Alleghany

Investor Day
November 22, 2013

Jack Sennott

Welcome and Introductions

Investor Day Agenda

	Topic	Presenters
10:00 AM	Registration and Refreshments	
10:30 AM	Welcome and Introductions	**Jack Sennott** *Senior Vice President and Chief Financial Officer, Alleghany Corporation*
10:35 AM	Alleghany Overview	**Weston Hicks** *President and Chief Executive Officer, Alleghany Corporation*
11:05 AM	Alleghany Insurance Operations	**Joe Brandon** *Executive Vice President, Alleghany Corporation*
11:35 PM	TransRe	**Michael Sapnar** *President and CEO, Transatlantic Holdings*
12:05 PM	Lunch	
1:00 PM	RSUI Group, Inc.	**Dave Leonard** *Chairman and CEO, RSUI Group*
1:30 PM	Capitol Companies	**Stephen Sills** *Chairman and CEO, Capitol Companies*
2:00 PM	Investments Panel	**Roger Gorham** *Senior Vice President, Head of Fixed Income and Treasurer, Alleghany Corporation* **Jack Liebau** *President and CEO, Alleghany Capital Partners LLC* **David Van Geyzel** *President and CEO, Alleghany Capital Corporation* **Udi Toledano** *Chairman, Alleghany Capital Corporation*
2:30 PM	Financial Review	**Jack Sennott** *Senior Vice President and CFO, Alleghany Corporation*
3:00 PM	Closing Remarks	
4:00 PM	Alleghany Corporation Rings the Closing Bell	

Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts but instead represent only Alleghany's belief regarding future events, many of which, by their nature, are inherently uncertain and outside Alleghany's control. Except for Alleghany's ongoing obligation to disclose material information as required by federal securities laws, Alleghany is not under any obligation (and expressly disclaims any obligation) to update or alter any projections, goals, assumptions, or other statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise. Factors that could cause Alleghany's actual results and experience to differ, possibly materially, from those expressed in the forward-looking statements include the factors set forth in Alleghany's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the United States Securities and Exchange Commission.

Weston Hicks

Alleghany Overview

Alleghany Today

~85 years as a public company (NYSE: Y)

- $6.7 billion in book value
- $6.6 billion equity market capitalization
- $19.2 billion in total cash & investments
- Baa2 senior debt rating from Moody's
- BBB senior debt rating from Standard & Poor's
- bbb+ senior debt rating from A.M. Best(1)

Reinsurance

TransRe

- Statutory Surplus of $4.4 billion(2)
- 2012 Gross Premiums Written of $3.6 billion(3)
- Top 10 global reinsurer(4)

Insurance

RSUI

- Statutory Surplus of $1.5 billion(2)
- 2012 Gross Premiums Written of $1.1 billion
- 11th largest U.S. excess and surplus lines insurer(5)

Capitol Companies ("Capitol")

- Statutory Surplus of $217 million(2)
- 2012 Gross Premiums Written of $158 million
- Focus on small niche specialty commercial lines

Pacific Compensation ("PacificComp")

- Statutory Surplus of $99 million(2)
- 2012 Gross Premiums Written of $19.4 million
- Specializes in California workers' compensation insurance

Investments

Alleghany Capital Partners

- $2.0 billion equity portfolio(2)

Alleghany Capital Corporation

- Investments in:
  - Kentucky Trailer
  - Bourn & Koch
  - Stranded Oil
  - ORX Exploration

Fixed Income

Notes: Financial data as of September 30, 2013 unless otherwise specified; Market data as of November 21, 2013

(1) Moody's = Long Term Rating; Standard & Poor's = LT Local issuer Credit; and A.M. Best = Long Term Issuer Credit

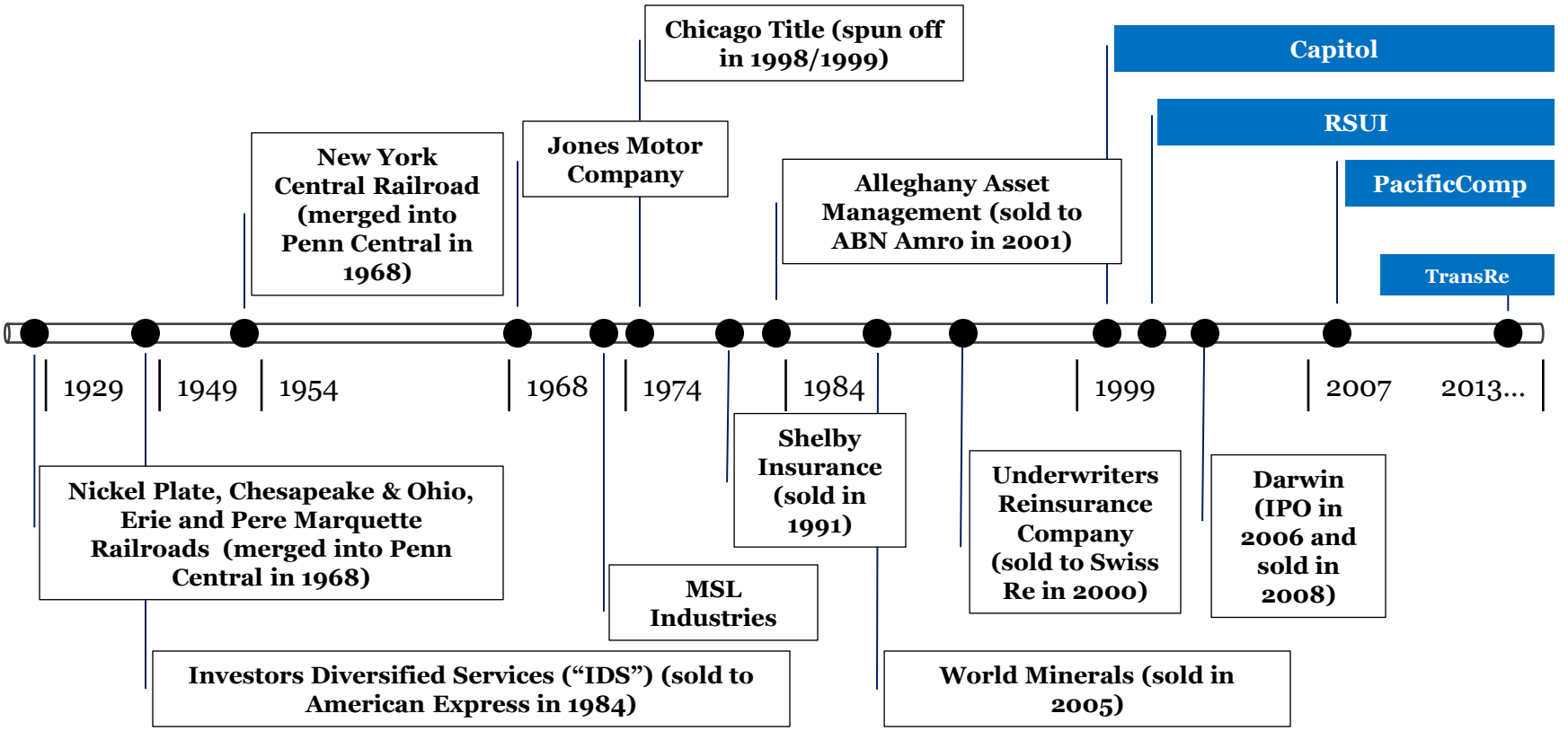
(2) As of September 30, 2013

(3) Pro forma from January 1, 2012

(4) Standard & Poor's *RatingsDirect*, 2013

(5) A.M. Best's U.S. Surplus Lines – Segment Review, September 2013

A History of Successful Strategic Investing



A Consistent Approach to Book Value Growth

"Our objective is to create stockholder value through the ownership and management of a small group of operating subsidiaries and investments."

— Weston Hicks, CEO 2004 - Present

"We shun investment fads and fashions in favor of investing in basic financial and industrial enterprises that offer long-term value to the investor."

— John Burns, CEO 1992 - 2004

"Alleghany's operating units conduct their business on a quasi-autonomous basis while the parent company sets goals, provides incentives, and monitors performance through a small but select parent company staff."

— F. M. Kirby, CEO 1967 - 1992

Experienced Management Team

Name	Title	Years Industry Experience	Years Alleghany Experience
Holding Company			
Weston Hicks	President & Chief Executive Officer	29	11
Joseph Brandon	Executive Vice President	27	2
Jack Sennott	SVP – Chief Financial Officer	27	6
Christopher Dalrymple	SVP – General Counsel	17	11
Roger Gorham	SVP – Head of Fixed Income and Treasurer	29	9
Jerry Borrelli	VP – Principal Accounting Officer	26	7
Investment Subsidiaries			
David Van Geyzel	President & Chief Executive Officer, Alleghany Capital Corporation	14	6
Udi Toledano	Chairman, Alleghany Capital Corporation	38	4
Jack Liebau	President & Chief Executive Officer, Alleghany Capital Partners	29	1
Operating Companies			
Michael Sapnar	President & Chief Executive Officer, TransRe	25	2
Dave Leonard	Chairman & Chief Executive Officer, RSUI	34	10
Stephen Sills	Chairman & Chief Executive Officer, Capitol Companies	35	6
Janet Frank	Chairman / President & Chief Executive Officer, PacificComp	36	2
Mark See	Chief Executive Officer, Stranded Oil Resources Corporation	26	2
Tim Helle	President, Bourn & Koch	30	2
Gary Smith	Chief Executive Officer, Kentucky Trailer	17	1

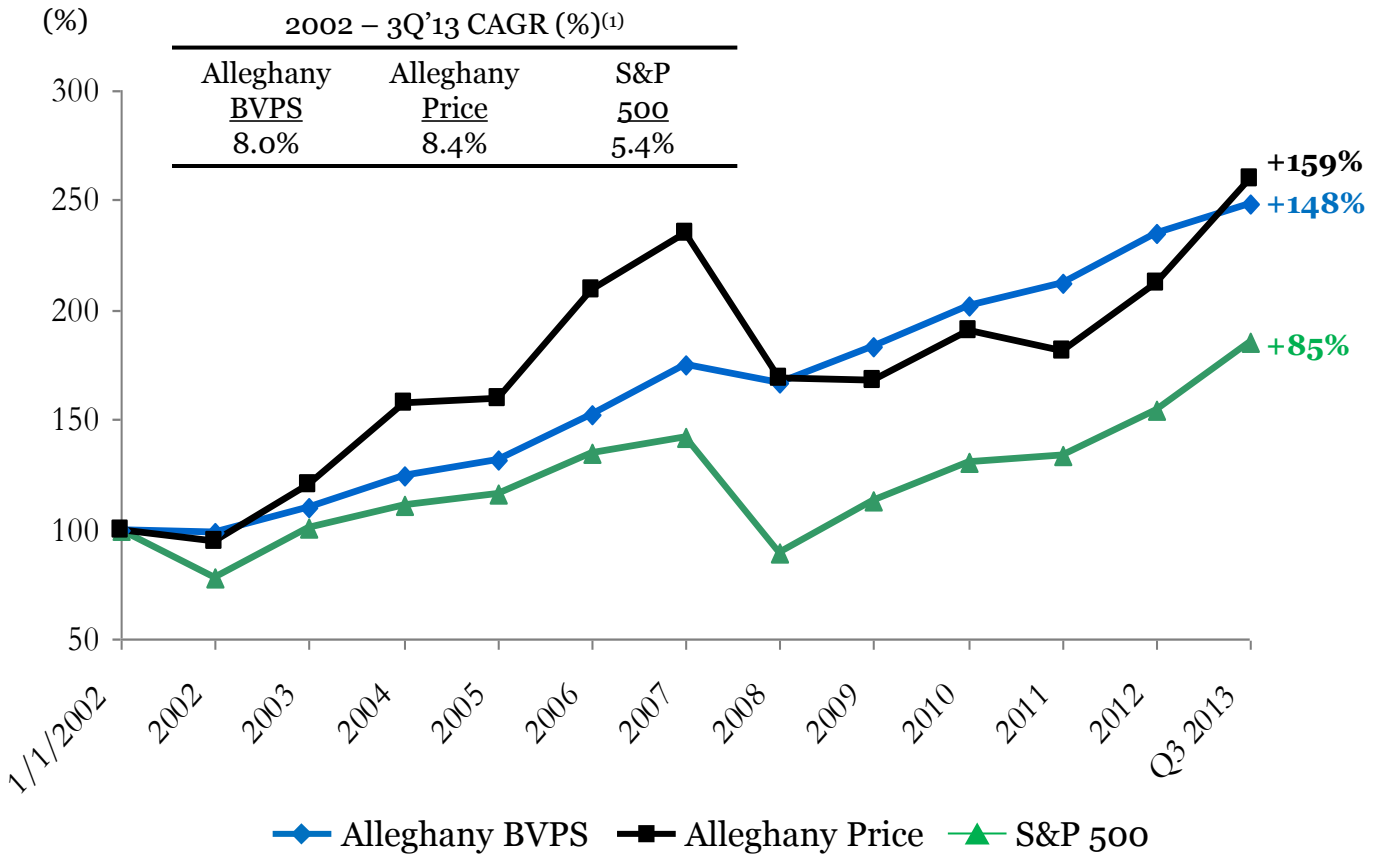
Note: Includes experience prior to acquisition by Alleghany

Attractive Long-Term Returns

Focus on Book Value per Share Growth

Long-term Conservative Orientation

Quasi-autonomous Subsidiary Operating Model



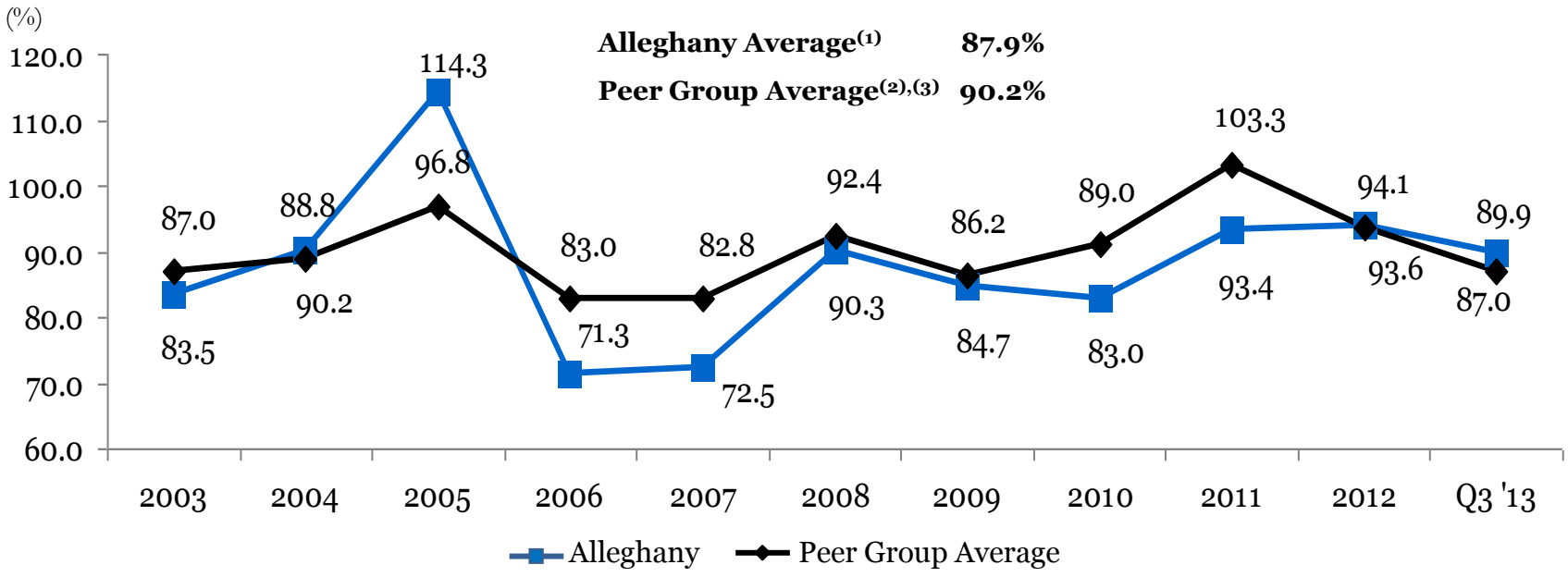
Alleghany has a demonstrated track record of creating long-term stockholder value

Source: SNL Financial, Company filings, CapIQ
(1) Alleghany price and S&P500 CAGR calculated on a total return basis

Strong Culture of Underwriting Discipline

- Experienced underwriters with deep understanding of products and pricing of specialty business
- Focus on underwriting profits, not premium production
  - Compensation structured to reward underwriting profits
- Alleghany has outperformed its specialty insurance peer group
- Underwriting profitability and resulting book value growth are key performance metrics

Alleghany GAAP Combined Ratio vs. Peer Average



(1) Includes all current (re)insurance operations (2003 – YTD 2013)
(2) Peer Group Average includes ACGL, AWH, AXS, MKL and WRB (2003 – 2011)
(3) Represents Peer Group Average for 2012 and YTD 2013; includes ACGL, AWH, AXS, MKL, WRB, PRE, PTP and RE

Leading Specialty Franchises

	Reinsurance	Insurance
Business	▪ TransRe – top 10 global reinsurer(1) ▪ Best-in-class D&O, E&O and medical malpractice reinsurer ▪ Significant property catastrophe reinsurer	▪ Premier excess & surplus lines insurer ▪ RSUI – 11th largest U.S. excess and surplus lines insurer(2) ▪ Capitol– small niche specialty commercial insurer
Size and Ratings	▪ Assets: $16.6 billion(3) ▪ 2012 Gross Premiums Written: $3.6 billion(4) ▪ Financial Strength Rating of "A+" by S&P and "A" by A.M. Best	▪ Assets: $6.0 billion(3) ▪ 2012 Gross Premiums Written: $1.3 billion ▪ Financial Strength Rating of "A" by A.M. Best(5)
Complementary Strengths	▪ Leader in specialty reinsurance ▪ Global footprint ▪ Strong underwriting culture	▪ Leader in specialty insurance ▪ Strong underwriting culture

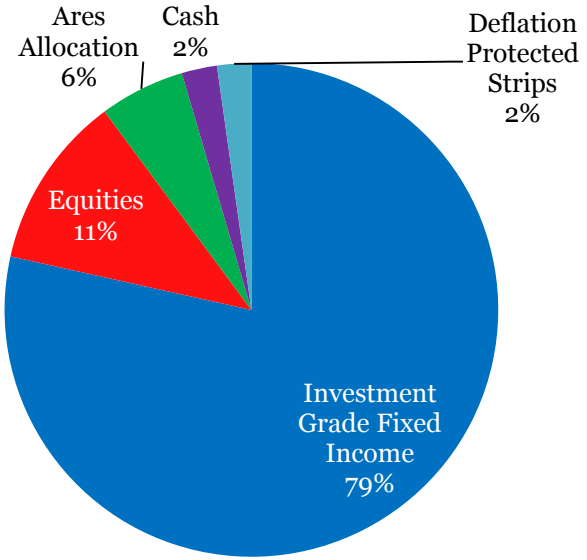
(1) Standard & Poor's *RatingsDirect*, 2013
(2) A.M. Best's U.S. Surplus Lines – Segment Review, September 2013
(3) At 9/30/2013
(4) Pro forma from 1/1/12
(5) For RSUI and Capitol

How We Think about Investment Risk

Investments are a significant part of our earnings power

$$\frac{\text{Total Cash \& Investments}}{\text{Total Equity}} = \frac{\$19.2 \text{ billion}}{\$6.7 \text{ billion}} = 2.87\text{x investment leverage}$$

- We have structured our portfolio to withstand any of these macroeconomic tailwinds(1)



- The economy remains vulnerable to deflationary shocks or recessionary trends due to:
  - Falling money demand
  - Demographics
  - Weak employment data
  - Potential trade wars
- Central banks are trying to keep the economy "*in the fairway*" but there is no guarantee this will be successful

(1) Pro forma assuming Ares and deflation-protected strips allocation are fully-deployed

Key Alleghany Takeaways

- TransRe and RSUI are “true franchises”
- Proprietary investment capability
- Non-financial businesses likely to be a larger contributor in the future
- Holding company maintains significant optionality through excess liquidity and avoidance of excessive leverage
- Goal is to compound book value per share at 7-10% per year with below average risk

Questions?

Joe Brandon

Insurance Operations

Alleghany's (Re)insurance Operations – Consolidated View

- Gross Premiums Written:
  - 2012 $4.9 billion
  - 2013 YTD[(1)] $3.8 billion
- Investments and Cash $18.3 billion
- Net Loss and LAE Reserves $10.7 billion
- Stockholders' Equity $6.4 billion

(1) YTD as of September 30, 2013

Alleghany's (Re)insurance Operations – By Company

TransRe

Gross Premiums Written:	
2012[1]	$3.6 billion
2013 YTD[2]	$2.6 billion
Cash & Investments[2]	$14.4 billion
GAAP Equity[2]	$4.4 billion

Michael Sapnar

RSUI

Gross Premiums Written:	
2012	$1.1 billion
2013 YTD[2]	$962 million
Cash & Investments[2]	$3.1 billion
GAAP Equity[2]	$1.6 billion

Dave Leonard

CAPITOL INSURANCE COMPANIES

Gross Premiums Written:	
2012	$158 million
2013 YTD[2]	$135 million
Cash & Investments[2]	$507 million
GAAP Equity[2]	$305 million

Stephen Sills

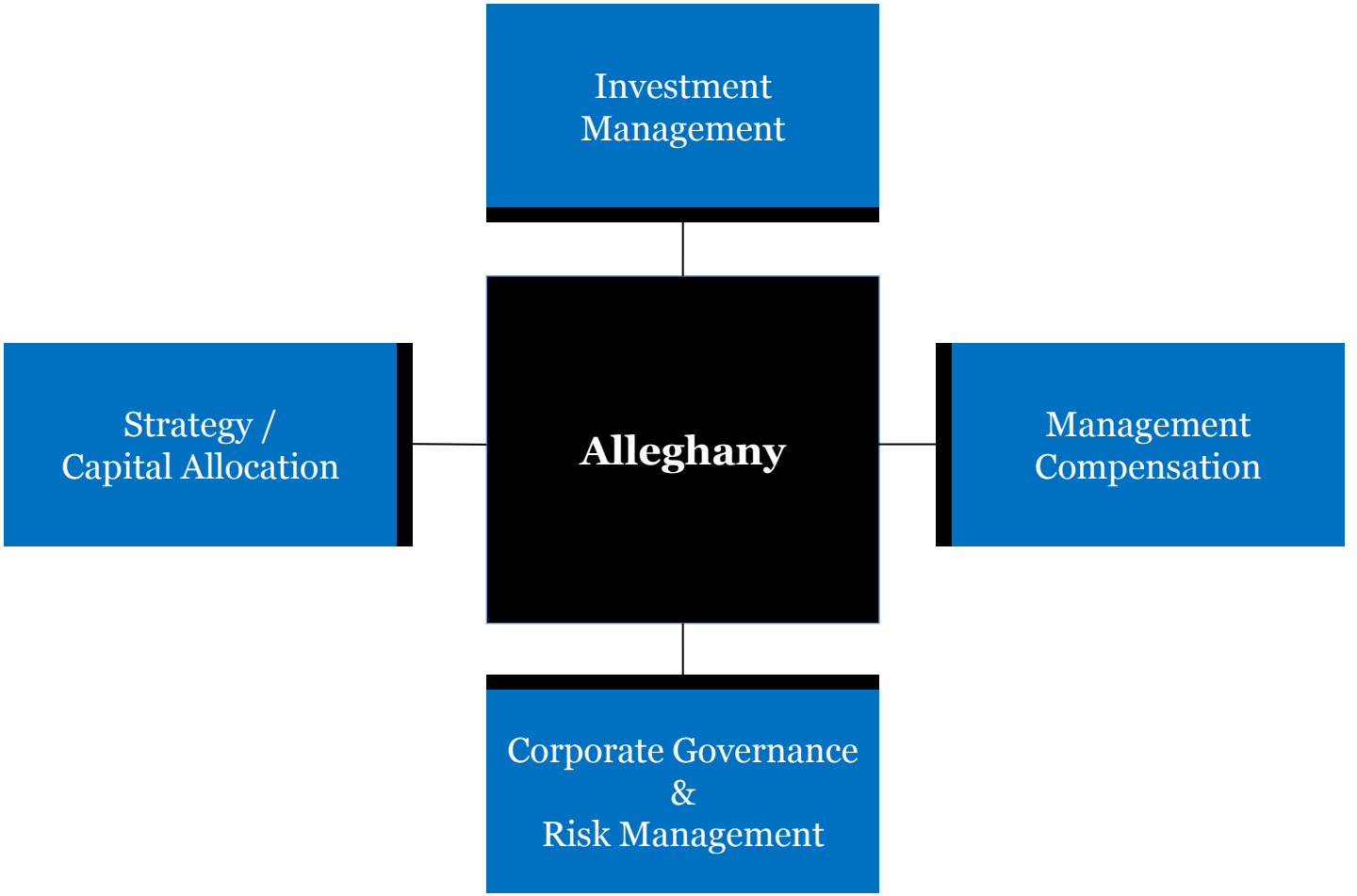
PacificComp℠
PACIFIC COMPENSATION CORPORATION

Gross Premiums Written:	
2012	$19 million
2013 YTD[2]	$30 million
Cash & Investments[2]	$229 million
GAAP Equity[2]	$109 million

Jan Frank

(1) Full year 2012
(2) As of September 30, 2013

What Does Quasi-Autonomous Mean?



Investment Management

- Macroeconomic views and long-term expected performance relative to risk drive our investment allocations
- Investments managed at the holding company level through a combination of in-house and third-party resources
- Risk asset allocations and liquidity requirements by subsidiary are determined in conjunction with each operating company

Management Compensation

- Substantial part of senior management compensation is tied to their respective operation's underwriting profits and growth in book value
- No incentive to grow premium by underpricing risk
- Incented to think and act like long-term owners of their companies
- Annual incentive compensation based on underwriting results
- Long-term awards tied to growth in book value
  - Management shares in both profits and losses
  - Serves as retention vehicle

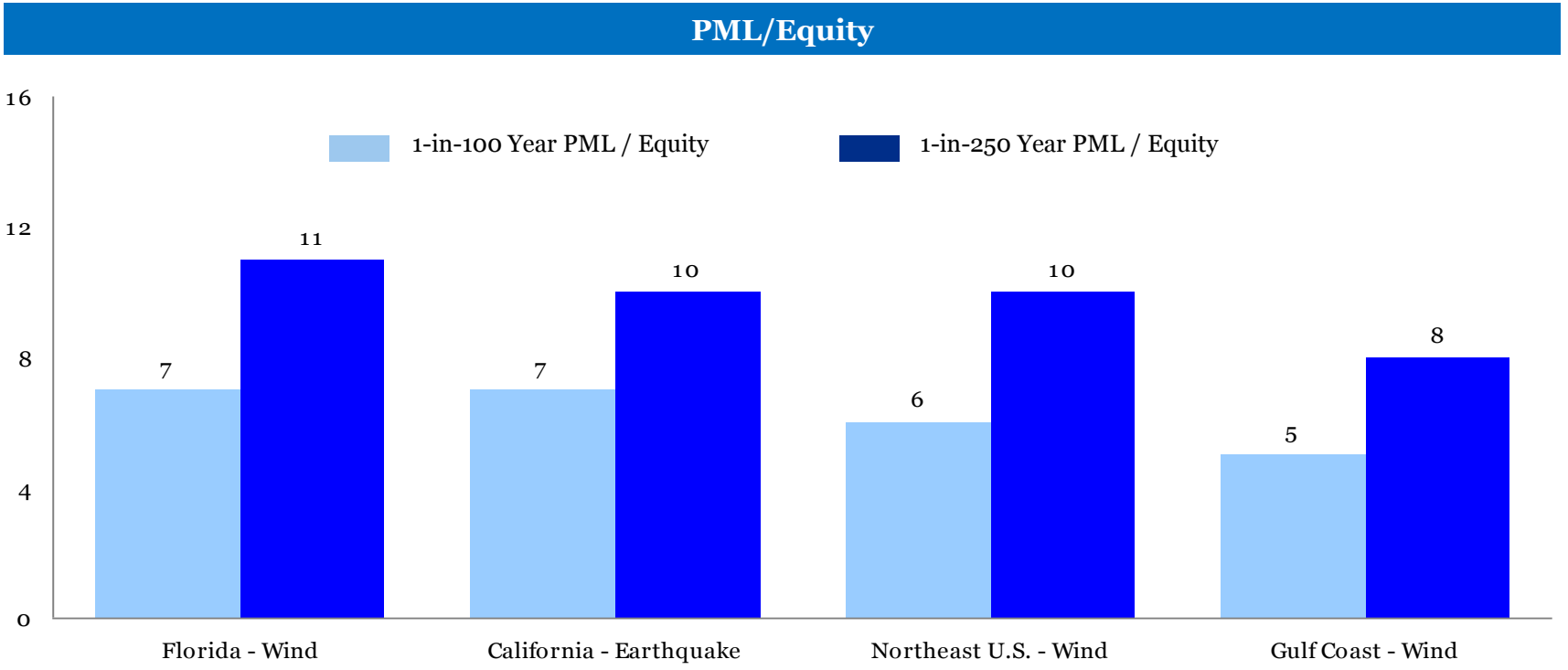
Incentive Compensation Directly Tied to Profitability

Corporate Governance and Risk Management

- Alleghany senior management team sits on operating company boards
- Risk assessment and management coordinated at holding company
- Catastrophe exposures across entities modeled on a consolidated basis
- Quarterly subsidiary board meetings include operational reviews by line of business
- Price monitoring performed at operating company level and reviewed corporately
- Regular actuarial loss reserve reviews (both internal and external)
- Reinsurance security committee reviews reinsurer credit risk and sets tolerances on a consolidated basis
- Internal audit function in place at each major subsidiary and holding company

Strong Catastrophe Risk Management

- Catastrophe risk principally managed at TransRe and RSUI levels
- Fixed caps established as a percentage of TransRe's and RSUI's respective surplus
- Combined catastrophe risk modeled and monitored at parent level
- Modeled combined catastrophe losses are managed to as a percentage of consolidated equity
- Regularly reviewed with Alleghany board



Historical Underwriting Results

($ in millions)

Year	Amount[1]
2002	(20)
2003	67
2004	74
2005	(115)
2006	259
2007	297
2008	143
2009	129
2010	131
2011	50
2012	220
2013 YTD[2]	322
Total	**$1,557**

- Annual average underwriting profit of **$137 million**
- Significant negative "cost of float" over time

(1) Includes Darwin Professional Underwriters, Inc.'s underwriting results from 2003 through 2008
(2) YTD through September 30, 2013

Key Takeaways

+ Operating company management is empowered
  - Set operating strategy
  - Run its business
+ Alleghany management provides assistance when needed but focuses on capital allocation and investment management
+ Risk management is everyone's job
  - Operating companies focus on their enterprises
  - Alleghany focuses on aggregations across the entities
+ Compensation aligns management and owners

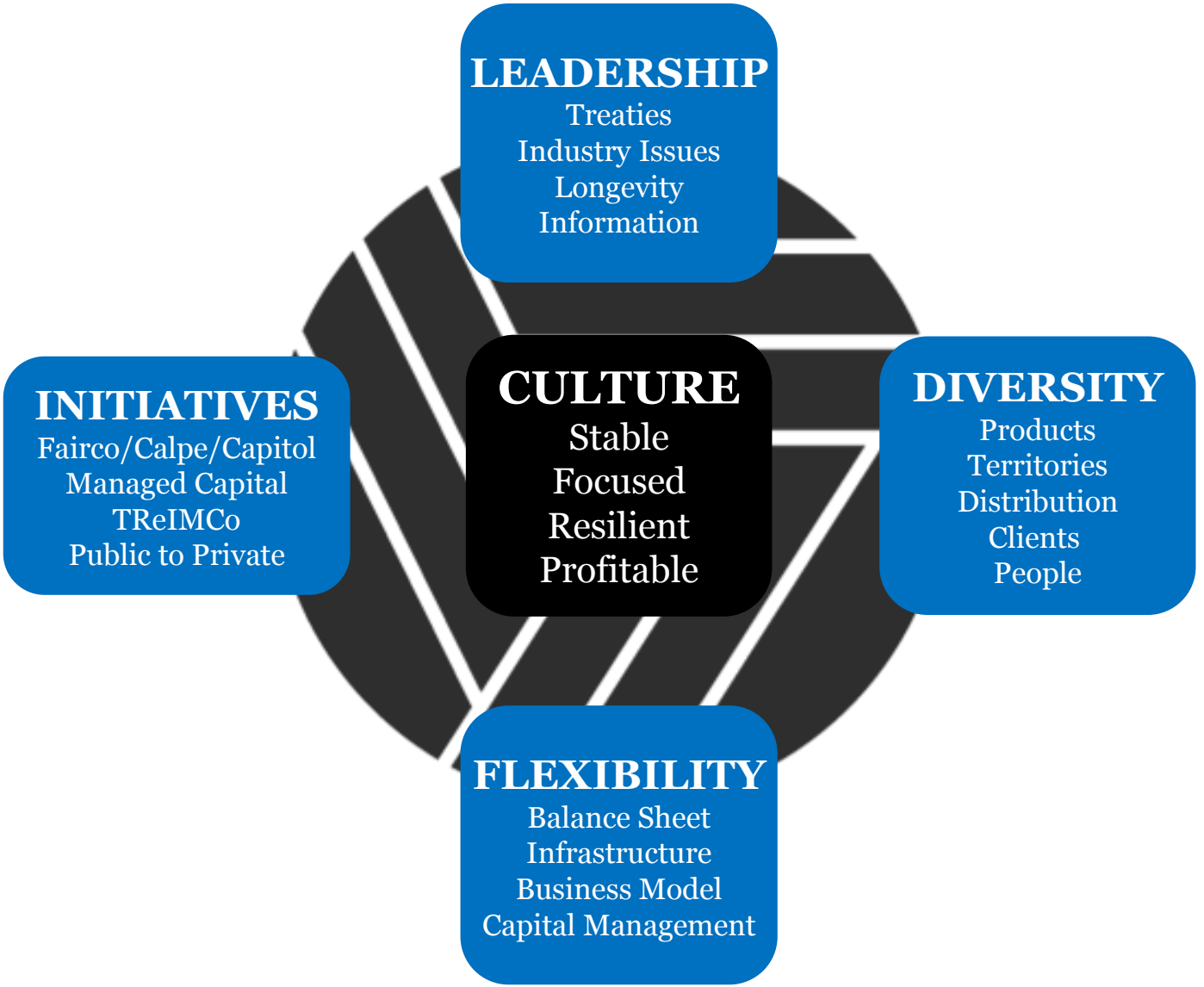
= Builds franchise value and creates outperformance over long-term

Questions?

Michael Sapnar

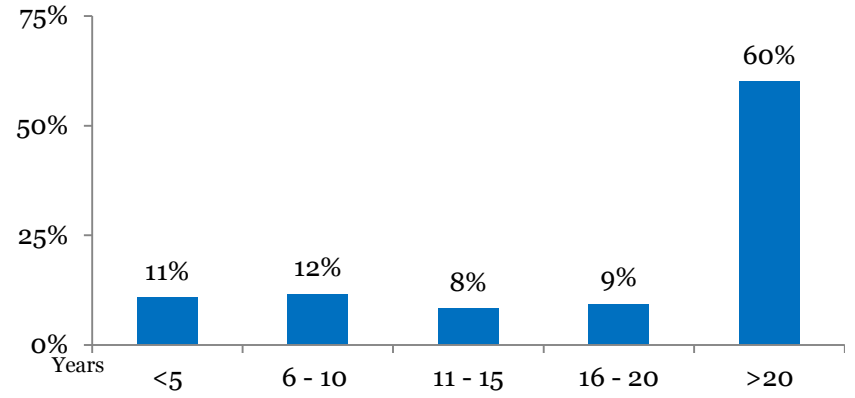
TransRe

A Leading Reinsurance Franchise

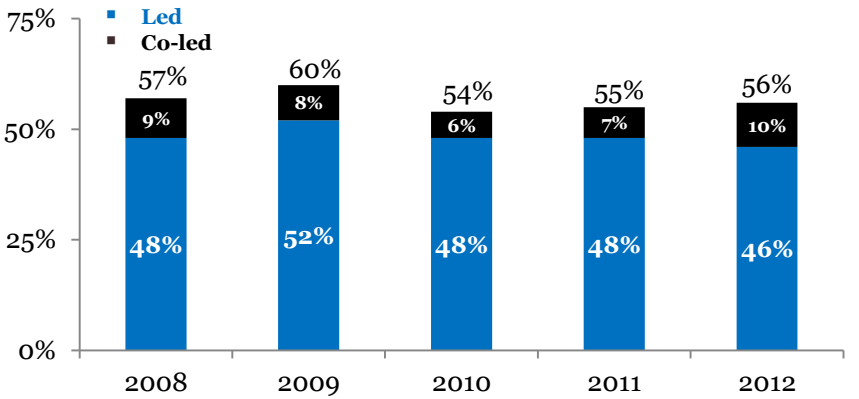


Leadership Provides a Tangible Advantage

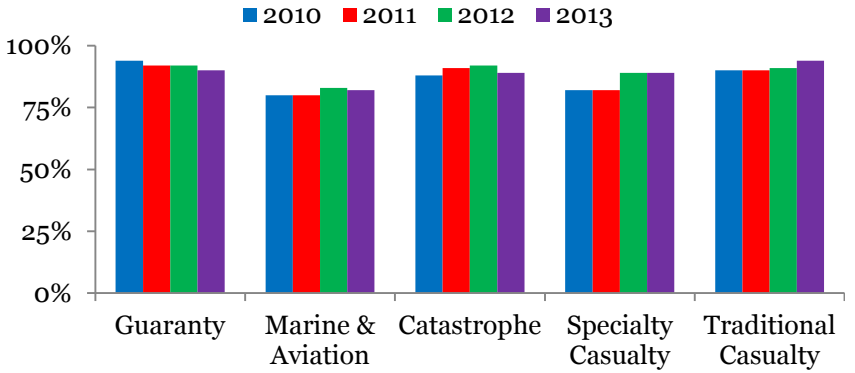
% of Premium by Length of Relationship(1)



% of Premium Led and Co-Led(2)



% Signed vs. Authorized by Class



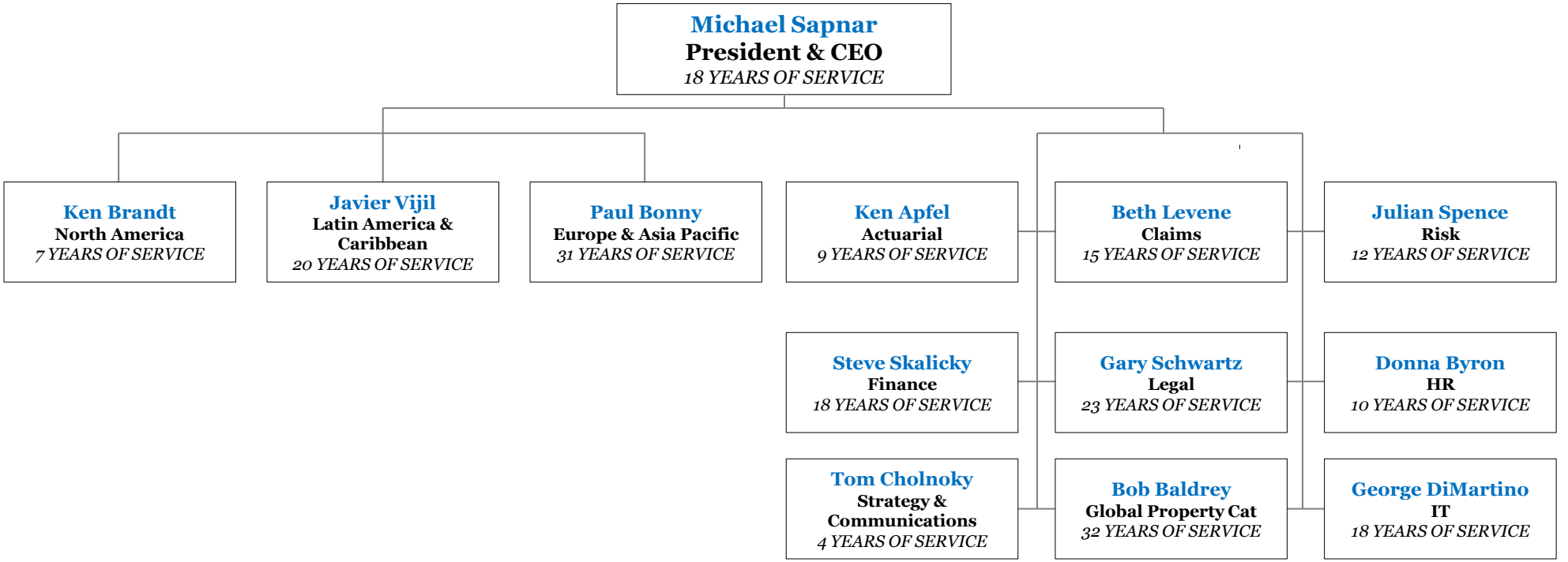
Leadership Profile

- 163 underwriters worldwide
  - 107 at officer level
  - Average tenure of 11.4 years
- Experience drives advantages
  - Calibrates in-house economic capital & pricing models
  - Reduces reliance on generic industry data
  - Increases ability to construct bespoke deals – 10% of premium from private placement

(1) 2012 Assumed Premiums, excluding AIG
(2) Estimated current underwriting year treaty premium

Leadership from a Stable and Experienced Senior Team

Management Team



Leadership Builds Strong Customer Relationships

Factor	North America	Latin America	Europe
Strong Underwriting Capabilities	7.89	7.82	6.96
Financial Value	7.78	7.93	6.85
Financial Security	8.05	8.04	7.02
Strong Client Orientation	7.79	7.52	6.70
Valuable Expertise & Market Knowledge	7.75	8.07	6.92
Timely Service	7.87	7.68	7.08
Helps Your Company Improve Profitability	7.27	7.14	Not Rated
Strong Claims Handling Ability	7.74	7.81	7.00
Reasonable Approach to Contracts	7.48	7.64	Not Rated

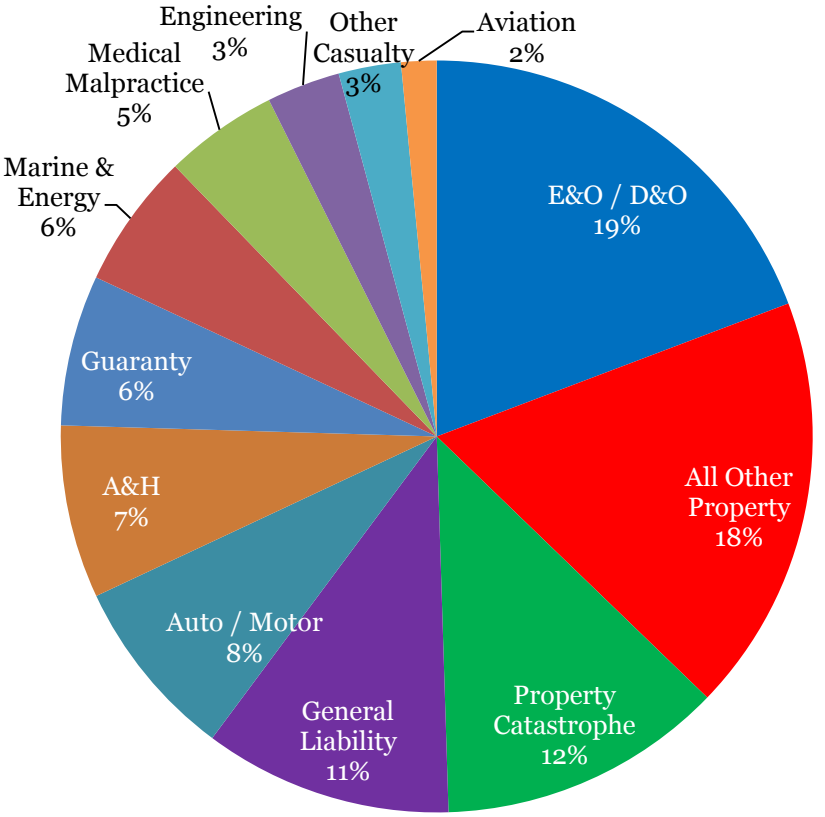
Problematic	Average	Good	Excellent
< 6	≥6 and < 7	Top Quartile or ≥7	Top Quartile and ≥ 7

Our ability to execute on our strategic objectives relies upon the strength of our customer relationships. The independent Flaspöhler Research Group, Inc.'s annual satisfaction surveys in North America, Latin America and Europe measures how reinsurers are perceived

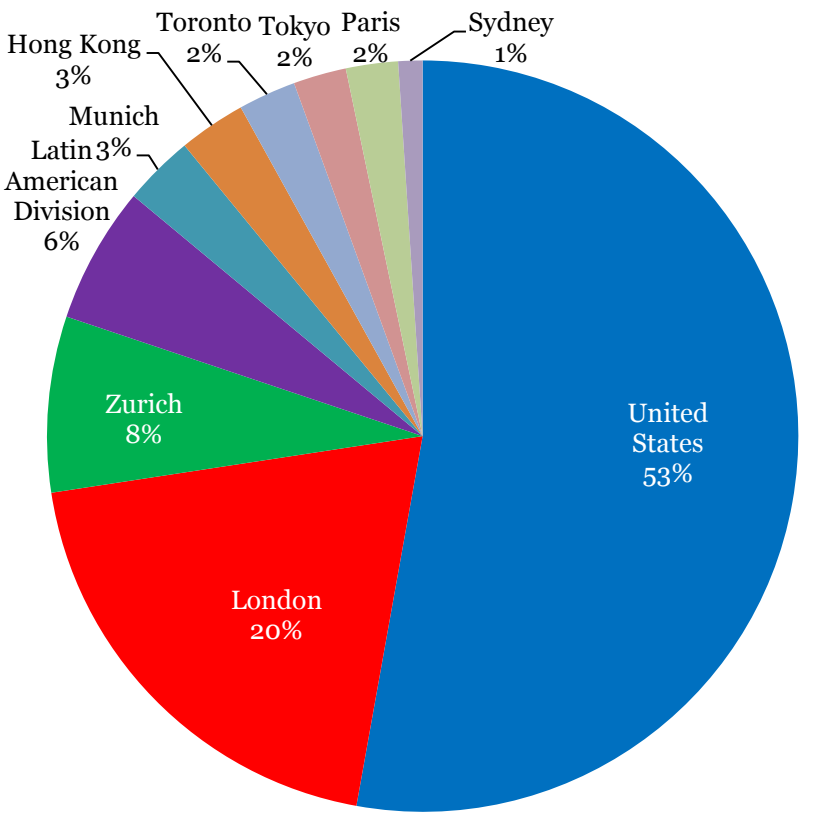
Note: Reproduced with the permission of Flaspöhler Research Group, Inc.

Diversity of Reach, Capability and Perspective

Product Mix



Geographic Mix

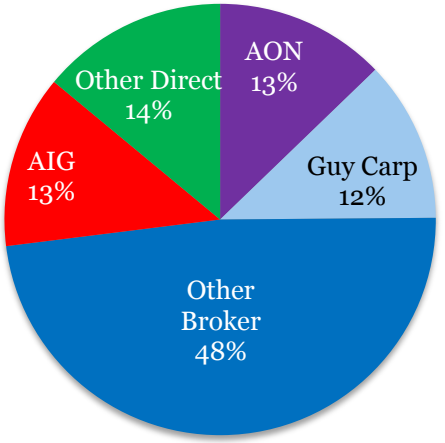


Note: Based on YTD September 2013 Net Written Premiums of $2.5 billion

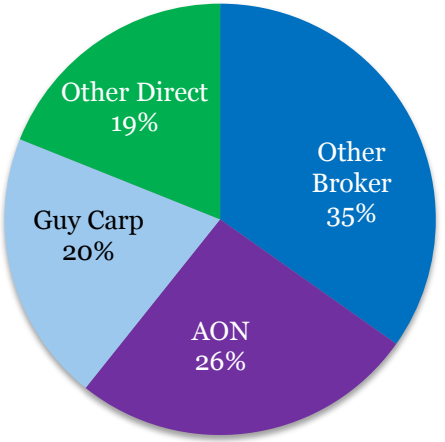
Diversity of Source

Distribution

2002

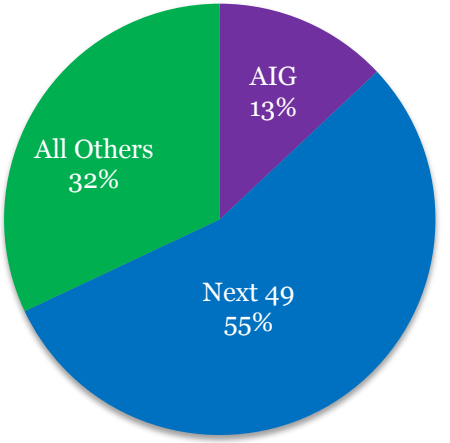


2012

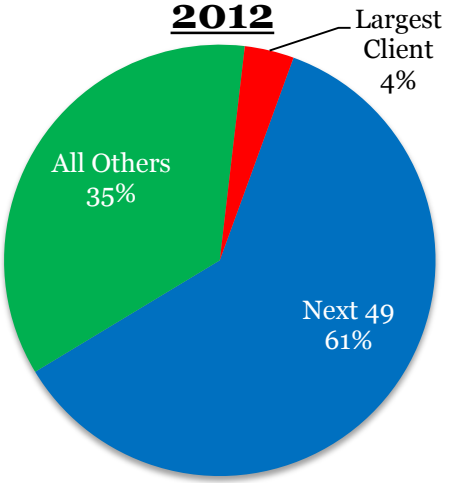


Customer Mix

2002

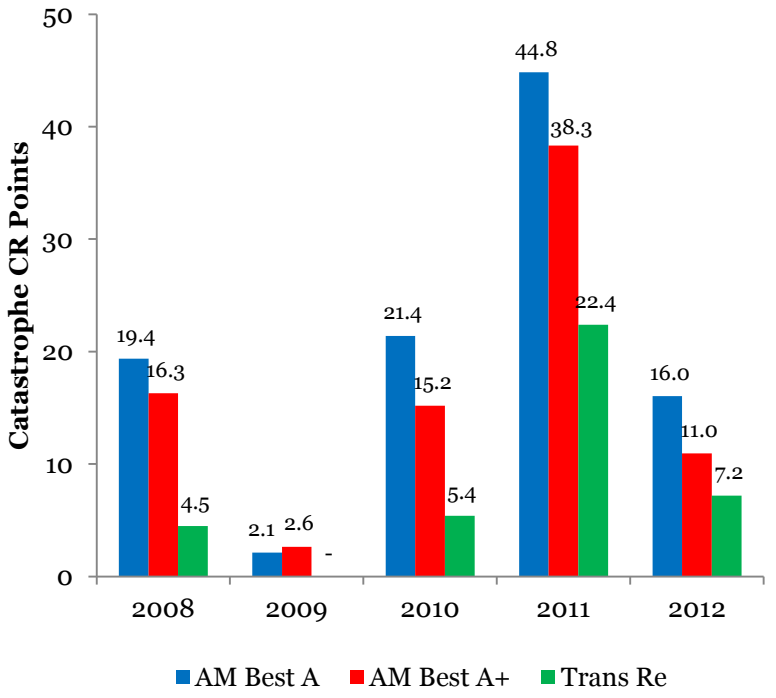


2012

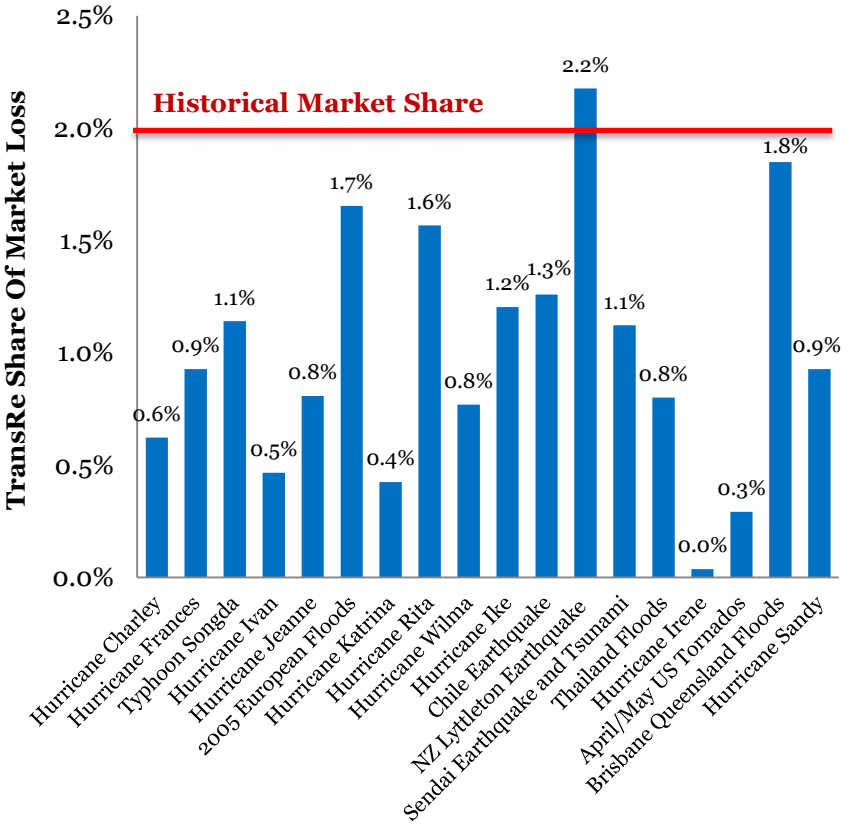


Diversity of Portfolio Minimizes Underwriting Volatility

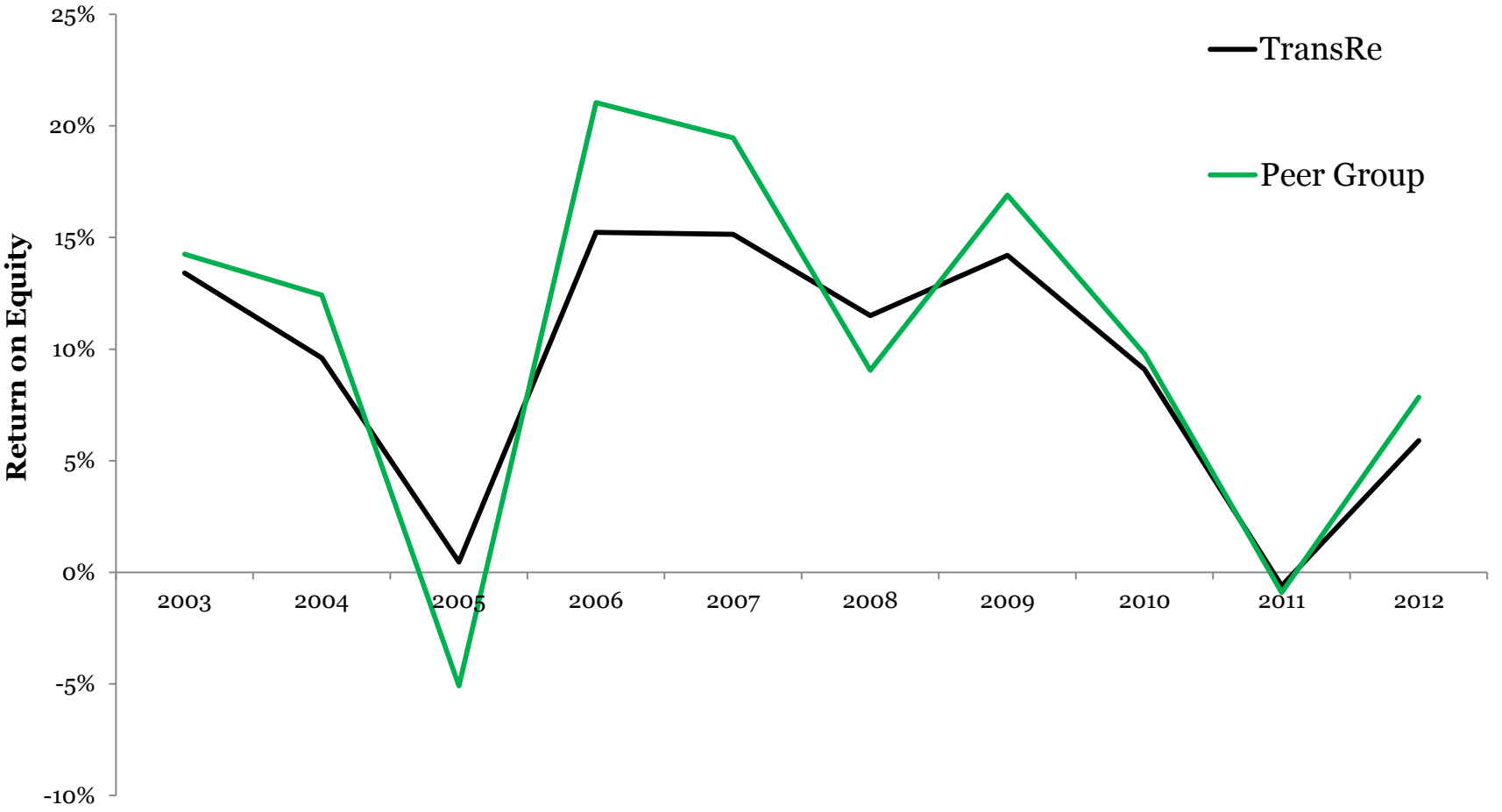
Peer Group Cat Loss Points



Market Share > Loss Share



Diversity Delivers Quality Earnings



(1) TransRe Adjusted ROE to exclude merger related expenses and break-up fee in 2011 and 2012
(2) Peer Group – ACE, ACGL AXS, RE, PRE, AWH, Alterra, AHL, ENH, PTP and XL

Flexibility from Financial Strength

Highlights

- Profitable book
- Improved combined ratio
- New Opportunities – products/lines/territories/business relationships
- Prudent casualty reserving philosophies
- Efficient business model
- $4.7 billion of new and renewed business since 3/6/12
- $757 million business cancelled (AIG, auto, Medex)
- $685 million new business (mortgage guaranty, property cat, property pro rata)

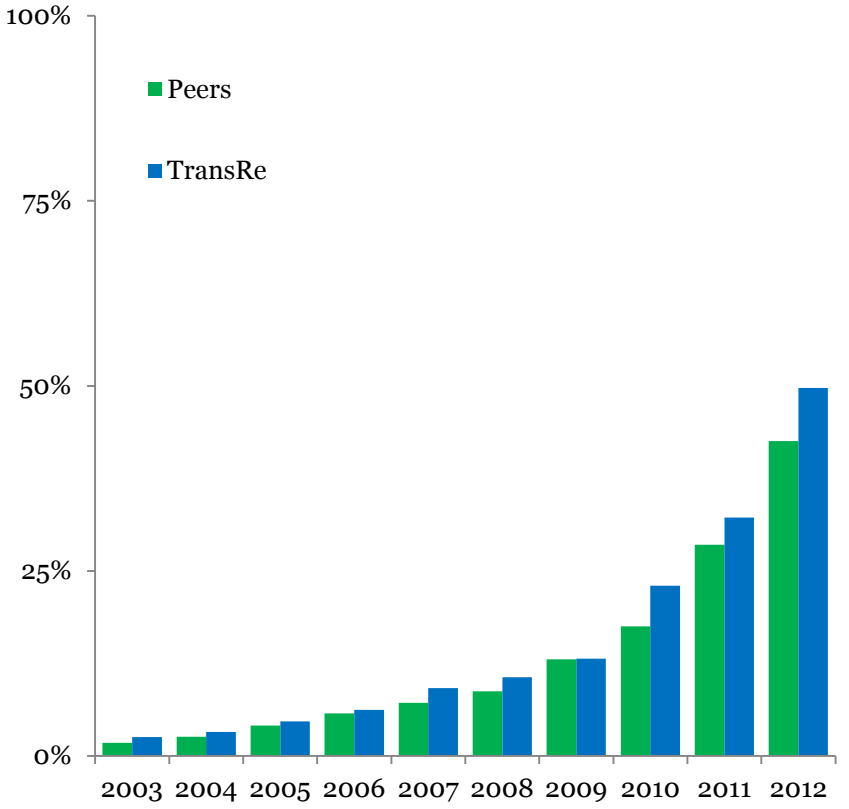
Summary Financials

($ in millions)	**FY2012**	**YTD 2013[1]**
Gross premiums written	$3,617	$2,643
Net premiums written	$3,491	$2,499
Net premiums earned	$3,585	$2,481
Net losses and loss expenses	(2,561)	(1,473)
Acquisition costs	(599)	(614)
General & administrative expenses	(201)	(146)
Underwriting income	**$223**	**$248**
Consolidated GAAP Ratios		
Loss and loss expense ratio	*71.5%*	*59.4%*
Acquisition cost ratio	*16.7%*	*24.7%*
General & administrative expense ratio	*5.6%*	*5.9%*
Combined ratio	***93.8%***	***90.0%***
Cash & Invested Assets	$14.5 billion	$14.4 billion
GAAP Equity	$4.3 billion	$4.4 billion

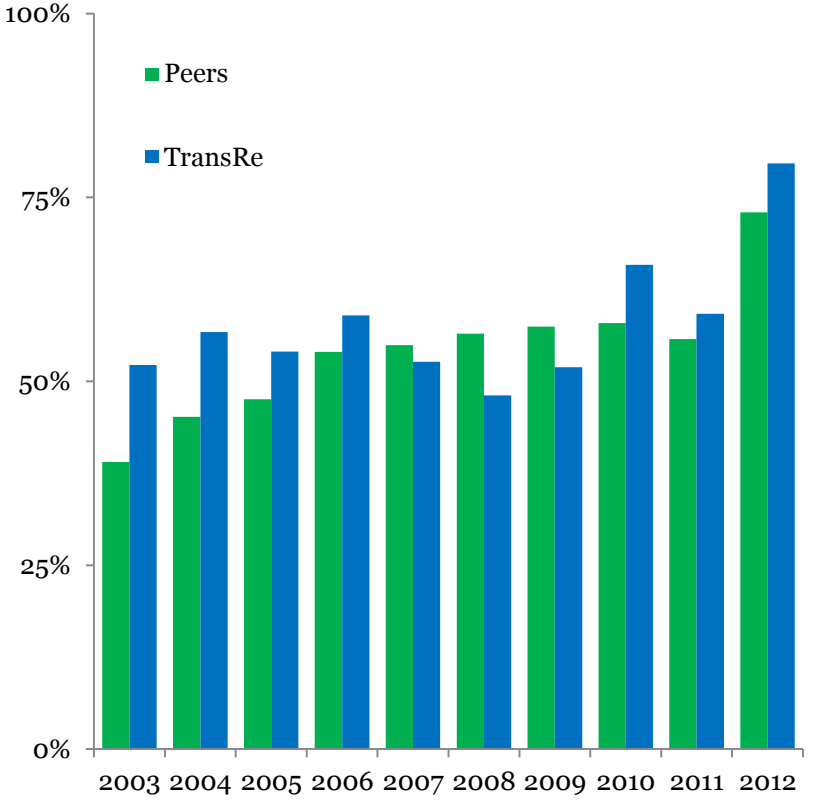
Note: All 2012 figures are for full 12 months
(1) YTD through September 30, 2013

Flexibility from Strength of Reserve Profile

IBNR as % of Earned Premium



IBNR as % of AY Incurred Losses

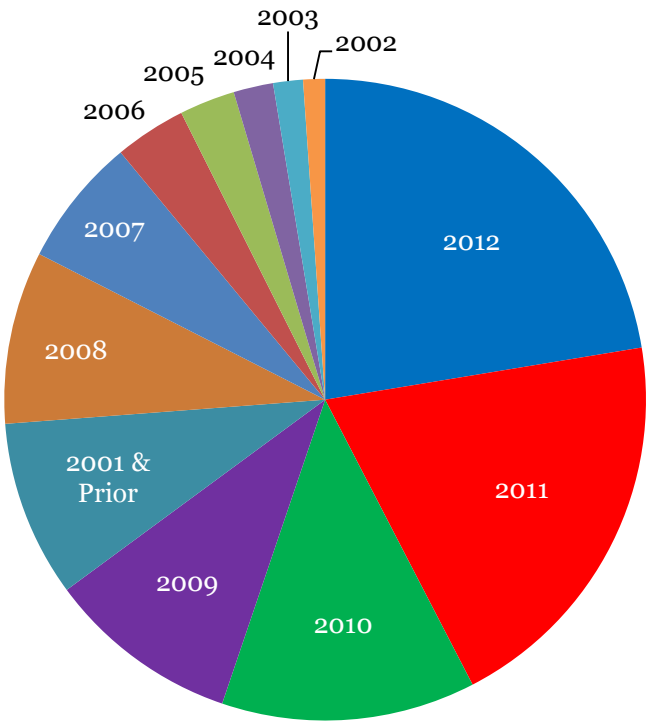


Source: Annual Statements, Schedule P
Note: Medmal (claims made) other liabilities (losses occurring and claims made) and Reinsurance B; Peers includes ACGL, AXS, ENH, PRE, XL, AWH, ENH and Odyssey Re Holdings; Excludes 2008 AY for RE

Flexibility from Strength of Reserve Profile (cont.)

Reserve Breakdown

By Accident Year – As of 12/31/2012

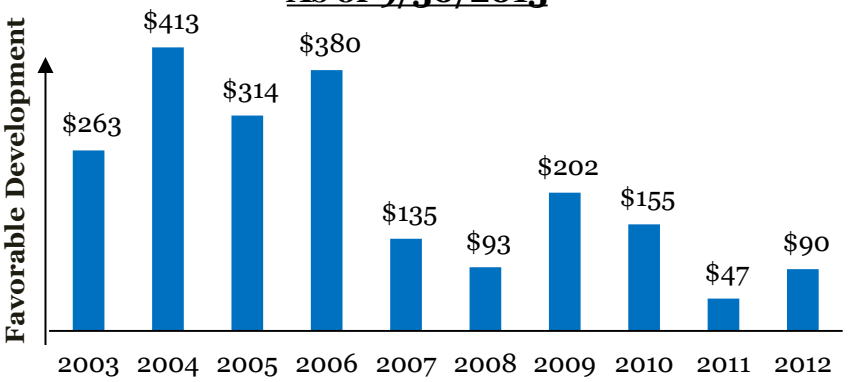


Total: $9.34 billion

Reserve Development (AY)

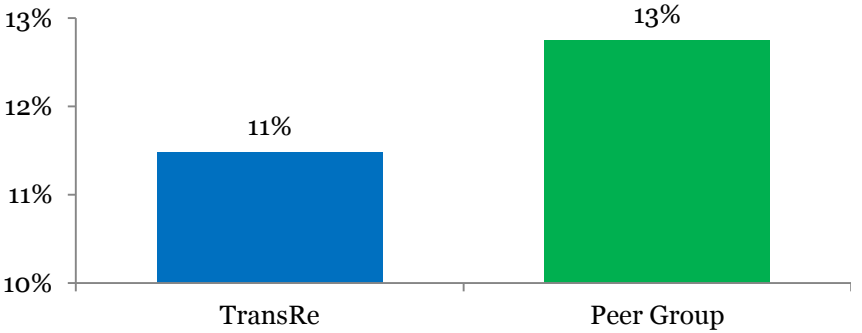
(In millions)

As of 9/30/2013



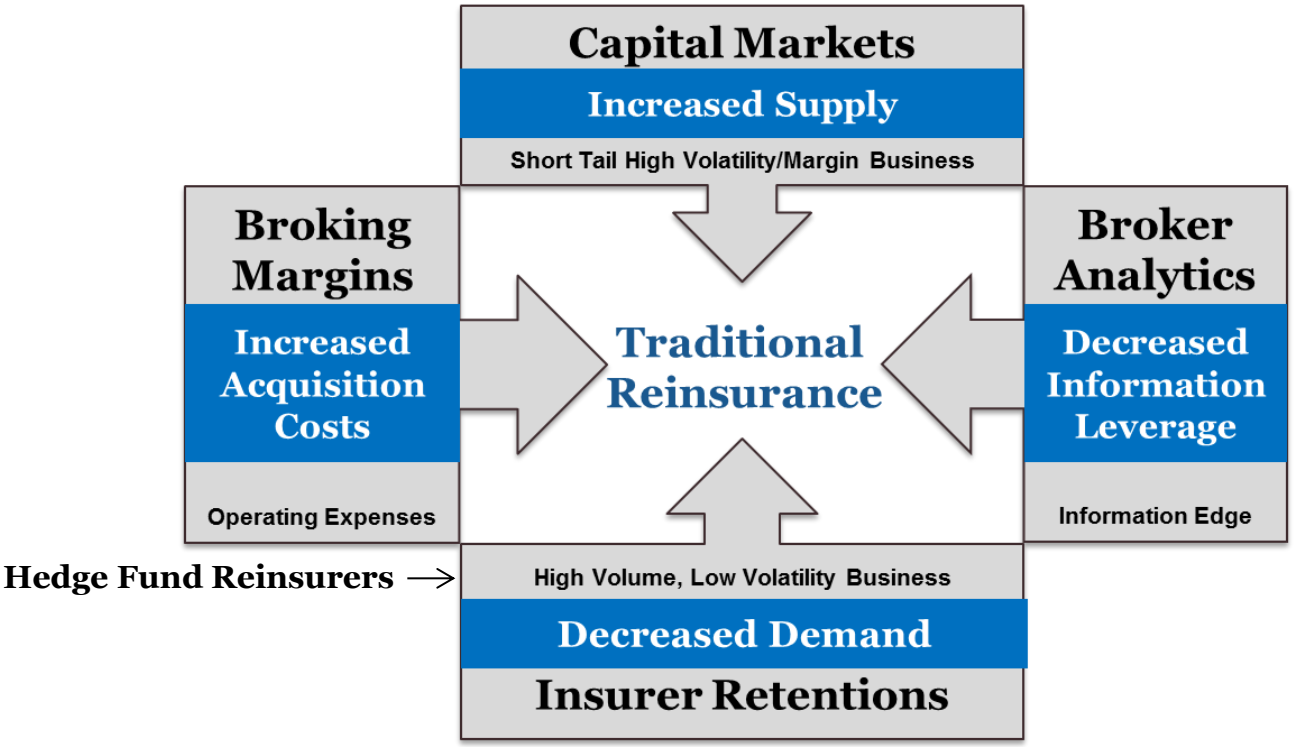
2003-2011 AY Development (1)

As % Of Original Reserves Favorable/(Unfavorable)



Source: Company 10-K disclosure
(1) Peer Group: ACE, AWH, Alterra, ACGL, AHL, AXS, ENH, RE, PRE, PTP, and XL

A Dynamic Competitive Environment

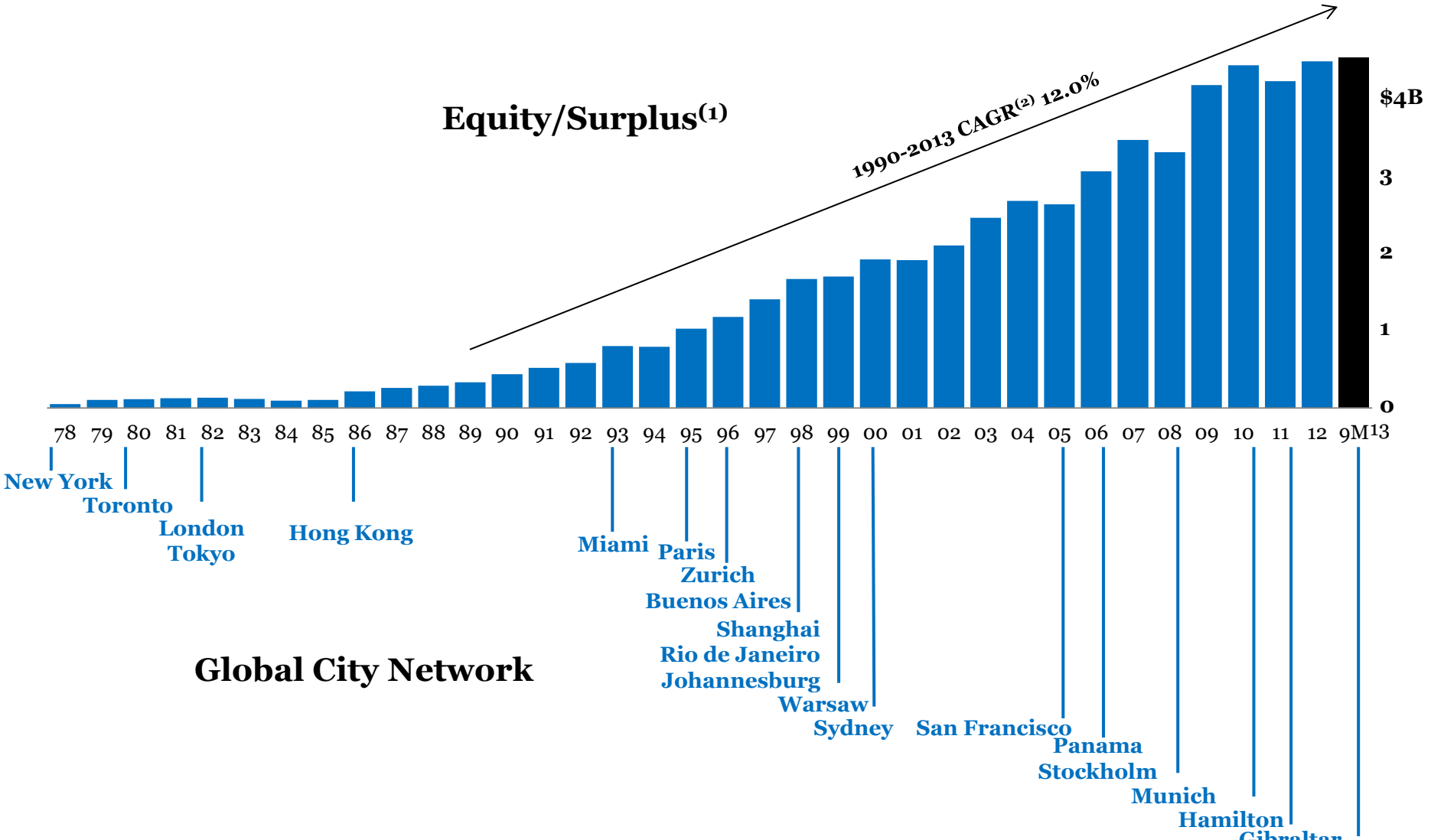


Implications	▪ Growth will continue to be challenging ▪ See it all, sign what you want ▪ New initiatives are paramount ▪ Patience and preparedness will be rewarded

Initiatives to Address the Challenges

Increased Supply	+	**Engage**	▪ Pillar ▪ Pangaea ▪ Retro ▪ TransRe Capital Partners
Decreased Demand	+	**Penetrate/ Alternate**	▪ Global Customer Program (larger lines, non-concurrent, private, direct) ▪ Global Product Teams (property, aviation, marine) ▪ Select insurance opportunities (Calpe/Fairco/TreIMCo) ▪ Mortgage indemnity, terrorism
Increased Acquisition Costs	+	**Focus on Efficiency**	▪ Hub & Spoke branch network (Europe & Asia) ▪ Infrastructure supports contraction or expansion ▪ Leverage of labor, invested assets to equity and balance sheet ▪ Intra-Y synergies (Capitol re-organization, modeling expenses)
Decreased Information Leverage	+	**Focus on Insights**	▪ Data analytics ▪ Additional value propositions (Underwriting & Claims Audits – benchmarking) ▪ Local network
	=	**Profitable Growth**	Without changing the culture of the company

Culture of Profitable Growth



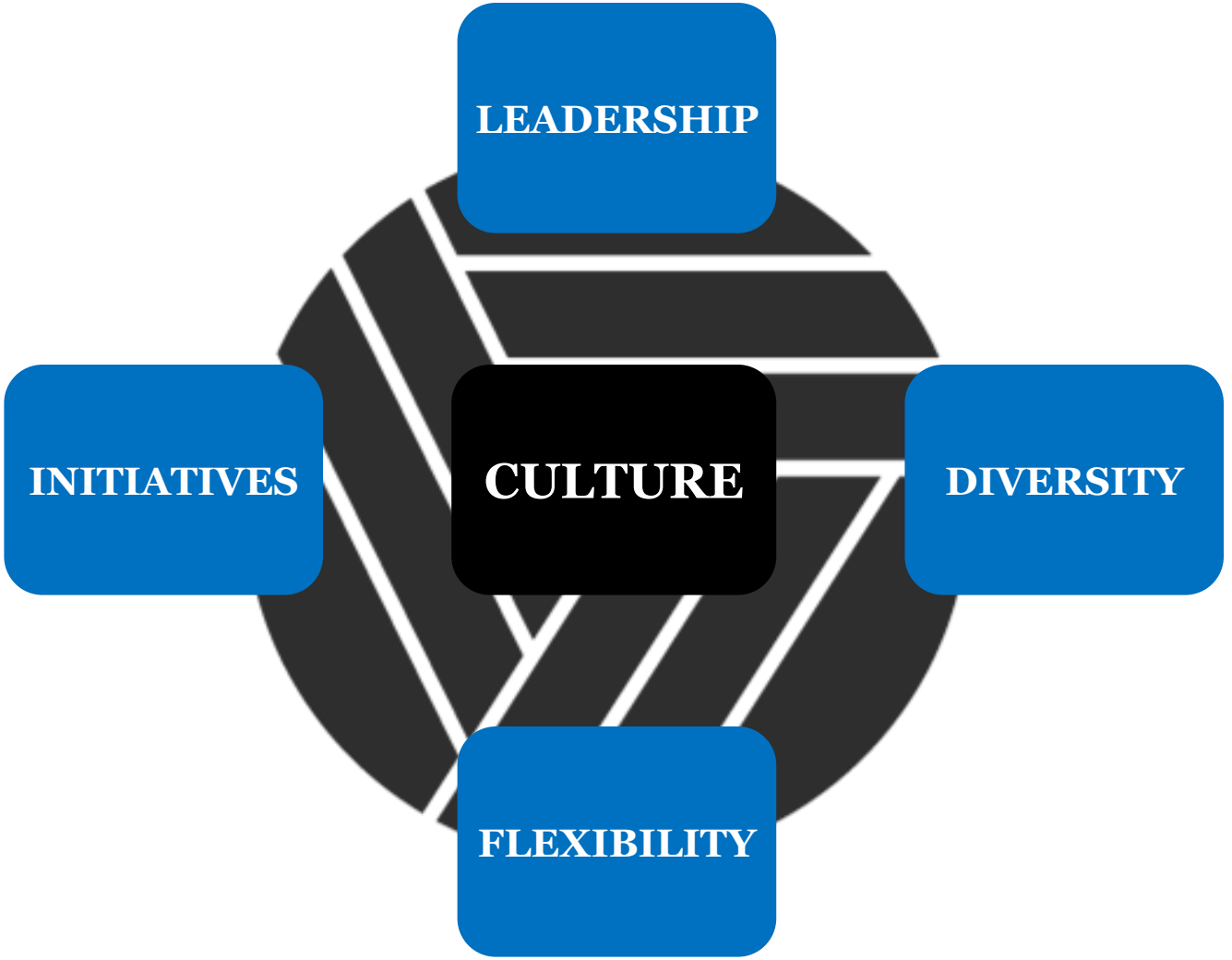
(1) Statutory surplus from 1978-1989, stockholders' equity from 1990 onwards
(2) CAGR includes cumulative dividends and share repurchases from March 31, 1990 to September 30, 2013

Culture of Experience

January 1 Themes

- Capacity is abundant
- Retentions are up
- Peak price pressure in peak cat zones
- Clients are increasingly attentive to who they trade with
- Underlying casualty prices continue to improve
- 'Unexpectedly' large losses continue to occur (German hail, Costa Concordia, SK Hynix, Quebec train, Alberta floods)

Truly a Franchise



Questions?

Dave Leonard

RSUI

A Leading Specialty Insurer

Specialty Insurance

- Focus on specialty lines of business where underwriting expertise and experience are the primary differentiators

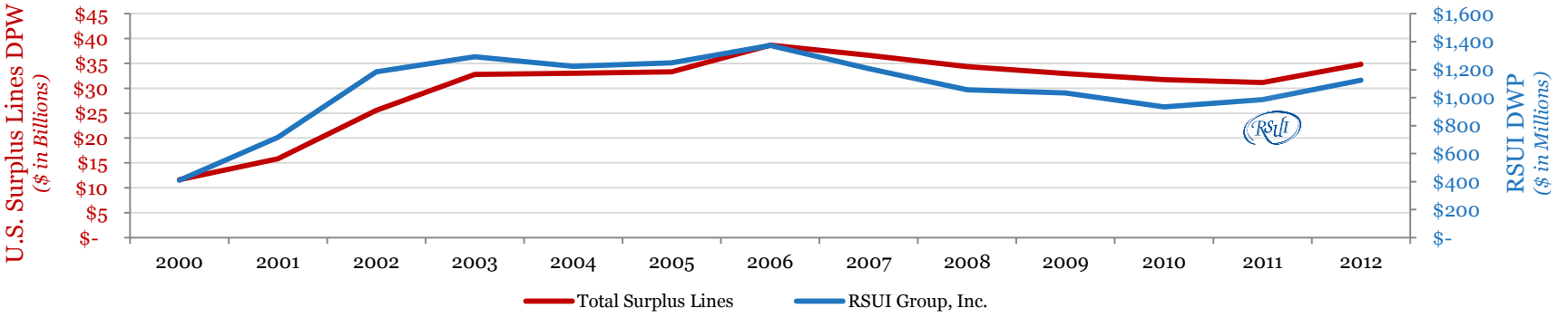
Wholesale Only

- Marketing through a focused distribution channel is efficient and cost effective

Disciplined Underwriting

- RSUI has demonstrated the ability to grow aggressively when market conditions are favorable and the willingness to write less business when conditions are not supportive of underwriting profit

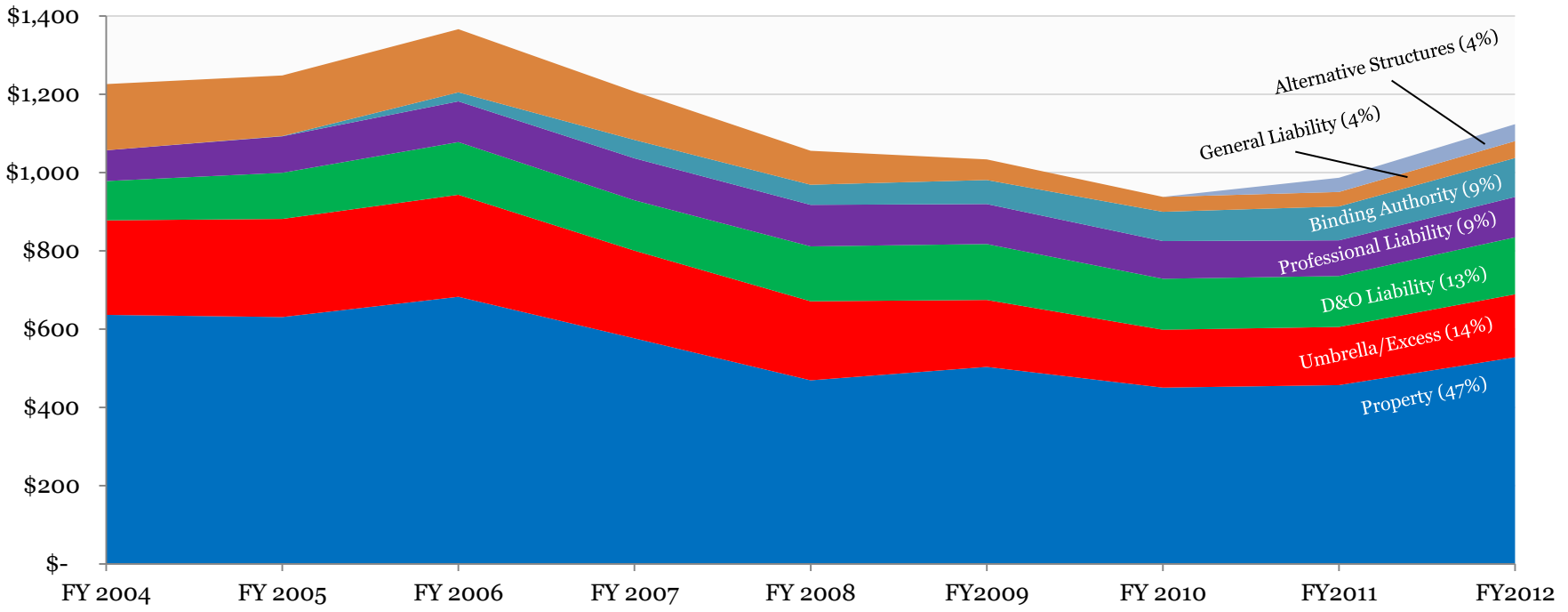
Comparison of Direct Written Premium



Source: AM Best Special Report, *U.S. Surplus Lines – Segment Review, Thriving Through Turmoil*, September 2013

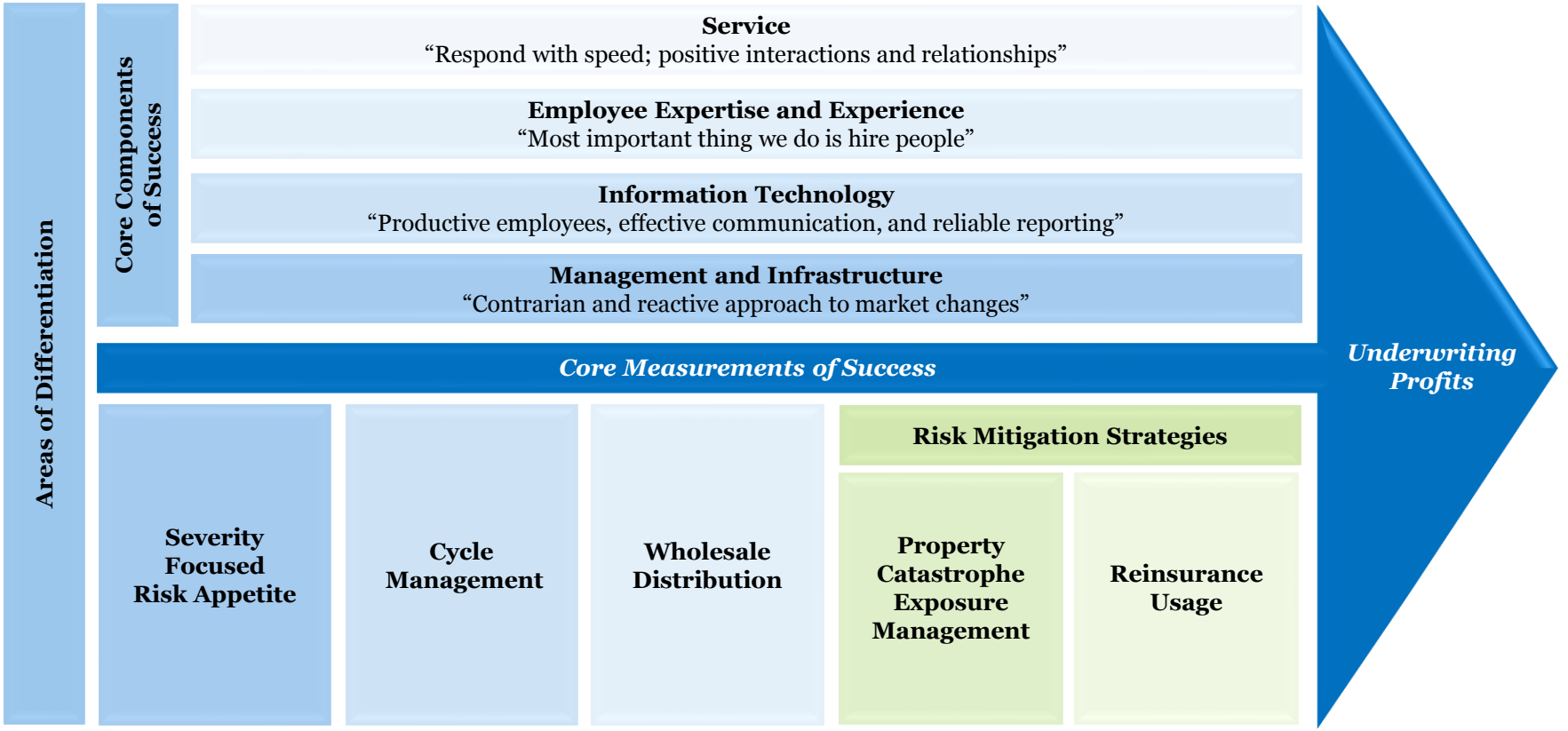
A Diversified Specialty Product Mix

GWP Trend



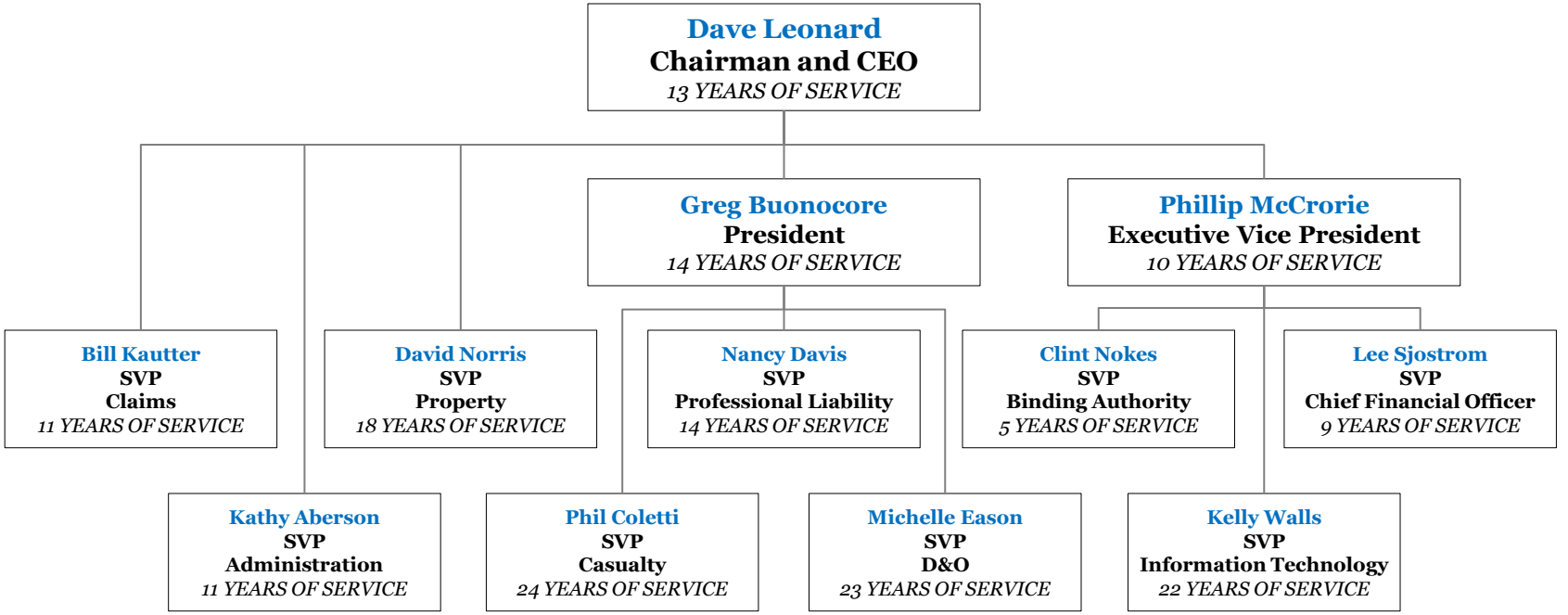
Demonstrated track record of portfolio management based upon pricing, loss experience and economic conditions

What Makes RSUI Special



Stable, Experienced Senior Team

Management Team



Average Industry Experience (years)

	Binding Authority	D&O Liability	General Liability	Professional Liability	Property	Umbrella/ Excess
Underwriting	15	15	25	19	23	27
Claims	27	14	26	17	27	32

Property

Property Coverage

- Ground up, primary and excess commercial property business with $100 million in risk capacity (4 walls)
- Preference for business that can be "underwritten from the desk" like institutional, public entity, real estate, habitational, hospitality, and natural catastrophe risks

Property Market Conditions and Outlook

	Premium	Renewal Rate Change	Policy Count	New Submissions
YTD 3Q 2013	$452.8m ⬆5.8%	⬆1.4%	5,133 ⬆8.9%	34,540 ⬆2.7%
2012	$527.8m ⬆15.5%	⬆5.2%	6,065 ⬆10.7%	44,543 ⬆15.3%

- There is widespread discussion about an over-capitalized market, the impact that alternative markets are having on reinsurance costs, and the effect of RMS v13.0

Umbrella / Excess

Umbrella / Excess Coverage

- Specialty book with up to $30 million in limits per risk
- Common markets are contractors, manufacturers, wholesalers, distributors and certain public entities

Umbrella / Excess Market Conditions and Outlook

	Premium	Renewal Rate Change	Policy Count	New Submissions
YTD 3Q 2013	$134.5m ⬆16.3%	⬆7.4%	4,781 ⬆10.7%	24,277 ⬆6.9%
2012	$160.7m ⬆8.1%	⬆4.1%	5,884 ⬆1.6%	30,179 ⬆6.1%

- Underwriters are seeing opportunities at attachment points and rate levels they are comfortable with

D&O Liability

D&O Liability Coverage

- Both primary and excess risks with capacity up to $20 million
- The risks include public, non-profit, and private organizations. Policies typically include Employment Practices Liability

D&O Liability Market Conditions and Outlook

	Premium	Renewal Rate Change	Policy Count	New Submissions
YTD 3Q 2013	$119.5m ⬆17.8%	⬆5.5%	4,517 ⬆12.3%	15,713 ⬆19.3%
2012	$145.6m ⬆11.5%	⬆4.6%	5,473 ⬆9.8%	18,042 ⬆31.2%

- Renewal retention continues to be very strong and is ahead of the prior year for all sectors of the business. Similarly, we have seen renewal rate increases in all sectors, especially in the private company market

Professional Liability

Professional Liability Coverage

- Both primary and excess risks with capacity up to $10 million
- Risks are predominantly written claims made
- Common classes include Miscellaneous Medical, Miscellaneous, Architects and Engineers, Lawyers, Insurance Agents and Brokers, Real Estate Agent and Brokers, Environmental, CyberTech, Physicians, Surgeons & Dentists, and Media

Professional Liability Market Conditions and Outlook

	Premium	Renewal Rate Change	Policy Count	New Submissions
YTD 3Q 2013	$91.8m ⬆16.8%	⬆3.9%	6,403 ⬆15.1%	30,454 ⬆7.7%
2012	$103.1m ⬆12.7%	⬆3.4%	7,312 ⬆11.9%	36,948 ⬆19.9%

- Premium growth has come from “micro hard markets” in Lawyers, Real Estate Agents, and CyberTech

Binding Authority

Binding Authority Coverage

- Combined Property and Casualty contracts underwritten through 28 appointed Managing General Agents with limited statements of authority for core Specialty Insurance classes
- Premium mix 47% property, 53% casualty

Binding Authority Market Conditions and Outlook

	Premium	Renewal Rate Change - GL	Renewal Rate Change - Property	Policy Count
YTD 3Q 2013	$98.1m ⬆32.1%	⬆1.3%	⬆4.6%	44,231 ⬆28.9%
2012	$99.3m ⬆13.8%	⬆0.6%	⬆4.0%	45,795 ⬆9.7%

- Business opportunities are flowing to Binding Authority as many carriers reevaluate their books of business, or face difficult financial challenges
- RSUI strives to be the company that the market looks to as a consistent leader in both service and technology

General Liability

General Liability Coverage

- Mainly low frequency/high severity primary risks with limits of up to $2 million
- Common markets are specialty contractors, manufacturers, wholesalers, and distributors

General Liability Market Conditions and Outlook

	Premium	Renewal Rate Change	Policy Count	New Submissions
YTD 3Q 2013	$27.6m ↓0.7%	↑3.9%	959 ↑3.1%	14,939 ↑2.4%
2012	$42.8m ↑13.6%	↑0.4%	1,347 ↑8.5%	19,355 ↑2.9%

- Maintain discipline and look for opportunities that are supportive of underwriting profit

Alternative Structures

Alternative Structures Coverage

- Unusual insurance risks that require specialized analysis and underwriting. Available to our producers to consider risks that are truly unique
- Also includes Assumed Property Reinsurance and Property Retrocession

Alternative Structures Market Conditions and Outlook

	Assumed Reinsurance	Solar Panel Warranty	Crop Reinsurance	Other	Total
YTD 3Q 2013	$26.3m	$5.5m	$2.9m	$2.5m	$37.2m
2012	$34.9m	$6.8m	$1.5m	$0.0m	$43.2m

Challenges and Opportunities

Challenges

- Imitators, newly aggressive competitors or start-up operations entering the E&S space
- Pricing sustainability (especially in Property)
- More frequent and more severe weather related catastrophic loss activity
- Maintaining close distribution relationships as major consolidations occur

Opportunities

- RSUI is recognized as the premier Specialty Insurance franchise with underwriting staff that has expertise and authority to quickly react to opportunities
- Weakness and disruption in competitors provide opportunities across our product lines
- Umbrella/Excess, D&O, and Professional Liability are experiencing growth opportunities within sub-segments of their operations

Financial Snapshot

Highlights

- $1.2 billion net underwriting income since 2003
- Combined ratio of **81.9%** since 2003
- Since becoming a subsidiary of Alleghany in 2003, Stockholder's equity has grown at a compound annual growth rate of **11.53%**
- RSUI has produced an underwriting profit in 9 out of the last 10 years

Summary Financials

($ in millions)	FY 2011	FY 2012	YTD Q3 2013
Gross premiums written	$986	$1,123	$962
Net premiums written	$628	$715	$631
Net premiums earned	$594	$656	$560
Net losses and loss expenses	(315)	(466)	(302)
Acquisition costs	(75)	(86)	(76)
General & administrative expenses	(96)	(99)	(79)
Underwriting income	**$108**	**$5**	**$103**
GAAP Ratios			
Loss and loss expense ratio	*53.1%*	*71.1%*	*53.9%*
Acquisition cost ratio	*12.7%*	*13.1%*	*13.6%*
General & administrative expense ratio	*16.1%*	*15.0%*	*14.1%*
Combined ratio	***81.9%***	***99.2%***	***81.6%***

Key Takeaways

- Leverage our 25 year track record as leading specialty insurer
- Produce underwriting profits
- Maintain our highly employee-centric culture
- Remain singularly dedicated to the wholesale distribution channel
- Continue to embed Risk Management within each line of business/operation

Questions?

Stephen Sills

Capitol

Capitol Companies

Committed to becoming the preeminent specialty insurance company for small and mid-sized businesses

Distribution

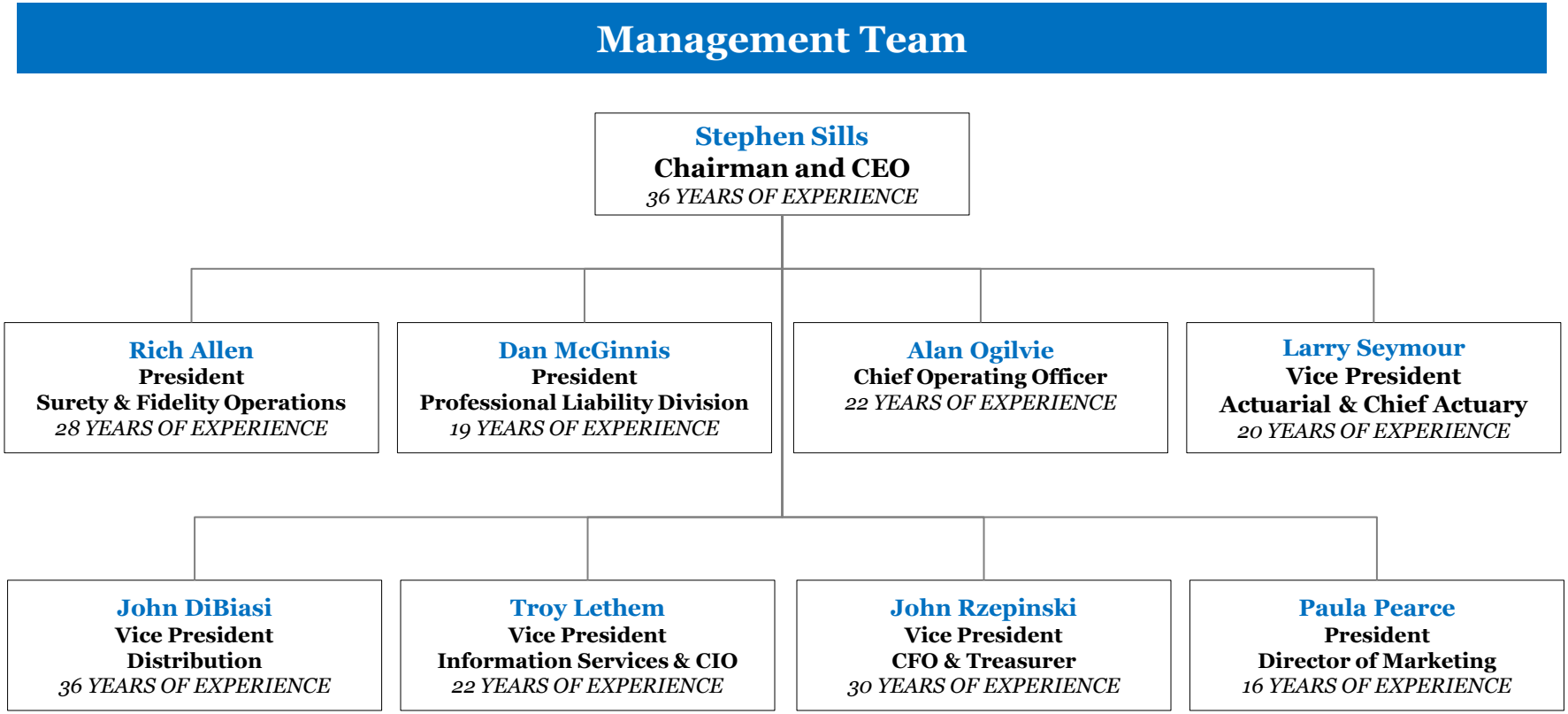
Product

Technology

Capitol and PRMS Today

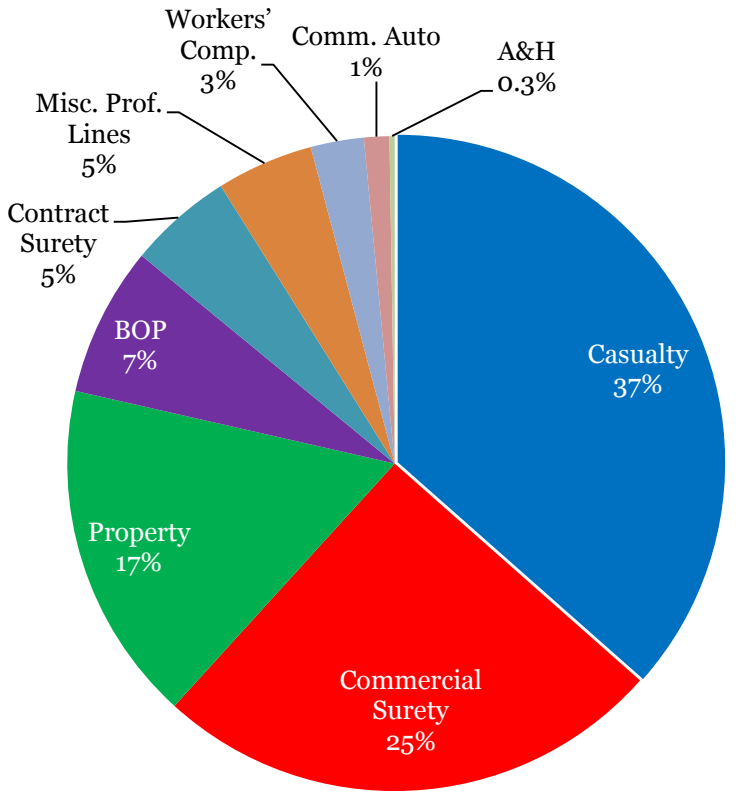
- P&C includes admitted and surplus lines business
- Surety includes commercial and contract bonds
- Professional lines includes miscellaneous professional liability, healthcare professional, medical malpractice, and environmental professional
- Distribute through general and independent agents

Management Team

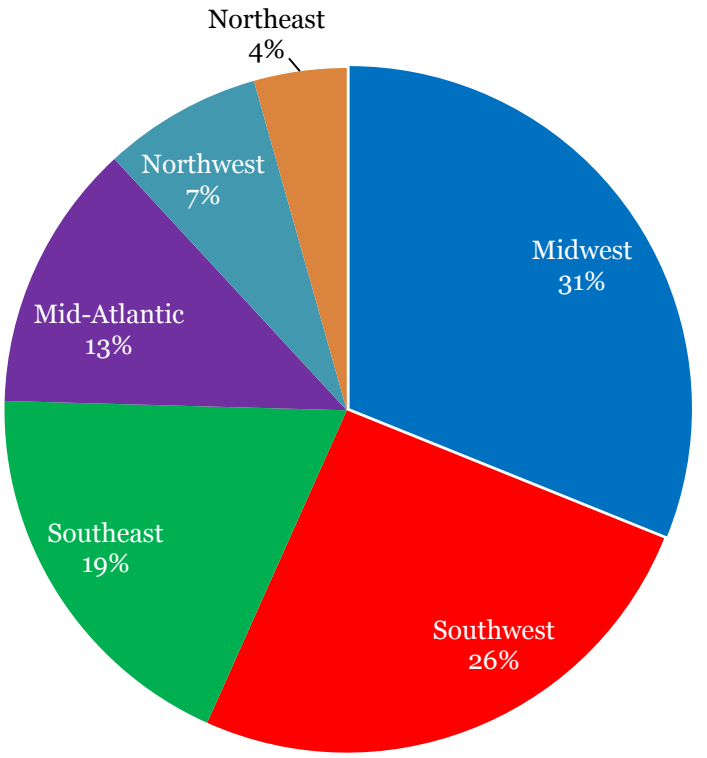


Product and Geographic Mix

Product Mix



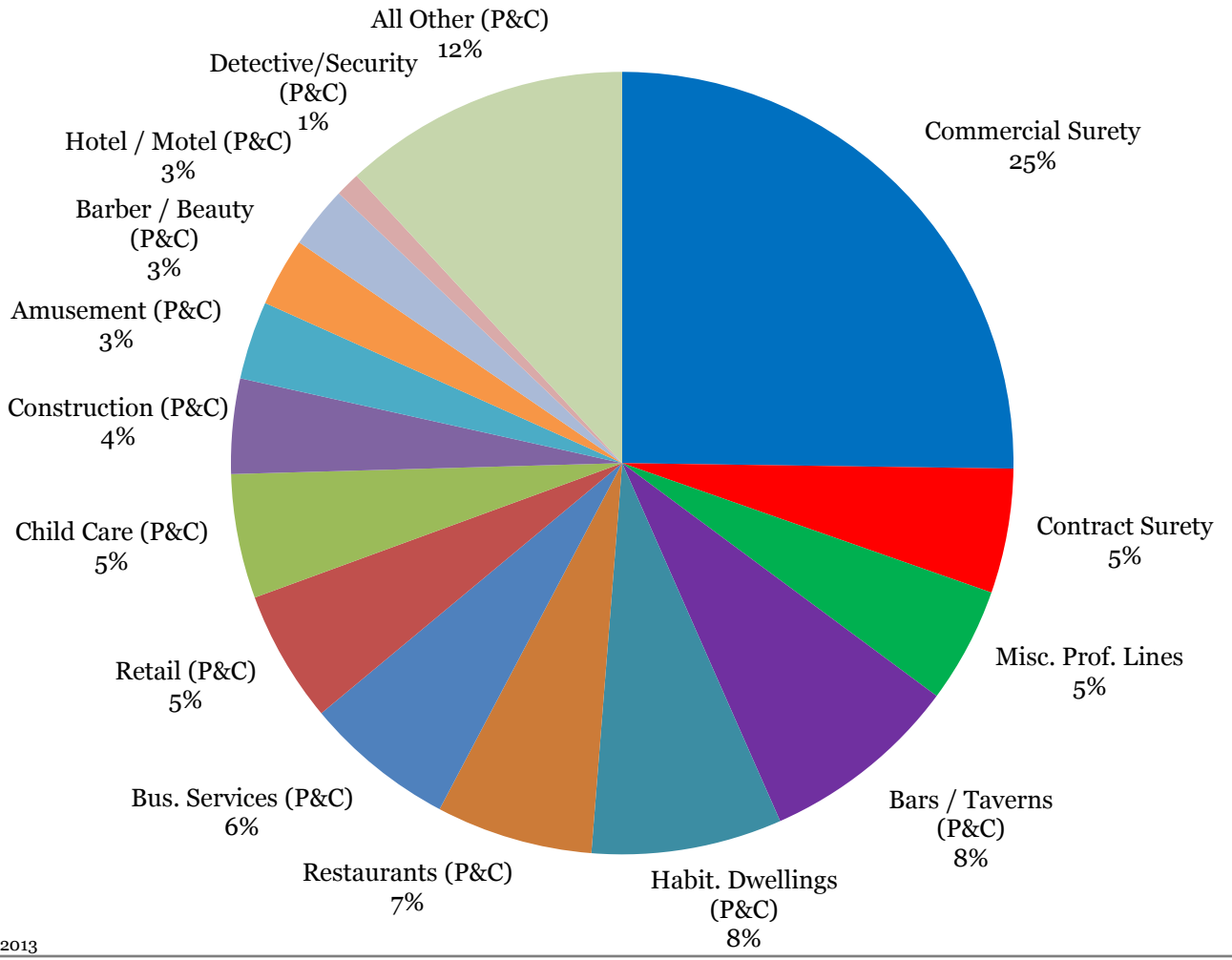
Geographic Mix



Note: YTD September 30, 2013

Industry Mix

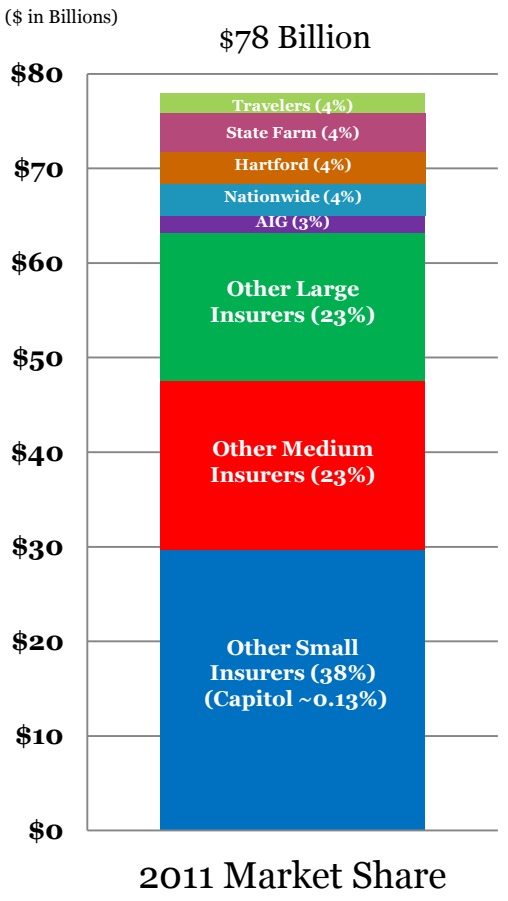
Industry



Note: YTD September 30, 2013

Opportunity to Drive Growth with a Compelling Offering in the Large and Fragmented SME Market

SME Market Share(1)

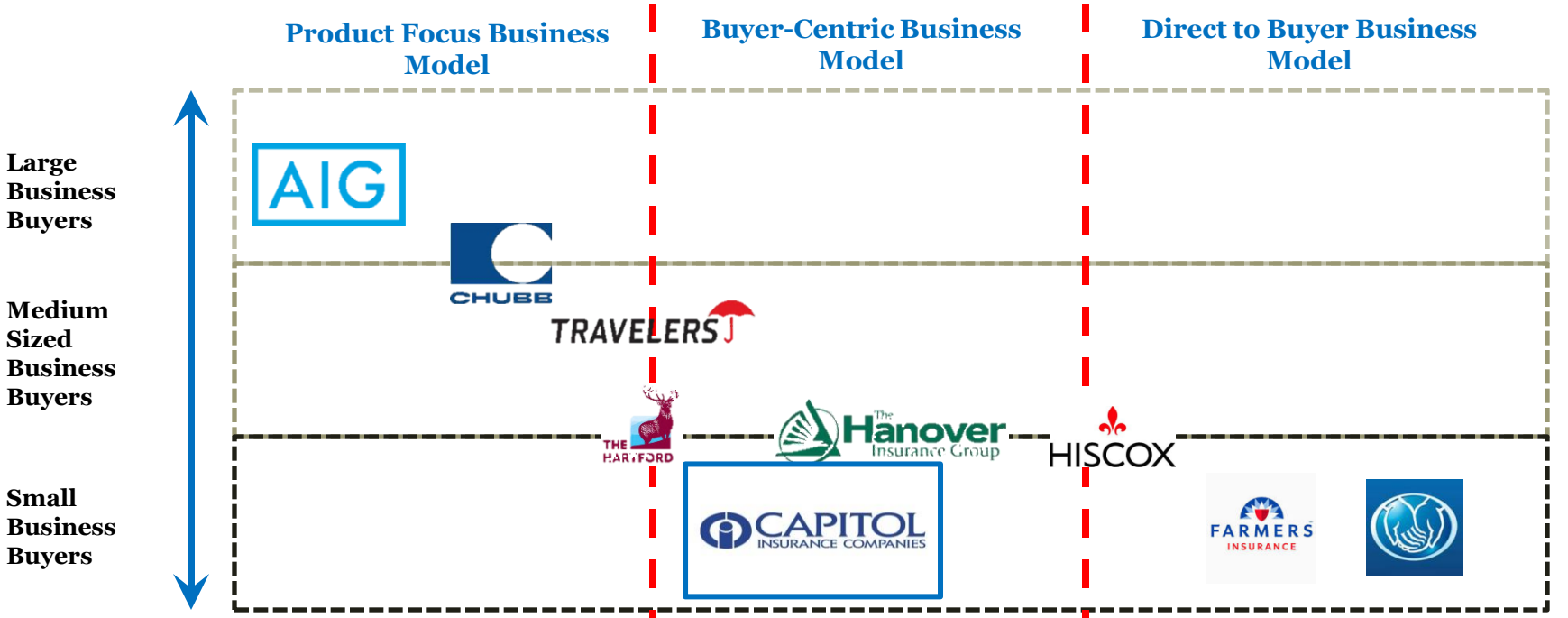


- The SME market is highly fragmented
- Few large insurers have focused on the SME market in the past
- Larger insurers are starting to pursue SME with a micro-targeting strategy, but are moving slowly
- Small insurers lack product breadth, distribution breadth, and resources to take more market share
- A compelling offering would allow Capitol to gain profitable share quickly and become a market leader in its selected markets

(1) Conning Research Report 2011

Competitive Landscape of Business Model Options

Key competitors are evolving toward a buyer-centric approach and some are preparing to venture into the direct space



- Limited products to serve the spectrum of buyer
- Lack of focus on targeted buyers (Product first, buyer second)
- Manual underwriting
- Limited Package offerings

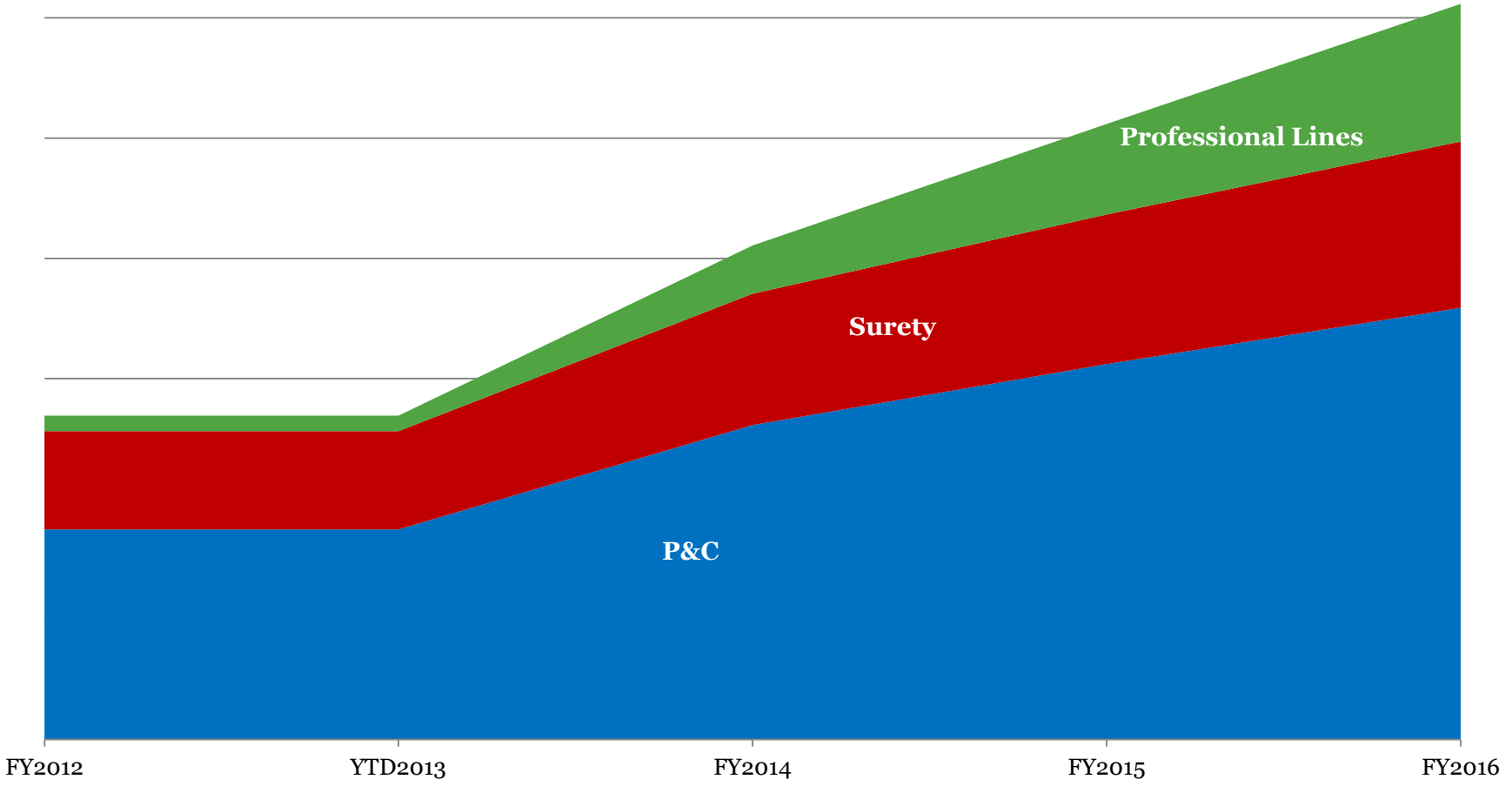
- Industry-targeted appetite with full product suite
- Automated
- Packaged products
- Industry-focused marketing materials

- Package and sell commercial & consumer products
- Marketing is targeted to buyers
- Direct-to-buyer web portal and sales channel
- Policy and customer service centers work directly with buyers

Challenges and Opportunities

Challenges	Opportunities
▪ Significant underwriting involvement is required	▪ We will be more important to our distribution partners as we identify the buyers that we want to target
▪ Product set is not tailored to any segments of the SME market	▪ Select segments where we bring expertise and can leverage cross-division products into one-stop shop solutions
▪ "We will entertain anything" approach precludes any differentiation and is time consuming and resource intensive	▪ Continuously assess, prioritize, and launch new targeted segments and distribution partners
▪ Lack of automation	▪ Build a unified small business system

Where We Want to Go



Financial Snapshot

Highlights

- Modest underwriting losses in each year presented
- Loss ratio overshadowed by high expense ratio
- Surety business continues to perform well
- Prior year results negatively impacted by Axiom

Summary Financials

($ in millions)	FY 2011	FY 2012	YTD 2013[1]
Gross premiums written	$150	$158	$135
Net premiums written	$142	$149	$126
Net premiums earned	$149	$145	$114
Net losses and loss expenses	(83)	(86)	(57)
Acquisition costs	(36)	(40)	(27)
General & administrative expenses	(36)	(40)	(33)
Underwriting income (loss)	**($7)**	**($21)**	**($4)**
GAAP Ratios			
Loss and loss expense ratio	*55.7%*	*59.4%*	*50.0%*
Acquisition cost ratio	*24.3%*	*27.4%*	*24.0%*
General & administrative expense ratio	*24.4%*	*27.4%*	*29.3%*
Combined ratio	***104.4%***	***114.2%***	***103.2%***

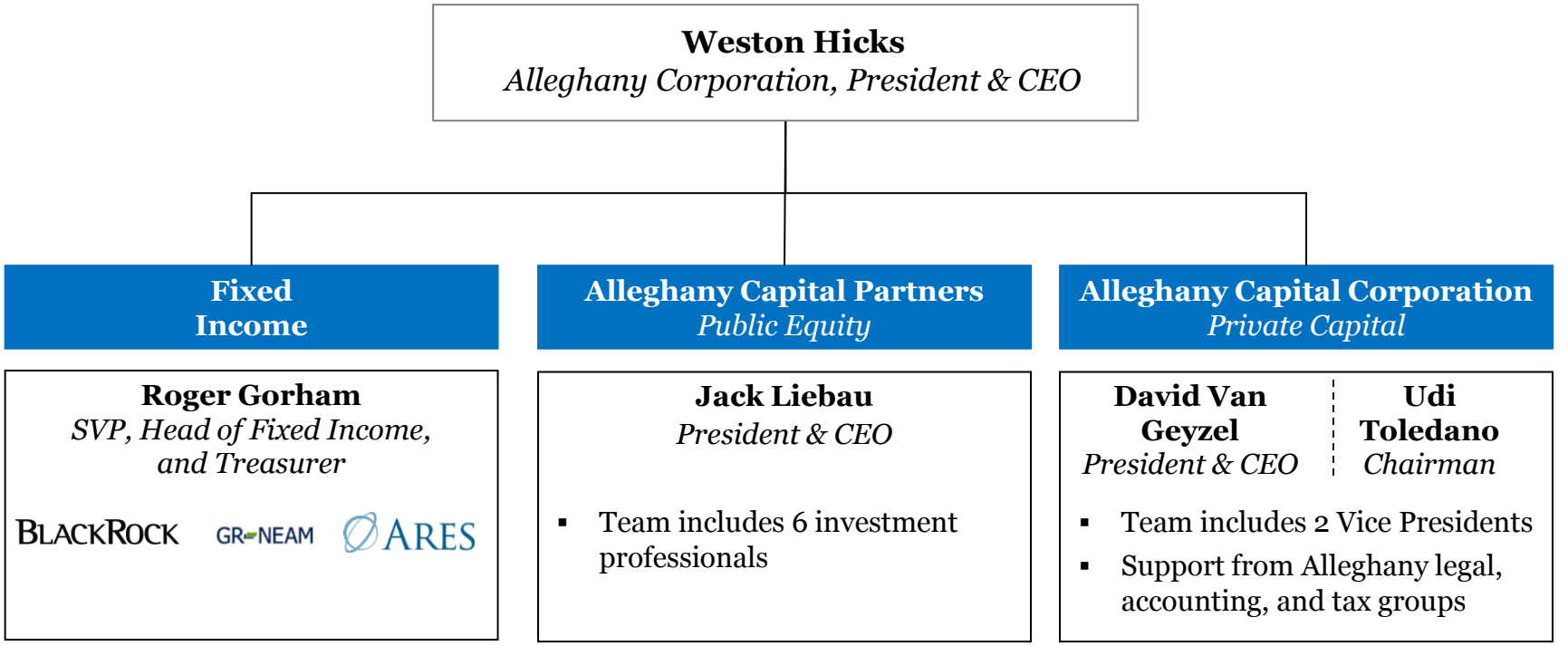
(1) YTD through September 30, 2013

Questions?

Roger Gorham – *Fixed Income*
Jack Liebau – *Public Equity*
David Van Geyzel and Udi Toledano – *Private Capital*

Investments

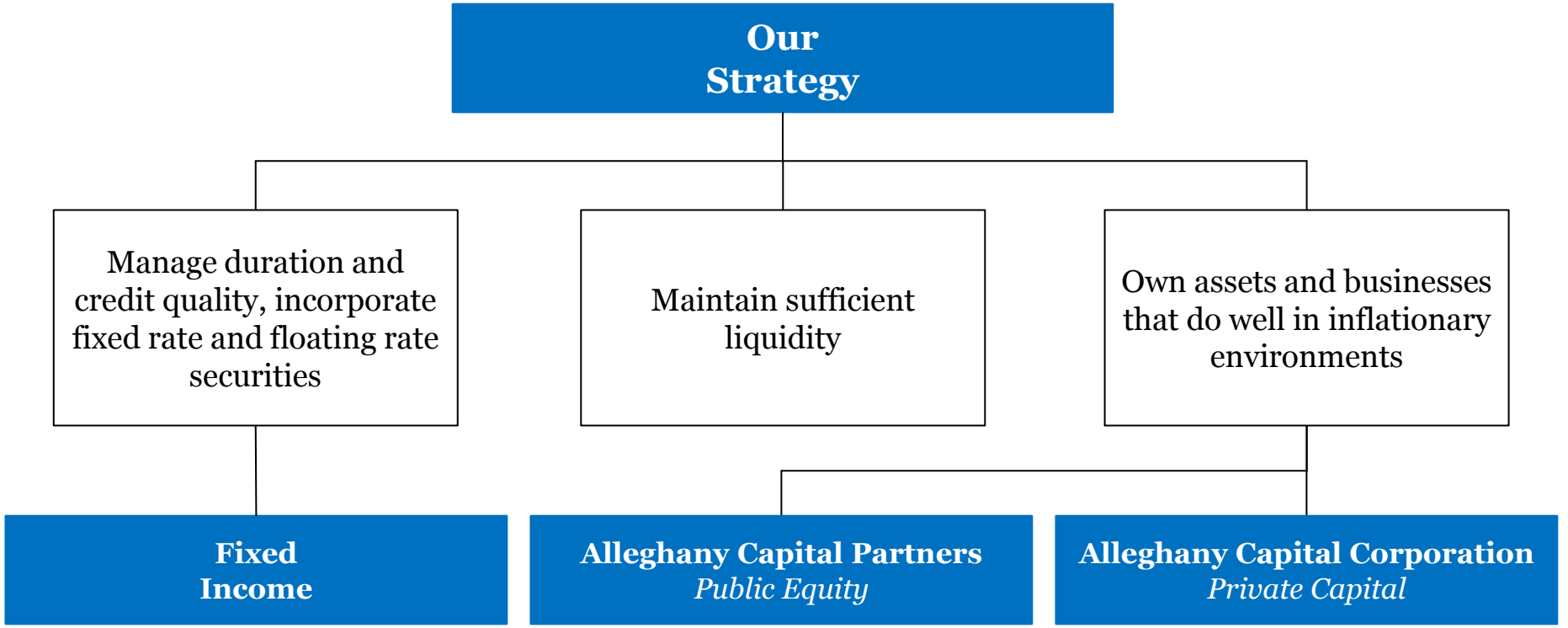
Alleghany Investments



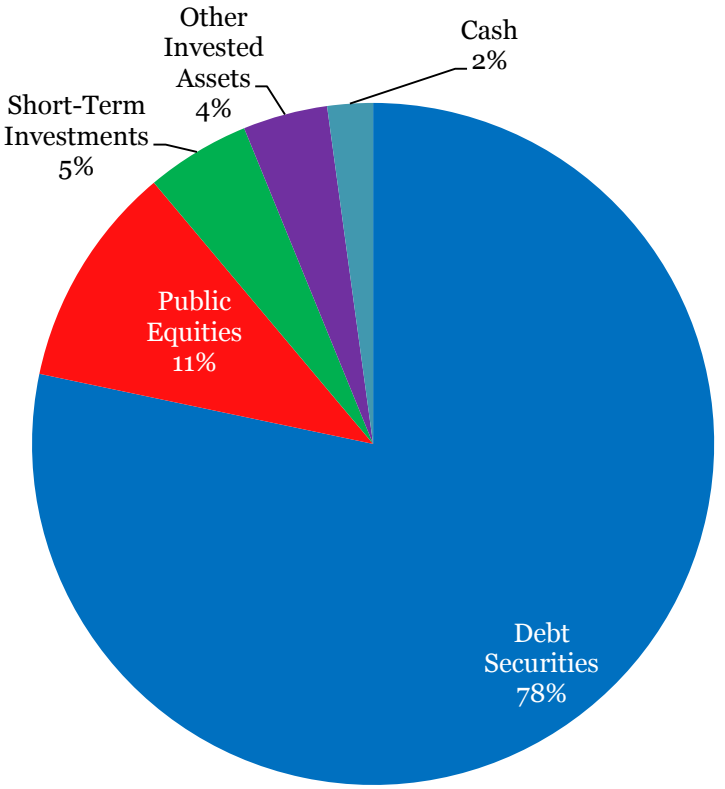
An integrated investment platform that balances fixed income exposure with public and private capital

Macro Environment and Strategy

Our Environment	Property & Casualty Insurance Cycle –> Drives operational cash flow Catastrophe Losses –> Drive near term cash flow demands Long-Term Casualty Loss Reserves –> Subject to loss cost inflation risk Mandatory Fixed Income Holdings –> Subject to inflation risk



Portfolio Allocation



- Debt Securities: $15.0 billion
- Equity Securities: $2.0 billion
- Short-Term Investments: $1.0 billion
- Other Invested Assets: $0.8 billion
- Cash: $415 million

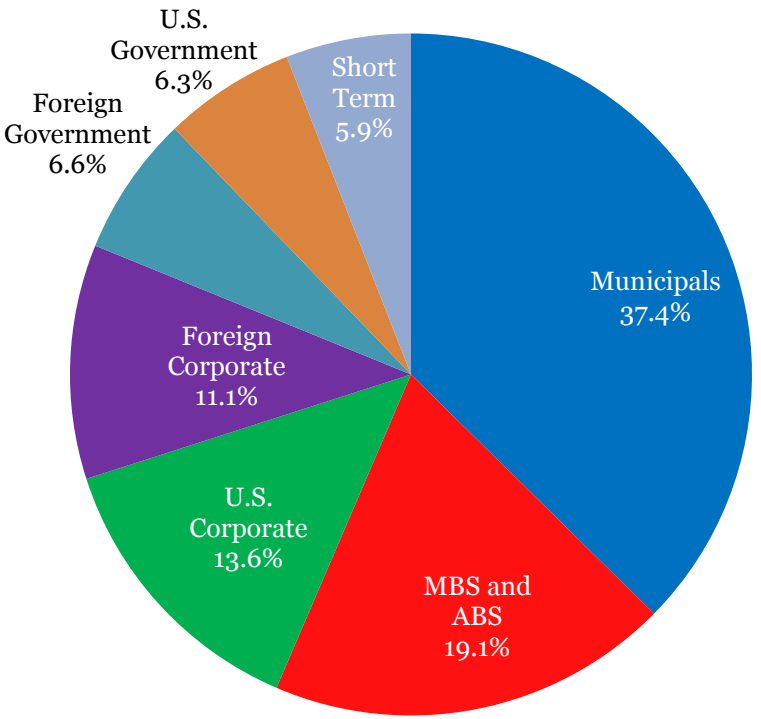
- **Total: $19.2 billion**

Note: Data as of September 30, 2013

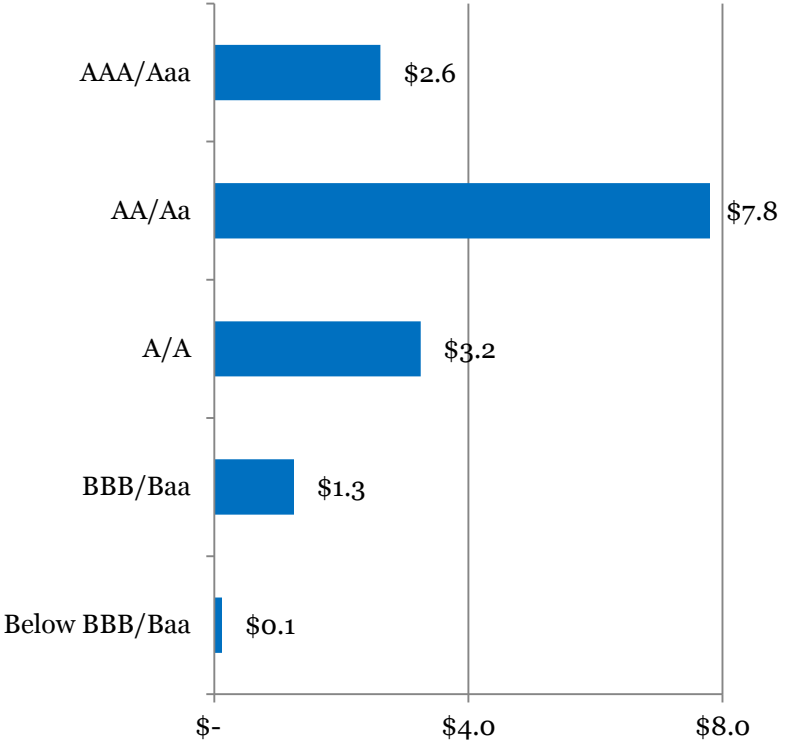
Fixed Income: Introduction

- Our goal is to preserve capital and maximize after-tax return

Sector Allocation



Credit Quality ($ in billions)



Duration: 4.3 years

Note: Data as of September 30, 2013

Fixed Income: Ares Management, LLC

July 2013
$250 million direct equity investment
$1 billion total management opportunity

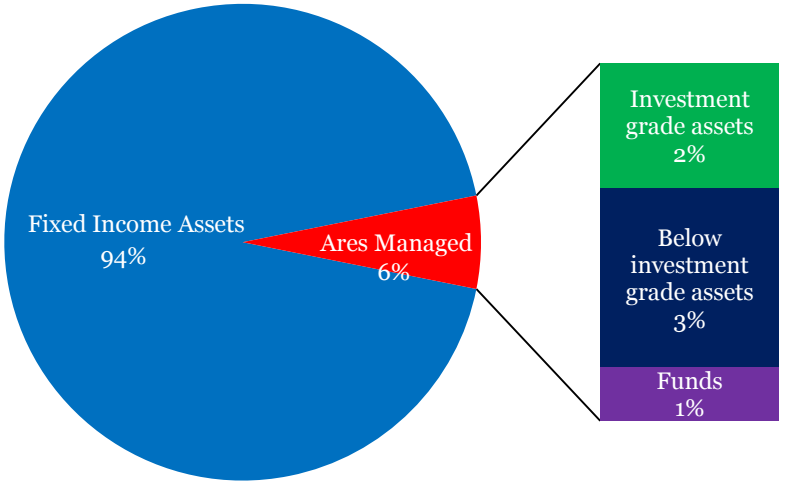
Alleghany

has acquired a stake in:

ARES

- **Transaction:** On July 31, 2013, Alleghany acquired a 6.25% stake in Ares Management, LLC for a purchase price of $250 million and agreed to invest as much as $1.0 billion in existing and new Ares investment strategies
- **Investment Thesis:** Investment in a broad spectrum of products, including both investment and non-investment grade securities. Opportunity for Alleghany to access Ares' expertise in these products to prudently enhance Alleghany's fixed income returns and help Ares expand into the insurance industry

Fixed Income Assets and Related Funds



Alleghany Capital Partners ("ACP"): Goal and Strategy

- ACP's goal is to grow the equity portfolios of Alleghany and its (re)insurance subsidiaries over the long term, at a rate consistently above market averages, risk adjusted

- ACP believes that intensive fundamental research, concentrated positions, and long-term holding periods are necessary to produce consistently superior investment results

Alleghany Capital Partners: Highlights

- Total equity exposure: $2.0 billion
- Dividend yield: 2.2%
- Team includes 6 investment professionals
- Top 5 positions represent more than one third of total equities

Note: Data as of September 30, 2013

Alleghany Capital Corporation ("ACC"): Goal and Strategy

- ACC's goal is to generate above-market returns over the long-term, investing primarily in equity securities of private companies
- ACC's strategy is to leverage its competitive advantages of permanent and scalable capital to generate proprietary deal flow and then partner with a select group of owner-managers to grow their businesses

	1 Acquisitions, Recapitalizations, and Management Buyouts	2 Growth Capital and Special Situations
Control	Majority	Prefer majority control, but will consider minority investments
Investment	Minimum investment of $50 million, minimum annual EBITDA of $10 million	Minimum investment of $20 million, includes pre-revenue companies
Horizon	Long-term	Flexible

Alleghany Capital Corporation: Select Portfolio Company Highlights

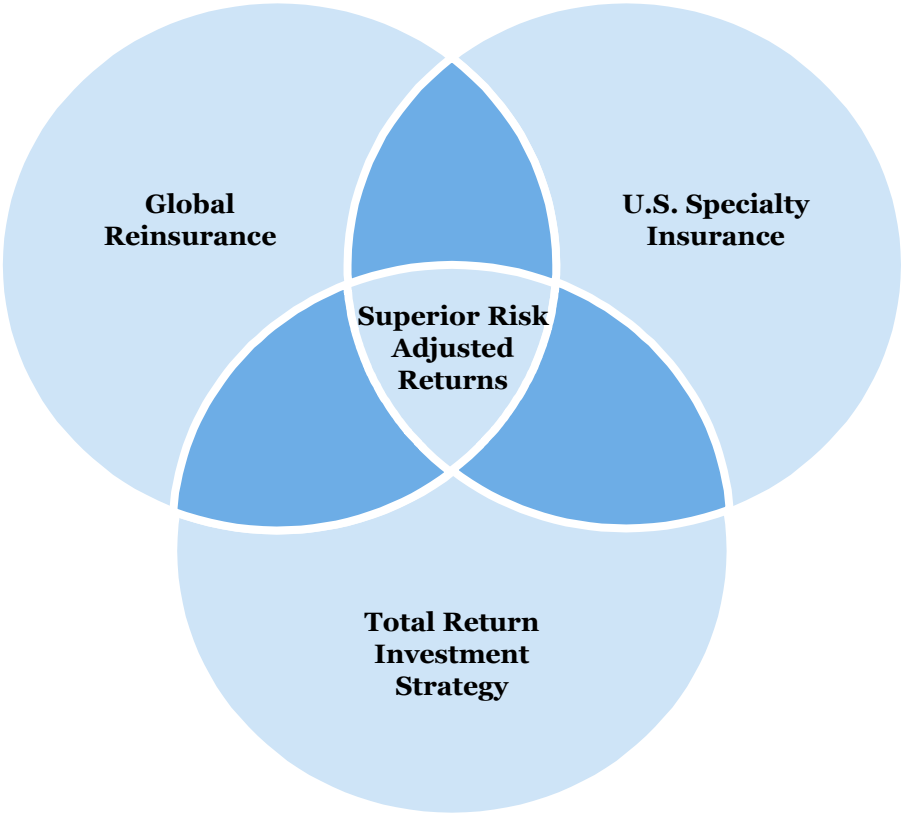
Company	Highlights
KENTUCKY TRAILER	▪ Kentucky Trailer is a leading manufacturer of custom trailers for the moving and storage industry and other niche markets. Investment closed in August 2013 ▪ ACC's differentiated business model compared with standard private equity funds was critical to Gary A. Smith, Sr. (CEO) and the Tway Family ▪ Growing business with a dedicated management team, significant competitive advantages, and meaningful organic and acquisition growth opportunities
BK BOURN &KOCH INC	▪ Bourn & Koch is a manufacturer of precision machine tools and provider of related replacement parts and services. Investment closed in April 2012 ▪ ACC's long-term investment horizon and willingness to put limited leverage on the company were critical to the partnership with Tim Helle (President) ▪ Niche business with a driven management team, significant competitive advantages, and strong cash flow dynamics. Platform for future acquisitions
STRANDED OIL RESOURCES CORPORATION ORX EXPLORATION, INC.	▪ Growth capital investments in the oil and gas E&P industry. The core thesis for both investments is based on technology unlocking additional resources ▪ SORC was founded in 2011 and ACC's initial investment in ORX was made in 2008 ▪ ACC's scalable capital model and long-term investment horizon were key to ACC's partnerships with Mark See (CEO of SORC) and Luis Baños (CEO of ORX)

Questions?

Jack Sennott

Financial Statements

Financial Goal and Strategy



Financial Goal

- Grow BVPS at a rate exceeding total return on S&P 500

Core Tenets of Our Strategy

- Own well-capitalized and financially secure reinsurance and insurance operations run by high quality management teams
- Align owners' and managers' interests by structuring compensation to reward underwriting profits
- Maintain a strong balance sheet with conservative reporting and reserving practices
- Maintain flexibility to allocate capital to highest risk-adjusted return opportunities
- Take a long-term approach

Alleghany Consolidated Statement of Earnings

($ in millions, except per share data)	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Premiums written:		
Gross premiums written	$ 3,752.1	$ 3,078.8
Net premiums written	3,285.9	2,700.4
Revenues		
Net premiums earned	$ 3,183.2	$ 2,622.9
Net investment income	334.5	234.6
Net realized investment gains	95.6	119.8
Other than temporary impairment losses	(41.9)	(2.9)
Gain on bargain purchase	-	494.9
Other income	37.8	43.4
Total revenues	3,609.2	3,512.7
Costs and Expenses		
Net loss and loss expenses incurred	1,862.4	1,587.8
Commissions, brokerage and other underwriting expenses	998.8	592.8
All other expenses	134.6	379.0
Interest expense	65.0	46.5
Total costs and expenses	3,060.8	2,606.1
Earnings before income taxes	548.4	906.6
Income taxes	125.0	111.7
Net earnings	423.4	794.9
Net earnings attributable to noncontrolling interest	0.2	-
Net earnings attributable to Alleghany stockholders	$ 423.2	$ 794.9
Basic earnings per share attributable to Alleghany stockholders	$ 25.20	$ 53.19
Diluted earnings per share attributable to Alleghany stockholders	25.20	53.14
Ratios and Supplemental Information		
Net loss and loss expenses incurred:		
Current year	2,043.8	1,594.6
Prior years	(181.4)	(6.8)
	$ 1,862.4	$ 1,587.8
Loss and loss expense ratio	58.5%	60.5%
Expense ratio	31.4%	22.6%
Combined ratio	89.9%	83.1%

Alleghany Balance Sheet

($ in millions)	September 30, 2013	December 31, 2012
Assets		
Investments:		
Available-for-sale securities at fair value:		
Equity securities	$ 2,035.2	$ 1,424.0
Debt securities	15,041.1	15,999.5
Short-term investments	949.3	366.0
	18,025.6	17,789.6
Other invested assets	771.7	537.4
Total investments	18,797.3	18,326.9
Cash	414.7	649.5
Reinsurance recoverables	1,376.1	1,348.6
Goodwill and intangible assets	225.6	212.2
All other assets	2,428.1	2,270.7
Total assets	$ 23,241.8	$ 22,808.0
Liabilities and Stockholders' Equity		
Loss and loss adjustment expenses	$ 12,030.3	$ 12,239.8
Unearned premiums	1,830.0	1,705.3
Senior Notes	1,798.7	1,811.5
All other liabilities	843.2	647.6
Total liabilities	16,502.2	16,404.2
Total stockholders' equity attributable to Alleghany stockholders	6,716.5	6,403.8
Noncontrolling interest	23.0	-
Total stockholders' equity	6,739.6	6,403.8
Total liabilities and stockholders' equity	$ 23,241.8	$ 22,808.0

Capital Structure and Leverage Ratios

($ in millions, except ratios)	September 30, 2013	December 31, 2012
Capital Structure		
Senior Notes	$ 1,798.7	$ 1,811.5
Total stockholders' equity attributable to Alleghany stockholders	6,716.5	6,403.8
Total capitalization	$ 8,515.2	$ 8,215.3
Debt Detail		
Total Debt	$ 1,798.7	$ 1,811.5
Less: Holding Company Liquidity	(629.2)	(731.7)
Total Net Debt	$ 1,169.5	$ 1,079.8
Leverage ratios		
Total Debt to Capitalization	*0.2*	*0.2*
Total Net Debt to Capitalization	*0.1*	*0.1*
Net premiums written (trailing 12 months)	$ 4,309.4	$ 3,724.0
Net premiums written (trailing 12 months) to stockholders' equity	*0.6*	*0.6*
Total investments and cash	$ 19,212.0	$ 18,976.4
Total investments and cash to stockholders' equity	*2.9*	*3.0*
Reserve for losses and loss expenses	$ 12,030.3	$ 12,239.8
Deduct: reinsurance recoverable on ceded losses	(1,310.5)	(1,305.9)
Net reserve for losses and loss expenses	10,719.8	10,933.9
Net reserve for losses and loss expenses to stockholders' equity	*1.6*	*1.7*

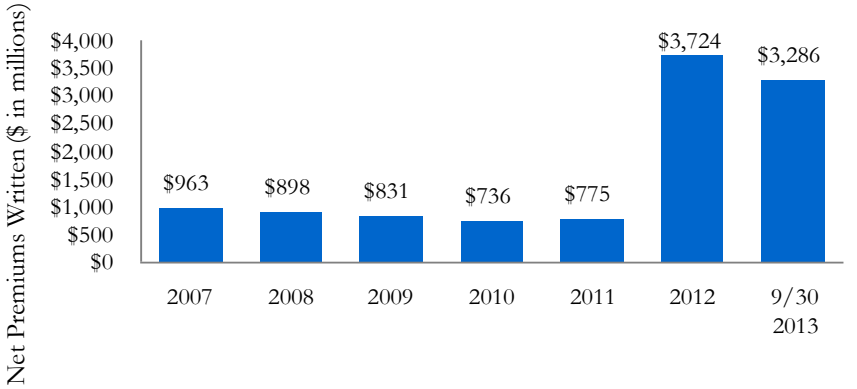
Return on Average Stockholders' Equity

($ in millions, except ratios)		Nine Months Ended September 30, 2013
Opening stockholders' equity attributable to Alleghany stockholders	$	6,403.8
Closing stockholders' equity attributable to Alleghany stockholders		6,716.5
Average stockholders' equity	$	6,560.2
Net earnings attributable to Alleghany stockholders	$	423.2
Return on average stockholders' equity		6.5%
Annualized return on average stockholders' equity		8.6%

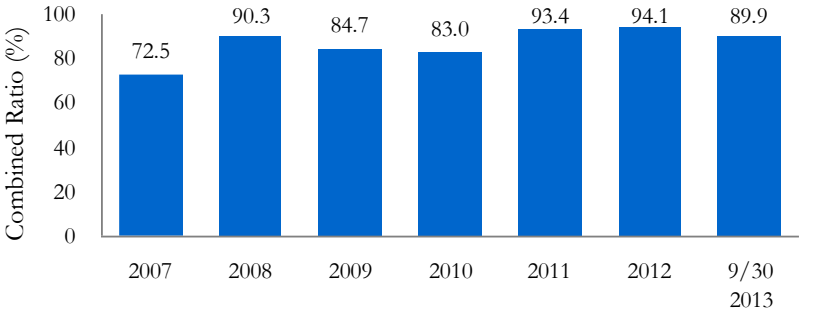
Book Value Per Share (through 9/30/13)	**5.7%**
Annualized BVPS growth	**7.5%**

Alleghany Consolidated Performance

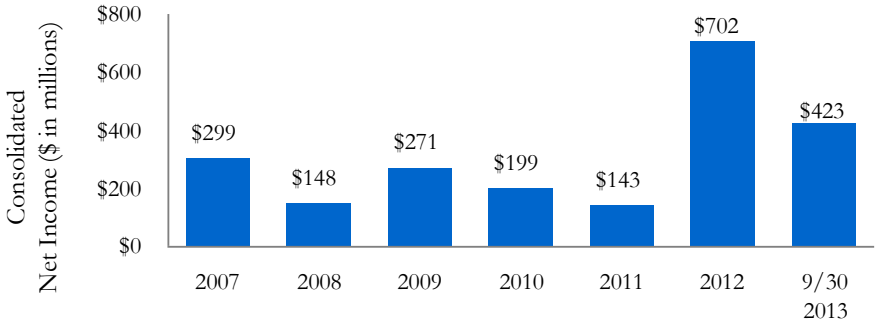
Net Premiums Written



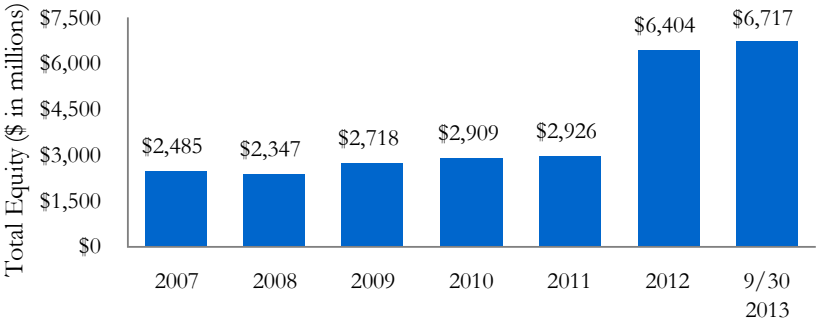
Combined Ratio



Consolidated Net Income[1]



Total Equity[1]



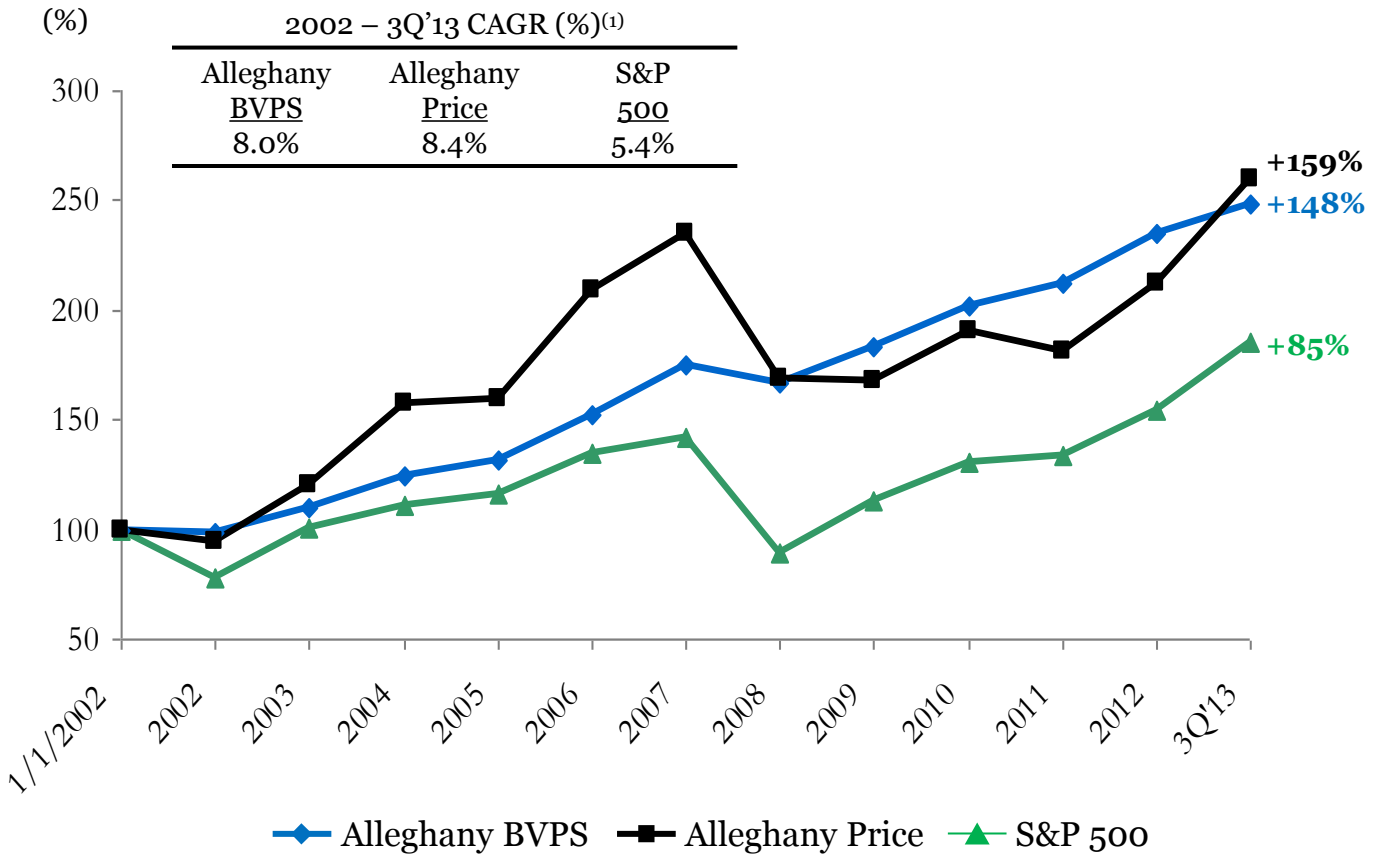
Source: Company filings
(1) Attributable to Alleghany stockholders

Attractive Long-Term Returns

Focus on Book Value per Share Growth

Long-term Conservative Orientation

Quasi-autonomous Subsidiary Operating Model



Alleghany has a demonstrated track record of creating long-term stockholder value

Source: SNL Financial, Company filings, CapIQ
(1) Alleghany price and S&P500 CAGR calculated on a total return basis

Summary

- Long-term focus with track record of book value growth
- Highly-experienced management team with a demonstrated track record
- Leading franchise across global reinsurance and U.S. specialty insurance with significant capital and scale
- Disciplined underwriter with superior risk management through insurance cycles
- Strong balance sheet with solid financial performance
- An integrated investment platform that balances fixed income exposure with public and private capital
- Significant financial flexibility at the holding company level

Questions?