

FAIRFAX FINANCIAL HOLDINGS LTD/ CAN

Form SUPPL

May 11, 2007

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Filed pursuant to General Instruction II.L. of Form F-10
File No. 333-142069

PROSPECTUS SUPPLEMENT

(To a base shelf prospectus dated April 10, 2007)

Fairfax Financial Holdings Limited

**Offer to Exchange any and all of its 73/4% Notes Due 2012
for Cash and New 73/4% Senior Notes Due 2022**

The Exchange Offer

In the exchange offer, we are offering to exchange for each \$1,000 principal amount of our outstanding 73/4% Notes Due 2012 (the "old notes"):

\$1,000 principal amount of our new 73/4% Senior Notes due 2022 (the "new notes"), and

accrued and unpaid interest in cash on old notes that we acquire in the exchange to but not including the settlement date (as defined below), which we currently expect to be June 12, 2007.

In addition, for each \$1,000 principal amount of old notes exchanged at or prior to midnight, New York City time, on May 23, 2007, which date we refer to as the "early participation date," an amount of cash in U.S. dollars equal to the early participation payment as set out in the table below. **The early participation payment will only be paid to you if you validly tender and do not validly withdraw your old notes at or prior to the early participation date.**

The exchange offer will expire at 9:00 a.m., New York City time, on June 8, 2007, unless we extend the offer.

| CUSIP Number | Principal Amount Outstanding | Old Notes to be Exchanged | New Note Principal Amount | Cash Early Participation Payment |
|--------------|--|-------------------------------------|---------------------------------|---|
| 303901AN2 | \$ 464,193,000 | 73/4% Notes due 2012 | \$ 1,000 | \$ 30.00 |

A holder with approximately 24% of the aggregate principal amount of old notes has indicated its intent to exchange its old notes in the exchange offer, subject to the terms and conditions of the exchange offer.

You should consider the risk factors beginning on page S-12 of this prospectus supplement and on page 6 of the accompanying base shelf prospectus before participating in the exchange offer.

Dealer Managers

Merrill Lynch & Co.

BMO Capital Markets

**Ferris, Baker Watts
Incorporated**

May 10, 2007

(cover page continued on next page)

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(cover page continued)

As described more fully in this prospectus supplement, the exchange offer is subject to certain conditions. The exchange offer is not subject to any condition as to a minimum or maximum principal amount of old notes that we will accept for tender.

You may withdraw tenders of old notes at any time prior to midnight, New York City time, on May 23, 2007.

The exchange of the old notes for new notes and the payment of the early participation payment, if applicable, in the exchange offer will be a taxable event for U.S. federal income tax purposes. If the exchange qualifies as a recapitalization, U.S. Holders (as defined in *Certain Income Tax Considerations* *Certain United States Federal Income Tax Considerations*) will generally recognize gain (but not loss) equal to the lesser of the amount of the gain realized or the early participation payment, if applicable. See *Certain Income Tax Considerations* *Certain United States Federal Income Tax Considerations*.

The exchange of the old notes for new notes and the payment of the early participation payment in the exchange offer will be a taxable event for Canadian federal income tax purposes. Holders who are resident in Canada will generally recognize a capital gain equal to the proceeds of disposition, net of reasonable costs of disposition, less the adjusted cost base of the old notes. See *Certain Income Tax Considerations* *Certain Canadian Federal Income Tax Considerations*.

The New Notes

The new notes will mature on June 15, 2022 and will bear interest from and including the settlement date at an annual rate of 73/4%. Interest will be payable semi-annually on each June 15 and December 15, commencing on December 15, 2007.

The new notes will be our direct, unsecured obligations and will rank equally and ratably with all of our other unsecured and unsubordinated indebtedness.

We may redeem some or all of the new notes at any time on or after June 15, 2012.

All other terms of the new notes will be substantially identical to those of the old notes. The new notes will be issued under the same indenture and have the same covenants as the old notes. For a description of the terms of the new notes and the indenture pursuant to which the new notes will be issued, see *Description of the New Notes*.

We are permitted to prepare this prospectus supplement and the accompanying base shelf prospectus in accordance with Canadian disclosure requirements, which are different from those of the United States. We prepare our financial statements in accordance with Canadian generally accepted accounting principles, and are subject to Canadian auditing and auditor independence standards. Our financial statements may not be comparable to financial statements of U.S. companies.

Owning the securities may subject you to tax consequences both in the United States and Canada. This prospectus supplement and the accompanying base shelf prospectus may not describe these tax consequences fully. You should read the tax discussion in this prospectus supplement. You should consult your own counsel, accountant or other advisors for legal, tax, business, financial and related advice regarding the exchange offer.

Prospective investors should be aware that, during the period of the exchange offer, we or our affiliates, directly or indirectly, may bid for or make purchases of the securities to be distributed or to be exchanged, or certain related securities, as permitted by applicable laws or regulations of Canada, or its provinces or territories.

Your ability to enforce civil liabilities under the U.S. federal securities laws may be affected adversely because we are incorporated in Canada, most of our officers and directors and certain of the experts named in this prospectus supplement and the accompanying base shelf prospectus are Canadian residents, and many of our assets are located in Canada.

Neither the U.S. Securities and Exchange Commission nor any state or provincial securities regulator has approved or disapproved of these securities, or determined if this prospectus supplement or accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the securities that we are currently offering for exchange. The second part is the accompanying base shelf prospectus, which gives more general information, some of which may not apply to the securities that we are currently offering. Generally, the term prospectus refers to both parts combined.

You should read this prospectus supplement along with the accompanying base shelf prospectus. You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying base shelf prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information provided by this prospectus supplement or the accompanying base shelf prospectus is accurate as of any date other than the date on the front of these documents. Our business, financial condition, results of operations and prospects may have changed since those dates. The new notes are being offered only in jurisdictions in which offers and sales are permitted.

If the information varies between this prospectus supplement and the accompanying base shelf prospectus, the information in this prospectus supplement supercedes the information in the accompanying base shelf prospectus.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

We are a corporation organized under the laws of Canada and some of our assets are located in, and most of our directors and most of our officers are residents of, Canada. As a result, it may be difficult for U.S. investors to effect service of process within the United States upon our directors or officers, or to realize in the United States upon judgments of courts of the United States predicated upon civil liability of such directors or officers under U.S. federal securities laws. We have been advised by Torys LLP, our Canadian counsel, that a judgment of a U.S. court predicated solely upon civil liability under such laws would probably be enforceable in Canada if the U.S. court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. We have also been advised by such counsel, however, that there is substantial doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

PRESENTATION OF FINANCIAL INFORMATION

As the majority of our operations are in the United States or conducted in U.S. dollars, we report our consolidated financial statements in U.S. dollars in order to provide more meaningful information to users of our financial statements. In this prospectus, except where otherwise indicated, all dollar amounts are expressed in U.S. dollars, references to \$, US\$ and dollars are to U.S. dollars, and references to Cdn\$ are to Canadian dollars.

Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada, or Canadian GAAP, which differ from generally accepted accounting principles in the United States, or U.S. GAAP. For a discussion of the material differences between Canadian GAAP and U.S. GAAP as they relate to our financial statements, see note 20 to our audited consolidated financial statements for the year ended December 31, 2006 and note 9 to our unaudited interim consolidated financial statements for the three months ended March 31, 2007, incorporated by reference in this prospectus.

Table of Contents**EXCHANGE RATE DATA**

The following table sets forth, for each period indicated, the low and high exchange rates for Canadian dollars expressed in U.S. dollars, the exchange rate at the end of such period and the average of such exchange rates for each day during such period, based on the inverse of the noon buying rate in The City of New York for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York:

| | Year Ended December 31, | | | | Three Months Ended | | |
|------------|--------------------------------|-------------|-------------|-------------|---------------------------|------------------|-------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | March 31, | 2007 |
| Low | 0.6200 | 0.6349 | 0.7158 | 0.7872 | 0.8528 | 0.8528 | 0.8437 |
| High | 0.6619 | 0.7738 | 0.8493 | 0.8690 | 0.9100 | 0.8834 | 0.8673 |
| Period End | 0.6329 | 0.7738 | 0.8310 | 0.8579 | 0.8582 | 0.8569 | 0.8673 |
| Average | 0.6369 | 0.7159 | 0.7696 | 0.8260 | 0.8821 | 0.8661 | 0.8535 |

On May 9, 2007, the inverse of the noon buying rate was \$0.9039 = Cdn\$1.00.

FORWARD-LOOKING STATEMENTS

Any statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance. The words believe, anticipate, project, expect, plan, in predict, estimate, will likely result, will seek to or will continue and similar expressions identify forward-looking statements. These forward-looking statements relate to, among other things, our plans and objectives for future operations and underwriting profits. We caution readers not to place undue reliance on these forward-looking statements, which speak only as of their dates. We are under no obligation to update or alter such forward-looking statements as a result of new information, future events or otherwise. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other factors, which we describe in more detail elsewhere in this prospectus supplement and the accompanying base shelf prospectus, or in documents incorporated by reference therein, include, but are not limited to:

a reduction in net income if our loss reserves are insufficient;

underwriting losses on the risks we insure that are higher or lower than expected;

insufficient reserves for asbestos, environmental and other latent claims;

the lowering or loss of our subsidiaries' financial or claims-paying ability ratings;

an inability to maintain effective internal control over financial reporting;

an inability to realize our investment objectives;

changes in economic conditions, including interest rates and the securities markets, which could affect our investment portfolio;

exposure to credit risk in the event our reinsurers fail to make payments to us under our reinsurance arrangements;

exposure to credit risk in the event our insureds fail to pay premiums that are owed to us or fail to reimburse us for deductibles that are paid by us on their behalf;

exposure to credit risk in the event insurance producers or reinsurance intermediaries fail to remit premiums owed to us;

the occurrence of catastrophic events with a frequency or severity exceeding our estimates;

a decrease in the level of demand for reinsurance or insurance products, or increased competition in the insurance industry;

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the cycle of the insurance market, which can substantially influence our and our competitors' premium rates and capacity to write new business;

our inability to obtain reinsurance coverage in sufficient amounts, at reasonable prices or on terms that adequately protect us;

the timing of loss payments being faster or the receipt of reinsurance recoverables being slower than anticipated by us;

our dependence on independent brokers over whom we exercise little control;

adverse fluctuations in foreign currency exchange rates;

assessments and shared market mechanisms which can adversely affect our U.S. insurance subsidiaries;

our failure to realize future income tax assets;

loss of key employees;

the influence exercisable by our controlling shareholder;

the passage of legislation subjecting our businesses to additional supervision or regulation, including additional tax regulation, in the United States, Canada or other jurisdictions in which we operate;

our inability to obtain required levels of capital on favorable terms, if at all;

our inability to access our subsidiaries' cash;

the failure of any of the loss limitation methods we employ;

an impairment in the value of our goodwill;

risks associated with implementing our business strategies;

risks associated with current government investigations and requests for information from government authorities; and

risks associated with pending class action and civil litigation.

See "Risk Factors" in this prospectus supplement and in the accompanying base shelf prospectus for a further discussion of these risks and uncertainties.

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SUMMARY

This brief summary highlights selected information from this prospectus supplement and the accompanying base shelf prospectus. It may not contain all of the information that is important to you. We urge you to carefully read and review the entire prospectus supplement and the accompanying base shelf prospectus and the documents incorporated by reference therein, including our historical financial statements for the year ended December 31, 2006 and the three months ended March 31, 2007 and the notes to those financial statements. You should read Risk Factors beginning on page S-12 of this prospectus supplement and page 6 of the accompanying base shelf prospectus for more information about important factors that you should consider before making a decision to participate in the exchange offer.

Unless the context otherwise requires, the terms Fairfax, Company, we, us and our refer to Fairfax Financial Holdings Limited and its subsidiaries; the term OdysseyRe refers to our public reinsurance business, Odyssey Re Holdings Corp. and its subsidiaries; the term Crum & Forster refers to our wholly-owned U.S. property and casualty insurance business, Crum & Forster Holdings Corp. and its subsidiaries; the term Northbridge refers to our public Canadian property and casualty insurance business, Northbridge Financial Corporation and its subsidiaries; the term Hamblin Watsa refers to our wholly-owned investment management subsidiary, Hamblin Watsa Investment Counsel Ltd; and the term Cunningham Lindsey refers to our claims adjusting subsidiary, Cunningham Lindsey Group Inc. and its subsidiaries. All references in this prospectus supplement and the accompanying base shelf prospectus to \$, US\$ or dollars refer to United States dollars and all references to Cdn\$ refer to Canadian dollars, unless otherwise indicated.

FAIRFAX FINANCIAL HOLDINGS LIMITED

We are a financial services holding company primarily engaged in property and casualty insurance and reinsurance. We are incorporated under the *Canada Business Corporations Act*. We operate through a decentralized operating structure, with autonomous management teams applying a focused underwriting strategy to our markets. We seek to differentiate ourselves by combining disciplined underwriting with the investment of our assets on a total return basis, which we believe provides above-average returns over the long-term. We provide a full range of property and casualty products, maintaining a diversified portfolio of risks across classes of business, geographic regions, and types of insureds. We have been under current management since September 1985. Our principal executive offices are located at 95 Wellington Street West, Suite 800, Toronto, Ontario, M5J 2N7, Canada. Our telephone number is (416) 367-4941.

We conduct our business primarily through the following segments, with each of our continuing operations maintaining a strong position in its respective markets.

Our reinsurance business is primarily conducted through OdysseyRe, a U.S.-based underwriter of a full range of property and casualty reinsurance on a worldwide basis. We have a majority interest in OdysseyRe, whose common stock is traded on the New York Stock Exchange under the symbol ORH.

Our U.S. insurance business provides a full range of commercial property and casualty insurance, principally through Crum & Forster, a national property and casualty insurance group which targets specialty classes of business that emphasize strong technical underwriting expertise. We own all of the equity of Crum & Forster.

Our Canadian insurance business is conducted principally through Northbridge, which provides commercial and personal lines property and casualty insurance in Canada through a wide range of distribution channels. We have a

majority interest in Northbridge, whose common shares are traded on the Toronto Stock Exchange under the symbol NB.

Our runoff business primarily includes our discontinued business that did not meet our underwriting criteria or strategic objectives and selected business previously written by our other subsidiaries that was put under dedicated runoff management. In addition, our runoff segment also includes third-party runoff operations that we have acquired, which we believe will provide us with the opportunity to earn attractive returns on our invested capital.

Our invested assets are managed by our wholly-owned investment management subsidiary, Hamblin Watsa. Hamblin Watsa has managed our invested assets since September 1985 and emphasizes a conservative investment philosophy, seeking to invest our assets on a total return basis, which includes realized and unrealized gains over the long-term, using a value-oriented approach.

Debt Ratings

Our senior unsecured debt is rated BB, with a negative outlook, by Standard & Poor's, Ba3, with a stable outlook, by Moody's and bbb, with a stable outlook, by A.M. Best. A rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time by the applicable rating agency.

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| | |
|-------------------------------|--|
| Purpose of the Exchange Offer | To refinance a portion of our outstanding debt and extend our debt maturity profile. |
| Terms of the Exchange Offer | <p>We are offering to exchange for each \$1,000 principal amount of our outstanding 73/4% Notes Due 2012 (the old notes):</p> <p>\$1,000 principal amount of our new 73/4% senior notes due 2022 (the new notes), and</p> <p>accrued and unpaid interest in cash on old notes that we acquire in the exchange to but not including the settlement date (as defined below), which we currently expect to be June 12, 2007.</p> <p>In addition, for each \$1,000 principal amount of old notes exchanged at or prior to midnight, New York City time, on May 23, 2007, which date we refer to as the early participation date, an amount of cash in U.S. dollars equal to the early participation payment as set out in the table below.</p> |

| CUSIP Number | Principal Amount Outstanding | Old Notes to be Exchanged | New Note Principal Amount | Cash Early Participation Payment |
|--------------|------------------------------|---------------------------|---------------------------|----------------------------------|
| 303901AN2 | \$ 464,193,000 | 73/4% Notes due 2012 | \$ 1,000 | \$ 30.00 |

The new notes will accrue interest from and including the settlement date at a rate of 73/4% per annum on the principal amount. Interest will be payable semi-annually on each June 15 and December 15, commencing on December 15, 2007. The new notes will mature on June 15, 2022.

We may redeem some or all of the new notes at any time on or after June 15, 2012. The redemption prices are described under Description of the new notes Redemption *Optional redemption*.

All other terms of the new notes will be substantially identical to those of the old notes. The new notes will be issued under the same indenture, and will have the same covenants, as the old notes. For a description of the terms of the new notes and the indenture pursuant to which the new notes will be issued, see Description of the New Notes.

Outstanding old notes may be exchanged only in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. New notes will be issued only in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

Subject to the satisfaction or waiver of specified conditions, we will exchange the cash and new notes for all of the old notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.

| | |
|--------------------------|---|
| Early Participation Date | Old notes must be tendered at or prior to midnight, New York City time, on May 23, 2007 to receive the early participation payment. |
| Expiration Date | The exchange offer will expire at 9:00 a.m., New York City time, on June 8, 2007, unless we extend the offer. |
| Settlement Date | The early participation payment will be paid, as applicable, and the new notes will be issued in exchange for the old notes in the exchange offer, if consummated, on the second business day following the expiration date of the exchange offer or as soon as practicable thereafter, which date we refer to as the settlement date. We currently expect the settlement date to be June 12, 2007. |
| Withdrawal of Tenders | Tenders of old notes may be withdrawn at any time prior to midnight, New York City time, on May 23, 2007, which date we refer to as the withdrawal deadline. Tenders of old notes may not be withdrawn after the withdrawal |

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deadline unless we are required by law to permit withdrawal. See The Exchange Offer Withdrawal of Tenders.

Taxation

The exchange of the old notes for new notes and the payment of the early participation payment, if applicable, in the exchange offer will be a taxable event for U.S. federal income tax purposes. If the exchange qualifies as a recapitalization, U.S. Holders (as defined in Certain Income Tax Considerations Certain United States Federal Income Tax Considerations) will generally recognize gain (but not loss) equal to the lesser of the amount of the gain realized or the early participation payment, if applicable. See Certain Income Tax Considerations Certain United States Federal Income Tax Considerations.

The exchange of the old notes for new notes and the payment of the early participation payment in the exchange offer will be a taxable event for Canadian federal income tax purposes. Holders who are resident in Canada will generally recognize a capital gain equal to the proceeds of disposition, net of reasonable costs of disposition, less the adjusted cost base of the old notes. See Certain Income Tax Considerations Certain Canadian Federal Income Tax Considerations.

Conditions to the Exchange Offer

The exchange offer is subject to customary conditions, which we may assert or waive in our absolute discretion. The exchange offer is not subject to any condition as to a minimum or maximum principal amount of old notes that we will accept for tender. See The Exchange Offer Conditions to the Exchange Offer.

Procedures for Tendering

If you wish to accept the exchange offer and your old notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, you must instruct this custodial entity to tender your old notes on your behalf pursuant to the procedures of the custodial entity. If your old notes are registered in your name, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus supplement and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the old notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal.

Custodial entities that are participants in The Depository Trust Company, referred to as DTC , must tender old notes through the Automated Tender Offer Program, known as ATOP, maintained by DTC, by which such custodial entity and the beneficial owner on whose behalf the custodial entity is acting agree to be bound by the letter of transmittal. *A letter of transmittal need not accompany tenders effected through ATOP.*

Consequences of Failure to Exchange

For a description of the consequences of a failure to exchange the old notes, see Risk Factors Risks Relating to Tendering Old Notes for New Notes.

| | |
|-------------------|--|
| Exchange Agent | D.F. King & Co., Inc. The address and telephone number of the exchange agent are on the back cover page of this prospectus. |
| Information Agent | D.F. King & Co., Inc. The address and telephone number of the information agent are on the back cover page of this prospectus. |
| Dealer Managers | Merrill Lynch, Pierce, Fenner & Smith Incorporated, BMO Capital Markets Corp. and Ferris, Baker Watts, Incorporated. Merrill Lynch Canada Inc. and BMO Nesbitt Burns Inc. will act as dealer managers in Canada. The addresses and telephone numbers of the dealer managers are on the back cover page of this prospectus. |

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SUMMARY OF THE NEW NOTES

| | |
|-----------------------|---|
| Issuer | Fairfax Financial Holdings Limited |
| Maturity Date | June 15, 2022 |
| Interest | 73/4%. Interest will be payable semi-annually on each June 15 and December 15, commencing December 15, 2007. Interest will accrue from and including the settlement date of the exchange offer. You will be paid accrued and unpaid interest to but not including the settlement date on old notes that we acquire in the exchange. |
| Ranking | The new notes will be direct, unsecured obligations of Fairfax Financial Holdings Limited. The new notes will rank equally and ratably with all of Fairfax Financial Holdings Limited's existing unsecured and unsubordinated indebtedness. The new notes will also be effectively subordinated to all obligations of Fairfax Financial Holdings Limited's subsidiaries. At March 31, 2007, the aggregate indebtedness of our subsidiaries was approximately \$1.0 billion. See Risk Factors Risks Related to the New Notes. |
| Optional Redemption | We may redeem some or all of the new notes at any time on or after June 15, 2012. See Description of the new notes Redemption <i>Optional redemption</i> . |
| Restrictive Covenants | The indenture governing the new notes is the indenture governing the old notes and contains covenants that, among other things, limit our ability to: <p style="margin-left: 40px;">create liens on the capital stock of certain of our subsidiaries; and</p> <p style="margin-left: 40px;">enter into specific mergers or consolidations or convey, transfer or lease our properties and assets substantially as an entirety.</p> |
| Events of Default | For a discussion of events that will permit acceleration of the payment of the principal of, and accrued interest on, the new notes, see Description of the New Notes Events of Default. |
| Form and Denomination | The new notes will be issued only in the form of one or more global notes. See Description of the New Notes Book-Entry; Delivery and Form. Each global note will be deposited with DTC, in each case for credit to the account of a direct or indirect participant of DTC. Investors in the global notes who are participants in DTC may hold their interests in the global notes directly through DTC. Investors in the global notes who are not participants in DTC may hold their interests indirectly through organizations that are participants in DTC. Interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including Euroclear and Clearstream. |

Except as set forth under Description of the New Notes Certificated Securities, participants and indirect participants will not be entitled to receive physical delivery of definitive new notes or to have new notes issued and registered in their names and will not be considered the owners or holders of the new notes under the indenture.

Interests in the global notes and the definitive new notes, if any, will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

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| | |
|---------------|---|
| PORTAL | The new notes will be designated eligible for trading in the Private Offerings, Resale and Trading through Automated Linkage market, known as PORTAL. |
| Governing Law | The new notes and their governing indenture will be governed by, and construed in accordance with, the laws of the State of New York. |
| Trustees | The Bank of New York, as the successor U.S. trustee, and CIBC Mellon Trust Company, as the successor Canadian trustee. |
| Paying Agent | The Bank of New York. |

Risk Factors

You should carefully consider all of the information set forth in this prospectus supplement and the accompanying base shelf prospectus and, in particular, should evaluate the specific risk factors beginning on page S-12 of this prospectus supplement and on page 6 of the base shelf prospectus.

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Table of Contents**SELECTED HISTORICAL FINANCIAL DATA**

The following selected historical financial data should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2006 and the three months ended March 31, 2007 and the related management's discussion and analysis thereon that are incorporated by reference in this prospectus.

The selected historical consolidated financial data for the years ended and as at December 31, 2004, 2005 and 2006 and the three months ended March 31, 2007 and 2006 are derived from our audited consolidated financial statements and our unaudited interim consolidated financial statements, respectively. We prepare our consolidated financial statements in accordance with Canadian GAAP, which differs in certain respects from U.S. GAAP. For a discussion of the principal differences between Canadian GAAP and U.S. GAAP as they pertain to us, see note 20 to our audited consolidated financial statements for the year ended December 31, 2006 and note 9 to our unaudited interim consolidated financial statements for the three months ended March 31, 2007, incorporated by reference in this prospectus.

We encourage you to read the consolidated financial statements incorporated by reference in this prospectus because they contain our complete financial statements for the periods presented. Our historical results of operations are not necessarily indicative of future results.

| | Three Months Ended | | Years Ended December 31, | | |
|---|--|-------------|---------------------------------|-------------|-------------|
| | March 31, | 2006 | 2006 | 2005 | 2004 |
| | 2007(1) | | | | |
| | (dollars in millions, except per share amounts) | | | | |
| Canadian GAAP Statement of Earnings: | | | | | |
| Gross premiums written | \$ 1,231.7 | \$ 1,341.8 | \$ 5,460.6 | \$ 5,559.1 | \$ 5,603.1 |
| Net premiums written | 1,069.4 | 1,157.6 | 4,763.7 | 4,694.6 | 4,785.7 |
| Net premiums earned | 1,137.9 | 1,185.7 | 4,850.6 | 4,692.5 | 4,804.3 |
| Interest and dividends | 198.6 | 149.2 | 746.5 | 466.1 | 375.7 |
| Net gains on investments | 98.8 | 289.6 | 835.3 | 385.7 | 313.6 |
| Claims fees | 99.7 | 90.0 | 371.3 | 356.2 | 336.1 |
| Total revenues | 1,535.0 | 1,714.5 | 6,803.7 | &nbs | |