



Allmerica Financial Corporation

Q1 2005 Earnings Results

April 29, 2005



Forward-Looking Statements

Certain statements in this presentation, including responses to your questions, contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Use of the words “believes”, “anticipates”, “expects”, “projections”, “outlook”, “should” and similar expressions is intended to identify forward-looking statements. In particular this presentation may include forward-looking statements with respect to earnings growth, return on equity, anticipated price changes in our property and casualty business, future dividends, premium growth, retention, expense management, underwriting conditions, loss development, new product availability and impact, capital levels, ratings, future annuity redemptions, Life Company segment income excluding certain non-cash items and the performance of our GMDB hedging program.

The company cautions investors that forward-looking statements are not guarantees of future performance, and actual results could differ materially. Investors are directed to consider the risks and uncertainties in our business that may affect future performance and that are discussed in readily available documents, including the company’s Annual Report and other documents filed by Allmerica with the Securities and Exchange Commission, which are also available at www.allmerica.com under “Investor Relations”. We assume no obligation to update this presentation, which speaks as of today’s date.

These uncertainties include the possibility of adverse catastrophe experience (including terrorism) and severe weather, the uncertainties in estimating property and casualty losses, the ability to increase or maintain certain property and casualty insurance rates, the impact of new product introductions (such as the multi-variate private passenger auto product), adverse loss development and adverse trends in mortality and morbidity, changes in the stock and financial markets, the ability to improve renewal rates and increase new property and casualty policy counts, changes from assumed surrender activities and assumed stock market returns, adverse selection in underwriting activities and surrender patterns, investment impairments, heightened competition, adverse and evolving state and federal legislation or regulation and financial ratings actions, and various other factors, which include the anticipated impact and cost of the GMDB hedging program.

The discussion in this presentation of Allmerica’s financial performance includes reference to certain financial measures that are not derived from generally accepted accounting principles, or GAAP, such as segment income after taxes and life company net operating cash flow, or what is designated “segment income excluding certain non-cash items.” A reconciliation of these non-GAAP measures to the closest GAAP measure is included in both the press release and statistical supplement, which are posted on our website.



AFC First Quarter Earnings

Opening Remarks by Fred Eppinger



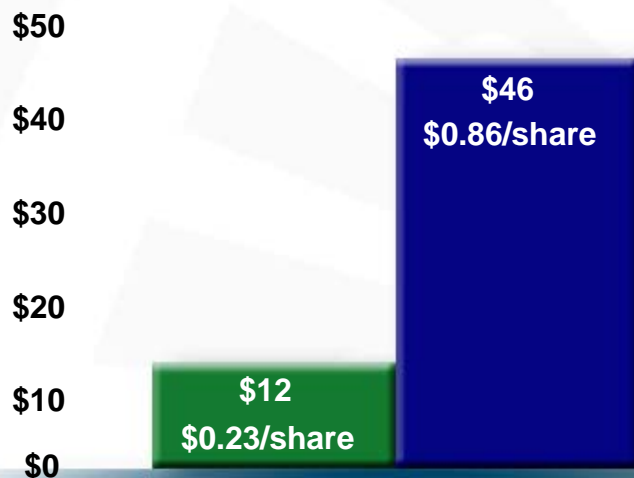
AFC First Quarter Earnings

Financial Review by Ed Parry

Results For The Quarter

Net Income

(\$ in millions, except per share)

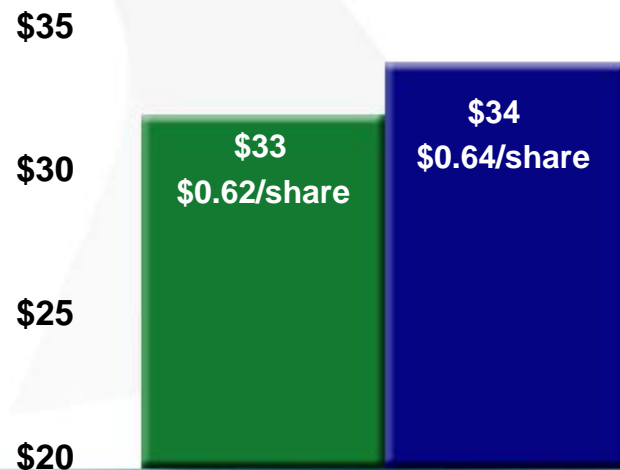


■ Q1 2004 ⁽¹⁾ ■ Q1 2005

⁽¹⁾ Net Income for Q1 2004 includes a (\$57M) charge or (\$1.06) per share for the cumulative effect of adopting SOP 03-1 and a \$30M benefit or \$0.56 per share related to a favorable tax settlement.

Segment Income After Taxes ⁽²⁾

(\$ in millions, except per share)



■ Q1 2004 ■ Q1 2005

⁽²⁾ Segment Income After Taxes is a non-GAAP financial measure that is reconciled to net income in the press release and statistical supplement, both of which are posted on our website.

Segment Results

(\$ in millions)	<u>Q1 2005</u>	<u>Q1 2004</u>	<u>\$ Change</u>	<u>% Change</u>
Property & Casualty	\$62	\$39	\$23	60%
Life Companies	(7)	10	(17)	NM
Interest expense on debt	(10)	(10)	-	-
Federal income taxes	(11)	(6)	(5)	83%
Total segment income after taxes	<u>\$33</u>	<u>\$32</u>	<u>\$1</u>	<u>3%</u>
<i>P&C Pre-Tax Catastrophe Losses</i>	\$12	\$21	(\$9)	▼ (43%)



PL Operating Highlights

	<u>Q1 2005</u>	<u>Q1 2004</u>	<u>Change</u>
Segment Earnings	\$39M	\$11M	\$28M

- Lower catastrophe losses \$8M
- Increase in favorable development of loss and LAE reserves \$6M
- Pools (primarily Massachusetts CAR) \$5M
- Improvement primarily from current accident year loss performance \$9M



CL Operating Highlights

	<u>Q1 2005</u>	<u>Q1 2004</u>	<u>Change</u>
Segment Earnings	\$21M	\$27M	(\$6M)

- Lower favorable development of Loss and LAE reserves (\$12M)
- Lower catastrophe losses \$1M
- Improvement primarily from current accident year results \$5M

Net Written Premium

(\$ in millions)

Written Premium





Life Companies Highlights Segment Income

- Segment loss of (\$7M) in Q1 2005
- Break even results expected assuming 2% market appreciation quarterly
- Relatively weak equity market performance
 - S&P 500 Index down 2.6% for the quarter

Life Companies Highlights

(\$ in millions)

Segment Income Excluding Certain Non-cash Items (1)



- \$6M hedge gain in Q1 2005
- (\$20M) hedge loss in Q1 2004

1) Segment Income Excluding Certain Non-cash Items is a non-GAAP financial measure that is reconciled to net income in the press release and statistical supplement, both of which are posted on our website.

Life Companies Capital

(\$ in millions)



- \$14M intercompany proceeds from tax sharing agreement
- (\$7M) from policyholder dividends
- Breakeven statutory results from operations



AFC First Quarter Earnings

Business Update by Marita Zuraitis

Q&A