

FOR IMMEDIATE RELEASE

**ALLEGHANY CAPITAL CORPORATION ANNOUNCES
ACQUISITION OF DIAMOND TECHNOLOGY INNOVATIONS BY BOURN & KOCH**

NEW YORK, NY, October 5, 2016 – Alleghany Capital Corporation (“Alleghany Capital”), a subsidiary of Alleghany Corporation, today announced that Bourn & Koch, Inc. (“Bourn & Koch”) has acquired Diamond Technology Innovations, Inc. (“DTI”). Headquartered in Olympia, Washington, DTI is a leading manufacturer of waterjet orifices and nozzles as well as related products.

Terry Derrico, President of Bourn & Koch, commented, “The acquisition of DTI enhances Bourn & Koch’s existing business in machine tool consumables and spare parts and provides an entrance into the waterjet market, one of the faster growing segments within the machine tool industry. We are excited to partner with the talented team at DTI and believe that both companies’ employees, suppliers, and customers will benefit from this combination. Ted Jernigan will continue at DTI in his role as President and the company’s day-to-day operations will not be impacted by the transaction. As part of the Bourn & Koch family, DTI will be well positioned to accelerate its growth by leveraging our presence within the global machine tool market and the resources of Alleghany Capital.”

“Backed by over 30 years of experience, DTI is the leader in research, development, and service within the precision aligned orifice market,” stated Mr. Jernigan. “Through this transaction, DTI will be able to build on its proven track record of quality, innovation, and growth within the diamond orifice market and broader waterjet industry. We are pleased to have found a long-term home for the company and are excited about the opportunities that will result from this transaction.”

David Van Geyzel, President and Chief Executive Officer of Alleghany Capital, added, “This transaction expands Bourn & Koch’s product portfolio and reach within the global machine tool market and is consistent with the company’s acquisition strategy. We look forward to supporting Bourn & Koch and DTI as they continue to provide innovative and mission-critical solutions to their customers.”

Reynolds Advisory Partners, a Los Angeles-based boutique investment bank, represented DTI in the Transaction and Blue River Financial Group, Inc. identified the opportunity for Alleghany Capital. Lane Powell PC acted as legal counsel to DTI and Olshan Frome Wolosky LLP acted as legal counsel to Bourn & Koch.

About Alleghany Capital Corporation

Alleghany Capital Corporation sources, executes, and oversees certain investments and acquisitions for its parent company, Alleghany Corporation (NYSE:Y). Alleghany Capital’s investments include: (i) Bourn & Koch, Inc., a manufacturer and remanufacturer of precision machine tools as well as a supplier of replacement parts and related services; (ii) IPS-Integrated Project Services, LLC, a technical service provider focused on the global pharmaceutical and biotechnology industries; (iii) Jazwares, LLC, a licensed toy and consumer electronics company; (iv) R.C. Tway Company, LLC (dba Kentucky Trailer), a manufacturer of custom trailers and truck bodies for the moving and storage industry and other markets; and (v) Stranded Oil Resources Corporation, an exploration and production company focused on enhanced oil recovery. For additional information about Alleghany Capital Corporation, please visit www.alleghanycc.com.

About Bourn & Koch, Inc.

Bourn & Koch, Inc., a subsidiary of Alleghany Capital Corporation, is a manufacturer and remanufacturer of precision machine tools as well as a supplier of replacement parts and related services. The company's products include: (i) gear hobbing, shaping, and grinding machines; (ii) vertical turning and vertical grinding centers; and (iii) boring, rotary transfer, multi-spindle, inspection, and other specialty machines. Bourn & Koch's portfolio includes well-known brands including Acme, American Tool, Barber Colman, Blanchard, Brown & Sharpe, Bullard, Conomatic, DeVlieg, Fellows, Ferguson, Futuremill, J&L, Mattison, Motch, MWMC, New Britain, Springfield, Rockford Machine Tool, Roto-Tech, and White-Sundstrand. For additional information about Bourn & Koch, please visit www.bourn-koch.com.

Forward-looking Statements

This release contains disclosures which are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "may," "will," "expect," "project," "estimate," "anticipate," "plan," "believe," "potential," "should," "continue" or the negative versions of those words or other comparable words. These forward-looking statements are based upon Alleghany Corporation's current plans or 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. These statements are not guarantees of future performance, and Alleghany has no specific intention to update these statements. As a consequence, current plans, anticipated actions and future financial condition and results may differ from those expressed in any forward-looking statements made by Alleghany or on Alleghany's behalf.

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