

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

FORM 8-K

CURRENT REPORT

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

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

**THE ALLSTATE CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other  
jurisdiction of incorporation)

**1-11840**  
(Commission  
File Number)

**36-3871531**  
(IRS Employer  
Identification No.)

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

**60062**  
(Zip Code)

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

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

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

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

Emerging growth company \_\_\_\_\_

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

**Section 2 – Financial Information**

**Item 2.02. Results of Operations and Financial Condition.**

The Registrant's press release dated August 1, 2017, announcing its financial results for the second quarter of 2017, and the Registrant's second quarter 2017 investor supplement are furnished as Exhibits 99.1 and 99.2, respectively, to this report. The information contained in the press release and the investor supplement are furnished and not filed pursuant to instruction B.2 of Form 8-K.

**Section 9 – Financial Statements and Exhibits**

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

- |      |   |
|------|---|
| 99.1 | Registrant's press release dated August 1, 2017                     |
| 99.2 | Second quarter 2017 Investor Supplement of The Allstate Corporation |





## FOR IMMEDIATE RELEASE

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**Allstate Delivers Strong Second Quarter Operating Performance**  
*Board Approves \$2.0 Billion Share Repurchase Program*

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

The Allstate Corporation Consolidated Highlights						
(\$ in millions, except per share data and ratios)	Three months ended June 30,			Six months ended June 30,		
	2017	2016	% / pts Change	2017	2016	% / pts Change
Consolidated revenues	\$ 9,587	\$ 9,164	4.6	\$ 19,021	\$ 18,035	5.5
Net income applicable to common shareholders	550	242	127.3	1,216	459	164.9
per diluted common share	1.49	0.64	132.8	3.29	1.21	171.9
Operating income*	510	235	117.0	1,118	557	100.7
per diluted common share*	1.38	0.62	122.6	3.02	1.46	106.8
Return on common shareholders' equity						
Net income applicable to common shareholders				13.1%	8.0%	5.1 pts
Operating income*				13.5%	10.1%	3.4 pts
Book value per common share				53.83	50.05	7.6
Property-Liability combined ratio						
Recorded	97.2	100.8	(3.6) pts	95.4	99.6	(4.2) pts
Underlying combined ratio* (excludes catastrophes, prior year reserve reestimates and amortization of purchased intangibles)	85.5	88.6	(3.1) pts	85.1	87.9	(2.8) pts
Catastrophe losses	993	961	3.3	1,774	1,788	(0.8)

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

"Allstate delivered strong financial performance in the second quarter as a result of excellent progress on our five 2017 Operating Priorities," said Tom Wilson, chairman and chief executive officer of The Allstate Corporation. "Net income applicable to common shareholders was \$550 million, \$1.49 per share, in the second quarter of 2017 compared to \$242 million in the same period last year, reflecting improved auto insurance margins and strong investment results. Operating income\* was \$510 million, \$1.38 per share, for the quarter and the underlying combined ratio\* of 85.5 continued to be better than the annual outlook range of 87 to 89<sup>(1)</sup>. The recorded combined ratio was 97.2 and underwriting results were good for auto, homeowners and other personal lines despite \$993 million of catastrophe losses. Allstate Financial generated operating income of \$153 million in the quarter due to higher investment income in the annuities business. Total return on the investment portfolio of 1.8% in the quarter reflects favorable fixed income and equity market conditions and increased income from the performance-based portfolio.

<sup>(1)</sup> A reconciliation of this non-GAAP measure to the combined ratio, a GAAP measure, is not possible on a forward-looking basis because it is not possible to provide a reliable forecast of catastrophes, and prior year reserve reestimates are expected to be zero because reserves are determined based on our best estimate of ultimate loss reserves as of the reporting date.



"We also advanced our goal to better serve customers and the customer base grew to 75 million policies in force. The strategy to leverage consumer insurance platforms to build a broader consumer focused business also progressed. Operating income return on common shareholders' equity\* was 13.5% for the twelve months ended June 30, 2017, due to strong earnings. Reflecting these positive results, the board approved a new \$2 billion share repurchase program. Allstate's long-term objective is to create prosperity for customers, shareholders, employees, financial specialists and agency owners by delivering excellent operating results while pursuing a broader set of goals. See 'How Corporations Can Be A Force For Good,' " concluded Wilson.

#### Operating Results: Second Quarter 2017

- Total revenue of \$9.6 billion in the second quarter of 2017 increased by 4.6% compared to the prior year quarter.
  - Property-liability insurance premiums increased 2.6%
  - Allstate Financial premiums and contract charges rose 4.8%
  - Net investment income increased 17.7%
  - Realized capital gains were \$81 million compared to \$24 million in the prior year quarter
- Net income applicable to common shareholders was \$550 million, or \$1.49 per diluted share, in the second quarter of 2017, compared to \$242 million, or \$0.64 per diluted share, in the second quarter of 2016. Operating income\* was \$510 million in the second quarter of 2017, compared to \$235 million in the second quarter of 2016.
- Property-Liability** underwriting income of \$227 million was \$293 million above the prior year quarter, due to increased auto insurance underwriting income reflecting higher average premiums, lower claims frequency and favorable prior year reserve reestimates. This was partially offset by an increased expense ratio which included \$52 million of restructuring expenses. The majority of these expenses are related to Allstate brand claims process changes and office closures due to the expansion of virtual auto claim estimating capabilities.
  - The underlying combined ratio\* of 85.5 for the second quarter and 85.1 for the first six months of 2017 were significantly lower than the prior year periods, reflecting improvement in the auto underlying combined ratio across all three underwritten brands and strong homeowners underlying margins. Assuming current loss trends continue, we expect to be at or below the lower end of the annual outlook range of 87-89 for the full year.

Property-Liability Results						
(% to earned premiums)	Three months ended June 30,			Six months ended June 30,		
	2017	2016	pts Change	2017	2016	pts Change
<b>Recorded Combined Ratio</b>	<b>97.2</b>	<b>100.8</b>	<b>(3.6)</b>	<b>95.4</b>	<b>99.6</b>	<b>(4.2)</b>
Allstate Brand Auto	95.8	101.2	(5.4)	93.2	100.1	(6.9)
Allstate Brand Homeowners	97.2	97.0	0.2	95.4	95.2	0.2
Allstate Brand Other Personal Lines	90.8	91.2	(0.4)	91.9	91.9	—
Esurance	106.1	108.9	(2.8)	104.2	107.6	(3.4)
Encompass	104.4	104.9	(0.5)	108.1	105.4	2.7
<b>Underlying Combined Ratio*</b>	<b>85.5</b>	<b>88.6</b>	<b>(3.1)</b>	<b>85.1</b>	<b>87.9</b>	<b>(2.8)</b>
Allstate Brand Auto	92.8	97.8	(5.0)	91.8	96.9	(5.1)
Allstate Brand Homeowners	59.8	58.6	1.2	60.5	59.0	1.5
Allstate Brand Other Personal Lines	77.1	77.3	(0.2)	77.9	77.7	0.2
Esurance	100.5	104.8	(4.3)	100.4	104.9	(4.5)
Encompass	87.6	92.8	(5.2)	87.1	90.5	(3.4)

- Allstate brand auto net written premium grew 3.3% in the second quarter of 2017, reflecting a 5.4% increase in average premium compared to the prior year quarter, which was partially offset by a 2.6% decline in policies in force. Actions taken to improve auto insurance margins continue to impact average premium and policy in force trends. As margins have improved, we expanded the number of states in which we are implementing growth plans, and in the second quarter the rate of decline in policies slowed compared to the first quarter. New issued applications grew 9.8% in the second quarter over the prior year quarter, and the renewal ratio of 87.4 was consistent with the first quarter of 2017. The recorded combined ratio of 95.8 in the second quarter of 2017 was 5.4 points better than the prior year quarter and

was favorably impacted by increased premiums earned, lower claim frequency, and favorable prior year reserve reestimates primarily related to injury coverages. The underlying combined ratio\* in the second quarter of 2017 was 5.0 points better than the second quarter of 2016.

- **Allstate brand homeowners** net written premium increased 0.9% in the second quarter of 2017 compared to the prior year quarter, reflecting a 1.8% increase in average premium that was partially offset by a 1.3% decline in policies in force. Homeowners policy growth has been adversely impacted by actions taken to improve auto margins, but new issued applications grew by 1.0% in the second quarter over the prior year quarter, and the renewal ratio of 87.0 was comparable to the first quarter of 2017. The recorded combined ratio of 97.2 in the second quarter of 2017 increased by 0.2 points compared to the prior year quarter and the underlying combined ratio\* of 59.8 continued to reflect strong underlying profitability.
- **Allstate brand other personal lines** net written premium of \$441 million increased 3.0% in the second quarter of 2017 compared to the second quarter 2016. The recorded combined ratio of 90.8 in the second quarter of 2017 improved by 0.4 points compared to the prior year quarter, driven by an improved loss ratio, partially offset by a higher expense ratio. The underlying combined ratio\* was 77.1 in the second quarter of 2017, an improvement of 0.2 points compared to the prior year quarter.
- **Esurance** net written premium growth of 4.1% compared to the prior year quarter reflects increased average premium in auto and homeowners. Policy growth was 0.3% in the second quarter of 2017 compared to the second quarter of 2016, as an increase in homeowners more than offset a slight decline in auto policies. The recorded combined ratio of 106.1 was 2.8 points better in the second quarter of 2017 compared to the second quarter of 2016, as a lower expense ratio was partially offset by a higher loss ratio. The underlying combined ratio\* of 100.5 improved by 4.3 points compared to the prior year quarter.
- **Encompass** net written premium declined by 9.5% and policies in force were 14.9% lower in the second quarter of 2017 compared to the prior year quarter, as we exit unprofitable markets and raise prices. The recorded combined ratio of 104.4 in the second quarter of 2017 was 0.5 points below the second quarter of 2016. The underlying combined ratio\* of 87.6 improved by 5.2 points compared to the prior year quarter, due to improvement in the underlying loss ratio partially offset by a higher expense ratio.
- **SquareTrade** net written premium was \$85 million in the second quarter of 2017 and generated an underwriting loss of \$22 million. Policies in force were 31.3 million, an increase of 1.4 million policies in this quarter, due to continued growth in the U.S retail channel. Operating income\* of \$1 million excludes the \$23 million (\$15 million, after-tax) impact of the amortization of purchased intangible assets related to the acquisition. During the second quarter, Allstate Insurance Company executed a 100% quota share reinsurance agreement with SquareTrade's largest third-party insurer which should result in higher underwriting and investment income.
- **Allstate Financial** net income was \$146 million and operating income was \$153 million in the second quarter of 2017. Operating income was \$33 million higher than the prior year quarter, largely due to higher investment returns in Allstate Annuities.

Allstate Financial Results						
(\$ in millions)	Three months ended June 30,			Six months ended June 30,		
	2017	2016	% Change	2017	2016	% Change
<b>Net Income</b>	\$ 146	\$ 116	25.9	\$ 254	\$ 184	38.0
Allstate Life	60	61	(1.6)	117	118	(0.8)
Allstate Benefits	25	29	(13.8)	47	49	(4.1)
Allstate Annuities	61	26	134.6	90	17	NM
<b>Operating Income</b>	\$ 153	\$ 120	27.5	\$ 263	\$ 224	17.4
Allstate Life	63	64	(1.6)	122	130	(6.2)
Allstate Benefits	25	29	(13.8)	47	52	(9.6)
Allstate Annuities	65	27	140.7	94	42	123.8

NM = not meaningful

- **Allstate Life** net income was \$60 million and operating income was \$63 million in the second quarter of 2017. Operating income was \$1 million lower than the prior year quarter primarily due to higher contract benefits and expenses, partially offset by higher premiums and net investment income.
  - **Allstate Benefits** net income and operating income were both \$25 million in the second quarter of 2017. Operating income was \$4 million lower than the prior year quarter primarily due to higher contract benefits and higher expenses related to growth, partially offset by higher premiums.
  - **Allstate Annuities** net income was \$61 million and operating income was \$65 million in the second quarter of 2017. Operating income was \$38 million higher than the prior year quarter, primarily due to higher performance-based net investment income including private equity value appreciation.
- **Allstate Investments** generated net investment income of \$897 million, which was 17.7% above the prior year quarter, reflecting higher performance-based results and stable income from the market-based portfolios.

Allstate Investment Results						
(\$ in millions, except ratios)	Three months ended June 30,			Six months ended June 30,		
	2017	2016	% / pts Change	2017	2016	% / pts Change
<b>Net investment income</b>	\$ 897	\$ 762	17.7	\$ 1,645	\$ 1,493	10.2
<b>Realized capital gains and losses</b>	81	24	237.5	215	(125)	272.0
<b>Change in unrealized net capital gains, pre-tax</b>	448	709	(36.8)	779	1,672	(53.4)
<b>Total return on investment portfolio</b>	1.8%	1.9%	(0.1)	3.4%	3.9%	(0.5)

- **Net investment income** increased by \$135 million in the second quarter of 2017 compared to the prior year quarter, due to a \$130 million increase in performance-based income, including private equity (\$97 million) and real estate (\$33 million) investments.
- **Net realized capital gains** were \$81 million in the second quarter of 2017, compared to \$24 million in the prior year quarter, and primarily comprised net gains on sales of \$139 million, partially offset by write-downs of \$50 million.
- **Change in unrealized net capital gains** of \$448 million in the second quarter of 2017 were primarily due to a decrease in market yields resulting from tighter credit spreads and lower long-term risk-free interest rates and favorable equity market performance.
- **Total return** on the investment portfolio was 1.8% for the second quarter of 2017, which included a strong contribution from net investment income and increased fixed income and equity valuations. The trailing twelve months total return was 4.0%.

#### Proactive Capital Management

"Allstate continued to provide strong returns to our shareholders during the first half of 2017 through a combination of \$257 million in common stock dividends and repurchasing \$646 million of outstanding shares. A new \$2 billion share repurchase program, approved today, will begin following the completion of our current program and is expected to conclude by February 2019," said Steve Shebik, chief financial officer. "In addition, with the objective of providing more transparency into the performance of our business, we are planning to adopt a new segment reporting structure effective in the fourth quarter 2017. The new reporting structure will change from our current four segments to seven segments that will include a separate segment for service businesses, broken out from traditional property and casualty, and Allstate Financial will transition to individual segments for Life, Benefits and Annuities."

Visit [www.allstateinvestors.com](http://www.allstateinvestors.com) to view additional information about Allstate's results, including a webcast of its quarterly conference call and the call presentation. The conference call will be held at 9 a.m. ET on Wednesday, August 2.

The Allstate Corporation (NYSE: ALL) is the nation's largest publicly held personal lines insurer, protecting people from life's uncertainties with 75 million proprietary policies. Allstate offers a broad array of protection products through multiple brands and diverse distribution channels, including auto, home, life and other insurance offered through its Allstate, Esurance, Encompass and Answer Financial brands. The company provides additional protection products and services through Allstate Benefits, Allstate Roadside Services, Allstate Dealer Services, Arity and SquareTrade. Allstate is widely known from the slogan "You're In Good Hands With Allstate®." Allstate agencies are in virtually every local community in America. The Allstate Foundation, Allstate, its employees and agency owners have a proud history of caring for local communities.

Financial information, including material announcements about The Allstate Corporation, is routinely posted on [www.allstateinvestors.com](http://www.allstateinvestors.com).

**Forward-Looking Statements**

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

**THE ALLSTATE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(\$ in millions, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
<b>Revenues</b>				
Property-liability insurance premiums	\$ 8,018	\$ 7,814	\$ 15,977	\$ 15,537
Life and annuity premiums and contract charges	591	564	1,184	1,130
Net investment income	897	762	1,645	1,493
Realized capital gains and losses:				
Total other-than-temporary impairment ("OTTI") losses	(47)	(77)	(109)	(168)
OTTI losses reclassified to (from) other comprehensive income	(3)	(2)	—	8
Net OTTI losses recognized in earnings	(50)	(79)	(109)	(160)
Sales and other realized capital gains and losses	131	103	324	35
Total realized capital gains and losses	81	24	215	(125)
	<u>9,587</u>	<u>9,164</u>	<u>19,021</u>	<u>18,035</u>
<b>Costs and expenses</b>				
Property-liability insurance claims and claims expense	5,689	5,901	11,105	11,585
Life and annuity contract benefits	486	454	960	909
Interest credited to contractholder funds	175	185	348	375
Amortization of deferred policy acquisition costs	1,176	1,126	2,345	2,255
Operating costs and expenses	1,086	1,040	2,183	2,022
Restructuring and related charges	53	11	63	16
Interest expense	83	72	168	145
	<u>8,748</u>	<u>8,789</u>	<u>17,172</u>	<u>17,307</u>
Gain on disposition of operations	12	1	14	3
<b>Income from operations before income tax expense</b>	851	376	1,863	731
Income tax expense	272	105	589	214
<b>Net income</b>	579	271	1,274	517
Preferred stock dividends	29	29	58	58
<b>Net income applicable to common shareholders</b>	<u>\$ 550</u>	<u>\$ 242</u>	<u>\$ 1,216</u>	<u>\$ 459</u>
<b>Earnings per common share:</b>				
<b>Net income applicable to common shareholders per common share – Basic</b>	<u>\$ 1.51</u>	<u>\$ 0.65</u>	<u>\$ 3.34</u>	<u>\$ 1.22</u>
<b>Weighted average common shares – Basic</b>	<u>363.6</u>	<u>373.6</u>	<u>364.6</u>	<u>375.8</u>
<b>Net income applicable to common shareholders per common share – Diluted</b>	<u>\$ 1.49</u>	<u>\$ 0.64</u>	<u>\$ 3.29</u>	<u>\$ 1.21</u>
<b>Weighted average common shares – Diluted</b>	<u>369.0</u>	<u>378.1</u>	<u>370.1</u>	<u>380.5</u>
<b>Cash dividends declared per common share</b>	<u>\$ 0.37</u>	<u>\$ 0.33</u>	<u>\$ 0.74</u>	<u>\$ 0.66</u>

THE ALLSTATE CORPORATION  
BUSINESS RESULTS

(\$ in millions, except ratios)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
<b>Property-Liability</b>				
Premiums written	\$ 8,289	\$ 8,051	\$ 16,012	\$ 15,566
Premiums earned	\$ 8,018	\$ 7,814	\$ 15,977	\$ 15,537
Claims and claims expense	(5,689)	(5,901)	(11,105)	(11,585)
Amortization of deferred policy acquisition costs	(1,103)	(1,057)	(2,193)	(2,113)
Operating costs and expenses	(947)	(912)	(1,883)	(1,765)
Restructuring and related charges	(52)	(10)	(62)	(15)
Underwriting income (loss)	227	(66)	734	59
Net investment income	391	316	702	618
Income tax expense on operations	(196)	(70)	(451)	(211)
Realized capital gains and losses, after-tax	56	18	145	(46)
Gain on disposition of operations, after-tax	6	—	6	—
Net income applicable to common shareholders	<u>\$ 484</u>	<u>\$ 198</u>	<u>\$ 1,136</u>	<u>\$ 420</u>
Catastrophe losses	<u>\$ 993</u>	<u>\$ 961</u>	<u>\$ 1,774</u>	<u>\$ 1,788</u>
Amortization of purchased intangible assets	<u>\$ 24</u>	<u>\$ 9</u>	<u>\$ 49</u>	<u>\$ 18</u>
Operating ratios:				
Claims and claims expense ratio	71.0	75.5	69.5	74.6
Expense ratio	26.2	25.3	25.9	25.0
Combined ratio	<u>97.2</u>	<u>100.8</u>	<u>95.4</u>	<u>99.6</u>
Effect of catastrophe losses on combined ratio	<u>12.4</u>	<u>12.3</u>	<u>11.1</u>	<u>11.5</u>
Effect of prior year reserve reestimates on combined ratio	<u>(1.1)</u>	<u>—</u>	<u>(1.2)</u>	<u>0.1</u>
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	<u>(0.1)</u>	<u>0.2</u>	<u>(0.1)</u>	<u>—</u>
Effect of amortization of purchased intangible assets on combined ratio	<u>0.3</u>	<u>0.1</u>	<u>0.3</u>	<u>0.1</u>
Effect of Discontinued Lines and Coverages on combined ratio	<u>0.1</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Allstate Financial</b>				
Premiums and contract charges	\$ 591	\$ 564	\$ 1,184	\$ 1,130
Net investment income	496	435	922	854
Contract benefits	(486)	(454)	(960)	(909)
Interest credited to contractholder funds	(173)	(179)	(346)	(363)
Amortization of deferred policy acquisition costs	(69)	(68)	(144)	(139)
Operating costs and expenses	(130)	(121)	(265)	(244)
Restructuring and related charges	(1)	(1)	(1)	(1)
Income tax expense on operations	(75)	(56)	(127)	(104)
Operating income	153	120	263	224
Realized capital gains and losses, after-tax	(3)	—	(4)	(32)
Valuation changes on embedded derivatives that are not hedged, after-tax	(1)	(4)	(1)	(8)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(3)	(1)	(6)	(2)
Gain on disposition of operations, after-tax	—	1	2	2
Net income applicable to common shareholders	<u>\$ 146</u>	<u>\$ 116</u>	<u>\$ 254</u>	<u>\$ 184</u>
<b>Corporate and Other</b>				
Net investment income	\$ 10	\$ 11	\$ 21	\$ 21
Operating costs and expenses	(92)	(79)	(185)	(158)
Income tax benefit on operations	31	26	61	51
Preferred stock dividends	(29)	(29)	(58)	(58)
Operating loss	(80)	(71)	(161)	(144)
Realized capital gains and losses, after-tax	—	(1)	—	(1)
Business combination expenses, after-tax	—	—	(13)	—
Net loss applicable to common shareholders	<u>\$ (80)</u>	<u>\$ (72)</u>	<u>\$ (174)</u>	<u>\$ (145)</u>
<b>Consolidated net income applicable to common shareholders</b>	<u><u>\$ 550</u></u>	<u><u>\$ 242</u></u>	<u><u>\$ 1,216</u></u>	<u><u>\$ 459</u></u>

**THE ALLSTATE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(\$ in millions, except par value data)

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	(unaudited)	
<b>Assets</b>		
Investments:		
Fixed income securities, at fair value (amortized cost \$56,901 and \$56,576)	\$ 58,656	\$ 57,839
Equity securities, at fair value (cost \$5,321 and \$5,157)	6,117	5,666
Mortgage loans	4,336	4,486
Limited partnership interests	6,206	5,814
Short-term, at fair value (amortized cost \$2,175 and \$4,288)	2,175	4,288
Other	3,815	3,706
Total investments	81,305	81,799
Cash	482	436
Premium installment receivables, net	5,693	5,597
Deferred policy acquisition costs	4,037	3,954
Reinsurance recoverables, net	8,722	8,745
Accrued investment income	573	567
Property and equipment, net	1,072	1,065
Goodwill	2,309	1,219
Other assets	3,256	1,835
Separate Accounts	3,416	3,393
<b>Total assets</b>	<b>\$ 110,865</b>	<b>\$ 108,610</b>
<b>Liabilities</b>		
Reserve for property-liability insurance claims and claims expense	\$ 25,884	\$ 25,250
Reserve for life-contingent contract benefits	12,234	12,239
Contractholder funds	19,832	20,260
Unearned premiums	13,024	12,583
Claim payments outstanding	939	879
Deferred income taxes	1,104	487
Other liabilities and accrued expenses	6,583	6,599
Long-term debt	6,348	6,347
Separate Accounts	3,416	3,393
<b>Total liabilities</b>	<b>89,364</b>	<b>88,037</b>
<b>Shareholders' equity</b>		
Preferred stock and additional capital paid-in, \$1 par value, 72.2 thousand shares issued and outstanding, \$1,805 aggregate liquidation preference	1,746	1,746
Common stock, \$.01 par value, 900 million issued, 361 million and 366 million shares outstanding	9	9
Additional capital paid-in	3,269	3,303
Retained income	41,622	40,678
Deferred ESOP expense	(6)	(6)
Treasury stock, at cost (539 million and 534 million shares)	(25,241)	(24,741)
Accumulated other comprehensive income:		
Unrealized net capital gains and losses:		
Unrealized net capital gains and losses on fixed income securities with OTTI	65	57
Other unrealized net capital gains and losses	1,590	1,091
Unrealized adjustment to DAC, DSI and insurance reserves	(129)	(95)
Total unrealized net capital gains and losses	1,526	1,053
Unrealized foreign currency translation adjustments	(42)	(50)
Unrecognized pension and other postretirement benefit cost	(1,382)	(1,419)
Total accumulated other comprehensive income (loss)	102	(416)
<b>Total shareholders' equity</b>	<b>21,501</b>	<b>20,573</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 110,865</b>	<b>\$ 108,610</b>

**THE ALLSTATE CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(\$ in millions)

	Six months ended June 30,	
	2017	2016
	(unaudited)	
<b>Cash flows from operating activities</b>		
Net income	\$ 1,274	\$ 517
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other non-cash items	238	188
Realized capital gains and losses	(215)	125
Gain on disposition of operations	(14)	(3)
Interest credited to contractholder funds	348	375
Changes in:		
Policy benefits and other insurance reserves	228	577
Unearned premiums	34	62
Deferred policy acquisition costs	(65)	(72)
Premium installment receivables, net	(51)	(27)
Reinsurance recoverables, net	6	(120)
Income taxes	(42)	(176)
Other operating assets and liabilities	(393)	(88)
Net cash provided by operating activities	<u>1,348</u>	<u>1,358</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales		
Fixed income securities	14,521	12,589
Equity securities	3,430	2,487
Limited partnership interests	481	363
Other investments	118	144
Investment collections		
Fixed income securities	2,063	2,138
Mortgage loans	305	150
Other investments	337	168
Investment purchases		
Fixed income securities	(17,214)	(12,947)
Equity securities	(3,473)	(2,672)
Limited partnership interests	(578)	(703)
Mortgage loans	(148)	(264)
Other investments	(532)	(449)
Change in short-term investments, net	2,142	(669)
Change in other investments, net	107	(39)
Purchases of property and equipment, net	(146)	(120)
Acquisition of operations	(1,356)	—
Net cash provided by investing activities	<u>57</u>	<u>176</u>
<b>Cash flows from financing activities</b>		
Repayments of long-term debt	—	(16)
Contractholder fund deposits	515	522
Contractholder fund withdrawals	(957)	(1,013)
Dividends paid on common stock	(257)	(240)
Dividends paid on preferred stock	(58)	(58)
Treasury stock purchases	(657)	(904)
Shares reissued under equity incentive plans, net	108	72
Excess tax benefits on share-based payment arrangements	—	20
Other	(53)	34
Net cash used in financing activities	<u>(1,359)</u>	<u>(1,583)</u>
<b>Net increase (decrease) in cash</b>	46	(49)
<b>Cash at beginning of period</b>	436	495
<b>Cash at end of period</b>	<u>\$ 482</u>	<u>\$ 446</u>



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

(\$ in millions)	Total	Market-Based	Performance-Based
Fixed income securities	\$ 58,656	\$ 58,588	\$ 68
Equity securities	6,117	6,021	96
Mortgage loans	4,336	4,336	—
Limited partnership interests	6,206	553	5,653
Short-term investments	2,175	2,175	—
Other	3,815	3,270	545
<b>Total</b>	<b>\$ 81,305</b>	<b>\$ 74,943</b>	<b>\$ 6,362</b>
Property-Liability	\$ 43,083	\$ 39,702	\$ 3,381
Allstate Financial	36,456	33,475	2,981
Corporate & Other	1,766	1,766	—
<b>Total</b>	<b>\$ 81,305</b>	<b>\$ 74,943</b>	<b>\$ 6,362</b>

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

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Market-Based:</b>				
Property-Liability	\$ 288	\$ 269	\$ 560	\$ 529
Allstate Financial	374	380	748	750
Corporate & Other	12	13	25	25
<b>Total Market-Based</b>	<b>674</b>	<b>662</b>	<b>1,333</b>	<b>1,304</b>
<b>Performance-Based:</b>				
Property-Liability	129	69	196	135
Allstate Financial	142	72	215	139
Corporate & Other	—	—	—	—
<b>Total Performance-Based</b>	<b>271</b>	<b>141</b>	<b>411</b>	<b>274</b>
<b>Investment income, before expense</b>	<b>945</b>	<b>803</b>	<b>1,744</b>	<b>1,578</b>
Investment expense	(48)	(41)	(99)	(85)
<b>Net investment income</b>	<b>\$ 897</b>	<b>\$ 762</b>	<b>\$ 1,645</b>	<b>\$ 1,493</b>

#### Definitions of Non-GAAP Measures

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

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

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

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

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

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

(\$ in millions, except per share data)

	For the three months ended June 30,							
	Property-Liability		Allstate Financial		Consolidated		Per diluted common share	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Net income applicable to common shareholders</b>	\$ 484	\$ 198	\$ 146	\$ 116	\$ 550	\$ 242	\$ 1.49	\$ 0.64
Realized capital gains and losses, after-tax	(56)	(18)	3	—	(53)	(17)	(0.14)	(0.04)
Valuation changes on embedded derivatives that are not hedged, after-tax	—	—	1	4	1	4	—	0.01
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	—	—	3	1	3	1	0.01	—
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	—	—	—	(1)	—	—	—
Business combination expenses and the amortization of purchased intangible assets, after-tax	16	6	—	—	16	6	0.04	0.01
Gain on disposition of operations, after-tax	(6)	—	—	(1)	(6)	(1)	(0.02)	—
<b>Operating income*</b>	<b>\$ 437</b>	<b>\$ 186</b>	<b>\$ 153</b>	<b>\$ 120</b>	<b>\$ 510</b>	<b>\$ 235</b>	<b>\$ 1.38</b>	<b>\$ 0.62</b>

	For the six months ended June 30,							
	Property-Liability		Allstate Financial		Consolidated		Per diluted common share	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Net income applicable to common shareholders</b>	\$ 1,136	\$ 420	\$ 254	\$ 184	\$ 1,216	\$ 459	\$ 3.29	\$ 1.21
Realized capital gains and losses, after-tax	(145)	46	4	32	(141)	79	(0.38)	0.21
Valuation changes on embedded derivatives that are not hedged, after-tax	—	—	1	8	1	8	—	0.02
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	—	—	6	2	6	2	0.02	—
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	(1)	—	—	(1)	(1)	—	—
Business combination expenses and the amortization of purchased intangible assets, after-tax	32	12	—	—	45	12	0.11	0.03
Gain on disposition of operations, after-tax	(6)	—	(2)	(2)	(8)	(2)	(0.02)	(0.01)
<b>Operating income*</b>	<b>\$ 1,016</b>	<b>\$ 477</b>	<b>\$ 263</b>	<b>\$ 224</b>	<b>\$ 1,118</b>	<b>\$ 557</b>	<b>\$ 3.02</b>	<b>\$ 1.46</b>

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

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

(\$ in millions)

	For the twelve months ended June 30,	
	2017	2016
<b>Return on common shareholders' equity</b>		
Numerator:		
Net income applicable to common shareholders	\$ 2,518	\$ 1,540
Denominator:		
Beginning common shareholders' equity <sup>(1)</sup>	\$ 18,807	\$ 19,552
Ending common shareholders' equity <sup>(1)</sup>	19,755	18,807
Average common shareholders' equity	\$ 19,281	\$ 19,180
Return on common shareholders' equity	13.1%	8.0%

(\$ in millions)

	For the twelve months ended June 30,	
	2017	2016
<b>Operating income return on common shareholders' equity</b>		
Numerator:		
Operating income	\$ 2,399	\$ 1,792
Denominator:		
Beginning common shareholders' equity	\$ 18,807	\$ 19,552
Unrealized net capital gains and losses	1,624	1,419
Adjusted beginning common shareholders' equity	17,183	18,133
Ending common shareholders' equity	19,755	18,807
Unrealized net capital gains and losses	1,526	1,624
Adjusted ending common shareholders' equity	18,229	17,183
Average adjusted common shareholders' equity	\$ 17,706	\$ 17,658
Operating income return on common shareholders' equity*	13.5%	10.1%

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

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

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

**Property-Liability**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Combined ratio</b>	97.2	100.8	95.4	99.6
Effect of catastrophe losses	(12.4)	(12.3)	(11.1)	(11.5)
Effect of prior year non-catastrophe reserve reestimates	1.0	0.2	1.1	(0.1)
Effect of amortization of purchased intangible assets	(0.3)	(0.1)	(0.3)	(0.1)
<b>Combined ratio excluding the effect of catastrophes, prior year reserve reestimates and amortization of purchased intangible assets ("underlying combined ratio")*</b>	<b>85.5</b>	<b>88.6</b>	<b>85.1</b>	<b>87.9</b>
Effect of prior year catastrophe reserve reestimates	(0.1)	0.2	(0.1)	—

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

**Allstate Brand - Total**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Combined ratio</b>	96.0	100.1	93.9	98.9
Effect of catastrophe losses	(12.7)	(12.9)	(11.2)	(12.1)
Effect of prior year non-catastrophe reserve reestimates	1.1	0.3	1.3	—
<b>Underlying combined ratio*</b>	<b>84.4</b>	<b>87.5</b>	<b>84.0</b>	<b>86.8</b>
Effect of prior year catastrophe reserve reestimates	—	0.3	—	0.1

**Allstate Brand - Auto Insurance**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Combined ratio</b>	95.8	101.2	93.2	100.1
Effect of catastrophe losses	(4.2)	(4.1)	(2.8)	(3.5)
Effect of prior year non-catastrophe reserve reestimates	1.2	0.7	1.4	0.3
<b>Underlying combined ratio*</b>	<b>92.8</b>	<b>97.8</b>	<b>91.8</b>	<b>96.9</b>
Effect of prior year catastrophe reserve reestimates	—	(0.1)	(0.1)	—

**Allstate Brand - Homeowners Insurance**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Combined ratio</b>	97.2	97.0	95.4	95.2
Effect of catastrophe losses	(38.4)	(38.3)	(36.2)	(36.2)
Effect of prior year non-catastrophe reserve reestimates	1.0	(0.1)	1.3	—
<b>Underlying combined ratio*</b>	<b>59.8</b>	<b>58.6</b>	<b>60.5</b>	<b>59.0</b>
Effect of prior year catastrophe reserve reestimates	—	1.0	—	0.3

**Allstate Brand - Other Personal Lines**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Combined ratio</b>	90.8	91.2	91.9	91.9
Effect of catastrophe losses	(13.9)	(15.6)	(14.2)	(15.8)
Effect of prior year non-catastrophe reserve reestimates	0.2	1.7	0.2	1.6
<b>Underlying combined ratio*</b>	<b>77.1</b>	<b>77.3</b>	<b>77.9</b>	<b>77.7</b>
Effect of prior year catastrophe reserve reestimates	(0.5)	—	0.6	—

**Encompass Brand - Total**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Combined ratio</b>	104.4	104.9	108.1	105.4
Effect of catastrophe losses	(19.0)	(11.2)	(21.4)	(12.3)
Effect of prior year non-catastrophe reserve reestimates	2.2	(0.9)	0.4	(2.6)
<b>Underlying combined ratio*</b>	<b>87.6</b>	<b>92.8</b>	<b>87.1</b>	<b>90.5</b>
Effect of prior year catastrophe reserve reestimates	(0.7)	(0.6)	—	(0.2)

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

The following table reconciles the Esurance brand combined ratio to the Esurance brand underlying loss ratio and underlying combined ratio.

**Esurance Brand - Total**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Combined ratio</b>	106.1	108.9	104.2	107.6
Effect of catastrophe losses	(5.6)	(3.4)	(3.7)	(2.1)
Effect of prior year non-catastrophe reserve reestimates	—	1.0	—	1.0
Effect of amortization of purchased intangible assets	—	(1.7)	(0.1)	(1.6)
<b>Underlying combined ratio*</b>	100.5	104.8	100.4	104.9
Expense ratio, excluding the effect of amortization of purchased intangible assets	(25.4)	(30.3)	(26.3)	(31.1)
<b>Underlying loss ratio*</b>	75.1	74.5	74.1	73.8

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

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

**SquareTrade**

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
<b>Net loss applicable to common shareholders</b>	\$ (14)	\$ —	\$ (37)	\$ —
Realized capital gains and losses, after-tax	—	—	—	—
Amortization of purchased intangible assets, after-tax	15	—	30	—
<b>Operating income *</b>	1	—	(7)	—
Fair value adjustments, after-tax	3	—	7	—
<b>Adjusted SquareTrade operating income *</b>	\$ 4	\$ —	\$ —	\$ —

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# THE ALLSTATE CORPORATION

## Investor Supplement Second Quarter 2017

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

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

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**Corporate and Other Segment Results**

**Investments**

- Investments
- Unrealized Net Capital Gains and Losses on Security Portfolio by Type
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- Performance-Based Investments
- Limited Partnership Interests

**Definitions of Non-GAAP Measures**

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**THE ALLSTATE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(\$ in millions, except per share data)

	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Revenues</b>					
Property-liability insurance premiums	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869	\$ 7,814
Life and annuity premiums and contract charges	591	593	574	571	564
Net investment income	897	748	801	748	762
Realized capital gains and losses:					
Total other-than-temporary impairment ("OTTI") losses	(47)	(62)	(72)	(73)	(77)
OTTI losses reclassified to (from) other comprehensive income	(3)	3	2	-	(2)
Net OTTI losses recognized in earnings	(50)	(59)	(70)	(73)	(79)
Sales and other realized capital gains and losses	131	193	72	106	103
Total realized capital gains and losses	81	134	2	33	24
<b>Total revenues</b>	<b>9,587</b>	<b>9,434</b>	<b>9,278</b>	<b>9,221</b>	<b>9,164</b>
<b>Costs and expenses</b>					
Property-liability insurance claims and claims expense	5,689	5,416	5,083	5,553	5,901
Life and annuity contract benefits	486	474	464	484	454
Interest credited to contractholder funds	175	173	168	183	185
Amortization of deferred policy acquisition costs	1,176	1,169	1,157	1,138	1,126
Operating costs and expenses	1,086	1,097	1,063	1,021	1,040
Restructuring and related charges	53	10	9	5	11
Interest expense	83	85	77	73	72
<b>Total costs and expenses</b>	<b>8,748</b>	<b>8,424</b>	<b>8,021</b>	<b>8,457</b>	<b>8,789</b>
Gain on disposition of operations	12	2	1	1	1
<b>Income from operations before income tax expense</b>	<b>851</b>	<b>1,012</b>	<b>1,258</b>	<b>765</b>	<b>376</b>
Income tax expense	272	317	418	245	105
<b>Net income</b>	<b>\$ 579</b>	<b>\$ 695</b>	<b>\$ 840</b>	<b>\$ 520</b>	<b>\$ 271</b>
Preferred stock dividends	29	29	29	29	29
<b>Net income applicable to common shareholders</b>	<b>\$ 550</b>	<b>\$ 666</b>	<b>\$ 811</b>	<b>\$ 491</b>	<b>\$ 242</b>
<b>Earnings per common share: <sup>(1)</sup></b>					
<b>Net income applicable to common shareholders per common share - Basic</b>	<b>\$ 1.51</b>	<b>\$ 1.82</b>	<b>\$ 2.20</b>	<b>\$ 1.32</b>	<b>\$ 0.65</b>
<b>Weighted average common shares - Basic</b>	<b>363.6</b>	<b>365.7</b>	<b>368.0</b>	<b>371.5</b>	<b>373.6</b>
<b>Net income applicable to common shareholders per common share - Diluted</b>	<b>\$ 1.49</b>	<b>\$ 1.79</b>	<b>\$ 2.18</b>	<b>\$ 1.31</b>	<b>\$ 0.64</b>
<b>Weighted average common shares - Diluted</b>	<b>369.0</b>	<b>371.3</b>	<b>372.5</b>	<b>375.9</b>	<b>378.1</b>
<b>Cash dividends declared per common share</b>	<b>\$ 0.37</b>	<b>\$ 0.37</b>	<b>\$ 0.33</b>	<b>\$ 0.33</b>	<b>\$ 0.33</b>

<sup>(1)</sup> 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

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Contribution to income</b>					
Net income applicable to common shareholders	\$ 550	\$ 666	\$ 811	\$ 491	\$ 24
Realized capital gains and losses, after-tax	(53)	(88)	(1)	(22)	(1)
Valuation changes on embedded derivatives that are not hedged, after-tax	1	-	(6)	-	-
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	3	3	1	1	-
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(1)	-	(2)	-	-
Business combination expenses and the amortization of purchased intangible assets, after-tax	16	29	4	5	-
Gain on disposition of operations, after-tax	(6)	(2)	-	(1)	-
Operating income *	<u>\$ 510</u>	<u>\$ 608</u>	<u>\$ 807</u>	<u>\$ 474</u>	<u>\$ 23</u>
<b>Income per common share - Diluted</b>					
Net income applicable to common shareholders	\$ 1.49	\$ 1.79	\$ 2.18	\$ 1.31	\$ 0.6
Realized capital gains and losses, after-tax	(0.14)	(0.24)	-	(0.06)	(0.0)
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(0.02)	-	0.0
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	0.01	0.01	-	-	-
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	-	-	-
Business combination expenses and the amortization of purchased intangible assets, after-tax	0.04	0.08	0.01	0.01	0.0
Gain on disposition of operations, after-tax	(0.02)	-	-	-	-
Operating income *	<u>\$ 1.38</u>	<u>\$ 1.64</u>	<u>\$ 2.17</u>	<u>\$ 1.26</u>	<u>\$ 0.6</u>
Weighted average common shares - Diluted	<u>369.0</u>	<u>371.3</u>	<u>372.5</u>	<u>375.9</u>	<u>378</u>

**THE ALLSTATE CORPORATION**  
**REVENUES**  
(\$ in millions)

Three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Property-Liability</b>					
Property-Liability insurance premiums	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869	\$ 7,814
Net investment income	391	311	338	310	316
Realized capital gains and losses	85	135	14	53	26
<b>Total Property-Liability revenues</b>	<b>8,494</b>	<b>8,405</b>	<b>8,253</b>	<b>8,232</b>	<b>8,156</b>
<b>Allstate Financial</b>					
Life and annuity premiums and contract charges	591	593	574	571	564
Net investment income	496	426	453	427	435
Realized capital gains and losses	(4)	(1)	(11)	(21)	-
<b>Total Allstate Financial revenues</b>	<b>1,083</b>	<b>1,018</b>	<b>1,016</b>	<b>977</b>	<b>999</b>
<b>Corporate and Other</b>					
Net investment income	10	11	10	11	11
Realized capital gains and losses	-	-	(1)	1	(2)
<b>Total Corporate and Other revenues</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>12</b>	<b>9</b>
<b>Consolidated revenues</b>	<b>\$ 9,587</b>	<b>\$ 9,434</b>	<b>\$ 9,278</b>	<b>\$ 9,221</b>	<b>\$ 9,164</b>

**THE ALLSTATE CORPORATION**

**SEGMENT RESULTS**

(\$ in millions)

For the three months ended June 30, 2012

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial
Premiums and contract charges	\$ 8,018	\$ -	\$ 8,018	\$ 591
Claims and claims expense	(5,686)	(3)	(5,689)	-
Contract benefits and interest credited to contractholder funds	-	-	-	(661)
Amortization of deferred policy acquisition costs	(1,103)	-	(1,103)	(73)
Operating costs and expenses	(945)	(2)	(947)	(130)
Restructuring and related charges	(52)	-	(52)	(1)
Interest expense	-	-	-	-
<b>Underwriting income (loss)</b>	<b>\$ 232</b>	<b>\$ (5)</b>	<b>\$ 227</b>	<b>\$ -</b>
Net investment income	-	-	391	496
Realized capital gains and losses	-	-	85	(4)
Gain on disposition of operations	-	-	10	2
Income tax (expense) benefit	-	-	(229)	(74)
Preferred stock dividends	-	-	-	-
<b>Net income applicable to common shareholders</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 484</b>	<b>\$ 146</b>
Realized capital gains and losses, after-tax	-	-	(56)	3
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	1
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	3
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	(1)	-
Business combination expenses and the amortization of purchased intangible assets, after-tax	-	-	16	-
Gain on disposition of operations, after-tax	-	-	(6)	-
<b>Operating income (loss) *</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 437</b>	<b>\$ 153</b>

	Allstate brand	Esurance brand	Encompass brand	SquareTrade
<b>Allstate Protection Products and Services</b>				
Premiums and contract charges	\$ 7,245	\$ 429	\$ 274	\$ 70
Claims and claims expense	(5,112)	(346)	(199)	(29)
Amortization of deferred policy acquisition costs	(1,032)	(10)	(51)	(10)
Operating costs and expenses	(763)	(98)	(31)	(53)
Restructuring and related charges	(46)	(1)	(5)	-
<b>Underwriting income (loss)</b>	<b>\$ 292</b>	<b>\$ (26)</b>	<b>\$ (12)</b>	<b>\$ (22)</b>

For the three months ended June 30, 2011

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial
Premiums and contract charges	\$ 7,814	\$ -	\$ 7,814	\$ 564
Claims and claims expense	(5,899)	(2)	(5,901)	-
Contract benefits and interest credited to contractholder funds	-	-	-	(639)
Amortization of deferred policy acquisition costs	(1,057)	-	(1,057)	(69)
Operating costs and expenses	(912)	-	(912)	(121)
Restructuring and related charges	(10)	-	(10)	(1)
Interest expense	-	-	-	-
<b>Underwriting income (loss)</b>	<b>\$ (64)</b>	<b>\$ (2)</b>	<b>\$ (66)</b>	<b>\$ -</b>
Net investment income	-	-	316	435
Realized capital gains and losses	-	-	26	-
Gain on disposition of operations	-	-	-	1
Income tax (expense) benefit	-	-	(78)	(54)
Preferred stock dividends	-	-	-	-
<b>Net income applicable to common shareholders</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 198</b>	<b>\$ 116</b>
Realized capital gains and losses, after-tax	-	-	(18)	-
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	4
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	-	-	-	1
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	-	-	6	-
Business combination expenses and the amortization of purchased intangible assets, after-tax	-	-	-	-
Gain on disposition of operations, after-tax	-	-	-	(1)
<b>Operating income (loss) *</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 186</b>	<b>\$ 120</b>

	Allstate brand	Esurance brand	Encompass brand	SquareTrade
<b>Allstate Protection Products and Services</b>				
Premiums and contract charges	\$ 7,095	\$ 415	\$ 304	\$ -
Claims and claims expense	(5,349)	(319)	(231)	-
Amortization of deferred policy acquisition costs	(990)	(10)	(57)	-
Operating costs and expenses	(757)	(123)	(30)	-
Restructuring and related charges	(9)	-	(1)	-
<b>Underwriting income (loss)</b>	<b>\$ (10)</b>	<b>\$ (37)</b>	<b>\$ (15)</b>	<b>\$ -</b>

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

**THE ALLSTATE CORPORATION**  
**SEGMENT RESULTS**

(\$ in millions)

For the six months ended June 30, 2016

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial
Premiums and contract charges	\$ 15,977	\$ -	\$ 15,977	\$ 1,184
Claims and claims expense	(11,100)	(5)	(11,105)	-
Contract benefits and interest credited to contractholder funds	-	-	-	(1,308)
Amortization of deferred policy acquisition costs	(2,193)	-	(2,193)	(152)
Operating costs and expenses	(1,881)	(2)	(1,883)	(265)
Restructuring and related charges	(62)	-	(62)	(1)
Interest expense	-	-	-	-
<b>Underwriting income (loss)</b>	<b>\$ 741</b>	<b>\$ (7)</b>	<b>\$ 734</b>	
Net investment income			702	922
Realized capital gains and losses			220	(5)
Gain on disposition of operations			10	4
Income tax (expense) benefit			(530)	(125)
Preferred stock dividends			-	-
<b>Net income applicable to common shareholders</b>			<b>\$ 1,136</b>	<b>\$ 254</b>
Realized capital gains and losses, after-tax			(145)	4
Valuation changes on embedded derivatives that are not hedged, after-tax			-	1
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax			-	6
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(1)	-
Business combination expenses and the amortization of purchased intangible assets, after-tax			32	-
Gain on disposition of operations, after-tax			(6)	(2)
<b>Operating income (loss) *</b>			<b>\$ 1,016</b>	<b>\$ 263</b>

	Allstate brand	Esurance brand	Encompass brand	SquareTrade
<b>Allstate Protection Products and Services</b>				
Premiums and contract charges	\$ 14,443	\$ 848	\$ 557	\$ 129
Claims and claims expense	(9,943)	(660)	(432)	(65)
Amortization of deferred policy acquisition costs	(2,052)	(20)	(103)	(18)
Operating costs and expenses	(1,514)	(201)	(62)	(103)
Restructuring and related charges and interest expense	(54)	(3)	(5)	-
<b>Underwriting income (loss)</b>	<b>\$ 880</b>	<b>\$ (36)</b>	<b>\$ (45)</b>	<b>\$ (57)</b>

For the six months ended June 30, 2015

	Allstate Protection	Discontinued Lines and Coverages	Total Property- Liability	Allstate Financial
Premiums and contract charges	\$ 15,537	\$ -	\$ 15,537	\$ 1,130
Claims and claims expense	(11,582)	(3)	(11,585)	-
Contract benefits and interest credited to contractholder funds	-	-	-	(1,284)
Amortization of deferred policy acquisition costs	(2,113)	-	(2,113)	(142)
Operating costs and expenses	(1,764)	(1)	(1,765)	(244)
Restructuring and related charges and interest expense	(15)	-	(15)	(1)
Interest expense	-	-	-	-
<b>Underwriting income (loss)</b>	<b>\$ 63</b>	<b>\$ (4)</b>	<b>\$ 59</b>	
Net investment income			618	854
Realized capital gains and losses			(73)	(49)
Gain on disposition of operations			-	3
Income tax (expense) benefit			(184)	(83)
Preferred stock dividends			-	-
<b>Net income applicable to common shareholders</b>			<b>\$ 420</b>	<b>\$ 184</b>
Realized capital gains and losses, after-tax			46	32
Valuation changes on embedded derivatives that are not hedged, after-tax			-	8
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax			-	2
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax			(1)	-
Business combination expenses and the amortization of purchased intangible assets, after-tax			12	-
Gain on disposition of operations, after-tax			-	(2)
<b>Operating income (loss) *</b>			<b>\$ 477</b>	<b>\$ 224</b>

	Allstate brand	Esurance brand	Encompass brand	SquareTrade
<b>Allstate Protection Products and Services</b>				
Premiums and contract charges	\$ 14,105	\$ 819	\$ 613	\$ -
Claims and claims expense	(10,499)	(613)	(470)	-
Amortization of deferred policy acquisition costs	(1,979)	(20)	(114)	-
Operating costs and expenses	(1,452)	(248)	(61)	-
Restructuring and related charges and interest expense	(14)	-	(1)	-
<b>Underwriting income (loss)</b>	<b>\$ 161</b>	<b>\$ (62)</b>	<b>\$ (33)</b>	<b>\$ -</b>

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



**THE ALLSTATE CORPORATION**  
**BOOK VALUE PER COMMON SHARE**

(\$ in millions, except per share data)

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
<b>Book value per common share</b>				
Numerator:				
Common shareholders' equity <sup>(1)</sup>	\$ <u>19,755</u>	\$ <u>19,412</u>	\$ <u>18,827</u>	\$ <u>19,188</u>
Denominator:				
Common shares outstanding and dilutive potential common shares outstanding	<u>367.0</u>	<u>370.4</u>	<u>370.8</u>	<u>372.7</u>
Book value per common share	\$ <u>53.83</u>	\$ <u>52.41</u>	\$ <u>50.77</u>	\$ <u>51.48</u>
<b>Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities</b>				
Numerator:				
Common shareholders' equity	\$ 19,755	\$ 19,412	\$ 18,827	\$ 19,188
Unrealized net capital gains and losses on fixed income securities	<u>1,013</u>	<u>831</u>	<u>727</u>	<u>1,506</u>
Adjusted common shareholders' equity	\$ <u>18,742</u>	\$ <u>18,581</u>	\$ <u>18,100</u>	\$ <u>17,682</u>
Denominator:				
Common shares outstanding and dilutive potential common shares outstanding	<u>367.0</u>	<u>370.4</u>	<u>370.8</u>	<u>372.7</u>
Book value per common share, excluding the impact of unrealized net capital gains and losses on fixed income securities *	\$ <u>51.07</u>	\$ <u>50.16</u>	\$ <u>48.81</u>	\$ <u>47.44</u>

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

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

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

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

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



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

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
<b>Debt</b>				
Short-term debt	\$ -	\$ -	\$ -	\$ -
Long-term debt	6,348	6,346	6,347	5,110
Total debt	<u>\$ 6,348</u>	<u>\$ 6,346</u>	<u>\$ 6,347</u>	<u>\$ 5,110</u>
<b>Capital resources</b>				
Debt	\$ 6,348	\$ 6,346	\$ 6,347	\$ 5,110
Shareholders' equity				
Preferred stock and additional capital paid-in	1,746	1,746	1,746	1,746
Common stock	9	9	9	9
Additional capital paid-in	3,269	3,285	3,303	3,237
Retained income	41,622	41,208	40,678	39,990
Deferred ESOP expense	(6)	(6)	(6)	(13)
Treasury stock	(25,241)	(24,887)	(24,741)	(24,537)
Unrealized net capital gains and losses	1,526	1,256	1,053	1,817
Unrealized foreign currency translation adjustments	(42)	(53)	(50)	(48)
Unrecognized pension and other postretirement benefit cost	(1,382)	(1,400)	(1,419)	(1,267)
Total shareholders' equity	21,501	21,158	20,573	20,934
Total capital resources	<u>\$ 27,849</u>	<u>\$ 27,504</u>	<u>\$ 26,920</u>	<u>\$ 26,044</u>
<b>Ratio of debt to shareholders' equity</b>	<u>29.5 %</u>	<u>30.0 %</u>	<u>30.9 %</u>	<u>24.4 %</u>
<b>Ratio of debt to capital resources</b>	<u>22.8 %</u>	<u>23.1 %</u>	<u>23.6 %</u>	<u>19.6 %</u>

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

Three months ended

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

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

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

	Beginning balance Mar. 31, 2017	Acquisition costs deferred	Amortization before adjustments <sup>(1)(2)</sup>	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged <sup>(2)</sup>	Amorti (accele decel for cha assump
<b>Property-Liability</b>	\$ 2,247	\$ 1,184	\$ (1,103)	\$ -	\$
<b>Allstate Financial:</b>					
Traditional life and accident and health	825	52	(36)	-	
Interest-sensitive life	877	21	(31)	(4)	
Fixed annuity	39	-	(2)	-	
Subtotal	<u>1,741</u>	<u>73</u>	<u>(69)</u>	<u>(4)</u>	
<b>Consolidated</b>	<u>\$ 3,988</u>	<u>\$ 1,257</u>	<u>\$ (1,172)</u>	<u>\$ (4)</u>	<u>\$</u>

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

	Beginning balance Mar. 31, 2016	Acquisition costs deferred	Amortization before adjustments	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged	Amorti (accele decel for cha assump
<b>Property-Liability</b>	\$ 2,041	\$ 1,117	\$ (1,057)	\$ -	\$
<b>Allstate Financial:</b>					
Traditional life and accident and health	796	48	(38)	-	
Interest-sensitive life	924	26	(28)	(1)	
Fixed annuity	46	-	(2)	-	
Subtotal	<u>1,766</u>	<u>74</u>	<u>(68)</u>	<u>(1)</u>	
<b>Consolidated</b>	<u>\$ 3,807</u>	<u>\$ 1,191</u>	<u>\$ (1,125)</u>	<u>\$ (1)</u>	<u>\$</u>

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

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

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

	Beginning balance Dec. 31, 2016	Acquisition costs deferred	Amortization before adjustments <sup>(1)(2)</sup>	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged <sup>(2)</sup>	Amortization (acceleration) deceleration for changes in assumptions <sup>(2)</sup>	Effect of unrealized capital gains and losses	
<b>Property-Liability</b>	\$ 2,188	\$ 2,333 <sup>(3)</sup>	\$ (2,193)	\$ -	\$ -	\$ -	\$ -
<b>Allstate Financial:</b>							
Traditional life and accident and health	821	101	(81)	-	-	-	-
Interest-sensitive life	905	43	(60)	(8)	-	(49)	-
Fixed annuity	40	-	(3)	-	-	-	-
Subtotal	<u>1,766</u>	<u>144</u>	<u>(144)</u>	<u>(8)</u>	<u>-</u>	<u>(49)</u>	<u>-</u>
<b>Consolidated</b>	<u>\$ 3,954</u>	<u>\$ 2,477</u>	<u>\$ (2,337)</u>	<u>\$ (8)</u>	<u>\$ -</u>	<u>\$ (49)</u>	<u>\$ -</u>

**Change in Deferred Policy Acquisition Costs**  
**For the six months ended June 30, 2016**

	Beginning balance Dec. 31, 2015	Acquisition costs deferred	Amortization before adjustments <sup>(1)(2)</sup>	Amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged <sup>(2)</sup>	Amortization (acceleration) deceleration for changes in assumptions <sup>(2)</sup>	Effect of unrealized capital gains and losses	
<b>Property-Liability</b>	\$ 2,029	\$ 2,185	\$ (2,113)	\$ -	\$ -	\$ -	\$ -
<b>Allstate Financial:</b>							
Traditional life and accident and health	792	94	(80)	-	-	-	-
Interest-sensitive life	993	52	(56)	(3)	-	(118)	-
Fixed annuity	47	-	(3)	-	-	-	-
Subtotal	<u>1,832</u>	<u>146</u>	<u>(139)</u>	<u>(3)</u>	<u>-</u>	<u>(118)</u>	<u>-</u>
<b>Consolidated</b>	<u>\$ 3,861</u>	<u>\$ 2,331</u>	<u>\$ (2,252)</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ (118)</u>	<u>\$ -</u>

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

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

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

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

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
<b>Policies in Force statistics (in thousands)</b>				
<b>Allstate Protection <sup>(1)</sup></b>				
<b>Allstate brand</b>				
Auto	19,548	19,565	19,742	19,85
Homeowners	6,075	6,090	6,120	6,13
Landlord	703	710	716	72
Renter	1,564	1,563	1,568	1,55
Condominium	662	663	666	66
Other	1,270	1,264	1,264	1,26
Other personal lines	4,199	4,200	4,214	4,20
Commercial lines	262	272	285	29
Allstate Roadside Services	724	743	768	79
Allstate Dealer Services	4,139	4,150	4,142	4,12
Other business lines	4,863	4,893	4,910	4,92
<b>Total</b>	<b>34,947</b>	<b>35,020</b>	<b>35,271</b>	<b>35,40</b>
<b>Esurance brand</b>				
Auto	1,388	1,400	1,391	1,39
Homeowners	69	63	58	5
Other personal lines	47	48	47	4
<b>Total</b>	<b>1,504</b>	<b>1,511</b>	<b>1,496</b>	<b>1,49</b>
<b>Encompass brand</b>				
Auto	571	595	622	64
Homeowners	273	284	295	30
Other personal lines	91	94	98	10
<b>Total</b>	<b>935</b>	<b>973</b>	<b>1,015</b>	<b>1,05</b>
<b>SquareTrade <sup>(2)</sup></b>				
	31,258	29,907	-	
<b>Allstate Protection Policies in Force</b>	<b>68,644</b>	<b>67,411</b>	<b>37,782</b>	<b>37,95</b>
<b>Allstate Financial <sup>(3)</sup></b>				
Allstate Life	2,020	2,017	2,023	2,01
Allstate Benefits	4,064	3,992	3,755	3,73
Allstate Annuities	240	246	251	25
<b>Allstate Financial Policies in Force</b>	<b>6,324</b>	<b>6,255</b>	<b>6,029</b>	<b>6,00</b>
<b>Total Policies in Force</b>	<b>74,968</b>	<b>73,666</b>	<b>43,811</b>	<b>43,96</b>
<b>Agency Data <sup>(4)</sup></b>				
Total Allstate agencies <sup>(5)</sup>	12,200	12,200	12,200	12,20
Licensed sales professionals <sup>(6)</sup>	24,000	23,600	23,800	23,60
Allstate independent agencies <sup>(7)</sup>	2,300	2,200	2,200	2,20

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

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

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

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

(4) Rounded to the nearest hundred.

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

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

(7) Includes 509 and 488 engaged Allstate independent agencies ("AIAs") as of June 30, 2017 and December 31, 2016, respectively. Engaged AIAs are those agencies that achieve a minimum number of new policies written.

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

Three months ended

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

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

Three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Property-Liability Underwriting Summary</b>					
Allstate Protection	\$ 232	\$ 509	\$ 799	\$ 455	\$ (64)
Discontinued Lines and Coverages	(5)	(2)	(3)	(100)	(2)
Underwriting income (loss)	<u>\$ 227</u>	<u>\$ 507</u>	<u>\$ 796</u>	<u>\$ 355</u>	<u>\$ (66)</u>
<b>Allstate Protection Underwriting Summary</b>					
Premiums written	\$ 8,289	\$ 7,723	\$ 7,722	\$ 8,309	\$ 8,051
Premiums earned	\$ 8,018	\$ 7,959	\$ 7,901	\$ 7,869	\$ 7,814
Claims and claims expense	(5,686)	(5,414)	(5,080)	(5,454)	(5,899)
Amortization of deferred policy acquisition costs	(1,103)	(1,090)	(1,086)	(1,068)	(1,057)
Operating costs and expenses	(945)	(936)	(927)	(887)	(912)
Restructuring and related charges	(52)	(10)	(9)	(5)	(10)
Underwriting income (loss)	<u>\$ 232</u>	<u>\$ 509</u>	<u>\$ 799</u>	<u>\$ 455</u>	<u>\$ (64)</u>
Catastrophe losses	<u>\$ 993</u>	<u>\$ 781</u>	<u>\$ 303</u>	<u>\$ 481</u>	<u>\$ 961</u>
Operating ratios					
Loss ratio	70.9	68.0	64.3	69.3	75.5
Expense ratio	26.2	25.6	25.6	24.9	25.3
Combined ratio	<u>97.1</u>	<u>93.6</u>	<u>89.9</u>	<u>94.2</u>	<u>100.8</u>
Effect of catastrophe losses on combined ratio	<u>12.4</u>	<u>9.8</u>	<u>3.8</u>	<u>6.1</u>	<u>12.3</u>
Effect of restructuring and related charges on combined ratio	<u>0.6</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Effect of amortization of purchased intangible assets on combined ratio	<u>0.3</u>	<u>0.3</u>	<u>-</u>	<u>0.1</u>	<u>0.1</u>
<b>Discontinued Lines and Coverages Underwriting Summary</b>					
Premiums written	\$ -	\$ -	\$ 1	\$ 2	\$ -
Premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -
Claims and claims expense	(3)	(2)	(3)	(99)	(2)
Operating costs and expenses	(2)	-	-	(1)	-
Underwriting loss	<u>\$ (5)</u>	<u>\$ (2)</u>	<u>\$ (3)</u>	<u>\$ (100)</u>	<u>\$ (2)</u>
Effect of Discontinued Lines and Coverages on the Property-Liability combined ratio	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>1.3</u>	<u>-</u>
<b>Allstate Protection Underwriting Income (Loss) by Brand</b>					
Allstate brand	\$ 292	\$ 588	\$ 793	\$ 493	\$ (10)
Esurance brand	(26)	(10)	(21)	(41)	(37)
Encompass brand	(12)	(33)	29	5	(15)
SquareTrade	(22)	(35)	-	-	-
Answer Financial	-	(1)	(2)	(2)	(2)
Underwriting income (loss)	<u>\$ 232</u>	<u>\$ 509</u>	<u>\$ 799</u>	<u>\$ 455</u>	<u>\$ (64)</u>

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

	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Allstate brand <sup>(1)</sup></b>					
Auto	\$ 4,925	\$ 4,882	\$ 4,756	\$ 4,940	\$ 4,767
Homeowners	1,847	1,403	1,638	1,869	1,831
Landlord	130	120	133	141	133
Renter	75	67	68	84	75
Condominium	68	55	63	70	67
Other	168	126	129	152	153
Other personal lines	441	368	393	447	428
Commercial lines	124	123	115	123	135
Other business lines	174	173	158	185	183
	<u>7,511</u>	<u>6,949</u>	<u>7,060</u>	<u>7,564</u>	<u>7,344</u>
<b>Esurance brand</b>					
Auto	386	439	382	428	376
Homeowners	20	16	15	16	14
Other personal lines	2	2	2	2	2
	<u>408</u>	<u>457</u>	<u>399</u>	<u>446</u>	<u>392</u>
<b>Encompass brand</b>					
Auto	148	125	138	153	162
Homeowners	112	91	103	121	126
Other personal lines	25	20	22	25	27
	<u>285</u>	<u>236</u>	<u>263</u>	<u>299</u>	<u>315</u>
<b>SquareTrade</b>	85	81	-	-	-
<b>Allstate Protection</b>	8,289	7,723	7,722	8,309	8,051
<b>Discontinued Lines and Coverages <sup>(2)</sup></b>	-	-	1	2	-
<b>Property-Liability</b>	<u>\$ 8,289</u>	<u>\$ 7,723</u>	<u>\$ 7,723</u>	<u>\$ 8,311</u>	<u>\$ 8,051</u>
<b>Allstate Protection</b>					
Auto	\$ 5,459	\$ 5,446	\$ 5,276	\$ 5,521	\$ 5,305
Homeowners	1,979	1,510	1,756	2,006	1,971
Other personal lines	468	390	417	474	457
Commercial lines	124	123	115	123	135
Other business lines	174	173	158	185	183
SquareTrade	85	81	-	-	-
	<u>\$ 8,289</u>	<u>\$ 7,723</u>	<u>\$ 7,722</u>	<u>\$ 8,309</u>	<u>\$ 8,051</u>
<b>Non-Proprietary Premiums</b>					
Ivantage <sup>(3)</sup>	\$ 1,584	\$ 1,566	1,544	1,531	1,528
Answer Financial <sup>(4)</sup>	148	153	140	158	150
<b><sup>(1)</sup> Canada premiums included in Allstate brand</b>					
Auto	\$ 228	\$ 171	\$ 182	\$ 220	\$ 234
Homeowners	65	44	52	64	64
Other personal lines	16	12	13	16	16
	<u>\$ 309</u>	<u>\$ 227</u>	<u>\$ 247</u>	<u>\$ 300</u>	<u>\$ 314</u>

<sup>(2)</sup> Primarily represents retrospective reinsurance premium recognized when billed.

<sup>(3)</sup> Represents non-proprietary premiums under management as of the end of the period related to personal and commercial line products offered by Ivantage. Three and six months ended June 30, 2017 were \$27.0 million and \$50.3 million, respectively.

<sup>(4)</sup> Represents non-proprietary premiums written for the period. Commissions earned for the three and six months ended June 30, 2017 were \$17.9 million and



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

	Three months ended June 30, 2017 <sup>(1)</sup>			Three months ended March 31, 2017		
	Number of locations <sup>(7)</sup>	Total brand (%) <sup>(8)</sup>	Location specific (%) <sup>(9)</sup>	Number of locations	Total brand (%)	Location specific (%)
<b>Allstate brand</b>						
Auto <sup>(2)(3)(4)</sup>	23	0.7	3.2	18	1.7 <sup>(10)</sup>	5.3 <sup>(11)</sup>
Homeowners <sup>(5)(6)</sup>	3	0.1	2.0	14	1.0	4.2
<b>Esurance brand</b>						
Auto	12	1.7	5.6	7	0.7	5.3
Homeowners	-	-	-	-	-	-
<b>Encompass brand</b>						
Auto	11	2.3	7.5	5	1.4	7.2
Homeowners	9	2.8	8.9	3	0.2	3.4
	Three months ended September 30, 2016			Three months ended June 30, 2016		
	Number of locations	Total brand (%)	Location specific (%)	Number of locations	Total brand (%)	Location specific (%)
<b>Allstate brand</b>						
Auto <sup>(2)(3)(4)</sup>	25	1.0	7.1	35	3.2	6.2
Homeowners <sup>(5)(6)</sup>	10	0.2	4.6	11	0.8	4.9
<b>Esurance brand</b>						
Auto	9	0.4	2.3	15	1.3	5.6
Homeowners	N/A	N/A	N/A	N/A	N/A	N/A
<b>Encompass brand</b>						
Auto	9	1.6	8.8	10	4.1	9.5
Homeowners	5	1.4	9.2	6	1.7	8.1

<sup>(1)</sup> Rate changes include changes approved based on our net cost of reinsurance. These rate changes do not reflect initial rates filed for insurance subsidiaries initially writing business. Based on historical Canadian provinces, rate changes approved for Allstate brand, Esurance brand and Encompass brand for the three month period ending June 30, 2017 are estimated to total \$197 million. Rate changes and surcharges that result in no change in the overall rate level in a location.

<sup>(2)</sup> Impacts of Allstate brand auto effective rate changes as a percentage of total brand prior year-end premiums written were 1.8%, 1.1%, 1.1%, 1.5%, 3.4% and 1.4% for the three months ended June 30, 2016 and March 31, 2016, respectively. Rate changes are included in the effective calculations in the period the rate change is effective for renewal contracts.

<sup>(3)</sup> Allstate brand auto rate changes were 4.7%, 7.2%, 7.2%, 7.8% and 8.4% for the trailing twelve months ended June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016, respectively.

<sup>(4)</sup> Allstate brand auto rate changes were cumulatively \$2.75 billion or 15.0% in 2017, 2016 and 2015.

<sup>(5)</sup> Impacts of Allstate brand homeowners effective rate changes as a percentage of total brand prior year-end premiums written were 0.1%, 0.9%, 0.6%, 0.6%, 0.5% and 0.7% for the three months ended June 30, 2016, June 30, 2016, and March 31, 2016, respectively.

<sup>(6)</sup> Allstate brand homeowner rate changes were cumulatively \$340 million or 5.0% in 2017, 2016 and 2015.

<sup>(7)</sup> Allstate brand auto and homeowners operates in 50 states, the District of Columbia, and 5 Canadian provinces. Esurance brand auto operates in 43 states and 2 Canadian provinces. Esurance brand in second quarter 2017, Encompass brand auto and homeowners operates in 39 states and the District of Columbia.

<sup>(8)</sup> Represents the impact in the states, the District of Columbia and Canadian provinces where rate changes were approved during the period as a percentage of total brand prior year-end premiums.

<sup>(9)</sup> Represents the impact in the states, the District of Columbia and Canadian provinces where rate changes were approved during the period as a percentage of its respective total prior year-end premiums.

<sup>(10)</sup> Includes a rate increase in California in first quarter 2017. Excluding California, Allstate brand auto total brand and location specific rate changes were 1.1% and 4.7% for the three months ended

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

Three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2015
Net premiums written	\$ 7,511	\$ 6,949	\$ 7,060	\$ 7,564	\$ 7,564
Net premiums earned					
Auto	\$ 4,883	\$ 4,839	\$ 4,826	\$ 4,793	\$ 4,793
Homeowners	1,691	1,688	1,691	1,683	1,683
Other personal lines	411	405	403	399	399
Commercial lines	118	125	123	127	127
Other business lines	142	141	145	150	150
Total	<u>7,245</u>	<u>7,198</u>	<u>7,188</u>	<u>7,152</u>	<u>7,152</u>
Incurred losses					
Auto	\$ 3,441	\$ 3,224	\$ 3,416	\$ 3,610	\$ 3,610
Homeowners	1,273	1,194	765	893	893
Other personal lines	258	265	234	236	236
Commercial lines	86	96	109	112	112
Other business lines	54	52	60	69	69
Total	<u>5,112</u>	<u>4,831</u>	<u>4,584</u>	<u>4,920</u>	<u>4,920</u>
Expenses					
Auto	\$ 1,236	\$ 1,161	\$ 1,181	\$ 1,134	\$ 1,134
Homeowners	371	387	396	384	384
Other personal lines	115	112	117	113	113
Commercial lines	34	33	34	34	34
Other business lines	85	86	83	74	74
Total	<u>1,841</u>	<u>1,779</u>	<u>1,811</u>	<u>1,739</u>	<u>1,739</u>
Underwriting income (loss)					
Auto	\$ 206	\$ 454	\$ 229	\$ 49	\$ 49
Homeowners	47	107	530	406	406
Other personal lines	38	28	52	50	50
Commercial lines	(2)	(4)	(20)	(19)	(19)
Other business lines	3	3	2	7	7
Total	<u>292</u>	<u>588</u>	<u>793</u>	<u>493</u>	<u>493</u>
Loss ratio	70.6	67.1	63.8	68.8	68.8
Expense ratio	25.4	24.7	25.2	24.3	24.3
Combined ratio	<u>96.0</u>	<u>91.8</u>	<u>89.0</u>	<u>93.1</u>	<u>93.1</u>
Loss ratio	70.6	67.1	63.8	68.8	68.8
Less: effect of catastrophe losses	12.7	9.8	4.0	6.2	6.2
effect of prior year non-catastrophe reserve reestimates	(1.1)	(1.5)	(1.5)	-	-
Underlying loss ratio *	<u>59.0</u>	<u>58.8</u>	<u>61.3</u>	<u>62.6</u>	<u>62.6</u>
Expense ratio	25.4	24.7	25.2	24.3	24.3
Less: effect of amortization of purchased intangible assets	-	-	-	-	-
Expense ratio, excluding the effect of amortization of purchased intangible assets	<u>25.4</u>	<u>24.7</u>	<u>25.2</u>	<u>24.3</u>	<u>24.3</u>
Reconciliation of combined ratio to underlying combined ratio					
Combined ratio	96.0	91.8	89.0	93.1	93.1
Effect of catastrophe losses	(12.7)	(9.8)	(4.0)	(6.2)	(6.2)
Effect of prior year non-catastrophe reserve reestimates	1.1	1.5	1.5	-	-
Effect of amortization of purchased intangible assets	-	-	-	-	-
Underlying combined ratio *	<u>84.4</u>	<u>83.5</u>	<u>86.5</u>	<u>86.9</u>	<u>86.9</u>
Effect of prior year reserve reestimates on combined ratio	(1.1)	(1.5)	(1.6)	-	-
Effect of advertising expenses on combined ratio	1.8	2.0	2.4	2.2	2.2

**THE ALLSTATE CORPORATION**  
**ALLSTATE BRAND STATISTICS <sup>(1)</sup>**

Three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>New Issued Applications</b> (in thousands) <sup>(2)</sup>					
Auto <sup>(3)</sup>	639	610	562	584	582
Homeowners <sup>(4)</sup>	195	163	167	188	193
<b>Average Premium - Gross Written</b> (\$) <sup>(5)</sup>					
Auto	544	538	537	532	516
Homeowners	1,192	1,187	1,181	1,181	1,171
<b>Average Premium - Net Earned</b> (\$) <sup>(6)</sup>					
Auto	499	492	487	479	471
Homeowners	1,106	1,106	1,105	1,099	1,090
<b>Renewal Ratio</b> (%) <sup>(7)</sup>					
Auto <sup>(8)</sup>	87.4	87.4	87.4	87.5	88.0
Homeowners <sup>(9)</sup>	87.0	87.1	87.5	87.9	87.8
<b>Auto Claim Frequency</b> <sup>(10)</sup>					
(% change year-over-year)					
Bodily Injury Gross	(4.7)	(6.0)	(2.0)	0.3	2.8
Bodily Injury Paid <sup>(11)</sup>	(23.7)	(20.5)	(19.2)	(19.6)	1.5
Property Damage Gross	(5.2)	(3.9)	1.2	3.9	5.6
Property Damage Paid <sup>(12)</sup>	(3.4)	(3.2)	(1.2)	0.1	(0.1)
<b>Auto Paid Claim Severity</b> <sup>(13)</sup>					
(% change year-over-year)					
Bodily injury <sup>(11)</sup>	28.3	25.1	18.8	12.4	(2.3)
Property damage	1.6	4.8	1.9	1.9	5.3
<b>Homeowners Excluding Catastrophe Losses</b>					
(% change year-over-year)					
Gross Claim frequency <sup>(10)</sup>	6.0	7.6	2.2	5.2	(12.5)
Paid Claim frequency <sup>(10)</sup>	7.1	2.3	(0.5)	0.7	(14.3)
Paid Claim severity	(0.2)	4.1	1.8	(0.5)	4.7

<sup>(1)</sup> Statistics presented for Allstate brand exclude excess and surplus lines.

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

<sup>(3)</sup> 33 states, including 6 of our 10 largest states, experienced increases in new issued applications in the second quarter of 2017 compared to the same period of 2016. 17 states experienced increases in new issued applications in the first six months of 2017 compared to the same period of 2016.

<sup>(4)</sup> Of our largest 10 states, 6 experienced increases in new issued applications in both the second quarter and first six months of 2017 compared to the same period of 2016.

<sup>(5)</sup> Average Premium - Gross Written: Gross premiums written divided by issued item count. Gross premiums written include the impacts from discounts, surcharges, and 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.

<sup>(6)</sup> Average Premium - Net Earned: Earned premium divided by average policies in force for the period. Earned premium includes the impacts from mid-term premium adjustments and premium refund accruals. Average premiums represent the appropriate policy term for each line, which is 6 months for auto and 12 months for homeowners.

<sup>(7)</sup> 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.

<sup>(8)</sup> 2 of our largest 10 states experienced increases in the renewal ratio in both the second quarter and first six months of 2017 compared to the same periods of 2016.

<sup>(9)</sup> Of our largest 10 states, 1 experienced an increase in the renewal ratio in both the second quarter and first six months of 2017 compared to the same period of 2016.

<sup>(10)</sup> Paid claim frequency is calculated as annualized notice counts closed with payment in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency is calculated as annualized notice counts received in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency statistics exclude closed claims regardless of their current status (open or closed) or their ultimate disposition (closed with a payment or closed without payment). Frequency statistics exclude the impact of closed claims. Percent change in paid or gross claim frequency is calculated as the amount of increase or decrease in the paid or gross claim frequency in the current period divided by the prior year paid or gross claim frequency.

<sup>(11)</sup> Decreases in bodily injury paid claim frequency and the related increase in severity reflect payment mix and claim closure patterns that were impacted by changes in 2016 related to enhanced documentation of injuries and related medical treatments. Paid claim severity was impacted by a reduced number of claims open and a higher proportion of larger severity payments and increases in medical inflationary trends that were offset by improvements in loss cost management.

<sup>(12)</sup> 42 states experienced a year over year decrease in property damage paid claim frequency in second quarter 2017 when compared to second quarter 2016.

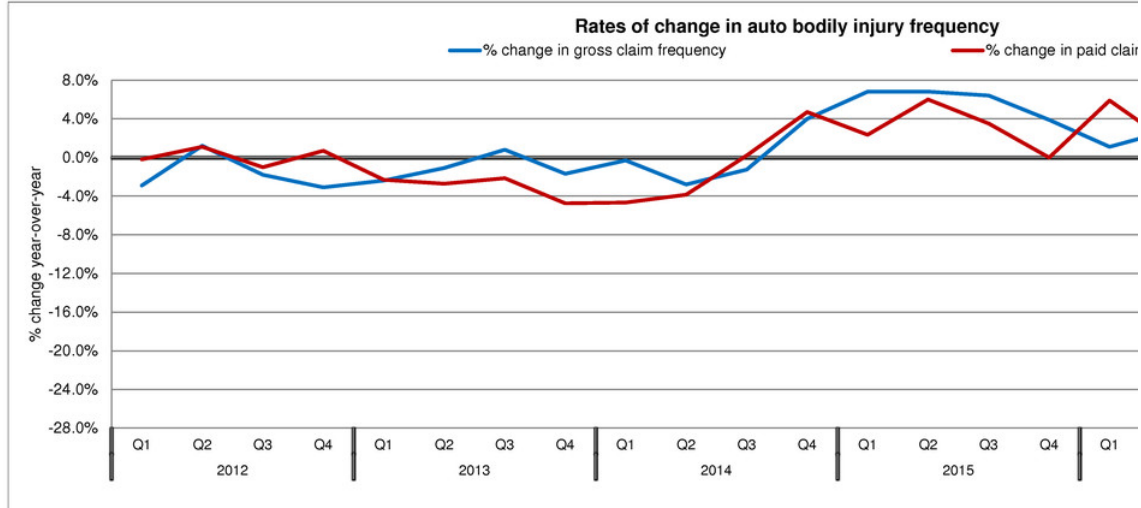
<sup>(13)</sup> Paid claim severity is calculated by dividing the sum of paid losses and loss expenses by claims closed with a payment during the period. The percent change in paid claim severity is calculated as the amount of increase or decrease in the paid claim severity in the current period compared to the same period in the prior year; divided by the prior year paid claims severity.

**THE ALLSTATE CORPORATION**  
**ALLSTATE BRAND AUTO CLAIM FREQUENCY ANALYSIS <sup>(1)</sup>**  
**BODILY INJURY % CHANGE IN GROSS AND PAID CLAIM FREQUENCY RATE**

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

**Change in auto claim frequency <sup>(2)</sup>**  
 (% change in frequency rate year over year)  
**% Change in gross claim frequency**  
**% Change in paid claim frequency <sup>(3)</sup>**

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



<sup>(1)</sup> Frequency statistics exclude counts associated with catastrophe events.

<sup>(2)</sup> Paid claim frequency is calculated as annualized notice counts closed with payment in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts received in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts received in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts received in the period divided by the average of policies in force with the applicable coverage during the period. Gross claim frequency includes all actual notice counts received in the period divided by the average of policies in force with the applicable coverage during the period. The percent change in paid or decrease in the paid or gross claim frequency in the current period compared to the same period in the prior year; divided by the prior year paid or gross claim frequency.

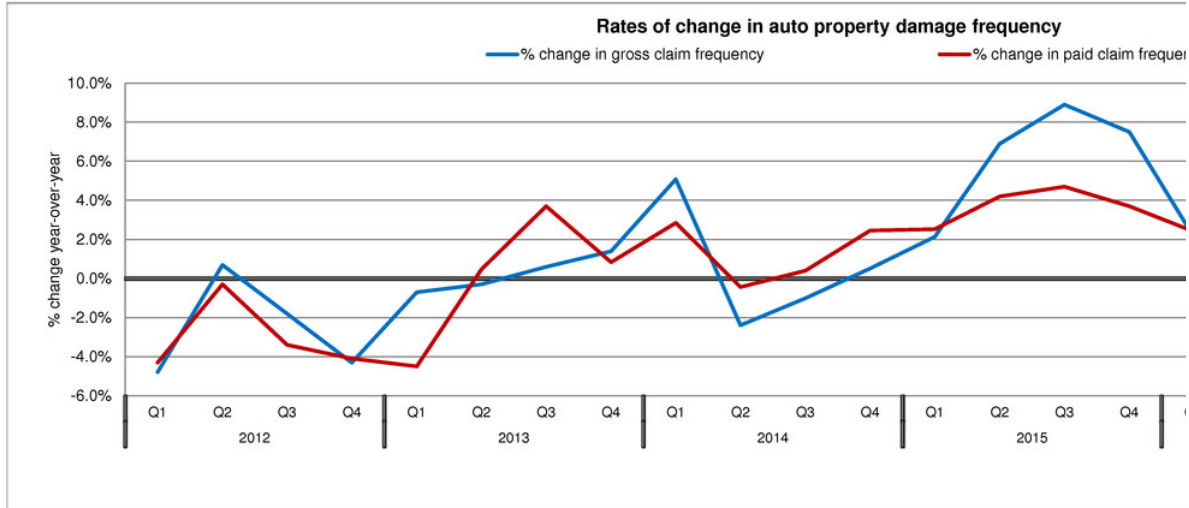
<sup>(3)</sup> Decreases in bodily injury paid claim frequency and the related increase in severity as depicted on page 19 reflect payment mix and claim closure patterns that were impacted by 2016 related to enhanced documentation of injuries and related medical treatments. Paid claim severity was impacted by a reduced number of claims opened and a change in the payments and increases in medical inflationary trends that were offset by improvements in loss cost management.

**THE ALLSTATE CORPORATION**  
**ALLSTATE BRAND AUTO CLAIM FREQUENCY ANALYSIS <sup>(1)</sup>**  
**PROPERTY DAMAGE % CHANGE IN GROSS AND PAID CLAIM FREQUENCY**

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

**Change in auto claim frequency <sup>(2)</sup>**  
 (% change in frequency rate year over year)  
**% Change in gross claim frequency <sup>(3)</sup>**  
**% Change in paid claim frequency**

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



<sup>(1)</sup> Frequency statistics exclude counts associated with catastrophe events.

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

<sup>(3)</sup> With the increase in auto frequency experienced in recent quarters, claim handling processes were modified to more completely identify instances of liability at first notice of loss. Change in frequency comparisons to prior year. This resulted in an increase in the number of counted claims as well as an increase in claims closed without payment, as in many instances, we were unable to identify liability at first notice of loss.

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

Three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Net premiums written	\$ 408	\$ 457	\$ 399	\$ 446	\$
Net premiums earned					
Auto	\$ 411	\$ 403	\$ 408	\$ 405	\$
Homeowners	16	14	13	11	
Other personal lines	2	2	2	2	
Total	429	419	423	418	
Incurring losses					
Auto	\$ 324	\$ 300	\$ 310	\$ 313	\$
Homeowners	21	13	8	11	
Other personal lines	1	1	1	2	
Total	346	314	319	326	
Expenses					
Auto	\$ 100	\$ 107	\$ 114	\$ 111	\$
Homeowners	8	8	10	22	
Other personal lines	1	-	1	-	
Total	109	115	125	133	
Underwriting income (loss)					
Auto <sup>(1)</sup>	\$ (13)	\$ (4)	\$ (16)	\$ (19)	\$
Homeowners	(13)	(7)	(5)	(22)	
Other personal lines	-	1	-	-	
Total	(26)	(10)	(21)	(41)	
Loss ratio	80.7	74.9	75.4	78.0	
Expense ratio	25.4	27.5	29.6	31.8	
Combined ratio	106.1	102.4	105.0	109.8	1
Loss ratio	80.7	74.9	75.4	78.0	
Less: effect of catastrophe losses	5.6	1.9	1.2	3.3	
effect of prior year non-catastrophe reserve reestimates	-	-	(2.1)	(1.0)	
Underlying loss ratio *	75.1	73.0	76.3	75.7	
Expense ratio	25.4	27.5	29.6	31.8	
Less: effect of amortization of purchased intangible assets	-	0.3	0.9	1.5	
Expense ratio, excluding the effect of amortization of purchased intangible assets	25.4	27.2	28.7	30.3	
Reconciliation of combined ratio to underlying combined ratio					
Combined ratio <sup>(1)(2)</sup>	106.1	102.4	105.0	109.8	1
Effect of catastrophe losses	(5.6)	(1.9)	(1.2)	(3.3)	
Effect of prior year non-catastrophe reserve reestimates	-	-	2.1	1.0	
Effect of amortization of purchased intangible assets	-	(0.3)	(0.9)	(1.5)	
Underlying combined ratio * <sup>(2)</sup>	100.5	100.2	105.0	106.0	1
Effect of prior year reserve reestimates on combined ratio	(0.2)	-	(2.1)	(1.0)	
Effect of advertising expenses on combined ratio <sup>(2)</sup>	8.6	8.6	9.2	11.7	
Policies in Force (in thousands)					
Auto	1,388	1,400	1,391	1,395	1
Homeowners	69	63	58	52	
Other personal lines	47	48	47	47	
Total	1,504	1,511	1,496	1,494	1
New Issued Applications (in thousands)					
Auto	120	143	137	151	
Homeowners	9	8	9	10	
Other personal lines	7	8	8	9	
Total	136	159	154	170	
Average Premium - Gross Written (\$)					
Auto	564	571	555	546	
Homeowners	910	919	861	872	
Renewal Ratio (%)					
Auto	81.9	80.4	79.3	78.9	
Homeowners <sup>(3)</sup>	86.1	83.5	82.9	83.1	

<sup>(1)</sup> Auto underwriting income includes an underwriting loss related to Esurance expansion into Canada of \$2 million or 0.5 points on the combined ratio and underlying com

<sup>(2)</sup> Advertising expenses for US Auto and Homeowners were \$35 million and \$2 million in second quarter 2017 compared to \$34 million and \$16 million in second quarter 2016. Homeowners advertising expenses on the Esurance combined ratio and underlying combined ratio was 8.2 points and 0.5 points in second quarter 2017 compared to 8.2 points and 0.5 points in second quarter 2016. Homeowners expense ratio was impacted due to reductions in homeowners marketing spending.

<sup>(3)</sup> Esurance's renewal ratios exclude the impact of risk related cancellations. Customers can enter into a policy without a physical inspection. During the underwriting review process, if the condition is unsatisfactory, causing the renewal ratio to appear lower.

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

Three months ended

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

**THE ALLSTATE CORPORATION**  
**SQUARETRADE PROFITABILITY MEASURES <sup>(1)</sup>**

Three months ended

(\$ in millions)	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	Ju 17
Net premiums written	\$ 85	\$ 81	\$ -	\$ -	\$ -
Net premiums earned	\$ 70	\$ 59	\$ -	\$ -	\$ -
Claims and claims expense	\$ (29) <sup>(2)</sup>	\$ (36)	\$ -	\$ -	\$ -
Amortization of deferred policy acquisition costs	\$ (10)	\$ (8)	\$ -	\$ -	\$ -
Other costs and expenses	(30)	(27)	-	-	-
Amortization of purchased intangible assets	(23)	(23)	-	-	-
Expenses	(63)	(58)	-	-	-
Underwriting loss	\$ (22)	\$ (35)	\$ -	\$ -	\$ -
Net investment income	-	-	-	-	-
Realized capital gains and losses	-	-	-	-	-
Income tax benefit	8	12	-	-	-
Net loss applicable to common shareholders	\$ (14)	\$ (23)	\$ -	\$ -	\$ -
Realized capital gains and losses, after-tax	-	-	-	-	-
Amortization of purchased intangible assets, after-tax	15	15	-	-	-
Operating income *	\$ 1	\$ (8)	\$ -	\$ -	\$ -
Fair value adjustments, after-tax <sup>(3)</sup>	3	4	-	-	-
Adjusted SquareTrade operating income *	\$ 4	\$ (4)	\$ -	\$ -	\$ -
Policies in Force (in thousands) <sup>(4)</sup>	31,258	29,907	-	-	-

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

<sup>(2)</sup> Includes a \$6 million favorable adjustment for loss experience.

<sup>(3)</sup> In connection with the acquisition, purchase accounting adjustments were made to recognize the acquired assets and liabilities at their fair value. The Company recorded \$48 million, and the Company recorded contractual liability insurance policy premium expenses (reported in other assets) of \$201 million and commissions paid to retailers of \$15 million, which were reduced \$15 million, respectively. Unearned premiums, contractual liability insurance policy premium expenses, and commissions paid to retailers are amortized over the term of the in force contracts or approximately three years. The purchase accounting adjustments had the following impact:

- For the three months ended March 31, 2017, net premiums earned, incurred losses and expenses were lower by \$8 million, \$1.4 million and \$0.6 million, pre-tax, respectively.
- For the three months ended June 30, 2017, net premiums earned, incurred losses and expenses were lower by \$6 million, \$1.4 million and \$0.6 million, pre-tax, respectively.
- For the six months ended June 30, 2017, net premiums earned, incurred losses and expenses were lower by \$14 million, \$2.8 million and \$1.2 million, pre-tax, respectively.

<sup>(4)</sup> SquareTrade had PIF of 28.5, 25.8, 24.4 and 23.0 million at December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, respectively. These numbers are for 2017, so they are not reflected in the periods above.



**THE ALLSTATE CORPORATION  
AUTO PROFITABILITY MEASURES**

Three months ended

(\$ in millions)	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Net premiums written					
Allstate brand	\$ 4,925	\$ 4,882	\$ 4,756	\$ 4,940	\$ 4,767
Esurance brand	386	439	382	428	376
Encompass brand	148	125	138	153	162
	<u>5,459</u>	<u>5,446</u>	<u>5,276</u>	<u>5,521</u>	<u>5,305</u>
Net premiums earned					
Allstate brand	\$ 4,883	\$ 4,839	\$ 4,826	\$ 4,793	\$ 4,745
Esurance brand	411	403	408	405	403
Encompass brand	143	146	151	155	158
	<u>5,437</u>	<u>5,388</u>	<u>5,385</u>	<u>5,353</u>	<u>5,306</u>
Incurred losses					
Allstate brand	\$ 3,441	\$ 3,224	\$ 3,416	\$ 3,610	\$ 3,634
Esurance brand	324	300	310	313	308
Encompass brand	105	104	104	117	130
	<u>3,870</u>	<u>3,628</u>	<u>3,830</u>	<u>4,040</u>	<u>4,072</u>
Expenses					
Allstate brand	\$ 1,236	\$ 1,161	\$ 1,181	\$ 1,134	\$ 1,168
Esurance brand	100	107	114	111	107
Encompass brand	46	43	44	44	45
	<u>1,382</u>	<u>1,311</u>	<u>1,339</u>	<u>1,289</u>	<u>1,320</u>
Underwriting income (loss)					
Allstate brand	\$ 206	\$ 454	\$ 229	\$ 49	\$ (57)
Esurance brand	(13)	(4)	(16)	(19)	(12)
Encompass brand	(8)	(1)	3	(6)	(17)
	<u>185</u>	<u>449</u>	<u>216</u>	<u>24</u>	<u>(86)</u>
Loss ratio					
Allstate brand	70.5	66.6	70.8	75.3	76.6
Esurance brand	78.9	74.4	76.0	77.3	76.4
Encompass brand	73.4	71.2	68.9	75.5	82.3
Allstate Protection	71.2	67.4	71.1	75.5	76.7
Expense ratio					
Allstate brand	25.3	24.0	24.5	23.7	24.6
Esurance brand	24.3	26.6	27.9	27.4	26.6
Encompass brand	32.2	29.5	29.1	28.4	28.5
Allstate Protection	25.4	24.3	24.9	24.1	24.9
Combined ratio					
Allstate brand	95.8	90.6	95.3	99.0	101.2
Esurance brand	103.2	101.0	103.9	104.7	103.0
Encompass brand	105.6	100.7	98.0	103.9	110.8
Allstate Protection	96.6	91.7	96.0	99.6	101.6
Effect of catastrophe losses on combined ratio					
Allstate brand	4.2	1.3	1.2	3.1	4.1
Esurance brand	3.6	1.0	1.0	2.2	2.2
Encompass brand	4.9	2.8	-	3.3	1.9
Allstate Protection	4.2	1.4	1.2	3.1	3.9
Effect of prior year reserve reestimates on combined ratio					
Allstate brand	(1.2)	(1.8)	(2.0)	(0.1)	(0.8)
Esurance brand	0.3	-	(2.2)	(1.0)	(1.0)
Encompass brand	(0.7)	-	(3.3)	(1.3)	3.2
Allstate Protection	(1.1)	(1.6)	(2.1)	(0.2)	(0.7)
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio					
Allstate brand	-	(0.2)	-	(0.1)	(0.1)
Esurance brand	-	-	-	-	-
Encompass brand	(0.7)	-	(0.6)	-	(0.6)
Allstate Protection	-	(0.1)	-	(0.1)	(0.1)
Effect of amortization of purchased intangible assets on combined ratio					
Esurance brand	-	0.2	0.9	1.5	1.8
Allstate Protection	-	-	-	0.1	0.1

**THE ALLSTATE CORPORATION**  
**HOMEOWNERS PROFITABILITY MEASURES**

Three months ended

(\$ in millions)	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Net premiums written					
Allstate brand	\$ 1,847	\$ 1,403	\$ 1,638	\$ 1,869	\$ 1,831
Esurance brand	20	16	15	16	14
Encompass brand	112	91	103	121	126
	<u>1,979</u>	<u>1,510</u>	<u>1,756</u>	<u>2,006</u>	<u>1,971</u>
Net premiums earned					
Allstate brand	\$ 1,691	\$ 1,688	\$ 1,691	\$ 1,683	\$ 1,684
Esurance brand	16	14	13	11	10
Encompass brand	108	113	115	119	121
	<u>1,815</u>	<u>1,815</u>	<u>1,819</u>	<u>1,813</u>	<u>1,815</u>
Incurred losses					
Allstate brand	\$ 1,273	\$ 1,194	\$ 765	\$ 893	\$ 1,260
Esurance brand	21	13	8	11	10
Encompass brand	84	108	60	74	85
	<u>1,378</u>	<u>1,315</u>	<u>833</u>	<u>978</u>	<u>1,355</u>
Expenses					
Allstate brand	\$ 371	\$ 387	\$ 396	\$ 384	\$ 373
Esurance brand	8	8	10	22	25
Encompass brand	34	33	33	34	36
	<u>413</u>	<u>428</u>	<u>439</u>	<u>440</u>	<u>434</u>
Underwriting income (loss)					
Allstate brand	\$ 47	\$ 107	\$ 530	\$ 406	\$ 51
Esurance brand	(13)	(7)	(5)	(22)	(25)
Encompass brand	(10)	(28)	22	11	-
	<u>24</u>	<u>72</u>	<u>547</u>	<u>395</u>	<u>26</u>
Loss ratio					
Allstate brand	75.3	70.8	45.3	53.1	74.8
Esurance brand	131.3	92.9	61.6	100.0	100.0
Encompass brand	77.8	95.6	52.2	62.2	70.2
Allstate Protection	75.9	72.4	45.8	53.9	74.7
Expense ratio					
Allstate brand	21.9	22.9	23.4	22.8	22.2
Esurance brand	50.0	57.1	76.9	200.0	250.0
Encompass brand	31.5	29.2	28.7	28.6	29.8
Allstate Protection	22.8	23.6	24.1	24.3	23.9
Combined ratio					
Allstate brand	97.2	93.7	68.7	75.9	97.0
Esurance brand	181.3	150.0	138.5	300.0	350.0
Encompass brand	109.3	124.8	80.9	90.8	100.0
Allstate Protection	98.7	96.0	69.9	78.2	98.6
Effect of catastrophe losses on combined ratio					
Allstate brand	38.4	34.1	10.8	15.4	38.3
Esurance brand	56.3	28.6	7.7	45.5	50.0
Encompass brand	38.9	54.0	7.8	17.6	24.0
Allstate Protection	38.6	35.2	10.6	15.7	37.4
Effect of prior year reserve reestimates on combined ratio					
Allstate brand	(1.0)	(1.6)	(1.7)	(0.3)	1.1
Esurance brand	(6.3)	-	-	-	-
Encompass brand	(1.9)	2.7	(2.6)	1.7	-
Allstate Protection	(1.1)	(1.3)	(1.8)	(0.2)	1.0
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio					
Allstate brand	-	0.1	(0.5)	0.3	1.0
Esurance brand	(6.3)	-	-	-	-
Encompass brand	(1.9)	1.8	-	0.8	(0.8)
Allstate Protection	(0.2)	0.2	(0.5)	0.3	0.8

**THE ALLSTATE CORPORATION**  
**OTHER PERSONAL LINES PROFITABILITY MEASURES <sup>(1)</sup>**

(\$ in millions)	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Net premiums written					
Allstate brand	\$ 441	\$ 368	\$ 393	\$ 447	\$ 428
Esurance brand	2	2	2	2	2
Encompass brand	25	20	22	25	27
	<u>468</u>	<u>390</u>	<u>417</u>	<u>474</u>	<u>457</u>
Net premiums earned					
Allstate brand	\$ 411	\$ 405	\$ 403	\$ 399	\$ 397
Esurance brand	2	2	2	2	2
Encompass brand	23	24	24	25	25
	<u>436</u>	<u>431</u>	<u>429</u>	<u>426</u>	<u>424</u>
Incurred losses					
Allstate brand	\$ 258	\$ 265	\$ 234	\$ 236	\$ 256
Esurance brand	1	1	1	2	1
Encompass brand	10	21	13	17	16
	<u>269</u>	<u>287</u>	<u>248</u>	<u>255</u>	<u>273</u>
Expenses					
Allstate brand	\$ 115	\$ 112	\$ 117	\$ 113	\$ 106
Esurance brand	1	-	1	-	1
Encompass brand	7	7	7	8	7
	<u>123</u>	<u>119</u>	<u>125</u>	<u>121</u>	<u>114</u>
Underwriting income (loss)					
Allstate brand	\$ 38	\$ 28	\$ 52	\$ 50	\$ 35
Esurance brand	-	1	-	-	-
Encompass brand	6	(4)	4	-	2
	<u>44</u>	<u>25</u>	<u>56</u>	<u>50</u>	<u>37</u>
Loss ratio					
Allstate brand	62.8	65.4	58.1	59.2	64.5
Esurance brand	50.0	50.0	50.0	100.0	50.0
Encompass brand	43.5	87.5	54.1	68.0	64.0
Allstate Protection	61.7	66.6	57.8	59.9	64.4
Expense ratio					
Allstate brand	28.0	27.7	29.0	28.3	26.7
Esurance brand	50.0	-	50.0	-	50.0
Encompass brand	30.4	29.2	29.2	32.0	28.0
Allstate Protection	28.2	27.6	29.1	28.4	26.9
Combined ratio					
Allstate brand	90.8	93.1	87.1	87.5	91.2
Esurance brand	100.0	50.0	100.0	100.0	100.0
Encompass brand	73.9	116.7	83.3	100.0	92.0
Allstate Protection	89.9	94.2	86.9	88.3	91.3
Effect of catastrophe losses on combined ratio					
Allstate brand	13.9	14.6	9.7	6.0	15.6
Esurance brand	-	-	-	-	-
Encompass brand	13.0	8.3	-	4.0	8.0
Allstate Protection	13.8	14.1	9.1	5.9	15.1
Effect of prior year reserve reestimates on combined ratio					
Allstate brand	(0.7)	1.5	0.5	(0.8)	(1.7)
Esurance brand	(50.0)	-	-	-	-
Encompass brand	(21.7)	12.6	(12.5)	4.0	(16.0)
Allstate Protection	(2.1)	2.1	(0.3)	(0.5)	(2.6)
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio					
Allstate brand	(0.5)	1.8	(0.2)	(0.3)	-
Esurance brand	-	-	-	-	-
Encompass brand	4.4	-	4.2	-	-
Allstate Protection	(0.2)	1.6	-	(0.3)	-

<sup>(1)</sup> Other personal lines include renter, condominium, landlord and other personal lines products.

**THE ALLSTATE CORPORATION**  
**AUTO, HOMEOWNERS AND OTHER PERSONAL LINES UNDERLYING COMBINED RATIOS BY BRAND**

	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Auto</b>					
Allstate brand combined ratio	95.8	90.6	95.3	99.0	101.2
Effect of catastrophe losses	(4.2)	(1.3)	(1.2)	(3.1)	(4.1)
Effect of prior year non-catastrophe reserve reestimates	1.2	1.6	2.0	-	0.7
Allstate brand underlying combined ratio *	<u>92.8</u>	<u>90.9</u>	<u>96.1</u>	<u>95.9</u>	<u>97.8</u>
Esurance brand combined ratio	103.2	101.0	103.9	104.7	103.0
Effect of catastrophe losses	(3.6)	(1.0)	(1.0)	(2.2)	(2.2)
Effect of prior year non-catastrophe reserve reestimates	(0.3)	-	2.2	1.0	1.0
Effect of amortization of purchased intangible assets	-	(0.2)	(0.9)	(1.5)	(1.8)
Esurance brand underlying combined ratio *	<u>99.3</u>	<u>99.8</u>	<u>104.2</u>	<u>102.0</u>	<u>100.0</u>
Encompass brand combined ratio	105.6	100.7	98.0	103.9	110.8
Effect of catastrophe losses	(4.9)	(2.8)	-	(3.3)	(1.9)
Effect of prior year non-catastrophe reserve reestimates	-	-	2.7	1.3	(3.8)
Encompass brand underlying combined ratio *	<u>100.7</u>	<u>97.9</u>	<u>100.7</u>	<u>101.9</u>	<u>105.1</u>
<b>Homeowners</b>					
Allstate brand combined ratio	97.2	93.7	68.7	75.9	97.0
Effect of catastrophe losses	(38.4)	(34.1)	(10.8)	(15.4)	(38.3)
Effect of prior year non-catastrophe reserve reestimates	1.0	1.7	1.2	0.6	(0.1)
Allstate brand underlying combined ratio *	<u>59.8</u>	<u>61.3</u>	<u>59.1</u>	<u>61.1</u>	<u>58.6</u>
Esurance brand combined ratio	181.3	150.0	138.5	300.0	350.0
Effect of catastrophe losses	(56.3)	(28.6)	(7.7)	(45.5)	(50.0)
Effect of prior year non-catastrophe reserve reestimates	-	-	-	-	-
Esurance brand underlying combined ratio *	<u>125.0</u>	<u>121.4</u>	<u>130.8</u>	<u>254.5</u>	<u>300.0</u>
Encompass brand combined ratio	109.3	124.8	80.9	90.8	100.0
Effect of catastrophe losses	(38.9)	(54.0)	(7.8)	(17.6)	(24.0)
Effect of prior year non-catastrophe reserve reestimates	-	(0.9)	2.6	(0.9)	(0.8)
Encompass brand underlying combined ratio *	<u>70.4</u>	<u>69.9</u>	<u>75.7</u>	<u>72.3</u>	<u>75.2</u>
<b>Other Personal Lines</b>					
Allstate brand combined ratio	90.8	93.1	87.1	87.5	91.2
Effect of catastrophe losses	(13.9)	(14.6)	(9.7)	(6.0)	(15.6)
Effect of prior year non-catastrophe reserve reestimates	0.2	0.3	(0.7)	0.5	1.7
Allstate brand underlying combined ratio *	<u>77.1</u>	<u>78.8</u>	<u>76.7</u>	<u>82.0</u>	<u>77.3</u>
Esurance brand combined ratio	100.0	50.0	100.0	100.0	100.0
Effect of catastrophe losses	-	-	-	-	-
Effect of prior year non-catastrophe reserve reestimates	50.0	-	-	-	-
Esurance brand underlying combined ratio *	<u>150.0</u>	<u>50.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Encompass brand combined ratio	73.9	116.7	83.3	100.0	92.0
Effect of catastrophe losses	(13.0)	(8.3)	-	(4.0)	(8.0)
Effect of prior year non-catastrophe reserve reestimates	26.1	(12.6)	16.7	(4.0)	16.0
Encompass brand underlying combined ratio *	<u>87.0</u>	<u>95.8</u>	<u>100.0</u>	<u>92.0</u>	<u>100.0</u>

**THE ALLSTATE CORPORATION**  
**COMMERCIAL LINES PROFITABILITY MEASURES <sup>(1)</sup>**

(\$ in millions)	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Net premiums written	\$ 124	\$ 123	\$ 115	\$ 123	\$ 135
Net premiums earned	\$ 118	\$ 125	\$ 123	\$ 127	\$ 127
Incurred losses	\$ 86	\$ 96	\$ 109	\$ 112	\$ 135
Expenses	\$ 34	\$ 33	\$ 34	\$ 34	\$ 35
Underwriting loss	\$ (2)	\$ (4)	\$ (20)	\$ (19)	\$ (43)
Loss ratio	72.9	76.8	88.6	88.2	106.3
Expense ratio	28.8	26.4	27.7	26.8	27.6
Combined ratio	101.7	103.2	116.3	115.0	133.9
Effect of catastrophe losses on combined ratio	1.7	5.6	5.7	5.5	9.5
Effect of prior year reserve reestimates on combined ratio	(1.7)	1.6	4.9	10.3	18.1
Effect of catastrophe losses included in prior year reserve reestimates on combined ratio	(0.9)	0.8	0.8	-	0.8

<sup>(1)</sup> Commercial lines are all Allstate brand products.

**THE ALLSTATE CORPORATION**  
**OTHER BUSINESS LINES PROFITABILITY MEASURES <sup>(1)</sup>**

Three months ended

(\$ in millions)	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Other Business Lines</b>					
Net premiums written	\$ 174	\$ 173	\$ 158	\$ 185	\$ 164
Net premiums earned	\$ 142	\$ 141	\$ 145	\$ 150	\$ 144
Incurring losses	(54)	(52)	(60)	(69)	(61)
Expenses	(85)	(86)	(83)	(74)	(77)
Underwriting (loss) income <sup>(2)</sup>	\$ 3	\$ 3	\$ 2	\$ 7	\$ 1
<b>Operating ratios</b>					
Loss ratio	38.0	36.9	41.4	46.0	45
Expense ratio	59.9	61.0	57.2	49.3	52
Combined ratio	97.9	97.9	98.6	95.3	97
Effect of catastrophe losses on combined ratio	-	-	0.7	-	-
Effect of prior year reserve reestimates on combined ratio	-	-	0.7	2.0	-
Effect of amortization of purchased intangible assets	-	0.7	0.6	0.6	0
<b>Allstate Roadside Services</b>					
Net premiums written	\$ 66	\$ 69	\$ 67	\$ 79	\$ 71
Net premiums earned	\$ 67	\$ 68	\$ 74	\$ 81	\$ 77
Incurring losses	(33)	(31)	(38)	(48)	(44)
Expenses	(42)	(42)	(42)	(43)	(43)
Underwriting (loss) income	\$ (8)	\$ (5)	\$ (6)	\$ (10)	\$ (10)
<b>Operating ratios</b>					
Loss ratio	49.2	45.6	51.3	59.2	53
Expense ratio	62.7	61.8	56.8	53.1	48
Combined ratio	111.9	107.4	108.1	112.3	102
<b>Allstate Dealer Services</b>					
Net premiums written	\$ 108	\$ 104	\$ 91	\$ 106	\$ 100
Net premiums earned	\$ 75	\$ 73	\$ 71	\$ 69	\$ 66
Incurring losses	(21)	(21)	(22)	(21)	(21)
Expenses	(55)	(55)	(52)	(48)	(44)
Underwriting (loss) income	\$ (1)	\$ (3)	\$ (3)	\$ -	\$ (1)
<b>Operating ratios</b>					
Loss ratio	28.0	28.8	31.0	30.4	34
Expense ratio	73.3	75.3	73.2	69.6	76
Combined ratio	101.3	104.1	104.2	100.0	110

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

<sup>(2)</sup> Includes Ivantage underwriting gain of \$12 million, \$11 million, \$11 million, \$17 million, \$13 million and \$12 million in the three months ended June 30, 2017, March 31, 2017, June 30, 2016, and March 31, 2016, respectively.

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

	Three months ended			
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
<b>Auto</b>				
Annualized average premium <sup>(1)</sup>	\$ 999	\$ 989	\$ 978	\$ 966
Underlying combined ratio *	92.8	90.9	96.1	95.9
Average underlying loss (incurred pure premium) and expense *	\$ 927	\$ 899	\$ 940	\$ 926
<b>Homeowners</b>				
Annualized average premium	\$ 1,117	\$ 1,112	\$ 1,109	\$ 1,102
Underlying combined ratio *	59.8	61.3	59.1	61.1
Average underlying loss (incurred pure premium) and expense *	\$ 668	\$ 682	\$ 655	\$ 673

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

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

Six months ended June 30, 2017

Primary Exposure Groupings <sup>(1)</sup>	Earned premiums	Incurred losses	Loss ratios	Catastrophe losses	Effect of catastrophes on loss ratio
Florida	\$ 51	\$ 33	64.7%	\$ 5	9.8%
Other hurricane exposure locations	1,967	1,409	71.6%	727	37.0%
Total hurricane exposure locations <sup>(2)</sup>	2,018	1,442	71.5%	732	36.3%
Other catastrophe exposure locations <sup>(4)</sup>	1,612	1,251	77.6%	609	37.8%
<b>Total</b>	<b>\$ 3,630</b>	<b>\$ 2,693</b>	<b>74.2%</b>	<b>\$ 1,341</b>	<b>37.0%</b>

<sup>(1)</sup> **Basis of Presentation**

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

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

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

<sup>(4)</sup> Includes Canada.



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

Three months ended

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

**THE ALLSTATE CORPORATION  
CATASTROPHE EXPERIENCE**

**CATASTROPHE BY SIZE OF EVENT**

(\$ in millions)

Three months ended June 30, 2017

Size of catastrophe	Number of events		Claims and claims expense	
		%	\$	%
Greater than \$250 million	-	-	\$ -	-
\$101 million to \$250 million	1	2.4	209	21.1
\$50 million to \$100 million	2	4.8	144	14.5
Less than \$50 million	39	92.8	619	62.3
<b>Total</b>	<b>42</b>	<b>100.0</b>	<b>972</b>	<b>97.9</b>
Prior year reserve reestimates			(7)	(0.7)
Prior quarter reserve reestimates			28	2.8
<b>Total catastrophe losses</b>			<b>\$ 993</b>	<b>100.0</b>

Six months ended June 30, 2017

Size of catastrophe	Number of events		Claims and claims expense	
		%	\$	%
Greater than \$250 million	-	-	\$ -	-
\$101 million to \$250 million	3	4.3	568	32.0
\$50 million to \$100 million	4	5.7	289	16.3
Less than \$50 million	63	90.0	920	51.9
<b>Total</b>	<b>70</b>	<b>100.0</b>	<b>1,777</b>	<b>100.2</b>
Prior year reserve reestimates			(3)	(0.2)
<b>Total catastrophe losses</b>			<b>\$ 1,774</b>	<b>100.0</b>

**EFFECT OF CATASTROPHE LOSSES ON THE COMBINED RATIO**

	Effect of all catastrophe losses on the Property-Liability combined ratio					Premiums earned year-to-date	Total catastrophe losses by year
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year		
2008	8.4	10.3	26.8	3.9	12.4	\$ 26,967	\$ 3,342
2009	7.8	12.5	6.2	5.0	7.9	26,194	2,069
2010	10.0	9.8	5.9	8.3	8.5	25,957	2,207
2011	5.2	36.2	16.7	1.0	14.7	25,942	3,815
2012	3.9	12.3	3.1	15.7	8.8	26,737	2,345
2013	5.3	9.4	1.8	1.7	4.5	27,618	1,251
2014	6.3	13.0	7.1	1.3	6.9	28,929	1,993
2015	4.0	10.6	3.5	4.7	5.7	30,309	1,719
2016	10.7	12.3	6.1	3.8	8.2	31,307	2,572
2017	9.8	12.4				15,977	1,774
<b>Average</b>	<b>7.1</b>	<b>13.9</b>	<b>8.6</b>	<b>5.0</b>	<b>8.6</b>		

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

Three months ended

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

<sup>(1)</sup> Favorable reserve reestimates are shown in parentheses.

<sup>(2)</sup> Calculated using Property-Liability premiums earned for the respective period.

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

	Three months ended		Twelve months ended		
	June 30, 2017	March 31, 2017	2016	2015	2014
<b>(net of reinsurance)</b>					
<b>Asbestos claims <sup>(1)</sup></b>					
Beginning reserves	\$ 891	\$ 912	\$ 960	\$ 1,014	\$ 1,018
Incurring claims and claims expense	-	-	67	39	8
Claims and claims expense paid	(24)	(21)	(115)	(93)	(9)
Ending reserves	<u>\$ 867</u>	<u>\$ 891</u>	<u>\$ 912</u>	<u>\$ 960</u>	<u>\$ 1,018</u>
Claims and claims expense paid as a percent of ending reserves	2.8%	2.4%	12.6%	9.7%	8.9
<b>Environmental claims <sup>(1)</sup></b>					
Beginning reserves	\$ 178	\$ 179	\$ 179	\$ 203	\$ 201
Incurring claims and claims expense	-	-	23	1	1
Claims and claims expense paid	(12)	(1)	(23)	(25)	(2)
Ending reserves	<u>\$ 166</u>	<u>\$ 178</u>	<u>\$ 179</u>	<u>\$ 179</u>	<u>\$ 200</u>
Claims and claims expense paid as a percent of ending reserves	7.2%	0.6%	12.8%	14.0%	9.9

<sup>(1)</sup> The 3-year survival ratio for the combined environmental and asbestos claims was 8.3, 8.9, 10.4, 12.2, 14.4 and 14.3 for the annualized six-2015, 2014, 2013 and 2012, respectively, and is calculated by taking the ending reserves divided by net payments made during the year.

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL SEGMENT RESULTS**  
(\$ In millions)

Three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Premiums	\$ 381	\$ 381	\$ 364	\$ 361	\$ 353
Contract charges	210	212	210	210	211
Net investment income	496	426	453	427	435
Contract benefits	(486)	(474)	(464)	(484)	(454)
Interest credited to contractholder funds	(173)	(173)	(177)	(183)	(179)
Amortization of deferred policy acquisition costs	(69)	(75)	(70)	(68)	(68)
Operating costs and expenses	(130)	(135)	(127)	(126)	(121)
Restructuring and related charges	(1)	-	-	-	(1)
Income tax expense on operations	(75)	(52)	(59)	(43)	(56)
<b>Operating income</b>	<b>153</b>	<b>110</b>	<b>130</b>	<b>94</b>	<b>120</b>
Realized capital gains and losses, after-tax	(3)	(1)	(8)	(14)	-
Valuation changes on embedded derivatives that are not hedged, after-tax	(1)	-	6	-	(4)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(3)	(3)	(1)	(1)	(1)
Gain on disposition of operations, after-tax	-	2	-	1	1
<b>Net income applicable to common shareholders</b>	<b>\$ 146</b>	<b>\$ 108</b>	<b>\$ 127</b>	<b>\$ 80</b>	<b>\$ 116</b>

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

	Twelve months ended			
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016
<b>Return on Attributed Equity</b>				
Numerator:				
Net income applicable to common shareholders <sup>(1)</sup>	\$ 461	\$ 431	\$ 391	\$ 303
Denominator:				
Beginning attributed equity <sup>(2)</sup>	\$ 8,055	\$ 7,680	\$ 7,350	\$ 7,475
Ending attributed equity	7,851	7,778	7,904	8,205
Average attributed equity <sup>(3)</sup>	\$ 7,953	\$ 7,729	\$ 7,627	\$ 7,840
Return on attributed equity	5.8 %	5.6 %	5.1 %	3.9 %
<b>Operating Income Return on Adjusted Attributed Equity *</b>				
Numerator:				
Operating income <sup>(1)</sup>	\$ 487	\$ 454	\$ 448	\$ 416
Denominator:				
Beginning attributed equity	\$ 8,055	\$ 7,680	\$ 7,350	\$ 7,475
Unrealized net capital gains and losses	1,077	824	556	722
Adjusted beginning attributed equity	6,978	6,856	6,794	6,753
Ending attributed equity	7,851	7,778	7,904	8,205
Unrealized net capital gains and losses	916	790	721	1,150
Adjusted ending attributed equity	6,935	6,988	7,183	7,055
Average adjusted attributed equity <sup>(3)</sup>	\$ 6,957	\$ 6,922	\$ 6,989	\$ 6,904
Operating income return on attributed equity *	7.0 %	6.6 %	6.4 %	6.0 %

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

<sup>(2)</sup> Allstate Financial attributed equity is the sum of equity for Allstate Life Insurance Company and the applicable equity for Allstate Financial Insurance Company and Allstate Heritage Life Insurance Company.

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

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

	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>PREMIUMS AND CONTRACT CHARGES - BY PRODUCT</b>					
<b>Underwritten Products</b>					
Traditional life insurance premiums	\$ 148	\$ 149	\$ 151	\$ 145	\$ 141
Accident and health insurance premiums	233	232	213	216	216
Interest-sensitive life insurance contract charges	207	209	206	206	206
	<u>588</u>	<u>590</u>	<u>570</u>	<u>567</u>	<u>563</u>
<b>Annuities</b>					
Fixed annuity contract charges	3	3	4	4	5
<b>Total</b>	<u>\$ 591</u>	<u>\$ 593</u>	<u>\$ 574</u>	<u>\$ 571</u>	<u>\$ 568</u>
<b>PREMIUMS AND CONTRACT CHARGES - BY DISTRIBUTION CHANNEL</b>					
Allstate agencies	\$ 316	\$ 315	\$ 312	\$ 308	\$ 308
Workplace enrolling agents	250	250	236	238	238
Other <sup>(1)</sup>	25	28	26	25	25
<b>Total</b>	<u>\$ 591</u>	<u>\$ 593</u>	<u>\$ 574</u>	<u>\$ 571</u>	<u>\$ 571</u>
<b>PROPRIETARY LIFE INSURANCE POLICIES SOLD BY ALLSTATE AGENCIES <sup>(2)(3)</sup></b>	31,447	25,970	38,614	27,481	29,811
<b>ALLSTATE BENEFITS NEW BUSINESS WRITTEN PREMIUMS <sup>(4)</sup></b>	\$ 73	\$ 107	\$ 177	\$ 69	\$ 69
<b>INSURANCE POLICIES AND ANNUITIES IN FORCE BY PRODUCT (in thousands)</b>					
<b>Underwritten Products</b>					
Life insurance	2,483	2,476	2,478	2,477	2,477
Accident and health insurance	3,601	3,533	3,300	3,275	3,275
<b>Total</b>	<u>6,084</u>	<u>6,009</u>	<u>5,778</u>	<u>5,752</u>	<u>5,752</u>
<b>Annuities</b>					
Deferred annuities	148	152	156	160	160
Immediate annuities	92	94	95	96	96
<b>Total</b>	<u>240</u>	<u>246</u>	<u>251</u>	<u>256</u>	<u>256</u>
<b>Total</b>	<u>6,324</u>	<u>6,255</u>	<u>6,029</u>	<u>6,008</u>	<u>6,008</u>
<b>INSURANCE POLICIES AND ANNUITIES IN FORCE BY SOURCE OF BUSINESS (in thousands)</b>					
Allstate Agencies <sup>(5)</sup>	1,929	1,925	1,928	1,924	1,924
Allstate Benefits	4,064	3,992	3,755	3,733	3,733
Other <sup>(6)</sup>	331	338	346	351	351
<b>Total</b>	<u>6,324</u>	<u>6,255</u>	<u>6,029</u>	<u>6,008</u>	<u>6,008</u>

<sup>(1)</sup> Primarily represents independent master brokerage agencies.

<sup>(2)</sup> Policies sold reduced by lapses within twelve months of sale.

<sup>(3)</sup> Allstate exclusive agencies and exclusive financial specialists also sell non-proprietary retirement and investment products, including mutual funds, fixed and variable annuities, and life insurance to provide a broad suite of protection and retirement products. As of June 30, 2017, Allstate agencies had approximately \$15.2 billion of non-proprietary balances under management. New and additional deposits into these non-proprietary products were \$997 million in the six months ended June 30, 2017.

<sup>(4)</sup> New business written premiums reflect annualized premiums at initial customer enrollment (including new accounts and new employees or policies of existing accounts that are expected to lapse). A significant portion of Allstate Benefits business is seasonally written in the fourth quarter during many clients' annual employee benefit enrollment.

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

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

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

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



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

Three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Benefit spread</b>					
Premiums	\$ 381	\$ 381	\$ 364	\$ 361	\$ 353
Cost of insurance contract charges <sup>(1)</sup>	139	141	139	136	140
Contract benefits excluding the implied interest on immediate annuities with life contingencies <sup>(2)</sup>	(360)	(348)	(336)	(358)	(325)
Total benefit spread	<u>160</u>	<u>174</u>	<u>167</u>	<u>139</u>	<u>168</u>
<b>Investment spread</b>					
Net investment income	496	426	453	427	435
Implied interest on immediate annuities with life contingencies <sup>(2)</sup>	(126)	(126)	(128)	(126)	(129)
Interest credited to contractholder funds	(175)	(173)	(168)	(183)	(185)
Total investment spread	<u>195</u>	<u>127</u>	<u>157</u>	<u>118</u>	<u>121</u>
Surrender charges and contract maintenance expense fees <sup>(1)</sup>	71	71	71	74	71
Realized capital gains and losses	(4)	(1)	(11)	(21)	-
Amortization of deferred policy acquisition costs	(73)	(79)	(71)	(70)	(69)
Operating costs and expenses	(130)	(135)	(127)	(126)	(121)
Restructuring and related charges	(1)	-	-	-	(1)
Gain on disposition of operations	2	2	1	1	1
Income tax expense	(74)	(51)	(60)	(35)	(54)
<b>Net income applicable to common shareholders</b>	<u>\$ 146</u>	<u>\$ 108</u>	<u>\$ 127</u>	<u>\$ 80</u>	<u>\$ 116</u>
<b>Benefit spread by product group</b>					
Life insurance	\$ 83	\$ 76	\$ 78	\$ 64	\$ 85
Accident and health insurance	106	113	105	103	108
Annuities	(29)	(15)	(16)	(28)	(25)
Total benefit spread	<u>\$ 160</u>	<u>\$ 174</u>	<u>\$ 167</u>	<u>\$ 139</u>	<u>\$ 168</u>
<b>Investment spread by product group</b>					
Life insurance	\$ 34	\$ 32	\$ 33	\$ 30	\$ 29
Accident and health insurance	4	4	4	4	4
Annuities and institutional products	94	28	51	25	35
Net investment income on investments supporting capital	64	63	60	59	59
Investment spread before valuation changes on embedded derivatives that are not hedged	196	127	148	118	127
Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged	(1)	-	9	-	(6)
Total investment spread	<u>\$ 195</u>	<u>\$ 127</u>	<u>\$ 157</u>	<u>\$ 118</u>	<u>\$ 121</u>
<b><sup>(1)</sup> Reconciliation of contract charges</b>					
Cost of insurance contract charges	\$ 139	\$ 141	\$ 139	\$ 136	\$ 140
Surrender charges and contract maintenance expense fees	71	71	71	74	71
Total contract charges	<u>\$ 210</u>	<u>\$ 212</u>	<u>\$ 210</u>	<u>\$ 210</u>	<u>\$ 211</u>
<b><sup>(2)</sup> Reconciliation of contract benefits</b>					
Contract benefits excluding the implied interest on immediate annuities with life contingencies	\$ (360)	\$ (348)	\$ (336)	\$ (358)	\$ (325)
Implied interest on immediate annuities with life contingencies	(126)	(126)	(128)	(126)	(129)
Total contract benefits	<u>\$ (486)</u>	<u>\$ (474)</u>	<u>\$ (464)</u>	<u>\$ (484)</u>	<u>\$ (454)</u>

**THE ALLSTATE CORPORATION**  
**ALLSTATE FINANCIAL WEIGHTED AVERAGE INVESTMENT SPREADS**

	Three months ended June 30, 2017			Three
	Weighted average investment yield	Weighted average interest crediting rate	Weighted average investment spreads	investment yield
Interest-sensitive life insurance	5.1 %	3.8 %	1.3 %	4.8 %
Deferred fixed annuities and institutional products	4.2	2.8	1.4	4.2
Immediate fixed annuities with and without life contingencies	8.9	6.0	2.9	6.5
Investments supporting capital, traditional life and other products	3.9	n/a	n/a	3.9
	Six months ended June 30, 2017			Six m
	Weighted average investment yield	Weighted average interest crediting rate	Weighted average investment spreads	Weighted average investment yield
Interest-sensitive life insurance	5.0 %	3.8 %	1.2 %	4.9 %
Deferred fixed annuities and institutional products	4.3	2.8	1.5	4.1
Immediate fixed annuities with and without life contingencies	7.6	5.9	1.7	6.3
Investments supporting capital, traditional life and other products	3.9	n/a	n/a	3.8

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

	As of June 30, 2017		Twelve months ended June 30, 2017
	Reserves and Contractholder funds	Attributed equity excluding unrealized capital gains/losses <sup>(3)(4)</sup>	Operating income <sup>(5)</sup>
<b>Underwritten products</b>			
Life insurance	\$ 11,076	\$ 2,118	\$ 251
Accident and health insurance	888	708	83
Subtotal	<u>11,964</u>	<u>2,826</u>	<u>334</u>
<b>Annuities and institutional products:</b>			
Immediate Annuities:			
Sub-standard structured settlements and group pension terminations <sup>(1)</sup>	5,034	2,164	7
Standard structured settlements and SPIA <sup>(2)</sup>	6,337	1,347	82
Subtotal <sup>(6)</sup>	<u>11,371</u>	<u>3,511</u>	<u>89</u>
Deferred Annuities	8,731	598	64
Institutional products	-	-	-
Subtotal	<u>20,102</u>	<u>4,109</u>	<u>153</u>
<b>Total Allstate Financial</b>	<u>\$ 32,066</u>	<u>\$ 6,935</u>	<u>\$ 487</u>

	Six months ended June 30, 2017			
	Life insurance	Accident and health insurance	Annuities and institutional products	Allstate Financial
<b>Operating income</b>	\$ 130	\$ 39	\$ 94	\$ 263
Realized capital gains and losses, after-tax	1	-	(5)	(4)
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(1)	(1)
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(6)	-	-	(6)
Gain on disposition of operations, after-tax	-	-	2	2
<b>Net income applicable to common shareholders</b>	<u>\$ 125</u>	<u>\$ 39</u>	<u>\$ 90</u>	<u>\$ 254</u>

- (1) Structured settlement annuities for annuitants with severe injuries or other health impairments which significantly reduced their life expectancy at the time the annuity was issued and group annuity contract
- (2) Life-contingent structured settlement annuities for annuitants with standard life expectancy, period certain structured settlements and single premium immediate annuities with and without life contingencies
- (3) Total Allstate Financial attributed equity is the sum of equity for Allstate Life Insurance Company and the applicable equity for Allstate Financial Insurance Holdings Corporation, excluding unrealized capital gains/losses
- (4) Attributed equity is allocated to each product line based on statutory capital adjusted for GAAP reporting differences and the amount of capital held in Allstate Financial may vary from economic capital. The allocation is based on risk (mortality and morbidity), interest rate risk and business risk. Due to the unavailability of final statutory financial statements at the time we release our GAAP financial results, the allocated amounts may differ from the amounts reported in the statutory financial statements. Changes in internal capital factors, investment portfolio mix and risk as well as changes in GAAP and statutory reporting differences will result in changes to the allocated amounts.
- (5) Product line operating income includes allocation of income on investments supporting capital. Operating income reflects a trailing twelve-month period.
- (6) Of the total immediate annuities, \$8,579 million are reported in reserve for life-contingent contract benefits and \$2,792 million are reported in contractholder funds.

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

For the three months ended June 30, 2017

	Allstate Life	Allstate Benefits	Allstate Annuities	Allstate Financial Segment	Allstate Life
Premiums	\$ 140	\$ 241	\$ -	\$ 381	\$ -
Contract charges	179	28	3	210	-
Net investment income	123	19	354	496	-
Contract benefits	(187)	(143)	(156)	(486)	-
Interest credited to contractholder funds	(71)	(9)	(93)	(173)	-
Amortization of deferred policy acquisition costs	(35)	(33)	(1)	(69)	-
Operating costs and expenses	(58)	(64)	(8)	(130)	-
Restructuring and related charges	-	-	(1)	(1)	-
Income tax expense on operations	(28)	(14)	(33)	(75)	-
<b>Operating income</b>	<b>63</b>	<b>25</b>	<b>65</b>	<b>153</b>	<b>-</b>
Realized capital gains and losses, after-tax	-	-	(3)	(3)	-
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(1)	(1)	-
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(3)	-	-	(3)	-
Gain on disposition of operations, after-tax	-	-	-	-	-
<b>Net income applicable to common shareholders</b>	<b>\$ 60</b>	<b>\$ 25</b>	<b>\$ 61</b>	<b>\$ 146</b>	<b>\$ -</b>
<b>Premiums and Contract Charges - by Product</b>					
<b>Underwritten Products</b>					
Traditional life insurance premiums	\$ 139	\$ 9	\$ -	\$ 148	\$ -
Accident and health insurance	1	232	-	233	-
Interest-sensitive life insurance contract charges	179	28	-	207	-
	<u>319</u>	<u>269</u>	<u>-</u>	<u>588</u>	<u>-</u>
<b>Annuities</b>					
Fixed annuity contract charges	-	-	3	3	-
<b>Total premiums and contract charges</b>	<b>\$ 319</b>	<b>\$ 269</b>	<b>\$ 3</b>	<b>\$ 591</b>	<b>\$ -</b>
<b>Benefit Spread by Product Group</b>					
Life Insurance	\$ 78	\$ 5	\$ -	\$ 83	\$ -
Accident and health insurance	(2)	108	-	106	-
Annuities	-	-	(29)	(29)	-
<b>Total benefit spread</b>	<b>\$ 76</b>	<b>\$ 113</b>	<b>\$ (29)</b>	<b>\$ 160</b>	<b>\$ -</b>
<b>Investment Spread by Product Group</b>					
Life insurance	\$ 32	\$ 2	\$ -	\$ 34	\$ -
Accident and health insurance	-	4	-	4	-
Annuities and institutional products	-	-	94	94	-
Net investment income on investments supporting capital	20	4	40	64	-
Investment spread before valuation changes on embedded derivatives that are not hedged	52	10	134	196	-
Valuation changes on derivatives embedded in equity-indexed annuity contracts that are not hedged	-	-	(1)	(1)	-
<b>Total investment spread</b>	<b>\$ 52</b>	<b>\$ 10</b>	<b>\$ 133</b>	<b>\$ 195</b>	<b>\$ -</b>

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

For the six months ended June 30, 2017

	Allstate Life	Allstate Benefits	Allstate Annuities	Allstate Financial Segment	Allsta Life
Premiums	\$ 280	\$ 482	\$ -	\$ 762	\$
Contract charges	360	56	6	422	
Net investment income	243	36	643	922	
Contract benefits	(382)	(279)	(299)	(960)	
Interest credited to contractholder funds	(140)	(18)	(188)	(346)	
Amortization of deferred policy acquisition costs	(67)	(74)	(3)	(144)	
Operating costs and expenses	(117)	(131)	(17)	(265)	
Restructuring and related charges	-	-	(1)	(1)	
Income tax expense on operations	(55)	(25)	(47)	(127)	
<b>Operating income</b>	<b>122</b>	<b>47</b>	<b>94</b>	<b>263</b>	
Realized capital gains and losses, after-tax	1	-	(5)	(4)	
Valuation changes on embedded derivatives that are not hedged, after-tax	-	-	(1)	(1)	
DAC and DSI amortization relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	(6)	-	-	(6)	
Gain on disposition of operations, after-tax	-	-	2	2	
<b>Net income applicable to common shareholders</b>	<b>\$ 117</b>	<b>\$ 47</b>	<b>\$ 90</b>	<b>\$ 254</b>	<b>\$</b>
<b>Premiums and Contract Charges - by Product</b>					
<b>Underwritten Products</b>					
Traditional life insurance premiums	\$ 279	\$ 18	\$ -	\$ 297	\$
Accident and health insurance	1	464	-	465	
Interest-sensitive life insurance contract charges	360	56	-	416	
	640	538	-	1,178	
<b>Annuities</b>					
Fixed annuity contract charges	-	-	6	6	
<b>Total premiums and contract charges</b>	<b>\$ 640</b>	<b>\$ 538</b>	<b>\$ 6</b>	<b>\$ 1,184</b>	<b>\$</b>
<b>Benefit Spread by Product Group</b>					
Life Insurance	\$ 149	\$ 10	\$ -	\$ 159	\$
Accident and health insurance	(4)	223	-	219	
Annuities	-	-	(44)	(44)	
<b>Total benefit spread</b>	<b>\$ 145</b>	<b>\$ 233</b>	<b>\$ (44)</b>	<b>\$ 334</b>	<b>\$</b>
<b>Investment Spread by Product Group</b>					
Life insurance	\$ 61	\$ 5	\$ -	\$ 66	\$
Accident and health insurance	2	6	-	8	
Annuities and institutional products	-	-	122	122	
Net investment income on investments supporting capital investment spread before valuation changes on embedded derivatives that are not hedged	40	7	80	127	
Valuation changes on derivatives embedded in equity- indexed annuity contracts that are not hedged	103	18	202	323	
	-	-	(1)	(1)	
<b>Total investment spread</b>	<b>\$ 103</b>	<b>\$ 18</b>	<b>\$ 201</b>	<b>\$ 322</b>	<b>\$</b>

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

Three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Net investment income	\$ 10	\$ 11	\$ 10	\$ 11	\$ 11
Operating costs and expenses	(9)	(8)	(9)	(7)	(7)
Interest expense	(83)	(85)	(77)	(73)	(72)
Income tax benefit on operations	31	30	29	26	26
Preferred stock dividends	(29)	(29)	(29)	(29)	(29)
Operating loss	(80)	(81)	(76)	(72)	(71)
Realized capital gains and losses, after-tax	-	-	(1)	-	(1)
Business combination expenses, after-tax <sup>(1)</sup>	-	(13)	-	-	-
Net loss applicable to common shareholders	<u>\$ (80)</u>	<u>\$ (94)</u>	<u>\$ (77)</u>	<u>\$ (72)</u>	<u>\$ (72)</u>

<sup>(1)</sup> Relates to SquareTrade acquisition on January 3, 2017.

**THE ALLSTATE CORPORATION**  
**INVESTMENTS**  
(\$ in millions)

**PROPERTY-LIABILITY**

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	June 30, 2017	Mar 2017
Fixed income securities, at fair value:							
Tax-exempt	\$ 4,974	\$ 4,623	\$ 4,447	\$ 4,798	\$ 4,612	\$ -	\$ -
Taxable	26,908	26,754	25,855	26,968	25,139	25,065	25,065
Equity securities, at fair value <sup>(1)</sup>	4,410	4,012	4,074	3,604	3,632	1,699	1,699
Mortgage loans	297	279	280	270	313	4,039	4,039
Limited partnership interests <sup>(2)</sup>	3,266	3,122	3,042	2,913	2,842	2,940	2,940
Short-term, at fair value	1,560	1,592	3,405	917	1,619	566	566
Other	1,668	1,618	1,619	1,587	1,532	2,147	2,147
Total	<u>\$ 43,083</u>	<u>\$ 42,000</u>	<u>\$ 42,722</u>	<u>\$ 41,057</u>	<u>\$ 39,689</u>	<u>\$ 36,456</u>	<u>\$ 36,456</u>
Fixed income securities, amortized cost:							
Tax-exempt	\$ 4,949	\$ 4,635	\$ 4,498	\$ 4,726	\$ 4,509	\$ -	\$ -
Taxable	26,585	26,529	25,706	26,447	24,746	23,678	23,678
Ratio of fair value to amortized cost	101.1%	100.7%	100.3%	101.9%	101.7%	105.9%	105.9%
Equity securities, cost	\$ 3,839	\$ 3,526	\$ 3,671	\$ 3,212	\$ 3,337	\$ 1,474	\$ 1,474
Short-term, amortized cost	1,560	1,592	3,405	917	1,619	566	566

**CORPORATE AND OTHER**

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016	June 30, 2017	Mar 2017
Fixed income securities, at fair value:							
Tax-exempt	\$ 546	\$ 541	\$ 535	\$ 600	\$ 609	\$ 5,520	\$ 5,520
Taxable	1,163	1,646	1,424	1,714	1,598	53,136	53,136
Equity securities, at fair value	8	3	3	3	3	6,117	6,117
Mortgage loans	-	-	-	-	-	4,336	4,336
Limited partnership interests	-	-	1	1	1	6,206	6,206
Short-term, at fair value	49	343	274	213	34	2,175	2,175
Other	-	-	-	-	-	3,815	3,815
Total	<u>\$ 1,766</u>	<u>\$ 2,533</u>	<u>\$ 2,237</u>	<u>\$ 2,531</u>	<u>\$ 2,245</u>	<u>\$ 81,305</u>	<u>\$ 81,305</u>
Fixed income securities, amortized cost:							
Tax-exempt	\$ 533	\$ 529	\$ 527	\$ 580	\$ 585	\$ 5,482	\$ 5,482
Taxable	1,156	1,640	1,421	1,691	1,571	51,419	51,419
Ratio of fair value to amortized cost	101.2%	100.8%	100.6%	101.9%	102.4%	103.1%	103.1%
Equity securities, cost	\$ 8	\$ 3	\$ 3	\$ 3	\$ 3	\$ 5,321	\$ 5,321
Short-term, amortized cost	49	343	274	213	34	2,175	2,175

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

<sup>(2)</sup> As of June 30, 2017, we have commitments to invest in additional limited partnership interests totaling \$1.66 billion, \$1.41 billion and \$3.07 billion for Property-Liability, All





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

	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>NET INVESTMENT INCOME</b>					
Fixed income securities	\$ 527	\$ 518	\$ 514	\$ 508	\$ 520
Equity securities	49	44	34	31	44
Mortgage loans	50	55	55	56	53
Limited partnership interests ("LP")	253	120	178	136	126
Short-term	6	6	5	4	3
Other	60	56	59	55	57
Investment income, before expense	945	799	845	790	803
Less: Investment expense	(48)	(51)	(44)	(42)	(41)
Net investment income	<u>\$ 897</u>	<u>\$ 748</u>	<u>\$ 801</u>	<u>\$ 748</u>	<u>\$ 762</u>
Interest-bearing investments <sup>(1)</sup>	\$ 631	\$ 625	\$ 622	\$ 613	\$ 623
Equity securities	49	44	34	31	44
LP and other alternative investments <sup>(2)</sup>	265	130	189	146	136
Investment income, before expense	<u>\$ 945</u>	<u>\$ 799</u>	<u>\$ 845</u>	<u>\$ 790</u>	<u>\$ 803</u>
<b>PRE-TAX YIELDS <sup>(3)</sup></b>					
Fixed income securities	3.7 %	3.6 %	3.6 %	3.6 %	3.7
Equity securities	3.8	3.5	2.7	2.5	3.7
Mortgage loans	4.6	4.9	5.0	5.0	4.9
Limited partnership interests	16.6	8.1	12.5	9.9	9.6
Total portfolio	4.7	4.0	4.2	4.0	4.1
Interest-bearing investments	3.8	3.7	3.7	3.7	3.8
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE</b>					
Impairment write-downs	\$ (28)	\$ (43)	\$ (49)	\$ (63)	\$ (63)
Change in intent write-downs	(22)	(16)	(21)	(10)	(16)
Net other-than-temporary impairment losses recognized in earnings	(50)	(59)	(70)	(73)	(79)
Sales and other	139	208	47	121	104
Valuation and settlements of derivative instruments	(8)	(15)	25	(15)	(1)
Total	<u>\$ 81</u>	<u>\$ 134</u>	<u>\$ 2</u>	<u>\$ 33</u>	<u>\$ 24</u>
<b>TOTAL RETURN ON INVESTMENT PORTFOLIO <sup>(4)</sup></b>					
Income	1.1 %	0.9 %	1.0 %	0.9 %	1.0
Valuation	0.7	0.7	(1.7)	0.4	0.9
Total	<u>1.8 %</u>	<u>1.6 %</u>	<u>(0.7) %</u>	<u>1.3 %</u>	<u>1.9</u>
<b>AVERAGE INVESTMENT BALANCES (in billions) <sup>(5)</sup></b>	<u>\$ 78.9</u>	<u>\$ 79.5</u>	<u>\$ 79.1</u>	<u>\$ 77.5</u>	<u>\$ 76.9</u>

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

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

<sup>(3)</sup> 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 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 real estate, timber and other consolidated investments is net of investee level expenses (depreciation and asset level operating expenses reported in investment expense). For unrealized capital gains and losses.

<sup>(4)</sup> 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 value and carrying value of mortgage loans, cost method limited partnerships, bank loans and agent loans divided by the average fair value balances.

<sup>(5)</sup> 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 at the year and the end of each quarter during the year. For purposes of the average investment balances calculation, unrealized capital gains and losses are excluded.

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

	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>NET INVESTMENT INCOME</b>					
Fixed income securities:					
Tax-exempt	\$ 23	\$ 22	\$ 23	\$ 23	\$ 23
Taxable	210	204	200	192	198
Equity securities	33	29	24	21	30
Mortgage loans	2	3	3	3	3
Limited partnership interests	118	55	82	69	60
Short-term	4	4	3	3	1
Other	27	22	24	22	23
Investment income, before expense	417	339	359	333	338
Less: Investment expense	(26)	(28)	(21)	(23)	(22)
Net investment income	\$ 391	\$ 311	\$ 338	\$ 310	\$ 316
Net investment income, after-tax	\$ 264	\$ 212	\$ 231	\$ 211	\$ 215
Interest-bearing investments	\$ 259	\$ 249	\$ 246	\$ 238	\$ 241
Equity securities	33	29	24	21	30
LP and other alternative investments	125	61	89	74	67
Investment income, before expense	\$ 417	\$ 339	\$ 359	\$ 333	\$ 338
<b>PRE-TAX YIELDS</b>					
Fixed income securities:					
Tax-exempt	1.9 %	1.9 %	2.0 %	2.0 %	2.1 %
Equivalent yield for tax-exempt	2.8	2.8	2.9	2.9	3.1
Taxable	3.1	3.1	3.1	3.0	3.2
Equity securities	3.6	3.3	2.8	2.6	3.6
Mortgage loans	3.7	3.8	3.9	3.7	3.9
Limited partnership interests	14.8	7.1	11.0	9.6	8.6
Total portfolio	3.9	3.2	3.4	3.3	3.5
Interest-bearing investments	3.0	2.9	2.9	2.9	3.0
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE</b>					
Fixed income securities:					
Tax-exempt	\$ (2)	\$ (2)	\$ (9)	\$ 8	\$ 4
Taxable	40	14	(17)	9	20
Equity securities	23	106	49	42	15
Limited partnership interests	21	27	(29)	13	(10)
Derivatives and other	3	(10)	20	(19)	(3)
Total	\$ 85	\$ 135	\$ 14	\$ 53	\$ 26
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE</b>					
Impairment write-downs	\$ (16)	\$ (22)	\$ (27)	\$ (26)	\$ (42)
Change in intent write-downs	(21)	(13)	(17)	(8)	(12)
Net other-than-temporary impairment losses recognized in earnings	(37)	(35)	(44)	(34)	(54)
Sales and other	126	180	43	101	82
Valuation and settlements of derivative instruments	(4)	(10)	15	(14)	(2)
Total	\$ 85	\$ 135	\$ 14	\$ 53	\$ 26
<b>AVERAGE INVESTMENT BALANCES (in billions)</b>	\$ 41.7	\$ 41.8	\$ 41.1	\$ 39.5	\$ 38.5

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

	Three months ended				
	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>NET INVESTMENT INCOME</b>					
Fixed income securities	\$ 283	\$ 281	\$ 280	\$ 282	\$ 288
Equity securities	16	15	10	10	14
Mortgage loans	48	52	52	53	50
Limited partnership interests	135	65	96	67	66
Short-term	2	1	2	1	1
Other	32	33	34	32	33
Investment income, before expense	516	447	474	445	452
Less: Investment expense	(20)	(21)	(21)	(18)	(17)
Net investment income	\$ 496	\$ 426	\$ 453	\$ 427	\$ 435
Net investment income, after-tax	\$ 322	\$ 277	\$ 294	\$ 278	\$ 282
Interest-bearing investments	\$ 360	\$ 363	\$ 364	\$ 363	\$ 369
Equity securities	16	15	10	10	14
LP and other alternative investments	140	69	100	72	69
Investment income, before expense	\$ 516	\$ 447	\$ 474	\$ 445	\$ 452
<b>PRE-TAX YIELDS</b>					
Fixed income securities	4.8 %	4.7 %	4.6 %	4.6 %	4.7 %
Equity securities	4.2	4.0	2.6	2.5	3.9
Mortgage loans	4.7	5.0	5.0	5.1	4.9
Limited partnership interests	18.6	9.3	14.1	10.2	10.7
Total portfolio	5.8	5.0	5.3	4.9	5.0
Interest-bearing investments	4.7	4.7	4.7	4.6	4.6
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY ASSET TYPE</b>					
Fixed income securities	\$ (6)	\$ (7)	\$ (16)	\$ (19)	\$ (1)
Equity securities	(4)	-	8	3	(4)
Mortgage loans	-	-	(1)	-	1
Limited partnership interests	10	13	(17)	(1)	-
Derivatives and other	(4)	(7)	15	(4)	4
Total	\$ (4)	\$ (1)	\$ (11)	\$ (21)	\$ -
<b>REALIZED CAPITAL GAINS AND LOSSES (PRE-TAX) BY TRANSACTION TYPE</b>					
Impairment write-downs	\$ (12)	\$ (21)	\$ (22)	\$ (37)	\$ (18)
Change in intent write-downs	(1)	(3)	(4)	(2)	(4)
Net other-than-temporary impairment losses recognized in earnings	(13)	(24)	(26)	(39)	(22)
Sales and other	13	28	5	19	21
Valuation and settlements of derivative instruments	(4)	(5)	10	(1)	1
Total	\$ (4)	\$ (1)	\$ (11)	\$ (21)	\$ -
<b>AVERAGE INVESTMENT BALANCES (in billions)</b>	\$ 35.0	\$ 35.4	\$ 35.6	\$ 35.7	\$ 35.9

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

As of or for the three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>MARKET-BASED ("MB")<sup>(1)</sup></b>					
<b>Investment Position</b>					
Interest-bearing investments	\$ 68,331	\$ 68,836	\$ 69,688	\$ 69,579	\$ 68,357
Equity securities	6,021	5,578	5,567	5,194	5,192
LP and other alternative investments <sup>(2)</sup>	591	555	535	481	405
Total	<u>\$ 74,943</u>	<u>\$ 74,969</u>	<u>\$ 75,790</u>	<u>\$ 75,254</u>	<u>\$ 73,954</u>
<b>Investment income</b>					
Interest-bearing investments	\$ 629	\$ 624	\$ 622	\$ 611	\$ 618
Equity securities	45	35	34	31	44
LP and other alternative investments	-	-	(1)	1	-
Investment income, before expense	674	659	655	643	662
Investee level expenses <sup>(3)</sup>	(2)	(1)	(1)	(1)	(1)
Income for yield calculation	<u>\$ 672</u>	<u>\$ 658</u>	<u>\$ 654</u>	<u>\$ 642</u>	<u>\$ 661</u>
<b>Market-based pre-tax yield</b>	3.7 %	3.6 %	3.6 %	3.6 %	3.7
<b>Interest-bearing investments pre-tax yield</b>	3.8	3.7	3.7	3.7	3.7
<b>Realized capital gains and losses (pre-tax) by transaction type</b>					
Impairment write-downs	\$ (19)	\$ (36)	\$ (26)	\$ (37)	\$ (50)
Change in intent write-downs	(22)	(16)	(21)	(10)	(16)
Net other-than-temporary impairment losses recognized in earnings	(41)	(52)	(47)	(47)	(66)
Sales and other	129	208	43	118	123
Valuation and settlements of derivative instruments	(1)	(10)	13	(13)	(5)
Total	<u>\$ 87</u>	<u>\$ 146</u>	<u>\$ 9</u>	<u>\$ 58</u>	<u>\$ 52</u>
<b>PERFORMANCE-BASED ("PB")<sup>(4)</sup></b>					
<b>Investment Position</b>					
Interest-bearing investments	\$ 129	\$ 108	\$ 113	\$ 130	\$ 162
Equity securities	96	107	99	94	73
LP and other alternative investments	6,137	5,959	5,797	5,626	5,505
Total	<u>\$ 6,362</u>	<u>\$ 6,174</u>	<u>\$ 6,009</u>	<u>\$ 5,850</u>	<u>\$ 5,740</u>
<b>Investment income</b>					
Interest-bearing investments	\$ 2	\$ 1	\$ -	\$ 2	\$ 5
Equity securities	4	9	-	-	-
LP and other alternative investments	265	130	190	145	136
Investment income, before expense	271	140	190	147	141
Investee level expenses	(8)	(9)	(8)	(8)	(6)
Income for yield calculation	<u>\$ 263</u>	<u>\$ 131</u>	<u>\$ 182</u>	<u>\$ 139</u>	<u>\$ 133</u>
<b>Performance-based pre-tax yield</b>	16.8 %	8.7 %	12.3 %	9.7 %	9.5
<b>Realized capital gains and losses (pre-tax) by transaction type</b>					
Impairment write-downs	\$ (9)	\$ (7)	\$ (23)	\$ (26)	\$ (13)
Change in intent write-downs	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(9)	(7)	(23)	(26)	(13)
Sales and other	10	-	4	3	(1)
Valuation and settlements of derivative instruments	(7)	(5)	12	(2)	4
Total	<u>\$ (6)</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (25)</u>	<u>\$ (26)</u>

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

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

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

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

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

As of or for the three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>MARKET-BASED</b>					
<b>Investment Position</b>					
Interest-bearing investments	\$ 34,943	\$ 34,389	\$ 35,138	\$ 34,057	\$ 32,729
Equity securities	4,359	3,956	4,022	3,554	3,589
LP and other alternative investments	400	376	369	333	282
Total	<u>\$ 39,702</u>	<u>\$ 38,721</u>	<u>\$ 39,529</u>	<u>\$ 37,944</u>	<u>\$ 36,600</u>
<b>Investment Income</b>					
Interest-bearing investments	\$ 257	\$ 248	\$ 247	\$ 236	\$ 239
Equity securities	31	24	24	21	30
LP and other alternative investments	-	-	(1)	-	-
Investment income, before expense	288	272	270	257	269
Investee level expenses	(2)	(1)	(1)	(1)	(1)
Income for yield calculation	<u>\$ 286</u>	<u>\$ 271</u>	<u>\$ 269</u>	<u>\$ 256</u>	<u>\$ 268</u>
<b>Market-based pre-tax yield</b>	3.0 %	2.8 %	2.8 %	2.8 %	3.0 %
<b>Interest-bearing investments pre-tax yield</b>	3.0	2.9	2.9	2.9	3.0
<b>Realized capital gains and losses (pre-tax) by transaction type</b>					
Impairment write-downs	\$ (11)	\$ (18)	\$ (13)	\$ (14)	\$ (25)
Change in intent write-downs	(21)	(13)	(17)	(8)	(12)
Net other-than-temporary impairment losses recognized in earnings	(32)	(31)	(30)	(22)	(37)
Sales and other	114	181	39	98	87
Valuation and settlements of derivative instruments	(1)	(9)	10	(13)	(4)
Total	<u>\$ 81</u>	<u>\$ 141</u>	<u>\$ 19</u>	<u>\$ 63</u>	<u>\$ 46</u>
<b>PERFORMANCE-BASED</b>					
<b>Investment Position</b>					
Interest-bearing investments	\$ 109	\$ 94	\$ 95	\$ 109	\$ 129
Equity securities	51	56	52	50	43
LP and other alternative investments	3,221	3,129	3,046	2,954	2,917
Total	<u>\$ 3,381</u>	<u>\$ 3,279</u>	<u>\$ 3,193</u>	<u>\$ 3,113</u>	<u>\$ 3,089</u>
<b>Investment Income</b>					
Interest-bearing investments	\$ 2	\$ 1	\$ (1)	\$ 2	\$ 2
Equity securities	2	5	-	-	-
LP and other alternative investments	125	61	90	74	67
Investment income, before expense	129	67	89	76	69
Investee level expenses	(3)	(5)	(4)	(4)	(3)
Income for yield calculation	<u>\$ 126</u>	<u>\$ 62</u>	<u>\$ 85</u>	<u>\$ 72</u>	<u>\$ 66</u>
<b>Performance-based pre-tax yield</b>	15.2 %	7.7 %	11.0 %	9.5 %	8.7 %
<b>Realized capital gains and losses (pre-tax) by transaction type</b>					
Impairment write-downs	\$ (5)	\$ (4)	\$ (14)	\$ (12)	\$ (17)
Change in intent write-downs	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(5)	(4)	(14)	(12)	(17)
Sales and other	12	(1)	4	3	(5)
Valuation and settlements of derivative instruments	(3)	(1)	5	(1)	2
Total	<u>\$ 4</u>	<u>\$ (6)</u>	<u>\$ (5)</u>	<u>\$ (10)</u>	<u>\$ (20)</u>

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

As of or for the three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>MARKET-BASED</b>					
<b>Investment Position</b>					
Interest-bearing investments	\$ 31,630	\$ 31,917	\$ 32,317	\$ 32,995	\$ 33,387
Equity securities	1,654	1,619	1,542	1,637	1,600
LP and other alternative investments	191	179	165	147	122
Total	<u>\$ 33,475</u>	<u>\$ 33,715</u>	<u>\$ 34,024</u>	<u>\$ 34,779</u>	<u>\$ 35,109</u>
<b>Investment income</b>					
Interest-bearing investments	\$ 360	\$ 363	\$ 363	\$ 363	\$ 366
Equity securities	14	11	10	10	14
LP and other alternative investments	-	-	-	1	-
Investment income, before expense	374	374	373	374	380
Investee level expenses	-	-	-	-	-
Income for yield calculation	<u>\$ 374</u>	<u>\$ 374</u>	<u>\$ 373</u>	<u>\$ 374</u>	<u>\$ 380</u>
<b>Market-based pre-tax yield</b>	4.7 %	4.6 %	4.5 %	4.5 %	4.6
<b>Interest-bearing investments pre-tax yield</b>	4.7	4.7	4.7	4.6	4.6
<b>Realized capital gains and losses (pre-tax) by transaction type</b>					
Impairment write-downs	\$ (8)	\$ (18)	\$ (13)	\$ (23)	\$ (22)
Change in intent write-downs	(1)	(3)	(4)	(2)	(4)
Net other-than-temporary impairment losses recognized in earnings	(9)	(21)	(17)	(25)	(26)
Sales and other	15	27	5	19	35
Valuation and settlements of derivative instruments	-	(1)	3	-	(1)
Total	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ (9)</u>	<u>\$ (6)</u>	<u>\$ 8</u>
<b>PERFORMANCE-BASED</b>					
<b>Investment Position</b>					
Interest-bearing investments	\$ 20	\$ 14	\$ 18	\$ 21	\$ 33
Equity securities	45	51	47	44	30
LP and other alternative investments	2,916	2,830	2,751	2,672	2,588
Total	<u>\$ 2,981</u>	<u>\$ 2,895</u>	<u>\$ 2,816</u>	<u>\$ 2,737</u>	<u>\$ 2,651</u>
<b>Investment income</b>					
Interest-bearing investments	\$ -	\$ -	\$ 1	\$ -	\$ 3
Equity securities	2	4	-	-	-
LP and other alternative investments	140	69	100	71	69
Investment income, before expense	142	73	101	71	72
Investee level expenses	(5)	(4)	(4)	(4)	(5)
Income for yield calculation	<u>\$ 137</u>	<u>\$ 69</u>	<u>\$ 97</u>	<u>\$ 67</u>	<u>\$ 67</u>
<b>Performance-based pre-tax yield</b>	18.6 %	9.8 %	13.8 %	10.0 %	10.4
<b>Realized capital gains and losses (pre-tax) by transaction type</b>					
Impairment write-downs	\$ (4)	\$ (3)	\$ (9)	\$ (14)	\$ 4
Change in intent write-downs	-	-	-	-	-
Net other-than-temporary impairment losses recognized in earnings	(4)	(3)	(9)	(14)	4
Sales and other	(2)	1	-	-	(14)
Valuation and settlements of derivative instruments	(4)	(4)	7	(1)	2
Total	<u>\$ (10)</u>	<u>\$ (6)</u>	<u>\$ (2)</u>	<u>\$ (15)</u>	<u>\$ (8)</u>

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

As of or for the three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Investment position</b>					
<b>Limited partnerships</b>					
Private equity <sup>(1)</sup>	\$ 4,333	\$ 4,139	\$ 4,031	\$ 3,839	\$ 3,663
Real estate <sup>(2)</sup>	1,128	1,140	1,102	1,130	1,204
Timber and agriculture-related <sup>(3)</sup>	192	185	179	171	170
PB - limited partnerships	<u>5,653</u>	<u>5,464</u>	<u>5,312</u>	<u>5,140</u>	<u>5,037</u>
<b>Non-LP</b>					
Private equity	171	161	151	165	179
Real estate	373	384	380	380	358
Timber and agriculture-related	165	165	166	165	166
PB - non-LP	<u>709</u>	<u>710</u>	<u>697</u>	<u>710</u>	<u>703</u>
<b>Total</b>					
Private equity	4,504	4,300	4,182	4,004	3,842
Real estate	1,501	1,524	1,482	1,510	1,562
Timber and agriculture-related	357	350	345	345	336
Total PB	<u>\$ 6,362</u>	<u>\$ 6,174</u>	<u>\$ 6,009</u>	<u>\$ 5,850</u>	<u>\$ 5,740</u>
<b>Investment income</b>					
<b>Limited partnerships</b>					
Private equity	\$ 209	\$ 114	\$ 145	\$ 112	\$ 113
Real estate	43	4	35	23	12
Timber and agriculture-related	1	2	(1)	-	1
PB - limited partnerships	<u>253</u>	<u>120</u>	<u>179</u>	<u>135</u>	<u>126</u>
<b>Non-LP</b>					
Private equity	5	9	1	2	4
Real estate	10	10	9	8	8
Timber and agriculture-related	3	1	1	2	3
PB - non-LP	<u>18</u>	<u>20</u>	<u>11</u>	<u>12</u>	<u>15</u>
<b>Total</b>					
Private equity	214	123	146	114	117
Real estate	53	14	44	31	20
Timber and agriculture-related	4	3	-	2	4
Total PB	<u>\$ 271</u>	<u>\$ 140</u>	<u>\$ 190</u>	<u>\$ 147</u>	<u>\$ 141</u>
<b>Investee level expenses</b>	<u>\$ (8)</u>	<u>\$ (9)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ (8)</u>
<b>Realized capital gains and losses</b>					
<b>Limited partnerships</b>					
Private equity	\$ (8)	\$ (10)	\$ (26)	\$ (23)	\$ (20)
Real estate	4	1	2	2	-
Timber and agriculture-related	-	-	-	-	-
PB - limited partnerships	<u>(4)</u>	<u>(9)</u>	<u>(24)</u>	<u>(21)</u>	<u>(20)</u>
<b>Non-LP</b>					
Private equity	(11)	(4)	16	(4)	(8)
Real estate	9	-	1	-	-
Timber and agriculture-related	-	1	-	-	-
PB - non-LP	<u>(2)</u>	<u>(3)</u>	<u>17</u>	<u>(4)</u>	<u>(8)</u>
<b>Total</b>					
Private equity	(19)	(14)	(10)	(27)	(28)
Real estate	13	1	3	2	-
Timber and agriculture-related	-	1	-	-	-
Total PB	<u>\$ (6)</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (25)</u>	<u>\$ (28)</u>
<b>Pre-Tax Yield</b>	16.8 %	8.7 %	12.3 %	9.7 %	9.5 %
<b>Internal Rate of Return<sup>(4)</sup></b>					
10 Year	8.3 %	9.5 %	10.1 %	10.1 %	10.2 %
5 Year	11.9	11.9	12.0	11.7	12.0

(1) Includes Private equity on page 56, excluding Timber and agriculture-related.

(2) Includes Real estate on page 56.

(3) Includes Timber and agriculture-related reflected in Private equity on page 56.

(4) 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 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 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 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 of these investments.

**THE ALLSTATE CORPORATION**  
**LIMITED PARTNERSHIP INTERESTS**

(\$ in millions)

As of or for the three months ended

	June 30, 2017	March 31, 2017	Dec. 31, 2016	Sept. 30, 2016	J
<b>Investment position</b>					
Accounting basis					
Cost method	\$ 1,269	\$ 1,293	\$ 1,282	\$ 1,375	\$
Equity method ("EMA") <sup>(1)</sup>	4,937	4,689	4,532	4,213	\$
Total	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,588</u>	<u>\$</u>
Cost method-fair value <sup>(2)</sup>	\$ 1,511	\$ 1,525	\$ 1,493	\$ 1,600	\$
Underlying investment					
Private equity	\$ 4,525	\$ 4,324	\$ 4,210	\$ 4,010	\$
Real estate	1,128	1,140	1,102	1,130	\$
Other	553	518	502	448	\$
Total	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,588</u>	<u>\$</u>
Segment					
Property-Liability	\$ 3,266	\$ 3,122	\$ 3,042	\$ 2,913	\$
Allstate Financial	2,940	2,860	2,771	2,674	\$
Corporate and Other	-	-	1	1	\$
Total	<u>\$ 6,206</u>	<u>\$ 5,982</u>	<u>\$ 5,814</u>	<u>\$ 5,588</u>	<u>\$</u>
<b>Total Income</b>					
Accounting basis					
Cost method	\$ 51	\$ 37	\$ 26	\$ 43	\$
Equity method	202	83	152	93	\$
Total	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 136</u>	<u>\$</u>
Underlying investment					
Private equity	\$ 210	\$ 116	\$ 144	\$ 112	\$
Real estate	43	4	35	23	\$
Other	-	-	(1)	1	\$
Total	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 136</u>	<u>\$</u>
Segment					
Property-Liability	\$ 118	\$ 55	\$ 82	\$ 69	\$
Allstate Financial	135	65	96	67	\$
Corporate and Other	-	-	-	-	\$
Total	<u>\$ 253</u>	<u>\$ 120</u>	<u>\$ 178</u>	<u>\$ 136</u>	<u>\$</u>
<sup>(1)</sup> Approximate cumulative pre-tax appreciation	\$ 787	\$ 611	\$ 511	\$ 469	\$

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





