

The Journey Begins

On a fall morning in 1930, as the 7:28 a.m. commuter train headed for downtown Chicago, a suggestion was made to General Robert E. Wood that Sears should start an auto insurance company and sell insurance by mail. The suggestion was made to the Sears president by his neighbor, insurance broker Carl Odell, as the two played bridge on their way to work from Highland Park. It was the beginning of something big.

On April 17, 1931, with a name borrowed from an automobile tire sold in the Sears catalog, The Allstate Story begins.

On May 17, 1931, William Lehnertz, a tool-and-die maker, becomes Policyholder No. 1 after he returns a coupon in the mail, receives a rate quotation and mails his premium. Later that year, Allstate pays its first claim on-the-spot when the insured walks into Allstate's one-room office holding an auto door handle broken off in a theft attempt.

At the 1933 Chicago's World's Fair, Richard Roskam becomes Allstate's first agent when he sets a card table in the corner of the big Sears exhibit – and is swamped with applications.

With these modest milestones, The Allstate *Success* Story is launched. Today, the Allstate Corporation is a *FORTUNE* 100 company and the nation's largest publicly held personal lines insurer, with approximately 17 million households, more than 35,000 employees, and 14,800 exclusive agencies and financial professionals in the U.S. and Canada. Allstate is also a top 15 financial services provider, with more than \$35.8 billion dollars in revenues during the 2006 fiscal year.

For more on Allstate's history, visit:

<http://www.allstate.com/Media/PressKit/PageRender.asp?page=history.htm>

A Caring Culture

In 1950, "You're In Good Hands With Allstate,®" one of the most widely recognized slogans in business history, is created by a sales manager to demonstrate our commitment to our customers. An impressive nine out of 10 people link "You're In Good Hands With Allstate,®" with insurance company products and services and trust in its reputation to serve its customers.

The difference between good companies and great ones is no secret: It's the people. For the 35,000 employees of Allstate, that venerable slogan "You're in Good Hands With Allstate[®]" is more than just a phrase, it's a promise. Our promise, commitment and mission is restoring the people we insure after they've suffered a loss. This is a mission every one of our employees takes to heart from their first day on the job. It is a mission recognized at the highest levels of management.

Fundamental to Allstate's corporate culture is an overarching commitment to the notion that people come first, whether as employees, customers or the communities the company serves. The "People Come First. That's Our Stand" mantra was prominently placed as part of the 2005 corporate advertising campaign.

For 75 years Allstate has maintained four core values: Caring, Initiative, Innovation and Integrity. These values are embraced by each employee at the time of orientation. But it doesn't stop there. After orientation, our core values are reinforced through communications tools and performance rewards.

In their own words *"Never underestimate the power of what our people do every day. The Good Hands[®] Promise is more than a logo. Our success depends on hands that are attached to people. People with a heart. By helping them step back and see their lives in a different light, we help them achieve greater satisfaction from one major component of their lives: Their work."*
-- CEO Tom Wilson

New to the company, but not to the Good Hands[®] Promise was Erika, support staff member for Mike Kiel and Neil Greco, Roseland, N.J. She had only been on the job for a few days when a heartbreaking call came in.

"A long-time customer called to report that his wife had been killed the night before by a hit-and-run commercial vehicle," she says. "I could actually hear this man shaking. I knew this was a call that needed special attention."

"When someone gets rear-ended, we normally get some facts and warm-transfer the call," says Kiel. "Obviously, this was a very special situation. I told him how sorry I was for his loss, and got in touch with [Market Claim Manager] Jim Ledder to get someone to contact him right away. The last thing this man needed was unnecessary complications."

Ledder assigned the claim to Dwight Hernandez who, with 20 years in the business, has seen his share of claims involving fatalities.

"Mike did a great job of giving us the heads-up so that we could make this easy," says Hernandez. "Given the situation, I could empathize – I would certainly want someone to walk me through it. I called him right away, and we got the claim done."

Allstate's work place culture is fast-paced, challenging and collaborative. Every employee depends on and leans on their co-workers to get the job done right. We encourage accountability, innovative thinking and continuous improvement, and that combination adds up to a high-performance work environment that breeds success within each employee.

Perhaps Wilson says it best: "This is not just a job we've chosen. It's a way of life. It's what we do. It's who we are. It's how we make a difference."

There is every indication that Allstate's workplace culture is a key factor in the organization's success. Recently named to the "Fortune Most Admired Companies" list in its industry, in 2006 Allstate was also recognized with 12 other awards acknowledging its caring culture. Such achievements are not chiefly attained through enhanced technology and distribution but, rather, through a sustained commitment to people and a workplace culture that genuinely reflects that commitment.

In Our Communities

Allstate understands that communities are more than just places to live and work. They're social networks that support the economic, educational and political interests of their residents. They're also nurturing environments where people can feel a sense of security, belonging and commitment. Allstate employees and agents are traditionally deeply involved in their communities. As they interact with customers, they find themselves face-to-face with people and communities struggling during times of need. And they respond not just professionally, but personally. They lend a sympathetic ear to those who have suffered setbacks and tragedies. They also donate personal time and money to causes they believe in. These efforts give people in their communities a better chance at happier lives.

Allstate is in a caring business, and every day in hundreds of ways the corporation and its employees and agents live up to that reputation. Giving back to the communities where we work and live is a big part of the Allstate culture, and these activities demonstrate that our commitment to communities across the country is alive and well.

- ◆ On average, more than 50 percent of all employees and agents participate in volunteer efforts.
- ◆ In 2006, The Allstate Foundation made grants of \$17.5 million to support programs and nonprofit organizations.
- ◆ In 2006, through the annual giving campaign, 22,668 employees and agents donated more than \$5.8 million to charities of their choice in the company's annual giving campaign, generating an additional 20 percent company match.
- ◆ Allstate owns almost \$25.6 billion in municipal bonds, making us one of the largest corporate investors in the nation's infrastructure.

The Allstate Foundation

Established in 1952, The Allstate Foundation is an independent, charitable organization made possible by subsidiaries of The Allstate Corporation and is based on the belief that communities thrive when each new generation understands the benefits of community life—and works to enhance them. The Foundation focuses on supporting three community initiatives that promote:

1. Safe and Vital Communities Fostering safe and vital communities where people live, work and raise families is imperative. By creating communities that are economically strong and crime-free, residents feel a sense of belonging and commitment. Programs supported address:

- ◆ Teen driving
- ◆ Catastrophe response
- ◆ Youth anti-violence
- ◆ Neighborhood revitalization

Teen driving program Nearly 6,000 teenagers are killed each year in motor vehicle crashes and another 300,000 are injured. The Allstate Foundation Teen Driving Program addresses the No. 1 killer of teens – motor vehicle crashes – by making smart driving socially acceptable through a positive approach that empowers teen and celebrates their driving experiences. The program reaches teens, parents and community leaders. The program’s multi-faceted approach includes a teen-led movement, community outreach, public awareness and thought leadership and advocacy.

In their own words “*Too many kids think it’s cool to drive fast and take chances behind the wheel. I’m driven to help teens make better choices behind the wheel.*”

-- Lauren Hashibuchi, Allstate Foundation’s National Keep the Drive Crew

2. Economic Empowerment A thriving, viable community is one where residents have access to economic resources and knowledge to make informed decisions about their financial future. Programs supported address:

- ◆ Empowerment for victims of domestic violence
- ◆ Financial and economic literacy
- ◆ Insurance education

Domestic violence program: The stats are staggering: nearly 25 percent of women suffer abuse by a husband or intimate partner. Domestic violence is a pervasive, often overlooked, social crisis that poses a threat to the safety and security of women and their families across the United States. The Foundation is committed to targeting long-term resources to empower domestic violence survivors. This signature program provides a comprehensive network of programs and services for domestic violence survivors and advocates, including a financial empowerment curriculum, funding for education and job-training opportunities, community volunteerism by Allstate employees, agents and agency staff; and a grant program that allows service providers to address the complex, broad and often immediate range of survivors' needs.

In their own words *“Access to a livable wage job is a substantial barrier for many domestic violence survivors when they try to leave abusive relationships. This much-needed financial assistance has opened new doors for survivors. With this fund, The Allstate Foundation has taken the next step. The fund goes beyond providing emergency assistance services – and helps survivors move toward economic self-sufficiency.”*

-- Patti Seger, executive director, Wisconsin Coalition Against Domestic Violence

3. Tolerance, Inclusion and Diversity A strong community is one that recognizes and values people of varied backgrounds, including ethnicity, gender, physical challenges, age and lifestyle. Programs supported address:

- ◆ Teaching tolerance to youth
- ◆ Ending hate crimes
- ◆ Alleviating discrimination

Boys & Girls Clubs of America As this country's premier youth service organization, Boys & Girls Clubs of America (BGCA) provides a positive place for 4.4 million kids through a network of more than 4,000 clubs in communities nationwide. With the support of The Allstate Foundation, BGCA is helping young people – many from disadvantaged families – to be responsible, self-reliant and caring adults. As the presenting partner of BGCA's "Youth for Unity" program, the Foundation is bring a message of tolerance, inclusion and diversity to the local club members and the organization's national and local leadership. 2006 funding: \$1.5 million.

In their own words *“The foundation's support of programs like “Youth for Unity” and “Street Smart” reinforces Allstate's commitment to tolerance, inclusion and diversity and strengthens local communities by offering today's children – tomorrow's leaders – the tools they need to promote diversity, combat prejudice and avoid gang violence.”*

--Jan Epstein, Executive Director, The Allstate Foundation

The Allstate Foundation also offers grant initiatives to support communities and charitable organizations served by employees of Allstate Insurance Company and affiliated companies, exclusive agents and personal financial representatives.

- ◆ Matching Grant Program for Higher Education Through this program, applicants may double their personal contributions to eligible institutions of higher education. The Foundation, based on established criteria, will match an eligible personal contribution from \$25 to \$1,000 per year. In 2006, \$250,000 was distributed to 400 schools, matching 902 employee and agency gifts.
- ◆ Helping Hands Grant Program The Foundation offers Helping Hands grants to charitable, social or humanitarian organizations where employees volunteer. Applicants can benefit the organization with a monetary gift through this program. In 2006, \$160,000 was granted to 355 employees in recognition of their volunteerism.
- ◆ Scholarship Program The Foundation provides a scholarship program designed exclusively for dependent children of full-time and regular part-time Allstate employees, exclusive agents and personal financial representatives. The objective of this program is to assist parents with post-secondary education cost, while also recognizing and rewarding students' achievements. In 2006, \$400,000 was granted to 361 children of employees and agents.
- ◆ Agency Hands in the Community Grants Each year, \$1 million is earmarked for local nonprofits through Agency Hands in the Community grants. The \$500 Agency Hands in the Community award was created to honor the local community volunteer efforts of Allstate exclusive agents and personal financial representatives. These grants improve the quality of life in communities across America. In 2006, 1,986 Allstate agents were recognized for their volunteerism.
- ◆ Honoring Community Service Each year, The Allstate Foundation honors one agent for outstanding community work. This \$5,000 award was presented to Kevin McDonald, an Ocala, Fla., agent, for his charitable work with the March of Dimes, the Boys & Girls Clubs and other church and community organizations. "I've seen children spend eight or nine years in this positive environment, and then watched them graduate from high school with honors," says McDonald, president of the Ocala Boys & Girls Club. "There's nothing more gratifying than hearing a child say, 'Thank you for giving me a safe place to come to.'"

Disaster Recovery Fund 2005-2006: Gulf Coast Hurricane Relief: Each year, The Allstate Foundation retains emergency funds to enable swift response to time-sensitive giving needs, primarily in response to significant national events, crises or disasters that profoundly impact a multitude of communities. In 2005, in response to the devastating impact of Hurricanes Katrina and Rita on the Gulf Coast, "The Allstate Foundation Hurricane Recovery Fund" was established with \$1.2 million in grants divided among the Greater New Orleans Foundation; the Foundation for the Mid South serving South Mississippi; and the Communities Foundation of Texas supporting Eastern Texas.

2006 Foundation Funding Overview

- ◆ Total program funding: \$17.5 million (an all-time high)
- ◆ Program grants: 500 partnerships at national, regional and local levels
- ◆ National Partnerships: 12 strategic relationships, \$4 million awarded
- ◆ Agency Hands in the community: \$1 million distributed; 1,986 agents recognized for community service
- ◆ Helping Hands: \$160,000 granted; 355 employees recognized for volunteerism
- ◆ Scholarships: \$400,000 granted to 361 children of employees and agents
- ◆ Matching grants: \$250,000 distributed to 400 schools, matching 902 employee and agency gifts

For more information on The Allstate Foundation, including a complete list of 2006 funding, visit www.allstate.com/foundation.

Corporate Care

For communities to flourish they need ongoing financial support. As an insurance and financial services company, Allstate has a unique opportunity to use its strong balance sheet to invest in the communities we serve. Allstate enhances community life by investing in municipal projects, and our economic impact – through taxes paid, jobs created and dollars spent with local businesses – also contributes to the vitality of local communities. These actions are good business for Allstate – and vital to the communities where we live and work.

Putting Capital to Work Allstate's tradition of investing in municipal bonds diversifies our portfolio and creates value for our shareholders by contributing to our overall return on invested capital. At the same time, these investments help communities by funding projects that improve infrastructures and extend vital services. We also invest in non-rated municipal bonds that finance specialized, hard-to-fund projects in higher-risk communities. Allstate's municipal bond holdings were \$25.6 billion as of Dec. 31, 2006.

Redeveloping Communities Private companies and partnerships are driving the redevelopment of communities across America. We provide low-interest loans to established credit-worthy institutions. These long-term below-market rate portfolio loans support projects that bring communities new affordable housing developments; office, commercial and retail properties; nursing homes, childcare and job training facilities; and new charter schools.

Helping Neighborhoods Prosper Allstate is helping revitalize neighborhoods in Chicago, Cleveland, Los Angeles, New York and Washington, D.C. – markets where we have an especially strong history. Our loans help local organizations such as Local Initiatives Support Corporation purchase and develop vacant lots; build new facilities that improve the quality of community life; and provide young adults with services that support job readiness, placement and training.

Serving Low-Income Neighborhoods Nonprofit agencies often face funding challenges – especially when they serve low-income neighborhoods. Through Allstate Bank, a division of Allstate Financial, we support organizations that finance real estate for nonprofit agencies; work to rebuild low and moderate-income neighborhoods; fund the childcare facility industry; and provide permanent housing for homeless adults, families and people at risk.

Corporate Giving Campaign

The annual Allstate Giving Campaign is a long-standing tradition that provides employees and agencies the opportunity to support charitable organizations of their choice and have those donations matched by the company. Allstate values the generous contributions employees and agents make each year to charitable organizations in their communities. Administered at every Allstate office, the campaign makes it easy for people to support nonprofit organizations of their choosing. Allstate adds 15 percent to every donation and contributes another five percent to the United Way. In 2006, Allstate along with 22,668 of its employees and agencies contributed more than \$5.8 million to community organizations, putting those funds where they're needed most.

Among hundreds of other charitable organizations that benefit from the Giving Campaign, the Cancer Treatment Research Foundation is a particular focus for the Allstate Workplace Division.

In their own words *“The Cancer Treatment Research Foundation [CTRF] is grateful to the Allstate Workplace Division’s leadership in the fight to change the face of cancer now. The studies funded by the Allstate Cancer Research Fund will accelerate the development of life-saving treatments that will help patients immediately, and lead to a greater understanding of how to defeat this disease permanently.”*

-- Alicia L. Stephenson, CTRF chair

Helping Hands

Allstate believes in furthering social goals as well as corporate goals by investing in the communities where we live, work and do business. Central to that effort is the extensive volunteer efforts of our employees, part of the company’s Helping Hands program that for more than three decades has promoted and coordinated employee volunteer activities.

More than 200 Helping Hands committees and thousands of employees companywide focus local volunteerism on programs that promote health, safety, neighborhood revitalization, education, disaster preparedness and other important efforts.

In their own words *“Our Helping Hands volunteers support many activities, including painting homes, rehabbing parks and buildings, working in soup kitchens, spending time with seniors and conducting food and clothing drives throughout local communities. They also raised funds for a local hospice, conducted holiday toy drives, collected winter coats, donated Thanksgiving food baskets and volunteered with Habitat for Humanity. This represents just some of the things we do in the Northeast Region and the Northeast Claims Service Center.”*
-- Thomas Clarkson, field vice president

For more on Allstate’s commitments to community, visit:
<http://www.allstate.com/Community/PageRender.asp?page=main.htm>

In the Marketplace

Allstate Mission Statement: *To be the best – serving our customers by providing peace of mind and enriching their quality of life through our partnership in the management of the risks they face.*

In 2006, Allstate proudly celebrated 75 years of providing protection and security for generations of Americans, and the company’s continuing commitment is to help consumers protect what they have today and better prepare for tomorrow. Customers can choose from a wide variety of products and services, including auto, property and life insurance, as well as financial services for savings and retirement.

With operations in 49 states and Canada, consumers have easy access to Allstate auto insurance and homeowners insurance through Allstate agencies, or in select states at allstate.com and 1-800 Allstate®. EncompassSM and Deerbrook[®] Insurance brand property and casualty products are sold exclusively through independent agents. The Allstate Financial Group provides life insurance, supplemental accident and health insurance, annuity, banking and retirement products designed for individual, institutional and worksite customers that are distributed through Allstate agencies, independent agencies, financial institutions and broker-dealers.

In their own words *“Allstate’s workforce mirrors the diverse markets we serve. Diversity is a driver of innovation and high performance at all levels of an organization – including the executive ranks.”*
-- Joan Crockett, senior vice president, human resources

Always a champion of diversity – in the marketplace and in the workplace – Allstate has identified high-priority procurement sourcing areas, including business enterprises owned by women, minorities, veterans and the disadvantaged. Some examples include the National Minority Supplier Development Council; Women Business Enterprise National Council; National Hispanic Corporate Council; and Asian Women in Business. In 2006, Allstate directed \$93.3 million of our total sourced expenditures to these suppliers.

Life is unpredictable. When an accident, loss or tragedy occurs, good insurance coverage helps put people back on their feet. With Allstate's strong brand name, financial strength, more than 75 years of experience and a claim organization second-to-none, Allstate's customers feel protected – and better prepared to handle the unexpected.

Allstate offers a wide range of protection and savings tools that work together to help consumers build a solid, financially secure future, including:

- ◆ Asset protection: Any financial plan needs a solid foundation of protection, starting with auto and homeowners insurance.
- ◆ Family life protection: Financial protection against unexpected events can help families maintain a good quality of life.
- ◆ Short-term financial objectives: This is money needed quickly. That could include money for emergency expenses – or for more pleasant things such as a new car, down payment on a home or a wedding.
- ◆ Asset management and accumulation: Education funding and retirement are major expenses that require long-term investing.
- ◆ Wealth transfer: After years of hard work and asset accumulation, it's important to consider where wealth will be transferred.

In 2003, Allstate introduced The Good Hands® Promise, which focuses on five commitments that help customers feel better protected today and better prepared for tomorrow.

- ◆ Establish relationships that value customers
- ◆ Provide a knowledgeable and experienced team
- ◆ Offer products and services to help meet customer needs
- ◆ Be easy to do business with
- ◆ Have competitive prices

The Good Hands® Promise is anchored not only in an understanding of what customers expect from Allstate, but also on respect for individual employees and their specific knowledge and motivation to continually improve the customer experience. And it's working.

For example, Laura Wilson, who works in Birmingham, Ala., takes The Good Hands® Promise to heart when answering to customers calling in claims.

On any given day, she receives more than 60 calls regarding customer claims and their status. While most of them can be handled simply, one recent call led to a more detailed response, which ended up earning her kudos from both her satisfied customer and her managers.

“Delivering good service is listening, educating them on their options and trying to find the best fit for their needs, given the coverage that they have purchased,” Wilson says. “It gives me great satisfaction to know that at the end of the day, I have helped someone and can make a difference.”

For more on Allstate in the marketplace, visit www.allstate.com.

On the Job

Allstate values employees who have what it takes to thrive in our high-performance culture. We seek professionals who are compatible with the company's value system that embraces diversity, equal opportunity, leadership development, lifelong learning, workplace flexibility and work/life balance. To attract and retain the best, we offer a strong employee value proposition that's expressed in The Allstate Partnership: a set of mutual expectations that define the relationship between Allstate and its employees. The partnership asks employees to collaborate with the company to create a high-performance environment that puts Allstate in a position to outperform the competition and spells out what employees should expect in return for their dedication and performance.

In their own words: *“I found Allstate to offer more than a job – it’s a career with a caring company. In return, I try to do my best for the company.”*

-- Laquita McGinnis, field senior customer information professional

Total compensation package

Driven by the company's steadfast commitment to its people, Allstate's total compensation package goes far beyond competitive pay to include education and development; recognition programs; career advancement; time away from work policies; a comprehensive benefits package that includes a company-funded pension plan; a profit sharing/401(k) plan; and a choice of multiple medical, health and welfare plans. Many of the welfare benefit plan components available in the company's total compensation package are offered in the form of a flexible, cafeteria-style plan that can be tailored to the unique needs of each individual employee.

Profit-sharing plan Employees have the opportunity to contribute up to 50% of their eligible pay to the profit sharing plan; up to 5 percent of eligible pay that's deposited pre-tax to the profit-sharing plan is eligible for the company match (made in the form of Allstate stock). Over the past five years, the average matching company contribution for profit sharing has been 125 percent for non-bonus eligible employees (90 percent for bonus-eligible).

- ◆ Allstate provides a pension plan at no cost to employees. The Allstate Retirement Plan (ARP) provides a cash balance benefit to eligible employees, and participants are vested in their benefit after five years of service. The cash balance benefit is portable, allowing participants to receive their vested benefit upon termination of employment.
- ◆ Online/print resources The Allstate Benefits Center provides an array of services via the "Your Benefits Resources" web site and interactive telephone response system for:
 - access to general pension and profit-sharing information and forms;
 - flexibility and control in managing profit-sharing accounts (e.g., daily deposit rate and investment election changes, loans, withdrawals, distributions, fund balance reallocations, eligibility to transfer company stock held in their accounts at any time, etc.);
 - pension benefit modeling capabilities for greater flexibility in planning for retirement;
 - eligibility to electronically request distributions; and
 - e-mail confirmations of most transactions and password resets.

The Benefits Center also handles benefit administration for wealth and welfare plans and the deferred compensation plans, in addition to the pension and profit-sharing plans.

- "Financial Engines," an online resource, helps employees enrolled in the profit-sharing plan manage their 401(k) accounts and their household portfolios, as well as help them make informed investment decisions. The advice service forecasts employees' chances of reaching their retirement goals, provides advice regarding specific profit-sharing fund recommendations to improve the chances of reaching those goals, and monitoring of investments to help stay on track.
- A web site called "Your Total Rewards" provides a consolidated statement of each employee's personalized total compensation package that's available at their fingertips in one place, 24/7. The site also contains links to other resources so employees can make benefit changes, manage their 401(k) accounts and better plan for their retirement.

A November 2006 survey revealed that 64 percent of employees agree or strongly agree that Allstate offers competitive pay. In the same survey, 86 percent agreed or strongly agreed that Allstate offers a competitive benefits package.

Building Career Credentials

Helping employees to grow – personally and professionally – is one of Allstate’s long-term goals for employees the minute they walk through the door. Every Allstate employee has the opportunity to follow a personal development plan. The company offers its associates flexible ways to learn new skills, including agency training and education; industry certifications; professional education; Learning Resource Network; Talent Acceleration Program; and tuition reimbursement for undergraduate and graduate degree programs. In 2006, Allstate learners spent 843,238 hours on these programs.

In their own words: *“Great leadership translates to a competitive advantage that can’t be easily replicated – and Allstate has the best leadership team in the industry. That’s why developing leaders continues to be a top priority for Allstate.”*

-- CEO Tom Wilson

- ◆ Talent Acceleration Program The Talent Acceleration Program (TAP) addresses the need for future leaders to have broad experiences in a variety of functional areas. TAP accelerates the development of a small group of leaders with significant potential by deepening the breadth of internal experience and growing their internal network through developmental events and temporary assignments. In 2006, 38 Allstate employees participated in the TAP program.

In their own words: *“I’ve never had a greater challenge – or a better opportunity.”*

-- Kevin Generally, South Barrington, TAP

- ◆ eAdvisor Work, like life, comes at employees fast. Allstate understands that the little tasks required of employees on a regular basis can become complex problems, so the company created a program to help employees get through problems that might bog them down. eAdvisor is a new tool developed to support managers in creating effective development plans and contains a comprehensive database organized by competencies with practical tips, exercises, resource lists and developmental suggestions that are designed to help employees improve their skills and to coach other people effectively.
- ◆ Career Mobility Allstate believes in promoting from within. We don’t offer employees jobs at Allstate; we offer them careers. In each of the last six years Allstate has promoted between 4 percent and 5 percent of its workforce.

In their own words: *“Allstate has a strong belief in the importance of developing their employees, especially in developing employees to be future leaders. Allstate identifies employees that have the potential to become leaders and provides training opportunities to help them grow. I’ve made the most of these opportunities to increase my knowledge and to enhance the value of my contribution to Allstate.”*

--Patricia Tovanche, Hudson, Ohio

Achieving Work/Life Balance

The tedious balancing act of managing both personal and professional lives takes a toll on employees and, to lessen that stress, Allstate encourages management to work out flexible schedules that recognize and respect the demands of employees’ personal lives. More than half of employees flex their hours, 29 percent telecommute, and 1,868 employees compress their schedules. Job-shares and part-time work are also popular. Generous paid-time-off banks provide additional flexibility to help employees maintain a healthy balance between their work and personal lives.

For working parents, nothing else creates more stress than finding compassionate, competent people to care for their kids. Allstate has four company sponsored on-site and near-site child care centers, and also partners with four national child care providers that offer employee discounts. At the accredited Little Hands Day Care Center in Northbrook, Ill. – now celebrating its 10th anniversary – school age children can also enroll in vacation/holiday care and summer camp programs. Emergency backup care, child care referrals and other innovative options are also available, including a unique “Summer of Service” program that fills a gap in caring for sixth through ninth grade students. In 2006, the center cared for 210 children.

In their own words *“I feel I’m very lucky to work for a company that cares so much about the balance of work and life. My son is eight months old now and when he was only four months he started having some medical issues. I have had to take time off of work and had to leave without notice on several occasions. Each time my manager has worked with me in balancing my career and family”*

-- Melissa McCray, Hudson, Ohio

Every year, full-time and part-time employees take advantage of leaves of absence. Allstate moms and dads with one year of service can take a leave of up to 26 weeks of job-guaranteed time off. New moms are eligible for up to two paid weeks of short-term disability after one year of service and may supplement that with extra days from their paid time off bank. Parents that adopt are also guaranteed time off for up to 26 weeks and are eligible for \$5,000 reimbursement for legal fees related to the adoption. Mindful of its commitment to safety, the company gives a free car seat to every new parent.

The Allstate Employee Assistance Program is yet another resource for employees seeking solutions for a variety of issues. In 2006, thousands of employees and family members accessed the program for counseling and referrals for dependent care.

To hold leaders accountable, Allstate measures employee perception of management's support for work/life balance. A November 2006 survey reports that 94 percent of employees agreed or strongly agreed that their management supports their efforts to achieve work/life balance.

To ease time demands on employees' personal lives, Allstate's home office provides a wide variety of convenient on-site services such as dry-cleaning; postal services; barber shop; nail salon; lube/minor auto services; convenience stores; catering; onsite Starbucks with wi-fi access; banking and/or ATMs; and hotel rooms for telecommuters and part-time employees.

Promoting Health and Wellness

Allstate encourages employees to take a holistic view of personal and family health, and we offer them the resources they need to proactively manage their health. Many of our work locations feature our "Good Hands, Good Health" programs, such as health and fitness seminars; on-site health screenings for cholesterol, glucose and blood pressure; a free online smoking cessation program; and the "10,000 Steps" walking program. Employees on our home office campus have access to the Allstate Fitness Center, while employees at other locations are offered corporate discounts at major health fitness clubs across the country.

In their own words *"I became a member of the Allstate Fitness Center back in November of 2005. It had been over four years since I was a member of a fitness center/gym. I was so grateful that Allstate has an affordable, clean and convenient place for their employees to work out. When you have two small children at home, finding time for yourself is precious, so it is so nice to be able to skip a lunch twice a week and head over to the fitness center to spend one hour to myself working out and doing things I have missed doing for four years."*

-- Angie Fuller, St. Petersburg, Fla.

Putting Diversity to Work

Allstate has a genuine appreciation of unique experiences, abilities and perspectives. Harnessing the power of employees from all walks of life has not only been our business, but also our pleasure. The company's diversity initiative was launched in the early 1960s, and has since expanded beyond race, gender, age and disability to include invisible diversity dimensions such as sexual orientation and communication styles. The strategy is premised on five guiding principles of diversity: Inclusion; Work/Life Balance; Dignity and Respect; Commitment to Affirmative Action; and Leveraging Differences. In 2006, of the total employee workforce, 60 percent were women, and nearly 30 percent

comprised our minority population. Among officers and managers, more than 40 percent are women and nearly 20 percent come from one of five minority groups.

In their own words *"It's awesome to know that Allstate fully supports the Business Women's Network and Diversity Conference. For Allstate to be recognized as a subject matter expert on cultivating diversity in the corporate world, speaks volumes. I'm extremely proud to work for a company that is focused on embracing diversity of all types."*

--Shaundra Turner, Home Office

Allstate demonstrates its commitment to diversity in a variety of venues:

- ◆ Diversity training is provided to all employees.
- ◆ Employee perceptions on diversity and the work environment are measured through an annual employee survey.
- ◆ Diversity is regularly highlighted in Allstate publications, videos and employee meetings.
- ◆ Affirmative action is integrated into employee processes such as succession management, recruitment and leadership development.
- ◆ Senior leadership is held accountable for affirmative action results through performance management.
- ◆ Allstate has a strong recruitment program for minorities working closely with higher education institutions that have a diverse student enrollment. Allstate executives also take active roles on the boards of some of these institutions.
- ◆ The Allstate Center for Assistive Technology supports disabled employees with technological needs.

In 2005, Allstate took its commitment to diversity to a new level with the formation of a Corporate Diversity Council. Consisting of 14 senior level decision-makers, the Diversity Council is dedicated to integrating diversity with Allstate's business strategy. The council ensures that Allstate will continue to meet the changing demographic needs of both customers and employees, creating a "one company" approach to diversity and the measurement behind it.

In their own words *"For those of us who are in the minority in life, we should not have to worry about being judged and convicted because of who we are. Allstate is the first company I have ever worked for where I have felt comfortable about myself while doing my work. For that, thank you!"* -- Erik Norman, senior customer service professional

Keeping Employees in the Communication Loop

The Allstate Partnership states that employees should expect the company to promote an environment that encourages open and constructive dialogue, and the company is fundamentally committed to sharing information with employees. The company uses a variety of communication tools to communicate the business of the day, week, month and year to its employees across 14 regions.

In their own words: *“We see diversity as the cornerstone of our success. Our company gains strength from the diverse backgrounds, perspectives and experiences of our workforce.”*

-- Anise Wiley-Little, assistant vice president and chief diversity officer

Measuring our performance

External recognition is a valuable benchmarking tool that helps the company validate that it's on the right track in providing a rich and rewarding environment for its employees. The following is a partial list of honors and awards:

- ◆ *Working Mother* magazine: 100 Best Company for Working Mothers (16th consecutive years)
- ◆ *Working Mother* magazine: Top Companies for Women of Color
- ◆ *Hispanic Business* magazine: Top 50 Best Company for Hispanics
- ◆ National Black Data Processing Associates: Top 10 companies for African-Americans in Technology
- ◆ *Training* magazine: Top 100 Companies
- ◆ Chicago Council on Urban Affairs: 2006 Corporate Diversity Award
- ◆ *LATINA Style* magazine: 50 Best Companies for Latinas to Work
- ◆ *FORTUNE* magazine: Most Admired Property & Casualty Companies
- ◆ National Association for Female Executives: Top 30 Companies for Female Executives
- ◆ *DiversityInc.*: Top 50 Companies for Diversity
- ◆ *DiversityInc.*: Top 10 Companies for Africa-Americans
- ◆ *DiversityInc.*: Top 10 Companies for Recruitment and Retention
- ◆ *G.I. Jobs*: Top 50 Military-Friendly Employers

Internally, Allstate has a voluntary employee feedback system that includes an annual QLMS (Quality Leadership Measurement System) survey designed to measure employee perceptions of the work environment, leadership effectiveness, and behaviors that directly impact the company's business results. The data helps us to shape leadership actions and enhance existing programs.

Based on a snapshot provided by the results of the 2006 QLMS companywide employee survey, the response favorability data given below for specific questions suggest the degree to which pride and satisfaction permeate the workplace culture at Allstate.

Question	Favorability Response
I am proud to work for Allstate	92 percent
I have flexibility to balance personal life and work.	94 percent
At work I am treated fairly.	94 percent
I have the opportunity to pursue job and career opportunities.	84 percent
Employees are treated with dignity and respect.	93 percent

For information on career opportunities at Allstate, visit:

<http://www.allstate.com/Careers/pagerender.asp?page=main.htm>

The Journey Continues

Allstate is proud to celebrate 75 years of providing protection and security for generations of Americans. We are excited to embark on our next 75 years, and we do so from a strong foundation. The company is growing profitably despite record catastrophe losses. Our financial position is solid. We're improving our competitive position by taking many initiatives to reduce costs. Consumers are responding to the consistent brand experience we deliver, our competitive but disciplined pricing and our innovative new products. Employees and agents are delivering our Good Hands® Promise with commitment and zeal.