

AUDIT COMMITTEE
of the
BOARD OF DIRECTORS
of
ALLEGHANY CORPORATION

I. FUNCTION:

The Audit Committee is charged with assisting the Board of Directors in its oversight of the integrity of the Corporation's financial statements, the Corporation's compliance with legal and regulatory requirements, the qualifications, performance and independence of the Corporation's independent auditors and the performance of the Corporation's internal auditors, the Corporation's systems of disclosure controls and procedures, internal controls over financial reporting; and producing a report as required by the Securities and Exchange Commission to be included in the Corporation's annual proxy statement.

II. ORGANIZATION:

- A. The Audit Committee shall be composed of three or more directors appointed by the Board of Directors, each of whom shall be independent, as determined by the Board of Directors consistent with the requirements of the Securities Exchange Act of 1934, as amended, the rules adopted thereunder by the Securities and Exchange Commission and the listing standards of the New York Stock Exchange. All members of the Committee shall be financially literate and at least one member shall have accounting or related financial management expertise, as such qualifications are interpreted by the Board of Directors in its business judgment. In determining the qualifications of any member of the Committee, the Board of Directors shall consider whether such member serves on the audit committees of more than three public companies and determine that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Subject to the foregoing, the Board may remove and replace members of the Committee in its discretion.
- B. The Committee shall meet at such times and upon such notice as it may determine.
- C. A majority of the members then in office shall constitute a quorum. The act of a majority of the members present at a meeting at which a quorum is present shall be the act of the Committee.
- D. The Board shall designate one of the members as Chair. The Committee Chair will preside at each meeting. If the Committee Chair is not present

at a meeting, the members present will designate one of the members present to act as Chair of the meeting.

- E. The Committee shall have the authority to delegate its responsibilities to a subcommittee of its members.

III. RESPONSIBILITY AND AUTHORITY:

- A. The independent auditors of the Corporation and its subsidiaries shall report directly to the Committee, and the Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation.
- B. The Committee shall approve in advance all audit services to be provided by the independent auditors; and shall establish policies and procedures for the engagement of the independent auditors to provide audit and permissible non-audit services, which shall include pre-approval of all permissible non-audit services to be provided by the independent auditors. The authority to grant pre-approvals of audit and non-audit services may be delegated to one or more designated members of the Committee, provided that such member(s) of the Committee shall confer with the full Committee in advance of any engagement where the fees of the independent auditor are estimated to exceed \$100,000. Any pre-approval decisions will be presented to the full Committee at least quarterly.
- C. The Committee shall, at least annually, obtain and review a report by the independent auditors describing: the independent auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the independent auditors; any steps taken to deal with any such issues; and (to assess the independent auditor's independence) all relationships between the independent auditors and the Corporation. After reviewing such report, the Committee shall evaluate the qualifications, performance and independence of the independent auditors and the lead partner of such independent auditors, taking into account the opinions of management and internal auditors and considering whether there should be a regular rotation of the independent auditors. The Committee shall present its conclusions with respect to the independent auditors to the Board of Directors.
- D. The Committee shall meet to review and discuss:

- (1) with management and the independent auditors, the audited consolidated annual financial statements of the Corporation and its subsidiaries, including reviewing the Corporation's specific disclosure under management's discussion and analysis of financial condition and results of operation and critical accounting policies, to be incorporated in the Corporation's Annual Report on Form 10-K to the Securities and Exchange Commission, and any such review by the Committee thereof shall include a determination whether to recommend such incorporation; and
- (2) with management and the independent auditors, the unaudited consolidated quarterly financial statements of the Corporation and its subsidiaries, including reviewing the Corporation's specific disclosures under management's discussion and analysis thereof, to be included in the Corporation's Quarterly Reports on Form 10-Q to the Securities and Exchange Commission;

E. The Committee shall review and discuss:

- (1) the Corporation's earnings releases, as well as financial information and earnings guidance provided to analysts and rating agencies (provided that this may be done generally and that each earnings release or guidance need not be discussed in advance);
- (2) the Corporation's policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process by which risk assessment and risk management is handled by the Corporation, as well as the Corporation's major financial risk exposures and the steps management has undertaken to control them;
- (3) the adequacy and effectiveness of the Corporation's internal controls, including any significant deficiencies in internal controls and significant changes in such controls reported to the Committee by the independent auditors or management;
- (4) the adequacy and effectiveness of the Corporation's disclosure controls and procedures and management reports thereon; and
- (5) the quality, as well as the acceptability, of the Corporation's accounting policies, including the Corporation's critical accounting policies and practices and the estimates and assumptions used by management in the preparation of the Corporation's financial statements, and in connection therewith shall discuss with the independent auditors all (a) alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of use of

such alternative treatments and the treatment preferred by the independent auditors and (b) any material written communications between the independent auditor and management, including, but not limited to, any management letter and schedule of unadjusted differences.

- F. The Committee shall assist the Board of Directors with oversight of the Corporation's compliance systems with respect to legal and regulatory requirements.
- G. The Committee shall meet separately, periodically, with management, the principal internal auditor and the independent auditors.
- H. The Committee shall review with the independent auditors any audit problems or difficulties and management's response.
- I. The Committee shall discuss with the independent auditors the matters required to be discussed under the standards of the Public Company Accounting Oversight Board.
- J. The Committee shall set clear hiring policies, consistent with governing laws and regulations, for employees or former employees of the independent auditors.
- K. The internal auditors of the Corporation shall report directly to the Committee and the Committee shall oversee the compensation, activities and performance of the Corporation's internal auditors. The Committee shall annually review and recommend changes (if any) to the internal audit charter.
- L. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- M. The Committee shall produce a report as required by the Securities and Exchange Commission to be included in the Corporation's annual proxy statement.
- N. The Committee may engage independent counsel and other advisers, as it determines necessary to carry out its duties (collectively, the "External Advisors"). The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any External Advisor retained by the Committee. The Committee shall receive appropriate funding from the Corporation, as determined by the Committee in its capacity as a committee of the Board, for the payment of reasonable compensation to its External Advisors. However, the

Committee shall not be required to implement or act consistently with the advice or recommendations of any External Advisor, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

- O. In carrying out its duties and responsibilities, the Committee shall also have the authority to meet with and seek any information it requires from employees, officers or directors of the Corporation or external parties.
- P. The Committee shall annually evaluate its performance, the qualifications of its members and the adequacy of this Charter and report thereon to the Board of Directors.
- Q. The Committee shall keep regular minutes of its proceedings and shall report regularly to the Board of Directors.
- R. To the extent that the Committee in its sole discretion deems feasible and desirable, it may (but shall not be required to) review such other aspects of the affairs of the Corporation and its subsidiaries as it deems appropriate, including but not limited to compliance by management with the policies and decisions of the Board of Directors or any committee thereof, and may make reports and recommendations to the Board with respect thereto.

IV. LIMITS ON RESPONSIBILITY

Management is responsible for the Corporation's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Corporation's consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The Committee's responsibility is to monitor and review these processes and the activities of the Corporation's independent auditors. The Committee members are not acting as professional accountants or auditors, and their functions are not intended to duplicate or certify the activities of management and the independent auditors or to certify the independence of the auditors under applicable rules.

As Amended 02/25/14