,464 | 28,130 | 28,295 | 28,648 |
| Ratio of fair value to amortized cost | 101.5% | 102.4% | 102.2% | 101.8% | 102.1% | 108.2% | 108.9% | 106.8% | 104.8% | 105.5% |
| Equity securities, cost | $ 2,745 | $ 3,492 | $ 3,737 | $ 3,866 | $ 3,769 | $ 1,132 | $ 1,166 | $ 838 | $ 607 | $ 601 |
| Short-term, amortized cost | 1,328 | 812 | 894 | 1,002 | 1,056 | 880 | 1,038 | 870 | 668 | 629 |

| | CORPORATE AND OTHER | | | | | CONSOLIDATED | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept 30, 2013 |
| Fixed income securities, at fair value: | | | | | | | | | | |
| Tax-exempt | $ 561 | $ 565 | $ 558 | $ 570 | $ 576 | $ 4,888 | $ 4,920 | $ 5,178 | $ 5,283 | $ 6,061 |
| Taxable | 1,363 | 1,725 | 1,703 | 1,114 | 1,098 | 57,425 | 57,714 | 55,983 | 55,627 | 54,234 |
| Equity securities, at fair value | - | - | - | - | - | 4,335 | 5,394 | 5,297 | 5,097 | 4,812 |
| Mortgage loans | - | - | - | - | - | 4,143 | 4,174 | 4,472 | 4,721 | 4,817 |
| Limited partnership interests | 4 | 5 | 3 | 5 | 4 | 4,348 | 4,309 | 5,024 | 4,967 | 5,091 |
| Short-term, at fair value | 255 | 1,064 | 809 | 723 | 1,009 | 2,463 | 2,914 | 2,573 | 2,393 | 2,694 |
| Other | - | - | - | - | - | 3,119 | 3,138 | 3,163 | 3,067 | 2,774 |
| Total | $ 2,183 | $ 3,359 | $ 3,073 | $ 2,412 | $ 2,687 | $ 80,721 | $ 82,563 | $ 81,690 | $ 81,155 | $ 80,483 |
| Fixed income securities, amortized cost: | | | | | | | | | | |
| Tax-exempt | $ 536 | $ 541 | $ 538 | $ 552 | $ 556 | $ 4,756 | $ 4,781 | $ 5,061 | $ 5,179 | $ 5,924 |
| Taxable | 1,360 | 1,718 | 1,700 | 1,110 | 1,093 | 54,860 | 54,666 | 53,526 | 53,829 | 52,205 |
| Ratio of fair value to amortized cost | 101.5% | 101.4% | 101.0% | 101.3% | 101.5% | 104.5% | 105.4% | 104.4% | 103.2% | 103.7% |
| Equity securities, cost | $ - | $ - | $ - | $ - | $ - | $ 3,877 | $ 4,658 | $ 4,575 | $ 4,473 | $ 4,370 |
| Short-term, amortized cost | 255 | 1,064 | 809 | 723 | 1,009 | 2,463 | 2,914 | 2,573 | 2,393 | 2,694 |

[1] Excludes investments classified as held for sale that totaled $11.5 billion, $12.0 billion and $12.2 billion as of March 31, 2014, December 31, 2013 and September 30, 2013, respectively.



## THE ALLSTATE CORPORATION
## INVESTMENT PORTFOLIO DETAILS
**($ in millions)**

| | Financial statement classification as of September 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fixed income securities | Equity securities | Mortgage loans | Limited partnership interests | Short-term | Other [1] | Total |
| Infrastructure and real assets | | | | | | | |
| Infrastructure and real assets - debt | $ 10,326 | $ - | $ - | $ - | $ - | $ - | $ 10,326 |
| Infrastructure and real assets - equity | - | 499 | - | 547 | - | - | 1,046 |
| Infrastructure and real assets - other | - | - | - | - | - | 168 | 168 |
| | 10,326 | 499 | - | 547 | - | 168 | 11,540 |
| Real estate | | | | | | | |
| Real estate - debt | 1,970 | - | 4,143 | - | - | - | 6,113 |
| Real estate - equity | - | 62 | - | 1,425 | - | 115 | 1,602 |
| | 1,970 | 62 | 4,143 | 1,425 | - | 115 | 7,715 |
| Consumer goods (cyclical and non-cyclical) | 10,010 | 802 | - | - | - | - | 10,812 |
| Banking & financial services | | | | | | | |
| Banking | 3,607 | 331 | - | - | - | - | 3,938 |
| Financial services | 3,101 | 391 | - | - | - | - | 3,492 |
| Credit card and student loan ABS | 1,092 | - | - | - | - | - | 1,092 |
| Consumer auto ABS | 1,604 | - | - | - | - | - | 1,604 |
| | 9,404 | 722 | - | - | - | - | 10,126 |
| Municipal - General obligation, revenue and taxable | 8,535 | - | - | - | - | - | 8,535 |
| Government & agencies | | | | | | | |
| U.S. government and agencies | 4,309 | - | - | - | 584 | - | 4,893 |
| Foreign government | 1,423 | - | - | - | - | - | 1,423 |
| | 5,732 | - | - | - | 584 | - | 6,316 |
| Technology and communications | | | | | | | |
| Communications | 3,086 | 200 | - | - | - | - | 3,286 |
| Technology | 2,318 | 416 | - | - | - | - | 2,734 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 5,404 | 616 | - | - | - | - | 6,020 |
| Capital goods | 4,123 | 375 | - | - | - | - | 4,498 |
| Basic & other industries | | | | | | | |
| Basic industry | 2,227 | 182 | - | - | - | - | 2,409 |
| Other industries | 628 | - | - | - | - | - | 628 |
| | 2,855 | 182 | - | - | - | - | 3,037 |
| Transportation | 1,671 | 96 | - | - | - | - | 1,767 |
| ABS other | 2,013 | - | - | - | - | - | 2,013 |
| Private equity | - | - | - | 2,212 | - | - | 2,212 |
| Emerging markets | | | | | | | |
| Fixed income funds | - | 160 | - | - | - | - | 160 |
| Foreign government | 270 | - | - | - | - | - | 270 |
| Equity index based funds | - | 67 | - | - | - | - | 67 |
| | 270 | 227 | - | - | - | - | 497 |
| Other equity market index based funds | - | 754 | - | - | - | - | 754 |
| Other funds | - | - | - | 164 | - | - | 164 |
| Other | - | - | - | - | 1,879 | 2,836 | 4,715 |
| Total investments | $ 62,313 | $ 4,335 | $ 4,143 | $ 4,348 | $ 2,463 | $ 3,119 | $ 80,721 |

(1) Other includes derivatives, policy loans, agent loans, bank loans and short-term investments.



## THE ALLSTATE CORPORATION
## LIMITED PARTNERSHIP INVESTMENTS
**($ in millions)**

| | As of or for the three months ended | | | | | | |
|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 |
| **Investment position** | | | | | | | |
| Accounting basis | | | | | | | |
| Cost method | $ 1,144 | $ 1,157 | $ 1,346 | $ 1,443 | $ 1,435 | $ 1,441 | $ 1,425 |
| Equity method ("EMA") (1) | 3,204 | 3,152 | 3,678 | 3,524 | 3,656 | 3,500 | 3,506 |
| Total | $ 4,348 | $ 4,309 | $ 5,024 | $ 4,967 | $ 5,091 | $ 4,941 | $ 4,931 |
| Cost method-fair value (2) | $ 1,555 | $ 1,577 | $ 1,764 | $ 1,835 | $ 1,806 | $ 1,795 | $ 1,748 |
| Underlying investment | | | | | | | |
| Private equity / debt funds | $ 2,759 | $ 2,631 | $ 2,674 | $ 2,562 | $ 2,485 | $ 2,457 | $ 2,423 |
| Real estate funds | 1,425 | 1,517 | 1,577 | 1,687 | 1,666 | 1,658 | 1,635 |
| Other (3) | 164 | 161 | 773 | 718 | 940 | 826 | 873 |
| Total | $ 4,348 | $ 4,309 | $ 5,024 | $ 4,967 | $ 5,091 | $ 4,941 | $ 4,931 |
| Segment | | | | | | | |
| Property-Liability | $ 2,411 | $ 2,438 | $ 2,900 | $ 2,898 | $ 3,043 | $ 2,991 | $ 2,994 |
| Allstate Financial | 1,933 | 1,866 | 2,121 | 2,064 | 2,044 | 1,946 | 1,933 |
| Corporate and Other | 4 | 5 | 3 | 5 | 4 | 4 | 4 |
| Total | $ 4,348 | $ 4,309 | $ 5,024 | $ 4,967 | $ 5,091 | $ 4,941 | $ 4,931 |
| **Total Income** | | | | | | | |
| Accounting basis | | | | | | | |
| Cost method | $ 25 | $ 66 | $ 50 | $ 80 | $ 48 | $ 45 | $ 26 |
| Equity method | 137 | 129 | 92 | 122 | 58 | 81 | 81 |
| Total | $ 162 | $ 195 | $ 142 | $ 202 | $ 106 | $ 126 | $ 107 |
| Underlying investment | | | | | | | |
| Private equity / debt funds | $ 66 | $ 123 | $ 106 | $ 140 | $ 68 | $ 58 | $ 68 |
| Real estate funds | 93 | 55 | 38 | 61 | 49 | 77 | 34 |
| Other | 3 | 17 | (2) | 1 | (11) | (9) | 5 |
| Total | $ 162 | $ 195 | $ 142 | $ 202 | $ 106 | $ 126 | $ 107 |
| Segment | | | | | | | |
| Property-Liability | $ 112 | $ 102 | $ 75 | $ 130 | $ 69 | $ 89 | $ 77 |
| Allstate Financial | 51 | 91 | 67 | 71 | 37 | 37 | 30 |
| Corporate and Other | (1) | 2 | - | 1 | - | - | - |
| Total | $ 162 | $ 195 | $ 142 | $ 202 | $ 106 | $ 126 | $ 107 |

(1) As of September 30, 2014, valuations of EMA limited partnerships include approximately $596 million of cumulative pre-tax appreciation that has been recognized in earnings but has not been distributed to investors.
(2) The fair value of cost method limited partnerships is determined using reported net asset values of the underlying funds.
(3) In periods prior to June 30, 2014, other included tax credit funds.



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

| | September 30, 2014 | | | June 30, 2014 | | | March 31, 2014 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | $ 128 | $ 4,309 | 103.1 | $ 146 | $ 4,853 | 103.1 | $ 132 | $ 3,806 | 103.6 |
| Municipal | 557 | 8,535 | 107.0 | 552 | 8,561 | 106.9 | 421 | 8,716 | 105.1 |
| Corporate | 1,742 | 41,071 | 104.4 | 2,185 | 41,467 | 105.6 | 1,743 | 41,159 | 104.4 |
| Foreign government | 96 | 1,693 | 106.0 | 107 | 1,676 | 106.8 | 96 | 1,737 | 105.9 |
| Asset-backed securities ("ABS") | 18 | 4,709 | 100.4 | 40 | 3,943 | 101.0 | 38 | 3,497 | 101.1 |
| Residential mortgage-backed securities ("RMBS") | 104 | 1,289 | 108.8 | 99 | 1,362 | 107.8 | 93 | 1,438 | 106.9 |
| Commercial mortgage-backed securities ("CMBS") | 48 | 681 | 107.6 | 54 | 746 | 107.8 | 47 | 783 | 106.4 |
| Redeemable preferred stock | 4 | 26 | 118.2 | 4 | 26 | 118.2 | 4 | 25 | 119.0 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total fixed income securities | 2,697 | 62,313 | 104.5 | 3,187 | 62,634 | 105.4 | 2,574 | 61,161 | 104.4 |
| Equity securities | 458 | 4,335 | 111.8 | 736 | 5,394 | 115.8 | 722 | 5,297 | 115.8 |
| Short-term investments | - | 2,463 | 100.0 | - | 2,914 | 100.0 | - | 2,573 | 100.0 |
| Derivatives | (8) | 73 | n/a | (19) | 103 | n/a | (19) | 169 | n/a |
| EMA limited partnership interests [2] | (5) | n/a | n/a | (5) | n/a | n/a | (4) | n/a | n/a |
| Investments classified as held for sale | - | n/a | n/a | - | n/a | n/a | 327 | n/a | n/a |
| Unrealized net capital gains and losses, pre-tax | $ 3,142 | | | $ 3,899 | | | $ 3,600 | | |
| Amounts recognized for: | | | | | | | | | |
| Insurance reserves [3] | (169) | | | (399) | | | (134) | | |
| DAC and DSI [4] | (158) | | | (189) | | | (245) | | |
| Amounts recognized | (327) | | | (588) | | | (379) | | |
| Deferred income taxes | (988) | | | (1,161) | | | (1,130) | | |
| Unrealized net capital gains and losses, after-tax | $ 1,827 | | | $ 2,150 | | | $ 2,091 | | |

| | December 31, 2013 | | | September 30, 2013 | | | June 30, 2013 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | $ 122 | $ 2,913 | 104.4 | $ 156 | $ 2,881 | 105.7 | $ 203 | $ 3,204 | 106.8 |
| Municipal | 277 | 8,723 | 103.3 | 365 | 9,611 | 103.9 | 496 | 10,716 | 104.9 |
| Corporate | 1,272 | 40,603 | 103.2 | 1,412 | 39,697 | 103.7 | 1,647 | 47,616 | 103.6 |
| Foreign government | 88 | 1,824 | 105.1 | 108 | 1,939 | 105.9 | 125 | 2,224 | 106.0 |
| ABS | 27 | 4,518 | 100.6 | 32 | 3,421 | 100.9 | 9 | 3,476 | 100.3 |
| RMBS | 71 | 1,474 | 105.1 | 57 | 1,844 | 103.2 | 62 | 2,485 | 102.6 |
| CMBS | 41 | 829 | 105.2 | 31 | 875 | 103.7 | 18 | 1,291 | 101.4 |
| Redeemable preferred stock | 4 | 26 | 118.2 | 5 | 27 | 122.7 | 4 | 27 | 117.4 |
| Total fixed income securities | 1,902 | 60,910 | 103.2 | 2,166 | 60,295 | 103.7 | 2,564 | 71,039 | 103.7 |
| Equity securities | 624 | 5,097 | 114.0 | 442 | 4,812 | 110.1 | 268 | 4,505 | 106.3 |
| Short-term investments | - | 2,393 | 100.0 | - | 2,694 | 100.0 | - | 2,646 | 100.0 |
| Derivatives | (18) | 269 | n/a | (19) | 217 | n/a | (12) | 200 | n/a |
| EMA limited partnership interests [2] | (3) | n/a | n/a | (3) | n/a | n/a | - | n/a | n/a |
| Investments classified as held for sale | 190 | n/a | n/a | 244 | n/a | n/a | - | n/a | n/a |
| Unrealized net capital gains and losses, pre-tax | $ 2,695 | | | $ 2,830 | | | $ 2,820 | | |
| Amounts recognized for: | | | | | | | | | |
| Insurance reserves [3] | - | | | - | | | (76) | | |
| DAC and DSI [4] | (158) | | | (189) | | | (199) | | |
| Amounts recognized | (158) | | | (189) | | | (275) | | |
| Deferred income taxes | (891) | | | (927) | | | (894) | | |
| Unrealized net capital gains and losses, after-tax | $ 1,646 | | | $ 1,714 | | | $ 1,651 | | |

(1) The comparison of percentages from period to period may be distorted by investment transactions such as sales, purchases and impairment write-downs.
(2) Unrealized net capital gains and losses for limited partnership interest represent the Company's share of EMA limited partnerships' other comprehensive income. Fair value and amortized cost are not applicable.
(3) The insurance reserves adjustment represents the amount by which the reserve balance would increase if the net unrealized gains in the applicable product portfolios were realized and reinvested at current lower interest rates, resulting in a premium deficiency. Although we evaluate premium deficiencies on the combined performance of our life insurance and immediate annuities with life contingencies, the adjustment primarily relates to structured settlement annuities with life contingencies, in addition to annuity buy-outs and certain payout annuities with life contingencies.
(4) The DAC and DSI adjustment balance represents the amount by which the amortization of DAC and DSI would increase or decrease if the unrealized gains or losses in the respective product portfolios were realized.



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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **NET INVESTMENT INCOME** | | | | | | | | | |
| Fixed income securities | $ 581 | $ 584 | $ 705 | $ 698 | $ 721 | $ 740 | $ 762 | $ 1,870 | $ 2,223 |
| Equity securities | 28 | 35 | 28 | 55 | 30 | 39 | 25 | 91 | 94 |
| Mortgage loans | 54 | 71 | 81 | 82 | 99 | 93 | 98 | 206 | 290 |
| Limited partnership interests | 162 | 195 | 142 | 202 | 106 | 126 | 107 | 499 | 339 |
| Short-term | 1 | 3 | 1 | 1 | 1 | 1 | 2 | 5 | 4 |
| Other | 41 | 44 | 42 | 41 | 44 | 39 | 37 | 127 | 120 |
| Subtotal | 867 | 932 | 999 | 1,079 | 1,001 | 1,038 | 1,031 | 2,798 | 3,070 |
| Less: Investment expense | (44) | (34) | (40) | (53) | (51) | (54) | (48) | (118) | (153) |
| Net investment income | $ 823 | $ 898 | $ 959 | $ 1,026 | $ 950 | $ 984 | $ 983 | $ 2,680 | $ 2,917 |
| **PRE-TAX YIELDS** [1] | | | | | | | | | |
| Fixed income securities | 3.9 % | 4.0 % | 4.1 % | 4.1 % | 4.2 % | 4.2 % | 4.3 % | 4.0 % | 4.2 % |
| Equity securities | 2.6 | 3.1 | 2.5 | 4.9 | 2.8 | 3.9 | 2.8 | 2.8 | 3.1 |
| Mortgage loans | 5.2 | 6.6 | 5.4 | 5.3 | 6.2 | 5.8 | 6.0 | 5.7 | 6.0 |
| Limited partnership interests | 15.0 | 16.7 | 11.4 | 15.9 | 8.6 | 10.2 | 8.7 | 14.3 | 9.1 |
| Total portfolio | 4.4 | 4.7 | 4.5 | 4.8 | 4.5 | 4.6 | 4.5 | 4.5 | 4.5 |
| **REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE** | | | | | | | | | |
| Impairment write-downs | $ 10 | $ (6) | $ (16) | $ (11) | $ (18) | $ (33) | $ (10) | $ (12) | $ (61) |
| Change in intent write-downs | (63) | (39) | (65) | (19) | (70) | (27) | (27) | (167) | (124) |
| Net other-than-temporary impairment losses recognized in earnings | (53) | (45) | (81) | (30) | (88) | (60) | (37) | (179) | (185) |
| Sales | 355 | 290 | 147 | 180 | 59 | 408 | 172 | 792 | 639 |
| Valuation and settlements of derivative instruments | (8) | (5) | (12) | (8) | (12) | 14 | (4) | (25) | (2) |
| Total | $ 294 | $ 240 | $ 54 | $ 142 | $ (41) | $ 362 | $ 131 | $ 588 | $ 452 |
| **TOTAL RETURN ON INVESTMENT PORTFOLIO** [2] | 0.4 % | 2.2 % | 2.1 % | 1.1 % | 1.0 % | (1.5) % | 1.2 % | 4.7 % | 0.7 % |
| **AVERAGE INVESTMENT BALANCES** (in billions) [3] | $ 78.1 | $ 78.5 | $ 78.5 | $ 90.1 | $ 89.7 | $ 90.7 | $ 91.8 | $ 78.3 | $ 87.7 |

(1) Pre-tax yields are calculated as annualized investment income before investment expense (including dividend income in the case of equity securities) divided by the average of investment balances at the end of each quarter during the year. Investment balances, for purposes of the pre-tax yield calculation, exclude unrealized capital gains and losses. Amounts related to investments classified as held for sale were excluded from the pre-tax yield calculation in 2014 and were included in the pre-tax yield calculation in 2013.
(2) 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 and cost method limited partnerships, divided by the average fair value balances. Amounts related to investments classified as held for sale were excluded from the total return calculation in 2014 and were included in the total return calculation in 2013.
(3) 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. Amounts related to investments classified as held for sale were excluded from average investment balances calculation in 2014 and were included in the average investment balances calculation in 2013.

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

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **NET INVESTMENT INCOME** | | | | | | | | | |
| Fixed income securities: | | | | | | | | | |
| Tax-exempt | $ 27 | $ 29 | $ 31 | $ 35 | $ 44 | $ 53 | $ 61 | $ 87 | $ 158 |
| Taxable | 189 | 183 | 184 | 178 | 175 | 178 | 188 | 556 | 541 |
| Equity securities | 21 | 29 | 23 | 51 | 26 | 36 | 23 | 73 | 85 |
| Mortgage loans | 4 | 4 | 5 | 4 | 6 | 5 | 5 | 13 | 16 |
| Limited partnership interests (1) | 112 | 102 | 75 | 130 | 69 | 89 | 77 | 289 | 235 |
| Short-term | - | 2 | 1 | 1 | 1 | - | 1 | 3 | 2 |
| Other | 15 | 19 | 14 | 11 | 11 | 8 | 8 | 48 | 27 |
| Subtotal | 368 | 368 | 333 | 410 | 332 | 369 | 363 | 1,069 | 1,064 |
| Less: Investment expense | (24) | (17) | (21) | (28) | (23) | (26) | (22) | (62) | (71) |
| Net investment income | $ 344 | $ 351 | $ 312 | $ 382 | $ 309 | $ 343 | $ 341 | $ 1,007 | $ 993 |
| Net investment income, after-tax | $ 234 | $ 240 | $ 215 | $ 273 | $ 225 | $ 259 | $ 241 | $ 689 | $ 725 |
| **PRE-TAX YIELDS** (2) | | | | | | | | | |
| Fixed income securities: | | | | | | | | | |
| Tax-exempt | 2.6 % | 2.7 % | 2.7 % | 2.8 % | 3.2 % | 3.6 % | 3.7 % | 2.6 % | 3.5 % |
| Equivalent yield for tax-exempt | 3.8 | 3.9 | 3.9 | 4.1 | 4.7 | 5.2 | 5.4 | 3.8 | 5.1 |
| Taxable | 2.9 | 3.0 | 3.1 | 3.0 | 3.2 | 3.3 | 3.5 | 3.0 | 3.3 |
| Equity securities | 2.7 | 3.2 | 2.5 | 5.3 | 2.8 | 4.0 | 2.8 | 2.8 | 3.2 |
| Mortgage loans | 4.1 | 4.9 | 4.3 | 4.1 | 4.4 | 4.2 | 4.3 | 4.4 | 4.3 |
| Limited partnership interests | 18.4 | 15.3 | 10.3 | 17.4 | 9.3 | 11.8 | 10.4 | 14.4 | 10.4 |
| Total portfolio | 3.8 | 3.9 | 3.5 | 4.3 | 3.6 | 4.0 | 4.0 | 3.7 | 3.9 |
| **REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE** | | | | | | | | | |
| Fixed income securities: | | | | | | | | | |
| Tax-exempt | $ 2 | $ 8 | $ 4 | $ 35 | $ 14 | $ 39 | $ 47 | $ 14 | $ 100 |
| Taxable | 22 | 49 | 36 | 44 | 21 | 17 | 43 | 107 | 81 |
| Equity securities | 218 | 225 | 20 | 58 | (56) | 252 | 28 | 463 | 224 |
| Limited partnership interests | 31 | (23) | 7 | (1) | 2 | (5) | 5 | 15 | 2 |
| Derivatives and other | (7) | (9) | (14) | (8) | (7) | 2 | (11) | (30) | (16) |
| Total | $ 266 | $ 250 | $ 53 | $ 128 | $ (26) | $ 305 | $ 112 | $ 569 | $ 391 |
| **REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE** | | | | | | | | | |
| Impairment write-downs | $ 8 | $ (6) | $ (12) | $ (6) | $ (8) | $ (17) | $ (8) | $ (10) | $ (33) |
| Change in intent write-downs | (42) | (25) | (60) | (15) | (63) | (26) | (20) | (127) | (109) |
| Net other-than-temporary impairment losses recognized in earnings | (34) | (31) | (72) | (21) | (71) | (43) | (28) | (137) | (142) |
| Sales | 312 | 289 | 139 | 157 | 52 | 346 | 151 | 740 | 549 |
| Valuation and settlements of derivative instruments | (12) | (8) | (14) | (8) | (7) | 2 | (11) | (34) | (16) |
| Total | $ 266 | $ 250 | $ 53 | $ 128 | $ (26) | $ 305 | $ 112 | $ 569 | $ 391 |
| **AVERAGE INVESTMENT BALANCES** (in billions) (3) | $ 38.8 | $ 38.0 | $ 38.1 | $ 37.9 | $ 37.0 | $ 36.7 | $ 36.5 | $ 38.4 | $ 36.8 |

(1) As of September 30, 2014, Property-Liability has commitments to invest in additional limited partnership interests totaling $1.28 billion.

(2) Pre-tax yields are calculated as annualized investment income before investment expense (including dividend income in the case of equity securities) divided by the average of investment balances at the end of each quarter during the year. Investment balances, for purposes of the pre-tax yield calculation, exclude unrealized capital gains and losses.

(3) 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**
**ALLSTATE FINANCIAL**
**NET INVESTMENT INCOME, YIELDS AND REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX)**
**($ in millions)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **NET INVESTMENT INCOME** | | | | | | | | | |
| Fixed income securities | $ 359 | $ 365 | $ 484 | $ 480 | $ 497 | $ 503 | $ 506 | $ 1,208 | $ 1,506 |
| Equity securities | 7 | 6 | 5 | 4 | 4 | 3 | 2 | 18 | 9 |
| Mortgage loans | 50 | 67 | 76 | 78 | 93 | 88 | 93 | 193 | 274 |
| Limited partnership interests (1) | 51 | 91 | 67 | 71 | 37 | 37 | 30 | 209 | 104 |
| Short-term | - | 1 | - | - | - | - | 1 | 1 | 1 |
| Other | 25 | 24 | 26 | 28 | 28 | 30 | 28 | 75 | 86 |
| Subtotal | 492 | 554 | 658 | 661 | 659 | 661 | 660 | 1,704 | 1,980 |
| Less: Investment expense | (19) | (16) | (18) | (24) | (26) | (28) | (25) | (53) | (79) |
| Net investment income | $ 473 | $ 538 | $ 640 | $ 637 | $ 633 | $ 633 | $ 635 | $ 1,651 | $ 1,901 |
| Net investment income, after-tax | $ 307 | $ 350 | $ 416 | $ 424 | $ 423 | $ 422 | $ 424 | $ 1,073 | $ 1,269 |
| **PRE-TAX YIELDS** (2) | | | | | | | | | |
| Fixed income securities | 5.3 % | 5.3 % | 5.4 % | 5.0 % | 5.1 % | 5.0 % | 4.8 % | 5.3 % | 5.0 % |
| Equity securities | 2.3 | 2.7 | 2.4 | 2.8 | 2.4 | 3.0 | 2.6 | 2.5 | 2.6 |
| Mortgage loans | 5.3 | 6.8 | 5.5 | 5.4 | 6.4 | 5.9 | 6.2 | 5.9 | 6.2 |
| Limited partnership interests | 10.9 | 18.2 | 12.8 | 13.8 | 7.4 | 7.8 | 6.1 | 14.0 | 7.1 |
| Total portfolio | 5.4 | 5.9 | 5.7 | 5.3 | 5.2 | 5.1 | 5.0 | 5.7 | 5.1 |
| **REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE** | | | | | | | | | |
| Fixed income securities | $ (1) | $ 5 | $ (4) | $ 8 | $ (12) | $ 23 | $ (18) | $ - | $ (7) |
| Equity securities | (5) | 14 | 2 | 8 | 5 | 31 | 1 | 11 | 37 |
| Mortgage loans | 2 | (2) | 3 | 1 | (6) | (6) | 31 | 3 | 19 |
| Limited partnership interests | 28 | (28) | (5) | (3) | - | (3) | - | (5) | (3) |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Derivatives and other | 4 | 1 | 5 | - | (3) | 12 | 5 | 10 | 14 |
| Total | $ 28 | $ (10) | $ 1 | $ 14 | $ (16) | $ 57 | $ 19 | $ 19 | $ 60 |
| **REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE** | | | | | | | | | |
| Impairment write-downs | $ 2 | $ - | $ (4) | $ (5) | $ (10) | $ (16) | $ (2) | $ (2) | $ (28) |
| Change in intent write-downs | (21) | (14) | (5) | (4) | (7) | (1) | (7) | (40) | (15) |
| Net other-than-temporary impairment losses recognized in earnings | (19) | (14) | (9) | (9) | (17) | (17) | (9) | (42) | (43) |
| Sales | 43 | 1 | 8 | 23 | 6 | 62 | 21 | 52 | 89 |
| Valuation and settlements of derivative instruments | 4 | 3 | 2 | - | (5) | 12 | 7 | 9 | 14 |
| Total | $ 28 | $ (10) | $ 1 | $ 14 | $ (16) | $ 57 | $ 19 | $ 19 | $ 60 |
| **AVERAGE INVESTMENT BALANCES** (in billions) (3) | $ 36.6 | $ 37.3 | $ 37.7 | $ 49.7 | $ 50.3 | $ 51.9 | $ 53.2 | $ 37.1 | $ 48.7 |

(1) As of September 30, 2014, Allstate Financial has commitments to invest in additional limited partnership interests totaling $1.23 billion.
(2) Pre-tax yields are calculated as annualized investment income before investment expense (including dividend income in the case of equity securities) divided by the average of investment balances at the end of each quarter during the year. Investment balances, for purposes of the pre-tax yield calculation, exclude unrealized capital gains and losses. Amounts related to investments classified as held for sale were excluded from the pre-tax yield calculation in 2014 and were included in the pre-tax yield calculation in 2013.
(3) 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. Amounts related to investments classified as held for sale were excluded from average investment balances calculation in 2014 and were included in the average investment balances calculation in 2013.



**THE ALLSTATE CORPORATION**
**INVESTMENT RESULTS**
**($ in millions)**

| | Three months ended | | | | | | | Nine months ended | |
|---|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2014 | June 30, 2014 | March 31, 2014 | Dec. 31, 2013 | Sept. 30, 2013 | June 30, 2013 | March 31, 2013 | Sept. 30, 2014 | Sept. 30, 2013 |
| **Consolidated investment portfolio** | | | | | | | | | |
| Interest-bearing (1) | $ 71,755 | $ 72,580 | $ 71,084 | $ 70,796 | $ 70,423 | $ 82,729 | $ 87,890 | $ 71,756 | $ 70,423 |
| Equity/owned (2) | 8,966 | 9,983 | 10,606 | 10,359 | 10,060 | 9,586 | 9,492 | 8,965 | 10,060 |
| Total | $ 80,721 | $ 82,563 | $ 81,690 | $ 81,155 | $ 80,483 | $ 92,315 | $ 97,382 | $ 80,721 | $ 80,483 |
| **Consolidated portfolio total return** (3) | | | | | | | | | |
| Interest-bearing | 0.2 % | 1.8 % | 1.7 % | 0.6 % | 0.8 % | (1.4) % | 0.8 % | 3.7 % | 0.2 % |
| Equity/owned | 0.2 | 0.4 | 0.4 | 0.6 | 0.3 | - | 0.4 | 1.2 | 0.7 |
| Investment expenses | - | - | - | (0.1) | (0.1) | (0.1) | - | (0.2) | (0.2) |
| Total | 0.4 | 2.2 | 2.1 | 1.1 | 1.0 | (1.5) | 1.2 | 4.7 | 0.7 |
| **Consolidated portfolio total return** (3) | | | | | | | | | |
| Income | 1.0 % | 1.1 % | 1.1 % | 1.1 % | 1.0 % | 1.0 % | 1.0 % | 3.1 % | 3.0 % |
| Valuation | (0.6) | 1.1 | 1.0 | - | - | (2.5) | 0.2 | 1.6 | (2.3) |
| Total | 0.4 | 2.2 | 2.1 | 1.1 | 1.0 | (1.5) | 1.2 | 4.7 | 0.7 |
| **Consolidated net investment income** | | | | | | | | | |
| Interest-bearing | $ 672 | $ 695 | $ 824 | $ 819 | $ 861 | $ 868 | $ 895 | $ 2,191 | $ 2,624 |
| Equity/owned | 195 | 237 | 175 | 260 | 140 | 170 | 136 | 607 | 446 |
| Investment expenses | (44) | (34) | (40) | (53) | (51) | (54) | (48) | (118) | (153) |
| Total | $ 823 | $ 898 | $ 959 | $ 1,026 | $ 950 | $ 984 | $ 983 | $ 2,680 | $ 2,917 |
| **Consolidated Interest-bearing pre-tax yield** (4) | 3.9 % | 4.0 % | 4.1 % | 4.1 % | 4.3 % | 4.3 % | 4.3 % | 4.0 % | 4.3 % |
| **Property-Liability net investment income** | | | | | | | | | |
| Interest-bearing excluding prepayment premiums and litigation proceeds | $ 223 | $ 219 | $ 219 | $ 218 | $ 229 | $ 234 | $ 246 | $ 661 | $ 709 |
| Prepayment premiums and litigation proceeds | 8 | 12 | 13 | 9 | 4 | 10 | 15 | 33 | 29 |
| Total Interest-bearing | 231 | 231 | 232 | 227 | 233 | 244 | 261 | 694 | 738 |
| Equity/owned | 137 | 137 | 101 | 183 | 99 | 125 | 102 | 375 | 326 |
| Less: Investment expenses | (24) | (17) | (21) | (28) | (23) | (26) | (22) | (62) | (71) |
| Total | 344 | 351 | 312 | 382 | 309 | 343 | 341 | 1,007 | 993 |
| Less: prepayment premiums and litigation proceeds | (8) | (12) | (13) | (9) | (4) | (10) | (15) | (33) | 29 |
| Total excluding prepayment premiums and litigation proceeds | $ 336 | $ 339 | $ 299 | $ 373 | $ 305 | $ 333 | $ 326 | $ 974 | $ 964 |
| **Property-Liability interest-bearing pre-tax yield** | 2.8 % | 2.9 % | 3.0 % | 2.9 % | 3.1 % | 3.2 % | 3.5 % | 2.9 % | 3.3 % |
| **Property-Liability interest-bearing pre-tax yield excluding prepayment premiums and litigation proceeds** | 2.7 % | 2.8 % | 2.8 % | 2.8 % | 3.0 % | 3.1 % | 3.3 % | 2.7 % | 3.1 % |
| **Allstate Financial net investment income** | | | | | | | | | |
| Interest-bearing excluding prepayment premiums and litigation proceeds | $ 426 | $ 432 | $ 556 | $ 569 | $ 584 | $ 591 | $ 599 | $ 1,414 | $ 1,774 |
| Prepayment premiums and litigation proceeds | 7 | 24 | 28 | 15 | 32 | 27 | 27 | 59 | 86 |
| Total interest-bearing | 433 | 456 | 584 | 584 | 616 | 618 | 626 | 1,473 | 1,860 |
| Equity/owned | 59 | 98 | 74 | 77 | 43 | 43 | 34 | 231 | 120 |
| Less: Investment expenses | (19) | (16) | (18) | (24) | (26) | (28) | (25) | (53) | (79) |
| Total | 473 | 538 | 640 | 637 | 633 | 633 | 635 | 1,651 | 1,901 |
| Less: prepayment premiums and litigation proceeds | (7) | (24) | (28) | (15) | (32) | (27) | (27) | (59) | (86) |
| Total excluding prepayment premiums and litigation proceeds | $ 466 | $ 514 | $ 612 | $ 622 | $ 601 | $ 606 | $ 608 | $ 1,592 | $ 1,815 |
| **Allstate Financial interest-bearing pre-tax yield** | 5.2 % | 5.3 % | 5.3 % | 5.0 % | 5.2 % | 5.0 % | 4.9 % | 5.2 % | 5.0 % |
| **Allstate Financial interest-bearing pre-tax yield excluding prepayment premiums and litigation proceeds** | 5.1 % | 5.0 % | 5.0 % | 4.8 % | 4.9 % | 4.8 % | 4.7 % | 5.0 % | 4.8 % |

(1) Includes fixed income securities, mortgage loans, short-term and other investments.
(2) Includes limited partnership interests, equity securities and real estate.

(3) 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 and cost method limited partnerships, divided by the average fair value balances. Amounts related to investments classified as held for sale were excluded from the total return calculation in 2014 and were included in the total return calculation in 2013.

(4) Pre-tax interest-bearing yield is calculated as annualized interest-bearing investment income before investment expense divided by the average of interest-bearing investment balances at the end of each quarter during the year. Interest-bearing investment balances, for purposes of the pre-tax interest-bearing yield calculation, exclude unrealized capital gains and losses. Amounts related to investments classified as held for sale were excluded from the pre-tax interest-bearing yield calculation in 2014 and were included in the pre-tax interest-bearing yield calculation in 2013.



**Definitions of Non-GAAP Measures**

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

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

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

**Underwriting income** is calculated as premiums earned, less claims and claims expense ("losses"), amortization of DAC, operating costs and expenses and restructuring and related charges as determined using GAAP. Management uses this measure in its evaluation of the results of operations to analyze the profitability of our Property-Liability insurance operations separately from investment results. It is also an integral component of incentive compensation. It is useful for investors to evaluate the components of income separately and in the aggregate when reviewing performance. Net income available to common shareholders is the most directly comparable GAAP measure. Underwriting income should not be considered a substitute for net income available to common shareholders and does not reflect the overall profitability of our business. A reconciliation of Property-Liability underwriting income to net income available to common shareholders is provided in the schedule, "Property-Liability Results".

**Combined ratio excluding the effect of catastrophes** is a non-GAAP ratio, which is computed as the difference between two GAAP operating ratios: the combined ratio and the effect of catastrophes on the combined ratio. The most directly comparable GAAP measure is 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. 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. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. The combined ratio excluding the effect of catastrophes should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business. A reconciliation of combined ratio excluding the effect of catastrophes to combined ratio is provided in the schedule, "Property-Liability Results".

**Combined ratio excluding the effect of catastrophes, prior year reserve reestimates and amortization of purchased intangible assets ("underlying combined ratio")** is a non-GAAP ratio, which is computed as the difference between four GAAP operating ratios: the combined ratio, the effect of catastrophes on the combined ratio, the effect of prior year non-catastrophe reserve reestimates on the combined ratio and the effect of amortization of purchased intangible assets on the combined ratio. We believe that this ratio is useful to investors and it is used by management to reveal the trends in our Property-Liability business that may be obscured by catastrophe losses, prior year reserve reestimates and amortization of purchased intangible assets. Catastrophe losses cause our loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior year reserve reestimates are caused by unexpected loss development on historical reserves. 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 "Allstate Brand Profitability Measures", "Encompass Brand Profitability Measures" , "Esurance Brand Profitability Measures", "Auto and Homeowners Underlying Combined Ratios", "Allstate Personal Lines Profitability Measures" and " Business to Business-Encompass, Commercial and Other Business Lines Profitability Measures".

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

**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 as 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”.