

Allied World Assurance Co Holdings, AG
Form DEFM14A
August 03, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

(Exact name of Registrant as Specified In Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

ý Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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(3) Filing Party:

Fairfax Financial Holdings Limited

(4) Date Filed:

February 15, 2017

ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG
Park Tower, 15th floor, Gubelstrasse 24
6300 Zug, Switzerland

August 3, 2017

Dear Shareholder:

We are pleased to invite you to attend the extraordinary general meeting of shareholders of Allied World Assurance Company Holdings, AG (Allied World, the company, we, our or us), a Swiss corporation, which will be held at Allied World's corporate headquarters, Park Tower, 15th floor, Gubelstrasse 24, 6300 Zug, Switzerland, on August 16, 2017, at 2:00 p.m., local time (the Special Shareholder Meeting).

The Special Shareholder Meeting is being called to vote on the items described below, including an item in connection with the recently completed exchange offer (the 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 Allied World (common shares), 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 Allied World. You may be receiving these materials because you did not validly tender your shares in the Offer. As of the Record Date (defined below), Fairfax (Switzerland) GmbH (Fairfax (Switzerland)), a limited liability company incorporated under the laws of Switzerland and a direct, wholly-owned subsidiary of FFH Switzerland, owned 94.6% of the outstanding Allied World common shares representing sufficient votes to approve each of the items described below.

At the Special Shareholder Meeting, holders of our common shares will be asked to consider and vote on: (i) a proposal to approve and adopt the Swiss Merger Agreement (defined below) and the merger of Allied World with and into Fairfax (Switzerland) (defined below); (ii) a proposal to approve the 2017 compensation for executives as required under Swiss law and (iii) a proposal to approve the 2017 compensation for directors as required under Swiss law.

The Board of Directors unanimously recommends that the shareholders of the company vote FOR each of the proposals described below.

Your vote is very important. 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 Special Shareholder Meeting. If your shares are held in an Allied World plan or in the name of a bank, brokerage firm or other nominee, please follow the instructions on the voting instruction card furnished by the plan trustee or administrator, or record holder, as appropriate.

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If you have any questions or need assistance in voting your shares, please contact our proxy solicitor, Georgeson LLC, at (800) 248-7690.

Thank you for your continued support.

Sincerely,

Scott A. Carmilani
Chairman of the Board of Directors
Allied World Assurance Company Holdings, AG

ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG

NOTICE OF SPECIAL SHAREHOLDER MEETING

August 3, 2017

DATE: Wednesday, August 16, 2017

TIME: 2:00 p.m., local time

PLACE: Corporate headquarters: Park Tower, 15th floor, Gubelstrasse 24, 6300 Zug, Switzerland

ITEMS OF BUSINESS:

Approve and adopt the Swiss Merger Agreement and the merger of Allied World with and into Fairfax (Switzerland).

Approve the 2017 compensation for executives as required under Swiss law.

Approve the 2017 compensation for directors as required under Swiss law.

RECORD DATE: Only shareholders of record holding common shares, as shown on our transfer books, as of the close of business on July 18, 2017 are entitled to vote at the Special Shareholder Meeting.

MATERIALS TO REVIEW: This document contains our Notice of Special Shareholder Meeting, Proxy Statement, Swiss Merger Agreement, a copy of the prospectus (defined below) and Swiss Merger Report.

PROXY VOTING: It is important that your shares be represented and voted at the Special Shareholder Meeting. Please promptly sign, date and return the enclosed proxy card in the return envelope furnished for that purpose whether or not you plan to attend the meeting. If you later desire to revoke your proxy for any reason, you may do so in the manner described in the attached Proxy Statement.

By Order of the Board of Directors,

Theodore Neos
Corporate Secretary

PROXY STATEMENT

SPECIAL MEETING INFORMATION

Q:
Why am I receiving these materials?

A:
You are receiving these materials because you are a shareholder of Allied World Assurance Company Holdings, AG as of the Record Date (as defined below). The board of directors of Allied World (the Board) is soliciting the enclosed proxy to be voted at the Extraordinary General Meeting of the company's shareholders to be held at 2:00 p.m., local time, on Wednesday, August 16, 2017 at the company's corporate headquarters, Park Tower, 1st floor, Gubelstrasse 24, 6300 Zug, Switzerland (the Special Shareholder Meeting). This Proxy Statement summarizes the information you need to know in order to vote at the Special Shareholder Meeting.

You may be receiving these materials because you did not validly tender your shares in the Offer, which expired on July 5, 2017. Pursuant to the terms of the merger agreement between Fairfax and Allied World, a squeeze-out merger under Swiss law will be initiated upon which your shares will be cancelled against payment of the Merger Consideration (as defined below). See Recent Developments: Merger Agreement with Fairfax below for more information.

You are receiving a copy of the prospectus (defined below) as Annex B, which we are required to deliver to you under U.S. federal securities laws, because a portion of the consideration being offered in the proposed merger consists of Fairfax shares. We have included the May 9, 2017 prospectus to satisfy our Schedule 14A disclosure obligations. Note that the discussion under the Proposal 1 heading of this Proxy Statement reflects the most recent

information about the status of the merger transaction.

When the enclosed proxy card is properly executed and returned, the company's registered voting shares (the common shares) it represents will be voted, subject to any direction to the contrary, at the Special Shareholder Meeting **FOR** the matters specified in the Notice of Special Shareholder Meeting attached hereto and described more fully herein.

This Proxy Statement, the attached Notice of Special Shareholder Meeting and the enclosed proxy card are being first mailed to shareholders on or about August 3, 2017.

Except as the context otherwise requires, references in this Proxy Statement to we, us, our and the company refer to Allied World Assurance Company Holdings, AG and its direct and indirect subsidiaries on a consolidated basis. Also, in this Proxy Statement, \$ and USD refer to U.S. dollars, CHF refers to Swiss francs and local time means the time in Switzerland.

Q:
Who is entitled to vote?

A:
The Board has set July 18, 2017, as the record date for the Special Shareholder Meeting (the Record Date). Holders of our common shares as of the close of business on the Record Date will be entitled to vote at the Special Shareholder Meeting. As of the Record Date, there were outstanding 87,616,523 common shares. Fairfax (Switzerland) owned 82,845,778 common shares (or 94.6% of the outstanding common shares) as of the Record Date.

Beneficial owners of our common shares and shareholders registered in our share register

with common shares at the close of business on the Record Date are entitled to vote at the Special Shareholder Meeting. Shareholders not registered in our share register as of the Record Date will not be entitled to attend, vote or grant proxies to vote at the Special Shareholder Meeting. No shareholder will be entered in our share register as a shareholder with voting rights between the close of business on the Record Date and the opening of business on the day following the Special Shareholder Meeting. Continental Stock Transfer & Trust Company, as transfer agent, which maintains our share register, will, however, continue to register transfers of our registered shares in the share register in its capacity as transfer agent during this period.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Most of our shareholders hold their shares through a bank, brokerage firm or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those owned beneficially.

Shareholder of Record

If your common shares are registered directly in your name in our share register operated by our transfer agent, Continental Stock Transfer & Trust Company, you are considered the shareholder of record with respect to those shares and these proxy materials are being sent to you directly by us. As the shareholder of record, you have the right to grant your voting proxy directly to the independent proxy mentioned in the proxy card (see *How do I appoint and vote via the independent proxy if I am a shareholder of record?* below), grant your voting proxy to any other person (who does not need to be a shareholder) or vote in person at the Special Shareholder Meeting.

Beneficial Owner

If your common shares are held by a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your bank, broker or other nominee on how to vote your common shares and are also invited to attend the Special Shareholder Meeting. However, since you are not the shareholder of record, you may only vote these common shares in person at the Special Shareholder Meeting if you follow the instructions described below under the heading *How do I vote?* Your bank, brokerage firm or other nominee has enclosed a voting instruction card for you to use in directing your bank, broker or other nominee as to how to vote your common shares, which may contain instructions for voting by telephone or electronically.

Q: How many votes are required to transact business at the Special Shareholder Meeting?

A: A quorum is required to transact business at the Special Shareholder Meeting. The quorum required at the Special Shareholder Meeting is two or more persons present in person and representing in person or by proxy throughout the meeting more than 50% of the total issued and outstanding common shares registered in our share register.

Q: What will I be voting on, what vote is required and how will abstentions and broker non-votes be counted?

A: The following chart describes the proposals to be considered at the meeting, the vote required to adopt each proposal and the manner in which the votes will be counted:

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	Proposal	Vote Required	Effect of Abstentions	Effect of Broker Non-Votes
1	Approve and adopt the Swiss Merger Agreement and the merger of Allied World with and into Fairfax (Switzerland)	90% of all shares(1)	Vote against	Vote against
2	Approve the 2017 compensation for executives as required under Swiss law	Majority of votes cast(2)	Vote not counted	Vote not counted
3	Approve the 2017 compensation for directors as required under Swiss law	Majority of votes cast(2)	Vote not counted	Vote not counted

(1) The approval of this proposal requires the approval of at least 90% of company shares entitled to vote.

(2) The approval of this proposal requires the approval of the simple majority of the votes cast at the Special Shareholder Meeting.

- Abstentions and broker non-votes will be counted toward the presence of a quorum at the Special Shareholder Meeting.

- Broker non-votes are shares held by banks or brokers for which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and for which the bank or broker does not have discretionary voting power under rules applicable to broker-dealers. If you own shares through a bank or brokerage firm and you do not instruct your bank or broker how to vote, your bank or broker will not have discretion to vote on any of the proposals in this Proxy Statement as they are non-routine matters.

Q: What are the voting recommendations of the Board?

A: Your Board unanimously recommends that you vote FOR each of the proposals in this Proxy Statement.

Q: How does the voting take place at the Special Shareholder Meeting?

A: A vote will be taken on all matters properly brought before the Special Shareholder Meeting. Each shareholder present who elects to vote in person and each person holding a valid proxy is entitled to one vote for each common share owned or represented.

Q: How many votes do I have?

A: Holders of our common shares are entitled to one vote per share on each matter to be

voted upon by the shareholders at the Special Shareholder Meeting.

Q: How do I vote?

A: The manner in which your shares may be voted depends on how your shares are held. If you own shares of record, meaning that your common shares are represented by certificates or book entries in your name so that you appear as a shareholder of record in the

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company's share register maintained by our transfer agent, Continental Stock Transfer & Trust Company, a proxy card for voting those shares will be included with this Proxy Statement. You may direct how your shares are to be voted by completing, signing and returning the proxy card in the enclosed envelope. You may also vote your common shares in person at the Special Shareholder Meeting.

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If you own shares through a bank, brokerage firm or other nominee you may instead receive from your bank, brokerage firm or nominee a voting instruction form with this Proxy Statement that you may use to instruct them as to how your shares are to be voted. As with a proxy card, you may direct how your shares are to be voted by completing, signing and returning the voting instruction form in the envelope provided. Many banks, brokerage firms and other nominees have arranged for internet or telephonic voting of shares and provide instructions for using those services on the voting instruction form. If you want to vote your shares in person at the meeting, you must obtain a proxy from your bank, broker or nominee giving you the right to vote your common shares at the Special Shareholder Meeting.

We have requested that banks, brokers and other nominees forward solicitation materials to the beneficial owners of common shares and will reimburse the banks, brokers and other nominees for their reasonable out-of-pocket expenses for forwarding the materials.

Q:

Who will count the vote?

A:

A representative from Baker McKenzie Zurich, a law firm, will act as the inspector of elections and will be responsible for tabulating the votes cast by proxy (which will have been certified by our independent transfer agent) or in person at the Special Shareholder Meeting. Under Swiss law, we are responsible for determining whether or not a quorum is present and the final voting results.

Q:

What does it mean if I receive more than one set of the Proxy Statement and proxy card?

A:

Generally, it means that you hold shares registered in more than one account. You should complete, sign and return each proxy card you receive to ensure that all of your shares are voted.

Q:

What happens if I sign and return my proxy card but do not indicate how to vote my shares?

A:

If no instructions are provided in an executed proxy card, the common shares represented by the proxy will be voted at the Special Shareholder Meeting in accordance with the Board's recommendation for each proposal. As to any other business that may properly come before the Special Shareholder Meeting, you may provide general instructions, as indicated on the proxy card, as to how such other business is to be voted. If you provide no instruction, the common shares represented by the proxy will be voted in accordance with the Board's recommendation as to such business.

Q:

How do I appoint and vote via the independent proxy if I am a shareholder of record?

A:

If you are a shareholder of record as of the Record Date, under Swiss law you may authorize the independent proxy, Buis Buerger AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland, e-mail at proxy@bblegal.ch, with full rights of substitution, to vote your common shares on your behalf. If you authorize the independent proxy to vote your shares without giving instructions (or without giving clear instructions), your shares will be voted in accordance with the recommendations of the Board with regard to the items listed in the notice of meeting. If new agenda items (other than those in the notice of meeting) or new proposals or motions with respect to those agenda items set forth in the notice of meeting are being put forth before the Special Shareholder Meeting, you may provide general instructions, as indicated on the proxy card, as to how such other business is to be voted. If you provide no instruction, the common shares represented by the proxy will be voted in accordance with the Board's recommendation as to such business. Proxy cards authorizing the independent proxy to vote your shares must be sent directly to the independent proxy.

arriving no later than 6:00 a.m., local time, on August 16, 2017. If sending by e-mail to the independent proxy, you must attach the executed proxy card in order for your vote to be counted.

Q: Can I change my vote after I have mailed my signed proxy card or otherwise instructed how my shares are to be voted?

A: Yes. You may change your vote:

- By providing the Corporate Secretary with written notice of revocation, by voting in person at the Special Shareholder Meeting or by executing a later-dated proxy card; *provided, however*, that the action is taken in sufficient time to permit the necessary examination and tabulation of the subsequent proxy or revocation before the vote is taken;
- If you have granted your proxy to the independent proxy, by providing Buis Buergi AG with written notice of revocation, by voting in person at the Special Shareholder Meeting or by executing a later-dated independent proxy card. Revocation of, or changes to, proxies issued to the independent proxy must be received by the independent proxy by 6:00 a.m., local time, 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; or
- If you own shares through a bank, brokerage firm or other nominee, by obtaining a proxy from your bank, broker or nominee giving you the right to vote your common shares at the Special Shareholder Meeting.

Attendance at the Special Shareholder Meeting by a shareholder who has executed and delivered a proxy card to the independent proxy shall not in and of itself constitute a revocation of such proxy. Only your vote at the Special Shareholder Meeting will revoke your proxy.

Q: Who pays the costs of soliciting proxies?

A: We will bear the cost of the solicitation of proxies. Solicitation will be made by mail, and may be made by our directors, officers and employees, personally or by telephone, facsimile or other electronic means, for which our directors, officers and employees will not receive any additional compensation. Proxy cards and materials also will be distributed to beneficial owners of common shares through banks, brokers, custodians, nominees and other parties, and the company expects to reimburse such parties for their reasonable charges and expenses. Georgeson LLC has been retained to assist us in the solicitation of proxies at a fee not expected to exceed \$25,000, plus out-of-pocket expenses.

Q:

Do I have appraisal rights with respect to the Merger?

Yes. In connection with the Merger, Allied World shareholders can exercise appraisal rights under article 105 of the Swiss Merger Act by filing a suit against the surviving company with the competent Swiss civil court at the registered office of the surviving company or of Allied World. The suit must be filed by Allied World shareholders within two months after the Merger resolution has been published in the Swiss Official Gazette of Commerce. In accordance with article 35 of the Swiss Ordinance on the Commercial Registry, the Merger resolution will be published in the Swiss Commercial Gazette within two business days after the Federal Register of Commerce has approved the Merger and submitted its approval to the Swiss Commercial Gazette for publication.

Allied World shareholders who tendered all of their Allied World common shares in the Offer, and who do not hold Allied World common shares thereafter, and Allied World shareholders who vote for the approval and adoption of the Swiss Merger Agreement and the Merger, will not be able to file a suit to exercise appraisal rights. If such a suit is filed by non-tendering Allied World shareholders, or by Allied World shareholders who do not vote for the approval and adoption of the Swiss Merger Agreement and the Merger, the court will determine whether the Merger Consideration was inadequate and the amount of compensation due to the relevant Allied World shareholder, if any, and such court's determination will benefit all remaining Allied World shareholders. The filing of an appraisal suit will not prevent completion of the Merger.

Organizational Matters Required by Swiss Law

Admission to the Special Shareholder Meeting

Shareholders who are registered in our share register on the Record Date will receive the Proxy Statement and proxy card from Continental Stock Transfer & Trust Company, our 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, you must bring to the Special Shareholder Meeting an account statement or letter from your bank, brokerage firm or other nominee indicating that you are the owner of the common shares. Shareholders of record registered in our share register are entitled to participate in and vote at the Special Shareholder Meeting. Each share is entitled to one vote. Please see the questions and answers provided under [Special Meeting Information](#) for further information.

Granting a Proxy

If you are a shareholder of record, please see [How do I vote?](#) and [How do I appoint and vote via the independent proxy if I am a shareholder of record?](#) above in the Proxy Statement for more information on appointing an independent proxy.

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., local time, 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.

As indicated on the proxy card, with regard to the items listed on the agenda and without any explicit instructions to the contrary, the independent proxy will vote according to the recommendations of the Board. If new agenda items (other than those on the agenda) or new proposals or motions regarding agenda items set out in the invitation to the Special Shareholder Meeting are being put forth before the meeting, the independent proxy will vote in accordance with the position of the Board in the absence of other specific instructions.

Beneficial owners who have not obtained a power of attorney from their bank, brokerage firm or other nominee are not entitled to participate in or vote at the Special Shareholder Meeting.

Admission Office

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

Adjournments

The Board or chairman of the Board may postpone the Special Shareholder Meeting with sufficient factual reason, provided that notice of postponement is given to the shareholders in the same form as the invitation before the time for such meeting. A new notice is then required to hold the postponed meeting.

Recent Developments: Merger Agreement with Fairfax

On December 18, 2016, Allied World entered into an Agreement and Plan of Merger (the **Merger Agreement**) with Fairfax, pursuant to which, upon the terms and subject to the conditions set forth therein, Allied World will be acquired by Fairfax (the **Acquisition**). The Acquisition has been unanimously approved by the boards of directors of both companies.

On May 9, 2017, Fairfax, through its indirect, wholly-owned subsidiary, FFH Switzerland, and its direct, wholly-owned subsidiary, 1102952 B.C. Unlimited Liability Company, an unlimited liability company organized under the laws of the Province of British Columbia, Canada (**Canada Sub**), made the offer to acquire all of the outstanding Allied World common shares upon the terms and subject to the conditions set out in the prospectus dated May 9, 2017 (as amended, the **prospectus**), which is part of the Registration Statement on Form F-4 initially filed by Fairfax with the U.S. Securities and Exchange Commission (the **SEC**) on February 15, 2017, as amended by Amendment No. 1 to the Form F-4 filed by Fairfax with the SEC on April 7, 2017, Amendment No. 2 to the Form F-4 filed by Fairfax with the SEC on May 3, 2017, and Amendment No. 3 to the Form F-4 filed by Fairfax with the SEC on May 8, 2017, and in the related letter of transmittal (as amended, the **letter of transmittal**) filed as Exhibit (a)(4) to the Tender Offer Statement filed by Fairfax with the SEC on Schedule TO (as amended, the **Schedule TO**) on May 8, 2017. On May 8, 2017, Allied World filed its Solicitation/Recommendation Statement on Schedule 14D-9 (as amended, together with any exhibits and annexes attached thereto, the **Schedule 14D-9**).

The Offer was originally scheduled to expire at 11:59 p.m., New York City time, on June 30, 2017 and was extended until 5:00 p.m., New York City time, on July 5, 2017, at which time the Offer expired. Fairfax was advised by Continental Stock Transfer & Trust Company, the exchange agent for the Offer, that, as of the expiration time of the Offer, a total of 84,184,397 Allied World common shares (including 6,319,913 shares tendered by guaranteed delivery) were validly tendered in, and not withdrawn from, the Offer, representing approximately 96.1% of the Allied World common shares outstanding. All conditions to the Offer having been satisfied, after the expiration time, Fairfax accepted for payment, and promptly paid for, all Allied World common shares validly tendered in, and not withdrawn from, the Offer, in accordance with the U.S. tender offer rules.

Pursuant to the Offer, Allied World shareholders received a combination of cash and stock consideration for their Allied World common shares. For each Allied World common share held, Allied World shareholders who validly tendered in the Offer received (i) cash consideration of \$23.00, without interest (the **Cash Consideration**) and (ii) 0.057937 of a fully paid and nonassessable subordinate voting share of Fairfax (**Fairfax shares** and together with the Cash Consideration, collectively, the **Offer Consideration**).

In addition, Allied World paid a special cash dividend of \$5.00 per share, without interest, to all shareholders that tendered their Allied World common shares and all holders of record as of the close of trading on July 6, 2017 that did not tender their Allied World common shares, which was paid outside of the Offer but was conditioned upon completion of the Offer (the **Special Dividend**). The \$23.00 per share Cash Consideration payable under the Offer, together with the \$5.00 per share Special Dividend, resulted in Allied World shareholders receiving a total of \$28.00 in cash and 0.057937 of a Fairfax share per Allied World common share upon completion of the Offer. For details of how Allied World stock options or other stock-based awards were treated in the Offer, see the section of the prospectus entitled **The Merger Agreement Treatment of Allied World Options and Other Stock-Based Awards**.

As of the Record Date, as a result of the closing of the Offer, Fairfax indirectly owns or controls 94.6% of all outstanding Allied World common shares.

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Promptly following the closing of the Offer, Allied World, FFH Switzerland and Fairfax (Switzerland) entered into a merger agreement, dated as of July 16, 2017 (the Swiss Merger Agreement), which is attached as Annex A hereto. Pursuant to the Merger Agreement, Allied World has agreed to submit a proposal to Allied World's shareholders to approve the Swiss Merger Agreement and the merger contemplated thereby, pursuant to which Allied World will merge with and into Fairfax (Switzerland), with Fairfax (Switzerland) as the surviving entity (the Merger). See the section of this Proxy Statement entitled Proposal 1 Approve and Adopt the Swiss Merger Agreement and the Merger of Allied World with and into Fairfax (Switzerland) for more information on the Merger.

The foregoing summary of the Offer and the Merger is qualified in its entirety by the more detailed descriptions and explanations contained in the Swiss Merger Agreement (attached as Annex A), the prospectus (attached as Annex B) and the Swiss Merger Report (attached as Annex C). Allied World shareholders are urged to carefully read this Proxy Statement, the Swiss Merger Agreement, the Swiss Merger Report and the prospectus in order to more fully understand the terms and conditions of the Merger.

PROPOSAL 1

APPROVE AND ADOPT THE SWISS MERGER AGREEMENT AND THE MERGER OF ALLIED WORLD WITH AND INTO FAIRFAX (SWITZERLAND)

Allied World shareholders are being asked to approve and adopt the Swiss Merger Agreement attached as Annex A hereto and the Merger contemplated thereby.

Fairfax and Allied World intend that, in accordance with the laws of Switzerland and the Swiss Merger Agreement, Fairfax (Switzerland) and Allied World will consummate the Merger, whereby Allied World will merge with and into Fairfax (Switzerland), with Fairfax (Switzerland) as the surviving entity. At such time, your Allied World common shares will be cancelled and, in accordance with the Swiss Merger Act, converted into the right to receive an amount of cash and Fairfax shares equal to the Offer Consideration (the Merger Consideration), and each Allied World common share owned by Allied World, Fairfax, or any direct or indirect subsidiary of Allied World or Fairfax will be automatically cancelled without any conversion thereof, in each case, on the terms and subject to the conditions set out in the Swiss Merger Agreement. The Merger will be effective at the time of the registration of the Merger in the Commercial Register of the Canton of Zug.

After careful consideration and based on consultations with its legal and financial advisers, the Board: (i) approved the Swiss Merger Agreement and authorized and approved the Merger; (ii) determined that the form, terms and provisions of the Swiss Merger Agreement, the performance by Allied World of its obligations thereunder and the consummation by Allied World of the transactions contemplated thereby, including the Merger, are advisable and fair to and in the best interests of Allied World; and (iii) resolved to recommend that the shareholders of Allied World approve the Swiss Merger Agreement and the Merger.

Your Board unanimously recommends a vote FOR the approval and adoption of the Swiss Merger Agreement and the Merger. Please note that as of the Record Date, Fairfax (Switzerland) owned 94.6% of the outstanding Allied World common shares representing sufficient votes to approve this proposal.

Certain of the information set forth below is contained in the prospectus, dated May 9, 2017 (as amended, the prospectus), which is attached as Annex B hereto. Such information is included for purposes of satisfying the requirements of Schedule 14A. Notwithstanding the section entitled Incorporation of Certain Information By Reference on page (i) of the prospectus, the documents referenced therein are not incorporated by reference into this Proxy Statement; however, we have included with the mailing of this Proxy Statement the following SEC-filed documents for purposes of satisfying the requirements of Schedule 14A:

- Fairfax's Annual Report on Form 40-F for the fiscal year ended December 31, 2016, filed on March 13, 2017, attached hereto as Exhibit A;
- Fairfax's Report on Form 6-K furnished on April 28, 2017 (except Exhibit 99.1), attached hereto as Exhibit B;
- Allied World's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed on February 28, 2017 and as amended on April 27, 2017, attached hereto as Exhibit C; and
- Allied World's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed on April 26, 2017, attached hereto as Exhibit D.

Approvals Under Swiss Law

Please see the section of the prospectus entitled *Plans and Proposals for Allied World – The Merger under Swiss Law*, which describes Swiss law considerations and required approvals in connection with the Merger.

Information and Consultation

The quotaholders, shareholders, employees and creditors of Allied World and Fairfax (Switzerland) (as applicable) will be informed and, to the extent required, consulted in accordance with the requirements of the Swiss Merger Act about the execution of the Swiss Merger Agreement and the Merger and, within this framework, documents will be submitted for inspection.

As announced by publication in the Swiss Official Gazette of Commerce No. 135 on July 14, 2017, the Swiss Merger Agreement and the Swiss merger report, each dated July 16, 2017 (the *Swiss Merger Report*), and the audit expert report pursuant to article 15 of the Swiss Merger Act dated July 16, 2017 prepared by PricewaterhouseCoopers AG, Zurich, were made available for inspection at Allied World's principal executive offices at Park Tower, 15th Floor, Gubelstrasse 24, 6300 Zug, Switzerland, and 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. In addition, the audited statutory financial statements of Allied World and Fairfax for the financial years ended December 31, 2016, 2015 and 2014; the audited statutory interim financial statements of Allied World as of March 31, 2017; the opening balance sheets of FFH Switzerland and Fairfax (Switzerland) as of February 14, 2017 and February 23, 2017, respectively; the audited interim balance sheet of Fairfax (Switzerland) as of July 7, 2017; this Proxy Statement; the prospectus; and the articles of association of Fairfax were made available for inspection as well. All of these documents were made available and still are available for inspection for a period of at least 30 days ending on August 15, 2017.

Applicable Law and Jurisdiction

The Swiss Merger Agreement (and any claims or disputes arising out of or related thereto) are in all respects governed by, and construed in accordance with, the laws of Switzerland, including all matters of construction, validity and performance, in each case without reference to any conflict of laws rules that might lead to the application of the laws of any other jurisdiction.

The Swiss Merger Report

On July 16, 2017, Fairfax, Allied World, FFH Switzerland and Fairfax (Switzerland) adopted the Swiss Merger Report in connection with the Merger. The Swiss Merger Report provides, among other things, a summary of the principal terms and conditions of the Swiss Merger Agreement, along with a summary of the rationale and consequences of the Merger and the consideration being provided to Allied World shareholders. This summary does not purport to be a complete description of the Swiss Merger Report, a copy of which is attached as Annex C to this Proxy Statement. Allied World shareholders are urged to read the Swiss Merger Report in its entirety. In the event of any discrepancy between the Swiss Merger Report and this summary, the Swiss Merger Report will control.

Risk Factors and Other Information

For a summary of the prospectus, see the section of the prospectus entitled *Summary*.

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For contact information and a general description of the nature of the parties' respective businesses, see the section of the prospectus entitled "Summary - The Companies" .

For a summary of the risks associated with the transactions, see the section of the prospectus entitled "Risk Factors" .

For selected financial data of Fairfax and Allied World, see the sections of the prospectus entitled "Selected Historical Consolidated Financial Data of Fairfax" and "Selected Historical Consolidated Financial Data of Allied World" .

For selected financial data of Fairfax and Allied World on a pro forma basis, see the sections of the prospectus entitled "Summary Unaudited Pro Forma Condensed Combined Financial Information" and "Unaudited Comparative Historical and Pro Forma Share Information" .

For information on the market value of the Allied World common shares and the Fairfax shares, see the section of the prospectus entitled "Comparative Market Information" .

For a statement about tax consequences resulting from the transactions, see the section of the prospectus entitled "Material Tax Consequences" .

Terms of the Transactions

For a summary of the terms of the Offer and the Merger, see the sections of the prospectus entitled "The Merger Agreement" and "Background to and Reasons for the Transactions - Allied World's Reasons for the Offer and the Merger; Recommendation of Allied World's Board of Directors" .

For a description of the reasons for the transactions, see "Background to and Reasons for the Transactions - Allied World's Reasons for the Offer and the Merger; Recommendation of Allied World's Board of Directors" .

For a summary of the differences in the rights of securityholders and corporate law, see the section of the prospectus entitled "Description of Fairfax Shares and Articles of Incorporation" and "Comparison of Shareholders' Rights" .

For information on accounting treatment, see the section of the prospectus entitled "The Offer - Accounting Treatment" .

For information on tax consequences, see the section of the prospectus entitled "Material Tax Consequences" .

For a summary of material reports, opinions or appraisals relating to the transactions, see the section of the prospectus entitled "Background to and Reasons for the Transactions - Opinion of Allied World's Financial Advisor" .

The Swiss Merger Agreement

For information about the Swiss Merger Agreement, see the section of the prospectus entitled "The Merger Agreement" , as well as the Swiss Merger Agreement and the Swiss Merger Report attached as Annexes A and C to this Proxy Statement, respectively. Allied World shareholders are urged to read the Swiss Merger Agreement and the Swiss Merger Report in each of their entirety. In the event of any discrepancy between the Swiss Merger Agreement or the Swiss Merger Report and this Proxy

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Statement (including the prospectus attached as Annex B hereto), the Swiss Merger Report or the Swiss Merger Agreement, as applicable, will control.

Pro Forma Financial Information

See the sections of the prospectus entitled *Summary Unaudited Pro Forma Condensed Combined Financial Information*, *Unaudited Comparative Historical and Pro Forma Share Information*, *Unaudited Pro Forma Condensed Combined Financial Information*, *Background to and Reasons for the Transactions*, *Opinion of Allied World's Financial Advisor* and *Presentation of Certain Financial and Other Information*.

Material Contracts with the Company Being Acquired

See the sections of the prospectus entitled *Related Party Transactions*, *Interests of Allied World, FFH Switzerland and Fairfax and their Directors and Officers*, *Interests of Allied World's Directors and Executive Officers in the Offer*, and *Interests of Allied World, FFH Switzerland and Fairfax and their Directors and Officers*, *Interests of Fairfax, FFH Switzerland and their Directors and Executive Officers in the Offer*.

Interests of Named Experts and Counsel

See the sections of the prospectus entitled *Background to and Reasons for the Transactions*, *Background to the Transactions* and *Background to and Reasons for the Transactions*, *Opinion of Allied World's Financial Advisor*.

Statement Regarding Conflicts of Interest

Except as set forth in this Proxy Statement or the prospectus, as of the date of this Proxy Statement, to our knowledge, there are no material agreements, arrangements or understandings, and no actual or potential conflicts of interest, between us or our affiliates, on the one hand, and (i) our executive officers, directors or affiliates or (ii) Fairfax or its executive officers, directors or affiliates, on the other hand.

Except as set forth in this Proxy Statement or the prospectus, as of the date of this Proxy Statement, none of Allied World or any of its subsidiaries, nor, to the best of our knowledge, any of the current directors and executive officers of Allied World, has had any business relationship or transaction with Fairfax or any of its executive officers, directors or affiliates that is required to be reported under the rules and regulations of the SEC applicable to the Merger, other than ordinary course of business reinsurance transactions between certain subsidiaries of Allied World, on the one hand, and certain subsidiaries of Fairfax, on the other hand, through which, in 2016, Fairfax insurance entities ceded a total of approximately \$3.5 million in premiums to Allied World entities, and Allied World entities ceded approximately \$27.1 million to Fairfax entities, and through which, in 2015, Fairfax insurance entities ceded a total of approximately \$5.6 million in premiums to Allied World entities, and Allied World entities ceded approximately \$29.6 million to Fairfax entities.

See also the section of the prospectus entitled *Related Party Transactions*.

Management and Employees after the Transactions

Fairfax has agreed that during the 12-month period following the closing of the transactions, it will not (and will cause its subsidiaries not to) reduce the base salary (or hourly wage) or certain

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incentive compensation opportunities of any Allied World employee. With respect to any Allied World employee whose employment is terminated by Fairfax, Allied World or any of their respective subsidiaries from and after the date on which FFH Switzerland accepted tendered Allied World common shares for exchange (the Acceptance Time) and on or before the first anniversary of the Acceptance Time, Fairfax will provide such employee with the payments and benefits as described in the disclosure letter delivered by Allied World to Fairfax simultaneously with the execution of the Merger Agreement.

Interests of Allied World's Directors and Executive Officers

Allied World's directors and executive officers have interests in the transactions that are different from, or in addition to, those of other shareholders of Allied World generally. These interests are described in the section of the prospectus entitled Interests of Allied World, FFH Switzerland and Fairfax and Their Directors and Officers Interests of Allied World's Directors and Executive Officers in the Offer .

Consideration Offered to Allied World Shareholders in Connection with the Merger

In connection with the Merger, Fairfax will provide non-tendering Allied World shareholders (except for Allied World, Fairfax, FFH Switzerland and Fairfax (Switzerland), which will not receive any compensation for any Allied World common shares directly or indirectly held by them) with the Merger Consideration, which may have a different value from the consideration that they would have received had they tendered their Allied World common shares in the Offer, because, among other factors:

- the value of the Fairfax shares at the time of completion of the Merger may be different than at the time of the completion of the Offer; and
- the Merger Consideration payable in the Merger would be subject to appraisal rights and may therefore be subject to court review.

As a result of the Merger, each outstanding Allied World common share (other than Allied World common shares owned by (a) Allied World, Fairfax, FFH Switzerland and Fairfax (Switzerland), which will not receive any compensation for any Allied World common shares directly or indirectly held by them or (b) any shareholder of Allied World who is entitled to and properly demands and exercises appraisal rights with respect to such Allied World common shares pursuant to, and complies in all respects with, the applicable provisions of Swiss law) will, at the effective time of the Merger, be converted into the right to receive (i) \$23.00, payable net to the holder thereof in cash, without interest, subject to any withholding taxes required by applicable law, and (ii) 0.057937 of a Fairfax share, which is the same as the consideration paid in the Offer.

Fractional Shares

No fractional Fairfax shares will be issued to Allied World shareholders. See the section of the prospectus entitled The Offer Fractional Shares for more information.

Settlement

The Merger Consideration will be paid to Allied World shareholders as soon possible following the implementation of the Merger. See the section of the prospectus entitled The Offer Settlement of the Offer for more information.

Certain Allied World Prospective Financial Information

Allied World does not, as a matter of course, make public long-term forecasts as to future performance or other prospective financial information beyond the current fiscal year, and Allied World is especially wary of making forecasts or projections for extended periods due to the unpredictability of the underlying assumptions and estimates. However, as part of the due diligence review of Allied World in connection with the transactions, Allied World's management prepared certain non-public, internal financial forecasts regarding Allied World's projected future operations for fiscal years 2017 through 2021 and provided such financial forecasts to Fairfax's management. These forecasts were also considered by the Allied World Board for purposes of evaluating the transactions. For more information on such forecasts, see the section of the prospectus entitled "Background to and Reasons for the Transactions - Certain Allied World Prospective Financial Information."

Material Tax Considerations of the Merger

For information on the U.S. federal income tax consequences of the receipt of the Merger Consideration, which will have the same U.S. federal income tax treatment as receipt of the Offer Consideration, see the section of the prospectus entitled "Material Tax Consequences - Material U.S. Federal Income Tax Considerations." You should consult your own tax advisor on the tax consequences to you resulting from the Merger.

For information on the Swiss tax consequences of the Merger, see the section of the prospectus entitled "Material Tax Consequences - Material Swiss Tax Considerations for Allied World Shareholder in Connection with the Offer" and the Swiss Merger Report. You should consult your own tax advisor on the tax consequences to you resulting from the Merger.

Appraisal Rights

In connection with the Merger, Allied World shareholders can exercise appraisal rights under article 105 of the Swiss Merger Act by filing a suit against the surviving company with the competent Swiss civil court at the registered office of the surviving company or of Allied World. The suit must be filed by Allied World shareholders within two months after the Merger resolution has been published in the Swiss Official Gazette of Commerce. In accordance with article 35 of the Swiss Ordinance on the Commercial Registry, the Merger resolution will be published in the Swiss Commercial Gazette within two business days after the Federal Register of Commerce has approved the Merger and submitted its approval to the Swiss Commercial Gazette for publication. Allied World shareholders who tendered all of their Allied World common shares in the Offer, and who do not hold Allied World common shares thereafter, and Allied World shareholders who vote for the approval and adoption of the Swiss Merger Agreement and the Merger, will not be able to file a suit to exercise appraisal rights. If such a suit is filed by non-tendering Allied World shareholders, or by Allied World shareholders who do not vote for the approval and adoption of the Swiss Merger Agreement and the Merger, the court will determine whether the Merger Consideration was inadequate and the amount of compensation due to the relevant Allied World shareholder, if any, and such court's determination will benefit all remaining Allied World shareholders. The filing of an appraisal suit will not prevent completion of the Merger.

Regulatory Approvals

No further regulatory approvals will be required for the completion of the Merger.

Effects of the Merger on Allied World

As a result of the Merger, Allied World will merge with and into Fairfax (Switzerland). Fairfax (Switzerland) will be the surviving entity in the Merger. All of Allied World's assets and liabilities will be transferred to Fairfax (Switzerland) by operation of law with effect from the registration of the Merger in the Commercial Register of the Canton of Zug, Switzerland, and Allied World will be dissolved without liquidation and deleted from the Commercial Register.

Stock Exchange Delisting and Deregistration

On July 6, 2017, we notified the New York Stock Exchange (the "NYSE") of our intention to delist the Allied World common shares from the NYSE, and on July 17, 2017, we filed a Form 25 Notification of Removal from Listing and/or Registration with the SEC. The Allied World common shares were delisted effective prior to market opening on July 28, 2017. For more information on delisting and deregistration of the Allied World common shares, see the section of the prospectus entitled "Plans and Proposals for Allied World - Delisting and Deregistration".

Market Price Information

The information set forth below is intended to supplement the tabl