

ALLSTATE CORP  
Form DEF 14A  
April 01, 2011

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

*April 1, 2011*

**Notice of 2011 Annual Meeting and Proxy Statement**

Dear Stockholder:

Allstate's 2011 annual meeting of stockholders will be held on Tuesday, May 17, 2011, at 11:00 a.m. (CST) at our home office in Northbrook, Illinois. Your vote on the issues being considered at this meeting is important to our continued success. This proxy statement contains the information you will need to make an informed and independent decision on the election of directors and seven governance proposals.

**Your vote is important. Please vote as soon as possible, by telephone, Internet, or mail, even if you plan to attend the meeting.**

Sincerely,

Thomas J. Wilson  
Chairman, President and Chief Executive Officer

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

*April 1, 2011*

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 17, 2011. The Notice of 2011 Annual Meeting, Proxy Statement, and 2010 Annual Report and the means to vote by Internet are available at [www.proxyvote.com](http://www.proxyvote.com).**

### *Notice of 2011 Annual Meeting of Stockholders*

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The annual meeting of stockholders of The Allstate Corporation ("Allstate" or "corporation") will be held in the West Plaza Auditorium at Allstate's Home Office, 3100 Sanders Road, Northbrook, Illinois on Tuesday, May 17, 2011, at 11 a.m. for the following purposes:

1. To elect to the Board of Directors the 11 director nominees named in this proxy statement to serve until the 2012 annual meeting.
2. To ratify the appointment of Deloitte & Touche LLP as Allstate's independent registered public accountant for 2011.
3. To approve the proposed amendment to the corporation's certificate of incorporation granting holders of not less than 20% of outstanding shares the right to call a special meeting of stockholders.
4. To approve the proposed amendment to the corporation's certificate of incorporation to designate a forum for certain legal actions.
5. To provide an advisory vote on the compensation of the named executive officers as disclosed in this proxy statement.
6. To provide an advisory vote on the frequency of future advisory votes on the compensation of the named executive officers.
7. To consider two stockholder proposals, if properly presented.

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

Registration will begin at 10:00 a.m. Each stockholder may be asked to present picture identification and proof of stock ownership. Stockholders holding Allstate stock in street name (that is, through a bank, brokerage, or other record holder) will need to bring their account statement showing ownership as of the record date, March 18, 2011.

We are providing most of our stockholders with proxy materials through the Internet. Most stockholders will not receive printed copies of this proxy statement and the 2010 annual report unless they so request. Instead, they will receive by mail a notice ("Notice of Internet Availability of Proxy Materials") with instructions on how to review all of the proxy materials on the Internet and how to submit voting instructions. If you would like to receive the proxy materials electronically or in paper form, you should follow the instructions in the Notice of Internet Availability of Proxy Materials.

Allstate began mailing its Notice of Internet Availability of Proxy Materials, proxy statement and annual report, and proxy card/voting instruction form to stockholders and to participants in its Allstate 401(k) Savings Plan on April 1, 2011.

By Order of the Board,

Mary J. McGinn  
Secretary

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## *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 by proxy or in person. If you vote before the meeting, 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 proxy card/voting instruction form.

### **Who can vote**

You are entitled to vote if you were a stockholder of record at the close of business on March 18, 2011. On March 18, 2011, there were 525,399,085 Allstate common shares outstanding and entitled to vote at the annual meeting.

### **How to vote**

If you hold shares in your own name as a registered stockholder, you may vote in person by attending the annual meeting or 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 following the instructions provided there.

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

You may vote by telephone or Internet 24 hours a day, seven days a week.

If you hold shares in street name (that is, through a broker, bank, or other record holder), you should follow the instructions provided by your broker, bank, or other record holder to vote your shares. If you hold shares through the Allstate 401(k) Savings Plan, see the instructions on page 3.

### **Providing voting instructions and discretionary voting authority of proxies**

With respect to each of the proposals, 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 proposals 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 2011.**

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***FOR*** the proposed amendment to the corporation's certificate of incorporation granting holders of not less than 20% of the outstanding shares the right to call a special meeting of stockholders.

***FOR*** the proposed amendment to the corporation's certificate of incorporation designating a forum for certain legal actions.

***FOR*** the advisory resolution to ratify the compensation of the named executive officers.

***FOR*** the three year option for the frequency of future votes on executive compensation.

***AGAINST*** the stockholder proposal seeking the right to act by written consent.

***AGAINST*** the stockholder proposal seeking a report on political contributions and payments to trade associations and other tax exempt organizations.

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 proposals listed above, then the proxies will vote your shares as the Board of Directors recommends on those proposals. Other than the matters



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listed above, Allstate knows of no other matters to be presented at the meeting. If any other matters are properly presented at the meeting, the proxies may vote your shares in accordance with their best judgment.

**How votes are counted**

Each share of our common stock outstanding on the record date will be entitled to one vote on each of the 11 director nominees and one vote on each other matter.

*Proposal 1.* 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 a majority of votes cast will be elected. Abstentions will not be counted as votes cast for purposes of director elections and will have no impact on the outcome of the vote. 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.

*Proposal 2.* 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 proposal. Abstentions will be counted as shares present at the meeting and will have the effect of a vote against the matter.

*Proposals 3 and 4.* To approve the proposed amendments to the certificate of incorporation, the affirmative vote of a majority of outstanding shares entitled to vote is required. Abstentions will be counted as shares outstanding and will have the effect of a vote against the matter.

*Proposal 5.* To approve the compensation of the named executive officers, the affirmative vote of a majority of shares present in person or represented by proxy at the meeting and entitled to vote on the proposal is required. 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.

*Proposal 6.* The choice that receives the greatest number of votes will be the frequency preferred by stockholders. Abstentions and broker non-votes will have no impact on the outcome of the vote.

*Proposals 7 and 8.* To approve a stockholder proposal, 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 proposal is required. 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.

Rules of the New York Stock Exchange ("NYSE") determine whether proposals presented at stockholder meetings are "routine" or "non-routine." If a proposal is determined to be routine, the NYSE provides brokerage firms with discretionary authority to vote on the proposal without receiving voting instructions from their clients. Proposals 2, 3, and 4 are considered routine matters. Broker non-votes occur when a brokerage firm does not have discretionary voting authority and is unable to vote on a proposal because it is non-routine and the client has not provided voting instructions. Proposals 1 and 5 through 8 are considered non-routine matters. Abstentions and broker non-votes are counted for quorum purposes.

**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 if you are a registered stockholder.

**Confidentiality**

All proxies, ballots, and tabulations that identify the vote of a particular stockholder are confidential, except as necessary to allow the inspector of election to certify the voting results or to meet certain legal requirements. A representative of American Election Services, LLC 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

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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 distribution 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.

**Allstate 401(k) Savings Plan Participants**

If you hold Allstate common shares through the Allstate 401(k) Savings Plan, your proxy card/voting instruction form for those shares will instruct the plan 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 plan and also directly as a registered stockholder, the voting instructions you provide electronically will be applied to both your plan 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 plan 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 plan 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 plan 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 plan, 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.

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

**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 Allstate 401(k) Savings Plan. You should vote each proxy card/voting instruction form you receive.

## *Proxy Statement and Annual Report Delivery*

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Allstate has adopted the "householding" procedure approved by the Securities and Exchange Commission that allows us to deliver one Notice of Internet Availability of Proxy Materials, or if applicable, 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 environmentally friendly and cost effective because it reduces the number of materials to be printed and mailed. We may elect to send only one Notice of Internet Availability of Proxy Materials, or if applicable, one proxy statement and annual report to 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), unless we have been instructed otherwise. Stockholders that receive proxy materials in paper form will continue to receive separate proxy cards/voting instruction forms to vote their shares. Stockholders that receive the Notice of Internet Availability of Proxy Materials will receive instructions on submitting their proxy cards/voting instruction form via the Internet.



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Please contact our distribution agent, Broadridge Financial Solutions, by calling (800) 542-1061 or by writing to Broadridge Householdings Department, 51 Mercedes Way, Edgewood, NY 11717:

If you would like to receive a separate copy of the Notice of Internet Availability of Proxy Materials, or if applicable, a separate proxy statement and annual report for this year. Upon receipt of your request, we will promptly deliver the requested materials to you.

If you and other Allstate registered stockholders of record with whom you share an address currently receive multiple sets of the Notice of Internet Availability of Proxy Materials, or if applicable, the proxy statement and annual report, and you would like to receive only a single copy of each in the future.

If you hold your shares in street name, please contact your bank, broker, or other record holder to request information about householding.

You may also revoke your consent to householding by contacting Broadridge 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 and Code of Ethics*

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Allstate has a history of strong corporate governance which is firmly grounded in the belief that governance best practices are critical to our goal of driving sustained stockholder value. The Board of Directors has established *Corporate Governance Guidelines* and *Director Independence Standards*. Each of its standing committees operates under a written charter that has been approved by the Board.

Allstate is committed to operating its business with honesty and integrity and maintaining the highest level of ethical conduct. These absolute values are embodied in our *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, and other senior financial and executive officers as well as the Board of Directors.

The *Corporate Governance Guidelines*, *Director Independence Standards*, *Code of Ethics*, and the charters of each standing committee of the Board are available on the Corporate Governance portion of allstate.com. They 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.

### **Determinations of Independence of Nominees**

The Board of Directors has determined that each nominee, with the exception of Mr. Wilson, is independent according to applicable law, the listing standards of the NYSE, and the Board's *Director Independence Standards*. In accordance with the *Director Independence Standards*, the Board has determined that the nature of the following relationships with the corporation do not create a conflict of interest that would impair a director's independence.

#### *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 or (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.

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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 position as an executive officer of a tax exempt organization to which the aggregate amount of discretionary 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 tax exempt organization were equal to or less than the greater of \$1 million or 2% of such organization's consolidated gross revenues for such year.
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.

**Board Leadership Structure**

Thomas J. Wilson is the chairman of the Board as well as the chief executive officer of Allstate. Allstate's *Corporate Governance Guidelines* allow the Board to determine the roles of chairman and chief executive officer including whether they are held by separate individuals or by the same person. The Board believes that flexibility in the allocation of the responsibilities of these two roles enables the Board to adapt the leadership function to Allstate's needs. Currently, Allstate is well-served by having these roles performed by Mr. Wilson, who provides strategic and operating leadership for both the corporation and the Board. At other times, Allstate has split the roles of chairman and chief executive officer between two individuals, such as it did when Mr. Wilson initially took the position of chief executive officer.

The Board has a strong set of principles and practices to ensure independence and proper Board focus and oversight. The only director who is an insider is Mr. Wilson. In addition, the Board meets in executive session without management after each non-telephonic meeting to provide a formal venue to discuss issues among only the independent directors. The leadership of these sessions rotates amongst the independent directors. The Board selected this governance structure, after considering the approach supported by some proxy advisory firms of utilizing one permanent lead director, based on the directors' experiences on other public company boards and Allstate's current position. Allstate's structure requires each board member to assume the responsibility of Board leadership and enables the independent committee chairs to execute fully their responsibilities. This practice provides all independent directors the opportunity to assume a leadership role in the executive sessions. Furthermore, the Board believes that this practice is appropriate in light of the fact that currently only one of the directors is an Allstate employee, all of the other directors are independent, and that the Audit, Compensation and Succession, and Nominating and Governance Committees are comprised solely of independent directors. The chairman and chief executive officer is advised of the issues discussed during these sessions immediately upon conclusion of the meeting.

**Board Role in Risk Oversight**

The Board is responsible for the oversight of Allstate's business and management, including risk management. In exercising its management oversight responsibility, the Board regularly reviews management's strategy and the business plans for Allstate's property and casualty business, life insurance and annuity business, and investment portfolio, as well as the corporation's liquidity and use of capital, and the general counsel's assessment of legal, regulatory, and legislative issues. Twice a year, the Board reviews the corporation's risk management objectives and processes. This includes how management measures, evaluates, and manages the corporation's exposure to risks posed by a wide variety of events and conditions, including turmoil in the capital markets and natural catastrophes such as hurricanes. The Board also reviews third-party assessments of these risk management processes, including a comparison with peer organizations, leading industry practices, and emerging trends. The Audit Committee plays an integral role in risk management oversight by reviewing quarterly reports on risk management and, as provided in its charter, discussing risk assessment and management processes with Allstate's executives, including the chief risk officer. In the performance of their oversight responsibilities, the directors monitor whether Allstate's strategies reflect a balance of risk and return, whether such strategies are formulated within a clear set of risk tolerances, and whether risk management processes are executed as designed.

Table of Contents**Board Role in Management Succession**

One of the Board's responsibilities is to oversee the recruitment, development, and retention of executive talent to successfully pursue the corporation's strategic vision and operating priorities. Management succession is discussed by the Board, in executive session or in committee meetings, as appropriate. The Board and chief executive officer collaborate on succession planning, as described in our *Corporate Governance Guidelines*. The chief executive officer meets at least annually with the Compensation and Succession Committee and the Nominating and Governance Committee, either separately or jointly, as appropriate, to discuss succession planning and management development for senior executives. The chief executive officer provides input to the Nominating and Governance Committee and the Board regarding succession plans under various circumstances and scenarios, such as if the chief executive officer becomes unexpectedly unable to perform his duties. Under its charter, the Nominating and Governance Committee is responsible for recommending individuals for the roles of chairman and chief executive officer when leadership transitions occur. Under its charter, the Compensation and Succession Committee is responsible for conducting an annual review of the management organization of the corporation and succession plans for senior officers of the corporation. The Compensation and Succession Committee confers with the chief executive officer in determining who may be qualified to fill senior management vacancies. The Compensation and Succession Committee recommends officer elections to the Board.

**Board Meetings and Committees**

The Board held seven meetings during 2010. 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 2010 averaged 97% for directors as a group. Individual attendance records are included with each director's biography beginning on page 13.

Currently, the Board has four standing committees: Audit, Compensation and Succession, Executive, and Nominating and Governance committees. The following table identifies each standing committee, its members, and the number of meetings held during 2010. The members of the Audit, Compensation and Succession, and Nominating and Governance Committees have been determined to be independent by the Board within the meaning of applicable laws, the listing standards of the NYSE, and the *Director Independence Standards* as in effect at the time of determination. In addition to the standing committees, the Board appointed the Demand Review Committee in April of 2009 to be a non-standing committee, chaired by Ms. Sprieser and including Mr. Smith, to address a shareholder demand for board action. The Demand Review Committee met two times in 2010 before it was dissolved in July.

Director	Audit	Compensation and Succession	Executive	Nominating and Governance
F. Duane Ackerman	ü			ü
Robert D. Beyer	ü	ü		
W. James Farrell		ü	ü	ü*
Jack M. Greenberg	ü	ü		
Ronald T. LeMay	ü	ü		
Andrea Redmond		ü		ü
H. John Riley, Jr.		ü*	ü	ü
Joshua I. Smith		ü		ü
Judith A. Sprieser	ü*		ü	ü
Mary Alice Taylor	ü			ü
Thomas J. Wilson			ü*	
Number of Meetings in 2010	8	7	1	6

\* Committee chair





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**Board Attendance Policy**

Board members are expected to make every effort to attend all meetings of the Board and the committees on which they serve and to actively participate in the discussion of the matters before them. Board members are also expected to make every effort to attend the annual meeting of stockholders. All directors who stood for election at the 2010 annual meeting of stockholders were in attendance at our 2010 annual meeting of stockholders.

**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 her opinion, involves functions of the Board or its committees or that she otherwise determines merits its attention. The communication process is posted on the Corporate Governance portion of allstate.com.

**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. The Audit Committee is chaired by Ms. Sprieser and includes Mrs. Taylor and Messrs. Ackerman, Beyer, Greenberg, and LeMay. The Board has determined that Ms. Sprieser and Mr. 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.

The committee is responsible for, among other things, appointment, compensation, retention, 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. The committee reviews Allstate's accounting and auditing principles and practices affecting the financial statements and discusses with the independent registered public accountant those matters required to be discussed in accordance with generally accepted auditing standards and applicable Securities and Exchange Commission regulations. 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 has authority to conduct independent inquiries when deemed necessary to discharge its duties. The committee has the authority to retain independent outside counsel and other advisers it determines to be necessary to carry out its duties. 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.

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 chief executive officer, chief financial officer, chief risk officer, general counsel, secretary, controller, and senior internal audit officer participate in the committee's meetings. However, executive sessions of the committee are scheduled and held throughout the year, including sessions in which the committee meets with the independent registered public accountant and the senior internal audit officer. The committee reviews its performance at the end of each non-telephonic meeting and reviews its charter each year. The Audit Committee Report is on page 57.

*Executive Committee*

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The Executive Committee is chaired by Mr. Wilson and includes Ms. Sprieser and Messrs. Farrell and Riley. The committee is responsible for performing the duties of the Board between meetings of the Board. The committee has the powers of the Board in the management of the business affairs of the corporation to the

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extent permitted under the bylaws, excluding any powers granted by the Board, from time to time, to any other committee of the Board.

***Nominating and Governance Committee***

The Nominating and Governance Committee is chaired by Mr. Farrell and includes Ms. Sprieser, Ms. Redmond, Mrs. Taylor, and Messrs. Ackerman, Riley, and Smith. The committee is responsible for recommending candidates to be nominated by the Board for election as directors. 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 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*. The committee is also responsible for reviewing the corporation's structural defenses from time to time. 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.

Our 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 committee reviews its performance at the end of each non-telephonic meeting.

***Compensation and Succession Committee***

The Compensation and Succession Committee is chaired by Mr. Riley and includes Ms. Redmond and Messrs. Beyer, Farrell, Greenberg, LeMay, and Smith. 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 administers the incentive compensation plans pursuant to which officers of The Allstate Corporation and its principal operating subsidiaries at the vice president level and above are eligible to earn annual 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 for executive officers.

The committee has authority to grant equity awards to eligible employees in accordance with the terms of our 2009 Equity Incentive Plan. The Board has delegated to an equity award committee, consisting of the chief executive officer, the authority to make awards of stock options or restricted stock units in connection with the hiring or promotion of an employee or recognition of an employee's particular achievement. The equity award committee has authority to determine the number of shares subject to such options and the number of restricted stock units, subject to limits recommended by the Compensation and Succession Committee and approved by the Board. All awards granted by the equity award committee are reported to the Compensation and Succession Committee at the next meeting. The equity award committee is not 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 or covered employees as defined in Section 162(m)(3) of the Internal Revenue Code. Awards made by the equity award committee have a fixed grant date of the first business day of a month following committee action and must be made pursuant to the terms of award agreements previously approved by the Compensation and Succession 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 has sole authority to retain and terminate its compensation consultants, including sole authority to approve the consultants' fees. In 2010, the committee retained Towers Watson as its compensation consultant. As part of the engagement, Towers Watson provided a report assessing Allstate's executive compensation design, peer group selection, and relative pay for performance. In addition, Towers Watson provided

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a competitive assessment of total direct compensation (base salary and annual and long-term incentives) for senior management positions. Towers Watson also assessed changes proposed by management for the executive compensation program designed to address the relationship between pay and performance and risk and reward, to reflect a desired level of alignment with competitive market levels and practices. The aggregate amount of fees for executive compensation consulting services paid to Towers Watson in 2010 was \$133,130. Towers Watson representatives participated in portions of three committee meetings in 2010.

In addition to executive compensation consulting services, Towers Watson provided the corporation with non-executive compensation consulting and software maintenance services in 2010, with aggregate fees of \$2,248,000. Specifically, actuarial services and software maintenance services represent fees paid of \$612,000, while the balance of the fees, \$1,636,000, was paid for services related to Allstate's human res