

ALLSTATE CORP
Form DEF 14A
April 06, 2015

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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

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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LETTER TO STOCKHOLDERS FROM YOUR BOARD OF DIRECTORS

April 6, 2015

To Our Stockholders,

The actions we took in 2014 relating to strategy, capital utilization, executive compensation and governance built on a strong foundation of results and oversight. The complete story is provided in the annual report and this proxy statement but this letter highlights the significant actions taken based on conversations with stockholders throughout the year. Overall, it has been a productive and busy year with total stockholder return of 30.9% for 2014. This brings total stockholder return for three- and five-years to 171.0% and 161.2%, respectively, outperforming our property and casualty and life insurance peers. At the same time, progress has been made in becoming a purpose-driven organization that provides customers superior products and services.

STRATEGIC OVERSIGHT

Allstate maintained the same strategy of providing unique value propositions to different segments of the personal lines insurance market. This strategy is working as the company has grown policies in force and improved customer satisfaction while maintaining excellent profitability.

CAPITAL UTILIZATION

In 2014, Allstate returned \$2.78 billion to stockholders through a combination of common stock dividends and the repurchase of 8.7% of the outstanding shares. Net income return on equity was 13.3% and the ratio of debt to capital resources was lowered to 18.9% by issuing preferred stock and repaying maturing debt.

EXECUTIVE COMPENSATION

To ensure that our compensation programs and payouts are aligned with stockholder value, we made changes to performance stock awards and equity retention requirements.

The goals for performance stock awards were changed to a three-year average operating income return on equity instead of three one-year operating income return on equity goals. The change was made due to reduced homeowners insurance volatility given management's progress in reducing catastrophe exposure.

Equity retention requirements were lengthened for the 2014 awards in response to a stockholder proposal in 2013 that received support from approximately one-third of the voted shares. Despite this change, a similar proposal received support from about a quarter of the shares voted in 2014. As a result, we consulted with stockholders representing over one-third of our outstanding shares and the compensation committee's independent advisor to see if additional changes were warranted. We

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decided to stay with the current equity retention requirements since management's ownership is in excess of the

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stock ownership guidelines and the proposal is not in line with industry practice, as discussed in more detail on [page 72](#). We did adopt a policy prohibiting the pledging of Allstate securities for senior executives and directors.

CORPORATE GOVERNANCE

We continued our practice of interacting with stockholders on governance issues three times a year: before, during, and after annual stockholder voting. Each Board committee considers this feedback from stockholders and takes action as needed.

Board composition is vital to effective oversight and we focus on having a team of independent directors with the capabilities, experience, diversity, and tenure to represent your interests. Mike Eskew joined this team in 2014 and brings substantial operating, technology, and governance experience.

Mandatory auditor rotation was considered by the audit committee, and it determined that a process of annual evaluation remained appropriate. The committee has solicited requests for information from other auditing firms within the last three years.

Cybersecurity is a growing threat for all companies, so the audit committee increased its focus on these initiatives to supplement oversight by the Board and the risk and return committee.

The Board expanded its efforts to develop a thorough understanding of the company's leadership depth and culture. Board members have regular interaction with senior management, an annual interactive dialogue with other high-performing officers, and participate in ethics discussions with officers.

We want to thank two very experienced and effective directors who are retiring from the Board. Duane Ackerman, lead director, provided his expertise and wisdom for 16 years. Jack Greenberg's advice and guidance have also been invaluable for 13 years. Their service on behalf of Allstate stockholders has been exemplary. We will miss them and are extremely thankful that they chose to share their expertise with us.

As Allstate's Board of Directors, we remain fully committed to helping Allstate serve customers, deliver excellent operating results, and create attractive stockholder returns.

F. Duane Ackerman

Robert D. Beyer

Kermit R. Crawford

Michael L. Eskew

Jack M. Greenberg

Herbert L. Henkel

Siddharth N. (Bobby)
Mehta

Andrea Redmond

John W. Rowe

Judith A. Sprieser

Mary Alice Taylor

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New Sections Include...

Proxy Summary. See a snapshot of the annual meeting agenda, and the governance, executive compensation, and other highlights for 2014.

Evaluation Process for Current Directors. Learn about our comprehensive process for directors. **Page**
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Overview of Director Nominees. Read a summary of the 10 diverse, highly qualified nominees for our Board of Directors. **Page**
12

Stockholder Engagement. Understand our ongoing engagement with stockholders. **Page**
26

Executive Overview of Compensation. Review our 2014 performance; how we align pay with performance; and changes to our compensation program. **Page**
28

Incentive Design and Goal Setting. Review our compensation and succession committee's robust process for determining annual and long-term incentives for management. **Page**
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Other Highlights...

How to vote in advance of the annual meeting.

Page 1

Cybersecurity oversight enhanced. **Page 23**

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PROXY STATEMENT

Notice of Annual Meeting

Notice of 2015 Annual Meeting of Stockholders

When: Tuesday, May 19, 2015, at 11:00 a.m. Central time. Registration begins at 10:00 a.m.

Where: Allstate, West Plaza Auditorium
3100 Sanders Road
Northbrook, Illinois 60062

Items of Business:

Election of 10 directors.

Say-on-pay: advisory vote on the compensation of the named executives.

Ratification of appointment of Deloitte & Touche LLP as Allstate's independent registered public accountant for 2015.

One stockholder proposal, if properly presented at the meeting.

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

Who Can Vote: Holders of Allstate stock at the close of business on March 20, 2015. Your vote is important. Please vote as soon as possible by one of the methods shown below.

Attending the Meeting: Stockholders who wish to attend the meeting in person should review page 74.

Date of Mailing: On April 6, 2015, 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 the Allstate 401(k) Savings Plan.

By Order of the Board,

Susan L. Lees
Secretary

April 6, 2015

**Important Notice Regarding the Availability of Proxy Materials
for the Stockholder Meeting to Be Held on May 19, 2015.**

The Notice of 2015 Annual Meeting, Proxy Statement, and 2014 Annual Report and the means to vote by Internet are available at www.proxyvote.com.

YOUR VOTE IS IMPORTANT: HOW TO VOTE IN ADVANCE

By Telephone

In the U.S. or Canada, you can vote your shares toll-free by calling 1-800-690-6903.

By Internet

You can vote your shares online at www.proxyvote.com.

By Mail

You can vote by mail by marking, dating, and signing your proxy card or voting instruction form and returning it in the postage-paid envelope.

By Tablet or Smartphone

You can vote your shares online with your tablet or smartphone by scanning the QR code above.

Make sure to have your proxy card or voting instruction form in hand and follow the instructions.

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Proxy Summary
Proxy Summary

PROXY STATEMENT

This summary highlights selected information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider in deciding how to vote. You should read the entire proxy statement carefully before voting.

2015 Annual Meeting of Stockholders

Time and Date: 11:00 a.m. Central time, Tuesday, May 19, 2015

Place: Allstate, West Plaza Auditorium, 3100 Sanders Road, Northbrook, IL

Record Date: March 20, 2015

Voting: Stockholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director position and one vote for each of the other proposals.

Meeting Agenda and Voting Recommendations

Proposal	Board Recommendation	Page
1. Election of 10 Directors.	FOR	<u>11</u>
2. Say-on-Pay: Advisory Vote on the Compensation of Named Executives.	FOR	<u>27</u>
3. Ratification of the Appointment of Deloitte & Touche LLP for 2015.	FOR	<u>69</u>
4. Stockholder Proposal on Equity Retention by Senior Executives.	AGAINST	<u>71</u>

Governance Highlights

See "[Letter to Stockholders from Your Board of Directors](#)" for an overview describing Allstate's strategy, capital utilization, executive compensation, and governance in 2014.

Board Highlights

Added a new director in 2014: Mr. Eskew adds operating, technology, and corporate governance leadership experience to our Board. [Page 15](#)

Ms. Sprieser will be our new lead director assuming her re-election at the 2015 annual meeting. [Page 23](#)

The composition of the nominees for the Board of Directors consists of:

Independence	Diversity	Public Company Board Experience	CEO Experience	Relevant Industry Experience	Tenure <5 years
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PROXY STATEMENT

Proxy Summary

2014 Highlights

Strong operational performance resulted in net income available to common stockholders of \$2.75 billion, or \$6.27 per diluted common share, compared with \$2.26 billion, or \$4.81 per diluted common share in 2013. **Page 28**

Total cash paid to stockholders was \$2.78 billion, which included common stock dividends and share repurchases. **Page 28**

Total stockholder return was 30.9%, which brings the three- and five-year returns to 171.0% and 161.2%, respectively. **Page 29**

Executive Compensation Highlights

2012-2014 Operating Income⁽¹⁾ Compared with CEO Total Compensation⁽²⁾

(1) The Operating Income measure is not based on accounting principles generally accepted in the United States of America ("non-GAAP") and is defined and reconciled to the most directly comparable GAAP measure in Appendix D.

(2) As reported in the "Total" column of the Summary Compensation Table.

Operating income declined in 2014 as a result of increased catastrophe losses and the disposition of Lincoln Benefit Life Company. The underlying combined ratio remained at an attractive level and Property-Liability premiums written grew by 5%. **Page 28 and Appendix D**

Total 2014 compensation for the CEO decreased 16% year over year despite a total return to stockholders in excess of peers and the overall market. **Page 47**

Enhanced disclosure on incentive compensation goal-setting in response to stockholder feedback. **Page 33**

Measurement period for performance stock awards was changed from three separate one-year periods to one single three-year period. **Page 36**

Lengthened equity retention requirements in response to stockholder dialogue. **Page 38**