



The Allstate Corporation

Fourth Quarter 2014 Earnings Presentation
February 5, 2015

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Forward-Looking Statements and Non-GAAP Financial Information

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 September 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 within our most recent earnings release and investor supplement. These documents are located on our website, allstateinvestors.com, under the “Quarterly Investor Info” link.



Achieved All Five 2014 Operating Priorities

- **Policy in force growth diversified amongst brands and customer segments**
 - Allstate brand growth accelerated throughout the year, with continued strong emphasis on disciplined pricing and underwriting
 - Esurance and Encompass growth slowed to focus on margin improvements

- **Underlying combined ratio of 87.2 within the full-year outlook of 87 - 89**
 - Allstate brand auto generating strong returns
 - Allstate brand homeowners recorded combined ratio of 82.5
 - Esurance underlying loss ratio improved
 - Encompass average premiums are up and frequency declining, but yet to translate into a lower combined ratio
 - Breadth of product offering and consumer segmentation enhances profitable growth

- **Proactive investment strategy balances risk and return to optimize long-term returns to shareholders**
 - Total return of 5.8% for the year
 - Maintaining shorter duration profile in Property-Liability portfolio
 - Leveraging investment expertise to raise returns in fixed income portfolio
 - Increasing allocations to investments with lower correlations to public markets

- **Modernize the operating model**
 - Integration of data, analytics and emerging technology
 - Life and retirement operations focused on Allstate agency distribution

- **Build long-term growth platforms**
 - Increasing Esurance's market share through marketing investments and expansion of products and geographic reach
 - Continued investment in telematics and online aggregator (Answer Financial)



Allstate Sustains Growth, Profitability and Consistent Returns to Shareholders

(\$ in millions, except per share data)	Three months ended December 31,			Twelve months ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Allstate Protection net written premium	\$7,292	\$6,950	4.9%	\$29,613	\$28,164	5.1%
Income available to common shareholders:						
Net income	795	810	(1.9)	2,746	2,263	21.3
<i>per diluted common share</i>	<i>1.86</i>	<i>1.76</i>	<i>5.7</i>	<i>6.27</i>	<i>4.81</i>	<i>30.4</i>
Operating income	736	781	(5.8)	2,367	2,670	(11.3)
<i>per diluted common share</i>	<i>1.72</i>	<i>1.70</i>	<i>1.2</i>	<i>5.40</i>	<i>5.68</i>	<i>(4.9)</i>

- **Capital management and shareholder returns remain key priorities**

- Returned \$2.8 billion in cash to shareholders through dividends and share repurchases (10.7% of average capitalization)
- Raising dividend by 7% to \$0.30 per share for the first quarter of 2015
- Approved a new \$3 billion share repurchase program
- Increased financial strength with debt to capital ratio at 18.9%



Strategy to Provide Unique Offerings to Each Consumer Segment is Working

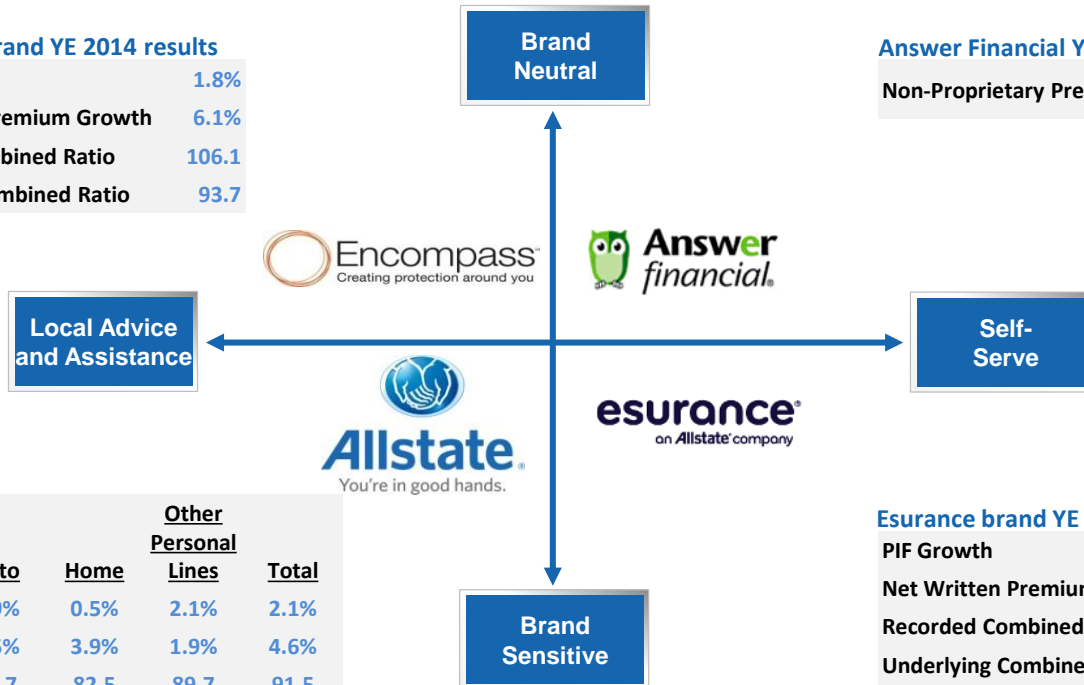
2014 Property-Liability Results		
	<u>Q4</u>	<u>YTD</u>
▪ Policy in Force Growth		2.5%
▪ Net Written Premium Growth	4.9%	5.1%
▪ Recorded Combined Ratio	90.0	93.9
▪ Underlying Combined Ratio	89.5	87.2

Encompass brand YE 2014 results

PIF Growth	1.8%
Net Written Premium Growth	6.1%
Recorded Combined Ratio	106.1
Underlying Combined Ratio	93.7

Answer Financial YE 2014 results

Non-Proprietary Premium Growth	10.5%
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Allstate brand YE 2014 results

	<u>Auto</u>	<u>Home</u>	<u>Other Personal Lines</u>	<u>Total</u>
PIF ⁽¹⁾ Growth	2.9%	0.5%	2.1%	2.1%
Net Written Premium Growth	4.5%	3.9%	1.9%	4.6%
Recorded Combined Ratio	94.7	82.5	89.7	91.5
Underlying Combined Ratio	94.2	61.7	79.2	85.4

Esurance brand YE 2014 results

PIF Growth	12.6%
Net Written Premium Growth	15.5%
Recorded Combined Ratio	117.7
Underlying Combined Ratio	114.2
<i>Memo: Underlying Loss Ratio</i>	76.6

Results shown for each brand are for year-end 2014; growth rates are full year 2014 compared to full year 2013

⁽¹⁾ Excludes Good Hands Roadside Members of 2,055,000, an increase of 470,000 over December 2013



Operating Priorities and Underlying Combined Ratio Outlook Consistent with 2014

2014 Operating Priorities

1. Grow insurance policies in force
2. Maintain the underlying combined ratio
3. Proactively manage our investments to generate attractive risk-adjusted returns
4. Modernize the operating model
5. Build long-term growth platforms



2015 Operating Priorities

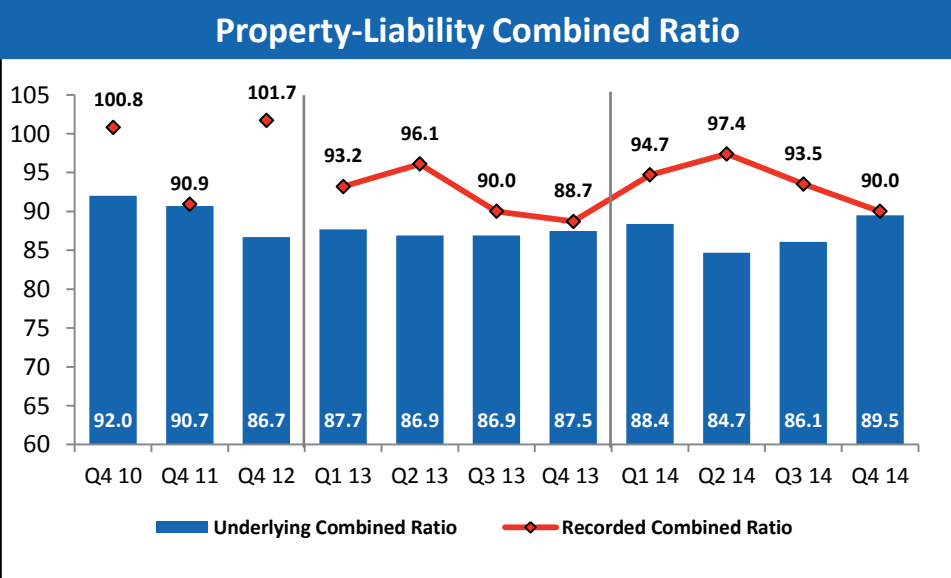
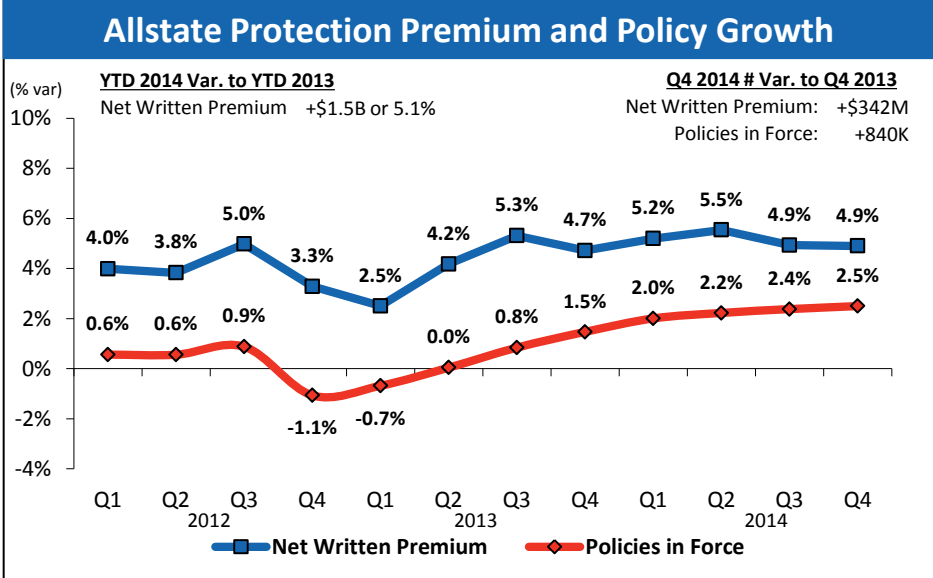
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2015 Underlying Combined Ratio outlook of 87 - 89



Underlying Combined Ratio at Favorable End of Full-Year Outlook Range

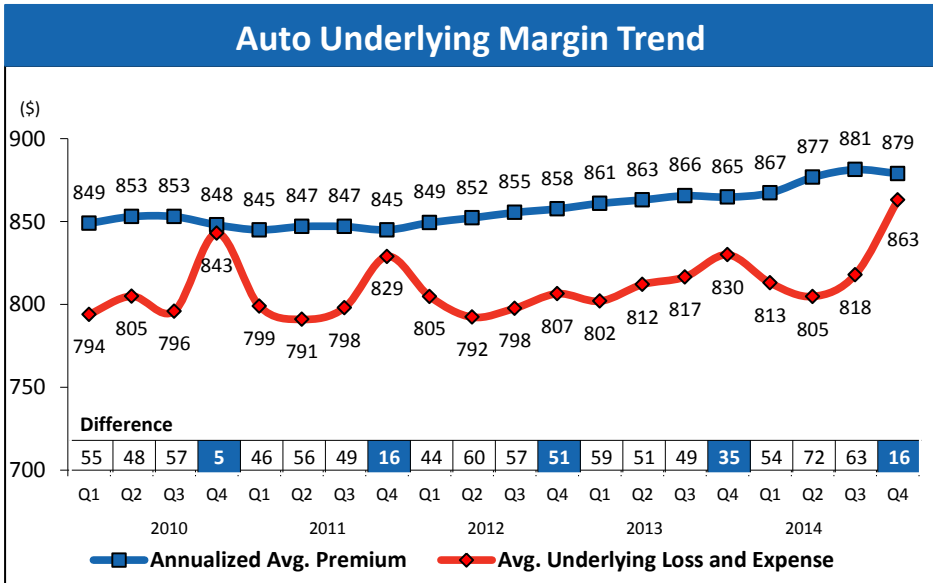
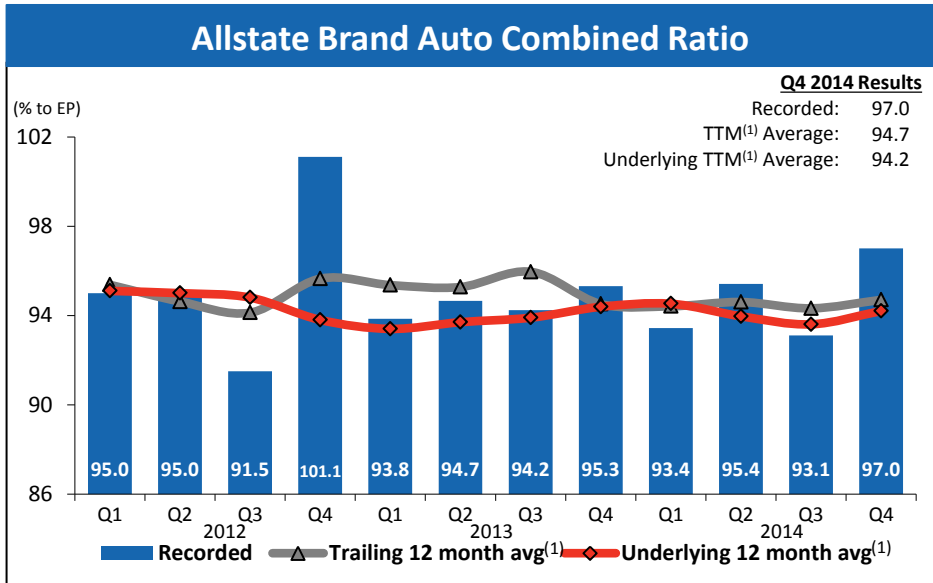
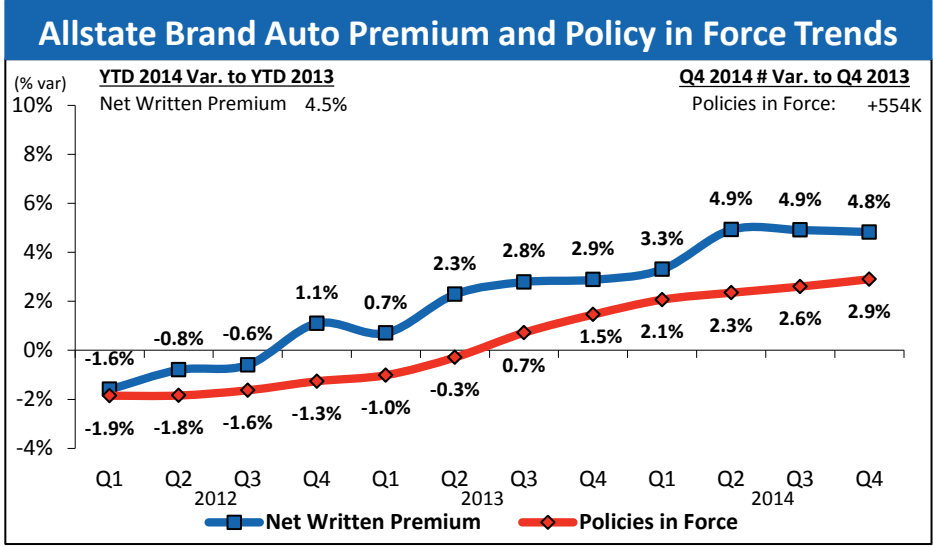
Property-Liability Results				
(\$ in Millions, except ratios)	Q4	Var PY	YTD	Var PY
Earned Premium	\$7,354	4.8%	\$28,929	4.7%
Combined Ratio				
- Recorded	90.0	1.3pts	93.9	1.9pts
- Underlying	89.5	2.0pts	87.2	(0.1)pts
Catastrophe Losses	\$95	(18.8)%	\$1,993	59.3%
Net Investment Income	294	(23.0)%	1,301	(5.4)%
Net Income⁽¹⁾	666	(23.0)%	2,427	(11.9)%
Operating Income	687	(13.4)%	2,072	(16.0)%



⁽¹⁾ Available to common shareholders



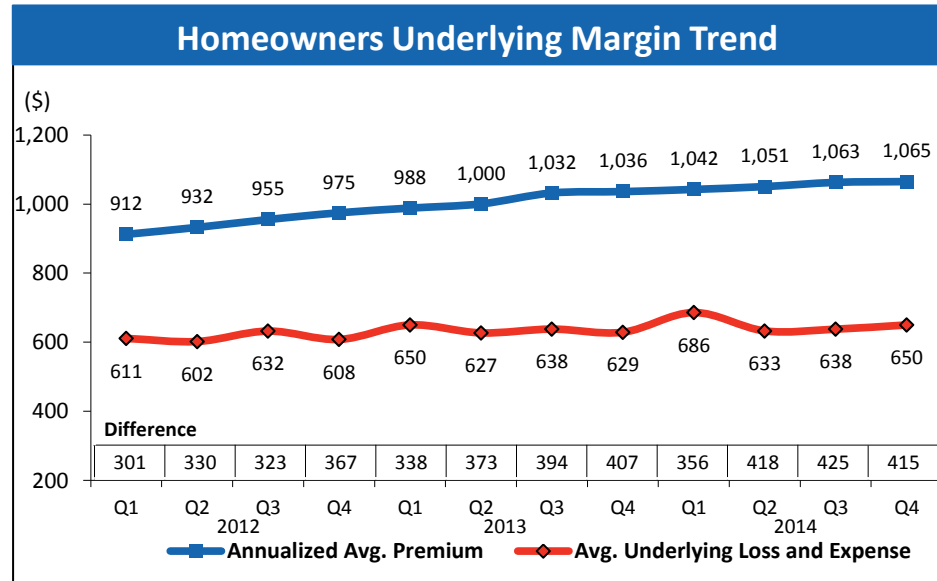
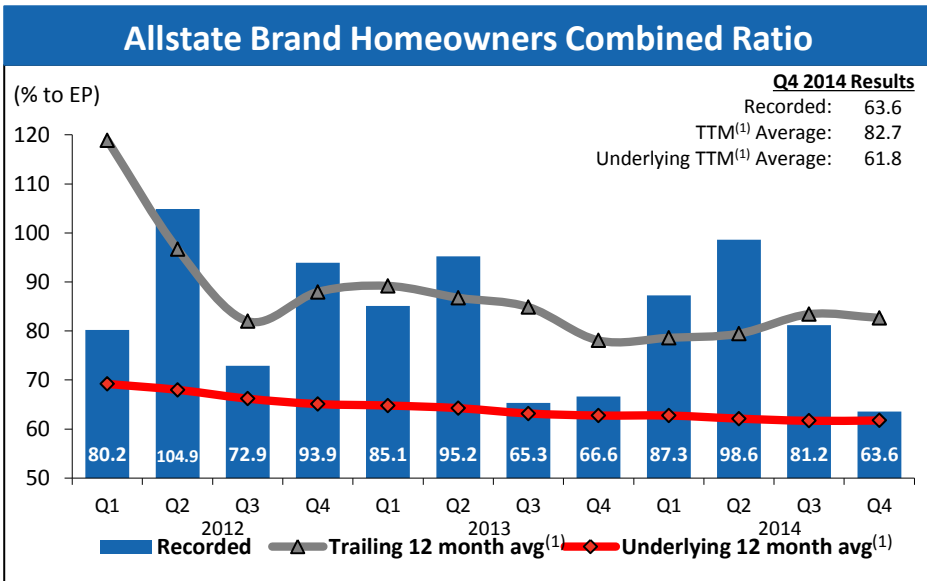
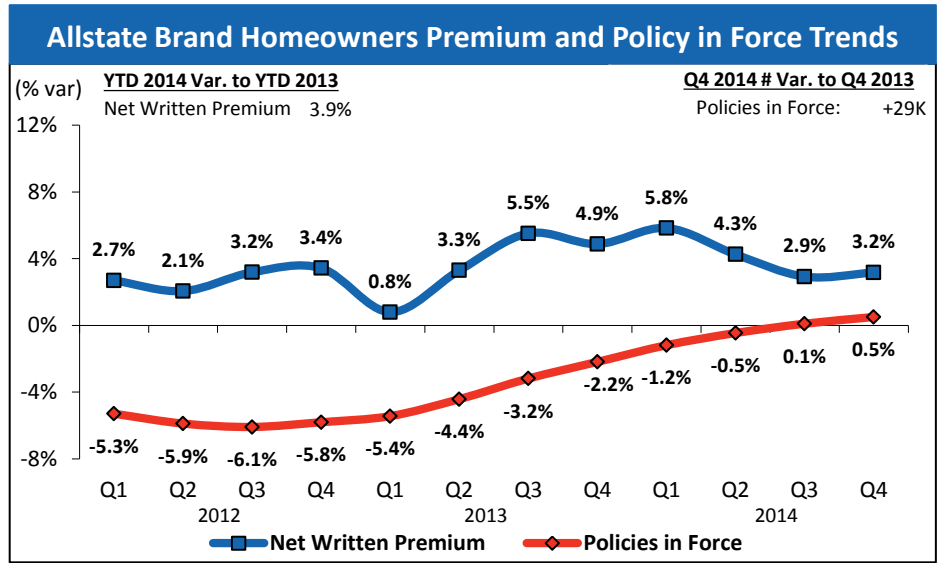
Allstate Brand Auto Continues to Grow Profitably



⁽¹⁾ Average of the four most recent quarters



Allstate Brand Homeowners a Competitive Advantage

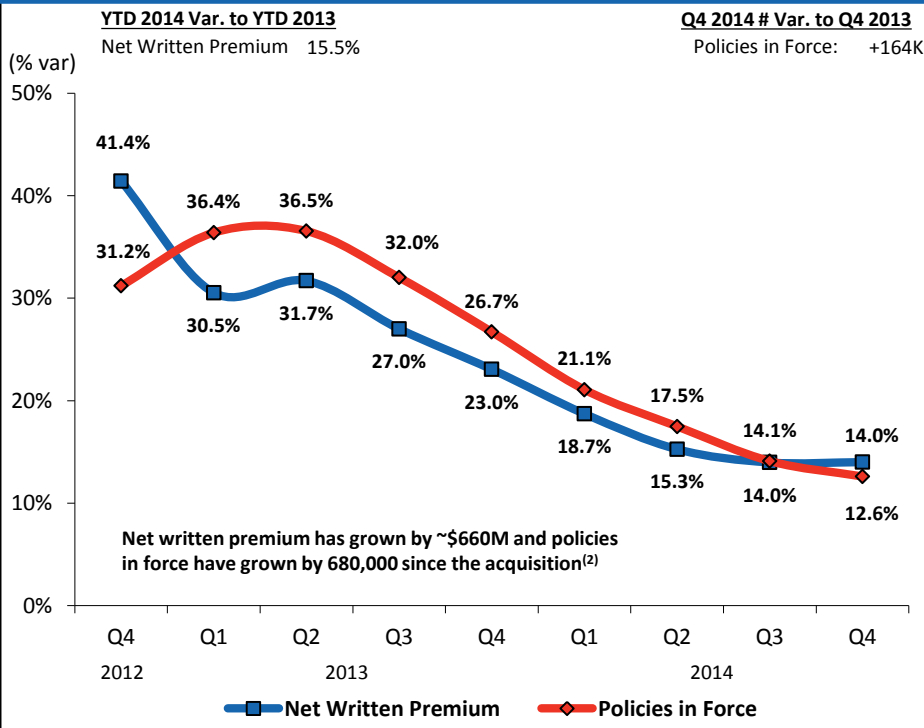


⁽¹⁾ Average of the four most recent quarters

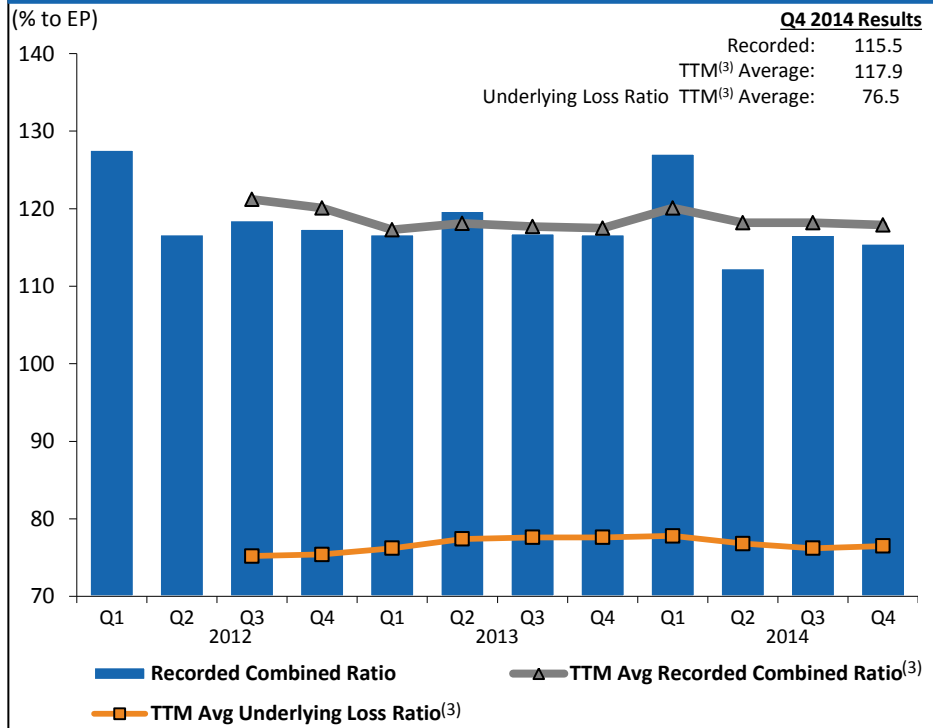


Esurance Growth Slowing Due to Profit Improvement Actions

Esurance Brand⁽¹⁾ Premium and Policy in Force Trends



Esurance Brand⁽¹⁾ Combined Ratio



⁽¹⁾ Esurance acquired Q4 2011

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

⁽³⁾ Average of the four most recent quarters



Encompass Focused on Profit Improvement Actions

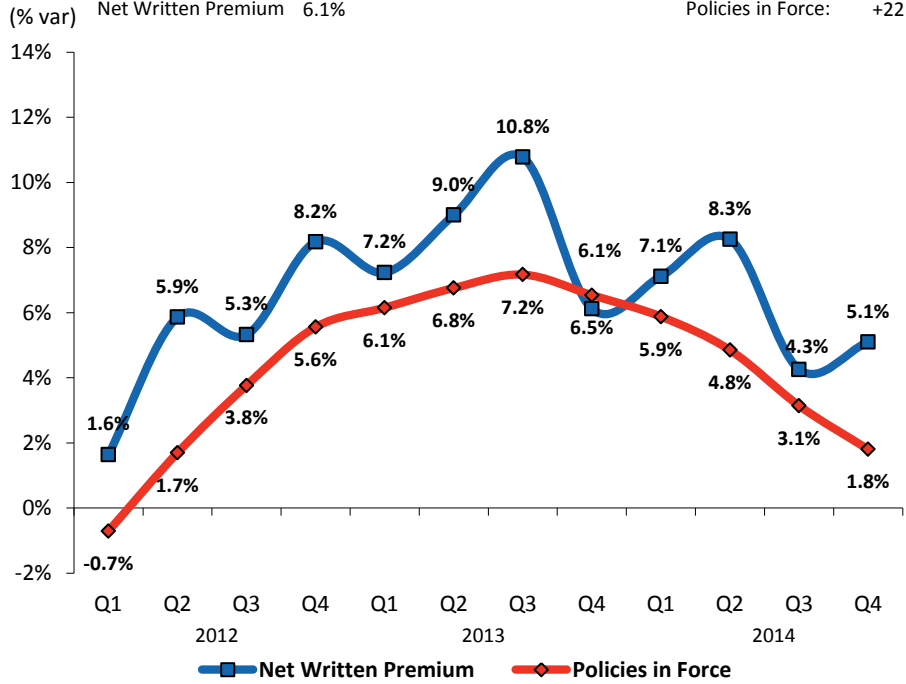
Encompass Brand Premium and Policy in Force Trends

YTD 2014 Var. to YTD 2013

Net Written Premium 6.1%

Q4 2014 # Var. to Q4 2013

Policies in Force: +22K



Encompass Brand Combined Ratio

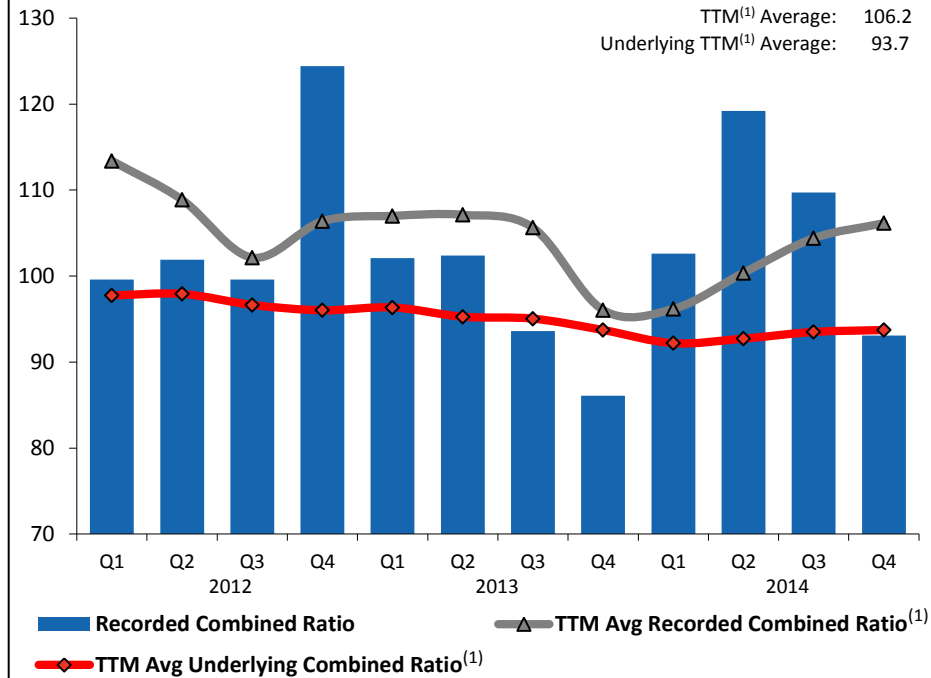
(% to EP)

Q4 2014 Results

Recorded: 93.1

TTM⁽¹⁾ Average: 106.2

Underlying TTM⁽¹⁾ Average: 93.7

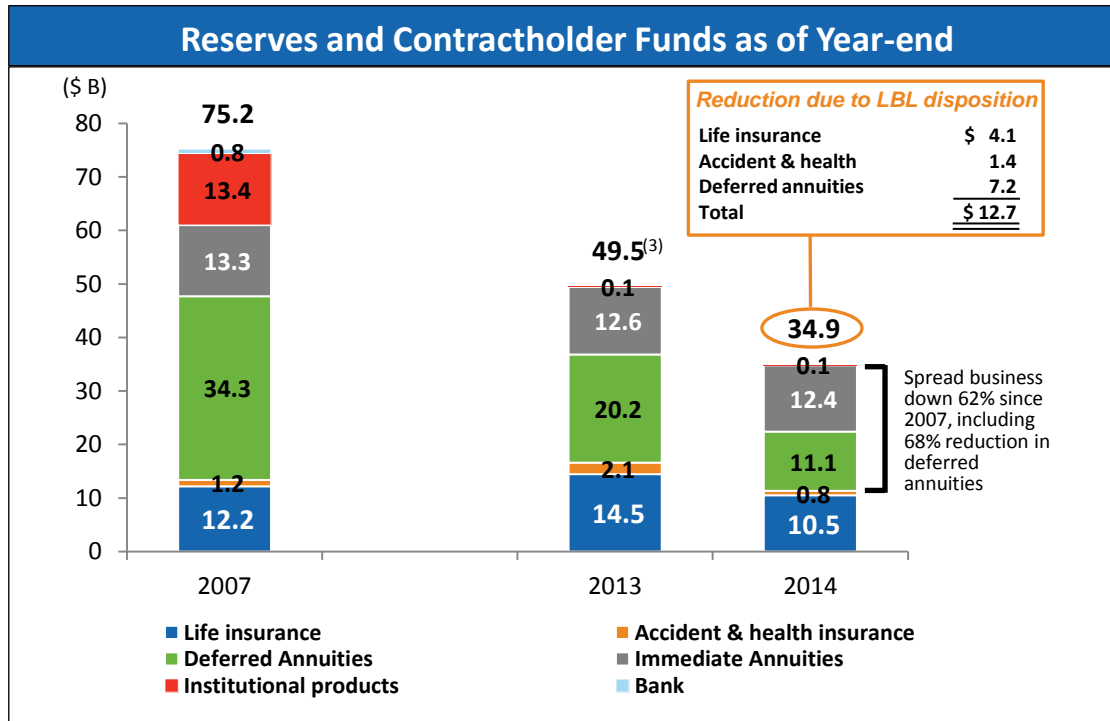


⁽¹⁾ Average of the four most recent quarters



Allstate Financial Focused and Integrated With the Allstate Brand

Allstate Financial Results				
(\$ in Millions)	Q4	% Var PY	YTD	% Var PY
Premiums & Contract Charges	\$520	(14.8)%	\$2,157	(8.3)%
Net Investment Income	480	(24.6)%	2,131	(16.0)%
Operating Costs	121	(16.6)%	466	(17.5)%
Net Income ⁽¹⁾	208	74.8%	631	NM
Operating Income	128	(20.0)%	607	3.2%
<i>Excluding impact of LBL⁽²⁾</i>		7.6%		31.7%
Op Income Return on Attributed Capital			9.7%	0.7 pts



NM = Not meaningful

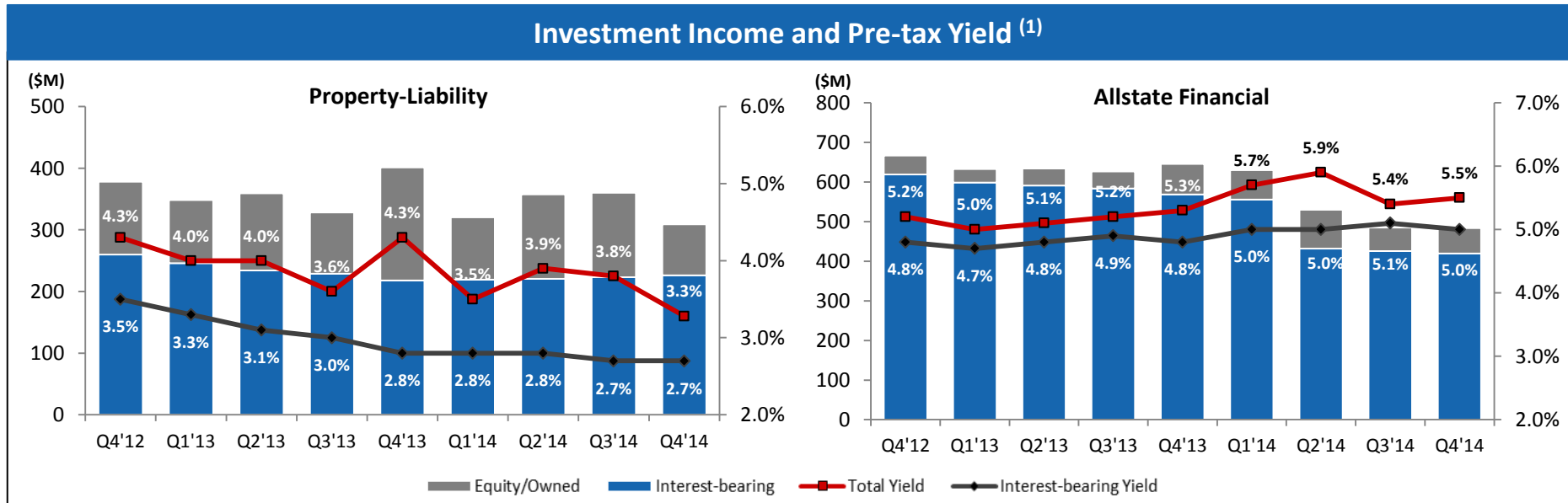
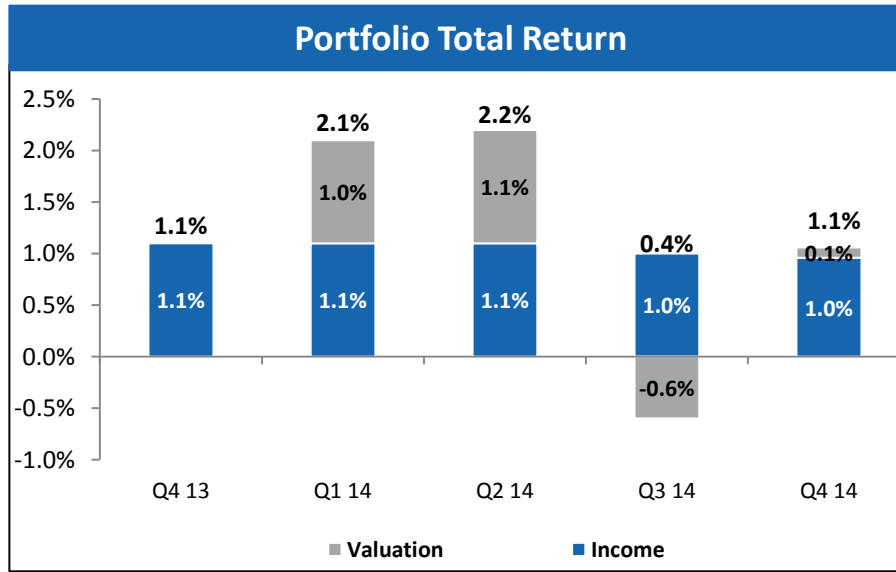
⁽¹⁾ Available to common shareholders

⁽²⁾ Excludes LBL results for Q2 – Q4 2013 and the loss on disposition

⁽³⁾ Includes reserves for life-contingent contract benefits and contractholder funds classified as held for sale in 2013



Shifting Investment Portfolio to Higher Returning Mix



(1) Investment income and interest-bearing yield excludes prepayment fee income, litigation proceeds and investment expenses

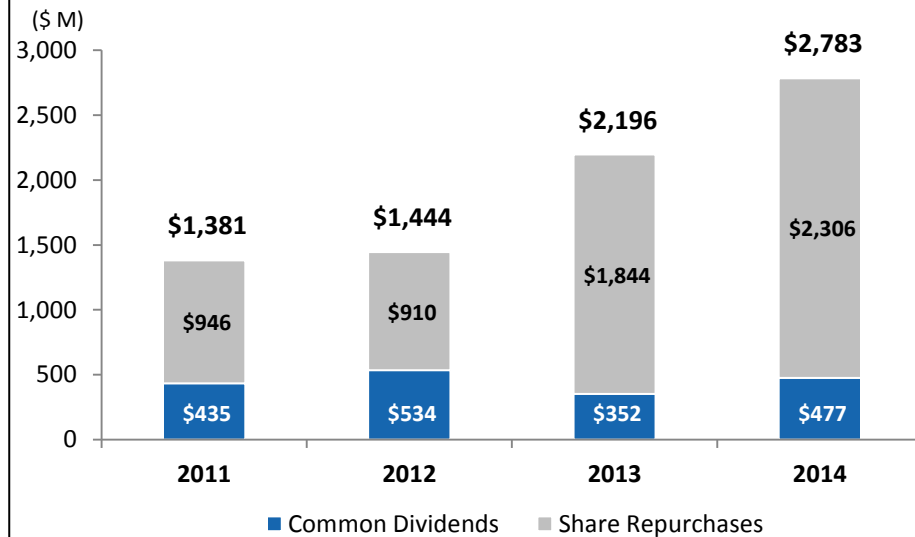


Capital Position is Strong

Capital Position

(\$ in billions, except per share data)	<u>12/31/14</u>	<u>12/31/13</u>
Book Value per Common Share	\$48.24	\$45.31
Return on Common Shareholders' Equity		
- Net Income	13.3%	11.0%
- Operating Income	12.6%	14.5%
Holding Company Assets	\$3.4	\$2.6

Cash Returns to Common Shareholders



<u>2014 Total Cash Returns (\$M)</u>	<u>Q1 14</u>	<u>Q2 14</u>	<u>Q3 14</u>	<u>Q4 14</u>	<u>YTD</u>
Common Dividends	113	125	122	117	477
Share Repurchases	987	142	926	251	2,306
Total	1,100	267	1,048	368	2,783

- Quarterly dividend increased by 7% to \$0.30 per common share for shareholders of record on March 2, 2015
- Approved new \$3 billion common share repurchase program



Forward-Looking Statements

This presentation 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 include risks related to: (1) adverse changes in the nature and level of catastrophes and severe weather events; (2) impacts of catastrophe management strategy on premium growth; (3) regulatory changes, including limitations on rate increases and requirements to underwrite business and participate in loss sharing arrangements; (4) market convergence and regulatory changes on our risk segmentation and pricing; (5) the cyclical nature of the property and casualty business; (6) unexpected increases in the severity or frequency of claims; (7) reestimates of reserves for claims; (8) adverse legal determinations regarding discontinued product lines and other legal and regulatory actions; (9) changes in underwriting and actual experience; (10) the influence of changes in market interest rates on spread-based products; (11) changes in estimates of profitability on interest-sensitive life products; (12) reducing our concentration in spread-based business and exiting certain distribution channels; (13) changes in tax laws; (14) our ability to mitigate the capital impact associated with statutory reserving requirements; (15) compliance and operational issues relating to dispositions and acquisitions of businesses; (16) market risk and declines in credit quality relating to our investment portfolio; (17) our subjective determination of the fair value of our fixed income and equity securities and the amount of realized capital losses recorded for impairments of our investments; (18) competition in the insurance industry; (19) conditions in the global economy and capital markets; (20) losses from legal and regulatory actions; (21) restrictive regulation and regulatory reforms; (22) the availability of reinsurance at current levels and prices; (23) credit risk of our reinsurers; (24) a downgrade in our financial strength ratings; (25) the effect of adverse capital and credit market conditions; (26) failure in cyber or other information security systems; (27) the impact of a large scale pandemic, the threat of terrorism or military action; (28) possible impairments in the value of good-will; (29) changes in accounting standards; (30) the realization of deferred tax assets; (31) restrictions on our subsidiaries’ ability to pay dividends; (32) restrictions under the terms of certain of our securities on our ability to pay dividends or repurchase our stock; (33) changing climate conditions; (34) loss of key vendor relationships or failure of a vendor to protect confidential information; and (35) failure to protect intellectual property. Additional information concerning these and other factors may be found in our filings with the Securities and Exchange Commission, including the “Risk Factors” in our most recent Annual Report on Form 10-K and quarterly report on Form 10-Q. 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.



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