

FAIRFAX FINANCIAL HOLDINGS LTD/ CAN

Form F-10

March 23, 2004

As filed with the Securities and Exchange Commission on March 23, 2004.

Registration No. 333-

US SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-10

REGISTRATION STATEMENT
UNDER THE
SECURITIES ACT OF 1933

FAIRFAX FINANCIAL HOLDINGS LIMITED

(Exact name of Registrant as specified in its charter)

Canada <i>(Province or other jurisdiction of incorporation or organization)</i>	6331 <i>(Primary Standard Industrial Classification Code Number)</i>	Not Applicable <i>(I.R.S. Employer Identification Number)</i>
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95 Wellington Street West, Suite 800, Toronto, Ontario, Canada M5J 2N7 (416) 367-4941
(Address and telephone number of Registrant's principal executive offices)

CT CORPORATION SYSTEM
111 Eighth Avenue, 13th Floor, New York, NY 10011
(212) 894-8700

(Name, address and telephone number of agent for service in the United States)

Copies to:

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Commerce Court West
199 Bay Street, Suite 4405
Toronto, Ontario, Canada M5L 1E8
Telephone (416) 360-8484

Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after this Registration Statement becomes effective.

Province of Ontario, Canada
(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box):

- A. Upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).
- B. At some future date (check the appropriate box below):
1. pursuant to Rule 467(b) on () at () (designate a time not sooner than 7 calendar days after filing).
 2. pursuant to Rule 467(b) on () at () (designate a time 7 calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on ().
 3. pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
 4. after the filing of the next amendment to this Form (if preliminary material is being filed).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Senior Notes	\$222,500,000	100%	\$222,500,000	\$29,517.93

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o).

(2) Calculated pursuant to General Instruction II.H. of Form F-10.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registration statement shall become effective as provided in Rule 467 under the Securities Act of 1933, as amended or on such date as the Commission, acting pursuant to Section 8(a) of the Securities Act of 1933, as amended, may determine.

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

I-1

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion dated March 23, 2004

Prospectus

Fairfax Financial Holdings Limited

Offer to Exchange up to \$275,000,000 of 7 3/8% Notes Due 2006

and \$170,000,000 of 6 7/8% Notes Due 2008

The Exchange Offer

In the exchange offer, we are offering to exchange, as set out in the table below, a combination of:

a fixed amount of cash, including a purchase payment and, in the case of tenders prior to the early participation date (as defined below), an early participation payment, which we refer to together as the total cash amount, plus

at the option of the holder, a fixed amount of either our new senior notes due 20 (the 20 Notes) or our new senior notes due 20 (the 20 Notes and, together with the 20 Notes, the new notes),

for each \$1,000 principal amount of our outstanding 7 3/8% Notes Due 2006 (the 2006 Notes) or 6 7/8% Notes Due 2008 (the 2008 Notes and, together with the 2006 Notes, the old notes). You will also be paid accrued and unpaid interest in cash on old notes that we acquire in the exchange to but not including the settlement date (as defined below).

The early participation payment component of the total cash amount will only be paid to you if you validly tender your old notes at or prior to 5:00 p.m., New York City Time, on , 2004, which date we refer to as the early participation date.

The exchange offer will expire at 5:00 p.m., New York City Time, on , 2004, unless we extend the offer.

The cash and principal amount of 20 Notes or 20 Notes that you will receive for each \$1,000 principal amount of each series of old notes is as follows:

CUSIP Number	Old Notes to be Exchanged	Principal Amount Outstanding	Cash			New Note Principal Amount	
			Purchase Payment	Early Participation Payment	Total Cash Amount	20 Note Option	20 Note Option
303901AJ1	7 3/8% Notes due 2006	\$275,000,000	\$	\$	\$	\$	\$
303901AF9	6 7/8% Notes due 2008	\$170,000,000	\$	\$	\$	\$	\$

You should consider the risk factors beginning on page 11 of this prospectus before participating in the exchange offer.

Dealer Managers

**Banc of America Securities
LLC**

Citigroup

RBC Capital Markets

, 2004

(cover page continued on next page)

(cover page continued)

As described more fully in this prospectus, the exchange offer is subject to certain conditions. The exchange offer is not subject to any condition as to a minimum or maximum principal amount of old notes that we will accept for tender.

You may withdraw tenders of old notes of either series at any time prior to 5:00 p.m., New York City Time, on _____, 2004.

The exchange of the old notes for cash and new notes in the exchange offer will be a taxable event for U.S. federal income tax purposes. See Certain Income Tax Considerations.

The New Notes

The 20 _____ Notes will mature on _____, 20____ and will bear interest at an annual rate of _____%, payable semi-annually on each _____ and _____, commencing on _____, 2004. The 20 _____ Notes will have terms identical to those of our existing _____% Notes due 20____.

The 20 _____ Notes will mature on _____, 20____ and will bear interest at an annual rate of _____%, payable semi-annually on each _____ and _____, commencing on _____, 2004. The 20 _____ Notes will have terms identical to those of our existing _____% Notes due 20____.

The new notes will be our direct, unsecured obligations and will rank equally and ratably with all of our other unsecured and unsubordinated indebtedness.

All other terms of the new notes will be substantially identical to those of the old notes. The new notes will be issued under the same indenture and have the same covenants as the old notes. For a description of the terms of the new notes and the indenture pursuant to which the new notes will be issued, see Description of the New Notes.

We are permitted to prepare this prospectus in accordance with Canadian disclosure requirements, which are different from those of the United States. We prepare our financial statements in accordance with Canadian generally accepted accounting principles, and are subject to Canadian auditing and auditor independence standards. Our financial statements may not be comparable to financial statements of U.S. companies.

Owning the securities may subject you to tax consequences both in the United States and Canada. This prospectus may not describe these tax consequences fully. You should consult your own counsel, accountant or other advisors for legal, tax, business, financial and related advice regarding the exchange offer.

Prospective investors should be aware that, during the period of the exchange offer, we or our affiliates, directly or indirectly, may bid for or make purchases of the securities to be distributed or to be exchanged, or certain related securities, as permitted by applicable laws or regulations of Canada, or its provinces or territories.

Your ability to enforce civil liabilities under the U.S. federal securities laws may be affected adversely because we are incorporated in Canada, most of our officers and directors and certain of the experts named in this prospectus are Canadian residents, and many of our assets are located in Canada.

Neither the U.S. Securities and Exchange Commission nor any state or provincial securities regulator has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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You should rely only on the information contained in or incorporated by reference into this prospectus. References to this prospectus include documents incorporated by reference therein. See Documents Incorporated by Reference. The information in or incorporated by reference into this prospectus is current only as of its date. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to offer these securities.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

We are a corporation organized under the laws of Canada and some of our assets are located in, and most of our directors and most of our officers are residents of, Canada. As a result, it may be difficult for U.S. investors to effect service of process within the United States upon our directors or officers, or to realize in the United States upon judgments of courts of the United States predicated upon civil liability of such directors or officers under U.S. federal securities laws. We have been advised by Torys LLP, our Canadian counsel, that a judgment of a U.S. court predicated solely upon civil liability under such laws would probably be enforceable in Canada if the U.S. court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. We have also been advised by such counsel, however, that there is substantial doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

PRESENTATION OF OUR FINANCIAL INFORMATION

As the majority of our operations are in the United States or conducted in U.S. dollars, effective December 31, 2003, we report our consolidated financial statements in U.S. dollars in order to provide more meaningful information to users of our financial statements. Unless otherwise indicated, historical financial information contained in this prospectus and in our audited consolidated financial statements for the year ended December 31, 2003 and our management's discussion and analysis for such financial statements, each incorporated by reference herein, has been restated in U.S. dollars based on currency exchange rates in effect during the period being restated. All other financial information incorporated by reference in this prospectus has been presented in Canadian dollars. In this prospectus, except where otherwise indicated, all dollar amounts are expressed in U.S. dollars, references to \$ and dollars are to U.S. dollars, and references to Cdn\$ are to Canadian dollars.

Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada, or Canadian GAAP, which differ from generally accepted accounting principles in the United States, or U.S. GAAP. For a discussion of the material differences between Canadian GAAP and U.S. GAAP as they relate to our financial statements, see note 19 to our audited consolidated financial statements for the year ended December 31, 2003 incorporated by reference into this prospectus.

EXCHANGE RATE DATA

The following table sets forth, for each period indicated, the low and high exchange rates for Canadian dollars expressed in U.S. dollars, the exchange rate at the end of such period and the average of such exchange rates for each day during such period, based on the inverse of the noon buying rate in The City of New York for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York:

	Year Ended December 31,				
	1999	2000	2001	2002	2003
Low	0.6535	0.6410	0.6241	0.6200	0.6349
High	0.6925	0.6969	0.6697	0.6619	0.7738
Period End	0.6925	0.6669	0.6279	0.6329	0.7738
Average	0.6730	0.6732	0.6457	0.6368	0.7136

On March 19, 2004, the inverse of the noon buying rate was \$0.7513 = Cdn\$1.00.

FORWARD-LOOKING STATEMENTS

Any statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance. The words believe, anticipate, project, expect, plan, intend, predict, estimate, will likely result, will continue and similar expressions identify forward-looking statements. These forward-looking statements relate to, among other things, our plans and objectives for future operations and underwriting profits. We caution readers not to place undue reliance on these forward-looking statements, which speak only as of their dates. We are under no obligation to update or alter such forward-looking statements as a result of new information, future events or otherwise. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other factors, which we describe in more detail elsewhere in this prospectus, or in documents incorporated by reference herein, include, but are not limited to:

a reduction in net income if our loss reserves are insufficient;

underwriting losses on the risks we insure that are higher or lower than expected;

insufficient reserves for asbestos, environmental and other latent claims;

the lowering or loss of one of our subsidiaries' financial or claims-paying ability ratings;

an inability to realize our investment objectives;

changes in economic conditions, including interest rates and the securities markets, which could affect our investment portfolio;

exposure to credit risk in the event our reinsurers fail to make payments to us under our reinsurance arrangements;

exposure to credit risk in the event our insureds fail to pay premiums that are owed to us or fail to reimburse us for deductibles that are paid by us on their behalf;

the occurrence of catastrophic events with a frequency or severity exceeding our estimates;

a decrease in the level of demand for our subsidiaries' reinsurance or insurance products, or increased competition in the insurance industry;

the cycle of the insurance market, which can determine our and our competitors' premium rates and capacity to write new business;

our inability to obtain reinsurance coverage at reasonable prices or on terms that adequately protect us;

the timing of loss payments being faster or the receipt of reinsurance recoverables being slower than anticipated by us;

our dependence on independent brokers over whom we exercise little control;

adverse fluctuations in foreign currency exchange rates;

assessments and shared market mechanisms which can adversely affect our U.S. insurance subsidiaries;

our failure to realize future income tax assets;

loss of key employees;

the influence exercisable by our controlling shareholder;

the passage of legislation subjecting our businesses to additional supervision or regulation, including additional tax regulation, in the United States, Canada or other jurisdictions in which we operate;

our inability to obtain required levels of capital on favorable terms, if at all;

our inability to access our subsidiaries' cash;

the failure of any of the loss limitation methods we employ;

an impairment in the value of our goodwill; and

risks associated with implementing our business strategies.

See "Risk Factors" for a further discussion of these risks and uncertainties.

SUMMARY

This brief summary highlights selected information from this prospectus. It may not contain all of the information that is important to you. We urge you to carefully read and review the entire prospectus and the documents incorporated by reference herein, including our historical financial statements for the year ended December 31, 2003 and the notes to those financial statements. You should read Risk Factors beginning on page 11 for more information about important factors that you should consider before making a decision to participate in the exchange offer.

Unless the context otherwise requires, the terms Fairfax, Company, we, us and our refer to Fairfax Financial Holdings Limited and its subsidiaries; the term TIG refers to TIG Holdings, Inc., our wholly-owned subsidiary; the term OdysseyRe refers to our public reinsurance business, Odyssey Re Holdings Corp. and its subsidiaries; the term Crum & Forster refers to our wholly-owned U.S. property and casualty insurance business, Crum & Forster Holdings Corp. and its subsidiaries; the term Northbridge refers to our public Canadian property and casualty insurance business, Northbridge Financial Corporation and its subsidiaries; the term Hamblin Watsa refers to our wholly-owned investment management subsidiary, Hamblin Watsa Investment Counsel Ltd; and the term Lindsey Morden refers to our claims adjusting subsidiary, Lindsey Morden Group Inc. and its subsidiaries. All references in this prospectus to \$ or dollars refer to U.S. dollars and all references to Cdn\$ refer to Canadian dollars, unless otherwise indicated.

FAIRFAX FINANCIAL HOLDINGS LIMITED

Our Company

We are a financial services holding company primarily engaged in property and casualty insurance and reinsurance. We operate through a decentralized operating structure, with autonomous management teams applying a focused underwriting strategy to our markets. We seek to differentiate ourselves by combining disciplined underwriting with the investment of our assets on a total return basis, which we believe provides above-average returns over the long-term. We provide a full range of property and casualty products, maintaining a diversified portfolio of risks across classes of business, geographic regions, and types of insureds. The United States is our largest market, accounting for 56.0% of net premiums earned for the year ended December 31, 2003, while Canadian and international markets accounted for 19.9% and 24.1% of net premiums earned, respectively.

For the year ended December 31, 2003, we had total revenue of \$5.7 billion and net income of \$271.1 million. At December 31, 2003, we had cash and invested assets of \$12.6 billion, total assets of \$25.0 billion and shareholders' equity of \$2.9 billion. For the year ended December 31, 2003, we generated gross premiums written and net premiums written of \$5.5 billion and \$4.4 billion, respectively. The following table sets forth net premiums written by each segment for the year ended December 31, 2003:

	\$	%
	(dollars in millions)	
Reinsurance (OdysseyRe)	\$2,153.6	48.5%
U.S. insurance	1,153.7	25.9
Canadian insurance (Northbridge)	802.3	18.0
Runoff and other	338.5	7.6
Net Premiums Written	\$4,448.1	100.0%

Our senior management team is led by Mr. Prem Watsa, who has been our Chairman and Chief Executive Officer since September 1985. Mr. Watsa holds 12.7% of all classes of our outstanding shares while controlling 55.3% of the votes associated with our outstanding shares. In total, our officers and directors hold 15.5% of all classes of our outstanding shares.

Deleveraging Plan

We have established a deleveraging plan which is intended to strengthen our debt ratings to investment grade. As part of this plan, we intend to reduce our financial leverage through the reduction of our holding company debt and growth in shareholders' equity. During the three months ending December 31, 2003, we reduced our holding company debt by \$73.6 million. Reduction of our holding company debt may be achieved through the redeployment of excess capital generated by our operating subsidiaries and cash generated by a range of financing activities which may be completed from time to time. While we can not be assured that we will achieve an upgrade of our debt ratings, we believe our deleveraging plan will increase our financial strength and enhance the financial strength ratings of our insurance companies.

As part of our ongoing commitment to maintain financial flexibility, we will continue to maintain amounts of holding company cash and marketable securities which we consider appropriate. As of December 31, 2003, we maintained holding company cash and marketable securities of \$410.2 million, a portion of which will be used as part of the exchange offer. In addition to this amount and our other assets, our holding company liquidity is further strengthened by interests in two public company subsidiaries. We currently hold 28.36 million common shares of Northbridge at the holding company, which have a market value of \$555.0 million based on the closing price of Northbridge on the Toronto Stock Exchange on March 19, 2004. In addition, there are 28.37 million shares of OdysseyRe with a market value of \$748.7 million, based on the closing price of OdysseyRe on the New York Stock Exchange on March 19, 2004, which will be released to the holding company during 2004 from a trust being held for the benefit of TIG Insurance Company, subject to regulatory approval. We also hold interests in Northbridge and OdysseyRe through our insurance subsidiaries.

SUMMARY OF THE EXCHANGE OFFER

Purpose of the Exchange Offer	To reduce and refinance a portion of our outstanding debt and diversify our debt maturity profile consistent with our deleveraging plan.
Terms of the Exchange Offer	<p>We are offering to exchange, as set out in the table below, a combination of:</p> <ul style="list-style-type: none"> a fixed amount of cash, which we refer to as the total cash amount, including a purchase payment and an early participation payment, <i>plus</i> at the option of the holder of the old notes, a fixed amount of either our new % senior notes due 20 (the 20 Notes) or our new % senior notes due 20 (the 20 Notes and, together with the 20 Notes, the new notes), <p>for</p> <ul style="list-style-type: none"> each \$1,000 principal amount of our 7 3/8% notes due March 15, 2006 (the 2006 Notes); or each \$1,000 principal amount of our 6 7/8% notes due April 15, 2008 (the 2008 Notes and, together with the 2006 Notes, the old notes).

The cash and principal amount of new notes that you will receive for each \$1,000 principal amount of each series of old notes is as follows:

CUSIP Number	Old Notes to be Exchanged	Principal Amount Outstanding	Cash			New Note Principal Amount	
			Purchase Payment	Early Participation Payment	Total Cash Amount	20 Note Option	20 Note Option
303901AJ1	2006 Notes	\$275,000,000	\$	\$	\$	\$	\$
303901AF9	2008 Notes	\$170,000,000	\$	\$	\$	\$	\$

You do not have to choose the same option for all of the old notes you tender. However, if you wish to receive 20 Note for some of your old notes and 20 Note for some of your old notes, you must make two separate tenders.

You will also be paid accrued and unpaid interest in cash to but not including the settlement date on old notes that we acquire in the exchange.

The 20 Note will accrue interest at a rate of % per annum on the principal amount, payable semi-annually on each and , commencing on , 2004. The 20 Note will mature on , 20 .

The 20 Note will accrue interest at a rate of % per annum on the principal amount, payable semi-annually on each and , commencing on , 2004. The 20 Note will mature on , 20 .

All other terms of the new notes will be substantially identical to those of the old notes. The new notes will be issued under the same indenture, and will have the same covenants, as the old notes. For a description of the terms of the new notes and the indenture pursuant to which the new notes will be issued, see Description of the New Notes.

Outstanding old notes may be exchanged only in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. New notes will be issued only in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. If under the terms of the exchange offer any tendering holder is entitled to receive new notes in a principal amount that is not an integral multiple of \$1,000, we will reduce the principal amount of that holder's new notes to the nearest \$1,000 and substitute a cash payment equal to the principal amount by which that holder's new notes are reduced.

Subject to the satisfaction or waiver of specified conditions, we will exchange the cash and new notes for all of the old notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer. The cash will be paid and the new notes will be issued in exchange for the old notes in the exchange offer, if consummated, on the third business day following the expiration date of the exchange offer or as soon as practicable thereafter, which date we refer to as the settlement date.

Early Participation Date Old notes must be tendered at or prior to 5:00 p.m., New York City time, on , 2004 to receive the early participation payment.

Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2004, unless we extend the offer.
Withdrawal of Tenders	Tenders of old notes of either series may be withdrawn at any time prior to 5:00 p.m., New York City time, on _____, 2004, which date we refer to as the withdrawal deadline. Tenders of old notes may not be withdrawn after the withdrawal deadline unless we are required by law to permit withdrawal. See The Exchange Offer Withdrawal of Tenders.
Taxation	The exchange of old notes for new notes in the exchange offer will be a taxable event for U.S. federal income tax purposes. See Certain Income Tax Considerations Certain United States Federal Income Tax Considerations.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which we may assert or waive in our absolute discretion. The exchange offer is not subject to any condition as to a minimum or maximum principal amount of old notes that we will accept for tender. See The Exchange Offer Conditions to the Exchange Offer.
Procedures for Tendering	<p>If you wish to accept the exchange offer and your old notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, you must instruct this custodial entity to tender your old notes on your behalf pursuant to the procedures of the custodial entity. If your old notes are registered in your name, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the old notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal.</p> <p>Custodial entities that are participants in The Depository Trust Company, referred to as DTC, must tender old notes through the Automated Tender Offer Program, known as ATOP, maintained by DTC, by which such custodial entity and the beneficial owner on whose behalf the custodial entity is acting agree to be bound by the letter of transmittal. <i>A letter of transmittal need not accompany tenders effected through ATOP.</i></p>
Consequences of Failure to Exchange	For a description of the consequences of a failure to exchange the old notes, see Risk Factors Risks Relating to Tendering Old Notes for New Notes.
Exchange Agent	D.F. King & Co., Inc. is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are on the back cover page of this prospectus.
Information Agent	D.F. King & Co., Inc. is the information agent for the exchange offer. The address and telephone number of the information agent are on the back cover page of this prospectus.
Dealer Managers	Banc of America Securities LLC, Citigroup Global Markets Inc. and RBC Capital Markets Corporation are the dealer managers for the exchange offer. The addresses and telephone numbers of the dealer managers are on the back cover page of this prospectus.

SUMMARY OF THE NEW NOTES

Issuer	Fairfax Financial Holdings Limited
Maturity Date of the 20 Notes	, 20
Interest on the 20 Notes	%
	Interest will be payable semi-annually on each and , commencing , 2004. Interest will accrue from the settlement date of the exchange offer. You will be paid accrued and unpaid interest to but not including the settlement date on old notes that we acquire in the exchange. The 20 Notes will have terms identical to those of our existing % Notes due 20 .
Maturity Date of the 20 Notes	, 20
Interest on the 20 Notes	%
	Interest will be payable semi-annually on each and , commencing , 2004. Interest will accrue from the settlement date of the exchange offer. You will be paid accrued and unpaid interest to but not including the settlement date on old notes that we acquire in the exchange. The 20 Notes will have terms identical to those of our existing % Notes due 20 .
Ranking	The new notes will be direct, unsecured obligations of Fairfax Financial Holdings Limited. The new notes will rank equally and ratably with all of Fairfax Financial Holdings Limited's existing unsecured and unsubordinated indebtedness. The new notes will also be effectively subordinated to all obligations of Fairfax Financial Holdings Limited's subsidiaries. At December 31, 2003, the aggregate indebtedness of our subsidiaries was \$1.2 billion. See Risk Factors Risks Related to the New Notes.
Concurrent Private Placement of New Notes	Concurrently with this offering, we are making an offer to certain holders of TIG's 8 1/8% notes due April 15, 2005 to exchange those notes for cash and notes with the same terms as the new notes offered hereby, except for certain transfer restrictions and related provisions. We will subsequently exchange such notes for new notes without transfer restrictions. These new notes will be consolidated and form a single series with the applicable series of new notes offered hereby. See Capitalization.
Restrictive Covenants	The indenture governing the new notes is the indenture governing the old notes and contains covenants that, among other things, limit our ability to: <p style="margin-left: 40px;">create liens on the capital stock of certain of our subsidiaries; and</p> <p style="margin-left: 40px;">enter into specific mergers or consolidations or convey, transfer or lease our properties and assets substantially as an entirety.</p>

Events of Default	For a discussion of events that will permit acceleration of the payment of the principal of, and accrued interest on, the new notes, see Description of the New Notes Events of Default.
Form and Denomination	<p>The new notes will be issued only in the form of one or more global notes. See Description of the New Notes Book-Entry; Delivery and Form. Each global note will be deposited with DTC, in each case for credit to the account of a direct or indirect participant of DTC. Investors in the global notes who are participants in DTC may hold their interests in the global notes directly through DTC. Investors in the global notes who are not participants in DTC may hold their interests indirectly through organizations that are participants in DTC. Interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including Euroclear and Clearstream.</p> <p>Except as set forth under Description of the New Notes Certificated Securities, participants and indirect participants will not be entitled to receive physical delivery of definitive new notes or to have new notes issued and registered in their names and will not be considered the owners or holders of the new notes under the indenture.</p> <p>Interests in the global notes and the definitive new notes, if any, will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.</p>
PORTAL	The new notes will be designated eligible for trading in the Private Offerings, Resale and Trading through Automated Linkage market, known as PORTAL.
Governing Law	The new notes and their governing indenture will be governed by, and construed in accordance with, the laws of the State of New York.
Trustees	The Bank of New York, as the successor U.S. trustee, and CIBC Mellon Trust Company, as the successor Canadian trustee.
Paying Agent	The Bank of New York.

THE COMPANY

We are a financial services holding company primarily engaged in property and casualty insurance and reinsurance. We operate through a decentralized operating structure, with autonomous management teams applying a focused underwriting strategy to our markets. We seek to differentiate ourselves by combining disciplined underwriting with the investment of our assets on a total return basis, which we believe provides above-average returns over the long-term. We provide a full range of property and casualty products, maintaining a diversified portfolio of risks across classes of business, geographic regions, and types of insureds. The United States is our largest market, accounting for 56.0% of net premiums earned for the year ended December 31, 2003, while Canadian and international markets accounted for 19.9% and 24.1% of net premiums earned, respectively. We have been under current management since September 1985. Our principal executive offices are located at 95 Wellington Street West, Suite 800, Toronto, Ontario, M5J 2N7, Canada. Our telephone number is (416) 367-4941.

We conduct our business through the following segments, with each of our continuing operations maintaining a strong position in its respective markets.

Our reinsurance business is conducted through OdysseyRe, a U.S.-based underwriter of a full range of property and casualty reinsurance on a worldwide basis. We have an 80.6% interest in OdysseyRe, whose common stock is traded on the New York Stock Exchange under the symbol ORH.

Our U.S. insurance business provides a full range of commercial property and casualty insurance, principally through Crum & Forster, a national carrier which targets specialty classes of business that emphasize strong technical underwriting expertise. We own all of the equity of Crum & Forster.

Our Canadian insurance business is conducted principally through Northbridge, which provides commercial and personal lines property and casualty insurance in Canada through a wide range of distribution channels. We have a 71.0% interest in Northbridge, whose common shares are traded on the Toronto Stock Exchange under the symbol NB.

Our runoff business primarily includes our discontinued business that did not meet our underwriting criteria or strategic objectives and selected business previously written by our other subsidiaries that was put under dedicated runoff management. In addition, our runoff segment also includes third-party runoff operations that we have acquired, which we believe will provide us with the opportunity to earn attractive returns on our invested capital.

Our invested assets are managed by our wholly-owned investment management subsidiary, Hamblin Watsa. Hamblin Watsa has managed our invested assets since September 1985 and emphasizes a conservative investment philosophy, seeking to invest our assets on a total return basis, which includes realized and unrealized gains over the long-term, using a value-oriented approach.

For the year ended December 31, 2003, we had total revenue of \$5.7 billion and net income of \$271.1 million. At December 31, 2003, we had cash and invested assets of \$12.6 billion, total assets of \$25.0 billion and shareholders' equity of \$2.9 billion. For the year ended December 31, 2003, we generated gross premiums written and net premiums written of \$5.5 billion and \$4.4 billion, respectively. The following table sets forth net premiums written by each segment for the year ended December 31, 2003:

	\$	%
	(dollars in millions)	
Reinsurance (OdysseyRe)	\$2,153.6	48.5%
U.S. insurance	1,153.7	25.9
Canadian insurance (Northbridge)	802.3	18.0
Runoff and other	338.5	7.6
Net Premiums Written	\$4,448.1	100.0%

Our combined ratio for our ongoing business was 97.6% for the year ended December 31, 2003. The following table sets forth our combined ratio by segment for our operations, excluding runoff, for the year ended December 31, 2003:

Reinsurance (OdysseyRe)	96.9%
U.S. insurance	102.5
Canadian insurance (Northbridge)	92.6
Total	97.6%

Our senior management team is led by Mr. Prem Watsa, who has been our Chairman and Chief Executive Officer since September 1985. Mr. Watsa holds 12.7% of all classes of our outstanding shares while controlling 55.3% of the votes associated with our outstanding shares. In total, our officers and directors hold 15.5% of all classes of our outstanding shares.

Deleveraging Plan

We have established a deleveraging plan which is intended to strengthen our debt ratings to investment grade. As part of this plan, we intend to reduce our financial leverage through the reduction of our holding company debt and growth in shareholders' equity. During the three months ending December 31, 2003, we reduced our holding company debt by \$73.6 million. Reduction of our holding company debt may be achieved through the redeployment of excess capital generated by our operating subsidiaries and cash generated by a range of financing activities which may be completed from time to time. While we can not be assured that we will achieve an upgrade of our debt ratings, we believe our deleveraging plan will increase our financial strength and enhance the financial strength ratings of our insurance companies.

As part of our ongoing commitment to maintain financial flexibility, we will continue to maintain amounts of holding company cash and marketable securities which we consider appropriate. As of December 31, 2003, we maintained holding company cash and marketable securities of \$410.2 million, a portion of which will be used as part of the exchange offer. In addition to this amount and our other assets, our holding company liquidity is further strengthened by interests in two public company subsidiaries. We currently hold 28.36 million common shares of Northbridge at the holding company, which have a market value of \$555.0 million based on the closing price of Northbridge on the Toronto Stock Exchange on March 19, 2004. In addition, there are 28.37 million shares of OdysseyRe with a market value of \$748.7 million, based on the closing price of OdysseyRe on the New York Stock Exchange on March 19, 2004, which will be released to the holding company during 2004 from a trust being held for the benefit of TIG Insurance Company, subject to regulatory approval. We also hold interests in Northbridge and OdysseyRe through our insurance subsidiaries.

SELECTED HISTORICAL FINANCIAL DATA

The following selected historical financial data should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2003 and the related management's discussion and analysis thereon that are incorporated by reference in this prospectus.

The selected historical consolidated financial data for the years ended and as at December 31, 2001, 2002 and 2003 are derived from our audited consolidated financial statements. We prepare our annual consolidated financial statements in accordance with Canadian GAAP, which differs in certain respects from U.S. GAAP. For a discussion of the principal differences between Canadian GAAP and U.S. GAAP as they pertain to us, see note 19 to our audited consolidated financial statements for the year ended December 31, 2003.

We encourage you to read the consolidated financial statements incorporated by reference in this prospectus because they contain our complete financial statements for the periods presented. Our historical results of operations are not necessarily indicative of future results.

	Years Ended December 31,		
	2003	2002	2001
	(dollars in millions, except per share amounts)		
Canadian GAAP Statement of Earnings:			
Gross premiums written	\$5,518.6	\$5,173.2	\$4,422.7