



Invitation to the Special
Shareholder Meeting
("Special Shareholder Meeting") of
Allied World Assurance Company Holdings, AG
(the "Company")

Wednesday, August 16, 2017, 2:00 p.m. Central European Time (doors open at
1:30 p.m. Central European Time)
at the corporate headquarters of Allied World Assurance Company Holdings, AG,
Park Tower, 15th Floor, Gubelstrasse 24, 6300 Zug, Switzerland

This Special Shareholder Meeting is being called to vote on the agenda items described below, including an item in connection with the recently completed exchange offer in which Fairfax Financial Holdings (Switzerland) GmbH ("FFH Switzerland"), a wholly-owned subsidiary of Fairfax Financial Holdings Limited, a corporation existing under the laws of Canada ("Fairfax"), acquired substantially all of the outstanding common shares, par value CHF 4.10 per share, of the Company, pursuant to the terms, and subject to the conditions, of that certain Agreement and Plan of Merger, dated as of December 18, 2016, between Fairfax and the Company.

AGENDA ITEMS

ITEM 1

Approval and adoption of the Swiss Merger Agreement and the merger of Allied World with and into Fairfax (Switzerland)

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that shareholders approve and adopt the merger agreement between the Company, FFH Switzerland and Fairfax (Switzerland) GmbH ("Fairfax (Switzerland)"), dated as of July 16, 2017 (the "Swiss Merger Agreement") and the merger of the Company into Fairfax (Switzerland).

As of July 16, 2017, the following documents are available for inspection at the Company's principal executive offices at Park Tower, 15th Floor, Gubelstrasse 24, 6300 Zug, Switzerland, at Fairfax (Switzerland)'s and FFH Switzerland's registered offices both at c/o LacMont AG, Hofstrasse 1a, 6300 Zug, Switzerland, as well as at Fairfax's principal executive offices at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7: (i) the Swiss Merger Agreement, (ii) the Swiss merger report within the meaning of art. 14 of the Swiss Federal Act on Merger, Demerger, Conversion and Transfer of Assets and Liabilities (the "Swiss Merger Act") dated July 16., 2017, (iii) the audit expert report pursuant to art. 15 of the Swiss Merger Act dated July 16, 2017 prepared by PricewaterhouseCoopers AG, Zurich, (iv) the audited statutory financial statements of the Company and the audited financial statements of Fairfax for the financial years ended December 31, 2016, 2015 and 2014, (v) the audited statutory balance sheet of the Company as of March 31, 2017, (vi) the opening statutory balance sheets of FFH Switzerland and Fairfax (Switzerland) as of February 14, 2017 and February 23, 2017, respectively, (vii) the audited interim balance sheet of Fairfax (Switzerland) as of July 7, 2017, (viii) the preliminary proxy statement, which will be replaced by the final proxy statement as soon as such final proxy statement is available, with respect to this Special Shareholder Meeting filed by the Company with the U.S. Securities and Exchange Commission on July 7, 2017, (viii) the registration statement on Form F-4 prepared by Fairfax dated May 3, 2017 (and amended by the Amendment No. 3 dated May 8, 2017), (ix) the fairness opinion letter prepared by Merrill Lynch, Pierce, Fenner & Smith Incorporated dated December 18, 2016, and (x) the articles of incorporation of Fairfax. All of these documents are available for inspection for a period of at least 30 days ending on August 15, 2017.

ITEM 2

Approval of the 2017 compensation for executives as required under Swiss law

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that the shareholders approve a maximum aggregate compensation that can be paid, granted or promised to the Company's executive officers for 2017 in an amount not to exceed \$43.0 million.

ITEM 3

Approval of the 2017 compensation for directors as required under Swiss law

PROPOSAL OF THE BOARD OF DIRECTORS

The Board of Directors proposes that shareholders approve a maximum aggregate compensation that can be paid, granted or promised to the Company's directors for 2017 in an amount not to exceed \$2.6 million.

ORGANIZATIONAL MATTERS

Admission to the Special Shareholder Meeting

Shareholders who will be registered in the Company's share register on July 18, 2017 will receive the Company's Proxy Statement and proxy card from Continental Stock Transfer & Trust Company, the Company's transfer agent. Beneficial owners of shares will receive instructions from their bank, brokerage firm or other nominee acting as shareholder of record to indicate how they wish their shares to be voted. Beneficial owners who wish to vote in person at the Special Shareholder Meeting must obtain a power of attorney from their bank, brokerage firm or other nominee that authorizes them to vote the shares held by them on their behalf. In addition, they must bring to the Special Shareholder Meeting an account statement or letter from their bank, brokerage firm or other nominee indicating that they are the owner of the Company's common shares. Shareholders of record registered in the Company's share register are entitled to participate in and vote at the Special Shareholder Meeting. Each share is entitled to one vote.

Shareholders who become registered as shareholders of record with respect to their common shares in the Company (as opposed to a beneficial holder of shares held in "street name") after July 18, 2017, but on or before August 16, 2017, and want to vote those shares at the Special Shareholder Meeting, will need for identification purposes to obtain a proxy from the registered voting rights record holder of those shares as of July 18, 2017, to vote their shares in person at the Special Shareholder Meeting. Alternatively, they may also obtain the proxy materials by contacting the Corporate Secretary, attention: Theodore Neos, at Allied World Assurance Company Holdings, AG, Park Tower, Gubelstrasse 24, 6300 Zug, Switzerland, or via e-mail at secretary@awac.com.

Granting of Proxy

If you are a shareholder of record and do not wish to attend the Special Shareholder Meeting, you have the right to grant a proxy directly to Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland, e-mail at proxy@bblegal.ch, as the Company's independent proxy, with full right of substitution, with the proxy card; or grant a written proxy to any person who need not be a shareholder. Proxies issued to the independent proxy must be received no later than 6:00 a.m., CET, on August 16, 2017 either by mail or by e-mail. If sending by e-mail to the independent proxy, you must attach the executed proxy card in order for your vote to be counted.

Registered shareholders who have appointed the independent proxy as a proxy may not vote in person at the Special Shareholder Meeting or send a proxy of their choice to the meeting unless they revoke or change their proxies. Revocations to the independent proxy must be received by him by no later than 6:00 a.m., CET, on August 16, 2017 either by mail to Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland, or by e-mail at proxy@bblegal.ch.

Admission office

The admission office opens on the day of the Special Shareholder Meeting at 1:30 p.m. CET. Shareholders of record attending the meeting are kindly asked to present their proxy card as proof of admission at the entrance.

Zug, July 14, 2017

On behalf of the Board of Directors
Theodore Neos, Corporate Secretary