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

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# 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) April 27, 2011

## The Allstate Corporation
(Exact name of registrant as specified in 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 (see General Instruction A.2.below):

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

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

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

o 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 April 27, 2011, the registrant issued a press release announcing its financial results for the first quarter of 2011, and the availability of the registrant's first 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 April 27, 2011 |
| 99.2 | First quarter 2011 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: Controller

Dated: April 27, 2011

**Exhibit 99.1**

# NEWS

**FOR IMMEDIATE RELEASE**

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## Allstate Profit Improved due to Lower Catastrophe Losses and Investment Gains

NORTHBROOK, Ill., April 27, 2011 – The Allstate Corporation (NYSE: ALL) today reported financial results for the first quarter of 2011:

| The Allstate Corporation Consolidated Highlights | | | |
|---|---|---|---|
| | Three months ended March 31, | | |
| ($ in millions, except per share amounts and ratios) | 2011 | 2010 | % Change |
| Consolidated revenues | $ 8,095 | $ 7,749 | 4.5 |
| Net income | 519 | 120 | NM |
| Net income per diluted share | 0.97 | 0.22 | NM |
| Operating income* | 497 | 375 | 32.5 |
| Operating income per diluted share* | 0.93 | 0.69 | 34.8 |
| Book value per share | 36.51 | 32.26 | 13.2 |
| Book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities* | 35.22 | 32.83 | 7.3 |
| Catastrophe losses | 333 | 648 | (48.6) |
| Property-Liability combined ratio | 94.9 | 98.9 | (4.0) pts |
| Property-Liability combined ratio excluding the effect of catastrophes and prior year reserve reestimates ("underlying combined ratio")* | 89.9 | 89.1 | 0.8 pts |

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 and operating measures are defined in the "Definitions of Non-GAAP and Operating Measures" section of this document.

"Allstate made continued progress on improving returns and also benefited from lower catastrophe losses in the first quarter," said Thomas J. Wilson, chairman, president and chief executive officer of The Allstate Corporation. "Operating income improved by 32.5% to $497 million and the underlying combined ratio for Property-Liability of 89.9 was within our 88 to 91 outlook range for the year. Our marketing programs continue to be successful with an 11.9% increase in standard auto new business, although policies in force declined by 0.7% when compared to the prior year first quarter as we took actions to improve profitability in several large states.

"Allstate Financial continued to improve returns and build a strategic base for profitable growth," continued Wilson. "Investment results were strong as we execute a strategy to optimize operating income while managing interest rate exposure from the fixed income portfolio. Net income increased to $519 million from $120 million, due to net capital gains in the first quarter versus net capital losses in the first quarter of last year. As a result, book value per share was 13.2% higher than March 31, 2010.

"We also made progress on our longer-term goals of focusing on the customer, competitively differentiating our value proposition and raising returns in the homeowners and fixed annuity businesses. Last week we celebrated Allstate's 80th anniversary as an insurer. Our strategies and strong operational execution will enable us to further build on this legacy of serving customers and delivering returns for shareholders," concluded Wilson.

**Property-Liability Profitability Improved, Underlying Combined Ratio Within Full-Year Outlook**

Allstate's combined ratio for the first quarter of 2011 was 94.9, compared to 98.9 in the first quarter of 2010, primarily due to lower catastrophe losses. Catastrophe losses totaled $333 million in the first quarter of 2011, adding 5.2 points to the combined ratio, which was significantly lower than first quarter 2010 catastrophe losses of $648 million. The Property-Liability business produced an underlying combined ratio of 89.9 during the first quarter of 2011 compared to 89.1 in the first quarter of 2010. The first quarter ratio was within the full-year 2011 outlook range for the underlying combined ratio of 88 to 91.

The Allstate brand standard auto business continued to generate high returns, but has not grown as the company balanced profitability with growth. Standard auto premiums written declined 1.0% for the first quarter of 2011 compared to the prior year first quarter, reflecting lower average premiums and declining policies in force. Average premiums decreased 0.9% in the first quarter of 2011 compared to the first quarter of 2010, reflecting rate decreases taken during 2010 and customers electing lower coverage. Policies in force declined by 0.7% as lower customer renewals more than offset an 11.9% increase in applications issued. Allstate brand standard auto combined ratio was 95.1, which generates an attractive return on capital. The combined ratio increased 0.7 points from the first quarter of 2010 as Allstate continued to address adverse loss cost trends during the first quarter, particularly in the states of New York and Florida.

Continued progress was made on improving returns in the homeowners line. Allstate brand homeowners premiums written increased 3.0% in the first quarter of 2011 compared to the same period a year ago, as a 5.9% increase in average premium was partly offset by a 3.7% decline in policies in force. Rate increases averaging 9.9% were approved in 12 states during the quarter, as Allstate continued to take actions to improve homeowners profitability. Lower catastrophe losses resulted in an Allstate brand homeowners combined ratio of 91.4 in the first quarter of 2011 compared to 111.3 in the first quarter a year ago.

**Allstate Financial Continued to Advance Its Strategy**

Allstate Financial continued to stabilize profitability, reduce concentrations in investment spread products and focus on Allstate's core markets. Allstate Financial's focus contributed to earnings growth in Allstate Benefits (the worksite distribution channel) and sales momentum in the Allstate Agency channel. Consistent with this strategy, premiums and contract charges increased 4.6% during the first quarter of 2011 when compared to the first quarter of 2010.

Allstate Financial operating income was $116 million in the first quarter of 2011 compared to $139 million in the prior year first quarter. The annual unlocking of assumptions had an unfavorable impact on operating income of $8 million, after-tax, compared to a favorable impact of $26 million, after-tax, in the prior year first quarter. Excluding the impact of the unlocking, Allstate Financial had strong operating results with an increase in operating income of $11 million when compared to the prior year first quarter. The benefit spread increased 9.2% from the 2010 first quarter due to higher profitability and growth related to Allstate Benefits' accident and health insurance business, and increased contract charges for interest-sensitive life.

Net income improved to $97 million in the first quarter of 2011 compared to $4 million in the first quarter of 2010. The improvement was due to net realized capital gains in the first quarter versus net realized capital losses last year, partly offset by higher deferred acquisition and sales inducement costs and a loss on the planned exit from the consumer banking business totaling $16 million, after-tax. Costs related to the annual unlocking of assumptions resulted in an unfavorable charge to net income of $7 million, after-tax, in the first quarter of 2011 compared to a favorable credit of $8 million, after-tax, in the first quarter of 2010.

**Allstate's Investment Portfolio Yields Stabilized and Generated Solid Returns**

Proactive management of risk and return in the investment portfolio stabilized yields and generated solid results. The municipal bond portfolio continued to be reduced, although the decline slowed substantially. The



fixed income maturity profile is also being reshaped to optimize returns and manage risk given a steep and potentially changing interest rate curve. In addition, the interest rate and equity macro hedge programs were not extended given the strength of Allstate's capital position.

Net investment income was $982 million for the first quarter of 2011, a 6.5% decline from the first quarter of 2010, with approximately two-thirds caused by expected reductions in the size of Allstate Financial's portfolio reflecting the strategy to reduce concentrations in spread-based products. The remaining decline in investment income was caused by lower yields in the Property-Liability portfolio. Compared to the fourth quarter of 2010, a 1.6% decrease in net investment income resulted primarily from reductions in Allstate Financial's portfolio, while investment yields remained stable.

Net realized capital gains for the first quarter of 2011 were $96 million, pre-tax, compared to a net realized capital loss of $348 million, pre-tax, in the first quarter of 2010. The components of the first quarter 2011 improvement, when compared to the first quarter of 2010, were higher net realized gains on sales of $283 million compared to $88 million, reduced derivative losses of $67 million compared to $185 million, lower impairment write-downs of $114 million compared to $223 million, and increased valuation gains on limited partnerships of $63 million compared to $4 million. Impairment write-downs continued on a favorable trend with the lowest recorded amount since the third quarter of 2007. The derivatives that were terminated due to not extending the macro hedge programs had a realized capital loss of $62 million in the first quarter of 2011.

Allstate's consolidated investment portfolio totaled $99.6 billion at March 31, 2011 compared to $100.5 billion at December 31, 2010, as expected reductions in the Allstate Financial portfolio more than offset strong investment returns and operating cash flows. The net unrealized capital gains totaled $1.6 billion, pre-tax, at March 31, 2011 compared to $1.4 billion at December 31, 2010.

**Book Value Per Share Increased 3.4%; Repurchases Totaled $300 Million**

"Book value per share increased 3.4% during the first quarter due to strong operating results, an improved investment value and an aggressive share repurchase program," said Don Civgin, executive vice president and chief financial officer. "Book value per share totaled $36.51 at March 31, 2011 compared to $35.32 at December 31, 2010 and $32.26 at March 31, 2010. We repurchased $300 million of our stock in the first quarter, leaving $540 million remaining on the $1 billion share repurchase program."

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Visit www.allstateinvestors.com to view additional information about Allstate's first quarter 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, April 28, 2011.

The Allstate Corporation (NYSE: ALL) is the nation's largest publicly held personal lines insurer known for its "You're In Good Hands With Allstate®" slogan. Now celebrating its 80th anniversary as an insurer, Allstate is reinventing protection and retirement to help nearly 16 million households insure what they have today and better prepare for tomorrow. Consumers access Allstate insurance products (auto, home, life and retirement) and services through Allstate agencies, independent agencies, and Allstate exclusive financial representatives in the U.S. and Canada, as well as via www.allstate.com and 1-800 Allstate®.



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

| ($ in millions, except per share data) | Three months ended March 31, 2011 | Three months ended March 31, 2010 |
|---|---|---|
| | (unaudited) | |
| **Revenues** | | |
| Property-liability insurance premiums | $ 6,448 | $ 6,503 |
| Life and annuity premiums and contract charges | 569 | 544 |
| Net investment income | 982 | 1,050 |
| Realized capital gains and losses: | | |
| Total other-than-temporary impairment losses | (156) | (250) |
| Portion of loss recognized in other comprehensive income | (27) | (5) |
| Net other-than-temporary impairment losses recognized in earnings | (183) | (255) |
| Sales and other realized capital gains and losses | 279 | (93) |
| Total realized capital gains and losses | 96 | (348) |
| | 8,095 | 7,749 |
| **Costs and expenses** | | |
| Property-liability insurance claims and claims expense | 4,476 | 4,792 |
| Life and annuity contract benefits | 454 | 442 |
| Interest credited to contractholder funds | 418 | 463 |
| Amortization of deferred policy acquisition costs | 1,051 | 1,014 |
| Operating costs and expenses | 838 | 829 |
| Restructuring and related charges | 9 | 11 |
| Interest expense | 92 | 92 |
| | 7,338 | 7,643 |
| (Loss) gain on disposition of operations | (23) | 1 |
| **Income from operations before income tax expense (benefit)** | 734 | 107 |

| | | |
|---|---|---|
| Income tax expense (benefit) | 215 | (13) |
| **Net income** | $ 519 | $ 120 |
| **Earnings per share:** | | |
| **Net income per share - Basic** | $ 0.98 | $ 0.22 |
| **Weighted average shares - Basic** | 531.0 | 540.5 |
| **Net income per share - Diluted** | $ 0.97 | $ 0.22 |
| **Weighted average shares - Diluted** | 533.6 | 541.8 |
| **Cash dividends declared per share** | $ 0.21 | $ 0.20 |



**THE ALLSTATE CORPORATION**
**SEGMENT RESULTS**

| ($ in millions, except ratios) | Three months ended March 31, 2011 | 2010 |
|---|---|---|
| **Property-Liability** | | |
| Premiums written | $ 6,215 | $ 6,258 |
| Premiums earned | $ 6,448 | $ 6,503 |
| Claims and claims expense | (4,476) | (4,792) |
| Amortization of deferred policy acquisition costs | (904) | (925) |
| Operating costs and expenses | (730) | (704) |
| Restructuring and related charges | (11) | (11) |
| Underwriting income | 327 | 71 |
| Net investment income | 284 | 304 |
| Periodic settlements and accruals on non-hedge derivative instruments | (4) | (1) |
| Income tax expense on operations | (180) | (88) |
| Operating income | 427 | 286 |
| Realized capital gains and losses, after-tax | 38 | (123) |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | 3 | 1 |
| Net income | $ 468 | $ 164 |
| Catastrophe losses | $ 333 | $ 648 |
| Operating ratios: | | |
| Claims and claims expense ratio | 69.4 | 73.7 |
| Expense ratio | 25.5 | 25.2 |
| Combined ratio | 94.9 | 98.9 |
| Effect of catastrophe losses on combined ratio | 5.2 | 10.0 |
| Effect of prior year reserve reestimates on combined ratio | (0.7) | (0.4) |
| Effect of catastrophe losses included in prior year reserve reestimates on combined ratio | (0.5) | (0.2) |
| Effect of Discontinued Lines and Coverages on combined ratio | 0.1 | 0.1 |
| **Allstate Financial** | | |
| Investments | $ 60,484 | $ 62,336 |
| Premiums and contract charges | $ 569 | $ 544 |
| Net investment income | 684 | 731 |
| Periodic settlements and accruals on non-hedge derivative instruments | 17 | 17 |
| Contract benefits | (454) | (442) |
| Interest credited to contractholder funds | (425) | (463) |
| Amortization of deferred policy acquisition costs | (113) | (58) |
| Operating costs and expenses | (109) | (120) |
| Restructuring and related charges | 2 | -- |
| Income tax expense on operations | (55) | (70) |
| Operating income | 116 | 139 |
| Realized capital gains and losses, after-tax | 25 | (105) |
| Valuation changes on embedded derivatives that are not hedged, after-tax | 8 | -- |
| DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (26) | (2) |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | 1 | (18) |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | (12) | (11) |
| (Loss) gain on disposition of operations, after-tax | (15) | 1 |
| Net income | $ 97 | $ 4 |
| **Corporate and Other** | | |
| Net investment income | $ 14 | $ 15 |
| Operating costs and expenses | (91) | (97) |
| Income tax benefit on operations | 31 | 32 |
| Operating loss | (46) | (50) |
| Realized capital gains and losses, after-tax | -- | 2 |
| Net loss | $ (46) | $ (48) |
| **Consolidated net income** | $ 519 | $ 120 |



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

| ($ in millions, except par value data) | March 31, 2011 | December 31, 2010 |
|---|---|---|
| **Assets** | (unaudited) | |
| Investments: | | |
| Fixed income securities, at fair value (amortized cost $79,292 and $78,786) | $ 80,242 | $ 79,612 |
| Equity securities, at fair value (cost $3,792 and $4,228) | 4,437 | 4,811 |
| Mortgage loans | 6,582 | 6,679 |
| Limited partnership interests | 4,077 | 3,816 |
| Short-term, at fair value (amortized cost $1,986 and $3,279) | 1,986 | 3,279 |
| Other | 2,287 | 2,286 |

| | | |
|---|---|---|
| Total investments | 99,611 | 100,483 |
| Cash | 641 | 562 |
| Premium installment receivables, net | 4,842 | 4,839 |
| Deferred policy acquisition costs | 4,697 | 4,769 |
| Reinsurance recoverables, net | 6,589 | 6,552 |
| Accrued investment income | 885 | 809 |
| Deferred income taxes | 612 | 784 |
| Property and equipment, net | 912 | 921 |
| Goodwill | 874 | 874 |
| Other assets | 2,159 | 1,605 |
| Separate Accounts | 8,603 | 8,676 |
| **Total assets** | $ 130,425 | $ 130,874 |
| **Liabilities** | | |
| Reserve for property-liability insurance claims and claims expense | $ 19,494 | $ 19,468 |
| Reserve for life-contingent contract benefits | 13,552 | 13,482 |
| Contractholder funds | 46,834 | 48,195 |
| Unearned premiums | 9,563 | 9,800 |
| Claim payments outstanding | 761 | 737 |
| Other liabilities and accrued expenses | 6,369 | 5,564 |
| Long-term debt | 5,908 | 5,908 |
| Separate Accounts | 8,603 | 8,676 |
| **Total liabilities** | 111,084 | 111,830 |
| **Equity** | | |
| Preferred stock, $1 par value, 25 million shares authorized, none issued | -- | -- |
| Common stock, $.01 par value, 2.0 billion shares authorized and 900 million issued, 524 million and 533 million shares outstanding | 9 | 9 |
| Additional capital paid-in | 3,156 | 3,176 |
| Retained income | 32,377 | 31,969 |
| Deferred ESOP expense | (42) | (44) |
| Treasury stock, at cost (376 million and 367 million shares) | (16,173) | (15,910) |
| Accumulated other comprehensive income: | | |
| Unrealized net capital gains and losses: | | |
| Unrealized net capital losses on fixed income securities with OTTI | (167) | (190) |
| Other unrealized net capital gains and losses | 1,186 | 1,089 |
| Unrealized adjustment to DAC, DSI and insurance reserves | 60 | 36 |
| Total unrealized net capital gains and losses | 1,079 | 935 |
| Unrealized foreign currency translation adjustments | 79 | 69 |
| Unrecognized pension and other postretirement benefit cost | (1,173) | (1,188) |
| Total accumulated other comprehensive loss | (15) | (184) |
| **Total shareholders' equity** | 19,312 | 19,016 |
| Noncontrolling interest | 29 | 28 |
| **Total equity** | 19,341 | 19,044 |
| **Total liabilities and equity** | $ 130,425 | $ 130,874 |



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

| ($ in millions) | Three months ended March 31, 2011 | 2010 |
|---|---|---|
| | (unaudited) | |
| Cash flows from operating activities | | |
| Net income | $ 519 | $ 120 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, amortization and other non-cash items | 31 | 16 |
| Realized capital gains and losses | (96) | 348 |
| Loss (gain) on disposition of operations | 23 | (1) |
| Interest credited to contractholder funds | 418 | 463 |
| Changes in: | | |
| Policy benefits and other insurance reserves | (58) | 188 |
| Unearned premiums | (248) | (261) |
| Deferred policy acquisition costs | 72 | 30 |
| Premium installment receivables, net | 3 | 24 |
| Reinsurance recoverables, net | (117) | (72) |
| Income taxes | 200 | 73 |
| Other operating assets and liabilities | (21) | 36 |
| Net cash provided by operating activities | 726 | 964 |
| **Cash flows from investing activities** | | |
| Proceeds from sales | | |
| Fixed income securities | 8,363 | 4,930 |
| Equity securities | 642 | 1,990 |
| Limited partnership interests | 113 | 146 |
| Mortgage loans | 26 | 3 |
| Other investments | 63 | 37 |
| Investment collections | | |
| Fixed income securities | 1,201 | 1,122 |
| Mortgage loans | 88 | 263 |
| Other investments | 77 | 18 |
| Investment purchases | | |
| Fixed income securities | (10,207) | (7,099) |
| Equity securities | (144) | (556) |
| Limited partnership interests | (334) | (185) |
| Mortgage loans | (26) | (1) |
| Other investments | (58) | (43) |
| Change in short-term investments, net | 1,649 | 411 |
| Change in other investments, net | (119) | (49) |
| Purchases of property and equipment, net | (48) | (24) |
| Disposition of operations | (1) | -- |
| Net cash provided by investing activities | 1,285 | 963 |

| | | |
|---|---|---|
| **Cash flows from financing activities** | | |
| Contractholder fund deposits | 596 | 828 |
| Contractholder fund withdrawals | (2,122) | (2,569) |
| Dividends paid | (107) | (107) |
| Treasury stock purchases | (305) | (5) |
| Shares reissued under equity incentive plans, net | 9 | 14 |
| Excess tax benefits on share-based payment arrangements | (3) | (2) |
| Other | -- | 6 |
| Net cash used in financing activities | (1,932) | (1,835) |
| **Net increase in cash** | 79 | 92 |
| **Cash at beginning of period** | 562 | 612 |
| **Cash at end of period** | $ 641 | $ 704 |



**Definitions of Non-GAAP and Operating Measures**

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

**Operating income (loss)** is net income (loss), 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 (loss),
- valuation changes on embedded derivatives that are not hedged, after-tax,
- amortization of DAC and 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,
- 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 (loss) is the GAAP measure that is most directly comparable to operating income (loss).

We use operating income (loss) 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, 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 (loss) 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 (loss), 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. Non-recurring items are excluded because, by their nature, they are not indicative of our business or economic trends. Accordingly, operating income (loss) 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 (loss) is used by management along with the other components of net income (loss) to assess our performance. We use adjusted measures of operating income (loss) and operating income (loss) per diluted share in incentive compensation. Therefore, we believe it is useful for investors to evaluate net income (loss), operating income (loss) 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 (loss) as the denominator. Operating income (loss) should not be considered as a substitute for net income (loss) and does not reflect the overall profitability of our business.

The following table reconciles operating income and net income for the three months ended March 31, 2011 and 2010.

| **For the three months ended March 31,** | **Property-Liability** | | **Allstate Financial** | | **Consolidated** | | **Per diluted share** | |
|---|---|---|---|---|---|---|---|---|
| **($ in millions, except per share data)** | **2011** | **2010** | **2011** | **2010** | **2011** | **2010** | **2011** | **2010** |
| **Operating income** | $ 427 | $ 286 | $ 116 | $ 139 | $ 497 | $ 375 | $ 0.93 | $ 0.69 |
| Realized capital gains and losses | 57 | (190) | 39 | (162) | 96 | (348) | | |
| Income tax (expense) benefit | (19) | 67 | (14) | 57 | (33) | 122 | | |
| Realized capital gains and losses, after-tax | 38 | (123) | 25 | (105) | 63 | (226) | 0.12 | (0.42) |
| Valuation changes on embedded derivatives that are not hedged, after-tax | -- | -- | 8 | -- | 8 | -- | 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 | -- | -- | (26) | (2) | (26) | (2) | (0.05) | -- |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | -- | -- | 1 | (18) | 1 | (18) | -- | (0.03) |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | 3 | 1 | (12) | (11) | (9) | (10) | (0.02) | (0.02) |
| (Loss) gain on disposition of operations, after-tax | -- | -- | (15) | 1 | (15) | 1 | (0.03) | -- |
| **Net income** | $ 468 | $ 164 | $ 97 | $ 4 | $ 519 | $ 120 | $ 0.97 | $ 0.22 |



**Underwriting income (loss)** 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 (loss) is the most directly comparable GAAP measure. Underwriting income (loss) should not be considered as a substitute for net income (loss) and does not reflect the overall profitability of our business. A reconciliation of Property-Liability underwriting income (loss) to net income (loss) is provided in the "Segment Results" page.

**Combined ratio excluding the effect of catastrophes and prior year reserve reestimates ("underlying combined ratio")** is a non-GAAP ratio, which is computed as the difference between three GAAP operating ratios: the combined ratio, the effect of catastrophes on the combined ratio and the effect of prior year non-catastrophe reserve reestimates 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 and prior year reserve reestimates. These 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. We also provide it to facilitate a comparison to our outlook on the combined ratio excluding the effect of catastrophe losses and prior year reserve reestimates. The combined ratio excluding the effect of catastrophes and prior year reserve reestimates 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 combined ratio excluding the effect of catastrophes and prior year reserve reestimates to the combined ratio is provided in the following table.

| | **Three months ended March 31,** | |
|---|---|---|
| | **2011** | **2010** |
| **Combined ratio excluding the effect of catastrophes and prior year reserve reestimates ("underlying combined ratio")** | 89.9 | 89.1 |
| Effect of catastrophe losses | 5.2 | 10.0 |
| Effect of prior year non-catastrophe reserve reestimates | (0.2) | (0.2) |
| **Combined ratio** | 94.9 | 98.9 |
| Effect of prior year catastrophe reserve reestimates | (0.5) | (0.2) |

In this news release, we provide our outlook range on the 2011 combined ratio excluding the effect of catastrophe losses and prior year reserve reestimates. 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.

**Book value per 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 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 shares outstanding plus dilutive potential shares outstanding. Book value per share is the most directly comparable GAAP measure.

We use the trend in book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities, in conjunction with book value per 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 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 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 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 March 31, 2011 | As of March 31, 2010 |
|---|---|---|
| **Book value per share** | | |
| Numerator: | | |
| Shareholders' equity | $ 19,312 | $ 17,560 |
| Denominator: | | |
| Shares outstanding and dilutive potential shares outstanding | 529.0 | 544.3 |
| Book value per share | $ 36.51 | $ 32.26 |
| **Book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities** | | |
| Numerator: | | |
| Shareholders' equity | $ 19,312 | $ 17,560 |
| Unrealized net capital gains and losses on fixed income securities | 678 | (309) |
| Adjusted shareholders' equity | $ 18,634 | $ 17,869 |
| Denominator: | | |
| Shares outstanding and dilutive potential shares outstanding | 529.0 | 544.3 |
| Book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities | $ 35.22 | $ 32.83 |

**Premiums written** is the amount of premiums charged for policies issued during a fiscal period. Premiums earned is a GAAP measure. Premiums are considered earned and are included in financial results on a pro-rata basis over the policy period. The portion of premiums written applicable to the unexpired terms of the policies is recorded as unearned premiums on our Condensed Consolidated Statements of Financial Position. A reconciliation of premiums written to premiums earned is presented in the following table.

| ($ in millions) | Three months ended March 31, 2011 | Three months ended March 31, 2010 |
|---|---|---|
| **Premiums written** | $ 6,215 | $ 6,258 |
| Decrease in Property-Liability unearned premiums | 234 | 245 |
| Other | (1) | -- |
| **Premiums earned** | $ 6,448 | $ 6,503 |

**Forward-Looking Statements and Risk Factors**

This news release contains forward-looking statements about our outlook for the combined ratio excluding the effect of catastrophes and prior year reserve reestimates for 2011. 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 standard 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.

# # # # #

# THE ALLSTATE CORPORATION

# Investor Supplement
# First Quarter 2011

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") and operating measures are denoted with an asterisk (*) the first time they appear. These measures are defined on the page "Definitions of Non-GAAP and Operating Measures" and non-GAAP measures are reconciled to the most directly comparable GAAP measure herein.

Allstate.
You're in good hands.

**THE ALLSTATE CORPORATION**
**Investor Supplement - First Quarter 2011**
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## THE ALLSTATE CORPORATION
## CONSOLIDATED STATEMENTS OF OPERATIONS
**($ in millions, except per share data)**

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Revenues** | | | | | |
| Property-liability insurance premiums | $ 6,448 | $ 6,442 | $ 6,499 | $ 6,513 | $ 6,503 |
| Life and annuity premiums and contract charges | 569 | 531 | 548 | 545 | 544 |
| Net investment income | 982 | 998 | 1,005 | 1,049 | 1,050 |
| Realized capital gains and losses: | | | | | |
| Total other-than-temporary impairment losses | (156) | (300) | (99) | (288) | (250) |
| Portion of loss recognized in other comprehensive income | (27) | 27 | (68) | (18) | (5) |
| Net other-than-temporary impairment losses recognized in earnings | (183) | (273) | (167) | (306) | (255) |
| Sales and other realized capital gains and losses | 279 | 389 | 23 | (145) | (93) |
| Total realized capital gains and losses | 96 | 116 | (144) | (451) | (348) |
| Total revenues | 8,095 | 8,087 | 7,908 | 7,656 | 7,749 |
| **Costs and expenses** | | | | | |
| Property-liability insurance claims and claims expense | 4,476 | 4,842 | 4,603 | 4,714 | 4,792 |
| Life and annuity contract benefits | 454 | 443 | 445 | 485 | 442 |
| Interest credited to contractholder funds | 418 | 449 | 445 | 450 | 463 |
| Amortization of deferred policy acquisition costs | 1,051 | 1,065 | 1,006 | 949 | 1,014 |
| Operating costs and expenses | 838 | 835 | 828 | 789 | 829 |
| Restructuring and related charges | 9 | (3) | 9 | 13 | 11 |
| Interest expense | 92 | 92 | 91 | 92 | 92 |
| Total costs and expenses | 7,338 | 7,723 | 7,427 | 7,492 | 7,643 |
| (Loss) gain on disposition of operations | (23) | (1) | 9 | 2 | 1 |
| **Income from operations before income tax expense (benefit)** | 734 | 363 | 490 | 166 | 107 |
| **Income tax expense (benefit)** | 215 | 67 | 123 | 21 | (13) |
| **Net income** | $ 519 | $ 296 | $ 367 | $ 145 | $ 120 |
| **Earnings per share:** [1] | | | | | |
| **Net income per share - Basic** | $ 0.98 | $ 0.55 | $ 0.68 | $ 0.27 | $ 0.22 |
| **Weighted average shares - Basic** | 531.0 | 539.5 | 540.9 | 540.7 | 540.5 |
| **Net income per share - Diluted** | $ 0.97 | $ 0.55 | $ 0.68 | $ 0.27 | $ 0.22 |
| **Weighted average shares - Diluted** | 533.6 | 542.0 | 543.0 | 543.0 | 541.8 |
| **Cash dividends declared per share** | $ 0.21 | $ 0.20 | $ 0.20 | $ 0.20 | $ 0.20 |

[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 | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Contribution to income** | | | | | |
| Operating income before the impact of restructuring and related charges | $ 503 | $ 270 | $ 457 | $ 450 | $ 382 |
| Restructuring and related charges, after-tax | (6) | 1 | (5) | (9) | (7) |
| Operating income * | 497 | 271 | 452 | 441 | 375 |
| Realized capital gains and losses, after-tax | 63 | 76 | (93) | (294) | (226) |
| Valuation changes on embedded derivatives that are not hedged, after-tax | 8 | - | - | - | - |
| DAC and DSI (amortization) accretion relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (26) | (43) | 7 | 4 | (2) |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | 1 | - | - | - | (18) |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | (9) | (7) | (5) | (7) | (10) |
| (Loss) gain on disposition of operations, after-tax | (15) | (1) | 6 | 1 | 1 |
| Net income | $ 519 | $ 296 | $ 367 | $ 145 | $ 120 |
| **Income per share - Diluted** [1] | | | | | |
| Operating income before the impact of restructuring and related charges | $ 0.94 | $ 0.50 | $ 0.84 | $ 0.83 | $ 0.70 |

| | | | | | |
|---|---|---|---|---|---|
| Restructuring and related charges, after-tax | (0.01) | - | (0.01) | (0.02) | (0.01) |
| Operating income | 0.93 | 0.50 | 0.83 | 0.81 | 0.69 |
| Realized capital gains and losses, after-tax | 0.12 | 0.14 | (0.17) | (0.53) | (0.42) |
| Valuation changes on embedded derivatives that are not hedged, after-tax | 0.02 | - | - | - | - |
| DAC and DSI (amortization) accretion relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (0.05) | (0.08) | 0.01 | - | - |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | - | - | - | - | (0.03) |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | (0.02) | (0.01) | - | (0.01) | (0.02) |
| (Loss) gain on disposition of operations, after-tax | (0.03) | - | 0.01 | - | - |
| Net income | $ 0.97 | $ 0.55 | $ 0.68 | $ 0.27 | $ 0.22 |
| Weighted average shares - Diluted | 533.6 | 542.0 | 543.0 | 543.0 | 541.8 |

(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 | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Property-Liability** | | | | | |
| Property-liability insurance premiums | $ 6,448 | $ 6,442 | $ 6,499 | $ 6,513 | $ 6,503 |
| Net investment income | 284 | 291 | 284 | 310 | 304 |
| Realized capital gains and losses | 57 | 82 | (107) | (106) | (190) |
| Total Property-Liability revenues | 6,789 | 6,815 | 6,676 | 6,717 | 6,617 |
| **Allstate Financial** | | | | | |
| Life and annuity premiums and contract charges | 569 | 531 | 548 | 545 | 544 |
| Net investment income | 684 | 692 | 707 | 723 | 731 |
| Realized capital gains and losses | 39 | 36 | (38) | (353) | (162) |
| Total Allstate Financial revenues | 1,292 | 1,259 | 1,217 | 915 | 1,113 |
| **Corporate and Other** | | | | | |
| Service fees (1) | 2 | 3 | 2 | 3 | 3 |
| Net investment income | 14 | 15 | 14 | 16 | 15 |
| Realized capital gains and losses | - | (2) | 1 | 8 | 4 |
| Total Corporate and Other revenues before reclassification of services fees | 16 | 16 | 17 | 27 | 22 |
| Reclassification of service fees (1) | (2) | (3) | (2) | (3) | (3) |
| Total Corporate and Other revenues | 14 | 13 | 15 | 24 | 19 |
| **Consolidated revenues** | $ 8,095 | $ 8,087 | $ 7,908 | $ 7,656 | $ 7,749 |

(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)**

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Investments | | | | | |
| Fixed income securities, at fair value (amortized cost $79,292, $78,786, $80,786, $81,425 and $82,486) | $ 80,242 | $ 79,612 | $ 83,193 | $ 81,925 | $ 81,284 |
| Equity securities, at fair value (cost $3,792, 4,228, $3,447, $3,356 and $3,436) | 4,437 | 4,811 | 3,707 | 3,254 | 3,807 |
| Mortgage loans | 6,582 | 6,679 | 6,961 | 7,173 | 7,639 |
| Limited partnership interests | 4,077 | 3,816 | 3,454 | 3,119 | 2,802 |
| Short-term, at fair value (amortized cost $1,986, $3,279, $2,776, $2,414 and $2,482) | 1,986 | 3,279 | 2,776 | 2,414 | 2,482 |
| Other | 2,287 | 2,286 | 2,123 | 2,058 | 2,209 |
| Total investments | 99,611 | 100,483 | 102,214 | 99,943 | 100,223 |
| Cash | 641 | 562 | 500 | 711 | 704 |
| Premium installment receivables, net | 4,842 | 4,839 | 4,981 | 4,830 | 4,823 |
| Deferred policy acquisition costs | 4,697 | 4,769 | 4,671 | 5,003 | 5,186 |

| | | | | | |
|---|---|---|---|---|---|
| Reinsurance recoverables, net [(1)] | 6,589 | 6,552 | 6,597 | 6,537 | 6,415 |
| Accrued investment income | 885 | 809 | 847 | 851 | 904 |
| Deferred income taxes | 612 | 784 | 670 | 1,301 | 1,440 |
| Property and equipment, net | 912 | 921 | 922 | 935 | 954 |
| Goodwill | 874 | 874 | 874 | 874 | 874 |
| Other assets | 2,159 | 1,605 | 1,799 | 1,822 | 1,804 |
| Separate Accounts | 8,603 | 8,676 | 8,459 | 8,003 | 9,059 |
| Total assets | $ 130,425 | $ 130,874 | $ 132,534 | $ 130,810 | $ 132,386 |
| **Liabilities** | | | | | |
| Reserve for property-liability insurance claims and claims expense | $ 19,494 | $ 19,468 | $ 19,294 | $ 19,434 | $ 19,420 |
| Reserve for life-contingent contract benefits | 13,552 | 13,482 | 13,955 | 13,483 | 13,052 |
| Contractholder funds | 46,834 | 48,195 | 48,936 | 49,443 | 51,027 |
| Unearned premiums | 9,563 | 9,800 | 10,001 | 9,684 | 9,575 |
| Claim payments outstanding | 761 | 737 | 733 | 733 | 763 |
| Other liabilities and accrued expenses | 6,369 | 5,564 | 5,945 | 6,054 | 5,992 |
| Long-term debt | 5,908 | 5,908 | 5,909 | 5,909 | 5,910 |
| Separate Accounts | 8,603 | 8,676 | 8,459 | 8,003 | 9,059 |
| Total liabilities | 111,084 | 111,830 | 113,232 | 112,743 | 114,798 |
| **Equity** | | | | | |
| Common stock, 524 million, 533 million, 538 million, 538 million and 538 million shares outstanding | 9 | 9 | 9 | 9 | 9 |
| Additional capital paid-in | 3,156 | 3,176 | 3,165 | 3,155 | 3,152 |
| Retained income | 32,377 | 31,969 | 31,781 | 31,552 | 31,514 |
| Deferred ESOP expense | (42) | (44) | (45) | (44) | (44) |
| Treasury stock, at cost (376 million, 367 million, 362 million, 362 million and 362 million) | (16,173) | (15,910) | (15,755) | (15,760) | (15,782) |
| Accumulated other comprehensive income: | | | | | |
| Unrealized net capital gains and losses: | | | | | |
| Unrealized net capital losses on fixed income securities with other-than-temporary impairment | (167) | (190) | (200) | (332) | (384) |
| Other unrealized net capital gains and losses | 1,186 | 1,089 | 1,919 | 588 | (172) |
| Unrealized adjustment to DAC, DSI and insurance reserves | 60 | 36 | (427) | 72 | 472 |
| Total unrealized net capital gains and losses | 1,079 | 935 | 1,292 | 328 | (84) |
| Unrealized foreign currency translation adjustments | 79 | 69 | 54 | 43 | 60 |
| Unrecognized pension and other postretirement benefit cost | (1,173) | (1,188) | (1,227) | (1,244) | (1,265) |
| Total accumulated other comprehensive (loss) income | (15) | (184) | 119 | (873) | (1,289) |
| Total shareholders' equity | 19,312 | 19,016 | 19,274 | 18,039 | 17,560 |
| Noncontrolling interest | 29 | 28 | 28 | 28 | 28 |
| Total equity | 19,341 | 19,044 | 19,302 | 18,067 | 17,588 |
| Total liabilities and equity | 130,425 | $ 130,874 | $ 132,534 | $ 130,810 | $ 132,386 |

(1) Reinsurance recoverables of unpaid losses related to Property-Liability were $2,134 million, $2,072 million, $2,095 million, $2,176 million and $2,162 million as of March 31, 2011, December 31, 2010, September 30, 2010, June 30, 2010 and March 31, 2010, respectively.



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

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| **Book value per share** | | | | | |
| Numerator: | | | | | |
| Shareholders' equity | $ 19,312 | $ 19,016 | $ 19,274 | $ 18,039 | $ 17,560 |
| Denominator: | | | | | |
| Shares outstanding and dilutive potential shares outstanding | 529.0 | 538.4 | 543.3 | 542.7 | 544.3 |
| Book value per share | $ 36.51 | $ 35.32 | $ 35.48 | $ 33.24 | $ 32.26 |
| **Book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities *** | | | | | |
| Numerator: | | | | | |
| Shareholders' equity | $ 19,312 | $ 19,016 | $ 19,274 | $ 18,039 | $ 17,560 |
| Unrealized net capital gains and losses on fixed income securities | 678 | 573 | 1,138 | 398 | (309) |
| Adjusted shareholders' equity | $ 18,634 | $ 18,443 | $ 18,136 | $ 17,641 | $ 17,869 |
| Denominator: | | | | | |
| Shares outstanding and dilutive potential shares outstanding | 529.0 | 538.4 | 543.3 | 542.7 | 544.3 |
| Book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities | $ 35.22 | $ 34.26 | $ 33.38 | $ 32.51 | $ 32.83 |

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

| | Twelve months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Return on Shareholders' Equity** | | | | | |
| Numerator: | | | | | |
| Net income [(1)] | $ 1,327 | $ 928 | $ 1,150 | $ 1,004 | $ 1,248 |
| Denominator: | | | | | |
| Beginning shareholders' equity | $ 17,560 | $ 16,692 | $ 17,505 | $ 15,068 | $ 12,242 |
| Ending shareholders' equity | 19,312 | 19,016 | 19,274 | 18,039 | 17,560 |
| Average shareholders' equity [(2)] | $ 18,436 | $ 17,854 | $ 18,390 | $ 16,554 | $ 14,901 |
| Return on shareholders' equity | 7.2 % | 5.2 % | 6.3 % | 6.1 % | 8.4 % |
| **Operating Income Return on Shareholders' Equity *** | | | | | |
| Numerator: | | | | | |
| Operating income [(1)] | $ 1,661 | $ 1,539 | $ 1,860 | $ 1,946 | $ 1,802 |
| Denominator: | | | | | |
| Beginning shareholders' equity | $ 17,560 | $ 16,692 | $ 17,505 | $ 15,068 | $ 12,242 |
| Unrealized net capital gains and losses | (84) | (870) | 112 | (2,112) | (3,767) |
| Adjusted beginning shareholders' equity | 17,644 | 17,562 | 17,393 | 17,180 | 16,009 |
| Ending shareholders' equity | 19,312 | 19,016 | 19,274 | 18,039 | 17,560 |
| Unrealized net capital gains and losses | 1,079 | 935 | 1,292 | 328 | (84) |
| Adjusted ending shareholders' equity | 18,233 | 18,081 | 17,982 | 17,711 | 17,644 |
| Average adjusted shareholders' equity [(2)] | $ 17,939 | $ 17,822 | $ 17,688 | $ 17,446 | $ 16,827 |
| Operating income return on shareholders' equity | 9.3 % | 8.6 % | 10.5 % | 11.2 % | 10.7 % |

(1) Net income and operating income reflect a trailing twelve-month period.
(2) Average shareholders' equity and average adjusted shareholders' equity are determined using a two-point average, with the beginning and ending shareholders' equity and adjusted shareholders' equity, respectively, for the twelve-month period as data points.



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

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| **Debt** | | | | | |
| Long-term debt | $ 5,908 | 5,908 | $ 5,909 | $ 5,909 | $ 5,910 |
| **Capital resources** | | | | | |
| Debt | $ 5,908 | $ 5,908 | $ 5,909 | $ 5,909 | $ 5,910 |
| Shareholders' equity | | | | | |
| Common stock | 9 | 9 | 9 | 9 | 9 |
| Additional capital paid-in | 3,156 | 3,176 | 3,165 | 3,155 | 3,152 |
| Retained income | 32,377 | 31,969 | 31,781 | 31,552 | 31,514 |
| Deferred ESOP expense | (42) | (44) | (45) | (44) | (44) |
| Treasury stock | (16,173) | (15,910) | (15,755) | (15,760) | (15,782) |
| Unrealized net capital gains and losses | 1,079 | 935 | 1,292 | 328 | (84) |
| Unrealized foreign currency translation adjustments | 79 | 69 | 54 | 43 | 60 |
| Unrecognized pension and other postretirement benefit cost | (1,173) | (1,188) | (1,227) | (1,244) | (1,265) |
| Total shareholders' equity | 19,312 | 19,016 | 19,274 | 18,039 | 17,560 |
| Total capital resources | $ 25,220 | $ 24,924 | $ 25,183 | $ 23,948 | $ 23,470 |
| **Ratio of debt to shareholders' equity** | 30.6 % | 31.1 % | 30.7 % | 32.8 % | 33.7 % |
| **Ratio of debt to capital resources** | 23.4 % | 23.7 % | 23.5 % | 24.7 % | 25.2 % |

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

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Net income | $ 519 | $ 296 | $ 367 | $ 145 | $ 120 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Depreciation, amortization and other non-cash items | 31 | 39 | 29 | 10 | 16 |
| Realized capital gains and losses | (96) | (116) | 144 | 451 | 348 |
| Loss (gain) on disposition of operations | 23 | 1 | (9) | (2) | (1) |
| Interest credited to contractholder funds | 418 | 449 | 445 | 450 | 463 |
| Changes in: | | | | | |
| Policy benefits and other insurance reserves | (58) | 95 | (163) | 118 | 188 |
| Unearned premiums | (248) | (212) | 307 | 126 | (261) |
| Deferred policy acquisition costs | 72 | 44 | (68) | (100) | 30 |
| Premium installment receivables, net | 3 | 147 | (146) | (15) | 24 |
| Reinsurance recoverables, net | (117) | (36) | (23) | (134) | (72) |
| Income taxes | 200 | 22 | 104 | 1 | 73 |
| Other operating assets and liabilities | (21) | (63) | (58) | 80 | 36 |
| Net cash provided by operating activities | 726 | 666 | 929 | 1,130 | 964 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Proceeds from sales | | | | | |
| Fixed income securities | 8,363 | 5,536 | 8,231 | 4,184 | 4,930 |
| Equity securities | 642 | 87 | 1,216 | 1,056 | 1,990 |
| Limited partnership interests | 113 | 118 | 109 | 132 | 146 |
| Mortgage loans | 26 | 3 | 77 | 41 | 3 |
| Other investments | 63 | 23 | 36 | 25 | 37 |
| Investment collections | | | | | |
| Fixed income securities | 1,201 | 1,475 | 1,281 | 1,269 | 1,122 |
| Mortgage loans | 88 | 292 | 146 | 375 | 263 |
| Other investments | 77 | 41 | 52 | 26 | 18 |
| Investment purchases | | | | | |
| Fixed income securities | (10,207) | (5,033) | (8,812) | (4,801) | (7,099) |
| Equity securities | (144) | (843) | (1,220) | (945) | (556) |
| Limited partnership interests | (334) | (302) | (424) | (431) | (185) |
| Mortgage loans | (26) | (65) | (45) | (9) | (1) |
| Other investments | (58) | (82) | (20) | (36) | (43) |
| Change in short-term investments, net | 1,649 | (486) | (335) | 28 | 411 |
| Change in other investments, net | (119) | (55) | (336) | (79) | (49) |
| Purchases of property and equipment, net | (48) | (48) | (45) | (45) | (24) |
| Disposition of operations | (1) | - | 7 | - | - |
| Net cash provided by (used in) investing activities | 1,285 | 661 | (82) | 790 | 963 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Repayment of long-term debt | - | (1) | - | (1) | - |
| Contractholder fund deposits | 596 | 683 | 730 | 739 | 828 |
| Contractholder fund withdrawals | (2,122) | (1,691) | (1,667) | (2,543) | (2,569) |
| Dividends paid | (107) | (108) | (107) | (108) | (107) |
| Treasury stock purchases | (305) | (147) | - | - | (5) |
| Shares reissued under equity incentive plans, net | 9 | 2 | 1 | 11 | 14 |
| Excess tax benefits on share-based payment arrangements | (3) | - | (3) | (2) | (2) |
| Other | - | (3) | (12) | (9) | 6 |
| Net cash used in financing activities | (1,932) | (1,265) | (1,058) | (1,913) | (1,835) |
| **NET INCREASE (DECREASE) IN CASH** | 79 | 62 | (211) | 7 | 92 |
| **CASH AT BEGINNING OF PERIOD** | 562 | 500 | 711 | 704 | 612 |
| **CASH AT END OF PERIOD** | $ 641 | $ 562 | $ 500 | $ 711 | $ 704 |



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

| | Change in Deferred Policy Acquisition Costs For the three months ended March 31, 2011 | | | | | | | Reconciliation of Deferred Policy Acquisition Costs as of March 31, 2011 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Beginning balance Dec. 31, 2010 | Acquisition costs deferred | Amortization before adjustments (1) (2) | Amortization relating to realized capital gains and losses (2) | Amortization (acceleration) deceleration (charged) credited to income (2) | Effect of unrealized capital gains and losses | Ending balance March 31, 2011 | 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** | $ 1,377 | $ 878 | $ (904) | $ - | $ - | $ - | $ 1,351 | $ 1,351 | $ - | $ 1,351 |
| **Allstate Financial:** | | | | | | | | | | |
| Traditional life and accident and health | 693 | 41 | (32) | - | - | - | 702 | 702 | - | 702 |
| Interest-sensitive life | 2,265 | 56 | (54) | (10) | (17) | (4) | 2,236 | 2,286 | (50) | 2,236 |
| Fixed annuity | 431 | 6 | (14) | (25) | 5 | 2 | 405 | 281 | 124 | 405 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Other | 3 | - | - | - | - | - | 3 | 3 | - | 3 |
| Sub-total | 3,392 | 103 | (100) | (35) | (12) | (2) | 3,346 | 3,272 | 74 | 3,346 |
| **Consolidated** | $ 4,769 | $ 981 | $ (1,004) | $ (35) | $ (12) | $ (2) | $ 4,697 | $ 4,623 | $ 74 | $ 4,697 |

| | **Change in Deferred Policy Acquisition Costs For the three months ended March 31, 2010** | | | | | | | **Reconciliation of Deferred Policy Acquisition Costs as of March 31, 2010** | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Beginning balance Dec. 31, 2009 | Acquisition costs deferred | Amortization before adjustments [1] [2] | Amortization relating to realized capital gains and losses [2] | Amortization deceleration (acceleration) credited (charged) to income [2] | Effect of unrealized capital gains and losses | Ending balance March 31, 2010 | 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** | $ 1,410 | $ 872 | $ (925) | $ - | $ - | $ - | $ 1,357 | $ 1,357 | $ - | $ 1,357 |
| **Allstate Financial:** | | | | | | | | | | |
| Traditional life and accident and health | 650 | 38 | (29) | - | - | - | 659 | 659 | - | 659 |
| Interest-sensitive life | 2,246 | 61 | (44) | (2) | 13 | (65) | 2,209 | 2,176 | 33 | 2,209 |
| Fixed annuity | 1,159 | 15 | (25) | (1) | (1) | (191) | 956 | 374 | 582 | 956 |
| Other | 5 | - | - | - | - | - | 5 | 5 | - | 5 |
| Sub-total | 4,060 | 114 | (98) | (3) | 12 | (256) | 3,829 | 3,214 | 615 | 3,829 |
| **Consolidated** | $ 5,470 | $ 986 | $ (1,023) | $ (3) | $ 12 | $ (256) | $ 5,186 | $ 4,571 | $ 615 | $ 5,186 |

[1] Amortization before adjustments reflects total DAC amortization before amortization/accretion related to realized capital gains and losses and amortization acceleration/deceleration charged/credited to income.
[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 | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| Premiums written * | $ 6,215 | $ 6,242 | $ 6,767 | $ 6,640 | $ 6,258 |
| Decrease (increase) in unearned premiums | 234 | 203 | (319) | (110) | 245 |
| Other | (1) | (3) | 51 | (17) | - |
| Premiums earned | 6,448 | 6,442 | 6,499 | 6,513 | 6,503 |
| Claims and claims expense | (4,476) | (4,842) | (4,603) | (4,714) | (4,792) |
| Amortization of deferred policy acquisition costs | (904) | (924) | (915) | (914) | (925) |
| Operating costs and expenses | (730) | (726) | (706) | (664) | (704) |
| Restructuring and related charges | (11) | 1 | (9) | (14) | (11) |
| Underwriting income (loss) * | 327 | (49) | 266 | 207 | 71 |
| Net investment income | 284 | 291 | 284 | 310 | 304 |
| Periodic settlements and accruals on non-hedge derivative instruments | (4) | (3) | (2) | (1) | (1) |
| Income tax expense on operations | (180) | (33) | (154) | (148) | (88) |
| Operating income | 427 | 206 | 394 | 368 | 286 |
| Realized capital gains and losses, after-tax | 38 | 54 | (69) | (69) | (123) |
| (Loss) gain on disposition of operations, after-tax | - | (1) | 4 | - | - |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | 3 | 1 | 2 | - | 1 |
| Net income | $ 468 | $ 260 | $ 331 | $ 299 | $ 164 |
| Catastrophe losses | $ 333 | $ 537 | $ 386 | $ 636 | $ 648 |
| Operating ratios * | | | | | |
| Claims and claims expense ("loss") ratio | 69.4 | 75.2 | 70.8 | 72.4 | 73.7 |
| Expense ratio [1] | 25.5 | 25.6 | 25.1 | 24.4 | 25.2 |
| Combined ratio | 94.9 | 100.8 | 95.9 | 96.8 | 98.9 |
| Combined ratio excluding the effect of catastrophes * | 89.7 | 92.5 | 90.0 | 87.0 | 88.9 |
| Effect of catastrophe losses on combined ratio * | 5.2 | 8.3 | 5.9 | 9.8 | 10.0 |
| Combined ratio | 94.9 | 100.8 | 95.9 | 96.8 | 98.9 |
| Combined ratio excluding the effect of catastrophes and prior year reserve reestimates ("underlying") * | 89.9 | 92.0 | 89.2 | 88.1 | 89.1 |
| Effect of catastrophe losses on combined ratio * | 5.2 | 8.3 | 5.9 | 9.8 | 10.0 |
| Effect of prior year reserve reestimates on combined ratio * | (0.7) | 0.1 | 0.2 | (2.3) | (0.4) |
| Effect of catastrophe losses included in prior year reserve reestimates on combined ratio | 0.5 | 0.4 | 0.6 | 1.2 | 0.2 |
| Combined ratio | 94.9 | 100.8 | 95.9 | 96.8 | 98.9 |
| Effect of restructuring and related charges on combined ratio * | 0.2 | - | 0.1 | 0.2 | 0.2 |
| Effect of Discontinued Lines and Coverages on combined ratio | 0.1 | 0.1 | 0.3 | - | 0.1 |

(1) The increase in the expense ratio in the first quarter of 2011 compared to the first quarter of 2010 is driven by a litigation accrual, marketing costs and lower premiums earned, partially offset by improved operational efficiencies.



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

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Property-Liability Underwriting Summary** | | | | | |
| Allstate Protection | $ 333 | $ (45) | $ 287 | $ 209 | $ 75 |
| Discontinued Lines and Coverages | (6) | (4) | (21) | (2) | (4) |
| Underwriting income (loss) | $ 327 | $ (49) | $ 266 | $ 207 | $ 71 |
| **Allstate Protection Underwriting Summary** | | | | | |
| Premiums written | $ 6,216 | $ 6,241 | $ 6,767 | $ 6,640 | $ 6,258 |
| Premiums earned | $ 6,449 | $ 6,441 | $ 6,498 | $ 6,513 | $ 6,503 |
| Claims and claims expense | (4,472) | (4,838) | (4,582) | (4,713) | (4,790) |
| Amortization of deferred policy acquisition costs | (904) | (924) | (915) | (914) | (925) |
| Operating costs and expenses | (729) | (725) | (705) | (663) | (702) |
| Restructuring and related charges | (11) | 1 | (9) | (14) | (11) |
| Underwriting income (loss) | $ 333 | $ (45) | $ 287 | $ 209 | $ 75 |
| Catastrophe losses | $ 333 | $ 537 | $ 386 | $ 636 | $ 648 |
| Operating ratios | | | | | |
| Loss ratio | 69.3 | 75.1 | 70.5 | 72.4 | 73.6 |
| Expense ratio | 25.5 | 25.6 | 25.1 | 24.4 | 25.2 |
| Combined ratio | 94.8 | 100.7 | 95.6 | 96.8 | 98.8 |
| Effect of catastrophe losses on combined ratio | 5.2 | 8.3 | 5.9 | 9.8 | 10.0 |
| Effect of restructuring and related charges on combined ratio | 0.2 | - | 0.1 | 0.2 | 0.2 |
| **Discontinued Lines and Coverages Underwriting Summary** | | | | | |
| Premiums written | $ (1) | $ 1 | $ - | $ - | $ - |
| Premiums earned | $ (1) | $ 1 | $ 1 | $ - | $ - |
| Claims and claims expense | (4) | (4) | (21) | (1) | (2) |
| Operating costs and expenses | (1) | (1) | (1) | (1) | (2) |
| Underwriting loss | $ (6) | $ (4) | $ (21) | $ (2) | $ (4) |
| Effect of Discontinued Lines and Coverages on the Property-Liability combined ratio | 0.1 | 0.1 | 0.3 | - | 0.1 |



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

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Allstate brand** (1) | | | | | |
| Standard auto | $ 3,984 | $ 3,843 | $ 4,028 | $ 3,948 | $ 4,023 |
| Non-standard auto | 210 | 203 | 223 | 220 | 237 |
| Auto | 4,194 | 4,046 | 4,251 | 4,168 | 4,260 |
| Involuntary auto | 19 | 22 | 18 | 25 | 16 |
| Commercial lines | 120 | 120 | 130 | 137 | 131 |
| Homeowners | 1,225 | 1,389 | 1,610 | 1,565 | 1,189 |
| Other personal lines | 413 | 408 | 468 | 457 | 399 |
| | 5,971 | 5,985 | 6,477 | 6,352 | 5,995 |
| **Encompass brand** | | | | | |
| Standard auto | 144 | 149 | 166 | 169 | 160 |
| Non-standard auto | 1 | 1 | 1 | 1 | 3 |
| Auto | 145 | 150 | 167 | 170 | 163 |
| Involuntary auto | 3 | 2 | 3 | 3 | 2 |
| Homeowners | 79 | 85 | 98 | 94 | 80 |
| Other personal lines | 18 | 19 | 22 | 21 | 18 |
| | 245 | 256 | 290 | 288 | 263 |
| **Allstate Protection** | 6,216 | 6,241 | 6,767 | 6,640 | 6,258 |
| **Discontinued Lines and Coverages** | (1) | 1 | - | - | - |
| **Property-Liability** | $ 6,215 | $ 6,242 | $ 6,767 | $ 6,640 | $ 6,258 |

| | | | | | |
|---|---|---|---|---|---|
| **Allstate Protection** | | | | | |
| Standard auto | $ 4,128 | $ 3,992 | $ 4,194 | $ 4,117 | $ 4,183 |
| Non-standard auto | 211 | 204 | 224 | 221 | 240 |
| Auto | 4,339 | 4,196 | 4,418 | 4,338 | 4,423 |
| Involuntary auto | 22 | 24 | 21 | 28 | 18 |
| Commercial lines | 120 | 120 | 130 | 137 | 131 |
| Homeowners | 1,304 | 1,474 | 1,708 | 1,659 | 1,269 |
| Other personal lines | 431 | 427 | 490 | 478 | 417 |
| | $ 6,216 | $ 6,241 | $ 6,767 | $ 6,640 | $ 6,258 |

(1) Allstate brand premiums written by the direct channel, excluding Allstate Canada, totaled $206 million, $184 million, $195 million, $181 million and $185 million for the three months ended March 31, 2011, December 31, 2010, September 30, 2010, June 30, 2010 and March 31, 2010, respectively. The increase of 11.4% in the first quarter of 2011 compared to the first quarter of 2010 reflected an impact of profitability management actions taken in New York, Florida, California and North Carolina. The direct channel includes call centers and the internet.



## THE ALLSTATE CORPORATION
## ALLSTATE PROTECTION MARKET SEGMENT ANALYSIS
**($ in millions)**

| | Three months ended March 31, | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | Premiums earned | | Incurred losses | | Incurred catastrophe losses | | Expenses | | Loss ratio (2) | | Effect of catastrophe losses on the loss ratio | | Expense ratio | | Effect of pre-tax reserve reestimates on the combined ratio | |
| **Allstate brand** | | | | | | | | | | | | | | | | |
| Standard auto | $ 3,928 | $ 3,943 | $2,760 | $2,739 | $ 18 | $ 28 | $ 974 | $ 985 | 70.3 | 69.4 | 0.5 | 0.7 | 24.8 | 25.0 | (0.4) | (0.1) |
| Non-standard auto | 210 | 230 | 136 | 158 | - | 1 | 48 | 56 | 64.8 | 68.7 | - | 0.4 | 22.8 | 24.3 | (3.3) | (1.3) |
| Auto | 4,138 | 4,173 | 2,896 | 2,897 | 18 | 29 | 1,022 | 1,041 | 70.0 | 69.4 | 0.4 | 0.7 | 24.7 | 25.0 | (0.6) | (0.1) |
| Homeowners | 1,448 | 1,416 | 983 | 1,239 | 257 | 525 | 341 | 337 | 67.9 | 87.5 | 17.7 | 37.1 | 23.5 | 23.8 | (2.7) | (0.4) |
| Other personal lines (1) | 588 | 592 | 396 | 376 | 41 | 43 | 202 | 173 | 67.3 | 63.5 | 7.0 | 7.3 | 34.4 | 29.2 | 2.6 | (3.9) |
| Total Allstate brand | 6,174 | 6,181 | 4,275 | 4,512 | 316 | 597 | 1,565 | 1,551 | 69.2 | 73.0 | 5.1 | 9.7 | 25.4 | 25.1 | (0.8) | (0.6) |
| **Encompass brand** | | | | | | | | | | | | | | | | |
| Standard auto | 160 | 194 | 121 | 149 | - | 2 | 45 | 51 | 75.7 | 76.8 | - | 1.0 | 28.1 | 26.3 | 3.1 | 5.2 |
| Non-standard auto | 1 | 4 | 1 | 4 | - | - | 1 | 1 | 100.0 | 100.0 | - | - | 100.0 | 25.0 | - | - |
| Auto | 161 | 198 | 122 | 153 | - | 2 | 46 | 52 | 75.8 | 77.3 | - | 1.0 | 28.5 | 26.2 | 3.1 | 5.1 |
| Homeowners | 91 | 100 | 60 | 103 | 15 | 46 | 28 | 29 | 65.9 | 103.0 | 16.5 | 46.0 | 30.8 | 29.0 | 1.1 | (2.0) |
| Other personal lines (1) | 23 | 24 | 15 | 22 | 2 | 3 | 5 | 6 | 65.2 | 91.7 | 8.7 | 12.5 | 21.8 | 25.0 | (8.7) | 4.2 |
| Total Encompass brand | 275 | 322 | 197 | 278 | 17 | 51 | 79 | 87 | 71.7 | 86.4 | 6.2 | 15.8 | 28.7 | 27.0 | 1.5 | 2.8 |
| **Allstate Protection** | $ 6,449 | $ 6,503 | $4,472 | $4,790 | $ 333 | $ 648 | $1,644 | $1,638 | 69.3 | 73.6 | 5.2 | 10.0 | 25.5 | 25.2 | (0.7) | (0.4) |

(1) Other personal lines includes commercial, condominium, renters, involuntary auto and other personal lines.
(2) Ratios are calculated using the premiums earned for the respective line of business.



## THE ALLSTATE CORPORATION
## ALLSTATE PROTECTION HISTORICAL MARKET SEGMENT ANALYSIS
**($ in millions)**

| | Three months ended March 31, 2011 | | | | Three months ended December 31, 2010 | | | | Three months ended September 30, 2010 | | | | Three months ended June 30, 2010 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Premiums earned | Loss ratio | Effect of CAT losses on loss ratio | Expense ratio | Premiums earned | Loss ratio | Effect of CAT losses on loss ratio | Expense ratio | Premiums earned | Loss ratio | Effect of CAT losses on loss ratio | Expense ratio | Premiums earned | Loss ratio | Effect of CAT losses on loss ratio | Expense ratio |
| **Allstate brand** | | | | | | | | | | | | | | | | |
| Standard auto | $ 3,928 | 70.3 | 0.5 | 24.8 | $ 3,941 | 74.6 | 0.8 | 25.1 | $ 3,961 | 68.7 | 0.4 | 24.5 | $ 3,969 | 70.1 | 2.0 | 24.4 |
| Non-standard auto | 210 | 64.8 | - | 22.8 | 216 | 69.4 | 0.5 | 17.6 | 222 | 61.7 | - | 27.5 | 228 | 68.9 | 0.4 | 26.3 |
| Auto | 4,138 | 70.0 | 0.4 | 24.7 | 4,157 | 74.4 | 0.8 | 24.7 | 4,183 | 68.4 | 0.4 | 24.6 | 4,197 | 70.1 | 1.9 | 24.5 |
| Homeowners | 1,448 | 67.9 | 17.7 | 23.5 | 1,431 | 77.8 | 30.3 | 24.2 | 1,430 | 80.5 | 23.1 | 24.2 | 1,416 | 82.6 | 34.7 | 21.8 |
| Other personal lines (1) | 588 | 67.3 | 7.0 | 34.4 | 573 | 75.2 | 9.1 | 33.9 | 591 | 61.4 | 4.4 | 27.3 | 592 | 65.7 | 8.3 | 28.4 |
| Total Allstate brand | 6,174 | 69.2 | 5.1 | 25.4 | 6,161 | 75.2 | 8.4 | 25.5 | 6,204 | 70.5 | 6.0 | 24.8 | 6,205 | 72.5 | 10.0 | 24.3 |
| **Encompass brand** | | | | | | | | | | | | | | | | |
| Standard auto | 160 | 75.7 | - | 28.1 | 164 | 76.2 | 1.2 | 27.5 | 173 | 75.7 | 0.6 | 30.1 | 185 | 73.0 | 0.5 | 27.0 |
| Non-standard auto | 1 | 100.0 | - | 100.0 | 1 | 100.0 | - | 200.0 | 2 | 100.0 | - | 50.0 | 2 | 100.0 | - | 50.0 |
| Auto | 161 | 75.8 | - | 28.5 | 165 | 76.3 | 1.2 | 28.5 | 175 | 76.0 | 0.6 | 30.3 | 187 | 73.2 | 0.5 | 27.3 |
| Homeowners | 91 | 65.9 | 16.5 | 30.8 | 93 | 64.5 | 16.1 | 30.1 | 96 | 63.5 | 13.5 | 32.3 | 96 | 64.6 | 15.6 | 30.2 |
| Other personal lines (1) | 23 | 65.2 | 8.7 | 21.8 | 22 | 77.3 | 4.5 | 22.7 | 23 | 60.9 | - | 30.4 | 25 | 64.0 | - | 20.0 |
| Total Encompass brand | 275 | 71.7 | 6.2 | 28.7 | 280 | 72.5 | 6.4 | 28.6 | 294 | 70.7 | 4.8 | 31.0 | 308 | 69.8 | 5.2 | 27.6 |
| **Allstate Protection** | $ 6,449 | 69.3 | 5.2 | 25.5 | $ 6,441 | 75.1 | 8.3 | 25.6 | $ 6,498 | 70.5 | 5.9 | 25.1 | $ 6,513 | 72.4 | 9.8 | 24.4 |

| | Three months ended March 31, 2010 | | | | Three months ended December 31, 2009 | | | | Three months ended September 30, 2009 | | | | Three months ended June 30, 2009 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Premiums | Loss | Effect of CAT losses | Expense | Premiums | Loss | Effect of CAT losses | Expense | Premiums | Loss | Effect of CAT losses | Expense | Premiums | Loss | Effect of CAT losses | Expense |

| | earned | ratio | on loss ratio | ratio | earned | ratio | on loss ratio | ratio | earned | ratio | on loss ratio | ratio | earned | ratio | on loss ratio | ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Allstate brand** | | | | | | | | | | | | | | | | |
| Standard auto | $ 3,943 | 69.4 | 0.7 | 25.0 | $ 3,944 | 69.2 | (0.3) | 24.5 | $ 3,946 | 68.6 | 1.3 | 24.1 | $ 3,928 | 70.7 | 2.1 | 24.2 |
| Non-standard auto | 230 | 68.7 | 0.4 | 24.3 | 231 | 69.3 | 0.4 | 25.1 | 231 | 63.6 | 0.4 | 25.6 | 240 | 67.1 | 1.3 | 23.7 |
| Auto | 4,173 | 69.4 | 0.7 | 25.0 | 4,175 | 69.2 | (0.3) | 24.5 | 4,177 | 68.4 | 1.3 | 24.1 | 4,168 | 70.6 | 2.1 | 24.1 |
| Homeowners | 1,416 | 87.5 | 37.1 | 23.8 | 1,411 | 65.1 | 20.6 | 23.9 | 1,396 | 75.4 | 22.3 | 22.9 | 1,409 | 95.1 | 45.8 | 21.2 |
| Other personal lines (1) | 592 | 63.5 | 7.3 | 29.2 | 591 | 66.7 | 6.6 | 28.6 | 601 | 64.1 | 4.0 | 31.6 | 600 | 72.5 | 9.8 | 25.3 |
| Total Allstate brand | 6,181 | 73.0 | 9.7 | 25.1 | 6,177 | 68.0 | 5.1 | 24.8 | 6,174 | 69.5 | 6.3 | 24.6 | 6,177 | 76.3 | 12.8 | 23.6 |
| **Encompass brand** | | | | | | | | | | | | | | | | |
| Standard auto | 194 | 76.8 | 1.0 | 26.3 | 205 | 77.5 | (0.5) | 25.4 | 221 | 76.9 | 0.5 | 25.4 | 234 | 73.5 | 0.4 | 26.1 |
| Non-standard auto | 4 | 100.0 | - | 25.0 | 5 | 80.0 | - | 40.0 | 6 | 66.7 | - | 50.0 | 7 | 85.7 | - | 28.6 |
| Auto | 198 | 77.3 | 1.0 | 26.2 | 210 | 77.6 | (0.5) | 25.7 | 227 | 76.6 | 0.4 | 26.0 | 241 | 73.9 | 0.4 | 26.1 |
| Homeowners | 100 | 103.0 | 46.0 | 29.0 | 104 | 57.7 | 9.6 | 29.8 | 108 | 67.6 | 15.7 | 29.6 | 114 | 76.3 | 22.8 | 28.1 |
| Other personal lines (1) | 24 | 91.7 | 12.5 | 25.0 | 26 | 88.4 | 3.8 | 23.1 | 26 | 65.4 | - | 26.9 | 28 | 71.4 | 3.6 | 25.0 |
| Total Encompass brand | 322 | 86.4 | 15.8 | 27.0 | 340 | 72.3 | 2.9 | 26.8 | 361 | 73.1 | 5.0 | 27.2 | 383 | 74.4 | 7.3 | 26.6 |
| **Allstate Protection** | $ 6,503 | 73.6 | 10.0 | 25.2 | $ 6,517 | 68.2 | 5.0 | 24.9 | $ 6,535 | 69.7 | 6.2 | 24.7 | $ 6,560 | 76.2 | 12.5 | 23.8 |

(1) Other personal lines includes commercial, condominium, renters, involuntary auto and other personal lines.



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

| | Three months ended March 31, 2011 [1] | | | Three months ended December 31, 2010 | | | Three months ended September 30, 2010 | | | Three months ended June 30, 2010 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of states | Countrywide (%) [4] | State specific (%) [5] | Number of states | Countrywide (%) [4] | State specific (%) [5] | Number of states | Countrywide (%) [4] | State specific (%) [5] | Number of states | Countrywide (%) [4] | State specific (%) [5] |
| **Allstate brand** | | | | | | | | | | | | |
| Standard auto [2] | 13 [7][8] | 1.1 | 4.1 | 14 [6][7] | 0.4 | 1.3 | 21 [7] | 0.5 | 2.8 | 32 [6][7] | 0.2 | 0.5 |
| Non-standard auto | 3 | 3.6 | 18.4 | 2 | 0.4 | 3.2 | 4 | 0.7 | 5.8 | 5 [6] | 2.7 | 10.9 |
| Auto | 15 | 1.3 | 4.7 | 14 [6] | 0.4 | 1.4 | 24 | 0.5 | 2.9 | 33 [6] | 0.3 | 0.9 |
| Homeowners [3] | 12 [6] | 1.8 | 9.9 | 10 | 3.2 | 7.4 | 15 | 1.0 | 4.2 | 14 [6] | 2.0 | 11.3 |
| **Encompass brand** | | | | | | | | | | | | |
| Standard auto | 3 | 4.9 | 5.0 | 6 | 0.1 | 1.1 | 12 | (0.1) | (1.3) | 10 | (0.1) | (0.5) |
| Non-standard auto | - | - | - | - | - | - | - | - | - | - | - | - |
| Auto | 3 | 4.5 | 5.0 | 6 | 0.1 | 1.1 | 12 | (0.1) | (1.3) | 10 | (0.1) | (0.5) |
| Homeowners | 5 | 0.8 | 2.9 | 5 | 0.1 | 0.8 | 8 [6] | - | (0.1) | 7 | - | (0.3) |

| | Three months ended March 31, 2010 | | | Three months ended December 31, 2009 | | | Three months ended September 30, 2009 | | | Three months ended June 30, 2009 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of states | Countrywide (%) [4] | State specific (%) [5] | Number of states | Countrywide (%) [4] | State specific (%) [5] | Number of states | Countrywide (%) [4] | State specific (%) [5] | Number of states | Countrywide (%) [4] | State specific (%) [5] |
| **Allstate brand** | | | | | | | | | | | | |
| Standard auto [2] | 8 | 0.3 | 2.9 | 15 | 1.5 | 5.5 | 15 | 1.4 | 6.5 | 12 | 0.8 | 4.3 |
| Non-standard auto | 1 | 0.9 | 22.1 | 4 | 1.1 | 9.4 | 4 | 1.2 | 5.5 | 2 | 0.1 | 3.2 |
| Auto | 9 | 0.3 | 3.3 | 17 | 1.5 | 5.6 | 17 | 1.4 | 6.4 | 13 | 0.8 | 4.3 |
| Homeowners [3] | 6 | 0.9 | 7.4 | 22 | 1.9 | 6.5 | 19 [6] | 2.4 | 6.9 | 16 | 1.7 | 13.3 |
| **Encompass brand** | | | | | | | | | | | | |
| Standard auto | 6 | 1.5 | 7.1 | 11 | 1.3 | 9.5 | 13 | 1.6 | 9.6 | 8 | 1.0 | 8.3 |
| Non-standard auto | - | - | - | - | - | - | - | - | - | - | - | - |
| Auto | 6 | 1.4 | 7.1 | 11 | 1.3 | 9.5 | 13 | 1.6 | 9.6 | 8 | 0.9 | 8.3 |
| Homeowners | 5 | 0.7 | 5.2 | 10 | 0.6 | 7.9 | 17 | 2.0 | 4.8 | 10 [6] | 0.5 | 5.7 |

(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, rate changes approved for the three month period ending March 31, 2011 are estimated to total $320 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.

(2) Impacts of Allstate brand standard auto effective rate changes as a percentage of total countrywide prior year-end premiums written were 1.4%, 0.6%, 0.2%, (0.1)%, 1.5%, 1.6%, 0.5% and 0.6% for the three months ended March 31, 2011, December 31, 2010, September 30, 2010, June 30, 2010, March 31, 2010, December 31, 2009, September 30, 2009 and June 30, 2009, respectively.

(3) Impacts of Allstate brand homeowners effective rate changes as a percentage of total countrywide prior year-end premiums written were 2.9%, 2.5% 1.0%, 1.7%, 1.5%, 1.5%, 2.4% and 1.7% for the three months ended March 31, 2011, December 31, 2010, September 30, 2010, June 30, 2010, March 31, 2010, December 31, 2009, September 30, 2009 and June 30, 2009, respectively.

(4) Represents the impact in the states where rate changes were approved during the year as a percentage of total countrywide prior year-end premiums written.

(5) Represents the impact in the states where rate changes were approved during the year as a percentage of its respective total prior year-end premiums written in those states.

(6) Includes Washington, D.C.

(7) Includes targeted rate decreases in certain markets to improve our competitive position for target customers (multi-car residence owners).

(8) Includes the impact of a 20.9% and 2.3% rate increase in Florida and a 12.0% rate increase in New York in the first quarter of 2011.



# THE ALLSTATE CORPORATION
## STANDARD AUTO PROFITABILITY MEASURES

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |

| | | | | | |
|---|---|---|---|---|---|
| **Standard auto** | | | | | |
| ($ in millions) | | | | | |
| Net premiums written | | | | | |
| Allstate brand | $ 3,984 | $ 3,843 | $ 4,028 | $ 3,948 | $ 4,023 |
| Encompass brand | 144 | 149 | 166 | 169 | 160 |
| | 4,128 | 3,992 | 4,194 | 4,117 | 4,183 |
| Net premiums earned | | | | | |
| Allstate brand | $ 3,928 | $ 3,941 | $ 3,961 | $ 3,969 | $ 3,943 |
| Encompass brand | 160 | 164 | 173 | 185 | 194 |
| | 4,088 | 4,105 | 4,134 | 4,154 | 4,137 |
| Incurred losses | | | | | |
| Allstate brand | $ 2,760 | $ 2,941 | $ 2,723 | $ 2,783 | $ 2,739 |
| Encompass brand | 121 | 125 | 131 | 135 | 149 |
| | 2,881 | 3,066 | 2,854 | 2,918 | 2,888 |
| Expenses | | | | | |
| Allstate brand | $ 974 | $ 990 | $ 970 | $ 969 | $ 985 |
| Encompass brand | 45 | 45 | 52 | 50 | 51 |
| | 1,019 | 1,035 | 1,022 | 1,019 | 1,036 |
| Underwriting Income | | | | | |
| Allstate brand | $ 194 | $ 10 | $ 268 | $ 217 | $ 219 |
| Encompass brand | (6) | (6) | (10) | - | (6) |
| | 188 | 4 | 258 | 217 | 213 |
| Loss ratio | | | | | |
| Allstate brand [1] | 70.3 | 74.6 | 68.7 | 70.1 | 69.4 |
| Encompass brand | 75.7 | 76.2 | 75.7 | 73.0 | 76.8 |
| Allstate Protection | 70.5 | 74.7 | 69.1 | 70.3 | 69.8 |
| Expense ratio | | | | | |
| Allstate brand | 24.8 | 25.1 | 24.5 | 24.4 | 25.0 |
| Encompass brand | 28.1 | 27.5 | 30.1 | 27.0 | 26.3 |
| Allstate Protection | 24.9 | 25.2 | 24.7 | 24.5 | 25.1 |
| Combined ratio | | | | | |
| Allstate brand | 95.1 | 99.7 | 93.2 | 94.5 | 94.4 |
| Encompass brand | 103.8 | 103.7 | 105.8 | 100.0 | 103.1 |
| Allstate Protection | 95.4 | 99.9 | 93.8 | 94.8 | 94.9 |
| Effect of catastrophe losses on loss ratio | | | | | |
| Allstate brand | 0.5 | 0.8 | 0.4 | 2.0 | 0.7 |
| Encompass brand | - | 1.2 | 0.6 | 0.5 | 1.0 |

**Allstate brand standard auto domestic operating measures** [2]

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| **Operating measures** [3] | | | | | |
| Policies in force (in thousands) | 17,456 | 17,484 | 17,479 | 17,529 | 17,581 |
| New issued applications (in thousands) [4] | 519 | 526 | 537 | 498 | 464 |
| New items added to existing policies (in thousands) [5] | 363 | 340 | 394 | 397 | 367 |
| Average premium - gross written ($) | 439 | 442 | 441 | 444 | 443 |
| Average premium - net earned ($) | 430 | 433 | 432 | 433 | 430 |
| Renewal ratio (%) | 88.9 | 88.4 | 88.7 | 89.0 | 88.8 |
| **Loss trends** | | | | | |
| (% change year-over-year) | | | | | |
| Bodily injury claim frequency | 3.1 | 7.7 | 7.5 | 4.2 | 5.4 |
| Property damage claim frequency | 1.2 | 2.4 | 3.7 | 1.9 | (0.1) |

(1) In the first quarter of 2011, Florida and New York continue to have a loss ratio higher than countrywide average.
(2) Measures and statistics presented for Allstate brand exclude the Company's Canadian operations and specialty auto.
(3) Refer to the Allstate Brand Domestic Operating Measures and Statistics table for descriptions of these measures.
(4) Excluding Florida and New York (impacted by actions to improve profitability), new issued applications on a countrywide basis increased 16.6% to 449 thousand in the first quarter of 2011 from 385 thousand in the first quarter of 2010.
(5) Net increases in insured cars by policy endorsement activity.



## THE ALLSTATE CORPORATION
## NON-STANDARD AUTO PROFITABILITY MEASURES

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Non-standard auto** | | | | | |
| ($ in millions) | | | | | |
| Net premiums written | | | | | |
| Allstate brand | $ 210 | $ 203 | $ 223 | $ 220 | $ 237 |
| Encompass brand | 1 | 1 | 1 | 1 | 3 |
| | 211 | 204 | 224 | 221 | 240 |
| Net premiums earned | | | | | |
| Allstate brand | $ 210 | $ 216 | $ 222 | $ 228 | $ 230 |
| Encompass brand | 1 | 1 | 2 | 2 | 4 |
| | 211 | 217 | 224 | 230 | 234 |
| Incurred losses | | | | | |
| Allstate brand | $ 136 | $ 150 | $ 137 | $ 157 | $ 158 |
| Encompass brand | 1 | 1 | 2 | 2 | 4 |
| | 137 | 151 | 139 | 159 | 162 |
| Expenses | | | | | |
| Allstate brand | $ 48 | $ 38 | $ 61 | $ 60 | $ 56 |
| Encompass brand | 1 | 2 | 1 | 1 | 1 |
| | 49 | 40 | 62 | 61 | 57 |
| Underwriting Income | | | | | |
| Allstate brand | $ 26 | $ 28 | $ 24 | $ 11 | $ 16 |
| Encompass brand | (1) | (2) | (1) | (1) | (1) |
| | 25 | 26 | 23 | 10 | 15 |
| Loss ratio | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Allstate brand | 64.8 | 69.4 | 61.7 | 68.9 | 68.7 |
| Encompass brand | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Allstate Protection | 64.9 | 69.6 | 62.0 | 69.2 | 69.2 |
| Expense ratio | | | | | |
| Allstate brand | 22.8 | 17.6 | 27.5 | 26.3 | 24.3 |
| Encompass brand | 100.0 | 200.0 | 50.0 | 50.0 | 25.0 |
| Allstate Protection | 23.3 | 18.4 | 27.7 | 26.5 | 24.4 |
| Combined ratio | | | | | |
| Allstate brand | 87.6 | 87.0 | 89.2 | 95.2 | 93.0 |
| Encompass brand | 200.0 | 300.0 | 150.0 | 150.0 | 125.0 |
| Allstate Protection | 88.2 | 88.0 | 89.7 | 95.7 | 93.6 |
| Effect of catastrophe losses on loss ratio | | | | | |
| Allstate brand | - | 0.5 | - | 0.4 | 0.4 |
| Encompass brand | - | - | - | - | - |

**Allstate brand non-standard auto domestic operating measures** [1]

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| **Operating measures** [2] | | | | | |
| Policies in force (in thousands) | 627 | 640 | 671 | 706 | 724 |
| New issued applications (in thousands) | 78 | 63 | 70 | 77 | 99 |
| Average premium - gross written ($) | 621 | 627 | 630 | 619 | 619 |
| Average premium - net earned ($) | 579 | 576 | 571 | 573 | 571 |
| Renewal ratio (%) | 70.4 | 70.5 | 70.8 | 72.5 | 71.8 |
| **Loss trends** | | | | | |
| (% change year-over-year) | | | | | |
| Bodily injury claim frequency | 2.3 | 8.1 | 7.1 | 1.4 | 6.6 |
| Property damage claim frequency | 0.5 | 0.3 | 3.3 | 0.8 | 3.1 |

(1) Measures and statistics presented for Allstate brand exclude the Company's Canadian operations and specialty auto.
(2) Refer to the Allstate Brand Domestic Operating Measures and Statistics page for descriptions of these measures.



## THE ALLSTATE CORPORATION
## AUTO PROFITABILITY MEASURES

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Auto** | | | | | |
| ($ in millions) | | | | | |
| Net premiums written | | | | | |
| Allstate brand | $ 4,194 | $ 4,046 | $ 4,251 | $ 4,168 | $ 4,260 |
| Encompass brand | 145 | 150 | 167 | 170 | 163 |
| | 4,339 | 4,196 | 4,418 | 4,338 | 4,423 |
| Net premiums earned | | | | | |
| Allstate brand | $ 4,138 | $ 4,157 | $ 4,183 | $ 4,197 | $ 4,173 |
| Encompass brand | 161 | 165 | 175 | 187 | 198 |
| | 4,299 | 4,322 | 4,358 | 4,384 | 4,371 |
| Incurred losses | | | | | |
| Allstate brand | $ 2,896 | $ 3,091 | $ 2,860 | $ 2,940 | $ 2,897 |
| Encompass brand | 122 | 126 | 133 | 137 | 153 |
| | 3,018 | 3,217 | 2,993 | 3,077 | 3,050 |
| Expenses | | | | | |
| Allstate brand | $ 1,022 | $ 1,028 | $ 1,031 | $ 1,029 | $ 1,041 |
| Encompass brand | 46 | 47 | 53 | 51 | 52 |
| | 1,068 | 1,075 | 1,084 | 1,080 | 1,093 |
| Underwriting Income | | | | | |
| Allstate brand | $ 220 | $ 38 | $ 292 | $ 228 | $ 235 |
| Encompass brand | (7) | (8) | (11) | (1) | (7) |
| | 213 | 30 | 281 | 227 | 228 |
| Loss ratio | | | | | |
| Allstate brand | 70.0 | 74.4 | 68.4 | 70.1 | 69.4 |
| Encompass brand | 75.8 | 76.3 | 76.0 | 73.2 | 77.3 |
| Allstate Protection | 70.2 | 74.5 | 68.7 | 70.2 | 69.8 |
| Expense ratio | | | | | |
| Allstate brand | 24.7 | 24.7 | 24.6 | 24.5 | 25.0 |
| Encompass brand | 28.5 | 28.5 | 30.3 | 27.3 | 26.2 |
| Allstate Protection | 24.8 | 24.8 | 24.9 | 24.6 | 25.0 |
| Combined ratio | | | | | |
| Allstate brand | 94.7 | 99.1 | 93.0 | 94.6 | 94.4 |
| Encompass brand | 104.3 | 104.8 | 106.3 | 100.5 | 103.5 |
| Allstate Protection | 95.0 | 99.3 | 93.6 | 94.8 | 94.8 |
| Effect of catastrophe losses on loss ratio | | | | | |
| Allstate brand | 0.4 | 0.8 | 0.4 | 1.9 | 0.7 |
| Encompass brand | - | 1.2 | 0.6 | 0.5 | 1.0 |
| Effect of pre-tax reserve reestimates on combined ratio* | | | | | |
| Allstate brand | (0.6) | (1.2) | (0.9) | (2.1) | (0.1) |
| Encompass brand | 3.1 | (6.1) | (1.7) | 1.6 | 5.1 |

**Allstate brand auto domestic operating measures** [1]

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| **Operating measures** [2] | | | | | |
| Policies in force (in thousands) | 18,083 | 18,124 | 18,150 | 18,235 | 18,305 |
| New issued applications (in thousands) | 597 | 589 | 607 | 575 | 563 |
| Average premium - gross written ($) | 446 | 449 | 449 | 452 | 451 |
| Average premium - net earned ($) | 435 | 438 | 437 | 439 | 436 |
| Renewal ratio (%) | 88.1 | 88.0 | 87.9 | 88.3 | 88.0 |

| | | | | | |
|---|---|---|---|---|---|
| **Loss trends** | | | | | |
| (% change year-over-year) | | | | | |
| Bodily injury claim frequency | 2.7 | 7.5 | 7.3 | 3.9 | 5.4 |
| Property damage claim frequency | 0.9 | 2.2 | 3.6 | 1.8 | - |
| Paid severity - bodily injury | 3.6 | (0.2) | 1.1 | (1.0) | (1.3) |
| Paid severity - property damage | 0.8 | (1.7) | 1.0 | (1.5) | 0.4 |

(1) Measures and statistics presented for Allstate brand exclude the Company's Canadian operations and specialty auto.
(2) Refer to the Allstate Brand Domestic Operating Measures and Statistics page for descriptions of these measures.



**THE ALLSTATE CORPORATION**
**HOMEOWNERS PROFITABILITY MEASURES**

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Homeowners** | | | | | |
| ($ in millions) | | | | | |
| Net premiums written | | | | | |
| Allstate brand | $ 1,225 | $ 1,389 | $ 1,610 | $ 1,565 | $ 1,189 |
| Encompass brand | 79 | 85 | 98 | 94 | 80 |
| | 1,304 | 1,474 | 1,708 | 1,659 | 1,269 |
| Net premiums earned | | | | | |
| Allstate brand | $ 1,448 | $ 1,431 | $ 1,430 | $ 1,416 | $ 1,416 |
| Encompass brand | 91 | 93 | 96 | 96 | 100 |
| | 1,539 | 1,524 | 1,526 | 1,512 | 1,516 |
| Incurred losses | | | | | |
| Allstate brand | $ 983 | $ 1,113 | $ 1,151 | $ 1,169 | $ 1,239 |
| Encompass brand | 60 | 60 | 61 | 62 | 103 |
| | 1,043 | 1,173 | 1,212 | 1,231 | 1,342 |
| Expenses | | | | | |
| Allstate brand | $ 341 | $ 346 | $ 346 | $ 309 | $ 337 |
| Encompass brand | 28 | 28 | 31 | 29 | 29 |
| | 369 | 374 | 377 | 338 | 366 |
| Underwriting Income | | | | | |
| Allstate brand | $ 124 | $ (28) | $ (67) | $ (62) | $ (160) |
| Encompass brand | 3 | 5 | 4 | 5 | (32) |
| | 127 | (23) | (63) | (57) | (192) |
| Loss ratio | | | | | |
| Allstate brand | 67.9 | 77.8 | 80.5 | 82.6 | 87.5 |
| Encompass brand | 65.9 | 64.5 | 63.5 | 64.6 | 103.0 |
| Allstate Protection | 67.7 | 77.0 | 79.4 | 81.4 | 88.5 |
| Expense ratio | | | | | |
| Allstate brand | 23.5 | 24.2 | 24.2 | 21.8 | 23.8 |
| Encompass brand | 30.8 | 30.1 | 32.3 | 30.2 | 29.0 |
| Allstate Protection | 24.0 | 24.5 | 24.7 | 22.4 | 24.2 |
| Combined ratio | | | | | |
| Allstate brand | 91.4 | 102.0 | 104.7 | 104.4 | 111.3 |
| Encompass brand | 96.7 | 94.6 | 95.8 | 94.8 | 132.0 |
| Allstate Protection | 91.7 | 101.5 | 104.1 | 103.8 | 112.7 |
| Effect of catastrophe losses on loss ratio | | | | | |
| Allstate brand | 17.7 | 30.3 | 23.1 | 34.7 | 37.1 |
| Encompass brand | 16.5 | 16.1 | 13.5 | 15.6 | 46.0 |
| Effect of pre-tax reserve reestimates on combined ratio | | | | | |
| Allstate brand | (2.7) | (1.8) | 5.2 | (4.2) | (0.4) |
| Encompass brand | 1.1 | 5.4 | (7.3) | (1.0) | (2.0) |

**Allstate brand homeowners domestic operating measures** (1)

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| **Operating measures** (2) | | | | | |
| Policies in force (in thousands) | 6,631 | 6,690 | 6,740 | 6,821 | 6,886 |
| New issued applications (in thousands) | 114 | 126 | 140 | 151 | 119 |
| Average premium - gross written ($) | 975 | 963 | 953 | 933 | 921 |
| Average premium - net earned ($) | 844 | 825 | 821 | 803 | 795 |
| Renewal ratio (%) | 88.3 | 88.5 | 88.6 | 88.3 | 88.0 |
| **Loss trends** | | | | | |
| (% change year-over-year) | | | | | |
| Claim frequency excluding catastrophe losses | 1.7 | (8.5) | (2.3) | 1.7 | 5.1 |
| Claim severity excluding catastrophe losses | 3.5 | 8.0 | 2.1 | (0.7) | (2.1) |

(1) Measures presented for Allstate brand exclude the Company's Canadian operations.
(2) Refer to the Allstate Brand Domestic Operating Measures and Statistics page for descriptions of these measures.



**THE ALLSTATE CORPORATION**
**PROPERTY-LIABILITY**
**ALLSTATE BRAND DOMESTIC OPERATING MEASURES AND STATISTICS** (1)

| Three months ended | | | | |
|---|---|---|---|---|
| March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |

| | | | | | |
|---|---|---|---|---|---|
| **Policies in Force** [2] | | | | | |
| **(in thousands)** | | | | | |
| Standard auto | 17,456 | 17,484 | 17,479 | 17,529 | 17,581 |
| Non-standard auto | 627 | 640 | 671 | 706 | 724 |
| Auto | 18,083 | 18,124 | 18,150 | 18,235 | 18,305 |
| Homeowners | 6,631 | 6,690 | 6,740 | 6,821 | 6,886 |
| **New Issued Applications** [3] | | | | | |
| **(in thousands)** | | | | | |
| Standard auto | 519 | 526 | 537 | 498 | 464 |
| Non-standard auto | 78 | 63 | 70 | 77 | 99 |
| Auto | 597 | 589 | 607 | 575 | 563 |
| Homeowners | 114 | 126 | 140 | 151 | 119 |
| **Average Premium - Gross Written ($)** [4] | | | | | |
| Standard auto | 439 | 442 | 441 | 444 | 443 |
| Non-standard auto | 621 | 627 | 630 | 619 | 619 |
| Auto | 446 | 449 | 449 | 452 | 451 |
| Homeowners | 975 | 963 | 953 | 933 | 921 |
| **Average Premium - Net Earned ($)** [5] | | | | | |
| Standard auto | 430 | 433 | 432 | 433 | 430 |
| Non-standard auto | 579 | 576 | 571 | 573 | 571 |
| Auto | 435 | 438 | 437 | 439 | 436 |
| Homeowners | 844 | 825 | 821 | 803 | 795 |
| **Renewal Ratio (%)** [6] | | | | | |
| Standard auto | 88.9 | 88.4 | 88.7 | 89.0 | 88.8 |
| Non-standard auto | 70.4 | 70.5 | 70.8 | 72.5 | 71.8 |
| Auto | 88.1 | 88.0 | 87.9 | 88.3 | 88.0 |
| Homeowners | 88.3 | 88.5 | 88.6 | 88.3 | 88.0 |
| **Bodily Injury Claim Frequency** | | | | | |
| **(% change year-over-year)** | | | | | |
| Standard auto | 3.1 | 7.7 | 7.5 | 4.2 | 5.4 |
| Non-standard auto | 2.3 | 8.1 | 7.1 | 1.4 | 6.6 |
| Auto | 2.7 | 7.5 | 7.3 | 3.9 | 5.4 |
| **Property Damage Claim Frequency** | | | | | |
| **(% change year-over-year)** | | | | | |
| Standard auto | 1.2 | 2.4 | 3.7 | 1.9 | (0.1) |
| Non-standard auto | 0.5 | 0.3 | 3.3 | 0.8 | 3.1 |
| Auto | 0.9 | 2.2 | 3.6 | 1.8 | - |
| **Auto Paid Severity** | | | | | |
| **(% change year-over-year)** | | | | | |
| Bodily injury | 3.6 | (0.2) | 1.1 | (1.0) | (1.3) |
| Property damage | 0.8 | (1.7) | 1.0 | (1.5) | 0.4 |
| **Homeowners Excluding Catastrophe Losses** | | | | | |
| **(% change year-over-year)** | | | | | |
| Claim frequency | 1.7 | (8.5) | (2.3) | 1.7 | 5.1 |
| Claim severity | 3.5 | 8.0 | 2.1 | (0.7) | (2.1) |

[1] Measures and statistics presented for Allstate brand exclude the Company's Canadian operations, loan protection and specialty auto.
[2] 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.
[3] New Issued Applications: Item counts of automobiles or homeowners insurance applications for insurance policies that were issued during the period. Does not include automobiles that are added by existing customers.
[4] Average Premium - Gross Written: Gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts and surcharges; and exclude the impacts from mid-term premium adjustments, ceded reinsurance premiums, 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.
[5] 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.
[6] Renewal ratio: Renewal policies issued during the period, based on contract effective dates, divided by the total policies issued 6 months prior for auto (12 months prior for Encompass brand standard auto) or 12 months prior for homeowners.



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

| | Three months ended March 31, 2011 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Premium rate changes [5] | |
| 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 | $ 23 | $ 22 | 95.7% | $ 3 | 13.0% | | | |
| Other hurricane exposure states | 789 | 601 | 76.2% | 207 | 26.2% | | | |
| Total hurricane exposure states [2] | 812 | 623 | 76.7% | 210 | 25.9% | | 6 | 10.8% |
| Other catastrophe exposure states | 727 | 420 | 57.8% | 62 | 8.5% | | 8 | 5.0% |
| Total | $ 1,539 | $ 1,043 | 67.8% | $ 272 | 17.7% | 16 | 14 | 9.3% |

| | 1992 to 2010 Historical Information | | | | | 1992 to 2010 Historical Information (Adjusted for Industry Reinsurance or Insurance Mechanism) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Primary Exposure Groupings [1] | Earned premiums | Incurred losses | Loss ratios | Catastrophe losses | Effect of catastrophes on loss ratio | Earned premiums [4] | Incurred losses [3] | Loss ratios [3] | Catastrophe losses [3] | Effect of catastrophes on loss ratio [3] | Number of catastrophes |
| Florida | $ 3,637 | $ 5,109 | 140.5% | $ 3,560 | 97.9% | $ 3,746 | $ 3,328 | 88.8% | $ 1,778 | 47.5% | |
| Other hurricane exposure states | 41,697 | 33,381 | 80.1% | 11,766 | 28.2% | 41,765 | 33,313 | 79.8% | 11,698 | 28.0% | |
| Total hurricane exposure | 45,334 | 38,490 | 84.9% | 15,326 | 33.8% | 45,511 | 36,641 | 80.5% | 13,476 | 29.6% | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| states [2] | | | | | | | | | | | |
| Other catastrophe exposure states | 38,784 | 29,451 | 75.9% | 9,277 | 23.9% | 38,785 | 27,609 | 71.2% | 7,436 | 19.2% | |
| Total | $ 84,118 | $ 67,941 | 80.8% | $ 24,603 | 29.2% | $ 84,296 | $ 64,250 | 76.2% | $ 20,912 | 24.8% | 1,273 |

[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) for the period 1992 through 2011. The premiums and losses are presented on a GAAP basis with adjustments as indicated in Notes 3 and 4. 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**

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]**Incurred Losses**

Incurred losses (which include catastrophe losses) and Catastrophe losses, exclude the effects of those events for which the exposure is now covered, at least in part, by permanent industry reinsurance or insurance mechanism (i.e., Florida Hurricane Catastrophe Fund (“FHCF”), California Earthquake Authority) or with Hawaii hurricanes, coverage is being brokered to a non-affiliated insurance company. Mechanisms such as the FHCF and external reinsurance are available and are reflected in our capital structure and help mitigate exposure to these types of events. For the period 1992 - 2010, Incurred losses and Catastrophe losses for the Hurricane exposure states were adjusted to exclude $1.8 billion for losses related to Hurricane Andrew. Incurred losses and Catastrophe losses for the Other catastrophe exposure states were adjusted to exclude an additional $1.8 billion for losses related to certain California earthquakes and Hawaii hurricanes. Subsequent catastrophes of a similar magnitude are not excluded from the exhibit. Through the use of the insurance mechanisms, Allstate may have a contingent liability for industry assessments and losses exceeding the claims paying capacity of these mechanisms as discussed in the Annual Report on Form 10-K.

[4]**Earned Premiums**

Earned premiums for the Hurricane exposure locations was adjusted to add back premium ceded to third party reinsurers of $178 million for hurricane reinsurance purchased in Florida, the Northeast and other states during the period 1992 to 2005. These programs support management actions that address hurricane exposures. Mechanisms such as the FHCF and external reinsurance are available and are reflected in our capital structure because they help mitigate exposure to these types of events, but no impact is reflected in earned premiums above.

[5]**Premium Rate Changes**

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.



## 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 |
| 1992 [3] | 3.2 | 7.1 | 48.7 | 25.5 | 21.2 | $ 15,542 | $ 3,301 | $ 680 | 4.4 |
| 1993 [3] | 5.8 | 3.0 | 1.2 | 3.8 | 3.4 | 16,039 | 547 | 607 | 3.8 |
| 1994 [3] | 27.4 | 4.4 | 9.5 | 7.3 | 12.0 | 16,513 | 1,989 | 529 | 3.2 |
| 1995 | 4.0 | 7.8 | 3.8 | 5.0 | 5.2 | 17,540 | 905 | 683 | 3.9 |
| 1996 | 5.1 | 6.0 | 6.4 | 3.8 | 5.4 | 18,366 | 983 | 837 | 4.6 |
| 1997 | 2.4 | 2.6 | 2.6 | 0.3 | 2.0 | 18,604 | 365 | 325 | 1.7 |
| 1998 | 2.5 | 6.3 | 3.9 | 3.4 | 4.0 | 19,307 | 780 | 615 | 3.2 |
| 1999 | 2.6 | 5.6 | 5.4 | 2.7 | 4.1 | 20,112 | 816 | 623 | 3.1 |
| 2000 | 7.0 | 6.7 | 1.7 | 2.3 | 4.4 | 21,871 | 967 | 930 | 4.3 |
| 2001 | 1.5 | 9.8 | 2.5 | 2.4 | 4.0 | 22,197 | 894 | 763 | 3.4 |
| 2002 | 1.9 | 5.0 | 1.6 | 4.0 | 3.1 | 23,361 | 731 | 638 | 2.7 |
| 2003 | 2.2 | 9.2 | 6.1 | 6.5 | 6.0 | 24,677 | 1,489 | 1,256 | 5.1 |
| 2004 | 1.6 | 3.8 | 26.0 | 6.2 | 9.5 | 25,989 | 2,468 | 467 | 1.8 |
| 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 | - | - | - | 5.2 | 6,448 | 333 | 333 | 5.2 |
| Average [2] | 5.0 | 6.6 | 12.9 | 5.7 | 7.5 | | | | 4.3 |

| | Excludes the effect of catastrophe losses relating to Hurricane Andrew, California Earthquakes, and Hawaii Hurricanes [1] | | | | | | |
|---|---|---|---|---|---|---|---|
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Year | Premiums earned year-to-date | Total catastrophe losses by year |
| 1992 [3] | 3.2 | 7.0 | 4.5 | 2.9 | 4.4 | $ 15,542 | $ 681 |
| 1993 [3] | 5.6 | 3.0 | 1.5 | 5.1 | 3.8 | 16,039 | 607 |
| 1994 [3] | 5.1 | 3.8 | 1.7 | 2.5 | 3.2 | 16,513 | 535 |
| 1995 | 4.0 | 7.7 | 1.8 | 5.0 | 4.6 | 17,540 | 843 |
| 1996 | 5.1 | 6.0 | 6.4 | 3.8 | 5.4 | 18,366 | 991 |
| 1997 | 2.4 | 2.6 | 1.8 | 0.3 | 1.8 | 18,604 | 329 |
| 1998 | 2.0 | 6.3 | 3.9 | 2.2 | 3.6 | 19,307 | 695 |
| 1999 | 2.6 | 5.6 | 5.4 | 2.3 | 3.9 | 20,112 | 790 |
| 2000 | 7.0 | 6.7 | 1.5 | 1.8 | 4.3 | 21,871 | 930 |
| 2001 | 1.5 | 8.1 | 2.5 | 1.7 | 3.5 | 22,197 | 769 |
| 2002 | 1.8 | 5.0 | 1.6 | 3.6 | 3.0 | 23,361 | 706 |
| 2003 | 2.1 | 9.0 | 6.1 | 6.4 | 5.9 | 24,677 | 1,458 |
| 2004 | 1.6 | 3.8 | 26.0 | 6.2 | 9.5 | 25,989 | 2,468 |
| 2005 | 2.5 | 2.2 | 69.4 | 9.6 | 21.0 | 27,039 | 5,674 |
| 2006 | 1.6 | 3.7 | 2.5 | 4.1 | 3.0 | 27,369 | 810 |
| 2007 | 2.4 | 6.3 | 5.0 | 7.0 | 5.2 | 27,233 | 1,409 |
| 2008 | 8.4 | 10.3 | 26.8 | 3.9 | 12.4 | 26,967 | 3,342 |
| 2009 | 7.8 | 12.5 | 6.2 | 5.0 | 7.9 | 26,194 | 2,069 |
| 2010 | 10.0 | 9.8 | 5.9 | 8.3 | 8.5 | 25,957 | 2,207 |
| 2011 | 5.2 | - | - | - | 5.2 | 6,448 | 333 |

| | | | | | |
|---|---|---|---|---|---|
| Average [2] | 4.1 | 6.4 | 10.8 | 4.5 | 6.5 |

[1] The effect of Catastrophe losses on the combined ratio is presented excluding the effects of those events for which the exposure is now covered by an industry reinsurance or insurance mechanism (i.e., Florida Hurricane Catastrophe Fund and California Earthquake Authority) or with Hawaii hurricanes, coverage is being brokered to a non-affiliated insurance company (see the "Commitments, Guarantees and Contingent Liabilities" footnote to the Consolidated Financial Statements).
[2] The effect of Catastrophes and Catastrophes excluding extraordinary catastrophes on the Combined Ratio calculated as an average for all periods since 1992.
[3] The years 1992-1994 have been adjusted to exclude the premiums earned of the PMI Group, a mortgage guarantee insurer that was sold in 1995.



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

Three months ended March 31, 2011

| Size of catastrophe | Number of events | | Claim and claim expense | | Combined ratio impact | Average catastrophe loss per event |
|---|---|---|---|---|---|---|
| Greater than $250 million | - | - % | $ - | - % | - | $ - |
| $101 million to $250 million | - | - | - | - | - | - |
| $50 million to $100 million | 2 | 12.5 | 161 | 48.3 | 2.5 | 81 |
| Less than $50 million | 14 | 87.5 | 206 | 61.9 | 3.2 | 15 |
| Total | 16 | 100.0 % | 367 | 110.2 | 5.7 | 23 |
| Prior year reserve reestimates | | | (34) | (10.2) | (0.5) | |
| Prior quarter reserve reestimates | | | - | - | - | |
| Total catastrophe losses | | | $ 333 | 100.0 % | 5.2 | |

1995 through March 2011

| Size of catastrophe | Principal state with loss | Number of events | | Claim and claim expense | | Combined ratio impact | Average catastrophe loss per event |
|---|---|---|---|---|---|---|---|
| Greater than $250 million [1] | | | | | | | |
| Hurricane Katrina - 2005 | LA | | | $ 3,592 | 13.7 % | 1.0 | $ 3,592 |
| Hurricane Rita - 2005 | TX | | | 891 | 3.4 | 0.2 | 891 |
| Hurricane Ike - 2008 | TX | | | 861 | 3.3 | 0.2 | 861 |
| Hurricane Ivan - 2004 | FL | | | 632 | 2.4 | 0.2 | 632 |
| Hurricane Charley - 2004 | FL | | | 605 | 2.3 | 0.2 | 605 |
| Hurricane Frances - 2004 | FL | | | 550 | 2.1 | 0.1 | 550 |
| Hurricane Wilma - 2005 | FL | | | 542 | 2.1 | 0.1 | 542 |
| Arizona Hail - 2010 | AZ | | | 355 | 1.4 | 0.1 | 355 |
| Hurricane Jeanne - 2004 | FL | | | 337 | 1.3 | 0.1 | 337 |
| October 2003 Fires | CA | | | 300 | 1.1 | 0.1 | 300 |
| Hurricane Gustav - 2008 | LA | | | 273 | 1.0 | 0.1 | 273 |
| Greater than $250 million | | 11 | 1.0 % | 8,938 | 34.1 | 2.4 | 813 |
| $101 million to $250 million | | 20 | 1.8 | 3,056 | 11.6 | 0.8 | 153 |
| $50 million to $100 million | | 56 | 5.1 | 3,921 | 14.9 | 1.0 | 70 |
| Less than $50 million | | 1,013 | 92.1 | 10,327 | 39.4 | 2.7 | 10 |
| Total | | 1,100 | 100.0 % | $ 26,242 | 100.0 % | 6.9 | 24 |

[1] Catastrophe claims and claims expense of $2.26 billion related to Hurricane Andrew of 1992 and $2.08 billion related to the Northridge earthquake of 1994, which were incurred prior to 1995, are excluded from the table above.



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

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Pre-tax Reserve Reestimates** [1] | | | | | |
| Auto | $ (19) | $ (59) | $ (40) | $ (85) | $ 5 |
| Homeowners | (38) | (21) | 67 | (61) | (8) |
| Other personal lines | 13 | 80 | (38) | (5) | (22) |
| Allstate Protection [2] | (44) | - | (11) | (151) | (25) |
| Discontinued Lines and Coverages | 3 | 3 | 22 | 1 | 2 |
| Property-Liability | $ (41) | $ 3 | $ 11 | $ (150) | $ (23) |
| Allstate brand | $ (48) | $ 5 | $ - | $ (152) | $ (34) |
| Encompass brand | 4 | (5) | (11) | 1 | 9 |
| Allstate Protection [2] | $ (44) | $ - | $ (11) | $ (151) | $ (25) |
| **Effect of Pre-tax Reserve Reestimates on Combined Ratio** [1] | | | | | |
| Auto | (0.3) | (0.9) | (0.6) | (1.3) | 0.1 |
| Homeowners | (0.6) | (0.3) | 1.0 | (0.9) | (0.1) |
| Other personal lines | 0.2 | 1.2 | (0.6) | (0.1) | (0.4) |
| Allstate Protection [2] | (0.7) | - | (0.2) | (2.3) | (0.4) |
| Discontinued Lines and Coverages | - | 0.1 | 0.4 | - | - |
| Property-Liability | (0.7) | 0.1 | 0.2 | (2.3) | (0.4) |

| | | | | | |
|---|---|---|---|---|---|
| Allstate brand | (0.8) | 0.1 | - | (2.3) | (0.5) |
| Encompass brand | 0.1 | (0.1) | (0.2) | - | 0.1 |
| Allstate Protection [2] | (0.7) | - | (0.2) | (2.3) | (0.4) |

[1] Favorable reserve reestimates are shown in parentheses.

[2] Favorable reserve reestimates included in catastrophe losses totaled $34 million and $15 million in the three months ended March 31, 2011 and 2010, respectively.



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

| | Three months ended March 31, 2011 | Twelve months ended December 31, 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|
| **(net of reinsurance)** | | | | | | |
| **Asbestos claims** | | | | | | |
| Beginning reserves | $ 1,100 | $ 1,180 | $ 1,228 | $ 1,302 | $ 1,375 | $ 1,373 |
| Incurred claims and claims expense | - | 5 | (8) | 8 | 17 | 86 |
| Claims and claims expense paid | (9) | (85) | (40) | (82) | (90) | (84) |
| Ending reserves | $ 1,091 | $ 1,100 | $ 1,180 | $ 1,228 | $ 1,302 | $ 1,375 |
| Claims and claims expense paid as a percent of ending reserves | 0.8% | 7.7% | 3.4% | 6.7% | 6.9% | 6.1% |
| **Environmental claims** | | | | | | |
| Beginning reserves | $ 201 | $ 198 | $ 195 | $ 232 | $ 194 | $ 205 |
| Incurred claims and claims expense | - | 18 | 13 | - | 63 | 10 |
| Claims and claims expense paid | (8) | (15) | (10) | (37) | (25) | (21) |
| Ending reserves | $ 193 | $ 201 | $ 198 | $ 195 | $ 232 | $ 194 |
| Claims and claims expense paid as a percent of ending reserves | 4.1% | 7.5% | 5.1% | 19.0% | 10.8% | 10.8% |



## THE ALLSTATE CORPORATION
## ALLSTATE FINANCIAL RESULTS
**($ in millions)**

| | Three months ended March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| Investments | $ 60,484 | $ 61,582 | $ 62,915 | $ 61,804 | $ 62,336 |
| Premiums | $ 312 | $ 273 | $ 290 | $ 286 | $ 289 |
| Contract charges | 257 | 258 | 258 | 259 | 255 |
| Net investment income | 684 | 692 | 707 | 723 | 731 |
| Periodic settlements and accruals on non- hedge derivative instruments | 17 | 13 | 10 | 11 | 17 |
| Contract benefits | (454) | (443) | (445) | (485) | (442) |
| Interest credited to contractholder funds | (425) | (439) | (446) | (450) | (463) |
| Amortization of deferred policy acquisition costs | (113) | (86) | (101) | (41) | (58) |
| Operating costs and expenses [1] | (109) | (115) | (118) | (116) | (120) |
| Restructuring and related charges | 2 | 2 | - | 1 | - |
| Income tax expense on operations | (55) | (51) | (47) | (63) | (70) |
| Operating income | 116 | 104 | 108 | 125 | 139 |
| Realized capital gains and losses, after-tax | 25 | 23 | (25) | (230) | (105) |
| Valuation changes on embedded derivatives that are not hedged, after-tax | 8 | - | - | - | - |
| DAC and DSI (amortization) accretion relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax | (26) | (43) | 7 | 4 | (2) |
| DAC and DSI unlocking relating to realized capital gains and losses, after-tax | 1 | - | - | - | (18) |
| Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax | (12) | (8) | (7) | (7) | (11) |
| (Loss) gain on disposition of operations, after-tax | (15) | - | 2 | 1 | 1 |
| Net income (loss) | $ 97 | $ 76 | $ 85 | $ (107) | $ 4 |

[1] Operating costs and expenses decreased 9.2% or $11 million in the first quarter of 2011 compared to the same period of 2010, primarily due to increased reinsurance expense allowances, lower occupancy costs due to consolidation of office buildings and non-recurring offsets to certain administrative costs of $4 million, and to a lesser extent, lower non-deferrable commissions and premium tax expenses related to discontinuing sales through banks and broker dealers effective March 31, 2010.

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

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **PREMIUMS AND CONTRACT CHARGES - BY PRODUCT** | | | | | |
| **Underwritten Products** | | | | | |
| Traditional life insurance premiums | $ 108 | $ 103 | $ 107 | $ 104 | $ 106 |
| Accident and health insurance premiums | 161 | 157 | 157 | 151 | 156 |
| Interest-sensitive life insurance contract charges | 248 | 251 | 249 | 249 | 242 |
| | 517 | 511 | 513 | 504 | 504 |
| **Annuities** | | | | | |
| Immediate annuities with life contingencies premiums | 43 | 13 | 26 | 31 | 27 |
| Other fixed annuity contract charges | 9 | 7 | 9 | 10 | 13 |
| | 52 | 20 | 35 | 41 | 40 |
| **Total** | $ 569 | $ 531 | $ 548 | $ 545 | $ 544 |
| **PREMIUMS AND CONTRACT CHARGES - BY DISTRIBUTION CHANNEL** | | | | | |
| Allstate agencies | $ 251 | $ 253 | $ 247 | $ 247 | $ 246 |
| Workplace enrolling agents | 168 | 166 | 166 | 161 | 161 |
| Other | 150 | 112 | 135 | 137 | 137 |
| **Total** | $ 569 | $ 531 | $ 548 | $ 545 | $ 544 |



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

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Beginning balance** | $ 48,195 | $ 48,936 | $ 49,443 | $ 51,027 | $ 52,582 |
| **Deposits** | | | | | |
| Fixed annuities | 164 | 180 | 224 | 237 | 291 |
| Interest-sensitive life insurance | 329 | 363 | 363 | 391 | 395 |
| Bank and other deposits | 213 | 246 | 262 | 234 | 252 |
| Total deposits | 706 | 789 | 849 | 862 | 938 |
| **Interest credited** | 410 | 439 | 445 | 448 | 462 |
| **Maturities, benefits, withdrawals and other adjustments** | | | | | |
| Maturities and retirements of institutional products | (487) | (49) | (3) | (827) | (954) |
| Benefits | (372) | (365) | (397) | (395) | (395) |
| Surrenders and partial withdrawals | (1,293) | (1,305) | (1,295) | (1,355) | (1,248) |
| Contract charges | (251) | (252) | (247) | (243) | (241) |
| Net transfers from separate accounts | 3 | 3 | 3 | 3 | 2 |
| Fair value hedge adjustments for institutional products | (34) | (23) | 24 | (74) | (123) |
| Other adjustments | (43) | 22 | 114 | (3) | 4 |
| Total maturities, benefits, withdrawals and other adjustments | (2,477) | (1,969) | (1,801) | (2,894) | (2,955) |
| **Ending balance** | $ 46,834 | $ 48,195 | $ 48,936 | $ 49,443 | $ 51,027 |



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

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **Benefit spread** | | | | | |
| Premiums | $ 312 | $ 273 | $ 290 | $ 286 | $ 289 |
| Cost of insurance contract charges [(1)] | 162 | 161 | 161 | 159 | 156 |
| Contract benefits excluding the implied interest on immediate annuities with life contingencies [(2)] | (319) | (307) | (310) | (346) | (303) |
| Total benefit spread | 155 | 127 | 141 | 99 | 142 |
| **Investment spread** | | | | | |
| Net investment income | 684 | 692 | 707 | 723 | 731 |
| Implied interest on immediate annuities with life contingencies [(2)] | (135) | (136) | (135) | (139) | (139) |
| Interest credited to contractholder funds | (418) | (449) | (445) | (450) | (463) |
| Total investment spread | 131 | 107 | 127 | 134 | 129 |
| Surrender charges and contract maintenance expense fees [(1)] | 95 | 97 | 97 | 100 | 99 |
| Realized capital gains and losses | 39 | 36 | (38) | (353) | (162) |
| Amortization of deferred policy acquisition costs | (147) | (141) | (91) | (35) | (89) |
| Operating costs and expenses | (109) | (115) | (118) | (116) | (120) |

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| Restructuring and related charges | 2 | 2 | - | 1 | - |
| (Loss) gain on disposition of operations | (23) | (1) | 4 | 2 | 1 |
| Income tax (expense) benefit on operations | (46) | (36) | (37) | 61 | 4 |
| **Net income (loss)** | $ 97 | $ 76 | $ 85 | $ (107) | $ 4 |
| **Benefit spread by product group** | | | | | |
| Life insurance | $ 93 | $ 78 | $ 93 | $ 23 | $ 88 |
| Accident and health insurance | 74 | 63 | 65 | 60 | 64 |
| Annuities | (12) | (14) | (17) | 16 | (10) |
| Total benefit spread | $ 155 | $ 127 | $ 141 | $ 99 | $ 142 |
| **Investment spread by product group** | | | | | |
| Annuities and institutional products | $ 48 | $ 31 | $ 44 | $ 54 | $ 50 |
| Life insurance | 11 | 11 | 11 | 6 | 7 |
| Allstate Bank products | 8 | 7 | 8 | 8 | 8 |
| Accident and health insurance | 5 | 5 | 5 | 4 | 4 |
| Net investment income on investments supporting capital | 59 | 53 | 59 | 62 | 60 |
| Total investment spread | $ 131 | $ 107 | $ 127 | $ 134 | $ 129 |
| (1) **Reconciliation of contract charges** | | | | | |
| Cost of insurance contract charges | $ 162 | $ 161 | $ 161 | $ 159 | $ 156 |
| Surrender charges and contract maintenance expense fees | 95 | 97 | 97 | 100 | 99 |
| Total contract charges | $ 257 | $ 258 | $ 258 | $ 259 | $ 255 |
| (2) **Reconciliation of contract benefits** | | | | | |
| Contract benefits excluding the implied interest on immediate annuities with life contingencies | $ (319) | $ (307) | $ (310) | $ (346) | $ (303) |
| Implied interest on immediate annuities with life contingencies | (135) | (136) | (135) | (139) | (139) |
| Total contract benefits | $ (454) | $ (443) | $ (445) | $ (485) | $ (442) |



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

| | Three months ended March 31, 2011 | | | Three months ended March 31, 2010 | | |
|---|---|---|---|---|---|---|
| | 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 | 5.4 % | 4.2 % | 1.2 % | 5.4 % | 4.4 % | 1.0 % |
| Deferred fixed annuities and institutional products | 4.5 | 3.3 | 1.2 | 4.4 | 3.2 | 1.2 |
| Immediate fixed annuities with and without life contingencies | 6.2 | 6.2 | - | 6.3 | 6.4 | (0.1) |
| Investments supporting capital, traditional life and other products | 3.7 | N/A | N/A | 3.6 | N/A | N/A |



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

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| Net investment income | $ 14 | $ 15 | $ 14 | $ 16 | $ 15 |
| Operating costs and expenses | (91) | (86) | (95) | (101) | (97) |
| Income tax benefit on operations | 31 | 32 | 31 | 33 | 32 |
| Operating loss | (46) | (39) | (50) | (52) | (50) |
| Realized capital gains and losses, after-tax | - | (1) | 1 | 5 | 2 |
| Net loss | $ (46) | $ (40) | $ (49) | $ (47) | $ (48) |



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

| | PROPERTY-LIABILITY | | | | | ALLSTATE FINANCIAL | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| Fixed income securities, at fair value: | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Tax-exempt | $ 8,942 | $ 9,394 | $ 10,287 | $ 12,067 | $ 13,181 | $ 61 | $ 62 | $ 63 | $ 64 | $ 64 |
| Taxable | 19,126 | 18,019 | 19,135 | 17,089 | 15,552 | 49,117 | 49,872 | 51,477 | 50,483 | 50,246 |
| Equity securities, at fair value | 4,199 | 4,578 | 3,499 | 3,063 | 3,580 | 238 | 233 | 208 | 191 | 227 |
| Mortgage loans | 16 | 18 | 28 | 38 | 50 | 6,566 | 6,661 | 6,933 | 7,135 | 7,589 |
| Limited partnership interests | 2,684 | 2,506 | 2,289 | 2,014 | 1,744 | 1,358 | 1,274 | 1,128 | 1,067 | 1,023 |
| Short-term, at fair value | 473 | 430 | 454 | 655 | 608 | 874 | 1,297 | 1,038 | 947 | 1,074 |
| Other | 17 | 103 | 53 | 139 | 94 | 2,270 | 2,183 | 2,068 | 1,917 | 2,113 |
| Total | $ 35,457 | $ 35,048 | $ 35,745 | $ 35,065 | $ 34,809 | $ 60,484 | $ 61,582 | $ 62,915 | $ 61,804 | $ 62,336 |
| | | | | | | | | | | |
| Fixed income securities, at amortized cost: | | | | | | | | | | |
| Tax-exempt | $ 8,981 | $ 9,399 | $ 9,900 | $ 11,804 | $ 13,041 | $ 59 | $ 59 | $ 59 | $ 60 | $ 60 |
| Taxable | 19,076 | 17,981 | 18,853 | 17,097 | 15,793 | 48,224 | 49,130 | 49,809 | 50,301 | 51,392 |
| Ratio of fair value to amortized cost | 100.0% | 100.1% | 102.3% | 100.9% | 99.6% | 101.9% | 101.5% | 103.4% | 100.4% | 97.8% |
| Equity securities, at cost | $ 3,616 | $ 4,043 | $ 3,266 | $ 3,175 | $ 3,253 | $ 176 | $ 185 | $ 181 | $ 181 | $ 183 |
| Short-term, at amortized cost | 473 | 430 | 454 | 655 | 608 | 874 | 1,297 | 1,038 | 947 | 1,074 |

| | CORPORATE AND OTHER | | | | | CONSOLIDATED | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 | March 31, 2011 | Dec. 31, 2010 | Sept 30, 2010 | June 30, 2010 | March 31, 2010 |
| Fixed income securities, at fair value: | | | | | | | | | | |
| Tax-exempt | $ 706 | $ 658 | $ 618 | $ 613 | $ 652 | $ 9,709 | $ 10,114 | $ 10,968 | $ 12,744 | $ 13,897 |
| Taxable | 2,290 | 1,607 | 1,613 | 1,609 | 1,589 | 70,533 | 69,498 | 72,225 | 69,181 | 67,387 |
| Equity securities, at fair value | - | - | - | - | - | 4,437 | 4,811 | 3,707 | 3,254 | 3,807 |
| Mortgage loans | - | - | - | - | - | 6,582 | 6,679 | 6,961 | 7,173 | 7,639 |
| Limited partnership interests | 35 | 36 | 37 | 38 | 35 | 4,077 | 3,816 | 3,454 | 3,119 | 2,802 |
| Short-term, at fair value | 639 | 1,552 | 1,284 | 812 | 800 | 1,986 | 3,279 | 2,776 | 2,414 | 2,482 |
| Other | - | - | 2 | 2 | 2 | 2,287 | 2,286 | 2,123 | 2,058 | 2,209 |
| Total | $ 3,670 | $ 3,853 | $ 3,554 | $ 3,074 | $ 3,078 | $ 99,611 | $ 100,483 | $ 102,214 | $ 99,943 | $ 100,223 |
| | | | | | | | | | | |
| Fixed income securities, at amortized cost: | | | | | | | | | | |
| Tax-exempt | $ 684 | $ 637 | $ 585 | $ 582 | $ 619 | $ 9,724 | $ 10,095 | $ 10,544 | $ 12,446 | $ 13,720 |
| Taxable | 2,268 | 1,580 | 1,580 | 1,581 | 1,581 | 69,568 | 68,691 | 70,242 | 68,979 | 68,766 |
| Ratio of fair value to amortized cost | 101.5% | 102.2% | 103.0% | 102.7% | 101.9% | 101.2% | 101.0% | 103.0% | 100.6% | 98.5% |
| Equity securities, at cost | $ - | $ - | $ - | $ - | $ - | $ 3,792 | $ 4,228 | $ 3,447 | $ 3,356 | $ 3,436 |
| Short-term, at amortized cost | 639 | 1,552 | 1,284 | 812 | 800 | 1,986 | 3,279 | 2,776 | 2,414 | 2,482 |



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

| | March 31, 2011 | | | December 31, 2010 | | | September 30, 2010 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | $ 257 | $ 6,766 | 103.9 | $ 276 | $ 8,596 | 103.3 | $ 532 | $ 11,253 | 105.0 |
| Municipal | (254) | 15,246 | 98.4 | (267) | 15,934 | 98.4 | 402 | 16,768 | 102.5 |
| Corporate | 1,300 | 42,395 | 103.2 | 1,395 | 37,655 | 103.8 | 2,334 | 37,204 | 106.7 |
| Foreign government | 295 | 3,117 | 110.5 | 337 | 3,158 | 111.9 | 482 | 3,428 | 116.4 |
| Residential mortgage-backed securities (“RMBS”) | (377) | 6,530 | 94.5 | (516) | 7,993 | 93.9 | (693) | 8,499 | 92.5 |
| Commercial mortgage-backed securities (“CMBS”) | (103) | 2,053 | 95.2 | (219) | 1,994 | 90.1 | (382) | 1,993 | 83.9 |
| Asset-backed securities (“ABS”) | (169) | 4,111 | 96.1 | (181) | 4,244 | 95.9 | (270) | 4,010 | 93.7 |
| Redeemable preferred stock | 1 | 24 | 104.3 | 1 | 38 | 102.7 | 2 | 38 | 105.6 |
| Total fixed income securities | 950 | 80,242 | 101.2 | 826 | 79,612 | 101.0 | 2,407 | 83,193 | 103.0 |
| | | | | | | | | | |
| Equity securities | 645 | 4,437 | 117.0 | 583 | 4,811 | 113.8 | 260 | 3,707 | 107.5 |
| Short-term investments | - | 1,986 | 100.0 | - | 3,279 | 100.0 | - | 2,776 | 100.0 |
| Derivatives | (30) | 512 | 94.5 | (22) | 439 | 95.2 | (17) | 318 | 94.9 |
| EMA limited partnership interests [2] | 7 | N/A | N/A | - | - | - | - | - | - |
| Unrealized net capital gains and losses, pre-tax | $ 1,572 | $ 87,177 | 101.8 | $ 1,387 | $ 88,141 | 101.6 | $ 2,650 | $ 89,994 | 103.0 |
| | | | | | | | | | |
| Amounts recognized for: | | | | | | | | | |
| Insurance reserves [3] | (2) | | | (41) | | | (608) | | |
| DAC and DSI [4] | 95 | | | 97 | | | (49) | | |
| Amounts | 93 | | | 56 | | | (657) | | |

| | | | |
|---|---|---|---|
| recognized | | | |
| Deferred income taxes | (586) | (508) | (701) |
| Unrealized net capital gains and losses, after-tax | $ 1,079 | $ 935 | $ 1,292 |

| | June 30, 2010 | | | March 31, 2010 | | | December 31, 2009 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | $ 512 | $ 9,185 | 105.9 | $ 218 | $ 8,422 | 102.7 | $ 203 | $ 7,536 | 102.8 |
| Municipal | 89 | 18,849 | 100.5 | (256) | 20,148 | 98.7 | (403) | 21,280 | 98.1 |
| Corporate | 1,445 | 35,935 | 104.2 | 914 | 34,499 | 102.7 | 345 | 33,115 | 101.1 |
| Foreign government | 350 | 3,252 | 112.1 | 306 | 3,314 | 110.2 | 291 | 3,197 | 110.0 |
| RMBS | (954) | 8,961 | 90.4 | (1,231) | 9,112 | 88.1 | (1,500) | 7,987 | 84.2 |
| CMBS | (553) | 2,132 | 79.4 | (768) | 2,452 | 76.1 | (925) | 2,586 | 73.7 |
| ABS | (390) | 3,572 | 90.2 | (387) | 3,297 | 89.5 | (488) | 3,026 | 86.1 |
| Redeemable preferred stock | 1 | 39 | 102.6 | 2 | 40 | 105.3 | - | 39 | 100.0 |
| Total fixed income securities | 500 | 81,925 | 100.6 | (1,202) | 81,284 | 98.5 | (2,477) | 78,766 | 97.0 |
| Equity securities | (102) | 3,254 | 97.0 | 371 | 3,807 | 110.8 | 179 | 5,024 | 103.7 |
| Short-term investments | - | 2,414 | 100.0 | - | 2,482 | 100.0 | - | 3,056 | 100.0 |
| Derivatives | 2 | 283 | 100.7 | (18) | 437 | 96.0 | (23) | 548 | 96.0 |
| Unrealized net capital gains and losses, pre-tax | $ 400 | $ 87,876 | 100.5 | $ (849) | $ 88,010 | 99.0 | $ (2,321) | $ 87,394 | 97.4 |
| Amounts recognized for: | | | | | | | | | |
| Insurance reserves [3] | (292) | | | - | | | - | | |
| DAC and DSI [4] | 403 | | | 726 | | | 990 | | |
| Amounts recognized | 111 | | | 726 | | | 990 | | |
| Deferred income taxes | (183) | | | 39 | | | 461 | | |
| Unrealized net capital gains and losses, after-tax | $ 328 | | | $ (84) | | | $ (870) | | |

(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 Equity Method of Accounting ("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. Only the unrealized net capital gains and losses on the Allstate Financial fixed annuity and interest-sensitive life product portfolios are used in this calculation. The DAC and DSI adjustment balance, subject to limitations, is determined by applying the DAC and DSI amortization rate to unrealized net capital gains or losses. Recapitalization of the DAC and DSI balances is limited to the originally deferred costs plus interest.



**THE ALLSTATE CORPORATION**
**GROSS UNREALIZED GAINS AND LOSSES ON FIXED INCOME SECURITIES BY TYPE AND SECTOR**
**($ in millions)**

| | As of March 31, 2011 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Par value [1] | Amortized cost | Gross unrealized Gains | Gross unrealized Losses | Fair value | Amortized cost as a percent of par value [2] | Fair value as a percent of par value [2] |
| Corporate: | | | | | | | |
| Banking | $ 4,862 | $ 4,773 | $ 114 | $ (114) | $ 4,773 | 98.2 % | 98.2 % |
| Utilities | 6,544 | 6,561 | 399 | (67) | 6,893 | 100.3 | 105.3 |
| Consumer goods (cyclical and non-cyclical) | 7,475 | 7,601 | 266 | (54) | 7,813 | 101.7 | 104.5 |
| Financial services | 4,027 | 3,973 | 132 | (34) | 4,071 | 98.7 | 101.1 |
| Capital goods | 4,731 | 4,748 | 226 | (29) | 4,945 | 100.4 | 104.5 |
| Transportation | 1,982 | 2,003 | 96 | (24) | 2,075 | 101.1 | 104.7 |
| Technology | 1,809 | 1,829 | 53 | (15) | 1,867 | 101.1 | 103.2 |
| Basic industry | 2,064 | 2,083 | 88 | (14) | 2,157 | 100.9 | 104.5 |
| Communications | 2,638 | 2,633 | 105 | (10) | 2,728 | 99.8 | 103.4 |
| Energy | 3,038 | 3,079 | 129 | (6) | 3,202 | 101.3 | 105.4 |
| FDIC guaranteed | 167 | 168 | 2 | - | 170 | 100.6 | 101.8 |
| Other | 1,757 | 1,644 | 65 | (8) | 1,701 | 93.6 | 96.8 |
| Total corporate fixed income portfolio | 41,094 | 41,095 | 1,675 | (375) | 42,395 | 100.0 | 103.2 |
| U.S. government and agencies | 7,142 | 6,509 | 277 | (20) | 6,766 | 91.1 | 94.7 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Municipal | 18,535 | 15,500 | 367 | (621) | 15,246 | 83.6 | 82.3 |
| Foreign government | 3,262 | 2,822 | 306 | (11) | 3,117 | 86.5 | 95.6 |
| RMBS | 7,583 | 6,907 | 195 | (572) | 6,530 | 91.1 | 86.1 |
| CMBS | 2,179 | 2,156 | 63 | (166) | 2,053 | 98.9 | 94.2 |
| ABS | 4,574 | 4,280 | 82 | (251) | 4,111 | 93.6 | 89.9 |
| Redeemable preferred stock | 21 | 23 | 1 | - | 24 | 109.5 | 114.3 |
| Total fixed income securities | $ 84,390 | $ 79,292 | $ 2,966 | $ (2,016) | $ 80,242 | 94.0 | 95.1 |

(1) Included in par value are zero-coupon securities that are generally purchased at a deep discount to the par value that is received at maturity. These primarily included corporate, U.S. government and agencies, municipal and foreign government zero-coupon securities with par value of $684 million, $1.68 billion, $4.67 billion and $1.36 billion, respectively.

(2) Excluding the impact of zero-coupon securities, the percentage of amortized cost to par value would be 100.4% for corporates, 101.2% for U.S. government and agencies, 99.7% for municipals and 103.5% for foreign governments. Similarly, excluding the impact of zero-coupon securities, the percentage of fair value to par value would be 103.5% for corporates, 103.0% for U.S. government and agencies, 98.9% for municipals and 108.1% for foreign governments.



**THE ALLSTATE CORPORATION**
**FAIR VALUE AND UNREALIZED NET CAPITAL GAINS AND LOSSES FOR FIXED INCOME SECURITIES BY CREDIT RATING**
**($ in millions)**

| | As of March 31, 2011 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Aaa | | Aa | | A | | Baa | | Ba or lower (1) | | Total | | |
| | Fair value | Unrealized gain/(loss) | Fair value | Unrealized gain/(loss) | Fair value | Unrealized gain/(loss) | Fair value | Unrealized gain/(loss) | Fair value | Unrealized gain/(loss) | Par value | Fair value | Unrealized gain/(loss) |
| U.S. government and agencies | $ 6,766 | $ 257 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 7,142 | $ 6,766 | $ 257 |
| Municipal | | | | | | | | | | | | | |
| Tax exempt | 1,401 | 79 | 4,185 | 72 | 2,382 | (10) | 1,232 | (64) | 509 | (92) | 10,699 | 9,709 | (15) |
| Taxable | 184 | - | 2,528 | 2 | 1,064 | (38) | 465 | (73) | 119 | (38) | 6,566 | 4,360 | (147) |
| Auction rate securities | 811 | (48) | 61 | (6) | 99 | (13) | 102 | (11) | 104 | (14) | 1,270 | 1,177 | (92) |
| Sub-total | 2,396 | 31 | 6,774 | 68 | 3,545 | (61) | 1,799 | (148) | 732 | (144) | 18,535 | 15,246 | (254) |
| Corporate | | | | | | | | | | | | | |
| Public | 1,293 | 11 | 3,055 | 81 | 9,843 | 324 | 9,923 | 382 | 2,544 | 59 | 25,542 | 26,658 | 857 |
| Privately placed | 1,047 | 10 | 1,947 | 50 | 4,220 | 162 | 6,608 | 190 | 1,915 | 31 | 15,552 | 15,737 | 443 |
| Sub-total | 2,340 | 21 | 5,002 | 131 | 14,063 | 486 | 16,531 | 572 | 4,459 | 90 | 41,094 | 42,395 | 1,300 |
| Foreign government | 1,693 | 224 | 522 | 17 | 535 | 32 | 367 | 22 | - | - | 3,262 | 3,117 | 295 |
| RMBS | | | | | | | | | | | | | |
| U.S. government sponsored entities | 3,628 | 131 | - | - | - | - | - | - | - | - | 3,430 | 3,628 | 131 |
| Prime residential mortgage-backed securities | 375 | 9 | 69 | - | 178 | (1) | 7 | - | 577 | 2 | 1,276 | 1,206 | 10 |
| Alt-A residential mortgage-backed securities | 15 | - | 56 | - | 62 | - | 41 | 1 | 437 | (75) | 950 | 611 | (74) |
| Subprime residential mortgage-backed securities | 51 | - | 83 | (19) | 46 | (6) | 91 | (25) | 814 | (394) | 1,927 | 1,085 | (444) |
| Sub-total | 4,069 | 140 | 208 | (19) | 286 | (7) | 139 | (24) | 1,828 | (467) | 7,583 | 6,530 | (377) |
| CMBS | 1,063 | 40 | 284 | - | 166 | (9) | 354 | (53) | 186 | (81) | 2,179 | 2,053 | (103) |
| ABS | | | | | | | | | | | | | |
| Collateralized debt obligations | 21 | - | 642 | (7) | 471 | (39) | 279 | (56) | 432 | (86) | 2,336 | 1,845 | (188) |
| Consumer and other asset-backed securities | 1,305 | 21 | 397 | 2 | 340 | 2 | 199 | (1) | 25 | (5) | 2,238 | 2,266 | 19 |
| Sub-total | 1,326 | 21 | 1,039 | (5) | 811 | (37) | 478 | (57) | 457 | (91) | 4,574 | 4,111 | (169) |
| Redeemable preferred stock | - | - | 1 | - | - | - | 23 | 1 | - | - | 21 | 24 | 1 |
| Total fixed income securities | $ 19,653 | $ 734 | $ 13,830 | $ 192 | $ 19,406 | $ 404 | $ 19,691 | $ 313 | $ 7,662 | $ (693) | $ 84,390 | $ 80,242 | $ 950 |

(1) Securities rated below investment grade comprise securities with a rating of Ba or lower. As of March 31, 2011, 62% of our below investment grade gross unrealized losses were concentrated in RMBS, specifically Alt-A and Subprime, and CMBS. The fair value of these securities totaled $1.24 billion, an increase of 2.0%, compared to $1.22 billion as of December 31, 2010, due to improved valuations resulting from tighter credit spreads driven by lower risk premiums. Gross unrealized losses on these securities totaled $571 million as of March 31, 2011, a decrease of 17.0%, compared to $688 million as of December 31, 2010, due to improved valuations, impairment write-downs, sales and principal collections, partially offset by the downgrade of certain securities to below investment grade during the first quarter of 2011.



**THE ALLSTATE CORPORATION**
**REALIZED CAPITAL GAINS AND LOSSES BY TRANSACTION TYPE**
**($ in millions)**

Three months ended

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| Impairment write-downs | $ (114) | $ (198) | $ (137) | $ (239) | $ (223) |
| Change in intent write-downs | (69) | (75) | (30) | (67) | (32) |
| Net other-than-temporary impairment losses recognized in earnings | (183) | (273) | (167) | (306) | (255) |
| Sales | 283 | 134 | 319 | 145 | 88 |
| Valuation of derivative instruments | 22 | 144 | (133) | (283) | (155) |
| Settlements of derivative instruments | (89) | 35 | (152) | (27) | (30) |
| EMA limited partnership income | 63 | 76 | (11) | 20 | 4 |
| Total | $ 96 | $ 116 | $ (144) | $ (451) | $ (348) |



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

| | Three months ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
| **NET INVESTMENT INCOME** | | | | | |
| Fixed income securities: | | | | | |
| Tax-exempt | $ 111 | $ 118 | $ 132 | $ 153 | $ 165 |
| Taxable | 169 | 154 | 152 | 143 | 130 |
| Equity securities | 18 | 25 | 16 | 23 | 20 |
| Mortgage loans | - | 1 | - | - | 1 |
| Cost limited partnership interests [1] | 5 | 10 | 3 | 3 | 3 |
| Short-term | 1 | - | 1 | 1 | 1 |
| Other | 1 | 1 | 1 | 5 | 1 |
| Sub-total | 305 | 309 | 305 | 328 | 321 |
| Less: Investment expense | (21) | (18) | (21) | (18) | (17) |
| Net investment income | $ 284 | $ 291 | $ 284 | $ 310 | $ 304 |
| Net investment income, after-tax | $ 219 | $ 225 | $ 225 | $ 249 | $ 247 |
| **PRE-TAX YIELDS** [2] | | | | | |
| Fixed income securities: | | | | | |
| Tax-exempt | 4.8 | 4.9 | 4.9 | 4.9 | 4.9 |
| Equivalent yield for tax-exempt | 7.0 | 7.1 | 7.1 | 7.1 | 7.1 |
| Taxable | 3.6 | 3.4 | 3.4 | 3.5 | 3.5 |
| Equity securities | 1.9 | 2.7 | 2.0 | 2.9 | 2.0 |
| Mortgage loans | 6.7 | 7.1 | 4.2 | 5.4 | 6.0 |
| Cost limited partnership interests | 2.9 | 5.8 | 2.0 | 1.8 | 2.4 |
| Total portfolio [3] | 3.7 | 3.8 | 3.7 | 3.9 | 3.8 |
| **REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE** | | | | | |
| Fixed income securities: | | | | | |
| Tax-exempt | $ (13) | $ (29) | $ 76 | $ (23) | $ (4) |
| Taxable | (29) | (11) | 25 | 6 | (43) |
| Equity securities | 124 | 10 | 68 | 25 | 14 |
| Limited partnership interests | 46 | 44 | (13) | 15 | (7) |
| Derivatives and other | (71) | 68 | (263) | (129) | (150) |
| Total | $ 57 | $ 82 | $ (107) | $ (106) | $ (190) |
| **REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE** | | | | | |
| Impairment write-downs | $ (64) | $ (63) | $ (57) | $ (96) | $ (79) |
| Change in intent write-downs [4] | (27) | (33) | (10) | (10) | (9) |
| Net other-than-temporary impairment losses recognized in earnings | (91) | (96) | (67) | (106) | (88) |
| Sales [4] | 172 | 65 | 228 | 121 | 41 |
| Valuation of derivative instruments | 26 | 47 | (143) | (134) | (101) |
| Settlements of derivative instruments | (95) | 21 | (118) | 3 | (49) |
| EMA limited partnership income | 45 | 45 | (7) | 10 | 7 |
| Total | $ 57 | $ 82 | $ (107) | $ (106) | $ (190) |
| **AVERAGE INVESTED ASSETS** (in billions) [5] | $ 34.7 | $ 34.7 | $ 34.9 | $ 34.8 | $ 34.6 |

[1] At March 31, 2011, Property-Liability has commitments to invest in additional limited partnership interests totaling $915 million.

[2] Pre-tax yields are calculated as annualized investment income (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] The pre-tax yield for the total portfolio reflects the yield on total investments. Total investments includes fixed income and equity securities, mortgage loans, cost limited partnership interests, short-term and other investments.

[4] Includes $3 million of write-downs for equity securities effectively carried on a lower of cost or fair value basis because we do not intend to hold them until recovery for the three months ended March 31, 2011.

[5] Average invested assets for the quarter are calculated as the average of the current and prior quarter invested assets. Year-to-date average invested assets are calculated as the average of invested assets at the end of each quarter during the year. For purposes of the average invested assets 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

| | March 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 | June 30, 2010 | March 31, 2010 |
|---|---|---|---|---|---|
| **NET INVESTMENT INCOME** | | | | | |
| Fixed income securities | $ 607 | $ 614 | $ 631 | $ 646 | $ 652 |
| Equity securities | 1 | 2 | 1 | 2 | 1 |
| Mortgage loans | 89 | 89 | 92 | 99 | 103 |
| Cost limited partnership interests (1) | 5 | 11 | 3 | 4 | 3 |
| Short-term | 1 | - | 1 | - | 1 |
| Other | 9 | 5 | 3 | - | (2) |
| Sub-total | 712 | 721 | 731 | 751 | 758 |
| Less: Investment expense | (28) | (29) | (24) | (28) | (27) |
| Net investment income | $ 684 | $ 692 | $ 707 | $ 723 | $ 731 |
| Net investment income, after-tax | $ 449 | $ 453 | $ 463 | $ 473 | $ 478 |
| **PRE-TAX YIELDS** (2) | | | | | |
| Fixed income securities | 5.0 | 5.0 | 5.0 | 5.1 | 5.1 |
| Equity securities | 3.3 | 3.6 | 2.8 | 3.5 | 2.3 |
| Mortgage loans | 5.4 | 5.3 | 5.2 | 5.4 | 5.3 |
| Cost limited partnership interests | 2.7 | 7.0 | 1.8 | 3.3 | 1.9 |
| Total portfolio (3) | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 |
| **REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE** | | | | | |
| Fixed income securities | $ 15 | $ (85) | $ (19) | $ (177) | $ (92) |
| Equity securities | (2) | 1 | 15 | 20 | - |
| Mortgage loans | (4) | (17) | (1) | (28) | (25) |
| Limited partnership interests | 22 | 28 | (6) | 9 | (15) |
| Derivatives and other | 8 | 109 | (27) | (177) | (30) |
| Total | $ 39 | $ 36 | $ (38) | $ (353) | $ (162) |
| **REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE** | | | | | |
| Impairment write-downs | $ (50) | $ (134) | $ (80) | $ (143) | $ (144) |
| Change in intent write-downs | (42) | (42) | (20) | (57) | (23) |
| Net other-than-temporary impairment losses recognized in earnings | (92) | (176) | (100) | (200) | (167) |
| Sales | 111 | 68 | 89 | 18 | 44 |
| Valuation of derivative instruments | (4) | 99 | 10 | (149) | (54) |
| Settlements of derivative instruments | 6 | 14 | (34) | (30) | 19 |
| EMA limited partnership income | 18 | 31 | (3) | 8 | (4) |
| Total | $ 39 | $ 36 | $ (38) | $ (353) | $ (162) |
| **AVERAGE INVESTED ASSETS** (in billions) (4) | $ 60.2 | $ 61.0 | $ 61.4 | $ 62.5 | $ 63.9 |

(1) At March 31, 2011, Allstate Financial has commitments to invest in additional limited partnership interests totaling $736 million.
(2) Pre-tax yields are calculated as annualized investment income (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) The pre-tax yield for the total portfolio reflects the yield on total investments. Total investments include fixed income and equity securities, mortgage loans, cost limited partnership interests, short-term and other investments.
(4) Average invested assets for the quarter are calculated as the average of the current and prior quarter invested assets. Year-to-date average invested assets are calculated as the average of invested assets at the end of each quarter during the year. For purposes of the average invested assets calculation, unrealized capital gains and losses are excluded.



## Definitions of Non-GAAP and Operating Measures

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

**Operating income (loss)** is net income (loss), 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 (loss),
- valuation changes on embedded derivatives that are not hedged, after-tax
- amortization of deferred 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,
- 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 (loss) is the GAAP measure that is most directly comparable to operating income (loss). We use operating income (loss) 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, 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 (loss) 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 (loss), 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. Non-recurring items are excluded because, by their nature, they are not indicative of our business or economic trends. Accordingly, operating income (loss) 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 (loss) 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 (loss) is used by management along with the other components of net income (loss) to assess our performance. We use adjusted measures of operating income (loss) and operating income (loss) per diluted share in incentive compensation. Therefore, we believe it is useful for investors to evaluate net income (loss), operating income (loss) 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 (loss) 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 (loss) as the denominator. Operating income (loss) should not be considered as a substitute for net income (loss) and does not reflect the overall profitability of our business. A reconciliation of operating income (loss) to net income (loss) is provided in the schedule, "Contribution to Income".

**Underwriting income (loss)** 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 (loss) is the most directly comparable GAAP measure. Underwriting income (loss) should not be considered as a substitute for net income (loss) and does not reflect the overall profitability of our business. A reconciliation of Property-Liability underwriting income (loss) to net income (loss) 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. These 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 and prior year reserve reestimates ("underlying combined ratio")** is a non-GAAP ratio, which is computed as the difference between three GAAP operating ratios: the combined ratio, the effect of catastrophes on the combined ratio and the effect of prior year reserve reestimates 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 and prior year reserve reestimates. These 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. We also provide it to facilitate a comparison to our outlook on the combined ratio excluding the effect of catastrophe losses and prior year reserve reestimates. The combined ratio excluding the effect of catastrophes and prior year reserve reestimates 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 combined ratio excluding the effect of catastrophes and prior year reserve reestimates to combined ratio is provided in the schedule, "Property-Liability Results".

**Operating income return on 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 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 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 shareholders' equity excluding the effect of unrealized net capital gains and losses for the denominator as a representation of 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 and return on 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 net income return on 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 shareholders' equity from return on shareholders' equity is the transparency and understanding of their significance to return on 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 shareholders' equity and return on 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 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 shareholders' equity should not be considered as a substitute for return on shareholders' equity and does not reflect the overall profitability of our business. A reconciliation of return on shareholders' equity and operating income return on shareholders' equity can be found in the schedule, "Return on Shareholders' Equity".

**Book value per 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 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 shares outstanding plus dilutive potential shares outstanding. Book value per share is the most directly comparable GAAP measure. We use the trend in book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities in conjunction with book value per 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 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 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 share, and does not reflect the recorded net worth of our business. A reconciliation of book value per share, excluding the impact of unrealized net capital gains on fixed income securities, and book value per share can be found in the schedule, "Book Value per Share".

**Operating Measures**

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

**Premiums written** is the amount of premiums charged for policies issued during a fiscal period. Premiums earned is a GAAP measure. Premiums are considered earned and are included in financial results on a pro-rata basis over the policy period. The portion of premiums written applicable to the unexpired terms of the policies is recorded as unearned premiums on our Consolidated Statements of Financial Position. A reconciliation of premiums written to premiums earned is presented in the schedule, "Property-Liability Results".

**Definitions of GAAP Operating Ratios and Impacts of Specific Items on the GAAP Operating Ratios**

We use the following operating ratios to measure the profitability of our Property-Liability results. We believe that they enhance an investor's understanding of our profitability. They are calculated as follows:

**Claims and claims expense ("loss") ratio** is the ratio of claims and claims expense to premiums earned. Loss ratios include the impact of catastrophe losses.

**Expense ratio** is the ratio of amortization of DAC, operating costs and expenses and restructuring and related charges to premiums earned.

**Combined ratio** is the ratio of claims and claims expense, amortization of DAC, operating costs and expenses and restructuring and related charges to premiums earned. The combined ratio is the sum of the loss ratio and the expense ratio. The difference between 100% and the combined ratio represents underwriting income (loss) as a percentage of premiums earned or underwriting margin.

**Effect of Discontinued Lines and Coverages on combined ratio** is the ratio of claims and claims expense and other costs and expenses in the Discontinued Lines and Coverages segment to Property-Liability premiums earned. The sum of the effect of Discontinued Lines and Coverages on the combined ratio and the Allstate Protection combined ratio is equal to the Property-Liability combined ratio.

**Effect of catastrophe losses on combined ratio** is the percentage of catastrophe losses included in claims and claims expense to premiums earned. This ratio includes prior year reserve reestimates of catastrophe losses.

**Effect of prior year reserve reestimates on combined ratio** is the percentage of prior year reserve reestimates included in claims and claims expense to premiums earned.  This ratio includes prior year reserve reestimates of catastrophe losses.

**Effect of pre-tax reserve reestimates on combined ratio** is the percentage of prior year reserve reestimates included in claims and claims expense to premiums earned.  This ratio includes prior year reserve reestimates of catastrophe losses.

**Effect of restructuring and related charges on combined ratio** is the percentage of restructuring and related charges to premiums earned.