UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

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

JUNE 1, 2001
Date of Report (Date of earliest event reported)

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

BERMUDA	1-8993	94-2708455
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(I.R.S. Employer Identification No.)

28 GATES STREET WHITE RIVER JUNCTION, VERMONT 05001
(Address of principal executive offices)

(802) 295-4500
(Registrant's telephone number, including area code)

ITEM 2. ACQUISITION OF ASSETS

White Mountains Insurance Group, Ltd. (the "Registrant") announced on June 1, 2001 that it completed its acquisition of the U.S. property and casualty operations ("CGU") of London-based CGNU plc.

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 were previously filed as Exhibits 99(c), 99(d), 99(e), 99(f), 99(g) and 99(h), respectively, to the Form 8-K dated October 19, 2000. Amendment No. 2 to the Stock Purchase Agreement, the summary of the terms and conditions of the modified Lehman financing commitment and the Registrant's press release dated February 20, 2001 were previously filed as Exhibits 99(i), 99(j) and 99(k), respectively, to the Form 8-K dated February 20, 2001. The reinsurance contracts with National Indemnity Company and General Re Corporation (and related agreements) and the Registrant's press release dated June 1, 2001 were previously filed as Exhibits 99(m), 99(n), 99(o), 99(p), 99(q) and 99(r), respectively, to the Form 8-K dated June 1, 2001. The Registrant's Warrant Agreement and Subscription Agreement with Berkshire Hathaway Inc., each dated May 30, 2001, as well as the Registrant's Subordinated Note Due 2002 and Note Purchase Option Agreement with CGU International Holdings Luxembourg S.A. and CGU Holdings LLC, each dated as of June 1, 2001, were previously filed as Exhibits 99(s), 99(t), 99(u) and 99(v), respectively, to the Form 8-K dated June 8, 2001. Exhibit 99(1) has been intentionally omitted.

Included as Exhibits 99(w), 99(x) and 99(y) to this Current Report on Form 8-K are the audited consolidated financial statements of CGU Corporation for the years ended December 31, 2000, 1999 and 1998, the unaudited consolidated financial statements of CGU Corporation for the three month periods ended March 31, 2001 and March 31, 2000 and the unaudited pro forma condensed combined balance sheet of the Registrant as of March 31, 2001 and the unaudited pro forma condensed combined income statements of the Registrant for the year ended December 31, 2000 and the three month period ended March 31, 2001, respectively, which are incorporated by reference herein in their entirety.

This Current Report on Form 8-K amends the Form 8-K dated June 1, 2001 and filed on June 25, 2001. The amendment serves (i) to remove the financial impact of certain material non-recurring transactions which were entered into contemporaneously with the acquisition of CGU from the pro forma condensed income statement for the year ended December 31, 2000, and (ii) to amend the pro forma condensed income statement for the three month period ended March 31, 2001 to reflect the acquisition of CGU as if it had occurred as of January 1, 2000.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED.

The audited consolidated financial statements of CGU Corporation for the years ended December 31, 2000, 1999 and 1998 are enclosed as Exhibit 99(w).

The unaudited consolidated financial statements of CGU Corporation for the three month periods ended March 31, 2001 and March 31, 2000 are enclosed herein as Exhibit 99(x).

(b) PRO FORMA FINANCIAL INFORMATION.

The unaudited pro forma condensed combined balance sheet of the Registrant as of March 31, 2001 and the amended unaudited pro forma condensed combined income statements of the Registrant for the year ended December 31, 2000 and the three month period ended March 31, 2001 are enclosed herein as Exhibit 99(y).

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

EXHIBIT NO.	DESCRIPTION
99 (w)	The audited consolidated financial statements of CGU Corporation for the years ended December 31, 2000, 1999 and 1998.
99 (x)	The unaudited consolidated financial statements of CGU Corporation for the three month periods ended March 31, 2001 and March 31, 2000.
99 (y)	The unaudited pro forma condensed combined balance sheet of the Registrant as of March 31, 2001 and the amended unaudited pro forma condensed combined income statements of the Registrant for the year ended December 31, 2000 and the three month period ended March 31, 2001.

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: July 15, 2002

By: /s/ J. Brian Palmer

J. Brian Palmer
Chief Accounting Officer

EXHIBIT 99(w)

CGU CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF CGNU PLC)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31,
2000, 1999 AND 1998

CGU CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF CGNU PLC)
CONSOLIDATED FINANCIAL STATEMENTS
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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
CGU Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows present fairly, in all material respects, the financial position of CGU Corporation and its subsidiaries (the "Company") at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, effective January 1, 1999, the Company changed its method of accounting for insurance-related assessments.

/s/ PricewaterhouseCoopers LLP
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May 8, 2001

CGU CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF CGNU PLC)
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999
(DOLLARS IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNT)

	2000	1999
ASSETS		
Fixed maturity investments, at fair value (amortized cost $7,995,352 and $6,574,647)	$ 8,154,276	$ 6,680,941
Common equity securities, at fair value (cost $474,528 and $1,600,630)	765,162	2,433,643
Preferred equity securities, at fair value (cost $116,513 and $119,547)	146,919	154,828
Short-term investments, at amortized cost (which approximates fair value)	321,173	280,621
Other investments	98,752	73,846
Total investments	9,486,282	9,623,879
Cash	45,826	50,800
Insurance balances receivable	1,419,538	1,283,065
Reinsurance recoverable on paid and unpaid losses	1,558,184	1,516,361
Deferred policy acquisition costs	420,810	451,632
Investment income accrued	103,584	122,574
Net deferred federal		

income taxes
107,332 --
Other assets
564,762
446,324 Net
assets of
discontinued
operations
503,800
505,602 ----
------- ----

Total assets
$14,210,118
$14,000,237
===========
===========
LIABILITIES
Loss and
loss
adjustment
expense
reserves $
6,982,728 $
6,368,828
Unearned
insurance
premiums
2,042,468
2,023,396
Long-term
debt
1,113,900
1,130,750
Net deferred
federal
income taxes
-- 102,627
Accounts
payable and
other
liabilities
872,316
603,138 ----
------- ----

Total
liabilities
11,011,412
10,228,739 -
---------- -

Commitments
and
contingencies
(Notes 11,
12 and 16)
SHAREHOLDERS'
EQUITY
Common
stock, $1.00
par value;
authorized
100,000
shares,
16,022
shares
outstanding
16 16
Additional
paid-in
capital
753,200
753,200
Retained
earnings
2,135,727
2,400,619
Accumulated
other
comprehensive
income
309,763
617,663 ----
------- ----

Total shareholders' equity	3,198,706	3,771,498
	---------	---------
Total liabilities and shareholders' equity	$14,210,118	$14,000,237
	===========	===========

The accompanying notes are an integral part of the consolidated financial statements.

CGU CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF CGNU PLC)
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
(DOLLARS IN THOUSANDS)

	2000	1999	1998
Revenues:			
Earned insurance premiums	$ 4,275,059	$ 4,259,995	$ 4,041,878
Net investment income	504,884	502,125	480,276
Net realized gains from investment securities and other investments	732,769	381,948	400,335
Total revenues	5,512,712	5,144,068	4,922,489
Expenses:			
Losses and loss adjustment expenses	4,301,997	3,252,406	3,946,847
Underwriting and other operating expenses	1,497,698	1,516,614	1,462,800
Total expenses	5,799,695	4,769,020	5,409,647
Pretax earnings (loss)	(286,983)	375,048	(487,158)
Federal income tax benefit (provision)	83,318	(104,474)	186,150

------- ----
------- Net
income
(loss) from
continuing
operations
before
cumulative
effect of
change in
accounting
principle
(203,665)
270,574
(301,008)
Cumulative
effect of
change in
accounting
principle,
net of tax -
- (9,405) --

Net income
(loss) from
continuing
operations
(203,665)
261,169
(301,008)
Income from
discontinued
operations
40,817
54,146
46,691 Loss
on disposal
of
discontinued
operations
(102,044) --
-- ---------
-- ---------
-- ---------
-- Net
income
(loss) from
discontinued
operations
(61,227)
54,146
46,691 -----
------ -----
------ -----
------ Net
income
(loss)
(264,892)
315,315
(254,317)
Other
comprehensive
income, net
of tax:
Increase
(decrease)
in net
unrealized
appreciation
of
investments
(304,218)
(552,945)
281,836 Gain
(loss) on
foreign
currency
exchange
(3,682)
29,276
(16,283) ---
-------- ---
-------- ---

Comprehensive
net income
(loss) $
(572,792) $
(208,354) $
11,236
===========
===========
===========

The accompanying notes are an integral part of the consolidated financial statements.

CGU CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF CGNU PLC)
CONSOLIDATED STATEMENTS SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
(DOLLARS IN THOUSANDS)

	2000	1999	1998
Common stock:			
Balance, beginning of year	$ 16	$ 16	$ 18
Common stock issued to parent	--	--	9
Retirement of shares due to merger	--	--	(11)
Balance, end of year	16	16	16
Additional paid-in capital:			
Balance, beginning of year	753,200	753,200	1,378,199
Common stock issued to parent	--	--	474,999
Return of capital distribution	--	--	(1,099,998)
Balance, end of year	753,200	753,200	753,200
Accumulated other comprehensive income:			
Balance, beginning of year	617,663	1,141,332	875,779
Increase (decrease) in net unrealized appreciation of investments (net of deferred federal income tax)	(304,218)	(552,945)	

			281,836
Gain (loss) on foreign currency exchange (net of federal income tax)	(3,682)	29,276	(16,283)
Balance, end of year	309,763	617,663	1,141,332
Retained earnings:			
Balance, beginning of year	2,400,619	2,085,304	2,339,867
Net income (loss)	(264,892)	315,315	(254,317)
Dividend to shareholder	--	--	(246)
Balance, end of year	2,135,727	2,400,619	2,085,304
Total shareholders' equity	$ 3,198,706	$ 3,771,498	$ 3,979,852

The accompanying notes are an integral part of the consolidated financial statements.

CGU CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF CGNU PLC)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
(DOLLARS IN THOUSANDS)

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (264,892)	$ 315,315	$ (254,317)
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on disposal of discontinued operations	102,044	--	--
Net income from discontinued operations	(40,817)	(54,146)	(46,691)
Amortization of bond premium and discount	(32,143)	(6,724)	4,517
Net realized gains from investment securities and other assets	(732,769)	(381,948)	(400,335)
Depreciation and amortization	30,201	47,610	42,186
Deferred federal income taxes	(80,443)	107,243	(179,749)
Change in operating assets and liabilities:			
Reinsurance recoverable on paid and unpaid losses	(41,823)	386,806	(641,304)
Deferred policy acquisition			

costs
30,822 835
(23,995)
Loss and
loss
adjustment
expense
reserves
613,901
(575,197)
1,235,903
Unearned
insurance
premiums
19,071
(29,010)
109,613
Insurance
balances
receivable
(136,473)
(101,814)
(58,814)
Net change
in other
assets and
liabilities
180,200
125,227
96,481 ----
------- ---
-------- --

Net cash
used by
operating
activities
(353,121)
(165,803)
(116,505) -

CASH FLOWS
FROM
INVESTING
ACTIVITIES:
Purchases
of
investments:
Fixed
maturity
investments
(6,182,395)
(3,206,018)
(1,567,358)
Common
equity
securities
(642,410)
(1,220,016)
(1,516,461)
Preferred
equity
securities
(539) (250)
-- Net
increase
(decrease)
in short-
term
investments
(40,552)
28,106
(107,727)
Net
increase
(decrease)
in other
invested
assets
(31,958)
(3,897)
(54,200)
Proceeds
from the

sales of
investments:
Fixed
maturity
investments
4,785,894
2,985,482
1,198,776
Common
equity
securities
2,316,433
1,372,141
1,548,504
Preferred
equity
securities
4,146
22,733 --
Maturities
of fixed
maturity
investments
207,511
253,628
265,348
Proceeds
from the
sale of
real estate
4,883 8,203
-- Purchase
of National
Farmers
Union
Insurance
Company
(Note 3) --
--
(116,400)
Purchases
of
equipment,
net
(14,233)
(18,809)
(31,063)
Development
of computer
software
(41,783) --
-- --------
--- -------
---- ------
----- Net
cash
provided
(used) by
investing
activities
364,997
221,303
(380,581) -

CASH FLOWS
FROM
FINANCING
ACTIVITIES:
Capital
contribution
-- --
425,295
Return of
capital
distribution
-- --
(1,099,998)
Dividends
paid -- --
(246) Long-
term debt
(16,850)
(4,700)
1,100,000 -

```
----------
-----------
-----------
Net cash
provided
(used) by
financing
activities
(16,850)
(4,700)
425,051 ---
-------- --
--------- -
----------
Net
increase
(decrease)
in cash
(4,974)
50,800
(72,035)
Cash,
beginning
of year
50,800 --
72,035 ----
------- ---
-------- --
---------
Cash, end
of year $
45,826 $
50,800 $ --
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The accompanying notes are an integral part of the consolidated financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Effective June 2, 1998, Commercial Union plc and General Accident plc, both UK corporations, were merged in a pooling of interests to form CGU plc. The U.S. operations of both companies were formally merged on December 31, 1998 when General Accident Corporation of America (GACA) was merged into Commercial Union Corporation (CUC) and the name was changed to CGU Corporation (the "Company"), which is a wholly-owned subsidiary of CGNU plc, its ultimate parent. CGNU plc is a United Kingdom Company listed on the London Stock Exchange, and was formed on May 30, 2000, when CGU plc merged with Norwich Union plc to form CGNU plc. The Company, through certain of its subsidiaries, is primarily engaged in underwriting and risk placement of property and casualty insurance business. The Company is also engaged, through certain other subsidiaries, in underwriting of life insurance and annuities.

The Company's primary subsidiaries are CGU Insurance Company and subsidiaries (Pennsylvania domiciled), Commercial Union Insurance Company and subsidiaries (Massachusetts domiciled), General Accident Insurance Company and subsidiaries (Pennsylvania domiciled), CGU Life Insurance Company of America and subsidiary (Delaware domiciled), National Farmers Union Property and Casualty Company and subsidiary (Colorado domiciled), Houston General Insurance Company and subsidiaries (Texas domiciled), and Pilot Insurance Company (a Canadian Subsidiary).

Subsidiaries acquired during 1998 and accounted for as purchases under Accounting Principles Board (APB) Opinion No. 16, "Business Combinations" (APB No. 16), are included in the consolidated financial statements from the date of acquisition. The merger of the U.S. operations of GACA and CUC was accounted for as a pooling of interests. Accordingly, the 1998 consolidated financial statements have been restated as though the companies had been merged throughout the accounting periods presented. All significant intercompany transactions have been eliminated in consolidation.

b. PENDING TRANSACTION

On September 25, 2000, CGNU plc announced it had entered into a definitive agreement to sell its U.S. property and casualty operations to White Mountains Insurance Group, Ltd (White Mountains). The agreed-upon purchase price is approximately $2,170,000, subject to purchase price adjustments and certain pre-closing reinsurance transactions, payable in cash and a Sellers Note amounting to $260,000. Concurrent with the sale:

- The Company will enter into certain retroactive reinsurance arrangements which will include the cession of all asbestos, environmental and certain other latent exposures, as well as an excess of loss reinsurance agreement covering adverse development.

- The Company will sell its life insurance and Canadian property and casualty operations to CGNU plc for $503,800, subject to purchase price adjustments and certain reinsurance transactions. As more fully described in Note 2, the sale of the Company's life operations and Canadian property and casualty operations to CGNU plc has been reported as discontinued operations in accordance with APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of a Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" (APB No. 30).

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- Long-term debt owed to CGNU plc amounting to $1,100,000 at December 31, 2000 and included in the accompanying balance sheet will be paid with proceeds from the anticipated sale of the Company's discontinued operations and with proceeds from sales of investment securities.

Subject to regulatory approvals, the sale is expected to be consummated in the second quarter of 2001.

c. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. INVESTMENTS

Fixed maturity investments (all of which are classified as "Available for Sale") and common and preferred equity securities are stated at fair value based on quoted market prices and in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investment in Debt and Equity Securities." Certain other invested assets are stated at cost, which approximates fair value.

Short-term investments consist of money market funds, certificates of deposit and other securities which mature or become available for use within one year. Short-term investments are carried at amortized cost, which approximated fair value as of December 31, 2000 and 1999.

Unrealized gains and losses from changes in the fair value of common and preferred equity securities and fixed maturity investments, net of applicable deferred federal income taxes, are a separate component of other comprehensive income and, accordingly, do not affect net income. Realized gains and losses on the sale of investments are determined on the basis of specific cost and are included as a component of total revenues. When other than temporary impairment of the value of a specific investment or group of investments is determined, a realized investment loss is recorded.

e. CASH

Cash includes amounts on hand and demand deposits with banks and other financial institutions. Amounts presented in the statement of cash flows are shown net of balances acquired and sold in the purchase and sale of the Company's consolidated subsidiaries.

f. PREMIUMS AND UNEARNED INSURANCE PREMIUMS

Property and casualty premium revenues are earned on a daily pro rata basis over the term of the respective policies. Unearned insurance premiums represent the portion of premiums written applicable to the unexpired term of each policy.

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g. DEFERRED POLICY ACQUISITION COSTS

Deferred policy acquisition costs primarily represent commissions, premium taxes and other costs which are directly attributable to and vary with the production of new business. These costs are deferred and amortized over the applicable premium recognition period. Deferred policy acquisition costs are limited to the amount expected to be recovered from future earned premiums and anticipated investment income. Deferred policy acquisition costs not expected to be recoverable at any given time are immediately expensed. Total acquisition costs expensed in 2000, 1999 and 1998 were $1,030,576, $985,115, and $909,629, respectively. Expenses incurred in 2000 include the recognition of $23,620 of deferred policy acquisition costs that were considered to be unrecoverable in future periods.

h. PROPERTY AND EQUIPMENT

Property and equipment, included in other assets, are carried at cost less accumulated depreciation. Depreciation is charged to income principally on the straight-line method over the estimated useful lives of the assets. The Company estimates that computer equipment and furniture and fixtures have useful lives of between five and ten years. Leasehold improvements are amortized over the lesser of their estimated useful life or the lease term. Internal use software costs are capitalized for significant projects and upon completion are amortized over their estimated useful lives.

The cost of property sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and any resulting gain or loss is credited or charged to income.

i. LOSSES AND LOSS ADJUSTMENT EXPENSES

Liabilities for unpaid losses and loss adjustment expenses are comprised of case basis estimates for claims and claim expenses reported prior to year-end, estimates of incurred but not reported losses and loss expenses, reported reserves from underwriting pools and associations in which the Company participates, and other estimates, net of estimated salvage and subrogation recoverable. These estimates are continually reviewed and updated and any resulting adjustments are reflected in current operating results.

Certain claim settlements are funded by annuities (structured settlements) purchased from various life insurers. The aggregate present value of expected future payment amounts as of December 31, 2000 and 1999, for which the Company is contingently liable in the event of default by the life insurer, was $182,283 and $359,169, respectively. Included in these amounts are annuities from CGU Life Insurance Company, an affiliated company, of $106,100 and $275,686 as of December 31, 2000 and 1999, respectively.

Certain liabilities for unpaid losses related to long-term workers' compensation coverage are discounted to present value at 7.0% in 2000 and 1999. The undiscounted liabilities were $482,889 at December 31, 2000 and $447,389 at December 31, 1999. The effect of discounting these claims is to reduce liabilities for unpaid losses by $230,691 and $227,306 at December 31, 2000 and 1999, respectively.

All policy liabilities and accruals are based on the various estimates discussed above. Although the adequacy of these amounts cannot be assured, the Company believes that it is more likely than not that policy liabilities and accruals will be sufficient to meet future obligations of policies in force. The amount of liabilities and accruals, however, could be revised in the near term if the estimates discussed above are revised.

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j. POLICYHOLDER DIVIDENDS

Dividends payable to participating property and casualty insurance policyholders are accrued for in the period in which the related premium was earned. Policyholder dividends of $17,754, $24,861 and $23,117 were included in underwriting expenses in 2000, 1999 and 1998, respectively.

k. FEDERAL INCOME TAXES

The Company files a consolidated federal income tax return with its eligible subsidiary companies, primarily comprised of its property and casualty and life insurance subsidiaries.

In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," the Company uses an asset and liability approach that recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than changes in the tax law or rates, unless enacted. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

l. FOREIGN CURRENCY TRANSLATION

The operations of Pilot Insurance Company ("Pilot"), a discontinued operation located in Canada, are denominated in Canadian dollars. Net unrealized foreign currency translation gains and losses associated with Pilot are reported, after tax, as a net amount in a separate component of accumulated other comprehensive income. Changes in the values of these operations due to currency fluctuations, after tax, are reported on the income statement as a component of other comprehensive income.

m. GOODWILL

The excess of the cost to acquire purchased companies over the net assets acquired is recorded as goodwill. The Company amortizes goodwill on straight-line basis over 20 years. At December 31, 2000 and 1999, respectively, other assets included $41,947 and $47,747 of goodwill.

n. CHANGES IN ACCOUNTING PRINCIPLES

Effective January 1, 1999, the Company changed its accounting policy for guarantee fund assessments and adopted the provisions of American Institute of Certified Public Accountants Statement of Position 97-3, "Accounting by Insurance and other Enterprises for Insurance-Related Assessments" (SOP 97-3). The cumulative effect of this change was to reduce net income by $9,405, representing an increase in unpaid loss and loss adjustment expense reserves of $14,470 less a related deferred federal income tax benefit of $5,065 for the year ended December 31, 1999.

Effective January 1, 1999, the Company changed its accounting policy for internally developed software and adopted the provisions of American Institute of Certified Public Accountants Statement of Position 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use" (SOP 98-1). SOP 98-1 requires that certain costs incurred in developing the internal-use computer software be capitalized and provides guidance for determining whether computer software is to be considered for internal use. During 2000, the Company capitalized $41,783 of eligible computer software costs.

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o. NEW AND PENDING ACCOUNTING PRONOUNCEMENTS

On January 1, 2001, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), which establishes accounting and reporting standards for derivative instruments, became effective. FAS 133 did not have a significant impact on the results of operations or financial position of the Company.

In September 2000, the Financial Accounting Standards Board (FASB) issued an exposure draft (ED), "Business Combinations and Intangible Assets." This ED proposes to eliminate the pooling-of-interests method of accounting, which would require that purchase accounting, with its recognition of intangible assets and goodwill, be applied to all business combinations.

As the ED stands, the issuance of this statement could have a significant effect on the Company's intangible assets and amortization charge, as the Company's goodwill and intangible assets would no longer be amortized. Management is currently evaluating the impact of this ED on the Company.

p. CODIFICATION OF STATUTORY ACCOUNTING PRINCIPLES (UNAUDITED)

Effective January 1, 2001, the Company's insurance subsidiaries are required to adopt new regulations implementing a codification of statutory accounting principles for insurers. The purpose of the codification is to enhance the consistency of the accounting treatment of assets, liabilities, reserves, income and expenses of insurers, by setting forth the accounting practices and procedures to be followed in completing annual and quarterly financial statements required by state law.

Codification will serve to increase the aggregate statutory policyholders' surplus of the Company's insurance operations by approximately $120,000 (unaudited) as of January 1, 2001 primarily as a result of permitting the recording of deferred tax assets.

q. FINANCIAL INSTRUMENTS

In the normal course of business, the Company enters into transactions involving various types of financial instruments, including debt and investments such as fixed maturities and equity securities. These instruments involve credit risk and also may be subject to risk of loss due to interest rate fluctuation. The Company evaluates and monitors each financial instrument individually and, when appropriate, obtains collateral or other security to minimize losses. At December 31, 2000 and 1999, unless otherwise noted in the financial instruments, the carrying amount of the Company's financial instruments approximates their fair value.

2. DISCONTINUED OPERATIONS

On September 25, 2000, in connection with CGNU plc's decision to sell the Company to White Mountains, the Company agreed to sell, commensurate with the sale, four of its subsidiaries to its parent, CGNU plc. Included in the sale are CGU Life Insurance Company of America and subsidiary (CGU Life), Pilot, CGU Annuity Services Corporation (CGUAS), and CGU Investment Management Canada Limited (CGUIMC).

Accordingly, the operating results of the discontinued segments have been reported in the consolidated statements of income and comprehensive income as discontinued operations in accordance with APB No. 30. Subsequent to the September 25, 2000 measurement date through December 31, 2000, operations from the discontinued business generated income of approximately $30,589. Discontinued operations are anticipated to generate income of approximately $13,500 from December 31, 2000 through the anticipated disposal date.

(DOLLARS IN THOUSANDS)

At December 31, 2000, the discontinued segments had assets of approximately $3,700,000, consisting primarily of invested assets, premiums and fees receivable, and deferred acquisition costs, and liabilities of approximately $3,100,000 consisting primarily of policy liabilities. Revenues for the discontinued operations were approximately $649,000, $611,000 and $660,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

The sale is expected to be completed during the second quarter of 2001. The Company anticipates receiving proceeds of $503,800 in connection with the sale of the discontinued operations. As a result of the sale, the Company recorded a $73,122 pretax adjustment related to the write-down of the net assets of the discontinued operations to their net realizable value, which is included in the loss on disposal indicated below.

The consolidated statements of operations for all periods presented include the results of CGU Life, Pilot, CGUAS, and CGUIMC in Net Income from Discontinued Operations.

The following table summarizes the Company's discontinued operations for the three-year period ended December 31, 2000:

YEAR ENDED DECEMBER 31	2000	1999	1998
Operating income, before income taxes	$ 70,930	$ 78,605	$ 74,227
Income taxes	(30,113)	(24,459)	(27,536)
Net income	$ 40,817	$ 54,146	$ 46,691
Loss on disposal, before income taxes	$ (42,533)	$ --	$ --
Income taxes	(59,511)		
Loss on disposal	$(102,044)	$ --	$ --

3. ACQUISITIONS AND SUBSIDIARIES CONTRIBUTED BY PARENT

On July 16, 1998, CUC acquired Farmers Union Insurance Acquisition Corporation and its two property and casualty insurance subsidiaries, known collectively as National Farmers Union Insurance Companies (NFU), at a cost of $116,400. The acquisition was accounted for as a purchase and, accordingly, NFU's operating results from that date are included in CGU's net income. NFU is engaged in underwriting and risk placement of property and casualty insurance business, primarily in the Midwestern region of the U.S. Goodwill of $42,100 related to the acquisition is being amortized over a 20-year period.

Effective January 1, 1998, Commercial Union plc acquired 100% of the capital stock of Houston General Insurance Company (HG), an underwriter of property and casualty insurance business, from Tokio Marine and Fire Company, Ltd. (TMF), and contributed the HG stock, valued at $50,000, to the capital of the Company. In exchange, the Company issued 205 shares of its common stock to its parent. Effective from the same date, under the terms of a reinsurance agreement between HG and an affiliate of TMF, all premiums, losses, and underwriting expenses associated with HG policies written prior to the effective date and with any renewals or new policies required by statute or contract to be issued on or after the effective date will be 100% ceded to and assumed by the affiliate of TMF. In addition, TMF has indemnified the Company and HG from any decline in the value of the acquired assets, other than invested assets, subsequent to January 1, 1998. The operating results of Houston General are included in the consolidated results.

CGU CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF CGNU PLC)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

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4. INVESTMENTS

NET INVESTMENT INCOME

An analysis of net investment income for the years ended December 31, 2000, 1999 and 1998 is as follows:

	2000	1999	1998
Interest from fixed maturity and short-term investments	$ 472,510	$ 466,257	$ 443,377
Dividends from common and preferred equity securities	31,811	34,793	40,933
Other investment income	9,649	8,707	3,732
Total investment income	513,970	509,757	488,042
Investment expenses	(9,086)	(7,632)	(7,766)
Total net investment income	$ 504,884	$ 502,125	$ 480,276

FIXED MATURITY INVESTMENTS

The amortized cost and fair value of fixed maturity investments available for sale at December 31, 2000 and 1999 are summarized as follows:

	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE

---- -----
2000 U.S.
Government
and agency
obligations
$3,119,428
$ 42,605 $
(12,811)
$3,149,222
Debt
securities
issued by
industrial
corporations
2,980,490
61,623
(35,619)
3,006,494
Municipal
obligations
891,626
90,750
(6,759)
975,617
Mortgage-
backed
securities
965,878
19,067
(899)
984,046
Foreign
government
obligations
37,930
1,149 (182)
38,897 ----
------ ----
------ ----
------ ----

Totals
$7,995,352
$ 215,194 $
(56,270)
$8,154,276
==========
==========
==========
==========
1999 U.S.
Government
and agency
obligations
$1,352,748
$ 92,469 $
(19,843)
$1,425,374
Debt
securities
issued by
industrial
corporations
2,999,442
51,234
(70,337)
2,980,339
Municipal
obligations
1,493,444
102,266
(37,278)
1,558,432
Mortgage-
backed
securities
729,013
1,799
(14,016)
716,796
Foreign
government
obligations
-- -- -- --

Totals
$6,574,647
$ 247,768 $
(141,474)
$6,680,941
==========
==========
==========
==========

The amortized cost and fair values of fixed maturity investments by contractual maturity, at December 31, 2000, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(DOLLARS IN THOUSANDS)

	AMORTIZED COST	FAIR VALUE
Due in one year or less	$2,522,392	$2,523,164
Due after one year through five years	1,307,990	1,341,077
Due after five years through ten years	1,929,250	1,957,410
Due after ten years	1,269,842	1,348,579
Mortgage-backed securities	965,878	984,046
Total	$7,995,352	$8,154,276

At December 31, 2000 and 1999, respectively, fixed maturity investments included $458,295 and $478,450 which were on deposit, with respect to certain of the Company's insurance subsidiaries, with various states and other regulatory agencies.

On a gross basis, gains of $253,801 and losses of $58,023 were realized on 2000 sales of fixed maturity investments available for sale, while gains of $45,588 and $43,181 and losses of $61,767 and $1,654 were realized on 1999 and 1998 sales, respectively.

COMMON EQUITY SECURITIES

Cost and fair value of common equity securities as of December 31, 2000 and 1999 are summarized as follows:

	COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
As of December 31, 2000	$ 474,528	$ 312,507	$ (21,873)	$ 765,162
As of December 31, 1999	1,600,630	936,968	(103,955)	2,433,643

On a gross basis, gains of $764,631 and losses of $210,720 were realized on 2000 sales of common equity securities, while gains of $479,954 and $423,140 and losses of $81,769 and $76,651 were realized on 1999 and 1998 sales, respectively.

PREFERRED EQUITY SECURITIES

Cost and fair value of preferred equity securities as of December 31, 2000 and 1999 are summarized as follows:

	COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
As of December 31, 2000	$116,513	$ 31,361	$ (955)	$146,919
As of December 31, 1999	119,547	37,466	(2,185)	154,828

On a gross basis, gains of $638 and losses of $65 were realized on 2000 sales of preferred equity securities, while gains of $8,583 and $12,294 and losses of $68 and $47 were realized on 1999 and 1998 sales, respectively.

CURRENCY SWAP

In order to protect against fluctuations in the exchange value and return on Sterling denominated U.K. Government debt securities ("Gilts"), the Company had previously entered into a currency swap agreement with an affiliate of its parent. In 1999, the Gilts were sold and the swap agreement was terminated.

(DOLLARS IN THOUSANDS)

SECURITIES LENDING

The Company has entered into a Securities Lending Authorization Agreement with a third party under which the Company has designated all fixed maturity investments not on deposit with various states or reinsurance pools as available for lending to brokers approved by the Company. The agreement specifies that all securities loaned shall be collateralized by the borrower at approximately 102% of market value, such collateral to be held by the third party. All securities loaned can be redeemed on short notice. The total market value of securities on loan at December 31, 2000 and 1999 was $1,378,701 and $325,041, respectively, with corresponding collateral valued at $1,403,737 and $331,808, respectively.

OTHER INVESTMENTS

Included in other investments is the Company's 20% interest in United Fire and Casualty Insurance Company (UFC) at December 31, 2000, 1999 and 1998. The Company's investment in UFC is accounted for using the equity method. In addition to UFC, other investments are primarily comprised of unconsolidated ownership interests in various investment partnerships, investments in leveraged leases and trust financing and are valued at cost, or equity, as appropriate.

5. INSURANCE BALANCES RECEIVABLE

The allowance for uncollectible premiums and other receivables was $40,923 and $36,419 at December 31, 2000 and 1999, respectively. The Company estimates the allowance for uncollectible premiums based on analysis of past due recoverables, accounts in legal collection, and historical charges for uncollectible accounts.

6. PROPERTY AND EQUIPMENT

Details of property and equipment, net of accumulated depreciation and amortization, included in other assets in the accompanying financial statements at December 31, are as follows:

	2000	1999
Real estate, net of impairment adjustments	$145,070	$164,568
Furniture, fixtures and computer equipment	199,470	232,818
Internally developed software	41,783	--
Leasehold improvements	30,521	31,761
	416,844	429,147
Less accumulated depreciation and amortization	235,185	260,387
Property and		

equipment,
net
$181,659
$168,760
========
========

During 2000, the Company sold two real estate holdings, realizing a loss of $2,494 on proceeds of $4,883. Correspondingly, the Company paid down certain long-term bonds relating to the property sold, in the aggregate amount of $16,850 (See Note 8).

(DOLLARS IN THOUSANDS)

During 1999, the Company sold two real estate holdings, realizing a gain of $1,436 on proceeds of $8,203. Correspondingly, the Company paid down certain long-term bonds relating to the property sold, in the aggregate amount of $4,700 (See Note 8).

The Company contracts with a third party to conduct annual appraisals of its real estate holdings. As a result of these annual valuations, the Company realized a loss of $11,000 in 2000 and $10,000 in 1999 for other than temporary impairments in the valuation of certain real estate holdings.

7. UNPAID LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

	FOR THE YEARS ENDED DECEMBER 31,	
	2000	1999
Balance at January 1	$6,368,828	$6,944,024
Less reinsurance recoverable on unpaid losses	1,285,637	1,651,963
Net balance at January 1	5,083,191	5,292,061
Incurred related to:		
Current year	3,483,967	3,194,913
Prior years	818,030	57,493
Total incurred losses	4,301,997	3,252,406
Cumulative effect of change in accounting principle	--	14,470
Paid related to:		

Current year	1,706,573	1,611,718
Prior years	1,972,243	1,864,028
	----------	----------
Total paid	3,678,816	3,475,746
	----------	----------
Net balance at December 31	5,706,372	5,083,191
Plus reinsurance recoverable on unpaid losses	1,276,356	1,285,637
	----------	----------
Balance at December 31	$6,982,728	$6,368,828
	==========	==========

During 2000 and 1999, the Company strengthened loss reserves on prior accident years by approximately $818,000 and $57,000, respectively. Incurred losses related to prior years primarily represents adverse loss development on the Company's auto liability coverages as well as certain commercial lines (workers' compensation, general liability and special multiple peril). This longer tail casualty business written during the mid-1990's originated primarily from the former General Accident book of business. The adverse development recorded in 2000 was primarily driven by increases in paid and case loss trends which were more indicative of true loss reserve development than changes in case reserving or payment philosophy resulting from the merger of CUC and GACA.

(DOLLARS IN THOUSANDS)

The Company believes it has made a reasonable provision for its environmental and asbestos exposures as set forth below on a gross and net of reinsurance basis. However, due to significant unresolved legal and coverage issues such as whether coverage exists, definition of an occurrence, determination of ultimate damages and allocation of such damages to financially responsible parties, an indeterminate amount of additional liability may develop over time.

Included in liability for unpaid losses and loss adjustment expense are reserves for environmental and asbestos exposures at December 31, 2000 and 1999. These reserves, which include IBNR provisions for reported and unreported claims and loss adjustment expenses (LAE) including coverage dispute costs, aggregated:

	2000	1999
Gross of reinsurance	$1,039,605	$1,353,110
Net of reinsurance	$ 786,469	$ 956,001

As more fully described in Note 1, environmental and asbestos liabilities will be ceded to a third party in connection with the acquisition of the Company by White Mountains.

8. LONG-TERM DEBT

Long-term debt at December 31, 2000 and 1999 consisted of the following:

	2000	1999
Term note payable to parent	$1,100,000	$1,100,000
Bonds payable	13,900	30,750
Total long-term debt	$1,113,900	$1,130,750

The term note payable to CGU Holdings LLC, a wholly-owned subsidiary of the Company's ultimate parent and the direct owner of 45.86% of the Company's common stock, was issued on December 31, 1998. Interest at the rate of 6.5% is payable annually on March 31 of each year. The entire principal is due on December 31, 2013. The term note payable agreement contains restrictive covenants regarding financial reporting. Interest paid on the note was $71,500, $17,875, and $0 in 2000, 1999 and 1998, respectively. The fair value of the term note payable to parent was approximately $1,009,000 at December 31, 2000.

The bonds payable mature from 2014 to 2015 and no principal payments are required until maturity. Semi-annual payments of interest are required at rates which will vary based upon an index which is a compilation of certain short-term, tax-free bond issues. The average interest rates were 3.84%, 3.34% and 3.55% for 2000, 1999 and 1998, respectively. Although the terms of the bonds restricted the use of the borrowings to the construction of specific office buildings, the buildings themselves do not constitute collateral for the bonds. Interest paid on the bonds was

$1,101, $1,143 and $1,318 for 2000, 1999 and 1998, respectively. During 2000 and 1999, notes with principal of $16,850 and $4,700 were paid subsequent to the sale of the related property.

(DOLLARS IN THOUSANDS)

As more fully described in Note 1, the term note payable to parent will be paid with proceeds from the anticipated sale of the Company's discontinued operations and with proceeds from sales of investment securities upon acquisition of the Company by White Mountains.

9. INCOME TAXES

The federal income tax provision for the years ended December 31, 2000, 1999 and 1998, consists of the following:

	2000	1999	1998
Current taxes	$ 3,230	$ 2,609	$ (9,132)
Deferred taxes	(86,548)	(107,083)	(177,018)
Federal income taxes charged (credited) to continuing operations	$ (83,318)	$ 104,474	$(186,150)

Deferred taxes arise from temporary differences in the bases of assets and liabilities for tax and financial statement purposes. Components of deferred tax assets and liabilities for the property and casualty operations are as follows:

	DECEMBER 31,	
	2000	1999
Deferred tax assets:		
Discounting of loss reserves	$ 213,284	$ 187,457
Unearned premium reserve adjustment	130,199	125,332
Net operating loss and tax credit carryforward	99,125	71,149
Reinsurance fee payable to foreign affiliate		

59,500 --
Reserve for
post-
retirement
benefits
26,151
19,043
Deferred
compensation
reserve
14,189
1,543
Accrued
interest on
term note
payable to
parent
18,769
18,769
Allowance
for
doubtful
receivables
14,048
30,072
Other
40,955
31,514 ----
----- -----
---- Total
deferred
tax assets
$ 616,220 $
484,879
=========
=========
Deferred
tax
liabilities:
Net
unrealized
capital
gains and
losses
(167,851)
(340,400)
Deferred
acquisition
costs
(147,284)
(158,071)
Disposal of
discontinued
operations
(48,813) --
Accumulated
bond
discount
(31,414)
(60,589)
Prepaid
pension
cost
(18,571)
(20,474)
Deferred
software
costs
(14,624) --
Other
(7,381)
(7,972) ---
------ ----
----- Total
deferred
tax
liabilities
(435,938)
(587,506) -
-------- --
------- Net
deferred
tax asset
(liability)
before
valuation

allowance
180,282
(102,627)
Valuation
allowance
(72,950) --
--------- -

Net
deferred
tax asset
(liability)
$ 107,332
$(102,627)
=========
=========

(DOLLARS IN THOUSANDS)

A reconciliation between the statutory federal tax rate and Company's effective tax rate in 2000, 1999 and 1998 is as follows:

	DECEMBER 31,		
	2000	1999	1998
Statutory federal tax rate:	35.0%	35.0%	35.0%
Tax exempt interest	7.3	(6.0)	4.7
Dividends received deduction	2.7	(2.2)	2.0
Nondeductible charges	(1.1)	1.4	(1.3)
Prior year true ups	2.4	4.3	--
Valuation allowance	(25.4)	(0.2)	--
Other	8.1	(4.4)	(2.2)
Effective tax rate	29.0%	27.9%	38.2%

At December 31, 2000, the Company had net operating loss carryforwards available for utilization of approximately $87,848 of which approximately $40,476 are subject to certain limitations that restrict the utilization of these losses to the Company or group of companies that generated them.

At December 31, 2000, the Company had foreign tax credits of approximately $44,950 which begin to expire in 2001 and Alternative Minimum Tax (AMT) credits of approximately $23,428 which do not expire.

Income taxes paid were $14,000, $24,800 and $85,330 for 2000, 1999 and 1998, respectively. Income tax refunds of $24,022, $70,244 and $0 were received in 2000, 1999 and 1998, respectively.

10. PENSIONS AND OTHER POSTRETIREMENT BENEFITS

The Company offers various postretirement benefits to its employees. Under the terms of these plans, the Company reserves the right to change, modify or discontinue the plans.

PENSIONS

The parent Company and certain subsidiaries have noncontributory defined benefit plans covering substantially all employees. The benefits for these plans are based primarily on years of service and employees' pay near retirement. The Company's funding policy is consistent with the funding requirements of federal law and regulations.

(DOLLARS IN THOUSANDS)

OTHER POSTRETIREMENT BENEFITS

The parent Company and certain subsidiaries provide medical and life insurance benefits to pensioners and survivors. The associated plans pay approved claims from existing assets and from company funds.

	PENSION BENEFITS		OTHER BENEFITS	
	2000	1999	2000	1999
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	$ 477,731	$ 534,971	$ 110,836	$ 114,181
Service cost	17,629	21,374	2,840	3,172
Interest cost	36,683	34,075	9,193	7,963
Amendments	--	--	2,372	(3)
Assumption changes	--	--	20,697	--
Actuarial (gain)/loss	40,022	(51,694)	2,920	(6,339)
Benefits and expenses (net of participant contributions)	(59,678)	(60,995)	(9,846)	(8,138)
Benefit obligation at end of year	$ 512,387	$ 477,731	$ 139,012	$ 110,836
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	$ 594,987	$ 611,655	$ --	$ --
Actual return on plan assets	14,369	37,283	--	--
Employer contribution	3,343	7,045	9,846	8,138
Benefit (net of participant contributions)	(58,841)	(60,995)	(9,846)	(8,138)
Expenses paid	(837)	--	--	--
Fair value of plan assets at				

end of year $
553,021 $ 594,988
$ -- $ --
=========
=========
=========
========= Funded
status $ 40,634 $
117,257
$(139,012)
$(110,836)
Unrecognized
actuarial
(gain)/loss
(22,967) (86,978)
19,916 (7,139)
Unrecognized
transition
obligation/(asset)
(4,577) (8,551)
39,060 42,353
Unrecognized
prior service
cost 6,792 8,467
5,958 3,979 -----
---- --------- --
------- ---------
Net prepaid
(accrued) benefit
cost $ 19,882 $
30,195 $ (74,078)
$ (71,643)
=========
=========
=========
=========

(DOLLARS IN THOUSANDS)

The amount recognized in the accompanying financial statements consists of:

	PENSION BENEFITS		OTHER BENEFITS	
	2000	1999	2000	1999
Prepaid benefit cost	$ 53,559	$ 46,000	$ --	$ --
Accrued benefit liability	(33,677)	(17,369)	(74,078)	(71,643)
Intangible asset	--	1,564	--	--
Net prepaid (accrued) benefit cost	$ 19,882	$ 30,195	$ (74,078)	$ (71,643)
Weighted average assumptions as of December 31:				
Discount rate	7.50%	7.96%	7.50%	8.00%
Expected return on plan assets	9.50%	9.84%	--	--
Rate of compensation increase	5.00%	4.13%	--	--
Initial medical trend rate	--	--	9.50%	7.00%
Ultimate medical trend rate	--	--	5.50%	5.00%

	PENSION BENEFITS			OTHER BENEFITS		
	2000	1999	1998	2000	1999	1998
Components of net periodic benefit cost:						
Service cost	$ 17,629	$ 21,374	$ 22,167	$ 2,840	$ 3,172	$ 3,370
Interest cost	36,683	34,075	32,337	9,193	7,963	8,068
Expected return on plan assets	(51,182)	(49,647)	(42,631)	--	(125)	(139)
Amortization of prior service cost	1,716	1,720	982	393	211	36
Amortization of transition obligation/(asset)	(4,179)	(4,372)	(2,618)	3,301	3,301	3,900
Amortization of unrecognized (gain)/loss	5,817	169	71	(26)	(9)	336
Special termination benefits	--	--	18,763	--	--	781
Curtailment/settlement (gain)/ loss	--	--	(11,699)	--	--	6,825
Net periodic benefit cost	$ 6,484	$ 3,319	$ 17,372	$ 15,701	$ 14,513	$ 23,177

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care rates would have the following effects:

	1-PERCENTAGE-POINT INCREASE	1-PERCENTAGE-POINT DECREASE
Effect on total of service and interest cost components	$ 1,209	$ 1,083
Effect on postretirement benefit obligation	15,475	13,930

(DOLLARS IN THOUSANDS)

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11. OPERATING LEASES

Net rental expense for 2000, 1999 and 1998 aggregated $51,032, $47,686 and $52,303, respectively, net of sublease rental income of $1,716, $432 and $20, respectively. The Company leases office facilities, computer and transportation equipment with remaining lease terms ranging from one to ten years. Minimum lease commitments for each of the next five years, and thereafter, are as follows:

	RENTAL EXPENSE	SUBLEASE INCOME
2001	$ 48,203	$2,261
2002	39,044	1,743
2003	32,255	1,743
2004	21,558	787
2005	16,259	695
Thereafter	31,889	232
	$189,208	$7,461

Under the existing leases, there are no material contingent rental agreements, escalation clauses or restrictions imposed on the Company.

12. REINSURANCE

In the ordinary course of business, the Company reinsures certain risks with other insurance enterprises. Reinsurance limits the Company's maximum loss on catastrophes, large risks and unusually hazardous risks. The Company is contingently liable in the event of default by a reinsurer.

Included in reinsurance recoverable at December 31, 2000 and 1999 are recoverables on paid losses of $281,828 and $288,447, respectively, for the property and casualty operations, which were recorded net of a valuation allowance for uncollectible reinsurance of $20,000 at December 31, 2000 and 1999.

Reinsurance recoverable on paid and unpaid losses with a carrying value of $169,584 and $170,503 and prepaid reinsurance premiums of $12,226 and $8,812 at December 31, 2000 and 1999, respectively, for the property and casualty operations, are due from the National Council on Compensation Insurance, an involuntary pool.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

The effect of reinsurance on premiums and losses for the property and casualty operations is as follows:

DECEMBER 31, 2000	PREMIUM WRITTEN	PREMIUM EARNED	LOSSES AND LOSS ADJUSTMENT EXPENSES INCURRED
Direct	$ 4,654,603	$ 4,630,377	$ 4,767,171
Assumed	73,591	70,495	110,904
Ceded	(434,063)	(425,813)	(576,078)
Net	$ 4,294,131	$ 4,275,059	$ 4,301,997

DECEMBER 31, 1999	PREMIUM WRITTEN	PREMIUM EARNED	LOSSES AND LOSS ADJUSTMENT EXPENSES INCURRED
Direct	$ 4,485,534	$ 4,518,278	$ 3,503,024
Assumed	65,249		

70,158
64,711
Ceded
(302,037)
(328,441)
(315,329)

- --------
--- ------
----- Net
$
4,248,746
$
4,259,995
$
3,252,406
===========
===========
===========

DECEMBER
31, 1998 -

LOSSES AND
LOSS
ADJUSTMENT
PREMIUM
PREMIUM
EXPENSES
WRITTEN
EARNED
INCURRED -
------ ---
---- -----

Direct $
4,389,663
$
4,366,704
$
4,675,460
Assumed
77,826
80,906
234,874
Ceded
(354,090)
(405,732)
(963,487)

- --------
--- ------
----- Net
$
4,113,399
$
4,041,878
$
3,946,847
===========
===========
===========

(DOLLARS IN THOUSANDS)

During 2000 the Company purchased a reinsurance contract from an affiliated reinsurer. The contract is a $170,000 stop loss reinsurance agreement covering accident year 2000 losses (the "primary coverage"). This contract was amended in December 2000 to include a $200,000 retroactive reinsurance agreement dated December 31, 2000, covering potential adverse loss development on reserves carried by the Company as of December 31, 2000, excluding all exposures for all policy years prior to 1988, asbestos exposures for all policy years prior to 1993, and all lead-related exposures for all policy years prior to 1993 (the "secondary coverage"). This secondary coverage was not triggered as of December 31, 2000. The Company incurred adverse development up to the limits of the primary coverage and accordingly recorded reinsurance recoverable from the affiliated reinsurer of $170,000 at December 31, 2000.

In addition, a portion of the coverage under certain of the Company's reinsurance contracts in 2000, 1999 and 1998 has been provided by the affiliated reinsurer. Earned insurance premiums ceded to the affiliated reinsurer in 2000, 1999 and 1998 were $15,800, $28,420 and $33,190, respectively.

Total amounts recoverable on paid and unpaid losses ceded to the affiliated reinsurer were $20,961 and $7,114 as of December 31, 2000 and 1999, respectively.

13. OTHER COMPREHENSIVE INCOME

Other comprehensive income was comprised of the following:

2000	BEFORE TAX AMOUNT	TAX (EXPENSE) OR BENEFIT	NET OF TAX AMOUNT
Gain (loss) on foreign currency exchange:			
Balance, beginning of year	$ (39,614)	$ 13,865	$ (25,749)
Change during year	(5,664)	1,982	(3,682)
Balance, end of year	(45,278)	15,847	(29,431)
Net unrealized appreciation of investments:			
Balance, beginning of year	1,005,015	(361,603)	643,412

Change during year	(467,529)	163,311	(304,218)
Balance, end of year	537,486	(198,292)	339,194
Total other comprehensive income:			
Balance, beginning of year	965,401	(347,738)	617,663
Change during year	(473,193)	165,293	(307,900)
Balance, end of year	$ 492,208	$ (182,445)	$ 309,763

(DOLLARS IN THOUSANDS)

1999

	BEFORE TAX AMOUNT	TAX (EXPENSE) OR BENEFIT	NET OF TAX AMOUNT
Gain (loss) on foreign currency exchange:			
Balance, beginning of year	$ (55,025)	$ --	$ (55,025)
Change during year	15,411	13,865	29,276
Balance, end of year	(39,614)	13,865	(25,749)
Net unrealized appreciation of investments:			
Balance, beginning of year	1,840,549	(644,192)	1,196,357
Change during year	(835,534)	282,589	(552,945)
Balance, end of year	1,005,015	(361,603)	643,412
Total other comprehensive income:			
Balance, beginning of year	1,785,524	(644,192)	1,141,332
Change during year	(820,123)	296,454	

(523,669) --
--------- --
--------- --

Balance, end
of year $
965,401 $
(347,738) $
617,663
===========
===========
===========

1998 -------

BEFORE TAX
NET OF TAX
(EXPENSE)
TAX AMOUNT
OR BENEFIT
AMOUNT -----
- ----------
------ Gain
(loss) on
foreign
currency
exchange:
Balance,
beginning of
year $
(38,742) $ -
- $ (38,742)
Change
during year
(16,283) --
(16,283) ---
-------- ---
-------- ---

Balance, end
of year
(55,025) --
(55,025) ---
-------- ---
-------- ---
-------- Net
unrealized
appreciation
of
investments:
Balance,
beginning of
year
1,406,955
(492,434)
914,521
Change
during year
433,594
(151,758)
281,836 ----
------- ----
------- ----

Balance, end
of year
1,840,549
(644,192)
1,196,357 --
--------- --
--------- --

Total other
comprehensive
income:
Balance,
beginning of
year
1,368,213
(492,434)
875,779
Change
during year

(DOLLARS IN THOUSANDS)

	417,311	(151,758)	265,553
Balance, end of year	$ 1,785,524	$ (644,192)	$ 1,141,332

---

14. STATUTORY BASIS INFORMATION

The Company is required to file an annual statement with state insurance regulatory authorities for each of its insurance subsidiaries prepared on an accounting basis prescribed or permitted by such authorities (statutory basis). Prescribed statutory accounting practices, which differ from accounting principles generally accepted in the United States of America in certain respects, include a variety of publications of the National Association of Insurance Commissioners (NAIC), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

Statutory basis information for 2000, 1999 and 1998 is as follows:

	2000	1999	1998
Net income (loss) for the year	$ 8,234	$ 526,311	$ (428,990)
Policyholders' surplus at December 31	$2,782,986	$3,804,229	$3,580,188

15. DIVIDEND RESTRICTIONS

The Company's ability to pay dividends to its shareholder is dependent on receipt of dividends from its insurance subsidiaries whose shareholder dividends are restricted by state insurance regulatory authorities.

The insurance subsidiaries are subject to state regulations which limit by reference to each companies statutory investment income and policyholders' surplus the dividends that can be paid to their parent company without prior regulatory approval. Dividend restrictions vary between the companies as determined by the laws of the domiciliary states.

Massachusetts's statute limits the dividends an insurer may pay in any twelve-month period, without the prior permission of The Commonwealth of Massachusetts Insurance Commissioner, to the greater of (i) 10% of its statutory policyholder surplus as of the preceding December 31 or (ii) the individual company's statutory net gain from operations for the preceding calendar year (if such insurer is a life company), or its net income for the preceding calendar year (if such insurer is not a life company). In addition, under Massachusetts law, no domestic insurer shall pay a dividend or make any distribution to its shareholders from other than unassigned funds unless the Commissioner shall have approved such dividend or distribution.

Pursuant to Pennsylvania's statute, the maximum amount of dividends and other distributions that an insurer may pay in any twelve-month period, without the prior approval of the Pennsylvania Commissioner of Insurance, is limited to the greater of (i) 10% of it's policyholders' surplus as of the preceding December 31 or (ii) the individual company's statutory net gain from operations for the preceding calendar year (if such insurer is a life company) or its net income for the preceding calendar year (if such insurer is not a life company). Any dividends to be paid by an insurer, whether or not in excess of the aforementioned threshold, from a source other than statutory unassigned surplus would also require the prior approval of the Pennsylvania Commissioner of Insurance.

Under the applicable state restrictions, such subsidiaries paid dividends of $342,288, $180,092 and $302,799 in 2000, 1999 and 1998, respectively.

16. CONTINGENCIES

REGULATORY AND INDUSTRY DEVELOPMENTS

Unfavorable economic conditions may contribute to an increase in the number of insurance companies that are under regulatory supervision. This may result in an increase in mandatory assessments by state guaranty funds, or voluntary payments by solvent insurance companies to cover losses to policyholders of insolvent or rehabilitated companies. Mandatory assessments, which are subject to statutory limits, can be partially recovered through a reduction in future premium taxes in some states. The Company is not able to reasonably estimate the potential effect on it of any such future assessments or voluntary payments.

LITIGATION

The Company has been named a defendant in various legal proceedings arising in the normal course of business. In the Company's opinion, based on the advice of legal counsel, the ultimate resolution of these proceedings will not have a material effect on the Company's consolidated financial statements. However, liabilities related to these proceedings could be established in the near term if estimates of the ultimate resolution of these proceedings are revised.

RESIDUAL MARKETS

The Company is required to participate in residual markets in various states. The results of the residual markets are not subject to the predictability associated with the Company's own managed business, and are significant to the workers' compensation line of business and both the private passenger and commercial automobile lines of business.

17. SUBSEQUENT EVENTS

During January 2001, the Company sold substantially all of its investments in common equity securities and recognized net realized gains of approximately $246,000.

EXHIBIT 99(x)

CGU CORPORATION
(A Wholly-Owned Subsidiary of CGNU plc)
Consolidated Balance Sheet
March 31, 2001
(Dollars in Thousands, except for per share amount)
- --

2001 ASSETS
Fixed
maturity
investments
at fair
value
(amortized
cost
$8,942,827)
$ 9,047,350
Common
equity
securities
at fair
value (cost
$8,218)
14,558
Preferred
equity
securities
at fair
value (cost
$116,414)
144,500
Short-term
investments,
at amortized
cost (which
approximates
fair value)
159,726
Other
Investments
47,326 -----

-- Total
investments
9,413,460
Cash 52,138
Insurance
balances
receivable
1,294,501
Reinsurance
recoverable
on paid and
unpaid
losses
1,587,291
Deferred
policy
acquisition
costs
341,638
Investment
income
accrued
90,536 Net
deferred
federal
income taxes
261,895
Other assets
559,001 Net
assets of
discontinued
operations
508,000 ----

--- Total
assets $
14,108,460 -

LIABILITIES
Loss and
loss
adjustment
expense
reserves $
6,925,527
Unearned
insurance
premiums
1,926,041
Long-term
debt
1,103,150
Net deferred
federal
income taxes
- Accounts
payable and
other
liabilities
985,654 ----

--- Total
liabilities
10,940,372 -

SHAREHOLDERS'
EQUITY
Common
Stock, $1.00
par value;
authorized
100,000
shares,
16,022
shares
outstanding
16
Additional
paid-in
capital
753,200
Retained
earnings
2,308,836
Accumulated
other
comprehensive
income
106,036 ----

--- Total
shareholders'
equity
3,168,088 --

----- Total
liabilities
and
shareholders'
equity $
14,108,460 -

CGU CORPORATION
(A Wholly-Owned Subsidiary of CGNU plc)
Consolidated Statements of Income and Comprehensive Income
For the Three Months Ended March 31, 2001 and 2000
(Dollars in Thousands)
- --

2001 2000
REVENUES:
Earned
insurance
premiums $
1,043,088 $
1,065,421

Net
investment
income
123,947
122,644 Net
realized
gains from
investment
securities
and other
investments
402,171
21,147 -----

--- --------

Total
revenues
1,569,206
1,209,212 --

------ -----

-- EXPENSES:
Losses and
loss
adjustment
expenses
814,322
765,771
Underwriting
and other
operating
expenses
435,863
339,225 ----

---- -------

Total
expenses
1,250,185
1,104,996 --

------ -----

-- Pretax
Earnings
319,022
104,216
Federal
income tax
provision
(129,872)
(24,062) ---

----- ------

- Net income
from
continuing
operations
189,149
80,154
Income from
discontinued
operations -
7,234 Loss
on disposal
of
discontinued
operations
(16,040) - -

------- ----

--- NET
INCOME
173,109
87,388 Other
comprehensive
income, net
of tax;
Increase
(decrease)
in net

unrealized
appreciation
of
investments
(196,155)
91,110 Loss
on foreign
currency
exchange
(7,572)
(1,763) ----

---- -------

COMPREHENSIVE
NET INCOME
(LOSS) $
(30,618) $
176,735 ----

---- -------

CGU CORPORATION
(A Wholly-Owned Subsidiary of CGNU plc)
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2001 and 2000
(Dollars in Thousands)
- --

2001 2000
CASH FLOWS
FROM
OPERATING
ACTIVITIES:
Net income
$ 173,109 $
87,388
Adjustments
to
reconcile
net income
to net cash
provided by
operating
activities:
Loss on
disposal of
discontinued
operations
16,040 -
Net income
from
discontinued
operations
- (7,234)
Amortization
of bond
premium and
discount
(26,502)
(377) Net
realized
gains from
investment
securities
and other
assets
(402,171)
(21,147)
Depreciation
and
amortization
6,703 6,752
Deferred
federal
income
taxes
(34,174)
(4,423)
Change in

operating
assets and
liabilities:
Reinsurance
recoverable
on paid and
unpaid
losses
263,683
56,675
Deferred
policy
acquisition
costs
79,172
(4,487)
Loss and
loss
adjustment
expense
reserves
(57,201)
(198,402)
Unearned
insurance
premiums
(116,427)
13,658
Insurance
balances
receivable
(167,753)
(109,588)
Net change
in other
assets and
liabilities
128,382
(31,964) --

- ---------
----- Net
cash used
by
operating
activities
(137,139)
(213,149) -

-- --------
------ CASH
FLOWS FROM
INVESTING
ACTIVITIES:
Purchases
of
investments:
Fixed
maturity
investments
(3,467,644)
(1,246,646)
Common
equity
securities
(24,677)
(259,414)
Preferred
equity
securities
- - Net
increase in
short-term
investments
161,447
180,944 Net
increase in
other
invested
assets
51,426
1,912
Proceeds
from the
sales of
investments:

Fixed maturity investments	2,619,859	1,296,459
Common equity securities	733,438	282,030
Preferred equity securities	100	1,535
Maturities of fixed maturity investments	90,190	73,085
Purchases of equipment, net	(2,195)	(2,639)
Development of computer software	(7,743)	(8,118)
Net cash provided by investing activities	154,201	319,148
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term debt	(10,750)	-
Net cash used by financing activities	(10,750)	-
Net increase in cash	6,312	105,999
Cash and cash equivalents, beginning of period	45,826	50,800
Cash and cash equivalents, end of period	$ 52,138	$ 156,799

EXHIBIT 99(y)

WHITE MOUNTAINS INSURANCE GROUP, LTD.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

INTRODUCTION

On June 1, 2001, White Mountains Insurance Group, Ltd. (the "Company", collectively with its subsidiaries "White Mountains") acquired the U.S. property and casualty operations (known as "CGU") of London-based CGNU plc. ("CGNU") for $2.1 billion, of which $260.0 million consisted of a convertible note payable (the "Seller Note") with the balance paid in cash.

The pro forma adjustments presented herein have been segregated as being made either in connection with the financing of the acquisition of CGU (the "Financing") or in connection with the acquisition of CGU (the "Acquisition").

THE FINANCING

DEBT TENDER AND DEBT ESCROW TRANSACTIONS

In connection with the Acquisition, the Company completed a tender offer and consent solicitation for $96.3 million in outstanding medium-term notes (the "Debt Tender") which facilitated the Acquisition by amending the indenture governing the notes. Pursuant to the Debt Tender, the Company repurchased and retired $90.9 million of its medium-term notes and subsequently prepaid, in the form of a fully-funded irrevocable escrow arrangement (the "Debt Escrow"), the balance of the outstanding medium-term notes.

EQUITY FINANCING

On June 1, 2001, a small group of private investors purchased $437.6 million of a newly-issued class of non-voting convertible preference shares of the Company (the "Convertible Preference Shares"). The Convertible Preference Shares bear a dividend of 1% per year and will be automatically converted (at a conversion price of approximately $200.00 per share) into 2,184,583 common shares upon approval of the conversion by the Company's shareholders. 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 the Company to repurchase the Convertible Preference Shares on an "as converted" basis at the then-current price of a common share. Since the market value of the Company's common shares at June 1, 2001 ($346.00 per common share) exceeded the private investors' cost of the Convertible Preference Shares (approximately $200.00 per common share), this instrument is deemed to have a beneficial conversion feature. This determination requires that the Convertible Preference Shares be marked-to-market, by an adjustment to retained earnings until the date the Convertible Preference Shares are converted to permanent common equity (which will occur upon shareholder approval, if and when such approval is obtained).

On June 1, 2001, Berkshire Hathaway, Inc. ("Berkshire") purchased from the Company, for $75.0 million in cash, warrants (the "Warrants") to acquire 1,714,285 common shares at an exercise price of $175.00 per share. Of the total Warrants purchased by Berkshire, Warrants to purchase 1,170,000 common shares (the "Series A Warrants") were immediately exercisable and Warrants to purchase approximately 544,285 common shares (the "Series B Warrants") will become exercisable upon approval by shareholders. Shareholder approval will be sought at the same time as approval of the conversion of Convertible Preference Shares is sought. If shareholder approval has not been obtained by March 31, 2003, Berkshire will thereafter have the right to require the Company to repurchase the Series B Warrants at a price per Series B Warrant equal to the then-current market price per common share less $175.00. The Warrants have a term of seven years from the date of issuance although the Company has the right to call the Warrants for $60.0 million in cash commencing on the fourth anniversary of their issuance. Since the Series B Warrants do not yet represent common equity to the Company, they constitute a contingent put liability (similar in nature to a stock appreciation right) which will be carried at fair value through a periodic charge or credit to the income statement. The Series B Warrants will become permanent common equity upon shareholder approval, if and when such approval is obtained.

On June 1, 2001, Berkshire also purchased for $225.0 million, $300.0 million in face value of cumulative non-voting preferred stock (the "Berkshire Preferred Stock") of a subsidiary of the Company. The Berkshire Preferred Stock is entitled to a 2.35475% dividend per quarter and is mandatorily redeemable after seven years. The Berkshire Preferred Stock represents subsidiary preferred stock which is considered to be minority interest in the Company's consolidated financial statements.

On June 1, 2001, Zenith Insurance Company purchased $20.0 million in cumulative non-voting preferred stock (the "Zenith Preferred Stock") of a subsidiary of the Company. The Zenith Preferred Stock is entitled to a 2.5% dividend per quarter through June 30, 2007 and a 3.5% dividend thereafter and is mandatorily redeemable after ten years. The Zenith Preferred Stock represents subsidiary preferred stock which is considered to be minority interest in the Company's consolidated financial statements.

BANK FINANCING

On June 1, 2001, a subsidiary of the Company borrowed $700.0 million in term loans and $125.0 million in revolving loans (of a $175.0 million revolving loan facility) from a banking syndicate arranged by Lehman Brothers Inc. (collectively the "Lehman Facility"). The term loans are repayable in quarterly installments with a final maturity on the sixth anniversary of the closing date. The revolving loan facility is available on a revolving basis from the closing date until the fifth anniversary of the closing. The loans are variable rate instruments which are currently tied to a rate based on the three-month eurodollar rate.

THE ACQUISITION

SIGNIFICANT REINSURANCE CONTRACTS

Immediately prior to the Acquisition, CGU entered into reinsurance agreements with National Indemnity Company (the "NICO Cover") and General Re Corporation (the "GRC Cover") which provide CGU with significant reinsurance protections against unanticipated increases in recorded reserves for insurance losses and loss adjustment expenses. The NICO Cover provides up to $2.5 billion of protection against CGU's asbestos, environmental and certain other latent exposures. The GRC Cover provides for up to $400.0 million in excess of loss reinsurance protection against adverse development on accident year 2000 and prior losses.

SELLER NOTE

On June 1, 2001, White Mountains issued the Seller Note to CGNU. The Seller Note has an 18 month term and bears interest at a rate equal to 50 basis points over the rate on White Mountains' revolving loan facility described above. The Seller Note may be settled in cash, or at White Mountains' option, with common shares valued at $245.00 per share. White Mountains has classified this obligation as debt since management believes it has the ability to settle this obligation in a form other than pursuant to the Note Purchase Option Agreement which governs the Seller Note.

PRECLOSING TRANSACTIONS WITH CGNU

On June 1, 2001, CGU repaid $1.1 billion in intercompany debt to CGNU with proceeds from the sale of CGU's life insurance and Canadian operations to CGNU, the sale of certain other assets to CGNU and available cash. In addition, CGNU made a $200.0 million cash contribution to CGU immediately prior to the Acquisition.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed combined income statements of White Mountains for the year ended December 31, 2000 and the three-months ended March 31, 2001 present results for White Mountains as if the acquisition of CGU and certain recurring transactions and adjustments related to the acquisition had occurred as of January 1, 2000. The accompanying unaudited pro forma condensed combined balance sheet of White Mountains as of March 31, 2001 presents White Mountains' financial position as if the acquisition of CGU had occurred on March 31, 2001.

The Acquisition will be accounted for by the purchase method of accounting and, therefore, the assets and liabilities of CGU will be recorded at their fair values at June 1, 2001. The unaudited pro forma financial information is provided for informational purposes only. The unaudited pro forma financial information does not purport to represent what White Mountains' financial position or results of operations actually would have been had the Acquisition in fact occurred as of the dates indicated, or to project White Mountains' financial position or results of operations for any future date or period. The pro forma adjustments are based on available information and assumptions that the Company currently believes are reasonable under the circumstances and that are considered to be material to the overall pro forma presentation. The unaudited pro forma financial information should be read in conjunction with White Mountains' Annual Report on Form 10-K for the year ended December 31, 2000, White Mountains' Quarterly Report on Form 10-Q for the period ended March 31, 2001, CGU's audited consolidated financial statements for the years ended December 31, 2000, 1999 and 1998 which are enclosed herein as Exhibit 99(w) and CGU's unaudited consolidated balance sheet as of March 31, 2001 and CGU's unaudited income statements and statements of cash flows for the three-month periods ended March 31, 2001 and 2000, which are enclosed herein as Exhibit 99(x).

WHITE MOUNTAINS INSURANCE GROUP, LTD.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
MARCH 31, 2001
(in millions of dollars)

Pro Forma White Adjustments for Mountains CGU the Financing Notes - ---------------- ----------------- - --------------- -- ------ ASSETS Total investments and cash $ 2,076.1 $ 9,466.6 $ (103.3) A 300.0 B 825.0 C 20.0 D 437.6 E Reinsurance recoverable on paid and unpaid losses 806.2 1,587.3 Federal income tax assets 118.4 261.9 Insurance and reinsurance balances receivable 103.0 1,294.5 Deferred acquisition costs 29.4 341.6 Net assets of discontinued operations - 508.0 Other assets 455.8 648.6 5.9 A ----- ------------ ---- -------------- -- --------------- TOTAL ASSETS $ 3,588.9 $ 14,108.5 $ 1,485.2 ================= ================== ================= LIABILITIES Loss and loss adjustment expense reserves $ 1,549.2 $ 6,822.9 Funds held under insurance and reinsurance treaties 450.1 102.8 Unearned insurance and reinsurance premiums 192.9 1,926.0 Debt 96.0 1,103.1 $ (90.9) A 825.0 C Deferred credits 83.5 - Other liabilities 176.2 985.6 (1.7) A 111.7 B --------- -------- -------- ---------- ------ ----------- TOTAL LIABILITIES

2,547.9 10,940.4
844.1 -----------
------ ----------
-------- --------

CONVERTIBLE
PREFERENCE SHARES
- - 755.8 E
MINORITY INTEREST
- SUBSIDIARY
PREFERRED STOCK -
- 145.2 B 20.0 D
SHAREHOLDERS'
EQUITY 1,041.0
3,168.1 (4.8) A
105.7 B (62.6) B
(318.2) E -------
---------- ------
------------ ----

TOTAL
SHAREHOLDERS'
EQUITY 1,041.0
3,168.1 (279.9)
TOTAL
LIABILITIES,
CONVERTIBLE
PREFERENCE
SHARES, MINORITY
INTEREST AND
SHAREHOLDERS'
EQUITY $ 3,588.9
$ 14,108.5 $
1,485.2
=================
==================
=================
Book value per
common and common
equivalent share
(Note M) See the
accompanying
notes to the
unaudited pro
forma condensed
combined
financial
statements.
Pro Forma
Adjustments for
Pro Forma the
Acquisition Notes
Combined --------
--------- -------

ASSETS Total
investments and
cash $ (463.5) G
(1,114.8) H
(275.0) I
(1,843.3) J $
9,325.4
Reinsurance
recoverable on
paid and unpaid
losses 747.6 H
105.0 I (352.1) J
2,894.0 Federal
income tax assets
128.5 H 36.7 I
(65.5) J 480.0
Insurance and
reinsurance
balances
receivable (42.0)
J 1,355.5
Deferred
acquisition costs
371.0 Net assets
of discontinued
operations
(508.0) G - Other
assets (246.7) J
(9.6) J (29.9) J
824.1 -----------
------ ----------

------- TOTAL
ASSETS $
(3,932.6) $
15,250.0
=================
=================
LIABILITIES Loss
and loss
adjustment
expense reserves
$ (652.1) J 105.0
I $ 7,825.0 Funds
held under
insurance and
reinsurance
treaties 552.9
Unearned
insurance and
reinsurance
premiums 2,118.9
Debt (1,100.0) G
260.0 J 1,093.2
Deferred credits
755.3 J 838.8
Other liabilities
(71.5) G (170.0)
I 108.8 J 1,139.1

TOTAL LIABILITIES
(764.5) 13,567.9

CONVERTIBLE
PREFERENCE SHARES
755.8 MINORITY
INTEREST -
SUBSIDIARY
PREFERRED STOCK
165.2
SHAREHOLDERS'
EQUITY 200.0 G
(238.7) H (68.3)
I (3,061.1) J
761.1 -----------
------ ----------
------- TOTAL
SHAREHOLDERS'
EQUITY (3,168.1)
761.1 TOTAL
LIABILITIES,
CONVERTIBLE
PREFERENCE
SHARES, MINORITY
INTERESTY AND
SHAREHOLDERS'
EQUITY $
(3,932.6) $
15,250.0
=================
=================

Book value per common and common equivalent share (Note M)

See the accompanying notes to the unaudited pro forma condensed combined financial statements.

WHITE MOUNTAINS INSURANCE GROUP, LTD.
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2001
(IN MILLIONS OF DOLLARS, EXCEPT SHARE AND PER SHARE DATA)

Pro Forma Pro
Forma
Adjustments
Adjustments
White the for
the for
REVENUES
Mountains CGU
Financing

Notes
Acquisition
Notes -------
--- ---------
- -----------
----- -------
---- -----
Earned
insurance and
reinsurance
premiums $
97.7 $
1,043.1 Net
realized
gains on
investment
securities
21.4 402.2
Net
investment
income 24.0
123.9 $ (4.5)
F $ (17.9) G
(18.5) H
(4.5) I Other
revenues 11.2
- 27.0 J ----
------ ------
---- --------
--- ---------
-- TOTAL
REVENUES
154.3 1,569.2
(4.5) (13.9)
EXPENSES
Losses and
loss
adjustment
expenses 90.2
814.3
Insurance and
reinsurance
acquisition
expenses 23.0
263.9 General
and
administrative
expenses 23.2
154.0 3.2 K
Accretion of
discounted
loss reserves
- - 22.5 J
Interest
expense 1.9
17.9 (1.8) A
(17.9) G 16.8
C 5.7 J -----
----- -------
--- ---------
-- ----------
- TOTAL
EXPENSES
138.3 1,250.1
15.0 13.5 ---
------- -----
----- -------
---- --------
--- PRETAX
EARNINGS 16.0
319.1 (19.5)
(27.4) Income
tax benefit
(provision)
1.1 (129.9)
5.9 C 6.5 H
1.6 I 7.9 J
1.1 K
Minority
interest:
Accretion of
subsidiary
preferred
stock to face
value - -
(2.4) B

Dividends on subsidiary preferred stock - - (7.1) B (0.5) D ---------- ---------- -- --------- --- -------- NET INCOME FROM CONTINUING OPERATIONS 17.1 189.2 (23.6) (10.3) Dividends on preference shares - - (1.1) E - --- ------- ----- ----- ------- ---- -------- --- NET INCOME FROM CONTINUING OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS $ 17.1 $ 189.2 $ (24.7) $ (10.3) ========== ========== =========== =========== Earnings per Common Share (Note L): Average shares used in computing basic earnings per share 5,880,115 Basic earnings per common share: Net income from continuing operations $ 2.91 Average shares used in computing diluted earnings per share 5,931,337 Diluted earnings per common share: Net income from continuing operations $ 2.88 Pro Forma REVENUES Combined ---- ------- Earned insurance and reinsurance premiums $ 1,140.8 Net realized gains on investment securities 423.6 Net investment income 102.5 Other revenues 38.2

TOTAL REVENUES 1,705.1
EXPENSES
Losses and loss adjustment expenses 904.5
Insurance and reinsurance acquisition expenses 286.9
General and administrative expenses 180.4
Accretion of discounted loss reserves 22.5
Interest expense 22.6

TOTAL EXPENSES 1,416.9

PRETAX EARNINGS 288.2
Income tax benefit (provision) (105.8)
Minority interest:
Accretion of subsidiary preferred stock to face value (2.4)
Dividends on subsidiary preferred stock (7.6)

NET INCOME FROM CONTINUING OPERATIONS 172.4
Dividends on preference shares (1.1)

NET INCOME FROM CONTINUING OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS $ 171.3
===========
Earnings per Common Share (Note L):
Average shares used in computing basic earnings per share 5,880,115
Basic earnings per common share:
Net income from continuing operations $ 29.13
Average shares used in computing diluted earnings per

share
8,967,901
Diluted
earnings per
common share:
Net income
from
continuing
operations $
19.22

See the accompanying notes to the unaudited pro forma
condensed combined financial statements.

WHITE MOUNTAINS INSURANCE GROUP, LTD.

UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2000
(IN MILLIONS OF DOLLARS, EXCEPT SHARE AND PER SHARE DATA)

Pro Forma Pro
Forma
Adjustments
Adjustments
White for the
for the
REVENUES
Mountains CGU
Financing
Notes
Acquisition
Notes -------
--- ---------
-- ----------
- -------- --
---------- --
--- Earned
insurance and
reinsurance
premiums $
334.4 $
4,275.0 Net
realized
gains
(losses) on
investment
securities
(8.4) 732.8
Net
investment
income 85.9
504.9 $
(20.0) F
(71.5) G
(76.0) H
(17.9) I
Gains on
sales of
subsidiaries
and other
assets 385.8
- Other
revenues 50.5
- 107.9 J ---
------- -----
------ ------
---- --------
--- TOTAL
REVENUES $
848.2 $
5,512.7 $
(20.0) $
(57.5)
EXPENSES
Losses and
loss
adjustment
expenses $
287.7 $
4,302.0
Insurance and

reinsurance
acquisition
expenses
101.1 1,030.5
General and
administrative
expenses 87.9
395.7 12.7 K
Accretion of
discounted
loss reserves
- - 90.0 J
Interest
expense 16.1
71.5 (7.2) A
(71.5) G 73.8
C 24.7 J
Share
appreciation
expense -
contingent
warrants - -
62.6 B ------
---- --------
--- ---------
- -----------
TOTAL
EXPENSES
492.8 5,799.7
129.2 55.9 --
-------- ----
------- -----
----- -------
---- PRETAX
EARNINGS
(LOSS) 355.4
(287.0)
(149.2)
(113.4)
Income tax
benefit
(provision)
(42.5) 83.3
25.8 C 26.6 H
6.3 I 31.5 J
4.4 K
Minority
interest:
Accretion of
subsidiary
preferred
stock to face
value - -
(10.7) B -
Dividends on
subsidiary
preferred
stock - -
(28.3) B
(2.0) D -----
----- -------
---- --------
-- ----------
- NET INCOME
(LOSS) FROM
CONTINUING
OPERATIONS
312.9 (203.7)
(164.4)
(44.6) -
Redemption
adjustment -
Convertible
Preference
Shares - -
(318.2) E -
Dividends on
preference
shares - -
(4.4) E - ---
------- -----
------ ------
---- --------
--- NET
INCOME (LOSS)
FROM

CONTINUING OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS $ 312.9 $ (203.7) $ (487.0) $ (44.6) ========== =========== ========== =========== Earnings per Common Share (Note L): Average shares used in computing basic earnings per share 5,894,875 Basic earnings (loss) per common share: Net income (loss) from continuing operations $ 53.08 Average shares used in computing diluted earnings per share 5,920,625 Diluted earnings (loss) per common share: Net income (loss) from continuing operations $ 52.84 Pro Forma REVENUES Combined ------------ Earned insurance and reinsurance premiums $ 4,609.4 Net realized gains (losses) on investment securities 724.4 Net investment income 405.4 Gains on sales of subsidiaries and other assets 385.8 Other revenues 158.4 ------------- TOTAL REVENUES $ 6,283.4 EXPENSES Losses and loss adjustment expenses $ 4,589.7 Insurance and reinsurance acquisition expenses 1,131.6

General and administrative expenses 496.3
Accretion of discounted loss reserves 90.0
Interest expense 107.4
Share appreciation expense - contingent warrants 62.6

TOTAL EXPENSES 6,477.6

PRETAX EARNINGS (LOSS) (194.2)
Income tax benefit (provision) 135.4
Minority interest:
Accretion of subsidiary preferred stock to face value (10.7)
Dividends on subsidiary preferred stock (30.3)

NET INCOME (LOSS) FROM CONTINUING OPERATIONS (99.8)
Dividends on preference shares (318.2)
Dividends on preference shares (4.4)

NET INCOME (LOSS) FROM CONTINUING OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS $ (422.4)
=============
Earnings per Common Share (Note L):
Average shares used in computing basic earnings per share 5,894,875
Basic earnings (loss) per common share:
Net income (loss) from continuing operations $ (71.66)
Average shares used in computing diluted earnings per share

5,894,875
Diluted earnings (loss) per common share:
Net income (loss) from continuing operations $ (71.66)

See the accompanying notes to the unaudited pro forma condensed combined financial statements.

WHITE MOUNTAINS INSURANCE GROUP, LTD.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

ADJUSTMENTS RELATING TO THE FINANCING

The pro forma Financing adjustments, as they relate to the unaudited pro forma condensed combined balance sheet and statements of income, are described below.

(A) Pursuant to the Debt Tender, the Company repurchased and retired the majority of its medium-term notes and subsequently prepaid, through the Debt Escrow, the balance of its outstanding medium-term notes. Total cash paid pursuant to the Debt Tender and the Debt Escrow was $103.3 MILLION, which is comprised of a payment of $95.4 million to retire $90.9 MILLION in net principal amount of medium-term notes acquired under the Debt Tender, $5.9 MILLION in principal and interest prepaid under the Debt Escrow, $1.7 MILLION in accrued interest, and $.3 million in expenses.

A $4.8 MILLION loss on early extinguishment of debt resulted from the Debt Tender, which represented a $4.5 million premium paid pursuant to the Debt Tender plus expenses of $.3 million. The $1.8 MILLION and $7.2 MILLION reductions in interest expense presented on the pro forma income statements for the periods ended March 31, 2001 and December 31, 2000, respectively, represent interest expense on medium-term notes retired under the Debt Tender.

The medium-term notes are an obligation of the Company which is domiciled in Bermuda. As a result, no Federal income tax benefit or provision was recorded for these transactions.

(B) On June 1, 2001, White Mountains received a total of $300.0 MILLION in cash from Berkshire in full payment for the Berkshire Preferred Stock and the Warrants. The total proceeds received were allocated to each instrument based on their relative estimated fair values at the date of acquisition. As a result, $145.2 MILLION of such proceeds were allocated to the Berkshire Preferred Stock and $154.8 million of such proceeds were allocated to the Warrants. Of the amount initially allocated to the Warrants, a further allocation was made among the Series A Warrants and the Series B Warrants of $49.1 million and $105.7 MILLION, respectively, based on the relative number of Warrants in each series. Since the Series B Warrants do not yet represent equity to the Company, they have been classified as a liability recorded at their estimated fair value which was determined to be $111.7 MILLION. The estimated fair values attributed to the Warrants were determined using the Black Scholes option pricing model.

Share appreciation expense relating to the Series B Warrants of $62.6 MILLION recorded on the December 31, 2000 pro forma income statement represents the excess of the estimated fair value of the Series B Warrants of $111.7 million over the purchase price allocation to the Series B Warrants of $49.1 million. This treatment assumes that shareholder approval did not occur during this period. Upon shareholder approval, the estimated fair value of the Series B Warrants recorded as a liability will be reclassed to shareholders' equity ($111.7 million as of the date of the Acquisition).

The Warrants are an obligation of the Company which is domiciled in Bermuda. As a result, no Federal income tax benefit or provision was recorded for the Warrants.

Berkshire Preferred Stock dividends of $7.1 MILLION and $28.3 MILLION recorded for the periods ended March 31, 2001 and December 31, 2000, respectively, represent regular dividends on the Berkshire Preferred Stock. Accretion of subsidiary preferred stock to face value of $2.4 MILLION and $10.7 MILLION recorded for the periods ended March 31, 2001 and December 31, 2000, respectively, represent accretion on the Berkshire Preferred Stock which is required to transition the Berkshire Preferred Stock's recorded value (initially $145.2 million) to its face value of $300.0 million over the instrument's seven-year term. The accretion was determined using the interest method of amortization.

(C) On June 1, 2001, a subsidiary of the Company borrowed $825.0 MILLION pursuant to the Lehman Facility. For the periods ended March 31, 2001 and December 31, 2000, interest expense on the Lehman Facility was $16.8 MILLION and $73.8 MILLION, respectively. The Lehman Facility is an obligation of a subsidiary of the Company which is domiciled in the United States. As a result, a Federal income tax benefit of $5.9 MILLION and $25.8 MILLION, for the periods ended March 31, 2001 and December 31, 2000, respectively, were recorded for these transactions.

(D) On June 1, 2001, a subsidiary of the Company received a total of $20.0 MILLION in cash from Zenith Insurance Company in full payment for the Zenith Preferred Stock. Zenith Preferred Stock dividends of $.5 MILLION and $2.0 MILLION, recorded for the periods ended March 31, 2001 and December 31, 2000, respectively, represent regular dividends on the Zenith Preferred Stock.

(E) On June 1, 2001, the Company received a total of $437.6 MILLION in cash from a small group of private investors in full payment for the Convertible Preference Shares. Due to the beneficial conversion feature inherent in the Convertible Preference Shares that existed on the date of purchase, the $318.2 MILLION difference between the $755.8 MILLION market value of the underlying common shares at the date of purchase and the $437.6 million purchase price represents a charge to retained earnings which is included in the Company's determination of net income or loss available to common shareholders and earnings or loss per share.

Convertible Preference Share dividends of $1.1 MILLION and $4.4 MILLION recorded for the periods ended March 31, 2001 and December 31, 2000, respectively, represent regular dividends on Convertible Preference Shares which assumes that shareholder approval did not occur during such periods. Upon shareholder approval, the estimated fair value of the Convertible Preference Shares will be reclassed from "mezzanine" equity to shareholders' equity ($755.8 million as of the date of the Acquisition).

(F) The Company utilized $364.0 million of its cash on hand to fund the Acquisition, the Debt Tender, the Debt Escrow and related expenses. The Company estimates that it earned $4.5 MILLION and $20.0 MILLION, for the periods ended March 31, 2001 and December 31, 2000, respectively, on such balances which were held in the form of short-term investments.

Cash on hand used to fund the Acquisition was previously held at a subsidiary of the Company which is domiciled in Barbados. As a result, no Federal income tax benefit or provision was recorded for this transaction.

ADJUSTMENTS RELATING TO THE ACQUISITION

The pro forma Acquisition adjustments, as they relate to the unaudited pro forma condensed combined balance sheet and statements of income, are described below.

(G) CGU paid $463.5 MILLION of net cash to CGNU immediately prior to the Acquisition which consisted of: (1) the repayment of $1,100.0 MILLION of intercompany indebtedness plus $71.5 million of accrued interest thereon; (2) the receipt of a $200.0 MILLION capital contribution; and (3) the receipt of $508.0 MILLION in proceeds from the sale of its discontinued life insurance and Canadian property and casualty operations.

The $17.9 MILLION and $71.5 MILLION reductions in net investment income and interest expense recorded on the pro forma income statements for the periods ended March 31, 2001 and December 31, 2000, respectively, resulted from the repayment of the CGNU intercompany note. The yield of 6.5% on the CGNU intercompany note approximated CGU's historical pre-tax yield on its fixed maturity portfolio during the periods.

(H) Effective June 1, 2001, in accordance with a provision in the CGU purchase and sale agreement, CGNU caused CGU to purchase the NICO Cover for total consideration of $1,322.3 million. This was comprised of $1,114.8 MILLION in cash and an assignment of $207.5 million in reinsurance recoverables related to covered claims. The NICO Cover, which was contingent on, and occurred contemporaneously with the Acquisition, qualifies for prospective reinsurance accounting treatment under the Emerging Issues Task Force Technical Matter Document No. D-54 ("EITF Topic D-54") which characterizes the protection as an indemnification by the seller for increases in the liabilities for losses and loss adjustment expenses that existed at the acquisition date. Pursuant to the NICO Cover, a $747.6 MILLION reinsurance recoverable was recorded which is represented by ceded loss and loss adjustment expense reserves of $955.1 million less $207.5 million of reinsurance recoverables assigned.

A $367.2 million pretax loss ($238.7 MILLION after tax) from the NICO Cover resulted from recording ceded premiums of $1,322.3 million, less ceded loss and loss adjustment expenses of $955.1 million. A Federal income tax benefit of $128.5 MILLION is reflected as a deferred tax asset on the March 31, 2001 pro forma balance sheet. The net loss recorded on the NICO Cover of $238.7 million reflected on the March 31, 2001 pro forma balance sheet represents the after tax excess of premiums paid to NICO over net ceded reserves.

The NICO Cover had an inception date of January 1, 2000 but was not consummated until June 1, 2001. During the intervening period, the base transaction premium was adjusted for losses and loss adjustment expenses paid, reinsurance recoverable claims received, salvage and subrogation recoveries and an interest charge due to NICO, which was based on the average adjusted base transaction premium. Ceded premiums of $1,318.2 million and ceded losses and loss adjustment expenses of $985.9 million recognized under the NICO Cover resulted in a pretax loss of $332.3 million ($216.0 million after tax) on OneBeacon's income statement immediately prior to the Acquisition. This material non-recurring charge has been excluded from the pro forma income statements presented. CGU estimates that it earned $18.5 MILLION and $76.0 MILLION for the periods ended March 31, 2001 and December 31, 2000, respectively, on the cash used to pay NICO based on CGU's historical pre-tax yield on its fixed maturity portfolio of approximately 6.5%. These amounts constitute recurring charges that have been included in the pro forma income statements presented. As a result, a Federal income tax benefit of $6.5 MILLION and $26.6 MILLION, for the periods ended March 31, 2001 and December 31, 2000, respectively, was recorded for these transactions.

(I) Effective June 1, 2001, in accordance with a provision in the CGU purchase and sale agreement, CGNU caused CGU to purchase the GRC Cover for total consideration of $275.0 MILLION in cash. The GRC Cover, which was contingent on, and occurred contemporaneously with the Acquisition, qualifies for prospective reinsurance accounting treatment under the EITF Topic D-54 which characterizes the protection as an indemnification by the seller for increases in the liabilities for losses and loss adjustment expenses that existed at the acquisition date. In connection with the execution of the GRC Cover, CGU commuted an existing reinsurance contract with an affiliated reinsurer (the "Commutation"). Under the terms of the Commutation, reinsurance recoverables of approximately $170.0 million were settled through the reduction of an existing $170.0 MILLION intercompany payable to the affiliate. Pursuant to the GRC Cover, CGU obtained $400.0 million of adverse development coverage and ceded $170.0 million of loss reserves. Management has estimated that approximately $105.0 MILLION of adverse loss reserves development subject to the GRC Cover has occurred. Accordingly, this amount has been recorded as an increase in loss and loss adjustment expense reserves which is offset by a corresponding increase in reinsurance recoverable from GRC.

A $105.0 million pretax loss ($68.3 MILLION after tax) from the GRC Cover reflected on the March 31, 2001 pro forma balance sheet represents after tax adverse loss development. A Federal income tax benefit of $36.7 MILLION is reflected as a deferred tax asset on the March 31, 2001 pro forma balance sheet.

Ceded premiums of $187.7 million and ceded losses and loss adjustment expenses of $82.7 million recognized under the GRC Cover resulted in a pretax loss of $105.0 million ($68.3 million after tax) on OneBeacon's income statement immediately prior to the Acquisition. This material non-recurring charge has been excluded from the pro forma income statements presented. CGU estimates that it earned $4.5 MILLION and $17.9 MILLION for the periods ended March 31, 2001 and December 31, 2000, respectively, on the cash used to pay GRC which was held in the form of fixed income investments. These amounts constitute recurring charges and have been included in the pro forma income statements presented. As a result, a Federal income tax benefit of $1.6 MILLION and $6.3 MILLION, for the periods ended March 31, 2001 and December 31, 2000 respectively, was recorded for these transactions.

(J) The Acquisition will be accounted for by the purchase method of accounting in accordance with the treatment of a purchase business combination under Accounting Principles Board Opinion ("APB") 16, "Business

Combinations." and, therefore, the assets and liabilities of CGU will be recorded at their estimated fair values at June 1, 2001. The preliminary adjustments to record the assets and liabilities of CGU to their estimated fair values and to allocate the excess of such estimated fair values of the net assets acquired over the purchase price follow. Such values were determined using management's best estimate.

DETERMINATION OF PURCHASE PRICE (in millions)			
Total purchase price paid in cash	$	1,811.9	
Acquisition expenses incurred and paid from April 1, 2001 through closing		31.4	
Total cash paid		1,843.3	
Seller Note issued to CGNU		260.0	
Acquisition expenses incurred and paid through March 31, 2001		9.6	
Total purchase price	$	$2,112.9	
ALLOCATION OF PURCHASE PRICE			
Net book value of CGU at March 31, 2001	$	3,168.1	1
Total purchase price		(2,112.9)	
Adjustments to net book value described in notes (G), (H) and (I)		(107.0)	1
ADJUSTMENTS TO REFLECT THE ESTIMATED FAIR VALUE OF ASSETS AND LIABILITIES ASSUMED:			
Loss and loss adjustment expense reserves		652.1	
Reinsurance recoverable		(352.1)	
Insurance balances receivable		(42.0)	
Amounts recorded in other assets:			
Employee benefit plans		(29.9)	
Miscellaneous other		(.2)	2
Amounts recorded in other liabilities:			
Recognition of liabilities in connection with the Acquisition		(185.3)	3
Employee benefit plans		(55.3)	3
Reclassification of current tax payable to deferred taxes		145.3	3
Miscellaneous other		(13.5)	3
ADJUSTMENTS TO REDUCE THE CARRYING VALUE OF NON-CURRENT, NON-FINANCIAL ASSETS:			
Amounts recorded in other assets:			
Property, plant and equipment		(187.0)	2
Miscellaneous other		(14.8)	2
Goodwill and intangible assets		(44.7)	2
Net Federal deferred and current taxes relating to purchase accounting adjustments		(65.5)	
RESULTING DEFERRED CREDIT	$	755.3	

1 The sum of these items equals the $3,061.1 MILLION elimination of CGU's shareholders' equity on the unaudited pro forma condensed combined balance sheet.

2 The sum of these items equals the $246.7 MILLION adjustment to other assets on the unaudited pro forma condensed combined balance sheet.

3 The sum of these items equals the $108.8 MILLION adjustment to other liabilities on the unaudited pro forma condensed combined balance sheet.

DETERMINATION OF PURCHASE PRICE

SELLER NOTE. On June 1, 2001, the Company issued the $260.0 MILLION Seller Note to CGNU. For the pro forma periods ended March 31, 2001 and December 31, 2000, interest expense on the Seller Note was $5.7 MILLION and $24.7 MILLION, respectively.

ALLOCATION OF PURCHASE PRICE

ADJUSTMENTS TO REFLECT THE ESTIMATED FAIR VALUE OF ASSETS AND LIABILITIES ASSUMED:

The following pro forma purchase accounting adjustments were undertaken to reflect CGU's assets and liabilities purchased by the Company at their estimated fair values.

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES AND REINSURANCE RECOVERABLES. The estimated fair values of CGU's loss and loss adjustment expense reserves and related reinsurance recoverables were based on the present value of their expected cash flows with consideration for the uncertainty inherent in the both the timing of, and the ultimate amount of, future payments for losses and receipts of amounts recoverable from reinsurers. In estimating the fair value of such items, management adjusted CGU's nominal loss reserves (net of the effects of reinsurance obtained from NICO and GRC in connection with the Acquisition) and discounted them to their present value assuming a 4.7% risk-free discount rate. The series of future cash flows related to such loss payments and reinsurance recoveries were actuarially developed using CGU's historical loss data. The "price" for bearing the uncertainty inherent in CGU's net loss reserves was assumed to be approximately 11% of the present value of the expected underlying cash flows of the loss reserves and reinsurance recoverables, which is believed to be reflective of the cost CGU would likely incur if it had attempted to obtain reinsurance for the full amount of its net loss and loss adjustment expense reserves with a third party reinsurer. As a result, loss and loss adjustment expense reserves and the related reinsurance recoverables on those amounts have been reduced by $652.1 MILLION and $352.1 MILLION, respectively, in the March 31, 2001 pro forma balance sheet. This reduction to net loss and loss adjustment expense reserves of $300.0 million will be accreted through an income statement charge over the period that the claims are expected to be settled.

Accretion of loss and loss adjustment expense reserves of $22.5 MILLION and $90.0 MILLION recorded on the pro forma income statements for the periods ended March 31, 2001 and December 31, 2000, respectively, represent the amortization of net loss and loss adjustment expense reserves (which were reduced to their estimated fair value in purchase accounting) to their nominal value over the respective reporting period. The accretion expenses recorded during these periods assumes that 30% of the loss and loss adjustment expense reserves acquired by White Mountains pursuant to the Acquisition are recognized during the first year on an annualized basis. As a result, a Federal income tax benefit of $7.9 MILLION and $31.5 MILLION, for the periods ended March 31, 2001 and December 31, 2000, respectively, were recorded for this transaction.

INSURANCE BALANCES RECEIVABLE. In determining the estimated fair value of premiums receivable as of the acquisition date, White Mountains has estimated that an additional allowance for doubtful accounts was warranted in light of its decision to exit certain of CGU's business activities. Accordingly, an adjustment of $42.0 MILLION has been recorded in the March 31, 2001 pro forma balance sheet.

RECOGNITION OF LIABILITIES IN CONNECTION WITH THE ACQUISITION. The $185.3 million pro forma adjustment to increase other liabilities represents White Mountains' best estimate of the expected costs to exit certain business activities of CGU and the estimated fair value of obligations related to the required participation by CGU in certain assigned risk pools. Costs associated with the exit of certain of CGU's business activities have been estimated in accordance with EITF No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination".

EMPLOYEE BENEFITS PLANS. In accordance with Financial Accounting Standards Board ("FASB") No. 87, "Employers' Accounting for Pensions", CGU's pension plan was required to recognize all previously unrecognized transition items as of the date of the Acquisition which increased the prepaid pension asset by $2.6 million. In addition, White Mountains revised the weighted average discount rate used to determine CGU's pension obligations from 7.5% to 7.0% in light of current market conditions which reduced the pension asset by $32.5 million. The net impact of the pension adjustments served to decrease other assets by $29.9 MILLION pretax.

In accordance with FASB No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", CGU's postretirement plan was required to recognize all previously unrecognized transition items as of the date of the Acquisition which increased other liabilities by $47.5 million. In addition, White Mountains revised the weighted average discount rate used to determine CGU's postretirement obligations from 7.5% to 7.0% in light of current market conditions which increased other liabilities by $7.8 million. The total impact of the postretirement adjustments served to increase other liabilities by $55.3 million pretax.

ADJUSTMENTS TO REDUCE THE CARRYING VALUE OF NON-CURRENT, NON-FINANCIAL ASSETS:

After recording all assets and liabilities purchased at their estimated fair values, the excess of acquired net assets over the purchase price has been used to reduce the estimated fair values of all non-current, non-financial assets acquired, in accordance with APB 16.

AMORTIZATION OF DEFERRED CREDIT. The excess of the estimated fair value of net assets (after the reduction of the carrying amounts of non-current, non-financial assets acquired) over the purchase price has been recorded as a deferred credit in accordance with APB 16. The deferred credit will be amortized systematically to income over the estimated period of benefit of seven years. As a result, deferred credit amortization of $27.0 MILLION and $107.9 MILLION has been recorded on the pro forma income statements for the periods ended March 31, 2001 and December 31, 2000, respectively.

In June 2001 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 141 entitled "Business Combinations". SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method and calls for the recognition of all existing deferred credits arising from business combinations prior to July 1, 2001 through the income statement on the first day of the fiscal year beginning after December 15, 2001. In accordance with SFAS No. 141, White Mountains will recognize its remaining unamortized deferred credit balance on January 1, 2002 as a cumulative effect of a change in accounting principle.

(K) On June 1, 2001, White Mountains awarded 73,500 restricted shares to its key employees pursuant to the Acquisition which will vest in June 2003. Compensation expenses of $3.2 MILLION and $12.7 MILLION recorded on the pro forma income statements for the periods ended March 31, 2001 and December 31, 2000, respectively, represent restricted share awards deemed to have been earned by recipients over the periods. As a result, a Federal income tax benefit of $1.1 MILLION and $4.4 MILLION, for the periods ended March 31, 2001 and December 31, 2000, respectively, were recorded for this transaction.

(L) Basic earnings per common share is determined using the weighted average number of common shares outstanding during the period. Diluted earnings per common share is determined using the weighted average number of common shares and dilutive common share equivalents outstanding during the period.

In determining the pro forma basic and diluted loss per share for the period ended December 31, 2000, the net loss from continuing operations was increased by a $318.2 MILLION redemption value adjustment associated with the Convertible Preference Shares (see Note E) and $4.4 MILLION in Convertible Preference Share dividends. The pro forma income statement for the period ended December 31, 2000 presented a net loss from continuing operations. Accordingly, no additional common share equivalents resulting from the Acquisition have been included in that pro forma diluted earnings per share computation as the inclusion of such potential shares would be anti-dilutive.

In determining the pro forma basic net income per share for the period ended March 31, 2001, net income from continuing operations was reduced by $1.1 MILLION in Convertible Preference Share dividends. In determining pro forma diluted net income per share for the period ended March 31, 2001, the 73,500 restricted shares issued in connection with the Acquisition are assumed to have been issued, the Convertible Preference Shares are assumed to have been converted into 2,184,583 common shares and the Warrants are assumed to have been exercised into 778,481 incremental common shares (in accordance with the treasury method), each as of the beginning of the period presented. In computing the dilutive effect of the assumed conversion of the Convertible Preference Shares, the March 31, 2002 diluted earnings per common share numerator is adjusted to add-back Convertible Preference Share dividends of $1.1 million.

(M) In determining book value per common and common equivalent share, common shareholders' equity is increased for the benefits deemed to have been received by the Company upon the assumed issuances of common share equivalents (cash proceeds from assumed exercises of options and warrants to acquire common shares and, when applicable, income tax benefits derived therefrom) and is decreased by the difference between the carrying value of the Berkshire Preferred Stock and its face value (see Note B). Tangible book value per common share is determined in the same manner but includes unamortized deferred credits less goodwill per common share.

At March 31, 2001, the Company's book value per common and common equivalent share was $176.14 and its tangible book value per share was $185.44. This computation is based on dilutive common and common equivalent shares outstanding of 5,962,070 shares at that date.

On a pro forma basis, at March 31, 2001 the Company's book value per common and common equivalent share was $121.89 and its tangible book value per share was $234.40. This pro forma computation of book value per common and common equivalent share at March 31, 2001 assumes the issuance of 1,170,000 common shares upon the exercise of the Series A Warrants at a price per common share of $175.00.

At the Company's 2001 Annual General Meeting, holders of common shares will be asked to approve the issuance of additional common shares upon conversion of the Convertible Preference Shares and the exercise of the Series B Warrants. Assuming that shareholder approval is obtained, $755.8 million of "mezzanine" equity recorded upon the issuance of Convertible Preference Shares (see Note E) and $111.7 million of other liabilities recorded upon the issuance of the Series B Warrants (see Note B) would become permanent equity of the Company thereby increasing its shareholders' equity from $761.1 million on a pro forma basis at March 31, 2001 to $1,628.6 million. As a result, the Company's pro forma book value per common and common equivalent share would increase to $180.37 and its tangible book value per share would increase to $261.98. This pro forma computation of book value per common and common equivalent share assumes the issuance of 2,184,583 common shares upon conversion of the Convertible Preference Shares and the issuance of 1,714,285 common shares upon the exercise of the Series A and Series B Warrants at a price per common share of $175.00.