

Instruction Booklet
Election Form/Letter of Transmittal

You are receiving the enclosed Election Form/Letter of Transmittal (the “Election Form”) in connection with the expected merger of Transatlantic Holdings, Inc. (“Transatlantic”) with and into Shoreline Merger Sub, Inc., a wholly owned subsidiary of Alleghany Corporation (“Alleghany”). In the merger, Transatlantic stockholders are entitled to make an election about the type of merger consideration (Alleghany common stock, cash or a combination of both) they prefer to receive in the merger, subject to proration in the circumstances described in the joint proxy statement/prospectus. In the event of proration, you may receive merger consideration in respect of some or all of the Transatlantic shares held by you in a form other than that which you elected. In any event, under the merger agreement such consideration will have a value approximately equivalent to the sum of (a) 0.145 multiplied by the average of the closing prices on the NYSE for Alleghany common stock during the five trading days ending the day before the completion of the merger and (b) \$14.22. **In order to make a valid election between cash consideration and stock consideration, subject to proration, please complete and sign the enclosed Election Form in accordance with these instructions.**

Your election is subject to certain terms, conditions and limitations, which are set forth in the merger agreement and described in the joint proxy statement/prospectus. The merger agreement is included as Annex A of the joint proxy statement/prospectus. A copy of the joint proxy statement/prospectus has been mailed to you. The delivery of the Election Form is acknowledgement of the receipt of the joint proxy statement/prospectus. Each holder of Transatlantic common stock is encouraged to read the joint proxy statement/prospectus in its entirety and to discuss the contents thereof, the merger and the Election Form with his or her personal financial and tax advisors prior to deciding which election to make. The tax consequences to a holder of shares of Transatlantic common stock will vary depending upon the election you make and a number of other factors. For certain information regarding the U.S. federal income tax consequences of elections, see the section “Material U.S. Federal Income Tax Consequences” in the joint proxy statement/prospectus.

The Election Form should be properly filled in, dated and signed, and should be delivered, together with certificates representing all of the shares of Transatlantic common stock currently held by you (if your shares are held in certificated form and you have not completed the accompanying “Notice of Guaranteed Delivery” form, or a confirmation of a book-entry transfer of such shares, to Computershare Inc. (“Computershare”) at the appropriate address set forth on the Election Form. The method of delivery of certificate(s) and any other required documents is at the election and risk of the owner. However, if certificate(s) are sent by mail, it is recommended that they be sent by registered mail, properly insured, with return receipt requested. Risk of loss and title to the shares shall pass only upon receipt of the certificate(s) or book-entry transfer of shares by Computershare.

Your submission of an Election Form does NOT constitute a vote on the merger. In order to vote your Transatlantic shares, you must sign, date and return the proxy card (or voting instruction form) included with the joint proxy statement/prospectus or vote shares you hold of record via the Internet, telephone or in person at the Transatlantic special meeting. Do NOT return your proxy materials to Computershare.

Please read and follow carefully the instructions regarding completion of the Election Form set forth below. These instructions, terms and representations and warranties are part of the terms and conditions of the Election Form.

Assuming that you properly complete the Election Form and you surrender all your share certificates of your Transatlantic common stock by the election deadline (which will be announced in a press release by Alleghany and Transatlantic at least five business days prior to such deadline) (the “Election Deadline”), it will generally take approximately 10 business days from date of completion of the merger for Computershare to process and mail to you your merger consideration.

A. Special Conditions

1. Time in Which to Elect. In order for your election to be effective, Computershare must receive a properly completed Election Form, accompanied by certificate(s) representing all of the shares of Transatlantic common stock in respect of which you make an election (if your shares are held in certificated form and you

have not completed the accompanying “Notice of Guaranteed Delivery” form) or a confirmation of a book-entry transfer of such shares no later than 5:00 p.m., New York City time, on the Election Deadline. Subject to approval of the merger by Transatlantic stockholders, the receipt of all necessary regulatory approvals, the expiration of all regulatory waiting periods and the fulfillment of other customary conditions, the merger is currently expected to be completed in the first quarter of 2012. If a holder of Transatlantic common stock does not properly follow the instructions for making an effective election or if a Transatlantic stockholder’s election is otherwise ineffective, such stockholder will be deemed to have not made an election and will receive stock consideration, cash consideration or a combination of both stock consideration and cash consideration, depending on the elections of other Transatlantic stockholders.

If (1) your stock certificate(s) representing shares of Transatlantic common stock are not immediately available, (2) you cannot complete the procedure for book-entry transfer on a timely basis or (3) you cannot deliver the certificate(s) and all other required documents to the Exchange Agent prior to the Election Deadline, you may deliver your Transatlantic stock certificates by guaranteed delivery by completing the accompanying “Notice of Guaranteed Delivery” form. By completing the “Notice of Guaranteed Delivery” form, you acknowledge that if the shares of Transatlantic common stock described under “Description of Shares Surrendered” on the Election Form are not delivered to the Exchange Agent by 5:00 p.m. New York City time, on the fifth business day after the Election Deadline, the Exchange Agent may deem that you have not made an election with respect to such shares. **Transatlantic stockholders are urged to deliver a properly completed Election Form to Computershare, accompanied by certificates or a confirmation of a book-entry transfer, no later than 5:00 p.m., New York City time, on the Election Deadline.**

2. Revocation or Change of Election. You may change your election by written notice received by Computershare prior to the Election Deadline, accompanied by a properly completed and revised Election Form. You may revoke your election by written notice received by Computershare prior to the Election Deadline or by withdrawal of your Transatlantic stock certificates, or of the guarantee of delivery of such certificates, if any, previously deposited with the Exchange Agent prior to the Election Deadline.

In either case, such notice must specify the person in whose name the shares of Transatlantic common stock to be withdrawn had been submitted, the number of shares to be withdrawn, the name of the registered holder thereof, and the serial numbers shown on the certificate(s) or book-entry transfer representing the shares to be withdrawn. If an election is revoked, and the certificate(s) or book-entry transfer withdrawn, the certificate(s) or book-entry transfer will be returned promptly by Computershare to the person who submitted such certificate(s) or book-entry transfer. Upon any such revocation, unless a properly completed Election Form, together with your certificate(s) (unless the accompanying “Notice of Guaranteed Delivery” form is properly completed) or a completed book-entry transfer is thereafter submitted to Computershare prior to the Election Deadline, you will be deemed to have not made an effective election and will receive stock consideration, cash consideration or a combination of both stock consideration and cash consideration, depending on the elections of other Transatlantic stockholders.

3. Elections Void if Merger Not Completed. All Election Forms will be void and of no effect if the merger agreement is terminated for any reason. Computershare will promptly return certificate(s) or book-entry shares it had previously received to the person who surrendered such certificate(s) or book-entry shares. In such event, shares of Transatlantic common stock held through The Depository Trust Company are expected to be available for sale or transfer promptly following such termination. Certificates held of record directly by the beneficial owners of such shares of Transatlantic common stock will be returned by Computershare without charge to the holder as promptly as practicable by first class, insured mail.

4. Cash in Lieu of Fractional Interests. No certificate or book-entry share representing a fraction of an Alleghany share will be issued. Instead, each Transatlantic stockholder that would otherwise be entitled to receive a fractional share (after aggregating all shares represented by the Transatlantic certificate(s) or book-entry shares delivered by such holder) will receive, in lieu thereof and upon surrender thereof, an amount in cash

(without interest) equal to the product of (a) the average, rounded to the nearest one tenth of a cent, of the closing prices on the NYSE for Alleghany common stock during the five trading days ending the day before the completion of the merger and (b) the fraction of a share of Alleghany common stock (after aggregating all shares of Transatlantic common stock held by such holder at the effective time of the merger and rounded to the nearest one thousandth when expressed in decimal form) to which such holder would otherwise be entitled to receive as merger consideration pursuant to his or her election and the proration procedures described in the joint proxy statement/prospectus. No such holder shall be entitled to dividends, distributions, voting rights or any other rights in respect of any fractional share of Alleghany common stock.

B. General

1. **Execution and Delivery.** The Election Form must be properly filled in, dated and signed in the signature box and must be received (together with certificates representing shares of Transatlantic common stock as to which the election(s) is (are) made, if such shares are held in certificated form and the accompanying “Notice of Guaranteed Delivery” form has not been completed, or a confirmation of a book-entry transfer of such shares, if such procedure is available, into Computershare’s account at a Book-Entry Transfer Facility pursuant to book-entry transfer procedures) by Computershare at the address of Computershare set forth on the Election Form prior to the Election Deadline. If certificates are delivered to Computershare in multiple deliveries, a properly completed and duly executed Election Form must accompany each such delivery.

In “Description of Shares Surrendered” on the Election Form, you should list each of the certificate number(s) for which you would like to elect, along with the number of shares represented by each. If the space is inadequate, use a separate sheet and attach it to the Election Form. If you hold shares of Transatlantic common stock in book-entry form and wish to make an election with respect to some or all of such common stock, you do not need to complete the left-hand column “Certificate No(s)” for those book-entry shares; simply fill in the number of shares in the right-hand column “Number of Shares.”

In “Election Options” on the Election Form, you should:

- mark the “All Stock Election” box if you wish to elect stock consideration for all of the shares of Transatlantic common stock identified under “Description of Shares Surrendered” of the Election Form,
- mark the “All Cash Election” box if you wish to elect cash consideration for all of the shares of Transatlantic common stock identified under “Description of Shares Surrendered” of the Election Form, or
- mark the “Part Cash/Part Stock Election” box if you wish to receive a combination of cash consideration and stock consideration.

If you wish to receive a combination of stock consideration and cash consideration, please also print the number of shares of Transatlantic common stock with respect to which you wish to receive cash consideration and the number of shares of Transatlantic common stock with respect to which you wish to receive stock consideration in the space indicated under “Mixed Election” on the Election Form. You should not list a fractional share of Transatlantic common stock in the space under “Part Cash/Part Stock Election.” The total number of shares of Transatlantic common stock for which you elect to receive a combination of stock consideration and cash consideration may not exceed the total number of whole shares of Transatlantic common stock listed under “Description of Shares Surrendered” on the Election Form. If the total number of shares for which you elect to receive a combination of cash consideration and stock consideration exceeds the total number of shares of Transatlantic common stock entered under “Description of Shares Surrendered,” your election will be deemed to be invalid. If the total number of shares for which you elect to receive a combination of cash consideration and stock consideration is less than the total entered under “Description of Shares Surrendered,” you will be deemed to have not made an election for the number of shares constituting the difference.

Computershare and Alleghany reserve the right to deem that you have not made any election if:

- no election choice is indicated under “Election Options” on the Election Form;
- more than one election choice is indicated under “Election Options” on the Election Form;
- you fail to follow the instructions on the Election Form (including failure to submit your Transatlantic stock certificate(s), if you own shares in certificated form and do not complete the accompanying “Notice of Guaranteed Delivery” form) or otherwise fail to properly make an election;
- a completed Election Form (including submission of your Transatlantic stock certificate(s), if you own shares in certificated form and have not completed the accompanying “Notice of Guaranteed Delivery” form, or confirmation of book-entry transfer) is not actually received by Computershare prior to the Election Deadline; or
- you return the Election Form having completed the accompanying “Notice of Guaranteed Delivery” form but do not deliver the Transatlantic stock certificate(s) representing the shares or make a book-entry transfer of shares in respect of which an election is being made by 5:00 p.m., New York City time, on the fifth business day following the Election Deadline.

Notwithstanding anything to the contrary in the Election Form, Computershare and Alleghany reserve the right to waive any flaws in a completed Election Form but shall be under no obligation to do so.

The presence of a restrictive legend on your certificate(s) representing Transatlantic common stock has no effect on the procedures for making an election of stock consideration or cash consideration. You should follow the procedures set forth in these instructions for making an election of merger consideration with respect to such shares.

2. Guarantee of Signatures. A signature guarantee is required on the Election Form if the registered holder(s) of the shares of Transatlantic common stock surrendered herewith has completed the box entitled “Special Payment Instructions” or “Special Delivery Instructions” on the Election Form and in all other cases, unless the Election Form is signed by the registered holder(s) of the shares of Transatlantic common stock surrendered therewith and no such boxes are completed. A signature guarantee must be completed by an eligible guarantor institution such as a commercial bank, trust company, securities broker/dealer, credit union, or savings association participating in a Medallion Program approved by the Securities Transfer Association, Inc. (each of the foregoing being an “Eligible Institution”). See Instruction B.4. If you have any questions regarding the need for a signature guarantee, please call Georgeson Inc., Transatlantic’s Information Agent, at (888) 613-9817.

3. Delivery of Election Form and Share Certificates. PLEASE DO NOT SEND YOUR CERTIFICATE(S), CONFIRMATION OF BOOK-ENTRY TRANSFER OF SHARES OR ELECTION FORM DIRECTLY TO ALLEGHANY OR TRANSATLANTIC. The certificate(s) or a confirmation of a book-entry transfer of shares, together with a properly completed and duly executed and dated copy of the Election Form and any other documents required by the Election Form **MUST BE DELIVERED TO COMPUTERSHARE AT THE ADDRESS SET FORTH ON THE ELECTION FORM.**

The method of delivery of certificate(s) and any other required documents is at the election and risk of the owner. However, if certificate(s) are sent by mail, it is recommended that they be sent by registered mail, properly insured, with return receipt requested. Risk of loss and title to the shares shall pass only upon proper delivery of the certificate(s) or book-entry transfer of shares to Computershare.

All questions as to validity, form and eligibility of the surrender of any certificate, book-entry transfer of shares, and elections hereunder will be determined by Alleghany (which may delegate power in whole or in part to Computershare) and such determination shall be final and binding. Alleghany reserves the right to waive any irregularities or defects in the surrender of any certificate(s), any book-entry transfer of shares and any election.

A surrender will not be deemed to have been made until all irregularities have been cured or waived. Alleghany and Computershare shall make reasonable efforts to notify any person of any defect in any Election Forms submitted to Computershare.

4. Signatures on Election Form and Endorsements. If the Election Form is signed by the registered holder(s) of the shares of Transatlantic common stock surrendered thereby, the signature(s) must correspond with the name(s) as written on the face of the certificate(s) without any alteration, enlargement or change whatsoever.

If the certificate(s) surrendered or book-entry transfer(s) of shares thereby are owned of record by two or more persons, all such persons must sign the Election Form. If the certificates or book-entries are registered in the names of different holders on separate certificates or book-entries, it will be necessary to complete, sign and submit as many separate Election Forms as there are different registrations of certificates or book-entries.

If the Election Form is signed by the registered holder(s) of the shares listed and surrendered herewith, no endorsements of the certificates or separate stock powers are required.

If the Election Form is signed by a person other than the registered holder(s) of the shares surrendered or book-entries transferred thereby, such certificate(s) or book-entry transfer(s) must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the record holder(s) appears on such certificate(s), in which case the signatures on such certificates, book-entry transfer(s) or stock powers must be guaranteed by an Eligible Institution (as defined in Instruction B.2).

If the Election Form or any certificate(s), book-entry transfer(s) or stock power(s) is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, must give his or her full title in such capacity, and must submit proper evidence of his or her authority to so act. Stockholders with any questions regarding what constitutes proper evidence should call Georgeson Inc., Transatlantic's Information Agent, at (888) 613-9817. Computershare will not exchange any shares of Transatlantic common stock until all instructions herein are complied with.

5. New Shares in Same Name. If the book-entry transfer representing Alleghany shares is to be registered in exactly the same name that appears on the certificate(s) being surrendered or book-entry transfer with the Election Form, the stockholder will not be required to endorse the certificate(s) surrendered herewith or book-entry transfer.

6. New Shares in Different Name. If the book-entry transfer representing Alleghany shares is to be registered in a name other than exactly the name that appears on the certificate(s) being surrendered or book-entry transfer with the Election Form, the certificate(s) being surrendered herewith or book-entry transfer must be endorsed, or accompanied by an appropriate signed stock power, and the signatures appearing on such endorsement(s) or stock power(s) and on the Election Form must be medallion guaranteed by an Eligible Institution (as defined in Instruction B.2). In such case, the "Special Payment Instructions" box on the Election Form must be completed. See Instruction B.9 as to certifying the taxpayer identification number ("TIN") for the new registered owner. See also Instruction B.7 as to stock transfer taxes.

7. Stock Transfer Taxes. In the event that any transfer or other taxes become payable by reason of the payment of the merger consideration in any name other than that of the record holder, it shall be a condition of the issuance and delivery of the merger consideration that the amount of any stock transfer taxes (whether imposed on the registered holder or such transferee) shall be delivered to Computershare or satisfactory evidence of payment of such taxes, or exemption therefrom, shall be submitted before such merger consideration is issued. Additionally, in such case, the requisite stock transfer tax stamps must be affixed to the certificate(s) or book-entry transfer submitted or canceled, or funds must be provided for their purchase.

8. Special Delivery Instructions. The “Special Delivery Instructions” box on the Election Form must indicate the name and address of the person(s) to whom the certificate(s) and/or check comprising the merger consideration are to be sent if different from the name and address of the person(s) signing the Election Form. Filling in the box will NOT change your address for dividends and other mailings.

9. Form W-9. Under U.S. federal income tax law, any person submitting the Election Form who has not previously certified the TIN relating to the registered account must provide to Computershare and Alleghany his, her or its correct TIN, and certify that such TIN is true, correct and complete, on the enclosed Form W-9. If such TIN is not provided, a penalty of \$50.00 may be imposed by the Internal Revenue Service and payments made may be subject to 28% backup withholding and other payments and penalties as may be imposed by the Internal Revenue Service. The TIN to be provided is that of the person submitting the Election Form. The TIN for an individual is generally his or her social security number.

Exempt persons (including, among others, certain corporations) are not subject to backup withholding and reporting requirements. To prevent backup withholding, a non-U.S. person should submit an applicable Form W-8, signed under penalties of perjury, certifying such individual’s foreign status. Such form can be obtained from Computershare.

The signature and date endorsed on the Form W-9 will serve to certify that the TIN and withholding information provided in the Election Form are true, correct and complete. See the attached Form W-9 for additional instructions.

If your merger consideration is to be issued in a different name, you should submit a completed Form W-9 with your Election Form. If you need additional or replacement copies of Form W-9, please call Georgeson Inc., Transatlantic’s Information Agent, at (888) 613-9817. If you have any questions regarding the Form W-9 or Form W-8, you should consult your professional tax advisor.

10. Lost, Stolen or Destroyed Certificates. If your certificate(s) has been lost, stolen or destroyed, please contact American Stock Transfer & Trust Company LLC, Transatlantic’s transfer agent, at (800) 937-5449. You will then be instructed as to the steps you must take in order to surrender your shares for exchange. You will not be able to make an election on those shares until they have been replaced by the transfer agent.

11. Correction of or Change in Name. For a correction of name or for a change in name which does not involve a change in ownership, you may proceed as follows: (a) for a change in name by marriage, etc., the Election Form should be signed, e.g., “Mary Doe, now by marriage Mary Jones” and (b) for a correction in name, the Election Form should be signed, e.g., “James E. Brown, incorrectly inscribed as J.E. Brown.” In each such case, the signature on the Election Form must be guaranteed as provided in Instruction B.2 above; the signature of a notary public is not sufficient for this purpose.

12. Information and Additional Copies. Information and additional copies of the Election Form and the proxy statement/prospectus may be obtained from Georgeson Inc., Transatlantic’s Information Agent, by calling (888) 613-9817.

C. Representations and Warranties of the Transatlantic Stockholder

By signing and returning the Election Form to Computershare, you agree to the statements set forth below:

1. Pursuant to the merger agreement and subject to the election and proration procedures described herein and in the proxy statement/prospectus, you hereby surrender the certificates representing your shares of Transatlantic common stock listed on the Election Form or for which a book-entry transfer has been made, and elect, as indicated in the Election Form, to receive for each share of Transatlantic common stock represented by the certificates or book-entry transfer of shares the stock consideration or the cash consideration.

2. You represent and warrant that you are, as of the date thereof, and will be, as of the completion date of the merger, the registered holder of the shares of Transatlantic common stock represented by the enclosed certificate(s) or book-entry transfer of shares with good title thereto and with full power and authority to make the election indicated therein and to sell, assign and transfer the shares of Transatlantic common stock represented by the enclosed certificate(s) or book-entry transfer of shares, free and clear of all liens, restrictions, charges and encumbrances, and not subject to any adverse claims. You will, upon request, execute any additional documents necessary or desirable to complete the surrender and exchange of such shares of Transatlantic common stock. You irrevocably appoint Computershare as your agent to effect the exchange. All authority conferred or agreed to be conferred in the Election Form shall be binding upon your successors, assigns, heirs, executors, administrators and legal representatives and shall not be affected by, and shall survive, your death or incapacity.

3. You understand and acknowledge that you will not receive the merger consideration unless and until the merger is completed and unless and until the certificate(s) or book-entry transfer(s) representing your shares of Transatlantic common stock are received by Computershare at the address set forth above, together with such additional documents as Computershare may require, and until the same are processed for exchange by Computershare. You understand and acknowledge that the method of delivery of the certificate(s) or book-entry transfer of shares and all other required documents is at your option and risk and that the risk of loss and title to such shares shall pass only after Computershare has actually received the certificate(s) or book-entry transfer of shares. You further understand and acknowledge that no interest will accrue on the merger consideration, including on any cash paid in lieu of fractional Alleghany shares, or on any dividends paid with respect thereto.

4. You make the election set forth under “Election Options” on the Election Form. You understand that the purpose of the election procedures described in the Election Form is to permit holders of shares of Transatlantic common stock to express their preferences of the kind of merger consideration they elect to receive in the merger, subject to proration. **You understand that the preference expressed with respect to the kind of merger consideration may not be fully satisfied depending upon the preferences of other Transatlantic stockholders.**

5. You agree that if you do not make an election or if you make an ineffective election for any shares of Transatlantic common stock held by you, you will be deemed to have not made an election and will receive stock consideration, cash consideration or a combination of both stock consideration and cash consideration, depending on the elections of other Transatlantic stockholders.

6. You acknowledge that none of Transatlantic, Alleghany, Merger Sub, the Transatlantic board of directors, the Alleghany board of directors and the Merger Sub board of directors has made any recommendation as to whether or not you should make a particular type of election. You also acknowledge that you were advised to make your own decision, in consultation with your own financial and tax advisors, if any, as to which type of election to make.

7. Unless otherwise indicated on the Election Form in the box entitled “Special Payment Instructions,” in exchange for the enclosed certificate(s) (or those delivered pursuant to a “Notice of Guaranteed Delivery”) or book-entry transfer of shares, you instruct Computershare to issue in your name, as it appears on the Election Form, (i) the merger consideration, subject to proration, in the form elected by you under “Election Options” on the Election Form, and (ii) a check for cash in lieu of any fractional Alleghany share that would otherwise be issued. Similarly, unless otherwise indicated in the box entitled “Special Delivery Instructions,” you instruct Computershare to mail the merger consideration to you at the address shown on the Election Form. In the event that both the “Special Payment Instructions” and the “Special Delivery Instructions” are completed, you instruct Computershare to issue and mail the merger consideration to the person or entity so indicated at the address indicated. Appropriate medallion signature guarantees by an Eligible Institution (as defined in Instruction B.2) have been included with respect to the shares of Transatlantic common stock for which “Special Payment Instructions” and/or “Special Delivery Instructions” have been given.

8. You understand and acknowledge that Alleghany (which may delegate power in whole or in part to Computershare), in the exercise of its reasonable discretion, shall have the right to make all determinations, not inconsistent with the merger agreement, governing (i) the validity of the Election Forms and compliance by you with the election procedures set forth therein, (ii) the manner and extent to which elections are to be taken into account in making the proration determinations, (iii) the issuance and delivery of certificates representing the whole number of shares of Alleghany common stock to be issued as stock consideration and (iv) the method of payment of cash consideration and cash in lieu of fractional shares of Alleghany common stock.

9. You understand that Alleghany participates in the Direct Registration System (“DRS”) for its shares of common stock. This means that Alleghany’s transfer agent will keep any shares of Alleghany common stock you receive in the merger in an electronic, book-entry form following the merger and subsequently if there is activity in your account, you will receive a Direct Registration Transaction Advice providing updated information on your shares. You understand that you can request a physical certificate at any time by contacting Computershare at 1-877-373-6374.