

MARKEL CORP
Form S-4
December 27, 2012
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As filed with the Securities and Exchange Commission on December 27, 2012

Registration No. []

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Markel Corporation

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

6331
(Primary Standard Industrial
Classification Code Number)

54-1959284
(I.R.S. Employer
Identification Number)

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<p>Markel Corporation</p> <p>4521 Highwoods Parkway</p> <p>Glen Allen, Virginia 23060-6148</p> <p>(804) 747-0136</p> <p>(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)</p>	<p><i>Copies to:</i></p>	<p>D. Michael Jones</p> <p>Markel Corporation</p> <p>4521 Highwoods Parkway</p> <p>Glen Allen, Virginia 23060</p> <p>(Name, address, including zip code, and telephone number, including area code, of agent for service)</p>
<p>Nicholas F. Potter, Esq.</p> <p>Gregory V. Gooding, Esq.</p> <p>Debevoise & Plimpton LLP</p> <p>919 Third Avenue</p> <p>New York, New York 10022</p> <p>(212) 909-6000</p>	<p>Joe Roberts</p> <p>Alterra House</p> <p>2 Front Street</p> <p>Hamilton, HM 11</p> <p>Bermuda</p> <p>(441)293-8800</p>	<p>Kerry E. Berchem, Esq.</p> <p>Jeffrey L. Kochian, Esq.</p> <p>Akin Gump Strauss Hauer & Feld LLP</p> <p>One Bryant Park</p> <p>New York, New York 10036</p> <p>(212) 872-1000</p>

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered ⁽¹⁾	Proposed maximum offering price per share	Proposed maximum aggregate offering price ⁽²⁾	Amount of registration fee ⁽³⁾
Common Shares, no par value per share	4,710,456	N/A	\$1,956,777,230	\$266,904.41

- (1) Estimated based on (a) 92,559,127 Alterra Capital Holdings Limited (*Alterra*) common shares outstanding and assuming the exercise or vesting, as the case may be, and exchange of (b)(i) 10,684,535 outstanding Alterra warrants to purchase common shares, (ii) 4,047,967 outstanding Alterra restricted shares and share units and (iii) 1,873,070 outstanding options to purchase common shares, in each case as of December 21, 2012, and (c) a share exchange ratio of 0.04315 shares of Markel Corporation (the *Registrant*) common stock issuable in exchange for each such Alterra common share, in connection with the merger described herein.
- (2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act and calculated under Rules 457(f) and 457(c) under the Securities Act. The proposed maximum aggregate offering price of the Registrant's common stock was calculated based upon the market value of Alterra common shares (the securities to be canceled in the merger) in accordance with Rule 457(c) as follows: (a) \$27.925, the average of the high and low prices per share of Alterra common shares on December 24, 2012, as quoted on the NASDAQ Global Select Market, multiplied by (b) 109,164,699, the estimated number of Alterra common shares and restricted shares outstanding as of December 21, 2012 and potentially issuable under Alterra outstanding warrants, options and restricted share units before closing, less (c) \$1,091,646,990, the amount of cash consideration that would be paid in the merger if there were 109,164,699 shares outstanding at closing.
- (3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$136.40 per \$1,000,000 of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting under said Section 8(a), may determine.

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A MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

To the shareholders of Markel and the shareholders of Alterra:

The boards of directors of Markel Corporation, which we refer to as *Markel*, and Alterra Capital Holdings Limited, which we refer to as *Alterra*, each have unanimously approved and adopted an Agreement and Plan of Merger, dated as of December 18, 2012, among Markel, Alterra and Commonwealth Merger Subsidiary Limited, a Bermuda exempted company and a direct, wholly owned subsidiary of Markel, which we refer to as *Merger Sub*. We refer to this agreement as the *merger agreement*. Under the merger agreement, Merger Sub will merge into Alterra, which we refer to as the *merger*. Alterra will survive the merger and become a wholly-owned subsidiary of Markel. In the merger, Alterra shareholders will be entitled to receive for each common share, par value \$1.00 per share, of Alterra (which we refer to as *Alterra common shares*) issued and outstanding immediately before the effective time of the merger (other than any dissenting shares as to which appraisal rights have been properly exercised under Bermuda law and any restricted shares that do not vest in connection with the merger) (A) 0.04315 (which we refer to as the *exchange ratio*) validly issued, fully paid and nonassessable shares of Markel voting common stock, without par value (which we refer to as *Markel common stock*), together with any cash paid in lieu of fractional shares and (B) \$10.00 in cash, without interest. We believe the combination of Alterra with Markel will create a strong company in global specialty insurance and investments, with a demonstrated track record of underwriting discipline in niche market segments and proven asset management strengths that should benefit all shareholders.

Following the closing of the merger, based on Markel's and Alterra's respective capitalizations as of December 18, 2012, and the exchange ratio of 0.04315, we estimate that current Markel shareholders will own approximately 69%, and current Alterra shareholders will own approximately 31%, of the issued and outstanding shares of Markel on a fully diluted basis. We also estimate that Markel will issue approximately 4.4 million shares of Markel common stock to former Alterra shareholders in the merger, which we refer to as the *stock issuance*. Shares of Markel common stock are currently quoted on the New York Stock Exchange under the symbol MKL. Alterra common shares are currently quoted on the NASDAQ Global Select Market under the symbol ALTE and on the Bermuda Stock Exchange under the symbol ALTE.BH.

YOUR VOTE IS VERY IMPORTANT. The merger cannot be completed unless, among other things, holders of Markel common stock vote to approve the stock issuance and holders of Alterra common shares vote to approve and adopt the agreement and plan of merger, the agreement required by Section 105 of the Companies Act 1981 of Bermuda, as amended, which is attached as Exhibit A to the merger agreement and which we refer to as the *statutory merger agreement*, and which, together with the agreement and plan of merger, we refer to as the *merger agreement*, and the merger. Whether or not you expect to attend in person, we urge you to submit a proxy to vote your shares as promptly as possible by signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Markel and Alterra special shareholder meetings as applicable. If your shares are held in a plan or in the name of a bank, brokerage firm or other nominee, please follow the instruction on the voting instruction card furnished by the plan trustee or administrator, or record holder, as appropriate.

Markel's board of directors recommends that Markel shareholders vote FOR (i) a proposal to approve the stock issuance and (ii) each other proposal on the enclosed Markel proxy card.

Alterra's board of directors recommends that Alterra shareholders vote FOR (i) a proposal to approve the adoption of an amendment to Alterra's bye-laws to reduce the shareholder vote required to approve a merger with any other company from the affirmative vote of three-fourths of the votes cast thereon at a general meeting of the shareholders to a simple majority, (ii) a proposal to approve and adopt the merger agreement and the merger, (iii) a proposal, on an advisory (non-binding) basis, to approve the compensation that may be paid or become payable to Alterra's named executive officers in connection with the merger and the agreements and understandings under which such compensation may be paid or become payable, and (iv) each other proposal on the enclosed Alterra proxy card.

Markel will hold a special meeting of shareholders and Alterra will hold a special general meeting of shareholders to vote on these proposals, which we refer to as the *Markel special meeting* and *Alterra special general meeting*, respectively, and sometimes individually, as a *special meeting*. Whether or not you plan to attend your company's special meeting, please take time to vote on the proposals by completing and mailing your enclosed proxy card.

This joint proxy statement/prospectus provides Markel shareholders and Alterra shareholders with detailed information about the Markel special meeting, the Alterra special general meeting and the merger. **Markel and Alterra encourage you to read this entire document carefully, including the section entitled Risk Factors beginning on page 13.**

Sincerely,

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Alan I. Kirshner

W. Marston Becker

Chairman of the Board of Directors and Chief Executive Officer

President and Chief Executive Officer

Markel Corporation

Alterra Capital Holdings Limited

None of the Securities and Exchange Commission, any state securities commission, the Registrar of Companies in Bermuda, the Bermuda Monetary Authority or any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [], 2013, and is first being mailed to Markel and Alterra shareholders on or about [], 2013.

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ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed by Markel with the Securities and Exchange Commission, constitutes (1) a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, and notice of meeting, with respect to the Markel special meeting, (2) a prospectus of Markel in connection with the stock issuance and (3) a proxy statement and notice of meeting with respect to the Alterra special general meeting.

Markel and Alterra have jointly provided the information concerning Markel after the completion of the merger and the information used to derive the pro forma financial information contained in this joint proxy statement/prospectus.

Markel has provided the information concerning Markel contained or incorporated by reference in this joint proxy statement/prospectus.

Alterra has provided the information concerning Alterra contained or incorporated by reference in this joint proxy statement/prospectus.

This joint proxy statement/prospectus incorporates by reference important business and financial information about Markel and Alterra that is not included in or delivered with this joint proxy statement/prospectus. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus, without charge, from the SEC's website at <http://www.sec.gov> or by directing a written or oral request to the appropriate company at the following addresses and telephone numbers:

AST Phoenix Advisors

6201 15th Avenue

Brooklyn, New York 11219

(877) 478-5038

or

(212) 493-3910

E-mail: info@phoenixadvisorsast.com

or

Markel Corporation

4521 Highlands Parkway

Glen Allen, Virginia 23060-6148

Attn: Investor Relations

(804) 747-0136

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

(800) 322-2885

or

(212) 929-5500

E-mail: proxy@mackenziepartners.com

or

Alterra Capital Holdings Limited

Alterra House

2 Front Street

Hamilton, HM 11

Bermuda

Attn: Investor Relations

(441) 293-8800

If you would like to request documents, in order to ensure timely delivery, you must do so at least five business days before the date of the Markel special meeting and Alterra special general meeting. This means you must request this information no later than [], 2013. Markel and Alterra will mail properly requested documents to requesting shareholders by first class mail, or another equally prompt means, within one business day after receipt of such request.

See *Where You Can Find More Information.*

You should rely only on the information contained or incorporated by reference in this joint proxy statement/prospectus. We have not authorized anyone to provide you with information that is different from what is contained or incorporated by reference in this joint proxy statement/prospectus. Therefore, if anyone does give you other information, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this joint proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this joint proxy statement/prospectus does not extend to you.

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4521 Highwoods Parkway

Glen Allen, VA 23060

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [], 2013

[], 2013

To the shareholders of Markel Corporation:

We are pleased to invite you to attend the Special Meeting of Shareholders of Markel Corporation, which we refer to as *Markel*, which will be held at 4521 Highwoods Parkway, Glen Allen, Virginia 23060, on [], 2013, at [] a.m. Eastern Time, which we refer to as the *Markel special meeting*, for the following purposes:

Proposal 1: to consider and vote on the proposal to approve the issuance of Markel common stock, no par value per share, under the Agreement and Plan of Merger, which we refer to as the *merger agreement*, dated as of December 18, 2012, among Alterra Capital Holdings Limited, which we refer to as *Alterra*, Markel and Commonwealth Merger Subsidiary Limited, which we refer to as *Merger Sub*, as required by New York Stock Exchange rules; and

Proposal 2: to transact such other business, if any, as may lawfully be brought before the Markel special meeting, including the proposal to approve an adjournment of the Markel special meeting for the solicitation of additional proxies from Markel shareholders in favor of the above proposal.

Completion of the merger of Alterra and Merger Sub as contemplated by the Merger Agreement, is conditioned on, among other things, approval of Proposal 1 above.

Information concerning the matters to be acted upon at the Markel special meeting is set forth in the accompanying joint proxy statement/prospectus.

Only Markel shareholders of record at the close of business on [], 2013, will be entitled to notice of, and to vote at, the Markel special meeting or any adjournment or postponement thereof.

IF YOU WERE A MARKEL SHAREHOLDER OF RECORD ON [], 2013, PLEASE VOTE IN ONE OF THE FOLLOWING TWO WAYS, WHETHER OR NOT YOU PLAN TO ATTEND THE MARKEL SPECIAL MEETING: (1) BY FOLLOWING THE INSTRUCTIONS CONTAINED IN THE NOTICE OF INTERNET AVAILABILITY OF MARKEL PROXY MATERIALS; OR (2) BY COMPLETING, SIGNING AND DATING THE ACCOMPANYING MARKEL PROXY CARD AND RETURNING IT IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED JOINT PROXY STATEMENT/PROSPECTUS. YOUR SHARES WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS, IF ANY, CONTAINED IN THE PROXY CARD. IF A PROXY IS PROPERLY EXECUTED AND RETURNED AND NO INSTRUCTION IS GIVEN, YOUR SHARES WILL BE VOTED FOR EACH PROPOSAL ON THE PROXY CARD. FOR FURTHER INFORMATION CONCERNING THE USE OF THE MARKEL PROXY AND OTHER RELATED MATTERS, YOU ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS ON THE FOLLOWING PAGES.

By Order of the Board of Directors,

[Insert Signature]

Alan I. Kirshner

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Chairman of the Board of Directors and Chief Executive Officer

[], 2013

Glen Allen, Virginia

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Alterra House

2 Front Street

Hamilton, HM 11

Bermuda

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON [], 2013

[], 2013

To the shareholders of Alterra Capital Holdings Limited:

We are pleased to invite you to attend the Special General Meeting of Shareholders of Alterra, which we refer to as *Alterra*, to be held at its principal executive offices, located at Alterra House, 2 Front Street, Hamilton, HM 11, Bermuda, on [], 2013 at [] a.m. Atlantic Time, which we refer to as the *Alterra special general meeting*, for the following purposes:

Proposal 1: to consider and vote on a proposal to approve an amendment to Alterra's bye-laws, the form of which is included as Annex B to this joint proxy statement/prospectus of which this notice forms a part, to reduce the shareholder vote required to approve a merger with any other company from the affirmative vote of three-fourths of the votes cast thereon at a general meeting of the shareholders to a simple majority, under the Agreement and Plan of Merger, dated as of December 18, 2012, among Alterra, Markel Corporation, which we refer to as *Markel*, and Commonwealth Merger Subsidiary Limited, which we refer to as *Merger Sub*, and which agreement we refer to as the *agreement and plan of merger* ;

Proposal 2: to consider and vote on the proposal to approve and adopt the *agreement and plan of merger*, the agreement required by Section 105 of the Companies Act of 1981 of Bermuda, as amended, which we refer to as the *Companies Act*, that is attached as Exhibit A to the merger agreement, which we refer to as the *statutory merger agreement*, and which together with the agreement and plan of merger, we refer to as the *merger agreement*, and the merger of Alterra and Merger Sub as contemplated by the merger agreement, which we refer to as the *merger* ;

Proposal 3: to consider and vote on a proposal, on an advisory (non-binding) basis, to approve the compensation that may be paid or become payable to Alterra's named executive officers in connection with the merger, and the agreements and understandings under which such compensation may be paid or become payable, as described in the section entitled *The Merger Interests of Alterra's Directors and Executive Officers in the Merger Golden Parachute Compensation* ; and

Proposal 4: to transact such other business, if any, as may lawfully be brought before the Alterra special general meeting, including a proposal to approve an adjournment of the Alterra special general meeting for the solicitation of additional proxies from Alterra shareholders in favor of any of the above proposals.

Completion of the merger is conditioned on, among other things, approval of Proposal 2 above.

Information concerning the matters to be acted upon at the Alterra special general meeting is set forth in the accompanying joint proxy statement/prospectus.

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Under the terms of the merger agreement, upon closing of the merger, each outstanding Alterra voting common share, par value \$1.00 per share, which we refer to as *Alterra common shares*, (other than any dissenting shares as to which appraisal rights have been properly exercised under Bermuda law and any restricted shares that do not vest in connection with the merger) will be converted into the right to receive (A) 0.04315 validly issued, fully paid and nonassessable shares of Markel voting common stock, without par value (which we refer to as *Markel common stock*), together with any cash paid in lieu of fractional shares, and (B) \$10.00 in

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cash, without interest. All Alterra common shares that are held by Alterra as treasury stock or owned by Markel or any of its subsidiaries immediately before the merger will be cancelled and no payment will be made in respect thereof.

Under Bermuda law, in the event of a merger of a Bermuda company with another company or corporation, any shareholder of the Bermuda company is entitled to receive fair value for its shares. Alterra's board of directors considers the fair value for each Alterra common share to be the merger consideration (\$10.00 in cash, without interest, plus 0.04315 Markel shares). Based on the closing price of Markel shares on December 26, 2012, the merger consideration was equal to \$28.56.

Any Alterra shareholder who is not satisfied that it has been offered fair value for its Alterra common shares and whose Alterra common shares are not voted in favor of the approval and adoption of the merger agreement and the merger, may exercise its appraisal rights under the Companies Act to have the fair value of its Alterra common shares appraised by the Supreme Court of Bermuda. Any Alterra shareholder intending to exercise appraisal rights MUST file its application for appraisal of the fair value of its Alterra common shares with the Supreme Court of Bermuda within ONE MONTH after the date the notice convening the Alterra special general meeting is deemed to have been received.

Only Alterra shareholders of record, as shown on Alterra's register of members at the close of business on [], 2013, will be entitled to notice of, and to vote at, the Alterra special general meeting or any adjournment or postponement thereof, or to exercise the appraisal rights conferred on dissenting shareholders by Bermuda law.

IF YOU WERE AN ALTERRA SHAREHOLDER OF RECORD ON JANUARY 8, 2013, PLEASE VOTE IN ONE OF THE FOLLOWING TWO WAYS, WHETHER OR NOT YOU PLAN TO ATTEND THE ALTERRA SPECIAL GENERAL MEETING: (1) BY FOLLOWING THE INSTRUCTIONS CONTAINED IN THE NOTICE OF INTERNET AVAILABILITY OF ALTERRA PROXY MATERIALS OR (2) BY COMPLETING, DATING, SIGNING AND RETURNING THE ACCOMPANYING PROXY CARD IN THE RETURN ENVELOPE FURNISHED FOR THAT PURPOSE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE ALTERRA SPECIAL GENERAL MEETING. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED JOINT PROXY STATEMENT/PROSPECTUS. IF A PROXY IS PROPERLY EXECUTED AND RETURNED AND NO INSTRUCTION IS GIVEN, YOUR SHARES WILL BE VOTED FOR EACH PROPOSAL ON THE PROXY CARD. FOR FURTHER INFORMATION CONCERNING THE USE OF THE ALTERRA PROXY AND OTHER RELATED MATTERS, YOU ARE URGED TO READ THIS JOINT PROXY STATEMENT/PROSPECTUS ON THE FOLLOWING PAGES.

By Order of the Board of Directors,

W. Marston Becker

President and Chief Executive Officer

[], 2013

Hamilton, Bermuda

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following questions and answers highlight selected information from this joint proxy statement/prospectus and may not contain all the information that is important to you. We encourage you to read this entire document carefully.

Q: *Why am I receiving this joint proxy statement/prospectus?*

A: On December 18, 2012, Alterra Capital Holdings Limited, which we refer to as *Alterra*, Markel Corporation, which we refer to as *Markel*, and Commonwealth Merger Subsidiary Limited, a direct, wholly owned subsidiary of Markel, which was formed solely for the purpose of effecting the merger and will not conduct any business before the merger, which we refer to as *Merger Sub*, entered into the Agreement and Plan of Merger, which we refer to as the *merger agreement*, under which Merger Sub will merge into Alterra, which we refer to as the *merger*. Alterra will survive the merger and become a wholly-owned subsidiary of Markel. Under the terms of the merger agreement, upon the closing of the merger, each common share, par value \$1.00 per share, of Alterra, which we refer to as *Alterra common shares*, issued and outstanding immediately before the effective time of the merger (excluding any dissenting shares as to which appraisal rights have been properly exercised under Bermuda law and any restricted shares that do not vest in connection with the merger), will be cancelled and converted into the right to receive (A) 0.04315 (which we refer to as the *exchange ratio*) validly issued, fully paid and nonassessable shares of Markel voting common stock, without par value (which we refer to as *Markel common stock*), together with any cash paid in lieu of fractional shares (which we refer to collectively as the *stock consideration*,) and (B) \$10.00 in cash, without interest (which we refer to as the *cash consideration*). We refer to the stock consideration and cash consideration together as the *merger consideration*. All Alterra common shares that are held by Alterra as treasury stock or owned by Markel or any of its subsidiaries immediately before the merger will be cancelled and no payment will be made in respect thereof.

In order to complete the merger, among other things:

Markel shareholders must approve a proposal to approve the issuance of common shares under the merger agreement, which we refer to as the *stock issuance*; and

Alterra shareholders must approve and adopt the merger agreement and the merger.

In addition, Markel is soliciting proxies from its shareholders with respect to an additional proposal. The completion of the Merger is not conditional upon receipt of this approval:

Markel shareholders are being asked to consider and vote upon a proposal to adjourn the special meeting of Markel shareholders, which we refer to as the *Markel special meeting*, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the stock issuance;

In addition, Alterra is soliciting proxies from its shareholders with respect to three additional proposals. The completion of the merger is not conditioned upon receipt of these approvals:

Alterra shareholders are being asked to consider and vote on a proposal to approve an amendment to Alterra's by-laws to reduce the shareholder vote required to approve a merger with any other company from the affirmative vote of three-fourths of the votes cast thereon at a general meeting of the shareholders to a simple majority, the form of which is included as Annex B to this joint proxy statement/prospectus, and which we refer to as the *bye-law amendment*;

Alterra shareholders are being asked to consider and vote on a proposal, on an advisory (non-binding) basis, to approve the compensation that may be paid or become payable to Alterra's named executive officers in connection with the merger, and the agreements and understandings under which such compensation may be paid or become payable, which we refer to as the

compensation advisory proposal; and

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Alterra shareholders are being asked to consider and vote upon the proposal to adjourn the special meeting of Alterra shareholders, which we refer to as the *Alterra special general meeting*, if appropriate and necessary, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and the merger or any of the other proposals described above.

Markel and Alterra will hold separate shareholder meetings to obtain these approvals. This joint proxy statement/prospectus, including its Annexes, contains and incorporates by reference important information about Markel and Alterra, the merger, and the special shareholder meetings of Markel and Alterra. You should read all the available information carefully in its entirety.

Q: *When and where are the special meetings?*

A1: The Markel special meeting will take place at [] a.m., Eastern Time, on [], 2013, at 4521 Highwoods Parkway, Glen Allen, Virginia 23060.

A2: The Alterra special general meeting will take place at [] a.m., Atlantic Time, on [], 2013, at Alterra House, 2 Front Street, Hamilton, HM 11 Bermuda.

Q: *What is happening at the special meetings?*

A1: At the Markel special meeting, Markel shareholders will be asked:

Proposal 1: to consider and vote on a proposal to approve the stock issuance; and

Proposal 2: to transact such other further business, if any, as may lawfully be brought before the Markel special meeting, including the proposal to approve an adjournment of the Markel special meeting for the solicitation of additional Markel proxies in favor of the above proposal, if necessary.

A2: At the Alterra special general meeting, Alterra shareholders will be asked:

Proposal 1: to consider and vote on the proposal to approve the bye-law amendment;

Proposal 2: to consider and vote on the proposal to approve and adopt the merger agreement and the merger;

Proposal 3: to consider and vote on, on an advisory (non-binding) basis, the compensation advisory proposal; and

Proposal 4: to transact such other further business, if any, as may lawfully be brought before the Alterra special general meeting, including the proposal to approve an adjournment of the Alterra special general meeting for the solicitation of additional Alterra proxies in favor of any of the above proposals, if necessary.

Q: *What will happen in the merger?*

A: If Markel shareholders approve the stock issuance and if Alterra shareholders approve and adopt the merger agreement and the merger and all other conditions to the merger have been satisfied or waived, Merger Sub will merge into Alterra, upon the terms and subject to the conditions set forth in the merger agreement. Upon the closing of the merger, the separate corporate existence of Merger Sub will cease and Alterra will survive as a wholly-owned subsidiary of Markel. We believe the combination of Alterra with Markel will create a strong company in global specialty insurance and investments, with a demonstrated track record of underwriting discipline in niche market segments and proven asset management strengths that should benefit all shareholders.

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Q: *Why are the parties proposing the merger?*

A1: Based on a number of factors described below under *The Merger Reasons Why Markel's Board of Directors Recommends Approval of the Stock Issuance*, Markel's board of directors believes that combining Alterra with Markel increases diversification and creates a global franchise with attractive product depth and reach and a common culture of underwriting discipline, and that the merger will create additional size and scale, providing additional insurance and investment opportunities that should enable expense ratio improvements once the transition process is complete. Please see *The Merger Reasons Why Markel's Board of Directors Recommends Approval of the Merger* on page 46 for more information.

A2: Based on a number of factors described below under *The Merger Reasons Why Alterra's Board of Directors Recommends Approval of the Merger*, Alterra's board of directors believes that the merger will create a combined company that will establish itself as a leading specialty insurance and reinsurance company with greater capacity and a broader range of products and services that will be better positioned for long-term success and the creation of superior shareholder value. Please see *The Merger Reasons Why Alterra's Board of Directors Recommends Approval of the Merger* on page 49 for more information.

Q: *What will Alterra shareholders receive in the merger?*

A: Under the terms of the merger agreement, each Alterra common share issued and outstanding immediately before the effective time of the merger (excluding any dissenting shares as to which appraisal rights have been properly exercised under Bermuda law and any restricted shares that do not vest in connection with the merger), will be cancelled and converted into the right to receive (A) 0.04315 validly issued, fully paid and nonassessable shares of Markel common stock, together with any cash paid in lieu of fractional shares and (B) \$10.00 in cash, without interest. Alterra shareholders will not receive any fractional shares of Markel common stock in the merger. Instead, Alterra shareholders will be paid cash in lieu of the fractional share interest to which such shareholders would otherwise be entitled as described under *The Merger Agreement Merger Consideration* below. All Alterra common shares that are held by Alterra as treasury stock or owned by Markel or any of its subsidiaries immediately before the merger will be cancelled and no payment will be made in respect thereof.

Q: *What percentage of Markel common stock will the current holders of Alterra common shares own, in the aggregate, after the merger?*

A: Based on Markel's and Alterra's respective capitalizations as of December 21, 2012 and the exchange ratio of 0.04315, the parties estimate that current Alterra shareholders will own, in the aggregate, approximately 31% of the issued and outstanding shares of Markel common stock on a fully-diluted basis following closing.

Q: *Are shareholders able to exercise appraisal rights?*

A1: The Markel shareholders will not be entitled to exercise appraisal rights with respect to any matter to be voted upon at the Markel meeting.

A2: The Alterra shareholders who do not vote in favor of the merger agreement and the merger and who are not satisfied that they have been offered fair value for their Alterra common shares may exercise, within one month after the date the notice convening the Alterra special general meeting is deemed to have been received, appraisal rights under Bermuda law to have the fair value of their Alterra common shares appraised by the Supreme Court of Bermuda, which we refer to as the *Court*, subject to compliance with all of the required procedures, as described under *The Merger Dissenters Rights of Appraisal for Alterra Shareholders* below on page 77. Markel may terminate the merger agreement if the total number of Alterra common shares for which appraisal rights have been exercised under Bermuda law exceeds 10% of the Alterra common shares issued and outstanding on the business day immediately following the last day on which Alterra shareholders may require appraisal of their Alterra common shares under Bermuda law.

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Q: *When do the parties expect to complete the merger?*

A: The parties expect to complete the merger in the first half of 2013, although there can be no assurance that the parties will be able to do so. The closing of the merger is subject to customary closing conditions, including shareholder approvals and receipt of certain insurance and other regulatory approvals. Please see *The Merger Agreement Conditions to the Merger* on page 95.

Q: *What will be the composition of the board of directors of Markel following the merger?*

A: Markel's board of directors following the merger will have twelve directors, consisting of the ten current Markel directors (Messrs. J. Alfred Broaddus, Jr., Douglas C. Eby, Stewart M. Kasen, Alan I. Kirshner (Chairman of the Board and Chief Executive Officer), Lemuel E. Lewis, Anthony F. Markel (Vice Chairman), Steven A. Markel (Vice Chairman), Darrell D. Martin, Jay M. Weinberg and Mrs. Debora J. Wilson) and two individuals designated by Alterra and approved by Markel's Nominating/Corporate Governance Committee. Alterra intends to designate Michael O. Reilly and K. Bruce Connell, both of whom are members of Alterra's current board of directors.

Q: *How will Markel be managed following the merger?*

A: As described in *Management of Markel Following the Merger*, Markel's management will be drawn principally from the existing Markel management team.

Q: *What are the material U.S. federal income tax consequences of the merger to U.S. shareholders of Alterra common shares?*

A: The merger generally will be a taxable transaction to U.S. shareholders of Alterra.

YOU SHOULD READ MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES BELOW FOR A DISCUSSION OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER. TAX MATTERS ARE COMPLICATED AND THE TAX CONSEQUENCES OF THE MERGER TO YOU WILL DEPEND UPON THE FACTS OF YOUR PARTICULAR SITUATION. BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, THE PARTIES URGE YOU TO CONSULT WITH YOUR TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES OF THE MERGER TO YOU, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

Q: *What shareholder vote is required to approve the items to be voted on at each shareholder meeting, including the merger?*

A1: With respect to the Markel meeting, the approval of the stock issuance proposal requires the affirmative vote of the holders of a majority of shares entitled to vote on the proposal and present in person or represented by proxy at the Markel special meeting, provided that the total votes cast on the stock issuance proposal represent over 50% of the outstanding Markel common shares entitled to vote on the stock issuance proposal, in accordance with rules prescribed by the New York Stock Exchange, which we refer to as the *NYSE rules*. Votes for, votes against and abstentions count as votes cast, while broker non-votes do not count as votes cast for this purpose. All outstanding Markel common shares count as shares entitled to vote. Thus, the total sum of votes for, plus votes against, plus abstentions, which we refer to as the *NYSE votes cast*, must be greater than 50% of the total outstanding Markel common shares. The number of votes for the stock issuance proposal must be greater than 50% of the NYSE votes cast.

The affirmative vote of a majority of the votes cast at the Markel special meeting, at which a quorum is present in accordance with Markel's bylaws, is required to approve the adjournment proposal.

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As of [], 2013, []% of the outstanding Markel common shares were held by Markel's directors and executive officers. Markel's directors and executive officers, who collectively owned at least 5.2% of the voting power of the outstanding Markel common shares as of December 18, 2012, have agreed to vote in favor of the stock issuance.

A2: With respect to the Alterra special general meeting, the affirmative vote of a majority of the votes cast at the Alterra special general meeting, at which a quorum is present in accordance with Alterra's bye-laws, is required to approve the Alterra bye-law amendment, which will become effective immediately if so approved. The quorum required at the Alterra special general meeting is two or more shareholders present in person and representing in person or by proxy more than 50% of the issued and outstanding Alterra common shares throughout the meeting. If the Alterra bye-law amendment is approved, the affirmative vote of a majority of the votes cast at the Alterra special general meeting is required to approve and adopt the merger agreement and the merger. If the Alterra bye-law amendment is not approved, the affirmative vote of three-fourths of the votes cast at the Alterra special general meeting will be required to approve and adopt the merger agreement and the merger. The affirmative vote of a majority of the votes cast at the Alterra special general meeting is required to approve each other matter to be acted on, including any adjournment proposal.

As of [], 2013, []% of the outstanding Alterra common shares were held by Alterra's directors and executive officers. Alterra's directors, certain officers and Trident III Professional Fund, L.P. and Trident III, L.P., which we refer to collectively as the Trident Funds, The Chubb Corporation, and certain of their respective affiliates, who collectively owned approximately 19.6% of the voting power of the outstanding Alterra common shares as of December 18, 2012 (after taking into account the appropriate adjustments under Alterra's bye-laws applying certain voting cut-backs), have agreed to vote to adopt the merger agreement and approve the merger at the Alterra special general meeting.

Q: *Do the boards of directors recommend approval of the proposals?*

A1: Yes. Markel's board of directors, taking into consideration the reasons discussed under *The Merger Reasons Why Markel's Board of Directors Recommends Approval of the Stock Issuance*, unanimously adopted the merger agreement and authorized and approved the stock issuance and the other transactions contemplated by the merger agreement. Markel's board of directors deems it advisable and fair to, and in the best interests, of Markel to consummate the merger agreement and to consummate the stock issuance and the other transactions contemplated by the merger agreement, including the stock issuance. Markel's board of directors recommends that you vote FOR each matter submitted on the Markel proxy card.

A2: Yes. Alterra's board of directors, taking into consideration the reasons discussed under *The Merger Reasons Why Alterra's Board of Directors Recommends Approval of the Merger*, has determined that the bye-law amendment is advisable and in the best interests of Alterra and authorized and approved the bye-law amendment, adopted the merger agreement and authorized and approved the merger and the other transactions contemplated unanimously and determined that the merger consideration constitutes fair value for each Alterra common share in accordance with the Companies Act of 1981 of Bermuda, as amended, which we refer to as the Companies Act, and deemed it advisable and fair to, and in the best interests of, Alterra to enter into the merger agreement and to consummate the merger and the other transactions contemplated by the merger agreement and to approve the compensation advisory proposal. Alterra's board of directors recommends that Alterra shareholders vote FOR each matter submitted on the Alterra proxy card.

Q: *What is the record date for each special meeting?*

A1: The record date for the Markel special meeting is [], 2013, which we refer to as the *Markel record date*. Only Markel shareholders at the close of business on the Markel record date will be entitled to notice of, and to vote at, the Markel special meeting or any adjournment thereof.

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A2: The record date for the Alterra special general meeting is January 8, 2013, which we refer to as the *Alterra record date*. Only Alterra shareholders at the close of business on the Alterra record date will be entitled to notice of, and to vote at, the Alterra special general meeting or any adjournment or postponement thereof.

Q: *What do I need to do now?*

A: The parties urge you to read carefully this joint proxy statement/prospectus, including its annexes and the documents incorporated by reference herein. You also are encouraged to review the documents referenced under *Where You Can Find More Information* on page 149 and consult with your accounting, legal and tax advisors.

Q: *How do I vote my shares if I am a shareholder of record?*

A1: Markel shareholders of record as of the record date should indicate how they want to vote on their Markel proxy card and then sign, date and mail their proxy card in the enclosed return envelope as soon as possible so that their Markel common shares may be represented at the Markel special meeting. Markel shareholders may also attend the Markel special meeting in person instead of submitting a proxy. Most shareholders of Markel hold their Markel common shares in *street name* rather than directly in their own name. If you hold your Markel common shares in a brokerage account or in *street name*, the proxy materials are being forwarded to you by your bank, broker or other nominee together with a voting instruction form. If you are not the shareholder of record, you may not vote your Markel common shares in person at the meeting unless you have followed the procedures described below. Abstentions and *broker non-votes* will be counted toward the presence of a quorum at, but will not be considered votes cast on the adjournment proposal brought before, the Markel special meeting, and for purposes of the stock issuance proposal, in accordance with the NYSE rules, abstentions will be counted for purposes of calculating the NYSE votes cast, but *broker non-votes* will not be so counted.

A2: Alterra shareholders of record as of the record date should indicate how they want to vote on their Alterra proxy card and then sign, date and mail their proxy card in the enclosed return envelope as soon as possible so that their Alterra common shares may be represented at the Alterra special general meeting, or follow the instructions on the Alterra proxy card to complete their proxy card on the Internet at the website indicated or by telephone. Alterra shareholders may also attend the Alterra special general meeting in person instead of submitting a proxy. Most shareholders of Alterra hold their Alterra common shares in *street name* rather than directly in their own name. If you hold your Alterra common shares in a brokerage account or in *street name*, the proxy materials are being forwarded to you by your bank, broker or other nominee together with a voting instruction form. If you are not the shareholder of record, you may not vote your Alterra common shares in person at the meeting unless you have followed the procedures described below. Abstentions and *broker non-votes* will be counted toward the presence of a quorum at, but will not be considered votes cast on any proposal brought before, the Alterra special general meeting. Internet voting is available through [] p.m. Atlantic Time on the business day before the Alterra special general meeting.

Q: *If my Markel common stock or Alterra common shares are held in a brokerage account or in street name, will my broker vote my shares for me?*

A: If you are a Markel shareholder or an Alterra shareholder, and, in either case, if you do not provide your bank or broker with instructions on how to vote your *street name* shares, your bank or broker will not be permitted to vote them unless your bank or broker already has discretionary authority to vote such *street name* shares. Please review the voting form used by your broker to see if you can submit your voting instructions by telephone or the Internet. Also, if your bank or broker has indicated on the relevant proxy that it does not have discretionary authority to vote such *street name* shares, your bank or broker will not be permitted to vote them. Either of these situations results in a *broker non-vote*.

A *broker non-vote* with respect to the Markel special meeting and the Alterra special general meeting will not be considered as entitled to vote with respect to any matter presented at the respective meeting, but will be

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counted for purposes of establishing a quorum, provided that your broker, bank or nominee is in attendance in person or by proxy. A broker non-vote with respect to any proposal or matter to be voted on at the shareholder meetings will have no effect on the outcome of such proposal or matter, provided that, with respect to the stock issuance proposal, a broker non-vote will not be deemed a vote cast for purposes of the NYSE rules requiring that NYSE votes cast represent 50% of the outstanding shares entitled to vote.

You should, therefore, provide your bank or broker with instructions on how to vote your shares or arrange to attend the Markel special meeting and/or Alterra special general meeting, as the case may be, and vote your shares in person to avoid a broker non-vote. If your bank or broker holds your shares and you attend the special meeting in person, you should bring a letter from your bank or broker identifying you as the beneficial owner of the shares and authorizing you to vote your shares at the meeting.

Q: What do I do if I want to change my vote?

A: You may change your vote at any time before the vote takes place at the Markel special meeting and/or the Alterra special general meeting, as the case may be. To do so, you may either complete and submit a new proxy card with a later date or send a written notice stating that you would like to revoke your proxy or you may also complete and submit a new proxy card by telephone or the Internet. In addition, you may elect to attend the Markel special meeting and/or the Alterra special general meeting, as the case may be, and vote in person, as described above. If you are a Markel shareholder or an Alterra shareholder and you hold your shares through a bank, broker or other nominee, you may revoke the instructions only by informing the bank, broker or nominee in accordance with any procedures established by that nominee.

Q: What effect do abstentions and broker non-votes have on the proposals?

A: Abstentions and, if applicable, broker non-votes will be counted toward the presence of a quorum at, but will not be considered votes cast on any proposal brought before, the Markel special meeting or Alterra special general meeting, as the case may be, provided that, with respect to the Markel special meeting and the stock issuance proposal, a broker non-vote will not be deemed a vote cast for purposes of the NYSE rules requiring that NYSE votes cast represent 50% of the outstanding shares entitled to vote. Because the vote required to approve the proposals is the affirmative vote of the specified required percentage of the votes cast assuming a quorum is present, an abstention or, if applicable, broker non-vote with respect to any proposal to be voted on at the Markel special meeting or Alterra special general meeting will not have the effect of a vote for or against the relevant proposal, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting.

Q: Who can I contact with any additional questions?

A1: Markel shareholders:

If you have additional questions about the merger, you should contact AST Phoenix Advisors at:

AST Phoenix Advisors

6201 15th Avenue

Brooklyn, New York 11219

E-mail: info@phoenixadvisorsast.com

Call Collect: (212) 493-3910

Toll-Free: (877) 478-5038

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If you are a Markel shareholder and you would like additional copies of this joint proxy statement/prospectus, or if you need assistance voting your shares, you should contact AST Phoenix Advisors at the address and/or telephone numbers set forth above or you may contact Bruce Kay, Investor Relations, Markel, at 804-747-0136.

A2: Alterra shareholders:

If you have additional questions about the merger, you should contact Mackenzie Partners, Inc. at:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

proxy@mackenziepartners.com

Call Collect: (212) 929-5500

Toll Free: (800) 322-2885

If you are an Alterra shareholder and you would like additional copies of this joint proxy statement/prospectus, or if you need assistance voting your shares, you should contact MacKenzie Partners, Inc. at the address and/or telephone numbers set forth above or you may contact Joe Roberts, Executive Vice President and Chief Financial Officer of Alterra, or Susan Spivak, Senior Vice President of Investor Relations at Alterra, at (441) 296-8800.

Q: *Where can I find more information about the companies?*

A: You can find more information about Markel and Alterra in the documents described under *Where You Can Find More Information* on page 149.

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SUMMARY

*This summary highlights the material information in this joint proxy statement/prospectus. To fully understand Markel's and Alterra's respective proposals, and for a more complete description of the legal terms of the merger, you should carefully read this entire joint proxy statement/prospectus, including the annexes and documents incorporated by reference herein, and the other documents to which the parties have referred you. For information on how to obtain the documents that are on file with the Securities and Exchange Commission, which we refer to as the SEC, please see the section of this joint proxy statement/prospectus entitled *Where You Can Find More Information*.*

Markel

Markel is a diverse financial holding company serving a variety of niche markets. Its principal business markets and underwrites specialty insurance products. In each of its businesses, Markel seeks to provide quality products and excellent customer service so that it can be a market leader. Markel's financial goals are to earn consistent underwriting and operating profits and superior investment returns to build shareholder value. At September 30, 2012, Markel had approximately \$3.8 billion in consolidated shareholders' equity.

Markel is a Virginia corporation headquartered at 4521 Highwoods Parkway, Glen Allen, Virginia 23060-6148, telephone number (804) 747-0136. For additional information about Markel and its business, including how to obtain the documents that Markel has filed with the SEC, see *Where You Can Find More Information*.

Alterra

Alterra is a Bermuda-headquartered global enterprise dedicated to providing specialty insurance and reinsurance products to corporations, public entities and property and casualty insurers. Alterra had approximately \$2.9 billion in consolidated shareholders' equity as of September 30, 2012.

Alterra was formed on May 12, 2010 by the amalgamation of Alterra Holdings Limited, a direct wholly-owned subsidiary of Max Capital Group Ltd., and Harbor Point Limited. Alterra common shares are quoted on the NASDAQ Global Select Market under the ticker symbol ALTE and on the Bermuda Stock Exchange under the ticker symbol ALTE.BH. Alterra's principal executive offices are located at Alterra House, 2 Front Street, Hamilton, HM 11 Bermuda, and its telephone number is (441) 295-8800. For additional information about Alterra and its business, including how to obtain the documents that Alterra has filed with the SEC, see *Where You Can Find More Information*.

The Markel Special Meeting

The Markel special meeting will take place at 4521 Highwoods Parkway, Glen Allen, Virginia 23060 on [], 2013 at [a.m.] Eastern Time. At the Markel special meeting, Markel shareholders will be asked:

Proposal 1: to consider and vote on the proposal to approve the stock issuance; and

Proposal 2: to transact such other business, if any, as may lawfully be brought before the Markel special meeting, including the proposal to approve an adjournment of the Markel special meeting for the solicitation of additional proxies from Markel shareholders in favor of the above proposal.

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Markel Record Date

Only shareholders of record, as shown by Markel's transfer books, at the close of business on [], 2013, which is the record date for the Markel special meeting, will be entitled to notice of, and to vote at, the Markel special meeting or any adjournment or postponement thereof. If you held Markel common stock in a brokerage account or in street name as of the record date, you may only vote at the Markel special meeting by following the voting instructions provided to you by your bank, broker or other nominee.

Quorum

The presence, in person or by proxy, of the holders in excess of 50% of the issued and outstanding Markel common stock as of the close of business on [], 2013, the record date of the Markel special meeting, is necessary to constitute a quorum at the Markel special meeting.

Required Vote

The vote required for each of the above items is set forth below under the description of each proposal. See *Proposals to be Submitted to Markel Shareholders; Voting Requirements and Recommendations*.

Voting Securities

As of [], 2013, the record date for the Markel special meeting, there were [] shares of Markel common stock issued and outstanding. The Markel common stock is the only class of Markel securities that are entitled to vote at the Markel special meeting or at any adjournment or postponement thereof. Each share of Markel common stock entitles its holder to one vote on each matter that is voted upon by poll at the Markel special meeting or any adjournment or postponement thereof.

Abstentions and Broker Non-Votes

The approval of the stock issuance proposal requires the affirmative vote of the holders of a majority of the shares of common stock entitled to vote on the proposal and present in person or represented by proxy at the Markel special meeting, provided that the total votes cast on the issuance proposal represent over 50% of the outstanding shares of Markel common stock entitled to vote on the stock issuance proposal, in accordance with the NYSE rules. Votes for, votes against and abstentions count as votes cast, while broker non-votes do not count as votes cast for this purpose. All outstanding shares of Markel common stock count as shares of Markel common stock entitled to vote. Thus, the NYSE votes cast must be greater than 50% of the total outstanding shares of Markel common stock. The number of votes for the stock issuance proposal must be greater than 50% of the NYSE votes cast.

With regard to the adjournment proposal, votes may be cast in favor of or against such proposal or a shareholder may abstain from voting on such proposal. Abstentions and broker non-votes will be counted toward the presence of a quorum at, but will not be considered votes cast on any proposal brought before the Markel special meeting. Because the vote required to approve such proposal at the Markel special meeting is the affirmative vote of a majority of the votes cast assuming a quorum is present, an abstention or a broker non-vote with respect to such proposal to be voted on at the Markel special meeting will not have the effect of a vote for or against such proposal, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting.

The Alterra Special General Meeting

The Alterra special general meeting will take place at its principal executive offices, located at Alterra House, 2 Front Street, Hamilton, HM 11 Bermuda, on [], 2013 at [] [a.m.] Atlantic Time for the following purposes:

Proposal 1: to consider and vote on the proposal to approve the bye-law vote amendment, the form of which is included as Annex B to this joint proxy statement/prospectus of which this notice forms a part;

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Proposal 2: to consider and vote on the proposal to approve and adopt the merger agreement and the merger;

Proposal 3: to consider and vote on the compensation advisory proposal; and

Proposal 4: to transact such other business, if any, as may lawfully be brought before the Alterra special general meeting, including the proposal to approve an adjournment of the Alterra special general meeting for the solicitation of additional proxies from Alterra shareholders in favor of any of the above proposals.

Alterra Record Date

Only Alterra shareholders, as shown on Alterra's register of members, at the close of business on [January 8], 2013, which is the record date for the Alterra special general meeting, will be entitled to notice of, and to vote at, the Alterra special general meeting or any adjournment or postponement thereof.

Quorum

The presence in person or by proxy of the holders of more than 50% of the aggregate voting power of Alterra throughout the Alterra special general meeting is necessary to constitute a quorum at the Alterra special general meeting.

Required Vote

The vote required for each of the above items is set forth below under the description of each proposal. See *Proposals to be Submitted to Alterra Shareholders; Voting Requirements and Recommendations*.

Voting Securities

As of January 8, 2013, the record date for the Alterra special general meeting, there were [] Alterra common shares issued and outstanding. Alterra common shares are the only class of Alterra securities that are entitled to vote at the Alterra special general meeting or any adjournment or postponement thereof.

Each Alterra common share entitles its holder to one vote on each matter that is voted upon by poll at the Alterra special general meeting or any adjournment or postponement thereof, subject to certain provisions of Alterra's bye-laws that reduce the total voting power of any U.S. shareholder owning, directly, indirectly or constructively, 9.5% or more of the common shares to less than 9.5% of the total voting power of Alterra's issued and outstanding common shares. In addition, Alterra's board of directors may limit a shareholder's voting rights where it deems it necessary to do so to avoid adverse tax, legal or regulatory consequences.

Because the applicability of the voting power reduction provisions to any particular shareholder depends on facts and circumstances that may be known only to the shareholder or related persons, Alterra requests that any holder of common shares with reason to believe that it is a shareholder whose common shares or other equity constitute 9.5% or more of the beneficial ownership of Alterra, each of which we refer to as a *9.5% Shareholder*, contact Alterra promptly so that Alterra may determine whether the voting power of such holder's common shares should be reduced. The board of directors of Alterra may require any shareholder to provide information for the purpose of determining whether that shareholder's voting rights should be adjusted. Alterra's board of directors may disregard the votes attached to common shares of any holder who fails to respond to such a request or who, in its judgment, submits incomplete or inaccurate information. Alterra's board of directors retains discretion to make such final adjustments that it considers fair and reasonable in all the circumstances as to the aggregate number of votes attaching to the common shares held by any shareholder to ensure that no person will be a U.S. 9.5% Shareholder at any time.

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Abstentions and Broker Non-Votes

With regard to any proposal, votes may be cast in favor of or against such proposal or a shareholder may abstain from voting on such proposal. Abstentions and broker non-votes will be counted toward the presence of a quorum at, but will not be considered votes cast on any proposal brought before the Alterra special general meeting. Because the vote required to approve the proposals at the Alterra special general meeting is the affirmative vote of a majority of the votes cast assuming a quorum is present, an abstention or a broker non-vote with respect to any proposal to be voted on at the Alterra special general meeting will not have the effect of a vote for or against the relevant proposal, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting.

The Merger

A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. Markel and Alterra encourage you to read the entire merger agreement carefully because it is the principal document governing the merger. For more information on the merger agreement, see *The Merger Agreement*.

General Description

Under the merger agreement, Merger Sub will merge into Alterra. Alterra will survive the merger and become a wholly-owned subsidiary of Markel. The closing is expected to occur on the second business day after the satisfaction or waiver of the closing conditions set forth in the merger agreement, unless otherwise agreed in writing by the parties. The merger will become effective upon the issuance of the certificate of merger by the Registrar of Companies in Bermuda or such other time as the certificate of merger may provide, which we refer to as the *effective time*. The consummation of the merger is subject to the conditions set forth in the merger agreement. Markel, Merger Sub and Alterra will cause the application for the registration of a merged company to be filed with the Registrar of Companies in Bermuda on or before the closing date.

The parties believe the combination of Alterra with Markel will create a strong company in global specialty insurance and investments, with a demonstrated track record of underwriting discipline in niche market segments and proven asset management strengths that should benefit all shareholders. Following the merger, Markel will continue to trade on the New York Stock Exchange under the ticker symbol MKL.

Following the consummation of the merger, based on Markel's and Alterra's respective capitalizations as of December 21, 2012 and the exchange ratio of 0.04315 for each share of Markel common stock for each outstanding Alterra common share, current Alterra shareholders will own approximately 31% of the issued and outstanding shares of Markel on a fully diluted basis.

Material U.S. Federal Income Tax Consequences

The merger generally will be a taxable transaction to U.S. shareholders of Alterra. For further information regarding the U.S. federal income tax consequences of the merger, see *Material U.S. Federal Income Tax Consequences*.

Recommendations of the Markel Board of Directors

On December 18, 2012, the Markel board of directors unanimously adopted the merger agreement and authorized and approved the stock issuance, and the other transactions contemplated thereby and deemed it advisable and fair to, and in the best interests of, Markel to enter into the merger agreement and to consummate the stock issuance and the other transactions contemplated by the merger agreement. **The Markel board of directors deems it advisable and fair to, and in the best interests of Markel to consummate the stock issuance and the other transactions contemplated by the merger agreement. The Markel board of directors recommends that the Markel shareholders vote FOR each proposal on the Markel proxy card.**

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Recommendations of the Alterra Board of Directors

On December 18, 2012, the Alterra board of directors unanimously determined that the merger consideration constitutes fair value for each Alterra common share in accordance with the Companies Act and deemed it advisable and fair to, and in the best interests of, Alterra to enter into the merger agreement and to consummate the merger and the other transactions contemplated by the merger agreement, determined that the bye-law amendment is advisable to and in the best interests of Alterra and authorized and approved the bye-law amendment and adopted the merger agreement and authorized and approved the merger and the other transactions contemplated by the merger agreement. **The Alterra board of directors deems it advisable and fair to, and in the best interests of Alterra to consummate the merger and the other transactions contemplated by the merger agreement and to effect the Alterra bye-law amendment. The Alterra board of directors recommends that the Alterra shareholders vote FOR each proposal on the Alterra proxy card.**

Reasons Why Markel's Board of Directors Recommends Approval of the Stock Issuance

Markel's board of directors believes that combining Alterra with Markel increases diversification and creates a global franchise with attractive product depth and reach and a common culture of underwriting discipline. The merger will create additional size and scale, providing additional insurance and investment opportunities that should enable expense ratio improvements once the transition process is complete. The two companies' complementary business profiles diversify the premium base and have the potential to make each business better.

In addition to these strategic values, the merger is attractive from a financial perspective, offering significant, immediate book value accretion. The combined company would, based on the September 30, 2012 financial positions of the two companies, have almost \$6 billion in shareholders' equity to support future growth on a base of annualized gross written premiums of well over \$4 billion. Analyzed on a per share basis, investments and gross written premiums increase by double digit percentages. Based on Markel's long and successful investment track record, Markel believes there should be favorable opportunities for growth with aggregate invested assets of the combined company of over \$16 billion.

From an operational perspective, Markel will gain a footprint and expertise in the global reinsurance market and the Fortune 3000/large account insurance market. It will strengthen its leadership position in the excess and surplus lines market. And by adding Alterra, it will bring together two well established Lloyd's platforms with complementary underwriting profiles.

Reasons Why Alterra's Board of Directors Recommends Approval of the Merger

Alterra's board of directors believes that the merger will create a combined company that is better positioned for long-term success and the creation of superior shareholder value. In particular, Alterra's board of directors believes that Markel, following the merger, will establish itself as a leading specialty insurance and reinsurance company with a greater capacity and a broader range of products and services that will be able to better capitalize on opportunities in the insurance and reinsurance industry than Alterra could as a stand-alone entity.

In addition to these strategic benefits, Alterra considered other benefits offered by the merger, including the prospects of book value growth, which Alterra believes is a key measure of performance, potential operational and structural efficiencies and cost savings and the availability of sufficient liquidity in both companies that no external financing is required for the transaction.

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Opinion of Citigroup Global Markets Inc., Financial Advisor to Markel

In connection with the merger, on December 18, 2012, Citigroup Global Markets Inc., which we refer to as *Citigroup*, rendered to Markel's board of directors an oral opinion, which was confirmed by delivery of a written opinion dated December 18, 2012, to the effect that, as of that date and subject to the factors, assumptions, procedures, limitations and qualifications set forth in the opinion, the consideration to be paid by Markel in the merger was fair, from a financial point of view, to Markel.

The full text of Citigroup's written opinion, dated December 18, 2012, which describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Citigroup in connection with its opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated by reference herein in its entirety.

Citigroup's opinion was provided to Markel's board of directors in connection with its evaluation of the merger consideration from a financial point of view to Markel and does not address any other aspects or implications of the merger or the underlying business decision of Markel to effect the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Markel or the effect of any other transaction in which Markel might engage. Citigroup's opinion is not intended to be and does not constitute a recommendation to any securityholder as to how such securityholder should vote or act on any matters relating to the proposed merger. Under the terms of Citigroup's engagement, Markel has agreed to pay Citigroup a fee for its financial advisory services in connection with the merger, a significant portion of which is contingent upon completion of the merger.

Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Financial Advisor to Alterra

In connection with the merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated (which we refer to as *BofA Merrill Lynch*), Alterra's financial advisor, delivered to Alterra's board of directors an oral opinion, which was subsequently confirmed by delivery of a written opinion dated December 18, 2012, as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of Alterra common shares.

The full text of the written opinion, dated December 18, 2012, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex D to this document and is incorporated by reference herein in its entirety.

BofA Merrill Lynch provided its opinion to Alterra's board of directors (in its capacity as such) for the benefit and use of Alterra's board of directors in connection with and for purposes of its evaluation of the merger consideration from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the merger and no opinion or view was expressed as to the relative merits of the merger in comparison to other strategies or transactions that might be available to Alterra or in which Alterra might engage or as to the underlying business decision of Alterra to proceed with or effect the merger. BofA Merrill Lynch's opinion does not address any other aspect of the merger and does not constitute a recommendation to any shareholder as to how to vote or act in connection with the proposed merger or any related matter.

Dividends and Distributions

Alterra regularly pays a quarterly dividend on Alterra common shares. Under the terms of the merger agreement, before closing, Alterra is permitted to declare and pay ordinary course quarterly cash dividends on Alterra common shares with record and payment dates consistent with past practice; Markel is not permitted to declare or pay dividends, which is consistent with its past practice of not paying dividends. See *The Merger-Dividends and Distributions*.

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Interests of Markel's Directors and Executive Officers in the Merger

Executive officers and members of Markel's board of directors have interests in the merger that may be different from, or in addition to, the interests of Markel shareholders generally. These interests include the expectation that Markel's directors and executive officers will hold the same or substantially similar positions after the merger, although individual responsibilities may change to reflect the nature of the combined operations of Markel and Alterra. See *The Merger Interests of Markel Directors and Executive Officers*.

The Markel board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated by the merger agreement and in recommending that its shareholders vote to approve the stock issuance.

Interests of Alterra's Directors and Executive Officers in the Merger

Executive officers and members of Alterra's board of directors have interests in the merger that may be different from, or in addition to, the interests of Alterra shareholders generally. Additionally, two members of Alterra's board of directors, Michael O. Reilly and Bruce Connell, are expected to serve as directors of Markel upon completion of the merger. See *The Merger Interests of Alterra Directors and Executive Officers*.

The rights of Alterra's executive officers and members of the board of directors with respect to outstanding equity awards, retention plans, employment agreements, and deferred compensation plans and change in control plans, indemnification and the maintenance of directors' and officers' liability insurance are described below under *The Merger Interests of Alterra Directors and Executive Officers*.

The Alterra board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement, the transactions contemplated by the merger agreement and the merger and in recommending that its shareholders vote to approve the bye-law vote amendment and the compensation advisory proposal.

Board of Directors of Markel Following the Merger

Immediately following the effective time of the merger, the board of directors of Markel will consist of twelve directors, comprising the ten current Markel directors (Messrs. J. Alfred Broaddus, Jr., Douglas C. Eby, Stewart M. Kasen, Alan I. Kirshner (Chairman of the Board and Chief Executive Officer), Lemuel E. Lewis, Anthony F. Markel (Vice Chairman), Steven A. Markel (Vice Chairman), Darrell D. Martin, Jay M. Weinberg and Mrs. Debora J. Wilson) and two individuals designated by Alterra and approved by Markel's Nominating/Corporate Governance Committee. Alterra intends to designate Michael O. Reilly and K. Bruce Connell, both of whom are members of Alterra's current board of directors. Under the terms of the merger agreement, Alterra has the right to alter the composition of the two director nominees, subject to the approval of Markel's Nominating and Corporate Governance Committee, such approval not to be unreasonably withheld.

Regulatory Clearances Required for the Merger

Markel and Alterra have each agreed to take actions in order to obtain regulatory clearances required to consummate the merger. Regulatory clearances include expiration or termination of the required waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, and the rules and regulations promulgated thereunder, which we refer to as the HSR Act, following required notifications and review by the Antitrust Division of the U.S. Department of Justice, which we refer to as the *Antitrust Division*, or the Federal Trade Commission, which we refer to as the FTC. The parties filed the required notifications with the Antitrust Division and the FTC on January [], 2013 and early termination of the waiting period was granted effective [], 2013.

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In addition to those filings required by the HSR Act, certain insurance regulatory filings will also be required to consummate the merger. State insurance laws in the United States generally require that, before the acquisition of an insurance company, the acquiring party must obtain approval from the insurance commission of the insurance company's state of domicile, and the parties have and will make the required filings in accordance with such laws. In addition, approval applications or notifications have been or will be filed with various insurance regulatory authorities outside of the United States in connection with the changes in control that may be deemed to occur as a result of the transactions contemplated by the merger agreement.

Markel and Alterra also expect to file notices with and if necessary, obtain the approval of, insurance regulators and antitrust and competition authorities in certain other jurisdictions. While Markel and Alterra expect to obtain all required regulatory clearances, we cannot assure you that these regulatory clearances will be obtained or that the granting of these regulatory clearances will not involve the imposition of additional conditions on the completion of the merger, including the requirement to divest assets, or require changes to the terms of the merger agreement. These conditions or changes could result in the conditions to the merger not being satisfied. See *Regulatory Matters*.

Dissenters' Rights of Appraisal for Alterra Shareholders

The holders of Alterra common shares, under Bermuda law, are entitled to appraisal rights in connection with the merger. See *Dissenters' Rights of Appraisal for Alterra Shareholders*.

The Merger Agreement

Under the merger agreement, Merger Sub will be merged into Alterra. Alterra will survive the merger and become a direct, wholly-owned subsidiary of Markel. At the effective time of the merger, among other things, the undertakings, property and liabilities of Merger Sub and Alterra will vest in Alterra as the surviving company, and Alterra will continue to be liable for the obligations and liabilities of each of Alterra and Merger Sub. The merger will become effective at the effective time, which will be the time on the closing date shown on the certificate of merger issued by the Registrar of Companies in Bermuda. Markel, Merger Sub and Alterra will cause the application for the registration of the surviving company to be filed with the Registrar of Companies in Bermuda on the closing date.

At the effective time, each Alterra common share issued and outstanding immediately before the effective time (excluding any Alterra common shares as to which appraisal rights have been properly exercised pursuant to Bermuda law and any restricted shares that do not vest in connection with the merger) will be cancelled and converted into the right to receive, subject to possible adjustment as described below, the merger consideration consisting of: (a) 0.04315 shares of Markel common stock, together with any cash paid in lieu of fractional shares; and (b) \$10.00 in cash, without interest (which we refer to as the "cash consideration"). In addition, Alterra common shares that are held by Alterra as treasury stock or owned by Markel or any of its subsidiaries immediately before the merger will be cancelled and no payment will be made in respect thereof.

Voting Agreements

Alterra Shareholder Voting Agreements

Voting Provisions

Concurrently with the execution of the merger agreement, Markel entered into voting agreements with certain Alterra shareholders, which we refer to as the *Alterra shareholder voting agreements*, under which such shareholders have agreed to vote: (1) in favor of approval and adoption of the bye-law amendment, merger agreement and the merger and the other transactions contemplated thereby; (2) in favor of any proposal that the

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board of directors of Alterra has determined is designed to facilitate the merger, the determination of which has been disclosed in this joint proxy statement/prospectus, and has recommended that the Alterra shareholders adopt; (3) against any action or agreement that has or would be reasonably likely to result in any conditions to Alterra's obligations to effect the merger under the merger agreement not being fulfilled; (4) against any takeover proposal; and (5) against any amendments to Alterra's organizational documents or other action, agreement, proposal or transaction involving Alterra or any of its subsidiaries that would reasonably be expected to materially impede, interfere with, delay, postpone or adversely affect the merger or the other transactions contemplated by the merger agreement or change, in any manner, the voting rights of any class of capital stock of Alterra.

In addition, each shareholder party to the Alterra shareholder voting agreements has irrevocably granted to and appointed Markel (and up to two of Markel's designated representatives) as such shareholder's proxy to vote such shareholder's Alterra common shares in accordance with the terms of the Alterra shareholder voting agreements, which proxy will be effective only if such shareholder has not delivered to the Secretary of Alterra at least three business days before the applicable meeting of Alterra shareholders a duly executed proxy, previously approved by Markel, voting such shareholder's Alterra common shares in accordance with the terms of the applicable Alterra shareholder voting agreements.

Alterra has agreed in the merger agreement to recognize the grant of such proxy and the exercise thereof by Markel (or one of Markel's designated representatives) in accordance with the terms of the Alterra shareholder voting agreements.

The shareholders party to the Alterra shareholder voting agreements collectively own or control approximately 19.6% of the voting power of the outstanding Alterra common shares as of December 18, 2012 (after applying certain voting cut-backs in accordance with Alterra's bye-laws).

Restrictions on Transfers and Lock-Up Provisions

The Alterra shareholder voting agreements also provide that, from the date of the Alterra shareholder voting agreements until the earlier of the (x) effective time of the merger or (y) termination of the Alterra shareholder voting agreements in accordance with their terms, such shareholders will not sell, transfer, tender, assign, hypothecate or otherwise dispose of, which we refer to as a *Transfer*, any Alterra common shares or any other securities of Alterra having voting rights acquired after December 18, 2012 (including options, warrants and, upon vesting, restricted awards, which we refer to collectively as the *Alterra voting securities*,) or any security convertible into any Alterra voting security, or create or permit to exist any additional security interest, lien, claim, pledge, option, right of first refusal, limitation on voting rights, charge or other encumbrance of any nature, which we collectively refer to as an *Encumbrance*, with respect to the Alterra voting securities or any security convertible into any Alterra voting security.

Furthermore, under the Alterra shareholder voting agreements, such Alterra shareholders have agreed that, should the merger be consummated, such Alterra shareholders will not, for a period of three months following the closing, such period we refer to as the *lock-up period*, Transfer or create or permit to exist an Encumbrance with respect to any (i) share of Markel common stock issued in connection with the merger owned by such Alterra shareholder or (ii) Alterra voting securities converted under the merger agreement into convertible securities of Markel (including options, warrants and restricted awards) in connection with the merger that are beneficially owned by such Alterra shareholder; provided, that, during the lock-up period any such Alterra shareholder may Transfer all of any portion of such shares of Markel common stock or convertible securities of Markel (i) (a) an affiliate, (b) such shareholder's spouse, immediate family members or lineal descendants, (c) any trust, the beneficiaries of which include only persons described in clause (b) that agree to be bound by the restrictions set forth in the Alterra shareholder voting agreement, (ii) in any transaction required under applicable

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law or approved by the board of directors of Markel or (iii) to satisfy the payment of withholding income or other applicable taxes resulting from the vesting or exercising of any equity awards of Markel or Alterra beneficially owned by such shareholder.

The transfer restrictions set forth in the Alterra shareholder voting agreements will not apply to Alterra shareholders that are individuals (and not entities) in the case of such shareholders (i) death, (ii) employment is terminated by Markel or Alterra without cause or due to a change in control or (iii) employment is terminated by such shareholder for good reason.

Alterra shareholders that have executed Alterra shareholder voting agreements may not assign any rights or delegate any obligations under the Alterra shareholder voting agreements without the prior written consent of Markel.

Markel Shareholder Voting Agreement

Voting Provisions

Concurrently with the execution of the merger agreement, Alterra entered into a voting agreement with certain Markel shareholders, which we refer to as the Markel shareholder voting agreement, under which such shareholders have agreed to vote: (1) in favor of the stock issuance; (2) in favor of any proposal that the board of directors of Markel has determined is designed to facilitate the stock issuance, the determination of which has been disclosed in this joint proxy statement/prospectus, and has recommended that the Markel shareholders adopt; (3) against any action or agreement that has or would be reasonably likely to result in any conditions to Markel's obligations to effect the merger under the merger agreement not being fulfilled; (4) against any takeover proposal; and (5) against any amendments to Markel's organizational documents or other action, agreement, proposal or transaction involving Markel or any of its subsidiaries that would reasonably be expected to materially impede, interfere with, delay, postpone or adversely affect the merger or the other transactions contemplated by the merger agreement or change, in any manner, the voting rights of any class of capital stock of Markel.

In addition, each shareholder party to the Markel shareholder voting agreement has irrevocably granted to and appointed Alterra (and up to two of Alterra's designated representatives) as such shareholder's proxy to vote such shareholder's Markel common shares in accordance with the terms of the Markel shareholder voting agreement, which proxy will be effective only if such shareholder has not delivered to the Secretary of Markel at least three business days before the applicable meeting of Markel shareholders a duly executed proxy, previously approved by Alterra, voting such shareholder's Markel common shares in accordance with the terms of the Markel shareholder voting agreement.

Markel has agreed in the merger agreement to recognize the grant of such proxy and the exercise thereof by Alterra (or one of Alterra's designated representatives) in accordance with the terms of the Markel shareholder voting agreement.

The shareholders party to the Markel shareholder voting agreement collectively own or control at least 5.2% of the voting power of the outstanding Markel common shares as of December 18, 2012.

Restrictions on Transfers and Lock-Up Provisions

The Markel shareholder voting agreement also provides that, from the date of the Markel shareholder voting agreement until the earlier of the (x) effective time of the merger or (y) termination of the Markel shareholder voting agreement in accordance with its terms, such shareholders will not Transfer any Markel common shares or any other securities of Markel having voting rights acquired after December 18, 2012 (including restricted shares

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and, upon vesting, restricted awards, which we refer to collectively as the *Markel voting securities*,) or any security convertible into any Markel voting security, or create or permit to exist an encumbrance with respect to the Markel voting securities or any security convertible into any Markel voting security.

Furthermore, under the Markel shareholder voting agreement, such Markel shareholders have agreed that, should the merger be consummated, such Markel shareholders will not, for a period of three months following the closing, such period we refer to as the *lock-up period*, Transfer or create or permit to exist an encumbrance with respect to any (i) share of Markel common stock issued in connection with the merger owned by such Markel shareholder or (ii) Markel voting securities that are convertible securities of Markel (including restricted shares and restricted awards) in connection with the merger that are beneficially owned by such Markel shareholder; provided, that, during the lock-up period any such Markel shareholder may Transfer all of any portion of such shares of Markel common stock or convertible securities of Markel (i) (a) an affiliate, (b) such shareholder's spouse, immediate family members or lineal descendants, (c) any trust, the beneficiaries of which include only persons described in clause (b) that agree to be bound by the restrictions set forth in the Markel shareholder voting agreement, (ii) in any transaction required under applicable law or approved by the board of directors of Markel or (iii) to satisfy the payment of withholding income or other applicable taxes resulting from the vesting or exercising of any equity awards of Markel beneficially owned by such shareholder. Notwithstanding the foregoing, any shares held by a trust on December 18, 2012 may be transferred to the beneficiaries thereof if required by the terms of the applicable trust agreement or to make distributions from the trust consistent with past practice; provided that, the total number of shares that may be so transferred, together with the shares that may be transferred under this paragraph, will not exceed 50,000 shares in the aggregate.

The transfer restrictions set forth in the Markel shareholder voting agreement will not apply to Markel shareholders in the case of such shareholders (i) death, (ii) employment is terminated by Alterra or Markel without cause or due to a change in control or (iii) employment is terminated by such shareholder for good reason.

Markel shareholders that have executed the Markel shareholder voting agreement may not assign any rights or delegate any obligations under the Markel shareholder voting agreement without the prior written consent of Alterra.

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FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus includes statements about future economic performance, finances, expectations, plans and prospects of both Markel and Alterra that constitute forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those suggested by such statements. For further information regarding cautionary statements and factors affecting future results, please refer to the most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q filed after the most recent Annual Report and other documents filed by each of Markel or Alterra, as the case may be, with the Securities and Exchange Commission, which we refer to as the SEC. Neither Markel nor Alterra undertakes any obligation to update or revise publicly any forward-looking statement whether as a result of new information, future developments or otherwise.

This joint proxy statement/prospectus contains certain forward-looking statements within the meaning of the U.S. federal securities laws. Statements that are not historical facts, including statements about our beliefs, plans or expectations, are forward-looking statements. These statements are based on our current plans, estimates and expectations. Some forward-looking statements may be identified by our use of terms such as *believes*, *anticipates*, *intends*, *expects*, *projections* and similar statements of a future or forward-looking nature. In light of the inherent risks and uncertainties in all forward-looking statements, the inclusion of such statements in this joint proxy statement/prospectus should not be considered as a representation by us or any other person that our objectives or plans will be achieved. A non-exclusive list of important factors that could cause actual results to differ materially from those in such forward-looking statements includes those set forth under *Risk Factors*, beginning on page 13, as well as the following: (a) the adequacy of loss and benefit reserves and the need to adjust such reserves as claims develop over time; (b) the failure of any of the loss limitation methods employed; (c) the effect of cyclical trends, including with respect to demand and pricing in the insurance and reinsurance markets; (d) changes in the availability, cost or quality of reinsurance or retrocessional coverage; (e) changes in general economic conditions, including changes in capital and credit markets; (f) any adverse change in financial ratings of either company or their subsidiaries; (g) the occurrence of natural or man-made catastrophic events with a frequency or severity exceeding expectations; (h) actions by competitors, including consolidation, and the effect of competition on market trends and pricing; (i) the effects of emerging claims and coverage issues; (j) the loss of business provided by Markel's major brokers following closing; (k) the effect on Markel's investment portfolio or changing financial market conditions including inflation, interest rates, liquidity and other factors; (l) tax and regulatory changes and conditions; (m) the retention of senior executives and other key personnel; (n) the integration of new business ventures Markel may enter into; (o) the ability to realize the benefits of the merger; (p) the amount of the costs, fees, expenses and charges related to the merger; (q) other factors set forth in the most recent reports on Form 10-K, Form 10-Q and other documents of Markel or Alterra, as the case may be, filed with the SEC; and (r) management's response to any of the aforementioned factors. Risks and uncertainties relating to the proposed transaction include the risks that: the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; the parties will not obtain the requisite shareholder or regulatory approvals for the transaction or the failure to satisfy other closing conditions; the anticipated benefits of the transaction will not be realized; and/or the proposed transaction will not close. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We do not intend, and are under no obligation, to update any forward-looking statement contained in this joint proxy statement/prospectus.

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RISK FACTORS

*In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus (including the matters addressed under **Forward-Looking Statements**), you should carefully consider the following risk factors before deciding whether to vote (as a Markel shareholder, to approve the stock issuance, or if you are an Alterra shareholder, to approve the bye-law amendment, to approve and adopt the merger agreement and the merger, and to approve the compensation advisory proposal. Each of these proposals is described in this joint proxy statement/prospectus under **Proposals to be Submitted to Markel Shareholders; Voting Requirements and Recommendations** beginning on page 135 and **Proposals to be Submitted to Alterra Shareholders; Voting Requirements and Recommendations** beginning on page 136, respectively. In addition to the risk factors set forth below, you should read and consider other risk factors specific to each of the Markel and Alterra businesses that will also affect the combined company after the merger, described in Item 1A of each company's annual report on Form 10-K for the year ended December 31, 2011, each of which is filed with the SEC and all of which are incorporated by reference into this joint proxy statement/prospectus. If any of the risks described below or in the reports incorporated by reference into this joint proxy statement/prospectus actually occurs, the respective businesses, financial results, financial conditions, operating results or share prices of Markel or Alterra or the combined company could be materially adversely affected.*

Risks Related to the Merger

Failure to complete the merger or the fact that the merger is pending could negatively impact the share price of Markel and Alterra and the future business and financial results of Markel and Alterra.

The merger agreement contains a number of conditions precedent that must be satisfied or waived before the closing of the merger. Also, the merger agreement may be terminated by one or both of the parties under certain circumstances. See *The Merger Agreement Termination of the Merger Agreement* for a complete description of the circumstances under which the merger agreement can be terminated.

Further, the ongoing business of Markel and Alterra may be adversely affected by the fact that the merger is pending or if the merger is not completed as follows:

the manner in which brokers, insureds, cedants and other third parties perceive Markel or Alterra may be negatively impacted, which in turn could affect the ability of Markel or Alterra to compete for or to write new business or obtain renewals in the marketplace;

current and prospective employees of Markel and Alterra may experience uncertainty about their future roles with either party or the combined company, which may adversely affect the ability of Markel and Alterra to attract and retain key personnel;

the attention of management of Markel and Alterra will be diverted to the merger or to the integration of the two companies after the merger instead of being directed solely to each company's own operations and pursuit of other opportunities that may be beneficial to such company;

Markel and Alterra will have to pay certain costs relating to the merger, including legal, accounting and financial advisory fees;

Markel or Alterra may be required, in certain circumstances, to pay a termination fee of \$94,500,000 or \$47,250,000 to the other party; and

the ratings of either Markel or Alterra or their respective insurance subsidiaries may be adversely affected, which would likely result in a material adverse effect on their respective business, financial condition and operating results.

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Markel and/or Alterra may waive one or more of the conditions to the merger without resoliciting or seeking additional shareholder approval.

Each of the conditions to Markel's and Alterra's obligations to complete the merger may be waived, in whole or in part, to the extent permitted by applicable law, by the other party. The boards of directors of each of Markel and Alterra may evaluate the materiality of any such waiver to determine whether an amendment of this joint proxy statement/prospectus and resolicitation of proxies is necessary, or if shareholder approval has been received, whether further shareholder approval is necessary. Markel and Alterra do not currently expect any such waiver to be so significant as to require resolicitation or additional approval of shareholders. If any waiver is required, and is not determined to be significant enough to require resolicitation or additional approval of shareholders, the companies may complete the merger without seeking further shareholder approval.

Once shareholders approve the transaction, the closing may occur even if a more attractive transaction becomes available to a party and its shareholders.

The ability of Alterra to participate in any discussions or negotiations with, or furnish information to, any third party in response to a superior acquisition proposal will cease upon shareholder adoption and approval of the merger agreement and the merger. As a result, once Alterra's shareholders have adopted and approved the merger agreement and the merger, Alterra will be required to close the merger upon the satisfaction of all the other conditions to closing even if, after the shareholder approval has been obtained but before the closing of the merger, a superior acquisition proposal is received from a third party or another material intervening event has occurred.

Markel and Alterra must obtain various governmental, regulatory and other consents to complete the merger, which, if delayed, not granted, or granted with unacceptable conditions, may jeopardize or delay the completion of the merger, result in additional expenditures or resources and/or reduce the anticipated benefits of the merger.

The parties must obtain certain approvals and consents in a timely manner from governmental agencies, including the Connecticut Insurance Department, the Delaware Department of Insurance, the FTC or Antitrust Division, the Central Bank of Ireland, the U.K. Financial Services Authority, Council of Lloyd's, the Brazilian Private Insurance Superintendency and the Bermuda Monetary Authority, before the completion of the merger. If the parties do not receive these approvals and consents, or do not receive them on terms that satisfy the conditions set forth in the merger agreement, then the parties will not be obligated to complete the merger. The governmental agencies from which the parties will seek these approvals have broad discretion in administering the governing regulations. As a condition to the approval of the merger, these agencies may impose terms, conditions, obligations or restrictions that could negatively affect the way the combined company conducts business following the merger. The terms, conditions, obligations or restrictions of such approvals could jeopardize or delay the completion of the merger or, even if the merger is completed, could adversely affect the conduct of business following closing.

Each of Markel and Alterra has agreed to use its reasonable best efforts to make all appropriate filings required by the merger agreement and all other necessary filings with any other governmental entity with respect to the transactions contemplated by the merger agreement. If Markel or Alterra agrees to any material term, condition, obligation or restriction in order to obtain any approval required to complete the merger, these terms, conditions, obligations or restrictions could adversely affect the ability to integrate Markel's and Alterra's operations or could reduce the anticipated benefits of the merger. Any such adverse effect or reduction could have a material adverse effect on the parties' respective businesses, financial condition and operating results following the merger, as well as the market value of the combined company's shares of common stock after consummation of the merger. See *Regulatory Matters* for a description of the regulatory approvals necessary in connection with the merger.

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Failure to obtain effective amendments to Alterra's credit facilities, or reach alternative agreements, could materially adversely affect the merger or the business of the combined company.

In connection with the merger, approval from the counterparties to certain of Alterra's credit facilities are necessary. If these approvals are not obtained, the merger may not occur or Markel, Alterra or the combined company may be forced to find alternative sources of liquidity, which may not be available, or if available, may be on unfavorable terms.

Some directors and executive officers of Alterra have interests in the merger that are different from, or in addition to, the interests of Alterra shareholders generally.

In considering the recommendations of the Alterra board of directors with respect to the merger, shareholders should be aware that some of Alterra's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of shareholders generally. See *The Merger Interests of Alterra Directors and Executive Officers in the Merger*.

The market price of Markel common stock may decline as a result of the sale of common stock by former Alterra shareholders or current Markel shareholders.

Following the closing, Markel and Alterra estimate that Markel will issue approximately 4.4 million shares of Markel common stock to former Alterra shareholders in the merger. Upon the receipt of shares of Markel common stock in the merger, former holders of Alterra securities may seek to sell their shares of Markel common stock. Current Markel shareholders may also seek to sell shares of Markel common stock following, or in anticipation of, consummation of the merger. These sales (or the perception that these sales may occur), coupled with the increase in the outstanding number of shares of Markel common stock, may affect the market for, and the market price of, shares of Markel's common stock in an adverse manner.

The value of the shares of Markel common stock that the Alterra shareholders receive in the merger will vary as a result of the fixed exchange ratio and fluctuations in the price of Markel common stock.

At the effective time of the merger, each Alterra common share issued and outstanding immediately before the effective time (excluding any Alterra common shares as to which appraisal rights have been properly exercised under Bermuda law) will be converted into the right to receive shares of Markel common stock equal to the exchange ratio (together with cash in lieu of fractional shares) and \$10.00 in cash, without interest. Because the exchange ratio is fixed at 0.04315 shares of Markel common stock for each common share of Alterra, the market value of the shares of Markel common stock issued in the merger will depend upon the market price of a share of Markel common stock at the effective time.

The price of shares of Markel common stock on the close of business on December 18, 2012, the business day before the public announcement of the merger agreement, was \$486.05, and the price of shares of Markel common stock on [], 2013, the last practicable trading day for which information was available before first mailing this joint proxy statement/prospectus, was \$[]. If the price of shares of Markel common stock declines, Alterra shareholders will receive less value for their shares upon the closing of the merger than the value calculated under the exchange ratio on the business day before the date the merger agreement was signed, or on the date of the Alterra special general meeting.

The market price of shares of Markel common stock may decline following the closing for a number of reasons, including if the integration of Markel's and Alterra's businesses is delayed or unsuccessful or the combined company does not achieve the anticipated financial and strategic benefits of the merger as rapidly or to the extent anticipated by stock market analysts or shareholders, general market conditions, changes in business prospects, catastrophic events, both natural and man-made, and regulatory considerations. Accordingly, shareholders cannot be sure of the market value of the shares of Markel common stock that will be issued in the merger or the market value of the shares of Markel common stock at any time after the merger.

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The fairness opinions delivered by Citigroup and BofA Merrill Lynch will not reflect changes in circumstances between signing the merger agreement and the completion of the merger.

Neither the Markel board of directors nor the Alterra board of directors has obtained an updated fairness opinion as of the date of this joint proxy statement/prospectus from Citigroup, Markel's financial advisor, or BofA Merrill Lynch, Alterra's financial advisor.

Changes in the operations and prospects of Alterra or Markel, general market and economic conditions and other factors that may be beyond their control, and which may have been considered in connection with the delivery of the fairness opinion, may alter the value of Alterra or Markel or the prices of the Alterra shares or the Markel common stock by the time the merger is completed. The opinions do not speak as of the time the merger will be completed or as of any date other than the dates of such opinions. Because neither company anticipates asking its financial advisor to update its opinion, these opinions only address the fairness of the merger consideration, from a financial point of view, as of the date the merger agreement was executed. The opinions are included as Annexes C and D to this joint proxy statement/prospectus. For a description of the opinions and a summary of the material financial analyses in connection with rendering such opinions, please refer to *The Merger Opinion of Citigroup Global Markets Inc., Financial Advisor to Markel* beginning on page 53 and *The Merger Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Financial Advisor to Alterra* beginning on page 60.

The merger agreement limits each party's ability to pursue alternatives to the merger.

The merger agreement contains provisions that make it more difficult for each party to enter into a transaction with a party other than Markel or Alterra, as applicable. These provisions include a general prohibition on soliciting takeover proposals, restrictions on entering into discussions or negotiations, or providing information with respect to, a takeover proposal, the requirement that a party pay a termination fee of \$94,500,000 if the merger agreement is terminated in specified circumstances and the requirement that a party submit approval of the stock issuance (in the case of Markel) and the approval and adoption of the merger agreement and the merger (in the case of Alterra) to a vote of its shareholders even if such party's board of directors modifies or withdraws its recommendation with respect to the applicable proposal. See *The Merger Agreement Restrictions on Change in Recommendation by the Boards of Directors of Markel or Alterra*, *The Merger Agreement Restrictions on Solicitation of Takeover Proposals by Alterra* and *The Merger Agreement Termination of the Merger Agreement Effects of Termination; Remedies*.

While each of Markel's and Alterra's board of directors believes that these provisions are reasonable and not preclusive of other offers with respect to Markel and Alterra, as applicable, the provisions might discourage a third party that has an interest in acquiring all of or a significant part of Markel or Alterra, as applicable, from considering or proposing that acquisition. Furthermore, the termination fee may result in a potential competing acquirer proposing a transaction with a value lower than what it might otherwise have proposed to pay because of the added expense of the \$94,500,000 termination fee that may become payable in certain circumstances.

Potential payments made to dissenting Alterra shareholders in respect of their rights to appraisal of their shares could exceed the amount of consideration otherwise due to them under the terms of the merger agreement.

Any Alterra shareholder may apply, within one month after the date of giving of notice convening the Alterra special general meeting, for an appraisal of the fair value of its Alterra common shares. See *The Merger Dissenters Rights of Appraisal for Alterra Shareholders*. Unless Markel has terminated the merger agreement because the number of dissenting Alterra common shares for which appraisal rights have been properly exercised under Bermuda law is greater than 10% of the issued and outstanding Alterra common shares

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(see *The Merger Agreement Termination of the Merger Agreement*), then depending upon whether the appraisal proceedings brought by a dissenting Alterra shareholder are concluded before or after the merger has been made effective, either Markel or the combined company may be required to pay the fair value appraised by the court to such dissenting shareholder, which could be equal to or more than the merger consideration. Any such payments may have a material adverse effect on the combined company's business, financial condition and operating results, as well as the market price of the combined company's shares.

Each of Markel and Alterra will be exposed to underwriting and other business risks during the period that each party's business continues to be operated independently from the other.

Until the closing, each of Markel and Alterra will operate independently from the other in accordance with such party's distinct underwriting guidelines, investment policies, referral processes, authority levels and risk management policies and practices. As a result, during this period, Markel and Alterra may assume risks that the other party would not have assumed for itself or for the combined company, accept premiums that, in the other party's judgment, do not adequately compensate it for the risks assumed, make investment decisions that would not adhere to the other party's investment policies or otherwise make business decisions or take on exposure that, while consistent with such party's general business approach and practices, are not the same as those of the other party. Significant delays in consummating the merger will materially increase the risk that either Markel or Alterra will operate its business in a manner that differs from how the business would have been conducted under the combined company.

Risks Related to the Combined Company Following the Merger

The price of the combined company's shares of common stock after the merger may be affected by factors different from those affecting the price of shares of Markel common stock or the value of Alterra common shares before the merger.

Following the completion of the merger, holders of shares of Markel common stock before the merger will own shares in the combined company that includes the operations of Alterra, and the former shareholders of Alterra will own shares in the combined company that includes the operations of Markel. As the businesses of Markel and Alterra are different, the results of operations as well as the price of shares of Markel common stock following the merger may be affected by factors different from those factors affecting Markel or Alterra as independent stand-alone entities. For a discussion of Markel's and Alterra's businesses and certain risk factors to consider in connection with their respective businesses, see the respective sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in each of Markel's and Alterra's annual reports on Form 10-K for the year ended December 31, 2011, and other documents incorporated by reference into this joint proxy statement/prospectus.

The financial analyses and forecasts considered by Markel and Alterra and their respective financial advisors may not be realized, which may adversely affect the market price of the combined company following the merger.

In performing their financial analyses and rendering their opinions regarding the fairness, from a financial point of view, of the merger consideration set forth in the merger agreement, the financial advisors to Alterra and Markel independently reviewed and relied on, among other things, internal stand-alone and pro forma financial analyses and forecasts as separately provided to each financial advisor by Alterra or Markel. See the sections entitled *The Merger Opinion of Citigroup Global Markets Inc., Financial Advisor to Markel* beginning on page 53 and *The Merger Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Financial Advisor to Alterra* beginning on page 60. The financial advisors of Markel and Alterra, Citigroup and BofA Merrill Lynch, respectively, assumed, at the direction of the respective board of directors of the applicable company, that such financial information was reasonably prepared on a basis reflecting the best currently available estimates and good faith judgments of the management of Markel and Alterra as to the future financial performance of their respective companies and that such future financial results will be achieved at the times and in the amounts

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projected by management of Markel and Alterra. These analyses and forecasts (including adjustments thereto) were prepared by, or as directed by, the managements of Markel and Alterra and were also considered by the Markel board of directors and the Alterra board of directors. None of these analyses or forecasts was prepared with a view towards public disclosure or compliance with the published guidelines of the SEC, GAAP, statutory accounting principles or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts. These projections are inherently based on various estimates and assumptions that are subject to the judgment of those preparing them. These projections are also subject to significant economic, competitive, industry and other uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of Markel and Alterra. Accordingly, there can be no assurance that Markel's or Alterra's financial condition or results of operations will be consistent with those set forth in such analyses and forecasts. Significantly worse financial results could have a material adverse effect on the market price of the combined company's common stock following the merger.

The merger may result in a ratings downgrade of the combined company or its insurance subsidiaries, which may result in a material adverse effect on the combined company's business, financial condition and operating results, as well as the market price of its common stock.

Ratings with respect to claims paying ability and financial strength are important factors in maintaining customer confidence in the combined company and its ability to market insurance and reinsurance products and compete with other insurance and reinsurance companies. Rating organizations regularly analyze the financial performance and condition of insurers and reinsurers.

Following the merger, any ratings downgrades, or the potential for ratings downgrades, of the combined company or its subsidiaries could adversely affect the combined company's ability to market and distribute products and services and successfully compete in the marketplace, which could have a material adverse effect on its business, financial condition and operating results, as well as the market price for the combined company's common stock. In addition, many of the reinsurance contracts of Markel's and Alterra's respective insurance subsidiaries contain provisions that would allow ceding companies to terminate the contract or demand security following a downgrade in financial strength ratings below specified levels by one or more rating agencies. Neither Markel nor Alterra can predict the extent to which this termination right would be exercised, if at all; however, the effect of such termination could have a significant and negative effect on its respective financial condition and results of operations.

The integration of Markel and Alterra following the merger may present significant challenges and costs.

Markel and Alterra may face significant challenges, including technical, accounting and other challenges, in combining Markel's and Alterra's operations. Markel and Alterra entered into the merger agreement because each company believes that the merger will be beneficial to it and its respective shareholders. Achieving the anticipated benefits of the merger will depend in part upon whether Markel will be successful in integrating Alterra's businesses in a timely and efficient manner. Markel may not be able to accomplish this integration process smoothly or successfully. The integration of certain operations following the merger will take time and will require the dedication of significant management resources, which may temporarily distract management's attention from the routine business of the combined company. Any delay or inability of management to successfully integrate the operations of the two companies could compromise the combined company's potential to achieve the long-term strategic benefits of the merger and could have a material adverse effect on the business, financial condition and operating results of the combined company and the market price of the combined company's shares of common stock.

In addition, the combined company will incur integration and restructuring costs following the completion of the merger as it integrates the businesses of Alterra. Although the parties expect that the realization of efficiencies related to the integration of the businesses will offset incremental transaction, integration and restructuring costs over time, neither Markel nor Alterra can give any assurance that this net benefit will be achieved in the near term, if at all.

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Markel, Alterra or the combined company may lose employees due to uncertainties associated with the merger and may not be able to hire qualified new employees.

The success of the combined company after the merger will depend in part upon the ability of Markel and Alterra to retain key employees. Competition for qualified personnel can be intense. In addition, key employees may depart because of issues relating to the uncertainty or difficulty of integration or a desire not to remain with the combined company. Accordingly, no assurance can be given that Markel, Alterra or the combined company will be able to retain key employees or attract qualified new employees.

The occurrence of severe catastrophic events may cause the combined company's financial results to be volatile and may affect the financial results of the combined company differently than such an event would have affected the financial results of either Markel or Alterra on a stand-alone basis.

Because the combined company will, among other things, underwrite property catastrophe insurance and reinsurance and have large aggregate exposures to natural and man-made disasters, management expects that the combined company's loss experience generally will include infrequent events of great severity. Consequently, the occurrence of losses from catastrophic events is likely to cause substantial volatility in the combined company's financial results. In addition, because catastrophes will be an inherent risk of the combined company's business, a major event or series of events could have a material adverse effect on the combined company's financial condition and results of operations, possibly to the extent of eliminating the combined company's shareholders' equity. Increases in the values and concentrations of insured property and the effects of inflation have resulted in increased severity of industry losses in recent years, and those factors are expected to increase the severity of catastrophe losses in the future. Upon closing, the combined company's exposure to natural and man-made disasters will be different than the exposure of either Markel or Alterra before the merger.

Alterra's counterparties to contracts and arrangements may acquire certain rights upon the merger, which could negatively affect the combined company following the merger.

Alterra or its subsidiaries are parties to numerous contracts, agreements, licenses, permits, authorizations and other arrangements that contain provisions giving counterparties certain rights (including, in some cases, termination rights) upon a change in control of Alterra or its subsidiaries. The definition of change in control varies from contract to contract, ranging from a narrow to a broad definition, and in some cases, the change in control provisions may be implicated by the merger. If a change in control occurs, cedants may be permitted to cancel contracts on a cut-off or run-off basis, and Alterra or certain of its affiliates may be required to provide collateral to secure premium and reserve balances or may be required to cancel and commute a contract, subject to an agreement between the parties that may be settled in arbitration. If a contract is cancelled on a cut-off basis, Alterra may be required to return unearned premiums, net of commissions. In addition, contracts may provide a ceding company with multiple options, such as collateralization or commutation, that would be triggered by a change in control. Collateral requirements may take the form of trust agreements or be funded by securities held or letters of credit. Upon commutation, the amount to be paid to settle the liability for gross loss reserves would typically consider a discount to the financial statement loss reserve value, reflecting the time value of money resident in the ultimate settlement of such loss reserves. In certain instances, contracts contain dual triggers, such as a change in control and a ratings downgrade, both of which must be satisfied for the contractual right to be exercisable.

Whether a ceding company would have cancellation rights in connection with the merger depends upon the language of its agreement with Alterra or its applicable subsidiaries. Whether a ceding company exercises any cancellation rights it has would depend on, among other factors, such ceding company's views with respect to the financial strength and business reputation of the combined company, the extent to which such ceding company currently has reinsurance coverage with the combined company's affiliates, the prevailing market conditions, the pricing and availability of replacement reinsurance coverage and the combined company's ratings following the merger. Alterra cannot currently predict the effects, if any, if the merger is deemed to constitute a change in control under contracts and other arrangements, including the extent to which cancellation rights would be

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exercised, if at all, nor the effect on the combined company's financial condition, results of operations, or cash flows, but such effect could be material.

The termination of or failure to renew Alterra's and Markel's in-force reinsurance and insurance contracts by the counterparties to such contracts as a result of the merger could materially adversely affect the business of the combined company.

In addition to the fact that a portion of Alterra's in-force reinsurance contracts contain special termination provisions that may be triggered following a change of control, many of these reinsurance contracts as well as most insurance and reinsurance contracts of Markel renew annually, and so whether or not they may be terminated following the merger, reinsurance cedants or policyholders may choose not to renew these contracts with the combined company. Termination and failure to renew reinsurance or insurance agreements and policies by contractual counterparties could result in a material adverse effect on the combined company's business, financial condition and operating results, as well as on the market value of the combined company's shares of common stock.

If Markel or Alterra's existing contractual arrangements are terminated or dishonored, the anticipated benefits to the combined company's business and results of operations may be significantly diminished.

In analyzing the value of the other party's business, each of Markel and Alterra ascribed a significant value to the continued effectiveness of a number of the other party's existing contractual arrangements. If the benefits from these arrangements are less than expected, including as a result of these arrangements being terminated, determined to be unenforceable, in whole or in part, or the counterparties to such arrangements failing to satisfy their obligations thereunder, the benefits of the transactions to the combined company may be significantly less than anticipated.

The combined company shares of common stock to be received by Alterra shareholders as a result of the merger will have different rights from Alterra common shares.

Following completion of the merger, Alterra shareholders will no longer be shareholders of Alterra, but will instead be shareholders of the combined company. There will be important differences between the current rights of Alterra shareholders and the rights to which such shareholders will be entitled as shareholders of the combined company. See *Comparison of Shareholder Rights* for a discussion of the different rights associated with the shares of Markel common stock.

The combined company may require additional capital in the future, which may not be available to it on satisfactory terms, if at all.

The combined company will require liquidity to pay claims, fund its operating expenses, make interest and principal payments on its debt and pay dividends. To the extent that the funds generated by the combined company's ongoing operations are insufficient to cover its liquidity requirements, it may need to raise additional funds through financings. If the combined company cannot obtain adequate capital or sources of credit on favorable terms, or at all, its business, operating results and financial condition could be adversely affected.

Markets in the United States, Europe and elsewhere have experienced extreme volatility and disruption due to financial stresses that affected the liquidity of the banking system and the financial markets generally. These circumstances have at times reduced access to the public and private equity and debt markets. Any future equity or debt financing may not be available on terms that are favorable to the combined company, if at all. In addition, access to funds under the existing credit facilities of Markel and Alterra is dependent on the ability of the banks that are parties to the facilities to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time.

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Other Risk Factors of Markel and Alterra

Markel's and Alterra's businesses are and will be subject to the risks described above. In addition, Markel and Alterra are, and will continue to be, subject to the risks described in Markel's and Alterra's Annual Reports on Form 10-K for the fiscal year ended December 31, 2011, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* for the location of information incorporated by reference in this joint proxy statement/prospectus.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF MARKEL**

Set forth below is certain selected historical consolidated financial data relating to Markel Corporation and its consolidated subsidiaries (Markel). The financial data has been derived from the audited financial statements filed as part of Markel's Annual Report on Form 10-K for the year ended December 31, 2011 and the unaudited financial statements filed as part of Markel's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012. This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in the Annual Report on Form 10-K for the year ended December 31, 2011 and the unaudited financial statements filed as part of Markel's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, which are incorporated by reference into this joint proxy statement/prospectus. More comprehensive financial information, including management's discussion and analysis of financial condition and results of operations, is contained in other documents filed by Markel with the SEC, and the following summary is qualified in its entirety by reference to such other documents and all of the financial information and notes contained in those documents. See *Where You Can Find More Information*.

	Nine Months Ended September 30, 2012	2011	2010	Year Ended December 31, 2009		2008	2007
	<i>(dollars in millions, except per share data)</i>						
SELECTED FINANCIAL DATA							
RESULTS OF OPERATIONS							
Gross premiums written	\$ 1,906	\$ 2,291	\$ 1,982	\$ 1,906	\$ 2,213	\$ 2,359	
Earned premiums	1,573	1,979	1,731	1,816	2,022	2,117	
Net investment income	208	264	273	260	282	305	
Net realized investment gains (losses)	25	36	36	(96)	(408)	60	
Total operating revenues	2,192	2,630	2,225	2,069	1,977	2,551	
Net income (loss) to shareholders	197	142	267	202	(59)	406	
Comprehensive income (loss) to shareholders	427	252	431	591	(403)	337	
Diluted net income (loss) per share ⁽¹⁾	\$ 19.67	\$ 14.60	\$ 27.27	\$ 20.52	\$ (5.95)	\$ 40.64	
FINANCIAL POSITION							
Total investments and cash and cash equivalents	\$ 9,186	\$ 8,728	\$ 8,224	\$ 7,849	\$ 6,893	\$ 7,775	
Total assets	12,383	11,532	10,826	10,242	9,512	10,164	
Unpaid losses and loss adjustment expenses	5,306	5,399	5,398	5,427	5,492	5,526	
Senior long-term debt and other debt	1,511	1,294	1,016	964	694	691	
Shareholders' equity	\$ 3,806	\$ 3,388	\$ 3,172	\$ 2,774	\$ 2,181	\$ 2,641	
OPERATING PERFORMANCE MEASURES							
OPERATING DATA							
Book value per common share outstanding ⁽²⁾	\$ 395.48	\$ 352.10	\$ 326.36	\$ 282.55	\$ 222.20	\$ 265.26	
Five-year CAGR in book value per share ⁽³⁾	n/m	9%	13%	11%	10%	18%	
RATIO ANALYSIS							
U.S. GAAP combined ratio ⁽⁴⁾	96%	102%	97%	95%	99%	88%	
Investment yield ⁽⁵⁾⁽⁷⁾	4%	4%	4%	4%	4%	4%	
Taxable equivalent total investment return ⁽⁶⁾⁽⁷⁾	7%	7%	8%	13%	(10)%	5%	

n/m not meaningful

- ⁽¹⁾ Diluted income per share is computed by dividing net income to shareholders by the weighted average number of common shares and dilutive potential common shares outstanding during the period. Beginning in 2012, net income to shareholders in the diluted income per share calculation reflects the adjustment of redeemable noncontrolling interests to the redemption value.

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- (2) Book value per share is calculated as shareholders' equity divided by the actual number of common shares outstanding at the respective balance sheet date.
- (3) Five-year CAGR in book value per share reflects the compound annual growth rate (CAGR) in book value per share for the five-year period ending on December 31st for each of the respective periods presented.
- (4) U.S. GAAP combined ratio measures the relationship of incurred losses, loss adjustment expenses and underwriting, acquisition and insurance expenses to earned premiums. A combined ratio less than 100% indicates an underwriting profit, while a combined ratio greater than 100% reflects an underwriting loss.
- (5) Investment yield reflects net investment income as a percentage of average invested assets.
- (6) Taxable equivalent total investment returns includes net investment income, realized gains or losses, the change in fair value of the investment portfolio and the effect of foreign currency exchange rate movements during the period as a percentage of average invested assets. Tax-exempt interest and dividend payments are grossed up using the U.S. corporate tax rate to reflect an equivalent taxable yield.
- (7) Amounts have been annualized for the nine months ended September 30, 2012.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF ALTERRA**

Set forth below is certain selected historical consolidated financial data relating to Alterra Capital Holdings Limited and its consolidated subsidiaries (Alterra). The financial data has been derived from the audited financial statements filed as part of Alterra's Annual Report on Form 10-K for the year ended December 31, 2011 and the unaudited financial statements filed as part of Alterra's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012. This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in the Annual Report on Form 10-K for the year ended December 31, 2011 and the unaudited financial statements filed as part of Alterra's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, which are incorporated by reference into this joint proxy statement/prospectus. More comprehensive financial information, including management's discussion and analysis of financial condition and results of operations, is contained in other documents filed by Alterra with the SEC, and the following summary is qualified in its entirety by reference to such other documents and all of the financial information and notes contained in those documents. See *Where You Can Find More Information*.

	Nine Months Ended September 30, 2012	2011	Year Ended December 31, 2010 2009 2008			2007
	<i>(dollars in millions, except per share data)</i>					
SELECTED FINANCIAL DATA						
RESULTS OF OPERATIONS						
Gross premiums written	\$ 1,614	\$ 1,904	\$ 1,411	\$ 1,375	\$ 1,254	\$ 1,078
Earned premiums	1,022	1,425	1,173	834	814	818
Net investment income	167	235	223	170	182	188
Net realized and unrealized gains (losses) on investments ⁽¹⁾	59	(38)	17	82	(235)	184
Net income (loss) to shareholders	\$ 196	\$ 65	\$ 302	\$ 246	\$ (175)	\$ 303
FINANCIAL POSITION						
Fixed maturities and cash	\$ 7,594	\$ 7,528	\$ 7,483	\$ 4,944	\$ 4,603	\$ 4,061
Other investments	377	287	378	318	754	1,062
Total assets	10,734	10,186	9,917	7,340	7,252	6,539
Property and casualty losses	4,460	4,217	3,906	3,178	2,938	2,334
Life and annuity benefits	1,148	1,191	1,276	1,373	1,367	1,204
Senior notes and bank loans	441	441	441	91	466	430
Shareholders' equity	\$ 2,923	\$ 2,809	\$ 2,918	\$ 1,565	\$ 1,280	\$ 1,584
OPERATING PERFORMANCE MEASURES						
OPERATING DATA						
Book value per common share outstanding	\$ 30.45	\$ 27.51	\$ 26.30	\$ 28.01	\$ 22.94	\$ 27.54
Diluted book value per share ⁽²⁾	29.57	26.91	25.99	27.36	22.46	25.59
Diluted net income (loss) per share ⁽³⁾	1.93	0.61	3.17	4.26	(3.10)	4.75
Cash dividends per share	\$ 0.44	\$ 0.52	\$ 2.94	\$ 0.38	\$ 0.36	\$ 0.32
RATIO ANALYSIS						
Return on average shareholders' equity ⁽⁴⁾	9%	2%	12%	18%	(12)%	20%
U.S. GAAP combined ratio ⁽⁵⁾	93%	98%	86%	88%	92%	88%

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- (1) Includes the change in fair value for trading securities and certain investments included in other investments.
- (2) Diluted book value per share is calculated as shareholders' equity divided by the number of Alterra common shares outstanding at the balance sheet date, after considering the dilutive effects of stock based compensation, calculated using the treasury stock method.
- (3) Diluted net income (loss) per share is calculated using the treasury stock method, which assumes that the proceeds received from the exercise of options to purchase Alterra common shares and Alterra warrants will be used to repurchase Alterra's common shares at the average market price during the period of calculation.
- (4) Return on average shareholders' equity is calculated by dividing net income (loss) by average shareholders' equity (determined using the average of the quarterly average shareholders' equity balances for the period). For the nine months ended September 30, 2012, the return on average shareholders' equity has been annualized.
- (5) U.S. GAAP combined ratio measures the relationship of net losses and loss expenses, acquisition costs and general and administrative expenses to earned premiums. A combined ratio less than 100% indicates an underwriting profit, while a combined ratio greater than 100% reflects an underwriting loss.

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PRELIMINARY UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following preliminary unaudited pro forma consolidated financial statements are based on the separate historical financial statements of Markel and Alterra after giving effect to the merger and the issuance of Markel common stock in connection therewith, and the assumptions and adjustments described in the accompanying notes to the preliminary unaudited pro forma consolidated financial statements. The preliminary unaudited pro forma consolidated balance sheet as of September 30, 2012 is presented as if the merger with Alterra had occurred on September 30, 2012. The preliminary unaudited pro forma consolidated income statements for the year ended December 31, 2011 and the nine months ended September 30, 2012 are presented as if the merger had occurred on January 1, 2011. The historical consolidated financial information has been adjusted to reflect factually supportable items that are directly attributable to the merger and, with respect to the income statements only, expected to have a continuing impact on consolidated results of operations.

The preparation of the preliminary unaudited pro forma consolidated financial statements and related adjustments required management to make certain assumptions and estimates. The preliminary unaudited pro forma consolidated financial statements should be read together with:

the accompanying notes to the preliminary unaudited pro forma consolidated financial statements;

Markel's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2011, included in Markel's Annual Report on Form 10-K for the year ended December 31, 2011;

Alterra's separate audited historical consolidated financial statements and accompanying notes as of and for the year ended December 31, 2011, included in Alterra's Annual Report on Form 10-K for the year ended December 31, 2011;

Markel's separate unaudited historical consolidated financial statements and accompanying notes as of and for the nine months ended September 30, 2012 included in Markel's Quarterly Report on Form 10-Q for the nine months ended September 30, 2012;

Alterra's separate unaudited historical consolidated financial statements and accompanying notes as of and for the nine months ended September 30, 2012 included in Alterra's Quarterly Report on Form 10-Q for the nine months ended September 30, 2012; and

other information pertaining to Markel and Alterra contained in or incorporated by reference into this joint proxy statement/prospectus. See *Selected Historical Consolidated Financial Data of Markel* and *Selected Historical Consolidated Financial Data of Alterra* included elsewhere in this joint proxy statement/prospectus.

The preliminary unaudited pro forma consolidated financial information has been prepared using the acquisition method of accounting for business combinations under accounting principles generally accepted in the United States (U.S. GAAP). Markel is the acquirer for accounting purposes.

Markel has not had sufficient time to completely evaluate the tangible and identifiable intangible assets of Alterra. Accordingly, the preliminary unaudited pro forma adjustments, including the allocations of the acquisition consideration, have been made solely for the purpose of providing preliminary unaudited pro forma consolidated financial information.

A final determination of the acquisition consideration and fair values of Alterra's assets and liabilities, which cannot be made prior to the completion of the merger, will be based on the actual net tangible and intangible assets of Alterra that exist as of the date of completion of the transaction. Consequently, amounts preliminarily allocated to goodwill and intangible assets could change significantly from those allocations used in the preliminary unaudited pro forma consolidated financial statements presented below and could result in a material change in amortization of acquired intangible assets.

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In connection with the plan to integrate the operations of Markel and Alterra following the completion of the merger, Markel anticipates that nonrecurring charges will be incurred. Markel is not able to determine the timing, nature, and amount of these charges as of the date of this joint proxy statement/prospectus. However, these charges will affect the results of operations of Markel and Alterra, as well as those of the combined company following the completion of the merger, in the period in which they are incurred. The preliminary unaudited pro forma consolidated financial statements do not include the effects of the costs associated with any restructuring or integration activities resulting from the transaction, as they are nonrecurring in nature and not factually supportable at the time that the preliminary unaudited pro forma consolidated financial statements were prepared.

The adjustments that will be recorded as of the completion of the merger may differ materially from the information presented in these preliminary unaudited pro forma consolidated financial statements as a result of:

the occurrence of natural or man-made catastrophic events which trigger losses on catastrophe-exposed insurance contracts written by Alterra;

changes in the fair value of Alterra's investment portfolio due to market volatility;

changes in the trading price for Markel's common stock;

net cash used or generated in Alterra's operations between the signing of the merger agreement and completion of the merger;

the timing of the completion of the merger; and

other changes in Alterra's net assets that occur prior to completion of the merger, which could cause material differences in the information presented below.

The preliminary unaudited pro forma consolidated financial statements are provided for informational purposes only. Additionally, the preliminary unaudited pro forma consolidated financial statements are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. Lastly, the preliminary unaudited pro forma consolidated financial statements do not give consideration to the impact of possible revenue enhancements, expense efficiencies, synergies or asset dispositions that may result from the merger.

Table of Contents**PRELIMINARY UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**

	September 30, 2012 <i>(dollars in thousands)</i>			
	Markel	Alterra	Adjustments	Total
ASSETS				
Fixed maturities (available for sale)	\$ 5,280,549	\$ 5,728,640	\$ 1,364,032 ^(a)	\$ 12,373,221
Fixed maturities (trading)		376,498	(376,498) ^(a)	
Fixed maturities (held to maturity)		837,348	(837,348) ^(a)	
Equity securities	2,341,253			2,341,253
Short-term investments	729,042		22,242 ^(a)	751,284
Other investments		376,870		376,870
TOTAL INVESTMENTS	8,350,844	7,319,356	172,428	15,842,628
Cash and cash equivalents	834,828	651,556	(966,181) ^(b)	520,203
Receivables	446,773	872,948		1,319,721
Reinsurance recoverable on unpaid losses	748,864	1,149,684	(24,093) ^(c)	1,874,455
Reinsurance recoverable on paid losses	42,224		24,093 ^(c)	66,317
Deferred policy acquisition costs	167,185	166,128	(166,128) ^(d)	167,185
Prepaid reinsurance premiums	114,354	303,171		417,525
Goodwill and intangible assets	997,834	55,371	428,390 ^(e)	1,481,595
Other assets	680,511	215,796		896,307
TOTAL ASSETS	\$ 12,383,417	\$ 10,734,010	\$ (531,491)	\$ 22,585,936
LIABILITIES AND EQUITY				
Unpaid losses and loss adjustment expenses	\$ 5,306,045	\$ 4,460,045	\$ 100,000 ^(f)	\$ 9,866,090
Unearned premiums	1,053,135	1,192,203	(166,128) ^(g)	2,079,210
Payables to insurance companies	100,079	214,202		314,281
Senior long-term debt and other debt	1,510,598	440,527	36,800 ^(h)	1,987,925
Other liabilities	519,903	216,022	45,814 ⁽ⁱ⁾	781,739
Life and annuity benefits		1,148,317	308,000 ^(j)	1,456,317
Deposit liabilities		139,518		139,518
TOTAL LIABILITIES	8,489,760	7,810,834	324,486	16,625,080
Redeemable noncontrolling interests	87,738			87,738
Commitments and contingencies				
Shareholders' equity:				
Common stock	905,841	95,985	2,006,314 ^(k)	3,008,140
Retained earnings	2,009,133	846,211	(881,311) ^(l)	1,974,033
Accumulated other comprehensive income	891,142	265,232	(265,232) ^(m)	891,142
Additional paid-in capital		1,715,748	(1,715,748) ⁽ⁿ⁾	
TOTAL SHAREHOLDERS' EQUITY	3,806,116	2,923,176	(855,977)	5,873,315
Noncontrolling interests	(197)			(197)
TOTAL EQUITY	3,805,919	2,923,176	(855,977)	5,873,118

TOTAL LIABILITIES AND EQUITY	\$ 12,383,417	\$ 10,734,010	\$ (531,491)	\$ 22,585,936
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See accompanying notes to the preliminary unaudited pro forma consolidated financial statements.

Table of Contents**PRELIMINARY UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME**

	Year Ended December 31, 2011 (dollars in thousands, except per share data)			
	Markel	Alterra	Adjustments	Total
OPERATING REVENUES				
Earned premiums	\$ 1,979,340	\$ 1,424,974	\$	\$ 3,404,314
Net investment income	263,676	234,846	(19,299) ^(o)	479,223
Other-than-temporary impairment losses	(14,250)	(2,706)		(16,956)
Other-than-temporary impairment losses recognized in other comprehensive income	(5,946)	(239)		(6,185)
Other-than-temporary impairment losses recognized in net income	(20,196)	(2,945)		(23,141)
Net realized and unrealized investment gains (losses), excluding other-than-temporary impairment losses	56,053	(38,339)	(1,127) ^(p)	16,587
Net realized investment gains (losses)	35,857	(41,284)	(1,127)	(6,554)
Other revenues	351,077	5,396		356,473
TOTAL OPERATING REVENUES	2,629,950	1,623,932	(20,426)	4,233,456
OPERATING EXPENSES				
Losses and loss adjustment expenses	1,209,986	945,593	(19,000) ^(q)	2,136,579
Underwriting, acquisition and insurance expenses	810,179		518,176 ^(r)	1,328,355
Acquisition costs		261,102	(261,102) ^(r)	
General and administrative expenses		257,074	(257,074) ^(r)	
Amortization of intangible assets	24,291		25,069 ^(s)	49,360
Claims and policy benefits		59,382	(16,500) ^(t)	42,882
Other expenses	309,046	1,312		310,358
TOTAL OPERATING EXPENSES	2,353,502	1,524,463	(10,431)	3,867,534
OPERATING INCOME	276,448	99,469	(9,995)	365,922
Interest expense	86,252	43,688	(3,260) ^(u)	126,680
INCOME BEFORE INCOME TAXES	190,196	55,781	(6,735)	239,242
Income tax expense (benefit)	41,710	(9,501)	22,148 ^(v)	54,357
NET INCOME	\$ 148,486	\$ 65,282	\$ (28,883)	\$ 184,885
Net income attributable to noncontrolling interests	6,460			6,460
NET INCOME TO SHAREHOLDERS	\$ 142,026	\$ 65,282	\$ (28,883)	\$ 178,425
NET INCOME PER SHARE				
Basic	\$ 14.66	\$ 0.62	n/m	\$ 12.67
Diluted	\$ 14.60	\$ 0.61	n/m	\$ 12.59

n/m not meaningful

See accompanying notes to the preliminary unaudited pro forma consolidated financial statements.

Table of Contents**PRELIMINARY UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME**

	Nine Months Ended September 30, 2012 (dollars in thousands, except per share data)			
	Markel	Alterra	Adjustments	Total
OPERATING REVENUES				
Earned premiums	\$ 1,573,189	\$ 1,021,591	\$	\$ 2,594,780
Net investment income	207,834	166,925	(14,474) ^(o)	360,285
Other-than-temporary impairment losses	(4,151)	(6,409)		(10,560)
Other-than-temporary impairment losses recognized in other comprehensive income		(122)		(122)
Other-than-temporary impairment losses recognized in net income	(4,151)	(6,531)		(10,682)
Net realized and unrealized investment gains, excluding other-than-temporary impairment losses	29,507	59,410	(5,180) ^(p)	83,737
Net realized investment gains	25,356	52,879	(5,180)	73,055
Other revenues	385,778	8,876		394,654
TOTAL OPERATING REVENUE	2,192,157	1,250,271	(19,654)	3,422,774
OPERATING EXPENSES				
Losses and loss adjustment expenses	813,074	631,322	(12,000) ^(q)	1,432,396
Underwriting, acquisition and insurance expenses	695,322		360,192 ^(r)	1,055,514
Acquisition costs		183,818	(183,818) ^(r)	
General and administrative expenses		176,374	(176,374) ^(r)	
Amortization of intangible assets	25,078		18,802 ^(s)	43,880
Claims and policy benefits		38,576	(12,000) ^(t)	26,576
Other expenses	343,462	(89)		343,373
TOTAL OPERATING EXPENSES	1,876,936	1,030,001	(5,198)	2,901,739
OPERATING INCOME	315,221	220,270	(14,456)	521,035
Interest expense	69,068	27,289	(2,576) ^(u)	93,781
INCOME BEFORE INCOME TAXES	246,153	192,981	(11,880)	427,254
Income tax expense (benefit)	45,998	(2,635)	68,849 ^(v)	112,212
NET INCOME	\$ 200,155	\$ 195,616	\$ (80,729)	\$ 315,042
Net income attributable to noncontrolling interests	3,562			3,562
NET INCOME TO SHAREHOLDERS	\$ 196,593	\$ 195,616	\$ (80,729)	\$ 311,480
NET INCOME PER SHARE				
Basic	\$ 19.72	\$ 1.98	n/m	\$ 21.74
Diluted	\$ 19.67	\$ 1.93	n/m	\$ 21.62

n/m not meaningful

See accompanying notes to the preliminary unaudited pro forma consolidated financial statements.

Table of Contents**NOTES TO PRELIMINARY UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS****Note 1 Basis of Pro Forma Presentation**

The preliminary unaudited pro forma consolidated balance sheet as of September 30, 2012 and the preliminary unaudited pro forma consolidated income statements for the nine months ended September 30, 2012 and the year ended December 31, 2011 are based on the historical financial statements of Markel and Alterra after giving effect to the completion of the merger and the assumptions and adjustments described in the accompanying notes. It does not reflect cost savings or operating synergies expected to result from the merger, the costs to achieve these cost savings or operating synergies, or any disposition of assets that may result from the integration of the operations of the two companies.

The transaction will be accounted for under the acquisition method of accounting in accordance with Accounting Standards Codification (ASC) Topic 805, *Business Combinations* (ASC 805) with Markel as the acquiring entity. In business combination transactions in which the consideration given is not in the form of cash (that is, in the form of non-cash assets, liabilities incurred, or equity interests issued), measurement of the acquisition consideration is based on the fair value of the consideration given or the fair value of the assets (or net assets) acquired, whichever is more clearly evident and, thus, more reliably measurable.

Under ASC 805, all of the Alterra assets acquired and liabilities assumed in this business combination are recognized at their acquisition-date fair value, while transaction costs and restructuring costs associated with the business combination are expensed as incurred. The excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill. Changes in deferred tax asset valuation allowances and income tax uncertainties, if any, after the acquisition date will generally affect income tax expense. Subsequent to the completion of the merger, Markel and Alterra will finalize an integration plan, which may affect how the assets acquired, including intangible assets, will be utilized by the combined company.

The preliminary unaudited pro forma information is presented solely for informational purposes and is not necessarily indicative of the consolidated results of operations or financial position that might have been achieved for the periods or dates indicated, nor is it necessarily indicative of the future results of the combined company.

Note 2 Preliminary Acquisition Consideration

On December 18, 2012, Markel entered into a definitive agreement and plan of merger with Alterra, pursuant to which Alterra will merge with Merger Sub and become a wholly-owned subsidiary of Markel. The purchase consideration to Alterra shareholders includes approximately 4.4 million shares of Markel common stock and approximately \$1.0 billion of cash. At the closing (as defined in the merger agreement) each outstanding share of Alterra common stock will be converted into the right to receive 0.04315 shares of Markel common stock and \$10.00 in cash (collectively, the Merger Consideration), subject to certain adjustments. Under the terms of the merger, on completion of the merger the 1.9 million stock options outstanding under Alterra s equity incentive plans will be exchanged for Markel stock options at the Incentive Award Exchange Ratio of 0.06372. Each outstanding Alterra restricted stock unit and restricted stock will be converted into a Markel restricted stock unit or restricted stock based upon the Incentive Award Exchange Ratio. Each outstanding Alterra warrant will be converted into the right to receive the Merger Consideration.

The share price used in determining the preliminary acquisition consideration is based upon the closing price of Markel common shares on December 18, 2012 and shares of Alterra common stock and equity awards outstanding as of September 30, 2012. The preliminary acquisition consideration also includes the fair value of Alterra restricted stock and restricted stock units, the Alterra options and the Alterra warrants for all equity awards that are vested and either exercised or converted as of the closing of the merger.

The effect of an increase (decrease) of \$1.00 per Markel common share would be to increase (decrease) the pro forma goodwill and to increase (decrease) common stock by approximately \$4.6 million reflecting the increase (decrease) in the acquisition consideration. There would be no impact on the pro forma net income.

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The preliminary acquisition consideration excludes the impact of fractional shares and is calculated as follows:

Calculation of Acquisition Consideration

(dollars and shares in millions, except per share data)

Shares of Alterra common stock outstanding as of September 30, 2012 (including the dilutive effect of warrants)	96.6
Exchange ratio per the merger agreement	0.04315
Markel share issuance to Alterra shareholders	4.2
Shares of Alterra restricted stock and restricted stock units outstanding as of September 30, 2012	3.9
Incentive Award Exchange Ratio per the merger agreement	0.06372
Markel restricted stock and restricted stock unit issuance to Alterra restricted stock and restricted stock unit holders	0.2
Multiplied by Markel's closing price per share on December 18, 2012	\$ 486.05
Markel share, restricted stock, and restricted stock unit issuance consideration	\$ 2,146.0
Shares of Alterra common stock outstanding as of September 30, 2012 that will receive cash consideration (including dilutive effect of warrants)	96.6
Multiplied by Markel's cash price component, per share	\$ 10.00
Markel cash consideration	\$ 966.2
Estimated fair value of Markel stock option issuance to Alterra stock option holders as of September 30, 2012	\$ 13.9
Unrecognized compensation on unvested restricted stock and restricted stock units	\$ (57.6)
Total acquisition consideration	\$ 3,068.5

Note 3 Preliminary Acquisition Consideration Allocation

Under the acquisition method of accounting, the total acquisition consideration is allocated to the acquired tangible and identifiable intangible assets and assumed liabilities of Alterra based on their estimated fair values as of the closing of the merger. The excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The allocation of the estimated acquisition consideration is preliminary because the proposed merger has not yet been completed. The preliminary allocation is based on estimates, assumptions, valuations, and other studies which have not progressed to a stage where there is sufficient information to make a definitive allocation. Accordingly, the acquisition consideration allocation reflected in the preliminary unaudited pro forma adjustments will remain preliminary until Markel management determines the final acquisition consideration and the fair values of assets acquired and liabilities assumed. The final determination of the acquisition consideration allocation is anticipated to be completed as soon as practicable after the completion of the merger and will be based on the value of the Markel share price at the closing of the transaction. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the preliminary unaudited pro forma consolidated financial statements.

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The total preliminary acquisition consideration is allocated to Alterra's tangible and identifiable intangible assets and liabilities as of September 30, 2012 based on their preliminary fair values as follows:

Preliminary Acquisition Consideration Allocation

<i>(dollars in thousands)</i>	September 30, 2012
ASSETS	
Fixed maturities (available for sale)	\$ 5,706,316
Fixed maturities (trading)	376,498
Fixed maturities (held to maturity)	1,032,100
Other investments	376,870
 Total Investments	 7,491,784
Cash and cash equivalents	651,556
Receivables	872,948
Reinsurance recoverable on unpaid losses	1,149,684
Prepaid reinsurance premiums	303,171
Goodwill and intangible assets	483,761
Other assets	215,796
 Total Assets	 \$ 11,168,700
 LIABILITIES	
Unpaid losses and loss adjustment expenses	\$ 4,560,045
Unearned premiums	1,026,075
Payables to insurance companies	214,202
Senior long-term debt and other debt	477,327
Other liabilities	226,736
Life and annuity benefits	1,456,317
Deposit liabilities	139,518
 Total Liabilities	 8,100,220
 Acquisition Consideration	 \$ 3,068,480

Approximately \$300 million has been preliminarily allocated to amortizable intangible assets acquired. The amortization related to the preliminary fair value of amortizable intangible assets is reflected as a pro forma adjustment to the preliminary unaudited pro forma consolidated financial statements.

Identifiable intangible assets. The preliminary fair values of intangible assets were determined based on the provisions of ASC 805, which defines fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*, (ASC 820). ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Intangible assets were identified that met either the separability criterion or the contractual-legal criterion described in ASC 805. The preliminary allocation to intangible assets is as follows:

<i>(dollars in thousands)</i>	September 30, 2012	Estimated Useful Life (Years)
Policyholder relationships	\$ 170,000	16

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Distributor relationships	65,000	18
Technology	40,000	6
Trade names	25,000	6
Licenses	15,000	indefinite
Total Identified Intangible Assets	\$ 315,000	

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Goodwill. Goodwill represents the excess of the preliminary acquisition consideration over the preliminary fair value of the underlying net tangible and intangible assets. Among the factors that contributed to a purchase price in excess of the fair value of the identifiable net tangible and intangible assets are the skill sets, operations and synergies that can be leveraged to enable the combined company to build a stronger enterprise. In accordance with ASC Topic 350, *Intangibles - Goodwill and Other*, goodwill will not be amortized, but instead will be tested for impairment at least annually and whenever events or circumstances have occurred that may indicate a possible impairment. In the event management determines that the value of goodwill has become impaired, the combined company will incur a charge to earnings for the amount of the impairment during the period in which the determination is made.

Note 4 Preliminary Unaudited Pro Forma and Acquisition Accounting Adjustments

The preliminary unaudited pro forma financial information is not necessarily indicative of what the financial position and results from operations actually would have been had the merger been completed at the date indicated and includes adjustments which are preliminary and may be revised. Such revisions may result in material changes. The financial position shown herein is not necessarily indicative of what the past financial position of the combined companies would have been, nor necessarily indicative of the financial position of the post-merger periods. The preliminary unaudited pro forma financial information does not give consideration to the impact of expense efficiencies, synergies, integration costs, asset dispositions, or other actions that may result from the merger.

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The following preliminary unaudited pro forma adjustments result from accounting for the merger, including the determination of fair value of the assets, liabilities, and commitments which Markel, as the acquirer for accounting purposes, will acquire and assume from Alterra. The descriptions related to these preliminary adjustments are as follows:

Balance Sheet

<i>(dollars in thousands)</i>	Increase (decrease) as of September 30, 2012
(a) Adjustments to fixed maturity securities, available for sale	\$ 1,364,032
To reclassify trading securities to available for sale to conform accounting policies	(376,498)
To reclassify the carrying value of held to maturity securities to available for sale to conform accounting policies	(837,348)
To reclassify fixed maturity securities, available for sale to short term investments to conform accounting policies	22,242
To reflect fixed maturity securities, available for sale, at fair value	172,428
(b) To reflect cash paid to Alterra's shareholders	(966,181)
(c) To reclassify reinsurance recoverable on paid losses to conform presentation	(24,093)
(d) To reflect deferred acquisition costs at fair value	(166,128)
(e) To reflect goodwill and intangible assets at fair value	428,390
(f) To reflect unpaid losses and loss adjustment expenses at fair value	100,000
(g) To reflect unearned premiums at fair value	(166,128)
(h) To reflect the senior notes at fair value	36,800
(i) Adjustments to other liabilities	45,814
To reflect estimated transaction costs, net of tax, as of the closing date	35,100
To reflect the deferred tax effect of the increase in fair value of senior notes	(12,880)
To reflect the deferred tax effect of the amortizable intangible assets	23,594
(j) To reflect life and annuity benefits at fair value	308,000
(k) Adjustments to common stock	2,006,314
To reflect the elimination of Alterra's common stock	(95,985)
To reflect the issuance of Markel common stock	2,102,299
(l) To reflect estimated transaction costs, net of tax, and the elimination of Alterra's retained earnings	(881,311)
(m) To reflect the elimination of Alterra's accumulated other comprehensive income	(265,232)
(n) To reflect the elimination of Alterra's additional paid-in capital	(1,715,748)

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<i>(dollars in thousands)</i>	Increase (decrease) for Year Ended December 31, 2011	Increase (decrease) for the Nine Months Ended September 30, 2012
(o) To amortize the fair value adjustment of fixed maturity securities, available for sale	\$ (19,299)	\$ (14,474)
(p) To reclassify unrealized gains in conjunction with the reclassification of fixed maturities, trading to fixed maturities, available for sale	(1,127)	(5,180)
(q) To amortize the fair value adjustment of unpaid losses and loss adjustment expenses	(19,000)	(12,000)
(r) Adjustments to reclassify underwriting, acquisition and insurance expenses	518,176	360,192
To reclassify policy acquisition costs to conform accounting presentation	(261,102)	(183,818)
To reclassify general and administrative expenses to conform presentation	(257,074)	(176,374)
(s) To amortize the fair value adjustment of intangible assets	25,069	18,802
(t) To amortize the fair value adjustment of life and annuity benefits	(16,500)	(12,000)
(u) To amortize the fair value adjustment of senior notes	(3,260)	(2,576)
(v) To reflect income tax expense at the U.S. statutory rate of 35%	22,148	68,849

Note 5 Income Taxes

Prior to its acquisition by Markel, Alterra and Alterra Bermuda Limited are incorporated in Bermuda and pursuant to Bermuda law are not taxed on either income or capital gains. Alterra's other consolidated subsidiaries are based in the United States, Ireland, Latin America and the United Kingdom and are subject to the tax laws of those jurisdictions and the jurisdictions in which they operate. As a result of the acquisition, Alterra and its non-U.S. subsidiaries will become controlled foreign corporations subject to U.S. income tax at a statutory rate of 35%. The acquisition will be taxable to U.S. shareholders of Alterra, and Markel will elect to treat it as an asset acquisition under section 338(g) of the Internal Revenue Code. The preliminary pro forma adjustments do not reflect the potential tax impact that post-merger actions may have on taxes incurred after the merger. The tax impact of the preliminary pro forma adjustments is estimated on each pro forma financial statement based on the applicable tax impact on the entity that is expected to sustain the related pre-tax charge or benefit.

Note 6 Net Income Per Share

Preliminary pro forma net income per share for the year ended December 31, 2011 and for the nine months ended September 30, 2012 have been calculated using Markel's historic weighted average common shares outstanding plus the common shares assumed to be issued to Alterra stockholders per the merger agreement.

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The following table sets forth the calculation of basic and diluted preliminary pro forma net income per share for the year ended December 31, 2011.

<i>(dollars in thousands, except per share amounts)</i>	Year Ended December 31, 2011	
	Basic	Diluted
Preliminary pro forma net income	\$ 178,425	\$ 178,425
Less: Adjustment of Markel redeemable noncontrolling interests		
Adjusted preliminary pro forma net income	\$ 178,425	\$ 178,425
Weighted average common shares outstanding:		
Historic Markel	9,686	9,686
Historic Markel dilutive potential common shares		40
Adjusted weighted average common shares outstanding	9,686	9,726
Markel share issuance to Alterra shareholders	4,391	4,391
Dilutive effect of Markel option and restricted stock unit issuance to Alterra option and restricted stock unit holders		52
Preliminary pro forma adjusted weighted average common shares outstanding	14,077	14,169
Preliminary pro forma net income per share	\$ 12.67	\$ 12.59

The following table sets forth the calculation of basic and diluted preliminary pro forma net income per share for the nine months ended September 30, 2012.

<i>(dollars in thousands, except per share amounts)</i>	Nine Months Ended September 30, 2012	
	Basic	Diluted
Preliminary pro forma net income	\$ 311,480	\$ 311,480
Less: Adjustment of Markel redeemable noncontrolling interests	6,484	6,484
Adjusted preliminary pro forma net income	\$ 304,996	\$ 304,996
Weighted average common shares outstanding:		
Historic Markel	9,641	9,641
Historic Markel dilutive potential common shares		26
Historic Markel adjusted weighted average common shares outstanding	9,641	9,667
Markel share issuance to Alterra shareholders	4,391	4,391
Dilutive effect of Markel option and restricted stock unit issuance to Alterra option and restricted stock unit holders		52
Preliminary pro forma adjusted weighted average common shares outstanding	14,032	14,110
Preliminary pro forma net income per share	\$ 21.74	\$ 21.62

Table of Contents**COMPARATIVE PER SHARE DATA**

The historical net income per share, dividends, and book value of Markel and Alterra shown in the table below are derived from their respective audited consolidated financial statements as of and for the year ended December 31, 2011 and the unaudited financial statements as of and for the nine months ended September 30, 2012. The preliminary pro forma basic and diluted net income per share data give effect to the merger using the acquisition method of accounting as if the merger had been completed on January 1, 2011. The preliminary pro forma book value and book value per share information was computed as if the merger had been completed on September 30, 2012. You should read this information in conjunction with the historical financial information of Markel and of Alterra included or incorporated elsewhere in this joint proxy statement/prospectus, including Markel's and Alterra's financial statements and related notes. The preliminary pro forma data is not necessarily indicative of actual results had the merger occurred during the period indicated nor is it necessarily indicative of future operations of the combined company.

	Year Ended December 31, 2011	Nine Months Ended September 30, 2012
Basic net income per share		
Markel historical	\$ 14.66	\$ 19.72
Alterra historical	\$ 0.62	\$ 1.98
Preliminary pro forma consolidated	\$ 12.67	\$ 21.74
Diluted net income per share		
Markel historical	\$ 14.60	\$ 19.67
Alterra historical	\$ 0.61	\$ 1.93
Preliminary pro forma consolidated	\$ 12.59	\$ 21.62
Cash dividends declared per share		
Markel historical	\$	\$
Alterra historical	\$ 0.52	\$ 0.44
Preliminary pro forma consolidated	\$	\$
Book value per common share outstanding (at period end)		
Markel historical	\$ 352.10	\$ 395.48
Alterra historical	\$ 27.51	\$ 30.45
Preliminary pro forma consolidated	n/m	\$ 419.06

n/m not meaningful

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Shares of Markel common stock are quoted on the New York Stock Exchange under the ticker symbol MKL. The following table shows the high and low prices for the shares of Markel common stock for the periods indicated as reported by the New York Stock Exchange. These prices do not necessarily represent actual transactions.

	High	Low	Dividend
Year ended December 31, 2010			
First Quarter	\$ 379.05	\$ 325.00	\$
Second Quarter	\$ 392.55	\$ 326.90	\$
Third Quarter	\$ 354.34	\$ 320.71	\$
Fourth Quarter	\$ 386.87	\$ 332.77	\$
Year ended December 31, 2011			
First Quarter	\$ 422.83	\$ 379.44	\$
Second Quarter	\$ 430.26	\$ 386.81	\$
Third Quarter	\$ 403.21	\$ 346.15	\$
Fourth Quarter	\$ 419.10	\$ 337.50	\$
Year ended December 31, 2012			
First Quarter	\$ 451.90	\$ 398.65	\$
Second Quarter	\$ 453.50	\$ 421.00	\$
Third Quarter	\$ 459.90	\$ 420.00	\$

On December 18, 2012, the business day before the public announcement of the merger agreement, and [], 2013, the last practicable trading day for which information was available before first mailing this joint proxy statement/prospectus, the last reported sales price of shares of Markel common stock, as reported by the New York Stock Exchange, was \$486.05 and \$[], respectively. Markel and Alterra shareholders are encouraged to obtain current market quotations for shares of Markel common stock before making any decision with respect to the merger. No assurance can be given concerning the market price for shares of Markel common stock before or after the date on which the merger will close. The market price for shares of Markel common stock will fluctuate between the date of this joint proxy statement/prospectus and the date on which the merger closes and thereafter.

As of [], 2013, there were approximately [] holders of record of shares of Markel common stock.

Table of Contents**Alterra**

Alterra common shares are quoted on the NASDAQ Global Select Market under the ticker symbol ALTE and on the Bermuda Stock Exchange under the ticker symbol ATLE.BH. The following table shows the high and low prices for the Alterra common shares for the periods indicated as reported by the NASDAQ Global Select Market. These prices do not necessarily represent actual transactions.

	High	Low	Dividend
Year ended December 31, 2010			
First Quarter	\$ 24.99	\$ 21.24	\$ 0.10
Second Quarter ⁽¹⁾	\$ 23.63	\$ 17.26	\$ 2.60
Third Quarter	\$ 20.36	\$ 17.02	\$ 0.12
Fourth Quarter	\$ 22.04	\$ 19.41	\$ 0.12
Year ended December 31, 2011			
First Quarter	\$ 22.50	\$ 20.35	\$ 0.12
Second Quarter	\$ 23.62	\$ 20.96	\$ 0.12
Third Quarter	\$ 22.91	\$ 17.33	\$ 0.14
Fourth Quarter	\$ 23.97	\$ 18.07	\$ 0.14
Year ended December 31, 2012			
First Quarter	\$ 25.68	\$ 22.44	\$ 0.14
Second Quarter	\$ 24.51	\$ 21.76	\$ 0.14
Third Quarter	\$ 24.87	\$ 22.46	\$ 0.16

⁽¹⁾ Alterra paid out a special dividend of \$2.50 in the second quarter of 2010.

On December 18, 2012, the business day before the public announcement of the merger agreement, and [], 2013, the last practicable trading day for which information was available before first mailing this joint proxy statement/prospectus, the last reported sales price of Alterra common shares, as reported by the NASDAQ Global Select Market, was \$23.15 and \$[], respectively. Alterra and Markel shareholders are encouraged to obtain current market quotations for Alterra common shares before making any decision with respect to the merger. No assurance can be given concerning the market price for Alterra common shares before or after the date on which the merger will close. The market price for Alterra common shares will fluctuate between the date of this joint proxy statement/prospectus and the date on which the merger closes and thereafter.

As of [], 2013, there were approximately [] holders of record of Alterra common shares.

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THE MERGER

Effects of the Merger

On December 18, 2012, Alterra, Markel and Merger Sub entered into the merger agreement. Markel's board of directors unanimously adopted the merger agreement and authorized and approved the stock issuance and the other transactions contemplated by the merger agreement and deemed it advisable and fair to, and in the best interests of, Markel to enter into the merger agreement and to consummate the stock issuance and the other transactions contemplated by the merger agreement. Alterra's board of directors unanimously adopted the merger agreement, and authorized and approved the merger and the transactions contemplated thereby, and determined that the merger consideration constitutes fair value for each Alterra common share in accordance with the Companies Act and deemed it advisable and fair to, and in the best interests of, Alterra to enter into the merger agreement and to consummate the merger and the other transactions contemplated by the merger agreement.

At the effective time of the merger, Merger Sub, a wholly-owned subsidiary of Markel that was formed for the sole purpose of effecting the merger, will merge into Alterra. Alterra will survive the merger and become a wholly-owned subsidiary of Markel. Upon completion of the merger, Markel will be the parent company of Alterra.

Subject to shareholder approval as described in this joint proxy statement/prospectus and the satisfaction or waiver of the other conditions specified in the merger agreement, each outstanding Alterra common share (other than any dissenting shares as to which appraisal rights have been properly exercised under Bermuda law) will be converted into the right to receive 0.04315 validly issued, fully paid and non-assessable shares of Markel Common Stock, together with any cash paid in lieu of fractional shares, and \$10.00 in cash, without interest. Markel shareholders will continue to hold their existing shares of Markel Common Stock. All Alterra common shares that are held by Alterra as treasury stock or owned by Markel or any of its subsidiaries immediately before the merger will be cancelled and no payment will be made in respect thereof.

Further details relating to the structure of the merger and the merger consideration are described in *The Merger Agreement Structure of the Merger* and *The Merger Agreement Merger Consideration*.

Background of the Merger

Markel is a Virginia-headquartered diverse financial holding company serving a variety of niche markets. Its principal business markets and underwrites specialty insurance products. In each of its businesses, Markel seeks to provide quality products and excellent customer service so that it can be a market leader. Markel's financial goals are to earn consistent underwriting and operating profits and superior investment returns to build shareholder value.

Alterra is a Bermuda-headquartered global enterprise dedicated to providing diversified specialty insurance and reinsurance products to corporations, public entities and property and casualty insurers. Alterra was formed on May 12, 2010, by the amalgamation of Alterra Holdings Limited, a direct wholly-owned subsidiary of Max Capital Group Ltd., and Harbor Point Limited. As Alterra's insurance and reinsurance operations have expanded, Alterra has recognized the benefits of increased size and scale, including increased capital to support opportunistic expansion of underwriting operations. Accordingly, as part of its evaluation of its competitive positioning in the insurance and reinsurance markets, Alterra regularly evaluates the benefits and risks of selected business combinations, assessing the strategic and financial implications of any such opportunities. Additionally, from time to time, Alterra has received unsolicited and preliminary inquiries from other insurance and reinsurance companies or industry investors that have sought to explore Alterra's possible interest in various transactions.

On June 18, 2012, Marty Becker, Alterra's President and Chief Executive Officer, and Steve Markel, Markel's Vice Chairman, had a lunch meeting in Richmond, Virginia at Mr. Markel's request and engaged in very preliminary discussions regarding the possibility of a strategic combination involving the two companies.

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On July 16, 2012, Mr. Becker and Peter Minton, Alterra's Chief Operating Officer, met with Mr. Markel, Richie Whitt, Markel's President and Co-Chief Operating Officer, Tom Gayner, Markel's President and Chief Investment Officer, and Alan Kirshner, Markel's Chairman and Chief Executive Officer, to further discuss the prospect of a possible strategic combination.

On August 8, 2012, at a regularly scheduled meeting of Alterra's board of directors, Mr. Becker apprised Alterra's board of directors of Markel's inquiries. The board, after discussing strategic rationale and potential synergies that could be achieved by such a transaction, authorized Alterra's management to execute a confidentiality and standstill agreement in order for the parties to continue discussions and to facilitate business and financial due diligence. Further, Alterra's board of directors authorized management to enlist the assistance of BofA Merrill Lynch to act as its financial advisor in connection with the review of a possible transaction, given its substantial experience in mergers and acquisitions (including mergers comparable to the one being contemplated), its expertise in insurance and reinsurance industry and its familiarity with Alterra following its role as financial advisor to Max Capital Group Ltd. in Alterra's May 2010 merger.

On August 8, 2012, a mutual confidentiality and standstill agreement dated August 6, 2012 was executed between the parties.

On August 16, 2012, Messrs. Becker, Minton and Joe Roberts, Chief Financial Officer of Alterra, met with Messrs. Markel, Whitt, Gayner and Kirshner in Richmond, Virginia and participated in more detailed discussions regarding a possible transaction.

On August 22-23, 2012, in conjunction with a regularly scheduled meeting of Markel's board of directors, Markel's management briefed the board of directors on discussions to that point, and the board concurred with management's recommendation to engage in continued due diligence with respect to the possible transaction.

On August 28, 2012, Mike O'Reilly, Chairman of Alterra's board of directors, and Mr. Becker met with Messrs. Markel, Whitt, Gayner and Kirshner, at Markel's offices in Richmond, Virginia, at which meeting Markel proposed a non-binding draft term sheet, which included among other things, a proposed form of transaction, valuation, form of consideration, tax treatment of the proposed acquisition, board representation, closing conditions and certain provisions intended to address deal certainty.

Also in August, Markel decided to retain Citigroup as its financial advisor in connection with the transaction.

On September 4, 2012, at an informational meeting attended by the members of Alterra's board of directors, BofA Merrill Lynch and Akin Gump Strauss Hauer & Feld, LLP, outside legal counsel to Alterra, which we refer to as *Akin Gump*, Mr. Becker reviewed Markel's proposal and provided management's view of the potential benefits of a possible transaction, including the increased size and capital position of Markel following the merger, the combination of strong primary insurance and reinsurance businesses and expected synergies. Mr. Becker also noted that the companies had substantially complementary underwriting and risk management cultures. BofA Merrill Lynch provided a pro forma overview of Markel's business profile, geographic presence and certain financial data points, as well as a summary of Markel's current operations, following the merger. Akin Gump, after a prior consultation with Bermuda counsel, provided an overview on fiduciary duties.

On September 6, 2012, Alterra, with input from its financial and outside legal advisors, presented proposed changes to Markel's non-binding term sheet, including changes to valuation and board representation.

On September 13, 2012, Mr. Markel and Mr. Becker spoke telephonically regarding Alterra's counter proposal during which Mr. Markel advised Mr. Becker that Alterra's counter proposal was not acceptable.

On September 14, 2012, after consultation with Mr. O'Reilly, Mr. Becker contacted Mr. Markel and advised that Alterra was not interested in continuing conversations.

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On October 24, 2012, following further deliberation, Mr. Markel called Mr. Becker to ask to reengage in conversations upon terms closer to Alterra's September 6, 2012 version of the non-binding draft term sheet.

On November 5, 2012, at a regularly scheduled board of directors meeting held in Bermuda, Mr. Becker informed Alterra's board of directors of Markel's request to resume discussions on the terms outlined by Mr. Markel during the October 24, 2012 phone call. Alterra's board of directors reviewed the benefits and risks of such a transaction, as well as the overall industry outlook, and authorized further discussions with Markel to continue.

On November 6, 2012, Alterra's management provided its board of directors with a revised draft non-binding term sheet to reflect Mr. Becker's and Mr. Markel's recent discussions. On November 7, Alterra delivered the revised term sheet to Markel, which was substantially similar to that provided on September 13, 2012, but with a simplified valuation section, subject to due diligence and suggested employee provisions. Also delivered were estimated cost savings analyses and other diligence items.

On November 12, 2012, Messrs. Becker, Minton and Roberts, together with Alterra's financial advisors, met with Messrs. Markel, Whitt and Gayner and Markel's financial advisors in Richmond, Virginia, to negotiate certain terms of the November 7, 2012, non-binding term sheet.

On November 13, 2012, Mr. Becker provided Mr. Markel with a further revised term sheet that reflected the November 12, 2012, discussions and suggested an accelerated timeline should the parties agree to proceed.

On November 14, 2012, Mr. Becker informally contacted members of Alterra's board of directors and, following those discussions, advised Markel of Alterra's intent to proceed.

On November 15, 2012, Markel's board of directors discussed Alterra's non-binding draft term sheet, which addressed among other things, purchase price, timing, and board representation, and authorized Markel's management to continue discussions.

On November 16, 2012, the parties agreed to actively pursue a transaction and discussed the process and timeline for a proposed transaction, including among other things, due diligence matters, tax issues, rating agencies and capital management.

During the period commencing November 18, 2012 through December 18, 2012, the parties engaged in business, financial, underwriting, actuarial, investment, legal and tax diligence of each other through meetings and the exchange of documents and other information.

On November 30, Markel's outside legal counsel, Debevoise & Plimpton LLP, which we refer to as *Debevoise*, provided a proposed draft of a merger agreement and on December 3, Debevoise provided a proposed draft of the shareholder voting agreements. During the period from November 30, 2012 through December 18, 2012, representatives of Markel's management and its outside advisors, including Citigroup and Debevoise, worked with representatives of Alterra's management and its outside advisors, including BofA Merrill Lynch and Akin Gump, to negotiate and prepare definitive transaction documentation. During this time, the parties continued to discuss various potential agreement terms, including representations and warranties, pre-closing covenants, closing conditions, termination provisions, voting and lock-up provisions and the matters addressed in the November 13, 2012 non-binding term sheet between the parties.

On December 6, 2012, Akin Gump provided a preliminary draft joint proxy statement/prospectus to Markel's legal advisors.

On December 7, 2012, members of Alterra's board of directors participated in a telephonic informational call to receive a status update on the discussions between the parties. Alterra's senior management, together with

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BofA Merrill Lynch and Akin Gump, provided an update on due diligence conducted by Markel on Alterra and Alterra on Markel, including diligence relating to business, financial, underwriting, actuarial, investment, functional and cultural matters. An overview of material terms and issues in the draft legal documentation was also provided. The current drafts of the legal documentation and certain summaries thereof were distributed to members of the Alterra board after the call ended.

On December 10, 2012, Markel management held a telephone conference call with members of its board of directors to update them on the due diligence process and the status of negotiations. Citigroup also participated in this telephone conference call.

On December 10, 2012, Mr. Markel and Mr. Becker spoke telephonically during which Mr. Markel proposed modifications to various terms in the November 13th term sheet, including valuation, the methodology for determining exchange ratio, the relative portions of cash and stock consideration and the increase in the size of Markel's board.

On December 11, 2012, Mr. Becker provided an email response to Mr. Markel, which identified potential synergies and cost savings and included proposed valuation terms. On December 12, Mr. Markel telephoned Mr. Becker with further revised valuation terms and a proposed timeline to execute definitive documentation and announce a transaction and a revised term sheet was circulated.

On December 12, 2012, the Alterra board of directors held an informational call with Alterra's senior management, BofA Merrill Lynch and Akin Gump. Mr. Becker provided an update on recent discussions and an overview of the revised term sheet. BofA Merrill Lynch provided the Alterra board of directors with certain financial analysis.

The parties resumed negotiating definitive documentation, including the merger agreement and the shareholder voting agreements, during the period from December 12, 2012 to December 18, 2012.

On December 13, 2012, representatives of Markel and Alterra had telephonic meetings with each of A.M. Best, Standard & Poor's and Moody's and on December 14, 2012 representatives of Alterra and Markel had a telephonic meeting with Fitch & Co. In each of these meetings, Markel and Alterra made joint presentations to the applicable rating agency relating to the proposed transaction and Markel and Alterra managements views of the potential financial strength of a combined company. Following these presentations, between December 14, 2012 and December 17, 2012 the parties received preliminary feedback from these rating agencies and confirmation that the Markel and Alterra company Financial Strength Ratings and credit ratings on senior debt had been affirmed.

On December 14, 2012, Alterra's board of directors convened telephonically for an informational presentation at which Alterra's management, representatives of BofA Merrill Lynch and Akin Gump provided their business and legal due diligence findings relating to Markel. On this call, Akin Gump also provided an update as to the status of negotiations with Markel and its representatives and, after consultation with Bermuda counsel, an overview of the board's fiduciary duties. The participants also reviewed during this call the benefits and risks of a combination with Markel and the material terms of the transaction documentation relating to a merger with Markel. Later in the day, a supplemental due diligence report from senior management was provided to Alterra's board of directors.

On December 18, 2012, Alterra's board of directors met in Montreal, Canada for a specially scheduled board meeting. At this meeting, the board met with Alterra's senior management, BofA Merrill Lynch and Akin Gump to discuss the proposed merger with Markel. At this meeting, Alterra's senior management and Alterra's advisors discussed with the board their final due diligence findings relating to Markel. Akin Gump provided an update to Alterra's directors regarding the status of negotiations between the parties and the terms of the proposed merger agreement and other transaction documentation, including an overview of changes made to the transaction documents that had been circulated previously and a discussion of the tax treatment of the transaction to shareholders and requisite shareholder approvals, regulatory approvals and other conditions that would be necessary to consummate the transactions contemplated by the merger agreement. Alterra's outside

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legal counsel also reviewed with the directors their fiduciary duties and other obligations under Bermuda law in connection with their consideration of a merger with Markel and risks relating to the transaction. In addition, representatives of BofA Merrill Lynch provided the directors with an analysis of the financial terms of the merger agreement with Markel.

Also at this meeting, BofA Merrill Lynch reviewed with Alterra's board of directors its financial analysis of the merger consideration and delivered to Alterra's board of directors an oral opinion, which was confirmed by delivery of a written opinion dated December 18, 2012, to the effect that, as of that date and based on and subject to various assumptions and limitations described in its opinion, the merger consideration to be received by holders of Alterra common shares, was fair, from a financial point of view, to such holders as described in *Opinion of Merrill, Lynch, Pierce, Fenner & Smith Incorporated, Financial Advisor to Alterra*.

On December 18, 2012, following discussions among Alterra's directors, including consideration of the factors described under *Reasons Why Alterra's Board of Directors Recommends Approval of the Merger*, Alterra's board of directors unanimously approved the merger agreement with Markel and the transactions contemplated thereby and deemed it advisable and fair to, and in the best interests of Alterra, to enter into the merger agreement and related transaction documentation and to consummate the merger and the other transactions contemplated by the merger agreement, including the Alterra bye-law amendment, and determined to recommend the approval and adoption of the merger agreement and the merger and the bye-law amendment to Alterra shareholders. Alterra's board of directors also authorized and directed Alterra's management to enter into the definitive merger agreement and related transaction documentation and resolved that a meeting of Alterra's shareholders be convened to approve and adopt the merger agreement and the merger and the bye-law amendment, all as described in *Proposals to Be Submitted to Alterra Shareholders; Voting Requirements and Recommendations*.

On December 18, 2012, Markel's board of directors met to consider the transaction. Management and counsel provided an overview of the transaction, highlighting key terms, and described changes in the merger agreement from the draft that had previously been circulated to the Markel board, the shareholder voting agreements and other transaction documents. Management then provided an overview of Alterra, discussed the due diligence process that had been undertaken and the conclusions that had been reached. The rationale for the transaction and the nature of the combined company, including the risks involved in the discussion, were reviewed. The process that had been followed to that point, and the expected timetable going forward were also discussed. Citigroup then provided an analysis of the financial terms of the merger agreement with Alterra. The Markel board of directors also reviewed with Debevoise the directors' fiduciary duties and other obligations in connection with their consideration of the merger with Alterra.

Representatives of Citigroup then rendered to Markel's board of directors its oral opinion, which was subsequently confirmed in writing later that day, that as of December 18, 2012, and subject to the factors, assumptions, procedures, limitations and qualifications set forth in Citigroup's written opinion, the consideration to be paid by Markel in the merger was fair, from a financial point of view, to Markel, as described in *Opinion of Citigroup Global Markets Inc., Financial Advisor to Markel*.

Following the presentations and discussions among Markel's directors, including consideration of the factors described under *Reasons Why Markel's Board of Directors Recommends Approval of the Merger*, Markel's board of directors unanimously approved the merger agreement with Alterra and the transactions contemplated thereby and deemed it to be advisable, and fair to, and in the best interests of Markel, to enter into the merger agreement and related transaction documentation and to consummate the share issuance and the other transactions contemplated by the merger agreement, and determined to recommend the stock issuance to Markel's shareholders. Markel's board of directors authorized management to enter into the definitive merger agreement and related transaction documentation.

Later in the day on December 18, 2012, the parties executed the merger agreement and related transaction documentation.

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On December 19, 2012, the parties issued a press release announcing that they had entered into the merger agreement. Later that day, Markel and Alterra held a joint conference call for investors to discuss the merger and related matters.

Reasons Why Markel's Board of Directors Recommends Approval of the Stock Issuance

Markel's board of directors believes that combining Alterra with Markel increases diversification and creates a global franchise with attractive product depth and reach and a common culture of underwriting discipline. The merger will create additional size and scale, providing additional insurance and investment opportunities that should enable expense ratio improvements once the transition process is complete. The two companies' complementary business profiles diversify the premium base and have the potential to make each business better.

In addition to these strategic values, Markel's board of directors believes that the merger is attractive from a financial perspective, offering significant, immediate book value accretion. The combined company would, based on the September 30, 2012 financial positions of the two companies, have almost \$6 billion in shareholders' equity to support future growth on a base of annualized gross written premiums of well over \$4 billion. Analyzed on a per share basis, investments and gross written premiums increase by double digit percentages. Based on Markel's long and successful investment track record, Markel believes there should be favorable opportunities for growth with aggregate invested assets in the combined company of over \$16 billion.

From an operational perspective, Markel will gain a footprint and expertise in the global reinsurance market and the Fortune 3000/large account insurance market. It will strengthen its leadership position in the excess and surplus lines market. And by adding Alterra, it will bring together two well established Lloyd's platforms with complementary underwriting profiles.

In deciding to approve the merger agreement and to recommend approval of the stock issuance to Markel's shareholders, Markel's board of directors considered a number of factors. In particular, Markel's board of directors considered the strategic, financial and operational benefits discussed above. Based on its experience in, and understanding of opportunities related to, the insurance industry and on the due diligence of Alterra conducted by Markel's management, Markel's board of directors believes that the merger of Markel and Alterra will create a strong and durable organization:

representing a leading franchise in global specialty insurance and investments;

demonstrating disciplined underwriting combined with successful investing;

with an experienced management team and a diversified portfolio of business by product line, geography and distribution; and

that is well positioned for long-term growth in share value.

For these foregoing reasons and the additional reasons set forth below, Markel's board of directors believed, and continues to believe, these benefits outweighed the risks associated with the merger.

In view of the number and wide variety of factors considered in connection with its evaluation of the merger, Markel's board of directors did not attempt to quantify or otherwise assign relative weights to specific factors it considered in reaching its determination, and individual directors may have given different weight to different information and factors. Markel's board of directors viewed its approval and recommendation of the merger as being based on the totality of the information and factors presented to and considered by it. In reaching its decision, Markel's board of directors consulted with Markel's management with respect to strategic and operational matters. Markel's board of directors also consulted with Citigroup with respect to the financial aspects of the transaction and Markel's legal advisors with respect to the merger agreement and related issues.

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Potential Benefits of the Combined Company

In the course of making the above determinations and recommendations, Markel's board of directors considered a number of potential benefits of the merger, each of which Markel's board of directors believes supported its decision, including the following:

The board's belief, based on its analysis and understanding of Markel's (on a stand-alone basis) and the combined company's potential future business, operations, financial performance, financial condition, earnings and future prospects, that the combined company will have:

a strong and more diversified franchise with attractive product depth and reach, which the board believes will enable the combined company to provide clients with greater capacity, larger lines and a broader range of products and services;

enhanced size and scale, and a greater ability to manage and deploy capital due to its enhanced financial resources;

the ability to take further advantage of product diversification with established platforms in key markets as a result of its ability to deploy additional capital to take advantage of profitable growth opportunities in both the insurance and reinsurance markets globally; and

underwriting teams with long-standing industry knowledge and relationships;

The board's belief, based on: (1) discussions with members of Markel's management concerning their interactions with Alterra's management during the due diligence process and negotiations related to the merger, (2) Markel's analysis and understanding of Alterra's approach to underwriting and (3) the depth and quality of Alterra's management team, that Markel and Alterra have compatible cultures, which should help ease the process of integrating the two companies;

The board's understanding, based on discussions with members of Markel's management and Citigroup, that the businesses of Markel and Alterra are complementary with limited overlap;

The board's belief that the increased size and scope of the combined company will not adversely impact or change Markel's strategy, philosophy or culture, stability in executive management, risk management culture and enterprise risk management framework;

The board's belief that the transaction is fair and in the long-term best interests of Markel's shareholders.

Transaction Process; Terms of the Transaction; and Likelihood of Completion

Markel's board of directors also took into account the process by which the merger was negotiated and the terms of the merger agreement, including the following:

the due diligence process conducted by Markel management and the identification of appropriate mitigants to any risks identified;

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the cooperation of the parties in the due diligence process;

support for management's analysis of the potential benefits of the merger in the work underlying Citigroup's fairness opinion;

the transaction being structured in such a way as not to expose Markel to undue risk, including the use of a fixed ratio for the exchange of Markel common stock for shares of Alterra common stock and the negotiation of closing conditions and termination provisions that mitigate risk;

the availability of sufficient liquidity in both companies that no external financing is required for the transaction;

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the potential basis step-up for U.S. federal income tax purposes to be obtained by Markel as a result of the transaction being a taxable transaction (including as a result of Markel making certain U.S. federal income tax elections with respect to the transaction);

Markel's board of directors' belief that the other conditions to closing as described in *The Merger Agreement Conditions to the Merger* are capable of being satisfied;

Markel's board of directors' belief, based on advice from counsel, that the merger is likely to receive necessary regulatory approvals in a relatively timely manner without containing a regulatory material adverse effect;

the fact that Alterra's directors, certain Alterra officers and certain Alterra shareholders, collectively representing approximately 19.6% of the voting power of the outstanding Alterra common shares as of December 18, 2012 (after applying certain voting cut-backs in accordance with Alterra's bye-laws) had agreed to vote in favor of the approval and adoption of the merger agreement, the statutory merger agreement, the merger and the Bye-Law Amendment as described in *Voting Agreements Alterra Shareholder Voting Agreements*; and

the opinion of Citigroup, as described in *Opinion of Citigroup Global Markets Inc., Financial Advisor to Markel*, that as of December 18, 2012, and subject to the factors, assumptions, procedures, limitations and qualifications set forth in Citigroup's written opinion, a copy of which is attached to this joint proxy statement/prospectus as Annex C, the consideration to be paid by Markel in the merger was fair, from a financial point of view, to Markel.

Risk Considerations

Markel's board of directors considered the potential risks in making its determination and recommendation, including the following:

integration risks associated with combining the two companies, including the challenge of blending separate corporate cultures, retaining key employees during the transition and of harmonizing compensation philosophies and employee compensation and benefit plans;

the effect of the public announcement of the merger on Markel's share price if Markel shareholders do not view the merger positively or if arbitrage activities adversely affect Markel's stock price;

the potential disruption to Markel's business that could result from the announcement of the merger, including the diversion of management and employee attention and employee attrition;

the possibility that the merger might not be completed and the risks and costs to Markel if the merger is not completed, including the potential effect on the market price for Markel common stock, its operating results, its ability to attract and retain key personnel and agents and its ability to complete an alternative transaction;

potential difficulties in obtaining the requisite shareholder approval;

potential difficulties in obtaining requisite regulatory approvals or regulatory authorities' withholding consent or seeking to block the merger;

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the possibility that a material adverse effect could occur with respect to either company's business;

the possibility that the Markel shareholders or the Alterra shareholders may not react favorably to the merger, and the execution risk and additional costs that would be required to complete the merger as a result of any legal actions brought by the Markel shareholders or appraisal actions brought by the Alterra shareholders;

the challenges of combining Markel's business with Alterra's, including information technology systems, risk management, accounting and other challenges, and the risk of diverting management resources for an extended period of time to accomplish this combination;

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the possibility that, if the merger takes longer to complete than anticipated, the combined company may not be able to fully integrate Markel's and Alterra's operations as quickly as expected or at all;

the possibility that the benefits of the transaction to Markel may be significantly less than anticipated and that the value Markel has ascribed to Alterra's business, which is tied to the continued effectiveness of a number of Alterra's existing contractual arrangements, will be decreased if the benefits from these arrangements are less than expected (including as a result of these arrangements being determined to be unenforceable in whole or in part);

the possibility that, following the lock-up period described in *Voting Agreements*, shareholders of Alterra and Markel subject to lock-up agreements may liquidate their shares, which may depress the combined company's share price;

the fact that until the closing, Alterra will operate in accordance with its own distinct business practices and could assume risks or make decisions that, while consistent with its own past practice, are not the same as Markel's approach to its business; and

the risks described in this joint proxy statement/prospectus under *Risk Factors*.

Reasons Why Alterra's Board of Directors Recommends Approval of the Merger

Alterra's board of directors believes, based on the reasons set forth below, that the merger will create a combined company that is better positioned for long-term success and the creation of superior shareholder value. In particular, Alterra's board of directors believes that Markel, following the merger, will establish itself as a leading specialty insurance and reinsurance company with a greater capacity, a broader range of products and services that will benefit from the companies' combined financial resources and will be able to better capitalize on opportunities in the insurance and reinsurance industry than Alterra could as a stand-alone entity. In reaching these conclusions and in determining that the merger agreement and the merger are advisable and fair to, and in the best interests of, Alterra, and in recommending the approval and adoption of the merger agreement and the merger and the Alterra bye-law amendment, Alterra's board of directors consulted with Alterra management, as well as Alterra's legal and financial advisors, and considered a wide range of financial, legal, market factors and risks, including, but not limited to, the following:

Potential Benefits of the Combined Company

Alterra's board of directors' analysis and understanding of the business, operations, financial performance, financial condition, earnings and future prospects of Alterra on a stand-alone basis, and Alterra's board of directors' assessment, based on such analysis and understanding, that the merger would be more favorable to Alterra in the long-term in light of the potential rewards, risks and uncertainties associated with Alterra continuing to operate as a stand-alone company;

Alterra's board of directors' view, based upon discussion with Alterra's management and financial advisor, of the likelihood that there would not be an alternative transaction with terms that are more favorable to Alterra and its shareholders than the merger in the foreseeable future;

Alterra's board of directors' understanding of the strategic and other benefits offered by the merger, including:

the potential to create a leading specialty insurance and reinsurance company with a global reach;

book value growth, which Alterra believes is a key measure of performance, of Markel has been significant over time and one of the best in the insurance industry, while recognizing that past performance is not necessarily indicative of future results;

the fact that Markel following the merger is expected to have approximately \$6 billion of shareholder s equity and more than \$16 billion in investable assets and write well over \$4 billion

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of gross premiums, making it one of the largest specialty insurance and reinsurance companies in the world, and thereby benefiting Alterra as a result of increased market opportunities and economics of scale that would become available to it;

the availability of sufficient liquidity in both companies that no external financing is required for the transaction;

the diligence process conducted by Alterra management;

Alterra's board of directors' analysis and understanding of the business, operations, financial performance, financial condition, earnings and future prospects of Markel, following the merger, and Alterra's board of directors' assessment, based on such analysis and understanding, that Markel, following the merger, will have:

increased diversification in specialty insurance, which is expected to constitute between 65% and 70% of gross premiums written, with little overlap in the overall businesses of Alterra and Markel and no overlap in Alterra's large account insurance business or its reinsurance business, creating a larger and more diversified earnings base;

that the greater scale, scope and reach of Markel should make it a more attractive partner for potential customers with both U.S. and non U.S. business and increase brand recognition following the merger;

excellent strategic positioning with greater scale of operating platforms, including in U.S. Specialty (E&S) and at Lloyd's;

the potential for revenue growth and synergies to generate additional free cash flow for investment and expansion opportunities;

increased operational flexibility for Alterra's non-U.S. underwriting and claims teams, which management believes will provide for operational and structural efficiencies and cost savings;

that although no assurance can be given that any level of operational and structural synergies would be achieved following the consummation of the merger, management's belief that the combination of Markel and Alterra could generate significant cost savings;

Markel's investment reputation and track record;

the benefits of influence from underwriting teams with respect to Markel's insurance and reinsurance businesses, underwriting platforms and risk management policies, as well as Markel's integration and business development efforts following the merger; and

the belief by Alterra's board of directors that Markel's business will have substantial upside in the context of improving financial and insurance markets following the merger.

The Merger Consideration

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the opinion of BofA Merrill Lynch, dated December 18, 2012, to Alterra's board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of Alterra common shares, as more fully described below in the section entitled *Opinion of Merrill, Lynch, Pierce, Fenner & Smith Incorporated, Financial Advisor to Alterra* ;

the \$10.00 per share that Alterra shareholders will receive and the approximately 31% ownership interest on a fully diluted basis that Alterra shareholders will have in Markel immediately following consummation of the merger, which will provide Alterra shareholders with a meaningful opportunity to participate in potential share price appreciation of Markel following the merger;
Certain Provisions of the Merger Agreement; Certain Shareholder Safeguards

the terms of the merger agreement, which were the product of substantial negotiation among Alterra, Markel and their respective representatives and advisors, and which Alterra's board of directors viewed as fair to Alterra and its shareholders, principally:

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the requirement, assuming that the bye-law amendment to reduce the shareholder vote required to approve a merger is passed, that the merger be approved by holders of a majority of the outstanding Alterra common shares casting votes at the Alterra shareholder meeting, or, if the bye-law amendment is not passed, that the merger be approved by the holders of three-fourths of the outstanding Alterra common shares casting votes at the Alterra shareholder meeting as described in *The Merger Agreement Conditions to the Merger* ; and

that closing is conditioned on A.M. Best having provided oral or written notice to each of Markel and Alterra that the insurance subsidiaries of the other party, on a group basis, have been or will be assigned a Financial Strength Rating of at least A after giving effect to the merger and that each party has related termination rights following receipt of any such notice, or in the event of a downgrade by A.M. Best of the other party's insurance subsidiaries, on a group basis, as described in *The Merger Agreement Conditions to the Merger* and *The Merger Agreement Termination of the Merger Agreement* ;

that the non-solicitation provisions of the merger agreement:

restrict each of Alterra and Markel from soliciting third party acquisition proposals;

restrict, subject to certain exceptions, each of Alterra and Markel from responding to third party acquisition proposals;

restrict, subject to certain exceptions, each of Alterra and Markel from terminating the merger agreement to accept an alternative takeover proposal; and

require each of Alterra and Markel to submit the transactions contemplated by the merger agreement to a vote of its shareholders, as described in *The Merger Agreement Restrictions on Solicitation of Takeover Proposals by Markel and Alterra* ;

that Alterra's board of directors may modify or withdraw its recommendation of the merger, provided that, in certain circumstances, following such a modification or withdrawal Markel may terminate the merger agreement and be entitled to receive a \$94,500,000 termination fee, as described in *The Merger Agreement Termination of the Merger Agreement* ;

that Markel's board of directors may modify or withdraw its recommendation of the stock issuance, provided that, in certain circumstances, following such a modification or withdrawal Alterra may terminate the merger agreement and be entitled to receive a \$94,500,000 termination fee, as described in *The Merger Agreement Termination of the Merger Agreement* ;

that Markel may be required to pay Alterra the Markel no approval fee of up to \$47,250,000 if Markel's shareholders fail to approve the stock issuance (and up to an aggregate of \$94,500,000 if Markel enters into or consummates another transaction within nine months of a termination related thereto), as described in *The Merger Agreement Termination of the Merger Agreement Effects of Termination; Remedies*;

that each of Alterra and Markel may, within two business days following its shareholder meeting, request that the other party deliver to it an estimate of the other party's book value as of the business day immediately before such meeting and, if the other party's book value as of such date is less than 80% of such party's reference book value, the requesting party may terminate the merger agreement, as described in *The Merger Agreement Book Value Calculations* and *The Merger Agreement Termination of the Merger Agreement* ; and

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the fact that Markel's directors and certain Markel officers, representing at least 5.2% of the voting power of the outstanding Markel common shares as of December 18, 2012, had agreed with Alterra to vote in favor of the stock issuance and to restrict the ability of certain Alterra shareholders to sell or transfer Markel common shares they receive in the merger for a period of three months following consummation of the merger as further described in *Voting Agreements Markel shareholder voting agreement* ;

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Likelihood of Consummating the Merger

Alterra's board of directors' belief, based on advice from outside legal counsel, that the merger is likely to receive necessary regulatory approvals in a relatively timely manner without material adverse conditions, thus increasing the likelihood the merger will be consummated;

Alterra's board of directors' belief, based on advice from outside legal counsel, that the conditions to closing as described in *The Merger Agreement Conditions to the Merger* are capable of being satisfied, thus increasing the likelihood the merger will be consummated;

Risk Considerations

the possibility that, in the future, opportunities for a business combination could become available that might permit Alterra to diversify its business lines and Alterra shareholders to achieve on more favorable terms than those contemplated by the merger agreement;

the fact that, following the merger, Alterra (and its non U.S. subsidiaries) will become controlled foreign corporations for U.S. tax purposes and earnings and profits will be subject to tax at the statutory rate of 35%;

that the transaction was structured as a taxable transaction for U.S. federal income tax purposes;

integration risks associated with combining the two companies, including the challenge of blending separate corporate cultures, integrating business systems, retaining key employees during the transition and of harmonizing compensation philosophies and employee compensation and benefit plans;

that Alterra shareholders representing approximately 19.6% of the voting power of the outstanding Alterra common shares as of December 18, 2012 (after applying certain voting cut-backs in accordance with Alterra's bye-laws), including Alterra's directors and certain Alterra officers, had agreed with Markel to vote in favor of the merger and to restrict their ability to sell or transfer Markel common shares they receive in the merger for a period of three months following consummation of the merger as further as described in *Voting Agreements Alterra Shareholder Voting Agreements* ;

the possibility that the merger might not be completed due to the failure to obtain required shareholder approvals and governmental approvals, the occurrence of a material adverse effect on the business of either Alterra or Markel, or the failure of the parties to receive oral or written notice from A.M. Best that the insurance subsidiaries of Alterra and Markel in each case, on a group basis, have been or will be assigned a Financial Strength Rating of at least A after giving effect to the merger;

that the merger agreement may be terminated by Markel if the total number of dissenting Alterra common shares for which appraisal rights have been properly exercised in accordance with Bermuda law exceeds 10% of the issued and outstanding Alterra common shares on the business day immediately following the last day on which Alterra shareholders can require appraisal of their common shares under Bermuda law, as described in *The Merger Agreement Termination of the Merger Agreement* ;

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the restrictions on the conduct of Alterra's business before the consummation of the merger, requiring Alterra to conduct its business in the ordinary course, subject to specific limitations, which may also delay or prevent Alterra from undertaking business opportunities that may arise pending completion of the merger;

that the conduct of Markel's business before the consummation of the merger is not restricted other than with respect to certain enumerated matters;

the potential disruption to Alterra's business that could result from the announcement of the merger, including the potential for diversion of management and employee attention and employee attrition;

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the risks and costs to Alterra if the merger is not completed, including the potential effect of the resulting public announcement of termination of the merger agreement on, among other things, its operating results, its ability to attract and retain key personnel, its relationships with brokers and customers and its ability to complete an alternative transaction;

the fact that Alterra will be required to pay Markel the termination fee of \$94,500,000 if Markel terminates the merger agreement following a change in recommendation by Alterra's board of directors, as described in *The Merger Agreement Termination of the Merger Agreement Effects of Termination; Remedies*, and that the amount of such fee could deter a third party from seeking to complete an alternative transaction with Alterra;

the fact that Alterra may be required to pay Markel the Alterra no approval fee of \$47,250,000 if Alterra's shareholders fail to approve and adopt the merger agreement and the merger (and up to an aggregate of \$94,500,000 if Alterra enters into or consummates another transaction within nine months of a termination related thereto), as described in *The Merger Agreement Termination of the Merger Agreement Effects of Termination; Remedies*, and that the amount of such fee could deter a third party from seeking to complete an alternative transaction with Alterra;

the possibility that the Alterra shareholders and the Markel shareholders may not react favorably to the merger, and the execution risk and additional costs that would be required to complete the merger as a result of any legal actions and appraisal actions brought by the Alterra shareholders or legal actions brought by the Markel shareholders;

the fact that certain directors and executive officers of Alterra have interests in the transaction that are different from, or in addition to, those of Alterra's shareholders generally; see *Interests of Alterra Directors and Executive Officers in the Merger*; and

the risks described in this joint proxy statement/prospectus under *Risk Factors*.

The foregoing discussion of the information and factors considered by Alterra's board of directors is not intended to be exhaustive, but is believed to include the material factors considered by Alterra's board of directors. In view of the variety of factors considered in connection with its evaluation of the merger agreement, the merger and the other transactions contemplated by the merger agreement, Alterra's board of directors did not find it practicable to, and did not, quantify or otherwise assign specific weights to the factors considered in reaching its determination and recommendation. In addition, each of the members of Alterra's board of directors may have given differing weights to different factors. Alterra's board of directors believed that the positive factors discussed above outweighed the negative factors discussed above, especially after giving weight to the likelihood of occurrence.

Opinion of Citigroup Global Markets Inc., Financial Advisor to Markel

Markel has retained Citigroup as its financial advisor in connection with the merger. In connection with this engagement, Markel requested that Citigroup evaluate the fairness, from a financial point of view, to Markel of the consideration to be paid by Markel in the merger. On December 18, 2012, at a meeting of Markel's board of directors held to evaluate the merger, Citigroup rendered to Markel's board of directors an oral opinion, which was confirmed by delivery of a written opinion dated December 18, 2012, to the effect that, as of that date and based on and subject to the factors, assumptions, procedures, limitations and qualifications set forth in the opinion, the consideration was fair, from a financial point of view, to Markel.

The full text of Citigroup's written opinion, dated December 18, 2012, which describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Citigroup in connection with its opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated by reference herein. The description of Citigroup's opinion set forth below is qualified in its entirety by reference to the full text of Citigroup's opinion. **Citigroup's opinion was provided to Markel's board of directors in**

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connection with its evaluation of the merger consideration, from a financial point of view, to Markel, and does not address any other aspects or implications of the merger or the underlying business decision of Markel to effect the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Markel or the effect of any other transaction in which Markel might engage. Citigroup's opinion is not intended to be and does not constitute a recommendation to any securityholder as to how such securityholder should vote or act on any matters relating to the proposed merger.

In arriving at its opinion, Citigroup:

reviewed a draft of the merger agreement, dated December 17, 2012;

held discussions with certain senior officers, directors and other representatives and advisors of Markel and certain senior officers and other representatives and advisors of Alterra concerning the businesses, operations and prospects of Markel and Alterra;

reviewed certain publicly available business and financial information relating to Markel and Alterra;

reviewed certain financial forecasts and other information and data relating to Markel and Alterra which were provided to or discussed with Citigroup by the respective managements of Markel and Alterra, including information relating to potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated by Markel's management to result from the merger;

reviewed the financial terms of the merger as set forth in the merger agreement in relation to, among other things, current and historical market prices and trading volumes of Markel common stock and Alterra common stock, Markel's and Alterra's historical and projected earnings and other operating data and Markel's and Alterra's capitalization and financial condition;

considered, to the extent publicly available, the financial terms of certain other transactions which Citigroup considered relevant in evaluating the merger;

analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citigroup considered relevant in evaluating those of Markel and Alterra;

evaluated certain potential pro forma financial effects of the merger on Markel; and

conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citigroup deemed appropriate in arriving at its opinion.

In rendering its opinion, Citigroup assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citigroup and upon the assurances of the managements of Markel and Alterra that they were not aware of any relevant information that was omitted or remained undisclosed to Citigroup. With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with Citigroup relating to Markel and Alterra and potential pro forma financial effects of, and strategic implications and operational benefits resulting from, the merger, Citigroup was advised by the respective managements of Markel and Alterra that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Markel and Alterra as to the future financial performance of Markel and Alterra, such strategic implications and operational benefits (including the amount, timing and achievability thereof) and the other matters covered thereby. Citigroup also assumed, with Markel's consent, that the financial results (including the potential strategic implications and operational benefits anticipated to result from the merger) reflected in such forecasts and other

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information and data will be realized in the amounts and at the times projected.

Citigroup assumed, with Markel's consent, that the merger will be consummated in accordance with its terms without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger, no

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delay, limitation, restriction or condition will be imposed that would have an adverse effect on Alterra or the contemplated benefits to Markel of the merger. Representatives of Markel advised Citigroup, and Citigroup further assumed, that the final terms of the merger agreement would not vary materially from those set forth in the draft reviewed by Citigroup.

Citigroup did not express any opinion as to what the value of the Markel common stock actually will be when issued pursuant to the merger or the price at which the Markel common stock will trade at any time. Citigroup did not make, and it was not provided with, an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of Alterra, and Citigroup did not make any physical inspection of the properties or assets of Alterra. Citigroup expressed no view as to, and its opinion did not address, the underlying business decision of Markel to effect the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Markel or the effect of any other transaction in which Markel might engage. Citigroup expressed no view as to, and its opinion did not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the merger consideration. Citigroup's opinion was necessarily based on information available to Citigroup, and financial, stock market and other conditions and circumstances existing, as of the date of its opinion.

In preparing its opinion, Citigroup performed a variety of financial and comparative analyses, including those described below. The following summary of those analyses is not a complete description of all of the financial analyses performed by Citigroup in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to summary description. Citigroup arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole, and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion. Accordingly, Citigroup believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Citigroup considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its opinion, many of which are beyond the control of Markel and Alterra. No company, business or transaction used in those analyses as a comparison is identical to Markel, Alterra or the merger, and an evaluation of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. Accordingly, such analyses may not necessarily utilize all companies or transactions that could be deemed comparable to Markel, Alterra or the merger.

The estimates contained in Citigroup's analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by its analyses. In addition, analyses relating to the value of businesses or securities do not necessarily purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold or acquired. Accordingly, the estimates used in, and the results derived from, Citigroup's analyses are inherently subject to substantial uncertainty.

Citigroup was not requested to, and it did not, recommend the specific consideration payable in the merger. The type and amount of consideration payable in the merger was determined through negotiations between Markel and Alterra and the decision to enter into the merger agreement was solely that of Markel's board of directors. Citigroup's opinion was only one of many factors considered by Markel's board of directors in its evaluation of the merger and should not be viewed as determinative of the views of Markel's board of directors or management with respect to the merger or the consideration payable in the merger.

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The following is a summary of the material financial analyses presented to Markel's board of directors in connection with Citigroup's opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Citigroup's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Citigroup's financial analyses.**

Valuation Analysis of Alterra

Selected Public Companies Analysis

Citigroup reviewed financial and stock market information for Alterra and the following eight selected publicly traded companies:

Alleghany Corp.

Everest Re Group Ltd.

PartnerRe Ltd.

AXIS Capital Holdings Ltd.

Validus Holdings Ltd.

Allied World Assurance Company

Aspen Insurance Holdings Ltd.

Endurance Specialty Holdings Ltd

Citigroup selected these companies based on its professional judgment and experience, taking into account, among other factors, the size of Alterra and the selected companies, the operational and financial capabilities of Alterra compared with the selected companies, the competitive landscape in which Alterra and the selected companies operate, and the product offerings of Alterra and the selected companies. Although none of the selected companies is directly comparable to Alterra, the companies were chosen because they are publicly traded companies with operations or businesses that for purposes of analysis may be considered similar or reasonably comparable to those of Alterra. Citigroup reviewed, among other things, the equity values of Alterra and the selected companies, based on closing stock prices on December 17, 2012, as a multiple of book value per share (which we refer to as *P/BVPS*) and tangible book value per share (which we refer to as *P/TBVPS*), in each case as of the end of the most recent fiscal quarter for which financial information was publicly available as of November 17, 2012. Citigroup also reviewed closing stock prices for the selected companies on December 17, 2012 as a multiple of calendar year 2013 estimated earnings per share (which we refer to as *P/EPS*). Financial data of the selected companies were based on public filings and other publicly available information. Book value per share and tangible book value per share of Alterra were based on public filings and other publicly available information. Calendar year 2013 estimated earnings per share of Alterra were based on Wall Street research consensus estimates and internal estimates provided to Citigroup by Markel's management. The following table summarizes the results of these analyses:

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	P / BVPS	P / TBVPS	P / EPS
Maximum	0.99x	1.03x	16.2x
Median	0.82x	0.86x	9.8x
Minimum	0.72x	0.77x	7.2x

Based on the foregoing analyses and Citigroup's professional judgment and experience (including, without limitation, the size of the range obtained), Citigroup then applied a range of selected multiples derived from the selected companies and Alterra to Alterra's book value per share, tangible book value per share, calendar year

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2013 estimated operating earnings per share (based on Wall Street research consensus estimates) and calendar year 2013 estimated operating earnings per share (based on internal estimates provided to Citigroup by Markel's management). This analysis indicated an implied per share equity reference range for Alterra of \$22.00 to \$29.00 per share, as compared to an assumed transaction price of \$30.84 per share of Alterra's common stock.

Selected Precedent Transactions Analysis

Citigroup performed a selected precedent transactions analysis of Alterra in which Citigroup reviewed, to the extent publicly available, financial information relating to the following 11 selected transactions. These transactions were selected generally because they involved companies in the specialty insurance or global reinsurance industries:

Announcement Date	Acquiror	Target
8/30/2012	Validus Holdings	Flagstone Re
12/21/2011	Tokio Marine Holdings	Delphi Financial Group
11/21/2011	Alleghany Corporation	Transatlantic Holdings
3/3/2010	Max Capital Group	Harbor Point
2/18/2010	Fairfax Financial	Zenith National
9/18/2009	Fairfax Financial	OdysseyRe Holdings
7/9/2009	Validus Holdings	IPC Holdings
7/5/2009	PartnerRe	Paris Re
12/21/2008	Munich Re Group	HSB Group
7/23/2008	Tokio Marine Holdings	Philadelphia Consolidated
6/30/2008	Allied World	Darwin Underwriters

Citigroup reviewed, among other things, implied equity values in the selected transactions, calculated as the equity value implied for the target company based on the consideration payable in the selected transactions, as a multiple of the target company's book value per share (which we refer to as *P/BVPS*), tangible book value per share (which we refer to as *P/TBVPS*) and estimated earnings per share for the twelve month period following the most recent period for which financial information regarding the target company had been made available as of the announcement date of the applicable transaction (which we refer to as *P/NTM EPS*). Financial data of the target companies were based on public filings and other publicly available information. The following table summarizes the results of these analyses:

	P / BVPS	P / TBVPS	P / NTM EPS
Maximum	2.95x	3.00x	20.2x
Median	1.25x	1.16x	11.5x
Minimum	0.73x	0.73x	6.3x

Based on the foregoing analyses and Citigroup's professional judgment and experience (including, without limitation, the size of the range obtained), Citigroup then applied a range of selected multiples derived from the selected transactions to Alterra's book value per share, tangible book value per share, calendar year 2013 estimated operating earnings per share (based on Wall Street research consensus estimates) and calendar year 2013 estimated operating earnings per share (based on internal estimates provided to Citigroup by Markel's management). Book value per share and tangible book value per share of Alterra were based on public filings and other publicly available information. Calendar year 2013 estimated earnings per share of Alterra were based on Wall Street research consensus estimates and internal estimates provided to Citigroup by Markel's management. This analysis indicated an implied per share equity reference range for Alterra of \$27.00 to \$34.00 per share, as compared to an assumed transaction price of \$30.84 per share of Alterra's common stock.

Dividend Discount Analysis

Citigroup performed a discounted cash flow analysis of Alterra using financial forecasts and estimates relating to Alterra prepared by the management of Alterra. Citigroup calculated a range of implied present values

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of (i) the distributable cash flows that Alterra was forecasted to have the capacity to distribute during calendar years 2013 through 2017 and (ii) a terminal value for Alterra based on its calendar year end 2017 estimated book value. Present values of dividends and terminal values were calculated using a range of discount rates reflecting estimates of Alterra's cost of equity. This analysis indicated an implied per share equity reference range for Alterra of \$28.44 to \$32.90 per share using a discount rate of 9%, as compared to an assumed transaction price of \$30.84 per share of Alterra's common stock.

Valuation Analysis of Markel*Selected Public Companies Analysis*

Citigroup reviewed financial and stock market information for Markel and the following five selected publicly traded companies:

W.R. Berkley Corp.

HCC Insurance Holdings Inc.

ProAssurance Corp.

RLI Corp.

OneBeacon Insurance Group Ltd.

Citigroup selected these companies based on its professional judgment and experience, taking into account, among other factors, the size of Markel and the selected companies, the operational and financial capabilities of Markel compared with the selected companies, the competitive landscape in which Markel and the selected companies operate, and the product offerings of Markel and the selected companies. Although none of the selected companies is directly comparable to Markel, the companies were chosen because they are publicly traded companies with operations or businesses that for purposes of analysis may be considered similar or reasonably comparable to those of Markel. Citigroup reviewed, among other things, the equity values of Markel and the selected companies, based on closing stock prices on December 17, 2012, as a multiple of book value per share (which we refer to as P/BVPS) and tangible book value per share (which we refer to as P/TBVPS), in each case as of the end of the most recent fiscal quarter for which financial information was publicly available as of November 17, 2012. Citigroup also reviewed closing stock prices for the selected companies on December 17, 2012 as a multiple of calendar year 2013 estimated earnings per share (which we refer to as P/EPS). Financial data of the selected companies were based on public filings and other publicly available information. Book value per share and tangible book value per share of Markel were based on public filings and other publicly available information. Calendar year 2013 estimated earnings per share of Markel were based on Wall Street research consensus estimates and internal estimates provided to Citigroup by Markel's management. The following table summarizes the results of these analyses:

	P / BVPS	P / TBVPS	P / EPS
Maximum	1.54x	1.65x	15.3x
Median	1.22x	1.28x	12.7x
Minimum	1.07x	1.22x	10.8x

Based on the foregoing analyses and Citigroup's professional judgment and experience (including, without limitation, the size of the range obtained), Citigroup then applied a range of selected multiples derived from the selected companies and Markel to Markel's book value per share, tangible book value per share, calendar year 2013 estimated operating earnings per share (based on Wall Street research consensus estimates), calendar year 2013 estimated operating earnings per share (based on internal estimates of Markel's management) and calendar year 2013 estimated economic earnings per share (based on internal estimates of Markel's management and reflecting operating earnings per share plus estimated realized capital gains). This analysis indicated an implied per share equity reference range for Markel of \$430 to \$525 per share, as compared to the closing price of Markel common stock of \$483 on December 17, 2012.

Table of Contents*Dividend Discount Analysis*

Citigroup performed a discounted cash flow analysis of Markel using financial forecasts and estimates relating to Markel prepared by the management of Markel. Citigroup calculated a range of implied present values of (i) the distributable cash flows that Markel was forecasted to have the capacity to distribute during calendar years 2013 through 2017 and (ii) a terminal value for Markel based on its calendar year end 2017 estimated book value. Present values of dividends and terminal values were calculated using a range of discount rates reflecting estimates of Markel's cost of equity. This analysis indicated an implied per share equity reference range for Markel of \$434.52 to \$509.19 per share using a discount rate of 9%, as compared to the closing price of Markel common stock of \$483 on December 17, 2012.

Miscellaneous

Under the terms of Citigroup's engagement, Markel has agreed to pay Citigroup for its financial advisory services in connection with the merger a fee of \$1 million upon delivery of its opinion dated December 18, 2012 and, if the merger is consummated, a fee of \$15 million. The fee paid to Citigroup in connection with the delivery of its opinion will be credited against the fee, if any, payable to Citigroup upon consummation of the merger. In addition, if Markel receives any termination or similar fee in connection with the termination of the merger agreement during the term of Citigroup's engagement or within 24 months thereafter, Citigroup will be entitled to receive a termination fee equal to 5% of the fee received by Markel, but in no event will Citigroup's fee exceed \$5 million. Markel also has agreed to reimburse Citigroup for reasonable expenses incurred by Citigroup in performing its services, including reasonable fees and expenses of its legal counsel, and to indemnify Citigroup and related persons against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Citigroup and its affiliates in the past have provided, currently are providing and in the future may provide investment banking and other services to Markel and Alterra unrelated to the proposed merger, for which services Citigroup and its affiliates have received and expect to receive compensation, including, without limitation, (i) acting as joint bookrunner in connection with Markel's public offering of \$350 million aggregate principal amount of 4.90% senior notes due 2022 in June 2012, (ii) acting as co-documentation agent and lender under Markel's \$150 million credit facility (with a Citigroup commitment of \$30 million) in September 2011, (iii) acting as joint bookrunner in connection with Markel's public offering of \$250 million aggregate principal amount of 5.35% senior notes due 2021 in June 2011, (iv) acting as joint lead arranger and lender under Alterra's \$1.1 billion credit facility (with a Citigroup commitment of \$125 million) in December 2011 and (v) acting as joint bookrunner in connection with Alterra's public offering of \$350 million aggregate principal amount of 6.25% senior notes due 2020 in September 2010. Except as described herein, Citigroup did not provide any investment banking services to Alterra for which Citigroup received compensation during the last two years. Except as described herein, Citigroup was not, as of the date of its opinion, engaged to provide any investment banking services to Alterra or Markel. Excluding the compensation paid and payable to Citigroup as described above in connection with the merger, during the past two years, Citigroup and its affiliates have received in the aggregate approximately \$1.3 million from Markel and its affiliates as compensation for investment banking services. In the ordinary course of business, Citigroup and its affiliates may actively trade or hold the securities of Markel and Alterra for its own account or for the account of its customers and, accordingly, may at any time hold a long or short position in those securities. In addition, Citigroup and its affiliates, including Citigroup Inc. and its affiliates, may maintain relationships with Markel, Alterra and their respective affiliates.

Markel selected Citigroup as its financial advisor in connection with the merger based on Citigroup's reputation and experience. Citigroup is an internationally recognized investment banking firm which regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. The issuance of Citigroup's opinion was authorized by Citigroup's fairness opinion committee.

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Opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Financial Advisor to Alterra

Alterra has retained BofA Merrill Lynch to act as Alterra's financial advisor in connection with the merger. BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Alterra selected BofA Merrill Lynch to act as Alterra's financial advisor in connection with the merger on the basis of BofA Merrill Lynch's experience in transactions similar to the merger, its reputation in the investment community and its familiarity with Alterra and its business.

On December 18, 2012, at a meeting of Alterra's board of directors held to evaluate the merger, BofA Merrill Lynch delivered to Alterra's board of directors an oral opinion, which was confirmed by delivery of a written opinion dated December 18, 2012, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the merger consideration to be received by holders of Alterra common shares was fair, from a financial point of view, to such holders.

The full text of BofA Merrill Lynch's written opinion to Alterra's board of directors, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex D to this document and is incorporated by reference herein in its entirety. The following summary of BofA Merrill Lynch's opinion is qualified in its entirety by reference to the full text of the opinion. BofA Merrill Lynch delivered its opinion to Alterra's board of directors for the benefit and use of Alterra's board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the merger consideration from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the merger and no opinion or view was expressed as to the relative merits of the merger in comparison to other strategies or transactions that might be available to Alterra or in which Alterra might engage or as to the underlying business decision of Alterra to proceed with or effect the merger. BofA Merrill Lynch's opinion does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed merger or any related matter.

In connection with rendering its opinion, BofA Merrill Lynch, among other things:

- (1) reviewed certain publicly available business and financial information relating to Alterra and Markel;
- (2) reviewed certain internal financial and operating information with respect to the business, operations and prospects of Alterra furnished to or discussed with BofA Merrill Lynch by the management of Alterra, including certain financial forecasts relating to Alterra prepared by the management of Alterra;
- (3) reviewed certain internal financial and operating information with respect to the business, operations and prospects of Markel furnished to or discussed with BofA Merrill Lynch by the management of Markel, including certain financial forecasts relating to Markel prepared by the management of Markel and such forecasts as adjusted by the management of Alterra;
- (4) discussed the past and current business, operations, financial condition and prospects of Alterra with members of senior managements of Alterra and Markel, and discussed the past and current business, operations, financial condition and prospects of Markel with members of senior managements of Alterra and Markel;
- (5) reviewed the potential pro forma financial impact of the merger on the future financial performance of Markel, including the potential effect on Markel's estimated fully diluted book value per share and fully diluted earnings per share;
- (6) participated in certain discussions and negotiations among representatives of Alterra and Markel and their financial and legal advisors;

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- (7) reviewed the trading histories for Alterra common shares and Markel common shares and a comparison of such trading histories with each other and with the trading histories of other companies BofA Merrill Lynch deemed relevant;

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- (8) compared certain financial and stock market information of Alterra and Markel with similar information of other companies BofA Merrill Lynch deemed relevant;
- (9) compared certain financial terms of the merger to financial terms, to the extent publicly available, of other transactions BofA Merrill Lynch deemed relevant;
- (10) reviewed the relative financial contributions of Alterra and Markel to the financial performance of the combined company on a pro forma basis;
- (11) reviewed reports prepared by actuaries for Alterra and Markel, respectively;
- (12) reviewed a draft dated December 17, 2012 of the merger agreement; and
- (13) performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with BofA Merrill Lynch and relied upon the assurances of the managements of Alterra and Markel that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the forecasts relating to Alterra prepared by the management of Alterra and the forecasts relating to Markel as adjusted by the management of Alterra, BofA Merrill Lynch was advised by Alterra, and has assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Alterra as to the future financial performance of Alterra and Markel. With respect to the forecasts relating to Markel prepared by the management of Markel, BofA Merrill Lynch was advised by Markel, and has assumed, with the consent of Alterra, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Markel as to the future financial performance of Markel and the other matters covered thereby. BofA Merrill Lynch did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Alterra or Markel, nor did BofA Merrill Lynch make any physical inspection of the properties or assets of Alterra or Markel. BofA Merrill Lynch did not evaluate the solvency or fair value of Alterra or Markel under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch is not an expert in the evaluation of reserves for property and casualty insurance losses and loss adjustment expenses and did not make an independent evaluation of the adequacy of the reserves of Alterra or Markel. In that regard, BofA Merrill Lynch made no analysis of, and expresses no opinion as to, the adequacy of the losses and loss adjustment expense reserves for Alterra or Markel. BofA Merrill Lynch assumed, at the direction of Alterra, that the merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the merger, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on Alterra, Markel or the contemplated benefits of the merger. BofA Merrill Lynch also assumed, at the direction of Alterra, that the final executed merger agreement would not differ in any material respects to the last draft reviewed by BofA Merrill Lynch on December 17, 2012.

BofA Merrill Lynch expressed no view or opinion as to any terms or other aspects of the merger (other than the merger consideration to the extent expressly specified in its opinion), including, without limitation, the form or structure of the merger or the tax consequences thereof. BofA Merrill Lynch's opinion was limited to the fairness, from a financial point of view, of the merger consideration to be received by the holders of Alterra common shares (other than Markel and its affiliates) in the merger, and no opinion or view was expressed with respect to any consideration received in connection with the merger by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the merger, or class of such persons, relative to the merger consideration. Furthermore, no opinion or view was expressed as to the relative merits of the merger in

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comparison to other strategies or transactions that might be available to Alterra or in which Alterra might engage or as to the underlying business decision of Alterra to proceed with or effect the merger. BofA Merrill Lynch did not express any opinion as to what the value of Markel common shares actually would be when issued or the prices at which Alterra common shares or Markel common shares would trade at any time, including following announcement or consummation of the merger. In addition, BofA Merrill Lynch expressed no opinion or recommendation as to how any stockholder should vote or act in connection with the merger or any related matter. Except as described above, Alterra imposed no other limitations on the investigations made or procedures followed by BofA Merrill Lynch in rendering its opinion.

BofA Merrill Lynch's opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. It should be understood that subsequent developments may affect its opinion, and BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch's opinion was approved by BofA Merrill Lynch's Americas Fairness Opinion Review Committee.

The following represents a brief summary of the material financial analyses presented by BofA Merrill Lynch to Alterra's board of directors in connection with its opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Merrill Lynch.**

For purposes of the financial analyses summarized below, the term *implied merger consideration* refers to \$30.97 per share calculated as (i) the cash consideration of \$10.00 per share and (ii) the implied value of the stock consideration of \$20.97 per share based on the Markel closing share price of \$486.00 per share on December 14, 2012 and the fixed exchange ratio of 0.04315 Markel common shares for each Alterra common share. The implied merger consideration represents a multiple of 11.7x 2013 estimated fully diluted EPS based on Alterra's management estimates, 13.7x 2013 estimated fully diluted EPS based on research analyst estimates and 1.09x December 31, 2012 estimated fully diluted book value based on Alterra's management estimates.

Alterra Financial Analyses

Selected Publicly Traded Companies Analysis. BofA Merrill Lynch reviewed publicly available financial and stock market information for Alterra and the following nine publicly traded companies:

Allied World Assurance Company Holdings, AG;

Arch Capital Group Ltd.;

Aspen Insurance Holdings Limited;

Axis Capital Holdings Limited;

Endurance Specialty Holdings Ltd.;

Everest Re Group, Ltd.;

PartnerRe Ltd.;

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Platinum Underwriters Holdings, Ltd.; and

XL Group plc.

BofA Merrill Lynch reviewed, among other things, earnings per share multiples, based on closing stock prices on December 14, 2012, of the selected publicly traded companies divided by calendar year 2012 and calendar year

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2013 estimated fully diluted earnings per share, commonly referred to as *EPS*. BofA Merrill Lynch also reviewed primary book value per share multiples, based on closing stock prices on December 14, 2012 divided by December 31, 2012 estimated primary book value per share. BofA Merrill Lynch then applied calendar year 2013 EPS multiples of 9.0x to 11.0x derived from the selected publicly traded companies to Alterra's calendar year 2013 estimated fully diluted EPS based on both Alterra's management estimates and research analyst estimates and applied December 31, 2012 book value multiples of 0.75x to 0.85x derived from the selected publicly traded companies to Alterra's December 31, 2012 estimated primary book value per share. BofA Merrill Lynch also reviewed trading multiples of Alterra common shares, based on the closing stock price of Alterra common shares on December 14, 2012 compared to calendar year 2013 estimated fully diluted EPS based on both Alterra's management estimates and research analyst estimates and compared to December 31, 2012 estimated fully diluted book value per share based on Alterra's management estimates. The indicated trading multiples were 8.5x 2013 estimated fully diluted EPS based on Alterra's management estimates, 10.0x 2013 estimated fully diluted EPS based on research analyst estimates and 0.77x December 31, 2012 estimated fully diluted book value based on Alterra's management estimates. Estimated financial data of the selected publicly traded companies were based on publicly available research analysts' estimates, and estimated financial data of Alterra were based on the Alterra management forecasts and publicly available research analysts' estimates. This analysis indicated the following approximate implied per share equity value reference ranges for Alterra, as compared to the implied merger consideration:

Implied Per Share Equity Value Reference Ranges for Alterra 2013E EPS			Implied Merger Consideration
2013E EPS (Alterra Estimates)	(Research Analyst Estimates)	12/31/2012E Book Value (Alterra Estimates)	
\$23.84 - \$29.14	\$20.34 - \$24.86	\$22.50 - \$25.50	\$30.97

No company used in this analysis is identical or directly comparable to Alterra. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which Alterra was compared.

Selected Precedent Transactions Analysis. BofA Merrill Lynch reviewed, to the extent publicly available, financial information relating to the following seven selected transactions:

Announcement Date	Acquiror	Target
8/30/12	Validus Holdings, Ltd.	Flagstone Reinsurance Holdings, S.A.
11/20/11	Alleghany Corporation	Transatlantic Holdings Inc.
3/3/10	Max Capital Group Ltd.	Harbor Point Limited
9/8/09	Fairfax Financial Holdings Limited	OdysseyRe
7/9/09	Validus Holdings, Ltd.	IPC Holdings, Ltd.
7/4/09	PartnerRe Ltd.	Paris RE Holdings Limited
11/18/05	Swiss Re	GE Insurance Solutions

BofA Merrill Lynch reviewed transaction values, calculated as the equity value implied for the target company in the selected transaction, as a multiple of the target company's one-year forward fully diluted EPS and as a multiple of the target company's fully diluted book value for the most recent quarter ending before the date on which the transaction was announced. BofA Merrill Lynch then applied one-year forward EPS multiples of 9.0x to 11.0x derived from the selected transactions to Alterra's calendar year 2013 estimated fully diluted EPS based on both Alterra's management estimates and research analyst estimates and applied book value multiples of 0.80x to 0.95x derived from the selected transactions to Alterra's December 31, 2012 estimated fully diluted book value per share. Estimated financial data of the selected transactions were based on publicly available information at the time of announcement of the relevant transaction. Estimated financial data of Alterra were

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based on the Alterra management forecasts and publicly available research analyst estimates. This analysis indicated the following approximate implied per share equity value reference ranges for Alterra, as compared to the implied merger consideration:

2013E EPS	Implied Per Share Equity Value Reference Ranges for Alterra			Implied Merger Consideration
	2013E EPS	2013E EPS	12/31/2012E Book Value	
(Alterra Estimates)	(Research Analyst Estimates)	(Alterra Estimates)		
\$23.84 - \$29.14	\$20.34 - \$24.86	\$23.41 - \$27.80		\$30.97

No company, business or transaction used in this analysis is identical or directly comparable to Alterra or the merger. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the acquisition or other values of the companies, business segments or transactions to which Alterra and the merger were compared.

Discounted Cash Flow Analysis. BofA Merrill Lynch performed a discounted cash flow analysis of Alterra to calculate the estimated present value of the standalone levered, after-tax free cash flows that Alterra was forecasted to generate during Alterra's fiscal years 2013 through 2017 based on the Alterra management forecasts. BofA Merrill Lynch calculated terminal values for Alterra by applying terminal multiples of 0.80x to 1.00x to Alterra's December 31, 2017 estimated book value. The cash flows and terminal values were then discounted to present value as of December 31, 2012 using discount rates ranging from 8% to 10%, which were based on an estimate of Alterra's cost of equity. This analysis indicated the following approximate implied per share equity value reference range for Alterra as compared to the implied merger consideration:

Implied Per Share Equity Value Reference Range for Alterra	Implied Merger Consideration
\$24.17 - \$29.49	\$30.97

Markel Financial Analyses

Selected Publicly Traded Companies Analysis. BofA Merrill Lynch reviewed publicly available financial and stock market information for Markel and the following eight publicly traded companies:

ACE Limited;

Allied World Assurance Company Holdings, AG;

Arch Capital Group Ltd.;

Axis Capital Holdings Limited;

HCC Insurance Holdings, Inc.;

RLI Corp.;

The Navigators Group, Inc.; and

W. R. Berkley Corporation.

BofA Merrill Lynch reviewed, among other things, earnings per share multiples, based on closing stock prices on December 14, 2012, of the selected publicly traded companies divided by calendar year 2012 and calendar year 2013 estimated fully diluted EPS. BofA Merrill Lynch also reviewed book value per share multiples based on closing stock prices on December 14, 2012 divided by December 31, 2012 estimated primary book value per share. BofA Merrill Lynch then applied calendar year 2013 EPS multiples of 11.0x to 15.0x derived from the selected publicly traded companies to Markel's calendar year 2013 estimated fully diluted EPS based on both Markel's management estimates and research analyst estimates and applied December 31, 2012 book value multiples of 1.10x to 1.40x derived from the selected publicly traded companies to Markel's December 31, 2012 estimated

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primary book value per share. BofA Merrill Lynch also reviewed trading multiples of Markel common shares, based on the closing stock price of Markel common shares on December 14, 2012 compared to calendar year 2013 estimated fully diluted EPS based on both Markel's management estimates and research analyst estimates and compared to December 31, 2012 estimated fully diluted book value per share. The indicated trading multiples were 20.0x 2013 estimated fully diluted EPS based on Markel's management estimates, 23.8x 2013 estimated fully diluted EPS based on research analyst estimates and 1.23x December 31, 2012 estimated fully diluted book value based on Markel's management estimates. Estimated financial data of the selected publicly traded companies were based on publicly available research analysts' estimates, and estimated financial data of Markel were based on the Markel management forecasts and publicly available research analysts' estimates. This analysis indicated the following approximate implied per share equity value reference ranges for Markel, as compared to the closing price of Markel common shares on December 14, 2012:

Implied Per Share Equity Value Reference Ranges for Markel			Closing Trading Price of Markel Common Stock on December 14, 2012
2013E EPS	2013E EPS	12/31/2012E Book Value	
(Markel Estimates)	(Research Analyst Estimates)	(Markel Estimates)	
\$267.30 - \$364.50	\$224.18 - \$305.70	\$436.31 - \$555.31	\$486.00

No company used in this analysis is identical or directly comparable to Markel. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which Markel was compared.

Discounted Cash Flow Analysis. BofA Merrill Lynch performed a discounted cash flow analysis of Markel to calculate the estimated present value of the standalone levered, after-tax free cash flows that Markel was forecasted to generate during Markel's fiscal years 2013 through 2017 based on the Markel management forecasts and such forecasts as adjusted for certain changes made by Alterra's management to the assumptions provided by Markel's management. These changes include an increase in the assumed annual appreciation on Markel's equity portfolio. BofA Merrill Lynch calculated terminal values for Markel by applying terminal multiples of 1.10 to 1.30 to Markel's December 31, 2017 estimated book value. The cash flows and terminal values were then discounted to present value as of December 31, 2012 using discount rates ranging from 6.5% to 8.5%, which were based on an estimate of Markel's cost of equity. This analysis indicated the following approximate implied per share equity value reference ranges for Markel as compared to the closing price of Markel common shares on December 14, 2012:

Implied Per Share Equity Value	Implied Per Share Equity Value	
Reference Range for Markel (Markel Forecasts)	Reference Range for Markel (Adjusted Markel Forecasts)	Closing Trading Price of Markel Common Stock on December 14, 2012
\$408.71 - \$530.06	\$437.66 - \$567.61	\$486.00

Other Factors

In rendering its opinion, BofA Merrill Lynch also reviewed and considered other factors, including:

that the implied merger consideration represented a premium of 37.6% to the closing stock price of Alterra common shares on December 14, 2012 and a premium of 33.2% to the closing stock price of Alterra common shares on December 7, 2012 (one week prior);

historical trading prices and trading volumes of Alterra common shares and Markel common shares during the 52-week period ended December 14, 2012; and

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the movements in Alterra common shares and Markel common shares during the five-year period ended December 14, 2012, including the ratio of the price of common shares to the trailing quarterly primary book value per share for each of Alterra and Markel during such period as averaged on an annual basis.

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Miscellaneous

As noted above, the discussion set forth above is a summary of the material financial analyses presented by BofA Merrill Lynch to Alterra's board of directors in connection with its opinion and is not a comprehensive description of all analyses undertaken by BofA Merrill Lynch in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Merrill Lynch believes that its analyses summarized above must be considered as a whole. BofA Merrill Lynch further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Merrill Lynch's analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of Alterra and Markel. The estimates of the future performance of Alterra and Markel in or underlying BofA Merrill Lynch's analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Merrill Lynch's analyses. These analyses were prepared solely as part of BofA Merrill Lynch's analysis of the fairness, from a financial point of view, of the merger consideration and were provided to Alterra's board of directors in connection with the delivery of BofA Merrill Lynch's opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Merrill Lynch's view of the actual values of Alterra or Markel.

The type and amount of merger consideration was determined through negotiations between Alterra and Markel, rather than by any financial advisor, and was approved by Alterra's board of directors. The decision to enter into the merger agreement was solely that of Alterra's board of directors. As described above, BofA Merrill Lynch's opinion and analyses were only one of many factors considered by Alterra's board of directors in its evaluation of the proposed merger and should not be viewed as determinative of the views of Alterra's board of directors or management with respect to the merger or the merger consideration.

Alterra has agreed to pay BofA Merrill Lynch for its services in connection with the merger an aggregate fee of \$20.0 million, \$1.0 million of which was payable in connection with its opinion and the balance of which is contingent upon the completion of the merger. In addition, if, during the term of BofA Merrill Lynch's engagement or within nine months thereafter, Alterra enters into an agreement relating to certain business transactions (including the merger agreement) that results in Alterra receiving a fee upon termination, including the profit on any stock acquired or stock option granted to Alterra or any of its affiliates, BofA Merrill Lynch will be entitled to a portion of the fee or payment Alterra receives. Alterra also has agreed to reimburse BofA Merrill Lynch for its expenses incurred in connection with BofA Merrill Lynch's engagement and to indemnify BofA Merrill Lynch, any controlling person of BofA Merrill Lynch and each of their respective directors, officers, employees, agents and affiliates against specified liabilities, including liabilities under the federal securities laws.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of their businesses, BofA Merrill Lynch and its affiliates invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or

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short positions, finance positions or trade or otherwise effect transactions in the equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of Alterra, Markel and certain of their respective affiliates.

BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking, financial advisory and other financial services to Alterra and have received or in the future may receive compensation for the rendering of these services, including (i) having acted as financial advisor to Alterra and certain of its affiliates in connection with certain mergers and acquisitions transactions, (ii) having acted or acting as administrative agent, joint lead arranger and joint book runner for, and a lender under, certain credit facilities of Alterra and certain of its affiliates, (iii) having acted as joint book runner in connection with an affiliate of Alterra's issuance of senior notes and (iv) having provided or providing certain derivative trading services to Alterra.

Dividends and Distributions

Under the terms of the merger agreement, before the merger closes, Alterra is permitted to declare and pay ordinary course quarterly cash dividends on Alterra common shares with record and payment dates consistent with recent past practice; Markel is not permitted to declare or pay dividends, which is consistent with its past practice.

Interests of Markel Directors and Executive Officers in the Merger

In considering the recommendations of Markel's board of directors that Markel shareholders vote FOR the stock issuance and the other proposal on the Markel proxy card, Markel shareholders should be aware that certain of Markel's executive officers and Markel's directors have interests in the merger that are different from, and/or in addition to, the interests of Markel shareholders generally. These interests include the fact that it is anticipated that Markel's directors and executive officers will hold the same or substantially similar positions after the merger, although individual responsibilities may change to reflect the nature of the combined operations of Markel and Alterra. Markel's board of directors was aware of and considered these differing interests and potential conflicts, among other matters, in evaluating and negotiating the merger agreement with Alterra and in recommending that the Markel shareholders approve the proposals to be voted upon at the Markel special meeting.

Management of Markel

The following individuals are executive officers of Markel. It is anticipated that they will hold the same or substantially similar positions after the merger, although individual responsibilities may change to reflect the nature of the combined operations of Markel and Alterra.

Name	Title
Alan I. Kirshner	Chairman and Chief Executive Officer
Anthony F. Markel	Vice Chairman
Steven A. Markel	Vice Chairman
F. Michael Crowley	President and Co-Chief Operating Officer
Thomas S. Gayner	President and Chief Investment Officer
Richard R. Whitt, III	President and Co-Chief Operating Officer
Gerard Albanese	Executive Vice President and Chief Underwriting Officer
Bradley J. Kiscaden	Executive Vice President and Chief Actuarial Officer
Britton L. Glisson	Chief Administrative Officer
Anne G. Waleski	Vice President and Chief Financial Officer

Alterra's insurance operations will report, either directly or indirectly, to Mr. Crowley and Mr. Whitt. Mr. Gayner will be responsible for the oversight and management of Alterra and Markel's combined investment portfolio.

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W. Marston Becker, Alterra's President and Chief Executive Officer, is expected to leave the company after the merger. Roles for other Alterra officers and management personnel are being identified as part of a transition planning process. Markel currently expects most of Alterra's management personnel to continue in their current roles with similar responsibilities after completion of the merger.

Interests of Alterra Directors and Executive Officers in the Merger

In considering the recommendations of Alterra's board of directors that Alterra shareholders vote FOR the proposals regarding the approval and adoption of the merger agreement and the merger, Alterra shareholders should be aware that Alterra's directors and executive officers have interests in the merger that are different from, and/or in addition to, the interests of Alterra shareholders generally. Alterra's board of directors was aware of and considered these differing interests, among other matters, in evaluating and negotiating the merger agreement and in recommending that the Alterra shareholders approve the merger agreement, the merger, and the transactions contemplated by the merger.

Positions with Markel Following the Merger

As detailed below under *Board of Directors and Management Following the Merger*, two individuals designated by Alterra and approved by Markel's Nominating Corporate Governance Committee will serve as directors of Markel following completion of the merger. Alterra intends to designate Michael O. Reilly and K. Bruce Connell, both of whom are members of Alterra's current board of directors.

Shares Beneficially Owned by Certain Directors

Two of the members of Alterra's board of directors, James D. Carey and Meryl D. Hartzband, have indirect interests in certain investment funds that hold a significant portion of Alterra common shares. Mr. Carey is a senior principal, and Ms. Hartzband is the Chief Investment Officer, of Stone Point Capital LLC, which is a member of the investment committees of the general partners of the Trident Funds. The Trident Funds beneficially own a significant portion of Alterra common shares, including warrants to acquire Alterra common shares. The Trident Funds have executed a voting agreement in favor of the merger.

Treatment of Equity Awards

Certain of Alterra's executive officers hold stock options to acquire Alterra common shares, which will be converted under the merger agreement into stock options to acquire shares of Markel common stock. Any fractional shares resulting from the conversion of stock options will entitle the holder to a cash payment upon completion of the merger. Similarly, certain of Alterra's directors and executive officers hold restricted share and restricted share unit awards denominated in Alterra common shares, which will be converted into restricted share and restricted share unit awards denominated in shares of Markel common stock.

In addition, certain restricted share awards held by Alterra's directors and executive officers will vest in full upon completion of the merger. The compensation committee of Alterra has discretion to accelerate the vesting of other restricted share and restricted share unit awards held by Alterra's directors and executive officers. Subject to completion of the merger, the compensation committee of Alterra has accelerated the vesting of restricted share awards held by Alterra's directors. In addition, Alterra has previously granted certain performance share and performance share unit awards to employees in 2010 and 2012, including Alterra's executive officers. For purposes of determining the number of Alterra common shares deliverable upon vesting of such performance share and performance share unit awards, subject to completion of the merger, the compensation committee of Alterra has determined that the performance-based vesting criteria has been satisfied to the maximum extent possible. Under the terms of the 2012 performance share award and unit agreements, these awards will pay out at 200% of target upon vesting. The time-based vesting criteria applicable to such performance share and performance share unit awards remain unchanged. The stock options held by Alterra's executive officers have already vested in full.

Except as noted above, the equity holdings of Alterra's directors and executive officers will generally be treated in the same manner as the equity holdings of all other equity holders.

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Retention Plan

Alterra's compensation committee and board of directors have established a pool in respect of retention awards with an aggregate award amount equal to approximately \$23.6 million. Certain of Alterra's executive officers, other than W. Marston Becker, Joseph W. Roberts and Peter A. Minton, will receive cash retention awards from this pool. The retention awards will be paid in cash on the first anniversary of the completion of the merger, subject to the recipient's continued service with Markel on such date. If a recipient's employment is terminated without cause or due to the recipient's death or disability or the recipient resigns for good reason before such first anniversary date, the recipient or the recipient's estate will receive the retention award upon such termination. If a recipient's employment is terminated for cause, by reason of the recipient's voluntary resignation without good reason before such first anniversary date, or the merger is not consummated for any reason, the recipient's retention award will be forfeited. In order to be eligible to receive a retention award, a recipient will have to agree to abide by certain restrictions regarding confidential information and a one-year post-termination non-solicitation of employees covenant.

Employment Agreements

The terms of certain of Alterra's executive officers' severance benefits are enhanced following a change in control, as defined in their respective employment agreements. For purposes of each applicable executive officer's employment agreement, the merger will constitute a change in control.

If the employment of W. Marston Becker, Alterra's Chief Executive Officer, is terminated without cause or Mr. Becker resigns for good reason, in each case, during the twelve (12) month period following a change in control, Mr. Becker will be entitled to receive the following severance benefits: (1) severance pay equal to two and one-half times (2.5x) the sum of (a) his annual base salary plus (b) the greater of (i) the annual cash bonus for the immediately preceding calendar year and (ii) the target annual cash bonus for the year of termination; (2) a pro-rata portion of the annual cash bonus for the year of termination; (3) payment of all remaining annuity payments under his employment agreement; (4) accelerated vesting of time-vesting equity awards; and (5) any time-based vesting restrictions on performance-vesting equity awards will lapse and any performance hurdle requirements will be deemed achieved at their maximum level under their terms.

In the event of a termination without cause or resignation for good reason that occurs in connection with, upon the occurrence of, or within twelve (12) months following a change in control, each of Adam C. Mullan, Chief Executive Officer of Alterra at Lloyd's and Reinsurance, Peter A. Minton, Alterra's Executive Vice President and Chief Operating Officer, and Joseph W. Roberts, Alterra's Executive Vice President and Chief Financial Officer, would become entitled to receive severance in an amount equal to two times (2x) the sum of his (i) then current annual base salary and (ii) target annual bonus for the year of termination (reflecting both the cash and restricted share components). In addition, each of Messrs. Mullan, Minton and Roberts would become entitled to receive a pro-rata portion of the annual bonus for the year of termination (reflecting both the cash and restricted share components).

Change in Control Severance Plan

In connection with the merger, Alterra has adopted a change in control severance plan, which would provide severance payments and benefits to eligible employees of Alterra, including Alterra's executive officers, in connection with certain terminations of employment following a change in control. If an executive officer's employment is terminated without cause or the executive officer resigns for good reason, in each case, within twelve months following a change in control (each of which we refer to as a *Qualifying Event*), the executive officer would be entitled to the following payments and benefits under the change in control severance plan:

Severance in an amount of up to the executive officer's annual base salary, based on the executive officer's title and years of service with Alterra;

A pro-rata annual bonus for the year in which the Qualifying Event occurs, based on the annual cash bonus earned by the executive officer in respect of the year immediately preceding the year in which the Qualifying Event occurs; and

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Continued participation in the employer's group health plans, subject to the contribution requirements on the part of the executive officer that are no less favorable than those in effect immediately before the merger, for a period of up to twelve months, based on the executive officer's title and years of service with Alterra.

For purposes of the change in control severance plan, the completion of the merger will constitute a change in control.

An executive officer will not be entitled to severance benefits under the plan if the executive officer's employment is terminated for any reason other than a Qualifying Event, including, without limitation, by the employer for cause or by the executive officer without good reason or due to the executive officer's death or disability. An executive officer's entitlement to payments and benefits under the plan is subject to the executive officer's execution and non-revocation of a general release of claims against the employer and its affiliates.

If an executive officer is also party to an employment agreement, offer letter or contract with Alterra that provides severance, the executive officer will only receive severance payments and benefits under the change in control severance plan to the extent they are greater than those provided under such employment agreement.

Deferred Compensation Plan

Under the terms of the Alterra USA Holdings Limited Deferred Compensation Plan which we refer to as the *Alterra Deferred Compensation Plan*, certain individuals, including Thomas C. Wafer, Alterra's Chairman, Global Reinsurance, will receive an accelerated payment of their vested account balances upon the occurrence of a change in control. For purposes of the Alterra Deferred Compensation Plan, the consummation of the merger constitutes a change in control.

Golden Parachute Compensation

The following table sets forth the estimated amounts of golden parachute compensation (for purposes of Item 402(t) of Regulation S-K) that each named executive officer of Alterra could receive in connection with the merger. These amounts assume that the merger was completed, and the applicable named executive officer experienced a qualifying termination, as of December 26, 2012. Certain of the amounts payable may vary depending on the actual dates on which the merger is completed and whether the named executive officer terminates employment. As a result, the actual amounts, if any, to be received by a named executive officer may differ in material respects from the amounts set forth below.

Name	Cash (\$)	Double Trigger Equity (\$)(6)	Single Trigger Equity (\$)(7)	Pension/ NQDC (\$)	Perquisites/ Benefits (\$)	Tax Reimbursemen (\$)	Other (\$)	Total (\$)
W. Marston Becker, Chief Executive Officer	10,815,000 ⁽¹⁾	11,631,760	2,782,928		18,993 ⁽⁹⁾			25,248,681
Joseph W. Roberts, Executive Vice President and Chief Financial Officer	4,987,500 ⁽²⁾	2,657,559	855,106		18,993 ⁽⁹⁾			8,519,158
Peter A. Minton, Executive Vice President and Chief Operating Officer	7,030,000 ⁽³⁾	4,043,347	1,555,162		18,993 ⁽⁹⁾			12,647,502
Thomas C. Wafer, Chairman, Global Reinsurance	1,200,000 ⁽⁴⁾	3,043,392	846,866	106,569 ⁽⁸⁾	12,238 ⁽⁹⁾			5,209,065
D. Andrew Cook, Executive Vice President Business Development, President, Alterra Holdings Limited	1,070,000 ⁽⁵⁾	1,997,415	0		18,993 ⁽⁹⁾			3,086,408

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- (1) This amount represents what Mr. Becker would be entitled to receive under his employment agreement in the event of a termination without cause or a resignation for good reason, in each case, during the twelve month period following a change in control. Calculated as (i) two and one-half times the sum of (a) Mr. Becker's annual base salary (\$1,150,000) and (b) the greater of (x) the cash bonus paid to Mr. Becker with respect to the 2011 fiscal year (\$1,250,000) and (y) Mr. Becker's target cash bonus in effect for the 2012 fiscal year (160% of his annual base salary or \$1,840,000), payable in installments; (ii) a pro-rata bonus for the year of termination, which is assumed to be equal to Mr. Becker's target bonus for 2012 (\$1,840,000), payable in a lump sum; and (iii) the remaining amount of annuity payments to be paid to Mr. Becker under his employment agreement (\$1,500,000), payable in a lump sum. Pursuant to the terms of his employment agreement, Mr. Becker is subject to post-termination non-competition restrictions for a period of twelve months (twenty-four months in the case of retirement) and non-solicitation restrictions for twenty-four months in addition to perpetual confidentiality and non-disparagement requirements.
- (2) This amount represents what Mr. Roberts would be entitled to receive under his employment agreement in the event of a termination without cause or a resignation for good reason that occurs in connection with, upon the occurrence of, or within twelve months following a change in control, all payable in a lump sum. Calculated as two times the sum of (i) Mr. Roberts' annual base salary (\$525,000) and (ii) his target bonus for 2012 (reflecting both the cash and restricted share components) (250% of his annual base salary or \$1,312,500). This amount also includes a pro-rata bonus for the year of termination, which is assumed to be equal to Mr. Roberts' target bonus for 2012 (reflecting both the cash and restricted share components) (\$1,312,500). Pursuant to the terms of his employment agreement, Mr. Roberts is subject to one-year post-termination non-competition and non-solicitation restrictions in addition to perpetual confidentiality and non-disparagement requirements.
- (3) This amount represents what Mr. Minton would be entitled to receive under his employment agreement in the event of a termination without cause or a resignation for good reason that occurs in connection with, upon the occurrence of, or within twelve months following a change in control, all payable in a lump sum. Calculated as two times the sum of (i) Mr. Minton's annual base salary (\$740,000) and (ii) his target bonus for 2012 (reflecting both the cash and restricted share components) (250% of his annual base salary or \$1,850,000). This amount also includes a pro-rata bonus for the year of termination, which is assumed to be equal to Mr. Minton's target bonus for 2012 (reflecting both the cash and restricted share components) (\$1,850,000). Mr. Minton is subject to one-year post-termination non-competition and non-solicitation restrictions in addition to perpetual confidentiality and non-disparagement requirements.
- (4) This amount represents what Mr. Wafer would be entitled to receive (i) under his employment agreement in the event of a termination without cause or a resignation for good reason that occurs at any time, which is an amount equal to his annual base salary (\$550,000) (ii) under the change in control severance plan in the event of a termination without cause or a resignation for good reason, in each case, within twelve months following a change in control, which is a pro-rata cash bonus for the year of termination that is assumed to be equal to the annual cash bonus earned by the named executive officer in respect of 2011 (i.e., \$550,000), payable over twelve months, plus (iii) if Mr. Wafer enters into a retention award agreement, Mr. Wafer's retention award of \$100,000, payable in a lump sum. Pursuant to the terms of his employment agreement, Mr. Wafer is subject to (1) post termination non-competition and non-solicitation of customers' covenants that run for twelve months, (2) a post termination non-solicitation covenant with respect to employees that runs for twenty-four months and (3) a post termination confidentiality covenant that runs for ten years.
- (5) This amount represents what Mr. Cook would be entitled to receive (i) under his employment agreement in the event of a termination without cause or a resignation for good reason that occurs at any time, which is (A) an amount equal to his annual base salary (\$585,000) and (B) two months of continued housing allowance totaling \$30,000; (ii) under the change in control severance plan in the event of a termination without cause or a resignation for good reason, in each case, within twelve months following a change in control, which is a pro-rata cash bonus for the year of termination and is assumed to be equal to the annual cash bonus earned by the named executive officer in respect of 2011 (i.e., \$405,000), payable over twelve months; plus (iii) if Mr. Cook enters into a retention award agreement, Mr. Cook's retention award of \$50,000, payable in a lump sum. Pursuant to the terms of his employment agreement, Mr. Cook is subject to (1) post termination non-competition and non-solicitation of customers' covenants that run for twelve months, (2) a post termination non-solicitation covenant with respect to employees that runs for twenty-four months and (3) a post termination confidentiality covenant that runs for ten years.
- (6) The amount shown in this column is the product of (i) the number of restricted shares and performance shares held by the named executive officer that vest upon a qualifying termination that occurs within twelve months following a change in control multiplied by (ii) \$28.028, the average closing market price per Alterra common share from the date the merger was announced up to the date hereof. The sum of the Double Trigger Equity and Single Trigger Equity columns represents the total value of restricted shares and performance shares held by the named executive officer. The compensation committee of Alterra has determined that, for purposes determining the number of Alterra common shares deliverable upon vesting of performance share awards, subject to completion of the merger, the performance-based vesting criteria has been satisfied to the maximum extent possible and thus, certain performance awards granted in 2012, will pay out at 200% of the target award granted.

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- (7) The amount shown in this column is the product of (i) the number of restricted shares and performance shares held by the named executive officer that vest solely upon a change in control multiplied by (ii) \$28.028, the average closing market price per Alterra common share from the date the merger was announced up to the date hereof.
- (8) This amount represents Mr. Wafer's vested account balance under the Alterra Deferred Compensation Plan as of December 26, 2012 (the latest day such information is available), the lump sum payment of which is accelerated upon a change in control. For purposes of the Alterra Deferred Compensation Plan, the completion of the merger constitutes a change in control.
- (9) This amount represents the estimated employer cost associated with the named executive officer's continued participation in the employer's group health plans under the change in control severance plan. Upon termination without cause or a resignation for good reason, in each case, within twelve months following a change in control, each named executive officer would be entitled to receive continued health benefits for one year under the change in control severance plan. Mr. Wafer participates in a group health plan for employees based in the United States and Messrs. Becker, Roberts, Minton and Cook participate in a group health plan for employees based in Bermuda.

Voting Agreements

Alterra Shareholder Voting Agreements

Voting Provisions

Concurrently with the execution of the merger agreement, Markel entered into the Alterra shareholder voting agreements, under which such shareholders have agreed to vote: (1) in favor of approval and adoption of the Alterra bye-law amendment, merger agreement and the merger and the other transactions contemplated thereby; (2) in favor of any proposal that the board of directors of Alterra has determined is designed to facilitate the merger, the determination of which has been disclosed in this joint proxy statement/prospectus, and has recommended that the Alterra shareholders adopt; (3) against any action or agreement that has or would be reasonably likely to result in any conditions to Alterra's obligations to effect the merger under the merger agreement not being fulfilled; (4) against any takeover proposal; and (5) against any amendments to Alterra's organizational documents or other action, agreement, proposal or transaction involving Alterra or any of its subsidiaries that would reasonably be expected to materially impede, interfere with, delay, postpone or adversely affect the merger or the other transactions contemplated by the merger agreement or change, in any manner, the voting rights of any class of capital stock of Alterra.

In addition, each shareholder party to the Alterra shareholder voting agreements has irrevocably granted to and appointed Markel (and up to two of Markel's designated representatives) as such shareholder's proxy to vote such shareholder's Alterra common shares in accordance with the terms of the Alterra shareholder voting agreements, which proxy will be effective only if such shareholder has not delivered to the Secretary of Alterra at least three business days before the applicable meeting of Alterra shareholders a duly executed proxy previously approved by Markel voting such shareholder's Alterra common shares in accordance with the terms of the applicable Alterra shareholder voting agreements.

Alterra has agreed in the merger agreement to recognize the grant of such proxy and the exercise thereof by Markel (or one of Markel's designated representatives) in accordance with the terms of the Alterra shareholder voting agreements.

The shareholders party to the Alterra shareholder voting agreements collectively own or control approximately 19.6% of the voting power of the outstanding Alterra common shares as of December 18, 2012 (after applying certain voting cut-backs in accordance with Alterra's bye-laws).

Restrictions on Transfers and Lock-Up Provisions

The Alterra shareholder voting agreements also provide that, from the date of the Alterra shareholder voting agreements until the earlier of the (i) effective time of the merger or (ii) earlier termination of the Alterra shareholder voting agreements in accordance with their terms, such shareholders will not sell, transfer, tender, assign, hypothecate or otherwise dispose of, which we refer to as a *Transfer*, any Alterra common shares or any other securities of Alterra having voting rights acquired after December 18, 2012 (including options, warrants and, upon vesting, restricted awards, which we refer to collectively as the *Alterra voting securities*,)

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or any security convertible into any Alterra voting security, or create or permit to exist any additional security interest, lien, claim, pledge, option, right of first refusal, limitation on voting rights, charge or other encumbrance of any nature, which we collectively refer to as an *Encumbrance*, with respect to the Alterra voting securities or any security convertible into any Alterra voting security.

Furthermore, under the Alterra shareholder voting agreements, such Alterra shareholders have agreed that, should the merger be consummated, such Alterra shareholders will not, for a period of three months following the closing, such period we refer to as the *lock-up period*, Transfer or create or permit to exist an Encumbrance with respect to any (i) share of Markel common stock issued in connection with the merger owned by such Alterra shareholder or (ii) Alterra voting securities converted under the merger agreement into convertible securities of Markel (including options, warrants and restricted awards) in connection with the merger that are beneficially owned by such Alterra shareholder; provided, that, during the lock-up period any such Alterra shareholder may Transfer all of any portion of such shares of Markel common stock or convertible securities of Markel (i) (a) an affiliate, (b) such shareholder's spouse, immediate family members or lineal descendants, (c) any trust, the beneficiaries of which include only persons described in clause (b) that agree to be bound by the restrictions set forth in the Alterra shareholder voting agreement, (ii) in any transaction required under applicable law or approved by the board of directors of Markel or (iii) to satisfy the payment of withholding income or other applicable taxes resulting from the vesting or exercising of any equity awards of Markel or Alterra beneficially owned by such shareholder.

The transfer restrictions set forth in the Alterra shareholder voting agreements will not apply to Alterra shareholders that are individuals (and not entities) in the case of such shareholders (i) death, (ii) employment is terminated by Markel or Alterra without cause or due to a change in control or (iii) employment is terminated by such shareholder for good reason.

Alterra shareholders that have executed Alterra shareholder voting agreements may not assign any rights or delegate any obligations under the Alterra shareholder voting agreements without the prior written consent of Markel.

Markel shareholder voting agreement***Voting Provisions***

Concurrently with the execution of the merger agreement, Alterra entered into a voting agreement with certain Markel shareholders, which we refer to as the *Markel shareholder voting agreement*, under which such shareholders have agreed to vote: (1) in favor of the stock issuance; (2) in favor of any proposal that the board of directors of Markel has determined is designed to facilitate the stock issuance, the determination of which has been disclosed in this joint proxy statement/prospectus, and has recommended that the Markel shareholders adopt; (3) against any action or agreement that has or would be reasonably likely to result in any conditions to Markel's obligations to effect the merger under the merger agreement not being fulfilled; (4) against any takeover proposal; and (5) against any amendments to Markel's organizational documents or other action, agreement, proposal or transaction involving Markel or any of its subsidiaries that would reasonably be expected to materially impede, interfere with, delay, postpone or adversely affect the merger or the other transactions contemplated by the merger agreement or change, in any manner, the voting rights of any class of capital stock of Markel.

In addition, each shareholder party to the Markel shareholder voting agreement has irrevocably granted to and appointed Alterra (and up to two of Alterra's designated representatives) as such shareholder's proxy to vote such shareholder's Markel common shares in accordance with the terms of the Markel shareholder voting agreement, which proxy will be effective only if such shareholder has not delivered to the Secretary of Markel at least three business days before the applicable meeting of Markel shareholders a duly executed proxy previously approved by Alterra voting such shareholder's Markel common shares in accordance with the terms of the Markel shareholder voting agreement.

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Markel has agreed in the merger agreement to recognize the grant of such proxy and the exercise thereof by Alterra (or one of Alterra's designated representatives) in accordance with the terms of the Markel shareholder voting agreement.

The shareholders party to the Markel shareholder voting agreement collectively own or control at least 5.2% of the voting power of the outstanding Markel common shares as of December 18, 2012.

Restrictions on Transfers and Lock-Up Provisions

The Markel shareholder voting agreement also provides that, from the date of the Markel shareholder voting agreement until the earlier of the (i) effective time of the merger or (ii) termination of the Markel shareholder voting agreement in accordance with its terms, such shareholders will not Transfer any Markel common shares or any other securities of Markel having voting rights acquired after December 18, 2012 (including restricted shares and, upon vesting, restricted awards, which we refer to collectively as the Markel voting securities) or any security convertible into any Markel voting security, or create or permit to exist an Encumbrance with respect to the Markel voting securities or any security convertible into any Markel voting security.

Furthermore, under the Markel shareholder voting agreement, such Markel shareholders have agreed that, should the merger be consummated, such Markel shareholders will not, for a period of three months following the closing, such period we refer to as the lock-up period, Transfer or create or permit to exist an Encumbrance with respect to any (i) share of Markel common stock issued in connection with the merger owned by such Markel shareholder or (ii) Markel voting securities that are convertible securities of Markel (including restricted shares and restricted awards) in connection with the merger that are beneficially owned by such Markel shareholder; provided, that, during the lock-up period any such Markel shareholder may Transfer all of any portion of such shares of Markel common stock or convertible securities of Markel (i) (a) an affiliate, (b) such shareholder's spouse, immediate family members or lineal descendants, (c) any trust, the beneficiaries of which include only persons described in clause (b) that agree to be bound by the restrictions set forth in the Markel shareholder voting agreement, (ii) in any transaction required under applicable law or approved by the board of directors of Markel or (iii) to satisfy the payment of withholding income or other applicable taxes resulting from the vesting or exercising of any equity awards of Markel beneficially owned by such shareholder. Notwithstanding the foregoing, any shares held by a trust on December 18, 2012 may be transferred to the beneficiaries thereof if required by the terms of the applicable trust agreement or to make distributions from the trust consistent with past practice; provided that, the total number of shares that may be so transferred, together with the shares that may be transferred as described in this paragraph, will not exceed 50,000 shares in the aggregate.

The transfer restrictions set forth in the Markel shareholder voting agreement will not apply to Markel shareholders in the case of such shareholders (i) death, (ii) employment is terminated by Alterra or Markel without cause or due to a change in control or (iii) employment is terminated by such shareholder for good reason.

Markel shareholders that have executed the Markel shareholder voting agreement may not assign any rights or delegate any obligations under the Markel shareholder voting agreement without the prior written consent of Alterra.

Indemnification and Insurance

Under the merger agreement, from and after the effective time, Markel will, and will cause Alterra as the surviving entity of the merger, which we refer to as the *surviving company* for purposes of this section only, to the fullest extent permitted by law (and, in the case of former directors and officers, to the extent permitted by the bye-laws of Alterra in effect immediately before the consummation of the merger), to indemnify, defend and hold harmless, and provide advancement of expenses to, those individuals who are now, have been at any time

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before the date of the merger agreement, or who become before the consummation of the merger, directors or officers of Alterra or any of its subsidiaries, against any and all losses, claims, damages, or amounts that are paid in settlement of or in connection with any claim, action, suit, proceeding or investigation arising out of the fact that such individual is or was a director or officer of Alterra or any of its subsidiaries, for any matters, acts or omissions occurring, at or before the effective time, whether asserted or claimed before, at or following the effective time, including matters, acts or omissions occurring in connection with the approval of the merger agreement and the consummation of the transactions contemplated thereby. Markel and Alterra further agreed that the bye-laws for the surviving company will contain indemnification provisions at least as favorable as those in Alterra's bye-laws as of the date of the merger agreement.

Under the merger agreement, the surviving company will and Markel will cause the combined company to, either (1) continue to maintain in effect for six years from the effective time of the merger directors' and officers' liability insurance and fiduciary liability insurance having terms and conditions at least as favorable to Alterra's current and former officers and directors as in effect as of the date of the merger agreement with respect to matters existing or occurring at or before the effective time (including transactions contemplated by the merger agreement) or (2) purchase a six year tail policy covering Alterra's current and former officers and directors and maintain such policy in full force and effect for the six year term. To the extent purchased before the merger, such policies will be placed through such brokers and insurance carriers as specified by Alterra and reasonably acceptable to Markel. Subject to certain cost limitations set forth in the merger agreement, such tail policy will cover Alterra's directors and officers to the same extent such persons are indemnified or have the right to advancement of expenses as of the date of the merger agreement.

In addition, Markel and Alterra have agreed that if Markel or the surviving company or any of its successors or assigns enters into a consolidation or merger in which any other person is the surviving entity of such consolidation or if either party transfers all or substantially all of its assets to any person, then Markel will cause such person to honor the indemnification obligations set forth in the merger agreement. From and after the effective time, Markel and the surviving company have also agreed not to amend, modify, or terminate the indemnification, advancement of expenses and exculpation provisions contained in the indemnification agreements of the directors and officers of Alterra.

Alterra's current and former officers and directors are third-party beneficiaries of, and have the right to enforce, the indemnification and insurance provisions of the merger agreement.

See *The Merger Agreement Directors' and Officers' Indemnification and Insurance*.

Markel Shareholder Approval

Approval of Stock Issuance. The affirmative vote of the holders of a majority of shares entitled to vote on the proposal and present in person or represented by proxy at the Markel special meeting, provided that the total votes cast on the stock issuance proposal represent over 50% of the outstanding shares of Markel common stock entitled to vote on the stock issuance proposal, is required to approve the stock issuance proposal, as described below under *Proposals to be Submitted to Markel Shareholders; Voting Requirements and Recommendations Proposal 1: Stock Issuance*.

Alterra Shareholder Approval

Approval of Bye-law Vote Amendment. The affirmative vote of a majority of the votes cast at the Alterra special general meeting, at which a quorum is present in accordance with Alterra's bye-laws, is required to approve the bye-law vote amendment, as described below under *Proposals to be Submitted to Alterra Shareholders; Voting Requirements and Recommendations Proposal 1: Approval of Bye-Law Amendment*.

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Approval and Adoption of the Merger Agreement and the Merger. If the bye-law amendment proposed in Proposal 1 is approved and adopted by the necessary vote of shareholders, the affirmative vote of a majority of the votes cast at the Alterra special general meeting, at which a quorum is present in accordance with Alterra's bye-laws, is required to approve this proposal. If the bye-law amendment proposed in Proposal 1 is not approved and adopted by the necessary vote of shareholders, the affirmative vote of three-fourths of the votes cast at the Alterra special general meeting, at which a quorum of two persons at least holding or representing by proxy more than one-third of the issued shares of Alterra, is required to approve this proposal. This proposal is further described below under *Proposals to be Submitted to Alterra Shareholders; Voting Requirements and Recommendations Proposal 2: Approval and Adoption of the Merger Agreement and the Merger.*

Approval on an Advisory Basis (Non-binding) of the Compensation Advisory Proposal. The affirmative vote of a majority of the votes cast at the Alterra special general meeting, at which a quorum is present in accordance with Alterra's bye-laws, is required to approve the compensation advisory proposal, as described below under *Proposals to be Submitted to Alterra Shareholders; Voting Requirements and Recommendations Proposal 3: Approval on an Advisory Basis (Non-Binding) of the Compensation that may be Paid or Become Payable to Alterra's Named Executive Officers in Connection with the Merger, and the Agreements and Understandings Under which such Compensation may be Paid or Become Payable.*

Board of Directors and Management Following the Merger

Immediately following the effective time of the merger, the board of directors of Markel will consist of twelve directors, consisting of the ten current Markel directors (Messrs. J. Alfred Broaddus, Jr., Douglas C. Eby, Stewart M. Kasen, Alan I. Kirshner (Chairman of the Board and Chief Executive Officer), Lemuel E. Lewis, Anthony F. Markel (Vice Chairman), Steven A. Markel (Vice Chairman), Darrell D. Martin, Jay M. Weinberg and Mrs. Debora J. Wilson) and two individuals designated by Alterra and approved by Markel's Nominating/Corporate Governance Committee. Alterra intends to designate Michael O. Reilly and K. Bruce Connell, both of whom are members of Alterra's current board of directors. Under the terms of the merger agreement, Alterra has the right to alter the two director nominees, subject to the approval of Markel's Nominating and Corporate Governance Committee, such approval not to be unreasonably withheld.

It is anticipated that the executive officers of Markel will hold the same or substantially similar positions after the merger, although individual responsibilities may change to reflect the nature of the combined operations of Markel and Alterra.

Listing of Shares of Markel Common Stock

It is a condition to the closing that the shares of Markel common stock issuable to Alterra shareholders in the merger and the shares of Markel common stock to be reserved for issuance upon the exercise of Alterra warrants, Alterra options and other Alterra equity awards will have been authorized for listing on the NYSE, subject to official notice of issuance.

Anticipated Accounting Treatment

The transaction will be accounted for under the acquisition method of accounting in accordance with ASC 805 with Markel as the acquiring entity. In business combination transactions in which the consideration given is not in the form of cash (that is, in the form of non-cash assets, liabilities incurred, or equity interests issued), measurement of the acquisition consideration is based on the fair value of the consideration given or the fair value of the asset (or net assets) acquired, whichever is more clearly evident and, thus, more reliably measurable.

Under ASC 805, all of the Alterra assets acquired and liabilities assumed in this business combination are recognized at their acquisition-date fair value, while transaction costs and restructuring costs associated with the business combination are expensed as incurred. The excess of the acquisition consideration over the fair value of

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assets acquired and liabilities assumed, if any, is allocated to goodwill. Changes in deferred tax asset valuation allowances and income tax uncertainties, if any, after the acquisition date will generally affect income tax expense. Subsequent to the completion of the merger, Markel and Alterra will finalize an integration plan, which may affect how the assets acquired, including intangible assets, will be utilized by the combined company.

Sources of Funds, Fees and Expenses

The aggregate merger consideration paid to Alterra shareholders will consist of a number of shares of Markel common stock determined in accordance with the exchange ratio and cash in lieu of fractional shares, as described in *The Merger Agreement Merger Consideration*.

It is anticipated that Markel and Alterra will incur an aggregate of approximately \$45 million in expenses in connection with the merger, including:

approximately \$42 million in financial, legal, accounting and tax advisory fees;

approximately \$300 thousand in SEC filing and NYSE listing fees;

approximately \$1 million in printing, solicitation and mailing expenses associated with this joint proxy statement/prospectus; and

approximately \$1.7 million in miscellaneous expenses.

Whether or not the merger closes, all costs and expenses incurred in connection with the merger agreement and the transactions contemplated thereby will be paid by the party incurring such expense, except as otherwise specifically provided in the merger agreement, and except that out-of-pocket expenses (excluding fees and disbursements to advisors) incurred in connection with filing, printing and mailing this joint proxy statement/prospectus and the registration statement of which it forms a part will be shared equally by Markel and Alterra.

Markel's board of directors engaged Citigroup as its financial advisor in connection with the merger, and Alterra's board of directors engaged BofA Merrill Lynch to act as its financial advisor in connection with a possible merger or similar transaction with Markel. In connection with its services as financial advisor to Markel in connection with the merger, Markel agreed, in writing, to pay Citigroup a fee of \$15 million, of which \$1 million was payable upon its delivery of a fairness opinion in respect of the merger, and the remainder of which will be payable if the merger is consummated. In connection with BofA Merrill Lynch services as financial advisor to Alterra's board of directors in connection with Alterra's possible merger or similar transaction with Markel, Alterra agreed, in writing, to pay BofA Merrill Lynch an aggregate fee of \$20 million, \$1 million of which was payable in connection with its opinion and the balance of which is contingent upon the completion of the merger.

Dissenters' Rights of Appraisal for Alterra Shareholders

Under Bermuda law, in the event of a merger of a Bermuda company with another company or corporation, any shareholder of the Bermuda company is entitled to receive fair value for its shares. Alterra's board of directors considers the fair value for each Alterra common share to be the merger consideration (\$10.00 in cash, without interest, plus 0.04315 Markel shares). Based on the closing price of Markel shares on December 26, 2012, the merger consideration was equal to \$28.56. Markel shareholders have no appraisal rights in connection with the merger or otherwise.

Any Alterra shareholder who is not satisfied that it has been offered fair value for its Alterra common shares and whose shares are not voted in favor of the merger agreement and the merger may exercise its appraisal rights under the Companies Act to have the fair value of its Alterra common shares appraised by the Court. Persons owning beneficial interests in Alterra common shares but who are not shareholders of record should note that only persons who are shareholders of record are entitled to make an application for appraisal. Any Alterra

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shareholder intending to exercise appraisal rights MUST file its application for appraisal of the fair value of its Alterra common shares with the Court within ONE MONTH after the date the notice convening the Alterra special general meeting is deemed to have been received. The notice delivered with this joint proxy statement/prospectus constitutes this notice. There are no statutory rules or published decisions of the Court prescribing the operation of the provisions of the Companies Act governing appraisal rights that are set forth in Section 106 of the Companies Act or the process of appraisal by the Court and there is uncertainty about the precise methodology that would be adopted by the Court in determining the fair value of shares in an appraisal application under the Companies Act.

If an Alterra shareholder votes in favor of the merger agreement and the merger at the Alterra special general meeting, such shareholder will have no right to apply to the Court to appraise the fair value of its Alterra common shares, and instead, if the merger is consummated, and as discussed in *The Merger Agreement Merger Consideration*, each Alterra common share held by such shareholder will be converted into the right to receive the merger consideration. Voting against the merger, or not voting, will not in itself satisfy the requirements for notice and exercise of a Alterra shareholder's right to apply for appraisal of the fair value of its Alterra common shares.

In any case where a registered holder of Alterra common shares has made an appraisal application, which shareholder we refer to as a dissenting shareholder, in respect of the Alterra common shares held by such dissenting shareholder, which we refer to as dissenting shares, and the merger has been made effective under Bermuda law before the Court's appraisal of the fair value of such dissenting shares then, if the fair value of the dissenting shares is later appraised by the Court, such dissenting shareholder will be paid the difference between the amount paid to him and the value appraised by the Court within one month of the Court's appraisal.

In any case where the value of the dissenting shares held by a dissenting shareholder is appraised by the Court before the merger has been made effective under Bermuda law, then Alterra will be required to pay the dissenting shareholder within one month of the Court's appraisal an amount equal to the value of the dissenting shares appraised by the Court, unless the merger is terminated under the terms of the merger agreement.

The payment to an Alterra shareholder of the fair value of its Alterra common shares as appraised by the Court could be equal to or more than the value of the merger consideration that the Alterra shareholder would have received in the merger if such Alterra shareholder had not exercised its appraisal rights in relation to its Alterra common shares.

An Alterra shareholder who has exercised appraisal rights has no right of appeal from an appraisal made by the Court. The responsibility for costs of any application to the Court under Section 106 of the Companies Act will be in the Court's discretion.

Markel may terminate the merger agreement if the total number of Alterra common shares for which appraisal rights have been properly exercised under Bermuda law exceeds 10% of the Alterra common shares issued and outstanding on the business day immediately following the last day on which the holders of Alterra common shares can require appraisal of their Alterra common shares under Bermuda law.

The relevant portions of Section 106 of the Companies Act are as follows:

(6) Any shareholder who did not vote in favor of the amalgamation or merger and who is not satisfied that he has been offered fair value for his shares may within one month of the giving of the notice referred to in subsection (2) apply to the Court to appraise the fair value of his shares.

(6A) Subject to subsection (6B), within one month of the Court appraising the fair value of any shares under subsection (6) the company will be entitled either

(a) to pay to the dissenting shareholder an amount equal to the value of his shares as appraised by the Court; or

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(b) to terminate the amalgamation or merger in accordance with subsection (7).

(6B) Where the Court has appraised any shares under subsection (6) and the amalgamation or merger has proceeded before the appraisal then, within one month of the Court appraising the value of the shares, if the amount paid to the dissenting shareholder for his shares is less than that appraised by the Court the amalgamated or surviving company will pay to such shareholder the difference between the amount paid to him and the value appraised by the Court.

(6C) No appeal will lie from an appraisal by the Court under this section.

(6D) The costs of any application to the Court under this section will be in the discretion of the Court.

(7) An amalgamation agreement or merger agreement may provide that at any time before the issue of a certificate of amalgamation or merger the agreement may be terminated by the directors of an amalgamating or merging company, notwithstanding approval of the agreement by the shareholders of all or any of the amalgamating or merging companies.

Dissenters Rights of Appraisal for Markel Shareholders

Markel shareholders do not have appraisal rights.

Table of Contents**THE MERGER AGREEMENT**

The following section contains summaries of selected material provisions of the merger agreement. These summaries are qualified in their entirety by reference to the merger agreement, which is incorporated by reference in its entirety and attached to this joint proxy statement/prospectus as Annex A. You should read the merger agreement in its entirety because it, and not this joint proxy statement/prospectus, is the legal document that governs the merger.

The merger agreement has been included to provide shareholders and other investors with information regarding its terms. It is not intended to provide any other factual information about Alterra, Markel and Merger Sub or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the merger agreement were made by Alterra, Markel and Merger Sub only for purposes of the merger agreement and as of specific dates; were solely for the benefit of Alterra, Markel and Merger Sub; may be subject to limitations agreed upon by Alterra, Markel and Merger Sub, including being qualified by confidential disclosures made for the purposes of allocating risk among Alterra, Markel and Merger Sub instead of establishing these matters as facts (such disclosures include information that has been included in Markel's public disclosures, as well as additional non-public information); and may be subject to standards of materiality applicable to Alterra, Markel and Merger Sub that differ from those applicable to shareholders and other investors. Shareholders and other investors are not third-party beneficiaries under the merger agreement (except for the right to receive consideration from and after the consummation of the merger and, solely with respect to those shareholders who are current or former directors or officers of Markel or Alterra or their respective subsidiaries, the right to indemnification) and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Alterra, Markel, and Merger Sub or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the merger agreement may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in Alterra's or Markel's public disclosures or this joint proxy statement/prospectus.

Structure of the Merger

Under the merger agreement, Merger Sub will be merged into Alterra. Alterra will survive the merger and become a direct, wholly-owned subsidiary of Markel. At the effective time of the merger, among other things, the undertaking, property and liabilities of Merger Sub and Alterra will vest in Alterra as the surviving company, and Alterra will continue to be liable for the obligations and liabilities of each of Alterra and Merger Sub.

Closing; Effective Time of the Merger

The closing is expected to occur on the second business day after the satisfaction or waiver of all closing conditions, which are summarized in *Conditions to the Merger*, unless otherwise agreed in writing by the parties.

The merger will become effective at the effective time, which will be the time on the closing date shown on the certificate of merger issued by the Registrar of Companies in Bermuda. Markel, Merger Sub and Alterra will cause the application for the registration of the surviving company to be filed with the Registrar of Companies in Bermuda on the closing date.

Merger Consideration***Exchange Ratio; Fractional Shares; Cash Consideration***

At the effective time, each Alterra common share issued and outstanding immediately before the effective time (excluding any Alterra common shares as to which appraisal rights have been properly exercised under Bermuda law) will be cancelled and converted into the right to receive, the merger consideration consisting of:

0.04315 shares of Markel common stock, together with any cash paid in lieu of fractional shares; and

\$10.00 in cash, without interest (which we refer to as the *cash consideration*).

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Any Alterra shareholder who would otherwise have been entitled to a fraction of an Alterra common share in connection with the merger will be paid an amount in cash determined by multiplying such fraction by the average price of Markel common shares. This average price, calculated to the nearest one-hundredth of one cent, will be determined by valuing Markel common shares based on the volume weighted average price per Markel common share on the NYSE for the five consecutive trading days immediately before the second trading day before the date of the closing, and we refer to this average price as the *average Markel share price*. All Alterra common shares that are held by Alterra as treasury stock or owned by Markel or any of its subsidiaries immediately before the merger will be cancelled and no payment will be made in respect thereof.

Example of Determining Merger Consideration

For example, an Alterra shareholder owning 100 Alterra common shares will be entitled to receive, under the terms of the merger agreement, merger consideration consisting of 4 Markel common shares, an amount of cash equal to the value of 0.315 of a Markel common share (based on the average Markel share price before the closing calculated as described above) and \$1,000 in cash.

Exchange of Alterra Common Shares

Exchange Agent

At least five business days before the effective time, Markel will designate an exchange agent reasonably acceptable to Alterra, for the purpose of exchanging Alterra common shares for the merger consideration. At the date that the closing occurs, Markel will deposit with the exchange agent (1) certificates or, at Markel's option, shares in book-entry form representing the shares of Markel common stock to be exchanged in the merger, (2) cash in a sufficient amount to pay any cash payable in lieu of fractional shares and (3) the aggregate cash consideration. Following the effective time, Markel will also promptly deposit cash in an amount sufficient to pay any dividends or distributions on the shares of Markel common stock with a record date on or following the effective time in respect of the shares of Markel common stock to be issued to former Alterra shareholders who have not yet exchanged their Alterra common shares for the merger consideration.

Exchange Process

Promptly after the effective time, and in any event not later than five business days following the effective time, Markel or Alterra will cause the exchange agent to mail to each Alterra shareholder a letter of transmittal and instructions describing the procedures for surrendering Alterra common shares in exchange for the merger consideration. After the effective time, each holder of Alterra common shares who surrenders title to such shares and delivers a duly executed letter of transmittal together with any other documents reasonably required by the exchange agent will be entitled to be paid the merger consideration for each Alterra common share held by such holder.

Duration of Exchange Fund

Unless otherwise required by law or Markel's agreement with the exchange agent, any portion of the exchange fund held by the exchange agent that has not been distributed to holders of Alterra common shares one year following the effective time will be delivered to Markel, upon demand, and after such transfer, any Alterra shareholder may look only to Markel for payment of the merger consideration and any dividends or distributions with respect to Markel common shares.

Withholding

The exchange agent, Markel or the surviving company, as may be applicable, will be entitled to deduct and withhold from the consideration otherwise payable under the merger agreement is Agreement those amounts as it is required to deduct and withhold with respect to the making of payment under any provision of applicable tax law. Amounts so withheld will be treated for all purposes of the merger agreement as having been paid to the shareholder in respect of whom the deduction and withholding was made.

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Treatment of Alterra Options and Other Alterra Equity Awards

Alterra Options

At the effective time, all outstanding Alterra options will cease to represent a right to acquire Alterra common shares and will be converted automatically into new options to purchase, on the same terms and conditions as are in effect immediately before the effective time (including vesting schedule, taking into account any accelerated vesting of any options as a result of the merger and term of exercise), such number of shares of Markel common stock and at an exercise price per share determined as follows:

Number of Shares: the number of shares of Markel common stock subject to the new option will be equal to the product of (1) the number of Alterra common shares subject to the Alterra options immediately before the effective time and (2) the sum of (A) 0.04315 and (B) \$10.00 divided by the average Markel share price (we refer to this sum as the *incentive award exchange ratio*); and

Exercise Price: the exercise price per share of Markel common stock of a new option will be equal to (1) the per share exercise price of the Alterra option immediately before the effective time divided by (2) the incentive award exchange ratio, the quotient being rounded up, if necessary, to the nearest cent.

No fractional shares of Markel common stock will be issuable upon exercise of each Alterra option, and instead, at the effective time, the right to purchase any fractional share will be cancelled and Alterra will pay the holder of such option the value of the fractional share of Markel common stock in cash based on the average Markel share price.

Restricted Alterra Awards

At the effective time, any holder of restricted Alterra common shares or Alterra restricted stock units that do not become fully-vested on an accelerated basis as a result of the merger will have such restricted Alterra common shares or restricted stock units assumed in full by Markel and automatically converted into the number of restricted shares or restricted stock units of Markel equal to the product of (1) the number of Alterra common shares underlying the restricted Alterra common share or restricted stock unit awards in effect immediately before the effective time and (2) the incentive award exchange ratio. The restricted shares of Markel common stock and Markel restricted stock units received for such restricted Alterra common shares or Alterra restricted stock units will remain subject to the same terms and conditions (including as to the vesting schedule) as were applicable to the restricted Alterra common shares and Alterra restricted stock units before the effective time, except for performance awards for which the compensation committee determined that the performance criteria would be met at the maximum levels, subject to consummation of the merger (see *Interests of Alterra Executive Officers and Directors*). No fractional shares of restricted Markel common stock or Markel restricted stock units will be issuable upon such conversion, and instead, at the effective time, the right to receive a fractional share or unit will be cancelled and Alterra will pay the holder thereof the value of the fractional share of Markel common stock or fractional Markel restricted stock unit in cash based on the average Markel share price.

All other restricted Alterra common shares or Alterra restricted stock units that become fully-vested on an accelerated basis as a result of the merger in accordance with their terms will be canceled and converted into the right to receive the merger consideration and each holder thereof will at the effective time cease to have any rights with respect thereof except the right to receive the merger consideration.

Treatment of Warrants

Alterra Warrants

At the effective time, each outstanding Alterra warrant will cease to represent a right to acquire Alterra common shares and will, at the option of the holder thereof, (i) be surrendered to Markel in exchange for an amount equal to the product of the (A) the merger consideration and (B) the number of Alterra common shares the holder of such Alterra warrant would have received had such holder exercised such Alterra warrant

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immediately before the closing of the merger (calculated assuming the exercise was a cashless exercise) or (ii) remain outstanding following the effective time in accordance with its terms (any warrant that will so remain outstanding, a *converted warrant*). Following the effective time, each converted warrant will, in accordance with its terms, represent a right to purchase, for a price equal to the exercise price set forth in such converted warrant multiplied by the number of Alterra common shares for which such converted warrant may have been exercised immediately before the Closing, (i) an amount of cash equal to the cash consideration multiplied by the number of Alterra common shares for which such converted warrant may have been exercised immediately before the closing and (ii) a number of shares of Markel common stock equal to the number of Alterra common shares for which such converted warrant may have been exercised immediately before the closing multiplied by the exchange ratio, together with any cash paid in lieu of a fractional share in accordance with the terms of the converted warrant. The number of shares of Markel common stock deliverable upon the exercise of the converted warrants following the closing will be subject to adjustment for events subsequent to the closing on terms economically equivalent to those provided in the converted warrants.

Markel Board of Directors after the Merger

The parties agreed that they will take all actions necessary to (i) increase the number of directors that will comprise the board of directors of Markel by two and (ii) add two individuals designated by Alterra and approved by the Nominating/Corporate Governance Committee of Markel's board of directors (such approval not to be unreasonably withheld) as members of Markel board of directors until the earlier of their resignation or removal or until their respective successors are duly elected or appointed, in each case, with effect immediately after the effective time (we refer to the foregoing actions as the *Markel board expansion*).

Representations and Warranties of the Parties in the Merger Agreement

The merger agreement contains various customary representations and warranties of Markel and Alterra (and Merger Sub with respect to specified sections) relating to, among other things:

organization, good standing and corporate power;

capital structure;

authorization to enter into, and enforceability of, the merger agreement;

the absence of conflicts with, or violations of, (1) organizational documents, (2) applicable law or (3) material agreements, indentures or other instruments, in each case as a result of the merger or entry into the merger agreement;

consents, approvals, registrations and filings with governmental entities required to be made or obtained before the closing in connection with the entry into the merger agreement or the consummation of the merger and the other transactions contemplated by the merger agreement;

the filing, accuracy and completeness of SEC reports, the preparation and presentation of financial statements, the absence of undisclosed liabilities, the preparation and filing of statements and reports with applicable insurance regulatory authorities, and the furnishing to the other party of risk management policies;

compliance with applicable laws and reporting requirements;

absence of material pending or threatened legal and arbitration proceedings and investigations;

tax matters;

absence of certain changes or events in the business or condition of each party;

approvals of the respective boards of directors in connection with the merger and the other actions and transactions contemplated by the merger agreement;

the required votes of shareholders;

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agreements with regulatory agencies or governmental authorities;

insurance matters, including statements and reports filed with applicable insurance regulatory authorities and the enforceability of in-force reinsurance agreements;

investments and derivatives;

material and intercompany contracts;

employee benefits and executive compensation;

labor relations and other employment matters;

intellectual property;

real and leased properties;

status under certain regulations related to investment advisor status;

the opinion of each party's financial advisors as to fairness of the merger consideration from a financial point of view;

inapplicability of takeover statutes to the merger;

broker's fees payable in connection with the merger;

matters relating to this joint proxy statement/prospectus and other related disclosure documents

sufficiency of funds of Markel to consummate the merger and the other transactions contemplated by the merger agreement; and

the absence of other representations and warranties.

Some of the representations and warranties of Alterra, Markel and Merger Sub in the merger agreement are qualified by knowledge, materiality thresholds, or a material adverse effect clause. Both parties' representations and warranties are qualified by their disclosures filed with the SEC after January 1, 2012 and before December 14, 2012. For purposes of the merger agreement, *material adverse effect* means any change, state of facts, circumstance, event or effect that is materially adverse to (1) the ability of a party to perform its obligations under the merger agreement or to consummate the transactions contemplated thereby on a timely basis or (2) the financial condition, properties, assets, liabilities, obligations (whether accrued, absolute, contingent or otherwise), businesses or results of operations of a party and its subsidiaries, taken as whole, except for in the case of clause (2) any change, state of facts, circumstance, event or effect to the extent caused by or resulting from:

the execution, delivery and announcement of the merger agreement and the transactions contemplated thereby;

changes in economic, market, business, regulatory or political conditions generally in the United States or in Bermuda or any other jurisdiction in which such party operates or in the Bermudian, U.S. or global financial markets, except to the extent such changes have a materially disproportionate effect on a party relative to other similarly situated persons in the property and casualty insurance and reinsurance industry;

the commencement, continuation or escalation of acts of war, armed hostilities, sabotage, acts of terrorism or other man-made disaster, except to the extent such events have a materially disproportionate effect on a party relative to other similarly situated persons in the property and casualty insurance and reinsurance industry;

changes, circumstances or events generally affecting the property and casualty insurance and reinsurance industries in similar geographic areas and product markets in which such party operates, except to the extent such changes, circumstances or events have a materially disproportionate effect on a party relative to other similarly situated persons in the property and casualty insurance and reinsurance industry;

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changes, circumstances or events resulting in liabilities under property catastrophe insurance or reinsurance, including any effects resulting from any earthquake, hurricane, tornado, windstorm, act of war, armed hostilities, sabotage, act of terrorism or other natural or man-made disaster;

changes in U.S. GAAP or in applicable statutory accounting principles (or local equivalents) prescribed or permitted by the applicable insurance regulatory authority, or in any applicable law, in each case occurring after December 18, 2012, except to the extent such changes have a materially disproportionate effect on a party relative to other similarly situated persons in the property and casualty insurance and reinsurance industry;

any change or announcement of a potential change in its or any of its subsidiaries' credit or claims-paying rating or A.M. Best rating or the ratings of any of its or its subsidiaries' businesses or securities, but not excluding the underlying cause of such change or announcement;

the failure to meet any revenue, earnings or other projections, forecasts or predictions for any period ending after the date of the merger agreement, but not excluding the underlying cause of such failure; or

any action or failure to act required to be taken by a party under the express terms of the merger agreement.

In most instances, the representations and warranties of Alterra, Markel and Merger Sub in the merger agreement that are qualified by "material adverse effect" are qualified only to the extent that the failure of such representations or warranties to be true and correct would not, individually or in the aggregate, reasonably be expected to have a "material adverse effect" on Alterra and its subsidiaries, or Markel and its subsidiaries, as the case may be, in each case, taken as a whole.

The representations and warranties in the merger agreement do not survive after the effective time.

Please see the introduction to this section *The Merger Agreement* for additional information regarding the nature of the representations and warranties in the merger agreement.

Conduct of Business Pending the Closing of the Merger

Alterra has agreed that, subject to certain exceptions or as consented to in writing by Markel, during the period from the signing of the merger agreement to the effective time, it and its subsidiaries, among other things, will conduct their respective businesses in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve intact their business organization, maintain permits and licenses and preserve relationships with its employees, investment advisors and managers, customers, policyholders, reinsureds, retrocedents, regulators, agents, administrators, lenders and financing providers and others having business dealings with it. Furthermore, Alterra has agreed that it will not, and will not permit any of its subsidiaries, to:

declare or pay any dividend or make other distributions on its share capital, options or warrants, with limited exceptions including, (1) dividends or distributions paid by a wholly owned to it or its wholly owned subsidiary and (2) regular quarterly cash dividends on the Alterra common shares with record and payment dates consistent with past practice;

adjust, split, combine or reclassify, any of its share capital or of any other securities in respect of, in lieu of or in substitution for, shares of its share capital;

amend or waive the terms of any option, warrant or other right to acquire shares of its share capital;

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repurchase, redeem or otherwise acquire any shares of its or any of its subsidiaries share capital or any securities convertible into or exercisable for any such shares, other than repurchases, redemptions or acquisitions by a wholly owned subsidiary of share capital or such other securities, as the case may be, of another of its wholly owned subsidiaries, with limited exceptions;

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issue, deliver, pledge, encumber, dispose of or sell any shares of any class of its (or any of its subsidiaries) capital shares, any voting debt, any share appreciation rights or any securities convertible or redeemable into, or exercisable or exchangeable for, or any rights, warrants or options to acquire, such shares or voting debt or enter into an agreement with respect to the foregoing, or otherwise make any changes in its capital structure, other than (1) as required by its existing equity benefit plans or warrants, (2) issuances by any of its wholly owned subsidiaries to it or to another of its wholly owned subsidiaries, and (3) certain grants of restricted stock to employees;

other than in accordance with the bye-law amendment, amend or propose to amend its organizational documents or those of any of its subsidiaries;