

ALLEGHANY CORP /DE

Form DEF 14A

March 14, 2007

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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)(4) 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):

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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.:

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(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 27, 2007 at 10:00 a.m., Local Time**

**Harvard Club of New York City
35 West 44th Street
New York, New York**

Alleghany Corporation hereby gives notice that its 2007 Annual Meeting of Stockholders will be held at the Harvard Club of New York City, 35 West 44th Street, New York, New York on Friday, April 27, 2007 at 10:00 a.m., local time, for the following purposes:

1. To elect three directors for terms expiring in 2010.
2. To consider and take action upon a proposal to approve Alleghany's 2007 Long-Term Incentive Plan.
3. 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 2007.
4. 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 1, 2007 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 2007 Annual Meeting and any adjournments of this meeting.

You are cordially invited to be present. If you do not expect to attend in person, we ask that you sign and return the enclosed form of proxy in the envelope provided. You may revoke your proxies at any time prior to their being voted by written notice to the Secretary of Alleghany or by voting in person at the 2007 Annual Meeting.

By order of the Board of Directors

ROBERT M. HART
Senior Vice President, General Counsel and Secretary

March 14, 2007

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

Annual Meeting of Stockholders to be held April 27, 2007

Alleghany Corporation, referred to in this proxy statement as Alleghany, we, or our, 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 2007 Annual Meeting of Stockholders, or the 2007 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 14, 2007.

Alleghany's Board has fixed the close of business on March 1, 2007 as the record date for the determination of stockholders entitled to notice of, and to vote at, the 2007 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 2007 Annual Meeting.

On March 1, 2007, 7,978,025 shares of Alleghany's common stock were outstanding and entitled to vote. The number of shares of Alleghany common stock as of March 1, 2007, and the share ownership information provided elsewhere in these proxy materials, does 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 27, 2007 to stockholders of record at the close of business on April 2, 2007. 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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We believe that, as of March 1, 2007, approximately 33.7 percent (but see Note (4) below) of our outstanding common stock was beneficially owned by F.M. Kirby, Allan P. Kirby, Jr., their sister, Grace Kirby Culbertson, and the estate or one or more beneficiaries of the estate of Ann Kirby Kirby, the sister of Messrs. Kirby and Mrs. Culbertson, primarily through a number of family trusts. The following table sets forth, as of March 1, 2007, the beneficial ownership of common stock of persons we believe were the beneficial owners of more than five percent of our outstanding common stock.

Amount and Nature of Beneficial Ownership

Name and Address of Beneficial Owner	Sole Voting Power and/or Sole Investment Power	Shared Voting Power and/or Shared Investment Power	Total	Percent of Class
F.M. Kirby 17 DeHart Street P.O. Box 151 Morristown, NJ 07963	325,018	708,735	1,033,753(1)	12.9
Allan P. Kirby, Jr. 14 E. Main Street P.O. Box 90 Mendham, NJ 07945	542,524		542,524(2)	6.8
Grace Kirby Culbertson Blue Mill Road Morristown, NJ 07960	164,927	237,217	402,144(3)	5.0
Estate of Ann Kirby Kirby c/o Carter, Ledyard & Milburn LLP 2 Wall Street New York, NY 10005	317,881	392,786	710,667(4)	8.9
Franklin Mutual Advisers, LLC 51 John F. Kennedy Parkway Short Hills, NJ 07078	781,492		781,492(5)	9.8
Royce & Associates, LLC 1414 Avenue of the Americas New York, NY 10019	463,628		463,628(6)	5.8

(1) Includes 110,344 shares of common stock held by F.M. Kirby as sole trustee of trusts for the benefit of his children; 506,423 shares held by a trust of which Mr. Kirby is co-trustee and primary beneficiary; and 202,312 shares held by trusts for the benefit of his children and his children's descendants as to which Mr. Kirby was granted a proxy and, therefore, had shared voting power. Mr. Kirby disclaims beneficial ownership of

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the common stock held for the benefit of his children and for the benefit of his children and his children's descendants. Mr. Kirby held 214,674 shares directly.

- (2) Includes 305,655 shares of common stock held by a trust of which Allan P. Kirby, Jr. is co-trustee (with the final right to vote) and beneficiary; and 12,153 shares issuable under stock options granted pursuant to the 2005 Directors' Stock Plan, or the 2005 Directors' Plan, the Amended and Restated Directors' Stock Option Plan, or the 1993 Amended Directors' Plan and the 2000 Directors' Stock Option Plan, or the 2000 Directors' Plan. Mr. Kirby held 224,716 shares directly, which include 505 shares of restricted common stock granted pursuant to the 2005 Directors' Plan, as adjusted for stock dividends.
- (3) Includes 46,617 shares of common stock held by Grace Kirby Culbertson as co-trustee of trusts for the benefit of her children; and 190,600 shares held by trusts for the benefit of Mrs. Culbertson and her descendants, of which Mrs. Culbertson is co-trustee. Mrs. Culbertson held 164,927 shares directly.
- (4) 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 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 Securities and Exchange Commission, or 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. The stock ownership information provided herein as to the estate of Mrs. Kirby is based solely on her statement on Schedule 13D and does not reflect the two-percent stock dividends paid in each of the years 1985 through 1997 and 1999 through 2006 by Old Alleghany or Alleghany; if Mrs. Kirby, her estate and her beneficiaries had continued to hold in the aggregate 710,667 shares together with all stock dividends received in consequence through the date hereof, the beneficial ownership reported herein would have increased by 366,454 shares.
- (5) According to an amendment dated January 31, 2007 to a Schedule 13G statement filed by Franklin Mutual Advisers, LLC, or Franklin, Franklin had sole voting power and sole dispositive power over 781,492 shares of common stock. The statement

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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 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.

- (6) According to an amendment dated January 17, 2007 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 463,628 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. Alleghany's Board currently consists of ten directors. Currently, there are four standing committees of the Board, consisting of an Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Executive Committee. Additional information regarding these committees is set out below.

The Board held ten meetings in 2006. Each director attended more than 75 percent 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 2006. There are two regularly scheduled executive sessions for non-management directors of Alleghany and one regularly scheduled executive session for independent directors each year. The independent directors annually designate an independent director to preside 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 2006 Annual Meeting of Stockholders.

Effective December 31, 2006, F.M. Kirby retired from his positions as a director and Chairman of the Board. Mr. John J. Burns, Jr. was elected as Chairman of the Board effective January 1, 2007. After his retirement as a director and Chairman of the Board,

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pursuant to action taken by the Board of Directors, Mr. F.M. Kirby is continuing as a non-executive employee consultant from January 1, 2007 through April 30, 2007 as described in more detail on page 24.

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 Messrs. Adams, Carmichael, Lavin, Johnson, Will and 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. This determination was based upon the fact that none of such directors has any relationship with Alleghany other than as a director and member of committees of the Board. As a result, six of Alleghany's current ten directors are independent. Since the three director nominees are incumbents, Alleghany will continue to have six independent directors out of ten total directors if the nominees are elected.

Roger Noall, who served as an Alleghany director since 1996, retired from the Board in April 2006 in accordance with Alleghany's retirement policy which is described on page 8. During his service as a director in 2006, Alleghany determined that Mr. Noall was independent as he had no material relationship with Alleghany other than in his capacity as a member of the Board and committees of the Board.

Committees of the Board of Directors

Audit Committee

The current members of the Audit Committee are Messrs. Lavin, Adams, Carmichael and Wong. 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 the Charter, the Audit Committee is directly responsible for

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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, 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 policies, 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, disclosure controls and procedures and internal auditors, and

the quality and acceptability of Alleghany's accounting policies, including critical accounting policies 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 2006.

Compensation Committee

Alleghany's executive compensation program is administered by the Compensation Committee. The current members of the Compensation Committee are Messrs. Carmichael, Lavin and Will, 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. Under 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,

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

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

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 determining 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, and the 2005 Management Incentive Plan, or the 2005 MIP.

Alleghany's Senior Vice President, General Counsel and Secretary, Robert M. Hart, supports the Compensation Committee in its work. In addition, the Compensation Committee engages Pearl Meyer & Partners, as independent outside compensation consultant, to advise it on executive compensation matters. Pearl Meyer & Partners also advises the Compensation Committee and management on various executive compensation matters involving Alleghany's subsidiaries. The Chairman of the Committee reviews and approves all fees Alleghany pays to Pearl Meyer & Partners. The Compensation Committee held five meetings in 2006.

Nominating and Governance Committee

The current members of the Nominating and Governance Committee are Messrs. Adams, Johnson and Will, 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

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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 Nominating and Governance Committee is charged with:

identifying and screening 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 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 Nominating and Governance Committee has not identified specific, minimum qualifications for director nominees or any specific qualities or skills that it believes are necessary for one or more of Alleghany's directors to possess. In this regard, the Board 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, similar to the Nominating and Governance Committee, has not approved any 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 process for identifying and evaluating nominees for director. The Nominating and Governance Committee held five meetings in 2006.

Executive Committee

The current members of the Executive Committee are Messrs. Allan P. Kirby, Jr., Burns, Hicks and Johnson. The Executive Committee of the Board may exercise certain powers of the Board regarding the management and direction of the business and affairs of Alleghany when the Board is not in session. The Executive Committee reports to the

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Board on all action it takes, and the Board reviews such action. The Executive Committee held no meetings in 2006.

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. The retirement policy provides that, except in respect of directors serving when the policy was first adopted, the Board shall not select a person as a nominee for the Board for a term that would anticipate such nominee serving beyond his or her seventy-second birthday. Messrs. Burns and Allan P. Kirby, Jr. are not subject to this retirement policy because each of them was a director of Old Alleghany in 1979.

Related Party Transactions

Pursuant to the approval of the Audit Committee, on authority delegated by the Board without Mr. F.M. Kirby's participation, during 2003 Alleghany made investments aggregating \$10.0 million as a limited partner in Broadfield Capital, L.P., or Broadfield Capital, an investment fund formed and managed by Broadfield Capital Management, LLC, or Broadfield Management, of which Mr. Jefferson W. Kirby, a director of Alleghany and son of Mr. F.M. Kirby, is the managing member. Broadfield Management is entitled to receive certain fees from Alleghany in connection with its management of this investment, which amounted to \$149,067 in 2006. In November 2006, Broadfield Capital

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dissolved, and in connection with the dissolution, Alleghany received as a return of its capital account approximately \$9.6 million in cash, as well as shares of convertible preferred stock of a start-up insurance brokerage firm. An additional \$0.5 million in cash was withheld by Broadfield Capital pending completion of its 2006 year-end audit.

The Board has adopted a written Related Party Transaction Policy. Pursuant to this Policy, all related party transactions must be approved in advance by the Board, and any continuing related party transaction must be reviewed annually to assure that it remains in the best interests of Alleghany. 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 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, 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 shall be presented to the full Board (other than any directors interested in the transaction) for approval. On an ongoing basis, the Nominating and Governance Committee will review existing related party transactions, 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.

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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 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. Alleghany recently amended its Corporate Governance Guidelines in connection with Mr. F.M. Kirby's retirement as a director and Chairman of the Board and Mr. Burns's election as Chairman of the Board to provide:

that it is the policy of the Board that the Chairman should not be an executive officer of Alleghany,

that, because as Chairman Mr. Burns will not be independent as defined under the rules of the New York Stock Exchange, his tenure as Chairman is viewed as a transitional one,

that the Board intends by 2010 to require that the Chairman be an independent director as determined by the Board consistent with the requirements of the New York Stock Exchange,

that the Nominating and Governance Committee will annually evaluate the performance of the Chairman,

that the Chairman will monitor the performance of the President and chief executive officer but not be responsible for making President and chief executive officer compensation recommendations to the Board, and

for a list of the duties of the Chairman of the Board.

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Stock Ownership Guidelines

Directors are expected to achieve ownership of common stock, or equivalent deferred 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.

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The following table sets forth, as of March 1, 2007, the beneficial ownership of common stock of each of the nominees named for election as a director, each of the other current directors and each of the executive officers named in the Summary Compensation Table on page 54.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership			Percent of Class
	Sole Voting Power and Sole Investment Power	Shared Voting Power and/or Shared Investment Power	Total	
Allan P. Kirby, Jr.	542,524		542,524(1)	6.80
Thomas S. Johnson	14,175		14,175(2)	0.18
James F. Will	25,046	1,556	26,602(2)	0.33
Rex D. Adams	9,279		9,279(2)	0.12
John J. Burns, Jr.	85,651		85,651(3)	1.1
Dan R. Carmichael	19,103		19,103(2)(4)	0.24
Weston M. Hicks	62,140		62,140(5)	0.78
Jefferson W. Kirby	56,331	126,605	182,936(2)(6)	2.30
William K. Lavin	13,678		13,678(2)	0.17
Raymond L.M. Wong	1,158		1,158(2)	0.01
Roger B. Gorham	4,699		4,699(7)	0.06
Robert M. Hart	22,177		22,177(8)	0.28
James P. Slattery	6,141		6,141	0.08
Jerry G. Borrelli	178		178	
All directors, nominees and executive officers as a group (14 persons)	862,280	128,161	990,441(9)	12.31(10)

(1) See Note (2) on page 2.

(2) Includes 12,153 shares of common stock in the case of Messrs. Johnson, Will, Carmichael and Lavin, 8,309 shares of common stock in the case of Mr. Adams, and 500 shares of common stock in the case of Messrs. Jefferson W. Kirby and Wong, issuable under stock options granted pursuant to the 2005 Directors Plan, 1993 Amended Directors Plan and the 2000 Directors Plan. In addition, includes 505 shares of restricted common stock granted to each of Messrs. Carmichael, Lavin,

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- Johnson, Will and Adams, and 250 shares of restricted common stock granted to each of Messrs. Jefferson W. Kirby and Wong, pursuant to the 2005 Directors Plan.
- (3) Includes 782 shares of common stock owned by Mr. Burns's wife. Mr. Burns had no voting or investment power over these shares, and he disclaims beneficial ownership of them.
- (4) Includes 240 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.
- (5) Includes 27,060 shares representing a restricted stock award and subsequent stock dividends in respect thereof, which are subject to Mr. Hicks's 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.
- (6) Includes 126,605 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 is a co-trustee and primary beneficiary, such 126,605 shares are also included in the amounts set forth for Mr. F.M. Kirby on page 1. Mr. Jefferson W. Kirby 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 beneficiary and co-trustee, and thus such additional 22,055 shares are included in the amounts set forth for Mr. F.M. Kirby on page 1. Mr. Jefferson W. Kirby held 56,081 shares directly.
- (7) Includes 3,709 shares 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.
- (8) Of this amount, 19,170 shares were pledged as of March 1, 2007.
- (9) Includes a total of 1,022 shares of common stock over which certain of the persons listed had no voting or investment power, as discussed in Notes (3) and (4) above.
- (10) Based on the number of shares of outstanding common stock as of March 1, 2007, adjusted to include shares of common stock issuable within 60 days upon exercise of stock options held by directors.

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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 2006 was a director, officer or beneficial owner of more than 10 percent 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 2006. 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 2006. With regard to Ann Kirby Kirby who, prior to her death in 1996, Alleghany believed to be a beneficial owner of more than 10 percent of common stock based on her Schedule 13D statement filed with the SEC in 1982, Alleghany had not received any reports from Mrs. Kirby regarding changes in her ownership of common stock, and the representatives of the estate of Mrs. Kirby have declined to supply information with respect to ownership of common stock by her estate or beneficiaries. As a result, Alleghany does not know whether her estate or any beneficiary of her estate beneficially owned more than 10 percent of common stock during 2006 nor whether any such person was required to file reports required by Section 16(a).

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PROPOSALS REQUIRING YOUR VOTE

Proposal 1. Election of Directors

Allan P. Kirby, Jr., Thomas S. Johnson and James F. Will have been nominated by the Board for election as directors at the 2007 Annual Meeting, each to serve for a term of three years, until the 2010 Annual Meeting of Stockholders and until his successor is duly elected and qualified. Messrs. Allan P. Kirby, Jr., Johnson and Will were last elected by stockholders at the 2004 Annual Meeting of Stockholders held on April 23, 2004.

Proxies in the enclosed form 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 the enclosed proxy may be voted for such other person or persons as may be determined by the holders of such proxy unless stockholders indicate otherwise. Directors will be elected by an affirmative vote of a plurality of the shares of common stock present in person or represented by proxy and entitled to vote at the 2007 Annual Meeting. Thus, those nominees who receive the highest, second-highest and third-highest numbers of votes for their election as directors will be elected, regardless of the number of shares that are not voted for the election of such nominees. Shares with respect to which authority to vote for any nominee or nominees is withheld will not be counted in the total number of shares voted for such nominee or nominees.

The following information includes the age, the year in which first elected a director of Alleghany or Old Alleghany, the principal occupation (in italics), and other public company directorships of each of the nominees named for election as director, and of the other current directors of Alleghany whose terms will not expire until 2008 or 2009.

Nominee for Election:

Allan P. Kirby, Jr.

Age 75

Director since 1963

President, Liberty Square, Inc.

(investments); management of family and personal affairs.

Chairman of the Executive Committee.

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Nominee for Election:
Thomas S. Johnson
Age 66
Director since 1997
and for 1992-1993

Retired Chairman and Chief Executive Officer, GreenPoint Financial Corp. and its subsidiary GreenPoint Bank (banking); director, R.R. Donnelley & Sons Company, The Phoenix Companies, Inc. and Federal Home Loan Mortgage Corporation. Member of the Executive and Nominating and Governance Committees.

Nominee for Election:
James F. Will
Age 68
Director since 1992

Vice Chancellor and President Emeritus, Saint Vincent College (education); Member of the Compensation and Nominating and Governance Committees.

John J. Burns, Jr.
Age 75
Director since 1968
Term expires in 2009

Chairman of the Board, Alleghany Corporation. Member of the Executive Committee.

Dan R. Carmichael
Age 62
Director since 1993
Term expires in 2009

President and Chief Executive Officer, Ohio Casualty Corporation (property and casualty insurance); director, Ohio Casualty Corporation and Platinum Underwriters Holdings, Ltd. Chairman of the Compensation Committee and member of the Audit Committee.

William K. Lavin
Age 62
Director since 1992
Term expires in 2009

Financial Consultant; director and Chairman of the Board, American Home Food Products, Inc. Chairman of the Audit Committee and member of the Compensation Committee.

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Raymond L.M. Wong
Age 54
Director since 2006
Term expires in 2009

Managing Member, DeFee Lee Pond Capital LLC (financial advisory and consulting services). Member of the Audit Committee.

Jefferson W. Kirby
Age 45
Director since 2006
Term expires in 2008

Managing Member, Broadfield Capital Management, LLC (investment advisory services).

Rex D. Adams
Age 67
Director since 1999
Term expires in 2008

Director and Chairman of the Board, AMVESCAP PLC (investment management); Dean Emeritus, Fuqua School of Business at Duke University; trustee, Committee for Economic Development and Woods Hole Oceanographic Institution. Chairman of the Nominating and Governance Committee and member of the Audit Committee.

Weston M. Hicks
Age 50
Director since 2004
Term expires in 2008

President and chief executive officer, Alleghany Corporation; director, AllianceBernstein Corporation. Member of the Executive Committee.

All of the persons above have had the principal occupations indicated throughout the last five years, except as described in this paragraph. Mr. Johnson was Chairman and Chief Executive Officer of GreenPoint Financial Corp. and its subsidiary GreenPoint Bank until his retirement on December 31, 2004. Mr. Will was the President of Saint Vincent College until his retirement in June 2006. From December 30, 2004 until January 1, 2007, Mr. Burns was Vice Chairman of the Board, and served as a non-executive employee of

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Alleghany assisting the President and chief executive officer on investment matters. Prior thereto, Mr. Burns was President and chief executive officer of Alleghany. Mr. Wong has been the Managing Member of DeFee Lee Pond Capital LLC since July 2002; prior thereto, he was employed by Merrill Lynch & Co., Inc. (financial services) as a managing director in the investment banking group until his retirement from that position in January 2002. He was retained as a consultant to Merrill Lynch & Co., Inc. until June 2002 and was rehired as an employee of Merrill Lynch & Co., Inc. from February to April 2003. Mr. Jefferson W. Kirby has been the Managing Member of Broadfield Capital Management, LLC since July 2003; prior thereto, he was a Vice President of Alleghany. Mr. Adams was named Chairman of the Board of Directors of AMVESCAP PLC on May 1, 2006, prior to that he was a director of AMVESCAP from November 2001. Mr. Adams has been Dean Emeritus at the Fuqua School of Business at Duke University since December 4, 2004; he was a Professor of Business Administration at the Fuqua School of Business prior thereto. Mr. Hicks was appointed President and chief executive officer of Alleghany effective December 31, 2004; he was Executive Vice President of Alleghany from October 7, 2002 through December 30, 2004, and was employed by The Chubb Corporation (property and casualty insurance) from March 1, 2001 to October 4, 2002, initially as Senior Vice President and Financial Assistant to the Chairman and subsequently as Chief Financial Officer and Executive Vice President.

F.M. Kirby, who served as Alleghany's Chairman of the Board since April 1967, retired from his positions as a director and Chairman of the Board, effective December 31, 2006. After his retirement as a director and Chairman of the Board, pursuant to action taken by the Board, F.M. Kirby is continuing as a non-executive employee consultant from January 1, 2007 through April 30, 2007 as described in more detail on page 24. Messrs. F.M. Kirby and Allan P. Kirby, Jr. are brothers. Mr. Jefferson W. Kirby is the son of F.M. Kirby.

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COMPENSATION OF DIRECTORS

The information under this heading relates to the compensation during 2006 of those persons who served as directors of Alleghany at any time during 2006, except for Weston M. Hicks, whose compensation is reflected in the Summary Compensation Table on page 54.

2006 Director Compensation