

# PEOPLE COME FIRST. THAT'S OUR STAND.



**Allstate.**  
You're in good hands.



### On the cover:

Every day, Chiquita Jones<sup>1</sup> makes tough decisions that require a great deal of courage. Chiquita decided to enroll in The Allstate Foundation-sponsored Street SMART gang prevention program at the Boys & Girls Club of Chicago to learn skills that will help her make smart choices about her future. Chiquita has a proud and loyal fan club: Nick Vastarella<sup>2</sup>, an outreach worker and Chiquita's Street SMART teacher; John A. Stephan<sup>3</sup>, Club Director and a former Club kid himself; and Club Board President and Allstate Vice President Cathy Lazaroff<sup>4</sup>. Together, they help give kids like Chiquita a chance to follow their dreams.



Edward M. Liddy  
Chairman, President and Chief Executive Officer  
The Allstate Corporation

I'm proud of the work Allstate does to help people and communities across America. For more than 70 years, we've protected their homes, autos and other important possessions. We also provide financial services products that help people prepare for a more secure future. And when disaster strikes, as it did last year on a massive scale in Florida and the Southeast, Allstate moves quickly to serve customers and offer assistance to communities.

Helping people is the business we're in and, quite naturally, community involvement is a way of life at Allstate. As a corporation, we invest billions of dollars in communities across America to help advance their economic development and to support construction of public infrastructure such as schools, highways and health care facilities. And our funding of The Allstate Foundation helps support national and local organizations that promote safety, economic empowerment and diversity in their neighborhoods.

Allstate's commitment to good corporate citizenship is also found in our corporate culture and value system. We're committed to creating a supportive environment that fosters personal and professional growth for our employees and agents. We also provide them with many opportunities to give back to the communities where they live and work.

Of course, we wouldn't be in a position to give back to communities if it weren't for our strong business fundamentals and balance sheet. In an age of corporate mistrust, I'm proud to say that Allstate is a high-performing company that adheres to the highest standards of ethics and integrity. We work hard to earn the trust of our customers and deliver value to our shareholders. Sound financial performance enables Allstate to give back to communities across America.

I'm excited about the results we're seeing – and about the future of the communities we're helping. In this report, you'll find many examples of Allstate's commitment to social responsibility at the local and national level. Most importantly, you'll find it's a commitment that lives in the hearts, minds and actions of caring individuals all across America.

*People come first. That's Allstate's stand.*

*Edward M. Liddy*

Edward M. Liddy  
Chairman, President and  
Chief Executive Officer

*Community support is a way of life at Allstate – an extension of our corporate values and our business goals. We promote safety, economic empowerment and diversity through The Allstate Foundation. And as a corporation, we provide communities with vital financial support through our investments in municipal projects. Each year, these activities demonstrate that our commitment to communities across the country is alive and real.*

### Making Communities Safe and Vital

*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. The Allstate Foundation, funded by contributions from The Allstate Corporation, believes that communities thrive when each new generation understands the benefits of community life—and works to enhance them.*

Each year, The Allstate Foundation supports a wide array of organizations that work proactively to thwart gang activity, encourage economic development and make schools and streets safer for the residents of their neighborhoods.

We also help communities prepare for—and respond to—natural catastrophes that displace families and destroy vital infrastructures. Paul Flynn, CEO of Southwest Florida Community Foundation (SWFCF), understands first-hand the importance of safe and vital communities. SWFCF was one of the organizations helping with local recovery efforts after the 2004 Florida hurricanes. “People really appreciate the value of community when natural catastrophes strike,” said Flynn. “On the one hand, they feel shocked and alone when their community’s way of life is devastated. But they also feel a stronger sense of partnership and solidarity when they see neighbors supporting each other, and when local organizations step forward to lead the recovery effort.”

In 2004, The Allstate Foundation funded national and regional organizations that address community safety from a number of perspectives. These organizations have the power to reach thousands of people by raising awareness and encouraging action. Our support produced tangible results in the following areas:

**Making Schools Safer.** Local residents can play an important role in fostering a safe educational environment in their communities. As a founding partner of the National Crime Prevention Council’s (NCPC) “Be Safe and Sound” program, contributions from The Allstate Foundation help educate and encourage parents and school administrators to work together to implement measures that help safeguard children at school. The “Caregiver’s Guide for School Safety and Security,” an NCPC pamphlet offering practical advice on school safety, was produced with support from The Allstate Foundation.

**Protecting Kids at Play.** Safe playgrounds are the anchors of strong neighborhoods. They give children places to play on safe equipment and out of harm’s way. They also give them the freedom to be children—and to make new friends that can last a lifetime. Playgrounds also help create stronger communities. They attract new families who in turn invite new development. The Allstate Foundation supports the Injury-Free Coalition for Kids by funding “The Little Hands Playground” program. In 2004, we funded the construction of four new playgrounds, bringing our total to 14 since we began our support for the program.

**Helping People Recover From Disaster.** When four hurricanes hit Florida in rapid succession in 2004, The Allstate Foundation acted quickly to establish the \$1 million Disaster Recovery Fund with the help of the Southwest Florida Community Foundation, Central Florida Community Foundation and Florida Hurricane Relief Fund. These organizations distributed grants to local organizations that subsidized childcare for needy families; provided emergency housing; helped elderly, disabled and low-income homeowners pay for repairs and cleanup; supplied emergency medicines and medical supplies; and much more. All told, this fund helped more than 1.2 million individuals face the difficult task of rebuilding their lives.

*“People really appreciate the value of community when natural catastrophes strike. On the one hand, they feel shocked and alone when their community’s way of life is devastated. But they also feel a stronger sense of partnership and solidarity when they see neighbors supporting each other, and when local organizations step forward to lead the recovery effort.”*

– Paul Flynn  
CEO, Southwest Florida Community Foundation



*Everyone deserves a chance.  
That's our stand.*



Helping to protect children at play by funding Injury-Free Coalition for Kids playgrounds.  
Allstate Agent Linda Hassad in San Diego, Calif. lends a hand.



Reinforcing the value of financial education during the Junior Achievement "Economics for Success" curriculum session. Allstate employee Robert Dees offers the students practical experience at Averroes Academy in Northbrook, Ill.

## Economic Empowerment

*In today's information-driven economy, success depends more than ever on financial literacy, technological proficiency and fundamental life skills. This knowledge helps individuals make sound financial decisions and achieve economic independence. It also helps people qualify for higher paying jobs. The Allstate Foundation funds economic education across the entire spectrum—from grade school children, at-risk teens and young adults to established entrepreneurs and retired citizens.*

Giving people access to the financial tools they need to help themselves drives economic change. Rey Ramsey is the CEO of One Economy Corporation, an organization that seeks to maximize the potential of technology to help low-income people build assets and raise their standard of living. "When we give people access to technology, we help them break through the barriers that lead to cultural and economic isolation," says Ramsey. "There's real economic and social value in bringing high-speed Internet technology to affordable housing developments so that low-income and elderly citizens can connect with their communities and join the economic mainstream. There are also many practical benefits to hosting a site that helps people set up checking accounts, get homeowners or renters insurance and even start new businesses."

The Allstate Foundation funds programs that give people access to important financial tools that, in turn, help them get on the right track to financial and personal independence. In 2004, these included:

**Encouraging Financial Literacy.** As teenagers begin to work and save, they need good financial decision-making skills and effective tools to help them manage their money responsibly. We funded the development of a new educational program for Junior Achievement (JA) that focuses on personal economics and career success skills. "Economics for Success" will reach an estimated 300,000 middle school students annually beginning in 2004.

**Empowering the Workforce of Tomorrow.** Everyone deserves the opportunity to build the financial and life skills necessary for career advancement. Jobs for America's Graduates (JAG), for example, helps at-risk students earn high school diplomas, prepare for post-secondary education and learn valuable new job skills. The Allstate Foundation funded JAG's all-new Insurance Education module that will teach up to 50,000 students each year about auto, home and life insurance.

**Educating With the Help of Technology.** Technology skills are becoming increasingly important to economic success and community life. To that end, The Allstate Foundation is working with One Economy Corporation by providing funding to help low-income families use technology to gather information and access mainstream financial services. One of the results of this relationship has been the "About Insurance" section of The Beehive, a trilingual (English, Spanish and Chinese) website that educates its users about home, auto and life insurance. This new online information tool drew more than 115,000 visits since its launch.

*"When we give people access to technology, we help them break through the barriers that lead to cultural and economic isolation. There's real economic and social value in bringing high-speed Internet technology to affordable housing developments so that low-income and elderly citizens can connect with their communities and join the economic mainstream."*

— Rey Ramsey  
CEO, One Economy Corporation



## Tolerance, Inclusion and Diversity

Our society gains much of its unique character and strength from the cultural, religious and economic diversity of its citizens. With census data pointing to rapid change in the makeup of American communities, it's critical for our society to embrace different cultures and beliefs. Communities can lead the way by bringing people together in a spirit of inclusion and tolerance, and by denouncing acts of hate and discrimination.

The National Council of La Raza (NCLR) is a leading organization dedicated to reducing poverty and discrimination and to improving opportunities for Hispanic Americans. Janet Murguia, its President and CEO, recognizes the importance of diversity. "Just as corporations benefit from workforce diversity, we're stronger as a country when we embrace diversity as a core value of our society—and remember what it has contributed to everything we've accomplished as a nation," said Murguia. "The American Dream should be available to everyone who works hard and plays by the rules. That, to me, is the essence of diversity. We need to do more to make that a reality for every American."

The Allstate Foundation looks for national organizations that are committed to creating equal opportunities for all our citizens. Those we supported in 2004 work across and within communities and cultures to provide opportunities and assistance to people with diverse backgrounds, encourage understanding and acceptance of others, and teach the value of inclusion.

*Teaching Children the Power of Diversity.* Social values and judgments take shape long before young people enter adulthood. Together with the Boys & Girls Clubs of America, we're working to help today's youth combat prejudice by teaching them to respect and acknowledge individuals from different backgrounds, cultures and beliefs without compromising their own unique values. The Allstate Foundation and Allstate Insurance Company are funding a multi-year program that drives diversity throughout the entire organization of 4,000 Boys & Girls Clubs countrywide.

*Turning Away Hate.* More than 12 million Asian and Pacific Islander Americans seek an end to prejudice-based crimes that threaten their security and their access to equal opportunities in this country. The Allstate Foundation supports the Organization of Chinese Americans by funding educational workshops that promote social justice, equal opportunity and equal treatment.

*Building Tomorrow's Leaders.* As America's fastest growing demographic group, the Hispanic community is facing a number of issues that are vital to its future. The Allstate Foundation supports a variety of the National Council of La Raza initiatives that address leadership development, financial literacy, education, housing, health, immigration and workforce development. As a result of this relationship, young Hispanic Americans today can access resources, look for scholarships, share best practices and learn about educational opportunities through NCLR's Young Leaders (Lideres) website. This site was created with support from The Allstate Foundation.



With support from The Allstate Foundation, the Boys & Girls Clubs of America is teaching today's youth the importance of tolerance, inclusion and diversity.

*Embracing Our Differences.* By studying patterns of both discrimination and heroism, individuals can connect history to the moral choices they make in their own lives. With that in mind, The Allstate Foundation is sponsoring a series of "Community Conversations" hosted by Facing History and Ourselves. This organization strives to engage students of diverse backgrounds in citizenship education. These conversations provide a forum where prominent speakers lead discussions about race and identity, hate crimes, global citizenship and the intersection of religion, culture and identity.

*"Just as corporations benefit from workforce diversity, we're stronger as a country when we embrace diversity as a core value of our society – and remember what it has contributed to everything we've accomplished as a nation. The American Dream should be available to everyone who works hard and plays by the rules. That, to me, is the essence of diversity. We need to do more to make that a reality for every American."*

– Janet Murguia  
President and CEO, National Council of La Raza

### At Home in Chicago – The Allstate Foundation

*The Allstate Foundation takes a special interest in the greater Chicagoland community, its home town. We look for unique opportunities to promote safety, economic education and diversity to help ensure that individuals have nurturing communities to support them—and real hope for a prosperous future.*

In 2004, The Allstate Foundation continued its long tradition of outreach to its home community of Chicago by funding programs that promote action, education and advancement.

*Reinforcing the Value of Education.* It's never too early to teach children about the long-term benefits of financial responsibility—and the important role education plays in career success. In 2004, The Allstate Foundation provided funding for Junior Achievement of Chicago to deliver its sequential economic education classes to 60 classrooms in the Chicago area. With support from the Federal Reserve Bank of Chicago, we also funded "Be Money \$mart," a 16-page supplement that reached more than one million *Chicago Tribune* subscribers and that was distributed directly to 50,000 students in grades 5 –12.

*Empowering Women to Lead.* The number of women reaching the highest level of corporate management is still relatively low, and those who do reach the highest echelons in business serve as an inspiration for many others. The Allstate Foundation is helping women be those kinds of leaders by funding a leadership development program at the Northwestern University Kellogg School of Management's Center for Executive Women. The program provides multiple perspectives on leadership and offers practical guidance that helps business professionals assess their management skills and identify and leverage their areas of greatest strength.

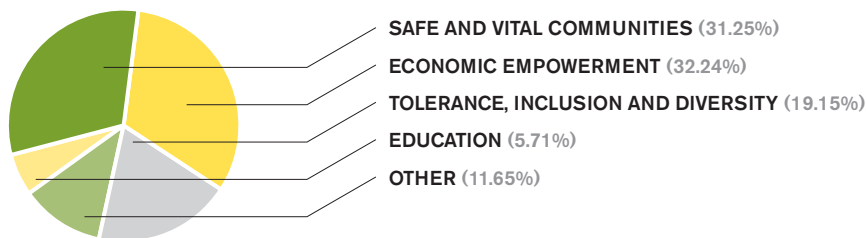
*Putting a CAP on Crime.* Good things happen when community stakeholders team up with local law enforcement to address everything from home burglary and auto theft to fire hazards and violence. Since the Chicago Police Department introduced its innovative Chicago Alternative Policing Strategy program 11 years ago, crime has steadily decreased across all major categories. Over the past seven years, The Allstate Foundation and Allstate Insurance Company have contributed more than \$1.5 million to help implement this program in Chicago's 25 police districts.



*"Every community in Chicago has its own challenges – and its own opportunity to support and protect its residents. Neighborhood safety and quality of education are important issues for every community, and programs that address them truly work. For example, we've seen the value of reaching out to children early, so they choose the path of hope and optimism over the self-destructive path of gangs, violence and crime."*

– Philip J. Cline  
Superintendent, Chicago Police Department

In 2004 The Allstate Foundation gave **\$13,988,998** to nonprofit organizations across America.







The Women's Senior Leadership Program, taught at the Northwestern University Center for Executive Women in Evanston, Ill., is empowering women to take leadership roles in their organizations. Teaching a session to Lorraine Orr, Boys & Girls Clubs of America, and Maria V. Ramos, Junior Achievement, is Victoria Husted Medvec, the Adeline Barry Dave Professor of Management and Organizations and the Executive Director of the Center. The Allstate Foundation funds the program as well as the scholarships for Lorraine and Maria to attend.

Thanks to The Allstate Foundation...

**1.2 million Floridians**

benefited from The Allstate Foundation Disaster Recovery Fund.

**300,000 students**

are predicted to enroll annually in the JA "Economics for Success" program.

**50,000 students**

participated in JAG's Life Skills Classes first-ever Insurance module.

**115,000 users**

accessed the "About Insurance" website to learn a new skill.

## Investing in Communities – The Allstate Corporation

For communities to grow and develop, they need ongoing financial support. In some areas, however, investment capital can be hard to obtain. As an insurance and financial services company, we have a unique opportunity to use our strong balance sheet to invest in the communities we serve. Over the years, our investments have contributed to new assisted living facilities for the elderly and day care centers for children. They have also strengthened community infrastructures and renovated libraries and hospitals. Investing in communities is good for the customers and communities we serve—and good business for Allstate.

In 2004, The Allstate Corporation had...

**\$30 billion** invested in municipal bonds.

**\$110 million** allocated in low-interest loans.

**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 exceeded \$30 billion as of December 31, 2004.

**Investing in Home Ownership.** Affordable housing provides a stable foundation for families. It also helps revitalize entire communities. We support home ownership for all by investing in the NeighborWorks® system, a leading national force in affordable housing. Today, we have more than \$45 million invested via NeighborWorks® to help families purchase their first homes or complete necessary home renovations. As of December 2004, 464 families—more than half of which were minority households—were able to purchase a home, get a second mortgage or subsidize their interest payments thanks to help from this program.

**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. Allstate's portfolio of such economically targeted investments, including NeighborWorks®, totals more than \$110 million.

**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 (LISC) 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. In 2004, Allstate also extended our loans to organizations such as Neighborhood Housing Services of America, Illinois Facilities Fund and Impact Community Capital.

**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.

## Our People

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*Our 70,000 employees, agents and agency staff are the lifeblood of Allstate. They deliver the “You’re in Good Hands with Allstate®” promise, day in and day out. They also invest their time and know-how through Allstate’s community outreach programs. We value their hard work and commitment, and we support them with tools and programs that help them excel at work, at home and in their communities.*

*Allstate employees and agents are deeply involved in their communities. As they focus on Allstate customers, they find themselves face to face with people and communities 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.*

*Serving Local Community Organizations.* Allstate agents find many ways to reach out to the communities where they live and work. To honor their involvement, The Allstate Foundation awards \$500 grants to nonprofit organizations where Allstate agents volunteer. In 2004 we awarded \$903,500 in Agency Hands in the Community grants to recognize the volunteerism of 1,807 Allstate agents.

The Allstate Corporation funds additional programs that generate tremendous interest and participation from Allstate employees and agents.

*Encouraging Employee and Agent Contributions.* Allstate values the generous contributions employees and agents make each year to charitable organizations in their communities. Administered at every Allstate office, the Corporate Giving Campaign makes it easy for our 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 2004, Allstate matched donations by 34,541 Allstate employees and agents and put over \$5.1 million into the hands of those who need it most.

*Volunteering in the Community.* More than 50 percent of Allstate employees participate in volunteer activities through the company’s Helping Hands program. This program has been recognized for organizing events that bring caring and compassion to communities throughout America. For example, each November and December, Allstate works with Chicago-based charitable organizations to brighten the holidays of families in need. Allstate’s home office staff members “adopt” families, review the wish lists they submit and fulfill these wishes with everything from turkeys for the table to bicycles, beds and basketballs for children. In 2004, nearly 4,000 employees reached out to 374 families, touching the lives of hundreds of people of all ages.



*Good work should  
extend beyond the office.  
That's our stand.*



Serving local community organizations with Agency Hands in the Community grants. Allstate Agent Raymond M. Fondel dedicates his grant to the Southern University System Alumni Association, Baton Rouge, La.





Helping kids is a way of life for Allstate Agent Kevin McDonald, winner of the 2004 Ray Lynch Award.

**Honoring Community Service.** Each year, The Allstate Foundation honors one special agent for his or her outstanding community work. This award honors Ray Lynch, an agent who gave his Fayetteville, N.C. community exemplary business leadership and personal service for 32 years until his untimely passing in 1999.

In 2004, we presented this award to Kevin McDonald, a 15-year agent from Ocala, Fla. McDonald donates between six and 20 hours every week to support the March of Dimes, the Boys & Girls Club and other church and community organizations. McDonald received a \$5,000 Allstate Foundation grant, which he directed to the March of Dimes.

Recently, as president of the board of the Ocala Boys & Girls Club, McDonald helped raise \$1 million to build a new facility. He is also raising money for after-school activities geared toward underprivileged children, including mentoring programs, basketball leagues and career days. "I've seen children spend eight or nine years in this positive environment, and then watched them graduate from high school with honors," said McDonald. "There's nothing more gratifying than hearing a child say, 'Thank you for giving me a safe place to come to.'"

### A Working Partnership

*Allstate looks for employees who have what it takes to thrive in our high-performance culture. We seek professionals who respond to a value system that embraces diversity, equal opportunity, leadership development, lifelong learning, workplace flexibility and work/life balance.*

To attract and retain the best professionals in our industry, we offer a strong employee value proposition that's expressed in The Allstate Partnership. The Partnership is a set of mutual expectations that define the relationship between Allstate and its employees. The company asks employees to collaborate with us on creating a high-performance environment that puts Allstate in a position to outperform the competition. The Partnership defines not just the company's expectations, but also what employees should expect in return for their dedication and performance.

Our commitment to employees includes an attractive and competitive total compensation package that goes beyond pay and benefits to include a variety of tools and programs that foster personal and professional growth.

**Achieving Work/Life Balance.** Flexible work options help employees work as productively as possible while balancing their work and personal obligations. Paid Time Off banks and Partial Paid Time Off days allow employees to manage their time away from work. Many employees can also take advantage of telecommuting options on an informal basis.

**Promoting Health and Wellness.** Allstate encourages all employees to take a holistic view of personal and family health. We also give them the resources they need to manage their health proactively. 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 can take advantage of corporate discounts at major health fitness clubs across the country.

**Building Career Credentials.** A high-performance work environment requires continuous learning, and Allstate helps employees and agents cultivate new skills that lead to new job opportunities. Virtually every Allstate employee, agent and agency staff member can access our Learning Resource Network directly from his or her workstation. They can choose from a variety of available courses on business/functional skills, interpersonal skills, and technical and leadership development. In 2004, Allstate learners spent 843,238 hours on these programs. We also offer Professional Education programs to our employees that provide industry and professional designations as well as tuition reimbursements for undergraduate and graduate degree programs. In 2004, Allstate paid more than \$15 million for these programs.

**Putting Diversity to Work.** At Allstate, diversity is a business strategy for leveraging differences in the workplace and the marketplace. The Allstate workforce mirrors the diverse markets we serve. Of the nearly 39,000-person Allstate employee workforce, more than half are women, and nearly 30 percent are minorities. Among officers and managers, over 40 percent are women and nearly 20 percent come from one of five minority groups. A diverse workforce is one important factor that helps us understand and satisfy the needs of our diverse marketplace.

Our people do good work in and out of the office:

Obtained Foundation grants for local community organizations	1,807 Allstate Agents
Contributed to the Corporate Giving Campaign	34,541 Allstate Employees and Agents
Time spent on Allstate online learning programs	843,238 hours
Female percentage of the total Allstate workforce	59.3
Minority percentage of the total Allstate workforce	28.5

Job Category	Total by Category	Total Female	Total African American	Total Hispanic	Total Asian/Pacific Islander	Total Native American	Total Minority
Officials & Managers	5,850	42.5%	11.1%	4.8%	3.6%	0.4%	19.9%
Professionals	17,655	48.3%	12.6%	6.1%	5.5%	0.4%	24.5%
Technicians	41	12.2%	4.9%	4.9%	2.4%	0.0%	12.2%
Sales Workers	677	25.4%	11.7%	6.5%	5.3%	0.9%	24.4%
Office Workers	13,084	84.0%	24.8%	9.5%	3.1%	0.5%	37.8%
Other	122	11.4%	18.7%	15.5%	3.3%	0.0%	37.4%
Total Workforce	37,429	59.3%	16.6%	7.1%	4.3%	0.4%	28.5%

Data as of 12/31/04 (U.S. employee counts only; excludes Exclusive Agencies, Personal Financial Representatives and Independent Agencies)

As an industry leader, Allstate recognizes the value that comes from a diverse workforce. Our commitment to diversity and a high-performance workplace has been recognized by many sources, including the following:

**Diversity Elite – America's Best 50 Companies for Minorities**

*Fortune* magazine, award winner for fifth consecutive year (1998-2002).

**Most Admired Property and Casualty Company**

*Fortune* magazine survey, Allstate ranked #4 (2003-2004).

**100 Best Companies for Working Mothers**

*Working Mother* magazine, 14-year award winner (1990, 1992-2004).

**Best Companies for Women of Color**

*Working Mother* magazine (2004).

**Top 50 Companies for Diversity**

*DiversityInc.* magazine, Three-time award winner (2002-2004).

**One of the "Best Places to Work for Latinos"**

*Hispanic* magazine, Award winner for eighth consecutive year (1996-2003).

**50 Best Companies for Latinas to Work**

*Latina Style* magazine, award winner for seventh consecutive year (1998-2004).

**Leader of Distinction Award for Supplier Diversity**

*Saludos Hispanos* magazine (2003).

**Top 10 Companies for African Americans to Work**

*DiversityInc. Magazine* (2003-2004).

**Great Places for Black Women to Work**

*Essence* magazine (2003-2004).

**The Top Company for Blacks in Technology**

*The National BDPA* (Black Data Processing Associates) and *WorkplaceDiversity.com* (2003-2004).

**Top 10 Companies for Minority MBA Executives**

*Minority MBA* magazine, award winner for fifth consecutive year (1998-2002).

**Top 100 Best Places to Work in IT**

*Computerworld* magazine, award winner for the eighth consecutive year (1997-2004).

**Top 50 Executives in Technology**

*Hispanic Engineer* magazine, award winner for two consecutive years (2002-2003).

**Top 100 Company for Employee Training and Development**

*Training* magazine, award winner for the fourth consecutive year (2001-2004).

**Top 50 Companies for People with Disabilities**

*Careers & The disAbled* magazine, four-time award winner (1997, 2000-2002).

**Top Company for Executive Women**

National Association of Female Executives (NAFE) (2000-2001, 2005).

**25 Best Places to Work in Chicago**

*Chicago* magazine (2000, 2004).

**Ward's 50 Benchmark Group of property-casualty and life-health insurance companies**

Ward Group (2003).

**Chicago's Largest Public Companies**

*Crain's Chicago Business*, Ranked #4 in 2003 (based on 2002 revenues).

**#2 Online Insurance Carrier**

Gomez Online Insurance Carrier Scorecard (Q3 2003).

## Our Company

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*Allstate's values live throughout our business. Customers depend on us to honor the contracts we have to help protect them, and we've done so with integrity for more than 70 years. They also expect their insurance and financial services company to operate responsibly. For Allstate, that means reaching out to diverse suppliers, protecting our environment and communicating openly and honestly with all our stakeholders. These values – and the actions that reinforce them – make Allstate a better and more successful company.*

### Helping Americans Protect and Prepare.

*When tragedy strikes, no one responds like the people of the Allstate group of companies. Across America, agents and employees offer compassion and reassurance when customers and communities need them most. Customers look to the Allstate group to respond quickly so they can move beyond accidents and catastrophes and begin to rebuild their lives.*

In 2004, these values were put to work after hurricanes damaged one in every five homes across Florida. Employees and associates cut vacations short and disrupted their family lives to lend their experience and support to hurricane victims. Some former employees even suspended their retirement to help. In all, 2,300 associates rushed to the hardest hit areas to help people recover. Call center workers logged over 75,000 overtime hours assisting policyholders. Mobile Response Units served more than 50,000 people, issuing 25,000 loss reports and more than 42,000 checks. And at the height of its response, the Allstate National Catastrophe Team closed about 3,300 property insurance claims per day—or more than two claims per minute, 24 hours a day.

In the aftermath, many customers sent letters expressing appreciation for the responsive and compassionate service they received. Carroll, an Allstate Floridian customer, wrote, "As I sit in my home still hearing the tractor trailers picking up debris, the memory of 'Hurricane Ivan the Terrible' is still upon my mind. ... I am writing to tell you how blessed we feel to have you as our insurance company. ... We never felt a 'big business' attitude but more one of compassion, efficiency and timeliness. Thank you for being the company you are."

While the Allstate Floridian companies were busy helping people rebuild and restore their lives, The Allstate Foundation moved quickly to establish a \$1 million Disaster Recovery Fund to help with the immediate and long-term recovery efforts of communities damaged by the hurricanes.

With help from the Southwest Florida Community Foundation, Central Florida Community Foundation and Florida Hurricane Relief Fund, dozens of local nonprofit recipients of the Fund grants helped over 1.2 million individuals face the difficult task of rebuilding their lives.

Once catastrophes have passed and the immediate needs of the affected communities have been met, the Allstate group often stays on the scene to teach customers and communities how to help protect themselves from new threats. In California, for example, wildfires and mudslides can strike at any time, and following basic fire safety procedures can save lives. Allstate Insurance Company is partnering with the U.S. Forest Service and many local Fire Safe Councils to show homeowners how to do just that. These actions demonstrate pride in what we do—and genuine compassion for the customers we serve.

*"As I sit in my home still hearing the tractor trailers picking up debris, the memory of 'Hurricane Ivan the Terrible' is still upon my mind. ... I am writing to tell you how blessed we feel to have you as our insurance company. ... We never felt a 'big business' attitude but more one of compassion, efficiency and timeliness. Thank you for being the company you are."*

– Carroll  
Allstate Floridian Customer



*Your trust should be earned.  
That's our stand.*



Allstate National Catastrophe Team is helping Floridians restore and rebuild their lives in the wake of the four storms. Claim adjuster Renée Sanner and Allstate Agent David Puckett were on the scene.





Hector and Norma Orci, founders of La Agencia de Orci, celebrate 10 years of successful business relations with Allstate.

## A Diverse Supplier Network

*Supplier Diversity is an integral part of Allstate's value system and business strategy. Minority and woman-owned businesses, and small businesses in general, drive economic growth; and supplier contracts with Allstate help them provide the jobs and essential services that make communities strong. They, in turn, demonstrate reliability and innovation in helping us meet our business goals.*

Our 10-year relationship with Hector and Norma Orci and La Agencia de Orci is a case in point. A leading force in Hispanic marketing and advertising, La Agencia is helping Allstate reach out to this fast-growing demographic sector. And the rewards go beyond just smart business. Hector and Norma Orci work tirelessly to promote education and professional development in the Hispanic community. Together with the charter school movement in California, they work to establish elementary, middle and enterprise high schools in local communities. Allstate is proud to support businesses that help build stronger communities across the country. In 2004, Allstate channeled \$2.6 billion<sup>1</sup> toward diverse businesses and small business enterprises.

Allstate has a clear strategy for integrating diverse businesses into our procurement processes. We've identified high-opportunity sourcing areas where diverse businesses can support our procurement needs. Allstate is working to improve our procurement spending in key categories identified as "diverse" by the Small Business Administration. Those include business enterprises owned by women, minorities, veterans and the disadvantaged. In 2004, Allstate directed \$184 million<sup>2</sup> of our total sourced expenditures to these suppliers, up 29 percent from 2003. Our goal is to continue to increase this portion of our diversity spending by 15 percent in 2005.

Part of our strategy also includes leveraging our membership with leading nonprofit organizations to identify best practices in supplier diversity, conduct national benchmarking and connect with diverse suppliers at a variety of forums. Some of these organizations include the National Minority Supplier Development Council, Women Business Enterprise National Council, National Hispanic Corporate Council and Asian Women in Business.

We believe people want relationships with companies that understand and respect their diversity. When we include diverse businesses in our sourcing process, we give these businesses an opportunity to grow. Ultimately, communities prosper as a result of strong enterprises, and that's good for everyone—their residents, their businesses and Allstate.

<sup>1</sup> includes Small Business Enterprise category  
<sup>2</sup> excludes Small Business Enterprise category

## Protecting Our Environment

*At Allstate, we set high standards for environmental responsibility. Many factors must work together to preserve our ecosystem, and we employ a multidimensional approach to help protect the natural resources and assets of our communities.*

We start right here at home in Northbrook, Ill. Our headquarters campus represents approximately 2.3 million square feet of property. We have converted all interior ambient lighting on campus to T-8 fluorescent with electronic ballast, reducing wattage from 4 to 1.5 watts per square foot. We have converted exterior parking lot lighting and roadway lighting to Metal Halide and High Pressure Sodium, increasing output and decreasing energy consumption. Furthermore, the irrigation system at Allstate's headquarters campus is 100 percent self-sustained. We collect storm water in retention ponds and take advantage of existing wells to irrigate our land. Consequently, Allstate doesn't consume any of the city's water supply for this purpose.

Allstate is also a participating member of the Climate Resolve initiative within the Business Roundtable, a national organization of chief executive officers. The organization's goal is to commit 100 percent of its members to reducing greenhouse gas intensity. Already, Allstate's air conditioning units use only HCFC or HFC, both considered environmentally inert. We are also registered with Clean Air Counts, a greater Chicago six-county initiative that aims to reduce ozone-causing emissions, thereby improving air quality and enabling economic development.

When it comes to environmental responsibility, our employees are also enthusiastic participants who are committed to do their part. Those who choose public transportation benefit from subsidized tickets and free shuttles to the nearest train station. Employees support our company-wide recycling programs by setting aside tons of paper waste, plastics, aluminum and other materials for collection and reuse each year.

Finally, Allstate works closely with our suppliers to purchase products whose designs, manufacturing processes and recyclable content make them more environmentally friendly. As a result, the fabrics and building materials used throughout our organization meet strict environmental performance standards. For example, the steel used in our furniture supplier's metal products contains 25-30 percent recycled content. We have saved 1,232,560 pounds of greenhouse gas emissions in 2004 alone by specifying a climate-neutral carpet. Some of our paper and carton supplies are manufactured from recycled papers. We also consider the environmental records of our key suppliers when awarding contracts and encourage them to develop and share their own environmental programs.

## A Strong Governance System

*Allstate benefits from corporate governance principles that give management the tools and support it needs to effectively manage our business. Our practices and policies—which we publish online at Allstate.com—earn high marks from third-party assessors. Over time, these practices demonstrate their value by contributing to positive long-term financial performance.*

Our governance principles reflect our deep commitment to integrity and ethics, which in turn supports our practices of providing transparent information about our company and prudent risk management. While our corporate governance practices and policies align with most assessments of “best practices,” our focus has been and will continue to be on adopting and maintaining the practices and policies that are right for Allstate, its shareholders, its customers and other stakeholders.

Our Board of Directors also provides valuable guidance in managing a broad range of business risks. Since our initial public offering in 1993, we’ve worked tirelessly to reduce our exposure to uninsurable risks. We’ve also made policy changes that help to insulate our company from operational risks. Our Audit Committee has established an enterprise risk management group that considers these risks from a global perspective. By reviewing regular reports on everything from terrorism to global warming, the Committee can understand the impact these variables may have on Allstate’s operations and financial performance and take proactive steps to manage our exposure.

## Pursuing New Opportunities

*People and communities across America benefit each day from Allstate’s many acts of good corporate citizenship. While we’re proud of all we’ve accomplished, we know there’s much more work ahead to help keep communities safe; help people build strong economic foundations; and encourage greater diversity, tolerance and inclusion. We look forward to finding additional opportunities to put our strong values and resources to work to build a stronger, more productive and more inclusive society.*

## The Allstate Corporation Board of Directors

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### F. Duane Ackerman

Chairman, President and Chief Executive Officer  
BellSouth Corporation

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### James G. Andress

Retired Chairman and Chief Executive Officer  
Warner Chilcott PLC

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### Edward A. Brennan

Retired Chairman, President and Chief Executive Officer  
Sears, Roebuck and Co.

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### W. James Farrell

Chairman and Chief Executive Officer  
Illinois Tool Works Inc.

---

### Jack M. Greenberg

Retired Chairman and Chief Executive Officer  
McDonald’s Corporation

---

### Ronald T. LeMay

Industrial Partner  
Ripplewood Holdings

---

### Edward M. Liddy

Chairman, President and Chief Executive Officer  
The Allstate Corporation

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### J. Christopher Reyes

Chairman  
Reyes Holdings, L.L.C.

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### H. John Riley, Jr.

Chairman and Chief Executive  
Cooper Industries Ltd.

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### Joshua I. Smith

Chairman and Managing Partner  
The Coaching Group

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### Judith A. Sprieser

Chief Executive Officer  
Transora

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### Mary Alice Taylor

Independent business executive

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# Vital Statistics

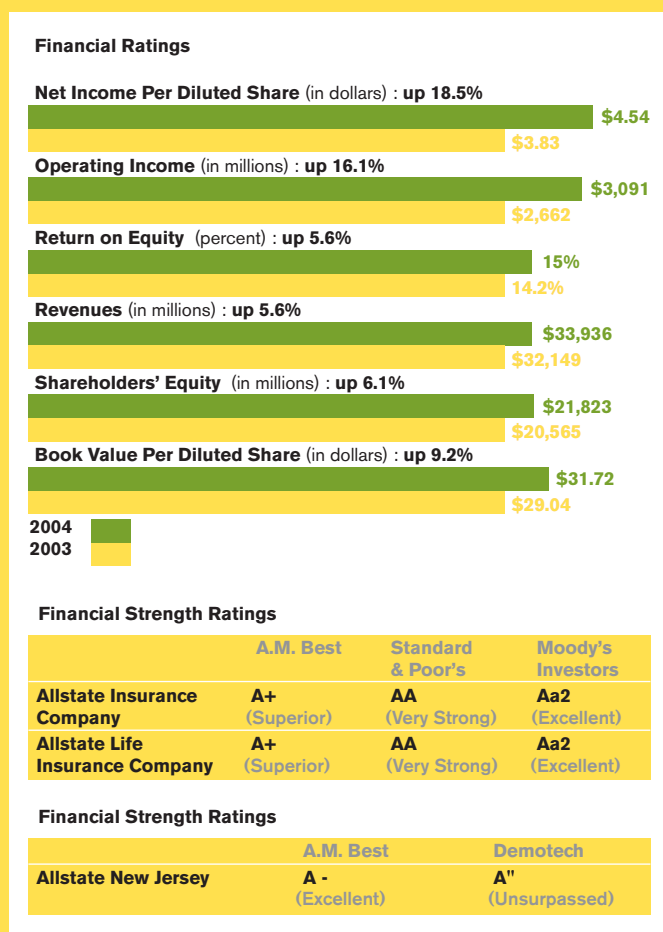
## Allstate looking back...

On a fall morning in 1930, as the 7:28 commuter train headed for downtown Chicago, a suggestion was made to Sears, Roebuck and Co. President and Board Chairman General Robert E. Wood that Sears should start an auto insurance company. It was the beginning of something big...

04.17.1931	05.17.1931	1950	1952	1993	1995	1999
Allstate is founded as part of Sears, Roebuck and Co.	A tool-and-die maker from Aurora, Illinois, becomes the first policyholder.	"You're In Good Hands With Allstate <sup>®</sup> " is created by a sales manager to demonstrate the Allstate commitment to customers.	The Allstate Foundation is created to support and improve neighborhoods, schools, communities and other nonprofit organizations.	Allstate becomes the largest publicly held insurance company when Sears sells 19.8 percent ownership of Allstate.	June 30, 1995 Allstate becomes a totally independent company when Sears spins off the remaining 80 percent of Allstate to Sears shareholders.	"The Good Hands <sup>SM</sup> Network" is announced, a full integrated system that combines the power and convenience of direct telephone and Internet sales with the professionalism and expertise of Allstate agencies.

## ...Allstate today

The Allstate Corporation is the nation's largest publicly held personal lines insurer. A Fortune 50 company, with \$149 billion in assets, Allstate sells 13 major lines of insurance, including auto, property, life and commercial. Allstate also offers retirement and investment products and banking services.



## Our People

The Allstate Corporation encompasses some 70,000 professionals. Of our employees, 28.5 percent are minorities; 59.3 percent are women. In 2004 Allstate paid \$3.1 billion in employee compensation and benefits. Approximately 85.4 percent of eligible employees participate in the employee profit sharing plan and received \$112 million in the 2004 company contribution, which consisted primarily of Allstate stock.

## Our Customers

Allstate provides insurance products to more than 16 million households. We insure one out of every eight autos and homes in the U.S., and we are one of the country's leading life insurers.

## Our Network

Allstate has operations in 49 states and Canada. Customers can access Allstate products and services through Allstate agents, Allstate.com, and 1-800-Allstate (1-800-729-0098 in New Jersey). In addition, the Encompass<sup>SM</sup> and Deerbrook<sup>®</sup> brand insurance products are sold exclusively through independent agents.

## Our Economic Impact

In 2004 Allstate paid \$17.8 billion in total Property-Liability insurance claims and claims expense. The Allstate Foundation donated \$13.9 million to nonprofit organizations and awarded \$479,500 in scholarships. The Allstate Corporation, its employees and agents donated \$5.1 million through the Giving Campaign to nonprofit organizations. Allstate currently holds \$30 billion in municipal bonds, and more than \$110 million in community investments.

Allstate Insurance Company of New York, Inc. and Subsidiaries									
	Allstate Agents¹	Autos Insured	Dwellings Insured²	Life Policies Insured	Commercial Policies	Personal Property and Casualty Claim Payments	Personal Property and Casualty Claims Settled	Municipal Bond Holdings 2004	The Allstate Corporation Group of Companies State Taxes 2003³
AK	34	76,464	43,966	6,255	4,666	49,916,930	21,301	\$65,940,000	3,280,248
AL	219	282,531	121,619	25,752	6,871	222,046,768	105,312	\$479,246,000	9,754,151
AR	101	123,407	51,341	9,842	5,247	59,703,180	33,042	\$332,010,000	3,700,284
AZ	306	369,326	201,962	31,821	7,536	220,918,041	147,281	\$615,967,000	11,851,077
CA	1,343	1,940,911	1,099,963	189,018	41,261	1,359,636,641	564,740	\$4,795,482,904	67,761,466
CO	270	249,024	129,089	22,209	5,016	154,821,248	78,275	\$1,224,532,000	3,777,766
CT	212	323,061	149,762	26,237	5,669	200,065,764	86,443	\$445,270,000	6,890,585
DC	10	15,813	15,865	374	309	14,191,226	8,905	\$36,225,000	586,060
DE	19	23,184	19,492	3,246	1,564	18,064,688	8,761	\$324,480,000	1,019,353
FL	1,021	1,569,704	638,904	127,076	65,628	2,274,079,025	769,162	\$1,188,685,000	60,924,372
GA	435	654,817	287,611	55,681	12,141	347,019,489	185,550	\$275,045,000	18,340,849
HI	44	55,626	40,850	7,627	1,437	28,991,663	14,042	\$124,815,000	2,936,537
IA	48	62,854	23,892	5,389	1,484	21,722,845	12,313	\$61,720,000	1,363,714
ID	84	125,077	50,832	6,928	2,640	44,370,049	32,614	\$3,720,000	2,872,894
IL	653	859,643	519,997	100,652	13,184	500,473,546	257,305	\$2,560,570,115	15,656,931
IN	217	296,556	129,931	35,127	3,166	135,455,505	71,928	\$946,165,000	5,574,587
KS	82	96,653	34,020	9,003	5,614	37,099,710	21,029	\$193,075,000	1,425,451
KY	136	198,910	87,424	18,614	4,066	103,838,168	46,722	\$190,405,000	5,159,135
LA	316	406,198	199,272	47,219	10,664	278,614,450	145,373	\$606,039,864	12,037,778
MD	273	451,274	242,540	44,932	7,623	287,273,014	182,014	\$131,580,000	12,565,104
ME	43	96,372	31,240	4,599	1,528	33,715,245	22,919	\$80,719,286	1,967,598
MI	334	371,268	180,062	50,542	5,584	315,678,288	146,591	\$468,235,000	5,592,306
MN	153	190,744	87,588	12,358	2,109	91,618,975	49,815	\$239,255,000	4,976,138
MO	215	199,786	85,023	16,873	4,202	113,648,213	55,863	\$477,870,000	3,524,672
MS	117	112,170	62,819	13,445	3,025	56,860,871	35,717	\$255,015,000	5,181,645
MT	37	41,579	11,140	3,403	3,583	21,920,066	8,690	\$79,225,000	1,585,973
NC	359	577,051	225,133	45,361	12,468	258,487,944	172,355	\$500,135,000	14,271,929
ND	6	11,110	3,752	1,058	1,005	3,161,039	2,235	\$62,410,000	278,836
NE	35	54,755	21,995	5,981	2,626	24,827,442	13,054	\$325,325,000	1,180,969
NH	56	86,014	32,537	8,031	1,586	38,380,982	24,330	\$181,550,000	1,989,130
NJ	256	727,943	282,057	35,640	18,424	571,415,845	181,288	\$1,153,263,000	21,004,300
NM	102	150,456	70,244	12,432	5,529	92,392,687	48,037	\$112,515,000	5,012,793
NV	137	178,374	88,814	16,310	3,550	137,552,374	58,893	\$195,185,000	9,462,389
NY	1,047	1,532,420	879,862	127,096	49,566	1,283,061,208	464,924	\$1,330,309,642	53,102,837
OH	426	683,272	325,340	61,910	6,537	299,496,949	171,910	\$829,303,000	9,324,671
OK	156	214,208	61,603	15,829	4,012	119,993,122	51,652	\$191,440,000	5,505,563
OR	230	255,699	116,668	22,435	5,498	115,221,477	67,093	\$724,725,000	3,454,369
PA	629	965,942	467,728	86,475	9,851	653,138,246	325,462	\$836,550,000	23,870,152
RI	53	74,015	31,483	6,208	1,257	42,879,563	23,054	\$176,155,000	1,918,584
SC	198	467,186	179,558	26,838	7,612	221,096,921	140,391	\$384,470,000	8,301,267
SD	7	6,359	2,815	640	693	3,195,454	1,454	\$43,340,000	439,611
TN	270	282,615	154,018	32,652	5,511	127,535,514	68,586	\$294,145,000	8,663,369
TX	1,249	2,004,332	797,896	150,728	56,792	1,123,714,095	648,606	\$4,198,514,599	48,374,910
UT	166	322,792	121,645	17,296	5,223	132,181,998	96,426	\$265,660,000	6,379,005
VA	315	585,218	266,095	51,056	11,246	301,661,331	191,782	\$358,695,098	17,992,027
VT	40	48,010	17,488	2,596	1,070	19,341,714	13,159	\$68,705,000	961,759
WA	370	446,321	233,223	42,942	10,903	258,796,475	142,751	\$978,435,000	10,976,543
WI	79	131,077	73,458	10,645	3,143	56,949,913	28,841	\$411,165,000	2,115,645
WV	46	71,673	29,171	5,869	2,391	48,497,465	20,035	\$302,675,000	5,176,097
WY	18	21,036	6,240	1,791	1,612	9,443,165	4,533	\$15,566,756	231,689

<sup>1</sup> Includes full-time Exclusive Agents and Personal Financial Representatives

<sup>2</sup> Includes homeowners, condos, and renters

<sup>3</sup> 2004 state taxes available online October 31, 2005

The Allstate Corporation  
2775 Sanders Road  
Northbrook, IL 60062-6127





Tear here

Tear here

### Comments Card

Your comments can help us improve the way we communicate our corporate social responsibility and Foundation activities. Please evaluate these statements using a scale from one (you strongly disagree) to four (you strongly agree).

1. The report enhanced my understanding of Allstate corporate citizenship activities.

1

Strongly Disagree

2

Disagree

3

Agree

4

Strongly Agree

2. The report enhanced my understanding of The Allstate Foundation's philanthropic activities.

1

Strongly Disagree

2

Disagree

3

Agree

4

Strongly Agree

3. Which section did you find most useful?

4. Which section did you find least useful?

5. I believe Allstate is a good corporate citizen.

1

Strongly Disagree

2

Disagree

3

Agree

4

Strongly Agree

6. I believe The Allstate Foundation is making a difference in the communities that it serves.

1

Strongly Disagree

2

Disagree

3

Agree

4

Strongly Agree

We care about your comments. Please tell us what kind of information you would like to see included in future reports:

Allstate Insurance Company is not licensed in and does not do business in New Jersey.



Please send me a copy of the 2004 Allstate Annual Report

Name

Street

City, State, Zipcode