

The Depository Trust Company

IMPORTANT

B#: 1745

DATE: April 06, 2001

TO: All Participants

CATEGORY: Dividends

FROM: Nilesh Desai, Supervisor, Dividend Department

ATTENTION: Dividend Managers, Cashiers and Reorganization Managers

SUBJECT: Optional Dividend: Alleghany Corporation
CUSIP#: 017175100 R/D: 04/02/2001 P/D: 04/27/2001
Rate: 2% Stock Distribution or Cash (Based on sale of
shares) DTC Cut-Off: April 16, 2001

***** Warning Time Critical *****

Participants who have positions in the above captioned security can elect to receive the distribution as follows:

STOCK OPTION #1: You may elect to receive one share of Alleghany common stock for every 50 shares held on record date. Fractional shares will be paid in cash. Cash in lieu of fractional shares will be based on the closing price of Alleghany common stock on the New York Stock Exchange on 04/17/01.

CASH OPTION #2: You may elect to have Computershare Trust Company of New York ("Computershare") sell the common stock of Alleghany. Computershare as agent for Alleghany, will begin selling shares of Alleghany common stock on April 27, 2001. No assurances can be given in advance as to the date on which or the price at which such shares will be sold. A selling stockholder will be paid the average price per share received by Computershare Trust Company from the sale of all shares sold on behalf of stockholders who elect this option.

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PARTICIPANTS SHOULD SUBMIT ELECTION INSTRUCTIONS OVER THE PARTICIPANT TERMINAL SYSTEM (PTS) THROUGH THE ELECTIVE DIVIDEND SYSTEM (EDS) FUNCTION.

Participants not responding to the above option by 4/16/2001 will receive the mandatory option in accordance with option #1 (stock with fractions in cash).

To confirm your Record Date positions, participants should access the Dividend and Allocation History (DPAL) Option, via the PTS Dividend Announcements Inquiry (DIVA) Function.

If participants have any questions regarding this Important Notice, they may contact John Mc Carthy or Raymond Lew of Dividend Department at (212) 855-4521/23.