



The Allstate Corporation

Second Quarter 2014 Earnings Presentation
July 31, 2014

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This presentation contains forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this presentation is available in the 2013 Form 10-K, our Form 10-Q for the quarter ended June 30, 2014, in our most recent earnings release, and at the end of these slides. These materials are available on our website, allstateinvestors.com. This presentation also contains some non-GAAP measures. You can find the reconciliation of those measures to GAAP measures on our website, allstateinvestors.com, under the “Quarterly Investor Info” link.



Allstate Continues Momentum in Second Quarter

- Strategy to provide unique customer value propositions is working
- Continued progress on all five 2014 operating priorities
- Strong financial results despite adverse impact from catastrophes
- Improved financial strength and continued returns to shareholders

(\$ in millions, except per share data)	Three months ended June 30,			Six months ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Allstate Protection net written premium	\$7,547	\$7,151	5.5	\$14,516	\$13,776	5.4
Income available to common shareholders:						
Net income	614	434	41.5	1,201	1,143	5.1
<i>per diluted common share</i>	<i>1.39</i>	<i>0.92</i>	<i>51.1</i>	<i>2.69</i>	<i>2.39</i>	<i>12.6</i>
Operating income	445	529	(15.9)	1,033	1,176	(12.2)
<i>per diluted common share</i>	<i>1.01</i>	<i>1.12</i>	<i>(9.8)</i>	<i>2.31</i>	<i>2.46</i>	<i>(6.1)</i>



Strategy to Provide Unique Offerings to Each Consumer Segment is Working

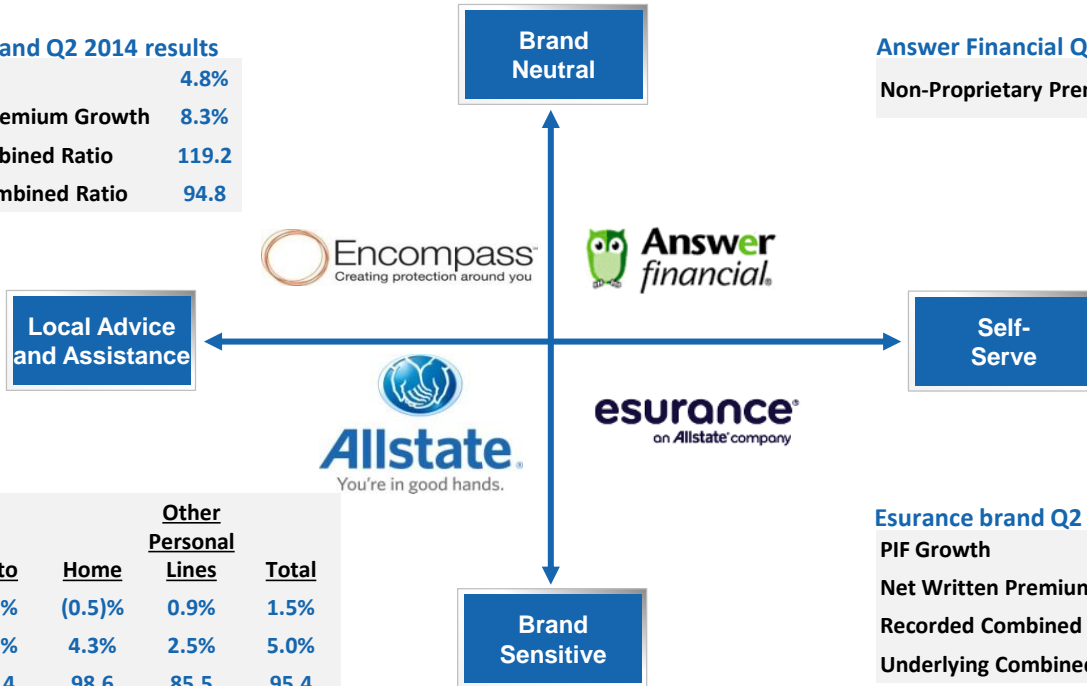
Q2 2014 Property-Liability Results	
Policy in Force Growth	2.2%
Net Written Premium Growth	5.5%
Recorded Combined Ratio	97.4
Underlying Combined Ratio	84.7

Encompass brand Q2 2014 results

PIF Growth	4.8%
Net Written Premium Growth	8.3%
Recorded Combined Ratio	119.2
Underlying Combined Ratio	94.8

Answer Financial Q2 2014 results

Non-Proprietary Premium Growth	12.6%
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Allstate brand Q2 2014 results

	Auto	Home	Other Personal Lines	Total
PIF ⁽¹⁾ Growth	2.3%	(0.5)%	0.9%	1.5%
Net Written Premium Growth	4.9%	4.3%	2.5%	5.0%
Recorded Combined Ratio	95.4	98.6	85.5	95.4
Underlying Combined Ratio	91.8	60.2	76.2	83.0

Esurance brand Q2 2014 results

PIF Growth	17.5%
Net Written Premium Growth	15.3%
Recorded Combined Ratio	112.3
Underlying Combined Ratio	107.7

Results shown are for Q2 2014; growth rates are Q2 2014 compared to Q2 2013
⁽¹⁾ Excludes Good Hands Roadside Members of 1,871,000, an increase of 599,000 over June 2013
 Earnings Release Presentation: July 31, 2014



Continued Progress On All Five 2014 Operating Priorities

- **Insurance policies in force continue to grow**
 - Allstate Brand building positive momentum
 - Esurance continues to have high growth, but the rate of increase has declined
 - Encompass growth slowing

- **Underlying combined ratio of 86.6 for first six months is below the full-year outlook**
 - Allstate Brand Auto continues to generate strong returns
 - Allstate Brand Homeowners performing well
 - Esurance loss ratio declined as a result of profit improvement actions
 - Encompass impacted by severe weather; continuing profit improvement actions

- **Investment returns were good**
 - Total portfolio yield increased driven by strong limited partnership income
 - Declining Property-Liability interest-bearing yield due to shortening of portfolio duration
 - Total return for the second quarter was 2.2%

- **Modernize the operating model**
 - Allstate Financial cost structure declining in line with sale of Lincoln Benefit Life
 - Expenses reflect favorable impact from 2013 benefit plan changes

- **Build long-term growth platforms**
 - Improving Allstate agency effectiveness and expanding capacity
 - Expanding Esurance's product offering
 - Strategically investing in telematics

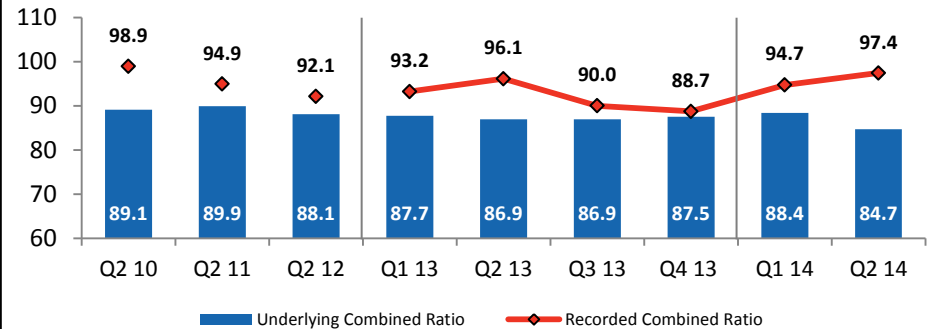


Underlying Combined Ratio Below our Full-Year Outlook Range and Continued Improvement in Allstate Financial Returns

Property-Liability Results

(\$ in Millions, except ratios)	Q2	Var PY	YTD	Var PY
Earned Premium	\$7,204	5.0%	\$14,268	4.7%
Combined Ratio				
- Recorded	97.4	1.3pts	96.1	1.4pts
- Underlying	84.7	(2.2)pts	86.6	(0.7)pts
Catastrophe Losses	936	44.7%	1,381	37.3%
Net Investment Income	351	2.3%	663	(3.1%)
Net Income ⁽¹⁾	554	(10.2%)	1,047	(15.1%)
Operating Income	364	(15.9%)	832	(15.9%)

Property-Liability Combined Ratio

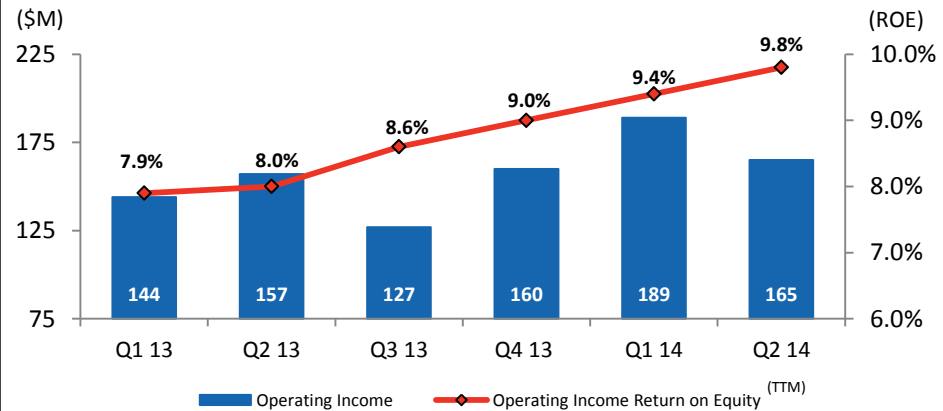


Underlying Combined Ratio	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14
Allstate Brand	86.2	85.4	85.4	86.1	86.4	83.0
Esurance Brand	110.3	112.9	111.5	111.9	124.2	107.7
<i>Memo: Underlying Loss Ratio</i>	75.4	78.3	77.4	79.1	76.4	74.1
Encompass Brand	97.9	92.7	92.5	91.8	91.8	94.8

Allstate Financial Results

(\$ in Millions)	Q2	% Var PY	YTD	% Var PY
Premiums & Contract Charges	\$518	(10.5)%	\$1,125	(2.8)%
Net Investment Income	538	(15.0)	1,178	(7.1)
Operating Costs	112	(20.0)	230	(20.1)
Net Income ⁽¹⁾	145	(23.7)	307	(8.6)
<i>Excluding impact of LBL⁽²⁾</i>		(10.5)		(0.3)
Operating Income	165	5.1	354	17.6
<i>Excluding impact of LBL⁽²⁾</i>		31.0		31.1

Allstate Financial Operating Income and Return on Equity



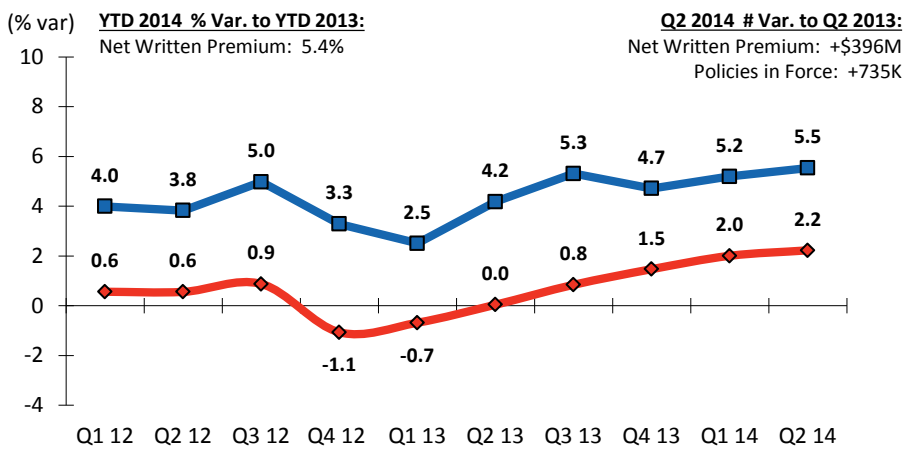
⁽¹⁾ Available to common shareholders

⁽²⁾ Excludes LBL results for Q2 2013

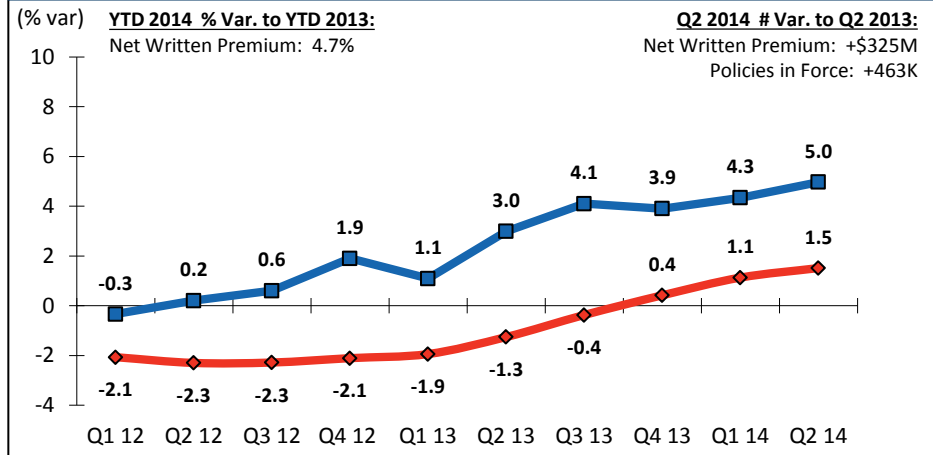


Written Premium Grew 5.5% in Q2, with Contributions from All Brands

Allstate Protection

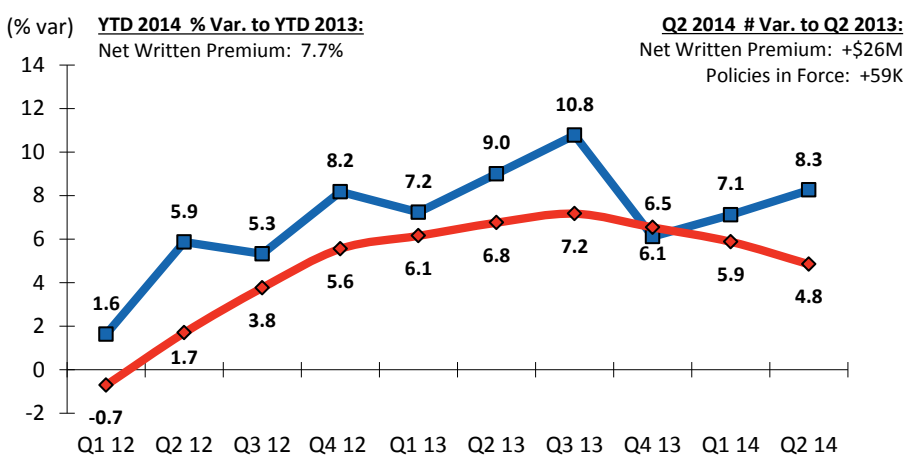


Allstate Brand

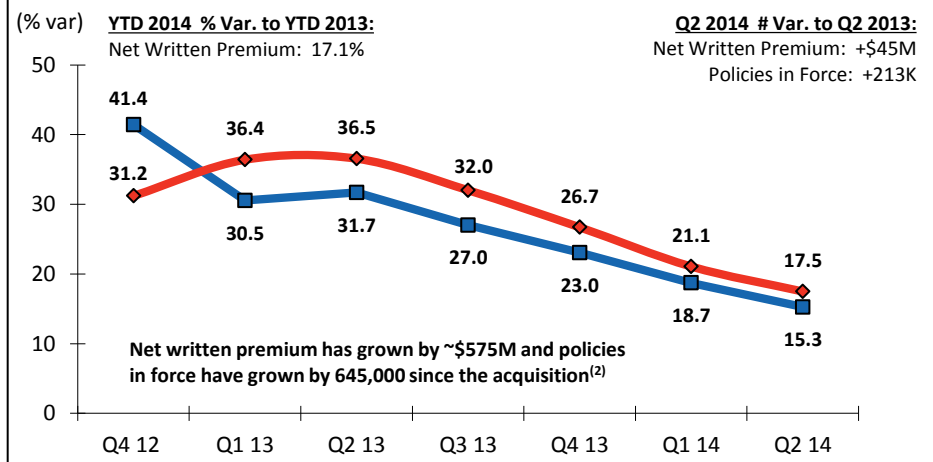


■ Net Written Premium ◆ Policies in Force

Encompass Brand



Esurance Brand⁽¹⁾



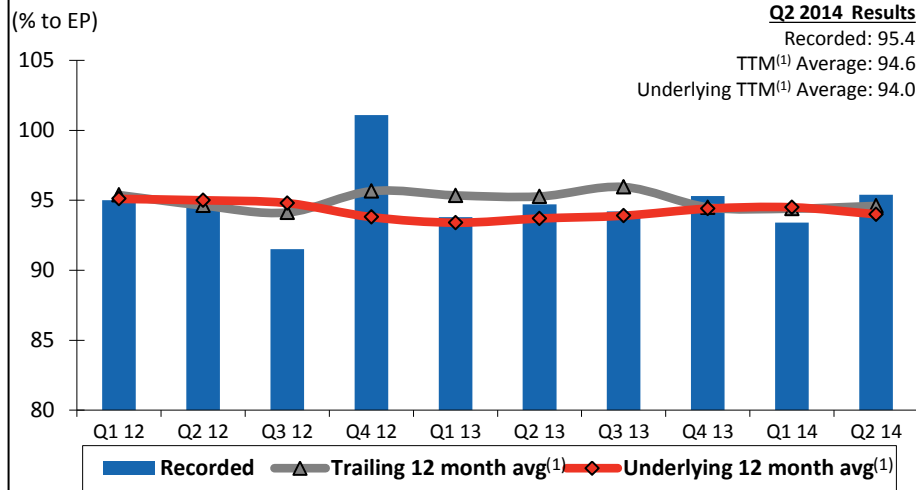
⁽¹⁾ Esurance acquired Q4 2011

⁽²⁾ Net written premium variance to size of Esurance at purchase; policies in force variance to Q4 2011

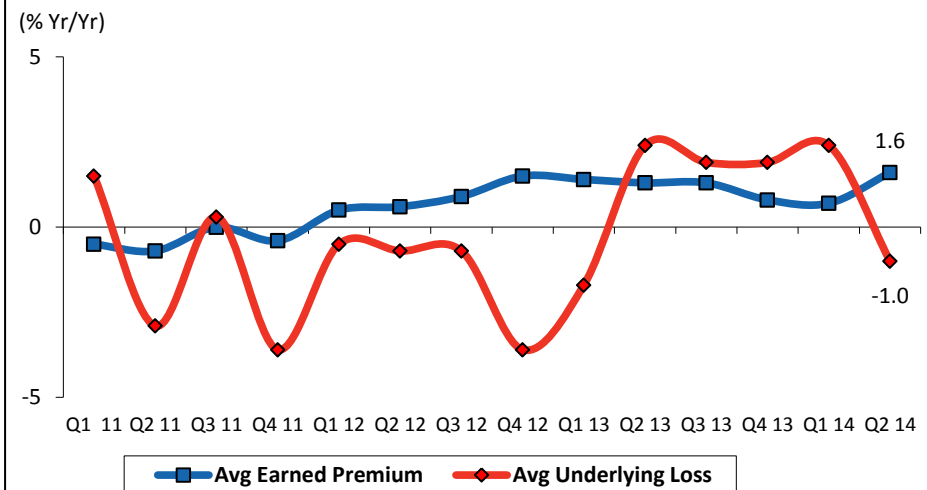


Underlying Trends Improved While Recorded Results Impacted by Weather

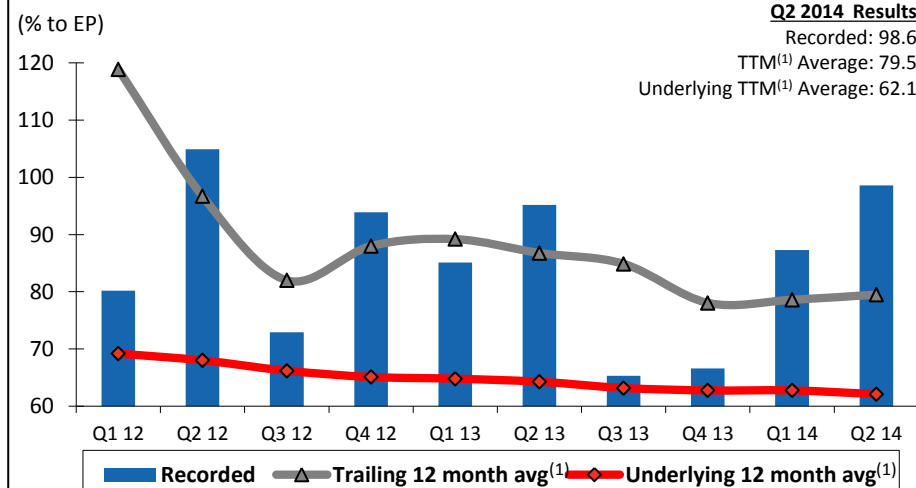
Allstate Brand Auto Combined Ratio



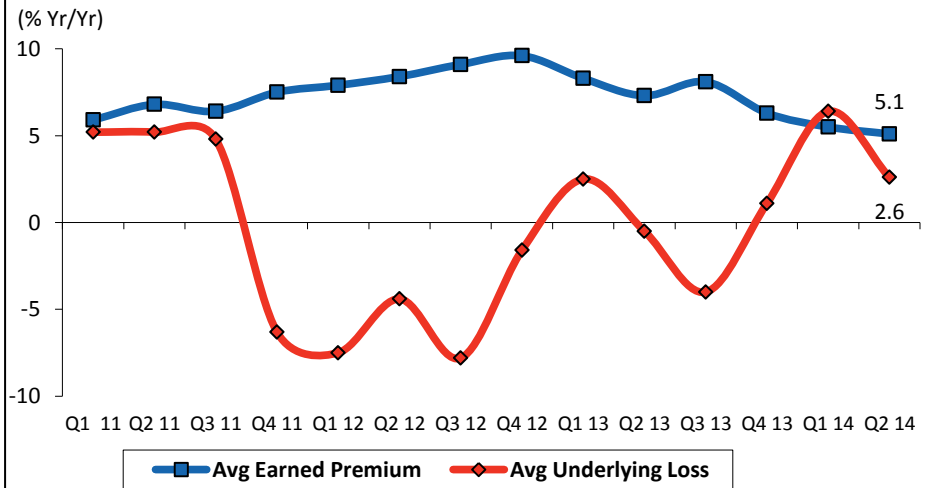
Auto Underlying Margin Trend Change⁽²⁾



Allstate Brand Homeowners Combined Ratio



Homeowners Underlying Margin Trend Change⁽²⁾



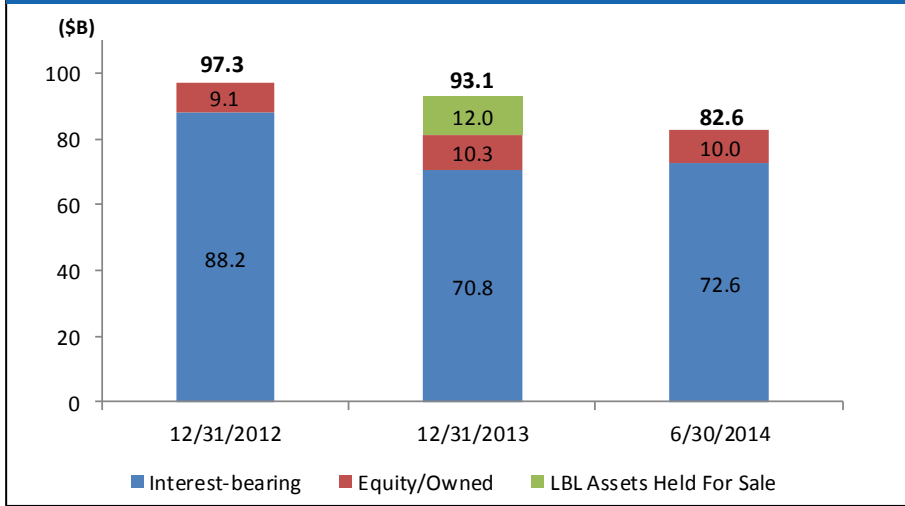
⁽¹⁾ Average of the four most recent quarters

⁽²⁾ Based on year-over-year percentage change in average earned premium and average losses excluding the effect of catastrophes and prior year reserve reestimates

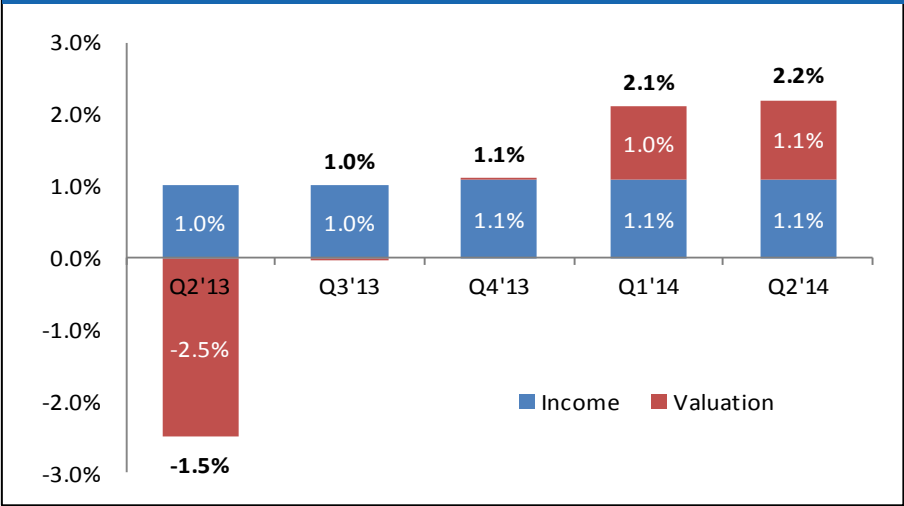


Shifting Investment Portfolio to Higher Returning Mix

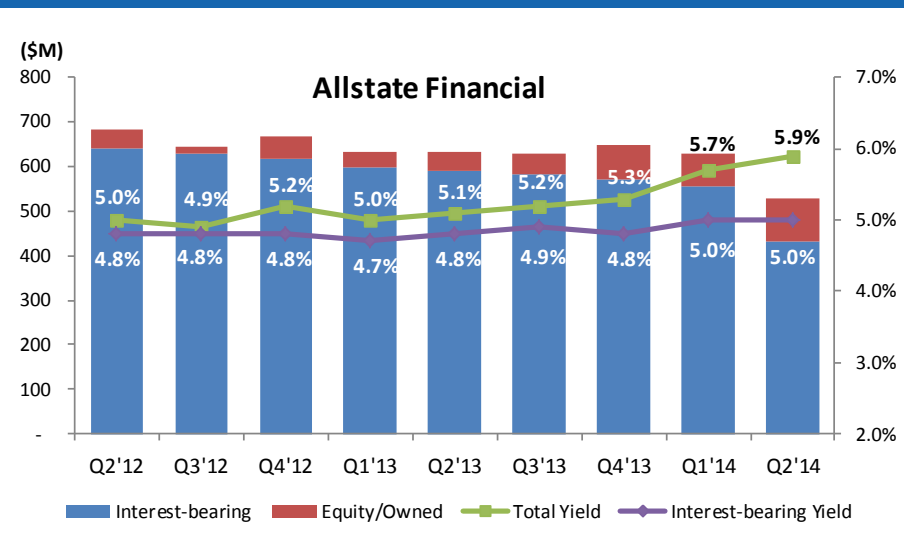
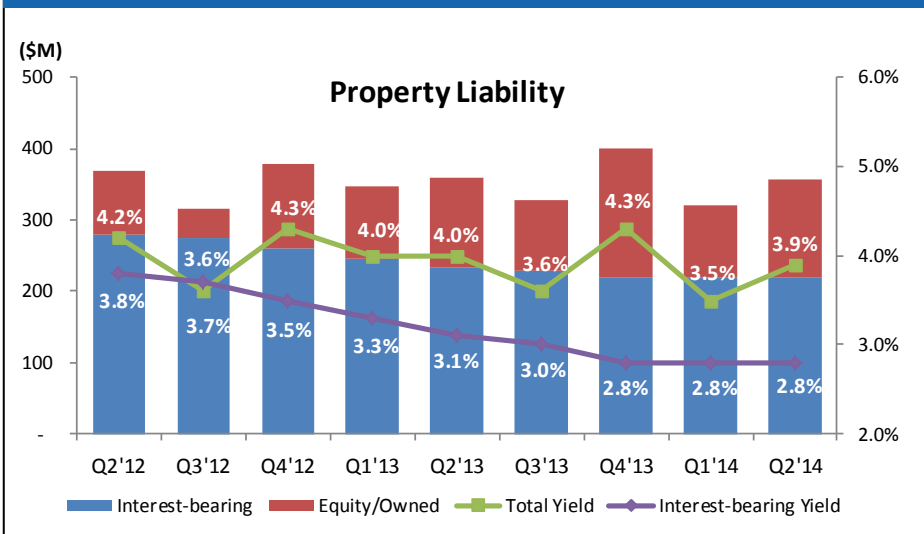
Investment Portfolio Position



Portfolio Total Return



Investment Income and Pre-tax Yield ⁽¹⁾

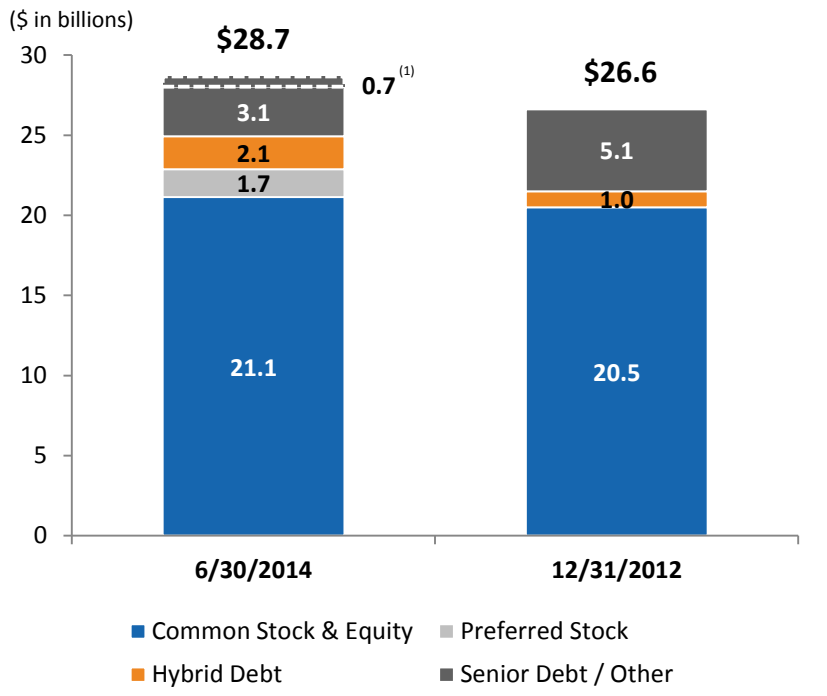


⁽¹⁾ Investment income and yield excludes prepayment fee income, litigation proceeds and investment expenses.



Capital Position is Strong

Capital Structure Change from 2012



Operating Income Return on Equity

(\$ millions)	<u>12/31/2013</u>	<u>6/30/2014</u> <u>TTM⁽³⁾</u>
Operating Income	2,670	2,527
Share Repurchases	(1,844)	(2,068)
Adjusted Common Shareholders' Equity⁽²⁾		
Beginning Equity	17,746	17,940
Ending Equity	19,054	18,976
Average Equity	18,400	18,458
Operating Income ROE	14.5%	13.7%

- Operating income excludes Lincoln Benefit Life results post April 1, 2014 disposition
- Common shareholders' equity is higher beginning Q3 2013 reflecting pension benefit changes made last year

- Provided \$267 million in cash returns to common shareholders during the second quarter; \$1.37 billion during first six months
 - Paid \$125 million in common stock dividends, reflecting the 12% increase approved by the Board of Directors in February
 - Completed the previously announced \$750 million accelerated share repurchase agreement on July 29
- Repaid \$300 million of 6.20% Senior Notes in May; issued \$250 million of 6.25% Noncumulative Perpetual Preferred Stock in June
- Book value per diluted common share was \$47.97 at June 30, 2014, an increase of 15.2% from a year ago

⁽¹⁾The next debt maturity is on August 15, 2014 when \$650 million of 5.00% Senior Notes are due. These are expected to be paid from available funds.

⁽²⁾Adjusted Common Shareholders' Equity excludes unrealized net capital gains and losses

⁽³⁾Total for the four most recent quarters



Forward-Looking Statements and Risk Factors

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

Premiums written and premiums earned, the denominator of the underlying combined ratio, may be materially less than projected. Policyholder attrition may be greater than anticipated resulting in a lower amount of insurance in force.

Unanticipated increases in the severity or frequency of standard auto insurance claims may adversely affect our underwriting results. Changes in the severity or frequency of claims may affect the profitability of our Allstate Protection segment. Changes in bodily injury claim severity are driven primarily by inflation in the medical sector of the economy and litigation. Changes in auto physical damage claim severity are driven primarily by inflation in auto repair costs, auto parts prices and used car prices. The short-term level of claim frequency we experience may vary from period to period and may not be sustainable over the longer term. A decline in gas prices, increase in miles driven, and higher unemployment are examples of factors leading to a short-term frequency change. A significant long-term increase in claim frequency could have an adverse effect on our underwriting results.

We undertake no obligation to publicly correct or update any forward-looking statements.



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