



Allmerica Financial Corporation

Citigroup Smith Barney
2004 Financial Services Conference

January 28, 2004



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Forward Looking Statement

Certain statements in this presentation may contain “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Use of the words “believes”, “anticipates”, “expects” 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 increases in our P&C business, growth, expense management and improved underwriting.

The Company cautions investors that any such 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 on form 10-K for the fiscal year ended December 31, 2002, the Quarterly Report on form 10-Q for the quarter ended September 30, 2003, and other documents filed by Allmerica with the Securities and Exchange Commission.

These uncertainties include the possibility of adverse catastrophe experience and severe weather, adverse loss development and adverse trends in mortality and morbidity, changes in stock and financial markets, changes from assumed surrender activities, adverse selection in surrender patterns, and various other factors.

The discussion in this presentation includes financial measures that are not derived from generally accepted accounting principles, or GAAP. Information regarding these non-GAAP financial measures is available in the Investor Relations section of the Allmerica website at www.allmerica.com



Allmerica Financial Corporation

About Us

Fortune 500; Market Capitalization of \$1.9B

Regional Property and Casualty Company

- 30th largest property and casualty insurer
- Over \$2 billion in written premium
- Partnerships with just under 2,000 local agencies in 24 states
- Market under the Hanover & Citizens brand names
- Over 150 years in the business
- Focused in Northeast and Michigan

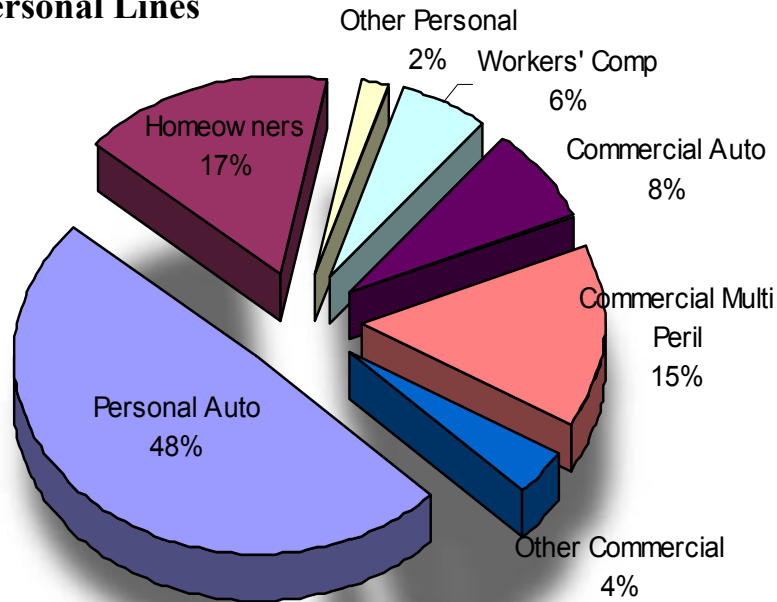
Life Company

- Closed block of business consisting primarily of variable annuities
- \$13B in assets
- Generates \$125 - \$150 million in annual operating cash flow
- A.M. Best Financial Strength Rating of B+ (Very Good / Secure)

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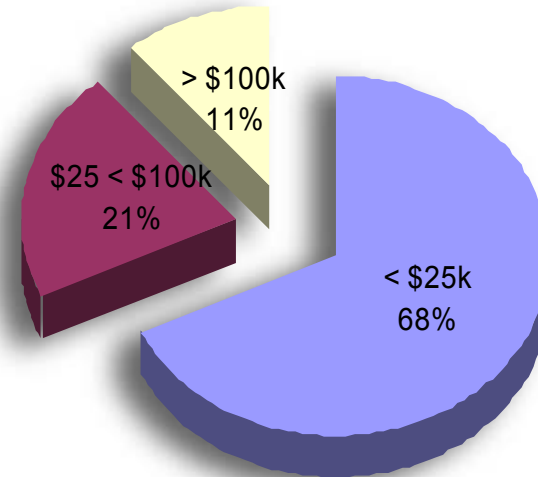
Property and Casualty Business Mix

67% Personal Lines



Total P&C Net Written Premium: \$2.5 billion

Commercial Lines by Size



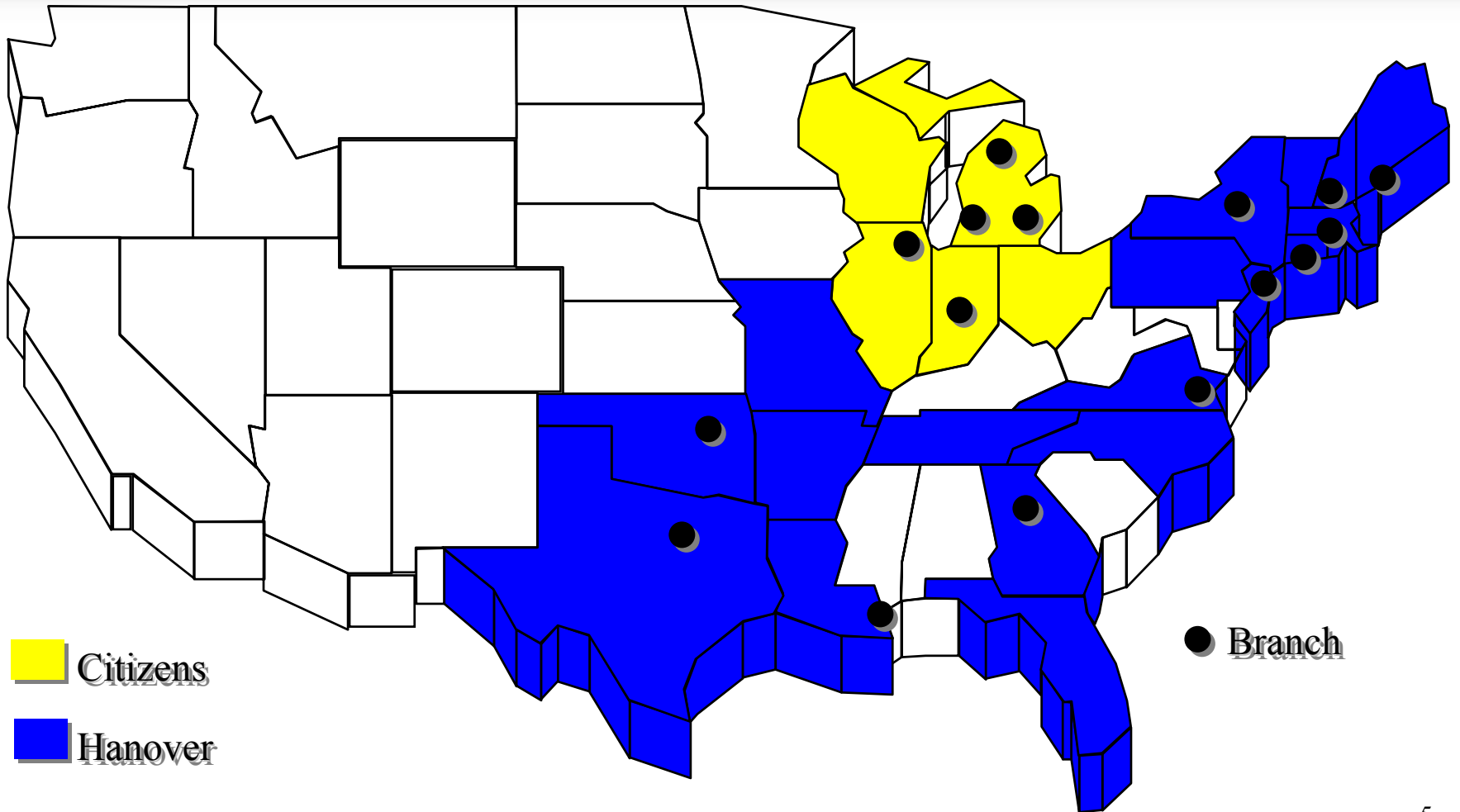
Net Written Premium: \$0.6 billion

- 67% personal lines - short-tail liabilities
- 33% commercial lines - predominately “main street” small commercial



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P&C Geographic Footprint



100-Day Assessment

- Strong franchise value
- Clear market opportunities

Restored Earnings Momentum

- Pricing and underwriting discipline improve P&C earnings
- Life company - significant cash flow

Strong Financial Position

- Healthy statutory capital position
- Solid balance sheet
- A.M. Best Rating
 - P&C A- (Excellent / Secure)
 - Life B+ (Very Good / Secure)

Go-Forward Plan

- 2004 operating plans in place
- Clear focus, priorities



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100 - Day Assessment – Franchise

- Strong reputation among agents – favorable conversations with over 300
- Historically strong underwriting culture in place
- Recent investments in technology leave us well positioned in small commercial versus key competitors
- Comfortable with the talent base



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100 - Day Assessment – Opportunities

- 2003 earnings momentum into 2004
- Market opportunity is real – St. Paul & Travelers merger leaves agents even fewer choices
- Hanover and Citizens are well positioned in terms of scale, technology and balance sheet
- Success is up to us – will depend on solid execution – as there are no structural or legacy impediments



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Solid Earnings

Restored
Earnings
Momentum
in
2003

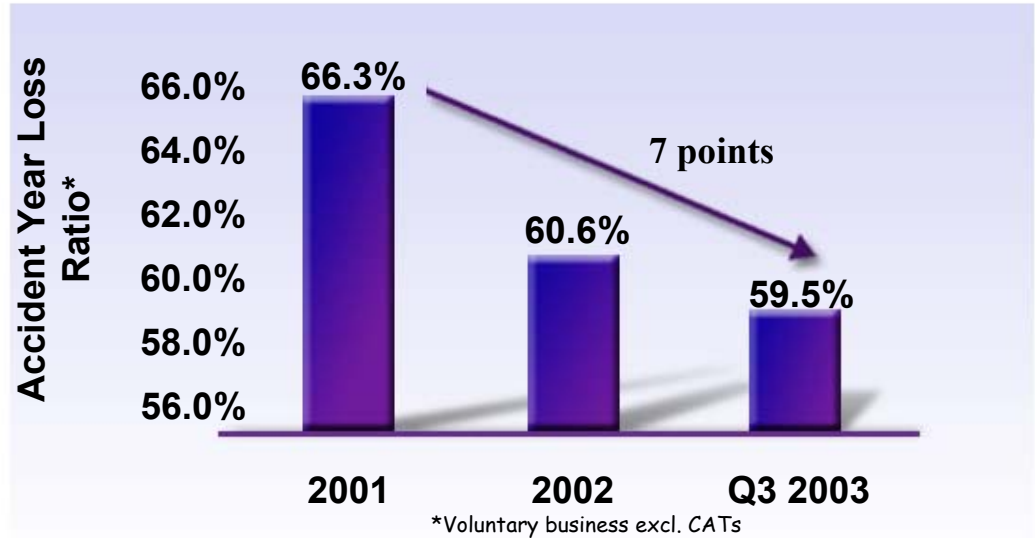




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Strong Underwriting Performance

- Agency Management Actions
- Shift in Portfolio Mix
- Premium Rate Increases

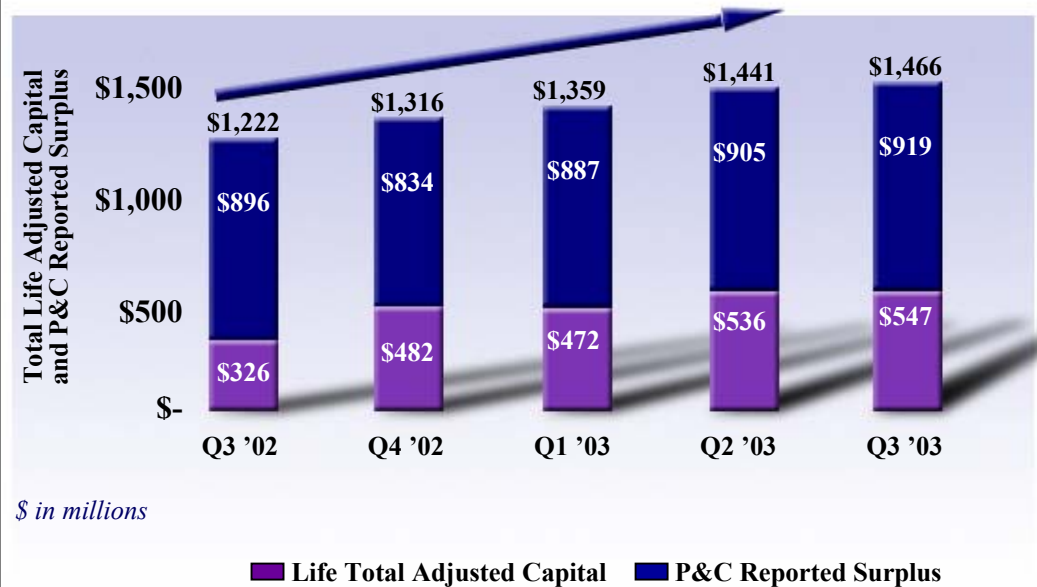




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Strong Balance Sheet

- Strong growth in surplus
- Liquid and high asset quality
- Conservative reserving practices
- Insignificant exposure to industry legacy issues
- Conservative Financial Leverage
- A.M. Best Rating of
 - P&C A- (Excellent / Secure)
 - Life B+ (Very Good / Secure)



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Our Strategy





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2004 Operating Plan

The Journey to Top Quartile Performance

- Objectives are clear
 - Personal Lines - Margin Improvement
 - Commercial Lines - Growth, Mix, Local Markets
 - Life Company - Maximize & Monetize Value
- Priorities Established and Understood Throughout the Organization - Home Office & Field
- Execution Plans in Place
- Delivering to our Goals is a Requirement

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Closing

