

ALLSTATE CORP  
Form DEF 14A  
March 26, 2004

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**The Allstate Corporation**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
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THE ALLSTATE CORPORATION

2775 Sanders Road  
Northbrook, Illinois 60062-6127

*March 26, 2004*

**Notice of Annual Meeting and Proxy Statement**

Dear Stockholder:

You are invited to attend Allstate's 2004 annual meeting of stockholders to be held on Tuesday, May 18, 2004. The meeting will be held at 11 a.m. in the 8<sup>th</sup> floor Auditorium of Harris Trust and Savings Bank, located at 115 South LaSalle, Chicago, Illinois.

We encourage you to review the notice of annual meeting, proxy statement, financial statements and management's discussion and analysis provided in this booklet to learn more about your company. We are proud of the accomplishments we achieved in 2003 and will continue our efforts to grow the long-term value of Allstate.

**As always, your vote is important. I encourage you to vote as soon as possible, either by telephone, Internet or mail. Please use one of these methods to vote before the meeting even if you plan to attend the meeting.**

Sincerely,

Edward M. Liddy  
Chairman, President and Chief Executive Officer

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THE ALLSTATE CORPORATION  
2775 Sanders Road  
Northbrook, Illinois 60062-6127

*March 26, 2004*

*Notice of Annual Meeting of Stockholders*

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The annual meeting of stockholders of The Allstate Corporation will be held at the Harris Bank Auditorium located at 115 South LaSalle, Chicago, Illinois on Tuesday, May 18, 2004, at 11 a.m. for the following purposes:

1. To elect to the Board of Directors twelve directors to serve until the 2005 annual meeting
2. To ratify the appointment of Deloitte & Touche LLP as Allstate's independent public accountants for 2004
3. To approve the material terms of the performance goals under the Annual Covered Employee Incentive Compensation Plan
4. To approve the material terms of the performance goals under the Long-Term Executive Incentive Compensation Plan
5. To consider one stockholder proposal, if properly presented.

In addition, any other business properly presented may be acted upon at the meeting.

Please note that space limitations make it necessary to limit attendance to the shareholder and one guest. Admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at 9:45 a.m. Each shareholder may be asked to present picture identification. Shareholders holding Allstate stock through a bank, brokerage or other nominee account are asked to bring your account statement showing ownership as of the record date, March 19, 2004. Cameras, recording devices or other electronic devices will not be allowed in the meeting.

Allstate began mailing this annual report, proxy statement, proxy cards and/or voting instruction forms to its stockholders and to participants in its profit sharing fund on March 26, 2004.

By Order of the Board,

Robert W. Pike  
Secretary

## Table of Contents

	<u>Page</u>
Proxy and Voting Information	1
Annual Report and Proxy Statement Delivery	3
Corporate Governance Practices	3
Code of Ethics	3
Independence Determinations of Nominees for Election	3
Board Structure, Meetings and Board Committees	4
Nomination Process for Election to the Board of Directors	5
Shareholder Communications with Board	6
Board Attendance Policy	6
Policy on Rights Plans	6
Allstate Charitable Contributions	7
Compensation Committee Interlocks and Insider Participation	7
Directors' Compensation and Benefits	7
Items to be Voted On	8
Item 1. Election of Directors	8
Item 2. Ratification of Appointment of Independent Public Accountants	11
Item 3. Approval of Revised Material Terms of Annual Covered Employee Incentive Compensation Plan	12
Item 4. Approval of Revised Material Terms of Long-Term Executive Incentive Compensation Plan	13
Item 5. Consideration of Stockholder Proposal on Cumulative Voting	14
Executive Compensation	16
Summary Compensation Table	16
Option/SAR Grants in 2003	17
Equity Compensation Plan Information	18
Option Exercises in 2003 and Option Values on December 31, 2003	18
Long-Term Executive Incentive Plan Awards in 2003	19
Pension Plans	19
Change of Control Arrangements	20
Compensation and Succession Committee Report	21
Stock Performance Graphs	25
Security Ownership of Directors and Executive Officers	27
Security Ownership of Certain Beneficial Owners	28
Audit Committee Report	28
Section 16(a) Beneficial Ownership Reporting Compliance	29
Certain Transactions	29
Other Matters	29
Stockholder Proposals for Year 2005 Annual Meeting	29
Proxy Solicitation	30
Appendix A	
Audit Committee Charter	A-1
Appendix B	
Compensation and Succession Committee Charter	B-1
Appendix C	
Nominating and Governance Committee Charter	C-1
Appendix D	
Policy Regarding Pre-Approval of Independent Auditors' Services	D-1
Appendix E	
Annual Covered Employee Incentive Compensation Plan	E-1
Appendix F	
Long-Term Executive Incentive Compensation Plan	F-1
Appendix G	
List of Executive Officers	G-1

## *Proxy and Voting Information*

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### **Who is asking for your vote and why**

The annual meeting will be held only if there is a quorum, which means that a majority of the outstanding common stock entitled to vote is represented at the meeting. If you vote before the meeting or if you attend the meeting in person, your shares will be counted for the purpose of determining whether there is a quorum. To ensure that there will be a quorum, the Allstate Board of Directors is requesting that you vote before the meeting and allow your Allstate stock to be represented at the annual meeting by the proxies named on the enclosed proxy card and/or voting instruction form. Voting before the meeting will not prevent you from voting in person at the meeting. If you vote in person at the meeting, your previous vote will be automatically revoked.

### **Who can vote**

You are entitled to vote if you were a stockholder of record at the close of business on March 19, 2004. On March 19, 2004, there were 703,842,040 Allstate common shares outstanding and entitled to vote at the annual meeting.

### **How to vote**

If you hold your shares in your own name as a record holder, you may instruct the proxies how to vote your shares in any of the following ways:

By using the toll-free telephone number printed on the proxy card and/or the voting instruction form

By using the Internet voting site and instructions listed on the proxy card and/or the voting instruction form

By signing and dating the proxy card and/or the voting instruction form and mailing it in the enclosed postage-paid envelope, or by returning it to The Allstate Corporation, c/o ADP, 51 Mercedes Way, Edgewood, N.Y. 11717

You may vote by telephone or Internet 24 hours a day, seven days a week. If you vote using the Internet, such votes are valid under Delaware law.

If you hold your shares through a bank, broker, or other record holder, you may vote your shares by following the instructions they have provided.

### **How votes are counted and discretionary voting authority of proxies**

When you vote you may direct the proxies to withhold your votes from particular director nominees. With respect to each of the other items, you may vote "for" or "against," or you may "abstain" from voting. If you do not indicate how your shares should be voted on a matter, the shares represented by your signed proxy will be voted as the Board of Directors recommends.

The twelve nominees who receive the most votes will be elected to the open directorships even if they get less than a majority of the votes. For any other item to be ratified or approved, a majority of the shares present at the meeting and entitled to vote on the item must be voted in favor of it.

Abstention with respect to any of items 2 through 5 will be counted as shares present at the meeting and will have the effect of a vote against the matter. Broker non-votes (that is, if the broker holding your shares in street name does not vote or does not have the authority to vote with respect to a matter) and shares as to which proxy authority is withheld will not be counted as shares entitled to vote on the matter and will have no effect on the outcome of the vote.

If you use the telephone, the Internet, the proxy card and/or the voting instruction form to allow your shares to be represented at the annual meeting by the proxies but you do not give voting instructions, then the proxies will vote your shares on the matters set forth in this proxy

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statement as follows:

*For all of the nominees for director listed in this proxy statement*

*For the ratification of the appointment of Deloitte & Touche LLP as Allstate's independent public accountants for 2004*

*For the approval of the material terms of the performance goals under the Annual Covered Employee Incentive Compensation Plan*

1

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*For the approval of the material terms of the performance goals under the Long-Term Executive Incentive Compensation Plan*

*Against the stockholder proposal for cumulative voting in elections of directors*

### **How to change your vote**

Before your shares have been voted at the annual meeting by the proxies, you may change or revoke your vote in the following ways:

Voting again by telephone, by Internet or in writing

Attending the meeting and voting your shares in person

Unless you attend the meeting and vote your shares in person, you should use the same method as when you first voted telephone, Internet or writing. That way, the inspectors of election will be able to identify your latest vote.

### **Confidentiality**

All proxies, ballots and tabulations that identify the vote of a particular stockholder are kept confidential, except as necessary to allow the inspectors of election to certify the voting results or to meet certain legal requirements. A representative of IVS Associates, Inc. will act as the inspector of election and will count the votes. The representative is independent of Allstate and its directors, officers and employees.

Comments written on proxy cards, voting instruction forms or ballots may be provided to the Secretary of Allstate with the name and address of the stockholder. The comments will be provided without reference to the vote of the stockholder, unless the vote is mentioned in the comment or unless disclosure of the vote is necessary to understand the comment. At Allstate's request, the inspectors of election may provide Allstate with a list of stockholders who have not voted and periodic status reports on the aggregate vote. These status reports may include breakdowns of vote totals by different types of stockholders, as long as Allstate is not able to determine how a particular stockholder voted.

### **Profit Sharing Fund Participants**

If you hold Allstate common shares through The Savings and Profit Sharing Fund of Allstate Employees, your voting instruction form for those shares will instruct the profit sharing trustee how to vote those shares. If you return a signed voting instruction form or vote by telephone or the Internet on a timely basis, the trustee shall vote as instructed for all Allstate common shares allocated to your profit sharing account unless to do so would be inconsistent with the trustee's duties.

If your voting instructions are not received on a timely basis for the shares allocated to your profit sharing account, those shares will be considered "unvoted". If you return a signed voting instruction form but do not indicate how your shares should be voted on a matter, the shares represented by your signed voting instruction form will be voted as the Board of Directors recommends. The trustee will vote all unvoted shares and all unallocated shares held by the profit sharing fund as follows:

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If the trustee receives instructions (through voting instruction forms or through telephonic or Internet instruction) on a timely basis for at least 50% of the votable allocated shares in the profit sharing fund, then it will vote all unvoted shares and unallocated shares in the same proportion and in the same manner as the shares for which timely instructions have been received, unless to do so would be inconsistent with the trustee's duties.

If the trustee receives instructions for less than 50% of the votable shares, the trustee shall vote all unvoted and unallocated shares in its sole discretion. However, the trustee will not use its discretionary authority to vote on adjournment of the meeting in order to solicit further proxies.

Profit sharing votes receive the same level of confidentiality as all other votes. You may not vote the shares allocated to your profit sharing account by attending the meeting and voting in person. You must instruct The Northern Trust Company, as trustee for the profit sharing fund, how you want your profit sharing fund shares voted.

### **If You Receive More Than One Proxy Card and a Voting Instruction Form**

If you receive more than one proxy card and a voting instruction form, your shares are probably registered in more than one account or you may hold shares both as a registered stockholder and through The Savings and Profit Sharing Fund of Allstate Employees. You should vote each proxy card and voting instruction form you receive.

2

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### **Annual Report and Proxy Statement Delivery**

Allstate has adopted the "householding" procedure approved by the Securities and Exchange Commission that allows us to deliver one proxy statement and annual report to a household of stockholders instead of delivering a set of documents to each stockholder in the household. This procedure reduces costs by reducing the number of these materials to be printed and mailed. Stockholders who share the same last name and address, or where shares are held through the same nominee or record holder (for example, when you have multiple accounts at the same brokerage firm), will receive one proxy statement and annual report per address unless we receive, or have received, contrary instructions. Stockholders will continue to receive separate proxy cards or voting instruction forms to vote their shares.

If you would like to receive a separate copy of the proxy statement and annual report for this year, please write or call us at the following address or phone number: Investor Relations, The Allstate Corporation, 3075 Sanders Road, Suite G2C, Northbrook, IL 60062-7127, (800) 416-8803. Upon receipt of your request, we will promptly deliver the requested materials to you.

If you and other Allstate stockholders of record with whom you share an address currently receive multiple sets of the proxy statement and annual report, and you would like to receive only a single copy of each in the future, please contact ADP by calling (800) 542-1061 or by writing to ADP Householding Department, 51 Mercedes Way, Edgewood, NY 11717. If you hold your shares in street name (that is, through a bank, brokerage account or other record holder), please contact your bank, broker or other record holder to request information about householding.

You may also revoke your consent to householding by contacting ADP at the phone number and address listed above. You will be removed from the householding program within 30 days of receipt of the revocation of your consent.

### **CORPORATE GOVERNANCE PRACTICES**

Allstate has always had exemplary corporate governance practices. Allstate's commitment to strong corporate governance principles and the highest ethical standards is critical to its goal of driving sustained shareholder value.

#### **Code of Ethics**

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Allstate is committed to operating its business with honesty and integrity and maintaining the highest level of ethical conduct. These absolute values of the Company are embodied in its Code of Ethics and require that every customer, employee and member of the public be treated accordingly. Allstate's Code of Ethics applies to all employees of the Company, including the Chief Executive Officer, the Chief Financial Officer, the Controller, other senior financial and executive officers as well as the Board of Directors. The Code is available on the Corporate Governance portion of the Company's website, allstate.com, and is also available in print upon request made to the office of the Secretary, The Allstate Corporation, 2775 Sanders Road, Suite F-8, Northbrook, Illinois 60062-6127.

### Independence Determinations of Nominees for Election

The Board of Directors has determined that each nominee for election, with the exception of Mr. Liddy in his capacity as Chief Executive Officer, is independent according to applicable law, the listing standards of the New York Stock Exchange and the *Director Independence Standards* adopted by the Board of Directors and posted on the Corporate Governance portion of the Company's website, allstate.com. The Board determined that the following categories of relationships with the Company are among those that would not be considered to interfere with the director's exercise of independent judgment and would not, to the extent consistent with applicable law or regulation and Section 3 of Allstate's *Corporate Governance Guidelines*, disqualify a director or nominee from being considered independent.

#### *Categorical Standards of Independence*

1. Ownership of less than 5% of the common stock of the Company or of any publicly traded securities issued by the Company;
2. Ownership of an interest in any standard-form personal insurance policy issued or other financial product offered by the Company's subsidiaries;
3. Relationship as a director or officer of an entity that provides services as a common contract carrier (including airlines) or public utility at rates or charges fixed in conformity with law or governmental authority or negotiated at arm's length;
4. Relationship as a director, officer, partner or employee of a company that provides goods, property or services to the Company or to whom the Company provides goods, property or services, where the annual sales or

3

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purchases involved during the preceding year do not exceed 2% of the other company's consolidated gross revenues for such year;

5. Relationship as a director, officer, partner or employee of a firm, including an agency, broker, bank or other financial services company, that distributes products of the Company's subsidiaries in the ordinary course of its business, provided that annual commissions and other fees paid by the Company during the preceding fiscal year do not exceed 2% of such firm's consolidated gross revenues for such year;
6. Relationship as a director, officer, trustee of, or other interest in, a charitable entity to which charitable contributions made by the Company in any single fiscal year were less than \$1 million or 2% of such entity's consolidated gross revenues, whichever is greater.
7. Relationship as a director, officer, partner, or employee of a company in which the Company, in the ordinary course of its investment business, makes investments, including investments in publicly traded securities, securities issued to the Company and other institutional investors pursuant to a private placement exemption, limited partnership interests, bank loan participations, commercial paper, etc.

### Board Structure, Meetings and Board Committees



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As of the date of this proxy statement, the Board has 13 directors and three committees. The following table identifies each committee, its members and the number of meetings held during 2003. Each committee operates under a written charter that has been approved by the Board and that is available on the Corporate Governance portion of the Company's website, allstate.com. As stated above, the Board has determined that all members of each of the committees are "independent" within the meaning of applicable securities laws, listing standards of the New York Stock Exchange and the *Director Independence Standards*. A summary of each committee's functions and responsibilities follows the table.

The Board held six meetings during 2003. Each incumbent director attended at least 75% of the Board meetings and meetings of committees of which he or she was a member. Also during this period, 100% of the incumbent directors attended every Board meeting.

Director	Compensation and		
	Audit	Succession	Nominating and Governance
F. Duane Ackerman	X	X	
James G. Andress	X*		X
Edward A. Brennan		X	X*
W. James Farrell		X	X
Jack M. Greenberg	X	X	
Ronald T. LeMay	X	X	
Michael A. Miles		X	X
J. Christopher Reyes	X		
H. John Riley, Jr.		X*	X
Joshua I. Smith	X		X
Judith A. Sprieser	X		X
Mary Alice Taylor	X		
Number of Meetings in 2003	6	5	6

\* Committee Chair

### Executive Sessions of the Board

The independent directors meet in executive session regularly without management. When independent directors meet in executive session, the leader is determined by the subject matter of the session. If the subject is within the scope of authority of one of the standing committees, the chair of that committee leads the executive session. Otherwise, directors who are not committee chairs will be appointed on a rotating basis to lead the executive session. The Board believes this practice provides for leadership at all executive sessions without the need to designate a single lead director.

4

### Board Committees

#### *Audit Committee*

As shown above, the Audit Committee is chaired by Mr. Andress and includes Messrs. Ackerman, Greenberg, LeMay, Reyes and Smith, Ms. Sprieser and Ms. Taylor. The Board has determined that each of Mr. Andress, Mr. Greenberg and Ms. Sprieser are qualified as audit committee financial experts, as defined in the applicable securities regulations and each are independent under the listing standards of the New York Stock Exchange.

The Audit Committee is responsible for, among other things, the selection, appointment and oversight of the independent public accountants, including their compensation. The Audit Committee reviews Allstate's annual audited and quarterly financial statements and recommends to the Board of Directors whether the audited financial statements should be included on Form 10-K and in the annual report to stockholders. In connection therewith, the Audit Committee examines Allstate's accounting and auditing principles and practices affecting the financial statements. The scope of the audits conducted by the independent public accountants and the internal auditors are reviewed as well as the qualifications, independence and performance of the independent public accountants. The Audit Committee is responsible for the review and approval of Allstate's Code of Ethics as well as the adoption of procedures for the receipt, retention and treatment of complaints regarding

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accounting, internal accounting controls and auditing matters. The Audit Committee conducts independent inquiries when deemed necessary by the Committee to discharge its duties. The Audit Committee has the authority to retain independent outside counsel, accountants and other advisers to assist it in the conduct of its business. The Audit Committee also conducts an annual review of its performance and its charter, a copy of which is included as Appendix A. The Audit Committee Report is included herein on page 28.

### *Compensation and Succession Committee*

The Compensation and Succession Committee is chaired by Mr. Riley and includes Messrs. Ackerman, Brennan, Farrell, Greenberg, LeMay, and Miles. The Compensation and Succession Committee is responsible for Allstate's executive compensation program including among other things, recommending executive officer salaries and compensation packages; equity incentives and other executive benefit plans; and oversight responsibility for the Company's salary administration program for elected officers. The Compensation and Succession Committee may retain and terminate independent compensation consultants as needed in furtherance of its duties. In addition, the Compensation and Succession Committee annually reviews the management organization and succession plans for Allstate, including each of its significant operating subsidiaries, and makes recommendations of nominees for certain officer positions. The Compensation and Succession Committee advises the Board on the proxy statement for the annual meeting and provides the annual report on executive compensation. The Compensation and Succession Committee conducts an annual review of its performance and its charter, a copy of which is included as Appendix B. The Compensation and Succession Committee's Report is included herein beginning on page 21.

### *Nominating and Governance Committee*

The Nominating and Governance Committee is chaired by Mr. Brennan, and includes Messrs. Andress, Farrell, Miles, Riley and Smith, and Ms. Spriesser. The Nominating and Governance Committee is responsible for the identification and recommendation of nominees for election to the Board, as described below in the Nomination Process for Election to the Board of Directors section. In connection with its selection process, the Nominating and Governance Committee is responsible for recommending appropriate criteria and independence standards for adoption by the Board. The Nominating and Governance Committee is responsible for making recommendations with respect to the periodic review of the performance of the Chairman and Chief Executive Officer as well as succession planning for the Board of Directors, including recommending nominees for election as Chairman and Chief Executive Officer. The Nominating and Governance Committee advises and makes recommendations to the Board on matters of corporate governance including periodic reviews of the Company's *Corporate Governance Guidelines*, which are posted on the Corporate Governance portion of the Company's website, allstate.com. The Nominating and Governance Committee determines the criteria to be used for the assessment of the Board's performance and oversees the assessment of the Board. The Committee also administers non-employee director compensation. The Committee may retain and terminate independent consultants as needed to assist it with its responsibilities. The Committee also conducts an annual review of its performance and its committee charter, a copy of which is included as Appendix C.

### **Nomination Process for Election to the Board of Directors**

The Nominating and Governance Committee of the Board has responsibility for assessing the need for new Board members to address specific requirements or to fill a vacancy. The Nominating and Governance Committee initiates a search for a new candidate seeking input from the Chairman and other Board members. The Nominating and

Governance Committee may also retain a third party search firm if necessary to identify potential candidates for election. Nominees recommended by shareholders are considered by the Nominating and Governance Committee in the same manner as all other candidates. All candidates must meet the Board's *Guidelines for Selection of Nominees for the Board of Directors* and *Director Independence Standards*, both of which are posted on the Corporate Governance portion of the Company's website, allstate.com. Candidates who meet the specific requirements and otherwise qualify for membership on the Board are identified and contacts are initiated with preferred candidates. The full Board is kept apprised of the Committee's progress with its evaluations. The Nominating and Governance Committee meets to consider and approve final candidates who are then presented to the Board for endorsement and approval. The invitation to join the Board may be extended by the full Board, the Committee chairperson or the Chairman of the Board. The Board is ultimately responsible for naming the nominees for election.

Shareholders may propose candidates to the Nominating and Governance Committee for its consideration at any time of the year by writing to the office of the Secretary, The Allstate Corporation, 2775 Sanders Road, Suite F-8, Northbrook, Illinois 60062-6127.

Shareholders may also propose nominees at the annual meeting of shareholders, if adequate advance notice as defined in Allstate's bylaws is provided to the Secretary. Under the bylaws, if a shareholder wishes to nominate a candidate at the 2005 annual meeting of stockholders, he or

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she must provide advance notice to Allstate that must be received between January 18, 2005 and February 17, 2005. The notice must be sent to the Secretary, The Allstate Corporation, 2775 Sanders Road, Suite F8, Northbrook, Illinois 60062-6127 and must contain the name, age, principal occupation, business and residence address of the proposed nominee, as well as the number of shares of Allstate stock beneficially owned by the nominee. The notice must also contain the name, address and number of shares of Allstate stock beneficially owned by the stockholder proposing to make the nomination. A copy of these bylaw provisions is available from the Secretary of Allstate upon request or can be accessed on the Corporate Governance portion of Allstate's website, allstate.com.

### **Shareholder Communications with the Board**

The Board has established a process to facilitate communications by shareholders and other security holders with its members as a group. Under the process, shareholders may send written communications by mail or by e-mail to the Board. Communications received will be processed under the direction of the General Counsel. The General Counsel will report regularly to the Nominating and Governance Committee on all correspondence received from shareholders that, in the opinion of the General Counsel, deals with functions of the Board or its Committees or that he otherwise determines requires their attention. The shareholder communication process was approved by a majority of the Board's independent directors and is posted on the Corporate Governance portion of the Company's website, allstate.com.

### **Board Attendance Policy**

It is expected that Allstate Board members make every effort to attend all meetings of the Board and committees and actively participate in the discussion of the matters before them. It is also expected that Board members make every effort to attend the annual meeting of stockholders. Twelve of the thirteen directors attended the annual meeting of shareholders in 2003.

### **Policy on Rights Plans**

In 2003, a triennial independent directors evaluation (TIDE) was conducted of the Company's shareholder rights plan adopted in 1999. The Nominating and Governance Committee conducted a review of the rights plan to make a recommendation to the Board as to whether, in the best interests of Allstate's shareholders and the Company, it should be maintained, amended or terminated. The process was completed in November 2003 and the Board accepted the Nominating and Governance Committee's recommendation to terminate the rights agreement. The Board also adopted the following policy:

The Board shall obtain shareholder approval prior to adopting any shareholder rights plan; *provided, however*, that the Board may act on its own to adopt a shareholder rights plan if, under the then current circumstances, in the reasonable business judgment of the independent directors, the fiduciary duties of the Board would require it to adopt a rights plan without prior shareholder approval. The retention of any rights plan so adopted by the Board will be submitted to a vote of shareholders as a separate ballot item at the next subsequent annual meeting of Allstate shareholders and, if not approved, such rights plan will expire within one year after such meeting.

This policy is part of Allstate's *Corporate Governance Guidelines* which are posted on the Corporate Governance portion of Allstate's website, allstate.com.

### **Allstate Charitable Contributions**

The Allstate Corporation makes charitable contributions through The Allstate Foundation. Each year, the Foundation donates millions of dollars to support many deserving organizations that serve our communities. The Nominating and Governance Committee reviews all charitable donations made to any director-affiliated organization for the purpose of ensuring donations to charitable organizations with which our directors may be affiliated are appropriate and raise no issues of independence. No charitable contributions were made to any director-affiliated organization that exceeded the lesser of \$1 million or 2% of the charitable organization's consolidated gross revenues for any of the previous three fiscal years.

### **Compensation Committee Interlocks and Insider Participation**

During 2003, the Compensation and Succession Committee consisted of Mr. Riley, Chairman, Messrs. Ackerman, Brennan, Farrell, Greenberg, LeMay and Miles. None is a current or former officer of Allstate or any of its subsidiaries. There were no committee interlocks with other companies in 2003 within the meaning of the Securities and Exchange Commission's proxy rules.

**Directors' Compensation and Benefits**

The following table lists the compensation and benefits provided in 2003 to directors who are not employees of Allstate or its affiliates ("non-employee directors").

**Non-Employee Directors' Compensation and Benefits**

	Cash Compensation	Equity Compensation	
	Annual Retainer Fee <sup>(a)</sup>	Grant of Allstate Shares <sup>(b)</sup>	Stock Option for Allstate Shares <sup>(c)</sup>
Board Membership	\$35,000	1,000 shares	4,000 shares
Committee Chairperson:	\$ 5,000		
Committee Members:	0		

- (a) Under the Equity Incentive Plan for Non-Employee Directors, directors may elect to receive Allstate common stock in lieu of cash compensation. In addition, under Allstate's Deferred Compensation Plan for Non-Employee Directors, directors may elect to defer directors' fees to an account that generates earnings based on: 1) the market value of and dividends on Allstate's common shares ("common share equivalents"); 2) the average interest rate payable on 90-day dealer commercial paper; 3) Standard & Poor's 500 Composite Stock Price Index (with dividends reinvested); or 4) a money market fund. No director has voting or investment powers in common share equivalents, which are payable solely in cash. Subject to certain restrictions, amounts deferred under the Plan (together with earnings thereon) may be transferred between accounts and are distributed in a lump sum or over a period not in excess of ten years. Effective June 1, 2004, the annual retainer will increase to \$40,000 and the annual fee paid to Committee Chairpersons will increase to \$10,000.
- (b) Granted each December 1<sup>st</sup> under the Equity Incentive Plan for Non-Employee Directors and subject to restrictions on transfer until the earliest of six months after grant, death or disability or termination of service. Effective June 1, 2004 such restrictions shall apply to shares granted after that date during the Director's service as a director and the one-year period following termination of such service during which time the director may not sell, transfer, pledge or assign the shares. The director will have the right to vote the shares and the right to receive any cash or other dividends paid in respect thereof. Effective June 1, 2004, the annual grant of shares will increase to 2,000 shares. Grants made before June 1, 2004 are accompanied by a cash payment to offset the increase in the director's federal, state and local tax liabilities (assuming the maximum prevailing individual tax rates) resulting from the grant of shares. Directors who are elected to the board between annual shareholder meetings are granted a pro-rated number of Allstate shares on June 1<sup>st</sup> following the date of the director's initial election.
- (c) Granted each June 1<sup>st</sup> at exercise prices equal to 100% of value on the date of grant. Directors who are elected to the board between annual shareholder meetings are granted an option for a pro-rated number of shares on the date of their election at an exercise price equal to 100% of value on the date of their election. The options become exercisable in three substantially equal annual installments, expire ten years after grant, and have a "reload" feature. Options granted on and after June 1, 2004 shall not provide for the grant of a reload option upon exercise. The reload feature permits payment of the exercise price by tendering Allstate common stock, which in turn gives the option holder the right to purchase the same number of shares tendered, at a price equal to the fair market value on the exercise date. Upon mandatory retirement pursuant to the policies of the Board, the unvested portions of any outstanding options fully vest. The options permit the option holder to exchange shares owned or have option shares withheld to satisfy all or part of the exercise price. The vested portion of options may be transferred to any immediate family member, to a trust for the benefit of the director or immediate family members, or to a family limited partnership.

*Items to Be Voted On*

*Item 1*

## *Election of Directors*

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Each nominee was previously elected by the stockholders at Allstate's Annual Meeting on May 20, 2003, and has served continuously since then. The terms of all directors will expire at this annual meeting in May 2004. The Board of Directors expects all nominees named in this proxy statement to be available for election. If any nominee is not available, then the proxies may vote for a substitute. Information as to each nominee follows. Unless otherwise indicated, each nominee has served for at least five years in the business position currently or most recently held.

Mr. Michael A. Miles will not stand for re-election at the 2004 annual shareholder meeting. Mr. Miles has provided outstanding service as a director to Allstate and its stockholders since the Company's initial public offering in 1993 and his presence on the Board will be missed.

***F. Duane Ackerman*** (Age 61)

*Director since 1999*

Chairman, President and Chief Executive Officer since 1997 of BellSouth Corporation, a communications services company.

***James G. Andres*** (Age 65)

*Director since 1993*

Chairman and Chief Executive Officer of Warner Chilcott PLC, a pharmaceutical company, from February 1997 until his retirement in January 2000. Mr. Andres previously served as President and Chief Executive Officer of Warner Chilcott from November 1996 until 1998. Mr. Andres is also a director of Dade Behring, Inc., Sepracor, Inc., and Xoma Corporation.

***Edward A. Brennan*** (Age 70)

*Director since 1993*

Executive Chairman of AMR Corporation, parent company of American Airlines, from April 2003 until present. Mr. Brennan is also a director of Exelon Corporation, 3M Company and McDonald's Corporation.

***W. James Farrell*** (Age 62)

*Director since 1999*

Chairman since May 1996 and Chief Executive Officer since September 1995 of Illinois Tool Works Inc., a manufacturer of highly engineered fasteners, components, assemblies and systems. He is also a director of the Federal Reserve Bank of Chicago, Kraft Foods Inc., Sears, Roebuck and Co. and UAL Corporation.

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**Jack M. Greenberg** (Age 61)

*Director since 2002*

Chairman and Chief Executive Officer of McDonald's Corporation from May 1999 until his retirement on December 31, 2002. Previously, Mr. Greenberg served as President and Chief Executive Officer since April 1998 and had been a member of McDonald's board of directors since 1982. Mr. Greenberg is also a director of Abbott Laboratories, First Data Corporation, Hasbro, Inc. and Manpower, Inc.

**Ronald T. LeMay** (Age 58)

*Director since 1999*

Industrial Partner of Ripplewood Holdings, a private equity company, since November 2003. Mr. LeMay also serves as Representative Executive Officer of Japan Telecom Co., Ltd., a telecommunications company and a Ripplewood Holdings portfolio company, where Mr. LeMay previously served as interim President from November 2003 until February 2004. Prior to that, Mr. LeMay served as President and Chief Operating Officer of Sprint Corporation from October 1997 until April 2003. Mr. LeMay is also a director of Ceridian Corporation and Imation Corporation.

**Edward M. Liddy** (Age 58)

*Director since 1999*

Chairman, President and Chief Executive Officer of Allstate since January 1999. Mr. Liddy served as President and Chief Operating Officer of Allstate from January 1995 until 1999. He is also a director of 3M Company, The Goldman Sachs Group, Inc. and The Kroger Co.

**J. Christopher Reyes** (Age 50)

*Director since 2002*

Chairman since January 1998 of Reyes Holdings LLC and its affiliates, a privately held food and beverage distributor. Mr. Reyes is also a director of Fortune Brands, Inc. and Wintrust Financial Corporation.

**H. John Riley, Jr.** (Age 63)

*Director since 1998*

Chairman, President and Chief Executive Officer since April 1996 of Cooper Industries Ltd., a diversified manufacturer of electrical products and tools and hardware. He is also a director of Baker Hughes Inc.

**Joshua I. Smith** (Age 63)

*Director since 1997*

Chairman and Managing Partner since 1999 of The Coaching Group, a management consulting firm. As part of the consulting business of The Coaching Group, Mr. Smith was Vice Chairman and Chief Development Officer of iGate, Inc., a manufacturer of broadband convergence products for communications companies from June 2000 through April 2001. Previously, Mr. Smith had been Chairman and Chief Executive Officer of The MAXIMA Corporation, a provider of technology systems support services, from 1978 until 2000. Mr. Smith is also a director of Cardio Comm Solutions, Inc., Caterpillar, Inc. and Federal Express Corporation.

**Judith A. Sprieser** (Age 50)

*Director since 1999*

Chief Executive Officer since September 2000 of Transora, a global eMarketplace for consumer packaged goods. Ms. Sprieser was Executive Vice President of Sara Lee Corporation from 1998 until 2000 and had also served as its Chief Financial Officer from 1994 to 1998. Ms. Sprieser is also a director of Kohl's Corporation, Reckitt Benckiser, Transora, and USG Corporation.

**Mary Alice Taylor** (Age 54)

*Director since 2000*

Ms. Taylor is currently an independent business executive. From July 2001 to December 2001, Ms. Taylor accepted a temporary assignment with Webvan Group, Inc., an Internet e-commerce company. Prior to that, Ms. Taylor was Chairman and Chief Executive Officer of HomeGrocer.com, from September 1999 until October 2000. Ms. Taylor was Corporate Executive Senior Vice President of Citigroup, Inc. from January 1997 until September 1999. Ms. Taylor is also a director of Autodesk, Inc., Exult, Inc. and Sabre Holdings Corporation.

10

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## *Item 2*

### *Ratification of Appointment of Independent Public Accountants*

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The Audit Committee of the Board of Directors has recommended the selection and appointment of Deloitte & Touche LLP as Allstate's independent public accountants for 2004. The Board has approved the Audit Committee's recommendation. While not required, the Board is submitting the selection of Deloitte & Touche LLP upon the Audit Committee's recommendation, to the stockholders for ratification consistent with its long-standing prior practice. If the selection is not ratified by the stockholders, the Audit Committee may reconsider its selection. Even if the selection is ratified, the Audit Committee may, in its discretion, appoint a different independent public accountant at any time during the year if the Committee determines a change would be in the best interests of Allstate and the stockholders.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the independent public accountant's independence, and has discussed with Deloitte & Touche LLP that firm's independence.

The Audit Committee adopted a Policy Regarding Pre-Approval of Independent Auditors' Services provided by Deloitte & Touche LLP. The Policy is attached as Appendix D to this Notice of Annual Meeting and Proxy Statement.

The following fees have been, or will be, billed by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates, for professional services rendered to Allstate for the fiscal years ending December 31, 2003 and December 31, 2002.

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	2003	Percentage of 2003 Fees Required to be Pre-Approved by the Audit Committee that were Pre-Approved by the Audit Committee	2002
Audit Fees <sup>(1)</sup>	\$8,094,315	100%	\$6,063,752
Audit Related Fees <sup>(2)</sup>	\$ 619,315	100%	\$ 963,328
Tax Fees <sup>(3)</sup>	\$ 145,189	100%	\$ 81,551
All Other Fees <sup>(4)</sup>	\$ 297,086	100%	\$ 61,807
<b>Total Fees</b>	<b>\$9,155,905</b>	<b>100%</b>	<b>\$7,170,438</b>

(1) Fees for audits of annual financial statements, reviews of quarterly financial statements, statutory audits, attest services, comfort letters, consents and review of documents filed with the Securities and Exchange Commission.

(2) Audit Related Fees relate to professional services such as accounting consultations relating to new accounting standards, due diligence assistance and audits and other attest services for non-consolidated entities (i.e. employee benefit plans, various trusts, The Allstate Foundation, etc.) and are set forth below.

	2003	2002
Adoption of New Accounting Standards	\$ 16,610	\$ 16,610
Due Diligence	\$ 19,590	\$ 479,861
Audits and other Attest Services for Non-consolidated Entities	\$ 484,210	\$ 432,010
Other	\$ 115,515	\$ 34,747
<b>Audit Related Fees</b>	<b>\$ 619,315</b>	<b>\$ 963,228</b>

(3) Includes fees for tax compliance, consultation and planning. Included in the total fees paid to Deloitte & Touche during 2003 was \$36,720 for tax return preparation and tax audit-related services provided in 2002 prior to the effective date of the Audit Committee pre-approval requirements.

(4) All Other Fees primarily include professional fees for consulting services related to non-financial information technology, as well as fees for other consulting services:

	2003	2002
Non-Financial Information Technology Consulting	\$ 273,400	\$ -
Strategic Planning	\$ -	\$ 40,727
Lease Consulting	\$ -	\$ 7,710
Other	\$ 23,686	\$ 13,370
<b>All Other Fees</b>	<b>\$ 297,086</b>	<b>\$ 61,807</b>

Representatives of Deloitte & Touche LLP will be present at the meeting, will be available to respond to questions and may make a statement if they so desire.



**The Audit Committee and the Board of Directors unanimously recommend that stockholders vote for the ratification of the appointment of Deloitte & Touche LLP as independent public accountants for 2004 as proposed.**

11

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*Item 3*

*Approval of Material Terms of Performance Goals  
Under the Annual Covered Employee Incentive Compensation Plan*

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In 1999, the Board of Directors adopted and the stockholders approved, an Annual Covered Employee Incentive Compensation Plan whose participants are limited to persons who will be named executives for the fiscal year covered by the plan ("covered employees" under the Plan). You are being asked to approve the revised material terms of the performance goals under the plan in order for the plan to qualify as a performance-based plan under Section 162(m) of the Internal Revenue Code and thereby maximize the deductibility of awards paid under the plan.

The purposes of the plan are to provide cash incentive compensation to covered employees to achieve annual performance goals, and to maximize the deductibility of such compensation under Section 162(m) of the Code. In the event that the revised material terms of the performance goals are not approved by shareholders, the Committee believes it is important to continue to offer an incentive program that is performance-based and will look for ways to maximize the deductibility of this compensation, taking action as appropriate to achieve this objective.

The plan is administered by the Compensation and Succession Committee consisting entirely of "outside directors" within the meaning of Section 162(m). The Compensation and Succession Committee has authority in all matters relating to the discharge of its duties and the exercise of its authority under the plan. All decisions of the Compensation and Succession Committee and its actions with respect to the plan are binding and conclusive.

Under the plan, the Compensation and Succession Committee establishes written performance goals within 90 days after the beginning of each fiscal year (or if the named executive is not an employee at the beginning of the fiscal year, within the first 25% of the period within the fiscal year in which the named executive is an employee) and while the outcome of the performance goals is substantially uncertain. The performance goals must be expressed in terms of annual financial, operating or other objective and measurable criteria, and may involve comparisons with respect to past results of Allstate and its business units, or of Allstate's peer or industry group of companies. At its March 2004 meeting, the Board revised the measures of performance to replace the use of the term net earnings with net income and to replace international business expansion goals with a general reference to business expansion goals. These changes were made to align with the Company's use of GAAP terms and those more relevant to the Company's ongoing business. As revised, measures of performance must include one or more of the following: net income, operating income, return on equity, earnings per share, return on assets, values of assets, revenues, market share, prices of Allstate stock, Allstate subsidiary or business unit objectives to meet specified revenue goals, market penetration goals, business expansion goals, cost targets, customer retention and satisfaction goals, or goals relating to acquisitions or divestitures. The calculation is specifically defined at the time the goal is set. Each performance goal must state, in terms of an objective formula or standard, the award payable to each participant if the performance goal is attained.

The Compensation and Succession Committee sets award opportunities for each participant based upon the degree of achievement of the year's goals. At its March 2004 meeting, the Board of Directors increased the maximum annual award for any participant from \$3,000,000 to \$5,500,000 to provide greater flexibility for the Compensation and Succession Committee to align a greater portion of the total compensation opportunities for the named executive officers with business strategies, market position and corporate performance. The Committee has no authority to increase the amount of any individual awards otherwise payable under the plan, but it has discretion to decrease awards. Awards are paid in the year following the year of performance, after the Compensation and Succession Committee has certified the degree of attainment of the performance goals. A copy of the plan is attached as Appendix E.

The amount of each participant's payable award will be determined pursuant to the achievement of the stated goals and, in addition, will be subject to the Compensation and Succession Committee's right to reduce any participant's award by any amount in its sole discretion. As a result, the amounts payable to any participant are not determinable. If, however, the material terms of the performance goals, revised as provided above, had been in effect for the 2003 fiscal year, the amounts that might have been paid under the plan, assuming no reduction by the Compensation and Succession Committee, would be the same as those that were paid and are reflected in the Bonus column of the Summary Compensation Table on page 16.

**The Board recommends that stockholders vote for the approval of the revised material terms of the performance goals for the Annual Covered Employee Incentive Compensation Plan.**

12

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*Item 4*  
*Approval of Material Terms of Performance Goals*  
*Under the Long-Term Executive Incentive Compensation Plan*

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In 1999, the Board adopted and the stockholders approved an amended and restated Long-Term Executive Incentive Compensation Plan. You are being asked to approve the revised material terms of the performance goals of the plan in order for the plan to qualify as a performance-based plan under Section 162(m) of the Internal Revenue Code and thereby maximize the deductibility of awards paid to named executives under the plan.

The purposes of the plan are to attract and retain talented executives and to maximize the deductibility of compensation paid under the plan to any covered employee; provide added incentives to promote various long-term performance goals; link compensation to performance by rewarding three-year corporate performance; compensate for competitive and superior performance; and encourage teamwork among top executives.

The plan is administered by the Compensation and Succession Committee consisting entirely of "outside directors" within the meaning of Section 162(m). The Compensation and Succession Committee has authority in all matters relating to the discharge of its duties and the exercise of its authority under the plan. All decisions of the Compensation and Succession Committee and its actions with respect to the plan are binding and conclusive.

The plan provides award opportunities for approximately 90 senior executives of Allstate, including each of the named executives, based on achievement of performance goals over a three-year cycle. The Compensation and Succession Committee establishes written performance goals within 90 days after the beginning of each cycle (or if the named executive is not an employee at the beginning of the cycle, within the first 25% of the period within the cycle in which the named executive is an employee), and while the outcome of the performance goals is substantially uncertain. The performance goals must be expressed in terms of annual financial, operating or other objective and measurable criteria, and may involve comparisons with respect to past results of Allstate and its business units, or of Allstate's peer or industry group of companies. At its March 2004 meeting, the Board revised the measures of performance to replace the use of the term net earnings with net income and to replace international business expansion goals with a general reference to business expansion goals. These changes were made to align with the Company's use of GAAP terms and those more relevant to the Company's ongoing business. As revised, measures of performance must include one or more of the following: net income, operating income, return on equity, earnings per share, return on assets, values of assets, revenues, market share, prices of Allstate stock, Allstate subsidiary or business unit objectives to meet specified revenue goals, market penetration goals, business expansion goals, cost targets, customer retention and satisfaction goals, or goals relating to acquisitions or divestitures. The specific calculation is defined at the time the goal is set. Each performance goal must state, in terms of an objective formula or standard, the award payable to each participant if the performance goal is attained.

The Compensation and Succession Committee sets award opportunities for each participant, depending upon the degree of achievement of the cycle's goals. A new three-year cycle begins every year. Awards are calculated on a participant's annual salary as of the beginning of a cycle. At its March 2004 meeting, the Board of Directors increased the maximum award opportunity for any participant for any performance cycle to \$6,000,000 from \$3,500,000 to provide greater flexibility for the Compensation and Succession Committee to align a greater portion of the total compensation opportunities for senior executives with long-term business strategies, market position and corporate performance. The Compensation and Succession Committee has no authority to increase the amount of any individual award otherwise payable under the terms of the plan to the named executives, but it has the discretion to decrease awards. Awards are paid in the year following the final year of the cycle, after the Compensation and Succession Committee has certified the degree of attainment of the performance goals. A copy of the plan is attached as Appendix F.

The amount of each participant's payout is dependent on the achievement of the stated goals and, in addition, is subject to the Compensation and Succession Committee's right to reduce any named executive's award by any amount in its sole discretion and the right to exercise positive discretion for all other participants. As a result, the amounts payable to any participant are not determinable. If, however, the

material terms of the performance goals, revised as provided above, had been in effect for the 2003 fiscal year, the amounts that might have been paid under the plan for the named executives, assuming no reduction by the Compensation and Succession Committee, would be are similar to those reflected in the Long-Term Incentive Plan Awards in 2003 Table on page 19.

**The Board recommends that stockholders vote *for* approval of the revised material terms of the performance goals of the Long-Term Executive Incentive Compensation Plan.**

13

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## *Item 5*

### *Stockholder Proposal On Cumulative Voting*

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Mr. William E. Parker, 6906 Village Parkway, Dublin, California, 94568, registered owner of 222 shares of Allstate common stock as of November 19, 2003, intends to propose the following resolution at the Annual Meeting.

Resolved: That the stockholders of The Allstate Corporation, assembled at the annual meeting in person and by proxy, hereby request the Board of Directors to take steps necessary to provide for cumulative voting in the election of directors, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he or she owns multiplied by the number of directors to be elected, and he or she may cast all such votes for a single candidate, or any two or more of them as he or she may see fit.

Even before corporate accountability and integrity became a national issue, this proposal received strong support from the shareholders. Since last year's annual meeting, The Corporate Library, an independent research firm on corporate governance, has given The Allstate Corporation the grade of F for board effectiveness. They stated, "While the company claims high levels of apparent compliance with best practice standards, the reality is they are backed by a weak and ineffectual board."

The Company's financial performance is directly related to its corporate governance.

As I write this statement, The Allstate Corporation has been found to have violated the Age Discrimination in Employment Act (ADEA) by the Equal Employment Opportunity Commission (EEOC) and is under investigation by various Federal and State regulating agencies for various questionable business practices. These practices can have a significant impact on the profitability of the company costing it hundreds of millions of dollars in lost stockholder value.

Currently, the company's Board of Directors is composed entirely of management nominees.

Cumulative voting increases the possibility of electing independent-minded directors that will properly report the financial condition of the company and enforce management's accountability to shareholders and the public at large.

The company's standard argument that adoption of cumulative voting will lead to the election of dissidents to the board that will only represent the special interest is misleading because new board members would also have a fiduciary duty to act in the best interest of all shareholders.

**Please help the stockholders influence good corporate governance by voting "YES" on this resolution.**

**The Board unanimously recommends that stockholders vote *against* this proposal for the following reasons:**

The Board believes its current method of electing directors, by a plurality of the votes cast, will continue to work as successfully in the future as it has in the past because it is the fairest way to elect an *independent* board that represents the interests of *all* stockholders and not a particular interest group. A majority of Allstate's stockholders have rejected this proposal at the last six consecutive annual meetings from 1998 to 2003.

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Cumulative voting is inconsistent with the principle that each director should represent all stockholders equally and can result in the election of a director who feels accountable to a particular stockholder constituency, not to stockholders as a whole. Currently each director nominee stands each year for election by all stockholders. Cumulative voting could give disproportionate and unfair weight to the votes cast by a minority shareholder or shareholders which may lead to partisanship among the directors. Such partisanship and voting on behalf of special interests could interfere with the effectiveness of a Board and could be contrary to the interests of Allstate and its stockholders as a whole.

The proponent erroneously suggests that Allstate's Board is not independent. With the typical exception of the Chairman of the Board and Chief Executive Officer, all of the nominees and incumbent directors are independent as defined by all securities laws and the current listing standards of the New York Stock Exchange, and as determined by the Board of Directors. No directors have any material relationships to Allstate or to its management.

All nominees have been evaluated and recommended for election by the Nominating and Governance Committee which is comprised solely of independent, non-employee directors. The Committee recommends members who are highly qualified and reflect a diversity of experience and viewpoints. Allstate's bylaws provide a means for stockholders to recommend candidates for election to the Board of Directors. The process for recommending nominees is, and has been, published in each of Allstate's annual proxy statements. This year, the process is described above on page 5 and is also available on the Corporate Governance portion of the Company's website, allstate.com.

14

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The Board agrees that financial performance is driven in part by strong corporate governance standards and is proud of its own corporate governance practices and procedures as well as its financial and share price performance. There has been an extraordinary amount of attention and focus on corporate governance driven by recent high profile corporate scandals. In response to these scandals, lawmakers and regulators have raised the bar on corporate governance processes, including independence standards for directors. Allstate's Board has remained vigilant in its attention to the developments in the corporate governance arena to ensure that its practices continue to meet the highest standards of ethical corporate best practices.

While the proponent cites to one governance rating report, Allstate's corporate governance practices and procedures have in fact been reviewed by numerous governance ratings services including Institutional Shareholder Services, a leading provider of proxy voting and corporate governance services. ISS bases its ratings on an analysis of 61 criteria from which it determines a corporate governance quotient of a company's governance practices relative to a company's market peer group and industry peer group. ISS analyzes over 10,000 U.S. companies and over 12,000 non-U.S. companies a year. As of January 9, 2004, Allstate was rated by ISS as outperforming 96.7% of the companies in the S&P 500 Index, and 99.2% of its peer insurance industry group. GovernanceMetrics, International is another independent research and ratings agency that analyzes corporate governance and corporate accountability issues at public companies around the world. In 2003, GMI rated Allstate a perfect "10". As part of its analysis, GMI examines over 600 data points in its research. Allstate was one of only seventeen companies out of 1600 global companies examined to receive the highest score available under GMI's ratings analysis. (As of February 24, 2004, the final 2004 GMI rating was not yet available.) The Corporate Library's rating of Allstate's governance was based on their proprietary analysis of seven categories of data. The Corporate Library admits that its analysis is "not based on compliance with conventional best practice standards" but is derived from "the presence or absence of statistically significant indicators of relative board strength or weakness". The Board fundamentally disagrees with the analysis and conclusions drawn by The Corporate Library's "statistically significant indicators" and will continue to emphasize exemplary best practices in corporate governance.

In addition to its strong corporate governance practices, the Board has demonstrated its focus and commitment to provide exceptional value to our shareholders, as demonstrated by results in 2003. Allstate's 2003 results demonstrate that these efforts delivered value to our shareholders. The success of the actions and strategies taken will continue to be leveraged in order to provide sustained positive shareholder value.

Like other members of the industry and corporate America in general, Allstate being well known as America's largest publicly held personal lines insurer, is a target of a number of class action lawsuits and other types of litigation. Allstate is vigorously defending these lawsuits in the best interest of its customers, employees, distribution partners and stockholders, and remains committed to conducting its business in compliance with the law and to cooperating with the state and federal agencies that regulate its business.

**For the reasons stated above, the Board recommends a vote *against* this proposal.**

15

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## *Executive Compensation*

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The following Summary Compensation Table sets forth information on compensation earned in 2001, 2002 and 2003 by Mr. Liddy (Allstate's Chief Executive Officer) and by each of Allstate's four most highly compensated executive officers (with Mr. Liddy, the "named executives").

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### Summary Compensation Table

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<u>Name and Principal Position</u>	<u>Year</u>	<u>Annual Compensation</u>		<u>Long Term Compensation</u>	
		<u>Salary (\$)</u>		<u>Awards</u>	<u>Payouts</u>