FAIRFAX
FINANCIAL HOLDINGS LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Fairfax Financial Holdings Limited (the ''Corporation'') will be held in Room 106 at the Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario on Tuesday, April 17, 2001 at 9.30 a.m. (Toronto time) for the following purposes:

(a) to elect directors;

(b) to appoint auditors; and

(c) to transact such other business as may properly come before the meeting.

By Order of the Board,

Elizabeth J. Murphy
Vice President and
Corporate Secretary

Toronto, March 1, 2001

If you cannot be present to vote in person at the meeting, please complete and sign the enclosed form of proxy and return it in the envelope provided. Reference is made to the accompanying Management Proxy Circular for further information regarding completion and use of the proxy and other information pertaining to the meeting.

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MANAGEMENT PROXY CIRCULAR

Voting Shares and Principal Holders Thereof

The Corporation has outstanding 12,352,118 subordinate voting shares and 1,548,000 multiple voting shares. Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Each multiple voting share carries ten votes per share at all meetings of shareholders except in certain circumstances (which have not occurred) and except for separate meetings of holders of another class of shares.

Each holder of subordinate voting shares or multiple voting shares of the Corporation of record at the close of business on March 2, 2001 (the ''record date'') will be entitled to vote at the meeting or any adjournment thereof, either in person or by proxy, except to the extent that such holder has transferred any such shares after the record date and the transferee of such shares establishes ownership thereof and demands, not later than 10 days before the meeting, to be included in the list of shareholders entitled to vote at the meeting, in which case such transferee is entitled to vote. Shareholders representing in person or by proxy at least 15% of the outstanding shares of the Corporation constitute a quorum at any meeting of shareholders.

The Sixty Two Investment Company Limited (''Sixty Two'') owns 50,620 subordinate voting shares and 1,548,000 multiple voting shares, representing 55.8% of the total votes attached to all classes of shares of the Corporation (100% of the total votes attached to the multiple voting shares and 0.4% of the total votes attached to the subordinate voting shares). V. Prem Watsa, the Chairman and a director of the Corporation, controls Sixty Two and himself beneficially owns an additional 142,424 subordinate voting shares and exercises control or direction over an additional 2,100 subordinate voting shares. These shares, together with the shares owned directly by Sixty Two, represent 56.3% of the total votes attached to all classes of shares of the Corporation (100% of the total votes attached to the multiple voting shares and 1.6% of the total votes attached to the subordinate voting shares). To the knowledge of the directors and officers of the Corporation, there are no other persons who beneficially own (directly or indirectly) or exercise control or direction over more than 10% of the votes attached to any class of shares of the Corporation.

Annual Report

A copy of the Corporation's Annual Report including the financial statements of the Corporation and the notes thereto for the year ended December 31, 2000 is enclosed. No action will be taken at the meeting with respect to approval or disapproval of the Annual Report.

Copies of the Corporation's latest annual information form (together with the documents incorporated therein by reference), the comparative financial statements of the Corporation for 2000 together with the report of the auditors thereon, management's discussion and analysis of the Corporation's financial condition and results of operations for 2000, the interim financial statements of the Corporation for periods subsequent to the end of the Corporation's 2000 fiscal year and this circular are available upon request from the Secretary of the Corporation; they are also available on the Corporation's website (*www.fairfax.ca*).

Election of Directors

A board of five directors is to be elected at the meeting to serve until the next annual meeting. Unless otherwise directed, proxies in the enclosed form will be voted for the election of the nominees named below. However, in case any of the nominees should become unavailable for election for any presently unforeseen reason, the persons named in the proxy will have the right to use their discretion in selecting a substitute. The following information is submitted with respect to the nominees for director:

Names of nominees, offices held in the Corporation (or significant affiliates) and principal occupations	Director since	Ownership or control over voting securities (subordinate voting shares, unless otherwise noted) of: the Corporation	Lindsey Morden Group Inc. (a subsidiary of the Corporation)
WINSLOW W. BENNETT* President, Winwood Holdings Ltd. (private investment company)	1988	42,473	0
ROBBERT HARTOG* President, Robhar Investments Ltd. (private investment company)	1985	148,000(1)	4,400
PAUL B. INGREY Retired Reinsurance Executive and Corporate Director	–	10,500	0
KENNETH R. POLLEY Chairman, Lindsey Morden Group Inc. (claims adjustment holding company)	1987	11,500	47,167
V. PREM WATSA* Chairman and Chief Executive Officer of the Corporation; Vice President, Hamblin Watsa Investment Counsel Ltd.	1985	(2)	(3)

* *denotes member of Audit Committee*

(1) *Also exercises control or direction over an additional 10,000 subordinate voting shares of the Corporation.*

(2) *Controls Sixty Two, which owns 50,620 subordinate voting shares and 1,548,000 multiple voting shares of the Corporation, and himself beneficially owns an additional 142,424 and exercises control or direction over an additional 2,100 subordinate voting shares of the Corporation.*

(3) *Through control of Sixty Two, controls the Corporation, which beneficially owns 2,172,829 multiple voting shares and 7,344,183 subordinate voting shares of Lindsey Morden, and himself beneficially owns 63,750 and exercises control or direction over an additional 2,500 subordinate voting shares of Lindsey Morden.*

The information as to shares beneficially owned or controlled by each nominee, not being within the knowledge of the Corporation, has been furnished by such nominee.

Appointment of Auditors
Unless otherwise directed, proxies in the enclosed form will be voted for the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation to hold office until the next annual meeting at a remuneration to be fixed by the directors of the Corporation. PricewaterhouseCoopers LLP (formerly Coopers & Lybrand) have been the auditors of the Corporation since 1974. The resolution to appoint PricewaterhouseCoopers LLP as auditors of the Corporation must be passed by at least 50% of the votes cast in person or by proxy at the meeting.

Other Business
Management of the Corporation is not aware of any other matters which are to be presented at the meeting. However, if any matters other than those referred to herein should be presented at the meeting, the persons named in the enclosed proxy are authorized to vote the shares represented by the proxy in their discretion and in accordance with their best judgment.

Compensation of Directors
Directors of the Corporation who are not officers or employees of the Corporation or any of its subsidiaries receive remuneration for their services in the form of a retainer of $6,000 per year plus a fee of $500 for each board or committee meeting attended. Additional amounts may be paid for special assignments. In 2000 directors received an aggregate of $28,000 pursuant to these arrangements. Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending board or committee meetings or in otherwise being engaged on the Corporation's business.

Directors' and Officers' Insurance
The Corporation purchases and maintains Directors' and Officers' Liability Insurance for the directors and officers of the Corporation and certain of its subsidiaries. This insurance forms part of a blended insurance program which provides a three year combined aggregate limit of liability of US$250 million, which may be reinstated a single time upon payment of additional premium, with a deductible to the Corporation of US$1 million per loss under the Directors' and Officers' Liability Insurance. The approximate annual premium for the Directors' and Officers' Liability Insurance is US$490,000.

Indebtedness of Directors, Executive Officers and Senior Officers
The Corporation maintains a share purchase plan whereby the directors may from time to time grant to designated employees, officers and directors of the Corporation or any subsidiary a loan (which may be interest free) repayable after a specified period to purchase subordinate voting shares of the Corporation. All loans made under the Plan have been for the purchase of outstanding shares. Until repayment, the shares are held by a trustee subject to the terms of the Plan. The loans made under the Plan have been or are being refinanced by the borrowers with a Canadian chartered bank. The Corporation pays the prime plus one-half percent per annum interest on these refinanced loans on behalf of the borrowers and may under certain circumstances be obligated to purchase these loans from the bank. The aggregate indebtedness to the bank under these loans of all current and former officers, directors and employees of the Corporation is $18,439,003 (the current aggregate value of the shares securing these loans is approximately $50 million).

Table of Indebtedness of Directors, Executive Officers and Senior Officers under Securities Purchase Programs

(being only the above-described share purchase arrangements)

Name and principal position with the Corporation	Largest amount outstanding during fiscal year ended Dec. 31, 2000	Amount outstanding as at March 1, 2001	Financially assisted securities purchases during fiscal year ended Dec. 31, 2000 (1)	Security for indebtedness (1)
Trevor J. Ambridge, Vice President and Chief Financial Officer	$999,800	$999,800	–	3,428
Sammy Y. Chan, Vice President	1,494,555	1,494,555	5,000	21,500
Francis Chou, Vice President	4,196,002(2)	4,196,002(2)	–	21,000
Jean Cloutier, Vice President	500,000	500,000	–	1,500
Bradley P. Martin, Vice President	499,800	499,800	–	1,428
Elizabeth J. Murphy, Vice President and Corporate Secretary	250,250	250,250	–	910
Eric P. Salsberg, Vice President, Corporate Affairs	1,925,000	1,925,000	–	80,000
Ronald Schokking, Vice President, Finance	1,542,750	1,542,750	5,000	25,000
John C. Varnell, Vice President	2,225,936	2,225,936	–	77,500

(1) In all cases, subordinate voting shares of the Corporation.

(2) Includes a loan in lieu of salary.

Summary Compensation Table

Name and principal position	Year	Annual Compensation: Salary	Bonus	Other Annual Compensation (2)	All Other Compensation (4)
V. Prem Watsa	2000	$600,000	$ 0	$ 0	$13,500
Chairman and	1999	450,000	0	0	13,500
Chief Executive Officer	1998	450,000	650,000	0	13,500
Eric P. Salsberg	2000	400,000	300,000	148,846	74,842
Vice President,	1999	400,000	300,000	133,339	75,999
Corporate Affairs	1998	400,000	500,000	137,783	74,842
Trevor J. Ambridge	2000	300,000	225,000	192,708(3)	13,500
Vice President and	1999	300,000	225,000	163,719(3)	4,500
Chief Financial Officer	1998	167,308(1)	170,000	14,652	9,000
John C. Varnell	2000	300,000	150,000	172,037	44,514
Vice President	1999	300,000	150,000	154,114	45,062
	1998	300,000	375,000	159,251	44,514
Sammy Y. Chan	2000	200,000	150,000	42,880	25,195
Vice President	1999	200,000	150,000	38,412	27,054
	1998	200,000	250,000	39,692	24,862

(1) Employed by the Corporation for 7 months in 1998.

(2) The value of perquisites of each named executive officer does not exceed the lesser of $50,000 and 10% of total annual salary and bonus. The amounts quoted in this column represent the taxable benefits on interest or deemed interest on loans with respect to the share purchase plan described under ''Indebtedness of Directors, Executive Officers and Senior Officers''.

(3) Includes reimbursement for the payment of taxes arising from former employment of $114,997 in 2000 and $134,689 in 1999.

(4) The amounts shown are payments in respect of life insurance policies and registered retirement savings plans contributions made in lieu of the establishment of a pension plan.

Executive Compensation

The Corporation does not have a compensation committee. As regards the directors of the Corporation, who are named below, Mr. Watsa is an officer of the Corporation and of its subsidiary Hamblin Watsa Investment Counsel Ltd., and Mr. Polley is an officer of the Corporation's subsidiary Lindsey Morden Group Inc.

Fairfax's compensation program for its executive officers is different from the program of most other public corporations. Mr. Watsa informs the board of his proposed remuneration and that of other executive officers of the Corporation. Except in the case of Mr. Watsa, as described below, the remuneration of executive officers consists of an annual base salary, an annual bonus (if and to the extent appropriate) and long term participation in the fortunes of the Corporation by the ownership of shares through the share purchase plan (details of this participation are set out above under ''Indebtedness of Directors, Executive Officers and Senior Officers''). Factors considered by Mr. Watsa are very subjective, and include perception of the individual's performance and profitability of the Corporation.

Mr. Watsa did not receive any remuneration from the Corporation or its subsidiaries in the years 1985 to 1992, although he did participate in the share purchase plan until 1995. After the Corporation's acquisition of Hamblin Watsa Investment Counsel Ltd. in late 1992, Mr. Watsa commenced receiving an annual salary of $250,000, but no bonus, from the Corporation. Mr. Watsa continued to receive remuneration from Hamblin Watsa, consisting of a base annual salary of $200,000 and his percentage participation, along with all other Hamblin Watsa executives, in the profit sharing pool available to Hamblin Watsa employees pursuant to a formula established at the time of the Corporation's acquisition of Hamblin Watsa. The pool in any year consisted effectively of one-half of the amount, if any, by which Hamblin Watsa's revenues in the year exceeded its annual revenues in 1992, less any increase in expenses over annual expenses in 1992. Mr. Watsa's participation in this pool constituted his bonus for 1998 shown in the Summary Compensation Table above. Mr. Watsa declined to accept his participation in this pool for 1999. Commencing in 2000, Mr. Watsa has agreed that his aggregate compensation from the Corporation and Hamblin Watsa will consist of an annual salary of $600,000, with no bonus or other profit participation.

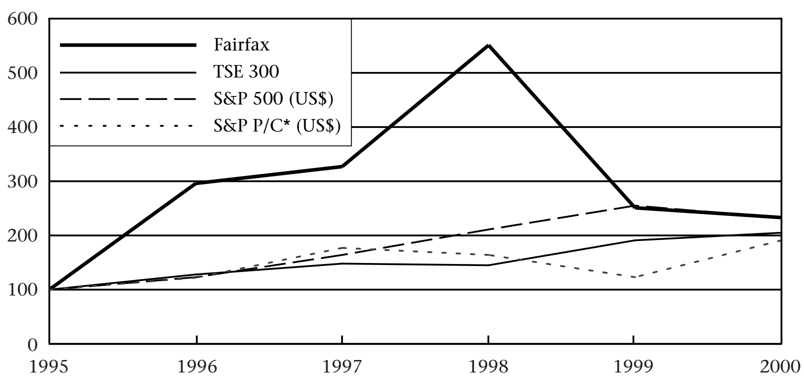
Submitted by the Board of Directors

Winslow W. Bennett
Robbert Hartog
Kenneth R. Polley
John C. Puddington
V. Prem Watsa

Performance Graph

The following graph assumes that $100 was invested on December 31, 1995 in subordinate voting shares of the Corporation and in common shares of the TSE 300 Composite Index, the S&P 500 Index and the S&P Property-Casualty Insurance Index, respectively.

Cumulative Value of a $100 Investment Assuming Reinvestment of Dividends



	1995	1996	1997	1998	1999	2000
Fairfax	100	296	327	551	251	233
TSE 300	100	128	148	145	191	205
S&P 500 (US$)	100	123	164	211	255	232
S&P P/C* (US$)	100	122	177	164	123	191

** No comparable Canadian index*

Statement of Corporate Governance Practices

Fairfax has, since current management acquired control in 1985, clearly stated the following principles with respect to its structure, objectives and manner of operating:

- The Corporation's focus is on earning a superior (20% or more) return on shareholders' equity over the long term, at the expense of short term profits if necessary, so as to achieve long term growth in book value per share. This can only be achieved if Fairfax and its subsidiaries are operated for the long term benefit of customers, employees and shareholders.

- The Corporation should always be soundly financed.

- The Corporation is decentralized and operating subsidiaries are run by their management except for performance evaluation, succession planning, acquisitions and financing which are done by or with Fairfax. Coupled with this decentralization is complete and open communication between Fairfax and the subsidiaries.

- As Fairfax itself is not an operating company, the number of its employees will remain very small.

- Honesty, integrity and good faith are essential in all of Fairfax's relationships and dealings. Internally, the hallmark of Fairfax's people is that they are non-political team players.

- While being entrepreneurial in pursuing opportunities, Fairfax emphasizes downside protection and the minimization of the risk of capital loss: the Corporation will not be jeopardized by any one project.

- Annual disclosure to the shareholders will be complete, detailed, straightforward and balanced. Beyond this and all requisite disclosure, comment to the media is rarely necessary and other publicity is not constructive: Fairfax believes that results ultimately prevail.

It is the mandate of Fairfax, its management (including its chief executive officer) and its directors to pursue the application of these principles. In considering the characteristics of directors who will be proposed to constitute the board, Fairfax and its controlling shareholder, Prem Watsa, have considered it important that the number of directors be small (currently five), that the number of management directors (other than the chief executive officer) be kept to a minimum (currently one) and that to the greatest extent possible non-management directors should be independent and have or represent a meaningful shareholding in Fairfax (currently all three of the non-management directors so qualify) but otherwise (other than as an insured under an insurance policy issued in the ordinary course) should have no business or other relationships with Fairfax, its subsidiaries or its controlling shareholder (currently all three of the non-management directors so qualify).

Given the small numbers of directors and management, two further matters considered important by Fairfax and Mr. Watsa are that the organization of the board remain simple (without special mandates and without committees or other structures beyond the board, other than as required by law or by exceptional circumstances) and that the directors have free access to management of Fairfax for information or discussion.

Fairfax's approach to corporate governance is different from the approach of most other public corporations and does not follow a number of the guidelines for effective corporate governance published by The Toronto Stock Exchange. In particular, the board does not have a nominating committee, a governance committee or position descriptions for board members and the CEO. Also, Mr. Watsa, who is the CEO of Fairfax, is the Chairman of the board and a member of the audit committee.

Fairfax believes that its approach and practice, which are summarized above, are in its circumstances best calculated to enhance the interests of Fairfax and its shareholders, and that they have worked well over the past fifteen years. Fairfax consequently does not feel that it would be beneficial to it or its shareholders to adopt the greater formalities, structures, descriptions and separations which may be appropriate to the governance of other corporations.

Solicitation of Proxies

The enclosed proxy is solicited by the management of the Corporation for use at the Annual Meeting of Shareholders to be held on April 17, 2001 and at any adjournment thereof.

The cost of soliciting proxies will be borne by the Corporation. The Corporation will reimburse brokers, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding proxy material to beneficial owners of shares. In addition to solicitation by mail, certain officers and employees of the Corporation may solicit proxies personally or by a means of telecommunication. These persons will receive no compensation therefor beyond their regular salaries.

The information contained herein is given as at March 1, 2001, except where otherwise noted.

Provisions Relating to Proxies

All properly executed proxies delivered to the Corporation's transfer agent, CIBC Mellon Trust Company, at Proxy Department, 200 Queens Quay East, Unit 6, Toronto, Ontario M5A 4K9 or via fax to (416) 368-2502, before 12:00 noon (Toronto time) on April 16, 2001, or to the chairman or secretary of the meeting for which the proxy is given before the time of voting, will be voted or withheld from voting, as appropriate, at the meeting and, if a choice is specified in respect of any matter to be acted upon, will be voted or withheld from voting in accordance with the direction given. **In the absence of such direction, such proxies will be voted for the election of directors and appointment of auditors as described above.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting. At the date of this circular, management of the Corporation knows of no such amendments, variations or other matters.

The persons named in the enclosed proxy are directors or officers of the Corporation. **A shareholder who wishes to appoint some other person to represent such shareholder at the meeting may do so either by inserting such other person's name in the blank space provided in the enclosed proxy or by completing another form of proxy.** Such other person need not be a shareholder of the Corporation.

Only registered holders of subordinate voting and multiple voting shares of the Corporation, or the persons they appoint as their proxies, are permitted to attend and vote at the meeting. However, in many cases, subordinate voting shares of the Corporation beneficially owned by a holder (a ''Non-Registered Holder'') are registered either:

(a) in the name of an intermediary (an ''Intermediary'') that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or

(b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Policy Statement 41 of the Canadian Securities Administrators, the Corporation has distributed copies of the notice of meeting, this management proxy circular, the form of proxy, the 2000 annual report (which includes management's discussion and analysis) (collectively, the ''meeting materials'') to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

A. be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it as described above; or

B. more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone).

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

Any shareholder who has given a proxy may revoke the proxy by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman or secretary of the meeting on the day of the meeting or any adjournment thereof.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the meeting.

Approval

The contents of this Management Proxy Circular and the sending thereof to the shareholders of the Corporation have been approved by the board of directors of the Corporation.

By Order of the Board,

Dated March 1, 2001

Elizabeth J. Murphy
Vice President and
Corporate Secretary

FAIRFAX

FINANCIAL HOLDINGS LIMITED

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