The Allstate Corporation

Definitions and Reconciliations of Non-GAAP Measures

First Quarter 2013

This document sets forth definitions and reconciliations of performance measures that are not based on GAAP ("non-GAAP"). We believe that investors' understanding of Allstate's performance is enhanced by the 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 revenues is the total revenues excluding realized capital gains and losses. Total revenues is the GAAP measure that is most directly comparable to operating revenues. We use operating revenues 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. Operating revenues should not be considered as a substitute for total revenues and does not reflect the overall profitability of our business.

The following table reconciles operating revenues and total revenues.

($ in millions)	Three months ended March 31, 2013	2012
Property-liability insurance premiums	$ 6,770	$ 6,630
Life and annuity premiums and contract charges	579	553
Net investment income	983	1,011
Operating revenues	8,332	8,194
Realized capital gains and losses	131	168
Total revenues	$ 8,463	$ 8,362

Operating income (loss) is net income (loss), 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 (loss),
- 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 (loss) is the GAAP measure that is most directly comparable to operating income (loss).

We use operating income (loss) 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 (loss) 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 (loss), 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 (loss) 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 (loss) 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 (loss) is used by management along with the other components of net income (loss) to assess our performance. We use adjusted measures of operating income (loss) and operating income (loss) per diluted share in incentive compensation. Therefore, we believe it is useful for investors to evaluate net income (loss), operating income (loss) 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 (loss) 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 (loss) as the denominator. Operating income (loss) should not be considered as a substitute for net income (loss) and does not reflect the overall profitability of our business.

The following table reconciles operating income and net income.

($ in millions, except per share data)	For the three months ended March 31,							
	Property-Liability		Allstate Financial		Consolidated		Per diluted share	
	2013	2012	2013	2012	2013	2012	2013	2012
Operating income	$ 556	$ 601	$ 144	$ 150	$ 647	$ 710	$ 1.35	$ 1.42
Realized capital gains and losses	112	189	19	(21)	131	168		
Income tax (expense) benefit	(39)	(65)	(7)	7	(46)	(58)		
Realized capital gains and losses, after-tax	73	124	12	(14)	85	110	0.18	0.22
Valuation changes on embedded derivatives that are not hedged, after-tax	--	--	(6)	(6)	(6)	(6)	(0.02)	(0.01)
DAC and DSI accretion (amortization) relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	--	--	1	(10)	1	(10)	--	(0.02)
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	1	1	(6)	(10)	(5)	(9)	(0.01)	(0.02)
Business combination expenses and the amortization of purchased intangible assets, after-tax	(14)	(31)	--	--	(14)	(31)	(0.03)	(0.06)
Gain on disposition of operations, after-tax	--	--	1	2	1	2	--	--
Net income	$ 616	$ 695	$ 146	$ 112	$ 709	$ 766	$ 1.47	$ 1.53

Underlying operating income (loss) is net income (loss), excluding:

- catastrophe losses, after-tax,
- prior year non-catastrophe reserve reestimates, after-tax,
- 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 (loss),
- valuation changes on embedded derivatives that are not hedged, after-tax,
- amortization of DAC and 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 (loss) is the GAAP measure that is most directly comparable to underlying operating income (loss).

We use underlying operating income (loss) as a measure to analyze and 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 catastrophe losses, prior year non-catastrophe reserve reestimates, 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. 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. 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, underlying operating income (loss) 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 underlying operating income (loss), 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, underlying operating income (loss) excludes the effect of items that tend to be highly variable from period to period. A byproduct of excluding these items to determine underlying operating income (loss) 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. We believe it is useful for investors to evaluate net income (loss), operating income (loss), underlying operating income (loss) and their components separately and in the aggregate when reviewing and evaluating our performance. We provide it to facilitate a comparison to our outlook on the combined ratio excluding the effect of catastrophe losses and prior year reserve reestimates. Underlying operating income (loss) should not be considered as a substitute for net income (loss) and does not reflect the overall profitability of our business.

The following table reconciles underlying operating income and net income.

($ in millions, except per share data)	**For the three months ended March 31,**							
	Property-Liability		**Allstate Financial**		**Consolidated**		**Per diluted share**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Underlying operating income	$ 789	$ 741	$ 144	$ 150	$ 880	$ 850	$ 1.83	$ 1.69
Catastrophe losses, after-tax	(233)	(168)	--	--	(233)	(168)	(0.48)	(0.33)
Prior year non-catastrophe reserve reestimates, after-tax	--	28	--	--	--	28	--	0.06
Operating income	$ 556	$ 601	$ 144	$ 150	$ 647	$ 710	$ 1.35	$ 1.42
Realized capital gains and losses	112	189	19	(21)	131	168		
Income tax (expense) benefit	(39)	(65)	(7)	7	(46)	(58)		
Realized capital gains and losses, after-tax	73	124	12	(14)	85	110	0.18	0.22
Valuation changes on embedded derivatives that are not hedged, after-tax	--	--	(6)	(6)	(6)	(6)	(0.02)	(0.01)
DAC and DSI accretion (amortization) relating to realized capital gains and losses and valuation changes on embedded derivatives that are not hedged, after-tax	--	--	1	(10)	1	(10)	--	(0.02)
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	1	1	(6)	(10)	(5)	(9)	(0.01)	(0.02)
Business combination expenses and the amortization of purchased intangible assets, after-tax	(14)	(31)	--	--	(14)	(31)	(0.03)	(0.06)
Gain on disposition of operations, after-tax	--	--	1	2	1	2	--	--
Net income	$ 616	$ 695	$ 146	$ 112	$ 709	$ 766	$ 1.47	$ 1.53

Underwriting income (loss) is calculated as premiums earned, less claims and claims expense ("losses"), amortization of DAC, operating costs and expenses and restructuring and related charges as determined using GAAP. Management uses this measure in its evaluation of the results of operations to analyze the profitability of our Property-Liability insurance operations separately from investment results. It is also an integral component of incentive compensation. It is useful for investors to evaluate the components of income separately and in the aggregate when reviewing performance. Net income (loss) is the most directly comparable GAAP measure. Underwriting income (loss) should not be considered as a substitute for net income (loss) and does not reflect the overall profitability of our business. The following table reconciles Property-Liability underwriting income (loss) to Property-Liability net income (loss).

($ in millions)	**Three months ended March 31,**	
	2013	**2012**
Premiums earned	$ 6,770	$ 6,630
Claims and claims expense	(4,460)	(4,339)
Amortization of DAC	(871)	(878)
Operating costs and expenses	(957)	(884)
Restructuring and related charges	(24)	(6)
Underwriting income	458	523
Net investment income	341	313
Realized capital gains and losses	112	189
Income tax expense	(295)	(330)
Net income	$ 616	$ 695

Combined ratio excluding the effect of catastrophes is a non-GAAP ratio, which is computed as the difference between two GAAP operating ratios: the combined ratio and the effect of catastrophes on the combined ratio. The most directly comparable GAAP measure is 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. These 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. We believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our underwriting performance. The combined ratio excluding the effect of catastrophes should not be considered a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business. The following table reconciles the Property-Liability combined ratio excluding the effect of catastrophes to the combined ratio.

	Three months ended March 31,	
	2013	**2012**
Combined ratio excluding the effect of catastrophes	87.9	88.2
Effect of catastrophe losses	5.3	3.9
Combined ratio	93.2	92.1

The following table reconciles the Allstate brand homeowners combined ratio excluding the effect of catastrophes to the combined ratio.

	Three months ended March 31,	
	2013	**2012**
Combined ratio excluding the effect of catastrophes	66.4	67.6
Effect of catastrophe losses	18.7	12.6
Combined ratio	85.1	80.2

Combined ratio excluding the effect of catastrophes, prior year reserve reestimates, business combination expenses and the 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, the effect of business combination expenses and the 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, business combination expenses and the 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. Business combination expenses and the amortization of purchased intangible assets primarily relate to the acquisition purchase price and are 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 as a substitute for the combined ratio and does not reflect the overall underwriting profitability of our business.

The following table reconciles the Property-Liability underlying combined ratio to the Property-Liability combined ratio.

	Three months ended March 31,	
	2013	**2012**
Combined ratio excluding the effect of catastrophes, prior year reserve reestimates, business combination expenses and the amortization of purchased intangible assets ("underlying combined ratio")	87.7	88.1
Effect of catastrophe losses	5.3	3.9
Effect of prior year non-catastrophe reserve reestimates	(0.1)	(0.6)
Effect of business combination expenses and the amortization of purchased intangible assets	0.3	0.7
Combined ratio	93.2	92.1
Effect of prior year catastrophe reserve reestimates	(0.5)	(2.5)

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

The following table reconciles the Allstate brand underlying combined ratio to the Allstate brand combined ratio.

	Three months ended March 31,	
	2013	**2012**
Underlying combined ratio	86.2	87.0
Effect of catastrophe losses	5.5	4.1
Effect of prior year non-catastrophe reserve reestimates	(0.1)	(0.7)
Effect of business combination expenses and the amortization of purchased intangible assets	0.1	0.1
Combined ratio	91.7	90.5

The following table reconciles the Encompass brand underlying combined ratio to the Encompass brand combined ratio.

	Three months ended March 31,	
	2013	**2012**
Underlying combined ratio	97.9	96.6
Effect of catastrophe losses	4.6	2.6
Effect of prior year non-catastrophe reserve reestimates	(0.4)	0.4
Combined ratio	102.1	99.6

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

	Three months ended March 31,	
	2013	**2012**
Underlying combined ratio	110.3	109.1
Effect of catastrophe losses	1.1	0.4
Effect of business combination expenses and the amortization of purchased intangible assets	5.3	18.1
Combined ratio	116.7	127.6

The following table reconciles the Allstate brand standard auto underlying combined ratio to the Allstate brand standard auto combined ratio.

	Three months ended March 31,	
	2013	**2012**
Underlying combined ratio	93.5	94.9
Effect of catastrophe losses	1.1	1.2
Effect of prior year non-catastrophe reserve reestimates	(0.4)	(0.9)
Combined ratio	94.2	95.2
Effect of prior year catastrophe reserve reestimates	(1.2)	(0.3)

The following table reconciles the Allstate brand homeowners underlying combined ratio to the Allstate brand homeowners combined ratio.

	Three months ended March 31,	
	2013	**2012**
Underlying combined ratio	65.8	67.0
Effect of catastrophe losses	18.7	12.6
Effect of prior year non-catastrophe reserve reestimates	0.6	0.6
Combined ratio	85.1	80.2
Effect of prior year catastrophe reserve reestimates	2.0	(8.5)

Average Underlying Loss is calculated as the Underlying combined ratio (a non-GAAP measure), less the GAAP expense ratio, multiplied by the GAAP average earned premium. We believe that this measure is useful to investors and it is used by management for the same reasons noted above for the Underlying combined ratio. The reconciliations of the Underlying combined ratio to the comparable GAAP measure are above.

The following tables present the Average Underlying Loss calculation for Allstate brand standard auto.

	Three months ended	
	March 31, 2013	**March 31, 2012**
Average premium [1]	$ 854	$ 838
Average premium - (% change year-over-year period)	1.4 %	0.6 %
Underlying ratio	93.5	94.9
Less: expense ratio	26.2	25.6
Underlying loss ratio	67.3	69.3
Multiplied by: average premium	$ 854	$ 838
Average underlying loss (incurred pure premium)	$ 575	$ 581
% change in average underlying loss year-over-year period	(1.0) %	(0.5) %

[1] Annualized quarterly earned premium divided by policy in force at quarter end.

The following tables present the Average Underlying Loss calculation for Allstate brand homeowners.

	Three months ended	
	March 31, 2013	March 31, 2012
Average premium [1]	$ 988	$ 912
Average premium - (% change year-over-year period)	8.3 %	7.9 %
Underlying ratio	65.8	67.0
Less: expense ratio	24.8	23.7
Underlying loss ratio	41.0	43.3
Multiplied by: average premium	$ 988	$ 912
Average underlying loss (incurred pure premium)	$ 405	$ 395
% change in average underlying loss year-over-year period	2.5 %	(7.5) %

[1] Annualized quarterly earned premium divided by policy in force at quarter end.

Operating income (loss) return on shareholders' equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month operating income (loss) by the average of 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 shareholders' equity is the most directly comparable GAAP measure. We use operating income (loss) as the numerator for the same reasons we use operating income (loss), as discussed above. We use average shareholders' equity excluding the effect of unrealized net capital gains and losses for the denominator as a representation of 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 (loss) and return on 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 net income (loss) return on 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 (loss) return on shareholders' equity from return on shareholders' equity is the transparency and understanding of their significance to return on shareholders' equity variability and profitability while recognizing these or similar items may recur in subsequent periods. Therefore, we believe it is useful for investors to have operating income (loss) return on shareholders' equity and return on shareholders' equity when evaluating our performance. We note that investors, financial analysts, financial and business media organizations and rating agencies utilize operating income (loss) return on 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 (loss) return on shareholders' equity should not be considered as a substitute for return on shareholders' equity and does not reflect the overall profitability of our business.

The following table reconciles return on shareholders' equity and operating income return on shareholders' equity.

($ in millions)	For the twelve months ended March 31, 2013	2012
Return on shareholders' equity		
Numerator:		
Net income	$ 2,249	$ 1,029
Denominator:		
Beginning shareholders' equity	$ 19,182	$ 18,898
Ending shareholders' equity	20,619	19,182
Average shareholders' equity	$ 19,901	$ 19,040
Return on shareholders' equity	11.3%	5.4%

	For the twelve months ended March 31, 2013	2012
Operating income return on shareholders' equity		
Numerator:		
Operating income	$ 2,085	$ 878
Denominator:		
Beginning shareholders' equity	$ 19,182	$ 18,898
Unrealized net capital gains and losses	1,874	1,072
Adjusted beginning shareholders' equity	17,308	17,826
Ending shareholders' equity	20,619	19,182
Unrealized net capital gains and losses	2,905	1,874
Adjusted ending shareholders' equity	17,714	17,308
Average adjusted shareholders' equity	$ 17,511	$ 17,567
Operating income return on shareholders' equity	11.9%	5.0%

The following tables reconcile Allstate Financial segment return on attributed equity and operating income return on attributed equity, including a reconciliation of Allstate Financial segment attributed equity to The Allstate Corporation shareholders' equity.

($ in millions)	For the twelve months ended March 31, 2013	2012
Allstate Financial segment return on attributed equity		
Numerator:		
Net income	$ 575	$ 600
Denominator:		
Beginning attributed equity [1]	$ 7,475	$ 6,568
Ending attributed equity	8,617	7,475
Average attributed equity	$ 8,046	$ 7,022
Return on attributed equity	7.1%	8.5%

	For the twelve months ended March 31, 2013	2012
Allstate Financial segment operating income return on attributed equity		
Numerator:		
Operating income	$ 523	$ 544
Denominator:		
Beginning attributed equity	$ 7,475	$ 6,568
Unrealized net capital gains and losses	1,073	656
Adjusted beginning attributed equity	6,402	5,912
Ending attributed equity	8,617	7,475
Unrealized net capital gains and losses	1,702	1,073
Adjusted ending attributed equity	6,915	6,402
Average adjusted attributed equity	$ 6,659	$ 6,157
Operating income return on attributed equity	7.9%	8.8%

Reconciliation of beginning and ending Allstate Financial segment attributed equity and The Allstate Corporation beginning and ending shareholders' equity	For the twelve months ended March 31, 2013	2012
Beginning Allstate Financial segment attributed equity	$ 7,475	$ 6,568
Beginning all other equity	11,707	12,330
Beginning Allstate Corporation shareholders' equity	$ 19,182	$ 18,898
Ending Allstate Financial segment attributed equity	$ 8,617	$ 7,475
Ending all other equity	12,002	11,707
Ending Allstate Corporation shareholders' equity	$ 20,619	$ 19,182

(1) Allstate Financial attributed equity is the sum of equity for Allstate Life Insurance Company and the applicable equity for American Heritage Life Investment Corporation.

Book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a ratio that uses a non-GAAP measure. It is calculated by dividing shareholders' equity after excluding the impact of unrealized net capital gains and losses on fixed income securities and related DAC, DSI and life insurance reserves by total shares outstanding plus dilutive potential shares outstanding. We use the trend in book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities, in conjunction with book value per share to identify and analyze the change in net worth attributable to management efforts between periods. We believe the non-GAAP ratio is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period and are generally driven by economic developments, primarily capital market conditions, the magnitude and timing of which are generally not influenced by management, and we believe it enhances understanding and comparability of performance by highlighting underlying business activity and profitability drivers. We note that book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities, is a measure commonly used by insurance investors as a valuation technique. Book value per share is the most directly comparable GAAP measure. Book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities, should not be considered as a substitute for book value per share, and does not reflect the recorded net worth of our business.

The following table reconciles book value per share and book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities.

($ in millions, except per share data)	As of March 31, 2013	As of March 31, 2012
Book value per share		
Numerator:		
Shareholders' equity	$ 20,619	$ 19,182
Denominator:		
Shares outstanding and dilutive potential shares outstanding	474.4	497.3
Book value per share	$ 43.46	$ 38.57
Book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities		
Numerator:		
Shareholders' equity	$ 20,619	$ 19,182
Unrealized net capital gains and losses on fixed income securities	2,486	1,620
Adjusted shareholders' equity	$ 18,133	$ 17,562
Denominator:		
Shares outstanding and dilutive potential shares outstanding	474.4	497.3
Book value per share, excluding the impact of unrealized net capital gains and losses on fixed income securities	$ 38.22	$ 35.31