

***Keefe, Bruyette, & Woods 2010 Insurance Conference***

***September 8, 2010***



**Allstate®**

You're in good hands.

**Robert Block**

**Vice President**

**The Allstate Corporation**

# Safe Harbor

This presentation contains forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this presentation is available in the 2009 Form 10-K, 10-Q for the second quarter 2010, and in our most recent earnings release, available on our website, [allstate.com](http://allstate.com). This presentation also contains some non-GAAP measures. You can find the reconciliation of those measures to GAAP measures on the Investor Relations portion of our website, [allstate.com](http://allstate.com), under the “Quarterly Investor Information” link.

# Making Progress . . . Achieving Full Year Outlook

<u>Consolidated Highlights</u>			
	Six months ended June 30,		
	<u>2010</u>	<u>2009</u>	<u>% Change</u>
<b>Consolidated revenues</b>	\$15.4B	\$16.4B	(5.9)
<b>Net Income</b>	\$265M	\$115M	130.4
<b>Per diluted share</b>	\$0.49	\$0.21	133.3
<b>ROE</b>	6.1%	(11.1%)	17.2 pts.
<b>Operating Income*</b>	\$816M	\$751M	8.7
<b>Per diluted share*</b>	\$1.50	\$1.39	7.9
<b>ROE*</b>	11.2%	5.8%	5.4 pts.
<b>Book value per share</b>	\$33.24	\$27.87	19.3
<b><u>Allstate Protection</u></b>			
<b>Combined ratio</b>	97.8%	98.4%	(.6) pts.
<b>Underlying Combined Ratio*</b> (excludes impact of catastrophes and prior year reserve reestimates)	88.6%	88.1%	.5 pts.

\*Non-GAAP measures

# 2010 Priorities

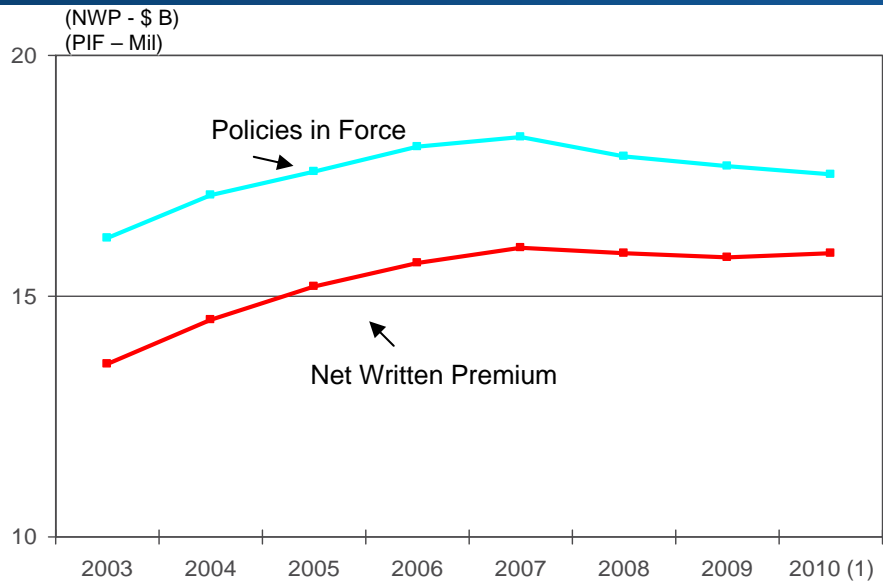
- Improve customer loyalty
- Reinvent protection and retirement for the consumer
- Grow our businesses

# Grow our Businesses . . . Initiatives to Increase Shareholder Value

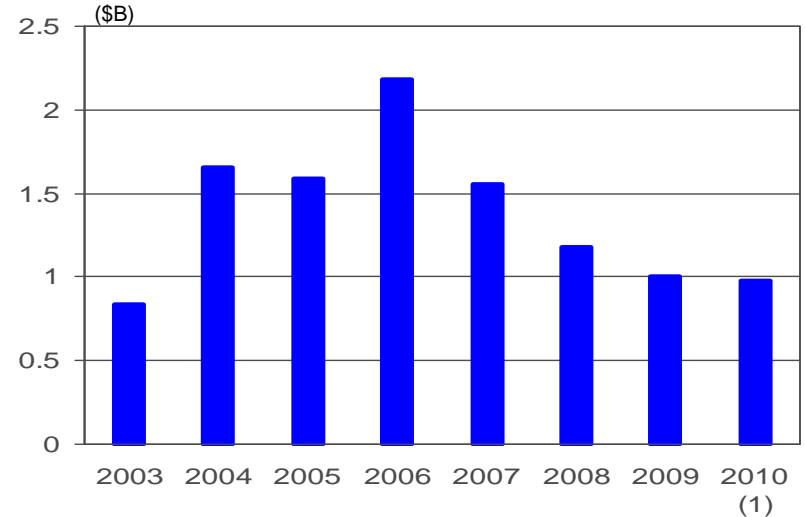
- Growing auto insurance business
- Earning acceptable returns on homeowners insurance
- Positioning Allstate Financial for profitable growth
- Continuing to take a proactive approach to investing

# Generating Profitable Growth in Standard Auto\*

## Growth



## Profit Underwriting Income



\*Allstate Brand

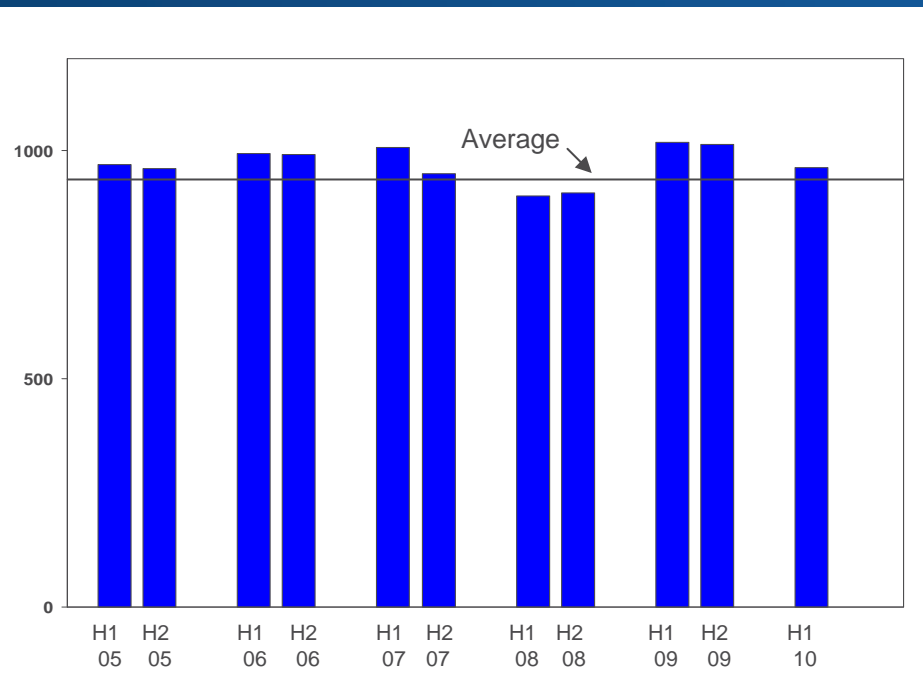
(1) Trailing 4 quarters for 2010 Underwriting Inc. and NWP

# Standard Auto\* New Business Trends . . .

## New to Allstate Stable, Endorsements Down

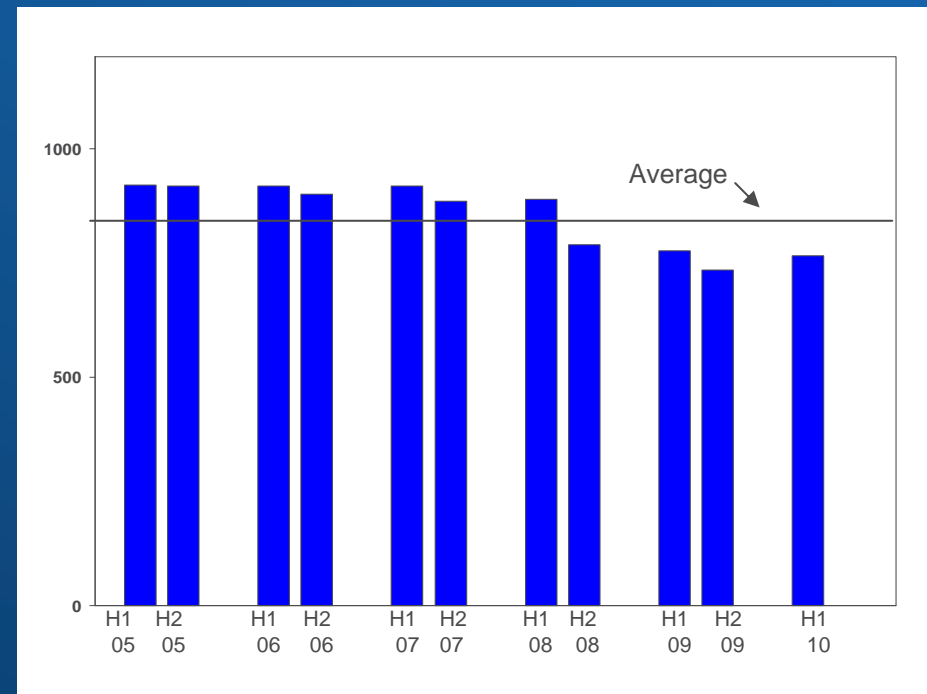
New to Allstate Items

(000)



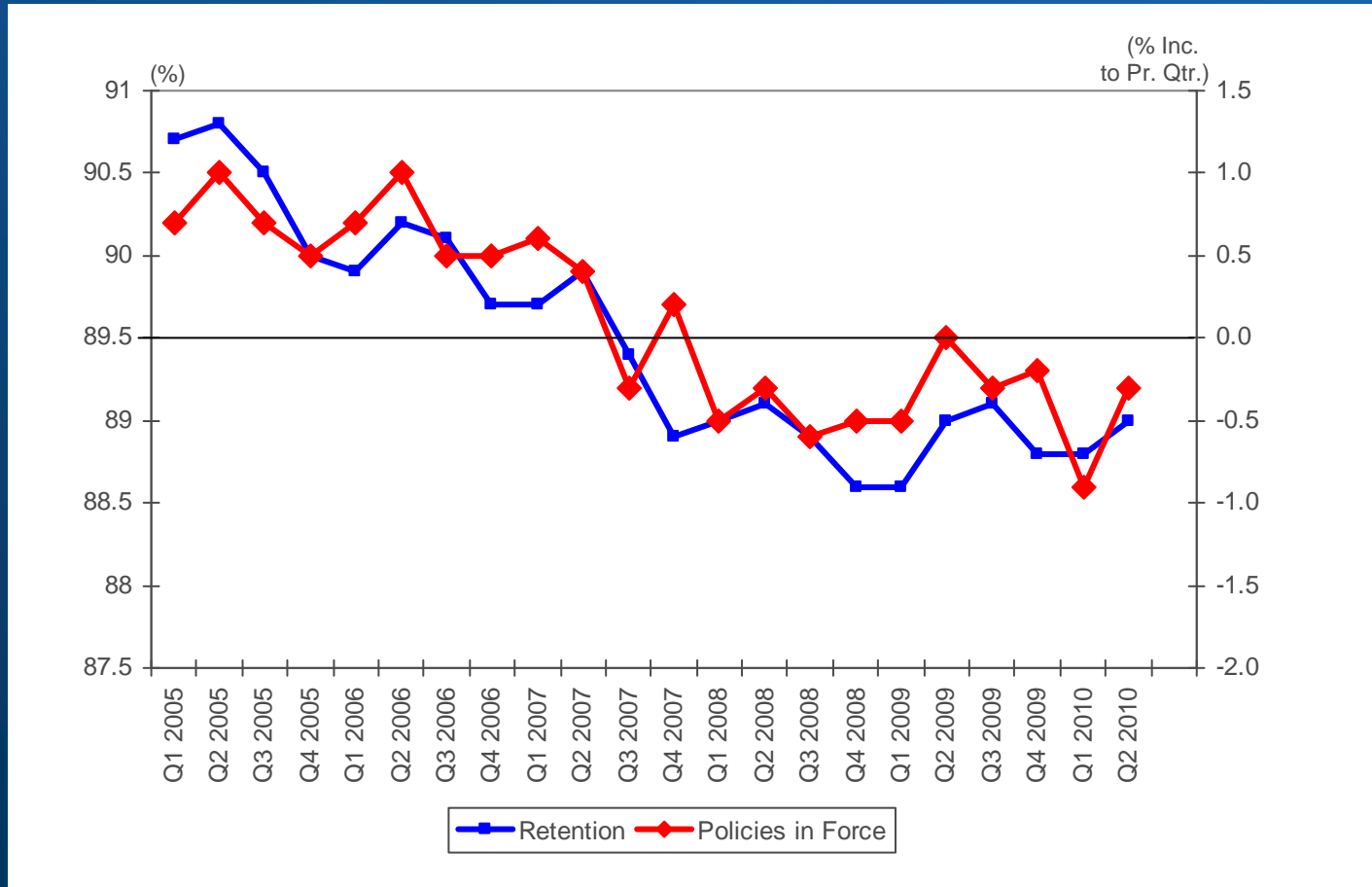
Endorsement Items

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\*Allstate Brand

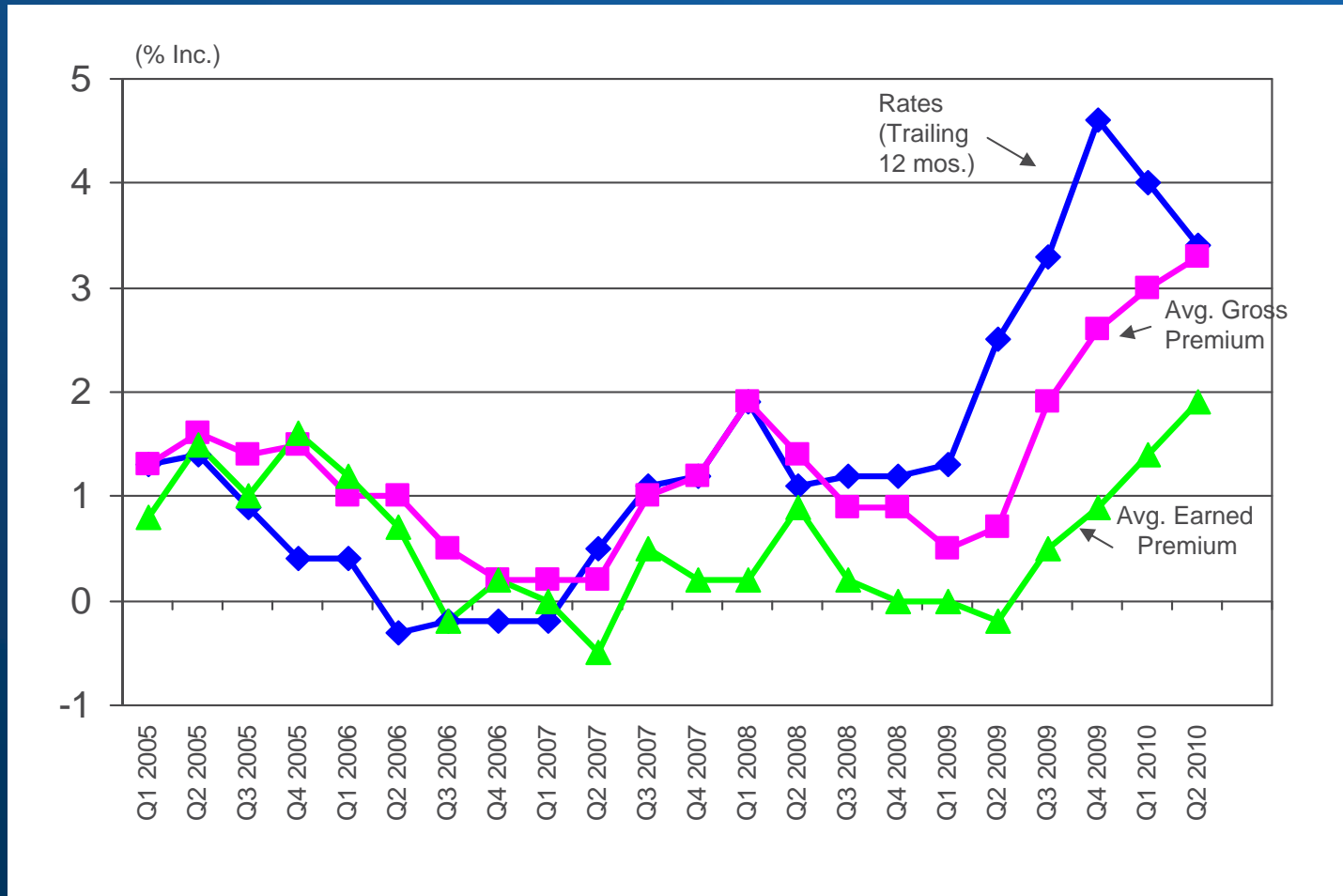
# Standard Auto\* Retention . . . Stabilized at Low Levels



\*Allstate Brand



# Standard Auto\* Rates . . . Working into Earned Premium



\*Allstate Brand

# Growing Auto Insurance Business

## Increased Customer Retention

- Aligning business around High-Value Customers
- Service standards with accountability and rewards
- Improved local agency performance

## Broadened Customer Relationships

- Increased auto sales to mono-line property customers
- Differentiated products

## ***Growth in Auto Market Share***

## Improved Price Position in Auto

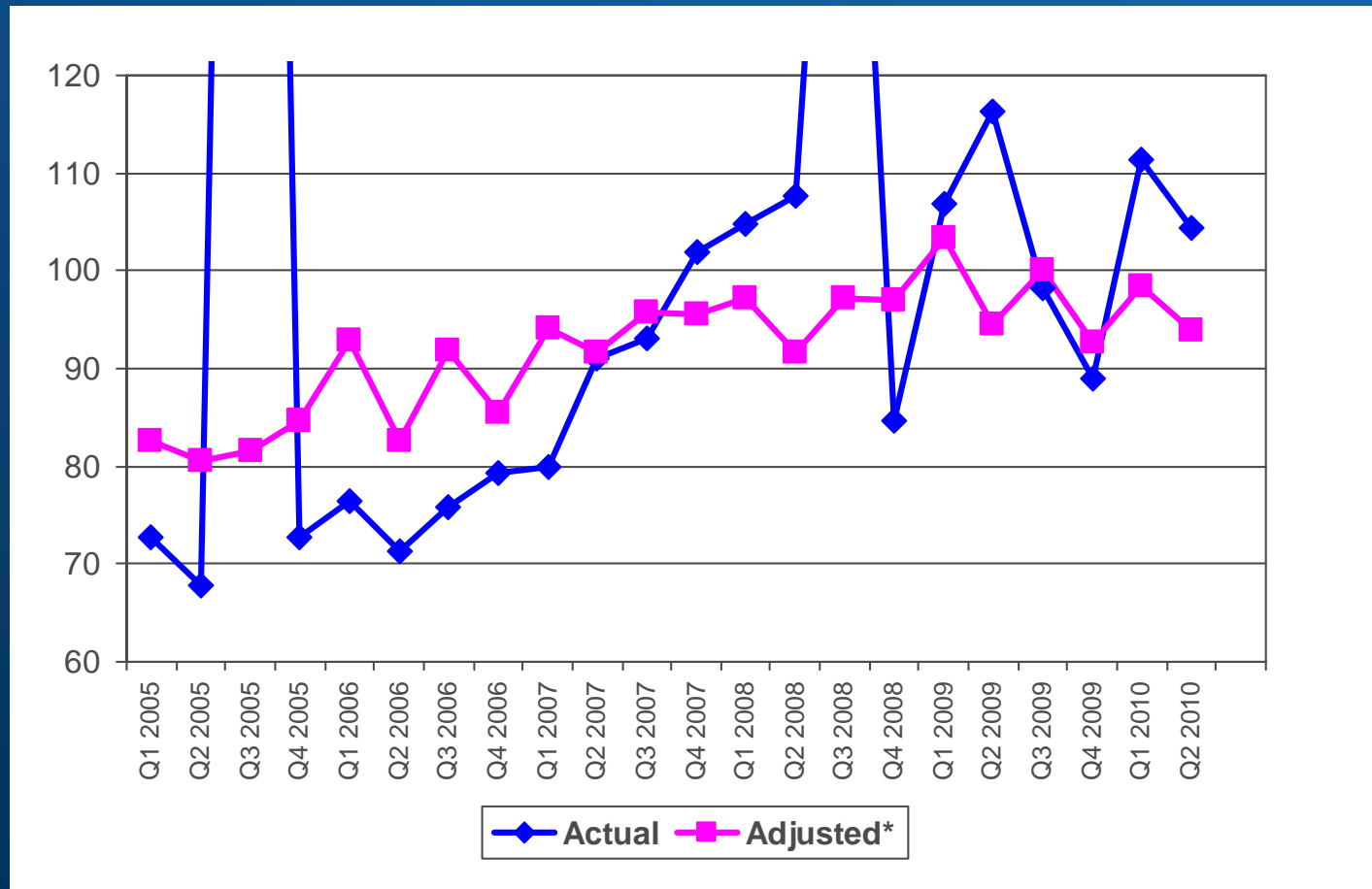
- Competitors increasing prices
- Industry leading pricing models
- Lower operating expenses

## Higher Investment in Growth

- Direct business growing rapidly
- Invest in broadening Allstate brand

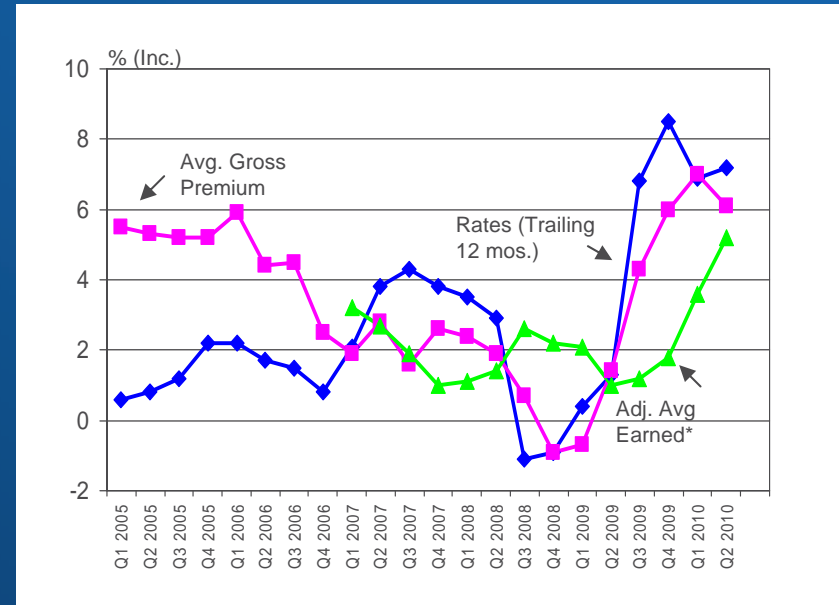
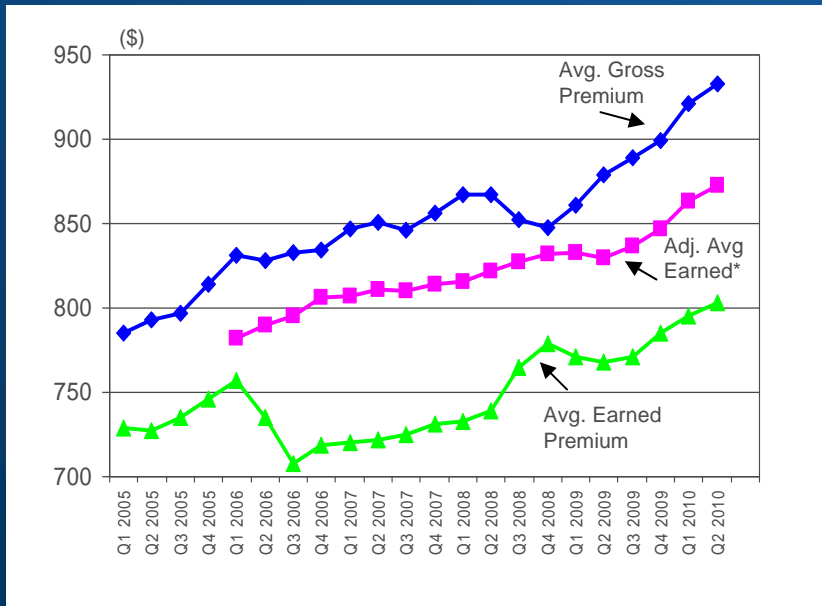
# Homeowner Profitability . . . A Work in Progress

Combined Ratio



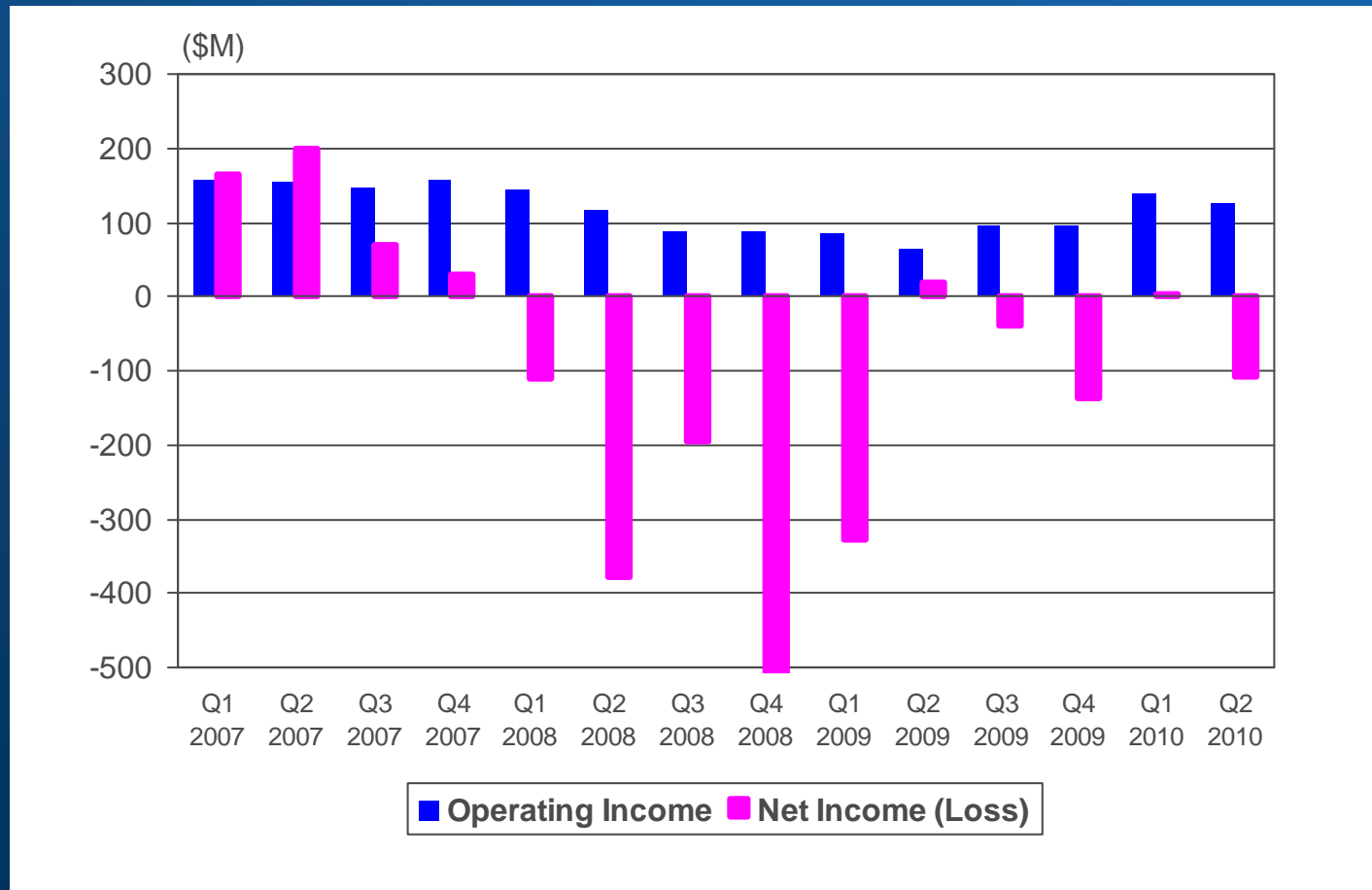
\*Adjusted for historic average catastrophes from 1992, including industry reinsurance Or insurance mechanism (as published in investor supplement)

# Homeowners Average Premium . . . Rate Effects are Increasing



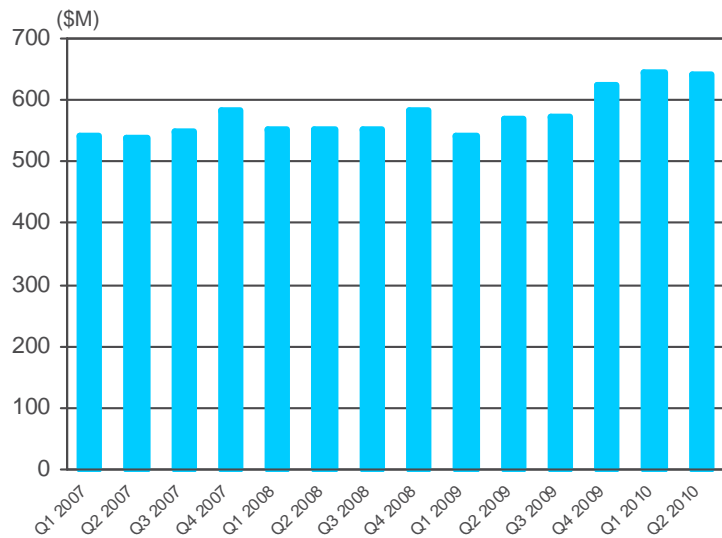
\*Adj. Avg. Earned excludes Reinsurance Ceded

# Allstate Financial Income Trends . . . Operating Results Have Stabilized

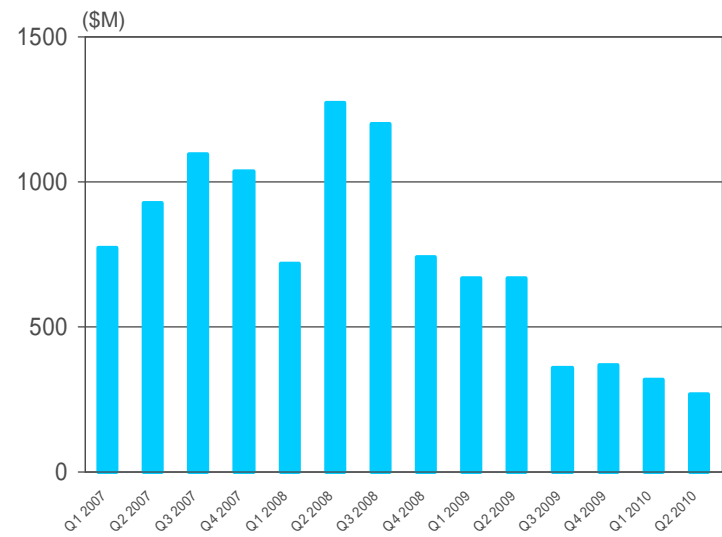


# Allstate Financial Premiums and Deposits . . . Shifting the Mix

## Underwritten Products



## Annuities



# Allstate Financial Repositions to Provide Shareholder Value

## Purpose →

*Be an organization that focuses on stewardship and value creation*

## Value Creators →

Accelerating AF profitable growth

Improving Protection loyalty and retention through AF cross-sell

Bringing new customers to Allstate

## Operational Goals →

Focus on Allstate Agency and workplace distribution

Create products and services that are easy to understand

Actively partner with Allstate Protection

Enable customers to do business the way they choose

Improve producers' ease of doing business

Proactive and integrated risk/return management and pricing discipline

# Investments . . . Proactive Management to Generate Value

## “Risk Mitigation and Return Optimization”

- Asset Allocation
  - Reduce exposure to commercial real estate
  - Reduce exposure to municipal bonds
  - Maintain exposure to corporate credit
  
- Management of Interest Rate Exposure
  - Duration management
  - Hedging strategy

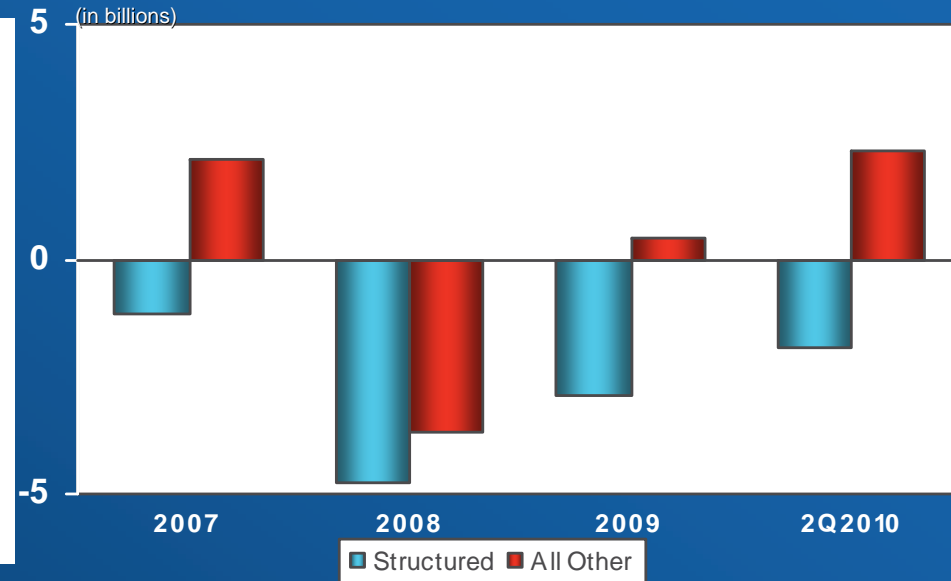


# Historical Investment Results

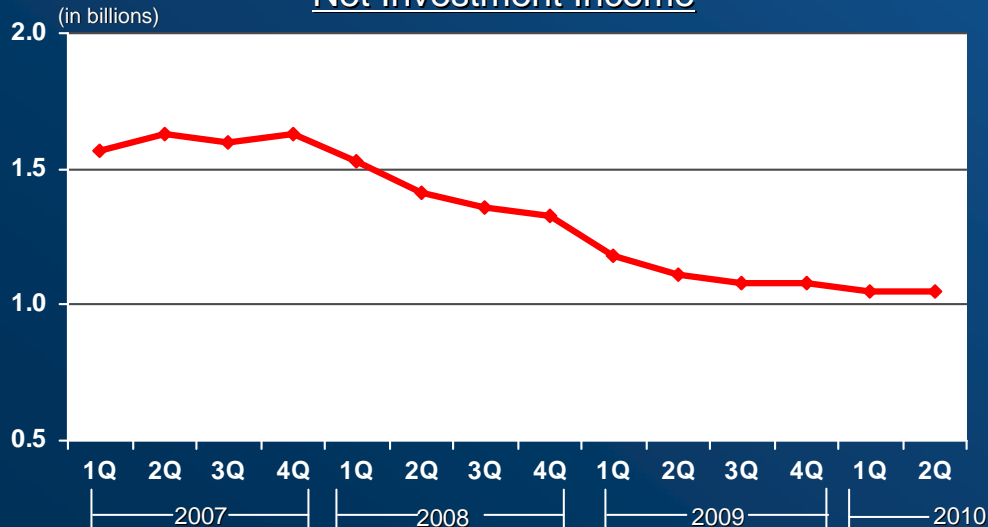
## Asset Allocation

(% to Total)	2007	2008	2009	2Q 2010
Munis	21.3	22.8	21.3	18.9
Corporates	32.3	28.8	33.2	36.0
Structured (RMBS, CMBS, ABS)	19.5	12.7	13.6	14.7
Mortgage Loans	9.1	10.7	7.9	7.2
Equities	4.4	2.9	5.0	3.3
Short-term	2.6	9.3	3.1	2.4

## Fixed Income Unrealized Gain and Loss



## Net Investment Income



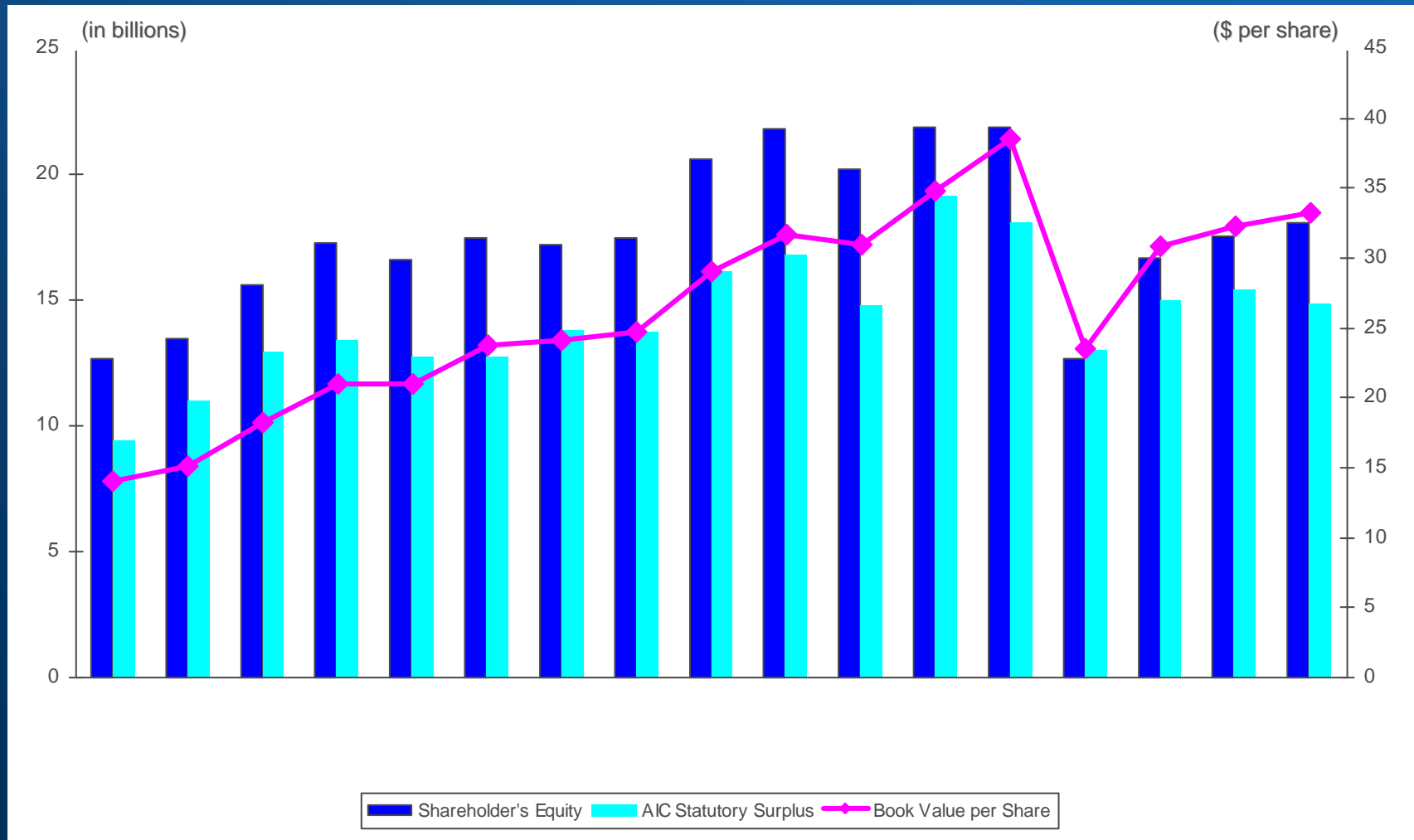
## Realized Capital Gains and Losses

(in millions)	2007	2008	2009	1H 2010
Impairments	(163)	(1,983)	(1,562)	(462)
Intent	(147)	(1,752)	(357)	(99)
Sales	1,483	(464)	1,272	233
Derivatives	62	(794)	205	(495)
LP	0	(97)	(141)	24
Total, pre-tax	1,235	(5,090)	(583)	(799)

# 2010 Priorities

- Improve customer loyalty
- Reinvent protection and retirement for the consumer
- Grow our businesses

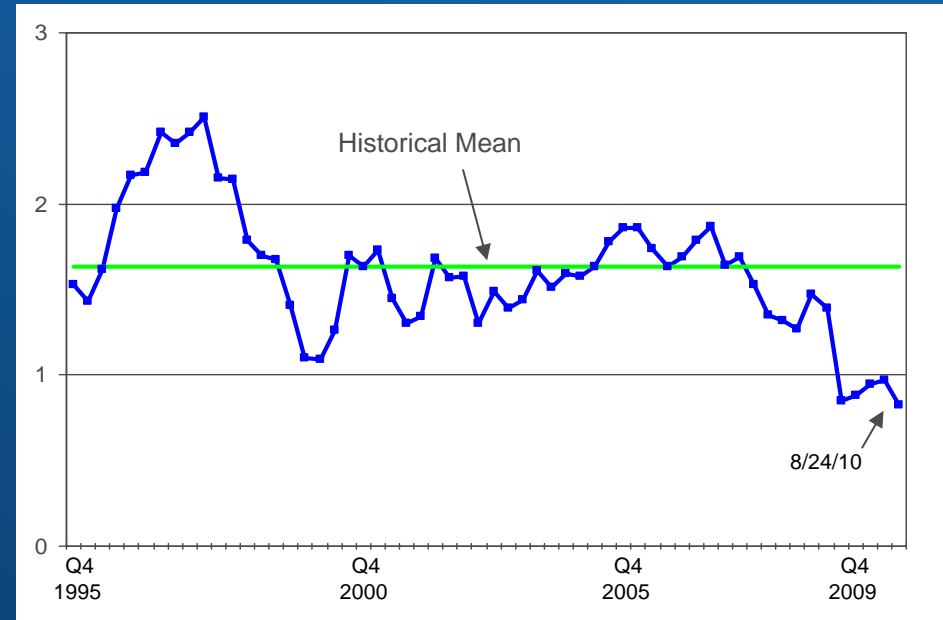
# Historically Strong Capital Position



# Allstate is an Attractive Investment Opportunity

- Leading franchise in consumer protection and retirement
- Competitively differentiated strategy
- Operational Excellence
- Valuation has significant upside potential

## Price/Book Multiple





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