Alleghany

Bank of America Merrill Lynch 2017 Insurance Conference

February 16, 2017

From Railroads to Financial Services

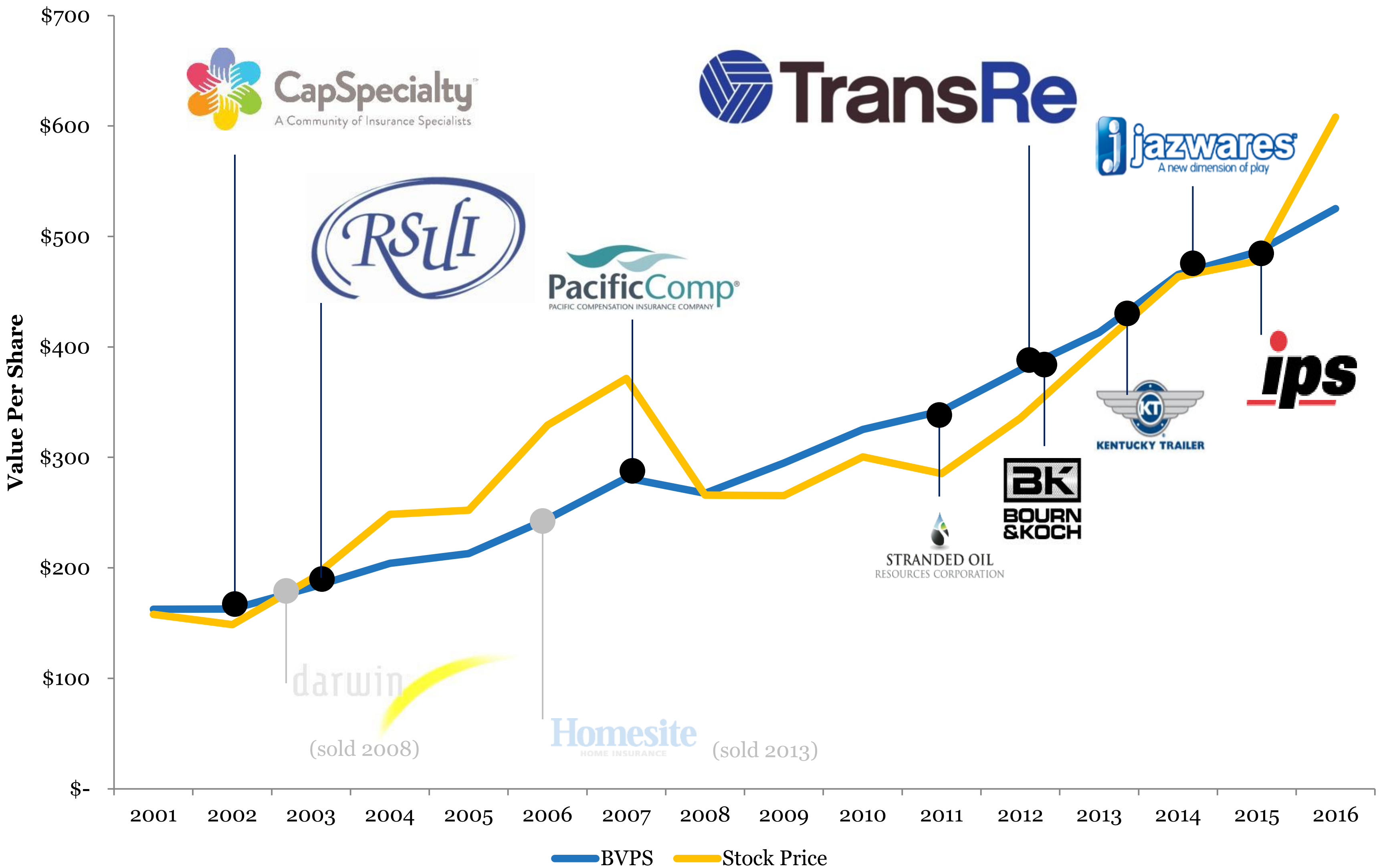
Railroads	Industrials	Financials / (Re)insurance		Other
Nickel Plate Railroad Chesapeake & Ohio Railroad New York Central	MSL Industries Jones Motor World Minerals Bourn-Koch Kentucky Trailer	Investors Diversified Services Chicago Title & Trust Sacramento Savings Bank Underwriters Re	CapSpecialty RSUI PacificComp TransRe	Stranded Oil (Energy) Jazwares (Consumer) IPS (Business Services)

Alleghany's Time Tested Business Model

- Semi-autonomous operating structure
- Long-serving executive leadership
- Investment-oriented holding company
- Focus on ***long-term*** compounding of book value

87 Year History as a Public Company

Recent History – Significant Transactions



Note: 2016 BVPS as of September 30, 2016. Jazwares shown in 2014 when initial interest was acquired. Majority position acquired in 2016.

Capital Allocation as of September 30, 2016

$ in millions

Consolidated:		
Stockholders' Equity	$	8,105
Parent Company Debt		991
Total Capital	**$**	**9,096**

Alleghany Capital:			
Stranded Oil	$	218	*2.4%*
Bourn & Koch		52	*0.6%*
Kentucky Trailer		56	*0.6%*
IPS		100	*1.1%*
Jazwares		244	*2.7%*
Corporate and other		(19)	*(0.2%)*
Total Alleghany Capital	**$**	**651**	***7.2%***

(Re)insurance:			
TransRe	$	5,384	*59.2%*
TransRe ownership of CapSpecialty		(77)	*(0.8%)*
RSUI		1,630	*17.9%*
CapSpecialty		324	*3.5%*
PacificComp		99	*1.1%*
Total (Re)insurance	**$**	**7,360**	***80.9%***

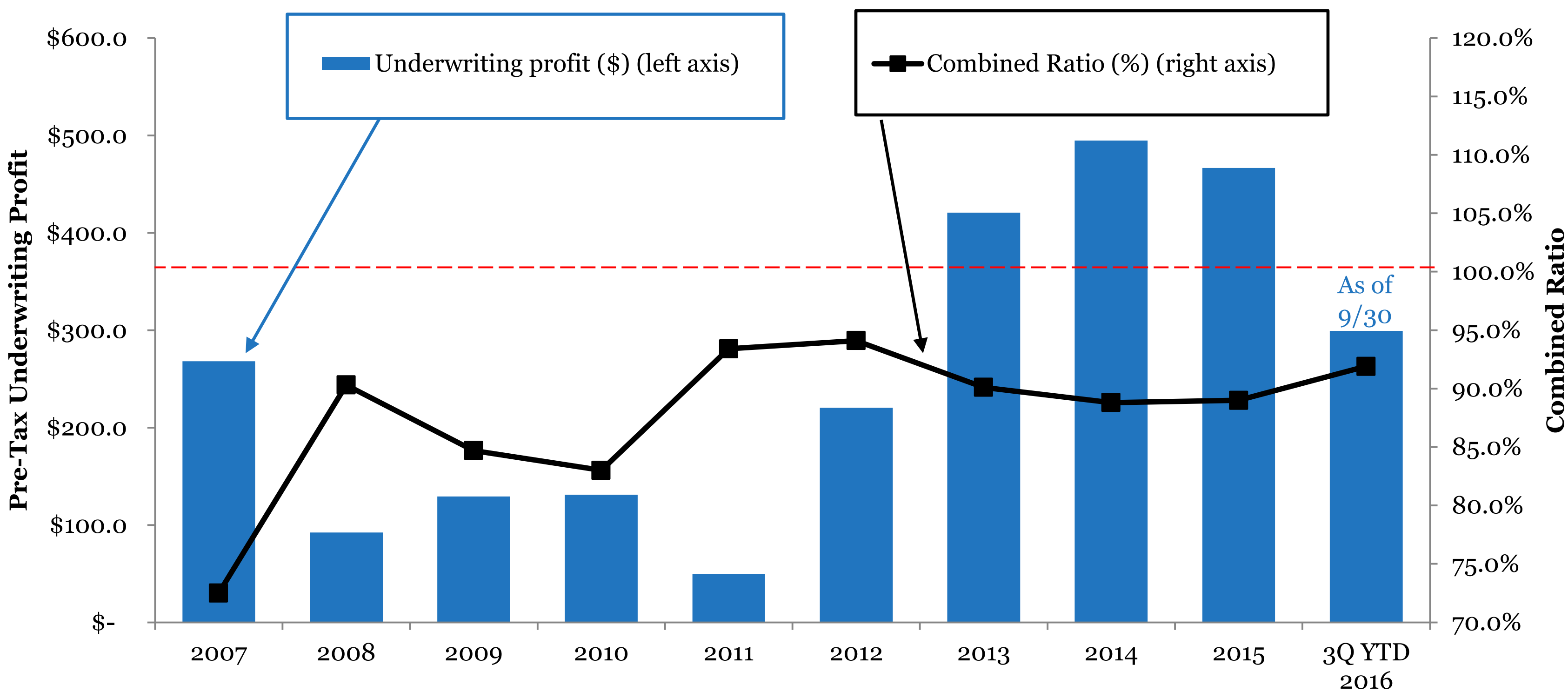
Other:			
Cash and marketable securities[1]	$	856	*9.4%*
Investment in Ares		221	*2.4%*
Alleghany Properties		40	0.4%
Other items, net		(32)	*(0.3%)*
Total Other	**$**	**1,085**	***11.9%***

(1) Cash and public investments excludes cash at the TransRe holding company ($92.3 million at 9/30/2016), which is included in TransRe's capital.

Alleghany Has Generated Consistent Underwriting Results

10 Year Underwriting and Combined Ratio History

($ in millions)

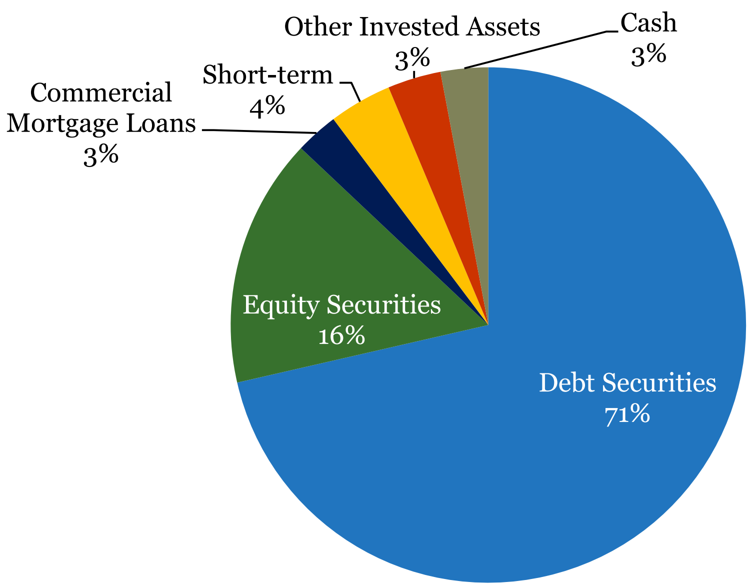


Cumulative 10 Year Combined Ratio of ~90%

Note: Underwriting profit is a non-GAAP financial measure. Refer to the appendix for further information, including definition and reconciliation to pre-tax earnings.

Investments Are a Significant Part of Alleghany's Earnings Power

$$\frac{\text{Total Cash \& Investments}}{\text{Total Equity}} = \frac{\$19.1 \text{ billion}}{\$7.5 \text{ billion}^{(1)}} = 2.56\text{x investment leverage}^{(1)}$$



	$ bn Invested	Multiple of Equity(1)	Total Return: YTD 2016	Total Return: 3 Year Annual Average
Debt Securities	$ 13.6	1.8x	5.0%	3.0%
Equities	$ 3.0	0.4x	1.2%	5.0%

Portfolio is structured with intent to meet (re)insurance obligations, withstand macroeconomic headwinds and avoid permanent loss of capital

(1) All balance sheet data shown as of September 30, 2016. Figures adjusted to exclude Alleghany Capital subsidiaries. Commercial mortgage loans and other invested assets not included in total return summary as not marked to market.

Delivering Consistent BVPS Growth Over Cycles

Year	Book Value Per Share *	Annual Growth in BVPS	Rolling Annualized Average Three-Year	Four-Year	Five-Year	Seven-Year	Ten-Year
1999	$ 122.27						
2000	141.03	15.3%					
2001	162.36	15.1%					
2002	162.75	0.2%	10.0%				
2003	182.18	11.9%	8.9%	10.5%			
2004	204.08	12.0%	7.9%	9.7%	10.8%		
2005	212.80	4.3%	9.3%	7.0%	8.6%		
2006	244.25	14.8%	10.3%	10.7%	8.5%	10.4%	
2007	281.36	15.2%	11.3%	11.5%	11.6%	10.4%	
2008	267.37	(5.0%)	7.9%	7.0%	8.0%	7.4%	
2009	294.79	10.3%	6.5%	8.5%	7.6%	8.9%	9.2%
2010	325.31	10.4%	5.0%	7.4%	8.9%	8.6%	8.7%
2011	342.12	5.2%	8.6%	5.0%	7.0%	7.7%	7.7%
2012	379.13	10.8%	8.7%	9.1%	6.1%	8.6%	8.8%
2013	412.96	8.9%	8.3%	8.8%	9.1%	7.8%	8.5%
2014	465.51	12.7%	10.8%	9.4%	9.6%	7.5%	8.6%
2015	486.02	4.4%	8.6%	9.2%	8.4%	8.9%	8.6%
*9/30/2016***	*525.13*	*8.0%*	*8.3%*	*8.5%*	*8.9%*	*8.6%*	*8.0%*
Average		**9.1%**	**8.7%**	**8.7%**	**8.7%**	**8.6%**	**8.5%**

* Adjusted for subsequent stock dividends.

** All 2016 BVPS growth figures include the first three quarters of 2016 only and do not take into account any increase or decrease of BVPS in 4Q 2016.

- Acquired March 6, 2012 for $3.5 billion in cash and stock
- $1.5 billion of underwriting profits from acquisition date through 3Q 2016
- Cumulative combined ratio of 90.6% since acquisition (March 2012 – 3Q 2016)
- Strong and significantly de-risked balance sheet (no legacy AIG liabilities)
- Upgraded by A.M. Best to “A+ (Superior)” Financial Strength
- Formed exclusive broker market underwriting relationship with Gen Re
- Despite industry headwinds, TransRe continues to differentiate and deliver profitable and diverse earnings
- $5.4 billion of stockholders’ equity and has returned net dividends of $666 and repaid $667 million in senior notes as of 3Q 2016

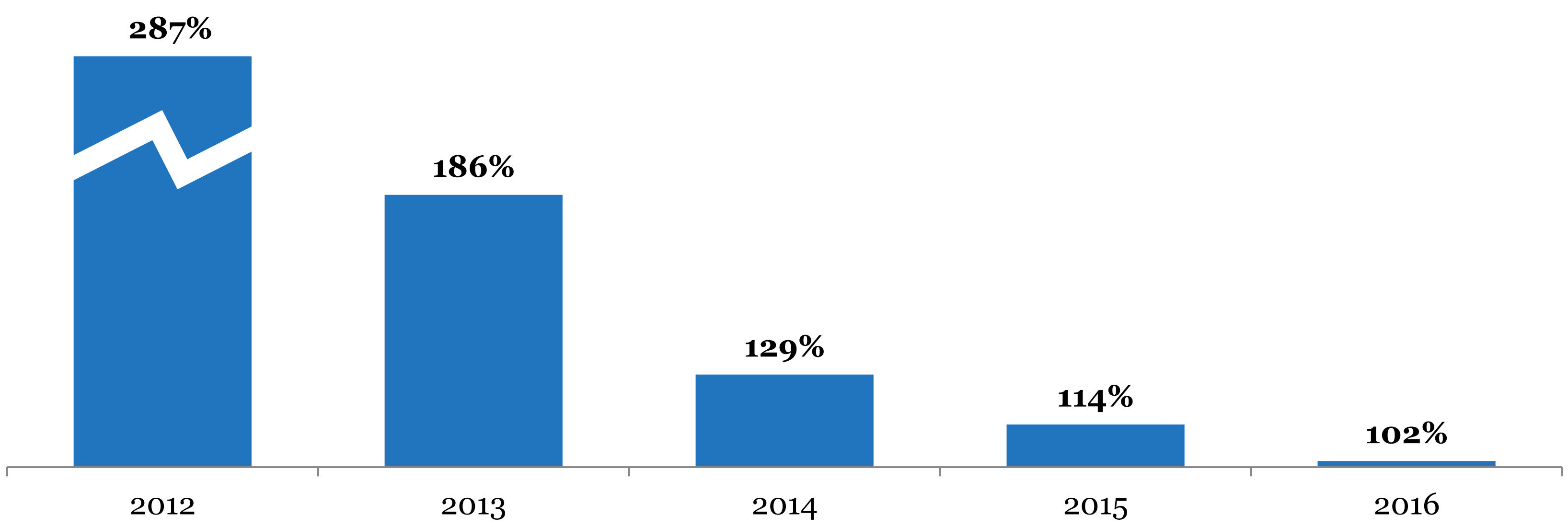
- Acquired July 1, 2003 from Royal & Sun Alliance; initial investment $628 million
- $1.7 billion of underwriting profits from acquisition date through 3Q 2016
- Long-term cumulative combined ratio of 81.5% (July 2003- September 2016)
- $1.6 billion stockholders' equity and has returned net dividends of $849 million as of 3Q 2016 resulting in net investment of negative $0.2 billion
- Increasingly competitive wholesale market will impact top-line as RSUI exercises continued disciplined focus on underwriting profit

CapSpecialty
A Community of Insurance Specialists

- Small-business specialty company with professional liability, regional binding authority, and commercial surety business
- New professional lines products driving top-line growth – now represent ~1/3 of the company
- Commercial surety has excellent long-term underwriting record
- Expense ratio and process improvements occurring, but taking time
- 2016 underwriting profit is the first since 2010

- Recruited Jan Frank in 2012 to reinvent the company
- Transformed to largely non-LA basin specialist distributing through agents
- Revamped claims process and streamlined expense structure is delivering growth and profitability

Calendar Year Combined Ratio History



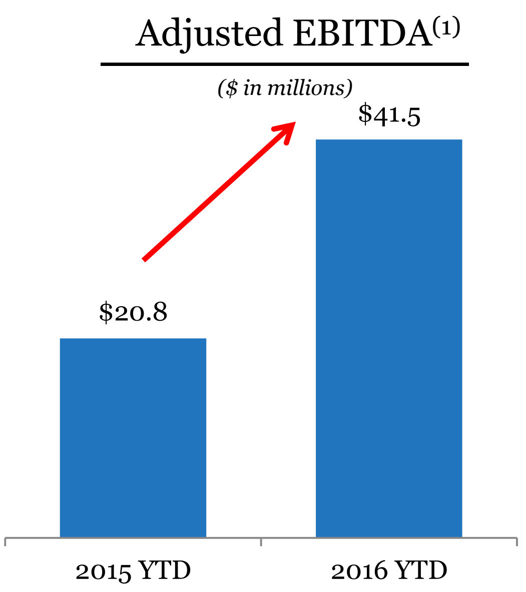
Alleghany Capital Corporation

Growth

- $218 million book value
- Negative earnings due to investment phase and low commodity price

Core

- $453 million book value
- Building portfolio of diverse unregulated businesses producing steady stream of cash flow to holding company



Note: All figures as of September 30, 2016.
(1) Adjusted EBITDA is a non-GAAP financial measure. Refer to the appendix for further information, including definition and reconciliation to pre-tax earnings.

Alleghany is Well-Positioned for "America First" Agenda

- TransRe is one of the few domestic reinsurers
- Potential for "border adjusted income tax" applied to insurance industry creates a more level playing field
- Higher interest rates = improved economics
- ACC companies = investing in industrial America
- Jazwares may need to reposition supply chain

Property-Casualty Industry Outlook

- Large reserve increases by major companies augers for change in pricing environment
- Growth in “facilities” and “program business” – classic soft market behavior
- Diminishing reserve releases
- Shrinking wholesale market
- Financial shock (equity markets or significant increase in inflation)?

Implications for Alleghany and Outlook

- Alleghany's subsidiaries are well-positioned in this challenging (re)insurance and investment environment
- Balanced investment portfolio
- Increasing contribution from ACC businesses
- Potential opportunities to add to intrinsic value should severe dislocation occur (buybacks, acquisitions of undervalued companies)

Continued Focus on Delivering 7 – 10% Annual Growth in Book Value per Share Over the Long-Term

Alleghany

Forward-Looking Statements

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

Non-GAAP Financial Measures

This document and the remarks made during the presentation today may also contain non-GAAP financial measures. Reconciliations of these non-GAAP financial measures to the most direct comparable GAAP measures and related information are provided in our financial supplement and Form 10-K and 10-Q filings, which are available on our website at www.alleghany.com, and below.

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, 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 purchase 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 for the nine months ended September 30, 2016 and 2015 is presented below:

($ in millions)	For the Nine Months Ended September 30,							
	2016				2015			
	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total	Mfg. & Svcs.	Oil & Gas	Corp. & other	Total
Adjusted EBITDA	$ 41.5	$ (10.1)	$ (6.5)	$ 24.9	$ 20.8	$ (19.9)	$ (3.9)	$ (3.0)
Less: depreciation expense	(4.9)	(10.7)	-	(15.6)	(2.6)	(6.0)	-	(8.6)
Less: amortization of intangible assets	(16.9)	-	-	(16.9)	(0.3)	-	-	(0.3)
Less: interest expense	(1.1)	-	(0.1)	(1.2)	(0.9)	(0.1)	-	(1.0)
Add: net realized capital gains	(0.2)	-	13.2	13.0	0.1	-	-	0.1
Adjustments to equity in earnings of Jazwares and ORX	-	-	-	-	(0.1)	(0.7)	-	(0.8)
Earnings (losses) before income taxes	$ 18.4	$ (20.8)	$ 6.6	$ 4.2	$ 17.0	$ (26.7)	$ (3.9)	$ (13.6)

Non-GAAP Financial Measures

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, OTTI losses, other revenue, other operating expenses, corporate administration, amortization of intangible assets and interest expense. Alleghany consistently uses underwriting profit as a supplement to earnings before income taxes, the most comparable GAAP financial measure, to evaluate the performance of its segments and believes that underwriting profit provides useful additional information to investors because it highlights net earnings attributable to a 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 below:

($ in millions)	Nine Months Ended 9/30/2016	Year Ended December 31, 2015	2014	2013	2012	2011	2010	2009	2008	2007
		(in millions)								
Earnings before income taxes	$ 553.0	$ 757.4	$ 931.9	$ 855.2	$ 719.3	$ 190.8	$ 277.4	$ 395.4	$ 61.1	$ 432.3
Adjustments to earnings before income taxes:										
Net investment income	332.3	438.8	459.9	465.7	313.0	108.9	125.0	101.9	130.2	146.1
Net realized capital gains	117.1	213.9	247.1	232.1	157.9	127.1	97.4	320.4	151.7	100.4
Other than temporary impairment charges	(38.2)	(133.9)	(36.3)	(44.1)	(2.9)	(3.6)	(12.4)	(85.9)	(243.9)	(7.6)
Other income[1]	527.8	250.4	150.5	78.7	552.2	1.8	7.2	2.9	2.4	15.4
Other operating expenses	(575.5)	(342.3)	(252.7)	(164.9)	(123.7)	(31.1)	(33.8)	(45.6)	(34.8)	(55.6)
Corporate administration	(34.0)	(46.5)	(47.1)	(36.1)	(75.8)	(41.0)	(28.9)	(26.9)	(35.9)	(33.0)
Amortization of intangible assets	(14.5)	2.2	5.8	(10.2)	(253.3)	(3.4)	(3.3)	-	-	-
Interest expense	(61.4)	(91.8)	(90.1)	(86.7)	(68.4)	(17.4)	(4.7)	(0.6)	(0.7)	(1.5)
	253.6	290.8	437.1	434.5	499.0	141.3	146.5	266.2	(31.0)	164.2
Underwriting profit	$ 299.4	$ 466.6	$ 494.8	$ 420.7	$ 220.3	$ 49.5	$ 130.9	$ 129.2	$ 92.1	$ 268.1

(1) 2012 other income includes gain on bargain purchase.