



*making
change
happen*







Allstate Business Operation



The Allstate Corporation is the nation's largest publicly held personal lines insurer. Widely known through its *You're In Good Hands With Allstate* slogan, Allstate provides insurance products to more than 14 million households and has approximately 13,000 exclusive agents in the U.S. and Canada. Encompass and Deerbrook Insurance brand property and casualty products are sold exclusively through independent agents. Allstate Financial Group includes the businesses that provide life insurance and investment products. The chart on this page represents some of the many ways consumers can access Allstate's broad portfolio of products and services. Also shown are Allstate employees and agents who are leading change through innovative and important programs designed to improve customer service and generate faster profitable growth. To find out more, see the letter and stories that follow.

Kim Schultze

Margarita Jaramillo

Gerard Hutchinson

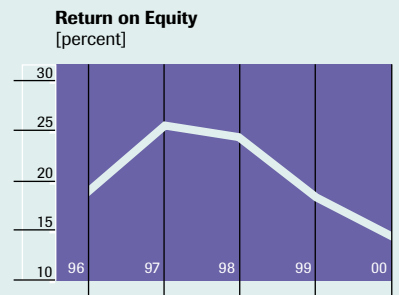
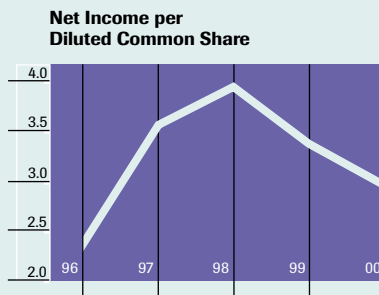
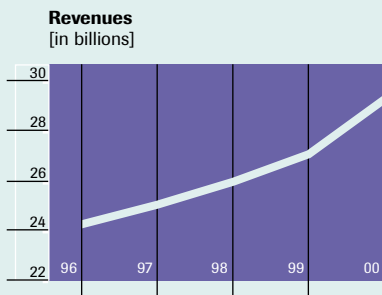
Marcey McDermid

Financial Highlights

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\$ in millions, except per share data	2000	1999	% change
Revenues	\$ 29,134	\$26,959	8.1
Operating income	2,004	2,082	-3.7
Net income	2,211	2,720	-18.7
Total assets	104,808	98,119	6.8
Shareholders' equity	17,451	16,601	5.1
Per diluted common share:			
Operating income	\$ 2.68	\$ 2.59	3.5
Net income	2.95	3.38	-12.7
Dividends	0.68	0.60	13.3
Market value per share:			
Closing	43.56	24.06	
12 month high	44.75	41.00	
12 month low	17.19	22.88	



initiate expand execute

2000: A Pivotal Year for Allstate

Chairman's Letter

These words—initiate, expand and execute—had special resonance for Allstate in 2000. At the end of 1999 we initiated an innovative, aggressive and challenging growth strategy designed to expand profitable sales by extending our franchise as one of America's best recognized names in insurance protection and financial services. Thanks to enormous hard work and outstanding execution, we've come a long way toward carrying out that growth strategy.

As a result, our financial situation is solid and our prospects are promising. Revenues increased a healthy 8.1 percent last year, and while operating income was off 3.7 percent, as a result of increased catastrophe and loss costs, our stock price at the end of 2000 was \$43.56, an 81 percent increase over the closing price on Dec. 31, 1999. That increase can be attributed to the improving fortunes of the property-casualty sector in general, as well as the investment community's increased confidence in our ability to deliver the bold strategies that we've set out.

Timeline of Key Initiatives

November 10, 1999

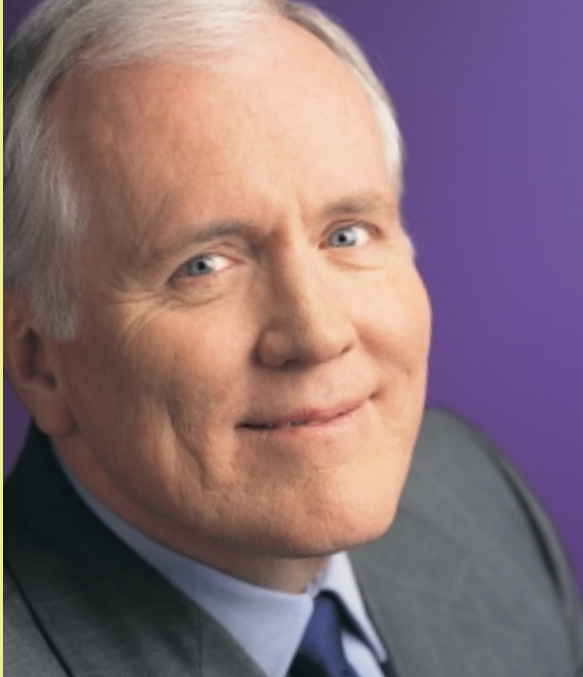
November 10, 1999 – May 1, 2000

May 1, 2000

Announce plan to launch integrated consumer access to Allstate through call centers and the Web, as well as the agency force; announce reorganization of multiple agency programs to a single exclusive agency independent contractor program.

Interview, hire and train hundreds of call center employees; establish online sales and service capabilities; develop marketing and advertising to support The Good Hands Network; prepare for rollout of thousands of new computer workstations to Allstate agencies.

Launch The Good Hands Network integrated access approach in Oregon; open call center in Vernon Hills, Illinois.



*Edward M. Liddy
Chairman, President and CEO*

What are those strategies? Simply, to continue to strengthen our flagship insurance business while accelerating growth in financial products and services. Competition in our industry remains intense. Only the best strategies, properly executed, will enable companies to prosper. We think we have the right formula to achieve that success.

Growth strategies

In 2000 we took a major step toward implementing those growth strategies by beginning the rollout of Internet and call center access. Customers in many states can visit allstate.com or call 1-800-Allstate to buy insurance, pay premiums, report and track a claim, check billing status and more. No other insurance Web site offers so many options, coverages and services. With our size, breadth and resources, it's an approach few other insurance companies can duplicate.

At the same time, online and call center customers can continue to utilize the experience and presence of a local Allstate agency. We call this multi-access approach—the ability to offer personal lines products across all three channels of distribution (call centers, the Web and our agency force)—The Good Hands Network.

Agents are at the heart of The Good Hands Network. Extensive research shows that the vast majority of insurance buyers value the agent

July 10, 2000

September 11, 2000

September 21, 2000

Launch The Good Hands Network in Colorado and Louisiana; open call center in Charlotte, North Carolina; unveil revised allstate.com Web site.

Launch The Good Hands Network in Arizona, Illinois, Missouri and Ohio; open call center in Woodridge, Illinois.

Open call center in Stockton, California.

relationship. Our countrywide agency force—the foundation of our business for decades—is the centerpiece of our multi-access model. The Good Hands Network, by providing Allstate with more ways to reach consumers and for them to reach us quickly and conveniently, is designed to enhance the customer experience and create more durable and profitable customer relationships.

In order to leverage our investment in The Good Hands Network even more, we have undertaken a key strategic initiative to utilize our customer intelligence across all selling channels. For example, our Web site, call centers and agents all have access to the same customer data. So no matter where a customer calls with questions or service requests, we can respond accurately and consistently. Over time, we expect some questions and functions that agencies now handle will migrate to the Web and call centers. This should help give agents more time to focus on building better long-term relationships with their customers. That, in turn, should help them in their efforts to promote Allstate products, improve retention and build bigger, more profitable businesses.

Numerous milestones

As the timeline above shows, there were numerous milestones in building The Good Hands Network. By year-end 2000 the network was operational in

15 states representing about 40 percent of the U.S. population. We'll build on this achievement in 2001 as we continue to roll out The Good Hands Network across the country.

To support The Good Hands Network and further generate profitable growth in the property-casualty business, we took a number of other important steps in 2000:

- *Opened four Customer Information Centers around the country and hired and trained more than 800 Customer Insurance Professionals to staff them. They handled more than 370,000 calls, 48,000 in one week alone.*
- *Rolled out almost 20,000 new computer workstations to agencies, equipped with new software designed to improve the customer experience and integrate their offices with our online and call center channels.*
- *Centralized the company's underwriting function, consolidated and streamlined the number of sales regions and upgraded our sales leadership structure.*
- *Developed new rate structures and underwriting guidelines to provide high lifetime value customers more and better pricing options and help Allstate attract more profitable business.*
- *Continued to explore ways to better manage the cost of claims while speeding service and improving customer satisfaction. For example, in Florida we began piloting state-of-the-art wireless transmission systems that allow field claim adjusters to update inspection*

CNA Personal Insurance renamed Encompass Insurance, dedicated to becoming the brand of choice for independent agents.

Allstate Life Group of Companies renamed Allstate Financial Group to reflect the broader array of personal financial products and services offered through multiple channels of distribution.

Launch The Good Hands Network in Georgia, Alabama, Maryland and Virginia.

and damage information and forward estimates instantly to our claim offices. Countrywide, Allstate's 20,000 claim professionals settle more than 3.5 million claims a year, so improvements in the claim process can potentially generate substantial savings.

- Introduced Internet access for the Allstate network of independent agents who sell Allstate products, which reduces our costs and makes it easier for them to do business with us.*

Another significant step last year was the company's reorganization of multiple agency programs to a single exclusive agency independent contractor program. Allstate's exclusive agents operate as independent entrepreneurs and have more opportunity to profitably build their agencies. Many agents took advantage of this reorganization to purchase the departing agents' economic interest in their books of business, significantly expanding their agencies. Allstate exclusive agents remain the cornerstone of our business and provide a competitive advantage for us in serving customers professionally and personally.

Significant strides

Encompass Insurance, part of our Independent Agency Markets business, also made significant strides in 2000 toward its goal of becoming the brand of choice for independent agents. Encompass last year launched an aggressive marketing campaign to reinforce its commitment to and strengthen its identity among

independent agents and their customers. One measure of its success is that more than 99 percent of the Encompass agencies chose to stay with the brand, representing more than one million customers. Encompass is also taking advantage of Allstate's economies of scale, through various integration initiatives, to generate millions of dollars in annual expense savings.

Providing assurance

2000 was also a banner year for our life business, with statutory premiums increasing 44.1 percent over 1999. To better reflect the company's expanding product portfolio of financial products and services, last November Allstate Life and Savings was renamed Allstate Financial. As the U.S. population ages and more people seek financial advice and services, we are well positioned with new investment products and expertise to help consumers achieve the secure retirement they deserve. For example, the Putnam Allstate Advisor variable annuity, launched in 1999, produced \$2 billion in statutory premiums in 2000, making it one of the most successful variable annuity launches in history. In effect, we're moving from providing insurance to providing assurance that we can help our customers with their important investment and retirement needs.

Allstate Financial has a razor sharp focus on targeting the retiree market as well as the vast and often

Launch The Good Hands Network in Indiana, Michigan, Florida and Tennessee.

Train and license thousands of personal financial representatives to sell financial service products as well as Allstate property, casualty and life insurance; plan 2001 online and call center launches in many of the remaining states where Allstate does business.

financially underserved segment of middle income consumers, many millions of whom view Allstate as a trusted name and partner in insurance and financial protection. To serve them better, about 3,300 Allstate agents and personal financial representatives are now licensed to offer variable annuities, variable life insurance and mutual funds. We estimate half the agency force will be licensed by 2002. In addition to Allstate agents, nearly 50,000 financial professionals, including independent agents, bank representatives and securities firms, distribute Allstate Financial products.

Solid financial position

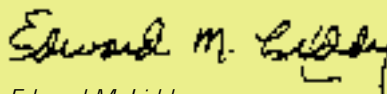
For the corporation as a whole, 2000 was equally significant. We continued our expense-reduction initiative—launched in 1999 to generate \$600 million in annual savings—in order to fund the technologies, training and marketing needed to support The Good Hands Network. Through prudent fiscal management, we continue to enjoy a solid financial position. At 14.4 percent, we have one of the highest returns on equity in the insurance sector. The company has assets of \$105 billion, and our high-quality \$74 billion investment portfolio is a major contributor to our overall financial performance.

All in all, the year 2000 was pivotal for the company. We introduced innovative and important programs designed to position Allstate for profitable growth well into the future and to arm our agents

with technologies, products and services they can use to serve customers better than ever. We are expanding our footprint in financial services with more investment expertise and products to appeal to promising markets. And we strengthened our independent agency business to appeal to the huge segment of the insurance-buying public that prefers to do business this way. Our goal is to be the first name in insurance and financial services. We're well on our way.

Helping us achieve that goal are the best employees and agents in the business. In time of need, our customers turn to them. We don't have a tangible product to sell. Our employees and agents are Allstate to our customers, and I am forever grateful for their hard work, dedication and belief in our vision.

One other significant milestone of 2000: Last year was the 50th anniversary of our You're In Good Hands With Allstate tagline. It remains one of the top-rated ad slogans, embodying the extraordinary commitment of our workforce, and I'm proud to say it's as true as ever—for shareholders, customers, employees and agents.



Edward M. Liddy
Chairman, President and CEO

Looking ahead. Insurance and financial services are changing rapidly, and David Onan is one of many Allstate employees and agents who exemplifies that change. He manages sales in the midwest for Northbrook Life Insurance Company, a member of the Allstate Financial Group that sells variable and fixed annuity and life products through Morgan Stanley Dean Witter financial advisors.

David and his colleagues help advisors with sales training, product support, marketing assistance and other value-added services. Variable products are popular with investors who want to take advantage of growth in the equity market while retaining life insurance protection.

Increasingly, Allstate is changing from a property and casualty company that offers life insurance to a broad-based provider of protection and financial products and services. The stories that follow demonstrate the remarkable talent, experience and dedication Allstate brings to the market, and the ways the company is changing to support future profitable growth.

"Morgan Stanley Dean Witter is one of many channels we have to reach the financial services marketplace. I bring value to a Morgan Stanley Dean Witter financial advisor's business through sales ideas, helping with seminars and being a value-added resource. So when they're looking at selling a variable annuity, I want them to think, 'I would like to work with Northbrook Life and David Onan because they've helped my business in the past.'"

change





Customer care. Jeri Smith manages the back office operations center for the Allstate Financial Annuity Service Center. But she takes a back seat to no one in her rigorous concern for high-quality customer service. She and her staff are the first line of contact for financial services new business, which can include hundreds of life insurance, fixed and variable annuity applications every week.

Her team is responsible for assuring accuracy and timeliness, for getting it right the first time. They take that responsibility very seriously—and very personally.

“Customers have entrusted their insurance and investment needs with us. It could be their life savings. We have the opportunity to set them up with an annuity that will allow them the flexibility to meet their day-to-day needs as well as provide a death benefit.

The customer can withdraw the premiums, perhaps as an income stream or maybe for their children’s college education. Ensuring that our customers know how much we care is critical to what we do every day.

“What’s important to me is that we do it right the first time. We are the very first contact the customer has with our organization. I want our customers to feel good about what we’re doing. I sometimes think that customer could be my mother or one of my children who’s in college, so it’s very important that I come across as personally caring, that I demonstrate that every day—to my employees as well as to the customers.”

In action. Allstate agent Kevin McDonald is a mover and shaker in his hometown of Ocala, Florida. He's past president of the Boys & Girls Club and the Rotary Club and currently works with half a dozen other local organizations, including the Children's Advocacy Center.

With some 6,000 auto, homeowner and commercial policies, he's also busy providing a full range of insurance protection to his many customers and their families. And by offering retirement and savings products such as mutual funds and variable annuities, he can help them gain sound financial protection and peace of mind.


Seeing into the future. Katie Geraty (facing page) is director of advertising and communications for Allstate Financial. She's also the mother of two young boys, and depends on Allstate's flexible hours and strong commitment to a balanced work-family life to enable her to manage her many professional and family demands.

Her job involves providing marketing support for all the brands the company markets under the Allstate Financial umbrella. Much of the work currently under way is focused on consumer research and development of new materials that can reach target consumers with the information they need.



"We've been able to do the auto, the homeowners, the boat, the business. Now we're going to be able to do the retirement plans. It's going to endear us as a more professional agency. And obviously, that's going to enhance our business and our image."

*Taking an established brand and **extending** it into new territory*



"A lot of the work we're doing is about understanding the consumers. What they're thinking about, what their priorities are, what changes are happening in their lives, what sort of financial services we can offer them."

"What's interesting to me is taking an established brand and extending it into new territory—like developing retirement solutions for middle market consumers. We look at it as a big growth opportunity for Allstate."



“Allstate has a great relationship with its customers. With the rollout of our new financial products—variable universal life, variable annuities and mutual funds—we’re going to strengthen those relationships even further. As a personal financial representative, my job is to help solve our customers’ financial services needs.”

Problem solver. Kent McGill is a personal financial representative for Allstate in the Houston area. Kent and the hundreds of other Allstate personal financial representatives work with Allstate agents to help them sell financial products to their customers.

Kent sees himself as a problem solver, someone who can help his customers find the best solutions for their savings, retirement and investment needs. In that way, he enables agents to broaden their product and service portfolios and to enhance their value to customers.

skilled

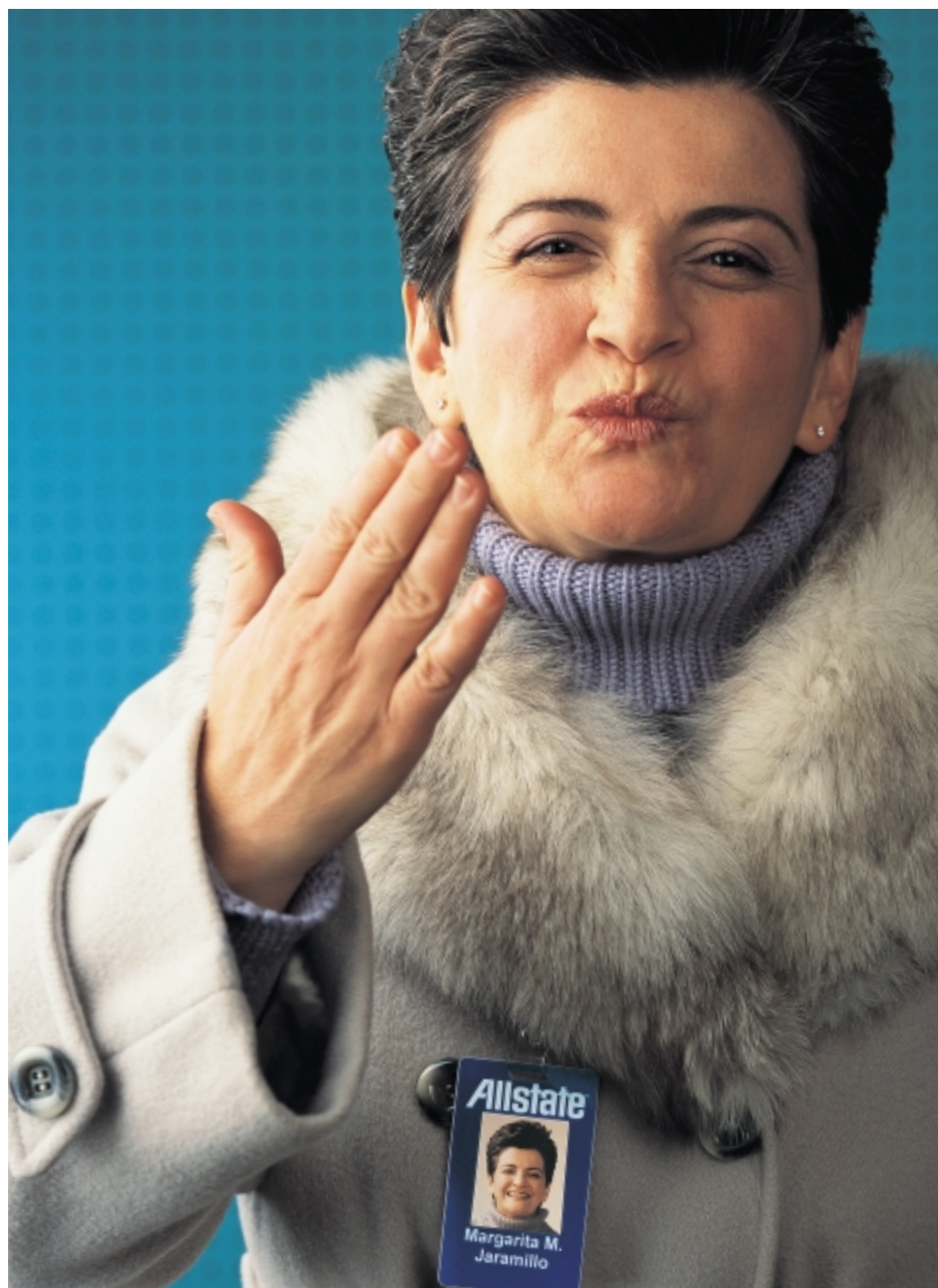
"At the call centers we're available 24 hours a day, seven days a week. We help customers with any questions they have about insurance, transfer them to local agents and also give them quotes. I like to help people. It gives me great pleasure to work with callers to help solve their insurance problems. We're trained to answer all kinds of questions for customers.

"Most of all, I'm happy to be able to help Spanish-speaking callers. I can answer: 'Gracias por llamar a Allstate. Esta es Margarita. ¿En que lo puedo servir?' That means, Thank you for calling Allstate. This is Margarita. How may I help you? And they say, 'O, que bueno que habla Español.' Oh, thank goodness you can talk Spanish!"

Service with a smile.

Margarita Jaramillo is a customer insurance professional at the Customer Information Center in Vernon Hills, Illinois, one of four call centers for Allstate's direct distribution business. In addition to doing business with agents, consumers can buy insurance, request changes or make payments on their policies any time of the day or night at allstate.com or by calling 1-800-Allstate. Allstate's integrated online, call center and agency channels help customers get the service they need, conveniently and quickly.

Margarita is bilingual and cheerfully handles Spanish-speaking consumers, who constitute a large and important market for Allstate.





Building better **relationships** to help build more business

Sales support. Karin Peters is an inside sales representative for Deerbrook Insurance Company, which is the Independent Agency Markets' non-standard auto brand. Since independent agents can place business with a number of insurance carriers, her role is critical in positioning Deerbrook favorably. Karin supports some 700 agents in the eastern United States by answering their questions and helping them with their insurance needs, such as new-product and technology training. She prides herself on building close relationships with agents, through fast, efficient, personal and courteous service—which is what generates sales for the company.



Reaching online. Gerard Hutchinson is responsible for online advertising partnerships at Allstate. He initiates and manages the relationship with Web sites that advertise autos, home improvement materials, weather information, wedding apparel and other products and services that attract consumers likely to have a need for auto, property and other Allstate insurance.

Such non-traditional distribution channels are increasingly important as we expand marketing efforts to drive more customer traffic to our company.

"Allstate traditionally sold through a single channel: the agent. Now we're expanding to 1-800-Allstate and allstate.com, while maintaining the link to our agents. That puts us ahead of the curve in terms of personal lines insurance.

"What I do, through our banner advertising on the large portals, is drive potential consumers to allstate.com. That gives Allstate exposure to future consumers. Because my kids and other kids are online, that's how they'll expect to see the companies that they do business with in the future."

"My role is to provide independent agents with the guidance and support and training that they need to sell our products better," says Karin Peters (facing page). "We're launching an Internet-based platform for agents to make it even easier for them to sell efficiently and quickly. But what remains most important for independent agents is the close and strong relationship that I've built with them. It's that personal connection that's going to make a real difference selling our products."

Technology launcher. Kim Schultze is one of the team leaders helping Allstate offer online sales and service. In 2000 they launched the technology that gave customers the ability to go to allstate.com or phone 1-800-Allstate to report and track claims and in many states to buy insurance as well.

Importantly, online and call center customers can also connect with a local Allstate agent to take advantage of the local presence and experience agents provide. Thus online and call center insurance business is integrated across all the company's selling and service channels, which helps consumers get what they need—when and how they need it. In January 2001, allstate.com was named by eMarketer as the number one insurance Web site.

“I led a team that launched the Internet application as part of the new business model for Allstate, which allows consumers to go out on the Internet and purchase auto and property insurance. That’s important because it’s opening up new channels for us and new opportunities to get customers.”

smart



People

Employees and agents are Allstate's most valued resources. Our success depends on our ability to attract, develop and retain the best agency and employee workforce. We seek to create an environment for employees that promotes high performance and personal life balance. In recognition of our success, Allstate has been recognized as an employer of choice by Working Mother, Fortune, Latina Style, Working Woman, Chicago, Minority MBA, Hispanic and Careers and the disABLED magazines. Allstate strives to have a workforce that reflects the diverse communities it serves.

A Diverse Workforce

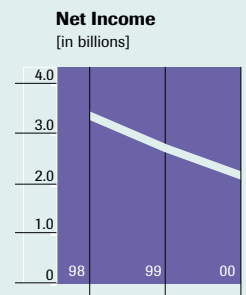
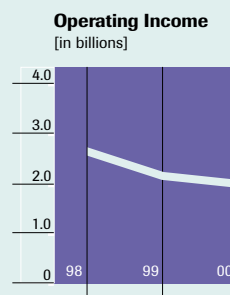
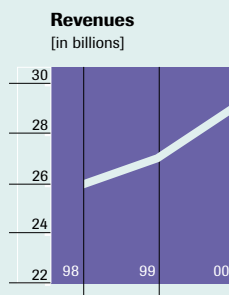
Shown are minority and female employee percentages of the company's total U.S. workforce

Source: EEO-1 report, December 2000

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	5,451	40.6	12.7	5.8	2.1	0.4	21.0
Professionals	18,178	49.7	13.4	5.6	4.1	0.4	23.5
Technicians	357	18.8	11.8	15.1	4.5	0.3	31.7
Sales Workers	1,821	28.8	11.5	9.0	6.4	0.7	27.6
Office Workers	15,027	85.9	23.2	10.8	3.8	0.4	38.2
Total Workforce	40,834	60.6	16.8	7.8	3.8	0.4	28.8

Financial Data

Allstate operates from a strong position financially, with \$104.8 billion in assets and shareholders' equity of \$17.5 billion. Its main business units, Property-Liability and Allstate Financial, provide insurance and financial services products to more than 14 million households in the United States.



5-Year Summary of **Selected Financial Data**

\$ in millions, except per share data and ratios	2000	1999	1998	1997	1996
Consolidated Operating Results					
Revenues	\$ 29,134	\$26,959	\$25,879	\$24,949	\$24,299
Operating income	2,004	2,082	2,573	2,429	1,600
Realized capital gains and losses, after-tax	248	691	694	638	510
Net income	2,211	2,720	3,294	3,105	2,075
Net income per share—diluted	2.95	3.38	3.94	3.56	2.31
Operating income per share—diluted	2.68	2.59	3.08	2.78	1.78
Consolidated Financial Position					
Investments	\$ 74,483	\$69,645	\$66,525	\$62,548	\$58,329
Total assets	104,808	98,119	87,691	80,918	74,508
Reserves for claims, life-contingent contract benefits and contractholder funds	54,197	50,610	45,615	44,874	43,789
Debt	3,331	2,851	1,746	1,696	1,386
Mandatorily redeemable preferred securities of subsidiary trusts	750	964	750	750	750
Shareholders' equity	17,451	16,601	17,240	15,610	13,452
Property-Liability Operations					
Premiums written	\$ 21,858	\$20,389	\$19,515	\$18,789	\$18,586
Premiums earned	21,871	20,112	19,307	18,604	18,366
Net investment income	1,814	1,761	1,723	1,746	1,758
Operating income	1,537	1,717	2,211	2,079	1,266
Realized capital gains and losses, after-tax	326	609	514	511	490
Net income	1,863	2,312	2,760	2,670	1,725
Operating ratios:					
Claims and claims expense ratio	75.0	73.0	70.4	71.7	78.9
Expense ratio	24.2	24.4	22.8	22.3	21.6
Combined ratio	99.2	97.4	93.2	94.0	100.5
Allstate Financial Operations					
Premiums and contract charges	\$ 2,205	\$ 1,623	\$ 1,519	\$ 1,502	\$ 1,336
Net investment income	2,715	2,260	2,115	2,085	2,045
Operating income	520	384	392	377	368
Realized capital gains and losses, after-tax	(51)	101	158	123	20
Net income	469	485	550	497	388
Statutory premiums and deposits	12,245	8,497	5,902	4,946	5,157
Investments including Separate Accounts	55,552	48,301	41,863	37,341	33,588

For more detailed information see proxy statement.

Condensed Consolidated **Income Statements**

	Year ended December 31,		
\$ in millions, except per share data	2000	1999	1998
Revenues			
Insurance premiums and contract charges	\$24,076	\$21,735	\$20,826
Net investment income	4,633	4,112	3,890
Realized capital gains and losses	425	1,112	1,163
Total revenues	29,134	26,959	25,879
Costs and Expenses			
Insurance claims and contract benefits	\$19,585	\$17,257	\$16,016
Costs and expenses	6,502	5,805	5,205
Total costs and expenses	26,087	23,062	21,221
Gain on Disposition of Operations	—	10	87
Income from operations before income tax expense, dividends on preferred securities, and equity in net income of unconsolidated subsidiary	\$ 3,047	\$ 3,907	\$ 4,745
Income tax expense	795	1,148	1,422
Income before dividends on preferred securities and equity in net income of unconsolidated subsidiary	\$ 2,252	\$ 2,759	\$ 3,323
Dividends on preferred securities of subsidiary trusts	(41)	(39)	(39)
Equity in net income of unconsolidated subsidiary	—	—	10
Net Income	\$ 2,211	\$ 2,720	\$ 3,294
Net Income Per Share—Diluted	\$ 2.95	\$ 3.38	\$ 3.94
Operating Income Per Share—Diluted	\$ 2.68	\$ 2.59	\$ 3.08

For more detailed information see proxy statement.

Condensed Consolidated **Balance Sheets**

	December 31,	
\$ in millions	2000	1999
Assets		
Investments	\$ 74,483	\$69,645
Premium installment receivables, net	3,802	3,927
Deferred policy acquisition costs	4,309	4,119
Reinsurance recoverables, net	2,352	2,209
Accrued investment income	942	812
Property and equipment, net	1,000	916
Cash	222	254
Deferred income taxes	—	211
Goodwill	1,247	1,245
Other assets	1,153	924
Separate Accounts	15,298	13,857
Total Assets	\$104,808	\$98,119
Liabilities		
Insurance reserves	\$ 25,327	\$25,411
Contractholder funds	28,870	25,199
Unearned premiums	7,607	7,671
Claim payments outstanding	908	860
Other liabilities and accrued expenses	4,918	4,705
Deferred income taxes	348	—
Debt	3,331	2,851
Separate Accounts	15,298	13,857
Total Liabilities	\$ 86,607	\$80,554
Mandatorily redeemable preferred securities of subsidiary trusts	750	964
Total Shareholders' Equity	17,451	16,601
Total Liabilities and Shareholders' Equity	\$104,808	\$98,119

For more detailed information see proxy statement.

Condensed Consolidated **Statements of Cash Flow**

	Year ended December 31,		
\$ in millions	2000	1999	1998
Cash Flows from Operating Activities			
Net income	\$ 2,211	\$ 2,720	\$ 3,294
Adjustments to reconcile net income to net cash provided by operating activities	(480)	(453)	(403)
Net cash provided by operating activities	1,731	2,267	2,891
Cash Flows from Investing Activities			
Proceeds from sales	35,074	31,312	19,356
Investment collections	3,733	5,809	7,140
Investment purchases	(41,866)	(40,912)	(26,744)
Change in short-term investments, net	687	454	(610)
Change in other investments, net	(103)	(34)	(95)
Acquisitions	—	971	(275)
Proceeds from disposition of operations	—	—	49
Purchases of property and equipment, net	(300)	(212)	(188)
Net cash used in investing activities	(2,775)	(2,612)	(1,367)
Cash Flows from Financing Activities			
Net cash provided by (used in) financing activities	1,012	341	(1,486)
Net (Decrease) Increase in Cash	(32)	(4)	38
Cash at Beginning of Year	254	258	220
Cash at End of Year	\$ 222	\$ 254	\$ 258

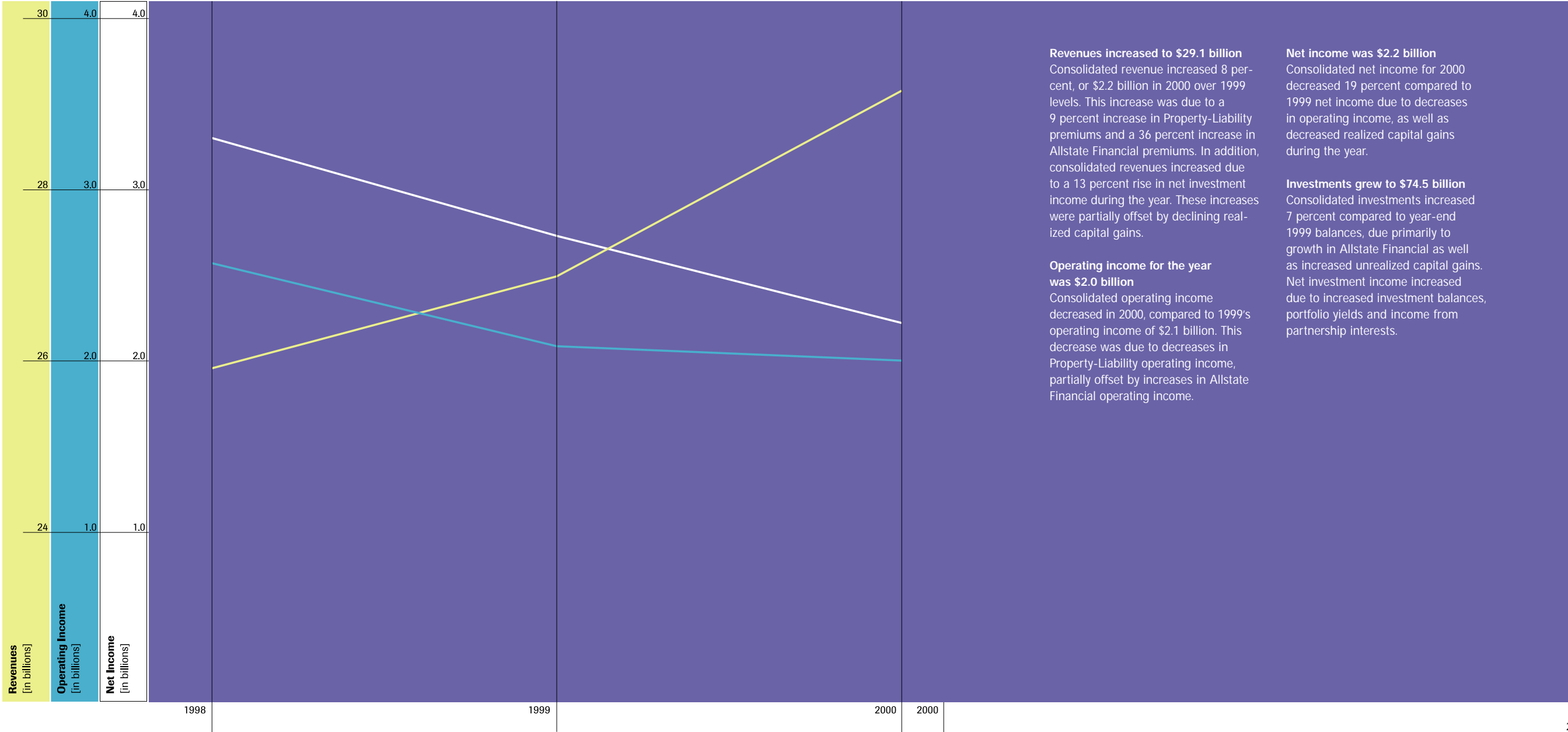
For more detailed information see proxy statement.

Consolidated Financial Highlights

During 2000, Allstate operating income decreased slightly compared to 1999, while operating earnings per diluted share increased compared to last year. This increase was due to the positive impact of the Allstate share repurchase programs, which totaled \$1.8 billion during 2000.



2000 Investments
[\$ in billions, dots represent percent to total investments]



Revenues increased to \$29.1 billion

Consolidated revenue increased 8 percent, or \$2.2 billion in 2000 over 1999 levels. This increase was due to a 9 percent increase in Property-Liability premiums and a 36 percent increase in Allstate Financial premiums. In addition, consolidated revenues increased due to a 13 percent rise in net investment income during the year. These increases were partially offset by declining realized capital gains.

Operating income for the year was \$2.0 billion

Consolidated operating income decreased in 2000, compared to 1999's operating income of \$2.1 billion. This decrease was due to decreases in Property-Liability operating income, partially offset by increases in Allstate Financial operating income.

Net income was \$2.2 billion

Consolidated net income for 2000 decreased 19 percent compared to 1999 net income due to decreases in operating income, as well as decreased realized capital gains during the year.

Investments grew to \$74.5 billion

Consolidated investments increased 7 percent compared to year-end 1999 balances, due primarily to growth in Allstate Financial as well as increased unrealized capital gains. Net investment income increased due to increased investment balances, portfolio yields and income from partnership interests.

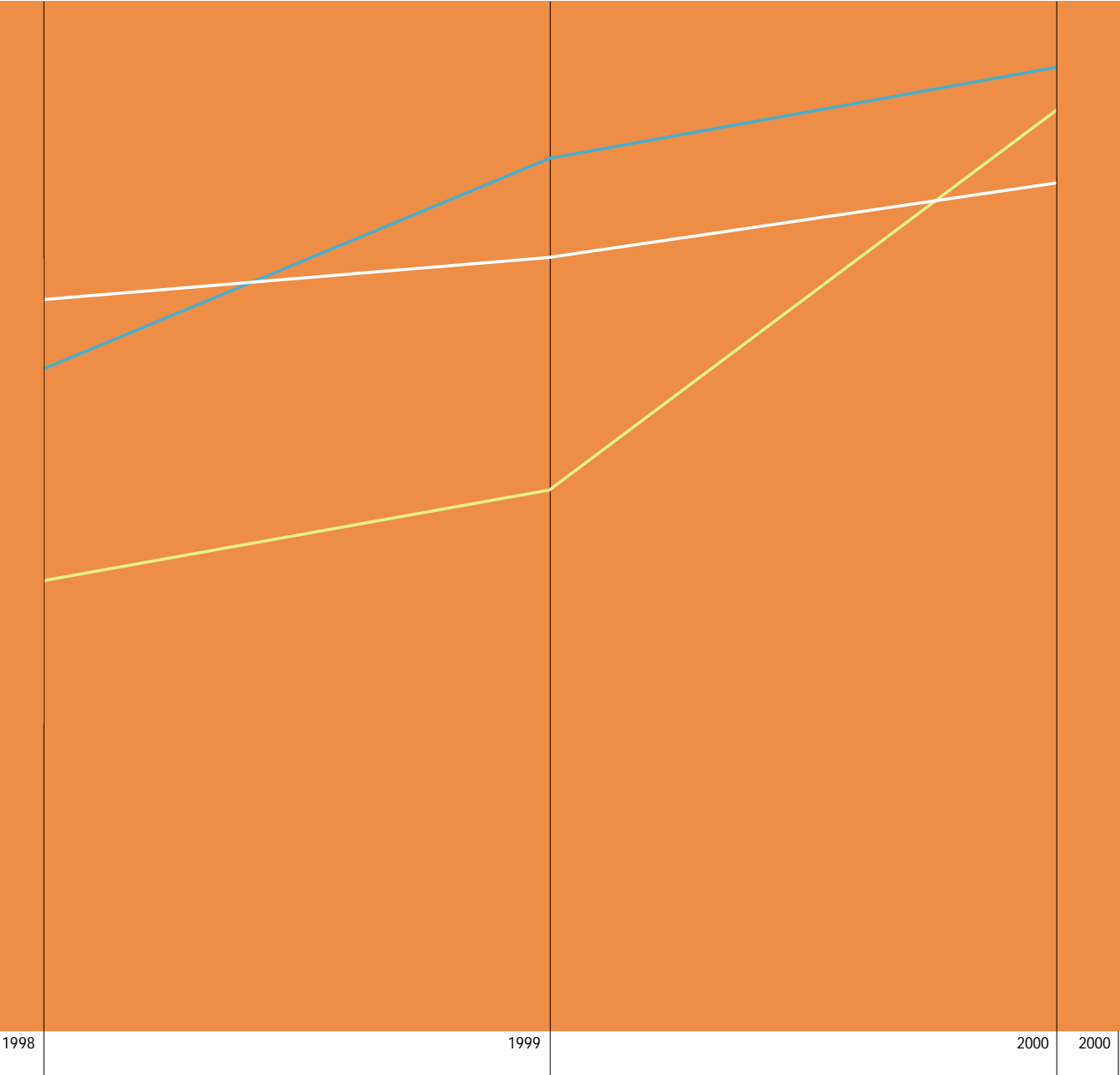
Property-Liability Highlights

Allstate's Property-Liability business is the second largest personal property and casualty insurer in the United States. It is principally engaged in the sale of private passenger auto and homeowners insurance. Sales are generated through exclusive Allstate agencies, as well as independent agencies, Customer Information Centers and the Allstate Web site, allstate.com.



2000 Property-Liability Investments
[\$ in billions, dots represent percent to total investments]

1000	100	25
900	95	20
800	90	15
700	85	10
Pre-tax Catastrophe Losses [in millions]	Combined Ratios	Premiums Written [in billions]



Premiums written increased 7 percent

Property-Liability premiums written were \$21.9 billion during 2000, compared to \$20.4 billion in 1999. This increase was primarily due to the acquisition of Encompass Insurance during 1999, as well as growth in the standard auto and homeowners business. Excluding Encompass, standard auto premiums increased 2 percent in 2000 over the prior year, and homeowners premiums increased 9 percent. These increases were offset by a decrease of 10 percent in the non-standard auto business, due to the implementation of programs during 2000 to address adverse profitability trends. These programs are expected to improve the profitability of this business in the future.

Underwriting income was \$173 million

Property-Liability underwriting income decreased in 2000 compared to underwriting income of \$527 million in 1999. This decrease was due to increased premiums being offset by higher catastrophe and other loss costs. The combined ratio for 2000 was 99.2, and 94.8 excluding catastrophes, compared to the prior year ratio of 97.4, and 93.3 excluding catastrophes. While this ratio increased during 2000 due to increasing pressure on the severity of claims, it remains below the industry average.

Investments ended the year at \$33.0 billion

Property-Liability investment balances in 2000 were unchanged compared to

1999 as positive operating cash flows were offset by dividends paid to the parent company. Net investment income increased during the year due to increased income from partnership interests and portfolio yields.

Outlook

The Property-Liability business operates in a very competitive environment, with low growth rates expected for the personal lines industry. Competitors in some cases have reduced premium rates to gain greater market share at the same time the industry was experiencing increased loss trends, leading to decreased profitability.

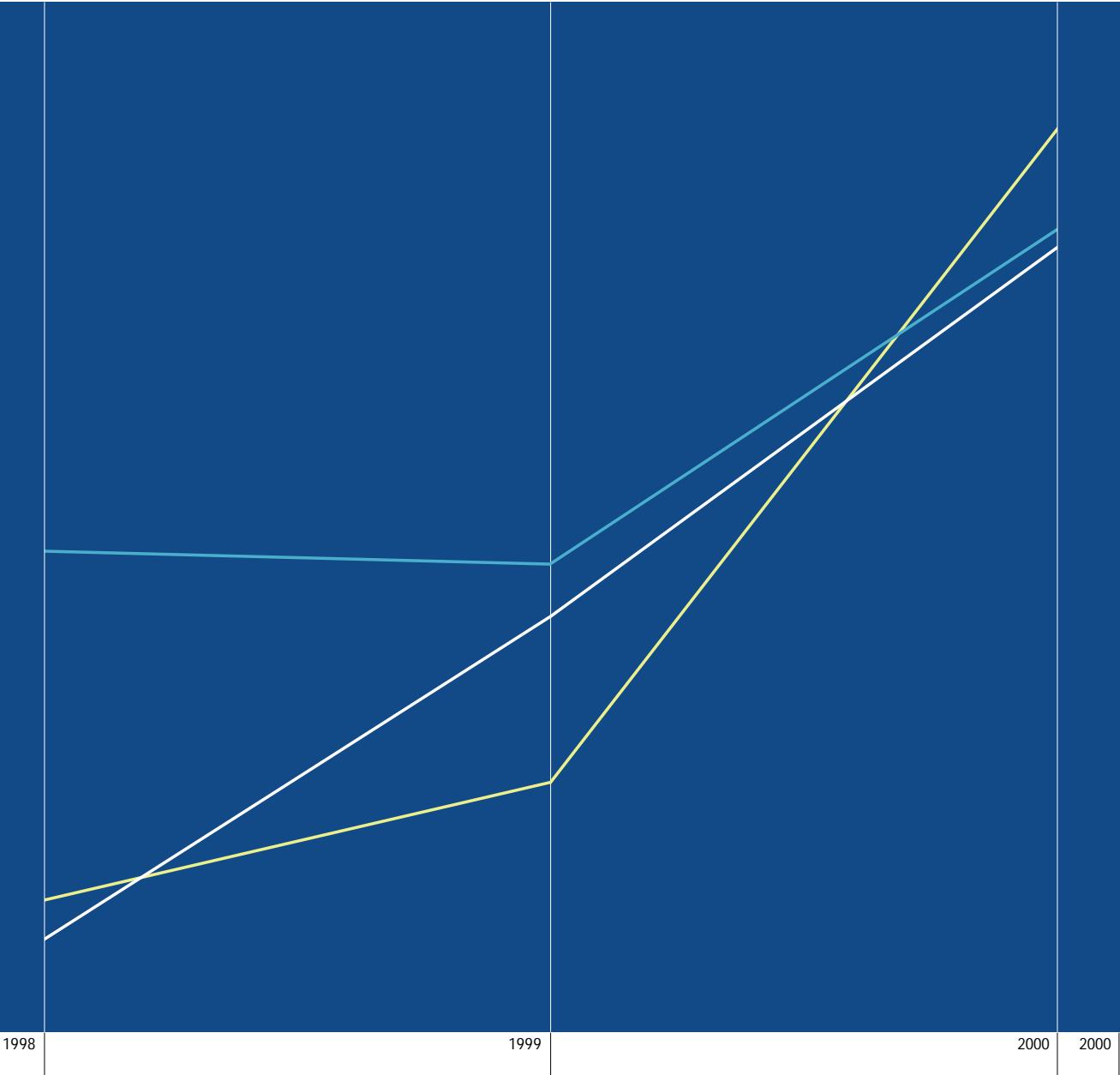
Allstate plans to outperform the industry with strategies for growth and profitability. Growth is planned through our investment in *The Good Hands Network* and continued implementation of Strategic Risk Management (SRM), which introduces new premium rate structures and underwriting guidelines to customize the price of coverage for each customer, expanded independent agency strategies and enhanced customer-focused marketing techniques. Profitability strategies include SRM as well as addressing the inflationary pressures of future medical and physical damage claim costs by continuing to examine and improve claim settlement processes.

The Allstate Financial business provides life insurance and investment products. These products are offered through Allstate agents, personal financial representatives, banks, securities firms, independent life insurance agents, direct response marketing and the Internet.



2000 Allstate Financial Investments
[\$ in billions, dots represent percent to total investments]

Revenues [in billions]	5.0	600	60
Operating Income [in millions]	4.7	500	55
Investments Including Separate Accounts [in billions]	4.4	400	50
	4.1	300	45



Statutory premiums increased 44 percent

Allstate Financial statutory premiums and deposits were \$12.2 billion in 2000, compared to \$8.5 billion in 1999. The improvement was driven by higher sales of variable and fixed annuities during the year. Variable annuities were primarily driven by sales through the Putnam Allstate alliance, initiated in 1999, which generated \$2.0 billion of variable annuity sales in 2000 and \$830 million in 1999. Fixed annuity sales increased due to higher sales in the independent agency channel.

Operating income increased 35 percent

Allstate Financial operating income increased to \$520 million during 2000 as the result of sales growth as well as increased income from investments.

Net income was \$469 million

Allstate Financial net income in 2000 decreased to \$469 million from \$485 million in 1999. This decrease was the result of increased operating income during the year being offset by realized capital losses of \$51 million after-tax in 2000.

Investments up 17 percent

Allstate Financial investment balances increased to \$40.3 billion in 2000 compared to the 1999 balance of \$34.4 billion. This increase was due primarily to increased cash flows from operating growth. Net investment income increased during the year due to increased investment balances and portfolio yields.

Outlook

Allstate Financial is experiencing increased competition from throughout the financial services industry. The business is expanding to offer additional products to meet customer needs. Allstate Financial will continue to build and expand its multiple distribution channels, assist its agents to become personal financial representatives, and leverage the Allstate brand name.

The Allstate Corporation **Board of Directors**



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chairman, president
and chief executive
officer, BellSouth
Corporation



James G. Andress
retired chairman
and chief executive
officer, Warner
Chilcott PLC



Warren L. Batts
retired chairman
and chief executive
officer, Tupperware
Corporation



Edward A. Brennan
retired chairman,
president and chief
executive officer,
Sears, Roebuck
and Co.



James M. Denny
advisor to investors
and investment
managers



W. James Farrell
chairman and
chief executive
officer, Illinois
Tool Works Inc.



Ronald T. LeMay
president and chief
operating officer,
Sprint Corporation



Edward M. Liddy
chairman, president
and chief executive
officer, The Allstate
Corporation



Michael A. Miles
special limited
partner, Forstmann
Little & Co.



H. John Riley Jr.
chairman, president
and chief executive
officer, Cooper
Industries Inc.



Joshua I. Smith
vice chairman and
chief development officer,
iGate Inc.



Judith A. Sprieser
chief executive officer,
Transora, Inc.



Mary Alice Taylor
retired chairman and
chief executive officer,
HomeGrocer.com



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senior vice president,
Human Resources

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chairman, president and
chief executive officer

Richard I. Cohen
president, Property and
Casualty

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senior vice president
and general counsel

John L. Carl
senior vice president
and chief financial officer

Steven L. Groot
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E-Commerce

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senior vice president,
Field Operations

Ernest A. Lausier
president, Independent
Agency Markets

Frank W. Pollard
senior vice president
and chief information
officer

Casey J. Sylla
senior vice president
and chief investment
officer

Ronald D. McNeil
senior vice president,
Product Operations

Robert W. Pike
executive vice president
and secretary

Robert S. Apatoff
senior vice president
and chief marketing
officer

Thomas J. Wilson
president, Allstate
Financial

Shareholder Information

Corporate Headquarters/Home Office

The Allstate Corporation
2775 Sanders Road
Northbrook, IL 60062-6127
(800) 574-3553
www.allstate.com

Annual Meeting

Shareholders of record are invited to attend the annual meeting of The Allstate Corporation at 11 a.m. Tuesday, May 15, 2001, in the 8th floor auditorium of the Harris Trust and Savings Bank, 111 West Monroe, Chicago, IL.

Holders of common stock of record at the close of business on March 16, 2001, are entitled to vote at the meeting. A notice of meeting, proxy statement and proxy were provided to shareholders with this annual report.

Transfer Agent/Shareholder Records

For information or assistance regarding individual stock records, dividend reinvestment, dividend checks, 1099DIV and 1099B tax forms, direct deposit of dividend payments, or stock certificates, call:

(800) 355-5191 within the U.S. or
(201) 324-0313 outside the U.S.

Or write:
First Chicago Trust Company, a division of EquiServe, P.O. Box 2500, Jersey City, NJ, 07303-2500

For items sent by courier or overnight mail, use the following address:
First Chicago Trust Company,
a division of EquiServe, Attn. Stock Transfer Unit, 525 Washington Blvd., Jersey City, NJ, 07310

www.equiserve.com

Share Purchase and Dividend Reinvestment Plan

Shareholders can reinvest their Allstate 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.

Profit Sharing

For information about The Savings and Profit Sharing Fund of Allstate Employees, call the Allstate Benefits Center at (888) 255-7772.

Exclusive Agent Stock Bonus Plan

For information about the Exclusive Agent Independent Contractors Stock Bonus Plan, call First Chicago Trust Company at (800) 706-9862.

Investor Relations

Security analysts, portfolio managers and representatives of financial institutions seeking information about the company should contact:
Investor Relations
The Allstate Corporation
3075 Sanders Road
Northbrook, IL 60062-7127
(800) 416-8803

Common Stock and Dividend Information *

	High	Low	Dividends Close Declared	
2000				
First quarter	25.50	17.19	23.81	.17
Second quarter	30.13	20.06	22.25	.17
Third quarter	35.63	22.50	34.75	.17
Fourth quarter	44.75	30.81	43.56	.17
1999				
First quarter	41.00	34.75	37.06	.15
Second quarter	40.75	34.81	35.88	.15
Third quarter	37.94	24.81	24.94	.15
Fourth quarter	30.56	22.88	24.06	.15

*Because the New York Stock Exchange completed its conversion to decimal pricing in January 2001, all common stock prices have been converted to decimals and rounded to 2 decimal places.

Stock price ranges are from the New York Stock Exchange Composite Listing. As of 4:00 p.m. (EST) on February 9, 2001, the closing price of Allstate common stock as reported on the New York Stock Exchange was \$41.40, and there were 173,042 shareholders of record.

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 Form 10-K annual report (filed with the Securities and Exchange Commission) and other public financial information, for the year ended Dec. 31, 2000, 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 without charge to the visually impaired by calling (800) 416-8803.

Stock Exchange Listing

The Allstate Corporation 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

Online information

Investor supplements describing Allstate quarterly fiscal results, as well as audio rebroadcasts of investor conferences at which the company participates, will be posted on www.allstate.com. Investor conference calls will also be broadcast from that Web site.



Allstate.
You're in good hands.

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