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# FAIRFAX

FINANCIAL HOLDINGS LIMITED

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To Our Shareholders,

I am happy to inform you that based on our discussions with some of our shareholders, we have added two amendments which will enhance our multiple voting share proposal from your perspective.

- (1) If Fairfax intends to issue more than 50% of its outstanding shares in a single transaction, the rights protecting the 41.8% voting power of the multiple voting shares from dilution will remain in force only if the share issuance is approved in advance by a majority of the votes in a vote by minority shareholders. If it is so approved, then until the next required ratification vote, that share issuance will not be included when calculating whether the number of outstanding shares is 125% or 150% of the number of outstanding shares at the beginning of the then relevant 5-year period. If it is not so approved but Fairfax proceeds with the share issuance, the voting power of the multiple voting shares will be diluted by the transaction and thereafter in the ordinary course and the voting power of 41.8% will not be preserved. So, this does not allow Fairfax to issue more than 50% of the shares outstanding for any one transaction without your support.
- (2) When, for whatever reason, I am neither Chairman nor CEO of Fairfax, continuation of the rights protecting the 41.8% voting power of the multiple voting shares from dilution is subject to a majority of the minority ratification vote held within five years after I am neither Chairman nor CEO. If ratification is not granted, the 41.8% voting power of the multiple voting shares will thereafter be diluted in the ordinary course by any future issue of voting shares. So, this protects you, when I am neither Chairman nor CEO, from going ahead with this proposal without your support.

The proposed amendments, as further enhanced by the above two provisions, will allow Fairfax to continue on the path we began together 30 years ago by ensuring that we maintain the ability to pursue careful acquisition-related growth without diminishing my ability to protect Fairfax's unique reputation and culture.

Full details regarding these changes to the proposed amendments to our articles are set out in the Supplement to Notice of Special Meeting and Management Proxy Circular accompanying this letter. The Board of Directors and I encourage you to vote in favour of this important matter for the future of Fairfax.

With these amendments, we have added additional controls which we are confident will be welcomed by all shareholders. To make sure that shareholders are broadly informed about these amendments, we are extending the date of our meeting from August 13 to August 24, 2015.

We very much appreciate your patience and ongoing support and we look forward to continuing to produce good long term results for all our shareholders.

With best wishes,



V. Prem Watsa  
*Chairman and Chief Executive Officer*

August 11, 2015