2014

To Our Business Partners

Here is our annual report to you for the year 2014. If you are reading this, it's probably because you already own Markel. This is your company. You own it and we work for you. In the course of this report we'll attempt to answer two major questions that we think you would want to know as owners of the business, namely, "How are we doing, and, what's next?"

If for some reason you are reading this and you don't own Markel, we hope that you will want to rectify that void by the time you finish.

Our goal at Markel is to build one of the world's great companies. The markers of success in achieving that goal will be outstanding long-term financial results AND an enduring culture that attracts the best associates, customers, and shareholders. We've pursued this dream through three generations of family ownership and over three decades of public ownership and so far…so good.

Question # 1 – How are we doing?

This was a watershed year for your company. The financial results only hint at the progress made at Markel in multiple dimensions. The people of this company went from a sprint to hyper-speed in adapting to a changing world. We learned important lessons about how to manage and continue to build an enterprise of increasing scale and complexity. First things first, to the associates of Markel, thank you for your amazing efforts.

2014 was a year of great progress, top to bottom. Total revenues grew 19% to $5.1 billion versus $4.3 billion. In our insurance operations, we wrote $4.8 billion of premium volume compared to $3.9 billion a year ago. Most importantly, this was profitable volume with a combined ratio of 95% compared to 97% in 2013. We earned 7.4% on our investment portfolio with equity returns of 18.6% and fixed income returns of 6.5%. In our Markel Ventures operations revenues totaled $838.1 million versus $686.4 million a year ago and we earned Adjusted EBITDA of $95.1 million compared to $83.8 million a year ago.

(in millions, except per share data)	**2014**	2013	2012	2011	2010	2009	2008	2007	2006
Total operating revenues	$ **5,134**	4,323	3,000	2,630	2,225	2,069	1,977	2,551	2,576
Gross written premiums	$ **4,806**	3,920	2,514	2,291	1,982	1,906	2,213	2,359	2,536
Combined ratio	**95%**	97%	97%	102%	97%	95%	99%	88%	87%
Investment portfolio	$ **18,638**	17,612	9,333	8,728	8,224	7,849	6,893	7,775	7,524
Portfolio per share	**$1,334.89**	1,259.26	969.23	907.20	846.24	799.34	702.34	780.84	752.80
Net income (loss) to shareholders	$ **321**	281	253	142	267	202	(59)	406	393
Comprehensive income (loss) to shareholders	$ **936**	460	504	252	431	591	(403)	337	551
Shareholders' equity	$ **7,595**	6,674	3,889	3,388	3,172	2,774	2,181	2,641	2,296
Book value per share	$ **543.96**	477.16	403.85	352.10	326.36	282.55	222.20	265.26	229.78
5-Year CAGR in book value per share [1]	**14%**	17%	9%	9%	13%	11%	10%	18%	16%

[1] CAGR—compound annual growth rate

In sum, financially, we earned comprehensive income of $935.9 million and the net change in our book value per share was $66.80. There will be many more numbers and tables in the body of this report but suffice it to say that the people of Markel produced outstanding financial results in 2014.

Our associates enjoyed new challenges and opportunities throughout Markel. We expanded in financial size through organic growth and the ongoing successful integration of the Alterra acquisition. We began operating in new territories around the globe, we introduced new insurance offerings, and we added new services and products in our Markel Ventures operations. Associates at Markel should never be bored. There are ongoing opportunities to learn and build at this company. The combination of ongoing personal growth opportunities along with our consistent values as described in the Markel Style, make Markel a wonderful company in which to build a career.

We served our customers. That is why we are in business. During 2014 we provided for our customers with over $1.9 billion of payments for when the earth shook, winds blew, or other unforeseen events, caused covered insured losses. Within Markel Ventures, among other things, we built equipment which our customers used to bake bread, dredge, and haul cars, general cargo, and industrial supplies. We provided affordable housing and medical needs for thousands. We helped retailers with analytics and data they use to run their businesses.

And for our shareholders, the price of each share of Markel rose 18% from $580.35 to $682.84 during the year.

While the short-term annual financial results were great, and the stock price went up, results from any single year do not reliably describe the real accomplishments and progress at your company. It takes longer to make valid judgments.

To begin to correct for this short-term distortion, we as senior managers mechanically use a rolling five-year measurement period to calibrate things like our incentive compensation. The reason we do that is to get a more accurate proxy of measuring our progress in accomplishing the more important long-term goals. We think that time horizon is a bit longer than what most companies use. We also think that orienting ourselves towards long-term thinking offers us a huge advantage. With a long term focus, difficult decisions oftentimes become easier and more obvious.

The answer to the question of, "How we are doing?" also becomes clearer and more accurate when we start to look at five-year measurement terms. In the last five years, revenues grew 148% from $2.1 billion to

2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	**20-Year CAGR[1]**
$ 2,200	2,262	2,092	1,770	1,397	1,094	524	426	419	367	344	280	**16%**
$ 2401	2,518	2,572	2,218	1,774	1,132	595	437	423	414	402	349	**14%**
101%	96%	99%	103%	124%	114%	101%	98%	99%	100%	99%	97%	**—**
$ 6,588	6,317	5,350	4,314	3,591	3,136	1,625	1,483	1,410	1,142	927	622	**19%**
$672.34	641.49	543.31	438.79	365.70	427.79	290.69	268.49	257.51	209.20	170.95	115.45	**13%**
$ 148	165	123	75	(126)	(28)	41	57	50	47	34	19	**15%**
$ 64	273	222	73	(77)	82	(40)	68	92	56	75	(10)	**14%**
$ 1,705	1,657	1,382	1,159	1,085	752	383	425	357	268	213	139	**22%**
$174.04	168.22	140.38	117.89	110.50	102.63	68.59	77.02	65.18	49.16	39.37	25.71	**16%**
11%	20%	13%	13%	18%	21%	22%	23%	26%	26%	31%	17%	**—**

$5.1 billion. The book value per share rose 93% from $282.55 to $543.96 and we earned comprehensive income of $2.6 billion in the last five years as compared to $1.1 billion in the previous five-year period. If the Beatles meant to write a song about us, "It's getting better all the time" might have been the one they had in mind.

The most robust evidence of success in "How we are doing?" can be seen in the embedded 21 year table of financial results that we include in this report. We encourage you to spend just as much time with the numbers and trends in that table as with the words in this letter. The two are intertwined. The culture, the dreams, the vision, and the tasks we describe in the letter, produce the numbers you see in the table.

We would not have been as successful producing those results without our vision as stated in the Markel Style, AND, our words about culture, and values, and dreams, would ring hollow had we not produced the economic results described in the table. They are one.

Question # 2 – What's next?

To think about, "What's next?" consider the words of the famous Virginian Patrick Henry when he said, "I know of no way of judging the future but by the past." Much of what we are reporting to you on our recent results came from four distinct decisions during the last few years. We believe in the dictum that "excellence comes from experimentation rather than design." Here are some examples of the experiments/decisions we've made in recent years and how they are influencing current results.

First, several years ago we decided to pursue the "One Markel" initiative. Historically, Markel grew predominantly by acquisition. While we added our culture and incentive systems to the businesses we acquired, we largely left them to operate as they had in the past. Silos of IT systems, marketing channels, relationships, and product decisions, among other items, were largely left in the hands of the managers of the acquired companies. We modestly carried products, people and ideas from one unit to the other, but not massively so. Fortunately, the company grew and we earned wonderful financial results for a long period of time with that general approach.

As always though, the world changed, and we needed to change with it. With the increasing pace of business today as supported by information technology developments, we needed to increase our speed and scalability. The "One Markel" initiative truly changed the mindset of Markel from that of a confederation of individual units into one global company.

In the early 1990's, one knowledgeable investor remarked that they were impressed with Markel, and our creativity and financial performance, but they were concerned that our approach was not scalable. They were right. After several decades of success, we concluded that we were nearing the limits of scalability with our previous approach. So we changed.

It is impossible to overstate the importance of this decision.

It touches everything we do and it is different from our historical approach. That is wonderful. While our values and principles have and will remain unchanged, the tools and specifics needed to successfully operate a business change all the time. We keep what should remain, and we change what needs to be changed. Count on us to continue this effort forever.

Second, the mindset change from One Markel contributed to our decision to purchase Alterra and roughly double the size of the company in one fell swoop.

The thing about doing things in units of "one fell swoop" as opposed to sips, or incrementally, is that it forces you to accept change immediately. Business as usual just doesn't work and you must find a different way to do things.

Ironically, it can often be the hardest to accept change at a successful organization. The mindset of "if it ain't broke, why fix it?" can easily develop when things are going well. The world in 2015 and beyond has no place for that mentality. However things are, they can be better, and the forced reexamination of our business to figure out overnight how to operate a company that was twice its previous size served us well.

We accepted that challenge and we continue to rise to it. The actions we took, and the new mindset, will serve us well into the future.

Third, we decided to integrate the relevant Alterra operations from day one as opposed to simply bolting it on to our existing operations. This was a different approach than our previous insurance acquisitions and a new day-one mindset going into a deal. So far, this approach has worked extremely well. We've had a smoother integration of Alterra than any other previous insurance acquisition at Markel.

The Reinsurance and Global divisions of Alterra were new to us, but those businesses benefited from the increasing scale and value of the Markel brand immediately.

At the same time, we also kept many of our historical practices while integrating Alterra. For example, we strengthened loss reserves for the post acquisition Alterra business to be consistent with our more likely redundant than deficient reserving philosophy even though this approach penalizes the "reported" short-term earnings. We think this approach reinforces and builds our culture of conservatism and ends up producing better real economics over time. We also introduced our longer term and entrepreneurial incentive compensation arrangements to the Alterra associates which have worked so well in reinforcing our culture and producing great financial results for associates and shareholders over long periods at Markel.

Fourth, we pursued the creation and expansion of Markel Ventures.

From the start in 2005 when we purchased 80% of AMF with its roughly $60 million in revenue, Markel Ventures ended 2014 with revenues of $838.1 million and Adjusted EBITDA of $95.1 million. Markel Ventures now stands as a real, and meaningful contributor to the wealth creation underway at Markel Corporation.

Markel Ventures does two things for Markel. One, it gives us another option for capital allocation decisions. Secondly, it makes a bunch of money. As one frame of reference for that statement, consider Markel Corporation 10 short years ago. In 2004, we earned underwriting premiums of just over $2 billion and underwriting profits of $72 million. While the language used to describe underwriting profits from insurance operations, and cash flows from non-financial businesses, are different, it's not that hard to translate. Underwriting earnings are generally comparable to Earnings Before Interest Expense, Taxes, Depreciation, and Amortization. They equal the acronym EBITDA. In 2014, the Adjusted EBITDA of Markel Ventures, which also excludes a non-cash goodwill impairment charge of $13.7 million, totaled $95.1 million. This stuff is starting to add up.

Most companies are limited in how they think about what they can do with capital. They are constrained by several factors. Many need to reinvest in their business just to keep it viable and competitive. We specifically choose to avoid those industries as much as possible. Many see themselves as narrow providers of specific products or services with limited interest, imagination, or desire, to move beyond those realms. We are fueled by imagination and the desire to grow, *and*, we believe it is necessary in a changing world to do so.

Many are constrained by short-term shareholders with little or no confidence in management to make rational and appropriate economic decisions. We continue to do our best to earn the right as managers to make broader decisions with capital than is the current custom in financial markets. We've earned excellent returns on our historical insurance and investment activities, and we've now developed a mature and robust business in

Markel Ventures as well. We hope you are pleased and encouraged with this development. As managers and shareholders ourselves, we are.

This record, and this trust between shareholders and managers, creates the opportunity for us to continue our triage of how we allocate capital.

First, we look to support organic growth in our existing insurance and Markel Ventures operations. We have a team of proven, successful operators within the walls of Markel. Our first choice is to give them more resources when they have the opportunity to put money to work effectively.

Second, we can pursue acquisitions in the realm of insurance or non-insurance businesses (that should cover it). We have experience and a proven track record of being able to successfully acquire and operate businesses all around the world. In the short-term, we can do math and count money. We can, with reasonable precision, know what things cost and what returns we can earn when we own them. We've done that.

More importantly, in the longer term, we see that our *values* and our *culture* work all around the globe. Talented people want to be part of this company. With talented and honest people we can accomplish anything. As such, in the long run we expect the businesses we buy to grow far beyond our initial estimates of size and profitability and to eventually exceed our wildest expectations. We do more of what works, and we give more resources to the talented associates who make good things happen. We do less of what doesn't work, and we reallocate those resources to others.

This works. It is what matters over time.

We ask for an unusual degree of trust and flexibility from our owners and we try our best to be explicit in communicating how we are proceeding with our plan to build one of the world's great businesses. The good news is that you have decades of evidence demonstrating that we deserve this trust and will carry on in building the value of your company. We intend to keep going.

Thirdly, we acquire publicly traded equity and fixed income securities for the dual purposes of supporting our insurance operations and earning good returns on our capital. The great news to report is that our investments did what they are supposed to do. They supported the insurance operations AND they produced excellent returns on our capital.

As to our equity selection process we continue to use our durable four step process in seeking excellent long-term investments. We look for, one, profitable businesses with good returns on capital and modest leverage; two, management teams with equal measures of talent and integrity; three, businesses with reinvestment opportunities and/or capital discipline, at; four, reasonable valuations. You'll find this language in every Markel annual report since 1999. We believed in this approach since the beginning. We just started explicitly stating it in the annual report that year. Expect this language to continue in future annual reports.

As to our fixed income operations, we look for the highest quality fixed income securities that we can find to match up against our insurance liabilities. In large measure, we match the expected duration and currencies of our insurance liabilities to fixed income securities with similar durations and currencies. We do not attempt to forecast or profit from interest rate or currency movements. While we remain humble about our ability to earn returns from forecasting the future, we do remain responsible for protecting our balance sheet against big changes in those factors. As such, we continue to own a portfolio of fixed income securities which mature faster than what we expect from incoming insurance claims. We will continue to maintain this modest override from our normal design until such time as interest rates are higher than current levels. We just don't think we are being paid appropriately to take the risks of owning long-term bonds so we won't do it. It is the same decision any underwriter at Markel would make when they don't think the rewards justify the risk.

We manage practically all of our investments in house at an extraordinarily low cost. At year end the total investment portfolio stood at $18.6 billion. Our total in house management costs remain a single digit number of basis points of that number and can't even be measured until you get to hundredths of a percent. Additionally, we tend to be incredibly tax efficient in managing our investments given our long-term ability to buy and hold quality equity investments. This is a massive addition to the long-term returns you earn as shareholders.

We continue to use our four lenses to find and select investments and we often ignore investment fashions and conventional wisdom while doing so. Currently, two features of today's marketplace strike us as good examples of ways in which we behave differently than most institutions.

One example is the current move to passive and indexed investments. One goal of indexers is to reduce investment costs. Count us in for that part. As we cited earlier, we operate at very low investment management cost levels. The problem with indexing, and when it cycles in and out of favor, is that it is a relatively brainless activity. Certain behaviors and practices get reinforced by money gushing in or out of indexes, and prices of real companies get distorted in the process. We've been around long enough to have witnessed the dreadful returns experienced by indexers in the late 90's and early 2000's. We'll try to use brains and common sense to avoid the excesses of index strategies while at the same time competing toe to toe with them on costs. Our record of now being in our third decade of outperforming the S&P 500 should give you some confidence in our approach.

A second example of how markets periodically become unhinged from long-term reality can be seen in the current action of the oil market. Arguably, oil is the most liquid, important and globally traded commodity on the face of the earth. Hundreds if not thousands of companies participate in the energy business. Hundreds of thousands if not millions of people work in, and study this field. The fact that oil could sell for over $100 per barrel, and for less than half that price within a few short months, should be about all of the evidence you need to dismiss those who believe in efficient markets, or forecasting just about anything.

Our investment record has not and will not be based on our ability to forecast the future of geopolitical changes, interest rates, currency moves, technological change or any other factor that occupies the minds and hours of countless investment professionals. We simply accept that all of those things will continue to fluctuate and change, and that our four part process does the best job we know of finding the people and financial circumstances who will make the best of whatever happens.

Our fourth and final choice for capital allocation happens when we believe that the repurchase of our own shares creates better returns than any of the first three choices. We've only purchased modest amounts of our stock over the years and we believe that you are better served when we can reinvest capital into businesses which create attractive recurring returns.

The Past – Chapters 1994 to 2014

Financially, our past can be described by the 21 year table that shows our growth in measures such as profitability, net worth, revenues and returns on capital. On all of those measures, we've earned wonderful returns over meaningful periods of time. More importantly, what created those numbers was the leadership, integrity, creativity, flexibility, and adaptability to whatever opportunities came about and in how we responded to changes in economic conditions.

A review of the past, chapter 2014

In our insurance operations we enjoyed a wonderful year in 2014.

By way of a list, here are some of the features from 2014:

1. We made massive progress on the integration of the Alterra operations. Markel operates as a unified company. The process created more scalability and efficiency from our legacy and newer insurance operations.
2. We began a concerted and explicit effort to improve our operational efficiency and discipline to augment our historically strong skills of creativity and relationship building.
3. We systematically created opportunities for our associates to pursue personal development opportunities and transfer knowledge across the organization.
4. We globalized our information technology structure to increase efficiency and increase our opportunity to scale up our business.
5. We developed quick and meaningful actuarial tools that help our underwriters make faster and more accurate decisions.
6. We added analytics capabilities to improve day-to-day decision making regarding catastrophe related exposures, reinsurance market conditions, terrorism issues, and other risk factors.
7. We added new products and exited others that did not meet our profitability requirements.
8. We added internal incentives designed to reward harder to measure front end instances of creativity and ingenuity, in addition to the more traditional incentives associated with back end financial results.
9. We redesigned work flows to increase speed, accuracy and accountability.
10. We amalgamated our claims departments into one global department.
11. We unified our marketing approach to increase the value of the Markel brand.
12. We expanded the very nature of our insurance activities with the ongoing growth of Abbey Protection.
13. And more…

This is just a partial list of activities in our insurance operations. Suffice it to say that we sprinted hard in 2014 as an organization and this is a different and better company than before.

A similar and partial list for Markel Ventures includes the following:

1. We acquired Cottrell. The leading manufacturer of car hauling trailers in the U.S.
2. We added to the size and scale of AMF Bakery systems, now known as the Markel Food Group, with the Tromp acquisitions in the Netherlands.
3. We acquired additional manufactured housing communities at Parkland Ventures.
4. We opened four new offices at PartnerMD.
5. We expanded and deepened strategic customer relationships at RetailData.
6. We demonstrated continuity with successful leadership succession plans.
7. And more…

The always "treasured" accounting discussion

Feel free to skip ahead here. As Winston Churchill said, "The length of this document defends it well against the risk of it being read." That's okay; the gist of this section tries to communicate two thoughts. The first and most important message, which we discussed last year, is that, in order to understand the financial performance of Markel, it is becoming just as important to focus on our statement of cash flows, and our income statement, as it is on the more historically important balance sheet. We believe that the combination of these statements which over time reconcile to the *relative* measure of *rate of change* in book value per share is equally if not more important than the *absolute* measure of where the book value per share stands at any given point in time. To gain confidence and understanding of that point of view requires diving into the world of accounting.

The second and less important message is that we incurred a minor charge for goodwill impairment within our Markel Ventures operations in 2014. This reduces the reported rate of change in the five-year growth rate of book value per share this year and for the next four years by an amount that doesn't even add up to 1%. After that, it will increase the rate of change in this measurement by a roughly similar amount for the next five years. There is no material economic effect from this adjustment.

We are writing about this because sometimes the rules of accounting seem to describe things in a different way than how we as business people might view something. In 2014 Markel Ventures earned over $95 million of Adjusted EBITDA. Despite that aggregate performance we recorded a $13.7 million goodwill charge to write down a portion of acquisition costs. For all of Markel Ventures, total goodwill on our balance sheet now stands at roughly $216.0 million following this charge.

Making money and taking charges at the same time might strike you as a bit contradictory. That's why we're writing about this. We're trying to give you as much clarity as we can about both the economic conditions of our business as well as about accounting rules so that you can gain insight into how your company is doing. We think it is worth adding some commentary to the raw numbers to give you a clearer picture of how things are going.

Some of our Markel Ventures acquisitions have worked out better than we expected so far, and some have not. Given our heritage and culture of balance sheet conservatism *and* (and the word *and* is really important here) the unit level at which we review entity level balance sheets; we recorded a write-off of the goodwill associated with one unit. We remain optimistic about the long-term economic prospects of that business. We also made the sorts of changes and adaptations that you would expect of us at that unit as well as with each and every other business we manage.

From an accounting perspective, we are required to look at the recoverability of goodwill at the "reporting unit" level and each Markel Ventures affiliate group is a reporting unit for this purpose. If, instead, Markel Ventures was aggregated into one reporting unit, with Adjusted EBITDA of over $95 million compared to a goodwill balance of $216.0 million, it is likely that an impairment charge would not be necessary.

Accounting for goodwill involves multiple layers of judgment, in addition to the cold hard facts. We'll attempt to peel the onion of some of the layers of judgment that frame our goodwill accounting in order to try to help you understand the underlying economic reality at your company. We make every decision with the goal of trying to build the long-term value of your company. That never changes.

Specifically, when we make acquisitions we normally make an accounting entry to establish an initial balance for goodwill. We do this allocation in complete accord with GAAP. While a large amount of judgment is involved in this process, we first allocate purchase price to specific assets and liabilities with easily identifiable market prices and intangible assets that can be amortized. Roughly speaking, whatever amount is left over after those allocations is deemed to be goodwill. To the extent this process results in lower amounts of non-amortizable goodwill, it lowers current income by the amount of amortization of the intangible assets and makes the balance sheet more conservative over time.

In general, when compared to our insurance operations, the Markel Ventures companies tend to have smaller amounts of fixed assets and larger amounts of goodwill as a percentage of the total balance sheet. For non-financial based companies, these facts tend to correlate with the circumstances you would find at a good business. They are markers consistent with a company that produces good cash flows and earnings, and at the same time, doesn't need to make massive capital investments. The value of a business like this tends to come more from cash flows they produce rather than the accumulation of easily marketable asset portfolios.

While accountants appropriately try to make sure that accounting statements provide users with information that helps them understand the underlying economic reality at any given company, it is a tough task to accomplish. Accounting rules change over time. In previous accounting eras, a rough justice approach to goodwill prevailed where the entire amount of goodwill was written off over a number of years. In other eras, different amortization schedules prevailed, and different accounts could be expensed at different rates.

In today's world, accountants mandate that the goodwill amounts on a balance sheet must be constantly evaluated and reviewed. Many billable hours are consumed in this process. This is a one-way process where goodwill might be currently perceived as impaired and therefore charges are taken. If subsequent circumstances improve, the goodwill that was written off in previous periods will never be restored and written back up.

In another instance of making money and taking charges at the same time, consider the "Other-Than-Temporary Impairment" accounting treatment that applies to our portfolio of publicly traded securities. While our overall equity portfolio earned 18.6% in percentage terms and $611.0 million in dollars, we charged $4.5 million against our net income for certain lots within that overall portfolio that were deemed by accounting policies to be "other-than-temporarily impaired." If those securities rise in market price in subsequent periods they will not be written up. The gains will only show up in the income statement when they get sold. This is a small amount relative to the balances involved, but it illustrates how items can travel around between income statements and balance sheets in a way that can be confusing. Fortunately, the net change in book value calculation that you can perform by using the balance sheet rather than the income statement corrects for this effect.

As we wrote last year, historically Markel Corporation was largely and accurately described as an insurance company. As an insurance company, the balance sheet towered over the income statement and the statement of cash flows as the most important of the three financial statements. We always embraced a culture of conservatism and did our best to make sure that balance sheet was as conservatively stated as possible.

Nothing about that has or will change.

The good news remains that in our view the most important single financial metric of *net change in book value per share* will still do an excellent job of accurately describing the economic progress we are making at your company.

To give you some degree of understanding as to why we're so focused on the compound annual growth rate (CAGR) in book value per share, consider the following. For the last five years, the CAGR in book value per share was 14%. For the same five years, the CAGR of the Markel Stock price was 15%. For the 21 years listed in the table, the CAGR in book value per share was 16%. The 21 year CAGR for the stock price was 15%.

It is no accident that those numbers are so similar. If you want to have an idea of what you'll earn in the future from owning Markel, our estimate stops and starts with the *rate* at which the long-term CAGR of book value per share grows. The long-term *rate* of increase in that number is the least worst proxy to determine how we are doing as managers in building the value of your company.

We try to make the growth in book value per share as high as it can be in each and every aspect of our insurance, investing, Markel Ventures, and capital allocation decisions.

Final note- If it is of any comfort to you as readers, five out of the six people signing this letter wished that we didn't write about accounting. But as Bono of U2 sings in One Love, "We get to carry each other." The sixth member of the band looks forward to not writing about accounting as well, but feels that it is of mortal importance to understand the nuances and challenges involved in translating between GAAP accounting procedures and economic reality.

The Future – 2015 and beyond

In all of these activities throughout the entirety of the Markel Corporation we continued our long-term path of building one of the world's great companies.

Our simple forecast for "What's next?" is *more of the same*. We will continue to come to work every day. We will think creatively about how to operate our business more efficiently and effectively, we will think about what businesses we should pursue and what we should cede to others, we will try to attract and retain the most talented people we can find who share our values, and bring increasing skills and talents to the company. We will dedicate ourselves to learning continuously, and we will never stop. While "getting better all the time" is a pleasant tune when you hear the Beatles sing it, the reality is that it describes an eternally challenging, but magnificent, quest.

This is not a new statement in 2014. It's what we've done continuously at Markel since Sam Markel started this company with an idea in 1930.

We are not done. We enjoy the process of getting better and we will continue to work at that task. As such, the next chapter for us is more of the same…*more*.

Thank you again for your confidence and trust in us as managers of your company. We look forward to reporting to you on our ongoing progress and we deeply appreciate the opportunity to build this institution and what it represents.

Alan I. Kirshner, *Chairman of the Board 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*