

GUIDE TO THE INVESTOR EXPERIENCE

Allstate Investor Information

The Allstate Corporation is committed to providing timely and accessible investor information. There are several ways to access further information about the company to aid your evaluation of Allstate.

Online Information

Additional explanation for key initiatives described in the 2003 Summary Annual Report as well as access to past annual reports from 1998-2002 and proxy statements are available at www.allstate.com/ir.

Investor Relations

Also, you may visit Investor Relations' page at www.allstate.com/ir, to access quarterly earnings press releases, SEC filings, statutory statements, investor supplements providing more detail on Allstate's annual and quarterly

results and audio rebroadcasts of investor conferences at which the company participates. Quarterly investor conference calls will also be broadcast from that Web site.

Visit the Allstate Investor Relations home page, the gateway to information for Allstate shareholders.

Learn more about The Allstate Corporation.

Find quarterly investor information, SEC filings, and stock information.

Browse our financial learning tools to read the A, B, Cs of investing.

Access key shareholder contacts and addresses.

View Ed Liddy's message to shareholders.

Definitions of Non-GAAP and Operating Measures

We believe that investors' understanding of Allstate's performance is enhanced by our disclosure of the following non-GAAP and operating financial measures. Our methods of calculating these measures may differ from those used by other companies and therefore comparability may be limited.

Operating income is income before dividends on preferred securities and cumulative effect of change in accounting principle, after-tax, excluding:

- realized capital gains and losses, after-tax, except for periodic settlements and accruals on non-hedge derivative instruments which are reported with realized capital gains and losses but included in operating income,
- amortization of deferred policy acquisition costs ("DAC"), to the extent that it resulted from the recognition of realized capital gains and losses, and
- (loss) gain on disposition of operations, after-tax.

In the fourth quarter of 2003 it was necessary to revise our reconciliation of operating income to reflect the reclassification in the consolidated financial statements of the periodic settlements and accruals for non-hedge derivatives to realized capital gains and losses. With the adoption of Financial Accounting Standards Board Interpretation No. 46 in the third quarter of 2003, the mandatorily redeemable preferred securities of a subsidiary trust are deconsolidated, dividends on the preferred securities are no longer reported in the consolidated

financial statements and the interest on the related junior debentures is prospectively recognized in interest expense and included in operating income.

Net income is the GAAP measure that is most directly comparable to operating income.

We use operating income to evaluate our results of operations and as an integral component for incentive compensation. It reveals trends in our insurance and financial services business that may be obscured by the net effect of realized capital gains and losses and (loss) gain on disposition of operations. These items may vary significantly between periods and are generally driven by business decisions and economic developments such as market conditions, the timing of which is unrelated to the insurance underwriting process. Moreover, we reclassify periodic settlements on non-hedge derivative instruments into operating income to report them in a manner consistent with the economically hedged investment or product attributes (e.g. net investment income and interest credited to contractholder funds) and thereby appropriately reflect trends in product performance. Therefore, we believe it is useful for investors to evaluate these components separately and in the aggregate when reviewing our performance. We note that the price to earnings multiple commonly used by insurance investors as a forward-looking valuation technique uses operating income as the denominator. Operating income should not be considered as a substitute for net income and does not reflect the overall profitability of our business.

The following table reconciles operating income and operating income per diluted share to net income and net income per diluted share for the years ended December 31.

Operating income	(\$ in millions)			Per diluted share (In dollars)		
	2003	2002	2001	2003	2002	2001
Operating income	\$2,662	\$2,075	\$1,492	\$ 3.77	\$ 2.92	\$ 2.06
Realized capital gains and losses	196	(924)	(352)			
Income tax benefit (expense)	(62)	326	127			
Realized capital gains and losses, after-tax	134	(598)	(225)	0.19	(0.84)	(0.31)
DAC amortization expense on realized capital gains and losses, after-tax	(30)	(1)	(11)	(0.05)	—	(0.01)
Reclassification of periodic settlements and accruals on non-hedge derivative instruments, after-tax	(15)	(3)	(4)	(0.02)	(0.01)	(0.01)
(Loss) gain on disposition of operations, after-tax	(26)	2	(40)	(0.04)	—	(0.06)
Income before dividends on preferred securities and cumulative effect of change in accounting principle, after-tax	2,725	1,475	1,212	3.85	2.07	1.67
Dividends on preferred securities of subsidiary trust, after-tax	(5)	(10)	(45)	—	(0.01)	(0.06)
Cumulative effect of change in accounting principle, after-tax	(15)	(331)	(9)	(0.02)	(0.46)	(0.01)
Net income	\$2,705	\$1,134	\$1,158	\$ 3.83	\$ 1.60	\$ 1.60

*This annual report contains forward-looking statements about Allstate, including statements about its profitability and the impact of Strategic Risk Management. These statements are subject to the Private Securities Litigation Reform Act of 1995 and are based on management's estimates, assumptions and

projections. Actual results may differ materially from those projected in the forward-looking statements for a variety of reasons. For example, profitability could be affected by loss costs in our Property-Liability business, including losses due to catastrophes such as hurricanes and earthquakes in excess of management's projections.

Operating income return on equity is a ratio that uses a non-GAAP measure. It is calculated by dividing the rolling 12-month operating income by the average of the beginning and end of the 12-month period shareholders' equity after excluding the after-tax effect of unrealized net capital gains. We use it to supplement our evaluation of net income and return on equity. We believe that this measure is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period: the after-tax effects of realized and unrealized capital gains and losses and the cumulative effect of change in accounting principle. Return on equity is the most directly comparable GAAP measure. The following tables show the two computations for the years ended December 31.

Return on equity (\$ in millions)		
	2003	2002
Numerator:		
Net income	\$ 2,705	\$ 1,134
Denominator:		
Beginning shareholders' equity	17,438	17,196
Ending shareholders' equity	20,565	17,438
Average shareholders' equity	\$19,002	\$17,317
ROE (%)	14.2	6.5

Operating income return on equity (\$ in millions)		
	2003	2002
Numerator:		
Operating income	\$ 2,662	\$ 2,075
Denominator:		
Beginning shareholders' equity	17,438	17,196
Unrealized net capital gains	2,602	1,789
Adjusted beginning shareholders' equity	14,836	15,407
Ending shareholders' equity	20,565	17,438
Unrealized net capital gains	3,125	2,602
Adjusted ending shareholders' equity	17,440	14,836
Average shareholders' equity	\$16,138	\$15,122
Operating income ROE (%)	16.5	13.7

Premiums and deposits is an operating measure that we use to analyze production trends for Allstate Financial sales. It includes premiums on insurance policies and annuities and all deposits and other funds received from customers on deposit-type products including the net new deposits of Allstate Bank, which we account for under GAAP as increases to liabilities rather than as revenue.

The following table illustrates where premiums and deposits are reflected in the consolidated financial statements for the years ended December 31.

Premiums and deposits (\$ in millions)	2003	2002	2001
Life and annuity premiums	\$ 1,365	\$ 1,371	\$1,345
Deposits to contractholder funds	10,373	9,484	7,970
Deposits to separate accounts and other	1,357	979	1,290
Total premiums and deposits	\$13,095	\$11,834	\$10,605

New sales of financial products by Allstate exclusive agencies is an operating measure that we use to quantify the current year sales of financial products by the Allstate proprietary distribution channel. New sales of financial products by Allstate exclusive agencies includes annual premiums on new insurance policies, initial premiums and deposits on annuities, net new deposits in the Allstate Bank, sales of other company's mutual funds, and excludes renewal premiums. New sales of financial products by Allstate exclusive agencies for the twelve months ended December 31, 2003 and 2002 totaled \$1.83 billion and \$1.61 billion, respectively.

