

ALLSTATE CORP
Form PRE 14A
March 08, 2007

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

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

Edgar Filing: ALLSTATE CORP - Form PRE 14A

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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

April , 2007

Notice of 2007 Annual Meeting and Proxy Statement

Dear Stockholder:

You are invited to attend Allstate's 2007 annual meeting of stockholders to be held on Tuesday, May 15, 2007 at 11 a.m. local time, in the Chase Auditorium of Chase Tower, 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 corporation.

As always, your vote is important. You are encouraged 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

Edgar Filing: ALLSTATE CORP - Form PRE 14A

THE ALLSTATE CORPORATION

2775 Sanders Road
Northbrook, Illinois 60062-6127

April , 2007

Notice of 2007 Annual Meeting of Stockholders

The annual meeting of stockholders of The Allstate Corporation ("Allstate," or "Corporation") will be held in the Chase Auditorium located on the Plaza Level of Chase Tower, 10 South Dearborn, Chicago, Illinois on Tuesday, May 15, 2007, at 11 a.m. for the following purposes:

1. To elect to the Board of Directors thirteen directors to serve until the 2008 annual meeting;
2. To ratify the appointment of Deloitte & Touche LLP as Allstate's independent registered public accountant for 2007; and
3. To approve the proposed amendments to the Corporation's Restated Certificate of Incorporation to eliminate the supermajority vote requirements.

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

Registration and seating will begin at 9:45 a.m. Each stockholder may be asked to present picture identification and proof of stock ownership. Stockholders holding Allstate stock through a bank, brokerage or other nominee account will need to bring their account statement showing ownership as of the record date, March 16, 2007. Cameras, recording devices or other electronic devices will not be allowed in the meeting.

Allstate began mailing its proxy statement and annual report, and proxy card/voting instruction form to stockholders and to participants in its profit sharing fund on April , 2007.

By Order of the Board,

Mary J. McGinn
Secretary

Table of Contents

Page

Proxy and Voting Information	
Proxy Statement and Annual Report Delivery	
Corporate Governance Practices	
Code of Ethics	
Determinations of Independence of Nominees for Election	
Majority Votes in Director Elections	
Board Structure, Meetings and Board Committees	
New Director Orientation	
Executive Sessions of the Board	
Board Attendance Policy	
Board Committees	
Nomination Process for Election to the Board of Directors	
Communications with the Board	
Policy on Rights Plans	
Allstate Charitable Contributions	
Compensation Committee Interlocks and Insider Participation	
Items to be Voted On	
Item 1. Election of Directors	
Item 2. Ratification of Appointment of Independent Registered Public Accountant	
Item 3. Approve the Amendments to the Restated Certificate of Incorporation to Eliminate the Supermajority Vote Requirements	
Executive Compensation	
Compensation Discussion and Analysis	
Summary Compensation Table	
All Other Compensation Supplemental Table	
Grants of Plan-Based Awards at Fiscal Year-End 2006	
Outstanding Equity Awards at Fiscal Year-End 2006	
Option Exercises and Stock Vested at Fiscal Year-End 2006	
Pension Benefits	
Non-Qualified Deferred Compensation at Fiscal Year-End 2006	
Potential Payments as a Result of Termination or Change-in-Control	
Director Compensation at Fiscal Year-End 2006	
Performance Measures	
Compensation Committee Report	
Security Ownership of Directors and Executive Officers	
Security Ownership of Certain Beneficial Owners	
Audit Committee Report	
Section 16(a) Beneficial Ownership Reporting Compliance	
Related Person Transactions	
Stockholder Proposals for Year 2008 Annual Meeting	
Proxy Solicitation	
Appendix A Proposed Amendments to The Restated Certificate of Incorporation to Eliminate the Supermajority Vote Requirements	
Appendix B Policy Regarding Pre-Approval of Independent Auditors' Services	
Appendix C The Allstate Corporation Committee Charters	
Audit Committee Charter	
Compensation and Succession Committee Charter	
Nominating and Governance Committee Charter	
Appendix D List of Executive Officers	

Proxy and Voting Information

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 by proxy or in person. 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/voting instruction form. Voting before the meeting will not prevent you from voting in person at the meeting, except as described below with respect to shares held through The Savings and Profit Sharing Fund of Allstate Employees. 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 16, 2007. On March 16, 2007, there were [XXX, XXX, XXX] 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/voting instruction form

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

By signing and dating the proxy card/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. 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.

Providing voting instructions and discretionary voting authority of proxies

In the election of directors, with respect to all or one or more of the director nominees, you may instruct the proxies to vote "FOR" or to "WITHHOLD" your vote, or you may instruct the proxies to "ABSTAIN" from voting. With respect to each of the other items, you may instruct the proxies to vote "FOR" or "AGAINST," or you may instruct the proxies to "ABSTAIN" from voting.

The Board recommends you vote on the matters set forth in this proxy 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 registered public accountant for 2007

FOR the approval of the amendments to the Restated Certificate of Incorporation to eliminate the supermajority vote requirements

Edgar Filing: ALLSTATE CORP - Form PRE 14A

If any other matters are properly presented at the meeting, the proxies may vote your shares in accordance with their best judgment. Other than the matters referred to in this proxy statement, Allstate knows of no other matters to be brought before the meeting.

If you return a signed proxy card/voting instruction form to allow your shares to be represented at the annual meeting, but do not indicate how your shares should be voted on one or more matters, then the proxies will vote your shares as the Board of Directors recommends for those matters.

How votes are counted to elect directors and approve items

Each share of our common stock outstanding on the record date will be entitled to one vote on each of the thirteen director nominees and one vote on each other matter.

Item 1. Election of Directors. To be elected by stockholders, each director must receive the affirmative vote of the majority of the votes cast. A majority of votes cast means the number of shares voted "FOR" a director exceeds 50% of the votes cast with respect to that director. Each nominee for director receiving more "FOR" votes than "WITHHOLD" will be elected. Votes cast include votes to withhold proxy authority. Abstentions and broker non-votes will not be counted as votes cast for purposes of director elections and will have no impact on the outcome of the vote.

Item 2. Ratification of Appointment of Independent Registered Public Accountant. To ratify the appointment of Allstate's independent registered public accountant, the proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the item. Abstentions will be counted as shares present at the meeting and will have the effect of a vote against the matter. Broker non-votes will not be counted as shares entitled to vote on the matter and will have no impact on the outcome of the vote.

Item 3. Approval of the Amendments to the Restated Certificate of Incorporation. To approve the amendment to Article Sixth, the affirmative vote of a majority of the outstanding shares is required. To approve the amendment to Article Seventh, the affirmative vote of 66²/₃% of the outstanding shares is required. Abstentions and broker non-votes will be counted as shares outstanding and will have the effect of a vote against the matter.

Broker non-votes are shares that are held by brokers that do not have discretionary authority to vote on the matter and have not received voting instructions from their clients.

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 inspector 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 transfer agent or the solicitation agent may provide Allstate with periodic status reports on the aggregate vote. These status reports may include a list of stockholders who have not voted and 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 (the profit sharing fund), your proxy card/voting instruction form for those shares will instruct the profit sharing fund trustee how to vote those shares. If you are an employee who received your annual meeting materials electronically, and you hold Allstate common shares both through the profit sharing fund and also directly as a registered stockholder, the voting instructions you provide electronically on the proxy card/voting instruction form will be applied to both your profit sharing fund shares and your registered shares. If you return a signed proxy card/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 fund 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 fund account, those shares will be considered "unvoted." If you return a signed proxy card/voting instruction form but do not indicate how your shares should be voted on a matter, the shares represented by your signed proxy card/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:

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

If You Receive More Than One Proxy Card/Voting Instruction Form

If you receive more than one proxy card/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/voting instruction form you receive.

Proxy Statement and Annual Report 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 is more cost effective because it reduces the number of materials to be printed and mailed. It also reduces our impact on the environment. 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 previously received, contrary instructions. Stockholders will continue to receive separate proxy cards/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, 2775 Sanders Road, Suite F3 SE, Northbrook, IL 60062-6127, (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 our distribution agent, 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 a history of strong corporate governance practices which are firmly grounded in the belief that corporate governance best practices are critical to our goal of driving sustained stockholder value.

Code of Ethics

Allstate is committed to operating its business with honesty and integrity and maintaining the highest level of ethical conduct. These absolute values of the Corporation 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, 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 Corporation'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 A3, Northbrook, Illinois 60062-6127.

Determinations of Independence of Nominees for Election

The Board of Directors has determined that each nominee for election, with the exception of Mr. Wilson in his capacity as President and Chief Executive Officer and Mr. Liddy in his capacity as Chairman, 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 which are posted

on the Corporate Governance portion of the Corporation's website, allstate.com. The Board determined that the following categories of relationships with the Corporation are among those that do not interfere with the director's exercise of independent judgment and do 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. In making the independence determinations, the Board considered transactions, relationships, or arrangements described in category 1 with respect to each independent director except Mr. Ackerman; categories 2, 3 and 6 with respect to Mr. Ackerman; and categories 4 and 5 with respect to relationships between the Corporation and charitable organizations in which each of Messrs. Ackerman, Beyers, Farrell, Greenberg, LeMay, Reyes and Riley are involved. In determining that Mr. Brennan, who retired from the Board in May 2006, was independent, the Board considered transactions, relationships, or arrangements described in categories 1, 4 and 5.

Categorical Standards of Independence

1. An Allstate director's relationship arising from (i) only such director's position as a director of another corporation or organization; (ii) only such director's direct or indirect ownership of a 5% or less equity interest in another corporation or organization (other than a partnership); (iii) both such position and such ownership; or (iv) such director's position only as a limited partner in a partnership in which he or she has an interest of 5% or less;
2. An Allstate director's relationship arising from an interest of the director, or any entity in which the director is an employee, director, partner, stockholder or officer, in or under any standard-form insurance policy or other financial product offered by the Allstate Group in the ordinary course of business;
3. An Allstate director's relationship with another company that participates in a transaction with the Allstate Group (i) where the rates or charges involved are determined by competitive bid, (ii) where the transaction involves the rendering of services as a common or contract carrier (including any airline) or public utility at rates or charges fixed in conformity with law or governmental authority;
4. An Allstate director's relationship with another company that has made payments to, or received payments from, the Allstate Group for property or services in an amount which, in the last fiscal year, does not exceed the greater of \$1 million or 2% of such other company's consolidated gross revenues for such year;
5. An Allstate director's relationship with a charitable entity to which the aggregate amount of discretionary charitable contributions (other than employee matching contributions) made by the Allstate Group and The Allstate Foundation in any of the last three fiscal years of the charitable entity were less than the greater of \$1 million or 2% of such entity's consolidated gross revenues for such year; and
6. An Allstate director's relationship with another company (i) in which the Allstate Group makes investments or (ii) which invests in securities issued by the Allstate Group or securities backed by any product issued by the Allstate Group, all in the ordinary course of such entity's investment business and on terms and under circumstances similar to those available to or from entities unaffiliated with such director.

Majority Votes in Director Elections

In February 2007, the Board amended the Corporation's bylaws to incorporate a majority vote standard in the election of directors.

Board Structure, Meetings and Board Committees

The current Board has 13 directors and three committees. The following table identifies each committee, its members and the number of meetings held during 2006. Each committee operates under a written charter that has been approved by the Board. Each charter is available on the Corporate Governance portion of the Corporation's website, allstate.com. Each charter is also available in print upon request made to the Office of the Secretary, The Allstate Corporation, 2775 Sanders Road, Suite A3, Northbrook, Illinois 60062-6127. The charters are included in Appendix C to this proxy statement. All of the members of each committee have been determined to be independent by the Board within the meaning of applicable laws, the listing standards of the New York Stock Exchange and the *Director Independence Standards* as in effect at the time of determination. A summary of each committee's functions and responsibilities follows the table.

The Board held twelve meetings during 2006. Each incumbent director attended at least 75% of the combined board meetings and meetings of committees of which he or she was a member. Attendance at board and committee meetings during 2006 averaged 94% for incumbent directors as a group.

Director	Audit	Compensation and Succession	Nominating and Governance
F. Duane Ackerman	X	X	
James G. Address	X*		X
Robert D. Beyer **		X	
Edward A. Brennan***		X	X
W. James Farrell		X	X*
Jack M. Greenberg	X	X	
Ronald T. LeMay	X	X	
Edward M. Liddy			
J. Christopher Reyes			X
H. John Riley, Jr.		X*	X
Joshua I. Smith	X		X
Judith A. Sprieser	X		X
Mary Alice Taylor	X	X	
Thomas J. Wilson **			
Number of Meetings in 2006	8	11	6
* Committee Chair			
** Elected to the Board in September 2006			
*** Retired as of May 2006			

New Director Orientation

Upon Mr. Beyer's election to the Board of Directors in September 2006, he was invited to participate in each of the board committee meetings in order for him to gain familiarity with the responsibilities of each committee prior to being appointed a member of any committee. Mr. Beyer attended each committee meeting held until his election to the Compensation and Succession Committee in February 2007.

Executive Sessions of the Board

The independent directors meet in regularly scheduled executive session 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 are 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 and it also provides an opportunity for each director to assume the role of lead director from time to time.

Board Attendance Policy

It is expected that Allstate Board members make every effort to attend all meetings of the Board and the committees on which they serve 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. Of the 11 directors who stood for election at the 2006 annual meeting of stockholders, two were unable to attend.

Board Committees

Audit Committee.

Allstate's Board of Directors has established an audit committee in accordance with the requirements of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. As shown above, the Audit Committee is chaired by Mr. Address and includes Ms. Sprieser and Mrs. Taylor and Messrs. Ackerman, Greenberg, LeMay and Smith. The Board has determined that Ms. Sprieser and Messrs. Address and Greenberg are each individually qualified as an audit committee financial expert, as defined in Regulation S-K, Item 407(d)(5) under the Securities Exchange Act of 1934 and each member of the committee is independent under the listing standards of the New York Stock Exchange. Mrs. Taylor currently serves on the audit committees of more than three public companies. The Board has determined, in light of Mrs. Taylor's active contributions to Allstate's Audit Committee, and her status as retired from active management positions, that this simultaneous service does not impair her ability to function as a member of this committee.

The committee is responsible for, among other things, the selection, appointment, compensation and oversight of the work of the independent registered public accountant in preparing or issuing an audit report or related work. The 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 in Allstate's annual report on Form 10-K and in the annual report to stockholders. In connection therewith, the committee examines Allstate's accounting and auditing principles and practices affecting the financial statements and discusses with its independent registered public accountant those matters required to be discussed in accordance with the Public Company Accounting Oversight Board's generally accepted auditing standards, including the requirements under Statement of Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU §380) and Securities and Exchange Commission Rule 2-07 of Regulation S-X and other matters as it deems appropriate. The committee also reviews the scope of the audits conducted by the independent registered public accountant and the internal auditors as well as the qualifications, independence and performance of the independent registered public accountant. The 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 accounting, internal accounting controls and auditing matters. The committee conducts independent inquiries when deemed necessary to discharge its duties. The committee has the authority to retain independent outside counsel, accountants and other advisers to assist it in the conduct of its business.

The committee discusses with management the Corporation's processes of risk assessment and risk management, including the Corporation's major financial risk exposures and the steps management has taken to monitor and control them.

Edgar Filing: ALLSTATE CORP - Form PRE 14A

The committee provides functional oversight to Allstate's Internal Audit Department. The Internal Audit Department provides objective assurance and consulting services that are used to assure a systematic, disciplined approach to the evaluation and improvement of effective risk management, control and governance processes. The committee reviews the overall adequacy and effectiveness of the Corporation's legal, regulatory, and ethical compliance programs.

Our chairman, chief executive officer, chief financial officer, general counsel, and secretary, as well as the controller and senior internal audit officer participate in the committee's meetings. However, executive sessions of the committee are scheduled and held throughout the course of a year, including sessions in which the committee meets with the independent registered public accountant and the senior internal audit officer.

The committee also conducts an annual review of its performance and its charter. The committee charter is included in Appendix C to this proxy statement and is available on the Corporate Governance portion of the Corporation's website, allstate.com. It is also available in print upon request made to the Office of the Secretary, The Allstate Corporation, 2775 Sanders Road, Suite A3, Northbrook, Illinois 60062-6127. The Audit Committee Report is included herein on page [].

Compensation and Succession Committee.

The Compensation and Succession Committee is chaired by Mr. Riley and includes Mrs. Taylor and Messrs. Ackerman, Beyer, Farrell, Greenberg, and LeMay and, until his retirement in May of 2006, Mr. Brennan. All members of the committee are independent under the listing standards of the New York Stock Exchange. The committee assists the Board in fulfilling its oversight responsibilities with respect to the compensation of the chief executive officer and other executive officers. The committee annually reviews the management organization and succession plans for Allstate, including each of its significant operating subsidiaries, and recommends nominees for certain officer positions. The committee is responsible for recommending executive officer salaries and compensation packages to the Board. The committee has oversight responsibility for the salary administration program for elected officers of the Corporation and its principal operating subsidiaries.

The committee administers our Annual Covered Employee Incentive Compensation Plan, Annual Executive Incentive Compensation Plan, and Long-Term Executive Incentive Compensation Plan. These are plans pursuant to which officers of The Allstate Corporation and its subsidiaries at the vice president level and above are eligible to earn annual and long-term cash incentive compensation awards. The committee determines the performance measures for earning awards and the amount of awards payable upon the achievement of threshold, target and maximum goals with respect to the performance measures. At the end of the relevant performance period, the committee reviews the extent to which the goals have been achieved and approves the actual amount of the cash incentive awards.

The committee has authority to grant equity awards to eligible employees in accordance with the terms of our Amended and Restated 2001 Equity Incentive Plan. With regard to its authority to grant equity awards, the committee has adopted an Equity Compensation Policy. [It is available on the Corporate Governance portion of the Company's website, allstate.com.] The committee has delegated its authority to grant equity awards between meetings in connection with the hiring or promotion of an employee or in recognition of an employee's particular achievement. All awards granted pursuant to delegated authority are reported to the committee at the next meeting. A subcommittee has authority to grant restricted stock and restricted stock unit awards to new hires and to determine the size, terms, and conditions of such awards. In addition, both the chairman of the board and the chief executive officer have authority to grant nonqualified stock options to new hires and to current employees in connection with promotions or in recognition of an achievement. Both the chairman and the chief executive officer have authority to determine the number of shares subject to such options, subject to limits set by the committee. Neither the subcommittee, the chairman, nor the chief executive officer is permitted to grant such awards to those who are designated as executive officers for purposes of Section 16 of the

Securities Exchange Act of 1934. Awards made by the subcommittee, the chairman or the chief executive officer must be made pursuant to the terms of award agreements previously approved by the committee.

In addition, the committee administers our deferred compensation plan for eligible employees and makes recommendations to the Board regarding pension benefit enhancements and change-in-control agreements.

The committee also has sole authority to retain and terminate its compensation consultants, including sole authority to approve the consultants' fees and other retention terms for such services provided to the committee. The committee has used Mercer Human Resource Consulting as its executive compensation consultant for several years and directly engaged Mercer's services again in 2006. As part of the 2006 engagement, Mercer assisted the committee in assessing the appropriateness of the list of peer insurance companies that the committee uses to evaluate the competitiveness of Allstate's executive compensation program. In addition, Mercer provided an assessment that benchmarked Allstate's executive pay levels, practices, and overall program design as well as its financial performance against those companies.

Our chairman, chief executive officer, senior human resources officer, general counsel and secretary, and more recently, our chief financial officer, participate in the committee's meetings. However, the committee regularly meets in executive session without members of management present or with only the presence of the senior human resources officer. The chairman and the chief executive officer make recommendations to the committee regarding management organization, succession planning, merit and promotional salary increases (other than their own), performance measures under our annual and long-term cash incentive compensation plans, the use of the committee's authority to adjust awards under such cash incentive compensation plans, and the size and terms of employee equity awards (other than their own).

The committee conducts an annual review of its performance and its charter. The committee charter is included in Appendix C to this proxy statement and is available on the Corporate Governance portion of the Corporation's website, allstate.com. It is also available in print upon request made to the Office of the Secretary, The Allstate Corporation, 2775 Sanders Road, Suite A3, Northbrook, Illinois 60062-6127. The Compensation Committee Report is included herein on page [].

Nominating and Governance Committee.

The Nominating and Governance Committee is chaired by Mr. Farrell and includes Ms. Sprieser and Messrs. Andress, Reyes, Riley and Smith. Mr. Brennan was the Chair of the Committee until his retirement in May 2006. All members of the committee are independent under the listing standards of the New York Stock Exchange. The committee is responsible for the identification and recommendation of nominees for election to the Board, as described in the Nomination Process for Election to the Board of Directors section below. In connection with its selection process, the committee is responsible for recommending appropriate criteria and independence standards for adoption by the Board. The committee is responsible for making recommendations with respect to the periodic review of the performance of the chief executive officer as well as succession planning to the Board of Directors, including recommending nominees for election as the chief executive officer. The committee advises and makes recommendations to the Board on matters of corporate governance including periodic reviews of the Corporation's *Corporate Governance Guidelines*, which are posted on the Corporate Governance portion of the Corporation's website, allstate.com, and are also available in print upon request made to the Office of the Secretary, The Allstate Corporation, 2775 Sanders Road, Suite A3, Northbrook, Illinois 60062-6127. The committee is also responsible for the triennial review and assessment of the Corporation's structural defenses. The committee determines and recommends the criteria to be used for the assessment of the Board's performance and oversees the assessment of the Board. With Board oversight, the committee also administers non-employee director compensation. The committee may retain independent consultants as needed to assist it with its responsibilities.

Edgar Filing: ALLSTATE CORP - Form PRE 14A

The committee also conducts an annual review of its performance and its committee charter. The Nominating and Governance Committee charter is included in Appendix C to this proxy statement and is available on the Corporate Governance portion of the Corporation's website, allstate.com. It is also available in print upon request made to the Office of the Secretary, The Allstate Corporation, 2775 Sanders Road, Suite A3, Northbrook, Illinois 60062-6127.

Our chairman, chief executive officer, general counsel, and secretary participate in the committee's meetings. However, the committee regularly meets in executive session without members of management present. The chairman and the chief executive officer make recommendations to the committee regarding non-employee director compensation.

Nomination Process for Election to the Board of Directors

The Nominating and Governance Committee has responsibility for assessing the need for new Board members to address specific requirements or to fill a vacancy. The committee initiates a search for a new candidate seeking input from the Chairman and other Board members. The committee may also retain a third party search firm if necessary to identify potential candidates for election. Nominees recommended by stockholders are considered by the committee in the same manner as all other candidates. All non-employee candidates must meet the Board's *Guidelines for Selection of Nominees for the Board of Directors*, the Corporation's *Corporate Governance Guidelines* and the *Director Independence Standards*, and comply with the bylaw requirements regarding nominees, each of which is posted on the Corporate Governance portion of the Corporation'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 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.

Stockholders 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 A3, Northbrook, Illinois 60062-6127.

Stockholders may also propose nominees at the annual meeting of stockholders, if adequate advance notice as defined in Allstate's bylaws is provided to the Secretary. Under the bylaws, if a stockholder wishes to nominate a candidate at the 2008 annual meeting of stockholders, he or she must provide advance notice to Allstate that must be received between January 16, 2008 and February 15, 2008. The notice must be sent to the Secretary, The Allstate Corporation, 2775 Sanders Road, Suite A3, 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 meet the requirements set forth in the Corporation's bylaws. A copy of the 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.

Communications with the Board

The Board has established a process to facilitate communications by stockholders and other interested parties with directors as a group. Written communications may be sent by mail or by e-mail to the Board. Communications received will be processed under the direction of the General Counsel. The General Counsel reports regularly to the Nominating and Governance Committee on all correspondence received that, in his opinion, involves functions of the Board or its committees or that he otherwise determines requires its attention. The communication process is posted on the Corporate Governance portion of the Corporation's website, allstate.com.

Policy on Rights Plans

The following policy, adopted in 2003, is part of Allstate's *Corporate Governance Guidelines* which are posted on the Corporate Governance portion of Allstate's website, allstate.com.

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.

Allstate Charitable Contributions

Each year, The Allstate Foundation donates millions of dollars to support many deserving organizations that serve our communities. The Nominating and Governance Committee reviews all charitable donations to, and other relationships with, any director-affiliated organization to ensure that any and all transactions with director-affiliated charitable organizations are appropriate and raise no issues of independence. No charitable contributions were made to any director-affiliated organization that exceeded the greater 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 2006, the Compensation and Succession Committee consisted of Mr. Riley, Chairman, Mrs. Taylor and Messrs. Ackerman, Farrell, Greenberg and LeMay, and, until his retirement in May 2006, Mr. Brennan. None is a current or former officer or employee of Allstate or any of its subsidiaries. There were no committee interlocks with other companies in 2006 within the meaning of the Securities and Exchange Commission's proxy rules.

Items to Be Voted On

Item 1 *Election of Directors*

Each nominee, except Messrs. Beyer and Wilson who were elected to the Board in September 2006, was previously elected by the stockholders at Allstate's annual meeting of stockholders on May 16, 2006, and has served continuously since then. The terms of all directors will expire at this annual meeting in May 2007. 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.

F. Duane Ackerman (Age 64)
Director since 1999

Chairman Emeritus of BellSouth Corporation, a communication services company, since 2007. Mr. Ackerman previously served as Chairman and Chief Executive Officer of BellSouth Corporation from 2005 through 2006 and as Chairman, President and Chief Executive Officer from 1998 until 2005.

James G. Andress (Age 68)
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. Andress is also a director of Dade Behring, Inc., Sepracor, Inc., Warner Chilcott and Xoma Corporation.

Robert D. Beyer (Age 47)
Director since 2006

Chief Executive Officer of The TCW Group, Inc., an investment management firm, since 2005. Mr. Beyer previously served as President and Chief Investment Officer from 2000 until 2005 of Trust Company of the West, a subsidiary of The TCW Group, Inc. Mr. Beyer is also a director of The Kroger Co., The TCW Group, Inc. and Société Générale Asset Management, S.A.

Edgar Filing: ALLSTATE CORP - Form PRE 14A

W. James Farrell (Age 64)

Director since 1999

Chairman of Illinois Tool Works Inc., a manufacturer of highly engineered fasteners, components, assemblies and systems, from May 1996 until his retirement in May 2006. Mr. Farrell previously served as Chief Executive Officer of Illinois Tool Works Inc. from September 1995 until August 2005. He is also a director of Abbott Laboratories, 3M Company and UAL Corporation.

Jack M. Greenberg (Age 64)

Director since 2002

Chairman of The Western Union Company since September 2006. Chairman and Chief Executive Officer of McDonald's Corporation from May 1999 until his retirement in December 2002. Mr. Greenberg is also a director of Abbott Laboratories, Hasbro, Inc., Innerworkings, Inc., Manpower, Inc., as well as The Western Union Company.

Ronald T. LeMay (Age 61)

Director since 1999

Industrial Partner of Ripplewood Holdings, LLC, a private equity fund, since October 2003. Mr. LeMay also serves as Executive Chairman and as Chief Executive Officer of Last Mile Connections, Inc. since September 2005 and October 2006, respectively, and as Chairman of Aircell Corporation since July 2006. Last Mile Connections and Aircell are Ripplewood Holdings portfolio companies. Mr. LeMay is also Chairman of October Capital, a private investment company. Previously, Mr. LeMay served as Representative Executive Officer of Japan Telecom from November 2003 until the sale of the company in July 2004 and as President and Chief Operating Officer of Sprint Corporation from October 1997 until April 2003. He is also a director of Imation Corporation and Ceridian Corporation.

Edward M. Liddy (Age 61)

Director since 1999

Chairman of The Allstate Corporation since January 1999. Mr. Liddy previously served as Chief Executive Officer from January 1999 until December 2006, President from January 1995 until May 2005 and Chief Operating Officer from January 1995 until January 1999. Mr. Liddy is also a director of The Goldman Sachs Group, Inc. and 3M Company.

J. Christopher Reyes (Age 53)

Director since 2002

Chairman since January 1998 of Reyes Holdings, L.L.C. and its affiliates, a privately held food and beverage distributor. Mr. Reyes is also a director of Tribune Company and Wintrust Financial Corporation.

H. John Riley, Jr. (Age 66)

Director since 1998

Chairman of Cooper Industries Ltd., a diversified manufacturer of electrical products and tools and hardware, from April 1996 until his retirement in February 2006. Mr. Riley previously served as Chairman and Chief Executive Officer of Cooper Industries, Ltd., from April 1996 until May 2005 and Chairman, President and Chief Executive Officer of Cooper Industries Ltd., from April 1996 until August 2004. He is also a director of Baker Hughes, Inc.

Joshua I. Smith (Age 66)

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. He is also a director of Caterpillar, Inc. and Federal Express Corporation.

Judith A. Sprieser (Age 53)

Director since 1999

Chief Executive Officer of Transora, a technology software and services company from September 2000 until March 2005. Ms. Sprieser was Executive Vice President of Sara Lee Corporation from 1998 until 2000 and also served as its Chief Financial Officer from 1994 to 1998. She is also a director of InterContinentalExchange, Inc., Reckitt Benckiser plc, Royal Ahold NV and USG Corporation.

Mary Alice Taylor (Age 57)
Director since 2000

Mrs. Taylor currently is an active independent business executive. Previously Mrs. Taylor served as Chairman and Chief Executive Officer of HomeGrocer.com until her retirement in October 2000. Mrs. Taylor is also a director of Autodesk, Inc., Blue Nile, Inc. and Sabre Holdings Corporation.

Thomas J. Wilson (Age 49)
Director since 2006

President and Chief Executive Officer of Allstate since January 2007. Mr. Wilson previously served as President and Chief Operating Officer of Allstate Insurance Company from June 2005 until January 2007. Mr. Wilson also served as President of Allstate Protection from 2002 to 2006, and as Chairman and President of Allstate Financial from 1999 to 2002.

Item 2
Ratification of Appointment of
Independent Registered Public Accountant

The Audit Committee of the Board of Directors has recommended the selection and appointment of Deloitte & Touche LLP as Allstate's independent registered public accountant for 2007. The Board has approved the committee's recommendation. While not required, the Board is submitting the selection of Deloitte & Touche LLP, upon the committee's recommendation, to the stockholders for ratification consistent with its long-standing practice. If the selection is not ratified by the stockholders, the committee may reconsider its selection. Even if the selection is ratified, the committee may, in its discretion, appoint a different independent registered 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 adopted a Policy Regarding Pre-Approval of Independent Auditors' Services. The Policy is attached as Appendix B to this Notice of Annual Meeting and Proxy Statement. One hundred percent of the services provided by Deloitte & Touche LLP in 2006 and 2005 were pre-approved by the committee.

The following fees have been, or are anticipated to 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, 2006 and December 31, 2005.

	2006	2005
Audit Fees ⁽¹⁾	\$ 8,945,745	\$ 8,806,927
Audit Related Fees ⁽²⁾	\$ 417,420	\$ 274,723
Tax Fees ⁽³⁾	\$ 5,900	\$ 60,900
All Other Fees	\$	\$
Total Fees	\$ 9,369,065	\$ 9,142,550

(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.

	2006	2005
Due Diligence	\$	\$ 11,530
Audits and other Attest Services for Non-consolidated Entities	\$ 381,770	\$ 229,568
Other	\$ 35,560	\$ 33,625
Audit Related Fees	\$ 417,420	\$ 274,723

(3) Tax fees include income tax return preparation and compliance.

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 Allstate's independent registered public accountant for 2007 as proposed.

Item 3
Approve the Amendments
to the Restated Certificate of Incorporation to Eliminate the
Supermajority Vote Requirements

In furtherance of our continuing review of corporate governance matters, and after careful consideration and upon recommendation by the Nominating and Governance Committee, we have concluded that is advisable and in the best interests of the Corporation and its stockholders to propose amendments to the Corporation's Restated Certificate of Incorporation to eliminate the supermajority voting provisions and to request the stockholder approval of the proposed amendments.

A stockholder proposal was presented in last year's proxy statement that sought the elimination of the supermajority voting provisions from the Corporation's governing documents. That proposal received a high level of support from our stockholders. As part of our regular triennial review of the Corporation's structural defenses, we engaged in a thorough analysis of the need to retain the supermajority voting provisions in our Bylaws and certificate of incorporation in light of the strong stockholder sentiment expressed in last year's vote. We recognize that the supermajority voting provisions (provisions that require the affirmative vote of at least 66 ²/₃% of the outstanding shares) can limit the ability of a majority of stockholders at any particular time to effect change and that a lower threshold for stockholder votes can increase stockholders' ability to participate effectively in corporate governance. After careful consideration, we deemed it advisable to recommend that the stockholders approve the following amendments to the Corporation's Restated Certificate of Incorporation.

Elimination of the Supermajority Voting Provisions for Stockholder Adoption, Amendment or Repeal of Bylaws

Article Sixth of the Restated Certificate of Incorporation currently provides that the bylaws may be amended by the directors or by the stockholders upon the affirmative vote of 66 ²/₃% of the outstanding shares. The proposed amendment to Article Sixth changes the percentage of votes required for stockholders to amend the bylaws from 66 ²/₃% to a majority. To be effective, this amendment must be approved by the majority of the outstanding shares.

Elimination of Supermajority Voting Provisions to Remove Directors

Article Seventh of the Restated Certificate of Incorporation currently provides that no director may be removed, with or without cause, by the stockholders except by the affirmative vote of holders of not less than 66 ²/₃% of the outstanding shares. Furthermore, Article Seventh provides that it can only be changed by the affirmative vote of at least 66 ²/₃% of the outstanding shares. The proposed amendment would eliminate the supermajority voting provisions. To be effective, this amendment must be approved by at least 66 ²/₃% of the outstanding shares.

The proposed amendments to the Restated Certificate of Incorporation are set forth in full in Appendix A, with deletions indicated by strikeout and additions indicated by underline. The above descriptions of the current Articles and the proposed amendments to Article Sixth and Article Seventh of the Restated Certificate of Incorporation are qualified in their entirety by reference to the actual text set forth in Appendix A.

If this Item is approved by the majority of the outstanding shares but not by at least 66 ²/₃% of the outstanding shares, the amendment to Article Sixth of the Restated Certificate of Incorporation will become effective upon filing with the Delaware Secretary of State promptly after this annual meeting. If this Item is approved by at least 66 ²/₃% of the outstanding shares, the amendments to Article Sixth and Article Seventh of the Restated Certificate of Incorporation will become effective upon filing with the Delaware Secretary of State promptly after this annual meeting.

The Board of Directors unanimously recommends that stockholders vote *for* the approval of the amendments to the Restated Certificate of Incorporation.

Executive Compensation [to be included in Definitive Proxy Statement]

Compensation Committee Report

The Compensation and Succession Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation and Succession Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION AND SUCCESSION COMMITTEE

F. Duane Ackerman
Robert D. Beyer
W. James Farrell

H. John Riley (Chairman)

Jack M. Greenberg
Ronald T. LeMay
Mary Alice Taylor

Security Ownership of Directors and Executive Officers

The following table shows the number of shares of Allstate common stock beneficially owned by each director and named executive officer individually, and by all executive officers and directors of Allstate as a group. Shares reported as beneficially owned include shares held as nontransferable restricted shares awarded under Allstate's equity incentive plans subject to forfeiture under certain circumstances, shares held indirectly through The Savings and Profit Sharing Fund of Allstate Employees and other shares held indirectly, as well as shares subject to stock options exercisable on or prior to April 1, 2007 and restricted stock units for which restrictions expire on or prior to April 1, 2007. The percentage of Allstate shares of common stock beneficially owned by any Allstate director or nominee or by all directors and executive officers of Allstate as a group does not exceed 1%. The following share amounts are as of January 31, 2007. As of January 31, 2007, none of these shares were pledged as security.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Allstate Common Stock (a)	Common Stock Subject to Options Exercisable and Restricted Stock units for which restrictions expire on or prior to April 1, 2007 Included in Column (a) (b)
F. Duane Ackerman	42,432	20,501
James G. Address	40,672	28,001
Robert D. Beyer	25,455	0
W. James Farrell	25,969	17,033
Jack M. Greenberg	16,501	13,001
Danny L. Hale	283,794	233,775
Ronald T. LeMay	28,251	22,751
Edward M. Liddy	2,140,947	1,691,308
J. Christopher Reyes	28,554 ⁽¹⁾	13,001
H. John Riley, Jr.	41,876	24,501
Eric A. Simonson	276,824	229,907
Joshua I. Smith	20,232	15,000
Judith A. Sprieser	30,366	21,501
Casey J. Sylla	334,870	249,452
Mary Alice Taylor	33,170	19,001
Thomas J. Wilson, II	958,545	850,792
All directors and executive officers as a group	5,545,737 ⁽²⁾	4,381,010

(1) Includes 10,000 shares held by family limited liability company. Mr. Reyes disclaims beneficial ownership of these shares.

(2) Includes 500 shares held by an executive officer's son. The executive officer disclaims beneficial ownership of these shares.

Security Ownership of Certain Beneficial Owners

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	Northern Trust Corporation 50 S. LaSalle Street Chicago, IL 60675	32,703,651 ^(a)	5.23%

(a)

As of December 31, 2006. Held by Northern Trust Corporation together with certain subsidiaries (collectively "Northern"). Of such shares, Northern held 3,743,110 with sole voting power; 28,901,592 with shared voting power; 6,410,791 with sole investment power; and 603,940 with shared investment power. 25,210,672 of such shares were held by The Northern Trust Company as trustee on behalf of participants in Allstate's profit sharing plan. Information is provided for reporting purposes only and should not be construed as an admission of actual beneficial ownership.

Audit Committee Report

Deloitte & Touche LLP was Allstate's independent registered public accountant for the year ended December 31, 2006.

The Audit Committee has reviewed and discussed with management the audited financial statements for the fiscal year ended December 31, 2006.

The committee has discussed with Deloitte & Touche LLP the matters required to be discussed by Statement of Auditing Standards No. 61(Codification of Statements on Auditing Standards, AU §380).

The committee received from Deloitte & Touche LLP the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed with Deloitte & Touche LLP its independence.

Based on these reviews and discussions and other information considered by the committee in its judgment, the committee recommended to the Board of Directors that the audited financial statements be included in Allstate's annual report on Form 10-K for the fiscal year ended December 31, 2006 for filing with the Securities and Exchange Commission and furnished to stockholders with this Notice of Annual Meeting and Proxy Statement.

James G. Andress (Chairman)

F. Duane Ackerman
Jack M. Greenberg
Ronald T. LeMay

Joshua I. Smith
Judith A. Sprieser
Mary Alice Taylor

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Allstate's executive officers, directors and persons who beneficially own more than ten percent of Allstate's common stock to file reports of securities ownership and changes in such ownership with the SEC.

Based solely upon a review of copies of such reports or written representations that all such reports were timely filed, Allstate believes that each of its executive officers, directors and greater than ten-percent beneficial owners complied with all Section 16(a) filing requirements applicable to them during 2006 with the exception of Mr. Pilch, Controller of The Allstate Corporation and Group Vice President and Controller of Allstate Insurance Company, and Mr. Riley, a director of The Allstate Corporation, who each made one late Form 4 filing in 2006 covering a single transaction.

Related Person Transactions

The Nominating and Governance Committee of Allstate's Board has adopted a written policy regarding the review, approval or ratification of transactions with related persons. It is available on the Corporate Governance portion of the Corporation's website, allstate.com. In accordance with the policy, the Committee or the Committee chair reviews transactions with the Corporation in which the amount involved exceeds \$120,000 and in which any "related person" had, has, or will have a direct or indirect material interest. In general "related persons" are directors, executive officers, their immediate family members, and stockholders owning five percent or more of our outstanding stock. The Committee or chair approve or ratify only those transactions that are in, or not inconsistent with, the best interests of the Corporation and its stockholders. Transactions are reviewed and approved or ratified by the chair when it is not practicable or desirable to delay review of a transaction until a Committee meeting. The chair reports to the Committee any transactions so approved. Annually the Committee will review any previously approved or ratified related person transactions that remain ongoing. For 2006, no related person transactions were identified.

Stockholder Proposals for Year 2008 Annual Meeting

Proposals which stockholders intend to be included in Allstate's proxy material for presentation at the annual meeting of stockholders in the year 2008 must be received by the Secretary of Allstate, Mary J. McGinn, The Allstate Corporation, 2775 Sanders Road, Suite A3, Northbrook, Illinois 60062-6127 by December 4, 2007, and must otherwise comply with rules promulgated by the Securities and Exchange Commission in order to be eligible for inclusion in the proxy material for the 2008 annual meeting.

If a stockholder desires to bring a matter before the meeting which is not the subject of a proposal meeting the SEC proxy rule requirements for inclusion in the proxy statement, the stockholder must follow procedures outlined in Allstate's bylaws in order to personally present the proposal at the meeting. A copy of these procedures is available upon request from the Secretary of Allstate or can be accessed on Allstate's website allstate.com. One of the procedural requirements in the bylaws is timely notice in writing of the business the stockholder proposes to bring before the meeting. Notice of business proposed to be brought before the 2008 annual meeting must be received by the Secretary of Allstate no earlier than J