ALLEGHANY CORP /DE
Form DEF 14A
March 14, 2008

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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 [X]
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))
[X]	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):

[X] 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:

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(2) Aggregate number of securities to which transaction applies:

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(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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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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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:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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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 25, 2008 at 10:00 a.m., Local Time

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

Alleghany Corporation hereby gives notice that its 2008 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 25, 2008 at 10:00 a.m., local time, for the following purposes:

1. To elect three directors for terms expiring in 2011.

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 2008.

3. 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 3, 2008 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 2008 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 2008 Annual Meeting.

By order of the Board of Directors

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

March 14, 2008

Important Notice Regarding Internet Availability of Proxy Materials for the Alleghany Corporation 2008 Annual Meeting of Stockholders to be Held on April 25, 2008:

Our proxy materials relating to our 2008 Annual Meeting (notice, proxy statement, proxy and 2007 Annual Report to Stockholders on Form 10-K) are also available on the Internet. Please go to www.alleghany.com 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

Annual Meeting of Stockholders to be held April 25, 2008

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 2008 Annual Meeting of Stockholders, or the 2008 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, 2008.

Alleghany s Board has fixed the close of business on March 3, 2008 as the record date for the determination of stockholders entitled to notice of, and to vote at, the 2008 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 2008 Annual Meeting.

On March 3, 2008, 8,176,162 shares of Alleghany s common stock were outstanding and entitled to vote. The number of shares of Alleghany common stock as of March 3, 2008, 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 25, 2008 to stockholders of record at the close of business on April 1, 2008. 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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PRINCIPAL STOCKHOLDERS

We believe that, as of March 3, 2008, approximately 33.1% (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 3, 2008, 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	329,311	718,863	1,048,174(1)	12.8
Allan P. Kirby, Jr. 14 E. Main Street P.O. Box 90 Mendham, NJ 07945	542,472		542,472(2)	6.6
Grace Kirby Culbertson Blue Mill Road Morristown, NJ 07960	167,982	238,147	406,129(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)	8.7
Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078	810,577		810,577(5)	9.9
Royce & Associates, LLC 1414 Avenue of the Americas New York, NY 10019	506,966		506,966(6)	6.2

(1) Includes 110,344 shares of common stock held by F.M. Kirby as sole trustee of trusts for the benefit of his children; 516,551 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 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 218,967 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 10,432 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 226,385 shares directly, which include 765 shares of restricted common stock granted pursuant to the 2005 Directors Plan, as adjusted for stock dividends.

(3) Includes 47,547 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 167,982 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 2007 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 387,996 shares.

(5) According to an amendment dated January 10, 2008 to a Schedule 13G statement filed by Franklin Mutual Advisers, LLC, or Franklin, Franklin had sole voting power and sole dispositive power over 810,577 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,

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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 22, 2008 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 506,966 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 Governance Committee and Executive Committee. Additional information regarding these committees is set out below.

The Board held 9 meetings in 2007. 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 2007. 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. The independent director designated to preside over such executive sessions during 2008 is Mr. Will. Alleghany does not have a policy with regard to attendance by directors at Annual Meetings of Stockholders. Three directors attended the 2007 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 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, 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. Of the three director nominees, Mr. Adams is independent. If Mr. Adams is re-elected, Alleghany will continue to have six independent directors out of ten total directors.

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 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, 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 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 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 2007.

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. 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

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

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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, 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, during 2007, the Compensation Committee engaged Pearl Meyer & 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 subsidiaries. The Chairman of the Committee reviews and approves all fees Alleghany pays to the Compensation Consultant. The Compensation Committee held four meetings in 2007.

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 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 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.

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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 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 process for identifying and evaluating nominees for director. The Nominating and Governance Committee held four meetings in 2007.

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 Board on all action it takes, and the Board reviews such action. The Executive Committee held one meeting in 2007.

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.

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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 currently 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 the next Annual Meeting of Stockholders following 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

In 2003, pursuant to approval of the Audit Committee, on authority delegated by the Board, 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, of which Mr. Jefferson W. Kirby, a director of Alleghany, was the managing member. In November 2006, Broadfield Capital returned to Alleghany approximately $10.1 million in cash, of which approximately $0.5 million was paid in 2007, as well as shares of convertible preferred stock of a start-up insurance brokerage firm, representing a full return of Alleghany s capital account in Broadfield Capital.

After his retirement as a director and Chairman of the Board effective December 31, 2006, and pursuant to action taken by the Board, F.M. Kirby, the father of Jefferson W. Kirby and brother of Allan P. Kirby, Jr., continued as a non-executive employee consultant from January 1, 2007 through April 30, 2007 for the purpose of assuring an orderly transition of the Chairman s duties. During such transition period, Alleghany paid Mr. Kirby a salary of $18,000 per month and provided him with administrative and clerical support in Alleghany s Morristown, New Jersey office. Effective May 1, 2007, Alleghany closed its Morristown, New Jersey office.

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. 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. 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 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 2007 Amendments to Corporate Governance Guidelines

In connection with the December 18, 2007 amendment of Alleghany s By-Laws to change the voting standard for the election of directors from a plurality to a majority voting standard for uncontested elections, the Board approved and adopted amendments to the Corporate Governance Guidelines to provide that a director nominee, as a condition of his or her

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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 vote, the Nominating and Governance Committee will evaluate such resignation in light of Alleghany s best interests and make a recommendation to the Board. 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 publicly disclose its decision and rationale, within 90 days following certification of the stockholder vote.

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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.

SECURITIES OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth, as of March 3, 2008, 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 41.

	Amount and Nature of Beneficial Ownership			
Name of Beneficial Owner	**Sole Voting Power and Sole Investment Power**	**Shared Voting Power and/or Shared Investment Power**	**Total**	**Percent of Class**
Rex D. Adams	7,788		7,788(1)	0.09
Weston M. Hicks	68,011		68,011(2)	0.83
Jefferson W. Kirby	60,205	151,192	211,397(1)(3)	2.59
John J. Burns, Jr.	83,739		83,739(1)(4)	1.02
Dan R. Carmichael	19,185		19,185(1)(5)	0.23
Thomas S. Johnson	12,744		12,744(1)	0.16
Allan P. Kirby, Jr.	542,472		542,472(6)	6.63
William K. Lavin	12,237		12,237(1)	0.15
James F. Will	19,752	1,587	21,339(1)	0.26
Raymond L.M. Wong	1,427		1,427(1)	0.02
Roger B. Gorham	6,034		6,034(7)	0.07
Robert M. Hart	15,844		15,844	0.19
James P. Slattery	8,936		8,936(8)	0.11
Jerry G. Borrelli	451		451	
All directors, nominees and executive officers as a group (14 persons)	858,825	152,779	1,011,604(9)	12.28(10)

(1) Includes 10,432 shares of common stock in the case of Messrs. Johnson, Will, Carmichael and Lavin, 6,549 shares of common stock in the case of Mr. Adams, 506 shares of common stock in the case of Messrs. Jefferson W. Kirby and Wong and 167 shares in the case of Mr. Burns, issuable under stock options granted pursuant to the 2005 Directors Plan, 1993 Amended Directors Plan and the 2000 Directors Plan. In addition, includes 765 shares of restricted common stock or restricted stock units granted to each of Messrs. Carmichael, Lavin, Johnson, Will and Adams, 505 shares of restricted common stock or restricted stock units granted to each of Messrs. Jefferson W. Kirby and Wong

and 250 shares of restricted common stock granted to Mr. Burns, pursuant to the 2005 Directors Plan.

(2) Includes 27,601 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.

(3) Includes 129,137 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 129,137 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 59,194 shares directly.

(4) Includes 786 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.

(5) Includes 244 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) See Note (2) on page 2.

(7) Includes 3,783 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) Includes 2,673 shares of common stock owned by Mr. Slattery s wife. Mr. Slattery had no voting or investment power over these shares, and he disclaims beneficial ownership of them.

(9) Includes a total of 3,703 shares of common stock over which certain of the above persons listed had no voting or investment power, as discussed in Notes (4), (5) and (8) above.

(10) Based on the number of shares of outstanding common stock as of March 3, 2008, 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 2007 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 2007. 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 2007. With regard to Ann Kirby Kirby who, prior to her death in 1996, Alleghany believed to be a beneficial owner of more than 10% 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% of common stock during 2007 nor whether any such person was required to file reports required by Section 16(a). John J. Burns, Jr. filed a Form 4 report in June 2007 reporting his receipt on April 30, 2007 of 250 shares of restricted common stock and an option to purchase 500 shares of common stock pursuant to the 2005 Directors Plan, as well as previously unreported gifts of common stock made by Mr. Burns prior to the date such Form 4 was filed.

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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 f