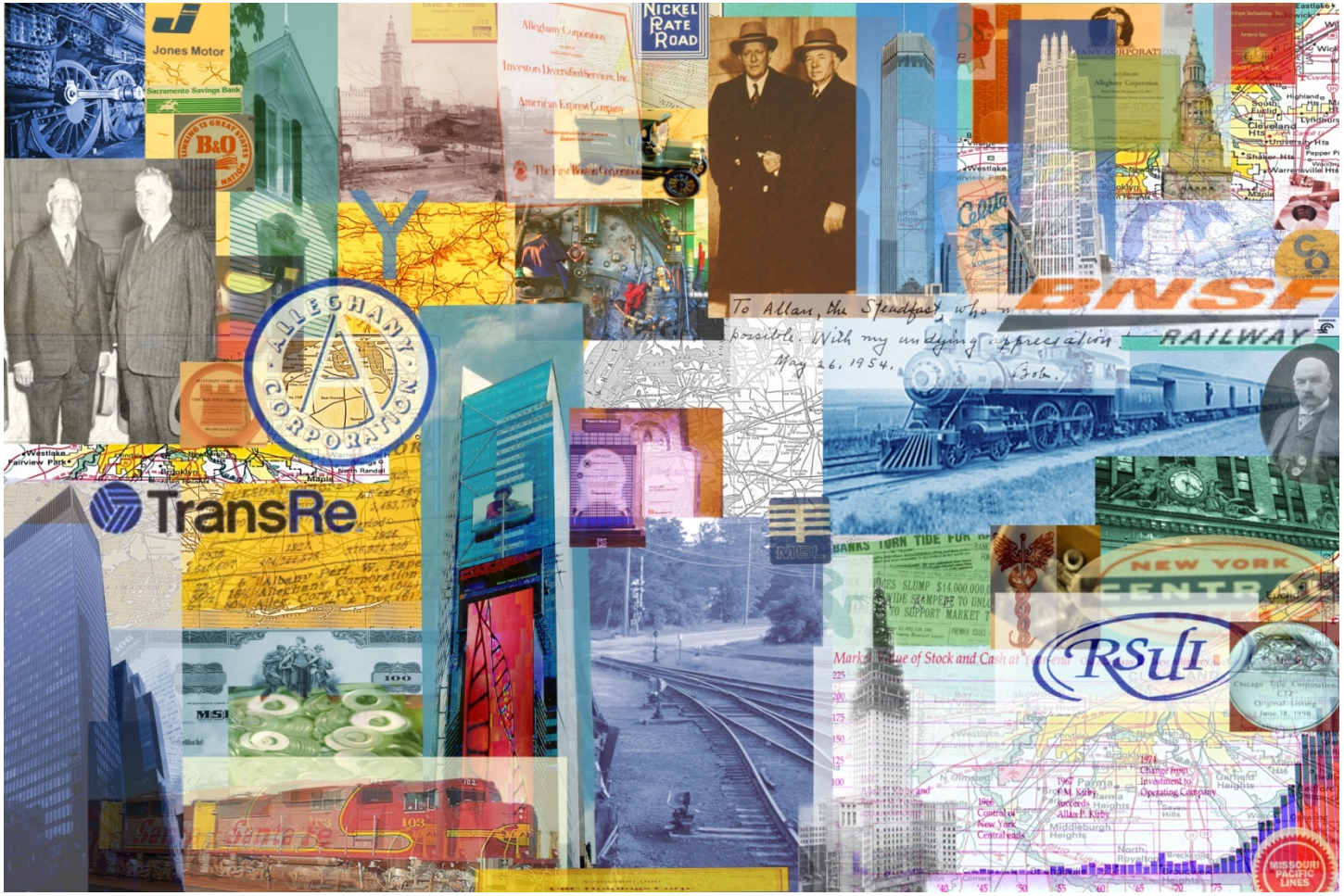
Alleghany

Bank of America Merrill Lynch 2016 Insurance Conference
February 11, 2016

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.

From Railroads to Financial Services



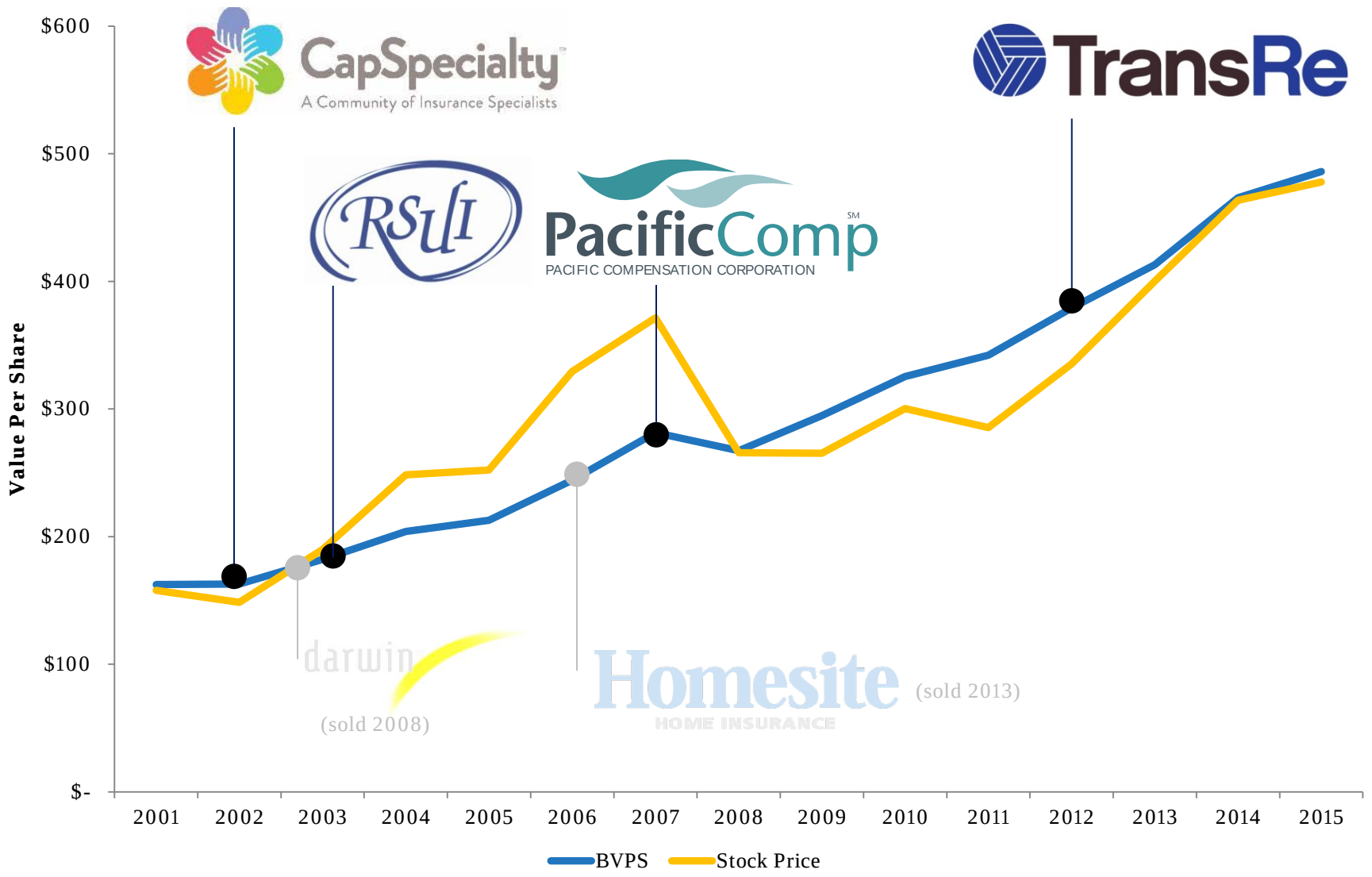
Railroads	Industrials	Financials / (Re)insurance	
Nickel Plate Railroad	MSL Industries	Investors Diversified Services	CapSpecialty
Chesapeake & Ohio Railroad	Jones Motor	Chicago Title & Trust	RSUI
New York Central	World Minerals	Sacramento Savings Bank	PacificComp
		Underwriters Re	TransRe

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

86+ Year History as a Public Company

Recent History – Significant Insurance Transactions



Capital Allocation as of September 30, 2015

$ in millions

Consolidated:		
Stockholders' Equity	$	7,452
Parent Company Debt		997
Total Capital	**$**	**8,449**

(Re)insurance:			*%*
TransRe	$	5,173	*61.2%*
TransRe ownership of CapSpecialty		(75)	*(0.9%)*
RSUI		1,583	*18.7%*
CapSpecialty		300	*3.6%*
PacificComp		93	*1.1%*
Total (Re)insurance	**$**	**7,074**	***83.7%***

Alleghany Capital Corporation:[1]			*%*
Stranded Oil	$	206	*2.4%*
B&K		50	*0.6%*
Kentucky Trailer		53	*0.6%*
Jazwares		65	*0.8%*
Total Alleghany Capital[1]	**$**	**374**	***4.4%***

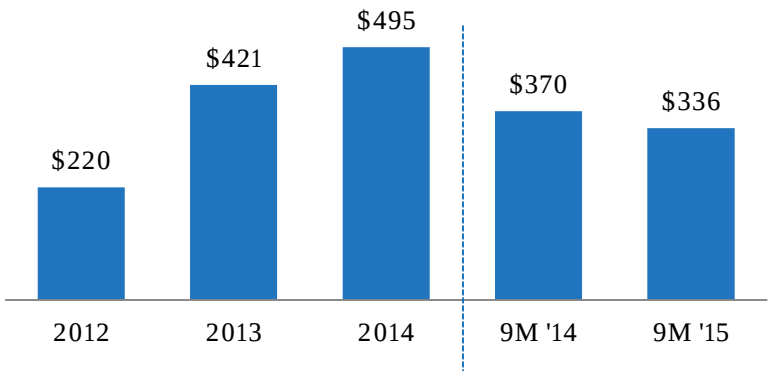
Other:			*%*
Cash and public investments[2]	$	776	*9.2%*
Investment in Ares		228	*2.7%*
Alleghany Properties		39	*0.5%*
Other items, net		(42)	*(0.5%)*
Total Other	**$**	**1,001**	***11.8%***

(1) On October 31, 2015, Alleghany Capital acquired a majority interest in IPS-Integrated Project Services ("IPS").
(2) Cash and public investments excludes cash at the TransRe holding company ($438 million at 9/30/15), which is included in TransRe capital. Subsequent to 9/30, TransRe repaid its 2015 senior notes and completed a significant commutation with AIG and NICO.

Alleghany has Generated Strong Recent Results

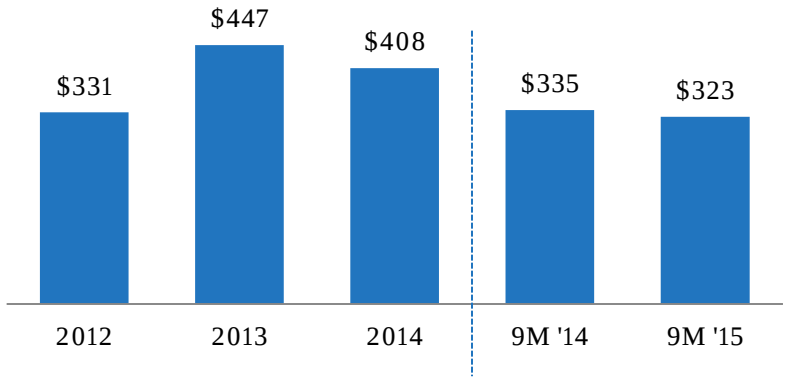
$1.5 Bn Underwriting Profit

($ in millions)

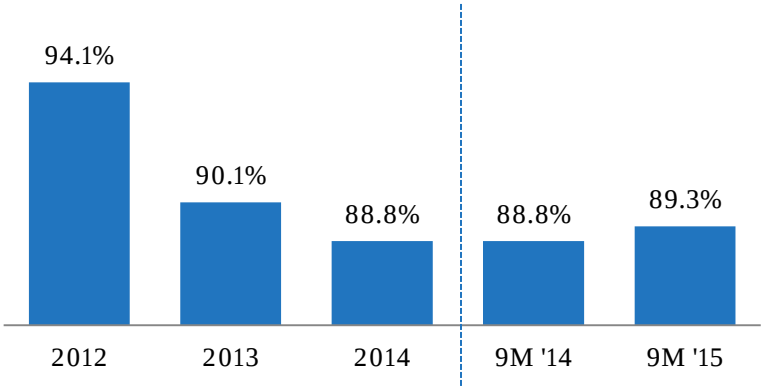


$1.5 Bn Interest and Dividends

($ in millions)

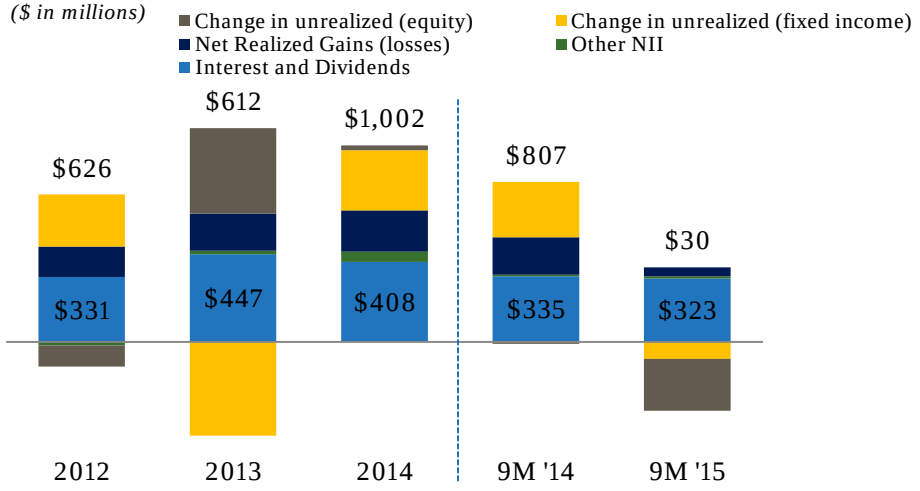


89% Consolidated Combined Ratio



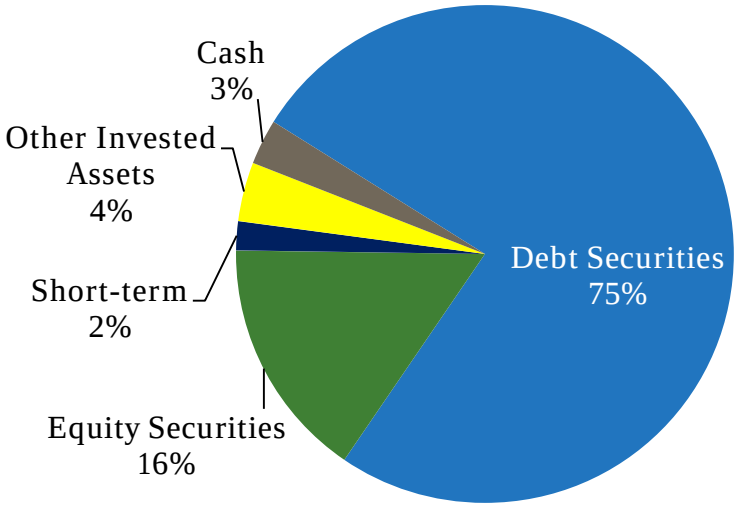
$2.3 Bn Pre-Tax Total Portfolio Return

($ in millions)



Investments are a significant part of Alleghany's earnings power

$$\frac{\text{Total Cash \& Investments}}{\text{Total Equity}} = \frac{\$19.2 \text{ billion}}{\$7.5 \text{ billion}} = 2.58\text{x investment leverage}$$



	$ bn Invested	Multiple of Stockholders' Equity	3 Year Annual Average Total Return
Fixed Income	$14.9	1.95x	1.3%
Equities	$3.0	0.40x	10.6%

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

Note: Portfolio as of September 30, 2015. Three year annual average for the period from December 31, 2012 through September 30, 2015.

Delivering Consistent BVPS Growth Over Cycles

Year	Book Value Per Share *	Annual Return	Rolling Annualized Average					
			Two-Year	Three-Year	Four-Year	Five-Year	Seven-Year	Ten-Year
1999	$ 122.27							
2000	141.03	15.3%						
2001	162.36	15.1%	15.2%					
2002	162.75	0.2%	7.4%	10.0%				
2003	182.18	11.9%	5.9%	8.9%	10.5%			
2004	204.08	12.0%	12.0%	7.9%	9.7%	10.8%		
2005	212.80	4.3%	8.1%	9.3%	7.0%	8.6%		
2006	244.25	14.8%	9.4%	10.3%	10.7%	8.5%	10.4%	
2007	281.36	15.2%	15.0%	11.3%	11.5%	11.6%	10.4%	
2008	267.37	(5.0%)	4.6%	7.9%	7.0%	8.0%	7.4%	
2009	294.79	10.3%	2.4%	6.5%	8.5%	7.6%	8.9%	9.2%
2010	325.31	10.4%	10.3%	5.0%	7.4%	8.9%	8.6%	8.7%
2011	342.12	5.2%	7.7%	8.6%	5.0%	7.0%	7.7%	7.7%
2012	379.13	10.8%	8.0%	8.7%	9.1%	6.1%	8.6%	8.8%
2013	412.96	8.9%	9.9%	8.3%	8.8%	9.1%	7.8%	8.5%
2014	465.51	12.7%	10.8%	10.8%	9.4%	9.6%	7.5%	8.6%
*9/30/2015***	*476.13*	*2.3%*	*7.4%*	*7.9%*	*8.6%*	*7.9%*	*8.6%*	*8.4%*
Average		**9.0%**	**8.9%**	**8.7%**	**8.7%**	**8.6%**	**8.6%**	**8.6%**

* Adjusted for subsequent stock dividends

** All 2015 BVPS growth figures include only the first three quarters and hence shown implicitly assuming zero BVPS growth in 4Q 2015.

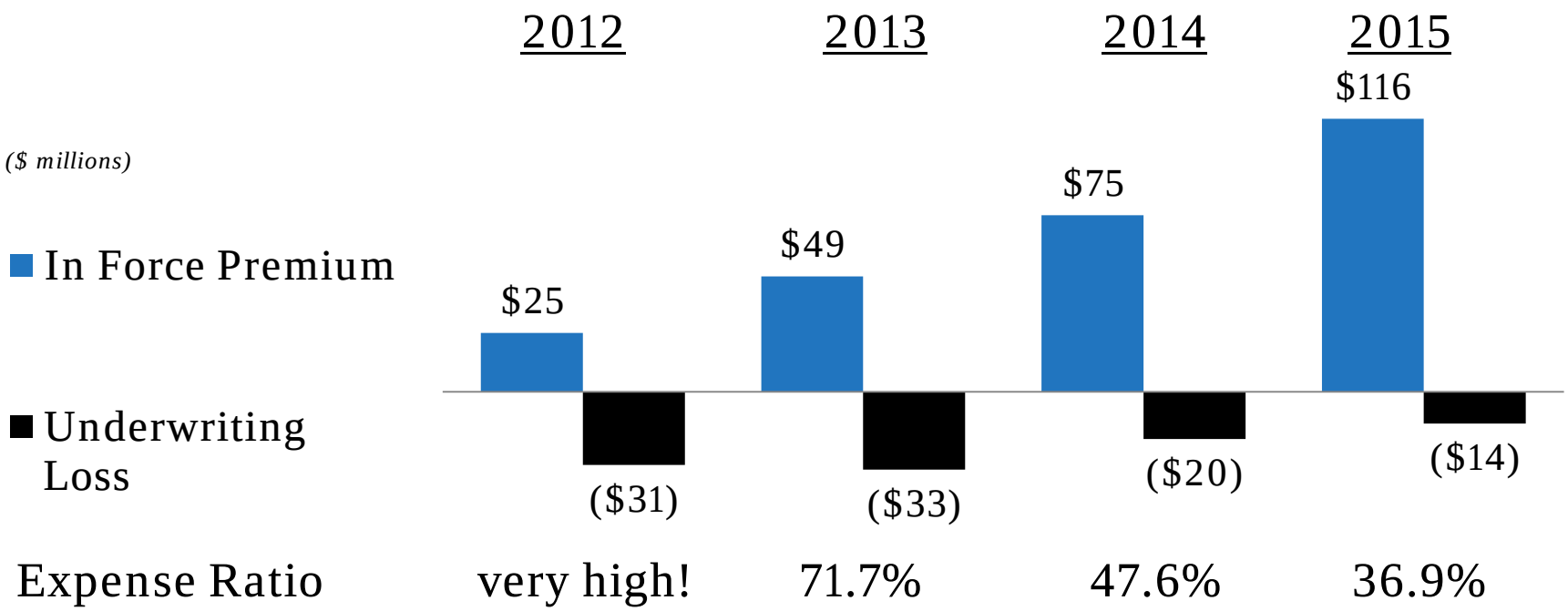
TransRe

- Acquired March 6, 2012 for $3.5 billion in cash and stock
- Leading specialty professional reinsurer with highly diversified business
- $1.2 billion of underwriting profits from acquisition date through 3Q 2015
- Cumulative combined ratio of 90% since acquisition (March 2012 – 3Q 2015)
- Strong and significantly de-risked balance sheet
- Despite industry headwinds, TransRe continues to differentiate and deliver profitable and diverse earnings
- $5.2 billion of stockholders' equity and has returned net dividends of $315 million as of 3Q 2015

- Acquired July 1, 2003 from Royal & Sun Alliance; initial investment $626 million
- $1.5 billion of underwriting profits from acquisition date through 3Q 2015
- Long-term cumulative combined ratio of 82% (July 2003- 3Q 2015)
- $1.6 billion stockholders' equity and has returned net dividends of $699 million as of 3Q 2015 resulting in net investment of negative $0.1 billion
- Increasingly competitive wholesale market will impact top-line as RSUI exercises continued disciplined focus on underwriting profit

- Small business specialty company with regional binding authority, professional liability, and commercial surety business
- New professional lines products driving top-line growth
- Commercial surety has excellent long-term underwriting record
- Stephen Sills became CEO in 2013
- Expense ratio and process improvements occurring, but taking time
- In the midst of disruptive changes

- Jan Frank has transformed the company to largely non-LA basin specialist
- Cultivated distribution strategy, revamped claims process and streamlined expense structure is delivering growth and progress towards profitability



Alleghany Capital Corporation

Growth

STRANDED OIL RESOURCES CORPORATION

- $0.2 Bn equity allocated
- Current negative earnings due to investment phase offsetting "core" ACC holdings

Core

BK BOURN &KOCH

KENTUCKY TRAILER

jazwares A new dimension of play

ips

- **$**0.3 Bn equity allocated
- Annualized EBITDA of ~$40 million*
- Building portfolio of diverse unregulated businesses producing steady stream of cash flow to holding company

*Alleghany Capital figures exclude legacy investments. EBITDA assumes Alleghany ownership of IPS for full period.

Challenging Slow Growth, Deflationary Macro Environment

- World economies in a “debtor’s prison”
- Excess capacity in commodity markets
- Deteriorating demographics in OECD countries and China
- Automation, robotics and technology
- Lack of income growth for much of U.S.

Is the Cycle Dead?

- Large reserve increases by major companies
- Growth in “facilities” and “program business”
- Diminishing reserve releases
- Shrinking wholesale market
- Financial shock (equity markets)

Implications for Alleghany and Outlook

- Alleghany's subsidiaries are superbly positioned in this challenging (re)insurance and investment environment
- Effect of deflation on $10 billion+ net loss reserves
- Capital allocation challenges
- Potential opportunities to add to intrinsic value should severe dislocation occur (buybacks, undervalued companies)

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

Alleghany