

FAIRFAX *News Release*

Stock Symbol: FFH.SV (TSX); FFH (NYSE)

TORONTO, October 28, 2004

THIRD QUARTER FINANCIAL RESULTS

(Note: All dollar amounts in this release are expressed in U.S. dollars.)

Fairfax Financial Holdings Limited recorded \$127.7 million of losses after tax and minority interests in the 2004 third quarter related to Hurricanes Charley, Frances, Ivan and Jeanne, while continuing to produce excellent underwriting performance excluding these losses. All of the hurricane losses were recorded within Fairfax's insurance and reinsurance companies, primarily OdysseyRe and Crum & Forster. These losses have not adversely affected the capital adequacy of any of these companies and will not require the provision of any funds by the holding company.

The combined ratio of Fairfax's insurance and reinsurance operations was 109.3% and 100.0% for the third quarter and first nine months respectively, but excluding the hurricane losses was 90.0% and 93.5% respectively, with every operating company producing a combined ratio excluding hurricane losses below 100%, compared to a combined ratio of those operations of 96.5% and 97.7% for the third quarter and first nine months respectively of 2003.

At the end of the third quarter, Fairfax took another step towards simplifying its runoff structure when TIG agreed to commute a number of excess of loss reinsurance contracts aggregating \$665 million of coverage. This commutation, which is subject to applicable regulatory approvals and is expected to be completed in the fourth quarter, resulted in a net after-tax loss taken in the third quarter of \$57.9 million.

Other 2004 third quarter highlights were as follows (comparisons are to the third quarter of 2003, except as otherwise indicated):

- Primarily as a result of the hurricane losses and the TIG commutation, which as noted above resulted in an aggregate loss after tax and minority interests of \$185.6 million, the company produced a net loss of \$108.9 million (\$8.08 per basic and diluted share) in the third quarter of 2004, compared to a net loss of \$10.7 million (\$1.02 per basic and \$1.07 per diluted share) in 2003. Excluding the hurricanes and the TIG commutation, net earnings in the 2004 third quarter would have been \$76.7 million.
- The company's insurance and reinsurance operations produced an underwriting loss of \$99.0 million and an underwriting profit of \$0.3 million in the third quarter and first nine months respectively, but an underwriting profit of \$106.6 million and \$205.9 million for those periods respectively, excluding the hurricane losses, compared to an underwriting profit of \$34.1 million and \$63.2 million in the third quarter and first nine months respectively of 2003.
- Aggregate cash flow from operations at OdysseyRe, Crum & Forster and Northbridge increased to \$460.3 million and \$789.8 million for the third quarter and first nine months respectively, from \$319.8 million and \$456.0 million for the third quarter and first nine months respectively of 2003.
- Net premiums written at the company's insurance and reinsurance operations increased 3.3% to

There were 13.8 million weighted average shares outstanding in the third quarter of 2004 compared to 14.0 million in the third quarter of 2003.

Fairfax's detailed third quarter report can be accessed at its website www.fairfax.ca. As previously announced, Fairfax will hold a conference call at 8:30 a.m. Eastern time on Friday, October 29, 2004 to discuss its third quarter results.

Fairfax Financial Holdings Limited is a financial services holding company which, through its subsidiaries, is engaged in property, casualty and life insurance and reinsurance, investment management and insurance claims management.

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