



## Combining Balance Sheet

Alleghany Corporation and Subsidiaries

(Not covered by Report of Independent Registered Public Accounting Firm)

December 31, 2005

| (in thousands)  | <i>Alleghany<br/>Insurance<br/>Holdings</i> | <i>Corporate<br/>Activities</i> |              |
|---|---|---------------------------------|--------------|
| <b>Assets</b>   |   |                                 |              |
| Investments   |   |                                 |              |
| Available for sale securities at fair value:  |   |                                 |              |
| Equity securities   | \$ 349,887                                  | \$ 446,305                      | \$ 796,192   |
| Debt securities   | 1,579,191                                   | 10,180                          | 1,589,371    |
| Short-term investments  | 492,258                                     | 133,283                         | 625,541      |
|   | 2,421,336                                   | 589,768                         | 3,011,104    |
| Other invested assets   | —   | 10,876                          | 10,876       |
| Total investments   | 2,421,336                                   | 600,644                         | 3,021,980    |
| Cash  | 156,715                                     | 4,047                           | 160,762      |
| Notes receivable  | —   | 91,535                          | 91,535       |
| Premium balances receivable   | 223,378                                     | —                               | 223,378      |
| Reinsurance recoverables  | 1,642,199                                   | —                               | 1,642,199    |
| Ceded unearned premium reserves   | 314,472                                     | —                               | 314,472      |
| Deferred acquisition costs  | 62,161                                      | —                               | 62,161       |
| Property and equipment at cost,<br>net of accumulated depreciation and amortization | 17,614                                      | 2,094                           | 19,708       |
| Goodwill and other intangibles, net of amortization                                 | 167,506                                     | —                               | 167,506      |
| Deferred tax assets   | 99,779                                      | 17,745                          | 117,524      |
| Other assets  | 26,057                                      | 48,139                          | 74,196       |
| Current taxes receivable/(payable)  | 43,104                                      | (24,794)                        | 18,310       |
|   | \$ 5,174,321                                | \$ 739,410                      | \$ 5,913,731 |
| <b>Liabilities and Common Stockholders' Equity</b>                                  |   |                                 |              |
| Losses and loss adjustment expenses   | \$ 2,581,041                                | \$ —                            | \$ 2,581,041 |
| Unearned premiums   | 812,982                                     | —                               | 812,982      |
| Reinsurance payable   | 181,693                                     | —                               | 181,693      |
| Deferred tax liabilities  | 50,377                                      | 163,135                         | 213,512      |
| Subsidiaries' debt  | —   | 80,000                          | 80,000       |
| Other liabilities   | 132,605                                     | 43,571                          | 176,176      |
| Total liabilities   | 3,758,698                                   | 286,706                         | 4,045,404    |
| Common stockholders' equity   | 1,415,623                                   | 452,704                         | 1,868,327    |
|   | \$ 5,174,321                                | \$ 739,410                      | \$ 5,913,731 |

## Combining Statement of Earnings from Continuing Operations, Before Income Taxes

*Alleghany Corporation and Subsidiaries*

(Not covered by Report of Independent Registered Public Accounting Firm)

Year Ended December 31, 2005

| (in thousands)   | <i>Alleghany<br/>Insurance<br/>Holdings</i> | <i>Corporate<br/>Activities</i> |            |
|--|---|---------------------------------|------------|
| <b>Revenues</b>  |   |                                 |            |
| Net premiums earned  | \$ 849,653                                  | \$ —                            | \$ 849,653 |
| Interest, dividend and other income                                | 70,600                                      | 27,257                          | 97,857     |
| Net gain on investment transactions                                | 31,638                                      | 116,808                         | 148,446    |
| Total revenue  | 951,891                                     | 144,065                         | 1,095,956  |
| <b>Costs and expenses</b>  |   |                                 |            |
| Loss and loss adjustment expenses                                  | 747,967                                     | —                               | 747,967    |
| Commissions and brokerage expenses                                 | 216,796                                     | —                               | 216,796    |
| Salaries, administrative, and other operating expenses             | 25,757                                      | 3,268                           | 29,025     |
| Corporate administration   | 424   | 38,451                          | 38,875     |
| Interest expense   | —   | 3,474                           | 3,474      |
| Total costs and expenses   | 990,944                                     | 45,193                          | 1,036,137  |
| (Loss) earnings from continuing operations,<br>before income taxes | \$ (39,053)                                 | \$ 98,872                       | \$ 59,819  |

## Management Profiles

### *Alleghany Corporation and Subsidiaries*

#### **F.M. Kirby**

Chairman of the Board since 1967 and chief executive officer from 1967 until July 1992, and former Chairman of Investors Diversified Services, Inc., is a former director of American Express Company, Cyclops Industries, Inc., The Pittston Company, New York Central Railroad, Penn Central Railroad, Woolworth Corporation, Alpha Portland Cement Co. and U.S. Industries, Inc. He is currently President, F.M. Kirby Foundation, Inc., Councilor Emeritus of the Pennsylvania Society and director emeritus of The National Football Foundation and College Hall of Fame, Inc. Mr. Kirby is an alumnus of Lafayette College and the Harvard Business School.

#### **Weston M. Hicks**

President and chief executive officer since December 2004 and Executive Vice President since October 2002, was Executive Vice President and Chief Financial Officer of The Chubb Corporation before joining Alleghany. Prior to that, Mr. Hicks was a senior research analyst and managing director at J.P. Morgan Securities from 1999 to 2001 and a senior research analyst at Sanford C. Bernstein & Co. from 1991 to 1999. Mr. Hicks is a Chartered Financial Analyst, a member of the New York Society of Securities Analysts and a member of the CFA Institute. Mr. Hicks is a graduate of Lehigh University.

#### **Roger B. Gorham**

Senior Vice President - Finance and Investments and Chief Financial Officer since January 2006, Senior Vice President - Finance and chief financial officer since May 2005, Senior Vice President - Finance since December 2004 and provided hedge fund consulting services prior to joining Alleghany. Prior to that, from 2000 to 2003, Mr. Gorham was Senior Vice President and Chief Financial Officer of Chubb Financial Solutions, the financial services unit of The Chubb Corporation, and from 1989 to 2000, was with American International Group, Inc., ultimately as Vice President of AIG Global Investment Corporation. Mr. Gorham is a Chartered Financial Analyst and a graduate of Lehigh University and Columbia University Graduate School of Business.

#### **Robert M. Hart**

Senior Vice President and General Counsel since 1994 and Secretary since January 1995, was a partner in the law firm of Donovan Leisure Newton & Irvine LLP before joining Alleghany. He is a member of the American Bar Association and the American Law Institute, and a Senior Lecturer in Law at Duke University. Mr. Hart is a graduate of Marist College and Duke University School of Law.

#### **James P. Slattery**

Senior Vice President - Insurance since 2002, was Chief Operating Officer and Deputy Chief Executive Officer of Swiss Reinsurance America Corporation before joining Alleghany. He is a member of the New York Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Mr. Slattery is a graduate of St. John's University.

#### **Jerry G. Borrelli**

Vice President - Finance since February 2005, was Director of Financial Reporting for American International Group, Inc. since 2003, and prior to that, Director of Accounting Policy and Special Projects since 2000. Mr. Borrelli is a Certified Public Accountant, member of the American Institute of Certified Public Accountants and a graduate of Susquehanna University.

#### **Benson J. Chapman**

Vice President since January 1995, was a partner at KPMG LLP before joining Alleghany. He is a member of the American Institute of Certified Public Accountants, the New York and New Jersey Societies of Certified Public Accountants, Financial Executives International and the Tax Executives Institute. Mr. Chapman is a graduate of the University of Pennsylvania and the Northeastern University Graduate School of Business Administration.

#### **Christopher K. Dalrymple**

Vice President, Associate General Counsel and Assistant Secretary since December 2004 and Associate General Counsel and Assistant Secretary since March 2002, was in-house counsel at Everest Broadband Networks and Interliant, Inc. prior to that. From 1996 to 2000, Mr. Dalrymple was an associate in the law firm of Dewey Ballantine LLP. He is a member of the American Bar Association and a graduate of Colgate University and Cornell University Law School.

#### **Susan E. Giarruso**

Vice President – General Auditor since April 2004, was previously Internal Audit Director at MBIA Inc. Prior to that, she spent over 15 years in various accounting and audit capacities for several companies in the property and casualty insurance industry. She is a member of the American Institute of Certified Public Accountants, the Institute of Internal Auditors and the Society of Chartered Property & Casualty Underwriters. Ms. Giarruso is a graduate of Utica College of Syracuse University and The State University of New York at Binghamton.

#### **Dorothea C. Gilliam**

Vice President – Investments since 1991, joined Chicago Title and Trust Company in 1986. She is a Chartered Financial Analyst and a member of the CFA Institute. Before joining Chicago Title in 1986, she was a security analyst at Duff & Phelps, Inc. Ms. Gilliam is a graduate of Newton College of the Sacred Heart and the University of Tennessee Business School.

#### **Peter R. Sismondo**

Vice President, Controller and Assistant Secretary since 1989 and Treasurer since January 1995, joined Alleghany in 1988 as Controller and Assistant Secretary. Previously he was Vice President of E.F. Hutton Group Inc. He is a member of the American Institute of Certified Public Accountants. Mr. Sismondo is a graduate of Princeton University and the Rutgers Graduate School of Management.

#### **James A. Dixon**

Chairman and Chief Executive Officer of RSUI Group, Inc. since July 2003, founded Resurgens Specialty Underwriting, Inc. (then known as Royal Specialty Underwriting, Inc.) and served as its Chairman from 1998 to 2003. He is a Chartered Property Casualty Underwriter. Mr. Dixon is a graduate of Highland College.

#### **E.G. Lassiter**

President of RSUI Group, Inc. since July 2003, was President and Chief Executive Officer of Resurgens Specialty Underwriting, Inc. (then known as Royal Specialty Underwriting, Inc.) from 1999 to 2003. He is a Chartered Property Casualty Underwriter. Mr. Lassiter is a graduate of Presbyterian College and has an MBA from the University of Georgia.

#### **David F. Pauly**

Chief Executive Officer since October 2003, joined Capitol Transamerica as Executive Vice President, Chief Operating Officer in January 2002. Previously he was Executive Vice President and Chief Operating Officer of ACUITY Insurance. He joined ACUITY Insurance in 1976. Mr. Pauly is a graduate of St. Norbert College.

#### **Stephen J. Sills**

President and Chief Executive Officer of Darwin Professional Underwriters since early 2003. Prior to joining Darwin, Mr. Sills was a founder and Chief Executive Officer of Executive Risk Inc. and an Executive Vice President of The Chubb Corporation subsequent to the sale of Executive Risk to Chubb. Mr. Sills is a graduate of the University of Tennessee.

#### **David J. Bugatto**

President and Chief Executive Officer of Alleghany Properties since January 2000, joined Alleghany Properties as Senior Vice President in 1994. Previously he was a Vice President of the real estate investments division of Sacramento Savings Bank, which was a subsidiary of Alleghany. He is a director of Sonoma West Holdings Inc., managing trustee of the Lambda Chi Alpha Scholarship Fund, and an active member in the Urban Land Institute. Mr. Bugatto is a graduate of the California State University Sacramento.

## Directors and Officers

### *Alleghany Corporation and Subsidiaries*

#### Directors

Rex D. Adams†  
Dean Emeritus, Fuqua School of Business at  
Duke University (education)

John J. Burns, Jr.  
Vice Chairman of the Board, Alleghany Corporation

Dan R. Carmichael†  
President and Chief Executive Officer,  
Ohio Casualty Corporation (property and  
casualty insurance)

Weston M. Hicks\*  
President and chief executive officer,  
Alleghany Corporation

Thomas S. Johnson†  
Retired Chairman and Chief Executive Officer,  
GreenPoint Financial Corp. and GreenPoint Bank  
(banking)

Allan P. Kirby, Jr.\*  
President, Liberty Square, Inc. (investments);  
Chairman of the Executive Committee,  
Alleghany Corporation

F.M. Kirby\*  
Chairman of the Board, Alleghany Corporation

William K. Lavin†  
Financial Consultant

Roger Noall  
Retired Executive, KeyCorp (banking)

James F. Will\*  
President, Saint Vincent College (education)

#### Officers

F.M. Kirby  
Chairman of the Board

Weston M. Hicks  
President and chief executive officer

Roger B. Gorham  
Senior Vice President- Finance and Investments  
and chief financial officer

Robert M. Hart  
Senior Vice President, General Counsel  
and Secretary

James P. Slattery  
Senior Vice President – Insurance

Jerry G. Borrelli  
Vice President – Finance

Benson J. Chapman  
Vice President

Christopher K. Dalrymple  
Vice President, Associate General Counsel and  
Assistant Secretary

Susan E. Giarrusso  
Vice President - General Auditor

Dorothea C. Gilliam  
Vice President – Investments

Peter R. Sismondo  
Vice President, Controller, Treasurer and  
Assistant Secretary

\*Member of the Executive Committee

†Member of the Audit Committee

## Operating Businesses

### **RSUI Group, Inc.**

James A. Dixon  
Chairman and Chief Executive Officer

E.G. Lassiter  
President

### **Capitol Transamerica Corporation**

David F. Pauly  
Chief Executive Officer

### **Darwin Professional Underwriters, Inc.**

Stephen J. Sills  
President and Chief Executive Officer

### **Alleghany Properties LLC**

David J. Bugatto  
President and Chief Executive Officer

## Additional Information

Alleghany makes available on its website at [www.alleghany.com](http://www.alleghany.com) its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports. In addition, stockholders may obtain, free of charge, copies of any of the above reports upon request to the Secretary of Alleghany Corporation, 7 Times Square Tower, 17th floor, New York, New York 10036.

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