FAIRFAX FINANCIAL HOLDINGS LTD/ CAN
Form SUPPL
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Prospectus Supplement
To Base Shelf Prospectus dated April 20, 2004

$200,000,000

Fairfax Financial Holdings Limited

7 3/4% Senior Notes Due 2012

Fairfax Financial Holdings Limited is offering $200 million aggregate principal amount of 7 3/4% senior notes due 2012. The notes represent a further issuance of the 7 3/4% senior notes due 2012 previously issued by us in an aggregate principal amount of $266,483,000. The notes issued hereby and the 7 3/4% senior notes due 2012 previously issued by us will bear the same CUSIP number and will constitute a single series of our debt securities.

Interest on the notes will be paid semi-annually in arrears on April 30 and October 31 of each year, beginning on May 2, 2005, being the first business day following April 30, 2005. The notes will mature on April 26, 2012.

The notes will be our senior unsecured obligations and will rank equally with all of our other unsecured unsubordinated indebtedness from time to time outstanding.

The closing of this offering of notes is conditional upon the closing of our sale of 2,406,741 of our Subordinate Voting Shares announced on October 28, 2004 and the closing of our debt tender offer announced on November 18, 2004.

Investing in the notes involves risks. See Risk Factors beginning on page S-11 of this prospectus supplement and on page 6 of the accompanying base shelf prospectus.

	Per Note	Total
Public offering price(1)	99.000%	$198,000,000
Underwriting commission	0.375%	$ 750,000
Proceeds to Fairfax before expenses	98.625%	$197,250,000

(1) Plus accrued interest from November 1, 2004.

The underwriters expect to deliver the notes to investors on or about December 21, 2004. Notes will be delivered to investors only in book-entry form through the facilities of The Depository Trust Company.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base shelf prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

We are permitted to prepare this prospectus supplement and the accompanying base shelf 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 supplement and the accompanying base shelf prospectus may not describe these tax consequences fully. You should read the tax discussion in this prospectus supplement.

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 supplement and the accompanying base shelf prospectus are Canadian residents and many of our assets are located in Canada.

Banc of America Securities LLC

December 3, 2004

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the notes that we are currently offering. The second part is the accompanying base shelf prospectus, which gives more general information, some of which may not apply to the notes that we are currently offering. Generally, the term prospectus refers to both parts combined.

You should read this prospectus supplement along with the accompanying base shelf prospectus. You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information provided by this prospectus supplement or the accompanying base shelf prospectus is accurate as of any date other than the date on the front of these documents. Our business, financial condition, results of operations and prospects may have changed since those dates. The notes are being offered only in jurisdictions in which offers and sales are permitted.

If the information varies between this prospectus supplement and the accompanying base shelf prospectus, the information in this prospectus supplement supercedes the information in the accompanying base shelf prospectus.

It is expected that delivery of the notes will be made against payment therefor on or about the date specified on the cover page of this prospectus supplement, which is the twelfth business day following the pricing of the notes (such settlement being referred to as T+12). You should be advised that trading of the notes may be affected by the T+12 settlement. See Underwriting .

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 supplement and the accompanying base shelf prospectus and in our audited consolidated financial statements for the year ended December 31, 2003, our unaudited interim consolidated financial statements for the nine months ended September 30, 2004 and our management s discussion and analysis for such financial statements, each incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus, has been reported 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 supplement and the accompanying base shelf prospectus has been presented in Canadian dollars. In this prospectus supplement and the accompanying base shelf 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 and note 7 to our unaudited interim consolidated financial statements for the nine months ended September 30, 2004 incorporated by reference into this prospectus supplement and the accompanying base shelf 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:

	Nine Months Ended September 30,	Year Ended December 31,				
	2004	1999	2000	2001	2002	2003
Low	0.7158	0.6535	0.6410	0.6241	0.6200	0.6349
High	0.7906	0.6925	0.6969	0.6697	0.6619	0.7738
Period End	0.7906	0.6925	0.6669	0.6279	0.6329	0.7738
Average	0.7527	0.6730	0.6732	0.6457	0.6368	0.7136

On December 3, 2004, the inverse of the noon buying rate was $0.8350 = 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 supplement and the accompanying base shelf prospectus, or in documents incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus, 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;

risks associated with current government investigations of insurance industry practices;

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 in this prospectus supplement and in the accompanying base shelf prospectus for a further discussion of these risks and uncertainties.

SUMMARY

This brief summary highlights selected information from this prospectus supplement. It may not contain all of the information that is important to you. We urge you to carefully read and review the entire prospectus supplement and accompanying base shelf prospectus and the documents incorporated by reference in such documents, including our historical financial statements for the year ended December 31, 2003 and the nine months ended September 30, 2004 and the notes to those financial statements. You should read Risk Factors beginning on page S-11 of this prospectus supplement and page 6 of the accompanying base shelf prospectus for more information about important factors that you should consider before making an investment decision.

Unless the context otherwise requires or it is otherwise stated, 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; and the term Northbridge refers to our public Canadian property and casualty insurance business, Northbridge Financial Corporation and its subsidiaries.

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.

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 80.8% 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 59.2% 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 Investment Counsel Ltd. 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 September 30, 2004, we had cash and invested assets of $13.9 billion, total assets of $25.7 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 and the nine months ended September 30, 2004:

	Year Ended December 31, 2003		Nine Months Ended September 30, 2004	
	$	%	$	%
		(dollars in millions)		
Insurance Canada (Northbridge)	$ 802.3	18.0%	$ 685.8	19.1%
U.S.	1,092.1	24.5	774.9	21.7
Asia	61.6	1.4	44.8	1.3
Reinsurance (OdysseyRe)	2,153.6	48.5	1,774.5	49.6
Runoff and other	338.5	7.6	297.2	8.3
Net Premiums Written	$4,448.1	100.0%	$3,577.2	100.0%

Recent Developments

Equity Offering. On October 28, 2004, we announced the sale of 2,406,741 of our Subordinate Voting Shares, for gross proceeds of $300 million, to a number of institutional investors, including Markel Corporation and Southeastern Asset Management, who subscribed for $100 million and $150 million, respectively, of such Subordinate Voting Shares. We intend to use the proceeds of the equity offering to purchase, redeem or retire outstanding indebtedness from time to time, including pursuant to the tender offer described below, and for general corporate purposes. Closing of the share issuance is subject to approvals by the requisite regulatory authorities, which are anticipated to be obtained before the end of 2004. The closing of this offering of notes is conditional upon the closing of the equity offering and the closing of our debt tender offer announced on November 18, 2004.

Cash Tender Offer. On November 18, 2004, we announced an offer to acquire for cash up to $150 million of TIG s 8 1/8% notes due 2005, our 7 3/8% notes due 2006, our 6 7/8% notes due 2008 and TIG s 8.597% Capital Securities due 2027. On December 3, 2004, we announced that $112.0 million aggregate principal amount of notes had been tendered pursuant to the tender offer as of 5:00 p.m., New York City time, on December 2, 2004, the early tender date. The notes tendered consisted of $11.1 million aggregate principal amount of TIG s 8 1/8% notes due 2005, $60.9 million aggregate principal amount of our 7 3/8% notes due 2006, $35.6 million aggregate principal amount of our 6 7/8% notes due 2008 and $4.5 million aggregate principal amount of TIG s 8.597% Capital Securities due 2027. The tender offer is scheduled to expire on December 20, 2004. Consummation of the tender offer is conditional upon the prior closing of the equity offering described above. Closing of the equity offering is not conditional on the consummation of the tender offer.

Purchase and Issue of Exchangeable Notes. On November 19, 2004, we announced that one of our subsidiaries had repurchased $78.0 million principal amount of its 3.15% exchangeable notes due 2010 in a private transaction. The notes were exchangeable into 4.3 million shares of common stock of OdysseyRe. As consideration for such notes, the subsidiary issued $101.0 million principal amount of new 3.15% exchangeable notes due 2009 which are collectively exchangeable into 4.3 million shares of common stock of OdysseyRe. The purchase of the notes allows us to maintain the inclusion of OdysseyRe in our U.S. consolidated tax group.

SUMMARY FINANCIAL DATA

The following summary historical consolidated financial data should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2003 and our unaudited interim consolidated financial statements for the nine months ended September 30, 2004 and the related management discussion and analysis that are incorporated by reference in this prospectus.

The summary historical consolidated financial data for the years ended and as at December 31, 2001, 2002 and 2003 and the nine months ended and as at September 30, 2003 and 2004 are derived from our audited consolidated financial statements and our unaudited interim consolidated financial statements, respectively. We prepare our 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 and note 7 to our unaudited interim consolidated financial statements for the nine months ended September 30, 2004.

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,			Nine Months Ended September 30,	
	2001	2002	2003	2003	2004
	(dollars in millions, except per share amounts)				
Canadian GAAP Statement of Earnings:					
Gross premiums written	$ 4,422.7	$ 5,173.2	$ 5,518.6	$ 4,017.9	$ 4,183.2
Net premiums written	3,263.1	4,033.9	4,448.1	3,234.6	3,577.2
Net premiums earned	3,108.9	3,888.6	4,209.0	3,035.3	3,552.8
Interest and dividends	440.3	418.6	330.1	273.2	268.6
Realized gains on investments	138.1	469.5	845.9	590.7	271.6
Claims fees	274.7	290.7	328.9	239.4	245.3
Total revenues	3,962.0	5,067.4	5,713.9	4,138.6	4,338.3
Losses on claims	2,627.8	2,998.7	3,240.6	2,189.8	2,730.3
Operating expenses	878.3	927.5	1,023.4	760.6	757.5
Commissions, net	673.6	706.2	776.1	581.7	612.5
Interest expense	109.0	87.0	146.3	104.5	124.0
Other	149.4	72.7			13.4
Total expenses	4,438.1	4,792.1	5,186.4	3,636.6	4,237.7
Income (loss) from operations before income taxes	(476.1)	275.3	527.5	502.0	100.6
Provision for (recovery of) income taxes	(250.0)	150.0	191.9	194.6	76.8
Income (loss) from operations before extraordinary item	(226.1)	125.3	335.6	307.4	23.8
Negative goodwill		188.4			
Net income (loss) before non-controlling interests	(226.1)	313.7	335.6	307.4	23.8
Non-controlling interests	2.3	(50.7)	(64.5)	(42.9)	(47.2)

Net income (loss)	$ (223.8)	$ 263.0	$ 271.1	$ 264.5	$ (23.4)
Net income (loss) per diluted share	$ (18.13)	$ 18.20	$ 18.23	$ 17.85	$ (2.32)
Selected Balance Sheet Data (at period end):					
Total investments and cash(1)	$10,285.8	$10,642.2	$12,566.1	$11,964.5	$13,942.0
Total assets	22,200.5	22,224.5	25,018.3	23,220.5	25,680.6
Total debt	1,713.2	1,930.5	2,331.9	2,232.7	2,401.0
Total shareholders equity	2,031.4	2,248.0	2,918.0	2,874.5	2,863.9
Common shareholders equity per share	132.03	149.31	192.81	189.36	191.10
Combined Ratios					
Insurance Canada (Northbridge)	112.1%(2)	97.4%	92.6%	93.9%	90.9%
U.S.	124.7%(2)	107.5%	102.7%	101.1%	110.3%
Asia	125.5%	99.8%	96.0%	98.1%	91.2%