



> Access
Allstate
in more ways than ever...

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for a faster road
to profitable growth.

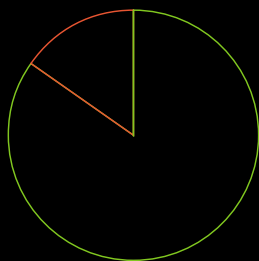
>Faster Growth In 1999 Allstate took major steps to reposition the company for faster profitable growth. We announced plans to increase access to Allstate products through the Internet and dedicated Client Information Centers. We branched out with new products and channels such as our Independent Agency Initiative, the highly successful Putnam Allstate Advisor variable annuity, and the acquisition of American Heritage Life. In addition, we're adding new technology and services to help Allstate agencies serve consumers better. It all means more ways to Access Allstate, for new products and better service, and more ways for us to grow.

Continue the journey inside to learn more about how Allstate is changing to meet—and define—the future of insurance.

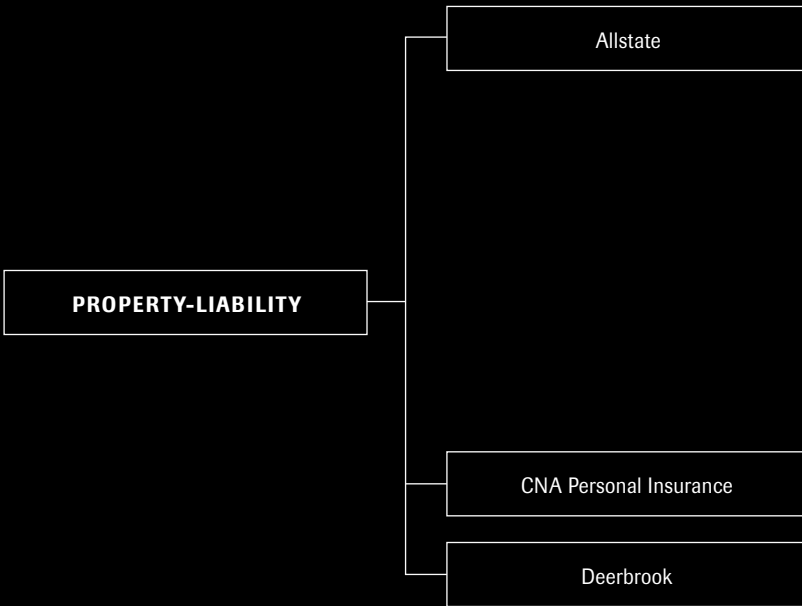
ABOUT ALLSTATE

The Allstate Corporation, the parent of Allstate Insurance Company, is the largest publicly held personal lines insurance company in the United States. Allstate insures one of every eight autos and homes in the U.S. and is one of the nation's leading life insurers. The adjacent chart represents some of the major ways that consumers can or will be able to access Allstate's portfolio of products and services. With plans that call for an increasingly broad platform of brands, channels, products and countries in which we do business, all designed to meet consumer needs, Allstate is positioning itself for faster profitable growth. See the letter and stories that follow for an in-depth look at Allstate's growth plans.

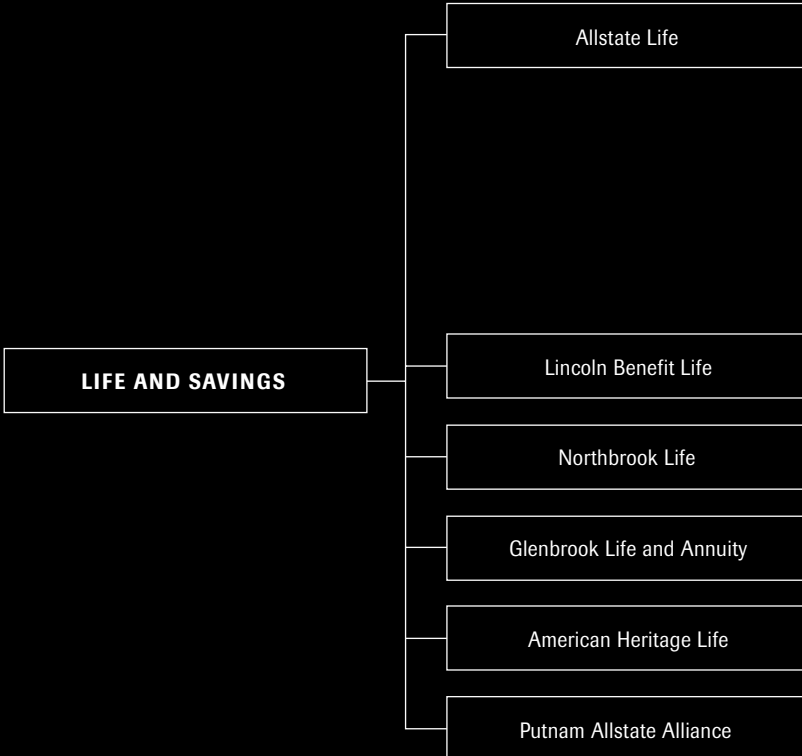
1999 Revenues by Business
(in billions)



● Property-Liability-\$22.8
● Life and Savings-\$4.1



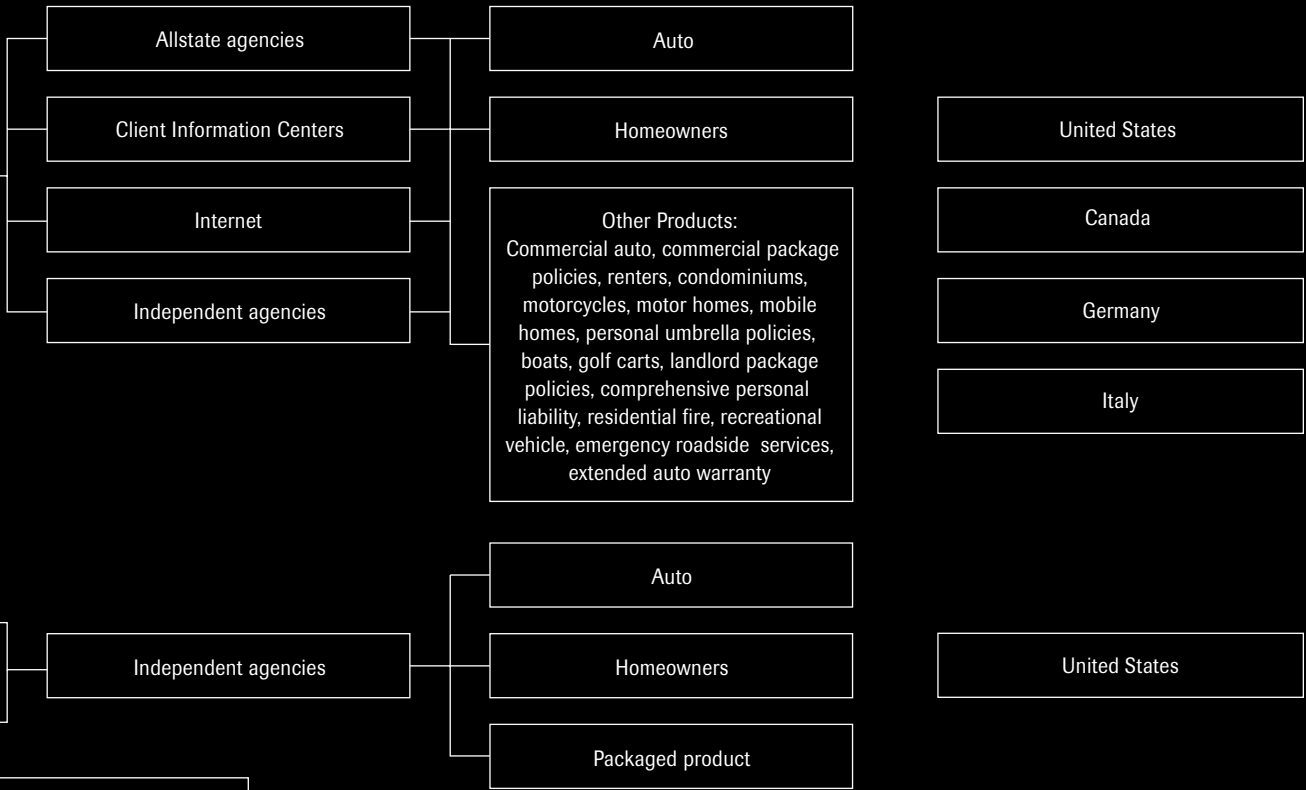
Multi-access means mo



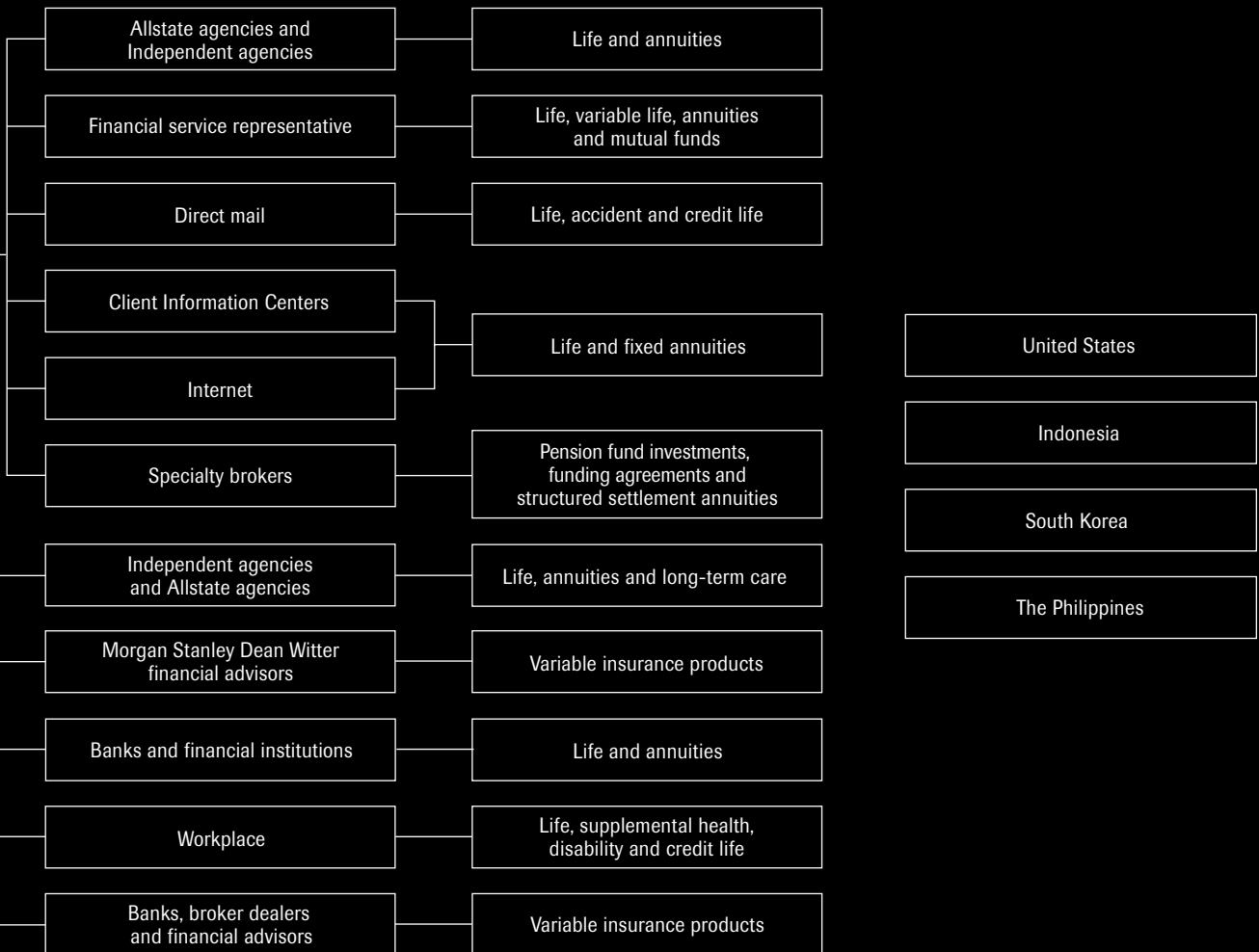
MULTI-CHANNEL

MULTI-PRODUCT

MULTI-NATION

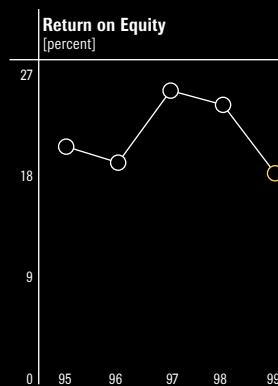
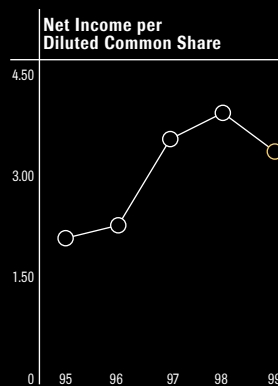
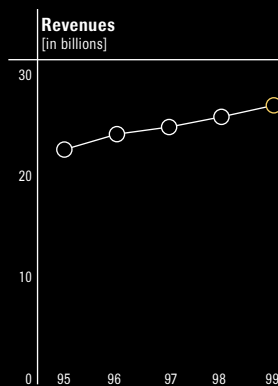


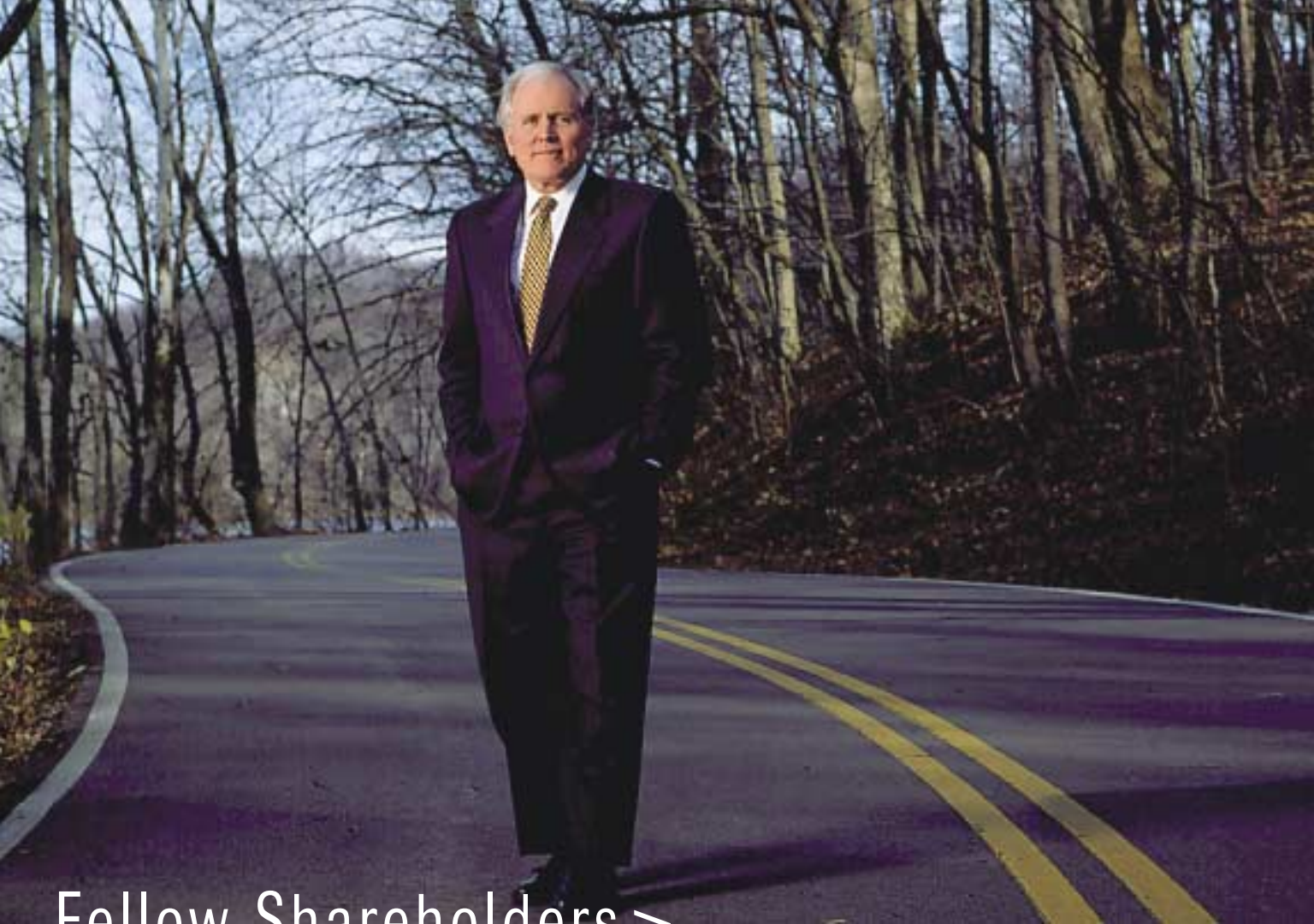
More ways to serve consumers better and faster.



\$ in millions except per share data	1999	1998	% change
Revenues	\$26,959	\$25,879	4.2
Operating income	2,082	2,573	-19.1
Net income	2,720	3,294	-17.4
Total assets	98,119	87,691	11.9
Shareholders' equity	16,601	17,240	-3.7
Per Common Share*			
Operating income	2.59	3.08	-15.9
Net income	3.38	3.94	-14.2
Dividends	.60	0.54	11.1
Shareholders' equity	21.05	21.00	-
Market value—closing	24¹/₆	38 ¹ / ₂	
—high	41	52 ³ / ₈	
—low	22⁷/₈	36 ¹ / ₆	

*Per common share data have been restated for the effects of the 2-for-1 stock split paid on July 1, 1998.





Fellow Shareholders >

Edward M. Liddy
Chairman,
President & CEO

Allstate is taking the lead in transforming our industry and setting new standards for consumer choice and convenience.

The programs we announced are designed to accelerate growth by broadening access to the company through important new channels.

>Bold Steps

1999 was the year Allstate took bold steps to reposition itself for industry leadership—marked by a major commitment to technology and the Internet—in an effort to make our agents more successful and productive and our customers more satisfied. Simply put, Allstate is taking the lead in transforming our industry and setting new standards for consumer choice and convenience.

In 1999 we announced a groundbreaking initiative to enable consumers to reach us through the Internet or via a toll-free number, and to integrate that ease of access with the expertise and local presence of an Allstate agent. In addition, we announced significant acquisitions and new alliances to expand our scope in the independent agency, workplace and life and savings markets.

These programs and products are designed to significantly accelerate growth by broadening access to the company through important new distribution channels.

For Allstate, profitable growth is crucial. Competition in the insurance and financial services segments is fierce. And while the number of our policies in force increased 3 percent in 1999, auto premium rates declined and the severity and frequency of reported auto injuries increased. Allstate's 1999 results reflected these pressures. Our growth in written premiums was 4.5 percent, well below our stated annual goal of 8 to 10 percent. Our net income was \$2.7 billion, down 17.4 percent from the year before.

As a result of these and other factors, our stock price in 1999 declined 37.5 percent, after having increased 185.2 percent over the previous 5½ years, since we went public. This compared with a decline of 28.8 percent in the average 1999 stock price of peer companies in our industry segment.

At the present time property-casualty insurance is viewed as an unglamorous and slow-growth industry. But there are always good opportunities for smart, swift and aggressive companies in a slow-growth market. Our performance in some key measures far exceeds the industry's. For example, we have a far better combined ratio than the industry

as a whole, reflecting our low loss costs due to superior claims management. We have a vibrant and vital Life and Savings business squarely positioned in a fast-growing market, providing life insurance products and investment opportunities. Rigorous capital management helped us generate an 18.4 percent return on equity, putting us in the top quartile of all property-casualty companies. And Allstate, unlike many of our mutual company competitors, is publicly traded, with the financial disciplines that stock ownership imposes.

>Sizeable Assets

The fact is Allstate has many sizeable advantages and assets from which to build. We have one of the best known brand names in the business. We have a work force of some 40,000 employees and more than 15,500 agents dedicated to excellence and growth. We distribute Life and Savings products through Allstate agents and life specialists, as well as banks, securities firms, independent agents and through direct response, including the Internet. In 1999 more than 34,000 producers sold our Life and Savings products and more than 35,000 producers sold our annuity products.

In addition, almost 4,000 independent agents sell CNA Personal Insurance and more than 13,000 independent agents sell non-standard auto insurance through our Deerbrook brand.

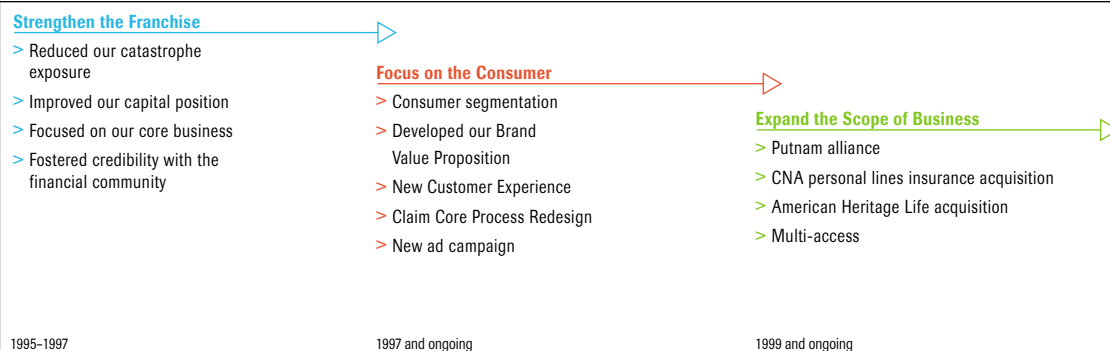
Most important, we have the right strategies in place to position the company strongly for the future. Our strategic road map dates back to 1995 with our spin-off from Sears, Roebuck and Co. Since going public, we have successfully strengthened the Allstate franchise and focused on the customer. We sold non-core businesses, such as our mortgage, reinsurance and commercial operations, and significantly improved our claims processes and costs. We took steps to reduce our exposure to catastrophes. And through extensive marketing research, we gained valuable insights into insurance buying habits so we could target the most profitable consumer segments. All this work has helped us achieve substantial increases in profitability over the last five years.

>Expanding Scope

Now we're at work on some of the most important initiatives Allstate has ever undertaken—strengthening our core operations and expanding the scope of our business. That work has been our chief focus for several years, and was greatly accelerated in 1999 with the announcement that we are adding new access points to the company in order to tap new channels of growth. Beginning in mid-year 2000,

Not only is this good for insurance consumers, it's good for our agencies—Allstate's 15,500 agents and their support staffs. They'll be able to tap into a growing number of consumers pre-disposed to buy or service their insurance needs directly online or through 24-hour Client Information Centers. Agents will get a commission for servicing that business and additional commissions for cross-selling new lines of business with these customers.

Allstate Strategic Road Map



insurance consumers in some states will be able to get rate quotes, buy insurance, modify existing coverage and get questions answered over the Internet or through a toll-free phone number with a licensed Client Insurance Professional. Consumers will have round-the-clock access to licensed Allstate professionals.

And regardless of whether consumers choose to buy or service their Allstate business online or over the phone, they'll always be able to tap the advice, expertise and experience of a local Allstate agent. This degree of customer flexibility and convenience will be a major competitive advantage for us. It's a demonstration of our willingness, ability and commitment to satisfy customer needs through innovation and industry leadership.

And make no mistake, it *is* a major commitment. By year-end 2000 our goal is to have Internet and phone access service in place in 15 states covering about 40 percent of the U.S. population. By the end of 2001, we plan to provide this service countrywide, everywhere Allstate does business in the United States.

>Major Commitment

To help agencies better sell and service customers, we're making another major commitment. By the end of 2001, we'll equip all Allstate agents and many of their support staffs with new desktop hardware and software. And we're introducing leading-edge technology to help agencies target and service consumers with significant insurance needs, identify and retain their most valuable customers, and prospect more effectively for new leads.

For example, Allstate agencies will be able to identify new teen drivers easily from their customer base and offer those families the right auto coverage as well as our award-winning safe driving materials. Agencies will be able to target other customers with pressing insurance needs, such as new homeowners and retirees. We'll also identify customers deemed to be at risk of not renewing, so agencies can target them for special attention. With thousands of individuals covered in each agency's book of business, these targeted actions can make a huge difference in strengthening individual

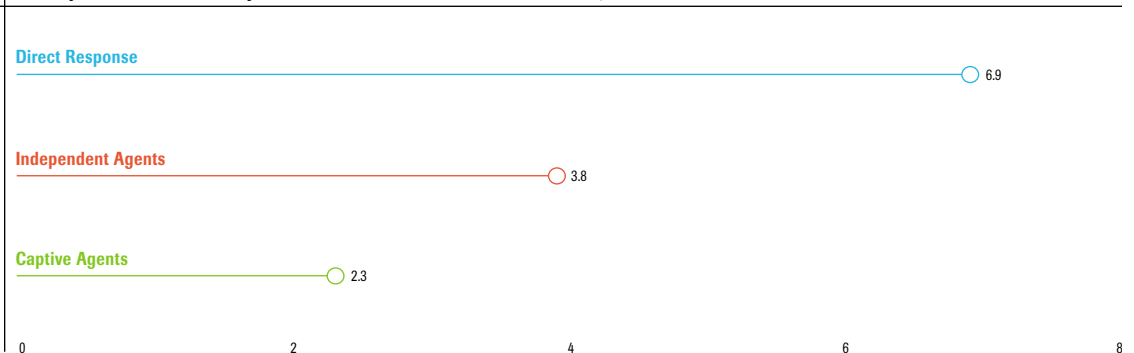
relationships, improving customer loyalty and cross-line sales and increasing retention.

Another new program will allow our agencies to view their customers by household, consolidating and refining information to provide a more comprehensive profile of every customer family. And sophisticated new pricing models and marketing programs will enable us to identify and offer more attractive rates to our most potentially profitable consumer segments.

also announced three major initiatives in 1999 designed to accelerate profitable growth by putting Allstate into new channels of distribution and introducing new financial products.

With the aging of the American population, the market for life and asset protection and retirement products has never been stronger. To tap that market, in 1999 we announced a joint venture with Putnam Investments to market insurance products designed to leverage the strengths of both companies

Industrywide Sales Increase by Channel [auto insurance], 1998 vs. 1997 [in percent]



>Stronger Agencies

We also announced in 1999 that we would simplify and strengthen our Allstate agency program with a single, independent contractor exclusive agency agreement, effective in 2000. Consolidating the numerous agent contracts and agreements currently in place will enable us to provide consistent, focused, integrated marketing support. And as independent entrepreneurs with a major stake in their businesses, agents will have increased flexibility and incentives to grow their business more aggressively and profitably.

To back up all these initiatives, the company has significantly increased its commitment to marketing and advertising around the country, to more than \$150 million a year in both 1999 and 2000. And we've introduced a new advertising campaign, "You're in Good Hands with Allstate®...Mine," to promote Allstate as a company of professionals who are personally committed to their customers' lifelong needs.

All these and many other programs are being introduced to solidify growth prospects for the Allstate brand. We

and appeal to investors. The initial effort, the Putnam Allstate Advisor, is a state-of-the-art variable annuity product that combines Allstate's high name recognition among consumers with Putnam's strong brand equity among investment advisors. This led to sales of \$830 million in its first seven months, one of the strongest product launches in the financial services sector. Other asset protection and growth products are being developed by Allstate and Putnam. Our goal is to be one of the top variable annuity writers in the industry.

>Financial Planning

And because of the public's strong demand for financial products, we are enabling Allstate agents to become financial planners, so they can help their customers with retirement planning and sell fixed and variable annuities and mutual fund products as well as property-casualty and life insurance. Our goal is eventually to have a significant portion of Allstate agents and all Allstate life specialists licensed to sell and service these financial products, which will strengthen their role as partners and advisors to their customers.

>Acquisitions

In a major thrust into the \$45 billion independent agency market, Allstate in 1999 acquired the personal lines business of CNA Financial Corporation. CNA Personal Insurance, as we call it, is one of the leading personal lines brands sold through independent agents [IAs]. Many consumers prefer to shop for their insurance needs through an independent agent, because they value the choice of companies and the advice an IA can offer. With CNA Personal Insurance, and our own Deerbrook brand of non-standard auto insurance, we are now strongly positioned in a market segment from which we were largely excluded in the past. Our goal is to become the leading writer of personal lines insurance in the IA market.

In 1999 we also acquired American Heritage Life [AHL] to position us strongly in the fast-growing workplace market. AHL sells life, supplemental health and disability insurance to employees at more than 15,000 companies, who enjoy the benefit of competitive rates and the ease of payments through payroll deduction. This market is growing 15 percent a year. Our growth prospects for workplace marketing are especially enticing. Allstate's 15,500 agents [and the 3,400 independent agents who write Allstate insurance] sell commercial insurance to more than 200,000 small businesses, many of whom could be prospective customers for AHL's products. And with Allstate's strong national presence, the opportunity to expand AHL's business from its base in the southeastern U.S. is enormous.

>Shareholder Value

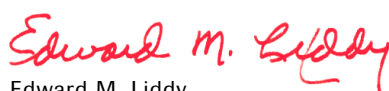
To further promote shareholder value, we announced in 1999 that we would complete the previous \$2 billion share repurchase plan and would launch another \$2 billion program, to be completed by the end of 2000. Also in 1999 we undertook to consolidate operations and reduce our work force, which we expect will yield \$600 million in annual expense savings by the end of 2000. We intend to use these savings to fund new technology applications, provide more

competitively priced products where appropriate and undertake stronger marketing and advertising initiatives.

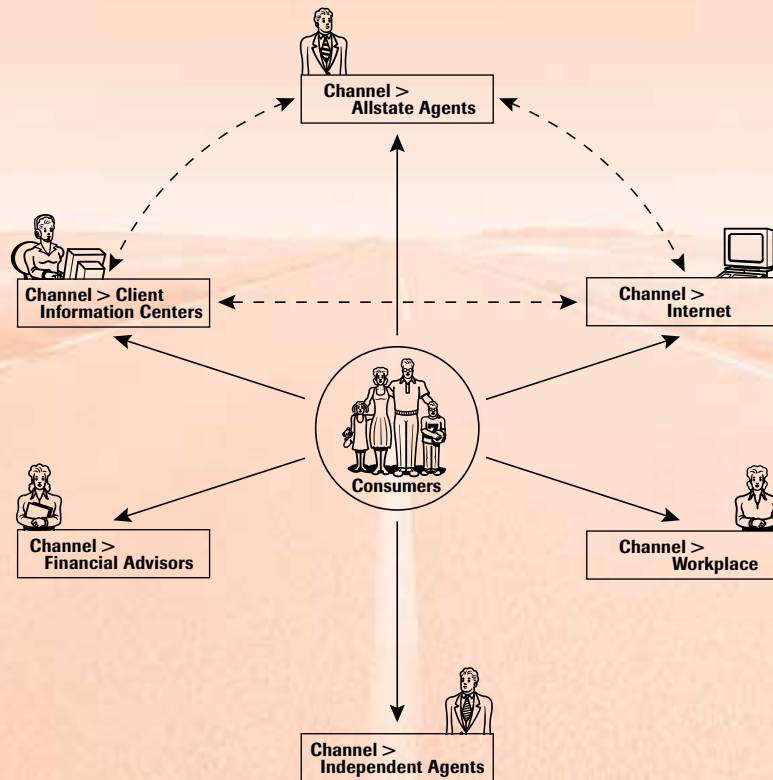
1999 was also a busy year in our officer group. It marked the retirement of Bob Gary, a 37-year Allstate veteran who headed our property-casualty business from 1994-1999. Bob's distinguished career was marked by extraordinary leadership, energy and commitment. Rick Cohen, a 31-year veteran of the company, replaces Bob. Also retiring was Lou Lower, who was with us 23 years and whose dedication and vision helped make Allstate a leader in the life and savings field. His responsibilities have been assumed by Tom Wilson, president of the Life and Savings business.

At the board level, in 1999 we elected James Farrell, Duane Ackerman, Ronald T. LeMay and Judith Sprieser directors of The Allstate Corporation. Jim is chairman and chief executive officer of Illinois Tool Works; Duane is chairman, president and chief executive officer of BellSouth Corporation; Ron is president and chief operating officer of Sprint Corporation; and Judith is executive vice president of Sara Lee. Collectively they bring enormous experience, talent and vision to our board, which will benefit the company and shareholders.

In all, 1999 was a watershed year for us. We were frustrated by the reduction in Allstate's [and the entire industry's] market capitalization, especially in the face of the strongest bull market in U.S. history. But great performers can meet any challenge. We have put in place the right programs designed to sell more products through more channels of distribution, accelerate profitable growth and drive shareholder value. These strategies offer us the opportunity to lead the industry. I'm convinced we're on the right track, with the right people and strategies for success.



Edward M. Liddy
Chairman, President & CEO



Access Allstate >

Consumers can access Allstate through an ever-expanding array of channels. Multi-channel distribution allows us to broaden our reach into the marketplace and drive new revenue opportunities.

The stories that follow describe some of our most important roads to profitable growth.



Channel > Allstate Agents By offering more agents

> Direction Allstate offers consumers a portfolio of insurance products that is among the broadest in the industry, including standard and non-standard auto, renters and homeowners, condominium, annuities, life and many other policies designed to meet most consumers' insurance needs. That's why millions of customers place most or all of their personal lines coverage with their Allstate agent.

> Destination Allstate agencies are starting to make financial service products available to their customers. These products include variable annuities designed to offer investment features as well as life insurance protection, and mutual funds to enable customers to participate in the equities market. As more Allstate agents become licensed to sell financial products, they'll strengthen their role as knowledgeable and valuable professionals, providing consumers with more financial options as well as helpful insurance information and solid protection.



products and services,
strengthen their role as valued professionals.

>SERVICE "It makes sense to consolidate all my insurance and financial service needs with my Allstate agent," says Maritza Diaz, a Miami physician, shown here in the Little Havana section of Miami with her agent, Domingo Bravo. "I can better serve my customers by helping them prepare for retirement and their estate planning needs with our variable life

products and mutual funds," says Bravo. Diaz, a long-time Allstate customer, has her three autos, homeowners, doctor's office, a variable universal life policy and two IRAs with Bravo. "He's provided me with good insurance coverage and service all these years," she says, "so I was delighted when he began offering financial service products as well."

> HELPFUL "I have a lot of business with Wes [my Allstate agent], including several autos, my home, life insurance and my business. I'm convinced the technology he uses helps him keep track of all my needs in order to serve me better," says Ken Ferdinand [seated], a 15-year customer of Allstate agent Wesley White [standing].

Ferdinand owns four PJ's coffee shops in New Orleans. White runs a large agency with four full-time staff members. "The new computer software technology helps me organize my office better and provides lots of features to continually add more value and strengthen my relationships with customers," he says.

Channel > Allstate Agents New technology is to provide better

> Direction Allstate is making one of the most significant commitments to agency technology in the insurance industry. The company's 15,500-plus agents and tens of thousands of their support staff will be outfitted by the end of 2001 with state-of-the-art desktop hardware and software, designed to help them prospect for new customers and serve existing customers faster and better. Agents' desktops will be fully integrated with the company's new Client Information Centers and the Internet as well as the Allstate claim organization, so every customer transaction is seamlessly and immediately available. Allstate is building the communications infrastructure that's designed to service customers when, where and how they want to be served.

> Destination New technology and software applications for agencies include a host of leading-edge features designed to improve pricing, strengthen relationships and serve customers better. For example, agencies will be able to better identify and target customers with important life events, such as newlyweds or teenagers approaching driving age, in order to sell them appropriate insurance coverage. New household databases will provide agencies with more information about their customers and a broader, more complete view of their lifetime economic value, to better strengthen relationships with their most valuable customers. New underwriting methods and pricing models, together with marketing campaigns designed around them, will enable agencies to target the most potentially profitable consumer segments. All these tools are designed to help agencies better serve and retain more profitable customers, as well as add to their existing book of business.



enabling agencies
service and drive more growth for their business.





Channel > Direct Through Internet and phone paving the way

> Direction In 1999 Allstate announced the industry's first integrated approach to accessing insurance products and services. Allstate customers will be able to buy or service their insurance any way they want—in person at an agent's office, by phone, over the Internet, or through the mail. And regardless of how customers contact Allstate, they can always connect with a local Allstate agent. Agents will be updated immediately on any customer activity that takes place online or by phone to a Client Information Center. This unprecedented choice and convenience sets new standards of service in our industry.

> Destination The multi-access approach will be introduced during 2000 in 15 states, covering about 40 percent of the U.S. population. Our goal is to have it available everywhere Allstate does business in the U.S. by the end of 2001. To support this initiative, the company is building state-of-the-art Client Information Centers staffed by up to 5,000 licensed Client Insurance Professionals, who can sell insurance and will assist customers with price quotes, policy changes and other insurance needs. In addition, our allstate.com Internet site is being enhanced to allow visitors to get rate quotes, buy insurance and report claims, as well as review their bills, policies and claim status. With more routine customer questions being handled online or over the phone, agencies will have more time to strengthen their relationships with valuable existing customers and prospect for new business. Altogether, this is one of the most significant business advances in the industry, designed to promote service excellence and profitable sales growth.

access, we're
to greater customer choice and convenience.

>24x7 Patty Bustamante is associate manager at an Allstate call center in Los Angeles [shown with customer service representative Alyssa Wright, inset]. New Client Information Centers are being built to enable consumers to contact Allstate any hour of the day or night, 365 days a year, to buy or service

their insurance coverage. Direct customers will also be able to tap the experience and expertise of local Allstate agents. The speed and convenience of direct sales and service, combined with the presence when needed of a local Allstate agent, will provide unprecedented choice and benefits to consumers.



Channel > Financial Advisors Our insurance

> Direction Allstate believes that investment products complement our insurance coverage, as a way of meeting the long-term financial needs of consumers. These products include life insurance; fixed and variable annuities; group pensions; structured settlements; accident, health, term life and credit insurance marketed through third parties; and life, health and disability products sold through the workplace.

> Destination In 1999 Allstate introduced the Putnam Allstate Advisor, a variable annuity that combines the investment expertise and experience of Putnam Investments with the protection and security of Allstate insurance coverage. The Putnam Allstate Advisor enjoyed one of the fastest starts of any financial services product, with more than \$800 million in sales in its first seven months. Allstate is exploring additional financial services products that satisfy people's investment and protection needs.



and investment products help consumers plan for the future.

> PROTECTION

“The Putnam Allstate Advisor experienced one of the most successful variable annuity product launches in history,” says Jane Mancini [left], managing director of Insurance Products for Putnam Investments. She’s shown with Lillian Bikash, a Putnam Allstate

Advisor customer, in Boston near Putnam’s headquarters. “This variable annuity is the best way for me to meet my investment needs and retirement goals,” says Bikash. “It has the strength and backing of two great names in financial services – Allstate and Putnam.”



Channel > Workplace Firms like the benefits their employees

> CONVENIENCE

"I like the variety of products American Heritage Life provides our employees," says Jeffrey Hamlin [right], corporate director of Human Resources for Christus Health systems. Allstate's line of workplace products, sold through its American Heritage Life subsidiary, provides employees with life, supplemental health and disability insurance at their place of work. Hamlin is shown in front of Christus

St. Joseph Hospital in Houston with Steve Koronczok, head of Benefit Alliance Inc., a benefits broker specializing in employee communications and enrollment support, who helped sell American Heritage Life to Christus Health and communicated the benefits package to its 24,000 employees. Christus Health includes 38 health facilities in Texas, Louisiana, Utah and Arkansas.

A photograph of two men in dark suits and ties standing in front of a modern, multi-story building with large windows. The man on the left is younger with short brown hair, and the man on the right is older with grey hair and a mustache. They are both smiling slightly. A white SUV is partially visible in the background on the left.

they can provide
through our American Heritage Life products.

> Direction Allstate acquired American Heritage Life [AHL] in 1999 to provide its workplace insurance products to employees countrywide. These products include life, disability and health insurance. The company has a solid growth record, and is the nation's third-largest workplace marketer. This market segment is expanding 15 percent a year, a growth rate fueled by the ease and convenience of paying for insurance through payroll deductions.

> Destination While it is licensed to conduct business in 49 states, the District of Columbia and Puerto Rico, American Heritage Life is focused primarily in the southeastern part of the United States. Allstate's national presence provides a significant opportunity for AHL to expand its workplace marketing business across the country. For example, Allstate's 15,500 captive agents and 3,400 independent agents who write Allstate insurance sell commercial insurance to more than 200,000 small business owners, many of whom are expected to be good prospects for AHL insurance products. Combining American Heritage Life's workplace expertise with Allstate's brand strength and national distribution establishes a solid foundation for growth in this marketplace.



Channel > Independent Agents For customers of insurers, our

> Direction As part of its strategy to become the leading provider of personal lines insurance in the \$45 billion independent agency market, Allstate in 1999 acquired the CNA personal lines business, which includes auto, renter, homeowner and other personal lines insurance. Many consumers prefer to shop for their personal lines of insurance through independent agents, because of their reputation for providing independent advice and having a broad selection of insurance carriers from which to choose. CNA has long been a leader in the independent agency market.

> Destination Allstate's acquisition of the CNA personal lines business creates powerful opportunities for growth. Allstate is the only major competitor in this segment selling a dedicated brand exclusively through the independent agency channel. And Allstate's capital strength, leadership and commitment to personal lines offer great potential synergies for its independent agency business. Allstate also offers non-standard auto insurance to independent agents through Deerbrook Insurance. The goal is to drive the combination of CNA Personal Insurance and Deerbrook to the leadership position in this important market.

> OPPORTUNITIES

"I like selling CNA Personal Insurance because it fits the needs of many of my clients," says Ken Miller [left] of Tegner-Miller Insurance Brokers, located in Santa Monica, California. He is one of almost 4,000 independent agents countrywide who offer CNA Personal Insurance, which was acquired by Allstate in 1999. CNA's package policy, stellar

claim handling and competitive pricing and underwriting are all reasons why Tegner-Miller has offered CNA for more than 30 years. Miller is shown with Fred Freeman, a TV and movie writer/producer, who has been a Tegner-Miller client and CNA customer since 1989. "The combination of CNA and Tegner-Miller has been terrific," Freeman says.

who want a wide selection
Independent Agency business is the right path.

> OUR EMPLOYEES AND AGENTS Allstate's workforce is one of our most important assets, dedicated to providing the best service and support to millions of customers. In turn, the company is dedicated to providing a supportive work environment, helping balance work and personal responsibilities and advancing women and minorities. One measure of our success is the recognition we receive. In 1999 *Working Mother* magazine named Allstate one of the 100 best companies for working mothers, the ninth year we have been so honored. *Fortune* magazine listed Allstate as one of the top 10 companies for Asians, Blacks and Hispanics. *LatinaStyle* magazine named Allstate one of the 50 best companies for Hispanic women. *A. Magazine* named Allstate one of five model companies for Asian-Americans. And *Minority MBA* magazine named Allstate one of the top 10 companies for minority MBA students. The company has created the leading-edge Allstate Center for Assistive Technology, dedicated to the identification, testing, deployment and support of hardware and software that enables persons with disabilities to access our systems. For Allstate, a diverse and balanced workforce is well positioned to support our diverse customer base.

> OUR COMMUNITIES Because we're in a caring business, our employees and agents provide significant support to the communities where they work and live. This makes good business sense, because stronger communities ultimately mean better insurance risks. But it's also a big part of the Allstate culture to help others and give back to the community. Last year 54 percent of all employees and agents participated in volunteer efforts, with a strong emphasis on youth activities. The Allstate Foundation made grants of \$9.4 million to support programs and not-for-profit organizations focusing on auto and highway safety, personal safety and security and neighborhood revitalization. Employees and agents in 1999 pledged more than \$4 million to charities of their choice in the company's annual giving campaign, generating an additional 20 percent company match. Allstate owns more than \$18 billion in municipal bonds, making us one of the largest corporate investors in the nation's infrastructure. In addition, the company targets inner-city communities with special investment programs that focus on housing, education and economic development. As a result, Allstate has had a major positive impact, financially and in the quality of life, on almost every community in the country.

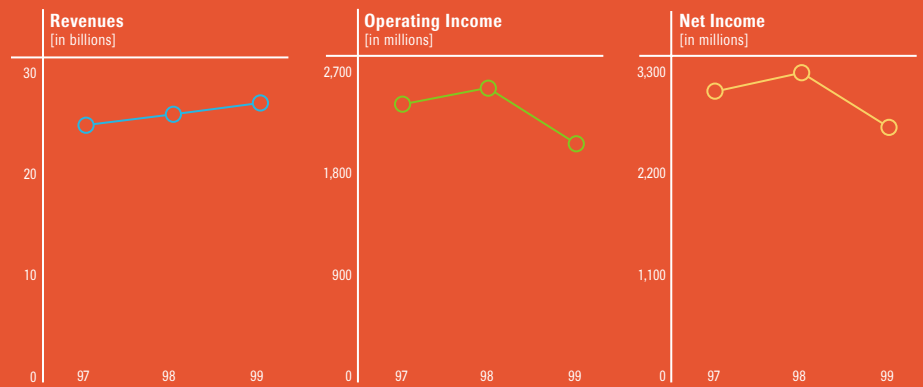
Giving Back > For employees and agents, community support is vital.

Minority and Female Percentages

Numbers shown are percentages of the company's total U.S. workforce

Data Source: EEO-1 report, December 1999

Job Category	Total Number by Category	Total Female Percent	Total African American Percent	Total Hispanic Percent	Total Asian/Pacific Islander Percent	Total Native American Percent	Total Minority Percent
Officials and Managers	5,642	39.7	13.8	5.7	1.9	0.4	21.7
Professionals	17,201	46.6	13.3	5.6	3.9	0.4	23.2
Technicians	499	29.5	11.2	10.8	3.2	0.4	25.7
Sales Workers	9,220	20.5	11.9	6.2	3.5	0.7	22.3
Office Workers	14,784	88.7	25.9	9.0	2.8	0.4	38.2
Total Workforce	47,346	53.7	17.0	6.9	3.3	0.4	27.6



Financial Data >

Allstate operates from a position of financial strength and stability, with assets of \$98 billion and shareholders' equity of \$17 billion. In 1999 Allstate completed several major acquisitions and announced plans to aggressively expand our selling and service capabilities.

These actions, plus continued growth in our core operations, strongly position us to compete in a fiercely competitive industry.

> 5-YEAR SUMMARY OF SELECTED FINANCIAL DATA

\$ in millions except per share and ratio data	1999	1998	1997	1996	1995
Consolidated Operating Results					
Revenues	\$26,959	\$ 25,879	\$24,949	\$24,299	\$ 22,793
Operating income	2,082	2,573	2,429	1,600	1,587
Realized capital gains and losses, after-tax	691	694	638	510	168
Net income	2,720	3,294	3,105	2,075	1,904
Earnings per share-diluted	3.38	3.94	3.56	2.31	2.12
Consolidated Financial Position					
Investments	\$69,645	\$ 66,525	\$62,548	\$58,329	\$56,505
Total assets	98,119	87,691	80,918	74,508	70,029
Reserves for claims and life-contingent contract benefits and contractholder funds	50,610	45,615	44,874	43,789	42,904
Debt	2,851	1,746	1,696	1,386	1,228
Mandatorily redeemable preferred securities of subsidiary trusts	964	750	750	750	-
Shareholders' equity	16,601	17,240	15,610	13,452	12,680
Property-Liability Operations					
Premiums written	\$20,389	\$ 19,515	\$18,789	\$18,586	\$ 17,965
Premiums earned	20,112	19,307	18,604	18,366	17,540
Net investment income	1,761	1,723	1,746	1,758	1,630
Operating income	1,717	2,211	2,079	1,266	1,301
Realized capital gains and losses, after-tax	609	514	511	490	158
Net income	2,312	2,760	2,670	1,725	1,608
Operating ratios					
Claims and claims expense ratio	73.0	70.4	71.7	78.9	78.1
Expense ratio	24.4	22.8	22.3	21.6	22.3
Combined ratio	97.4	93.2	94.0	100.5	100.4
Life and Savings Operations					
Premiums and contract charges	\$ 1,623	\$ 1,519	\$ 1,502	\$ 1,336	\$ 1,368
Net investment income	2,260	2,115	2,085	2,045	1,992
Operating income	384	392	377	368	327
Realized capital gains and losses, after-tax	101	158	123	20	10
Net income	485	550	497	388	337
Statutory premiums and deposits	8,497	5,902	4,946	5,157	4,874
Investments including Separate Accounts	48,301	41,863	37,341	33,588	31,065

> CONDENSED CONSOLIDATED
INCOME STATEMENTS

\$ in millions except per share data	Year ended December 31,		
	1999	1998	1997
Revenues			
Insurance premiums and contract charges	\$21,735	\$20,826	\$20,106
Net investment income	4,112	3,890	3,861
Realized capital gains and losses	1,112	1,163	982
Total revenues	26,959	25,879	24,949
Costs and Expenses			
Insurance claims and contract benefits	\$ 17,257	\$16,016	\$15,751
Costs and expenses	5,805	5,205	4,826
Total costs and expenses	23,062	21,221	20,577
Gain on disposition of operations	10	87	62
Income from operations before income tax expense, dividends on preferred securities, and equity in net income of unconsolidated subsidiary	3,907	4,745	4,434
Income tax expense	1,148	1,422	1,324
Income before dividends on preferred securities and equity in net income of unconsolidated subsidiary	2,759	3,323	3,110
Dividends on preferred securities of subsidiary trusts	[39]	[39]	[39]
Equity in net income of unconsolidated subsidiary	-	10	34
Net income	\$ 2,720	\$ 3,294	\$ 3,105
Earnings per share—diluted	\$ 3.38	\$ 3.94	\$ 3.56

> CONDENSED CONSOLIDATED
BALANCE SHEETS

\$ in millions	December 31,	
	1999	1998
Assets		
Investments	\$69,645	\$66,525
Premium installment receivables, net	3,927	3,082
Deferred policy acquisition costs	4,119	3,096
Reinsurance recoverables, net	2,209	1,932
Accrued investment income	812	751
Property and equipment, net	916	803
Cash	254	258
Deferred income taxes	211	-
Other assets	2,169	1,146
Separate Accounts	13,857	10,098
Total assets	\$98,119	\$87,691
Liabilities		
Insurance reserves	\$25,411	\$24,482
Contractholder funds	25,199	21,133
Unearned premiums	7,671	6,425
Claim payments outstanding	860	778
Other liabilities and accrued expenses	4,705	4,578
Deferred income taxes	-	461
Debt	2,851	1,746
Separate Accounts	13,857	10,098
Total liabilities	80,554	69,701
Mandatorily redeemable preferred securities of subsidiary trusts	964	750
Total shareholders' equity	16,601	17,240
Total liabilities and shareholders' equity	\$98,119	\$87,691

> CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOW

\$ in millions	Year ended December 31,		
	1999	1998	1997
Cash Flows from Operating Activities			
Net income	\$ 2,720	\$ 3,294	\$ 3,105
Adjustments to reconcile net income to net cash provided by operating activities	[453]	[403]	237
Net cash provided by operating activities	2,267	2,891	3,342
Cash Flows from Investing Activities			
Proceeds from sales	31,312	19,356	16,725
Investment collections	5,809	7,140	7,197
Investment purchases	[40,912]	[26,744]	[25,752]
Change in short-term investments, net	454	[610]	427
Change in other investments, net	[34]	[95]	[105]
Acquisitions	971	[275]	-
Proceeds from disposition of operations	-	49	138
Purchases of property and equipment, net	[212]	[188]	[150]
Net cash used in investing activities	[2,612]	[1,367]	[1,520]
Cash Flows from Financing Activities			
Net cash provided by [used in] financing activities	341	[1,486]	[1,718]
Net Increase [Decrease] in Cash	[4]	38	104
Cash at Beginning of Year	258	220	116
Cash at End of Year	\$ 254	\$ 258	\$ 220

> For more detailed information see proxy statement.

Allstate is engaged in the Property-Liability insurance and Life and Savings businesses, principally in the United States.

Allstate's largest business is the sale of private passenger auto and homeowners insurance through its exclusive agency and independent agency forces. The company's other major business is the sale of life insurance and savings products, including annuity and group pension products.

> REVENUES INCREASED TO \$27.0 BILLION

Consolidated revenues increased 4 percent or \$1.1 billion in 1999 compared to 1998. Property-Liability and Life and Savings premium income grew 4 percent to \$21.7 billion, accounting for most of the increase in revenues for the year. Increased investment income, which grew 6 percent, was partially offset by a decline in realized capital gains.

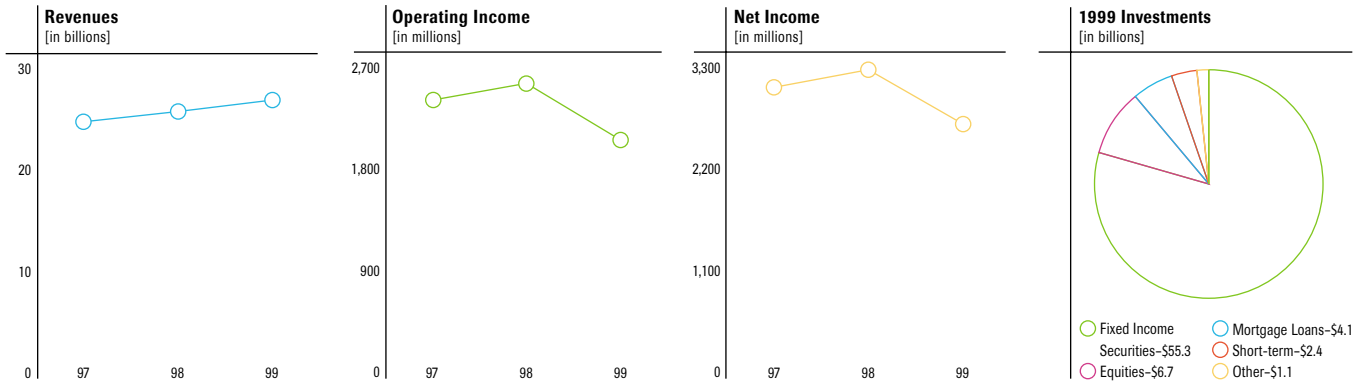
> OPERATING INCOME FOR THE YEAR WAS \$2.1 BILLION Consolidated operating

> NET INCOME WAS \$2.7 BILLION

Consolidated net income decreased 17 percent reflecting the decrease in operating income during the year.

> INVESTMENTS GREW TO \$69.6 BILLION

Consolidated investments of the company increased 5 percent or \$3.1 billion due primarily to product sales and investments acquired through the purchases of CNA personal lines and American Heritage Life. Investment income increased 6 percent during 1999 reflecting



income decreased 19 percent during the year due to a decrease in Property-Liability operating income and the impact of restructuring and acquisition related charges taken during the fourth quarter. The restructuring charge, with an after-tax impact of \$53 million, was related to the company's announcement to reduce costs by \$600 million annually and reinvest in initiatives aimed at aggressively expanding the company's selling and service capabilities. The acquisition charges of \$63 million, after-tax, related to the recent acquisitions of CNA personal lines business and American Heritage Life.

the increase in investment balances partially offset by lower overall portfolio yields. A decline in the average portfolio yield occurs as new and reinvested funds are invested at rates that are lower than the overall portfolio yields. Realized capital gains decreased 4 percent from 1998, due to less favorable market conditions caused by rising interest rates.

Allstate's Property-Liability business is principally engaged in the sale of private passenger auto and homeowners insurance sold primarily through the company's exclusive agency and independent agency forces.

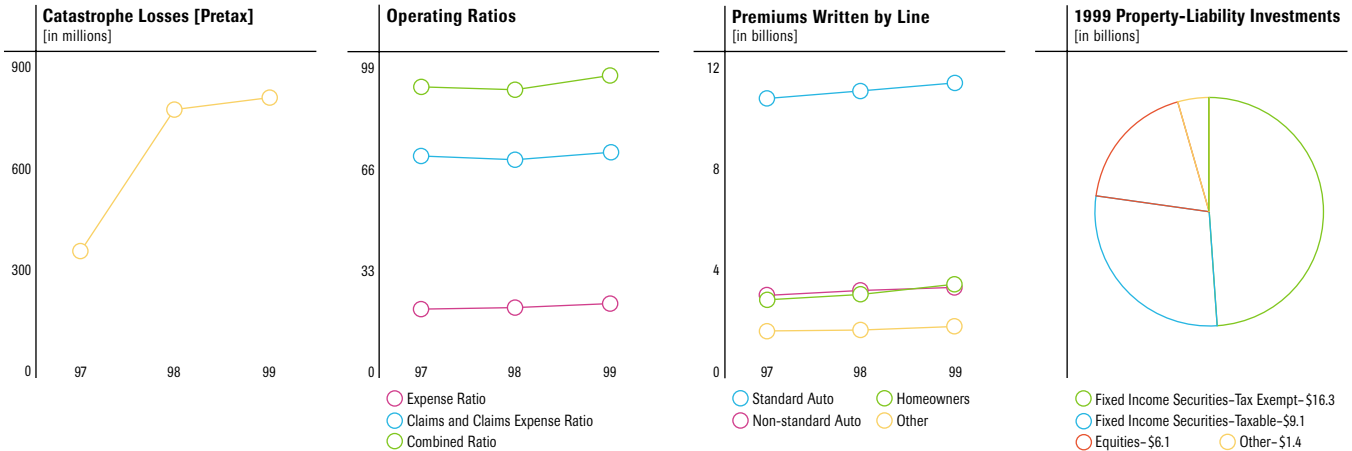
Allstate is the second largest personal property and casualty insurer in the United States.

> PREMIUMS WRITTEN INCREASED

5 PERCENT Property-Liability premiums written were \$20.4 billion in 1999, an increase of \$874 million from 1998. The improvement in written premiums was driven by increased sales of auto and homeowners policies and the impact of the acquisition of CNA personal lines. Premiums written in our core lines of auto and homeowners increased 3 percent and 9 percent respectively. The increase in auto business was adversely affected by lower average premiums

and the effect of dividends paid to The Allstate Corporation. Realized capital gains for the year increased 18 percent due primarily to gains on sales of equity securities during the first half of the year.

> OUTLOOK The property-liability industry operates in a fiercely competitive environment. The personal lines industry is expected to grow at a 3 to 4 percent rate and our goal is to continue to outperform the industry and our competitors. To grow our top line we must increase



and the impact of auto reform in New Jersey. The improvement in homeowners premiums resulted from increases in new business and higher average premiums.

> UNDERWRITING INCOME WAS \$527

MILLION FOR THE YEAR Property-Liability underwriting income decreased 60 percent from 1998 due to higher loss costs and operating expenses and the impact of restructuring and acquisition charges. The combined ratio for the year was 97.4 [or 93.3 excluding the effects of catastrophes], well below industry averages.

> INVESTMENTS ENDED THE YEAR AT

\$32.9 BILLION Property-Liability investments decreased slightly from 1998 reflecting the impact of rising interest rates on the value of fixed income securities. Investment income increased 2 percent to \$1.8 billion in 1999. Income earned from investments continues to be affected by lower investment yields

sales of our core auto and homeowners lines through our exclusive agency force and also through new channels. Our new business model will allow us to integrate sales and service to our customers and leverage the strongest brand name in the industry. By adding new access points, such as the Internet, direct call centers and an expanded independent agency strategy, customers will be able to access us when, where and how they want. The combination of the added convenience along with competitive pricing will allow us to attract new customers while retaining our current customers. Although future medical and other claim costs may experience inflationary pressure, we continue to refine and improve our claim settlement processes in order to control these costs, resulting in a loss ratio that is already better than the industry average.

Allstate Life and Savings markets a broad line of life insurance and savings products through a diverse distribution network.

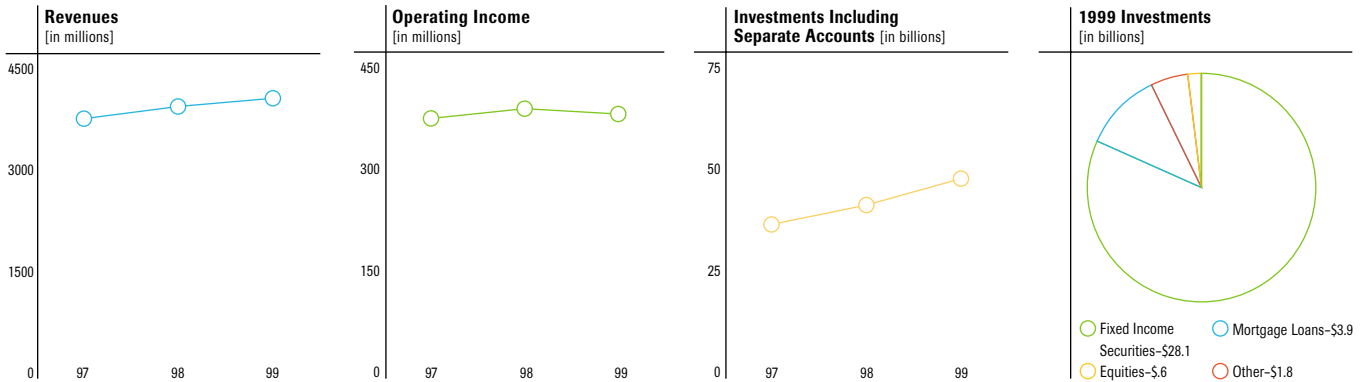
Life insurance and savings products are distributed through Allstate agents, banks, securities firms, independent life insurance agents, direct response marketing and the Internet.

> STATUTORY PREMIUMS INCREASED

44 PERCENT Life and Savings statutory premiums and deposits were \$8.5 billion versus \$5.9 billion in 1998. The improvement in statutory premiums, which include all premiums and deposits on life and annuity products, was driven by higher sales of variable and fixed annuity products. Variable annuity sales increased 60 percent, primarily the result of the Allstate-Putnam alliance, which produced \$830 million in variable annuity

> NET INCOME WAS \$485 MILLION Life and Savings net income decreased 12 percent from 1998 net income, primarily due to lower after-tax realized capital gains. After-tax realized gains for the year were \$101 million in 1999 compared to \$158 million in 1998.

> INVESTMENTS UP 15 PERCENT Life and Savings investments, including investments of the Separate Accounts, increased \$6.4 billion to \$48.3 billion.



sales in its first year. Fixed annuity sales increased 53 percent due to higher sales through banks and independent agents. Life and Savings GAAP revenues, which consist of net investment income, GAAP premiums and contract charges, and realized capital gains, were \$4.1 billion, up 3 percent from 1998.

> OPERATING INCOME ENDED THE YEAR AT \$384 MILLION

Life and Savings operating income decreased slightly in 1999 versus 1998 as growth in product sales was more than offset by increased mortality, higher operating expenses and the effects of acquisition and restructuring charges. Operating income continues to be affected by a market shift to lower profit margin products.

The growth in the investment balance was due to a 37 percent increase in Separate Accounts assets from variable annuity sales and strong sales of fixed annuity products, partially offset by lower unrealized gains on fixed income and equity securities. Investment income increased 7 percent as a result of higher investment balances and additional income due to the acquisition of American Heritage Life.

> OUTLOOK The life and savings industry is experiencing increased competition due to continued consolidation in the financial services sector. Allstate Life and Savings is well positioned to compete in this industry with its diverse distribution network and a wide variety of products that are designed to meet changing consumer needs. To increase sales of life and variable annuity products, Life and Savings will continue to expand through multiple distribution channels and by leveraging the Allstate agent franchise and the Allstate brand name.

>THE ALLSTATE CORPORATION BOARD OF DIRECTORS



Pictured left to right:
Warren L. Batts, retired chairman and chief executive officer, Tupperware Corporation; **H. John Riley Jr.**, chairman, president and chief executive officer,

Cooper Industries Inc.; **James M. Denny**, managing director, William Blair Capital Partners, L.L.C.; **Edward A. Brennan**, retired chairman, president and chief executive officer, Sears, Roebuck and Co.,

Joshua I. Smith, chairman and chief executive officer, The MAXIMA Corporation; **Edward M. Liddy**, chairman, president and chief executive officer, The Allstate Corporation;

Michael A. Miles, special limited partner, Forstmann Little & Co.; **Judith A. Sprieser**, executive vice president, Sara Lee Corporation;

Ronald T. LeMay, president and chief operating officer, Sprint Corporation; **F. Duane Ackerman**, chairman, president and chief executive officer, BellSouth Corporation;

James G. Andress, chief executive officer, Warner Chilcott PLC; **W. James Farrell**, chairman and chief executive officer, Illinois Tool Works Inc.

>THE ALLSTATE INSURANCE COMPANY SENIOR MANAGEMENT TEAM



Pictured left to right:
Frank W. Pollard, senior vice president and chief information officer; **Thomas J. Wilson**, president, Allstate Life

Insurance Company; **Casey J. Sylla**, senior vice president and chief investment officer; **Rita P. Wilson**, president, Allstate Indemnity Company;

John L. Carl, senior vice president and chief financial officer; **Joan M. Crockett**, senior vice president, Human Resources; **Robert W. Pike**, executive vice president and secretary;

Ronald D. McNeil, senior vice president, Product Operations; **Michael J. McCabe**, senior vice president and general counsel; **Robert S. Apatoff**, senior vice president and chief marketing officer;

Edward J. Dixon, senior vice president, Field Operations; **Edward M. Liddy**, chairman, president and chief executive officer; **Steven L. Groot**, president, Allstate International;

Richard I. Cohen, president, Property and Casualty; **Ernest A. Lausier**, president, Independent Agency Markets

CORPORATE HEADQUARTERS/HOME OFFICE

The Allstate Corporation
2775 Sanders Road
Northbrook, IL 60062-6127
[847] 402-5000
www.allstate.com

ANNUAL MEETING

All shareholders are cordially invited to attend the annual meeting of The Allstate Corporation:
Thursday > May 18, 2000 > 11:00 a.m.
Bank One Auditorium
1 Bank One Plaza
[Dearborn between Madison and Monroe]
Chicago, IL
Holders of common stock of record at the close of business on March 20, 2000, are entitled to vote at the meeting. A notice of meeting, proxy statement and proxy were mailed to shareholders with this annual report.

TRANSFER AGENT/SHAREHOLDER RECORDS

For information or assistance regarding individual stock records, dividend re-investment plan and voluntary cash payments, dividend checks, 1099DIV and 1099B tax forms, direct deposit of dividend payments, or stock certificates, please call [800] 355-5191 within the United States or [201] 324-0313 outside the United States, or write:
First Chicago Trust Company,
a division of EquiServe
P.O. Box 2500
Jersey City, NJ 07303-2500
Internet: <http://www.equiserve.com>

Please use the following address for items sent by courier or overnight mail:
First Chicago Trust Company,
a division of EquiServe
Attention Stock Transfer Unit
525 Washington Boulevard
Jersey City, NJ 07310

THE DIRECTSERVICE INVESTMENT PROGRAM

Shareholders can reinvest their Allstate cash dividends as well as make optional cash deposits to purchase additional shares of Allstate common stock. Please write or call First Chicago Trust Company as indicated above.

INVESTOR INQUIRIES

Investor Relations
The Allstate Corporation
3075 Sanders Road
Northbrook, IL 60062-7127
[800] 416-8803

COMMON STOCK AND DIVIDEND INFORMATION*

	High	Low	Close	Dividends declared
1999				
First quarter	41	34 ³ / ₁₆	37 ¹ / ₁₆	.15
Second quarter	40 ³ / ₁₆	34 ¹³ / ₁₆	35 ⁷ / ₁₆	.15
Third quarter	37 ¹⁵ / ₁₆	24 ¹³ / ₁₆	24 ¹⁵ / ₁₆	.15
Fourth quarter	30 ³ / ₁₆	22 ⁷ / ₁₆	24 ¹ / ₁₆	.15
1998				
First quarter	49 ³ / ₁₆	40 ¹⁵ / ₁₆	45 ²¹ / ₃₂	.135
Second quarter	50 ³ / ₁₆	44 ³ / ₁₆	45 ²⁵ / ₃₂	.135
Third quarter	52 ³ / ₁₆	36 ¹ / ₁₆	41 ¹ / ₂	.135
Fourth quarter	48 ³ / ₁₆	37	38 ¹ / ₂	.135

Stock price ranges are from the New York Stock Exchange Composite Listing. At the close of business on February 14, 2000, there were 180,057 shareholders of record.

*Restated for the effects of the 2-for-1 stock split paid on July 1, 1998.

MEDIA INQUIRIES

Allstate Media Relations
2775 Sanders Road
Northbrook, IL 60062-6127
[847] 402-5600

FORM 10-K, OTHER REPORTS

Shareholders may receive, without charge, a copy of The Allstate Corporation's Form 10-K annual report [filed with the Securities and Exchange Commission] and other public financial information, for the year ended Dec. 31, 1999, by contacting:
Investor Relations
The Allstate Corporation
3075 Sanders Road
Northbrook, IL 60062-7127
[800] 416-8803
The Allstate annual report is available online at www.allstate.com/investor/annual_report/

ANNUAL REPORT RECORDINGS

Audio cassette tapes of the Allstate annual report are available to the visually impaired, without charge, by calling [800] 416-8803.

STOCK EXCHANGE LISTING

The Allstate Corporation's common stock is listed on the New York Stock Exchange under the trading symbol ALL. Common stock is also listed on the Chicago Stock Exchange.

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Two Prudential Plaza
180 North Stetson Avenue
Chicago, IL 60601-6779



Our goal is to be an industry leader
in every area in which we compete.