

ALLEGHANY CORPORATION & SUBSIDIARIES – TAX STRATEGY STATEMENT

SECTION 1: INTRODUCTION

The global tax strategy statement set out below is intended to meet the United Kingdom (“UK”) requirements under Finance Act 2016 Schedule 19 in relation to publication of a tax strategy for Alleghany Corporation (“Alleghany”). It will be made available to all interested parties through publication on Alleghany’s website (www.alleghany.com). The global position as set out is consistent with the management of Alleghany’s UK tax obligations.

The Alleghany Tax Department (as described on page 4) partners with Alleghany’s businesses in an effort to ensure that:

- the strategy is followed consistently across Alleghany and its operating subsidiaries, with clear lines of responsibility and accountability,
- the strategy is aligned generally with Alleghany’s overall approach to corporate governance and risk management, and
- Alleghany pays the amount of tax on the business profits it generates that is required of it under the laws and regulations of the countries in which it operates.

SECTION 2: CORPORATE OVERVIEW

Alleghany is a Delaware corporation which owns and manages operating subsidiaries and investments, anchored by a core position in property and casualty reinsurance and insurance. Through its wholly owned subsidiary Alleghany Insurance Holdings LLC (“AIHL”) and its subsidiaries, Alleghany is engaged in the property and casualty insurance business. AIHL’s insurance operations are conducted by its subsidiaries RSUI Group, Inc., CapSpecialty, Inc., Pacific Compensation Corporation and AIHL Re, LLC, a captive reinsurance company which provides reinsurance to Alleghany’s insurance operating subsidiaries. Alleghany’s reinsurance operations are conducted by Transatlantic Holdings, Inc. (“TransRe”). Alleghany’s insurance operations are conducted solely within the United States. TransRe, Alleghany’s reinsurance subsidiary, is headquartered in New York City and conducts business on a worldwide basis. In addition to several offices throughout the United States, TransRe has operations in Africa, Australia, Bermuda, Canada, five locations in Asia, three locations in Central and South America and seven locations in the UK and European Union. Alleghany’s insurance and reinsurance operations are subject to insurance regulatory oversight and requirements in all locations where they conduct business.

Although Alleghany’s primary sources of revenues and earnings are its reinsurance and insurance operations and investments, Alleghany engages in and oversees strategic investments and acquisitions primarily through its wholly owned subsidiary Alleghany Capital Corporation (“Alleghany Capital”). Alleghany Capital’s investments include:

- Stranded Oil Resources Corporation, an exploration and production company focused on enhanced oil recovery, headquartered in Golden, Colorado;
- Bourn & Koch, Inc., a manufacturer and remanufacturer/retrofitter of precision machine tools and supplier of replacement parts, headquartered in Rockford, Illinois;

- R.C. Tway Company, LLC (dba Kentucky Trailer)(“Kentucky Trailer”), a manufacturer of custom trailers and truck bodies for the moving and storage industry and other markets, headquartered in Louisville, Kentucky;
- IPS-Integrated Project Services, LLC (“IPS”), a technical engineering-focused service provider focused on the global pharmaceutical and biotechnology industries, headquartered in Blue Bell, Pennsylvania;
- Jazwares, LLC (“Jazwares”), a toy and consumer electronics-company, headquartered in Sunrise, Florida; and
- WWSC Holdings LLC, a structural steel fabricator and erector, headquartered in Oklahoma City.

The majority of Alleghany Capital’s business is conducted in the United States. Kentucky Trailer, IPS and Jazwares conduct a small amount of foreign business through operations in Brazil, India, Germany, Hong Kong, the UK and Switzerland.

SECTION 3: TAX STRATEGY STATEMENT & STRATEGIC TAX OBJECTIVES

Tax Strategy Statement

Alleghany is committed to conducting its tax affairs consistent with the following objectives:

1. Comply with all relevant laws, rules, regulations and reporting and disclosure requirements, wherever it operates.
2. Ensure the tax strategy is generally consistent with Alleghany’s overall business strategy and its risk management policies.
3. Apply professional diligence and care in the management of risks associated with tax matters and ensure governance and assurance procedures are appropriate.
4. Foster constructive, professional and transparent relationships with tax authorities, based on the concepts of integrity, collaboration and mutual trust.
5. Use incentives and reliefs to minimize the tax costs of conducting its business activities, but not use them for purposes which are knowingly in violation of applicable legislation.

Strategic Tax Objective

Delivery of the Strategic Tax Objectives

<p>1. Comply with all relevant laws, rules, regulations and reporting and disclosure requirements, wherever Alleghany operates.</p>	<p>Alleghany is committed to complying with all applicable laws, rules, regulations and reporting and disclosure requirements, wherever there is a requirement to do so as a result of Alleghany’s business presence and transactions.</p> <p>A dedicated tax professional will collaborate with Alleghany’s business persons to provide advice and guidance necessary to ensure such compliance, obtaining external advice and support where Alleghany believes it does not have the necessary tax expertise or resources. There are clear management responsibilities, backed up by regular monitoring and review, carried out by the Tax Director, whom Alleghany believes has the necessary experience and skill set.</p>
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<p>2. Ensure the tax strategy is generally consistent with Alleghany's overall strategy, its approach to risk, and Alleghany's core values.</p>	<p>Alleghany attempts to ensure that the Alleghany Tax Department's objective of minimizing exposure to tax risk and the method of achieving it is understood across its businesses. To accomplish this, Alleghany has established lines of communication with finance, legal, operational and business departments and provides information and support to ensure that they consider tax and involve the Alleghany Tax Department, where appropriate, when considering transactions and making business decisions.</p> <p>Business needs will not override compliance with applicable tax laws. The tax function therefore provides appropriate input for business proposals to ensure a clear understanding of the tax law's applicability to such proposals.</p> <p>Even if business decisions are made that are generally in line with the tax strategy, risk can arise through poor implementation of the transaction, or ineffective ongoing management of tax-sensitive business processes. Alleghany's Tax Department therefore aims to be involved in all stages of material and tax-sensitive transactions-from discussion, through implementation, to post-implementation review.</p>
<p>3. Apply professional diligence and care in the management of risks associated with tax matters and ensure governance and assurance procedures are appropriate.</p>	<p>As in the case with the overall Alleghany business, potential risk and the business's risk appetite will form a crucial part of the decision making process. The level of tax risk that is accepted by the business will be continually evaluated and revisited. No tax risk will be intentionally accepted that Alleghany believes jeopardizes its commitment to observing applicable laws, rules, regulations and reporting and disclosure requirements.</p> <p>A comprehensive tax risk and governance plan is in place that is supported by process documentation and a detailed tax risk matrix.</p> <p>Alleghany monitors its tax controls frequently to ensure that they operate effectively, and that the Alleghany Tax Department is informed in a timely manner of relevant developments by other departments within the organization. The monitoring of key tax controls is embedded within the overall Alleghany risk management process.</p>
<p>4. Foster constructive, professional and transparent relationships with tax authorities, based on the concepts of integrity, collaboration and mutual trust.</p>	<p>Alleghany believes that this is best achieved by adopting prudent and recognized filing positions. Alleghany aims to form strong tax technical positions as well as fully understand the business, commercial and regulatory context of transactions. Where a tax law is unclear or subject to interpretation, professional advice may be sought to ensure that Alleghany's position does not result in Alleghany taking an uncertain tax position, At the request of appropriate tax authorities, Alleghany will discuss any differences in the legal interpretation of tax laws with such appropriate tax authorities.</p> <p>Alleghany tries to develop and foster good working relationships as well as maintain dialogue with tax authorities. Where tax inquiries or audits are opened, Alleghany will generally try to use a proactive approach to the provision of information to the relevant authorities in order to aid in the resolution of any matters under review. In order to be able to supply such information, Alleghany tries to comply with all local document retention requirements.</p>

<p>5. Alleghany will use incentives and reliefs to minimize the tax costs of conducting its business activities, but not use them for purposes which are knowingly in violation of the applicable legislation.</p>	<p>Where alternatives exist to achieve the same business result, Alleghany will generally consider using the most tax efficient approach, subject to compliance with relevant laws and regulations. However, Alleghany will always strive to pay the amount of tax due at the time required where its business profits arise.</p> <p>Due consideration is given to Alleghany’s legislative and regulatory requirements, and corporate reputation when considering the tax consequences associated with Alleghany’s businesses and commercial objectives.</p>
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SECTION 4: TAX MANAGEMENT AND ORGANIZATION

Alleghany Tax Department

Alleghany’s Tax Department, led by the Tax Director, is part of the central finance function that reports directly to Alleghany’s Chief Finance Officer, with indirect oversight by Alleghany’s Audit Committee. The Tax Director leads, and is supported by, a group of tax professionals based in Alleghany’s subsidiaries whom Alleghany believes have the appropriate professional qualifications and experience commensurate with the responsibilities required for their roles. The tax professionals are provided with training as required to facilitate performance of their roles. Alleghany expects that its tax professionals will operate generally in accordance with the Tax Strategy.

Finance and Other Personnel

All finance personnel employed by Alleghany are responsible for complying with Alleghany’s overall financial governance requirements, which the tax guidelines are a subset thereof.

Alleghany attempts to ensure that non-tax personnel in key areas inform the tax department of relevant developments in order to make decisions which have tax consequences, that are in the best interest of Alleghany and in general accordance with tax strategy.

External Advisors

Tax advice may be sought from external advisors in respect of material transactions, and when the Tax Department does not have the expertise required in a particular area. The Tax Director is responsible for the appointment of external advisors, subject to Alleghany’s policy on audit/non-audit services, and negotiating terms of engagement approved by the Alleghany Legal and Internal Audit departments where appropriate. Such terms must adhere to Alleghany’s corporate governance and risk management policies.

SECTION 5: OVERSIGHT

This document has been reviewed by the Board of Directors of Alleghany Corporation (“Alleghany”) and generally sets out Alleghany’s policy and approach to conducting its tax affairs and dealing with tax risk. This document will be periodically reviewed by Alleghany’s Tax Director and any material amendments will be submitted to Alleghany’s Board of Directors for its review. This document is effective for the year ending December 31, 2017 and will remain in effect unless otherwise amended.