

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)  
2775 SANDERS ROAD  
NORTHBROOK, ILLINOIS 60062  
(847) 402-5000  
(Address, including zip code, and telephone  
number,  
including area code, of Registrant's  
principal executive offices)  
  
6331  
(Primary Standard  
Industrial Classification Code Number)

36-3871531  
(I.R.S. Employer  
Identification No.)  
MICHAEL J. MCCABE, ESQ.  
VICE PRESIDENT AND GENERAL COUNSEL  
THE ALLSTATE CORPORATION  
2775 SANDERS ROAD  
NORTHBROOK, ILLINOIS 60062  
(847) 402-5000  
(Name, address, including zip code, and  
telephone number,  
including area code, of agent for service)

Copies to:

JOHN M. SCHWOLSKY, ESQ.  
JOSEPH D. FERRARO, ESQ.  
LEBOEUF, LAMB, GREENE & MACRAE, L.L.P.  
125 WEST 55TH STREET  
NEW YORK, NY 10019-5389  
(212) 424-8000

APPROXIMATE DATE OF COMMENCEMENT OF THE PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: From time to time after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)(2)	AMOUNT OF REGISTRATION FEE
Common stock, par value \$0.01 per share, including associated preferred share purchase rights	\$103,500,000	\$27,324

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- (1) Including an indeterminate number of shares of Allstate common stock as may become issuable as a result of anti-dilution adjustments, if any.
  - (2) Pursuant to Rule 457(o) under the Securities Act of 1933, as amended, and solely for purposes of calculating the registration fee, the proposed maximum aggregate offering price is equal to the purchase price to be paid by holders of FELINE PRIDES to settle underlying purchase contracts in exchange for a number of shares of common stock equal to the applicable settlement rate.
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THE REGISTRANT MAY HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 31, 2000

ALLSTATE LOGO

7,398,387 SHARES

THE ALLSTATE CORPORATION

Common Stock  
(par value \$.01 per share)

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This prospectus relates to up to 7,398,387 shares of Allstate common stock issuable from time to time upon settlement of the purchase contracts underlying the outstanding 2,070,000 FELINE PRIDES, stated amount \$50, of American Heritage Life Investment Corporation and AHL Financing, plus any additional shares of Allstate common stock as may become issuable as a result of any anti-dilution adjustments.

On October 31, 1999, American Heritage Life became a wholly owned subsidiary of The Allstate Corporation through the merger of American Heritage Life with and into A.P.L. Acquisition Corporation, a subsidiary of Allstate. After the merger, A.P.L. Acquisition Corporation changed its name to American Heritage Life Investment Corporation and assumed all obligations of the former American Heritage Life under the FELINE PRIDES. Allstate became a co-obligor with respect to those obligations of American Heritage Life and, as required by the terms of the FELINE PRIDES' purchase contract agreement, Allstate agreed to issue its common stock upon settlement of the FELINE PRIDES purchase contracts.

Allstate common stock is listed on the New York Stock Exchange under the trading symbol "ALL" and on January 25, 2000 its closing price was \$22 15/16 per share, as reported in The Wall Street Journal.

This prospectus does not cover any resales of the Allstate common stock received upon settlement of the purchase contracts underlying the FELINE PRIDES. No person is authorized to make any use of this prospectus in connection with any resale or in connection with any other transaction or the offer or sale of any other securities.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

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Prospectus dated \_\_\_\_\_, 2000

No person has been authorized to give any information or to make any representation not contained in this prospectus. You must not rely on any unauthorized information or representations. The information contained in this prospectus is current only as of its date.

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#### WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-3 with the Securities and Exchange Commission to register shares of Allstate common stock issuable upon settlement of the purchase contracts underlying the outstanding FELINE PRIDES of American Heritage Life, Allstate (as co-obligor) and AHL Financing. This prospectus forms a part of that registration statement and does not contain all of the information in the registration statement or the exhibits to the registration statement.

We are subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may review a copy of those reports, statements or other information at the Securities and Exchange Commission's public reference rooms at the following locations:

Public Reference Room 450 Fifth Street, N.W. Room 1024 Washington, D.C. 20549	New York Regional Office 7 World Trade Center Suite 1300 New York, NY 10048	Chicago Regional Office Citicorp Center 500 West Madison Street Suite 1400 Chicago, IL 60661-2511
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Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms. These Securities and Exchange Commission filings are also available to the public from commercial document retrieval services and at the Internet world wide web site maintained by the Securities and Exchange Commission Corporation at "<http://www.sec.gov>." Reports, proxy statements and other information concerning us may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Securities and Exchange Commission allows us to "incorporate by reference" information into this prospectus, which means that we can disclose important information to you by referring you to other documents filed separately with the Securities and Exchange Commission. The information incorporated by reference is considered to be part of this prospectus, except for any information superseded by information contained directly in this prospectus or in later filed documents incorporated by reference in this prospectus. This prospectus incorporates by reference the documents set forth below that we have previously filed with the Securities and Exchange Commission. These documents contain important business and financial information about us that is not included in or delivered with this prospectus.



## THE ALLSTATE CORPORATION FILINGS

(File No. 001-11840) -----	Period or Date Filed -----
Annual Report on Form 10-K	Fiscal Year ended December 31, 1998
Quarterly Reports on Form 10-Q	Quarters ended March 31, 1999, June 30, 1999 and September 30, 1999
Proxy Statement	1999 Notice of Annual Meeting and Proxy Statement
Current Reports on Form 8-K or Form 8-K/A	Filed February 19, 1999, June 4, 1999, July 12, 1999, July 14, 1999, September 3, 1999, September 24, 1999, October 12, 1999, October 26, 1999, November 2, 1999, November 12, 1999, November 23, 1999 and January 13, 2000

We are also incorporating by reference additional documents that we will file before the termination of this offering. These include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

You can request a free copy of any or all of these documents, other than the exhibits to those documents, unless those exhibits are specifically incorporated by reference into these documents, by writing to or calling the following address or telephone number:

Investor Relations Department  
The Allstate Corporation  
3075 Sanders Road  
Northbrook, Illinois 60062-7127  
Telephone: (800) 416-8803

You should rely only on the information contained or incorporated by reference in this prospectus before deciding how and when to settle the purchase contracts underlying the FELINE PRIDES and purchase the shares of Allstate common stock being sold by this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. This prospectus is dated \_\_\_\_\_, 2000. You should not assume that the information contained in this prospectus is accurate as of any date other than that date unless the information specifically indicates that another date applies. If you are in a jurisdiction where it is unlawful to offer to convert or sell or to ask for offers to convert or buy the securities offered by this prospectus, or if you are a person to whom it is unlawful to direct those activities, then the offer presented in this prospectus does not extend to you.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents we incorporate by reference contain "forward-looking statements" that anticipate results based on management's plans that are subject to uncertainty. 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" and other words of similar meaning. These statements may address, among other things, our strategy for growth, product development, regulatory approvals, market position, expenditures, financial results and the effect of any ongoing Year 2000 readiness issues. Forward-looking statements are based on current expectations of future events. We cannot guarantee that any forward-looking statement will be accurate, although we believe that it has been reasonable in its expectations and assumptions. Investors should realize that if underlying assumptions prove inaccurate or that unknown risks or uncertainties materialize, actual results could differ materially from our projections. We assume no obligation to update any forward-looking statements as a result of new information or future events or developments. We note the factors described in our incorporated documents that could cause actual results to differ materially, as contemplated by the Private Securities Litigation Reform Act of 1995. Investors are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this prospectus or, in the

case of any document we incorporate by reference, the date of that document. Investors also should understand that it is not possible to predict or identify all factors and should not consider this to be a complete statement of all potential risks and uncertainties.

#### THE ALLSTATE CORPORATION

We are a holding company for Allstate Insurance Company (AIC). We are the nation's largest publicly held personal lines insurance company based on statutory premiums earned as of December 31, 1998. AIC's main business units include Allstate Personal Property and Casualty, which provides insurance for more than 14 million households and has more than 15,600 agents in the U.S. and Canada, and Allstate Life and Savings, which markets a number of life insurance and savings products under a variety of brands through a number of channels and is currently the nation's 17th largest life insurance business based on ordinary life insurance in force as of December 31, 1998.

We were incorporated in Delaware on November 5, 1992. Our executive offices are located at 2775 Sanders Road, Northbrook, Illinois 60062. Our telephone number is (847) 402-5000.

As a holding company with no significant business operations of our own, we rely on dividends from AIC as the principal source of cash to meet our obligations, including the payment of principal of and any interest on our debt obligations, and to pay dividends to our stockholders. AIC is regulated as an insurance company in Illinois. Under Illinois law, AIC may not pay a dividend without notifying the Illinois Department of Insurance and providing certain information. Furthermore, Illinois law requires AIC 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 AIC's statutory surplus as of December 31 of the prior year; or
- AIC's statutory net income for the twelve-month period ending December 31 of the prior year.

Based on 1998 statutory net income, AIC had the ability to pay a maximum of \$2.96 billion of dividends during 1999 without approval of the Illinois Department of Insurance. In the twelve months beginning January 1, 1999, AIC paid approximately \$2.96 billion in dividends. AIC expects to be able to pay dividends, without the prior approval of the Illinois Department of Insurance, to us in April 2000 in an amount determined by the formula set forth above, updated based on 1999 statutory net income and statutory surplus amounts. The maximum amount of dividends allowable without prior approval will then be compared to dividends paid during the preceding twelve months to determine the amount remaining available to pay. The laws of the other jurisdictions which govern AIC's insurance subsidiaries generally contain similar limitations on the payment of dividends; however, in some jurisdictions the laws may be somewhat more restrictive.

#### USE OF PROCEEDS

We will use the amounts received from the cash paid for the early settlement or cash settlement of the purchase contracts underlying the FELINE PRIDES, and the related issuance of Allstate common stock, for general corporate purposes, including our stock repurchase program and possible acquisitions. Pending such uses, we will invest any proceeds in income-producing securities. We will not receive any cash amounts from any holders of the FELINE PRIDES who do not settle the underlying purchase contracts early or with cash. Instead, in the case of Income PRIDES outstanding on August 16, 2000 that are not settled with cash, those holders' purchase contracts will be settled in exchange for the redemption of the related 6.75% Trust Originated Preferred Security, \$50 liquidation amount, issued by AHL Financing. If any Growth PRIDES were created and are outstanding on August 16, 2000 and are not settled with cash, we will receive an amount of cash equal to the principal amount of the zero-coupon principal strips of the 8.75% U.S. Treasury Securities due August 15, 2000 then held as collateral. The aggregate amount of cash or principal amount of redeemed securities to be received by Allstate in exchange for the issuance of its common stock will be approximately \$103,500,000, before expenses.

## MARKET PRICES OF ALLSTATE COMMON STOCK

Allstate common stock is listed and traded on the New York Stock Exchange and the Chicago Stock Exchange. The following table sets forth the quarterly dividends paid per share and the high and low sales prices per share on the New York Stock Exchange, adjusted to reflect a two-for-one stock split effective July 1, 1998, based upon information supplied by the New York Stock Exchange.

PERIOD -----	MARKET PRICE -----		CASH DIVIDENDS PAID/SHARE -----
	HIGH ----	LOW ---	
1998:			
First Quarter.....	\$49 3/16	\$40 15/16	\$.1350
Second Quarter.....	50 1/8	44 1/8	.1350
Third Quarter.....	52 3/8	36 1/16	.1350
Fourth Quarter.....	48 3/8	37	.1350
1999:			
First Quarter.....	\$41	\$34 3/4	\$.1500
Second Quarter.....	40 3/4	34 13/16	.1500
Third Quarter.....	37 15/16	24 13/16	.1500
Fourth Quarter.....	30 9/16	22 7/8	.1500
2000:			
First Quarter (through January 25, 2000).....	\$25 3/16	\$22 11/16	N/A

On January 25, 2000, the last reported sale price of Allstate common stock on the New York Stock Exchange was \$22 15/16.

## SETTLEMENT OF THE AMERICAN HERITAGE LIFE FELINE PRIDES

The summary of the settlement of the purchase contracts underlying the FELINE PRIDES set forth below is not complete. This prospectus relates to our common stock to be issued in connection with the purchase contracts. For a description of the terms and conditions of the FELINE PRIDES, including the underlying purchase contracts, please see the prospectus dated June 23, 1997 of American Heritage Life and AHL Financing and those documents which were filed as exhibits to the registration statement relating to that prospectus (Registration No. 333-24153), as well as supplements to some of those documents which are filed as exhibits to the registration statement relating to this prospectus. You are encouraged to read those documents and supplements relating to the FELINE PRIDES.

## GENERAL

The FELINE PRIDES were issued and sold by American Heritage Life and AHL Financing in an underwritten registered public offering that commenced on June 24, 1997.

On October 31, 1999, American Heritage Life became a wholly owned subsidiary of The Allstate Corporation through the merger of American Heritage Life with and into A.P.L. Acquisition Corporation, a subsidiary of Allstate. As a result of the merger, each outstanding share of American Heritage Life's common stock was converted into the right to receive shares of Allstate common stock worth \$32.25, \$32.25 in cash or a combination of Allstate common stock and cash worth \$32.25.

After the merger, A.P.L. Acquisition Corporation changed its name to American Heritage Life Investment Corporation and assumed all obligations of the former American Heritage Life under the FELINE PRIDES. Allstate became a co-obligor with respect to those obligations of American Heritage Life and, as required by the terms of the FELINE PRIDES' purchase contract agreement, Allstate agreed to issue its common stock upon settlement of the FELINE PRIDES purchase contracts.

Each purchase contract underlying the FELINE PRIDES, unless earlier terminated or settled, currently requires the holder to purchase and Allstate to sell, on August 16, 2000, for an amount in cash equal to \$50 or the equivalent principal amount of the related trust preferred securities or U.S. Treasury securities, a number



of shares of our common stock equal to the applicable settlement rate. The applicable settlement rates discussed below are subject to change due to future events, such as stock splits, according to provisions generally designed to maintain the relative position of the FELINE PRIDES holder's purchase right in shares of our common stock.

No fractional shares of our common stock will be issued under the FELINE PRIDES purchase contracts. Instead, the holder of Income PRIDES or Growth PRIDES is entitled to receive an amount of cash equal to the fraction of a share otherwise issuable based on a defined thirty-day average of the closing prices per share of our common stock.

Upon payment of the purchase price, our common stock will be issued and delivered to the FELINE PRIDES holder or his or her designee only upon presentation and surrender of the FELINE PRIDES certificate and payment by the holder of any transfer or similar taxes payable in connection with the issuance of the shares to a person other than the holder.

Prior to settlement, our common stock underlying the related purchase contracts will not be outstanding for any purpose. Accordingly, holders of the FELINE PRIDES will not have any voting rights, rights to dividends or other distributions or other rights or privileges of a holder of our common stock until the purchase contracts are settled and the related Allstate common stock is issued and sold.

#### INCOME PRIDES SETTLEMENT ON AUGUST 16, 2000

Settlement with Trust Preferred Securities. The current settlement rate applicable to Income PRIDES, which is the number of shares of our common stock issuable upon settlement of a purchase contract on August 16, 2000 to be paid for through the redemption of the related trust preferred security, is 3.5687 shares of our common stock. This settlement rate is equal to the prior settlement rate applicable to American Heritage Life common stock of 2.644 shares multiplied by the merger consideration conversion ratio of 1.34973. Upon settlement, the holder will receive 3.5687 shares of our common stock per Income PRIDES unit, and will have no further rights or obligations with respect to the FELINE PRIDES.

Settlement With Cash. A holder of an Income PRIDES unit wishing to settle the related purchase contract with separate cash on August 16, 2000 must notify the purchase contract agent by presenting and surrendering the Income PRIDES certificate in accordance with its terms and by paying cash equal to the \$50 stated amount per unit. If a holder elects to settle with cash, that holder will receive 3.5741 shares of our common stock per Income PRIDES unit, which is the cash settlement rate multiplied by the merger consideration conversion ratio. Upon cash settlement of the purchase contract underlying an Income PRIDES unit, that holder will receive:

- 3.5741 shares of our common stock per \$50 stated amount, and
- the related 6.75% trust preferred security.

#### INCOME PRIDES EARLY SETTLEMENT

A holder of an Income PRIDES unit may settle the related purchase contract at any time prior to August 16, 2000 by presenting and surrendering the Income PRIDES certificate in accordance with its terms and by paying cash equal to the \$50 stated amount per unit. That holder will receive 3.5741 shares of our common stock per Income PRIDES unit, which is the cash settlement rate multiplied by the merger consideration ratio. A holder may settle early only in integral multiples of 20 Income PRIDES.

Upon early settlement of the purchase contract underlying an Income PRIDES unit, that holder will receive:

- 3.5741 shares of our common stock per \$50 stated amount, and
- the related 6.75% trust preferred security.

#### GROWTH PRIDES SETTLEMENT

Growth PRIDES can be settled in the same manner described above relating to settlement of Income PRIDES. Whether a holder of Growth PRIDES settles early, on August 16, 2000 through the application of

the principal amount of that holder's U.S. Treasury security toward payment for our common stock, or with cash, that holder will receive shares of our common stock based on a settlement rate of 3.5741 per \$50 stated amount of FELINE PRIDES.

#### PURCHASE CONTRACT ADJUSTMENT PAYMENTS

NO PURCHASE CONTRACT ADJUSTMENT PAYMENTS WILL BE PAID AFTER THE SETTLEMENT DATE OF THE PURCHASE CONTRACTS UNDERLYING THE FELINE PRIDES.

#### DESCRIPTION OF ALLSTATE COMMON STOCK

The following summary of our common stock is subject in all respects to applicable Delaware law, our restated certificate of incorporation and our by-laws. See "Where You Can Find More Information."

#### GENERAL

As of December 31, 1999, the authorized capital stock of The Allstate Corporation was 2,025,000,000 shares. Those shares consisted of: (a) 25,000,000 shares of preferred stock, par value of \$1.00 per share, none of which was issued and outstanding; and (b) 2,000,000,000 shares of common stock, par value of \$0.01, of which 900,000,000 were issued and 786,628,968 were outstanding. Each share of our common stock trades with a preferred stock purchase right.

Our board of directors can, without approval of the stockholders, issue one or more series of preferred stock. Our board can also determine the number of shares of each series and the rights, preferences and limitations of each series including the dividend rights, voting rights, conversion rights, redemption rights and any liquidation preferences of any wholly unissued series of preferred stock, the number of shares constituting each series and the terms and conditions of issue. In some cases, the issuance of preferred shares could delay a change in control of The Allstate Corporation and make it harder to remove present management. Under certain circumstances, preferred stock could also restrict dividend payments to holders of our common stock. The preferred stock will, if issued, be fully paid and non-assessable.

#### BOARD OF DIRECTORS

Our restated certificate of incorporation, as amended, and our by-laws provide that the total number of directors will be not less than 3 and no more than 15 as determined by our board from time to time. We currently have 12 directors. All directors are elected at each annual meeting of shareholders to serve until the next annual meeting. Our by-laws do not provide for cumulative voting in the election of directors.

#### DIVIDENDS

Common stockholders may receive dividends as and when declared by our board of directors. Dividends may be paid in cash, stock or other form. In certain cases, common stockholders may not receive dividends until obligations of any preferred stockholders have been satisfied.

#### VOTING RIGHTS; REQUIRED VOTE FOR AUTHORIZATION OF CERTAIN ACTIONS

Each share of common stock is entitled to one vote in the election of directors and other matters. Common stockholders are not entitled to preemptive or cumulative voting rights.

Mergers or Consolidations. Delaware law provides that the sale, lease, exchange or disposal of all, or substantially all, of the assets of a Delaware corporation other than in the usual course of business, as well as any merger or share exchange, generally must be adopted and recommended by the board of directors and approved by a majority of shares entitled to vote on the action.

Under Delaware law and unless required by the articles of incorporation, the vote of the shareholders of a corporation surviving a merger is not required if:

- the articles of incorporation of the surviving corporation will not substantially differ from its articles of incorporation before the merger;

- each shareholder of the surviving corporation before the effective date will hold the same number of shares, with identical designations, preferences, limitations and relative rights immediately after the merger; and
- either no shares of the surviving corporation and no shares, securities or obligations convertible into such shares are to be issued or delivered in the merger, or the authorized, but unissued, shares or the treasury shares of common stock of the surviving corporation to be issued or delivered under the plan of merger plus the number of shares of common stock initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under such plan do not exceed 20% of the shares of such corporation outstanding immediately prior to the effective date of the merger.

Affiliated Transactions. Delaware law generally prohibits an interested stockholder, which, under Delaware law, is a stockholder owning 15% or more of a public Delaware corporation's outstanding voting stock, from engaging in business combinations involving the corporation during the three years after the date the person became an interested stockholder unless, among other things:

- prior to such date, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon the completion of the transaction which resulted in the stockholder becoming an interested stockholder, the stockholder owned at least 85% of the voting stock outstanding at the time the transaction commenced; or
- at or after such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Such prohibition, however, does not apply to a corporation if, among other things:

- the corporation's original certificate of incorporation provides that the corporation shall not be governed by the interested stockholder statute;
- a majority of shares entitled to vote to approve an amendment to the corporation's certificate of incorporation or by-laws expressly elects not to be governed by the statute (such amendment may not be effective until one year after it was adopted and may not apply to any business combination between the corporation and any person who became an interested stockholder on or before adoption); or
- a stockholder becomes an interested stockholder inadvertently and as soon as practicable divests itself of ownership of sufficient shares so that the stockholder ceases to be an interested stockholder and except for inadvertently becoming an interested stockholder, was not an interested stockholder in the three years prior to consummation of the business combination.

These business combinations include mergers, consolidations, sales of assets and transactions benefitting the interested stockholder.

#### PREFERRED STOCK PURCHASE RIGHTS

We are a party to a rights agreement, dated February 12, 1999, between us and First Chicago Trust Company of New York, as rights agent. Under the agreement, one preferred stock purchase right (a right) was issued for each share of our common stock outstanding on February 26, 1999, and each share issued subsequent to February 26, 1999. Each right entitles each holder of our common stock to purchase 1/1000 of a share of Allstate junior participating preferred stock at a purchase price of \$150.00.

Under the rights agreement, prior to the distribution date the rights are represented by our common stock share certificates. The distribution date is generally either (i) the tenth day after the announcement that a person has become the beneficial owner of 15% or more of our common stock (an acquiring person), or (ii) the tenth business day after a person's public disclosure of an intention to commence a tender offer or exchange offer that would cause that person to become an acquiring person. However, after the distribution date the rights will be represented by certificates evidencing the rights.

The rights are not exercisable until after the distribution date but must be exercised before the earlier of the close of business on February 12, 2009, the redemption date (generally, the date Allstate chooses to redeem all of the outstanding rights), or the exchange date (generally, the date occurring after a person becomes an acquiring person but before (i) a person becomes beneficial owner of 50% of our common stock, and (ii) the occurrence of a business combination, on which date we choose to exchange each right for one share of our common stock).

Upon a person becoming an acquiring person (a triggering event), each holder of a right (other than those owned by the acquiring person, which are void) shall have the right to receive shares of our common stock in an amount calculated as follows: 50% of the current market price (the average daily closing share price of our common stock for the thirty trading days immediately prior to the triggering event) of our common stock into the exercise amount (generally \$150.00). To illustrate: If the current market value is \$50, a rights holder will have the right to receive six shares of our common stock.

In the event that Allstate is acquired in a merger or other business combination, or 50% or more of its assets or earning power are directly or indirectly sold, leased or transferred to another party, each holder of an Allstate right will receive, upon exercise, common stock of the acquiring party calculated by taking 50% of the current market price of the acquiring company and dividing it into the exercise amount.

Our rights agreement may impede or prevent takeovers that in some circumstances may be beneficial to our stockholders. The plan would not impede or prevent most change of control transactions approved by the existing Allstate board of directors and is designed to enhance or have the effect of enhancing the ability of the Allstate board of directors, and ultimately the stockholders, to negotiate with potential acquirers from a strong position and to protect stockholders against unfair or unequal treatment in an attempt to acquire Allstate. The rights agreement, may, however, have the overall effect of making it more difficult to acquire and exercise control over Allstate and remove incumbent officers and directors, without the approval of the board of directors, thus providing such officers and directors with enhanced ability to retain their positions. Such provisions might also limit opportunities for stockholder participation in certain types of transactions even though such transactions might be favored by the holders of a majority of the outstanding shares of our common stock.

#### PLAN OF DISTRIBUTION

Our common stock will be issued and sold under this prospectus from time to time only to holders of the purchase contracts underlying the 2,070,000 FELINE PRIDES, stated amount \$50, of American Heritage Life, Allstate (as co-obligor) and AHL Financing, upon settlement of those purchase contracts. The settlement date for each outstanding purchase contract is August 16, 2000, unless earlier settled by the holder as described above.

#### LEGAL MATTERS

The validity of the shares of Allstate common stock offered by this prospectus has been passed upon by Michael J. McCabe, Esq., Vice President and General Counsel of The Allstate Corporation. Mr. McCabe is a full-time employee and officer of The Allstate Corporation and owns 295,164 shares of its common stock as of December 31, 1999, 265,044 of which were subject to option.

#### EXPERTS

Our consolidated financial statements and schedules as of December 31, 1998 and for the year ended December 31, 1998 are incorporated by reference in this prospectus and in the registration statement in reliance upon the reports of Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated in this prospectus and the registration statement by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

## ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The estimated expenses in connection with the offering are as follows:

Securities and Exchange Commission registration fee.....	\$27,324
Legal fees and expenses.....	20,000
Accounting fees and expenses.....	5,000
Printing, EDGAR formatting and mailing expenses.....	1,000
Miscellaneous.....	1,000
	-----
Total.....	\$54,324
	=====

## ITEM 15. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Article IV of the by-laws of Allstate provides that Allstate will indemnify all of its directors, former directors, officers and former officers, to the fullest extent permitted under law, who were or are a party or are threatened to be made a party to any proceeding by reason of the fact that such persons were or are directors or officers of Allstate, against liabilities, expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by them. The indemnity shall not be deemed exclusive of any other rights to which directors or officers may be entitled by law or under any articles of incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise. In addition, the indemnity shall inure to the benefit of the legal representatives of directors and officers or of their estates, whether such representatives are court appointed or otherwise designated, and to the benefit of the heirs of such directors and officers. The indemnity shall extend to and include claims for such payments arising out of any proceeding commenced or based on actions of such directors and officers taken prior to the effectiveness of this indemnity; provided that payment of such claims had not been agreed to or denied by Allstate before such date.

Article Eighth of the restated Certificate of Incorporation of Allstate provides that a director of Allstate shall not be personally liable to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, to the fullest extent of the Delaware General Corporation Law.

Under Section 145 of the Delaware General Corporation Law, a corporation may indemnify a person who was made a party to a proceeding or threatened to be made a party to a proceeding by reason of the fact that the person is or was a director or officer of the corporation against liability actually and reasonably incurred in connection with such proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe the person's conduct was unlawful. A corporation may not indemnify a director or officer in connection with a proceeding where he is adjudged liable to the corporation, unless the court in which the proceeding is brought determines that such director or officer is fairly and reasonably entitled to indemnity.

Allstate has provided liability insurance for each director and officer for certain losses arising from claims or charges made against them while acting in their capacities as directors or officers of Allstate.

## ITEM 16. EXHIBITS

## Exhibits

- 2.1 -- Agreement and Plan of Merger and Reorganization dated as of July 8, 1999, by and among The Allstate Corporation, A.P.L. Acquisition Corporation and American Heritage Life Investment Corporation (incorporated by reference to Appendix A to The Allstate Corporation's Prospectus filed as part of its Registration Statement on Form S-4, Registration Statement No. 333-87799).
- 4.1 -- Provisions of the Restated Certificate of Incorporation of The Allstate Corporation dated April 20, 1999, that define the rights of securityholders of The Allstate Corporation (incorporated by reference to Exhibit 3(a) to The Allstate Corporation's Form 10-Q for the quarter ended June 30, 1999).
- 4.2 -- Provisions of the Bylaws of The Allstate Corporation as amended effective May 18, 1999, that define the rights of shareholders of The Allstate Corporation (incorporated by reference to Exhibit 3(b) to The Allstate Corporation's Form 10-Q for the quarter ended June 30, 1999).
- 4.3.1 -- Supplemental Purchase Contract Agreement dated as of October 29, 1999, among The Allstate Corporation, American Heritage Life Investment Corporation, A.P.L. Acquisition Corporation and Bank One Trust Company, National Association, as Agent.
- 4.3.2 -- Second Supplemental Indenture dated as of October 29, 1999, among The Allstate Corporation, American Heritage Life Investment Corporation, A.P.L. Acquisition Corporation and Bank One Trust Company, National Association, as Trustee.
- 4.3.3 -- Supplemental FELINE PRIDES Guarantee Agreement dated as of October 29, 1999, among The Allstate Corporation, American Heritage Life Investment Corporation and A.P.L. Acquisition Corporation.
- 4.3.4 -- Supplemental Preferred Securities Guarantee Agreement dated as of October 29, 1999, among The Allstate Corporation, American Heritage Life Investment Corporation, A.P.L. Acquisition Corporation and Bank One Trust Company, National Association, as Trustee.
- 4.3.5 -- Supplemental Pledge Agreement dated as of October 29, 1999, among The Allstate Corporation, American Heritage Life Investment Corporation, A.P.L. Acquisition Corporation, Bank One Trust Company, National Association, as Purchase Contract Agent and The Chase Manhattan Bank, as Collateral Agent.
- 4.4 -- Rights Agreement dated as of February 12, 1999 between The Allstate Corporation and First Chicago Trust Company of New York, as Rights Agent (incorporated by reference to Exhibit 4 to The Allstate Corporation's Form 8-K dated February 12, 1999).
- 5.1 -- Opinion of Michael J. McCabe, Esq., General Counsel, of The Allstate Corporation, regarding the validity of the shares.
- 15 -- Acknowledgement of Deloitte & Touche LLP.
- 23.1 -- Consent of Deloitte & Touche LLP.
- 23.2 -- Consent of Michael J. McCabe, Esq. (included in Exhibit 5.1).
- 24.1 -- Power of Attorney (included on signature page).

## ITEM 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities

offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of a prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement; provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the Registration Statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Northbrook, Illinois, on January 31, 2000.

The Allstate Corporation

By: /s/ MICHAEL J. MCCABE

-----  
 Name: Michael J. McCabe  
 Title: Vice President and General  
 Counsel

Each person whose signature appears below hereby constitutes and appoints Edward M. Liddy, John L. Carl, Robert W. Pike, Samuel H. Pilch and Michael J. McCabe as true and lawful attorneys-in-fact, each acting alone, with full powers of substitution and resubstitution, for him and in his name, place and stead, in post-effective amendments, to this registration statement, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact or their substitutes, each acting alone, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below on January 31, 2000 by the following persons in the capacities indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ EDWARD M. LIDDY ----- Edward M. Liddy	Chairman of the Board, President and Chief Executive Officer, Director	January 31, 2000
/s/ JOHN L. CARL ----- John L. Carl	Vice President and Chief Financial Officer (Principal Financial Officer)	January 31, 2000
/s/ SAMUEL H. PILCH ----- Samuel H. Pilch	Controller (Principal Accounting Officer)	January 31, 2000
----- F. Duane Ackerman	Director	January 31, 2000
/s/ JAMES G. ANDRESS ----- James G. Andress	Director	January 31, 2000
/s/ WARREN L. BATTS ----- Warren L. Batts	Director	January 31, 2000
/s/ EDWARD A. BRENNAN ----- Edward A. Brennan	Director	January 31, 2000
/s/ JAMES M. DENNY ----- James M. Denny	Director	January 31, 2000
/s/ W. JAMES FARRELL ----- W. James Farrell	Director	January 31, 2000



SIGNATURE

-----

TITLE

-----

DATE

-----

Director

-----  
Ronald T. LeMay

Director

January 31, 2000

-----  
/s/ MICHAEL A. MILES

-----  
Michael A. Miles

Director

January 31, 2000

-----  
/s/ H. JOHN RILEY, JR.

-----  
H. John Riley, Jr.

Director

January 31, 2000

-----  
/s/ JOSHUA I. SMITH

-----  
Joshua I. Smith

Director

-----  
Judith A. Spreiser

## EXHIBIT INDEX

EXHIBIT NO.:	DOCUMENT DESCRIPTION:
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4.1	-- Provisions of the Restated Certificate of Incorporation of The Allstate Corporation dated April 20, 1999, that define the rights of securityholders of The Allstate Corporation (incorporated by reference to Exhibit 3(a) to The Allstate Corporation's Form 10-Q for the quarter ended June 30, 1999).
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5.1	-- Opinion of Michael J. McCabe, Esq., General Counsel, of The Allstate Corporation, regarding the validity of the shares.
15	-- Acknowledgement of Deloitte & Touche LLP.
23.1	-- Consent of Deloitte & Touche LLP.
23.2	-- Consent of Michael J. McCabe, Esq. (included in Exhibit 5.1).
24.1	-- Power of Attorney (included on signature page).

-----  
-----  
SUPPLEMENTAL PURCHASE CONTRACT AGREEMENT

DATED AS OF OCTOBER 29, 1999

AMONG

THE ALLSTATE CORPORATION,

A.P.L. ACQUISITION CORPORATION,

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION,

AND

BANK ONE TRUST COMPANY,  
NATIONAL ASSOCIATION  
AS PURCHASE CONTRACT AGENT

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SUPPLEMENTAL PURCHASE CONTRACT AGREEMENT, dated as of October 29, 1999 (the "Supplemental Agreement"), among The Allstate Corporation, a Delaware corporation ("Allstate"), A.P.L. Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of Allstate ("Merger Sub"), American Heritage Life Investment Corporation, a Florida corporation ("AHLIC"), and Bank One Trust Company, National Association (successor in interest to The First National Bank of Chicago, a national banking association), acting as purchase contract agent for the Holders of Securities from time to time (the "Agent").

WHEREAS, AHLIC and Agent executed the purchase contract agreement dated as of June 27, 1997 (the "Purchase Contract Agreement") to provide for the execution and delivery of the Purchase Contracts and Certificates related to the Income PRIDES or Growth PRIDES (collectively, the "Securities");

WHEREAS, pursuant to the Purchase Contract Agreement, AHLIC and a wholly-owned trust issued 2,070,000 FELINE PRIDES for an aggregate purchase price, before commissions, of \$103,500,000;

WHEREAS, AHLIC intends to consummate a transaction involving the merger (the "Merger") of AHLIC with and into Merger Sub, pursuant to the Agreement and Plan of Merger and Reorganization among Allstate, Merger Sub and AHLIC dated as of July 8, 1999 (the "Merger Agreement");

WHEREAS, Section 9.1 of the Purchase Contract Agreement permits AHLIC to merge with another corporation provided certain terms and conditions are satisfied;

WHEREAS, Section 8.1 of the Purchase Contract Agreement authorizes AHLIC and Agent to enter into a supplemental agreement without the consent of any Holders, to, among other things, evidence the succession of another Person to AHLIC, make provision with respect to the rights of Holders pursuant to Section 5.6(b) of the Purchase Contract Agreement and make any change that does not adversely affect the interests of the Holders;

WHEREAS, AHLIC has furnished the Agent with an Opinion of Counsel, stating that the Merger and this Supplemental Agreement (together with the Purchase Contract Agreement, the "Supplemented Purchase Contract Agreement") comply with the Purchase Contract Agreement and that all conditions precedent in the Purchase Contract Agreement provided for relating to the Merger have been met;

WHEREAS, pursuant to Section 8.3 of the Purchase Contract Agreement, in signing this Supplemental Agreement the Agent shall be fully protected in relying upon an Opinion of Counsel stating that this Supplemental Agreement is authorized or permitted by the Purchase Contract Agreement;

WHEREAS, AHLIC has requested that Agent execute and deliver this Supplemental Agreement, and all requirements necessary to make this Supplemental Agreement a valid instrument in accordance with its terms, and to make the Securities the valid obligations of Merger Sub and Allstate, have been performed, and the execution and delivery of this Supplemental Agreement has been duly authorized in all respects; and

WHEREAS, Merger Sub, AHLIC, Allstate, Agent and The Chase Manhattan Bank have executed a supplemental pledge agreement, dated as of the date hereof, whereby Merger Sub and Allstate have expressly assumed all the obligations of AHLIC under the Pledge Agreement among AHLIC, Agent and The Chase Manhattan Bank dated as of June 27, 1997;

NOW THEREFORE, in consideration of the premises Allstate, Merger Sub and AHLIC covenant and agree with the Agent as follows:

ARTICLE I  
DEFINITIONS

SECTION 1.1. DEFINITION OF TERMS.

Unless the context otherwise requires:

- (a) a term defined in the Purchase Contract Agreement has the same meaning when used in this Supplemental Agreement;
- (b) a term defined anywhere in this Supplemental Agreement has the same meaning throughout;
- (c) the singular includes the plural and vice versa;
- (d) headings are for convenience of reference only and do not affect interpretation;
- (e) the term "Effective Time" shall have the meaning given to it in the Merger Agreement.

ARTICLE II  
CONCERNING THE MERGER

SECTION 2.1. ASSUMPTION OF OBLIGATIONS.

- (a) Merger Sub hereby expressly assumes, from and after the Effective Time, as fully as if it had been an original party to the Purchase Contract Agreement, all the respective obligations of AHLIC under the Purchase Contracts and the Purchase Contract Agreement.
- (b) From and after the Effective Time, pursuant to Section 9.2 of the Purchase Contract Agreement, Merger Sub hereby succeeds, is substituted for, and shall possess and from time to time may exercise each and every right and power of, the "Company" under the Purchase Contracts and the Purchase Contract Agreement with the same effect as if Merger Sub had been an original party to the Purchase Contract Agreement. As of the Effective Time, AHLIC is hereby forever released and discharged from all liabilities, covenants or obligations under the Purchase Contracts and the Purchase Contract Agreement.

SECTION 2.2. ALLSTATE AS A CO-OBLIGOR AND ISSUER OF COMMON STOCK UPON SETTLEMENT.

- (a) The parties hereby agree that, from and after the Effective Time, Allstate shall hereby become a joint and several co-obligor with Merger Sub (but not as a successor to AHLIC) under the Purchase Contracts and the Supplemented Purchase Contract Agreement, and Allstate hereby agrees to (i) be jointly and severally liable with Merger Sub for the obligations of Merger Sub arising under the Purchase Contracts and the Supplemented Purchase Contract Agreement, as fully as if Allstate had originally been an original obligor under such Purchase Contracts and Purchase Contract Agreement and (ii) issue and deliver the number of shares of its common stock, par value \$0.01 ("Allstate Common Stock"), which is sufficient to settle the Purchase Contracts as provided in Article III of this Supplemental Agreement, against payment in full of the Purchase Price in the manner set forth in the Purchase Contract Agreement and Section 2.2(b) hereof.
- (b) Merger Sub hereby agrees that it will immediately forward to Allstate all funds received by it under Sections 5.4, 5.9 or otherwise under the Purchase Contract Agreement for payment of the purchase price upon settlement of the Purchase Contract for the shares of Allstate Common Stock to be so issued.

SECTION 2.3. ACCEPTANCE BY AGENT.

The Agent accepts this Supplemental Agreement and agrees to execute its duties and responsibilities as hereby supplemented upon the terms and conditions set forth in the Purchase Contract Agreement, including the terms and provisions defining and limiting the liabilities and responsibilities of the Agent, which terms and

provisions shall in like manner define and limit its liabilities and responsibilities in the performance of its duties created by the Purchase Contract Agreement as hereby supplemented; and without limiting the generality of the foregoing, the Agent shall not be responsible in any manner whatsoever for or with respect to any of the recitals or statements contained herein, all of which recitals or statements are made solely by Allstate, Merger Sub and AHLIC, or for or with respect to the validity or sufficiency of this Supplemental Agreement or any of the terms or provisions hereof.

ARTICLE III  
CONCERNING SETTLEMENT

SECTION 3.1. PURCHASE CONTRACT SETTLEMENT.

(a) The parties understand and agree that, pursuant to Section 5.6(b) of the Purchase Contract Agreement, the Merger constitutes a Reorganization Event whereupon the Settlement Rate will be adjusted to provide that each Holder of Securities will receive on the Purchase Contract Settlement Date with respect to each Purchase Contract forming a part thereof, the kind and amount of securities, cash and other property receivable upon such Reorganization Event by a holder of the number of shares of the Company's Common Stock issuable on account of each Purchase Contract as if the Purchase Contract Settlement Date had occurred immediately prior to such Reorganization Event and assuming such holder failed to exercise his rights of election as to the kind or amount of securities, cash and other property so receivable. Because the Merger constitutes a Reorganization Event and non-electing holders of the Company's Common Stock will receive a certain number of shares of Allstate Common Stock, the parties hereby agree that the Settlement Rate will be adjusted as of the Effective Time to reflect the number of shares of Allstate Common Stock to be delivered upon settlement of the Purchase Contract, subject to any further adjustments in the Settlement Rate under Article V of the Purchase Contract Agreement prior to settlement. Attached as Exhibit A hereto is an Officer's Certificate, pursuant to Section 5.7(a)(i) of the Purchase Contract Agreement, which sets forth the method of calculation of the Settlement Rate at the Effective Time, as adjusted for the Merger.

(b) The parties hereby agree that, from and after the Effective Time, the provisions of the Supplemental Purchase Contract Agreement and the Purchase Contracts that refer to the delivery of "Common Stock" of AHLIC, including without limitation Sections 5.4, 5.5, 5.9, 10.3 and 10.4 of the Purchase Contract Agreement, shall relate to Allstate Common Stock by operation of Section 5.6(b) of the Purchase Contract Agreement.

SECTION 3.2. SETTLEMENT RATE.

In accordance with the last two sentences of Section 5.6(b) of the Purchase Contract Agreement, the Settlement Rate shall be adjusted for events subsequent to the Effective Time, in a manner that is as nearly equivalent as may be practicable to the adjustments provided for in Section 5.6 of the Purchase Contract Agreement, as if Allstate was the original "Company" and Allstate Common Stock was the original "Common Stock" under the provisions of Section 5.6.

SECTION 3.3. NOTICE.

Pursuant to Section 5.7(a)(ii) of the Purchase Contract Agreement, within 10 Business Days following the Effective Time, Merger Sub will provide written notice to Holders of the Securities describing in reasonable detail the adjustment to the Settlement Rate caused by the Merger.

ARTICLE IV  
MISCELLANEOUS

SECTION 4.1. RATIFICATION OF PURCHASE CONTRACT AGREEMENT.

The Purchase Contract Agreement, as supplemented by this Supplemental Agreement, is in all respects ratified and confirmed, and this Supplemental Agreement shall be deemed part of the Purchase Contract Agreement in the manner and to the extent herein and therein provided.

SECTION 4.2. EFFECTIVENESS.

This Supplemental Agreement shall become a legally effective and binding instrument upon the later of (i) execution and delivery hereof by all parties hereto and (ii) the Effective Time.

SECTION 4.3. SECURITIES DEEMED CONFORMED.

As of the Effective Time, the provisions of each Security then outstanding shall be deemed to be conformed, without the necessity for any reissuance or exchange of such Security or any other action on the part of the Holders, Allstate, Merger Sub, AHLIC or Agent, so as to reflect this Supplemental Agreement.

SECTION 4.4. GOVERNING LAW.

This Supplemental Agreement shall be governed by and construed in accordance with the laws (other than the choice of law provisions) of the State of New York.

SECTION 4.5. SEPARABILITY.

In case any one or more of the provisions contained in this Supplemental Agreement or in the Securities shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Supplemental Agreement or of the Securities, but this Supplemental Agreement and the Securities shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

SECTION 4.6. COUNTERPARTS.

This Supplemental Agreement may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be duly executed as of the day and year first above written.

AMERICAN HERITAGE LIFE INVESTMENT  
CORPORATION

By: /s/ T. O'NEAL DOUGLAS

-----  
Name: T. O'Neal Douglas  
Title: Chairman and CEO



THE ALLSTATE CORPORATION

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer

A.P.L. ACQUISITION CORPORATION

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer

BANK ONE TRUST COMPANY, NATIONAL  
ASSOCIATION  
as Agent

By: /s/ JANICE OTT ROTUNNO

-----  
Name: Janice Ott Rotunno  
Title: Vice President

OFFICER'S CERTIFICATE  
OF  
AMERICAN HERITAGE LIFE INVESTMENT CORPORATION  
UNDER SECTION 5.7(a)(i) AND SECTION 9.1 OF THE  
PURCHASE CONTRACT AGREEMENT

THE UNDERSIGNED, \_\_\_\_\_, the \_\_\_\_\_ of American Heritage Life Investment Corporation, a Florida corporation (the "Company"), hereby certifies that:

- (1) Accompanying this Certificate is the duly executed Supplemental Purchase Contract Agreement (the "Supplemental Agreement"), dated as of October 29, 1999, among the Company, The Allstate Corporation, a Delaware corporation ("Allstate"), A.P.L. Acquisition Corporation, a Delaware corporation ("Merger Sub"), and Bank One Trust Company, National Association, as purchase contract agent (the "Agent"), which will become effective as of the Effective Time of the Merger of the Company into Merger Sub and which amends the Purchase Contract Agreement dated as of June 27, 1997 among such parties.
- (2) Pursuant to Section 5.7(a)(i) of the Purchase Contract Agreement, the Settlement Rate from and after the Effective Time, the method of calculation thereof, and the facts requiring such adjustment and upon which such adjustment is based, are as follows:

As of the Effective Time, the Company will merge with and into Merger Sub and the Company and the Company's Common Stock will no longer exist. Section 5.6(b) of the Purchase Contract Agreement provides that the Merger constitutes a Reorganization Event whereupon the Settlement Rate will be adjusted to provide that each Holder of Securities will receive on the Purchase Contract Settlement Date with respect to each Purchase Contract forming a part thereof, the kind and amount of securities, cash and other property receivable upon such Reorganization Event by a holder of the number of shares of the Company's Common Stock issuable on account of each Purchase Contract as if the Purchase Contract Settlement Date had occurred immediately prior to such Reorganization Event and assuming such holder failed to exercise his rights of election as to the kind or amount of securities, cash and other property so receivable.

METHOD OF CALCULATION:

- 1) Settlement Rate prior to the Effective Time (with the original Settlement Rate and Applicable Market Value previously adjusted pursuant to Sections 5.6(a)(3) and 5.6(a)(9) to reflect a two-for-one stock split effective 2/18/98):
  - a) if the Applicable Market Value is equal to or greater than \$18.91 (the "Threshold Appreciation Price"), 2.644 shares of Company Common Stock per Purchase Contract;
  - b) if the Applicable Market Value is less than the Threshold Appreciation Price, but greater than \$15.50, the number of Shares of Company Common Stock equal to the Stated Amount divided by the Applicable Market Value, and
  - c) if the Applicable Market Value is less than or equal to \$15.50, 3.226 shares of Company Common Stock per Purchase Contract.
- 2) The Applicable Market Value of the Company's Common Stock calculated prior to the Merger is greater than the Threshold Appreciation Price (\$18.91). Accordingly, as described in 1)a) above, the applicable Settlement Rate as if the Purchase Contract Settlement Date had occurred immediately prior to the Merger (but prior to adjustment for the Merger) is 2.644 shares of Company Common Stock per Purchase Contract.

- 3) Securities Receivable Upon Reorganization Event: Upon consummation of the Merger, each non-electing holder of a share of the Company's Common Stock will receive 1.34973 shares of Allstate Common Stock (the number of shares of Allstate Common Stock equal to \$32.25, as calculated in accordance with the Merger Agreement).
  - 4) Adjusted Settlement Rate: Accordingly, unless there shall have occurred a Termination Event, each Holder of a Purchase Contract will be obligated to purchase on the Purchase Contract Settlement Date (subject to the next sentence) at a price equal to the Stated Amount (\$50), and Merger Sub and Allstate will be required to sell at such price, 3.5687 shares of Allstate Common Stock (the product of 2.644 times 1.34973), subject to any further adjustments in the Settlement Rate under Article V of the Purchase Contract Agreement prior to settlement. Pursuant to the Purchase Contract Agreement, in the case of Early Settlement, Cash Settlement or through the application of Proceeds from related Treasury Securities, the Cash Settlement Rate and Early Settlement Rate (as applicable) will also be determined based on the adjusted Settlement Rate as applicable to the Allstate Common Stock.
- (3) The Company is not in default in the performance of any covenant or condition under the Purchase Contract Agreement, any of the Securities, or the Pledge Agreement.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Supplemental Agreement and the Purchase Contract Agreement.

IN WITNESS WHEREOF, I have executed this Certificate on this \_\_\_ day of October, 1999.

American Heritage Life Investment Corporation

-----  
 By:  
 Title:

-----  
-----  
SECOND SUPPLEMENTAL INDENTURE

DATED AS OF OCTOBER 29, 1999

AMONG

THE ALLSTATE CORPORATION,  
AS CO-OBLIGOR,

A.P.L. ACQUISITION CORPORATION  
AS SUCCESSOR ISSUER,

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION,  
AS ISSUER

AND

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION,  
AS TRUSTEE  
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SECOND SUPPLEMENTAL INDENTURE, dated as of October 29, 1999 (the "Second Supplemental Indenture") among The Allstate Corporation, a corporation duly organized and existing under the laws of the State of Delaware, having its principal office at 2775 Sanders Road, Northbrook, Illinois 60062 ("Allstate"), A.P.L. Acquisition Corporation, a wholly-owned subsidiary of Allstate and a corporation duly organized and existing under the laws of the State of Delaware, having its principal office at 2775 Sanders Road, Northbrook, Illinois 60062 ("Merger Sub"), American Heritage Life Investment Corporation, a corporation duly organized and existing under the laws of the State of Florida, having its principal office at 1776 American Heritage Life Drive, Jacksonville, Florida 32224 ("AHLIC"), and Bank One Trust Company, National Association (successor in interest to, The First National Bank of Chicago, a national banking association), as trustee (the "Trustee").

WHEREAS, AHLIC executed and delivered the indenture dated as of June 23, 1997 (the "Base Indenture") and the first supplemental indenture dated as of June 23, 1997 (together with the Base Indenture, the "Supplemented Base Indenture") to the Trustee to provide for the future issuance of the AHLIC's unsecured debentures, notes or other evidence of indebtedness (the "Securities"), to be issued from time to time in one or more series;

WHEREAS, pursuant to the Supplemented Base Indenture, AHLIC issued a series of Securities known as its 6.75% Junior Subordinated Debentures due August 16, 2002 (the "Debentures"), in \$106,701,050 aggregate principal amount;

WHEREAS, AHLIC intends to consummate a transaction involving the merger (the "Merger") of AHLIC with and into Merger Sub, pursuant to the Agreement and Plan of Merger and Reorganization among Allstate, Merger Sub and AHLIC dated as of July 8, 1999 (the "Merger Agreement");

WHEREAS, Section 801 of the Supplemented Base Indenture permits AHLIC to merge with another corporation provided certain terms and conditions are satisfied;

WHEREAS, Section 901 of the Supplemented Base Indenture authorizes AHLIC and the Trustee to enter into a supplemental indenture without notice to or the consent of any Holders, to, among other things, evidence a transaction under Article 8 of the Indenture as well as to make any change that does not materially adversely affect the interests of the Holders of Securities of any series;

WHEREAS, AHLIC has furnished the Trustee with an Officer's Certificate and, as to legal issues, an Opinion of Counsel, stating that the Merger and this Second Supplemental Indenture (together with the Supplemented Base Indenture, the "Indenture") comply with the Supplemented Base Indenture and that all conditions precedent in the Supplemented Base Indenture provided for relating to the Merger have been met;

WHEREAS, pursuant to Section 903 of the Supplemented Base Indenture, in signing this Second Supplemental Indenture the Trustee shall be fully protected in relying upon an Officer's Certificate and an Opinion of Counsel stating that this Second Supplemental Indenture is authorized or permitted by the Supplemented Base Indenture; and

WHEREAS, AHLIC has requested that the Trustee execute and deliver this Second Supplemental Indenture, and all requirements necessary to make this Second Supplemental Indenture a valid instrument in accordance with its terms, and to make the Debentures the valid obligations of Merger Sub and Allstate, have been performed, and the execution and delivery of this Second Supplemental Indenture has been duly authorized in all respects.

NOW THEREFORE, in consideration of the premises Allstate, Merger Sub and AHLIC covenant and agree with the Trustee as follows:

## ARTICLE I

### DEFINITIONS

#### SECTION 1.1. DEFINITION OF TERMS.

Unless the context otherwise requires:

(a) a term defined in the Supplemented Base Indenture has the same meaning when used in this Second Supplemental Indenture;

(b) a term defined anywhere in this Second Supplemental Indenture has the same meaning throughout;

(c) the singular includes the plural and vice versa;

(d) headings are for convenience of reference only and do not affect interpretation;

(e) the term "Effective Time" shall have the meaning given to it in the Merger Agreement.

## ARTICLE II

### CONCERNING THE MERGER

#### SECTION 2.1. ASSUMPTION OF OBLIGATIONS.

(a) Merger Sub hereby expressly assumes, from and after the Effective Time, as fully as if it had been an original party to the Indenture, all the respective obligations of AHLIC under the Securities (including the Debentures) and the Indenture, including the obligation to make due and punctual payment of the principal of, premium, if any, and interest, if any, on all the Securities of each series according to their tenor, and the due and punctual performance and observance of all the terms, covenants and conditions of the Indenture to be performed or observed by the Issuer under the Securities and the Indenture.

(b) From and after the Effective Time, pursuant to Section 803 of the Indenture, Merger Sub hereby succeeds, is substituted for, and shall possess and from time to time may exercise each and every right and power of, the "Company" under the Indenture and the Securities with the same effect as if Merger Sub had been an original party to the Indenture. As of the Effective Time, AHLIC is hereby forever released and discharged from all liabilities, covenants or obligations under the Securities and the Indenture.

#### SECTION 2.2. ALLSTATE AS A CO-OBLIGOR.

The parties hereby agree that, from and after the Effective Time, Allstate shall hereby become a joint and several co-obligor with Merger Sub (but not as a successor to AHLIC) with respect to payment obligations under the Indenture and the Debentures, and Allstate hereby agrees to be jointly and severally liable with Merger Sub for the due and punctual payment of the principal of, premium, and other amounts, if any and interest on the Debentures, as fully as if Allstate had been an original obligor under such Debentures; provided, however, that Allstate is not assuming, or becoming a co-obligor for, the performance of any obligation or liability of Merger Sub under the Indenture or the Debentures other than such payments; provided further, that the obligations of Allstate under the Indenture and the Debentures shall (i) be subordinate and junior in right of payment to the prior payment in full of all Senior Indebtedness of Allstate to the extent and in the manner as set forth in Article 14 of the Indenture with respect to the Senior Indebtedness of the Company and, for this purpose, references therein and in the definition of Senior Indebtedness in Article I to the "Company" shall be deemed to apply to Allstate, and (ii) rank pari passu in right of payment to all subordinated indebtedness of Allstate.

**SECTION 2.3. COMMISSION REPORTS.**

In the event that Merger Sub is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, Allstate (i) shall file copies of all reports and other information and documents which it is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act with the Trustee within 30 days after it files them with the Commission, in satisfaction of the requirements of Section 1007(a) of the Indenture; (ii) shall cause its annual reports to shareholders and other financial reports furnished by it to its shareholders generally to be mailed to the Holders in satisfaction of the requirements of Section 1007(b) of the Indenture; and (iii) shall otherwise comply with the provisions of Section 314(a) of the Trust Indenture Act as the Act relates to the Indenture. The parties acknowledge that Merger Sub, in the event it is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, will not be required to file with the Trustee or mail to the Holders separate financial statements, auditor's reports, or Management's Discussion pursuant to Section 1007 of the Indenture so long as Allstate complies with this Section 2.3.

**SECTION 2.4 ACCEPTANCE BY TRUSTEE.**

The Trustee accepts this Second Supplemental Indenture and agrees to execute the trust created by the Indenture as hereby supplemented upon the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee, which terms and provisions shall in like manner define and limit its liabilities and responsibilities in the performance of the trust created by the Indenture as hereby supplemented; and without limiting the generality of the foregoing, the Trustee shall not be responsible in any manner whatsoever for or with respect to any of the recitals or statements contained herein, all of which recitals or statements are made solely by Allstate, Merger Sub and AHLIC, or for or with respect to the validity or sufficiency of this Second Supplemental Indenture or any of the terms or provisions hereof.

**ARTICLE III  
MISCELLANEOUS**

**SECTION 3.1. RATIFICATION OF INDENTURE.**

The Supplemented Base Indenture as supplemented by this Second Supplemental Indenture, is in all respects ratified and confirmed, and this Second Supplemental Indenture shall be deemed part of the Supplemented Base Indenture in the manner and to the extent herein and therein provided.

**SECTION 3.2. EFFECTIVENESS.**

This Second Supplemental Indenture shall become a legally effective and binding instrument upon the later of (i) execution and delivery hereof by all parties hereto and (ii) the Effective Time.

**SECTION 3.3. DEBENTURES DEEMED CONFORMED.**

As of the Effective Time, the provisions of each Debenture then outstanding shall be deemed to be conformed, without the necessity for any reissuance or exchange of such Debenture or any other action on the part of the Holders, Allstate, Merger Sub, AHLIC or the Trustee, so as to reflect this Second Supplemental Indenture.

**SECTION 3.4. GOVERNING LAW.**

This Second Supplemental Indenture shall be governed by and construed in accordance with the laws (other than the choice of law provisions) of the State of New York.



SECTION 3.5. SEPARABILITY.

In case any one or more of the provisions contained in this Second Supplemental Indenture or in the Debentures shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Second Supplemental Indenture or of the Debentures, but this Second Supplemental Indenture and the Debentures shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

SECTION 3.6. COUNTERPARTS.

This Second Supplemental Indenture may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, and their respective corporate seals to be affixed and attested on the date or dates indicated in the acknowledgments and as of the day and year first above written.

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION  
as Issuer

By: /s/ T. O'NEAL DOUGLAS

-----  
Name: T. O'Neal Douglas  
Title: Chairman and CEO

THE ALLSTATE CORPORATION  
as Co-Obligor

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer

A.P.L. ACQUISITION CORPORATION  
as Successor Issuer

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION  
as Trustee

By: /s/ JANICE OTT ROTUNNO

-----  
Name: Janice Ott Rotunno  
Title: Vice President

-----  
-----  
SUPPLEMENTAL FELINE PRIDES  
GUARANTEE AGREEMENT

AHL FINANCING

DATED AS OF OCTOBER 29, 1999  
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SUPPLEMENTAL FELINE PRIDES GUARANTEE AGREEMENT, dated as of October 29, 1999 (this "Agreement") among The Allstate Corporation, a Delaware corporation (the "Additional Guarantor"), A.P.L. Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of the Additional Guarantor (the "Successor Guarantor" or "Merger Sub") and American Heritage Life Investment Corporation, a Florida corporation (the "Original Guarantor" or "AHLIC").

WHEREAS, pursuant to an indenture dated as of June 23, 1997, as supplemented by a first supplement dated as of June 23, 1997 (the "Indenture"), a purchase contract agreement (the "Purchase Contract Agreement"), a pledge agreement, (the "Pledge Agreement"), a preferred securities guarantee (the "Preferred Securities Guarantee Agreement") and a common securities guarantee (the "Common Securities Guarantee Agreement"), all dated as of June 27, 1997 (the Indenture, the Purchase Contract Agreement, the Pledge Agreement, the Preferred Securities Guarantee and the Common Securities Guaranty, as they may be amended or modified, are collectively referred to as the "Prides Documentation"), AHL Financing, a Delaware statutory business trust (the "Trust Issuer"), and AHLIC issued 2,070,000 FELINE PRIDES for an aggregate purchase price, before commissions of \$103,500,000;

WHEREAS, pursuant to the Prides Documentation and related to the FELINE PRIDES, the Trust Issuer issued common securities (the "Common Securities") and preferred securities (the "Preferred Securities") representing undivided beneficial interests in the assets of the Trust Issuer, AHLIC issued a series of junior subordinated debentures (the "Debentures," and, together with the Common Securities, the Preferred Securities and the Purchase Contracts and Certificates (as defined in the Purchase Contract Agreement), the "Securities");

WHEREAS, pursuant to the Common Securities Guarantee Agreement, AHLIC, the Original Guarantor, irrevocably and unconditionally agreed, to the extent set forth therein, to pay to the Holders of the Common Securities the Guarantee Payments (as defined in the Common Securities Guarantee Agreement) and to make certain other payments on the terms and conditions set forth therein (collectively, the "Common Securities Guarantee");

WHEREAS, the Original Guarantor intends to consummate a transaction involving the merger (the "Merger") of the Original Guarantor with and into Merger Sub, pursuant to the Agreement and Plan of Merger and Reorganization among the Additional Guarantor, Merger Sub and the Original Guarantor dated as of July 8, 1999 (the "Merger Agreement");

WHEREAS, the Additional Guarantor proposes in and by this Agreement to unconditionally and irrevocably guarantee, on a subordinated basis, the Original Guarantor's obligation to pay to the holders of the Common Securities the Guarantee Payments (as that term is defined in the Common Securities Guarantee Agreement) and the other obligations of the Original Guarantor under the Common Securities Guarantee Agreement; and

WHEREAS, the Additional Guarantor proposes in and by this Agreement to unconditionally and irrevocably guarantee, on a subordinated basis, all of the Successor Guarantor's obligations to make payments under any of the Prides Documentation and to be obligated to the same extent as the Successor Guarantor.

NOW THEREFORE, in consideration of the premises, the Original Guarantor, the Successor Guarantor and the Additional Guarantor hereby agree as follows:

#### ARTICLE I DEFINITIONS

##### SECTION 1.1 DEFINITION OF TERMS.

Unless the context otherwise requires:

(a) a term defined anywhere in this Agreement has the same meaning throughout;

(b) the singular includes the plural and vice versa;

(c) headings are for convenience of reference only and do not affect interpretation;

(d) the term "Effective Time" shall have the meaning given to it in the Merger Agreement.

ARTICLE II  
CONCERNING THE MERGER

SECTION 2.1 ASSUMPTION OF COMMON SECURITIES GUARANTEE.

As contemplated by Section 5.1 of the Common Securities Guarantee Agreement, the Successor Guarantor hereby acknowledges that, from and after the Effective Time as successor to the Original Guarantor by operation of law, it will assume all the obligations of the Original Guarantor under the Common Securities Guarantee Agreement.

ARTICLE III  
THE ADDITIONAL GUARANTEES

SECTION 3.1 ADDITIONAL COMMON SECURITIES GUARANTEE.

From and after the Effective Time, the Additional Guarantor irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (as those terms are defined in the Common Securities Guarantee Agreement) (without duplication of amounts theretofore paid by the Trust Issuer, the Original Guarantor, or the Successor Guarantor), as and when due, regardless of any defense, right of set-off or counterclaim that the Trust Issuer may have or assert (the "Additional Common Securities Guarantee"). The Additional Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Original Guarantor to the Holders or by causing the Trust Issuer or the Successor Guarantor to pay such amounts to the Holders.

SECTION 3.2 OBLIGATIONS NOT AFFECTED.

The obligations, covenants, agreements and duties of the Additional Guarantor under this Agreement with respect to the Common Securities shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Trust Issuer of any express or implied agreement, covenant, term or condition relating to the Common Securities to be performed or observed by the Trust Issuer;

(b) the extension of time for the payment by the Trust Issuer of all or any portion of the Distributions, Repayment Price, Liquidation Distribution (as those terms are defined in the Common Securities Guarantee Agreement) or any other sums payable under the terms of the Common Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Common Securities (other than an extension of time for payment of Distributions, Repayment Price, Liquidation Distribution or other sum payable that results from the extension of any interest payment period on the Debentures or any extension of the maturity date of the Debentures permitted by the Indenture);

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Common Securities, or any action on the part of the Trust Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Trust Issuer or any of the assets of the Trust Issuer;

(e) any invalidity of, or defect or deficiency in, the Common Securities;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or

(g) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 3.2 that the obligations of the Additional Guarantor hereunder shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of the Holders to give notice to, or obtain consent of, the Additional Guarantor with respect to the happening of any of the foregoing.

### SECTION 3.3 BACK-UP GUARANTEE.

From and after the Effective Time, the Additional Guarantor irrevocably and unconditionally agrees to pay in full to the holders of the Securities any payments that the Successor Guarantor is then obligated to pay under the Prides Documentation (without duplication of amounts theretofore paid by the Trust Issuer, the Original Guarantor, or the Successor Guarantor), as and when due, regardless of any defense, right of set-off or counterclaim that the Trust Issuer may have or assert (the "Back-up Guarantee," and together with the Additional Common Securities Guarantee, the "Additional Guarantees"). The Additional Guarantor's obligation to make a payment may be satisfied by direct payment of the required amounts by the Original Guarantor to the holders of the Securities or by causing the Trust Issuer or the Successor Guarantor to pay such amounts to the holders.

### SECTION 3.4 WAIVER OF NOTICE AND DEMAND.

The Additional Guarantor hereby waives notice of acceptance of this Agreement and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against the Trust Issuer, the Successor Guarantor or any other person before proceeding against the Additional Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

### SECTION 3.5 RIGHTS OF HOLDERS.

The Additional Guarantor expressly acknowledges that any holder of Securities may institute a legal proceeding directly against the Additional Guarantor to enforce its rights under this Agreement, without first instituting a legal proceeding against the Trust Issuer or any other person.

### SECTION 3.6 GUARANTEE OF PAYMENT.

This Agreement creates a guarantee of payment and not of collection.

### SECTION 3.7 SUBROGATION.

The Additional Guarantor shall be subrogated to all rights, if any, of the holders of Securities against the Trust Issuer in respect of any amounts paid to such holders by the Additional Guarantor under these Additional Guarantees; provided, however, that the Additional Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any right that it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Agreement, if, at the time of any such payment, any amounts are due and unpaid under this Agreement. If any amount shall be paid to the Additional Guarantor in violation of the preceding sentence, the Additional Guarantor agrees to hold such amount in trust for the holders and to pay over such amount to the holders.

### SECTION 3.8 INDEPENDENT OBLIGATIONS.

The Additional Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Trust Issuer with respect to the Securities, and that the Additional Guarantor shall be liable as principal and as debtor hereunder to make payments pursuant to the terms of this Agreement.

ARTICLE IV  
SUBORDINATION

SECTION 4.1 RANKING.

These Additional Guarantees will constitute unsecured obligations of the Additional Guarantor and will rank (i) subordinate and junior in right of payment to all other liabilities of the Additional Guarantor except those liabilities of the Additional Guarantor made pari passu or subordinate by their terms, (ii) pari passu with the most senior preferred or preference stock now or hereafter issued by the Additional Guarantor and with any guarantee now or hereafter entered into by the Additional Guarantor in respect of any preferred or preference stock of any Affiliate (as that term is defined in the Common Securities Guarantee Agreement) of the Additional Guarantor, and (iii) senior to the Additional Guarantor's common stock.

ARTICLE V  
MISCELLANEOUS

SECTION 5.1 TERMINATION.

This Agreement shall terminate upon (i) full payment of the Repayment Price of all Common Securities, (ii) upon the distribution of the Debentures to the Holders of all of the Common Securities or (iii) upon full payment of the amounts payable in accordance with the Declaration (as that term is defined in the Common Securities Guarantee Agreement) upon liquidation of the Trust Issuer. Notwithstanding the foregoing, these Additional Guarantees will continue to be effective or will be reinstated, as the case may be, if at any time any holder of Securities must restore payment of any sums paid under the Securities or under these Additional Guarantees.

SECTION 5.2 SUCCESSORS AND ASSIGNS.

All guarantees and agreements contained in this Agreement shall bind the successors, assigns, receivers, trustees and representatives of the Additional Guarantor and shall inure to the benefit of the holders of the Securities then outstanding.

SECTION 5.3 NOTICES.

All notices provided for in this Agreement shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by registered or certified mail, as follows:

(a) If given to the Additional Guarantor, at the Additional Guarantor's mailing address set forth below (or such other address as the Additional Guarantor may give notice of to the holders of the Securities):

Treasurer  
3075 Sanders Road, Suite G2H  
Northbrook, Illinois 60062-7127

(b) If given to any holder of Securities, at the address set forth on the books and records of the appropriate issuer.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 5.4 BENEFIT.

These Additional Guarantees are solely for the benefit of the holders of the Securities and are not separately transferable from the Securities.

SECTION 5.5 GOVERNING LAW.

This Agreement shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York.

SECTION 5.6 SEPARABILITY.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

SECTION 5.7 COUNTERPARTS.

This Agreement may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 5.8 EFFECTIVENESS.

(1) This Agreement shall become a legally effective and binding instrument upon the later of (i) execution and delivery hereof by all parties hereto, and (ii) the Effective Time.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION

By: /s/ T. O'NEAL DOUGLAS

-----  
Name: T. O'Neal Douglas  
Title: Chairman and CEO

THE ALLSTATE CORPORATION

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer

A.P.L. ACQUISITION CORPORATION

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer



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SUPPLEMENTAL PREFERRED SECURITIES  
GUARANTEE AGREEMENT

AHL FINANCING

DATED AS OF OCTOBER 29, 1999

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SUPPLEMENTAL PREFERRED SECURITIES GUARANTEE AGREEMENT, dated as of October 29, 1999 (this "Agreement") among The Allstate Corporation, a Delaware corporation (the "Additional Guarantor"), A.P.L. Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of the Additional Guarantor (the "Successor Guarantor" or "Merger Sub"), American Heritage Life Investment Corporation, a Florida corporation (the "Original Guarantor"), and Bank One Trust Company, National Association (successor in interest to The First National Bank of Chicago), as trustee (the "Preferred Guarantee Trustee").

WHEREAS, in connection with the issuance by AHL Financing, a Delaware statutory business trust (the "Issuer"), of \$103,500,000 aggregate liquidation amount of its 6.75% Trust Originated Preferred Securities (the "Preferred Securities") representing undivided beneficial interests in the assets of the Trust, the Original Guarantor and the Guarantee Trustee entered into a Preferred Securities Guarantee Agreement dated as of June 27, 1997 (the "Original Guarantee Agreement"), pursuant to which the Original Guarantor irrevocably and unconditionally agreed, to the extent set forth therein, to pay to the Holders of the Preferred Securities the Guarantee Payments (as defined in the Original Guarantee Agreement) and to make certain other payments on the terms and conditions set forth therein (collectively, the "Original Guarantee");

WHEREAS, the Original Guarantor intends to consummate a transaction involving the merger (the "Merger") of the Original Guarantor with and into, Merger Sub, pursuant to the Agreement and Plan of Merger and Reorganization among the Additional Guarantor, Merger Sub and the Original Guarantor dated as of July 8, 1999 (the "Merger Agreement");

WHEREAS the Additional Guarantor proposes in and by this Agreement to unconditionally and irrevocably guarantee, on a subordinated basis, the Successor Guarantor's obligation to pay to the Holders of the Preferred Securities the Guarantee Payments and the other obligations of the Successor Guarantor under the Original Guarantee Agreement;

NOW THEREFORE, in consideration of the premises, the Original Guarantor, the Successor Guarantor, the Additional Guarantor and the Preferred Guarantee Trustee hereby agree as follows:

#### ARTICLE I DEFINITIONS

##### SECTION 1.1 DEFINITION OF TERMS.

Unless the context otherwise requires:

- (a) a term defined in the Original Guarantee Agreement has the same meaning when used in this Agreement;
- (b) a term defined anywhere in this Agreement has the same meaning throughout;
- (c) the singular includes the plural and vice versa;
- (d) headings are for convenience of reference only and do not affect interpretation;
- (e) the term "Effective Time" shall have the meaning given to it in the Merger Agreement.

#### ARTICLE II CONCERNING THE MERGER

##### SECTION 2.1 ASSUMPTION OF GUARANTEE.

As contemplated by Section 9.1 of the Original Guarantee Agreement, the Successor Guarantor hereby acknowledges that, from and after the Effective Time as successor to the Original Guarantor by operation of law, it will assume all the obligations of the Original Guarantor under the Original Guarantee Agreement.

ARTICLE III  
CONCERNING THE PREFERRED GUARANTEE TRUSTEE

SECTION 3.1 POWERS AND DUTIES OF THE PREFERRED GUARANTEE TRUSTEE.

(a) This Agreement shall be held by the Preferred Guarantee Trustee for the benefit of the Holders of the Preferred Securities, and the Preferred Guarantee Trustee shall not transfer this Agreement to any Person except a Holder of Preferred Securities exercising his or her rights pursuant to Section 5.4(b) of the Original Guarantee or to a Successor Preferred Guarantee Trustee on acceptance by such Successor Preferred Guarantee Trustee of its appointment to act as Successor Preferred Guarantee Trustee. The right, title and interest of the Preferred Guarantee Trustee shall automatically vest in any Successor Preferred Guarantee Trustee, and such vesting and cessation of title shall be effective whether or not conveyancing documents have been executed and delivered pursuant to the appointment of such Successor Preferred Guarantee Trustee.

(b) With respect to the guarantee being provided by the Additional Guarantor in this Agreement, the Preferred Guarantee Trustee shall have all of the powers and duties set out in Section 3.1 of the Original Guarantee Agreement.

SECTION 3.2 CERTAIN RIGHTS OF THE PREFERRED GUARANTEE TRUSTEE.

Subject to the provisions of Section 3.1, the Preferred Guarantee Trustee shall have the same rights with respect to the guarantee provided by the Additional Guarantor as are set out in Section 3.2 of the Original Guarantee Agreement.

ARTICLE IV  
THE ADDITIONAL GUARANTEE

SECTION 4.1 ADDITIONAL GUARANTEE.

From and after the Effective Time, the Additional Guarantor irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (without duplication of amounts theretofore paid by the Issuer, the Original Guarantor, or the Successor Guarantor), as and when due, regardless of any defense, right of set-off or counterclaim that the Issuer may have or assert (the "Additional Guarantee"). The Additional Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Original Guarantor to the Holders or by causing the Issuer or the Successor Guarantor to pay such amounts to the Holders.

SECTION 4.2 WAIVER OF NOTICE AND DEMAND.

The Additional Guarantor hereby waives notice of acceptance of this Agreement and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against the Issuer, the Successor Guarantor or any other Person before proceeding against the Additional Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 4.3 OBLIGATIONS NOT AFFECTED.

The obligations, covenants, agreements and duties of the Additional Guarantor under this Agreement shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by the Issuer;

(b) the extension of time for the payment by the Issuer of all or any portion of the Distributions, Repayment Price, Liquidation Distribution or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities (other than an extension of time for payment of Distributions, Repayment Price, Liquidation Distribution or other sum payable that results from the extension of any interest payment period on the Debentures or any extension of the maturity date of the Debentures permitted by the Indenture);

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;

(e) any invalidity of, or defect or deficiency in, the Preferred Securities;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or

(g) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 4.3 that the obligations of the Additional Guarantor hereunder shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of the Holders to give notice to, or obtain consent of, the Additional Guarantor with respect to the happening of any of the foregoing.

#### SECTION 4.4 RIGHTS OF HOLDERS.

(a) The Holders of a Majority in liquidation amount of the Preferred Securities have the right to direct the time, method and place of conducting of any proceeding for any remedy available to the Preferred Guarantee Trustee in respect of this Agreement or exercising any trust or power conferred upon the Preferred Guarantee Trustee under this Agreement;

(b) If the Preferred Guarantee Trustee fails to enforce this Agreement, any Holder of Preferred Securities may institute a legal proceeding directly against the Additional Guarantor to enforce its rights under this Agreement, without first instituting a legal proceeding against the Issuer, the Successor Guarantor, the Preferred Guarantee Trustee or any other Person. Notwithstanding the foregoing, if the Additional Guarantor has failed to make a Guarantee Payment, a holder of Preferred Securities may directly institute a proceeding against the Additional Guarantor for enforcement of the Additional Guarantee for such payment. The Additional Guarantor waives any right or remedy to require that any action on this Agreement be brought first against the Issuer, the Successor Grantor or any other person or entity before proceeding directly against the Additional Guarantor.

#### SECTION 4.5 GUARANTEE OF PAYMENT.

This Agreement creates a guarantee of payment and not of collection.

#### SECTION 4.6 SUBROGATION.

The Additional Guarantor shall be subrogated to all rights, if any, of the Holders of Preferred Securities against the Issuer in respect of any amounts paid to such Holders by the Additional Guarantor under this Preferred Securities Guarantee; provided, however, that the Additional Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any right that it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Agreement, if, at the time of any such payment, any amounts are due and unpaid under this Agreement. If any amount shall be paid to the Additional Guarantor in violation of the preceding sentence,

the Additional Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Holders.

#### SECTION 4.7 INDEPENDENT OBLIGATIONS.

The Additional Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Preferred Securities, and that the Additional Guarantor shall be liable as principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Agreement notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 4.3 hereof.

### ARTICLE V SUBORDINATION

#### SECTION 5.1 RANKING.

This Preferred Securities Guarantee will constitute an unsecured obligation of the Additional Guarantor and will rank (i) subordinate and junior in right of payment to all other liabilities of the Additional Guarantor except those liabilities of the Additional Guarantor made pari passu or subordinate by their terms, (ii) pari passu with the most senior preferred or preference stock now or hereafter issued by the Additional Guarantor and with any guarantee now or hereafter entered into by the Additional Guarantor in respect of any preferred or preference stock of any Affiliate of the Additional Guarantor, and (iii) senior to the Additional Guarantor's common stock.

### ARTICLE VI MISCELLANEOUS

#### SECTION 6.1 RATIFICATION OF ORIGINAL GUARANTEE AGREEMENT AND THIS AGREEMENT.

The Original Guarantee Agreement, as supplemented by this Agreement, is in all respects ratified and confirmed, and this Agreement shall be deemed part of the Original Guarantee Agreement in the manner and to the extent herein and therein provided.

#### SECTION 6.2 PREFERRED GUARANTEE TRUSTEE NOT RESPONSIBLE FOR RECITALS.

The recitals herein contained are made by the Original Guarantor, the Successor Guarantor and the Additional Guarantor and not by the Preferred Guarantee Trustee, and the Preferred Guarantee Trustee assumes no responsibility for the correctness thereof. The Preferred Guarantee Trustee makes no representation as to the validity or sufficiency of this Agreement.

#### SECTION 6.3 TERMINATION.

This Agreement shall terminate upon (i) full payment of the Repayment Price of all Preferred Securities, (ii) upon the distribution of the Debentures to the Holders of all of the Preferred Securities or (iii) upon full payment of the amounts payable in accordance with the Declaration upon liquidation of the Issuer. Notwithstanding the foregoing, this Additional Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any Holder of Preferred Securities must restore payment of any sums paid under the Preferred Securities or under this Preferred Securities Guarantee.

## SECTION 6.4 SUCCESSORS AND ASSIGNS.

All guarantees and agreements contained in this Agreement shall bind the successors, assigns, receivers, trustees and representatives of the Additional Guarantor and shall inure to the benefit of the Holders of the Preferred Securities then outstanding.

## SECTION 6.5 AMENDMENTS.

Except with respect to any changes that do not adversely affect the rights of Holders (in which case no consent of Holders will be required), this Agreement may only be amended with the prior approval of the Holders of at least a Majority in liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) of all the outstanding Preferred Securities. The provisions of Section 12.2 of the Declaration with respect to meetings of Holders of the Securities apply to the giving of such approval.

## SECTION 6.6 NOTICES.

All notices provided for in this Agreement shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by registered or certified mail, as follows:

(a) If given to the Preferred Guarantee Trustee, at the Preferred Guarantee Trustee's mailing address set forth in the Original Guarantee;

(b) If given to the Additional Guarantor, at the Additional Guarantor's mailing address set forth below (or such other address as the Additional Guarantor may give notice of to the Holders of the Preferred Securities):

Treasurer  
3075 Sanders Road, Suite G2H  
Northbrook, Illinois, 60062-7127

(c) If given to any Holder of Preferred Securities, at the address set forth on the books and records of the Issuer.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

## SECTION 6.7 BENEFIT.

This Additional Guarantee is solely for the benefit of the Holders of the Preferred Securities and, subject to Section 3.1(a), is not separately transferable from the Preferred Securities.

## SECTION 6.8 GOVERNING LAW.

This Agreement shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York.

## SECTION 6.9 SEPARABILITY.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

SECTION 6.10 COUNTERPARTS.

This Agreement may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6.11 EFFECTIVENESS.

This Agreement shall become a legally effective and binding instrument upon the later of (i) execution and delivery hereof by all parties hereto, and (ii) the Effective Time.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION

By: /s/ T. O'NEAL DOUGLAS

-----  
Name: T. O'Neal Douglas  
Title: Chairman and CEO

THE ALLSTATE CORPORATION

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer

A.P.L. ACQUISITION CORPORATION

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION  
as Preferred Guarantee Trustee

By: /s/ JANICE OTT ROTUNNO

-----  
Name: Janice Ott Rotunno  
Title: Vice President



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-----  
SUPPLEMENTAL PLEDGE AGREEMENT

DATED AS OF OCTOBER 29, 1999

AMONG

THE ALLSTATE CORPORATION,

A.P.L. ACQUISITION CORPORATION,

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION,

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION

AND

THE CHASE MANHATTAN BANK  
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SUPPLEMENTAL PLEDGE AGREEMENT, dated as of October 29, 1999 (the "Supplemental Agreement") among The Allstate Corporation, a Delaware corporation ("Allstate"), A.P.L. Acquisition Corporation, a wholly-owned subsidiary of Allstate and a Delaware corporation ("Merger Sub"), American Heritage Life Investment Corporation, a Florida corporation ("AHLIC"), The Chase Manhattan Bank, a New York banking corporation, not individually but solely as "Collateral Agent" and "Securities Intermediary," as those terms are defined in the Pledge Agreement among AHLIC, The Chase Manhattan Bank and The First National Bank of Chicago, dated as of June 27, 1997 (the "Pledge Agreement"), and Bank One Trust Company (successor in interest to the First National Bank of Chicago, a national banking association), not individually but solely as the "Purchase Contract Agent," as that term is defined in the Pledge Agreement.

WHEREAS, AHLIC, the Purchase Contract Agent and the Collateral Agent and Securities Intermediary entered into the Pledge Agreement to, among other things, authorize the pledge of the Preferred Securities by the Purchase Contract Agent and provide for the undertaking of certain obligations by AHLIC;

WHEREAS, AHLIC intends to consummate a transaction involving the merger (the "Merger") of AHLIC with and into Merger Sub, pursuant to the Agreement and Plan of Merger and Reorganization among Allstate, Merger Sub and AHLIC dated as of July 8, 1999 (the "Merger Agreement");

WHEREAS, Section 9.1 of the Pledge Agreement authorizes AHLIC, the Purchase Contract Agent and the Collateral Agent to enter into an amendment without the consent of any Holders, to, among other things, evidence the succession of another Person to AHLIC, and the assumption by any such successor of the covenants of AHLIC, as well as to make changes that do not adversely affect the interests of the Holders;

WHEREAS, AHLIC has furnished the Trustee with an Opinion of Counsel stating that the Merger and this Supplemental Agreement (together with the Pledge Agreement, the "Supplemented Pledge Agreement") comply with the Pledge Agreement and that all conditions precedent in the Pledge Agreement provided for relating to the Merger have been met; and

WHEREAS, pursuant to Section 9.3 of the Pledge Agreement, in signing this Supplemental Agreement the Collateral Agent and the Purchase Contract Agent shall be fully protected in relying upon an Opinion of Counsel stating that this Supplemental Agreement is authorized or permitted by the Pledge Agreement.

NOW THEREFORE, in consideration of the premises Allstate, Merger Sub and AHLIC covenant and agree with the Purchase Contract Agent and the Collateral Agent and Securities Intermediary as follows:

#### ARTICLE I DEFINITION

##### SECTION 1.1. DEFINITION OF TERMS.

Unless the context otherwise requires:

(a) a term defined in the Pledge Agreement has the same meaning when used in this Supplemental Agreement;

(b) a term defined anywhere in this Supplemental Agreement has the same meaning throughout;

(c) the singular includes the plural and vice versa;

(d) headings are for convenience of reference only and do not affect interpretation;

(e) the term "Effective Time" shall have the meaning given to it in the Merger Agreement.

ARTICLE II  
CONCERNING THE MERGER

SECTION 2.1. ASSUMPTION OF OBLIGATIONS.

(a) Merger Sub hereby expressly assumes, from and after the Effective Time, as fully as if it had been an original party to the Pledge Agreement, all the respective obligations of AHLIC under the Supplemented Pledge Agreement.

(b) From and after the Effective Time, pursuant to Sections 9.4 and 10.4 of the Pledge Agreement, Merger Sub hereby succeeds, is substituted for and shall possess and from time to time may exercise each and every right and power of, the "Company" under the Pledge Agreement with the same effect as if Merger Sub had been an original party to the Pledge Agreement. As of the Effective Time, AHLIC is hereby forever released and discharged from all liabilities, covenants or obligations under the Pledge Agreement.

SECTION 2.2. ALLSTATE AS A CO-OBLIGOR.

The parties hereby agree that, from and after the Effective Time, Allstate shall hereby become a joint and several co-obligor and beneficiary with Merger Sub (but not as a successor to AHLIC) with respect to payment obligations and benefits under the Supplemented Pledge Agreement, and Allstate hereby agrees be jointly and severally liable with Merger Sub for the obligations of Merger Sub, as fully as if Allstate had been an original obligor.

SECTION 2.3. ACCEPTANCE BY PURCHASE CONTRACT AGENT AND COLLATERAL AGENT.

The Purchase Contract Agent and the Collateral Agent accept this Supplemental Agreement and agree to perform the duties set out in the Purchase Contract Agreement as hereby supplemented upon the terms and conditions set forth in the Purchase Contract Agreement, including the terms and provisions defining and limiting the liabilities and responsibilities of the Purchase Contract Agent and the Collateral Agent, which terms and provisions shall in like manner define and limit its liabilities and responsibilities in the performance of the duties created by the Purchase Contract Agreement as hereby supplemented; and without limiting the generality of the foregoing, the Purchase Contract Agent and the Collateral Agent shall not be responsible in any manner whatsoever for or with respect to any of the recitals or statements contained herein, all of which recitals or statements are made solely by Allstate, Merger Sub and AHLIC, or for or with respect to the validity or sufficiency of this Supplemental Agreement or any of the terms or provisions hereof.

ARTICLE III  
MISCELLANEOUS

SECTION 3.1. RATIFICATION OF SUPPLEMENTED PLEDGE AGREEMENT

The Pledge Agreement as supplemented by this Supplemental Agreement, is in all respects ratified and confirmed, and this Supplemental Agreement shall be deemed part of the Pledge Agreement in the manner and to the extent herein and therein provided.

SECTION 3.2. GOVERNING LAW.

This Supplemental Agreement shall be governed by and construed in accordance with the laws (other than the choice of law provisions) of the State of New York.

SECTION 3.3. SEPARABILITY.

In case any one or more of the provisions contained in this Supplemental Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall

not affect any other provisions of this Supplemental Agreement, but this Supplemental Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

SECTION 3.4. COUNTERPARTS.

This Supplemental Agreement may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 3.5. EFFECTIVENESS.

This Supplemental Agreement shall become a legally effective and binding instrument upon the later of (i) execution and delivery hereof by all parties hereto and (ii) the Effective Time.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Agreement to be duly executed as of the day and year first above written.

AMERICAN HERITAGE LIFE INVESTMENT CORPORATION

By: /s/ T. O'NEAL DOUGLAS

-----  
Name: T. O'Neal Douglas  
Title: Chairman and CEO

THE ALLSTATE CORPORATION

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer

A.P.L. ACQUISITION CORPORATION

By: /s/ JAMES P. ZILS

-----  
Name: James P. Zils  
Title: Treasurer

BANK ONE TRUST COMPANY, NATIONAL ASSOCIATION

as Purchase Contract Agent and as attorney-in-fact of the Holders from time to time of the Securities

By: /s/ JANICE OTT ROTUNNO

-----  
Name: Janice Ott Rotunno  
Title: Vice President

THE CHASE MANHATTAN BANK  
as Collateral Agent and Securities  
Intermediary

By: /s/ LAURENCE J. O'BRIEN

-----  
Name: Laurence J. O'Brien  
Title: Vice President

MICHAEL J. McCABE  
Vice President and  
General Counsel

Law and Regulation

The Allstate Corporation  
2775 Sanders Road  
Northbrook, Illinois 60062

Ladies and Gentlemen:

I am Vice President and General Counsel of The Allstate Corporation, a Delaware corporation ("Allstate"), and have acted as counsel to Allstate in connection with the filing of a Registration Statement (the "Registration Statement") on Form S-3 under the Securities Act of 1933, as amended (the "Act"), relating to the registration of up to 7,398,387 shares of Common Stock of Allstate.

In connection with this opinion, I have examined originals, or copies certified or otherwise identified to my satisfaction, of such instruments, certificates, records and documents, and have reviewed such questions of law, as I have deemed necessary or appropriate for purposes of this opinion. In such examination, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals, the conformity to the original documents of all documents submitted as copies and the authenticity of the originals of such latter documents. As to any facts material to my opinion, I have relied upon the aforesaid instruments, certificates, records and documents and inquiries of Allstate representatives.

Based upon the foregoing examination, I am of the opinion that the shares to be issued by Allstate under the Registration Statement have been duly authorized and, when issued in the manner contemplated by the Registration Statement (including the declaration and maintenance of the effectiveness of the Registration Statement and the obtaining and maintenance of all requisite regulatory and other approvals), will be validly issued, fully paid and nonassessable.

I am a member of the Bar of the District of Columbia, and I do not express any opinion herein concerning any law other than the federal law of the United States, the law of the District of Columbia, and the corporate law of the State of Delaware.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of my name under the caption "Legal Matters" therein and in the related prospectus, and in any supplements thereto or amendments thereof. My consent to such reference does not constitute a consent under Section 7 of the Act, and in consenting to such reference I have not certified any part of the Registration Statement and do not otherwise come within the categories of persons whose consent is required under Section 7 or under the rules and regulations of the Securities and Exchange Commission thereunder.

Sincerely,

/s/ Michael J. McCabe

- - - - -  
Michael J. McCabe

[LETTERHEAD OF ALLSTATE CORPORATION]

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

We have reviewed, in accordance with standards established by the American Institute of Certified Public Accountants, the unaudited interim condensed consolidated financial statements of The Allstate Corporation and subsidiaries for the periods ended March 31, 1999 and 1998, June 30, 1999 and 1998 and September 30, 1999 and 1998, as indicated in our reports dated May 13, 1999, August 12, 1999 and November 11, 1999, respectively; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our reports referred to above, which were included in your Quarterly Reports on Form 10-Q for the quarters ended March 31, 1999, June 30, 1999 and September 30, 1999, are being used in this Registration Statement.

We also are aware that the aforementioned reports, pursuant to Rule 436(c) under the Securities Act of 1933, are not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

DELOITTE & TOUCHE LLP

Chicago, Illinois  
January 31, 2000



## INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of The Allstate Corporation on Form S-3 of our reports dated February 19, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of The Allstate Corporation for the year ended December 31, 1998, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

DELOITTE & TOUCHE LLP

Chicago, Illinois  
January 31, 2000