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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): April 22, 2010**

**Alleghany Corporation**

(Exact name of registrant as specified in its charter)

Delaware

1-9371

51-0283071

(State or other jurisdiction  
of incorporation)

(Commission File Number)

(IRS Employer  
Identification No.)

7 Times Square Tower, 17<sup>th</sup> Floor, New York, New York

10036

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (212) 752-1356

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

On April 22, 2010, Alleghany Corporation (the "Company") issued a press release on the subject of its 2010 first quarter consolidated earnings. A copy of such release is furnished herewith as Exhibit 99.1. The information hereunder shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(b) As previously reported, Allan P. Kirby, Jr., age 78, and a director of the Company since 1963, retired as a director of the Company effective as of April 23, 2010, the date of the 2010 Annual Meeting of Stockholders of the Company (the "2010 Annual Meeting"). As a result of Mr. Kirby's retirement, the size of the Board of Directors (the "Board") of the Company was reduced from twelve (12) to eleven (11) directors effective as of the 2010 Annual Meeting.

(e)

(1) At the 2010 Annual Meeting, stockholders of the Company approved the adoption of the 2010 Directors' Stock Plan (the "2010 Directors' Plan") by an affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote at such meeting. Pursuant to the 2010 Directors' Plan, each year as of the first business day following the Annual Meeting of Stockholders, each individual who is elected, re-elected or continues as a member of the Board and who is not an employee of Company or any of its subsidiaries shall automatically be granted: (i) a stock option to purchase 500 shares of common stock ("Option") and (ii) at the individual's election, either (a) 250 shares of restricted common stock ("Restricted Common Stock") or (b) 250 restricted stock units ("Restricted Stock Units" and together with the Restricted Stock "Restricted Shares"), each equivalent to a share of common stock. Options and Restricted Shares are subject to potential forfeiture until the first Annual Meeting of Stockholders following the date of grant. Options are subject to restrictions upon transfer until the first anniversary of the date of grant and thereafter restrictions on transfer to persons other than the holder's immediate family members. Restricted Shares are subject to restrictions upon transfer until the third anniversary of the date of grant. The foregoing description of the 2010 Directors' Plan is qualified in its entirety by reference to the 2010 Directors' Plan, a copy of which is filed herewith as Exhibit 10.1 and incorporated herein by reference. The form of option agreement under the 2010 Directors' Plan is filed herewith as Exhibit 10.2.

(2) At the 2010 Annual Meeting, stockholders of the Company approved the adoption of the 2010 Management Incentive Plan (the "2010 MIP") by an affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote at such meeting. Under the 2010 MIP, the Compensation Committee of the Board (the "Compensation Committee") may grant to participants: (i) incentive compensation bonus awards structured to qualify ("Qualifying Incentives") as "performance-based" compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) incentive compensation bonus awards not intended to satisfy the requirements of Section 162(m) of the Code ("Non-Qualifying Incentives"). Qualifying Incentives shall be

payable to a participant as a result of the satisfaction of performance goals in respect of the calendar year or such other period as is selected by the Compensation Committee (a "Performance Period"). A Non-Qualifying Incentive may be awarded by the Compensation Committee to any participant at any time before, during or following the completion of any Performance Period and may, but need not, be conditioned upon the achievement of any performance goals established by the Compensation Committee. Non-Qualifying Incentives may be payable to a participant as a result of the satisfaction of performance goals in respect of a Performance Period or as a result of the achievement of an individual objective or result, as determined by the Compensation Committee in its sole discretion. The grant or payment of a Non-Qualifying Incentive may not be made contingent on the failure of a participant to earn any Qualifying Incentive. The foregoing description of the 2010 MIP is qualified in its entirety by reference to the 2010 MIP, a copy of which is filed herewith as Exhibit 10.3 and incorporated herein by reference.

**Item 5.07 Submission of Matters to a Vote of Security Holders**

At the 2010 Annual Meeting held on April 23, 2010, (i) four directors were elected to serve for three-year terms on the Board, (ii) the adoption of the 2010 Directors' Stock Plan was approved, (iii) the adoption of the 2010 MIP was approved and (iv) the selection of KPMG LLP as the Company's independent registered public accounting firm for the year 2010 was ratified. Set forth below are the voting results for these proposals:

	<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>	<u>BROKER NON-VOTES</u>
<b>(i) Election of Directors</b>				
(a) Karen Brenner	7,228,753	13,110	4,127	554,325
(b) Thomas S. Johnson	7,196,143	45,602	4,245	554,325
(c) Phillip M. Martineau	7,231,909	9,823	4,258	554,325
(d) James F. Will	7,167,252	74,411	4,327	554,325
<b>(ii) Approval of the 2010 Directors' Plan</b>	7,086,441	151,463	8,086	554,325
<b>(iii) Approval of the 2010 MIP</b>	7,103,042	134,363	8,585	554,325
<b>(iv) Ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm for the year 2010</b>	7,730,809	62,130	7,376	N/A

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

- 10.1 2010 Directors' Stock Plan
- 10.2 Form of Option Agreement under 2010 Directors' Stock Plan
- 10.3 2010 Management Incentive Plan
- 99.1 2010 First Quarter Earnings Release, dated April 22, 2010

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 26, 2010

ALLEGHANY CORPORATION

By: /s/ Roger B. Gorham

Name: Roger B. Gorham

Title: Senior Vice President and chief financial officer

## Index to Exhibits

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.1	2010 Directors' Stock Plan
10.2	Form of Option Agreement under 2010 Directors' Stock Plan
10.3	2010 Management Incentive Plan
99.1	2010 First Quarter Earnings Release, dated April 22, 2010

ALLEGHANY CORPORATION  
2010 DIRECTORS' STOCK PLAN

1. **PURPOSE.** The purpose of the Alleghany Corporation 2010 Directors' Stock Plan (the "Plan") is to advance the interests of Alleghany Corporation (the "Company") and its stockholders by attracting and retaining highly qualified individuals to serve as members of the Board of Directors of the Company (the "Board") who are not employees of the Company or any of its subsidiaries, and to encourage them to increase their stock ownership in order to promote long-term stockholder value through ownership of the common stock, \$1.00 par value, of the Company ("Common Stock"). The purpose of the Plan will be accomplished through the grant of options to purchase shares of Common Stock (each, an "Option") and the grant of shares of Common Stock subject to the potential forfeiture and restrictions on transfer in Section 5 ("Restricted Stock") or of notional units of measurement, each equivalent to one share of Common Stock ("Restricted Stock Units").

2. **ADMINISTRATION.** The Plan shall be administered by the Board. The Board shall have all the powers vested in it by the terms of the Plan, such powers to include, without limitation, the authority (within the limitations described herein) to construe the Plan, to determine all questions arising thereunder and, subject to the provisions of the Plan, to adopt and amend such rules and regulations for the administration of the Plan as it may deem desirable. Any decision of the Board in the administration of the Plan shall be final and conclusive. The Board may authorize any one or more of its members or any officer of the Company to exercise the Board's power over the day-to-day administration of the Plan, including executing and delivering documents on behalf of the Company.

3. **ANNUAL GRANT OF OPTIONS AND RESTRICTED STOCK OR RESTRICTED STOCK UNITS.** Each year, as of the first business day following the conclusion of the Company's annual meeting of stockholders (the "Annual Meeting"), each individual who was elected, reelected or continues as a member of the Board and who is not an employee of the Company or any subsidiary (a "Non-Employee Director") shall automatically be granted (a) an Option to purchase five hundred shares of Common Stock, on the terms and subject to the conditions in Section 4, and (b) either (x) two-hundred and fifty shares of Restricted Stock or (y) if elected by the Non-Employee Director in accordance with Section 6(a), two-hundred and fifty Restricted Stock Units subject to payment as provided in Section 6. In the event that an individual is appointed as a member of the Board after an Annual Meeting and at such time is a Non-Employee Director (an "Appointed Director"), such Appointed Director shall automatically be granted an Option and Restricted Stock (or if elected by such Appointed Director as provided herein, Restricted Stock Units) as of the date he is appointed to the Board (the "Appointment Date"), each as to that number of whole shares of Common Stock (with any fractional share rounded up) as is equal to (a) the number of shares that would have been granted pursuant to the applicable award that the Appointed Director would have received had he been elected at the immediately preceding Annual Meeting (as such number was adjusted pursuant to Section 8 hereof since the immediately preceding Annual Meeting), times (b) the ratio which the number of days from the Appointment Date until the next Annual Meeting bears to 365.

4. **OPTIONS.**

(a) Each Option granted under the Plan shall be evidenced by an agreement (an "Option Agreement") which shall entitle the holder to purchase during its term the Common Stock subject to the Option at an exercise price per share equal to the Fair Market Value (as defined below) of Common Stock on the date such Option is granted. The term of any Option shall be determined by the Board, but in no event shall any Option be exercisable more than ten years after the date the Option is granted. The term "Fair Market Value" shall mean, with respect to any date, the average of the high and the low sales prices of Common Stock on that date, as reported on the New York Stock Exchange Composite Transactions Tape or, if no sales of Common Stock are reported on the New York Stock Exchange Composite Transactions Tape on that date, the average prices on the last preceding date on which sales of Common Stock were reported on the New York Stock Exchange Composite Transactions Tape.

(b) Each Option shall not be exercisable before the expiration of one year from the date the Option is granted and may be exercised during its term as follows: one-third (33 1/3 percent) of the total number of shares of Common Stock covered by the Option shall become exercisable on each of the first three anniversaries of the date the Option is granted; provided that in the case of an Option granted to an Appointed Director upon his appointment, the periods to determine when the Option shall not be or may be exercised shall be measured from the first business day that followed the Annual Meeting that immediately preceded his appointment rather than from the date such Option was granted. Notwithstanding the foregoing, if the Non-Employee Director resigns as a director prior to the date of the Company's next succeeding Annual Meeting following the date the Option is granted (the "Next Annual Meeting"), the Option shall terminate and be forfeited simultaneously with his resignation, and if the Non-Employee Director ceases to be a director prior to the Next Annual Meeting for any reason other than resignation prior to the Next Annual Meeting, the Option shall automatically become immediately exercisable in full. Except as otherwise provided herein, if any Non-Employee Director shall cease to be a director for reasons other than death while holding an Option that has not terminated or expired and has not been fully exercised, such Non-Employee Director (or his permitted transferees) at any time within one year of the date he ceased to be a director but not thereafter (and in no event after the Option has expired), may exercise the Option with respect to any shares of Common Stock as to which he has not exercised the Option on the date he ceased to be a director, and if any Non-Employee Director to whom an Option has been granted shall die while holding an Option (or while the Non-Employee Director's permitted transferees are holding such Option) that has not been fully exercised, his executor, administrator, heirs, distributees or permitted transferees, as the case may be, at any time within one year of the date of such Non-Employee Director's death but not thereafter (and in no event after the Option has expired) may exercise the Option with respect to any shares of Common Stock as to which the Non-Employee Director could have exercised the Option at the time of his death. Notwithstanding the foregoing, if a Non-Employee Director ceases to serve as a director after the Annual Meeting on or next following the date that the Non-Employee Director attains age 72, the Non-Employee Director (or his permitted transferees or in the event of his death, his executors, administrators, heirs or distributees, as the case may be), may exercise the Option with respect to any shares of Common Stock as to which the Non-Employee Director could have exercised the Option at the time he ceased to be a director at any time during the remaining term of the Option (but in no event after the Option has expired).

(c) Payment in full of the exercise price for the Common Stock acquired upon exercise of an Option shall be due at the time the Option is exercised, with such payment being made in cash, by tendering shares of Common Stock already owned by the person exercising the Option and having a Fair Market Value on the date of exercise equal to the exercise price applicable to the shares of Common Stock being acquired upon exercise of the Option or by any combination thereof in accordance with such procedures as may be established by the Board. In addition, the Board may permit the payment of the exercise price upon exercise of the Option by allowing the Non-Employee Director to direct the Company to withhold that number of shares of Common Stock that would be acquired upon exercise of the Option having a Fair Market Value on the date of exercise equal to the exercise price applicable to the shares of Common Stock being acquired upon exercise of the Option.

(d) Option Agreements shall be in such form as the Board may from time to time approve, and the provisions governing Options need not be the same with respect to each Non-Employee Director. Option Agreements shall be subject to the terms and conditions set forth in this Plan and may contain such additional terms and conditions, not inconsistent with the provisions of this Plan, as the Board shall deem desirable. The Board may amend the terms of any Option Agreement, prospectively or retroactively, but no such amendment shall materially and adversely affect any right of any Non-Employee Director without his consent. Except as provided in Section 8, the Board shall not have the authority to cancel any outstanding Option and issue a new Option in its place with a lower exercise price.

(e) A Non-Employee Director to whom an Option is granted (and any person succeeding to such Non-Employee Director's rights pursuant to the Plan) shall have no rights as a stockholder with respect to any shares of Common Stock issuable pursuant to any such Option until the date of the issuance of a stock certificate to him for such shares. Except as provided in Section 8, no adjustment shall be made

for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate is issued.

(f) No Option or any right or interest therein shall be assignable or transferable except, in the event of the Non-Employee Director's death, by will or the laws of descent and distribution. Notwithstanding the foregoing, the Board may, in its discretion, provide that an Option may be transferable, without consideration, to a Non-Employee Director's immediate family members (i.e., children, grandchildren or spouse), to trusts for the benefit of such immediate family members and to partnerships or limited liability companies in which the only partners or members, as the case may be, are the Non-Employee Director and the Non-Employee Director's immediate family members. The Board may impose such terms and conditions on such transferability as it may deem appropriate.

#### 5. RESTRICTED STOCK.

(a) Restricted Stock granted under the Plan shall be issued for no consideration, but the Restricted Stock shall be forfeited to the Company (without the payment of any consideration) if the Non-Employee Director resigns from the Board prior to the Next Annual Meeting. In addition, Restricted Stock shall not be sold, assigned, pledged or transferred to any person until the third anniversary of the date the Restricted Stock is granted or, in the case of Restricted Stock granted to an Appointed Director upon his appointment, the third anniversary of the first business day that followed the Annual Meeting immediately preceding his appointment; provided that, in any case, the Restricted Stock shall automatically cease to be subject to the foregoing restrictions on sale, assignment, pledge or transfer upon the Non-Employee Director's death prior to the Next Annual Meeting or, subsequent to the Next Annual Meeting, upon the date the Non-Employee Director ceases to be a director for any reason.

(b) The Non-Employee Director to whom Restricted Stock is issued will have the customary rights of a stockholder with respect to such shares of Common Stock, including the right to vote the shares of Common Stock and to receive dividends paid thereon. Prior to the date the Restricted Stock ceases to be subject to the restrictions on sale, assignment, pledge or transfer in Section 5(a), dividends paid on such Common Stock in the form of additional shares of Common Stock or as securities or other property shall be subject to the same risk of forfeiture and other restrictions as the underlying shares of Common Stock with respect to which the dividend was paid.

(c) Any Restricted Stock issued under the Plan may be evidenced in such manner as the Board in its sole discretion shall deem appropriate, including, without limitation, book-entry registration or by the issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Restricted Stock, such certificate shall be registered in the name of the Non-Employee Director, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

#### 6. RESTRICTED STOCK UNITS.

(a) To elect to be granted Restricted Stock Units in lieu of the automatic grant of Restricted Stock, a Non-Employee Director must affirmatively elect (an "Election") to receive such Restricted Stock Units on or before the December 31<sup>st</sup> preceding the Annual Meeting in respect of which the automatic grant of Restricted Stock would otherwise be made; provided, however, that (i) a Non-Employee Director who is newly elected as a director at an Annual Meeting may make his Election before the date of such Annual Meeting at which the Non-Employee Director was first elected as a director and (ii) an Appointed Director may make his Election with respect to (x) the grant of Restricted Stock to be received at the next Annual Meeting on or before the later of (A) the date of the meeting of the Board at which he was appointed as a director, (B) the effective date of this Plan, or (C) the December 31<sup>st</sup> preceding that next Annual Meeting, and (y) the Restricted Stock to be received upon his appointment as a director, on or before the date of the meeting of the Board at which he was appointed as a director. Each Election shall be irrevocable after the last date that such Election may be made. Each Election to receive Restricted Stock Units may also include an election specifying the date or dates and/or event or events for the payment in respect of such Restricted Stock Units (each such date or dates and/or event or events being referred to herein as a "Payment Date");

provided that any Payment Date elected may not specify a date or event for payment that is prior to the third anniversary of the date such Restricted Stock Units are granted or, in the case of Restricted Stock Units granted to an Appointed Director upon his appointment, prior to the third anniversary of the first business day that followed the Annual Meeting that immediately preceded his appointment (in either case, other than a Payment Date that provides for payment when the Non-Employee Director ceases to be a member of the Board). Each Payment Date: (i) specified as a calendar date must be January 1<sup>st</sup> and (ii) specified as an event shall be deemed to be the January 1<sup>st</sup> coinciding with or next following the specified event. A Non-Employee Director's Election may provide that such Election shall remain in effect until revoked (which revocation must be made on or before the December 31<sup>st</sup> preceding the Annual Meeting at which such revocation is to take effect) with respect to all subsequently granted Restricted Stock Units.

(b) The Company shall establish and maintain a separate unfunded, bookkeeping account to which the Restricted Stock Units granted to a Non-Employee Director shall be credited (an "Account"), which Account shall reflect the investment experience that the Account would have had if such Account held whole or fractional shares of Common Stock equal to the number of whole or fractional Restricted Stock Units credited to the Account. A separate sub-Account shall be created to identify each grant of Restricted Stock Units for purposes of applying the provisions of the Plan. The Account (and each sub-Account) shall exist solely for record keeping purposes and shall not represent any actual interest in any shares of Common Stock. The right of any Non-Employee Director to receive payments in respect of Restricted Stock Units shall be no greater than the right of any unsecured general creditor of the Company. If any cash or stock dividends are paid on the shares of Common Stock represented by the Restricted Stock Units during the period between the date such Restricted Stock Units are granted and the Payment Date with respect to such Restricted Stock Units, then additional whole or fractional Restricted Stock Units shall be credited to the Non-Employee Director's Account. Such credit shall be made as of the applicable dividend payment date. The number of whole or fractional Restricted Stock Units credited as a result of any cash dividends shall be determined by dividing (a) the aggregate dollar amount of the cash dividends by (b) the Fair Market Value of a share of Common Stock on the dividend payment date. The additional whole and/or fractional Restricted Stock Units acquired with any cash or stock dividends shall be payable at the same time as the Restricted Stock Units representing the shares of Common Stock giving rise to the dividends. Notwithstanding anything contained herein or in any Election or Amended Election (as hereinafter defined) made by a Non-Employee Director to the contrary, if a Non-Employee Director resigns prior to the Next Annual Meeting following the date the Restricted Stock Units were granted, such Restricted Stock Units shall be forfeited.

(c) All payments in respect of whole Restricted Stock Units shall be made in the form of whole shares of Common Stock and any fractional Restricted Stock Unit shall be paid in cash based upon the Fair Market Value of the equivalent fraction of a share of Common Stock. Unless a Non-Employee Director's Election provides otherwise, the Payment Date in respect of the Restricted Stock Units credited to a Non-Employee Director's Account shall be the date that is the third anniversary of the date such Restricted Stock Units were granted or, in the case of Restricted Stock Units granted to an Appointed Director upon his appointment, the date that is the third anniversary of the first business day that followed the Annual Meeting that immediately preceded his appointment. Notwithstanding the foregoing or any Election or Amended Election made by a Non-Employee Director, if a Non-Employee Director dies, all Restricted Stock Units remaining in the Non-Employee Director's Account shall be paid to the individual or entity designated by the Non-Employee Director in writing and filed with the Company (and if the Non-Employee Director did not designate a beneficiary or such designated beneficiary predeceases the Non-Employee Director, the Non-Employee Director's beneficiary shall be the Non-Employee Director's spouse, if any, or if none, his/her estate). All payments in respect of Restricted Stock Units shall be made as promptly as possible following the Payment Date and in any event, on or before the last day of the calendar year in which the Payment Date occurs.

(d) At least twelve months prior to the Payment Date with respect to any Restricted Stock Units, a Non-Employee Director may elect (an "Amended Election") to defer distribution of all or any number of such Restricted Stock Units credited to his/her Account to a date occurring after the original Payment Date; provided, however, that (a) such Amended Election will not take effect for at least 12 months after the date on which it is made and (b) the distribution in respect of the Restricted Stock Units

with respect to which the Amended Election is made must be at least 5 years from the original Payment Date. A Non-Employee Director's Amended Election may otherwise provide for distribution at any time as could have been elected under an original Election.

(e) All Elections and Amended Elections shall be in writing and shall be effective on and when received by the Company pursuant to procedures established by the Board from time to time. An Amended Election when received pursuant to such procedures is irrevocable when received.

(f) No Restricted Stock Units shall be pledged, encumbered, or hypothecated to, or in favor of, or subject to any lien, obligation, or liability of a Non-Employee Director to, any party, nor shall any Restricted Stock Units be assignable or transferable by the recipient thereof.

7. AVAILABLE SHARES OF COMMON STOCK. There may be issued under the Plan pursuant to the exercise of Options or granted as Restricted Stock or as Restricted Stock Units granted in lieu of Restricted Stock an aggregate of not more than 60,000 shares of Common Stock, subject to adjustment as provided in Section 8.

8. DILUTION AND OTHER ADJUSTMENTS. In the event of any corporate transaction involving the Company (including, without limitation, any subdivision or combination or exchange of the outstanding shares of Common Stock, stock dividend, stock split, spin-off, split-off, recapitalization, capital reorganization, liquidation, reclassification of shares of Common Stock, merger, consolidation, extraordinary cash distribution, or sale, lease or transfer of substantially all of the assets of the Company), the number or kind of shares that may be issued under the Plan as Options, Restricted Stock and Restricted Stock Units pursuant to Section 3 and in the aggregate under Section 7 shall be automatically adjusted to give effect to the occurrence of such event, and the number or kind of shares subject to, or the Option price per share under, any outstanding Option shall be automatically adjusted so that the proportionate interest of the Non-Employee Director (and any person succeeding to such Non-Employee Director's rights pursuant to the Plan) shall be maintained as before the occurrence of such event; such adjustment in outstanding Options shall be made without change in the total Option exercise price applicable to the unexercised portion of such Options and with a corresponding adjustment in the Option exercise price per share, and such adjustment shall be conclusive and binding for all purposes of the Plan.

9. AMENDMENT OR TERMINATION. The Board, without the consent of any Non-Employee Director, may at any time terminate or from time to time amend the Plan in whole or in part, including, without limitation, to increase or decrease the number of shares of Common Stock granted as an Option, as Restricted Stock or as Restricted Stock Units in Section 3; provided, however, that no such action shall adversely affect any rights or obligations with respect to any Options, Restricted Stock or Restricted Stock Units previously granted under the Plan; and provided, further, that no amendment, without further approval by the stockholders of the Company in accordance with Section 11 below, shall (i) increase the aggregate number of shares subject to the Plan (other than increases pursuant to Section 8), (ii) extend the period during which Options, Restricted Stock or Restricted Stock Units may be granted under the Plan, (iii) increase the maximum term for which Options may be exercised under the Plan, (iv) decrease the exercise price at which Options may be granted under the Plan (other than pursuant to Section 8), or (v) modify the requirements for eligibility to participate in the Plan.

#### 10. MISCELLANEOUS PROVISIONS.

(a) Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any director for re-election by the Company's stockholders or to limit the rights of the stockholders to remove any director. Except as expressly provided for in the Plan, no Non-Employee Director or other person shall have any claim or right to be granted an Option, Restricted Stock or Restricted Stock Units under the Plan.

(b) The Company shall have the right to require, prior to the issuance of any shares of Common Stock pursuant to the Plan, the payment of, or provision by, a Non-Employee Director of any taxes required by law to be withheld with respect to the issuance of such shares or otherwise. The Board shall be authorized to establish procedures for elections by Non-Employee Directors to satisfy such withholding taxes by delivery of, or directing the Company to retain, shares of Common Stock.

(c) The obligation of the Company to issue shares of Common Stock upon the exercise of Options, as Restricted Stock or in settlement of Restricted Stock Units shall be subject to the satisfaction of all applicable legal and securities exchange requirements, including, without limitation, the provisions of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The Company shall endeavor to satisfy all such requirements in such a manner as to permit at all times the exercise of all outstanding Options in accordance with their terms, and to permit the issuance and delivery of shares of Common Stock as Restricted Stock and in settlement of Restricted Stock Units.

(d) No shares of Common Stock shall be issued hereunder unless counsel for the Company shall be satisfied that such issuance will be in compliance with applicable federal, state and other securities laws.

(e) Shares of Common Stock issued under the Plan may be original issue shares of Common Stock, treasury stock, shares of Common Stock purchased in the open market or otherwise.

(f) The Plan is intended to be operated in compliance with Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”). If any provision of the Plan is subject to more than one interpretation, then the Plan shall be interpreted in a manner that is consistent with Section 409A.

11. **EFFECTIVE DATE; TERM.** The Plan shall become effective when approved at a meeting of stockholders by a majority of the voting power of the voting stock (all as defined in the Company’s Restated Certificate of Incorporation) present in person or represented by proxy and entitled to vote at such meeting. The Plan shall terminate immediately preceding the fifth Annual Meeting following the Annual Meeting after the Plan shall become effective, unless sooner terminated by action of the Board. No Option, Restricted Stock or Restricted Stock Unit may be granted hereunder after termination of the Plan, but such termination shall not affect the validity of any Option, Restricted Stock or Restricted Stock Unit theretofore granted.

12. **LAW GOVERNING.** The validity and construction of the Plan and any agreements entered into thereunder shall be governed by the laws of the State of New York, but without regard to the conflict laws of the State of New York except to the extent that such conflict laws require application of the laws of the State of Delaware.

**ALLEGHANY CORPORATION  
DIRECTOR STOCK OPTION AGREEMENT**

This Director Stock Option Agreement (the "Agreement"), made as of April \_\_, 201\_ (the "Grant Date"), is by and between ALLEGHANY CORPORATION, a Delaware corporation ("Alleghany"), and \_\_\_\_\_, a non-employee member of Alleghany's Board of Directors (the "Director").

WHEREAS, in order to attract and retain highly qualified individuals to serve as members of the Board of Directors of Alleghany (the "Board") who are not employees of Alleghany or any of its subsidiaries, and to encourage them to increase their stock ownership in order to promote long-term stockholder value through ownership of the common stock, \$1.00 par value, of Alleghany (the "Common Stock"), Alleghany has adopted the Alleghany Corporation 2010 Directors' Stock Plan (the "Plan").

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Grant. Alleghany hereby grants to the Director an option (the "Option") to purchase five hundred (500) shares of Common Stock (the "Option Shares") at \$\_\_. \_\_ per share (the "Option Price").
2. Term and Time of Exercise. The term of the Option (the "Option Term") shall commence on the Grant Date and shall expire on the tenth anniversary of the Grant Date, unless the Option shall have been terminated earlier in accordance with the terms of this Agreement. Except as otherwise provided herein, no portion of the Option shall be exercisable before one year after the Grant Date and then, to the extent outstanding, the Option may be exercised as follows: one-third (1/3) of the total number of whole Option Shares (rounded down) shall become available for purchase on each of the first three anniversaries of the Grant Date; provided that the Option shall automatically become immediately exercisable in full (and shall remain exercisable as provided in Section 5 herein) if the Director ceases to be a director of Alleghany for any reason, other than resignation as a director prior to the Next Annual Meeting. If the Director resigns as a director of Alleghany prior to the Next Annual Meeting, the Option shall terminate simultaneously with his resignation.
3. Manner of Exercise and Withholding Taxes. Subject to the provisions of the Plan and this Agreement, the Option may be exercised at any time during the Option Term by written notice to

Alleghany stating the number of whole Option Shares with respect to which it is being exercised and accompanied by payment of the Option Price (a) in United States dollars by cash or check, (b) by tendering to Alleghany shares of Common Stock owned by the Director and having a Fair Market Value equal to the aggregate Option Price of the Option Shares being purchased, (c) by directing Alleghany to withhold the number of Option Shares issuable upon exercise having a Fair Market Value equal to the aggregate Option Price of the Option Shares being purchased, or (d) by any combination of the foregoing. It shall be a condition to the obligation of Alleghany to issue Option Shares upon exercise of the Option that the Director (or any other person entitled to exercise the Option as provided in Paragraph 4 hereof) pay to Alleghany, upon demand by Alleghany, such amount as may be requested by Alleghany for the purpose of satisfying any liability to withhold federal, state, local or foreign income or other taxes, and if the amount requested is not paid, Alleghany may refuse to issue such Option Shares.

4. Transferability and Sale. Prior to the first anniversary of the Grant Date, the Option shall not be transferable by the Director otherwise than by will or the laws of descent and distribution. At any time following the first anniversary of the Grant Date, the Option, whether or not the Option is then exercisable as to all of the Option Shares, without further approval of the Board, may be transferred without consideration in whole or in part to the Director's immediate family members (i.e., children, grandchildren or spouse) or a trust solely for the benefit of, or a partnership or limited liability company in which the only partners or members, as the case may be, are, the Director or the Director's immediate family members. In all cases, the instrument of transfer of the Option shall be approved by, and shall contain such conditions, restrictions and agreements relating to any further transfer or exercise of the Option or interests in the partnership or limited liability company, if appropriate, as may be required by, the general counsel of Alleghany.

5. Requirement of Continuing Service. The Option shall not be exercisable unless the Director has been, at all times during the period beginning with the Grant Date and ending on the date of such exercise, a director of Alleghany, except that:

(A) if the Director shall cease to be a director for any reason and such Option has not terminated or expired and has not been fully exercised, the Option may be exercised by the Director or his permitted transferees (or, in the case of the death of the Director, his executor, administrator, heirs or distributees, as the case may be) with respect to any Option Shares as to which the Option could have been exercised on the date the Director ceased to be a director, at any time within one year after the date the Director ceased to be a director but not thereafter (and in no event after the expiration of the Option Term);

(B) if the Director shall have ceased to be a director and thereafter shall die and the Option has not been fully exercised or otherwise expired, the person holding the Option may, at any time within one year after the date of the death of the Director but not thereafter (and in no event after the expiration of the Option Term), exercise the Option

with respect to any Option Shares as to which the Option could have been exercised at the time of the Director's death; and

(C) if the Director ceases to serve as a director after the Annual Meeting on or next following the date the Director attains age 72, the Director (or his permitted transferees or in the event of his death, his executors, administrators, heirs or distributees, as the case may be), may exercise the Option with respect to any Option Shares as to which the Option could have been exercised at the time the Director ceased to be a director at any time during the remaining Option Term.

6. No Rights as a Stockholder. The Director (and any person succeeding to the Director's rights pursuant to this Agreement) shall have no rights as a stockholder with respect to any Option Shares until the date of the issuance of a stock certificate for such Option Shares to the Director (or his successor). Except as provided in the Plan, no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate is issued.

7. Legality of Issuance. Alleghany shall not be obligated to issue any Option Shares pursuant to this Agreement unless Alleghany's counsel shall be satisfied that such issuance will be in compliance with applicable federal, state and other securities laws.

8. Restrictive Legends on Stock Certificates. Stock certificates evidencing Option Shares may bear such restrictive legends as Alleghany's counsel may deem necessary or advisable under applicable law or pursuant to this Agreement.

9. Plan. The Option is granted subject to all terms and conditions of the Plan, which is incorporated herein by reference. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern.

10. Defined Terms. All capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Plan.

11. Acceptance of Terms. By acceptance of this Option, the Director indicates his acceptance and ratification of, and his consent to, the terms and conditions of this Agreement, the Plan and any action taken under the Plan by Alleghany or the Board.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ALLEGHANY CORPORATION

By: \_\_\_\_\_  
Chairman of the Board

\_\_\_\_\_  
Director

ALLEGHANY CORPORATION  
2010 MANAGEMENT INCENTIVE PLAN

1. **PURPOSE OF THE PLAN.** The purpose of the Alleghany Corporation 2010 Management Incentive Plan (the “Plan”) is to allow Alleghany Corporation (the “Company”) to provide incentive compensation bonuses (“Incentive Bonuses”) to its officers, upon whom, in large measure, the sustained progress, growth and profitability of the Company depends. The Plan provides for the award of both Incentive Bonuses that are intended to satisfy the requirements for performance-based compensation (“Qualifying Incentives”) in Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the “Code”), and Incentive Bonuses that are not intended to satisfy such requirements (“Non-Qualifying Incentives”).

2. **ADMINISTRATION OF THE PLAN.** The Plan shall be administered by the Compensation Committee of the Board of Directors of the Company (the “Committee”). Subject to the provisions of the Plan, the Committee shall have the exclusive authority to (i) select the officers to participate in the Plan, (ii) establish performance goals for Incentive Bonuses, including without limitation, any target, threshold or other level of performance that must be achieved to earn an Incentive Bonus, (iii) determine whether Incentive Bonuses will be Qualifying Incentives or Non-Qualifying Incentives, (iv) establish each Participant’s Incentive Bonus opportunity (or range thereof), (v) determine the amount of the Incentive Bonus payable to any Participant, and (vi) make all other determinations and take all other actions necessary or appropriate for the proper administration and operation of the Plan. Any determination by the Committee on any matter relating to the Plan shall be made in its sole discretion and need not be uniform among Participants. The Committee’s interpretation of the Plan shall be final, conclusive and binding on all parties concerned, including the Company, its stockholders and any Participant.

3. **ELIGIBILITY.** Incentive Bonuses under the Plan may be paid to those officers (including officers who are directors) of the Company who shall be selected by the Committee to participate in the Plan after consideration of management’s recommendations (the “Participants”). Participants may receive multiple Incentive Bonuses during the same year under the Plan.

4. **PERFORMANCE PERIODS.** Qualifying Incentives shall be payable to a Participant as a result of the satisfaction of performance goals in respect of the calendar year or such other period as is selected by the Committee (a “Performance Period”). Non-Qualifying Incentives may be payable to a Participant as a result of the satisfaction of performance goals in respect of a Performance Period or as a result of the achievement of an individual objective or result, as determined by the Committee in its sole discretion.

5. **INCENTIVE BONUSES.**

(a) **Incentive Bonuses.** The Committee, in its sole discretion, may grant Incentive Bonuses to any Participant, which Incentive Bonuses may be Qualifying Incentives or Non-Qualifying Incentives. A Participant may be granted one or more

Qualifying Incentives or Non-Qualifying Incentives in respect of the same Performance Period and may be granted both Qualifying Incentives and Non-Qualifying Incentives at the same time or in respect of the same Performance Period. Notwithstanding the foregoing, the grant or payment of any Non-Qualifying Incentive shall not be made contingent on the failure to earn any Qualifying Incentive.

(b) Qualifying Incentives. Incentive Bonuses granted to any Participant who is a “covered employee” (as defined in Section 162(m) of the Code) for that Performance Period shall be a Qualifying Incentive unless otherwise determined by the Committee in its sole discretion. The right to receive (or retain) any Qualifying Incentive shall be conditional upon the achievement of one or more performance goals established by the Committee in writing at the time such award is granted. Prior to the beginning of each Performance Period, or at such other time no later than such time as is permitted by Section 162(m) of the Code, the Committee shall establish in writing (i) the performance goal or goals upon which a Participant’s Qualifying Incentive shall be based and (ii) after consideration of management’s recommendations, the target (or range of) Qualifying Incentive opportunity for each Participant based upon the attainment of such performance goal or goals. The Committee may provide for a threshold level of performance below which no amount of a Qualifying Incentive will be paid and a maximum level of performance above which no additional Qualifying Incentive will be paid, and it may provide for the payment of differing amounts for different levels of performance. The Committee may provide that a Qualifying Incentive shall be determined as an amount or a percentage of a specified incentive pool based upon operating income, cash flow, earnings before income taxes, net income or other measures constituting a performance goal (as described in Section 5(c)), with such adjustments or exclusions as the Committee may determine; provided, however, that if payment of the Qualifying Incentive is based upon the attainment of one or more performance goals established by the Committee, the Committee may determine the amount of the incentive pool by reference to any measure (whether or not constituting a performance goal) as the Committee deems appropriate. The total amount or percentage of the incentive pool awarded to Participants shall not exceed 100% of the incentive pool, and the amount paid to any Participant from such incentive pool shall not be increased by any amount not paid to any other Participant.

(c) Qualifying Incentive Performance Goals. Performance goals, which may vary from Participant to Participant and from Qualifying Incentive opportunity to Qualifying Incentive opportunity, shall be based upon the attainment of specific amounts or percentages of, or increases or decreases in, one or more of the following: revenues; operating income; net operating income; cash flow; earnings before income taxes; net income, earnings per share; stockholders’ equity; return or net return on assets, net assets, investments, capital or equity; share price; share price appreciation; underwriting profits; gross or net premiums written; net premiums earned; compound growth in net loss and loss adjustment expense reserves; loss ratio or combined ratio of the Company’s insurance businesses; operating efficiency or strategic business objectives consisting of one or more objectives based on meeting specified cost targets; business expansion goals; goals relating to acquisitions or divestitures; and productivity improvements, all whether applicable to the Company or any relevant subsidiary or business unit or entity in which

the Company has a significant investment, or any combination thereof as the Committee may deem appropriate.

Each performance goal may be expressed on an absolute and/or relative basis, may be based on, or otherwise employ, comparisons based on internal targets, the past performance of the Company or any subsidiary (or any business unit thereof) and/or the past or current performance of other companies or indexes, may provide for the inclusion, exclusion or averaging of specified items in whole or in part, including without limitation, catastrophe losses, realized gains or losses on strategic investments, acquisitions and divestitures, currency fluctuations, discontinued operations, extraordinary items whether of income or expense, accounting and tax changes, and any unusual or nonrecurring items, and, in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares outstanding, assets or net assets.

(d) Qualifying Incentive Determination. As soon as practicable after the end of each Performance Period but before any Qualifying Incentives are paid, the Committee shall certify in writing (i) whether the performance goal or goals were attained and (ii) the amount of the Qualifying Incentive payable to each Participant based upon the attainment of the performance goal or goals established by the Committee. The Committee may determine to grant a Participant a Qualifying Incentive equal to, but not in excess of, the amount specified in the foregoing certification. The Committee may also reduce or eliminate the amount of any Qualifying Incentive of any Participant at any time prior to payment thereof, based on such criteria as it shall determine, including but not limited to individual merit and attainment of, or the failure to attain, specified personal goals established by the Committee. Under no circumstances may the Committee increase the amount of the Qualifying Incentive otherwise payable to a Participant beyond the amount originally established, waive the attainment of the performance goals established by the Committee or otherwise exercise its discretion so as to cause any Qualifying Incentive not to qualify as performance-based compensation under Section 162(m) of the Code.

(e) Non-Qualifying Incentives. A Non-Qualifying Incentive may be awarded by the Committee to any Participant (including covered employees) at any time before, during or following the completion of any Performance Period and may, but need not, be conditioned upon the achievement of any performance goals established by the Committee. The Committee may increase, decrease or eliminate the amount of any Non-Qualifying Incentive awarded to any Participant at any time prior to payment thereof, based on such criteria as it shall determine, including but not limited to individual merit and attainment of, or the failure to attain or achieve, any performance goals or specified personal goals established by the Committee or management, and the Committee may waive the attainment of or modify the terms of any performance or personal goals established by the Committee or management or otherwise exercise its discretion in any manner with respect to any Non-Qualifying Incentive.

## 6. OTHER TERMS OF INCENTIVE BONUSES

(a) Death or Disability. In the event that a Participant previously awarded or granted an Incentive Bonus shall die or become disabled prior to the payment thereof, the Participant (or in the event of the Participant's death, the Participant's beneficiary) shall be entitled to receive such amount, if any, of the Incentive Bonus granted or awarded to the Participant as shall be determined by the Committee in its sole discretion. Nothing contained herein shall preclude the Committee, in its sole discretion, from granting a Non-Qualifying Incentive to any Participant in respect of the Participant's employment by the Company prior to such Participant's death or disability.

(b) Other Terminations of Employment. If a Participant's employment terminates prior to the end of a Performance Period for any reason other than death or disability, the Participant shall not be entitled to receive any Qualifying Incentive established for the Participant; provided, however, that if the performance goals applicable to such Qualifying Incentive are achieved and certified by the Committee (in accordance with Section 5(d)), the Committee, in its discretion, may determine that the Participant shall be entitled to receive all or any part of the Qualifying Incentive that would be payable to the Participant based upon the achievement of those performance goals. If a Participant previously granted a Non-Qualifying Incentive terminates employment for any reason (other than death or disability), the Committee, in its sole discretion, may determine that such Participant is entitled to receive payment of all or any portion of such Non-Qualifying Incentive.

(c) Payment. As soon as practicable following the Committee's determination of the amount of any Qualifying Incentive payable to a Participant (in accordance with Section 5(d)), but no later than December 31<sup>st</sup> of such year, such Qualifying Incentive shall be paid by the Company in cash to such Participant. A Non-Qualifying Incentive shall be paid in cash promptly (and in any event within two and one-half months) following the date for payment specified by the Committee at the time a Non-Qualifying Incentive is granted. Notwithstanding the foregoing, if the Committee, in its sole discretion, determines that a Participant who died or became disabled shall be entitled to receive an Incentive Bonus, then such Incentive Bonus shall be paid to such Participant (or in the event of the Participant's death, the Participant's beneficiary) in cash promptly following the date for payment specified by the Committee at the time the Incentive Bonus is determined by the Committee, but in no event later than March 15<sup>th</sup> of the year following the year in which such death or disability occurred. Nothing contained in this Plan shall require the acceleration of the time of payment of any Incentive Bonus that the Participant has elected to defer under any deferred compensation plan or arrangement of the Company.

(d) Annual Maximum. The Qualifying Incentives payable to any Participant pursuant to the Plan in any single calendar year shall not exceed \$5 million.

## 7. DILUTION AND OTHER ADJUSTMENTS.

To the extent that a performance goal is based on, or calculated with respect to, the Company's common stock (such as earnings per share, book value per share or other similar measures), then in the event of any corporate transaction involving the Company (including, without limitation, any subdivision or combination or exchange of the outstanding shares of common stock, stock dividend, stock split, spin-off, split-off, recapitalization, capital reorganization, liquidation, reclassification of shares of common stock, merger, consolidation, extraordinary cash distribution, or sale, lease or transfer of substantially all of the assets of the Company), the Committee shall make or provide for such adjustments in such performance goal as the Committee may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of Participants.

## 8. MISCELLANEOUS PROVISIONS.

(a) No Right to Incentive Bonus. Notwithstanding anything contained herein to the contrary, no officer or other person shall have any claim or legally binding right to be paid any Incentive Bonus awarded or granted under the Plan prior to the actual payment thereof, and any Participant who terminates employment (other than due to death or disability) prior to the payment of an Incentive Bonus shall forfeit any right to receive such Incentive Bonus, regardless of the terms of any award or grant or any prior determination by the Committee.

(b) No Assurance of Employment. Neither the establishment of the Plan nor any action taken thereunder shall be construed as giving any officer or other person any right to be retained in the employ of the Company.

(c) Withholding Taxes. The Company shall have the right to deduct from all Incentive Bonuses payable hereunder any federal, state, local or foreign taxes required by law to be withheld with respect to such payments.

(d) No Transfers or Assignments. No Incentive Bonus under the Plan nor any rights or interests herein or therein shall be assigned, transferred, pledged, encumbered, or hypothecated to, or in favor of, or subject to any lien, obligation, or liability of a Participant to, any party (other than the Company or any subsidiary), except, in the event of the Participant's death, to his designated beneficiary as hereinafter provided.

(e) Beneficiary. Any payments on account of an Incentive Bonus payable under the Plan to a deceased Participant shall be paid to such beneficiary as has been designated by the Participant in writing to the Secretary of the Company or in the absence of such designation, according to the Participant's will or the laws of descent and distribution.

(f) Non-exclusivity of Plan. Nothing in the Plan shall be construed in any way as limiting the authority of the Committee, the Board of Directors of the Company, the Company or any subsidiary to establish any other annual or other incentive compensation plan or as limiting the authority of any of the foregoing to pay cash

bonuses or other supplemental or additional incentive compensation to any persons employed by the Company, whether or not such person is a Participant in this Plan and regardless of how the amount of such bonus or compensation is determined.

9. AMENDMENT OR TERMINATION OF THE PLAN. The Board of Directors of the Company, without the consent of any Participant, may at any time terminate or from time to time amend the Plan in whole or in part, whether prospectively or retroactively, including in any manner that adversely affects the rights of Participants; provided, however, that no amendment with respect to, or affecting, Qualifying Incentives that would require the consent of the stockholders of the Company pursuant to Section 162(m) of the Code shall be effective without such consent.

10. LAW GOVERNING. The validity and construction of the Plan shall be governed by the laws of the State of New York, but without regard to the conflict laws of the State of New York except to the extent that such conflict laws require application of the laws of the State of Delaware.

11. EFFECTIVE DATE. The Plan shall be effective when approved by the stockholders of the Company in accordance with Section 162(m) of the Code.

**ALLEGHANY CORPORATION REPORTS 2010 FIRST QUARTER RESULTS — STOCKHOLDERS' EQUITY PER COMMON SHARE INCREASES 2.3 PERCENT SINCE 2009 YEAR END**

NEW YORK, NY, April 22, 2010 — Stockholders' equity per common share of Alleghany Corporation (NYSE-Y) at March 31, 2010 was \$307.63, an increase of 2.3% from stockholders' equity per common share of \$300.69 at December 31, 2009 (all as adjusted for the stock dividend declared in February 2010), Weston M. Hicks, President and chief executive officer of Alleghany, announced today. The increase in stockholders' equity per common share primarily reflects strong earnings in the 2010 first quarter. Consolidated cash and invested assets were approximately \$4.41 billion at March 31, 2010, compared with \$4.45 billion at December 31, 2009.

Alleghany's 2010 first quarter net earnings were \$58.2 million, or \$6.44 per common share (presented on a basic basis throughout), compared with net earnings of \$44.6 million, or \$4.73 per common share, in the first quarter of 2009. Net earnings amounts include the following components:

(in millions, except per share amounts)	Three months ended March 31			
	Amount		Per Share	
	2010	2009	2010	2009
Net catastrophe (losses) after tax*	\$ 0.3	\$ (3.1)	\$ 0.03	\$(0.36)
Net realized capital gains after tax	\$17.2	\$ 39.3	\$ 1.90	\$ 4.57
Other than temporary impairment (losses) after tax	\$ (0.7)	\$(43.0)	\$(0.08)	\$(5.00)

\* 2010 three month amounts reflect catastrophe reserve releases by RSUI which more than offset total catastrophe losses in the period.

A summary of Alleghany's results for the three months ended March 31, 2010 and 2009 is as follows:

(in millions)	Three months ended March 31		Change
	2010	2009	
<i>AIHL insurance group (1):</i>			
Underwriting profit (loss) (2)			
RSUI	\$ 36.8	\$ 42.2	\$ (5.4)
CATA	0.3	2.2	(1.9)
PCC	(5.4)	(6.6)	1.2
AIHL Re	—	—	—
	31.7	37.8	(6.1)
Net investment income	33.4	27.0	6.4
Net realized capital gains	22.7	7.5	15.2
Other than temporary impairment losses (3)	(1.1)	(66.1)	65.0
Other income, less other expenses	(8.4)	(8.4)	—
Total AIHL insurance group	78.3	(2.2)	80.5
<i>Corporate activities (4)</i>			
Net investment income	(1.9)	—	(1.9)
Net realized capital gains	3.8	53.0	(49.2)
Other than temporary impairment losses (3)	—	—	—
Other income	—	—	—
Corporate administration and other expenses	5.7	0.2	(5.5)

(in millions)	Three months ended March 31		Change
	2010	2009	
Interest expense	0.1	0.2	0.1
Total Corporate activities	(3.9)	52.6	(56.5)
Total	74.4	50.4	24.0
Income taxes	16.2	5.8	(10.4)
Net earnings	<u>\$ 58.2</u>	<u>\$ 44.6</u>	<u>\$ 13.6</u>

- (1) Alleghany Insurance Holdings LLC (“AIHL”) the holding company for Alleghany’s property and casualty and surety insurance operating units consisting of RSUI Group, Inc. (“RSUI”), Capitol Transamerica Corporation and Platte River Insurance Company (collectively, “CATA”) and Pacific Compensation Corporation (“PCC”), formerly known as Employers Direct Corporation, as well as AIHL Re LLC (“AIHL Re”).
- (2) Represents net premiums earned less loss and loss adjustment expenses and commission, brokerage and other underwriting expenses, all as determined in accordance with GAAP, and does not include net investment income, net realized capital gains, other-than-temporary impairment losses or other income, less other expenses. Please refer to “Comment on Regulation G” elsewhere herein.
- (3) Reflects impairment charges for unrealized losses related to Alleghany’s investment portfolio that are required to be charged against earnings as realized losses.
- (4) Corporate activities consist of Alleghany Properties Holdings LLC, Alleghany’s investments in Homesite Group Incorporated (“Homesite”) and ORX Exploration, Inc. (“ORX”), and corporate activities at the parent level.

2010 first quarter results, compared with 2009 first quarter results, primarily reflect an increase in AIHL’s pre-tax earnings, partially offset by a pre-tax net loss at Corporate activities. The increase in AIHL’s pre-tax earnings primarily reflects:

- a decrease in other-than-temporary impairment losses mainly due to improved equity market conditions in the 2010 first quarter; and
- an increase in net realized capital gains, primarily due to gains on sales of certain energy and financial sector equity securities;

partially offset by

- a decrease in RSUI’s underwriting profit, primarily due to lower net premiums earned and a \$7.5 million reserve increase in the 2010 first quarter as a result of an increase in estimated ultimate 2007 accident year losses for the directors and officers liability line of business.

The pre-tax net loss at Corporate activities in the 2010 first quarter, compared with the corresponding 2009 period, primarily reflects:

- a decrease in net realized capital gains as a result of the absence of sales of common stock of Burlington Northern Santa Fe Corporation in the 2010 first quarter;
- an increase in corporate administration and other expenses primarily reflecting higher parent-level incentive compensation accruals; and
- a decrease in net investment income, primarily reflecting higher losses related to Alleghany’s investments in Homesite and ORX.

Mr. Hicks commented that “We are pleased that RSUI and CATA produced underwriting profits in the 2010 first quarter despite the impact of continued pricing pressure and the weak economy. We do not expect significant improvement in either of these factors in 2010, and RSUI and CATA will continue to strive to maintain disciplined pricing in this environment. In April 2010, our California workers’ compensation company, Employers Direct, was re-branded as Pacific Compensation Corporation as part of its plan to re-emerge as an agency carrier during 2010.”

“On a consolidated basis, the total return on our investments, excluding other invested assets consisting primarily of our Homesite and ORX investments, was 1.9% in the first quarter of 2010. Although our equity and fixed income portfolios fell short of their respective benchmarks for the 2010 first quarter, our investment strategy has produced an annualized return of 7.8% since January 1, 2004, a record which is acceptable to us given the current economic circumstances.”

Information regarding the pre-tax results of AIHL’s operating units is attached as Exhibit A. During the first quarter of 2010, Alleghany purchased in the open market an aggregate of 26,327 shares of its common stock for approximately \$7.5 million, at an average price per share of \$285.53 (such share and average price amounts are not adjusted for the stock dividend declared in February 2010), pursuant to the previously announced authorization by its Board of Directors to repurchase up to \$300.0 million of Alleghany’s common stock. As of April 21, 2010, Alleghany had 9,018,290 shares of its common stock outstanding, adjusted to reflect the stock dividend declared in February 2010.

Additional information regarding Alleghany’s 2010 first quarter results, including management’s discussion and analysis of Alleghany’s financial condition and results of operations for the 2010 first quarter, is contained in Alleghany’s Quarterly Report on Form 10-Q for the period ended March 31, 2010, to be filed with the U.S. Securities and Exchange Commission on or about May 7, 2010. The Form 10-Q will be available on Alleghany’s website at [www.alleghany.com](http://www.alleghany.com) and on the Securities and Exchange Commission’s website at [www.sec.gov](http://www.sec.gov). Readers are urged to review the Form 10-Q for a more complete discussion of Alleghany’s financial performance.

#### Comment on Regulation G

This press release includes certain non-GAAP financial measures. The reconciliations of such measures to the most comparable GAAP financial measures are included in Exhibit A of this press release. Throughout this press release Alleghany presents its operations in the way it believes will be most meaningful and useful to the investing public and others who use such information in evaluating Alleghany’s results.

Alleghany shows earnings before income taxes (a GAAP financial measure), as well as underwriting profit (a non-GAAP financial measure), which is earnings before income taxes, adjusted to exclude the impact of net investment income, net realized capital gains, other-than-temporary impairment losses and other income, less other expenses. The presentation of underwriting profit is intended to enhance the understanding of AIHL’s insurance operating units’ operating results by highlighting earnings attributable to their underwriting performance. With respect to AIHL’s insurance operating units, earnings before income taxes may show a profit despite an underlying underwriting loss. If underwriting losses persist over extended periods, an insurance company’s ability to continue as an ongoing concern may be at risk. Investors should consider the non-GAAP measures contained herein in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP.

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## Forward-looking Statements

This release contains disclosures which are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as “may,” “will,” “expect,” “project,” “estimate,” “anticipate,” “plan,” “believe,” “potential,” “should,” “continue” or the negative versions of those words or other comparable words. These forward-looking statements are based upon Alleghany’s current plans or expectations and are subject to a number of uncertainties and risks that could significantly affect current plans, anticipated actions and Alleghany’s future financial condition and results. These statements are not guarantees of future performance, and Alleghany has no specific intention to update these statements. The uncertainties and risks include, but are not limited to, risks relating to

- significant weather-related or other natural or human-made catastrophes and disasters;
- the cyclical nature of the property and casualty insurance industry;
- adverse loss development for events insured by Alleghany’s insurance operating units in either the current year or prior years;
- changes in market prices of our significant equity investments and changes in value of our debt securities portfolio;
- the long-tail and potentially volatile nature of certain casualty lines of business written by Alleghany’s insurance operating units;
- the cost and availability of reinsurance;
- exposure to terrorist acts;
- the willingness and ability of Alleghany’s insurance operating units’ reinsurers to pay reinsurance recoverables owed to such insurance operating units;
- changes in the ratings assigned to Alleghany’s insurance operating units;
- claims development and the process of estimating reserves;
- legal and regulatory changes;
- the uncertain nature of damage theories and loss amounts; and
- increases in the levels of risk retention by Alleghany’s insurance operating units.

Additional risks and uncertainties include general economic and political conditions, including the effects of a prolonged U.S. or global economic downturn or recession; changes in costs; variations in political, economic or other factors; risks relating to conducting operations in a competitive environment; effects of acquisition and disposition activities, inflation rates or recessionary or expansive trends; changes in interest rates; extended labor disruptions, civil unrest or other external factors over which Alleghany has no control; and changes in Alleghany’s plans, strategies, objectives, expectations or intentions, which may happen at any time at Alleghany’s discretion. As a consequence, current plans, anticipated actions and future financial condition and results may differ from those expressed in any forward-looking statements made by Alleghany or on its behalf.

**AIHL Operating Unit Pre-Tax Results***(in millions, except ratios)*

	RSUI	AIHL Re	CATA	PCC	AIHL
<b>Three months ended March 31, 2010</b>					
Gross premiums written	\$ 222.0	—	\$ 40.6	\$ 2.4	\$ 265.0
Net premiums written	130.3	—	38.2	2.3	170.8
Net premiums earned (1)	\$ 150.3	—	\$ 40.6	\$ 3.8	\$ 194.7
Loss and loss adjustment expenses	72.8	—	21.0	2.8	96.6
Commission, brokerage and other underwriting expenses (2)	40.7	—	19.3	6.4	66.4
Underwriting profit (loss) (3)	<u>\$ 36.8</u>	<u>—</u>	<u>\$ 0.3</u>	<u>\$ (5.4)</u>	<u>\$ 31.7</u>
Net investment income (1)					33.4
Net realized capital gains (1)					22.7
Other than temporary impairment losses (1)					(1.1)
Other income (1)					0.1
Other expenses (2)					8.5
Earnings before income taxes					<u>\$ 78.3</u>
Loss ratio (4)	48.5%	—	51.6%	74.2%	49.6%
Expense ratio (5)	27.1%	—	47.6%	166.3%	34.1%
Combined ratio (6)	75.6%	—	99.2%	240.5%	83.7%
<b>Three months ended March 31, 2009</b>					
Gross premiums written	\$ 250.1	—	\$ 42.1	\$ 16.4	\$ 308.6
Net premiums written	149.7	—	38.2	15.3	203.2
Net premiums earned (1)	\$ 160.7	—	\$ 41.9	\$ 15.4	\$ 218.0
Loss and loss adjustment expenses	77.5	—	20.9	14.4	112.8
Commission, brokerage and other underwriting expenses (2)	41.0	—	18.8	7.6	67.4
Underwriting profit (loss) (3)	<u>\$ 42.2</u>	<u>—</u>	<u>\$ 2.2</u>	<u>\$ (6.6)</u>	<u>\$ 37.8</u>
Net investment income (1)					27.0
Net realized capital losses (1)					7.5
Other than temporary impairment losses (1)					(66.1)
Other income (1)					0.5
Other expenses (2)					8.9
Losses before income taxes					<u>\$ (2.2)</u>
Loss ratio (4)	48.2%	—	50.0%	93.5%	51.7%
Expense ratio (5)	25.5%	—	44.8%	49.4%	30.9%
Combined ratio (6)	73.7%	—	94.8%	142.9%	82.6%

(1) Represent components of total revenues.

(2) Commission, brokerage and other underwriting expenses represent commission and brokerage expenses and that portion of salaries, administration and other operating expenses attributable to underwriting activities, whereas the remainder constitutes other expenses.

(3) Represents net premiums earned less loss and loss adjustment expenses and commission, brokerage and other underwriting expenses, all as determined in accordance with GAAP, and does not include net investment income, net realized capital gains, other-than-temporary impairment losses, other income and other expenses. Underwriting profit does not replace net earnings determined in accordance with GAAP as a measure of profitability; rather, we believe that underwriting profit, which does not include net investment income, net realized capital gains, other-than-temporary impairment losses, other income and other expenses, enhances the understanding of AIHL's insurance operating units' operating results by highlighting net earnings attributable to their underwriting performance. With the addition of net investment income, net realized capital gains, other-than-temporary impairment losses, other income and other expenses, reported pre-tax net earnings (a GAAP measure) may show a profit despite an underlying underwriting loss. Where underwriting losses persist over extended periods, an insurance company's ability to continue as an ongoing concern may be at risk. Therefore, we view underwriting profit as an important measure in the overall evaluation of performance.

(4) Loss and loss adjustment expenses divided by net premiums earned, all as determined in accordance with GAAP.

(5) Commission, brokerage and other underwriting expenses divided by net premiums earned, all as determined in accordance with GAAP.

(6) The sum of the loss ratio and expense ratio, all as determined in accordance with GAAP, representing the percentage of each premium dollar an insurance company has to spend on losses (including loss adjustment expenses) and commission, brokerage and other underwriting expenses.

**ALLEGHANY CORPORATION**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(dollars in thousands)  
(unaudited)

	THREE MONTHS ENDED 3/31/10			THREE MONTHS ENDED 3/31/09		
	ALLEGHANY INSURANCE HOLDINGS	CORPORATE ACTIVITIES	COMBINED	ALLEGHANY INSURANCE HOLDINGS	CORPORATE ACTIVITIES	COMBINED
<b>Revenues</b>						
Net premiums earned	\$ 194,700	\$ 0	\$ 194,700	\$ 218,044	\$ 0	\$ 218,044
Net investment income	33,381	(1,952)	31,429	27,022	47	27,069
Net realized capital gains	22,695	3,772	26,467	7,515	52,967	60,482
Other than temporary impairment losses	(1,077)	0	(1,077)	(66,126)	0	(66,126)
Other income	137	(4)	133	452	(3)	449
<b>Total revenues</b>	<b>249,836</b>	<b>1,816</b>	<b>251,652</b>	<b>186,907</b>	<b>53,011</b>	<b>239,918</b>
<b>Costs and expenses</b>						
Loss and loss adjustment expenses	96,627	0	96,627	112,837	0	112,837
Commissions, brokerage and other underwriting expenses	66,356	0	66,356	67,450	0	67,450
Other operating expenses	8,358	493	8,851	8,761	452	9,213
Corporate administration	12	5,222	5,234	17	(109)	(92)
Interest expense	149	70	219	0	163	163
<b>Total costs and expenses</b>	<b>171,502</b>	<b>5,785</b>	<b>177,287</b>	<b>189,065</b>	<b>506</b>	<b>189,571</b>
<b>Earnings (loss) before income taxes</b>	<b>\$ 78,334</b>	<b>(\$3,969)</b>	<b>74,365</b>	<b>(\$2,158)</b>	<b>\$ 52,505</b>	<b>50,347</b>
<b>Income taxes</b>			<b>16,196</b>			<b>5,773</b>
<b>Net earnings</b>			<b>\$ 58,169</b>			<b>\$ 44,574</b>
<b>Net earnings</b>			<b>\$ 58,169</b>			<b>\$ 44,574</b>
<b>Preferred dividends</b>			<b>0</b>			<b>3,908</b>
<b>Net earnings available to common stockholders</b>			<b>\$ 58,169</b>			<b>\$ 40,666</b>

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in thousands, except share amounts)

	March 31, 2010	December 31, 2009
<b>Assets</b>		
Investments		
Available for sale securities at fair value:		
Equity securities (cost: 2010 \$746,316; 2009 \$530,945)	\$ 839,964	\$ 624,546
Debt securities (amortized cost: 2010 \$3,006,885; 2009 \$3,235,595)	3,070,666	3,289,013
Short-term investments	204,706	262,903
	4,115,336	4,176,462
Other invested assets	242,609	238,227
Total investments	4,357,945	4,414,689
Cash	55,775	32,526
Premium balances receivable	152,295	145,992
Reinsurance recoverables	968,296	976,172
Ceded unearned premium reserves	152,202	160,713
Deferred acquisition costs	67,968	71,098
Property and equipment at cost, net of accumulated depreciation and amortization	19,738	20,097
Goodwill and other intangibles, net of amortization	144,829	145,667
Net deferred tax assets	114,304	124,266
Other assets	152,944	101,550
	<u>\$6,186,296</u>	<u>\$ 6,192,770</u>
<b>Liabilities and Stockholders' Equity</b>		
Losses and loss adjustment expenses	\$2,479,326	\$ 2,520,979
Unearned premiums	540,809	573,906
Reinsurance payable	51,563	51,795
Current taxes payable	12,245	3,827
Other liabilities	328,061	324,742
Total liabilities	3,412,004	3,475,249
Common stock (shares authorized: 2010 and 2009 — 22,000,000; issued and outstanding 2010 — 9,300,448; 2009 — 9,300,734)	9,118	9,118
Contributed capital	916,822	921,225
Accumulated other comprehensive income	107,407	94,045
Treasury stock, at cost (2010 — 276,625 shares; 2009 — 258,013 shares)	(71,858)	(66,325)
Retained earnings	1,812,803	1,759,458
Total stockholders' equity	2,774,292	2,717,521
	<u>\$6,186,296</u>	<u>\$ 6,192,770</u>