SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED September 30, 1997

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-11840

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

Delaware	36-3871531
(State of Incorporation)	(I.R.S. Employer Identification No.)
2775 Sanders Road, Northbrook, Illinois	60062
(Address of principal executive offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 847/402-5000

REGISTRANT HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS, AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES /X/ NO

AS OF October 31, 1997, THE REGISTRANT HAD 428,816,434 COMMON SHARES,$.01 PAR VALUE, OUTSTANDING.

THE ALLSTATE CORPORATION
INDEX TO QUARTERLY REPORT ON FORM 10-Q
September 30, 1997

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE ALLSTATE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
	(Unaudited)			
(In millions except per share data)				
REVENUES				
Property-liability insurance premiums earned	$ 4,685	$ 4,598	$ 13,877	$ 13,792
Life and annuity premiums and contract charges	356	338	1,077	950
Net investment income	995	958	2,906	2,842
Realized capital gains and losses	348	121	776	658
	6,384	6,015	18,636	18,242
COSTS AND EXPENSES				
Property-liability insurance claims and claims expense	3,395	3,825	10,137	11,041
Life and annuity contract benefits	584	578	1,765	1,685
Amortization of deferred policy acquisition costs	712	584	2,060	1,721
Operating costs and expenses	475	433	1,419	1,590
California Earthquake Authority assessment	-	150	-	150
Interest expense	26	24	74	71
	5,192	5,594	15,455	16,258
LOSS ON DISPOSITION OF OPERATIONS	(8)	(125)	(8)	(125)
INCOME FROM OPERATIONS BEFORE INCOME TAX EXPENSE, DIVIDENDS ON PREFERRED SECURITIES, AND EQUITY IN NET INCOME OF UNCONSOLIDATED SUBSIDIARY	1,184	296	3,173	1,859
INCOME TAX EXPENSE	359	11	936	400
INCOME BEFORE DIVIDENDS ON PREFERRED SECURITIES AND EQUITY IN NET INCOME OF UNCONSOLIDATED SUBSIDIARY	825	285	2,237	1,459
DIVIDENDS ON PREFERRED SECURITIES OF SUBSIDIARY TRUSTS	(10)	-	(29)	-
EQUITY IN NET INCOME OF UNCONSOLIDATED SUBSIDIARY	9	7	26	21
NET INCOME	$ 824	$ 292	$ 2,234	$ 1,480
NET INCOME PER SHARE	$ 1.89	0.65	5.09	3.30
WEIGHTED-AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	435.7	447.4	438.7	448.7

See notes to condensed consolidated financial statements.

THE ALLSTATE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

($ in millions)	September 30, 1997	December 31, 1996
	(Unaudited)	
ASSETS		
Investments		
Fixed income securities, at fair value (amortized cost $47,643 and $45,057)	$ 50,364	$ 47,095

Equity securities, at fair value (cost $4,158 and $3,999)	6,393	5,561
Mortgage loans	3,038	3,146
Real estate	720	738
Short-term	618	1,278
Other	540	511
Total investments	61,673	58,329
Premium installment receivables, net	3,079	2,886
Deferred policy acquisition costs	2,795	2,614
Reinsurance recoverables, net	2,146	2,147
Property and equipment, net	727	714
Accrued investment income	769	715
Deferred income taxes	-	232
Cash	167	116
Other assets	1,302	1,204
Separate Accounts	7,332	5,551
TOTAL ASSETS	$ 79,990	$ 74,508
LIABILITIES		
Reserve for property-liability insurance claims and claims expense	$ 17,532	$ 17,382
Reserve for life-contingent contract benefits	6,753	6,287
Contractholder funds	20,302	20,120
Unearned premiums	6,335	6,174
Claim payments outstanding	590	594
Other liabilities and accrued expenses	3,195	2,824
Deferred income taxes	431	-
Short-term debt	235	152
Long-term debt	1,238	1,234
Separate Accounts	7,332	5,539
TOTAL LIABILITIES	63,943	60,306
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 2 and 4)		
MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUSTS	750	750
SHAREHOLDERS' EQUITY		
Preferred stock, $1 par value, 25 million shares authorized, none issued	-	-
Common stock, $.01 par value, 1 billion shares authorized and 450 million issued, 430 million and 442 million shares outstanding	5	5
Additional capital paid-in	3,139	3,133
Unrealized net capital gains	2,716	2,003
Unrealized foreign currency translation adjustments	14	21
Retained income	10,877	8,958
Deferred ESOP expense	(281)	(280)
Treasury stock, at cost (20 million and 8 million shares)	(1,173)	(388)
TOTAL SHAREHOLDERS' EQUITY	15,297	13,452
TOTAL LIABILITIES AND	$	$

SHAREHOLDERS' EQUITY	79,990	74,508

See notes to condensed consolidated financial statements.

THE ALLSTATE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

($ in millions)	Nine Months Ended September 30, 1997	1996
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 2,234	$ 1,480
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, amortization and other non-cash items	(13)	(7)
Realized capital gains and losses	(776)	(658)
Loss on disposition of operations	8	125
Interest credited to contractholder funds	910	905
Increase in policy benefit and other insurance reserves	145	587
Increase in unearned premiums	161	311
Increase in deferred policy acquisition costs	(240)	(368)
Increase in premium installment receivables, net	(193)	(149)
Change in reinsurance recoverables, net	1	(374)
Change in deferred income taxes	283	109
Changes in other operating assets and liabilities	187	137
Net cash provided by operating activities	2,707	2,098
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales		
Fixed income securities	9,474	7,839
Equity securities	2,632	2,902
Investment collections		
Fixed income securities	3,545	3,319
Mortgage loans	425	292
Investment purchases		
Fixed income securities	(15,344)	(14,570)
Equity securities	(2,204)	(1,572)
Mortgage loans	(323)	(280)
Change in short-term investments, net	672	(148)
Change in other investments, net	8	32
Proceeds from disposition of operations	-	341
Purchases of property and equipment, net	(104)	(82)
Net cash used in investing activities	(1,219)	(1,927)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in short-term debt, net	83	192

Repayment of long-term debt	-	(2)
Proceeds from issuance of long-term debt	4	3
Contractholder fund deposits	1,867	2,311
Contractholder fund withdrawals	(2,291)	(2,196)
Dividends paid	(315)	(284)
Treasury stock purchases	(827)	(137)
Other	42	16
Net cash used in financing activities	(1,437)	(97)
NET INCREASE IN CASH	51	74
CASH AT BEGINNING OF PERIOD	116	90
CASH AT END OF PERIOD	$ 167	$ 164

See notes to condensed consolidated financial statements.

THE ALLSTATE CORPORATION AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements include the accounts of The Allstate Corporation and its wholly owned subsidiaries, primarily Allstate Insurance Company ("AIC"), a property-liability insurance company with various property-liability and life and annuity subsidiaries, including Allstate Life Insurance Company (collectively referred to as the "Company" or "Allstate").

The condensed consolidated financial statements and notes as of September 30, 1997 and for the three-month and nine-month periods ended September 30, 1997 and 1996 are unaudited. The condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring accruals) which are, in the opinion of management, necessary for the fair presentation of the financial position, results of operations and cash flows for the interim periods. These condensed consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in The Allstate Corporation Annual Report to Shareholders and Annual Report on Form 10-K for 1996. The results of operations for the interim periods should not be considered indicative of results to be expected for the full year.

To conform with the 1997 presentation, certain items in the prior years' financial statements and notes have been reclassified.

2. RESERVE FOR PROPERTY-LIABILITY INSURANCE CLAIMS AND CLAIMS EXPENSE

The Company establishes reserves for claims and claims expense on reported and unreported claims of insured losses. These reserve estimates are based on known facts and interpretation of circumstances, including the Company's experience with similar cases and historical trends involving claim payment patterns, loss payments, pending levels of unpaid claims and product mix, as well as other factors including court decisions, economic conditions and public attitudes.

The establishment of appropriate reserves, including reserves for catastrophes, is an inherently uncertain process. Allstate regularly updates its reserve estimates as new facts become known and further events occur which may impact the resolution of unsettled claims. Changes in prior year reserve estimates, which may be material, are reflected in the results of operations in the period such changes are determined to be needed.

Catastrophes are an inherent risk of the property-liability insurance business which have contributed, and will continue to contribute, to material year-to-year fluctuations in the Company's results of operations and financial position. The level of catastrophe loss experienced in any year cannot be predicted and could be material to the results of operations and financial position.

Reserves for environmental, asbestos and mass tort exposures are comprised of reserves for reported claims, incurred but not reported claims and related expenses. Establishing net loss reserves for these types of claims is subject to uncertainties that are greater than those presented by other types of claims. Among the complications are a lack of historical data, long reporting delays, uncertainty as to the number and identity of insureds with potential exposure, unresolved legal issues regarding policy coverage, availability of reinsurance and the extent and timing of any such contractual liability. The legal issues concerning the interpretation of various insurance policy provisions and whether these losses are, or were ever intended to be covered, are complex. Courts have reached different and sometimes inconsistent conclusions as to when losses are deemed to have occurred and which policies provide coverage; what types of losses are covered; whether there is an insured obligation to defend; how policy limits are determined; how policy exclusions are applied and interpreted; and whether environmental and asbestos clean-up costs represent insured property damage. Management believes these issues are not likely to be resolved in the near future.

In 1986, the general liability policy form used by Allstate and others in the property-liability industry was amended to introduce an "absolute pollution exclusion" which excluded coverage for environmental damage claims and added an asbestos exclusion. Most general liability policies issued prior to 1987 contain annual aggregate limits for products liability coverage, and policies issued after 1986 also have an annual aggregate limit as to all coverages. Allstate's experience to date is that these policy form changes have effectively limited its exposure to environmental and asbestos claims risks assumed as well as primary commercial coverages written, for most policies written in 1986 and all policies written after 1986. Allstate's reserves, net of reinsurance recoverables of $411 million and $489 million, for environmental and asbestos claims were $1.13 billion and $1.23 billion at September 30, 1997 and December 31, 1996, respectively.

During 1996, Allstate gained access to complex databases developed by outside experts to estimate the cost of liabilities for environmental claims. The Company also refined its own estimation techniques, which were tested and validated by outside actuaries, to estimate environmental and asbestos losses. In addition to environmental and asbestos exposures, the studies also included an assessment of current claims for mass tort exposures.

Management believes its net loss reserves for environmental, asbestos, and mass tort exposures are appropriately established based on available facts, technology, laws and regulations. However, due to the inconsistencies of court coverage decisions, plaintiffs' expanded theories of liability, the risks inherent in major litigation and other uncertainties, the ultimate cost of these claims may vary materially from the amounts currently recorded, resulting in an increase in the loss reserves. In addition, while the Company believes the improved actuarial techniques and databases have assisted in its ability to estimate environmental, asbestos and mass tort net loss reserves, these refinements may subsequently prove to be inadequate indicators of the extent of probable loss. Due to the uncertainties and factors described above, management believes it is not practicable to develop a meaningful range for any such additional net loss reserves that may be required.

3. REINSURANCE

Property-liability insurance premiums and life and annuity premiums and contract charges are net of reinsurance ceded as follows:

($ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
Property-liability premiums	$89	$119	$343	$404
Life and annuity premiums and contract charges	36	44	109	73

Property-liability insurance claims and claims expense and life and annuity contract benefits are net of reinsurance recoveries as follows:

($ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
Property-liability insurance claims and claims expense	$75	$11	$240	$200
Life and annuity contract benefits	13	6	36	30

4. REGULATION AND LEGAL PROCEEDINGS

The Company's insurance businesses are subject to the effects of a changing social, economic and regulatory environment. Public regulatory initiatives have varied and have included efforts to restrict premium rates, restrict the Company's ability to cancel policies, impose underwriting standards and expand overall regulation. The ultimate changes and eventual effects, if any, of these initiatives are uncertain.

Various legal and regulatory actions are currently pending that involve Allstate and specific aspects of its conduct of business. In the opinion of management, the ultimate liability, if any, in one or more of these actions in excess of amounts currently reserved is not expected to have a material effect on results of operations, liquidity or capital resources.

5. COMPANY OBLIGATED MANDATORY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUSTS

In November 1996 Allstate Financing I ("AF I"), a wholly-owned subsidiary of the Company, issued 22 million shares of 7.95 percent Quarterly Income Preferred Securities ("QUIPS") at $25 per share. The sole assets of AF I are $550 million of 7.95 percent Junior Subordinated Deferrable Interest Debentures ("QUIDS") issued by the Company. The QUIDS held by AF I will mature on December 31, 2026 and are redeemable by the Company in whole or in part beginning on November 25, 2001, at which time the QUIPS are callable. Net proceeds from the issuance of the QUIPS were used for general corporate purposes including the Company's stock repurchase program. AF I may elect to extend the maturity of its QUIPS to December 31, 2045.

In November 1996 Allstate Financing II ("AF II"), a wholly-owned subsidiary of the Company, issued 200,000 shares of 7.83 percent preferred securities ("trust preferred securities") at $1,000 per share. The sole assets of AF II are $200 million of 7.83 percent Junior Subordinated Deferrable Interest Debentures ("junior subordinated debentures") issued by the Company. The junior subordinated debentures held by AF II will mature on December 1, 2045 and are redeemable by the Company in whole or in part beginning on December 1, 2006, at which time the trust preferred securities are callable. Net proceeds from the issuance of the trust preferred securities were used for general corporate purposes including the Company's stock repurchase program.

The obligations of the Company with respect to the QUIDS and junior subordinated debentures constitute full and unconditional guarantees by the Company of AF I's and AF II's obligations under the respective preferred securities, including the payment of the liquidation or redemption price and any accumulated and unpaid interest, but only to the extent of funds held by the trusts. The preferred securities are classified in the Company's balance sheet as company obligated mandatory redeemable preferred securities of subsidiary trust (representing the minority interest in the trusts) at their face value and redemption amount of $750 million. The preferred securities have a liquidation value of $25 per share for the QUIPS and $1,000 per share for the trust preferred securities. Dividends on the preferred securities are cumulative, payable quarterly in arrears for the QUIPS and cumulative, payable semi-annually in arrears for the trust preferred securities, and are deferrable at the Company's option for up to five years. The Company cannot pay dividends on its preferred and common stocks during such deferments. Dividends on the preferred securities have been classified as minority interest in the statements of operations.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying condensed consolidated statement of financial position of The Allstate Corporation and subsidiaries as of September 30, 1997, and the related condensed consolidated statements of operations for the three-month and nine-month periods ended September 30, 1997 and 1996, and the condensed consolidated statements of cash flows for the nine-month periods ended September 30, 1997 and 1996. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated statement of financial position of The Allstate Corporation and subsidiaries as of December 31, 1996, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended, not presented herein. In our report dated February 21, 1997, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 1996 is fairly stated, in all material respects, in relation to the consolidated statement of financial position from which it has been derived.

Deloitte & Touche LLP

Chicago, Illinois
November 13, 1997

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 1997 AND 1996

The following discussion highlights significant factors influencing results of operations and changes in financial position of The Allstate Corporation (the "Company" or "Allstate"). It should be read in conjunction with the condensed consolidated financial statements and notes thereto found under Part I. Item 1 and with the discussion and analysis found under Part 2. Item 7 of The Allstate Corporation Annual Report on Form 10-K for 1996.

CONSOLIDATED REVENUES

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	1997	1996	1997	1996
Property-liability insurance premiums	$4,685	$4,598	$13,877	$13,792
Life and annuity premiums and contract charges	356	338	1,077	950
Net investment income	995	958	2,906	2,842
Realized capital gains and losses	348	121	776	658
Total revenues	$6,384	$6,015	$18,636	$18,242

Consolidated revenues for the third quarter and first nine months of 1997 increased 6.1% and 2.2%, respectively, reflecting higher realized capital gains and increases in property-liability premiums and life and annuity contract charges. Growth in property-liability premiums for the three and nine-month periods were adversely impacted by the ongoing implementation of the Company's catastrophe management initiatives and the absence of premium related to businesses sold in 1996.

CONSOLIDATED NET INCOME

Net income for the third quarter of 1997 was $824 million, or $1.89 per share, compared with $292 million, or 65 cents per share, for the same period of 1996, due to increased property-liability underwriting income and higher realized capital gains. Property-liability underwriting income benefited from lower catastrophe losses and favorable frequency (rate of claim occurrence) and severity (average cost per claim) loss trends. Last year, special actions taken in the third quarter resulted in a decrease to net income of $248 million after-tax, or 56 cents per share. These actions included an increase to net loss reserves for discontinued lines and coverages, an assessment for participation in the California Earthquake Authority (CEA), and a revision in the Company's policy for capitalizing deferred acquisition costs. Net income was also impacted by a net after-tax loss on the disposition of operations of $55 million.

Net income for the first nine months of 1997 was $2.23 billion, or $5.09 per share, compared with $1.48 billion, or $3.30 per share, for the same period of 1996. The results for the first nine months of 1997 were favorably impacted by increased property-liability underwriting income which benefited from lower catastrophe losses and favorable claim frequencies and auto injury coverage claim severities.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,1997 AND 1996

PROPERTY-LIABILITY OPERATIONS

OVERVIEW

The Company's property-liability operations consists of two principal areas of business: personal property and casualty ("PP&C") and discontinued lines and coverages ("Discontinued Lines and Coverages"). PP&C is principally engaged in the sale of private passenger automobile and homeowners insurance. Discontinued Lines and Coverages consists of business no longer written by Allstate.

Underwriting results for each of the property-liability areas of business are discussed separately beginning on page 12.

The following table sets forth certain unaudited summarized financial data and key operating ratios for the Company's property-liability operations for the three-month and nine-month periods ended September 30, 1997 and 1996.

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	1997	1996	1997	1996
Premiums written	$4,881	$4,798	$14,158	14,063
Premiums earned	$4,685	$4,598	$13,877	$13,792
Claims and claims expense	3,395	3,825	10,137	11,041
Operating costs and expenses	1,045	894	3,050	2,952
Underwriting income (loss)	245	(121)	690	(201)
California Earthquake Authority assessment	-	150	-	150
Net investment income	463	439	1,324	1,306
Realized capital gains and losses, after-tax	193	77	418	405
Loss on disposition of operations, after tax	-	(55)	-	(55)
Income tax (benefit)expense on operations	195	(4)	539	119
Income before equity in net income of unconsolidated subsidiary	706	194	1,893	1,186
Equity in net income of unconsolidated subsidiary	9	7	26	21
Net income	$ 715	$ 201	$1,919	$1,207
Catastrophe losses	$ 121	$ 304	$ 352	$ 815
Operating ratios				
Claims and claims expense ("loss") ratio	72.5	83.2	73.0	80.1
Expense ratio	22.3	19.4	22.0	21.4
Combined ratio	94.8	102.6	95.0	101.5
Effect of catastrophe losses on combined ratio	2.6	6.6	2.5	5.9

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,1997 AND 1996

NET INVESTMENT INCOME AND REALIZED CAPITAL GAINS

Pretax net investment income increased $24 million to $463 million for the third quarter and grew $18 million to $1.32 billion for the nine-month period ended September 30, 1997. Higher investment balances, the result of positive cash flows from operations net of the effect of businesses sold, were partially offset by lower investment yields. The lower investment yields are due, in part, to the investment of proceeds from calls and maturities and the investment of positive cash flows from operations in securities yielding less than the average portfolio rate. In low interest rate environments, funds from maturing investments may be reinvested at interest rates substantially lower than those which prevailed when the funds were previously invested. The sale of the commercial and reinsurance operations in the second half of 1996 reduced investments by $1.59 billion.

Realized capital gains after-tax for the third quarter of 1997 were $193 million compared with $77 million for the same period in 1996. For the first nine months of 1997, realized capital gains after-tax were $418 million compared with $405 million for the comparable period in 1996. At September 30, 1997 the property-liability operations had $1.90 billion of unrealized capital gains on equity securities versus $1.35 billion at December 31, 1996. Fluctuations in realized capital gains and losses are largely a function of the timing of sales decisions reflecting management's view of individual securities and overall market conditions.

OTHER DEVELOPMENTS

The Company announced on November 10, 1997 that it is establishing a new company devoted to serving insurance consumers in New Jersey. The new company, called Allstate New Jersey Insurance Company ("ANJ"), is scheduled to begin offering coverage to customers effective January 1, 1998. ANJ will serve as a replacement carrier for Allstate Insurance Company ("AIC") and Allstate Indemnity Company in New Jersey. This resolves the Company's application to withdraw from the property-liability market in New Jersey.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,1997 AND 1996

UNDERWRITING RESULTS

PP&C - Underwriting results and key operating ratios for the Company's personal property and casualty insurance area of business for the three-month and nine-month periods ended September 30, 1997 and 1996 are summarized in the following table.

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	1997	1996	1997	1996
Premiums written	$4,881	$4,651	$14,157	$13,480
Premiums earned	$4,686	$4,459	$13,876	$13,164
Claims and claims expense	3,403	3,410	10,140	10,159
Operating costs and expenses	1,037	837	3,034	2,720
Underwriting income	$ 246	$ 212	$ 702	$ 285
Catastrophe losses	$ 121	$ 303	$ 352	$ 808
Operating ratios				
Claims and claims expense ("loss") ratio	72.6	76.5	73.1	77.2
Expense ratio	22.1	18.8	21.9	20.6
Combined ratio	94.7	95.3	95.0	97.8
Effect of catastrophe losses on combined ratio	2.6	6.8	2.5	6.1

PP&C provides primarily private-passenger auto and homeowners insurance to individuals. PP&C also includes the ongoing commercial business written through the Allstate agent distribution channel. The Company separates the voluntary personal auto insurance business into two categories for underwriting purposes according to insurance risks: the standard market and the non-standard market. The standard market consists of drivers who meet certain criteria which classify them as having low to average risk of loss expectancy. The non-standard market consists of drivers who have higher-than-average risk profiles due to their driving records, lack of prior insurance or the types of vehicles they own. These policies are generally written at rates higher than standard auto rates.

The Company is pursuing segmented marketing growth strategies with respect to geographic areas in the standard auto and homeowners markets. It is attempting to grow standard auto business more rapidly in areas where the regulatory climate is more conducive to attractive returns and is reducing or limiting its homeowners business exposure in areas where the risk of loss from catastrophes does not provide appropriate returns. The process of designating geographic areas as growth and limited growth markets is dynamic and may be revised as changes occur in the legal, regulatory and economic environments, as catastrophe exposure is reduced and as new products are approved. Less than 6.0% of the total United States population reside in areas currently designated by the Company as standard auto limited growth markets. The Company is attempting to reduce or limit homeowners growth in areas where approximately 14.0% of the United States population reside. Allstate is pursuing a growth strategy in the non-standard auto market throughout most of the United States. The Company plans to expand its distribution channel by increasing its use of independent agents to write non-standard auto business.

PP&C premiums written for the third quarter increased 4.9% over the third quarter of 1996. For the first nine months of 1997, PP&C premiums written increased 5.0% over the comparable period for 1996. Standard auto premiums written increased 4.9% to $2.76 billion for the third quarter of 1997, compared with $2.63 billion for the same period in 1996. For the nine-month period ending September 30, 1997, standard auto premiums grew 3.9% to $8.10 billion from $7.80 billion in 1996. Both increases are due to higher average premium and to a lesser extent, by the number of policies in force. Average premium increases were primarily attributable to a shift to newer and more expensive autos and, to a lesser extent, rate increases. Rate increases are based in part on indicated loss trends and are generally limited by regulatory and competitive considerations.

Non-standard auto premiums written increased 12.6% to $807 million in the third quarter of 1997, from $717 million for the same period in 1996. For the nine-month period, non-standard auto premiums written increased 17.6% to $2.38 billion compared with $2.03 billion for 1996. The increase for both periods was driven by an increase in renewal policies in force and, to a lesser extent, average premium. The growth in non-standard auto written premiums has slowed from prior quarters primarily due to the imposition of higher down payment requirements which began in May 1997 and are designed to improve retention and decrease expenses related to the collection of premium. The rate of growth is expected to continue to gradually decline as the non-standard auto market matures.

Homeowners premiums written for the three-month period ended September 30, 1997 was $854 million, an increase of 2.3% over third quarter 1996 premiums of $835 million, reflecting higher average premium and to a lesser extent, the number of new policies in force. For the first nine months of 1997 homeowners premiums written were $2.28 billion, a slight decrease compared with the same period of 1996. The decrease is primarily due to the impacts of the Company's catastrophe management initiatives in California, Florida, and the Northeastern portion of the United States. Excluding California and Florida, homeowners premiums written increased 6.9% and 5.6% for the three-month and nine-month periods ended September 30, 1997, respectively. As a result of the California Earthquake Authority formation this year, the Company will non-renew approximately $117 million of property premiums related to earthquake coverage, $23 million and $89 million of which occurred in the three-month and nine-month periods, respectively, ended September 30, 1997. The decrease in premiums due to the non-renewal of earthquake coverage was partially offset by increased premiums resulting from Allstate's re-entry into the California property market. Florida homeowners premiums decreased approximately $22 million and $64 million for the three-month and nine-month periods of 1997 as lower premiums resulting from the sale of renewal rights to Clarendon National Insurance Company, the purchase of catastrophe reinsurance, policy deductible modifications, and the transfer of the wind damage portion of property policies in Florida to the Florida Windstorm Underwriting Association were partially offset by rate increases.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 1997 AND 1996

For the third quarter of 1997, PP&C had underwriting income of $246 million compared with underwriting income of $212 million for the same period in 1996. The improved underwriting results were primarily due to lower catastrophe losses, increased auto average earned premiums, favorable frequency and favorable auto injury coverage claim severity trends. Auto injury coverage claim severities continued to trend favorably compared to relevant medical cost indices. Auto physical damage coverage claim severities increased slightly over the prior year, driven by moderate inflationary pressure.

For the first nine months of 1997, PP&C had underwriting income of $702 million compared with $285 million for the comparable period of 1996. The improved underwriting results for the first nine months of 1997 were primarily due to lower catastrophe losses, increased auto average earned premiums, and favorable loss frequency and auto claim severities. Auto injury coverage claim severities continued to trend favorably compared to relevant medical cost indices. Auto physical damage coverage claim severities increased slightly over the prior year, driven by moderate inflationary pressure.

CATASTROPHE LOSSES AND CATASTROPHE MANAGEMENT

Catastrophe losses for the third quarter of 1997 were $121 million compared with $304 million for the same period in 1996. For the first nine months of 1997, catastrophe losses were $352 million versus $815 million for the same period in 1996. In 1996 catastrophe losses were impacted by first quarter snow and ice storms in the eastern portion of the United States.

Allstate has implemented strategies intended to limit, over time, subject to the requirements of insurance laws and regulations and as limited by competitive considerations, its insurance exposures in certain regions prone to catastrophes. These strategies include limits on new business production, limitations on certain policy coverages, increases in deductibles, policy brokering, reinsurance, and participation in catastrophe pools. In addition, Allstate has requested and received rate increases in certain regions prone to catastrophes. The Company continues to make substantial progress in reducing its exposure to catastrophes in California, Florida, and the Northeast as strategies initiated in 1996 and 1997 continue to be implemented.

Allstate has entered into a three-year excess reinsurance contract covering property policies in the Northeastern portion of the United States, effective June 1, 1997. The reinsurance program provides up to 95% of $500 million of reinsurance protection for catastrophe losses in excess of an estimated $750 million retention subject to a limit of $500 million in any one year and an aggregate limit of $1.0 billion over the three-year contract period.

For Allstate, major areas of potential losses due to hurricanes include major metropolitan centers near the eastern and gulf coasts of the United States. The major areas of exposure to potential losses due to earthquakes in California include population centers in and around Los Angeles and San Francisco. Other areas in the United States with significant exposure to potential earthquake losses include areas surrounding the New Madrid fault system in the Midwest and faults in and surrounding Seattle, Washington. Allstate will continue to evaluate business strategies and options in the reinsurance market for appropriate coverage at acceptable rates and the financial markets, to more effectively manage its exposure to catastrophe losses in these and other areas.

Catastrophes are an inherent risk of the property-liability insurance business which have contributed, and will continue to contribute, to material year-to-year fluctuations in Allstate's results of operations and financial position. The level of catastrophe losses experienced in any year cannot be predicted and could be material to the Company's results of operations and financial position. The Company has experienced two individual catastrophes in the last five years which resulted in losses over $1.00 billion ($2.33 billion related to Hurricane Andrew and $1.75 billion related to the Northridge earthquake). While management believes the ongoing implementation of the Company's catastrophe management strategies will greatly reduce the probability of individual losses over $1.00 billion in the future, the Company continues to be exposed to similar or greater catastrophes.

The establishment of appropriate reserves for catastrophes, as for all property-liability claims, is an inherently uncertain process. Catastrophe reserve estimates are regularly reviewed and updated, using the most current information. Any resulting adjustments, which may be material, are reflected in current year operations.

DISCONTINUED LINES AND COVERAGES - Discontinued Lines and Coverages consists of business no longer written by Allstate, including results from environmental, asbestos and mass tort losses and other commercial business in run-off, and the commercial and reinsurance businesses sold in 1996.

Underwriting results for the Company's Discontinued Lines and Coverages area of business for the three-month and nine-month periods ended September 30, 1997 and 1996 are summarized below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	1997	1996	1997	1996
Underwriting loss...........	$(1)	$(333)	$(12)	$(486)

Underwriting losses in both the three-month and nine-month periods ended September 30, 1996 were primarily related to additional environmental and asbestos claims being reported and continued reevaluation and adjustment of the estimated ultimate cost of settling these claims. During the third quarter of 1996, net loss reserves for Discontinued Lines and Coverages were increased by a total of $318 million pre-tax, based on the results of a study the Company had conducted of its environmental liabilities as well as a comprehensive internal assessment of its asbestos and other discontinued lines and coverages.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 1997 AND 1996

LIFE AND ANNUITY OPERATIONS

The life and annuity operations of Allstate ("Allstate Life") market a broad line of life insurance, annuity and group pension products through a combination of Allstate agents, including life specialists, banks, independent agencies, brokers and direct response marketing.

The following table sets forth certain summarized financial data for Allstate Life's operations and investments at or for the three-month and nine-month periods ended September 30, 1997 and 1996.

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	1997	1996	1997	1996
Statutory premiums and deposits	$ 1,106	$ 1,149	$ 3,569	$ 3,798
Investments	$29,360	$27,305	$29,360	$27,305
Separate Account assets	7,332	4,940	7,332	4,940
Investments including Separate Account assets	$36,692	$32,245	$36,692	$32,245
Premiums and contract charges	$ 356	$ 338	$ 1,077	$ 950
Net investment income	526	516	1,564	1,531
Contract benefits	584	578	1,765	1,685
Operating costs and expenses	147	129	444	375
Income from operations	151	147	432	421
Income tax on operations	52	49	148	143
Operating Income	99	98	284	278
Realized capital gains and losses, after-tax	33	2	86	23
Loss on disposition of operations, after-tax	(5)	-	(5)	-
Net income	$ 127	$ 100	$ 365	$ 301

Statutory premiums and deposits, which include premiums and deposits for all products, decreased 3.7% and 6.0% for the three-month and nine-month periods ended September 30, 1997, respectively, compared to the same periods in 1996.

The following table presents statutory premiums and deposits by product line.

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	1997	1996	1997	1996
Life products				
Universal	$ 184	$ 183	$ 540	$ 537
Traditional	76	61	225	212
Other	62	61	175	177
Annuity products				
Fixed	373	426	1,182	1,337
Variable	373	293	1,065	846
Group pension products	38	125	382	689
Total	$1,106	$1,149	$3,569	$3,798

For the quarter and nine month periods, increased sales of variable annuity products were more than offset by decreased sales of group pension and fixed annuity products. The interest rate environment continues to make variable annuity products more attractive than fixed annuity products. The level of pension product sales continues to be based on Allstate Life's assessment of market opportunities.

Life and annuity premiums and contract charges under generally accepted accounting principles ("GAAP") increased 5.3% in the third quarter and 13.3% for the first nine months. Under GAAP, revenues exclude deposits on most annuities and premiums on universal life insurance policies. The increase for the quarter was attributable to increased sales of structured settlement annuities with life contingencies and growth in contract charges on variable annuities and universal life products, partially offset by a decrease in sales of traditional life products. For the nine-month period, the increase was the result of increased sales of structured settlement annuities with life contingencies, growth in contract charges on universal life products and variable annuities, and increased sales of traditional life products. GAAP premium and contract charges will vary with the mix of products sold during the period.

Pretax net investment income increased 1.9% and 2.2% for the three-month and nine-month periods ending September 30, 1997, respectively, compared with the same periods in 1996. The increases are primarily the result of a $1.23 billion, or 4.7% increase in investments, at September 30, 1997 when compared with the prior year, excluding Separate Account assets and unrealized gains on fixed income securities. The additional investment income earned on the higher base of investments was slightly offset by lower yields. The lower investment yields are due, in part, to the investment of proceeds from calls and maturities and the investment of positive cash flows from operations in securities yielding less than the average portfolio rate. In low interest rate environments, funds from maturing investments may be reinvested at interest rates substantially lower than those which prevailed when the funds were previously invested.

Operating income increased slightly during the third quarter and increased 2.2% during the first nine months of 1997 compared to the same periods in 1996. For the quarter, growth in investment margins were slightly offset by less favorable mortality margins for both the life and annuity businesses. For the nine-month period, growth in investment margins and favorable life mortality margins were offset by increased expenses related to deferred policy acquisition costs.

Net realized capital gains after tax were $33 million and $86 million for the three-month and the nine-month periods, respectively, and arose principally from the sale of equity securities and from the receipt of premiums related to the prepayment of privately-placed corporate fixed income obligations.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

The Company has a commercial paper program under which it may borrow up to $1.00 billion for short-term cash needs. At September 30, 1997, the Company had outstanding commercial paper of $235 million with a weighted-average interest rate of 5.82%.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,1997 AND 1996

The Company maintains two credit facilities totaling $1.55 billion as a potential source of funds to meet short-term liquidity requirements. A $1.50 billion, five-year revolving line of credit, expiring December 20, 2001 and a $50 million, one-year revolving line of credit, expiring April 14, 1998. During the nine months ended September 30, 1997, there were no borrowings under these credit facilities. Total borrowings under the combined commercial paper program and the Company's credit facilities are limited to $1.55 billion.

During the third quarter of 1997, the Company purchased approximately 3.9 million shares of its common stock for its treasury, at a cost of $292 million. At September 30, 1997, the Company held approximately 20 million shares of treasury stock with an average cost per share of $59.87. During the third quarter of 1997, the Company completed the expanded stock repurchase program of $750 million initiated in the fourth quarter of 1996. In August of 1997, the company announced an additional $2.0 billion stock repurchase program to be completed on or before December 31, 1998.

The ability of the Company to pay dividends is dependent on business conditions, income, cash requirements of the Company, receipt of dividends from AIC and other relevant factors. The payment of shareholder dividends by AIC without the prior approval of the state insurance regulator is limited to formula amounts based on net income and capital and surplus, determined in accordance with statutory accounting practices, as well as the timing and amount of dividends paid in the preceding twelve months. The maximum amount of dividends that AIC could distribute during 1997 without prior approval of the Illinois Department of Insurance was $2.2 billion. At September 1997, AIC has approximately $800 million of dividend paying capacity remaining.

Financial Ratings and Strength

The following table summarizes the Company and its major subsidiaries debt ratings, which was upgraded in the third quarter of 1997 by Moody's and Standard & Poor's rating agencies.

	Moody's	Standard & Poor's
The Allstate Corporation (debt)	A1	A1+
Allstate Insurance Company (claim-paying ability)	Aa2	AA
Allstate Life Insurance Company (claim-paying ability)	Aa2	AA+

LIQUIDITY

Surrenders and withdrawals for Allstate Life were $520 million and $1.42 billion for the three-month and nine-month periods ending September 30, 1997, compared to $385 million and $1.15 billion, for the same periods in 1996. As the Company's interest-sensitive life and annuity contracts in-force grow and age, the dollar amount of surrenders and withdrawals could increase.

Cash transactions relating to derivative financial instruments are included in the Consolidated Statements of Cash Flows. Amounts settled under derivative contracts are primarily shown as part of cash flows from investing activities in accordance with the underlying item.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,1997 AND 1996

INVESTMENTS

The composition of the investment portfolio at September 30, 1997, at financial statement carrying values, is presented in the table below.

	Property-liability		Allstate Life		Total	
Fixed income securities (1)	$25,060	79.7%	$24,530	83.5%	$49,590	80.3%
Equity securities	5,521	17.5	872	3.0	6,393	10.4
Mortgage loans	109	.3	2,929	10.0	3,038	4.9
Real estate	449	1.4	271	.9	720	1.2
Short-term	361	1.0	236	.8	597	1.0
Other	18	.1	522	1.8	540	.9
Total	$31,518	100.0%	$29,360	100.0%	$60,878	98.7
Investments of Parent(2)					795	1.3
Total					$61,673	100.0%

(1) Fixed income securities are carried at fair value. Amortized cost for these securities was $23.93 billion and $22.95 billion for property-liability and life and annuity operations, respectively.
(2)Represents fixed income securities of $774 million, resulting from a dividend received from AIC and short-term investments of $21 million of The Allstate Corporation.

Total investments increased to $61.67 billion at September 30, 1997 from $58.33 billion at December 31, 1996. Property-liability investments increased $1.81 billion to $31.52 billion at September 30, 1997 from $29.71 billion at December 31, 1996. Allstate Life investments at September 30, 1997, increased $1.32 billion to $29.36 billion from $28.04 billion at December 31, 1996. The increase in investments was primarily attributable to amounts invested from positive cash flows generated from operations and increased unrealized capital gains of $1.36 billion on fixed income and equity securities.

The Company's fixed income securities portfolio is 94.0% rated investment grade. Investment grade is defined by the Company as a security having an NAIC rating of 1 or 2, a Moody's rating of Aaa, Aa, A or Baa, or a comparable Company internal rating.

The Company primarily uses derivative financial instruments to reduce its exposure to market risk (principally interest rate and equity price risk) in conjunction with asset/liability management in its life and annuity operations. The Company does not hold or issue these instruments for trading purposes. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments. However, such nonperformance is not expected because the Company utilizes highly-rated counterparties, establishes risk control limits and measures, and maintains ongoing monitoring procedures. There have been no significant changes in the risk profile of the Company's derivative portfolio since December 31, 1996.

During the quarter, the Company initiated a strategic review of its real estate investment portfolio to determine the best way to own, manage and operate these properties.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,1997 AND 1996

PENDING ACCOUNTING STANDARDS

In January 1997, the Securities and Exchange Commission issued Financial Reporting Release No. 48 ("FRR 48") "Disclosure of Accounting Policies for Derivative Financial Instruments and Derivative Commodity Instruments and Disclosure of Quantitative and Qualitative Information about Market Risk Inherent in Derivative Financial Instruments, Other Financial Instruments, and Derivative Commodity Instruments".

Effective in the second quarter of 1997, FRR 48 requires additional disclosures in the footnotes to the financial statements about the Company's accounting policies for derivative financial instruments. The Company substantially adopted this requirement at December 31, 1996. In addition, FRR 48 requires annual disclosure of quantitative and qualitative information about the market risk inherent in the Company's market risk sensitive instruments, including but not limited to, equity and fixed income securities and derivative financial instruments. The quantitative and qualitative disclosures are effective for the Company's year-end 1997 reporting.

In March 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 128 "Earnings Per Share" and SFAS No. 129 "Disclosure of Information about Capital Structure".

SFAS No. 128 is intended to simplify the existing procedures of computing earnings per share ("EPS") currently prescribed by Accounting Principles Board ("APB") Opinion No. 15, "Earnings Per Share". This standard eliminates the concept of primary EPS and requires dual presentation of basic and diluted EPS. Diluted EPS defined by SFAS No. 128 is similar to primary EPS prescribed by APB Opinion No. 15. The requirements of this statement will be adopted in December 1997 and are not expected to materially impact the Company's earnings per share calculation.

SFAS No. 129 clarifies the disclosure requirements related to the type and nature of securities contained in an entity's capital structure. The Company is presently in compliance with the requirements of SFAS No. 129 which becomes effective December 31, 1997.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130 "Reporting Comprehensive Income" and SFAS No. 131 "Disclosures About Segments of an Enterprise and Related Information".

SFAS No. 130 requires the presentation of comprehensive income in the financial statements. Comprehensive income is a measurement of all changes in equity that result from transactions and other economic events other than transactions with stockholders. The requirements of this statement will be adopted effective January 1, 1998.

SFAS No. 131 redefines how segments are determined and requires additional segment disclosures for both annual and quarterly reporting. Under this statement, segments are determined using the "management approach" for financial statement reporting. The management approach is based on the way an enterprise makes operating decisions and assesses performance of its businesses. The requirements of this statement will be adopted effective December 31, 1998.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,1997 AND 1996

FORWARD-LOOKING STATEMENTS

The statements contained in this Management's Discussion and Analysis that are not historical information are forward-looking statements that are based on management's estimates, assumptions and projections. The Private Securities Litigation Reform Act of 1995 provides a safe harbor under The Securities Act of 1933 and The Securities Exchange Act of 1934 for forward-looking statements. In order to comply with the terms of the safe harbor, the Company notes several important factors that could cause the Company's actual results and experience with respect to forward-looking statements to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements:

1. The references to favorable frequency (rate of claim occurrence) and severity (average cost per claim) trends compared with the third quarter of 1996 (see "Consolidated Net Income" at page 9 and "Underwriting Results" at page 14) and the reference to auto injury claim severities for the first nine months of 1997 continuing to trend favorably compared to relevant medical cost indices (see "Underwriting Results" at page 14) reflect statistical data for the periods indicated. Such data for a following period or periods could indicate that such trends have reversed or that average severities have outpaced medical cost indices in such subsequent period or periods.

2. Under "Catastrophe Losses and Catastrophe Management" at page 14, the Company states that it has made "substantial progress" in reducing its exposures to catastrophes in California, Florida, and the Northeast. This progress is based in part on the efficacy of the techniques and the accuracy of the data used by the Company to predict the probability of catastrophes and the extent of losses to the Company resulting from catastrophes. Catastrophes may occur in the future which indicate that such techniques do not accurately predict the Company's losses from catastrophes, and the probability and extent of such losses to the Company may differ materially from that which would have been predicted by such techniques and data.

3. Under "Investments" at page 19, the Company states that it does not expect nonperformance by counterparties to derivative financial instrument due to various controls utilized by the Company. Nevertheless, severe changes in economic conditions, natural disasters or war could contribute to or cause a significant number of the counterparties to these derivative financial instruments to fail to perform in the future.

See, generally, the Company's 1996 Annual Report on Form 10-K (the "1996 10-K") for other important risk factors which may affect the results of operations and financial condition of the Company. For those risk factors affecting the Company as a regulated insurance holding company, see "Risk Factors Affecting Allstate" at pages 4-5 of the 1996 10-K.

PART II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

An Exhibit Index has been filed as part of this Report on Page E-1.

(b) Reports on Form 8-K.

None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Allstate Corporation
(Registrant)

November 13, 1997

By /s/Samuel H. Pilch

Samuel H. Pilch
Controller

(Principal Accounting Officer
and duly authorized Officer of
Registrant)

EXHIBIT INDEX
THE ALLSTATE CORPORATION
QUARTER ENDED September 30, 1997

Exhibit No.	Description	Sequentially Numbered Page
4	Registrant hereby agrees to furnish the Commission, upon request, with the instruments defining the rights of holders of each issue of long-term debt of the Registrant and its consolidated subsidiary.	
11	Computation of earnings per common share for The Allstate Corporation and consolidated subsidiary.	
15	Acknowledgment of awareness from Deloitte & Touche LLP, dated November 13, 1997, concerning unaudited interim financial information.	
27	Financial Data Schedule, which is submitted electronically to the Securities and Exchange Commission for information only and not filed.	

Exhibit 11

THE ALLSTATE CORPORATION AND SUBSIDIARY
COMPUTATION OF EARNINGS PER COMMON SHARE

($ in millions, except for per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
Net Income	$824	$292	$2,234	$1,480
Primary earnings per common share computation:				
Weighted average number of common shares	432.8	444.7	435.9	446.0
Assumed exercise of dilutive stock options	2.9	2.7	2.8	2.7
Adjusted weighted number of common shares outstanding	435.7	447.4	438.7	448.7
Primary net income per share	$1.89	$0.65	$5.09	$3.30
Fully diluted earnings per common share computation:				
Weighted average number of common shares	432.8	444.7	435.9	446.0
Assumed exercise of dilutive stock options	3.0	3.0	3.0	3.0
Adjusted weighted number of common shares outstanding	435.8	447.7	438.9	449.0
Fully diluted net income per share	$1.89	$0.65	$5.09	$3.30

EXHIBIT 15

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

We have reviewed, in accordance with standards established by the American Institute of Certified Public Accountants, the unaudited interim financial information of The Allstate Corporation and subsidiaries for the three-month and six-month periods ended September 30, 1997 and 1996, as indicated in our report dated November 13, 1997; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, is incorporated by reference in Registration Statement Nos. 33-88540, 333-10857 and 333-34583 on Form S-3 and Registration Statement Nos. 33-77928, 33-93758, 33-93760, 33-93762, 33-99132, 33-99136, 33-99138, 333-04919, 333-16129, and 333-23309 on Form S-8.

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

Deloitte & Touche LLP

Chicago, Illinois
November 13, 1997

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
ALLSTATE CORPORATION FINANCIAL STATEMENTS INCLUDED IN SUCH COMPANY'S
QUARTERLY REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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THE ALLSTATE CORPORATION
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U.S DOLLARS

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