

# Alleghany

## ALLEGHANY CORPORATION AND SUBSIDIARIES FINANCIAL SUPPLEMENT

**Three Months Ended  
March 31, 2016**

**(Unaudited)**

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*This report is for informational purposes only. It should be read in conjunction with documents filed by Alleghany Corporation with the U.S. Securities and Exchange Commission, including the company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.*

## Definitions

References in this financial supplement for the three months ended March 31, 2016 (the "Financial Supplement") to the "Company," "Alleghany," "we," "us," and "our" refer to Alleghany Corporation and its consolidated subsidiaries unless the context otherwise requires. In addition, unless the context otherwise requires, references to,

- "TransRe" are to Alleghany's wholly-owned reinsurance holding company subsidiary Transatlantic Holdings, Inc. and its subsidiaries;
- "AIHL" are to Alleghany's wholly-owned insurance holding company subsidiary Alleghany Insurance Holdings LLC;
- "RSUI" are to Alleghany's wholly-owned subsidiary RSUI Group, Inc. and its subsidiaries;
- "CapSpecialty" are to Alleghany's wholly-owned subsidiary CapSpecialty, Inc. and its subsidiaries;
- "PacificComp" are to Alleghany's wholly-owned subsidiary Pacific Compensation Corporation and its subsidiaries;
- "AIHL Re" are to our wholly-owned subsidiary AIHL Re LLC;
- "Roundwood" are to Alleghany's wholly-owned subsidiary Roundwood Asset Management LLC;
- "Alleghany Capital" are to our wholly-owned subsidiary Alleghany Capital Corporation and its subsidiaries;
- "SORC" are to our wholly-owned subsidiary Stranded Oil Resources Corporation and its subsidiaries;
- "Bourn & Koch" are to our majority-owned subsidiary Bourn & Koch, Inc.;
- "Kentucky Trailer" are to our majority-owned subsidiary R.C. Tway Company, LLC;
- "IPS" are to our majority-owned subsidiary IPS-Integrated Project Services, LLC and its subsidiaries; and
- "Alleghany Properties" are to our wholly-owned subsidiary Alleghany Properties Holdings LLC and its subsidiaries.

## Forward-Looking Statements

This Financial Supplement 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" 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,

- significant weather-related or other natural or man-made catastrophes and disasters;
- the cyclical nature of the property and casualty reinsurance and insurance industries;
- changes in market prices of Alleghany's significant equity investments and changes in value of Alleghany's debt securities portfolio;
- adverse loss development for events insured by Alleghany's reinsurance and insurance subsidiaries in either the current year or prior years;
- the long-tail and potentially volatile nature of certain casualty lines of business written by Alleghany's reinsurance and insurance subsidiaries;
- the cost and availability of reinsurance;
- the reliance by Alleghany's reinsurance operating subsidiaries on a limited number of brokers;
- increases in the levels of risk retention by Alleghany's reinsurance and insurance subsidiaries;
- exposure to terrorist acts and acts of war;
- the willingness and ability of Alleghany's reinsurance and insurance subsidiaries' reinsurers to pay reinsurance recoverables owed to Alleghany's reinsurance and insurance subsidiaries;
- changes in the ratings assigned to Alleghany's reinsurance and insurance subsidiaries;
- claims development and the process of estimating reserves;
- legal, political, judicial and regulatory changes, including the federal financial regulatory reform of the insurance industry by the Dodd-Frank Wall Street Reform and Consumer Protection Act;
- the uncertain nature of damage theories and loss amounts;
- the loss of key personnel of Alleghany's reinsurance or insurance operating subsidiaries;
- fluctuation in foreign currency exchange rates;
- the failure to comply with the restrictive covenants contained in the agreements governing Alleghany's indebtedness;
- the ability to make payments on, or repay or refinance, Alleghany's debt;
- risks inherent in international operations; and
- difficult and volatile conditions in the global market.

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 its 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.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
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**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**BASIS OF PRESENTATION**

**PRESENTATION**

All financial information contained herein is unaudited. Certain amounts may not reconcile exactly due to rounding differences. Unless otherwise noted, all data is in millions of U.S. dollars, except for share, per share, percentage and ratio information.

# ALLEGHANY CORPORATION AND SUBSIDIARIES

## 10 YEAR FINANCIAL SUMMARY <sup>(1)</sup>

(\$ in millions, except per share data)

	As of and for the Year Ended December 31,										As of and for the Three Months Ended March 31, 2016
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Cash and invested assets	\$ 3,699.4	\$ 4,308.9	\$ 4,294.3	\$ 4,447.2	\$ 4,881.9	\$ 4,911.6	\$ 18,976.4	\$ 19,490.5	\$ 19,440.6	\$ 18,307.7	\$ 18,485.1
Net loss and loss adjustment expense reserves	1,127.5	1,412.9	1,570.3	1,573.3	1,481.3	1,481.2	10,933.9	10,650.4	10,307.8	9,629.9	9,646.6
Preferred stock and debt	379.5	299.5	299.4	-	298.9	299.0	1,811.5	1,794.4	1,767.1	1,383.1	1,383.6
Common Stockholders' Equity ("CSE") attributable to											
Alleglhany stockholders	2,146.4	2,484.8	2,347.3	2,717.5	2,908.9	2,925.7	6,403.8	6,923.8	7,473.4	7,554.7	7,771.7
Common shares outstanding	8.79	8.83	8.78	9.22	8.94	8.55	16.89	16.77	16.05	15.54	15.44
Net invested assets per share	\$ 377.79	\$ 453.98	\$ 455.05	\$ 482.43	\$ 512.53	\$ 539.38	\$ 1,016.24	\$ 1,055.46	\$ 1,100.85	\$ 1,088.81	\$ 1,107.78
Percent increase (decrease)	20.6%	20.2%	0.2%	6.0%	6.2%	5.2%	88.4%	3.9%	4.3%	(1.1%)	1.7%
Book value per common share	\$ 244.25	\$ 281.36	\$ 267.37	\$ 294.79	\$ 325.31	\$ 342.12	\$ 379.13	\$ 412.96	\$ 465.51	\$ 486.02	\$ 503.43
Percent increase (decrease)	14.8%	15.2%	(5.0%)	10.3%	10.4%	5.2%	10.8%	8.9%	12.7%	4.4%	3.6%
Net premiums written	\$ 916.2	\$ 962.5	\$ 898.2	\$ 830.8	\$ 736.2	\$ 774.7	\$ 3,723.9	\$ 4,287.4	\$ 4,497.5	\$ 4,489.2	\$ 1,322.2
Change in unearned premiums	(38.4)	11.8	50.5	14.2	31.9	(27.1)	9.1	(48.2)	(86.9)	(258.9)	(100.7)
Net premiums earned	\$ 877.8	\$ 974.3	\$ 948.7	\$ 845.0	\$ 768.1	\$ 747.6	\$ 3,733.0	\$ 4,239.2	\$ 4,410.6	\$ 4,230.3	\$ 1,221.5
Underwriting profit	\$ 252.0	\$ 268.1	\$ 92.1	\$ 129.2	\$ 130.9	\$ 49.5	\$ 220.3	\$ 420.7	\$ 494.8	\$ 466.6	\$ 150.2
Net investment income	127.9	146.1	130.2	101.9	125.0	108.9	313.0	465.7	459.9	438.8	104.9
Net realized capital gains, net of other than temporary impairment losses	28.2	92.8	(92.2)	234.5	85.0	123.5	155.0	188.1	210.8	80.0	15.1
Total investment results	\$ 156.1	\$ 238.9	\$ 38.0	\$ 336.4	\$ 210.0	\$ 232.4	\$ 468.0	\$ 653.8	\$ 670.7	\$ 518.8	\$ 120.0
Net earnings attributable to											
Alleglhany stockholders	238.9	281.8	130.8	264.8	198.5	143.3	702.2	628.4	679.2	560.3	154.5
Other changes in CSE	13.2	56.6	(268.4)	105.5	(7.2)	(126.5)	2,775.9	(108.4)	(129.6)	(479.0)	62.5
Increase (decrease) in CSE	\$ 252.1	\$ 338.4	\$ (137.6)	\$ 370.3	\$ 191.3	\$ 16.8	\$ 3,478.1	\$ 520.0	\$ 549.6	\$ 81.3	\$ 217.0
<b>Combined Ratio</b>	<b>71.3%</b>	<b>72.5%</b>	<b>90.3%</b>	<b>84.7%</b>	<b>83.0%</b>	<b>93.4%</b>	<b>94.1%</b>	<b>90.1%</b>	<b>88.8%</b>	<b>89.0%</b>	<b>87.7%</b>

(1) Amounts have been adjusted for subsequent common stock dividends. The historical results of all subsidiaries that have been sold are reclassified as discontinued operations, and therefore not in the above balances.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**HISTORICAL GROWTH IN BOOK VALUE PER SHARE**

Year	Growth in Book Value Per Share					Annual BVPS vs S&P 500	Y Stock Price	S&P 500	As of Year-End		
	1Q	2Q	3Q	4Q	Annual BVPS				Y Stock Price	Book Value Per Share	Price-to-Book Ratio
2002	0.9%	0.9%	(3.3%)	1.7%	0.2%	(5.9%)	(22.1%)	22.3%	\$ 148.52	\$ 162.75	0.91 x
2003	0.1%	3.8%	1.3%	6.4%	11.9%	27.9%	28.7%	(16.7%)	189.90	182.18	1.04 x
2004	3.2%	3.7%	(1.3%)	6.0%	12.0%	30.8%	10.9%	1.1%	248.33	204.08	1.22 x
2005	2.3%	0.6%	(1.9%)	3.2%	4.3%	1.6%	4.9%	(0.6%)	252.18	212.80	1.19 x
2006	5.4%	2.3%	2.8%	3.6%	14.8%	30.6%	15.8%	(1.0%)	329.32	244.25	1.35 x
2007	3.7%	3.8%	3.9%	2.9%	15.2%	12.8%	5.5%	9.7%	371.39	281.36	1.32 x
2008	1.5%	2.1%	(6.7%)	(1.8%)	(5.0%)	(28.4%)	(37.0%)	32.0%	265.74	267.37	0.99 x
2009	(0.3%)	2.7%	5.2%	2.4%	10.3%	(0.2%)	26.5%	(16.2%)	265.28	294.79	0.90 x
2010	2.3%	(0.2%)	3.9%	4.0%	10.4%	13.2%	15.1%	(4.7%)	300.36	325.31	0.92 x
2011	5.1%	(0.3%)	(4.0%)	4.5%	5.2%	(5.0%)	2.1%	3.1%	285.29	342.12	0.83 x
2012	6.8%	1.6%	4.8%	(2.5%)	10.8%	17.6%	16.0%	(5.2%)	335.42	379.13	0.88 x
2013	4.1%	(1.8%)	3.4%	3.1%	8.9%	19.2%	32.4%	(23.5%)	399.96	412.96	0.97 x
2014	4.4%	4.8%	1.0%	2.1%	12.7%	15.9%	13.7%	(1.0%)	463.50	465.51	1.00 x
2015	2.4%	0.3%	(0.5%)	2.1%	4.4%	3.1%	1.4%	3.0%	477.93	486.02	0.98 x
2016	3.6%										
<b>Compound Annual Growth Rates (through December 31, 2015):</b>											
<b>5 Year</b>					<b>8.4%</b>	<b>9.7%</b>	<b>12.6%</b>				
<b>10 Year</b>					<b>8.6%</b>	<b>6.6%</b>	<b>7.3%</b>				
<b>Since December 31, 2001</b>					<b>8.1%</b>	<b>8.2%</b>	<b>6.3%</b>				

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL HIGHLIGHTS**

(\$ in millions, except share and per share data)

		<u>As of</u> <u>March 31, 2016</u>	<u>As of</u> <u>December 31, 2015</u>	<u>Change</u>	
<b>HIGHLIGHTS</b>	Total investments and cash	\$ 18,485.1	\$ 18,307.7	1.0%	
	Total assets	23,055.3	22,846.3	0.9%	
	Total stockholders' equity attributable to Alleghany stockholders	7,771.7	7,554.7	2.9%	
	Book value per share	\$ 503.43	\$ 486.02	3.6%	
<b>For the Three Months Ended</b>					
<b>March 31,</b>					
		<u>2016</u>	<u>2015</u>	<u>Change</u>	
	Gross premiums written	\$ 1,489.6	\$ 1,258.9	18.3%	
	Net premiums written	1,322.2	1,091.1	21.2%	
	Net premiums earned	1,221.5	1,017.2	20.1%	
	Net investment income	104.9	113.4	(7.5%)	
	Net earnings attributable to Alleghany stockholders	154.5	125.2	23.4%	
	Operating income	144.7	131.2	10.3%	
<b>PER SHARE AND SHARE DATA</b>	Weighted average common shares outstanding:				
		Basic	15,452,191	16,014,223	(3.5%)
		Diluted	15,464,489	16,014,223	(3.4%)
	Earnings per share attributable to Alleghany stockholders:				
		Basic	\$ 10.00	\$ 7.82	27.9%
		Diluted	\$ 9.96	\$ 7.82	27.5%
	Operating earnings per share data:				
		Basic	\$ 9.36	\$ 8.19	14.3%
		Diluted	\$ 9.32	\$ 8.19	13.8%
	<b>FINANCIAL RATIOS</b>	Annualized net earnings return on average stockholders' equity	8.1%	6.6%	
Annualized operating income return on average stockholders' equity		7.6%	6.9%		
Loss and loss adjustment expense ratio		54.4%	53.8%	0.6	
Expense ratio		<u>33.3%</u>	<u>33.8%</u>	<u>(0.5)</u>	
Combined ratio		<u>87.7%</u>	<u>87.6%</u>	<u>0.1</u>	

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS - CONSECUTIVE QUARTERS**

(\$ in millions, except per share data)

	For the Three Months Ended								
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
<b>Revenues</b>									
Net premiums earned	\$ 1,221.5	\$ 1,089.3	\$ 1,049.1	\$ 1,074.7	\$ 1,017.2	\$ 1,121.5	\$ 1,136.2	\$ 1,098.9	\$ 1,054.0
Net investment income	104.9	104.2	118.2	103.1	113.4	117.0	118.3	114.1	110.6
Net realized capital gains	35.9	55.4	29.2	86.2	43.1	49.3	59.4	41.5	96.8
Other than temporary impairment losses	(20.8)	(21.6)	(52.7)	(7.3)	(52.3)	(29.4)	(0.7)	(0.9)	(5.2)
Other revenue	137.4	125.1	45.3	43.8	36.2	43.7	38.8	37.6	30.4
<b>Total revenues</b>	<b>1,478.9</b>	<b>1,352.4</b>	<b>1,189.1</b>	<b>1,300.5</b>	<b>1,157.6</b>	<b>1,302.1</b>	<b>1,352.0</b>	<b>1,291.2</b>	<b>1,286.6</b>
<b>Costs and Expenses</b>									
Net loss and loss adjustment expenses incurred	664.6	602.7	594.7	595.4	546.9	631.1	623.1	629.2	611.2
Commissions, brokerage and other underwriting expenses	406.7	356.1	360.2	364.0	343.6	365.2	372.3	359.6	324.2
Other operating expenses	162.2	142.7	68.5	63.8	67.4	73.4	59.6	66.3	53.3
Corporate administration	9.7	13.1	10.9	9.8	12.7	15.3	9.5	12.7	9.6
Amortization of intangible assets	3.1	1.6	(1.1)	(1.0)	(1.7)	(1.8)	(1.1)	(0.9)	(1.8)
Interest expense	20.3	22.6	22.8	23.4	23.1	23.6	22.7	21.9	21.8
<b>Total costs and expenses</b>	<b>1,266.6</b>	<b>1,138.8</b>	<b>1,056.0</b>	<b>1,055.4</b>	<b>992.0</b>	<b>1,106.8</b>	<b>1,086.1</b>	<b>1,088.8</b>	<b>1,018.3</b>
Earnings before income taxes	212.3	213.6	133.1	245.1	165.6	195.3	265.9	202.4	268.3
Income taxes	57.7	57.1	36.0	61.9	40.2	55.3	79.6	53.2	63.7
Net earnings	154.6	156.5	97.1	183.2	125.4	140.0	186.3	149.2	204.6
Net earnings (losses) attributable to noncontrolling interest	0.1	0.4	0.6	0.7	0.2	0.9	-	0.2	(0.3)
Net earnings attributable to Alleghany stockholders	<u>\$ 154.5</u>	<u>\$ 156.1</u>	<u>\$ 96.5</u>	<u>\$ 182.5</u>	<u>\$ 125.2</u>	<u>\$ 139.1</u>	<u>\$ 186.3</u>	<u>\$ 149.0</u>	<u>\$ 204.9</u>
Basic earnings per share attributable to Alleghany stockholders	\$ 10.00	\$ 9.86	\$ 6.07	\$ 11.41	\$ 7.82	\$ 8.61	\$ 11.40	\$ 9.06	\$ 12.28
Diluted earnings per share attributable to Alleghany stockholders	9.96	9.85	6.07	11.40	7.82	8.61	11.40	9.06	12.28
Basic operating earnings per share	\$ 9.36	\$ 8.45	\$ 7.03	\$ 8.20	\$ 8.19	\$ 7.81	\$ 9.07	\$ 7.46	\$ 8.71
Diluted operating earnings per share	9.32	8.44	7.03	8.19	8.19	7.81	9.07	7.46	8.71
<b>SUPPLEMENTAL INFORMATION</b>									
Premiums written:									
Gross premiums written	\$ 1,489.6	\$ 1,386.4	\$ 1,168.0	\$ 1,308.9	\$ 1,258.9	\$ 1,134.1	\$ 1,269.3	\$ 1,392.0	\$ 1,301.1
Net premiums written	1,322.2	1,238.9	1,013.2	1,146.0	1,091.1	1,026.5	1,127.5	1,209.4	1,134.0
Net loss and loss adjustment expenses incurred:									
Current year	749.9	667.5	650.0	650.2	587.5	681.1	686.7	679.1	662.8
Prior years	(85.3)	(64.8)	(55.3)	(54.8)	(40.6)	(50.0)	(63.6)	(49.9)	(51.6)
	<u>\$ 664.6</u>	<u>\$ 602.7</u>	<u>\$ 594.7</u>	<u>\$ 595.4</u>	<u>\$ 546.9</u>	<u>\$ 631.1</u>	<u>\$ 623.1</u>	<u>\$ 629.2</u>	<u>\$ 611.2</u>
Loss and loss adjustment expense ratio	54.4%	55.3%	56.7%	55.4%	53.8%	56.3%	54.8%	57.3%	58.0%
Expense ratio	<u>33.3%</u>	<u>32.7%</u>	<u>34.3%</u>	<u>33.9%</u>	<u>33.8%</u>	<u>32.6%</u>	<u>32.8%</u>	<u>32.7%</u>	<u>30.8%</u>
Combined ratio	<u>87.7%</u>	<u>88.0%</u>	<u>91.0%</u>	<u>89.3%</u>	<u>87.6%</u>	<u>88.9%</u>	<u>87.6%</u>	<u>90.0%</u>	<u>88.8%</u>



**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**PREMIUMS WRITTEN**  
(\$ in millions)

	For the Three Months Ended March 31,							
	Gross Premiums Written				Net Premiums Written			
	2016	2015	Change	% Change	2016	2015	Change	% Change
<b>Reinsurance segment:</b>								
Property	\$ 383.2	\$ 271.6	\$ 111.6	41.1%	\$ 309.5	\$ 210.1	\$ 99.4	47.3%
Casualty & other	759.2	630.6	128.6	20.4%	746.4	618.7	127.7	20.6%
Total Reinsurance	<u>1,142.4</u>	<u>902.2</u>	<u>240.2</u>	26.6%	<u>1,055.9</u>	<u>828.8</u>	<u>227.1</u>	27.4%
<b>Insurance segment:</b>								
RSUI	256.9	288.2	(31.3)	(10.9%)	173.6	190.5	(16.9)	(8.9%)
CapSpecialty	62.9	54.5	8.4	15.4%	58.9	50.6	8.3	16.4%
PacificComp	34.1	21.5	12.6	58.6%	33.8	21.2	12.6	59.4%
Total Insurance	<u>353.9</u>	<u>364.2</u>	<u>(10.3)</u>	(2.8%)	<u>266.3</u>	<u>262.3</u>	<u>4.0</u>	1.5%
Intercompany elimination	<u>(6.7)</u>	<u>(7.5)</u>	<u>0.8</u>	(10.7%)	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
Total premiums written	<u><b>\$ 1,489.6</b></u>	<u><b>\$ 1,258.9</b></u>	<u><b>\$ 230.7</b></u>	<b>18.3%</b>	<u><b>\$ 1,322.2</b></u>	<u><b>\$ 1,091.1</b></u>	<u><b>\$ 231.1</b></u>	<b>21.2%</b>

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED UNDERWRITING RESULTS - CURRENT QUARTER**

(\$ in millions)

For the Three Months Ended March 31, 2016

	Reinsurance Segment			Insurance Segment				Total Segments	Other Activities		Consolidated
	Property	Casualty & other	Total	RSUI	Cap Specialty	Pacific Comp	Total		Alleghany Capital	Corporate Activities	
Gross premiums written	\$ 383.2	\$ 759.2	\$ 1,142.4	\$ 256.9	\$ 62.9	\$ 34.1	\$ 353.9	\$ 1,496.3	\$ -	\$ (6.7)	\$ 1,489.6
Net premiums written	309.5	746.4	1,055.9	173.6	58.9	33.8	266.3	1,322.2	-	-	1,322.2
Net premiums earned	<u>\$ 253.1</u>	<u>\$ 685.9</u>	<u>\$ 939.0</u>	<u>\$ 192.3</u>	<u>\$ 55.4</u>	<u>\$ 34.8</u>	<u>\$ 282.5</u>	<u>\$ 1,221.5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,221.5</u>
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	129.3	467.8	597.1	96.2	27.5	26.5	150.2	747.3	-	-	747.3
Current year catastrophe losses	-	-	-	1.7	0.9	-	2.6	2.6	-	-	2.6
Prior years	(33.2)	(37.8)	(71.0)	(12.8)	(1.5)	-	(14.3)	(85.3)	-	-	(85.3)
	<u>96.1</u>	<u>430.0</u>	<u>526.1</u>	<u>85.1</u>	<u>26.9</u>	<u>26.5</u>	<u>138.5</u>	<u>664.6</u>	<u>-</u>	<u>-</u>	<u>664.6</u>
Commissions, brokerage and other underwriting expenses	<u>77.9</u>	<u>239.5</u>	<u>317.4</u>	<u>53.2</u>	<u>26.4</u>	<u>9.7</u>	<u>89.3</u>	<u>406.7</u>	<u>-</u>	<u>-</u>	<u>406.7</u>
Underwriting profit (loss)	<u>\$ 79.1</u>	<u>\$ 16.4</u>	95.5	<u>\$ 54.0</u>	<u>\$ 2.1</u>	<u>\$ (1.4)</u>	54.7	150.2	-	-	150.2
Net investment income			77.2				25.6	102.8	(0.1)	2.2	104.9
Net realized capital gains			27.6				11.8	39.4	(0.1)	(3.4)	35.9
Other than temporary impairment losses			(14.7)				(6.1)	(20.8)	-	-	(20.8)
Other revenue			-				0.2	0.2	136.9	0.3	137.4
Other operating expenses			13.9				8.1	22.0	139.5	0.7	162.2
Corporate administration			-				0.2	0.2	-	9.5	9.7
Amortization of intangible assets			(1.8)				0.8	(1.0)	4.1	-	3.1
Interest expense			6.9				-	6.9	0.3	13.1	20.3
Earnings (losses) before income taxes			<u>\$ 166.6</u>				<u>\$ 77.1</u>	<u>\$ 243.7</u>	<u>\$ (7.2)</u>	<u>\$ (24.2)</u>	<u>\$ 212.3</u>
Ratios:											
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	51.1%	68.2%	63.6%	50.1%	49.7%	76.1%	53.2%	61.2%			
Current year catastrophe losses	0.0%	0.0%	0.0%	0.9%	1.6%	0.0%	0.9%	0.2%			
Prior years	<u>(13.1%)</u>	<u>(5.5%)</u>	<u>(7.6%)</u>	<u>(6.7%)</u>	<u>(2.7%)</u>	<u>0.0%</u>	<u>(5.1%)</u>	<u>(7.0%)</u>			
Expense	<u>38.0%</u>	<u>62.7%</u>	<u>56.0%</u>	<u>44.3%</u>	<u>48.6%</u>	<u>76.1%</u>	<u>49.0%</u>	<u>54.4%</u>			
Combined	<u>68.8%</u>	<u>97.6%</u>	<u>89.8%</u>	<u>72.0%</u>	<u>96.2%</u>	<u>104.0%</u>	<u>80.6%</u>	<u>87.7%</u>			

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED UNDERWRITING RESULTS - PRIOR YEAR QUARTER**

(\$ in millions)

	For the Three Months Ended March 31, 2015										
	Reinsurance Segment			Insurance Segment				Total Segments	Other Activities		Consolidated
	Property	Casualty & other	Total	RSUI	Cap Specialty	Pacific Comp	Total		Alleghany Capital	Corporate Activities	
Gross premiums written	\$ 271.6	\$ 630.6	\$ 902.2	\$ 288.2	\$ 54.5	\$ 21.5	\$ 364.2	\$ 1,266.4	\$ -	\$ (7.5)	\$ 1,258.9
Net premiums written	210.1	618.7	828.8	190.5	50.6	21.2	262.3	1,091.1	-	-	1,091.1
Net premiums earned	<u>\$ 215.6</u>	<u>\$ 531.3</u>	<u>\$ 746.9</u>	<u>\$ 203.1</u>	<u>\$ 47.6</u>	<u>\$ 19.6</u>	<u>\$ 270.3</u>	<u>\$ 1,017.2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,017.2</u>
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	75.2	369.6	444.8	102.4	23.2	15.3	140.9	585.7	-	-	585.7
Current year catastrophe losses	-	-	-	1.0	0.8	-	1.8	1.8	-	-	1.8
Prior years	(12.0)	(26.4)	(38.4)	(2.6)	0.4	-	(2.2)	(40.6)	-	-	(40.6)
	<u>63.2</u>	<u>343.2</u>	<u>406.4</u>	<u>100.8</u>	<u>24.4</u>	<u>15.3</u>	<u>140.5</u>	<u>546.9</u>	<u>-</u>	<u>-</u>	<u>546.9</u>
Commissions, brokerage and other underwriting expenses	<u>66.9</u>	<u>189.8</u>	<u>256.7</u>	<u>55.3</u>	<u>22.8</u>	<u>8.8</u>	<u>86.9</u>	<u>343.6</u>	<u>-</u>	<u>-</u>	<u>343.6</u>
Underwriting profit (loss)	<u>\$ 85.5</u>	<u>\$ (1.7)</u>	83.8	<u>\$ 47.0</u>	<u>\$ 0.4</u>	<u>\$ (4.5)</u>	42.9	126.7	-	-	126.7
Net investment income			80.1				30.7	110.8	1.0	1.6	113.4
Net realized capital gains			37.5				11.3	48.8	(0.1)	(5.6)	43.1
Other than temporary impairment losses			(29.6)				(22.7)	(52.3)	-	-	(52.3)
Other revenue			1.1				0.3	1.4	34.6	0.2	36.2
Other operating expenses			19.0				7.6	26.6	40.2	0.6	67.4
Corporate administration			-				0.3	0.3	-	12.4	12.7
Amortization of intangible assets			(2.5)				0.7	(1.8)	0.1	-	(1.7)
Interest expense			9.7				-	9.7	0.4	13.0	23.1
Earnings (losses) before income taxes			<u>\$ 146.7</u>				<u>\$ 53.9</u>	<u>\$ 200.6</u>	<u>\$ (5.2)</u>	<u>\$ (29.8)</u>	<u>\$ 165.6</u>
Ratios:											
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	34.9%	69.6%	59.5%	50.4%	48.8%	78.3%	52.1%	57.6%			
Current year catastrophe losses	0.0%	0.0%	0.0%	0.5%	1.7%	0.0%	0.7%	0.2%			
Prior years	<u>(5.6%)</u>	<u>(5.0%)</u>	<u>(5.1%)</u>	<u>(1.3%)</u>	<u>0.8%</u>	<u>0.0%</u>	<u>(0.8%)</u>	<u>(4.0%)</u>			
Expense	<u>29.3%</u>	<u>64.6%</u>	<u>54.4%</u>	<u>49.6%</u>	<u>51.3%</u>	<u>78.3%</u>	<u>52.0%</u>	<u>53.8%</u>			
Combined	<u>31.0%</u>	<u>35.7%</u>	<u>34.4%</u>	<u>27.2%</u>	<u>47.8%</u>	<u>45.3%</u>	<u>32.2%</u>	<u>33.8%</u>			
	<u>60.3%</u>	<u>100.3%</u>	<u>88.8%</u>	<u>76.8%</u>	<u>99.1%</u>	<u>123.6%</u>	<u>84.2%</u>	<u>87.6%</u>			

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**ALLEGHANY CAPITAL RESULTS <sup>(1)</sup>**  
(\$ in millions)

For the Three Months Ended March 31,

	2016				2015			
	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total
Net investment income	\$ -	\$ -	\$ (0.1)	\$ (0.1)	\$ 1.8	\$ (0.9)	\$ 0.1	\$ 1.0
Net realized capital gains	(0.1)	-	-	(0.1)	(0.1)	-	-	(0.1)
Other than temporary impairment losses	-	-	-	-	-	-	-	-
Other income	135.1	1.8	-	136.9	33.3	1.3	-	34.6
Other operating expenses	129.1	9.3	1.1	139.5	31.2	7.3	1.7	40.2
Corporate administration	-	-	-	-	-	-	-	-
Amortization of intangible assets	4.1	-	-	4.1	0.1	-	-	0.1
Interest expense	0.3	-	-	0.3	0.3	0.1	-	0.4
Earnings (losses) before income taxes	<u>\$ 1.5</u>	<u>\$ (7.5)</u>	<u>\$ (1.2)</u>	<u>\$ (7.2)</u>	<u>\$ 3.4</u>	<u>\$ (7.0)</u>	<u>\$ (1.6)</u>	<u>\$ (5.2)</u>
Adjusted EBITDA <sup>(2)</sup>	7.0	(3.9)	(1.2)	1.9	4.7	(5.2)	(1.6)	(2.1)
Add: depreciation expense	(1.3)	(3.6)	-	(4.9)	(1.0)	(1.4)	-	(2.4)
Add: amortization of intangible assets	(4.1)	-	-	(4.1)	(0.1)	-	-	(0.1)
Add: interest expense	(0.3)	-	-	(0.3)	(0.3)	(0.1)	-	(0.4)
Add: net realized capital gains	0.1	-	-	0.1	0.1	-	-	0.1
Adjustments to equity in earnings of Jazwares and ORX	0.1	-	-	0.1	-	(0.3)	-	(0.3)
Earnings (losses) before income taxes	<u>\$ 1.5</u>	<u>\$ (7.5)</u>	<u>\$ (1.2)</u>	<u>\$ (7.2)</u>	<u>\$ 3.4</u>	<u>\$ (7.0)</u>	<u>\$ (1.6)</u>	<u>\$ (5.2)</u>

(1) Alleghany Capital consists of: (i) manufacturing and service operations conducted through Bourn & Koch, Kentucky Trailer, IPS beginning October 31, 2015, and Alleghany Capital's investment in Jazwares, LLC ("Jazwares"); (ii) oil and gas operations conducted through SORC and Alleghany Capital's investment in ORX Exploration, Inc. ("ORX"); and (iii) corporate operations and investments at the Alleghany Capital parent level. ORX and Jazwares are accounted for under the equity method of accounting.

(2) Refer to "Non-GAAP Financial Measures" on page 27.

**ALLEGHANY CAPITAL EQUITY**  
(\$ in millions)

For the Three Months Ended March 31, 2016

	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total
Equity, beginning of period	\$ 275.8	\$ 206.0	\$ 16.4	\$ 498.2
Earnings (losses) before income taxes	1.5	(7.5)	(1.2)	(7.2)
Income taxes <sup>(1)</sup>	(0.6)	2.6	0.3	2.3
Capital contributions (dividends or returns of capital)	-	9.8	2.8	12.6
Equity, end of period	<u>\$ 276.7</u>	<u>\$ 210.9</u>	<u>\$ 18.3</u>	<u>\$ 505.9</u>

(1) Income taxes for certain Alleghany Capital subsidiaries are incurred at the Alleghany Capital corporate level. □

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATING BALANCE SHEETS**

(\$ in millions)

	March 31, 2016				December 31, 2015			
	Reinsurance Segment <sup>(1)</sup>	Insurance Segment <sup>(1)</sup>	Other Activities <sup>(2)</sup>	Consolidated	Reinsurance Segment	Insurance Segment	Other Activities <sup>(2)</sup>	Consolidated
<b>Assets</b>								
Investments:								
Available-for-sale securities at fair value:								
Equity securities	\$ 1,416.2	\$ 1,362.3	\$ 110.6	\$ 2,889.1	\$ 1,399.1	\$ 1,390.0	\$ 216.8	\$ 3,005.9
Debt securities	10,837.8	2,749.1	31.3	13,618.2	10,786.1	2,789.4	30.5	13,606.0
Short-term investments	146.7	218.6	128.3	493.6	169.8	112.9	83.1	365.8
	<u>12,400.7</u>	<u>4,330.0</u>	<u>270.2</u>	<u>17,000.9</u>	<u>12,355.0</u>	<u>4,292.3</u>	<u>330.4</u>	<u>16,977.7</u>
Commercial mortgage loans	195.9	84.0	-	279.9	124.5	53.4	-	177.9
Other invested assets	355.5	294.9	44.2	694.6	365.1	302.2	9.5	676.8
Total investments <sup>(3)</sup>	<u>12,952.1</u>	<u>4,708.9</u>	<u>314.4</u>	<u>17,975.4</u>	<u>12,844.6</u>	<u>4,647.9</u>	<u>339.9</u>	<u>17,832.4</u>
Cash <sup>(3)</sup>	411.4	76.1	22.2	509.7	337.7	114.7	22.9	475.3
Reinsurance recoverables	358.1	915.6	(70.5)	1,203.2	393.4	927.4	(70.9)	1,249.9
Goodwill and intangible assets	50.4	124.1	176.2	350.7	48.6	124.9	180.3	353.8
All other assets	1,991.4	525.1	499.8	3,016.3	1,939.0	537.5	451.2	2,927.7
Total assets	<u>\$ 15,763.4</u>	<u>\$ 6,349.8</u>	<u>\$ 942.1</u>	<u>\$ 23,055.3</u>	<u>\$ 15,563.3</u>	<u>\$ 6,352.4</u>	<u>\$ 923.4</u>	<u>\$ 22,839.1</u>
<b>Liabilities and Stockholders' Equity</b>								
Loss and loss adjustment expenses	\$ 8,145.5	\$ 2,683.7	\$ (70.5)	\$ 10,758.7	\$ 8,168.2	\$ 2,701.9	\$ (70.9)	\$ 10,799.2
Unearned premiums	1,502.1	680.0	(12.0)	2,170.1	1,391.4	696.8	(12.1)	2,076.1
Senior Notes	392.9	-	990.7	1,383.6	393.1	-	990.0	1,383.1
All other liabilities	373.8	308.4	263.1	945.3	400.2	316.5	283.6	1,000.3
Total liabilities	<u>10,414.3</u>	<u>3,672.1</u>	<u>1,171.3</u>	<u>15,257.7</u>	<u>10,352.9</u>	<u>3,715.2</u>	<u>1,190.6</u>	<u>15,258.7</u>
Redeemable noncontrolling interest ("RNCI")	-	-	25.9	25.9	-	-	25.7	25.7
Total stockholders' equity attributable to Alleghany stockholders	<u>5,349.1</u>	<u>2,677.7<sup>(4)</sup></u>	<u>(255.1)</u>	<u>7,771.7</u>	<u>5,210.4</u>	<u>2,637.2<sup>(4)</sup></u>	<u>(292.9)</u>	<u>7,554.7</u>
Total liabilities, RNCI and stockholders' equity	<u>\$ 15,763.4</u>	<u>\$ 6,349.8</u>	<u>\$ 942.1</u>	<u>\$ 23,055.3</u>	<u>\$ 15,563.3</u>	<u>\$ 6,352.4</u>	<u>\$ 923.4</u>	<u>\$ 22,839.1</u>

(1) Annualized pre-tax return on average equity for the reinsurance and insurance segments was: 12.6% and 11.6%, respectively, for the three months ended March 31, 2016.

(2) Consists of Alleghany Capital and corporate activities. Also, includes consolidation and elimination entries, including those that exist between the reinsurance and insurance segments.

(3) As of March 31, 2016, includes \$766.8 million of marketable securities and cash at our unrestricted holding companies, comprised of \$275.2 million at the Alleghany parent (included in Other Activities), \$384.8 million at AIHL (included in the Insurance Segment), and \$106.8 million at the TransRe holding company (included in the Reinsurance Segment).

(4) Insurance segment stockholders' equity as of March 31, 2016 includes \$2.0 billion related to the insurance operating companies (RSUI, CapSpecialty, PacificComp and AIHL Re) with the remaining \$0.7 billion of stockholders' equity relating to the AIHL holding company and Roundwood. As of December 31, 2015, insurance segment stockholders' equity included \$2.0 billion related to the insurance operating companies with the remaining \$0.6 billion relating to the AIHL holding company and Roundwood.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED TOTAL INVESTMENT PORTFOLIO**  
(\$ in millions)

	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
<b>CARRYING VALUE</b>									
Equity securities	\$ 2,889.1 16.1%	\$ 3,005.9 16.9%	\$ 3,012.1 16.2%	\$ 3,143.6 16.5%	\$ 3,053.5 16.1%	\$ 2,815.5 14.9%	\$ 2,895.3 15.1%	\$ 2,950.8 15.3%	\$ 2,637.8 13.9%
Debt securities	13,618.2 75.8%	13,606.0 76.3%	14,530.3 77.9%	14,564.9 76.4%	14,670.2 77.3%	14,598.6 77.5%	14,766.2 77.1%	15,065.8 78.2%	14,802.1 77.9%
Short-term investments	493.6 2.7%	365.8 2.1%	362.0 1.9%	601.5 3.2%	513.6 2.7%	715.6 3.8%	792.0 4.1%	615.2 3.2%	926.7 4.9%
Commercial mortgage loans	279.9 1.6%	177.9 1.0%	36.6 0.2%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
Other invested assets	694.6 3.8%	676.8 3.7%	700.7 3.8%	741.6 3.9%	740.5 3.9%	705.6 3.8%	701.8 3.7%	631.5 3.3%	619.6 3.3%
<b>Total</b>	<b>\$ 17,975.4 100.0%</b>	<b>\$ 17,832.4 100.0%</b>	<b>\$ 18,641.7 100.0%</b>	<b>\$ 19,051.6 100.0%</b>	<b>\$ 18,977.8 100.0%</b>	<b>\$ 18,835.3 100.0%</b>	<b>\$ 19,155.3 100.0%</b>	<b>\$ 19,263.3 100.0%</b>	<b>\$ 18,986.2 100.0%</b>

**INVESTMENT ALLOCATION BY CARRYING VALUE**

<b>Equity securities:</b>									
Common stock	\$ 2,889.1 16.1%	\$ 3,005.9 16.9%	\$ 3,012.1 16.2%	\$ 3,143.6 16.5%	\$ 3,053.5 16.1%	\$ 2,815.5 14.9%	\$ 2,895.3 15.1%	\$ 2,950.8 15.3%	\$ 2,637.8 13.9%
Preferred stock	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
<b>Total</b>	<b>2,889.1 16.1%</b>	<b>3,005.9 16.9%</b>	<b>3,012.1 16.2%</b>	<b>3,143.6 16.5%</b>	<b>3,053.5 16.1%</b>	<b>2,815.5 14.9%</b>	<b>2,895.3 15.1%</b>	<b>2,950.8 15.3%</b>	<b>2,637.8 13.9%</b>
<b>Debt securities:</b>									
U.S. Government obligations	1,166.2 6.5%	1,074.7 6.0%	1,071.5 5.7%	781.5 4.1%	525.3 2.8%	541.1 3.0%	377.7 2.1%	400.9 2.0%	826.0 4.3%
Municipal bonds	4,419.9 24.6%	4,339.6 24.3%	4,766.3 25.6%	4,981.5 26.1%	5,167.7 27.2%	5,197.5 27.6%	5,429.5 28.3%	5,628.3 29.2%	5,610.9 29.5%
Foreign government obligations	1,091.4 6.1%	941.4 5.3%	919.3 4.9%	900.4 4.7%	820.8 4.3%	900.4 4.8%	910.5 4.8%	953.9 5.0%	948.4 5.0%
U.S. corporate bonds	2,011.4 11.2%	2,176.7 12.2%	2,175.4 11.7%	2,141.2 11.2%	2,110.5 11.1%	2,154.8 11.4%	2,320.5 12.1%	2,364.8 12.3%	2,392.2 12.6%
Foreign corporate bonds	1,063.5 5.9%	1,230.3 6.9%	1,316.0 7.1%	1,436.8 7.5%	1,414.4 7.5%	1,503.7 8.0%	1,613.7 8.4%	1,797.3 9.3%	1,732.2 9.1%
<b>Mortgage and asset-backed securities:</b>									
Residential mortgage-backed securities ("RMBS")	1,313.5 7.3%	1,253.4 7.0%	1,491.2 8.0%	1,605.2 8.4%	1,821.5 9.6%	1,655.9 8.8%	1,655.6 8.6%	1,728.4 9.0%	1,352.7 7.1%
Commercial mortgage-backed securities ("CMBS")	1,017.5 5.7%	1,023.4 5.7%	1,137.9 6.1%	1,168.8 6.1%	1,204.1 6.3%	1,125.3 6.0%	1,135.9 5.9%	1,041.1 5.4%	981.9 5.2%
Other asset-backed securities	1,534.8 8.5%	1,566.5 8.8%	1,652.7 8.9%	1,549.5 8.1%	1,605.9 8.5%	1,519.9 8.1%	1,322.8 6.9%	1,151.1 6.0%	957.8 5.0%
<b>Total</b>	<b>13,618.2 75.8%</b>	<b>13,606.0 76.3%</b>	<b>14,530.3 77.9%</b>	<b>14,564.9 76.4%</b>	<b>14,670.2 77.3%</b>	<b>14,598.6 77.5%</b>	<b>14,766.2 77.1%</b>	<b>15,065.8 78.2%</b>	<b>14,802.1 77.9%</b>
Short-term investments	493.6 2.7%	365.8 2.1%	362.0 1.9%	601.5 3.2%	513.6 2.7%	715.6 3.8%	792.0 4.1%	615.2 3.2%	926.7 4.9%
Commercial mortgage loans	279.9 1.6%	177.9 1.0%	36.6 0.2%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
<b>Other invested assets:</b>									
Equity method investments	112.1 0.6%	75.2 0.4%	101.8 0.5%	140.7 0.7%	145.9 0.8%	147.2 0.8%	151.3 0.9%	85.7 0.4%	88.3 0.5%
Partnership investments	333.2 1.9%	349.1 2.0%	335.8 1.8%	337.8 1.8%	332.3 1.8%	303.1 1.6%	293.5 1.5%	283.6 1.5%	274.3 1.4%
Other	249.3 1.3%	252.5 1.3%	263.1 1.4%	263.1 1.4%	262.3 1.4%	255.3 1.4%	257.0 1.3%	262.2 1.4%	257.0 1.4%
<b>Total</b>	<b>694.6 3.8%</b>	<b>676.8 3.7%</b>	<b>700.7 3.8%</b>	<b>741.6 3.9%</b>	<b>740.5 3.9%</b>	<b>705.6 3.8%</b>	<b>701.8 3.7%</b>	<b>631.5 3.3%</b>	<b>619.6 3.3%</b>
<b>Total</b>	<b>\$ 17,975.4 100.0%</b>	<b>\$ 17,832.4 100.0%</b>	<b>\$ 18,641.7 100.0%</b>	<b>\$ 19,051.6 100.0%</b>	<b>\$ 18,977.8 100.0%</b>	<b>\$ 18,835.3 100.0%</b>	<b>\$ 19,155.3 100.0%</b>	<b>\$ 19,263.3 100.0%</b>	<b>\$ 18,986.2 100.0%</b>

**RATINGS<sup>(1)</sup> OF DEBT SECURITIES PORTFOLIO, BY CARRYING VALUE**

AAA/Aaa	\$ 2,565.1 18.8%	\$ 2,389.7 17.6%	\$ 2,767.1 19.0%	\$ 2,830.8 19.4%	\$ 2,771.4 18.9%	\$ 2,830.4 19.4%	\$ 2,784.7 18.9%	\$ 2,662.2 17.7%	\$ 2,550.2 17.2%
AA/Aa	6,475.6 47.5%	6,307.8 46.4%	6,716.9 46.3%	6,726.9 46.2%	6,826.7 46.5%	6,739.3 46.1%	6,721.0 45.5%	6,936.7 46.0%	6,905.0 46.7%
A/A	2,557.7 18.8%	2,802.9 20.6%	3,029.5 20.8%	2,990.6 20.5%	2,895.7 19.7%	2,843.2 19.5%	2,948.1 20.0%	3,038.0 20.1%	2,914.4 19.7%
BBB/Baa	1,454.1 10.7%	1,611.9 11.8%	1,508.8 10.4%	1,494.3 10.3%	1,565.2 10.7%	1,592.2 10.9%	1,731.6 11.7%	1,846.7 12.3%	1,839.6 12.4%
BB / Ba	209.9 1.5%	136.7 1.0%	138.0 0.9%	140.3 1.0%	190.0 1.3%	200.2 1.4%	122.7 0.8%	116.7 0.8%	111.7 0.8%
B	273.9 2.1%	274.7 2.0%	274.1 1.9%	286.3 2.0%	296.3 1.9%	291.7 2.0%	305.3 2.1%	312.8 2.1%	290.4 1.9%
CCC	26.3 0.2%	31.5 0.2%	40.6 0.3%	57.3 0.4%	70.4 0.5%	63.0 0.4%	98.3 0.7%	94.9 0.6%	112.5 0.8%
CC	9.5 0.1%	9.7 0.1%	11.0 0.1%	10.6 0.1%	10.5 0.1%	10.9 0.1%	16.2 0.1%	24.7 0.2%	26.0 0.2%
Below CC	4.8 0.0%	4.0 0.0%	4.5 0.0%	6.7 0.0%	4.5 0.1%	4.7 0.0%	4.8 0.0%	4.8 0.0%	12.8 0.1%
Not rated	41.3 0.3%	37.1 0.3%	39.8 0.3%	21.1 0.1%	39.5 0.3%	23.0 0.2%	33.5 0.2%	28.3 0.2%	39.5 0.3%
<b>Total</b>	<b>\$ 13,618.2 100.0%</b>	<b>\$ 13,606.0 100.0%</b>	<b>\$ 14,530.3 100.0%</b>	<b>\$ 14,564.9 100.0%</b>	<b>\$ 14,670.2 100.0%</b>	<b>\$ 14,598.6 100.0%</b>	<b>\$ 14,766.2 100.0%</b>	<b>\$ 15,065.8 100.0%</b>	<b>\$ 14,802.1 100.0%</b>

Duration of debt securities portfolio	4.6 years	4.6 years	4.5 years	4.5 years	3.8 years	3.9 years	3.8 years	3.7 years	4.2 years
Average credit quality <sup>(2)</sup>	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-

(1) The debt securities portfolio credit quality is measured using the lowest rating of the Standard & Poor's Ratings Services, Moody's Investors Service, Inc. or Fitch Ratings, Inc..

(2) The average debt securities portfolio credit quality is measured by weighting each individual security's rating, which uses the lowest ratings of the Standard & Poor's Ratings Services, Moody's Investors Service Inc. or Fitch Ratings Inc.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**DEBT SECURITIES PORTFOLIO CREDIT QUALITY <sup>(1)</sup>**  
(\$ in millions)

March 31, 2016

	AAA / Aaa	AA / Aa	A	BBB / Baa	Below BBB / Baa or Not-Rated	Total
U.S. Government obligations	\$ -	\$ 1,166.2	\$ -	\$ -	\$ -	\$ 1,166.2
Municipal bonds	716.1	2,847.7	823.5	30.9	1.7	4,419.9
Foreign government obligations	581.8	309.4	193.2	6.9	0.1	1,091.4
U.S. corporate bonds	20.5	107.0	600.4	816.9	466.6	2,011.4
Foreign corporate bonds	99.8	153.9	490.6	248.7	70.5	1,063.5
Mortgage and asset-backed securities:						
RMBS	30.6	1,263.8	0.1	1.1	17.9	1,313.5
CMBS	305.8	468.5	147.0	93.3	2.9	1,017.5
Other asset-backed securities	810.5	159.1	302.9	256.3	6.0	1,534.8
Total debt securities	<u>\$ 2,565.1</u>	<u>\$ 6,475.6</u>	<u>\$ 2,557.7</u>	<u>\$ 1,454.1</u>	<u>\$ 565.7</u>	<u>\$13,618.2</u>
Percentage of debt securities	<u>18.8%</u>	<u>47.5%</u>	<u>18.8%</u>	<u>10.7%</u>	<u>4.2%</u>	<u>100.0%</u>

(1) The debt securities portfolio credit quality is measured using the lowest rating of the Standard & Poor's Ratings Services, Moody's Investors Service, Inc. or Fitch Ratings, Inc.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**NET INVESTMENT INCOME**  
(\$ in millions)

	Three Months Ended March 31,	
	2016	2015
Interest income	\$ 101.2	\$ 94.7
Dividends	12.1	14.5
Total interest income and dividends	113.3	109.2
Equity in results of Pillar Capital Holdings Limited and related funds	3.1	6.6
Equity in results of Ares Management, L.P.	0.4	2.3
Equity in results of ORX Exploration, Inc.	-	(1.0)
Other investment results	(5.0)	3.6
Total investment income	111.8	120.7
Investment expenses	(6.9)	(7.3)
Net investment income	<u>\$ 104.9</u>	<u>\$ 113.4</u>
Net investment income - after tax <sup>(1)</sup>	<u>\$ 82.0</u>	<u>\$ 90.3</u>

(1) Reflects income tax at a 35.0 percent statutory rate, except for tax-exempt interest income and dividends subject to dividend-received deductions.



**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**FINANCIAL STATEMENT PORTFOLIO RETURN**  
(\$ in millions)

	For the Three Months Ended								
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Investment income and realized gains <sup>(1)</sup> :									
Net investment income	\$ 104.9	\$ 104.2	\$ 118.2	\$ 103.1	\$ 113.4	\$ 117.0	\$ 118.3	\$ 114.1	\$ 110.6
Net realized capital gains	35.9	55.4	29.2	86.2	43.1	49.3	59.4	41.5	96.8
Other than temporary impairment losses	(20.8)	(21.6)	(52.7)	(7.3)	(52.3)	(29.4)	(0.7)	(0.9)	(5.2)
	<u>120.0</u>	<u>138.0</u>	<u>94.7</u>	<u>182.0</u>	<u>104.2</u>	<u>136.9</u>	<u>177.0</u>	<u>154.7</u>	<u>202.2</u>
Opening net unrealized gains on investment securities <sup>(1)</sup> :									
Net unrealized gains on debt securities portfolio	\$ 76.1	\$ 147.3	\$ 99.6	\$ 306.7	\$ 234.1	\$ 209.5	\$ 237.1	\$ 119.4	\$ (72.9)
Net unrealized gains on equity securities portfolio	264.9	185.2	442.3	480.3	449.5	415.1	531.5	372.8	424.8
	<u>341.0</u>	<u>332.5</u>	<u>541.9</u>	<u>787.0</u>	<u>683.7</u>	<u>624.6</u>	<u>768.6</u>	<u>492.2</u>	<u>351.9</u>
Closing net unrealized gains on investment securities <sup>(1)</sup> :									
Net unrealized gains on debt securities portfolio	\$ 232.9	\$ 76.1	\$ 147.3	\$ 99.6	\$ 306.7	\$ 234.1	\$ 209.5	\$ 237.1	\$ 119.4
Net unrealized gains on equity securities portfolio	251.3	264.9	185.2	442.3	480.3	449.5	415.1	531.5	372.8
	<u>484.2</u>	<u>341.0</u>	<u>332.5</u>	<u>541.9</u>	<u>787.0</u>	<u>683.7</u>	<u>624.6</u>	<u>768.6</u>	<u>492.2</u>
Increase (decrease) in net unrealized gains on investment securities <sup>(1)</sup> :									
Increase (decrease) on debt securities portfolio	\$ 156.8	\$ (71.2)	\$ 47.7	\$ (207.1)	\$ 72.6	\$ 24.6	\$ (27.6)	\$ 117.7	\$ 192.3
Increase (decrease) on equity securities portfolio	(13.6)	79.7	(257.1)	(38.0)	30.8	34.4	(116.4)	158.7	(52.0)
	<u>143.2</u>	<u>8.5</u>	<u>(209.4)</u>	<u>(245.1)</u>	<u>103.3</u>	<u>59.0</u>	<u>(144.0)</u>	<u>276.4</u>	<u>140.3</u>
Net investment income, realized gains and unrealized gains <sup>(1)</sup>	\$ 263.2	\$ 146.5	\$ (114.7)	\$ (63.1)	\$ 207.5	\$ 195.9	\$ 33.0	\$ 431.1	\$ 342.5
Opening aggregate invested assets	\$ 17,832.4	\$ 18,641.7	\$ 19,051.6	\$ 18,977.8	\$ 18,835.3	\$ 19,155.3	\$ 19,263.3	\$ 18,986.2	\$ 18,992.1
Closing aggregate invested assets	17,975.4	17,832.4	18,641.7	19,051.6	18,977.8	18,835.3	19,155.3	19,263.3	18,986.2
Average invested assets, at carrying value	\$ 17,903.9	\$ 18,237.1	\$ 18,846.7	\$ 19,014.7	\$ 18,906.6	\$ 18,995.3	\$ 19,209.3	\$ 19,124.8	\$ 18,989.2
Financial statement portfolio return <sup>(1)</sup>	1.5%	0.8%	(0.6%)	(0.3%)	1.1%	1.0%	0.2%	2.3%	1.8%
Annualized financial statement portfolio return <sup>(1)</sup>	5.9%	3.2%	(2.4%)	(1.3%)	4.4%	4.1%	0.7%	9.0%	7.2%

(1) Before income tax.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**ANNUALIZED INVESTMENT BOOK YIELD**  
(\$ in millions)

	For the Three Months Ended								
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Net investment income	\$ 104.9	\$ 104.2	\$ 118.2	\$ 103.1	\$ 113.4	\$ 117.0	\$ 118.3	\$ 114.1	\$ 110.6
Opening invested assets:									
Debt securities portfolio, at amortized cost	\$ 13,529.9	\$ 14,383.0	\$ 14,465.3	\$ 14,363.5	\$ 14,364.4	\$ 14,556.8	\$ 14,828.7	\$ 14,682.7	\$ 14,875.8
Equity securities portfolio, at cost	2,741.0	2,826.9	2,701.3	2,573.2	2,366.0	2,480.2	2,419.3	2,265.0	1,804.7
Short-term investments, at fair value <sup>(1)</sup>	365.8	362.0	601.5	513.6	715.6	792.0	615.2	926.7	1,317.9
Commercial mortgage loans <sup>(2)</sup>	177.9	36.6	-	-	-	-	-	-	-
Other invested assets, at carrying value <sup>(2)</sup>	676.8	700.7	741.6	740.5	705.6	701.9	631.5	619.6	641.9
	<u>17,491.4</u>	<u>18,309.2</u>	<u>18,509.7</u>	<u>18,190.8</u>	<u>18,151.6</u>	<u>18,530.8</u>	<u>18,494.7</u>	<u>18,494.0</u>	<u>18,640.3</u>
Ending invested assets:									
Debt securities portfolio, at amortized cost	\$ 13,385.3	\$ 13,529.9	\$ 14,383.0	\$ 14,465.3	\$ 14,363.5	\$ 14,364.4	\$ 14,556.8	\$ 14,828.7	\$ 14,682.7
Equity securities portfolio, at cost	2,637.8	2,741.0	2,826.9	2,701.3	2,573.2	2,366.0	2,480.2	2,419.3	2,265.0
Short-term investments, at fair value <sup>(1)</sup>	493.6	365.8	362.0	601.5	513.6	715.6	792.0	615.2	926.7
Commercial mortgage loans <sup>(2)</sup>	279.9	177.9	36.6	-	-	-	-	-	-
Other invested assets, at carrying value <sup>(2)</sup>	694.6	676.8	700.7	741.6	740.5	705.6	701.9	631.5	619.6
	<u>17,491.2</u>	<u>17,491.4</u>	<u>18,309.2</u>	<u>18,509.7</u>	<u>18,190.8</u>	<u>18,151.6</u>	<u>18,530.8</u>	<u>18,494.7</u>	<u>18,494.0</u>
Average invested assets	\$ 17,491.3	\$ 17,900.3	\$ 18,409.5	\$ 18,350.3	\$ 18,171.2	\$ 18,341.2	\$ 18,512.7	\$ 18,494.4	\$ 18,567.1
Investment book yield	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Annualized investment book yield	2.4%	2.3%	2.6%	2.2%	2.5%	2.6%	2.6%	2.5%	2.4%

(1) Fair value approximates amortized cost.

(2) For commercial mortgage loans, reflects cost. For other invested assets, carrying value reflects the equity method of accounting for certain private equity and partnerships, and to a lesser extent, fair value or cost for certain other investments.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**LOSS AND LOSS ADJUSTMENT EXPENSES (LAE)**

(\$ in millions)

	<u>For the Three Months Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Reserves, beginning of period	\$ 10,799.2	\$ 11,597.2
Less: reinsurance recoverables <sup>(1)</sup>	<u>1,169.3</u>	<u>1,289.4</u>
Net reserves, beginning of period	9,629.9	10,307.8
Other adjustments	-	(1.7)
Incurred loss, net of reinsurance, related to:		
Current year	749.9	587.5
Prior years	<u>(85.3)</u>	<u>(40.6)</u>
Total incurred loss and LAE, net of reinsurance	664.6	546.9
Paid loss, net of reinsurance, related to:		
Current year	25.9	31.0
Prior years	<u>600.1</u>	<u>549.5</u>
Total paid loss and LAE, net of reinsurance	626.0	580.5
Foreign exchange effect	(21.9)	(170.1)
Net reserves, end of period	9,646.6	10,102.4
Plus: reinsurance recoverables <sup>(1)</sup>	<u>1,112.1</u>	<u>1,311.9</u>
Reserves, end of period	<u>\$ 10,758.7</u>	<u>\$ 11,414.3</u>

(1) Reinsurance recoverables in this table include only ceded loss and LAE reserves.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**CAPITAL STRUCTURE AND LEVERAGE RATIOS**

(\$ in millions)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2014</u>	<u>June 30, 2014</u>	<u>March 31, 2014</u>
<b>Capital Structure</b>									
Senior Notes	\$ 1,383.6	\$ 1,383.1	\$ 1,759.5	\$ 1,762.1	\$ 1,764.6	\$ 1,767.1	\$ 2,079.2	\$ 1,785.7	\$ 1,790.0
Total stockholders' equity attributable to Alleghany stockholders	<u>7,771.7</u>	<u>7,554.7</u>	<u>7,452.2</u>	<u>7,641.7</u>	<u>7,630.2</u>	<u>7,473.4</u>	<u>7,405.6</u>	<u>7,398.2</u>	<u>7,128.1</u>
Total capitalization	<u><u>\$ 9,155.3</u></u>	<u><u>\$ 8,937.8</u></u>	<u><u>\$ 9,211.7</u></u>	<u><u>\$ 9,403.8</u></u>	<u><u>\$ 9,394.8</u></u>	<u><u>\$ 9,240.6</u></u>	<u><u>\$ 9,484.8</u></u>	<u><u>\$ 9,183.9</u></u>	<u><u>\$ 8,918.1</u></u>
<b>Leverage ratios</b>									
Debt to total capitalization	15.1%	15.5%	19.1%	18.7%	18.8%	19.1%	21.9%	19.4%	20.1%
Closing stockholders' equity attributable to Alleghany stockholders	\$ 7,771.7	\$ 7,554.7	\$ 7,452.2	\$ 7,641.7	\$ 7,630.2	\$ 7,473.4	\$ 7,405.6	\$ 7,398.2	\$ 7,128.1
Net premiums written (trailing 12 months)	\$ 4,720.3	\$ 4,489.2	\$ 4,276.8	\$ 4,391.1	\$ 4,454.5	\$ 4,497.5	\$ 4,472.4	\$ 4,378.3	\$ 4,327.4
Net premiums written (trailing 12 months) to stockholders' equity	0.61 x	0.59 x	0.57 x	0.57 x	0.58 x	0.60 x	0.60 x	0.59 x	0.61 x
Total investments and cash	\$ 18,485.1	\$ 18,307.7	\$ 19,204.9	\$ 19,699.5	\$ 19,515.3	\$ 19,440.6	\$ 19,762.9	\$ 19,682.8	\$ 19,467.7
Total investments and cash to stockholders' equity	2.38 x	2.42 x	2.58 x	2.58 x	2.56 x	2.60 x	2.67 x	2.66 x	2.73 x
Reserve for loss and loss adjustment expenses	\$ 10,758.7	\$ 10,799.2	\$ 11,422.5	\$ 11,463.6	\$ 11,414.3	\$ 11,597.2	\$ 11,707.1	\$ 11,787.3	\$ 11,864.7
Deduct: reinsurance recoverable on ceded losses	<u>(1,112.1)</u>	<u>(1,169.3)</u>	<u>(1,351.9)</u>	<u>(1,337.4)</u>	<u>(1,311.9)</u>	<u>(1,289.4)</u>	<u>(1,305.1)</u>	<u>(1,302.6)</u>	<u>(1,295.4)</u>
Net reserve for loss and loss adjustment expenses	9,646.6	9,629.9	10,070.6	10,126.2	10,102.4	10,307.8	10,402.0	10,484.7	10,569.3
Net reserve for loss and loss adjustment expenses to stockholders' equity	1.24 x	1.27 x	1.35 x	1.33 x	1.32 x	1.38 x	1.40 x	1.42 x	1.48 x

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**SHARE REPURCHASE DETAIL**

<u>Period</u>	<u>Total Number of Shares Repurchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs*</u>	<u>Approximate Dollar Value of Shares That May Yet Be Repurchased Under the Plans or Programs (in millions)*</u>
January 1 to January 31, 2016	100,430	\$ 470.02	100,430	\$ 400.3
February 1 to February 29, 2016	-	-	-	400.3
March 1 to March 31, 2016	<u>12,670</u>	480.16	<u>12,670</u>	394.2
Quarter ended March 31, 2016	<u><u>113,100</u></u>	471.15	<u><u>113,100</u></u>	
Quarter ended March 31, 2015	58,950	\$ 451.77	58,950	\$ 264.7
Quarter ended June 30, 2015	29,233	475.97	29,233	250.8
Quarter ended September 30, 2015	324,661	468.11	324,661	98.8
Quarter ended December 31, 2015	<u>107,622</u>	476.60	<u>107,622</u>	447.5
Year ended December 31, 2015	<u><u>520,466</u></u>	468.45	<u><u>520,466</u></u>	447.5

\* In July 2014, Alleghany's Board of Directors authorized the repurchase of shares of common stock, at such times and at prices as management determines to be advisable, up to an aggregate of \$350.0 million. In November 2015, Alleghany's Board of Directors authorized, upon the completion of the previously announced program, the repurchase of additional shares of common stock, at such times and at prices as management determines to be advisable, up to an aggregate of \$400.0 million.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**BASIC AND DILUTED EARNINGS PER SHARE INFORMATION - CONSECUTIVE QUARTERS**

(\$ in millions, except share and per share data)

	For the Three Months Ended								
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Net earnings attributable to Alleghany stockholders	\$ 154.5	\$ 156.1	\$ 96.5	\$ 182.5	\$ 125.2	\$ 139.1	\$ 186.3	\$ 149.0	\$ 204.9
Adjustment related to redeemable noncontrolling interests	-	(2.6)	-	-	-	-	-	-	-
Income available to common stockholders for basic earnings per share	<u>154.5</u>	<u>153.5</u>	<u>96.5</u>	<u>182.5</u>	<u>125.2</u>	<u>139.1</u>	<u>186.3</u>	<u>149.0</u>	<u>204.9</u>
Effect of dilutive securities	(0.4)	-	-	-	-	-	-	-	-
Income available to common stockholders for diluted earnings per share	<u>\$ 154.1</u>	<u>\$ 153.5</u>	<u>\$ 96.5</u>	<u>\$ 182.5</u>	<u>\$ 125.2</u>	<u>\$ 139.1</u>	<u>\$ 186.3</u>	<u>\$ 149.0</u>	<u>\$ 204.9</u>
Weighted average common shares outstanding applicable to basic earnings per share	15,452,191	15,574,271	15,900,759	15,994,969	16,014,223	16,147,971	16,343,904	16,442,566	16,683,864
Effect of dilutive securities	12,298	7,834	-	8,054	-	-	-	-	-
Adjusted weighted average common shares outstanding applicable to diluted earnings per share	<u>15,464,489</u>	<u>15,582,105</u>	<u>15,900,759</u>	<u>16,003,023</u>	<u>16,014,223</u>	<u>16,147,971</u>	<u>16,343,904</u>	<u>16,442,566</u>	<u>16,683,864</u>
Basic earnings per share attributable to Alleghany stockholders	\$ 10.00	\$ 9.86	\$ 6.07	\$ 11.41	\$ 7.82	\$ 8.61	\$ 11.40	\$ 9.06	\$ 12.28
Diluted earnings per share attributable to Alleghany stockholders	9.96	9.85	6.07	11.40	7.82	8.61	11.40	9.06	12.28

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**RETURN ON AVERAGE STOCKHOLDERS' EQUITY - CONSECUTIVE QUARTERS**

(\$ in millions)

	For the Three Months Ended								
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Opening stockholders' equity attributable to Alleghany stockholders	\$ 7,554.7	\$ 7,452.2	\$ 7,641.7	\$ 7,630.2	\$ 7,473.4	\$ 7,405.6	\$ 7,398.2	\$ 7,128.1	\$ 6,923.8
Closing stockholders' equity attributable to Alleghany stockholders	7,771.7	7,554.7	7,452.2	7,641.7	7,630.2	7,473.4	7,405.6	7,398.2	7,128.1
Average stockholders' equity	\$ 7,663.2	\$ 7,503.5	\$ 7,547.0	\$ 7,636.0	\$ 7,551.8	\$ 7,439.5	\$ 7,401.9	\$ 7,263.2	\$ 7,025.9
Net earnings attributable to Alleghany stockholders	\$ 154.5	\$ 156.1	\$ 96.5	\$ 182.5	\$ 125.2	\$ 139.1	\$ 186.3	\$ 149.0	\$ 204.9
Net earnings return on average stockholders' equity	2.0%	2.1%	1.3%	2.4%	1.7%	1.9%	2.5%	2.1%	2.9%
Annualized net earnings return on average stockholders' equity	8.1%	8.3%	5.1%	9.6%	6.6%	7.5%	10.1%	8.2%	11.7%

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**BOOK VALUE PER SHARE**

(\$ in millions, except share and per share data)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2014</u>	<u>June 30, 2014</u>	<u>March 31, 2014</u>
Total stockholders' equity attributable to Alleghany stockholders	\$ 7,771.7	\$ 7,554.7	\$ 7,452.2	\$ 7,641.7	\$ 7,630.2	\$ 7,473.4	\$ 7,405.6	\$ 7,398.2	\$ 7,128.1
Shares outstanding	15,437,632	15,544,077	15,651,699	15,975,165	16,000,795	16,054,323	16,236,861	16,380,336	16,535,591
Book value per share	\$ 503.43	\$ 486.02	\$ 476.13	\$ 478.35	\$ 476.87	\$ 465.51	\$ 456.10	\$ 451.65	\$ 431.07
Quarter-over-quarter growth	3.6%	2.1%	(0.5%)	0.3%	2.4%	2.1%	1.0%	4.8%	4.4%



**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY**

(\$ in millions)

	For the Three Months Ended March 31, 2016	
	Total Stock- holders' Equity Attributable to Alleghany	Redeemable Noncontrolling Interest
Balance as of the beginning of the period	\$ 7,554.7	\$ 25.7
<i>Add (deduct):</i>		
Net earnings	154.5	0.1
Other comprehensive income (loss), net of tax:		
Change in unrealized gains:		
Debt securities portfolio	101.9	-
Equity securities portfolio	(8.8)	-
Other	(0.8)	-
	92.3	-
Change in unrealized currency translation adjustment	20.6	-
Retirement plans	0.3	-
Comprehensive income, net of tax	267.7	0.1
Treasury stock repurchase	(53.3)	-
Other	2.6	0.1
Balance as of the end of the period	\$ 7,771.7	\$ 25.9

## ALLEGHANY CORPORATION AND SUBSIDIARIES CATASTROPHE EXPOSURE

The business of our reinsurance and insurance subsidiaries exposes them to losses from various catastrophe events. In a catastrophe event, losses from many insureds across multiple lines of business may result directly or indirectly from such single occurrence. Our reinsurance and insurance subsidiaries take certain measures to mitigate the impact of catastrophe events through various means including considering catastrophe risks in their underwriting and pricing decisions, purchasing reinsurance, monitoring and modeling accumulated exposures, and managing exposure in key geographic zones and product lines that are prone to catastrophic events.

Natural disasters such as hurricanes, other windstorms, earthquakes and other catastrophes have the potential to materially and adversely affect our operating results. Other risks, such as an outbreak of a pandemic disease, a major terrorist event, the bankruptcy of a major company or a marine and/or aviation disaster, could also have a material adverse effect on our business and operating results.

We evaluate catastrophic events and assess the probability of occurrence and magnitude through the use of industry recognized models and other techniques. We supplement these models by judgmentally interpreting and adjusting when appropriate the modeled output and by periodically monitoring the exposure risks of our operations. There is no single standard methodology to project possible losses from catastrophe exposures. Further, there are no industry standard assumptions used in projecting these losses, and the form and quality of the data obtained, including data obtained from insureds and ceding companies, and used in these models are not uniformly compatible with the data requirements of all models. Therefore, the use of different methodologies and assumptions could materially change the projected losses. Finally, these modeled losses may not be comparable with estimates made by other companies.

Although the analytical tools used to estimate catastrophe exposure are useful in both pricing and monitoring catastrophe risk, the estimates derived by use of these techniques are inherently uncertain and do not reflect our maximum exposures to these events. Although the models are frequently updated, these projections are nevertheless inherently imprecise. It is highly likely that our losses will vary, perhaps materially, from these estimates.

Projections of potential catastrophe losses are typically expressed in terms of the probable maximum loss, or "PML." We define PML as our anticipated maximum loss (taking into account contract limits) caused by a single catastrophic event at a specified estimated return period affecting a broad contiguous area. These modeled losses are estimated based upon contracts in force at January 1, 2016 for TransRe, December 1, 2015 for RSUI and January 1, 2016 for PacificComp. Modeled results also reflect losses arising from certain of our invested assets that have specific catastrophe exposures.

The following is an overview of such modeled PMLs from property, engineering, marine and energy exposures and the associated natural perils that we deem most significant. The estimated amount of these modeled losses are presented for both a 100 year return period (having a likelihood of being exceeded in any single year of 1.0 percent), and a 250 year return period (having a likelihood of being exceeded in any single year of 0.4 percent), and are presented in two ways: (i) gross catastrophe losses; and (ii) after-tax net catastrophe costs (that is, gross losses, net of reinsurance, net reinstatement premiums and taxes). The reduction for reinsurance assumes that all reinsurers fulfill their obligations in accordance with contract terms.

	100 Year Return Period		250 Year Return Period	
	Gross Loss (before tax)	Net Loss (after tax)	Gross Loss (before tax)	Net Loss (after tax)
	(\$ in billions)			
Florida, Wind	\$ 1.4	\$ 0.5	\$ 2.0	\$ 0.7
California, Earthquake	1.0	0.4	1.7	0.6
Northeast U.S., Wind	0.8	0.3	1.6	0.6
Gulf Coast, Wind	0.9	0.3	1.5	0.5
Japan, Earthquake	0.7	0.2	0.8	0.3
Europe, Wind	0.6	0.2	1.0	0.3
Japan, Wind	0.5	0.2	0.6	0.2

"Florida, Wind" has the highest modeled after-tax net catastrophe costs for both a 100 and 250 year return period. These costs would represent approximately 7 percent and 9 percent, respectively, of stockholders' equity attributable to Alleghany as of March 31, 2016, as compared to approximately 7 percent and 10 percent as of December 31, 2015, respectively. If multiple severe catastrophic events occur in any one year, or a single catastrophic event affects more than one geographic area, the potential economic cost to us could be materially higher than any one of the amounts shown above.

There is much uncertainty and imprecision in the compilation of these estimates at many stages in the process. Moreover, the makeup of our in-force business is constantly changing as new business is added and existing contracts terminate or expire, including contracts for reinsurance coverage purchased by us. In addition, these estimates take into account what we believe to be the most likely accumulation of territories, but there can be no assurance that we have captured every possible scenario in our analysis. As a result of these factors, among others, there can be no assurance that we will not experience after-tax net catastrophe costs from individual events that will exceed these estimates by a material amount. There also can be no assurance that we will not experience catastrophe events more frequently than the modeled probabilities would suggest. In any given year, catastrophe events could have a material adverse effect on our financial condition, results of operations, cash flows and liquidity.

## **ALLEGHANY CORPORATION AND SUBSIDIARIES**

### **NON-GAAP FINANCIAL MEASURES**

Throughout this Financial Supplement, Alleghany's results of operations are presented in the way that Alleghany believes will be the most meaningful and useful to investors, analysts, rating agencies and others who use financial information in evaluating Alleghany's performance. This Financial Supplement includes various "non-GAAP financial measures" under U.S. Securities and Exchange Commission rules and regulations. These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for measures of operating performance prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). When such measures are disclosed, reconciliations to the most comparable GAAP measure are provided.

#### **UNDERWRITING PROFIT**

Underwriting profit represents net premiums earned less net loss and LAE and commissions, brokerage and other underwriting expenses, all as determined in accordance with GAAP, and does not include net investment income, net realized capital gains, OTTI losses, other revenue, other operating expenses, corporate administration, amortization of intangible assets or interest expense. Alleghany consistently uses underwriting profit as a supplement to earnings before income taxes, the most comparable GAAP financial measure, to evaluate the performance of its segments and believes that underwriting profit provides useful additional information to investors because it highlights net earnings attributable to a segment's underwriting performance. Earnings before income taxes may show a profit despite an underlying underwriting loss, and when underwriting losses persist over extended periods, a reinsurance or an insurance company's ability to continue as an ongoing concern may be at risk. A reconciliation of underwriting profit to earnings before income taxes is presented within "Consolidated Underwriting Results" on pages 10 and 11 of the Financial Supplement.

#### **OPERATING INCOME (AND OPERATING INCOME PER SHARE)**

Operating income and operating earnings per share exclude (on an after-tax basis): net realized capital gains; and other than temporary impairment losses, all as determined in accordance with GAAP. Alleghany uses operating income and operating earnings per share as a supplement to net earnings attributable to Alleghany stockholders and earnings per share, respectively, the most comparable GAAP financial measures, to provide useful additional information to investors by highlighting net earnings and earnings per share attributable to its performance exclusive of realized capital gains or losses and impairments. A reconciliation of operating income and operating earnings per share to net earnings attributable to Alleghany stockholders and earnings per share, respectively, is presented within "Operating Income Reconciliation" on page 28 of the Financial Supplement.

#### **ANNUALIZED INVESTMENT BOOK YIELD**

Annualized investment book yield is calculated by dividing net investment income by average aggregate invested assets at book value. In calculating annualized investment book yield, net investment income for the period, determined in accordance with GAAP, is multiplied by the number of such periods in a calendar year in order to arrive at annualized net investment income. Alleghany utilizes and presents annualized investment book yield in order to better disclose the performance of its investments.

#### **ADJUSTED EBITDA**

Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization expense, and further adjusted to exclude investment gains or losses. Adjusted EBITDA represents other revenue less certain other expenses, and does not include: (1) depreciation expense (a component of other operating expenses); (2) amortization of intangible assets; (3) interest expense; (4) net realized capital gains; (5) OTTI losses; and (6) income taxes. Because Adjusted EBITDA excludes interest, income taxes, depreciation and amortization, it provides an indication of economic performance that is not affected by levels of debt, interest rates, effective tax rates or levels of depreciation and amortization resulting from purchase accounting. Alleghany uses Adjusted EBITDA as a supplement to earnings before income taxes, the most comparable GAAP financial measure, to evaluate the performance of certain of its non-insurance operating subsidiaries and investments. A reconciliation of Adjusted EBITDA to earnings before income taxes is presented within "Alleghany Capital Results" on page 12 of the Financial Supplement.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**OPERATING INCOME RECONCILIATION**

(\$ in millions, except share and per share amounts)

	For the Three Months Ended								
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Net earnings attributable to Alleghany stockholders	\$ 154.5	\$ 156.1 <sup>(1)</sup>	\$ 96.5	\$ 182.5	\$ 125.2	\$ 139.1	\$ 186.3	\$ 149.0	\$ 204.9
Adjustments to net earnings (after tax):									
Net realized capital gains	23.3	36.0	19.0	56.0	28.0	32.0	38.6	27.0	62.9
Other than temporary impairment charges	(13.5)	(14.0)	(34.3)	(4.7)	(34.0)	(19.1)	(0.5)	(0.6)	(3.4)
	9.8	22.0	(15.3)	51.3	(6.0)	12.9	38.1	26.4	59.5
Operating income	<u>\$ 144.7</u>	<u>\$ 134.1 <sup>(1)</sup></u>	<u>\$ 111.8</u>	<u>\$ 131.2</u>	<u>\$ 131.2</u>	<u>\$ 126.2</u>	<u>\$ 148.2</u>	<u>\$ 122.6</u>	<u>\$ 145.4</u>
<b>Weighted average common shares outstanding:</b>									
Basic	15,452,191	15,574,271	15,900,759	15,994,969	16,014,223	16,147,971	16,343,904	16,442,566	16,683,864
Diluted	15,464,489	15,582,105	15,900,759	16,003,023	16,014,223	16,147,971	16,343,904	16,442,566	16,683,864
<b>Earnings per share attributable to Alleghany stockholders:</b>									
Basic	\$ 10.00	\$ 9.86 <sup>(1)</sup>	\$ 6.07	\$ 11.41	\$ 7.82	\$ 8.61	\$ 11.40	\$ 9.06	\$ 12.28
Diluted	9.96	9.85 <sup>(1)</sup>	6.07	11.40	7.82	8.61	11.40	9.06	12.28
<b>Operating earnings per share data:</b>									
Basic	\$ 9.36	\$ 8.45 <sup>(1)</sup>	\$ 7.03	\$ 8.20	\$ 8.19	\$ 7.81	\$ 9.07	\$ 7.46	\$ 8.71
Diluted	9.32	8.44 <sup>(1)</sup>	7.03	8.19	8.19	7.81	9.07	7.46	8.71

(1) The numerators for calculating basic and diluted earnings per share and operating earnings per share were further *reduced* by \$2.6 million for adjustments related to redeemable noncontrolling interests.

**ALLEGHANY CORPORATION AND SUBSIDIARIES**  
**ENERGY-RELATED HOLDINGS**  
(\$ in millions)

	March 31, 2016			December 31, 2015		
	Amortized Cost or Cost	Fair Value	Unrealized Gain (Loss)	Amortized Cost or Cost	Fair Value	Unrealized Gain (Loss)
<b>Debt Securities, by rating<sup>(1)</sup></b>						
AAA/Aaa	\$ 1.2	\$ 1.3	\$ 0.1	\$ -	\$ -	\$ -
AA/Aa	19.9	20.1	0.2	63.7	63.2	(0.5)
A	135.4	138.5	3.1	92.3	90.9	(1.4)
BBB/Baa	77.5	74.6	(2.9)	121.0	106.1	(14.9)
Below BBB/Baa or not rated	52.4	44.1	(8.3)	29.9	14.4	(15.5)
Total debt securities	<u>286.4</u>	<u>278.6</u>	<u>(7.8)</u>	<u>306.9</u>	<u>274.6</u>	<u>(32.3)</u>
<b>Equity securities</b>	170.7	169.3	(1.4)	81.7	71.1	(10.6)
<b>Equity method investments<sup>(2)</sup></b>	-	-	-	-	-	-
<b>Subsidiaries<sup>(3)</sup></b>	210.9	210.9	-	206.0	206.0	-
<b>Total energy-related holdings</b>	<u>\$ 668.0</u>	<u>\$ 658.8</u>	<u>\$ (9.2)</u>	<u>\$ 594.6</u>	<u>\$ 551.7</u>	<u>\$ (42.9)</u>

- (1) Debt securities portfolio credit quality is measured using the lowest rating of the Standard & Poor's Ratings Services, Moody's Investors Service, Inc. or Fitch Ratings, Inc.
- (2) Relates to an approximate 40% ownership in ORX. As of December 31, 2015, Alleghany recorded a non-cash impairment charge to write-off its investment. For purposes of this exhibit, fair value and cost are shown at carrying value.
- (3) Relates to SORC, a wholly-owned subsidiary of Alleghany Capital. For purposes of this exhibit, fair value and cost are shown at shareholder equity carrying value.