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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended June 30, 2008

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-8993

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

Bermuda (State or other jurisdiction of incorporation or organization)	**94-2708455** (I.R.S. Employer Identification No.)
80 South Main Street, Hanover, New Hampshire (Address of principal executive offices)	**03755-2053** (Zip Code)

Registrant's telephone number, including area code: **(603) 640-2200**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes o No x

As of July 31, 2008, 10,494,873 common shares with a par value of $1.00 per share were outstanding (which includes 53,200 restricted common shares that were not vested at such date).

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PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED BALANCE SHEETS

(Millions, except share and per share amounts)	June 30, 2008 Unaudited	December 31, 2007
Assets		
Fixed maturity investments, at fair value (amortized cost: $6,709.0 and $7,193.0)	$ **6,846.4**	$ 7,371.5
Common equity securities, at fair value (cost: $1,431.6 and $1,298.8)	**1,620.6**	1,550.7
Short-term investments, at amortized cost (which approximates fair value)	**1,988.0**	1,327.3
Other investments (cost: $545.1 and $539.2)	**666.5**	603.3
Convertible fixed maturity investments, at fair value (cost: $425.2 and $482.1)	**414.6**	490.6
Trust account investments, at amortized cost (fair value $ – and $307.0)	**—**	305.6
Total investments	**11,536.1**	11,649.0
Cash (restricted: $18.8 and $8.5)	**198.3**	171.3
Reinsurance recoverable on unpaid losses	**1,622.2**	1,702.9
Reinsurance recoverable on unpaid losses - Berkshire Hathaway Inc.	**1,705.4**	1,765.0
Reinsurance recoverable on paid losses	**41.2**	59.5
Insurance and reinsurance premiums receivable	**953.3**	877.0
Securities lending collateral	**474.9**	661.6
Funds held by ceding companies	**221.0**	231.1
Investments in unconsolidated affiliates	**289.0**	406.3
Deferred acquisition costs	**338.4**	326.0
Deferred tax asset	**324.1**	236.6
Ceded unearned premiums	**158.8**	123.1
Accrued investment income	**78.0**	83.2
Accounts receivable on unsettled investment sales	**36.5**	201.1
Other assets	**726.6**	611.9
Total assets	$ **18,703.8**	$ 19,105.6
Liabilities		
Loss and loss adjustment expense reserves	$ **7,946.4**	$ 8,062.1
Unearned insurance and reinsurance premiums	**1,760.3**	1,605.2
Debt	**1,520.6**	1,192.9
Securities lending payable	**476.3**	661.6

Deferred tax liability	**453.8**	353.2
Incentive compensation payable	**142.9**	224.2
Funds held under reinsurance treaties	**76.0**	103.0
Ceded reinsurance payable	**88.4**	124.8
Accounts payable on unsettled investment purchases	**72.8**	46.4
Other liabilities	**820.3**	873.1
Preferred stock subject to mandatory redemption:		
Held by Berkshire Hathaway Inc. (redemption value $ – and $300.0)	**—**	278.3
Total liabilities	**13,357.8**	13,524.8
Minority interest - OneBeacon, Ltd.	**400.0**	517.2
Minority interest - WMRe Group Preference Shares	**250.0**	250.0
Minority interest - consolidated limited partnerships	**98.7**	100.2
Total minority interest	**748.7**	867.4
Common shareholders' equity		
Common shares at $1 par value per share - authorized 50,000,000 shares; issued and outstanding 10,552,376 and 10,553,572 shares	**10.6**	10.5
Paid-in surplus	**1,691.1**	1,680.7
Retained earnings	**2,802.2**	2,718.5
Accumulated other comprehensive income, after-tax:		
Net unrealized gains on investments	**—**	208.9
Equity in unrealized losses from investments in unconsolidated affiliates	**(66.4)**	(1.9)
Net unrealized foreign currency translation gains	**162.3**	99.3
Other	**(2.5)**	(2.6)
Total common shareholders' equity	**4,597.3**	4,713.4
Total liabilities, minority interest and common shareholders' equity	**$ 18,703.8**	$ 19,105.6

See Notes to Consolidated Financial Statements

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WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions, except per share amounts)	**2008**	**2007**	**2008**	**2007**
Revenues:				
Earned insurance and reinsurance premiums	**$ 921.7**	$ 960.7	**$ 1,850.8**	$ 1,898.7
Net investment income	**111.7**	126.7	**228.5**	244.7
Net realized investment (losses) gains	**(4.9)**	89.1	**(17.9)**	163.0
Net unrealized investment losses	**(54.2)**	—	**(159.2)**	—
Other revenue	**64.9**	34.1	**74.9**	70.3
Total revenues	**1,039.2**	1,210.6	**1,977.1**	2,376.7
Expenses:				
Loss and loss adjustment expenses	**632.7**	592.1	**1,271.4**	1,205.4
Insurance and reinsurance acquisition expenses	**178.8**	203.6	**365.5**	396.2
Other underwriting expenses	**127.4**	136.2	**244.2**	273.9
General and administrative expenses	**57.8**	62.4	**116.0**	115.3
Accretion of fair value adjustment to loss and loss adjustment expense reserves	**4.1**	5.5	**8.3**	10.6
Interest expense on debt	**21.7**	18.3	**41.1**	35.1
Interest expense - dividends on preferred stock subject to mandatory redemption	**4.7**	7.5	**11.8**	15.1
Interest expense - accretion on preferred stock subject to mandatory redemption	**11.1**	8.8	**21.6**	17.0
Total expenses	**1,038.3**	1,034.4	**2,079.9**	2,068.6
Pre-tax (loss) income	**.9**	176.2	**(102.8)**	308.1
Income tax benefit (provision)	**3.4**	(55.8)	**36.3**	(87.0)
(Loss) income before equity in earnings of unconsolidated affiliates, extraordinary item, and minority interest	**4.3**	120.4	**(66.5)**	221.1
Equity in earnings of unconsolidated affiliates	**6.0**	8.6	**6.4**	19.1
Excess of fair value of acquired assets over cost	**—**	—	**4.2**	—
Minority interest	**(19.5)**	(26.4)	**(10.1)**	(45.4)
Net (loss) income	**(9.2)**	102.6	**(66.0)**	194.8
Change in net unrealized gains and losses for investments held	**—**	8.5	**—**	73.6

Change in equity in net unrealized losses from investments in unconsolidated affiliates	**(40.5)**	(39.9)	**(61.0)**	(33.4)
Change in foreign currency translation and other	**(6.6)**	17.9	**50.2**	14.1
Recognition of net unrealized losses for investments sold	**—**	(39.3)	**—**	(90.2)
Comprehensive net (loss) income	**$ (56.3)**	$ 49.8	**$ (76.8)**	$ 158.9
Basic (loss) earnings per share	**$ (.87)**	$ 9.51	**$ (6.27)**	$ 18.07
Diluted (loss) earnings per share	**(.87)**	9.49	**(6.27)**	18.03
Dividends declared and paid per common share	**$ 2.00**	$ 2.00	**$ 4.00**	$ 4.00

See Notes to Consolidated Financial Statements

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WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY
Unaudited

(Millions)	Common Shareholders' equity	Common shares and paid-in surplus	Retained earnings	Accum. other comprehensive income, after-tax
Balances at January 1, 2008	$ 4,713.4	$ 1,691.2	$ 2,718.5	$ 303.7
Cumulative effect adjustment - FAS 157	(.3)	—	(.3)	—
Cumulative effect adjustment - FAS 159	—	—	199.6	(199.6)
Net loss	(66.0)	—	(66.0)	—
Other comprehensive loss, after-tax	(10.7)	—	—	(10.7)
Dividends declared on common shares	(42.3)	—	(42.3)	—
Issuances of common shares	8.4	8.4	—	—
Repurchases and retirements of common shares	(11.3)	(4.0)	(7.3)	—
Amortization of restricted share and option awards	6.1	6.1	—	—
Balances at June 30, 2008	**$ 4,597.3**	**$ 1,701.7**	**$ 2,802.2**	**$ 93.4**

(Millions)	Common Shareholders' equity	Common shares and paid-in surplus	Retained earnings	Accum. other comprehensive income, after-tax
Balances at January 1, 2007	$ 4,455.3	$ 1,727.5	$ 2,496.0	$ 231.8
Cumulative effect adjustment - taxes (FIN 48)	.2	—	.2	—
Net income	194.8	—	194.8	—
Other comprehensive loss, after-tax	(35.9)	—	—	(35.9)
Dividends declared on common shares	(43.5)	—	(43.5)	—
Issuances of common shares	1.8	1.8	—	—
Repurchases and retirements of common shares	(2.5)	(2.5)	—	—
Amortization of restricted share and option awards	5.1	5.1	—	—
Balances at June 30, 2007	**$ 4,575.3**	**$ 1,731.9**	**$ 2,647.5**	**$ 195.9**

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WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

(Millions)	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Cash flows from operations:		
Net (loss) income	**$ (66.0)**	$ 194.8
Charges (credits) to reconcile net (loss) income to net cash used for operations:		
Net realized investment losses (gains)	**17.9**	(163.0)
Net unrealized investment losses	**159.2**	—
Excess of fair value of acquired assets over cost	**(4.2)**	—
Minority interest	**10.1**	45.4

Other operating items:		
Net change in loss and loss adjustment expense reserves	**(200.8)**	(412.9)
Net change in reinsurance recoverable on paid and unpaid losses	**170.3**	424.6
Net change in unearned insurance and reinsurance premiums	**119.1**	149.7
Net change in funds held by ceding companies	**25.5**	85.6
Net change in deferred acquisition costs	**(5.3)**	(31.3)
Net change in ceded unearned premiums	**(30.8)**	(42.6)
Net change in funds held under reinsurance treaties	**(27.6)**	(31.0)
Net change in insurance and reinsurance premiums receivable	**(58.3)**	(92.2)
Net change in other assets and liabilities, net	**(169.7)**	(195.6)
Net cash used for operations	**(60.6)**	(68.5)
Cash flows from investing activities:		
Net change in short-term investments	**(631.3)**	191.9
Sales of fixed maturity and convertible fixed maturity investments	**2,268.2**	3,047.1
Maturities, calls and paydowns of fixed maturity and convertible fixed maturity investments	**985.9**	546.5
Maturities of trust account investments	**305.6**	33.8
Sales of common equity securities	**249.3**	268.0
Sales of other investments	**37.2**	85.0
Sales of consolidated and unconsolidated affiliates, net of cash sold	**4.2**	—
Sale of shares of OneBeacon Ltd.	—	16.7
Purchases of other investments	**(46.2)**	(22.6)
Purchases of common equity securities	**(359.9)**	(392.1)
Purchases of fixed maturity and convertible fixed maturity investments	**(2,552.8)**	(3,800.9)
Purchases of consolidated and unconsolidated affiliates, net of cash acquired	**(172.6)**	(51.6)
Net change in unsettled investment purchases and sales	**191.0**	(50.4)
Net acquisitions of property and equipment	**(6.5)**	(12.7)
Net cash provided from (used for) investing activities	**272.1**	(141.3)
Cash flows from financing activities:		
Issuance of White Mountains Re Group, Ltd. Preference Shares, net of issuance costs	—	246.6
Issuance of debt	**475.0**	394.4
Repayment of debt	**(177.0)**	(322.0)
Redemption of mandatorily redeemable preferred stock	**(300.0)**	(20.0)
Interest rate swap agreements	—	(2.4)
Cash dividends paid to the Company's common shareholders	**(42.3)**	(43.5)
Cash dividends paid to OneBeacon Ltd.'s minority common shareholders	**(59.7)**	(11.8)
Cash dividends paid to preferred shareholders	**(11.8)**	(15.1)
Cash dividends paid on White Mountains Re Group, Ltd. Preference Shares	**(9.4)**	(1.9)
OneBeacon Ltd. common shares repurchased and retired	**(62.2)**	—
Common shares repurchased	**(11.3)**	(2.5)
Proceeds from option exercises	**.1**	1.8
Net cash (used for) provided from financing activities	**(198.6)**	223.6
Effect of exchange rate changes on cash	**3.8**	.1
Net increase in cash during the period	**16.7**	13.9
Cash balances at beginning of period (excludes restricted cash balances of $8.5 and $0)	**162.8**	159.0
Cash balances at end of period (excludes restricted cash balances of $18.8 and $0)	**$ 179.5**	$ 172.9
Supplemental cash flows information:		
Interest paid	**$ (38.6)**	$ (29.0)
Net payments to national governments	**$ (59.2)**	$ (71.4)

See Notes to Consolidated Financial Statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of presentation

These interim consolidated financial statements include the accounts of White Mountains Insurance Group, Ltd. (the "Company" or the "Registrant") and its subsidiaries (collectively, with the Company, "White Mountains") and have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The Company is an exempted Bermuda limited liability company whose principal businesses are conducted through its property and casualty insurance and reinsurance subsidiaries and affiliates. The Company's headquarters is located at Bank of Butterfield Building, 42 Reid Street, Hamilton, Bermuda HM 12, its principal executive office is located at 80 South Main Street, Hanover, New Hampshire 03755-2053 and its registered office is located at Clarendon House, 2 Church Street, Hamilton, Bermuda HM 11. White Mountains' reportable segments are OneBeacon, White Mountains Re, Esurance and Other Operations. Significant transactions among White Mountains' segments have been eliminated in this report.

The OneBeacon segment consists of OneBeacon Insurance Group, Ltd. ("OneBeacon Ltd."), an exempted Bermuda limited liability company that owns a family of U.S.-based property and casualty insurance companies (collectively "OneBeacon"), most of which operate in a multi-company pool. OneBeacon offers a wide range of specialty, personal and commercial products and services sold primarily through select independent agents and brokers. OneBeacon was acquired by White Mountains in 2001 (the "OneBeacon Acquisition"). During the fourth quarter of 2006, White Mountains sold 27.6 million, or 27.6%, of OneBeacon Ltd.'s common shares in an initial public offering (the "OneBeacon Offering"). At June 30, 2008 White Mountains owned 75.1% of OneBeacon Ltd.'s outstanding common shares.

The White Mountains Re segment consists of White Mountains Re Ltd., an exempted Bermuda limited liability company, and its subsidiaries (collectively, "White Mountains Re"). White Mountains Re offers reinsurance capacity for property, casualty, accident & health, agriculture, aviation and space and certain other exposures on a worldwide basis through its subsidiaries, White Mountains Reinsurance Company of America ("WMRe America"), which was formerly known as Folksamerica Reinsurance Company, Sirius International Insurance Corporation ("WMRe Sirius"), and White Mountains Re Bermuda Ltd. ("WMRe Bermuda"), which was formerly known as Fund American Reinsurance Company, Ltd. White Mountains Re also provides reinsurance advisory services, specializing primarily in property and other short-tailed lines of reinsurance, through White Mountains Re Underwriting Services Ltd. ("WMRUS"). White Mountains Re also includes Scandinavian Reinsurance Company, Ltd. ("Scan Re") and Commercial Casualty Insurance Company ("CCIC"), both of which are in run off.

The Esurance segment consists of Esurance Holdings, Inc., its subsidiaries and Answer Financial Inc. ("AFI" and, collectively, "Esurance"). Esurance sells personal auto insurance directly to customers online and through select online agents. During the first quarter of 2008, White Mountains acquired 42% of the outstanding debt and equity of AFI, an online personal insurance agency, for $30.2 million. White Mountains also contributed an additional $2.6 million to AFI during the first quarter of 2008 and accounted for its investment in AFI under the equity method. On April 1, 2008, White Mountains increased its ownership share to 68.9%. As a result, effective April 1, 2008, White Mountains accounts for its investment in AFI as a consolidated subsidiary (see **Note 2**).

White Mountains' Other Operations segment consists of the Company and its intermediate holding companies, its wholly-owned investment management subsidiary, White Mountains Advisors LLC ("WM Advisors"), its weather risk management business ("Galileo"), its variable annuity reinsurance business, White Mountains Life Reinsurance (Bermuda) Ltd. ("WM Life Re"), as well as the International American Group, Inc. (the "International American Group") and various other entities not included in other segments. The International American Group includes American Centennial Insurance Company ("American Centennial") and British Insurance Company of Cayman ("BICC",) both of which are in run-off. The Other Operations segment also includes White Mountains' investments in common shares and warrants to purchase common shares of Symetra Financial Corporation ("Symetra"), Delos and the consolidated results of Tuckerman Capital, LP and Tuckerman Capital II, LP funds ("Tuckerman Funds").

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All significant intercompany transactions have been eliminated in consolidation. These interim financial statements include all adjustments considered necessary by management to fairly present the financial position, results of operations and cash flows of White Mountains and are of a normal recurring nature. These interim financial statements may not be indicative of financial results for the full year and should be read in conjunction with the Company's 2007 Annual Report on Form 10-K. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of 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. Certain amounts in the prior period financial statements have been reclassified to conform with the current presentation. Refer to the Company's 2007 Annual Report on Form 10-K for a complete discussion regarding White Mountains' significant accounting policies.

Minority Interest

Minority interests consist of the ownership interests of noncontrolling shareholders in consolidated subsidiaries, and are presented separately on the balance sheet. The portion of comprehensive income attributable to minority interests is presented net of related income taxes in the statement of operations and comprehensive income. The change in unrealized investment gains (losses) prior to the January 1, 2008 adoption of FAS 159, foreign currency translation and the change in the fair value of the interest rate swap to hedge OneBeacon's exposure to variability in the interest rate on its mortgage note are presented in accumulated other comprehensive income net of minority interest. The percentage of the noncontrolling shareholders' ownership interest in OneBeacon Ltd. at June 30, 2008 and December 31, 2007 was 24.9% and 27.1%.

On May 24, 2007, White Mountains Re Group, Ltd. ("WMRe Group"), an intermediate holding company of White Mountains Re, issued 250,000 non-cumulative perpetual preference shares with a $1,000 per share liquidation preference (the WMRe Preference Shares"). Proceeds of $245.7 million, net of $4.3 million of issuance costs and commissions, were received from the issuance. The WMRe Preference Shares and dividends thereon are included in minority interest on the balance sheet and as minority interest expense on the statement of operations and comprehensive income, respectively.

At June 30, 2008, the Company owned 68.9% of AFI, while the noncontrolling shareholders of AFI held 31.1% of its common equity shares and a $29.6 million Secured Senior Note from AFI (see **Note 6**). On July 30, 2008, White Mountains acquired the remaining equity and debt interests in AFI from the minority owner (see **Note 15**).

Recently Adopted Changes in Accounting Principles

Fair Value Measurements

On January 1, 2008, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements* ("FAS 157"). FAS 157 provides a revised definition of fair value, establishes a framework for measuring fair value and expands financial statement disclosure requirements for fair value information. Under FAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (an exit price). The Statement establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources ("observable inputs") and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable ("unobservable inputs"). The fair value hierarchy in FAS 157 prioritizes fair value measurements into three levels based on the nature of the inputs. Quoted prices in active markets for identical assets or liabilities have the highest priority ("Level 1"), followed by prices determined based on observable inputs including prices for similar but not identical assets or liabilities ("Level 2") and followed by prices based on assumptions that include significant unobservable inputs, having the lowest priority ("Level 3").

Fair Value Option

On January 1, 2008, the Company adopted SFAS No.159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("FAS 159"). FAS 159 allows companies to make an election on an individual instrument basis to report financial assets and liabilities at fair value. The election must be made at the inception of a transaction and may not be reversed. The election may also be made for existing financial assets and liabilities at the time of adoption. White Mountains has made the fair value election for its portfolio of available for sale ("AFS") securities, its investments in investment partnerships and for its assumed variable annuity Guaranteed Minimum Death Benefit ("GMDB") liabilities.

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Upon adoption of FAS 159, the Company's portfolio of AFS securities were reclassified as trading. Realized and unrealized investment gains and losses on trading securities are reported, pre-tax in revenues. Prior to adoption, unrealized investment gains and losses on AFS securities were reported net, after-tax, as a separate component of shareholders' equity. Changes in net unrealized investment gains and losses on AFS securities, net of the effect of adjustment for minority interest and after-tax, were reported as a component of other comprehensive income.

White Mountains' investments in limited partnerships comprises investments in hedge funds, private equity funds and other investment limited partnerships. Prior to January 1, 2008, changes in White Mountains' interests in limited partnerships accounted for under the equity method were included in net realized investment gains and changes in interests in limited partnerships not accounted for under the equity method were reported, after-tax, as a component of other comprehensive income. Effective January 1, 2008, the Company has made the fair value election for most of its limited partnership investments in hedge funds and private equity funds. For the limited partnership investments for which the Company has made the fair value election, changes in fair value are reported in revenues on a pre-tax basis. For those investment limited partnerships for which the Company has not made the fair value election, the Company continues to account for its interests under the equity method.

Upon adoption, the Company recorded an adjustment to increase opening retained earnings and decrease accumulated other comprehensive income by $199.6 million to reclassify net unrealized gains and net unrealized foreign currency translation gains related to AFS securities and investments in limited partnerships.

In addition, White Mountains recorded an adjustment to decrease opening retained earnings and increase other liabilities by $0.3 million for the change in the GMDB liabilities arising from measurement at fair value. The Company believes that making the election for its portfolio of investment securities and investments in hedge funds and private equity funds will result in reporting its investment results on a basis consistent with one of its operating principles, namely to manage investments for total return. With respect to the variable annuity GMDB guarantees, making the election will result in recognition of changes in fair value on the same basis used by the Company to economically hedge its variable annuity guarantee liabilities.

Recent Accounting Pronouncements

Business Combinations

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141 (Revised 2007), *Business Combinations* ("FAS 141R"). FAS 141R is effective for fiscal years beginning after December 15, 2008. White Mountains is in the process of evaluating the potential effect of adoption. FAS 141R requires an acquiring company to recognize the fair value of all assets acquired and liabilities assumed at their fair values at the acquisition date, with certain exceptions. This represents a basic change in approach from the cost allocation method originally described in SFAS No. 141, *Business Combinations* ("FAS 141"). In addition, FAS 141R changes the accounting for step acquisitions since it requires recognition of all assets acquired and liabilities assumed, regardless of the acquirer's percentage of ownership in the acquired company. This means that the acquirer will measure and recognize all of the assets, liabilities and goodwill, not just the acquirer's share. Assets and liabilities arising from contractual contingencies are to be recognized at the acquisition date, at fair value. Non-contractual contingencies are to be recognized when it is more likely than not that they meet the FASB Concepts Statement No. 6, *Elements of Financial Statements,* criteria for an asset or liability. Acquisition related costs, such as legal fees and due diligence costs would be expensed and would not be recognized as part of goodwill. Changes in the amount of deferred taxes arising from a business combination are to be recognized in either income or through a change in contributed capital, depending on the circumstances. Previously under SFAS No. 109 *Accounting For Income Taxes* ("FAS 109"), such changes were recognized through goodwill. The classification of insurance and reinsurance contracts are re-evaluated at the acquisition date only if their terms were changed in connection with the acquisition.

Non-controlling interests

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests-an amendment to ARB 51* ("FAS 160"). FAS 160 is effective for fiscal years beginning after December 15, 2008. FAS 160 requires all companies to account for minority interests in subsidiaries as equity, clearly identified and presented separately from parent company equity. Once a controlling interest has been acquired, any subsequent acquisitions or dispositions of noncontrolling interest that do not result in a change of control are to be accounted for as equity transactions. Assets and liabilities acquired are measured at fair value only once; at the original acquisition date, i.e., the date at which the acquirer gained control. Upon adoption, the Company would be required to reflect the ownership interests in its consolidated subsidiaries within equity.

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Note 2. Significant Transactions and Agreements

Berkshire Exchange

During the first quarter of 2008, White Mountains entered into an exchange agreement with Berkshire Hathaway Inc. ("Berkshire") to transfer certain run-off businesses and a substantial amount of cash to Berkshire in exchange for substantially all of the common shares of White Mountains owned by Berkshire (the "Berkshire Exchange").

Under the terms of the agreement, Berkshire would exchange all or substantially all of its 16.3% stake in White Mountains (1,724,200 common shares) for 100% of a White Mountains subsidiary, which will hold CCIC, International American Group, and $751 million in cash, subject to adjustment.

In anticipation of the Berkshire Exchange, White Mountains drew the $475 million available on its revolving credit facility (the "WTM Bank Facility") to provide the necessary funds at the holding company level required for the transaction. In April 2008, the Company repaid $175 million of the borrowings on the WTM Bank Facility (see **Note 6**).

Helicon

On January 7, 2008, White Mountains Re acquired Helicon Re Holdings, Ltd. for approximately $150.2 million, which resulted in the recognition of an extraordinary gain of $4.2 million. Helicon Re Holdings, Ltd. is the parent of Helicon Reinsurance Company, Ltd. ("Helicon"), which in 2006 and 2007 provided quota share retrocessional coverage to White Mountains Re.

Answer Financial

During the first quarter of 2008, White Mountains acquired 42% of the outstanding debt and equity of AFI, an online personal insurance agency, for $30.2 million. White Mountains also contributed an additional $2.6 million to AFI during the first quarter of 2008 and accounted for its investment in AFI under the equity method. On April 1, 2008, AFI emerged from a pre-packaged bankruptcy reorganization. In the reorganization, the debt held by White Mountains was exchanged for additional shares of common equity, thus increasing White Mountains' ownership share to 68.9%. Effective April 1, 2008, White Mountains accounts for its investment in AFI as a consolidated subsidiary. On July 30, 2008, White Mountains acquired the remaining equity and debt interests in AFI from the minority owner (see **Note 15**).

In connection with the restructuring, which was accounted for as an acquisition under the purchase method of accounting, White Mountains recorded the identifiable assets and liabilities of AFI at their fair values as of April 1, 2008. Significant assets and liabilities acquired included cash of $9.4 million, debt of $29.6 million (see **Note 6**), accrued liabilities of $7.5 million and a deferred tax asset of $64.2 million, which was offset by a full valuation allowance prior to purchase accounting adjustments. After allocating the purchase price to identifiable tangible assets and liabilities, White Mountains also recorded adjustments to allocate the remaining acquisition cost, consisting of a $53.2 million intangible asset related to the value of business in force at the acquisition date, an adjustment to property and equipment of $4.0 million to reflect the fair value of AFI's information technology infrastructure, and a related deferred tax liability of $20.0 million. Upon recording the deferred tax liability, the valuation allowance was reduced by $20.0 million resulting in a valuation allowance of $44.2 million and a deferred tax asset of $20.0 million. The intangible asset associated with the acquired business in force will be amortized over an 8-year period, consistent with the expected term of the related business in force. For the three months ended June 30, 2008, White Mountains recognized $4.4 million of amortization expense related to the intangible asset associated with the acquired business in force. The purchase adjustment related to the information technology infrastructure will be amortized over a 3-year period, consistent with the Company's amortization period for similar assets. For the three months ended June 30, 2008, White Mountains recognized $0.3 million of amortization expense related to AFI's information technology infrastructure.

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Note 3. Loss and Loss Adjustment Expense Reserves

The following table summarizes the loss and loss adjustment expense ("LAE") reserve activities of White Mountains' insurance subsidiaries for the three and six months ended June 30, 2008 and 2007:

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions	**2008**	**2007**	**2008**	**2007**
Gross beginning balance	**$ 8,038.0**	$ 8,636.0	**$ 8,062.1**	$ 8,777.2
Less beginning reinsurance recoverable on unpaid losses	**(3,375.3)**	(3,873.7)	**(3,467.9)**	(4,015.7)
Net loss and LAE reserves	**4,662.7**	4,762.3	**4,594.2**	4,761.5
Loss and LAE reserves acquired - Helicon	**—**	—	**13.7**	—
Loss and LAE incurred relating to:				
Current year losses	**583.4**	627.8	**1,201.7**	1,257.9
Prior year losses	**49.3**	(35.7)	**69.7**	(52.5)
Total incurred losses and LAE	**632.7**	592.1	**1,271.4**	1,205.4
Accretion of fair value adjustment to loss and LAE reserves	**4.1**	5.5	**8.3**	10.6
Foreign currency translation adjustment to loss and LAE reserves	**(1.5)**	3.5	**24.4**	7.2
Loss and LAE paid relating to:				
Current year losses	**(269.9)**	(238.8)	**(418.9)**	(381.3)
Prior year losses	**(409.3)**	(453.1)	**(874.3)**	(931.9)
Total loss and LAE payments	**(679.2)**	(691.9)	**(1,293.2)**	(1,313.2)
Net ending balance	**4,618.8**	4,671.5	**4,618.8**	4,671.5
Plus ending reinsurance recoverable on unpaid losses	**3,327.6**	3,693.2	**3,327.6**	3,693.2
Gross ending balance	**$ 7,946.4**	$ 8,364.7	**$ 7,946.4**	$ 8,364.7

Loss and LAE incurred relating to prior year losses for the three and six months ended June 30, 2008

White Mountains experienced $49.3 million and $69.7 million of net adverse loss reserve development on prior accident year loss reserves during the three and six months ended June 30, 2008.

For the three and six months ended June 30, 2008, White Mountains Re had net adverse loss reserve development of $50.7 million and $83.7 million. The net adverse loss reserve development in the second quarter primarily resulted from a comprehensive loss reserve review as described below. The net adverse loss reserve development for the six months ended June 30, 2008, also includes a first quarter $40.5 million charge related to construction defect ("CD") claims from accident years 2001 and prior, offset by net favorable development from recent accident years.

Management commenced a comprehensive loss reserve review (the "Reserve Review") in the second quarter of 2008, primarily as a result of the $40.5 million adverse loss reserve development recorded in the first quarter of 2008 referred to above. The Reserve Review was conducted by management, including internal underwriting, claims and actuarial personnel, with assistance from external consultants. The Reserve Review included all of WMRe America's non-asbestos and environmental ("A&E") casualty loss reserves as well as certain lines of business at WMRe Sirius. The Reserve Review resulted in $140.0 million of additional adverse loss reserve development at WMRe America, partially offset by $85.0 million of favorable loss development at WMRe Sirius during the second quarter of 2008. The adverse loss reserve development at WMRe America was predominantly attributable to its casualty reinsurance book written in the 1996-2002 underwriting years, whereas the favorable reserve development at WMRe Sirius was predominantly attributable to its property reinsurance book.

For the three months ended June 30, 2008, OneBeacon had net adverse loss reserve development of $0.4 million. For the six months ended June 30, 2008, OneBeacon had net favorable development of $12.2 million that primarily related to professional liability in specialty lines and package business in commercial lines, partially offset by adverse development at AutoOne in personal lines and in run-off.

For the three and six months ended June 30, 2008, Esurance did not experience any net development on prior year losses.

For the three and six months ended June 30, 2008, the Other Operations segment had $1.8 million of net favorable development for both periods.

Loss and LAE incurred relating to prior year losses for the three and six months ended June 30, 2007

White Mountains experienced $35.7 million and $52.5 million of net favorable development on prior accident year loss reserves during the three and six months ended June 30, 2007. For the three months ended June 30, 2007, OneBeacon, White Mountains Re, and Other Operations had net favorable development of $12.7 million, $18.1 million and $10.7 million, respectively, offset by $5.8 million of adverse loss reserve development on prior year losses at Esurance. For the six months ended June 30, 2007, OneBeacon, White Mountains Re, and Other Operations had net favorable development of $24.7 million, $25.5 million and $10.7 million, respectively, offset by $8.4 million of adverse loss reserve development on prior year losses at Esurance. Net favorable development at White Mountains Re primarily related to prior underwriting years on property lines. OneBeacon experienced net favorable development in 2007 that was primarily due to professional liability in specialty lines, property liability in commercial lines and automobile liability in personal lines. Esurance has experienced net adverse loss reserve development in 2007 as reserves were increased for bodily injury claims from prior accident years. The Other Operations segment experienced $10.7 million of favorable development during the second quarter of 2007, primarily due to the settlement of a large claim at BICC.

Fair value adjustment to loss and LAE reserves

In connection with purchase accounting for the acquisitions of OneBeacon, WMRe Sirius and Stockbridge Insurance Company, White Mountains was required to adjust loss and LAE reserves and the related reinsurance recoverables to fair value on their respective acquired balance sheets. The net reduction to loss and LAE reserves is being recognized through an income statement charge ratably with and over the period the claims are settled. Accordingly, White Mountains recognized $4.1 million and $8.3 million of such charges for the three and six months ended June 30, 2008, and $5.5 million and $10.6 million for the three and six months ended June 30, 2007. As of June 30, 2008, the outstanding pre-tax unaccreted adjustment was $50.3 million.

Note 4. Third Party Reinsurance

In the normal course of business, White Mountains' insurance and reinsurance subsidiaries may seek to limit losses that may arise from catastrophes or other events by reinsuring with third party reinsurers. White Mountains remains liable for risks reinsured in the event that the reinsurer does not honor its obligations under reinsurance contracts.

OneBeacon

At June 30, 2008, OneBeacon had $22.1 million of reinsurance recoverables on paid losses and $2,785.0 million (gross of $213.1 million in purchase accounting adjustments) that will become recoverable if claims are paid in accordance with current reserve estimates. The collectibility of balances due from OneBeacon's reinsurers is critical to OneBeacon's financial strength because reinsurance contracts do not relieve OneBeacon of its primary obligation to its policyholders. OneBeacon is selective with its reinsurers, placing reinsurance with only those reinsurers having a strong financial condition. OneBeacon monitors the financial strength of its reinsurers on an ongoing basis. As a result, uncollectible amounts have historically not been significant. The following table provides a listing of OneBeacon's top reinsurers, excluding industry pools and associations, based upon recoverable amounts, the percentage of total paid and unpaid reinsurance recoverables and the reinsurer's A.M. Best rating.

Top Reinsurers (Millions)	Balance at June 30, 2008	% of Total	A.M. Best Rating (1)
Subsidiaries of Berkshire (NICO and GRC) (2)	$ **2,016.7**	71.8%	A++
Tokio Marine and Nichido Fire (3)	**56.3**	2.0%	A++
Munich Re America (formerly America Reinsurance Company)	**45.8**	1.6%	A+
QBE Insurance Corporation	**36.1**	1.3%	A
Swiss Re	**27.3**	1.0%	A+

(1) A.M. Best ratings as detailed above are: "A++" (Superior, which is the highest of fifteen ratings), "A+" (Superior, which is the second highest of fifteen ratings), and "A" (Excellent, which is the third highest of fifteen ratings).

(2) Includes $404 of Third Party Recoverables, which NICO would pay under the terms of the NICO Cover (as defined below) if they are unable to collect from third party reinsurers. OneBeacon also has an additional $296.1 of Third Party Recoverables from various reinsurers, the majority of which are rated "A" or better by A.M. Best.

(3) Excludes $46.4 of reinsurance recoverables from various reinsurers that are guaranteed by Tokio Marine and Nichido Fire under the terms of a 100% quota share reinsurance agreement between Houston General Insurance Company and Tokio Marine and Nichido Fire.

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In connection with the OneBeacon Acquisition, the seller caused OneBeacon to purchase two reinsurance contracts: a full risk-transfer cover from National Indemnity Company ("NICO") for up to $2.5 billion in old A&E claims and certain other exposures (the "NICO Cover") and an adverse development cover (the "GRC Cover") from General Reinsurance Corporation ("GRC") for up to $570.0 million, comprised of $400.0 million of adverse development on losses occurring in years 2000 and prior in addition to $170.0 million of reserves ceded as of the date of the OneBeacon Acquisition. The NICO Cover and GRC Cover, which were contingent on and occurred contemporaneously with the OneBeacon Acquisition, were put in place in lieu of a seller guarantee of loss and LAE reserves and are therefore accounted for as a seller guarantee under GAAP in accordance with Emerging Issues Task Force Technical Matter Document No. D-54 ("EITF Topic D-54"). NICO and GRC are wholly-owned subsidiaries of Berkshire.

Under the terms of the NICO Cover, NICO receives the economic benefit of reinsurance recoverables ("Third Party Recoverables") from certain of OneBeacon's third party reinsurers in existence at the time the NICO Cover was executed. As a result, the Third Party Recoverables serve to protect the $2.5 billion limit of NICO coverage for the benefit of OneBeacon. White Mountains estimates that on an incurred basis, net of Third Party Recoverables, as of June 30, 2008 it has used approximately $2.1 billion of the coverage provided by NICO. Through June 30, 2008 $1.0 billion of these incurred losses have been paid by NICO. Since entering into the NICO Cover, $41.6 million of the $2.1 billion of utilized coverage from NICO related to uncollectible Third Party Recoverables. To the extent that actual experience differs from White Mountains' estimate of ultimate A&E losses and Third Party Recoverables, future losses could utilize some or all of the protection remaining under the NICO Cover.

Pursuant to the GRC Cover, OneBeacon is not entitled to recover losses to the full contract limit if such losses are reimbursed by GRC more quickly than anticipated at the time the contract was signed. OneBeacon intends to only seek reimbursement from GRC for claims which result in payment patterns similar to those supporting its recoverables recorded pursuant to the GRC Cover. The economic cost of not submitting certain other eligible claims to GRC is primarily the investment spread between the rate credited by GRC and the rate achieved by OneBeacon on its own investments. This cost, if any, is expected to be small.

Effective, July 1, 2008, OneBeacon renewed its property catastrophe reinsurance program through June 30, 2009. The program provides coverage for all OneBeacon property business including automobile physical damage, as well as acts of terrorism unless committed on behalf of a foreign interest (or utilizing nuclear, biological, chemical or radiological devices). Under the program, the first $150 million of losses resulting from a single catastrophe are retained by OneBeacon and $650 million of the next $700 million of losses resulting from the catastrophe are reinsured. Any loss above $850 million would be retained by OneBeacon. In the event of a catastrophe, OneBeacon's property catastrophe reinsurance program is reinstated for the remainder of the original contract term by paying a reinstatement premium that is based on the percentage of coverage reinstated and the original property catastrophe coverage premium.

White Mountains Re

At June 30, 2008, White Mountains Re had $16.4 million of reinsurance recoverables on paid losses and $726.5 million that will become recoverable if claims are paid in accordance with current reserve estimates. Because reinsurance contracts do not relieve White Mountains Re of its obligation to its ceding companies, the collectibility of balances due from its reinsurers is critical to White Mountains Re's financial strength. White Mountains Re monitors the financial strength of its reinsurers on an ongoing basis. The following table provides a listing of White Mountains Re's top reinsurers based upon recoverable amounts, the percentage of total paid and unpaid reinsurance recoverables and the reinsurers' A.M. Best ratings.

Top Reinsurers (Millions)	Balance at June 30, 2008	% of Total	A.M. Best Rating (2)	% Collateralized
OlympusI (1)(3)	$ **147.0**	20%	NR-4	100%
Imagine (1)	**146.5**	20%	A-	100%
General Re	**91.6**	12%	A++	1%
London Life (1)	**70.8**	10%	A	100%
St. Paul Travelers Group	**56.7**	8%	A+	3%

(1) Non-U.S. insurance entities. Balances are fully collateralized through funds held, letters of credit or trust agreements.

(2) A.M. Best ratings as detailed above are: "NR-4" (Not rated per company request), "A++" (Superior, which is the highest of fifteen ratings), "A+" (Superior, which is the second highest of fifteen ratings), "A" (Excellent, which is the third highest of fifteen ratings), and "A-" (Excellent, which is the fourth highest of fifteen ratings).

(3) Gross of $90.0 due to Olympus Reinsurance Company Ltd. ("Olympus") under an indemnity agreement with WMRe America.

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Note 5. Investment Securities

White Mountains' invested assets comprise securities and other investments held for general investment purposes. Until May 31, 2008, OneBeacon also held securities in a segregated trust account established in connection with the OneBeacon Offering to economically defease the $300.0 million mandatorily redeemable preferred stock held by Berkshire (the "Berkshire Preferred Stock"). The Berkshire Preferred Stock was redeemed in May 2008 using the proceeds from the segregated trust account.

White Mountains' portfolio of fixed maturity investments and common equity securities held for general investment purposes were classified as AFS for the year ended December 31, 2007. Effective January 1, 2008, the portfolio of fixed maturity investments and common equity securities held for general investment purposes were reclassified as trading. AFS and trading securities are reported at fair value as of the balance sheet date as determined by quoted market prices when available. Prior to January 1, 2008, changes in net unrealized investment gains and losses on AFS securities, net of the effect of adjustment for minority interest and after-tax, were reported as a component of other comprehensive income. Realized and unrealized investment gains and losses on trading securities are reported pre-tax in revenues. See ***Recently Adopted Changes in Accounting Principles*** section of Note 1 for further discussion.

Prior to January 1, 2008, the Company accounted for its convertible bonds in accordance with FAS 155, *"Accounting for Certain Hybrid Instruments, an amendment to Statements No. 133 and 140"* ("FAS 155"). Convertible bonds were recorded at fair value which changes therein recorded as realized investment gains or losses. On January 1, 2008, White Mountains has elected the fair value option under FAS 159 for its investment in convertible bonds, which continue to be recorded at fair value. Upon adoption of FAS 159, changes in fair value are recorded in revenues through unrealized investment gains (losses).

White Mountains has invested in mortgage backed and asset-backed securities which are carried at fair value within fixed maturity investments. Fair values are based on quoted market prices when available. Income on mortgage-backed and asset-backed securities is recognized using an effective yield based on anticipated prepayments and the estimated economic life of the securities. When actual prepayments differ significantly from anticipated prepayments, the estimated economic life is recalculated and the remaining unamortized premium or discount is amortized prospectively over the remaining economic life.

The portfolio of fixed maturity investments that were held in the segregated trust account were classified as held to maturity as White Mountains had the ability and intent to hold the investments until maturity. Securities classified as held to maturity are recorded at amortized cost.

Realized gains and losses resulting from sales of investment securities are accounted for using the weighted average method. Premiums and discounts on all fixed maturity investments are accreted to income over the anticipated life of the investment. 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 June 30, 2008 and December 31, 2007. Short-term investments held in the segregated trust account were included in the total of investments held in trust.

Other investments comprise White Mountains' investments in limited partnerships, hedge fund and private equity interests.

Pre-tax net investment income for the three and six months ended June 30, 2008 and 2007 consisted of the following:

Millions	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Investment income:				
Fixed maturity investments	**$ 89.9**	$ 103.9	**$ 187.0**	$ 200.2
Short-term investments	**12.6**	18.3	**24.9**	36.2
Common equity securities	**9.2**	6.5	**18.3**	11.5
Other	**2.1**	.1	**2.1**	1.2
Convertible fixed maturity investments	**2.1**	2.5	**3.8**	3.6
Total investment income	**115.9**	131.3	**236.1**	252.7
Less investment expenses	**(4.2)**	(4.6)	**(7.6)**	(8.0)
Net investment income, pre-tax	**$ 111.7**	$ 126.7	**$ 228.5**	$ 244.7

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Pre-tax realized investment (losses) gains consisted of the following:

Millions	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Fixed maturity investments	**$ (17.9)**	$ (3.1)	**$ (30.5)**	$ 5.2
Common equity securities	**15.4**	46.2	**18.8**	94.2
Other investments	**3.9**	42.1	**(3.8)**	59.8
Convertible fixed maturity investments	**(6.3)**	3.9	**(2.4)**	3.8
Net realized investment (losses) gains, pre-tax	**$ (4.9)**	$ 89.1	**$ (17.9)**	$ 163.0

For the three and six months ended June 30, 2008 the Company recognized $(0.6) million and $(9.0) million of after - tax realized losses. During the three and six months ended June 30, 2007 the Company recognized after - tax realized gains of $62.9 million and $111.8 million.

The Company recognizes declines in fair value deemed to be other-than-temporary impairments as realized losses. During the three and six months ended June 30, 2008 the Company recognized realized losses of $46.7 million and $68.8 million for declines in fair value deemed to be other than temporary. For the three and six months ended June 30, 2007, no such charges were taken. Effective January 1, 2008, upon adoption of FAS 159, for all investment securities for which the fair value election has been made, all changes in fair value are included in revenues.

White Mountains' ending net unrealized investment gains and losses on its investment portfolio and its investments in unconsolidated affiliates at June 30, 2008 and December 31, 2007 were as follows:

Millions	June 30, 2008	December 31, 2007
Investment securities, available for sale:		
Gross unrealized investment gains	**$ —**	$ 396.8
Gross unrealized investment losses	**—**	(85.7)
Net unrealized gains from investment securities	**—**	311.1
Net unrealized losses from investments in unconsolidated affiliates	**(66.4)**	(1.9)
Total net unrealized investment (losses) gains, before tax	**(66.4)**	309.2
Deferred income taxes on net unrealized gains	**—**	(99.0)
Minority interest	**—**	(3.2)
Total net unrealized investment (losses) gains, after-tax	**$ (66.4)**	$ 207.0

The cost or amortized cost, gross unrealized investment gains and losses, and carrying values of White Mountains' fixed maturity investments as of June 30, 2008 and December 31, 2007, were as follows:

	June 30, 2008				
Millions	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains	Carrying value
U.S. Government obligations	$ 882.0	$ 29.3	$ (1.6)	$ —	$ 909.7
Debt securities issued by industrial corporations	2,049.4	12.9	(47.9)	52.8	2,067.2
Municipal obligations	11.4	.4	—	—	11.8
Mortgage-backed and asset-backed securities	2,829.9	21.6	(19.3)	2.7	2,834.9
Foreign government obligations	829.9	1.6	(11.0)	105.4	925.9
Preferred stocks	106.4	.7	(18.5)	8.3	96.9
Total fixed maturity investments	**$ 6,709.0**	$ 66.5	$ (98.3)	$ 169.2	**$ 6,846.4**

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	December 31, 2007				
Millions	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains	Carrying value
U.S. Government obligations	$ 1,250.9	$ 30.5	$ (1.7)	$ —	$ 1,279.7
Debt securities issued by industrial corporations	2,095.8	30.7	(31.1)	35.3	2,130.7
Municipal obligations	11.9	.5	—	—	12.4
Mortgage-backed and asset-backed securities	2,882.6	21.4	(7.3)	1.9	2,898.6
Foreign government obligations	792.3	2.6	(5.2)	86.6	876.3
Preferred stocks	159.5	8.2	(2.3)	8.4	173.8
Total fixed maturity investments	$ 7,193.0	$ 93.9	$ (47.6)	$ 132.2	$ 7,371.5

The cost or amortized cost, gross unrealized investment gains and losses, and carrying values of White Mountains' common equity securities, convertible fixed maturities and other investments as of June 30, 2008 and December 31, 2007, were as follows:

	June 30, 2008				
Millions	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains	Carrying value
Common equity securities	**$ 1,431.6**	$ 249.6	$ (84.9)	$ 24.3	**$ 1,620.6**
Convertible fixed maturities	**$ 425.2**	$ 2.3	$ (12.9)	—	**$ 414.6**
Other investments	**$ 545.1**	$ 137.5	$ (20.4)	$ 4.3	**$ 666.5**

	December 31, 2007(2)				
Millions	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains (losses)	Carrying value
Common equity securities	$ 1,298.8	$ 269.9	$ (34.8)	$ 16.8	$ 1,550.7
Other investments (1)	$ 539.2	$ 68.1	$ (3.3)	$ (.7)	$ 603.3

(1) Prior to the adoption of FAS 159, equity changes in White Mountains' interest in limited partnerships accounted for using the equity method were reported as realized gains (losses) through earnings and a corresponding increase (decrease) in the cost of the investment. Effective with the adoption of FAS 159 on January 1, 2008, White Mountains now reports equity changes in limited partnership interests through net unrealized investment gains (losses) in earnings. Consequently, on January 1, 2008, White Mountains reduced the cost and increased the gross unrealized gains of its investments in limited partnerships by $48.8.

(2) Prior to the adoption of FAS 159, changes in the fair value of convertible fixed maturities were included in realized gains and losses.

Fair value measurements at June 30, 2008

The Company adopted FAS 157 on January 1, 2008. FAS 157 established a hierarchy of fair value measurements based upon the nature of the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets;

Level 2 – Valuations based on observable inputs that do not meet the criteria for Level 1, including quoted prices in inactive markets and quoted prices in active markets for similar, but not identical instruments;

Level 3 – Valuations based on unobservable inputs.

White Mountains uses observable inputs for the vast majority of its investment portfolio. Fair value measurements for securities for which quoted prices are unavailable are estimated based upon reference to observable inputs such as benchmark interest rates, market comparables, broker quotes and other relevant inputs. In circumstances where quoted prices or observable inputs are adjusted to reflect management's best estimate of fair value, such fair value measurements are considered a lower level measurement in the FAS 157 fair value hierarchy. Other investments, which comprises limited partnerships, hedge fund and private equity interests for which the SFAS 159 fair value option has been elected are carried at fair value based upon White Mountains' proportionate interest in the underlying partnership's or fund's net asset value, which is deemed to approximate fair value. In circumstances where the partnership net asset value is deemed to differ from fair value due to illiquidity or other factors, net asset value is adjusted accordingly.

The following table summarizes White Mountains' fair value measurements for investments at June 30, 2008, by level:

	June 30, 2008			
Millions	**Fair value**	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
Fixed maturities	$ 6,846.4	$ 857.7	$ 5,835.5	$ 153.2
Common equity securities	1,620.6	1,336.0	152.2	132.4
Convertible fixed maturity investments	414.6	—	414.6	—
Short-term investments	1,988.0	1,988.0	—	—
Other investments (1)	653.2	—	—	653.2
Total investments	$ 11,522.8	$ 4,181.7	$ 6,402.3	$ 938.8

(1) The fair value of other investments excludes carrying value of $13.3 associated with other investment limited partnerships accounted for using the equity method.

As of June 30, 2008, White Mountains has consolidated $69.7 million of short sale investment securities due to White Mountains' consolidation of certain limited partnership investments under FIN 46. These investments have a Level 1 designation and are included in other liabilities.

The following table summarizes the changes in White Mountains' Level 3 fair value measurements for the three and six months ended June 30, 2008:

Millions	**Fixed Maturities**	**Common equity securities**	**Convertible fixed maturities**	**Other investments**	**Total**
Balance at January 1, 2008	$ 297.9	$ 308.6	$ 23.2	$ 596.4	$ 1,226.1
Total realized and unrealized losses	(3.9)	(2.1)	—	(16.0)	(22.0)
Purchases	16.0	8.5	2.8	35.7	63.0
Sales	(88.4)	(23.3)	(23.2)	(35.0)	(169.9)
Transfers in	—	—	—	52.4	52.4
Transfers out	(34.9)	(158.3)	—	—	(193.2)
Balance at March 31, 2008	$ 186.7	$ 133.4	$ 2.8	$ 633.5	$ 956.4
Total realized and unrealized (losses) gains	(18.0)	(1.3)	—	17.1	(2.2)
Purchases	62.9	1.2	—	4.6	68.7
Sales	(2.6)	(.8)	—	(2.0)	(5.4)
Transfers in	5.2	—	—	—	5.2
Transfers out	(81.0)	(.1)	(2.8)	—	(83.9)
Balance at June 30, 2008	$ 153.2	$ 132.4	$ —	$ 653.2	$ 938.8

Transfers into Level 3 measurements for fixed maturities relate primarily to securities recently acquired as of the quarter end for which observable inputs were unavailable. Such securities were manually priced using a combination of market inputs such as benchmark interest rates, market comparables and/or broker quotes. Transfers into Level 3 measurements for common equity securities related to securities for which pricing information did not represent current market inputs at the quarter end. This was deemed to render the fair value measurements as based upon unobservable inputs and were accordingly classified within Level 3. When observable pricing inputs subsequently became available, the fair value measurements for these fixed maturity and common equity securities were reclassified to Levels 1 and/or 2 and are reflected in transfers out of Level 3 measurements for the quarter ended June 30, 2008. Transfers into Level 3 for the three-month period ended March 31, 2008 for other investments relate to the Company's investment in Pentelia which was previously accounted for under the equity method (see **Note 12**). When the Company's investment fell below the threshold for equity method accounting, the Company began accounting for the investment as a FAS 115 security, classified as trading.

The following table summarizes the amount of total gains (losses) included in earnings attributable to the change in unrealized gains (losses) for Level 3 assets for the three and six months ended June 30, 2008:

Millions	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Fixed maturities	$ (17.3)	$ (21.2)
Common equity securities	(1.3)	(4.1)
Convertible fixed maturities	—	—
Other investments	15.8	(2.0)
Total change in unrealized losses - Level 3 assets	$ (2.8)	$ (27.3)

Changes in fair value for the three and six months ended June 30, 2008

The following table summarizes changes in the carrying value of investments measured at fair value:

	Three Months Ended June 30, 2008			Six Months Ended June 30, 2008		
Millions	Net unrealized gains (losses)	Net foreign exchange gains	Total changes in fair value reflected in earnings	Net unrealized gains (losses)	Net foreign exchange gains (losses)	Total changes in fair value reflected in earnings
Fixed maturities	$ (81.8)	$ 1.0	$ (80.8)	$ (78.0)	$ 3.2	$ (74.8)
Common equity securities	12.5	.1	12.6	(69.6)	(.6)	(70.2)
Short-term investments	(.3)	.3	—	—	1.5	1.5
Convertible fixed maturities	(2.6)	—	(2.6)	(19.1)	—	(19.1)
Other investments	16.6	—	16.6	3.4	—	3.4
Net unrealized investment (losses) gains	**$ (55.6)**	**$ 1.4**	**$ (54.2)**	**$ (163.3)**	**$ 4.1**	**$ (159.2)**

The Company recognized after-tax unrealized losses of $(118.7) million and $(42.5) million for the three and six months ended June 30, 2008.

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Note 6. Debt

White Mountains' debt outstanding as of June 30, 2008 and December 31, 2007 consisted of the following:

Millions	June 30, 2008	December 31, 2007
OBH Senior Notes, at face value	**$ 700.0**	$ 700.0
Unamortized original issue discount	**(1.0)**	(1.1)
OBH Senior Notes, carrying value	**699.0**	698.9
WMRe Senior Notes, at face value	**400.0**	400.0
Unamortized original issue discount	**(1.0)**	(1.1)
WMRe Senior Notes, carrying value	**399.0**	398.9
WTM Bank Facility	**300.0**	—
OBH Bank Facility	**—**	—
Mortgage Note	**40.8**	40.8
Sierra Note	**36.2**	36.3
Atlantic Specialty Note	**16.0**	18.0
AFI Note	**29.6**	—
Total debt	**$ 1,520.6**	$ 1,192.9

Bank Facilities

The WTM Bank Facility is a $475 million revolving credit facility that matures in June 2012. During the first quarter of 2008, in anticipation of the Berkshire Exchange, White Mountains drew the full $475 million available under the WTM Bank Facility (see **Note 2**) at an effective interest rate of 3.1%. In April 2008, the Company repaid $175 million of the borrowings. Outstanding borrowings under the WTM Bank Facility at June 30, 2008 have an effective interest rate of 3.2%. White Mountains recorded $2.6 million and $3.2 million in interest expense on this borrowing for the three and six months ended June 30, 2008.

OneBeacon, through its wholly-owned subsidiary OneBeacon U.S. Holdings, Inc. ("OBH"), formerly Fund American Companies, Inc., has a $75 million revolving credit facility that matures in November 2011 (the "OBH Bank Facility"), which was undrawn as of June 30, 2008.

The WTM Bank Facility and the OBH Bank Facility contain various affirmative, negative and financial covenants which White Mountains considers to be customary for such borrowings and include maintaining certain minimum net worth and maximum debt to capitalization standards. Failure to meet one or more of these covenants could result in an event of default, which ultimately could eliminate availability under these facilities and result in acceleration of principal repayment on any amounts outstanding. At June 30, 2008, White Mountains was in compliance with all of the covenants under the WTM Bank Facility and the OBH Bank Facility, and anticipates it will continue to remain in compliance with these covenants for the foreseeable future.

AFI Note

At June 30, 2008, the noncontrolling shareholders of AFI held a $29.6 million Senior Secured Note ("the AFI Note"). On July 30, 2008, White Mountains repaid this note in connection with its acquisition of the remaining debt and equity interests of AFI from the minority owner (see **Note 15**).

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Note 7. Income Taxes

The Company is domiciled in Bermuda and has subsidiaries domiciled in several countries. The majority of White Mountains' worldwide operations are taxed in the United States. Income earned or losses incurred by non-U.S. companies will generally be subject to an overall effective tax rate lower than that imposed by the United States.

White Mountains' income tax provision (benefit) for the second quarter of 2008 represented an effective tax rate of (35.3)%, while the effective tax rate in the second quarter of 2007 was 28.2%. White Mountains' effective tax rates were different from the U.S. statutory rate of 35% primarily due to income generated in jurisdictions other than the United States, the change in unrealized investment gains (losses) pursuant to FAS 159, withholding taxes and non-deductible dividends and accretion on the Berkshire Preferred Stock.

In arriving at the effective tax rate for the quarter ended June 30, 2008, White Mountains is treating the change in unrealized investment gains (losses) as a discrete item separate from the other components of pre-tax income (loss). Therefore, the benefit of these net losses is calculated at the statutory rate applicable to the jurisdiction in which the losses are recorded. The majority of investment assets incurring current period net losses for the quarter ended June 30, 2008 are recorded in the U.S. and Sweden, and are taxed at the statutory rate of 35% and 28%, respectively. White Mountains believes that the treatment for the change in unrealized investment gains (losses) as a discrete item is appropriate since a reliable estimate for the full year cannot be made.

On January 1, 2007, White Mountains adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48"). FIN 48 prescribes when the benefit of a given tax position should be recognized and how it should be measured. In connection with the adoption of FIN 48, White Mountains has recognized a $.2 million decrease in the liability for unrecognized tax benefits, primarily as a result of reductions in its estimates of accrued interest. The effect of adoption has been recorded as an adjustment to opening retained earnings.

Under FIN 48, White Mountains classifies all interest and penalties on unrecognized tax benefits as part of income tax expense. With few exceptions, White Mountains is no longer subject to U.S. federal, state or non-U.S. income tax examinations for years before 2003.

In the second quarter of 2006, the Internal Revenue Service ("IRS") commenced an examination of certain of White Mountains' U.S. subsidiaries' income tax returns for 2003 through 2004. On June 30, 2008, the Company received Form 4549-A (Income Tax Examination Changes) from the IRS relating to the examination of tax years 2003 and 2004. The IRS is asserting that subsidiaries of the Company owe an additional $90.0 million of tax. The estimated total assessment, including interest, withholding tax and utilization of tax credits is $174.0 million. The Company disagrees with the adjustments proposed by the IRS and intends to vigorously defend its position. The timing of the resolution of these issues is uncertain, however it is reasonably possible that the resolution could occur within the next 12 months. An estimate of the range of potential outcomes cannot be made at this time. The Company does not expect the resolution of this examination to result in a material change to its financial position.

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Note 8. Weather Contracts

For the three and six months ended June 30, 2008, Galileo recognized $2.7 million and $6.7 million of net gains on its weather and weather contingent derivatives portfolio. For the three and six months ended June 30, 2007, Galileo recognized $0.9 million of net losses and $0.1 million of net gains on its weather derivatives portfolio. As of June 30, 2008 and 2007, Galileo had unamortized deferred gains of $4.9 million and $0.2 million.

The fair values of Galileo's risk management products are subject to change in the near-term and reflect management's best estimate based on various factors including, but not limited to, realized and forecasted weather conditions, changes in interest or foreign currency exchange rates and other market factors. Estimating the fair value of derivative instruments that do not have quoted market prices requires management's judgment in determining amounts that could reasonably be expected to be received from or paid to a third party to settle the contracts. Such amounts could be materially different from the amounts that might be realized in an actual transaction to settle the contract with a third party. Because of the significance of the unobservable inputs used to estimate the fair value of Galileo's weather risk contracts, the fair value measurements of the contracts are deemed to be Level 3 measurements in the FAS 157 fair value hierarchy.

Galileo's weather risk management contracts are summarized in the following table:

Millions	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Net liability for weather derivative contracts as of January 1 (1)	$ 17.9	$ 12.1
Net consideration received during the period for new contracts	10.5	.4
Net payments made on contracts settled during the period	(7.4)	(11.0)
Net decrease in fair value on settled and unsettled contracts	(6.7)	(.1)
Net liability for weather derivative contracts as of June 30 (2)	$ 14.3	$ 1.4

(1) Includes unamortized deferred gains of $2.9 and $4.7 as of January 1, 2008 and 2007.

(2) Includes unamortized deferred gains of $4.9 and $0.2 as of June 30, 2008 and 2007.

The following table summarizes the maturity of contracts outstanding as of June 30, 2008:

Millions	< 1 Year	1-3 Years	3-5 Years	> 5 Years	Total

Net asset for contracts actively quoted	$ (.3)	$ —	$ —	$ —	$ (.3)
Net liability for contracts using internal pricing models	5.3	9.3	—	—	14.6
Total net liability for weather contracts outstanding	$ 5.0	$ 9.3	$ —	$ —	$ 14.3(1)

(1) Amount includes $4.9 in unamortized deferred gains.

Note 9. Variable Annuity Reinsurance

White Mountains has entered into agreements to reinsure death and living benefit guarantees associated with certain variable annuities in Japan through its wholly owned subsidiary, WM Life Re. The accounting for benefit guarantees differs depending on whether or not the guarantee is classified as a derivative or an insurance liability.

At June 30, 2008 and December 31, 2007, the liability recorded for the variable annuity benefit guarantees that is included in other liabilities, was $47.7 million and $12.7 million, of which $2.6 million and $0.4 million were life insurance liabilities.

At June 30, 2008 and December 31, 2007, the fair value of WM Life Re's derivative contracts was $72.4 million and $43.7 million, which are included in other assets. For the three and six months ended June 30, 2008 WM Life Re had (losses) gains from its derivative contracts of $(40.7) million and $15.0 million. For the three and six months ended June 30, 2007 WM Life Re had (losses) from its derivative contracts of $(12.8) million and $(16.0) million.

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At June 30, 2008, WM Life Re had $16.3 million of cash deposited as collateral with counterparties. In addition, at June 30, 2008, derivative financial instruments with a fair value of $60.8 million were subject to restrictions over liquidation of the instruments and distribution of proceeds under collateral agreements with counterparties. At December 31, 2007, WM Life Re had $8.5 million of cash and $5.0 million of securities deposited as collateral with counterparties.

The following table summarizes the pre-tax operating results of WM Life Re for the three and six months ended June 30, 2008:

Millions	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Fees, included in other revenues	$ 6.4	$ 13.0
Change in fair value of variable annuity liability, included in other revenues	45.5	(32.8)
Change in fair value of derivatives, included in other revenues	(40.7)	15.0
Other investment income and gains(losses)	(1.0)	—
Total revenues	10.2	(4.8)
Change in fair value of variable annuity liabilities, included in other expenses	2.8	(1.9)
General & administrative expenses	(1.4)	(2.6)
Pre-tax income (loss)	$ 11.6	$ (9.3)

All of the Company's variable annuity reinsurance liabilities ($47.7 million) were classified as Level 3 measurements at June 30, 2008.

The following table summarizes the changes in the Company's variable annuity reinsurance liabilities and derivative instruments for the three and six months ended June 30, 2008**:**

Millions	(Liabilities) Level 3	Derivative Instruments Level 3	Derivative Instruments Level 1	Net Assets (Liabilities)
Balance at January 1, 2008	$ (12.7)	$ 38.9	$ 4.8	$ 31.0
Cumulative effect adjustment - FAS 157	(.3)	—	—	(.3)
Purchases	—	10.9	—	10.9
Realized and unrealized gains (losses)	(83.0)	23.1	32.6	(27.3)
Transfers in (out)	—	—	—	—
Sales/settlements	—	—	(30.0)	(30.0)
Balance at March 31, 2008	$ (96.0)	$ 72.9	$ 7.4	$ (15.7)
Purchases	—	1.8	—	1.8
Realized and unrealized gains (losses)	48.3	(13.9)	(26.8)	7.6
Transfers in (out)	—	—	—	—
Sales/settlements	—	—	31.0	31.0
Balance at June 30, 2008	$ (47.7)	$ 60.8	$ 11.6	$ 24.7

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Note 10. (Loss) Earnings Per Share

Basic (loss) earnings per share amounts are based on the weighted average number of common shares outstanding excluding unvested restricted common shares ("Restricted Shares"). Diluted (loss) earnings per share amounts are based on the weighted average number of common shares and the net effect of potentially dilutive common shares outstanding, based on the treasury stock method. The following table outlines the Company's computation of (loss) earnings per share for the three and six months ended June 30, 2008 and 2007:

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Basic (loss) earnings per share numerators (in millions):				
(Loss) income before extraordinary item	**$ (9.2)**	$ 102.6	**$ (70.2)**	$ 194.8
Extraordinary item - excess of fair value of acquired net assets over cost	**—**	—	**4.2**	—
Net (loss) income	**$ (9.2)**	$ 102.6	**$ (66.0)**	$ 194.8
Diluted (loss) earnings per share numerators (in millions):				
(Loss) income before extraordinary item	**$ (9.2)**	$ 102.6	**$ (70.2)**	$ 194.8
Extraordinary item - excess of fair value of acquired net assets over cost	**—**	—	**4.2**	—
Net (loss) income	**$ (9.2)**	$ 102.6	**$ (66.0)**	$ 194.8
Basic (loss) earnings per share denominators (in thousands):				
Average common shares outstanding during the period	**10,569**	10,837	**10,566**	10,830
Average unvested Restricted Shares (1)	**(53)**	(54)	**(52)**	(50)
Basic (loss) earnings per share denominator	**10,516**	10,783	**10,514**	10,780
Diluted (loss) earnings per share denominator (in thousands):				
Average common shares outstanding during the period	**10,569**	10,837	**10,566**	10,830
Average unvested Restricted Shares (1)	**(52)**	(49)	**(52)**	(48)
Average outstanding dilutive options to acquire common shares (2)	**—**	14	**—**	17
Diluted (loss) earnings per share denominator	**10,517**	10,802	**10,514**	10,799
Basic (loss) earnings per share (in dollars):				
(Loss) income before extraordinary item	**$ (.87)**	$ 9.51	**$ (6.68)**	$ 18.07
Extraordinary item - excess of fair value of acquired assets over cost	**—**	—	**.41**	—
Net (loss) income	**$ (.87)**	$ 9.51	**$ (6.27)**	$ 18.07
Diluted (loss) earnings per share (in dollars)				
(Loss) income before extraordinary item	**$ (.87)**	$ 9.49	**$ (6.68)**	$ 18.03
Extraordinary item - excess of fair value of acquired assets over cost	**—**	—	**.41**	—
Net (loss) income	**$ (.87)**	$ 9.49	**$ (6.27)**	$ 18.03

(1) Restricted Shares outstanding vest either upon a stated date or upon the occurrence of a specified event (see **Note 14**). In accordance with SFAS No. 123 (Revised 2004) Share-Based Payment (“FAS 123(R)”) the diluted (loss) earnings per share denominator is reduced by the number of Restricted Shares that represent the unamortized compensation cost at June 30, 2008 and 2007. Such amounts are computed using the treasury stock method.

(2) The diluted loss per share denominator for the three and six months ended June 30, 2008 does not include common shares issuable upon exercise of incentive options as they are anti-dilutive to the calculation. The diluted earnings per share denominator for the three and six months ended June 30, 2007 includes 19,875 and 23,100 common shares issuable upon exercise of incentive options at an average strike price of $161.68 and $160.51 per common share. The non-qualified options were not included in the diluted (loss) earnings per share denominator as their inclusion would be anti-dilutive for the periods presented (see **Note 14**).

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Note 11. Segment Information

White Mountains has determined that its reportable segments are OneBeacon, White Mountains Re, Esurance and Other Operations. White Mountains has made its segment determination based on consideration of the following criteria: (i) the nature of the business activities of each of the Company’s subsidiaries and affiliates; (ii) the manner in which the Company’s subsidiaries and affiliates are organized; (iii) the existence of primary managers responsible for specific subsidiaries and affiliates; and (iv) the organization of information provided to the Board of Directors. Significant intercompany transactions among White Mountains’ segments have been eliminated herein. Financial information for White Mountains’ segments follows:

Millions	OneBeacon	White Mountains Re	Esurance	Other Operations	Total
Three months ended June 30, 2008					
Earned insurance and reinsurance premiums	$ 463.8	$ 246.9	$ 211.0	$ —	$ 921.7
Net investment income	44.6	47.4	8.5	11.2	111.7
Net realized investment (losses) gains	(1.7)	3.1	(.4)	(5.9)	(4.9)
Net unrealized losses on investments	(.9)	(41.6)	(4.8)	(6.9)	(54.2)
Other revenue	2.6	7.5	12.7	42.1	64.9
Total revenues	**508.4**	**263.3**	**227.0**	**40.5**	**1,039.2**
Losses and LAE	274.4	201.5	158.7	(1.9)	632.7
Insurance and reinsurance acquisition expenses	84.3	51.2	43.3	—	178.8
Other underwriting expenses	79.2	29.0	18.6	.6	127.4
General and administrative expenses	5.9	3.9	10.1	33.2	53.1
Amortization of AFI purchase accounting adjustments	—	—	4.7	—	4.7
Accretion of fair value adjustment to loss and LAE reserves	3.0	1.1	—	—	4.1
Interest expense on debt	11.4	7.0	.4	2.9	21.7
Interest expense - dividends on preferred stock	4.7	—	—	—	4.7
Interest expense - accretion on preferred stock	11.1	—	—	—	11.1
Total expenses	**474.0**	**293.7**	**235.8**	**34.8**	**1,038.3**
Pre-tax income (loss)	**$ 34.4**	**$ (30.4)**	**$ (8.8)**	**$ 5.7**	**$ .9**

Millions	OneBeacon	White	Esurance	Other	Total

		Mountains Re		Operations	
Three months ended June 30, 2007					
Earned insurance and reinsurance premiums	$ 465.0	$ 306.8	$ 188.9	$ —	$ 960.7
Net investment income	54.6	53.0	7.4	11.7	126.7
Net realized investment gains	57.1	22.2	1.5	8.3	89.1
Other revenue	2.4	(1.9)	3.1	30.5	34.1
Total revenues	579.1	380.1	200.9	50.5	1,210.6
Losses and LAE	283.1	172.8	147.1	(10.9)	592.1
Insurance and reinsurance acquisition expenses	78.3	75.0	50.3	—	203.6
Other underwriting expenses	89.6	29.9	15.9	.8	136.2
General and administrative expenses	2.7	9.6	.1	50.0	62.4
Accretion of fair value adjustment to loss and LAE reserves	4.0	1.5	—	—	5.5
Interest expense on debt	11.3	6.8	—	.2	18.3
Interest expense - dividends on preferred stock	7.5	—	—	—	7.5
Interest expense - accretion on preferred stock	8.8	—	—	—	8.8
Total expenses	485.3	295.6	213.4	40.1	1,034.4
Pre-tax income (loss)	$ 93.8	$ 84.5	$ (12.5)	$ 10.4	$ 176.2

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Millions	OneBeacon	White Mountains Re	Esurance	Other Operations	Total
Six months ended June 30, 2008					
Earned insurance and reinsurance premiums	$ 919.1	$ 513.7	$ 418.0	$ —	$ 1,850.8
Net investment income	94.7	97.9	16.4	19.5	228.5
Net realized investment gains (losses)	2.0	(9.1)	(1.9)	(8.9)	(17.9)
Net unrealized losses on investments	(60.0)	(81.9)	(10.4)	(6.9)	(159.2)
Other revenue	6.2	(5.4)	15.8	58.3	74.9
Total revenues	**962.0**	**515.2**	**437.9**	**62.0**	**1,977.1**
Losses and LAE	575.3	369.7	327.1	(.7)	1,271.4
Insurance and reinsurance acquisition expenses	169.0	106.8	89.7	—	365.5
Other underwriting expenses	149.3	56.0	37.6	1.3	244.2
General and administrative expenses	10.3	9.0	10.7	81.3	111.3
Amortization of AFI purchase accounting adjustments	—	—	4.7	—	4.7
Accretion of fair value adjustment to loss and LAE reserves	6.0	2.3	—	—	8.3
Interest expense on debt	22.9	13.9	.4	3.9	41.1
Interest expense - dividends on preferred stock	11.8	—	—	—	11.8
Interest expense - accretion on preferred stock	21.6	—	—	—	21.6
Total expenses	**966.2**	**557.7**	**470.2**	**85.8**	**2,079.9**
Pre-tax loss	**$ (4.2)**	**$ (42.5)**	**$ (32.3)**	**$ (23.8)**	**$ (102.8)**

Millions	OneBeacon	White Mountains Re	Esurance	Other Operations	Total
Six months ended June 30, 2007					
Earned insurance and reinsurance premiums	$ 933.9	$ 605.1	$ 359.7	$ —	$ 1,898.7
Net investment income	105.2	101.1	13.6	24.8	244.7
Net realized investment gains	112.0	42.1	2.5	6.4	163.0
Other revenue	5.5	(5.5)	6.1	64.2	70.3
Total revenues	1,156.6	742.8	381.9	95.4	2,376.7
Losses and LAE	571.3	367.4	277.4	(10.7)	1,205.4
Insurance and reinsurance acquisition expenses	156.6	144.6	95.0	—	396.2
Other underwriting expenses	180.5	61.2	30.6	1.6	273.9
General and administrative expenses	5.1	16.2	.2	93.8	115.3
Accretion of fair value adjustment to loss and LAE reserves	8.0	2.6	—	—	10.6
Interest expense on debt	22.7	8.0	—	4.4	35.1
Interest expense - dividends on preferred stock	15.1	—	—	—	15.1
Interest expense - accretion on preferred stock	17.0	—	—	—	17.0
Total expenses	976.3	600.0	403.2	89.1	2,068.6
Pre-tax income (loss)	$ 180.3	$ 142.8	$ (21.3)	$ 6.3	$ 308.1

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Note 12. Investments in Unconsolidated Affiliates

White Mountains' investments in unconsolidated affiliates represent investments in other companies in which White Mountains has a significant voting and economic interest but does not control the entity.

Symetra

At June 30, 2008, White Mountains owned 24% of the common shares of Symetra Financial Corporation ("Symetra") on a fully converted basis, consisting of 17.4 million common shares and warrants to acquire an additional 9.5 million common shares. White Mountains accounts for its investment in common shares of Symetra using the equity method of accounting and accounts for its Symetra warrants under FAS 133, recording the warrants at fair value with changes in fair value recognized through the income statement as a realized investment gain or loss. Symetra's warrants are not publicly traded. Accordingly, the fair value measurement of the warrants is based on unobservable inputs and is classified as a Level 3 measurement.

For the three and six months ended June 30, 2008, the value of the Company's investment in Symetra warrants decreased by $7.0 million and $11.3 million. The decrease in both periods was due to a decline in the valuation of stocks in the life insurance sector during the period.

The following table summarizes amounts recorded by White Mountains relating to its investment in Symetra:

Millions	2008 Common Shares	2008 Warrants	2008 Total	2007 Common Shares	2007 Warrants	2007 Total
Carrying value of investment in Symetra as of January 1	**$ 241.3**	**$ 77.3**	**$ 318.6**	$ 249.3	$ 54.0	$ 303.3
Equity in earnings of Symetra (1)	**.7**	**—**	**.7**	10.3	—	10.3
Net unrealized gains from Symetra's equity portfolio and other	**—**	**—**	**—**	.5	—	.5
Net unrealized (losses) gains from Symetra's fixed maturity portfolio	**(20.7)**	**—**	**(20.7)**	5.9	—	5.9
(Decrease) Increase in value of warrants	**—**	**(4.3)**	**(4.3)**	—	3.7	3.7
Carrying value of investment in Symetra as of March 31 (2)	**$ 221.3**	**$ 73.0**	**$ 294.3**	$ 266.0	$ 57.7	$ 323.7
Equity in earnings of Symetra (1)	**5.3**	**—**	**5.3**	8.3	—	8.3
Net unrealized gains (losses) from Symetra's equity portfolio and other	**—**	**—**	**—**	.1	—	.1
Net unrealized losses from Symetra's fixed maturity portfolio	**(39.0)**	**—**	**(39.0)**	(40.2)	—	(40.2)
(Decrease) Increase in value of warrants	**—**	**(7.0)**	**(7.0)**	—	4.6	4.6
Carrying value of investment in Symetra as of June 30 (3)	**$ 187.6**	**$ 66.0**	**$ 253.6**	$ 234.2	$ 62.3	$ 296.5

(1) Equity in earnings is net of tax of $0.

(2) Includes White Mountains' equity in net unrealized gains and (losses) from Symetra's fixed maturity portfolio of $(26.3) and $1.8 as of March 31, 2008 and 2007.

(3) Includes White Mountains' equity in net unrealized gains and (losses) from Symetra's fixed maturity portfolio of $(65.3) and $(38.5) as of June 30, 2008 and 2007.

Pentelia

In April 2007, White Mountains invested $50 million in common equity of Pentelia Limited ("PIL"). White Mountains has determined that PIL is a variable interest entity but that White Mountains is not the primary beneficiary. At December 31, 2007, the investment was accounted for as an equity method investment. During the first quarter of 2008, PIL raised additional equity capital. Subsequent to the capital raise, White Mountains investment in PIL was reduced from 17% to approximately 13%. Accordingly, White Mountains' investment in PIL is now accounted for under FAS 115 and classified as a trading security. Changes in the fair value of White Mountains' investment in PIL are recognized in the net change in unrealized investment losses.

White Mountains also obtained a 33% equity interest in Pentelia Capital Management ("PCM") for $1.6 million in April 2007. This investment is accounted for under the equity method. As of June 30, 2008, White Mountains' investment in PCM was $1.5 million.

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Delos

White Mountains owns approximately 18% of Lightyear Delos Acquisition Corporation ("Delos") and accounts for its investment in Delos under the equity method. For the three and six months ended June 30, 2008, White Mountains recorded $0.5 million and $0.3 million of after-tax equity in earnings and $(0.5) million and $0.3 million of after-tax equity in unrealized investment gains from its investment in Delos. White Mountains' investment in Delos at June 30, 2008 totaled $33.8 million.

AFI

In January 2008, White Mountains acquired 42% of the outstanding debt and equity of AFI. During the first quarter of 2008, White Mountains accounted for its investment in AFI under the equity method. For the three months ended March 31, 2008, White Mountains recorded $(.1) million of after-tax equity in earnings from its investment in AFI. As of April 1, 2008, White Mountains' ownership in AFI increased to 68.9%. As a result, White Mountains now accounts for its investment in AFI as a consolidated subsidiary (see **Note 2**). On July 30, 2008, White Mountains acquired the remaining equity and debt interests in AFI from the minority owner (see **Note 15**).

Note 13. Retirement and Postretirement Plans

OneBeacon sponsors qualified and non-qualified, non-contributory, defined benefit pension plans covering substantially all employees who were employed as of December 31, 2001 and remain actively employed with OneBeacon. Current plans include a OneBeacon qualified pension plan (the "Qualified Plan") and a OneBeacon non-qualified pension plan (the "Non-qualified Plan" and, collectively, the "Plans"). OneBeacon's Plans were frozen and curtailed in the fourth quarter of 2002.

The components of net periodic benefit costs for the three and six months ended June 30, 2008 and 2007 were as follows:

	Pension Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
Millions	2008	2007	2008	2007
Service cost	**$ .2**	$ .6	**$ .4**	$ 1.1
Interest cost	**1.7**	6.6	**3.4**	13.2
Expected return on plan assets	**(2.1)**	(6.7)	**(4.2)**	(13.5)
Amortization of unrecognized loss	**.1**	.1	**.2**	.2
Net periodic benefit (income) cost	**$ (.1)**	$ .6	**$ (.2)**	$ 1.0

OneBeacon does not expect to make a contribution to its Qualified Plan in 2008. OneBeacon anticipates contributing $2.8 million to the Non-qualified Plan, for which OneBeacon has assets held in rabbi trusts. As of June 30, 2008, $1.5 million in contributions have been made to the Non-qualified Plan.

Note 14. Employee Share-Based Incentive Compensation Plans

White Mountains' Long-Term Incentive Plan (the "WTM Incentive Plan") provides for granting various types of share-based and non share-based incentive awards to key employees of the Company and certain of its subsidiaries. White Mountains' share-based compensation expense consists primarily of performance share expense. Performance shares are conditional grants of a specified maximum number of common shares or an equivalent amount of cash. In general, awards vest, subject to the attainment of performance goals, at the end of a three-year period and are valued based on the market value of common shares at the time awards are paid.

The OneBeacon Long-Term Incentive Plan (the "OneBeacon Incentive Plan") provides for granting to key employees of OneBeacon Ltd., and certain of its subsidiaries, various types of share-based incentive awards, including performance shares. Prior to February 2007, OneBeacon granted White Mountains performance shares. In February 2007, all of OneBeacon's White Mountains performance shares outstanding were replaced with an equivalent value of OneBeacon performance shares from the OneBeacon Incentive Plan. The value of a OneBeacon performance share is based upon the market value of a OneBeacon Ltd. common share.

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Share-Based Compensation Based on White Mountains Common Shares

WTM Performance Shares

The following table summarizes performance share activity for the three and six months ended June 30, 2008 and 2007 for WTM performance shares granted under the WTM Incentive Plan and phantom WTM performance shares granted under subsidiary plans ("WTM Phantom Share Plans"):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2008		2007		2008		2007	
Millions, except share amounts	Target Performance Shares Outstanding	Accrued Expense	Target Performance Shares Outstanding	Accrued Expense	Target Performance Shares Outstanding	Accrued Expense	Target Performance Shares Outstanding	Accrued Expense
Beginning of period	**162,996**	**$ 40.1**	144,772	$ 43.7	**146,742**	**$ 47.3**	185,363	$ 102.4
Payments and deferrals (1)	**—**	**—**	—	—	**(43,608)**	**(15.5)**	(63,300)	(56.0)
New awards	**833**	**—**	1,953	—	**61,998**	**—**	53,931	—
Forfeitures and cancellations	**(186)**	**(.1)**	(462)	(.1)	**(1,489)**	**(.1)**	(16,921)	(4.3)
Transfers out (2)	**—**	**—**	—	—	**—**	**—**	(12,810)	(4.4)
Expense recognized	**—**	**(3.5)**	—	13.5	**—**	**4.8**	—	19.4
Ending June 30,	**163,643**	**$ 36.5**	146,263	$ 57.1	**163,643**	**$ 36.5**	146,263	$ 57.1

(1) WTM performance share payments in 2008 for the 2005-2007 performance cycle ranged from 64% to 101% of target. WTM performance share payments in 2007 for the 2004-2006 performance cycle ranged from 145% to 186% of target. Amounts include deposits into White Mountains' deferred compensation plan.

(2) In February 2007, the WTM performance shares of OneBeacon employees were replaced with an equivalent value of OneBeacon performance shares issued under the OneBeacon Incentive Plan.

If 100% of the outstanding WTM performance shares had been vested on June 30, 2008, the total additional compensation cost to be recognized would have been $34.9 million, based on current accrual factors (common share price and payout assumptions).

For the 2005-2007 performance cycle, the Company issued common shares for 1,700 performance shares earned and all other performance shares earned were settled in cash or by deferral into certain non-qualified deferred compensation plans of the Company or its subsidiaries. For the 2004-2006 performance cycle, all performance shares earned were settled in cash or by deferral into certain non-qualified deferred compensation plans of the Company or its subsidiaries.

Performance shares granted under the WTM Incentive Plan

The following table summarizes performance shares outstanding and accrued expense for performance shares awarded under the Incentive Plan at June 30, 2008 for each performance cycle:

Millions, except share amounts	Target WTM Performance Shares Outstanding	Accrued Expense
Performance cycle:		
2006 - 2008	49,918	$ 22.2
2007 - 2009	46,811	8.6
2008 - 2010	53,772	4.1
Sub-total	150,501	34.9
Assumed forfeitures	(3,763)	(.9)
Total at June 30, 2008	**146,738**	**$ 34.0**

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Phantom Performance Shares granted under WTM Phantom Share Plans

The following table summarizes phantom WTM performance shares outstanding and accrued expense for awards made under the WTM Phantom Share Plans at June 30, 2008 for each performance cycle:

Millions, except share amounts	Target WTM Phantom Performance Shares Outstanding	Accrued Expense
Performance cycle:		
2006 - 2008	2,042	$ .9
2007 - 2009	7,081	1.1
2008 - 2010	8,215	.6
Sub-total	17,338	2.6
Assumed forfeitures	(433)	(.1)
Total at June 30, 2008	**16,905**	**$ 2.5**

Restricted Shares

At June 30, 2008 and 2007, the Company had 53,200 and 54,000 unvested Restricted Shares outstanding under the WTM Incentive Plan. The following outlines the unrecognized compensation cost associated with the outstanding Restricted Share awards made under the WTM Incentive Plan for the three and six months ended June 30, 2008 and 2007:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2008		2007		2008		2007	
Millions, except share amounts	Restricted Shares	Unamortized Grant Date Fair Value	Restricted Shares	Unamortized Grant Date Fair Value	Restricted Shares	Unamortized Grant Date Fair Value	Restricted Shares	Unamortized Grant Date Fair Value
Non-vested, beginning of period,	**53,200**	**$ 28.6**	54,000	$ 30.3	**54,000**	**$ 26.7**	10,000	$ .3
Granted	—	—	—	—	**6,200**	**3.1**	54,000	31.0
Vested	—	—	—	—	**(7,000)**	—	(10,000)	—
Forfeited	—	—	—	—	—	—	—	—
Expense recognized	—	**(1.5)**	—	(1.2)	—	**(2.7)**	—	(2.2)
Non-vested at June 30,	**53,200**	**$ 27.1**	54,000	$ 29.1	**53,200**	**$ 27.1**	54,000	$ 29.1

During the first quarter of 2008, White Mountains awarded 4,200 Restricted Shares that vest in equal annual installments over three years and 2,000 Restricted Shares that cliff vest in February 2011 based on continuous service throughout the award period.

During the first quarter of 2007, White Mountains made the following grants of Restricted Shares to the Company's Chairman and CEO: (1) 35,000 Restricted Shares that vest in equal annual installments over five years; (2) 15,000 Restricted Shares that vest in the event of a change in control of the Company before January 20, 2012. During the first quarter of 2007, White Mountains also awarded 4,000 Restricted Shares to other employees that cliff vest in February 2010 based on continuous service by the employee throughout the award period.

Of the unrecognized compensation cost at June 30, 2008, $18.5 million is expected to be recognized ratably over the remaining vesting periods and $8.6 million would be recognized in the event of a change in control before January 20, 2012. Upon vesting, all restrictions initially placed upon the Restricted Shares lapse.

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Non-Qualified Options

In January 2007, the Company issued 200,000 seven-year Non-Qualified Options to the Company's Chairman and CEO that vest in equal annual installments over five years and that have an initial exercise price of $650 per common share that escalates at an annual rate of 5% less the annual regular dividend rate (the "Escalator"). The fair value of the Non-Qualified Options at the grant date was estimated using a closed-form option model using an expected volatility assumption of 29.7%, a risk-free interest rate assumption of 1.1% (or 4.7% less the Escalator), a forfeiture assumption of 0%, an expected dividend rate assumption of 1.4% and a term assumption of seven years. The fair value of the Non-Qualified Options was $27.2 million at the grant date and will be recognized ratably over the five year vesting period. For the three and six months ended June 30, 2008 the Company recognized $1.4 million and $2.7 million of expense associated with its Non-Qualified Options. For the three and six months ended June 30, 2007, the Company recognized $1.3 million and $2.4 million of expense associated with its Non-Qualified Options. At June 30, 2008, 40,000 Non-Qualified Options were exercisable at a strike price of $685.45.

Incentive Options

At June 30, 2008 and 2007, the Company had 8,700 and 14,400 Incentive Options outstanding which were granted to certain key employees on February 28, 2000 (the grant date) under the WTM Incentive Plan. The 81,000 Incentive Options originally granted were issued at an exercise price equal to the market price of the Company's underlying common shares on February 27, 2000. The exercise price escalates by 6% per annum over the life of the Incentive Options. The Incentive Options vest ratably over a ten-year service period. Upon the adoption of FAS 123R, the grant date fair value of the awards as originally disclosed for FAS 123, adjusted for estimated future forfeitures, became the basis for recognition of compensation expense for the Incentive Options. The fair value of each Incentive Option award at the grant date was estimated using a closed-form option model using an expected volatility assumption of 18.5%, a risk-free interest rate assumption of 6.4% and an expected term of ten years.

The following table summarizes the Company's Incentive Option activity for the three and six months ended June 30, 2008 and 2007:

Millions, except share and per share amounts	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Opening balance - outstanding Options	**8,700**	25,350	**9,900**	29,550
Forfeited	—	(2,700)	**(600)**	(5,400)
Exercised	—	(8,250)	**(600)**	(9,750)
Ending balance - outstanding Options	**8,700**	14,400	**8,700**	14,400
Outstanding Options - exercisable	**2,700**	1,800	**2,700**	1,800
Exercise price - outstanding Options at beginning of period	**$ 170.11**	$ 160.48	**$ 167.70**	$ 158.21
Value of Options exercised (1)	**$ —**	$ 3.5	**$ .2**	$ 4.1
Exercise price - outstanding Options at June 30,	**$ 172.64**	$ 162.87	**$ 172.64**	$ 162.87

(1) Amount is equal to the number of options exercised multiplied by amount the ending market value exceeds the strike price on the date of exercise.

The total in-the-money value of all outstanding Incentive Options and those Incentive Options currently exercisable at June 30, 2008 was $2.2 million and $0.7 million. The Incentive Options expire in February 2010. White Mountains expects 3,000 Incentive Options to become exercisable in 2008 and will issue common shares when the Incentive Options are exercised.

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Share-Based Compensation Based on OneBeacon Ltd. Common Shares

OneBeacon Performance Shares

The following table summarizes performance share activity for the three and six months ended June 30, 2008 and 2007 for OneBeacon performance shares granted under the OneBeacon Incentive Plan:

Millions, except share amounts	Three Months 2008 Target Performance Shares Outstanding	Three Months 2008 Accrued Expense	Three Months 2007 Target Performance Shares Outstanding	Three Months 2007 Accrued Expense	Six Months 2008 Target Performance Shares Outstanding	Six Months 2008 Accrued Expense	Six Months 2007 Target Performance Shares Outstanding	Six Months 2007 Accrued Expense
Beginning of period	**2,131,894**	**$ 6.9**	1,120,141	$ 6.3	**1,063,690**	**$ 9.2**	—	$ —
Payments and deferrals	—	—	—	—	**(122,859)**	**(1.6)**	—	—
New awards	**69,958**	—	23,674	—	**1,397,100**	—	908,460	—
Forfeitures and cancellations	**(15,644)**	**(.2)**	(15,978)	(.1)	**(151,723)**	**(.6)**	(68,820)	(.3)
Transfers from the WTM Incentive plan	—	—	—	—	—	—	288,197	4.4
Expense recognized	—	**3.0**	—	4.2	—	**2.7**	—	6.3
Ending June 30,	**2,186,208**	**$ 9.7**	1,127,837	$ 10.4	**2,186,208**	**$ 9.7**	1,127,837	$ 10.4

(1) OneBeacon performance share payments in 2008 for the 2007 performance cycle were at 62.9% of target. Amounts include deposits into OneBeacon's deferred compensation plan.

(2) In February 2007, the WTM performance shares of OneBeacon employees were replaced with an equivalent value of OneBeacon performance shares issued under the OneBeacon Incentive Plan.

If 100% of the outstanding OneBeacon performance shares had been vested on June 30, 2008, the total additional compensation cost to be recognized would have been $23.1 million, based on current accrual factors (common share price and payout assumptions).

The following table summarizes OneBeacon performance shares outstanding awarded under the OneBeacon Incentive Plan at June 30, 2008 for each performance cycle:

Millions, except share amounts	Target OneBeacon Performance Shares Outstanding	Accrued Expense
Performance cycle:		
2006 - 2008	137,400	$ 2.1

2007 - 2009	770,132		3.9
2008 - 2010	1,334,221		3.9
Sub-total	2,241,753		9.9
Assumed forfeitures	(55,545)		(.2)
Total at June 30, 2008	**2,186,208**	**$**	**9.7**

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Non-Qualified Options

In November 2006, in connection with its initial public offering, OneBeacon Ltd. issued to its key employees 1,420,000 fixed-price Non-Qualified Options to acquire OneBeacon Ltd. common shares. The following tables summarize option activity for the three and six months ended June 30, 2008 and 2007:

	Three Months Ended June 30,								Six Months Ended June 30,							
	2008				2007				2008				2007			
Millions, except share amounts	Target Options Outstanding		Accrued Expense		Target Options Outstanding		Accrued Expense		Target Options Outstanding		Accrued Expense		Target Options Outstanding		Accrued Expense	
Beginning of period	**1,258,091**	**$**	**1.7**		1,349,000	$	.5		**1,324,306**	**$**	**1.4**		1,420,000	$	.2	
New awards	**—**		**—**		—		—		**—**		**—**		—		—	
Forfeitures and cancellations	**(20,219)**		**—**		—		—		**(86,434)**		**—**		(71,000)		—	
Exercised	**—**		**—**		—		—		**—**		**—**		—		—	
Expense recognized	**—**		**.5**		—		.3		**—**		**.8**		—		.6	
Ending June 30,	**1,237,872**	**$**	**2.2**		1,349,000	$	.8		**1,237,872**	**$**	**2.2**		1,349,000	$	.8	

The options vest in equal installments on each of the third, fourth and fifth anniversaries of their issuance and expire five and a half years from the date of issuance. The fair value of each option award at grant was estimated using a Black-Scholes option pricing model using an expected volatility assumption of 30%, a risk-free interest rate assumption of 4.6%, a forfeiture assumption of 5%, an expected dividend rate assumption of 3.4% and an expected term assumption of 5.5 years. The options originally had a per share exercise price of $30.00. On May 27, 2008, the Compensation Committee of the Board of Directors (the “Compensation Committee”) amended the exercise price to $27.97 as a result of the $2.03 per share special dividend paid in the first quarter of 2008. The compensation expense associated with the options and the incremental fair value of the award modification is being recognized ratably over the remaining period.

Restricted Stock Units

The Non-Qualified Options granted by OneBeacon Ltd., in connection with its initial public offering, did not include a mechanism in the options to reflect the contribution to total return from the regular quarterly dividend. As a result, during the first quarter of 2008, OneBeacon granted 116,270 Restricted Stock Units (“RSUs”) to actively employed option holders. The RSUs vest one-third on each of November 9, 2009, 2010 and 2011 subject to, for each vesting tranche of units, the attainment of 4% growth in OneBeacon’s adjusted book value per share from January 1, 2008 through the end of the calendar year immediately following the applicable vesting date. Upon vesting, the RSUs will be mandatorily deferred into one of OneBeacon’s non-qualified deferred compensation plans and will be paid out in 2012 in cash or shares at the discretion of the Compensation Committee of the Board of Directors. The expense associated with the RSUs is being recognized over the vesting period. For the three and six months ended June 30, 2008, OneBeacon recognized expense of $0.2 million and $0.4 million.

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Note 15. Subsequent Event

AFI

On July 30, 2008, White Mountains acquired the remaining equity and debt interests from the minority owner of AFI for approximately $46 million. As a result, the Company now owns 100% of AFI.

Settlement with Liberty Mutual Insurance Group

On July 24, 2008, OneBeacon and Liberty Mutual Insurance Group (“Liberty Mutual”) entered into a Confidential Settlement Agreement and Release (the “Settlement Agreement”) that resolves nearly four years of arbitration and litigation. The disputes concerned amounts which Liberty Mutual asserted were due to it under agreements with OneBeacon (the “Liberty Agreements”) for unallocated loss adjustment expenses and amounts which OneBeacon asserted were due to it related to claims administration and reinsurance. The Settlement Agreement represents a full and final resolution of the disputes related to the Liberty Agreements.

In connection with the Settlement Agreement, OneBeacon took a pre-tax charge in the amount of $9.2 million in the second quarter, representing a part of the cost of the settlement. OneBeacon made a cash payment to Liberty Mutual in the amount of $16.0 million on July 30, 2008. No further charges or payments will be made with respect to the disputed matters.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The flowing discussion contains "forward-looking statements". White Mountains intends statements that are not historical in nature, which are hereby identified as forward-looking statements, to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. White Mountains cannot promise that its expectations in such forward-looking statements will turn out to be correct. White Mountains' actual results could be materially different from and worse than its expectations. See "***FORWARD-LOOKING STATEMENTS***" for specific important factors that could cause actual results to differ materially from those contained in forward-looking statements.*

The following discussion also includes four non-GAAP financial measures - adjusted comprehensive net income, White Mountains' adjusted book value per share, total adjusted capital and OneBeacon's adjusted book value per share - that have been reconciled to their most comparable GAAP financial measures (see page 51). White Mountains believes these measures to be more relevant than comparable GAAP measures in evaluating White Mountains' financial performance and condition.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2008 AND 2007

Overview

White Mountains ended the second quarter of 2008 with an adjusted book value per share of $444, which was essentially flat for the three and six months ended June 30, 2008, and an increase of 6% for the twelve months ended June 30, 2008, including dividends. White Mountains reported an adjusted comprehensive net loss of $17 million for both the three and six months ended June 30, 2008, compared to adjusted comprehensive net income of $90 million and $193 million in the same periods of 2007.

OneBeacon reported a combined ratio of 94% and 97% for the three and six months ended June 30, 2008 compared to 97% in both the three and six months ended June 30, 2007. White Mountains Re reported a combined ratio of 114% and 104% for the three and six months ended June 30, 2008, compared to 90% and 95% in the three and six months ended June 30, 2007. These increases were primarily due to $55 million of net adverse development recorded by White Mountains Re in the second quarter of 2008 resulting from a comprehensive review of its loss and LAE reserves (see **Summary of Operations by Segment** below for further discussion) . Esurance reported a combined ratio of 105% and 109% in the three and six months ended June 30, 2008 compared to 113% and 112% in the three and six months ended June 30, 2007. White Mountains' GAAP pre-tax total return on invested assets was 0.4% and 0.9% for the three and six months ended June 30, 2008 compared to 1.6% and 3.5% for the three and six months ended June 30, 2007.

Total net written premiums were down slightly to $943 million and $1,958 million for the three and six months ended June 30, 2008, compared to $950 million and $2,001 million in the 2007 periods, as increases at OneBeacon and Esurance were more than offset by decreases at White Mountains Re. OneBeacon's net written premiums were $530 million for the quarter and $955 million for the first six months, an increase of 9% and 3% from the comparable periods of 2007. The increase for both periods was driven by premiums from its new collector car and boat business. White Mountains Re's net written premiums were $215 million for the quarter and $575 million for the first six months of 2008, a decrease of 23% and 16% from the comparable periods of 2007. These decreases occurred in almost every line of business, especially in casualty, and were primarily due to pricing, terms and conditions for certain accounts that no longer met White Mountains Re's underwriting guidelines. Esurance's net written premiums increased by 6% and 9% for the second quarter and first six months of 2008, to $198 million and $428 million, respectively, when compared to the same periods in 2007. Esurance's growth rate has slowed as it has reduced marketing expenditures and increased pricing over the first six months of 2008.

Adjusted Book Value Per Share

White Mountains has changed its principal financial reporting measure from "fully diluted tangible book value per share" to "adjusted book value per share". The difference between the two measures is that adjusted book value per share includes unamortized intangible assets, while fully diluted tangible book value per share does not. The Company determined adjusted book value per share to be a better financial reporting measure than fully diluted tangible book value per share principally because it includes the value of future commissions on acquired business in force from its 69% investment in AFI, which was first recorded as an intangible asset during the second quarter of 2008 and totaled $49 million as of June 30, 2008. Adjusted book value per share is a non-GAAP financial measure and has been presented retroactively for all periods herein. (See **NON-GAAP FINANCIAL MEASURES** on page 51).

The following table presents the Company's adjusted book value per share and reconciles this non-GAAP measure to the most comparable GAAP measure.

	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	June 30, 2007
Book value per share numerators (in millions):				
Common shareholders' equity	**$ 4,597.3**	$ 4,679.2	$ 4,713.4	$ 4,575.3
Benefits to be received from share obligations under employee benefit plans	**1.5**	1.5	1.7	2.3
Remaining accretion of subsidiary preferred stock to face value (1)	**—**	(8.3)	(15.8)	(29.3)
Book value per share numerator	**4,598.8**	4,672.4	4,699.3	4,548.3
Equity in net unrealized losses from Symetra's fixed maturity portfolio	**65.3**	26.3	5.6	38.5
Adjusted book value per share numerator	**$ 4,664.1**	$ 4,698.7	$ 4,704.9	$ 4,586.8
Book value per share denominators (in thousands of shares):				
Common shares outstanding	**10,552.4**	10,570.2	10,553.6	10,842.6
Share obligations under employee benefit plans	**8.7**	8.7	9.9	14.4
Book value per share denominator	**10,561.1**	10,578.9	10,563.5	10,857.0
Unearned restricted shares	**(47.8)**	(50.4)	(46.5)	(50.6)
Adjusted book value per share denominator	**10,513.3**	10,528.5	10,517.0	10,806.4
Book value per share	**$ 435.45**	$ 441.67	$ 444.86	$ 420.90

Adjusted book value per share	**$ 443.64**	$ 446.28	$ 447.36	$ 424.45

(1) Remaining adjustment of subsidiary preferred stock to face value, which is based on White Mountains' ownership interest in OneBeacon Ltd. of 74.7%, 72.9% and 71.7% as of March 31, 2008, December 31, 2007 and June 30, 2007, respectively.

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Review of Consolidated Results

White Mountains' consolidated financial results for the three and six months ended June 30, 2008 and June 30, 2007 follow:

Millions	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Gross written premiums	**$ 1,025.7**	$ 1,045.6	**$ 2,204.1**	$ 2,247.6
Net written premiums	**$ 942.6**	$ 949.9	**$ 1,958.2**	$ 2,001.4
Revenues				
Earned insurance and reinsurance premiums	**$ 921.7**	$ 960.7	**$ 1,850.8**	$ 1,898.7
Net investment income	**111.7**	126.7	**228.5**	244.7
Net realized investment (losses) gains	**(4.9)**	89.1	**(17.9)**	163.0
Net unrealized investment losses	**(54.2)**	—	**(159.2)**	—
Other revenue	**64.9**	34.1	**74.9**	70.3
Total revenues	**1,039.2**	1,210.6	**1,977.1**	2,376.7
Expenses				
Losses and LAE	**632.7**	592.1	**1,271.4**	1,205.4
Insurance and reinsurance acquisition expenses	**178.8**	203.6	**365.5**	396.2
Other underwriting expenses	**127.4**	136.2	**244.2**	273.9
General and administrative expenses	**57.8**	62.4	**116.0**	115.3
Accretion of fair value adjustment to loss and LAE reserves	**4.1**	5.5	**8.3**	10.6
Interest expense - debt	**21.7**	18.3	**41.1**	35.1
Interest expense - dividends on preferred stock	**4.7**	7.5	**11.8**	15.1
Interest expense - accretion on preferred stock	**11.1**	8.8	**21.6**	17.0
Total expenses	**1,038.3**	1,034.4	**2,079.9**	2,068.6
Pre-tax income (loss)	**$ .9**	$ 176.2	**$ (102.8)**	$ 308.1
Income tax benefit (provision)	**3.4**	(55.8)	**36.3**	(87.0)
Equity in earnings of unconsolidated affiliates	**6.0**	8.6	**6.4**	19.1
Excess of fair value of acquired assets over cost	**—**	—	**4.2**	—
Minority interest	**(19.5)**	(26.4)	**(10.1)**	(45.4)
Net (loss) income	**$ (9.2)**	$ 102.6	**$ (66.0)**	$ 194.8
Other comprehensive loss	**(47.1)**	(52.8)	**(10.8)**	(35.9)
Comprehensive net (loss) income	**$ (56.3)**	$ 49.8	**$ (76.8)**	$ 158.9
Change in net unrealized (gains) losses from Symetra's fixed maturity portfolio	**39.0**	40.3	**59.7**	34.4
Adjusted comprehensive net (loss) income	**$ (17.3)**	$ 90.1	**$ (17.1)**	$ 193.3

Consolidated Results –Three and Six Months Ended June 30, 2008 versus Three and Six Months Ended June 30, 2007

White Mountains reported comprehensive net losses of $56 million and $77 million for the three and six months ended June 30, 2008, compared to comprehensive net income of $50 million and $159 million in the same periods of 2007. Effective January 1, 2008, White Mountains adopted FAS 159 and elected to record the changes in unrealized gains and losses from nearly all of its investment portfolio in net income. In prior periods, these changes have been included in other comprehensive income. Accordingly, net income (loss) and pre-tax income (loss) for 2008 periods are not directly comparable to such measures for 2007 periods.

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White Mountains' total revenues decreased by 14% and 17% to $1,039 million and $1,977 million for the three and six months ended June 30, 2008, compared to $1,211 million and $2,377 million in the 2007 periods. Earned premiums decreased by 4% and 3% during the second quarter and first six months of 2008 when compared to the same periods in 2007, as earned premium decreases at OneBeacon and White Mountains Re were partially offset by increases at Esurance over both periods. Net investment income decreased by 12% and 7% during the second quarter and first six months of 2008 when compared to the same periods in 2007. Net realized investment gains decreased by $94 million and $181 million during the second quarter and first six months of 2008 when compared to the same periods in 2007. White Mountains reported $54 million and $159 million of net unrealized losses through net income in the second quarter and first six months of 2008 as a result of the FAS 159 election, compared to $49 million and $24 million of net unrealized investment losses reported in other comprehensive income in same periods of 2007 (see **Summary of Investment Results** below). Other revenues increased $31 million to $65 million in the second quarter of 2008 compared to the second quarter of 2007, due mainly to $12 million of revenue from AFI and $10 million of gains in WM Life Re reported in the second quarter of 2008. Other revenues increased $5 million to $75 million in the first six months of 2008, compared to the 2007 period, as the revenue from AFI was offset by $5 million of losses in WM Life Re included in other revenues for the first six months of 2008.

White Mountains' total expenses were essentially flat at $1,038 million and $2,080 million in the second quarter and first six months of 2008 when compared to the 2007 periods. Loss and LAE increased by $41 million to $633 million in the second quarter of 2008 and increased $66 million to $1,271 million in the first six months of 2008, due primarily to increased loss and LAE ratios at White Mountains Re. These increases were slightly offset by decreased insurance and reinsurance acquisition expenses and other underwriting expenses during both periods presented, due to the overall decline in premium volume. General and administrative expenses decreased by 7% to $58 million and were essentially flat at $116 million for the three and six months ended June 30, 2008 compared to the 2007 periods. Increases in both the three and six-month periods due to $12 million in general expenses from AFI were primarily offset by decreases in incentive compensation costs.

The effective tax rate for the second quarter of 2008 is not meaningful as White Mountains had pre-tax income of less than $1 million. The effective rate for the second quarter of 2007 was 32%. The income tax (benefit) provision related to pre-tax (loss) income for the first six months of 2008 and 2007 represented effective tax rates of 35% and 28%, respectively. Although the majority of the Company's worldwide operations are taxed in the United States, the Company is domiciled in Bermuda and has subsidiaries domiciled in several countries. Earnings or losses incurred by non-U.S. companies are generally subject to a lower effective tax rate than that imposed by the United States.

In the second quarter of 2006, the Internal Revenue Service ("IRS") commenced an examination of certain of White Mountains' U.S. subsidiaries' income tax returns for 2003 through 2004. On June 30, 2008, the Company received Form 4549-A (Income Tax Examination Changes) from the IRS relating to the examination of tax years 2003 and 2004. The IRS is asserting that subsidiaries of the Company owe an additional $90 million of tax. The estimated total assessment, including interest, withholding tax and utilization of tax credits is $174 million. The Company disagrees with the adjustments proposed by the IRS and intends to vigorously defend its position. The timing of the resolution of these issues is uncertain, however it is reasonably possible that the resolution could occur within the next 12 months. An estimate of the range of potential outcomes cannot be made at this time. The Company does not expect the resolution of this examination to result in a material change to its financial position.

I. Summary of Operations By Segment

White Mountains conducts its operations through four segments: (1) OneBeacon, (2) White Mountains Re, (3) Esurance and (4) Other Operations. White Mountains manages all of its investments through its wholly-owned subsidiary, WM Advisors, therefore, a discussion of White Mountains' consolidated investment operations is included after the discussion of operations by segment. White Mountains' segment information is presented in Note 11 to the Consolidated Financial Statements.

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OneBeacon

Financial results for OneBeacon for the three and six months ended June 30, 2008 and 2007 follow:

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions	**2008**	**2007**	**2008**	**2007**
Gross written premiums	$ **585.7**	$ 545.9	$ **1,086.0**	$ 1,040.2
Net written premiums	$ **529.6**	$ 484.8	$ **955.3**	$ 925.1
Earned insurance and reinsurance premiums	$ **463.8**	$ 465.0	$ **919.1**	$ 933.9
Net investment income	**44.6**	54.6	**94.7**	105.2
Net realized investment (losses) gains	**(1.7)**	57.1	**2.0**	112.0
Net unrealized investment losses	**(.9)**	—	**(60.0)**	—
Other revenue	**2.6**	2.4	**6.2**	5.5
Total revenues	**508.4**	579.1	**962.0**	1,156.6
Losses and LAE	**274.4**	283.1	**575.3**	571.3
Insurance and reinsurance acquisition expenses	**84.3**	78.3	**169.0**	156.6
Other underwriting expenses	**79.2**	89.6	**149.3**	180.5
General and administrative expenses	**5.9**	2.7	**10.3**	5.1
Accretion of fair value adjustment to loss and LAE reserves	**3.0**	4.0	**6.0**	8.0
Interest expense on debt	**11.4**	11.3	**22.9**	22.7
Interest expense - dividends on preferred stock	**4.7**	7.5	**11.8**	15.1
Interest expense - accretion on preferred stock	**11.1**	8.8	**21.6**	17.0
Total expenses	**474.0**	485.3	**966.2**	976.3
Pre-tax income (loss)	$ **34.4**	$ 93.8	$ **(4.2)**	$ 180.3

The following table presents OneBeacon's adjusted book value per common share and reconciles this non-GAAP measure to book value per common share, the most comparable GAAP measure.

Millions, except per share amounts	**June 30, 2008**	**March 31, 2008**	**Dec. 31, 2007**	**June 30, 2007**
OneBeacon book value per share numerators:				
OneBeacon common shareholders' equity	$ **1,609(1)**	$ 1,613.0	$ 1,906.5	$ 1,861.3
Remaining accretion of subsidiary preferred stock to face value	—	(11.1)	(21.6)	(40.8)
Adjusted OneBeacon common shareholders' equity	**1,609(1)**	1,601.9	1,884.9	1,820.5
OneBeacon Ltd. common shares outstanding (1)	**95.5**	96.0	98.5	100.0
OneBeacon book value per common share	$ **16.85**	$ 16.80	$ 19.36	$ 18.61
OneBeacon adjusted book value per common share	$ **16.85**	$ 16.69	$ 19.14	$ 18.21

(1) Includes the impact of repurchases of common shares made through OneBeacon's share repurchase program which commenced in the third quarter of 2007.

The following tables provide OneBeacon's GAAP ratios, net written premiums and earned insurance premiums for the three and six months ended June 30, 2008 and 2007:

$ in millions	Three Months Ended June 30, 2008								Six Months Ended June 30, 2008							
GAAP Ratios:	Specialty		Commercial		Personal		Total(1)		Specialty		Commercial		Personal		Total(1)	
Loss and LAE		49%		54%		65%		59%		53%		63%		65%		63%
Expense		37%		36%		33%		35%		34%		37%		32%		34%
Total Combined		86%		90%		98%		94%		87%		100%		97%		97%
Net written premiums	$	158.6	$	202.2	$	168.9	$	529.6	$	269.5	$	371.9	$	313.6	$	955.3
Earned premiums	$	119.4	$	182.7	$	161.7	$	463.8	$	229.8	$	363.7	$	325.3	$	919.1

	Three Months Ended June 30, 2007								Six Months Ended June 30, 2007							
GAAP Ratios:	Specialty		Commercial		Personal		Total(1)		Specialty		Commercial		Personal		Total(1)	
Loss and LAE		57%		57%		63%		61%		57%		56%		64%		61%
Expense		31%		38%		36%		36%		31%		38%		37%		36%
Total Combined		88%		95%		99%		97%		88%		94%		101%		97%
Net written premiums	$	109.1	$	195.3	$	180.4	$	484.8	$	205.1	$	366.6	$	353.2	$	925.1
Earned premiums	$	107.4	$	177.1	$	180.5	$	465.0	$	213.8	$	349.7	$	370.3	$	933.9

(1) Includes results from run-off operations.

OneBeacon Results - Three Months Ended June 30, 2008 versus Three Months Ended June 30, 2007

OneBeacon ended the second quarter of 2008 with an adjusted book value per share of $16.85 reflecting a 2.2% increase for the second quarter of 2008, a 0.8% increase for the first six months of 2008 and an 8.3% increase for the twelve months ended June 30, 2008, including dividends. OneBeacon's GAAP combined ratio was 94% for the second quarter of 2008 compared to 97% for the second quarter of 2007. The decrease in OneBeacon's combined ratio was driven by improved current accident year loss results, particularly in commercial lines and personal lines. For the second quarter of 2008, net loss reserve development on prior accident year losses was not significant, as favorable reserve development primarily related to professional liability in specialty lines and package business in commercial lines was offset by non-catastrophe losses at AutoOne in personal lines and in run-off. For the second quarter of 2007, OneBeacon had favorable development on prior accident year losses of $13 million primarily related to automobile liability in traditional personal lines, property liability in commercial lines and professional liability and tuition reimbursement in specialty lines.

Specialty lines. Net written premiums for specialty lines increased by 45% to $159 million in the second quarter of 2008 from $109 million in the second quarter of 2007. The increase was primarily due to $60 million in net written premiums in other specialty lines, including the collector car and boat business that OneBeacon began writing premium in the second quarter of 2008, compared to $15 million in the second quarter of 2007, and an $8 million increase in net written premium at OneBeacon Professional Partners ("OBPP").

The specialty lines combined ratio for the second quarter of 2008 decreased to 86% from 88% for the second quarter of 2007. The loss and LAE ratio decreased 8 points to 49%, while the expense ratio increased 6 points to 37%. The decrease in the loss and LAE ratio was mainly due to a 6 point improvement in prior year reserve development. The second quarter of 2008 included 11 points of favorable reserve development on prior accident year losses, which was primarily from professional liability coverage at OBPP, compared to 5 points of favorable reserve development in the second quarter of 2007. Current accident year losses were 2 points lower in the second quarter of 2008 compared to the prior year period, primarily due to lower catastrophe losses. The increase in the expense ratio was primarily due to increased policy acquisition expenses from changes in the mix of business at OBPP, transition costs associated with the new management team at OBPP, as well as costs associated with growing OneBeacon's specialty lines businesses.

Commercial lines. Net written premiums for commercial lines increased by 4% to $202 million in the second quarter of 2008 from $195 million in the second quarter of 2007, primarily due to a $6 million increase in net written premiums in the small business division, principally driven by small business package products. Net written premiums in the middle market division were essentially flat during the second quarter of 2008 compared to the 2007 period.

The commercial lines combined ratio for the second quarter of 2008 decreased to 90% from 95% in the second quarter of 2007. The loss and LAE ratio decreased 3 points to 54%, primarily due to lower current accident year non- catastrophe large losses in the middle market division compared to the second quarter of 2007. The expense ratio decreased 2 points to 36%, due to a decrease in other underwriting expenses, mainly from lower information technology costs.

Personal lines. Net written premiums for personal lines decreased by 6% to $169 million in the second quarter of 2008, compared to $180 million in the second quarter of 2007. In traditional personal lines, net written premiums decreased 8% due to the decision to cease writing business in Houston General Insurance Exchange (Houston General) in late 2007, lower business associated with coastal restrictions at Adirondack Insurance Exchange (Adirondack), lower premium volume from the involuntary market in Massachusetts and the discontinuation of surplus lines business. Further, AutoOne continued to experience reduced writings due to declines in New York's assigned risk pool. With respect to the New York assigned risk pool, volumes are expected to decline to approximately $130 million in 2008, from $179 million in 2007, $253 million in 2006 and $383 million in 2005. OneBeacon expects a reduction in AutoOne's premium volume reflective of these trends.

The personal lines combined ratio for the second quarter of 2008 decreased to 98% from 99% for the second quarter of 2007. The loss and LAE ratio increased 2 points to 65%, while the expense ratio decreased 3 points to 33%. The increase in the loss and LAE ratio was mainly due to 5 points of adverse development on prior accident year losses in the second quarter of 2008 on personal automobile liability at AutoOne, partially offset by stronger current accident year loss results and lighter catastrophe activity in personal lines during the second quarter of 2008 than in the 2007 period. The decrease in the expense ratio was principally due to a decrease in other underwriting expenses resulting from actions taken in late 2007 to better align personal lines staffing with business needs.

Run-off. For the second quarter of 2008, run-off business generated an underwriting loss of $13 million, compared to an underwriting loss of $11 million in the second quarter of 2007. The second quarter of 2008 included $13 million of loss and LAE, driven primarily by $9 million of incurred unallocated loss adjustment expenses ("ULAE") in connection with the Liberty Mutual settlement, while the second quarter of 2007 included $9 million of loss and LAE.

OneBeacon Results - Six Months Ended June 30, 2008 versus Six Months Ended June 30, 2007

OneBeacon's GAAP combined ratio was 97% for both the first six months of 2008 and 2007. The loss and LAE ratio increased 2 points to 63%, while the expense ratio decreased 2 points to 34%. The increase in the loss and LAE ratio was primarily due to less favorable development on prior accident year losses. The first six months of 2008 included $12 million of favorable development on prior accident year losses due to lower than expected severity on non-catastrophe losses and favorable development on a prior accident year catastrophe. The favorable non-catastrophe development was primarily related to professional liability in specialty lines and package business in commercial lines, partially offset by adverse development at AutoOne in personal lines and in run-off. The first six months of 2007 included $25 million of favorable development, primarily related to professional liability in specialty lines, property liability in commercial lines and automobile liability in personal lines. The decrease in the expense ratio was driven by lower occupancy costs in the first six months of 2008. OneBeacon's results for the first six months of 2007 included $9 million in expenses associated with actions taken to optimize long-term occupancy costs, including the move of OneBeacon's U.S. headquarters.

Specialty lines. Net written premiums for specialty lines increased by 31% to $270 million in the first six months of 2008 from $205 million in the first six months of 2007. The increase was primarily due to a $54 million increase in other specialty lines net written premiums to $70 million, including the collector car and boat program business that OneBeacon began writing in the second quarter of 2008, continued growth in the Accident and Health and Government Risk businesses, and an $11 million increase in net written premiums at OBPP.

The specialty lines combined ratio for the first six months of 2008 decreased to 87% from 88% for the first six months of 2007. The loss and LAE ratio decreased 4 points to 53%, while the expense ratio increased 3 points to 34%. The decrease in the loss and LAE ratio was mainly due to lower current accident year non-catastrophe losses, driven by lower losses from the Agri run-off business. The first six months of 2008 included 7 points of favorable reserve development on prior accident year losses, which was primarily from professional liability coverage at OBPP, compared to 6 points of favorable reserve development on prior accident year losses the first six months of 2007. The increase in the expense ratio was primarily due to increased policy acquisition expenses from changes in the mix of business at OBPP, transition costs associated with the new management team at OBPP, as well as costs associated with growing OneBeacon's specialty lines businesses.

Commercial lines. Net written premiums for commercial lines increased by 1% to $372 million in the first six months of 2008 from $367 million in the first six months of 2007. The increase was due to a $12 million increase in net written premiums to $81 million in the small business division, principally driven by small business package products. Partially offsetting this increase was a $6 million decrease in net written premiums in the middle market division to $291 million, reflecting the more competitive market place.

The commercial lines combined ratio for the first six months of 2008 increased to 100% from 94% in the first six months of 2007. The loss and LAE ratio increased 7 points to 63%, while the expense ratio decreased 1 point to 37%. The increase in the loss and LAE ratio was primarily due to increases in both non-catastrophe and catastrophe losses. The first six months of 2008 included 5 points of current accident year catastrophe losses, including losses from tornados in the southeastern United States, compared to 1 point of current accident year catastrophe losses in the first six months of 2007. Additionally, current accident year non-catastrophe losses were 4 points higher as compared with the prior year period, due in part to winter weather in the northeastern United States. The expense ratio for the first six months of 2008 was essentially flat when compared to the first six months of 2007.

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Personal lines. Net written premiums for personal lines decreased by 11% to $314 million in the first six months of 2008 from $353 million in the first six months of 2007. In traditional personal lines, net written premium decreased 12% due to the decision to cease writing business in Houston General in late 2007, lower business associated with coastal restrictions at Adirondack Insurance Exchange (Adirondack), lower premium volume from the involuntary market in Massachusetts and the discontinuation of surplus lines business. In January 2008, Houston General entered into a reinsurance agreement with Universal Holdings of North America (Universal) under which Houston General ceded $7 million of unearned premiums to Universal. Further, net written premiums at AutoOne decreased 10% due to a significant decline in the size of New York's assigned risk pool, as described above.

The personal lines combined ratio for the first six months of 2008 decreased to 97% from 101% for the first six months of 2007. The loss and LAE ratio increased 1 point to 65%, while the expense ratio decreased 5 points to 32%. The increase in the loss and LAE ratio was primarily due to adverse development on prior accident years on personal automobile liability at AutoOne, partially offset by stronger current accident year results in traditional personal lines during the first six months of 2008 than in the comparable 2007 period. The decrease in the expense ratio was principally due to a decrease in other underwriting expenses resulting from actions taken in late 2007 to better align personal lines staffing with business needs.

Run-off. For the first six months of 2008, run-off business generated an underwriting loss of $16 million, which included $16 million of loss and LAE, driven primarily by $9 million of ULAE recorded in connection with the Liberty Mutual settlement, compared to an underwriting loss of $20 million in the first six months of 2007.

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White Mountains Re

Financial results and GAAP combined ratios for White Mountains Re for the three and six months ended June 30, 2008 and 2007 follow:

($ in millions)	Three Months Ended June 30, 2008		Three Months Ended June 30, 2007		Six Months Ended June 30, 2008		Six Months Ended June 30, 2007	
Gross written premiums	$	**241.5**	$	312.9	$	**688.4**	$	811.8
Net written premiums	$	**215.3**	$	279.4	$	**574.9**	$	683.0
Earned insurance and reinsurance premiums	$	**246.9**	$	306.8	$	**513.7**	$	605.1
Net investment income		**47.4**		53.0		**97.9**		101.1
Net realized investment gains (losses)		**3.1**		22.2		**(9.1)**		42.1
Net unrealized investment losses		**(41.6)**		—		**(81.9)**		—
Other revenue (expense)		**7.5**		(1.9)		**(5.4)**		(5.5)
Total revenues		**263.3**		380.1		**515.2**		742.8
Losses and LAE		**201.5**		172.8		**369.7**		367.4
Insurance and reinsurance acquisition expenses		**51.2**		75.0		**106.8**		144.6
Other underwriting expenses		**29.0**		29.9		**56.0**		61.2
General and administrative expenses		**3.9**		9.6		**9.0**		16.2
Accretion of fair value adjustment to losses and LAE reserves		**1.1**		1.5		**2.3**		2.6
Interest expense on debt		**7.0**		6.8		**13.9**		8.0
Total expenses		**293.7**		295.6		**557.7**		600.0
Pre-tax income (loss)	$	**(30.4)**	$	84.5	$	**(42.5)**	$	142.8
GAAP ratios:								
Losses and LAE		**82%**		56%		**72%**		61%
Expense		**32%**		34%		**32%**		34%
Total Combined		**114%**		90%		**104%**		95%

White Mountains Re Results - Three Months Ended June 30, 2008 versus Three Months Ended June 30, 2007

White Mountains Re's GAAP combined ratio increased to 114% for second quarter of 2008, from 90% for the second quarter of 2007. During the second quarter of 2008, the Company recognized $51 million of net adverse loss reserve development primarily resulting from a comprehensive loss reserve review as described below. This compares to $18 million of net favorable loss reserve development for the same period in 2007. Pre-tax catastrophe losses recorded during the second quarter of 2008 were $24 million, net of reinsurance and reinstatement premiums, or 10 points on the combined ratio compared to $12 million of pre-tax catastrophe losses, or 4 points on the combined ratio, for the prior period. Catastrophe losses in the second quarter of 2008 were mainly from an earthquake in China, storms in China and Germany, and Midwestern US floods. Prior period catastrophe losses were mainly from floods that occurred in the United Kingdom.

Management commenced a comprehensive loss reserve review (the "Reserve Review") in the second quarter of 2008, primarily as a result of $41 million of adverse loss reserve development recorded in the first quarter of 2008 related to WMRe America's construction defect ("CD") exposed accounts from underwriting years 2001 and prior. The Reserve Review was conducted by management, including internal underwriting, claims and actuarial personnel, with assistance from external consultants. The Reserve Review included all of WMRe America's non-A&E casualty loss reserves as well as certain lines of business at WMRe Sirius. The Reserve Review resulted in $140 million of additional adverse loss reserve development at WMRe America, partially offset by $85 million of favorable loss development at WMRe Sirius during the second quarter of 2008. The adverse loss reserve development at WMRe America was predominantly attributable to its casualty reinsurance book written in the 1996-2002 underwriting years, whereas the favorable reserve development at WMRe Sirius was mainly attributable to its property reinsurance book.

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White Mountains Re's gross written premiums decreased by 23% to $242 million in the second quarter of 2008 compared to $313 million in the second quarter of 2007, and net written premiums also decreased by 23% to $215 million in the second quarter of 2008 compared to $279 million in the comparable prior year period. These decreases were across most lines of business, and especially in North American casualty lines, and were primarily due to pricing, terms and conditions for certain accounts that no longer met White Mountains Re's underwriting guidelines. White Mountains Re has been experiencing significant price competition in the reinsurance market due to excess underwriting capacity. These market conditions, combined with few large catastrophic events during 2006 and 2007, have resulted in downward pressure on pricing, terms and conditions. Higher ceding company retentions have also reduced White Mountains Re's premiums.

Insurance and reinsurance acquisition expenses declined by 32% to $51 million, in the second quarter of 2008 compared to $75 million in the second quarter of 2007. This decrease is due to the overall decline in premium volume discussed above, as well as a recovery recognized by WMRe Sirius as a result of a favorable arbitration ruling in a commission dispute. General and administrative expenses declined by $6 million, or 59%, over the comparable prior year period. This decrease was due to one-time expenses incurred in 2007 in connection with the issuance of $250 million of preference shares in May 2007.

White Mountains Re Results - Six Months Ended June 30, 2008 versus Six Months Ended June 30, 2007

White Mountains Re's GAAP combined ratio increased to 104% for the first six months of 2008, from 95% for the first six months of 2007. During the first six months of 2008, White Mountains Re recognized $84 million of net adverse loss reserve development primarily as a result of the Reserve Review and the CD losses recognized in the first quarter. This compares to $26 million of net favorable loss reserve development for the same period in 2007. The 2008 combined ratio included $33 million, or 6 points, of pre-tax catastrophe losses, net of reinsurance and reinstatement premiums, mainly due to European Windstorm Emma, an earthquake in China, storms in China and Germany, and Midwestern US floods. The combined ratio for first six months of 2007 included $60 million, or 10 points, of pre-tax catastrophe losses, net of reinsurance and reinstatement premiums, primarily from European windstorms Kyrill and Hanno and floods that impacted the United Kingdom during second quarter 2007.

White Mountains Re's gross written premiums decreased by 15% to $688 million in the first six months of 2008 compared to $812 million in the first six months of 2007, and net written premiums decreased by 16% to $575 million in the first six months of 2008 compared to $683 million in the first six months of 2007. These decreases were across most lines of business, and especially in North American casualty lines, and were primarily due to pricing, terms and conditions for certain accounts that no longer met White Mountains Re's underwriting guidelines. White Mountains Re has been experiencing significant price competition in the reinsurance market due to excess underwriting capacity. These market conditions, combined with few large catastrophic events during 2006 and 2007, have resulted in downward pressure on pricing, terms and conditions. Higher ceding company retentions have also reduced White Mountains Re's premiums.

Insurance and reinsurance acquisition expenses declined by 26% to $107 million for the first six months of 2008 compared to $145 million for the first six months of 2007. This decrease is due to the overall decline in premium volume discussed above, as well as a recovery recognized by WMRe Sirius as a result of a favorable arbitration ruling in a commission dispute. Other underwriting expenses decreased by $5 million due to reductions in compensation expense. General and administrative expenses declined by $7 million, or 44%, over the comparable prior year period. This decrease was due to one-time expenses incurred in 2007 in connection with the issuance of $250 million of preference shares in May 2007 and the $400 million of senior unsecured notes issued in March 2007.

For the six months ended June 30, 2008, White Mountains Re's interest expense increased by $6 million to $14 million, primarily due to the interest on the $400 million of senior notes.

On January 7, 2008, White Mountains Re acquired Helicon Re Holdings, Ltd. for approximately $150 million, which resulted in the recognition of an extraordinary gain of $4 million. Helicon Re Holdings, Ltd. is the parent of Helicon, which in 2006 and 2007 provided quota share retrocessional coverage to White Mountains Re. White Mountains Re did not renew its quota share arrangements with Helicon and Olympus for 2008. Olympus continues to be responsible to pay losses on exposures that have been ceded to it and will continue to earn premiums related primarily to the run-off of underwriting year 2007.

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Esurance

Financial results and GAAP ratios for Esurance for the three and six months ended June 30, 2008 and 2007 follow:

($ in millions)	Three Months Ended June 30, 2008	2007	Six Months Ended June 30, 2008	2007
Gross written premiums	**$ 198.5**	$ 186.8	**$ 429.7**	$ 395.6
Net written premiums	**$ 197.7**	$ 185.7	**$ 428.0**	$ 393.4
Earned insurance and reinsurance premiums	**$ 211.0**	$ 188.9	**$ 418.0**	$ 359.7
Net investment income	**8.5**	7.4	**16.4**	13.6
Net realized investment (losses) gains	**(.4)**	1.5	**(1.9)**	2.5
Net unrealized investment losses	**(4.8)**	—	**(10.4)**	—
Other revenue	**12.7**	3.1	**15.8**	6.1
Total revenues	**227.0**	200.9	**437.9**	381.9
Losses and LAE	**158.7**	147.1	**327.1**	277.4
Insurance and reinsurance acquisition expenses	**43.3**	50.3	**89.7**	95.0
Other underwriting expenses	**18.6**	15.9	**37.6**	30.6
General and administrative expenses	**10.1**	.1	**10.7**	.2
Amortization of AFI purchase accounting adjustments	**4.7**	—	**4.7**	—
Interest expense on debt	**.4**	—	**.4**	—
Total expenses	**235.8**	213.4	**470.2**	403.2
Pre-tax loss	**$ (8.8)**	$ (12.5)	**$ (32.3)**	$ (21.3)
GAAP ratios:				
Losses and LAE	**75%**	78%	**78%**	77%
Expense	**30%**	35%	**31%**	35%
Total Combined	**105%**	113%	**109%**	112%

Esurance Results - Three and Six Months Ended June 30, 2008 versus Three and Six Months Ended June 30, 2007

Esurance's combined ratio of 105% and 109% for the three and six months ended June 30, 2008 was 8 points and 3 points lower, respectively, than the comparable periods in the prior year. The loss and LAE ratio was 75% and 78% for the second quarter and first six months of 2008 compared to 78% and 77% for the comparable periods in 2007. Selective rate increases and lower claims frequency offset rising severity costs in 2008. In addition, the current year results did not include any adverse loss reserve development, while the 2007 loss and LAE results included adverse loss reserve development of 4 points and 2 points for the quarter and six months, respectively. The expense ratio decreased to 30% and 31% for the quarter and six months ending June 30, 2008, compared to 35% for both of the comparable prior year periods. The decrease was driven by reduced advertising spending.

Total revenues were $227 million for the second quarter of 2008, a 13% increase from the second quarter of 2007, including $12 million of revenue from AFI. Esurance's net written premiums increased by 6% and 9% for the second quarter and first six months of 2008, to $198 million and $428 million, respectively, compared to the comparable prior year periods. Including nearly 280,000 customers at AFI, the Esurance segment now has approximately 780,000 policies in force. Excluding AFI, the Esurance in-force policy count increased 9% to 498,000 compared to the same period in 2007.

Esurance writes business in 28 states, which represent approximately 85% of the market for personal auto insurance premiums written in the United States during 2007. For the quarter ended June 30, 2008, Esurance's largest states were California (with 24% of direct written premium), Florida (16%), New York (7%), Texas (5%) and Washington (5%). AFI sells policies in 50 states plus the District of Columbia. For the quarter ended June 30, 2008, AFI's largest states were California (16% of policies in force), Texas (7%), Florida (6%), Pennsylvania (4%) and Georgia (4%).

Other Operations

Other Operations consists of the operations of the Company, the Company's intermediate holding companies, White Mountains' weather risk management and variable annuity reinsurance businesses, the consolidated results of the Tuckerman Funds, the International American Group, WM Advisors and White Mountains' investments in common shares and warrants to purchase common shares of Symetra, Delos and Montpelier Re (until its disposition in May 2007).

A summary of White Mountains' financial results from its Other Operations segment for the three and six months ended June 30, 2008 and 2007 follows:

Millions	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Net investment income	**$ 11.2**	$ 11.7	**$ 19.5**	$ 24.8
Net realized investment (losses) gains	**(5.9)**	8.3	**(8.9)**	6.4
Net unrealized investment losses	**(6.9)**	—	**(6.9)**	—
Other revenue - Tuckerman Funds	**25.5**	24.7	**49.9**	46.3
Other revenue	**16.6**	5.8	**8.4**	17.9
Total revenues	**40.5**	50.5	**62.0**	95.4
Losses and LAE	**(1.9)**	(10.9)	**(.7)**	(10.7)
Other underwriting expenses	**.6**	.8	**1.3**	1.6
General and administrative expenses - Tuckerman Funds	**22.6**	21.1	**47.2**	43.9
General and administrative expenses	**10.6**	28.9	**34.1**	49.9
Interest expense - debt	**2.9**	.2	**3.9**	4.4
Total expenses	**34.8**	40.1	**85.8**	89.1
Pre-tax income (loss)	**$ 5.7**	$ 10.4	**$ (23.8)**	$ 6.3

Other Operations Results - Three and Six Months Ended June 30, 2008 versus Three and Six Months Ended June 30, 2007

White Mountains' Other Operations segment's pre-tax income for the second quarter of 2008 was $6 million compared to $10 million in the second quarter of 2007. For the first six months of 2008, pre-tax loss was $24 million compared to pre-tax income of $6 million for the first six months of 2007. For both 2008 periods, the value of the Company's investment in Symetra warrants decreased due to a decline in the valuation of stocks in the life insurance sector during the period. For the second quarter of 2008, the value of Symetra warrants decreased by $7 million compared to an increase in value of $5 million in last year's second quarter, while the value of Symetra warrants decreased by $11 million over the first six months of 2008 compared to an increase in value of $8 million in the first six months of last year. The second quarter of 2008 also included $12 million in pre-tax income from WM Life Re primarily as a result of the mark-to-market valuation of WM Life Re's derivative assets and liabilities, while the first six months of 2008 included $9 million of pre-tax losses from WM Life Re (see **Note 9**). In addition, the benefit to the Other Operations segment of lower incentive compensation charges for the second quarter and first six months of 2008 were offset by the impact of $11 million of favorable development recognized during the second quarter of 2007, primarily due to the settlement of a large claim at BICC.

II. Summary of Investment Results

Investment Philosophy

White Mountains' investment philosophy is to maximize its after-tax total risk-adjusted return over the long term. Under this approach, each dollar of after-tax investment income and realized and unrealized gains and losses is valued equally. Preservation of capital is of the utmost importance. White Mountains' investment portfolio mix as of June 30, 2008 consisted in large part of high-quality, fixed maturity investments and short-term investments, as well as equity investments and other investments, such as hedge funds, limited partnerships and private equities. White Mountains' management believes that prudent levels of investments in common equity securities and other investments within its investment portfolio will enhance long-term after-tax total returns without significantly increasing the risk profile of the portfolio.

White Mountains' overall fixed maturity investment strategy is to purchase securities that are attractively priced in relation to credit risks. White Mountains also actively manages the average duration of the portfolio, about 2.6 years including short-term investments and about 3.3 years excluding short-term investments at June 30, 2008, to seek the highest after-tax, risk-adjusted total returns.

WM Advisors has a sub-advisory agreement with Prospector Partners LLC ("Prospector"), a registered investment adviser, under which Prospector manages most of White Mountains' publicly-traded common equity and convertible securities. Prospector's equity investment strategy is to maximize absolute risk-adjusted total return through investments in a variety of equity and equity-related instruments, using a bottom-up, value discipline. Using a value orientation, Prospector invests in relatively concentrated positions in the United States and other developed markets.

Investment Returns

For purposes of discussing rates of return, all percentages are presented gross of management fees and trading expenses in order to produce a more relevant comparison to benchmark returns, while all dollar amounts are presented net of any management fees and trading expenses. A summary of White Mountains' consolidated pre-tax investment results and gross investment returns versus typical benchmarks for the three and six months ended June 30, 2008 and 2007 follows:

Pre-tax investment results Millions	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Net investment income	**$ 111.7**	$ 126.7	**$ 228.5**	$ 244.7

Net realized investment (losses) gains	**(4.9)**	89.1	**(17.9)**	163.0
Net unrealized investment losses (1)	**(54.2)**	(49.3)	**(159.2)**	(24.0)
Net unrealized foreign currency gains (losses) on investments	**(19.3)**	12.4	**49.5**	6.4
Total GAAP pre-tax investment gains	**$ 33.3**	$ 178.9	**$ 100.9**	$ 390.1

(1) In 2008, White Mountains reported net unrealized investment losses through net income as a result of the FAS 159 election. During 2007, net unrealized investment gains were reported through other comprehensive income.

	Three Months Ended June 30,		Six Months Ended June 30,	
Gross investment returns versus benchmarks	**2008**	**2007**	**2008**	**2007**
Fixed maturity investments	**(.5)%**	.6%	**1.6%**	2.1%
Short-term investments	**.6%**	1.4%	**1.5%**	2.9%
Total fixed maturities	**(.2)%**	.7%	**1.6%**	2.2%
Lehman U.S. Aggregate Index	**(1.0)%**	(.5)%	**1.1%**	1.0%
Convertible fixed maturities	**—%**	1.1%	**(2.4)%**	1.4%
Common stock	**3.0%**	4.5%	**(1.6)%**	8.2%
Other investments	**3.7%**	10.7%	**.3%**	15.9%
Total equities	**3.2%**	6.3%	**(1.1)%**	10.5%
S&P 500 Index (total return)	**(2.7)%**	6.3%	**(11.9)%**	7.0%
Total consolidated portfolio	**.4%**	1.6%	**.9%**	3.5%

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White Mountains’ total return on invested assets was 0.4% in the second quarter of 2008 compared to 1.6% in the second quarter of 2007. Despite a significant decline in the bond market and further erosion in the equity markets in the second quarter of 2008, White Mountains reported positive returns as the 3.2% return on equities more than offset the (0.2)% return on fixed maturities. For the first six months of 2008, White Mountains’ total return on invested assets was 0.9% compared to 3.5% for the first six months of 2007. The fixed maturity portfolio produced a return of 1.6% and the equity portfolio returned (1.1) % as both portfolios outperformed their benchmarks in the first six months of 2008.

Fair Value Considerations

On January 1, 2008, the Company adopted FAS 157, Fair Value Measurements. FAS 157 provides a revised definition of fair value, establishes a framework for measuring fair value and expands financial statement disclosure requirements for fair value information. Under FAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (an exit price). The Statement establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (“observable inputs”) and a reporting entity’s internal assumptions based upon the best information available when external market data is limited or unavailable (“unobservable inputs”). The fair value hierarchy in FAS 157 prioritizes fair value measurements into three levels based on the nature of the inputs. Quoted prices in active markets for identical assets have the highest priority (“Level 1”), followed by observable inputs other than quoted prices including prices for similar but not identical assets or liabilities (“Level 2”), and unobservable inputs, including the reporting entity’s estimates of the assumptions that market participants would use, having the lowest priority (“Level 3”).

White Mountains uses observable inputs for the majority of its investment portfolio. As of June 30, 2008, approximately 92% of the investment portfolio recorded at fair value was priced based upon quoted market prices or other observable inputs.

Other investments, which comprises investments in limited partnerships, hedge fund and private equity interests for which the FAS 159 fair value option has been elected, are carried at fair value based upon White Mountains’ proportionate interest in the underlying partnership’s or fund’s net asset value, which approximates fair value. These investments are not publicly traded and, accordingly, quoted market prices are not available. In circumstances where the partnership net asset value is deemed to differ from fair value due to illiquidity or other factors, net asset value is adjusted accordingly.

Fair value estimates based upon quoted prices or other observable inputs obtained are validated by comparison to prices from an alternative pricing source on a test basis.

Fair values for securities for which quoted prices are unavailable are estimated based upon reference to observable inputs other than quoted prices, such as benchmark interest rates, market comparable securities, broker quotes and other relevant inputs. Level 3 measurements for fixed maturities relate primarily to securities recently acquired at the date of measurement and for which observable inputs were unavailable at that date. Fair value estimates based on conventional market methodologies (e.g., present value of future cash flows) are generally priced in the subsequent period through quoted prices or other observable inputs.

White Mountains’ investment in Symetra warrants are measured at fair value. Because the warrants are not publicly traded, the fair value measurement is based on unobservable inputs and accordingly is classified as a Level 3 measurement.

The following table summarizes White Mountains’ total fair value measurements and the fair value measurements based on Level 3 inputs for investments at June 30, 2008:

	June 30, 2008		
Million	**Total fair value**	**Level 3 Inputs**	**Level 3 Inputs as a % of total fair value**
Fixed maturities	$ 6,846.4	$ 153.2	2.2%
Common equity securities	1,620.6	132.4	8.2%
Convertible fixed maturity investments	414.6	—	—
Short-term investments	1,988.0	—	—
Other investments(1)	653.2	653.2	100.0%

Total investments	$ 11,522.8	$ 938.8	8.1%

(1) The fair value of investment partnerships excludes carrying value of $13.3 associated with other investment limited partnerships accounted for using the equity method.

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The following table summarizes the changes in White Mountains' Level 3 fair value measurements for the three and six months ended June 30, 2008:

Millions	Fixed Maturities	Common equity securities	Convertible fixed maturities	Other investments	Total
Balance at January 1, 2008	$ 297.9	$ 308.6	$ 23.2	$ 596.4	$ 1,226.1
Total realized and unrealized losses	(3.9)	(2.1)	—	(16.0)	(22.0)
Purchases	16.0	8.5	2.8	35.7	63.0
Sales	(88.4)	(23.3)	(23.2)	(35.0)	(169.9)
Transfers in	—	—	—	52.4	52.4
Transfers out	(34.9)	(158.3)	—	—	(193.2)
Balance at March 31, 2008	$ 186.7	$ 133.4	$ 2.8	$ 633.5	$ 956.4
Total realized and unrealized (losses) gains	(18.0)	(1.3)	—	17.1	(2.2)
Purchases	62.9	1.2	—	4.6	68.7
Sales	(2.6)	(.8)	—	(2.0)	(5.4)
Transfers in	5.2	—	—	—	5.2
Transfers out	(81.0)	(.1)	(2.8)	—	(83.9)
Balance at June 30, 2008	$ 153.2	$ 132.4	$ —	$ 653.2	$ 938.8

Transfers into Level 3 measurements for fixed maturities relate primarily to securities recently acquired as of the quarter end and for which observable inputs were unavailable. Such securities were manually priced using a combination of market inputs such as benchmark interest rates, market comparables and/or broker quotes. Transfers into Level 3 measurements for common equity securities related to securities for which pricing information did not represent current market inputs at the quarter end. This was deemed to render the fair value measurements as based upon unobservable inputs and were accordingly classified within Level 3. When observable pricing inputs subsequently became available, the fair value measurements for these fixed maturity and common equity securities were reclassified to Levels 1 and/or 2 and are reflected in transfers out of Level 3 measurements for the quarter ended June 30, 2008. Transfers into Level 3 for the three-month period ended March 31, 2008 for other investments relate to the Company's investment in Pentelia which was previously accounted for under the equity method (see **Note 12**). When the Company's investment fell below the threshold for equity method accounting, the Company began accounting for the investment as a FAS 115 security, classified as trading.

The following table summarizes the amount of total gains (losses) included in earnings attributable to the change in unrealized gains (losses) for assets still held at June 30, 2008:

Millions	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Fixed maturities	$ (17.3)	$ (21.2)
Common equity securities	(1.3)	(4.1)
Convertible fixed maturities	—	—
Other investments	15.8	(2.0)
Total change in unrealized losses - Level 3 assets	$ (2.8)	$ (27.3)

All of the Company's variable annuity reinsurance liabilities ($47.7 million) were classified as Level 3 measurements at June 30, 2008. The following table summarizes the changes in the Company's variable annuity reinsurance liabilities and derivative instruments for the three and six months ended June 30, 2008**:**

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Millions	(Liabilities) Level 3	Derivative Instruments Level 3	Derivative Instruments Level 1	Net Assets (Liabilities)
Balance at January 1, 2008	$ (12.7)	$ 38.9	$ 4.8	$ 31.0
Cumulative effect adjustment - FAS 157	(.3)	—	—	(.3)
Purchases	—	10.9	—	10.9
Realized and unrealized gains (losses)	(83.0)	23.1	32.6	(27.3)
Transfers in (out)	—	—	—	—
Sales/settlements	—	—	(30.0)	(30.0)
Balance at March 31, 2008	$ (96.0)	$ 72.9	$ 7.4	$ (15.7)
Purchases	—	1.8	—	1.8
Realized and unrealized gains (losses)	48.3	(13.9)	(26.8)	7.6
Transfers in (out)	—	—	—	—
Sales/settlements	—	—	31.0	31.0

Balance at June 30, 2008	$	(47.7)	$	60.8	$	11.6	$	24.7

The liability recorded for the variable annuity benefit guarantees includes certain inputs that management does not believe reflect the likely cost of amounts to be paid over the term of the contracts. Specifically, equity and currency exchange rate volatilities based upon current market expectations ("implied volatilities") are significant inputs to the liability calculation. Over time, however, actual volatilities ("realized volatilities") measured at the end of a term tend to be lower than those implied by the markets at the beginning of the corresponding term. From inception of reinsurance of the contracts, implied volatilities have increased significantly; the Company expects that the increase to the liability arising from current elevated implied volatilities will decrease over the expected remaining term of the contracts.

All of the Company's weather risk management contracts ($14.3 million) were classified as Level 3 measurements at June 30, 2008. The following table summarizes the changes in the Company's weather risk management contract Level 3 measurements for the six months ended June 30, 2008 and 2007:

Millions	Six Months Ended June 30, 2008		2007	
Net liability for weather derivative contracts as of January 1 (1)	$	17.9	$	12.1
Net consideration received during the period for new contracts		10.5		.4
Net payments made on contracts settled during the period		(7.4)		(11.0)
Net (decrease) increase in fair value on settled and unsettled contracts		(6.7)		(.1)
Net liability for weather derivative contracts as of June 30 (2)	$	14.3	$	1.4

(1) Includes unamortized deferred gains of $2.9 and $4.7 as of January 1, 2008 and 2007.

(2) Includes unamortized deferred gains of $4.9 and $0.2 as of June 30, 2008 and 2007.

Mortgage-backed, Asset-backed Securities

White Mountains purchases commercial and residential mortgage-backed securities to maximize its fixed income portfolio's risk adjusted returns and diversify the portfolio risk from primarily corporate credit risk to a mix of credit and cash flow risk. White Mountains is not an originator of residential mortgage loans and does not hold any residential mortgage-backed securities categorized as sub-prime as of June 30, 2008. In addition, White Mountains' investments in hedge funds, limited partnerships and private equities contain negligible amounts of sub-prime mortgage-backed securities at June 30, 2008. White Mountains is not directly exposed to potential losses on sub-prime mortgage-backed securities, other than approximately $7 million of sub-prime mortgage-backed securities that are in the collateral account under its securities lending program at June 30, 2008. White Mountains considers sub-prime mortgage-backed securities to be those that are issued from dedicated sub-prime shelves, dedicated second-lien shelves (i.e., White Mountains considers investments backed primarily by second-liens to be a sub-prime risk regardless of credit score or other metrics) or otherwise have underlying loan pools that exhibit weak credit characteristics.

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There are also mortgage-backed securities that White Mountains categorizes as "non-prime" (also called "Alt A" or "A-") that are backed by collateral that has overall credit quality between prime and sub-prime, based on a review of the characteristics of their underlying mortgage loan pools, such as credit scores and financial ratios. As of June 30, 2008, $47 million of White Mountains' mortgage-backed securities holdings were classified as non-prime. All of these non-prime securities have the highest rating ascribed by Standard & Poors ("AAA"). White Mountains does not own any collateralized debt obligations, including residential mortgage-backed collateralized debt obligations.

The following table summarizes White Mountains' asset-backed securities holdings as of June 30, 2008 and December 31, 2007:

Millions	June 30, 2008		December 31, 2007	
Mortgage-backed securities:				
Agency (1)				
GNMA	$	978.5	$	568.8
FNMA		263.5		156.7
FHLMC		296.5		293.7
Non-agency:				
Residential		626.7		1,121.7
Commercial		441.0		317.2
Total mortgage-backed securities		2,606.2		2,458.1
Other asset-backed securities:				
Credit card		224.7		428.9
Auto		15.5		8.4
Other		.6		3.2
Total other asset-backed securities		240.8		440.5
Total asset-backed securities (2)	**$**	**2,847.0**	$	2,898.6

(1) Represents publicly traded residential mortgage-backed securities which carry the full faith and credit guaranty of the U.S. government (i.e., GNMA) or are guaranteed by a government sponsored entity (e.g., FNMA, FHLMC).

(2) Of White Mountains' total asset-backed securities, approximately 98% and 95% as of June 30, 2008 and December 31, 2007, respectively, have the highest rating ascribed by Moody's ("Aaa") or Standard & Poors ("AAA"). The remainder are investment grade.

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NON-GAAP FINANCIAL MEASURES

This report includes four non-GAAP financial measures that have been reconciled to their most comparable GAAP financial measures. White Mountains believes these measures to be more relevant than comparable GAAP measures in evaluating White Mountains' results of operations and financial condition.

Adjusted comprehensive net income is a non-GAAP financial measure that excludes the change in net unrealized gains and losses from Symetra's fixed maturity portfolio from comprehensive net income. In the calculation of comprehensive net income under GAAP, fixed maturity investments are marked-to-market while the liabilities to which those assets are matched are not. Symetra attempts to earn a "spread" between what it earns on its investments and what it pays out on its products. In order to try to fix this spread, Symetra invests in a manner that tries to match the duration and cash flows of its investments with the required cash outflows associated with its life insurance and structured settlements products. As a result, Symetra typically earns the same spread on in-force business whether interest rates fall or rise. Further, at any given time, some of Symetra's structured settlement obligations may extend 40 or 50 years into the future, which is further out than the longest maturing fixed maturity investments regularly available for purchase in the market (typically 30 years). For these long-dated products, Symetra is unable to fully match the obligation with assets until the remaining expected payout schedule comes within the duration of securities available in the market. If at that time, these fixed maturity investments have yields that are lower than the yields expected when the structured settlement product was originally priced, the spread for the product will shrink and Symetra will ultimately harvest lower returns for its shareholders. GAAP comprehensive net income increases when rates decline, which would suggest an increase in the value of Symetra - the opposite of what is happening to the intrinsic value of the business. Therefore, White Mountains' management and Board of Directors use adjusted comprehensive net income when assessing Symetra's quarterly financial performance. The reconciliation of adjusted comprehensive net income to comprehensive net income is included on page 36.

Adjusted book value per share is a non-GAAP measure which is derived by expanding the GAAP book value per share calculation to exclude net unrealized gains/(losses) from Symetra's fixed maturity portfolio. In addition, the number of common shares outstanding used in the calculation of adjusted book value per share are adjusted to exclude unearned shares of restricted stock representative of the proportion of unamortized compensation cost at the date of the calculation to the value of the restricted stock on the date of issuance. The reconciliation of adjusted book value per share to book value per share is included on page 35.

During the second quarter of 2008, White Mountains changed its principal financial reporting measure from "fully diluted tangible book value per share" to "adjusted book value per share". Fully diluted tangible book value per share is a non-GAAP measure that differs from adjusted book value per share by excluding goodwill and other intangible assets. The change from fully diluted tangible book value per share to adjusted book value per share has been presented retroactively for all periods. As a result of the change, goodwill and other intangible assets are included in the calculation for all periods presented. For periods ended March 31, 2008 and prior, the Company had not recorded any significant intangible assets other than goodwill The goodwill, which primarily relates to the FIN 46 consolidation of the Company's investment in the Tuckerman Funds, was $34 million, $34 million, $30 million and $28 million as of June 30, 2008, March 31, 2008, December 31, 2007 and June 30, 2007, respectively. The inclusion of goodwill in adjusted book value per share did not have a significant effect on the calculation of growth per share for any periods presented.

Total capital at White Mountains is comprised of common shareholders' equity, debt and minority interest in OneBeacon Ltd and the WMRe Preference Shares. Total adjusted capital excludes the equity in net unrealized gains from Symetra's fixed maturity portfolio from total capital. The reconciliation of total capital to total adjusted capital is included on page 55.

Adjusted book value per common share at OneBeacon is a non-GAAP financial measure which is derived by excluding the impact of economically defeasing OneBeacon's mandatorily redeemable preferred stock from book value per common share, the most closely comparable GAAP measure. Management believes that adjusted book value per common share is a useful supplement to understanding the OneBeacon's earnings and profitability. A reconciliation of OneBeacon's book value per common share to OneBeacon's adjusted book value per common share is included on page 38.

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LIQUIDITY AND CAPITAL RESOURCES

Berkshire Exchange

During the first quarter of 2008, White Mountains entered into an exchange agreement with Berkshire to transfer certain run-off businesses and a substantial amount of cash to Berkshire in exchange for substantially all of the common shares of White Mountains owned by Berkshire (the "Berkshire Exchange").

Under the terms of the agreement, Berkshire would exchange all or substantially all of its 16.3% stake in White Mountains (1,724,200 common shares) for 100% of a White Mountains subsidiary, which will hold CCIC, International American Group and $751 million in cash, subject to adjustment.

In anticipation of the Berkshire Exchange, White Mountains drew the $475 million available on the WTM Bank Facility to provide the necessary funds at the holding company level required for the transaction. The Company plans to repay the borrowings over time as it extracts funds from its operations. In April 2008, the Company repaid $175 million of the borrowings. Outstanding borrowings under the WTM Bank Facility as of June 30, 2008 of $300 million have an effective interest rate of 3.2%.

Berkshire Preferred Stock Redemption

On May 31, 2008, OneBeacon repaid the Berkshire Preferred Stock for $300 million, its redemption value, using proceeds from the sale of assets that had been held in trust in connection with the OneBeacon Offering.

Operating cash and short-term investments

Holding company level. The primary sources of cash for the Company and certain of its intermediate holding companies are dividends and tax sharing payments received from its insurance and reinsurance operating subsidiaries, capital raising activities, net investment income and proceeds from sales and maturities of holding company investments. The primary uses of cash are repurchases of the Company's and OneBeacon Ltd.'s common shares, payments on and repurchases/retirements of its debt obligations, dividend payments on the Company's common shares, to minority interest holders of OneBeacon Ltd.'s common shares and to holders of the WMRe Preference Shares, purchases of investments, payments made to tax authorities and holding company operating expenses.

Operating subsidiary level. The primary sources of cash for White Mountains' insurance and reinsurance operating subsidiaries are premium collections, net investment income, capital raising activities and proceeds from sales and maturities of investments. The primary uses of cash are claim payments, policy acquisition costs, operating expenses, purchases of investments, payments on and repurchases/retirements of their debt obligations and dividend and tax sharing payments made to holding companies.

Both internal and external forces influence White Mountains' financial condition, results of operations and cash flows. Claim settlements, premium levels and investment returns may be impacted by changing rates of inflation and other economic conditions. In many cases, significant periods of time, ranging up to several years or more, may lapse between the occurrence of an insured loss, the reporting of the loss to White Mountains and the settlement of the liability for that loss. The exact timing of the payment of claims and benefits cannot be predicted with certainty. White Mountains' insurance and reinsurance operating subsidiaries maintain portfolios of invested assets with varying maturities and a substantial amount of short-term investments to provide adequate liquidity for the payment of claims.

Management believes that White Mountains' cash balances, cash flows from operations, routine sales of investments and the liquidity provided by the WTM Bank Facility and the OBH Bank Facility are adequate to meet expected cash requirements for the foreseeable future on both a holding company and insurance and reinsurance operating subsidiary level.

Dividend Capacity

Under the insurance laws of the states and jurisdictions under which White Mountains' insurance and reinsurance operating subsidiaries are domiciled, an insurer is restricted with respect to the timing or the amount of dividends it may pay without prior approval by regulatory authorities. Accordingly, there can be no assurance regarding the amount of such dividends that may be paid by such subsidiaries in the future. Following is a description of the dividend activities of White Mountains' insurance and reinsurance operating subsidiaries and certain of its intermediate holding companies:

OneBeacon:

Generally, OneBeacon's regulated insurance operating subsidiaries have the ability to pay dividends during any 12-month period without prior approval of regulatory authorities in an amount equal to the greater of prior year statutory net income or 10% of prior year end statutory surplus, subject to the availability of unassigned funds. As a result, based on 2007 statutory net income, OneBeacon's top tier regulated insurance operating subsidiaries have the ability to pay approximately $346 million of dividends during 2008 without prior approval of regulatory authorities, subject to the availability of unassigned funds. As of December 31, 2007, OneBeacon's top-tier insurance operating subsidiaries had $1.5 billion of unassigned funds. During the first six months of 2008, OneBeacon's top-tier regulated insurance operating subsidiaries paid $72 million in dividends to their immediate parent.

During the first six months of 2008, OneBeacon Ltd. paid a $195 million special dividend in addition to its regular quarterly dividends to its common shareholders that totaled $40 million. An intermediate holding company of White Mountains received a total of $176 million of these dividends.

As of June 30, 2008, OneBeacon had approximately $157 million of net unrestricted cash and fixed maturity investments outside of its regulated insurance operating subsidiaries.

White Mountains Re:

WMRe America has the ability to pay dividends during any 12-month period without the prior approval of regulatory authorities in an amount equal to the lesser of net investment income, as defined by statute, or 10% of statutory surplus, in both cases as most recently reported to regulatory authorities, subject to the availability of earned surplus. As a result, based upon December 31, 2007 statutory surplus of $927 million, WMRe America had the ability to pay approximately $93 million of dividends during 2008 without prior approval of regulatory authorities, subject to the availability of earned surplus. As of June 30, 2008, WMRe America had negative earned surplus. During the first six months of 2008, WMRe America paid dividends of $60 million to its immediate parent.

WMRe Sirius has the ability to pay dividends subject to the availability of unrestricted statutory surplus. Historically, WMRe Sirius has allocated the majority of its earnings to the Safety Reserve (see **"Safety Reserve"** below). As of December 31, 2007, WMRe Sirius had $52 million of unrestricted statutory surplus, which is available for distribution in 2008. Based on its 2007 results, WMRe Sirius would have the ability to declare and pay additional dividends (on top of the $52 million noted above) of up to $60 million in 2008 without regulatory approval, if it elected not to allocate its related pre-tax earnings to the Safety Reserve. During the second quarter of 2008, WMRe Sirius elected to allocate these earnings to the Safety Reserve. During the first six months of 2008, WMRe Sirius paid $25 million in dividends to its immediate parent.

In accordance with the provisions of Swedish law, WMRe Sirius can voluntarily transfer its pre-tax income, or a portion thereof, subject to certain limitations, to its parent company to minimize taxes (referred to as a group contribution). In early 2008, WMRe Sirius transferred approximately $33 million of its 2007 pre-tax income to its Swedish parent company as a group contribution.

WMRe Bermuda has the ability to declare and pay dividends of up to $103 million in 2008 without regulatory approval, subject to meeting all appropriate liquidity and solvency requirements. During the first six months of 2008, WMRe Bermuda paid $28 million of dividends to its immediate parent.

WMRUS has the ability to distribute its 2008 earnings without restriction. At June 30, 2008, WMRUS had $4 million of unrestricted cash. WMRUS did not pay any dividends during the first six months of 2008.

During the first six months of 2008, White Mountains Re paid $50 million of dividends to its immediate parent.

As of June 30, 2008, White Mountains Re and its intermediate holding companies had $110 million of net unrestricted cash and fixed maturity investments outside of WMRe America, WMRe Sirius, WMRe Bermuda, Scan Re, CCIC and WMRUS.

Esurance:

Esurance Insurance Company has the ability to pay dividends during any 12-month period without the prior approval of regulatory authorities in an amount equal to the lesser of prior year statutory net income or 10% of prior year end statutory surplus, subject to the availability of unassigned funds. As a result, based on December 31, 2007 statutory net income, Esurance Insurance Company has the ability to pay $3 million of dividends during 2008 without prior approval of regulatory authorities, subject to the availability of unassigned funds. As of June 30, 2008, Esurance Insurance Company had $33 million of unassigned funds. Esurance Insurance Company did not pay any dividends during the first six months of 2008.

As of June 30, 2008, Esurance had $0.2 million of net unrestricted cash and fixed maturity investments outside of its regulated insurance operating subsidiaries.

Other operations:

As of June 30, 2008, White Mountains had approximately $1.0 billion of net unrestricted cash, fixed maturity and equity investments at the Company and its intermediate holding companies included in its other operations segment.

Safety Reserve

In accordance with provisions of Swedish law, WMRe Sirius is permitted to transfer up to the full amount of its pre-tax income, subject to certain limitations, into an untaxed reserve referred to as a safety reserve, which amounted to $1.5 billion at June 30, 2008. Under GAAP, an amount equal to the safety reserve, net of the related deferred tax liability established at the Swedish tax rate of 28%, is classified as shareholder's equity. Generally, this deferred tax liability is only required to be paid by WMRe Sirius if it fails to maintain predetermined levels of premium writings and loss reserves in future years. As a result of the indefinite deferral of these taxes, Swedish regulatory authorities do not apply any taxes to the safety reserve when calculating solvency capital under Swedish insurance regulations. Accordingly, under local statutory requirements, an amount equal to the deferred tax liability on WMRe Sirius's safety reserve ($428 million at June 30, 2008) is included in solvency capital. Access to the safety reserve is restricted to coverage of aggregate losses and requires the approval of Swedish regulatory authorities.

Insurance Float

Insurance float is an important aspect of White Mountains' insurance operations. Insurance float is money that an insurance company holds for a limited time. In an insurance operation, float arises because premiums are collected before losses are paid. This interval can extend over many years. During that time, the insurer invests the funds. When the premiums that an insurer collects do not cover the losses and expenses it eventually must pay, the result is an underwriting loss, which is considered to be the cost of insurance float. The amount and cost of insurance float for White Mountains is affected by underlying market conditions, as well as acquisitions or dispositions of insurance and reinsurance businesses.

Although insurance float can be calculated using numbers determined under GAAP, insurance float is not a GAAP concept and, therefore, there is no comparable GAAP measure.

One of the means by which White Mountains calculates its insurance float is by taking its net investment assets and subtracting its total adjusted capital. The following table illustrates White Mountains' consolidated insurance float position as of June 30, 2008 and December 31, 2007:

($ in millions)	June 30, 2008	December 31, 2007
Total investments	**$ 11,536.1**	$ 11,649.0
Consolidated limited partnership investments (1)	**(122.1)**	(123.0)
Investments held in trust	**—**	(305.6)
Cash	**198.3**	171.3
Investment in unconsolidated affiliates	**289.0**	406.3
Equity in net unrealized losses from Symetra's fixed maturity portfolio	**65.3**	5.6
Accounts receivable on unsettled investment sales	**36.5**	201.1
Accounts payable on unsettled investment purchases	**(72.8)**	(46.4)
Interest-bearing funds held by ceding companies (2)	**178.0**	192.8
Interest-bearing funds held under reinsurance treaties (3)	**(53.1)**	(73.4)
Net investment assets	**$ 12,055.2**	$ 12,077.7
Total common shareholders' equity	**$ 4,597.3**	$ 4,713.4
Minority interest - OneBeacon Ltd.	**400.0**	517.2
Minority interest - WMRe Group Preference Shares	**250.0**	250.0

Debt		**1,520.6**		1,192.9
Total capital (4)(5)	**$**	**6,767.9**	$	6,673.5
Equity in net unrealized losses from Symetra's fixed maturity portfolio		**65.3**		5.6
Total adjusted capital	**$**	**6,833.2**	$	6,679.1
Insurance float	**$**	**5,222.0**	$	5,398.6
Insurance float as a multiple of total adjusted capital		**0.8x**		0.8x
Net investment assets as a multiple of total adjusted capital		**1 .8x**		1 .8x
Insurance float as a multiple of common shareholders' equity		**1.1x**		1.1x
Net investment assets as a multiple of common shareholders' equity		**2.6x**		2.6x

(1) The minority interest portion of investments of consolidated limited partnership have not been included in insurance float because White Mountains does not have the ability to utilize the net assets supporting this minority interest.

(2) Excludes funds held by ceding companies from which White Mountains does not receive interest credits.

(3) Excludes funds held by White Mountains under reinsurance treaties for which White Mountains does not provide interest credits.

(4) Excludes the Berkshire Preferred Stock, having an aggregate accreted liquidation preference at December 31, 2007 of $278 and $306 of investments held in irrevocable grantor trusts for the purpose of economically defeasing the Berkshire Preferred Stock. The Berkshire Preferred Stock was redeemed in May 2008 using the proceeds from the segregated trust account.

(5) The minority interest arising from White Mountains' investments in consolidated limited partnerships has not been included in total capital because White Mountains does not have the ability to utilize the net assets supporting this minority interest.

White Mountains has historically obtained its insurance float primarily through acquisitions, as opposed to organic growth. It is White Mountains' intention to generate low-cost float over time through a combination of acquisitions and/or by organic growth in its existing insurance and reinsurance operations. However, White Mountains will seek to increase its insurance float organically only when market conditions allow for an expectation of generating underwriting profits.

Financing

The following table summarizes White Mountains' capital structure as of June 30, 2008 and December 31, 2007:

($ in millions)		June 30, 2008		December 31, 2007
OBH Senior Notes, carrying value	**$**	**699.0**	$	698.9
WMRe Senior Notes, carrying value		**399.0**		398.9
WTM Bank Facility		**300.0**		—
OBH Bank Facility		**—**		—
Other debt of operating subsidiaries		**122.6**		95.1
Total debt		**1,520.6**		1,192.9
Minority interest - OneBeacon Ltd.		**400.0**		517.2
Minority interest - WMRe Group Preference Shares		**250.0**		250.0
Total common shareholders' equity		**4,597.3**		4,713.4
Total capital (1)(2)		**6,767.9**		6,673.5
Equity in net unrealized losses from Symetra's fixed maturity portfolio		**65.3**		5.6
Total adjusted capital	**$**	**6,833.2**	$	6,679.1
Total debt to total adjusted capital		**22%**		18%
Total debt and WMRe Group Preference Shares to total adjusted capital		**26%**		22%

(1) The minority interest arising from White Mountains' investments in consolidated limited partnerships has not been included in total capital because White Mountains does not have the ability to utilize the net assets supporting this minority interest.
(2) The Berkshire Preferred Stock, having an aggregate accreted liquidation preference of $278 at December 31, 2007 was not included in total capital because it was economically defeased in connection with the OneBeacon Offering. The Berkshire Preferred Stock was redeemed in May 2008.

Management believes that White Mountains' strong financial position provides it with the flexibility and capacity to obtain funds externally as needed through debt or equity financing on both a short-term and long-term basis.

Detailed information concerning significant changes in White Mountains' financing structure during 2008 follows. Refer to the Company's 2007 Annual Report on Form 10-K for a fuller discussion regarding White Mountains' debt obligations as of December 31, 2007.

At June 30, 2008, the noncontrolling shareholders of AFI held a Senior Secured Note ("the AFI Note") for $29.6 million. On July 30, 2008, White Mountains repaid this note in connection with its acquisition of the remaining debt and equity interests of AFI from the minority owner (see **Note 15**).

During the first quarter of 2008, White Mountains drew the full $475 million under the WTM Bank Facility. White Mountains repaid $175 million of this amount during the second quarter of 2008.

OneBeacon, through its wholly owned subsidiary, OBH, has a $75 million revolving credit facility that matures in November 2011 (the "OBH Bank Facility"). As of June 30, 2008, the OBH Bank Facility was undrawn.

The WTM Bank Facility and the OBH Bank Facility contain various affirmative, negative and financial covenants which White Mountains considers to be customary for such borrowings and include maintaining certain minimum net worth and maximum debt to capitalization standards. Failure to meet one or more of these covenants could result in an event of default, which ultimately could eliminate availability under these facilities and result in acceleration of principal repayment on any amounts outstanding. At June 30, 2008, White Mountains was in compliance with all of the covenants under the WTM Bank Facility and the OBH Bank Facility, and anticipates it will continue to remain in compliance with these covenants for the foreseeable future.

The OBH Senior Notes and the WMRe Senior Notes were issued under indentures which contain restrictive covenants that, among other things, limit the ability of the Company, OBH, WMRe Group and their respective subsidiaries to create liens and enter into sale and leaseback transactions and limits the ability of OBH, WMRe Group and their respective subsidiaries to consolidate, merge or transfer their properties and assets. The indentures do not contain any financial ratios or specified levels of net worth or liquidity to which the Company, OBH or WMRe Group must adhere. At June 30, 2008, White Mountains was in compliance with all of the covenants under the OBH Senior Notes and the WMRe Senior Notes, and anticipates it will continue to remain in compliance with these covenants for the foreseeable future.

Share Repurchase Programs

White Mountains:

In 2006, White Mountains' board of directors authorized the Company to repurchase up to 1 million of its common shares, from time to time, subject to market conditions. Shares may be repurchased on the open market or through privately negotiated transactions. This program does not have a stated expiration date. As of June 30, 2008, 309,299 common shares had been repurchased and retired for $153 million, which included 18,458 common shares repurchased for $8 million during the first six months of 2008.

OneBeacon Ltd.:

In 2007, OneBeacon Ltd.'s board of directors authorized OneBeacon Ltd. to repurchase up to $200 million of its Class A common shares from time to time, subject to market conditions. Shares may be repurchased on the open market or through privately negotiated transactions. This program does not have a stated expiration date. Since the inception of this program, OneBeacon has repurchased and retired 4.5 million of its Class A common shares. During the three and six months ended June 30, 2008, OneBeacon repurchased and retired 0.5 million and 3.0 million, respectively, of its Class A common shares for $9 million and $62 million, respectively.

Cash Flows

Detailed information concerning White Mountains' cash flows during the six months ended June 30, 2008 and 2007 follows:

For the six months ended June 30, 2008

Financing and Other Capital Activities

In anticipation of the Berkshire Exchange, the Company drew the $475 million available on WTM Bank Facility to provide the necessary funds at the holding company level required for the transaction. The Company plans to repay the borrowings over time as it extracts funds from its operations. In April 2008, the Company repaid $175 million of the borrowings on the WTM Bank Facility.

During the first six months of 2008, the Company declared and paid cash dividends of $42 million to its common shareholders.

During the first six months of 2008, the Company repurchased and retired 18,458 of its common shares for $8 million.

During the first six months of 2008, OneBeacon Ltd. declared and paid cash dividends of $236 million to its common shareholders, including a $195 million special dividend and $40 million of regular quarterly dividends. A total of $176 million of these dividends were received by an intermediate holding company of White Mountains.

During the first six months of 2008, OneBeacon Ltd. repurchased and retired 3.0 million of its Class A common shares for $62 million through its share repurchase program.

During the first six months of 2008, OneBeacon paid $12 million of dividends on, and repaid the $300 million redemption value of, the Berkshire Preferred Stock, using funds that had been held in trust for the purpose of economically defeasing the preferred stock.

During the six months ended June 30, 2008, White Mountains Re declared and paid $9 million of dividends to holders of the WMRe Preference Shares.

During the first six months of 2008, White Mountains Re paid $50 million of dividends to its immediate parent.

Acquisitions and Dispositions

During the first six months of 2008, White Mountains Re acquired Helicon Re Holdings, Ltd. for approximately $150 million.

During the first six months of 2008, White Mountains acquired 42% of the outstanding debt and equity of AFI for $30 million. White Mountains also contributed an additional $3 million to AFI during the first quarter of 2008. On April 1, 2008, AFI emerged from a pre-packaged bankruptcy reorganization. In the reorganization, the debt held by White Mountains was exchanged for additional shares of common equity, thus increasing White Mountains' ownership share to 68.9%.

Other Liquidity and Capital Resource Activities

During the first six months of 2008, White Mountains made payments totaling $66 million, in cash or by deferral into certain non-qualified compensation plans or by issuing common shares of the Company, to participants in the long-term incentive compensation plans of the Company and its subsidiaries.

During the first six months of 2008, the Company issued a total of 600 common shares to its employees through the exercise of Options during the period and received cash proceeds of $0.1 million in connection with these Option exercises.

For the six months ended June 30, 2007

Financing and Other Capital Activities

In May 2007, White Mountains Re received net proceeds of $246 million from the issuance of the Preference Shares. White Mountains Re declared and paid a $2 million cash dividend on these shares in June 2007.

In March 2007, White Mountains Re received net proceeds of $392 million from the issuance of the WMRe Senior Notes and subsequently paid a cash dividend of $392 million to its immediate parent. In addition, White Mountains used a portion of the dividend to repay its $320 million outstanding balance on the WTM Bank Facility.

During the first six months of 2007, the Company declared and paid cash dividends of $43 million to its common shareholders.

During the first six months of 2007, OneBeacon Ltd. paid cash dividends of $27 million to its common shareholders, $15 million of which was received by an intermediate holding company of White Mountains.

On June 30, 2007, OneBeacon repaid $20 million of its mandatorily redeemable preferred stock using funds that had been held in trust for the purpose of economically defeasing the preferred stock. OneBeacon also paid $15 million in dividends on its mandatorily redeemable preferred stock during the first six months of 2007 using funds that were held in trust for the purpose of economically defeasing the preferred stock.

Acquisitions and Dispositions

During the first six months of 2007, White Mountains sold 645,262 shares of OneBeacon Ltd. to OneBeacon's employee stock ownership plan for proceeds of $17 million.

Other Liquidity and Capital Resource Activities

During the first six months of 2007, White Mountains made payments totaling $56 million, in cash or by deferral into certain non-qualified compensation plans to participants in the long-term incentive compensation plans of the Company and its subsidiaries.

During the first six months of 2007, the Company issued a total of 9,750 common shares to its employees through the exercise of Options during the period and received cash proceeds of $2 million in connection with these Option exercises. The Company also repurchased 4,465 common shares from an employee for $3 million in satisfaction of an employee withholding tax liability.

CRITICAL ACCOUNTING ESTIMATES

Refer to the Company's 2007 Annual Report on Form 10-K for a complete discussion regarding White Mountains' critical accounting estimates.

FORWARD-LOOKING STATEMENTS

The information contained in this report may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included or referenced in this report which address activities, events or developments which White Mountains expects or anticipates will or may occur in the future are forward-looking statements. The words "will", "believe," "intend," "expect," "anticipate," "project," "estimate," "predict" and similar expressions are also intended to identify forward-looking statements. These forward-looking statements include, among others, statements with respect to White Mountains':

- growth in book value and adjusted book value per share or return on equity;
- business strategy;
- financial and operating targets or plans;
- incurred losses and the adequacy of its loss and LAE reserves and related reinsurance;

- projections of revenues, income (or loss), earnings (or loss) per share, dividends, market share or other financial forecasts;
- expansion and growth of its business and operations; and
- future capital expenditures.

These statements are based on certain assumptions and analyses made by White Mountains in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate in the circumstances. However, whether actual results and developments will conform with its expectations and predictions is subject to a number of risks and uncertainties that could cause actual results to differ materially from expectations, including:

- the risks associated with Item 1A of the Company's 2007 Annual Report on Form 10-K;
- claims arising from catastrophic events, such as hurricanes, earthquakes, floods or terrorist attacks;
- the continued availability of capital and financing;
- general economic, market or business conditions;
- business opportunities (or lack thereof) that may be presented to it and pursued;
- competitive forces, including the conduct of other property and casualty insurers and reinsurers;
- changes in domestic or foreign laws or regulations, or their interpretation, applicable to White Mountains, its competitors or its clients;
- an economic downturn or other economic conditions adversely affecting its financial position;
- recorded loss reserves subsequently proving to have been inadequate; and
- other factors, most of which are beyond White Mountains' control.

Consequently, all of the forward-looking statements made in this report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by White Mountains will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, White Mountains or its business or operations. White Mountains assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Refer to White Mountains' 2007 Annual Report on Form 10-K and in particular Item 7A. - "Quantitative and Qualitative Disclosures About Market Risk". As of June 30, 2008, there were no material changes in the market risks as described in White Mountains' most recent Annual Report.

Item 4. Controls and Procedures.

The Principal Executive Officer ("PEO") and the Principal Financial Officer ("PFO") of White Mountains have evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the PEO and PFO have concluded that White Mountains' disclosure controls and procedures are adequate and effective.

There were no significant changes with respect to the Company's internal control over financial reporting or in other factors that materially affected, or are reasonably likely to materially affect, internal control over financial reporting during the quarter ended June 30, 2008.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings.

On July 24, 2008, OneBeacon and Liberty Mutual Insurance Group ("Liberty Mutual") entered into a Confidential Settlement Agreement and Release (the "Settlement Agreement") that resolves nearly four years of arbitration and litigation. The disputes concerned amounts which Liberty Mutual asserted were due to it under agreements with OneBeacon (the "Liberty Agreements") for unallocated loss adjustment expenses and amounts which OneBeacon asserted were due to it related to claims administration and reinsurance. The Settlement Agreement represents a full and final resolution of the disputes related to the Liberty Agreements.

In connection with the Settlement Agreement, OneBeacon took a pre-tax charge in the amount of $9 million in the second quarter, representing a part of the cost of the settlement. OneBeacon made a cash payment to Liberty Mutual in the amount of $16 million on July 30, 2008. No further charges or payments will be made with respect to the disputed matters.

Refer to the Company's 2007 Annual Report on Form 10-K, and in particular Item 3-"Legal Proceedings" for a brief description of all other non-routine legal proceedings. Damages sought by the claimants do not exceed 10% of the Company's current assets.

Item 1A. Risk Factors

There have been no material changes in the Registrant's risk factors since the Registrant's most recently filed Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides detail of White Mountains' purchases of its common shares during the first six months of 2008:

Months	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plan (1)
January 1 - 31, 2008	6,838	$ 480.15	—	709,159
June 1- 30, 2008	18,458	$ 434.45	18,458	690,701
Total	25,296	$ 446.80	18,458	690,701

(1) On November 17, 2006, White Mountains' board of directors authorized the Company to repurchase up to 1 million of its common shares, from time to time, subject to market conditions. Shares may be repurchased on the open market or through privately negotiated transactions. The repurchase authorization does not have a stated expiration.

Item 3. Defaults Upon Senior Securities.

None.

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Item 4. Submission of Matters to a Vote of Security Holders.

The Company's 2008 Annual General Meeting of Members (the "2008 Annual Meeting") was held on May 29, 2008 in Hamilton, Bermuda. At the 2008 Annual Meeting:

1) four persons were elected to serve as Class II directors of the Company with a term ending 2011,

2) an amendment to the Company's Bye-law 62 that, in order to protect the Company's tax attributes, would require prior Board approval for any transfer of Company shares that would result in the creation of a new 5% shareholder or an increase in the ownership percentage of any 5% shareholder was approved,

3) an amendment to the Company's Bye-law 39 and 52 to permit the Company, to the extent permitted by Bermuda law, to utilize the new 'Notice and Access' rules of the Securities and Exchange Commission in connection with providing proxy materials to Members was approved,

4) four persons were elected to serve as directors of WMRe Sirius,

5) four persons were elected to serve as directors of WMRe Bermuda, Scan Re, and Helicon,

6) four persons were elected to serve as directors of WM Life Re,

7) four persons were elected to serve as directors of Galileo Weather Risk Management Ltd. ("Galileo Ltd."),

8) four persons were elected to serve as directors of any new non-United States operating subsidiaries and

9) the appointment of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for 2008 was approved.

As of March 31, 2008, the record date for the 2008 Annual Meeting, a total of 10,570,234 common shares were eligible to vote prior to consideration of the voting cut-back of all holders with 10% or more voting control in accordance with the Company's Bye-laws. The results of the vote, after taking into consideration the voting cut-back, are presented below.

Proposal 1 - - Election of the Company's Directors

Nominee:	Votes FOR	Votes Withheld
Raymond Barrette	6,903,487	149,991
Yves Brouillette	7,009,815	43,663
George J. Gillespie, III	5,398,980	1,654,498
John D. Gillespie	5,423,835	1,629,643

Proposal 2 - - Ratification of an amendment to the Company's Bye-laws (5% ownership restriction)

Votes FOR	Votes Against	Abstained
5,305,531	1,723,904	24,043

Proposal 3 - - Ratification of an amendment to the Company's Bye-laws (Notice and Access)

Votes FOR	Votes Against	Abstained
7,017,560	12,786	23,132

Proposal 4 - - Election of Directors of WMRe Sirius

Nominee:	Votes FOR	Votes Withheld
Charles B. Chokel	6,975,578	77,900
Allan L. Waters	6,975,578	77,900
Jan A.M. Silverudd	6,975,578	77,900
Goran Thorstensson	6,975,578	77,900

Proposal 5 - - Election of Directors of WMRe Bermuda, Scandinavian Re, and Helicon

Nominee:	Votes FOR	Votes Withheld
Charles B. Chokel	6,997,504	55,974
Allan L. Waters	6,997,504	55,974
Warren J. Trace	6,997,504	55,974
Christine H. Repasy	6,997,504	55,974

Proposal 6 - - Election of Directors of WM Life Re

Nominee:	Votes FOR	Votes Withheld
Raymond Barrette	6,992,874	60,604
David T. Foy	6,992,874	60,604
Henry K. Cheng	6,992,874	60,604
Jennifer L. Pitts	6,992,874	60,604

Proposal 7 - - Election of Directors of Galileo Ltd

Nominee:	Votes FOR	Votes Withheld
David T. Foy	6,997,770	55,708
Robert R. Lusardi	6,997,770	55,708
Scott W. Edwards	6,997,770	55,708
Martin R. Malinow	6,997,770	55,708

Proposal 8 - - Election of Directors of any New Non-United States Operating Subsidiaries

Nominee:	Votes FOR	Votes Withheld
Raymond Barrette	6,997,611	55,867
David T. Foy	6,997,611	55,867
Warren J. Trace	6,997,611	55,867
Jennifer L. Pitts	6,997,611	55,867

Proposal 9 - - Approval of Appointment of PricewaterhouseCoopers LLP

Votes FOR	Votes Against	Abstained
7,028,486	18,672	6,320

Item 5. Other Information.

None.

Item 6. Exhibits

(a) Exhibits

3(ii) - Amended and Restated Bye-laws of the Company *

10.1 - First Amendment to $475,000,000 Credit Agreement, dated June 19, 2007 among the Company, as the Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and Issuing Lender, and the other lenders party hereto. *

11 - Statement Re Computation of Per Share Earnings **

31.1 - Principal Executive Officer Certification Pursuant to Rule 13a-14 (a) of the Securities Exchange Act of 1934, as Amended. *

31.2 - Principal Financial Officer Certification Pursuant to Rule 13a-14 (a) of the Securities Exchange Act of 1934, as Amended. *

32.1 - Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *

32.2 - Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *

* Included herein
** Not included as an exhibit as the information is contained elsewhere within this report. See **Note 10** of the Notes to Consolidated Financial Statements.

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.
(Registrant)

Date: August 1, 2008

By: /s/ J. Brian Palmer
J. Brian Palmer
Chief Accounting Officer

Exhibit 3.(ii)

AMENDED AND RESTATED

B Y E - L A W S

of

WHITE MOUNTAINS INSURANCE GROUP, LTD.

MAY 29, 2008

Adopted by Members on May 29, 2008

Bye-law

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Bye-law

INTERPRETATION

1. Interpretation

(1) In these Bye-laws the following words and expressions shall, where not inconsistent with the context, have the following meanings respectively:

"Act" means the Companies Act 1981 as amended from time to time;

"Alternate Director" means an alternate Director appointed in accordance with these Bye-laws and the Act;

"Auditor" includes any individual or partnership;

"Board" means the board of Directors appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Act and these Bye-laws or the Directors present at a meeting of Directors at which there is a quorum;

"Byrne Entity" has the meaning set forth in Bye-law 80(3)(e);

"Company" means the company for which these Bye-laws are approved and confirmed;

"Controlled Shares" has the meaning set forth in Bye-law 47;

"Director" means a director of the Company and shall include an Alternate Director;

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder;

"Fair Market Value" means, with respect to a repurchase of any shares of the Company in accordance with Bye-law 10, (i) if such shares are listed on a securities exchange (or quoted in a securities quotation system), the average closing sale price of such shares on such exchange (or in such quotation system), or, if such shares are listed on (or quoted in) more than one exchange (or quotation system), the average closing sale price of the shares on the principal securities exchange (or quotation system) on which such shares are then traded, or, if such shares are not then listed on a securities exchange (or quotation system) but are traded in the over-the-counter market, the average of the latest bid and asked quotations for such shares in such market, in each case for the last five trading days immediately preceding the day on which notice of the repurchase of such shares is sent pursuant to these Bye-laws or (ii) if no such closing sales prices or quotations are available because such shares are not publicly

traded or otherwise, the fair value of such shares as determined by one independent nationally recognized investment banking firm chosen in good faith by the Board, provided that the calculation of the Fair Market Value of the shares made by such appointed investment banking firm (i) shall not include any discount relating to the absence of a public trading market for, or any transfer restrictions on, such shares, and (ii) such calculation shall be final and the fees and expenses stemming from such calculation shall be borne by the Company or its assignee, as the case may be;

"general meeting" means either an annual or a special meeting of the Members;

"Member" means the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons as the context so requires;

"notice" means written notice as further defined in these Bye-laws unless otherwise specifically stated;

"Officer" means any person appointed by the Board to hold an office in the Company;

"person" means any individual, partnership, limited liability company, joint venture, firm, corporation, association, trust, fund or other enterprise;

"Purchase Notice" has the meaning set forth in Bye-law 10;

"Purchase Price" has the meaning set forth in Bye-law 10;

"Register of Directors and Officers" means the Register of Directors and Officers referred to in these Bye-laws;

"Register of Members" means the Register of Members referred to in these Bye-laws;

"Resident Representative" means any person appointed to act as resident representative and includes any deputy or assistant resident representative; and

"Secretary" means the person appointed to perform any or all the duties of secretary of the Company and includes any deputy or assistant secretary.

(2) In these Bye-laws, where not inconsistent with the context:

(a) words denoting the plural number include the singular number and vice versa;

(b) words denoting the masculine gender include the feminine gender;

(c) words importing persons include companies, associations or bodies of persons whether corporate or not;

(d) the word:

(i) "may" shall be construed as permissive;

(ii) "shall" shall be construed as imperative; and

(e) unless otherwise provided herein words or expressions defined in the Act shall bear the same meaning in these Bye-laws.

(3) Expressions referring to writing or written shall, unless the contrary intention appears, include facsimile, printing, lithography, photography and other modes of representing words in a visible form.

(4) Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

BOARD OF DIRECTORS

2. Management of the Company

(1) The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all corporate and other powers of the Company as are not, by statute or by these Bye-laws, required to be exercised by the Company in general meeting, and the business and affairs of the Company shall be so controlled by the Board. The Board may also present any petition and make any application in connection with the liquidation or reorganization of the Company.

(2) No regulation or alteration to these Bye-laws made by the Company in general meeting shall invalidate any prior act of the Board.

(3) The Board may procure that the Company pays all expenses incurred in promoting and incorporating the Company.

3. Power to appoint managing director or chief executive officer

The Board may from time to time appoint one or more Directors to the office of managing director or chief executive officer of the Company who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company.

4. Power to appoint manager

The Board may appoint a person to act as manager of the Company's day to day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business.

5. Power to authorize specific actions

The Board may from time to time and at any time authorize any person to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company.

6. Power to appoint attorney

The Board may from time to time and at any time by power of attorney appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney. Such attorney may, if so authorised under the seal of the Company, execute any deed or instrument under such attorney's personal seal with the same effect as the affixation of the seal of the Company.

7. Power to delegate to a committee

(1) The Board may appoint Board Committees from among its members to consist of not less than one (1) director for each Board Committee. The Board may designate one or more Directors as alternate members of any Board Committee, who may replace any absent or disqualified members at a meeting of such Board Committee. The Board Committees shall have such of the powers and authority of the Board in the management of the business and affairs of the Company as shall, from time to time, so be delegated to them by the Board.

(2) The Board may appoint other committees to consist of such number of members as may be fixed by the Board, none of whom need be a member of the Board, and may prescribe the powers and authority of such committees.

(3) Meetings and actions of Board Committees and other committees of the Company shall be governed by, held and taken in accordance with these Bye-laws, with such changes in the context of those Bye-laws as are necessary to substitute the committee and its members for the Board and its members, except that the time of regular meetings of committees may also be called by resolution of the Board and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. Further, the Board or the committee may adopt rules for the governance of any committee not inconsistent with the provisions of these Bye-laws.

8. Power to appoint and dismiss employees

The Board may appoint, suspend or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties.

9. Power to borrow and charge property

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party.

10. Exercise of power to purchase shares of or discontinue the Company

(1) The Board may exercise all the powers of the Company to purchase all or any part of its own shares pursuant to Section 42A of the Act

(2) Without limiting the foregoing, subject to Section 42A of the Act, if the Board in its absolute and unfettered discretion determines that share ownership by any Member may result in adverse tax, regulatory or legal consequences to the Company, any of its subsidiaries or any of its Members, the Company will have the option, but not the obligation, to purchase all or part of the shares held by such Member (to the extent the Board, in the reasonable exercise of its discretion, determines it is necessary to avoid or cure such adverse consequences) with immediately available funds in an amount equal to the Fair Market Value of such shares on the date the Company sends the Purchase Notice referred to below (the "Purchase Price"); provided, that the Board will use reasonable efforts to exercise this option equally among similarly situated Members (to the extent possible under the circumstances). The Company will also be entitled to assign its purchase right to a third party, which party may be a Member. Each Member shall be bound by the determination by the Company to purchase or assign its right to purchase such Member's shares and, if so required by the Company, shall sell the number of shares that the Company requires it to sell.

In the event that the Company or its assignee(s) determines to purchase any such shares, the Company shall provide each Member concerned with written notice of such determination (a "Purchase Notice") at least seven (7) calendar days prior to such purchase or such shorter period as each such Member may authorize, specifying the date on which any such shares are to be purchased and the Purchase Price. The Company may revoke the Purchase Notice at any time before it (or its assignee(s)) pays for the shares. Neither the Company nor its assignee(s) shall be obligated to give general notice to the Members of any intention to purchase or the conclusion of any purchase of shares. The Board may authorize any person to sign, on behalf of any Member who is the subject of a Purchase Notice, an instrument of transfer relating to any of such Member's shares which the Company has an option to purchase. Payment of the Purchase Price by the Company or its assignee(s) shall be by wire transfer or certified check and made at a closing to be held no less than seven (7) calendar days after receipt of the Purchase Notice by the Member.

(3) The Board may exercise all the powers of the Company to discontinue the Company to a named country or jurisdiction outside Bermuda pursuant to Section 132G of the Act.

11. Election of Directors

(1) The Board shall consist of not less than two Directors nor more than eighteen Directors with the exact number of Directors to be determined from time to time by resolution adopted by the affirmative vote of a majority of the Board.

(2) The Directors shall be divided into three classes designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of Directors constituting the entire Board. At the date these Bye-laws become effective, the Class I directors, with a term ending in 2001, are Patrick M. Byrne, K. Thomas Kemp and Gordon S. Macklin, the Class II directors, with a term ending in 2002, are John J. Byrne, George J. Gillespie, III, John D. Gillespie and Frank A. Olson and the Class Ill directors, with a term ending in 2000, are Terry L. Baxter, Howard L. Clark, Jr., Robert P. Cochran and Arthur Zankel. At each succeeding annual general meeting beginning in 2000, successors to the class of directors whose term expires at that annual general meeting shall be elected for a three-year term. If the number of Directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible, and any additional Director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of Directors shorten the term of any incumbent Director. A Director shall hold office until the annual general meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

(3) Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preference Shares issued by the Company shall have the right, voting separately by class or series, to elect Directors at an annual or special general meeting, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Board resolution creating such classes or series of Preference Shares, and such directors so elected shall not be divided into classes pursuant to this Bye-law II unless expressly provided by such terms.

12. Defects in appointment of Directors

All acts done bona fide by any meeting of the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

13. Notification of Nominations

Subject to the rights of the holders of any class or series of Preference Shares, nominations for the election of Directors may be made by the Board or by any Member entitled to vote for the election of Directors. Any Member entitled to vote for the election of Directors may nominate persons for election as Directors only if written notice of such Member's intent to make such nomination is given, either by personal delivery or by mail, postage prepaid or any recognized overnight delivery service, to the Secretary of the Company not later than (i) with respect to an election to be held at an annual general meeting, 90 days prior to the anniversary date of the immediately preceding annual meeting or not later than 10 days after notice or public disclosure of the date of the annual meeting is given or made available to Members, whichever date is earlier, and (ii) with respect to an election to be held at a special general meeting for the election of Directors, the close of business on the seventh day following the date on which notice of such meeting is first given to Members. Each such notice shall set forth: (a) the name and address of the Member who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the Member is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the Member and each such nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the Member; (d) such other information regarding each nominee proposed by such Member as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the United States Securities and Exchange Commission had each such nominee been nominated, or intended to be nominated, by the Board; and (e) the consent of each such nominee to serve as a director of the Company if so

elected. The Chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

14. Alternate Directors

An individual may be appointed an Alternate Director by or in accordance with a resolution of the members. Unless otherwise determined by the Board (and subject to such limitations as may be set by the Board), no Director shall have the right to appoint another person to act as his Alternate Director.

15. Vacancies on the Board, Etc.

(1) Except in the case of vacancies on the Board that under applicable law must be filled by the Members, any vacancy on the Board that results from an increase in the number of directors shall be filled by a majority of the Board then in office, provided that a quorum is present, and any other vacancy occurring in the Board shall be filled by a majority of the directors then in office, even if less than a quorum, or a sole remaining director and the Board shall have the power to appoint an Alternate Director for any Director appointed to fill a vacancy. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his predecessor.

(2) Unless otherwise determined by the Board, the Members shall not be entitled to remove a Director.

16. Notice of meetings of the Board; Adjournment

(1) Notice of the time and place of each meeting of the Board, whether regular or special, shall be served upon or telephoned or mailed or telegraphed or transmitted by facsimile to each director at his residence or usual place of business, at least twenty-four (24) hours before the time fixed for the meeting.

(2) A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned.

(3) Notice of any meeting or any irregularity in any notice may be waived by any Director before the meeting is held. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting by such Director.

17. Quorum at meetings of the Board

At all meetings of the Board, one half (1/2) of the Directors then in office (but not less than two (2) Directors) if present in person at such meeting shall be sufficient to constitute a quorum for a meeting of Directors.

18. Meetings of the Board

(1) All meetings of the Directors shall be held at the principal office of the Company or at such other place either within or without Bermuda as shall be designated by the Board.

(2) The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit.

(3) Directors may participate in a meeting of the Board through use of conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting of the Board by this means constitutes presence in person at such meeting.

(4) Unless a greater number is otherwise expressly required by statute or these Bye-laws, every act or decision done or made by a majority of the Directors present at a meeting duly held, at which a quorum is present, shall be regarded as the act of the Board.

19. Regular Board Meetings

The next meeting of the Board subsequent to the annual general meeting shall be held for the purpose of organizing the Board, electing officers and transacting such other business as may come before the meeting. Thereafter regular meetings of the Board shall be held at such time as may be designated by the Board. If the day fixed for any regular meeting shall fall on a holiday, the meeting shall take place on the next business day, unless otherwise determined by the Board.

20. Special Board Meetings

Special meetings of the Board may be called by the Chairman of the Board, or by the President, or by any two (2) Directors.

21. Chairman of meetings

The Chairman of the Board, or in the Chairman's absence, any Director selected by the Directors present, shall preside as chairman at meetings of the Board.

22. Unanimous written resolutions

Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall consent thereto in writing. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. For the purposes of this Bye-law, "Director" shall not include an Alternate Director.

23. Contracts and disclosure of Directors' interests

(1) Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in a professional capacity for the Company and such Director or such Director's firm, partner or such company shall be entitled to remuneration for professional services as if such Director were not a Director.

(2) A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest.

(3) Following a declaration being made pursuant to this Bye-law, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum at such meeting.

24. Remuneration of Directors

(1) The remuneration (if any) of the Directors shall be as determined by the Directors and shall be deemed to accrue from day to day. The Directors shall also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally.

(2) The Directors may by resolution award special remuneration to any Director of the Company undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity, shall be in addition to his remuneration as a Director.

25. Register of Directors and Officers

The Board shall cause to be kept in one or more books at the registered office of the Company a Register of Directors and Officers and shall enter therein the particulars required by the Act.

OFFICERS

26. Principal Officers

The principal Officers of the Company shall be such officers as the Board may determine. Any two or more of such offices, except those of President and Secretary, may be held by the same person except as prohibited by the Act. The Chairman of the Board need not be an executive officer of the Company.

27. Other Officers

The Board, the Chairman of the Board or the President may appoint such other Officers as the conduct of the business of the Company may require, each of whom shall hold office for such period as the Board, the Chairman of the Board or the President may from time to time determine.

28. Remuneration of Officers

The Officers shall receive such remuneration as the Board may from time to time determine.

29. Duties of Officers

Each Officer shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to him by the Board, or, if such Officer was appointed by the Chairman of the Board or the President, as may be delegated to him by either such person, from time to time.

30. Election

Each principal Officer shall be elected annually by the Board at its organization meeting after the annual general meeting, or any subsequent meeting of the Board, and (subject to the power of removal by the Board) shall hold office until a successor is elected and qualified or until the officer's death, resignation, disqualification or removal.

31. Removal

Any principal Officer may be removed either with or without cause by the Board. Upon removal of an Officer, such office shall be deemed vacant.

MINUTES

32. Obligations of Board to keep minutes

(1) The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of Officers;

(b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and

(c) all resolutions and proceedings of general meetings of the Members, meetings of the Board and meetings of committees appointed by the Board.

(2) Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the registered office of the Company.

INDEMNITY

33. Right to Indemnification

(1) The Company shall indemnify its officers and directors to the fullest extent possible except as prohibited by the Act. Without limiting the foregoing, the Directors, Secretary and other Officers (such term to include, for the purposes of this Bye-law, any Alternate Director or any person appointed to any committee by the Board or any person who is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan)) and every one of them, and their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted (actual or alleged) in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and none of them shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, provided that this indemnity shall not extend to any matter in respect of which such person is, or may be, found guilty of fraud or dishonesty.

(2) The Company may purchase and maintain insurance to protect itself and any Director, Officer or other person entitled to indemnification pursuant to this Bye-law to the fullest extent permitted by law.

(3) All reasonable expenses incurred by or on behalf of any person entitled to indemnification pursuant to Bye-law 33(l) in connection with any proceeding shall be advanced to such person by the Company within twenty (20) business days after the receipt by the Company of a statement or statements from such person requesting such advance or advances from time to time, whether prior to or after final disposition of such proceeding. Such statement or statements shall reasonably evidence the expenses incurred by such person and, if required by law or requested by the Company at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of such person to repay the amounts advanced if it should ultimately be determined that such person is not entitled to be indemnified against such expenses pursuant to this Bye-law.

(4) The right of indemnification and advancement of expenses provided in this Bye-law shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled, and the provisions of this Bye-law shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnity under this Bye-law and shall be applicable to proceedings commenced or continuing after the adoption of this Bye-law, whether arising from acts or omissions occurring before or after such adoption. Any repeal or modification of the foregoing provisions of this section shall not adversely affect any right or protection existing at the time of such repeal or modification.

34. Waiver of claims

The Company and each Member agrees to waive any claim or right of action it might have, whether individually or by or in the right of the Company, against any Director or Officer, and no Director or Officer shall have any liability for monetary damages, on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company, provided that such waiver shall not extend to any matter in respect of which such person is, or may be, found guilty of fraud or dishonesty.

35. Indemnification of Employees

The Board may provide indemnification and advancement of expenses to the employees of the Company for their acts or omissions as the Board may, from time to time, determine.

MEMBERS MEETINGS

36. Place of Meeting

All meetings of Members shall be held either at the principal office of the Company or at any other place within or without Bermuda as may be designated by the Board.

37. Annual Meeting

(1) The annual general meeting shall be held on such date, at such time and at such place as shall be designated by the Board and any annual general meeting may be adjourned as provided by law or pursuant to these Bye-laws. At each annual general meeting there shall be elected Directors to serve for the designated term, and such other business shall be transacted as shall properly come before the meeting.

(2) Any business properly brought before an annual general meeting of the Members of the Company may be transacted at such meeting.

38. Business to be conducted at Meetings

Subject to the Act, to be properly brought before a general meeting, business must be specified in the notice of the meeting (or any supplement thereto). Only business which the Board has concluded can be properly brought before a general meeting of Members in accordance with these Bye-laws and applicable law shall be conducted at such meeting, and the chairman of such meeting may refuse to permit any business to be brought before such meeting which has not been properly brought before it in accordance with these Bye-laws and applicable law.

39. Notice of general meeting

"Notice of General Meeting" as proposed to be amended as follows:

(1) Notice of each general meeting, whether annual or special, shall be given in writing to the Members entitled to vote thereat, not less than ten (10) nor more than sixty (60) days before such meeting. Notice of any meeting of Members shall specify the place, the day, and the hour of the meeting, as well as the general nature of the business to be transacted. A notice may be given by the Company to any Member either personally or by mail or by transmitting it by electronic means (including facsimile and electronic mail) or in accordance with Bye-law 39(2).

(2) Where a Member indicates his consent (in a form and manner satisfactory to the Board) to receive information or documents by accessing them on a website rather than by other means, or receipt in this manner is otherwise permitted by the Act,

the Company may deliver such information or documents by notifying the Member of their availability and including therein the address of the website, the place on the website where the information or document may be found, and instructions as to how the information or document may be accessed on the website.

40. Accidental omission of notice of general meeting

The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

41. Call of Special General Meeting

(1) Special general meetings for any purpose or purposes may be called only (i) by the Chairman of the Board; (ii) by the President; (iii) by a majority of the entire Board or (iv) as required by the Act.

(2) Only such business as is specified in the notice of any special general meeting shall come before such meeting.

42. Postponement of meetings

The Secretary may postpone any general meeting called in accordance with the provisions of these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Bye-laws.

43. Quorum for general meeting

The presence of two or more persons representing, in person or by proxy, not less than a majority of the voting power represented by the shares entitled to vote thereat shall constitute a quorum for the transaction of business at any general meeting.

44. Adjournment of meetings

(1) Any general meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the voting power represented by the shares represented at the meeting, either in person or by proxy, but in the absence of a quorum no other business may be transacted at that meeting.

(2) When any general meeting, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the date, time and place are announced

at a meeting at which the adjournment occurs, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than thirty (30) days from the date set for the original meeting, in which case the Board shall set a new record date. Notice of any such adjourned meeting, if required, shall be given to each Member of record entitled to vote at the adjourned meeting in accordance with the provisions of Bye-law 39. At any adjourned meeting the Company may transact any business that might have been transacted at the original meeting.

45. Written resolutions

Subject to applicable law, no action required to be taken, or which may be taken, at any annual or special general meeting may be taken without a meeting, and the Members shall have no power to consent in writing, without a meeting, to the taking of any action.

46. Attendance of Directors

The Directors of the Company shall be entitled to receive notice of and to attend and be heard at any general meeting.

47. Limitation on voting rights of Controlled Shares

(1) Every Member of record owning shares conferring the right to vote present in person or by proxy shall have one vote, or such other number of votes as may be specified in the terms of the issue and rights and privileges attaching to such shares or in these Bye-laws, for each such share registered in such Member's name, provided that if and so long as the votes conferred by the Controlled Shares of any person constitute ten percent (10%) or more of the votes

conferred by the issued shares of the Company, each issued share comprised in such Controlled Shares shall confer only a fraction of a vote that would otherwise be applicable according to the following formula:

{(T divided by 10)-1} divided by C.

Where: "T" is the aggregate number of votes conferred by all the issued shares of the Company; and "C" is the number of votes conferred by the Controlled Shares of such person.

"Controlled Shares" in reference to any person means:

(i) all shares of the Company directly, indirectly or constructively owned by such person within the meaning of Section 958 of the Internal Revenue Code of 1986, as amended, of the United States of America; and

(ii) all shares of the Company directly, indirectly or constructively owned by any person or "group" of persons within

the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, of the United States of America and the rules and regulations promulgated thereunder; provided that this clause (ii) shall not apply to (a) any person (or any group that includes any person) that is excluded from the definition of Interested Member (set forth in Bye-law 80) or (b) any person or group that the Board, by the affirmative vote of at least seventy-five percent (75%) of the entire Board, may exempt from the provisions of this clause (ii).

For the purposes of this Bye-law 47, "person" shall mean any individual, firm, partnership, corporation, association, or other entity, or any "group" of persons within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, of the United States of America and the rules and regulations thereunder.

The limitations contained in this Bye-law 47(l) shall not apply to any Member which is a Byrne Entity for any matter submitted to the vote of shareholders, except with respect to the election of directors.

(2) If, as a result of giving effect to the forgoing provisions of Bye-law 47 or otherwise, the votes conferred by the Controlled Shares of any person would otherwise represent 10% or more of the votes conferred by all the issued shares of the Company, the votes conferred by the Controlled Shares of such person shall be reduced in accordance with the foregoing provisions of Bye-law 47. Such process shall be repeated until the votes conferred by the Controlled Shares of each person represent less than 10% of the votes conferred by all the issued shares of the Company.

(3) Upon written notification by a Member to the Board, the number of votes conferred by the total number of shares held by such Member shall be reduced to that percentage of the total voting power of the Company, as so designated by such Member (subject to acceptance of such reduction by the Board in its sole discretion) so that (and to the extent that) such Member may meet any applicable insurance or other regulatory requirement or voting threshold or limitation that may be applicable to such Member or to evidence that such person's voting power is no greater than such threshold.

(4) Notwithstanding the foregoing provisions of this Bye-law 47, after having applied such provisions as best as they consider reasonably practicable, the Board may make such final adjustments to the aggregate number of votes conferred by the Controlled Shares of any person that they consider fair and reasonable in all the circumstances to ensure that such votes represent less than 10% (or the percentage designated by a Member pursuant to paragraph (3) of this Bye-law 47) of the aggregate voting power of the votes conferred by all the issued shares of the Company.

48. Voting at meetings

(1) Unless a different number is otherwise expressly required by statute (without modification of these Bye-laws) or these Bye-laws, every act or decision (including any act or resolution regarding any amalgamation, scheme of arrangement, merger, consolidation or sale or transfer of assets that has been approved by the affirmative vote of at least two-thirds of the entire Board) done or made by a majority of the voting power held by the Members present in person or by proxy at a meeting duly held, at which a quorum is present, shall be regarded as the act or resolution of the Members. At any election of Directors, the nominees receiving the highest number of votes, up to the number of Directors to be elected, at such election shall be deemed elected.

(2) No Member shall be entitled to vote at any general meeting unless he or she is a Member on the record date for such meeting.

(3) No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive. Notwithstanding the foregoing, however, the Chairman of the general meeting may, in his discretion, whether or not an objection has been raised, and if the Chairman considers that such action is necessary to determine accurately the vote count, defer until after the conclusion of the general meeting a decision as to the proper application of Bye-law 47 to any vote at such meeting. If the decision has been so deferred, then the Chairman of the general meeting or, failing such decision within ninety (90) days of the general meeting, the Board, shall make such decision and such decision shall be final and conclusive.

49. Presiding Officer

The Chairman of the Board, the President, or another person selected by the Board shall act as chairman of general meetings. The Secretary of the Company, or, in the Secretary's absence, an Assistant Secretary of the Company, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the meeting shall choose any person present to act as secretary of the meeting.

50. Conduct of meeting; Decision of chairman

(1) The chairman shall conduct each general meeting in a manner consistent with the Act and these Bye-laws, but shall not be obligated to follow any technical, formal or parliamentary rules or principles of procedure. The chairman's rulings on procedural matters shall be conclusive and binding on all Members, unless at the time of such ruling a request for

a vote on the ruling is made by a Member entitled to vote and represented in person or by proxy at the meeting, in which case the decision of a majority of such Members shall be conclusive and binding on all Members.

(2) At any general meeting if an amendment shall be proposed to any resolution under consideration but shall be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

(3) At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to the provisions of these Bye-laws, be conclusive evidence of that fact.

51. Seniority of joint holders voting

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

52. Proxies

Proxies" as proposed to be amended follows:

Every person entitled to vote shares has the right to do so either in person or by one or more persons authorized by (a) a written proxy in such form as the Board may determine from time to time or (b) such telephonic, electronic or other means as may be approved by the Board from time to time. The appointment of a proxy must be received by the Company at such place and in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at which the person named in the appointment proposes to vote. Any such proxy shall continue in full force and effect unless revoked by the person executing it by a writing delivered to the Company stating that the proxy is revoked or by a subsequent proxy executed by such Member presented to the meeting or by attendance at a meeting and voting in person by such Member. However, no proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless otherwise provided in the proxy. The decision of the chairman of any general meeting as to the validity of any instrument of proxy shall be final.

53. Representation of corporations at meetings

A corporation which is a Member may, by written instrument, authorize such person as it thinks fit to act as its representative at any general meeting and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which such person

represents as that corporation could exercise if it were an individual Member. Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he or she thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

SHARE CAPITAL AND SHARES

54. Rights of shares

(1) At the date these Bye-laws become effective, the total number of authorized common shares is fifty million (50,000,000) common shares having a par value of U.S. one dollar ($1.00) per share (the "Common Shares"), and the total number of authorized preference shares is twenty million (20,000,000) preference shares having a par value of U.S. one dollar ($1.00) per share (the "Preference Shares").

(2) The holders of Common Shares shall, subject to the provisions of these Bye-laws:

(a) be entitled (subject to Bye-law 47) to one vote per share;

(b) be entitled to such dividends as the Board may from time to time declare;

(c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

(3) The Board shall have the full power to issue any unissued shares of the Company on such terms and conditions as it may, in its absolute discretion, determine. The Board is authorized to provide for the issuance of the Preference Shares in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(a) The number of shares constituting that series and the distinctive designation of that series;

(b) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(c) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(d) Whether that series shall have conversion or exchange privileges (including, without limitation, conversion into Common Shares), and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board shall determine;

(e) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the manner of selecting shares for redemption if less than all shares are to be redeemed, the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(f) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(g) The right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Company or any subsidiary of any outstanding shares of the Company;

(h) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment of shares of that series; and

(i) Any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.

55. Power to issue shares

(1) The issuance of any authorized Common Shares or Preference Shares and any other actions permitted to be taken by the Board pursuant to Bye-law 54 must be authorized

by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the entire Board.

(2) Any Preference Shares of any series which have been redeemed (whether through the operation of a sinking fund or otherwise) or which, if convertible or exchangeable, have been converted into or exchanged for shares of any other class or classes shall have the status of authorized and unissued Preference Shares of the same series and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of Preference Shares to be created by resolution or resolutions of the Board or as part of any other series of Preference Shares, all subject to the conditions and the restrictions on issuance set forth in the resolution or resolutions adopted by the Board providing for the issue of any series of Preference Shares.

(3) At the discretion of the Board, whether or not in connection with the issuance and sale of any of its shares or other securities, the Company may issue securities, contracts, warrants or other instruments evidencing any shares, option rights, securities having conversion or option rights, or obligations on such terms, conditions and other provisions as are fixed by the Board, including, without limiting the generality of this authority, conditions that preclude or limit any person or persons owning or offering to acquire a specified number or percentage of the outstanding Common Shares, other shares, option rights, securities having conversion or option rights, or obligations of the company or transferee of the person or persons from exercising, converting, transferring or receiving the shares, option rights, securities having conversion or option rights, or obligations.

56. Variation of rights, alteration of share capital and purchase of shares of the Company

(1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of a majority of the voting power represented by the issued shares of that class or with the sanction of a resolution passed by a majority of the voting power represented by the votes cast at a separate general meeting of the holders of the shares of the class in accordance with Section 47(7) of the Act. The rights conferred upon the holders of the shares of any class issued with preferred or other fights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(2) The Company may from time to time if authorized by resolution of the Members change the currency denomination of, increase, alter or reduce its share capital in accordance with the provisions of Sections 45 and 46 of the Act. Where, on any alteration of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit including, without limiting the generality of the

foregoing, the issue to Members, as appropriate, of fractions of shares and/or arranging for the sale or transfer of the fractions of shares of Members.

(3) The Company may from time to time, acting through the Board, purchase its own shares in accordance with the provisions of Section 42A of the Act.

57. Registered holder of shares

(1) The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person.

(2) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members or, in the case of joint holders, to such address of the holder first named in the Register of Members, or to such person and to such address as the holder or joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

58. Death of a joint holder

Where two or more persons are registered as joint holders of a share or shares then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

59. Share certificates

(1) Share certificates shall be in such form as shall be required by law and as shall be approved by the Board. Each certificate shall have the corporate seal affixed thereto by impression or in facsimile and shall be signed by the Chairman of the Board, the President, or any Vice President, and countersigned by the Secretary or any Assistant Secretary; provided that certificates may be signed, countersigned or authenticated by facsimile signatures as provided by law.

(2) Except as provided in this Bye-law 59, new certificates for shares shall not be issued to replace an old certificate unless the latter is surrendered to the Company and cancelled at the same time. The Board may, in case any share certificate or certificate for any other security is lost, stolen, or destroyed, authorize the issuance of a replacement certificate on such terms and conditions as the Board may require, including provision for indemnification of the Company secured by a bond or other adequate security which the Board deems sufficient to protect the Company against any claim that may be made against it, including any

expense or liability, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

RECORD DATES

60. Determination of record dates

Notwithstanding any other provision of these Bye-laws, the Board may fix any date as the record date for:

(a) determining the Members entitled to receive any dividend; and

(b) determining the Members entitled to receive notice of and to vote at any general meeting of the Company.

TRANSFER OF SHARES

61. Instrument of transfer

(1) An instrument of transfer shall be in such common form as the Board may accept. Such instrument of transfer shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of such share until the same has been transferred to the transferee in the Register of Members.

(2) The Board may refuse to recognize any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

62. Restriction on transfer

1. The Board shall refuse to register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained.

2. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

3. (a) As used in this Bye-law only, the term:

(i) "Company Securities" means (I) Common Shares of the Company, (II) Preference Shares of the Company, (III) warrants, rights, or options (within the meaning of Treasury

Regulation ss.1.382-2T(h)(4)(v)) to purchase Common Shares or Preference Shares of the Company, and (IV) any other interests that would be treated as "stock" of the Company pursuant to Treasury Regulation ss.1.382-2T(f)(18).

(ii) "Percentage Stock Ownership" means percentage stock ownership as determined in accordance with Treasury Regulation ss.1.382-2T(g), (h), (j), and (k).

(iii) "Five-Percent Shareholder" means a Person or group of Persons that is identified as a "5-percent shareholder" of the Company pursuant to Treasury Regulation ss.1.382-2T(g)(1).

(iv) "Person" means an individual, Company, estate, trust, association, company, partnership, joint venture or similar organization.

(v) "Prohibited Transfer" means any purported Transfer of Company Securities to the extent that such Transfer is prohibited and void under this Bye-law 62(3).

(vi) "Restriction Release Date" means, as determined by the Board in its sole discretion, the earlier to occur of (x) the five-year anniversary of the effective date of this Bye-law 62(3) (the "Expiration Time"), (y) the repeal of Section 382 of the Internal Revenue Code of 1986, as amended (the "Code") (and any comparable successor provision) ("Section 382"), or (z) the beginning of a taxable year of the Company (or any successor thereof) to which no Tax Benefits may be carried forward; provided, that, the Board may in its sole discretion resolve from time to time to extend the Expiration Time for up to an additional five years.

(vii) "Tax Benefits" means the net operating loss carry-overs, capital loss carry-overs, general business credit carry-overs, alternative minimum tax credit carry-overs and foreign tax credit carry-overs, as well as any "net unrealized built-in loss" within the meaning of Section 382, of the Company or any direct or indirect subsidiary thereof.

(viii) "Transfer" means any direct or indirect sale, transfer, assignment, conveyance, pledge, or other disposition. A Transfer also shall include the creation or grant of an option (within the meaning of Treasury Regulation ss.1.382-2T(h)(4)(v)) to effect a Transfer. A Transfer shall not include an issuance, allotment or grant of Company Securities by the Company or any repurchase of Company Securities by the Company.

(ix) "Treasury Regulation ss.1.382-2T" means the temporary income tax regulations promulgated under Section 382 and any successor regulations. References to any subsection of such regulations include references to any successor subsection thereof.

(b) Restrictions. Any attempted Transfer of Company Securities prior to the Restriction Release Date, or any attempted Transfer of Company Securities pursuant to an agreement entered into prior to the Restriction Release Date, shall be prohibited and void ab initio to the extent that, as a result of such Transfer (or any series of Transfers of which such Transfer is a part), either (1) any Person or group of Persons shall become a Five-Percent Shareholder, or (2) the Percentage Stock Ownership interest in the Company of any Five-Percent Shareholder shall be increased; provided, however, that nothing herein contained shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange, Inc. in the Company Securities.

(c) Certain Exceptions. The restrictions set forth in sub-paragraph (b) of this Bye-law 62(3) shall not apply to an attempted Transfer if the transferor or the transferee obtains the approval of the Board. As a condition to granting its approval, the Board may, in its discretion, require an opinion of counsel selected by the Board that the Transfer shall not result in the application of any Section 382 limitation on the use of the Tax Benefits. The restrictions set forth in sub-paragraph (b) of this Bye-law 62(3) shall not apply to any attempted Transfer which occurs after the Board shall have suspended the effectiveness of the restrictions set forth in sub-paragraph (b) by public announcement and prior to the time that the restrictions set forth in sub-paragraph (b) are restored t o full force and effect by the Board.

(d) Treatment of Excess Securities.

(i) No employee, officer or agent of the Company shall record any Prohibited Transfer, and the purported transferee of such a Prohibited Transfer (the "Purported Transferee") shall not be recognized as a Member of the Company for any purpose whatsoever in respect of the Company Securities which are the subject of the Prohibited Transfer (the "Excess Securities"). Until the Excess Securities are acquired by another Person in a Transfer that is not a Prohibited Transfer, the Purported Transferee shall not be entitled with respect to such Excess Securities to any rights of Members of the Company, including without limitation, the right to vote such Excess Securities and to receive dividends or distributions, whether liquidating or otherwise, in respect thereof, if any. Once the Excess Securities have been acquired in a Transfer that is not a Prohibited Transfer, the Company Securities shall cease to be Excess Securities.

(ii) If the Board determines that a Transfer of Company Securities constitutes a Prohibited Transfer then, upon written demand by the Company, the Purported Transferee shall transfer or cause to be transferred the Excess Securities, accompanied by the certificate for the Excess Securities (if any has been issued), together with any dividends or other distributions that were received by the Purported Transferee from the Company with respect to the Excess Securities ("Prohibited Distributions"), to an agent designated by the Board (the

"Agent"). The Agent shall thereupon sell to a buyer or buyers, which may include the Company, the Excess Securities transferred to it in one or more arm's-length transactions (over the New York Stock Exchange, if possible); provided, however, that the Agent shall effect such sale or sales in an orderly fashion and shall not be required to effect any such sale within any specific time frame if, in the Agent's discretion, such sale or sales would disrupt the market for the Company Securities or otherwise would adversely affect the value of the Company Securities. If the Purported Transferee has resold the Excess Securities before receiving the Company's demand to surrender the Excess Securities to the Agent, the Purported Transferee shall be deemed to have sold the Excess Securities for the Agent, and shall be required to transfer to the Agent any Prohibited Distributions and the proceeds of such sale, except to the extent that the Agent grants written permission to the Purported Transferee to retain a portion of such sales proceeds not exceeding the amount that the Purported Transferee would have received from the Agent pursuant to sub-paragraph (d)(iii) of this Bye-law 62(3) if the Agent rather than the Purported Transferee had resold the Excess Securities.

(iii) The Agent shall apply any proceeds of a sale by it of Excess Securities and, if the Purported Transferee had previously resold the Excess Securities, any amounts received by it from a Purported Transferee, as follows: (1) first, such amounts shall be paid to the Agent to the extent necessary to cover its costs and expenses incurred in connection with its duties hereunder; (2) second, any remaining amounts shall be paid to the Purported Transferee, up to the amount paid by the Purported Transferee for the Excess Securities (or the fair market value, calculated on the basis of the closing market price for Company Securities on the day before the Transfer, of the Excess Securities at the time of the attempted Transfer to the Purported Transferee by gift, inheritance, or similar Transfer), which amount (or fair market value) shall be determined in the discretion of the Board; and (3) third, any remaining amounts shall be paid to one or more organizations qualifying under Section 501(c)(3) of the Code (and any comparable successor provision) ("Section 501(c)(3)") selected by the Board. The recourse of any Purported Transferee in respect of any Prohibited Transfer shall be limited to the amount payable to the Purported Transferee pursuant to clause (2) of the preceding sentence. In no event shall the proceeds of any sale of Excess Securities pursuant to this Bye-law 62(3) inure to the benefit of the Company.

(iv) If the Purported Transferee fails to surrender the Excess Securities or the proceeds of a sale thereof to the Agent within thirty business days from the date on which the Company makes a demand pursuant to sub-paragraph (d)(ii) of this Bye-law 62(3), then the Company shall institute legal proceedings to compel the surrender.

(v) The Company shall make the demand described in sub-paragraph (d)(ii) of this Bye-law 62(3) within thirty days of the date on which the Board determines that the attempted Transfer would result in Excess Securities; provided, however, that if the Company makes such demand at a later date, the provisions of this Bye-law 62(3) shall apply nonetheless.

(e) Legends, Determinations.

(i) All certificates representing Company Securities issued after the effectiveness of this Bye-law 62(3) shall bear a conspicuous legend as follows:

THE TRANSFER OF THE SECURITIES REPRESENTED HEREBY IS SUBJECT TO RESTRICTIONS PURSUANT TO BYE-LAW 62(3) OF WHITE MOUNTAINS INSURANCE GROUP, LTD. REPRINTED IN ITS ENTIRETY ON THE BACK OF THIS CERTIFICATE.

(ii) The Board shall have the power to determine all matters necessary to determine compliance with this Bye-law 62(3), including without limitation (1) whether a new Five-Percent Shareholder would be required to be identified in certain circumstances, (2) whether a Transfer is a Prohibited Transfer, (3) the Percentage Stock Ownership in the Company of any Five-Percent Shareholder, (4) whether an instrument constitutes a Company Security, (5) the amount (or fair market value) due to a Purported Transferee pursuant to clause (2) of sub-paragraph (d)(iii) of this Bye-law 62(3), and (6) any other matters which the Board determines to be relevant; and the good faith determination of the Board on such matters shall be conclusive and binding for all the purposes of this Bye-law 62(3)."

(f) Transfers by joint holders

The joint holders of any share or shares may transfer such share or shares to one or more of such joint holders, and the surviving holder or holders of any share or shares previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

<u>TRANSMISSION OF SHARES</u>

63. Representative of deceased Member

In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognized by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 52 of the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as

the Board may in its absolute discretion decide as being properly authorized to deal with the shares of a deceased Member.

64. <u>Registration on death or bankruptcy</u>

Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer satisfactory to the Board. On the presentation thereof to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member but the Board shall, in either case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

<u>DIVIDENDS AND OTHER DISTRIBUTIONS</u>

65. <u>Declaration of dividends by the Board</u>

The Board may declare and make such dividends or other distributions (in each case in cash or in specie, as valued by the Board, or a combination thereof) to the Members as may be lawfully made out of the assets of the Company.

66. Unclaimed Dividends

Any dividend or other monies payable in respect of a share which has remained unclaimed for 5 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect thereof.

67. Undelivered Payments

The Company shall be entitled to cease sending dividend payments and cheques by post or otherwise to a Member if those instruments have been returned undelivered to, or left uncashed by, that Member on at least two consecutive occasions, or, following one such occasion, reasonable enquiries have failed to establish the Member's new address. The entitlement conferred on the Company by this Bye-law in respect of any Member shall cease if the Member claims a dividend or cashes a dividend warrant or cheque.

68. Interest on Dividends

No dividend or distribution shall bear interest against the Company.

CAPITALIZATION

69. Issue of bonus shares

The Board may resolve to capitalize any part of the amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such sum in paying up unissued shares to be allotted as fully paid bonus shares to the Members.

FISCAL YEAR

70. Financial year end

The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be 31st December in each year.

AUDIT

71. Appointment of Auditor

Subject to Section 88 of the Act, at the annual general meeting or at a subsequent special general meeting in each year, an independent representative of the Members shall be appointed by them as Auditor of the accounts of the Company.

72. Remuneration of Auditor

The Board may fix the remuneration of the Auditor as it may determine.

NOTICES

73. Notices to Members of the Company

A notice may be given by the Company to any Member either by delivering it to such Member in person or by sending it to such Member's address in the Register of Members or to such other address given for the purpose. For the purposes of this Bye-law, a notice may be sent by mail, courier service, cable, telex, telecopier, facsimile or other mode of representing words in a legible and non-transitory form.

74. Notices to joint Members

Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

75. Service and delivery of notice

Any notice shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted, and the time when it was posted, delivered to the courier or to the cable company or transmitted by telex, facsimile or other method as the case may be.

CERTAIN SUBSIDIARIES

76. Certain Subsidiaries

With respect to any subsidiary of the Company designated by the Board (a "Designated Company"), (i) the Members of the Company by resolution in general meeting shall designate the persons who are to be elected pursuant to this Bye-law 77 as the board of directors of each such Designated Company (the "Designated Company Directors") and (ii) the Members of the Company by resolution in general meeting shall designate the persons who are to be removed pursuant to this Bye-law 77 as directors of such Designated Company (the "Removed Designated Company Directors").

If the need for the appointment or removal of a director (including the requirement to appoint or remove directors to comply with the laws of the jurisdiction in which such Designated Company is organized) of a Designated Company arises between annual general meetings of the Members, such action shall be taken on an interim basis (A) by appointment or removal by the existing Designated Company Directors of such Designated Company or (B) if such appointment or removal is not possible by such Designated Company Directors, then by the Board acting on behalf of the Company.

Notwithstanding the general authority set out in Bye-law 2(l), the Board shall cause the Company to vote all shares owned by the Company in each Designated Company, or if such shares are owned by a subsidiary of the Company, the Board shall cause such subsidiary to vote such shares to elect the Designated Company Directors as the directors of such Designated Company and to remove the Removed Designated Company Directors as directors of such Designated Company. The Company shall take such other actions as are necessary to effectuate or implement this Bye-law 77.

SEAL OF THE COMPANY

77. The seal

The seal of the Company shall be in such form as the Board may from time to time determine. The Board may adopt one or more duplicate seals for use outside Bermuda.

WINDING-UP

78. Winding-up/distribution by liquidator

If the Company shall be wound up the liquidator may, with the sanction of a resolution of the Members, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he or she deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

BUSINESS COMBINATIONS

79. Business Combinations

(1) The Company shall not engage in any business combination with any Interested Member for a period of three years following the time that such Member became an Interested Member, unless:

(a) prior to such time the Board approved either the business combination or the transaction which resulted in the Member becoming an Interested Member, or

(b) upon consummation of the transaction which resulted in the Member becoming an Interested Member, the Interested Member owned at least 85% of the voting shares of the Company outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (i) by persons who are Directors and also officers and (ii) employee share plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or

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(c) at or subsequent to such time the business combination is approved by the Board and authorized at an annual or special general meeting, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting shares which are not owned by the Interested Member.

(2) The restrictions contained in this Bye-law shall not apply if:

(a) a Member becomes an Interested Member inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that the Member ceases to be an Interested Member and (ii) would not, at any time within the 3 year period immediately prior to a business combination between the Company and such Member, have been an Interested Member but for the inadvertent acquisition of ownership; or

(b) the business combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which (i) constitutes one of the transactions described in the second sentence of this paragraph; (ii) is with or by a person who either was not an Interested Member during the previous 3 years or who became an Interested Member with the approval of the Board; and (iii) is approved or not opposed by a majority of the members of the Board then in office (but not less than 1) who were Directors prior to any person becoming an Interested Member during the previous 3 years or were recommended for election or elected to succeed such Directors by a majority of such Directors. The proposed transactions referred to in the preceding sentence are limited to (x) an amalgamation, scheme of arrangement, merger, consolidation or similar transaction involving the Company (except for any such transaction in respect of which no vote of the Members of the Company is required); (y) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect subsidiary of the Company (other than to any direct or indirect wholly-owned subsidiary of the Company or to the Company) having an aggregate market value equal to 50% or more of either that aggregate market value of all of the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding shares of the Company; or (z) a proposed tender or exchange offer for 50% or more of the outstanding voting shares of the Company. The Company shall give not less than 20 days notice to all Interested Members prior to the < /font>consummation of

any of the transactions described in clauses (x) or (y) of the second sentence of this paragraph.

(3) As used in this Bye-law only, the term:

(a) "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(b) "associate," when used to indicate a relationship with any person, means (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting shares, (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

(c) "business combination," when used in reference to the Company and any Interested Member of the Company, means:

(i) any amalgamation, scheme of arrangement, merger, consolidation or similar transaction involving the Company or any direct or indirect subsidiary of the Company with (A) the Interested Member, or (B) with any other corporation, partnership, unincorporated association or other entity if such transaction is caused by the Interested Member and as a result of such transaction subsection (a) of this section is not applicable to the surviving entity;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a Member of such Company, to or with the Int erested Member, whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect subsidiary of the Company which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding shares of the Company;

(iii) any transaction which results in the issuance or transfer by the Company or by any direct or indirect subsidiary of the Company of any shares of the Company or of such subsidiary to the Interested Member, except (A) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares of the Company or any such subsidiary which securities were outstanding prior to the time that the Interested Member became such, (B) pursuant to a Subsidiary Amalgamation, (C) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares of the Company or any such subsidiary which security is distributed, pro rata to all holders of a class or series of shares of the Company subsequent to the time the Interested Member became such, (D) pursuant to an exchange offer by the Company to purchase shares made on the same terms to all holders o f said shares, or (E) any issuance or transfer of shares by the Company, provided however, that in no case under (C)-(E) above shall there be an increase in the Interested Member's proportionate share of the shares of any class or series of the Company or of the voting shares of the Company;

(iv) any transaction involving the Company or any direct or indirect subsidiary of the Company which has the effect, directly or indirectly, of increasing the proportionate share of the shares of any class or series, or securities convertible into the shares of any class or series, of the Company or of any such subsidiary which is owned by the Interested Member, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the Interested Member; or

(v) any receipt by the Interested Member of the benefit, directly or indirectly (except proportionately as a Member of the Company) of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subparagraphs (i)-(iv) above) provided by or through the Company or any direct or indirect subsidiary.

(d) "control," including the term "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Bye-law, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

(e) "Interested Member" means any person (other than the Company and any direct or indirect subsidiary of the Company) that (i) is the owner of 15% or more of the outstanding voting shares of the Company, or (ii) is an affiliate or associate of the Company and was the owner of 15% or more of the outstanding voting shares of the Company at any time within the 3-year period immediately prior to the date on which it is sought to be determined whether such person is an Interested Member, and the affiliates and associates of such person; provided, however, that the term “Interested Member” shall not include (x) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of action taken solely by the Company provided that such person shall be an Interested Member if thereafter such person acquires additional shares of voting shares of the Company, except as a result of further corporate action not caused, directly or indirectly, by such person or (y) any Byrne Entity. “Byrne Entity” means any of John J. Byrne, any foundation or trust established by John J. Byrne, Patrick Byrne, and any associate or affiliate of any of them (or any group of which any of them is a part), as defined under Section 13(d) of the United States Securities Exchange Act of 1934, as amended. For the purpose of determining whether a person is an Interested Member, the voting shares of the Company deemed to be outstanding shall include shares deemed to be owned by the person through application of paragraph (h) of this subsection but shall not include any other unissued shares of such Company which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(f) “stock” means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

(g) “voting stock” means, with respect to any corporation, stock of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity.

(h) “owner” including the terms “own” and “owned” when used with respect to any stock means a person that individually or with or through any of its affiliates or associates:

(i) beneficially owns such stock, directly or indirectly; or

(ii) has (A) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person’s affiliates or associates until such tendered stock is accepted for purchase or exchange; or (B) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person’s right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or

(iii) has any arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (B) of clause (ii) of this paragraph), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

(i) “Subsidiary Amalgamation” means an amalgamation, scheme of arrangement, merger, consolidation or similar transaction with or into a single direct or indirect wholly-owned subsidiary of the Company if: (1) the Company and the direct or indirect wholly-owned subsidiary of the Company are the only constituent companies to such transaction;

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(2) each share or fraction of a share of the Company outstanding immediately prior to the effective time of such transaction is converted in such transaction into a share or equal fraction of a share of shares of a holding company having the same designations, rights, powers and preferences, and the qualifications, limitations and restrictions thereof, as the share of the constituent company being converted in such transaction; (3) the holding company and each of the constituent companies to such transaction are companies incorporated in Bermuda; (4) the memorandum of association and bye-laws of the holding company immediately following the effective time of such transaction contain provisions identical to the memorandum of continuance and bye-laws of the Company immediately prior to the effective time of such transaction (other than provisions, if any, regarding the incorporator or incorporators, the corporate name, the registered office and agent, the initial board of directors and the initial subscribers for shares and such provisions contained in any amendment to the charter documents as were necessary to effect a change, exchange, reclassification or cancellation of shares, if such change, exchange, reclassification or cancellation has become effective); (5) as a result of such transaction the Company or its successor or continuing company becomes or remains a direct or indirect wholly-owned subsidiary of the holding company; (6) the directors of the Company become or remain the directors of the holding company upon the effective time of such transaction; (7) the memorandum of association and bye-laws of the surviving or continuing company immediately following the effective time of such transaction are identical to the memorandum of association and bye-laws of the Company immediately prior to the effective time of such transaction (other than provisions, if any, regarding the incorporator or incorporators, the corporate name, the registered office and agent, the initial board of directors and the initial subscribers for shares and such provisions contained in any amendment to the charter documents as were necessary to effect a change, exchange, reclassification or cancellation of shares, if such change, exchange, reclassification or cancellation has become effective); provided, however, that (i) the memorandum of association and bye-laws of the surviving or continuing company shall be amended in such transaction to contain a provision requiring that any act or transaction by or involving the surviving or continuing company that requires for its adoption under the Act or its bye-laws the approval of the Members of the surviving or continuing company shall, by specific reference to this subsection, require, in addition, the approval of the Members of the holding company (or any successor), by the same vote as is required by the Act and/or by its bye-laws of the surviving or continuing company,

and (ii) the bye-laws of the surviving or continuing company may be amended in such transaction to reduce the number of classes and shares of capital stock that the surviving or continuing company is authorized to issue; and (8) the Members of the Company do not recognize gain or loss for United States federal income tax purposes as determined by the board of directors of the constituent company.

(4) Notwithstanding any other provisions of these Bye-laws (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law or these Bye-laws), the affirmative vote of the holders of not less than sixty-six and two-thirds percent (66 2/3%) of the voting power represented by the votes entitled to be cast by the holders of all the then outstanding voting shares voting together as a single class, excluding voting shares beneficially owned by any Interested Member, shall be required to amend, alter, change or repeal, or adopt any provision as part of these Bye-laws inconsistent with the purpose and intent of, this Bye-law 80; *provided, however,* that this Bye-law 80(4) shall not apply to, and such sixty-six and two-thirds percent (66 2/3%) vote shall not be required for, any such amendment, repeal or adoption recommended by the affirmative vote of at least seventy-five percent (75%) of the entire Board (not including Directors who are affiliates of any Interested Member).

ALTERATION OF BYE-LAWS

80. Alteration of Bye-laws

No Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made until the same has been approved both by a resolution of the Board and by a resolution of the Members, provided that, if under applicable law, action by the Board would be sufficient to amend a Bye-law (in the absence of this sentence), then only a resolution of the Board shall be required to amend such Bye-law.

Notwithstanding any other provision of these Bye-laws, the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the shares entitled to vote at an election of directors shall be required to amend, alter, change or repeal, or adopt any provision inconsistent with the purpose or intent of, Bye-laws 10(2), 11, 15, 34, 41, 47, 48(3), 54, 55 and 81. In addition, the affirmative vote set forth in Bye-law 80(4) shall be required to amend, alter, change or repeal, or adopt any provision inconsistent with the purpose or intent of, Bye-law 80. In addition, the consent of a majority of the shares held by the Byrne Entities shall be required to amend, alter, change or repeal, or adopt any provision that would adversely affect, the exemptions provided to the Byrne Entity (or its constituent members) under Bye-law 47 or 80.

Exhibit 10.1

[EXECUTION COPY]

FIRST AMENDMENT TO CREDIT AGREEMENT

This **FIRST AMENDMENT TO CREDIT AGREEMENT**, dated as of April 8, 2008 (this "Amendment"), among (i) **WHITE MOUNTAINS INSURANCE GROUP, LTD.**, a company existing under the laws of Bermuda (the "Borrower"), (ii) the undersigned Lenders, and (iii) **BANK OF AMERICA, N.A.**, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), amends certain provisions of the Credit Agreement, dated as of June 19, 2007 (as amended, the "Credit Agreement"), among the Borrower, the Lenders, Bank of America, N.A., as Administrative Agent, Swing Line Lender and the Issuing Lender, and Lehman Brothers Inc., as Syndication Agent. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement. As used herein "Lender Group" means collectively, each Lender and its Affiliates who are Lenders.

RECITALS

WHEREAS, the Borrower has requested that the undersigned Lenders and the Administrative Agent agree to amend certain of the terms and provisions of the Credit Agreement, as specifically set forth in this Amendment; and

WHEREAS, the undersigned Lenders and the Administrative Agent are prepared to amend the Credit Agreement on the terms, subject to the conditions and in reliance on the representations set forth herein.

NOW THEREFORE, in consideration of the mutual agreements contained in the Credit Agreement and herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendment to Credit Agreement.

(a) Amendments to Section 7.2(b) (Limitation on Indebtedness). Section 7.2(b) of the Credit Agreement is hereby amended by restating such Section in its entirety as follows:

> "At any time when OneBeacon Limited is required to be consolidated on the balance sheet of the Borrower in accordance with GAAP, the Borrower will not permit OneBeacon Limited to create, incur or assume any Indebtedness, which, at the time such Indebtedness is created, incurred or otherwise assumed, would cause the OneBeacon Limited Debt to Capitalization Ratio, on a pro forma basis as of the end of the most recently completed fiscal quarter for which financial statements have been delivered to the Administrative Agent pursuant to Section 6.1(b) (giving effect to such Indebtedness and all other Indebtedness created, incurred or otherwise assumed by OneBeacon Limited since the end of such fiscal quarter), to be greater than (i) thirty-seven and one half of one percent (37.5%) for any fiscal quarter ending prior to November 14, 2008 and (ii) thirty-five percent (35%) for any fiscal quarter ending on or after November 14, 2008."

Section 2. Conditions Precedent. This Amendment shall become effective as of the date first written above upon (a) execution hereof by the Borrower, the Guarantors, the Administrative Agent and the Majority Lenders, and (b) the Administrative Agent's receipt, for the account of each Lender consenting to this Amendment, a work fee in the amount of $5,000 per such Lender and its Affiliates who are Lenders, which fee shall be deemed fully earned and non-refundable upon receipt thereof.

Section 3. Continued Validity of Loan Documents. Except for the amendments to the Credit Agreement set forth in Section 1 hereof, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of or otherwise affect any rights or remedies of the Administrative Agent or any Lender under any of the Loan Documents, nor alter, modify, amend or in any way affect any of the rights, remedies, obligations or any covenants of the Borrower or any Guarantor contained in any of the other Loan Documents, all of which are ratified and confirmed in all respects and shall continue in full force and effect.

Section 4. Representations and Warranties. Each of the Borrower and the Guarantors (each, a "Loan Party") hereby represents and warrants to the Administrative Agent and the Lenders as follows:

(a) Due Execution and Authorization; Legal, Valid and Binding Obligation. This Amendment has been duly executed and delivered by such Loan Party. The execution and delivery and performance by such Loan Party of this Amendment is within such Person's corporate powers and has been duly authorized by all necessary action on its part. This Amendment, the Credit Agreement as amended hereby and all other Loan Documents to which such Person is a party constitute the legal, valid and binding obligations of such Person, enforceable against such Person in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) No Legal Bar. The execution and delivery by such Loan Party of this Amendment and the performance by such Person of this Amendment and the Credit Agreement as amended hereby, will not violate any Requirement of Law or any Contractual Obligation of such Loan Party or any of its Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation, except to the extent such violation or Lien could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) Representations and Warranties in Loan Documents. All representations and warranties of each Loan Party set forth in the Credit Agreement and in any other Loan Document are true and correct in all material respects on and as of the date hereof to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on and as of such earlier date.

(d) No Default. No Default or Event of Default has occurred and is continuing.

Section 5. **Ratification**. Except as expressly amended or waived hereby, the Credit Agreement, the other Loan Documents and all documents, instruments and agreements related thereto, are hereby ratified and confirmed in all respects and shall continue in full force and effect. The Credit Agreement, together with this Amendment, shall be read and construed as a single agreement. All references in the Loan Documents to the Credit Agreement or any other Loan Document shall hereafter refer to the Credit Agreement or any other Loan Document as amended hereby.

Section 6. **Counterparts; Integration; Effectiveness**. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Amendment by telecopier (or electronic mail (in PDF format)) shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 7. **Miscellaneous.** This Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior understandings or agreements which may have existed with respect thereto. Except as expressly provided herein, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of or otherwise affect any rights or remedies of the Administrative Agent or any Lender under the Credit Agreement or the other Loan Documents, nor alter, modify, amend or in any way affect any of the obligations or covenants contained in the Credit Agreement or any of the other Loan Documents, all of which are ratified and confirmed in all respects and shall continue in full force and effect. To the extent there is any inconsistency between the terms and provisions of any Loan Document and the terms and provisions of this Amendment, the terms and provisions of this Amendment shall govern. The headings used in this Amendment are for convenience of reference only and shall not in any way be deemed to limit, define or describe the scope and intent of this Amendment or any provision hereof. This Amendment shall be binding upon and inure to the benefit of the Administrative Agent, each of the Lenders and each of the Loan Parties, and to each of their respective successors in title and assigns. This Amendment may not be modified or amended except in a manner permitted by Section 10.1 of the Credit Agreement. In making proof of this Amendment, it shall not be necessary to produce or account for more than one such counterpart.

Section 8. **Costs and Expenses.** Pursuant to Section 10.5 of the Credit Agreement, all reasonable out-of-pocket costs and expenses incurred or sustained by the Administrative Agent in connection with this Amendment, including all Attorney Costs of the Administrative Agent in producing, reproducing and negotiating this Amendment, will be for the account of the Borrower whether or not this Amendment is consummated.

Section 9. **Governing Law.** THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY).

[Remainder of page intentionally blank.**]**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the date first above written.

Borrower:

WHITE MOUNTAINS INSURANCE GROUP, LTD.

By: ______________________________
Name:
Title:

BANK OF AMERICA, N.A., as
Administrative Agent

By: ______________________________
Name:
Title:

BANK OF AMERICA, N.A., as

a Lender, Issuing Lender and Swing Line Lender

By: ______________________________
Name:
Title:

LEHMAN BROTHERS BANK, FSB, as
a Lender

By: ______________________________
Name:
Title:

BNP PARIBAS, as
a Lender

By: ______________________________
Name:
Title:

THE BANK OF NEW YORK, as
a Lender

By: ______________________________
Name:
Title:

**THE BANK OF TOKYO-MITSUBISHI UFJ.
LTD., NEW YORK BRANCH**, as a Lender

By: ______________________________
Name:
Title:

**DEUTSCHE BANK AG NEW YORK
BRANCH**, as a Lender

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

HSBC BANK USA, N.A., as
a Lender

By: ______________________________
Name:
Title:

JP MORGAN CHASE BANK, N.A., as
a Lender

By: ______________________________
Name:
Title:

MELLON BANK, N.A., as
a Lender

By: ______________________________
Name:
Title:

PNC BANK, as
a Lender

By: ______________________________
Name:
Title:

THE ROYAL BANK OF SCOTLAND, PLC, as a Lender

By: GREENWICH CAPITAL MARKETS, INC., as agent for The Royal Bank of Scotland plc

By: ______________________________
Name:
Title:

STATE STREET BANK AND TRUST COMPANY, as a Lender

By: ________________________________
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender
By: ________________________________
Name:
Title:

RATIFICATION OF GUARANTY

Each of the undersigned Guarantors hereby (a) acknowledges and consents to the foregoing Amendment and the Borrower's execution thereof, (b) joins the foregoing Amendment for the sole purpose of consenting to and being bound by the provisions of Sections 4 and 5 thereof and (c) ratifies and confirms all of their respective obligations and liabilities under the Loan Documents to which any of them is a party and ratifies and confirms that such obligations and liabilities extend to and continue in effect with respect to, and continue to guarantee the obligations of the Borrower under the Loan Documents.

WHITE MOUNTAINS HOLDINGS BERMUDA LTD.

By: ________________________________
Name:
Title:

LONE TREE INSURANCE GROUP LTD.

By: ________________________________
Name:
Title:

LONE TREE HOLDINGS LTD.

By: ________________________________
Name:
Title:

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION PURSUANT TO RULE 13a - 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Raymond Barrette, certify that:

1. I have reviewed this quarterly report on Form 10-Q of White Mountains Insurance Group, Ltd.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 1, 2008

By:

/s/ Raymond Barrette
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION PURSUANT TO RULE 13a - 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, David T. Foy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of White Mountains Insurance Group, Ltd.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 1, 2008

By:

/s/ David T. Foy
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

PRINCIPAL EXECUTIVE OFFICER
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of White Mountains Insurance Group, Ltd. (the “Company”) for the period ending June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Raymond Barrette, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and,

- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

/s/ Raymond Barrette
Chairman and Chief Executive Officer
(Principal Executive Officer)

August 1, 2008

Exhibit 32.2

PRINCIPAL FINANCIAL OFFICER
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of White Mountains Insurance Group, Ltd. (the “Company”) for the period ending June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David T. Foy, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

· The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and,

· The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

/s/ David T. Foy
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

August 1, 2008