

FAIRFAX
News Release
Stock Symbol: FFH

TORONTO, January 16, 1998

FAIRFAX ESTABLISHES HONG KONG INSURANCE OPERATION

Fairfax Financial Holdings Limited announces that it has established an insurance operation in Hong Kong through the purchase of a licensed insurance company proposed to be renamed Falcon Insurance Company Limited. The purchase price of HK\$22.5 million (approximately Cdn.\$4.2 million), paid in cash, was equivalent to book value, and the company will be further capitalized so as to achieve total capital of HK\$240 million (approximately Cdn.\$44 million).

Falcon's top management is comprised of former Lombard Hong Kong executives. Besides serving its own market, Falcon will partner with Lombard Canada, another Fairfax subsidiary, in insurance technology, products, marketing and client services.

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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