## This is Alleghany

Our objective is to create stockholder value through the ownership and management of a small group of operating subsidiaries and investments, anchored by a core position in property and casualty insurance. We are managed by a small parent company staff which seeks out attractive investment opportunities, delegates responsibilities to competent and motivated managers, defines risk parameters, sets management goals for our operating subsidiaries, ensures that managers of our operating subsidiaries are provided with incentives to meet these goals and monitors their progress. The operating subsidiaries function in an entrepreneurial climate as quasi-autonomous enterprises.

Conservatism dominates our management philosophy. We shun investment fads and fashions in favor of acquiring relatively few interests in basic financial and industrial enterprises that offer the potential to deliver long-term value to our investors.

Our operating subsidiaries and other investments include:

### *Operating Subsidiaries*

- ***RSUI Group, Inc. —*** a national underwriter of property and liability specialty insurance coverages
- ***Capitol Transamerica Corporation —*** an underwriter of property and casualty insurance coverages with a focus on the Midwest and Plains states and a national underwriter of specialty property and casualty and surety insurance coverages
- ***Pacific Compensation Corporation —*** an underwriter of workers' compensation insurance primarily in California

### *Other Investments*

- ***Homesite Group Incorporated —*** We own approximately 33 percent of this mono-line provider of homeowners insurance
- ***ORX Exploration, Inc. —*** We own approximately 38 percent of this oil and gas exploration and production company

## Financial Highlights *Alleghany Corporation and Subsidiaries*

(in millions, except for per share and share amounts)

| | Years Ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|
| Revenues | $ 981.8 | $ 985.4 | $ 1,184.4 |
| Net earnings | $ 143.3 | $ 198.5 | $ 271.0 |
| Basic earnings per share of common stock* | | | |
| Operations | $ 7.14 | $ 15.76 | $ 12.42 |
| Security gains** | 9.12 | 6.09 | 16.83 |
| Net earnings* | $ 16.26 | $ 21.85 | $ 29.25 |
| Common stockholders' equity per share* | $ 342.12 | $ 325.31 | $ 294.79 |
| Average number of shares of common stock outstanding* | 8,807,487 | 9,081,535 | 9,055,920 |

* *Amounts have been adjusted for subsequent common stock dividends.*
** *Includes net realized capital gains and other-than-temporary impairment losses.*

## Per Share Net Earnings (Losses) Contributions*

Years ended December 31,

| | Alleghany Insurance Holdings | Corporate Activities | Total |
|---|---|---|---|
| 2011 | | | |
| Operations | $12.71 | $ (5.57) | $ 7.14 |
| Security gains** | 5.62 | 3.50 | 9.12 |
| Total | $18.33 | $ (2.07) | $16.26 |
| 2010 | | | |
| Operations | $17.90 | $ (2.14) | $15.76 |
| Security gains** | 5.76 | 0.33 | 6.09 |
| Total | $23.66 | $ (1.81) | $21.85 |
| 2009 | | | |
| Operations | $16.21 | $ (3.79) | $12.42 |
| Security gains** | 2.43 | 14.40 | 16.83 |
| Total | $18.64 | $10.61 | $29.25 |

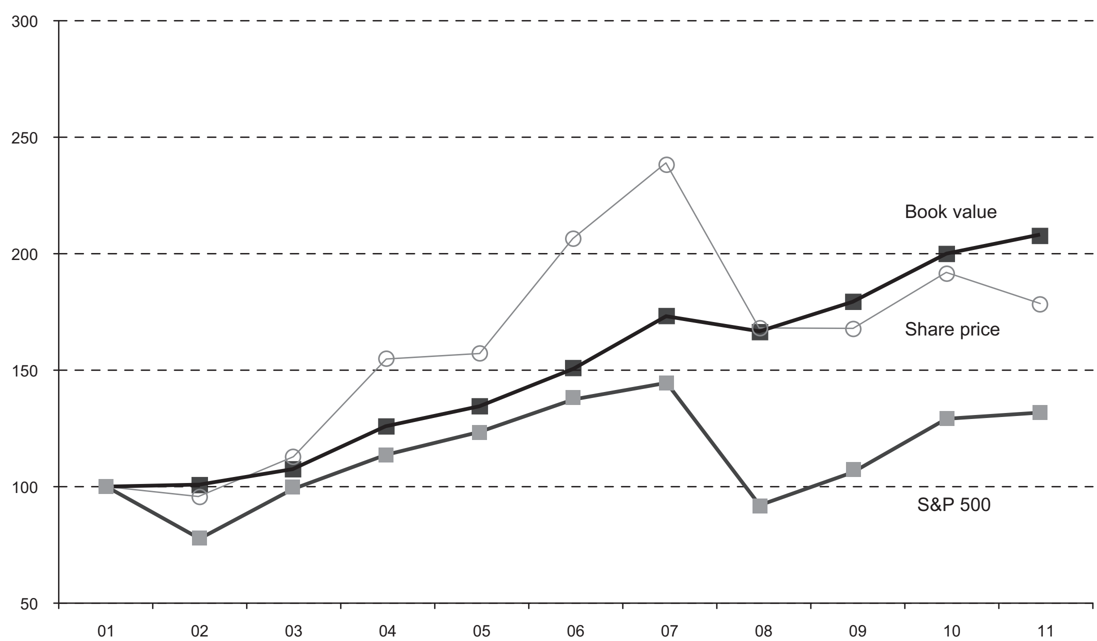
* *Amounts have been adjusted for subsequent common stock dividends.*
** *Includes net realized capital gains and other-than-temporary impairment losses.*

## To Our Stockholders

Alleghany's common stockholders' equity per share at year-end 2011 was $342.12, an increase of 5.2% from common stockholders' equity per share of $325.31 at year-end 2010, adjusted for stock dividends. For 2011, Alleghany reported net earnings to common stockholders of $143.3 million, or $16.26 per share. For the five years ended December 31, 2011, Alleghany's common stockholders' equity per share increased at a compound annual rate of 7.0%, compared with a compound annual rate of return of -0.3% for the S&P 500 over the same time period.

The chart below summarizes Alleghany's longer-term performance, with all values indexed to December 31, 2001. For the ten years ended December 31, 2011, Alleghany's common stockholders' equity per share increased at a compound annual rate of 7.8%, compared with a compound annual rate of return of 2.9% for the S&P 500 over the same time period. Alleghany's share price appreciated at a 6.1% compound annual rate of return over the past decade (adjusted for stock dividends).

**Alleghany Corporation**
**Indexed Performance 2001=100**




Year

The table below summarizes the change in common stockholders' equity in 2011 ($ millions):

| | |
|---|---|
| Net earnings before items below | $ 63.0 |
| Net realized capital gains | 82.6 |
| Other than temporary impairment losses | (2.3) |
| Net earnings | $ 143.3 |
| Repurchases of common stock | (120.3) |
| Other, net | (6.2) |
| Increase in common stockholders' equity | $ 16.8 |

The table shows that absent repurchases of common stock (all of which were made at a discount to book value per share) common stockholders' equity would have increased by $137.1 million in 2011, or 4.7% of beginning common stockholders' equity.

Our results in 2011 reflect the continuation of a highly competitive property and casualty insurance industry, the effects of lower interest rates on portfolio income, and elevated catastrophe and weather-related losses. In 2011, RSUI incurred $74.3 million of catastrophe losses. This figure does not include $14.4 million of earthquake losses that were not classified as industry catastrophe losses, and a loss at Homesite (of which our share was $31.1 million) due primarily to unusually severe tornado and hail losses early in the year, and to a lesser extent, Hurricane Irene.

Our 2011 results were also negatively affected by weak results at Capitol and PacificComp. Capitol produced an underwriting loss of $6.7 million in 2011 due to poor underwriting results in the company's largely discontinued specialty program business segment. PacificComp prudently elected to play defense over the past two years, in light of an industry pricing environment that offered little prospect for underwriting profitability. As a consequence, PacificComp had insufficient revenue to offset its fixed costs.

Our 2011 calendar year underwriting results reflect $56.2 million of favorable casualty prior year development at RSUI, partially offset by $5.0 million of net adverse prior year development at Capitol and $28.4 million of adverse prior year development at PacificComp. We continue to strive to set reserves at a reasonable and conservative level in relation to estimated ultimate losses and loss adjustment expenses.

The adverse development at Capitol in 2011 relates to a program that was discontinued almost a year ago. In fact, the adverse development related to this program was larger than the $5.0 million of overall net adverse development, but was partially offset by favorable reserve development in Capitol's core property and casualty and surety business. In the case of PacificComp, we increased reserves given the generally unstable nature of the claims environment in California workers' compensation.

To better understand Alleghany's 2011 results, it is instructive to review the more detailed table below. All amounts are after-tax ($ millions):

| | Amount | % of Beginning |
|---|---|---|
| Beginning common stockholders' equity | $2,908.9 | |
| Underwriting profits | 32.2 | 1.1% |
| Interest and dividends | 105.5 | 3.6 |
| Investment gains[1] | 74.0 | 2.5 |
| Other operating expenses[2] | (22.4) | (0.8) |
| Subtotal | $ 189.3 | 6.4% |
| Corporate administration | (14.1) | (0.5) |
| Due diligence costs[3] | (12.5) | (0.4) |
| Interest expense | (11.3) | (0.4) |
| Loss on equity method investments[4] | (14.2) | (0.5) |
| Subtotal | $ (52.1) | (1.8)% |
| Share repurchases | (120.3) | (4.1) |
| Other, net | (0.1) | — |
| Subtotal | $ (120.4) | (4.1)% |
| Change in common stockholders' equity | $ 16.8 | 0.6% |
| Ending common stockholders' equity | $2,925.7 | |

The underwriting and investment results are explained in more detail later in this letter. We incurred $12.5 million after-tax of expenses associated with our pending acquisition of Transatlantic Holdings, Inc., and our minority-owned investments cost us another $14.2 million. Most of this was due to a large loss at Homesite, which was in turn due to severe catastrophe and weather-related losses in 2011.

**Acquisition of Transatlantic Holdings, Inc.**

On November 21, 2011, Alleghany announced that it had entered into a merger agreement with Transatlantic Holdings, Inc. Under the terms of the merger agreement, Alleghany will acquire Transatlantic Holdings for 0.145 shares of Alleghany common stock, plus $14.22 in cash for each Transatlantic share. The transaction has been approved by the stockholders of both companies and is expected to close sometime before the end of March, 2012.

This acquisition is transformative for Alleghany and brings a number of strategic and financial benefits to Alleghany stockholders. It will provide Alleghany stockholders with a more diversified spread of risk, both in terms of type of exposure (property, casualty) as well as geography. Roughly one-half of Transatlantic's business is written outside of the United States, and about 70% of the company's business relates to casualty and other lines of business such as professional liability, marine, aviation, credit and surety. In addition, the acquisition is immediately accretive to Alleghany's earnings, book value and tangible book value per share. Alleghany's net invested assets per share will double, and Alleghany's book value per share is projected to increase by over 5% at closing.

[1] Realized investment gains and other-than-temporary impairment charges, and the change in unrealized investment gains, net of tax effects.

[2] Primarily long-term incentive compensation costs at RSUI.

[3] Legal, investment banking, and other merger-related costs associated with the pending merger with Transatlantic Holdings, Inc.

[4] Includes a $20.2 million pre-tax loss associated with Homesite and a $1.6 million pre-tax loss relating to ORX.

Transatlantic is a leading global reinsurance company with a unique spread of risk and a highly skilled and dedicated management team. We welcome Mike Sapnar, the company's chief executive officer, and his management team to Alleghany. We expect Mike and Transatlantic to add significant value to Alleghany going forward.

**RSUI Group, Inc.**

RSUI had another successful year in 2011, despite a challenging industry environment. Net premiums earned were flat, as the company was selective in assuming risk, while producing approximately $108 million of underwriting profits. After a competitive first half, submission activity improved in the second half of the year, resulting in increased opportunities to write profitable business. By the fourth quarter of 2011, RSUI's gross written premium increased at double-digit rates compared with the fourth quarter of 2010.

RSUI ended 2011 with cash and invested assets of $2.6 billion and $1.4 billion of stockholder's equity, after providing Alleghany with a $100 million dividend in 2011. Alleghany's initial investment in RSUI in 2003 was approximately $0.6 billion. At the end of 2011, RSUI had a book value of $1.4 billion, and the company has provided Alleghany with dividends (net of capital contributions) of $0.3 billion. In short, our investment including dividends now stands at $1.7 billion on a $0.6 billion initial investment, or almost triple.

In April 2012, RSUI's Chairman and CEO, E.G. Lassiter, will retire from the company, and will be succeeded by David E. Leonard, currently RSUI's President. We are enormously thankful to E.G. for all of his contributions to RSUI's and Alleghany's success, and we wish him and his family the best for the future. Thanks to E.G. and his collegues, the value of RSUI's franchise has grown significantly under Alleghany's ownership. We look forward to more of the same from RSUI under Dave Leonard's leadership.

**Capitol**

Capitol had a disappointing year in 2011, largely due to its specialty program business segment. Capitol's core commercial property and casualty insurance business remained profitable in 2011, and its surety business produced solid results; these positive trends were completely masked however by a large underwriting loss in the specialty program business segment. A few years ago, Capitol decided to expand in business originated by a handful of producers, with the expectation that rigorous underwriting and tight controls would result in profitable top-line growth. Although some of the programs were profitable, one large program was not. This program was discontinued over a year ago. Absent the specialty program segment, Capitol would have produced a combined ratio of approximately 91% in 2011 and an accident year combined ratio of approximately 98%.

In late 2011, Capitol's on-going (non-program) businesses produced double-digit top-line growth. Capitol is now seeing mid-single-digit price increases on its core property and casualty business and is seeing ample opportunities to grow its surety business. We are optimistic that the company will return to underwriting profitability in 2012 and will post attractive top-line growth.

**Pacific Compensation Corporation**

PacificComp had an underwriting loss of $51.6 million in 2011, following a loss of $30.5 million in 2010. Excluding movements in reserves for prior accident years, PacificComp had an underwriting loss of $23.2 million in 2011, compared with a loss of $18.0 million in 2010.

PacificComp has cost us a lot of money. We acquired its predecessor company, Employers Direct, for approximately $198 million in 2007. We subsequently contributed $90 million of capital to the company, bringing our total investment to $288 million. At the end of 2011, our investment in PacificComp was approximately $130 million. In short, we've lost $158 million, an outcome that was not in our strategic plan.

What went wrong? When we purchased the company, we knew that the California workers' compensation market had seen peak profitability, but we thought the industry was on a smooth glide path to more normal and sustainable profit margins. After all, several responsible companies had solid, leading market positions in the industry, and legislative reforms had curtailed runaway growth in claims costs. Soon after our acquisition, however, it became clear that new entrants were aggressively cutting prices, and claims costs—which had been well behaved for several years — began escalating relentlessly. Moreover, the severe economic recession in 2008 made the situation worse. Finally, the market set prices too optimistically, with Employers Direct being more optimistic than most, amplifying the impact of these trends.

In 2009, the company exited the direct distribution model, and in 2010 we launched a brokers distribution model under the "PacificComp" brand. Having found religion, PacificComp's prices were not competitive in the marketplace during most of 2010 and 2011. However, in late 2011, this began to change. PacificComp, which previously was 25-30% above industry pricing, found itself newly competitive, as capacity began to contract and competitors' prices rose. We are optimistic that market conditions in California workers' compensation will continue to improve, and that PacificComp will be able to write an increasing amount of adequately-priced business in 2012.

**Alleghany Capital Partners**

A key part of Alleghany's strategy is to create opportunities to invest capital in high potential businesses with prospects that are unrelated to the broad commercial property and casualty industry pricing cycle. We think we made a lot of progress in this regard in 2011.

Alleghany Capital Partners ("ACP") has for several years produced returns on Alleghany's public equity portfolio that have exceeded the unmanaged return on the S&P 500. This alone would justify its existence. However, in addition to producing market-beating returns, ACP has identified and oversees a number of private investment opportunities for Alleghany. To date, none of these investments has added to Alleghany's earnings or book value, but we are optimistic that they will as each company executes on its long-term plan. A brief summary of key investments follows.

- **Homesite** is a fast-growing, technologically proficient homeowners insurance company, of which we own 33%. Since our original investment in 2006 it has more than doubled its premium volume. Equally impressive, Homesite has gained considerable expense efficiencies, moving from an expense position that was 5%-points above industry averages to 5%-points below the average. Homesite has a unique operating model, providing personal auto insurance companies with a private-label homeowners product that improves their auto renewal retention with no homeowners underwriting risk.

  Homesite's results were disappointing in 2011, primarily due to significantly higher-than-average hail, tornado, and other weather-related claims. The company is adjusting its pricing to reflect its recent claims cost experience and making a number of underwriting changes as well. We are hopeful that these actions will return the company to profitability in 2012.

- **ORX Exploration** is a Louisiana-based oil and gas exploration company in which Alleghany owns a 38% interest. The company has secured and developed a number of oil and gas resource opportunities. ORX has assembled a number of on-shore, sub-salt drilling opportunities, called "the Louisiana Heritage Play," that if successful, could result in significant oil and gas production. In 2012, the company will, in connection with a drilling partner, spud its second sub-salt opportunity.
- **Stranded Oil Resources Corporation** is a recently-established wholly-owned subsidiary that will acquire mature, shallow oil fields and attempt to improve the ultimate oil recovery through innovative oil recovery techniques.
- **Article One Partners** provides patent validation solutions to high technology companies, among others, by using a crowd-sourcing model. Alleghany owns roughly 33% of the company.

**Investments**

2011 was a challenging year for investment managers. While our results were satisfactory, the year just passed was extremely volatile, and absolute returns were modest.

Alleghany's equity portfolio returned 5.1% in 2011, exceeding the return of the S&P 500 for the year. In late November, we announced our merger agreement with Transatlantic. This agreement requires Alleghany to have over $800 million of cash in advance of an expected March 2012 closing, in order to satisfy the cash portion of the merger consideration. In anticipation of this obligation, we began selling equity securities in late November and continuing in December. These sales had a negative effect on our equity returns, an effect that we estimate was approximately 1% on an annualized basis.

At year-end 2011, we had approximately $4.9 billion of cash and invested assets, or $4.6 billion net of holding company debt. Of the $4.9 billion, approximately $0.9 billion was invested in equity securities, with the balance ($4.0 billion) invested in cash and fixed income securities.

The table below summarizes Alleghany's total investment return on its bond and stock portfolios, compared to the total return on the Barclays Intermediate Aggregate Bond Index:

| Year | Alleghany Total Return | Barclays Index | Excess (Shortfall) |
|---|---|---|---|
| 2004 | 13.2% | 3.7% | 9.5% |
| 2005 | 10.8 | 2.0 | 8.8 |
| 2006 | 6.8 | 4.6 | 2.2 |
| 2007 | 9.4 | 7.0 | 2.4 |
| 2008 | (4.1) | 4.9 | (9.0) |
| 2009 | 11.4 | 6.5 | 4.9 |
| 2010 | 8.7 | 6.2 | 2.5 |
| 2011 | 7.1 | 6.0 | 1.1 |
| Cumulative | 82.3 | 48.9 | 33.4 |
| Annualized | 7.8 | 5.1 | 2.7 |

**Investment Outlook**

Investors are faced with an unattractive array of investment options today, ranging from no return on short-term investments to a likely mid-single-digit long-term return on equities. Moreover, the equity markets have been characterized by unusually high correlations of returns for most stocks, with a handful of large companies producing double-digit returns to their shareholders. If the returns on these large companies are excluded from the S&P 500 total return in 2011, equity returns were negative.

If we are correct in projecting that equities will return only mid-single digits over the next 5-10 years, it is unlikely that "buy and hold" investing will produce satisfactory returns. Moreover, in today's economy, there are very few companies whose securities are capable of producing 10+% returns for their shareholders on a sustained basis; either competitive pressure will erode returns, or the external environment will throw them a curve ball. Our approach in this environment is to be more willing to take short-term profits, especially if they appear to be largely macro-induced. In addition, we have an increasingly healthy respect for the option-value of cash.

The mature developed economies (U.S., Europe, Japan) continue to struggle through a debt crisis, with no easy resolution in sight. Having chosen not to deal with excessive private sector leverage, political leaders in these countries have decided to move the imbalances to government balance sheets, turning a private sector debt crisis into a sovereign debt crisis. We continue to believe that the only long-term solution to this situation is the monetization of sovereign debt by central banks, including the Federal Reserve and the ECB. Working against this resolution, however, is the current movement toward austerity and higher taxation. Since 2007, the year before the financial crisis, central bank balance sheets have exploded in size. The Federal Reserve's balance sheet has increased by approximately 230%, the ECB's balance sheet by 140%, and the Bank of England's balance sheet by 250%.

The financial crisis of 2008 marked the end of a roughly 25-year period of expanding credit in the U.S., Europe, and Japan. Since 2008, governments have tried to offset the significant deflationary pressures from widespread credit problems by propping up financial institutions and expanding central bank and government balance sheets. Interest rates have been cut to extremely low levels in an attempt to encourage borrowing and risk taking. It is not clear that this will work — moreover, it will only work if the marginal propensity to consume by borrowers is greater than that of savers. These dynamics create a much riskier investment market; not only are expected returns low, but the “tails” of the return distribution have widened.

Our investment strategy also reflects our view that the world has for all practical purposes reached the point of “peak oil.” Although it is likely that there are plenty of hydrocarbon resources left in the world, the cost of exploiting them is increasing due to complexity and an increase in the amount of energy required to produce energy. As a consequence, global liquids production has not increased materially since 2005. In economic cycles before peak oil, economic contractions led to much lower oil prices, which acted as a tax cut and stimulated economic growth. Now, because the marginal cost of oil supply is increasing each year, the economy expands until oil prices reach a level that causes the economy to stall, but then do not fall enough to reignite significant growth.

Finally, it is worth noting that China, which has been a major source of world economic growth over the past decade, appears to be facing a less robust outlook. China’s international reserves have begun to decline, reflecting declining exports to Europe and the U.S. Since 2008, much of China’s growth has been due to a massive real estate spending spree.

As if sovereign debt problems weren’t enough, investors must also consider the rising tensions in the Middle East and their potential impact on global economic growth. In early 2012, tensions with Iran appear to be rising, and Syria is increasingly unstable. Moreover, the move by most of the international community to ban the import of Iranian oil may result in unintended consequences — including encouraging trade in other currencies or gold.

Perhaps the only positive news in the outlook is that the U.S. economy appears to be improving, with moderate employment growth, gradually expanding manufacturing, and expanding bank credit. However, the stock market appears to have already largely discounted this, rebounding sharply from depressed levels in the third quarter of 2011. In order for equities to produce significantly higher returns from current levels, global economic growth would need to accelerate, an outlook that seems unlikely (but not impossible) given sovereign balance sheet problems, the low quality of Chinese economic growth, and instability in the Middle East.

We continue to conduct extensive research on a number of high quality companies in industries with solid long-term fundamentals. Our overall equity exposure, however, is quite low at present — something that we feel is appropriate given all of the above.

We maintain a significant overweight position in energy stocks, with large positions in several largely domestic oil and gas producers. There are several reasons for this portfolio construction. First, as a company with mostly financial assets on its balance sheet, we believe that it is prudent to have some capital exposed to companies whose fortunes are tied to commodity prices. Second, while difficult to quantify, geopolitical risks related to the Middle East appear to be rising. Finally, our research has led us to the conclusion that “peak oil” is real and the marginal cost of incremental hydrocarbon supply is rising globally, a trend that we believe will continue for the foreseeable future.

**Balance sheet and liquidity**

At the end of 2011, Alleghany had approximately $1.2 billion of available cash and short-term investments at the holding company and non-regulated companies, and roughly $0.3 billion of long-term debt. All of our insurance subsidiaries are well-capitalized.

With the pending acquisition of Transatlantic, our balance sheet will change significantly. We project that giving effect to the acquisition, Alleghany and its unregulated subsidiaries will have approximately $0.5 billion of corporate cash and invested assets and $1.3 billion of long-term debt. Consolidated cash and invested assets will increase from $4.9 billion to almost $18 billion.

Alleghany will remain highly liquid, prudently leveraged, and well-positioned to take advantage of opportunities in the insurance and investment markets. We believe that the combination with Transatlantic, while increasing somewhat our financial leverage and balance sheet footings, will give us a far more diversified risk profile, and ultimately will produce a better balance between shareholder returns and risk.

**Outlook**

The acquisition of Transatlantic will significantly change Alleghany's earnings and growth prospects. Prior to this acquisition, Alleghany had just over $500 a share of invested assets, net of corporate debt. This figure will double with the acquisition of Transatlantic. With over $1,000 per share of cash and invested assets, net of debt, each 1%-point of return after-tax equates to $10 of earnings per share. Although low market interest rates will continue to pressure our earnings, from a longer-term point of view the earnings leverage from invested assets is clearly significant.

Additionally, Alleghany and Transatlantic will have approximately $4.5 billion of net premiums earned once the merger is completed. Each percentage-point in underwriting margin equates to roughly $1.75 per share of earnings after-tax. With a global spread of risk, and better primary and property catastrophe reinsurance pricing, Alleghany is well-positioned to produce improved underwriting results over time.

Our goal is to increase book value per share at a rate of growth that exceeds the total return on the S&P 500 over time. We believe that book value per share growth of 7-10% per year will achieve this goal, and that there is a good chance that our current portfolio of insurance, reinsurance, private capital and public equity investments will allow us to achieve these results over time. Importantly, our business model calls for market-beating book value growth with a low risk profile.

**Governance and management changes**

As part of the merger with Transatlantic, Alleghany will add three Transatlantic directors, Stephen Bradley, Ian Chippendale and John Foos, to the Alleghany Board. On behalf of Alleghany, I want to welcome them to the Alleghany Board, and we are looking forward to many years of service from each of them.

In addition, two people with whom Alleghany has a long and valued history — John Burns and Dan Carmichael — will be leaving the Alleghany Board. John's service to Alleghany has spanned almost 45 years, including 44 years as a director, 27 years as President, and 12 years as CEO. In each of these roles, John brought considerable wisdom and guidance to Alleghany. John was a visionary leader and during his tenure as an officer and director, Alleghany produced exceptional value for its stockholders. It was John who articulated the management philosophy that still guides Alleghany today: “Shun investment fads and fashions in favor of investing in basic financial and industrial enterprises that offer long-term value to the investor.” Dan provided many years of service to Alleghany, both as CEO of an Alleghany subsidiary and as a valued member of the Board. His service as a CEO and advice as a director played a key role in Alleghany’s success over this time period. Personally, and on behalf of the Alleghany Board, I want to thank John and Dan for their dedicated and loyal service to Alleghany and its stockholders.

Effective with the closing of the Transatlantic merger, Joe Brandon will join Alleghany as Executive Vice President, and will hold the positions of Chairman of Transatlantic Holdings, Inc. and President of Alleghany Insurance Holdings LLC, our downstream insurance holding company. Having known Joe for over 15 years, I am extremely pleased that he has decided to join the Alleghany team as my partner. Joe will be primarily responsible for the oversight of Alleghany’s insurance and reinsurance subsidiaries and will work with me and the Alleghany board in the strategic development of the company.

Yours sincerely,

Weston M. Hicks
President

February 23, 2012