

Alleghany

ALLEGHANY CORPORATION AND SUBSIDIARIES
FINANCIAL SUPPLEMENT

**Three Months Ended
and
Twelve Months Ended
December 31, 2017**

(Unaudited)

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

Forward-Looking Statements

Certain statements contained in this Financial Supplement may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "may," "will," "expect," "project," "estimate," "anticipate," "plan," "believe," "potential," "should" or the negative versions of those words or other comparable words. Forward-looking statements do not relate solely to historical or current facts, rather they are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. These statements are not guarantees of future performance. These forward-looking statements are based upon Alleghany's current expectations and are subject to a number of uncertainties and risks that could significantly affect current plans, anticipated actions and Alleghany's future financial condition and results. Factors that could cause these forward-looking statements to differ, possibly materially, from that currently contemplated include:

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

Additional risks and uncertainties include general economic and political conditions, including the effects of a prolonged U.S. or global economic downturn or recession; changes in costs; variations in political, economic or other factors; risks relating to conducting operations in a competitive environment; effects of acquisition and disposition activities, inflation rates, or recessionary or expansive trends; changes in interest rates; extended labor disruptions, civil unrest, or other external factors over which we have no control; changes in our plans, strategies, objectives, expectations, or intentions, which may happen at any time at our discretion; and other factors discussed in Alleghany's most recent Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission, or the "SEC." All forward-looking statements speak only as of the date they are made and are based on information available at that time. Alleghany does not undertake any obligation to update or revise any forward-looking statements to reflect subsequent circumstances or events.

ALLEGHANY CORPORATION AND SUBSIDIARIES
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ALLEGHANY CORPORATION AND SUBSIDIARIES

BASIS OF PRESENTATION

Presentation

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

Definitions

References in this financial supplement for the three and twelve months ended December 31, 2017 (the "Financial Supplement") to the "Company," "Alleghany," "we," "us," and "our" refer to Alleghany Corporation and its consolidated subsidiaries unless the context otherwise requires. In addition, unless the context otherwise requires, references to,

- "TransRe" are to our wholly-owned reinsurance holding company subsidiary Transatlantic Holdings, Inc. and its subsidiaries;
- "AIHL" are to our wholly-owned insurance holding company subsidiary Alleghany Insurance Holdings LLC;
- "RSUI" are to our wholly-owned subsidiary RSUI Group, Inc. and its subsidiaries;
- "CapSpecialty" are to our wholly-owned subsidiary CapSpecialty, Inc. and its subsidiaries;
- "PacificComp" are to our wholly-owned subsidiary Pacific Compensation Corporation and its subsidiary, which were sold on December 31, 2017;
- "AIHL Re" are to our wholly-owned subsidiary AIHL Re LLC;
- "Roundwood" are to our wholly-owned subsidiary Roundwood Asset Management LLC;
- "Alleghany Capital" are to our wholly-owned subsidiary Alleghany Capital Corporation and its subsidiaries;
- "SORC" are to our wholly-owned subsidiary Stranded Oil Resources Corporation and its subsidiaries;
- "Bourn & Koch" are to our majority-owned subsidiary Bourn & Koch, Inc. and its subsidiary;
- "Kentucky Trailer" are to our majority-owned subsidiary R.C. Tway Company, LLC and its subsidiaries;
- "IPS" are to our majority-owned subsidiary IPS-Integrated Project Services, LLC and its subsidiaries;
- "Jazwares" are to our majority-owned subsidiary Jazwares, LLC and its subsidiaries and affiliates;
- "W&W|AFCO Steel" are to our majority-owned subsidiary WWSC Holdings LLC and its subsidiaries; and
- "Alleghany Properties" are to our wholly-owned subsidiary Alleghany Properties Holdings LLC and its subsidiaries.

ALLEGHANY CORPORATION AND SUBSIDIARIES

10 YEAR FINANCIAL SUMMARY⁽¹⁾

(\$ in millions, except per share data)

	As of and for the Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash and invested assets	\$ 4,294.3	\$ 4,447.2	\$ 4,881.9	\$ 4,911.6	\$ 18,976.4	\$ 19,490.5	\$ 19,440.6	\$ 18,307.7	\$ 18,705.3	\$ 19,639.1
Net loss and loss adjustment expense reserves	1,570.3	1,573.3	1,481.3	1,481.2	10,933.9	10,650.4	10,307.8	9,629.9	9,851.0	10,221.2
All debt and preferred stock	299.4	-	298.9	299.0	1,806.1	1,800.9	1,795.3	1,419.4	1,476.5	1,484.9
Common Stockholders' Equity ("CSE") attributable to Alleghany stockholders	2,347.3	2,717.5	2,908.9	2,925.7	6,403.8	6,923.8	7,473.4	7,554.7	7,939.9	8,514.1
Common shares outstanding	8.78	9.22	8.94	8.55	16.89	16.77	16.05	15.54	15.41	15.39
Net invested assets per share	\$ 455.05	\$ 482.43	\$ 512.53	\$ 539.38	\$ 1,016.56	\$ 1,055.08	\$ 1,099.10	\$ 1,086.48	\$ 1,118.02	\$ 1,179.57
Percent increase (decrease)	0.2%	6.0%	6.2%	5.2%	88.5%	3.8%	4.2%	(1.1%)	2.9%	5.5%
Book value per common share	\$ 267.37	\$ 294.79	\$ 325.31	\$ 342.12	\$ 379.13	\$ 412.96	\$ 465.51	\$ 486.02	\$ 515.24	\$ 553.20
Percent increase (decrease)	(5.0%)	10.3%	10.4%	5.2%	10.8%	8.9%	12.7%	4.4%	6.0%	7.4%
Net premiums written	\$ 898.2	\$ 830.8	\$ 736.2	\$ 774.7	\$ 3,723.9	\$ 4,287.4	\$ 4,497.5	\$ 4,489.2	\$ 5,091.8	\$ 4,965.9
Change in unearned premiums	50.5	14.2	31.9	(27.1)	9.1	(48.2)	(86.9)	(258.9)	(116.0)	(10.9)
Net premiums earned	\$ 948.7	\$ 845.0	\$ 768.1	\$ 747.6	\$ 3,733.0	\$ 4,239.2	\$ 4,410.6	\$ 4,230.3	\$ 4,975.8	\$ 4,955.0
Underwriting profit (loss)	\$ 92.1	\$ 129.2	\$ 130.9	\$ 49.5	\$ 220.3	\$ 420.7	\$ 494.8	\$ 466.6	\$ 401.3	\$ (316.4)
Net investment income	130.2	101.9	125.0	108.9	313.0	465.7	459.9	438.8	438.5	451.0
Net realized capital gains, net of other than temporary impairment losses	(92.2)	234.5	85.0	123.5	155.0	188.1	210.8	80.0	18.0	90.3
Total investment results	\$ 38.0	\$ 336.4	\$ 210.0	\$ 232.4	\$ 468.0	\$ 653.8	\$ 670.7	\$ 518.8	\$ 456.5	\$ 541.3
Net earnings (losses) attributable to Alleghany stockholders	130.8	264.8	198.5	143.3	702.2	628.4	679.2	560.3	456.9	90.1
Other changes in CSE	(268.4)	105.5	(7.2)	(126.5)	2,775.9	(108.4)	(129.6)	(479.0)	(71.7)	484.1
Increase (decrease) in CSE	\$ (137.6)	\$ 370.3	\$ 191.3	\$ 16.8	\$ 3,478.1	\$ 520.0	\$ 549.6	\$ 81.3	\$ 385.2	\$ 574.2
Combined Ratio	90.3%	84.7%	83.0%	93.4%	94.1%	90.1%	88.8%	89.0%	91.9%	106.4%

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

ALLEGHANY CORPORATION AND SUBSIDIARIES
HISTORICAL GROWTH IN BOOK VALUE PER SHARE

Year	Growth in Book Value Per Share					Annual BVPS vs S&P 500	Y Stock Price	S&P 500	As of Year-End		Price-to-Book Ratio
	1Q	2Q	3Q	4Q	Annual BVPS				Y Stock Price	Book Value Per Share	
2002	0.9%	0.9%	(3.3%)	1.7%	0.2%	(5.9%)	(22.1%)	22.3%	\$ 148.52	\$ 162.75	0.91 x
2003	0.1%	3.8%	1.3%	6.4%	11.9%	27.9%	28.7%	(16.7%)	189.90	182.18	1.04 x
2004	3.2%	3.7%	(1.3%)	6.0%	12.0%	30.8%	10.9%	1.1%	248.33	204.08	1.22 x
2005	2.3%	0.6%	(1.9%)	3.2%	4.3%	1.6%	4.9%	(0.6%)	252.18	212.80	1.19 x
2006	5.4%	2.3%	2.8%	3.6%	14.8%	30.6%	15.8%	(1.0%)	329.32	244.25	1.35 x
2007	3.7%	3.8%	3.9%	2.9%	15.2%	12.8%	5.5%	9.7%	371.39	281.36	1.32 x
2008	1.5%	2.1%	(6.7%)	(1.8%)	(5.0%)	(28.4%)	(37.0%)	32.0%	265.74	267.37	0.99 x
2009	(0.3%)	2.7%	5.2%	2.4%	10.3%	(0.2%)	26.5%	(16.2%)	265.28	294.79	0.90 x
2010	2.3%	(0.2%)	3.9%	4.0%	10.4%	13.2%	15.1%	(4.7%)	300.36	325.31	0.92 x
2011	5.1%	(0.3%)	(4.0%)	4.5%	5.2%	(5.0%)	2.1%	3.1%	285.29	342.12	0.83 x
2012	6.8%	1.6%	4.8%	(2.5%)	10.8%	17.6%	16.0%	(5.2%)	335.42	379.13	0.88 x
2013	4.1%	(1.8%)	3.4%	3.1%	8.9%	19.2%	32.4%	(23.5%)	399.96	412.96	0.97 x
2014	4.4%	4.8%	1.0%	2.1%	12.7%	15.9%	13.7%	(1.0%)	463.50	465.51	1.00 x
2015	2.4%	0.3%	(0.5%)	2.1%	4.4%	3.1%	1.4%	3.0%	477.93	486.02	0.98 x
2016	3.6%	1.9%	2.4%	(1.9%)	6.0%	27.2%	12.0%	(6.0%)	608.12	515.24	1.18 x
2017	3.0%	3.1%	(2.7%)	3.9%	7.4%	(2.0%)	21.8%	(14.4%)	596.09	553.20	1.08 x
Compound Annual Growth Rates (through December 31, 2017):											
	5 Year				7.9%	12.2%	15.8%				
	10 Year				7.0%	4.8%	8.5%				
	Since December 31, 2001				8.0%	8.7%	7.6%				

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL HIGHLIGHTS

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

		As of <u>December 31, 2017</u>	As of <u>December 31, 2016</u>	<u>Change</u>				
HIGHLIGHTS	Total investments and cash	\$ 19,639.1	\$ 18,705.3	5.0%				
	Total assets	25,384.3	23,756.6	6.9%				
	Total stockholders' equity attributable to Alleghany stockholders	8,514.1	7,939.9	7.2%				
	Book value per share	\$ 553.20	\$ 515.24	7.4%				
		For the Three Months Ended			For the Twelve Months Ended			
		December 31,			December 31,			
		<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>	
	Gross premiums written	\$ 1,354.2	\$ 1,360.4	(0.5%)	\$ 5,696.9	\$ 5,767.1	(1.2%)	
	Net premiums written	1,179.4	1,198.6	(1.6%)	4,965.9	5,091.8	(2.5%)	
	Net premiums earned	1,262.1	1,239.2	1.8%	4,955.0	4,975.8	(0.4%)	
	Net investment income	129.2	106.1	21.8%	451.0	438.5	2.9%	
	Net earnings attributable to Alleghany stockholders	153.3	69.5	120.6%	90.1	456.9	(80.3%)	
	Operating income	152.3	109.1	39.6%	31.4	445.2	(92.9%)	
PER SHARE AND SHARE DATA	Weighted average common shares outstanding:							
		Basic	15,391,388	15,415,697	(0.2%)	15,410,034	15,436,286	(0.2%)
		Diluted	15,391,388	15,432,269	(0.3%)	15,410,034	15,442,649	(0.2%)
	Earnings per share attributable to Alleghany stockholders:							
		Basic	\$ 9.96	\$ 4.51	120.9%	\$ 5.85	\$ 29.60	(80.2%)
		Diluted	\$ 9.96	\$ 4.45	123.8%	\$ 5.85	\$ 29.59	(80.2%)
	Operating earnings per share data:							
		Basic	\$ 9.89	\$ 7.07	39.9%	\$ 2.04	\$ 28.84	(92.9%)
		Diluted	\$ 9.89	\$ 7.02	40.9%	\$ 2.04	\$ 28.83	(92.9%)
	FINANCIAL RATIOS	Annualized return on average stockholders' equity	7.3%	3.5%		1.1%	5.9%	
Annualized operating income return on average stockholders' equity		7.3%	5.4%		0.4%	5.7%		
Loss and loss adjustment expense ratio		55.0%	57.9%	(2.9)	73.1%	58.6%	14.5	
Expense ratio		34.1%	33.8%	0.3	33.3%	33.3%	-	
Combined ratio		<u>89.1%</u>	<u>91.7%</u>	<u>(2.6)</u>	<u>106.4%</u>	<u>91.9%</u>	<u>14.5</u>	

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS - CONSECUTIVE QUARTERS

(\$ in millions, except per share data)

	For the Three Months Ended								
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Revenues									
Net premiums earned	\$ 1,262.1	\$ 1,239.7	\$ 1,243.9	\$ 1,209.2	\$ 1,239.2	\$ 1,253.5	\$ 1,261.5	\$ 1,221.5	\$ 1,089.3
Net investment income	129.2	104.7	101.7	115.5	106.1	120.6	106.9	104.9	104.2
Net realized capital gains	5.4	32.9	9.3	59.6	(54.0)	27.2	54.0	35.9	55.4
Other than temporary impairment losses	(3.8)	(6.1)	(3.8)	(3.2)	(7.0)	(11.7)	(5.7)	(20.8)	(21.6)
Other revenue	277.9	296.3	202.8	151.3	171.0	225.0	165.4	137.4	125.1
Total revenues	1,670.8	1,667.5	1,553.9	1,532.4	1,455.3	1,614.6	1,582.1	1,478.9	1,352.4
Costs and Expenses									
Net loss and loss adjustment expenses incurred	694.1	1,491.9	734.9	699.3	718.6	718.6	815.3	664.6	602.7
Commissions, brokerage and other underwriting expenses	430.8	398.2	413.7	408.5	418.5	423.0	408.9	406.7	356.1
Other operating expenses	288.9	277.9	225.2	175.1	189.7	228.4	185.0	162.2	142.7
Corporate administration	20.4	(4.7)	14.4	16.9	9.0	10.7	13.5	9.7	13.1
Amortization of intangible assets	5.3	5.7	4.6	3.8	4.5	6.0	5.4	3.1	1.6
Interest expense	20.3	20.8	21.0	20.9	20.2	20.7	20.5	20.3	22.6
Total costs and expenses	1,459.8	2,189.8	1,413.8	1,324.5	1,360.5	1,407.4	1,448.6	1,266.6	1,138.8
Earnings (losses) before income taxes	211.0	(522.3)	140.1	207.9	94.8	207.2	133.5	212.3	213.6
Income taxes	52.6	(212.3)	37.4	58.5	24.9	48.4	56.2	57.7	57.1
Net earnings (losses)	158.4	(310.0)	102.7	149.4	69.9	158.8	77.3	154.6	156.5
Net earnings attributable to noncontrolling interest	5.1	4.2	0.9	0.2	0.4	3.0	0.2	0.1	0.4
Net earnings (losses) attributable to Alleghany stockholders	<u>\$ 153.3</u>	<u>\$ (314.2)</u>	<u>\$ 101.8</u>	<u>\$ 149.2</u>	<u>\$ 69.5</u>	<u>\$ 155.8</u>	<u>\$ 77.1</u>	<u>\$ 154.5</u>	<u>\$ 156.1</u>
Basic earnings (losses) per share attributable to Alleghany stockholders	\$ 9.96	\$ (20.38)	\$ 6.60	\$ 9.68	\$ 4.51	\$ 10.09	\$ 4.99	\$ 10.00	\$ 9.86
Diluted earnings (losses) per share attributable to Alleghany stockholders	9.96	(20.90)	6.60	9.67	4.45	10.09	4.99	9.96	9.85
Basic operating earnings (losses) per share	\$ 9.89	\$ (21.51)	\$ 6.37	\$ 7.30	\$ 7.07	\$ 9.44	\$ 2.96	\$ 9.36	\$ 8.45
Diluted operating earnings (losses) per share	9.89	(22.03)	6.37	7.29	7.02	9.44	2.96	9.32	8.44
SUPPLEMENTAL INFORMATION									
Premiums written:									
Gross premiums written	\$ 1,354.2	\$ 1,471.8	\$ 1,450.0	\$ 1,420.8	\$ 1,360.4	\$ 1,407.9	\$ 1,509.3	\$ 1,489.6	\$ 1,386.4
Net premiums written	1,179.4	1,260.3	1,293.1	1,233.1	1,198.6	1,236.7	1,334.3	1,322.2	1,238.9
Net loss and loss adjustment expenses incurred:									
Current year	819.7	1,553.4	798.5	747.0	824.9	805.0	905.3	749.9	667.5
Prior years	(125.6)	(61.5)	(63.6)	(47.7)	(106.3)	(86.4)	(90.0)	(85.3)	(64.8)
	<u>\$ 694.1</u>	<u>\$ 1,491.9</u>	<u>\$ 734.9</u>	<u>\$ 699.3</u>	<u>\$ 718.6</u>	<u>\$ 718.6</u>	<u>\$ 815.3</u>	<u>\$ 664.6</u>	<u>\$ 602.7</u>
Loss and loss adjustment expense ratio	55.0%	120.3%	59.1%	57.8%	57.9%	57.3%	64.6%	54.4%	55.3%
Expense ratio	<u>34.1%</u>	<u>32.1%</u>	<u>33.3%</u>	<u>33.8%</u>	<u>33.8%</u>	<u>33.7%</u>	<u>32.4%</u>	<u>33.3%</u>	<u>32.7%</u>
Combined ratio	<u>89.1%</u>	<u>152.4%</u>	<u>92.4%</u>	<u>91.6%</u>	<u>91.7%</u>	<u>91.0%</u>	<u>97.0%</u>	<u>87.7%</u>	<u>88.0%</u>

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS - YEAR TO DATE

(\$ in millions, except per share data)

For the Twelve Months Ended December 31,

	2017	2016
Revenues		
Net premiums earned	\$ 4,955.0	\$ 4,975.8
Net investment income	451.0	438.5
Net realized capital gains	107.2	63.2
Other than temporary impairment losses	(16.9)	(45.2)
Other revenue	928.3	698.8
Total revenues	6,424.6	6,131.1
Costs and Expenses		
Net loss and loss adjustment expenses incurred	3,620.2	2,917.2
Commissions, brokerage and other underwriting expenses	1,651.2	1,657.3
Other operating expenses	967.1	765.2
Corporate administration	47.0	43.0
Amortization of intangible assets	19.4	19.0
Interest expense	83.0	81.6
Total costs and expenses	6,387.9	5,483.3
Earnings before income taxes	36.7	647.8
Income taxes	(63.8)	187.1
Net earnings	100.5	460.7
Net earnings attributable to noncontrolling interest	10.4	3.8
Net earnings attributable to Alleghany stockholders	\$ 90.1	\$ 456.9
Basic earnings per share attributable to Alleghany stockholders	\$ 5.85	\$ 29.60
Diluted earnings per share attributable to Alleghany stockholders	5.85	29.59
SUPPLEMENTAL INFORMATION		
Premiums written:		
Gross premiums written	\$ 5,696.9	\$ 5,767.1
Net premiums written	4,965.9	5,091.8
Net loss and loss adjustment expenses incurred:		
Current year	3,918.8	3,285.2
Prior years	(298.6)	(368.0)
	\$ 3,620.2	\$ 2,917.2
Loss and loss adjustment expense ratio	73.1%	58.6%
Expense ratio	33.3%	33.3%
Combined ratio	106.4%	91.9%

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

	For the Three Months Ended December 31,							
	Gross Premiums Written				Net Premiums Written			
	2017	2016	Change	% Change	2017	2016	Change	% Change
Reinsurance segment:								
Property	\$ 367.8	\$ 342.1	\$ 25.7	7.5%	\$ 301.7	\$ 292.1	\$ 9.6	3.3%
Casualty & other	615.1	678.1	(63.0)	(9.3%)	601.7	643.9	(42.2)	(6.6%)
Total Reinsurance	<u>982.9</u>	<u>1,020.2</u>	<u>(37.3)</u>	(3.7%)	<u>903.4</u>	<u>936.0</u>	<u>(32.6)</u>	(3.5%)
Insurance segment:								
RSUI	262.7	248.1	14.6	5.9%	166.4	167.7	(1.3)	(0.8%)
CapSpecialty	77.0	65.1	11.9	18.3%	72.3	61.1	11.2	18.3%
PacificComp	38.3	33.9	4.4	13.0%	37.3	33.8	3.5	10.4%
Total Insurance	<u>378.0</u>	<u>347.1</u>	<u>30.9</u>	8.9%	<u>276.0</u>	<u>262.6</u>	<u>13.4</u>	5.1%
Intercompany elimination	<u>(6.7)</u>	<u>(6.9)</u>	<u>0.2</u>	(2.9%)	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
Total premiums written	<u>\$ 1,354.2</u>	<u>\$ 1,360.4</u>	<u>\$ (6.2)</u>	(0.5%)	<u>\$ 1,179.4</u>	<u>\$ 1,198.6</u>	<u>\$ (19.2)</u>	(1.6%)

	For the Twelve Months Ended December 31,							
	Gross Premiums Written				Net Premiums Written			
	2017	2016	Change	% Change	2017	2016	Change	% Change
Reinsurance segment:								
Property	\$ 1,557.8	\$ 1,515.5	\$ 42.3	2.8%	\$ 1,233.1	\$ 1,237.2	\$ (4.1)	(0.3%)
Casualty & other	2,652.8	2,814.8	(162.0)	(5.8%)	2,577.0	2,732.2	(155.2)	(5.7%)
Total Reinsurance	<u>4,210.6</u>	<u>4,330.3</u>	<u>(119.7)</u>	(2.8%)	<u>3,810.1</u>	<u>3,969.4</u>	<u>(159.3)</u>	(4.0%)
Insurance segment:								
RSUI	1,056.8	1,056.4	0.4	0.0%	724.4	734.1	(9.7)	(1.3%)
CapSpecialty	290.2	266.5	23.7	8.9%	271.2	250.0	21.2	8.5%
PacificComp	162.6	139.8	22.8	16.3%	160.2	138.3	21.9	15.8%
Total Insurance	<u>1,509.6</u>	<u>1,462.7</u>	<u>46.9</u>	3.2%	<u>1,155.8</u>	<u>1,122.4</u>	<u>33.4</u>	3.0%
Intercompany elimination	<u>(23.3)</u>	<u>(25.9)</u>	<u>2.6</u>	(10.0%)	<u>-</u>	<u>-</u>	<u>-</u>	
Total premiums written	<u>\$ 5,696.9</u>	<u>\$ 5,767.1</u>	<u>\$ (70.2)</u>	(1.2%)	<u>\$ 4,965.9</u>	<u>\$ 5,091.8</u>	<u>\$ (125.9)</u>	(2.5%)

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONSOLIDATED UNDERWRITING RESULTS - CURRENT QUARTER

(\$ in millions)

For the Three Months Ended December 31, 2017

	Reinsurance Segment			Insurance Segment				Total Segments	Other Activities		Consolidated
	Property	Casualty & Other	Total	RSUI	Cap Specialty	Pacific Comp	Total		Alleghany Capital	Corporate Activities	
Gross premiums written	\$ 367.8	\$ 615.1	\$ 982.9	\$ 262.7	\$ 77.0	\$ 38.3	\$ 378.0	\$ 1,360.9	\$ -	\$ (6.7)	\$ 1,354.2
Net premiums written	301.7	601.7	903.4	166.4	72.3	37.3	276.0	1,179.4	-	-	1,179.4
Net premiums earned	<u>\$ 313.8</u>	<u>\$ 658.1</u>	<u>\$ 971.9</u>	<u>\$ 181.5</u>	<u>\$ 68.6</u>	<u>\$ 40.1</u>	<u>\$ 290.2</u>	<u>\$ 1,262.1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,262.1</u>
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	197.2	442.6	639.8	101.6	37.8	30.3	169.7	809.5	-	-	809.5
Current year catastrophe losses	10.3	(5.2)	5.1	4.5	0.6	-	5.1	10.2	-	-	10.2
Prior years	(32.0)	(76.8)	(108.8)	(15.9)	(0.3)	(0.6)	(16.8)	(125.6)	-	-	(125.6)
	<u>175.5</u>	<u>360.6</u>	<u>536.1</u>	<u>90.2</u>	<u>38.1</u>	<u>29.7</u>	<u>158.0</u>	<u>694.1</u>	<u>-</u>	<u>-</u>	<u>694.1</u>
Commissions, brokerage and other underwriting expenses	<u>99.7</u>	<u>240.4</u>	<u>340.1</u>	<u>50.6</u>	<u>29.4</u>	<u>10.7</u>	<u>90.7</u>	<u>430.8</u>	<u>-</u>	<u>-</u>	<u>430.8</u>
Underwriting profit (loss)	<u>\$ 38.6</u>	<u>\$ 57.1</u>	95.7	<u>\$ 40.7</u>	<u>\$ 1.1</u>	<u>\$ (0.3)</u>	41.5	137.2	-	-	137.2
Net investment income			85.1				37.9	123.0	0.6	5.6	129.2
Net realized capital gains			(6.8)				1.7	(5.1)	17.3	(6.8)	5.4
Other than temporary impairment losses			(3.7)				(0.1)	(3.8)	-	-	(3.8)
Other revenue			5.1				(0.1)	5.0	272.6	0.3	277.9
Other operating expenses			14.3				11.1	25.4	262.8	0.7	288.9
Corporate administration			-				1.5	1.5	-	18.9	20.4
Amortization of intangible assets			(1.0)				0.8	(0.2)	5.5	-	5.3
Interest expense			6.7				-	6.7	1.0	12.6	20.3
Earnings (losses) before income taxes			<u>\$ 155.4</u>				<u>\$ 67.5</u>	<u>\$ 222.9</u>	<u>\$ 21.2</u>	<u>\$ (33.1)</u>	<u>\$ 211.0</u>
Ratios:											
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	62.8%	67.3%	65.8%	56.0%	55.1%	75.5%	58.5%	64.0%			
Current year catastrophe losses	3.3%	(0.8%)	0.5%	2.5%	0.9%	0.0%	1.8%	0.8%			
Prior years	<u>(10.2%)</u>	<u>(11.8%)</u>	<u>(11.1%)</u>	<u>(8.8%)</u>	<u>(0.4%)</u>	<u>(1.5%)</u>	<u>(5.9%)</u>	<u>(9.8%)</u>			
	55.9%	54.7%	55.2%	49.7%	55.6%	74.0%	54.4%	55.0%			
Expense	<u>31.8%</u>	<u>36.5%</u>	<u>35.0%</u>	<u>27.9%</u>	<u>42.8%</u>	<u>26.6%</u>	<u>31.3%</u>	<u>34.1%</u>			
Combined	<u>87.7%</u>	<u>91.2%</u>	<u>90.2%</u>	<u>77.6%</u>	<u>98.4%</u>	<u>100.6%</u>	<u>85.7%</u>	<u>89.1%</u>			

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONSOLIDATED UNDERWRITING RESULTS - PRIOR YEAR QUARTER

(\$ in millions)

For the Three Months Ended December 31, 2016

	Reinsurance Segment			Insurance Segment				Total Segments	Other Activities		Consolidated
	Property	Casualty & Other	Total	RSUI	Cap Specialty	Pacific Comp	Total		Alleghany Capital	Corporate Activities	
Gross premiums written	\$ 342.1	\$ 678.1	\$ 1,020.2	\$ 248.1	\$ 65.1	\$ 33.9	\$ 347.1	\$ 1,367.3	\$ -	\$ (6.9)	\$ 1,360.4
Net premiums written	292.1	643.9	936.0	167.7	61.1	33.8	262.6	1,198.6	-	-	1,198.6
Net premiums earned	<u>\$ 310.2</u>	<u>\$ 646.4</u>	<u>\$ 956.6</u>	<u>\$ 187.0</u>	<u>\$ 61.8</u>	<u>\$ 33.8</u>	<u>\$ 282.6</u>	<u>\$ 1,239.2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,239.2</u>
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	128.6	473.4	602.0	99.5	32.1	25.2	156.8	758.8	-	-	758.8
Current year catastrophe losses	21.3	-	21.3	43.1	1.7	-	44.8	66.1	-	-	66.1
Prior years	(26.4)	(49.1)	(75.5)	(27.8)	(1.0)	(2.0)	(30.8)	(106.3)	-	-	(106.3)
	<u>123.5</u>	<u>424.3</u>	<u>547.8</u>	<u>114.8</u>	<u>32.8</u>	<u>23.2</u>	<u>170.8</u>	<u>718.6</u>	<u>-</u>	<u>-</u>	<u>718.6</u>
Commissions, brokerage and other underwriting expenses	<u>100.6</u>	<u>229.2</u>	<u>329.8</u>	<u>50.4</u>	<u>28.6</u>	<u>9.7</u>	<u>88.7</u>	<u>418.5</u>	<u>-</u>	<u>-</u>	<u>418.5</u>
Underwriting profit (loss)	<u>\$ 86.1</u>	<u>\$ (7.1)</u>	79.0	<u>\$ 21.8</u>	<u>\$ 0.4</u>	<u>\$ 0.9</u>	23.1	102.1	-	-	102.1
Net investment income			66.2				40.4	106.6	(2.3)	1.8	106.1
Net realized capital gains			41.9				10.4	52.3	(99.0)	(7.3)	(54.0)
Other than temporary impairment losses			(4.6)				(2.4)	(7.0)	-	-	(7.0)
Other revenue			0.3				0.2	0.5	169.9	0.6	171.0
Other operating expenses			11.0				4.4	15.4	172.6	1.7	189.7
Corporate administration			-				-	-	-	9.0	9.0
Amortization of intangible assets			(1.5)				0.8	(0.7)	5.2	-	4.5
Interest expense			6.8				(0.2)	6.6	0.7	12.9	20.2
Earnings (losses) before income taxes			<u>\$ 166.5</u>				<u>\$ 66.7</u>	<u>\$ 233.2</u>	<u>\$ (109.9)</u>	<u>\$ (28.5)</u>	<u>\$ 94.8</u>
Ratios:											
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	41.5%	73.2%	63.0%	53.3%	51.9%	74.4%	55.4%	61.2%			
Current year catastrophe losses	6.9%	0.0%	2.2%	23.0%	2.8%	0.0%	15.9%	5.3%			
Prior years	<u>(8.5%)</u>	<u>(7.6%)</u>	<u>(7.9%)</u>	<u>(14.9%)</u>	<u>(1.6%)</u>	<u>(5.9%)</u>	<u>(10.9%)</u>	<u>(8.6%)</u>			
Expense	<u>39.9%</u>	<u>65.6%</u>	<u>57.3%</u>	<u>61.4%</u>	<u>53.1%</u>	<u>68.5%</u>	<u>60.4%</u>	<u>57.9%</u>			
Combined	<u>72.3%</u>	<u>101.1%</u>	<u>91.8%</u>	<u>88.4%</u>	<u>99.4%</u>	<u>97.2%</u>	<u>91.8%</u>	<u>91.7%</u>			

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONSOLIDATED UNDERWRITING RESULTS - CURRENT YEAR TO DATE

(\$ in millions)

For the Twelve Months Ended December 31, 2017

	Reinsurance Segment			Insurance Segment				Total Segments	Other Activities		Consolidated
	Property	Casualty & Other	Total	RSUI	Cap Specialty	Pacific Comp	Total		Alleghany Capital	Corporate Activities	
Gross premiums written	\$ 1,557.8	\$ 2,652.8	\$ 4,210.6	\$ 1,056.8	\$ 290.2	\$ 162.6	\$ 1,509.6	\$ 5,720.2	\$ -	\$ (23.3)	\$ 5,696.9
Net premiums written	1,233.1	2,577.0	3,810.1	724.4	271.2	160.2	1,155.8	4,965.9	-	-	4,965.9
Net premiums earned	<u>\$ 1,181.9</u>	<u>\$ 2,626.8</u>	<u>\$ 3,808.7</u>	<u>\$ 721.7</u>	<u>\$ 260.9</u>	<u>\$ 163.7</u>	<u>\$ 1,146.3</u>	<u>\$ 4,955.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,955.0</u>
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	658.3	1,795.5	2,453.8	380.7	142.7	123.5	646.9	3,100.7	-	-	3,100.7
Current year catastrophe losses	516.3	64.8	581.1	232.4	4.6	-	237.0	818.1	-	-	818.1
Prior years	(94.5)	(155.0)	(249.5)	(43.2)	(3.4)	(2.5)	(49.1)	(298.6)	-	-	(298.6)
	<u>1,080.1</u>	<u>1,705.3</u>	<u>2,785.4</u>	<u>569.9</u>	<u>143.9</u>	<u>121.0</u>	<u>834.8</u>	<u>3,620.2</u>	<u>-</u>	<u>-</u>	<u>3,620.2</u>
Commissions, brokerage and other underwriting expenses	<u>383.4</u>	<u>903.3</u>	<u>1,286.7</u>	<u>208.9</u>	<u>112.7</u>	<u>42.9</u>	<u>364.5</u>	<u>1,651.2</u>	<u>-</u>	<u>-</u>	<u>1,651.2</u>
Underwriting (loss) profit	<u>\$ (281.6)</u>	<u>\$ 18.2</u>	(263.4)	<u>\$ (57.1)</u>	<u>\$ 4.3</u>	<u>\$ (0.2)</u>	(53.0)	(316.4)	-	-	(316.4)
Net investment income			312.0				122.6	434.6	2.7	13.7	451.0
Net realized capital gains			10.4				75.3	85.7	18.2	3.3	107.2
Other than temporary impairment losses			(15.8)				(1.1)	(16.9)	-	-	(16.9)
Other revenue			14.8				0.7	15.5	906.9	5.9	928.3
Other operating expenses			54.7				28.1	82.8	881.0	3.3	967.1
Corporate administration			-				1.7	1.7	-	45.3	47.0
Amortization of intangible assets			(4.6)				3.1	(1.5)	20.9	-	19.4
Interest expense			27.0				(0.1)	26.9	4.0	52.1	83.0
(Losses) earnings before income taxes			<u>\$ (19.1)</u>				<u>\$ 111.7</u>	<u>\$ 92.6</u>	<u>\$ 21.9</u>	<u>\$ (77.8)</u>	<u>\$ 36.7</u>
Ratios:											
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	55.7%	68.3%	64.3%	52.8%	54.7%	75.4%	56.4%	62.6%			
Current year catastrophe losses	43.7%	2.5%	15.3%	32.2%	1.8%	0.0%	20.7%	16.5%			
Prior years	<u>(8.0%)</u>	<u>(5.8%)</u>	<u>(6.5%)</u>	<u>(6.0%)</u>	<u>(1.4%)</u>	<u>(1.5%)</u>	<u>(4.3%)</u>	<u>(6.0%)</u>			
	<u>91.4%</u>	<u>65.0%</u>	<u>73.1%</u>	<u>79.0%</u>	<u>55.1%</u>	<u>73.9%</u>	<u>72.8%</u>	<u>73.1%</u>			
Expense	<u>32.4%</u>	<u>34.4%</u>	<u>33.8%</u>	<u>28.9%</u>	<u>43.2%</u>	<u>26.2%</u>	<u>31.8%</u>	<u>33.3%</u>			
Combined	<u>123.8%</u>	<u>99.4%</u>	<u>106.9%</u>	<u>107.9%</u>	<u>98.3%</u>	<u>100.1%</u>	<u>104.6%</u>	<u>106.4%</u>			

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONSOLIDATED UNDERWRITING RESULTS - PRIOR YEAR TO DATE

(\$ in millions)

For the Twelve Months Ended December 31, 2016

	Reinsurance Segment			Insurance Segment				Total Segments	Other Activities		Consolidated
	Property	Casualty & Other	Total	RSUI	Cap Specialty	Pacific Comp	Total		Alleghany Capital	Corporate Activities	
Gross premiums written	\$ 1,515.5	\$ 2,814.8	\$ 4,330.3	\$ 1,056.4	\$ 266.5	\$ 139.8	\$ 1,462.7	\$ 5,793.0	\$ -	\$ (25.9)	\$ 5,767.1
Net premiums written	1,237.2	2,732.2	3,969.4	734.1	250.0	138.3	1,122.4	5,091.8	-	-	5,091.8
Net premiums earned	<u>\$ 1,168.0</u>	<u>\$ 2,677.0</u>	<u>\$ 3,845.0</u>	<u>\$ 754.5</u>	<u>\$ 237.5</u>	<u>\$ 138.8</u>	<u>\$ 1,130.8</u>	<u>\$ 4,975.8</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,975.8</u>
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	547.4	1,892.9	2,440.3	391.4	122.8	104.7	618.9	3,059.2	-	-	3,059.2
Current year catastrophe losses	136.7	1.9	138.6	80.7	6.7	-	87.4	226.0	-	-	226.0
Prior years	(105.7)	(187.8)	(293.5)	(68.3)	(4.2)	(2.0)	(74.5)	(368.0)	-	-	(368.0)
	<u>578.4</u>	<u>1,707.0</u>	<u>2,285.4</u>	<u>403.8</u>	<u>125.3</u>	<u>102.7</u>	<u>631.8</u>	<u>2,917.2</u>	<u>-</u>	<u>-</u>	<u>2,917.2</u>
Commissions, brokerage and other underwriting expenses	<u>376.2</u>	<u>922.8</u>	<u>1,299.0</u>	<u>212.3</u>	<u>107.3</u>	<u>38.7</u>	<u>358.3</u>	<u>1,657.3</u>	<u>-</u>	<u>-</u>	<u>1,657.3</u>
Underwriting profit (loss)	<u>\$ 213.4</u>	<u>\$ 47.2</u>	260.6	<u>\$ 138.4</u>	<u>\$ 4.9</u>	<u>\$ (2.6)</u>	140.7	401.3	-	-	401.3
Net investment income			305.0				128.1	433.1	(2.3)	7.7	438.5
Net realized capital gains			118.5				41.4	159.9	(86.0)	(10.7)	63.2
Other than temporary impairment losses			(31.7)				(13.5)	(45.2)	-	-	(45.2)
Other revenue			3.4				1.0	4.4	687.1	7.3	698.8
Other operating expenses			54.2				26.4	80.6	680.5	4.1	765.2
Corporate administration			-				1.0	1.0	-	42.0	43.0
Amortization of intangible assets			(6.2)				3.1	(3.1)	22.1	-	19.0
Interest expense			27.3				(0.1)	27.2	1.9	52.5	81.6
Earnings (losses) before income taxes			<u>\$ 580.5</u>				<u>\$ 267.3</u>	<u>\$ 847.8</u>	<u>\$ (105.7)</u>	<u>\$ (94.3)</u>	<u>\$ 647.8</u>
Ratios:											
Net loss and loss adjustment expenses:											
Current year (ex-catastrophes)	46.9%	70.7%	63.5%	51.9%	51.7%	75.4%	54.8%	61.5%			
Current year catastrophe losses	11.7%	0.1%	3.6%	10.7%	2.8%	0.0%	7.7%	4.5%			
Prior years	<u>(9.0%)</u>	<u>(7.0%)</u>	<u>(7.6%)</u>	<u>(9.1%)</u>	<u>(1.8%)</u>	<u>(1.4%)</u>	<u>(6.6%)</u>	<u>(7.4%)</u>			
Expense	<u>49.6%</u>	<u>63.8%</u>	<u>59.5%</u>	<u>53.5%</u>	<u>52.7%</u>	<u>74.0%</u>	<u>55.9%</u>	<u>58.6%</u>			
	<u>32.2%</u>	<u>34.5%</u>	<u>33.8%</u>	<u>28.1%</u>	<u>45.2%</u>	<u>27.9%</u>	<u>31.7%</u>	<u>33.3%</u>			
Combined	<u>81.8%</u>	<u>98.3%</u>	<u>93.3%</u>	<u>81.6%</u>	<u>97.9%</u>	<u>101.9%</u>	<u>87.6%</u>	<u>91.9%</u>			

ALLEGHANY CORPORATION AND SUBSIDIARIES
ALLEGHANY CAPITAL RESULTS - QUARTER TO DATE⁽¹⁾
(\$ in millions)

	For the Three Months Ended December 31,							
	2017				2016			
	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total
Net investment income	\$ 0.7	\$ -	\$ (0.1)	\$ 0.6	\$ 0.1	\$ -	\$ (2.4)	\$ (2.3)
Net realized capital gains	1.2	(4.8)	20.9	17.3	(0.2)	(98.8)	-	(99.0)
Other than temporary impairment losses	-	-	-	-	-	-	-	-
Other revenue	269.7	2.6	0.3	272.6	167.3	2.6	-	169.9
Other operating expenses	250.4	8.9	3.5	262.8	159.3	9.8	3.5	172.6
Corporate administration	-	-	-	-	-	-	-	-
Amortization of intangible assets	5.5	-	-	5.5	5.2	-	-	5.2
Interest expense	1.1	-	(0.1)	1.0	0.7	-	-	0.7
Earnings (losses) before income taxes	<u>\$ 14.6</u>	<u>\$ (11.1)</u>	<u>\$ 17.7</u>	<u>\$ 21.2</u>	<u>\$ 2.0</u>	<u>\$ (106.0)</u>	<u>\$ (5.9)</u>	<u>\$ (109.9)</u>
Adjusted EBITDA ⁽²⁾	\$ 24.6	\$ (3.6)	\$ (3.3)	\$ 17.7	\$ 10.0	\$ (4.0)	\$ (5.9)	\$ 0.1
Less: depreciation expense	(3.2)	(2.7)	-	(5.9)	(1.9)	(3.2)	-	(5.1)
Less: amortization of intangible assets	(5.5)	-	-	(5.5)	(5.2)	-	-	(5.2)
Less: interest expense	(1.1)	-	0.1	(1.0)	(0.7)	-	-	(0.7)
Add: net realized capital gains	1.2	(4.8)	20.9	17.3	(0.2)	(98.8)	-	(99.0)
Adjustments to equity in earnings of Wilbert	(1.4)	-	-	(1.4)	-	-	-	-
Earnings (losses) before income taxes	<u>\$ 14.6</u>	<u>\$ (11.1)</u>	<u>\$ 17.7</u>	<u>\$ 21.2</u>	<u>\$ 2.0</u>	<u>\$ (106.0)</u>	<u>\$ (5.9)</u>	<u>\$ (109.9)</u>

(1) Alleghany Capital consists of: (i) manufacturing and service operations conducted through Bourn & Koch, Kentucky Trailer, IPS, Jazwares, W&W|AFCO Steel, beginning April 28, 2017, and a 45.0 percent equity interest in Wilbert Funeral Services, Inc. ("Wilbert"), beginning August 1, 2017; (ii) oil and gas operations conducted through SORC; and (iii) corporate operations and investments at the Alleghany Capital level. On August 1, 2017, Alleghany Capital acquired a 45.0 percent equity interest in Wilbert. On April 28, 2017, Alleghany Capital acquired approximately 80 percent of the equity in W&W|AFCO Steel. On April 15, 2016, Alleghany Capital acquired an additional 50 percent of Jazwares' outstanding equity bringing its equity ownership interest to 80 percent, and as of that date, the results of Jazwares have been included in our consolidated results. Prior to April 15, 2016, Jazwares was accounted for under the equity method of accounting.

(2) Refer to "Non-GAAP Financial Measures" on page 33 of the Financial Supplement.

ALLEGHANY CAPITAL EQUITY
(\$ in millions)

	For the Three Months Ended December 31, 2017			
	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total
Equity, beginning of period	\$ 693.2	\$ 149.2	\$ (9.1)	\$ 833.3
Earnings (losses) before income taxes	14.6	(11.1)	17.7	21.2
Income taxes	1.7	5.3	(7.2)	(0.2)
Net earnings attributable to noncontrolling interest	(5.1)	-	-	(5.1)
Capital contributions (returns of capital) and other	(9.5) **	(0.1)	9.8	0.2
Equity, end of period	<u>\$ 694.9</u>	<u>\$ 143.3</u>	<u>\$ 11.2</u>	<u>\$ 849.4</u>

* Income taxes for certain Alleghany Capital subsidiaries are incurred at the Alleghany Capital level.

** Primarily reflects net capital distributions made by certain manufacturing and service subsidiaries in the fourth quarter of 2017.

ALLEGHANY CORPORATION AND SUBSIDIARIES
ALLEGHANY CAPITAL RESULTS - YEAR TO DATE⁽¹⁾
(\$ in millions)

For the Twelve Months Ended December 31,

	2017				2016			
	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total
Net investment income	\$ 1.7	\$ -	\$ 1.0	\$ 2.7	\$ 0.3	\$ -	\$ (2.6)	\$ (2.3)
Net realized capital gains	2.1	(4.8)	20.9	18.2	(0.4)	(98.8)	13.2	(86.0)
Other than temporary impairment losses	-	-	-	-	-	-	-	-
Other revenue	896.1	10.0	0.8	906.9	678.3	9.3	(0.5)	687.1
Other operating expenses	829.8	36.1	15.1	881.0	633.9	37.4	9.2	680.5
Corporate administration	-	-	-	-	-	-	-	-
Amortization of intangible assets	20.9	-	-	20.9	22.1	-	-	22.1
Interest expense	4.0	-	-	4.0	1.8	-	0.1	1.9
Earnings (losses) before income taxes	<u>\$ 45.2</u>	<u>\$ (30.9)</u>	<u>\$ 7.6</u>	<u>\$ 21.9</u>	<u>\$ 20.4</u>	<u>\$ (126.9)</u>	<u>\$ 0.8</u>	<u>\$ (105.7)</u>
Adjusted EBITDA ⁽²⁾	\$ 81.3	\$ (14.6)	\$ (13.3)	\$ 53.4	\$ 51.5	\$ (14.1)	\$ (12.3)	\$ 25.1
Less: depreciation expense	(10.9)	(11.5)	-	(22.4)	(6.8)	(14.0)	-	(20.8)
Less: amortization of intangible assets	(20.9)	-	-	(20.9)	(22.1)	-	-	(22.1)
Less: interest expense	(4.0)	-	-	(4.0)	(1.8)	-	(0.1)	(1.9)
Add: net realized capital gains	2.1	(4.8)	20.9	18.2	(0.4)	(98.8)	13.2	(86.0)
Adjustments to equity in earnings of Wilbert	(2.4)	-	-	(2.4)	-	-	-	-
Earnings (losses) before income taxes	<u>\$ 45.2</u>	<u>\$ (30.9)</u>	<u>\$ 7.6</u>	<u>\$ 21.9</u>	<u>\$ 20.4</u>	<u>\$ (126.9)</u>	<u>\$ 0.8</u>	<u>\$ (105.7)</u>

(1) Alleghany Capital consists of: (i) manufacturing and service operations conducted through Bourn & Koch, Kentucky Trailer, IPS, Jazwares, W&W|AFCO Steel, beginning April 28, 2017, and a 45.0 percent equity interest in Wilbert, beginning August 1, 2017; (ii) oil and gas operations conducted through SORC; and (iii) corporate operations and investments at the Alleghany Capital level. On August 1, 2017, Alleghany Capital acquired a 45.0 percent equity interest in Wilbert. On April 28, 2017, Alleghany Capital acquired approximately 80 percent of the equity in W&W|AFCO Steel. On April 15, 2016, Alleghany Capital acquired an additional 50 percent of Jazwares' outstanding equity bringing its equity ownership interest to 80 percent, and as of that date, the results of Jazwares have been included in our consolidated results. Prior to April 15, 2016, Jazwares was accounted for under the equity method of accounting.

(2) Refer to "Non-GAAP Financial Measures" on page 33 of the Financial Supplement.

ALLEGHANY CAPITAL EQUITY

(\$ in millions)

For the Twelve Months Ended December 31, 2017

	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total
Equity, beginning of period	\$ 453.4	\$ 149.2	\$ (12.1)	\$ 590.5
Earnings (losses) before income taxes	45.2	(30.9)	7.6	21.9
Income taxes*	0.8	12.5	(10.8)	2.5
Net earnings attributable to noncontrolling interest	(10.4)	-	-	(10.4)
Capital contributions (returns of capital) and other	205.9 **	12.5	26.5	244.9
Equity, end of period	<u>\$ 694.9</u>	<u>\$ 143.3</u>	<u>\$ 11.2</u>	<u>\$ 849.4</u>

* Income taxes for certain Alleghany Capital subsidiaries are incurred at the Alleghany Capital level.

** Primarily reflects the acquisition of W&W|AFCO Steel and the investment in Wilbert, less net capital distributions of \$30.9 million made by certain manufacturing and service subsidiaries in 2017.

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
(\$ in millions)

	December 31, 2017					December 31, 2016				
	Reinsurance Segment ⁽¹⁾	Insurance Segment ⁽¹⁾	Total Segments	Other Activities ⁽²⁾	Consolidated	Reinsurance Segment	Insurance Segment	Total Segments	Other Activities ⁽²⁾	Consolidated
Assets										
Investments:										
Available-for-sale securities at fair value:										
Equity securities	\$ 1,844.4	\$ 1,816.7	\$ 3,661.1	\$ 438.4	\$ 4,099.5	\$ 1,468.8	\$ 1,453.3	\$ 2,922.1	\$ 187.4	\$ 3,109.5
Debt securities	10,143.9	2,551.0	12,694.9	26.5	12,721.4	10,148.0	2,803.6	12,951.6	31.6	12,983.2
Short-term investments	304.5	176.9	481.4	96.7	578.1	285.8	252.1	537.9	240.5	778.4
	<u>12,292.8</u>	<u>4,544.6</u>	<u>16,837.4</u>	<u>561.6</u>	<u>17,399.0</u>	<u>11,902.6</u>	<u>4,509.0</u>	<u>16,411.6</u>	<u>459.5</u>	<u>16,871.1</u>
Commercial mortgage loans	460.9	197.5	658.4	-	658.4	416.4	178.5	594.9	-	594.9
Other invested assets	363.0	294.0	657.0	86.3	743.3	366.6	302.7	669.3	(24.1)	645.2
Total investments ⁽³⁾	<u>13,116.7</u>	<u>5,036.1</u>	<u>18,152.8</u>	<u>647.9</u>	<u>18,800.7</u>	<u>12,685.6</u>	<u>4,990.2</u>	<u>17,675.8</u>	<u>435.4</u>	<u>18,111.2</u>
Cash ⁽³⁾	481.9	285.0	766.9	71.5	838.4	461.0	82.3	543.3	50.8	594.1
Reinsurance recoverables	814.9	999.4	1,814.3	(67.8)	1,746.5	345.1	995.6	1,340.7	(68.5)	1,272.2
Goodwill	8.8	49.0	57.8	277.1	334.9	-	49.0	49.0	236.0	285.0
Intangible assets, net of amortization	64.5	69.1	133.6	325.4	459.0	54.8	72.9	127.7	251.0	378.7
All other assets	2,226.7	453.4	2,680.1	524.7	3,204.8	2,184.7	501.5	2,686.2	429.2	3,115.4
Total assets	<u>\$ 16,713.5</u>	<u>\$ 6,892.0</u>	<u>\$ 23,605.5</u>	<u>\$ 1,778.8</u>	<u>\$ 25,384.3</u>	<u>\$ 15,731.2</u>	<u>\$ 6,691.5</u>	<u>\$ 22,422.7</u>	<u>\$ 1,333.9</u>	<u>\$ 23,756.6</u>
Liabilities and Stockholders' Equity										
Loss and loss adjustment expenses	\$ 9,128.0	\$ 2,811.1	\$ 11,939.1	\$ (67.8)	\$ 11,871.3	\$ 8,277.1	\$ 2,878.6	\$ 11,155.7	\$ (68.5)	\$ 11,087.2
Unearned premiums	1,503.6	689.0	2,192.6	(10.3)	2,182.3	1,505.5	701.4	2,206.9	(31.4)	2,175.5
Senior Notes and other debt	391.6	-	391.6	1,093.3	1,484.9	392.4	-	392.4	1,084.1	1,476.5
All other liabilities	472.4	404.8	877.2	348.0	1,225.2	353.4	321.0	674.4	328.4	1,002.8
Total liabilities	<u>11,495.6</u>	<u>3,904.9</u>	<u>15,400.5</u>	<u>1,363.2</u>	<u>16,763.7</u>	<u>10,528.4</u>	<u>3,901.0</u>	<u>14,429.4</u>	<u>1,312.6</u>	<u>15,742.0</u>
Redeemable noncontrolling interest ("RNCI")	-	-	-	106.5	106.5	-	-	-	74.7	74.7
Total stockholders' equity attributable to Alleghany stockholders	<u>5,217.9</u>	<u>2,987.1⁽⁴⁾</u>	<u>8,205.0</u>	<u>309.1</u>	<u>8,514.1</u>	<u>5,202.8</u>	<u>2,790.5⁽⁴⁾</u>	<u>7,993.3⁽⁴⁾</u>	<u>(53.4)</u>	<u>7,939.9</u>
Total liabilities, RNCI and stockholders' equity	<u>\$ 16,713.5</u>	<u>\$ 6,892.0</u>	<u>\$ 23,605.5</u>	<u>\$ 1,778.8</u>	<u>\$ 25,384.3</u>	<u>\$ 15,731.2</u>	<u>\$ 6,691.5</u>	<u>\$ 22,422.7</u>	<u>\$ 1,333.9</u>	<u>\$ 23,756.6</u>

(1) Annualized pre-tax return on average equity for the reinsurance and insurance segments was: -0.4% and 3.9%, respectively, for the twelve months ended December 31, 2017.

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

(3) As of December 31, 2017, includes \$1,383.4 million of marketable securities and cash at our unrestricted holding companies, comprised of \$577.8 million at the Alleghany parent (included in Other Activities), \$721.6 million at AIHL (included in the Insurance Segment), and \$84.0 million at the TransRe holding company (included in the Reinsurance Segment).

(4) Insurance segment stockholders' equity as of December 31, 2017 includes \$2,083.3 million related to the insurance operating companies (RSUI, CapSpecialty and AIHL Re) with the remaining \$903.8 million of stockholders' equity relating to the AIHL holding company and Roundwood. As of December 31, 2016, insurance segment stockholders' equity included \$2,062.3 million related to the insurance operating companies (which also included PacificComp), with the remaining \$728.2 million relating to the AIHL holding company and Roundwood.

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONSOLIDATED TOTAL INVESTMENT PORTFOLIO

(\$ in millions)

	December 31, 2017		September 30, 2017		June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016		March 31, 2016		December 31, 2015			
CARRYING VALUE																				
Equity securities	\$ 4,099.5	21.8%	\$ 3,821.6	20.1%	\$ 3,311.3	17.7%	\$ 2,215.5	12.1%	\$ 3,109.5	17.1%	\$ 2,983.4	16.1%	\$ 2,804.1	15.4%	\$ 2,889.1	16.1%	\$ 3,005.9	16.9%		
Debt securities	12,721.4	67.7%	13,212.4	69.6%	13,369.4	71.6%	13,052.5	71.3%	12,983.2	71.7%	13,636.5	73.7%	13,681.2	75.5%	13,618.2	75.8%	13,606.0	76.3%		
Short-term investments	578.1	3.1%	547.8	2.9%	700.8	3.8%	1,725.1	9.4%	778.4	4.3%	752.4	4.1%	621.7	3.4%	493.6	2.7%	365.8	2.1%		
Commercial mortgage loans	658.4	3.5%	649.7	3.4%	636.5	3.4%	619.7	3.5%	594.9	3.3%	514.9	2.7%	414.2	2.3%	279.9	1.6%	177.9	1.0%		
Other invested assets	743.3	3.9%	739.3	4.0%	661.6	3.5%	684.0	3.7%	645.2	3.6%	639.5	3.4%	632.8	3.4%	694.6	3.8%	676.8	3.7%		
Total	\$ 18,800.7	100.0%	\$ 18,970.8	100.0%	\$ 18,679.6	100.0%	\$ 18,296.8	100.0%	\$ 18,111.2	100.0%	\$ 18,526.7	100.0%	\$ 18,154.0	100.0%	\$ 17,975.4	100.0%	\$ 17,832.4	100.0%		
INVESTMENT ALLOCATION BY CARRYING VALUE																				
Equity securities:																				
Common stock	\$ 4,094.5	21.8%	\$ 3,816.6	20.1%	\$ 3,309.1	17.7%	\$ 2,213.1	12.1%	\$ 3,109.5	17.1%	\$ 2,983.4	16.1%	\$ 2,804.1	15.4%	\$ 2,889.1	16.1%	\$ 3,005.9	16.9%		
Preferred stock	5.0	0.0%	5.0	0.0%	2.2	0.0%	2.4	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%		
	4,099.5	21.8%	3,821.6	20.1%	3,311.3	17.7%	2,215.5	12.1%	3,109.5	17.1%	2,983.4	16.1%	2,804.1	15.4%	2,889.1	16.1%	3,005.9	16.9%		
Debt securities:																				
U.S. Government obligations	948.0	5.0%	1,020.7	5.4%	1,073.4	5.7%	1,123.8	6.1%	1,243.3	6.9%	1,222.5	6.6%	1,207.6	6.7%	1,166.2	6.5%	1,074.7	6.0%		
Municipal bonds	3,682.1	19.6%	4,131.7	21.8%	4,271.1	22.9%	4,118.1	22.5%	4,185.8	23.1%	4,484.9	24.2%	4,566.5	25.2%	4,419.9	24.6%	4,339.6	24.3%		
Foreign government obligations	1,006.6	5.4%	1,140.9	6.0%	1,098.7	5.9%	1,054.1	5.8%	1,047.1	5.8%	1,111.2	6.0%	1,136.3	6.3%	1,091.4	6.1%	941.4	5.3%		
U.S. corporate bonds	2,433.0	12.9%	2,481.0	13.1%	2,393.0	12.8%	2,269.7	12.4%	2,193.1	12.1%	2,098.9	11.3%	1,925.8	10.6%	2,011.4	11.2%	2,176.7	12.2%		
Foreign corporate bonds	1,499.8	8.0%	1,294.2	6.8%	1,266.2	6.8%	1,163.2	6.4%	1,088.8	6.0%	1,180.6	6.4%	1,108.3	6.1%	1,063.5	5.9%	1,230.3	6.9%		
Mortgage and asset-backed securities:																				
Residential mortgage-backed securities ("RMBS")	995.6	5.3%	954.2	5.0%	1,010.3	5.4%	970.9	5.3%	1,000.4	5.5%	1,169.8	6.3%	1,203.2	6.6%	1,313.5	7.3%	1,253.4	7.0%		
Commercial mortgage-backed securities ("CMBS")	551.7	2.9%	516.9	2.7%	572.6	3.1%	624.9	3.4%	734.8	4.1%	837.3	4.5%	965.1	5.3%	1,017.5	5.7%	1,023.4	5.7%		
Other asset-backed securities	1,604.6	8.5%	1,672.8	8.8%	1,684.1	9.0%	1,727.8	9.4%	1,489.9	8.2%	1,531.3	8.3%	1,568.4	8.6%	1,534.8	8.5%	1,566.5	8.8%		
	12,721.4	67.7%	13,212.4	69.6%	13,369.4	71.6%	13,052.5	71.3%	12,983.2	71.7%	13,636.5	73.7%	13,681.2	75.5%	13,618.2	75.8%	13,606.0	76.3%		
Short-term investments	578.1	3.1%	547.8	2.9%	700.8	3.8%	1,725.1	9.4%	778.4	4.3%	752.4	4.1%	621.7	3.4%	493.6	2.7%	365.8	2.1%		
Commercial mortgage loans	658.4	3.5%	649.7	3.4%	636.5	3.4%	619.7	3.5%	594.9	3.3%	514.9	2.7%	414.2	2.3%	279.9	1.6%	177.9	1.0%		
Other invested assets:																				
Equity method investments	163.4	0.8%	164.5	0.9%	90.3	0.5%	89.9	0.5%	49.4	0.3%	50.1	0.3%	50.1	0.3%	112.1	0.6%	75.2	0.4%		
Partnership investments	344.4	1.8%	338.0	1.8%	337.5	1.8%	345.2	1.9%	348.8	1.9%	342.7	1.8%	335.6	1.8%	333.2	1.9%	349.1	2.0%		
Other	235.5	1.3%	236.8	1.2%	233.8	1.3%	248.9	1.4%	247.0	1.4%	246.7	1.3%	247.1	1.3%	249.3	1.3%	252.5	1.3%		
	743.3	3.9%	739.3	4.0%	661.6	3.5%	684.0	3.7%	645.2	3.6%	639.5	3.4%	632.8	3.4%	694.6	3.8%	676.8	3.7%		
Total	\$ 18,800.7	100.0%	\$ 18,970.8	100.0%	\$ 18,679.6	100.0%	\$ 18,296.8	100.0%	\$ 18,111.2	100.0%	\$ 18,526.7	100.0%	\$ 18,154.0	100.0%	\$ 17,975.4	100.0%	\$ 17,832.4	100.0%		
RATINGS⁽¹⁾ OF DEBT SECURITIES PORTFOLIO, BY CARRYING VALUE																				
AAA/Aaa	\$ 1,909.4	15.0%	\$ 2,229.9	16.9%	\$ 2,358.5	17.6%	\$ 2,376.9	18.2%	\$ 2,366.5	18.2%	\$ 2,591.4	20.1%	\$ 2,748.1	20.1%	\$ 2,565.1	18.8%	\$ 2,389.7	17.6%		
AA/Aa	5,548.7	43.6%	5,602.1	42.4%	5,843.4	43.7%	5,699.3	43.7%	5,912.1	45.5%	6,405.7	46.7%	6,394.7	46.7%	6,475.6	47.5%	6,307.8	46.4%		
A	2,803.2	22.0%	2,641.1	20.0%	2,497.7	18.7%	2,423.7	18.5%	2,370.9	18.3%	2,429.0	18.2%	2,495.1	18.2%	2,557.7	18.8%	2,802.9	20.6%		
BBB/Baa	1,787.0	14.1%	1,774.0	13.4%	1,852.7	13.9%	1,786.0	13.7%	1,673.8	12.9%	1,607.6	11.0%	1,498.8	11.0%	1,454.1	10.7%	1,611.9	11.8%		
BB / Ba	210.1	1.8%	223.0	1.7%	216.8	1.6%	256.6	2.0%	284.1	2.3%	291.6	1.9%	261.5	1.9%	209.9	1.5%	136.7	1.0%		
B	304.0	2.4%	286.8	2.2%	290.0	2.2%	244.3	1.9%	185.7	1.4%	178.0	1.2%	168.5	1.2%	273.9	2.1%	274.7	2.0%		
CCC	56.5	0.4%	51.5	0.4%	61.7	0.5%	64.6	0.5%	57.1	0.4%	49.6	0.2%	22.2	0.2%	26.3	0.2%	31.5	0.2%		
CC	5.8	0.0%	3.2	0.0%	5.5	0.0%	5.9	0.0%	2.0	0.0%	0.9	0.1%	9.1	0.1%	9.5	0.1%	9.7	0.1%		
Below CC	4.7	0.0%	3.7	0.0%	4.0	0.0%	3.7	0.0%	4.0	0.0%	3.9	0.1%	8.1	0.1%	4.8	0.0%	4.0	0.0%		
Not rated	92.0	0.7%	397.1	3.0%	239.1	1.8%	191.5	1.5%	127.0	1.0%	78.8	0.5%	75.1	0.5%	41.3	0.3%	37.1	0.3%		
	\$ 12,721.4	100.0%	\$ 13,212.4	100.0%	\$ 13,369.4	100.0%	\$ 13,052.5	100.0%	\$ 12,983.2	100.0%	\$ 13,636.5	100.0%	\$ 13,681.2	100.0%	\$ 13,618.2	100.0%	\$ 13,606.0	100.0%		
Duration of debt securities portfolio	4.4 years		4.5 years		4.5 years		4.5 years		4.5 years		4.6 years		4.6 years		4.6 years		4.6 years			
Average credit quality ⁽²⁾	AA-		AA-		AA-		AA-		AA-		AA-		AA-		AA-		AA-			

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

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

ALLEGHANY CORPORATION AND SUBSIDIARIES
DEBT SECURITIES PORTFOLIO CREDIT QUALITY⁽¹⁾
(\$ in millions)

December 31, 2017

	AAA / Aaa	AA / Aa	A	BBB / Baa	Below BBB / Baa or Not-Rated	Total
U.S. Government obligations	\$ -	\$ 948.0	\$ -	\$ -	\$ -	\$ 948.0
Municipal bonds	377.1	2,436.5	744.3	122.8	1.4	3,682.1
Foreign government obligations	442.4	340.3	211.8	11.4	0.7	1,006.6
U.S. corporate bonds	10.8	97.7	822.3	942.7	559.5	2,433.0
Foreign corporate bonds	332.0	149.9	576.2	341.7	100.0	1,499.8
Mortgage and asset-backed securities:						
RMBS	15.2	950.7	-	21.7	8.0	995.6
CMBS	158.9	317.1	73.9	1.3	0.5	551.7
Other asset-backed securities	573.0	308.5	374.7	345.4	3.0	1,604.6
Total debt securities	<u>\$ 1,909.4</u>	<u>\$ 5,548.7</u>	<u>\$ 2,803.2</u>	<u>\$ 1,787.0</u>	<u>\$ 673.1</u>	<u>\$12,721.4</u>
Percentage of debt securities	<u>15.0%</u>	<u>43.6%</u>	<u>22.0%</u>	<u>14.1%</u>	<u>5.3%</u>	<u>100.0%</u>

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

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

	Three Months Ended December 31,	
	2017	2016
Interest income	\$ 105.8	\$ 86.7
Dividends	19.5	14.8
Total interest income and dividends	125.3	101.5
Equity in results of Pillar Capital Holdings Limited and related funds	1.2	2.9
Equity in results of Ares Management, L.P.	3.7	6.3
Other investment results	6.9	1.9
Total investment income	137.1	112.6
Investment expenses	(7.9)	(6.5)
Net investment income	<u>\$ 129.2</u>	<u>\$ 106.1</u>
Net investment income - after tax ⁽¹⁾	<u>\$ 91.7</u>	<u>\$ 81.0</u>

	Twelve Months Ended December 31,	
	2017	2016
Interest income	\$ 412.1	\$ 385.7
Dividends	47.4	50.3
Total interest income and dividends	459.5	436.0
Equity in results of Pillar Capital Holdings Limited and related funds	(1.7)	15.8
Equity in results of Ares Management, L.P.	3.3	11.5
Other investment results	18.0	1.5
Total investment income	479.1	464.8
Investment expenses	(28.1)	(26.3)
Net investment income	<u>\$ 451.0</u>	<u>\$ 438.5</u>
Net investment income - after tax ⁽¹⁾	<u>\$ 337.0</u>	<u>\$ 337.0</u>

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

ALLEGHANY CORPORATION AND SUBSIDIARIES
FINANCIAL STATEMENT PORTFOLIO RETURN

(\$ in millions)

	For the Three Months Ended								
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Investment income and realized gains ⁽¹⁾ :									
Net investment income	\$ 129.2	\$ 104.7	\$ 101.7	\$ 115.5	\$ 106.1	\$ 120.6	\$ 106.9	\$ 104.9	\$ 104.2
Net realized capital gains:									
Equity securities and other	\$ 11.8	\$ 27.0	\$ 7.6	\$ 51.1	\$ (58.2)	\$ 15.3	\$ 37.5	\$ 15.8	\$ 52.8
Debt securities	(6.4)	5.9	1.7	8.5	4.2	11.9	16.5	20.1	2.6
	<u>5.4</u>	<u>32.9</u>	<u>9.3</u>	<u>59.6</u>	<u>(54.0)</u>	<u>27.2</u>	<u>54.0</u>	<u>35.9</u>	<u>55.4</u>
Other than temporary impairment losses:									
Equity securities and other	\$ (3.2)	\$ (5.0)	\$ (3.7)	\$ (3.1)	\$ (6.7)	\$ (9.3)	\$ (2.0)	\$ (5.3)	\$ (8.4)
Debt securities	(0.6)	(1.1)	(0.1)	(0.1)	(0.3)	(2.4)	(3.7)	(15.5)	(13.2)
	<u>(3.8)</u>	<u>(6.1)</u>	<u>(3.8)</u>	<u>(3.2)</u>	<u>(7.0)</u>	<u>(11.7)</u>	<u>(5.7)</u>	<u>(20.8)</u>	<u>(21.6)</u>
	130.8	131.5	107.2	171.9	45.1	136.1	155.2	120.0	138.0
Opening net unrealized gains on investment securities ⁽¹⁾ :									
Net unrealized gains on debt securities portfolio	\$ 184.8	\$ 163.9	\$ 88.2	\$ 56.1	\$ 407.3	\$ 423.7	\$ 232.9	\$ 76.1	\$ 147.3
Net unrealized gains on equity securities portfolio	646.8	544.8	398.7	292.9	241.4	164.4	251.3	264.9	185.2
	<u>831.6</u>	<u>708.7</u>	<u>486.9</u>	<u>349.0</u>	<u>648.7</u>	<u>588.1</u>	<u>484.2</u>	<u>341.0</u>	<u>332.5</u>
Closing net unrealized gains on investment securities ⁽¹⁾ :									
Net unrealized gains on debt securities portfolio	\$ 184.6	\$ 184.8	\$ 163.9	\$ 88.2	\$ 56.1	\$ 407.3	\$ 423.7	\$ 232.9	\$ 76.1
Net unrealized gains on equity securities portfolio	928.8	646.8	544.8	398.7	292.9	241.4	164.4	251.3	264.9
	<u>1,113.4</u>	<u>831.6</u>	<u>708.7</u>	<u>486.9</u>	<u>349.0</u>	<u>648.7</u>	<u>588.1</u>	<u>484.2</u>	<u>341.0</u>
Increase (decrease) in net unrealized gains on investment securities ⁽¹⁾ :									
Increase (decrease) on debt securities portfolio	\$ (0.2)	\$ 20.9	\$ 75.7	\$ 32.1	\$ (351.2)	\$ (16.4)	\$ 190.8	\$ 156.8	\$ (71.2)
Increase (decrease) on equity securities portfolio	282.0	102.0	146.1	105.8	51.5	77.0	(86.9)	(13.6)	79.7
	<u>281.8</u>	<u>122.9</u>	<u>221.8</u>	<u>137.9</u>	<u>(299.7)</u>	<u>60.6</u>	<u>103.9</u>	<u>143.2</u>	<u>8.5</u>
Net investment income, realized gains and unrealized gains ⁽¹⁾	\$ 412.6	\$ 254.4	\$ 329.0	\$ 309.8	\$ (254.6)	\$ 196.7	\$ 259.1	\$ 263.2	\$ 146.5
Opening aggregate invested assets	\$ 18,970.8	\$ 18,679.6	\$ 18,296.8	\$ 18,111.2	\$ 18,526.7	\$ 18,154.0	\$ 17,975.4	\$ 17,832.4	\$ 18,641.7
Closing aggregate invested assets	18,800.7	18,970.8	18,679.6	18,296.8	18,111.2	18,526.7	18,154.0	17,975.4	17,832.4
Average invested assets, at carrying value	\$ 18,885.8	\$ 18,825.2	\$ 18,488.2	\$ 18,204.0	\$ 18,319.0	\$ 18,340.4	\$ 18,064.7	\$ 17,903.9	\$ 18,237.1
Financial statement portfolio return ⁽¹⁾	2.2%	1.4%	1.8%	1.7%	(1.4%)	1.1%	1.4%	1.5%	0.8%
Annualized financial statement portfolio return ⁽¹⁾	8.7%	5.4%	7.1%	6.8%	(5.6%)	4.3%	5.7%	5.9%	3.2%

(1) Before income tax.

ALLEGHANY CORPORATION AND SUBSIDIARIES
ANNUALIZED INVESTMENT BOOK YIELD

(\$ in millions)

	For the Three Months Ended								
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Net investment income	\$ 129.2	\$ 104.7	\$ 101.7	\$ 115.5	\$ 106.1	\$ 120.6	\$ 106.9	\$ 104.9	\$ 104.2
Opening invested assets:									
Debt securities portfolio, at amortized cost	\$ 13,027.6	\$ 13,205.5	\$ 12,964.3	\$ 12,927.1	\$ 13,229.2	\$ 13,257.5	\$ 13,385.3	\$ 13,529.9	\$ 14,383.0
Equity securities portfolio, at cost	3,174.8	2,766.5	1,816.8	2,816.6	2,742.0	2,639.7	2,637.8	2,741.0	2,826.9
Short-term investments, at fair value ⁽¹⁾	547.8	700.8	1,725.1	778.4	752.4	621.7	493.6	365.8	362.0
Commercial mortgage loans ⁽²⁾	649.7	636.5	619.7	594.9	514.9	414.2	279.9	177.9	36.6
Other invested assets, at carrying value ⁽²⁾	739.3	661.6	684.0	645.2	639.5	632.8	694.6	676.8	700.7
	<u>18,139.2</u>	<u>17,970.9</u>	<u>17,809.9</u>	<u>17,762.2</u>	<u>17,878.0</u>	<u>17,565.9</u>	<u>17,491.2</u>	<u>17,491.4</u>	<u>18,309.2</u>
Ending invested assets:									
Debt securities portfolio, at amortized cost	\$ 12,536.8	\$ 13,027.6	\$ 13,205.5	\$ 12,964.3	\$ 12,927.1	\$ 13,229.2	\$ 13,257.5	\$ 13,385.3	\$ 13,529.9
Equity securities portfolio, at cost	3,170.7	3,174.8	2,766.5	1,816.8	2,816.6	2,742.0	2,639.7	2,637.8	2,741.0
Short-term investments, at fair value ⁽¹⁾	578.1	547.8	700.8	1,725.1	778.4	752.4	621.7	493.6	365.8
Commercial mortgage loans ⁽²⁾	658.4	649.7	636.5	619.7	594.9	514.9	414.2	279.9	177.9
Other invested assets, at carrying value ⁽²⁾	743.3	739.3	661.6	684.0	645.2	639.5	632.8	694.6	676.8
	<u>17,687.3</u>	<u>18,139.2</u>	<u>17,970.9</u>	<u>17,809.9</u>	<u>17,762.2</u>	<u>17,878.0</u>	<u>17,565.9</u>	<u>17,491.2</u>	<u>17,491.4</u>
Average invested assets	\$ 17,913.3	\$ 18,055.1	\$ 17,890.4	\$ 17,786.1	\$ 17,820.1	\$ 17,722.0	\$ 17,528.6	\$ 17,491.3	\$ 17,900.3
Investment book yield	0.7%	0.6%	0.6%	0.6%	0.6%	0.7%	0.6%	0.6%	0.6%
Annualized investment book yield	2.9%	2.3%	2.3%	2.6%	2.4%	2.7%	2.4%	2.4%	2.3%

(1) Fair value approximates amortized cost.

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

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

(\$ in millions)

	For the Twelve Months Ended December 31,	
	2017	2016
Reserves, beginning of period	\$ 11,087.2	\$ 10,799.2
Less: reinsurance recoverables ⁽¹⁾	1,236.2	1,169.3
Net reserves, beginning of period	9,851.0	9,629.9
Other adjustments	(293.7) ⁽²⁾	2.4
Incurred loss and LAE, net of reinsurance, related to:		
Current year	3,918.8	3,285.2
Prior years	(298.6)	(368.0)
Total incurred loss and LAE, net of reinsurance	3,620.2	2,917.2
Paid loss and LAE, net of reinsurance, related to:		
Current year	853.2	734.3
Prior years	2,225.2	1,866.5
Total paid loss and LAE, net of reinsurance	3,078.4	2,600.8
Foreign exchange effect	122.1	(97.7)
Net reserves, end of period	10,221.2	9,851.0
Plus: reinsurance recoverables ⁽¹⁾	1,650.1	1,236.2
Reserves, end of period	\$ 11,871.3	\$ 11,087.2

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

(2) Primarily represents the impact on net reserves arising from the sale of PacificComp on December 31, 2017.

ALLEGHANY CORPORATION AND SUBSIDIARIES
CAPITAL STRUCTURE AND LEVERAGE RATIOS

(\$ in millions)

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Capital Structure									
Senior Notes	\$ 1,383.9	\$ 1,383.9	\$ 1,383.8	\$ 1,383.8	\$ 1,383.7	\$ 1,383.7	\$ 1,383.6	\$ 1,383.6	\$ 1,383.1
Other debt	101.0	102.5	103.7	87.4	92.8	45.7	28.3	40.4	36.3
Senior Notes and other debt	<u>\$ 1,484.9</u>	<u>\$ 1,486.4</u>	<u>\$ 1,487.5</u>	<u>\$ 1,471.2</u>	<u>\$ 1,476.5</u>	<u>\$ 1,429.4</u>	<u>\$ 1,411.9</u>	<u>\$ 1,424.0</u>	<u>\$ 1,419.4</u>
Total stockholders' equity attributable to Alleghany stockholders	<u>8,514.1</u>	<u>8,201.0</u>	<u>8,435.3</u>	<u>8,184.8</u>	<u>7,939.9</u>	<u>8,105.1</u>	<u>7,917.8</u>	<u>7,771.7</u>	<u>7,554.7</u>
Total capitalization	<u><u>\$ 9,999.0</u></u>	<u><u>\$ 9,687.4</u></u>	<u><u>\$ 9,922.8</u></u>	<u><u>\$ 9,656.0</u></u>	<u><u>\$ 9,416.4</u></u>	<u><u>\$ 9,534.5</u></u>	<u><u>\$ 9,329.7</u></u>	<u><u>\$ 9,195.7</u></u>	<u><u>\$ 8,974.1</u></u>
Leverage Ratios									
Debt to total capitalization	14.9%	15.3%	15.0%	15.2%	15.7%	15.0%	15.1%	15.5%	15.8%
Closing stockholders' equity attributable to Alleghany stockholders	\$ 8,514.1	\$ 8,201.0	\$ 8,435.3	\$ 8,184.8	\$ 7,939.9	\$ 8,105.1	\$ 7,917.8	\$ 7,771.7	\$ 7,554.7
Net premiums written (trailing 12 months)	\$ 4,965.9	\$ 4,985.1	\$ 4,961.5	\$ 5,040.8	\$ 5,091.8	\$ 5,132.1	\$ 4,908.6	\$ 4,720.3	\$ 4,489.2
Net premiums written (trailing 12 months) to stockholders' equity	0.58 x	0.61 x	0.59 x	0.62 x	0.64 x	0.63 x	0.62 x	0.61 x	0.59 x
Total investments and cash	\$ 19,639.1	\$ 19,672.6	\$ 19,323.3	\$ 18,921.2	\$ 18,705.3	\$ 19,095.6	\$ 18,664.8	\$ 18,485.1	\$ 18,307.7
Total investments and cash to stockholders' equity	2.31 x	2.40 x	2.29 x	2.31 x	2.36 x	2.36 x	2.36 x	2.38 x	2.42 x
Reserve for loss and loss adjustment expenses	\$ 11,871.3	\$ 12,456.4	\$ 11,060.2	\$ 10,989.9	\$ 11,087.2	\$ 11,058.1	\$ 11,043.8	\$ 10,758.7	\$ 10,799.2
Deduct: reinsurance recoverable on ceded losses	(1,650.1)	(1,693.4)	(1,152.4)	(1,213.0)	(1,236.2)	(1,157.8)	(1,151.1)	(1,112.1)	(1,169.3)
Net reserve for loss and loss adjustment expenses	<u>10,221.2</u>	<u>10,763.0</u>	<u>9,907.8</u>	<u>9,776.9</u>	<u>9,851.0</u>	<u>9,900.3</u>	<u>9,892.7</u>	<u>9,646.6</u>	<u>9,629.9</u>
Net reserve for loss and loss adjustment expenses to stockholders' equity	1.20 x	1.31 x	1.17 x	1.19 x	1.24 x	1.22 x	1.25 x	1.24 x	1.27 x

ALLEGHANY CORPORATION AND SUBSIDIARIES
SHARE REPURCHASE DETAIL

<u>Period</u>	<u>Total Number of Shares Repurchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs*</u>	<u>Approximate Dollar Value of Shares That May Yet Be Repurchased Under the Plans or Programs (in millions)*</u>	<u>Total Cost of Shares Repurchased (in millions)</u>
January 1 to January 31, 2017	-	\$ -	-	\$ 379.2	\$ -
February 1 to February 28, 2017	-	-	-	379.2	-
March 1 to March 31, 2017	-	-	-	379.2	-
Quarter ended March 31, 2017	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
April 1 to April 30, 2017	-	\$ -	-	\$ 379.2	\$ -
May 1 to May 31, 2017	-	-	-	379.2	-
June 1 to June 30, 2017	-	-	-	379.2	-
Quarter ended June 30, 2017	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
July 1 to July 31, 2017	-	\$ -	-	\$ 379.2	\$ -
August 1 to August 31, 2017	-	-	-	379.2	-
September 1 to September 30, 2017	15,916	537.14	15,916	370.7	8.5
Quarter ended September 30, 2017	<u>15,916</u>	<u>537.14</u>	<u>15,916</u>		<u>8.5</u>
October 1 to October 31, 2017	13,788	\$ 543.84	13,788	\$ 363.2	\$ 7.5
November 1 to November 30, 2017	-	-	-	363.2	-
December 1 to December 31, 2017	-	-	-	363.2	-
Quarter ended December 31, 2017	<u>13,788</u>	<u>543.84</u>	<u>13,788</u>		<u>7.5</u>
Twelve months ended December 31, 2017	<u>29,704</u>	<u>\$ 540.25</u>	<u>29,704</u>		<u>16.0</u>
Quarter ended March 31, 2016	113,100	\$ 471.15	113,100	\$ 394.2	\$ 53.3
Quarter ended June 30, 2016	-	-	-	394.2	-
Quarter ended September 30, 2016	4,621	517.40	4,621	391.8	2.4
Quarter ended December 31, 2016	24,465	516.70	24,465	379.2	12.6
Year ended December 31, 2016	<u>142,186</u>	<u>480.49</u>	<u>142,186</u>	<u>379.2</u>	<u>68.3</u>

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

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

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

	For the Three Months Ended								
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Net earnings (losses) attributable to Alleghany stockholders	\$ 153.3	\$ (314.2)	\$ 101.8	\$ 149.2	\$ 69.5	\$ 155.8	\$ 77.1	\$ 154.5	\$ 156.1
Adjustment related to redeemable noncontrolling interests	-	-	-	-	-	-	-	-	(2.6)
Income (loss) available to common stockholders for basic earnings per share	<u>153.3</u>	<u>(314.2)</u>	<u>101.8</u>	<u>149.2</u>	<u>69.5</u>	<u>155.8</u>	<u>77.1</u>	<u>154.5</u>	<u>153.5</u>
Effect of dilutive securities	-	(8.9)	-	-	(0.8)	-	-	(0.4)	-
Income (loss) available to common stockholders for diluted earnings per share	<u>\$ 153.3</u>	<u>\$ (323.1)</u>	<u>\$ 101.8</u>	<u>\$ 149.2</u>	<u>\$ 68.7</u>	<u>\$ 155.8</u>	<u>\$ 77.1</u>	<u>\$ 154.1</u>	<u>\$ 153.5</u>
Weighted average common shares outstanding applicable to basic earnings per share	15,391,388	15,416,014	15,419,034	15,413,698	15,415,697	15,438,399	15,438,859	15,452,191	15,574,271
Effect of dilutive securities	-	42,310	-	6,770	16,572	-	-	12,298	7,834
Adjusted weighted average common shares outstanding applicable to diluted earnings per share	<u>15,391,388</u>	<u>15,458,324</u>	<u>15,419,034</u>	<u>15,420,468</u>	<u>15,432,269</u>	<u>15,438,399</u>	<u>15,438,859</u>	<u>15,464,489</u>	<u>15,582,105</u>
Basic earnings (losses) per share attributable to Alleghany stockholders	\$ 9.96	\$ (20.38)	\$ 6.60	\$ 9.68	\$ 4.51	\$ 10.09	\$ 4.99	\$ 10.00	\$ 9.86
Diluted earnings (losses) per share attributable to Alleghany stockholders	9.96	(20.90)	6.60	9.67	4.45	10.09	4.99	9.96	9.85

ALLEGHANY CORPORATION AND SUBSIDIARIES
BASIC AND DILUTED EARNINGS PER SHARE INFORMATION - YEAR TO DATE

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

	<u>For the Twelve Months Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Net earnings attributable to Alleghany stockholders	\$ 90.1	\$ 456.9
Adjustment related to redeemable noncontrolling interests	-	-
Income available to common stockholders for basic earnings per share	<u>90.1</u>	<u>456.9</u>
Effect of dilutive securities	-	-
Income available to common stockholders for diluted earnings per share	<u>\$ 90.1</u>	<u>\$ 456.9</u>
Weighted average common shares outstanding applicable to basic earnings per share	15,410,034	15,436,286
Effect of dilutive securities	-	6,363
Adjusted weighted average common shares outstanding applicable to diluted earnings per share	<u>15,410,034</u>	<u>15,442,649</u>
Basic earnings per share attributable to Alleghany stockholders	\$ 5.85	\$ 29.60
Diluted earnings per share attributable to Alleghany stockholders	5.85	29.59

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

(\$ in millions)

	For the Three Months Ended									
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	
Opening stockholders' equity attributable to Alleghany stockholders	\$ 8,201.0	\$ 8,435.3	\$ 8,184.8	\$ 7,939.9	\$ 8,105.1	\$ 7,917.8	\$ 7,771.7	\$ 7,554.7	\$ 7,452.2	
Closing stockholders' equity attributable to Alleghany stockholders	8,514.1	8,201.0	8,435.3	8,184.8	7,939.9	8,105.1	7,917.8	7,771.7	7,554.7	
Average stockholders' equity	\$ 8,357.6	\$ 8,318.2	\$ 8,310.1	\$ 8,062.4	\$ 8,022.5	\$ 8,011.5	\$ 7,844.8	\$ 7,663.2	\$ 7,503.5	
Net earnings (losses) attributable to Alleghany stockholders	\$ 153.3	\$ (314.2)	\$ 101.8	\$ 149.2	\$ 69.5	\$ 155.8	\$ 77.1	\$ 154.5	\$ 156.1	
Return on average stockholders' equity	1.8%	-3.8%	1.2%	1.9%	0.9%	1.9%	1.0%	2.0%	2.1%	
Annualized return on average stockholders' equity	7.3%	-15.1%	4.9%	7.4%	3.5%	7.8%	3.9%	8.1%	8.3%	

ALLEGHANY CORPORATION AND SUBSIDIARIES
RETURN ON AVERAGE STOCKHOLDERS' EQUITY - YEAR TO DATE

(\$ in millions)

	<u>For the Twelve Months Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Opening stockholders' equity attributable to Alleghany stockholders	\$ 7,939.9	\$ 7,554.7
Closing stockholders' equity attributable to Alleghany stockholders	\$ 8,514.1	\$ 7,939.9
Average stockholders' equity	\$ 8,227.0	\$ 7,747.3
Net earnings attributable to Alleghany stockholders	\$ 90.1	\$ 456.9
Return on average stockholders' equity	1.1%	5.9%

ALLEGHANY CORPORATION AND SUBSIDIARIES
BOOK VALUE PER SHARE

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

	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>June 30, 2017</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>	<u>June 30, 2016</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Total stockholders' equity attributable to Alleghany stockholders	\$ 8,514.1	\$ 8,201.0	\$ 8,435.3	\$ 8,184.8	\$ 7,939.9	\$ 8,105.1	\$ 7,917.8	\$ 7,771.7	\$ 7,554.7
Shares outstanding	15,390,500	15,403,758	15,419,347	15,418,011	15,410,164	15,434,629	15,439,250	15,437,632	15,544,077
Book value per share	\$ 553.20	\$ 532.40	\$ 547.06	\$ 530.86	\$ 515.24	\$ 525.13	\$ 512.84	\$ 503.43	\$ 486.02
Quarter-over-quarter growth	3.9%	(2.7%)	3.1%	3.0%	(1.9%)	2.4%	1.9%	3.6%	2.1%

ALLEGHANY CORPORATION AND SUBSIDIARIES
CONSOLIDATED CHANGES IN STOCKHOLDERS' EQUITY
(\$ in millions)

	For the Three Months Ended December 31, 2017		For the Twelve Months Ended December 31, 2017	
	Total Stock- holders' Equity Attributable to Alleghany	Redeemable Noncontrolling Interest	Total Stock- holders' Equity attributable to Alleghany	Redeemable noncontrolling Interest
Balance as of the beginning of the period	\$ 8,201.0	\$ 103.5	\$ 7,939.9	\$ 74.7
<i>Add (deduct):</i>				
Net earnings	153.3	5.1	90.1	10.4
Other comprehensive income, net of tax:				
Change in unrealized gains:				
Debt securities portfolio	(19.0)	-	69.7	-
Equity securities portfolio	179.4	-	409.4	-
Other	5.8	-	(6.1)	-
	166.2	-	473.1	-
Change in unrealized currency translation adjustment	4.2	-	26.6	-
Retirement plans	(4.0)	-	(3.8)	-
Comprehensive income, net of tax	<u>319.7</u>	<u>5.1</u>	<u>586.0</u>	<u>10.4</u>
Treasury stock repurchase	(7.5)	-	(16.0)	-
Other	0.9	(2.1)	4.2	21.4
Balance as of the end of the period	<u><u>\$ 8,514.1</u></u>	<u><u>\$ 106.5</u></u>	<u><u>\$ 8,514.1</u></u>	<u><u>\$ 106.5</u></u>

ALLEGHANY CORPORATION AND SUBSIDIARIES CATASTROPHE EXPOSURE

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

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

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

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

Projections of potential catastrophe losses are typically expressed in terms of the probable maximum loss, or "PML." We define PML as our anticipated maximum loss (taking into account contract limits) caused by a single catastrophe event at a specified estimated return period affecting a broad contiguous area. These modeled losses are estimated based upon contracts in force at January 1, 2018 for TransRe, and December 1, 2017 for RSUI. Modeled results also reflect losses arising from certain of our invested assets that have specific catastrophe exposures.

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

	100 Year Return Period		250 Year Return Period	
	Gross Loss (before tax)	Net Loss (after tax)	Gross Loss (before tax)	Net Loss (after tax)
	(\$ in billions)			
Florida, Wind	\$ 1.5	\$ 0.5	\$ 2.2	\$ 0.7
California, Earthquake	1.2	0.4	2.0	0.6
Gulf Coast, Wind	0.8	0.3	1.5	0.5
Northeast U.S., Wind	0.8	0.3	1.5	0.5
Japan, Earthquake	0.6	0.2	1.0	0.3
Europe, Wind	0.6	0.2	0.8	0.2
Japan, Wind	0.5	0.2	0.6	0.2

"Florida, Wind" has the highest modeled after-tax net catastrophe costs for both a 100 and 250 year return period. These costs would represent approximately 6 percent and 8 percent, respectively, of stockholders' equity attributable to Alleghany as of December 31, 2017, compared with approximately 5 percent and 7 percent, respectively, of stockholders' equity attributable to Alleghany as of December 31, 2016. If multiple severe catastrophe events occur in any one year, or a single catastrophe event affects more than one geographic area, the potential economic cost to us could be materially higher than any one of the amounts shown above.

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

ALLEGHANY CORPORATION AND SUBSIDIARIES

NON-GAAP FINANCIAL MEASURES

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

UNDERWRITING PROFIT

Underwriting profit represents net premiums earned less net loss and LAE and commissions, brokerage and other underwriting expenses, all as determined in accordance with GAAP, and does not include net investment income, net realized capital gains, other than temporary impairment, or "OTTI," losses, other revenue, other operating expenses, corporate administration, amortization of intangible assets and interest expense. Alleghany uses underwriting profit as a supplement to earnings before income taxes, the most comparable GAAP financial measure, to evaluate the performance of its reinsurance and insurance segments and believes that underwriting profit provides useful additional information to investors because it highlights net earnings attributable to Alleghany's reinsurance and insurance segment's underwriting performance. Earnings before income taxes may show a profit despite an underlying underwriting loss, and when underwriting losses persist over extended periods, a reinsurance or an insurance company's ability to continue as an ongoing concern may be at risk. A reconciliation of underwriting profit to earnings before income taxes is presented within "Consolidated Underwriting Results" on pages 11 through 14 of the Financial Supplement.

OPERATING INCOME (AND OPERATING EARNINGS PER SHARE)

Operating income and operating earnings per share exclude (on an after-tax basis): net realized capital gains; and OTTI losses, all as determined in accordance with GAAP. Alleghany uses operating income and operating earnings per share as a supplement to net earnings attributable to Alleghany stockholders and earnings per share, respectively, the most comparable GAAP financial measures, to provide useful additional information to investors by highlighting net earnings and earnings per share attributable to its performance exclusive of realized capital gains or losses and impairments. A reconciliation of operating income and operating earnings per share to net earnings attributable to Alleghany stockholders and earnings per share, respectively, is presented within "Operating Income Reconciliation" on page 34 of the Financial Supplement.

ANNUALIZED INVESTMENT BOOK YIELD

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

ADJUSTED EBITDA

Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization expense, and further adjusted to exclude investment gains or losses. Adjusted EBITDA represents other revenue less certain other expenses, and does not include: (1) depreciation expense (a component of other operating expenses); (2) amortization of intangible assets; (3) interest expense; (4) net realized capital gains; (5) OTTI losses; and (6) income taxes. Because Adjusted EBITDA excludes interest, income taxes, net realized capital gains, OTTI losses, depreciation and amortization, it provides an indication of economic performance that is not affected by levels of debt, interest rates, effective tax rates or levels of depreciation and amortization resulting from acquisition accounting. Alleghany uses Adjusted EBITDA as a supplement to earnings before income taxes, the most comparable GAAP financial measure, to evaluate the performance of certain of its non-insurance operating subsidiaries and investments. A reconciliation of Adjusted EBITDA to earnings before income taxes is presented within "Alleghany Capital Results" on pages 15 and 16 of the Financial Supplement.

ALLEGHANY CORPORATION AND SUBSIDIARIES
OPERATING INCOME RECONCILIATION

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

	For the Three Months Ended								
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Net earnings (losses) attributable to Alleghany stockholders	\$ 153.3	\$ (314.2)	\$ 101.8	\$ 149.2	\$ 69.5	\$ 155.8	\$ 77.1	\$ 154.5	\$ 156.1 ⁽¹⁾
Adjustments to net earnings:									
Net realized capital gains	5.4	32.9	9.3	59.6	(54.0)	27.2	54.0	35.9	55.4
Other than temporary impairment losses	(3.8)	(6.1)	(3.8)	(3.2)	(7.0)	(11.7)	(5.7)	(20.8)	(21.6)
Income tax effect of adjustments	(0.6)	(9.4)	(1.9)	(19.7)	21.4	(5.4)	(16.9)	(5.3)	(11.8)
	<u>1.0</u>	<u>17.4</u>	<u>3.6</u>	<u>36.7</u>	<u>(39.6)</u>	<u>10.1</u>	<u>31.4</u>	<u>9.8</u>	<u>22.0</u>
Operating income (loss)	<u>\$ 152.3</u>	<u>\$ (331.6)</u>	<u>\$ 98.2</u>	<u>\$ 112.5</u>	<u>\$ 109.1</u>	<u>\$ 145.7</u>	<u>\$ 45.7</u>	<u>\$ 144.7</u>	<u>\$ 134.1 ⁽¹⁾</u>
Weighted average common shares outstanding:									
Basic	15,391,388	15,416,014	15,419,034	15,413,698	15,415,697	15,438,399	15,438,859	15,452,191	15,574,271
Diluted	15,391,388	15,458,324	15,419,034	15,420,468	15,432,269	15,438,399	15,438,859	15,464,489	15,582,105
Earnings (losses) per share attributable to Alleghany stockholders:									
Basic	\$ 9.96	\$ (20.38)	\$ 6.60	\$ 9.68	\$ 4.51	\$ 10.09	\$ 4.99	\$ 10.00	\$ 9.86 ⁽¹⁾
Diluted	9.96	(20.90)	6.60	9.67	4.45	10.09	4.99	9.96	9.85 ⁽¹⁾
Operating earnings (losses) per share data:									
Basic	\$ 9.89	\$ (21.51)	\$ 6.37	\$ 7.30	\$ 7.07	\$ 9.44	\$ 2.96	\$ 9.36	\$ 8.45 ⁽¹⁾
Diluted	9.89	(22.03)	6.37	7.29	7.02	9.44	2.96	9.32	8.44 ⁽¹⁾

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

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

	December 31, 2017			December 31, 2016		
	Amortized Cost or Cost	Fair Value	Unrealized Gain (Loss)	Amortized Cost or Cost	Fair Value	Unrealized Gain (Loss)
Debt Securities, by rating⁽¹⁾						
AAA/Aaa	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AA/Aa	2.1	2.1	-	18.1	18.2	0.1
A	92.9	94.7	1.8	81.4	82.5	1.1
BBB/Baa	123.2	133.2	10.0	130.6	136.6	6.0
Below BBB/Baa or not rated	114.2	119.3	5.1	72.3	76.0	3.7
Total debt securities	332.4	349.3	16.9	302.4	313.3	10.9
Equity Securities	442.5	485.0	42.5	376.7	408.6	31.9
Subsidiaries⁽²⁾	143.3	143.3	-	149.2	149.2	-
Total energy-related holdings	\$ 918.2	\$ 977.6	\$ 59.4	\$ 828.3	\$ 871.1	\$ 42.8

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

(2) Relates to SORC, a wholly-owned subsidiary of Alleghany Capital. For purposes of this exhibit, fair value and cost are shown at shareholder equity carrying value.