

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

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**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:
-

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**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.

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**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.

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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.

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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

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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

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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

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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.

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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,

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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

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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,

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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.

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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,

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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

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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		22,374(1)(5)	0.26
Thomas S. Johnson	10,563		10,563(1)	0.12
William K. Lavin	9,435		9,435(1)	0.11
Phillip M. Martineau	416		416(1)	*
James F. Will	18,891	1,683	20,574(1)	0.24
Raymond L.M. Wong	4,208		4,208(1)	0.05
Roger B. Gorham	9,161		9,161(6)	0.11
Robert M. Hart	12,806		12,806(7)	0.15
Jerry G. Borrelli	1,262		1,262	0.01
Christopher K. Dalrymple	1,465		1,465	0.02
All nominees, directors and executive officers as a group (15 persons)	309,884	160,779	470,663(8)	5.4(9)

* represents less than 0.01%

(1) Includes 7,292 shares of common stock in the case of Messrs. Johnson, Lavin and Will, 6,097 shares of common stock in the case of Messrs. Adams and Carmichael, 2,098 shares of common stock in the case of Messrs. Kirby and Wong, 1,557 shares of common stock in the case of Mr. Burns and 166 shares of common stock in the case of Ms. Brenner and Mr. Martineau, issuable under stock options granted pursuant to the 2010 Directors Stock Plan, or the 2010 Directors Plan, the 2005 Directors Plan and the 2000 Directors

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Plan. Also includes 250 shares of restricted common stock or restricted stock units granted to each of Messrs. Adams, Kirby, Burns, Carmichael, Johnson, Lavin, Martineau, Will and Wong and Ms. Brenner pursuant to the 2010 Directors Plan, which shares are subject to a one-year vesting period that will end on April 29, 2011.

- (2) Includes 29,291 shares of common stock representing a restricted stock award and subsequent stock dividends in respect thereof, which are subject to Mr. Hicks continuing employment with Alleghany and the achievement of certain performance goals, but does not include any shares that may be paid pursuant to outstanding restricted stock units held by Mr. Hicks.
- (3) Includes 159,096 shares of common stock held by a trust; such amount reflects Mr. Jefferson W. Kirby's share of such trust as co-trustee and secondary beneficiary. As such shares are held by a trust of which his father, Mr. F.M. Kirby, prior to his death in February 2011, was a co-trustee and primary beneficiary, such 159,096 shares are also included in the amounts set forth for the Estate of F.M. Kirby on page 1. Mr. Jefferson W. Kirby had granted a proxy to his father with respect to an additional 22,055 shares held by a trust of which Mr. Jefferson W. Kirby is co-trustee and beneficiary and thus such additional 22,055 shares are also included in the amounts set forth for the Estate of F.M. Kirby on page 1. Mr. Jefferson W. Kirby held 68,983 shares directly, of which 1,060 shares were held by a limited partnership with Mr. Jefferson W. Kirby exercising sole voting and investment power in respect of such shares.
- (4) Includes 1,264 shares of common stock held by a trust of which Mr. Burns' wife is sole trustee and 332 shares of common stock owned by Mr. Burns' wife. Mr. Burns had no voting or investment power over these shares, and he disclaims beneficial ownership of them.
- (5) Includes 257 shares of common stock owned by Mr. Carmichael's wife. Mr. Carmichael had no voting or investment power over these shares, and he disclaims beneficial ownership of them.
- (6) Includes 4,014 shares of common stock representing a restricted stock award and subsequent stock dividends in respect thereof, which are subject to Mr. Gorham's continuing employment with Alleghany and the achievement of certain performance goals.
- (7) Includes 1,041 shares of common stock held by a trust of which Mr. Hart is sole trustee.
- (8) Includes a total of 1,853 shares of common stock over which certain of the above persons listed had no voting or investment power, as discussed in Notes (4) and (5) above.
- (9) Based on the number of shares of outstanding common stock as of March 7, 2011, adjusted in the case of each director to include shares of common stock issuable within 60 days upon exercise of stock options held by such director.

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Section 16(a) Beneficial Ownership Reporting Compliance

Alleghany has determined that, except as set forth below, no person who at any time during 2010 was a director, officer or beneficial owner of more than 10% of common stock failed to file on a timely basis reports required by Section 16(a) of the Securities Exchange Act of 1934, as amended, during 2010. This determination is based solely upon Alleghany's review of Forms 3, 4 and 5, and written representations that no Form 5 was required, which such persons submitted to Alleghany during or with respect to 2010. Mr. F.M. Kirby filed a Form 4 report on May 19, 2010 reporting a distribution of 2,204 shares of common stock paid by Alleghany as a stock dividend in April 2010 to beneficiaries of a trust of which Mr. Kirby was sole trustee.

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PROPOSALS REQUIRING YOUR VOTE

Proposal 1. Election of Directors

Rex D. Adams, Weston M. Hicks and Jefferson W. Kirby have been nominated by the Board for election as directors at the 2011 Annual Meeting, each to serve for a term of three years, until the 2014 Annual Meeting of Stockholders and until his successor is duly elected and qualified. Messrs. Adams, Hicks and Kirby were last elected by stockholders at the 2008 Annual Meeting of Stockholders held on April 25, 2008.

Proxies received from Alleghany stockholders of record will be voted for the election of the three nominees named above as Alleghany directors unless such stockholders indicate otherwise. If any of the foregoing nominees is unable to serve for any reason, which is not anticipated, the shares represented by proxy may be voted for such other person or persons as may be determined by the holders of such proxy unless stockholders indicate otherwise. A nominee for director shall be elected to the Board if such nominee receives the affirmative vote of a majority of the votes cast with respect to the election of such nominee. A majority of votes cast means the number of votes cast for a nominee's election must exceed the number of votes cast against the nominee's election. Abstentions and broker non-votes (see Information About Voting) do not count as votes cast for or against the nominee's election. Abstentions and broker non-votes will be counted as present at the meeting for quorum purposes.

The following information includes the age, the year in which first elected as a director of Alleghany or Old Alleghany, the principal occupation and/or other business experience for the past five years, other public company directorships during the past five years, and the experience, qualifications, attributes and skills of each of the nominees named for election as director, and of each of the other directors of Alleghany. In addition to the information presented below regarding the specific experience, qualifications, attributes and skills that led the Board to the conclusion that each of the nominees named for election as director should be elected as a director of Alleghany, Alleghany believes that each of the nominees, and each of the other directors of Alleghany, has a reputation for integrity, honesty and for adherence to high ethical standards. Alleghany also believes that each of the nominees named for election as director, and each of the other directors of Alleghany, has demonstrated business acumen

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and an ability to exercise sound judgment, as well as a commitment to service to Alleghany and to the Board.

Nominees for Election:

Rex D. Adams
Age 71
Director since 1999
Chairman of the
Nominating and
Governance Committee
Member of the Audit
Committee
Term expires in 2011

Mr. Adams has been a director and Chairman of the Board of Directors of Invesco Ltd., an investment management company, since April 2006, and a director of Invesco Ltd. since 2001. In addition, Mr. Adams has been Dean Emeritus at the Fuqua School of Business at Duke University since December 2004.

Mr. Adams' qualifications to serve on the Alleghany Board also include his business experience, including over 30 years as an executive of Mobil Corporation, his experience as a director on the boards of directors of other companies, particularly companies in the investment management industry, his financial literacy, his experience as the Dean and as a professor at the Fuqua School of Business at Duke University, and his experience in matters of corporate governance.

Weston M. Hicks
Age 54
Director since 2004
Term expires in 2011

Mr. Hicks has been Alleghany's President and chief executive officer since December 2004. In addition, Mr. Hicks is a director of AllianceBernstein Corporation.

Mr. Hicks' qualifications to serve on the Alleghany Board also include his years of experience as an executive in the insurance and financial services industry, particularly his experience as Alleghany's President and chief executive officer during the past six years, and his experience as an analyst of property and casualty insurance companies.

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Jefferson W. Kirby
Age 49
Director since 2006
Term expires in 2011

Mr. Kirby has been Chairman of the Board of Alleghany since July 2010. Mr. Kirby has been the Managing Member of Broadfield Capital Management, LLC, an investment advisory services company, since July 2003. Mr. Kirby also currently serves as a director of Somerset Hills Bancorp.

Mr. Kirby's qualifications to serve on the Alleghany Board also include his over 20 years of experience in financial services and investment management, including his service as a Vice President of Alleghany from 1994 to June 2003 and as an investment manager.

Other Alleghany Directors:

John J. Burns, Jr.
Age 79
Director since 1968
Term expires in 2012

Mr. Burns has been Vice Chairman of the Board of Alleghany since July 2010 and also served as Vice Chairman of the Alleghany Board and as a non-executive employee of Alleghany assisting the President and chief executive officer on investment matters from January 2005 until January 2007. Mr. Burns served as Chairman of the Board of Alleghany from January 2007 until June 2010.

Mr. Burns' qualifications to serve on the Alleghany Board also include his business experience, particularly his over 40 years of experience as an Alleghany executive, including 17 years as President and chief operating officer and 12 years as President and chief executive officer.

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Dan R. Carmichael
Age 66
Director since 1993
Chairman of the
Compensation
Committee
Member of the Audit
Committee
Term expires in 2012

Mr. Carmichael was President and Chief Executive Officer of Ohio Casualty Corporation, a property and casualty insurance company, from December 2000 until August 2007 when he retired in connection with Ohio Casualty's acquisition by Liberty Mutual Group. From August 2007 until October 2008, Mr. Carmichael was a consultant to Liberty Mutual Agency Markets, a property and casualty insurance division of Liberty Mutual Group. Mr. Carmichael is currently Chairman of the Board and a director of Platinum Underwriters Holdings, Ltd.

Mr. Carmichael's qualifications to serve on the Alleghany Board also include his over 30 years of property and casualty business experience, including as Chairman and Chief Executive Officer of Ohio Casualty Corporation; Chief Executive Officer of IVANS, Inc., a property and casualty technology solutions provider; and as a director on the boards of directors of other technology companies in the property and casualty industry, and his financial literacy.

William K. Lavin
Age 66
Director since 1992
Chairman of the Audit
Committee
Member of the
Compensation
Committee
Term expires in 2012

Mr. Lavin has been a financial consultant since October 1994, and currently serves as a director of Artisanal Brands, Inc.

Mr. Lavin's qualifications to serve on the Alleghany Board also include his business experience as an executive with public and private companies, his extensive experience with public and financial accounting matters for such companies, and his financial literacy.

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Raymond L.M. Wong
Age 58
Director since 2006
Member of the Audit
Committee
Member of the
Compensation
Committee
Term expires in 2012

Mr. Wong is currently a Managing Director of Spring Mountain Capital, LP, an investment management company which he joined in June 2007. Prior to that, from July 2002 until June 2007, Mr. Wong was the Managing Member of DeFee Lee Pond Capital LLC, a financial advisory and consulting services company.

Mr. Wong's qualifications to serve on the Alleghany Board also include his business experience, particularly his 25 years as a managing director in the investment banking group of Merrill Lynch & Co., Inc., and his financial literacy.

Karen Brenner
Age 55
Director since 2009
Member of the Audit
Committee
Member of the Nominating
and Governance
Committee
Term expires in 2013

Ms. Brenner has been a Clinical Professor of Business at the Leonard N. Stern School of Business at New York University since 2008. She teaches professional responsibility in law and business, corporate governance in law and business, and corporate turnarounds in the interdepartmental markets, ethics, and law program. Ms. Brenner also has been a principal at Brenner & Company, a financial management and advisory firm she founded, since 1998.

Ms. Brenner's qualifications to serve on the Alleghany Board also include her years of business experience as a Chief Executive Officer and/or board member of public and private companies in a wide variety of industries, and as an advisor to private equity firms, venture capital companies, boards of directors and chief executive officers focusing on enhancing value of operating companies, and her experience in corporate governance and management issues.

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Thomas S. Johnson
Age 70
Director since 1997
and for 1992-1993
Member of the
Compensation
Committee
Member of the
Nominating and
Governance Committee
Term expires in 2013

Mr. Johnson was Chairman and Chief Executive Officer of GreenPoint Financial Corporation and its subsidiary GreenPoint Bank from 1993 until his retirement on December 31, 2004. In addition, Mr. Johnson currently serves as a director of R.R. Donnelly & Sons Company and The Phoenix Companies, Inc. and served as a director of the Federal Home Loan Mortgage Corporation during the past five years.

Mr. Johnson's qualifications to serve on the Alleghany Board also include his over 30 years of experience as a financial services industry executive, particularly as Chairman and Chief Executive Officer of GreenPoint Financial Corporation, his experience as a director on the boards of directors of other companies, and his financial literacy.

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Phillip M. Martineau
Age 63
Director since 2009
Member of the
Compensation
Committee
Member of the
Nominating and
Governance Committee
Term expires in 2013

Mr. Martineau has been Chairman, President and Chief Executive Officer of Pittsburgh Corning Corporation and Pittsburgh Corning Europe, building materials companies, since June 2005. Prior to that, Mr. Martineau was Chief Executive Officer and a director of High Voltage Engineering Corporation (High Voltage), a designer and manufacturer of power control systems, from December 2004 until February 2005. The Board of Directors of High Voltage hired Mr. Martineau as Chief Executive Officer to lead High Voltage through a restructuring under Chapter 11 of the U.S. Bankruptcy Code, which resulted in its sale to Siemens in February 2005. Mr. Martineau served as a director of Exide Technologies from May 2004 until August 2006.

Mr. Martineau's qualifications to serve on the Alleghany Board also include his years of executive operational experience with global companies in the materials and manufacturing sectors, particularly his experience as a Chief Executive Officer of such companies, as well as his experience as a director on the boards of directors of other companies.

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James F. Will
Age 72
Director since 1992
Member of the
Compensation
Committee
Member of the
Nominating and
Governance Committee
Term expires in 2013

Mr. Will was the President of Saint Vincent College from July 2000 until his retirement in June 2006, at which time he was named Vice Chancellor and President Emeritus of Saint Vincent College.

Mr. Will's qualifications to serve on the Alleghany Board also include his over 20 years of experience as an executive in the steel industry, particularly his tenure as President and Chief Executive Officer of Armco Inc., a steel manufacturing and metals processing company, and his experience as President of Saint Vincent College.

Table of Contents**COMPENSATION OF DIRECTORS**

The information under this heading relates to the compensation during 2010 of those persons who served as directors of Alleghany at any time during 2010, except for Mr. Hicks, whose compensation is reflected in the Summary Compensation Table on page 54.

2010 Director Compensation

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards (2)	All Other Compensation(3)	Total
Rex D. Adams	\$ 72,000	\$ 75,180	\$ 66,252		\$ 213,432
Karen Brenner	\$ 66,000	\$ 75,180	\$ 66,252		\$ 207,432
John J. Burns, Jr.	\$ 300,000	\$ 75,180	\$ 66,252	\$ 28,530	\$ 469,962
Dan R. Carmichael	\$ 75,000	\$ 75,180	\$ 66,252		\$ 216,432
Thomas S. Johnson	\$ 60,750	\$ 75,180	\$ 66,252		\$ 202,182
Allan P. Kirby, Jr.(4)	\$ 16,500				\$ 16,500
Jefferson W. Kirby	\$ 75,000	\$ 75,180	\$ 66,252		