

**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): August 1, 2018

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 August 1, 2018, announcing its financial results for the second quarter of 2018, and the Registrant's second quarter 2018 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 August 1, 2018](#)
- 99.2 [Second quarter 2018 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: August 1, 2018



FOR IMMEDIATE RELEASE

Contacts:
 Greg Burns John Griek
 Media Relations Investor Relations
 (847) 402-5600 (847) 402-2800

Allstate Increases Profits and Growth

Return on Equity of 17%

NORTHBROOK, Ill., August 1, 2018 – The Allstate Corporation (NYSE: ALL) today reported financial results for the second quarter of 2018.

The Allstate Corporation Consolidated Highlights						
(\$ in millions, except per share data and ratios)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% / pts Change	2018	2017	% / pts Change
Consolidated revenues	\$ 10,099	\$ 9,813	2.9	\$ 19,869	\$ 19,457	2.1
Net income applicable to common shareholders	637	550	15.8	1,583	1,216	30.2
per diluted common share	1.80	1.49	20.8	4.43	3.29	34.7
Adjusted net income*	675	510	32.4	1,741	1,118	55.7
per diluted common share*	1.90	1.38	37.7	4.87	3.02	61.3
Return on common shareholders' equity (trailing twelve months)						
Net income applicable to common shareholders				17.0%	13.1%	3.9
Adjusted net income*				15.8%	13.5%	2.3
Book value per common share				59.16	53.83	9.9
Property-Liability combined ratio						
Recorded	94.9	96.6	(1.7)	91.5	94.8	(3.3)
Underlying combined ratio* (excludes catastrophes, prior year reserve reestimates and amortization of purchased intangibles)	85.5	84.9	0.6	84.8	84.5	0.3
Property and casualty insurance premiums written	8,838	8,289	6.6	16,969	16,012	6.0
Catastrophe losses	906	993	(8.8)	1,267	1,774	(28.6)
Total policies in force (in thousands)				88,434	74,968	18.0

* 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 businesses continue to deliver excellent results, growth is accelerating and we are on pace to achieve 2018's operating priorities," said Tom Wilson, Chairman, President and Chief Executive Officer of The Allstate Corporation. "Net income increased to \$637 million in the second quarter of 2018 and return on equity was 17.0% for the latest twelve months. Revenues rose to \$10.1 billion for the quarter, reflecting higher average premiums and increased policies in force. Better serving customers increased the net promoter score for most businesses which, when combined with higher new business levels, supported policy growth for the Allstate and Esurance Property-Liability businesses, SquareTrade and Allstate Benefits. Increased profitability reflected operational excellence, a decline in auto accident frequency and lower catastrophe losses. We are improving our underlying combined ratio* outlook range by one point to 85 to 87⁽¹⁾ for the full year 2018," said Wilson.

⁽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.

"The strategy to deliver differentiated products to consumers by leveraging our brands, customer base, technology and capital is also on track. The Allstate brand is a leader in using technology and analytics to offer telematics based auto insurance and settle claims. Esurance is doing the same and has successfully expanded into homeowners insurance. SquareTrade is on pace with its acquisition milestones and added 13.2 million policies in twelve months. While investment income is down slightly in the quarter, this reflects very strong performance-based returns last year. Allstate's Life, Benefits and Annuities businesses are on track to meet their goals. Shareholders have also benefited from cash returns of almost three-quarters of a billion dollars in the quarter through dividends and share repurchases," concluded Wilson.

Second Quarter 2018 Results

- Total revenue of \$10.1 billion in the second quarter of 2018 increased 2.9% compared to the prior year quarter.
 - Property and casualty insurance premiums earned increased 5.5%.
 - Life premiums and contract charges increased 3.6%.
 - Net investment income decreased 8.1%.
 - Realized capital losses reduced revenues by \$25 million, compared to gains which generated \$81 million of revenue in the prior year quarter.
- Net income applicable to common shareholders was \$637 million, or \$1.80 per diluted share, in the second quarter of 2018, compared to \$550 million, or \$1.49 per diluted share, in the second quarter of 2017. Adjusted net income* was \$675 million in the second quarter of 2018, compared to \$510 million in the second quarter of 2017, driven by higher premiums earned, lower catastrophe losses, higher favorable prior year reserve releases and a lower U.S. tax rate, partially offset by lower net investment income.
- Property-Liability** underwriting income of \$416 million was \$151 million better than the prior year quarter. Increased premiums earned, lower catastrophe losses, lower auto insurance claim frequency and higher favorable non-catastrophe prior year reserve reestimates were partially offset by higher claim severity and operating expenses.
 - The underlying combined ratio* of 85.5 for the second quarter of 2018 was 0.6 points higher than the prior year quarter due to increased expenses, primarily related to compensation linked to operating performance. The underlying loss ratio* of 60.2 in the second quarter was essentially flat to the prior year quarter. Second quarter results were better than the annual outlook range of 86 to 88 as auto insurance profitability was favorably impacted by a continued reduction in accident frequency. Given the positive first half 2018 performance, the underlying combined ratio* is now expected to be within 85 to 87 for the full year of 2018.
 - Non-catastrophe prior year reserve releases of \$135 million in the second quarter of 2018 included continued favorable personal lines auto injury coverages development and better than anticipated salvage and subrogation recoveries, partially offset by strengthening in our commercial business.

Property-Liability Results						
(% to earned premiums)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	pts Change	2018	2017	pts Change
Recorded Combined Ratio	94.9	96.6	(1.7)	91.5	94.8	(3.3)
Allstate Brand Auto	93.0	95.6	(2.6)	90.8	93.2	(2.4)
Allstate Brand Homeowners	98.3	97.2	1.1	89.6	95.4	(5.8)
Allstate Brand Other Personal Lines	86.6	90.8	(4.2)	87.8	91.9	(4.1)
Esurance	101.9	106.1	(4.2)	100.7	104.2	(3.5)
Encompass	98.4	104.4	(6.0)	98.4	108.1	(9.7)
Underlying Combined Ratio*	85.5	84.9	0.6	84.8	84.5	0.3
Allstate Brand Auto	92.8	92.6	0.2	91.4	91.8	(0.4)
Allstate Brand Homeowners	63.3	59.8	3.5	63.4	60.5	2.9
Allstate Brand Other Personal Lines	77.3	77.1	0.2	80.3	77.9	2.4
Esurance	95.9	100.5	(4.6)	97.1	100.4	(3.3)
Encompass	85.5	87.6	(2.1)	86.7	87.1	(0.4)

- **Allstate brand auto** insurance net written premium grew 5.8% in the second quarter of 2018, reflecting a 4.0% increase in average premium and a 1.3% increase in policies in force. Growth in policies in force was driven by continued improvement in the renewal ratio and higher new issued applications.
 - The recorded combined ratio of 93.0 in the second quarter of 2018 was 2.6 points better than the prior year quarter, due to increased premiums earned, lower catastrophe losses and a broad-based decline in accident frequency, partially offset by higher severity and expenses, primarily related to agency and employee compensation costs. The underlying combined ratio* of 92.8 in the quarter was 0.2 points higher than the prior year quarter.
- **Allstate brand homeowners** insurance net written premium increased 5.5% in the second quarter of 2018 compared to the prior year quarter, due to increased average premium and policy growth. Policies in force increased 0.8% compared to the prior year quarter, driven by improvement in the renewal ratio and increased new issued applications.
 - The recorded combined ratio was 98.3 in the second quarter of 2018, and the underlying combined ratio* of 63.3 was 3.5 points higher than the prior year quarter, mainly driven by adverse non-catastrophe weather and increased expenses.
- **Allstate brand other personal lines** insurance net written premium of \$475 million increased 7.7% in the second quarter of 2018 compared to the prior year quarter. The recorded combined ratio of 86.6 was 4.2 points better than the prior year quarter, primarily driven by lower catastrophe losses. The underlying combined ratio* of 77.3 in the second quarter of 2018 was 0.2 points higher than the prior year period, primarily due to higher underlying loss costs partially offset by increased earned premium.
- **Esurance** net written premium grew 12.5% compared to the prior year quarter, reflecting increased average premium in auto and homeowners insurance, and a 4.1% increase in total policies in force. Auto policies in force increased 3.2% due to higher retention and new issued applications.
 - The recorded combined ratio of 101.9 in the second quarter of 2018 was 4.2 points better than the prior year quarter, due to improvement in both the loss and expense ratios. The underlying combined ratio* of 95.9 was 4.6 points better than the prior year quarter, as both auto and homeowners insurance results improved.
- **Encompass** net written premium declined 3.5% in the second quarter of 2018 compared to the prior year quarter, reflecting the continued execution of profit improvement plans. The recorded combined ratio of 98.4 in the second quarter of 2018 was 6.0 points better than the prior year quarter, due to lower catastrophe losses and reduced auto insurance claim frequency, partially offset by a higher expense ratio related to technology initiatives and lower premiums. The underlying combined ratio* of 85.5 for the second quarter was 2.1 points better than the prior year quarter as the improvement in the underlying loss ratio more than offset a higher expense ratio.

- **Service Businesses** policies in force grew to 49.1 million, an increase of 13.0 million compared to the prior year quarter, driven by SquareTrade. Adjusted net income of \$1 million in the second quarter of 2018 was \$9 million better than the second quarter of 2017, due to improved loss experience at SquareTrade and Allstate Dealer Services.

Service Businesses Results						
(\$ in millions)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% / \$ Change	2018	2017	% / \$ Change
Total Revenues	\$ 320	\$ 260	23.1%	\$ 633	\$ 507	24.9
SquareTrade	122	70	74.3	244	129	89.1
Allstate Roadside Services	77	77	—	151	155	(2.6)
Allstate Dealer Services	100	93	7.5	196	183	7.1
Ariety	21	20	5.0	42	40	5.0
Adjusted Net Income / (Loss)	\$ 1	\$ (8)	\$ 9	\$ (4)	\$ (18)	\$ 14
SquareTrade	5	1	4	7	(7)	14
Allstate Roadside Services	(5)	(5)	—	(10)	(8)	(2)
Allstate Dealer Services	4	2	2	6	2	4
Ariety	(3)	(6)	3	(7)	(5)	(2)

- **SquareTrade** revenue was \$122 million in the second quarter, reflecting policies in force growth of 13.2 million compared to the second quarter of 2017 and the adoption of the new revenue recognition accounting standard. Adjusted net income is not impacted by the new accounting standard and was \$5 million in the second quarter of 2018 due to improved loss experience.
- **Allstate Roadside Services** had revenues of \$77 million in the second quarter. The adjusted net loss of \$5 million was comparable to the prior year quarter due to continued investments in the provider network and technology, combined with losses from certain wholesale contracts.
- **Allstate Dealer Services** revenue grew 7.5% compared to the second quarter of 2017, and adjusted net income was \$4 million, reflecting improvement in loss costs.
- **Ariety** had revenues of \$21 million in the second quarter of 2018, largely related to contracts with affiliates. The adjusted net loss of \$3 million represented continuing investments in business expansion and product development.
- **Allstate Life** adjusted net income was \$78 million in the second quarter of 2018, \$15 million higher than the prior year quarter, primarily due to a lower effective tax rate, higher premiums and increased net investment income, partially offset by higher contract benefits. Premiums and contract charges increased 2.2% in the second quarter compared to the prior year quarter, primarily related to growth in traditional life insurance and lower reinsurance premiums ceded.
- **Allstate Benefits** adjusted net income was \$34 million in the second quarter of 2018, \$9 million higher than the prior year quarter, primarily due to increased premiums, improved benefit ratio on selected products and a lower effective tax rate, partially offset by higher expenses related to technology investments. Premiums and contract charges increased 5.2% in the second quarter compared to the prior year quarter, due to 5.4% growth in policies in force.
- **Allstate Annuities** adjusted net income was \$44 million in the second quarter of 2018, \$21 million lower than the prior year quarter, primarily due to lower performance-based investment income.

- **Allstate Investments** \$83 billion portfolio generated net investment income of \$824 million in the second quarter, which was 8.1%, or \$73 million, below the prior year quarter.

Allstate Investment Results						
(\$ in millions, except ratios)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% / pts Change	2018	2017	% / pts Change
Net investment income	\$ 824	\$ 897	(8.1)	\$ 1,610	\$ 1,645	(2.1)
Market-based investment income ⁽¹⁾	696	672	3.6	1,348	1,330	1.4
Performance-based investment income ⁽¹⁾	176	263	(33.1)	357	394	(9.4)
Realized capital gains and losses	(25)	81	NM	(159)	215	NM
Change in unrealized net capital gains, pre-tax⁽²⁾	(324)	448	NM	(1,326)	779	NM
Total return on investment portfolio	0.5%	1.8%	(1.3)	—%	3.4%	(3.4)

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

⁽²⁾ Excludes \$1.2 billion adjustment related to the adoption of recognition and measurement accounting standard in 2018.

NM = not meaningful

- **Market-based investments** contributed \$696 million of income in the second quarter of 2018, an increase of 3.6% compared to the prior year quarter, primarily from higher purchase yields and modest duration extension of our fixed-income portfolio.
- **Performance-based investments** generated income of \$176 million in the second quarter of 2018 with a pre-tax annualized yield of 9.0%. Investment income decreased 33.1% over a very strong prior year quarter, primarily reflecting more moderate asset appreciation.
- **Net realized capital losses** were \$25 million in the second quarter of 2018, compared to gains of \$81 million in the prior year quarter. Net realized losses for the quarter primarily related to sales of fixed-income securities, partially offset by increased valuation of equity investments.
- **Unrealized net capital gains** decreased \$324 million from the first quarter, as higher market yields resulted in lower fixed-income valuations.
- **Total return** on the investment portfolio was 0.5% for the second quarter of 2018, which included a stable 1.0% contribution from net investment income, partially offset by lower fixed income valuations of 0.5%.

Proactive Capital Management

"Allstate returned \$722 million of capital to our shareholders during the second quarter through a combination of \$163 million in common stock dividends and repurchasing \$559 million of outstanding shares. As of June 30, 2018, there was \$376 million remaining on the \$2 billion common share repurchase authorization," said Mario Rizzo, Chief Financial Officer.

"During the quarter, Allstate redeemed \$224 million in fixed-to-floating rate junior subordinated debentures and repaid \$176 million in senior debentures. Our adjusted net income return on common shareholders' equity* of 15.8% for the 12 months ended June 30, 2018, was an increase of 2.3 points compared to the prior year period. Book value per diluted common share of \$59.16 was 9.9% higher than June 30, 2017."

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, August 2.

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 are 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 June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	(unaudited)		(unaudited)	
Revenues				
Property and casualty insurance premiums	\$ 8,460	\$ 8,018	\$ 16,746	\$ 15,977
Life premiums and contract charges	612	591	1,228	1,184
Other revenue	228	226	444	436
Net investment income	824	897	1,610	1,645
Realized capital gains and losses:				
Total other-than-temporary impairment ("OTTI") losses	(4)	(47)	(4)	(109)
OTTI losses reclassified (from) to other comprehensive income	—	(3)	(1)	—
Net OTTI losses recognized in earnings	(4)	(50)	(5)	(109)
Sales and valuation changes on equity investments and derivatives		131	(154)	324
	(21)			
Total realized capital gains and losses	(25)	81	(159)	215
	<u>10,099</u>	<u>9,813</u>	<u>19,869</u>	<u>19,457</u>
Costs and expenses				
Property and casualty insurance claims and claims expense	5,792	5,689	10,941	11,105
Life contract benefits	483	486	987	960
Interest credited to contractholder funds	165	175	326	348
Amortization of deferred policy acquisition costs	1,296	1,176	2,569	2,345
Operating costs and expenses	1,407	1,312	2,762	2,619
Restructuring and related charges	27	53	49	63
Interest expense	86	83	169	168
	<u>9,256</u>	<u>8,974</u>	<u>17,803</u>	<u>17,608</u>
Gain on disposition of operations	2	12	3	14
	<u>845</u>	<u>851</u>	<u>2,069</u>	<u>1,863</u>
Income from operations before income tax expense				
Income tax expense	169	272	418	589
	<u>676</u>	<u>579</u>	<u>1,651</u>	<u>1,274</u>
Net income				
Preferred stock dividends	39	29	68	58
	<u>39</u>	<u>29</u>	<u>68</u>	<u>58</u>
Net income applicable to common shareholders	<u>\$ 637</u>	<u>\$ 550</u>	<u>\$ 1,583</u>	<u>\$ 1,216</u>
Earnings per common share:				
Net income applicable to common shareholders per common share – Basic	<u>\$ 1.82</u>	<u>\$ 1.51</u>	<u>\$ 4.50</u>	<u>\$ 3.34</u>
Weighted average common shares – Basic	<u>349.2</u>	<u>363.6</u>	<u>351.6</u>	<u>364.6</u>
Net income applicable to common shareholders per common share – Diluted	<u>\$ 1.80</u>	<u>\$ 1.49</u>	<u>\$ 4.43</u>	<u>\$ 3.29</u>
Weighted average common shares – Diluted	<u>354.6</u>	<u>369.0</u>	<u>357.2</u>	<u>370.1</u>
Cash dividends declared per common share	<u>\$ 0.46</u>	<u>\$ 0.37</u>	<u>\$ 0.92</u>	<u>\$ 0.74</u>

THE ALLSTATE CORPORATION
BUSINESS RESULTS

(\$ in millions, except ratios)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Property-Liability				
Premiums written	\$ 8,541	\$ 8,030	\$ 16,385	\$ 15,499
Premiums earned	\$ 8,189	\$ 7,807	\$ 16,208	\$ 15,566
Other revenue	184	181	358	348
Claims and claims expense	(5,704)	(5,607)	(10,762)	(10,935)
Amortization of deferred policy acquisition costs	(1,110)	(1,032)	(2,198)	(2,054)
Operating costs and expenses	(1,118)	(1,033)	(2,185)	(2,051)
Restructuring and related charges	(25)	(51)	(46)	(61)
Underwriting income	416	265	1,375	813
Net investment income	353	387	690	695
Income tax expense on operations	(157)	(207)	(425)	(475)
Realized capital gains and losses, after-tax	(12)	56	(87)	145
Gain on disposition of operations, after-tax	—	6	—	6
Net income applicable to common shareholders	\$ 600	\$ 507	\$ 1,553	\$ 1,184
Catastrophe losses	\$ 906	\$ 993	\$ 1,267	\$ 1,774
Amortization of purchased intangible assets	\$ 3	\$ 1	\$ 4	\$ 3
Operating ratios:				
Claims and claims expense ratio	69.6	71.8	66.4	70.3
Expense ratio ⁽¹⁾	25.3	24.8	25.1	24.5
Combined ratio	94.9	96.6	91.5	94.8
Effect of catastrophe losses on combined ratio	11.1	12.7	7.8	11.4
Effect of prior year reserve reestimates on combined ratio	(1.2)	(1.1)	(0.9)	(1.1)
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	0.5	(0.1)	0.2	—
Effect of Discontinued Lines and Coverages on combined ratio	—	0.1	—	0.1
Services Businesses				
Premiums written	\$ 297	\$ 259	\$ 584	\$ 513
Premiums earned	\$ 271	\$ 211	\$ 538	\$ 411
Intersegment insurance premiums and service fees	29	28	58	56
Other revenue	16	17	32	33
Net investment income	6	4	11	7
Claims and claims expense	(89)	(83)	(182)	(173)
Amortization of deferred policy acquisition costs	(113)	(71)	(223)	(139)
Operating costs and expenses	(118)	(116)	(237)	(220)
Restructuring and related charges	—	(1)	(1)	(1)
Income tax (expense) benefit on operations	(1)	3	—	8
Adjusted net income (loss)	1	(8)	(4)	(18)
Realized capital gains and losses, after-tax	(1)	—	(4)	—
Amortization of purchased intangible assets, after-tax	(16)	(15)	(32)	(30)
Net loss applicable to common shareholders	\$ (16)	\$ (23)	\$ (40)	\$ (48)
Allstate Life				
Premiums and contract charges	\$ 326	\$ 319	\$ 653	\$ 640
Other revenue	28	28	54	55
Net investment income	130	123	252	243
Contract benefits	(195)	(187)	(400)	(382)
Interest credited to contractholder funds	(71)	(71)	(141)	(140)
Amortization of deferred policy acquisition costs	(31)	(35)	(62)	(67)
Operating costs and expenses	(88)	(86)	(174)	(172)
Restructuring and related charges	(2)	—	(2)	—
Income tax expense on operations	(19)	(28)	(33)	(55)
Adjusted net income	78	63	147	122
Realized capital gains and losses, after-tax	(2)	—	(4)	1
DAC and DSI amortization relating to realized capital gains and losses, after-tax	(3)	(3)	(5)	(6)
Net income applicable to common shareholders	\$ 73	\$ 60	\$ 138	\$ 117

⁽¹⁾ Other revenue is deducted from operating costs and expenses in the expense ratio calculation.

THE ALLSTATE CORPORATION
BUSINESS RESULTS

(\$ in millions, except ratios)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Allstate Benefits				
Premiums and contract charges	\$ 283	\$ 269	\$ 569	\$ 538
Net investment income	19	19	38	36
Contract benefits	(143)	(143)	(292)	(279)
Interest credited to contractholder funds	(9)	(9)	(17)	(18)
Amortization of deferred policy acquisition costs	(36)	(33)	(77)	(74)
Operating costs and expenses	(70)	(64)	(142)	(131)
Income tax expense on operations	(10)	(14)	(17)	(25)
Adjusted net income	34	25	62	47
Realized capital gains and losses, after-tax	—	—	(2)	—
Net income applicable to common shareholders	<u>\$ 34</u>	<u>\$ 25</u>	<u>\$ 60</u>	<u>\$ 47</u>
Allstate Annuities				
Contract charges	\$ 3	\$ 3	\$ 6	\$ 6
Net investment income	293	354	583	643
Contract benefits	(145)	(156)	(295)	(299)
Interest credited to contractholder funds	(87)	(93)	(174)	(188)
Amortization of deferred policy acquisition costs	(2)	(1)	(3)	(3)
Operating costs and expenses	(9)	(8)	(18)	(17)
Restructuring and related charges	—	(1)	—	(1)
Income tax expense on operations	(9)	(33)	(20)	(47)
Adjusted net income	44	65	79	94
Realized capital gains and losses, after-tax	5	(3)	(18)	(5)
Valuation changes on embedded derivatives not hedged, after-tax	—	(1)	4	(1)
Gain on disposition of operations, after-tax	1	—	2	2
Net income applicable to common shareholders	<u>\$ 50</u>	<u>\$ 61</u>	<u>\$ 67</u>	<u>\$ 90</u>
Corporate and Other				
Net investment income	\$ 23	\$ 10	\$ 36	\$ 21
Operating costs and expenses	(12)	(9)	(20)	(17)
Interest expense	(86)	(83)	(169)	(168)
Income tax benefit on operations	19	31	36	61
Preferred stock dividends	(39)	(29)	(68)	(58)
Adjusted net loss	(95)	(80)	(185)	(161)
Realized capital gains and losses, after-tax	(9)	—	(10)	—
Business combination expenses, after-tax	—	—	—	(13)
Net loss applicable to common shareholders	<u>\$ (104)</u>	<u>\$ (80)</u>	<u>\$ (195)</u>	<u>\$ (174)</u>
Consolidated net income applicable to common shareholders	<u>\$ 637</u>	<u>\$ 550</u>	<u>\$ 1,583</u>	<u>\$ 1,216</u>

THE ALLSTATE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(\$ in millions, except par value data)

	June 30, 2018	December 31, 2017
	(unaudited)	
Assets		
Investments:		
Fixed income securities, at fair value (amortized cost \$56,750 and \$57,525)	\$ 56,891	\$ 58,992
Equity securities, at fair value (cost \$5,846 and \$5,461)	6,888	6,621
Mortgage loans	4,535	4,534
Limited partnership interests	7,679	6,740
Short-term, at fair value (amortized cost \$3,123 and \$1,944)	3,123	1,944
Other	4,125	3,972
Total investments	83,241	82,803
Cash	489	617
Premium installment receivables, net	5,953	5,786
Deferred policy acquisition costs	4,533	4,191
Reinsurance recoverables, net	8,910	8,921
Accrued investment income	589	569
Property and equipment, net	1,040	1,072
Goodwill	2,189	2,181
Other assets	3,154	2,838
Separate Accounts	3,271	3,444
Total assets	\$ 113,369	\$ 112,422
Liabilities		
Reserve for property and casualty insurance claims and claims expense	\$ 26,623	\$ 26,325
Reserve for life-contingent contract benefits	12,213	12,549
Contractholder funds	18,888	19,434
Unearned premiums	13,824	13,473
Claim payments outstanding	894	875
Deferred income taxes	723	782
Other liabilities and accrued expenses	7,363	6,639
Long-term debt	6,448	6,350
Separate Accounts	3,271	3,444
Total liabilities	90,247	89,871
Shareholders' equity		
Preferred stock and additional capital paid-in, \$1 par value, 95.2 thousand and 72.2 thousand shares issued and outstanding, \$2,380 and \$1,805 aggregate liquidation preference	2,303	1,746
Common stock, \$.01 par value, 900 million issued, 347 million and 355 million shares outstanding	9	9
Additional capital paid-in	3,391	3,313
Retained income	45,508	43,162
Deferred ESOP expense	(3)	(3)
Treasury stock, at cost (553 million and 545 million shares)	(26,818)	(25,982)
Accumulated other comprehensive income:		
Unrealized net capital gains and losses:		
Unrealized net capital gains and losses on fixed income securities with OTTI	83	85
Other unrealized net capital gains and losses	28	1,981
Unrealized adjustment to DAC, DSI and insurance reserves	(57)	(404)
Unrealized net capital gains and losses	54	1,662
Unrealized foreign currency translation adjustments	(20)	(9)
Unrecognized pension and other postretirement benefit cost	(1,302)	(1,347)
Total accumulated other comprehensive income	(1,268)	306
Total shareholders' equity	23,122	22,551
Total liabilities and shareholders' equity	\$ 113,369	\$ 112,422

THE ALLSTATE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in millions)

	Six months ended June 30,	
	2018	2017
	(unaudited)	
	\$	\$
Cash flows from operating activities		
Net income	1,651	1,274
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other non-cash items	248	238
Realized capital gains and losses	159	(215)
Gain on disposition of operations	(3)	(14)
Interest credited to contractholder funds	326	348
Changes in:		
Policy benefits and other insurance reserves	(22)	228
Unearned premiums	211	34
Deferred policy acquisition costs	(80)	(65)
Premium installment receivables, net	(185)	(51)
Reinsurance recoverables, net	(9)	6
Income taxes	(257)	(42)
Other operating assets and liabilities	51	(393)
Net cash provided by operating activities	<u>2,090</u>	<u>1,348</u>
Cash flows from investing activities		
Proceeds from sales		
Fixed income securities	19,515	14,521
Equity securities	3,576	3,430
Limited partnership interests	182	481
Other investments	135	118
Investment collections		
Fixed income securities	1,442	2,063
Mortgage loans	315	305
Other investments	235	337
Investment purchases		
Fixed income securities	(20,401)	(17,214)
Equity securities	(3,901)	(3,473)
Limited partnership interests	(873)	(578)
Mortgage loans	(316)	(148)
Other investments	(535)	(532)
Change in short-term investments, net	(512)	2,142
Change in other investments, net	(35)	107
Purchases of property and equipment, net	(128)	(146)
Acquisition of operations	(10)	(1,356)
Net cash (used in) provided by investing activities	<u>(1,311)</u>	<u>57</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	498	—
Repayments of long-term debt	(401)	—
Proceeds from issuance of preferred stock	557	—
Contractholder fund deposits	506	515
Contractholder fund withdrawals	(997)	(957)
Dividends paid on common stock	(295)	(257)
Dividends paid on preferred stock	(58)	(58)
Treasury stock purchases	(838)	(657)
Shares reissued under equity incentive plans, net	28	108
Other	93	(53)
Net cash used in financing activities	<u>(907)</u>	<u>(1,359)</u>
Net (decrease) increase in cash	<u>(128)</u>	<u>46</u>
Cash at beginning of period	<u>617</u>	<u>436</u>
Cash at end of period	<u>\$ 489</u>	<u>\$ 482</u>

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.

Adjusted net 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 adjusted net income,
- valuation changes on embedded derivatives 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 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 adjusted net income.

We use adjusted net 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 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 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, adjusted net 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 adjusted net 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, adjusted net 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 adjusted net 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. Adjusted net 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 adjusted net income in incentive compensation. Therefore, we believe it is useful for investors to evaluate net income applicable to common shareholders, adjusted net 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 adjusted net 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 adjusted net income as the denominator. Adjusted net 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 adjusted net income. Beginning January 1, 2018, the Tax Legislation reduced the U.S. corporate income tax rate from 35% to 21%. Taxes on adjustments to reconcile net income applicable to common shareholders and adjusted net income generally use a 21% effective tax rate for 2018 and 35% for 2017 and are reported net with the reconciling adjustment.

(\$ in millions, except per share data)

	Three months ended June 30,					
	Property-Liability		Consolidated		Per diluted common share	
	2018	2017	2018	2017	2018	2017
Net income applicable to common shareholders	\$ 600	\$ 507	\$ 637	\$ 550	\$ 1.80	\$ 1.49
Realized capital gains and losses, after-tax	12	(56)	19	(53)	0.05	(0.14)
Valuation changes on embedded derivatives not hedged, after-tax	—	—	—	1	—	—
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	—	—	3	3	—	0.01
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	(1)	(1)	(1)	—	—
Business combination expenses and the amortization of purchased intangible assets, after-tax	2	1	18	16	0.05	0.04
Gain on disposition of operations, after-tax	—	(6)	(1)	(6)	—	(0.02)
Adjusted net income*	<u>\$ 613</u>	<u>\$ 445</u>	<u>\$ 675</u>	<u>\$ 510</u>	<u>\$ 1.90</u>	<u>\$ 1.38</u>

	Six months ended June 30,					
	Property-Liability		Consolidated		Per diluted common share	
	2018	2017	2018	2017	2018	2017
Net income applicable to common shareholders	\$ 1,553	\$ 1,184	\$ 1,583	\$ 1,216	\$ 4.43	\$ 3.29
Realized capital gains and losses, after-tax	87	(145)	125	(141)	0.35	(0.38)
Valuation changes on embedded derivatives not hedged, after-tax	—	—	(4)	1	(0.01)	—
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	—	—	5	6	0.01	0.02
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	(1)	(1)	(1)	—	—
Business combination expenses and the amortization of purchased intangible assets, after-tax	3	2	35	45	0.10	0.11
Gain on disposition of operations, after-tax	—	(6)	(2)	(8)	(0.01)	(0.02)
Adjusted net income*	<u>\$ 1,642</u>	<u>\$ 1,034</u>	<u>\$ 1,741</u>	<u>\$ 1,118</u>	<u>\$ 4.87</u>	<u>\$ 3.02</u>

Adjusted net income return on common shareholders' equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month adjusted net 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 adjusted net income as the numerator for the same reasons we use adjusted net 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 adjusted net 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 adjusted net income return on common shareholders' equity in incentive compensation. Therefore, we believe it is useful for investors to have adjusted net 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 adjusted net 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. Adjusted net 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 adjusted net income return on common shareholders' equity.

(\$ in millions)	For the twelve months ended June 30,	
	2018	2017
Return on common shareholders' equity		
Numerator:		
Net income applicable to common shareholders	\$ 3,440	\$ 2,518
Denominator:		
Beginning common shareholders' equity ⁽¹⁾	\$ 19,755	\$ 18,807
Ending common shareholders' equity ⁽¹⁾	20,819	19,755
Average common shareholders' equity	\$ 20,287	\$ 19,281
Return on common shareholders' equity	17.0%	13.1%
Adjusted net income return on common shareholders' equity		
Numerator:		
Adjusted net income *	\$ 3,090	\$ 2,399
Denominator:		
Beginning common shareholders' equity ⁽¹⁾	\$ 19,755	\$ 18,807
Less: Unrealized net capital gains and losses	1,526	1,624
Adjusted beginning common shareholders' equity	18,229	17,183
Ending common shareholders' equity ⁽¹⁾	20,819	19,755
Less: Unrealized net capital gains and losses	54	1,526
Adjusted ending common shareholders' equity	20,765	18,229
Average adjusted common shareholders' equity	\$ 19,497	\$ 17,706
Adjusted net income return on common shareholders' equity *	15.8%	13.5%

⁽¹⁾ Excludes equity related to preferred stock of \$2,303 million as of June 30, 2018 and \$1,746 million as of June 30, 2017 and June 30, 2016.

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

Property-Liability

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Combined ratio	94.9	96.6	91.5	94.8
Effect of catastrophe losses	(11.1)	(12.7)	(7.8)	(11.4)
Effect of prior year non-catastrophe reserve reestimates	1.7	1.0	1.1	1.1
Underlying combined ratio*	<u>85.5</u>	<u>84.9</u>	<u>84.8</u>	<u>84.5</u>
Effect of prior year catastrophe reserve reestimates	0.5	(0.1)	0.2	—

Allstate brand - Total

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Combined ratio	94.3	95.7	90.7	93.6
Effect of catastrophe losses	(11.2)	(12.9)	(7.9)	(11.4)
Effect of prior year non-catastrophe reserve reestimates	1.7	1.1	1.2	1.3
Underlying combined ratio*	<u>84.8</u>	<u>83.9</u>	<u>84.0</u>	<u>83.5</u>
Effect of prior year catastrophe reserve reestimates	0.5	(0.1)	0.2	—

Allstate brand - Auto Insurance

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Combined ratio	93.0	95.6	90.8	93.2
Effect of catastrophe losses	(3.1)	(4.2)	(1.6)	(2.8)
Effect of prior year non-catastrophe reserve reestimates	2.9	1.2	2.2	1.4
Underlying combined ratio*	<u>92.8</u>	<u>92.6</u>	<u>91.4</u>	<u>91.8</u>
Effect of prior year catastrophe reserve reestimates	(0.1)	—	(0.3)	(0.1)

Allstate brand - Homeowners Insurance

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Combined ratio	98.3	97.2	89.6	95.4
Effect of catastrophe losses	(36.0)	(38.4)	(26.7)	(36.2)
Effect of prior year non-catastrophe reserve reestimates	1.0	1.0	0.5	1.3
Underlying combined ratio*	<u>63.3</u>	<u>59.8</u>	<u>63.4</u>	<u>60.5</u>
Effect of prior year catastrophe reserve reestimates	2.4	—	2.0	—

Allstate brand - Other Personal Lines

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Combined ratio	86.6	90.8	87.8	91.9
Effect of catastrophe losses	(10.7)	(13.9)	(8.6)	(14.2)
Effect of prior year non-catastrophe reserve reestimates	1.4	0.2	1.1	0.2
Underlying combined ratio*	<u>77.3</u>	<u>77.1</u>	<u>80.3</u>	<u>77.9</u>
Effect of prior year catastrophe reserve reestimates	—	(0.5)	(0.3)	0.6

Esurance brand - Total

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Combined ratio	101.9	106.1	100.7	104.2
Effect of catastrophe losses	(6.2)	(5.6)	(3.6)	(3.7)
Effect of prior year non-catastrophe reserve reestimates	0.2	—	0.1	—
Effect of amortization of purchased intangible assets	—	—	(0.1)	(0.1)
Underlying combined ratio*	<u>95.9</u>	<u>100.5</u>	<u>97.1</u>	<u>100.4</u>
Effect of prior year catastrophe reserve reestimates	<u>0.2</u>	<u>(0.2)</u>	<u>0.1</u>	<u>(0.1)</u>

Encompass brand - Total

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Combined ratio	98.4	104.4	98.4	108.1
Effect of catastrophe losses	(15.6)	(19.0)	(13.5)	(21.4)
Effect of prior year non-catastrophe reserve reestimates	2.7	2.2	1.8	0.4
Underlying combined ratio*	<u>85.5</u>	<u>87.6</u>	<u>86.7</u>	<u>87.1</u>
Effect of prior year catastrophe reserve reestimates	<u>0.8</u>	<u>(0.7)</u>	<u>2.0</u>	<u>—</u>

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Allstate[®]
You're in good hands.

The Allstate Corporation
Investor Supplement
Second Quarter 2018

The consolidated financial statements and financial exhibits included herein are unaudited. These consolidated financial statements and exhibits should be read in conjunction with the consolidated financial statements and notes thereto included in the most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The results of operations for interim periods should not be considered indicative of results to be expected for the full year.

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

The Allstate Corporation
Investor Supplement - Second Quarter 2018

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The Allstate Corporation
Consolidated Statements of Operations

(\$ in millions, except per share data)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Revenues								
Property and casualty insurance premiums ⁽¹⁾	\$ 8,460	\$ 8,266	\$ 8,202	\$ 8,121	\$ 8,016	\$ 7,959	\$ 16,746	\$ 15,977
Life premiums and contract charges ⁽²⁾	612	616	601	593	591	593	1,228	1,184
Other revenue ⁽³⁾	228	216	219	228	226	210	444	436
Net investment income	824	766	913	843	897	748	1,610	1,645
Realized capital gains and losses:								
Total other-than-temporary impairment ("OTTI") losses	(4)	-	(11)	(26)	(47)	(62)	(4)	(109)
OTTI losses reclassified to (from) other comprehensive income	-	(1)	(2)	(2)	(3)	3	(1)	-
Net OTTI losses recognized in earnings	(4)	(1)	(13)	(28)	(50)	(59)	(5)	(109)
Sales and valuation changes on equity investments and derivatives	(21)	(133)	140	131	131	193	(154)	324
Total realized capital gains and losses	(25)	(134)	127	103	81	134	(159)	215
Total revenues	10,099	9,770	10,062	9,868	9,813	9,644	19,869	19,457
Costs and expenses								
Property and casualty insurance claims and claims expense	5,792	5,149	5,279	5,545	5,689	5,416	10,941	11,105
Life contract benefits	483	504	507	456	486	474	987	960
Interest credited to contractholder funds	165	161	168	174	175	173	326	348
Amortization of deferred policy acquisition costs	1,296	1,273	1,239	1,200	1,176	1,169	2,569	2,345
Operating costs and expenses	1,407	1,355	1,476	1,446	1,312	1,307	2,762	2,619
Restructuring and related charges	27	22	32	14	53	10	49	63
Goodwill impairment	-	-	125	-	-	-	-	-
Interest expense	86	83	84	83	83	85	169	168
Total costs and expenses	9,256	8,547	8,910	8,918	8,974	8,634	17,803	17,606
Gain on disposition of operations	2	1	5	1	12	2	3	14
Income from operations before income tax expense	845	1,224	1,157	971	851	1,012	2,069	1,863
Income tax expense (benefit) ⁽⁴⁾	169	249	(92) ⁽⁵⁾	305	272	317	418	589
Net income	\$ 676	\$ 975	\$ 1,249	\$ 666	\$ 579	\$ 695	\$ 1,651	\$ 1,274
Preferred stock dividends	39	29	29	29	29	29	68	58
Net income applicable to common shareholders	\$ 637	\$ 946	\$ 1,220	\$ 637	\$ 550	\$ 666	\$ 1,583	\$ 1,216
Earnings per common share: ⁽⁶⁾								
Net income applicable to common shareholders per common share - Basic	\$ 1.82	\$ 2.67	\$ 3.41	\$ 1.76	\$ 1.51	\$ 1.82	\$ 4.50	\$ 3.34
Weighted average common shares - Basic	349.2	354.1	357.5	361.3	363.6	365.7	351.6	364.6
Net income applicable to common shareholders per common share - Diluted	\$ 1.80	\$ 2.63	\$ 3.35	\$ 1.74	\$ 1.49	\$ 1.79	\$ 4.43	\$ 3.29
Weighted average common shares - Diluted	354.6	359.9	363.8	367.1	369.0	371.3	357.2	370.1
Cash dividends declared per common share	\$ 0.46	\$ 0.46	\$ 0.37	\$ 0.37	\$ 0.37	\$ 0.37	\$ 0.92	\$ 0.74

⁽¹⁾ Property and casualty insurance premiums are reported in the Property-Liability and Service Businesses results and include auto, homeowners and other personal lines insurance products, as well as consumer product protection plans, roadside assistance, and finance and insurance products.

⁽²⁾ Life premiums and contract charges are reported in the Allstate Life, Allstate Benefits and Allstate Annuities results and include life insurance, voluntary accident and health insurance, and annuity products.

⁽³⁾ Other revenue primarily represents fees collected from policyholders relating to premium installment payments, commissions on sales of non-proprietary products, fee-based services and other revenue transactions.

⁽⁴⁾ On December 22, 2017, Public Law 115-97, known as the Tax Cuts and Jobs Act of 2017 ("Tax Legislation") became effective, permanently reducing the U.S. corporate income tax rate from 35% to 21% beginning January 1, 2018. As a result, the corporate tax rate is not comparable between periods.

⁽⁵⁾ Includes a \$506 million benefit related to Tax Legislation.

⁽⁶⁾ 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				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Contribution to income								
Net income applicable to common shareholders	\$ 637	\$ 946	\$ 1,220	\$ 637	\$ 550	\$ 666	\$ 1,583	\$ 1,216
Realized capital gains and losses, after-tax	19	106	(90)	(67)	(53)	(88)	125	(141)
Valuation changes on embedded derivatives not hedged, after-tax	-	(4)	(2)	1	1	-	(4)	1
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	3	2	2	2	3	3	5	6
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	-	(1)	(1)	(1)	-	(1)	(1)
Business combination expenses and the amortization of purchased intangible assets, after-tax	18	17	17	17	16	29	35	45
Gain on disposition of operations, after-tax	(1)	(1)	(3)	(2)	(6)	(2)	(2)	(8)
Goodwill impairment	-	-	125	-	-	-	-	-
Tax Legislation benefit	-	-	(506)	-	-	-	-	-
Adjusted net income *	<u>\$ 675</u>	<u>\$ 1,066</u>	<u>\$ 762</u>	<u>\$ 587</u>	<u>\$ 510</u>	<u>\$ 608</u>	<u>\$ 1,741</u>	<u>\$ 1,118</u>
Income per common share - Diluted								
Net income applicable to common shareholders	\$ 1.80	\$ 2.63	\$ 3.35	\$ 1.74	\$ 1.49	\$ 1.79	\$ 4.43	\$ 3.29
Realized capital gains and losses, after-tax	0.05	0.29	(0.25)	(0.18)	(0.14)	(0.24)	0.35	(0.38)
Valuation changes on embedded derivatives not hedged, after-tax	-	(0.01)	(0.01)	-	-	-	(0.01)	-
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	-	-	0.01	0.01	0.01	0.01	0.01	0.02
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	0.05	0.05	0.05	0.04	0.04	0.08	0.10	0.11
Gain on disposition of operations, after-tax	-	-	(0.01)	(0.01)	(0.02)	-	(0.01)	(0.02)
Goodwill impairment	-	-	0.34	-	-	-	-	-
Tax Legislation benefit	-	-	(1.39)	-	-	-	-	-
Adjusted net income *	<u>\$ 1.90</u>	<u>\$ 2.96</u>	<u>\$ 2.09</u>	<u>\$ 1.60</u>	<u>\$ 1.38</u>	<u>\$ 1.64</u>	<u>\$ 4.87</u>	<u>\$ 3.02</u>
Weighted average common shares - Diluted	<u>354.6</u>	<u>359.9</u>	<u>363.8</u>	<u>367.1</u>	<u>369.0</u>	<u>371.3</u>	<u>357.2</u>	<u>370.1</u>

The Allstate Corporation
Revenues

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Property-Liability ⁽¹⁾								
Insurance premiums	\$ 8,189	\$ 8,019	\$ 7,971	\$ 7,896	\$ 7,907	\$ 7,759	\$ 16,208	\$ 15,566
Other revenue ⁽²⁾	184	174	170	185	181	167	358	348
Net investment income	353	337	415	368	387	308	690	695
Realized capital gains and losses	(15)	(95)	99	82	85	135	(110)	220
Total Property-Liability revenues	8,711	8,435	8,655	8,531	8,460	8,369	17,146	16,829
Service Businesses								
Insurance premiums	271 ⁽⁴⁾	267 ⁽⁴⁾	231	225	211	200	538	411
Intersegment insurance premiums and service fees ⁽³⁾	29	29	28	26	28	28	58	56
Other revenue ⁽²⁾	16	16	16	17	17	16	32	33
Net investment income	6	5	5	4	4	3	11	7
Realized capital gains and losses	(2)	(4)	-	-	-	-	(6)	-
Total Service Businesses revenues	320	313	280	272	260	247	633	507
Allstate Life								
Premiums and contract charges	326	327	324	316	319	321	653	640
Other revenue ⁽²⁾	28	26	33	26	28	27	54	55
Net investment income	130	122	127	119	123	120	252	243
Realized capital gains and losses	(3)	(3)	1	2	1	1	(6)	2
Total Allstate Life revenues	481	472	485	463	471	469	953	940
Allstate Benefits								
Premiums and contract charges	283	286	273	273	269	269	569	538
Net investment income	19	19	18	18	19	17	38	36
Realized capital gains and losses	-	(2)	-	1	-	-	(2)	-
Total Allstate Benefits revenues	302	303	291	292	288	286	605	574
Allstate Annuities								
Contract charges	3	3	4	4	3	3	6	6
Net investment income	293	290	338	324	354	289	583	643
Realized capital gains and losses	6	(29)	33	18	(5)	(2)	(23)	(7)
Total Allstate Annuities revenues	302	264	375	346	352	290	566	642
Corporate and Other								
Net investment income	23	13	10	10	10	11	36	21
Realized capital gains and losses	(11)	(1)	(6)	-	-	-	(12)	-
Total Corporate and Other revenues	12	12	4	10	10	11	24	21
Intersegment eliminations ⁽³⁾	(29)	(29)	(28)	(26)	(28)	(28)	(58)	(56)
Consolidated revenues	\$ 10,099	\$ 9,770	\$ 10,062	\$ 9,888	\$ 9,813	\$ 9,644	\$ 19,869	\$ 19,457

⁽¹⁾ Allstate Protection and Discontinued Lines and Coverages segments comprise Property-Liability.

⁽²⁾ Other revenue primarily represents fees collected from policyholders relating to premium installment payments, commissions on sales of non-proprietary products, fee-based services and other revenue transactions.

⁽³⁾ Intersegment insurance premiums and service fees are primarily related to Arity and Allstate Roadside Services and are eliminated in the consolidated financial statements.

⁽⁴⁾ Includes \$26 million and \$30 million recognized as a result of the adoption of the revenue from contracts with customers accounting standard in the second quarter and first quarter of 2018, respectively, of net premiums earned with a corresponding increase in amortization of deferred policy acquisition costs related to protection plans sold directly to retailers for which SquareTrade is deemed to be the principal in the transaction.

The Allstate Corporation
Consolidating Segment Results

(\$ in millions)

	Allstate Protection	Discontinued Lines	Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Intersegment Eliminations	Consolidated
Three months ended June 30, 2018										
Premiums and contract charges	\$ 8,189	\$ -	\$ 8,189	\$ 271	\$ 326	\$ 283	\$ 3	\$ -	\$ -	\$ 9,072
Intersegment insurance premiums and service fees	-	-	-	29	-	-	-	-	(29)	-
Other revenue	184	-	184	16	28	-	-	-	-	228
Claims and claims expense	(5,702)	(2)	(5,704)	(89)	-	-	-	-	1	(5,792)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(266)	(152)	(230)	-	-	(648)
Amortization of deferred policy acquisition costs	(1,110)	-	(1,110)	(113)	(35)	(36)	(2)	-	-	(1,296)
Operating costs and expenses	(1,117)	(1)	(1,118)	(138)	(88)	(70)	(9)	(12)	28	(1,407)
Restructuring and related charges	(25)	-	(25)	-	(2)	-	-	-	-	(27)
Interest expense	-	-	-	-	-	-	-	(86)	-	(86)
Underwriting income (loss)	\$ 419	\$ (3)	416	-	-	-	-	-	-	-
Net investment income	-	-	353	6	130	19	293	23	-	824
Realized capital gains and losses	-	-	(15)	(2)	(3)	-	6	(11)	-	(25)
Gain on disposition of operations	-	-	-	-	-	-	2	-	-	2
Income tax (expense) benefit	-	-	(154)	4	(17)	(10)	(13)	21	-	(169)
Preferred stock dividends	-	-	-	-	-	-	-	(39)	-	(39)
Net income (loss) applicable to common shareholders	-	-	\$ 600	\$ (16)	\$ 73	\$ 34	\$ 50	\$ (104)	\$ -	\$ 637
Realized capital gains and losses, after-tax	-	-	12	1	2	-	(5)	9	-	19
Valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	-	-	-	-	-	-
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	3	-	-	-	-	3
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	-	-	2	16	-	-	-	-	-	18
Gain on disposition of operations, after-tax	-	-	-	-	-	-	(1)	-	-	(1)
Adjusted net income (loss) *	-	-	\$ 613	\$ 1 ⁽¹⁾	\$ 78 ⁽¹⁾	\$ 34 ⁽¹⁾	\$ 44 ⁽¹⁾	\$ (95) ⁽¹⁾	\$ -	\$ 675
Three months ended June 30, 2017										
Premiums and contract charges	\$ 7,807	\$ -	\$ 7,807	\$ 211	\$ 319	\$ 269	\$ 3	\$ -	\$ -	\$ 8,609
Intersegment insurance premiums and service fees	-	-	-	28	-	-	-	-	(28)	-
Other revenue	181	-	181	17	28	-	-	-	-	226
Claims and claims expense	(5,604)	(3)	(5,607)	(83)	-	-	-	-	1	(5,689)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(258)	(152)	(251)	-	-	(661)
Amortization of deferred policy acquisition costs	(1,032)	-	(1,032)	(71)	(39)	(33)	(1)	-	-	(1,176)
Operating costs and expenses	(1,031)	(2)	(1,033)	(139)	(86)	(64)	(8)	(9)	27	(1,312)
Restructuring and related charges	(51)	-	(51)	(1)	-	-	(1)	-	-	(53)
Interest expense	-	-	-	-	-	-	-	(83)	-	(83)
Underwriting income (loss)	\$ 270	\$ (5)	265	-	-	-	-	-	-	-
Net investment income	-	-	387	4	123	19	354	10	-	897
Realized capital gains and losses	-	-	85	-	1	-	(5)	-	-	81
Gain on disposition of operations	-	-	10	-	-	-	2	-	-	12
Income tax (expense) benefit	-	-	(240)	11	(28)	(14)	(32)	31	-	(272)
Preferred stock dividends	-	-	-	-	-	-	-	(29)	-	(29)
Net income (loss) applicable to common shareholders	-	-	\$ 507	\$ (23)	\$ 60	\$ 25	\$ 61	\$ (80)	\$ -	\$ 550
Realized capital gains and losses, after-tax	-	-	(56)	-	-	-	3	-	-	(53)
Valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	-	-	1	-	-	1
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	3	-	-	-	-	3
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	-	-	1	15	-	-	-	-	-	16
Gain on disposition of operations, after-tax	-	-	(6)	-	-	-	-	-	-	(6)
Adjusted net income (loss) *	-	-	\$ 445	\$ (8) ⁽¹⁾	\$ 63 ⁽¹⁾	\$ 25 ⁽¹⁾	\$ 65 ⁽¹⁾	\$ (80) ⁽¹⁾	\$ -	\$ 510

⁽¹⁾ Adjusted net income is the segment measure used for each business.

The Allstate Corporation
Consolidating Segment Results

(\$ in millions)	Allstate Protection	Discontinued Lines	Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Intersegment Eliminations	Consolidated
Six months ended June 30, 2018										
Premiums and contract charges	\$ 16,208	\$ -	\$ 16,208	\$ 538	\$ 653	\$ 569	\$ 6	\$ -	\$ -	\$ 17,974
Intersegment insurance premiums and service fees	-	-	-	58	-	-	-	-	(58)	-
Other revenue	358	-	358	32	54	-	-	-	-	444
Claims and claims expense	(10,757)	(5)	(10,762)	(182)	-	-	-	-	3	(10,941)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(541)	(309)	(463)	-	-	(1,313)
Amortization of deferred policy acquisition costs	(2,198)	-	(2,198)	(223)	(68)	(77)	(3)	-	-	(2,569)
Operating costs and expenses	(2,184)	(1)	(2,185)	(278)	(174)	(142)	(18)	(20)	55	(2,762)
Restructuring and related charges	(46)	-	(46)	(1)	(2)	-	-	-	-	(49)
Interest expense	-	-	-	-	-	-	-	(169)	-	(169)
Underwriting income (loss)	\$ 1,381	\$ (6)	1,375	-	-	-	-	-	-	-
Net investment income	-	-	690	11	252	38	583	36	-	1,610
Realized capital gains and losses	-	-	(110)	(6)	(6)	(2)	(23)	(12)	-	(159)
Gain on disposition of operations	-	-	-	-	-	-	3	-	-	3
Income tax (expense) benefit	-	-	(402)	11	(30)	(17)	(18)	38	-	(418)
Preferred stock dividends	-	-	-	-	-	-	-	(68)	-	(68)
Net income (loss) applicable to common shareholders	-	-	\$ 1,553	\$ (40)	\$ 138	\$ 60	\$ 67	\$ (195)	\$ -	\$ 1,563
Realized capital gains and losses, after-tax	-	-	87	4	4	2	18	10	-	125
Valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	-	-	(4)	-	-	(4)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	5	-	-	-	-	5
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	-	-	3	32	-	-	-	-	-	35
Gain on disposition of operations, after-tax	-	-	-	-	-	-	(2)	-	-	(2)
Adjusted net income (loss)*	-	-	\$ 1,642	\$ (4) ⁽¹⁾	\$ 147 ⁽¹⁾	\$ 62 ⁽¹⁾	\$ 79 ⁽¹⁾	\$ (185) ⁽¹⁾	\$ -	\$ 1,741
Six months ended June 30, 2017										
Premiums and contract charges	\$ 15,566	\$ -	\$ 15,566	\$ 411	\$ 640	\$ 538	\$ 6	\$ -	\$ -	\$ 17,161
Intersegment insurance premiums and service fees	-	-	-	56	-	-	-	-	(56)	-
Other revenue	348	-	348	33	55	-	-	-	-	436
Claims and claims expense	(10,930)	(5)	(10,935)	(173)	-	-	-	-	3	(11,105)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(522)	(297)	(489)	-	-	(1,308)
Amortization of deferred policy acquisition costs	(2,054)	-	(2,054)	(139)	(75)	(74)	(3)	-	-	(2,345)
Operating costs and expenses	(2,049)	(2)	(2,051)	(266)	(172)	(131)	(17)	(35)	53	(2,619)
Restructuring and related charges	(61)	-	(61)	(1)	-	-	(1)	-	-	(63)
Interest expense	-	-	-	-	-	-	-	(168)	-	(168)
Underwriting income (loss)	\$ 820	\$ (7)	813	-	-	-	-	-	-	-
Net investment income	-	-	695	7	243	36	643	21	-	1,645
Realized capital gains and losses	-	-	220	-	2	-	(7)	-	-	215
Gain on disposition of operations	-	-	10	-	-	-	4	-	-	14
Income tax (expense) benefit	-	-	(554)	24	(54)	(25)	(46)	66	-	(589)
Preferred stock dividends	-	-	-	-	-	-	-	(58)	-	(58)
Net income (loss) applicable to common shareholders	-	-	\$ 1,184	\$ (48)	\$ 117	\$ 47	\$ 90	\$ (174)	\$ -	\$ 1,216
Realized capital gains and losses, after-tax	-	-	(145)	-	(1)	-	5	-	-	(141)
Valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	-	-	1	-	-	1
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged, after-tax	-	-	-	-	6	-	-	-	-	6
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	-	-	2	30	-	-	-	13	-	45
Gain on disposition of operations, after-tax	-	-	(6)	-	-	-	(2)	-	-	(8)
Adjusted net income (loss)*	-	-	\$ 1,034	\$ (18) ⁽¹⁾	\$ 122 ⁽¹⁾	\$ 47 ⁽¹⁾	\$ 94 ⁽¹⁾	\$ (161) ⁽¹⁾	\$ -	\$ 1,118

⁽¹⁾ Adjusted net income is the segment measure used for each business.

The Allstate Corporation
Condensed Consolidated Statements of Financial Position

(\$ in millions)	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017
Assets										
Investments										
Fixed income securities, at fair value (amortized cost \$56,750, \$56,209, \$57,525, \$57,608 and \$56,901)	\$ 56,891	\$ 56,674	\$ 58,992	\$ 59,391	\$ 58,656					
Equity securities, at fair value (cost \$5,846, \$5,928, \$5,461, \$5,468 and \$5,321)	6,888	6,966	6,621	6,434	6,117					
Mortgage loans	4,535	4,679	4,534	4,322	4,336					
Limited partnership interests	7,679	7,434	6,740	6,600	6,206					
Short-term, at fair value (amortized cost \$3,123, \$3,424, \$1,944, \$2,196 and \$2,175)	3,123	3,424	1,944	2,196	2,175					
Other	4,125	4,092	3,972	3,826	3,815					
Total investments	83,241	83,289	82,803	82,771	81,305					
Cash	489	450	617	690	462					
Premium installment receivables, net	5,953	5,856	5,786	5,922	5,693					
Deferred policy acquisition costs	4,533	4,400	4,191	4,147	4,037					
Reinsurance recoverables, net	8,910	8,916	8,921	9,748	8,722					
Accrued investment income	589	576	569	590	573					
Property and equipment, net	1,040	1,060	1,072	1,067	1,072					
Goodwill	2,189	2,189	2,181	2,309	2,309					
Other assets	3,154	3,230	2,838	2,966	3,256					
Separate Accounts	3,271	3,314	3,444	3,422	3,416					
Total assets	\$ 113,369	\$ 113,289	\$ 112,422	\$ 113,632	\$ 110,865					
Liabilities										
Reserve for property and casualty insurance claims and claims expense	\$ 26,623	\$ 26,115	\$ 26,325	\$ 27,154	\$ 25,884					
Reserve for life-contingent contract benefits	12,213	12,333	12,549	12,227	12,234					
Contractholder funds	18,888	19,139	19,434	19,650	19,832					
Unearned premiums	13,824	13,448	13,473	13,535	13,024					
Claim payments outstanding	894	865	875	959	939					
Deferred income taxes	723	725	762	1,249	1,104					
Other liabilities and accrued expenses	7,363	7,226	6,639	6,968	6,583					
Long-term debt	6,448	6,847	6,350	6,349	6,348					
Separate Accounts	3,271	3,314	3,444	3,422	3,416					
Total liabilities	90,247	90,012	89,871	91,513	89,364					
Equity										
Preferred stock and additional capital paid-in ⁽¹⁾	2,303	2,303	1,746	1,746	1,746					
Common stock, 347 million, 352 million, 355 million, 360 million and 361 million shares outstanding ⁽²⁾	9	9	9	9	9					
Additional capital paid-in	3,391	3,367	3,313	3,330	3,269					
Retained income	45,508	45,031	43,162	42,125	41,622					
Deferred ESOP expense	(3)	(3)	(3)	(6)	(6)					
Treasury stock, at cost (553 million, 548 million, 545 million, 540 million and 530 million shares)	(26,818)	(26,280)	(25,982)	(25,413)	(25,241)					
Accumulated other comprehensive income:										
Unrealized net capital gains and losses	54	187	1,662	1,651	1,526					
Unrealized foreign currency translation adjustments	(20)	(13)	(9)	(14)	(42)					
Unrecognized pension and other postretirement benefit cost	(1,302)	(1,324)	(1,347)	(1,309)	(1,382)					
Total accumulated other comprehensive (loss) income	(1,268)	(1,150)	306	328	102					
Total shareholders' equity	23,122	23,277	22,551	22,119	21,501					
Total liabilities and shareholders' equity	\$ 113,369	\$ 113,289	\$ 112,422	\$ 113,632	\$ 110,865					

⁽¹⁾ Preferred shares outstanding were 95.2 thousand at June 30, 2018 and March 31, 2018 and 72.2 thousand for all other periods presented.

⁽²⁾ Common shares outstanding were 346,600,485; 352,133,515; 354,690,536; 359,787,293 and 361,280,366 as of June 30, 2018, March 31, 2018, December 31, 2017, September 30, 2017 and June 30, 2017, respectively.

The Allstate Corporation
Book Value per Common Share

(\$ in millions, except per share data)

	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017
Book value per common share						
Numerator:						
Common shareholders' equity ⁽¹⁾	\$ <u>20,819</u>	\$ <u>20,974</u>	\$ <u>20,805</u>	\$ <u>20,373</u>	\$ <u>19,755</u>	\$ <u>19,412</u>
Denominator:						
Common shares outstanding and dilutive potential common shares outstanding	<u>351.9</u>	<u>357.7</u>	<u>361.3</u>	<u>365.8</u>	<u>367.0</u>	<u>370.4</u>
Book value per common share	\$ <u>59.16</u>	\$ <u>58.64</u>	\$ <u>57.58</u>	\$ <u>55.69</u>	\$ <u>53.83</u>	\$ <u>52.41</u>
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities						
Numerator:						
Common shareholders' equity	\$ 20,819	\$ 20,974	\$ 20,805	\$ 20,373	\$ 19,755	\$ 19,412
Unrealized net capital gains and losses on fixed income securities	<u>55</u>	<u>187</u>	<u>757</u>	<u>1,028</u>	<u>1,013</u>	<u>831</u>
Adjusted common shareholders' equity	\$ <u>20,764</u>	\$ <u>20,787</u>	\$ <u>20,048</u>	\$ <u>19,345</u>	\$ <u>18,742</u>	\$ <u>18,581</u>
Denominator:						
Common shares outstanding and dilutive potential common shares outstanding	<u>351.9</u>	<u>357.7</u>	<u>361.3</u>	<u>365.8</u>	<u>367.0</u>	<u>370.4</u>
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities *	\$ <u>59.01</u>	\$ <u>58.11</u>	\$ <u>55.49</u>	\$ <u>52.88</u>	\$ <u>51.07</u>	\$ <u>50.16</u>

⁽¹⁾ Excludes equity related to preferred stock of \$2,303 million at June 30, 2018 and March 31, 2018 and \$1,746 million for all other periods presented.

The Allstate Corporation
Return on Common Shareholders' Equity

(\$ in millions)

Twelve months ended

	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017
Return on Common Shareholders' Equity						
Numerator:						
Net income applicable to common shareholders ⁽¹⁾	\$ <u>3,440</u> ⁽³⁾	\$ <u>3,353</u> ⁽³⁾	\$ <u>3,073</u> ⁽³⁾	\$ <u>2,664</u>	\$ <u>2,518</u>	\$ <u>2,210</u>
Denominator:						
Beginning common shareholders' equity	\$ 19,755	\$ 19,412	\$ 18,827	\$ 19,188	\$ 18,807	\$ 18,594
Ending common shareholders' equity	20,819 ⁽³⁾	20,974 ⁽³⁾	20,805 ⁽³⁾	20,373	19,755	19,412
Average common shareholders' equity ⁽²⁾	\$ <u>20,287</u>	\$ <u>20,193</u>	\$ <u>19,816</u>	\$ <u>19,781</u>	\$ <u>19,281</u>	\$ <u>19,003</u>
Return on common shareholders' equity	<u>17.0</u> %	<u>16.6</u> %	<u>15.5</u> %	<u>13.5</u> %	<u>13.1</u> %	<u>11.6</u> %
Adjusted Net Income Return on Common Shareholders' Equity						
Numerator:						
Adjusted net income * ⁽¹⁾	\$ <u>3,090</u>	\$ <u>2,925</u>	\$ <u>2,467</u>	\$ <u>2,512</u>	\$ <u>2,399</u>	\$ <u>2,124</u>
Denominator:						
Beginning common shareholders' equity	\$ 19,755	\$ 19,412	\$ 18,827	\$ 19,188	\$ 18,807	\$ 18,594
Less: Unrealized net capital gains and losses	1,526	1,256	1,053	1,817	1,624	1,200
Adjusted beginning common shareholders' equity	<u>18,229</u>	<u>18,156</u>	<u>17,774</u>	<u>17,371</u>	<u>17,183</u>	<u>17,394</u>
Ending common shareholders' equity	20,819 ⁽³⁾	20,974 ⁽³⁾	20,805 ⁽³⁾	20,373	19,755	19,412
Less: Unrealized net capital gains and losses	54	187	1,662	1,651	1,526	1,256
Adjusted ending common shareholders' equity	<u>20,765</u>	<u>20,787</u>	<u>19,143</u>	<u>18,722</u>	<u>18,229</u>	<u>18,156</u>
Average adjusted common shareholders' equity ⁽²⁾	\$ <u>19,497</u>	\$ <u>19,472</u>	\$ <u>18,459</u>	\$ <u>18,047</u>	\$ <u>17,706</u>	\$ <u>17,775</u>
Adjusted net income return on common shareholders' equity *	<u>15.8</u> %	<u>15.0</u> %	<u>13.4</u> %	<u>13.9</u> %	<u>13.5</u> %	<u>11.9</u> %

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

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

⁽³⁾ Includes a \$506 million benefit related to Tax Legislation.

The Allstate Corporation
Debt to Capital

(\$ in millions)	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017
Debt						
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	6,448	6,847	6,350	6,349	6,348	6,346
Total debt	<u>6,448</u>	<u>6,847</u>	<u>6,350</u>	<u>6,349</u>	<u>6,348</u>	<u>6,346</u>
Capital resources						
Debt						
Debt	\$ 6,448	\$ 6,847	\$ 6,350	\$ 6,349	\$ 6,348	\$ 6,346
Shareholders' equity						
Preferred stock and additional capital paid-in	2,303	2,303	1,746	1,746	1,746	1,746
Common stock	9	9	9	9	9	9
Additional capital paid-in	3,391	3,367	3,313	3,330	3,269	3,285
Retained income	45,508	45,031	43,162	42,125	41,622	41,208
Deferred ESOP expense	(3)	(3)	(3)	(6)	(6)	(6)
Treasury stock	(26,818)	(26,280)	(25,982)	(25,413)	(25,241)	(24,887)
Unrealized net capital gains and losses	54	187	1,662	1,651	1,526	1,256
Unrealized foreign currency translation adjustments	(20)	(13)	(9)	(14)	(42)	(53)
Unrecognized pension and other postretirement benefit cost	(1,302)	(1,324)	(1,347)	(1,309)	(1,382)	(1,400)
Total shareholders' equity	<u>23,122</u>	<u>23,277</u>	<u>22,551</u>	<u>22,119</u>	<u>21,501</u>	<u>21,158</u>
Total capital resources	<u>\$ 29,570</u>	<u>\$ 30,124</u>	<u>\$ 28,901</u>	<u>\$ 28,468</u>	<u>\$ 27,849</u>	<u>\$ 27,504</u>
Ratio of debt to shareholders' equity	<u>27.9 %</u>	<u>29.4 %</u>	<u>28.2 %</u>	<u>28.7 %</u>	<u>29.5 %</u>	<u>30.0 %</u>
Ratio of debt to capital resources	<u>21.8 %</u>	<u>22.7 %</u>	<u>22.0 %</u>	<u>22.3 %</u>	<u>22.8 %</u>	<u>23.1 %</u>

The Allstate Corporation
Consolidated Statements of Cash Flows

(\$ in millions)	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Cash flows from operating activities								
Net income	\$ 676	\$ 975	\$ 1,249	\$ 866	\$ 579	\$ 695	\$ 1,651	\$ 1,274
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation, amortization and other non-cash items	128	122	125	120	119	119	248	228
Realized capital gains and losses	25	134	(127)	(103)	(81)	(134)	159	(215)
Gain on disposition of operations	(2)	(1)	(5)	(1)	(12)	(2)	(3)	(14)
Interest credited to contractholder funds	165	161	168	174	175	173	326	348
Goodwill impairment	-	-	125	-	-	-	-	-
Changes in:								
Policy benefits and other insurance reserves	342	(364)	(974)	1,048	45	183	(22)	228
Unearned premiums	415	(204)	(62)	491	282	(248)	211	34
Deferred policy acquisition costs	(90)	10	(38)	(111)	(79)	14	(80)	(65)
Premium installment receivables, net	(127)	(58)	136	(216)	(32)	(19)	(185)	(51)
Reinsurance recoverables, net	3	(12)	806	(1,023)	(5)	11	(9)	6
Income taxes	(438)	181	(364)	161	(325)	284	(257)	(42)
Other operating assets and liabilities	369	(318)	61	660	(174)	(219)	51	(393)
Net cash provided by operating activities	1,464	626	1,100	1,866	491	857	2,090	1,348
Cash flows from investing activities								
Proceeds from sales:								
Fixed income securities	8,896	10,619	5,833	4,987	7,438	7,083	19,515	14,521
Equity securities	2,438	1,138	1,325	1,749	829	2,601	3,576	3,430
Limited partnership interests	129	53	358	286	271	210	182	481
Other investments	59	76	104	52	94	24	135	118
Investment collections:								
Fixed income securities	859	563	1,156	975	1,034	1,029	1,442	2,063
Mortgage loans	269	46	123	172	82	223	315	305
Other investments	113	122	184	121	163	174	235	337
Investment purchases:								
Fixed income securities	(10,612)	(9,789)	(7,210)	(6,721)	(8,414)	(8,800)	(20,401)	(17,214)
Equity securities	(2,366)	(1,535)	(1,289)	(1,823)	(1,090)	(2,383)	(3,901)	(3,473)
Limited partnership interests	(458)	(415)	(358)	(504)	(310)	(268)	(873)	(578)
Mortgage loans	(124)	(192)	(335)	(163)	(62)	(86)	(316)	(148)
Other investments	(205)	(330)	(299)	(166)	(313)	(219)	(535)	(532)
Change in short-term investments, net	1,021	(1,533)	353	115	570	1,572	(512)	2,142
Change in other investments, net	(8)	(27)	(2)	(135)	117	(10)	(35)	107
Purchases of property and equipment, net	(66)	(62)	(83)	(70)	(72)	(74)	(128)	(146)
Acquisition of operations	(5)	(5)	-	-	-	(1,356)	(10)	(1,366)
Net cash (used in) provided by investing activities	(60)	(1,251)	(140)	(1,127)	337	(280)	(1,311)	57
Cash flows from financing activities								
Proceeds from issuance of long-term debt	-	498	-	-	-	-	498	-
Redemption and repayment of long-term debt	(401)	-	-	-	-	-	(401)	-
Proceeds from issuance of preferred stock	(1)	558	-	-	-	-	557	-
Contractholder fund deposits	253	253	258	252	258	257	508	515
Contractholder fund withdrawals	(505)	(492)	(474)	(450)	(474)	(483)	(997)	(957)
Dividends paid on common stock	(163)	(132)	(134)	(134)	(135)	(122)	(295)	(257)
Dividends paid on preferred stock	(29)	(29)	(29)	(29)	(29)	(29)	(56)	(56)
Treasury stock purchases	(568)	(270)	(847)	(191)	(393)	(264)	(836)	(657)
Shares reissued under equity incentive plans, net	18	10	3	24	41	67	28	108
Other	31	62	(10)	6	(56)	3	93	(53)
Net cash (used in) provided by financing activities	(1,365)	458	(1,033)	(531)	(788)	(571)	(607)	(1,359)
Net increase (decrease) in cash	39	(167)	(73)	208	40	6	(128)	46
Cash at beginning of period	450	617	690	482	442	436	617	436
Cash at end of period	\$ 489	\$ 450	\$ 617	\$ 690	\$ 482	\$ 442	\$ 489	\$ 482

⁽¹⁾ Represents payment of issuance costs for March 29, 2018 preferred stock issuance.

The Allstate Corporation
Analysis of Deferred Policy Acquisition Costs

(\$ in millions)

Change in Deferred Policy Acquisition Costs
For the three months ended June 30, 2018

	Beginning balance March 31, 2018	Acquisition costs deferred	Amortization before adjustments ⁽¹⁾⁽²⁾	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged ⁽²⁾	Amortization (acceleration) deceleration for changes in assumptions ⁽²⁾	Effect of unrealized capital gains and losses	Ending balance June 30, 2018
Allstate Protection	\$ 1,484	\$ 1,177	\$ (1,110)	\$ -	\$ -	\$ -	\$ 1,551
Service Businesses	1,123	138	(113)	-	-	-	1,148
Allstate Life							
Traditional life and accident and health	468	18	(10)	-	-	-	476
Interest-sensitive life	760	16	(21)	(4)	-	34	785
Subtotal	1,228	34	(31)	(4)	-	34	1,281
Allstate Benefits							
Traditional life and accident and health	403	32	(31)	-	-	-	404
Interest-sensitive life	139	4	(5)	-	-	1	139
Subtotal	542	36	(36)	-	-	1	543
Allstate Annuities							
Fixed annuity	32	-	(2)	-	-	-	30
Consolidated	\$ 4,409	\$ 1,385	\$ (1,292)	\$ (4)	\$ -	\$ 35	\$ 4,533

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

	Beginning balance March 31, 2017	Acquisition costs deferred	Amortization before adjustments ⁽¹⁾⁽²⁾	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged ⁽²⁾	Amortization (acceleration) deceleration for changes in assumptions ⁽²⁾	Effect of unrealized capital gains and losses	Ending balance June 30, 2017
Allstate Protection	\$ 1,394	\$ 1,078	\$ (1,032)	\$ -	\$ -	\$ -	\$ 1,440
Service Businesses	853	106	(71)	-	-	-	888
Allstate Life							
Traditional life and accident and health	444	18	(10)	-	-	-	452
Interest-sensitive life	735	16	(25)	(4)	-	(32)	690
Subtotal	1,179	34	(35)	(4)	-	(32)	1,142
Allstate Benefits							
Traditional life and accident and health	381	34	(27)	-	-	-	388
Interest-sensitive life	143	5	(6)	-	-	-	142
Subtotal	524	39	(33)	-	-	-	530
Allstate Annuities							
Fixed annuity	38	-	(1)	-	-	-	37
Consolidated	\$ 3,988	\$ 1,257	\$ (1,172)	\$ (4)	\$ -	\$ (32)	\$ 4,037

⁽¹⁾ Amortization before adjustments reflects total DAC amortization before amortization/accretion related to realized capital gains and losses and valuation changes on embedded derivatives not hedged and amortization acceleration/deceleration for changes in assumptions.

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

The Allstate Corporation
Analysis of Deferred Policy Acquisition Costs

(\$ in millions)

	Change in Deferred Policy Acquisition Costs For the six months ended June 30, 2018						Reconciliation of Deferred Policy Acquisition Costs as of June 30, 2018			
	Beginning balance Dec. 31, 2017	Acquisition costs deferred	Amortization before adjustments ⁽¹⁾⁽²⁾	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives not hedged ⁽³⁾	Amortization (acceleration) (deceleration) for changes in assumptions ⁽²⁾	Effect of unrealized capital gains and losses	Ending balance June 30, 2018	DAC before impact of unrealized capital gains and losses	Impact of unrealized capital gains and losses	DAC after impact of unrealized capital gains and losses
Allstate Protection	\$ 1,510	\$ 2,239	\$ (2,196)	\$ -	\$ -	\$ -	\$ 1,551	\$ 1,551	\$ -	\$ 1,551
Service Businesses	954	417 ⁽⁴⁾	(223) ⁽¹⁾	-	-	-	1,148	1,148	-	1,148
Allstate Life										
Traditional life and accident and health	465	32	(21)	-	-	-	476	476	-	476
Interest-sensitive life	667	32	(41)	(6)	-	113	785	857	(72)	785
Subtotal	1,152	64	(62)	(6)	-	113	1,261	1,353	(72)	1,261
Allstate Benefits										
Traditional life and accident and health	403	67	(66)	-	-	-	404	404	-	404
Interest-sensitive life	139	9	(11)	-	-	2	139	139	-	139
Subtotal	542	76	(77)	-	-	2	543	543	-	543
Allstate Annuities										
Fixed annuity	33	-	(3)	-	-	-	30	30	-	30
Consolidated	\$ 4,191	\$ 2,796	\$ (2,563)	\$ (6)	\$ -	\$ 115	\$ 4,533	\$ 4,605	\$ (72)	\$ 4,533

	Change in Deferred Policy Acquisition Costs For the six months ended June 30, 2017						Reconciliation of Deferred Policy Acquisition Costs as of June 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 not hedged ⁽³⁾	Amortization (acceleration) (deceleration) for changes in assumptions ⁽²⁾	Effect of unrealized capital gains and losses	Ending balance June 30, 2017	DAC before impact of unrealized capital gains and losses	Impact of unrealized capital gains and losses	DAC after impact of unrealized capital gains and losses
Allstate Protection	\$ 1,432	\$ 2,062	\$ (2,054)	\$ -	\$ -	\$ -	\$ 1,440	\$ 1,440	\$ -	\$ 1,440
Service Businesses	756	271 ⁽⁴⁾	(139)	-	-	-	868	868	-	868
Allstate Life										
Traditional life and accident and health	438	33	(19)	-	-	-	452	452	-	452
Interest-sensitive life	762	33	(48)	(8)	-	(49)	690	877	(187)	690
Subtotal	1,200	66	(67)	(8)	-	(49)	1,142	1,329	(187)	1,142
Allstate Benefits										
Traditional life and accident and health	362	68	(62)	-	-	-	368	368	-	368
Interest-sensitive life	144	19	(12)	-	-	-	142	144	(2)	142
Subtotal	526	78	(74)	-	-	-	530	532	(2)	530
Allstate Annuities										
Fixed annuity	40	-	(3)	-	-	-	37	37	-	37
Consolidated	\$ 3,054	\$ 2,477	\$ (2,337)	\$ (8)	\$ -	\$ (49)	\$ 4,037	\$ 4,226	\$ (189)	\$ 4,037

⁽¹⁾ Amortization before adjustments reflects total DAC amortization before amortization/accretion related to realized capital gains and losses and valuation changes on embedded derivatives not hedged and amortization acceleration/deceleration for changes in assumptions.

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

⁽³⁾ As a result of the adoption of the revenue from contracts with customers accounting standard, SquareTrade recorded an increase of approximately \$160 million in acquisition costs deferred and \$56 million of amortization before adjustments related to protection plans sold directly to retailers for which SquareTrade is deemed to be the principal in the transaction.

⁽⁴⁾ Includes \$66 million recorded in connection with the SquareTrade acquisition on January 3, 2017.

The Allstate Corporation
Policies in Force and Other Statistics

Policies in Force statistics (in thousands) ⁽¹⁾	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017
Allstate Protection						
Allstate brand						
Auto	19,810	19,617	19,580	19,513	19,548	19,565
Homeowners	6,121	6,093	6,088	6,071	6,075	6,090
Landlord	698	692	694	697	703	710
Renter	1,612	1,599	1,588	1,578	1,564	1,563
Condominium	664	663	663	662	662	663
Other	1,287	1,276	1,278	1,275	1,270	1,264
Other personal lines	4,251	4,230	4,223	4,212	4,199	4,200
Commercial lines	234	238	245	251	262	272
Total	30,416	30,178	30,136	30,047	30,084	30,127
Esurance brand						
Auto	1,432	1,399	1,352	1,369	1,388	1,400
Homeowners	88	84	79	78	69	63
Other personal lines	46	45	44	45	47	48
Total	1,566	1,528	1,475	1,490	1,504	1,511
Encompass brand						
Auto	507	517	530	548	571	595
Homeowners	243	248	254	262	273	284
Other personal lines	81	83	85	88	91	94
Total	831	848	869	898	935	973
Allstate Protection Policies in Force	32,813	32,554	32,480	32,435	32,523	32,611
Service Businesses						
SquareTrade	44,459	41,806	36,719	34,078	31,256	29,907
Allstate Roadside Services	681	692	699	708	724	743
Allstate Dealer Services	3,959	4,026	4,088	4,130	4,139	4,150
Total	49,099	46,524	43,506	38,916	36,121	34,800
Allstate Life	2,019	2,018	2,026	2,019	2,020	2,017
Allstate Benefits	4,283	4,260	4,033	4,035	4,064	3,992
Allstate Annuities	220	225	231	236	240	246
Total Policies in Force	88,434	85,581	82,276	77,641	74,968	73,666
Agency Data ⁽²⁾						
Total Allstate agencies ⁽³⁾	12,300	12,300	12,400	12,200	12,200	12,200
Licensed sales professionals ⁽⁴⁾	25,200	24,700	24,800	23,900	24,000	23,600
Allstate independent agencies ⁽⁵⁾	2,600	2,500	2,400	2,400	2,300	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.
- Commercial lines does not reflect individual driver counts for the partnership with Uber that became effective on March 1, 2018.
- Non-proprietary products offered by Ivtantage (insurance agency) and Answer Financial (independent insurance agency) are not included.
- Allstate Roadside Services reflects memberships in force and do not include their wholesale partners as the customer relationship is managed by the wholesale partner.
- Allstate Dealer Services reflects service contracts and other products sold in conjunction with auto lending and vehicle sales transactions and do not include their third party administrators ("TPAs") as the customer relationship is managed by the TPAs.
- SquareTrade represents active consumer product protection plans.
- Allstate Life insurance policies and Allstate Annuities in force reflect the number of contracts in force excluding sold blocks of business that remain on the balance sheet due to the dispositions of the business being effected through reinsurance arrangements.
- Allstate Benefits reflects certificate counts as opposed to group counts.

⁽²⁾ Rounded to the nearest hundred.

⁽³⁾ Total Allstate agencies represents exclusive Allstate agencies and financial representatives in the United States and employee producers in Canada.

⁽⁴⁾ Represents employees of Allstate agencies who are licensed to sell Allstate products.

⁽⁵⁾ Includes 673 and 703 engaged Allstate independent agencies ("AIAs") as of June 30, 2018 and December 31, 2017, respectively. Engaged AIAs, as currently determined, include those that achieve a minimum number of new policies written.

The Allstate Corporation
Premiums Written for Allstate Protection and Service Businesses

(\$ in millions)	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Allstate Protection								
Allstate brand ⁽¹⁾								
Auto	\$ 5,211	\$ 5,151	\$ 4,956	\$ 5,096	\$ 4,925	\$ 4,882	\$ 10,362	\$ 9,807
Homeowners	1,949	1,465	1,694	1,521	1,847	1,403	3,414	3,250
Landlord	131	121	132	138	130	120	252	250
Renter	77	69	88	86	75	67	146	142
Condominium	72	59	65	71	68	65	131	123
Other	195	126	145	159	168	126	321	294
Other personal lines	475	375	410	454	441	388	850	809
Commercial lines	172	137	125	116	124	123	309	247
Total	7,807	7,128	7,185	7,587	7,337	6,776	14,935	14,113
Esurance brand								
Auto	430	470	389	427	386	439	900	825
Homeowners	27	21	19	24	20	16	48	36
Other personal lines	2	2	2	2	2	2	4	4
Total	459	493	410	453	408	457	952	865
Encompass brand								
Auto	146	118	128	141	148	125	264	273
Homeowners	108	86	95	108	112	91	194	203
Other personal lines	21	19	20	22	25	20	40	45
Total	275	223	243	271	285	236	498	521
Total Allstate Protection								
Auto	5,787	5,739	5,473	5,664	5,459	5,446	11,526	10,905
Homeowners	2,084	1,572	1,808	2,053	1,979	1,510	3,656	3,489
Other personal lines	496	396	432	478	468	390	894	858
Commercial lines	172	137	125	116	124	123	309	247
Total	8,541	7,844	7,838	8,311	8,030	7,469	16,385	15,499
Discontinued Lines and Coverages	-	-	-	-	-	-	-	-
Total Property-Liability	\$ 8,541	\$ 7,844	\$ 7,838	\$ 8,311	\$ 8,030	\$ 7,469	\$ 16,385	\$ 15,499
Service Businesses ⁽²⁾								
SquareTrade	\$ 126	\$ 130	\$ 156	\$ 104	\$ 85	\$ 81	\$ 256	\$ 166
Allstate Roadside Services	68	65	60	68	66	69	133	135
Allstate Dealer Services	103	92	93	100	106	104	195	212
Total	297	287	309	272	259	254	584	513
Total premiums written	\$ 8,838	\$ 8,131	\$ 8,147	\$ 8,583	\$ 8,289	\$ 7,723	\$ 16,969	\$ 16,012
Non-Proprietary Premiums								
Ivantage ⁽³⁾	\$ 1,719	\$ 1,679	\$ 1,643	\$ 1,609	\$ 1,584	\$ 1,566	\$ 1,719	\$ 1,584
Answer Financial ⁽⁴⁾	156	148	137	153	148	153	304	301
⁽¹⁾ Canada premiums included in Allstate brand								
Auto	\$ 245	\$ 186	\$ 196	\$ 236	\$ 228	\$ 171	\$ 431	\$ 399
Homeowners	77	50	59	69	65	44	127	109
Other personal lines	29	14	15	19	16	12	43	28
Total	351	250	270	324	309	227	601	536

⁽²⁾ There are no premiums written for Arty, which is part of the Service Businesses segment.

⁽³⁾ Represents non-proprietary premiums under management as of the end of the period related to personal and commercial line products offered by Ivantage when an Allstate product is not available. Fees for the three and six months ended June 30, 2018 were \$43.5 million and \$80.7 million, respectively.

⁽⁴⁾ Represents non-proprietary premiums written for the period. Commissions earned for the three and six months ended June 30, 2018 were \$18.5 million and \$35.8 million, respectively.

The Allstate Corporation
Catastrophe Losses

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Allstate Protection								
Allstate brand								
Auto	\$ 160	\$ (1)	\$ 33	\$ 366	\$ 208	\$ 65	\$ 159	\$ 273
Homeowners	627	300	480	383	650	575	927	1,225
Other personal lines	46	27	20	65	57	59	73	116
Commercial lines	4	3	2	13	2	7	7	9
Total	837	329	535	827	917	706	1,166	1,623
Esurance brand								
Auto	15	2	-	15	15	4	17	19
Homeowners	14	1	1	2	9	4	15	13
Other personal lines	-	-	-	-	-	-	-	-
Total	29	3	1	17	24	8	32	32
Encompass brand								
Auto	4	1	-	1	7	4	5	11
Homeowners	34	26	59	11	42	61	60	103
Other personal lines	2	2	3	-	3	2	4	5
Total	40	29	62	12	52	67	69	119
Total Allstate Protection								
Auto	179	2	33	382	230	73	181	303
Homeowners	675	327	540	396	701	640	1,002	1,341
Other personal lines	48	29	23	65	60	61	77	121
Commercial lines	4	3	2	13	2	7	7	9
Total	906	361	598	856	993	781	1,267	1,774
Discontinued Lines and Coverages	-	-	-	-	-	-	-	-
Total Property-Liability	\$ 906	\$ 361	\$ 598	\$ 856	\$ 993	\$ 781	\$ 1,267	\$ 1,774
Service Businesses ⁽¹⁾	\$ -	\$ -	\$ 1	\$ 5	\$ -	\$ -	\$ -	\$ -
Total catastrophe losses	\$ 906	\$ 361	\$ 599	\$ 861	\$ 993	\$ 781	\$ 1,267	\$ 1,774

⁽¹⁾ Catastrophe losses relate to Allstate Dealer Services.

The Allstate Corporation
Property-Liability Results

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Premiums written	\$ 8,541	\$ 7,844	\$ 7,838	\$ 8,311	\$ 8,030	\$ 7,469	\$ 16,385	\$ 15,499
(Increase) decrease in unearned premiums	(347)	209	139	(456)	(239)	298	(138)	59
Other	(5)	(34)	(6)	41	16	(8)	(39)	8
Premiums earned	8,189	8,019	7,971	7,896	7,807	7,759	16,208	15,566
Other revenue	184	174	170	185	181	167	358	348
Claims and claims expense	(5,704)	(5,058)	(5,190)	(5,441)	(5,607)	(5,328)	(10,762)	(10,935)
Amortization of deferred policy acquisition costs	(1,110)	(1,088)	(1,091)	(1,060)	(1,032)	(1,022)	(2,198)	(2,054)
Operating costs and expenses	(1,118)	(1,067)	(1,127)	(1,084)	(1,033)	(1,018)	(2,185)	(2,051)
Restructuring and related charges	(25)	(21)	(18)	(12)	(51)	(10)	(48)	(61)
Underwriting income	416	959	715	484	265	548	1,375	813
Net investment income	353	337	415	368	387	308	690	695
Income tax expense on operations	(157)	(268)	(373)	(271)	(207)	(268)	(425)	(475)
Realized capital gains and losses, after-tax	(12)	(75)	73	54	56	89	(87)	145
Gain on disposition of operations, after-tax	-	-	2	1	6	-	-	6
Tax Legislation expense	-	-	(65)	-	-	-	-	-
Net income applicable to common shareholders	\$ 600	\$ 953	\$ 767	\$ 636	\$ 507	\$ 677	\$ 1,553	\$ 1,184
Catastrophe losses	\$ 906	\$ 361	\$ 596	\$ 856	\$ 993	\$ 781	\$ 1,267	\$ 1,774
Amortization of purchased intangible assets	\$ 3	\$ 1	\$ 2	\$ 2	\$ 1	\$ 2	\$ 4	\$ 3
Operating ratios								
Claims and claims expense ("loss") ratio	69.6	63.0	65.1	68.9	71.8	68.6	66.4	70.3
Expense ratio ⁽¹⁾	25.3	25.0	25.9	25.0	24.8	24.3	25.1	24.5
Combined ratio	94.9	88.0	91.0	93.9	96.6	92.9	91.5	94.8
Loss ratio	69.6	63.0	65.1	68.9	71.8	68.6	66.4	70.3
Less: effect of catastrophe losses	11.1	4.5	7.5	10.9	12.7	10.1	7.8	11.4
effect of prior year non-catastrophe reserve reestimates	(1.7)	(0.7)	(2.2)	(1.6)	(1.0)	(1.3)	(1.1)	(1.1)
Underlying loss ratio *	60.2	59.2	59.8	59.6	60.1	59.8	59.7	60.0
Expense ratio ⁽¹⁾	25.3	25.0	25.9	25.0	24.8	24.3	25.1	24.5
Reconciliation of combined ratio to underlying combined ratio								
Combined ratio	94.9	88.0	91.0	93.9	96.6	92.9	91.5	94.8
Effect of catastrophe losses	(11.1)	(4.5)	(7.5)	(10.9)	(12.7)	(10.1)	(7.8)	(11.4)
Effect of prior year non-catastrophe reserve reestimates	1.7	0.7	2.2	1.6	1.0	1.3	1.1	1.1
Effect of amortization of purchased intangible assets	-	-	-	-	-	-	-	-
Underlying combined ratio *	85.5	84.2	85.7	84.6	84.9	84.1	84.8	84.5
Effect of restructuring and related charges on combined ratio	0.3	0.3	0.2	0.2	0.7	0.1	0.3	0.4
Effect of Discontinued Lines and Coverages on combined ratio	-	-	-	1.1	0.1	-	-	0.1

⁽¹⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Property-Liability Underwriting Results by Area of Business

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Property-Liability Underwriting Summary								
Allstate Protection	\$ 419	\$ 962	\$ 719	\$ 572	\$ 270	\$ 550	\$ 1,381	\$ 820
Discontinued Lines and Coverages	(3)	(3)	(4)	(88)	(5)	(2)	(6)	(7)
Underwriting income	\$ 416	\$ 959	\$ 715	\$ 484	\$ 265	\$ 548	\$ 1,375	\$ 813
Allstate Protection Underwriting Summary								
Premiums written	\$ 8,541	\$ 7,844	\$ 7,838	\$ 8,311	\$ 8,030	\$ 7,469	\$ 16,385	\$ 15,499
Premiums earned	\$ 8,189	\$ 8,019	\$ 7,971	\$ 7,896	\$ 7,807	\$ 7,759	\$ 16,208	\$ 15,566
Other revenue	184	174	170	185	181	167	358	348
Claims and claims expense	(5,702)	(5,055)	(5,187)	(5,353)	(5,604)	(5,326)	(10,757)	(10,930)
Amortization of deferred policy acquisition costs	(1,110)	(1,088)	(1,091)	(1,060)	(1,032)	(1,022)	(2,198)	(2,054)
Operating costs and expenses	(1,117)	(1,067)	(1,126)	(1,084)	(1,031)	(1,018)	(2,184)	(2,049)
Restructuring and related charges	(25)	(21)	(18)	(12)	(51)	(10)	(46)	(61)
Underwriting income	\$ 419	\$ 962	\$ 719	\$ 572	\$ 270	\$ 550	\$ 1,381	\$ 820
Catastrophe losses	\$ 906	\$ 361	\$ 598	\$ 856	\$ 993	\$ 781	\$ 1,267	\$ 1,774
Operating ratios								
Loss ratio	69.6	63.0	65.1	67.8	71.8	68.6	66.4	70.2
Expense ratio ⁽¹⁾	25.3	25.0	25.9	25.0	24.7	24.3	25.1	24.5
Combined ratio	94.9	88.0	91.0	92.8	96.5	92.9	91.5	94.7
Effect of catastrophe losses on combined ratio	11.1	4.5	7.5	10.9	12.7	10.1	7.8	11.4
Effect of restructuring and related charges on combined ratio	0.3	0.3	0.2	0.2	0.7	0.1	0.3	0.4
Discontinued Lines and Coverages								
Underwriting Summary								
Premiums written	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims and claims expense	(2)	(3)	(3)	(88)	(3)	(2)	(5)	(5)
Operating costs and expenses	(1)	-	(1)	-	(2)	-	(1)	(2)
Underwriting loss	\$ (3)	\$ (3)	\$ (4)	\$ (88)	\$ (5)	\$ (2)	\$ (6)	\$ (7)
Effect of Discontinued Lines and Coverages on the Property-Liability combined ratio	-	-	-	1.1	0.1	-	-	0.1
Allstate Protection Underwriting Income (Loss) by Brand								
Allstate brand	\$ 425	\$ 967	\$ 737	\$ 562	\$ 308	\$ 594	\$ 1,382	\$ 902
Esurance brand	(9)	3	(1)	(19)	(26)	(10)	(6)	(36)
Encompass brand	4	4	(17)	29	(12)	(33)	8	(45)
Answer Financial	(1)	(2)	-	-	-	(1)	(3)	(1)
Underwriting income	\$ 419	\$ 962	\$ 719	\$ 572	\$ 270	\$ 550	\$ 1,381	\$ 820

⁽¹⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Property-Liability Catastrophe Experience

Catastrophe by Size of Event
(\$ in millions)
Three months ended June 30, 2018

Size of catastrophe	Number of events		Claims and claims expense		Combined ratio impact	Average catastrophe loss per event
Greater than \$250 million	-	- %	\$ -	- %	-	\$ -
\$101 million to \$250 million	1	2.7	162	17.9	2.0	162
\$50 million to \$100 million	4	10.8	296	32.7	3.6	74
Less than \$50 million	32	86.5	371	40.9	4.5	12
Total	37	100.0 %	829	91.5	10.1	22
Prior year reserve reestimates			40	4.4	0.5	
Prior quarter reserve reestimates			37	4.1	0.5	
Total catastrophe losses			\$ 906	100.0 %	11.1	

Six months ended June 30, 2018

Size of catastrophe	Number of events		Claims and claims expense		Combined ratio impact	Average catastrophe loss per event
Greater than \$250 million	-	- %	\$ -	- %	-	\$ -
\$101 million to \$250 million	3	6.3	396	31.3	2.5	132
\$50 million to \$100 million	5	10.4	369	29.1	2.3	74
Less than \$50 million	40	83.3	458	36.1	2.8	11
Total	48	100.0 %	1,223	96.5	7.6	25
Prior year reserve reestimates			44	3.5	0.2	
Total catastrophe losses			\$ 1,267	100.0 %	7.8	

Effect of Catastrophe Losses on the Combined Ratio⁽¹⁾

	Effect of all catastrophe losses on the combined ratio					Premiums earned year-to-date	Total catastrophe losses by year	Excludes the effect of catastrophe losses relating to earthquakes and hurricanes	
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year			Total catastrophe losses by year	Effect on the property and casualty combined ratio
2009	7.8	12.5	6.2	5.0	7.9	\$ 26,194	\$ 2,069	\$ 2,159	8.2
2010	10.0	9.8	5.9	8.3	8.5	25,957	2,207	2,272	8.8
2011	5.2	36.2	16.7	1.0	14.7	25,942	3,815	3,298	12.7
2012	3.9	12.3	3.1	15.7	8.8	26,737	2,345	1,324	5.0
2013	5.3	9.4	1.8	1.7	4.5	27,618	1,251	1,352	4.9
2014	6.3	13.0	7.1	1.3	6.9	28,929	1,993	2,000	6.9
2015	4.0	10.6	3.5	4.7	5.7	30,309	1,719	1,749	5.8
2016	10.9	12.5	6.2	3.9	8.4	30,727	2,571	2,419	7.9
2017	10.1	12.7	10.9	7.5	10.3	31,433	3,228	2,611	8.3
2018	4.5	11.1				16,208	1,267	1,261	7.8
Average	6.8	14.0	6.8	5.5	8.4				7.6

⁽¹⁾ Catastrophe losses and the effect on the combined ratio were updated for 2017 and 2016 to remove Service Businesses from the calculation. The periods 2015 through 2009 include historical Property-Liability results, which include Allstate Protection, Discontinued Lines and Coverages and Service Businesses. The effect on the combined ratio is calculated using the total premiums earned.

The Allstate Corporation
Property-Liability Prior Year Reserve Reestimates

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Prior Year Reserve Reestimates ⁽¹⁾								
Allstate Protection								
Auto	\$ (157)	\$ (100)	\$ (154)	\$ (189)	\$ (61)	\$ (86)	\$ (257)	\$ (147)
Homeowners	27	32	(45)	(42)	(20)	(24)	59	(44)
Other personal lines	(12)	(6)	1	-	(9)	9	(18)	-
Commercial lines	45	20	12	7	(2)	2	65	-
Total	<u>(97)</u>	<u>(54)</u>	<u>(186)</u>	<u>(224)</u>	<u>(92)</u>	<u>(99)</u>	<u>(151)</u>	<u>(191)</u>
Discontinued Lines and Coverages	2	3	3	88	3	2	5	5
Total Property-Liability	<u>\$ (95)</u>	<u>\$ (51)</u>	<u>\$ (183)</u>	<u>\$ (136)</u>	<u>\$ (89)</u>	<u>\$ (97)</u>	<u>\$ (146)</u>	<u>\$ (186)</u>
Allstate Protection by Brand								
Allstate brand	\$ (92)	\$ (60)	\$ (176)	\$ (221)	\$ (83)	\$ (105)	\$ (152)	\$ (188)
Esurance brand	-	-	-	(1)	(1)	-	-	(1)
Encompass brand	(5)	6	(10)	(2)	(8)	6	1	(2)
Total	<u>\$ (97)</u>	<u>\$ (54)</u>	<u>\$ (186)</u>	<u>\$ (224)</u>	<u>\$ (92)</u>	<u>\$ (99)</u>	<u>\$ (151)</u>	<u>\$ (191)</u>
Effect of Prior Year Reserve Reestimates on Combined Ratio ⁽¹⁾⁽²⁾								
Allstate Protection								
Auto	(1.9)	(1.2)	(1.9)	(2.4)	(0.8)	(1.1)	(1.6)	(0.9)
Homeowners	0.3	0.4	(0.6)	(0.5)	(0.3)	(0.3)	0.4	(0.3)
Other personal lines	(0.1)	(0.1)	-	-	(0.1)	0.1	(0.1)	-
Commercial lines	0.5	0.2	0.2	0.1	-	-	0.4	-
Total	<u>(1.2)</u>	<u>(0.7)</u>	<u>(2.3)</u>	<u>(2.8)</u>	<u>(1.2)</u>	<u>(1.3)</u>	<u>(0.9)</u>	<u>(1.2)</u>
Discontinued Lines and Coverages	-	-	-	1.1	0.1	-	-	0.1
Total Property-Liability	<u>(1.2)</u>	<u>(0.7)</u>	<u>(2.3)</u>	<u>(1.7)</u>	<u>(1.1)</u>	<u>(1.3)</u>	<u>(0.9)</u>	<u>(1.1)</u>
Allstate Protection by brand								
Allstate brand	(1.1)	(0.8)	(2.2)	(2.8)	(1.1)	(1.4)	(0.9)	(1.2)
Esurance brand	-	-	-	-	-	-	-	-
Encompass brand	(0.1)	0.1	(0.1)	-	(0.1)	0.1	-	-
Total	<u>(1.2)</u>	<u>(0.7)</u>	<u>(2.3)</u>	<u>(2.8)</u>	<u>(1.2)</u>	<u>(1.3)</u>	<u>(0.9)</u>	<u>(1.2)</u>

⁽¹⁾ Favorable reserve reestimates are shown in parentheses.

⁽²⁾ Calculated using the total premiums earned for Allstate Protection for the respective period. Discontinued Lines and Coverages does not have premiums earned.

The Allstate Corporation
Property-Liability Catastrophe Losses included in Prior Year Reserve Reestimates

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Allstate Protection								
Allstate brand								
Auto	\$ (5)	\$ (27)	\$ (1)	\$ (5)	\$ (1)	\$ (7)	\$ (32)	\$ (8)
Homeowners	41 ⁽³⁾	27	(4)	(3)	-	1	68	1
Other personal lines	-	(3)	(2)	-	(2)	7	(3)	5
Commercial lines	1	(1)	-	1	(1)	1	-	-
Total	<u>37</u>	<u>(4)</u>	<u>(7)</u>	<u>(7)</u>	<u>(4)</u>	<u>2</u>	<u>33</u>	<u>(2)</u>
Esurance brand								
Auto	-	-	-	-	-	-	-	-
Homeowners	1	-	-	-	(1)	-	1	(1)
Other personal lines	-	-	-	-	-	-	-	-
Total	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>	<u>(1)</u>
Encompass brand								
Auto	-	-	-	-	(1)	-	-	(1)
Homeowners	2	7	(1)	1	(2)	2	9	-
Other personal lines	-	1	-	(1)	1	-	1	1
Total	<u>2</u>	<u>8</u>	<u>(1)</u>	<u>-</u>	<u>(2)</u>	<u>2</u>	<u>10</u>	<u>-</u>
Total Allstate Protection								
Auto	(5)	(27)	(1)	(5)	(2)	(7)	(32)	(9)
Homeowners	44	34	(5)	(2)	(3)	3	78	-
Other personal lines	-	(2)	(2)	(1)	(1)	7	(2)	6
Commercial lines	1	(1)	-	1	(1)	1	-	-
Total	<u>\$ 40</u>	<u>\$ 4</u>	<u>\$ (8)</u>	<u>\$ (7)</u>	<u>\$ (7)</u>	<u>\$ 4</u>	<u>\$ 44</u>	<u>\$ (3)</u>
Effect of Catastrophe Losses included in Prior Year Reserve Reestimates on Combined Ratio ⁽¹⁾⁽²⁾								
Allstate Protection								
Auto	(0.1)	(0.4)	-	(0.1)	-	(0.1)	(0.2)	-
Homeowners	0.6	0.4	(0.1)	-	(0.1)	-	0.4	-
Other personal lines	-	-	-	-	-	0.1	-	-
Commercial lines	-	-	-	-	-	-	-	-
Total	<u>0.5</u>	<u>-</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>-</u>	<u>0.2</u>	<u>-</u>
Allstate Protection by brand								
Allstate brand	0.5	(0.1)	(0.1)	(0.1)	(0.1)	-	0.2	-
Esurance brand	-	-	-	-	-	-	-	-
Encompass brand	-	0.1	-	-	-	-	-	-
Total	<u>0.5</u>	<u>-</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>-</u>	<u>0.2</u>	<u>-</u>

⁽¹⁾ Favorable reserve reestimates are shown in parentheses.

⁽²⁾ Calculated using the total premiums earned for Allstate Protection for the respective period. Discontinued Lines and Coverages does not have premiums earned or incur claims and claims expense related to catastrophes.

⁽³⁾ Includes \$37 million for anticipated Texas Windstorm Insurance Association assessments related to Hurricane Harvey.

The Allstate Corporation
Allstate Protection Impact of Net Rate Changes Approved on Premiums Written

	Three months ended June 30, 2018 ⁽¹⁾			Three months ended March 31, 2018			Three months ended December 31, 2017		
	Number of locations ⁽⁷⁾	Total brand (%) ⁽⁸⁾	Location specific (%) ⁽⁹⁾	Number of locations	Total brand (%)	Location specific (%)	Number of locations	Total brand (%)	Location specific (%)
Allstate brand									
Auto ⁽²⁾⁽³⁾⁽⁴⁾	21	0.5	2.5	24	0.3	2.4	25	1.2 ⁽¹⁰⁾	5.4 ⁽¹⁰⁾
Homeowners ⁽⁵⁾⁽⁶⁾	5	0.1	1.8	14	1.1	4.9	11	0.2	1.5
Esurance brand									
Auto	8	0.5	2.9	3	0.2	4.6	7	0.6	5.0
Homeowners	-	-	-	5	1.7	7.5	4	5.1	14.3
Encompass brand									
Auto	5	1.0	7.9	4	0.3	3.0	8	1.7	5.7
Homeowners	7	0.7	6.1	3	0.1	2.0	7	0.9	4.5
	Three months ended September 30, 2017			Three months ended June 30, 2017			Three months ended March 31, 2017		
	Number of locations	Total brand (%)	Location specific (%)	Number of locations	Total brand (%)	Location specific (%)	Number of locations	Total brand (%)	Location specific (%)
Allstate brand									
Auto ⁽²⁾⁽³⁾⁽⁴⁾	17	0.4	3.0	23	0.7	3.2	18	1.7 ⁽¹⁰⁾	5.3 ⁽¹⁰⁾
Homeowners ⁽⁵⁾⁽⁶⁾	8	0.5	5.3	3	0.1	2.0	14	1.0	4.2
Esurance brand									
Auto	16	2.0	5.6	12	1.7	5.6	7	0.7	5.3
Homeowners	-	-	-	-	-	-	-	-	-
Encompass brand									
Auto	8	0.8	4.5	11	2.3	7.5	5	1.4	7.2
Homeowners	6	0.9	6.0	9	2.8	8.9	3	0.2	3.4

⁽¹⁾ Rate changes include changes approved based on our net cost of reinsurance. These rate changes do not reflect initial rates filed for insurance subsidiaries initially writing business. Based on historical premiums written in those 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 June 30, 2018 are estimated to total \$115 million. Rate changes do not include rating plan enhancements, including the introduction of discounts and surcharges that result in no change in the overall rate level in a location.

⁽²⁾ Impacts of Allstate brand auto effective rate changes as a percentage of total brand prior year-end premiums written were 0.1%, 1.2%, 0.5%, 0.4%, 1.8% and 1.1% for the three months ended June 30, 2018, March 31, 2018, December 31, 2017, September 30, 2017, June 30, 2017 and March 31, 2017, respectively. Rate changes are included in the effective calculations in the period the rate change is effective for renewal contracts.

⁽³⁾ Allstate brand auto rate changes were 2.4%, 2.6%, 4.0%, 4.1%, 4.7% and 7.2% for the trailing twelve months ended June 30, 2018, March 31, 2018, December 31, 2017, September 30, 2017, June 30, 2017 and March 31, 2017, respectively.

⁽⁴⁾ Allstate brand auto rate changes were cumulatively \$2.3 billion or 12.0% for year-to-date 2018, and 2017 and 2016.

⁽⁵⁾ Impacts of Allstate brand homeowners effective rate changes as a percentage of total brand prior year-end premiums written were 0.3%, 1.0%, 0.1%, 0.6%, 0.1% and 0.9% for the three months ended June 30, 2018, March 31, 2018, December 31, 2017, September 30, 2017, June 30, 2017 and March 31, 2017, respectively.

⁽⁶⁾ Allstate brand homeowner rate changes were cumulatively \$271 million or 4.1% for year-to-date 2018, and 2017 and 2016.

⁽⁷⁾ Allstate brand auto and homeowners operates in 50 states, the District of Columbia, and 5 Canadian provinces. Esurance brand auto and homeowners operate in 43 states. In the second quarter of 2018, Esurance brand discontinued its operation in Canada. Encompass brand auto and homeowners operate 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 prior year-end 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 total prior year-end premiums written in those same locations.

⁽¹⁰⁾ Includes a rate increase in California in first and fourth quarter 2017. Excluding California, Allstate brand auto total brand and location specific rate changes were 1.1% and 4.7%, respectively, in first quarter 2017 and 0.5% and 4.2%, respectively, in fourth quarter 2017.

The Allstate Corporation
Allstate Brand Profitability Measures

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Net premiums written	\$ 7,807	\$ 7,128	\$ 7,185	\$ 7,587	\$ 7,337	\$ 6,776	\$ 14,935	\$ 14,113
Net premiums earned								
Auto	\$ 5,131	\$ 5,046	\$ 5,003	\$ 4,950	\$ 4,884	\$ 4,839	\$ 10,177	\$ 9,723
Homeowners	1,742	1,727	1,725	1,707	1,691	1,688	3,489	3,379
Other personal lines	432	420	419	414	411	405	852	816
Commercial lines	165	136	128	124	118	125	301	243
Total	\$ 7,470	\$ 7,329	\$ 7,275	\$ 7,195	\$ 7,104	\$ 7,057	\$ 14,759	\$ 14,161
Other revenue								
Auto	\$ 56	\$ 54	\$ 53	\$ 54	\$ 54	\$ 53	\$ 110	\$ 107
Homeowners	11	11	12	10	10	10	22	20
Other personal lines	34	28	30	38	33	26	62	59
Commercial lines	1	2	-	2	3	3	3	6
Other business lines ⁽¹⁾	41	41	39	45	45	39	82	84
Total	\$ 143	\$ 136	\$ 134	\$ 149	\$ 145	\$ 131	\$ 279	\$ 276
Incurred losses								
Auto	\$ 3,437	\$ 3,204	\$ 3,289	\$ 3,455	\$ 3,442	\$ 3,224	\$ 6,641	\$ 6,666
Homeowners	1,310	997	1,052	988	1,273	1,194	2,307	2,467
Other personal lines	260	258	226	312	258	265	518	523
Commercial lines	166	108	89	103	86	96	274	162
Total	\$ 5,173	\$ 4,567	\$ 4,656	\$ 4,858	\$ 5,069	\$ 4,779	\$ 9,740	\$ 9,858
Expenses								
Auto	\$ 1,392	\$ 1,317	\$ 1,363	\$ 1,288	\$ 1,282	\$ 1,216	\$ 2,709	\$ 2,498
Homeowners	413	410	433	410	381	397	823	778
Other personal lines	148	144	158	158	148	138	292	286
Commercial lines	37	37	37	38	37	36	74	73
Other business lines ⁽¹⁾	25	33	25	30	34	28	58	62
Total	\$ 2,015	\$ 1,941	\$ 2,016	\$ 1,924	\$ 1,882	\$ 1,815	\$ 3,956	\$ 3,697
Underwriting income (loss)								
Auto	\$ 356	\$ 579	\$ 404	\$ 261	\$ 214	\$ 452	\$ 937	\$ 666
Homeowners	30	331	252	319	47	107	361	154
Other personal lines	58	46	65	118	38	28	104	66
Commercial lines	(37)	(7)	2	(15)	(2)	(4)	(44)	(6)
Other business lines	16	8	14	15	11	11	24	22
Total	\$ 425	\$ 957	\$ 737	\$ 562	\$ 308	\$ 594	\$ 1,362	\$ 902
Loss ratio	69.2	62.3	64.0	67.5	71.2	67.7	65.8	69.5
Expense ratio ⁽²⁾	25.1	24.6	25.9	24.7	24.5	23.9	24.9	24.1
Combined ratio	94.3	86.9	89.9	92.2	95.7	91.6	90.7	93.6
Loss ratio	69.2	62.3	64.0	67.5	71.2	67.7	65.8	69.5
Less: effect of catastrophe losses	11.2	4.5	7.4	11.5	12.9	10.0	7.9	11.4
Less: effect of prior year non-catastrophe reserve reestimates	(1.7)	(0.8)	(2.3)	(3.0)	(1.1)	(1.5)	(1.2)	(1.3)
Underlying loss ratio *	59.7	58.6	58.9	59.0	59.4	59.2	59.1	59.4
Expense ratio ⁽²⁾	25.1	24.6	25.9	24.7	24.5	23.9	24.9	24.1
Reconciliation of combined ratio to underlying combined ratio								
Combined ratio	94.3	86.9	89.9	92.2	95.7	91.6	90.7	93.6
Effect of catastrophe losses	(11.2)	(4.5)	(7.4)	(11.5)	(12.9)	(10.0)	(7.9)	(11.4)
Effect of prior year non-catastrophe reserve reestimates	1.7	0.8	2.3	3.0	1.1	1.5	1.2	1.3
Effect of amortization of purchased intangible assets	-	-	-	-	-	-	-	-
Underlying combined ratio *	84.8	83.2	84.8	83.7	83.9	83.1	84.0	83.5
Effect of prior year reserve reestimates on combined ratio	(1.2)	(0.8)	(2.4)	(3.1)	(1.2)	(1.5)	(1.0)	(1.3)
Effect of advertising expenses on combined ratio	2.0	1.6	2.0	2.1	1.9	2.0	1.8	1.9

⁽¹⁾ Other business lines primarily include Ivantage and represent commissions earned and other costs and expenses.

⁽²⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Allstate Brand Statistics ⁽¹⁾

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
New Issued Applications (in thousands) ⁽²⁾								
Auto	754	714	620	651	639	610	1,468	1,249
Homeowners	223	187	177	198	195	163	410	358
Average Premium - Gross Written (\$) ⁽³⁾								
Auto	566	564	561	556	544	538	565	541
Homeowners	1,226	1,212	1,206	1,203	1,192	1,187	1,220	1,190
Average Premium - Net Earned (\$) ⁽⁴⁾								
Auto	522	516	512	507	499	492	519	496
Homeowners	1,135	1,131	1,131	1,119	1,106	1,106	1,133	1,106
Annualized Average Premium (\$) ⁽⁵⁾								
Auto	1,036	1,029	1,022	1,015	999	989	1,027	995
Homeowners	1,138	1,134	1,133	1,125	1,117	1,112	1,133	1,116
Average Underlying Loss (Incurred Pure Premium) and Expense * (\$) ⁽⁶⁾								
Auto	961	926	963	925	925	899	939	913
Homeowners	720	720	679	689	668	682	718	675
Renewal Ratio (%) ⁽⁷⁾								
Auto	88.5	88.3	87.8	87.7	87.4	87.4	88.4	87.4
Homeowners	87.7	87.5	87.5	87.5	87.0	87.1	87.6	87.0
Auto Property Damage (% change year-over-year)								
Gross claim frequency ⁽⁸⁾	(2.9)	(2.5)	(4.1)	(8.0)	(5.2)	(3.9)	(2.7)	(4.6)
Paid claim frequency ⁽⁸⁾	(3.0)	(3.0)	(5.2)	(9.0)	(3.4)	(3.2)	(3.0)	(3.3)
Paid claim severity ⁽⁹⁾	3.7	4.7	6.7	4.9	1.6	4.8	4.2	3.2
Bodily Injury (% change year-over-year)								
Gross claim frequency ⁽⁸⁾	(2.7)	(2.0)	(2.9)	(5.6)	(4.7)	(6.0)	(2.3)	(5.4)
Homeowners Excluding Catastrophe Losses (% change year-over-year)								
Gross claim frequency ⁽⁸⁾	7.1	(1.1)	(2.9)	(2.6)	6.0	7.6	3.0	6.8
Paid claim frequency ⁽⁸⁾	5.9	(4.0)	(3.7)	(5.4)	7.1	2.3	1.1	4.7
Paid claim severity	5.0	14.4	8.1	8.1	(0.2)	4.1	9.3	1.9

⁽¹⁾ Statistics presented for Allstate brand exclude excess and surplus lines.

⁽²⁾ New Issued Applications: Item counts of automobiles or homeowners insurance applications for insurance policies that were issued during the period, regardless of whether the customer was previously insured by another Allstate Protection brand. Allstate brand includes automobiles added by existing customers when they exceed the number allowed (currently 10) on a policy.

⁽³⁾ Average Premium - Gross Written: Gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts, surcharges and ceded reinsurance premiums and exclude the impacts from mid-term premium adjustments and premium refund accruals. Average premiums represent the appropriate policy term for each line, which is 6 months for auto and 12 months for homeowners.

⁽⁴⁾ Average Premium - Net Earned: Earned premium divided by average policies in force for the period. Earned premium includes the impacts from mid-term premium adjustments and ceded reinsurance, but does not include impacts of premium refund accruals. Average premiums represent the appropriate policy term for each line, which is 6 months for auto and 12 months for homeowners.

⁽⁵⁾ Calculated by annualizing net earned premium reported in the quarter and year-to-date divided by policies in force at quarter end.

⁽⁶⁾ Average underlying loss (incurred pure premium) and expense is calculated as the underlying combined ratio multiplied by the annualized average premium.

⁽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⁾ 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 is calculated as annualized 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, regardless of their current status (open or closed) or their ultimate 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 calculated as the amount of increase or decrease in 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.

⁽⁹⁾ 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 is calculated as the amount of increase or decrease 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
Esurance Profitability Measures and Statistics

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017
Net premiums written	\$ 459	\$ 493	\$ 410	\$ 453	\$ 408	\$ 457	\$ 952	\$ 865
Net premiums earned								
Auto	\$ 439	\$ 411	\$ 411	\$ 411	\$ 411	\$ 403	\$ 850	\$ 814
Homeowners	22	20	19	19	16	14	42	30
Other personal lines	2	2	2	2	2	2	4	4
Total	\$ 463	\$ 433	\$ 432	\$ 432	\$ 429	\$ 419	\$ 896	\$ 848
Other revenue								
Auto	\$ 20	\$ 20	\$ 17	\$ 17	\$ 17	\$ 16	\$ 40	\$ 33
Total	\$ 20	\$ 20	\$ 17	\$ 17	\$ 17	\$ 16	\$ 40	\$ 33
Incurred losses								
Auto	\$ 334	\$ 309	\$ 322	\$ 322	\$ 324	\$ 300	\$ 643	\$ 624
Homeowners	28	11	9	14	21	13	39	34
Other personal lines	2	1	1	1	1	1	3	2
Total	\$ 364	\$ 321	\$ 332	\$ 337	\$ 346	\$ 314	\$ 685	\$ 660
Expenses								
Auto	\$ 120	\$ 121	\$ 111	\$ 121	\$ 117	\$ 123	\$ 241	\$ 240
Homeowners	8	7	6	9	8	8	15	16
Other personal lines	-	1	1	1	1	-	1	1
Total	\$ 128	\$ 129	\$ 118	\$ 131	\$ 126	\$ 131	\$ 257	\$ 257
Underwriting income (loss)								
Auto	\$ 9	\$ 1	\$ (5)	\$ (15)	\$ (13)	\$ (4)	\$ 6	\$ (17)
Homeowners	(14)	2	4	(4)	(13)	(7)	(12)	(20)
Other personal lines	-	-	-	-	-	1	-	1
Total	\$ (9)	\$ 3	\$ (1)	\$ (19)	\$ (26)	\$ (10)	\$ (6)	\$ (36)
Loss ratio	78.6	74.1	76.8	78.0	80.7	74.9	76.5	77.8
Expense ratio ⁽¹⁾	23.3	25.2	23.4	26.4	25.4	27.5	24.2	26.4
Combined ratio	101.9	99.3	100.2	104.4	106.1	102.4	100.7	104.2
Loss ratio	78.6	74.1	76.8	78.0	80.7	74.9	76.5	77.8
Less: effect of catastrophe losses	6.2	0.7	0.2	3.9	5.6	1.9	3.6	3.7
effect of prior year non-catastrophe reserve reestimates	(0.2)	-	-	(0.2)	-	-	(0.1)	-
Underlying loss ratio *	72.6	73.4	76.6	74.3	75.1	73.0	73.0	74.1
Expense ratio ⁽¹⁾	23.3	25.2	23.4	26.4	25.4	27.5	24.2	26.4
Less: effect of amortization of purchased intangible assets	-	0.2	0.2	0.2	-	0.3	0.1	0.1
Expense ratio, excluding the effect of amortization of purchased intangible assets	23.3	25.0	23.2	26.2	25.4	27.2	24.1	26.3
Reconciliation of combined ratio to underlying combined ratio								
Combined ratio	101.9	99.3	100.2	104.4	106.1	102.4	100.7	104.2
Effect of catastrophe losses	(6.2)	(0.7)	(0.2)	(3.9)	(5.6)	(1.9)	(3.6)	(3.7)
Effect of prior year non-catastrophe reserve reestimates	0.2	-	-	0.2	-	-	0.1	-
Effect of amortization of purchased intangible assets	-	(0.2)	(0.2)	(0.2)	-	(0.3)	(0.1)	(0.1)
Underlying combined ratio *	95.9	98.4	99.8	100.5	100.5	100.2	97.1	100.4
Effect of prior year reserve reestimates on combined ratio	-	-	-	(0.2)	(0.2)	-	-	(0.1)
Effect of advertising expenses on combined ratio	8.6	8.1	6.7	9.3	8.6	8.6	8.4	8.6
Policies In Force (in thousands)								
Auto	1,432	1,399	1,362	1,369	1,368	1,400	1,432	1,388
Homeowners	88	84	79	76	69	63	88	69
Other personal lines	48	45	44	45	47	46	46	47
Total	1,568	1,528	1,475	1,490	1,504	1,511	1,566	1,504
New Issued Applications (in thousands)								
Auto	156	158	105	116	120	143	314	263
Homeowners	9	8	7	10	9	8	17	17
Other personal lines	8	8	6	6	7	8	15	15
Total	173	174	118	132	136	159	346	295
Average Premium - Gross Written (\$)								
Auto (6-month policy)	602	605	586	574	564	571	604	568
Homeowners (12-month policy)	977	970	901	924	910	919	978	915
Renewal Ratio (%)								
Auto	84.3	83.5	82.2	81.8	81.9	80.4	83.9	81.1
Homeowners	86.2	84.4	85.7	85.8	86.1	83.5	85.4	85.1

⁽¹⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Encompass Brand Profitability Measures and Statistics

(\$ in millions)	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Net premiums written	\$ 275	\$ 223	\$ 243	\$ 271	\$ 285	\$ 236	\$ 498	\$ 521
Net premiums earned								
Auto	\$ 135	\$ 134	\$ 137	\$ 140	\$ 143	\$ 146	\$ 269	\$ 269
Homeowners	100	101	104	106	106	113	201	221
Other personal lines	21	22	23	23	23	24	43	47
Total	\$ 256	\$ 257	\$ 264	\$ 269	\$ 274	\$ 283	\$ 513	\$ 537
Other revenue								
Auto	\$ 1	\$ 1	\$ -	\$ 1	\$ 1	\$ 1	\$ 2	\$ 2
Homeowners	1	-	1	-	-	1	1	1
Other personal lines	-	-	1	-	-	-	-	-
Total	\$ 2	\$ 1	\$ 2	\$ 1	\$ 1	\$ 2	\$ 3	\$ 3
Incurred losses								
Auto	\$ 82	\$ 86	\$ 88	\$ 91	\$ 105	\$ 104	\$ 168	\$ 209
Homeowners	74	66	100	54	84	108	140	192
Other personal lines	9	15	11	13	10	21	24	31
Total	\$ 165	\$ 167	\$ 199	\$ 158	\$ 199	\$ 233	\$ 332	\$ 432
Expenses								
Auto	\$ 46	\$ 45	\$ 42	\$ 44	\$ 47	\$ 44	\$ 91	\$ 91
Homeowners	35	34	34	32	34	34	69	68
Other personal lines	6	6	8	7	7	7	16	14
Total	\$ 87	\$ 85	\$ 84	\$ 83	\$ 88	\$ 85	\$ 176	\$ 173
Underwriting income (loss)								
Auto	\$ 8	\$ 4	\$ 7	\$ 6	\$ (8)	\$ (1)	\$ 12	\$ (9)
Homeowners	(8)	1	(29)	20	(10)	(26)	(7)	(38)
Other personal lines	4	(1)	5	3	6	(4)	3	2
Total	\$ 4	\$ 4	\$ (17)	\$ 29	\$ (12)	\$ (33)	\$ 8	\$ (45)
Loss ratio	64.4	65.0	75.4	58.7	72.6	82.4	64.7	77.8
Expense ratio ⁽¹⁾	34.0	33.4	31.0	30.5	31.8	29.3	33.7	30.5
Combined ratio	98.4	98.4	106.4	89.2	104.4	111.7	98.4	108.1
Less: effect of catastrophe losses	15.6	11.3	23.4	4.5	19.0	23.7	13.5	21.4
effect of prior year non-catastrophe reserve reestimates	(2.7)	(0.8)	(3.4)	(0.8)	(2.2)	1.4	(1.8)	(0.4)
Underlying loss ratio *	51.5	54.5	55.4	55.0	55.8	57.3	53.0	56.6
Expense ratio ⁽¹⁾	34.0	33.4	31.0	30.5	31.8	29.3	33.7	30.5
Reconciliation of combined ratio to underlying combined ratio								
Combined ratio	98.4	98.4	106.4	89.2	104.4	111.7	98.4	108.1
Effect of catastrophe losses	(15.6)	(11.3)	(23.4)	(4.5)	(19.0)	(23.7)	(13.5)	(21.4)
Effect of prior year non-catastrophe reserve reestimates	2.7	0.8	3.4	0.8	2.2	(1.4)	1.8	0.4
Underlying combined ratio *	85.5	87.9	86.4	85.5	87.6	86.6	86.7	87.1
Effect of prior year reserve reestimates on combined ratio	(1.9)	2.3	(3.8)	(0.8)	(2.9)	2.1	0.2	(0.4)
Effect of advertising expenses on combined ratio	0.4	-	0.4	0.4	-	-	0.2	-
Policies in Force (in thousands)								
Auto	507	517	530	548	571	595	507	571
Homeowners	243	248	254	262	273	284	243	273
Other personal lines	81	83	85	88	91	84	81	91
Total	831	848	869	898	935	973	831	935
New Issued Applications (in thousands)								
Auto	19	17	14	13	13	12	38	25
Homeowners	10	8	7	8	8	7	18	15
Average Premium - Gross Written (\$)								
Auto (12-month policy)	1,104	1,116	1,111	1,067	1,065	1,057	1,110	1,062
Homeowners (12-month policy)	1,701	1,696	1,708	1,703	1,667	1,659	1,700	1,664
Renewal Ratio (%)								
Auto	73.3	72.5	73.2	73.5	73.8	73.0	73.0	73.4
Homeowners	78.9	78.3	78.3	78.7	78.5	78.4	78.7	78.4

⁽¹⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Auto Profitability Measures by Brand

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Allstate brand auto								
Net premiums written	\$ 5,211	\$ 5,151	\$ 4,956	\$ 5,096	\$ 4,925	\$ 4,882	\$ 10,362	\$ 9,807
Net premiums earned	\$ 5,131	\$ 5,046	\$ 5,003	\$ 4,950	\$ 4,884	\$ 4,839	\$ 10,177	\$ 9,723
Other revenue	56	54	53	54	54	53	110	107
Incurred losses	(3,437)	(3,204)	(3,289)	(3,455)	(3,442)	(3,224)	(6,641)	(6,666)
Expenses	(1,392)	(1,317)	(1,363)	(1,286)	(1,282)	(1,216)	(2,709)	(2,498)
Underwriting income	\$ 358	\$ 579	\$ 404	\$ 261	\$ 214	\$ 452	\$ 937	\$ 666
Loss ratio	67.0	63.5	65.7	69.8	70.5	66.6	65.3	68.6
Less: effect of catastrophe losses	3.1	-	0.7	7.3	4.2	1.4	1.6	2.8
effect of prior year non-catastrophe reserve reestimates	(2.9)	(1.5)	(3.0)	(3.7)	(1.2)	(1.6)	(2.2)	(1.4)
Underlying loss ratio *	66.8	65.0	68.0	66.2	67.5	66.8	65.9	67.2
Expense ratio ⁽¹⁾	26.0	25.0	26.2	24.9	25.1	24.1	25.5	24.6
Combined ratio	93.0	88.5	91.9	94.7	95.6	90.7	90.8	93.2
Effect of catastrophe losses	(3.1)	-	(0.7)	(7.3)	(4.2)	(1.4)	(1.6)	(2.8)
Effect of prior year non-catastrophe reserve reestimates	2.9	1.5	3.0	3.7	1.2	1.6	2.2	1.4
Underlying combined ratio *	92.8	90.0	94.2	91.1	92.6	90.9	91.4	91.8
Esurance brand auto								
Net premiums written	\$ 430	\$ 470	\$ 389	\$ 427	\$ 386	\$ 439	\$ 900	\$ 825
Net premiums earned	\$ 439	\$ 411	\$ 411	\$ 411	\$ 411	\$ 403	\$ 850	\$ 814
Other revenue	20	20	17	17	17	16	40	33
Incurred losses	(334)	(309)	(322)	(322)	(324)	(300)	(643)	(624)
Expenses	(120)	(121)	(111)	(121)	(117)	(123)	(241)	(240)
Underwriting income (loss)	\$ 5	\$ 1	\$ (5)	\$ (15)	\$ (13)	\$ (4)	\$ 6	\$ (17)
Loss ratio	76.1	75.2	78.3	78.3	78.9	74.4	75.7	76.7
Less: effect of catastrophe losses	3.4	0.5	-	3.6	3.6	1.0	2.0	2.4
effect of prior year non-catastrophe reserve reestimates	(0.2)	0.3	-	-	0.3	-	-	0.1
Underlying loss ratio *	72.9	74.4	78.3	74.7	75.0	73.4	73.7	74.2
Expense ratio ⁽¹⁾	22.8	24.6	22.9	25.3	24.3	26.6	23.6	25.4
Combined ratio	98.9	99.8	101.2	103.6	103.2	101.0	99.3	102.1
Effect of catastrophe losses	(3.4)	(0.5)	-	(3.6)	(3.6)	(1.0)	(2.0)	(2.4)
Effect of prior year non-catastrophe reserve reestimates	0.2	(0.3)	-	-	(0.3)	-	-	(0.1)
Effect of amortization of purchased intangible assets	-	(0.2)	(0.2)	(0.2)	-	(0.2)	(0.1)	(0.1)
Underlying combined ratio *	95.7	98.8	101.0	99.8	99.3	99.8	97.2	99.5
Encompass brand auto								
Net premiums written	\$ 146	\$ 118	\$ 128	\$ 141	\$ 148	\$ 125	\$ 264	\$ 273
Net premiums earned	\$ 135	\$ 134	\$ 137	\$ 140	\$ 143	\$ 146	\$ 269	\$ 289
Other revenue	1	1	-	1	1	1	2	2
Incurred losses	(82)	(86)	(88)	(91)	(105)	(104)	(168)	(209)
Expenses	(46)	(45)	(42)	(44)	(47)	(44)	(91)	(91)
Underwriting income (loss)	\$ 8	\$ 4	\$ 7	\$ 6	\$ (8)	\$ (1)	\$ 12	\$ (9)
Loss ratio	60.8	64.2	64.2	65.0	73.4	71.2	62.4	72.3
Less: effect of catastrophe losses	3.0	0.7	-	0.7	4.9	2.8	1.8	3.8
effect of prior year non-catastrophe reserve reestimates	(0.8)	-	(3.6)	-	-	-	(0.4)	-
Underlying loss ratio *	58.8	63.5	67.8	64.3	68.5	68.4	61.0	68.5
Expense ratio ⁽¹⁾	33.3	32.8	30.7	30.7	32.2	29.5	33.1	30.8
Combined ratio	94.1	97.0	94.9	95.7	105.6	100.7	95.5	103.1
Effect of catastrophe losses	(3.0)	(0.7)	-	(0.7)	(4.9)	(2.8)	(1.8)	(3.8)
Effect of prior year non-catastrophe reserve reestimates	0.8	-	3.6	-	-	-	0.4	-
Underlying combined ratio *	91.9	96.3	96.5	95.0	100.7	97.9	94.1	99.3

⁽¹⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Homeowners Profitability Measures by Brand

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Allstate brand homeowners								
Net premiums written	\$ 1,940	\$ 1,465	\$ 1,694	\$ 1,921	\$ 1,847	\$ 1,403	\$ 3,414	\$ 3,250
Net premiums earned	\$ 1,742	\$ 1,727	\$ 1,725	\$ 1,707	\$ 1,691	\$ 1,688	\$ 3,469	\$ 3,379
Other revenue	11	11	12	10	10	10	22	20
Incurred losses	(1,310)	(997)	(1,052)	(988)	(1,273)	(1,194)	(2,307)	(2,467)
Expenses	(413)	(410)	(433)	(410)	(381)	(397)	(823)	(778)
Underwriting income	\$ 30	\$ 331	\$ 252	\$ 319	\$ 47	\$ 107	\$ 361	\$ 154
Loss ratio	75.2	57.7	61.0	57.9	75.3	70.8	66.5	73.0
Less: effect of catastrophe losses	36.0	17.3	27.8	22.4	38.4	34.1	28.7	38.2
effect of prior year non-catastrophe reserve reestimates	(1.0)	-	(2.3)	(2.3)	(1.0)	(1.7)	(0.5)	(1.3)
Underlying loss ratio *	40.2	40.4	35.5	37.8	37.9	38.4	40.3	38.1
Expense ratio ⁽¹⁾	23.1	23.1	24.4	23.4	21.9	22.9	23.1	22.4
Combined ratio	96.3	80.8	85.4	81.3	97.2	93.7	89.6	95.4
Effect of catastrophe losses	(36.0)	(17.3)	(27.8)	(22.4)	(38.4)	(34.1)	(28.7)	(38.2)
Effect of prior year non-catastrophe reserve reestimates	1.0	-	2.3	2.3	1.0	1.7	0.5	1.3
Underlying combined ratio *	63.3	63.5	59.9	61.2	59.8	61.3	63.4	60.5
Esurance brand homeowners								
Net premiums written	\$ 27	\$ 21	\$ 19	\$ 24	\$ 20	\$ 16	\$ 48	\$ 36
Net premiums earned	\$ 22	\$ 20	\$ 19	\$ 19	\$ 16	\$ 14	\$ 42	\$ 30
Incurred losses	(28)	(11)	(9)	(14)	(21)	(13)	(39)	(34)
Expenses	(8)	(7)	(6)	(9)	(8)	(8)	(15)	(16)
Underwriting (loss) income	\$ (14)	\$ 2	\$ 4	\$ (4)	\$ (13)	\$ (7)	\$ (12)	\$ (20)
Loss ratio	127.3	55.0	47.3	73.7	131.3	92.9	92.9	113.4
Less: effect of catastrophe losses	63.6	5.0	5.2	10.5	56.3	28.6	35.7	43.4
effect of prior year non-catastrophe reserve reestimates	-	(5.0)	-	(5.2)	-	-	(2.3)	-
Underlying loss ratio *	63.7	55.0	42.1	68.4	75.0	64.3	59.5	70.0
Expense ratio ⁽¹⁾	36.3	35.0	31.6	47.4	50.0	57.1	35.7	53.3
Combined ratio	163.6	90.0	78.9	121.1	181.3	150.0	128.6	166.7
Effect of catastrophe losses	(63.6)	(5.0)	(5.2)	(10.5)	(56.3)	(28.6)	(35.7)	(43.4)
Effect of prior year non-catastrophe reserve reestimates	-	5.0	-	5.2	-	-	2.3	-
Underlying combined ratio *	100.0	90.0	73.7	115.8	125.0	121.4	95.2	123.3
Encompass brand homeowners								
Net premiums written	\$ 108	\$ 86	\$ 95	\$ 108	\$ 112	\$ 91	\$ 194	\$ 203
Net premiums earned	\$ 100	\$ 101	\$ 104	\$ 106	\$ 108	\$ 113	\$ 201	\$ 221
Other revenue	1	-	1	-	1	1	1	1
Incurred losses	(74)	(68)	(100)	(54)	(84)	(108)	(140)	(192)
Expenses	(35)	(34)	(34)	(32)	(34)	(34)	(69)	(68)
Underwriting (loss) income	\$ (8)	\$ 1	\$ (29)	\$ 20	\$ (10)	\$ (28)	\$ (17)	\$ (38)
Loss ratio	74.0	65.3	96.2	50.9	77.8	95.6	69.7	86.9
Less: effect of catastrophe losses	34.0	25.7	56.7	10.3	36.9	54.0	29.9	46.6
effect of prior year non-catastrophe reserve reestimates	-	(1.0)	1.0	-	-	0.9	(0.5)	0.5
Underlying loss ratio *	40.0	40.6	38.5	40.6	38.9	40.7	40.3	39.6
Expense ratio ⁽¹⁾	34.0	33.7	31.7	30.2	31.5	29.2	33.6	30.3
Combined ratio	108.0	99.0	127.9	81.1	109.3	124.8	103.5	117.2
Effect of catastrophe losses	(34.0)	(25.7)	(56.7)	(10.3)	(36.9)	(54.0)	(29.9)	(46.6)
Effect of prior year non-catastrophe reserve reestimates	-	1.0	(1.0)	-	-	(0.9)	0.5	(0.5)
Underlying combined ratio *	74.0	74.3	70.2	70.8	70.4	69.9	74.1	70.1

⁽¹⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Other Personal Lines Profitability Measures by Brand ⁽¹⁾

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017
Allstate brand other personal lines								
Net premiums written	\$ 475	\$ 375	\$ 410	\$ 454	\$ 441	\$ 369	\$ 850	\$ 809
Net premiums earned	\$ 432	\$ 420	\$ 419	\$ 414	\$ 411	\$ 405	\$ 852	\$ 816
Other revenue	34	28	30	38	33	26	62	59
Incurred losses	(260)	(258)	(226)	(312)	(258)	(265)	(518)	(523)
Expenses	(146)	(144)	(158)	(158)	(148)	(138)	(232)	(286)
Underwriting income (loss)	\$ 56	\$ 48	\$ 65	\$ (19)	\$ 38	\$ 28	\$ 104	\$ 66
Loss ratio	60.2	61.4	53.9	75.3	62.8	65.4	60.8	64.1
Less: effect of catastrophe losses	10.7	8.4	4.8	15.7	13.9	14.6	8.6	14.2
effect of prior year non-catastrophe reserve reestimates	(1.4)	(0.7)	1.9	0.7	(0.2)	(0.3)	(1.1)	(0.2)
Underlying loss ratio *	50.9	55.7	47.2	58.9	49.1	51.1	53.3	50.1
Expense ratio ⁽²⁾	26.4	27.6	30.6	29.0	28.0	27.7	27.0	27.8
Combined ratio	86.6	89.0	84.5	104.3	90.8	93.1	87.8	91.9
Effect of catastrophe losses	(10.7)	(6.4)	(4.8)	(15.7)	(13.9)	(14.6)	(8.6)	(14.2)
Effect of prior year non-catastrophe reserve reestimates	1.4	0.7	(1.9)	(0.7)	0.2	0.3	1.1	0.2
Underlying combined ratio *	77.3	83.3	77.8	87.9	77.1	78.8	80.3	77.9
Esurance brand other personal lines								
Net premiums written	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 4	\$ 4
Net premiums earned	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 4	\$ 4
Other revenue	-	-	-	-	-	-	-	-
Incurred losses	(2)	(1)	(1)	(1)	(1)	(1)	(3)	(2)
Expenses	-	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Underwriting income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1
Loss ratio	100.0	50.0	50.0	50.0	50.0	50.0	75.0	50.0
Less: effect of catastrophe losses	-	-	-	-	-	-	-	-
effect of prior year non-catastrophe reserve reestimates	-	-	-	-	(50.0)	-	-	(25.0)
Underlying loss ratio *	100.0	50.0	50.0	50.0	100.0	50.0	75.0	75.0
Expense ratio ⁽²⁾	-	50.0	50.0	50.0	50.0	-	25.0	25.0
Combined ratio	100.0	100.0	100.0	100.0	100.0	50.0	100.0	75.0
Effect of catastrophe losses	-	-	-	-	-	-	-	-
Effect of prior year non-catastrophe reserve reestimates	-	-	-	-	50.0	-	-	25.0
Underlying combined ratio *	100.0	100.0	100.0	100.0	150.0	50.0	100.0	100.0
Encompass brand other personal lines								
Net premiums written	\$ 21	\$ 19	\$ 20	\$ 22	\$ 25	\$ 20	\$ 40	\$ 45
Net premiums earned	\$ 21	\$ 22	\$ 23	\$ 23	\$ 23	\$ 24	\$ 43	\$ 47
Other revenue	-	-	1	-	-	-	-	-
Incurred losses	(9)	(15)	(11)	(13)	(10)	(21)	(24)	(31)
Expenses	(8)	(8)	(8)	(7)	(7)	(7)	(16)	(14)
Underwriting income (loss)	\$ 4	\$ (1)	\$ 5	\$ 3	\$ 6	\$ (4)	\$ 3	\$ 2
Loss ratio	42.9	68.2	47.8	56.5	43.5	87.5	55.8	65.9
Less: effect of catastrophe losses	9.5	9.1	13.0	-	13.0	8.3	9.3	10.6
effect of prior year non-catastrophe reserve reestimates	(26.5)	(4.6)	(21.7)	(8.7)	(26.1)	12.6	(16.3)	(6.4)
Underlying loss ratio *	61.9	63.7	56.5	65.2	56.6	66.6	62.8	61.7
Expense ratio ⁽²⁾	38.1	36.3	30.5	30.5	30.4	29.2	37.2	29.8
Combined ratio	81.0	104.5	78.3	87.0	73.9	116.7	93.0	95.7
Effect of catastrophe losses	(9.5)	(9.1)	(13.0)	-	(13.0)	(8.3)	(9.3)	(10.6)
Effect of prior year non-catastrophe reserve reestimates	28.5	4.6	21.7	8.7	26.1	(12.6)	16.3	6.4
Underlying combined ratio *	100.0	100.0	87.0	95.7	87.0	95.6	100.0	91.5

⁽¹⁾ Other personal lines include renters, condominium, landlord and other personal lines products in Allstate Protection.

⁽²⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

The Allstate Corporation
Commercial Lines Profitability Measures ⁽¹⁾

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018 ⁽³⁾	March 31, 2018 ⁽³⁾	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018 ⁽³⁾	June 30, 2017
Net premiums written	\$ 172	\$ 137	\$ 125	\$ 116	\$ 124	\$ 123	\$ 309	\$ 247
Net premiums earned	\$ 165	\$ 136	\$ 128	\$ 124	\$ 118	\$ 125	\$ 301	\$ 243
Other revenue	1	2	-	2	3	3	3	6
Incurred losses	(166)	(108)	(89)	(103)	(86)	(96)	(274)	(182)
Expenses	(37)	(37)	(37)	(38)	(37)	(36)	(74)	(73)
Underwriting (loss) income	<u>\$ (37)</u>	<u>\$ (7)</u>	<u>\$ 2</u>	<u>\$ (15)</u>	<u>\$ (2)</u>	<u>\$ (4)</u>	<u>\$ (44)</u>	<u>\$ (6)</u>
Loss ratio	100.6	79.4	69.5	83.1	72.9	76.8	91.0	74.9
Expense ratio ⁽²⁾	21.8	25.7	28.9	29.0	28.8	26.4	23.6	27.6
Combined ratio	<u>122.4</u>	<u>105.1</u>	<u>98.4</u>	<u>112.1</u>	<u>101.7</u>	<u>103.2</u>	<u>114.6</u>	<u>102.5</u>
Reconciliation of combined ratio to underlying combined ratio								
Combined ratio	122.4	105.1	98.4	112.1	101.7	103.2	114.6	102.5
Effect of catastrophe losses on combined ratio	(2.4)	(2.2)	(1.6)	(10.5)	(1.7)	(5.6)	(2.3)	(3.7)
Effect of prior year non-catastrophe reserve reestimates	<u>(26.7)</u>	<u>(15.4)</u>	<u>(9.3)</u>	<u>(4.8)</u>	<u>0.8</u>	<u>(0.8)</u>	<u>(21.6)</u>	<u>-</u>
Underlying combined ratio *	<u>93.3</u>	<u>87.5</u>	<u>87.5</u>	<u>96.8</u>	<u>100.8</u>	<u>96.8</u>	<u>90.7</u>	<u>98.8</u>
Effect of prior year reserve reestimates on combined ratio	27.3	14.7	9.3	5.6	(1.7)	1.6	21.6	-
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	0.6	(0.7)	-	0.8	(0.9)	0.8	-	-

⁽¹⁾ Commercial lines are all Allstate brand products.

⁽²⁾ Other revenue is deducted from other costs and expenses in the expense ratio calculation.

⁽³⁾ Includes the partnership with Uber that became effective on March 1, 2018 to provide commercial auto insurance coverage in select states.

The Allstate Corporation
Discontinued Lines and Coverages Reserves

(\$ in millions)	Three months ended		Twelve months ended December 31,				
	June 30, 2018	March 31, 2018	2017	2016	2015	2014	2013
(net of reinsurance)							
Asbestos							
Beginning reserves	\$ 866	\$ 884	\$ 912	\$ 960	\$ 1,014	\$ 1,017	\$ 1,026
Incurred claims and claims expense	-	-	61	67	39	87	74
Claims and claims expense paid	(10)	(18)	(89)	(115)	(93)	(90)	(83)
Ending reserves	<u>\$ 856</u>	<u>\$ 866</u>	<u>\$ 884</u>	<u>\$ 912</u>	<u>\$ 960</u>	<u>\$ 1,014</u>	<u>\$ 1,017</u>
Claims and claims expense paid as a percent of ending reserves	1.2%	2.1%	10.1%	12.6%	9.7%	8.9%	8.2%
Environmental							
Beginning reserves	\$ 162	\$ 166	\$ 179	\$ 179	\$ 203	\$ 208	\$ 193
Incurred claims and claims expense	-	-	10	23	1	15	30
Claims and claims expense paid	(3)	(4)	(23)	(23)	(25)	(20)	(15)
Ending reserves	<u>\$ 159</u>	<u>\$ 162</u>	<u>\$ 166</u>	<u>\$ 179</u>	<u>\$ 179</u>	<u>\$ 203</u>	<u>\$ 208</u>
Claims and claims expense paid as a percent of ending reserves	1.9%	2.5%	13.9%	12.8%	14.0%	9.9%	7.2%
Other ⁽¹⁾							
Beginning reserves	\$ 351	\$ 357	\$ 354	\$ 377	\$ 395	\$ 421	\$ 418
Incurred claims and claims expense	2	3	25	15	13	11	38
Claims and claims expense paid	(5)	(9)	(22)	(38)	(31)	(37)	(35)
Ending reserves	<u>\$ 348</u>	<u>\$ 351</u>	<u>\$ 357</u>	<u>\$ 354</u>	<u>\$ 377</u>	<u>\$ 395</u>	<u>\$ 421</u>
Claims and claims expense paid as a percent of ending reserves	1.4%	2.6%	6.2%	10.7%	8.2%	9.4%	8.3%
Total ⁽²⁾							
Beginning reserves	\$ 1,379	\$ 1,407	\$ 1,445	\$ 1,516	\$ 1,612	\$ 1,646	\$ 1,637
Incurred claims and claims expense	2	3	96	105	53	113	142
Claims and claims expense paid	(18)	(31)	(134)	(176)	(149)	(147)	(133)
Ending reserves	<u>\$ 1,363</u>	<u>\$ 1,379</u>	<u>\$ 1,407</u>	<u>\$ 1,445</u>	<u>\$ 1,516</u>	<u>\$ 1,612</u>	<u>\$ 1,646</u>
Claims and claims expense paid as a percent of ending reserves	1.3%	2.2%	9.5%	12.2%	9.8%	9.1%	8.1%

⁽¹⁾ Other claims include other mass torts, workers' compensation, commercial and other.

⁽²⁾ The 3-year survival ratio for the combined asbestos, environmental and other claims was 10.0, 9.2, 9.2, 10.6, 12.0 and 14.2 for the annualized six-months of 2018 and twelve months ended 2017, 2016, 2015, 2014 and 2013, respectively, and is calculated by taking the ending reserves divided by net payments made during the year.

The Allstate Corporation
Service Businesses Segment Results ⁽¹⁾

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Net premiums written	\$ 297	\$ 287	\$ 309	\$ 272	\$ 259	\$ 254	\$ 584	\$ 513
Net premiums earned	\$ 271	\$ 267	\$ 231	\$ 225	\$ 211	\$ 200	\$ 538	\$ 411
Intersegment insurance premiums and service fees	29	29	28	26	28	28	58	56
Other revenue	16	16	16	17	17	16	32	33
Net investment income	6	5	5	4	4	3	11	7
Realized capital gains and losses	(2)	(4)	-	-	-	-	(6)	-
Claims and claims expense	(89)	(93)	(90)	(106)	(83)	(90)	(182)	(173)
Amortization of deferred policy acquisition costs	(113)	(110)	(79)	(78)	(71)	(68)	(223)	(139)
Operating costs and expenses	(118)	(119)	(132)	(115)	(116)	(104)	(237)	(220)
Amortization of purchased intangible assets	(20)	(21)	(23)	(23)	(23)	(23)	(41)	(48)
Restructuring and related charges	-	(1)	(11)	(1)	(1)	-	(1)	(1)
Income tax benefit	4	7	150	19	11	13	11	24
Net (loss) income applicable to common shareholders	\$ (16)	\$ (24)	\$ 95	\$ (32)	\$ (23)	\$ (25)	\$ (40)	\$ (48)
Realized capital gains and losses, after-tax	1	3	-	-	-	-	4	-
Amortization of purchased intangible assets, after-tax	16	16	15	15	15	15	32	30
Tax Legislation benefit	-	-	(134)	-	-	-	-	-
Adjusted net income (loss)	\$ 1	\$ (5)	\$ (24)	\$ (17)	\$ (8)	\$ (10)	\$ (4)	\$ (18)
Allstate Roadside Services								
Net premiums written	\$ 68	\$ 65	\$ 60	\$ 68	\$ 66	\$ 69	\$ 133	\$ 135
Net premiums earned	\$ 68	\$ 64	\$ 64	\$ 69	\$ 67	\$ 68	\$ 132	\$ 135
Intersegment insurance premiums and service fees	8	8	8	7	8	8	16	16
Other revenue	1	2	1	2	2	2	3	4
Net investment income	-	-	-	1	-	-	-	-
Claims and claims expense	(36)	(35)	(35)	(38)	(35)	(32)	(71)	(67)
Amortization of deferred policy acquisition costs	(2)	(1)	(4)	(4)	(4)	(6)	(3)	(10)
Operating costs and other expenses	(45)	(44)	(45)	(44)	(45)	(44)	(89)	(89)
Restructuring and related charges	-	(1)	-	(1)	(1)	-	(1)	(1)
Income tax benefit	1	2	6	3	3	1	3	4
Net loss	\$ (5)	\$ (5)	\$ (3)	\$ (5)	\$ (5)	\$ (3)	\$ (10)	\$ (8)
Tax Legislation benefit	-	-	(4)	-	-	-	-	-
Adjusted net loss	\$ (5)	\$ (5)	\$ (7)	\$ (5)	\$ (5)	\$ (3)	\$ (10)	\$ (8)
Allstate Dealer Services								
Net premiums written	\$ 103	\$ 92	\$ 93	\$ 100	\$ 108	\$ 104	\$ 195	\$ 212
Net premiums earned	\$ 82	\$ 80	\$ 79	\$ 78	\$ 74	\$ 73	\$ 162	\$ 147
Other revenue	15	14	14	15	15	14	29	29
Net investment income	4	4	4	3	4	3	8	7
Realized capital gains and losses	(1)	(2)	-	-	-	-	(3)	-
Claims and claims expense	(14)	(17)	(18)	(27)	(20)	(22)	(31)	(42)
Amortization of deferred policy acquisition costs	(66)	(64)	(62)	(63)	(57)	(54)	(130)	(111)
Operating costs and other expenses	(16)	(14)	(17)	(13)	(13)	(14)	(30)	(27)
Income tax benefit (expense)	(1)	-	70	3	(1)	-	(1)	(1)
Net income (loss)	\$ 3	\$ 1	\$ 70	\$ (4)	\$ 2	\$ -	\$ 4	\$ 2
Realized capital gains and losses, after-tax	1	1	-	-	-	-	2	-
Tax Legislation benefit	-	-	(70)	-	-	-	-	-
Adjusted net income (loss)	\$ 4	\$ 2	\$ -	\$ (4)	\$ 2	\$ -	\$ 6	\$ 2
Arity ⁽²⁾								
Intersegment service fees	\$ 21	\$ 21	\$ 20	\$ 19	\$ 20	\$ 20	\$ 42	\$ 40
Operating costs and other expenses	(25)	(26)	(25)	(26)	(27)	(19)	(51)	(46)
Income tax benefit (expense)	1	1	(3)	3	1	-	2	1
Net (loss) income	\$ (3)	\$ (4)	\$ (6)	\$ (4)	\$ (6)	\$ 1	\$ (7)	\$ (5)
Tax Legislation expense	-	-	2	-	-	-	-	-
Adjusted net (loss) income	\$ (3)	\$ (4)	\$ (6)	\$ (4)	\$ (6)	\$ 1	\$ (7)	\$ (5)

⁽¹⁾ Service Businesses results include SquareTrade. Further details related to SquareTrade results are on page 32.

⁽²⁾ There are no premiums written or earned for Arity.

The Allstate Corporation
SquareTrade Results

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Net premiums written	\$ 126	\$ 130	\$ 156	\$ 104	\$ 85	\$ 81	\$ 256	\$ 166
Net premiums earned	\$ 121 ⁽³⁾	\$ 123 ⁽³⁾	\$ 88	\$ 78	\$ 70	\$ 59	\$ 244	\$ 129
Other revenue	-	-	1	-	-	-	-	-
Net investment income	2	1	1	-	-	-	3	-
Realized capital gains and losses	(1)	(2)	-	-	-	-	(3)	-
Claims and claims expense	(39)	(41)	(37)	(40)	(29) ⁽⁴⁾	(36)	(80)	(65)
Amortization of deferred policy acquisition costs	(45) ⁽³⁾	(45) ⁽³⁾	(13)	(11)	(10)	(8)	(90)	(18)
Other costs and expenses	(32)	(35)	(45)	(33)	(30)	(27)	(67)	(57)
Amortization of purchased intangible assets	(20)	(21)	(23)	(23)	(23)	(23)	(41)	(46)
Restructuring and related charges	-	-	(11)	-	-	-	-	-
Income tax benefit	3	4	75	10	8	12	7	20
Net (loss) income applicable to common shareholders	\$ (11)	\$ (16)	\$ 36	\$ (19)	\$ (14)	\$ (23)	\$ (27)	\$ (37)
Realized capital gains and losses, after-tax	-	2	-	-	-	-	2	-
Amortization of purchased intangible assets, after-tax	16	16	15	15	15	15	32	30
Tax Legislation benefit	-	-	(62)	-	-	-	-	-
Adjusted net income (loss)	\$ 5	\$ 2	\$ (11)	\$ (4)	\$ 1	\$ (8)	\$ 7	\$ (7)
Fair value adjustments, after-tax ⁽¹⁾	2	2	3	2	3	4	4	7
Adjusted net income (loss), excluding purchase accounting adjustments *	\$ 7	\$ 4	\$ (8)	\$ (2)	\$ 4	\$ (4)	\$ 11	\$ -
Protection Plans in Force (in thousands) ⁽²⁾	44,459	41,806	38,719	34,078	31,258	29,907	44,459	31,258
New Issued Protection Plans (in thousands)	5,319	5,564	8,210	5,122	3,586	3,840	10,883	7,426

⁽¹⁾ In connection with the acquisition, purchase accounting adjustments made to record the acquired assets and liabilities at their fair value for unearned premiums, contractual liability insurance policy premium expenses, and commissions paid to retailers recorded as of the acquisition date are recognized over the life of the in force contracts or approximately three years.

⁽²⁾ Protection plan terms generally range between one and five years with an average term of three years.

⁽³⁾ As a result of the adoption of the revenue from contracts with customers accounting standard on January 1, 2018, SquareTrade recognized \$26 million and \$30 million in the second quarter and first quarter of 2018, respectively, of net premiums earned with a corresponding increase in amortization of deferred policy acquisition costs related to protection plans sold directly to retailers for which SquareTrade is deemed to be the principal in the transaction.

⁽⁴⁾ Includes a \$6 million favorable adjustment for loss experience.

The Allstate Corporation
Allstate Life Segment Results and Other Statistics

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Premiums	\$ 149	\$ 146	\$ 149	\$ 141	\$ 140	\$ 140	\$ 295	\$ 280
Contract charges	177	181	175	175	179	181	358	360
Other revenue ⁽¹⁾	28	26	33	26	28	27	54	55
Net investment income	130	122	127	119	123	120	252	243
Contract benefits	(195)	(205)	(210)	(173)	(187)	(195)	(400)	(382)
Interest credited to contractholder funds	(71)	(70)	(71)	(71)	(71)	(69)	(141)	(140)
Amortization of deferred policy acquisition costs	(31)	(31)	(27)	(25)	(35)	(32)	(62)	(67)
Operating costs and expenses	(88)	(86)	(98)	(82)	(86)	(86)	(174)	(172)
Restructuring and related charges	(2)	-	(1)	(1)	-	-	(2)	-
Income tax expense on operations	(19)	(14)	(20)	(35)	(28)	(27)	(33)	(55)
Adjusted net income	78	69	57	74	63	59	147	122
Realized capital gains and losses, after-tax	(2)	(2)	-	1	-	1	(4)	1
DAC and DSI amortization relating to realized capital gains and losses, after-tax	(3)	(2)	(2)	(2)	(3)	(3)	(5)	(6)
Tax Legislation benefit	-	-	332	-	-	-	-	-
Net income applicable to common shareholders	<u>\$ 73</u>	<u>\$ 65</u>	<u>\$ 387</u>	<u>\$ 73</u>	<u>\$ 60</u>	<u>\$ 57</u>	<u>\$ 138</u>	<u>\$ 117</u>
Premiums and Contract Charges by Product								
Traditional life insurance premiums	\$ 148	\$ 146	\$ 148	\$ 141	\$ 139	\$ 140	\$ 294	\$ 279
Accident and health insurance premiums	1	-	1	-	1	-	1	1
Interest-sensitive life insurance contract charges	177	181	175	175	179	181	358	360
Total	<u>\$ 326</u>	<u>\$ 327</u>	<u>\$ 324</u>	<u>\$ 316</u>	<u>\$ 319</u>	<u>\$ 321</u>	<u>\$ 653</u>	<u>\$ 640</u>
Proprietary Life Insurance Policies Sold by Allstate Agencies ⁽²⁾	31,998	24,771	43,318	28,962	31,447	25,970	56,769	57,417
Policies in Force (in thousands) ⁽³⁾								
Life insurance								
Allstate agencies	1,819	1,816	1,822	1,808	1,806	1,802	1,819	1,806
Closed channels	198	200	202	208	211	212	198	211
Accident and health insurance	2	2	2	3	3	3	2	3
Total	<u>2,019</u>	<u>2,018</u>	<u>2,026</u>	<u>2,019</u>	<u>2,020</u>	<u>2,017</u>	<u>2,019</u>	<u>2,020</u>

⁽¹⁾ Includes gross dealer concessions received in connection with Allstate exclusive agencies and exclusive financial specialists sales of non-proprietary products, including mutual funds, fixed and variable annuities, disability insurance and long-term care insurance.

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

⁽³⁾ Reflect the number of contracts in force.

The Allstate Corporation
Allstate Life Analysis of Net Income

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Benefit spread								
Premiums	\$ 149	\$ 146	\$ 149	\$ 141	\$ 140	\$ 140	\$ 295	\$ 280
Cost of insurance contract charges ⁽¹⁾	121	126	119	121	123	124	247	247
Contract benefits	(195)	(205)	(210)	(173)	(187)	(195)	(400)	(382)
Total benefit spread	<u>75</u>	<u>67</u>	<u>58</u>	<u>89</u>	<u>76</u>	<u>69</u>	<u>142</u>	<u>145</u>
Investment spread								
Net investment income	130	122	127	119	123	120	252	243
Interest credited to contractholder funds	(71)	(70)	(71)	(71)	(71)	(69)	(141)	(140)
Total investment spread	<u>59</u>	<u>52</u>	<u>56</u>	<u>48</u>	<u>52</u>	<u>51</u>	<u>111</u>	<u>103</u>
Surrender charges and contract maintenance expense fees ⁽¹⁾	56	55	56	54	56	57	111	113
Other revenue	28	26	33	26	28	27	54	55
Realized capital gains and losses	(3)	(3)	1	2	1	1	(6)	2
Amortization of deferred policy acquisition costs	(35)	(33)	(30)	(29)	(39)	(36)	(68)	(75)
Operating costs and expenses	(88)	(86)	(98)	(82)	(86)	(86)	(174)	(172)
Restructuring and related charges	(2)	-	(1)	(1)	-	-	(2)	-
Income tax (expense) benefit	(17)	(13)	312	(34)	(28)	(26)	(30)	(54)
Net income applicable to common shareholders	<u>\$ 73</u>	<u>\$ 65</u>	<u>\$ 387</u>	<u>\$ 73</u>	<u>\$ 60</u>	<u>\$ 57</u>	<u>\$ 138</u>	<u>\$ 117</u>
⁽¹⁾ Reconciliation of contract charges								
Cost of insurance contract charges	\$ 121	\$ 126	\$ 119	\$ 121	\$ 123	\$ 124	\$ 247	\$ 247
Surrender charges and contract maintenance expense fees	56	55	56	54	56	57	111	113
Total contract charges	<u>\$ 177</u>	<u>\$ 181</u>	<u>\$ 175</u>	<u>\$ 175</u>	<u>\$ 179</u>	<u>\$ 181</u>	<u>\$ 358</u>	<u>\$ 360</u>

The Allstate Corporation
Allstate Life Return on Equity

(\$ in millions)

Twelve months ended

	June 30, 2018	March 31, 2018	Dec. 31, 2017
Return on Equity			
Numerator:			
Net income applicable to common shareholders ⁽¹⁾⁽²⁾	\$ <u>598</u>	\$ <u>585</u>	\$ <u>577</u>
Denominator:			
Ending equity ⁽²⁾⁽³⁾	\$ <u>2,556</u>	\$ <u>2,513</u>	\$ <u>2,591</u>
Return on equity	<u>23.4</u> %	<u>23.3</u> %	<u>22.3</u> %
Adjusted Net Income Return on Adjusted Equity *			
Numerator:			
Adjusted net income ⁽¹⁾	\$ <u>278</u>	\$ <u>263</u>	\$ <u>253</u>
Denominator:			
Ending equity ⁽²⁾⁽³⁾	\$ 2,556	\$ 2,513	\$ 2,591
Less: Unrealized net capital gains and losses	88	142	234
Goodwill	175	175	175
Adjusted ending equity	\$ <u>2,293</u>	\$ <u>2,196</u>	\$ <u>2,182</u>
Adjusted net income return on adjusted equity *	<u>12.1</u> %	<u>12.0</u> %	<u>11.6</u> %

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

(2) Includes a \$332 million benefit related to Tax Legislation.

(3) Ending equity has been used due to the changes in reportable segments, which was effective October 2017.

The Allstate Corporation
Allstate Life Reserves and Contractholder Funds

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Reserve for life-contingent contract benefits								
Traditional life insurance	\$ 2,482	\$ 2,467	\$ 2,460	\$ 2,426	\$ 2,420	\$ 2,405	\$ 2,482	\$ 2,420
Accident and health insurance	169	170	176	178	180	179	169	180
Total	<u>\$ 2,651</u>	<u>\$ 2,637</u>	<u>\$ 2,636</u>	<u>\$ 2,604</u>	<u>\$ 2,600</u>	<u>\$ 2,584</u>	<u>\$ 2,651</u>	<u>\$ 2,600</u>
Contractholders funds, beginning balance	\$ 7,603	\$ 7,608	\$ 7,559	\$ 7,514	\$ 7,497	\$ 7,464	\$ 7,608	\$ 7,464
Deposits	238	240	243	236	243	251	478	494
Interest credited	71	70	71	71	70	70	141	140
Benefits, withdrawals and other adjustments								
Benefits	(56)	(59)	(58)	(54)	(66)	(63)	(115)	(129)
Surrenders and partial withdrawals	(65)	(67)	(64)	(62)	(63)	(65)	(132)	(128)
Contract charges	(175)	(176)	(177)	(175)	(176)	(176)	(351)	(352)
Net transfers from separate accounts	2	2	1	-	2	1	4	3
Other adjustments	12	(15)	33	29	7	15	(3)	22
Total benefits, withdrawals and other adjustments	<u>(282)</u>	<u>(315)</u>	<u>(265)</u>	<u>(262)</u>	<u>(296)</u>	<u>(288)</u>	<u>(597)</u>	<u>(584)</u>
Contractholder funds, ending balance	<u>\$ 7,630</u>	<u>\$ 7,603</u>	<u>\$ 7,608</u>	<u>\$ 7,559</u>	<u>\$ 7,514</u>	<u>\$ 7,497</u>	<u>\$ 7,630</u>	<u>\$ 7,514</u>

The Allstate Corporation
Allstate Benefits Segment Results and Other Statistics

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Premiums	\$ 254	\$ 258	\$ 244	\$ 244	\$ 241	\$ 241	\$ 512	\$ 482
Contract charges	29	28	29	29	28	28	57	56
Net investment income	19	19	18	18	19	17	38	36
Contract benefits	(143)	(149)	(143)	(142)	(143)	(136)	(292)	(279)
Interest credited to contractholder funds	(9)	(8)	(9)	(8)	(9)	(9)	(17)	(18)
Amortization of deferred policy acquisition costs	(36)	(41)	(37)	(31)	(33)	(41)	(77)	(74)
Operating costs and expenses	(70)	(72)	(70)	(65)	(64)	(67)	(142)	(131)
Restructuring and related charges	-	-	(2)	(1)	-	-	-	-
Income tax expense on operations	(10)	(7)	(10)	(16)	(14)	(11)	(17)	(25)
Adjusted net income	34	28	20	28	25	22	62	47
Realized capital gains and losses, after-tax	-	(2)	(1)	1	-	-	(2)	-
Tax Legislation benefit	-	-	51	-	-	-	-	-
Net income applicable to common shareholders	<u>\$ 34</u>	<u>\$ 26</u>	<u>\$ 70</u>	<u>\$ 29</u>	<u>\$ 25</u>	<u>\$ 22</u>	<u>\$ 60</u>	<u>\$ 47</u>
Benefit ratio ⁽¹⁾	50.5	52.1	52.4	52.0	53.2	50.6	51.3	51.9
Operating expense ratio ⁽²⁾	24.7	25.2	25.6	23.8	23.8	24.9	25.0	24.3

⁽¹⁾ Benefit ratio is contract benefits divided by premiums and contract charges.

⁽²⁾ Operating expense ratio is operating costs and expenses divided by premiums and contract charges.

The Allstate Corporation
Allstate Benefits Segment Premium and Other Statistics

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Premiums and Contract Charges by Product								
Life	\$ 38	\$ 38	\$ 40	\$ 41	\$ 37	\$ 37	\$ 76	\$ 74
Accident	75	74	68	70	71	71	149	142
Critical illness	119	121	117	116	116	119	240	235
Short-term disability	27	27	26	27	25	24	54	49
Other health	24	26	22	19	20	18	50	38
Total	<u>\$ 283</u>	<u>\$ 286</u>	<u>\$ 273</u>	<u>\$ 273</u>	<u>\$ 269</u>	<u>\$ 269</u>	<u>\$ 569</u>	<u>\$ 538</u>
New Annualized Premium Sales by Product ⁽¹⁾								
Life	\$ 11	\$ 8	\$ 18	\$ 10	\$ 11	\$ 9	\$ 19	\$ 20
Accident	20	21	55	21	21	25	41	46
Critical illness	23	25	74	22	23	28	48	51
Short-term disability	7	10	13	9	10	29	17	39
Other health	10	12	35	7	8	16	22	24
Total	<u>\$ 71</u>	<u>\$ 76</u>	<u>\$ 195</u>	<u>\$ 69</u>	<u>\$ 73</u>	<u>\$ 107</u>	<u>\$ 147</u>	<u>\$ 180</u>
Annualized Premium Inforce ⁽²⁾	<u>\$ 1,245</u>	<u>\$ 1,237</u>	<u>\$ 1,185</u>	<u>\$ 1,187</u>	<u>\$ 1,193</u>	<u>\$ 1,179</u>	<u>\$ 1,245</u>	<u>\$ 1,193</u>
Policies in Force (in thousands) ⁽³⁾								
Life insurance	469	468	458	460	466	462	469	466
Accident and health insurance	3,814	3,792	3,575	3,575	3,598	3,530	3,814	3,598
Total	<u>4,283</u>	<u>4,260</u>	<u>4,033</u>	<u>4,035</u>	<u>4,064</u>	<u>3,992</u>	<u>4,283</u>	<u>4,064</u>

⁽¹⁾ New annualized premium sales reflects annualized premiums at initial customer enrollment (including new accounts and new employees or policies of existing accounts), reduced by an estimate for certain policies that are expected to lapse. A significant portion of Allstate Benefits business is seasonally written in the fourth quarter during many clients' annual employee benefits enrollment.

⁽²⁾ Premium amount paid annually for all active policies, which have not been cancelled.

⁽³⁾ Individual life and accident and health insurance policies reflect the number of contracts in force. Group life and accident and health insurance reflect certificate counts as opposed to group counts.

The Allstate Corporation
Allstate Benefits Return on Equity

(\$ in millions)

Twelve months ended

	June 30, 2018	March 31, 2018	Dec. 31, 2017
Return on Equity			
Numerator:			
Net income applicable to common shareholders ⁽¹⁾⁽²⁾	\$ <u>159</u>	\$ <u>150</u>	\$ <u>146</u>
Denominator:			
Ending equity ⁽²⁾⁽³⁾	\$ <u>826</u>	\$ <u>803</u>	\$ <u>801</u>
Return on equity	<u>19.2</u> %	<u>18.7</u> %	<u>18.2</u> %
Adjusted Net Income Return on Adjusted Equity *			
Numerator:			
Adjusted net income ⁽¹⁾	\$ <u>110</u>	\$ <u>101</u>	\$ <u>95</u>
Denominator:			
Ending equity ⁽²⁾⁽³⁾	\$ 826	\$ 803	\$ 801
Less: Unrealized net capital gains and losses	(3)	8	57
Goodwill	96	96	96
Adjusted ending equity	\$ <u>733</u>	\$ <u>699</u>	\$ <u>648</u>
Adjusted net income return on adjusted equity *	<u>15.0</u> %	<u>14.4</u> %	<u>14.7</u> %

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

⁽²⁾ Includes a \$51 million benefit related to Tax Legislation.

⁽³⁾ Ending equity has been used due to the changes in reportable segments, which was effective October 2017.

The Allstate Corporation
Allstate Annuities Segment Results and Other Statistics

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Contract charges	\$ 3	\$ 3	\$ 4	\$ 4	\$ 3	\$ 3	\$ 6	\$ 6
Net investment income	293	290	338	324	354	289	583	643
Contract benefits	(145)	(150)	(154)	(141)	(156)	(143)	(295)	(299)
Interest credited to contractholder funds	(67)	(67)	(90)	(94)	(93)	(95)	(174)	(188)
Amortization of deferred policy acquisition costs	(2)	(1)	(2)	(2)	(1)	(2)	(3)	(3)
Operating costs and expenses	(9)	(9)	(9)	(9)	(8)	(9)	(18)	(17)
Restructuring and related charges	-	-	-	1	(1)	-	-	(1)
Income tax expense on operations	(9)	(11)	(32)	(28)	(33)	(14)	(20)	(47)
Adjusted net income	44	35	55	55	65	29	79	94
Realized capital gains and losses, after-tax	5	(23)	22	11	(3)	(2)	(16)	(5)
Valuation changes on embedded derivatives not hedged, after-tax	-	4	2	(1)	(1)	-	4	(1)
Gain on disposition of operations, after-tax	1	1	1	1	-	2	2	2
Tax Legislation benefit	-	-	162	-	-	-	-	-
Net income applicable to common shareholders	<u>\$ 50</u>	<u>\$ 17</u>	<u>\$ 262</u>	<u>\$ 66</u>	<u>\$ 61</u>	<u>\$ 29</u>	<u>\$ 67</u>	<u>\$ 90</u>
Policies in Force (in thousands) ⁽¹⁾								
Deferred annuities	133	137	142	145	148	152	133	148
Immediate annuities	87	88	89	91	92	94	87	92
	<u>220</u>	<u>225</u>	<u>231</u>	<u>236</u>	<u>240</u>	<u>246</u>	<u>220</u>	<u>240</u>

⁽¹⁾ Allstate Annuities in force reflect the number of contracts in force excluding sold blocks of business that remain on the balance sheet due to the dispositions of the business being effected through reinsurance arrangements.

The Allstate Corporation
Allstate Annuities Analysis of Net Income

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Benefit spread								
Cost of insurance contract charges ⁽¹⁾	\$ 1	\$ 2	\$ 3	\$ 3	\$ 1	\$ 2	\$ 3	\$ 3
Contract benefits excluding the implied interest on immediate annuities with life contingencies ⁽²⁾	(22)	(26)	(29)	(17)	(30)	(17)	(48)	(47)
Total benefit spread	<u>(21)</u>	<u>(24)</u>	<u>(26)</u>	<u>(14)</u>	<u>(29)</u>	<u>(15)</u>	<u>(45)</u>	<u>(44)</u>
Investment spread								
Net investment income ⁽³⁾	293	290	338	324	354	289	583	643
Implied interest on immediate annuities with life contingencies ⁽²⁾	(123)	(124)	(125)	(124)	(126)	(126)	(247)	(252)
Interest credited to contractholder funds	(85)	(83)	(88)	(95)	(95)	(95)	(168)	(190)
Total investment spread	<u>85</u>	<u>83</u>	<u>125</u>	<u>105</u>	<u>133</u>	<u>68</u>	<u>168</u>	<u>201</u>
Surrender charges and contract maintenance expense fees ⁽¹⁾	2	1	1	1	2	1	3	3
Realized capital gains and losses	6	(29)	33	18	(5)	(2)	(23)	(7)
Amortization of deferred policy acquisition costs	(2)	(1)	(2)	(2)	(1)	(2)	(3)	(3)
Operating costs and expenses	(9)	(9)	(9)	(9)	(8)	(9)	(18)	(17)
Restructuring and related charges	-	-	-	1	(1)	-	-	(1)
Gain on disposition of operations	2	1	1	1	2	2	3	4
Income tax (expense) benefit	(13)	(5)	139	(35)	(32)	(14)	(18)	(46)
Net income applicable to common shareholders	<u>\$ 50</u>	<u>\$ 17</u>	<u>\$ 262</u>	<u>\$ 66</u>	<u>\$ 61</u>	<u>\$ 29</u>	<u>\$ 67</u>	<u>\$ 90</u>
⁽¹⁾ Reconciliation of contract charges								
Cost of insurance contract charges	\$ 1	\$ 2	\$ 3	\$ 3	\$ 1	\$ 2	\$ 3	\$ 3
Surrender charges and contract maintenance expense fees	2	1	1	1	2	1	3	3
Total contract charges	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 6</u>	<u>\$ 6</u>
⁽²⁾ Reconciliation of contract benefits								
Contract benefits excluding the implied interest on immediate annuities with life contingencies	\$ (22)	\$ (26)	\$ (29)	\$ (17)	\$ (30)	\$ (17)	\$ (48)	\$ (47)
Implied interest on immediate annuities with life contingencies	(123)	(124)	(125)	(124)	(126)	(126)	(247)	(252)
Total contract benefits	<u>\$ (145)</u>	<u>\$ (150)</u>	<u>\$ (154)</u>	<u>\$ (141)</u>	<u>\$ (156)</u>	<u>\$ (143)</u>	<u>\$ (295)</u>	<u>\$ (299)</u>
⁽³⁾ Performance-based net investment income	<u>\$ 92</u>	<u>\$ 97</u>	<u>\$ 142</u>	<u>\$ 115</u>	<u>\$ 137</u>	<u>\$ 69</u>	<u>\$ 189</u>	<u>\$ 206</u>

The Allstate Corporation
Allstate Annuities Return on Equity

(\$ in millions)

	Twelve months ended		
	June 30, 2018	March 31, 2018	Dec. 31, 2017
Return on Equity			
Numerator:			
Net income applicable to common shareholders ⁽¹⁾⁽²⁾	\$ <u>395</u>	\$ <u>406</u>	\$ <u>418</u>
Denominator:			
Ending equity ⁽²⁾⁽³⁾	\$ <u>5,025</u>	\$ <u>5,005</u>	\$ <u>4,947</u>
Return on equity	<u>7.9 %</u>	<u>8.1 %</u>	<u>8.4 %</u>
Adjusted Net Income Return on Adjusted Equity *			
Numerator:			
Adjusted net income ⁽¹⁾	\$ <u>189</u>	\$ <u>210</u>	\$ <u>204</u>
Denominator:			
Ending equity ⁽²⁾⁽³⁾	\$ 5,025	\$ 5,005	\$ 4,947
Less: Unrealized net capital gains and losses	<u>272</u>	<u>278</u>	<u>607</u>
Adjusted ending equity	\$ <u>4,753</u>	\$ <u>4,727</u>	\$ <u>4,340</u>
Adjusted net income return on adjusted equity *	<u>4.0 %</u>	<u>4.4 %</u>	<u>4.7 %</u>
Adjusted net income return on adjusted equity by product			
Deferred annuities	11.1 %	10.5 %	11.3 %
Immediate annuities	3.2 %	3.7 %	3.8 %

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

⁽²⁾ Includes a \$182 million benefit related to Tax Legislation.

⁽³⁾ Ending equity has been used due to the changes in reportable segments, which was effective October 2017.

The Allstate Corporation
Allstate Annuities Reserves and Contractholder Funds

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Reserve for life-contingent contract benefits								
Immediate fixed annuities with life contingencies:								
Sub-standard structured settlements and group pension terminations ⁽¹⁾	\$ 5,011	\$ 5,135	\$ 5,284	\$ 5,027	\$ 5,034	\$ 5,033	\$ 5,011	\$ 5,034
Standard structured settlements and SPIA ⁽²⁾	3,469	3,491	3,565	3,525	3,545	3,559	3,469	3,545
Subtotal ⁽³⁾	8,480	8,626	8,849	8,552	8,579	8,592	8,480	8,579
Other	87	81	85	92	95	101	87	95
Total	\$ 8,567	\$ 8,707	\$ 8,934	\$ 8,644	\$ 8,674	\$ 8,693	\$ 8,567	\$ 8,674
Contractholder funds								
Deferred fixed annuities	\$ 7,630	\$ 7,883	\$ 8,128	\$ 8,341	\$ 8,523	\$ 8,722	\$ 7,630	\$ 8,523
Immediate fixed annuities without life contingencies ⁽⁴⁾	2,620	2,656	2,700	2,744	2,792	2,831	2,620	2,792
Other	109	104	108	119	113	116	109	113
Total	\$ 10,359	\$ 10,643	\$ 10,936	\$ 11,204	\$ 11,428	\$ 11,669	\$ 10,359	\$ 11,428
Contractholders funds, beginning balance	\$ 10,643	\$ 10,936	\$ 11,204	\$ 11,428	\$ 11,669	\$ 11,915	\$ 10,936	\$ 11,915
Deposits	5	4	5	6	6	11	9	17
Interest credited	64	82	88	94	94	94	166	188
Benefits, withdrawals and other adjustments								
Benefits	(148)	(156)	(149)	(163)	(160)	(166)	(304)	(326)
Surrenders and partial withdrawals	(227)	(201)	(197)	(165)	(180)	(181)	(428)	(361)
Contract charges	(1)	(2)	(3)	(3)	(1)	(2)	(3)	(3)
Net transfers from separate accounts	-	-	-	-	-	1	-	1
Other adjustments	3	(20)	(12)	7	-	(3)	(17)	(3)
Total benefits, withdrawals and other adjustments	(373)	(379)	(361)	(324)	(341)	(351)	(752)	(692)
Contractholder funds, ending balance	\$ 10,359	\$ 10,643	\$ 10,936	\$ 11,204	\$ 11,428	\$ 11,669	\$ 10,359	\$ 11,428

- ⁽¹⁾ Includes structured settlement annuities for severe injuries or other health impairments which significantly reduced their life expectancy at the time the annuity was issued and group annuity contracts issued to sponsors of terminated pension plans.
- ⁽²⁾ Includes life-contingent structured settlement annuities for annuitants with standard life expectancy and single premium immediate annuities with life contingencies.
- ⁽³⁾ To the extent that unrealized gains on fixed income securities would result in a premium deficiency had those gains actually been realized, a premium deficiency reserve is recorded for certain immediate annuities with life contingencies. Liabilities of \$119 million and \$315 million are included in the reserve for life-contingent contract benefits with respect to this deficiency as of March 31, 2018 and December 31, 2017, respectively. The offset to this liability is recorded as a reduction of the unrealized net capital gains included in accumulated other comprehensive income. The liability was zero for all other periods presented.
- ⁽⁴⁾ Includes period certain structured settlements and single premium immediate annuities without life contingencies.

The Allstate Corporation
Corporate and Other Segment Results

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Net investment income	\$ 23	\$ 13	\$ 10	\$ 10	\$ 10	\$ 11	\$ 36	\$ 21
Operating costs and expenses	(12)	(8)	(44) ⁽¹⁾	(93) ⁽¹⁾	(9)	(8)	(20)	(17)
Interest expense	(86)	(83)	(84)	(82)	(83)	(85)	(169)	(168)
Income tax benefit on operations	19	17	43	60	31	30	36	61
Preferred stock dividends	(39)	(29)	(29)	(29)	(29)	(29)	(68)	(58)
Adjusted net loss	(95)	(90)	(104)	(134)	(80)	(81)	(185)	(161)
Realized capital gains and losses, after-tax	(9)	(1)	(4)	-	-	-	(10)	-
Business combination expenses, after-tax	-	-	-	(1)	-	(13)	-	(13)
Goodwill impairment	-	-	(125)	-	-	-	-	-
Tax Legislation expense	-	-	(128)	-	-	-	-	-
Net loss applicable to common shareholders	<u>\$ (104)</u>	<u>\$ (91)</u>	<u>\$ (361)</u>	<u>\$ (135)</u>	<u>\$ (80)</u>	<u>\$ (94)</u>	<u>\$ (195)</u>	<u>\$ (174)</u>

⁽¹⁾ Includes a pension settlement loss of \$36 million and \$86 million for the three months ended December 31, 2017 and September 30, 2017, respectively.

The Allstate Corporation
Consolidated Investments

(\$ in millions)	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017
Consolidated Investments						
Fixed income securities, at fair value:						
Tax-exempt	\$ 7,396	\$ 6,310	\$ 6,010	\$ 5,479	\$ 5,520	\$ 5,164
Taxable	49,495	50,364	52,982	53,912	53,136	53,472
Equity securities ⁽¹⁾⁽²⁾	6,888	6,986	6,621	6,434	6,117	5,685
Mortgage loans	4,535	4,679	4,534	4,322	4,336	4,349
Limited partnership interests ⁽³⁾	7,679	7,434	6,740	6,600	6,206	5,982
Short-term, at fair value	3,123	3,424	1,944	2,198	2,175	2,753
Other	4,125	4,092	3,972	3,826	3,815	3,738
Total	<u>\$ 83,241</u>	<u>\$ 83,289</u>	<u>\$ 82,803</u>	<u>\$ 82,771</u>	<u>\$ 81,305</u>	<u>\$ 81,143</u>
Fixed income securities, amortized cost:						
Tax-exempt	\$ 7,438	\$ 6,379	\$ 6,011	\$ 5,440	\$ 5,482	\$ 5,165
Taxable	49,312	49,830	51,514	52,168	51,419	52,029
Ratio of fair value to amortized cost	100.2 %	100.8 %	102.6 %	103.1 %	103.1 %	102.5 %
Short-term, amortized cost	\$ 3,123	\$ 3,424	\$ 1,944	\$ 2,198	\$ 2,175	\$ 2,753

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

⁽²⁾ Beginning January 1, 2018, equity securities are reported at fair value with changes in fair value recognized in realized capital gains and losses.

⁽³⁾ As of June 30, 2018, we have commitments to invest in additional limited partnership interests totaling \$3.3 billion.

The Allstate Corporation
Investments by Segment

(\$ in millions)

As of June 30, 2018

	Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Total
Investments by Segment							
Fixed income securities, at fair value:							
Tax-exempt	\$ 6,693	\$ 2	\$ -	\$ -	\$ 66	\$ 635	\$ 7,396
Taxable	23,450	799	7,613	1,143	14,134	2,356	49,495
Equity securities ⁽¹⁾⁽²⁾	4,814	123	84	95	1,666	106	6,888
Mortgage loans	420	-	1,825	201	2,089	-	4,535
Limited partnership interests	4,235	-	-	-	3,443	1	7,679
Short-term, at fair value	1,751	47	395	45	687	198	3,123
Other	1,878	-	1,212	308	727	-	4,125
Total	<u>\$ 43,241</u>	<u>\$ 971</u>	<u>\$ 11,129</u>	<u>\$ 1,792</u>	<u>\$ 22,812</u>	<u>\$ 3,296</u>	<u>\$ 83,241</u>
Fixed income securities, amortized cost:							
Tax-exempt	\$ 6,737	\$ 2	\$ -	\$ -	\$ 66	\$ 633	\$ 7,438
Taxable	23,758	811	7,426	1,148	13,794	2,375	49,312
Ratio of fair value to amortized cost	98.8 %	98.5 %	102.5 %	99.6 %	102.5 %	99.4 %	100.2 %
Short-term, amortized cost	\$ 1,751	\$ 47	\$ 395	\$ 45	\$ 687	\$ 198	\$ 3,123
Fixed income securities portfolio duration (in years) ⁽³⁾	3.61	3.20	5.66	4.87	4.11	2.48	3.97

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

⁽²⁾ Beginning January 1, 2018, equity securities are reported at fair value with changes in fair value recognized in realized capital gains and losses.

⁽³⁾ Duration measures the price sensitivity of assets and liabilities to changes in interest rates.

The Allstate Corporation
Net Investment Income, Yields and Realized Capital Gains and Losses (Pre-Tax)

(\$ in millions)

	Three months ended				Six months ended			
	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Net Investment Income								
Fixed income securities	\$ 509	\$ 508	\$ 514	\$ 519	\$ 527	\$ 518	\$ 1,017	\$ 1,045
Equity securities	61	34	44	37	49	44	95	93
Mortgage loans	60	51	49	52	50	55	111	105
Limited partnership interests ("LP")	173	180	293	223	253	120	353	373
Short-term	19	12	9	9	6	6	31	12
Other	68	66	62	58	60	56	134	116
Investment income, before expense	890	851	971	898	945	799	1,741	1,744
Less: Investment expense	(66)	(65)	(58)	(55)	(48)	(51)	(131)	(99)
Net investment income	\$ 824	\$ 786	\$ 913	\$ 843	\$ 897	\$ 748	\$ 1,610	\$ 1,645
Interest-bearing investments ⁽¹⁾	\$ 639	\$ 622	\$ 623	\$ 627	\$ 631	\$ 625	\$ 1,261	\$ 1,256
Equity securities	61	34	44	37	49	44	95	93
LP and other alternative investments ⁽²⁾	190	195	304	234	265	130	365	395
Investment income, before expense	890	851	971	898	945	799	1,741	1,744
Pre-Tax Yields ⁽³⁾								
Fixed income securities	3.6 %	3.6 %	3.6 %	3.6 %	3.7 %	3.6 %	3.6 %	3.7 %
Equity securities	4.1	2.5	3.2	2.7	3.8	3.5	3.3	3.6
Mortgage loans	5.2	4.4	4.4	4.8	4.6	4.9	4.8	4.8
Limited partnership interests	9.2	10.1	17.5	13.9	16.6	8.1	9.7	12.4
Total portfolio	4.3	4.1	4.8	4.5	4.7	4.0	4.2	4.4
Interest-bearing investments	3.8	3.7	3.7	3.7	3.8	3.7	3.7	3.7
Realized Capital Gains and Losses (Pre-tax) by Transaction Type								
Impairment write-downs ⁽⁴⁾	\$ (4)	\$ (1)	\$ (8)	\$ (23)	\$ (28)	\$ (43)	\$ (5)	\$ (71)
Change in intent write-downs ⁽⁴⁾	-	-	(5)	(5)	(22)	(16)	-	(38)
Net other-than-temporary impairment losses recognized in earnings	(4)	(1)	(13)	(28)	(50)	(59)	(5)	(109)
Sales ⁽⁴⁾	(75)	(42)	146	148	139	208	(117)	347
Valuation of equity investments ⁽⁴⁾	34	(83)	-	-	-	-	(49)	-
Valuation and settlements of derivative instruments	20	(8)	(6)	(17)	(8)	(15)	12	(23)
Total	\$ (25)	\$ (134)	\$ 127	\$ 103	\$ 81	\$ 134	\$ (159)	\$ 215
Total Return on Investment Portfolio ⁽⁵⁾								
Income	1.0 %	0.9 %	1.1 %	1.0 %	1.1 %	0.9 %	1.9 %	2.0 %
Valuation-interest bearing	(0.5)	(1.3)	(0.4)	0.2	0.5	0.3	(1.8)	0.7
Valuation-equity owned	-	(0.1)	0.4	0.3	0.2	0.4	(0.1)	0.7
Total	0.5 %	(0.5) %	1.1 %	1.5 %	1.8 %	1.6 %	- %	3.4 %
Average Investment Balances (in billions) ⁽⁶⁾	\$ 81.9	\$ 81.0	\$ 80.1	\$ 79.4	\$ 78.9	\$ 79.5	\$ 81.3	\$ 79.3

⁽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 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 balances. Year-to-date pre-tax yield is calculated as annualized year-to-date 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 purposes of the pre-tax yield calculation, income for directly held real estate and other consolidated investments is net of investee level expenses (depreciation and asset level operating expenses reported in investment expense). Fixed income securities investment balances exclude unrealized capital gains and losses. Equity securities investment balances use cost in the calculation.

⁽⁴⁾ Due to the adoption of the recognition and measurement accounting standard, equity securities are reported at fair value with changes in fair value recognized in valuation of equity investments on January 1, 2018, and are no longer included in impairment write-downs, change in intent write-downs and sales.

⁽⁵⁾ Total return on investment portfolio is calculated from GAAP results, including the total of net investment income, realized capital gains and losses, the change in unrealized net capital gains and losses, and the change in the difference between fair value and carrying value of mortgage loans, cost method limited partnerships for periods prior to 2018, bank loans and agent loans divided by the average fair value balances.

⁽⁶⁾ Average investment balances for the quarter are calculated as the average of the current and prior quarter investment balances. Year-to-date average investment balances are calculated as the average of investment balances at the beginning of the year and the end of each quarter during the year. For purposes of the average investment balances calculation, unrealized capital gains and losses on fixed income securities are excluded and equity securities investment balances are at cost.

The Allstate Corporation
Net Investment Income, Yields and Realized Capital Gains and Losses (Pre-Tax) by Segment

(\$ in millions)

Three months ended June 30, 2018

	Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Total
Net Investment Income							
Fixed income securities	\$ 223	\$ 5	\$ 89	\$ 12	\$ 161	\$ 19	\$ 509
Equity securities	43	-	1	1	15	1	61
Mortgage loans	4	-	27	2	27	-	60
Limited partnership interests ("LP")	81	-	-	-	92	-	173
Short-term	9	1	2	1	4	2	19
Other	31	-	17	4	14	2	68
Investment income, before expense	391	6	136	20	313	24	890
Less: Investment expense	(38)	-	(6)	(1)	(20)	(1)	(66)
Net investment income	\$ 353	\$ 6	\$ 130	\$ 19	\$ 293	\$ 23	\$ 824
Net investment income, after-tax	\$ 288	\$ 5	\$ 106	\$ 15	\$ 232	\$ 18	\$ 664
Interest-bearing investments ⁽¹⁾							
Equity securities	\$ 256	\$ 6	\$ 135	\$ 19	\$ 200	\$ 23	\$ 639
LP and other alternative investments ⁽²⁾	43	-	1	1	15	1	61
Investment income, before expense	\$ 391	\$ 6	\$ 136	\$ 20	\$ 313	\$ 24	\$ 890
Pre-Tax Yields ⁽³⁾							
Fixed income securities	3.0 %	2.4 %	4.8 %	4.2 %	4.5 %	2.7 %	3.6 %
Equity securities	4.0	3.0	3.1	3.1	4.6	6.1	4.1
Mortgage loans	4.0	-	5.7	4.4	5.1	-	5.2
Limited partnership interests	7.8	-	-	-	10.8	n/m	9.2
Total portfolio	3.6	2.5	5.0	4.4	5.5	2.7	4.3
Interest-bearing investments	3.1	2.4	5.0	4.5	4.6	2.6	3.8
Realized Capital Gains and Losses (Pre-tax) by transaction type							
Impairment write-downs ⁽⁴⁾	\$ (2)	\$ -	\$ (1)	\$ -	\$ (1)	\$ -	\$ (4)
Change in intent write-downs ⁽⁴⁾	-	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(2)	-	(1)	-	(1)	-	(4)
Sales ⁽⁴⁾	(53)	(2)	(1)	(1)	(10)	(8)	(75)
Valuation of equity investments ⁽⁴⁾	27	-	(1)	1	10	(3)	34
Valuation and settlements of derivative instruments	13	-	-	-	7	-	20
Total	\$ (15)	\$ (2)	\$ (3)	\$ -	\$ 6	\$ (11)	\$ (25)

n/m = not meaningful

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

⁽²⁾ Comprised of limited partnership interests and other alternative investments, including real estate 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 balances. For the purposes of the pre-tax yield calculation, income for directly held real estate and other consolidated investments is net of investee level expenses (depreciation and asset level operating expenses reported in investment expense). Fixed income securities investment balances exclude unrealized capital gains and losses. Equity securities investment balances use cost in the calculation.

⁽⁴⁾ Due to the adoption of the recognition and measurement accounting standard on January 1, 2018, equity securities are reported at fair value with changes in fair value recognized in valuation of equity investments, and are no longer included in impairment write-downs, change in intent write-downs and sales.

The Allstate Corporation
Net Investment Income, Yields and Realized Capital Gains and Losses (Pre-Tax) by Segment

(\$ in millions)

Six months ended June 30, 2018

	Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Total
Net Investment Income							
Fixed income securities	\$ 450	\$ 9	\$ 177	\$ 24	\$ 326	\$ 31	\$ 1,017
Equity securities	69	1	1	1	22	1	95
Mortgage loans	8	-	47	4	52	-	111
Limited partnership interests ("LP")	165	-	-	-	188	-	353
Short-term	15	1	4	1	6	4	31
Other	60	-	34	9	28	3	134
Investment income, before expense	767	11	263	39	622	39	1,741
Less: Investment expense	(77)	-	(11)	(1)	(39)	(3)	(131)
Net investment income	\$ 690	\$ 11	\$ 252	\$ 38	\$ 583	\$ 36	\$ 1,610
Net investment income, after-tax	\$ 563	\$ 9	\$ 206	\$ 30	\$ 460	\$ 29	\$ 1,297
Interest-bearing investments ⁽¹⁾	\$ 512	\$ 10	\$ 262	\$ 38	\$ 401	\$ 38	\$ 1,261
Equity securities	69	1	1	1	22	1	95
LP and other alternative investments ⁽²⁾	186	-	-	-	199	-	385
Investment income, before expense	\$ 767	\$ 11	\$ 263	\$ 39	\$ 622	\$ 39	\$ 1,741
Pre-Tax Yields ⁽³⁾							
Fixed income securities	2.9 %	2.3 %	4.8 %	4.2 %	4.5 %	2.6 %	3.6 %
Equity securities	3.3	2.4	2.7	2.9	3.5	4.3	3.3
Mortgage loans	3.9	-	5.1	4.4	4.8	-	4.8
Limited partnership interests	8.3	-	-	-	11.3	n/m	9.7
Total portfolio	3.5	2.3	4.9	4.4	5.4	2.6	4.2
Interest-bearing investments	3.0	2.3	4.9	4.5	4.6	2.5	3.7
Realized Capital Gains and Losses (Pre-tax) by transaction type							
Impairment write-downs ⁽⁴⁾	\$ (2)	\$ -	\$ (1)	\$ -	\$ (2)	\$ -	\$ (5)
Change in intent write-downs ⁽⁴⁾	-	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(2)	-	(1)	-	(2)	-	(5)
Sales ⁽⁴⁾	(88)	(3)	(3)	(1)	(13)	(9)	(117)
Valuation of equity investments ⁽⁴⁾	(28)	(3)	(2)	(1)	(12)	(3)	(49)
Valuation and settlements of derivative instruments	8	-	-	-	4	-	12
Total	\$ (110)	\$ (6)	\$ (6)	\$ (2)	\$ (23)	\$ (12)	\$ (159)

n/m = not meaningful

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

⁽²⁾ Comprised of limited partnership interests and other alternative investments, including real estate investments classified as other investments.

⁽³⁾ Year-to-date pre-tax yield is calculated as annualized year-to-date 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 purposes of the pre-tax yield calculation, income for directly held real estate and other consolidated investments is net of investee level expenses (depreciation and asset level operating expenses reported in investment expense). Fixed income securities investment balances exclude unrealized capital gains and losses. Equity securities investment balances use cost in the calculation.

⁽⁴⁾ Due to the adoption of the recognition and measurement accounting standard on January 1, 2018, equity securities are reported at fair value with changes in fair value recognized in valuation of equity investments, and are no longer included in impairment write-downs, change in intent write-downs and sales.

The Allstate Corporation
Investment Position and Results by Strategy

(\$ in millions)

As of or for the three months ended

As of or for the six months ended

	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Market-Based ⁽¹⁾								
Investment Position								
Interest-bearing investments	\$ 67,733	\$ 67,934	\$ 68,648	\$ 69,070	\$ 68,331	\$ 68,896	\$ 67,733	\$ 68,331
Equity securities ⁽²⁾	6,670	6,818	6,483	6,336	6,021	5,578	6,670	6,021
LP and other alternative investments ⁽³⁾	930	828	738	694	591	555	930	591
Total	\$ 75,333	\$ 75,580	\$ 75,869	\$ 76,100	\$ 74,943	\$ 74,989	\$ 75,333	\$ 74,943
Investment Income								
Interest-bearing investments	\$ 638	\$ 619	\$ 620	\$ 625	\$ 629	\$ 624	\$ 1,257	\$ 1,253
Equity securities	59	34	44	37	45	35	93	80
LP and other alternative investments	-	1	1	1	-	-	1	-
Investment income, before expense	697	654	665	663	674	659	1,351	1,333
Investee level expenses ⁽⁴⁾	(11)	(2)	(1)	(1)	(2)	(1)	(3)	(3)
Income for yield calculation	\$ 686	\$ 652	\$ 664	\$ 662	\$ 672	\$ 658	\$ 1,348	\$ 1,330
Market-based pre-tax yield	3.8 %	3.5 %	3.6 %	3.6 %	3.7 %	3.6 %	3.7 %	3.6 %
Realized capital gains and losses (pre-tax) by transaction type								
Impairment write-downs ⁽⁵⁾	\$ (3)	\$ (1)	\$ (8)	\$ (7)	\$ (19)	\$ (36)	\$ (4)	\$ (55)
Change in intent write-downs ⁽⁶⁾	-	-	(8)	(5)	(22)	(18)	-	(38)
Net other-than-temporary impairment losses recognized in earnings	(3)	(1)	(13)	(12)	(41)	(52)	(4)	(93)
Sales ⁽⁷⁾	(74)	(42)	141	148	129	208	(116)	337
Valuation of equity investments ⁽⁸⁾	15	(83)	-	-	-	-	(68)	-
Valuation and settlements of derivative instruments	1	-	1	(12)	(1)	(10)	1	(11)
Total	\$ (61)	\$ (125)	\$ 129	\$ 124	\$ 87	\$ 146	\$ (187)	\$ 233
Performance-Based ⁽⁹⁾								
Investment Position								
Interest-bearing investments	\$ 112	\$ 115	\$ 120	\$ 130	\$ 129	\$ 108	\$ 112	\$ 129
Equity securities	218	168	138	98	96	107	218	96
LP and other alternative investments	7,578	7,426	6,676	6,443	6,137	5,959	7,578	6,137
Total	\$ 7,908	\$ 7,709	\$ 6,934	\$ 6,671	\$ 6,362	\$ 6,174	\$ 7,908	\$ 6,362
Investment Income								
Interest-bearing investments	\$ 1	\$ 3	\$ 3	\$ 2	\$ 2	\$ 1	\$ 4	\$ 3
Equity securities	2	-	-	-	4	9	2	13
LP and other alternative investments	190	194	303	233	265	130	364	395
Investment income, before expense	193	197	306	235	271	140	366	411
Investee level expenses	(17)	(16)	(10)	(8)	(8)	(9)	(33)	(17)
Income for yield calculation	\$ 176	\$ 181	\$ 296	\$ 227	\$ 263	\$ 131	\$ 333	\$ 394
Performance-based pre-tax yield	9.0 %	9.9 %	17.4 %	14.0 %	16.8 %	8.7 %	9.5 %	12.8 %
Realized capital gains and losses (pre-tax) by transaction type								
Impairment write-downs	\$ (1)	-	-	(16)	(9)	(7)	(1)	(16)
Change in intent write-downs	-	-	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(1)	-	-	(16)	(9)	(7)	(1)	(16)
Sales	(1)	-	5	-	10	-	(1)	10
Valuation of equity investments	19	-	-	-	-	-	19	-
Valuation and settlements of derivative instruments	19	(6)	(7)	(5)	(7)	(5)	11	(12)
Total	\$ 36	\$ (6)	\$ (2)	\$ (21)	\$ (6)	\$ (12)	\$ 28	\$ (16)

⁽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 and public equity securities.

⁽²⁾ Equity securities may include investments in exchange traded and mutual funds whose underlying investments are fixed income securities.

⁽³⁾ Market-based investments include publicly traded equity securities classified as limited partnerships.

⁽⁴⁾ When calculating the pre-tax yields, investee level expenses are netted against income for directly held real estate and other consolidated investments.

⁽⁵⁾ Due to the adoption of the recognition and measurement accounting standard on January 1, 2018, equity securities are reported at fair value with changes in fair value recognized in valuation of equity investments, and are no longer included in impairment write-downs, change in intent write-downs and sales.

⁽⁶⁾ Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity and real estate.

The Allstate Corporation
Investment Position and Results by Strategy and Segment

(\$ in millions)

As of or for the three months ended June 30, 2018

	Property- Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Total
Market-based⁽¹⁾							
Investment Position							
Interest-bearing investments	\$ 33,512	\$ 848	\$ 11,045	\$ 1,697	\$ 17,442	\$ 3,189	\$ 67,733
Equity securities ⁽²⁾	4,677	123	84	95	1,585	106	6,670
LP and other alternative investments ⁽³⁾	701	-	-	-	228	1	930
Total	\$ 38,890	\$ 971	\$ 11,129	\$ 1,792	\$ 19,255	\$ 3,296	\$ 75,333
Investment Income							
Interest-bearing investments	\$ 255	\$ 6	\$ 135	\$ 19	\$ 200	\$ 23	\$ 638
Equity securities	42	-	1	1	14	1	59
LP and other alternative investments	-	-	-	-	-	-	-
Investment income, before expense	297	6	136	20	214	24	697
Investee level expenses ⁽⁴⁾	(1)	-	-	-	-	-	(1)
Income for yield calculation	\$ 296	\$ 6	\$ 136	\$ 20	\$ 214	\$ 24	\$ 696
Market-based pre-tax yield	3.1 %	2.5 %	5.0 %	4.4 %	4.6 %	2.7 %	3.8 %
Realized capital gains and losses (pre-tax) by transaction type							
Impairment write-downs ⁽⁵⁾	\$ (1)	\$ -	\$ (1)	\$ -	\$ (1)	\$ -	\$ (3)
Change in intant write-downs ⁽⁶⁾	-	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(1)	-	(1)	-	(1)	-	(3)
Sales ⁽⁷⁾	(52)	(2)	(1)	(1)	(10)	(8)	(74)
Valuation of equity investments ⁽⁸⁾	2	-	(1)	-	1	(3)	1
Valuation and settlements of derivative instruments	-	-	-	-	(1)	-	(1)
Total	\$ (34)	\$ (2)	\$ (3)	\$ -	\$ (11)	\$ (11)	\$ (61)
Performance-based⁽⁹⁾							
Investment Position							
Interest-bearing investments	\$ 91	\$ -	\$ -	\$ -	\$ 21	\$ -	\$ 112
Equity securities	137	-	-	-	81	-	218
LP and other alternative investments	4,123	-	-	-	3,455	-	7,578
Total	\$ 4,351	\$ -	\$ -	\$ -	\$ 3,557	\$ -	\$ 7,908
Investment Income							
Interest-bearing investments	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
Equity securities	1	-	-	-	1	-	2
LP and other alternative investments	92	-	-	-	98	-	190
Investment income, before expense	94	-	-	-	99	-	193
Investee level expenses	(10)	-	-	-	(7)	-	(17)
Income for yield calculation	\$ 84	\$ -	\$ -	\$ -	\$ 92	\$ -	\$ 176
Performance-based pre-tax yield	7.8 %	n/a	n/a	n/a	10.5 %	n/a	9.0 %
Realized capital gains and losses (pre-tax) by transaction type							
Impairment write-downs	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1)
Change in intant write-downs	-	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(1)	-	-	-	-	-	(1)
Sales	(1)	-	-	-	-	-	(1)
Valuation of equity investments	10	-	-	-	9	-	19
Valuation and settlements of derivative instruments	11	-	-	-	8	-	19
Total	\$ 19	\$ -	\$ -	\$ -	\$ 17	\$ -	\$ 36

⁽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 and public equity securities.

⁽²⁾ Equity securities may include investments in exchange traded and mutual funds whose underlying investments are fixed income securities.

⁽³⁾ Market-based investments include publicly traded equity securities classified as limited partnerships.

⁽⁴⁾ When calculating the pre-tax yields, investee level expenses are netted against income for directly held real estate and other consolidated investments.

⁽⁵⁾ Due to the adoption of the recognition and measurement accounting standard on January 1, 2018, equity securities are reported at fair value with changes in fair value recognized in valuation of equity investments, and are no longer included in impairment write-downs, change in intant write-downs and sales.

⁽⁶⁾ Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity and real estate.

The Allstate Corporation
Investment Position and Results by Strategy and Segment

(\$ in millions)	As of or for the six months ended June 30, 2018						Total
	Property-Liability	Service Businesses	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	
Market-based⁽¹⁾							
Investment Position							
Interest-bearing investments	\$ 33,512	\$ 848	\$ 11,045	\$ 1,697	\$ 17,442	\$ 3,189	\$ 67,733
Equity securities ⁽²⁾	4,677	123	84	95	1,585	106	6,670
LP and other alternative investments ⁽³⁾	701	-	-	-	228	1	930
Total	\$ 38,890	\$ 971	\$ 11,129	\$ 1,792	\$ 19,255	\$ 3,296	\$ 75,533
Investment Income							
Interest-bearing investments	\$ 509	\$ 10	\$ 262	\$ 38	\$ 400	\$ 38	\$ 1,257
Equity securities	66	1	1	1	21	1	93
LP and other alternative investments	1	-	-	-	-	-	1
Investment income, before expense	578	11	263	39	421	39	1,351
Investee level expenses ⁽⁴⁾	(3)	-	-	-	-	-	(3)
Income for yield calculation	\$ 575	\$ 11	\$ 263	\$ 39	\$ 421	\$ 39	\$ 1,348
Market-based pre-tax yield	3.0 %	2.3 %	4.9 %	4.4 %	4.4 %	2.6 %	3.7 %
Realized capital gains and losses (pre-tax) by transaction type							
Impairment write-downs ⁽⁵⁾	\$ (1)	\$ -	\$ (1)	\$ -	\$ (2)	\$ -	\$ (4)
Change in intant write-downs ⁽⁶⁾	-	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(1)	-	(1)	-	(2)	-	(4)
Sales ⁽⁷⁾	(67)	(3)	(3)	(1)	(13)	(9)	(116)
Valuation of equity investments ⁽⁸⁾	(36)	(3)	(2)	(1)	(21)	(3)	(69)
Valuation and settlements of derivative instruments	1	-	-	-	-	-	1
Total	\$ (125)	\$ (6)	\$ (6)	\$ (2)	\$ (36)	\$ (12)	\$ (187)
Performance-based⁽⁹⁾							
Investment Position							
Interest-bearing investments	\$ 91	\$ -	\$ -	\$ -	\$ 21	\$ -	\$ 112
Equity securities	137	-	-	-	81	-	218
LP and other alternative investments	4,123	-	-	-	3,455	-	7,578
Total	\$ 4,351	\$ -	\$ -	\$ -	\$ 3,557	\$ -	\$ 7,908
Investment Income							
Interest-bearing investments	\$ 3	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 4
Equity securities	1	-	-	-	1	-	2
LP and other alternative investments	185	-	-	-	199	-	384
Investment income, before expense	189	-	-	-	201	-	390
Investee level expenses	(21)	-	-	-	(12)	-	(33)
Income for yield calculation	\$ 168	\$ -	\$ -	\$ -	\$ 189	\$ -	\$ 357
Performance-based pre-tax yield	8.2 %	n/a	n/a	n/a	11.1 %	n/a	9.5 %
Realized capital gains and losses (pre-tax) by transaction type							
Impairment write-downs	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1)
Change in intant write-downs	-	-	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(1)	-	-	-	-	-	(1)
Sales	(1)	-	-	-	-	-	(1)
Valuation of equity investments	10	-	-	-	9	-	19
Valuation and settlements of derivative instruments	7	-	-	-	4	-	11
Total	\$ 15	\$ -	\$ -	\$ -	\$ 13	\$ -	\$ 28

⁽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 and public equity securities.

⁽²⁾ Equity securities may include investments in exchange traded and mutual funds whose underlying investments are fixed income securities.

⁽³⁾ Market-based investments include publicly traded equity securities classified as limited partnerships.

⁽⁴⁾ When calculating the pre-tax yields, investee level expenses are netted against income for directly held real estate and other consolidated investments.

⁽⁵⁾ Due to the adoption of the recognition and measurement accounting standard on January 1, 2018, equity securities are reported at fair value with changes in fair value recognized in valuation of equity investments, and are no longer included in impairment write-downs, change in intant write-downs and sales.

⁽⁶⁾ Performance-based strategy seeks to deliver attractive risk-adjusted returns and supplement market risk with idiosyncratic risk primarily through investments in private equity and real estate.

The Allstate Corporation
Performance-Based Investments

(\$ in millions)

As of or for the three months ended

As of or for the six months ended

	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017	June 30, 2018	June 30, 2017
Investment position								
Limited partnerships								
Private equity	\$ 5,585	\$ 5,437	\$ 4,752	\$ 4,650	\$ 4,333	\$ 4,139	\$ 5,585	\$ 4,333
Real estate	1,207	1,212	1,293	1,296	1,320	1,325	1,207	1,320
PB - limited partnerships	<u>6,792</u>	<u>6,649</u>	<u>6,045</u>	<u>5,946</u>	<u>5,653</u>	<u>5,464</u>	<u>6,792</u>	<u>5,653</u>
Non-LP								
Private equity	300	249	210	170	171	161	300	171
Real estate	816	811	679	555	538	549	816	538
PB - non-LP	<u>1,116</u>	<u>1,060</u>	<u>889</u>	<u>725</u>	<u>709</u>	<u>710</u>	<u>1,116</u>	<u>709</u>
Total								
Private equity	5,885	5,686	4,962	4,820	4,504	4,300	5,885	4,504
Real estate	2,023	2,023	1,972	1,851	1,858	1,874	2,023	1,858
Total PB	<u>\$ 7,908</u>	<u>\$ 7,709</u>	<u>\$ 6,934</u>	<u>\$ 6,671</u>	<u>\$ 6,362</u>	<u>\$ 6,174</u>	<u>\$ 7,908</u>	<u>\$ 6,362</u>
Investment income								
Limited partnerships								
Private equity	\$ 152	\$ 177	\$ 219	\$ 183	\$ 209	\$ 114	\$ 329	\$ 323
Real estate	21	3	74	40	44	6	24	50
PB - limited partnerships	<u>173</u>	<u>180</u>	<u>293</u>	<u>223</u>	<u>253</u>	<u>120</u>	<u>353</u>	<u>373</u>
Non-LP								
Private equity	4	2	3	2	5	9	6	14
Real estate	16	15	10	10	13	11	31	24
PB - non-LP	<u>20</u>	<u>17</u>	<u>13</u>	<u>12</u>	<u>18</u>	<u>20</u>	<u>37</u>	<u>38</u>
Total								
Private equity	156	179	222	185	214	123	335	337
Real estate	37	18	84	50	57	17	55	74
Total PB	<u>\$ 193</u>	<u>\$ 197</u>	<u>\$ 306</u>	<u>\$ 235</u>	<u>\$ 271</u>	<u>\$ 140</u>	<u>\$ 390</u>	<u>\$ 411</u>
Investee level expenses	<u>\$ (17)</u>	<u>\$ (16)</u>	<u>\$ (10)</u>	<u>\$ (6)</u>	<u>\$ (8)</u>	<u>\$ (9)</u>	<u>\$ (33)</u>	<u>\$ (17)</u>
Realized capital gains and losses								
Limited partnerships								
Private equity	\$ (1)	-	(3)	(17)	(8)	(10)	(1)	(18)
Real estate	-	-	2	-	4	1	-	5
PB - limited partnerships	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(17)</u>	<u>(4)</u>	<u>(9)</u>	<u>(1)</u>	<u>(13)</u>
Non-LP								
Private equity	34	(8)	(7)	(4)	(11)	(4)	26	(15)
Real estate	3	-	6	-	9	1	3	10
PB - non-LP	<u>37</u>	<u>(8)</u>	<u>(1)</u>	<u>(4)</u>	<u>(2)</u>	<u>(3)</u>	<u>29</u>	<u>(5)</u>
Total								
Private equity	33	(8)	(10)	(21)	(19)	(14)	25	(33)
Real estate	3	-	8	-	13	2	3	15
Total PB	<u>\$ 36</u>	<u>\$ (8)</u>	<u>\$ (2)</u>	<u>\$ (21)</u>	<u>\$ (6)</u>	<u>\$ (12)</u>	<u>\$ 28</u>	<u>\$ (18)</u>
Pre-Tax Yield	9.0 %	9.9 %	17.4 %	14.0 %	16.8 %	8.7 %	9.5 %	12.8 %
Internal Rate of Return ⁽¹⁾								
10 Year	9.1 %	9.0 %	8.6 %	8.5 %	8.3 %	9.5 %		
5 Year	13.1 %	13.0 %	12.8 %	12.7 %	11.9 %	11.9 %		

⁽¹⁾ 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 cash flows paid and received and, until the investment is fully liquidated, the estimated 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 of the period, which reflect the estimated fair values of the investments as of such 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 the global financial crisis. Our IRR calculation method may differ from those used 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

	June 30, 2018	March 31, 2018	Dec. 31, 2017	Sept. 30, 2017	June 30, 2017	March 31, 2017
Investment position						
Underlying investment						
Private equity	\$ 5,585	\$ 5,437	\$ 4,752	\$ 4,650	\$ 4,333	\$ 4,139
Real estate	1,207	1,212	1,293	1,296	1,320	1,325
Other	887	785	695	654	553	518
Total	<u>\$ 7,679</u>	<u>\$ 7,434</u>	<u>\$ 6,740</u>	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>
Accounting basis						
Equity method ("EMA")	\$ 6,029	\$ 5,771	\$ 5,413	\$ 5,261	\$ 4,937	\$ 4,689
Fair value ⁽¹⁾	1,650	1,663	1,327	1,339	1,269	1,293
Total	<u>\$ 7,679</u>	<u>\$ 7,434</u>	<u>\$ 6,740</u>	<u>\$ 6,600</u>	<u>\$ 6,206</u>	<u>\$ 5,982</u>
Approximate cumulative pre-tax appreciation ⁽²⁾	\$ 1,366	\$ 1,347	\$ 854	\$ 858	\$ 787	\$ 611
Investment income						
Underlying investment						
Private equity	\$ 152	\$ 177	\$ 219	\$ 183	\$ 209	\$ 114
Real estate	21	3	74	40	44	6
Other	-	-	-	-	-	-
Total	<u>\$ 173</u>	<u>\$ 180</u>	<u>\$ 293</u>	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>
Accounting basis						
Equity method ("EMA")	143	\$ 103	\$ 246	\$ 159	\$ 202	\$ 83
Fair value ⁽¹⁾	30	77	47	64	51	37
Total	<u>\$ 173</u>	<u>\$ 180</u>	<u>\$ 293</u>	<u>\$ 223</u>	<u>\$ 253</u>	<u>\$ 120</u>

⁽¹⁾ Due to the adoption of the recognition and measurement accounting standard on January 1, 2018, limited partnerships previously reported using the cost method are now reported at fair value with changes in fair value recognized in net investment income. Prior periods continue to reflect cost method.

⁽²⁾ Beginning January 1, 2018, approximate cumulative pre-tax appreciation includes limited partnerships accounted for under EMA and at fair value. Prior periods included EMA limited partnerships only.

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.

Adjusted net 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 adjusted net income,
- valuation changes on embedded derivatives 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 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 adjusted net income. We use adjusted net 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 service business that may be obscured by the net effect of realized capital gains and losses, valuation changes on embedded derivatives 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 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, adjusted net 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 adjusted net 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, adjusted net 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 adjusted net 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. Adjusted net 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 adjusted net income in incentive compensation. Therefore, we believe it is useful for investors to evaluate net income applicable to common shareholders, adjusted net 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 adjusted net 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 adjusted net income as the denominator. Adjusted net income should not be considered a substitute for net income applicable to common shareholders and does not reflect the overall profitability of our business. A reconciliation of adjusted net income to net income applicable to common shareholders is provided in the schedule, "Contribution to 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, 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, 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, amortization of purchased intangible assets. Catastrophe losses cause our loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior year reserve reestimates are caused by unexpected loss development on historical reserves. Amortization of purchased intangible assets relates to the acquisition purchase price and is not indicative of our underlying insurance business results or trends. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. We also provide it to facilitate a comparison to our outlook on the underlying combined ratio. The most directly comparable GAAP measure is the combined ratio. The underlying combined ratio should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business. A reconciliation of the underlying combined ratio to combined ratio is provided in the schedules "Property-Liability Results", "Allstate Brand Profitability Measures", "Esurance Brand Profitability Measures and Statistics", "Encompass Brand Profitability Measures and Statistics", "Auto Profitability Measures by Brand", "Homeowners Profitability Measures by Brand", "Other Personal Lines Profitability Measures by Brand" and "Commercial Lines Profitability Measures".

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 annualized (multiplied by 4) ("average premium"). We believe that this measure is useful to investors and it 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, "Allstate Brand Statistics".

Definitions of Non-GAAP Measures (continued)

Underlying loss ratio is a non-GAAP ratio, which is computed as the difference between three GAAP operating ratios: the loss ratio, the effect of catastrophes on the combined ratio and the effect of prior year non-catastrophe reserve reestimates on the combined ratio. We believe that this ratio is useful to investors and it is used by management to reveal the trends that may be obscured by catastrophe losses and prior year reserve reestimates. Catastrophe losses cause our loss trends to vary significantly between periods as a result of their incidence of occurrence and magnitude, and can have a significant impact on the combined ratio. Prior year reserve reestimates are caused by unexpected loss development on historical reserves. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. The most directly comparable GAAP measure is the loss ratio. The underlying loss ratio should not be considered a substitute for the loss ratio and does not reflect the overall loss ratio of our business. A reconciliation of underlying loss ratio is provided in the schedules "Property-Liability Results", "Historical Property-Liability Results", "Allstate Brand Profitability Measures", "Esurance Brand Profitability Measures and Statistics", "Encompass Brand Profitability Measures and Statistics", "Auto Profitability Measures by Brand", "Homeowners Profitability Measures by Brand" and "Other Personal Lines Profitability Measures by Brand".

Adjusted net income return on common shareholders' equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month adjusted net 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 adjusted net income as the numerator for the same reasons we use adjusted net 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 adjusted net 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 adjusted net income return on common shareholders' equity in incentive compensation. Therefore, we believe it is useful for investors to have adjusted net 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 adjusted net 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. Adjusted net income return on common shareholders' equity should not be considered a substitute for return on common shareholders' equity and does not reflect the overall profitability of our business. A reconciliation of return on common shareholders' equity and adjusted net income return on common shareholders' equity can be found in the schedule, "Return on Common Shareholders' Equity".

Adjusted net income return on adjusted equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month adjusted net income by the equity balance, after excluding the effect of unrealized net capital gains and losses and goodwill. Return on equity is the most directly comparable GAAP measure. We use equity excluding the effect of unrealized net capital gains and losses and goodwill for the denominator as a representation of equity primarily attributable to the Company's earned and realized business operations. Unrealized net capital gains and losses are excluded because they 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. Goodwill is excluded because it relates to the acquisition purchase price and is not indicative of our underlying business results. We believe it is useful for investors to have adjusted net income return on adjusted equity when evaluating our performance as it represents a reliable, representative and consistent measurement of the company and management's utilization of capital. Adjusted net income return on adjusted equity should not be considered a substitute for return on equity and does not reflect the overall profitability of our business. A reconciliation of return on equity and adjusted net income return on adjusted equity can be found in the schedules, "Allstate Life Return on Equity", "Allstate Benefits Return on Equity" and "Allstate Annuities Return on Equity".

Adjusted net income, excluding purchase accounting adjustments, 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 net income, excluding purchase accounting adjustments. We use adjusted net income, excluding purchase accounting adjustments, 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 net income, excluding purchase accounting adjustments, 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 net income, excluding purchase accounting adjustments, and their components separately and in the aggregate when reviewing and evaluating SquareTrade's performance. Adjusted net income, excluding purchase accounting adjustments, should not be considered a substitute 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 net income, excluding purchase accounting adjustments, is provided in the schedule, "SquareTrade Results".

Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a ratio that uses a non-GAAP measure. It is calculated by dividing common shareholders' equity after excluding the impact of unrealized net capital gains and losses on fixed income securities and related DAC, DSI and life insurance reserves by total common shares outstanding plus dilutive potential common shares outstanding. We use the trend in book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, in conjunction with book value per common share to identify and analyze the change in net worth attributable to management efforts between periods. We believe the non-GAAP ratio is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are generally not influenced by management, and we believe it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers. We note that book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a measure commonly used by insurance investors as a valuation technique. Book value per common share is the most directly comparable GAAP measure. Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities, should not be considered a substitute for book value per common share, and does not reflect the recorded net worth of our business. 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".

