

**The Allstate Corporation Annual Meeting  
Report to Shareholders by  
Thomas J. Wilson, Chairman, President and CEO**

May 20, 2014

Allstate is a different kind of company. It's a company where people are at the center of our business model and our priorities. Our purpose, of course, is to protect customers from life's uncertainties and prepare them for the future. Our employees, agency owners, exclusive financial specialists and licensed sales professionals are our most valuable resources. They are engaged and purpose-driven. They take care of customers every day and are a force for good in almost every community in America.

This people-focused strategy is working. We had some strong results in 2013 and we're off to a good start this year despite some severe winter weather in January and February. The results reflect the strength of our employees and agency owners, a great brand that's been built over 83 years, active board support, and a proactive and strategic approach to responding to things that come our way. In particular, we had two significant events that started in 2008 – both a dramatic increase in severe weather and the financial market meltdown. So, given our success in dealing with those two storms over the last five years, we are now moving from a “fix and run” set of priorities, to a “run and build” set of priorities – from strengthening our core business to positioning Allstate for sustainable growth.

Across the company, we are making great progress, producing results and living into [Our Shared Vision](#). Our strategy is enabling us to compete effectively. Allstate agency owners – a network of nearly 10,000 small business owners – are expanding and becoming trusted advisors to their customers. And with the Allstate Foundation and Agency Hands in the Community grants, we're helping local communities as well.



Our strategic focus is on the four segments of the insurance market – offering differentiated products and services to each segment – and it's working. You can see it up on this slide. As the competition increases from State Farm, Geico, Progressive and others, we have the resources, the brands and talent to win.

Here's a quick review of our results for 2013 by customer segment.

On the lower left-hand-side is the local advice and branded segment which is served by the Allstate agencies. It grew despite a reduction in the number of homeowners customers, as auto policy growth more than offset that decline.

On the lower right-hand-side, Esurance, serving the self-directed branded segment, continued to capture market share in that segment. It expanded its geographic footprint and increased its offerings to include renters, motorcycle and homeowners insurance products.

On the upper left is Encompass, which serves consumers who want local advice but are brand-neutral. They grew by focusing on a unique bundled auto and homeowners policy.

On the upper right-hand-side, Answer Financial, in the self-serve, brand-neutral segment, also grew its customer base.

Overall, 2013 provided a solid foundation for future growth and we achieved all five of our operating priorities. We grew insurance premiums, we maintained auto profitability, we improved homeowners returns, we proactively managed our investments, and we reduced our cost structure. As a result of this operating performance and a low level of catastrophes, the 2013 operating income return on equity was a strong 14.5%. This is above the goal we established in 2011. We wanted to get to 13% by 2014. That progress reflects the improvements we've made in getting homeowners returns up and maintaining margins in auto insurance. When you adjust the 2013 performance for low catastrophes and other items that have come along the way, the returns are below 14.5%, but we still beat the 13% goal by more than a year.

Last year, total shareholder return was 38%. Share repurchases and common dividends provided \$2.2 billion of cash returns to shareholders. Book value increased 6.9% to over \$45 per share. This performance is continuing to drive shareholder value this year. Our first quarter revenues and policies in force increased, and the underlying combined ratio was within the full-year outlook we provide to shareholders and analysts. Our investment results were solid, with especially strong results from limited partnership returns. We completed our capital restructuring plan in the first quarter, further improving our financial strength and flexibility. The board also approved a \$2.5 billion share repurchase program and increased the common dividend by 12%.

We are also focused on increasing the value of Allstate agencies. Allstate agencies today are more valuable as agency owners invest in taking care of customers and are growing. The agency relationship survey showed a significant increase in satisfaction last year. At our recent National Forum, where we had over 4,000 agency owners and exclusive financial specialists, over 90% said they felt engaged and positive about the company and their role in its future.

As importantly, our agencies really are a force for good in nearly every community in America. This is the heart and strength that we bring to local businesses. Last year, more than 1,400 Allstate agency owners participated in the program we called *SaferLives*, which is about educating communities about teen safe driving, domestic violence and disaster preparedness.

Creating sustainable growth and value also requires strong governance and a talented board. We expanded and formalized our board evaluation practices and added a risk and return committee last year. This board's guidance and support have been critical to putting Allstate in a position to be able to seize the future.

Allstate is in a very strong position given our people, our capabilities, our brands and our financial strength. Our business is growing. Our differentiated customer strategy provides a competitive advantage in the marketplace. The network of Allstate agencies is strong and expanding. Our team of talented professionals is focused and purpose-driven.

As we move forward, Allstate will continue to bring out the good. We will protect customers from life's uncertainties and prepare them for the future. We will operate the business proactively with a long-term focus that creates shareholder value. We will continue to improve the communities where our customers live and work. That is a future full of good.

Thank you for your continued support.