FAIRFAX
FINANCIAL HOLDINGS LIMITED

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INTERIM REPORT

For the nine months ended September 30, 2001

CONSOLIDATED BALANCE SHEETS
as at September 30, 2001 and December 31, 2000
(unaudited – $ millions)

	2001	2000
Assets		
Cash and short term investments	**270.6**	450.2
Marketable securities	**49.4**	95.2
Accounts receivable and other	**2,837.3**	2,917.4
Recoverable from reinsurers	**11,931.0**	11,099.5
	15,088.3	14,562.3
Portfolio investments		
Subsidiary cash and short term investments (market value – $2,175.1; 2000 – $1,955.5)	**2,175.1**	1,955.5
Bonds (market value – $11,569.6; 2000 – $11,295.0)	**11,538.5**	11,758.4
Preferred stocks (market value – $73.1; 2000 – $69.5)	**70.9**	70.2
Common stocks (market value – $1,271.5; 2000 – $859.8)	**1,001.4**	884.9
Real estate (market value – $86.9; 2000 – $76.3)	**86.9**	76.3
Total (market value – $15,176.2; 2000 – $14,256.1)	**14,872.8**	14,745.3
Investments in Hub and Zenith National	**428.7**	396.5
Deferred premium acquisition costs	**502.1**	386.7
Future income taxes	**1,608.1**	1,276.2
Capital assets	**145.6**	140.8
Goodwill	**270.5**	259.7
Other assets	**61.7**	65.8
	32,977.8	31,833.3
Liabilities		
Lindsey Morden bank indebtedness	**60.6**	42.5
Accounts payable and accrued liabilities	**1,364.1**	1,449.4
Funds withheld payable to reinsurers	**1,703.2**	1,325.3
	3,127.9	2,817.2
Provision for claims	**20,677.2**	20,225.8
Unearned premiums	**2,642.1**	2,252.4
Long term debt	**2,075.2**	1,990.6
Trust preferred securities of subsidiaries	**356.6**	392.0
	25,751.1	24,860.8
Non-controlling interests	**1,036.7**	645.2
Excess of net assets acquired over purchase price paid	**73.0**	129.8
Shareholders' Equity		
Common stock	**2,012.9**	2,012.9
Preferred stock	**200.0**	200.0
Retained earnings	**776.2**	1,167.4
	2,989.1	3,380.3
	32,977.8	31,833.3

CONSOLIDATED STATEMENTS OF EARNINGS
for the nine months ended September 30, 2001 and 2000
(unaudited – $ millions)

	Third quarter		First nine months	
	2001	2000	**2001**	2000
Revenue				
Gross premiums written	**1,638.1**	1,471.8	**4,988.2**	4,462.9
Net premiums written	**1,059.5**	1,055.2	**3,663.4**	3,330.3
Net premiums earned	**1,082.4**	1,096.6	**3,464.9**	3,297.6
Interest and dividends	**162.1**	182.2	**515.6**	613.5
Realized gains (losses) on investments	**(14.8)**	14.4	**50.7**	181.9
Realized gain on OdysseyRe IPO	**–**	–	**51.2**	–
Claims fees	**107.0**	92.0	**314.3**	275.8
	1,336.7	1,385.2	**4,396.7**	4,368.8
Expenses				
Losses on claims	**1,278.8**	885.4	**3,056.8**	2,654.1
Operating expenses	**361.8**	294.7	**1,050.5**	898.9
Commissions, net	**280.3**	185.0	**759.6**	610.1
Interest expense	**56.2**	57.7	**143.7**	143.9
Restructuring and other costs	**16.4**	32.5	**35.6**	32.5
Kingsmead losses	**78.3**	10.8	**78.3**	12.0
Negative goodwill	**(18.9)**	(15.6)	**(56.8)**	(30.2)
	2,052.9	1,450.5	**5,067.7**	4,321.3
Earnings (loss) before income taxes	**(716.2)**	(65.3)	**(671.0)**	47.5
Recovery of income taxes	**243.8**	45.5	**283.7**	59.2
Earnings (loss) from operations	**(472.4)**	(19.8)	**(387.3)**	106.7
Non-controlling interests	**14.1**	(2.3)	**5.9**	(9.3)
Net earnings (loss)	**(458.3)**	(22.1)	**(381.4)**	97.4
Net earnings (loss) per share	**$ (35.23)**	$ (1.93)	**$ (29.85)**	$ 6.60
Shares outstanding (000) (weighted average)	**13,101**	13,196	**13,101**	13,196

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
for the nine months ended September 30, 2001 and 2000
(unaudited – $ millions)

	2001	2000
Retained earnings – beginning of period	**1,167.4**	1,049.7
Net earnings (loss) for the period	**(381.4)**	97.4
Excess over stated value of shares purchased for cancellation	**–**	(6.3)
Preferred share dividends	**(9.8)**	(10.3)
Retained earnings – end of period	**776.2**	1,130.5

CONSOLIDATED STATEMENTS OF CHANGES IN CASH RESOURCES
for the nine months ended September 30, 2001 and 2000
(unaudited – $ millions)

	Third quarter		First nine months	
	2001	2000	**2001**	2000
Operating activities				
Earnings (loss) from operations	**(472.4)**	(19.8)	**(387.3)**	106.7
Amortization	**14.4**	11.8	**43.9**	50.1
Future income taxes	**(216.9)**	(29.3)	**(273.7)**	(47.7)
Negative goodwill	**(18.9)**	(15.6)	**(56.8)**	(30.2)
(Gains) losses on investments	**14.8**	(14.4)	**(101.9)**	(181.9)
	(679.0)	(67.3)	**(775.8)**	(103.0)
Increase (decrease) in:				
Provision for claims	**1,586.9**	(1,264.9)	**(504.0)**	(2,726.8)
Recoverable from reinsurers	**(616.1)**	926.3	**238.6**	997.3
Unearned premiums	**(70.2)**	(197.4)	**283.0**	(43.8)
Accounts receivable and other	**439.8**	6.0	**334.4**	(9.0)
Accounts payable and accrued liabilities	**(111.3)**	41.8	**(147.5)**	86.0
Funds withheld payable to reinsurers	**270.0**	32.9	**295.1**	(3.3)
Other	**(590.5)**	18.1	**(653.1)**	(41.9)
Cash provided by (used in) operating activities	**229.6**	(504.5)	**(929.3)**	(1,844.5)
Investing activities				
Investments – purchases	**(143.9)**	(475.5)	**(868.6)**	(1,176.6)
– sales	**255.8**	1,450.6	**1,446.3**	2,934.9
Sale (purchase) of marketable securities	**(9.8)**	67.1	**45.8**	19.4
Sale (purchase) of capital assets	**(19.1)**	0.4	**(39.5)**	(2.9)
Purchase of subsidiary, net of cash acquired	**–**	(93.0)	**–**	(93.0)
Cash provided by (used in) investing activities	**83.0**	949.6	**584.0**	1,681.8
Financing activities				
Shares repurchased	**–**	–	**–**	(59.7)
Long term debt and trust preferreds	**0.4**	(27.1)	**(59.9)**	(105.4)
Bank indebtedness	**(0.1)**	3.3	**18.1**	37.0
Preferred share dividends	**(3.3)**	(3.4)	**(9.8)**	(10.3)
Proceeds on OdysseyRe IPO	**–**	–	**436.9**	–
Non-controlling interests	**–**	5.5	**–**	5.3
Cash provided by (used in) financing activities	**(3.0)**	(21.7)	**385.3**	(133.1)
Increase (decrease) in cash resources	**309.6**	423.4	**40.0**	(295.8)
Cash resources – beginning of period	**2,136.1**	1,740.7	**2,405.7**	2,459.9
Cash resources – end of period	**2,445.7**	2,164.1	**2,445.7**	2,164.1

Cash resources consist of cash and short term investments, including subsidiary cash and short term investments.

Notes to Consolidated Financial Statements
for the nine months ended September 30, 2001 and 2000
(unaudited – in $ millions)

1. Basis of Presentation

These consolidated financial statements should be read in conjunction with the company's consolidated financial statements for the year ended December 31, 2000 as set out on pages 28 to 51 of the company's 2000 Annual Report. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies as were used for the company's consolidated financial statements for the year ended December 31, 2000.

2. OdysseyRe Initial Public Offering

On June 14, 2001, Odyssey Re Holdings Corp. (OdysseyRe), the U.S. holding company for Odyssey America Re and its subsidiaries, issued 17,142,857 common shares, in an initial public offering, at US$18 per share for net proceeds (after expenses of issue) of US$284.8 million. Fairfax and its wholly-owned subsidiary, TIG Specialty Insurance, received $354.4 million (US$233.5 million) in cash from these proceeds. After the offering, Fairfax and TIG held 48 million (73.7%) of OdysseyRe's common shares and a $303.5 million (US$200 million) OdysseyRe three year term note bearing interest at the rate of 2.25% over LIBOR and repayable by annual principal payments of US$66.7 million beginning June 30, 2002. Based on the IPO price of US$18 per share, the value of the company's 48 million common shares and term note of OdysseyRe still held, together with the cash proceeds received from the IPO, amounts to $2 billion (US$1.3 billion). Fairfax recorded a $51.2 million gain on its effective sale of a 26.3% interest in OdysseyRe in the quarter ended June 30, 2001.

3. Segmented Information

The company is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance conducted on a direct and reinsurance basis, runoff operations and claims adjusting, appraisal and loss management services.

In Management's Discussion and Analysis of Financial Condition and Results of Operations, the company shows in a table the net premiums earned, underwriting results and combined ratios for each of its insurance and reinsurance groups, as well as the earnings contributions from its runoff operations and claims adjusting, appraisal and loss management services. Interest and dividends in the consolidated statements of earnings are included in the insurance and reinsurance group operating results and in the runoff operations in the table showing the source of net earnings. There were no significant changes in the identifiable assets by operating group as at September 30, 2001 compared to December 31, 2000.

4. Comparative Figures

The comparative figures for the consolidated statements of earnings for the three months and nine months ended September 30, 2000 have been adjusted to separately disclose Kingsmead's net operating losses using the same basis of presentation as the company's consolidated financial statements for the year ended December 31, 2000. Kingsmead was sold to Advent Capital plc on November 16, 2000.

5. Foreign Exchange

The translation of the company's consolidated balance sheet and results of operations are significantly affected by movements in the US dollar/Canadian dollar exchange rate. The following table sets out the Canadian dollar value of US$1.00 at the balance sheet dates and for the interim reporting periods.

(a) Period end exchange rate

September 30, 2001	$1.5779
December 31, 2000	$1.5012
Increase in the value of the US dollar vs. the Canadian dollar	5.1%

(b) Average exchange rate

	Third quarter	First nine months
September 30, 2001.	$1.5427	$1.5358
September 30, 2000.	$1.4640	$1.4719
Increase in the value of the US dollar vs. the Canadian dollar	5.4%	4.3%

6. Equitas Settlement

On June 28, 2001, Fairfax completed a settlement of all claims liabilities and all reinsurance recoverable from Equitas (excluding certain facultative reinsurance). The aggregate amount of claims liabilities and reinsurance recoverable settled was approximately $520 million and $480 million respectively. There was no impact from this settlement on Fairfax's earnings for the nine months ended September 30, 2001.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the third quarter, net loss increased by $436.2 million to $458.3 million from a loss of $22.1 million last year. Net loss per share for the third quarter increased to $35.23 per share from $1.93 per share last year. The weighted average outstanding shares for the three months ended September 30, 2001 were 13.1 million versus 13.2 million last year.

Total revenue, net premiums written and net premiums earned for the U.S. insurance group were reduced by premiums ceded under reinsurance protection on reserve strengthening for 2000 and prior accident years (Ceded Reinsurance Premiums) (as discussed below) by $261.1 million.

Before Ceded Reinsurance Premiums, total revenue in the third quarter increased 15.3% to $1,597.8 million from $1,385.2 million last year principally due to higher net premiums earned, partially offset by lower interest and dividends and realized losses rather than realized gains on investments.

The combined ratios by segment, the sources of net earnings (with Lindsey Morden equity accounted) and the net premiums earned by segment were as follows for the three and nine months ended September 30, 2001 and 2000:

	Third quarter			First nine months		
	2001 Adjusted*	**2001**	2000	**2001 Adjusted***	**2001**	2000
	(unaudited – $ millions)			*(unaudited – $ millions)*		
Combined ratio						
Insurance – Canada	**103%**	**118%**	107%	**107%**	**113%**	105%
– U.S.	**111%**	**169%**	114%	**111%**	**126%**	114%
Reinsurance	**105%**	**150%**	107%	**103%**	**122%**	108%
Consolidated	**108%**	**151%**	111%	**108%**	**122%**	111%
Source of net earnings (with Lindsey Morden equity accounted)						
Underwriting						
Insurance – Canada	**(6.4)**	**(37.2)**	(11.1)	**(36.3)**	**(69.6)**	(24.3)
– U.S.	**(73.0)**	**(289.5)**	(84.0)	**(225.7)**	**(461.9)**	(253.1)
Reinsurance	**(16.5)**	**(226.7)**	(20.1)	**(32.8)**	**(246.7)**	(71.1)
Interest and dividends	**110.7**	**117.0**	159.7	**374.6**	**390.8**	447.4
	14.8	**(436.4)**	44.5	**79.8**	**(387.4)**	98.9
Realized gains (losses)		**(14.8)**	14.4		**101.9**	181.9
Runoff		**(59.7)**	(2.0)		**(80.8)**	1.6
Claims adjusting (Fairfax portion)		**(1.3)**	(0.1)		**(4.6)**	(7.0)
Interest expense		**(52.3)**	(53.7)		**(133.1)**	(132.8)
Goodwill and other amortization		**(1.3)**	(1.3)		**(4.5)**	(3.8)
Swiss Re premium and interest		**(60.9)**	–		**(80.1)**	(6.1)
Kingsmead losses		**(78.3)**	(10.8)		**(78.3)**	(12.0)
Restructuring charges		**(16.4)**	(32.5)		**(35.6)**	(32.5)
Negative goodwill amortization		**18.9**	15.6		**56.8**	30.2
Corporate overhead and other		**(10.4)**	(38.6)		**(19.0)**	(57.0)
Pre-tax income (loss)		**(712.9)**	(64.5)		**(664.7)**	61.4
Less (add): taxes		**(241.1)**	(44.3)		**(279.7)**	(49.7)
Less: non-controlling interests		**13.5**	(1.9)		**3.6**	(13.7)
Net earnings (loss)		**(458.3)**	(22.1)		**(381.4)**	97.4
Net premiums earned						
Insurance – Canada		**201.1**	167.7		**534.5**	486.7
– U.S.		**420.2**	598.2		**1,808.6**	1,758.8
Reinsurance		**456.9**	276.3		**1,113.9**	889.5
Runoff		**4.2**	54.4		**7.9**	162.6
		1,082.4	1,096.6		**3,464.9**	3,297.6

* Excluding the impact of catastrophe losses (World Trade Center and Tropical Storm Allison), prior years' reserve strengthening for the U.S. insurance group and the run-off of CTR's premiums from the 2000 and prior underwriting years (renewed by OdysseyRe effective January 1, 2001).

Catastrophe losses

Fairfax incurred the following losses from the September 11th terrorist attacks (World Trade Center):

	Net loss	
	$ millions	US$ millions
Commonwealth	23.6	15.3
Crum & Forster	22.2	14.4
TIG	14.8	9.6
OdysseyRe	123.9	80.3
Others (including Kingsmead)	49.4	32.0
Total Fairfax	233.9	151.6
OdysseyRe non-controlling interest	(32.2)	(20.9)
Pre tax impact	201.7	130.7
After tax impact	131.1	85.0

The gross World Trade Center loss amounted to $964 million (US$625 million). The aggregate reinsurance recoverable amounted to $730 million (US$473 million). More than 93% of the reinsurance recoverable is from reinsurers rated A– or higher.

In the second quarter of 2001, Commonwealth incurred a net loss of $7 million and Crum & Forster incurred a net loss of $15 million, from Tropical Storm Allison.

2000 and prior accident years' reserve strengthening

In the third quarter of 2001, the company strengthened 2000 and prior accident years' claims reserves of its U.S. insurance companies reflecting unexpected claims development from pre-acquisition claims reserves and from the post-acquisition transition period when new management significantly changed underwriting and claims handling practices and controls.

Crum & Forster recorded gross reserve strengthening for 2000 and prior accident years of $617 million (US$400 million). Of the total, $185 million (US$120 million) was for the 1999 accident year, $73 million (US$47 million) was for the 2000 accident year and the balance was related to the 1998 and prior accident years (including a $293 million (US$190 million) cession to fully utilize the vendor-provided reinsurance protection against pre-acquisition adverse claims development and unrecoverable reinsurance). The net pre tax cost of the aggregate reinsurance protection for this 2000 and prior accident years' reserve strengthening was $115 million (US$74 million).

TIG recorded gross reserve strengthening for 2000 and prior accident years of $309 million (US$200 million), of which $123 million (US$80 million) was for the 1999 accident year, $164 million (US$106 million) was for the 2000 accident year and $22 million (US$14 million) was for unallocated loss adjustment expenses. The net pre tax cost of the aggregate reinsurance protection for, and retained losses from, this 2000 and prior accident years' reserve strengthening was $174 million (US$113 million).

Ranger recorded gross and net reserve strengthening for 2000 and prior accident years, relating to its discontinued California construction defect claims, of $31 million (US$20 million).

Adjusted combined ratios*

The consolidated adjusted combined ratio for the nine months ended September 30, 2001 decreased to 108% from 111% last year reflecting increased pricing and underwriting actions, particularly at the U.S. insurance operations.

The Canadian insurance adjusted combined ratio for the first nine months of 2001 increased to 107% from 105% last year. The combined ratio for the first nine months of 2001 decreased to 107% from 110% in the first six months of 2001 as the adjusted combined ratio continued to improve to historical levels following winter weather related losses in the first quarter of 2001. In the third quarter of 2001, the adjusted combined ratio improved to 103% from 107% last year.

The U.S. insurance adjusted combined ratio for the first nine months of 2001 decreased to 111% from 114% last year reflecting the effect of 2000 and 2001 price increases and underwriting actions taken by Crum & Forster and TIG. Crum & Forster and TIG obtained average price increases on renewal business written of 13% and 16% respectively for the first nine months of 2001, continuing the double digit price increases the companies have obtained since prices began increasing in 2000. The benefit of these price increases and underwriting actions should continue to be reflected in a reduction in the U.S. insurance combined ratio over the next year. At September 30, 2001, management estimates the 2001 policy year combined ratio (for policies written or renewed in 2001) to be 104% for Crum & Forster and 108% for TIG.

OdysseyRe's adjusted combined ratio for the first nine months of 2001 decreased to 103% from 108% last year due to underlying price increases on business assumed from ceding insurance companies as well as higher reinsurance prices and more restrictive reinsurance terms.

Other elements of net earnings

Realized losses on sale of portfolio securities were $14.8 million in the third quarter of 2001, principally from amortization of the S&P puts of $30.7 million and provisions for investments of $9.0 million, partially offset by a Hub dilution gain of $13.2 million and other portfolio gains of $11.7 million.

Excluding Ceded Reinsurance Premiums, net premiums earned for the U.S. insurance operations were 13.9% higher in the third quarter of 2001 compared with the third quarter of 2000 and 17.7% higher for the first nine months of 2001 compared to 2000. The U.S. insurance net premiums earned in the third quarter of 2001 and for the first nine months of 2001 were positively affected by the higher average US dollar/Cdn dollar exchange rate in the third quarter and first nine months of 2001. Net premiums earned were also positively impacted by growth in Crum & Forster's net premiums earned due to 2000 pricing increases and an increase in new business written starting in the second half of 2000. Crum & Forster's net premiums written increased by 29.8% in the first nine months of 2001 compared to the first nine months of 2000, driven by continued pricing increases, new business and the August 2000 acquisition of Seneca Insurance.

OdysseyRe's net premiums earned increased by 37% in the third quarter of 2001 and by 33% for the first nine months of 2001, due to the higher average US dollar/Cdn dollar exchange rate, improved pricing, renewal of CTR's premiums and reductions in ceded premiums under aggregate excess reinsurance programs compared to last year. The balance of the reinsurance net premiums earned represents the runoff of CTR's premiums from 2000 and prior underwriting years, which were renewed by OdysseyRe effective January 1, 2001.

The decrease in runoff net premiums earned for the first nine months of 2001 compared with the first nine months of 2000 results from Sphere Drake ceasing active underwriting in 1999.

Interest and dividend income in the first nine months of 2001 decreased to $390.8 million from $447.4 million last year due to a decrease in the average investment portfolio in the first nine months of 2001 compared to the first nine months of 2000 and higher interest expense on funds withheld balances payable to reinsurers. The average investment portfolio reflects the positive impact of the higher US dollar/Cdn dollar exchange rate at September 30, 2001, offset by the continuing payment of claims in the runoff portfolio and the negative cash flow in the U.S. insurance and reinsurance group due to prior years' reunderwriting actions which had reduced premium volumes. Increased premiums and improved combined ratios would positively affect the investment portfolio over the next year.

The runoff operations consist of International Insurance, Odyssey Re Stockholm and Sphere Drake. Claims costs exceeded net investment income by $80.8 million, reflecting reserve strengthening in the first nine months of 2001 and the impact of 2000 net claims payments on the average investment portfolio, resulting in lower interest and dividend income.

At September 30, 2001, Fairfax had ceded losses under its corporate insurance cover with Swiss Re totalling US$649.2 million (compared to US$551.6 million at June 30, 2001 and US$523.6 million at December 31, 2000) leaving unutilized coverage of US$350.8 million. Premium and interest for the Swiss Re cover in the third quarter of 2001 was $60.9 million.

The Kingsmead loss of $78.3 million in the third quarter of 2001 reflects the World Trade Center net losses from unexpired policies from the 2000 underwriting year, of $38.4 million (US$24.9 million) and adverse development of $39.9 million (US$25.9 million).

The restructuring costs of $16.4 million in the third quarter of 2001 result from the insourcing of TIG's claims from third party administrators and exit costs from terminating managing general agent relationships.

The company recorded an income tax recovery of $241.1 million in the third quarter of 2001, principally due to its pretax losses, offset by income and realized gains in lower tax rate jurisdictions and the tax free gain on sale of the OdysseyRe shares.

Investments

At September 30, 2001 the Fairfax investment portfolio had a pre-tax unrealized gain of $303.4 million (consisting of an unrealized gain on bonds of $31.1 million and an unrealized gain on equities of $272.3 million), compared to an unrealized loss of $489.2 million at December 31, 2000 (consisting of an unrealized loss on bonds of $463.4 million and an unrealized loss on equities of $25.8 million). The improvement in the bonds primarily relates to the impact of lower interest rates on the bond portfolio of U.S. subsidiaries at September 30, 2001 compared to December 31, 2000. The unrealized gain on equities primarily relates to Fairfax's S&P puts which have a notional value of US$1.1 billion at September 30, 2001 and an average strike price of 1,206.

Capital Structure and Liquidity

The company's capital structure (with Lindsey Morden equity accounted) and financial ratios were as follows:

	September 30 2001	December 31 2000
	(unaudited – $ millions, except per share data)	
Cash, short term investments and marketable securities	**320.0**	545.4
Long term debt	**1,938.1**	1,851.4
Net debt	**1,618.1**	1,306.0
Common shareholders' equity	**2,789.1**	3,180.3
Preferred shares and trust preferred securities of subsidiaries	**556.6**	592.0
Total equity	**3,345.7**	3,772.3
Net debt/equity	**48%**	35%
Net debt/total capital	**33%**	26%
Common shareholders' equity per share	**$ 212.91**	$ 242.75

The decrease in holding company cash of $225.4 million since December 31, 2000 resulted from the company contributing additional capital of $167 million to TIG in the first quarter and paying the $177 million premium payable to Swiss Re in respect of the company's ceded losses for the year ended December 31, 2000 in the second quarter, partially offset by the company receiving $173 million of the OdysseyRe IPO proceeds in the second quarter. The remaining decrease results from net interest expense and operating costs in excess of dividends received from subsidiaries.

The increase in the company's net debt to equity and net debt to total capital ratios from December 31, 2000 to September 30, 2001 was principally due to the net loss for the first nine months of $381.4 million, the effect of the increase in the US dollar/Canadian dollar exchange rate and the decrease in holding company cash, short term investments and marketable securities of $225 million. The decrease in preferred shares and trust preferred securities of subsidiaries resulted from a repurchase of trust preferred securities in the second quarter of 2001.

Common shareholders' equity at September 30, 2001 was $2.8 billion or $212.91 per share.

Effective January 1, 2002, the company's remaining negative goodwill will be written off to opening retained earnings in accordance with recent changes in Canadian Generally Accepted Accounting Principles relating to the accounting for goodwill.

Giving effect to this change currently, common shareholders' equity at September 30, 2001 would be $2.9 billion or $218.46 per share.