

FAIRFAX FINANCIAL HOLDINGS LTD/ CAN

Form 40-F/A

November 13, 2006

**U.S. Securities and Exchange Commission
Washington, D.C. 20549
Form 40-F/A
Amendment No. 2 to Form 40-F**

[Check one]

- Registration statement pursuant to section 12 of the Securities Exchange Act of 1934**
or
 Annual report pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2005 **Commission File Number: 1-31556**

FAIRFAX FINANCIAL HOLDINGS LIMITED

(Exact name of Registrant as specified in its charter)

Canada

(Province or other jurisdiction of incorporation or organization)

6331

(Primary Standard Industrial Classification Code Number (if applicable))

95 Wellington Street West

Suite 800

Toronto, Ontario Canada

M5J 2N7

(416) 367-4941

(Address and telephone number of Registrant's principal executive offices)

Not Applicable

(I.R.S. Employer Identification Number (if applicable))

CT Corporation System

111 Eighth Avenue, 13th Floor

New York, NY 10011

U.S.A.

(212) 894-8700

(Name, address (including zip code) and telephone number (including area code)
of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---------------------|--|
|---------------------|--|

Subordinate Voting Shares

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Not Applicable

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Not Applicable

For annual reports, indicate by check mark the information filed with this Form:

Annual information form Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Subordinate Voting Shares

17,056,856

Multiple Voting Shares

1,548,000

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the Exchange Act). If Yes is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

Yes No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes No

EXPLANATORY NOTE

This amendment (this Amendment) to the Annual Report on Form 40-F filed on April 3, 2006 (the Original Filing) of Fairfax Financial Holdings Limited (the Company) for the fiscal year ended December 31, 2005, as amended by the amendment to such report (Amendment No. 1 to Form 40-F/A) filed on September 11, 2006, is being filed for the purpose of (1) filing audited restated consolidated financial statements (the Restated Financial Statements) of the Company as at December 31, 2005 and 2004 and for each of the years in the three year period ended December 31, 2005, including the auditors' report with respect thereto; and (2) filing the related Revised Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A). On November 2, 2006, the Company announced that during management's review in preparing the third quarter consolidated financial statements, management identified an error in the US GAAP accounting for changes in the fair value attributed to embedded options in convertible bonds for the year ended December 31, 2005. The correction of this error had no cumulative impact on US GAAP shareholders' equity as at December 31, 2005 or on US GAAP comprehensive income for the year ended December 31, 2005, but had the net effect of increasing the US GAAP net loss for the year ended December 31, 2005 by \$26.8 million to \$313.4 million (a loss of \$19.65 per share and per diluted share) and increasing US GAAP other comprehensive income for that year by the same \$26.8 million amount. This correction had no impact on any Canadian GAAP consolidated financial statements or any Canadian GAAP disclosures. See Note 21 to the Restated Financial Statements.

The Restated Financial Statements have been amended to correct the US GAAP accounting error described above. The Restated Financial Statements have not been updated to reflect other events occurring after the filing of the Original Filing or to modify or update any disclosures affected by subsequent events, except as described in Amendment No. 1 to Form 40-F/A.

The MD&A has been amended to correct certain errors included in such section in Amendment No. 1 to Form 40-F/A. In addition, in connection with the filing of this Amendment, we are including as exhibits certain currently dated certifications of our Chief Executive Officer and Chief Financial Officer. This Amendment has no effect on other information presented in the Original Filing, as amended on September 11, 2006, except with respect to the information included herein. Therefore, this Amendment should be read together with other documents that the Company has filed with the Securities and Exchange Commission subsequent to the filing of the Original Filing. Information in such reports and documents updates and supersedes certain information contained in this Amendment. The filing of this Amendment shall not be deemed an admission that the Original Filing, or Amendment No. 1 to Form 40-F/A, when made, included any known, untrue statement of material fact or knowingly omitted to state a material fact necessary to make a statement not misleading.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the staff of the Securities and Exchange Commission, and to furnish promptly, when requested to do so by the Securities and Exchange Commission staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities. The Registrant has previously filed with the Securities and Exchange Commission a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

FORWARD-LOOKING INFORMATION

Documents and statements herein and documents herein incorporated by reference include forward-looking statements which are made pursuant to the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Registrant to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: a reduction in net income if the reserves of the Registrant's subsidiaries (including reserves for asbestos, environmental and other latent claims) are insufficient; underwriting losses on the risks the Registrant's subsidiaries insure that are higher or lower than expected; the lowering or loss of one of the Registrant's subsidiaries financial or claims paying ability ratings; an inability to realize the Registrant's investment objectives; exposure to credit risk in the event the Registrant's subsidiaries reinsurers or insureds fail to make payments; a decrease in the level of demand for the Registrant's subsidiaries products, or increased competition; an inability to obtain reinsurance coverage at reasonable prices or on terms that adequately protect the Registrant's subsidiaries; an inability to obtain required levels of capital; an inability to access cash of the Registrant's subsidiaries; risks associated with requests for information from the Securities and Exchange Commission; risks associated with current government investigations of, and class action litigation related to, insurance industry practice or any other conduct; the passage of new legislation; and the failure to realize future income tax assets. Readers are cautioned not to place undue reliance on this forward-looking information and the Registrant undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise. Additional risks and uncertainties are described on pages 120-123 of the Registrant's 2005 Annual Report (Restated) included as exhibit 1 to a Form 6-K of the Registrant filed with the SEC on September 1, 2006 and in the Registrant's Supplemental and Base Shelf Prospectus (under Risk Factors) filed with the SEC on September 28, 2005.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 40-F/A and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

FAIRFAX FINANCIAL HOLDINGS LIMITED

Date: November 10, 2006

By: /s/ Bradley P. Martin
Name: Bradley P. Martin
Title: Vice President and Corporate
Secretary

EXHIBIT INDEX

- 1* Revised Annual Information Form dated August 31, 2006
- 2* Management's Report on Internal Control over Financial Reporting (Restated)
- 3 Restated Audited Consolidated Financial Statements of the Registrant as of December 31, 2005 and 2004 and for the three years ended December 31, 2005 and related notes and the auditors' report thereon
- 4 Revised Management's Discussion and Analysis of Financial Condition and Results of Operations
- 5* Narrative Description of Business, including Review of Business, Insurance and Reinsurance Operations, Runoff Operations, and Claims Adjusting Operations dated March 31, 2006
- 6* The information under "Statement of Corporate Governance Practices" in the Registrant's Management Proxy Circular, dated March 31, 2006 in connection with the annual meeting of shareholders held on May 11, 2006, is incorporated herein by reference to Exhibit 1 to the Registrant's Report on Form 6-K furnished to the Securities and Exchange Commission on March 31, 2006
- 7 Consent of PricewaterhouseCoopers LLP regarding its report
- 8 Rule 13a-14(a)/15d-14(a) Certifications:
 - Certification of Registrant's Chief Executive Officer
 - Certification of Registrant's Chief Financial Officer
- 9 Section 1350 Certifications:
 - Certification of Registrant's Chief Executive Officer
 - Certification of Registrant's Chief Financial Officer
- * Previously Filed.