

PEOPLE + CAPITAL = SMART COMPANY

People

Financial strength: the critical difference

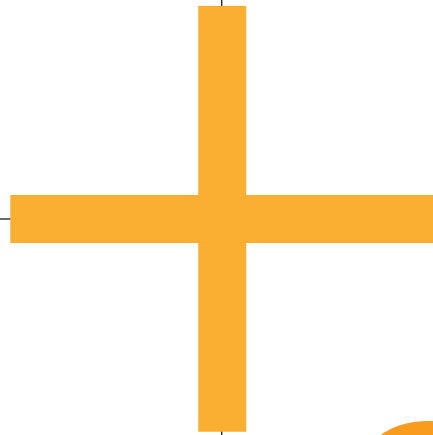
Weather and accidents aren't the only uncertainties in Allstate's business. The company has to manage for regulatory and rate changes where it does business. It has to earn solid returns on its investments in a recuperating, yet uncertain, financial marketplace. It's all part of running an efficient, intelligent company that protects our customers and rewards our shareholders. In 2003, total investments rose to \$103 billion, up from \$91 billion in 2002.

And Allstate continued to manage capital effectively, as evidenced by high ratings for financial stability by primary rating agencies including A.M. Best, Moody's and Standard & Poor's.  The net result: Your company is financially strong—able to pay claims and to produce profits for investors.

The power of people + capital

Doing all this well, and doing it consistently, helped Allstate grow operating income per diluted share* and shareholder dividends on a compounded annual basis by nearly 12 percent and 10 percent, respectively, during the past decade—all while providing financial protection for our customers today and preparing them for tomorrow through our retirement and savings product offerings.

Building on and improving that record is the Allstate leadership challenge for the next decade.



The people of Allstate are its most powerful asset. In 2003, the company's nearly 40,000 employees continued to operate as the industry's finest professionals. And 12,900 agents and their staff were the trustworthy face of Allstate in the cities where we do business. Result: They generated a record \$32.1 billion in total revenue. They managed \$134.1 billion in assets. How Allstate manages people and capital to balance risk—whether it's planning for a natural disaster or for retirement—makes it a different, more valuable company.

Risk is our business

Allstate is an industry leader at managing risk because we never stop evolving and improving. Risk is assessed and tracked on an individual basis, one customer at a time. Multiply that by millions of households, and distinct patterns emerge. Drawing on this extensive data and using its Strategic Risk Management (SRM) tool, Allstate manages risk unlike most in the industry. SRM's level of sophistication pays off for investors and customers as we can become more competitively priced in our customer segments.



View additional information about Allstate's business of managing risk at www.allstate.com/peoplepluscapital or see "Allstate Protection Segment" and "Allstate Financial Segment" in the MD&A section of the 2003 Annual Report and Notice of 2004 Annual Meeting and Proxy Statement. View the company's financial strength ratings at www.allstate.com/peoplepluscapital or see "Capital Resources and Liquidity" in the MD&A section of the 2003 Annual Report and Notice of 2004 Annual Meeting and Proxy Statement.

Capital