

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1999

OR

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

Commission file number 1-11840

THE ALLSTATE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 36-3871531
(State of Incorporation) (I.R.S. Employer Identification Number)

2775 Sanders Road, Northbrook, Illinois 60062
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (847) 402-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, par value \$0.01 per share	New York Stock Exchange Chicago Stock Exchange
7.95% Cumulative Quarterly Income Preferred Securities, Series A (issued by a wholly-owned trust of the Registrant)	New York Stock Exchange
7.125% Senior Quarterly Interest Bonds	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

On January 31, 2000, Registrant had 776,114,418 shares of common stock outstanding. Approximately 676,239,609 of these shares, having an aggregate market value (based on closing prices on January 31, 2000 reported in the New York Stock Exchange Composite listing) of approximately \$15.68 billion, were owned by stockholders other than the Registrant's directors and executive officers; Northern Trust Corporation, which is the trustee for The Savings and Profit Sharing Fund of Allstate Employees; and any person believed by the Registrant to own five percent or more of Registrant's outstanding common stock.

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes No
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Documents Incorporated By Reference

Portions of the following documents are incorporated herein by reference as follows:

Parts I, II and III of this Form 10-K incorporate by reference certain information from the Registrant's Proxy Statement for its Annual Meeting of Stockholders to be held on May 18, 2000 (the "Proxy Statement").

TABLE OF CONTENTS

PART I	Page

Item 1.	Business.....1
	Strategy.....1
	Personal Property and Casualty Segment.....2
	Life and Savings Segment.....7
	Other Business Segments.....10
	Property-Liability Claims and Claims Expense Reserves.....12
	Reinsurance Ceded.....18
	Capital Requirements.....19
	Investments.....19
	Regulation.....19
	Year 2000.....24
	Other Information about Allstate.....24
	Forward-Looking Statements and Risk Factors Affecting Allstate.....24
	Executive Officers.....30
Item 2.	Properties.....31
Item 3.	Legal Proceedings.....31
Item 4.	Submission of Matters to a Vote of Security Holders.....32
 PART II	
Item 5.	Market for Registrant's Common Equity and Related Stockholders Matters.....32
Item 6.	Selected Financial Data.....32
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations.....32
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk.....33
Item 8.	Financial Statements and Supplementary Data.....33
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....33
 PART III	
Item 10.	Directors and Executive Officers of the Registrant.....33
Item 11.	Executive Compensation.....33
Item 12.	Security Ownership of Certain Beneficial Owners and Management.....33
Item 13.	Certain Relationships and Related Transactions.....34

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.....34
Signatures.....35
Index to Financial Statements and Financial Statement Schedules.....S-1
Exhibit Index.....E-1

Part I

ITEM 1. BUSINESS

The Allstate Corporation (the "Parent") was incorporated under the laws of the State of Delaware on November 5, 1992 to serve as the holding company for Allstate Insurance Company. Its business is conducted principally through Allstate Insurance Company, Allstate Life Insurance Company and their subsidiaries (collectively, including the Parent, "Allstate"). Allstate is engaged, principally in the United States and Canada, in the personal property and casualty insurance business and the life insurance and savings business. Allstate is the second largest personal property and casualty insurer in the United States on the basis of 1998 statutory premiums written and the nation's 17th largest life insurance business based on ordinary life insurance in force and 21st based on statutory admitted assets. Allstate has four business segments: personal property and casualty; life and savings; discontinued lines and coverages; and corporate and other business.

STRATEGY

Allstate has a multi-channel, multi-brand, multi-product and multi-national strategy. This strategy is intended to:

- Focus on the profitable growth of our personal property and casualty business and our life and savings business
- Capitalize on the strength of the Allstate brand identity and the other brand identities that we have developed or acquired the right to use, such as CNA for personal lines business and American Heritage Life
- Serve customers' needs and preferences by providing access to Allstate when, where and how they choose
- Leverage a variety of distribution channels, such as Allstate exclusive agencies, independent agencies, other financial institutions, direct response marketing, workplace marketing and the Internet

While pursuing this strategy, we intend to maintain discipline in our capital management in order to create long-term stockholder value. The components of the strategy applicable to our particular business segments are covered below in the discussion of the segments.

We plan to pursue selective business start-ups, acquisitions, partnerships and expanded distribution channels, both in the United States and internationally in the pursuit of our business strategy.

In November 1999, we announced a new multi-access distribution model for our Allstate brand products. The model is intended to allow customers to buy Allstate products through agents, over the Internet and by telephone to call centers. Each of these three distribution channels is to be integrated and complementary, so that customers will receive the same products, the same level of service and the same price regardless of the channel they choose to use. Each customer will have access to the expertise and local presence of an Allstate agent. In addition, customers will be able to report claims, pay bills and get questions answered by using our call centers or the Internet. This new model is intended to aggressively expand our selling and customer service capabilities.

In order to fund our investment in the technology required for the multi-access model and our investment in competitive pricing, enhanced marketing and advertising, in November 1999, we announced a program to reduce expenses by approximately \$600 million, which we expect to fully realize beginning in 2001.

We are reorganizing our multiple employee agency programs into Allstate's single exclusive agency independent contractor program. The reorganization is intended to service agents and customers more efficiently and cost-effectively.

Our other initiatives include the introduction of new underwriting techniques, new agency and claim technology, simplified and improved communications, and customer relations management. We believe that the multi-access distribution model, combined with competitively priced products, will provide us with a unique selling and customer service advantage in an increasingly competitive marketplace.

During 1999, we completed the acquisition of the personal lines auto and homeowners insurance business of CNA Financial Corporation and the acquisition of American Heritage Life Insurance Company. We believe that these acquisitions position Allstate strongly in the independent agency and workplace marketing distribution channels.

During 1999, we also launched a joint venture with Putnam Investments, Inc., a leading investment management company, to create and distribute an Allstate and Putnam co-branded variable insurance product line. Putnam's portfolio managers oversee the mutual fund investments that are included as investment options in some of Allstate's variable insurance products. The products are distributed by Putnam's wholesaling force and through its partnerships with banks, securities firms and financial advisors.

PERSONAL PROPERTY AND CASUALTY SEGMENT

PRODUCTS

Allstate's personal property and casualty segment sells principally private passenger auto and homeowners insurance in the United States and other countries. It accounted for 71% of our

1999 statutory written premiums. We evaluate the results of this segment based upon premium growth and underwriting results.

The personal property and casualty segment has historically separated the voluntary private passenger auto insurance business into two categories for underwriting purposes: the standard market and the non-standard market. Generally, standard auto customers are expected to have lower risks of loss than non-standard customers. The segment distinguishes between these risk categories using factors unique to each customer such as the driving records of the various drivers on the policy, the existence of prior insurance coverage, type of car owned or the customer's financial stability. The segment is implementing a refined pricing program that uses underwriting experience for these factors to price auto coverage for each customer using a unique tier-based pricing model. Tier-based pricing allows a much broader range of premiums to be offered to customers within the two existing categories of risks. As a result, we believe that tier-based pricing will allow Allstate to compete more effectively and operate more profitably. Our ability to implement these strategies is generally subject to regulatory approval. Currently, we expect to implement these strategies in approximately 15 states during 2000 and the remaining states in 2001 or as the strategy receives regulatory approval in the various states.

The personal property and casualty segment also participates in the "involuntary" or "shared" private passenger auto insurance business. This business provides auto insurance to higher risk individuals who would otherwise be unable to obtain it. The segment, like all auto insurers, is required to write or share the cost of this business as a condition of its license to do business in many states. Policies written in this market are generally written at higher than standard rates. The segment has generally experienced losses in this business.

The homeowners insurance business is also separated into standard and non-standard categories according to insurance risk. The personal property and casualty segment's non-standard homeowners policies are written for high value homes and other non-standard homes, such as those that are not close to fire stations. The segment's underwriting strategy for homeowners is to target customers whose risk of loss provides Allstate with the best opportunity for profitable growth. This includes managing exposure on policies in areas where the potential loss from catastrophes exceeds acceptable levels.

The personal property and casualty segment has reduced its claims costs by redesigning its claim settlement procedures. During 1998, the segment completed the implementation of redesigned procedures for auto physical damage claims. In addition, the segment continues the design and testing of new procedures for personal injury claims and for property claims involving fire and roof damage. In the normal course of business, Allstate may supplement its claims and underwriting processes by utilizing third party adjusters, appraisers, engineers, inspectors, other professionals and information sources to assess and settle catastrophe and non-catastrophe related claims.

As is true for the industry in general, first-year costs attributable to the personal property and casualty segment's products are generally higher than for subsequent years. Policies that

remain in force generally become more profitable over time. Accordingly, customer retention is an important factor in the segment's profitability and Allstate is offering incentives to encourage customers to renew their policies.

Although private passenger auto and homeowners insurance account for the majority of its business, the personal property and casualty segment also writes the following kinds of insurance:

Boat Owners	Motor Home
Comprehensive Personal Liability	Personal Umbrella
Condominium	Recreational Vehicle
Fire	Renters
Mechanical Breakdown	Residential and Landlord
Mobile Home	Selected Commercial Property and Casualty
Motorcycle	

The segment also operates Allstate Enterprises, Inc., whose principal subsidiary, Allstate Motor Club, Inc., provides members with travel plans and emergency road service.

Information regarding the last three years' revenues and operating profit or loss, and the last two years' identifiable assets attributable to the personal property and casualty segment is contained in Note 17 to Consolidated Financial Statements beginning on page A-69 of the Proxy Statement, incorporated herein by reference.

DISTRIBUTION METHODS

In November 1999, Allstate announced a new multi-access distribution model for its Allstate brand products. The model is intended to allow customers to shop for and buy Allstate products through agents, over the Internet and by telephone to call centers. Each of these three distribution channels is to be integrated and complementary, so that customers will receive the same products, the same level of service and the same price regardless of the channel they choose to use. While the multi-access model will ultimately apply to the life and savings segment, too, the personal property and casualty segment is the focus of the initial stages in implementing the model.

Implementation of the multi-access model is scheduled to begin in the second quarter of 2000. By December 31, 2000, Allstate expects that the model will be available to areas covering about 40 percent of the United States population. By December 31, 2001, Allstate anticipates that the model will be available to the rest of the United States.

In order to fund our investment in the technology required for the multi-access model and our investment in competitive pricing, enhanced marketing and advertising, in November 1999, we announced a program to reduce expenses across all business segments by approximately \$600 million, which we expect to fully realize beginning in 2001.

We are reorganizing our multiple employee agency programs into Allstate's single exclusive agency independent contractor program. The reorganization is intended to service agents and customers more efficiently and cost-effectively.

Historically and throughout 1999, the personal property and casualty segment has marketed its auto and homeowner products primarily through Allstate exclusive agencies and independent agencies. The segment's broad-based network of approximately 15,500 exclusive agencies in the United States and Canada in approximately 12,000 locations produced 87.0% of the segment's 1999 written premiums. The balance was primarily generated by approximately 21,000 independent agencies.

In order to increase premium revenue from the independent agent channel, the segment acquired the personal lines business of CNA Financial Corporation in October 1999. The acquisition makes the segment the third largest provider of personal lines products through independent agencies in the United States, based on 1998 premium on a pro forma basis.

The personal property and casualty segment uses several brand identities, including Allstate, Deerbrook, CNA and American Surety & Casualty. Currently, Allstate brand policies are sold through exclusive agencies and, to a limited extent, through independent agencies. Deerbrook, CNA and American Surety & Casualty policies are sold through independent agencies.

GEOGRAPHIC MARKETS

The personal property and casualty segment's principal geographic markets are the United States and Canada. Through a variety of companies, the segment is authorized to sell personal property and casualty insurance in 50 states, the District of Columbia, Puerto Rico and Canada.

The following table reflects, in percentages, the principal geographic distribution of statutory premiums earned for the segment for the year ended December 31, 1999:

New York	10.7%
California	9.7%
Florida	9.3%
Texas	9.2%
Pennsylvania	5.0%

No other jurisdiction accounted for more than four percent of the statutory premiums for the personal property and casualty segment.

The segment's underwriting strategy for homeowners is to target customers whose risk of loss provides Allstate with the best opportunity for profitable growth. This includes managing

exposure on policies in areas where the potential loss from catastrophes exceeds acceptable levels.

In 1997, the segment began to sell private passenger auto insurance in Germany through direct response marketing. It intends to engage in similar direct response marketing of auto insurance in other western European countries, including Italy in 2000. In January 2000, it announced that it would withdraw from Japan in order to focus on other growth initiatives. Allstate believes that it will take a number of years before its new and planned international businesses contribute significantly to financial results for this segment.

COMPETITION

The following charts provide the market shares of the personal property and casualty segment's principal competitors in the United States by direct written premium for the year ended December 31, 1998 (the most recent date such competitive information is available) according to A. M. Best.

Private Passenger Auto Insurance		Homeowners Insurance	
Insurer	Market Share	Insurer	Market Share
-----	-----	-----	-----
State Farm	19.7%	State Farm	22.7%
Allstate	12.4%	Allstate	11.5%
Farmers	5.9%	Farmers	7.0%
Nationwide	4.3%	Nationwide	4.2%
Progressive	4.2%	Travelers	3.6%
GEICO	3.5%	USAA	3.4%

The personal private passenger auto and homeowners insurance businesses are highly competitive. Strongly capitalized competitors have been able to offer relatively low rates. New competitors have been attracted to the insurance business by what were, until recently, growing profit margins. The expansion and redefinition of underwriting risk selection and tolerance by many competitors have fueled the competitive environment. For these and other reasons, we expect the business to remain competitive.

In order to compete more effectively, in November 1999, Allstate announced the new multi-access model described above. The model is intended to allow customers to shop for and buy Allstate brand insurance products through agents, over the Internet and by telephone. Each of these three distribution channels is to be integrated and complementary, so that customers will receive the same products, the same level of service and the same price regardless of the channel they choose to use.

The personal property and casualty segment competes principally on the basis of the recognition of its brands, the scope of its distribution system, the breadth of its product offerings, product features, customer service, claim handling, use of technology and price. In addition,

extensive use of our proprietary database of underwriting and pricing experience enables Allstate to divide the market into segments, appropriately price risks and cross-sell its products within its customer base.

In 1998 in the United States insurance industry, approximately \$48.81 billion of personal property and casualty premiums were generated by independent agencies. The remaining \$92.84 billion of premiums were generated by insurers placing their products directly with the consumer through employee agents, independent contractor exclusive agents and direct response marketing.

As stated above, in 1999, Allstate acquired the personal lines business of CNA Financial Corporation in order to increase premium revenue from the independent agent channel. The acquisition makes the segment the third largest provider of personal lines products through independent agents in the United States, based on 1998 premium on a pro forma basis.

CATASTROPHE LOSSES AND CATASTROPHE MANAGEMENT

Information regarding catastrophe losses and management is incorporated herein by reference to the discussion of "PP&C catastrophe losses and catastrophe management" beginning on page A-8 of the Proxy Statement.

LIFE AND SAVINGS SEGMENT

PRODUCTS

Allstate's life and savings segment markets a broad line of life insurance, savings products, group pension products and health and disability products. Its life insurance products include whole, term and interest sensitive products. Its savings products include fixed and variable annuities. Its group pension products include guaranteed investment contracts, funding agreements and retirement annuities. We evaluate the results of this segment based upon invested asset growth, separate account growth, face amounts of life policies in force and net income.

Life insurance in force, net of reinsurance, for the segment was \$227.66 billion at December 31, 1999 and \$202.27 billion at December 31, 1998. As of December 31, 1999, the segment had \$48.30 billion of investments, including \$13.86 billion of separate account assets. In 1999, annuity premiums and deposits represented 60.5% of the segment's total statutory premiums and deposits.

The assets and liabilities relating to variable annuities, variable life, variable universal life and certain guaranteed investment contracts are legally segregated and reflected as assets and liabilities of the separate accounts.

Information regarding the last three years' revenues and operating profit or loss, and the

last two years' identifiable assets attributable to the life and savings segment is contained in Note 17 to the Consolidated Financial Statements beginning on page A-69 of the Proxy Statement, incorporated herein by reference.

DISTRIBUTION

The life and savings segment distributes its products through Allstate exclusive agencies (including life specialists and Allstate Financial Advisors), banks, independent agencies and securities firms. In addition, it uses direct response marketing, workplace marketing and the Internet. Specialized brokers are used to distribute group pension and structured settlement products not offered by Allstate's agency force.

The segment uses several brand identities including Allstate, Glenbrook, Northbrook, Lincoln Benefit and American Heritage Life. Generally, the segment sells Allstate brand products through exclusive agencies, securities firms and direct response marketing. It sells the other brand products through both exclusive and independent agencies, securities firms, banks and direct response marketing. The products of the Glenbrook, Northbrook and Lincoln Benefit brands are similar to the types of products that the segment offers under the Allstate brand. The American Heritage Life brand products include health and disability insurance in addition to life insurance and annuities and such products are generally sold through workplace marketing.

The life and savings segment has been growing its business in a variety of ways. It has developed new customer-focused products, particularly a variety of competitive fee-based and interest sensitive products designed to satisfy changing customer needs. It has increased cross-sales of its products to existing Allstate customers in the personal property and casualty segment. Through investments in technology, it has leveraged existing scale to increase efficiency and effectiveness. Additionally, Allstate has driven increased sales activity by strengthening its wholesaling efforts.

In 1999, the life and savings segment established or acquired the following new distribution arrangements:

- A joint venture with Putnam Investments, Inc., a leading investment management company, to create and distribute an Allstate and Putnam co-branded variable insurance product line. Putnam's portfolio managers oversee the mutual fund investments that are included as investment options in some of Allstate's variable insurance products. The products are distributed by Putnam's wholesaling force and through its partnerships with banks, securities firms and financial advisors.
- The acquisition of American Heritage Life Insurance Company, a leading distributor of life, disability and health insurance to employees at their workplaces.
- The formation of AFD, Inc., a wholesaler of variable annuities.

- The pilot rollout of Allstate Financial Advisors in California, Florida and Pennsylvania to provide professional financial planning and a variety of investment and insurance products.

In addition, the life and savings segment continues to use the following strategic distribution arrangements:

- An alliance between Northbrook Life Insurance Company and Dean Witter Reynolds, Inc., a wholly-owned subsidiary of Morgan Stanley Dean Witter & Co., for the marketing and distribution of Northbrook's life and annuity products through Dean Witter's broker sales force.
- A reinsurance agreement with PNC Bank Corp. whereby 50% of the business sold through PNC is reinsured to PNC through offshore reinsurance affiliates of Allstate and PNC.
- Marketing arrangements with various banks, securities firms and independent agencies for the sale of life and annuity products.

GEOGRAPHIC MARKETS

The life and savings segment's principal market is the United States. Through a variety of companies, it is authorized to sell life insurance in 50 states, the District of Columbia, Puerto Rico and Canada.

The following table reflects, in percentages, the principal geographic distribution of statutory premiums and deposits for the life and savings segment for the year ended December 31, 1999:

California	10.0%
Florida	8.2%
Illinois	6.9%
Pennsylvania	6.2%

No other jurisdiction accounted for more than five percent of the statutory premiums and deposits for the life and savings segment.

In 1999, Allstate was also engaged, to a limited extent, in the life insurance and savings business in Indonesia, South Korea and the Philippines. Allstate intends to distribute life

insurance and annuity products through a joint venture in India when that country opens its markets for private competition. In addition, it maintains a representative office in China with the intention of entering the Chinese market when permitted by the Chinese regulatory authorities.

COMPETITION

The life and savings segment competes principally on the basis of the scope of its distribution systems, the breadth of its product offerings, the recognition of its brands, its financial strength, product features, price and customer service. In addition, with respect to variable life and annuity products, the segment competes on the basis of the variety of choices in its separate account portfolio of funds and the management and performance of those funds.

The life insurance and annuity market continues to be highly fragmented and competitive. As of December 31, 1999, there were approximately 843 groups of life insurance companies in the United States, most of which offer one or more products similar to those offered by the life and savings segment and many of which use similar marketing techniques. Based on information contained in statements filed with state insurance departments, in 1998 approximately 23.8% of the life insurance and annuity statutory premiums and deposits were written by six groups of companies. Allstate's life and savings segment ranked 17th based on ordinary life insurance in force and 21st based on statutory admitted assets. Banks and savings and loan associations in certain jurisdictions compete with the segment in the sale of life insurance products. In addition, because certain life insurance and annuity products include a savings or investment component, competitors include securities firms, investment advisors, mutual funds, banks and other financial institutions.

The life and savings segment is currently experiencing increased competition. This is due, in part, to demutualization and consolidation activity in the life insurance industry. Allstate expects this competitive environment to continue. Furthermore, Allstate expects consolidation and competition in the life and savings business to intensify following the recent enactment of the Gramm-Leach-Bliley Act of 1999, which eliminates many federal and state law barriers to affiliations among banks, securities firms, insurers and other financial service providers.

RESERVES

The establishment of reserve and contractholder fund liabilities in recognition of the segment's future benefit obligations under life and annuity policies and other products are discussed in Notes 2 and 8 to the Consolidated Financial Statements beginning on pages A-39 and A-55, respectively, of the Proxy Statement, incorporated herein by reference.

OTHER BUSINESS SEGMENTS

Information regarding the last three years' revenues and operating profit or loss, and the last two years' identifiable assets attributable to both the corporate and other business segment

and the discontinued lines and coverages segment is contained in Note 17 to Consolidated Financial Statements beginning on page A-69 of the Proxy Statement, incorporated herein by reference.

Allstate's corporate and other business segment is comprised of holding company activities and certain non-insurance operations.

Allstate's discontinued lines and coverages segment consists of business no longer written by Allstate, including environmental, asbestos and other mass tort exposures, and other commercial insurance business in run-off. This segment also included the mortgage pool insurance business that Allstate exited in 1999.

An Allstate subsidiary wrote excess and surplus lines coverages from 1972 to 1985, including professional liability coverages written principally on claims-made coverage forms. The subsidiary also wrote substantial umbrella and excess liability coverages on an occurrence basis, including medical and other product liability coverages, for major United States corporations. In 1985, the subsidiary was merged into Allstate Insurance Company, which assumed all of its assets and liabilities. Since the early 1980s, Allstate has experienced significant increases in losses from policies arising out of the subsidiary's umbrella and excess liability coverage for large corporations. Most of these losses are related to environmental damage, asbestos-related claims or other mass tort claims. Allstate continues to be involved in coverage litigation with some of the former subsidiary's insureds.

During the late 1960s and through the early 1980s Allstate's assumed reinsurance business unit wrote treaty and facultative reinsurance covering property and casualty policies with major United States corporations that have since become involved in environmental, asbestos and other mass tort exposures. Allstate's assumed reinsurance business unit continues to be involved in coverage litigation and arbitration with some of its ceding companies involving liability for these claims. In 1996, Allstate sold to SCOR Re the reinsurance liabilities it had assumed in 1985 and thereafter but retained its pre-1985 assumed reinsurance liabilities.

In addition, after 1986, Allstate continued to write some direct commercial policies and national accounts risks. Also in 1986, the general liability policy used by Allstate and others in the property-liability industry for this business was amended to introduce an "absolute pollution exclusion" (which excluded coverage for environmental damage claims) and to add an asbestos exclusion. Most general liability policies issued prior to 1987 contained annual aggregate limits for product liability coverage and policies issued after 1986 also have an annual aggregate limit as to all coverages. Allstate's experience to date is that these policy form changes have effectively limited its exposure to environmental and asbestos claim risks.

In summary, Allstate's environmental and asbestos exposures are primarily limited to policies written in periods prior to 1986 with the preponderance of the losses emanating from policies written in the 1970s. New environmental and asbestos claims, however, continue to be reported. Allstate has established reserves for the environmental and asbestos damage claims

and for other mass tort exposures. Mass tort exposures primarily relate to product liability claims, such as those for medical devices and other products. However, there are significant inherent uncertainties in estimating the ultimate cost of these claims. Further information regarding the foregoing is contained in "Property-Liability Claims and Claims Expense Reserves" below. For information regarding Superfund proposed legislation, see "Regulation" below.

PROPERTY-LIABILITY CLAIMS AND CLAIMS EXPENSE RESERVES

The topic of property-liability claims and claims expense reserves applies to our entire property-liability operations, encompassing both the personal property and casualty segment and the discontinued lines segment.

We establish property-liability loss reserves to cover our estimated ultimate liability for losses and loss adjustment expenses with respect to reported claims and claims incurred but not yet reported as of the end of each accounting period. In accordance with applicable insurance laws and regulations and generally accepted accounting principles (GAAP), no specific claim reserves are established until a loss occurs, including a loss from a catastrophe. Underwriting results of the two property-liability segments are significantly influenced by estimates of property-liability claims and claims expense reserves (see Note 7 to Consolidated Financial Statements beginning on page A-53 of the Proxy Statement incorporated herein by reference). These reserves are an accumulation of the estimated amounts necessary to settle all outstanding claims, including claims that are incurred but not reported as of the reporting date. These reserve estimates are based on known facts and circumstances, internal factors including Allstate's experience with similar cases, historical trends involving claim payment patterns, loss payments, pending levels of unpaid claims and product mix. In addition, the reserve estimates are also influenced by external factors including court decisions, economic conditions and public attitudes. The effects of inflation are implicitly considered in the reserving process.

The establishment of appropriate reserves, including reserves for catastrophes, is an inherently uncertain process, and the ultimate cost of a loss may vary materially from the recorded amounts. We regularly update our reserve estimates as new facts become known and further events occur that may impact the resolution of unsettled claims. We reflect changes in prior year reserve estimates, which may be material, in the results of operations in the period in which changes are determined to be needed.

Establishing net loss reserves for environmental, asbestos and other mass tort claims is subject to uncertainties that are greater than those presented by other types of claims. Among the complications are lack of historical data, long reporting delays, uncertainty as to the number and identity of insureds with potential exposure, unresolved legal issues regarding policy coverage, availability and collectibility of reinsurance and the extent and timing of any such contractual liability. The legal issues concerning the interpretation of various insurance policy provisions and whether these losses are, or were ever intended to be covered, are complex. Courts have reached different and sometimes inconsistent conclusions as to when losses are deemed to have

occurred and which policies provide coverage; what types of losses are covered; whether there is an insured obligation to defend; how policy limits are determined; how policy exclusions are applied and interpreted; and whether clean-up costs represent insured property damage. We believe that these issues are not likely to be resolved in the near future. See Note 7 to Consolidated Financial Statements beginning on page A-53 of the Proxy Statement, incorporated herein by reference.

The following tables are summary reconciliations of the beginning and ending property-liability insurance claims and claims expense reserves, displayed individually for each of the last three years. The first table presents reserves on a gross (before reinsurance) basis. The end of year gross reserve balances are reflected in the Consolidated Statements of Financial Position on page A-35 of the Proxy Statement, incorporated herein by reference. The second table presents reserves on a net (after reinsurance) basis. The total net property-liability insurance claims and claims expense amounts are reflected in the Consolidated Statements of Operations on page A-33 of the Proxy Statement, incorporated herein by reference.

GROSS
(\$ IN MILLIONS)

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
GROSS RESERVE FOR PROPERTY-LIABILITY CLAIMS AND CLAIMS EXPENSE, BEGINNING OF YEAR	\$ 16,881	\$ 17,403	\$ 17,382
ACQUISITIONS	1,047	96	0
TOTAL GROSS RESERVE ADJUSTED	17,928	17,499	17,382
INCURRED CLAIMS AND CLAIMS EXPENSE			
PROVISION ATTRIBUTABLE TO THE CURRENT YEAR	15,389	14,614	14,268
DECREASE IN PROVISION ATTRIBUTABLE TO PRIOR YEARS	(392)	(695)	(618)
TOTAL CLAIMS AND CLAIMS EXPENSE	14,997	13,919	13,650
CLAIM PAYMENTS			
CLAIMS AND CLAIMS EXPENSE ATTRIBUTABLE TO CURRENT YEAR	9,324	8,909	8,300
CLAIMS AND CLAIMS EXPENSE ATTRIBUTABLE TO PRIOR YEARS	5,787	5,628	5,329
TOTAL PAYMENTS	15,111	14,537	13,629
GROSS RESERVE FOR PROPERTY-LIABILITY CLAIMS AND CLAIMS EXPENSE, END OF YEAR AS SHOWN ON 10-K LOSS RESERVE DEVELOPMENT TABLE	\$ 17,814	\$ 16,881	\$ 17,403

NET
(\$ IN MILLIONS)

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
NET RESERVE FOR PROPERTY-LIABILITY CLAIMS AND CLAIMS EXPENSE, BEGINNING OF YEAR	\$ 15,423	\$ 15,773	\$ 15,598
ACQUISITIONS	1,023	58	0
TOTAL NET RESERVES ADJUSTED	16,446	15,381	15,598
INCURRED CLAIMS AND CLAIMS EXPENSE			
PROVISION ATTRIBUTABLE TO THE CURRENT YEAR	15,266	14,301	14,013
DECREASE IN PROVISION ATTRIBUTABLE TO PRIOR YEARS	(587)	(700)	(677)
TOTAL CLAIMS AND CLAIMS EXPENSE	14,679	13,601	13,336
CLAIM PAYMENTS			
CLAIMS AND CLAIMS EXPENSE ATTRIBUTABLE TO CURRENT YEAR	9,349	8,521	8,148
CLAIMS AND CLAIMS EXPENSE ATTRIBUTABLE TO PRIOR YEARS	5,615	5,488	5,013
TOTAL PAYMENTS	14,964	14,009	13,161
NET RESERVE FOR PROPERTY-LIABILITY CLAIMS AND CLAIM EXPENSE, END OF YEAR AS SHOWN ON 10-K LOSS RESERVE DEVELOPMENT TABLE (1)	\$ 16,161	\$ 15,423	\$ 15,773

(1) RESERVES FOR CLAIMS AND CLAIMS EXPENSE ARE NET OF REINSURANCE OF \$1.65 BILLION, \$1.46 BILLION AND \$1.63 BILLION, AT DECEMBER 31, 1999, 1998 AND 1997, RESPECTIVELY.

The year-end 1999 gross reserves of \$17.81 billion for property-liability insurance claims and claims expense, as determined under GAAP, were \$3.28 billion more than the reserve balance of \$14.53 billion recorded on the basis of statutory accounting practices for reports provided to state regulatory authorities. The principal differences are reinsurance recoverables from third parties totaling \$1.65 billion that reduce reserves for statutory reporting and are recorded as assets for GAAP reporting and a liability for \$853 million that represents a deposit on assumed reinsurance from the acquisition of CNA personal lines. Additional differences are caused by the reserves of the international subsidiaries, which are not included in the combined United States statutory statement.

As the tables above illustrate, Allstate's net reserve for property-liability insurance claims and claims expense at the end of 1998 developed favorably in 1999 by \$587 million, compared to favorable development of the gross reserves of \$392 million. Net reserve development in 1999, 1998 and 1997 was more favorable than the gross reserve development in these years. This relationship was due to the fact that Allstate's principal property-liability lines, such as private passenger auto and homeowners, were not significantly affected by reinsurance, whereas the discontinued lines and coverages segment involved a higher level of ceded reinsurance protection. The more favorable development in the net reserves was due to higher anticipated reinsurance cessions on increased reserve reestimates for the discontinued lines and coverages segment. For further discussion of Allstate's reinsurance programs, see "Property-Liability reinsurance ceded" beginning on page A-14 of the Proxy Statement, incorporated herein by reference.

The loss reserve development table below illustrates the change over time of the net reserves established for property-liability insurance claims and claims expense at the end of various calendar years. The first section shows the reserves as originally reported at the end of the stated year. The second section, reading down, shows the cumulative amounts paid as of the end of successive years with respect to that reserve liability. The third section, reading down, shows retroactive reestimates of the original recorded reserve as of the end of each successive year which is the result of Allstate's expanded awareness of additional facts and circumstances that pertain to the unsettled claims. The last section compares the latest reestimated reserve to the reserve originally established, and indicates whether or not the original reserve was adequate or inadequate to cover the estimated costs of unsettled claims. The table also presents the gross reestimated liability as of the end of the latest reestimation period, with separate disclosure of the related reestimated reinsurance recoverable. This presentation appears for all periods in which the income recognition provisions of Statement of Financial Accounting Standards No. 113 have been applied. The loss reserve development table is cumulative and, therefore, ending balances should not be added since the amount at the end of each calendar year includes activity for both the current and prior years.

Loss Reserve Development

(\$ in millions)

	December 31, (1)										
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Gross Reserves for Unpaid Claims and Claims Expense	\$10,962	\$12,117	\$13,136	\$14,902	\$15,209	\$16,414	\$17,326	\$17,382	\$17,403	\$16,881	\$17,814
Deduct: Reinsurance Recoverable	1,066	1,028	1,066	1,419	1,338	1,298	1,490	1,784	1,630	1,458	1,653
Reserve For Unpaid Claims and Claims Expense	\$9,896	\$11,089	\$12,070	\$13,483	\$13,871	\$15,116	\$15,836	\$15,598	\$15,773	\$15,423	\$16,161
Paid (cumulative) as of:											
One year later	4,295	4,558	4,550	4,955	4,472	4,748	5,787	5,013	5,488	5,615	
Two years later	6,338	6,723	6,688	7,068	6,519	7,749	8,232	7,952	8,361		
Three years later	7,584	8,010	7,935	8,283	8,273	9,247	10,083	9,773			
Four years later	8,338	8,778	8,694	9,430	9,140	10,400	11,170				
Five years later	8,824	9,279	9,508	9,985	9,849	11,070					
Six years later	9,180	9,883	9,907	10,467	10,251						
Seven years later	9,651	10,196	10,284	10,762							
Eight years later	9,921	10,512	10,514								
Nine years later	10,206	10,708									
Ten years later	10,385										
Reserve Reestimated as of:											
End of year	9,896	11,089	12,070	13,483	13,871	15,116	15,836	15,598	15,773	15,423	16,161
One year later	10,312	11,367	11,990	13,081	13,159	14,691	15,500	14,921	15,073	14,836	
Two years later	10,617	11,576	11,909	12,745	12,890	14,295	14,917	14,450	14,548		
Three years later	10,990	11,680	11,905	12,735	12,832	13,928	14,700	14,156			
Four years later	11,105	11,777	12,010	12,877	12,617	13,835	14,613				
Five years later	11,245	11,954	12,322	12,830	12,585	13,915					
Six years later	11,447	12,378	12,395	12,895	12,730						
Seven years later	11,962	12,503	12,499	13,070							
Eight years later	12,091	12,612	12,686								
Nine years later	12,216	12,802									
Ten years later	12,417										
Initial reserve in excess of (less than) reestimated reserve:											
Amount	(\$2,521)	(\$1,713)	(\$616)	\$413	\$1,141	\$1,201	\$1,223	\$1,442	\$1,225	\$587	
Percent	(25.5%)	(15.4%)	(5.1%)	3.1%	8.2%	7.9%	7.7%	9.2%	7.8%	3.8%	
Gross Reestimated Liability-Latest					\$14,582	\$15,643	\$16,322	\$16,145	\$16,348	\$16,489	
Reestimated Recoverable-Latest					1,852	1,728	1,709	1,989	1,800	1,653	
Net Reestimated Liability-Latest					\$12,730	\$13,915	\$14,613	\$14,156	\$14,548	\$14,836	
Gross Cumulative Excess (Deficiency)					\$627	\$771	\$1,004	\$1,237	\$1,055	\$392	

(1) For 1990 through 1995, this loss reserve development table excludes ARCO claims and claims expense, due to the unavailability of loss reserve development information for these claims on a comparable basis. ARCO was sold in 1996.

The subsequent reduction in the net reserves established since December 31, 1993 shown in the foregoing table reflects favorable severity trends that Allstate has experienced, as more fully discussed below. The initial reserves established at the end of 1991, and all previous years reflected in the table, had to be increased over the time frame used in the table principally due to the cumulative adverse reserve development on environmental, asbestos and other mass tort claims, virtually all of which relates to 1984 and prior years.

Allstate has used complex databases developed by outside experts to estimate its potential environmental losses. In addition, Allstate has its own estimation techniques for environmental and asbestos losses. We have used a combination of these resources, along with an extensive internal review of our current claim exposures, to estimate environmental and asbestos reserves. In addition we have analyzed our reinsurance recoverables in depth. Allstate updates its evaluations of environmental, asbestos and other mass tort reserves annually. While we believe that the actuarial techniques and databases described above have assisted in our ability to estimate environmental, asbestos and other mass tort net loss reserves, these refinements may prove to be inadequate indicators of the extent of probable loss. See Note 7 to the Consolidated Financial Statements beginning on page A-53 of the Proxy Statement, incorporated herein by reference.

The following table is derived from the Loss Reserve Development table and summarizes the effect of reserve re-estimates, net of reinsurance, on calendar year operations for the same ten-year period ended December 31, 1999. The total of each column details the amount of reserve re-estimates made in the indicated calendar year and shows the accident years to which the re-estimates are applicable. The amounts in the total accident year column on the far right represent the cumulative reserve re-estimates for the indicated accident year(s).

Effect of Net Reserve Reestimates on
Calendar Year Operations

(\$ in millions)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	TOTAL
	----	----	----	----	----	----	----	----	----	----	-----
BY ACCIDENT YEAR											
1989 & PRIOR	\$416	\$305	\$373	\$115	\$140	\$202	\$515	\$129	\$125	\$201	\$2,521
1990		(27)	(164)	(11)	(43)	(25)	(91)	(4)	(16)	(11)	(392)
1991			(289)	(185)	(101)	(72)	(112)	(52)	(5)	(3)	(819)
1992				(321)	(332)	(115)	(170)	(120)	(39)	(12)	(1,109)
1993					(376)	(259)	(200)	(168)	(97)	(30)	(1,130)
1994						(156)	(338)	(152)	(61)	(65)	(772)
1995							60	(216)	(124)	(167)	(447)
1996								(94)	(254)	(207)	(555)
1997									(229)	(231)	(460)
1998										(62)	(62)
TOTAL	----	----	----	----	----	----	----	----	----	----	-----
	\$416	\$278	(\$80)	(\$402)	(\$712)	(\$425)	(\$336)	(\$677)	(\$700)	(\$587)	(\$3,225)
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Favorable calendar year reserve development in 1992 through 1999 was the result of favorable severity trends in each of the eight years, which more than offset adverse development in the discontinued lines and coverages segment.

The favorable severity trend during this eight-year period was largely due to lower than anticipated medical cost inflation for personal auto injury claims. We believe that improvement in Allstate's claim settlement processes contributed to favorable development since 1995. The impacts of the moderate medical cost inflation trend have emerged over time as actual claim settlements validated the effect of the rate of inflation. In addition, while claim settlement process changes are believed to have contributed to favorable severity trends on closed claims, these changes introduce a greater degree of variability in reserve estimates for the remaining outstanding claims at December 31, 1999. Future reserve development releases, if any, are expected to be adversely impacted by anticipated increases in medical cost inflation rates. See "Forward-Looking Statements and Risk Factors Affecting Allstate" in this Form 10-K.

REINSURANCE CEDED

Information regarding reinsurance ceded is incorporated herein by reference to the discussion of "Property-Liability reinsurance ceded" beginning on page A-14 of the Proxy Statement. The property-liability operations referred to in that discussion include the personal property and casualty segment and the discontinued lines and coverages segment.

CAPITAL REQUIREMENTS

Information regarding Allstate's capital requirements is incorporated herein by reference to the discussion of "Capital Resources and Liquidity" beginning on page A-22 of the Proxy Statement. The property-liability operations referred to in that discussion include the personal property and casualty segment and the discontinued lines and coverages segment.

INVESTMENTS

Information regarding Allstate's investment portfolio and activities is incorporated herein by reference to the discussion of "Market Risk" beginning on page A-18 of the Proxy Statement and "Investments" beginning on page A-25 of the Proxy Statement. The property-liability operations referred to in those discussions include the personal property and casualty segment and the discontinued lines and coverages segment.

REGULATION

Allstate is subject to extensive regulation and supervision in the jurisdictions in which it does business. This has a substantial effect on our business, especially our personal property and casualty business. We are subject to regulation and supervision on a wide variety of matters including licensing and examination, rate setting, trade practices, policy forms, the nature and amount of our investments, claims practices, participation in shared markets and guaranty funds, reserve adequacy, insurer solvency, transactions with affiliates, the amount of dividends that we may pay, and underwriting standards. Some of these matters are discussed in more detail below. For discussion of statutory financial information, see Note 14 to Consolidated Financial Statements beginning on page A-64 of the Proxy Statement, incorporated herein by reference. For discussion of regulatory contingencies, see Note 12 to Consolidated Financial Statements beginning on page A-60 of the Proxy Statement, incorporated herein by reference.

LIMITATIONS ON DIVIDENDS BY INSURANCE SUBSIDIARIES - As a holding company with no significant business operations of its own, the Parent relies on dividends from Allstate Insurance Company as the principal source of cash to pay dividends and to meet its obligations, including the payment of principal and interest on debt. Allstate Insurance is regulated as an insurance company in Illinois. Under Illinois law, it may not pay a dividend without notifying the Illinois Department of Insurance and providing specified financial information. Furthermore, Illinois law requires Allstate Insurance to notify and receive approval from the Director of the Illinois Department of Insurance for the declaration or payment of any dividend, which together with other dividends or distributions made within the preceding twelve months, exceeds the greater of:

- - 10% of Allstate Insurance's statutory surplus as of December 31 of the prior year; or

- - Allstate Insurance's statutory net income for the twelve-month period ending December 31 of the prior year.

As of December 31, 1998 and 1999, Allstate Insurance's statutory net income for the prior twelve-month period was greater than 10% of its year-end statutory surplus. In the twelve-month period beginning January 1, 1999, Allstate Insurance paid \$2.96 billion in dividends, the maximum amount allowed under Illinois insurance law without the prior approval of the Illinois Department of Insurance based on 1998 statutory net income. At any point in time during the period beginning on May 20, 2000 and continuing through December 31, 2000, Allstate Insurance will be able to pay \$1.96 billion in dividends, less the amount of dividends paid during the preceding 12 months measured at that point in time, without the prior approval of the Illinois Department of Insurance.

The laws of the other jurisdictions, which govern Allstate's insurance subsidiaries generally, contain similar limitations on the payment of dividends; however, in some jurisdictions the laws may be somewhat more restrictive.

HOLDING COMPANY REGULATION - The Parent and Allstate Insurance Company are insurance holding companies subject to regulation throughout jurisdictions in which their insurance subsidiaries do business. These subsidiaries are organized under the respective insurance codes of Arizona, California, Florida, Illinois, Nebraska, New Hampshire, New York, Pennsylvania and Texas. The insurance codes in these states contain similar provisions (subject to certain variations) to the effect that the acquisition or change of "control" of a domestic insurer or of any person that controls a domestic insurer cannot be consummated without the prior approval of the relevant insurance regulator. In general, a presumption of "control" arises from the ownership, control, possession with the power to vote or possession of proxies with respect to 10% or more of the voting securities of a domestic insurer or of a person that controls a domestic insurer. In Florida, regulatory approval must be obtained prior to the acquisition of 5% or more of the voting securities of a domestic stock insurer or of a controlling company. In addition, certain state insurance laws contain provisions that require pre-acquisition notification to state agencies of a change in control with respect to a non-domestic insurance company licensed to do business in that state. While such pre-acquisition notification statutes do not authorize the state agency to disapprove the change of control, such statutes do authorize certain remedies, including the issuance of a cease and desist order with respect to the non-domestic insurer if certain conditions exist, such as undue market concentration. Thus, any transaction involving the acquisition of 10% (5% in Florida) or more of the Parent's common stock would generally require prior approval by the state insurance departments in Arizona, California, Florida, Illinois, Nebraska, New Hampshire, New York, Pennsylvania and Texas and would require the pre-acquisition notification in those other states that have adopted pre-acquisition notification provisions and where the insurance subsidiaries are admitted to transact business. Such approval requirements may deter, delay or prevent certain transactions affecting the ownership of the Parent's common stock.

RATE REGULATION - Most states have insurance laws requiring personal property and casualty insurers to file rate schedules, policy or coverage forms, and other information with the state's regulatory authority. In many cases, such rates and/or policy forms must be approved prior to use. While they vary from state to state, the objectives of the rating laws are generally the same: a rate must be adequate, not excessive, and not unfairly discriminatory.

Personal property and casualty insurers are generally unable to effect rate increases with respect to a coverage until sometime after the costs associated with such coverage have increased. The speed at which an insurer can change rates in response to competition or to increasing costs depends, in part, on whether the rating laws are administered as (i) prior approval, (ii) file-and-use, or (iii) use-and-file laws. In states having prior approval laws, the regulator must approve a rate before the insurer may use it. In states having file-and-use laws, the insurer does not have to wait for the regulator's approval to use a rate, but the rate must be filed with the regulatory authority prior to being used. A use-and-file law requires an insurer to file rates within a certain period of time after the insurer begins using the rates. Approximately one half of the states, including California and New York, have prior approval laws. States such as Florida, Illinois and Michigan have both use-and-file and file-and-use laws or regulations, depending upon the line of coverage. Under all three types of rating systems, the regulator has the authority to disapprove the rate subsequent to its filing.

State regulators have broad discretion in judging whether an insurer's rates are adequate, not excessive and not unfairly discriminatory. An insurer's ability to adjust its rates in response to competition or to increasing costs is often dependent on an insurer's ability to demonstrate to the regulator that its rates or proposed rates meet the objectives of the rating laws. In those states that significantly restrict an insurer's discretion in selecting the business that it wants to underwrite, an insurer can manage its risk of loss by charging a price that matches the cost of providing the insurance. In those states that significantly restrict an insurer's ability to charge a price that matches the cost of providing the insurance, the insurer can manage its risk of loss by being more selective in the type of business it underwrites. When a state significantly restricts both underwriting and pricing, it becomes more difficult for an insurer to maintain its profitability.

Changes in Allstate's claim settlement process, which we believe have contributed to favorable severity trends on closed bodily injury claims since 1995 and to a slowing of loss payments and an increase in the number of outstanding claims, may require Allstate to actuarially adjust loss information used in its rate application process.

From time to time, the private passenger auto insurance industry has come under pressure from state regulators, legislators and special interest groups to reduce, freeze or set rates at levels that do not, in our view, correspond with underlying costs. Some of this activity can result in legislation and/or regulations that adversely affect the profitability of Allstate's personal property and casualty segment. Adverse legislative and regulatory activity constraining our ability to adequately price insurance coverage may occur in the future. We have experienced similar

pressure regarding rates for homeowners insurance, particularly as regulators in catastrophe prone states struggle to identify an acceptable methodology to price for catastrophe exposure. We cannot predict the impact on our results of operations, liquidity or financial position of possible future legislative and regulatory measures regarding rates.

SHARED MARKETS - As a condition of its license to do business in various states, Allstate is required to participate in mandatory shared market mechanisms or pooling arrangements, which provide various insurance coverages to individuals or other entities that otherwise are unable to purchase such coverage voluntarily provided by private insurers. Underwriting results related to these organizations have been immaterial to the results of operations.

GUARANTY FUNDS - Under state insurance guaranty fund laws, insurers doing business in a state can be assessed, up to prescribed limits, for certain obligations of insolvent insurance companies to policyholders and claimants. Allstate's expenses related to these funds have been immaterial. See "Pending Accounting Standards" on page A-29 of the Proxy Statement, incorporated herein by reference.

INVESTMENT REGULATION - We are subject to state laws and regulations that require diversification of our investment portfolio and that limit the amount of our investments in certain categories. Failure to comply with these laws and regulations would cause non-conforming investments to be treated as non-admitted assets for purposes of measuring statutory surplus and, in some instances, would require divestiture. As of December 31, 1999, Allstate's investment portfolio complied with such laws and regulations in all material respects.

REGULATION AND LEGISLATION AFFECTING CONSOLIDATION IN THE FINANCIAL SERVICES INDUSTRY - A number of enacted and pending legislative measures may lead to increased consolidation and increased competition in the financial services industry. At the federal level, these measures include the recently enacted Gramm-Leach-Bliley Act of 1999, which eliminates many federal and state law barriers to affiliations among banks, securities firms, insurers and other financial service providers. Under the Gramm-Leach-Bliley Act, the Parent is a grandfathered unitary thrift holding company and consequently may engage in activities that are not financial in nature. At the state level, these measures include legislation to permit mutual insurance companies to convert to a hybrid structure known as a mutual holding company, thereby allowing insurance companies owned by their policyholders to become stock insurance companies owned (through one or more intermediate holding companies) at least 51% by their policyholders and potentially up to 49% by stockholders. Also several large mutual life insurers have used or are expected to use existing state laws and regulations governing the conversion of mutual insurance companies into stock insurance companies (demutualization). These measures may also increase competition for capital among financial service providers.

OTHER REGULATORY INITIATIVES AND PROPOSED LEGISLATION - In recent years the state insurance regulatory framework has come under increased federal scrutiny and certain state legislatures have considered or enacted laws that alter and, in many cases, increase state authority

to regulate insurance companies and insurance holding company systems. Further, the NAIC and state insurance regulators are re-examining existing laws and regulations, specifically focusing on issues relating to the solvency of insurance companies, interpretations of existing laws and the development of new laws. We cannot predict whether any state or federal legislation will be enacted to change the nature or scope of regulation of the insurance industry, or what effect any such legislation would have on Allstate.

Deferred annuities and interest-sensitive life insurance products receive favorable policyholder taxation under current tax laws and regulations. Any legislative or regulatory changes that adversely alter this treatment are likely to negatively affect the demand for these products.

Environmental pollution clean-up of polluted waste sites is the subject of both federal and state regulation. The Comprehensive Environmental Response Compensation and Liability Act of 1980 ("Superfund") and comparable state statutes ("mini-Superfund") govern the clean-up and restoration of waste sites by "Potentially Responsible Parties" ("PRP's"). Superfund and the mini-Superfunds (Environmental Clean-up Laws or "ECLs") establish a mechanism to pay for clean-up of waste sites if PRP's fail to do so, and to assign liability to PRP's. The extent of liability to be allocated to a PRP is dependent on a variety of factors. By some estimates, there are thousands of potential waste sites subject to clean-up, but the exact number is unknown. To date, fewer than half of the designated Superfund sites have been cleaned up. The extent of clean-up necessary and the process of assigning liability remains in dispute. The insurance industry is involved in extensive litigation regarding coverage issues arising out of the clean-up of waste sites by insured PRPs and insured parties' alleged liability to third parties responsible for the clean-up. The insurance industry, including Allstate, is disputing many such claims. Key coverage issues include whether Superfund response, investigation and clean-up costs are considered damages under the policies, trigger of coverage, applicability of several types of pollution exclusions, proper notice of claims, whether administrative liability triggers the duty to defend, appropriate allocation of liability among triggered insurers, and whether the liability in question falls within the definition of an "occurrence." Identical coverage issues exist for clean-up and waste sites not covered under Superfund. To date, courts have been inconsistent in their rulings on these issues. Allstate's exposure to liability with regard to its insureds, which have been, or may be, named as PRPs is uncertain. See the discussion of Allstate's discontinued lines and coverages segment in "Other Business Segments", above.

Superfund reform proposals have been introduced in Congress, but none has been enacted at the date of this filing. Allstate will support Superfund reform which minimizes litigation and other transaction costs; hastens the clean-up of waste sites without imposing new or additional taxes; addresses the elimination of strict, retroactive, and joint and several liability; allows for the selection of cost-effective, efficient and practical remedial measures; eliminates retroactive natural resource damage awards; and encourages local input into the clean-up process. At this time, there can be no assurance that any Superfund reform legislation will be enacted or that any

such legislation will provide for a fair, effective and cost-efficient system for settlement of Superfund related claims.

YEAR 2000

Information regarding Allstate's Year 2000 issues and consequences is incorporated herein by reference to the discussion of "Year 2000" on page A-27 of the Proxy Statement.

OTHER INFORMATION ABOUT ALLSTATE

As of December 31, 1999, Allstate had approximately 52,000 employees.

Allstate's four business segments use shared services provided by Allstate Insurance Company and other subsidiaries, including human resources, investment, finance, information technology and legal services.

Although the insurance business generally is not seasonal, claims and claims expense for the personal property and casualty segment tend to be higher for periods of severe or inclement weather.

The names "Allstate" and "Allstate Life," the slant "A" Allstate logo, the slogan "You're in Good Hands With Allstate" and the graphic "Good Hands" design logos which feature cupped hands or cupped hands holding an automobile and a house, and the "Northbrook" logo design are used extensively in Allstate's businesses. Allstate's rights in the United States to the names "Allstate" and "Allstate Life", the Allstate and Northbrook logos, the "Good Hands" slogan and the "Good Hands" symbols continue so long as Allstate continues to exercise those rights. These service marks are the subject of many renewable United States and foreign service mark registrations. Allstate believes that these service marks are material to its business. American Heritage Life Insurance Company uses its registered service mark "The Workplace Marketer" extensively in its business and will maintain its rights to that service mark by continued use.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS AFFECTING ALLSTATE

This document contains "forward-looking statements" that anticipate results based on management's plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words like "plans," "expects," "will," "anticipates," "estimates," "intends," "believes" and other words with similar meanings. These statements may address, among other things, our strategy for growth, product development, regulatory approvals, market

position, expenses, financial results and reserves. Forward-looking statements are based on management's current expectations of future events. We cannot guarantee that any forward-looking statement will be accurate. However, we believe that our forward-looking statements are based on reasonable, current expectations and assumptions. We assume no obligation to update any forward-looking statements as a result of new information or future events or developments.

If the expectations or assumptions underlying our forward-looking statements prove inaccurate or if risks or uncertainties arise, actual results could differ materially from those predicted in our forward-looking statements. In addition to the normal risks of business, Allstate is subject to significant risk factors, including those listed below which apply to it as an insurance business.

- The implementation of our multi-access distribution model involves risks and uncertainties that could have a material adverse effect on our results of operations, liquidity or financial position. More specifically, the following factors could affect our ability to successfully implement various aspects of our new multi-access distribution model:

- The success of our proposed direct response call centers may be adversely affected by the limited pool of individuals suited and trained to do such work in any geographic area, particularly in light of the current low unemployment rate. The absence of seasoned staff could be a factor impeding the training of staff and the roll-out of the call centers because they represent a new initiative by Allstate involving virtually all new hires.

- The reorganization of our multiple employee agency programs into Allstate's single exclusive agency independent contractor program may have a temporary negative impact on written premium. As the reorganization proceeds, many agents will be deciding whether to convert to independent contractor status and remain with Allstate; to convert to independent contractor status and sell their economic interest in their book of businesses to an Allstate-approved buyer; or to retire or otherwise voluntarily separate from Allstate. The distractions of this decision making process and the possible departure of some agents may lead to decreased sales. In addition, possible litigation regarding the reorganization could diminish the gains in efficiency and cost-effectiveness that we expect to realize from the transition to one program.

- The reorganization of our multiple employee agency programs into Allstate's single exclusive agency independent contractor program, as well as our plans to sell and service our products through direct response call centers and the Internet, are dependent upon our ability to adapt current computer systems and to develop and implement new systems.

- There is inherent uncertainty in the process of establishing property-liability loss

reserves, particularly reserves for the cost of environmental, asbestos and other mass tort claims. This uncertainty arises from a number of factors, including ongoing interpretation of insurance policy provisions by courts, inconsistent decisions in lawsuits regarding coverage, and expanded theories of liability. In addition, on-going changes in claims settlement practices can lead to changes in loss payment patterns. Moreover, while we believe that improved actuarial techniques and databases have assisted us in estimating environmental, asbestos and other mass tort net loss reserve, these refinements may subsequently prove to be inadequate indicators of the extent of probable loss. Consequently, ultimate losses could materially exceed established loss reserves and have a material adverse effect on our results of operations, liquidity or financial position.

- We have experienced, and we continue to expect to experience, catastrophe losses. While we believe that our catastrophe management initiatives (described in "PP&C catastrophe losses and catastrophe management" beginning on page A-8 of the Proxy Statement) have reduced the magnitude of possible future losses, Allstate continues to be exposed to catastrophes that could have a material adverse impact on our results of operations, liquidity or financial position. Catastrophic events in the future may indicate that the techniques and data that we use to predict the probability of catastrophes and the extent of the resulting losses are inaccurate.
- Changes in market interest rates can have adverse effects on Allstate's investment portfolio, investment income and product sales. Increases in market interest rates have an adverse impact on the value of the investment portfolio by decreasing capital gains. In addition, increases in market interest rates as compared to rates offered on some of the life and savings segment's products make those products less attractive and therefore decrease sales. Declining market interest rates have an adverse impact on our investment income as we invest positive cash flows from operations and as we reinvest proceeds from maturing and called investments in new investments yielding less than the portfolio's average rate. Despite recent increases, current market interest rates are lower than the Allstate portfolio's average rate.
- In order to meet the anticipated cash flow requirements of our obligations to policyholders, from time to time we adjust the effective duration of the assets and liabilities of the life and savings segment's investment portfolio. Those adjustments may have an impact on the value of the investment portfolio and on investment income.
- The insurance business is subject to extensive regulation--particularly at the state level. Many of these restrictions affect our ability to operate and grow our businesses in a profitable manner. In particular, the personal property and casualty segment's implementation of a tiered-based pricing model for its private passenger auto business is subject to state regulation of auto insurance rates.

- Recently, the competitive pricing environment for private passenger auto insurance has put pressure on the personal property and casualty segment's premium growth and profit margins. We believe that this pressure is abating and that industry participants may begin to raise auto insurance rates in 2000. However, because Allstate's personal property and casualty segment's loss ratio compares favorably to the industry, state regulatory authorities may resist our efforts to raise rates or to maintain them at current levels.
- The Parent is a holding company with no significant business operations of its own. Consequently, to a large extent, its ability to pay dividends and meet its debt payment obligations is dependent on dividends from its subsidiaries, primarily Allstate Insurance Company.
- State insurance regulatory authorities require insurance companies to maintain specified levels of statutory capital and surplus. In addition, competitive pressures require Allstate's subsidiaries to maintain financial strength or claims-paying ability ratings. These restrictions affect the Parent's ability to pay dividends to stockholders and use its capital in other ways.
- There is uncertainty involved in estimating the availability of reinsurance and the collectibility of reinsurance recoverables. This uncertainty arises from a number of factors, including segregation by the industry generally of reinsurance exposure into separate legal entities.
- The life and savings segment distributes some of its products under agreements with other financial services entities. Termination of such agreements due to changes in control of these non-affiliated entities could have a detrimental effect on the segment's sales. This risk may be increased due to the recent enactment of the Gramm-Leach-Bliley Act of 1999, which eliminates many federal and state law barriers to affiliations among banks, securities firms, insurers and other financial service providers.
- In November 1999, we announced a program to reduce expenses by approximately \$600 million, to be fully realized beginning in 2001. These expense reductions are dependent on the elimination of certain employee positions, the consolidation of our operations and facilities, and the reorganization of our multiple employee agency programs into Allstate's single exclusive agency independent contractor program. The savings are to be invested in technology, competitive pricing, enhanced marketing and advertising.
- The Parent maintains a \$1.50 billion, five-year revolving line of credit and a \$50 million one-year revolving line of credit as potential sources of funds to meet short-

term liquidity requirements. In order to borrow on the five-year line of credit, Allstate Insurance Company is required to maintain a specified statutory surplus level and the Allstate debt to equity ratio (as defined in the credit agreement) must not exceed a designated level. The ability of the Parent and Allstate Insurance to meet the requirements is dependent upon their financial condition. If Allstate Insurance were to sustain significant losses from catastrophes, its and the Parent's ability to borrow on the lines of credit could be diminished or eliminated during a period when they might be most in need of capital resources and liquidity.

- Changes in the severity of claims have an impact on the profitability of our business. Changes in injury claim severity are driven primarily by inflation in the medical sector of the economy. Changes in auto physical damage claim severity are driven primarily by inflation in auto repair costs and used car prices.
- For our non-standard auto insurance business, we are implementing programs to address the emergence of adverse profitability trends. These programs include additional down-payment requirements, new underwriting guidelines and new rating plans. We expect these programs to have a temporary adverse impact on written premium growth; however, they should improve profitability over time.
- A number of enacted and pending legislative measures may lead to increased consolidation and increased competition in the financial services industry. At the federal level, these measures include the recently enacted Gramm-Leach-Bliley Act of 1999, which eliminates many federal and state law barriers to affiliations among banks, securities firms, insurers and other financial service providers. At the state level, these measures include legislation to permit mutual insurance companies to convert to a hybrid structure known as a mutual holding company, thereby allowing insurance companies owned by their policyholders to become stock insurance companies owned (through one or more intermediate holding companies) at least 51% by their policyholders and potentially up to 49% by stockholders. Also several large mutual life insurers have used or are expected to use existing state laws and regulations governing the conversion of mutual insurance companies into stock insurance companies (demutualization). These measures may also increase competition for capital among financial service providers.
- Deferred annuities and interest-sensitive life insurance products receive favorable policyholder taxation under current tax laws and regulations. Any legislative or regulatory changes that adversely alter this treatment are likely to negatively affect the demand for these products.
- Due to legislative and regulatory reform of the auto insurance system in New Jersey that included regulated rate reductions and coverage changes effective for new policies written and renewals processed on and after March 22, 1999, Allstate New

Jersey Insurance Company, an Allstate subsidiary, experienced decreased average premiums in 1999. We expect that these reforms will also lead to improved loss experience in the future. However, it is possible that losses may increase or that any decrease in losses will not be commensurate with the reductions in premiums.

- The adoption of Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities," is not expected to be material to Allstate's results of operations. However, the impact is dependent upon market conditions and our investment portfolio existing at the date of adoption, which for Allstate will be January 1, 2001.
- Additional risk factors regarding market risk are incorporated herein by reference to the discussion of "Market Risk" beginning on page A-18 of the Proxy Statement.

EXECUTIVE OFFICERS

The following table sets forth the names of our executive officers, their current ages, their positions, and the dates of their first election as officers. "AIC" refers to Allstate Insurance Company. "ALIC" refers to Allstate Life Insurance Company.

Name	Age	Position and Offices Held	First Date Elected Officer
Edward M. Liddy.....54		Chairman, President and Chief Executive Officer of Parent and AIC. Also a director of The Allstate Corporation	1994
Robert S. Apatoff.....41		Senior Vice President and Chief Marketing Officer of AIC	1999
John L. Carl.....52		Vice President and Chief Financial Officer of Parent; Senior Vice President and Chief Financial Officer of AIC	1999
Richard I. Cohen.....55		Senior Vice President of AIC (President, Property and Casualty)	1989
Joan M. Crockett.....49		Senior Vice President of AIC (Human Resources)	1994
Edward J. Dixon.....56		Senior Vice President of AIC (PP&C Field Operations)	1988
Steven L. Groot.....50		Senior Vice President of AIC (President, International)	1988
Michael J. McCabe.....54		Vice President and General Counsel of Parent; Senior Vice President and General Counsel of AIC	1980
Ronald D. McNeil.....47		Senior Vice President of AIC (Property Operations)	1994
Robert W. Pike.....58		Vice President and Secretary of Parent; Executive Vice President, and Secretary of AIC	1978
Samuel H. Pilch53		Controller of Parent; Group Vice President and Controller of AIC	1995
Francis W. Pollard.....57		Senior Vice President and Chief Information Officer of AIC	1984
Casey J. Sylla.....56		Senior Vice President and Chief Investment Officer of AIC	1995
Rita P. Wilson.....53		Senior Vice President of AIC (President, Allstate Indemnity)	1988
Thomas J. Wilson.....42		President, ALIC	1995

No family relationships exist among the above-named individuals.

Each of the officers named above may be removed from office at any time, with or without cause, by the board of directors of the relevant company.

With the exception of Ms. Wilson and Messrs. Apatoff, Carl, Pilch, Sylla and Wilson, the above officers have held the positions set forth in the above tabulation for at least the last five years or have served Allstate in various executive or administrative capacities for at least five years. Prior to her election in May 1996 to the position stated above, Ms. Wilson had served as Senior Vice President-Corporate Communication for Ameritech Corporation since November 1994 and, from September 1990 until November 1994, she was a Senior Vice President of AIC. Prior to his election in November 1999 to the position stated above, Mr. Apatoff served as Corporate Vice President, Marketing for Aetna Inc. Prior to his election in April 1999 to the position stated above, Mr. Carl served as Executive Vice President and Chief Financial Officer of Amoco Corporation. Before his election in January 1999 to the position stated above, Mr. Pilch served as Controller of the Parent and AIC since 1995 and, prior to that, as Vice President of The Travelers Corporation since 1989. Before coming to Allstate, Mr. Sylla served as a Senior Vice President for Northwestern Mutual Life Insurance Company from 1992 to 1995. Prior to his election in January 1999 to the position stated above, Mr. Wilson served as the Parent's and AIC's Chief Financial Officer since July 1995 and prior to that as Sears' Vice President, Strategy and Analysis since 1993.

ITEM 2. PROPERTIES

Our home office complex is located in Northbrook, Illinois. The complex consists of three buildings totaling approximately two million square feet of office space on a 185-acre site. The Northbrook complex serves as the headquarters for both the personal property and casualty segment and the life and savings segment.

We also operate from approximately 1,700 administrative, data processing, claims handling and other support facilities in North America, Europe and the Far East. Approximately 5,600,000 square feet are owned and 8,600,000 are leased. Our approximately 12,000 sales facilities are normally leased directly by our agents. Only major facilities are owned and these are in the United States and Canada. In almost all cases, lease terms are for five years or less.

We believe that our properties and facilities are adequate and suited to our current operations.

ITEM 3. LEGAL PROCEEDINGS

Incorporated herein by reference to the "Regulation and Legal Proceedings" discussion beginning on page A-27 of the Proxy Statement.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There were 751,791,781 record holders of the Parent's common stock as of March 20, 2000. The principal market for the Parent's common stock is the New York Stock Exchange. The Parent's common stock is also listed on the Chicago Stock Exchange. Set forth below are the high and low prices of, and cash dividends declared for, the Parent's common stock during 1999 and 1998. Stock prices and dividends have been adjusted to reflect the 2-for-1 split of the Parent's common stock in July 1998:

	HIGH	LOW	CLOSE	DIVIDENDS DECLARED
1999				
First quarter	41	34 3/4	37 1/16	.150
Second quarter	40 3/4	34 13/16	35 7/8	.150
Third quarter	37 15/16	24 13/16	24 15/16	.150
Fourth quarter	30 9/16	22 7/8	24 1/16	.150

1998				
First quarter	49 3/16	40 15/16	45 31/32	.135
Second quarter	50 1/8	44 1/8	45 25/32	.135
Third quarter	52 3/8	36 1/16	41 1/2	.135
Fourth quarter	48 3/8	37	38 1/2	.135

Stock price ranges are from the New York Stock Exchange Composite Listing.

The discussion of "Limitations on Dividends By Insurance Subsidiaries" on page 19 of this Form 10-K is incorporated by reference in this Item 5.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated herein by reference to "11-Year Summary of Selected Financial Data" beginning on page A-2 of the Proxy Statement.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Incorporated herein by reference to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page A-4 of the Proxy Statement.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Incorporated herein by reference to the "Market Risk" discussion beginning on page A-18 of the Proxy Statement.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the Parent, including the notes to such statements, beginning on page A-33 of the Proxy Statement and the information under "Quarterly Results" on page A-72 of the Proxy Statement are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Part III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information regarding directors of the Parent is incorporated herein by reference to the descriptions under "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

Information regarding executive officers of the Parent is incorporated herein by reference to Item 1 of this Report under the caption "Executive Officers" in Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is incorporated herein by reference to the material under the caption "Non-Employee Directors' Compensation and Benefits" on page 7 of the Proxy Statement and under the caption "Executive Compensation" on pages 13-19 of the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference to the material under the headings "Security Ownership of Directors and Executive Officers" and "Security Ownership of Certain Beneficial Owners" on pages 8-9 of the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and related transactions is incorporated herein by reference to the material under the heading "Certain Transactions" on page 21 of the Proxy Statement.

Part IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1 and 2 An "Index to Financial Statements and Financial Statement Schedules" has been filed as a part of this Form 10-K beginning on page S-1 hereof.

(a) 3 Exhibits:

An "Exhibit Index" has been filed as a part of this Form 10-K beginning on page E-1 hereof and is incorporated herein by reference.

(b) Reports on Form 8-K:

Current Report on Form 8-K filed October 12, 1999 (Items 5 and 7)
Current Report on Form 8-K filed October 26, 1999 (Items 5 and 7)
Current Report on Form 8-K filed November 2, 1999 (Items 5 and 7)
Current Report on Form 8-K filed November 12, 1999 (Items 5 and 7)
Current Report on Form 8-K filed November 23, 1999 (Items 5 and 7)

SIGNATURES

Pursuant to the Requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE ALLSTATE CORPORATION
(Registrant)

/S/SAMUEL H. PILCH

By: Samuel H. Pilch
Controller
(Principal Accounting Officer)

March 24, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
/S/ EDWARD M. LIDDY ----- Edward M. Liddy	Chairman, President and Chief Executive Officer) and a Director (Principal Executive Officer)	March 24, 2000
/S/JOHN L. CARL ----- John L. Carl	Vice President and Chief Financial Officer (Principal Financial Officer)	March 24, 2000

/S/ F. DUANE ACKERMAN ----- F. Duane Ackerman	Director	March 24, 2000
/S/ JAMES G. ANDRESS ----- James G. Andress	Director	March 24, 2000
/S/WARREN L. BATTS ----- Warren L. Batts	Director	March 24, 2000
/S/EDWARD A. BRENNAN ----- Edward A. Brennan	Director	March 24, 2000
/S/ JAMES M. DENNY ----- James M. Denny	Director	March 24, 2000
/S/ W. JAMES FARRELL ----- W. James Farrell	Director	March 24, 2000
/S/RONALD T. LEMAY ----- Ronald T. LeMay	Director	March 24, 2000
/S/MICHAEL A. MILES ----- Michael A. Miles	Director	March 24, 2000
/S/H. JOHN RILEY, JR. ----- H. John Riley, Jr.	Director	March 24, 2000
/S/JOSHUA I. SMITH ----- Joshua I. Smith	Director	March 24, 2000
/S/JUDITH A. SPRIESER ----- Judith A. Sprieser	Director	March 24, 2000

THE ALLSTATE CORPORATION AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

YEAR ENDED DECEMBER 31, 1999

The following consolidated financial statements, notes thereto and related information of The Allstate Corporation are incorporated herein by reference to the Parent's Proxy Statement.

	Page*

Consolidated Statements of Operations **	A-33
Consolidated Statements of Comprehensive Income **	A-34
Consolidated Statements of Financial Position **	A-35
Consolidated Statements of Shareholders' Equity **	A-36
Consolidated Statements of Cash Flows **	A-37
Notes to the Consolidated Financial Statements**	A-38
Quarterly Results **	A-72

The following additional financial statement schedules and independent auditors' report and consent are furnished herewith pursuant to the requirements of Form 10-K.

	Page

The Allstate Corporation	
Schedules required to be filed under the provisions of Regulation S-X Article 7:	
Schedule I Summary of Investments - Other than Investments in Related Parties	S-2
Schedule II Condensed Financial Information of The Allstate Corporation (Registrant)	S-3
Schedule III Supplementary Insurance Information	S-7
Schedule IV Reinsurance	S-8
Schedule V Valuation Allowances and Qualifying Accounts	S-9
Schedule VI Supplementary Information Concerning Consolidated Property-Casualty Insurance Operations	S-10
Independent Auditors' Report	S-11
Independent Auditors' Consent	S-12

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or in notes thereto.

* Refers to page number in the Parent's Proxy Statement.
** Incorporated by reference in Item 8 herein.

THE ALLSTATE CORPORATION AND SUBSIDIARIES
SCHEDULE I - SUMMARY OF INVESTMENTS
OTHER THAN INVESTMENTS IN RELATED PARTIES
DECEMBER 31, 1999

(\$ IN MILLIONS)

	COST	FAIR VALUE	CARRYING VALUE
	-----	-----	-----
TYPE OF INVESTMENT			
Fixed Income Securities, Available for Sale:			
Bonds:			
United States government, government agencies and authorities.....	\$ 3,075	\$ 3,273	\$ 3,273
States, municipalities and political subdivisions.....	19,071	18,972	18,972
Foreign governments.....	741	732	732
Public utilities.....	2,015	2,058	2,058
Convertibles and bonds with warrants attached.....	668	813	813
All other corporate bonds.....	17,546	17,359	17,359
Mortgage-backed securities.....	7,974	7,886	7,886
Asset-backed securities.....	3,941	3,895	3,895
Redeemable preferred stocks.....	262	298	298
	-----	-----	-----
Total fixed income securities	\$55,293	\$55,286	\$55,286
	-----	-----	-----
Equity Securities:			
Common Stocks:			
Public utilities.....	95	135	135
Banks, trusts and insurance companies.....	395	509	509
Industrial, miscellaneous and all other.....	3,756	5,757	5,757
Nonredeemable preferred stocks.....	319	337	337
	-----	-----	-----
Total equity securities.....	4,565	\$6,738	6,738
	-----	=====	-----
Mortgage loans on real estate.....	4,068		4,068
Real estate	23		23
Policy loans.....	1,090		1,090
Other long-term investments.....	18		18
Short-term investments.....	2,422		2,422
	-----		-----
Total Investments.....	\$67,479		\$69,645
	=====		=====

THE ALLSTATE CORPORATION AND SUBSIDIARIES
SCHEDULE II
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF OPERATIONS

(\$ IN MILLIONS)

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
REVENUES			
Investment income, less investment expense.....	\$ 47	\$ 52	\$ 30
Realized capital gains and losses.....	(6)	32	5
Other income.....	72	149	208
	-----	-----	-----
	113	233	243
EXPENSES			
Interest expense.....	210	192	158
Other operating expenses.....	22	10	6
	-----	-----	-----
	232	202	164
	-----	-----	-----
Gain on disposition of operations.....	-	49	-
	-----	-----	-----
Income (loss) from operations before income tax benefit and equity in net income of subsidiaries.....	(119)	80	79
Income tax benefit.....	(68)	(24)	(42)
	-----	-----	-----
Income (loss) before equity in net income of subsidiaries.....	(51)	104	121
Equity in net income of subsidiaries.....	2,771	3,190	2,984
	-----	-----	-----
Net income.....	2,720	3,294	3,105
	-----	-----	-----
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Unrealized gains and losses.....	(1,625)	173	818
Foreign currency translation adjustments.....	14	(2)	(57)
	-----	-----	-----
Other comprehensive income (loss).....	(1,611)	171	761
	-----	-----	-----
Comprehensive income.....	\$ 1,109	\$ 3,465	\$ 3,866
	=====	=====	=====

See accompanying notes to condensed financial information and notes to Consolidated Financial Statements incorporated herein by reference.

THE ALLSTATE CORPORATION AND SUBSIDIARIES
SCHEDULE II (CONTINUED)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF FINANCIAL POSITION

(\$ IN MILLIONS, EXCEPT PAR VALUE DATA)

	DECEMBER 31,	
	1999	1998
ASSETS		
Investments in subsidiaries.....	\$ 19,112	\$ 18,720
Investments		
Fixed income securities, at fair value (amortized cost \$825 and \$484)	824	484
Short-term.....	447	430
Total investments.....	1,271	914
Receivable from subsidiaries.....	402	563
Other assets.....	135	81
TOTAL ASSETS.....	\$ 20,920	\$ 20,278
LIABILITIES		
Short-term debt.....	\$ 594	\$ 393
Long-term debt.....	2,125	1,300
Payable to subsidiaries.....	1,285	1,182
Dividends payable to shareholders.....	120	111
Other liabilities.....	195	52
TOTAL LIABILITIES.....	4,319	3,038
SHAREHOLDERS' EQUITY		
Preferred stock, \$1 par value, 25 million shares authorized, none issued.....	-	-
Common stock, \$.01 par value, 2.0 billion shares authorized and 900 million issued; 787 million and 818 million shares outstanding.....	9	9
Additional capital paid-in.....	2,664	3,102
Retained income.....	16,728	14,490
Deferred ESOP expense.....	(216)	(252)
Treasury stock, at cost (113 million and 82 million shares).....	(3,929)	(3,065)
Accumulated other comprehensive income:		
Unrealized net capital gains.....	1,369	2,994
Unrealized foreign currency translation adjustments.....	(24)	(38)
Total accumulated other comprehensive income.....	1,345	2,956
TOTAL SHAREHOLDERS' EQUITY.....	16,601	17,240
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$ 20,920	\$ 20,278

See accompanying notes to condensed financial information and notes to Consolidated Financial Statements incorporated herein by reference.

THE ALLSTATE CORPORATION AND SUBSIDIARIES
SCHEDULE II (CONTINUED)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF CASH FLOWS

(\$ IN MILLIONS)

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income.....	\$ 2,720	\$ 3,294	\$ 3,105
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in net income of subsidiaries.....	(2,771)	(3,190)	(2,984)
Realized capital gains and losses.....	6	(32)	(5)
Gain on disposition of operations.....	-	(49)	-
Dividends received from subsidiaries.....	2,211	1,497	623
Changes in other operating assets and liabilities.....	86	197	(233)
Net cash provided by operating activities.....	2,252	1,717	506
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and collections of investments.....	853	1,332	789
Investment purchases.....	(908)	(1,019)	(363)
Capital contributions to subsidiaries.....	(609)	(225)	-
Change in short-term investments, net.....	(4)	(335)	427
Proceeds from disposition of operations.....	-	49	-
Acquisitions, net of cash received.....	(87)	(275)	-
Net cash provided by (used in) investing activities.....	(755)	(473)	853
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in short-term debt, net.....	202	181	47
Transfers to subsidiaries through intercompany loan agreement, net.....	84	(181)	(47)
Repayment of long-term debt.....	-	(300)	-
Proceeds from issuance of long-term debt.....	825	500	250
Proceeds from borrowings from subsidiaries.....	-	405	-
Dividends paid to shareholders.....	(471)	(443)	(323)
Treasury stock purchases.....	(2,173)	(1,489)	(1,358)
Other.....	41	83	72
Net cash used in financing activities.....	(1,492)	(1,244)	(1,359)
CASH AT END OF YEAR.....	\$ 5	\$ -	\$ -
	=====	=====	=====

See accompanying notes to condensed financial information and notes to Consolidated Financial Statements incorporated herein by reference.

THE ALLSTATE CORPORATION AND SUBSIDIARIES
SCHEDULE II (CONTINUED)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
NOTES TO CONDENSED FINANCIAL INFORMATION

1. GENERAL

The financial statements of the Registrant should be read in conjunction with the Consolidated Financial Statements and notes thereto included in The Allstate Corporation 2000 Proxy Statement.

The long-term debt, and short-term debt and bank borrowings presented in Note 10 "Capital Structure" on page A-57 of the 2000 Proxy Statement, with the exception of the Floating Rate Notes and certain borrowings under credit lines, are direct obligations of the Registrant.

2. RECEIVABLE AND PAYABLE TO SUBSIDIARIES

The majority of the proceeds from the issuance of commercial paper have been loaned to subsidiaries through an intercompany loan agreement and are used for general purposes.

In 1996, the Registrant borrowed \$750 million from its subsidiary trusts at a weighted-average interest rate of 7.92%. These borrowings consist of \$550 million and \$200 million of debentures which mature in 2026 and 2045, respectively, and are redeemable by the Registrant in whole or in part beginning in 2001 and 2006, respectively. The maturity of the \$550 million debenture may be extended to 2045. In 1999, the Registrant assumed \$107 million of 6.75% subordinated debentures in connection with the acquisition of American Heritage Life Investment Corporation ("AHL"). The subordinated debentures were issued to AHL's subsidiary trust. The debentures mature on August 16, 2002, but may be partially or fully retired on August 16, 2000 under certain circumstances at the option of the holder (see Note 10 "Capital Structure" on page A-57 of the 2000 Proxy Statement). The Registrant recorded \$60 million, \$59 million and \$59 million of interest expense in 1999, 1998 and 1997, respectively, related to these borrowings.

3. OTHER INCOME AND GAIN ON DISPOSITION OF OPERATIONS

Other income primarily represents income from the settlement of certain employee benefits of its subsidiaries, mainly profit sharing obligations. The 1997 amount includes settlements for prior years. The gain on disposition of operations in 1998 was in connection with the conversion of 6.76% Automatically Convertible Equity Securities ("ACES") into common shares of The PMI Group, Inc.

4. SUPPLEMENTAL DISCLOSURES OF NON CASH INVESTING ACTIVITY AND CASH FLOW INFORMATION

The Registrant received dividends from subsidiaries of \$789 million, \$707 million and \$768 million in the form of fixed income securities in 1999, 1998 and 1997, respectively. In 1999, \$503 million of these securities were contributed to other subsidiaries of the Registrant.

The Registrant paid \$206 million, \$178 million and \$144 million of interest on debt in 1999, 1998 and 1997, respectively.

THE ALLSTATE CORPORATION AND SUBSIDIARIES
SCHEDULE III - SUPPLEMENTARY INSURANCE INFORMATION

(\$ IN MILLIONS)

SEGMENT	AT DECEMBER 31,		
	DEFERRED POLICY ACQUISITION COSTS	RESERVES FOR CLAIMS, CLAIMS EXPENSE AND CONTRACT BENEFITS	UNEARNED PREMIUMS
1999			
Property-liability operations			
PP&C.....	\$ 1,132	\$ 15,204	\$ 7,607
Discontinued lines and coverages.....	-	2,610	-
Total property-liability.....	1,132	17,814	7,607
Life and savings operations.....	2,987	32,796	64
Corporate and other.....	-	-	-
Total.....	\$ 4,119	\$ 50,610	\$ 7,671
1998			
Property-liability operations			
PP&C.....	\$ 915	\$ 14,297	\$ 6,376
Discontinued lines and coverages.....	-	2,584	1
Total property-liability.....	915	16,881	6,377
Life and savings operations.....	2,181	28,734	48
Corporate and other.....	-	-	-
Total.....	\$ 3,096	\$ 45,615	\$ 6,425
1997			
Property-liability operations			
PP&C.....	\$ 844	\$ 14,408	\$ 6,168
Discontinued lines and coverages.....	-	2,995	1
Total property-liability.....	844	17,403	6,169
Life and savings operations.....	1,982	27,471	64
Corporate and other.....	-	-	-
Total.....	\$ 2,826	\$ 44,874	\$ 6,233

(\$ IN MILLIONS)

SEGMENT	FOR THE YEAR ENDED DECEMBER 31,					
	PREMIUM REVENUE AND CONTRACT CHARGES	NET INVESTMENT INCOME (1)	CLAIMS, CLAIMS EXPENSE AND CONTRACT BENEFITS	AMORTIZATION OF POLICY ACQUISITION COSTS	OTHER OPERATING COSTS AND EXPENSES	PREMIUMS WRITTEN (EXCLUDING LIFE)
1999						
Property-liability operations						
PP&C.....	\$ 20,103		\$ 14,642	\$ 2,908	\$ 1,977	\$ 20,381
Discontinued lines and coverages.....	9		37	-	21	8
Total property-liability.....	20,112	\$ 1,761	14,679	2,908	1,998	20,389
Life and savings operations.....	1,623	2,260	2,578	374	372	187
Corporate and other.....	-	91	-	-	24	-
Total.....	\$ 21,735	\$ 4,112	\$ 17,257	\$ 3,282	\$ 2,394	\$ 20,576
1998						
Property-liability operations						
PP&C.....	\$ 19,307		\$ 13,572	\$ 2,644	\$ 1,735	\$ 19,516
Discontinued lines and coverages.....	-		29	-	22	(1)
Total property-liability.....	19,307	\$ 1,723	13,601	2,644	1,757	19,515
Life and savings operations.....	1,519	2,115	2,415	377	315	136
Corporate and other.....	-	52	-	-	(6)	-
Total.....	\$ 20,826	\$ 3,890	\$ 16,016	\$ 3,021	\$ 2,066	\$ 19,651
1997						
Property-liability operations						

PP&C.....	\$ 18,600		\$ 13,333	\$ 2,491	\$ 1,635	\$ 18,787
Discontinued lines and coverages.....	4		3	-	19	2
	-----		-----	-----	-----	-----
Total property-liability.....	18,604	\$ 1,746	13,336	2,491	1,654	18,789
Life and savings operations.....	1,502	2,085	2,415	298	302	132
Corporate and other	-	30	-	-	(19)	-
	-----	-----	-----	-----	-----	-----
Total.....	\$ 20,106	\$ 3,861	\$ 15,751	\$ 2,789	\$ 1,937	\$ 18,921
	=====	=====	=====	=====	=====	=====

(1) A single investment portfolio supports both property-liability segments.

THE ALLSTATE CORPORATION AND SUBSIDIARIES
SCHEDULE IV - REINSURANCE

(\$ IN MILLIONS)	GROSS AMOUNT -----	CEDED TO OTHER COMPANIES -----	ASSUMED FROM OTHER COMPANIES -----	NET AMOUNT -----	PERCENT OF AMOUNT ASSUMED TO NET -----
YEAR ENDED DECEMBER 31, 1999					
Life insurance in force.....	\$ 328,400 =====	\$ 107,234 =====	\$ 6,495 =====	\$ 227,661 =====	2.9%
Premiums and contract charges:					
Life insurance.....	\$ 1,546	\$ 221	\$ 18	\$ 1,343	1.3%
Accident-health insurance.....	288	20	12	280	4.3%
Property-liability insurance.....	19,977	389	524	20,112	2.6%
Total premiums and contract charges.....	\$ 21,811 =====	\$ 630 =====	\$ 554 =====	\$ 21,735 =====	2.5%
YEAR ENDED DECEMBER 31, 1998					
Life insurance in force.....	\$ 276,026 =====	\$ 73,769 =====	\$ 6 =====	\$ 202,267 =====	0.0%
Premiums and contract charges:					
Life insurance.....	\$ 1,430	\$ 174	\$ 6	\$ 1,262	0.4%
Accident-health insurance.....	238	4	23	257	8.9%
Property-liability insurance.....	19,666	433	74	19,307	0.4%
Total premiums and contract charges.....	\$ 21,334 =====	\$ 611 =====	\$ 103 =====	\$ 20,826 =====	0.5%
YEAR ENDED DECEMBER 31, 1997					
Life insurance in force.....	\$ 247,048 =====	\$ 52,760 =====	\$ 144 =====	\$ 194,432 =====	0.1%
Premiums and contract charges:					
Life insurance.....	\$ 1,401	\$ 165	\$ -	\$ 1,236	0.0%
Accident-health insurance.....	274	29	21	266	7.9%
Property-liability insurance.....	18,872	366	98	18,604	0.5%
Total premiums and contract charges.....	\$ 20,547 =====	\$ 560 =====	\$ 119 =====	\$ 20,106 =====	0.6%

THE ALLSTATE CORPORATION AND SUBSIDIARIES
SCHEDULE V - VALUATION ALLOWANCES AND QUALIFYING ACCOUNTS

(\$ IN MILLIONS)	DESCRIPTION	ADDITIONS			BALANCE AT END OF PERIOD	
		BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	OTHER ADDITIONS		DEDUCTIONS (1)
YEAR ENDED DECEMBER 31, 1999						
	Allowance for estimated losses on mortgage loans and real estate.....	\$ 15	\$ (1)	-	\$ -	\$ 14
	Allowance for reinsurance recoverable..	141	(3)	-	27	111
	Allowance for premium installment receivable.....	54	123	1	102	76
	Allowance for deferred tax assets.....	33	25	-	-	58
YEAR ENDED DECEMBER 31, 1998						
	Allowance for estimated losses on mortgage loans and real estate.....	\$ 39	\$ (16)	-	\$ 8	\$ 15
	Allowance for reinsurance recoverable..	147	-	-	6	141
	Allowance for premium installment receivable.....	61	86	-	93	54
	Allowance for deferred tax assets.....	12	21	-	-	33
YEAR ENDED DECEMBER 31, 1997						
	Allowance for estimated losses on mortgage loans and real estate.....	\$ 76	\$ (21)	-	\$ 16	\$ 39
	Allowance for reinsurance recoverable..	163	-	-	16	147
	Allowance for premium installment receivable.....	57	109	-	105	61
	Allowance for deferred tax assets.....	-	12	-	-	12

(1) Deductions in allowance for estimated losses on mortgage loans include amounts transferred to real estate. Deductions in allowance for reinsurance recovered represent write-offs, net of recoveries, of amounts determined to be uncollectible.

THE ALLSTATE CORPORATION AND SUBSIDIARIES
SCHEDULE VI - SUPPLEMENTARY INFORMATION CONCERNING
CONSOLIDATED PROPERTY-CASUALTY INSURANCE OPERATIONS

(\$ IN MILLIONS)

	AT DECEMBER 31,		
	1999	1998	1997
	----	----	----
Deferred policy acquisition costs.....	\$ 1,132	\$ 915	\$ 844
Reserves for unpaid claims and claim adjustments.....	17,814	16,881	17,403
Unearned premiums.....	7,607	6,377	6,169
	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
	----	----	----
Earned premiums.....	\$20,112	\$19,307	\$18,604
Net investment income.....	1,761	1,723	1,746
Claims and claims adjustment expense incurred			
Current year.....	15,266	14,301	14,013
Prior years.....	(587)	(700)	(677)
Amortization of deferred policy acquisition costs.....	2,908	2,644	2,491
Paid claims and claims adjustment expense.....	14,964	14,009	13,161
Premiums written.....	20,389	19,515	18,789

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
The Allstate Corporation:

We have audited the consolidated financial statements of The Allstate Corporation and subsidiaries as of December 31, 1999 and 1998, and for each of the three years in the period ended December 31, 1999, and have issued our report thereon dated February 25, 2000; such consolidated financial statements and report are included in The Allstate Corporation 2000 Proxy Statement and are incorporated herein by reference. Our audits also included the financial statement schedules of The Allstate Corporation and subsidiaries, listed in the Index at Item 14 (a) 2. These financial statement schedules are the responsibility of The Allstate Corporation's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Deloitte & Touche LLP

Chicago, Illinois
February 25, 2000

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 333-61817, 333-34583 and 333-95821 on Form S-3 and Registration Statement Nos. 33-77928, 33-93758, 33-93760, 33-93762, 33-99132, 33-99136, 33-99138, 333-04919, 333-16129, 333-23309, 333-40283, 333-40285, 333-40289 and 333-30776 on Form S-8 of The Allstate Corporation of our reports dated February 25, 2000, appearing in or incorporated by reference in this Annual Report on Form 10-K of The Allstate Corporation for the year ended December 31, 1999.

Deloitte & Touche LLP

Chicago, Illinois
March 24, 2000

EXHIBIT INDEX

The Allstate Corporation Form 10-K
For the Year Ended December 31, 1999

Exhibit No. -----	Document Description -----	Sequential Page No. -----
3(a)	Restated Certificate of Incorporation filed with the Secretary of State of Delaware on February 4, 1999. Incorporated herein by reference to Exhibit 3(a) to The Allstate Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999.**	
3(b)	By-Laws as amended effective May 18, 1999. Incorporated herein by reference to Exhibit 3(b) to The Allstate Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999.**	
4	The Allstate Corporation hereby agrees to furnish to the Commission, upon request, the instruments defining the rights of holders of each issue of long-term debt of it and its consolidated subsidiaries.	
10.1	Human Resources Allocation Agreement, dated as of May 27, 1993, among Sears, Roebuck and Co., The Allstate Corporation and Allstate Insurance Company. Incorporated herein by reference to Exhibit 10.14 to Registration Statement No. 33-59676.	
10.2	IPO Related Intercompany Agreement, dated as of May 29, 1993, between The Allstate Corporation and Sears, Roebuck and Co. Incorporated herein by reference to Exhibit 10.15 to Registration Statement No. 33-59676.	
10.3	Tax Sharing Agreement dated May 14, 1993 between Sears, Roebuck and Co. and its subsidiaries. Incorporated herein by reference to Exhibit 10.6 to Amendment No. 3 to Registration Statement No. 33-59676.	
10.4	Separation Agreement dated February 20, 1995 between Sears, Roebuck and Co. and The Allstate Corporation. Incorporated herein by reference to Exhibit 10(a) to The Allstate Corporation's Current Report on Form 8-K dated February 22, 1995.**	

Exhibit No. -----	Document Description -----	Sequential Page No. -----
10.5	Marketing File Separation Agreement dated February 20, 1995 between Sears, Roebuck and Co. and The Allstate Corporation. Incorporated herein by reference to Exhibit 10(b) to The Allstate Corporation's Current Report on Form 8-K dated February 22, 1995.**	
10.6	Supplemental Tax Sharing Agreement dated January 27, 1995 between Sears, Roebuck and Co. and The Allstate Corporation. Incorporated herein by reference to Exhibit 10(d) to The Allstate Corporation's Current Report on Form 8-K dated February 22, 1995.**	
10.7	Supplemental Human Resources Allocation Agreement dated January 27, 1995 between Sears, Roebuck and Co. and The Allstate Corporation. Incorporated herein by reference to Exhibit 10(e) to The Allstate Corporation's Current Report on Form 8-K dated February 22, 1995.**	
10.8	Profit Sharing and Employee Stock Ownership Plan Allocation Agreement dated January 27, 1995 between Sears, Roebuck and Co. and The Allstate Corporation. Incorporated herein by reference to Exhibit 10(f) to The Allstate Corporation's Current Report on Form 8-K dated February 22, 1995.**	
10.9*	Allstate Insurance Company Supplemental Retirement Income Plan, as amended and restated effective January 1, 1996. Incorporated herein by reference to Exhibit 10.11 to The Allstate Corporation's Annual Report on Form 10-K for 1995.**	
10.10*	The Allstate Corporation Deferred Compensation Plan, as amended and restated as of September 1, 1999**	E-6
10.11*	The Allstate Corporation Amended and Restated Deferred Compensation Plan for Non-Employee Directors, as amended and restated as of February 5, 1997. Incorporated herein by reference to Exhibit 10.13 to The Allstate Corporation's Annual Report on Form 10-K for 1997.**	

10.12*	The Allstate Corporation Annual Executive Incentive Compensation Plan, as amended and restated as of March 9, 1999. Incorporated herein by reference to Exhibit 10.14 to The Allstate Corporation's Annual Report on Form 10-K for 1998.**	
10.13*	The Allstate Corporation Long-Term Executive Incentive Compensation Plan, as amended and restated as of March 9, 1999. Incorporated herein by reference to Exhibit 10.15 to The Allstate Corporation's Annual Report on Form 10-K for 1998.**	
10.14*	The Allstate Corporation Equity Incentive Plan, as amended and restated as of November 10, 1998. Incorporated herein by reference to Exhibit 10.16 to The Allstate Corporation's Annual Report on Form 10-K for 1998.**	
10.15*	Form of stock option under the Equity Incentive Plan.	E-20
10.16*	Form of stock option with reload under the Equity Incentive Plan	E-26
10.17*	Form of restricted stock grant under the Equity Incentive Plan.	E-32
10.18*	The Allstate Corporation Equity Incentive Plan for Non-Employee Directors as amended and restated on November 10, 1998. Incorporated herein by reference to Exhibit 10.19 to The Allstate Corporation's Annual Report on Form 10-K for 1998.**	
10.19*	The Allstate Corporation Employees Replacement Stock Plan, as amended and restated on November 10, 1998. Incorporated herein by reference to Exhibit 10.20 to The Allstate Corporation's Annual Report on Form 10-K for 1998.**	
10.20*	Form of stock option under the Employees Replacement Stock Plan. Incorporated herein by reference to Exhibit 10.21 to The Allstate Corporation's Annual Report on Form 10-K for 1995.**	

10.21*	Form of restricted stock grant under the Employees Replacement Stock Plan. Incorporated herein by reference to Exhibit 10.22 to The Allstate Corporation's Annual Report on Form 10-K for 1995.**	
10.22*	The Allstate Corporation Annual Covered Employee Incentive Compensation Plan adopted and made effective on March 9, 1999. Incorporated herein by reference to Exhibit 10.23 to The Allstate Corporation's Annual Report on Form 10-K for 1998.**	
10.23*	Voluntary Non-Competition Agreement between Robert W. Gary and Allstate Insurance Company dated December 9, 1999	E-35
10.24*	Voluntary Retirement Agreement and Release between Louis G. Lower, II and Allstate Insurance Company dated January 6, 2000	E-38
10.25*	Supplemental Retirement Benefit Agreement between Casey J. Sylla and Allstate Insurance Company dated June 18, 1996	E-44
10.26*	Retirement Benefits of Edward M. Liddy, Chairman, President and Chief Executive Officer. Incorporated herein by reference to Exhibit 10.1 to The Allstate Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.**	
10.27*	CEO Change of Control Employment Agreement. Incorporated herein by reference to Exhibit 10.3 to The Allstate Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.**	
10.28*	Other Named Executive Officer Change of Control Employment Agreement. Incorporated herein by reference to Exhibit 10.4 to The Allstate Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.**	
11	Computation of Earnings per Common Share	E-48
12	Computation of Earnings to Fixed Charges Ratio	E-49

21	Subsidiaries of The Allstate Corporation	E-50
23	Independent Auditors' Consent	S-12
27	Financial Data Schedule, submitted electronically to the Securities and Exchange Commission for information only and not filed.	E-54
99	The Allstate Corporation's Notice of Annual Meeting and Proxy Statement dated March 27, 2000 is incorporated herein by reference.	

* A management contract or compensatory plan or arrangement
** SEC File Number 1-11840

THE ALLSTATE CORPORATION
DEFERRED COMPENSATION PLAN
AMENDED AND RESTATED AS OF SEPTEMBER 1, 1999

ARTICLE I
DESIGNATION OF PLAN AND DEFINITIONS

1.1 TITLE

This Plan shall be known as "The Allstate Corporation Deferred Compensation Plan." The Plan was adopted by Allstate Insurance Company effective January 1, 1995 . The Plan was amended and restated by the Company, effective January 1, 1996, November 11, 1997 and September 1, 1999.

1.2 DEFINITIONS

The following definitions will apply:

- (a) "Account" shall mean the bookkeeping entries made to state the balance of Compensation deferred by a Participant under the Plan, as adjusted pursuant to Article IV of the Plan.
- (b) "Beneficiary" or "Contingent Beneficiary" shall mean the person or persons last designated in writing by the Participant to the Committee, in accordance with Section 8.5 of this Plan.
- (c) "Board" shall mean the Board of Directors of the Company.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (e) "Committee" shall mean the Committee appointed by the Board of Directors pursuant to Article VI of this Plan, and shall mean those persons to whom the Committee has delegated administrative duties pursuant to Section 6.1(g).
- (f) "Compensation" shall mean all of the items included in the term "Annual Compensation" as that term is defined in the Allstate Retirement Plan without regard to the annual compensation limit imposed by Section 401(a)(17) of the Code.

- (g) "Compensation Floor" shall be the compensation limit in effect pursuant to Section 401(a)(17) of the Code for a Plan Year.
- (h) "Company" shall mean The Allstate Corporation.
- (i) "Controlled Group" shall mean any corporation or other business entity which is included in a controlled group of corporations, within the meaning of section 1563(a)(i) of the Code, within which the Company is also included.
- (j) "Eligible Compensation" shall mean (i) an Employee's Compensation through October 31 of the calendar year immediately preceding a Plan Year, plus two times the Employee's base salary for the month of October of the calendar year immediately preceding the Plan Year; or (ii) an Employee's Compensation for the calendar year two years before a Plan Year.
- (k) "Eligible Employee" shall mean any Employee who is eligible to participate under Article II of this Plan.
- (l) "Eligible Salary" shall mean an Employee's base salary in October of the calendar year immediately preceding a Plan Year, multiplied by 12.
- (m) "Employee" shall mean any regular, full-time employee of the Company, of Allstate Insurance Company, of Allstate New Jersey Insurance Company, of Allstate Federal Savings Bank or of any other affiliate in the Controlled Group which adopts the Plan, but shall in no event include persons classified as agents.
- (n) "Hardship" shall mean severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in section 152(a) of the Code) of the Participant, or loss of the Participant's property due to casualty, or similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.
- (o) "Investment" shall mean the elections made by Participants to make allocations and reallocations of deferrals and Account balances among the subaccounts described in Section 4.3(b), together with accruals and adjustments reflecting the hypothetical experience of the subaccounts.

- (p) "Participant" shall mean an Eligible Employee participating in the Plan in accordance with Article II hereof.
- (q) "Plan" shall mean The Allstate Corporation Deferred Compensation Plan as set forth herein, and as amended from time to time in accordance with Article VII hereof.
- (r) "Plan Year" shall mean the fiscal year of the Company, which is a calendar year, for which eligibility is determined.
- (s) "Separation from Service" means the termination of a Participant's employment with any company in the Controlled Group for any reason whatsoever, including retirement, resignation, dismissal or death, but does not include a transfer to status as an employee insurance agent or as an exclusive agent independent contractor for a member of the Controlled Group which has adopted the Plan.

ARTICLE II
PARTICIPATION

2.1 ELIGIBILITY

An Employee shall be an Eligible Employee if his Eligible Compensation or his Eligible Salary is equal to or in excess of the Compensation Floor for the Plan Year.

2.2 NOTICE OF ELIGIBILITY

The Committee shall notify each Eligible Employee no later than 30 days prior to the first business day of any Plan Year or as soon thereafter as practicable, that he/she is entitled to become a Participant in the Plan for such Plan Year.

2.3 PARTICIPATION ELECTION

- (a) Each Eligible Employee may elect, in accordance with procedures and during the time frames established by the Committee, to become a Participant in the Plan for a Plan Year. The election must be received by the Committee no later than the last business day of the preceding calendar year, and shall specify the percentage of base salary and/or Incentive to be deferred during the Plan Year. A Participant may not change his/her deferral election for the Plan Year after the Plan Year has commenced. However, a Participant may at any time irrevocably elect to suspend participation in the Plan for the remainder of a Plan Year, but only as to future deferrals of salary.

- (b) Any person who the Committee determines to be an Eligible Employee in the Plan Year in which he/she first becomes an Employee shall be provided an opportunity within 30 days of employment to participate in the Plan for that Plan Year.

ARTICLE III
DEFERRALS

3.1 AMOUNT OF DEFERRAL

- (a) Each Participant may elect to defer, in whole number percentages, up to 80% of base salary for the Plan Year. No deferrals of base salary will be recognized until Compensation in the Plan Year reaches the Compensation Floor for the Plan Year.
- (b) Each Participant may elect to defer, in whole number percentages, up to 100% of the Incentive actually payable in the Plan Year.
- (c) Deferrals shall be recognized only after the Compensation Floor for the Plan Year has been reached, and only after all other deductions required by federal or state law or elected by the Participant have been withheld. Deferrals may be reduced by the Committee to the extent necessary to permit required or elected withholdings.
- (d) Except as provided in Section 3.1(e), if a Participant has elected to defer Compensation for a Plan Year which would otherwise be includible in the calculation of the Participant's pension benefit under the Allstate Retirement Plan or the Agents Pension Plan for such Plan Year the Company shall, prior to the end of such Plan Year, refund such excess deferral to the Participant.
- (e) To the extent a Participant is on leave of absence for all or part of the Plan Year, and the Participant's Compensation less any amounts deferred is less than the Compensation Floor for such year, the Company shall, prior to the end of such Plan Year, pay the Participant the lesser of:
 - (1) The amount deferred during the year; or
 - (2) The difference between (i) the Compensation Floor and (ii) the amount of the Participant's Compensation less the amount the Participant deferred.

3.2 EFFECTIVE DATE OF DEFERRAL

Compensation deferred shall be credited to a Participant's Account by bookkeeping entry as set forth in Section 4.2.

3.3 USE OF AMOUNTS DEFERRED

Amounts credited to Accounts shall be a part of the general funds of the Company, shall be subject to all the risks of the Company's business, and may be deposited, invested or expended in any manner whatsoever by the Company.

ARTICLE IV ACCOUNTS AND VESTING

4.1 ESTABLISHMENT OF ACCOUNT

The Committee shall establish, by bookkeeping entry on the books of the Company, an Account for each Participant. Accounts shall not be funded in any manner.

4.2 CONTRIBUTIONS TO ACCOUNT

The Committee shall cause deferred Compensation to be credited by bookkeeping entry to each Participant's Account as of the day in which the Compensation otherwise would have been payable to the Participant, or as soon thereafter as is administratively practicable.

4.3 MAINTENANCE OF ACCOUNT BALANCES - SUBACCOUNT ELECTIONS

- (a) Investment of deferrals shall be made among one or more of the Subaccounts described in Section 4.3(b). Each Investment shall be made in accordance with procedures established by the Committee and shall specify that portion of the Participant's deferrals on the date of such election to be invested in each Subaccount. In its sole discretion, the Committee may withhold one or more of the Subaccounts from Investment by Participants for a Plan Year or Years. Investments of deferrals and reallocations of existing Account balances must be made in whole percentage increments of the deferrals and reallocations

Each Account shall be adjusted, as applicable, to apply credits for contributions, interest, dividend equivalents and other earnings and to

apply debits for Plan administration and investment expenses, for losses and for distributions. All such adjustments shall be bookkeeping entries reflecting hypothetical experience for the Subaccounts in which Investments are made.

(b) The Subaccounts in which Investments may be made are:

(1) Subaccount #1 - SSGA-TM- SHORT TERM INVESTMENT Fund - a diversified portfolio of short term fixed-income securities managed by State Street Global Advisors (SSgA-TM-). The fund's objective is to maximize current income while preserving capital and liquidity. The fund's yield reflects short-term interest rates.

(2) Subaccount #2 - SSGA-TM- BOND MARKET INDEX FUND SERIES A - a collective fund of fixed -income securities managed by State Street Global Advisors (SSgA-TM-). The fund invests in U.S. Treasury, agency, corporate, mortgage-backed, and asset-backed debt securities. The fund's objective is to match the total rate of return of the Lehman Aggregate Bond Index, a broad-based domestic bond index composed of more than 5,000 debt securities with all securities having an average life of at least one year. The rate of return on the Bond Fund is influenced by, among other things, changes in interest rates, the market price of bonds and the financial stability of the issuers.

(3) Subaccount #3 - SSGA-TM- S&P 500(1) FLAGSHIP FUND SERIES A - a collective fund managed by State Street Global Advisors (SSgA-TM-), which invests in a diversified portfolio of stocks in a broad array of large, established companies. The fund's objective is to match the total rate of return of the Standard & Poor's (S&P) 500 Index(1) , which consists of 500 stocks chosen for market size, liquidity and industry group representation. SSGA-TM- replicates the index by purchasing all 500 component equities in the appropriate market-value weighted proportions. The rate of return on the S&P 500(1) Fund is influenced by the market price and dividends of the stocks held in the fund.

(4) Subaccount #4 - DAILY EAFE FUND SERIES A - a fund, managed by State Street Global Advisors (SSgA-TM-), which invests in a diversified portfolio of stocks outside of North and South America. The fund's objective is to match the total rate of returns and characteristics of the Morgan Stanley Capital International (MSCI) Europe, Australia, Far East (EAFE) Index. The index consists of more than 1,100 stocks in over 20 countries outside of North and South America and represents approximately

60% of the total market capitalization in those countries. SSgA-TM- employs an index replication approach to construct a fund whose return tracks the MSCI EAFE Index. The rate of return on the International Equity Fund is influenced by the market price of the stocks held in the fund, dividends and other income and foreign currency exchange rates.

(5) Subaccount #5 - SSgA-TM- RUSSELL 2000 FUND SERIES A - a collective fund managed by State Street Global Advisors (SSgA-TM-), which invests in a diversified portfolio of small capitalized U.S. stocks. The fund's objective is to match the total rate of returns and characteristics of the Russell 2000 Index, which consists of the smallest 2000 U.S. securities in the Russell 3000 Index. SSgA-TM- employs an index replication approach to construct a fund whose return tracks the Russell 2000 index. The rate of return on the Russell 2000 Fund is influenced by the market price and dividends of the stocks held in the fund.

(c) A Participant may, in accordance with procedures established by the Committee, change his Subaccount investment elections daily regarding existing Account balances and future contributions. If an election is received by the close of the New York Stock Exchange on a business day, it will be effective as of the next business day.

4.4 VESTING

A Participant shall be fully vested in his/her Account at all times, subject to Sections 3.3 and 8.2.

ARTICLE V PAYMENTS

5.1 EVENTS CAUSING ACCOUNTS TO BECOME DISTRIBUTABLE

- (a) A Participant's Account shall become distributable on the date of his/her Separation from Service or, at the election of the Participant, in one of the first through fifth years after Separation from Service. In either event, the Participant may elect to receive payment in a lump sum or in annual installments as provided in Section 5.3.
- (b) That portion of a Participant's Account determined by the Committee to be necessary to alleviate a demonstrated Hardship shall become distributable on the date of such determination.

- (c) A Participant may make an irrevocable election prior to September 1, 1999, to receive a distribution as of the first day of any Plan Year prior to Separation from Service, provided such date occurs subsequent to the Plan Year in which the Participant first participates in this Plan and at least three years after the date the Participant makes an election pursuant to this Section 5.1(d). In such case, that portion of the Participant's Account attributable to Compensation deferred, and accruals thereon, after the Committee receives such election shall become distributable on the date elected. Any balance in the Participant's Account remaining after any payment under this paragraph and any balance in the Account attributable to participation in the Plan in any year subsequent to the year in which a payout on such date certain occurs, shall be paid to the Participant as provided in paragraphs (a) or (b) above.
- (d) Effective September 1, 1999, a Participant may at any time irrevocably elect to receive distribution of his entire Account balance, subject to the forfeiture to the Company of 10% of such Account balance and subject to termination of participation in the Plan by the Participant for the remainder of the Plan Year and for the next succeeding Plan Year.

5.2 NOTICE OF ACCOUNT PAYMENT AND COMMENCEMENT OF DISTRIBUTION

The Committee or its appointed representative shall notify a Participant or Beneficiary, as the case may be, that he/she is entitled to receive payment from an Account, no later than the first day of the month succeeding the date on which the Account becomes distributable, or as soon thereafter as practicable. Distribution of Account balances shall commence on the first day of the month coincident with or next following the date elected by the Participant pursuant to Section 5.4, or as soon thereafter as practicable.

5.3 FORM OF PAYMENT

- (a) Except as provided in paragraphs (c) and (d) of this Section 5.3 and Article VIII hereof, payments of Account balances to a Participant shall be in the form of one lump sum payment or annual cash installment payments over a period of from 2 to 10 years, at the election of the Participant.
- (b) The amount of each annual installment payable to a Participant who has elected to receive installment payments shall equal his remaining account balance as of that installment payment date divided by the number of

remaining installments, including the one being paid. Annual installment payments shall be computed as of the close of business on the day before they are to commence pursuant to Section 5.2 and on each December 31 thereafter. Interest accruals and other adjustments shall continue with respect to the entire unpaid Account balance, as provided in Section 4.3.

- (c) In the event of a Participant's death prior to full distribution of his/her Account, the remaining Account balance shall be paid in a lump-sum to the Beneficiary or Beneficiaries designated by the Participant, as soon as practicable after a Participant's death.
- (d) Notwithstanding the provisions of paragraph (b) above, if the remaining unpaid Account balance is \$5,000 or less on any date an annual installment payment is to be made to a Participant, the payment shall be the remaining unpaid Account balance.

5.4 DISTRIBUTION ELECTION

- (a) Each Participant shall elect his/her desired form of payment, in accordance with procedures established by the Committee, at the time of his/her initial participation election set forth in Section 2.3.
- (b) Except for distribution elections under Section 5.1(c) and (d), each Participant may from time to time revise the terms of distribution of the Participants Accounts, in accordance with the procedures established by the Committee, provided that (i) the revised notice of the desired form of payment shall be made by the Participant no less than twelve months prior to the date on which payment is to commence, but in any event no later than the day before the date of the Participant's Separation from Service and (ii) in any event, distribution of the Participant's Account shall not commence earlier than twelve months after the Participant's revised notice of the desired form of payment is made.

ARTICLE VI
ADMINISTRATION

6.1 GENERAL ADMINISTRATION; RIGHTS AND DUTIES

The Board shall appoint the Committee, which, subject to the express limitations of the Plan, shall be charged with the general administration of the Plan on behalf of the Participants. The Committee shall also be responsible for carrying out its provisions, and shall have all powers necessary to accomplish those purposes, including, but not by way of limitation, the following:

- (a) To construe and interpret the Plan;
- (b) To compute the amount of benefits payable to Participants;
- (c) To authorize all disbursements by the Company of Account balances pursuant to the Plan;
- (d) To maintain all the necessary records for the administration of the Plan;
- (e) To make and publish rules for administration and interpretation of the Plan and the transaction of its business;
- (f) To inform each Participant as soon as practicable after the end of each calendar quarter of the value of the Participant's Account as of the end of such calendar quarter;
- (g) To delegate the administration of the Plan in accordance with its terms to officers or employees of the Company, of Allstate Insurance Company or of an independent consultant retained by the Committee who the Committee believes to be reliable and competent. The Committee may authorize officers or employees of the Company or of Allstate Insurance Company to whom it has delegated duties under the Plan to appoint other persons to assist the delegate in administering the Plan; and
- (h) To refuse to accept the deferral of amounts the Committee or its delegate considers too small to be administratively feasible.

The determination of the Committee as to any disputed question or controversy shall be conclusive.

ARTICLE VII
PLAN AMENDMENTS AND TERMINATION

7.1 AMENDMENTS

The Company shall have the right to amend this Plan from time to time by resolutions of the Board or by the Committee, and to amend or rescind any such amendments; provided, however, that no action under this Section 7.1 shall in any way reduce the amount of Compensation deferred or any accruals or other adjustments provided in section 4.3 up to and including the end of the month in which such action is taken. Interest will continue to accrue as provided in Section 4.3. All amendments shall be in writing and shall be effective as provided subject to the limitations in this Section 7.1.

7.2 TERMINATION OF PLAN

Although the Company expects that this Plan will continue indefinitely, continuance of this Plan is not a contractual or other obligation of the Company, and the Company expressly reserves its right to discontinue this plan at any time by resolutions of the Board, effective as provided by the Board in such resolutions. However, no such action shall in any way reduce the amount of Compensation deferred or any accruals thereon, up to and including the end of the month in which such action is taken. Accruals to Accounts shall continue until distribution as provided in Section 4.3.

ARTICLE VIII
MISCELLANEOUS

8.1 NOTIFICATION TO COMMITTEE

Any election made or notification given by a Participant pursuant to this Plan shall be made in accordance with procedures established by the Committee or its designated representative, and shall be deemed to have been made or given on the date received by the Committee or such representative.

8.2 PARTICIPANT'S EMPLOYMENT

Participation in this Plan shall not give any Participant the right to be retained in the employ of the Company, Allstate Insurance Company of any member of the Controlled Group, or any right or interest other than as herein provided. No Participant or Employee shall have any right to any payment or benefit hereunder except to the extent provided in this Plan. The members of the Controlled Group expressly reserve the right to dismiss any Participant without any liability for any claim against them, except to the extent expressly provided herein.

8.3 STATUS OF PARTICIPANTS

This Plan shall create only a contractual obligation on the part of the Company and shall not be construed as creating a trust or other fiduciary relationship with Participants. Participants will have only the rights of general unsecured creditors of the Company with respect to Compensation deferred and interest credited to their Accounts.

8.4 OTHER PLANS

This Plan shall not affect the right of any Employee or Participant to participate in and receive benefits under and in accordance with the provisions of any other Company plans which are now or may hereafter be in existence.

8.5 BENEFICIARIES AND CONTINGENT BENEFICIARIES

Each Participant shall, in accordance with procedures established by the Committee, designate one or more persons or entities (including a trust or trusts or his/her estate) to receive any balance in his/her Account, including accruals thereon, payable to him/her under this Plan in the event of his/her death prior to full payment thereof. The Participant may also designate a person or persons as a Contingent Beneficiary or Contingent Beneficiaries who shall succeed to the rights of the person or persons originally designated as Beneficiary or Beneficiaries, in case the latter should die. He/she may from time to time change any designation of Beneficiary or Contingent Beneficiary so made, and the last written notice given by him/her to the Committee shall be controlling.

In the event a Participant designates a person other than his/her spouse as Beneficiary of any interests under this Plan, the Participant's spouse shall sign a statement specifically approving such designation and authorizing the Committee to make payment of such interests in the manner provided in such designation. In the absence of such designation by the Participant, or in the absence of spousal approval and authorization as herein above provided, or in the event of the death prior to or simultaneous with the death of the Participant, of all Beneficiaries or

Contingent Beneficiaries, as the case may be, to whom payments were to be made pursuant to a designation by the Participant, such payments or any balance thereof shall be paid to the Participant's legal representatives.

In the event of the death, subsequent to the death of the Participant, of all Beneficiaries or Contingent Beneficiaries, as the case may be, to whom such payments were to be made or were being made pursuant to a designation under this section, such payments or any balance thereof shall be paid to the legal representatives of such Beneficiaries or Contingent Beneficiaries.

8.6 TAXES AND OTHER CHARGES

To the extent permitted by law, if the whole or any part of a Participant's Account shall become the subject of any estate, inheritance, income or other tax or other charge which the Company shall legally be required to withhold and/or pay, the Company shall have full power and authority to pay such tax or other charge out of any monies or other property in its hands and charge such amounts paid against the Account of the Participant whose interest hereunder is subject to such tax or other charge. Prior to making any such payment, the Company may require such releases or other documents from any lawful authority as the Company shall deem necessary.

8.7 BENEFITS NOT ASSIGNABLE; OBLIGATIONS BINDING UPON SUCCESSORS

Benefits under this Plan and rights to receive the amounts credited to the Account of a Participant shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Plan, other than by operation of law, shall not be permitted or recognized. Obligations of the Company under this Plan shall be binding upon successors of the Company.

8.8 ILLINOIS LAW GOVERNS; SAVING CLAUSE

The validity of this Plan or any of its provisions shall be construed and governed in all respects under and by the laws of the State of Illinois. If any provisions of this Plan shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

8.9 HEADINGS NOT PART OF PLAN

Headings and subheadings in this Plan are inserted for reference only, and are not to be considered in the construction of the provisions hereof.

(1) The Product is not sponsored, endorsed, sold or promoted by Standard & Poor's Corporation (S&P"). S&P makes no representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product particularly or the ability of the S&P 500 Index to track general stock market performance. S&P's only relationship to the Licensee is the licensing of certain trademarks and trade names of S&P and of the S&P 500 Index which is determined, composed and calculated by S&P without regard to the Licensee or the Product. S&P has no obligation to take the needs of the Licensee or the owners of the Product into consideration in determining, composing or calculating the S&P 500 Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Product or the timing of the issuance or sale of the Product or in the determination or calculation of the equation by which the Product is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Product. S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN AND S&P SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, OWNERS OF THE PRODUCT, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

Region - Dept
Employee Name
Address
City, State Zip Code

Grant Date:
Number of Shares:
Price Per Share:
Employee #:
Reference:

1. GRANT OF OPTION AND VESTING SCHEDULE.

Pursuant to action taken by the Board of Directors of The Allstate Corporation (the "Company") and the Compensation and Succession Committee (the "Committee") under The Allstate Corporation Equity Incentive Plan (the "Plan"), the terms of which are specifically incorporated herein by reference, you are hereby granted the option (herein called "this option") to purchase, at the price per share shown above ("Option Price"), upon and subject to the provisions and conditions hereinafter set forth, the total number of shares (the "Shares") of common stock of the Company (the "Stock") shown above, in ___ equal installments, each for _____ of the total number of said shares, such installments to vest, respectively, on the ___ day of _____ in each of the years _____. This option shall be solely and exclusively an option to purchase the Shares, subject to Sections 3 and 4, and (a) shall not be an incentive stock option (within the meaning of Section 422 of the Internal Revenue Code), (b) shall not include any right to receive Reload Options, and (c) shall not include any other form of Award.

2. EXERCISE OF OPTIONS.

You may exercise your right to purchase Shares included in any installment on or after the date on which such installment vests; provided however, that (a) you may not exercise for less than 25 of the Shares unless the exercise represents the entire remaining balance of Shares under this option, and (b) this option shall expire and no portion thereof may be exercised after _____ (the "Expiration Date").

The exercise of this option shall be made by you delivering to the Company or to the Company's designated representative written notice of intent to purchase a specific number of the Shares, on a stock purchase order form designated by the Company, together with payment in full therefor at the Option Price plus any applicable

withholding taxes as described in Section 4. Unless the Company advises you to send your notice and payment to a designated representative, such notice and payment shall be delivered to:

Stock Option Record Office
The Allstate Corporation
2775 Sanders Road, STE F5
Northbrook, Illinois 60062

Exercise shall become effective as of the date on which payment in full for the Shares being purchased is actually received by the Stock Option Record Office or by the Company's designated representative, provided that no payment shall be accepted which is received after the Expiration Date.

Payment shall be made in any one or any combination of the following forms: (a) by check, (b) by tendering Stock, (c) through simultaneous sale through a broker of shares of unrestricted Stock acquired on exercise, as permitted under Regulation T of the Federal Reserve Board, or (d) by notifying the Company to withhold from issuance a number of shares of Stock issuable upon exercise which, when multiplied by the Fair Market Value of Common Stock on the date of exercise, is equal to the aggregate Option Price. Only whole share(s) of Stock (and not fractional shares) may be tendered in payment and you must have owned any such shares of Stock (other than restricted Stock) tendered in payment, or a number of shares of Stock (other than restricted Stock), at least six months prior to the date of exercise. Delivery of Stock may be made either by (a) delivery of the certificate(s) for all such shares of Stock tendered in payment, accompanied by duly executed instruments of transfer in a form acceptable to the Company, or (b) direction to your broker to transfer, by book entry, such shares of Stock from your brokerage account to a brokerage account specified by the Company. Such shares of Stock tendered or withheld in payment shall be valued at their Fair Market Value on the date of exercise, or if the date of exercise is not a business day, on the next succeeding business day.

When payment is made by Stock or the withholding shares of Stock, the difference, if any, between the total purchase price for the Shares which you elect to purchase under this option and the Fair Market Value of the share(s) of Stock which you tender or withhold in payment plus any applicable taxes (unless you elect tax withholding as provided in Section 4 herein) shall be paid by check. You may not tender or authorize the withholding of shares of Stock, the Fair Market Value of which exceeds the total purchase price for the Shares which you elect to purchase under this option.

Delivery of shares of Stock upon exercise of this option shall be subject to all the provisions of this Agreement. You will receive a stock certificate representing the shares for which you have made payment (unless you elect tax withholding), except

that the Company shall not be obligated to deliver any certificates for the Shares purchased unless and until your check in payment for the Shares has cleared, and (i) there has been compliance with all federal and state laws and regulations and national or regional securities exchange requirements which the Company may deem applicable and (ii) all legal matters in connection with the sale and delivery of the Share(s) have been approved by the Company's counsel.

This option is granted for the purpose of affording selected key employees an opportunity to acquire a proprietary interest in the Company through stock ownership. However, any Shares purchased pursuant hereto will be your sole property, and the Company recognizes that you may find it necessary to sell all or part of such Shares for various reasons.

3. WAIVER OF EQUITABLE RELIEF.

By acceptance of this award, you agree to waive all rights to specific performance or injunctive or other equitable relief in connection with the award and you acknowledge that you have an adequate remedy at law in the form of damages.

4. TAX WITHHOLDING.

If any applicable taxes are required to be withheld with respect to exercise of all or any portion of this option, the Company shall be entitled to require as a condition to delivery of Shares purchased hereunder that (i) you pay to the Company an amount sufficient to satisfy all federal, state, and local withholding tax requirements, (ii) an amount sufficient to satisfy all federal, state and local withholding tax requirements be withheld by the Company from compensation otherwise due to you or from any Shares due to you under the Plan, or (iii) a combination of (i) and (ii). You may elect that all or any portion of any such withholding required to be deposited upon your exercise of this option shall be satisfied by having the Company withhold a portion of the whole shares issuable pursuant to your exercise of this option, subject to the following provisions. Such shares shall be valued at their Fair Market Value on the date of exercise.

5. TERMINATION OF EMPLOYMENT.

If you have a Termination of Employment, the unexercised portion of this option shall terminate, except that (a) if your Termination of Employment is other than by reason of (i) Retirement, (ii) Disability, or (iii) death, you may, within three months after such Termination of Employment, but in no event later than the Expiration Date, exercise all of any portion of this option that was vested as of the date of such Termination of Employment to the extent not previously exercised; (b) if your Termination of Employment is by reason of Disability, you may, within two years after such

Termination of Employment, but in no event later than the Expiration Date, exercise all or any portion of this option that was vested as of the date of such Termination of Employment to the extent not previously exercised; (c) if your Termination of Employment is by reason of Retirement, you may, within five years after such Termination of Employment, but in no event later than the Expiration Date, exercise all or any portion of this option that was vested as of the date of such Termination of Employment to the extent not previously exercised; and (d) if you die while employed by the Company or any of its Subsidiaries or during the period in which the Option continues to be exercisable after your Termination of Employment, your personal representative (or the person to whom this option is transferred by will or the applicable laws of the descent and distribution) may, within two years of the date of your death, but in no event later than the Expiration Date, exercise all or any portion of this option that was vested as of the date of your death to the extent not previously exercised.

6. ADJUSTMENTS.

The Committee may make provision, including but not limited to equitable adjustments in the number of Shares covered by this option and the Option Price or for the termination or continuation of this option as it may determine to be appropriate and equitable to reflect any stock dividend, stock split, reverse stock split, share combination, recapitalization, merger, consolidation, acquisition of property or shares, separation, spin-off, reorganization, stock rights offering, liquidation, or similar event of or by the Company.

7. LIMITATIONS ON TRANSFERABILITY.

Except as otherwise provided in the terms of a specific grant, each Award (other than unrestricted Stock) granted hereunder shall by its terms not be assignable or transferable other than by will or the laws of descent and distribution and may be exercised, during the Grantee's lifetime, only by the Grantee. Each share of restricted Stock shall be non-transferable until such share becomes nonforfeitable. NOTWITHSTANDING THE FOREGOING, the Committee shall have the authority, in its discretion, to grant (or to sanction by way of amendment of an existing grant) nonqualified stock options the vested portions of which may be transferred by the Grantee during his lifetime to (a) any member of his immediate family, (b) to a trust established for the exclusive benefit of himself or one or more members of his immediate family, or (c) to a partnership, the partners of which are limited to the Grantee and members of his immediate family. A transfer of a stock option pursuant to this Section 7 may only be effected by the Company at the written request of a Grantee and shall become effective only when recorded in the Company's record of outstanding stock options. In the event a stock option is transferred as contemplated in this Section 7 any Reload Options associated with such transferred stock option shall terminate, and

such transferred stock option may not be subsequently transferred by the transferee except by will or the laws of descent and distribution. Otherwise, a transferred stock option shall continue to be governed by and subject to the terms and limitations of the Plan and the relevant grant, and the transferee shall be entitled to the same rights as the Grantee, as if no transfer had taken place. As used in this Section 7, "immediate family" shall mean, with respect to any person, his/her spouse, any child, stepchild or grandchild, and shall include relationships arising from legal adoption.

8. NO STOCKHOLDER'S RIGHTS.

You shall not, by reason of the grant of this option, have any rights of a stockholder of the Company with respect to the Shares subject to this option until such Shares have been delivered upon due exercise of this option.

9. NON-PUBLIC INFORMATION.

You shall not, at any time during which you are in possession of confidential, material, non-public information about the Company as set forth in the Company's written policies concerning the purchase and sale of Company securities, sell any Shares obtained through exercise of this Option.

10. CHANGES IN LAW.

The Company reserves and shall have the right, by written notice to you, to change the provisions of the Option in any manner that it may deem necessary or advisable to carry out the purpose of its grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling or judicial decision; provided that any such change shall be applicable only to Shares for which payment shall not then have been made as herein provided.

11. CONTROLLING LAW.

The law of the State of Delaware, except its law with respect to choice of law, shall be controlling in all matters relating to or arising out of the Plan and this Option.

12. SEVERABILITY.

If all or any part of this option grant is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of this Agreement not declared to be unlawful or invalid. Any part of this Agreement so declared to be unlawful or invalid shall, if possible, be construed in a

manner which will give effect to the terms or such part to the fullest extent possible while remaining lawful and valid.

13. PLAN GOVERNS

This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of this Plan, the provisions of the Plan shall govern. Unless otherwise specified, all capitalized terms used herein shall have the same meaning as such terms have in the Plan.

REGION
EMPLOYEE NAME
ADDRESS
CITY, STATE ZIP

Grant Date:
Number of Shares:
Price Per Share:
Employee #:
Reference #:

1. GRANT OF OPTION AND VESTING SCHEDULE.

Pursuant to action taken by the Board of Directors of The Allstate Corporation (the "Company") and the Committee, under The Allstate Corporation Equity Incentive Plan (the "Plan"), the terms of which are specifically incorporated herein by reference, you are hereby granted the option (herein called "this option") to purchase, at the price per share shown above ("Option Price"), upon and subject to the provisions and conditions hereinafter set forth, the total number of shares (the "Shares") of common stock of the Company (the "Stock") shown above, in ___ equal installments, each for _____ of the total number of said shares, such installments to vest, respectively, on the ___ day of _____ in each of the years _____. This option shall be solely and exclusively an option to purchase the Shares, subject to Sections 3 and 4, and (a) shall not be an incentive stock option (within the meaning of Section 422 of the Internal Revenue Code) and (b) shall not include any other form of Award except reload option rights pursuant to the following paragraph.

You are also hereby granted reload option rights on the terms set forth in this paragraph each time you elect to pay all or a portion of the Option Price by tendering Stock upon any exercise of this option which occurs prior to _____ years before the expiration date of this option. Such reload option rights permit you to purchase, in the aggregate, a number of shares equal to the number of shares so tendered in payment, at a price per share equal to the fair market value of a share of stock on the date of your exercise. Such reload option rights shall be exercisable ratably in _____ equal installments, each for _____ of the total number of shares of Stock subject to the reload option, on the _____ anniversaries of the date of exercise on which you obtained such reload option rights. The terms and conditions applicable to any reload option rights shall be the same as provided in this option (except as modified in this paragraph), and shall expire on the Expiration Date set forth herein.

2. EXERCISE OF OPTIONS.

You may exercise your right to purchase Shares included in any installment on or after the date on which such installment vests; provided however, that (a) you may not exercise for less than 25 of the Shares unless the exercise represents the entire remaining balance of Shares under this option, and (b) this option shall expire and no portion thereof may be exercised after _____ (the "Expiration Date").

The exercise of this option shall be made by you delivering to the Company or to the Company's designated representative written notice of intent to purchase a specific number of the Shares, on a stock purchase order form designated by the Company, together with payment in full therefor at the Option Price plus any applicable withholding taxes as described in Section 4. Unless the Company advises you to send your notice and payment to a designated representative, such notice and payment shall be delivered to:

Stock Option Record Office
The Allstate Corporation
2775 Sanders Road, Ste. F5
Northbrook, Illinois 60062

Exercise shall become effective as of the date on which payment in full for the Shares being purchased is actually received by the Stock Option Record Office or by the Company's designated representative, provided that no payment shall be accepted which is received after the Expiration Date.

Payment shall be made in any one or any combination of the following forms: (a) by check, (b) by tendering Stock, (c) through simultaneous sale through a broker of shares of unrestricted Stock acquired on exercise, as permitted under Regulation T of the Federal Reserve Board, or (d) by notifying the Company to withhold from issuance a number of shares of Stock issuable upon exercise which, when multiplied by the Fair Market Value of Common Stock on the date of exercise, is equal to the aggregate Option Price. Only whole share(s) of Stock (and not fractional shares) may be tendered in payment and you must have owned any such shares of Stock (other than restricted Stock) tendered in payment, or a number of shares of Stock (other than restricted Stock) at least equal to the number of shares of Stock to be withheld in payment, for at least six months prior to the date of exercise. Delivery of Stock may be made either by (a) delivery of the certificate(s) for all such shares of Stock tendered in payment, accompanied by duly executed instruments of transfer in a form acceptable to the Company, or (b) direction to your broker to transfer, by book entry, such shares of Stock from your brokerage account to a brokerage account specified by the Company. Such shares of Stock tendered or withheld in payment shall be valued at their Fair Market Value on the date of exercise, or if the date of exercise is not a business day, on the next succeeding business day.

When payment is made by Stock or the withholding of shares of Stock, the difference, if any, between the total purchase price for the Shares which you elect to purchase under this option and the Fair Market Value of the share(s) of Stock which you tender or withhold in payment plus any applicable taxes (unless you elect tax withholding as provided in Section 4 herein) shall be paid by check. You may not tender or authorized the withholding of shares of Stock, the Fair Market Value of which exceeds the total purchase price for the Shares which you elect to purchase under this option.

Delivery of shares of Stock upon exercise of this option shall be subject to all the provisions of this Agreement. You will receive a stock certificate representing the shares for which you have made payment (unless you elect tax withholding), except that the Company shall not be obligated to deliver any certificates for the Shares purchased unless and until your check in payment for the Shares has cleared, and (i) there has been compliance with all federal and state laws and regulations and national or regional securities exchange requirements which the Company may deem applicable and (ii) all legal matters in connection with the sale and delivery of the Share(s) have been approved by the Company's counsel.

This option is granted for the purpose of affording selected key employees an opportunity to acquire a proprietary interest in the Company through stock ownership. However, any Shares purchased pursuant hereto will be your sole property, and the Company recognizes that you may find it necessary to sell all or part of such Shares for various reasons.

3. WAIVER OF EQUITABLE RELIEF.

By acceptance of this award, you agree to waive all rights to specific performance or injunctive or other equitable relief in connection with the award and you acknowledge that you have an adequate remedy at law in the form of damages.

4. TAX WITHHOLDING.

If any applicable taxes are required to be withheld with respect to exercise of all or any portion of this option, the Company shall be entitled to require as a condition to delivery of Shares purchased hereunder that (i) you pay to the Company an amount sufficient to satisfy all federal, state, and local withholding tax requirements, (ii) an amount sufficient to satisfy all federal, state and local withholding tax requirements be withheld by the Company from compensation otherwise due to you or from any Shares due to you under the Plan, or (iii) a combination of (i) and (ii). You may elect that all or any portion of any such withholding required to be deposited upon your exercise of this option shall be satisfied by having the Company withhold a portion of the whole shares issuable pursuant to your exercise of this option, subject the following provisions. Such shares shall be

valued at their Fair Market Value on the date of exercise. In addition, if you are an officer of the Company subject to Section 16(b) of the 1934 Act, your election to have shares withheld to satisfy such tax withholding requirements may be subject to certain restrictions.

5. TERMINATION OF EMPLOYMENT.

If you have a Termination of Employment, the unexercised portion of this option shall terminate, except that (a) if your Termination of Employment is other than by reason of (i) Retirement, (ii) Disability, or (iii) death, you may, within three months after such Termination of Employment, but in no event later than the Expiration Date, exercise all of any portion of this option that was vested as of the date of such Termination of Employment to the extent not previously exercised; (b) if your Termination of Employment is by reason of Disability, you may, within two years after such Termination of Employment, but in no event later than the Expiration Date, exercise all or any portion of this option that was vested as of the date of such Termination of Employment to the extent not previously exercised; (c) if your Termination of Employment is by reason of Retirement, you may, within five years after such Termination of Employment, but in no event later than the Expiration Date, exercise all or any portion of this option that was vested as of the date of such Termination of Employment to the extent not previously exercised; and (d) if you die while employed by the Company or any of its Subsidiaries or during the period in which the Option continues to be exercisable after your Termination of Employment, your personal representative (or the person to whom this option is transferred by will or the applicable laws of the descent and distribution) may, within two years of the date of your death, but in no event later than the Expiration Date, exercise all or any portion of this option that was vested as of the date of your death to the extent not previously exercised.

6. ADJUSTMENTS.

The Committee may make provision, including but not limited to equitable adjustments in the number of Shares covered by this option and the Option Price or for the termination or continuation of this option as it may determine to be appropriate and equitable to reflect any stock dividend, stock split, reverse stock split, share combination, recapitalization, merger, consolidation, acquisition of property or shares, separation, spin-off, reorganization, stock rights offering, liquidation, or similar event of or by the Company.

7. LIMITATIONS ON TRANSFERABILITY.

Except as otherwise provided in the terms of a specific grant, each Award (other than unrestricted Stock) granted hereunder shall by its terms not be assignable or transferable other than by will or the laws of descent and distribution and may be exercised, during the Grantee's lifetime, only by the Grantee. Each share of restricted Stock shall be non-transferable until such share becomes nonforfeitable. NOTWITHSTANDING THE FOREGOING, the Committee shall have the authority, in its discretion, to grant (or to sanction by way of amendment of an existing grant) nonqualified stock options the vested portions of which may be transferred by the Grantee during his lifetime to (a) any member of his immediate family, (b) to a trust established for the exclusive benefit of himself or one or more members of his immediate family, or (c) to a partnership, the partners of which are limited to the Grantee and members of his immediate family. A transfer of a stock option pursuant to this Section 7 may only be effected by the Company at the written request of a Grantee and shall become effective only when recorded in the Company's record of outstanding stock options. In the event a stock option is transferred as contemplated in this Section 7 any Reload Options associated with such transferred stock option shall terminate, and such transferred stock option may not be subsequently transferred by the transferee except by will or the laws of descent and distribution. Otherwise, a transferred stock option shall continue to be governed by and subject to the terms and limitations of the Plan and the relevant grant, and the transferee shall be entitled to the same rights as the Grantee, as if no transfer had taken place. As used in this Section 7, "immediate family" shall mean, with respect to any person, his/her spouse, any child, stepchild or grandchild, and shall include relationships arising from legal adoption.

8. NO STOCKHOLDER'S RIGHTS.

You shall not, by reason of the grant of this option, have any rights of a stockholder of the Company with respect to the Shares subject to this option until such Shares have been delivered upon due exercise of this option.

9. NON-PUBLIC INFORMATION.

You shall not, at any time during which you are in possession of confidential, material, non-public information about the Company as set forth in the Company's written policies concerning the purchase and sale of Company securities, sell any Shares obtained through exercise of this Option.

10. CHANGES IN LAW.

The Company reserves and shall have the right, by written notice to you, to change the provisions of the Option in any manner that it may deem necessary or advisable to carry out the purpose of its grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling or judicial decision; provided that any such change shall be applicable only to Shares for which payment shall not then have been made as herein provided.

11. CONTROLLING LAW.

The law of the State of Delaware, except its law with respect to choice of law, shall be controlling in all matters relating to or arising out of the Plan and this Option.

12. SEVERABILITY.

If all or any part of this option grant is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of this Agreement not declared to be unlawful or invalid. Any part of this Agreement so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms or such part to the fullest extent possible while remaining lawful and valid.

13. PLAN GOVERNS.

This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of this Plan, the provisions of the Plan shall govern. Unless otherwise specified, all capitalized terms used herein shall have the same meaning as such terms have in the Plan.

Date
 Grantee Name
 Address
 City, Zip Code

1. GRANT OF RESTRICTED STOCK

Pursuant to action taken by the Compensation and Succession Committee (the "Committee") of the Board of Directors of The Allstate Corporation (the "Company"), under The Allstate Corporation Equity Incentive Plan (the "Plan"), the terms of which are specifically incorporated herein by reference, you are hereby granted #,### shares of Common Stock, par value \$0.01 per share, of the Company, upon and subject to the restrictions, provisions and conditions hereinafter set forth (the "Restricted Stock").

Your shares of Restricted Stock shall be exchangeable for shares of unrestricted Common Stock of the Company and certificates shall be issued to you in one installment of #,### shares on _____. Shares of Restricted Stock may not be sold, transferred, pledged or otherwise assigned and shall, except to the extent exchangeable for shares of unrestricted Common Stock of the Company as hereinafter provided or as otherwise provided by the Committee after the date of this grant, be automatically cancelled upon your Termination of Employment (as such term is defined in the Plan) with the Company and its wholly-owned subsidiaries. You must sign the attached Stock Power form and return it to The Allstate Corporation, Stock Option Office, 2775 Sanders Road, Ste F5, Northbrook, Illinois, 60062 in order to comply with the terms of this grant.

Until your shares of Restricted Stock become unrestricted as set forth above, no certificates for your Restricted Stock will be issued to you, and your shares of Restricted Stock will be evidenced by certificates held by or on behalf of the Company, in book-entry form, or otherwise, as determined by the Company. As a holder of shares of Restricted Stock, you are otherwise entitled to all the rights (including voting and dividend rights) of a holder of an equivalent number of shares of unrestricted Common Stock of the Company.

2. TAX WITHHOLDING

Under existing laws and regulations, in general, the fair market value of the shares granted hereunder on the date such shares become exchangeable for shares of unrestricted Common Stock of the Company (the "Taxable Event") will be subject to federal income tax at ordinary rates and to social security tax and their respective withholding requirements, and may be subject to state and local taxes and withholding requirements. The Company shall be entitled to require as a condition of delivery of shares of Stock upon shares of Restricted Stock becoming nonforfeitable that upon the Taxable Event (i) you pay to the Company an amount sufficient to satisfy all federal, state and local withholding tax requirements, (ii) an amount sufficient to satisfy all federal, state and local withholding tax requirements be withheld by the Company from compensation otherwise due to you or from any shares due

to you under the Plan, or (iii) a combination of (i) and (ii). You may elect to satisfy your tax withholding obligation with respect to a Taxable Event by directing the Company to withhold shares of Stock otherwise deliverable to you having a Fair Market Value (as defined in the Plan) equal to (i) the minimum amount necessary to satisfy your required federal, state and local tax liability, or (ii) such greater amount, not to exceed your estimated federal tax liability.

3. ADJUSTMENTS

The Committee may make provision, including but not limited to equitable adjustments in the number of shares of Restricted Stock covered by this Award or for the termination or continuation of this Award as it may determine to be appropriate and equitable to reflect any stock dividend, stock split, reverse stock split, share combination, recapitalization, merger, consolidation, acquisition of property or shares, separation, spin-off, reorganization, stock rights offering, liquidation, or similar event of the Company.

4. CHANGES IN LAW

The Company reserves and shall have the right, by written notice to you, to change the provisions of the Award in any manner that it may deem necessary or advisable to carry out the purpose of its grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling or judicial decision; provided that any such change shall be applicable only to shares for which payment shall not then have been made as herein provided.

5. SEVERABILITY

If all or any part of this Award is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of this Agreement not declared to be unlawful or invalid. Any part of this Agreement so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms or such part to the fullest extent possible while remaining lawful and valid.

6. DEFINITIONS

Unless otherwise specified, all capitalized terms herein shall have the same meaning as such terms have in the Plan.

STOCK POWER

FOR VALUE received, I hereby sell, assign and transfer unto The Allstate Corporation #,### shares of The Allstate Corporation Common Stock, par value \$.01, awarded to me MONTH DAY, YEAR, under The Allstate Corporation Equity Incentive Plan and represented by the Certificate within, and do hereby irrevocably constitute and appoint the Secretary or any Assistant Secretary of The Allstate Corporation as attorney to transfer the said stock on the books of The Allstate Corporation, with full power of substitution in the premises.

Dated: DATE

PRINTED NAME

NAME

SIGNATURE

NOTE: PLEASE SIGN THIS FORM ONLY AND RETURN TO THE STOCK OPTION OFFICE, F5.

VOLUNTARY NON-COMPETITION AGREEMENT

WHEREAS, Allstate is engaged throughout the United States in the provision of personal property, casualty and life insurance; and

WHEREAS, Robert W. Gary ("Mr. Gary") has been the President of Allstate, Personal Lines for six years and has been a valued member of the Senior Management Team of Allstate for several years and has, as a result been in a position with Allstate which exposes him to virtually all of Allstate's Confidential Business Information as described in Section 4 of this Agreement; and

WHEREAS, Mr. Gary is retiring from his position as President;

Allstate and Mr. Gary agree as follows:

In consideration of the mutual promises and agreements hereinafter set forth, the receipt and sufficiency of which are hereby mutually acknowledged, Allstate Insurance Company ("Allstate") on its own behalf and on behalf of its officers, directors, agents, servants, employees, stockholders and assigns, its subsidiaries, parents and affiliates, and all other persons, firms, associations and corporations jointly or severally liable with it, and Mr. Gary, presently an employee of Allstate, do hereby enter into this Voluntary Non-Competition Agreement ("Agreement") and do hereby mutually covenant and agree as follows:

1. As of the close of business on December 31, 1999, Mr. Gary shall retire from Allstate. Following Mr. Gary's retirement on December 31, 1999, Allstate shall pay to Mr. Gary \$43,175 per month, subject to federal, state, and other applicable tax deductions beginning January 1, 2000 through December 31, 2000. Should Mr. Gary die after January 1, 2000 and on or before all payments have been made pursuant to this paragraph, the total unpaid balance of the payments provided for in this paragraph shall be paid in a lump sum to Mr. Gary's estate.
2. The exercisability of the Awards granted to Mr. Gary under The Allstate Corporation Equity Incentive Plan ("the Plan") on or prior to December 30, 1999 shall be accelerated to December 31, 1999.
3. Without limiting the effect of any other provision of this Agreement, the payments referred to in this Agreement shall not restrict Mr. Gary's right to seek employment apart from Allstate, or its subsidiaries, or to accept such employment, so long as, until December 31, 2000, such employment is not in a competitive business. For purposes of this Agreement, "competitive business" means any entity which 1) on the basis of total premiums for personal lines on a state by state basis as

available from A. M. Best for 1999 is one of the three largest personal lines insurance entities in any state of the United States; and any entity which 2) on the basis of total premiums for personal lines on a national basis (50 state) as available from A. M. Best for 1999 is one of the ten largest personal lines insurance entities in the United States. It is expressly agreed by the parties that, notwithstanding the foregoing, Mr. Gary's ownership of not more than five percent of the equity securities of any company having securities listed on an exchange or regularly traded in the over-the-counter market shall not, in and of itself, be deemed inconsistent with this paragraph.

4. As used in this Agreement, "Confidential Business Information" shall mean any proprietary information, and copyrighted information, relating to the business or affairs of Allstate or its products, regardless of media or form, including but not limited to, product development and marketing strategies and business strategies; provided, however, Confidential Business Information shall not include any information which is in the public domain or becomes known in the industry through no wrongful act on the part of Mr. Gary or breach of this Agreement. Mr. Gary will forever hold in strict confidence all such information and shall notify Allstate promptly should he become aware of any unauthorized disclosure of such information. Mr. Gary acknowledges that Allstate's Confidential Business Information is vital, sensitive, confidential and proprietary to Allstate.
5. This Agreement contains the entire agreement between the parties, and each acknowledge that there are no other agreements or understandings between them except as expressly provided for herein. This Agreement is to be governed by the law of the State of Illinois.
6. In order for Allstate to effectively prevent the disclosure of its Confidential Business Information, Mr. Gary agrees to notify Allstate, as soon as possible, if he is either subpoenaed to provide documents and/or testimony or is otherwise required by law to provide documents and/or testimony wherein Mr. Gary reasonably believes that the information he will be required to disclose contains Allstate's Confidential Business Information.

IN WITNESS WHEREOF, the parties hereto have approved and executed this Agreement on this 9th day of December, 1999.

/S/ROBERT W. GARY

Robert W. Gary

ALLSTATE INSURANCE COMPANY

By: /S/ROBERT W. PIKE

E-37

VOLUNTARY RETIREMENT AGREEMENT AND RELEASE

In consideration of the mutual promises and agreements hereinafter set forth, the receipt and sufficiency of which are hereby mutually acknowledged, Allstate Insurance Company ("Allstate") on its own behalf and on behalf of its officers, directors, agents, servants, employees, stockholders and assigns, its subsidiaries, parents and affiliates, and all other persons, firms, associations and corporations jointly or severally liable with it, and Louis G. Lower, II ("Mr. Lower") presently an employee of Allstate, do hereby enter into this Voluntary Retirement Agreement and Release ("Agreement") and do hereby mutually covenant and agree as follows:

1. Effective as of the close of business on January 31, 2000, Mr. Lower shall be relieved of all duties, obligations, and responsibilities of his present employment with Allstate and shall be placed on a personal leave of absence. Mr. Lower's personal leave of absence shall continue thereafter, to and including July 31, 2000. Mr. Lower shall be entitled to no further compensation, severance, salary, wage, bonus, stock option grants, vacation allowance or other form of remuneration or consideration except as hereinafter set forth in paragraph 2 of this Agreement. As of the close of business on July 31, 2000, Mr. Lower shall retire and shall be entitled to all benefits attributable to retirement status under Allstate employee benefit programs.

Nothing in this Agreement may be read to alter or amend any terms or conditions of Mr. Lower's employment with Allstate other than those specified in this Agreement. All other employment policies continue in effect with regard to Mr. Lower's employment.

2. Following Mr. Lower's retirement on July 31, 2000, Allstate agrees to pay Mr. Lower the lump sum of \$1,679,200.00, subject to federal, state, FICA, and other applicable tax deductions. As of January 31, 2000, Mr. Lower shall be entitled to receive no further stock option grants, should the Board of Directors approve stock option grants for option eligible employees such as Mr. Lower. Should Mr. Lower die after January 31, 2000 and before all payments have been made pursuant to this paragraph, the total unpaid balance of the payments and any awarded cash bonus provided for in this paragraph shall be paid in lump sum(s) to Mr. Lower's estate. Mr. Lower shall remain eligible to receive any cash bonus that may be awarded to him in

accordance with the terms of Allstate Annual Executive Incentive Compensation Plan for the 1999 performance year only, which cash bonus, if awarded to the category of employees which includes Mr. Lower, shall be paid in or about March, 2000. Mr. Lower shall also remain eligible to receive any cash bonus that may be awarded to him in accordance with the terms of the Allstate Long-Term Executive Incentive Compensation Plan for the 1997 - 1999 performance cycle only, which cash bonus, if awarded to the category of employees which includes Mr. Lower, shall be paid in or about March, 2000.

Without limiting the effect of any other provision of this Agreement, the payments referred to in this Agreement shall not restrict Mr. Lower's right at any time to seek employment apart from Allstate, or its subsidiaries, or to accept such employment, and any such employment by Mr. Lower will not affect his right to obtain the various payments and benefits provided in this Agreement. Mr. Lower shall not, however, seek employment at any time following his retirement with any Allstate office, subsidiary, or affiliate.

3. The exercisability of the Awards granted to Mr. Lower under The Allstate Corporation Equity Incentive Plan ("the Plan") on or prior to January 31, 2000 shall be accelerated to July 31, 2000, subject to the approval of the Compensation and Succession Committee of the Board of Directors of The Allstate Corporation in exercise of its authority under the Plan to accelerate the exercisability of Awards granted under the Plan.
4. Mr. Lower shall return his current company-owned vehicle to Allstate by January 31, 2000, or he may purchase his current company-owned vehicle, should he so desire, in accordance with the provisions of the Company Car Manual, at any time on or before January 31, 2000.
5. Mr. Lower agrees that company information assets such as trade secrets, copyrights, data files, and proprietary information, regardless of media or form, are the property of Allstate and their confidentiality and integrity must be respected. Mr. Lower shall return all company property and all copies, including but not limited to, files, data, studies, software, and equipment, to Allstate, on or before January 31, 2000. Except as may be required by law or process, Mr. Lower will forever hold in strict confidence all such information and shall notify Allstate

promptly should he become aware of any unauthorized disclosure of such information. Mr. Lower acknowledges that use or disclosure of such information may lead to irreparable damage to Allstate, and agrees that Allstate may take any action at Allstate's discretion to protect company assets.

6. In return for the consideration set forth in this Agreement, none of which Mr. Lower would be entitled to if he did not voluntarily enter into this Agreement, Mr. Lower for himself, his heirs, representatives, administrators, and assigns does hereby release and forever discharge Allstate, its officers, directors, agents, servants, employees, stockholders and assigns, its subsidiaries, parents and affiliates, and all other persons, firms, associations and corporations who are or may be jointly or severally liable with it, of and from any and all claims, demands, actions and causes of action, whether presently known or unknown, arising from, or in any way related to, Mr. Lower's employment with Allstate and the termination thereof. Mr. Lower does hereby agree and covenant not to bring, or assist in bringing, any claim, action, cause of action or proceeding against Allstate, or any of the persons, firms, associations, or corporations herein released, directly or indirectly, regarding, or in any way related to, any of the matters released hereby or otherwise referred to herein. This release applies to all claims, demands, actions, and causes of action whether presently known or unknown, existing at the time this Agreement is executed, including, without limitation, such rights and claims that Mr. Lower has or may have under the Age Discrimination in Employment Act of 1967. Mr. Lower does hereby expressly waive any and all rights or claims which he has or may have under the Age Discrimination in Employment Act of 1967 (29 U.S.C. Sections 621-634) or any similar law or rule of any other jurisdiction, to the full extent that he may waive such rights and claims pertaining to the matters released herein. The Age Discrimination in Employment Act of 1967 provides, in pertinent part, as follows:

It shall be unlawful for an employer--

(1) to fail or refuse to hire or to discharge any individual or otherwise discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's age;

(2) to limit, segregate, or classify his employees in any way which would deprive or tend to

deprive any individual of employment opportunities or otherwise adversely affect his status as an employee, because of such individual's age; or

(3) to reduce the wage rate of any employee in order to comply with this chapter.

29 U.S.C. Section 623(a). Mr. Lower further understands that Allstate reserves the right to setoff the sums paid to him by Allstate as consideration for this Agreement against any recovery received by Mr. Lower in the event he pursues any action, proceeding, complaint or charge, as proscribed herein.

7. Through January 31, 2001, Mr. Lower agrees that he will neither solicit for employment nor hire for employment by an employer other than Allstate any current Allstate Life and Savings employee or any bonus or officer level employee of Allstate.
8. Mr. Lower agrees to make himself available to and cooperate with Allstate in any Allstate internal investigation or administrative, regulatory, or judicial proceeding in which he is or may be witness. Such cooperation by Mr. Lower is understood to include, but not be limited to, making himself available to Allstate upon reasonable notice for interviews and factual investigations, appearing at Allstate's request for the purpose of giving testimony without requiring service of a subpoena or other legal process, volunteering to Allstate pertinent information, and turning over to Allstate all relevant documents which are or may in the future come into Mr. Lower's possession. In the event that Allstate asks for Mr. Lower's cooperation in accordance with this paragraph, Allstate agrees to reimburse Mr. Lower for reasonable travel expenses, including lodging and meals, upon submission of receipts to Allstate for such expenses.
9. The existence and terms of this Agreement are to be held in strict confidence by each of the parties, and discussions by either party shall be limited to those parties reasonably necessary for accounting purposes, tax purposes, securing of employment, government benefits, loans, or in any other case where it is reasonably necessary or required by law. In those circumstances, those persons to whom such communication is made will be put on notice of the confidentiality of the Agreement. Allstate may, without violating this confidentiality

clause, advise its senior management and Board members of this Agreement and make such communication within the Company as it deems necessary; Mr. Lower may, without violating this confidentiality clause, inform his wife and the members of his immediate family of the terms of this Agreement and inform any future employer of any portions of this Agreement as limit his activities on behalf of such a future employer.

10. In the event that any part, term or provision of this Agreement is declared or determined to be unlawful or unenforceable, such holding will in no way affect the lawfulness or enforceability of the remaining provisions, and the unlawful or unenforceable part, term or provision shall be deemed not to be a part of this Agreement.
11. Allstate and Mr. Lower agree that Mr. Lower may revoke this Agreement if, within seven (7) calendar days from the date this Agreement is executed, Mr. Lower provides written notice to Allstate of his intention to revoke the Agreement. Accordingly, this Agreement shall not become effective or enforceable until seven (7) calendar days have passed after its execution.
12. Mr. Lower and Allstate further warrant and acknowledge that Mr. Lower was given 21 calendar days, from the date this Agreement was presented to him, in which to consider this Agreement prior to its execution. It is further acknowledged that Mr. Lower was advised in writing to consult with an attorney prior to executing this Agreement. Mr. Lower and Allstate further warrant and acknowledge that they have each read, reviewed, and fully considered the terms of this Agreement, have made such investigation of the facts pertinent hereto as each deems necessary and appropriate, and fully understand the terms and effect of this Agreement and execute the same freely of their own accord. Mr. Lower and Allstate hereby acknowledge that the terms of this Agreement are contractual, and not a mere recital, and are the result of mutual consent to, and understanding of, the terms of this Agreement. This Agreement contains the entire agreement between the parties, and each acknowledge that there are no other agreements or understandings between them except as expressly provided for herein. This Agreement is to be governed by the law of the State of Illinois.

13. As of the effective date of this Agreement, this Agreement sets forth all compensation, salary, benefits, and bonuses for which Mr. Lower is entitled notwithstanding any other agreements signed by Mr. Lower, including but not limited to, the Change of Control Employment Agreement among The Allstate Corporation, Allstate Insurance Company and Louis G. Lower, II. Consequently, as of the effective date of this Agreement, the terms of the Change of Control Employment Agreement and any other similar agreement signed by Mr. Lower shall be given no force or effect. Nothing in this Agreement shall be read to limit, restrict, or impact in any way, any right or benefit, including any retirement benefit, which has already vested in Mr. Lower as of the effective date of this Agreement.

14. In the event that Allstate is purchased, merged, experiences a change in control, or otherwise reorganizes itself into a new entity before it has fulfilled all of its obligations under this Agreement, the obligations undertaken by Allstate in this Agreement will be binding on any such purchaser, successor, or new entity. In addition, in such event, the obligations undertaken by Mr. Lower in regard to Allstate will remain binding on Mr. Lower, but will be owed to the purchaser, successor, or new entity.

IN WITNESS WHEREOF, the parties hereto have approved and executed this Agreement on this 6th day of January, 2000.

/S/ LOUIS G. LOWER, II

Louis G. Lower, II

ALLSTATE INSURANCE COMPANY

By: /s/Robert W. Pike

SUPPLEMENTAL RETIREMENT BENEFIT AGREEMENT

THIS AGREEMENT, made this 18th day of June 1996, by and between ALLSTATE INSURANCE COMPANY (the "Company") and CASEY J. SYLLA (the "Executive");

WITNESSETH THAT:

WHEREAS, the Executive is employed by the Company, and the Company provides retirement benefits for the Executive through the Allstate Retirement Plan (the "Retirement Plan"); and

WHEREAS, the Company desires, under certain circumstance, to assure the Executive of a reasonable level of retirement income by providing a supplemental retirement benefit to the Executive during the period in which he is not entitled to a vested benefit under the Retirement Plan;

WHEREAS, the Executive and the Company desire to set forth in writing the terms of their agreement;

NOW, THEREFORE, IT IS AGREED as follows:

1. SUPPLEMENTAL RETIREMENT BENEFIT. The Company will pay to the Executive a supplemental retirement benefit as provided below in the event that the Company terminates the employment of the Executive with the Company during the five (5) year period following his date of hire for any reason other than a reason which, in accordance with the then current Company written policy, could lead to immediate termination.

2. AMOUNT OF RETIREMENT BENEFIT. The supplemental retirement benefit shall be an amount equal to:

- (a) The Retirement Allowance to which the Executive would have been entitled as defined and calculated under the terms and provisions of the Retirement Plan, as amended from time to time, assuming:
 - (i) the benefit and compensation limitations and restrictions of the Internal Revenue Code do not apply, and (ii) an additional five (5) years of service as of his date of hire reduced by actual service years to which the Executive is entitled under the Retirement Plan, such additional years of service to reduce each year and result in zero (0) additional years of service upon the fifth anniversary of service for the Executive; LESS

(b) The sum of:

- (i) The Retirement Allowance actually payable to the Executive from the Retirement Plan; plus
- (ii) The Retirement Allowance actually payable to the Executive from the Allstate Supplemental Retirement Income Plan (the "Supplemental Plan").

3. PAYMENT OF RETIREMENT BENEFIT. The supplemental retirement benefit shall be paid to the Executive in a one-time lump sum amount on or about the January 1 of the calendar year following the termination of the Executive. If the Executive dies prior to receipt of payment of a supplemental retirement benefit which is due to the Executive pursuant to Section 2 of this agreement, the supplemental retirement benefit shall be paid to the Executive's beneficiary as soon as practical after the Executive's death. The Executive's "beneficiary" means the person or persons entitled to benefits under the Retirement Plan because of the Executive's death. The actuarial rates, factors and assumptions used to determine lump sum benefits under the Retirement Plan at the time of payment shall be used to calculate the lump sum value of the supplemental retirement benefit.

4. DEATH BENEFIT. If the Executive should die while in the employ of the Company and prior to the fifth anniversary of service for the Executive, the Company shall pay a death benefit to the Executive's beneficiary equal to:

- (a) The death benefit calculated and payable under the terms and provisions of the Retirement Plan, as amended from time to time, assuming: (i) the benefit and compensation limitations and restrictions of the Internal Revenue Code do not apply, and (ii) an additional five (5) years of service as of his date of hire reduced by actual service years to which the Executive is entitled under the Retirement Plan, such additional years of service to reduce each year and result in zero (0) additional years of service upon the fifth anniversary of service for Executive; LESS
- (b) The sum of: (i) the death benefit actually payable under the Retirement Plan; plus (ii) the death benefit actually payable from the Supplemental Plan.

The death benefit shall be payable in a lump sum amount only and shall be paid as soon as practical after the Executive's death. The Executive's "beneficiary" means the person or persons entitled to benefits as described in Section 3 above.

5. FACILITY OF PAYMENT. Any amount payable under this agreement to a person under legal disability or who, in the judgment of the Company, is unable to properly manage his financial affairs, may be paid to such person's legal representative, or may be applied for the benefit of such person in any manner selected by the Company.

6. INTEREST OF EXECUTIVE. The benefits payable under this agreement to or on account of the Executive shall at all times be a general unsecured and unfunded obligation of the Company, and this agreement shall not give any person any right or security interest in any asset of the Company, nor shall it imply any trust or segregation of assets by the Company.

7. NON-ALIENATION OF BENEFITS. All rights and benefits under this agreement are personal to the Executive and neither this agreement nor any right or interest of the Executive or any other person arising under this agreement is subject to voluntary or involuntary alienation, sale, transfer or assignment without the Company's consent.

8. EMPLOYMENT. This agreement shall not constitute or be evidence of any understanding, express or implied, on the part of the Company to employ Executive for any period of time, nor shall it interfere with the right of the Company to take any action with reference to the Executive without regard to the effect which that action might have upon the Executive under this agreement.

9. ENTIRE AGREEMENT. This agreement contains the entire understanding and agreement between the parties and supersedes any prior understanding whether written or oral.

10. AMENDMENT. This agreement cannot be amended, modified or supplemented in any respect except by subsequent written agreement entered into by both parties hereto.

11. SUCCESSORS. This agreement is binding on and will inure to the benefit of any successor to the Company, whether by way of merger, consolidation, purchase or otherwise.

12. COUNTERPARTS. This agreement may be executed in two or more counterparts, any one of which shall constitute an original without reference to the others.

13. CONTROLLING LAW. This agreement shall be construed in accordance with the laws of the State of Illinois.

14. TERM. This agreement shall terminate on the earlier of the following dates:

- (a) the date as of which payment is made under this agreement;
- (b) July 26, 2000, the date which is the fifth anniversary of service for the Executive;
- (c) The date on which the Executive voluntarily terminates his employment with the Company; or
- (d) Any other date as shall be mutually agreed upon between the Executive and the Company.

IN WITNESS WHEREOF, the Company has caused this agreement to be executed on its behalf by a duly authorized officer, and the Executive has signed this agreement, as of the day and year first above written.

ALLSTATE INSURANCE COMPANY

By /s/ Joan M. Crockett

Joan M. Crockett
Senior Vice President
Human Resources

/s/ Casey J. Sylla

Casey J. Sylla

E-47

The Allstate Corporation and Subsidiaries
 Computation of Earnings Per Common Share

(In millions, except for per share data)

	Twelve Months Ended December 31,		
	1999	1998	1997
	-----	-----	-----
Net Income	\$2,720	\$3,294	\$3,105
	=====	=====	=====
Basic earnings per common share computation:			
Weighted average number of common shares (1)	800.2	832.2	867.9
	=====	=====	=====
Net income per share - basic	\$3.40	\$3.96	\$3.58
	=====	=====	=====
Diluted earnings per common share computation:			
Weighted average number of common shares (1)	800.2	832.2	867.9
Assumed exercise of dilutive stock options	3.0	4.4	4.9
Shares issuable under FELINE PRIDES (2)	.6	-	-
	-----	-----	-----
Adjusted weighted number of common shares outstanding	803.8	836.6	872.8
	=====	=====	=====
Net income per share - diluted	\$3.38	\$3.94	\$3.56
	=====	=====	=====

(1) Common shares held as treasury shares were 113 million, 82 million and 50 million, at December 31, 1999, 1998 and 1997, respectively.

(2) See Note 10 "Capital Structure" of the 2000 Proxy Statement.

THE ALLSTATE CORPORATION
COMPUTATION OF EARNINGS TO FIXED CHARGES RATIO

(\$ in millions)

	For the Year ended December 31,				
	1999	1998	1997	1996	1995
1. Income from continuing operations before income taxes, equity in net income of unconsolidated subsidiary, and dividends on preferred securities of subsidiary trusts	\$3,907	\$4,745	\$4,434	\$2,669	\$2,421
2. Equity in income of 100% owned subsidiary	-	-	-	-	49
3. Dividends from less than 50% owned subsidiary	-	1	2	2	2
4. Income from continuing operations before Income taxes (1+2+3)	\$3,907	\$4,746	\$4,436	\$2,671	\$2,472
Fixed Charges:					
5. Interest on indebtedness	\$129	\$118	\$100	\$95	\$81
6. Interest factor of annual rental expense	50	90	80	71	90
7. Total fixed charges (5+6)	\$179	\$208	\$180	\$166	\$171
8. Dividends on redeemable preferred securities	59	59	59	6	-
9. Total fixed charges and dividends on redeemable preferred securities (7+8)	\$238	\$267	\$239	\$172	\$171
10. Income from continuing operations before income taxes and fixed charges (4+7)	\$4,086	\$4,954	\$4,616	\$2,837	\$2,643
11. Ratio of earnings to fixed charges (A)	17.2 X	18.6 X	19.3 X	16.5 X	15.5 X
12. Interest credited to contractholder funds	\$1,362	\$1,247	\$1,209	\$1,196	\$1,191
13. Total fixed charges including dividends on redeemable preferred securities and interest credited to contractholder funds (9+12)	\$1,600	\$1,514	\$1,448	\$1,368	\$1,362
14. Income from continuing operations before income taxes and fixed charges including interest credited to contractholder funds (4+7+12)	\$5,448	\$6,201	\$5,825	\$4,033	\$3,834
15. Ratio of earnings to fixed charges, including interest credited to contractholder funds (14/13)	3.4 X	4.1 X	4.0 X	2.9 X	2.8 X

(A) The Company has authority to issue up to 25,000,000 shares of preferred stock, par value \$1.00 per share; however, there are currently no shares outstanding and the Company does not have a preferred stock dividend obligation. Therefore, the Ratio of Earnings to Fixed Charges and Preferred Stock Dividends is equal to the Ratio of Earnings to Fixed Charges and is not disclosed separately.

OPERATING SUBSIDIARIES OF
THE ALLSTATE CORPORATION

THE ALLSTATE CORPORATION (Delaware Holding Company)
Allstate Insurance Company (Illinois)
Allstate International Insurance Holdings, Inc. (Delaware)
Allstate Non-Insurance Holdings, Inc. (Delaware)
Allstate Federal Savings Bank(1)
American Heritage Life Investment Corporation (Delaware)
Kennett Capital, Inc.(Delaware)
Willow Insurance Holdings Inc.(Delaware)

ALLSTATE INSURANCE COMPANY(Subsidiary of The Allstate Corporation)
Allstate Holdings, Inc. (Delaware)
Allstate Indemnity Company (Illinois)
Allstate International Inc. (Delaware)
Allstate Life Insurance Company (Illinois)
Allstate New Jersey Holdings, Inc. (Delaware)
Allstate Property and Casualty Insurance Company (Illinois)
Allstate Texas Lloyd's, Inc. (Texas)
Deerbrook Insurance Company (Illinois)
Forestview Mortgage Insurance Co. (California)
General Underwriters Agency, Inc. (Illinois)
Northbrook Indemnity Company (Illinois)
The Northbrook Corporation (Nebraska)

ALLSTATE INTERNATIONAL INSURANCE HOLDINGS, INC. (Subsidiary of The Allstate Corporation)
Allstate International Holding GmbH (Germany)
Allstate Life Insurance Company of the Philippines, Inc. (Philippines)(2)
Allstate Property and Casualty Insurance Japan Company, Limited (Japan)
Allstate Reinsurance Ltd. (Bermuda)
Allstate Services, Inc. (Japan)
Pafco Underwriting Managers Inc. (Ontario)
Pembroke America Inc. (Florida)

ALLSTATE NON-INSURANCE HOLDINGS, INC. (Subsidiary of The Allstate Corporation)
Allstate Enterprises, Inc. (Delaware)
Allstate Investment Management Company (Delaware)
Tech-Cor, Inc. (Delaware)

- - - - -
(1) A "stock savings association" organized under federal law.
(2) Wholly-owned except for five shares owned by incorporator(s).

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION (SUBSIDIARY OF THE ALLSTATE CORPORATION)
American Heritage Life Insurance Company (Florida)
American Heritage Service Company (Florida)
Amherst Investment Company (Florida)
Colonial Reinsurance, Ltd. (British Virgin Islands)
ERJ Insurance Group, Incorporated (Florida)
Florida Associated Services, Inc. (Florida)

ALLSTATE ENTERPRISES, INC. (Subsidiary of Allstate Non-Insurance Holdings, Inc.)
Allstate Motor Club, Inc. (Delaware)
Roadway Protection Auto Club, Inc. (Delaware)
Allstate Motor Club of Canada Inc. (Canada)

ALLSTATE HOLDINGS, INC. (Subsidiary of Allstate Insurance Company)
Allstate Floridian Insurance Company (Illinois)
Allstate Floridian Indemnity Company (Illinois)

ALLSTATE INSURANCE COMPANY OF CANADA (Subsidiary of Allstate Life Insurance Company)
Allstate Life Insurance Company of Canada (Canada)

ALLSTATE LIFE INSURANCE COMPANY (Subsidiary of Allstate Insurance Company)
Allstate Distributors, L.L.C. (Delaware)
AFD, Inc. (Illinois)
Allstate Financial Advisors, LLC (Delaware)
Allstate Financial Services, LLC (Delaware)
Allstate Insurance Company of Canada (Canada)
Allstate Life Financial Services, Inc. (Delaware)
Allstate Life Insurance Company of New York (New York)
Allstate Settlement Corporation (Nebraska)
Charter National Life Insurance Company (Illinois)
CNL, Inc. (Missouri)
Glenbrook Life and Annuity Company (Arizona)
Intramerica Life Insurance Company (New York)
Laughlin Group Holdings, Inc. (Delaware)
Lincoln Benefit Life Company (Nebraska)
LSA Asset Management, LLC (Delaware)
Northbrook Life Insurance Company (Arizona)
PT Asuransi Jiwa Allstate (Indonesia)(3)
Surety Life Insurance Company (Nebraska)

ALLSTATE INTERNATIONAL INC. (Subsidiary of Allstate Insurance Company)
Samshin Allstate Life Insurance Company, Ltd. (Republic of Korea)(4)

- - - - -
(3) Joint venture of which Allstate Life Insurance Company controls 85.69%.

ALLSTATE MOTOR CLUB, INC. (Subsidiary of Allstate Enterprises, Inc.)
Direct Marketing Center, Inc. (Delaware)
Enterprises Services Corporation (Delaware)
Rescue Express, Inc. (Delaware)

ALLSTATE NEW JERSEY HOLDINGS, INC. (Subsidiary of Allstate Insurance Company)
Allstate New Jersey Insurance Company (Illinois)

AMERICAN HERITAGE LIFE INSURANCE COMPANY (Subsidiary of American Heritage Life
Investment Corporation)
Associated Insurance Services, Inc. (Georgia)
First Colonial Insurance Company (Florida)
Fidelity International Company, Ltd. (Bahamian corporation)
St. Johns Bluff Timber Company
AHL Select HMO, Incorporated (Florida)
Columbia Universal Life Insurance Company (Texas)
Columbia Universal Financial Corporation (Delaware)
Concord Heritage Life Insurance Company Inc. (New Hampshire)
Keystone State Life Insurance Company (Pennsylvania)

FLORIDA ASSOCIATED SERVICES, INC. (Subsidiary of American Heritage Life Investment Corporation)
Realty Advisors Corporation (Florida)

FIDELITY INTERNATIONAL COMPANY, LTD. (Subsidiary of American Heritage Life Insurance
Company)
Fidelity International Insurance Company, Ltd. (Bahamian corporation)

LAUGHLIN GROUP HOLDINGS, INC. (Subsidiary of Allstate Life Insurance Company)
AFDW, Inc. (formerly The Laughlin Group, Inc. (Oregon)
LSA Securities, Inc. (Oregon)

LINCOLN BENEFIT LIFE COMPANY (Subsidiary of Allstate Life Insurance Company)

NORTHBROOK SERVICES, INC. (Subsidiary of Tech-Cor, Inc.)
Northbrook Technology of Northern Ireland, Limited (N.Ireland)

TECH-COR, INC. (Subsidiary of Allstate Non-Insurance Holdings, Inc.)
Northbrook Services, Inc. (Delaware)

ALLSTATE INTERNATIONAL HOLDING GMBH (Subsidiary of Allstate International Insurance
Holdings, Inc.)
Allstate Direct Versicherungs-Aktiengesellschaft (Germany)

(4) Allstate International, Inc. owns only 50%.

Allstate Diretto Assicurazioni Danni S.p.A (Italy)(5)
Allstate Werbung und Marketing GmbH (Germany)

PAFCO UNDERWRITING MANAGERS INC. (Subsidiary of Allstate International Insurance Holdings, Inc.)

Pembridge Insurance Company (Ontario)(6)
Pembridge Reinsurance Company Limited (Ireland)

PEMBRIDGE AMERICA INC. (Subsidiary of Allstate International Insurance Holdings, Inc.)
American Surety and Casualty Company (Florida)

OTHER

Allstate County Mutual Insurance Company (Texas)

A mutual company owned by policy holders. Officers and employees of Allstate Insurance Company serve as directors and officers of Allstate County Mutual Insurance Company

Allstate Texas Lloyd's (Texas)

An insurance syndicate organized under the laws of Texas. Allstate Texas Lloyd's, Inc. (a direct wholly-owned subsidiary of Allstate Insurance Company) is the attorney-in-fact for this syndicate.

- - - - -
- (5) Allstate International Holding GmbH owns 90% of this company and Allstate International Insurance Holdings, Inc. owns 10%.
 - (6) Pafco Underwriting Managers Inc. owns all of the common stock except for directors' qualifying shares.

12-MOS

	DEC-31-1999	
	JAN-01-1999	
	DEC-31-1999	
		1
55286		
0		
	0	
		6738
		4068
		0
	69645	
		254
	110	
4119		
	98119	
	25411	
	7671	
		0
25199		
	2851	
0		
		0
		9
98119		16592
		21735
	4112	
	1112	
		0
		17257
3282		
	2394	
		3907
		1148
	2720	
		0
		0
		0
		2720
		3.40
		3.38
		15423
	15266	
	(587)	
	9349	
		5615
		16161
(587)		