

## The Allstate Corporation and Subsidiaries

### Consolidated Statements of Operations

(\$ in millions, except per share data)	Years Ended December 31,		
	2018	2017	2016
<b>Revenues</b>			
Property and casualty insurance premiums (net of reinsurance ceded and indemnification programs of \$1,016, \$971 and \$987)	\$ 34,048	\$ 32,300	\$ 31,307
Life premiums and contract charges (net of reinsurance ceded of \$290, \$303 and \$309)	2,465	2,378	2,275
Other revenue	939	883	865
Net investment income	3,240	3,401	3,042
Realized capital gains and losses:			
Total other-than-temporary impairment ("OTTI") losses	(13)	(146)	(313)
OTTI losses reclassified (from) to other comprehensive income ("OCI")	(1)	(4)	10
<b>Net OTTI losses recognized in earnings</b>	<b>(14)</b>	<b>(150)</b>	<b>(303)</b>
Sales and valuation changes on equity investments and derivatives	(863)	595	213
<b>Total realized capital gains and losses</b>	<b>(877)</b>	<b>445</b>	<b>(90)</b>
<b>Total revenues</b>	<b>39,815</b>	<b>39,407</b>	<b>37,399</b>
<b>Costs and expenses</b>			
Property and casualty insurance claims and claims expense (net of reinsurance ceded and indemnification programs of \$1,378, \$1,807 and \$1,116)	22,839	21,929	22,221
Life contract benefits (net of reinsurance ceded of \$240, \$179 and \$208)	1,973	1,923	1,857
Interest credited to contractholder funds (net of reinsurance ceded of \$24, \$25 and \$26)	654	690	726
Amortization of deferred policy acquisition costs	5,222	4,784	4,550
Operating costs and expenses	5,869	5,442	4,939
Amortization of purchased intangible assets	105	99	32
Restructuring and related charges	83	109	30
Goodwill impairment	—	125	—
Interest expense	332	335	295
<b>Total costs and expenses</b>	<b>37,077</b>	<b>35,436</b>	<b>34,650</b>
Gain on disposition of operations	6	20	5
<b>Income from operations before income tax expense</b>	<b>2,744</b>	<b>3,991</b>	<b>2,754</b>
Income tax expense	492	802	877
<b>Net income</b>	<b>2,252</b>	<b>3,189</b>	<b>1,877</b>
Preferred stock dividends	148	116	116
<b>Net income applicable to common shareholders</b>	<b>\$ 2,104</b>	<b>\$ 3,073</b>	<b>\$ 1,761</b>
<b>Earnings per common share:</b>			
Net income applicable to common shareholders per common share - Basic	\$ 6.05	\$ 8.49	\$ 4.72
Weighted average common shares - Basic	347.8	362.0	372.8
Net income applicable to common shareholders per common share - Diluted	\$ 5.96	\$ 8.36	\$ 4.67
Weighted average common shares - Diluted	353.2	367.8	377.3

See notes to consolidated financial statements.

## The Allstate Corporation and Subsidiaries

### Consolidated Statements of Financial Position

(\$ in millions, except par value data)	December 31,	
	2018	2017
<b>Assets</b>		
Investments		
Fixed income securities, at fair value (amortized cost \$57,134 and \$57,525)	\$ 57,170	\$ 58,992
Equity securities, at fair value (cost \$4,489 and \$5,461)	5,036	6,621
Mortgage loans	4,670	4,534
Limited partnership interests	7,505	6,740
Short-term, at fair value (amortized cost \$3,027 and \$1,944)	3,027	1,944
Other	3,852	3,972
<b>Total investments</b>	<b>81,260</b>	<b>82,803</b>
Cash	499	617
Premium installment receivables, net	6,154	5,786
Deferred policy acquisition costs	4,784	4,191
Reinsurance and indemnification recoverables, net	9,565	8,921
Accrued investment income	600	569
Property and equipment, net	1,045	1,072
Goodwill	2,530	2,181
Other assets	3,007	2,838
Separate Accounts	2,805	3,444
<b>Total assets</b>	<b>\$ 112,249</b>	<b>\$ 112,422</b>
<b>Liabilities</b>		
Reserve for property and casualty insurance claims and claims expense	\$ 27,423	\$ 26,325
Reserve for life-contingent contract benefits	12,208	12,549
Contractholder funds	18,371	19,434
Unearned premiums	14,510	13,473
Claim payments outstanding	1,007	875
Deferred income taxes	425	782
Other liabilities and accrued expenses	7,737	6,639
Long-term debt	6,451	6,350
Separate Accounts	2,805	3,444
<b>Total liabilities</b>	<b>90,937</b>	<b>89,871</b>
<b>Commitments and Contingent Liabilities (Note 7, 8 and 14)</b>		
<b>Shareholders' equity</b>		
Preferred stock and additional capital paid-in, \$1 par value, 25 million shares authorized, 79.8 thousand and 72.2 thousand issued and outstanding, \$1,995 and \$1,805 aggregate liquidation preference	1,930	1,746
Common stock, \$.01 par value, 2.0 billion shares authorized and 900 million issued, 332 million and 355 million shares outstanding	9	9
Additional capital paid-in	3,310	3,313
Retained income	45,708	43,162
Deferred Employee Stock Ownership Plan ("ESOP") expense	(3)	(3)
Treasury stock, at cost (568 million and 545 million shares)	(28,085)	(25,982)
Accumulated other comprehensive income:		
Unrealized net capital gains and losses:		
Unrealized net capital gains and losses on fixed income securities with OTTI	75	85
Other unrealized net capital gains and losses	(51)	1,981
Unrealized adjustment to DAC, DSI and insurance reserves	(26)	(404)
<b>Total unrealized net capital gains and losses</b>	<b>(2)</b>	<b>1,662</b>
Unrealized foreign currency translation adjustments	(64)	(9)
Unrecognized pension and other postretirement benefit cost	(1,491)	(1,347)
<b>Total accumulated other comprehensive (loss) income ("AOCI")</b>	<b>(1,557)</b>	<b>306</b>
<b>Total shareholders' equity</b>	<b>21,312</b>	<b>22,551</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 112,249</b>	<b>\$ 112,422</b>

See notes to consolidated financial statements.

# The Allstate Corporation and Subsidiaries

## Consolidated Statements of Cash Flows

(\$ in millions)	Years Ended December 31,		
	2018	2017	2016
<b>Cash flows from operating activities</b>			
Net income	\$ 2,252	\$ 3,189	\$ 1,877
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and other non-cash items	511	483	382
Realized capital gains and losses	877	(445)	90
Gain on disposition of operations	(6)	(20)	(5)
Interest credited to contractholder funds	654	690	726
Goodwill impairment	—	125	—
Changes in:			
Policy benefits and other insurance reserves	469	302	631
Unearned premiums	915	463	362
Deferred policy acquisition costs	(296)	(214)	(165)
Premium installment receivables, net	(396)	(131)	(42)
Reinsurance recoverables, net	(656)	(211)	(264)
Income taxes	(356)	(245)	417
Other operating assets and liabilities	1,207	328	(16)
<b>Net cash provided by operating activities</b>	<b>5,175</b>	<b>4,314</b>	<b>3,993</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales			
Fixed income securities	33,183	25,341	25,061
Equity securities	6,859	6,504	5,546
Limited partnership interests	764	1,125	881
Other investments	533	274	262
Investment collections			
Fixed income securities	3,466	4,194	4,533
Mortgage loans	529	600	501
Other investments	488	642	421
Investment purchases			
Fixed income securities	(36,960)	(31,145)	(27,990)
Equity securities	(5,936)	(6,585)	(5,950)
Limited partnership interests	(1,679)	(1,440)	(1,450)
Mortgage loans	(664)	(646)	(646)
Other investments	(864)	(999)	(885)
Change in short-term investments, net	(505)	2,610	(2,446)
Change in other investments, net	(98)	(30)	(51)
Purchases of property and equipment, net	(277)	(299)	(313)
Acquisition of operations	(558)	(1,356)	—
<b>Net cash used in investing activities</b>	<b>(1,719)</b>	<b>(1,210)</b>	<b>(2,526)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of long-term debt	498	—	1,236
Redemption and repayment of long-term debt	(400)	—	(17)
Proceeds from issuance of preferred stock	557	—	—
Redemption of preferred stock	(385)	—	—
Contractholder fund deposits	1,010	1,025	1,049
Contractholder fund withdrawals	(1,967)	(1,890)	(2,087)
Dividends paid on common stock	(614)	(525)	(486)
Dividends paid on preferred stock	(134)	(116)	(116)
Treasury stock purchases	(2,303)	(1,495)	(1,337)
Shares reissued under equity incentive plans, net	73	135	164
Excess tax benefits on share-based payment arrangements	—	—	32
Other	91	(57)	36
<b>Net cash used in financing activities</b>	<b>(3,574)</b>	<b>(2,923)</b>	<b>(1,526)</b>
<b>Net (decrease) increase in cash</b>	<b>(118)</b>	<b>181</b>	<b>(59)</b>
Cash at beginning of year	617	436	495
<b>Cash at end of year</b>	<b>\$ 499</b>	<b>\$ 617</b>	<b>\$ 436</b>

See notes to consolidated financial statements.