ALLSTATE CORP
Form DEF 14A
March 25, 2002

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SCHEDULE 14A INFORMATION

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

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Check the appropriate box:
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The Allstate Corporation

(Name of Registrant as Specified In Its Charter)

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

March 25, 2002

Notice of Annual Meeting and Proxy Statement

Dear Stockholder:

You are invited to attend Allstate's 2002 annual meeting of stockholders to be held on Thursday, May 16, 2002. The meeting will be held at 11 a.m. in the Bank One Auditorium, 1 Bank One Plaza (located at Dearborn and Madison), Chicago, Illinois.

Following this page are the following:

- The notice of meeting
- The proxy statement
- Financial information about Allstate and management's discussion and analysis of Allstate's operations and financial condition

Also enclosed are the following:

- A proxy card and/or a voting instruction form
- A postage-paid envelope
- Allstate's 2001 summary Annual Report

Your vote is important. You may vote by telephone, Internet or mail. Please use one of these methods to vote before the meeting even if you plan to attend the meeting.

Sincerely,

Edward M. Liddy
Chairman, President and
Chief Executive Officer

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

March 25, 2002

Notice of Annual Meeting of Stockholders

The annual meeting of stockholders of The Allstate Corporation will be held at the Bank One Auditorium which is located on the Plaza level of the Bank One building, 1 Bank One Plaza, Chicago, Illinois on Thursday, May 16, 2002, at 11 a.m. for the following purposes:

1. To elect to the Board of Directors thirteen directors to serve until the 2003 annual meeting

2. To ratify the appointment of Deloitte & Touche LLP as Allstate's independent public accountants for 2002

3. To consider a stockholder proposal for cumulative voting in elections of directors

4. To consider a stockholder proposal concerning the shareholder rights plan

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

Allstate began mailing this proxy statement, proxy cards and/or voting instruction forms to its stockholders and to participants in its profit sharing fund on March 25, 2002.

By Order of the Board,

Robert W. Pike
Secretary

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Proxy and Voting Information

Who is asking for your vote and why

The annual meeting will be held only if a majority of the outstanding common stock entitled to vote is represented at the meeting. If you vote before the meeting or if you attend the meeting in person, your shares will be counted for the purpose of determining whether there is a quorum. To ensure that there will be a quorum, the Allstate Board of Directors is requesting that you vote before the meeting and allow your

Allstate stock to be represented at the annual meeting by the proxies named on the enclosed proxy card and/or voting instruction form. Voting before the meeting will not prevent you from voting in person at the meeting. If you vote in person at the meeting, your previous vote will be automatically revoked.

Who can vote

You are entitled to vote if you were a stockholder of record at the close of business on March 18, 2002. On March 18, 2002, there were 711,108,541 Allstate common shares outstanding and entitled to vote at the annual meeting.

How to vote

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

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

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

By signing and dating the proxy card and/or the voting instruction form and mailing it in the enclosed postage-paid envelope to The Allstate Corporation, c/o Proxy Services, P.O. Box 9112, Farmingdale, N.Y. 11735

You may vote by telephone or Internet 24 hours a day, seven days a week. If you vote using the Internet, such votes are valid under Delaware law. If you hold your shares through a bank, broker, or other record holder, you may vote your shares by following the instructions they have provided.

How votes are counted and discretionary voting authority of proxies

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

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

Abstention with respect to any of items 2 through 4 will be counted as shares present at the meeting and will have the effect of a vote against the matter. Broker non-votes (that is, if the broker holding your shares in street name does not vote with respect to a proposal) and shares as to which proxy authority is withheld with respect to a particular matter will not be counted as shares voted on the matter and will have no effect on the outcome of the vote.

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

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

For the ratification of the appointment of Deloitte & Touche LLP as Allstate's independent public accountants for 2002

Against the stockholder proposal for cumulative voting in elections of directors

Against the stockholder proposal concerning the shareholder rights plan

How to change your vote

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

Voting again by telephone, by Internet or in writing

Attending the meeting and voting your shares in person

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

If your shares are held in the name of a bank, broker or other record holder and you plan to attend the meeting, please bring proof of ownership that documents your right to attend and personally vote your shares.

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. Representatives of IVS Associates, Inc. will act as the inspectors of election and will count the votes. They are independent of Allstate and its directors, officers and employees.

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

Profit Sharing Participants

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

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

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 shares in the profit sharing fund, then it will vote all unvoted shares and unallocated shares in the same proportion and in the same manner as the shares for which timely instructions have been received, unless to do so would be inconsistent with the trustee's duties.

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

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

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

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

Annual Report and Proxy Statement Delivery

Some banks, brokers and other record holders have begun the practice of "householding" proxy statements and annual reports. "Householding" is the term used to describe the practice of delivering one copy of a document to a household of stockholders instead of delivering one copy of a document to each stockholder in the household. This means that you and other holders of Allstate common stock in your household may not receive separate copies of our proxy statement or annual report. We will promptly deliver an additional copy of either document to you if you write or call us at the following address or phone number: Investor Relations, The Allstate Corporation, 3075 Sanders Road, Northbrook, IL 60062-7127, (800) 416-8803.

Item 1
Election of Directors

With the exception of Messrs. Greenberg and Reyes, each nominee was previously elected by the stockholders at Allstate's Annual Meeting on May 15, 2001, and has served continuously since then. The terms of all directors will expire at this annual meeting in May 2002. No person, other than the directors of Allstate acting solely in that capacity, is responsible for the naming of the nominees. 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.

Mr. Warren L. Batts and Mr. James M. Denny will each reach the mandatory retirement age in 2002 and therefore are not standing for re-election. Both have provided exemplary service as directors to Allstate since 1993. Messrs. Batts and Denny will retire at this year's annual meeting of shareholders.

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.

Nominees

F. Duane Ackerman (Age 59)
Director since 1999

Chairman, President and Chief Executive Officer since 1997 of BellSouth Corporation, a communications services company. Mr. Ackerman previously served as Vice Chairman, President and Chief Executive Officer of BellSouth Corporation from 1996 to 1997 and as Chief Operating Officer and Vice Chairman from 1995 to 1996. Mr. Ackerman also serves as a director of Wachovia Corporation.

James G. Andress (Age 63)
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 had been President, Chief Executive Officer and a director of Warner Chilcott since 1996 and also served as its President and Chief Executive Officer from November 1996 until 1998. Mr. Andress is also a director of Information Resources, Inc., OptionCare, Inc., Sepracor, Inc., and Xoma Corporation.

Edward A. Brennan (Age 68)
Director since 1993

Chairman of the Board, President and Chief Executive Officer of Sears, Roebuck and Co. from January 1986 until his retirement in August 1995. Mr. Brennan is also a director of AMR Corporation, Exelon Corporation, Minnesota Mining and Manufacturing Company, and Morgan Stanley.

W. James Farrell (Age 59)
Director since 1999

Chairman since May 1996 and Chief Executive Officer since September 1995 of Illinois Tool Works Inc., a manufacturer of engineering and industrial components. Mr. Farrell served as President of Illinois Tool Works from September 1994 to May 1996. He is also a director of the Federal Reserve Bank of Chicago, Kraft Foods Inc., Sears, Roebuck and Co. and UAL Corporation.

Jack M. Greenberg (Age 59)
Director since February 2002

Chairman and Chief Executive Officer of McDonald's Corporation since May 1999. Previously, Mr. Greenberg served as President and Chief Executive Officer since April 1998 and has been a member of McDonald's board of directors since 1982. Prior to that, Mr. Greenberg served as Vice Chairman of McDonald's Corporation and as Chairman and Chief Executive Officer of McDonald's U.S.A. Mr. Greenberg is also a director of Abbott Laboratories.

Ronald T. LeMay (Age 56)
Director since 1999

President and Chief Operating Officer since October 1997 of Sprint Corporation, a global telecommunications company. Mr. LeMay was Chairman, President and Chief Executive Officer of Waste Management, Inc., a provider of waste management services, from July 1997 to October 1997. Previously, Mr. LeMay was President and Chief Operating Officer of Sprint from February 1996 to July 1997. Mr. LeMay is also a director of Ceridian Corporation, Imation Corporation and Sprint Corporation.

Edward M. Liddy (Age 56)
Director since 1999

Chairman, President and Chief Executive Officer of Allstate since January 1999. Mr. Liddy served as President and Chief Operating Officer of Allstate from January 1995 until 1999. Before joining Allstate, Mr. Liddy was Senior Vice President and Chief Financial Officer of Sears, Roebuck and Co. He is also a director of Minnesota Mining and Manufacturing Company and The Kroger Co.

Michael A. Miles (Age 62)
Director since 1993

Special Limited Partner since 1995 of Forstmann Little & Co., an investment firm. Mr. Miles is also a director of AMR Corporation, AOL Time Warner Inc., Community Health Systems, Inc., Dell Computer Corporation, Exult, Inc., Morgan Stanley and Sears, Roebuck and Co.

J. Christopher Reyes (Age 48)
Director since February 2002

Chairman since January 1997 of Reyes Holdings LLC and its affiliates, a privately held food and beverage distributor. Mr. Reyes is also a director of Wintrust Financial Corporation and Dean Foods Company.

H. John Riley, Jr. (Age 61)
Director since 1998

Chairman, President and Chief Executive Officer since April 1996 of Cooper Industries Inc., a diversified manufacturer of electrical products and tools and hardware. Mr. Riley had served as President and Chief Executive Officer of Cooper since 1995. He is also a director of Baker Hughes Inc. and Dynegy, Inc.

Joshua I. Smith (Age 61)
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 from 1978 until 2000. In June 1998, The MAXIMA Corporation filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Reform Act of 1978 in the United States Bankruptcy Court, District of Maryland. Mr. Smith is also a director of Cardio Comm Solutions, Inc., Caterpillar, Inc. and Federal Express Corporation.

Judith A. Sprieser (Age 48)
Director since 1999

Chief Executive Officer since September 2000 of Transora, a global eMarketplace for consumer packaged goods. Ms. Sprieser was Executive Vice President of Sara Lee Corporation from 1998 until 2000 and had also served as Chief Financial Officer from 1994 to 1998. Ms. Sprieser also serves as a director of USG Corporation and is a trustee of Northwestern University.

Mary Alice Taylor (Age 52)
Director since 2000

Ms. Taylor is currently an independent business executive. From July 2001 to December 2001, Ms. Taylor accepted a temporary assignment as Chairman and Chief Executive Officer of Webvan Group, Inc., an Internet e-commerce company. Prior to that, Ms. Taylor was Chairman and Chief Executive Officer of HomeGrocer.com from September 1999 until October 2000. Ms. Taylor was Corporate Executive Vice President of Citigroup, Inc. from January 1997 until September 1999. Previously, Ms. Taylor was Senior Vice President of Federal Express Corporation from June 1980 until December 1996. Ms. Taylor also serves as a director of Autodesk, Inc., Blue Nile, Inc. and Sabre Inc.

Meetings of the Board and Board Committees

The Board held 8 meetings during 2001. Each incumbent director attended at least 75% of the Board meetings and meetings of committees of which he or she was a member. The following table identifies each committee, its members and the number of meetings held during 2001. The Board of Directors, in its business judgment, has determined that all members of the Audit Committee are "independent" as required by the applicable listing standards of the New York Stock Exchange. A summary of each committee's functions and responsibilities follows the table.

Director	**Audit**	**Compensation and Succession**	**Nominating and Governance**
F. Duane Ackerman		X	
James G. Andress	X	X	
Warren L. Batts		X	X
Edward A. Brennan		X	X*
James M. Denny	X*		X
W. James Farrell		X	
Jack M. Greenberg**		X	
Ronald T. LeMay	X	X	
Michael A. Miles	X		X
J. Christopher Reyes**	X		
H. John Riley, Jr.		X*	X
Joshua I. Smith	X		X
Judith A. Sprieser	X		
Mary Alice Taylor	X		
Number of Meetings in 2001	4	5	4

* Committee Chair
** Messrs. Greenberg and Reyes were named to their respective committees on February 5, 2002.

Functions of Board Committees

Audit Committee Functions:

- Review Allstate's annual financial statements, annual report on Form 10-K and annual report to stockholders and prepare the Audit Committee Report for the proxy statement
- Review Allstate's accounting, auditing and internal control principles and practices affecting the financial statements
- Examine the scope of audits conducted by the independent public accountants and the internal auditors
- Review reports by the independent public accountants and internal auditors concerning management's compliance with law and Allstate's policies on ethics and business conduct
- Confer with the General Counsel on the status of potentially material legal matters affecting Allstate's financial statements
- Periodically review and evaluate the qualifications, independence and performance of the independent public accountants
- Advise the Board on the appointment of independent public accountants
- Conduct independent inquiries when deemed necessary by the Committee to discharge its duties
- Conduct annual review and assessment of Audit Committee charter

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Compensation and Succession Committee Functions:

- Recommend nominees for certain officer positions
- Administer Allstate's equity incentive and other executive benefit plans
- Advise the Board on the proxy statement and form of proxy for the annual meeting
- Make recommendations with respect to executive officer salaries, bonuses and other compensation, including terms and conditions of employment
- Annually review management organization and succession plans for Allstate and senior officers of each significant operating subsidiary

Nominating and Governance Committee Functions:

- Recommend nominees for election to the Board and its committees

Recommend nominees for election as Chairman and Chief Executive Officer

Recommend the criteria for the assessment of the performance of the Board and administer non-employee director compensation

Make recommendations with respect to the periodic review of the performance of and succession planning for the Chairman and Chief Executive Officer

Advise the Board on the proxy statement and form of proxy for the annual meeting

Advise the Board on the establishment of guidelines on corporate governance

Advise the Board on policies and practices on stockholder voting

Compensation Committee Interlocks and Insider Participation

During 2001, the Compensation and Succession Committee consisted of H. John Riley, Jr., Chairman, F. Duane Ackerman, James G. Andress, Warren L. Batts, Edward A. Brennan, W. James Farrell, Ronald T. LeMay. None is a current or former officer of Allstate or any of its subsidiaries. There were no committee interlocks with other companies in 2001 within the meaning of the Securities and Exchange Commission's proxy rules. Mr. Batts is retiring from the Board at the annual meeting of shareholders on May 16, 2002, as he will reach the mandatory retirement age during 2002.

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Directors' Compensation and Benefits

The following table lists the compensation and benefits provided in 2001 to directors who are not employees of Allstate or its affiliates ("non-employee directors").

Non-Employee Directors' Compensation and Benefits(a)

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

(a) In addition to the standard compensatory arrangements, in March of 2001, Mr. Andress used an Allstate corporate jet to accommodate a personal medical emergency; the value of the use was imputed to him as compensation in the amount of $1,997.

(b) Under the Equity Incentive Plan for Non-Employee Directors, directors may elect to receive Allstate common stock in lieu of cash compensation. In addition, under Allstate's Deferred Compensation Plan for Directors, directors may elect to defer directors' fees to an account that generates earnings based on:

1. The market value of and dividends on Allstate's common shares ("common share equivalents")

2. The average interest rate payable on 90-day dealer commercial paper

3. Standard & Poor's 500 Composite Stock Price Index (with dividends reinvested)

4. A money market fund

No director has voting or investment powers in common share equivalents, which are payable solely in cash. Subject to certain restrictions, amounts deferred under the plan (together with earnings thereon) may be transferred between accounts and are distributed in a lump sum or over a period not in excess of ten years.

(c) Granted each December 1st under the Equity Incentive Plan for Non-Employee Directors and subject to restrictions on transfer until the earliest of six months after grant, death or disability or termination of service. Grants are accompanied by a cash payment to offset the increase in the director's federal, state and local tax liabilities (assuming the maximum prevailing individual tax rates) resulting from the grant of shares. Directors who are elected to the board between annual shareholder meetings are granted a pro-rated number of Allstate shares on June 1st following the date of the director's initial election.

(d) Granted each June 1st at exercise prices equal to 100% of value on the date of grant. Directors who are elected to the board between annual shareholder meetings are granted an option for a pro-rated number of shares on the date of their election at an exercise price equal to 100% of value on the date of their election. The options become exercisable in three substantially equal annual installments, expire ten years after grant, and have a "reload" feature. The reload feature permits payment of the exercise price by tendering Allstate common stock, which in turn gives the option holder the right to purchase the same number of shares tendered, at a price equal to the fair market value on the exercise date. Upon mandatory retirement pursuant to the policies of the Board, the unvested portions of any outstanding options shall fully vest. The options permit the option holder to exchange shares owned or have option shares withheld to satisfy all or part of the exercise price. The vested portion of options may be transferred to any immediate family member, to a trust for the benefit of the director or immediate family members, or to a family limited partnership.

Security Ownership of Directors and Executive Officers

The following table sets forth certain information as to shares of Allstate common stock beneficially owned by each director and executive officer named in the Summary Compensation Table, and by all executive officers and directors of Allstate as a group. Shares reported include shares held as nontransferable restricted shares awarded under Allstate's employee benefit plans, subject to forfeiture under certain circumstances, shares held indirectly through The Savings and Profit Sharing Fund of Allstate Employees and shares subject to stock options exercisable on or prior to April 1, 2002. The percentage of Allstate shares 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, 2001 except for the shares held through profit sharing, which are as of December 31, 2001.

Name	Amount and Nature of Beneficial Ownership of Allstate Shares(a)
F. Duane Ackerman	17,735(b)
James G. Andress	19,663
Edward A. Brennan	327,046(c)
John L. Carl	178,419(d)
Richard I. Cohen	177,351(e)
Jack M. Greenberg	1,000
W. James Farrell	6,159(f)
Ronald T. LeMay	7,250(g)
Edward M. Liddy	1,471,711(h)
Michael A. Miles	36,498
J. Christopher Reyes	10,000
H. John Riley, Jr.	20,500(i)
Joshua I. Smith	12,982(j)
Judith A. Sprieser	7,933(k)
Mary Alice Taylor	8,973(l)
Casey J. Sylla	241,419(m)

Name	Amount and Nature of Beneficial Ownership of Allstate Shares(a)
Thomas J. Wilson, II	398,813(n)
All directors and executive officers as a group	4,539,255(o)

(a) Each of the totals for Messrs. Andress, Brennan, and Miles includes 12,000 Allstate shares subject to option.

(b) Includes 2,000 shares subject to option.

(c) Include 36,894 shares held by Mr. Brennan's spouse. Mr. Brennan disclaims beneficial ownership of these shares.

(d) Includes 142,323 shares subject to option.

(e) Includes 133,954 shares subject to option and 130 shares held by Mr. Cohen's spouse. Mr. Cohen disclaims beneficial ownership of these shares.

(f) Includes 3,000 shares subject to option.

(g) Includes 3,750 shares subject to option.

(h) Includes 1,172,875 shares subject to option.

(i) Includes 5,500 shares subject to option.

(j) Includes 9,750 shares subject to option.

(k) Includes 2,667 shares subject to option.

(l) Includes 1,000 shares subject to option.

(m) Includes 191,912 shares subject to option.

(n) Includes 348,697 shares subject to option.

(o) Includes 3,253,049 shares subject to option.

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	44,213,841(a)	6.2%
Common	Capital Research & Management Company 333 South Hope Street, 55th Floor Los Angeles, CA 90071	53,851,800(b)	7.6%

(a)

As of December 31, 2001. Held by Northern Trust Corporation together with certain subsidiaries (collectively "Northern"). Of such shares, Northern held 2,188,602 with sole voting power; 41,921,560 with shared voting power; 3,191,240 with sole investment power; and 857,639 with shared investment power. 39,887,647 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.

(b)

As of December 31, 2001 based on Form 13G reflecting sole investment power over shares, filed by Capital Research and Management Company on February 11, 2002.

Item 2
Ratification of Appointment of Independent Public Accountants

Item 2 is the ratification of the appointment by the Board of Deloitte & Touche LLP as Allstate's independent public accountants for 2002. The Board's appointment was based on the Audit Committee's recommendation. Although stockholder approval of the Board's appointment of Deloitte & Touche LLP is not required by law, the Board of Directors believes it is advisable to give stockholders an opportunity to ratify its selection. If the appointment is not ratified, the Board of Directors may reconsider its selection.

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 Board unanimously recommends that stockholders vote *for* the ratification of the appointment of Deloitte & Touche LLP as independent public accountants for 2002 as proposed.

Item 3
Stockholder Proposal on Cumulative Voting

Mr. William E. Parker, 6906 Village Parkway, Dublin, California, 94568, registered owner of 217 shares of Allstate common stock as of November 17, 2001, intends to propose the following resolution at the Annual Meeting.

"Resolved: That the stockholders of The Allstate Corporation, assembled at the annual meeting in person and by proxy, hereby request the Board of Directors to take the steps necessary to provide for cumulative voting in the election of directors, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he or she owns multiplied by the number of directors to be

elected, and he or she may cast all of such votes for a single candidate, or any two or more of them as he or she may see fit."

Supporting Statement

"Last year, this proposal received nearly forty-three percent of the vote, proving that there is strong interest and awareness on the part of the stockholders for the need for oversight and accountability at The Allstate Corporation.

We believe the company's financial performance is directly related to its corporate governing procedures and policies.

As we write this statement, The Allstate Corporation is under investigation by the Equal Employment Opportunity Commission, Department of Labor, Pension and Welfare Benefits Administration, and numerous state departments of insurance for various business practices.

The Allstate Corporation is being sued by consumers for discrimination, redlining and unfair claim practices. Its employees and agents are suing for overtime wages, misrepresentation, breech [sic] of contract and bad faith.

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

Cumulative voting increases the possibility of electing independent-minded directors that will enforce managements accountability to shareholders and the public at large.

Corporations that have independent minded directors can help foster improved financial performance and greater stockholder wealth.

The argument that the adoption of cumulative voting will lead to the election of dissidents to the board that will only represent the special interest is misleading because standards of fiduciary duty compel directors to act in the best interest of all shareholders.

Please help us bring The Allstate Corporation back to being a "great American company" by voting "yes" on this resolution."

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

The Board believes that each director should represent the interests of ***all*** stockholders. Allstate's current method of electing directors, by a plurality of the votes cast, is the fairest way to elect an independent board that represents all stockholders and not a particular interest group.

Cumulative voting is inconsistent with the principle that each director should represent all stockholders equally because it permits the election of a director by one stockholder or by a relatively small group of stockholders. Consequently, cumulative voting can result in the election of a director who feels accountable to a particular stockholder constituency, not to stockholders as a whole. A director who represents a particular stockholder constituency may feel obligated to pursue the financial, political or social agenda of that group of stockholders to the detriment of the overall interests and goals of all stockholders.

The proponent erroneously suggests that Allstate's Board is not independent. With the typical exception of the Chairman of the Board and Chief Executive Officer, all of the nominees and incumbent directors are independent. None are employees or former employees of Allstate and none have any significant financial or personal ties to Allstate or to its management. Moreover, all nominees have been evaluated and recommended for election by the Nominating and Governance Committee, which is comprised solely of independent, non-employee directors. The Committee recommends members who are highly qualified and reflect a diversity of experience and viewpoints.

Each incumbent director stands on his or her own credentials and record of service to Allstate and its stockholders. It is the stockholders, not management, who ultimately elect the Board of Directors by casting their votes for the candidates. This ensures the continued independence of the Board and therefore continues to serve the interests of all stockholders equally.

In the case of a company with a classified or staggered Board, where only a portion of the directors seek election at any one annual meeting, cumulative voting may be used to help balance the interests of the stockholders with management. But with a Board like Allstate's, all of whose members are annually elected,

cumulative voting could be used to give disproportionate voice to a minority group of stockholders to the possible detriment of the majority of all stockholders.

The Board agrees that financial performance is driven in part by strong corporate governance standards and is proud of its own corporate governance practices and procedures. The Board abides by established internal governance guidelines which include specific criteria for selection of nominees for election to the Board that emphasize leadership, independence, and ability to act in the interest of all stockholders. The guidelines also provide for: the advance distribution of materials for board and committee meetings; a mandatory retirement age for directors; no set terms for directors; the ability of directors to initiate contact with company management; the requirement that all members of its Audit, Nominating and Governance, and Compensation and Succession committees be comprised of outside independent directors; and the stated belief that common stock should comprise a meaningful portion of director compensation. These guidelines are regularly reviewed by the Board to ensure that they remain current and consistent with corporate governance best practices. In addition, the Bylaws provide for annual elections of all directors with no staggered terms. The process for recommending nominees is provided in each year's proxy statement (see "Stockholder Proposals for Year 2003 Annual Meeting" below). The Board also provides for confidential voting by stockholders. In total, the Board has established a comprehensive corporate governance program aimed at fulfilling the Board's duties to the stockholders.

In addition to its strong corporate governance program, the Board has demonstrated its focus and commitment to increasing stockholder value by taking actions necessary to improve financial performance. Such actions include the Company's rollout of The Good Hands® Network, now available in 30 states and to nearly 90% of the U.S. population, that provides access to Allstate through the Internet, Customer Information Centers or through an Allstate agent. A new integrated pricing, underwriting and marketing program called Strategic Risk Management has been implemented which helps to attract new business in the most profitable customer segments and provide the right products at the right price. Where Strategic Risk Management has been implemented, new business is up and retention is up. In addition, the Board has instituted changes to address the challenges Allstate faces in the homeowners line of business as a result of increased severities, weather-related losses and an aggressively priced competitive environment. Some of the actions being implemented in the homeowners line include policy form changes, limiting coverage for mold, increasing the efficiency of the claims organization and aggressive rate activity. All these actions are designed to meet profit-improvement goals Allstate has for its homeowners line of business. In addition, the Company is focused on expanding the scope of its business by aggressively accelerating growth into financial products and services. The Board believes this expansion will balance well with Allstate's traditional insurance business because of favorable demographic trends, more predictable earnings, a less restrictive regulatory environment and higher industry-wide growth rates. These are just a few of the actions underway at Allstate that demonstrate the Board's commitment to improve the Company's performance for the benefit of its customers and stockholders.

Lastly, the Board is committed to the Company's long-term strategies and has overseen the execution of capital management strategies designed to achieve long-term value for the stockholders. To that end, the Board has consistently increased the dividends paid on the common stock and has successfully implemented numerous share repurchase programs to enhance stockholder value.

It is true that large corporations have become a favorite target in today's litigious society. Like other members of the industry, Allstate is a target of an increasing number of class action lawsuits and other types of litigation. Allstate is vigorously defending these lawsuits. Allstate is committed to conducting its business in full compliance with the law and to cooperating fully with the state and federal agencies that regulate its business.

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

Item 4
Stockholder Proposal Concerning the Rights Plan

Mr. John Chevedden representing Mr. Emil Rossi, P.O. Box 249, Boonville, CA 95415, registered owner of 6,094 shares of Allstate common stock as of October 22, 2001, has submitted notice to the Company of his intention to present the following proposal at the Annual Meeting and has furnished the following statements in support of his proposal.

"SHAREHOLDER VOTE ON POISON PILLS

Shareholders request the Board of Directors redeem any poison pill previously issued unless such issuance is approved by the affirmative vote of shareholders to be held as soon as may be practicable.

Negative Effects of Poison Pills on Shareholder Value

A study by the Securities and Exchange Commission found evidence that the negative effect of poison pills to deter profitable takeover bids outweigh benefits.

Source: Office of the Chief Economist, Securities and Exchange Commission, The Effect of Poison Pills on the Wealth of Target Shareholders, October 23, 1986

Additional Support for this Proposal Topic

Pills adversely affect shareholder value
Power and Accountability
Nell Minow and Robert Monks
Source: www.thecorporatelibrary.com/power

The Council of Institutional Investors recommends shareholder approval of all poison pills.

Institutional Investor Support for Shareholder Vote

Many institutional investors believe poison pills should be voted on by shareholders. A poison pill can insulate management at the expense of shareholders. A poison pill is such a powerful tool that shareholders should be able to vote on whether it is appropriate. We believe a shareholder vote on poison pills will avoid an unbalanced concentration of power in the directors who could focus on narrow interests at the expense of the vast majority of shareholders.

In our view, a poison pill can operate as an anti-takeover device to injure shareholders by reducing management responsibility and adversely affect shareholder value. Although management and the Board of Directors should have appropriate tools to ensure that all shareholders benefit from any proposal to acquire the Company, we do not believe that the future possibility of a takeover justifies an in-advance imposition of a poison pill. At a minimum, many institutional investors believe that the shareholders should have the right to vote on the necessity of adopting such a powerful anti-takeover weapon which can entrench existing management.

Institutional Investor Support Is High-Caliber Support

Clearly this proposal topic has significant institutional support. Shareholder right to vote on poison pill resolutions achieved 60% APPROVAL from shareholders in 1999. Source: *Investor Responsibility Research Center's Corporate Governance Bulletin*, April-June 1999.

Institutional investor support is high-caliber support. Institutional investors have the advantage of a specialized staff and resources, long-term focus, fiduciary duty and independent perspective to thoroughly study the issues involved in this proposal topic.

Shareholder Vote Precedent Set by Other Companies

In recent years, various companies have been willing to redeem poison pills or at least allow shareholders to have a meaningful vote on whether a poison pill should remain in force. We believe that our company should do so as well.

In the interest of shareholder value vote yes:

SHAREHOLDER VOTE ON POISON PILLS
YES ON 4"

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

The Board adopted the shareholder rights plan (commonly known as a "poison pill") in 1999 to protect the stockholders against unsolicited attempts to gain control of the Company without providing fair value to all of its shareholders. The Board believes the rights plan protects the Company's stockholders by preventing partial or two-tier bids that fail to treat all stockholders equally, creeping acquisitions through open market purchases and other acquisition tactics that the Board believes are unfair to the stockholders.

The rights plan does not prevent anyone from making a takeover proposal. The rights plan simply increases the power of the Board by inducing a bidder to negotiate with the Board on behalf of the stockholders. In general, directors are required to act with due care, in good faith and in the best interests of stockholders. The Board's duties to the stockholders require that it evaluate the merits of each and every takeover proposal to ensure that any proposed business combination is in the best interests of shareholders. The rights plan is designed to ensure that takeover proposals are submitted to the Board and that the Board is provided with the time necessary to properly evaluate each proposal and alternatives to each proposal. After it has thoroughly reviewed a takeover proposal and considered alternative opportunities available for the Company, the Board will approve a proposal if it determines that the proposal serves the stockholders' best interests. If, however, the proposal is inadequate in any respect, the rights plan enables the Board to either reject the proposal, or to insist that it be changed. By inducing a bidder to negotiate with the Board, a rights plan operates to strengthen the Board's bargaining position for the benefit of the stockholders.

The proponent argues that the presence of a rights plan has the effect of deterring "profitable bids" which negatively affects shareholder value. However, the economic benefits of a shareholder rights plan have been validated in several studies. A 2001 Investor Responsibility Research Center report on poison pills cites several empirical studies which demonstrate that companies with rights plans are not insulated from bids and receive higher takeover premiums for their shareholders. One of those studies, conducted by Georgeson Shareholder, *Poison Pills and*

Shareholder Value / 1992-1996 analyzed takeover data between 1992 and 1996 and found premiums paid to targeted companies with poison pills were on average eight percentage points higher than the premiums paid to target companies without poison pills in place, which represented a difference of approximately $13 billion in shareholder value. A 1997 J.P. Morgan Securities study found that companies with rights plans in place received approximately a 10% greater premium for their shareholders in takeover situations as compared to companies without a rights plan. Georgeson's study also found that companies with poison pills were not immune from takeover bids but in fact had a slightly higher takeover rate than companies without pills and having a rights plan in place did not make a company less likely to become a target.

These empirical studies support the underlying reasons why more than half of the companies in the S&P 500 Index have some type of rights plan in place.

Allstate's Board is comprised of directors who are, or were prior to their respective retirements, partners, executive officers or directors of major corporations. All are versed in business and financial matters and all are familiar with Allstate's business. The Board is fully cognizant of its duties to its stockholders to carefully evaluate the merits of any acquisition proposal. The Board is thus uniquely and best qualified to act in the best interests of the stockholders. The rights plan strengthens the ability of the Board in the exercise of its duties, to protect and further the interests of the stockholders by providing it with the opportunity to thoroughly and completely evaluate an offer in order to maximize shareholder value.

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

Executive Compensation

The following Summary Compensation Table sets forth information on compensation earned in 1999, 2000 and 2001 by Mr. Liddy (Allstate's Chief Executive Officer) and by each of Allstate's four most highly compensated executive officers (with Mr. Liddy, the "named executives").

Summary Compensation Table

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)(1)**	**Other Annual Compensation ($)(2)**	**Restricted Stock Award(s) ($)(3)**	**Securities Underlying Options/ SARs (#)(4)**	**LTIP Payouts ($)(5)**	**All Other Compensation ($)(6)**
Edward M. Liddy	2001	990,000	103,356	55,199	0	400,000	1,024,873	4,293
(Chairman, President and	2000	954,167	594,083	1,153	2,930,719	307,428	0	7,889
Chief Executive Officer)	1999	890,000	538,873	13,218	0	400,000	2,468,250	7,292
John L. Carl	2001	473,200	265,687	769	0	100,000	124,824	4,280
(Vice President and Chief	2000	442,900	352,827	769	576,308	77,996	0	7,330
Financial Officer)	1999	322,000	162,324	1,539	160,005	195,648	0	305
Richard I. Cohen	2001	540,000	206,464	769	0	119,864	166,642	4,330
(President, Personal	2000	492,900	414,393	1,422	772,683	114,574	0	7,529
Property and Casualty)	1999	360,100	203,251	4,737	0	115,340	596,447	6,709
Casey J. Sylla	2001	450,925	536,545	769	0	93,143	119,154	4,330
(Chief Investment Officer	2000	424,575	443,540	769	710,279	87,942	0	7,710
	1999	409,200	494,632	3,688	0	137,662	811,230	7,142

		Annual Compensation			**Long Term Compensation**				
of Allstate Insurance Company)									
Thomas J. Wilson, II	2001	510,050	404,485	986	0	114,503	167,952	4,269
(President, Allstate Financial)	2000	479,325	645,213	913	736,617	109,694	0	7,675
	1999	458,700	409,213	79,589	0	165,340	930,864	6,998

(1) Amounts earned under Allstate's Annual Executive Incentive Compensation Plan and Allstate's Annual Covered Employee Incentive Compensation Plan are paid in the year following performance.

(2) The amount attributed to Mr. Liddy in 2001 includes $29,409 for personal use of the corporate aircraft pursuant to the Board's request to senior management to maximize use to cope with emergency and other special situations and avoid the risks of commercial air travel. The amount attributed to Mr. Wilson in 1999 includes $35,868 for business related spousal travel expenses. The remainder of the amounts for each of the named executives represent tax gross-up payments attributable to income taxes payable on certain travel benefits, tax return preparation fees and financial planning.

(3) The 2000 restricted stock grant shares held by the named executives are valued below at the December 31, 2001 closing price of $33.96 per share. The 2000 restricted stock awards will vest in two approximately equal installments on May 18, 2002 and May 18, 2004. The 1999 restricted stock award of 4,361 shares awarded to John L. Carl unrestricted in March of 2000. Dividends are paid on the restricted stock shares in the same amount and at the same time as dividends paid to all other owners of Allstate common stock.

Named Executive	# of Shares	12/31/01 Market Value
Edward M. Liddy	109,050	$ 3,703,338
John L. Carl	21,444	$ 728,238
Richard I. Cohen	28,751	$ 976,384
Casey J. Sylla	26,429	$ 897,529
Thomas J. Wilson, II	27,409	$ 930,810

(4) The 2001 awards are set forth below in detail in the table titled "Option/SAR Grants in 2001."

(5) Amounts earned under Allstate's Long-Term Executive Incentive Compensation Plan are paid in the year following the end of the performance cycle.

(6) Each of the named executives participated in group term life insurance and in Allstate's profit sharing plan, a qualified defined contribution plan sponsored by Allstate. The amounts shown represent the premiums paid for the group term life insurance by Allstate on behalf of each named executive officer and the value of the allocations to each named executive's account derived from employer matching contributions to the profit sharing plan.

Option/SAR Grants in 2001

The following table is a summary of all Allstate stock options granted to the named executives during 2001. Individual grants are listed separately for each named executive. In addition, this table shows the potential gain that could be realized if the fair market value of Allstate's common stock were not to appreciate, or were to appreciate at either a five or ten percent annual rate over the period of the option term:

Individual Grants

	Number of Securities Underlying Options/SARs Granted(1)	% of Total Options/SARs Granted to All Employees in 2001	Exercise or Base Price ($/SH)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term		
					0%	5%($)	10%($)
Edward M. Liddy	400,000	6.42	42.00	5/15/11	0	10,565,430	26,774,873
John L. Carl	100,000	1.61	42.00	5/15/11	0		