

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

OCTOBER 19, 2000
Date of Report (Date of earliest event reported)

WHITE MOUNTAINS INSURANCE GROUP, LTD.
(Exact name of registrant as specified in its charter)

BERMUDA
(State or other jurisdiction of
incorporation or organization)

1-8993
(Commission
file number)

94-2708455
(I.R.S. Employer
Identification No.)

80 SOUTH MAIN STREET, HANOVER, NEW HAMPSHIRE 03755
(Address of principal executive offices)

(603) 643-1567
(Registrant's telephone number, including area code)

ITEM 5. OTHER EVENTS.

White Mountains Insurance Group, Ltd. (the "Registrant") announced today that it has amended its previously filed definitive Stock Purchase Agreement with London-based CGNU plc to purchase its U.S. property and casualty operations ("CGU"). The Stock Purchase Agreement and the press release dated September 25, 2000 were previously filed as Exhibits 99 (a) and 99 (b), respectively, to the Form 8-K dated September 25, 2000.

Amendment No.1 to the Stock Purchase Agreement, the Registrant's press release dated October 19, 2000, the Convertible Preferred Stock Term Sheet, the Berkshire Hathaway Preferred Stock and Warrants Term Sheet, the Senior Secured Credit Facilities Commitment and the Amendment to the Senior Secured Credit Facilities Commitment are attached herewith as Exhibits 99(c), 99(d), 99(e), 99(f), 99(g) and 99(h), respectively, and incorporated herein by reference in their entirety.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits. The following exhibits are filed herewith:

EXHIBIT NO.	DESCRIPTION
99 (c)	Amendment No. 1 dated as of October 15, 2000 to the Stock Purchase Agreement among CGU International Holdings Luxembourg S.A., CGU Holdings LLC, CGNU PLC, White Mountains Insurance Group, Ltd., Tack Holding Corp. and Tack Acquisition Corp. dated as of September 24, 2000.
99 (d)	Text of press release issued by White Mountains Insurance Group, Ltd., dated October 19, 2000.
99 (e)	Convertible Preferred Stock Term Sheet
99 (f)	Berkshire Hathaway Preferred Stock and Warrants Term Sheet
99 (g)	Senior Secured Credit Facilities Commitment
99 (h)	Amendment to Senior Secured Credit Facilities Commitment dated October 16, 2000

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WHITE MOUNTAINS INSURANCE GROUP, LTD.

Dated: October 19, 2000

By: /s/ MICHAEL S. PAQUETTE

Michael S. Paquette
Senior Vice President and
Controller

AMENDMENT NO. 1 dated as of October 15, 2000 (this "Amendment"), to the Stock Purchase Agreement, dated as of September 24, 2000 (the "Purchase Agreement"), among CGU International Holdings Luxembourg S.A., a Luxembourg corporation ("CGUIHL"), CGU Holdings LLC, a Delaware limited liability company ("CGULLC"), CGNU plc, a company incorporated under the laws of England and Wales ("CGNU"), White Mountains Insurance Group, Ltd., a company existing under the laws of Bermuda ("Buyer"), TACK Holding Corp., a Delaware corporation ("Holdco"), and TACK Acquisition Corp., a Delaware corporation ("Newco").

WHEREAS, the parties hereto are parties to the Purchase Agreement; and

WHEREAS, the parties desire to amend the Purchase Agreement as provided herein.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, the parties agree as follows:

1. Section 3.2(j) of the Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"(j) COMMITMENTS. CGNU and Sellers have been provided by (i) Newco a true, correct and complete copy of the financing commitments to Newco described in Section 3.2(j) of the Disclosure Schedule (the "Newco Financing") and (ii) Buyer a true, correct and complete copy of the financing commitments to Buyer described in Section 3.2(j) of the Disclosure Schedule (the "Buyer Financing" and, together with the Newco Financing, the "Financings"). The Financings, together with available cash of Newco, Holdco and Buyer, available cash of the Company (after giving effect to the Preclosing Transactions, the Restructuring Transactions and the payment of \$371 million of dividends to the Company during the period from January 1, 2000 to the earlier of (x) December 31, 2000 and (y) the Closing Date and assuming the representation made by CGNU and Sellers in the last two sentences of Section 3.1(b) is true) and the Holdco Note, are sufficient, subject to the satisfaction of the conditions of the Financings, to provide the funds required by Newco to pay the Purchase Price hereunder, to repay in full the outstanding principal and interest on the Term Note and to pay all fees and expenses required to be paid by Newco, Holdco or Buyer in connection with the transactions contemplated by this Agreement. The consummation of the Financings will not require Shareholder Approval."

2. Section 4.16(a)(i) of the Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"(a)(i) Buyer, Holdco and Newco each shall use its best efforts to complete the Financings in accordance with the terms thereof. Notwithstanding the foregoing, Buyer, Holdco and Newco shall not be restricted in any manner by the foregoing provision from obtaining commitments for financing in addition to the Financings. In the event that Buyer, Holdco and Newco are unable to complete the Financings (including as a result of any shortfall in cash at the Company), Buyer, Holdco and Newco shall use their reasonable best efforts to obtain and complete alternative financing for the transactions contemplated hereby, including changing the mix, type or structure of the Financings and the receipt of additional funds from existing or new sources."

3. Section 4.16(a)(ii) of the Purchase Agreement is hereby amended by replacing the phrase "\$378 million" with the phrase "\$371 million".

4. Section 4.16(b) of the Purchase Agreement is hereby amended by replacing the words "Buyer Financing" with the words "financing provided for in the Berkshire Commitment as described in Section 3.2(j) of the Disclosure Schedule".

5. Section 4.1(a)(iv) of the Purchase Agreement is hereby amended by deleting the words "except as set forth on Section 4.1 of the Disclosure Schedule," and replacing them with the words "except as previously disclosed in writing to Buyer,".

6. Section 1.1 of the Purchase Agreement is hereby amended by removing the references to "Additional Financing" and "Holdco Financing" from the list of other defined terms and by adding to such list, immediately before the reference to "Buyer", a reference to "Berkshire Commitment", which shall cross-refer to Section 3.2(j) of the Disclosure Schedule.

7. Section 3.2(j) of the Disclosure Schedule is hereby amended and restated in its entirety to read as set forth in Annex A hereto.

8. Section 3.2(c) of the Purchase Agreement is hereby amended by inserting the words "or purchase" after the words "and any shares of Buyer Common Stock issued upon settlement" in the fourth sentence.

9. Section 8.1(a) of the Purchase Agreement is hereby amended by amending the final sentence thereof to read as follows:

"CGNU and Sellers may satisfy any indemnification obligation under this Agreement, at their option, by (x) payment in cash or (y) if the Holdco Notes are still outstanding, waiver of part or all of the principal or interest payable to Sellers under the Holdco Notes in an amount equal to such indemnification obligation, or, if the Holdco Notes have been settled in whole or in part by delivery of, or purchased in whole or in part with, equity securities of Buyer, by delivery to the Indemnified Party of some or all of such equity securities, valued for this purpose at the values assigned them for purposes of such settlement or purchase (subject to appropriate adjustment for any stock splits or other events described in the antidilution provisions relating to the Holdco Notes occurring after such settlement or purchase)."

10. Section 8.1(b) of the Purchase Agreement is hereby amended by inserting the words "or in connection with the purchase" after the words "received by Sellers in satisfaction" in clause (i)(x) of the first sentence.

11. Section 4.1 of the Disclosure Schedule is hereby amended and restated in its entirety to read as set forth in Annex B hereto.

12. Exhibit G to the Purchase Agreement is hereby amended and restated in its entirety to read as set forth in Annex C hereto.

13. Except as expressly amended hereby, the Purchase Agreement remains in full force and effect in accordance with its terms.

14. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

15. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

CGNU PLC

By _____
Name:
Title:

CGU INTERNATIONAL HOLDINGS
LUXEMBOURG S.A.

By _____
Name:
Title:

CGU HOLDINGS LLC

By _____
Name:
Title:

WHITE MOUNTAINS INSURANCE
GROUP, LTD.

By _____
Name:
Title:

TACK HOLDINGS CORP.

By _____
Name:
Title:

TACK ACQUISITION CORP.

By _____
Name:
Title:

Section 3.2(j) COMMITMENTS

The Financings

NEWCO FINANCING

- \$1.0 billion of senior credit facilities to be provided pursuant to the commitment letter dated September 24, 2000 among Buyer, Lehman Brothers Inc. and Lehman Commercial Paper Inc. previously provided to CGNU and Sellers, as amended by the letter agreement dated October 15, 2000 between such parties previously provided to CGNU and Sellers.
- \$300 million face amount of preferred stock of Newco to be purchased for \$225 million by Berkshire Hathaway Inc. on the terms in the commitment letter dated October __, 2000 from Berkshire Hathaway Inc. to Buyer previously provided to CGNU and Sellers (the "Berkshire Commitment").

BUYER FINANCING

- An aggregate of \$402.5 million of convertible preference shares of Buyer to be purchased by the investors party to the subscription agreement dated as of October 6, 2000 between such investors and Buyer previously provided to CGNU and Sellers.
- Warrants issued by Buyer to be purchased by Berkshire Hathaway Inc. for a purchase price of \$75 million on the terms in the Berkshire Commitment.

SECTION 4.1: CERTAIN TRANSACTIONS PRIOR TO THE CLOSING

With respect to Section 4.1(a)(ii), on August 29, 2000 the Board of Directors of National Farmers Union Standard Insurance Company ("NFU Standard") declared a dividend on its common stock, \$1.00 par value per share, of 1,200,000 shares of NFU Standard common stock, distributable on September 28, 2000 to the holder of NFU Standard common stock.

Term Sheet for Holdco Notes

Issuer: Holdco (TACK Holding Corp.)

Holders: Sellers, pro rata to their pre-closing equity interest in the Company

Security: Subordinated Note

Subordination: Subordinated to senior debt of Holdco

Principal Amount: \$210 million

Maturity: Six months from Closing Date

Interest Rate: 400 basis points over the rate from time to time in effect under the Lehman Senior Bank Loan, payable upon maturity

Settlement: Principal and interest to be settled at maturity in cash. However, Buyer (White Mountains Insurance Group, Ltd.) shall have the option (unless an event of default shall have occurred and be continuing, and subject to "Vote" below) to purchase the Holdco Notes at maturity for a purchase price equal to the principal amount thereof plus accrued interest, such purchase price to be paid by delivery of shares of common stock of Buyer. Such settlement shall only be permitted if such common stock shall be validly issued, fully paid and nonassessable, and free and clear of all liens. If purchased for shares of Buyer common stock, such common stock shall be valued for such purpose at \$174 1/2 per share.

In no event, however, will Sellers receive an amount of common stock of Buyer that would require Sellers or any parent to file a request for approval of acquisition of control with any U.S. insurance regulator; to the extent such limit would be exceeded, the purchase option may not be exercised for the applicable portion of the Holdco Notes and the remaining amount must be settled in cash. However, Sellers will use their commercially reasonable efforts to file and seek approval of disclaimers of control; if all necessary disclaimers are approved, the full amount may be purchased for common stock.

Stockholder

Protections:

If purchased for Buyer common stock as described above, Sellers shall not be entitled to any governance rights. However, Sellers will be entitled to 3 demand and (subject to normal cutbacks) unlimited piggyback registration rights under a customary registration rights agreement to be entered into in such event between Buyer and Sellers, the form of which will be an exhibit to an option agreement reflecting the Buyer purchase option to be entered into concurrently with issuance of the Holdco Notes. Buyer will pay the registration expenses in connection with any such demand and piggybank rights other than any underwriting discounts and commissions. Such registration rights may be exercised at any time after settlement.

Vote:

Purchase of the Holdco Notes for Buyer common stock would require approval of the shareholders of Buyer under the NYSE rules. Shareholder approval of issuance of Buyer common stock upon purchase of the Holdco Notes will not be a condition precedent to Closing under the Agreement.

Anti-Dilution:

Customary anti-dilution protection.

Events of Default:

Failure to pay when due; bankruptcy events; cross-acceleration to other debt.

Other:

Holdco Notes are freely transferable (subject to applicable law). If sold to an unaffiliated Equity Investor (as defined below), the common stock purchase option set forth under "Settlement" shall be revised to be for Buyer common stock at a price equal to the conversion price then prevailing for conversion by other Equity Investors of the Buyer Convertible Preferred Stock referred to below into Buyer common stock, with governance and registration rights as applicable to such other Equity Investors upon such conversion. "Equity Investors" shall mean the purchasers of Buyer Convertible Preferred Stock under the Buyer Financing.

PRESS
RELEASE

CONTACT: Terry Baxter
(603) 640-2229

WHITE MOUNTAINS FINALIZES EQUITY
COMMITMENTS FOR ITS PURCHASE OF CGU

HAMILTON, Bermuda, October 19, 2000 - White Mountains announced today that, in connection with the financing of its pending purchase of CGU, the U.S. property and casualty operations of CGNU plc, it has finalized the terms for an aggregate of \$702.5 million of equity commitments from outside investors, including previously disclosed commitments. White Mountains no longer expects to finance the acquisition of CGU by issuing common equity of its newly formed subsidiary that will purchase CGU and, as a result, CGU will be a wholly-owned subsidiary of White Mountains following the transaction. The revised equity financing structure is described below.

A small group of private investors have committed to purchase \$402.5 million of a newly-issued class of nonvoting convertible preference shares of White Mountains. The preference shares will bear a dividend of 1% per year and will be automatically converted (at a conversion price of \$200 per share) into an aggregate of 2,012,500 common shares of White Mountains upon approval of the conversion by the shareholders of White Mountains at the 2001 Annual Meeting or a subsequent meeting. John J. Byrne, the Chairman of White Mountains, has agreed to vote all shares held by him in favor of approval of the conversion. If shareholder approval has not been obtained prior to March 31, 2003, each holder of convertible preference shares will thereafter have the right to require White Mountains to repurchase such holder's shares on an "as-converted" basis at the then-current price per White Mountains' common share. White Mountains expects to sell up to an additional \$47.5 million of the convertible preference shares to management and certain other investors.

Berkshire Hathaway Inc. has committed to invest a total of \$300 million in White Mountains and its newly formed subsidiary that will purchase CGU. Berkshire Hathaway will receive \$300 million of cumulative preferred stock of the newly formed subsidiary. The preferred stock will pay a dividend of 2.35475% per quarter and will be mandatorily redeemable after seven years. In addition, Berkshire Hathaway will receive warrants to purchase a total of 1,714,285 common shares of White Mountains at an exercise price of \$175 per share. This represents

CORPORATE HEADQUARTERS: EXECUTIVE OFFICES:
WHITE MOUNTAINS INSURANCE GROUP, LTD. WHITE MOUNTAINS INSURANCE GROUP, LTD.
12 CHURCH STREET, SUITE 322 80 SOUTH MAIN STREET, HANOVER, NH 03755
HAMILTON, HM 11 BERMUDA PH: 603-643-1567 * FAX: 603-643-4562

approximately 17.8% of White Mountains' common shares after giving effect to the conversion of the convertible preference shares. Of the total warrants to be received by Berkshire Hathaway, warrants to purchase 1,170,000 common shares will be immediately exercisable and warrants to purchase 544,285 common shares will become exercisable upon approval by the shareholders of White Mountains. Shareholder approval will be sought at the same time as approval of the conversion of the White Mountains preference shares is sought. If shareholder approval has not been obtained prior to March 31, 2003, Berkshire Hathaway will thereafter have the right to require White Mountains to repurchase the warrants at a price per common share equal to the then-current market price per White Mountains' common share less \$175. All warrants will have a term of seven years although White Mountains will have the right to call the warrants for \$60 million in cash from and after the fourth anniversary of their issuance.

White Mountains made its Form A filing relating to the purchase of CGU with the Massachusetts Division of Insurance on October 17, 2000, and expects to make Form A filings in other required jurisdictions shortly.

White Mountains is a Bermuda-domiciled financial services holding company traded on the New York Stock Exchange under the symbol WTM. Additional financial information and other items of interest are available at the Company's web site located at WWW.WHITEMOUNTAINS.COM. CGU, headquartered in Boston, is currently the 16th largest property & casualty insurer in the U.S. and is represented by 6,200 independent agents and brokers. CGU operates in all 50 states through a network of 43 branch offices.

SAFE HARBOR STATEMENT UNDER
THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This press release contains forward looking statements within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. White Mountains cautions that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in forward-looking statements made by White Mountains. These factors include: (i) competitive forces, including the conduct of other property and casualty insurers and reinsurers, (ii) changes in domestic or foreign laws or regulations applicable to White Mountains, its competitors or its clients, (iii) an economic downturn or other economic conditions (such as a rising interest rate environment) adversely affecting White Mountains' financial position, (iv) loss reserves established by White Mountains subsequently proving to have been inadequate, and (v) the failure of White Mountains to complete the purchase of CGU, or, if White Mountains completes the purchase, its failure to enhance White Mountains' business. White Mountains cautions that the foregoing list of important factors is not exhaustive. In any event, such forward-looking statements made by White Mountains speak only as of the date on which they are made, and White Mountains does not undertake any obligation to update or revise such statements as a result of new information, future events or otherwise.

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WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONVERTIBLE PREFERRED STOCK TERM SHEET

All capitalized terms used but not defined herein shall have the meanings given to them in the Subscription Agreement dated as of October 6, 2000 (the "SUBSCRIPTION AGREEMENT") between White Mountains Insurance Group, Ltd., a company existing under the laws of Bermuda ("WTM"), and the Purchasers named therein.

Transaction: WTM is proposing to acquire the outstanding capital stock of CGU Corporation, a Delaware corporation ("CGU") and an indirect wholly owned subsidiary of CGNU plc, for approximately \$2.17 billion of which approximately \$1.96 billion is payable in cash and \$210 million is payable with a seller's note (see below). In addition, at the time of the acquisition, an approximately \$500 million note between CGU and CGNU plc will be outstanding, after the reduction of the note by the proceeds from the sale of Pilot, CGNU's life insurance subsidiaries and certain other assets to CGNU plc, as described below.

WTM has formed TACK Holding Corp., a Delaware corporation ("HOLDCO"), to hold all the equity interests in TACK Acquisition Corp., a Delaware corporation ("NEWCO"), which was formed by WTM to acquire CGU.

At the closing, the following transactions (the "TRANSACTIONS") shall occur:

- Newco will acquire CGU on substantially the terms of the Stock Purchase Agreement in the form attached hereto as Exhibit A (the "STOCK PURCHASE AGREEMENT");
- CGU will sell Pilot to CGNU for approximately \$285 million;
- Newco will issue Newco common stock to Holdco, and Holdco will issue Holdco common stock to WTM, for \$725 million in cash contributed by WTM to Holdco and by Holdco to Newco;
- Newco will issue Newco common stock to Holdco, and Holdco will issue Holdco common stock to WTM, for approximately \$725 million in net tangible assets (FolksAmerica, Peninsula, Main Street America, American Centennial Insurance Company and British Insurance Company of Cayman) contributed by WTM to Holdco and by Holdco to Newco;
- Newco will borrow \$1 billion pursuant to the terms and conditions of a commitment letter (the "COMMITMENT LETTER") from Lehman Brothers Inc. substantially in the form attached hereto as Exhibit B (the "FINANCING");

- Holdco will issue a seller's note for \$210 million (the "SELLER'S NOTE") on the terms set forth in the term sheet attached hereto as Exhibit C to be repaid in cash or in WTM Common Stock, at Holdco's option, six months after closing; if repaid in WTM Common Stock, the stock will be priced at \$174.50 per share; and
- In exchange for a purchase price of \$225 million, Berkshire Hathaway, Inc. will purchase Newco preferred stock; in addition, for a purchase price of \$75 million⁽¹⁾, Berkshire Hathaway Inc. will purchase a warrant to purchase WTM common stock; the terms of the preferred stock and warrant are set forth in the term sheet attached hereto as Exhibit D.

Closing: The Transactions are anticipated to close between December 15, 2000 and February 15, 2001. The drop dead date for this equity commitment will match the drop dead date in the Stock Purchase Agreement.

The Purchasers will fund their commitments pursuant to this term sheet at the time of closing of the acquisition of CGU. The commitment shall be in lieu of any commitment of a Purchaser to purchase equity in Holdco or Newco pursuant to the subscription agreement dated September 24, 2000, among WTM, Holdco and certain of the Purchasers, which subscription agreement shall terminate with respect to any such Purchaser.

Securities to be issued: WTM will issue to each Purchaser, the face amount of convertible preference shares (the "PREFERRED STOCK") equal to its purchase price as described in Schedule I to the Subscription Agreement (the "PURCHASE PRICE").

The Preferred Stock will be issued upon receipt of the Purchase Price from each Purchaser on the day of the closing of the acquisition of CGU by WTM.

In addition to the Preferred Stock issued to the Purchasers, WTM may issue additional shares of Preferred Stock at the closing of the Transactions to members of WTM's and CGU's management, WTM directors and other friends and family of WTM. WTM presently plans to issue up to \$47.5 million face amount of such additional shares of Preferred Stock on substantially the same terms as provided for in this termsheet.

Liquidation Preferences: The liquidation preference of Preferred Stock will equal 25% of the face amount.

Coupon: The Preferred Stock will receive a cumulative dividend of 1% per year, payable semi-annually.

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 (1) This \$75 million is included in the \$725 million cash capital contribution by WTM to Holdco and by Holdco to Newco, described above.

Term: The term of the Preferred Stock will be from the date of issuance to the earlier of (a) the date of the Required Shareholders Approval (as defined below) or (b) the 10th anniversary of issuance. The Preferred Stock will be automatically converted into common stock of WTM ("WTM COMMON STOCK") by WTM following receipt of the Required Shareholders Approval.

Conversion: Each Purchaser's Preferred Stock will be converted into a number of shares of WTM Common Stock equal to such Purchaser's Purchase Price, divided by \$200 (the "CONVERSION PRICE"), immediately after the Required Shareholders Meeting.

"REQUIRED SHAREHOLDERS MEETING" as used herein shall mean the first shareholders meeting at which the shareholder approval required pursuant to Section 312.03(c) of the New York Stock Exchange Listed Company Manual to issue such WTM Common Stock is obtained (the "REQUIRED SHAREHOLDERS APPROVAL"), assuming all such shares are issued in connection with WTM's acquisition of CGU and represent the issuance of shares of WTM Common Stock in excess of 20% of the shares of WTM Common Stock outstanding prior to such acquisition.(2) WTM will seek such approval not later than its 2001 Annual Meeting, although obtaining such approval is not a condition to the Purchasers' obligations hereunder to purchase the Preferred Stock.

Mr. John J. Byrne will vote his shares of WTM Common Stock in favor of, and WTM will use its commercially reasonable efforts to obtain, the Required Shareholders Approval.

After March 31, 2003, the Preferred Stock shall be convertible at any time at the holder's option, provided that if the Required Shareholders Approval has not been obtained at the time of any such conversion, in lieu of issuing WTM Common Stock, WTM shall pay the holder in cash, for each share of WTM Common Stock to which such holder is entitled upon conversion, an amount equal to the Current Market Price of a share of WTM Common Stock. Any cash payment by WTM to a holder of the Preferred Stock pursuant to this provision shall be made by WTM on the next March 31 or September 30 following written notice by the holder to WTM of its election to convert its shares of Preferred Stock into WTM Common Stock; provided that such notice must be received by WTM at least 60 days prior to such payment date.

"CURRENT MARKET PRICE" shall mean, with respect to each share of Preferred Stock, the average of the closing price on the New York Stock Exchange, Inc., for the ten consecutive trading days immediately prior to the date the holder of such Preferred Stock gives written notice of its election to convert such shares of Preferred Stock into WTM Common Stock.

 (2)To clarify that the first 20% goes to Berkshire Hathaway.

Obligation to Fund: The closing of the Purchasers' investment in WTM on the terms provided in the Subscription Agreement and in this Term Sheet and their obligations to fund their commitments as provided therein and herein will be subject only to the completion of the Transactions, including the closing of the acquisition of CGU pursuant to the terms and conditions of the Stock Purchase Agreement, the consummation of Financing on the terms and conditions set forth in the Commitment Letter and the delivery by WTM of Preferred Stock and of a Shareholders Agreement executed by WTM, in each case reasonably reflecting the terms of this term sheet. The Stock Purchase Agreement and the Commitment Letter will not be amended and the closing conditions contained therein will not be waived in any material respect without the consent of each of the Purchasers.

Registration Rights: After the conversion of the Preferred Stock, Purchasers holding not less than 250,000 shares of WTM Common Stock (subject to customary adjustment for stock splits, stock dividends or reorganizations) will have the right to exercise (i) up to three demand registration rights (in aggregate for all Purchasers) and (ii) unlimited incidental ("PIGGYBACK") registration rights. The Purchasers shall have priority on their demand rights. All shareholders shall be cut back pro rata in any registration initiated by WTM. WTM will pay the registration expenses in connection with any such demand and piggyback rights other than any underwriting discounts and fees and will use commercially reasonable efforts to effect any demand registration as soon as reasonably practicable. Notwithstanding the foregoing, WTM will not be obligated to register securities which could be sold under Rule 144(k) or to keep a registration statement relating to the foregoing registration rights effective longer than 90 days.

Antidilution Adjustment: The Conversion Price will be subject to customary antidilution adjustment prior to the conversion of the Preferred Stock in the event WTM issues warrants, options or other rights to purchase or otherwise acquire additional stock or securities convertible into or exchangeable for additional common stock at a price per share less than fair market value or in the event of stock splits, certain extraordinary distributions or dividends, or reorganizations. The Purchasers acknowledge that (a) Berkshire Hathaway will be issued up to \$300 million of preference shares of WTM or of a subsidiary of WTM, which will be convertible into (or will have detachable warrants to purchase) WTM Common Stock at a conversion price of \$175 and (b) that Purchasers shall not be entitled to any antidilution adjustment for such issuance, conversion or exercise.

Voting: The Preferred Stock will be non-voting.

Transferability: Except to the extent required by applicable law, the Preferred Stock will be transferable by a Purchaser only (i) with the consent of WTM, which consent shall not be unreasonably withheld, (ii) to an affiliate or (iii) to WTM or other Purchaser(s). The Preferred Stock has not been and will not be registered under the Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons in the absence of such registration except in reliance on an exemption from the Securities Act.

BERKSHIRE HATHAWAY

PREFERRED STOCK AND WARRANTS TERM SHEET

Securities to be Issued: Newco, a Delaware corporation and a wholly-owned subsidiary of White Mountains Insurance Group, Ltd., a company organized under the laws of Bermuda ("WTM"), will issue to Berkshire Hathaway Inc., a Delaware corporation, or an affiliate ("Berkshire Hathaway"), \$300 million face amount of preferred stock (the "Preferred Stock"), for a purchase price of \$225 million. WTM will issue to Berkshire Hathaway or an affiliate thereof warrants to acquire 1,714,285 shares of WTM's common stock at an exercise price of \$175 per share (the "Warrants"), for a purchase price of \$75 million (together with the purchase price of the Preferred Stock, the "Purchase Price"). Where appropriate herein the term "Berkshire Hathaway" shall refer to any affiliate of Berkshire Hathaway that is the holder or intended holder of the Preferred Stock or the Warrants.

The Preferred Stock and Warrants will be issued by Newco and WTM, respectively, on receipt of the Purchase Price from Berkshire Hathaway on the day of the closing of the acquisition by Newco of CGU Corporation, a Delaware corporation ("CGU"), on substantially the terms of the Stock Purchase Agreement with respect to CGU in the form attached hereto as Exhibit B (the "Stock Purchase Agreement").

Newco is that corporation described in Exhibit A hereto as Newco; Newco has and shall have the position described in Exhibit A in the corporate structure of WTM and its subsidiaries; and other investors are making the investments in WTM in the amounts and on the terms described in Exhibit A; so that immediately following the closing the corporate and capital structure of WTM and its direct and indirect subsidiaries shall be as set forth in Exhibit A, except for such changes in the corporate and capital structure of WTM and its direct and indirect subsidiaries as shall not adversely affect in any material respect Berkshire Hathaway.

Preferred Stock Liquidation Preference: \$300 million plus any and all past due dividends, whether or not declared.

Rank: The Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, upon liquidation or otherwise, prior to all other shares of preferred stock or common stock of Newco and prior to all shares of any other class or series of stock of Newco.

Preferred Stock Dividend: 2.35475% cumulative dividend per quarter, compounded quarterly at the same rate of 2.35475% per quarter (with respect to any amounts not paid when due) and payable quarterly, from the date of issuance. If any dividend is not paid when due, Newco shall be prohibited from paying any dividends or making any distributions on its common stock or on any other stock junior to the Preferred Stock, and from redeeming or otherwise purchasing (either directly or through any subsidiary) any shares of its common stock or of any other stock junior to the Preferred Stock, until all past due dividends are paid in full. There shall be no right of redemption of the Preferred Stock or other "acceleration" right triggered by Newco's failure to pay dividends on the Preferred Stock. So long as any shares of the Preferred Stock are outstanding, Newco shall not declare or pay any dividend or distribution on its common stock or repurchase any shares of its common stock or of any other stock junior to the Preferred Stock or make any loan to, or guarantee any indebtedness of, WTM or any subsidiary of WTM intermediate between WTM and Newco without the written consent of the holders of a majority-in-interest of the Preferred Stock unless the amount of such dividend, distribution, repurchase, loan or guarantee by Newco is less than Newco's aggregate consolidated net income (under U.S. GAAP) since January 1, 2001 minus the sum of (x) the aggregate dividends and distributions previously paid by Newco since January 1, 2001, (y) any past due dividends then due to be paid on the Preferred Stock or on other equity securities besides the common stock of Newco and (z) the aggregate amount of any other then outstanding indebtedness (plus accrued interest and other related charges) of WTM or any subsidiary of WTM intermediate between WTM and Newco guaranteed by or payable to Newco, provided, however, that notwithstanding this restriction, (1) dividends not in excess of \$20.0 million (in addition to any dividends paid on the Preferred Stock) may be paid by Newco in each of the first three years following the issuance of the Preferred Stock and (2) Newco may unconditionally guarantee payment (provided any demand for payment in connection with amounts guaranteed must first be made on WTM) of up to \$50,000,000 in indebtedness (plus accrued interest and other related charges) of WTM or any subsidiary of WTM intermediate between WTM and Newco. WTM agrees to pay (if it is able) any amounts subject to any such guarantee that are due to be paid.

Preferred Stock Term: Seven years from the date of issuance. The Preferred Stock will be redeemed by Newco at the end of the term for the amount of the Liquidation Preference.

Preferred Stock Make Whole Provision:

Newco and Berkshire Hathaway will enter into a separate agreement providing that, (a) if the dividends paid or deemed paid to Berkshire Hathaway on the Preferred Stock do not qualify for the 70 percent dividends-received deduction as a result of Newco's lack of available earnings and profits, Newco will reimburse Berkshire Hathaway an amount equal, on an after tax basis, to any additional taxes, interest and penalties paid by Berkshire Hathaway as a result of such failure to qualify and as a result of such reimbursement payment by Newco, and (b) if the dividends paid or deemed paid to Berkshire Hathaway on the Preferred Stock are extraordinary dividends within the meaning of Section 1059 of the Internal Revenue Code, Newco will reimburse Berkshire Hathaway an amount equal, on an after tax basis, to any additional taxes, interest and penalties paid by Berkshire Hathaway (x) as a result of such dividend being an extraordinary dividend, either with respect to receipt of such extraordinary dividend or Berkshire Hathaway's disposition of the Preferred Stock and (y) as a result of such reimbursement payment by Newco.

Preferred Stock Voting:

Non-voting (except as required by law). The consent or approval of holders of no less than a two-thirds majority of any shares of outstanding Preferred Stock, voting as a single class, shall be required prior to any amendment, alteration or repeal of Newco's Certificate of Incorporation or any certificate of designation related to the Preferred Stock or any other alteration or change to the Preferred Stock's preferences, rights, powers or designations that adversely affects the Preferred Stock or increases the authorized number of shares of the Preferred Stock.

Preferred Stock Transferability:

Transferable only to an affiliate of Berkshire Hathaway. The Preferred Stock has not been and will not be registered under the Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons in the absence of such registration except in reliance on an exemption from the Securities Act.

Closing:

The Transactions are anticipated to close between December 15, 2000 and February 15, 2001. The drop dead date for this equity commitment will match the drop dead date in the Stock Purchase Agreement; PROVIDED, HOWEVER, Berkshire Hathaway may immediately terminate this equity commitment by written notice to WTM if (a) any of the conditions to Berkshire Hathaway's obligation hereunder to complete the Berkshire Hathaway Investment shall have become incapable of fulfillment prior to June 30, 2001, and shall have not been waived by Berkshire Hathaway or (b) there shall be any order, injunction, or decree of any governmental entity which prohibits the consummation of the Berkshire Hathaway Investment and such order, injunction or decree shall have become final and nonappealable.

Obligations to Purchase Preferred Stock and Warrants:

Berkshire Hathaway will be obligated to purchase the Preferred Stock and Warrants (the "Berkshire Hathaway Investment") concurrently with when the Transactions (as defined in Exhibit A) are completed, including the closing of the acquisition by Newco of CGU pursuant to the terms and conditions of the Stock Purchase Agreement, the consummation of the Financing on the terms and conditions set forth in the Commitment Letter (each as defined in Exhibit A), the consummation of the sale of the convertible preferred stock as described in Exhibit E (the "WTM Equity Term Sheet") and the delivery to Berkshire Hathaway of the Preferred Stock and Warrants, in each case reasonably reflecting the terms of this term sheet. The Stock Purchase Agreement, the Commitment Letter and the WTM Equity Term Sheet (except to the extent necessary to provide that the Required Shareholder Approval does not apply to the Series A Warrants) will not be amended and the closing conditions contained therein will not be waived in any material respect without the prior written consent of Berkshire Hathaway. In addition, Berkshire Hathaway's obligation to effect the Berkshire Hathaway Investment shall be subject to (a) there being no change at the time of closing in the corporate and capital structure of WTM and its subsidiaries as set forth on Exhibit A that adversely affects in any material respect Berkshire Hathaway, (b) expiration or termination of the waiting period, if any, under the Hart-Scott-Rodino Act with respect to the Berkshire Hathaway Investment, (c) receipt of all necessary approvals from state insurance regulators (which approvals shall permit exercise of the Warrants without any further approvals other than in the case of the Series B Warrants, the Required Shareholder Approval) with respect to the Berkshire Hathaway Investment and (d) the absence of any injunction or other order of any governmental authority prohibiting the consummation of the Berkshire Hathaway Investment. A written notice of the closing of the acquisition of CGU by Newco will be delivered to Berkshire Hathaway three business days before such closing day, and on the closing day, prior to Berkshire Hathaway's purchase, Berkshire Hathaway shall receive from WTM an officer's certificate as to the satisfaction of all of the conditions to Berkshire Hathaway's obligations hereunder (other than as to matters that are within the knowledge or control of Berkshire Hathaway). Each party shall use its reasonable best efforts to obtain all necessary governmental and regulatory approvals.

Warrant Term:

Seven years from the date of issuance.

Exercise of Warrants:

The Warrants will be exercisable solely for cash at an exercise price of \$175 per share of WTM common stock (the "Exercise Price"). The Warrants shall be issued in two series, Series A and Series B. The Series A Warrants shall entitle the holder to purchase 1,170,000 shares of WTM common stock and the Series B Warrants, except as described below, shall entitle the holder to purchase 544,285 shares of WTM common stock.

Because the number of shares of WTM common stock issuable upon exercise of the Series B Warrants exceeds the threshold for requiring shareholder approval pursuant to Section 312.03(c) of the New York Stock Exchange Listed Company Manual (the "NYSE"), the exercise of the Series B Warrants will be deferred until the earlier of March 31, 2003 and when WTM receives the shareholder approval required by the NYSE (the "Required Shareholder Approval"). WTM will seek such approval not later than its 2001 Annual Meeting. WTM will not issue additional shares of its common stock prior to obtaining the Required Shareholder Approval to the extent that such issuance would reduce (after taking into account any Warrant Antidilution Adjustment) the number of shares of common stock that WTM could issue upon the exercise of any of the Series A Warrants. WTM shall at all times reserve out of its authorized and unissued common stock, for the sole purpose of exercise of the Warrants, such number of shares as shall be sufficient to effect the exercise. If WTM shall be a party to a merger or other transaction in which its common stock is changed into or exchanged for other securities or property, as a condition of such transaction adequate provision shall be made so that the Warrants upon exercise shall be entitled to receive the aggregate consideration which the shares of common stock underlying such Warrants would be changed into or receive in such transaction.

If after March 31, 2003, the Required Shareholder Approval has not been obtained at the time of the exercise of any Series B Warrants, in lieu of issuing WTM common stock, WTM shall pay Warrant holder in cash, for each share of WTM common stock to which such holder would otherwise be entitled upon exercise of such Series B Warrants, an amount equal to the Current Market Price of a share of WTM common stock. Any cash payment by WTM to a Warrant holder pursuant to this provision shall be made by WTM 90 days after notice of the exercise the Warrants has been given to WTM by Warrant holder.

"Current Market Price" shall mean, with respect to each share of WTM common stock receivable upon exercise of a Series B Warrant, the difference between (i) the average of the closing price of a share of WTM common stock on the New York Stock Exchange, Inc., for the ten consecutive trading days immediately prior to the date Warrant holder gives written notice of its election to exercise such Series B Warrant and (ii) the Exercise Price.

Call Option on Warrants:

After the fourth anniversary of the issuance of the Warrants, WTM may, at its option on one or more occasions, call all of the then outstanding Warrants for cash in an aggregate amount equal to \$60 million (assuming all Warrants are outstanding) or any portion of the Warrants for a ratable share of the \$60 million purchase price. Following notice of any call, the Warrant holder shall have at least 30 days to exercise any warrants covered by such call before such Warrants are purchased pursuant to such call.

Warrant Registration Rights: After the exercise of the Warrants, Warrant holder will have (i) two demand registration rights in aggregate and (ii) unlimited incidental ("piggyback") registration rights with respect to the WTM common stock received upon exercise, subject to customary pro rata "cut-backs" with WTM and any other selling equityholders at the discretion of a managing underwriter, provided, however, Warrant holder will not be subject to any such "cut-backs" with respect to a registration occasioned by its own demand. No other holder of WTM common stock will be granted any superior registration rights to those held by Berkshire Hathaway, provided that Berkshire Hathaway acknowledges that the Equity Partners and CGNU will have the registration rights set forth in Exhibit E and Exhibit D, respectively. WTM will pay the registration expenses in connection with any such demand and piggyback rights other than any underwriting discounts and fees. Notwithstanding the foregoing, WTM will not be obligated to register WTM common stock which could be sold under Rule 144(k).

Warrant Antidilution Adjustment: With respect to any unexercised Warrants, Warrant holder will be entitled to a customary antidilution adjustment to the Exercise Price and/or the number of shares of WTM common stock to which the Warrants apply in the event WTM issues warrants, options or other rights to purchase or otherwise acquire additional stock or securities convertible into or exchangeable for additional WTM common stock at a price per share less than fair market value or issues or sells WTM common stock at a price per share less than fair market value or in the event of stock splits, stock dividends, certain extraordinary distributions or dividends, or reorganizations. Berkshire Hathaway acknowledges that the Equity Partners will be issued convertible preferred stock by WTM, convertible into WTM common stock, in connection with the Transactions on the terms set forth in Exhibit E, that CGNU may be issued WTM common stock on the terms set forth in Exhibit D and that Berkshire Hathaway shall not be entitled to any antidilution adjustment for any such issuance or conversion.

Warrant Transferability: Nontransferable except to one or more affiliates of Berkshire Hathaway.

WTM Common Stock Transferability Transferable only in accordance with applicable law. The WTM common stock has not been registered under the Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons in the absence of such registration except in reliance on an exemption from the Securities Act.

Exhibit A

Transactions:

WTM is proposing to acquire the outstanding capital stock of CGU Corporation, a Delaware corporation ("CGU") and an indirect wholly owned subsidiary of CGNU plc, for approximately \$2.17 billion of which approximately \$1.96 billion is payable in cash and \$210 million is payable with a seller's note (see below). In addition, at the time of the acquisition, an approximately \$500 million note between CGU and CGNU plc will be outstanding, after the reduction of the note by the proceeds from the sale of Pilot, CGNU's life insurance subsidiaries and certain other assets to CGNU plc, as described below.

WTM has formed TACK Holding Corp., a Delaware corporation ("Holdco"), to hold all the equity interests in TACK Acquisition Corp., a Delaware corporation ("Newco"), which was formed by WTM to acquire CGU.

At the closing, the following transactions (the "Transactions") shall occur:

Newco will acquire CGU on substantially the terms of the Stock Purchase Agreement in the form attached hereto as Exhibit B (the "Stock Purchase Agreement");

CGU will sell Pilot to CGNU for approximately \$285 million;

Newco will issue Newco common stock to Holdco, and Holdco will issue Holdco common stock to WTM, for \$725 million in cash contributed by WTM to Holdco and by Holdco to Newco;

WTM will issue not less than \$300 million face amount of WTM convertible preferred stock on substantially the terms set forth in Exhibit E;

Newco will issue Newco common stock to Holdco, and Holdco will issue Holdco common stock to WTM, for approximately \$725 million in net tangible assets (Folksamerica, Peninsula, Main Street America, American Centennial Insurance Company and British Insurance Company of Cayman) contributed by WTM to Holdco and by Holdco to Newco; these assets then will be contributed by Newco to CGU;

Newco will borrow \$1 billion pursuant to the terms and conditions of a commitment letter (the "Commitment Letter") from Lehman Brothers Inc. substantially in the form attached hereto as Exhibit C (the "Financing");

Holdco will issue a seller's note for \$210 million (the "Seller's Note") on the terms set forth in the term sheet attached hereto as Exhibit D to be repaid in cash or in WTM Common Stock, at Holdco's option, six months after closing; if repaid in WTM Common Stock, the stock will be priced at \$174.50 per share; and

In exchange for a purchase price of \$225 million, Berkshire Hathaway, Inc. will purchase Newco preferred stock; in addition, for a purchase price of \$75 million(1) Berkshire Hathaway Inc. will purchase a warrant to purchase WTM common stock.

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(1) This \$75 million is included in the \$725 million cash capital contribution by WTM to Holdco and by Holdco to Newco, described above.

CGU ACQUISITION CO.

\$1,000,000,000 CREDIT FACILITIES

SUMMARY OF TERMS AND CONDITIONS

September 24, 2000

White Mountains Insurance Group, Ltd., a company incorporated in Bermuda ("WHITE MOUNTAINS"), together with the investors previously identified to the Arranger (the "INVESTOR GROUP"), will form a holding company (the "PARENT"), which will in turn form an acquisition corporation ("ACQUISITION CO.", or the "BORROWER"), which will then acquire (the "ACQUISITION") the U.S. property and casualty insurance business (the "ACQUIRED ASSETS") of CGU plc (the "SELLER"). The Acquisition will be consummated pursuant to the Stock Purchase Agreement, dated as of September 24, 2000, among CGU International Holdings Luxembourg S.A., a Luxembourg corporation, CGU Holdings LLC, a Delaware limited liability company, Seller and White Mountains (the "STOCK PURCHASE AGREEMENT"). The Acquisition will be accomplished as described in Annex II to this Summary of Terms and Conditions; certain terms defined in such Annex II are used herein with the meanings given therein.

In that connection, credit facilities in an aggregate principal amount of \$1,000,000,000 are being established, as described below.

I. PARTIES

Borrower: Acquisition Co. (the "BORROWER").

Guarantors: The Parent and each subsidiary of the Borrower other than any insurance company subsidiary (the "GUARANTORS"; the Borrower and the Guarantors, collectively, the "CREDIT PARTIES").

Sole Advisor, Sole Arranger and Sole Book Manager: Lehman Brothers Inc. (in such capacity, the "ARRANGER").

Syndication Agent: Lehman Commercial Paper Inc. (in such capacity, the "SYNDICATION AGENT").

Administrative Agent: Lehman Commercial Paper Inc. (in such capacity, the "ADMINISTRATIVE AGENT").

Lenders: A syndicate of banks, financial institutions and other entities arranged by the Arranger (collectively, the "LENDERS").

II. TYPES AND AMOUNTS OF CREDIT FACILITIES

1. TERM LOAN FACILITY

Type and Amount of Facility: Five-year term loan facility (the "TERM LOAN FACILITY") in an aggregate principal amount equal to \$700,000,000 (the loans thereunder, the "TERM LOANS"). The Term Loans shall be repayable in installments in the amounts set forth below for each year following the Closing Date (as defined below):

YEAR	AMOUNT
Year 1	\$ 95,000,000
Year 2	\$110,000,000
Year 3	\$120,000,000
Year 4	\$180,000,000
Year 5	\$195,000,000

The foregoing amounts payable in each year will be payable in equal quarterly installments during such year; PROVIDED, that (i) no principal installment shall be required to be paid before the later of December 31, 2001 and the first anniversary of the Closing Date and (ii) if, having used its best efforts to obtain regulatory approvals required to permit quarterly payment of dividends by its insurance company subsidiaries, the Borrower does not obtain such approvals for payments prior to the second anniversary of the Closing Date, principal payments in respect of the Term Loans prior to the second anniversary of the Closing Date will be required to be made once per year rather than quarterly.

The Arranger, in its sole discretion (after consultation with the Borrower), may determine that the Term Loans shall comprise two separate tranches (the Term Loans comprising one tranche with a final maturity on the fifth anniversary of the Closing Date, the "TRANCHE A TERM LOANS" and the Term Loans comprising the other tranche with a final maturity on the sixth anniversary of the Closing Date, the "TRANCHE B TERM LOANS"). The aggregate amount of Term Loans constituting Tranche A Term Loans and the Tranche B Term Loans, respectively, shall be determined by the Arranger in its sole discretion after consultation with the Borrower.

Availability: The Term Loans shall be made in a single drawing on the Closing Date.

Purpose: The proceeds of the Term Loans shall be used to finance the Acquisition, to repay certain existing indebtedness of CGU and its subsidiaries, to pay related fees and expenses and for general corporate purposes.

2. REVOLVING CREDIT FACILITY

Type and Amount of

Facility: Five-year revolving credit facility (the "REVOLVING CREDIT FACILITY"; together with the Term Loan Facility, the "CREDIT FACILITIES") in the amount of \$300,000,000 (the loans thereunder, the "REVOLVING CREDIT LOANS").

Availability: The Revolving Credit Facility shall be available on a revolving basis during the period commencing on the Closing Date and ending on the fifth anniversary thereof (the "REVOLVING CREDIT TERMINATION DATE").

Letters of Credit: A portion of the Revolving Credit Facility not in excess of \$25,000,000 shall be available for the issuance of letters of credit (the "LETTERS OF CREDIT") by a Lender to be selected in the syndication process (in such capacity, the "ISSUING LENDER"). No Letter of Credit shall have an expiration date after the earlier of (a) one year after the date of issuance and (b) five business days prior to the Revolving Credit Termination Date, PROVIDED that any Letter of Credit with a one-year tenor may provide for the automatic renewal thereof (in the absence of notice to the contrary from the Issuing Lender) for additional one-year periods (which shall in no event extend beyond the date referred to in clause (b) above).

Drawings under any Letter of Credit shall be reimbursed by the Borrower (whether with its own funds or with the proceeds of Revolving Credit Loans) on the next business day. To the extent that the Borrower does not so reimburse the Issuing Lender, the Lenders under the Revolving Credit Facility shall be irrevocably and unconditionally obligated to reimburse the Issuing Lender on a PRO RATA basis.

Swing Line Loans: A portion of the Revolving Credit Facility not in excess of \$10,000,000 shall be available for swing line loans (the "SWING LINE LOANS") from a Lender to be selected in the syndication process (in such capacity, the "SWING LINE LENDER") on same-day notice. Any Swing Line Loans will reduce availability under the Revolving Credit Facility on a dollar-for-dollar basis. Each Lender under the Revolving Credit Facility shall acquire, under certain circumstances, an irrevocable and unconditional PRO RATA participation in each Swing Line Loan.

Maturity: The Revolving Credit Termination Date.

Purpose: The proceeds of the Revolving Credit Loans shall be used to finance the Acquisition, to repay certain existing indebtedness of CGU and its subsidiaries, to pay related fees and expenses and for working capital and general corporate purposes of the Borrower and its subsidiaries in the ordinary course of business.

III. CERTAIN PAYMENT PROVISIONS

Fees and Interest

Rates: As set forth on Annex I.

Optional Prepayments
and Commitment

Reductions: Loans may be prepaid and commitments may be reduced by the Borrower in minimum amounts to be agreed upon. Optional prepayments of the Term Loans shall be applied, FIRST, to the next installment thereof due after the date of such prepayment, and, SECOND, to the remaining installments thereof ratably in accordance with the then outstanding amounts thereof and may not be reborrowed.

Mandatory Prepayments
and Commitment

Reductions: The following amounts shall be applied to prepay the Term Loans and reduce the Revolving Credit Facility:

(a) 50% of the net proceeds, above a threshold amount to be agreed upon, of any sale or issuance of equity by the Borrower or any of its non-insurance company subsidiaries (with exceptions to be agreed upon, including exceptions permitting proceeds of equity to be used to prepay the Seller Note and to repay the \$96,000,000 aggregate principal amount of medium term notes due 2003 (the "MEDIUM TERM NOTES"), which were issued by a predecessor to White Mountains and will become an obligation of the Borrower in connection with the Acquisition); and

(b) 100% of the net proceeds, above a threshold amount to be agreed upon, of any sale or other disposition by assets by the Borrower or any of its non-insurance company subsidiaries (with exceptions to be agreed upon, including exceptions permitting disposition of portfolio investments and the reinvestment of the proceeds thereof in other portfolio investments).

All such amounts shall be applied, FIRST, to the prepayment of the Term Loans and, SECOND, to the permanent reduction of the Revolving Credit Facility; PROVIDED, that the Revolving Credit Facility shall not be reduced to less than \$150,000,000 pursuant to the foregoing mandatory prepayment and commitment reduction provisions. Each such prepayment of the Term Loans made with the proceeds of asset sales shall be applied to the installments thereof ratably in accordance with the then outstanding amounts thereof and may not be reborrowed; and each other such prepayment of Term Loans shall be applied, FIRST, to the next installment thereof due after the date of such prepayment, and, SECOND, to the remaining installments thereof ratably in accordance with the then outstanding amounts thereof and may not be reborrowed. The Revolving Credit Loans shall be prepaid and the Letters of Credit shall be cash collateralized or replaced to the extent such extensions of credit exceed the amount of the Revolving Credit Facility.

IV. COLLATERAL The obligations of the Borrower and each Guarantor in respect of the Credit Facilities shall be secured by a perfected first priority security interest in the capital stock of each of its subsidiaries (including the capital stock of the Borrower, which will be pledged by the Parent) and substantially all of its other intangible assets (it being understood that the Parent and its subsidiaries (other than insurance company subsidiaries) will not have any material tangible assets. Not more than 65% of the capital stock of any

foreign subsidiaries will be required to be pledged.

V. CERTAIN CONDITIONS

Initial
Conditions:

The availability of the Credit Facilities shall be conditioned upon satisfaction of, among other things, the following conditions precedent (the date upon which all such conditions precedent shall be satisfied, the "CLOSING DATE") on or before March 31, 2001 (which date shall be extended to June 30, 2001 if the only condition to the consummation of the Acquisition as set forth in the Stock Purchase Agreement that has not been met on March 31, 2001 is the receipt of all required governmental approvals) (with references to the Borrower and its subsidiaries in this paragraph being deemed to refer to and include the Acquired Assets after giving effect to the Acquisition):

(a) Each Credit Party shall have executed and delivered customary definitive financing documentation with respect to the Credit Facilities, which shall be reasonably satisfactory to all parties thereto and shall reflect the terms and conditions set forth herein and such other terms and conditions, consistent with the terms and conditions set forth herein, as shall be reasonably acceptable to all parties thereto (the "CREDIT DOCUMENTATION").

(b) White Mountains shall have received commitments from (i) the Investor Group to purchase for cash an amount consistent with the Sources and Uses Table attached as Annex I-B (the "SOURCES AND USES Table") of equity securities of the Parent or White Mountains and (ii) Berkshire Hathaway to purchase no less than an amount consistent with the Sources and Uses Table of convertible preferred stock of White Mountains. The Parent shall have received at least an amount consistent with the Sources and Uses Table in cash and marketable securities from the issuance of its equity securities to White Mountains and/or the Investor Group. The Borrower shall have received at least an amount consistent with the Sources and Uses Table in cash and marketable securities from the issuance of its equity securities to the Parent. CGU shall have received as dividends from its subsidiaries cash in an amount consistent with the Sources and Uses Table, and such cash shall be available for use to pay a portion of the purchase price of the Acquisition.

(c) The Acquisition shall have been consummated in accordance with the Stock Purchase Agreement (without any material waiver or other modification of any material provision thereof unless such waiver or other modification has been approved by the Administrative Agent), and as described in Annex II hereto. After giving effect to the consummation of the Acquisition, the Borrower shall have no material indebtedness other than indebtedness under the Credit Facilities, the Seller Note, the Medium Term Notes, approximately \$30,000,000 of existing

indebtedness of CGU and indebtedness of Folksamerica in respect of a promissory note in the original principal amount of approximately \$21,000,000 (which is currently carried on the books of Folksamerica at an outstanding principal amount of approximately \$2,000,000).

(d) The Lenders, the Administrative Agent and the Arranger shall have received all fees required to be paid on or before the Closing Date, and the Administrative Agent shall have received reimbursement of all out-of-pocket expenses of the Arranger and the Administrative Agent payable by the Borrower in connection with the Credit Facilities.

(e) All governmental and third party approvals required for the financing contemplated hereby and the creation of the security interests contemplated hereby, and, to the extent required by the Stock Purchase Agreement, all governmental and third party approvals required for the Acquisition and the continuing operations of the Borrower and its subsidiaries, shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose materially adverse conditions on the Acquisition or the financing thereof.

(f) The Lenders shall have received (i) audited consolidated financial statements of White Mountains and CGU for fiscal years 1998 and 1999 (and, if the Closing Date occurs after audited financial statements of White Mountain and CGU for fiscal year 2000 are available, such financial statements) and (ii) unaudited interim consolidated financial statements of White Mountains and CGU for each fiscal quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available. All such financial statements shall be in reasonable detail, shall be prepared in accordance with generally acceptable accounting principles and shall be certified by an appropriate financial officer or accountants, as applicable.

(g) The Lenders shall have received a PRO FORMA consolidated balance sheet of the Borrower as at the date of the most recent consolidated balance sheet delivered pursuant to paragraph (f) above, adjusted to give effect to the consummation of the Acquisition and the financings and other transactions contemplated hereby as if such transactions had occurred on such date. Such PRO FORMA consolidated balance sheet shall be prepared in reasonable detail and in accordance with customary standards.

(h) The Lenders shall have received (i) unaudited

consolidating financial statements of CGU for fiscal years 1998 and 1999, (ii) unaudited interim consolidating financial statements of CGU for each fiscal quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available and (iii) monthly PRO FORMA financial statements of the Acquired Assets for each monthly period ending from and after May 31, 2000 and prior to the Closing Date. All such financial statements shall be in reasonable detail, shall be prepared in accordance with generally acceptable accounting principles and shall be certified by an appropriate financial officer or accountants, as applicable.

(i) The Lenders shall have received a business plan for fiscal years 2000-2006 and a written analysis of the business and prospects of the Borrower and its subsidiaries for the period from the Closing Date through the final maturity of the Term Loans. Such business plan and analysis shall be prepared in reasonable detail and in accordance with customary standards.

(j) All material insurance company subsidiaries of the Borrower shall have received ratings from A.M. Best of at least A-.

(k) The Lenders shall have received the results of a recent lien search in each relevant jurisdiction with respect to the Credit Parties, and such search shall reveal no liens on any of the assets of the Credit Parties except for liens permitted by the Credit Documentation or liens to be discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Administrative Agent. It is understood that mortgages securing approximately \$30,000,000 of existing debt of insurance company subsidiaries shall be permitted.

(l) Insurance company subsidiaries of CGU shall have completed a reinsurance transaction with Berkshire Hathaway (as described in the letter, dated July 18, 2000, from Ajit Jain of Berkshire Hathaway Group to Ray Barrette of White Mountains, together with the Reinsurance Agreement Terms attached to such letter) for not less than \$2,500,000,000 (relating to certain discontinued operations).

(m) The aggregate statutory net worth of the Borrower's insurance company subsidiaries shall be not less than \$2,300,000,000.

(n) The Lenders shall have received such legal opinions, documents and other instruments as are customary for transactions of this type or as they may reasonably request.

On-Going Conditions: The making of each extension of credit shall be conditioned upon (a) the accuracy of all representations and warranties in the Credit Documentation (including, without limitation, the material adverse change and litigation representations) and (b) there being no default or event of default in existence at the time of, or after giving effect to the making of, such extension of credit.

As used herein and in the Credit Documentation, a "material adverse change" shall mean:

(i) with respect to the "material adverse change" representation and warranty to be made on the Closing Date, any event or development that has had or would reasonably be expected to have a material adverse effect on (a) the business, operations, property or financial condition of the Borrower and its subsidiaries, taken as a whole, the Acquired Assets or White Mountains and its subsidiaries, taken as a whole, or (b) the validity or enforceability of any of the Credit Documentation or the rights and remedies of the Administrative Agent and the Lenders thereunder, other than any such effect resulting from (1) changes in general economic or securities or financial market conditions (including changes in interest rates), (2) any write-off of assets or establishment of liabilities identified in Schedule 1.1(a) of the Disclosure Schedule to the Stock Purchase Agreement, in each case in amounts materially consistent with the amounts reflected in the Projections provided by White Mountains to LBI and LCPI prior to the date hereof or (3) any ratings downgrade of any material insurance company subsidiary of the Borrower by A.M. Best to a level not below A-; and

(ii) with respect to the "material adverse change" representation and warranty to be made at any time after the Closing Date, any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on (a) the Acquisition or the other transactions contemplated hereby, (b) the business, assets, property or financial condition of the Borrower and its subsidiaries taken as a whole, or (c) the validity or enforceability of any of the Credit Documentation or the rights and remedies of the Administrative Agent and the Lenders thereunder.

VI. CERTAIN DOCUMENTATION
MATTERS

The Credit Documentation shall contain representations, warranties, covenants and events of default customary for financings of this type (in each case applicable to each of the Credit Parties, as appropriate), including, without limitation:

Representations and
Warranties:

Financial statements (including pro forma financial statements and statutory accounts); absence of undisclosed liabilities; no material adverse change; corporate existence; compliance with law; corporate power and authority; enforceability of Credit Documentation; no conflict with law or contractual obligations; no material litigation; no default; ownership of property; liens; intellectual property; no burdensome restrictions; taxes; Federal Reserve regulations; ERISA; Investment Company Act; subsidiaries; environmental matters; solvency; insurance regulatory matters; accuracy of disclosure; and creation and perfection of security interests.

Affirmative Covenants:

Delivery of financial statements, reports, statutory accounts, accountants' letters, projections, officers' certificates and other information reasonably requested by the Lenders; payment of other obligations; continuation of business and maintenance of existence and material rights and privileges; compliance with laws and material contractual obligations; maintenance of property and insurance; maintenance of books and records; right of the Lenders (subject to customary restrictions and standards) to inspect property and books and records; notices of defaults, litigation and other material events; compliance with environmental laws; agreement to obtain within 150 days after the Closing Date interest rate protection for at least 50% of the Term Loan Facility for a period of at least three years on terms and conditions satisfactory to the Administrative Agent; and agreement to either convert the Seller Note to common stock of the Parent or to refinance the Seller Note with the proceeds of common stock of the Parent or White Mountains or subordinated debt maturing after the Credit Facilities and having other terms and conditions reasonably satisfactory to the Lenders.

Financial Covenants:

Financial covenants (including, without limitation, minimum interest and fixed charge coverage, maximum leverage, minimum net worth, and minimum statutory surplus and minimum risk based capital ratio for each material insurance company subsidiary). The terms of the foregoing financial covenants are set forth in detail in Annex III hereto.

Negative Covenants:

Limitations on: indebtedness (including preferred stock of subsidiaries); liens; guarantee obligations; mergers, consolidations, liquidations and dissolutions; sales of assets; leases; dividends and other payments in respect of capital stock (which will permit the Borrower to pay annual dividends and other restricted payments to the Parent, and the Parent to pay such amounts to its shareholders, in each case in an aggregate amount not exceeding \$60,000,000, subject to compliance with covenants and absence of default under Credit Documentation, it being understood that the foregoing \$60,000,000 amount is based upon the assumptions that the

investment of Berkshire Hathaway in White Mountains will be in the amount of \$300,000,000 and will require payment of dividends at the rate of 13% per annum, and such \$60,000,000 amount will be subject to reduction to an amount to be agreed upon if either the amount of the Berkshire Hathaway investment or the required dividend rate is reduced); investments, loans and advances; optional payments and modifications of subordinated and other debt instruments; transactions with affiliates; sale and leasebacks; changes in fiscal year; negative pledge clauses; and changes in lines of business.

Events of Default:

Nonpayment of principal when due; nonpayment of interest, fees or other amounts after a grace period to be agreed upon; material inaccuracy of representations and warranties; violation of covenants (subject, in the case of certain affirmative covenants, to a grace period to be agreed upon); cross-default to other material debt instruments; bankruptcy and insolvency events; certain ERISA events; material judgments; actual or asserted invalidity of any guarantee or security document, subordination provisions or security interest; and a change of control (as defined below).

Change of Control:

(a) Prior to any initial public offering of the Parent's capital stock, White Mountains ceases to own, directly or indirectly, at least 50% of all of the outstanding capital stock of the Parent, and (b) after any initial public offering of the Parent's capital stock, (i) White Mountains ceases to own, directly or indirectly, at least 25% of all of the outstanding capital stock of the Parent, or (ii) any person or group other than White Mountains owns a greater percentage than White Mountains owns of all of the outstanding capital stock of the Parent or (iii) a majority of the directors of the Parent ceases to be persons appointed or approved by White Mountains.

Voting:

Amendments and waivers with respect to the Credit Documentation shall require the approval of Lenders holding not less than a majority of the aggregate amount of the outstanding Loans and unused commitments under the Credit Facilities, except that (a) the consent of each Lender directly affected thereby shall be required with respect to (i) reductions in the amount or extensions of the scheduled date of amortization or final maturity of any Loan, (ii) reductions in the rate of interest or any fee or extensions of any due date thereof, (iii) increases in the amount or extensions of the expiry date of any Lender's commitment and (iv) modifications to the pro rata provisions of the Credit Documentation and (b) the consent of 100% of the Lenders shall be required with respect to (i) modifications to any of the voting percentages and (ii) releases of all or substantially all of the Guarantors or all or substantially all of the collateral.

Assignments
and Participations:

The Lenders shall be permitted to assign and sell participations in their Loans and commitments, subject, in the case of assignments (other than assignments (i) by the Administrative Agent, (ii) to another Lender or to an affiliate of a Lender or (iii) of funded Term Loans), to the consent of the Administrative Agent and the Borrower and, in the case of any assignment of commitments under the Revolving Credit Facility, the Issuing Lender and, the Swing Line Lender (which consent in each case shall not be unreasonably withheld). Non-pro rata assignments shall be permitted. In the case of partial assignments (other than to another Lender or to an affiliate of a Lender), the minimum assignment amount shall be \$5,000,000, and, after giving effect thereto, the assigning Lender (if it shall retain any commitments or Loans) shall have commitments and Loans aggregating at least \$5,000,000, in each case unless otherwise agreed by the Borrower and the Administrative Agent. Participants shall have the same benefits as the Lenders with respect to yield protection and increased cost provisions, subject to customary limitations. Voting rights of participants shall be limited to those matters with respect to which the affirmative vote of the Lender from which it purchased its participation would be required as described under "Voting" above. Pledges of Loans in accordance with applicable law shall be permitted without restriction. Promissory notes shall be issued under the Credit Facilities only upon request.

Yield Protection:

The Credit Documentation shall contain customary provisions (a) protecting the Lenders against increased costs or loss of yield resulting from changes in reserve, tax, capital adequacy and other requirements of law and from the imposition of or changes in withholding or other taxes and (b) indemnifying the Lenders for "breakage costs" incurred in connection with, among other things, any prepayment of a Eurodollar Loan (as defined in Annex I) on a day other than the last day of an interest period with respect thereto.

Expenses and
Indemnification:

The Borrower shall pay (a) all reasonable out-of-pocket expenses of the Administrative Agent and the Arranger associated with the syndication of the Credit Facilities and the preparation, execution, delivery and administration of the Credit Documentation and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of counsel and the charges of Intralinks) and (b) all out-of-pocket expenses of the Administrative Agent and the Lenders (including the fees, disbursements and other charges of counsel) in connection with the enforcement of the Credit Documentation.

The Administrative Agent, the Arranger and the Lenders (and their affiliates and their respective officers, directors, employees,

advisors and agents) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence or willful misconduct of the indemnified party).

Governing Law and Forum:

State of New York.

Counsel to the
Administrative Agent
and the Arranger:

Simpson Thacher & Bartlett.

INTEREST AND CERTAIN FEES

Interest Rate Options: The Borrower may elect that the Loans comprising each borrowing bear interest at a rate per annum equal to:

the Base Rate plus the Applicable Margin; or

the Eurodollar Rate plus the Applicable Margin.

PROVIDED, that all Swing Line Loans shall bear interest based upon the Base Rate.

As used herein:

"BASE RATE" means the highest of (i) the rate of interest publicly announced by Deutsche Bank, New York Office as its prime rate in effect at its principal office in New York City (the "PRIME RATE"), (ii) the secondary market rate for three-month certificates of deposit (adjusted for statutory reserve requirements) PLUS 1% and (iii) the federal funds effective rate from time to time PLUS 0.5%.

"APPLICABLE MARGIN" means, initially, the rates per annum determined in accordance with the Pricing Grid attached hereto as Annex I-A (the "PRICING GRID") based upon the Level applicable to the Borrower on the Closing Date.

"EURODOLLAR RATE" means the rate (adjusted for statutory reserve requirements for eurocurrency liabilities, as and if incurred) at which eurodollar deposits for one, two, three or six months (as selected by the Borrower) are offered in the interbank eurodollar market.

Interest Payment Dates: In the case of Loans bearing interest based upon the Base Rate ("BASE RATE LOANS"), quarterly in arrears.

In the case of Loans bearing interest based upon the Eurodollar Rate ("EURODOLLAR LOANS"), on the last day of each relevant interest period and, in the case of any interest period longer than three months, on each successive date three months after the first day of such interest period.

Commitment Fees: The Borrower shall pay a commitment fee calculated at the rate of .375% per annum on the average daily unused portion of the Revolving Credit Facility, payable quarterly in arrears; the commitment fee rate will be subject to reduction based upon performance criteria to be agreed upon. Swing Line Loans shall, for purposes of the commitment fee calculations only, not be

deemed to be a utilization of the Revolving Credit Facility.

Letter of Credit Fees:

The Borrower shall pay a commission on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Revolving Credit Loans that are Eurodollar Loans on the face amount of each such Letter of Credit. Such commission shall be shared ratably among the Lenders participating in the Revolving Credit Facility and shall be payable quarterly in arrears.

In addition to letter of credit commission, a fronting fee calculated at a rate per annum to be agreed upon by the Borrower and the Issuing Bank on the face amount of each Letter of Credit shall be payable quarterly in arrears to the Issuing Lender for its own account. In addition, customary administrative, issuance, amendment, payment and negotiation charges shall be payable to the Issuing Lender for its own account.

Default Rate:

At any time when the Borrower is in default in the payment of any amount of principal due under the Credit Facilities, such amount shall bear interest at 2% above the rate otherwise applicable thereto. Overdue interest, fees and other amounts shall bear interest at 2% above the rate applicable to Base Rate Loans.

Rate and Fee Basis:

All per annum rates shall be calculated on the basis of a year of 360 days (or 365/366 days, in the case of Base Rate Loans the interest rate payable on which is then based on the Prime Rate) for actual days elapsed.

PRICING GRID

PRICING LEVEL	S&P/MOODY'S RATING	APPLICABLE MARGIN - EURODOLLAR LOANS	APPLICABLE MARGIN - BASE RATE LOANS
Level 1	>= BBB- AND >= Baa3	1.75%	.75%
Level 2	>= BBB- OR > Baa3, and Level 1 does not apply	2.00%	1.00%
Level 3	[less than] BBB- AND [less than] Baa3	2.25%	1.25%

Notwithstanding the foregoing Pricing Grid, the Credit Documentation will provide that if the senior, unsecured, non-credit enhanced debt of the Borrower receives a rating of BBB or higher from Standard & Poor's Ratings Group and a rating of Baa2 or higher from Moody's Investors Service, Inc., the Applicable Margins applicable to Revolving Credit Loans and Tranche A Term Loans shall be 1.50% for such Loans that are Eurodollar Loans and .50% for such Loans that are Base Rate Loans; and such change in the Applicable Margins shall become effective on the later of (i) the date on which the Borrower shall have obtained both of such ratings and (ii) the first anniversary of the Closing Date.

DESCRIPTION OF ACQUISITION

White Mountains Insurance Group, Ltd., a company incorporated in Bermuda ("WHITE MOUNTAINS"), together with investors previously identified to the Arranger (the "INVESTOR GROUP"), will form a holding company (the "PARENT"), which will in turn form an acquisition corporation ("ACQUISITION CO.", or the "BORROWER"), which will then acquire (the "ACQUISITION") the U.S. property and casualty insurance business (the "ACQUIRED ASSETS") of CGU plc (the "SELLER"). The Acquisition will be consummated pursuant to the Stock Purchase Agreement, dated as of September 24, 2000, among CGU International Holdings Luxembourg S.A., a Luxembourg corporation, CGU Holdings LLC, a Delaware limited liability company, Seller and White Mountains (the "STOCK PURCHASE AGREEMENT"). The Acquisition will be accomplished through the acquisition by the Borrower from the Seller of 100% of the equity interests of CGU Corporation, a Delaware corporation ("CGU").

Prior to or concurrently with the Acquisition, the following transactions (the "PRE- CLOSING TRANSACTIONS") will occur:

(i) White Mountains will contribute to the Parent, which will in turn contribute to Acquisition Co., all of the outstanding shares of Folksamerica Holding Company, Inc., a New York company ("FOLKSAMERICA"), and White Mountains' interests in certain other insurance assets (collectively with Folksamerica, the "PARENT INSURANCE ASSETS");

(ii) CGU will exchange and/or contribute all of the shares of Commercial Union Insurance Company, a Massachusetts company, The Northern Assurance Company of America, a Massachusetts company, The Employers' Fire Insurance Company, a Massachusetts company, American Employers' Insurance Company, a Massachusetts company and Potomac Insurance Company of Illinois, an Illinois company, which are all first-tier subsidiaries of CGU, for (x) all of the shares of Pilot Insurance Company, a Canadian company ("PILOT"), a second-tier subsidiary of CGU, and (y) cash (the combined value of shares and cash to total an amount consistent with the Sources and Uses Table) (the Pilot shares are currently held by CGU Insurance Company, a Pennsylvania company ("CGUIC"), CGU Insurance Company of New Jersey, a New Jersey company ("CGUIC-NJ"), and General Accident Insurance Company, a Pennsylvania company ("GAIC"));

(iii) Acquisition Co. will transfer all of the Parent Insurance Assets to CGUIC;

(iv) CGU will sell all of the shares of Pilot to the Seller or an affiliate of Seller for cash;

(v) CGU Asset Management, Inc., a Delaware corporation and a subsidiary of CGU, will sell all of the outstanding shares of CGU Investment Management Canada Limited, a Canadian company, to a subsidiary of the Seller;

(vi) CGU will sell all of the outstanding shares of CGU Annuity Service Corporation, a Delaware corporation, and CGU Life Insurance Company of America, a Delaware corporation, to a newly-formed Delaware corporation that will be an indirect subsidiary of the Seller;

(vii) CGU will sell all of the outstanding shares of Societe Generale held by it to one or more subsidiaries of the Seller; and

(viii) the subsidiaries of CGU that hold shares of Munich Re will sell all of such shares to one or more subsidiaries of the Seller.

Cash and certain other proceeds of the sales and other dispositions contemplated in clauses (v) through (viii) of the prior sentence will be applied towards the repayment of the outstanding promissory note made by CGU to the Seller in the outstanding principal amount of \$1,100,000,000 (the "TERM NOTE"), which Term Note will be repaid in full in connection with the Acquisition.

The aggregate purchase price (the "PURCHASE PRICE") payable by Acquisition Co. to the Seller in connection with the Acquisition shall consist of (a) cash equal to the sum of (1) an amount consistent with the Sources and Uses Table, (2) any net income (loss) of CGU (net of (i) realized gains (losses) in CGU's and its subsidiaries' fixed income portfolio and (ii) taxes) for the period from June 1, 2000 through August 31, 2000 and (3) the difference between (x) the amount of unrealized gains (losses) on CGU's and its subsidiaries' investments in publicly traded common equity securities (other than Societe Generale and Munich Re shares) as of August 31, 2000 and (y) the amount of unrealized gains (losses) on such common securities as of May 31, 2000 (in the case of each of (x) and (y), net of taxes), and (b) a seller note in an aggregate principal amount consistent with the Sources and Uses Table. The Purchase Price will be adjusted (up or down) by the difference between the actual proceeds of the sales contemplated in clauses (iv)-(viii) of the first sentence of the preceding paragraph and the reference sales proceeds set forth in the Stock Purchase Agreement.

WHITE MOUNTAINS INSURANCE GROUP, LTD.
80 South Main Street
Hanover, New Hampshire 03755-2053

October 16, 2000

LEHMAN BROTHERS INC.
3 World Financial Center
New York, NY 10285

LEHMAN COMMERCIAL PAPER INC.
3 World Financial Center
New York, NY 10285

Ladies and Gentlemen:

Reference is made to the CGU Acquisition Co. Senior Secured Credit Facilities Commitment Letter, dated as of September 24, 2000, and the related Fee Letter and Summary of Terms and Conditions (collectively, the "COMMITMENT PAPERS"), by and among Lehman Brothers Inc. ("LBI"), Lehman Commercial Paper Inc. ("LCPI") and White Mountains Insurance Group, Ltd. ("WMIG"). Terms used but not defined in this letter agreement have the meanings assigned thereto in the Commitment Papers.

1. In Section V part (b) of the "Initial Conditions" section to the Summary of Terms and Conditions (the "TERM SHEET"), reference is made to a commitment from Berkshire Hathaway Inc. to purchase \$175 million to \$300 million of convertible preferred stock of WMIG (the "BERKSHIRE PREFERRED STOCK") as a part of the financing of the Acquisition. In Section VI "Negative Covenants" of the Term Sheet, reference also is made to the commitment from Berkshire Hathaway to purchase convertible preferred stock of WMIG. This letter agreement serves to confirm our understanding that each of these sections of the Term Sheet should be, and hereby are, amended to reflect that the Berkshire Preferred Stock may be issued by WMIG, Parent or the Borrower, and that the conversion feature of the Berkshire Preferred Stock may be replaced with a separate warrant to purchase WMIG common stock.

2. In the second sentence of Section V part (c) of the "Initial Conditions" section to the Term Sheet, reference is made to the Seller Note. This letter agreement serves to confirm our understanding that the Term Sheet should be, and hereby is, amended to reflect that the Seller Note may be issued by, and therefore may constitute indebtedness of, WMIG, Parent or the Borrower.

3. In Section VI "Affirmative Covenants" of the Term Sheet, reference is made to an agreement to either convert the Seller Note to common stock of the Parent or to refinance the Seller Note. This letter agreement serves to confirm our understanding that the Term Sheet should be, and hereby is, amended to reflect

that the Seller Note may be converted into or purchased for common stock of WMIG, Parent or the Borrower.

4. This letter agreement serves to confirm our understanding that the Sources and Uses Table, attached hereto as Annex I-B, shall be substituted for, and shall replace in full, Annex I-B to the Commitment Papers.

5. This letter agreement serves to confirm our understanding that in the last sentence of the second to last paragraph of Annex II to the Term Sheet, the language "dispositions contemplated in clauses (v) through (viii)" should be, and hereby is, replaced by the language "dispositions contemplated in clauses (iv) through (vii)".

6. This letter agreement serves to confirm that Lehman Brothers Inc. and Lehman Commercial Paper Inc. consent to Amendment No. 1 to the Stock Purchase Agreement, dated as of October 15, 2000.

[Remainder of page left blank intentionally]

This letter agreement may not be amended or any provision hereof modified except by an instrument, in writing, signed by LBI, LCPI and WMIG. This letter agreement may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. This letter agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

If the foregoing correctly sets forth our understanding, please indicate your acceptance of the terms hereof by signing in the appropriate space below, whereupon this letter agreement shall become a binding agreement between us.

Very truly yours,

WHITE MOUNTAINS INSURANCE GROUP, LTD.

by: _____
Name:
Title:

Accepted and agreed to as of the date first above written:

LEHMAN BROTHERS INC.

by: _____
Name:
Title:

LEHMAN COMMERCIAL PAPER INC.

by: _____
Name:
Title:

CGU ACQUISITION CASH BASIS NEEDS AND SOURCES

NEEDS	SOURCES
\$2,100 base purchase price	\$ 250 WTM cash (1)
70 estimated earnings adjustments	400 WTM new equity (1)
(33) CGU LIFE adjustment (estimated)	75 WTM warrants (to BRK)
(8) Soc Gen adjustment (estimated)	-----
(68) PILOT adjustment	725 estimated contributed cash
9 Munich Re adjustment	-----

2,070 estimated adjusted purchase price	321 CGU cash on hand, net
-----	235 CGU subsidiary swap

1,100 refinance of existing CGU debt	556 estimated CGU cash
(200) CGU LIFE proceeds (estimated)	-----
(120) Soc Gen proceeds (estimated)	225 Acquisition Co preferred, face value \$300 (to BRK)
(285) PILOT proceeds	210 sub bridge loan from CGNU ("Seller Note")
-----	1,000 new term debt from third parties
495 estimated adjusted existing debt	

30 estimated expenses	\$2,716 total sources
100 2001 debt service	=====

\$2,695 total needs	-----
=====	\$ 21 CUSHION
	=====

(1) WTM has \$100 million of additional cash which it may use in lieu of new WTM equity or Acquisition Co preferred. In addition, WTM may increase the amount of new equity to \$450 million (and correspondingly decrease the amount of WTM cash to \$200 million). In any event, the total cash contributed by WTM and received from the issuance of Acquisition Co preferred will equal at least \$950 million.