



Transatlantic Re [®]

January 6, 2012

Dear Transatlantic Stockholder:

We are sending you the enclosed Election Form/Letter of Transmittal in connection with the expected merger of Transatlantic Holdings, Inc. ("Transatlantic") with and into Shoreline Merger Sub, Inc. ("Merger Sub"), a wholly owned subsidiary of Alleghany Corporation ("Alleghany"). Transatlantic stockholders will vote on the merger at a special meeting of Transatlantic stockholders to be held on February 6, 2011. The merger is currently expected to be completed in the first quarter of 2012, subject to the requisite Alleghany and Transatlantic stockholders' approvals, the receipt and effectiveness of all necessary regulatory approvals, the expiration of all regulatory waiting periods and the fulfillment of other customary conditions.

In the merger, Transatlantic will merge with and into Merger Sub and 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 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 equal 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. The election deadline will be publicly announced in a joint press release of Alleghany and Transatlantic at least 5 business days prior to such date. If you do not make a valid election by the election deadline, you will have no control over the type of consideration that you will receive and your Transatlantic shares may be exchanged for cash, shares of Alleghany common stock or a combination of both, depending on the elections of other Transatlantic stockholders. **Please complete the enclosed Election Form/Letter of Transmittal in accordance with the enclosed instructions to make your election.**

Once you tender your shares of Transatlantic common stock in order to make an election, you will not be able to sell or transfer those Transatlantic shares, unless you revoke your election prior to the election deadline.

A complete description of the merger agreement and of the election and proration procedures is included in the joint proxy statement/prospectus that is being mailed to you. You should read the joint proxy statement/prospectus carefully and in its entirety. Your tax consequences will vary depending upon the election you make and a number of other factors. For certain information regarding the federal income tax consequences of elections, see the section "Material U.S. Federal Income Tax Consequences" in the joint proxy statement/prospectus.

We encourage you to read carefully the enclosed documents, including the Election Form, instructions, and list of frequently asked questions and answers. You should also read carefully the joint proxy statement/prospectus. If after reading these documents, you are uncertain about what to do, we encourage you to consult with a financial professional to help you make your final decision. In addition, if you have questions about the enclosed form or if you need any additional information or need additional copies, please contact Georgeson Inc., Transatlantic's Information Agent, at (888) 613-9817.

Yours truly,

A handwritten signature in black ink, appearing to read 'Weston M. Hicks', written in a cursive style.

Weston M. Hicks
President and Chief Executive Officer
Alleghany Corporation

A handwritten signature in black ink, appearing to read 'R. Press', written in a cursive style.

Richard S. Press
Chairman
Transatlantic Holdings, Inc.

