

# FAIRFAX *News Release*

*Stock Symbol: FFH*

**TORONTO, September 18, 2002**

## **THIRD QUARTER REALIZED GAINS**

Fairfax Financial Holdings Limited advises that to date in the third quarter it has realized net pre-tax gains in its investment portfolio aggregating approximately \$250 million, of which approximately \$215 million resulted from the sale of bonds. The bond gains represent a part of the potential gains contemplated in Fairfax's previous advice that assuming corporate spreads do not change, the company's bond portfolio would have unrealized gains in excess of \$800 million if 30-year U.S. Treasury rates decline to 4½%.

Fairfax continues to hold S&P puts with a notional value of US\$500 million at an average strike price of 986, with most contracts maturing by the end of the year. Fairfax may realize further gains in its investment portfolio during this quarter.

Prem Watsa, Fairfax's CEO and controlling shareholder, upon informing the company that he and other officers and directors may add to their holdings of Fairfax shares through market purchases, requested the company to disclose the foregoing information.

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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