

FAIRFAX FINANCIAL HOLDINGS LIMITED

GOVERNANCE AND NOMINATING COMMITTEE CHARTER

Approved by the Board of Directors on February 17, 2005

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1. Statement of Purpose

The Governance and Nominating Committee of Fairfax Financial Holdings Limited has been established by the Board for the purposes of (1) reviewing Fairfax's corporate governance practices and recommending changes to those practices as it considers appropriate, (2) reviewing the effectiveness and performance of the Board and of individual members and (3) reviewing and recommending candidates for nomination to the Board.

2. Committee Membership

Members

The Committee will consist of as many members of the Board as the Board may determine but in any event, not less than three members. Members of the Committee will be appointed by the Board, taking into account any recommendation that may be made by the Committee. Any member of the Committee may be removed and replaced at any time by the Board, and will automatically cease to be a member if he or she ceases to meet the qualifications set out below. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board, taking into account any recommendation that may be made by the Committee. If a vacancy exists, the remaining members of the Committee may exercise all of its powers so long as there is a quorum.

Chair

The Board will designate one of the members of the Committee to be the Chair of the Committee, taking into account any recommendation that may be made by the Committee.

Qualifications

All of the members of the Committee must be independent, as determined in accordance with the rules of applicable stock exchanges and securities regulatory authorities. Members must have suitable experience and must be familiar with corporate governance practices.

Ex Officio Members and Management Attendance

The Committee may invite, at its discretion, members of management to attend a meeting of the Committee. Any member of management will attend a Committee meeting if invited by the Committee. The Lead Director, if not already a member of the Committee, will be entitled to attend each meeting of the Committee as an observer.

3. Committee Operations

Frequency of Meetings

The Chair, in consultation with the other members of the Committee, will determine the schedule and frequency of meetings of the Committee.

Agenda and Reporting to the Board

The Chair will establish the agenda for meetings in consultation with the other members of the Committee, the Chairman of the Board and the Lead Director. To the maximum extent possible, the agenda and meeting materials will be circulated to the members in advance to ensure sufficient time for study prior to the meeting. The Committee will report to the Board at the next meeting of the Board following each Committee meeting.

Secretary

The Corporate Secretary of Fairfax will, subject to any contrary direction of the Committee, act as secretary of the Committee.

Minutes

The secretary of the Committee will keep regular minutes of Committee proceedings and will circulate them to all Committee members, the Chairman of the Board and the Lead Director (and to any other director that requests that they be sent to him or her) on a timely basis.

Quorum

A quorum at any meeting will be a simple majority.

Procedure

The procedure at meetings will be determined by the Committee.

Transaction of Business

The powers of the Committee may be exercised at a meeting where a quorum is present or by resolution in writing signed by all members of the Committee.

Absence of Chair

In the absence of the Chair, the Committee may appoint one of its other members to act as Chair of that meeting.

Exercise of Power Between Meetings

Between meetings, the Chair of the Committee, or any member of the Committee designated for this purpose, may, if required in the circumstances, exercise any power delegated by the Committee. The Chair or other designated member will promptly report to the other Committee members in any case in which this interim power is exercised.

4. Committee Duties and Responsibilities

The Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the Board and performing any other functions that may be necessary or appropriate for the performance of its duties.

(a) Approach to Corporate Governance

The Committee will review Fairfax's overall approach to corporate governance, taking into account those elements that are unique to Fairfax, and make recommendations to the Board. Among other things, the Committee will:

- Develop and recommend to the Board corporate governance guidelines (which will include the mandate of the Board) and a code of business conduct and ethics for Fairfax. The Committee will annually review the adequacy of those guidelines and the code and recommend any changes the Committee considers appropriate;
- Consider and recommend to the Board any new committees the Committee believes are appropriate;
- Develop charters for any new committees established by the Board and annually receive feedback from and assess the charter of each of the committees, and recommend any changes the Committee considers appropriate;
- Annually evaluate and report to the Board on the performance and effectiveness of (i) the Board and each of its members and (ii) each committee (including this Committee) and each of its members. Assessments will consider Fairfax's corporate governance guidelines, committee charters (with respect to evaluations of committees), and, in the case of individual directors, any applicable position descriptions (including for the Chairman, the Lead Director and the Chairs of each committee) and the competencies and skills each individual director is expected to bring. Based on its evaluations, the Committee will recommend to the Board any changes it believes are necessary or appropriate;
- Monitor developments in the area of corporate governance, and after discussions with any person the Committee considers appropriate, recommend any changes the Committee believes are appropriate;
- Recommend to the Board those directors it considers qualified for appointment to each Board committee. Where a vacancy occurs at any time in the membership of any Board committee, the Committee will recommend to the Board a director to fill that vacancy;
- Recommend to the Board those Board committee members it considers qualified to Chair those committees;
- Annually consider the appropriateness of the insurance arrangements for directors and officers of Fairfax; and

- Periodically examine the size of the Board and recommend to the Board a size that facilitates effective decision making.

(b) Nomination of Directors

The Committee is responsible for identifying individuals qualified to be members of the Board and recommending to the Board director nominees for election at the next annual meeting of shareholders. In making its recommendations, the Committee will, after conducting the reviews, examinations and inquiries it believes are appropriate, consider:

- The competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- The competencies and skills that the Board considers each existing director to possess and that the Committee considers any new nominee to possess;
- The independence requirements of the Board and each committee; and
- The requirements of the Audit Committee with respect to the financial literacy and financial expertise of its members, and the requirements of other committees for distinctive expertise.

(c) Related Party Transactions

The Committee will review all proposed significant related party transactions involving directors, executive officers or the controlling shareholder of Fairfax and will ensure that any such related party transactions are fair to Fairfax and in the best interests of Fairfax.

(d) Reporting

The Committee will oversee the preparation of any disclosure about the corporate governance practices of Fairfax, including any report required to be included in the proxy materials for the annual meeting of Fairfax shareholders.

5. The Committee Chair

In addition to the responsibilities of the Chair described above, the Chair has the primary responsibility for overseeing and reporting on the evaluations to be conducted by the Committee.