

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): February 3, 2021
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 60062
(Address of principal executive offices) (Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 144-12 under the Exchange Act (17 CFR 240.144-12)
- Pre-commencement communications pursuant to Rule 144-2(b) under the Exchange Act (17 CFR 240.144-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ALL	New York Stock Exchange Chicago Stock Exchange
5.100% Fixed-to-Floating Rate Subordinated Debentures due 2053	ALL.PR.B	New York Stock Exchange
Depository Shares represent 1/1,000th of a share of 5.625% Noncumulative Preferred Stock, Series G	ALL.PR.G	New York Stock Exchange
Depository Shares represent 1/1,000th of a share of 5.100% Noncumulative Preferred Stock, Series H	ALL.PR.H	New York Stock Exchange
Depository Shares represent 1/1,000th of a share of 4.750% Noncumulative Preferred Stock, Series I	ALL.PR.I	New York Stock Exchange

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 February 3, 2021, announcing its financial results for the fourth quarter of 2020, and the Registrant's fourth quarter 2020 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 February 3, 2021](#)
- 99.2 [Fourth quarter 2020 Investor Supplement of The Allstate Corporation](#)
- 104 Cover Page Interactive Data File (formatted as inline XBRL).

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/ John C. Pintozzi

Name: John C. Pintozzi

Title: Senior Vice President, Controller and Chief Accounting Officer

Date: February 3, 2021



FOR IMMEDIATE RELEASE

Contacts:
 Greg Burns Mark Nogal
 Media Relations Investor Relations
 (847) 402-5600 (847) 402-2800

Allstate Delivers Attractive Returns
 Building higher growth business models

NORTHBROOK, Ill., February 3, 2021 – The Allstate Corporation (NYSE: ALL) today reported financial results for the fourth quarter of 2020.

The Allstate Corporation Consolidated Highlights						
(\$ in millions, except per share data and ratios)	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	% / pts Change	2020	2019	% / pts Change
Consolidated revenues	\$ 12,018	\$ 11,472	4.8	\$ 44,791	\$ 44,675	0.3
Net income applicable to common shareholders	2,598	1,707	52.2	5,461	4,678	16.7
per diluted common share	8.45	5.23	61.6	17.31	14.03	23.4
Adjusted net income*	1,805	1,020	77.0	4,648	3,477	33.7
per diluted common share*	5.87	3.13	87.5	14.73	10.43	41.2
Return on common shareholders' equity (trailing twelve months)						
Net income applicable to common shareholders				21.0 %	21.7 %	(0.7)
Adjusted net income*				19.8 %	16.9 %	2.9
Book value per common share				91.50	73.12	25.1
Property-Liability combined ratio						
Recorded	84.0	88.7	(4.7)	87.6	92.0	(4.4)
Underlying combined ratio*	79.1	84.9	(5.8)	79.4	85.0	(5.6)
Property-Liability insurance premiums earned	8,884	8,873	0.1	35,580	34,843	2.1
Catastrophe losses ⁽¹⁾	424	295	43.7	2,811	2,557	9.9
Shelter-in-Place Payback expense	—	—	NA	948	—	NA
Total policies in force (in thousands)				175,911	145,937	20.5

* 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.

⁽¹⁾ 2020 catastrophe losses are net of approximately \$495 million favorable prior year reserve reestimates related to California wildfire subrogation settlements.

NA = not applicable

"Amidst the 2020 pandemic, Allstate served customers well, made progress in building higher growth business models and generated excellent returns for shareholders," said Tom Wilson, Chair, President and CEO of The Allstate Corporation. "Customers received excellent service, reductions in premiums and greater access to a broad range of protection. Policies in force increased 21% to 176 million and personal property-liability policies in force remained at 34 million as the company transitions Allstate brand distribution to increase growth and lower costs. Total growth and return prospects also improve with the recent acquisition of National General."

"Financial results and returns to shareholders were also excellent. Net income was \$2.6 billion for the quarter and \$5.5 billion for the full year. Adjusted net income* was \$5.87 per share for the quarter and \$14.73 for the year. Insurance underwriting margins continued to be above the prior year, reflecting fewer auto accidents and strong homeowners insurance results. Investment income from performance-based assets exceeded half a billion dollars in the quarter but for the full year was still below prior year due to losses in the first half of the year. Allstate Protection Plans is rapidly growing revenues and profits and expanding its total addressable market. Shareholders benefited from these results, receiving \$2.4 billion in cash through dividends and share repurchases," concluded Wilson.

Full Year 2020 Highlights

- Allstate delivered on the 2020 Operating Priorities, which focus on both near-term performance and long-term value creation.
 - **Better Serve Customers:** Allstate acted quickly and led the industry in taking care of customers during the pandemic by providing two Shelter-in-Place Paybacks, financial flexibility through Special Payment Plans and offering free identity protection in 2020. The Net Promoter Score, which measures how likely customers are to recommend us, increased for the enterprise.
 - **Grow Customer Base:** Consolidated policies in force grew to 175.9 million in 2020, a 20.5% increase to the prior year. Property-Liability policies in force were down slightly compared to the prior year as Allstate brand growth was more than offset by a decline in the Encompass brand. Protection Services policies in force grew to 136.3 million, a 28.6% increase to the prior year, driven by continued rapid expansion in Allstate Protection Plans.
 - **Achieve Target Returns on Capital:** Adjusted net income return on shareholders' equity* was 19.8% in 2020, primarily driven by strong Property-Liability results. Allstate's return was above the long-term target adjusted net income return on equity* of 14% to 17%⁽¹⁾.
 - **Proactively Manage Investments:** Total return on the \$94.2 billion investment portfolio was 7.1% in 2020 as increased asset valuations offset a decline in net investment income. Net investment income of \$2.9 billion in 2020 was 9.7% below prior year reflecting lower reinvestment rates and reduced performance-based income.
 - **Build Long-Term Growth Platforms:** Allstate made substantial progress in building higher growth business models to increase personal property-liability market share under the Allstate brand. Allstate Protection Plans expanded its total addressable market through new accounts addressing furniture, appliances and international markets.

⁽¹⁾ A reconciliation of this non-GAAP measure to return on common shareholders' equity, a GAAP measure, is not possible on a forward-looking basis because it is not possible to provide a reliable forecast for catastrophes or investment income on limited partnership interests, and prior year reserve reestimates are expected to be zero because reserves are determined based on our best estimate of ultimate losses as of the reporting date.

Fourth Quarter 2020 Results

- Total revenues of \$12.0 billion in the fourth quarter of 2020 increased 4.8% compared to the prior year quarter, reflecting strong performance-based investment income and realized gains.
- Net income applicable to common shareholders was \$2.6 billion, or \$8.45 per diluted share, in the fourth quarter of 2020, compared to net income of \$1.7 billion, or \$5.23 per diluted share, in the fourth quarter of 2019.
- Adjusted net income* of \$1.8 billion, or \$5.87 per diluted share, increased \$785 million compared to the prior year quarter.

Property-Liability Results							
(\$ in millions, except ratios)	Three months ended December 31,			Twelve months ended December 31,			% / pts Change
	2020	2019	% / pts Change	2020	2019	% / pts Change	
Premiums written	8,609	8,737	(1.5)%	35,768	35,419	1.0 %	
Underwriting income	1,420	1,000	42.0	4,422	2,804	57.7	
Recorded Combined Ratio	84.0	88.7	(4.7)	87.6	92.0	(4.4)	
Allstate Brand Auto	85.2	94.1	(8.9)	85.9	92.9	(7.0)	
Allstate Brand Homeowners	77.8	74.3	3.5	89.8	87.9	1.9	
Encompass Brand	95.0	93.3	1.7	92.5	99.3	(6.8)	
Underlying Combined Ratio*	79.1	84.9	(5.8)	79.4	85.0	(5.6)	
Allstate Brand Auto	84.7	93.2	(8.5)	85.0	92.2	(7.2)	
Allstate Brand Homeowners	60.8	61.1	(0.3)	61.8	63.1	(1.3)	
Encompass Brand	86.4	88.2	(1.8)	82.9	88.6	(5.7)	

- **Property-Liability** written premium of \$8.61 billion decreased 1.5% in the fourth quarter of 2020 compared to the prior year quarter, including the negative impact of premium refunds. The recorded combined ratio of 84.0 in the fourth quarter of 2020 generated underwriting income of \$1.42 billion, an increase of \$420 million compared to the prior year quarter. Income increased due to a decline in auto losses and increased earned premium, partially offset by higher catastrophe losses.
 - The underlying combined ratio* of 79.1 for the fourth quarter of 2020 was 5.8 points below the prior year quarter, reflecting lower non-catastrophe losses, higher premiums earned and lower underwriting expenses.
 - **Allstate brand auto** insurance net written premium declined 2.8% compared to the prior year quarter due to premium refunds and a drop in retention concurrent with the ending of special pandemic-related payment plans. Allstate brand new business increased in the fourth quarter, but policies decreased due to the decline in retention. The recorded combined ratio of 85.2 in the fourth quarter of 2020 was 8.9 points below the prior year quarter, primarily due to lower loss costs from reduced miles driven partially offset by higher claim severity.
 - **Allstate brand homeowners** insurance net written premium grew 3.5%, and policies in force increased 1.1% in the fourth quarter of 2020 compared to the prior year quarter. The recorded combined ratio of 77.8 in the fourth quarter of 2020 was 3.5 points above the fourth quarter of 2019, driven by increased catastrophe losses. Underwriting income for the year was \$798 million, reflecting a recorded combined ratio of 89.8, and an underlying combined ratio* of 61.8.
 - **Encompass brand** net written premium decreased 5.4% in the fourth quarter of 2020 compared to the prior year quarter, driven by a decline in policies in force, partially offset by higher average premiums. The recorded combined ratio of 95.0 in the fourth quarter of 2020 was 1.7 points higher than the prior year quarter, primarily driven by higher catastrophe losses.

Allstate Investment Results						
(\$ in millions, except ratios)	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	\$ / pts Change	2020	2019	\$ / pts Change
Net investment income	\$ 1,191	\$ 689	502	\$ 2,853	\$ 3,159	(306)
Market-based investment income ⁽¹⁾	672	735	(63)	2,659	2,886	(227)
Performance-based investment income ⁽¹⁾	557	—	557	348	469	(121)
Realized capital gains (losses)	674	702	(28)	1,356	1,885	(529)
Change in unrealized net capital gains and losses, pre-tax	619	(246)	865	2,152	2,711	(559)
Total return on investment portfolio	2.7 %	1.3 %	1.4	7.1 %	9.2 %	(2.1)

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

- **Allstate Investments** \$94.2 billion portfolio generated net investment income of \$1.2 billion in the fourth quarter of 2020, an increase of \$502 million from the prior year quarter, driven by higher performance-based income.
 - **Market-based investments** contributed \$672 million of investment income in the fourth quarter of 2020, a decrease of \$63 million, or 8.6%, compared to the prior year quarter, due to lower interest-bearing reinvestment yields, partially offset by higher average invested assets.
 - **Performance-based investment income** of \$557 million in the fourth quarter of 2020 represented an increase of \$557 million compared to the prior year quarter. The increase reflects the rebound in equity markets and valuations following the decline in early 2020, along with gains on asset sales in the quarter.
 - **Net realized capital gains** were \$674 million in the fourth quarter of 2020, compared to \$702 million in the prior year quarter, primarily due to higher equity valuations and sales of fixed income securities.
 - **Unrealized net capital gains** increased \$619 million from the third quarter of 2020 and \$2.15 billion from prior year end, as lower market yields in 2020 resulted in higher fixed income valuations.
 - **Total return** on the investment portfolio was 2.7% for the quarter and 7.1% in 2020.

Allstate Life, Benefits and Annuities Results						
(\$ in millions)	Three months ended December 31,			Twelve months ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Premiums and Contract Charges						
Allstate Life	\$ 338	\$ 342	(1.2)%	\$ 1,340	\$ 1,343	(0.2)%
Allstate Benefits	262	282	(7.1)	1,094	1,145	(4.5)
Allstate Annuities	3	3	—	10	13	(23.1)
Adjusted Net Income (Loss)						
Allstate Life	\$ 56	\$ 76	(26.3)%	\$ 194	\$ 261	(25.7)%
Allstate Benefits	34	16	112.5	96	115	(16.5)
Allstate Annuities	160	(33)	NM	(53)	10	NM

NM = not meaningful

- **Allstate Life** adjusted net income of \$56 million in the fourth quarter of 2020 decreased by \$20 million compared to the prior year quarter, primarily driven by higher contract benefits due to increased mortality from the Coronavirus. Coronavirus related death claims were approximately \$30 million in the quarter and \$78 million in 2020.

- **Allstate Benefits** premiums and contract charges declined 7.1% compared to the prior year quarter, driven by decreased premiums due to economic impacts from the Coronavirus and the non-renewal of a large underperforming account in the fourth quarter of 2019. Adjusted net income of \$34 million in the fourth quarter of 2020 increased by \$18 million compared to the fourth quarter of 2019, primarily driven by the non-renewal of the underperforming account and reduced accidents and non-essential medical procedures, likely Coronavirus related.

- **Allstate Annuities** adjusted net income of \$160 million in the fourth quarter of 2020 increased by \$193 million compared to the prior year quarter, primarily driven by strong performance-based investment income.

Protection Services Results								
(\$ in millions)	Three months ended December 31,			% / \$ Change	Twelve months ended December 31,			% / \$ Change
	2020	2019			2020	2019		
Total Revenues	\$ 518	\$ 434		19.4 %	\$ 1,922	\$ 1,649		16.6 %
Allstate Protection Plans	276	189		46.0	974	700		39.1
Allstate Dealer Services	129	121		6.6	498	457		9.0
Allstate Roadside	58	65		(10.8)	230	279		(17.6)
Arity	26	35		(25.7)	107	119		(10.1)
Allstate Identity Protection	29	24		20.8	113	94		20.2
Adjusted Net Income (Loss)	\$ 38	\$ 3		35	\$ 153	\$ 38		115
Allstate Protection Plans	32	12		20	137	60		77
Allstate Dealer Services	7	7		—	29	26		3
Allstate Roadside	4	(1)		5	12	(15)		27
Arity	(2)	(3)		1	(11)	(7)		(4)
Allstate Identity Protection	(3)	(12)		9	(14)	(26)		12

- **Protection Services (formerly Service Businesses)** revenues increased to \$518 million in the fourth quarter of 2020, 19.4% higher than the prior year quarter. Adjusted net income of \$38 million increased by \$35 million compared to the prior year quarter, primarily due to profitable growth at Allstate Protection Plans and improved results at Allstate Roadside.

- **Allstate Protection Plans** revenue of \$276 million increased \$87 million, or 46.0%, compared to the prior year quarter reflecting expanded distribution and increased policies in force. Adjusted net income of \$32 million in the fourth quarter of 2020 was \$20 million higher than the prior year quarter and was \$137 million in 2020.

- **Allstate Dealer Services** revenue of \$129 million was 6.6% higher than the fourth quarter of 2019. Adjusted net income of \$7 million in the fourth quarter was flat to the prior year quarter.

- **Allstate Roadside** revenue of \$58 million in the fourth quarter of 2020 decreased 10.8% compared to the fourth quarter of 2019, primarily reflecting the loss of several accounts. Adjusted net income of \$4 million in the fourth quarter was \$5 million favorable to the prior year quarter, driven by improved loss experience and lower operating expenses.

- **Arity** revenue was \$26 million with an adjusted net loss of \$2 million in the fourth quarter of 2020, primarily from contracts with affiliates. Active connections increased 26.6% from the prior year to 27.8 million.

- **Allstate Identity Protection** revenue of \$29 million in the fourth quarter of 2020 increased 20.8% compared to the prior year quarter as policies in force grew to 2.7 million. Adjusted net loss of \$3 million in the fourth quarter of 2020 improved by \$9 million compared to the fourth quarter of 2019 due to increased revenue.

Proactive Capital Management

"Allstate's returns continue to be among the highest in the insurance industry, with adjusted net income return on equity* of 19.8% in 2020," said Mario Rizzo, Chief Financial Officer. "Our earnings power and strong capital position provide the financial flexibility to both invest in growth and return cash to our shareholders. We acquired National General for \$4 billion while providing \$2.4 billion in cash returns to shareholders in 2020 through \$668 million in common shareholder dividends and the repurchase of \$1.7 billion in common shares, or 5.5% of the common shares outstanding. We expect our long-term adjusted net income return on equity to be between 14% and 17% while generating higher growth in personal property-liability and expanding protection services," concluded Rizzo.

Visit www.allstateinvestors.com for additional information about Allstate's results, including a webcast of its quarterly conference call and the call presentation. The conference call will be at 9 a.m. ET on Thursday, February 4. Financial information, including material announcements about The Allstate Corporation, is routinely posted on www.allstateinvestors.com.

Forward-Looking Statements

This news release contains "forward-looking statements" that anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like "plans," "seeks," "expects," "will," "should," "anticipates," "estimates," "intends," "believes," "likely," "targets" and other words with similar meanings. We believe these statements are based on reasonable estimates, assumptions and plans. However, if the estimates, assumptions or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could differ materially from those communicated in these forward-looking statements. Factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements may be found in our filings with the U.S. Securities and Exchange Commission, including the "Risk Factors" section in our most recent annual report on Form 10-K. Forward-looking statements 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
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(\$ in millions, except par value data)

	December 31, 2020	December 31, 2019
Assets		
Investments:		
Fixed income securities, at fair value (amortized cost, net \$61,451 and \$56,293)	\$ 66,354	\$ 59,044
Equity securities, at fair value (cost \$3,853 and \$6,568)	4,710	8,162
Mortgage loans, net	4,075	4,817
Limited partnership interests	7,609	8,078
Short-term, at fair value (amortized cost \$7,800 and \$4,256)	7,800	4,256
Other, net	3,689	4,005
Total investments	94,237	88,362
Cash	377	338
Premium installment receivables, net	6,479	6,472
Deferred policy acquisition costs	4,700	4,699
Reinsurance and indemnification recoverables, net	9,220	9,211
Accrued investment income	600	600
Property and equipment, net	1,057	1,145
Goodwill	2,544	2,545
Other assets, net	3,429	3,534
Separate Accounts	3,344	3,044
Total assets	\$ 125,987	\$ 119,950
Liabilities		
Reserve for property and casualty insurance claims and claims expense	\$ 27,610	\$ 27,712
Reserve for life-contingent contract benefits	12,768	12,300
Contractholder funds	17,213	17,692
Unearned premiums	15,949	15,343
Claim payments outstanding	957	929
Deferred income taxes	1,355	1,154
Other liabilities and accrued expenses	8,749	9,147
Long-term debt	7,825	6,631
Separate Accounts	3,344	3,044
Total liabilities	95,770	93,952
Shareholders' equity		
Preferred stock and additional capital paid-in, \$1 par value, 25 million shares authorized, 81.0 thousand and 92.5 thousand shares issued and outstanding, \$2,025 and \$2,313 aggregate liquidation preference	1,970	2,248
Common stock, \$.01 par value, 3.0 billion shares authorized and 900 million issued, 304 million and 319 million shares outstanding	9	9
Additional capital paid-in	3,498	3,463
Retained income	52,767	48,074
Treasury stock, at cost (596 million and 581 million shares)	(31,331)	(29,746)
Accumulated other comprehensive income:		
Unrealized net capital gains and losses on fixed income securities with credit losses	—	70
Other unrealized net capital gains and losses	3,860	2,094
Unrealized adjustment to DAC, DSI and insurance reserves	(680)	(277)
Total unrealized net capital gains and losses	3,180	1,887
Unrealized foreign currency translation adjustments	(7)	(59)
Unamortized pension and other postretirement prior service credit	131	122
Total accumulated other comprehensive income	3,304	1,950
Total shareholders' equity	30,217	25,998
Total liabilities and shareholders' equity	\$ 125,987	\$ 119,950

THE ALLSTATE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ in millions, except per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Revenues				
Property and casualty insurance premiums	\$ 9,279	\$ 9,194	\$ 37,073	\$ 36,076
Life premiums and contract charges	603	627	2,444	2,501
Other revenue	271	260	1,065	1,054
Net investment income	1,191	689	2,853	3,159
Realized capital gains (losses)	674	702	1,356	1,885
Total revenues	12,018	11,472	44,791	44,675
Costs and expenses				
Property and casualty insurance claims and claims expense	5,366	5,749	22,001	23,976
Shelter-in-Place Payback expense	—	—	948	—
Life contract benefits	518	518	2,243	2,039
Interest credited to contractholder funds	156	153	638	640
Amortization of deferred policy acquisition costs	1,388	1,382	5,630	5,533
Operating costs and expenses	1,502	1,516	5,732	5,690
Pension and other postretirement remeasurement (gains) losses	(371)	(251)	(51)	114
Restructuring and related charges	40	14	259	41
Amortization of purchased intangibles	30	30	118	126
Impairment of purchased intangibles	—	51	—	106
Interest expense	80	82	318	327
Total costs and expenses	8,709	9,244	37,836	38,592
Gain on disposition of operations	1	3	4	6
Income from operations before income tax expense	3,310	2,231	6,959	6,089
Income tax expense	686	458	1,383	1,242
Net income	2,624	1,773	5,576	4,847
Preferred stock dividends	26	66	115	169
Net income applicable to common shareholders	\$ 2,598	\$ 1,707	\$ 5,461	\$ 4,678
Earnings per common share:				
Net income applicable to common shareholders per common share – Basic	\$ 8.54	\$ 5.32	\$ 17.53	\$ 14.25
Weighted average common shares – Basic	304.3	320.7	311.6	328.2
Net income applicable to common shareholders per common share – Diluted	\$ 8.45	\$ 5.23	\$ 17.31	\$ 14.03
Weighted average common shares – Diluted	307.6	326.3	315.5	333.5

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,
- pension and other postretirement rereasurement gains and losses, after-tax,
- valuation changes on embedded derivatives that are not hedged, after-tax,
- amortization of deferred policy acquisition costs ("DAC") and deferred sales inducements ("DSI"), to the extent they resulted from the recognition of certain realized capital gains and losses or valuation changes on embedded derivatives that are not hedged, after-tax,
- business combination expenses and the amortization or impairment of purchased intangibles, 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, pension and other postretirement rereasurement gains and losses, valuation changes on embedded derivatives that are not hedged, business combination expenses and the amortization or impairment of purchased intangibles, gain (loss) on disposition of operations and adjustments for other significant non-recurring, infrequent or unusual items. Realized capital gains and losses, pension and other postretirement rereasurement gains and losses, valuation changes on embedded derivatives that are not hedged and gain (loss) on disposition of operations may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is unrelated to the insurance underwriting process. Consistent with our intent to protect results or earn additional income, 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 or impairment of purchased intangibles is excluded because it relates to the acquisition purchase price and is not indicative of our underlying 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. Taxes on adjustments to reconcile net income applicable to common shareholders and adjusted net income generally use a 21% effective tax rate and are reported net of income taxes as the reconciling adjustment.

(\$ in millions, except per share data)

	Three months ended December 31,			
	Consolidated		Per diluted common share	
	2020	2019	2020	2019
Net income applicable to common shareholders	\$ 2,598	\$ 1,707	\$ 8.45	\$ 5.23
Realized capital (gains) losses, after-tax	(529)	(553)	(1.72)	(1.69)
Pension and other postretirement remeasurement (gains) losses, after-tax	(292)	(199)	(0.95)	(0.61)
Curtailement (gains) losses, after-tax	—	—	—	—
Valuation changes on embedded derivatives that are not hedged, after-tax	9	—	0.03	—
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(4)	3	(0.02)	0.01
Business combination expenses and the amortization of purchased intangibles, after-tax	24	24	0.08	0.07
Impairment of purchased intangibles, after-tax	—	40	—	0.12
Gain on disposition of operations, after-tax	(1)	(2)	—	—
Adjusted net income*	\$ 1,805	\$ 1,020	\$ 5.87	\$ 3.13

	Twelve months ended December 31,			
	Consolidated		Per diluted common share	
	2020	2019	2020	2019
Net income applicable to common shareholders	\$ 5,461	\$ 4,678	\$ 17.31	\$ 14.03
Realized capital (gains) losses, after-tax	(1,063)	(1,488)	(3.37)	(4.46)
Pension and other postretirement remeasurement (gains) losses, after-tax	(39)	90	(0.12)	0.27
Curtailement (gains) losses, after-tax	(7)	—	(0.02)	—
Valuation changes on embedded derivatives that are not hedged, after-tax	36	15	0.11	0.05
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(8)	5	(0.03)	0.01
Premium deficiency for immediate annuities, after-tax	178	—	0.56	—
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	—	(2)	—	(0.01)
Business combination expenses and the amortization of purchased intangibles, after-tax	93	100	0.30	0.30
Impairment of purchased intangibles, after-tax	—	83	—	0.25
Gain on disposition of operations, after-tax	(3)	(4)	(0.01)	(0.01)
Adjusted net income*	\$ 4,648	\$ 3,477	\$ 14.73	\$ 10.43

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. We also provide it to facilitate a comparison to our long-term adjusted net income return on common shareholders' equity goal. 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 December 31,	
	2020	2019
Return on common shareholders' equity		
Numerator:		
Net income applicable to common shareholders	\$ 5,461	\$ 4,678
Denominator:		
Beginning common shareholders' equity ⁽¹⁾	\$ 23,750	\$ 19,382
Ending common shareholders' equity ⁽¹⁾	28,247	23,750
Average common shareholders' equity	\$ 25,999	\$ 21,566
Return on common shareholders' equity	21.0 %	21.7 %
Adjusted net income return on common shareholders' equity		
Numerator:		
Adjusted net income *	\$ 4,648	\$ 3,477
Denominator:		
Beginning common shareholders' equity ⁽¹⁾	\$ 23,750	\$ 19,382
Less: Unrealized net capital gains and losses	1,887	(2)
Adjusted beginning common shareholders' equity	21,863	19,384
Ending common shareholders' equity ⁽¹⁾	28,247	23,750
Less: Unrealized net capital gains and losses	3,180	1,887
Adjusted ending common shareholders' equity	25,067	21,863
Average adjusted common shareholders' equity	\$ 23,465	\$ 20,624
Adjusted net income return on common shareholders' equity *	19.8 %	16.9 %

⁽¹⁾ Excludes equity related to preferred stock of \$1,970 million as of December 31, 2020, \$2,248 million as of December 31, 2019 and \$1,930 million as of December 31, 2018.

Combined ratio excluding the effect of catastrophes, prior year reserve reestimates and amortization or impairment of purchased intangibles ("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 or impairment of purchased intangibles 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 or impairment of purchased intangibles. 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, which could increase or decrease current year net income. Amortization or impairment of purchased intangibles 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 December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Combined ratio	84.0	88.7	87.6	92.0
Effect of catastrophe losses	(4.8)	(3.3)	(7.9)	(7.3)
Effect of prior year non-catastrophe reserve reestimates	—	0.1	(0.2)	0.4
Effect of amortization of purchased intangibles	(0.1)	—	(0.1)	—
Effect of impairment of purchased intangibles	—	(0.6)	—	(0.1)
Underlying combined ratio*	79.1	84.9	79.4	85.0
Effect of prior year catastrophe reserve reestimates	—	(0.1)	(1.4)	0.1

Allstate brand - Total

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Combined ratio	83.7	88.5	87.0	91.4
Effect of catastrophe losses	(4.7)	(3.3)	(7.9)	(7.2)
Effect of prior year non-catastrophe reserve reestimates	—	0.2	0.2	0.8
Effect of amortization of purchased intangibles	(0.1)	—	—	—
Effect of impairment of purchased intangibles	—	(0.6)	—	(0.2)
Underlying combined ratio*	78.9	84.8	79.3	84.8
Effect of prior year catastrophe reserve reestimates	—	—	(1.3)	0.1

Allstate brand - Auto Insurance

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Combined ratio	85.2	94.1	85.9	92.9
Effect of catastrophe losses	(0.6)	(0.1)	(1.2)	(1.7)
Effect of prior year non-catastrophe reserve reestimates	0.1	—	0.3	1.2
Effect of impairment of purchased intangibles	—	(0.8)	—	(0.2)
Underlying combined ratio*	84.7	93.2	85.0	92.2
Effect of prior year catastrophe reserve reestimates	(0.1)	(0.2)	(0.2)	(0.1)

Allstate brand - Homeowners Insurance

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Combined ratio	77.8	74.3	89.8	87.9
Effect of catastrophe losses	(16.9)	(13.3)	(28.2)	(24.8)
Effect of prior year non-catastrophe reserve reestimates	(0.1)	0.1	0.2	—
Underlying combined ratio*	60.8	61.1	61.8	63.1
Effect of prior year catastrophe reserve reestimates	(0.2)	0.4	(4.9)	0.7

Encompass brand - Total

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

Three months ended December 31,		Twelve months ended December 31,	
2020	2019	2020	2019
95.0	93.3	92.5	99.3
(7.8)	(4.7)	(9.5)	(11.3)
(0.8)	(0.4)	(0.1)	0.6
86.4	88.2	82.9	88.6
0.8	(0.4)	(4.3)	0.9

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The Allstate Corporation

**Investor Supplement
Fourth Quarter 2020**

The condensed consolidated financial statements and financial exhibits included herein are unaudited. These condensed 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 pages "Definitions of Non-GAAP Measures" and are reconciled to the most directly comparable generally accepted accounting principles ("GAAP") measure herein.

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The Allstate Corporation
Condensed Consolidated Statements of Operations

(\$ in millions, except per share data)

	Three months ended						Twelve months ended			
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2019	Dec. 31, 2018
Revenues										
Property and casualty insurance premiums ⁽¹⁾	\$ 9,279	\$ 9,336	\$ 9,223	\$ 9,235	\$ 9,194	\$ 9,094	\$ 8,986	\$ 8,802	\$ 37,073	\$ 36,076
Life premiums and contract charges ⁽²⁾	603	620	604	617	627	625	621	628	2,444	2,501
Other revenue ⁽³⁾	271	272	257	265	260	273	271	250	1,065	1,054
Net investment income	1,191	832	409	421	689	880	942	648	2,853	3,159
Realized capital gains (losses)	674	440	704	(462)	702	197	324	662	1,356	1,885
Total revenues	12,018	11,500	11,197	10,970	11,472	11,069	11,144	10,990	44,791	44,675
Costs and expenses										
Property and casualty insurance claims and claims expense	5,366	6,072	5,222	5,341	5,749	6,051	6,356	5,820	22,001	23,976
Shelter in-Place Payback expense	-	-	738	210	-	-	-	-	948	-
Life contract benefits	518	727	487	501	518	513	511	497	2,243	2,539
Interest credited to contractholder funds	156	150	200	132	153	169	156	162	638	640
Amortization of deferred policy acquisition costs	1,388	1,492	1,349	1,401	1,382	1,425	1,362	1,364	5,630	5,533
Operating costs and expenses	1,922	1,360	1,451	1,299	1,516	1,414	1,389	1,380	5,732	5,690
Pension and other postretirement rereasurement (gains) losses	(371)	(71)	73	318	(251)	225	125	15	(51)	114
Restructuring and related charges	40	200	14	5	14	-	9	18	259	41
Amortization of purchased intangibles	30	31	29	28	30	32	32	32	118	106
Impairment of purchased intangibles	-	-	-	-	-	-	55	-	-	106
Interest expense	80	78	79	81	82	80	82	83	318	327
Total costs and expenses	8,709	10,059	9,652	9,416	9,244	9,909	10,068	9,371	37,836	38,592
Gain on disposition of operations	1	1	1	1	3	-	2	1	4	6
Income from operations before income tax expense	3,310	1,442	1,546	661	2,231	1,160	1,078	1,620	6,959	6,089
Income tax expense	686	289	296	112	458	229	227	328	1,383	1,242
Net income	2,624	1,153	1,250	549	1,773	931	851	1,292	5,576	4,847
Preferred stock dividends	26	27	26	36	66	42	30	31	115	169
Net income applicable to common shareholders	\$ 2,598	\$ 1,126	\$ 1,224	\$ 513	\$ 1,707	\$ 889	\$ 821	\$ 1,261	\$ 5,461	\$ 4,678
Earnings per common share⁽⁴⁾										
Net income applicable to common shareholders per common share - Basic	\$ 8.54	\$ 3.62	\$ 3.90	\$ 1.62	\$ 5.32	\$ 2.71	\$ 2.47	\$ 3.79	\$ 17.53	\$ 14.25
Weighted average common shares - Basic	304.3	311.2	313.7	317.4	320.7	327.7	332.0	332.6	311.6	328.2
Net income applicable to common shareholders per common share - Diluted	\$ 8.45	\$ 3.58	\$ 3.86	\$ 1.59	\$ 5.23	\$ 2.67	\$ 2.44	\$ 3.74	\$ 17.31	\$ 14.03
Weighted average common shares - Diluted	307.6	314.1	317.0	322.4	326.3	333.0	336.9	337.5	315.5	333.5
Cash dividends declared per common share	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 2.16	\$ 2.00

⁽¹⁾ Property and casualty insurance premiums are reported in the Property-Liability and Protection Services results and include auto, homeowners, other personal lines and commercial 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, sales of identity protection services, fee-based services and other revenue transactions.
⁽⁴⁾ 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				Twelve months ended					
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2019	Dec. 31, 2018
Contribution to income										
Net income applicable to common shareholders	\$ 2,588	\$ 1,126	\$ 1,224	\$ 513	\$ 1,707	\$ 889	\$ 821	\$ 1,261	\$ 5,461	\$ 4,678
Realized capital (gains) losses, after-tax	(529)	(346)	(554)	366	(543)	(155)	(256)	(524)	(1,063)	(1,488)
Pension and other postretirement rereasurement (gains) losses, after-tax	(262)	(56)	58	251	(199)	179	99	11	(99)	90
Curtailment (gains) losses, after-tax	-	(7)	-	-	-	-	-	-	(7)	-
Valuation changes on embedded derivatives that are not hedged, after-tax	9	-	41	(14)	-	10	2	3	36	15
DAC and DSI amortization related to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(4)	4	(31)	3	3	(1)	1	2	(8)	5
Premium deficiency for immediate annuities, after-tax	-	178	-	-	-	-	-	-	178	-
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	-	-	-	(1)	-	(1)	-	(2)
Business combination expenses and the amortization of purchased intangibles, after-tax	24	24	23	22	24	25	26	25	93	100
Impairment of purchased intangibles, after-tax	-	-	-	-	40	-	43	-	-	83
Gain on disposition of operators, after-tax	(1)	-	(1)	(1)	(2)	-	(1)	(1)	(3)	(4)
Adjusted net income **	\$ 1,805	\$ 923	\$ 780	\$ 1,140	\$ 1,020	\$ 946	\$ 735	\$ 776	\$ 4,648	\$ 3,477
Income per common share - Diluted										
Net income applicable to common shareholders	\$ 8.45	\$ 3.58	\$ 3.86	\$ 1.59	\$ 5.23	\$ 2.67	\$ 2.44	\$ 3.74	\$ 17.31	\$ 14.03
Realized capital (gains) losses, after-tax	(1.72)	(1.10)	(1.75)	1.13	(1.69)	(0.47)	(0.76)	(1.55)	(3.37)	(4.46)
Pension and other postretirement rereasurement (gains) losses, after-tax	(0.95)	(0.18)	0.18	0.78	(0.61)	0.54	0.29	0.03	(0.12)	0.27
Curtailment (gains) losses, after-tax	-	(0.02)	-	-	-	-	-	-	(0.02)	-
Valuation changes on embedded derivatives that are not hedged, after-tax	0.03	-	0.13	(0.04)	-	0.03	-	0.01	0.11	0.05
DAC and DSI amortization related to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(0.02)	0.01	(0.03)	0.01	0.01	-	-	-	(0.03)	0.01
Premium deficiency for immediate annuities, after-tax	-	0.57	-	-	-	-	-	-	0.56	-
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	-	-	-	-	-	-	-	(0.01)
Business combination expenses and the amortization of purchased intangibles, after-tax	0.08	0.08	0.07	0.07	0.07	0.07	0.08	0.07	0.30	0.30
Impairment of purchased intangibles, after-tax	-	-	-	-	0.12	-	0.13	-	-	0.25
Gain on disposition of operators, after-tax	-	-	-	-	-	-	-	-	(0.01)	(0.01)
Adjusted net income **	\$ 5.87	\$ 2.94	\$ 2.46	\$ 3.54	\$ 3.13	\$ 2.84	\$ 2.18	\$ 2.30	\$ 14.73	\$ 10.43
Weighted average common shares - Diluted	307.6	314.1	317.0	322.4	326.3	333.0	336.9	337.5	315.5	333.5

The Allstate Corporation
Consolidating Segment Results

(\$ in millions)	Twelve months ended December 31, 2020					Twelve months ended December 31, 2019				
	Allstate Protection	Discontinued Lines	Property-Liability	Protection Services	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	Intersegment Eliminations	Consolidated
Premiums and contract charges	\$ 35,580	\$ -	\$ 35,580	\$ 1,493	\$ 1,340	\$ 1,054	\$ 10	\$ -	\$ -	\$ 39,517
Intersegment insurance premiums and service fees	-	-	-	147	-	-	-	-	(147)	-
Other revenue	736	-	736	208	121	-	-	-	-	1,065
Claims and claims expense	(21,485)	(141)	(21,626)	(386)	-	-	-	-	11	(22,001)
Shelter-in-place Playbook expense	(948)	-	(948)	-	-	-	-	-	-	(948)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(1,293)	(549)	(1,039)	-	-	(2,881)
Amortization of deferred policy acquisition costs	(4,842)	-	(4,842)	(666)	(149)	(177)	(4)	-	-	(5,838)
Operating costs and expenses	(4,420)	(3)	(4,423)	(951)	(329)	(322)	(25)	(110)	136	(5,742)
Pension and other postretirement reinsurance gains (losses)	-	-	-	-	-	-	(2)	51	-	51
Restructuring and related charges	(235)	-	(235)	(7)	(6)	(2)	(2)	(12)	-	(262)
Amortization of purchased intangibles	(12)	-	(12)	(106)	-	-	-	-	-	(118)
Interest expense	-	-	-	-	-	-	-	(318)	-	(318)
Underwriting income (loss)	\$ 4,566	\$ (144)	\$ 4,422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,422
Net investment income	-	-	-	44	502	78	761	47	-	2,853
Realized capital gains (losses)	-	-	-	30	(49)	8	278	59	-	3,266
Gain on disposition of operations	-	-	-	-	-	-	4	-	-	4
Income tax (expense) benefit	-	-	(1,362)	(26)	(17)	(28)	7	63	-	(1,365)
Preferred stock dividends	-	-	-	-	-	-	-	(115)	-	(115)
Net income (loss) applicable to common shareholders	\$ 5,451	\$ 92	\$ 5,451	\$ 159	\$ 103	\$ (9)	\$ (539)	\$ -	\$ -	\$ 5,461
Realized capital (gains) losses, after-tax	(714)	-	(714)	(23)	9	(7)	(211)	(47)	-	(1,056)
Pension and other postretirement reinsurance (gains) losses, after-tax	-	-	-	-	-	-	-	(39)	-	(39)
Curtailment (gains) losses, after-tax	-	-	-	-	-	-	-	(7)	-	(7)
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	-	34	-	-	2	-	36
DAC and DSI amortization related to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	-	(8)	-	-	-	-	(8)
Pension deficiency for immediate annuities, after-tax	-	-	-	-	-	-	178	-	-	178
Business combination expenses and the amortization of purchased intangibles, after-tax	-	-	-	-	-	-	-	-	-	-
Gain on disposition of operations, after-tax	-	-	-	-	-	-	(3)	-	-	(3)
Adjusted net income (loss) *	\$ 4,686	\$ 153	\$ 4,686	\$ 153	\$ 151	\$ 96	\$ (53)	\$ (426)	\$ -	\$ 4,648
Twelve months ended December 31, 2019										
Premiums and contract charges	\$ 34,843	\$ -	\$ 34,843	\$ 1,233	\$ 1,343	\$ 1,145	\$ 13	\$ -	\$ -	\$ 38,577
Intersegment insurance premiums and service fees	-	-	-	154	-	-	-	-	(154)	-
Other revenue	741	-	741	188	125	-	-	-	-	1,054
Claims and claims expense	(23,517)	(105)	(23,622)	(363)	-	-	-	-	9	(23,916)
Contract benefits and interest credited to contractholder funds	-	-	-	-	(1,154)	(835)	(890)	-	-	(2,879)
Amortization of deferred policy acquisition costs	(4,848)	-	(4,848)	(643)	(173)	(142)	(7)	-	-	(5,533)
Operating costs and expenses	(4,412)	(3)	(4,415)	(661)	(354)	(285)	(25)	(91)	145	(5,660)
Pension and other postretirement reinsurance gains (losses)	-	-	-	-	-	-	(1)	(114)	-	(114)
Restructuring and related charges	(38)	-	(38)	-	(2)	-	(1)	-	-	(41)
Amortization of purchased intangibles	(4)	-	(4)	(122)	-	-	-	-	-	(126)
Impairment of purchased intangibles	(8)	-	(8)	(58)	-	-	-	-	-	(66)
Interest expense	(1)	-	(1)	-	-	-	-	(202)	-	(203)
Underwriting income (loss)	\$ 7,912	\$ (108)	\$ 7,804	\$ 42	\$ 514	\$ 83	\$ 917	\$ 70	\$ -	\$ 8,356
Net investment income	-	-	-	32	1	12	346	24	-	395
Realized capital gains (losses)	-	-	-	1,470	32	1	12	346	24	1,885
Gain on disposition of operations	-	-	-	-	-	-	-	6	-	6
Income tax (expense) benefit	-	-	(1,196)	18	(53)	(36)	(75)	97	-	(1,247)
Preferred stock dividends	-	-	-	-	-	-	-	(169)	-	(169)
Net income (loss) applicable to common shareholders	\$ 4,611	\$ (77)	\$ 4,534	\$ 247	\$ 124	\$ 282	\$ (50)	\$ -	\$ -	\$ 4,918
Realized capital (gains) losses, after-tax	(1,611)	-	(1,611)	(25)	-	(9)	(274)	(19)	-	(1,929)
Pension and other postretirement reinsurance (gains) losses, after-tax	-	-	-	-	-	-	-	90	-	90
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	-	9	-	6	-	-	15
DAC and DSI amortization related to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	-	(5)	-	-	-	-	(5)
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(2)	-	(2)	-	-	-	-	-	-	(2)
Business combination expenses and the amortization of purchased intangibles, after-tax	-	-	-	3	97	-	-	-	-	100
Impairment of purchased intangibles, after-tax	-	-	-	40	43	-	-	-	-	83
Gain on disposition of operations, after-tax	-	-	-	-	-	-	(4)	-	-	(4)
Adjusted net income (loss) *	\$ 3,491	\$ 38	\$ 3,491	\$ 261	\$ 115	\$ 10	\$ (438)	\$ -	\$ -	\$ 3,677

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

The Allstate Corporation
Book Value per Common Share and Debt to Capital

(\$ in millions, except per share data)	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019
Book value per common share								
Numerator:								
Common shareholders' equity ^{(1) (2)}	\$ 28,247	\$ 25,293	\$ 25,016	\$ 22,203	\$ 23,750	\$ 23,088	\$ 22,546	\$ 21,488
Denominator:								
Common shares outstanding and dilutive potential common shares outstanding	308.7	307.0	315.8	318.7	324.8	330.6	335.1	337.9
Book value per common share	\$ 91.50	\$ 82.39	\$ 79.21	\$ 69.67	\$ 73.12	\$ 69.84	\$ 67.28	\$ 63.59
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities								
Numerator:								
Common shareholders' equity	\$ 28,247	\$ 25,293	\$ 25,016	\$ 22,203	\$ 23,750	\$ 23,088	\$ 22,546	\$ 21,488
Less: Unrealized net capital gains and losses on fixed income securities	3,185	2,750	2,610	534	1,893	2,028	1,658	975
Adjusted common shareholders' equity	\$ 25,062	\$ 22,543	\$ 22,406	\$ 21,669	\$ 21,857	\$ 21,060	\$ 20,888	\$ 20,513
Denominator:								
Common shares outstanding and dilutive potential common shares outstanding	308.7	307.0	315.8	318.7	324.8	330.6	335.1	337.9
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities *	\$ 81.19	\$ 73.43	\$ 70.95	\$ 67.99	\$ 67.29	\$ 63.70	\$ 62.33	\$ 60.71
Total debt	\$ 7,825	\$ 6,635	\$ 6,634	\$ 6,633	\$ 6,631	\$ 6,630	\$ 6,628	\$ 6,453
Total capital resources	\$ 38,042	\$ 33,898	\$ 33,620	\$ 30,806	\$ 32,629	\$ 32,770	\$ 31,104	\$ 29,871
Ratio of debt to shareholders' equity	25.9 %	24.3 %	24.6 %	27.4 %	25.5 %	25.4 %	27.1 %	27.6 %
Ratio of debt to capital resources	20.6 %	19.6 %	19.7 %	21.5 %	20.3 %	20.2 %	21.3 %	21.6 %

⁽¹⁾ Excludes equity related to preferred stock of \$1.970 million at December 31, 2020, September 30, 2020, June 30, 2020 and March 31, 2020, \$2.248 million at December 31, 2019, \$3.052 million at September 30, 2019, and \$1.930 million at June 30, 2019 and March 31, 2019.

⁽²⁾ Common shares outstanding were 304,192,788 and 318,791,191 as of December 31, 2020 and December 31, 2019, respectively.

The Allstate Corporation
Return on Common Shareholders' Equity

(\$ in millions)

	Twelve months ended							
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019
Return on common shareholders' equity								
Numerator:								
Net income applicable to common shareholders ⁽¹⁾⁽²⁾	\$ 5,461	\$ 4,570	\$ 4,333	\$ 3,930	\$ 4,678	\$ 2,386	\$ 2,439	\$ 2,296
Denominator:								
Beginning common shareholders' equity	\$ 23,750	\$ 23,088	\$ 22,546	\$ 21,488	\$ 19,382	\$ 21,356	\$ 20,819	\$ 20,970
Ending common shareholders' equity ⁽³⁾	26,247	25,293	25,016	22,203	23,750	23,088	22,546	21,488
Average common shareholders' equity ⁽⁴⁾	\$ 25,999	\$ 24,191	\$ 23,781	\$ 21,846	\$ 21,566	\$ 22,222	\$ 21,683	\$ 21,229
Return on common shareholders' equity	21.0 %	18.9 %	18.2 %	18.0 %	21.7 %	10.7 %	11.2 %	10.8 %
Adjusted net income return on common shareholders' equity								
Numerator:								
Adjusted net income ⁽⁵⁾	\$ 4,648	\$ 3,863	\$ 3,686	\$ 3,841	\$ 3,477	\$ 3,009	\$ 2,822	\$ 2,797
Denominator:								
Beginning common shareholders' equity	\$ 23,750	\$ 23,088	\$ 22,546	\$ 21,488	\$ 19,382	\$ 21,356	\$ 20,819	\$ 20,970
Less: Unrealized net capital gains and losses	1,887	2,023	1,854	972	(2)	(16)	54	187
Adjusted beginning common shareholders' equity	21,863	21,065	20,692	20,516	19,384	21,372	20,765	20,783
Ending common shareholders' equity	26,247	25,293	25,016	22,203	23,750	23,088	22,546	21,488
Less: Unrealized net capital gains and losses	3,180	2,744	2,602	530	1,687	2,023	1,654	972
Adjusted ending common shareholders' equity	25,067	22,549	22,414	21,673	21,863	21,065	20,892	20,516
Average adjusted common shareholders' equity ⁽⁴⁾	\$ 23,465	\$ 21,807	\$ 21,653	\$ 21,095	\$ 20,624	\$ 21,219	\$ 20,829	\$ 20,650
Adjusted net income return on common shareholders' equity ⁽⁶⁾	19.8 %	17.7 %	17.9 %	18.2 %	16.9 %	14.2 %	13.5 %	13.5 %

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

⁽²⁾ Includes a \$2 million Tax legislation expense for the period ended September 30, 2019 and \$29 million Tax legislation benefits for the period ended June 30, 2019 and March 31, 2019.

⁽³⁾ Excludes equity related to preferred stock of \$1,970 million at December 31, 2020, September 30, 2020, June 30, 2020 and March 31, 2020, \$2,248 million at December 31, 2019, \$3,052 million at September 30, 2019, and \$1,930 million at June 30, 2019 and March 31, 2019.

⁽⁴⁾ 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.

The Allstate Corporation
Policies in Force and Other Statistics

	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019
Policies in force statistics (in thousands) ⁽¹⁾								
Allstate Protection								
Allstate brand								
Auto	21,809	21,900	21,978	21,826	21,913	21,882	21,849	21,693
Homeowners	6,427	6,414	6,391	6,360	6,359	6,341	6,322	6,296
Other personal lines	4,459	4,455	4,415	4,385	4,390	4,389	4,375	4,354
Commercial lines	216	219	221	224	227	228	229	230
Total	32,911	32,988	33,005	32,795	32,889	32,840	32,775	32,573
Encompass brand								
Auto	451	460	473	485	493	496	497	499
Homeowners	216	220	225	230	234	235	236	237
Other personal lines	71	73	74	75	76	77	77	78
Total	738	753	772	790	803	808	810	814
Allstate Protection policies in force								
	33,649	33,741	33,777	33,585	33,692	33,648	33,585	33,387
Protection Services								
Allstate Protection Plans	120,902	125,031	120,301	107,124	99,632	89,703	83,968	77,866
Other Protection Services ⁽²⁾	7,290	7,123	6,975	6,604	6,315	6,159	6,148	6,154
Total	138,272	132,954	127,276	113,728	105,947	95,942	90,116	84,020
Allstate Life								
	1,863	1,874	1,892	1,902	1,923	1,926	1,933	1,936
Allstate Benefits								
	3,950	4,092	4,410	4,309	4,183	4,287	4,296	4,322
Allstate Annuities								
	177	181	185	188	192	197	201	206
Total policies in force	175,911	172,842	167,540	153,712	145,937	136,000	130,131	123,871

⁽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 PIF for shared economy agreements typically reflect contracts that cover multiple drivers as opposed to individual drivers.
 - Allstate Protection Plans 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⁾ Other Protection Services includes:
- Finance and insurance products, reflecting service contracts and other products sold in conjunction with auto lending and vehicle sales transactions
 - Roadside assistance, reflecting memberships in force
 - Identity protection products, reflecting individual customer counts, included free services provided to 200 thousand subscribers for the remainder of 2020 as part of the continued support during the Coronavirus pandemic

The Allstate Corporation
Property-Liability Results

(\$ in millions, except ratios)

	Three months ended				Twelve months ended					
	Dec 31, 2020	Sept 30, 2020	June 30, 2020	March 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019	March 31, 2019	Dec 31, 2018	Dec 31, 2019
Premiums written	\$ 8,609	\$ 9,395	\$ 9,172	\$ 8,592	\$ 8,737	\$ 9,312	\$ 9,043	\$ 8,327	\$ 35,768	\$ 35,419
Decrease (increase) in unearned premiums	244	(470)	(349)	370	129	(538)	(894)	179	(205)	(814)
Other	35	27	40	(81)	7	8	32	1	17	38
Premiums earned	8,884	8,952	8,863	8,881	8,873	8,782	8,681	8,507	35,560	34,843
Other revenue	182	182	182	181	180	180	179	178	726	741
Claims and claims expense	(5,268)	(5,958)	(5,139)	(5,251)	(5,660)	(5,960)	(6,272)	(6,789)	(21,628)	(23,522)
Shelter-in-Place Payback expense	-	-	(78)	(210)	-	-	-	-	(948)	-
Amortization of deferred policy acquisition costs	(1,168)	(1,158)	(1,148)	(1,187)	(1,158)	(1,167)	(1,163)	(1,164)	(4,642)	(4,649)
Operating costs and expenses	(1,173)	(1,078)	(1,107)	(1,085)	(1,175)	(1,114)	(1,060)	(1,071)	(4,443)	(4,420)
Restructuring and related charges	(36)	(187)	(8)	(4)	(13)	1	(9)	(18)	(230)	(28)
Impairment of purchased intangibles	-	-	-	(4)	(51)	-	-	-	-	(51)
Underwriting income ⁽¹⁾	1,420	753	904	1,345	1,000	737	367	700	4,422	2,804
Net investment income	619	422	178	202	323	448	471	291	1,421	1,533
Income tax expense on operations	(414)	(248)	(209)	(203)	(278)	(290)	(179)	(203)	(1,166)	(987)
Rehabilitated capital gains (losses), after tax	327	220	209	(82)	437	127	204	352	774	1,161
Net income applicable to common shareholders	\$ 1,952	\$ 1,165	\$ 1,172	\$ 1,162	\$ 1,490	\$ 1,076	\$ 883	\$ 1,182	\$ 5,451	\$ 4,611
Catastrophe losses	\$ 424	\$ 590	\$ 1,186	\$ 211	\$ 295	\$ 510	\$ 1,072	\$ 680	\$ 2,811	\$ 2,557
Amortization of purchased intangibles	\$ 5	\$ 3	\$ 3	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 12	\$ 4
Operating ratios										
Loss ratio	59.3	66.7	58.0	59.1	63.8	67.9	72.3	67.4	60.8	67.8
Expense ratio ⁽²⁾	24.2	24.9	21.8	25.8	24.9	23.7	23.5	24.4	28.8	24.2
Combined ratio	84.0	91.6	89.8	84.9	88.7	91.6	95.8	91.8	89.6	92.0
Loss ratio	59.3	66.7	58.0	59.1	63.8	67.9	72.3	67.4	60.8	67.8
Less: effect of catastrophe losses	4.8	11.1	13.4	2.4	3.3	5.8	12.3	8.0	7.9	7.3
effect of prior year non-catastrophe reserve readjustes	-	0.8	(0.6)	0.3	(0.1)	(0.5)	(0.9)	(0.4)	0.2	(0.4)
Underlying loss ratio [*]	54.5	54.8	45.0	56.4	60.6	62.6	60.9	59.8	52.7	60.9
Reconciliation of combined ratio to underlying combined ratio										
Combined ratio	84.0	91.6	89.8	84.9	88.7	91.6	95.8	91.8	87.6	92.0
Effect of catastrophe losses	(4.8)	(11.1)	(13.4)	(2.4)	(3.3)	(5.8)	(12.3)	(8.0)	(7.9)	(7.3)
Effect of prior year non-catastrophe reserve readjustes	-	(0.8)	0.4	(0.3)	0.1	0.5	0.9	0.4	(0.2)	0.4
Effect of impairment of purchased intangibles	-	-	-	-	(0.4)	-	-	-	-	(0.1)
Effect of amortization of purchased intangibles	(0.1)	-	-	-	-	-	-	-	-	-
Underlying combined ratio [*]	79.1	79.7	70.8	82.2	84.9	86.3	84.4	84.2	79.4	85.0
Effect of restructuring and related charges on combined ratio	0.4	2.1	0.1	-	0.1	-	0.1	0.2	0.7	0.1
Effect of Discontinued Lines and Coverages on combined ratio	-	1.5	-	0.1	-	1.1	0.1	0.1	0.4	0.4
Effect of Shelter-in-Place Payback expense on combined and expense ratios	-	-	8.3	2.4	-	-	-	-	2.7	-
⁽¹⁾ Underwriting income (loss)										
Allstate brand	\$ 1,411	\$ 843	\$ 901	\$ 1,333	\$ 987	\$ 862	\$ 364	\$ 705	\$ 4,468	\$ 2,909
Encorecare brand	12	43	6	14	17	(19)	7	(3)	75	7
Answer Financial	-	2	-	1	(1)	(1)	(1)	-	3	(3)
Total underwriting income for Allstate Protection	1,423	888	907	1,348	1,003	830	370	703	4,546	2,913
Discontinued Lines and Coverages	(3)	(130)	(3)	(3)	(3)	(99)	(3)	(3)	(144)	(108)
Total underwriting income for Property Liability	\$ 1,420	\$ 753	\$ 904	\$ 1,345	\$ 1,000	\$ 737	\$ 367	\$ 700	\$ 4,422	\$ 2,804

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

The Allstate Corporation
Allstate Brand Profitability Measures

(\$ in millions, except ratios)

	Three months ended				Twelve months ended					
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Dec. 31, 2018
Net premiums written	\$ 8,382	\$ 9,135	\$ 8,909	\$ 8,370	\$ 8,497	\$ 9,034	\$ 8,765	\$ 8,103	\$ 34,796	\$ 34,399
Net premiums earned										
Auto	\$ 5,977	\$ 6,081	\$ 6,037	\$ 6,020	\$ 6,009	\$ 5,944	\$ 5,900	\$ 5,796	\$ 24,115	\$ 23,649
Homeowners	1,993	1,974	1,955	1,836	1,922	1,896	1,859	1,836	7,858	7,513
Other personal lines	465	466	459	451	451	449	442	439	1,841	1,781
Commercial lines	207	183	159	218	237	236	226	183	767	882
Total	\$ 6,642	\$ 6,704	\$ 6,610	\$ 6,525	\$ 6,619	\$ 6,525	\$ 6,427	\$ 6,254	\$ 24,561	\$ 23,825
Incurred losses										
Auto	\$ 3,993	\$ 3,631	\$ 2,914	\$ 3,737	\$ 4,117	\$ 4,093	\$ 4,085	\$ 3,852	\$ 13,875	\$ 16,147
Homeowners	1,091	1,025	1,051	940	974	1,102	1,539	1,269	5,307	4,884
Other personal lines	245	301	293	244	227	277	362	294	1,083	1,080
Commercial lines	183	153	125	171	185	197	196	139	632	717
Total	\$ 5,512	\$ 5,110	\$ 4,983	\$ 5,092	\$ 5,503	\$ 5,669	\$ 6,102	\$ 5,554	\$ 20,897	\$ 22,828
Expenses										
Auto	\$ 1,578	\$ 1,628	\$ 2,228	\$ 1,705	\$ 1,616	\$ 1,511	\$ 1,497	\$ 1,510	\$ 7,137	\$ 6,134
Homeowners	471	452	433	440	465	444	421	432	1,796	1,762
Other personal lines	167	171	153	148	159	156	147	143	639	666
Commercial lines	41	45	47	43	41	39	39	38	176	157
Other business lines ⁽¹⁾	28	28	29	26	32	30	28	27	111	97
Total	\$ 2,283	\$ 2,324	\$ 2,890	\$ 2,362	\$ 2,293	\$ 2,180	\$ 2,132	\$ 2,150	\$ 9,859	\$ 8,757
Underwriting income (loss)										
Auto	\$ 882	\$ 897	\$ 956	\$ 659	\$ 354	\$ 420	\$ 395	\$ 511	\$ 3,404	\$ 1,680
Homeowners	442	(93)	(118)	567	464	362	(90)	146	798	912
Other personal lines	85	34	48	88	96	53	48	30	255	227
Commercial lines	(10)	(14)	(11)	5	13	1	(7)	7	(30)	14
Other business lines ⁽¹⁾	18	19	16	14	30	15	15	15	67	75
Total	\$ 1,411	\$ 841	\$ 901	\$ 1,333	\$ 967	\$ 852	\$ 364	\$ 705	\$ 4,488	\$ 2,909
Loss ratio	89.2	85.6	87.9	89.0	83.8	86.5	72.4	67.3	60.4	67.5
Expense ratio ⁽²⁾	24.5	24.7	31.6	25.5	24.7	23.5	23.3	24.2	28.6	23.9
Combined ratio	113.7	110.3	119.5	114.5	108.5	110.0	95.7	91.5	89.0	91.4
Loss ratio	89.2	85.6	87.9	89.0	83.8	86.5	72.4	67.3	60.4	67.5
Less: effect of catastrophe losses	4.7	11.3	23.1	2.3	3.3	5.4	12.4	7.9	7.9	7.2
Less: effect of prior year non-catastrophe reserve reestimates	-	(0.7)	(0.4)	0.3	(0.2)	(1.6)	(0.9)	(0.5)	(0.2)	(0.8)
Underlying loss ratio⁽³⁾	84.5	85.0	85.2	86.4	80.7	82.7	69.9	69.0	52.7	61.1
Reconciliation of combined ratio to underlying combined ratio										
Combined ratio	113.7	110.3	119.5	114.5	108.5	110.0	95.7	91.5	89.0	91.4
Effect of catastrophe losses	(4.7)	(11.3)	(23.1)	(2.3)	(3.3)	(5.4)	(12.4)	(7.9)	(7.9)	(7.2)
Effect of prior year non-catastrophe reserve reestimates	-	0.7	0.4	(0.3)	0.2	1.6	0.9	0.5	0.2	0.8
Effect of amortization of purchased intangibles	-	-	-	-	-	-	-	-	-	-
Effect of amortization of purchased intangibles	(0.1)	-	-	-	-	-	-	-	-	-
Underlying combined ratio⁽³⁾	108.9	108.3	116.6	112.2	105.2	104.6	83.2	83.1	79.3	84.8
Effect of prior year reserve reestimates on combined ratio	-	(8.1)	(0.1)	0.1	(0.2)	(1.7)	(0.9)	0.1	(1.5)	(0.7)
Effect of advertising expenses on combined ratio	3.7	2.3	2.4	2.3	3.0	2.4	2.3	2.3	2.7	2.5
Effect of Shareholder-Place Payback expense on combined and expense ratios	-	-	8.4	2.4	-	-	-	-	2.7	-

⁽¹⁾ Other business lines primarily represent commissions earned and other costs and expenses for brokerage.
⁽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								Twelve months ended	
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2020	Dec. 31, 2019
New issued applications (in thousands) ⁽²⁾										
Auto	830	888	868	881	813	902	900	920	3,467	3,535
Homeowners	218	247	230	204	202	235	236	204	890	877
Average premium - gross written (\$) ⁽³⁾										
Auto	621	621	612	616	612	607	598	596	617	603
Homeowners	1,342	1,334	1,324	1,310	1,300	1,304	1,292	1,263	1,328	1,291
Renewal ratio (%) ⁽⁴⁾										
Auto	87.2	87.9	87.6	87.4	87.5	87.9	88.3	88.2	87.5	88.0
Homeowners	87.4	87.8	87.3	87.6	88.1	88.4	88.1	88.3	87.5	88.2
Total brand rate changes (%) ⁽⁵⁾										
Auto	(0.9)	-	0.2	0.5	0.8	0.6	1.0	0.6	(0.2)	3.0
Homeowners	0.9	0.5	0.1	1.2	0.7	0.3	0.2	2.1	2.7	3.3
Auto property damage (% change year-over-year)										
Gross claim frequency ⁽⁶⁾	(28.7)	(28.6)	(46.4)	(12.2)	(1.8)	2.6	(0.3)	(0.9)	(29.1)	(0.2)
Paid claim severity ⁽⁷⁾	5.1	7.9	20.4	8.1	6.2	5.3	8.7	5.7	10.0	6.4
Homeowners excluding catastrophe losses (% change year-over-year)										
Gross claim frequency ⁽⁶⁾	3.6	3.5	(8.6)	(13.2)	(11.1)	(8.8)	(2.9)	-	(4.0)	(5.6)
Paid claim severity ⁽⁷⁾	0.7	3.3	9.5	15.9	22.9	13.4	11.7	0.7	7.1	11.8

⁽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 counts. 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⁾ 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.

⁽⁵⁾ 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. Rate changes do not include rating plan enhancements, including the introduction of their ultimate disposition (closed with a payment or closed without payment). Frequency statistics exclude counts associated with catastrophe events. The percent change in gross claim frequency is calculated as the amount of increase or decrease in the gross claim frequency in the current period compared to the same period in the prior year, divided by the prior year gross claim frequency.

⁽⁶⁾ 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 claim severity.

The Allstate Corporation
Encompass Brand Profitability Measures and Statistics

(\$ in millions, except ratio)

	As of or for the three months ended									
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net premiums written	\$ 227	\$ 260	\$ 263	\$ 222	\$ 240	\$ 278	\$ 278	\$ 224	\$ 972	\$ 1,020
Net premiums earned										
Auto	\$ 126	\$ 129	\$ 135	\$ 135	\$ 134	\$ 136	\$ 135	\$ 134	\$ 525	\$ 539
Homeowners	87	99	99	101	100	101	99	99	386	399
Other personal lines	19	20	19	20	20	20	20	20	78	80
Total	\$ 242	\$ 248	\$ 253	\$ 256	\$ 254	\$ 257	\$ 254	\$ 253	\$ 989	\$ 1,018
Incurred losses										
Auto	\$ 85	\$ 77	\$ 46	\$ 90	\$ 88	\$ 94	\$ 87	\$ 91	\$ 298	\$ 360
Homeowners	60	41	30	55	52	62	66	72	246	272
Other personal lines	9	5	18	12	15	17	14	11	44	52
Total	\$ 154	\$ 123	\$ 154	\$ 157	\$ 155	\$ 183	\$ 167	\$ 174	\$ 588	\$ 689
Expenses										
Auto	\$ 41	\$ 44	\$ 57	\$ 48	\$ 44	\$ 43	\$ 42	\$ 45	\$ 190	\$ 174
Homeowners	31	32	31	32	32	32	31	31	126	127
Other personal lines	6	7	6	6	7	6	7	6	25	26
Total	\$ 78	\$ 83	\$ 94	\$ 86	\$ 83	\$ 81	\$ 81	\$ 82	\$ 341	\$ 327
Underwriting income (loss)										
Auto	\$ 1	\$ 9	\$ 32	\$ (2)	\$ 2	\$ 1	\$ 6	\$ (1)	\$ 40	\$ 8
Homeowners	7	26	(21)	14	17	(13)	2	(4)	26	2
Other personal lines	4	6	(5)	2	(2)	(3)	(1)	3	9	(2)
Total	\$ 12	\$ 43	\$ 6	\$ 14	\$ 17	\$ (15)	\$ 7	\$ (2)	\$ 75	\$ 7
Loss ratio	63.6	49.6	60.9	61.3	61.0	75.1	65.7	68.8	58.9	67.7
Expense ratio ⁽¹⁾	31.4	31.1	39.7	33.2	32.3	30.7	31.5	32.0	33.6	31.6
Combined ratio	95.0	80.7	100.6	94.5	93.3	105.8	97.2	100.8	92.5	99.3
Loss ratio	63.6	49.6	60.9	61.3	61.0	75.1	65.7	68.8	58.9	67.7
Less: effect of catastrophe losses	7.8	2.1	23.3	4.7	4.7	18.3	10.2	11.9	9.5	11.3
effect of prior year non-catastrophe reserve reestimates	0.8	-	(0.4)	-	0.4	(0.4)	(2.9)	0.4	0.1	(0.9)
Underlying loss ratio *	65.0	47.5	38.0	56.6	55.9	57.2	58.1	56.5	49.3	57.6
Reconciliation of combined ratio to underlying combined ratio										
Combined ratio	95.0	82.7	97.6	94.5	93.3	105.8	97.2	100.8	92.5	99.3
Effect of catastrophe losses	(7.8)	(2.1)	(23.3)	(4.7)	(4.7)	(18.3)	(10.2)	(11.9)	(9.5)	(11.3)
Effect of prior year non-catastrophe reserve reestimates	(0.8)	-	0.4	-	(0.4)	0.4	2.8	(0.4)	(0.1)	0.6
Underlying combined ratio *	86.4	80.6	74.7	89.8	88.2	87.9	89.8	88.5	82.9	88.6
Effect of prior year reserve reestimates on combined ratio	1.6	(17.3)	(0.4)	(0.8)	-	0.4	(1.2)	2.0	(4.2)	0.3
Effect of Shelter-in-Place Payback expense on combined and expense ratios	-	-	6.3	2.0	-	-	-	-	2.1	-
New issued applications (in thousands)										
Auto	16	14	14	16	19	21	22	20	60	82
Homeowners	9	9	8	8	9	12	12	9	34	42
Average premium - gross written (\$)										
Auto (12-month policy)	1,154	1,142	1,169	1,182	1,134	1,137	1,130	1,134	1,156	1,134
Homeowners (12-month policy)	1,882	1,902	1,901	1,880	1,823	1,807	1,782	1,768	1,892	1,796
Renewal ratio (%)										
Auto	76.5	76.7	76.5	77.5	77.8	78.9	78.1	77.7	76.8	78.1
Homeowners	81.0	80.7	80.5	81.9	82.1	83.0	82.5	82.1	81.0	82.5

⁽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, except ratios)

	Three months ended								Twelve months ended	
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Allstate brand auto										
Net premiums written	\$ 5,766	\$ 6,192	\$ 6,054	\$ 6,091	\$ 5,931	\$ 6,123	\$ 5,940	\$ 5,828	\$ 24,103	\$ 23,822
Net premiums earned	\$ 5,977	\$ 6,083	\$ 6,037	\$ 6,020	\$ 6,009	\$ 5,944	\$ 5,900	\$ 5,796	\$ 24,115	\$ 23,649
Other revenue	74	75	71	81	78	80	77	77	301	312
Incurred losses	(3,993)	(3,833)	(2,914)	(2,737)	(4,117)	(4,005)	(4,088)	(3,852)	(13,879)	(14,147)
Expenses	(1,576)	(1,629)	(2,228)	(1,705)	(1,616)	(1,511)	(1,497)	(1,510)	(7,137)	(6,134)
Underwriting income	\$ 882	\$ 897	\$ 906	\$ 659	\$ 354	\$ 430	\$ 395	\$ 511	\$ 3,404	\$ 1,680
Loss ratio	60.1	59.7	48.3	62.1	68.5	68.8	69.2	66.5	57.5	68.3
Less: effect of catastrophe losses	0.6	1.6	2.2	0.2	0.1	2.3	3.2	1.2	1.2	1.7
effect of prior year non-catastrophe reserve reestimates	(0.1)	(0.6)	(0.8)	0.4	-	(2.5)	(1.5)	(0.9)	(0.3)	(1.2)
Underlying loss ratio *	59.6	58.7	46.9	61.5	68.4	69.0	67.5	66.2	56.6	67.8
Expense ratio ⁽¹⁾	25.1	25.5	35.7	27.0	25.6	24.1	24.1	24.7	28.4	24.6
Combined ratio	85.2	85.2	84.0	89.1	94.1	92.9	93.3	91.2	85.9	92.9
Effect of catastrophe losses	(0.6)	(1.6)	(2.2)	(0.2)	(0.1)	(2.3)	(3.2)	(1.2)	(1.2)	(1.7)
Effect of prior year non-catastrophe reserve reestimates	0.1	0.6	0.8	(0.4)	-	2.5	1.5	0.9	0.3	1.2
Effect of impairment of purchased intangibles	-	-	-	-	(0.9)	-	-	-	-	(0.2)
Underlying combined ratio *	84.7	84.2	82.6	88.5	93.1	91.6	90.9	88.0	85.0	92.2
Effect of Shelter-in-Place Payback expense on combined and expense ratios	-	-	11.9	3.4	-	-	-	-	3.8	-
Encompass brand auto										
Net premiums written	\$ 120	\$ 134	\$ 136	\$ 118	\$ 127	\$ 147	\$ 146	\$ 120	\$ 508	\$ 540
Net premiums earned	\$ 129	\$ 129	\$ 135	\$ 135	\$ 134	\$ 136	\$ 135	\$ 134	\$ 525	\$ 539
Other revenue	1	1	-	1	-	2	-	1	3	3
Incurred losses	(85)	(77)	(46)	(90)	(88)	(91)	(87)	(91)	(298)	(360)
Expenses	(41)	(44)	(57)	(49)	(44)	(42)	(45)	(45)	(150)	(174)
Underwriting income (loss)	\$ 34	\$ 52	\$ 32	\$ (21)	\$ (26)	\$ 5	\$ 5	\$ (11)	\$ (27)	\$ (8)
Loss ratio	67.5	59.7	34.1	66.7	65.7	69.1	64.5	67.9	56.8	66.8
Less: effect of catastrophe losses	-	2.3	3.0	-	-	2.9	2.2	2.2	1.3	1.9
effect of prior year non-catastrophe reserve reestimates	3.2	1.6	(0.9)	1.5	-	(0.7)	(0.6)	-	1.4	(1.9)
Underlying loss ratio *	64.3	55.8	31.9	65.2	65.7	66.0	65.7	65.7	54.1	66.8
Expense ratio ⁽¹⁾	31.7	33.3	42.2	34.8	32.8	30.2	31.1	32.8	35.6	31.7
Combined ratio	99.2	93.0	76.3	101.5	98.5	99.3	95.6	100.7	92.4	98.5
Effect of catastrophe losses	-	(2.3)	(3.0)	-	-	(2.9)	(2.2)	(2.2)	(1.3)	(1.9)
Effect of prior year non-catastrophe reserve reestimates	(3.2)	(1.6)	0.9	(1.5)	-	0.7	0.6	-	(1.4)	1.9
Underlying combined ratio *	96.0	89.1	74.1	100.0	98.5	97.1	100.0	98.5	89.7	98.5
Effect of Shelter-in-Place Payback expense on combined and expense ratios	-	-	11.9	3.7	-	-	-	-	4.0	-

⁽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, except ratios)

	Three months ended					Twelve months ended				
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Allstate brand homeowners										
Net premiums written	\$ 1,955	\$ 2,234	\$ 2,178	\$ 1,645	\$ 1,888	\$ 2,178	\$ 2,109	\$ 1,589	\$ 8,012	\$ 7,764
Net premiums earned	\$ 1,993	\$ 1,974	\$ 1,955	\$ 1,936	\$ 1,922	\$ 1,896	\$ 1,859	\$ 1,836	\$ 7,858	\$ 7,513
Other revenue	11	10	11	11	11	11	11	11	43	45
Incurred losses	(1,061)	(1,526)	(1,653)	(940)	(974)	(1,100)	(1,539)	(1,266)	(5,307)	(4,884)
Expenses	(473)	(452)	(433)	(440)	(465)	(444)	(431)	(432)	(1,796)	(1,782)
Underwriting income (loss)	\$ 442	\$ 653	\$ 1,118	\$ 567	\$ 494	\$ 367	\$ 390	\$ 146	\$ 798	\$ 911
Loss ratio	54.7	67.3	84.4	48.5	50.7	50.1	82.8	69.1	67.5	65.0
Less: effect of catastrophe losses	18.8	49.5	46.1	8.9	13.3	19.8	47.8	29.5	28.2	24.8
effect of prior year non-catastrophe reserve reestimates	0.1	(0.9)	(0.3)	-	(0.1)	-	(0.4)	0.1	(0.2)	-
Underlying loss ratio*	37.7	42.3	38.0	39.6	37.5	43.3	60.4	41.0	39.5	40.2
Expense ratio ⁽¹⁾	23.1	22.4	21.6	22.2	23.6	22.8	22.0	22.9	22.3	22.9
Combined ratio	77.8	104.7	106.0	70.7	74.3	80.9	104.8	92.0	89.8	87.9
Effect of catastrophe losses	(18.9)	(40.9)	(46.3)	(8.9)	(12.3)	(15.8)	(42.8)	(28.0)	(28.2)	(24.8)
Effect of prior year non-catastrophe reserve reestimates	(0.1)	0.9	0.3	-	0.1	-	0.4	-	0.2	-
Effect of amortization on purchased intangibles	-	(0.1)	-	-	-	-	-	-	-	-
Underlying combined ratio*	60.8	64.6	60.7	61.8	61.1	65.1	82.4	63.6	61.8	63.1
Escompass brand homeowners										
Net premiums written	\$ 90	\$ 105	\$ 106	\$ 87	\$ 94	\$ 110	\$ 111	\$ 86	\$ 388	\$ 401
Net premiums earned	\$ 97	\$ 99	\$ 99	\$ 101	\$ 100	\$ 101	\$ 99	\$ 99	\$ 396	\$ 399
Other revenue	1	-	1	-	1	-	1	-	2	2
Incurred losses	(60)	(41)	(60)	(50)	(50)	(60)	(60)	(72)	(248)	(272)
Expenses	(31)	(32)	(31)	(32)	(32)	(32)	(32)	(31)	(120)	(127)
Underwriting income (loss)	\$ 7	\$ 26	\$ 22	\$ 14	\$ 17	\$ 13	\$ 7	\$ 45	\$ 26	\$ 7
Loss ratio	61.9	41.4	60.9	54.4	52.0	61.2	68.7	72.7	62.1	68.2
Less: effect of catastrophe losses	18.5	3.0	52.5	10.9	12.0	40.6	22.2	26.3	20.7	25.1
effect of prior year non-catastrophe reserve reestimates	-	2.0	-	-	1.0	-	-	4.0	0.5	1.2
Underlying loss ratio*	43.4	36.4	38.4	43.5	39.0	40.6	44.5	42.4	40.9	41.9
Expense ratio ⁽¹⁾	30.9	32.3	30.3	31.7	31.0	31.7	31.3	31.3	31.3	31.3
Combined ratio	92.8	73.7	121.2	86.1	83.0	112.9	98.0	104.0	93.4	99.5
Effect of catastrophe losses	(18.5)	(3.0)	(62.9)	(10.9)	(12.0)	(40.6)	(22.2)	(26.3)	(20.7)	(25.1)
Effect of prior year non-catastrophe reserve reestimates	-	(2.0)	-	-	(1.0)	-	-	(4.0)	(0.5)	(1.2)
Underlying combined ratio*	74.3	68.7	68.7	75.2	70.0	72.3	75.8	74.2	72.2	73.2

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

The Allstate Corporation
Protection Services Segment Results

(\$ in millions)

	Three months ended						Twelve months ended			
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Protection Services										
Net premiums written	\$ 559	\$ 485	\$ 467	\$ 379	\$ 453	\$ 364	\$ 350	\$ 368	\$ 1,890	\$ 1,535
Net premiums earned	\$ 395	\$ 384	\$ 360	\$ 354	\$ 321	\$ 332	\$ 305	\$ 295	\$ 1,493	\$ 1,233
Other revenue	52	52	51	52	45	47	48	47	208	188
Intersegment insurance premiums and service fees	38	36	35	38	44	44	33	33	147	154
Net investment income	11	12	11	10	12	11	10	9	44	42
Realized capital gains (losses)	21	14	19	(24)	11	4	9	8	30	32
Claims and claims expense	(102)	(107)	(85)	(92)	(92)	(93)	(86)	(92)	(386)	(563)
Amortization of deferred policy acquisition costs	(176)	(169)	(160)	(153)	(143)	(139)	(134)	(127)	(659)	(944)
Operating costs and expenses	(187)	(165)	(163)	(181)	(181)	(171)	(158)	(151)	(651)	(661)
Restructuring and related charges	(2)	2	(3)	—	1	—	—	—	(3)	—
Amortization of purchased intangibles	(25)	(28)	(28)	(27)	(25)	(31)	(31)	(31)	(106)	(122)
Impairment of purchased intangibles	—	—	—	—	—	—	—	—	—	(55)
Income tax (expense) benefit	(13)	(6)	(7)	—	(3)	4	12	3	(28)	18
Net income (loss) applicable to common shareholders	\$ 33	\$ 30	\$ 32	\$ (9)	\$ (12)	\$ (13)	\$ (46)	\$ (6)	\$ 92	\$ (77)
Realized capital (gains) losses, after-tax	(18)	(11)	(13)	19	(8)	14	(8)	(7)	(23)	(25)
Amortization of purchased intangibles, after-tax	21	21	21	21	23	25	25	24	84	97
Impairment of purchased intangibles, after-tax	—	—	—	—	—	—	—	—	—	43
Adjusted net income	\$ 38	\$ 40	\$ 38	\$ 37	\$ 3	\$ 8	\$ 15	\$ 11	\$ 153	\$ 38
Allstate Protection Plans										
Net premiums written	\$ 385	\$ 300	\$ 310	\$ 221	\$ 278	\$ 181	\$ 167	\$ 206	\$ 1,216	\$ 832
Net premiums earned	\$ 248	\$ 236	\$ 219	\$ 206	\$ 172	\$ 153	\$ 133	\$ 145	\$ 909	\$ 633
Other revenue	9	8	8	8	8	7	7	8	33	28
Net investment income	6	7	5	5	6	5	4	4	23	19
Realized capital gains (losses)	13	6	9	(19)	5	2	6	7	9	20
Claims and claims expense	(89)	(79)	(56)	(55)	(49)	(46)	(37)	(43)	(250)	(175)
Amortization of deferred policy acquisition costs	(87)	(83)	(73)	(76)	(82)	(80)	(80)	(82)	(315)	(231)
Other costs and expenses	(61)	(56)	(57)	(50)	(56)	(49)	(48)	(42)	(224)	(195)
Restructuring and related charges	3	—	—	—	—	—	—	—	3	—
Amortization of purchased intangibles	(15)	(16)	(15)	(18)	(18)	(18)	(18)	(18)	(62)	(72)
Impairment of purchased intangibles	—	—	—	—	—	—	—	—	—	(55)
Income tax (expense) benefit	(15)	(6)	(8)	(2)	(2)	(1)	6	(2)	(32)	4
Net income (loss) applicable to common shareholders	\$ 29	\$ 28	\$ 30	\$ 7	\$ 2	\$ 3	\$ (35)	\$ 6	\$ 94	\$ (24)
Realized capital (gains) losses, after-tax	(9)	(2)	(7)	15	(4)	(2)	(4)	(6)	(6)	(16)
Amortization of purchased intangibles, after-tax	12	13	12	12	14	14	15	14	49	57
Impairment of purchased intangibles, after-tax	—	—	—	—	—	—	—	—	—	43
Adjusted net income	\$ 32	\$ 36	\$ 35	\$ 34	\$ 12	\$ 15	\$ 19	\$ 14	\$ 137	\$ 60
Other Protection Services										
Net premiums written	\$ 174	\$ 195	\$ 157	\$ 158	\$ 175	\$ 183	\$ 183	\$ 162	\$ 674	\$ 703
Total revenue ⁽¹⁾	\$ 242	\$ 241	\$ 235	\$ 230	\$ 245	\$ 241	\$ 235	\$ 228	\$ 948	\$ 940
Claims and claims expense	(83)	(77)	(59)	(37)	(43)	(47)	(49)	(49)	(136)	(188)
Other costs and expenses ⁽²⁾	(207)	(202)	(205)	(205)	(217)	(225)	(200)	(196)	(829)	(829)
Income tax benefit	1	1	1	2	1	2	5	6	14	14
Net income (loss) applicable to common shareholders	\$ 4	\$ 2	\$ 2	\$ (10)	\$ (14)	\$ (18)	\$ (11)	\$ (12)	\$ (7)	\$ (53)
Realized capital (gains) losses, after-tax	(7)	(8)	(8)	4	(4)	(2)	(2)	(1)	(17)	(8)
Amortization of purchased intangibles, after-tax	9	9	9	9	11	11	10	10	35	40
Adjusted net income (loss)	\$ 6	\$ 4	\$ 3	\$ 5	\$ (6)	\$ (17)	\$ (3)	\$ (3)	\$ 15	\$ (21)

⁽¹⁾ Total revenue may include net premiums earned, intersegment insurance premiums and service fees, other revenue, revenue earned from external customers, net investment income and realized capital gains and losses.
⁽²⁾ Other costs and expenses may include amortization of deferred policy acquisition costs, operating costs and expenses, and restructuring and related charges.

The Allstate Corporation
Allstate Life Segment Results and Other Statistics

(\$ in millions)

As of or for the three months ended

As of or for the twelve months ended

	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Premiums	\$ 163	\$ 154	\$ 165	\$ 153	\$ 166	\$ 155	\$ 157	\$ 154	\$ 635	\$ 632
Contract charges	175	176	174	180	176	176	176	183	705	711
Other revenue ⁽¹⁾	37	38	24	32	34	31	33	27	121	125
Net investment income	128	123	123	128	134	128	125	127	502	514
Contract benefits	(266)	(248)	(238)	(212)	(223)	(202)	(216)	(214)	(864)	(855)
Interest credited to contractholder funds	(71)	(74)	(71)	(70)	(75)	(73)	(70)	(72)	(286)	(286)
Amortization of deferred policy acquisition costs	(9)	(102)	(18)	(30)	(29)	(8)	(27)	(26)	(159)	(167)
Operating costs and expenses	(89)	(81)	(75)	(84)	(95)	(77)	(91)	(91)	(339)	(354)
Resourcing and related charges	(1)	(2)	(2)	(1)	(1)	-	(1)	-	(6)	(7)
Income tax (expense) benefit on operations	(11)	12	(10)	(18)	(13)	(9)	(18)	(15)	(25)	(55)
Adjusted net income (loss)	56	(14)	72	80	76	44	68	73	194	261
Realized capital gains (losses), after tax	(6)	6	16	(25)	-	4	-	(4)	(9)	-
Valuation changes on embedded derivatives that are not hedged, after-tax	(10)	(1)	(35)	12	-	(9)	-	-	(34)	(9)
DAC and DSI amortization related to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	4	(4)	11	(3)	(3)	1	(1)	(2)	8	(5)
Net income (loss) applicable to common shareholders	\$ 44	\$ (13)	\$ 64	\$ 64	\$ 73	\$ 40	\$ 67	\$ 67	\$ 159	\$ 247
Premiums and contract charges by product										
Traditional life insurance premiums	\$ 162	\$ 154	\$ 164	\$ 153	\$ 165	\$ 155	\$ 156	\$ 154	\$ 633	\$ 630
Accident and health insurance premiums	1	-	1	-	1	-	1	-	2	2
Interest-sensitive life insurance contract charges	175	176	174	180	176	176	176	183	705	711
Total	\$ 338	\$ 330	\$ 339	\$ 333	\$ 342	\$ 331	\$ 333	\$ 337	\$ 1,343	\$ 1,343
Benefit spread										
Premiums	\$ 163	\$ 154	\$ 165	\$ 153	\$ 166	\$ 155	\$ 157	\$ 154	\$ 635	\$ 632
Cost of insurance contract charges	127	125	126	128	124	123	123	129	506	499
Contract benefits	(266)	(248)	(238)	(212)	(223)	(202)	(216)	(214)	(864)	(855)
Total benefit spread	\$ 24	\$ 31	\$ 53	\$ 69	\$ 67	\$ 79	\$ 64	\$ 69	\$ 177	\$ 276
Investment spread										
Net investment income	\$ 128	\$ 123	\$ 123	\$ 128	\$ 134	\$ 128	\$ 125	\$ 127	\$ 502	\$ 514
Interest credited to contractholder funds	(89)	(78)	(114)	(56)	(72)	(85)	(70)	(72)	(329)	(329)
Total investment spread	\$ 39	\$ 45	\$ 9	\$ 72	\$ 62	\$ 43	\$ 55	\$ 55	\$ 173	\$ 185

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

The Allstate Corporation
Allstate Life Return on Equity

(\$ in millions)

	Twelve months ended							
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019
Return on equity								
Numerator:								
Net income applicable to common shareholders ⁽¹⁾⁽²⁾	\$ 159	\$ 188	\$ 241	\$ 244	\$ 247	\$ 237	\$ 252	\$ 260
Denominator:								
Beginning equity	\$ 2,944	\$ 2,863	\$ 2,744	\$ 2,657	\$ 2,474	\$ 2,528	\$ 2,587	\$ 2,542
Ending equity	3,026	3,075	3,037	2,842	2,944	2,863	2,744	2,657
Average equity ⁽³⁾	\$ 2,985	\$ 2,969	\$ 2,891	\$ 2,750	\$ 2,709	\$ 2,696	\$ 2,666	\$ 2,600
Return on equity	5.3 %	6.3 %	8.3 %	8.9 %	9.1 %	8.8 %	9.5 %	10.0 %
Adjusted net income return on adjusted equity								
Numerator:								
Adjusted net income ⁽¹⁾	\$ 194	\$ 214	\$ 272	\$ 268	\$ 261	\$ 254	\$ 285	\$ 297
Denominator:								
Beginning equity	\$ 2,944	\$ 2,863	\$ 2,744	\$ 2,657	\$ 2,474	\$ 2,528	\$ 2,587	\$ 2,542
Less: Unrealized net capital gains and losses	328	350	271	168	52	75	89	142
Goodwill	175	175	175	175	175	175	175	175
Adjusted beginning equity	\$ 2,441	\$ 2,338	\$ 2,298	\$ 2,314	\$ 2,247	\$ 2,278	\$ 2,323	\$ 2,225
Ending equity	\$ 3,026	\$ 3,075	\$ 3,037	\$ 2,842	\$ 2,944	\$ 2,863	\$ 2,744	\$ 2,657
Less: Unrealized net capital gains and losses	533	484	433	183	328	350	271	168
Goodwill	175	175	175	175	175	175	175	175
Adjusted ending equity	\$ 2,318	\$ 2,416	\$ 2,429	\$ 2,484	\$ 2,441	\$ 2,338	\$ 2,298	\$ 2,314
Average adjusted equity ⁽³⁾	\$ 2,380	\$ 2,377	\$ 2,364	\$ 2,399	\$ 2,344	\$ 2,308	\$ 2,311	\$ 2,270
Adjusted net income return on adjusted equity *	8.2 %	9.0 %	11.5 %	11.2 %	11.1 %	11.0 %	12.3 %	13.1 %

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

⁽²⁾ Includes a \$16 million Tax Legislation expense for the periods ended June 30, 2019 and March 31, 2019.

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

The Allstate Corporation
Allstate Benefits Segment Results and Other Statistics

(\$ in millions)	As of or for the three months ended								As of or for the twelve months ended	
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Premiums	\$ 235	\$ 247	\$ 237	\$ 253	\$ 254	\$ 262	\$ 256	\$ 299	\$ 972	\$ 1,031
Contract charges	27	40	26	29	28	28	28	28	122	114
Net investment income	20	18	20	20	22	21	21	19	78	83
Contract benefits	(124)	(128)	(123)	(143)	(152)	(161)	(145)	(145)	(516)	(601)
Interest credited to contractholder funds	(7)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(53)	(34)
Amortization of deferred policy acquisition costs	(38)	(59)	(35)	(45)	(50)	(33)	(35)	(43)	(177)	(161)
Operating costs and expenses	(69)	(68)	(110) ⁽¹⁾	(75)	(74)	(69)	(71)	(71)	(322)	(285)
Restructuring and related charges	-	-	(3)	-	-	-	-	-	(3)	-
Income tax expense on operations	(10)	(9)	-	(8)	(4)	(9)	(11)	(8)	(27)	(32)
Adjusted net income	34	33	5	24	16	31	37	31	96	115
Realized capital gains (losses), after-tax	7	3	7	(10)	2	2	3	7	7	9
Net income applicable to common shareholders	\$ 41	\$ 36	\$ 12	\$ 14	\$ 18	\$ 33	\$ 39	\$ 34	\$ 103	\$ 124
Benefit ratio⁽¹⁾	47.3	44.6	46.8	50.0	53.9	55.3	50.4	50.3	47.2	52.5
Operating expense ratio⁽²⁾	26.3	23.7	41.8	26.6	26.2	23.7	25.0	24.7	29.4	24.9

⁽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.

⁽³⁾ Includes \$41 million, pre-tax, write-off of capitalized software costs associated with a billing system.

The Allstate Corporation
Allstate Benefits Return on Equity

(\$ in millions)

	Twelve months ended							
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019
Return on equity								
Numerator:								
Net income applicable to common shareholders ⁽¹⁾	\$ 103	\$ 80	\$ 77	\$ 104	\$ 124	\$ 126	\$ 128	\$ 125
Denominator:								
Beginning equity	\$ 949	\$ 1,010	\$ 969	\$ 906	\$ 842	\$ 883	\$ 848	\$ 824
Ending equity	1,004	1,051	1,004	923	949	1,010	969	906
Average equity ⁽²⁾	\$ 977	\$ 1,031	\$ 987	\$ 915	\$ 896	\$ 947	\$ 909	\$ 865
Return on equity	10.5 %	7.8 %	7.8 %	11.4 %	13.8 %	13.3 %	14.1 %	14.5 %
Adjusted net income return on adjusted equity								
Numerator:								
Adjusted net income ⁽¹⁾	\$ 96	\$ 78	\$ 76	\$ 108	\$ 115	\$ 125	\$ 127	\$ 126
Denominator:								
Beginning equity	\$ 949	\$ 1,010	\$ 969	\$ 906	\$ 842	\$ 883	\$ 848	\$ 824
Less: Unrealized net capital gains and losses	53	52	44	21	(10)	(4)	(4)	8
Goodwill	96	96	96	96	96	96	96	96
Adjusted beginning equity	\$ 800	\$ 862	\$ 829	\$ 789	\$ 756	\$ 791	\$ 756	\$ 720
Ending equity	\$ 1,004	\$ 1,051	\$ 1,004	\$ 923	\$ 949	\$ 1,010	\$ 969	\$ 906
Less: Unrealized net capital gains and losses	100	89	77	14	53	52	44	21
Goodwill	96	96	96	96	96	96	96	96
Adjusted ending equity	\$ 808	\$ 866	\$ 831	\$ 813	\$ 800	\$ 862	\$ 829	\$ 789
Average adjusted equity ⁽²⁾	\$ 804	\$ 864	\$ 830	\$ 801	\$ 778	\$ 827	\$ 793	\$ 755
Adjusted net income return on adjusted equity *	11.9 %	9.0 %	9.2 %	13.5 %	14.8 %	15.1 %	16.0 %	16.7 %

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

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

The Allstate Corporation
Allstate Annuities Segment Results and Other Statistics

(\$ in millions)

	Three months ended								As of or for the twelve months ended	
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Contract charges	\$ 3	\$ 3	\$ 2	\$ 2	\$ 3	\$ 3	\$ 4	\$ 3	\$ 10	\$ 13
Net investment income ⁽¹⁾	403	245	66	47	180	251	296	190	761	917
Periodic settlements and accruals on non-hedge derivative instruments	(1)	-	-	-	-	(1)	1	-	(1)	-
Contract benefits	(126)	(126)	(136)	(148)	(143)	(150)	(152)	(138)	(538)	(583)
Interest credited to contractholder funds	(67)	(67)	(69)	(70)	(73)	(73)	(75)	(78)	(273)	(299)
Amortization of deferred policy acquisition costs	(1)	-	(1)	(2)	(2)	(2)	(1)	(2)	(6)	(7)
Operating costs and expenses	(6)	(6)	(7)	(6)	(7)	(7)	(6)	(7)	(25)	(29)
Restructuring and related charges	-	(2)	-	-	(1)	-	-	-	(2)	(1)
Income tax (expense) benefit on operations	(43)	(10)	34	38	50	(5)	(13)	7	59	(1)
Adjusted net income (loss)	<u>160</u>	<u>37</u>	<u>(111)</u>	<u>(139)</u>	<u>(53)</u>	<u>16</u>	<u>52</u>	<u>(25)</u>	<u>(53)</u>	<u>10</u>
Realized capital gains (losses), after-tax	151	89	194	(213)	97	16	37	124	221	274
Valuation changes on embedded derivatives that are not hedged, after-tax	1	1	(6)	2	-	(1)	(2)	(3)	(2)	(6)
Premium deficiency for immediate annuities, after-tax	-	(178)	-	-	-	-	-	-	(178)	-
Gain on disposition of operations, after-tax	1	-	1	1	2	-	1	1	3	4
Net income (loss) applicable to common	<u>\$ 313</u>	<u>\$ (61)</u>	<u>\$ 78</u>	<u>\$ (349)</u>	<u>\$ 66</u>	<u>\$ 31</u>	<u>\$ 88</u>	<u>\$ 97</u>	<u>\$ (6)</u>	<u>\$ 282</u>
Benefit spread										
Cost of insurance contract charges	\$ 3	\$ 3	\$ 1	\$ 2	\$ 3	\$ 2	\$ 2	\$ 2	\$ 9	\$ 9
Contract benefits including the implied interest on immediate annuities with life contingencies	9	(227)	(21)	(30)	(24)	(30)	(33)	(17)	(269)	(104)
Total benefit spread	<u>\$ 12</u>	<u>\$ (224)</u>	<u>\$ (20)</u>	<u>\$ (28)</u>	<u>\$ (21)</u>	<u>\$ (28)</u>	<u>\$ (31)</u>	<u>\$ (15)</u>	<u>\$ (260)</u>	<u>\$ (95)</u>
Investment spread										
Net investment income	\$ 403	\$ 245	\$ 66	\$ 47	\$ 180	\$ 251	\$ 296	\$ 190	\$ 761	\$ 917
Implied interest on immediate annuities with life contingencies	(137)	(124)	(115)	(118)	(119)	(120)	(119)	(121)	(494)	(470)
Interest credited to contractholder funds	(66)	(66)	(77)	(67)	(73)	(75)	(78)	(81)	(276)	(307)
Total investment spread	<u>\$ 200</u>	<u>\$ 55</u>	<u>\$ (126)</u>	<u>\$ (138)</u>	<u>\$ (12)</u>	<u>\$ 56</u>	<u>\$ 99</u>	<u>\$ (12)</u>	<u>\$ (9)</u>	<u>\$ 331</u>
⁽¹⁾ Performance-based net investment income, a component of net investment income	\$ 243	\$ 81	\$ (101)	\$ (122)	\$ (5)	\$ 68	\$ 106	\$ 1	\$ 101	\$ 170

The Allstate Corporation
Allstate Annuities Return on Equity

(\$ in millions)	Twelve months ended							
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019
Return on equity								
Numerator:								
Net income (loss) applicable to common shareholders ⁽¹⁾	\$ (9)	\$ (256)	\$ (174)	\$ (164)	\$ 282	\$ 94	\$ 194	\$ 156
Denominator:								
Beginning equity	\$ 5,625	\$ 5,552	\$ 5,437	\$ 5,278	\$ 4,949	\$ 5,119	\$ 5,029	\$ 5,009
Ending equity	5,785	5,383	5,496	4,926	5,625	5,552	5,437	5,278
Average equity ⁽²⁾	\$ 5,705	\$ 5,468	\$ 5,467	\$ 5,102	\$ 5,287	\$ 5,336	\$ 5,233	\$ 5,144
Return on equity	(0.2) %	(4.7) %	(3.2) %	(3.2) %	5.3 %	1.8 %	3.7 %	3.0 %
Adjusted net income return on adjusted equity								
Numerator:								
Adjusted net income (loss) ⁽³⁾	\$ (53)	\$ (246)	\$ (267)	\$ (104)	\$ 10	\$ 75	\$ 79	\$ 71
Denominator:								
Beginning equity	\$ 5,625	\$ 5,552	\$ 5,437	\$ 5,278	\$ 4,949	\$ 5,119	\$ 5,029	\$ 5,009
Less: Unrealized net capital gains and losses	604	585	502	428	193	241	272	279
Adjusted beginning equity	\$ 5,021	\$ 4,967	\$ 4,935	\$ 4,850	\$ 4,756	\$ 4,878	\$ 4,757	\$ 4,730
Ending equity	\$ 5,785	\$ 5,383	\$ 5,496	\$ 4,926	\$ 5,625	\$ 5,552	\$ 5,437	\$ 5,278
Less: Unrealized net capital gains and losses	659	595	661	277	604	585	502	428
Adjusted ending equity	\$ 5,126	\$ 4,788	\$ 4,835	\$ 4,649	\$ 5,021	\$ 4,967	\$ 4,935	\$ 4,850
Average adjusted equity ⁽²⁾	\$ 5,074	\$ 4,878	\$ 4,885	\$ 4,750	\$ 4,889	\$ 4,923	\$ 4,846	\$ 4,790
Adjusted net income (loss) return on adjusted equity *	(1.0) %	(5.0) %	(5.5) %	(2.2) %	0.2 %	1.5 %	1.6 %	1.5 %
Adjusted net income (loss) return on adjusted equity by product:								
Deferred annuities	9.0 %	11.3 %	12.2 %	15.1 %	14.5 %	14.2 %	13.2 %	11.7 %
Immediate annuities	(1.9) %	(6.4) %	(7.1) %	(3.7) %	(1.3) %	0.3 %	0.5 %	0.4 %

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

⁽²⁾ Includes a \$69 million Tax Legislation benefit for the periods ended June 30, 2019 and March 31, 2019.

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

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

(In millions)	Three months ended								Twelve months ended	
	Dec 31, 2020	Sept 30, 2020	June 30, 2020	March 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019	March 31, 2019	Dec 31, 2019	Dec 31, 2019
Net investment income										
Fixed income securities	\$ 539	\$ 541	\$ 531	\$ 525	\$ 548	\$ 546	\$ 543	\$ 538	\$ 2,136	\$ 2,175
Equity securities	37	24	31	6	51	57	68	30	98	206
Mortgage loans	55	54	51	60	59	54	54	57	220	220
Limited partnership interests (LPs) ⁽¹⁾	550	200	(220)	(192)	11	197	254	9	338	471
Short-term	2	2	2	17	22	28	26	26	23	102
Other	67	59	62	63	66	66	87	63	251	262
Investment income, before expense	1,250	880	457	479	757	848	1,012	719	3,066	3,436
Less: Investment expense	(52)	(48)	(48)	(58)	(65)	(65)	(70)	(71)	(215)	(272)
Net investment income	\$ 1,198	\$ 832	\$ 409	\$ 421	\$ 692	\$ 883	\$ 942	\$ 648	\$ 2,851	\$ 3,164
Interest-bearing investments ⁽²⁾	\$ 634	\$ 637	\$ 624	\$ 646	\$ 674	\$ 676	\$ 672	\$ 664	\$ 2,541	\$ 2,686
Equity securities	37	24	31	6	51	57	68	30	98	206
LP and other alternative investments ⁽³⁾	579	219	(198)	(179)	25	215	272	25	427	544
Investment income, before expense	\$ 1,250	\$ 880	\$ 457	\$ 479	\$ 757	\$ 848	\$ 1,012	\$ 719	\$ 3,066	\$ 3,436
Pre-tax yields⁽⁴⁾										
Fixed income securities	3.5 %	3.5 %	3.6 %	3.6 %	3.9 %	3.9 %	3.8 %	3.8 %	3.6 %	3.8 %
Equity securities	3.9	2.5	3.2	0.5	3.0	3.4	4.7	2.6	2.2	3.5
Mortgage loans	5.0	4.4	4.3	4.9	5.0	4.6	4.6	4.6	4.7	4.7
Limited partnership interests	29.6	11.3	(12.5)	(10.1)	0.5	10.0	13.3	0.5	4.6	6.1
Total portfolio	5.6	4.0	2.1	2.2	3.5	4.4	4.8	3.4	3.5	4.0
Interest-bearing investments	3.4	3.4	3.4	3.7	3.9	4.0	4.0	3.9	3.5	3.9
Realized capital gains (losses), pre-tax by transaction type										
Sales ⁽⁵⁾	\$ 217	\$ 233	\$ 179	\$ 388	\$ 216	\$ 147	\$ 117	\$ 95	\$ 1,017	\$ 575
Credit losses ⁽⁶⁾	(1)	10	(10)	(79)	(4)	(14)	(35)	(14)	(80)	(47)
Valuation of equity investments	477	231	517	(859)	521	24	200	627	366	1,372
Valuation and settlements of derivative	(17)	(34)	15	88	(31)	40	22	(48)	53	(15)
Total	\$ 676	\$ 430	\$ 704	\$ (462)	\$ 702	\$ 197	\$ 324	\$ 665	\$ 1,356	\$ 1,885
Total return on investment portfolio⁽⁷⁾										
Net investment income	1.3 %	0.9 %	0.5 %	0.5 %	0.8 %	1.0 %	1.1 %	0.8 %	3.2 %	3.7 %
Valuation interest-bearing	0.9	0.7	2.9	(5.9)	(0.3)	0.9	1.5	1.7	3.5	2.9
Valuation equity investments	0.6	0.2	0.6	(1.0)	0.6	0.1	0.2	0.8	0.4	1.7
Total	2.7 %	1.8 %	5.0 %	(2.4) %	1.3 %	1.9 %	2.8 %	3.3 %	7.1 %	9.2 %
Average investment balances (in billions)⁽⁸⁾										
	\$ 87.6	\$ 85.9	\$ 84.6	\$ 83.9	\$ 84.5	\$ 83.9	\$ 82.2	\$ 81.2	\$ 85.6	\$ 82.8
Investment expense										
Investee level expenses ⁽⁹⁾	\$ (21)	\$ (11)	\$ (14)	\$ (13)	\$ (22)	\$ (19)	\$ (20)	\$ (20)	\$ (59)	\$ (81)
Securities lending expense	-	-	-	(9)	(6)	(10)	(11)	(11)	(6)	(40)
Operating expenses	(30)	(37)	(34)	(39)	(39)	(39)	(39)	(40)	(148)	(150)
Total investment expense	\$ (51)	\$ (48)	\$ (48)	\$ (61)	\$ (67)	\$ (68)	\$ (70)	\$ (71)	\$ (213)	\$ (271)

⁽¹⁾ Income from equity method of accounting LP is generally recognized on a three-month delay due to the availability of the related financial statements from investees.

⁽²⁾ Comprise fixed income securities, mortgage loans, short-term investments, and other investments including bank and agent loans and derivatives.

⁽³⁾ Comprise limited partnership interests and other alternative investments, including real estate investments classified as other investments.

⁽⁴⁾ Quarterly pre-tax yield is calculated as annualized quarterly investment income, before investment expense divided by the average of the ending investment balances of the current and prior quarter. 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 (less 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.

⁽⁵⁾ Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

⁽⁶⁾ Due to the adoption of the measurement of credit losses on financial instruments accounting standard on January 1, 2020, realized capital losses previously reported as other-than-temporary impairment write-downs are presented as credit losses.

⁽⁷⁾ 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, bank loans and agent loans divided by the average fair value balances.

⁽⁸⁾ 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 (Losses) (Pre-Tax) by Segment

(\$ in millions)	Three months ended December 31, 2020						Total
	Property-Liability	Protection Services	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	
Net investment income							
Fixed income securities	\$ 285	\$ 10	\$ 89	\$ 12	\$ 136	\$ 7	\$ 539
Equity securities	24	1	1	1	7	3	37
Mortgage loans	6	-	23	3	23	-	55
Limited partnership interests ("LP")	309	-	-	-	241	-	550
Short-term	-	1	-	-	-	1	2
Other	29	-	19	4	15	-	67
Investment income, before expense	652	12	132	20	422	12	1,250
Less: Investment expense	(33)	(1)	(4)	-	(19)	(2)	(59)
Net investment income	\$ 619	\$ 11	\$ 128	\$ 20	\$ 403	\$ 10	\$ 1,191
Net investment income, after-tax	\$ 497	\$ 9	\$ 105	\$ 16	\$ 318	\$ 8	\$ 953
Interest-bearing investments ⁽¹⁾	\$ 302	\$ 11	\$ 131	\$ 19	\$ 162	\$ 9	\$ 634
Equity securities	24	1	1	1	7	3	37
LP and other alternative investments ⁽²⁾	326	-	-	-	253	-	579
Investment income, before expense	\$ 652	\$ 12	\$ 132	\$ 20	\$ 422	\$ 12	\$ 1,250
Pre-tax yields ⁽³⁾⁽⁴⁾							
Fixed income securities	3.1 %	2.7 %	4.5 %	3.8 %	4.1 %	2.5 %	3.5 %
Equity securities	4.3	4.6	3.3	3.7	4.2	4.2	3.8
Mortgage loans	3.9	-	5.8	5.6	4.6	-	5.0
Limited partnership interests	27.9	-	-	-	32.2	14.5	29.6
Total portfolio	5.4	2.7	4.6	4.3	8.0	1.2	5.6
Interest-bearing investments	3.0	2.5	4.6	4.3	4.0	0.9	3.4
Realized capital gains (losses), pre-tax by transaction type							
Sales ⁽⁵⁾	\$ 169	\$ 12	\$ (7)	\$ -	\$ 12	\$ 31	\$ 217
Credit losses ⁽⁶⁾	(3)	-	(3)	-	5	-	(1)
Valuation of equity investments	266	9	3	8	180	11	477
Valuation and settlements of derivative instruments	(13)	-	-	-	(6)	-	(19)
Total	\$ 419	\$ 21	\$ (7)	\$ 8	\$ 192	\$ 42	\$ 674

⁽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 (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⁾ Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

⁽⁵⁾ Due to the adoption of the measurement of credit losses on financial instruments accounting standard on January 1, 2020, realized capital losses previously reported as other-than-temporary impairment write-downs are presented as credit losses.

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

(\$ in millions)	As of or for the twelve months ended December 31, 2020						Total
	Property-Liability	Protection Services	Allstate Life	Allstate Benefits	Allstate Annuities	Corporate and Other	
Net investment income							
Fixed income securities	\$ 1,110	\$ 38	\$ 348	\$ 51	\$ 556	\$ 33	\$ 2,136
Equity securities	60	6	4	2	16	10	98
Mortgage loans	24	-	89	10	97	-	220
Limited partnership interests ("LP")	238	-	-	-	100	-	338
Short-term	12	1	2	-	4	4	23
Other	101	-	76	17	51	6	251
Investment income, before expense	1,545	45	519	80	824	53	3,066
Less: Investment expense	(124)	(1)	(17)	(2)	(63)	(6)	(213)
Net investment income	\$ 1,421	\$ 44	\$ 502	\$ 78	\$ 761	\$ 47	\$ 2,853
Net investment income, after-tax	\$ 1,167	\$ 35	\$ 417	\$ 62	\$ 602	\$ 38	\$ 2,321
Interest-bearing investments ⁽¹⁾	\$ 1,192	\$ 39	\$ 515	\$ 78	\$ 674	\$ 43	\$ 2,541
Equity securities	60	6	4	2	16	10	98
LP and other alternative investments ⁽²⁾	293	-	-	-	134	-	427
Investment income, before expense	\$ 1,545	\$ 45	\$ 519	\$ 80	\$ 824	\$ 53	\$ 3,066
Pre-tax yields⁽³⁾⁽⁴⁾							
Fixed income securities	3.1 %	2.7 %	4.5 %	4.0 %	4.3 %	2.9 %	3.6 %
Equity securities	2.3	3.7	2.8	2.5	1.5	3.1	2.2
Mortgage loans	4.1	-	5.1	4.9	4.5	-	4.7
Limited partnership interests	5.4	-	-	-	3.3	-	4.6
Total portfolio	3.2	2.7	4.6	4.2	3.9	1.5	3.5
Interest-bearing investments	3.1	2.6	4.6	4.3	4.1	1.3	3.5
Realized capital gains (losses), pre-tax by transaction type							
Sales ⁽⁵⁾	\$ 890	\$ 43	\$ (5)	\$ -	\$ 48	\$ 41	\$ 1,017
Credit losses ⁽⁶⁾	(31)	-	(15)	(1)	(33)	-	(80)
Valuation of equity investments	82	(13)	10	9	260	18	366
Valuation and settlements of derivative instruments	49	-	-	-	4	-	53
Total	\$ 990	\$ 30	\$ (10)	\$ 8	\$ 279	\$ 59	\$ 1,356
Fixed income securities portfolio duration (in years) ⁽⁸⁾	5.03	4.92	6.38	5.34	5.29	3.66	5.26

⁽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 (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⁾ Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

⁽⁵⁾ Due to the adoption of the measurement of credit losses on financial instruments accounting standard on January 1, 2020, realized capital losses previously reported as other-than-temporary impairment write-downs are presented as credit losses.

⁽⁶⁾ Duration measures the price sensitivity of assets and liabilities to changes in interest rates.

The Alkerm Corporation
Performance-Based ("PB") Investments

(\$ in millions)	As of or for the three months ended											
	As of or for the three months ended				As of or for the three months ended				As of or for the twelve months ended			
	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018	Dec. 31, 2017		
Investment position												
Limited partnerships												
Private equity	\$ 6,125	\$ 5,828	\$ 5,575	\$ 5,781	\$ 6,131	\$ 6,162	\$ 5,952	\$ 5,786	\$ 6,125	\$ 6,131		
Real estate	1,254	1,117	1,112	1,090	1,041	1,028	1,023	984	1,074	1,041		
PB - limited partnerships	7,399	6,945	6,687	6,871	7,172	7,190	6,985	6,770	7,199	7,172		
Non-LP												
Private equity	458	409	395	404	409	437	355	331	458	409		
Real estate	1,095	1,100	1,121	1,106	1,128	1,017	905	869	1,085	1,128		
PB - non-LP	1,553	1,509	1,516	1,510	1,537	1,424	1,261	1,199	1,553	1,537		
Total												
Private equity	6,583	6,237	5,970	6,185	6,540	6,599	6,307	6,117	6,583	6,540		
Real estate	2,149	2,217	2,233	2,186	2,169	2,025	1,890	1,792	2,149	2,169		
Total PB	\$ 8,732	\$ 8,454	\$ 8,203	\$ 8,371	\$ 8,709	\$ 8,624	\$ 8,197	\$ 7,909	\$ 8,732	\$ 8,709		
Investment income												
Limited partnerships												
Private equity	\$ 498	\$ 211	\$ (213)	\$ (199)	\$ (6)	\$ 125	\$ 216	\$ (5)	\$ 297	\$ 330		
Real estate	48	(10)	(7)	7	17	71	39	12	38	138		
PB - limited partnerships	546	201	(220)	(192)	11	196	254	7	335	468		
Non-LP												
Private equity	4	1	4	(21)	(9)	5	10	3	(12)	9		
Real estate	27	22	18	17	16	15	14	14	60	66		
PB - non-LP	31	19	22	(4)	9	24	25	17	68	75		
Total												
Private equity	502	212	(209)	(220)	(15)	130	226	(2)	285	339		
Real estate	25	5	11	24	33	86	53	26	118	204		
Total PB	\$ 577	\$ 217	\$ (198)	\$ (196)	\$ 18	\$ 216	\$ 279	\$ 24	\$ 403	\$ 543		
Investee level expenses ⁽¹⁾	\$ (20)	\$ (10)	\$ (13)	\$ (12)	\$ (20)	\$ (18)	\$ (18)	\$ (18)	\$ (55)	\$ (74)		
Realized capital gains (losses) ⁽²⁾												
Limited partnerships												
Private equity	\$ 7	\$ 1	\$ (5)	\$ (2)	\$ 42	\$ (3)	\$ (3)	\$ (3)	\$ 1	\$ 35		
Real estate	13	-	-	(3)	(3)	1	-	-	10	(7)		
PB - limited partnerships	20	1	(5)	(5)	39	(2)	(3)	(3)	11	28		
Non-LP												
Private equity	(7)	(3)	28	15	(13)	17	9	28	33	40		
Real estate	25	(19)	(7)	21	(11)	10	31	32	24	62		
PB - non-LP	22	(20)	19	36	(24)	27	39	60	57	102		
Total												
Private equity	-	-	21	13	29	16	5	25	34	75		
Real estate	42	(19)	(7)	18	(16)	10	32	32	34	60		
Total PB	\$ 42	\$ (19)	\$ 14	\$ 31	\$ 13	\$ 26	\$ 37	\$ 57	\$ 68	\$ 135		
Pre-tax yield	25.9 %	10.1 %	(10.2) %	(9.7) %	- %	9.6 %	12.9 %	0.3 %	4.1 %	5.7 %		
Internal rate of return ⁽³⁾												
10 Year	11.5 %	11.5 %	11.3 %	12.1 %	12.2 %	12.4 %	12.1 %	11.4 %				
5 Year	9.6	9.5	9.6	10.2	10.8	11.2	11.4	11.2				
3 Year	8.0	7.7	7.5	8.4	11.7	12.7	12.7	11.9				
1 Year	4.4	(1.1)	(2.2)	6.5	7.6	9.7	9.5	6.7				

⁽¹⁾ Beginning January 1, 2020, depreciation previously included in investee level expenses is reported as realized capital gains or losses.

⁽²⁾ The internal rate of return ("IRR") is one of the measures we use to evaluate the performance of these investments. The IRR represents the rate of return on the investments considering the 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.

⁽³⁾ For the three months ended March 31, 2020, IRR excludes decreases of \$247 million that were recorded in consideration of redeeming events. Where information was available to enable updated estimates, we recognized current period declines in the value of limited partnership interests. This included updating publicly traded investments held within limited partnerships to their March 31, 2020 values, which reduced income \$52 million. Additionally, \$195 million of valuation increases reported in the fourth quarter 2019 partnership financial statements were excluded from income considering the equity market decline in March.

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.
- pension and other postretirement remeasurement gains and losses, after-tax.
- valuation changes on embedded derivatives that are not hedged, after-tax.
- amortization of deferred policy acquisition costs ("DAC") and deferred sales inducements ("DSI"), to the extent they resulted from the recognition of certain realized capital gains and losses or valuation changes on embedded derivatives that are not hedged, after-tax.
- business combination expenses and the amortization or impairment of purchased intangibles, 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, pension and other postretirement remeasurement gains and losses, valuation changes on embedded derivatives that are not hedged, business combination expenses and the amortization or impairment of purchased intangibles, gain (loss) on disposition of operations and adjustments for other significant non-recurring, infrequent or unusual items. Realized capital gains and losses, pension and other postretirement remeasurement gains and losses, valuation changes on embedded derivatives that are not hedged and gain (loss) on disposition of operations may vary significantly between periods and are generally driven by business decisions and external economic developments such as capital market conditions, the timing of which is unrelated to the insurance underwriting process. Consistent with our intent to protect results or earn additional income, 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 or impairment of purchased intangibles is excluded because it relates to the acquisition purchase price and is not indicative of our underlying 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 amortization or impairment of purchased intangibles ("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 or impairment of purchased intangibles 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 or impairment of purchased intangibles. 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 which could increase or decrease current year income. Amortization or impairment of purchased intangibles 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", "Encamp Brand Profitability Measures and Statistics", "Auto Profitability Measures by Brand", and "Homeowners Profitability Measures by Brand".

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 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 ratios is provided in the schedules "Property Liability Results", "Allstate Brand Profitability Measures", "Encore Brand Profitability Measures and Statistics", "Auto Profitability Measures by Brand" and "Homeowners 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 previously. 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 us 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 average of equity at the beginning and at the end of the 12-months, 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 average 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".

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 and Debt to Capital".

