

ALLEGHANY CORP /DE
Form DEF 14A
March 17, 2011

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12.

ALLEGHANY CORPORATION
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:
 - Fee paid previously with preliminary materials.

- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

Table of Contents

**ALLEGHANY CORPORATION
7 Times Square Tower
New York, New York 10036**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
April 29, 2011 at 10:00 a.m., Local Time**

**RSUI Group, Inc.
945 East Paces Ferry Road, 18th Floor
Atlanta, Georgia**

Alleghany Corporation (Alleghany) hereby gives notice that its 2011 Annual Meeting of Stockholders will be held at the offices of its subsidiary RSUI Group, Inc., 945 East Paces Ferry Road, 18th Floor, Atlanta, Georgia, on Friday, April 29, 2011 at 10:00 a.m., local time, for the following purposes:

1. To elect three directors for terms expiring in 2014.
2. To consider and take action upon a proposal to ratify the selection of KPMG LLP as Alleghany s independent registered public accounting firm for the year 2011.
3. To hold an advisory, non-binding vote on executive compensation.
4. To hold an advisory, non-binding vote to determine the frequency of future stockholder advisory votes on executive compensation.
5. To transact such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

Holders of Alleghany common stock at the close of business on March 7, 2011 are entitled to receive this Notice and vote for the election of directors and on each of the other matters set forth above at the 2011 Annual Meeting and any adjournments of this meeting.

You are cordially invited to be present. If you do not expect to attend in person, you may vote your shares by telephone, by the Internet, or by signing and returning the enclosed proxy card in the envelope provided. Representation of your shares is very important. We ask that you submit your proxy promptly. You may revoke your proxy at any time prior to its being voted by written notice to the Secretary of Alleghany or by voting in person at the 2011 Annual Meeting.

By order of the Board of Directors

CHRISTOPHER K. DALRYMPLE
*Vice President, General Counsel
and Secretary*

March 17, 2011

Important Notice Regarding Internet Availability of Proxy Materials for the Alleghany Corporation 2011 Annual Meeting of Stockholders to be Held on April 29, 2011: Our proxy materials relating to our 2011 Annual Meeting (notice of meeting, proxy statement, proxy and 2010 Annual Report to Stockholders on Form 10-K) are also available on the Internet. Please go to www.edocumentview.com/YAL to view and obtain the proxy materials online.

Table of Contents

**ALLEGHANY CORPORATION
7 Times Square Tower
New York, New York 10036**

PROXY STATEMENT

2011 Annual Meeting of Stockholders to be held April 29, 2011

Alleghany Corporation, referred to in this proxy statement as Alleghany, we, our, or us, is providing these proxy materials in connection with the solicitation of proxies by the Board of Directors of Alleghany, or the Board, from holders of Alleghany's outstanding shares of common stock entitled to vote at our 2011 Annual Meeting of Stockholders, or the 2011 Annual Meeting, and at any and all adjournments or postponements, for the purposes referred to below and in the accompanying Notice of Annual Meeting of Stockholders. These proxy materials are being mailed to stockholders on or about March 17, 2011.

On March 7, 2011, 8,749,533 shares of Alleghany's common stock were outstanding and entitled to vote. The number of shares of Alleghany common stock as of March 7, 2011, and the share ownership information provided elsewhere in these proxy materials, do not include shares Alleghany will issue in connection with a common stock dividend, consisting of one share of Alleghany common stock for every 50 shares of outstanding Alleghany common stock. Alleghany will pay this common stock dividend on April 29, 2011 to stockholders of record at the close of business on April 1, 2011. References to common stock in this proxy statement refer to the common stock, par value \$1.00 per share, of Alleghany unless the context otherwise requires.

Table of Contents

Information About Voting

Alleghany's Board has fixed the close of business on March 7, 2011 as the record date for the determination of stockholders entitled to notice of, and to vote at, the 2011 Annual Meeting. Stockholders are entitled to one vote for each share held of record on the record date with respect to each matter to be acted on at the 2011 Annual Meeting.

The presence, in person or by proxy, of holders of a majority of the outstanding shares of Alleghany's common stock is required to constitute a quorum for the transaction of business at the 2011 Annual Meeting. Abstentions and broker non-votes (shares held by a broker or nominee that does not have discretionary authority to vote on a particular matter and has not received voting instructions from its client) are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the 2011 Annual Meeting. Under applicable rules of the New York Stock Exchange, brokers may no longer use discretionary authority to vote shares of Alleghany's common stock held for clients on any of the matters to be considered at the 2011 Annual Meeting other than the ratification of our selection of KPMG LLP as Alleghany's independent accounting firm. Accordingly, it is important that, if your shares are held by a broker, you provide instructions to your broker so that your vote with respect to the election of directors and with respect to the advisory votes on executive compensation and on the frequency of future stockholder advisory votes on executive compensation are counted.

There are three ways to vote by proxy: by calling the toll free telephone number on the enclosed proxy card, by using the Internet as described on the enclosed proxy card or by returning the enclosed proxy card in the envelope provided. You may be able to vote by telephone or the Internet if your shares are held by a broker; follow their instructions.

Table of Contents

TABLE OF CONTENTS

<u>PRINCIPAL STOCKHOLDERS</u>	1
<u>ALLEGHANY CORPORATE GOVERNANCE</u>	3
<u>Board of Directors</u>	3
<u>Director Independence</u>	4
<u>Board Leadership</u>	4
<u>Board Role in Risk Oversight</u>	5
<u>Committees of the Board of Directors</u>	5
<u>Communications with Directors</u>	9
<u>Director Retirement Policy</u>	9
<u>Related Party Transactions</u>	9
<u>Codes of Ethics</u>	10
<u>Majority Election of Directors</u>	10
<u>Director Stock Ownership Guidelines</u>	11
<u>SECURITIES OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u>	12
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	14
<u>PROPOSALS REQUIRING YOUR VOTE</u>	15
<u>Proposal 1. Election of Directors</u>	15
<u>Compensation of Directors</u>	23
<u>Proposal 2. Ratification of Selection of Independent Registered Public Accounting Firm for the year 2011</u>	26
<u>Audit Committee Report</u>	28
<u>Proposal 3. Advisory Vote on Executive Compensation</u>	30
<u>Proposal 4. Advisory Vote on the Frequency of Future Stockholder Advisory Votes on Executive Compensation</u>	33
<u>All Other Matters That May Come Before the 2011 Annual Meeting</u>	34
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	34
<u>EXECUTIVE OFFICERS</u>	36
<u>COMPENSATION COMMITTEE REPORT</u>	37
<u>COMPENSATION DISCUSSION AND ANALYSIS AND COMPENSATION MATTERS</u>	38
<u>Compensation Philosophy and General Description</u>	38
<u>Components of Compensation</u>	42
<u>Financial Statement Restatements</u>	48
<u>Executive Officer Stock Ownership Guidelines</u>	48
<u>Tax Considerations</u>	49
<u>PAYMENTS UPON TERMINATION OF EMPLOYMENT</u>	50
<u>EXECUTIVE COMPENSATION</u>	54
<u>Summary Compensation Table</u>	54
<u>Grants of Plan-Based Awards in 2010</u>	56
<u>Narrative Discussion Relating to the Summary Compensation Table and Grants of Plan-Based Awards Table</u>	57

Table of Contents

<u>Outstanding Equity Awards at 2010 Fiscal Year-End</u>	61
<u>2010 Stock Vested</u>	63
<u>Pension Benefits</u>	64
<u>Nonqualified Deferred Compensation</u>	67
<u>STOCKHOLDER NOMINATIONS AND PROPOSALS</u>	70
<u>SHARED ADDRESS STOCKHOLDERS</u>	71
<u>ADDITIONAL INFORMATION</u>	72

Table of Contents**PRINCIPAL STOCKHOLDERS**

We believe that, as of March 7, 2011, approximately 22.7% (but see Note (2) below) of our outstanding common stock was beneficially owned by the estate of F.M. Kirby, Allan P. Kirby, Jr. and Grace Kirby Culbertson, the sister of F.M. Kirby and Allan P. Kirby, Jr., primarily through a number of family trusts. The following table sets forth such beneficial ownership of common stock of each of the foregoing, as well as other persons who, based upon filings made by them with the U.S. Securities and Exchange Commission, or the SEC, were the beneficial owners of more than five percent of our outstanding common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)(2)			Percent of Class
	Sole Voting Power and/or Sole Investment Power	Shared Voting Power and/or Shared Investment Power	Total	
Estate of F.M. Kirby 17 DeHart Street, P.O. Box 151, Morristown, NJ 07963	342,712	750,479	1,093,191(3)	12.5
Allan P. Kirby, Jr. 14 E. Main Street, P.O. Box 90, Mendham, NJ 07945	575,583		575,583(4)	6.6
Grace Kirby Culbertson Blue Mill Road, Morristown, NJ 07960	173,882	146,840	320,722(5)	3.7
Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway, Short Hills, NJ 07078	852,297		852,297(6)	9.7
Artisan Partners Limited Partnership 875 E. Wisconsin Avenue, Suite 800, Milwaukee, WI 53202		840,550	840,550(7)	9.6
Royce & Associates, LLC 1414 Avenue of the Americas, New York, NY 10019	585,173		585,173(8)	6.7

(1) Except as described in Note (3) below, the stock ownership information in the table is as of March 7, 2011.

(2) Amounts in table do not reflect shares of common stock that may be held by the estate or one or more beneficiaries of the estate of Ann Kirby Kirby, a sister of F.M. Kirby, Allan P. Kirby, Jr. and Grace Kirby Culbertson. Prior to her death in 1996, Ann Kirby Kirby had disclaimed being a controlling person or member of a controlling group with respect to Alleghany, and had declined to supply information with respect to her ownership of

Table of Contents

common stock. Since her death, the representatives of the estate of Mrs. Kirby have declined to supply information with respect to ownership of common stock by her estate or its beneficiaries; therefore, Alleghany does not know whether her estate or any beneficiary of her estate beneficially owns more than five percent of its common stock. However, Mrs. Kirby filed a statement on Schedule 13D dated April 5, 1982 with the SEC reporting beneficial ownership, both direct and indirect through various trusts, of 710,667 shares of the common stock of Alleghany Corporation, a Maryland corporation and the predecessor of Alleghany, or Old Alleghany. Upon the liquidation of Old Alleghany in December 1986, stockholders received \$43.05 in cash and one share of common stock for each share of Old Alleghany common stock. If Mrs. Kirby, her estate and her beneficiaries had continued to hold in the aggregate the 710,667 shares reported in the Schedule 13D statement filed with the SEC in 1982 together with all stock dividends received in consequence through the date hereof, her beneficial ownership of common stock would have increased by 455,241 shares.

- (3) This information is based upon information provided to Alleghany by Mr. F.M. Kirby in January 2011 prior to his death in February 2011. Includes 232,368 shares that were held by Mr. Kirby directly. Also includes 110,344 shares of common stock held by a trust for the benefit of Mr. Kirby's children, of which Mr. Kirby was sole trustee; 548,167 shares held by a trust of which Mr. Kirby was co-trustee and primary beneficiary; and 202,312 shares held by trusts for the benefit of Mr. Kirby's children and his children's descendants as to which Mr. Kirby had been granted a proxy.
- (4) Includes 324,363 shares of common stock held by a trust of which Mr. Allan P. Kirby, Jr. is co-trustee (with the final right to vote) and beneficiary; and 7,125 shares issuable under stock options granted pursuant to the 2005 Directors' Stock Plan, or the 2005 Directors' Plan and the 2000 Directors' Stock Option Plan, or the 2000 Directors' Plan. Mr. Kirby held 244,095 shares directly.
- (5) Includes 36,840 shares of common stock held by Grace Kirby Culbertson as co-trustee of trusts for the benefit of her children; and 110,000 shares held by trusts for the benefit of Mrs. Culbertson and her descendants, of which Mrs. Culbertson is co-trustee. Mrs. Culbertson held 173,882 shares directly.
- (6) According to an amendment dated January 27, 2011 to a Schedule 13G statement filed by Franklin Mutual Advisers, LLC, or Franklin, Franklin had sole voting power and sole dispositive power over 852,297 shares of common stock. The statement indicated that such shares may be deemed to be beneficially owned by Franklin, an investment advisory subsidiary of Franklin Resources, Inc., or FRI, and that, under Franklin's advisory contracts, all voting and investment power over such shares was granted to Franklin. The statement also indicated that Charles B. Johnson and Rupert H. Johnson, Jr. were the

Table of Contents

principal shareholders of FRI, but beneficial ownership of the shares reported therein is not attributed to FRI or Messrs. Johnson because Franklin exercises voting and investment powers over such shares independently of FRI and Messrs. Johnson. Franklin disclaimed any economic interest in or beneficial ownership of such shares.

- (7) According to an amendment dated February 11, 2011 to a Schedule 13G statement filed jointly by Artisan Partners Limited Partnership, an investment adviser (Artisan Partners), Artisan Investment Corporation, the general partner of Artisan Partners (Artisan Corp.), ZFIC, Inc., the sole stockholder of Artisan Corp. (ZFIC), and Andrew A. Ziegler and Carlene M. Ziegler, the principal stockholders of ZFIC (who, together with Artisan Partners, Artisan Corp. and ZFIC, are referred to herein as Artisan Parties), the Artisan Parties share voting and dispositive power over 823,485 shares of common stock, and share dispositive power over an additional 17,065 shares of common stock. The statement indicated that such shares had been acquired on behalf of discretionary clients of Artisan Partners, persons other than Artisan Partners are entitled to receive all dividends from and proceeds from the sale of such shares, and to the knowledge of the Artisan Parties none of such persons has an economic interest in more than 5% of the class.
- (8) According to an amendment dated January 11, 2011 to a Schedule 13G statement filed by Royce & Associates, LLC, an investment advisor, Royce & Associates, LLC has sole voting power and sole dispositive power over 585,173 shares of common stock.

ALLEGHANY CORPORATE GOVERNANCE

Board of Directors

Pursuant to Alleghany's Restated Certificate of Incorporation and By-Laws, Alleghany's Board is divided into three separate classes of directors which are required to be as nearly equal in number as practicable. At each Annual Meeting of Stockholders, one class of directors is elected to a term of three years. Currently, there are three standing committees of the Board, consisting of an Audit Committee, Compensation Committee and Nominating and Governance Committee. Additional information regarding these committees is set out below. Alleghany's Board currently consists of eleven directors. Allan P. Kirby, Jr., a director of Alleghany since 1963, retired as a director of Alleghany effective as of the 2010 Annual Meeting of Stockholders on April 23, 2010.

The Board held seven meetings in 2010. Each director attended more than 75% of the aggregate number of meetings of the Board and meetings of the committees of the Board on which he served that were held in 2010. There are two regularly scheduled executive sessions for non-management directors of Alleghany and one regularly scheduled executive session for

Table of Contents

independent directors each year. The Chairman, who is currently an independent director, presides at these executive sessions. Alleghany does not have a policy with regard to attendance by directors at Annual Meetings of Stockholders. Three directors attended the 2010 Annual Meeting of Stockholders.

Director Independence

Pursuant to the New York Stock Exchange's listing standards, Alleghany is required to have a majority of independent directors, and no director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with Alleghany. The Board has determined that Rex D. Adams, Karen Brenner, Dan R. Carmichael, Jefferson W. Kirby, William K. Lavin, Thomas S. Johnson, Phillip M. Martineau, James F. Will and Raymond L.M. Wong have no material relationship with Alleghany other than in their capacities as members of the Board and committees thereof, and thus are independent directors of Alleghany, based upon the fact that none of such directors has any material relationship with Alleghany either directly or as a partner, shareholder or officer of an organization that has a relationship with Alleghany. As a result, nine of Alleghany's current eleven directors are independent directors. Two of the three director nominees, Messrs. Adams and Jefferson W. Kirby, are independent. The third director nominee, Weston M. Hicks, is President and chief executive officer of Alleghany and is not independent. Prior to his retirement as a director in April 2010, the Board had determined that Allan P. Kirby, Jr. had no material relationship with Alleghany other than in his capacity as a member of the Board and committees thereof, and thus was an independent director of Alleghany, based upon the fact that he did not have any material relationship with Alleghany either directly or as a partner, shareholder or officer of an organization that has a relationship with Alleghany.

Board Leadership

Currently the positions of Chairman, and President and chief executive officer, are separate. It is the policy of the Board that the Chairman should not be an Alleghany officer. The current Chairman is an independent director. Pursuant to the Corporate Governance Guidelines of Alleghany, or the Corporate Governance Guidelines, the duties of the Chairman include providing leadership to the Board in managing the business of the Board and ensuring that there is an effective structure for the operation of the Board and its committees. The Board believes that its leadership structure is appropriate given the historical development of the composition of the Board and management and the Corporate Governance Guidelines, Alleghany's long-term principal stockholders and the significant tenure of a majority of its members.

Table of Contents

Board Role in Risk Oversight

The Board oversees risk management directly and through its Audit Committee, Compensation Committee and Nominating and Governance Committee. Alleghany management has several committees that it uses group-wide to monitor and manage risk, including a Risk Management Committee, Reinsurance Security Committee, Investment Committee and Legal Compliance Committee. Alleghany management regularly reports to the Board and, as appropriate, to the committees of the Board on management's activities and risk tolerances. Each year at the Board's December or January meeting, the Board receives a formal report on enterprise risk management and, at the same meeting, considers Alleghany's five-year strategic plan and the evaluation of the chief executive officer, allowing the Board to consider risk and risk management in the context of the strategic plan and management's performance. At the Audit Committee's June meeting, it receives a formal report on enterprise risk management and legal compliance, which is also copied to the Board, and the Audit Committee subsequently reports thereon to the Board. The Board believes that risk oversight is a responsibility of the entire Board, and it does not look to any individual director or committee to lead it in discharging this responsibility.

Committees of the Board of Directors

Audit Committee

The current members of the Audit Committee are Messrs. Lavin (Chairman), Adams, Carmichael and Wong and Ms. Brenner. The Board has determined that each of these members has the qualifications set forth in the New York Stock Exchange's listing standards regarding financial literacy and accounting or related financial management expertise, and is an audit committee financial expert as defined by the SEC. The Board has also determined that each of the members of the Audit Committee is independent as defined in the New York Stock Exchange's listing standards. The Audit Committee operates pursuant to a Charter, a copy of which is available on Alleghany's website at www.alleghany.com or may be obtained, without charge, upon written request to the Secretary of Alleghany at Alleghany's principal executive offices. Pursuant to its Charter, the Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm, including approving in advance all audit services and permissible non-audit services to be provided by the independent registered public accounting firm. The Audit Committee is also directly responsible for the evaluation of such firm's qualifications,

Table of Contents

performance and independence. The Audit Committee also reviews and makes reports and recommendations to the Board with respect to the following matters:

the audited consolidated annual financial statements of Alleghany and its subsidiaries, including Alleghany's specific disclosures under management's discussion and analysis of financial condition and results of operation and critical accounting estimates, to be included in Alleghany's Annual Report on Form 10-K to the SEC and whether to recommend this inclusion;

the unaudited consolidated quarterly financial statements of Alleghany and its subsidiaries, including management's discussion and analysis thereof, to be included in Alleghany's Quarterly Reports on Form 10-Q to the SEC;

Alleghany's policies with respect to risk assessment and risk management;

the adequacy and effectiveness of Alleghany's internal controls and disclosure controls and procedures;

the compensation, activities and performance of Alleghany's internal auditors; and

the quality and acceptability of Alleghany's accounting policies, including critical accounting estimates and practices and the estimates and assumptions used by management in the preparation of Alleghany's financial statements.

The Audit Committee held seven meetings in 2010.

Compensation Committee

The current members of the Compensation Committee are Messrs. Carmichael (Chairman), Johnson, Lavin, Martineau, Will and Wong, each of whom the Board has determined is independent as defined in the New York Stock Exchange's listing standards. The Compensation Committee operates pursuant to a Charter, a copy of which is available on Alleghany's website at www.alleghany.com or may be obtained, without charge, upon written request to the Secretary of Alleghany at Alleghany's principal executive offices. Alleghany's executive compensation program is administered by the Compensation Committee. Pursuant to its Charter, the Compensation Committee is, among other things, charged with:

reviewing and approving the financial goals and objectives relevant to the compensation of the chief executive officer;

evaluating the chief executive officer's performance in light of such goals and objectives; and

Table of Contents

determining the chief executive officer's compensation based on such evaluation.

In addition, the Compensation Committee also is responsible for reviewing the annual recommendations of the chief executive officer concerning:

the compensation of the other Alleghany officers and proposed adjustments to such officers' compensation; and

the adjustments proposed to be made to the compensation of the three most highly paid officers of each Alleghany operating subsidiary as recommended by the compensation committee for each such operating subsidiary.

The Compensation Committee provides a report on the actions described above to the Board and makes recommendations with respect to such actions to the Board as the Compensation Committee may deem appropriate. Compensation adjustments and awards are generally made annually by the Compensation Committee at a meeting in December or January.

In addition, the Compensation Committee is responsible for reviewing the compensation of the directors on an annual basis, including compensation for service on committees of the Board, and proposing changes, as appropriate, to the Board. The Compensation Committee also administers Alleghany's 2002 Long-Term Incentive Plan, or the 2002 LTIP, the 2007 Long-Term Incentive Plan, or the 2007 LTIP, the 2005 Management Incentive Plan, or the 2005 MIP, and the 2010 Management Incentive Plan, or the 2010 MIP.

Alleghany's Senior Vice President-Law, Robert M. Hart, supports the Compensation Committee in its work. In addition, during 2010, the Compensation Committee engaged Grahall Partners, or the Compensation Consultant, as independent outside compensation consultant, to advise it on executive compensation matters. The Compensation Consultant also advised the Compensation Committee and management on various executive compensation matters involving Alleghany's operating subsidiaries. The Chairman of the Compensation Committee reviews and approves all fees Alleghany pays to the Compensation Consultant. The Compensation Committee held five meetings in 2010.

Nominating and Governance Committee

The current members of the Nominating and Governance Committee are Messrs. Adams (Chairman), Johnson, Martineau and Will and Ms. Brenner, each of whom the Board has determined is independent as defined in the New York Stock Exchange's listing standards. The Nominating and Governance Committee operates pursuant to a Charter, a copy of which is available on Alleghany's website at www.alleghany.com or may be obtained, without charge,

Table of Contents

upon written request to the Secretary of Alleghany at Alleghany's principal executive offices. Pursuant to its Charter, the Nominating and Governance Committee is charged with:

identifying and screening director candidates, consistent with criteria approved by the Board;

making recommendations to the Board as to persons to be (i) nominated by the Board for election to the Board by stockholders or (ii) chosen by the Board to fill newly created directorships or vacancies on the Board;

developing and recommending to the Board a set of corporate governance principles applicable to Alleghany; and

overseeing the evaluation of the Board, individual directors and Alleghany's management.

The Nominating and Governance Committee will receive at any time and will consider from time to time suggestions from stockholders as to proposed director candidates. In this regard, a stockholder may submit a recommendation regarding a proposed director nominee in writing to the Nominating and Governance Committee in care of the Secretary of Alleghany at Alleghany's principal executive offices. Any such persons recommended by a stockholder will be evaluated in the same manner as persons identified by the Nominating and Governance Committee.

The Board generally seeks members with diverse business and professional backgrounds and outstanding integrity and judgment, and such other skills and experience as will enhance the Board's ability to best serve Alleghany's interests. The Board has not approved any specific criteria for nominees for director and believes that establishing such criteria is best left to an evaluation of Alleghany's needs at the time that a nomination is to be considered. In view of the infrequency of vacancies on the Board, the Nominating and Governance Committee does not have an established procedure for identifying and evaluating nominees for director or any specific qualities, skills or minimum qualifications that it believes are necessary for one or more of Alleghany's directors to possess. In 2009, at the request of the Board, the Nominating and Governance Committee undertook a process to identify two or more new directors, which process resulted in the elections of Ms. Brenner and Mr. Martineau as directors in December 2009. The Nominating and Governance did consider diversity in setting its 2009 search criteria.

The Nominating and Governance Committee held five meetings in 2010.

Table of Contents

Communications with Directors

Interested parties may communicate directly with any individual director, the non-management directors as a group or the Board as a whole by mailing such communication to the Secretary of Alleghany at Alleghany's principal executive offices. Any such communications will be delivered unopened:

if addressed to a specific director, to such director;

if addressed to the non-management directors, to the Chairman of the Nominating and Governance Committee who will report thereon to the non-management directors; or

if addressed to the Board, to the Chairman of the Board who will report thereon to the Board.

Director Retirement Policy

Alleghany's retirement policy for directors was adopted by Old Alleghany in 1979 and by Alleghany upon its formation in 1986. In January 2011, the retirement policy was amended to provide that, except in respect of directors serving when the policy was first adopted, a director must retire from the Board at the next Annual Meeting of Stockholders following his or her 75th birthday. Prior to the January 2011 amendment, the retirement policy had required a director to retire at the next Annual Meeting of Stockholders following his or her 72nd birthday. Mr. Burns is not subject to this retirement policy because he was a director of Old Alleghany in 1979.

Related Party Transactions

The Board has adopted a written Related Party Transaction Policy, or the Policy. Pursuant to the Policy, all related party transactions must be approved in advance by the Board. Under the Policy, a related party transaction means any transaction, other than compensation for services as an officer or director authorized and approved by the Compensation Committee or the Board, in which Alleghany or any of its subsidiaries is a participant and in which any:

director or officer of Alleghany or

immediate family member of such director or officer, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and any person (other than a tenant or employee) sharing the household of such director or officer,

Table of Contents

has or will have a direct or indirect material interest. A person who has a position or relationship with a firm, corporation or other entity may be deemed to have an indirect interest in any transaction in which that entity engages. However, a person is not deemed to have an interest if such interest arises only from such person's position as a director of another corporation and/or such person's direct and indirect ownership of less than 10% of the equity of such firm, corporation, or other entity.

Under the Policy, all newly proposed related party transactions are referred to the Nominating and Governance Committee for review and consideration of its recommendation to the Board. Following this review, the related party transaction and the Nominating and Governance Committee's analysis and recommendations are presented to the full Board (other than any directors interested in the transaction) for approval. The Nominating and Governance Committee reviews existing related party transactions annually, with the goals of ensuring that such transactions are being pursued in accordance with all of the understandings and commitments made at the time they were approved, ensuring that payments being made with respect to such transactions are appropriately reviewed and documented, and reaffirming that such transactions remain in the best interests of Alleghany. The Nominating and Governance Committee reports any such findings to the Board.

Codes of Ethics

Alleghany has adopted a Financial Personnel Code of Ethics for its chief executive officer, chief financial officer, chief accounting officer, vice president for tax matters and all professionals serving in a finance, accounting, treasury or tax role, a Code of Ethics and Business Conduct for its directors, officers and employees, and the Corporate Governance Guidelines. Copies of each of these documents are available on Alleghany's website at www.alleghany.com or may be obtained, without charge, upon written request to the Secretary of Alleghany at Alleghany's principal executive offices.

Majority Election of Directors

Alleghany's By-Laws provide for a majority voting standard for the election of directors for uncontested elections. In connection with such provision of the By-Laws, the Corporate Governance Guidelines provide that a director nominee, as a condition of his or her nomination, shall tender to the Board, at the time of nomination, an irrevocable resignation in the event that the director fails to receive the majority vote required by the By-Laws, effective upon the Board's acceptance of such resignation. In the event that a director nominee fails to receive the requisite majority vote, the Nominating and Governance Committee will evaluate

Table of Contents

such resignation in light of Alleghany's best interests and make a recommendation to the Board as to whether the Board should accept the resignation. In making its recommendation, the Nominating and Governance Committee may consider any factors it deems relevant, including:

the director's qualifications;

the director's past and expected future contributions to Alleghany;

the overall composition of the Board; and

whether accepting the tendered resignation would cause Alleghany to fail to meet any applicable rule or regulation (including New York Stock Exchange listing standards and federal securities laws).

The Board, by vote of independent directors other than the director whose resignation is being evaluated, will act on the tendered resignation and will publicly disclose its decision and rationale within 90 days following certification of the stockholder vote.

Director Stock Ownership Guidelines

Directors are expected to achieve ownership of common stock, or equivalent common stock units, with a value equal to at least five times the annual board retainer within five years of election to the Board, and to maintain such a level thereafter.

Table of Contents**SECURITIES OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth, as of March 7, 2011, the beneficial ownership of common stock of each of the nominees named for election as a director, each of the other current directors, each of the executive officers named in the Summary Compensation Table on page 54, and all nominees, directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership			Percent of Class
	Sole Voting Power and/or Sole Investment Power	Shared Voting Power and/or Shared Investment Power	Total	
Rex D. Adams	9,338		9,338(1)	0.11
Weston M. Hicks	79,377		79,377(2)	0.91
Jefferson W. Kirby	68,983	159,096	228,079(1)(3)	2.6
Karen Brenner	416		416(1)	*
John J. Burns, Jr.	61,189		61,189(1)(4)	0.70
Dan R. Carmichael	22,374			