

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

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): November 1, 2017

THE ALLSTATE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of incorporation)

1-11840
(Commission
File Number)

36-3871531
(IRS Employer
Identification No.)

2775 Sanders Road, Northbrook, Illinois
(Address of principal executive offices)

60062
(Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company _____

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. _____

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

The Registrant's press release dated November 1, 2017, announcing its financial results for the third quarter of 2017, and the Registrant's third quarter 2017 investor supplement are furnished as Exhibits 99.1 and 99.2, respectively, 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 November 1, 2017](#)
- 99.2 [Third quarter 2017 Investor Supplement of The Allstate Corporation](#)

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/ Eric K. Ferren

Name: Eric K. Ferren

Title: Senior Vice President, Controller and Chief Accounting Officer

Date: November 1, 2017



FOR IMMEDIATE RELEASE

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Allstate's Auto Insurance Profitability Plan Well Executed
Strong profitability mitigates catastrophe losses

NORTHBROOK, Ill., November 1, 2017 – The Allstate Corporation (NYSE: ALL) today reported financial results for the third quarter of 2017.

The Allstate Corporation Consolidated Highlights						
(\$ in millions, except per share data and ratios)	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	% / pts Change	2017	2016	% / pts Change
Consolidated revenues	\$ 9,660	\$ 9,221	4.8	\$ 28,681	\$ 27,256	5.2
Net income applicable to common shareholders	637	491	29.7	1,853	950	95.1
per diluted common share	1.74	1.31	32.8	5.02	2.51	100.0
Operating income*	587	474	23.8	1,705	1,031	65.4
per diluted common share*	1.60	1.26	27.0	4.62	2.72	69.9
Return on common shareholders' equity (trailing twelve months)						
Net income applicable to common shareholders				13.5%	7.4%	6.1
Operating income*				13.9%	9.4%	4.5
Book value per common share				55.69	51.48	8.2
Property-Liability combined ratio						
Recorded	94.7	95.5	(0.8)	95.2	98.2	(3.0)
Underlying combined ratio* (excludes catastrophes, prior year reserve reestimates and amortization of purchased intangibles)	85.4	88.0	(2.6)	85.2	88.0	(2.8)
Catastrophe losses	861	481	79.0	2,635	2,269	16.1
Total policies in force (in thousands)				77,641	43,960	76.6

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

"Allstate's focus on achieving balanced operating performance resulted in continued progress on 2017's operating priorities, including returning auto insurance margins to historical levels," said Tom Wilson, chairman and chief executive officer of The Allstate Corporation. "Net income was \$637 million and operating income* was \$587 million, or \$1.60 per share, in the third quarter of 2017. Improved profitability in auto insurance reflects the profit improvement actions begun in 2015 and a significant broad-based decrease in the frequency of auto accidents. Allstate brand homeowners insurance also generated strong profitability, with a recorded combined ratio of 90.7 for the first nine months of 2017, despite \$1.6 billion of catastrophe losses. Investment income increased in both the market-based and performance-based portfolios. As a result, Allstate Financial operating income rose to \$157 million in the quarter. Operating income return on equity* increased to 13.9% for the twelve months ended September 30, 2017.

"We continued to deliver on all five 2017 operating priorities, which focus on both near-term performance and long-term value creation. Better serving customers remains a top growth priority, and the net promoter score measure has improved in many of our businesses this year. Total policies in force increased to 78 million through the third quarter, largely due to growth at SquareTrade and Allstate Benefits that was partially offset by reductions in the

property-liability businesses. Improvements in Allstate brand auto insurance retention and new issued applications mitigated some of the impacts from the profit improvement programs across the three underwritten property-liability brands. Progress was also made on building long-term growth platforms, including expanding Arty's connected car strategy," concluded Wilson.

Operating Results: Third Quarter 2017

- Total revenue of \$9.7 billion in the third quarter of 2017 increased 4.8% compared to the prior year quarter.
 - Property-Liability insurance premiums increased 3.2%
 - Allstate Financial premiums and contract charges increased 3.9%
 - Net investment income increased 12.7%
 - Realized capital gains were \$103 million compared to \$33 million in the prior year quarter
- Net income applicable to common shareholders was \$637 million, or \$1.74 per diluted share, in the third quarter of 2017, compared to \$491 million, or \$1.31 per diluted share, in the third quarter of 2016. Operating income* was \$587 million in the third quarter of 2017, compared to \$474 million in the third quarter of 2016.
- Property-Liability** underwriting income of \$429 million was \$74 million above the prior year quarter, due to higher premiums, a broad-based decline in the frequency of auto accidents and favorable prior year reserve releases. These improvements were partially offset by elevated catastrophe losses related to Hurricanes Harvey and Irma.
 - The underlying combined ratios* of 85.4 for the third quarter and 85.2 for the first nine months of 2017 were significantly lower than the prior year periods, reflecting improvement in the auto underlying combined ratio across all three underwritten brands. The full year result for 2017 is expected to be below the lower end of the annual outlook range of 87-89⁽¹⁾.
 - Non-catastrophe prior year reserve releases of \$128 million in the third quarter of 2017 included Allstate Protection releases of \$216 million, primarily driven by Allstate brand auto injury coverages. This was partially offset by strengthening of \$88 million in the Discontinued Lines and Coverages segment, primarily due to our annual asbestos and environmental reserve review.

Property-Liability Results						
(% to earned premiums)	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	pts Change	2017	2016	pts Change
Recorded Combined Ratio	94.7	95.5	(0.8)	95.2	98.2	(3.0)
Allstate Brand Auto	94.9	99.0	(4.1)	93.8	99.7	(5.9)
Allstate Brand Homeowners	81.3	75.9	5.4	90.7	88.7	2.0
Allstate Brand Other Personal Lines	104.3	87.5	16.8	96.1	90.4	5.7
Esurance	104.4	109.8	(5.4)	104.3	108.3	(4.0)
Encompass	89.2	98.3	(9.1)	101.9	103.1	(1.2)
Underlying Combined Ratio*	85.4	88.0	(2.6)	85.2	88.0	(2.8)
Allstate Brand Auto	91.2	95.9	(4.7)	91.6	96.5	(4.9)
Allstate Brand Homeowners	61.2	61.1	0.1	60.7	59.7	1.0
Allstate Brand Other Personal Lines	87.9	82.0	5.9	81.3	79.1	2.2
Esurance	100.5	106.0	(5.5)	100.4	105.3	(4.9)
Encompass	85.5	89.3	(3.8)	86.6	90.1	(3.5)

⁽¹⁾ A reconciliation of this non-GAAP measure to the combined ratio, a GAAP measure, is not possible on a forward-looking basis because it is not possible to provide a reliable forecast of catastrophes, and 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.

- **Allstate brand auto** net written premium grew 3.2% in the third quarter of 2017, reflecting a 4.5% increase in average premium compared to the prior year quarter, which was partially offset by a 1.7% decline in policies in force. The recorded combined ratio of 94.9 in the third quarter of 2017 was 4.1 points better than the prior year quarter and was favorably impacted by a broad-based decline in accident frequency as well as increased premiums earned and higher favorable prior year reserve reestimates, partially offset by higher catastrophe losses. The underlying combined ratio* in the third quarter of 2017 was 4.7 points better than the third quarter of 2016.

New issued applications grew 11.5% in the third quarter of 2017 over the prior year quarter as the number of states implementing growth plans was expanded. In the third quarter, 41 states, including all of our 10 largest states, experienced increases in new issued applications compared to the prior year quarter. The renewal ratio of 87.7 was an improvement of 0.2 points from the prior year quarter.

- **Allstate brand homeowners** net written premium increased 2.8% in the third quarter of 2017 compared to the prior year quarter, reflecting a 1.9% increase in average premium. The recorded combined ratios of 81.3 in the third quarter of 2017 and 90.7 through the first nine months of 2017 generated \$319 million and \$473 million of pre-tax underwriting income, respectively. The underlying combined ratio* of 61.2 in the third quarter of 2017 continued to reflect strong underlying profitability.

Policies in force declined 1.0% as the renewal ratio of 87.5 decreased by 0.4 points compared to the prior year quarter. New issued applications grew 5.3% in the third quarter over the prior year quarter as 6 of our 10 largest states experienced increases.

- **Allstate brand other personal lines** net written premium of \$454 million increased 1.6% in the third quarter of 2017 compared to the prior year quarter. The recorded combined ratio of 104.3 was 16.8 points higher in the third quarter of 2017 compared to the prior year quarter, primarily due to higher catastrophe losses. The underlying combined ratio* was 87.9 in the third quarter of 2017, an increase of 5.9 points compared to the prior year quarter.

- **Esurance** net written premium growth of 1.6% compared to the prior year quarter reflects increased average premium in auto and homeowners insurance, partially offset by a slight decline in auto policies in force. The strategy to expand homeowners insurance continued to make progress, with policies increasing 46.2% from the prior year quarter and written premium of \$60 million through the first nine months of 2017.

The recorded combined ratio of 104.4 was 5.4 points better in the third quarter of 2017 compared to the prior year quarter, driven by a lower expense ratio in auto and homeowners insurance. The underlying combined ratio* of 100.5 was 5.5 points better than the prior year quarter, with improvements in both auto and homeowners insurance. The auto insurance underlying combined ratio* of 99.8 in the third quarter of 2017 was 2.2 points below the prior year quarter.

- **Encompass** net written premium declined 9.4% and policies in force were 14.9% lower in the third quarter of 2017 compared to the prior year quarter, as profit improvement plans continued to be implemented. The recorded combined ratio of 89.2 in the third quarter of 2017 was 9.1 points better than the prior year quarter, driven by improved auto loss costs and lower catastrophes due to limited exposure in areas impacted by the hurricanes. The underlying combined ratio* of 85.5 was 3.8 points better than the prior year quarter, due to improvement in the underlying loss ratio, partially offset by a higher expense ratio.

- **SquareTrade** made progress on the key criteria underlying its acquisition of growing the U.S. retail business while raising margins. Total policies in force of 34.1 million increased by 2.8 million in the third quarter of 2017 as the existing U.S. retail business continued to expand. Net written premium was \$104 million for the third quarter of 2017. Growth initiatives are also being pursued in Europe. The recorded underwriting loss was \$29 million and the operating loss* was \$4 million, which excludes the \$15 million, after-tax, impact of the amortization of purchased intangible assets.

- **Allstate Financial** net income was \$168 million and operating income was \$157 million in the third quarter of 2017. Operating income was \$63 million higher than the prior year quarter, primarily due to increased investment income in Allstate Annuities and favorable mortality experience in Allstate Life.

Allstate Financial Results						
(\$ in millions)	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	% Change	2017	2016	% Change
Premiums and Contract Charges	\$ 593	\$ 571	3.9	\$ 1,777	\$ 1,701	4.5
Allstate Life	316	310	1.9	956	932	2.6
Allstate Benefits	273	257	6.2	811	759	6.9
Allstate Annuities	4	4	—	10	10	—
Net Income	\$ 168	\$ 80	110.0	\$ 422	\$ 264	59.8
Allstate Life	73	43	69.8	190	161	18.0
Allstate Benefits	29	25	16.0	76	74	2.7
Allstate Annuities	66	12	450.0	156	29	437.9
Operating Income	\$ 157	\$ 94	67.0	\$ 420	\$ 318	32.1
Allstate Life	74	51	45.1	196	181	8.3
Allstate Benefits	28	25	12.0	75	77	(2.6)
Allstate Annuities	55	18	205.6	149	60	148.3
Policies in Force (in thousands)				6,290	6,008	4.7
Allstate Life				2,019	2,019	—
Allstate Benefits				4,035	3,733	8.1
Allstate Annuities				236	256	(7.8)

- **Allstate Life** net income was \$73 million and operating income was \$74 million in the third quarter of 2017. Operating income was \$23 million higher than the prior year quarter, primarily due to favorable mortality experience and higher traditional life insurance premiums. Policies in force were flat in the third quarter of 2017 compared to the prior year quarter.
 - **Allstate Benefits** net income was \$29 million and operating income was \$28 million in the third quarter of 2017. Operating income was \$3 million higher than the prior year quarter, primarily due to increased premiums and contract charges, partially offset by higher contract benefits. Policies in force increased 8.1% in the third quarter of 2017 compared to the prior year quarter.
 - **Allstate Annuities** net income was \$66 million and operating income was \$55 million in the third quarter of 2017. Operating income was \$37 million higher than the prior year quarter, primarily due to higher performance-based net investment income, including appreciation of private equity investments, as well as lower contract benefits. Policies in force declined 7.8% in the third quarter of 2017 compared to the prior year quarter as the business continues to run off.
- **Allstate Investments** \$83 billion portfolio generated net investment income of \$843 million, which was 12.7% above the prior year quarter.

Allstate Investment Results						
(\$ in millions, except ratios)	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	% / pts Change	2017	2016	% / pts Change
Net investment income	\$ 843	\$ 748	12.7	\$ 2,488	\$ 2,241	11.0
Market-based net investment income ⁽¹⁾	662	642	3.1	1,992	1,944	2.5
Performance-based net investment income ⁽¹⁾	227	139	63.3	621	397	56.4
Realized capital gains and losses	103	33	212.1	318	(92)	NM
Change in unrealized net capital gains, pre-tax	198	318	(37.7)	977	1,990	(50.9)
Total return on investment portfolio	1.5%	1.3%	0.2	4.9%	5.2%	(0.3)

⁽¹⁾ Investment expenses are not allocated between market-based and performance-based portfolios with the exception of investee level expenses.

NM = not meaningful

- **Market-based portfolio** contributed stable earnings primarily from investment-grade fixed income securities. Market-based net investment income of \$662 million in the third quarter of 2017 increased over the prior year quarter, reflecting higher invested assets and stable portfolio yields.
- **Performance-based portfolio** generated shareholder value by investing in assets with short-term volatility in valuation but higher long-term returns where liquidity needs are low. Performance-based net investment income rose to \$227 million in the third quarter of 2017, a 63% increase, reflecting private equity appreciation, sales of underlying investments and growth in the portfolio.
- **Net realized capital gains** were \$103 million in the third quarter of 2017, compared to \$33 million in the prior year quarter, primarily comprised of net gains on sales, partially offset by write-downs of \$28 million.
- **Change in unrealized net capital gains** of \$198 million in the third quarter of 2017 was due to favorable equity market performance and a decrease in market yields, primarily resulting from tighter credit spreads.
- **Total return** on the investment portfolio includes approximately 1% per quarter from investment income as well as changes in the portfolio value between quarters. Total return was 1.5% for the third quarter and 4.9% for the first nine months of 2017, reflecting higher bond and equity valuations. The trailing twelve month total return was 4.1%.

Proactive Capital Management

"In addition to excellent operating results, Allstate continued to provide strong returns to our shareholders through dividends and stock repurchases during the third quarter," said Steve Shebik, chief financial officer. "Our strong capital position enabled us to remain on track with our \$2 billion stock repurchase program that was approved in August.

"A new reporting structure that will expand the reportable segments from four to seven will be initiated in the fourth quarter to enhance transparency around short-term results and long-term value creation. Allstate Protection results will continue to be reported by brand, but businesses that have a larger portion of earnings from services and a lower percentage of underwriting income will now be broken out in a new Service Businesses segment. Allstate Financial will be reported as three segments which have different growth and return characteristics: Life, Benefits and Annuities. Reporting for Discontinued Lines and Coverages and Corporate will remain unchanged."

Visit www.allstateinvestors.com to view additional information about Allstate's results, including a webcast of its quarterly conference call and the call presentation. The conference call will be held at 9 a.m. ET on Thursday, November 2.

The Allstate Corporation (NYSE: ALL) is the nation's largest publicly held personal lines insurer, protecting people from life's uncertainties with 78 million proprietary policies. Allstate offers a broad array of protection products through multiple brands and diverse distribution channels, including auto, home, life and other insurance offered through its Allstate, Esurance, Encompass and Answer Financial brands. The company provides additional protection products and services through Allstate Benefits, Allstate Roadside Services, Allstate Dealer Services, Arty and SquareTrade. Allstate is widely known from the slogan "You're In Good Hands With Allstate". Allstate agencies are in virtually every local community in America. The Allstate Foundation, Allstate, its employees and agency owners have a proud history of caring for local communities.

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

Forward-Looking Statements

This news release contains "forward-looking statements" that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like "plans," "seeks," "expects," "will," "should," "anticipates," "estimates," "intends," "believes," "likely," "targets" and other words with similar meanings. We believe these statements are based on reasonable estimates, assumptions and plans. However, if the estimates, assumptions or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could differ materially from those communicated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements may be found in our filings with the U.S. Securities and Exchange Commission, including the "Risk Factors" section in our most recent annual report on Form 10-K. Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statement.

THE ALLSTATE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ in millions, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
Revenues				
Property-liability insurance premiums	\$ 8,121	\$ 7,869	\$ 24,098	\$ 23,406
Life and annuity premiums and contract charges	593	571	1,777	1,701
Net investment income	843	748	2,488	2,241
Realized capital gains and losses:				
Total other-than-temporary impairment ("OTTI") losses	(26)	(73)	(135)	(241)
OTTI losses reclassified to (from) other comprehensive income	(2)	—	(2)	8
Net OTTI losses recognized in earnings	(28)	(73)	(137)	(233)
Sales and other realized capital gains and losses	131	106	455	141
Total realized capital gains and losses	103	33	318	(92)
	<u>9,660</u>	<u>9,221</u>	<u>28,681</u>	<u>27,256</u>
Costs and expenses				
Property-liability insurance claims and claims expense	5,545	5,553	16,650	17,138
Life and annuity contract benefits	456	484	1,416	1,393
Interest credited to contractholder funds	174	183	522	558
Amortization of deferred policy acquisition costs	1,200	1,138	3,545	3,393
Operating costs and expenses	1,218	1,021	3,401	3,043
Restructuring and related charges	14	5	77	21
Interest expense	83	73	251	218
	<u>8,690</u>	<u>8,457</u>	<u>25,862</u>	<u>25,764</u>
Gain on disposition of operations	1	1	15	4
Income from operations before income tax expense	971	765	2,834	1,496
Income tax expense	305	245	894	459
Net income	666	520	1,940	1,037
Preferred stock dividends	29	29	87	87
Net income applicable to common shareholders	<u>\$ 637</u>	<u>\$ 491</u>	<u>\$ 1,853</u>	<u>\$ 950</u>
Earnings per common share:				
Net income applicable to common shareholders per common share – Basic	<u>\$ 1.76</u>	<u>\$ 1.32</u>	<u>\$ 5.10</u>	<u>\$ 2.54</u>
Weighted average common shares – Basic	<u>361.3</u>	<u>371.5</u>	<u>363.5</u>	<u>374.4</u>
Net income applicable to common shareholders per common share – Diluted	<u>\$ 1.74</u>	<u>\$ 1.31</u>	<u>\$ 5.02</u>	<u>\$ 2.51</u>
Weighted average common shares – Diluted	<u>367.1</u>	<u>375.9</u>	<u>369.1</u>	<u>378.9</u>
Cash dividends declared per common share	<u>\$ 0.37</u>	<u>\$ 0.33</u>	<u>\$ 1.11</u>	<u>\$ 0.99</u>

THE ALLSTATE CORPORATION
BUSINESS RESULTS

(\$ in millions, except ratios)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Property-Liability				
Premiums written	\$ 8,583	\$ 8,311	\$ 24,595	\$ 23,877
Premiums earned	\$ 8,121	\$ 7,869	\$ 24,098	\$ 23,406
Claims and claims expense	(5,545)	(5,553)	(16,650)	(17,138)
Amortization of deferred policy acquisition costs	(1,138)	(1,068)	(3,331)	(3,181)
Operating costs and expenses	(996)	(888)	(2,879)	(2,653)
Restructuring and related charges	(13)	(5)	(75)	(20)
Underwriting income	429	355	1,163	414
Net investment income	372	310	1,074	928
Income tax expense on operations	(252)	(218)	(703)	(429)
Realized capital gains and losses, after-tax	54	36	199	(10)
Gain on disposition of operations, after-tax	1	—	7	—
Net income applicable to common shareholders	\$ 604	\$ 483	\$ 1,740	\$ 903
Catastrophe losses	\$ 861	\$ 481	\$ 2,635	\$ 2,269
Amortization of purchased intangible assets	\$ 25	\$ 9	\$ 74	\$ 27
Operating ratios:				
Claims and claims expense ratio	68.3	70.6	69.1	73.2
Expense ratio	26.4	24.9	26.1	25.0
Combined ratio	94.7	95.5	95.2	98.2
Effect of catastrophe losses on combined ratio	10.6	6.1	11.0	9.7
Effect of prior year reserve reestimates on combined ratio	(1.7)	1.3	(1.3)	0.5
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	(0.1)	—	—	0.1
Effect of amortization of purchased intangible assets on combined ratio	0.3	0.1	0.3	0.1
Effect of Discontinued Lines and Coverages on combined ratio	1.1	1.3	0.4	0.4
Allstate Financial				
Premiums and contract charges	\$ 593	\$ 571	\$ 1,777	\$ 1,701
Net investment income	461	427	1,383	1,281
Contract benefits	(456)	(484)	(1,416)	(1,393)
Interest credited to contractholder funds	(173)	(183)	(519)	(546)
Amortization of deferred policy acquisition costs	(58)	(68)	(202)	(207)
Operating costs and expenses	(130)	(126)	(395)	(370)
Restructuring and related charges	(1)	—	(2)	(1)
Income tax expense on operations	(79)	(43)	(206)	(147)
Operating income	157	94	420	318
Realized capital gains and losses, after-tax	13	(14)	9	(46)
Valuation changes on embedded derivatives that are not hedged, after-tax	(1)	—	(2)	(8)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(2)	(1)	(8)	(3)
Gain on disposition of operations, after-tax	1	1	3	3
Net income applicable to common shareholders	\$ 168	\$ 80	\$ 422	\$ 264
Corporate and Other				
Net investment income	\$ 10	\$ 11	\$ 31	\$ 32
Operating costs and expenses	(175)	(80)	(360)	(238)
Income tax benefit on operations	60	26	121	77
Preferred stock dividends	(29)	(29)	(87)	(87)
Operating loss	(134)	(72)	(295)	(216)
Realized capital gains and losses, after-tax	—	—	—	(1)
Business combination expenses, after-tax	(1)	—	(14)	—
Net loss applicable to common shareholders	\$ (135)	\$ (72)	\$ (309)	\$ (217)
Consolidated net income applicable to common shareholders	\$ 637	\$ 491	\$ 1,853	\$ 950

THE ALLSTATE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(\$ in millions, except par value data)

	September 30, 2017	December 31, 2016
	(unaudited)	
Assets		
Investments:		
Fixed income securities, at fair value (amortized cost \$57,608 and \$56,576)	\$ 59,391	\$ 57,839
Equity securities, at fair value (cost \$5,468 and \$5,157)	6,434	5,666
Mortgage loans	4,322	4,486
Limited partnership interests	6,600	5,814
Short-term, at fair value (amortized cost \$2,198 and \$4,288)	2,198	4,288
Other	3,826	3,706
Total investments	82,771	81,799
Cash	690	436
Premium installment receivables, net	5,922	5,597
Deferred policy acquisition costs	4,147	3,954
Reinsurance recoverables, net	9,748	8,745
Accrued investment income	590	567
Property and equipment, net	1,067	1,065
Goodwill	2,309	1,219
Other assets	2,966	1,835
Separate Accounts	3,422	3,393
Total assets	\$ 113,632	\$ 108,610
Liabilities		
Reserve for property-liability insurance claims and claims expense	\$ 27,154	\$ 25,250
Reserve for life-contingent contract benefits	12,227	12,239
Contractholder funds	19,650	20,260
Unearned premiums	13,535	12,583
Claim payments outstanding	959	879
Deferred income taxes	1,249	487
Other liabilities and accrued expenses	6,968	6,599
Long-term debt	6,349	6,347
Separate Accounts	3,422	3,393
Total liabilities	91,513	88,037
Shareholders' equity		
Preferred stock and additional capital paid-in, \$1 par value, 72.2 thousand shares issued and outstanding, \$1,805 aggregate liquidation preference	1,746	1,746
Common stock, \$.01 par value, 900 million issued, 360 million and 366 million shares outstanding	9	9
Additional capital paid-in	3,330	3,303
Retained income	42,125	40,678
Deferred ESOP expense	(6)	(6)
Treasury stock, at cost (540 million and 534 million shares)	(25,413)	(24,741)
Accumulated other comprehensive income:		
Unrealized net capital gains and losses:		
Unrealized net capital gains and losses on fixed income securities with OTTI	68	57
Other unrealized net capital gains and losses	1,715	1,091
Unrealized adjustment to DAC, DSI and insurance reserves	(132)	(95)
Total unrealized net capital gains and losses	1,651	1,053
Unrealized foreign currency translation adjustments	(14)	(50)
Unrecognized pension and other postretirement benefit cost	(1,309)	(1,419)
Total accumulated other comprehensive income (loss)	328	(416)
Total shareholders' equity	22,119	20,573
Total liabilities and shareholders' equity	\$ 113,632	\$ 108,610

THE ALLSTATE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in millions)

	Nine months ended September 30,	
	2017	2016
Cash flows from operating activities	(unaudited)	
Net income	\$ 1,940	\$ 1,037
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other non-cash items	358	285
Realized capital gains and losses	(318)	92
Gain on disposition of operations	(15)	(4)
Interest credited to contractholder funds	522	558
Changes in:		
Policy benefits and other insurance reserves	1,276	978
Unearned premiums	525	540
Deferred policy acquisition costs	(176)	(159)
Premium installment receivables, net	(267)	(236)
Reinsurance recoverables, net	(1,017)	(420)
Income taxes	119	30
Other operating assets and liabilities	267	41
Net cash provided by operating activities	<u>3,214</u>	<u>2,742</u>
Cash flows from investing activities		
Proceeds from sales		
Fixed income securities	19,508	19,132
Equity securities	5,179	4,069
Limited partnership interests	767	634
Other investments	170	206
Investment collections		
Fixed income securities	3,038	3,430
Mortgage loans	477	403
Other investments	458	281
Investment purchases		
Fixed income securities	(23,935)	(22,282)
Equity securities	(5,296)	(4,113)
Limited partnership interests	(1,082)	(1,128)
Mortgage loans	(311)	(460)
Other investments	(700)	(674)
Change in short-term investments, net	2,257	94
Change in other investments, net	(28)	(60)
Purchases of property and equipment, net	(216)	(190)
Acquisition of operations	(1,356)	—
Net cash used in investing activities	<u>(1,070)</u>	<u>(658)</u>
Cash flows from financing activities		
Repayments of long-term debt	—	(16)
Contractholder fund deposits	767	785
Contractholder fund withdrawals	(1,416)	(1,537)
Dividends paid on common stock	(391)	(364)
Dividends paid on preferred stock	(87)	(87)
Treasury stock purchases	(848)	(1,154)
Shares reissued under equity incentive plans, net	132	123
Excess tax benefits on share-based payment arrangements	—	25
Other	(47)	35
Net cash used in financing activities	<u>(1,890)</u>	<u>(2,190)</u>
Net increase (decrease) in cash	<u>254</u>	<u>(106)</u>
Cash at beginning of period	<u>436</u>	<u>495</u>
Cash at end of period	<u>\$ 690</u>	<u>\$ 389</u>

The following table presents the investment portfolio by strategy as of September 30, 2017.

(\$ in millions)	Total	Market-Based	Performance-Based
Fixed income securities	\$ 59,391	\$ 59,318	\$ 73
Equity securities	6,434	6,336	98
Mortgage loans	4,322	4,322	—
Limited partnership interests	6,600	654	5,946
Short-term investments	2,198	2,198	—
Other	3,826	3,272	554
Total	\$ 82,771	\$ 76,100	\$ 6,671
Property-Liability	\$ 43,843	\$ 40,331	\$ 3,512
Allstate Financial	36,711	33,552	3,159
Corporate & Other	2,217	2,217	—
Total	\$ 82,771	\$ 76,100	\$ 6,671

The following table presents investment income by investment strategy for the three and nine months ended September 30.

(\$ in millions)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Market-Based:				
Property-Liability	\$ 286	\$ 257	\$ 846	\$ 786
Allstate Financial	366	374	1,114	1,124
Corporate & Other	11	12	36	37
Total Market-Based	663	643	1,996	1,947
Performance-Based:				
Property-Liability	116	76	312	211
Allstate Financial	119	71	334	210
Corporate & Other	—	—	—	—
Total Performance-Based	235	147	646	421
Investment income, before expense	898	790	2,642	2,368
Investment expense	(55)	(42)	(154)	(127)
Net investment income	\$ 843	\$ 748	\$ 2,488	\$ 2,241

Definitions of Non-GAAP Measures

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

Operating income is net income applicable to common shareholders, excluding:

- realized capital gains and losses, after-tax, except for periodic settlements and accruals on non-hedge derivative instruments, which are reported with realized capital gains and losses but included in operating income,
- valuation changes on embedded derivatives that are not hedged, after-tax,
- amortization of deferred policy acquisition costs (DAC) and deferred sales inducements (DSI), to the extent they resulted from the recognition of certain realized capital gains and losses or valuation changes on embedded derivatives that are not hedged, after-tax,
- business combination expenses and the amortization of purchased intangible assets, after-tax,
- gain (loss) on disposition of operations, after-tax, and
- adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been no similar charge or gain within the prior two years.

Net income applicable to common shareholders is the GAAP measure that is most directly comparable to operating income.

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

The following tables reconcile net income applicable to common shareholders and operating income. Taxes on adjustments to reconcile net income applicable to common shareholders and operating income generally use a 35% effective tax rate and are reported net with the reconciling adjustment. If the effective tax rate is other than 35%, this is specified in the disclosure.

(\$ in millions, except per share data)

	Three months ended September 30,							
	Property-Liability		Allstate Financial		Consolidated		Per diluted common share	
	2017	2016	2017	2016	2017	2016	2017	2016
Net income applicable to common shareholders	\$ 604	\$ 483	\$ 168	\$ 80	\$ 637	\$ 491	\$ 1.74	\$ 1.31
Realized capital gains and losses, after-tax	(54)	(36)	(13)	14	(67)	(22)	(0.18)	(0.06)
Valuation changes on embedded derivatives that are not hedged, after-tax	—	—	1	—	1	—	—	—
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	—	—	2	1	2	1	0.01	—
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	—	—	—	(1)	—	—	—
Business combination expenses and the amortization of purchased intangible assets, after-tax	16	5	—	—	17	5	0.04	0.01
Gain on disposition of operations, after-tax	(1)	—	(1)	(1)	(2)	(1)	(0.01)	—
Operating income*	\$ 564	\$ 452	\$ 157	\$ 94	\$ 587	\$ 474	\$ 1.60	\$ 1.26

	Nine months ended September 30,							
	Property-Liability		Allstate Financial		Consolidated		Per diluted common share	
	2017	2016	2017	2016	2017	2016	2017	2016
Net income applicable to common shareholders	\$ 1,740	\$ 903	\$ 422	\$ 264	\$ 1,853	\$ 950	\$ 5.02	\$ 2.51
Realized capital gains and losses, after-tax	(199)	10	(9)	46	(208)	57	(0.56)	0.15
Valuation changes on embedded derivatives that are not hedged, after-tax	—	—	2	8	2	8	0.01	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	—	—	8	3	8	3	0.02	0.01
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(2)	(1)	—	—	(2)	(1)	(0.01)	—
Business combination expenses and the amortization of purchased intangible assets, after-tax	48	17	—	—	62	17	0.17	0.04
Gain on disposition of operations, after-tax	(7)	—	(3)	(3)	(10)	(3)	(0.03)	(0.01)
Operating income*	\$ 1,580	\$ 929	\$ 420	\$ 318	\$ 1,705	\$ 1,031	\$ 4.62	\$ 2.72

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

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

(\$ in millions)

	For the twelve months ended September 30,	
	2017	2016
Return on common shareholders' equity		
Numerator:		
Net income applicable to common shareholders	\$ 2,664	\$ 1,410
Denominator:		
Beginning common shareholders' equity ⁽¹⁾	\$ 19,188	\$ 18,758
Ending common shareholders' equity ⁽¹⁾	20,373	19,188
Average common shareholders' equity	\$ 19,781	\$ 18,973
Return on common shareholders' equity	13.5%	7.4%

(\$ in millions)

	For the twelve months ended September 30,	
	2017	2016
Operating income return on common shareholders' equity		
Numerator:		
Operating income	\$ 2,512	\$ 1,656
Denominator:		
Beginning common shareholders' equity	\$ 19,188	\$ 18,758
Unrealized net capital gains and losses	1,817	879
Adjusted beginning common shareholders' equity	17,371	17,879
Ending common shareholders' equity	20,373	19,188
Unrealized net capital gains and losses	1,651	1,817
Adjusted ending common shareholders' equity	18,722	17,371
Average adjusted common shareholders' equity	\$ 18,047	\$ 17,625
Operating income return on common shareholders' equity*	13.9%	9.4%

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

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

The following tables reconcile the respective combined ratio to the underlying combined ratio.

Property-Liability

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Combined ratio	94.7	95.5	95.2	98.2
Effect of catastrophe losses	(10.6)	(6.1)	(11.0)	(9.7)
Effect of prior year non-catastrophe reserve reestimates	1.6	(1.3)	1.3	(0.4)
Effect of amortization of purchased intangible assets	(0.3)	(0.1)	(0.3)	(0.1)
Underlying combined ratio*	85.4	88.0	85.2	88.0
Effect of prior year catastrophe reserve reestimates	(0.1)	—	—	0.1

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

Allstate Brand - Total

Combined ratio
Effect of catastrophe losses
Effect of prior year non-catastrophe reserve reestimates
Underlying combined ratio*
Effect of prior year catastrophe reserve reestimates

Three months ended September 30,		Nine months ended September 30,	
2017	2016	2017	2016
92.7	93.1	93.5	96.9
(11.3)	(6.2)	(11.3)	(10.0)
2.9	—	1.9	—
84.3	86.9	84.1	86.9
(0.1)	—	—	0.1

Allstate Brand - Auto Insurance

Combined ratio
Effect of catastrophe losses
Effect of prior year non-catastrophe reserve reestimates
Underlying combined ratio*
Effect of prior year catastrophe reserve reestimates

Three months ended September 30,		Nine months ended September 30,	
2017	2016	2017	2016
94.9	99.0	93.8	99.7
(7.4)	(3.1)	(4.4)	(3.4)
3.7	—	2.2	0.2
91.2	95.9	91.6	96.5
(0.1)	(0.1)	(0.1)	—

Allstate Brand - Homeowners Insurance

Combined ratio
Effect of catastrophe losses
Effect of prior year non-catastrophe reserve reestimates
Underlying combined ratio*
Effect of prior year catastrophe reserve reestimates

Three months ended September 30,		Nine months ended September 30,	
2017	2016	2017	2016
81.3	75.9	90.7	88.7
(22.4)	(15.4)	(31.6)	(29.3)
2.3	0.6	1.6	0.3
61.2	61.1	60.7	59.7
(0.2)	0.3	(0.1)	0.4

Allstate Brand - Other Personal Lines

Combined ratio
Effect of catastrophe losses
Effect of prior year non-catastrophe reserve reestimates
Underlying combined ratio*
Effect of prior year catastrophe reserve reestimates

Three months ended September 30,		Nine months ended September 30,	
2017	2016	2017	2016
104.3	87.5	96.1	90.4
(15.7)	(6.0)	(14.7)	(12.5)
(0.7)	0.5	(0.1)	1.2
87.9	82.0	81.3	79.1
—	(0.3)	0.4	(0.1)

Esurance Brand - Total

Combined ratio
Effect of catastrophe losses
Effect of prior year non-catastrophe reserve reestimates
Effect of amortization of purchased intangible assets
Underlying combined ratio*
Effect of prior year catastrophe reserve reestimates

Three months ended September 30,		Nine months ended September 30,	
2017	2016	2017	2016
104.4	109.8	104.3	108.3
(3.9)	(3.3)	(3.8)	(2.5)
0.2	1.0	0.1	1.0
(0.2)	(1.5)	(0.2)	(1.5)
100.5	106.0	100.4	105.3
—	—	(0.1)	—

Encompass Brand - Total

Combined ratio
Effect of catastrophe losses
Effect of prior year non-catastrophe reserve reestimates
Underlying combined ratio*
Effect of prior year catastrophe reserve reestimates

Three months ended September 30,		Nine months ended September 30,	
2017	2016	2017	2016
89.2	98.3	101.9	103.1
(4.5)	(9.0)	(15.8)	(11.2)
0.8	—	0.5	(1.8)
85.5	89.3	86.6	90.1
—	0.3	—	—

Adjusted SquareTrade operating income is a non-GAAP measure, which is computed as net income (loss) applicable to common shareholders, excluding amortization of purchased intangible assets, after-tax, and realized capital gains and losses, after-tax, and adjusted for the after-tax income statement effects of acquisition-related purchase accounting fair value adjustments to unearned premiums, contractual liability insurance policy premium expenses, and commissions paid to retailers. Net income (loss) applicable to shareholders is the GAAP measure that is most directly comparable to adjusted SquareTrade operating income. We use adjusted SquareTrade operating income as an important measure to evaluate SquareTrade's results of operations. We believe that the measure provides investors with a valuable measure of SquareTrade's ongoing performance because it reveals trends that may be obscured by the amortization of purchased intangible assets, the acquisition-related purchase accounting fair value adjustments, and the net effects of realized capital gains and losses. Amortization of purchased intangible assets is excluded because it relates to the acquisition purchase price and is not indicative of our business results or trends. We adjust for the effects of acquisition-related purchase accounting fair value adjustments because they relate to the acquisition and their effects are not indicative of the underlying business results and trends. Realized capital gains and losses may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is unrelated to SquareTrade's operations. Adjusted SquareTrade operating income highlights the results from ongoing operations and the underlying profitability of our business and is used by management along with the other components of net income applicable to common shareholders to assess our performance. We believe it is useful for investors to evaluate net income applicable to common shareholders, adjusted SquareTrade operating income and their components separately and in the aggregate when reviewing and evaluating SquareTrade's performance. Adjusted SquareTrade operating income should not be considered a substitute for net income applicable to common shareholders and does not reflect the overall profitability of our business.

The following table reconciles the SquareTrade net loss applicable to shareholders to the adjusted SquareTrade operating loss.

SquareTrade

Net loss applicable to common shareholders
 Realized capital gains and losses, after-tax
 Amortization of purchased intangible assets, after-tax
Operating loss *
 Fair value adjustments, after-tax
Adjusted SquareTrade operating loss *

	<u>Three months ended September 30, 2017</u>	<u>Nine months ended September 30, 2017</u>
\$	(19)	\$ (56)
	—	—
	<u>15</u>	<u>45</u>
	(4)	(11)
	<u>2</u>	<u>9</u>
\$	(2)	\$ (2)

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THE ALLSTATE CORPORATION

Investor Supplement Third Quarter 2017

The consolidated financial statements and financial exhibits included herein are unaudited. These consolidated financial statements and exhibits should be read 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 are not necessarily indicative of the results expected for the full year.

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

THE ALLSTATE CORPORATION
Investor Supplement - Third Quarter 2017
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THE ALLSTATE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

	Three months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Revenues					
Property-liability insurance premiums	\$ 8,121	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869
Life and annuity premiums and contract charges	593	591	593	574	571
Net investment income	843	897	748	801	748
Realized capital gains and losses:					
Total other-than-temporary impairment ("OTTI") losses	(26)	(47)	(62)	(72)	(73)
OTTI losses reclassified to (from) other comprehensive income	(2)	(3)	3	2	-
Net OTTI losses recognized in earnings	(28)	(50)	(59)	(70)	(73)
Sales and other realized capital gains and losses	131	131	193	72	106
Total realized capital gains and losses	103	81	134	2	33
Total revenues	9,660	9,587	9,434	9,278	9,221
Costs and expenses					
Property-liability insurance claims and claims expense	5,545	5,689	5,416	5,083	5,553
Life and annuity contract benefits	456	486	474	464	484
Interest credited to contractholder funds	174	175	173	168	183
Amortization of deferred policy acquisition costs	1,200	1,176	1,169	1,157	1,138
Operating costs and expenses	1,218	1,086	1,097	1,063	1,021
Restructuring and related charges	14	53	10	9	5
Interest expense	83	83	85	77	73
Total costs and expenses	8,690	8,748	8,424	8,021	8,457
Gain on disposition of operations	1	12	2	1	1
Income from operations before income tax expense	971	851	1,012	1,258	765
Income tax expense	305	272	317	418	245
Net income	\$ 666	\$ 579	\$ 695	\$ 840	\$ 520
Preferred stock dividends	29	29	29	29	29
Net income applicable to common shareholders	\$ 637	\$ 550	\$ 666	\$ 811	\$ 491
Earnings per common share: ⁽¹⁾					
Net income applicable to common shareholders per common share - Basic	\$ 1.76	\$ 1.51	\$ 1.82	\$ 2.20	\$ 1.32
Weighted average common shares - Basic	361.3	363.6	365.7	368.0	371.5
Net income applicable to common shareholders per common share - Diluted	\$ 1.74	\$ 1.49	\$ 1.79	\$ 2.18	\$ 1.31
Weighted average common shares - Diluted	367.1	369.0	371.3	372.5	375.9
Cash dividends declared per common share	\$ 0.37	\$ 0.37	\$ 0.37	\$ 0.33	\$ 0.33

⁽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

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	
Contribution to income						
Net income applicable to common shareholders	\$ 637	\$ 550	\$ 666	\$ 811	\$ 491	\$
Realized capital gains and losses, after-tax	(67)	(53)	(88)	(1)	(22)	
Valuation changes on embedded derivatives that are not hedged, after-tax	1	1	-	(6)	-	
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	2	3	3	1	1	
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	(1)	-	(2)	-	
Business combination expenses and the amortization of purchased intangible assets, after-tax	17	16	29	4	5	
Gain on disposition of operations, after-tax	(2)	(6)	(2)	-	(1)	
Operating income *	<u>\$ 587</u>	<u>\$ 510</u>	<u>\$ 608</u>	<u>\$ 807</u>	<u>\$ 474</u>	\$ =
Income per common share - Diluted						
Net income applicable to common shareholders	\$ 1.74	\$ 1.49	\$ 1.79	\$ 2.18	\$ 1.31	\$
Realized capital gains and losses, after-tax	(0.18)	(0.14)	(0.24)	-	(0.06)	
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	(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	0.01	0.01	0.01	-	-	
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	-	-	-	
Business combination expenses and the amortization of purchased intangible assets, after-tax	0.04	0.04	0.08	0.01	0.01	
Gain on disposition of operations, after-tax	(0.01)	(0.02)	-	-	-	
Operating income *	<u>\$ 1.60</u>	<u>\$ 1.38</u>	<u>\$ 1.64</u>	<u>\$ 2.17</u>	<u>\$ 1.26</u>	\$ =
Weighted average common shares - Diluted	<u>367.1</u>	<u>369.0</u>	<u>371.3</u>	<u>372.5</u>	<u>375.9</u>	=

THE ALLSTATE CORPORATION
REVENUES
(\$ in millions)

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Jun 2016
Property-Liability						
Property-Liability insurance premiums	\$ 8,121	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869	\$ 7,869
Net investment income	372	391	311	338	310	310
Realized capital gains and losses	82	85	135	14	53	53
Total Property-Liability revenues	8,575	8,494	8,405	8,253	8,232	8,232
Allstate Financial						
Life and annuity premiums and contract charges	593	591	593	574	571	571
Net investment income	461	496	426	453	427	427
Realized capital gains and losses	21	(4)	(1)	(11)	(21)	(21)
Total Allstate Financial revenues	1,075	1,083	1,018	1,016	977	977
Corporate and Other						
Net investment income	10	10	11	10	11	11
Realized capital gains and losses	-	-	-	(1)	1	1
Total Corporate and Other revenues	10	10	11	9	12	12
Consolidated revenues	\$ 9,660	\$ 9,587	\$ 9,434	\$ 9,278	\$ 9,221	\$ 9,221

THE ALLSTATE CORPORATION
SEGMENT RESULTS

(\$ in millions)

For the three months ended September 30, 2017

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial
Premiums and contract charges	\$ 8,121	\$ -	\$ 8,121	\$ 593
Claims and claims expense	(5,457)	(88)	(5,545)	-
Contract benefits and interest credited to contractholder funds	-	-	-	(630)
Amortization of deferred policy acquisition costs	(1,138)	-	(1,138)	(62)
Operating costs and expenses	(995)	-	(995)	(130)
Restructuring and related charges	(13)	-	(13)	(1)
Interest expense	(1)	-	(1)	-
Underwriting income (loss)	\$ 517	\$ (88)	\$ 429	-
Net investment income	-	-	372	461
Realized capital gains and losses	-	-	82	21
Gain on disposition of operations	-	-	-	1
Income tax (expense) benefit	-	-	(279)	(85)
Preferred stock dividends	-	-	-	-
Net income (loss) applicable to common shareholders	-	-	\$ 604	\$ 168
Realized capital gains and losses, after-tax	-	-	(54)	(13)
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	1
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	2
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	(1)	-
Business combination expenses and the amortization of purchased intangible assets, after-tax	-	-	16	-
Gain on disposition of operations, after-tax	-	-	(1)	(1)
Operating income (loss) *	-	-	\$ 564	\$ 157

For the three months ended September 30, 2016

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial
Premiums and contract charges	\$ 7,869	\$ -	\$ 7,869	\$ 571
Claims and claims expense	(5,454)	(99)	(5,553)	-
Contract benefits and interest credited to contractholder funds	-	-	-	(667)
Amortization of deferred policy acquisition costs	(1,068)	-	(1,068)	(70)
Operating costs and expenses	(887)	(1)	(888)	(126)
Restructuring and related charges	(5)	-	(5)	-
Interest expense	-	-	-	-
Underwriting income (loss)	\$ 455	\$ (100)	\$ 355	-
Net investment income	-	-	310	427
Realized capital gains and losses	-	-	53	(21)
Gain on disposition of operations	-	-	-	1
Income tax (expense) benefit	-	-	(235)	(35)
Preferred stock dividends	-	-	-	-
Net income (loss) applicable to common shareholders	-	-	\$ 483	\$ 80
Realized capital gains and losses, after-tax	-	-	(36)	14
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	-
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	1
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	-	-
Business combination expenses and the amortization of purchased intangible assets, after-tax	-	-	5	-
Gain on disposition of operations, after-tax	-	-	-	(1)
Operating income (loss) *	-	-	\$ 452	\$ 94

⁽¹⁾ Includes a pension settlement loss of \$86 million recorded for the three months ended September 30, 2017.

⁽²⁾ Operating income is the segment measure for Allstate Financial and Corporate and Other and is not a non-GAAP measure.

THE ALLSTATE CORPORATION
SEGMENT RESULTS

(\$ in millions)

For the nine months ended September 3

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial
Premiums and contract charges	\$ 24,098	\$ -	\$ 24,098	\$ 1,777
Claims and claims expense	(16,557)	(93)	(16,650)	-
Contract benefits and interest credited to contractholder funds	-	-	-	(1,938)
Amortization of deferred policy acquisition costs	(3,331)	-	(3,331)	(214)
Operating costs and expenses	(2,876)	(2)	(2,878)	(395)
Restructuring and related charges	(75)	-	(75)	(2)
Interest expense	(1)	-	(1)	-
Underwriting income (loss)	\$ 1,258	\$ (95)	\$ 1,163	
Net investment income			1,074	1,383
Realized capital gains and losses			302	16
Gain on disposition of operations			10	5
Income tax (expense) benefit			(809)	(210)
Preferred stock dividends			-	-
Net income (loss) applicable to common shareholders			\$ 1,740	\$ 422
Realized capital gains and losses, after-tax			(199)	(9)
Valuation changes on embedded derivatives that are not hedged, after-tax			-	2
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax			-	8
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(2)	-
Business combination expenses and the amortization of purchased intangible assets, after-tax			48	-
Gain on disposition of operations, after-tax			(7)	(3)
Operating income (loss) *			\$ 1,580	\$ 420

For the nine months ended September 3

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial
Premiums and contract charges	\$ 23,406	\$ -	\$ 23,406	\$ 1,701
Claims and claims expense	(17,036)	(102)	(17,138)	-
Contract benefits and interest credited to contractholder funds	-	-	-	(1,951)
Amortization of deferred policy acquisition costs	(3,181)	-	(3,181)	(212)
Operating costs and expenses	(2,651)	(2)	(2,653)	(370)
Restructuring and related charges	(20)	-	(20)	(1)
Interest expense	-	-	-	-
Underwriting income (loss)	\$ 518	\$ (104)	\$ 414	
Net investment income			928	1,281
Realized capital gains and losses			(20)	(70)
Gain on disposition of operations			-	4
Income tax (expense) benefit			(419)	(118)
Preferred stock dividends			-	-
Net income (loss) applicable to common shareholders			\$ 903	\$ 264
Realized capital gains and losses, after-tax			10	46
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			-	3
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(1)	-
Business combination expenses and the amortization of purchased intangible assets, after-tax			17	-
Gain on disposition of operations, after-tax			-	(3)
Operating income (loss) *			\$ 929	\$ 318

(1) Includes a pension settlement loss of \$86 million recorded in the third quarter of 2017.

(2) Operating income is the segment measure for Allstate Financial and Corporate and Other and is not a non-GAAP measure.

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

	Sept 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Assets					
Investments					
Fixed income securities, at fair value (amortized cost \$57,608, \$56,901, \$57,194, \$56,576 and \$57,775)	\$ 59,391	\$ 58,656	\$ 58,636	\$ 57,839	\$ 60,306
Equity securities, at fair value (cost \$5,468, \$5,321, \$5,026, \$5,157 and \$4,800)	6,434	6,117	5,685	5,666	5,288
Mortgage loans	4,322	4,336	4,349	4,486	4,396
Limited partnership interests	6,600	6,206	5,982	5,814	5,588
Short-term, at fair value (amortized cost \$2,198, \$2,175, \$2,753, \$4,288 and \$1,863)	2,198	2,175	2,753	4,288	1,863
Other	3,826	3,815	3,738	3,706	3,663
Total investments	82,771	81,305	81,143	81,799	81,104
Cash	690	482	442	436	389
Premium installment receivables, net	5,922	5,693	5,649	5,597	5,799
Deferred policy acquisition costs	4,147	4,037	3,988	3,954	3,886
Reinsurance recoverables, net ⁽¹⁾	9,748	8,722	8,723	8,745	8,922
Accrued investment income	590	573	577	567	567
Property and equipment, net	1,067	1,072	1,067	1,065	1,013
Goodwill	2,309	2,309	2,295	1,219	1,219
Other assets	2,966	3,256	2,923	1,835	2,169
Separate Accounts	3,422	3,416	3,436	3,393	3,469
Total assets	\$ 113,632	\$ 110,865	\$ 110,243	\$ 108,610	\$ 108,537
Liabilities					
					Reserve for property-liability insurance claims and claims expense
					Reserve for life-contingent contract benefits
					Contractholder funds
					Unearned premiums
					Claim payments outstanding
					Deferred income taxes
					Other liabilities and accrued expenses
					Long-term debt
					Separate Accounts
					Total liabilities
Equity					
					Preferred stock and additional capital paid-in, 72.2 thousand shares outstanding
					Common stock, 360 million, 361 million, 365 million, 366 million and 368 million shares outstanding ⁽²⁾
					Additional capital paid-in
					Retained income
					Deferred ESOP expense
					Treasury stock, at cost (540 million, 539 million, 535 mill 534 million and 532 million shares)
					Accumulated other comprehensive income:
					Unrealized net capital gains and losses:
					Unrealized net capital gains and losses on fixed in securities with other-than-temporary impairments
					Other unrealized net capital gains and losses
					Unrealized adjustment to DAC, DSI and insurance reserves
					Total unrealized net capital gains and losses
					Unrealized foreign currency translation adjustments
					Unrecognized pension and other postretirement benefit cost
					Total accumulated other comprehensive income
					Total shareholders' equity
					Total liabilities and shareholders' equity

⁽¹⁾ Reinsurance recoverables of unpaid losses related to Property-Liability were \$7.26 billion, \$6.21 billion, \$6.18 billion, \$6.18 billion and \$6.35 billion as of September 30, 2017, June 30, 2017, Ma

⁽²⁾ Common shares outstanding were 359,787,293; 361,280,366; 365,015,746; 365,771,746 and 368,126,127 as of September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and

THE ALLSTATE CORPORATION
BOOK VALUE PER COMMON SHARE

(\$ in millions, except per share data)

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sep 2016
Book value per common share					
Numerator:					
Common shareholders' equity ⁽¹⁾	\$ 20,373	\$ 19,755	\$ 19,412	\$ 18,827	\$ 18,827
Denominator:					
Common shares outstanding and dilutive potential common shares outstanding	365.8	367.0	370.4	370.8	370.8
Book value per common share	\$ 55.69	\$ 53.83	\$ 52.41	\$ 50.77	\$ 50.77
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities					
Numerator:					
Common shareholders' equity	\$ 20,373	\$ 19,755	\$ 19,412	\$ 18,827	\$ 18,827
Unrealized net capital gains and losses on fixed income securities	1,028	1,013	831	727	727
Adjusted common shareholders' equity	\$ 19,345	\$ 18,742	\$ 18,581	\$ 18,100	\$ 18,100
Denominator:					
Common shares outstanding and dilutive potential common shares outstanding	365.8	367.0	370.4	370.8	370.8
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities *	\$ 52.88	\$ 51.07	\$ 50.16	\$ 48.81	\$ 48.81

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

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

Twelve months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016
Return on Common Shareholders' Equity				
Numerator:				
Net income applicable to common shareholders ⁽¹⁾	\$ <u>2,664</u>	\$ <u>2,518</u>	\$ <u>2,210</u>	\$ <u>1,761</u>
Denominator:				
Beginning common shareholders' equity	\$ 19,188	\$ 18,807	\$ 18,594	\$ 18,279
Ending common shareholders' equity	20,373	19,755	19,412	18,827
Average common shareholders' equity ⁽²⁾	\$ <u>19,781</u>	\$ <u>19,281</u>	\$ <u>19,003</u>	\$ <u>18,553</u>
Return on common shareholders' equity	<u>13.5</u> %	<u>13.1</u> %	<u>11.6</u> %	<u>9.5</u> %
Operating Income Return on Common Shareholders' Equity				
Numerator:				
Operating income * ⁽¹⁾	\$ <u>2,512</u>	\$ <u>2,399</u>	\$ <u>2,124</u>	\$ <u>1,838</u>
Denominator:				
Beginning common shareholders' equity	\$ 19,188	\$ 18,807	\$ 18,594	\$ 18,279
Unrealized net capital gains and losses	1,817	1,624	1,200	620
Adjusted beginning common shareholders' equity	<u>17,371</u>	<u>17,183</u>	<u>17,394</u>	<u>17,659</u>
Ending common shareholders' equity	20,373	19,755	19,412	18,827
Unrealized net capital gains and losses	1,651	1,526	1,256	1,053
Adjusted ending common shareholders' equity	<u>18,722</u>	<u>18,229</u>	<u>18,156</u>	<u>17,774</u>
Average adjusted common shareholders' equity ⁽²⁾	\$ <u>18,047</u>	\$ <u>17,706</u>	\$ <u>17,775</u>	\$ <u>17,717</u>
Operating income return on common shareholders' equity *	<u>13.9</u> %	<u>13.5</u> %	<u>11.9</u> %	<u>10.4</u> %

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

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

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

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept 20
Debt					
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	6,349	6,348	6,346	6,347	5
Total debt	<u>\$ 6,349</u>	<u>\$ 6,348</u>	<u>\$ 6,346</u>	<u>\$ 6,347</u>	<u>\$ 5</u>
Capital resources					
Debt					
Debt	\$ 6,349	\$ 6,348	\$ 6,346	\$ 6,347	\$ 5
Shareholders' equity					
Preferred stock and additional capital paid-in	1,746	1,746	1,746	1,746	1
Common stock	9	9	9	9	9
Additional capital paid-in	3,330	3,269	3,285	3,303	3
Retained income	42,125	41,622	41,208	40,678	39
Deferred ESOP expense	(6)	(6)	(6)	(6)	(6)
Treasury stock	(25,413)	(25,241)	(24,887)	(24,741)	(24)
Unrealized net capital gains and losses	1,651	1,526	1,256	1,053	1
Unrealized foreign currency translation adjustments	(14)	(42)	(53)	(50)	(50)
Unrecognized pension and other postretirement benefit cost	(1,309)	(1,382)	(1,400)	(1,419)	(1)
Total shareholders' equity	22,119	21,501	21,158	20,573	20
Total capital resources	<u>\$ 28,468</u>	<u>\$ 27,849</u>	<u>\$ 27,504</u>	<u>\$ 26,920</u>	<u>\$ 26</u>
Ratio of debt to shareholders' equity	<u>28.7 %</u>	<u>29.5 %</u>	<u>30.0 %</u>	<u>30.9 %</u>	<u>30.9 %</u>
Ratio of debt to capital resources	<u>22.3 %</u>	<u>22.8 %</u>	<u>23.1 %</u>	<u>23.6 %</u>	<u>23.6 %</u>

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	\$ 666	\$ 579	\$ 695	\$ 840	\$ 520
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and other non-cash items	120	119	119	97	97
Realized capital gains and losses	(103)	(81)	(134)	(2)	(33)
Gain on disposition of operations	(1)	(12)	(2)	(1)	(1)
Interest credited to contractholder funds	174	175	173	168	183
Changes in:					
Policy benefits and other insurance reserves	1,048	45	183	(347)	401
Unearned premiums	491	282	(248)	(178)	478
Deferred policy acquisition costs	(111)	(79)	14	(6)	(87)
Premium installment receivables, net	(216)	(32)	(19)	194	(209)
Reinsurance recoverables, net	(1,023)	(5)	11	156	(300)
Income taxes	161	(326)	284	387	206
Other operating assets and liabilities	660	(174)	(219)	(57)	129
Net cash provided by operating activities	<u>1,866</u>	<u>491</u>	<u>857</u>	<u>1,251</u>	<u>1,384</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales:					
Fixed income securities	4,987	7,438	7,083	5,929	6,543
Equity securities	1,749	829	2,601	1,477	1,582
Limited partnership interests	286	271	210	247	271
Mortgage loans	-	-	-	-	-
Other investments	52	94	24	56	62
Investment collections:					
Fixed income securities	975	1,034	1,029	1,103	1,292
Mortgage loans	172	82	223	98	253
Other investments	121	163	174	140	113
Investment purchases:					
Fixed income securities	(6,721)	(8,414)	(8,800)	(5,708)	(9,335)
Equity securities	(1,823)	(1,090)	(2,383)	(1,837)	(1,441)
Limited partnership interests	(504)	(310)	(268)	(322)	(425)
Mortgage loans	(163)	(62)	(86)	(186)	(196)
Other investments	(168)	(313)	(219)	(211)	(225)
Change in short-term investments, net	115	570	1,572	(2,540)	763
Change in other investments, net	(135)	117	(10)	9	(21)
Purchases of property and equipment, net	(70)	(72)	(74)	(123)	(70)
Acquisition of operations	-	-	(1,356)	-	-
Net cash (used in) provided by investing activities	<u>(1,127)</u>	<u>337</u>	<u>(280)</u>	<u>(1,868)</u>	<u>(834)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of long-term debt	-	-	-	1,236	-
Repayments of long-term debt	-	-	-	(1)	-
Contractholder fund deposits	252	258	257	264	263
Contractholder fund withdrawals	(459)	(474)	(483)	(550)	(524)
Dividends paid on common stock	(134)	(135)	(122)	(122)	(124)
Dividends paid on preferred stock	(29)	(29)	(29)	(29)	(29)
Treasury stock purchases	(191)	(393)	(264)	(183)	(250)
Shares reissued under equity incentive plans, net	24	41	67	41	51
Excess tax benefits on share-based payment arrangements	-	-	-	7	5
Other	6	(56)	3	1	1
Net cash (used in) provided by financing activities	<u>(531)</u>	<u>(788)</u>	<u>(571)</u>	<u>664</u>	<u>(607)</u>
NET INCREASE (DECREASE) IN CASH	208	40	6	47	(57)
CASH AT BEGINNING OF PERIOD	482	442	436	389	446
CASH AT END OF PERIOD	\$ 690	\$ 482	\$ 442	\$ 436	\$ 389

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

Change in Deferred Policy Acquisition Costs
For the three months ended September 30, 2017

	Beginning balance June 30, 2017	Acquisition costs deferred	Amortization before adjustments ⁽¹⁾⁽²⁾	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged ⁽²⁾	Amorti (accele decel for cha assump
Property-Liability	\$ 2,328	\$ 1,242	\$ (1,138)	\$ -	\$
Allstate Financial:					
Traditional life and accident and health	841	50	(34)	-	
Interest-sensitive life	831	21	(35)	(4)	
Fixed annuity	37	-	(2)	-	
Subtotal	<u>1,709</u>	<u>71</u>	<u>(71)</u>	<u>(4)</u>	
Consolidated	<u>\$ 4,037</u>	<u>\$ 1,313</u>	<u>\$ (1,209)</u>	<u>\$ (4)</u>	<u>\$</u>

Change in Deferred Policy Acquisition Costs
For the three months ended September 30, 2016

	Beginning balance June 30, 2016	Acquisition costs deferred	Amortization before adjustments	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged	Amorti (accele decel for cha assum
Property-Liability	\$ 2,101	\$ 1,153	\$ (1,068)	\$ -	\$
Allstate Financial:					
Traditional life and accident and health	806	45	(41)	-	
Interest-sensitive life	868	25	(27)	(2)	
Fixed annuity	44	-	(2)	-	
Subtotal	<u>1,718</u>	<u>70</u>	<u>(70)</u>	<u>(2)</u>	
Consolidated	<u>\$ 3,819</u>	<u>\$ 1,223</u>	<u>\$ (1,138)</u>	<u>\$ (2)</u>	<u>\$</u>

⁽¹⁾ Amortization before adjustments reflects total DAC amortization before amortization/accretion related to realized capital gains and losses and valuation changes on acceleration/deceleration for changes in assumptions.
⁽²⁾ Included as a component of amortization of DAC on the Consolidated Statements of Operations.

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

Change in Deferred Policy Acquisition Costs
For the nine months ended September 30, 2017

	Beginning balance Dec. 31, 2016	Acquisition costs deferred	Amortization before adjustments ⁽¹⁾⁽²⁾	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged ⁽²⁾	Amortization (acceleration) deceleration for changes in assumptions ⁽²⁾	Effect of unrealized capital gains and losses	
Property-Liability	\$ 2,188	\$ 3,575 ⁽³⁾	\$ (3,331)	\$ -	\$ -	\$ -	\$
Allstate Financial:							
Traditional life and accident and health	821	151	(115)	-	-	-	
Interest-sensitive life	905	64	(95)	(12)	13	(52)	
Fixed annuity	40	-	(5)	-	-	-	
Subtotal	<u>1,766</u>	<u>215</u>	<u>(215)</u>	<u>(12)</u>	<u>13</u>	<u>(52)</u>	
Consolidated	<u>\$ 3,954</u>	<u>\$ 3,790</u>	<u>\$ (3,546)</u>	<u>\$ (12)</u>	<u>\$ 13</u>	<u>\$ (52)</u>	<u>\$</u>

Change in Deferred Policy Acquisition Costs
For the nine months ended September 30, 2016

	Beginning balance Dec. 31, 2015	Acquisition costs deferred	Amortization before adjustments ⁽¹⁾⁽²⁾	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged ⁽²⁾	Amortization (acceleration) deceleration for changes in assumptions ⁽²⁾	Effect of unrealized capital gains and losses	
Property-Liability	\$ 2,029	\$ 3,338	\$ (3,181)	\$ -	\$ -	\$ -	\$
Allstate Financial:							
Traditional life and accident and health	792	139	(121)	-	-	-	
Interest-sensitive life	993	77	(83)	(5)	2	(136)	
Fixed annuity	47	-	(5)	-	-	-	
Subtotal	<u>1,832</u>	<u>216</u>	<u>(209)</u>	<u>(5)</u>	<u>2</u>	<u>(136)</u>	
Consolidated	<u>\$ 3,861</u>	<u>\$ 3,554</u>	<u>\$ (3,390)</u>	<u>\$ (5)</u>	<u>\$ 2</u>	<u>\$ (136)</u>	<u>\$</u>

⁽¹⁾ Amortization before adjustments reflects total DAC amortization before amortization/accretion related to realized capital gains and losses and valuation changes on embedded derivatives that are not

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

⁽³⁾ Includes \$70 million recorded in connection with the SquareTrade acquisition on January 3, 2017.

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

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016
Policies in Force statistics (in thousands)				
Allstate Protection ⁽¹⁾				
Allstate brand				
Auto	19,513	19,548	19,565	19,742
Homeowners	6,071	6,075	6,090	6,120
Landlord	697	703	710	716
Renter	1,578	1,564	1,563	1,568
Condominium	662	662	663	666
Other	1,275	1,270	1,264	1,264
Other personal lines	4,212	4,199	4,200	4,214
Commercial lines	251	262	272	285
Allstate Roadside Services	708	724	743	768
Allstate Dealer Services	4,130	4,139	4,150	4,142
Other business lines	4,838	4,863	4,893	4,910
Total	34,885	34,947	35,020	35,271
Esurance brand				
Auto	1,369	1,388	1,400	1,391
Homeowners	76	69	63	58
Other personal lines	45	47	48	47
Total	1,490	1,504	1,511	1,496
Encompass brand				
Auto	548	571	595	622
Homeowners	262	273	284	295
Other personal lines	88	91	94	98
Total	898	935	973	1,015
SquareTrade ⁽²⁾				
	34,078	31,258	29,907	-
Allstate Protection Policies in Force	71,351	68,644	67,411	37,782
Allstate Financial ⁽³⁾				
Allstate Life	2,019	2,020	2,017	2,023
Allstate Benefits	4,035	4,064	3,992	3,755
Allstate Annuities	236	240	246	251
Allstate Financial Policies in Force	6,290	6,324	6,255	6,029
Total Policies in Force	77,641	74,968	73,666	43,811
Agency Data ⁽⁴⁾				
Total Allstate agencies ⁽⁵⁾	12,200	12,200	12,200	12,200
Licensed sales professionals ⁽⁶⁾	23,900	24,000	23,600	23,800
Allstate independent agencies ⁽⁷⁾	2,400	2,300	2,200	2,200

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

- A multi-car customer would generate multiple item (policy) counts, even if all cars were insured under one policy.
- Non-proprietary products offered by Iwantage (insurance agency) and Answer Financial (independent insurance agency) are not included.
- Allstate Roadside Services represents memberships in force and do not include their wholesale partners as the customer relationship is managed by the wholesaler.
- Allstate Dealer Services represents service contracts and other products sold in conjunction with auto lending and vehicle sales transactions and do not include customer relationship is managed by the TPAs.
- SquareTrade represents active consumer product protection plans.

(2) SquareTrade had PIF of 28.5, 25.8, 24.4 and 23.0 million at December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, respectively. These January 3, 2017 and are not included in the periods above.

(3) Allstate Financial insurance policies and annuities in force reflect the number of contracts in force excluding sold blocks of business that remain on the balance sheet effected through reinsurance arrangements. Policy counts associated with our voluntary employee benefits group business reflect certificate counts as opposed to policy counts.

(4) Rounded to the nearest hundred.

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

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

(7) Includes 572 and 488 engaged Allstate independent agencies ("AIAs") as of September 30, 2017 and December 31, 2016, respectively. Engaged AIAs, as current number of new policies written.

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Premiums written	\$ 8,583	\$ 8,289	\$ 7,723	\$ 7,723	\$ 8,311
(Increase) decrease in unearned premiums	(513)	(301)	234	189	(472)
Other	51	30	2	(11)	30
Premiums earned	8,121	8,018	7,959	7,901	7,869
Claims and claims expense	(5,545)	(5,689)	(5,416)	(5,083)	(5,553)
Amortization of deferred policy acquisition costs	(1,138)	(1,103)	(1,090)	(1,086)	(1,068)
Operating costs and expenses	(996)	(947)	(936)	(927)	(888)
Restructuring and related charges	(13)	(52)	(10)	(9)	(5)
Underwriting income (loss)	429	227	507	796	355
Net investment income	372	391	311	338	310
Income tax expense on operations	(252)	(196)	(255)	(383)	(218)
Realized capital gains and losses, after-tax	54	56	89	10	36
Gain on disposition of operations, after-tax	1	6	-	-	-
Net income applicable to common shareholders	<u>\$ 604</u>	<u>\$ 484</u>	<u>\$ 652</u>	<u>\$ 761</u>	<u>\$ 483</u>
Catastrophe losses	<u>\$ 861</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 303</u>	<u>\$ 481</u>
Amortization of purchased intangible assets	<u>\$ 25</u>	<u>\$ 24</u>	<u>\$ 25</u>	<u>\$ 5</u>	<u>\$ 9</u>
Operating ratios					
Claims and claims expense ("loss") ratio	68.3	71.0	68.0	64.3	70.6
Expense ratio	26.4	26.2	25.6	25.6	24.9
Combined ratio	<u>94.7</u>	<u>97.2</u>	<u>93.6</u>	<u>89.9</u>	<u>95.5</u>
Loss ratio	68.3	71.0	68.0	64.3	70.6
Less: effect of catastrophe losses	10.6	12.4	9.8	3.8	6.1
effect of prior year non-catastrophe reserve reestimates	(1.6)	(1.0)	(1.3)	(1.6)	1.3
Underlying loss ratio *	<u>59.3</u>	<u>59.6</u>	<u>59.5</u>	<u>62.1</u>	<u>63.2</u>
Expense ratio	26.4	26.2	25.6	25.6	24.9
Less: effect of amortization of purchased intangible assets	0.3	0.3	0.3	-	0.1
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>26.1</u>	<u>25.9</u>	<u>25.3</u>	<u>25.6</u>	<u>24.8</u>
Reconciliation of combined ratio to underlying combined ratio					
Combined ratio	94.7	97.2	93.6	89.9	95.5
Effect of catastrophe losses	(10.6)	(12.4)	(9.8)	(3.8)	(6.1)
Effect of prior year non-catastrophe reserve reestimates	1.6	1.0	1.3	1.6	(1.3)
Effect of amortization of purchased intangible assets	(0.3)	(0.3)	(0.3)	-	(0.1)
Underlying combined ratio *	<u>85.4</u>	<u>85.5</u>	<u>84.8</u>	<u>87.7</u>	<u>88.0</u>
Effect of restructuring and related charges on combined ratio	<u>0.2</u>	<u>0.6</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Effect of Discontinued Lines and Coverages on combined ratio	<u>1.1</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>1.3</u>

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Jun 2
Property-Liability Underwriting Summary						
Allstate Protection	\$ 517	\$ 232	\$ 509	\$ 799	\$ 455	\$
Discontinued Lines and Coverages	(88)	(5)	(2)	(3)	(100)	\$
Underwriting income (loss)	<u>\$ 429</u>	<u>\$ 227</u>	<u>\$ 507</u>	<u>\$ 796</u>	<u>\$ 355</u>	<u>\$</u>
Allstate Protection Underwriting Summary						
Premiums written	<u>\$ 8,583</u>	<u>\$ 8,289</u>	<u>\$ 7,723</u>	<u>\$ 7,722</u>	<u>\$ 8,309</u>	<u>\$</u>
Premiums earned	\$ 8,121	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869	\$
Claims and claims expense	(5,457)	(5,686)	(5,414)	(5,080)	(5,454)	\$
Amortization of deferred policy acquisition costs	(1,138)	(1,103)	(1,090)	(1,086)	(1,068)	\$
Operating costs and expenses	(996)	(945)	(936)	(927)	(887)	\$
Restructuring and related charges	(13)	(52)	(10)	(9)	(5)	\$
Underwriting income (loss)	<u>\$ 517</u>	<u>\$ 232</u>	<u>\$ 509</u>	<u>\$ 799</u>	<u>\$ 455</u>	<u>\$</u>
Catastrophe losses	<u>\$ 861</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 303</u>	<u>\$ 481</u>	<u>\$</u>
Operating ratios						
Loss ratio	67.2	70.9	68.0	64.3	69.3	\$
Expense ratio	26.4	26.2	25.6	25.6	24.9	\$
Combined ratio	<u>93.6</u>	<u>97.1</u>	<u>93.6</u>	<u>89.9</u>	<u>94.2</u>	<u>\$</u>
Effect of catastrophe losses on combined ratio	<u>10.6</u>	<u>12.4</u>	<u>9.8</u>	<u>3.8</u>	<u>6.1</u>	<u>\$</u>
Effect of restructuring and related charges on combined ratio	<u>0.2</u>	<u>0.6</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>\$</u>
Effect of amortization of purchased intangible assets on combined ratio	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>-</u>	<u>0.1</u>	<u>\$</u>
Discontinued Lines and Coverages Underwriting Summary						
Premiums written	\$ -	\$ -	\$ -	\$ 1	\$ 2	\$
Premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$
Claims and claims expense	(88)	(3)	(2)	(3)	(99)	\$
Operating costs and expenses	-	(2)	-	-	(1)	\$
Underwriting loss	<u>\$ (88)</u>	<u>\$ (5)</u>	<u>\$ (2)</u>	<u>\$ (3)</u>	<u>\$ (100)</u>	<u>\$</u>
Effect of Discontinued Lines and Coverages on the Property-Liability combined ratio	<u>1.1</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>1.3</u>	<u>\$</u>
Allstate Protection Underwriting Income (Loss) by Brand						
Allstate brand	\$ 536	\$ 292	\$ 588	\$ 793	\$ 493	\$
Esurance brand	(19)	(26)	(10)	(21)	(41)	\$
Encompass brand	29	(12)	(33)	29	5	\$
SquareTrade	(29)	(22)	(35)	-	-	\$
Answer Financial	-	-	(1)	(2)	(2)	\$
Underwriting income (loss)	<u>\$ 517</u>	<u>\$ 232</u>	<u>\$ 509</u>	<u>\$ 799</u>	<u>\$ 455</u>	<u>\$</u>

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Ju 2
Allstate brand ⁽¹⁾						
Auto	\$ 5,096	\$ 4,925	\$ 4,882	\$ 4,756	\$ 4,940	\$
Homeowners	1,921	1,847	1,403	1,638	1,869	
Landlord	138	130	120	133	141	
Renter	86	75	67	68	84	
Condominium	71	68	55	63	70	
Other	159	168	126	129	152	
Other personal lines	454	441	368	393	447	
Commercial lines	116	124	123	115	123	
Other business lines	168	174	173	158	185	
	<u>7,755</u>	<u>7,511</u>	<u>6,949</u>	<u>7,060</u>	<u>7,564</u>	
Esurance brand						
Auto	427	386	439	382	428	
Homeowners	24	20	16	15	16	
Other personal lines	2	2	2	2	2	
	<u>453</u>	<u>408</u>	<u>457</u>	<u>399</u>	<u>446</u>	
Encompass brand						
Auto	141	148	125	138	153	
Homeowners	108	112	91	103	121	
Other personal lines	22	25	20	22	25	
	<u>271</u>	<u>285</u>	<u>236</u>	<u>263</u>	<u>299</u>	
SquareTrade	104	85	81	-	-	
Allstate Protection	8,583	8,289	7,723	7,722	8,309	
Discontinued Lines and Coverages ⁽²⁾	-	-	-	1	2	
Property-Liability	<u>\$ 8,583</u>	<u>\$ 8,289</u>	<u>\$ 7,723</u>	<u>\$ 7,723</u>	<u>\$ 8,311</u>	<u>\$</u>
Allstate Protection						
Auto	\$ 5,664	\$ 5,459	\$ 5,446	\$ 5,276	\$ 5,521	\$
Homeowners	2,053	1,979	1,510	1,756	2,006	
Other personal lines	478	468	390	417	474	
Commercial lines	116	124	123	115	123	
Other business lines	168	174	173	158	185	
SquareTrade	104	85	81	-	-	
	<u>\$ 8,583</u>	<u>\$ 8,289</u>	<u>\$ 7,723</u>	<u>\$ 7,722</u>	<u>\$ 8,309</u>	<u>\$</u>
Non-Proprietary Premiums						
Ivantage ⁽³⁾	\$ 1,609	\$ 1,584	\$ 1,566	\$ 1,544	\$ 1,531	\$
Answer Financial ⁽⁴⁾	153	148	153	140	158	
⁽¹⁾ Canada premiums included in Allstate brand						
Auto	\$ 236	\$ 228	\$ 171	\$ 182	\$ 220	\$
Homeowners	69	65	44	52	64	
Other personal lines	19	16	12	13	16	
	<u>\$ 324</u>	<u>\$ 309</u>	<u>\$ 227</u>	<u>\$ 247</u>	<u>\$ 300</u>	<u>\$</u>

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

(3) Represents non-proprietary premiums under management as of the end of the period related to personal and commercial line products offered by Ivantage when an Allstate month ended September 30, 2017 were \$28.0 million and \$78.3 million, respectively.

(4) Represents non-proprietary premiums written for the period. Commissions earned for the three and nine months ended September 30, 2017 were \$17.8 million and \$53.0 million, respectively.

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

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

- ⁽¹⁾ Rate changes include changes approved based on our net cost of reinsurance. These rate changes do not reflect initial rates filed for insurance subsidiaries initially written in 50 states, the District of Columbia and Canadian provinces, rate changes approved for Allstate brand, Esurance brand and Encompass brand for the three month period ending September 30, 2017. 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 period.
- ⁽²⁾ Impacts of Allstate brand auto effective rate changes as a percentage of total brand prior year-end premiums written were 0.4%, 1.8%, 1.1%, 1.1%, 1.5% and 3.4% for the trailing twelve months ended March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016, respectively. Rate changes are included in the effective calculations in the period the rate changes were approved.
- ⁽³⁾ Allstate brand auto rate changes were 4.1%, 4.7%, 7.2%, 7.2%, 7.8% and 8.4% for the trailing twelve months ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016, respectively.
- ⁽⁴⁾ Allstate brand auto rate changes were cumulatively \$3.30 billion or 17.8% for the period of 2015 through September 30, 2017.
- ⁽⁵⁾ Impacts of Allstate brand homeowners effective rate changes as a percentage of total brand prior year-end premiums written were 0.6%, 0.1%, 0.9%, 0.6%, 0.6% and 0.6% for the trailing twelve months ended September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016, respectively.
- ⁽⁶⁾ Allstate brand homeowner rate changes were cumulatively \$453 million or 6.6% for the period of 2015 through September 30, 2017.
- ⁽⁷⁾ Allstate brand auto and homeowners operates in 50 states, the District of Columbia, and 5 Canadian provinces. Esurance brand auto operates in 43 states and 2 Canadian provinces. Encompass brand auto and homeowners operates in 39 states and the District of Columbia.
- ⁽⁸⁾ Represents the impact in the states, the District of Columbia and Canadian provinces where rate changes were approved during the period as a percentage of total brand premiums written.
- ⁽⁹⁾ Represents the impact in the states, the District of Columbia and Canadian provinces where rate changes were approved during the period as a percentage of its respective locations.
- ⁽¹⁰⁾ Includes a rate increase in California in first quarter 2017. Excluding California, Allstate brand auto total brand and location specific rate changes were 1.1% and 4.7% for the trailing twelve months ended September 30, 2017.

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Net premiums written	\$ 7,755	\$ 7,511	\$ 6,949	\$ 7,060	\$ 7,564
Net premiums earned					
Auto	\$ 4,951	\$ 4,883	\$ 4,839	\$ 4,826	\$ 4,793
Homeowners	1,707	1,691	1,688	1,691	1,683
Other personal lines	414	411	405	403	399
Commercial lines	124	118	125	123	127
Other business lines	146	142	141	145	150
Total	<u>7,342</u>	<u>7,245</u>	<u>7,198</u>	<u>7,188</u>	<u>7,152</u>
Incurred losses					
Auto	\$ 3,456	\$ 3,441	\$ 3,224	\$ 3,416	\$ 3,610
Homeowners	988	1,273	1,194	765	893
Other personal lines	312	258	265	234	236
Commercial lines	103	86	96	109	112
Other business lines	63	54	52	60	69
Total	<u>4,922</u>	<u>5,112</u>	<u>4,831</u>	<u>4,584</u>	<u>4,920</u>
Expenses					
Auto	\$ 1,242	\$ 1,236	\$ 1,161	\$ 1,181	\$ 1,134
Homeowners	400	371	387	396	384
Other personal lines	120	115	112	117	113
Commercial lines	36	34	33	34	34
Other business lines	86	85	86	83	74
Total	<u>1,884</u>	<u>1,841</u>	<u>1,779</u>	<u>1,811</u>	<u>1,739</u>
Underwriting income (loss)					
Auto	\$ 253	\$ 206	\$ 454	\$ 229	\$ 49
Homeowners	319	47	107	530	406
Other personal lines	(18)	38	28	52	50
Commercial lines	(15)	(2)	(4)	(20)	(19)
Other business lines	(3)	3	3	2	7
Total	<u>536</u>	<u>292</u>	<u>588</u>	<u>793</u>	<u>493</u>
Loss ratio	67.0	70.6	67.1	63.8	68.8
Expense ratio	25.7	25.4	24.7	25.2	24.3
Combined ratio	<u>92.7</u>	<u>96.0</u>	<u>91.8</u>	<u>89.0</u>	<u>93.1</u>
Loss ratio	67.0	70.6	67.1	63.8	68.8
Less: effect of catastrophe losses	11.3	12.7	9.8	4.0	6.2
effect of prior year non-catastrophe reserve reestimates	(2.9)	(1.1)	(1.5)	(1.5)	-
Underlying loss ratio *	<u>58.6</u>	<u>59.0</u>	<u>58.8</u>	<u>61.3</u>	<u>62.6</u>
Expense ratio	25.7	25.4	24.7	25.2	24.3
Less: effect of amortization of purchased intangible assets	-	-	-	-	-
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>25.7</u>	<u>25.4</u>	<u>24.7</u>	<u>25.2</u>	<u>24.3</u>
Reconciliation of combined ratio to underlying combined ratio					
Combined ratio	92.7	96.0	91.8	89.0	93.1
Effect of catastrophe losses	(11.3)	(12.7)	(9.8)	(4.0)	(6.2)
Effect of prior year non-catastrophe reserve reestimates	2.9	1.1	1.5	1.5	-
Effect of amortization of purchased intangible assets	-	-	-	-	-
Underlying combined ratio *	<u>84.3</u>	<u>84.4</u>	<u>83.5</u>	<u>86.5</u>	<u>86.9</u>
Effect of prior year reserve reestimates on combined ratio	(3.0)	(1.1)	(1.5)	(1.6)	-
Effect of advertising expenses on combined ratio	2.0	1.8	2.0	2.4	2.2

THE ALLSTATE CORPORATION
ALLSTATE BRAND STATISTICS ⁽¹⁾

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
New Issued Applications (in thousands) ⁽²⁾					
Auto ⁽³⁾	651	639	610	562	584
Homeowners ⁽⁴⁾	198	195	163	167	188
Average Premium - Gross Written (\$) ⁽⁵⁾					
Auto	556	544	538	537	532
Homeowners	1,203	1,192	1,187	1,181	1,181
Average Premium - Net Earned (\$) ⁽⁶⁾					
Auto	507	499	492	487	479
Homeowners	1,119	1,106	1,106	1,105	1,099
Renewal Ratio (%) ⁽⁷⁾					
Auto ⁽⁸⁾	87.7	87.4	87.4	87.4	87.5
Homeowners ⁽⁹⁾	87.5	87.0	87.1	87.5	87.9
Auto Claim Frequency ⁽¹⁰⁾					
(% change year-over-year)					
Bodily Injury Gross	(5.6)	(4.7)	(6.0)	(2.0)	0.3
Bodily Injury Paid ⁽¹¹⁾	(9.1)	(23.7)	(20.5)	(19.2)	(19.6)
Property Damage Gross	(8.0)	(5.2)	(3.9)	1.2	3.9
Property Damage Paid ⁽¹²⁾	(9.0)	(3.4)	(3.2)	(1.2)	0.1
Auto Paid Claim Severity ⁽¹³⁾					
(% change year-over-year)					
Bodily injury ⁽¹¹⁾	15.0	28.3	25.1	18.8	12.4
Property damage	4.9	1.6	4.8	1.9	1.9
Homeowners Excluding Catastrophe Losses					
(% change year-over-year)					
Gross Claim frequency ⁽¹⁰⁾	(2.6)	6.0	7.6	2.2	5.2
Paid Claim frequency ⁽¹⁰⁾	(5.4)	7.1	2.3	(0.5)	0.7
Paid Claim severity	8.1	(0.2)	4.1	1.8	(0.5)

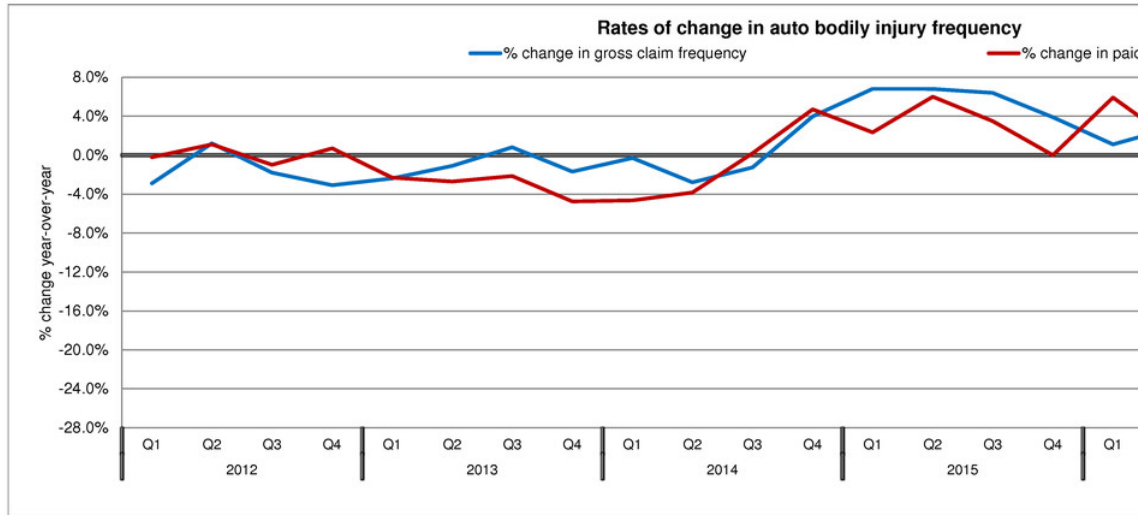
- ⁽¹⁾ Statistics presented for Allstate brand exclude excess and surplus lines.
- ⁽²⁾ New Issued Applications: Item counts of automobiles or homeowners insurance applications for insurance policies that were issued during the period, regardless of whether the Allstate brand includes automobiles added by existing customers when they exceed the number allowed (currently 10) on a policy.
- ⁽³⁾ 41 states, including all of our 10 largest states, experienced increases in new issued applications in the third quarter of 2017 compared to the same period of 2016. 40 states, applications in the first nine months of 2017 compared to the same period of 2016.
- ⁽⁴⁾ Of our largest 10 states, 6 experienced increases in new issued applications in both the third quarter and first nine months of 2017 compared to the same periods of 2016.
- ⁽⁵⁾ Average Premium - Gross Written: Gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts, surcharges and ceded adjustments and premium refund accruals. Average premiums represent the appropriate policy term for each line, which is 6 months for auto and 12 months for homeowners.
- ⁽⁶⁾ Average Premium - Net Earned: Earned premium divided by average policies in force for the period. Earned premium includes the impacts from mid-term premium adjuster refund accruals. Average premiums represent the appropriate policy term for each line, which is 6 months for auto and 12 months for homeowners.
- ⁽⁷⁾ Renewal ratio: Renewal policies issued during the period, based on contract effective dates, divided by the total policies issued 6 months prior for auto or 12 months prior for homeowners.
- ⁽⁸⁾ 6 and 3 of our largest 10 states experienced increases in the renewal ratio in the third quarter and first nine months of 2017, respectively, compared to the same periods of 2016.
- ⁽⁹⁾ Of our largest 10 states, 3 and 2 experienced an increase in the renewal ratio in the third quarter and first nine months of 2017, respectively, compared to the same periods of 2016.
- ⁽¹⁰⁾ Paid claim frequency is calculated as annualized notice counts closed with payment in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts received in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts disposition (closed with a payment or closed without payment). Frequency statistics exclude counts associated with catastrophe events. The percent change in paid or gross claim frequency is the paid or gross claim frequency in the current period compared to the same period in the prior year; divided by the prior year paid or gross claim frequency.
- ⁽¹¹⁾ Bodily injury claim process changes in the second half of 2016 related to enhanced documentation of injuries and related medical treatments are having a related impact on patterns. These process changes were implemented through the second half of 2016 and normalized during the first half of 2017 and the related impacts on the percent change in paid or gross claim frequency in the current period compared to the same period in the prior year; divided by the prior year paid or gross claim frequency.
- ⁽¹²⁾ 47 states experienced a year over year decrease in property damage paid claim frequency in third quarter 2017 compared to third quarter 2016.
- ⁽¹³⁾ Paid claim severity is calculated by dividing the sum of paid losses and loss expenses by claims closed with a payment during the period. The percent change in paid claim severity in the current period compared to the same period in the prior year; divided by the prior year paid claims severity.

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

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

Change in auto claim frequency ⁽²⁾
 (% change in frequency rate year over year)
% Change in gross claim frequency
% Change in paid claim frequency ⁽³⁾

-2.9%	1.2%	-1.8%	-3.1%	-2.4%	-1.1%	0.8%	-1.7%	-0.3%	-2.8%	-1.3%	4.0%	6.8%	6.8%
-0.2%	1.1%	-1.0%	0.7%	-2.3%	-2.7%	-2.1%	-4.7%	-4.7%	-3.8%	0.2%	4.7%	2.3%	6.0%



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

⁽²⁾ Paid claim frequency is calculated as annualized notice counts closed with payment in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts, regardless of whether they were closed with a payment or closed without payment. Frequency statistics exclude counts associated with catastrophe events. The percent change in paid or gross claim frequency is calculated as the percent change in the current period compared to the same period in the prior year; divided by the prior year paid or gross claim frequency.

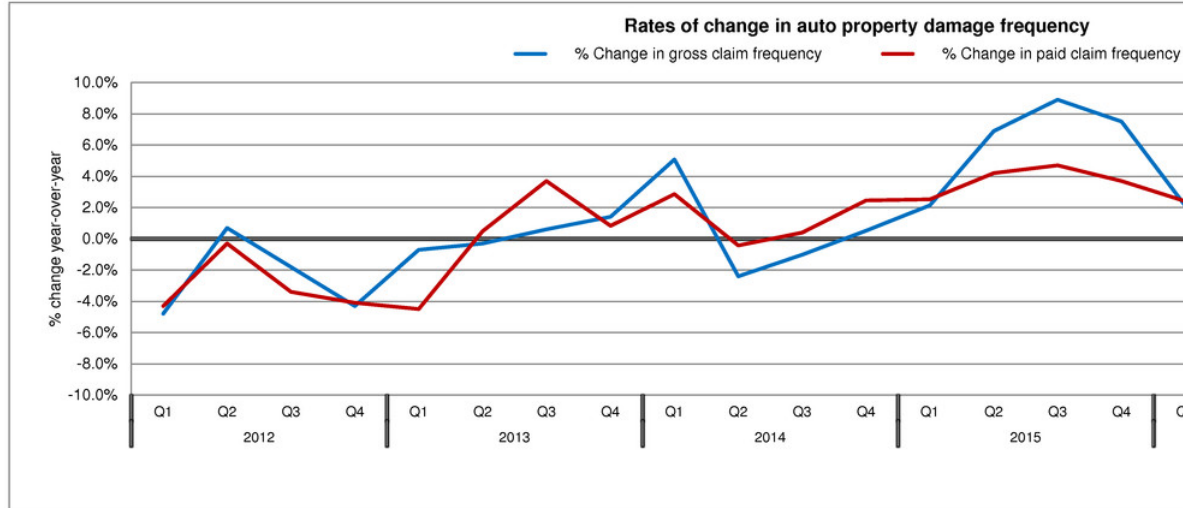
⁽³⁾ Bodily injury claim process changes in the second half of 2016 related to enhanced documentation of injuries and related medical treatments are having a related impact on paid claim patterns. These process changes were implemented through the second half of 2016 and normalized during the first half of 2017 and the related impacts on the percent change in claim frequency are reflected in the first quarter 2017.

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

2012				2013				2014					
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2

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

-4.8%	0.7%	-1.8%	-4.3%	-0.7%	-0.3%	0.6%	1.4%	5.1%	-2.4%	-1.0%	0.5%	2.1%	6.1%
-4.3%	-0.3%	-3.4%	-4.1%	-4.5%	0.5%	3.7%	0.8%	2.9%	-0.4%	0.4%	2.5%	2.5%	4.1%



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

⁽²⁾ Paid claim frequency is calculated as annualized notice counts closed with payment in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts, regardless of their current status without payment). Frequency statistics exclude counts associated with catastrophe events. The percent change in paid or gross claim frequency is calculated as the amount of increase or decrease in the same period in the prior year; divided by the prior year paid or gross claim frequency.

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Net premiums written	\$ 453	\$ 408	\$ 457	\$ 399	\$ 446
Net premiums earned					
Auto	\$ 411	\$ 411	\$ 403	\$ 408	\$ 405
Homeowners	19	16	14	13	11
Other personal lines	2	2	2	2	2
Total	432	429	419	423	418
Incurred losses					
Auto	\$ 322	\$ 324	\$ 300	\$ 310	\$ 313
Homeowners	14	21	13	8	11
Other personal lines	1	1	1	1	2
Total	337	346	314	319	326
Expenses					
Auto	\$ 104	\$ 100	\$ 107	\$ 114	\$ 111
Homeowners	9	8	8	10	22
Other personal lines	1	1	-	1	-
Total	114	109	115	125	133
Underwriting income (loss)					
Auto ⁽¹⁾	\$ (15)	\$ (13)	\$ (4)	\$ (16)	\$ (19)
Homeowners	(4)	(13)	(7)	(5)	(22)
Other personal lines	-	-	1	-	-
Total	(19)	(26)	(10)	(21)	(41)
Loss ratio	78.0	80.7	74.9	75.4	78.0
Expense ratio	26.4	25.4	27.5	29.6	31.8
Combined ratio	104.4	106.1	102.4	105.0	109.8
Loss ratio	78.0	80.7	74.9	75.4	78.0
Less: effect of catastrophe losses	3.9	5.6	1.9	1.2	3.3
effect of prior year non-catastrophe reserve reestimates	(0.2)	-	-	(2.1)	(1.0)
Underlying loss ratio *	74.3	75.1	73.0	76.3	75.7
Expense ratio	26.4	25.4	27.5	29.6	31.8
Less: effect of amortization of purchased intangible assets	0.2	-	0.3	0.9	1.5
Expense ratio, excluding the effect of amortization of purchased intangible assets	26.2	25.4	27.2	28.7	30.3
Reconciliation of combined ratio to underlying combined ratio					
Combined ratio ⁽¹⁾	104.4	106.1	102.4	105.0	109.8
Effect of catastrophe losses	(3.9)	(5.6)	(1.9)	(1.2)	(3.3)
Effect of prior year non-catastrophe reserve reestimates	0.2	-	-	2.1	1.0
Effect of amortization of purchased intangible assets	(0.2)	-	(0.3)	(0.9)	(1.5)
Underlying combined ratio *	100.5	100.5	100.2	105.0	106.0
Effect of prior year reserve reestimates on combined ratio	(0.2)	(0.2)	-	(2.1)	(1.0)
Effect of advertising expenses on combined ratio	9.3	8.6	8.6	9.2	11.7
Policies in Force (in thousands)					
Auto	1,369	1,388	1,400	1,391	1,395
Homeowners	76	69	63	58	52
Other personal lines	45	47	48	47	47
Total	1,490	1,504	1,511	1,496	1,494
New Issued Applications (in thousands)					
Auto	116	120	143	137	151
Homeowners	10	9	8	9	10
Other personal lines	6	7	8	8	9
Total	132	136	159	154	170
Average Premium - Gross Written (\$)					
Auto	574	564	571	555	546
Homeowners	924	910	919	861	872
Renewal Ratio (%)					
Auto	81.8	81.9	80.4	79.3	78.9
Homeowners ⁽²⁾	85.8	86.1	83.5	82.9	83.1

⁽¹⁾ Auto underwriting income includes an underwriting loss related to Esurance expansion into Canada of \$3 million and \$2 million or 0.7 points and 0.5 points on the combined ratio and

⁽²⁾ Esurance's renewal ratios exclude the impact of risk related cancellations. Customers can enter into a policy without a physical inspection. During the underwriting review period, a n unsatisfactory, causing the renewal ratio to appear lower.

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Net premiums written	\$ 271	\$ 285	\$ 236	\$ 263	\$ 299
Net premiums earned					
Auto	\$ 140	\$ 143	\$ 146	\$ 151	\$ 155
Homeowners	106	108	113	115	119
Other personal lines	23	23	24	24	25
Total	<u>269</u>	<u>274</u>	<u>283</u>	<u>290</u>	<u>299</u>
Incurred losses					
Auto	\$ 91	\$ 105	\$ 104	\$ 104	\$ 117
Homeowners	54	84	108	60	74
Other personal lines	13	10	21	13	17
Total	<u>158</u>	<u>199</u>	<u>233</u>	<u>177</u>	<u>208</u>
Expenses					
Auto	\$ 43	\$ 46	\$ 43	\$ 44	\$ 44
Homeowners	32	34	33	33	34
Other personal lines	7	7	7	7	8
Total	<u>82</u>	<u>87</u>	<u>83</u>	<u>84</u>	<u>86</u>
Underwriting income (loss)					
Auto	\$ 6	\$ (8)	\$ (1)	\$ 3	\$ (6)
Homeowners	20	(10)	(28)	22	11
Other personal lines	3	6	(4)	4	-
Total	<u>29</u>	<u>(12)</u>	<u>(33)</u>	<u>29</u>	<u>5</u>
Loss ratio	58.7	72.6	82.4	61.0	69.6
Expense ratio	30.5	31.8	29.3	29.0	28.7
Combined ratio	<u>89.2</u>	<u>104.4</u>	<u>111.7</u>	<u>90.0</u>	<u>98.3</u>
Loss ratio	58.7	72.6	82.4	61.0	69.6
Less: effect of catastrophe losses	4.5	19.0	23.7	3.1	9.0
effect of prior year non-catastrophe reserve reestimates	(0.8)	(2.2)	1.4	(3.8)	-
Underlying loss ratio *	<u>55.0</u>	<u>55.8</u>	<u>57.3</u>	<u>61.7</u>	<u>60.6</u>
Expense ratio	30.5	31.8	29.3	29.0	28.7
Less: effect of amortization of purchased intangible assets	-	-	-	-	-
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>30.5</u>	<u>31.8</u>	<u>29.3</u>	<u>29.0</u>	<u>28.7</u>
Reconciliation of combined ratio to underlying combined ratio					
Combined ratio	89.2	104.4	111.7	90.0	98.3
Effect of catastrophe losses	(4.5)	(19.0)	(23.7)	(3.1)	(9.0)
Effect of prior year non-catastrophe reserve reestimates	0.8	2.2	(1.4)	3.8	-
Underlying combined ratio *	<u>85.5</u>	<u>87.6</u>	<u>86.6</u>	<u>90.7</u>	<u>89.3</u>
Effect of prior year reserve reestimates on combined ratio	(0.8)	(2.9)	2.1	(3.8)	0.3
Effect of advertising expenses on combined ratio	0.4	-	-	0.3	-
Policies in Force (in thousands)					
Auto	548	571	595	622	649
Homeowners	262	273	284	295	305
Other personal lines	88	91	94	98	101
Total	<u>898</u>	<u>935</u>	<u>973</u>	<u>1,015</u>	<u>1,055</u>
New Issued Applications (in thousands)					
Auto	13	13	12	11	13
Homeowners	8	8	7	7	9
Average Premium - Gross Written (\$)					
Auto	1,087	1,065	1,057	1,043	1,022
Homeowners	1,703	1,667	1,659	1,650	1,659
Renewal Ratio (%)					
Auto	72.0	74.2	73.1	73.1	73.1
Homeowners	77.7	78.7	78.2	78.3	77.9

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

	Three months ended				
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Net premiums written	\$ 104	\$ 85	\$ 81	\$ -	\$ -
Net premiums earned	\$ 78	\$ 70	\$ 59	\$ -	\$ -
Claims and claims expense	\$ (40)	\$ (29) ⁽²⁾	\$ (36)	\$ -	\$ -
Amortization of deferred policy acquisition costs	\$ (11)	\$ (10)	\$ (8)	\$ -	\$ -
Other costs and expenses	(33)	(30)	(27)	-	-
Amortization of purchased intangible assets	(23)	(23)	(23)	-	-
Expenses	(67)	(63)	(58)	-	-
Underwriting loss	\$ (29)	\$ (22)	\$ (35)	\$ -	\$ -
Net investment income	-	-	-	-	-
Realized capital gains and losses	-	-	-	-	-
Income tax benefit	10	8	12	-	-
Net loss applicable to common shareholders	\$ (19)	\$ (14)	\$ (23)	\$ -	\$ -
Realized capital gains and losses, after-tax	-	-	-	-	-
Amortization of purchased intangible assets, after-tax	15	15	15	-	-
Operating (loss) income *	\$ (4)	\$ 1	\$ (8)	\$ -	\$ -
Fair value adjustments, after-tax ⁽³⁾	2	3	4	-	-
Adjusted SquareTrade operating (loss) income *	\$ (2)	\$ 4	\$ (4)	\$ -	\$ -
Protection Plans in Force (in thousands) ^{(4) (5)}	34,078	31,258	29,907	-	-
New Issued Protection Plans (in thousands) ⁽⁶⁾	5,122	3,586	3,840	-	-

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

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

⁽³⁾ In connection with the acquisition, purchase accounting adjustments were made to recognize the acquired assets and liabilities at their fair value. The Company recorded a net gain of \$15 million and the Company recorded contractual liability insurance policy premium expenses (reported in other assets) of \$201 million and commissions paid to retailers (reported in other assets) of \$15 million, respectively. Unearned premiums, contractual liability insurance policy premium expenses, and commissions paid to retailers recorded as of the acquisition date are not reflected in the periods above.

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

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

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

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Allstate brand auto					
Net premiums written	\$ 5,096	\$ 4,925	\$ 4,882	\$ 4,756	\$ 4,940
Net premiums earned	\$ 4,951	\$ 4,883	\$ 4,839	\$ 4,826	\$ 4,793
Incurred losses	(3,456)	(3,441)	(3,224)	(3,416)	(3,610)
Expenses	(1,242)	(1,236)	(1,161)	(1,181)	(1,134)
Underwriting income (loss)	\$ 253	\$ 206	\$ 454	\$ 229	\$ 49
Loss ratio	69.8	70.5	66.6	70.8	75.3
Less: effect of catastrophe losses	7.4	4.2	1.3	1.2	3.1
effect of prior year non-catastrophe reserve reestimates	(3.7)	(1.2)	(1.6)	(2.0)	-
Underlying loss ratio *	66.1	67.5	66.9	71.6	72.2
Expense ratio	25.1	25.3	24.0	24.5	23.7
Combined ratio	94.9	95.8	90.6	95.3	99.0
Effect of catastrophe losses	(7.4)	(4.2)	(1.3)	(1.2)	(3.1)
Effect of prior year non-catastrophe reserve reestimates	3.7	1.2	1.6	2.0	-
Underlying combined ratio *	91.2	92.8	90.9	96.1	95.9
Esurance brand auto					
Net premiums written	\$ 427	\$ 386	\$ 439	\$ 382	\$ 428
Net premiums earned	\$ 411	\$ 411	\$ 403	\$ 408	\$ 405
Incurred losses	(322)	(324)	(300)	(310)	(313)
Expenses	(104)	(100)	(107)	(114)	(111)
Underwriting income (loss)	\$ (15)	\$ (13)	\$ (4)	\$ (16)	\$ (19)
Loss ratio	78.3	78.9	74.4	76.0	77.3
Less: effect of catastrophe losses	3.6	3.6	1.0	1.0	2.2
effect of prior year non-catastrophe reserve reestimates	-	0.3	-	(2.2)	(1.0)
Underlying loss ratio *	74.7	75.0	73.4	77.2	76.1
Expense ratio	25.3	24.3	26.6	27.9	27.4
Combined ratio	103.6	103.2	101.0	103.9	104.7
Effect of catastrophe losses	(3.6)	(3.6)	(1.0)	(1.0)	(2.2)
Effect of prior year non-catastrophe reserve reestimates	-	(0.3)	-	2.2	1.0
Effect of amortization of purchased intangible assets	(0.2)	-	(0.2)	(0.9)	(1.5)
Underlying combined ratio *	99.8	99.3	99.8	104.2	102.0
Encompass brand auto					
Net premiums written	\$ 141	\$ 148	\$ 125	\$ 138	\$ 153
Net premiums earned	\$ 140	\$ 143	\$ 146	\$ 151	\$ 155
Incurred losses	(91)	(105)	(104)	(104)	(117)
Expenses	(43)	(46)	(43)	(44)	(44)
Underwriting income (loss)	\$ 6	\$ (6)	\$ (1)	\$ 3	\$ (6)
Loss ratio	65.0	73.4	71.2	68.9	75.5
Less: effect of catastrophe losses	0.7	4.9	2.8	-	3.3
effect of prior year non-catastrophe reserve reestimates	-	-	-	(2.7)	(1.3)
Underlying loss ratio *	64.3	68.5	68.4	71.6	73.5
Expense ratio	30.7	32.2	29.5	29.1	28.4
Combined ratio	95.7	105.6	100.7	98.0	103.9
Effect of catastrophe losses	(0.7)	(4.9)	(2.8)	-	(3.3)
Effect of prior year non-catastrophe reserve reestimates	-	-	-	2.7	1.3
Underlying combined ratio *	95.0	100.7	97.9	100.7	101.9

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Allstate brand homeowners					
Net premiums written	\$ 1,921	\$ 1,847	\$ 1,403	\$ 1,638	\$ 1,869
Net premiums earned	\$ 1,707	\$ 1,691	\$ 1,688	\$ 1,691	\$ 1,683
Incurred losses	(988)	(1,273)	(1,194)	(765)	(893)
Expenses	(400)	(371)	(387)	(396)	(384)
Underwriting income (loss)	<u>\$ 319</u>	<u>\$ 47</u>	<u>\$ 107</u>	<u>\$ 530</u>	<u>\$ 406</u>
Loss ratio	57.9	75.3	70.8	45.3	53.1
Less: effect of catastrophe losses	22.4	38.4	34.1	10.8	15.4
effect of prior year non-catastrophe reserve reestimates	(2.3)	(1.0)	(1.7)	(1.2)	(0.6)
Underlying loss ratio *	<u>37.8</u>	<u>37.9</u>	<u>38.4</u>	<u>35.7</u>	<u>38.3</u>
Expense ratio	23.4	21.9	22.9	23.4	22.8
Combined ratio	81.3	97.2	93.7	68.7	75.9
Effect of catastrophe losses	(22.4)	(38.4)	(34.1)	(10.8)	(15.4)
Effect of prior year non-catastrophe reserve reestimates	2.3	1.0	1.7	1.2	0.6
Underlying combined ratio *	<u>61.2</u>	<u>59.8</u>	<u>61.3</u>	<u>59.1</u>	<u>61.1</u>
Esurance brand homeowners					
Net premiums written	\$ 24	\$ 20	\$ 16	\$ 15	\$ 16
Net premiums earned	\$ 19	\$ 16	\$ 14	\$ 13	\$ 11
Incurred losses	(14)	(21)	(13)	(8)	(11)
Expenses	(9)	(8)	(8)	(10)	(22)
Underwriting income (loss)	<u>\$ (4)</u>	<u>\$ (13)</u>	<u>\$ (7)</u>	<u>\$ (5)</u>	<u>\$ (22)</u>
Loss ratio	73.7	131.3	92.9	61.6	100.0
Less: effect of catastrophe losses	10.5	56.3	28.6	7.7	45.5
effect of prior year non-catastrophe reserve reestimates	(5.2)	-	-	-	-
Underlying loss ratio *	<u>68.4</u>	<u>75.0</u>	<u>64.3</u>	<u>53.9</u>	<u>54.5</u>
Expense ratio	47.4	50.0	57.1	76.9	200.0
Combined ratio	121.1	181.3	150.0	138.5	300.0
Effect of catastrophe losses	(10.5)	(56.3)	(28.6)	(7.7)	(45.5)
Effect of prior year non-catastrophe reserve reestimates	5.2	-	-	-	-
Underlying combined ratio *	<u>115.8</u>	<u>125.0</u>	<u>121.4</u>	<u>130.8</u>	<u>254.5</u>
Encompass brand homeowners					
Net premiums written	\$ 108	\$ 112	\$ 91	\$ 103	\$ 121
Net premiums earned	\$ 106	\$ 108	\$ 113	\$ 115	\$ 119
Incurred losses	(54)	(84)	(108)	(60)	(74)
Expenses	(32)	(34)	(33)	(33)	(34)
Underwriting income (loss)	<u>\$ 20</u>	<u>\$ (10)</u>	<u>\$ (28)</u>	<u>\$ 22</u>	<u>\$ 11</u>
Loss ratio	50.9	77.8	95.6	52.2	62.2
Less: effect of catastrophe losses	10.3	38.9	54.0	7.8	17.6
effect of prior year non-catastrophe reserve reestimates	-	-	0.9	(2.6)	0.9
Underlying loss ratio *	<u>40.6</u>	<u>38.9</u>	<u>40.7</u>	<u>47.0</u>	<u>43.7</u>
Expense ratio	30.2	31.5	29.2	28.7	28.6
Combined ratio	81.1	109.3	124.8	80.9	90.8
Effect of catastrophe losses	(10.3)	(38.9)	(54.0)	(7.8)	(17.6)
Effect of prior year non-catastrophe reserve reestimates	-	-	(0.9)	2.6	(0.9)
Underlying combined ratio *	<u>70.8</u>	<u>70.4</u>	<u>69.9</u>	<u>75.7</u>	<u>72.3</u>

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Allstate brand other personal lines					
Net premiums written	\$ 454	\$ 441	\$ 368	\$ 393	\$ 447
Net premiums earned	\$ 414	\$ 411	\$ 405	\$ 403	\$ 399
Incurring losses	(312)	(258)	(265)	(234)	(236)
Expenses	(120)	(115)	(112)	(117)	(113)
Underwriting income (loss)	\$ (18)	\$ 38	\$ 28	\$ 52	\$ 50
Loss ratio	75.3	62.8	65.4	58.1	59.2
Less: effect of catastrophe losses	15.7	13.9	14.6	9.7	6.0
effect of prior year non-catastrophe reserve reestimates	0.7	(0.2)	(0.3)	0.7	(0.5)
Underlying loss ratio *	58.9	49.1	51.1	47.7	53.7
Expense ratio	29.0	28.0	27.7	29.0	28.3
Combined ratio	104.3	90.8	93.1	87.1	87.5
Effect of catastrophe losses	(15.7)	(13.9)	(14.6)	(9.7)	(6.0)
Effect of prior year non-catastrophe reserve reestimates	(0.7)	0.2	0.3	(0.7)	0.5
Underlying combined ratio *	87.9	77.1	78.8	76.7	82.0
Esurance brand other personal lines					
Net premiums written	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Net premiums earned	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Incurring losses	(1)	(1)	(1)	(1)	(2)
Expenses	(1)	(1)	-	(1)	-
Underwriting income (loss)	\$ -	\$ -	\$ 1	\$ -	\$ -
Loss ratio	50.0	50.0	50.0	50.0	100.0
Less: effect of catastrophe losses	-	-	-	-	-
effect of prior year non-catastrophe reserve reestimates	-	(50.0)	-	-	-
Underlying loss ratio *	50.0	100.0	50.0	50.0	100.0
Expense ratio	50.0	50.0	-	50.0	-
Combined ratio	100.0	100.0	50.0	100.0	100.0
Effect of catastrophe losses	-	-	-	-	-
Effect of prior year non-catastrophe reserve reestimates	-	50.0	-	-	-
Underlying combined ratio *	100.0	150.0	50.0	100.0	100.0
Encompass brand other personal lines					
Net premiums written	\$ 22	\$ 25	\$ 20	\$ 22	\$ 25
Net premiums earned	\$ 23	\$ 23	\$ 24	\$ 24	\$ 25
Incurring losses	(13)	(10)	(21)	(13)	(17)
Expenses	(7)	(7)	(7)	(7)	(8)
Underwriting income (loss)	\$ 3	\$ 6	\$ (4)	\$ 4	\$ -
Loss ratio	56.5	43.5	87.5	54.1	68.0
Less: effect of catastrophe losses	-	13.0	8.3	-	4.0
effect of prior year non-catastrophe reserve reestimates	(8.7)	(26.1)	12.6	(16.7)	4.0
Underlying loss ratio *	65.2	56.6	66.6	70.8	60.0
Expense ratio	30.5	30.4	29.2	29.2	32.0
Combined ratio	87.0	73.9	116.7	83.3	100.0
Effect of catastrophe losses	-	(13.0)	(8.3)	-	(4.0)
Effect of prior year non-catastrophe reserve reestimates	8.7	26.1	(12.6)	16.7	(4.0)
Underlying combined ratio *	95.7	87.0	95.8	100.0	92.0

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

THE ALLSTATE CORPORATION
COMMERCIAL LINES PROFITABILITY MEASURES ⁽¹⁾

Three months ended

(\$ in millions)	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	J
Net premiums written	\$ 116	\$ 124	\$ 123	\$ 115	\$ 123	\$
Net premiums earned	\$ 124	\$ 118	\$ 125	\$ 123	\$ 127	\$
Incurred losses	\$ 103	\$ 86	\$ 96	\$ 109	\$ 112	\$
Expenses	\$ 36	\$ 34	\$ 33	\$ 34	\$ 34	\$
Underwriting loss	\$ (15)	\$ (2)	\$ (4)	\$ (20)	\$ (19)	\$
Loss ratio	83.1	72.9	76.8	88.6	88.2	
Expense ratio	29.0	28.8	26.4	27.7	26.8	
Combined ratio	112.1	101.7	103.2	116.3	115.0	
Effect of catastrophe losses on combined ratio	10.5	1.7	5.6	5.7	5.5	
Effect of prior year reserve reestimates on combined ratio	5.6	(1.7)	1.6	4.9	10.3	
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	0.8	(0.9)	0.8	0.8	-	

⁽¹⁾ Commercial lines are all Allstate brand products.

THE ALLSTATE CORPORATION
OTHER BUSINESS LINES PROFITABILITY MEASURES ⁽¹⁾

Three months ended

(\$ in millions)	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Other Business Lines					
Net premiums written	\$ 168	\$ 174	\$ 173	\$ 158	\$ 185
Net premiums earned	\$ 146	\$ 142	\$ 141	\$ 145	\$ 150
Incurring losses	(63)	(54)	(52)	(60)	(69)
Expenses	(86)	(85)	(86)	(83)	(74)
Underwriting (loss) income ⁽²⁾	\$ (3)	\$ 3	\$ 3	\$ 2	\$ 7
Operating ratios					
Loss ratio	43.2	38.0	36.9	41.4	46.0
Expense ratio	58.9	59.9	61.0	57.2	49.3
Combined ratio	102.1	97.9	97.9	98.6	95.3
Effect of catastrophe losses on combined ratio	3.4	-	-	0.7	-
Effect of prior year reserve reestimates on combined ratio	0.7	-	-	0.7	2.0
Effect of amortization of purchased intangible assets	0.7	-	0.7	0.6	0.6
Allstate Roadside Services					
Net premiums written	\$ 68	\$ 66	\$ 69	\$ 67	\$ 79
Net premiums earned	\$ 69	\$ 67	\$ 68	\$ 74	\$ 81
Incurring losses	(36)	(33)	(31)	(38)	(48)
Expenses	(40)	(42)	(42)	(42)	(43)
Underwriting (loss) income	\$ (7)	\$ (8)	\$ (5)	\$ (6)	\$ (10)
Operating ratios					
Loss ratio	52.2	49.2	45.6	51.3	59.2
Expense ratio	57.9	62.7	61.8	56.8	53.1
Combined ratio	110.1	111.9	107.4	108.1	112.3
Allstate Dealer Services					
Net premiums written	\$ 100	\$ 108	\$ 104	\$ 91	\$ 106
Net premiums earned	\$ 77	\$ 75	\$ 73	\$ 71	\$ 69
Incurring losses	(27)	(21)	(21)	(22)	(21)
Expenses	(60)	(55)	(55)	(52)	(48)
Underwriting (loss) income	\$ (10)	\$ (1)	\$ (3)	\$ (3)	\$ -
Operating ratios					
Loss ratio	35.1	28.0	28.8	31.0	30.4
Expense ratio	77.9	73.3	75.3	73.2	69.6
Combined ratio	113.0	101.3	104.1	104.2	100.0

⁽¹⁾ Other business lines primarily include Allstate Roadside Services, Allstate Dealer Services, Arity and Ivantage.

⁽²⁾ Includes Ivantage underwriting gain of \$14 million, \$12 million, \$11 million, \$11 million, \$17 million, \$13 million and \$12 million in the three months ended September 30, September 30, 2016, June 30, 2016, and March 31, 2016, respectively.

THE ALLSTATE CORPORATION
ALLSTATE BRAND AUTO AND HOMEOWNERS UNDERLYING LOSS AND EXPENSE

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 2016
Auto					
Annualized average premium ⁽¹⁾	\$ 1,015	\$ 999	\$ 989	\$ 978	\$ 978
Underlying combined ratio *	91.2	92.8	90.9	96.1	96.1
Average underlying loss (incurred pure premium) and expense *	\$ 926	\$ 927	\$ 899	\$ 940	\$ 940
Homeowners					
Annualized average premium	\$ 1,125	\$ 1,117	\$ 1,112	\$ 1,109	\$ 1,109
Underlying combined ratio *	61.2	59.8	61.3	59.1	59.1
Average underlying loss (incurred pure premium) and expense *	\$ 689	\$ 668	\$ 682	\$ 655	\$ 655

⁽¹⁾ Calculated by annualizing net earned premium reported in the quarter divided by policies in force at quarter end.

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

Nine months ended September 30, 201

Primary Exposure Groupings ⁽¹⁾	Earned premiums	Incurred losses	Loss ratios	Catastrophe losses	Effect of catastrophes on loss ratio
Florida	\$ 77	\$ 74	96.1%	\$ 30	39.0%
Other hurricane exposure locations	<u>2,960</u>	<u>1,972</u>	66.6%	<u>972</u>	32.8%
Total hurricane exposure locations ⁽²⁾	3,037	2,046	67.4%	1,002	33.0%
Other catastrophe exposure locations ⁽⁴⁾	<u>2,425</u>	<u>1,703</u>	70.2%	<u>735</u>	30.3%
Total	<u>\$ 5,462</u>	<u>\$ 3,749</u>	68.6%	<u>\$ 1,737</u>	31.8%

⁽¹⁾ **Basis of Presentation**

This homeowners supplemental information schedule displays financial results for the homeowners business (defined to include standard homeowners, scheduled). Each state in which the Company writes business has been categorized into one of two exposure groupings (Hurricane or Other). Hurricane exposure states are categorized as such due to their potential to have significant hurricane losses. The catastrophe losses for these states also include losses due to other kinds of catastrophes. A catastrophe is defined as a loss event before reinsurance in excess of \$1 million and involves multiple first party policyholders, or a winter weather event that produces a number of claims in excess of a specified area, occurring within a certain amount of time following the event.

⁽²⁾ Hurricane exposure states include the following coastal locations: Alabama, Connecticut, Delaware, Florida, Georgia, Louisiana, Maine, Maryland, Massachusetts, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Virginia and Washington, D.C.

⁽³⁾ Represents the impact in the locations where rate changes were approved during the year as a percentage of total prior year-end premiums written in those locations.

⁽⁴⁾ Includes Canada.

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Allstate brand						
Auto	\$ 366	\$ 208	\$ 65	\$ 59	\$ 150	\$ 195
Homeowners	383	650	575	183	259	644
Other personal lines	65	57	59	39	24	62
Commercial lines	13	2	7	7	7	12
Other business lines	5	-	-	1	-	-
Total	<u>832</u>	<u>917</u>	<u>706</u>	<u>289</u>	<u>440</u>	<u>913</u>
Esurance brand						
Auto	15	15	4	4	9	9
Homeowners	2	9	4	1	5	5
Other personal lines	-	-	-	-	-	-
Total	<u>17</u>	<u>24</u>	<u>8</u>	<u>5</u>	<u>14</u>	<u>14</u>
Encompass brand						
Auto	1	7	4	-	5	3
Homeowners	11	42	61	9	21	29
Other personal lines	-	3	2	-	1	2
Total	<u>12</u>	<u>52</u>	<u>67</u>	<u>9</u>	<u>27</u>	<u>34</u>
Allstate Protection	<u>\$ 861</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 303</u>	<u>\$ 481</u>	<u>\$ 961</u>
Allstate Protection						
Auto	\$ 382	\$ 230	\$ 73	\$ 63	\$ 164	\$ 207
Homeowners	396	701	640	193	285	678
Other personal lines	65	60	61	39	25	64
Commercial lines	13	2	7	7	7	12
Other business lines	5	-	-	1	-	-
Total	<u>\$ 861</u>	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 303</u>	<u>\$ 481</u>	<u>\$ 961</u>

**THE ALLSTATE CORPORATION
CATASTROPHE EXPERIENCE**

CATASTROPHE BY SIZE OF EVENT

(\$ in millions)

Three months ended September 30, 2017

Size of catastrophe	Number of events		Claims and claims expense	
Greater than \$250 million	1	4.5 %	\$ 507	58.9 %
\$101 million to \$250 million	1	4.5	134	15.6
\$50 million to \$100 million	-	-	-	-
Less than \$50 million	20	91.0	188	21.8
Total	22	100.0 %	829	96.3
Prior year reserve reestimates			(7)	(0.8)
Prior quarter reserve reestimates			39	4.5
Total catastrophe losses			\$ 861	100.0 %

Nine months ended September 30, 2017

Size of catastrophe	Number of events		Claims and claims expense	
Greater than \$250 million	1	1.1 %	\$ 507	19.2 %
\$101 million to \$250 million	4	4.4	695	26.4
\$50 million to \$100 million	7	7.7	465	17.7
Less than \$50 million	79	86.8	978	37.1
Total	91	100.0 %	2,645	100.4
Prior year reserve reestimates			(10)	(0.4)
Total catastrophe losses			\$ 2,635	100.0 %

EFFECT OF CATASTROPHE LOSSES ON THE COMBINED RATIO

	Effect of all catastrophe losses on the Property-Liability combined ratio					Premiums earned year-to-date	Total catastrophe losses by year
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year		
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	36.2	16.7	1.0	14.7	25,942	3,815
2012	3.9	12.3	3.1	15.7	8.8	26,737	2,345
2013	5.3	9.4	1.8	1.7	4.5	27,618	1,251
2014	6.3	13.0	7.1	1.3	6.9	28,929	1,993
2015	4.0	10.6	3.5	4.7	5.7	30,309	1,719
2016	10.7	12.3	6.1	3.8	8.2	31,307	2,572
2017	9.8	12.4	10.6			24,098	2,635
Average	7.1	13.9	8.8	5.0	8.6		

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Prior Year Reserve Reestimates ⁽¹⁾						
Auto	\$ (189)	\$ (61)	\$ (86)	\$ (114)	\$ (10)	\$ (36)
Homeowners	(42)	(20)	(24)	(32)	(4)	19
Other personal lines	-	(9)	9	(1)	(2)	(11)
Commercial lines	7	(2)	2	6	13	23
Other business lines	1	-	-	1	3	-
Allstate Protection	(223)	(92)	(99)	(140)	-	(5)
Discontinued Lines and Coverages	88	3	2	3	99	2
Property-Liability	<u>\$ (135)</u>	<u>\$ (89)</u>	<u>\$ (97)</u>	<u>\$ (137)</u>	<u>\$ 99</u>	<u>\$ (3)</u>
Allstate brand	\$ (220)	\$ (83)	\$ (105)	\$ (120)	\$ 3	\$ (2)
Esurance brand	(1)	(1)	-	(9)	(4)	(4)
Encompass brand	(2)	(8)	6	(11)	1	1
Allstate Protection	<u>\$ (223)</u>	<u>\$ (92)</u>	<u>\$ (99)</u>	<u>\$ (140)</u>	<u>\$ -</u>	<u>\$ (5)</u>
Catastrophe Losses included in Prior Year Reserve Reestimates						
Allstate brand	\$ (7)	\$ (4)	\$ 2	\$ (7)	\$ 2	\$ 15
Esurance brand	-	(1)	-	-	-	-
Encompass brand	-	(2)	2	-	1	(2)
Allstate Protection	<u>\$ (7)</u>	<u>\$ (7)</u>	<u>\$ 4</u>	<u>\$ (7)</u>	<u>\$ 3</u>	<u>\$ 13</u>
Effect of Prior Year Reserve Reestimates on Combined Ratio ⁽¹⁾⁽²⁾						
Auto	(2.4)	(0.8)	(1.0)	(1.4)	(0.1)	(0.5)
Homeowners	(0.5)	(0.3)	(0.3)	(0.4)	(0.1)	0.3
Other personal lines	-	(0.1)	0.1	-	-	(0.1)
Commercial lines	0.1	-	-	0.1	0.2	0.3
Other business lines	-	-	-	-	-	-
Allstate Protection	(2.8)	(1.2)	(1.2)	(1.7)	-	-
Discontinued Lines and Coverages	1.1	0.1	-	-	1.3	-
Property-Liability	<u>(1.7)</u>	<u>(1.1)</u>	<u>(1.2)</u>	<u>(1.7)</u>	<u>1.3</u>	<u>-</u>
Allstate brand	(2.8)	(1.1)	(1.3)	(1.5)	-	-
Esurance brand	-	-	-	(0.1)	-	-
Encompass brand	-	(0.1)	0.1	(0.1)	-	-
Allstate Protection	<u>(2.8)</u>	<u>(1.2)</u>	<u>(1.2)</u>	<u>(1.7)</u>	<u>-</u>	<u>-</u>

⁽¹⁾ Favorable reserve reestimates are shown in parentheses.

⁽²⁾ Calculated using Property-Liability premiums earned for the respective period.

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

	Three months ended			Twelve months	
	Sept. 30, 2017	June 30, 2017	March 31, 2017	2016	2015
(net of reinsurance)					
Asbestos claims ⁽¹⁾					
Beginning reserves	\$ 867	\$ 891	\$ 912	\$ 960	\$ 1,014
Incurring claims and claims expense	61	-	-	67	39
Claims and claims expense paid	(20)	(24)	(21)	(115)	(93)
Ending reserves	<u>\$ 908</u>	<u>\$ 867</u>	<u>\$ 891</u>	<u>\$ 912</u>	<u>\$ 960</u>
Claims and claims expense paid as a percent of ending reserves	2.2%	2.8%	2.4%	12.6%	9.7%
Environmental claims ⁽¹⁾					
Beginning reserves	\$ 166	\$ 178	\$ 179	\$ 179	\$ 203
Incurring claims and claims expense	10	-	-	23	1
Claims and claims expense paid	(1)	(12)	(1)	(23)	(25)
Ending reserves	<u>\$ 175</u>	<u>\$ 166</u>	<u>\$ 178</u>	<u>\$ 179</u>	<u>\$ 179</u>
Claims and claims expense paid as a percent of ending reserves	0.6%	7.2%	0.6%	12.8%	14.0%

⁽¹⁾ The 3-year survival ratio for the combined environmental and asbestos claims was 9.0, 8.9, 10.4, 12.2, 14.4 and 14.3 for the annualized nine-months of 2015, 2016, 2017, 2018, 2019 and 2020, respectively, and is calculated by taking the ending reserves divided by net payments made during the year.

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Ju
Premiums	\$ 385	\$ 381	\$ 381	\$ 364	\$ 361	\$
Contract charges	208	210	212	210	210	
Net investment income	461	496	426	453	427	
Contract benefits	(456)	(486)	(474)	(464)	(484)	
Interest credited to contractholder funds	(173)	(173)	(173)	(177)	(183)	
Amortization of deferred policy acquisition costs	(58)	(69)	(75)	(70)	(68)	
Operating costs and expenses	(130)	(130)	(135)	(127)	(126)	
Restructuring and related charges	(1)	(1)	-	-	-	
Income tax expense on operations	(79)	(75)	(52)	(59)	(43)	
Operating income	157	153	110	130	94	
Realized capital gains and losses, after-tax	13	(3)	(1)	(8)	(14)	
Valuation changes on embedded derivatives that are not hedged, after-tax	(1)	(1)	-	6	-	
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(2)	(3)	(3)	(1)	(1)	
Gain on disposition of operations, after-tax	1	-	2	-	1	
Net income applicable to common shareholders	\$ 168	\$ 146	\$ 108	\$ 127	\$ 80	\$

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

Twelve months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	\$
Return on Attributed Equity					
Numerator:					
Net income applicable to common shareholders ⁽¹⁾	\$ 549	\$ 461	\$ 431	\$ 391	\$
Denominator:					
Beginning attributed equity ⁽²⁾	\$ 8,205	\$ 8,055	\$ 7,680	\$ 7,350	\$
Ending attributed equity	8,073	7,851	7,778	7,904	\$
Average attributed equity ⁽³⁾	\$ 8,139	\$ 7,953	\$ 7,729	\$ 7,627	\$
Return on attributed equity	6.7 %	5.8 %	5.6 %	5.1 %	=
Operating Income Return on Adjusted Attributed Equity *					
Numerator:					
Operating income ⁽¹⁾	\$ 550	\$ 487	\$ 454	\$ 448	\$
Denominator:					
Beginning attributed equity	\$ 8,205	\$ 8,055	\$ 7,680	\$ 7,350	\$
Unrealized net capital gains and losses	1,150	1,077	824	556	\$
Adjusted beginning attributed equity	7,055	6,978	6,856	6,794	\$
Ending attributed equity	8,073	7,851	7,778	7,904	\$
Unrealized net capital gains and losses	963	916	790	721	\$
Adjusted ending attributed equity	7,110	6,935	6,988	7,183	\$
Average adjusted attributed equity ⁽³⁾	\$ 7,083	\$ 6,957	\$ 6,922	\$ 6,989	\$
Operating income return on attributed equity *	7.8 %	7.0 %	6.6 %	6.4 %	=

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

⁽²⁾ Allstate Financial attributed equity is the sum of equity for Allstate Life Insurance Company and the applicable equity for Allstate Financial Insurance Holding Company and American Heritage Life Insurance Company.

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

THE ALLSTATE CORPORATION
ALLSTATE FINANCIAL PREMIUMS AND CONTRACT CHARGES AND OTHER STATISTICS
(\$ in millions)

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
PREMIUMS AND CONTRACT CHARGES - BY PRODUCT					
Underwritten Products					
Traditional life insurance premiums	\$ 153	\$ 148	\$ 149	\$ 151	\$ 145
Accident and health insurance premiums	232	233	232	213	216
Interest-sensitive life insurance contract charges	204	207	209	206	206
	<u>589</u>	<u>588</u>	<u>590</u>	<u>570</u>	<u>567</u>
Annuities					
Fixed annuity contract charges	4	3	3	4	4
Total	<u>\$ 593</u>	<u>\$ 591</u>	<u>\$ 593</u>	<u>\$ 574</u>	<u>\$ 571</u>
PREMIUMS AND CONTRACT CHARGES - BY DISTRIBUTION CHANNEL					
Allstate agencies	\$ 315	\$ 316	\$ 315	\$ 312	\$ 308
Workplace enrolling agents	254	250	250	236	238
Other ⁽¹⁾	24	25	28	26	25
Total	<u>\$ 593</u>	<u>\$ 591</u>	<u>\$ 593</u>	<u>\$ 574</u>	<u>\$ 571</u>
PROPRIETARY LIFE INSURANCE POLICIES SOLD BY ALLSTATE AGENCIES ⁽²⁾⁽³⁾	28,962	31,447	25,970	38,614	27,481
ALLSTATE BENEFITS NEW BUSINESS WRITTEN PREMIUMS ⁽⁴⁾	\$ 69	\$ 73	\$ 107	\$ 177	\$ 69
INSURANCE POLICIES AND ANNUITIES IN FORCE BY PRODUCT (in thousands)					
Underwritten Products					
Life insurance	2,476	2,483	2,476	2,478	2,477
Accident and health insurance	3,578	3,601	3,533	3,300	3,275
Total	<u>6,054</u>	<u>6,084</u>	<u>6,009</u>	<u>5,778</u>	<u>5,752</u>
Annuities					
Deferred annuities	145	148	152	156	160
Immediate annuities	91	92	94	95	96
Total	<u>236</u>	<u>240</u>	<u>246</u>	<u>251</u>	<u>256</u>
Total	<u>6,290</u>	<u>6,324</u>	<u>6,255</u>	<u>6,029</u>	<u>6,008</u>
INSURANCE POLICIES AND ANNUITIES IN FORCE BY SOURCE OF BUSINESS (in thousands)					
Allstate Agencies ⁽⁵⁾	1,931	1,929	1,925	1,928	1,924
Allstate Benefits	4,035	4,064	3,992	3,755	3,733
Other ⁽⁶⁾	324	331	338	346	351
Total	<u>6,290</u>	<u>6,324</u>	<u>6,255</u>	<u>6,029</u>	<u>6,008</u>

⁽¹⁾ Primarily represents independent master brokerage agencies.

⁽²⁾ Policies sold reduced by lapses within twelve months of sale.

⁽³⁾ Allstate exclusive agencies and exclusive financial specialists also sell non-proprietary retirement and investment products, including mutual funds, fixed and variable annuity broad suite of protection and retirement products. As of September 30, 2017, Allstate agencies had approximately \$15.9 billion of nonproprietary mutual funds and fixed and variable annuity deposits into these non-proprietary products were \$1.4 billion in the nine months ended September 30, 2017.

⁽⁴⁾ New business written premiums reflect annualized premiums at initial customer enrollment (including new accounts and new employees or policies of existing accounts), reinsurance. A significant portion of Allstate Benefits business is seasonally written in the fourth quarter during many clients' annual employee benefits enrollment.

⁽⁵⁾ Excludes Allstate Benefits products sold through Allstate Agencies, which are included in the Allstate Benefits line.

⁽⁶⁾ Primarily business sold by banks/broker-dealers, independent master brokerage agencies and specialized structured settlement brokers.

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Contractholders funds, beginning balance	\$ 19,832	\$ 20,051	\$ 20,260	\$ 20,583	\$ 20,845
Deposits					
Interest-sensitive life insurance	268	278	283	273	283
Fixed annuities	6	6	11	13	8
Total deposits	<u>274</u>	<u>284</u>	<u>294</u>	<u>286</u>	<u>291</u>
Interest credited	174	172	173	168	181
Benefits, withdrawals, maturities and other adjustments					
Benefits	(228)	(230)	(233)	(231)	(258)
Surrenders and partial withdrawals	(232)	(248)	(253)	(237)	(271)
Maturities of and interest payments on institutional products	-	-	-	(86)	-
Contract charges	(207)	(206)	(206)	(209)	(208)
Net transfers from separate accounts	-	2	2	1	2
Other adjustments	37	7	14	(15)	1
Total benefits, withdrawals, maturities and other adjustments	<u>(630)</u>	<u>(675)</u>	<u>(676)</u>	<u>(777)</u>	<u>(734)</u>
Contractholder funds, ending balance	<u>\$ 19,650</u>	<u>\$ 19,832</u>	<u>\$ 20,051</u>	<u>\$ 20,260</u>	<u>\$ 20,583</u>

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Jun 2
Benefit spread						
Premiums	\$ 385	\$ 381	\$ 381	\$ 364	\$ 361	\$
Cost of insurance contract charges ⁽¹⁾	139	139	141	139	136	
Contract benefits excluding the implied interest on immediate annuities with life contingencies ⁽²⁾	(332)	(360)	(348)	(336)	(358)	
Total benefit spread	<u>192</u>	<u>160</u>	<u>174</u>	<u>167</u>	<u>139</u>	
Investment spread						
Net investment income	461	496	426	453	427	
Implied interest on immediate annuities with life contingencies ⁽²⁾	(124)	(126)	(126)	(128)	(126)	
Interest credited to contractholder funds	(174)	(175)	(173)	(168)	(183)	
Total investment spread	<u>163</u>	<u>195</u>	<u>127</u>	<u>157</u>	<u>118</u>	
Surrender charges and contract maintenance expense fees ⁽¹⁾	69	71	71	71	74	
Realized capital gains and losses	21	(4)	(1)	(11)	(21)	
Amortization of deferred policy acquisition costs	(62)	(73)	(79)	(71)	(70)	
Operating costs and expenses	(130)	(130)	(135)	(127)	(126)	
Restructuring and related charges	(1)	(1)	-	-	-	
Gain on disposition of operations	1	2	2	1	1	
Income tax expense	(85)	(74)	(51)	(60)	(35)	
Net income applicable to common shareholders	<u>\$ 168</u>	<u>\$ 146</u>	<u>\$ 108</u>	<u>\$ 127</u>	<u>\$ 80</u>	<u>\$</u>
Benefit spread by product group						
Life insurance	\$ 91	\$ 83	\$ 76	\$ 78	\$ 64	\$
Accident and health insurance	115	106	113	105	103	
Annuities	(14)	(29)	(15)	(16)	(28)	
Total benefit spread	<u>\$ 192</u>	<u>\$ 160</u>	<u>\$ 174</u>	<u>\$ 167</u>	<u>\$ 139</u>	<u>\$</u>
Investment spread by product group						
Life insurance	\$ 32	\$ 34	\$ 32	\$ 33	\$ 30	\$
Accident and health insurance	5	4	4	4	4	
Annuities and institutional products	64	94	28	51	25	
Net investment income on investments supporting capital	64	64	63	60	59	
Investment spread before valuation changes on embedded derivatives that are not hedged	165	196	127	148	118	
Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged	(2)	(1)	-	9	-	
Total investment spread	<u>\$ 163</u>	<u>\$ 195</u>	<u>\$ 127</u>	<u>\$ 157</u>	<u>\$ 118</u>	<u>\$</u>
⁽¹⁾ Reconciliation of contract charges						
Cost of insurance contract charges	\$ 139	\$ 139	\$ 141	\$ 139	\$ 136	\$
Surrender charges and contract maintenance expense fees	69	71	71	71	74	
Total contract charges	<u>\$ 208</u>	<u>\$ 210</u>	<u>\$ 212</u>	<u>\$ 210</u>	<u>\$ 210</u>	<u>\$</u>
⁽²⁾ Reconciliation of contract benefits						
Contract benefits excluding the implied interest on immediate annuities with life contingencies	\$ (332)	\$ (360)	\$ (348)	\$ (336)	\$ (358)	\$
Implied interest on immediate annuities with life contingencies	(124)	(126)	(126)	(128)	(126)	
Total contract benefits	<u>\$ (456)</u>	<u>\$ (486)</u>	<u>\$ (474)</u>	<u>\$ (464)</u>	<u>\$ (484)</u>	<u>\$</u>

THE ALLSTATE CORPORATION
ALLSTATE FINANCIAL WEIGHTED AVERAGE INVESTMENT SPREADS

	Three months ended September 30, 2017			Three mo
	Weighted average investment yield	Weighted average interest crediting rate	Weighted average investment spreads	Weighted average investment yield
Interest-sensitive life insurance	5.1 %	3.9 %	1.2 %	4.8 %
Deferred fixed annuities and institutional products	4.4	2.9	1.5	4.2
Immediate fixed annuities with and without life contingencies	7.8	6.0	1.8	6.2
Investments supporting capital, traditional life and other products	3.9	n/a	n/a	4.0
	Nine months ended September 30, 2017			Nine mo
	Weighted average investment yield	Weighted average interest crediting rate	Weighted average investment spreads	Weighted average investment yield
Interest-sensitive life insurance	5.0 %	3.8 %	1.2 %	4.9 %
Deferred fixed annuities and institutional products	4.3	2.8	1.5	4.1
Immediate fixed annuities with and without life contingencies	7.7	6.0	1.7	6.2
Investments supporting capital, traditional life and other products	3.9	n/a	n/a	3.9

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

	As of September 30, 2017		Twelve months ended September 30, 2017		Sept. 2017
	Reserves and Contractholder funds	Attributed equity excluding unrealized capital gains/losses ⁽³⁾⁽⁴⁾	Operating income ⁽⁵⁾		
Underwritten products					
Life insurance	\$ 11,128	\$ 2,161	\$ 273		11.4
Accident and health insurance	901	725	87		12.7
Subtotal	<u>12,029</u>	<u>2,886</u>	<u>360</u>		11.7
Annuities and institutional products:					
Immediate Annuities:					
Sub-standard structured settlements and group pension terminations ⁽¹⁾	5,027	2,292	27		1.3
Standard structured settlements and SPIA ⁽²⁾	6,269	1,350	99		7.7
Subtotal ⁽⁶⁾	<u>11,296</u>	<u>3,642</u>	<u>126</u>		3.7
Deferred Annuities	8,552	582	64		10.5
Subtotal	<u>19,848</u>	<u>4,224</u>	<u>190</u>		4.7
Total Allstate Financial	<u>\$ 31,877</u>	<u>\$ 7,110</u>	<u>\$ 550</u>		7.8

	Nine months ended September 30, 2017			
	Life insurance	Accident and health insurance	Annuities and institutional products	Allstate Financial
Operating income	\$ 204	\$ 67	\$ 149	\$ 420
Realized capital gains and losses, after-tax	3	-	6	9
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(2)	(2)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(8)	-	-	(8)
Gain on disposition of operations, after-tax	-	-	3	3
Net income applicable to common shareholders	<u>\$ 199</u>	<u>\$ 67</u>	<u>\$ 156</u>	<u>\$ 422</u>

⁽¹⁾ Structured settlement annuities for annuitants with severe injuries or other health impairments which significantly reduced their life expectancy at the time the annuity was issued and group

⁽²⁾ Life-contingent structured settlement annuities for annuitants with standard life expectancy, period certain structured settlements and single premium immediate annuities with and without life

⁽³⁾ Total Allstate Financial attributed equity is the sum of equity for Allstate Life Insurance Company and the applicable equity for Allstate Financial Insurance Holdings Corporation, excluding

⁽⁴⁾ Attributed equity is allocated to each product line based on statutory capital adjusted for GAAP reporting differences and the amount of capital held in Allstate Financial may vary from economic factors for invested asset risk, insurance risk (mortality and morbidity), interest rate risk and business risk. Due to the unavailability of final statutory financial statements at the time we released this information, statutory capital is adjusted for appropriate GAAP accounting differences. Changes in internal capital factors, investment portfolio mix and risk as well as changes in GAAP and standards to products.

⁽⁵⁾ Product line operating income includes allocation of income on investments supporting capital. Operating income reflects a trailing twelve-month period.

⁽⁶⁾ Of the total immediate annuities, \$8,552 million are reported in reserve for life-contingent contract benefits and \$2,744 million are reported in contractholder funds.

THE ALLSTATE CORPORATION
ALLSTATE LIFE, ALLSTATE BENEFITS AND ALLSTATE ANNUITIES RESULTS AND PRODUCT INFO
(\$ in millions)

For the three months ended September 30, 2017

	Allstate Life	Allstate Benefits	Allstate Annuities	Allstate Financial Segment	Allsta Life
Premiums	\$ 141	\$ 244	\$ -	\$ 385	\$
Contract charges	175	29	4	208	
Net investment income	119	18	324	461	
Contract benefits	(173)	(142)	(141)	(456)	
Interest credited to contractholder funds	(71)	(8)	(94)	(173)	
Amortization of deferred policy acquisition costs	(25)	(31)	(2)	(58)	
Operating costs and expenses	(56)	(65)	(9)	(130)	
Restructuring and related charges	(1)	(1)	1	(1)	
Income tax expense on operations	(35)	(16)	(28)	(79)	
Operating income	74	28	55	157	
Realized capital gains and losses, after-tax	1	1	11	13	
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(1)	(1)	
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(2)	-	-	(2)	
Gain on disposition of operations, after-tax	-	-	1	1	
Net income applicable to common shareholders	\$ 73	\$ 29	\$ 66	\$ 168	\$
Premiums and Contract Charges - by Product					
Underwritten Products					
Traditional life insurance premiums	\$ 141	\$ 12	\$ -	\$ 153	\$
Accident and health insurance	-	232	-	232	
Interest-sensitive life insurance contract charges	175	29	-	204	
	316	273	-	589	
Annuities					
Fixed annuity contract charges	-	-	4	4	
Total premiums and contract charges	\$ 316	\$ 273	\$ 4	\$ 593	\$
Benefit Spread by Product Group					
Life Insurance	\$ 83	\$ 8	\$ -	\$ 91	\$
Accident and health insurance	6	109	-	115	
Annuities	-	-	(14)	(14)	
Total benefit spread	\$ 89	\$ 117	\$ (14)	\$ 192	\$
Investment Spread by Product Group					
Life insurance	\$ 29	\$ 3	\$ -	\$ 32	\$
Accident and health insurance	2	3	-	5	
Annuities and institutional products	-	-	64	64	
Net investment income on investments supporting capital	17	4	43	64	
Investment spread before valuation changes on embedded derivatives that are not hedged	48	10	107	165	
Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged	-	-	(2)	(2)	
Total investment spread	\$ 48	\$ 10	\$ 105	\$ 163	\$

THE ALLSTATE CORPORATION
ALLSTATE LIFE, ALLSTATE BENEFITS AND ALLSTATE ANNUITIES RESULTS AND PRODUCT INFO
(\$ in millions)

For the nine months ended September 30, 2017

	Allstate Life	Allstate Benefits	Allstate Annuities	Allstate Financial Segment	Allsta Life
Premiums	\$ 421	\$ 726	\$ -	\$ 1,147	\$
Contract charges	535	85	10	630	
Net investment income	362	54	967	1,383	
Contract benefits	(555)	(421)	(440)	(1,416)	
Interest credited to contractholder funds	(211)	(26)	(282)	(519)	
Amortization of deferred policy acquisition costs	(92)	(105)	(5)	(202)	
Operating costs and expenses	(173)	(196)	(26)	(395)	
Restructuring and related charges	(1)	(1)	-	(2)	
Income tax expense on operations	(90)	(41)	(75)	(206)	
Operating income	196	75	149	420	
Realized capital gains and losses, after-tax	2	1	6	9	
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(2)	(2)	
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(8)	-	-	(8)	
Gain on disposition of operations, after-tax	-	-	3	3	
Net income applicable to common shareholders	\$ 190	\$ 76	\$ 156	\$ 422	\$
Premiums and Contract Charges - by Product					
Underwritten Products					
Traditional life insurance premiums	\$ 420	\$ 30	\$ -	\$ 450	\$
Accident and health insurance	1	696	-	697	
Interest-sensitive life insurance contract charges	535	85	-	620	
	956	811	-	1,767	
Annuities					
Fixed annuity contract charges	-	-	10	10	
Total premiums and contract charges	\$ 956	\$ 811	\$ 10	\$ 1,777	\$
Benefit Spread by Product Group					
Life Insurance	\$ 232	\$ 18	\$ -	\$ 250	\$
Accident and health insurance	2	332	-	334	
Annuities	-	-	(58)	(58)	
Total benefit spread	\$ 234	\$ 350	\$ (58)	\$ 526	\$
Investment Spread by Product Group					
Life insurance	\$ 90	\$ 8	\$ -	\$ 98	\$
Accident and health insurance	4	9	-	13	
Annuities and institutional products	-	-	186	186	
Net investment income on investments supporting capital investment spread before valuation changes on embedded derivatives that are not hedged	57	11	123	191	
Valuation changes on derivatives embedded in equity- indexed annuity contracts that are not hedged	151	28	309	488	
	-	-	(3)	(3)	
Total investment spread	\$ 151	\$ 28	\$ 306	\$ 485	\$

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Net investment income	\$ 10	\$ 10	\$ 11	\$ 10	\$ 11	\$ -
Operating costs and expenses ⁽¹⁾	(93)	(9)	(8)	(9)	(7)	-
Interest expense	(82)	(83)	(85)	(77)	(73)	-
Income tax benefit on operations	60	31	30	29	26	-
Preferred stock dividends	(29)	(29)	(29)	(29)	(29)	-
Operating loss	(134)	(80)	(81)	(76)	(72)	-
Realized capital gains and losses, after-tax	-	-	-	(1)	-	-
Business combination expenses, after-tax ⁽²⁾	(1)	-	(13)	-	-	-
Net loss applicable to common shareholders	<u>\$ (135)</u>	<u>\$ (80)</u>	<u>\$ (94)</u>	<u>\$ (77)</u>	<u>\$ (72)</u>	<u>\$ -</u>

⁽¹⁾ Includes a pension settlement loss of \$86 million recorded for the three months ended September 30, 2017.

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

THE ALLSTATE CORPORATION
INVESTMENTS
(\$ in millions)

PROPERTY-LIABILITY

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Sept. 30, 2017	
Fixed income securities, at fair value:							
Tax-exempt	\$ 4,919	\$ 4,974	\$ 4,623	\$ 4,447	\$ 4,798	\$ -	\$
Taxable	27,728	26,908	26,754	25,855	26,968	24,863	
Equity securities, at fair value ⁽¹⁾	4,677	4,410	4,012	4,074	3,604	1,749	
Mortgage loans	334	297	279	280	270	3,988	
Limited partnership interests ⁽²⁾	3,467	3,266	3,122	3,042	2,913	3,132	
Short-term, at fair value	1,052	1,560	1,592	3,405	917	819	
Other	1,666	1,668	1,618	1,619	1,587	2,160	
Total	\$ 43,843	\$ 43,083	\$ 42,000	\$ 42,722	\$ 41,057	\$ 36,711	\$
Fixed income securities, amortized cost:							
Tax-exempt	\$ 4,893	\$ 4,949	\$ 4,635	\$ 4,498	\$ 4,726	\$ -	\$
Taxable	27,397	26,585	26,529	25,706	26,447	23,457	
Ratio of fair value to amortized cost	101.1%	101.1%	100.7%	100.3%	101.9%	106.0%	
Equity securities, cost	\$ 3,995	\$ 3,839	\$ 3,526	\$ 3,671	\$ 3,212	\$ 1,465	\$
Short-term, amortized cost	1,052	1,560	1,592	3,405	917	819	

CORPORATE AND OTHER

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Sept. 30, 2017	
Fixed income securities, at fair value:							
Tax-exempt	\$ 560	\$ 546	\$ 541	\$ 535	\$ 600	\$ 5,479	\$
Taxable	1,321	1,163	1,646	1,424	1,714	53,912	
Equity securities, at fair value	8	8	3	3	3	6,434	
Mortgage loans	-	-	-	-	-	4,322	
Limited partnership interests	1	-	-	1	1	6,600	
Short-term, at fair value	327	49	343	274	213	2,198	
Other	-	-	-	-	-	3,826	
Total	\$ 2,217	\$ 1,766	\$ 2,533	\$ 2,237	\$ 2,531	\$ 82,771	\$
Fixed income securities, amortized cost:							
Tax-exempt	\$ 547	\$ 533	\$ 529	\$ 527	\$ 580	\$ 5,440	\$
Taxable	1,314	1,156	1,640	1,421	1,691	52,168	
Ratio of fair value to amortized cost	101.1%	101.2%	100.8%	100.6%	101.9%	103.1%	
Equity securities, cost	\$ 8	\$ 8	\$ 3	\$ 3	\$ 3	\$ 5,468	\$
Short-term, amortized cost	327	49	343	274	213	2,198	

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

⁽²⁾ As of September 30, 2017, we have commitments to invest in additional limited partnership interests totaling \$1.88 billion, \$1.44 billion and \$3.32 billion for Property-Lial

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

	September 30, 2017			June 30, 2017		
	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost ⁽¹⁾	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized c
Fixed income securities						
U.S. government and agencies	\$ 57	\$ 3,900	101.5	\$ 63	\$ 3,426	100
Municipal	310	7,794	104.1	312	7,855	100
Corporate	1,287	44,546	103.0	1,244	44,251	100
Foreign government	16	1,093	101.5	28	1,047	100
Asset-backed securities ("ABS")	7	1,270	100.6	6	1,243	100
Residential mortgage-backed securities ("RMBS")	99	611	119.3	92	641	111
Commercial mortgage-backed securities ("CMBS")	4	153	102.7	7	170	100
Redeemable preferred stock	3	24	114.3	3	23	111
Total fixed income securities	<u>1,783</u>	<u>59,391</u>	<u>103.1</u>	<u>1,755</u>	<u>58,656</u>	<u>100</u>
Equity securities	966	6,434	117.7	796	6,117	111
Short-term investments	-	2,198	100.0	-	2,175	100
Derivatives	(2)	101	n/a	(1)	108	n/a
EMA limited partnership interests ⁽²⁾	-	n/a	n/a	(1)	n/a	n/a
Unrealized net capital gains and losses, pre-tax	<u>2,747</u>	<u>68,124</u>	<u>106.1</u>	<u>2,549</u>	<u>67,116</u>	<u>106.1</u>
Amounts recognized for:						
Insurance reserves ⁽³⁾	-	-	-	-	-	-
DAC and DSI ⁽⁴⁾	(203)	-	-	(198)	-	-
Amounts recognized	(203)	-	-	(198)	-	-
Deferred income taxes	(893)	-	-	(825)	-	-
Unrealized net capital gains and losses, after-tax	<u>\$ 1,651</u>	<u>\$ 68,124</u>	<u>106.1</u>	<u>\$ 1,526</u>	<u>\$ 67,116</u>	<u>106.1</u>
	December 31, 2016			September 30, 2016		
	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized cost ⁽¹⁾	Unrealized net capital gains and losses	Fair value	Fair value as a percent of amortized c
Fixed income securities						
U.S. government and agencies	\$ 65	\$ 3,637	101.8	\$ 105	\$ 4,304	100
Municipal	217	7,333	103.0	470	7,902	100
Corporate	859	43,601	102.0	1,804	44,474	100
Foreign government	32	1,075	103.1	59	1,119	100
ABS	2	1,171	100.2	(3)	1,390	99
RMBS	77	728	111.8	82	778	111
CMBS	8	270	103.1	11	315	100
Redeemable preferred stock	3	24	114.3	3	24	111
Total fixed income securities	<u>1,263</u>	<u>57,839</u>	<u>102.2</u>	<u>2,531</u>	<u>60,306</u>	<u>100</u>
Equity securities	509	5,666	109.9	488	5,288	111
Short-term investments	-	4,288	100.0	-	1,863	100
Derivatives	2	111	n/a	1	85	n/a
EMA limited partnership interests ⁽²⁾	(4)	n/a	n/a	(5)	n/a	n/a
Unrealized net capital gains and losses, pre-tax	<u>1,770</u>	<u>63,934</u>	<u>106.1</u>	<u>3,015</u>	<u>70,442</u>	<u>106.1</u>
Amounts recognized for:						
Insurance reserves ⁽³⁾	-	-	-	-	-	-
DAC and DSI ⁽⁴⁾	(146)	-	-	(216)	-	-
Amounts recognized	(146)	-	-	(216)	-	-
Deferred income taxes	(571)	-	-	(982)	-	-
Unrealized net capital gains and losses, after-tax	<u>\$ 1,053</u>	<u>\$ 63,934</u>	<u>106.1</u>	<u>\$ 1,817</u>	<u>\$ 70,442</u>	<u>106.1</u>

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

(2) Unrealized net capital gains and losses for limited partnership interests represent the Company's share of EMA limited partnerships' other comprehensive income. Fair value adjustments are included in the amount of unrealized gains and losses.

(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 in a premium deficiency. Although we evaluate premium deficiencies on the combined performance of our life insurance and immediate annuities with life contingencies, it includes 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

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

	Three months ended					
	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
NET INVESTMENT INCOME						
Fixed income securities	\$ 519	\$ 527	\$ 518	\$ 514	\$ 508	\$
Equity securities	37	49	44	34	31	—
Mortgage loans	52	50	55	55	56	—
Limited partnership interests ("LP")	223	253	120	178	136	—
Short-term	9	6	6	5	4	—
Other	58	60	56	59	55	—
Investment income, before expense	898	945	799	845	790	—
Less: Investment expense	(55)	(48)	(51)	(44)	(42)	—
Net investment income	<u>\$ 843</u>	<u>\$ 897</u>	<u>\$ 748</u>	<u>\$ 801</u>	<u>\$ 748</u>	<u>\$</u>
Interest-bearing investments ⁽¹⁾	\$ 627	\$ 631	\$ 625	\$ 622	\$ 613	\$
Equity securities	37	49	44	34	31	—
LP and other alternative investments ⁽²⁾	234	265	130	189	146	—
Investment income, before expense	<u>\$ 898</u>	<u>\$ 945</u>	<u>\$ 799</u>	<u>\$ 845</u>	<u>\$ 790</u>	<u>\$</u>
PRE-TAX YIELDS ⁽³⁾						
Fixed income securities	3.6 %	3.7 %	3.6 %	3.6 %	3.6 %	—
Equity securities	2.7	3.8	3.5	2.7	2.5	—
Mortgage loans	4.8	4.6	4.9	5.0	5.0	—
Limited partnership interests	13.9	16.6	8.1	12.5	9.9	—
Total portfolio	4.5	4.7	4.0	4.2	4.0	—
Interest-bearing investments	3.7	3.8	3.7	3.7	3.7	—
REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE						
Impairment write-downs	\$ (23)	\$ (28)	\$ (43)	\$ (49)	\$ (63)	\$
Change in intent write-downs	(5)	(22)	(16)	(21)	(10)	—
Net other-than-temporary impairment losses recognized in earnings	(28)	(50)	(59)	(70)	(73)	—
Sales and other	148	139	208	47	121	—
Valuation and settlements of derivative instruments	(17)	(8)	(15)	25	(15)	—
Total	<u>\$ 103</u>	<u>\$ 81</u>	<u>\$ 134</u>	<u>\$ 2</u>	<u>\$ 33</u>	<u>\$</u>
TOTAL RETURN ON INVESTMENT PORTFOLIO ⁽⁴⁾						
Income	1.0 %	1.1 %	0.9 %	1.0 %	0.9 %	—
Valuation	0.5	0.7	0.7	(1.7)	0.4	—
Total	<u>1.5 %</u>	<u>1.8 %</u>	<u>1.6 %</u>	<u>(0.7) %</u>	<u>1.3 %</u>	<u>—</u>
AVERAGE INVESTMENT BALANCES (in billions) ⁽⁵⁾	<u>\$ 79.4</u>	<u>\$ 78.9</u>	<u>\$ 79.5</u>	<u>\$ 79.1</u>	<u>\$ 77.5</u>	<u>\$</u>

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

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

⁽³⁾ Quarterly pre-tax yield is calculated as annualized quarterly investment income, before investment expense divided by the average of the current and prior quarter investment balance investment income, before investment expense divided by the average of investment balances at the beginning of the year and the end of each quarter during the year. For the purpose of timber and other consolidated investments is net of investee level expenses (depreciation and asset level operating expenses reported in investment expense). For investments carried losses.

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

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

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
NET INVESTMENT INCOME						
Fixed income securities:						
Tax-exempt	\$ 23	\$ 23	\$ 22	\$ 23	\$ 23	\$ 23
Taxable	209	210	204	200	192	192
Equity securities	28	33	29	24	21	21
Mortgage loans	4	2	3	3	3	3
Limited partnership interests	108	118	55	82	69	69
Short-term	5	4	4	3	3	3
Other	25	27	22	24	22	22
Investment income, before expense	402	417	339	359	333	333
Less: Investment expense	(30)	(26)	(28)	(21)	(23)	(23)
Net investment income	\$ 372	\$ 391	\$ 311	\$ 338	\$ 310	\$ 310
Net investment income, after-tax	\$ 252	\$ 264	\$ 212	\$ 231	\$ 211	\$ 211
Interest-bearing investments	\$ 259	\$ 259	\$ 249	\$ 246	\$ 238	\$ 238
Equity securities	28	33	29	24	21	21
LP and other alternative investments	115	125	61	89	74	74
Investment income, before expense	\$ 402	\$ 417	\$ 339	\$ 359	\$ 333	\$ 333
PRE-TAX YIELDS						
Fixed income securities:						
Tax-exempt	1.9 %	1.9 %	1.9 %	2.0 %	2.0 %	2.0 %
Equivalent yield for tax-exempt	2.8	2.8	2.8	2.9	2.9	2.9
Taxable	3.1	3.1	3.1	3.1	3.0	3.0
Equity securities	2.8	3.6	3.3	2.8	2.6	2.6
Mortgage loans	4.2	3.7	3.8	3.9	3.7	3.7
Limited partnership interests	12.9	14.8	7.1	11.0	9.6	9.6
Total portfolio	3.7	3.9	3.2	3.4	3.3	3.3
Interest-bearing investments	3.0	3.0	2.9	2.9	2.9	2.9
REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE						
Fixed income securities:						
Tax-exempt	\$ 2	\$ (2)	\$ (2)	\$ (9)	\$ 8	\$ 8
Taxable	33	40	14	(17)	9	9
Equity securities	50	23	106	49	42	42
Limited partnership interests	10	21	27	(29)	13	13
Derivatives and other	(13)	3	(10)	20	(19)	(19)
Total	\$ 82	\$ 85	\$ 135	\$ 14	\$ 53	\$ 53
REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE						
Impairment write-downs	\$ (17)	\$ (16)	\$ (22)	\$ (27)	\$ (26)	\$ (26)
Change in intent write-downs	(5)	(21)	(13)	(17)	(8)	(8)
Net other-than-temporary impairment losses recognized in earnings	(22)	(37)	(35)	(44)	(34)	(34)
Sales and other	117	126	180	43	101	101
Valuation and settlements of derivative instruments	(13)	(4)	(10)	15	(14)	(14)
Total	\$ 82	\$ 85	\$ 135	\$ 14	\$ 53	\$ 53
AVERAGE INVESTMENT BALANCES (in billions)						
	\$ 42.5	\$ 41.7	\$ 41.8	\$ 41.1	\$ 39.5	\$ 39.5

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

Three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
NET INVESTMENT INCOME						
Fixed income securities	\$ 277	\$ 283	\$ 281	\$ 280	\$ 282	\$ 282
Equity securities	9	16	15	10	10	10
Mortgage loans	48	48	52	52	53	53
Limited partnership interests	115	135	65	96	67	67
Short-term	3	2	1	2	1	1
Other	33	32	33	34	32	32
Investment income, before expense	485	516	447	474	445	445
Less: Investment expense	(24)	(20)	(21)	(21)	(18)	(18)
Net investment income	\$ 461	\$ 496	\$ 426	\$ 453	\$ 427	\$ 427
Net investment income, after-tax	\$ 300	\$ 322	\$ 277	\$ 294	\$ 278	\$ 278
Interest-bearing investments	\$ 357	\$ 360	\$ 363	\$ 364	\$ 363	\$ 363
Equity securities	9	16	15	10	10	10
LP and other alternative investments	119	140	69	100	72	72
Investment income, before expense	\$ 485	\$ 516	\$ 447	\$ 474	\$ 445	\$ 445
PRE-TAX YIELDS						
Fixed income securities	4.7 %	4.8 %	4.7 %	4.6 %	4.6 %	4.6 %
Equity securities	2.6	4.2	4.0	2.6	2.5	2.5
Mortgage loans	4.8	4.7	5.0	5.0	5.1	5.1
Limited partnership interests	15.1	18.6	9.3	14.1	10.2	10.2
Total portfolio	5.5	5.8	5.0	5.3	4.9	4.9
Interest-bearing investments	4.7	4.7	4.7	4.7	4.6	4.6
REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE						
Fixed income securities	\$ 6	\$ (6)	\$ (7)	\$ (16)	\$ (19)	\$ (19)
Equity securities	7	(4)	-	8	3	3
Mortgage loans	1	-	-	(1)	-	-
Limited partnership interests	11	10	13	(17)	(1)	(1)
Derivatives and other	(4)	(4)	(7)	15	(4)	(4)
Total	\$ 21	\$ (4)	\$ (1)	\$ (11)	\$ (21)	\$ (21)
REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE						
Impairment write-downs	\$ (6)	\$ (12)	\$ (21)	\$ (22)	\$ (37)	\$ (37)
Change in intent write-downs	-	(1)	(3)	(4)	(2)	(2)
Net other-than-temporary impairment losses recognized in earnings	(6)	(13)	(24)	(26)	(39)	(39)
Sales and other	31	13	28	5	19	19
Valuation and settlements of derivative instruments	(4)	(4)	(5)	10	(1)	(1)
Total	\$ 21	\$ (4)	\$ (1)	\$ (11)	\$ (21)	\$ (21)
AVERAGE INVESTMENT BALANCES (in billions)						
	\$ 34.9	\$ 35.0	\$ 35.4	\$ 35.6	\$ 35.7	\$ 35.7

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

As of or for the three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Jun 2016
MARKET-BASED ("MB") ⁽¹⁾						
Investment Position						
Interest-bearing investments	\$ 69,070	\$ 68,331	\$ 68,836	\$ 69,688	\$ 69,579	\$ 69,579
Equity securities	6,336	6,021	5,578	5,567	5,194	5,194
LP and other alternative investments ⁽²⁾	694	591	555	535	481	481
Total	<u>\$ 76,100</u>	<u>\$ 74,943</u>	<u>\$ 74,969</u>	<u>\$ 75,790</u>	<u>\$ 75,254</u>	<u>\$ 75,254</u>
Investment income						
Interest-bearing investments	\$ 625	\$ 629	\$ 624	\$ 622	\$ 611	\$ 611
Equity securities	37	45	35	34	31	31
LP and other alternative investments	1	-	-	(1)	1	1
Investment income, before expense	663	674	659	655	643	643
Investee level expenses ⁽³⁾	(1)	(2)	(1)	(1)	(1)	(1)
Income for yield calculation	<u>\$ 662</u>	<u>\$ 672</u>	<u>\$ 658</u>	<u>\$ 654</u>	<u>\$ 642</u>	<u>\$ 642</u>
Market-based pre-tax yield	3.6 %	3.7 %	3.6 %	3.6 %	3.6 %	3.6 %
Realized capital gains and losses (pre-tax) by transaction type						
Impairment write-downs	\$ (7)	\$ (19)	\$ (36)	\$ (26)	\$ (37)	\$ (37)
Change in intent write-downs	(5)	(22)	(16)	(21)	(10)	(10)
Net other-than-temporary impairment losses recognized in earnings	(12)	(41)	(52)	(47)	(47)	(47)
Sales and other	148	129	208	43	118	118
Valuation and settlements of derivative instruments	(12)	(1)	(10)	13	(13)	(13)
Total	<u>\$ 124</u>	<u>\$ 87</u>	<u>\$ 146</u>	<u>\$ 9</u>	<u>\$ 58</u>	<u>\$ 58</u>
PERFORMANCE-BASED ("PB") ⁽⁴⁾						
Investment Position						
Interest-bearing investments	\$ 130	\$ 129	\$ 108	\$ 113	\$ 130	\$ 130
Equity securities	98	96	107	99	94	94
LP and other alternative investments	6,443	6,137	5,959	5,797	5,626	5,626
Total	<u>\$ 6,671</u>	<u>\$ 6,362</u>	<u>\$ 6,174</u>	<u>\$ 6,009</u>	<u>\$ 5,850</u>	<u>\$ 5,850</u>
Investment income						
Interest-bearing investments	\$ 2	\$ 2	\$ 1	\$ -	\$ 2	\$ 2
Equity securities	-	4	9	-	-	-
LP and other alternative investments	233	265	130	190	145	145
Investment income, before expense	235	271	140	190	147	147
Investee level expenses	(8)	(8)	(9)	(8)	(8)	(8)
Income for yield calculation	<u>\$ 227</u>	<u>\$ 263</u>	<u>\$ 131</u>	<u>\$ 182</u>	<u>\$ 139</u>	<u>\$ 139</u>
Performance-based pre-tax yield	14.0 %	16.8 %	8.7 %	12.3 %	9.7 %	9.7 %
Realized capital gains and losses (pre-tax) by transaction type						
Impairment write-downs	\$ (16)	\$ (9)	\$ (7)	\$ (23)	\$ (26)	\$ (26)
Change in intent write-downs	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(16)	(9)	(7)	(23)	(26)	(26)
Sales and other	-	10	-	4	3	3
Valuation and settlements of derivative instruments	(5)	(7)	(5)	12	(2)	(2)
Total	<u>\$ (21)</u>	<u>\$ (6)</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (25)</u>	<u>\$ (25)</u>

⁽¹⁾ Market-based strategy seeks to deliver predictable earnings aligned to business needs and take advantage of short-term opportunities primarily through public and private fixed income investments.

⁽²⁾ Market-based investments include publicly traded equity securities classified as limited partnerships.

⁽³⁾ When calculating the pre-tax yields, investee level expenses are netted against income for directly held real estate, timber and other consolidated investments.

⁽⁴⁾ Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity, real estate and other alternative investments.

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

As of or for the three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
MARKET-BASED						
Investment Position						
Interest-bearing investments	\$ 35,232	\$ 34,943	\$ 34,389	\$ 35,138	\$ 34,057	\$ 32,323
Equity securities	4,625	4,359	3,956	4,022	3,554	3,333
LP and other alternative investments	474	400	376	369	333	333
Total	<u>\$ 40,331</u>	<u>\$ 39,702</u>	<u>\$ 38,721</u>	<u>\$ 39,529</u>	<u>\$ 37,944</u>	<u>\$ 36,000</u>
Investment income						
Interest-bearing investments	\$ 257	\$ 257	\$ 248	\$ 247	\$ 236	\$ 236
Equity securities	28	31	24	24	21	21
LP and other alternative investments	1	-	-	(1)	-	-
Investment income, before expense	286	288	272	270	257	257
Investee level expenses	(1)	(2)	(1)	(1)	(1)	(1)
Income for yield calculation	<u>\$ 285</u>	<u>\$ 286</u>	<u>\$ 271</u>	<u>\$ 269</u>	<u>\$ 256</u>	<u>\$ 256</u>
Market-based pre-tax yield	2.9 %	3.0 %	2.8 %	2.8 %	2.8 %	2.8 %
Realized capital gains and losses (pre-tax) by transaction type						
Impairment write-downs	\$ (3)	\$ (11)	\$ (18)	\$ (13)	\$ (14)	\$ (14)
Change in intent write-downs	(5)	(21)	(13)	(17)	(8)	-
Net other-than-temporary impairment losses recognized in earnings	(8)	(32)	(31)	(30)	(22)	-
Sales and other	118	114	181	39	98	98
Valuation and settlements of derivative instruments	(10)	(1)	(9)	10	(13)	-
Total	<u>\$ 100</u>	<u>\$ 81</u>	<u>\$ 141</u>	<u>\$ 19</u>	<u>\$ 63</u>	<u>\$ 63</u>
PERFORMANCE-BASED						
Investment Position						
Interest-bearing investments	\$ 107	\$ 109	\$ 94	\$ 95	\$ 109	\$ 109
Equity securities	52	51	56	52	50	50
LP and other alternative investments	3,353	3,221	3,129	3,046	2,954	2,954
Total	<u>\$ 3,512</u>	<u>\$ 3,381</u>	<u>\$ 3,279</u>	<u>\$ 3,193</u>	<u>\$ 3,113</u>	<u>\$ 3,013</u>
Investment income						
Interest-bearing investments	\$ 2	\$ 2	\$ 1	\$ (1)	\$ 2	\$ 2
Equity securities	-	2	5	-	-	-
LP and other alternative investments	114	125	61	90	74	74
Investment income, before expense	116	129	67	89	76	76
Investee level expenses	(4)	(3)	(5)	(4)	(4)	(4)
Income for yield calculation	<u>\$ 112</u>	<u>\$ 126</u>	<u>\$ 62</u>	<u>\$ 85</u>	<u>\$ 72</u>	<u>\$ 72</u>
Performance-based pre-tax yield	13.0 %	15.2 %	7.7 %	11.0 %	9.5 %	9.5 %
Realized capital gains and losses (pre-tax) by transaction type						
Impairment write-downs	\$ (14)	\$ (5)	\$ (4)	\$ (14)	\$ (12)	\$ (12)
Change in intent write-downs	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(14)	(5)	(4)	(14)	(12)	-
Sales and other	(1)	12	(1)	4	3	3
Valuation and settlements of derivative instruments	(3)	(3)	(1)	5	(1)	-
Total	<u>\$ (18)</u>	<u>\$ 4</u>	<u>\$ (6)</u>	<u>\$ (5)</u>	<u>\$ (10)</u>	<u>\$ (10)</u>

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

As of or for the three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
MARKET-BASED						
Investment Position						
Interest-bearing investments	\$ 31,630	\$ 31,630	\$ 31,917	\$ 32,317	\$ 32,995	\$ 32,995
Equity securities	1,703	1,654	1,619	1,542	1,637	1,637
LP and other alternative investments	219	191	179	165	147	147
Total	<u>\$ 33,552</u>	<u>\$ 33,475</u>	<u>\$ 33,715</u>	<u>\$ 34,024</u>	<u>\$ 34,779</u>	<u>\$ 34,779</u>
Investment income						
Interest-bearing investments	\$ 357	\$ 360	\$ 363	\$ 363	\$ 363	\$ 363
Equity securities	9	14	11	10	10	10
LP and other alternative investments	-	-	-	-	1	-
Investment income, before expense	366	374	374	373	374	374
Investee level expenses	-	-	-	-	-	-
Income for yield calculation	<u>\$ 366</u>	<u>\$ 374</u>	<u>\$ 374</u>	<u>\$ 373</u>	<u>\$ 374</u>	<u>\$ 374</u>
Market-based pre-tax yield	4.6 %	4.7 %	4.6 %	4.5 %	4.5 %	4.5 %
Realized capital gains and losses (pre-tax) by transaction type						
Impairment write-downs	\$ (4)	\$ (8)	\$ (18)	\$ (13)	\$ (23)	\$ (23)
Change in intent write-downs	-	(1)	(3)	(4)	(2)	-
Net other-than-temporary impairment losses recognized in earnings	(4)	(9)	(21)	(17)	(25)	-
Sales and other	30	15	27	5	19	-
Valuation and settlements of derivative instruments	(2)	-	(1)	3	-	-
Total	<u>\$ 24</u>	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ (9)</u>	<u>\$ (6)</u>	<u>\$ (6)</u>
PERFORMANCE-BASED						
Investment Position						
Interest-bearing investments	\$ 23	\$ 20	\$ 14	\$ 18	\$ 21	\$ 21
Equity securities	46	45	51	47	44	44
LP and other alternative investments	3,090	2,916	2,830	2,751	2,672	2,672
Total	<u>\$ 3,159</u>	<u>\$ 2,981</u>	<u>\$ 2,895</u>	<u>\$ 2,816</u>	<u>\$ 2,737</u>	<u>\$ 2,737</u>
Investment income						
Interest-bearing investments	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -
Equity securities	-	2	4	-	-	-
LP and other alternative investments	119	140	69	100	71	-
Investment income, before expense	119	142	73	101	71	-
Investee level expenses	(4)	(5)	(4)	(4)	(4)	-
Income for yield calculation	<u>\$ 115</u>	<u>\$ 137</u>	<u>\$ 69</u>	<u>\$ 97</u>	<u>\$ 67</u>	<u>\$ 67</u>
Performance-based pre-tax yield	15.1 %	18.6 %	9.8 %	13.8 %	10.0 %	10.0 %
Realized capital gains and losses (pre-tax) by transaction type						
Impairment write-downs	\$ (2)	\$ (4)	\$ (3)	\$ (9)	\$ (14)	\$ (14)
Change in intent write-downs	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(2)	(4)	(3)	(9)	(14)	-
Sales and other	1	(2)	1	-	-	-
Valuation and settlements of derivative instruments	(2)	(4)	(4)	7	(1)	-
Total	<u>\$ (3)</u>	<u>\$ (10)</u>	<u>\$ (6)</u>	<u>\$ (2)</u>	<u>\$ (15)</u>	<u>\$ (15)</u>

THE ALLSTATE CORPORATION
PERFORMANCE-BASED INVESTMENTS
(\$ in millions)

As of or for the three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Ju ;
Investment position						
Limited partnerships						
Private equity	\$ 4,650	\$ 4,333	\$ 4,139	\$ 4,031	\$ 3,839	\$
Real estate ⁽¹⁾	1,296	1,320	1,325	1,281	1,301	-
PB - limited partnerships	<u>5,946</u>	<u>5,653</u>	<u>5,464</u>	<u>5,312</u>	<u>5,140</u>	-
Non-LP						
Private equity	170	171	161	151	165	-
Real estate	555	538	549	546	545	-
PB - non-LP	<u>725</u>	<u>709</u>	<u>710</u>	<u>697</u>	<u>710</u>	-
Total						
Private equity	4,820	4,504	4,300	4,182	4,004	-
Real estate	1,851	1,858	1,874	1,827	1,846	-
Total PB	<u>\$ 6,671</u>	<u>\$ 6,362</u>	<u>\$ 6,174</u>	<u>\$ 6,009</u>	<u>\$ 5,850</u>	<u>\$</u>
Investment income						
Limited partnerships						
Private equity	\$ 183	\$ 209	\$ 114	\$ 145	\$ 112	\$
Real estate	40	44	6	34	23	-
PB - limited partnerships	<u>223</u>	<u>253</u>	<u>120</u>	<u>179</u>	<u>135</u>	-
Non-LP						
Private equity	2	5	9	1	2	-
Real estate	10	13	11	10	10	-
PB - non-LP	<u>12</u>	<u>18</u>	<u>20</u>	<u>11</u>	<u>12</u>	-
Total						
Private equity	185	214	123	146	114	-
Real estate	50	57	17	44	33	-
Total PB	<u>\$ 235</u>	<u>\$ 271</u>	<u>\$ 140</u>	<u>\$ 190</u>	<u>\$ 147</u>	<u>\$</u>
Investee level expenses	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (9)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$</u>
Realized capital gains and losses						
Limited partnerships						
Private equity	\$ (17)	\$ (8)	\$ (10)	\$ (26)	\$ (23)	\$
Real estate	-	4	1	2	2	-
PB - limited partnerships	<u>(17)</u>	<u>(4)</u>	<u>(9)</u>	<u>(24)</u>	<u>(21)</u>	-
Non-LP						
Private equity	(4)	(11)	(4)	16	(4)	-
Real estate	-	9	1	1	-	-
PB - non-LP	<u>(4)</u>	<u>(2)</u>	<u>(3)</u>	<u>17</u>	<u>(4)</u>	-
Total						
Private equity	(21)	(19)	(14)	(10)	(27)	-
Real estate	-	13	2	3	2	-
Total PB	<u>\$ (21)</u>	<u>\$ (6)</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (25)</u>	<u>\$</u>
Pre-Tax Yield	14.0 %	16.8 %	8.7 %	12.3 %	9.7 %	-
Internal Rate of Return ⁽²⁾						
10 Year	8.5 %	8.3 %	9.5 %	10.1 %	10.1 %	-
5 Year	12.7	11.9	11.9	12.0	11.7	-

⁽¹⁾ Includes Timber and agriculture-related assets.

⁽²⁾ The internal rate of return ("IRR") is one of the measures we use to evaluate the performance of these investments. The IRR represents the rate of return on the investments considering the value of investment holdings at the end of the measurement period. The calculated IRR for any measurement period is highly influenced by the values of the portfolio at the beginning and end dates. As a result, the IRR can vary significantly for different measurement periods based on macroeconomic or other events that impact the estimated beginning or ending portfolio value, such as by other investors. The timing of the recognition of income in the financial statements may differ significantly from the cash distributions and changes in the value of these investments.

THE ALLSTATE CORPORATION
LIMITED PARTNERSHIP INTERESTS

(\$ in millions)

As of or for the three months ended

	Sept. 30, 2017	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Investment position					
Accounting basis					
Cost method	\$ 1,339	\$ 1,269	\$ 1,293	\$ 1,282	\$ 1,371
Equity method ("EMA") ⁽¹⁾	5,261	4,937	4,689	4,532	4,213
Total	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,584</u>
Cost method-fair value ⁽²⁾	\$ 1,579	\$ 1,511	\$ 1,525	\$ 1,493	\$ 1,600
Underlying investment					
Private equity	\$ 4,650	\$ 4,333	\$ 4,139	\$ 4,031	\$ 3,833
Real estate	1,296	1,320	1,325	1,281	1,307
Other	654	553	518	502	441
Total	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,584</u>
Segment					
Property-Liability	\$ 3,467	\$ 3,266	\$ 3,122	\$ 3,042	\$ 2,911
Allstate Financial	3,132	2,940	2,860	2,771	2,674
Corporate and Other	1	-	-	1	1
Total	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,584</u>
Total Income					
Accounting basis					
Cost method	\$ 64	\$ 51	\$ 37	\$ 26	\$ 41
Equity method	159	202	83	152	93
Total	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 134</u>
Underlying investment					
Private equity	\$ 183	\$ 209	\$ 114	\$ 145	\$ 111
Real estate	40	44	6	34	21
Other	-	-	-	(1)	-
Total	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 132</u>
Segment					
Property-Liability	\$ 108	\$ 118	\$ 55	\$ 82	\$ 63
Allstate Financial	115	135	65	96	67
Total	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 130</u>
⁽¹⁾ Approximate cumulative pre-tax appreciation	\$ 858	\$ 787	\$ 611	\$ 511	\$ 463

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

Definitions of Non-GAAP Measures

We believe that investors' understanding of Allstate's performance is enhanced by our disclosure of the following non-GAAP measures. Our methods for calculating these measures may differ from

Operating income is net income applicable to common shareholders, excluding:

- realized capital gains and losses, after-tax, except for periodic settlements and accruals on non-hedge derivative instruments, which are reported with realized capital gains and losses but include valuation changes on embedded derivatives that are not hedged, after-tax,
- amortization of deferred policy acquisition costs ("DAC") and deferred sales inducements ("DSI"), to the extent they resulted from the recognition of certain realized capital gains and losses or valuation changes on embedded derivatives that are not hedged, after-tax,
- business combination expenses and the amortization of purchased intangible assets, after-tax,
- gain (loss) on disposition of operations, after-tax, and
- adjustments for other significant non-recurring, infrequent or unusual items, when (a) the nature of the charge or gain is such that it is reasonably unlikely to recur within two years, or (b) there has been a change in the nature of the charge or gain.

Net income applicable to common shareholders is the GAAP measure that is most directly comparable to operating income. We use operating income as an important measure to evaluate our results and 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, after-tax, amortization of purchased intangible assets, gain (loss) on disposition of operations and adjustments for other significant non-recurring, infrequent or unusual items. Realized capital gains and losses on 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 not under our control. In addition, operating income includes periodic settlements and accruals on certain derivative instruments that are reported in realized capital gains and losses because they do not qualify for hedge accounting and are used for economic hedges and to replicate fixed income securities, and by including them in operating income, we are appropriately reflecting their trends in our performance and in a manner consistent with the way that rating agencies and interest credited to contractholder funds) or replicated investments. Business combination expenses are excluded because they are non-recurring in nature and the amortization of purchased intangible assets is not indicative of our underlying insurance business results or trends. Non-recurring items are excluded because, by their nature, they are not indicative of our business or economic trends. Accordingly, operating income 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 understandability of operating income. Operating income is used by management along with the other components of net income applicable to common shareholders to assess our performance. Operating income is useful for investors to evaluate net income applicable to common shareholders, operating income and their components separately and in the aggregate when reviewing and evaluating our performance. 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 management's performance. We note that the price to earnings multiple commonly used by insurance investors as a forward-looking valuation technique uses operating income as the denominator and does not reflect the overall profitability of our business. A reconciliation of operating income to net income applicable to common shareholders is provided in the schedule, "Conciliation of Operating Income to Net Income."

Combined ratio excluding the effect of catastrophes, prior year reserve reestimates and the amortization of purchased intangible assets ("underlying combined ratio") is a non-GAAP ratio that excludes the effect of catastrophes on the combined ratio, the effect of prior year non-catastrophe reserve reestimates on the combined ratio, the effect of amortization of purchased intangible assets on the combined ratio and the effect of prior year reserve reestimates on the combined ratio. Catastrophe losses cause our combined ratio to fluctuate significantly from period to period and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is not under our control. Prior year reserve reestimates are caused by unexpected loss development on historical reserves. Amortization of purchased intangible assets is not indicative of our business results or trends. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. We also provide a non-GAAP measure that is the combined ratio. The underlying combined ratio should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business. The schedules "Property Liability Results", "Allstate Brand Profitability Measures", "Esurance Brand Profitability Measures and Statistics", "Encompass Brand Profitability Measures and Statistics", "Other Personal Lines Profitability Measures by Brand" and "Other Personal Lines Profitability Measures by Brand".

Average underlying loss (incurred pure premium) and expense is calculated as the underlying combined ratio (a non-GAAP measure) multiplied by the GAAP quarterly earned premium, which is used by management for the same reasons noted above for the underlying combined ratio. A reconciliation of average underlying loss and expense is provided in the schedule, "Average Underlying Loss and Expense."

Underlying loss ratio is a non-GAAP ratio, which is computed as the difference between three GAAP operating ratios: the loss ratio, the effect of catastrophes on the combined ratio and the effect of prior year reserve reestimates on the combined ratio. Catastrophe losses cause our loss ratio to fluctuate significantly from period to period and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is not under our control. 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 a non-GAAP measure that is the loss ratio. The underlying loss ratio should not be considered a substitute for the loss ratio and does not reflect the overall loss ratio of our business. The schedules "Property Liability Results", "Allstate Brand Profitability Measures", "Esurance Brand Profitability Measures and Statistics", "Encompass Brand Profitability Measures and Statistics", "Auto Profitability Measures by Brand" and "Other Personal Lines Profitability Measures by Brand".

Operating income return on common shareholders' equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month operating income by the average of common shareholders' equity. Return on common shareholders' equity is the most directly comparable GAAP measure. We use operating income as the numerator for the same reasons as operating income, excluding the effect of unrealized net capital gains and losses for the denominator as a representation of common shareholders' equity primarily attributable to the Company's earned and realized net capital gains and losses. Operating income return on common shareholders' equity is highly variable from period to period and is not indicative of our business results or trends. We believe that this measure is useful for investors to evaluate our performance and to compare our performance to other companies in the industry. A byproduct of excluding the items noted above to determine operating income return on common shareholders' equity is the transparency and understandability of operating income return on common shareholders' equity variability and profitability while recognizing these or similar items may recur in subsequent periods. Therefore, we believe it is useful for investors to have operating income return on common shareholders' equity and return on common shareholders' equity when evaluating our performance and to compare our performance to other companies in the industry and the company and management's utilization of capital. Operating income return on common shareholders' equity should not be considered a substitute for return on common shareholders' equity and operating income return on common shareholders' equity can be found in the schedule, "Return on Common Shareholders' Equity".

Adjusted SquareTrade operating income is a non-GAAP measure, which is computed as net income (loss) applicable to common shareholders, excluding amortization of purchased intangible assets, statement effects of acquisition-related purchase accounting fair value adjustments to unearned premiums, contractual liability insurance policy premium expenses, and commissions paid to retail agents. We use adjusted SquareTrade operating income as an important measure to evaluate SquareTrade's results of operations. We believe that this measure is useful for investors to evaluate our performance and to compare our performance to other companies in the industry. We believe that this measure is useful for investors to evaluate our performance and to compare our performance to other companies in the industry because it reveals trends that may be obscured by the amortization of purchased intangible assets, the acquisition-related purchase accounting fair value adjustments, and the net effects of realized net capital gains and losses. We adjust for the effects of acquisition-related purchase accounting fair value adjustments because they are not indicative of our business results or trends. Realized capital gains and losses may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is not under our control. Operating income highlights the results from ongoing operations and the underlying profitability of our business and is used by management along with the other components of net income applicable to common shareholders, adjusted SquareTrade operating income and their components separately and in the aggregate when reviewing and evaluating SquareTrade's performance for net income applicable to common shareholders and does not reflect the overall profitability of our business. A reconciliation of net income (loss) applicable to common shareholders to adjusted SquareTrade operating income is provided in the schedule, "Adjusted SquareTrade Operating Income."

Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a ratio that uses a non-GAAP measure. It is calculated by dividing net income (loss) applicable to common shareholders and related DAC, DSI and life insurance reserves by total common shares outstanding plus dilutive potential common shares outstanding. We use the trend in book value per common share, in conjunction with book value per common share to identify and analyze the change in net worth attributable to management efforts between periods. We believe the non-GAAP book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a measure that is useful for investors to evaluate our performance and to compare our performance to other companies in the industry. We believe that book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a measure that is most directly comparable GAAP measure. Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, should not be considered a substitute for book value per common share. A reconciliation of book value per common share, excluding the impact of unrealized net capital gains on fixed income securities, and book value per common share can be found in the schedule, "Book Value per Common Share, Excluding the Impact of Unrealized Net Capital Gains and Losses on Fixed Income Securities."

