

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 8)

San Juan Basin Royalty Trust

(Name of Issuer)

Units of Beneficial Interest

(Title of Class of Securities)

798241105

(CUSIP Number)

Michael S. Paquette
Vice President and
Controller
Fund American Enterprises Holdings, Inc.
80 South Main Street
Hanover, NH 03755
(603) 640-2205

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

November 20, 1997

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box ____.

Check the following box if a fee is being paid with this statement ____.
(A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class. (See Rule 13d-7.)

NOTE: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

(1) Name of Reporting Person. S.S. or I.R.S. Identification No. of Above Person

Fund American Enterprises Holdings, Inc. ("FAEH")
94-2708455

(2) Check the Appropriate Box if a Member (a) of a Group (See Instructions) -----

----- (b) -----

(3) (SEC Use Only)

(4) Source of Funds (See Instructions)

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization Delaware

Number of Shares (7) Sole Voting Power
Beneficially Owned by Each Reporting Person With -----

(8) Shared Voting Power
5,994,876 Units of Beneficial Interest ("Units")

(9) Sole Dispositive Power

(10) Shared Dispositive Power
5,994,876 Units

(11) Aggregate Amount Beneficially Owned by Each Reporting Person
5,994,876 Units

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11)
Approximately 14.4%

(14) Type of Reporting Person (See Instructions) HC, CO

(1) Name of Reporting Person. S.S. or I.R.S. Identification No. of Above Person

Fund American Enterprises, Inc. ("FAE")
04-3357154

(2) Check the Appropriate Box if a Member (a) of a Group (See Instructions) -----

----- (b) -----

(3) (SEC Use Only)

(4) Source of Funds (See Instructions)

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization Delaware

Number of Shares (7) Sole Voting Power
Beneficially Owned by Each Reporting Person With -----

(8) Shared Voting Power
5,994,876 Units

(9) Sole Dispositive Power

(10) Shared Dispositive Power
5,994,876 Units

(11) Aggregate Amount Beneficially Owned by Each Reporting Person
5,994,876 Units

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11)
Approximately 14.4%

(14) Type of Reporting Person (See Instructions) HC, CO

(1) Name of Reporting Person. S.S. or I.R.S. Identification No. of Above Person

White Mountains Insurance Company ("WMIC")
02-0478119

(2) Check the Appropriate Box if a Member (a) of a Group (See Instructions) -----

----- (b) -----

(3) (SEC Use Only)

(4) Source of Funds (See Instructions)

(5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization Delaware

Number of Shares (7) Sole Voting Power
Beneficially Owned by Each Reporting Person With -----

(8) Shared Voting Power

(9) Sole Dispositive Power

(10) Shared Dispositive Power

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

(13) Percent of Class Represented by Amount in Row (11)

(14) Type of Reporting Person (See Instructions) HC, CO

ONLY ITEMS REPORTED IN THIS AMENDMENT NO. 8 TO SCHEDULE 13D ARE AMENDED FROM THE FILING ON SCHEDULE 13D DATED DECEMBER 28, 1990 (THE "SCHEDULE 13D"), AS AMENDED BY AMENDMENT NO. 1 DATED FEBRUARY 13, 1992, AMENDMENT NO. 2 DATED NOVEMBER 6, 1992, AMENDMENT NO. 3 DATED APRIL 27, 1993, AMENDMENT NO. 4 DATED JUNE 23, 1993, AMENDMENT NO. 5 DATED JULY 7, 1993, AMENDMENT NO. 6 DATED SEPTEMBER 2, 1993, AND AMENDMENT NO. 7 DATED DECEMBER 23, 1993. ALL OTHER ITEMS REMAIN UNCHANGED. UNLESS OTHERWISE SPECIFIED, ALL DEFINED TERMS USED HEREIN HAVE THE MEANING PREVIOUSLY ASCRIBED TO THEM IN THE SCHEDULE 13D.

Item 4. PURPOSES OF TRANSACTION.

Consistent with FAEH's current strategy to redeploy its passive investment portfolio into operating businesses (or to pursue other opportunities) and in light of current market conditions, FAEH has determined to reduce its current position in the Units and, on November 20, 1997, entered into an agreement (the "Purchase Agreement") to sell 5,000,000 Units for net proceeds of \$9.25 per Unit to Smith Barney Inc. ("Smith Barney"). The Purchase Agreement prohibits FAEH, FAE and WMIC from disposing of any additional Units for 90 days. Subject to the foregoing, FAEH will continue to hold the remainder of its Units for investment purposes. FAEH reserves the right to sell all or a portion of its remaining Units, subject to the contractual restrictions previously mentioned, at any time and from time to time depending upon market conditions and other factors affecting FAEH's evaluation of the value of the Units or its alternative uses of the proceeds from additional sales of the Units.

A copy of the Purchase Agreement is filed as Exhibit (c)(1) hereto and is incorporated herein by reference.

Item 5. INTEREST IN SECURITIES OF THE ISSUER.

Item 5 is hereby replaced in its entirety:

(a) & (b) The aggregate number of Units and the percentage of the outstanding Units owned by the indicated persons named in Item 2 is as follows:

PERSON	UNITS BENEFICIALLY OWNED	PERCENTAGE OF UNITS BENEFICIALLY OWNED
-----	-----	-----
FAEH	5,994,876	14.4%
FAE	5,994,876	14.4%

FAEH shares voting power and dispositive power with FAE with respect to the 5,994,876 Units it holds indirectly through FAE.

Neither Mr. Arthur Zankel, a director of FAEH, nor First Manhattan Co., a partnership in which Mr. Zankel is a general partner, directly owns any Units. Other partners in First Manhattan Co. directly own 11,500 Units. Mr. Arthur Zankel does not have specific discretionary authority over any Units owned by First Manhattan's clients. The partners of First Manhattan Co. (including Mr. Zankel) have non-specific discretionary authority over 114,100 Units owned by First Manhattan Co.'s clients.

Other than as set forth above, neither FAEH or FAE, nor, to the best knowledge of FAEH or FAE, any other persons named in Item 2 beneficially owns any Units.

(c) Other than as set forth in Item 4, there have been no transactions by FAEH, FAE or WMIC, or to the knowledge of FAEH, FAE or WMIC, any of the persons listed on Schedule I attached hereto, in Units effected during the past 60 days.

(d) None

(e) Not Applicable

Item 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Item 6 is hereby replaced in its entirety.
The response to Item 4 is incorporated herein by reference.

Item 7. MATERIAL TO BE FILED AS EXHIBITS.

Item 7 is hereby amended by adding the following new Exhibit.
(c)(1) Purchase Agreement.

SIGNATURE

After reasonable inquiry and to the best of the knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: November 21, 1997

FUND AMERICAN ENTERPRISES HOLDINGS, INC.

BY: /s/ Michael S. Paquette

Name: Michael S. Paquette
Title: Vice President and Controller

FUND AMERICAN ENTERPRISES, INC.

BY: /s/ James H. Ozanne

Name: James H. Ozanne
Title: President

WHITE MOUNTAINS INSURANCE COMPANY

BY: /s/ Michael S. Paquette

Name: Michael S. Paquette
Title: Vice President and Controller

SCHEDULE I TO SCHEDULE 13D

The following is a list of the directors and executive officers of Fund American Enterprises Holdings, Inc. ("FAEH"), Fund American Enterprises, Inc. ("FAE"), and White Mountains Insurance Company ("WMIC") setting forth the business address and present principal occupation or employment (and the name, principal business and address of any corporation or organization in which such employment is conducted) of each such person. Each such person is a citizen of the United States of America.

NAME AND BUSINESS ADDRESS -----	OFFICE -----	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT -----
FAEH		
Raymond Barrette	Executive Vice President and Chief Financial Officer of FAEH	Executive Vice President and Chief Financial Officer of FAEH and Chief Financial Officer of White Mountains Holdings, Inc.
Dennis P. Beaulieu Fund American Enterprises Holdings, Inc. 80 South Main Street Hanover, NH 03755	Vice President & Secretary of FAEH, Chief Financial Officer and Director of WMIC	Vice President & Secretary of FAEH, Chief Financial Officer of WMIC
John J. Byrne Fund American Enterprises Holdings, Inc. 80 South Main Street Hanover, NH 03755	Chairman of the Board, President and Chief Executive Officer of FAEH, Chairman of the Board of FAE	Nonexecutive Chairman of the Board of FAEH
Patrick M. Byrne Centricut, LLC 2 Technology Drive, STE 3 West Lebanon, NH 03784	Director of FAEH and WMIC	Chief Executive of Centricut, LLC
Reid T. Campbell Fund American Enterprises Holdings, Inc. 80 South Main Street Hanover, NH 03755	Assistant Controller of FAEH and Director of WMIC	Assistant Controller of FAEH
Howard L. Clark 200 Park Avenue, Suite 4501 New York, NY 10166	Director of FAEH	Retired
Howard L. Clark, Jr. Lehman Brothers Inc. American Express Tower New York, NY 10128	Director of FAEH	Vice Chairman of Lehman Brothers Inc.

SCHEDULE I TO SCHEDULE 13D
(cont.)

NAME AND BUSINESS ADDRESS -----	OFFICE -----	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT -----
Robert P. Cochran Financial Security Assurance Holdings Ltd. 350 Park Avenue New York, NY 10022	Director of FAEH	President & Chief Executive Officer of Financial Security Assurance Holdings Ltd.
George J. Gillespie, III Cravath, Swaine & Moore 825 Eighth Avenue New York, NY 10019	Director of FAEH	Partner in Cravath, Swaine & Moore
K. Thomas Kemp Fund American Enterprises Holdings, Inc. 80 South Main Street Hanover, NH 03755	President, Chief Executive Officer & Director of FAEH, Director of FAE, Chairman of the Board of WMIC	President and Chief Executive Officer of FAEH
Gordon S. Macklin 8212 Burning Tree Road Bethesda, MD 20817	Director of FAEH	Chairman of the Board of White River Corporation
Frank A. Olson The Hertz Corporation 225 Brae Boulevard Park Ridge, NJ 07656	Director of FAEH	Chairman of the Board & Chief Executive Officer of The Hertz Corporation
Michael S. Paquette Fund American Enterprises Holdings, Inc. 80 South Main Street Hanover, NH 03755	Vice President & Controller of FAEH and WMIC Director of FAE and WMIC	Vice President & Controller of FAEH
David G. Staples Fund American Enterprises Holdings, Inc. 80 South Main Street Hanover, NH 03755	Vice President & Director of Taxation of FAEH	Vice President & Director of Taxation of FAEH
Arthur Zankel First Manhattan Co. 437 Madison Ave. New York, NY 10022	Director of FAEH	Co-Managing Partner First Manhattan Co.

SCHEDULE I TO SCHEDULE 13D
(cont.)

NAME AND BUSINESS ADDRESS -----	OFFICE -----	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT -----
FAE		
John J. Byrne (see above)	(see above)	(see above)
Terry L. Baxter White Mountains Holdings, Inc. 80 South Main Street Hanover, NH 03755	Director of FAE	President of White Mountains Holdings, Inc.
K. Thomas Kemp (see above)	(see above)	(see above)
James H. Ozanne Fund American Enterprises, Inc. The 1820 House, Main Street Norwich, VT 05055	President and Director of FAE	President of FAE
Michael S. Paquette (see above)	(see above)	(see above)
Robert E. Snyder Fund American Enterprises, Inc. The 1820 House, Main Street Norwich, VT 05055	Secretary & Controller of FAE	Secretary and Controller of FAE

SCHEDULE I TO SCHEDULE 13D
(cont.)

NAME AND BUSINESS ADDRESS -----	OFFICE -----	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT -----
WMIC		
Terry L. Baxter (see above)	(see above)	(see above)
Dennis P. Beaulieu (see above)	(see above)	(see above)
Patrick M. Byrne (see above)	(see above)	(see above)
Reid T. Campbell (see above)	(see above)	(see above)
Morgan Davis 80 South Main Street Hanover, NH 03755	President, Chief Executive Officer and Director of WMIC	President and Chief Executive Officer of WMIC
K. Thomas Kemp (see above)	(see above)	(see above)
Michael S. Paquette (see above)	(see above)	(see above)

EXHIBIT INDEX

EXHIBIT NO. -----	NAME OF EXHIBIT -----	PAGE NO. -----
(c)(1)	Purchase Agreement	

STOCK PURCHASE AGREEMENT

Dated as of November 20, 1997

among

FUND AMERICAN ENTERPRISES HOLDINGS, INC.

FUND AMERICAN ENTERPRISES, INC.

WHITE MOUNTAINS INSURANCE COMPANY

and

SMITH BARNEY INC.

THIS STOCK PURCHASE AGREEMENT, dated as of November 20, 1997 (the "Agreement"), is among Fund American Enterprises Holdings, Inc., a Delaware corporation ("FAE Holdings"), Fund American Enterprises, Inc., a Delaware corporation ("FAE"), White Mountains Insurance Company, a Delaware corporation ("White Mountains" and, together with FAE Holdings and FAE, the "Sellers"), and Smith Barney Inc., a Delaware corporation ("Smith Barney").

WHEREAS, Sellers are the beneficial holders of an aggregate of 10,994,876 units of beneficial interest ("Units") of San Juan Basin Royalty Trust, an express trust created under the laws of the state of Texas (the "Trust"), as set forth in Schedule I hereto;

WHEREAS, Sellers desire to sell and Smith Barney desires to purchase 5,000,000 Units (the "Purchased Units");

NOW, THEREFORE, it is hereby agreed as follows:

1. PURCHASE AND SALE OF UNITS.

Sellers hereby agree to sell, convey, transfer and deliver to Smith Barney, and Smith Barney hereby agrees to purchase from each Seller, the Purchased Units as set forth on Schedule I hereto at a purchase price of \$9.25 per Purchased Unit (the "purchase price per unit").

2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLERS. Each of the Sellers hereby represents, warrants and covenants to Smith Barney as to itself as follows:

(a) ORGANIZATION AND GOOD STANDING. Each Seller is a corporation duly organized and validly existing under the laws of the State of Delaware.

(b) TITLE TO PURCHASED UNITS. Each Seller is the beneficial owner of the Purchased Units being sold by such Seller pursuant to this Agreement as set forth on Schedule I hereto and such Purchased Units are free and clear of any claim, lien, pledge, option, charge, security interest or encumbrance of any nature whatsoever (collectively "Encumbrances"). All of such Purchased Units were acquired by the Sellers in open market transactions, the last of which occurred in June 1989.

(c) AUTHORITY; EXECUTION AND DELIVERY, ETC. Each Seller has full power and authority to enter into this Agreement and to sell the Purchased Units being sold by such Seller in accordance with the terms hereof. The execution, delivery and performance of this Agreement has been duly authorized by each Seller and no other actions on the part of any of the Sellers is required to consummate the

transactions contemplated hereby. This Agreement has been duly executed and delivered by each Seller and constitutes the legal, valid and binding obligation of each Seller, enforceable against it in accordance with its terms.

(d) CONSENTS, NO CONFLICTS, ETC. None of the execution and delivery of this Agreement, the consummation by the Sellers of this Agreement, or compliance by each of the Sellers with any of the provisions hereof will (with or without the giving of notice or the passage of time) (i) violate or conflict with any provision of the charter, by-laws or other organizational documents of any of the Sellers or any agreement, instrument, judgment, decree, statute or regulation applicable to any of the Sellers or any assets or properties of any of the Sellers, (ii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to any of the Sellers or any of the assets or properties of any of the Sellers or (iii) require the consent, approval, permission or other authorization of or by, or designation, declaration, filing, registration or qualification with, any court, arbitrator or governmental, administrative or self-regulatory authority or any other third party whatsoever.

(e) LITIGATION. There is no litigation, proceeding, labor dispute, arbitral action or government investigation pending or, so far as known to any of the Sellers, threatened against any of the Sellers with respect to the Purchased Units or this Agreement which if adversely determined could prohibit or prevent such Seller from consummating the transactions contemplated hereby. There are no decrees, injunctions or orders of any court or governmental department or agency outstanding against any of the Sellers with respect to the Purchased Units.

(f) OWNERSHIP INTERESTS IN SELLERS; SELLERS' OWNERSHIP INTEREST IN OTHER PARTIES; ETC. (i) None of the Sellers has an ownership interest in Bank One, Texas, a banking association organized under the laws of the United States, trustee under the Royalty Trust Indenture dated as of November 1, 1980 relating to the Trust (the "Trustee") and, to the knowledge of each Seller, the Trustee has no ownership interest in any of the Sellers; (ii) none of the Sellers has an ownership interest in Burlington Resources Oil and Gas Company (as successor to Southland Royalty Company, the "Operator") and, to the knowledge of each Seller, the Operator has no ownership interest in any of the Sellers; (iii) no holder (other than another Seller) with publicly disclosed beneficial ownership of greater than five percent of the Units is a holder with publicly disclosed beneficial ownership of greater than five percent of the common stock of any of the Sellers; (iv) none of the Sellers and the Trustee and none of the Sellers and the Operator, respectively, have common officers or directors; (v) past

suggestions made by or in behalf of the Sellers to the Trustee that it should provide all holders of Units additional information regarding the Trust and the performance of the net overriding royalty interest conveyed by Southland Royalty Company to the Trust have not been adopted; (vi) the Trustee has stated to representatives of the Sellers that it would only file a registration statement for a distribution of Sellers' Units if the Trustee concluded, based on independent professional advice, that such filing would not have an adverse impact on other holders of Units; (vii) none of the Sellers has any relationship or understanding with any holder of Units (including Capital Guardian Trust Company, FMR Corp. or Societe Generale Asset Management, the other holders with publicly disclosed beneficial ownership of greater than five percent of the Units) or with the Trustee with respect to control of the Trust; (viii) none of Sellers controls, is controlled by, or is under common control with the Trust, the Trustee or the Operator, and none of the Sellers is an "affiliate" of the Trust, the Trustee or the Operator for purposes of the Securities Act of 1933 (the "Act") and (ix) it is not necessary to register the sale of the Purchased Units by the Sellers pursuant to this Agreement under Section 5 of the Act.

(g) NO PLEDGE; OTHER ACTIONS. Each Seller agrees that prior to the Closing Date it will not (i) sell, transfer, pledge, hypothecate or otherwise dispose of or create any Encumbrances on the Purchased Units or make any agreement or commitment to do any of the foregoing, (ii) take or omit to take any action which would have the effect of preventing or disabling any Seller from performing its obligations under this Agreement or (iii) take any action which would make any of the representations and warranties contained in this Agreement untrue in any material respect.

(h) RESTRICTIONS ON SALE. Each Seller agrees that it will not sell, contract to sell, or otherwise dispose of any Units, or securities convertible or exchangeable for Units, except for the sale of the Purchased Units to Smith Barney pursuant to this Agreement, prior to the expiration of 90 days from the effective date of this Agreement, without the prior written consent of Smith Barney.

3. DELIVERY OF THE PURCHASED UNITS AND PAYMENT THEREFOR.

(a) Delivery to Smith Barney of and payment for the Purchased Units shall be made at the office of Smith Barney Inc., 388 Greenwich Street, New York, NY 10013, at 9:00 A.M., New York City time, on November 25, 1997 (the "Closing Date"). The place of the closing for the Purchased Units and

the Closing Date may be varied by agreement among the Sellers and Smith Barney.

(b) The Purchased Units to be purchased hereunder shall be delivered to Smith Barney on the Closing Date by delivery of certificates or by delivery through the facilities of The Depository Trust Company to an account designated by Smith Barney in advance of the closing, in each case free and clear of Encumbrances and with no restrictive legends of any type, against payment of the purchase price therefor in immediately available funds.

4. CONDITIONS TO THE OBLIGATIONS OF SMITH BARNEY.

(a) It shall be a condition to Smith Barney's obligation to purchase the Purchased Units at the Closing Date that (i) the representations and warranties of each of the Sellers shall be true and correct in all material respects on the Closing Date, (ii) each of the Sellers shall have performed in all respects its agreements contained in this Agreement required to be performed on or prior to the Closing Date, (iii) there is not in effect at the time any preliminary or permanent injunction or other order by any court or governmental authority having jurisdiction, or any law or regulation, which prevents or restrains the purchase or sale and delivery of the Purchased Units and (iv) Smith Barney shall have received, on or prior to the Closing Date, an opinion of Cravath, Swaine & Moore, special counsel to the Sellers, in the form attached hereto as Exhibit A.

(b) It shall be a condition to Smith Barney's obligation to purchase the Purchased Units at the Closing Date that subsequent to the effective date of this Agreement, there shall not have occurred any change, or any development involving a prospective change, in or affecting the condition (financial or other), business, properties, net worth, or results of operations of the Trust which would materially adversely affect the market for the Units.

5. INDEMNIFICATION.

(a) The Sellers, jointly and severally, agree to indemnify and hold harmless Smith Barney, its affiliates and their respective officers, directors, employees, agents and controlling persons (collectively, the "Indemnified Parties"), from and against any losses, claims, damages and liabilities, joint or several, resulting from any breach of a representation or warranty of any of the Sellers or the nonfulfillment of any agreement, covenant or obligation of any of the Sellers under this Agreement and will promptly reimburse the Indemnified Parties for all expenses (including fees and expenses of legal counsel) as incurred in connection

with the investigation of, preparation for or defense of any pending or threatened claim related to such indemnity, or any action or proceeding arising therefrom (collectively, "Proceedings"), whether or not such Indemnified Party is a formal party to any such Proceeding. Each Seller further agrees that it will not, without the prior written consent of Smith Barney, settle, compromise or consent to the entry of any judgment in any pending or threatened Proceeding in respect of which indemnification may be sought hereunder (whether or not Smith Barney or any Indemnified Party is an actual or potential party to such Proceeding), unless such settlement, compromise or consent includes an unconditional release of Smith Barney and each other Indemnified Party hereunder from all liability arising out of such Proceeding.

(b) Each of the Sellers agrees that if any indemnification or reimbursement sought pursuant to this Agreement were for any reason not to be available to any Indemnified Party or insufficient to hold it harmless as and to the extent contemplated by this Agreement, then the Sellers shall contribute to the amount paid or payable by such Indemnified Party in respect of losses, claims, damages and liabilities in such proportion as is appropriate to reflect the relative benefits to the Sellers on the one hand, and Smith Barney on the other, in connection with the matters to which such indemnification or reimbursement relates or, if such allocation is not permitted by applicable law, not only such relative benefits but also the relative faults of such parties as well as any other equitable considerations.

6. MISCELLANEOUS.

(a) EXPENSES. Each party shall be liable for its own expenses in connection with the transactions contemplated by this Agreement.

(b) AMENDMENTS, ETC. All amendments or waivers of any provisions of this Agreement may only be made pursuant to a written instrument executed by the parties hereto or their successors and assigns.

(c) SUCCESSORS AND ASSIGNS. All covenants and agreements in this Agreement contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the successors and assigns of such party; PROVIDED, HOWEVER, that no party hereto may assign any of its rights or obligations under this Agreement without the written consent of the other parties hereto.

(d) NOTICES. All notices, requests and other communications provided for hereunder shall be effective upon receipt, shall be in writing and shall be deemed to have been duly given if delivered in person or by courier,

telegraph, telex or by facsimile:

If to Smith Barney:

Smith Barney Inc.
388 Greenwich Street
New York, New York 10013

Attention: Stephen Bujno
Telephone: (212) 723-4805
Telecopier: (212) 723-8870

with a copy to:

Dewey Ballantine LLP
1301 Avenue of the Americas
New York, New York 10019

Attention: Morton A. Pierce, Esq.
Telephone: (212) 259-6640
Telecopier: (212) 259-6333

If to any of the Sellers:

Fund American Enterprises Holdings Inc.
80 South Main Street
Hanover, New Hampshire 03755

Attention: Secretary
Telephone: (603)643-1567
Telecopier: (603)643-4562

with a copy to:

Cravath, Swaine & Moore
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019-7475

Attention: Philip Gelston, Esq.
Telephone: (212) 474-1548
Telecopier: (212) 474-3700

or to such other address with respect to any party as such party shall notify the others in writing.

(e) GOVERNING LAW AND JURISDICTION. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of New York (without regard to the choice of law provisions thereof).

(f) HEADINGS. The descriptive headings of the several paragraphs of this Agreement are inserted for

convenience only and do not constitute a part of this Agreement.

(g) COUNTERPARTS. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

(h) PUBLIC ANNOUNCEMENTS. None of the Sellers or Smith Barney will issue any press release or public announcement of the transactions contemplated hereby except (i) as FAE Holdings and Smith Barney may mutually agree in writing or (ii) as may be required in the opinion of counsel under applicable law in which case the party so required to make such an announcement shall provide the other parties reasonable opportunity to review the proposed announcement prior to the date of such announcement (unless it is unlawful or impracticable to do so).

(i) COMPLETE AGREEMENT. This Agreement contains the entire agreement among the parties with respect to the subject matter hereof and, except as provided herein, supersedes all previous negotiations, commitments and writings. This Agreement is not intended to confer any benefit upon any person other than the parties hereto.

(j) TERMINATION. This Agreement shall be subject to termination in Smith Barney's absolute discretion, without liability on the part of Smith Barney to any of the Sellers, by notice to the Sellers, if prior to the Closing Date (i) trading in securities generally on the New York Stock Exchange, American Stock Exchange or the Nasdaq National Market shall have been suspended or materially limited, (ii) a general moratorium on commercial banking activities in New York or Texas shall have been declared by either federal or state authorities, or (iii) there shall have occurred any outbreak or escalation of hostilities or other international or domestic calamity, crisis or change in political, financial or economic conditions, the effect of which on the financial markets of the United States is such as to make it, in Smith Barney's judgment, impracticable or inadvisable to commence or continue the purchase of the Purchased Units. Notice of such termination may be given to the Sellers by telegram, telecopy or telephone and shall be subsequently confirmed by letter.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the date first above written.

FUND AMERICAN ENTERPRISES HOLDINGS, INC.

By:/s/ Michael S. Paquette

Name: Michael S. Paquette
Title: Vice President and
Controller

FUND AMERICAN ENTERPRISES, INC.

By:/s/ James H. Ozanne

Name: James H. Ozanne
Title: President

WHITE MOUNTAINS INSURANCE COMPANY

By:/s/ Michael S. Paquette

Name: Michael S. Paquette
Title: Vice President and
Controller

SMITH BARNEY INC.

By:/s/ James C. Cowles

Name: James C. Cowles
Title: Managing Director

SCHEDULE I

ENTITY	UNITS BENEFICIALLY OWNED	PURCHASED UNITS
Fund American Enterprises Holdings, Inc. (a Delaware corporation)	157,215	157,215
Fund American Enterprises, Inc. (a Delaware corporation)	10,759,876	4,765,000
White Mountains Insurance Company (a Delaware corporation)	77,785	77,785
TOTAL:	10,994,876	5,000,000