

ALLSTATE CORP  
Form 10-Q  
July 31, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2013**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 1-11840**

**THE ALLSTATE CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

**36-3871531**

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(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**2775 Sanders Road, Northbrook, Illinois 60062**

(Address of principal executive offices)

(Zip Code)

**(847) 402-5000**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No   

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes X No   

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer X

Accelerated filer   

Non-accelerated filer    (Do not check if a smaller reporting company)

Smaller reporting company   

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes    No X

As of July 17, 2013, the registrant had 463,447,495 common shares, \$.01 par value, outstanding.

**THE ALLSTATE CORPORATION**

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**June 30, 2013**

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**PART I. FINANCIAL INFORMATION****ITEM I. FINANCIAL INFORMATION****THE ALLSTATE CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(\$ in millions, except per share data)

|                                                                        | Three months ended<br>June 30 |          | Six months ended<br>June 30 |           |
|------------------------------------------------------------------------|-------------------------------|----------|-----------------------------|-----------|
|                                                                        | 2013                          | 2012     | 2013                        | 2012      |
|                                                                        | (unaudited)                   |          | (unaudited)                 |           |
| <b>Revenues</b>                                                        |                               |          |                             |           |
| Property-liability insurance premiums                                  | \$ 6,862                      | \$ 6,666 | \$ 13,632                   | \$ 13,296 |
| Life and annuity premiums and contract charges                         | 579                           | 559      | 1,158                       | 1,112     |
| Net investment income                                                  | 984                           | 1,026    | 1,967                       | 2,037     |
| Realized capital gains and losses:                                     |                               |          |                             |           |
| Total other-than-temporary impairment losses                           | (55)                          | (69)     | (82)                        | (156)     |
| Portion of loss recognized in other comprehensive income               | (5)                           | 19       | (15)                        | 23        |
| Net other-than-temporary impairment losses recognized in earnings      | (60)                          | (50)     | (97)                        | (133)     |
| Sales and other realized capital gains and losses                      | 422                           | 77       | 590                         | 328       |
| Total realized capital gains and losses                                | 362                           | 27       | 493                         | 195       |
|                                                                        | 8,787                         | 8,278    | 17,250                      | 16,640    |
| <b>Costs and expenses</b>                                              |                               |          |                             |           |
| Property-liability insurance claims and claims expense                 | 4,741                         | 4,810    | 9,201                       | 9,149     |
| Life and annuity contract benefits                                     | 471                           | 462      | 929                         | 901       |
| Interest credited to contractholder funds                              | 311                           | 366      | 656                         | 744       |
| Amortization of deferred policy acquisition costs                      | 961                           | 942      | 1,907                       | 1,921     |
| Operating costs and expenses                                           | 1,090                         | 996      | 2,192                       | 2,013     |
| Restructuring and related charges                                      | 20                            | 10       | 46                          | 16        |
| Loss on extinguishment of debt                                         | 480                           | --       | 480                         | --        |
| Interest expense                                                       | 99                            | 93       | 197                         | 188       |
|                                                                        | 8,173                         | 7,679    | 15,608                      | 14,932    |
| Gain on disposition of operations                                      | --                            | 3        | 2                           | 6         |
| <b>Income from operations before income tax expense</b>                | 614                           | 602      | 1,644                       | 1,714     |
| Income tax expense                                                     | 180                           | 179      | 501                         | 525       |
| <b>Net income</b>                                                      | 434                           | 423      | 1,143                       | 1,189     |
| Preferred stock dividends                                              | --                            | --       | --                          | --        |
| <b>Net income available to common shareholders</b>                     | \$ 434                        | \$ 423   | \$ 1,143                    | \$ 1,189  |
| <b>Earnings per common share:</b>                                      |                               |          |                             |           |
| Net income available to common shareholders per common share - Basic   | \$ 0.93                       | \$ 0.86  | \$ 2.42                     | \$ 2.40   |
| Weighted average common shares - Basic                                 | 468.3                         | 490.6    | 471.9                       | 494.9     |
| Net income available to common shareholders per common share - Diluted | \$ 0.92                       | \$ 0.86  | \$ 2.39                     | \$ 2.39   |
| Weighted average common shares - Diluted                               | 473.8                         | 493.8    | 477.3                       | 497.9     |
| Cash dividends declared per common share                               | \$ 0.25                       | \$ 0.22  | \$ 0.50                     | \$ 0.44   |

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See notes to condensed consolidated financial statements.

**THE ALLSTATE CORPORATION AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| (\$ in millions)                                           | Three months ended<br>June 30, |        | Six months ended<br>June 30, |          |
|------------------------------------------------------------|--------------------------------|--------|------------------------------|----------|
|                                                            | 2013                           | 2012   | 2013                         | 2012     |
|                                                            | (unaudited)                    |        | (unaudited)                  |          |
| <b>Net income</b>                                          | \$ 434                         | \$ 423 | \$ 1,143                     | \$ 1,189 |
| <b>Other comprehensive (loss) income, after-tax</b>        |                                |        |                              |          |
| Changes in:                                                |                                |        |                              |          |
| Unrealized net capital gains and losses                    | (1,254)                        | 196    | (1,183)                      | 670      |
| Unrealized foreign currency translation adjustments        | (21)                           | (7)    | (33)                         | 2        |
| Unrecognized pension and other postretirement benefit cost | 46                             | 24     | 91                           | 44       |
| <b>Other comprehensive (loss) income, after-tax</b>        | (1,229)                        | 213    | (1,125)                      | 716      |