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Our 2010 MANAGEMENT REPORT is presented to you on the following pages. Our separate Annual Report on Form 10-K holds a wealth of important information about our finances and operations. This Management Report discusses our business philosophies and expectations. We hope both documents help us fulfill our obligation to give our owners an unemotional, candid report of the current facts and a prudent vision of where we are headed.

NON-GAAP FINANCIAL MEASURES

Our 2010 Management Report includes non-GAAP financial measures that are identified by the superscript "NGM". The management team believes these measures to be more relevant than comparable GAAP financial measures in evaluating White Mountains' financial performance. For a reconciliation of these non-GAAP financial measures to their most comparable GAAP financial measures, please see pages 22 through 24 of this Management Report and our website at www.whitemountains.com.

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

Statements in our 2010 Management Report regarding White Mountains' businesses which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures About Market Risk" in White Mountains' Annual Report on Form 10-K for the year ended December 31, 2010.

WHITE MOUNTAINS INSURANCE GROUP, LTD. (White Mountains or the Company) is a financial services holding company with primary business interests in property and casualty insurance and reinsurance. The Company's corporate headquarters and its registered office are located in Hamilton, Bermuda, and its principal executive office is located in Hanover, New Hampshire.

The Company conducts its principal businesses through:

White Mountains Re – global reinsurance.

OneBeacon – specialty insurance. OneBeacon's common shares are listed on the New York Stock Exchange under the symbol "OB". White Mountains owns 76% of OneBeacon.

Esurance & Answer Financial – personal auto insurance directly marketed and underwritten on the Internet and through call centers.

White Mountains Advisors – investment management with \$32 billion of assets under management.

White Mountains' common shares are listed on the New York Stock Exchange and the Bermuda Stock Exchange under the symbol "WTM". Market capitalization as of December 31, 2010 was \$2.8 billion. As of December 31, 2010, White Mountains reported total assets of \$14.5 billion, adjusted shareholders' equity^{NGM} of \$3.6 billion, and adjusted book value per share^{NGM} of \$441.

RAY BARRETTE
*Chairman
& Chief Executive Officer
White Mountains*

Dear Fellow Shareholders:

We finished the year with an adjusted book value per share^{NGM} of \$441, up 6% for the year, including dividends. This modest financial performance reflects the current environment of soft insurance markets, low interest rates and large capital safety margins. White Mountains has a long history of producing its most robust financial returns in periodic large lumps. I believe this will continue to be the case in the future.

Our investment performance in 2010 was good in absolute terms with a 5.1% total portfolio return^{NGM}, including the effects of foreign exchange. The conservative positioning of our fixed income portfolio, however, resulted in a low return relative to benchmarks and peers. Our equity portfolio did well but did not fully offset our fixed income underperformance.

OneBeacon grew GAAP book value per share by 9%, including dividends, and had a 101% GAAP combined ratio. Specialty Lines had a solid year with a 94% GAAP combined ratio and 4% growth in premiums. The specialty management team was strengthened with the addition of Dennis Crosby, who now oversees many of the specialty businesses. Personal and Commercial Lines faded into oblivion but not without first leaving a trail of large losses, driving up the year's combined ratio to 101%. This reinforces our decision to withdraw capital from these under-performing businesses. Mike Miller and his team did a great job in reinventing the company. They also returned over \$300 million of capital to shareholders and \$200 million to debt holders. The company remains in excellent financial shape. With most markets remaining soft, the focus will continue to be on underwriting discipline, improving the efficiency of the organization and managing capital prudently.

2011 marks the 10th anniversary of our acquisition of OneBeacon on June 1st, 2001. On pages 10 through 13 of this report you can find a retrospective of the last 10 years at OneBeacon. As you can see, ownership by

White Mountains is never a boring affair and good results usually emerge.

White Mountains Re delivered a 94% GAAP combined ratio. This was a solid performance in a year with many large natural disasters, led early in the year by the Chilean earthquake. The size of that event for us reflected our good access to well priced treaty business in South America. Unfortunately, we also had a facultative book written in Miami that performed worse than expected and has been non-renewed. As of this writing, it is difficult to assess the impact of the Japanese events. It will probably be expensive but manageable for White Mountains, given its size and our relatively small share of that market. Our first quarter earnings report will provide further details.

White Mountains Re grew its premiums by 7% mostly driven by foreign exchange. For 1/1/2011 renewals, we saw growth opportunities in the European trade credit and U.S. A&H businesses, the latter despite the defection of the senior underwriting team to a competitor in late 2010. Stuart Liddell and his London-based A&H team did a fantastic job retaining the book and reaching for new opportunities. Overall, reinsurance premiums will be down moderately as most markets continue to soften. White Mountains Re returned \$225 million of capital to White Mountains last year and provided an additional \$100 million of liquidity by purchasing investment assets from the parent company. In total, White Mountains Re has provided \$1.5 billion of liquidity to the parent company since 2006 while maintaining a strong capital position.

WMRe Sirius, which we acquired in 2004, continued its long record of underwriting profitability. We highlight the company's performance on page 20. Göran Thorstensson has led the company for 20 years and has probably the best underwriting track record in the reinsurance business.

Looking forward, we continue to see good opportunities to write profitable reinsurance business mostly in short

tail lines, including property, accident & health and trade credit. We write very little casualty reinsurance and do not expect adequate pricing in that business anytime soon, especially in light of potential economic and tort inflation.

The Esurance segment had a good year with both the Esurance direct business and Answer Financial's agency operations producing significant growth and positive returns. Esurance regained its growth momentum as both conversion and retention rates improved. Those trends have continued to improve so far this year. Our new advertising campaign required some adjustments but is now delivering the results we expected.

Bottom line, I am pleased to report to you that your company is in good shape with disciplined underwriting businesses, strong reserves, a short, liquid investment portfolio and a large, growing pool of undeployed capital.

What to do with this capital is at the top of your Board's agenda. In 2010, we repurchased 677,000 shares at an average price of \$328 per share, resulting in a nice boost to our adjusted book value per share. So far in 2011, we have purchased nearly 250,000 shares at an average price of \$349 per share. Since the beginning of 2007, we have repurchased/cancelled 3.0 million shares (including through the Berkshire exchange) at an average price of \$437 per share, which is essentially our 2010 year-end adjusted book value per share^{NGM} of \$441. I am confident that the current value of the Company is well above our adjusted book value and that buybacks continue to make a great deal of sense. Given the events of 2008-09 and the difficult economic outlook, we have concluded that maintaining a good margin of safety is crucial. Beyond that, you can expect us to measure all opportuni-

ties against the value of returning capital to you through share buybacks. We constantly look at many proposals but in the current insurance and investment markets, we see few good opportunities. Esurance and OneBeacon Specialty should continue to grow profitably.

I have one final update: George Gillespie, who has been a Director since the 1985 IPO, has decided not to stand for reelection in May. George was Chairman of the Company from 2003 to 2007. He has been a steady and thoughtful board member always focused on important issues. He will be missed and we wish him and his wife Eileen good health and happiness.

Respectfully submitted,



Ray

DAVID T. FOY

*Executive Vice President
& Chief Financial Officer
White Mountains*

Our adjusted book value per share^{NGM} grew by 6%, including dividends, to \$441 during 2010. Losses from the earthquake in Chile and a strengthening dollar caused adjusted book value per share to decline in the first half of the year, but we made a nice comeback in the second half. The total portfolio return^{NGM} was 5.1%, which is a good absolute result given the conservative positioning of our portfolio, and we made a small overall underwriting profit on our three main operating businesses.

Capital management was a key priority for us in 2010. We began the year with roughly \$700 million of undeployed capital. The sale of OneBeacon personal lines, the OneBeacon commercial lines renewal rights transaction and earnings from our main operating businesses resulted in undeployed capital of \$1.1 billion at the end of the year despite returning over \$400 million of capital to stakeholders through repurchases of White Mountains stock and OneBeacon debt.

Our balance sheet is in excellent shape. For the second year in a row, we reported favorable reserve development at all three of our main operating businesses. Please see the accompanying letter from our Chief Actuary, Jeff Davis.

We expect to continue to be active in the capital management arena again in 2011. In addition to the \$1.1 billion of undeployed capital with which we started the year, OneBeacon is once again expected to free up significant capital from its runoff business.

Share repurchases will likely be a key component of our capital management activities. On a routine basis, we will repurchase shares in the open market through our 10b5-1 plan, and we will also opportunistically look for ways to repurchase larger blocks especially if the stock remains at a discount to adjusted book value.

We will also look to further reduce debt. In 2010, we repurchased or retired about \$200 million of OneBeacon debt. The OneBeacon debt outstanding is now down to \$420 million, and matures in 2013. In March, OneBeacon

launched a cash tender offer for up to \$150 million of its senior notes.

Although we will be appropriately proactive in returning capital to stakeholders, we will also continue to hold a significant margin of safety. The lesson learned from hurricanes Katrina, Rita and Wilma, and the financial crisis, is that it is important to have ample capital in case large catastrophes or adverse financial markets occur. However, if a tremendous investment opportunity arises, like the OneBeacon acquisition discussed on pages 10 through 13, we would be willing to reassess how much of a safety margin we need to hold.

As for the parent company domicile, we remain pleased to be a Bermuda company but are prepared to relocate quickly if it becomes necessary to do so.

Symetra, a company in which we own 20% on a fully converted basis, also did well during the year. They completed their IPO in January 2010 and earned \$175 million in adjusted operating income^{NGM}, up 18% over 2009. Tom Marra, whom I worked with for many years at Hartford Life, took the reins as CEO in June 2010 and has already added some terrific talent to the organization.

Looking forward for White Mountains, this is a difficult environment in which to create value in the insurance business. Interest rates are low, investment markets are volatile and the property-casualty market is soft. Our stock is trading below adjusted book value, making repurchases our best use of the capital freeing up from our existing businesses. We will continue to work diligently to find other avenues to redeploy capital but will also remain disciplined. A dollar kept in our pocket is better than one spent on something that will not achieve our risk/return objectives.

Respectfully submitted,

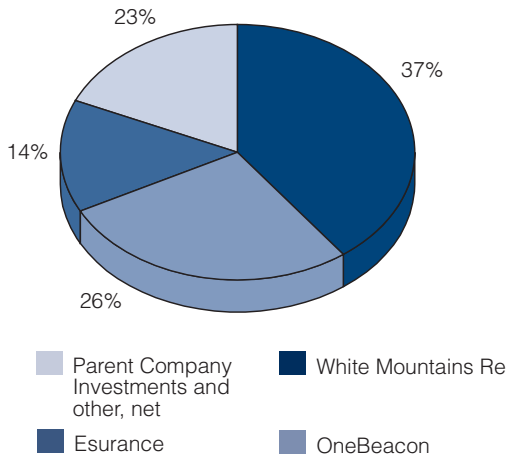


David T. Foy

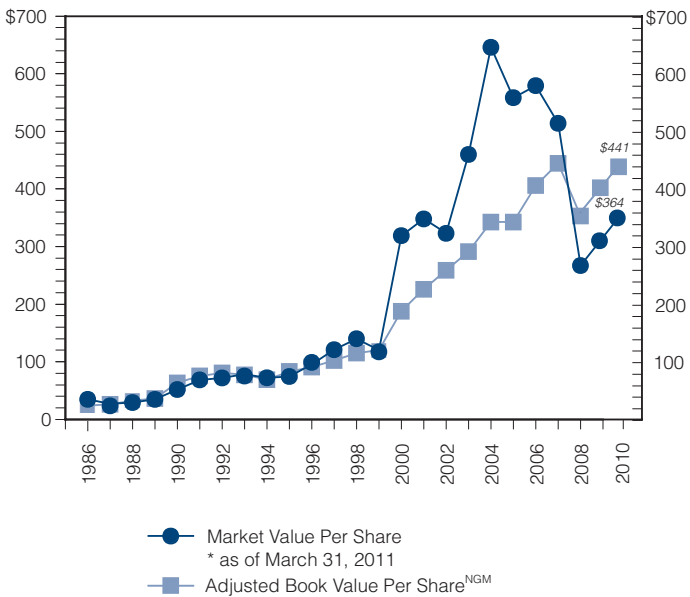
**ADJUSTED BOOK VALUE
PER SHARE^{NGM}**



**INVESTMENT OF
OWNERS' CAPITAL
(as of December 31, 2010)**



GROWTH IN VALUE PER SHARE



JEFFREY W. DAVIS
Senior Vice President
& Chief Actuary
White Mountains

White Mountains ended 2010 with \$3.8 billion of net loss and loss adjustment expense reserves. I believe our reserves are solid as carried reserves are in the upper portion of the actuarial range of best estimates (\$3.2 to \$4.0 billion).

During 2010, in addition to the normal payment of claims, the actual net carried reserves for accident years 2009 and prior decreased by \$126 million. This was the second year in a row that each operating segment contributed to the overall favorable development. Going forward, we will strive to achieve the same prudent level of reserving.

Historically, during soft market times, many in the industry have set reserves too low to cover the ultimate claims of the business written. To mitigate the chances of establishing inadequate reserves in these market conditions, White Mountains has curtailed writings in underpriced areas and has taken a cautious approach to releasing reserves into profits. These business practices should reduce the possibility of having negative reserve surprises. In addition, we employ a robust monitoring process on our reserves. If we suspect claims emergence contrary to our current expectations, we will take prompt action in an attempt to mitigate any financial impact.

"Maintain a disciplined balance sheet" is one of White Mountains' core operating principles. Current evidence consistently supports White Mountains' solid reserve position. In addition, we have a well diversified reserve base, both from a line of business and geographic perspective, which further reduces reserve volatility. As a result, and based on our reserve analyses and actions, I believe our loss reserves are properly stated on the balance sheet, mitigating the potential for negative surprises in the future.

Respectfully submitted,

Jeffrey W. Davis

LOOK THROUGH PARENT COMPANY BALANCE SHEETS

(unaudited) As of December 31,
 \$ in millions except per share amounts 2010 2009

Assets

Investments:		
Fixed maturity and short-term investments	\$ 331.1	\$ 250.3
Common equity securities and other long-term investments	119.3	5.4
Total investments	450.4	255.7
Investment in White Mountains Re	1,338.8	1,426.5
Investment in OneBeacon ^[a]	934.0	1,078.0
Investment in Esurance	501.9	495.0
Investment in Symetra ^[b]	323.8	316.7
Other assets	80.5	122.2
Total Assets	\$ 3,629.4	\$ 3,694.1

Liabilities and Adjusted Shareholders' Equity

Debt	\$ -	\$ -
Other liabilities	34.9	27.7
Total liabilities	34.9	27.7
Adjusted shareholders' equity ^{NGM}	3,594.5	3,666.4
Total Liabilities and Adjusted Shareholders' Equity^{NGM}	\$ 3,629.4	\$ 3,694.1

Adjusted Book Value Per Share

Adjusted common shares outstanding ^{NGM} (000's)	8,158.4 sh	8,803.5 sh
Adjusted Book Value Per Share^{NGM}	\$ 440.59	\$ 416.52

^[a] White Mountains owned 76% and 75% of OneBeacon as of December 31, 2010 and 2009, respectively. Balances are net of \$295.0 million and \$351.0 million of noncontrolling interest in OneBeacon as of December 31, 2010 and 2009, respectively.

^[b] White Mountains' investment in Symetra includes common stock and warrants to purchase 9.5 million shares of additional common stock. The adjusted carrying value excludes equity in net unrealized (gains) losses from Symetra's fixed maturity portfolio of (\$63.7) million and \$9.0 million as of December 31, 2010 and 2009, respectively. See page 21 for a summary of White Mountains' investment in Symetra.

LOOK THROUGH PARENT COMPANY INCOME STATEMENTS

(unaudited) \$ in millions	Years Ended December 31,	
	2010	2009
After-Tax Adjusted Comprehensive Income (Loss) of Subsidiaries and Affiliates:		
White Mountains Re	\$ 126.5	\$ 356.9
OneBeacon ^[a]	94.8	274.2
Esurance	5.2	14.2
Symetra ^[b]	9.4	35.1
Other	<u>(65.1)</u>	<u>(62.6)</u>
Total after-tax adjusted comprehensive income of subsidiaries and affiliates	170.8	617.8
Parent Company Activities:		
Net investment income	2.8	1.0
Realized and unrealized net investment gains (losses)	17.4	(2.1)
Other revenues	<u>5.1</u>	<u>2.7</u>
Total revenues	25.3	1.6
Operating expenses	57.4	57.6
Interest expense	<u>1.1</u>	<u>4.8</u>
Total expenses	58.5	62.4
Pre-tax comprehensive loss	(33.2)	(60.8)
Income tax benefit	<u>3.3</u>	<u>2.5</u>
Comprehensive loss of parent	(29.9)	(58.3)
Adjusted Comprehensive Income^{NGM}	\$ 140.9	\$ 559.5

^[a] Excludes \$30.0 million and \$86.6 million of comprehensive income of noncontrolling interests for the years ended December 31, 2010 and 2009, respectively.

^[b] Excludes \$73.5 million and \$191.3 million change in equity in net unrealized gains from Symetra's fixed maturity portfolio in 2010 and 2009, respectively.

G. MANNING ROUNTREE

President

White Mountains Advisors

After an excellent 2009, investments had an okay year in 2010, posting a total portfolio return^{NGM} of 5.1% for the year. This is a fair absolute but poor relative result. The main event was the fixed income portfolio, where we are defensively positioned, with short duration and lots of cash. Given the steep yield curve and falling interest rates (again!), we underperformed peers and benchmarks. This has reversed as of late, and we outperformed as rates rose in 4Q10. That said, we left money on the table in 2010, with a local currency fixed income portfolio return^{NGM} of 3.2% (3.8% including currency impact), nearly 300 basis points behind the Barclays Intermediate Aggregate Index.

On the other hand, equities were a bright spot in 2010. The total equity portfolio return^{NGM} was 10.9%. The common stock and convertible bond portfolios managed by Prospector led the way, outperforming the S&P 500 by almost 400 basis points. Our private equity portfolio also had a strong year, returning 11.9% and providing a handful of nice realizations. Hedge funds were more of a mixed bag, returning 6.7% for the year.

It was a volatile year in the currency markets. The dollar strengthened dramatically in the first half of the year, then cracked in July. For the full year, the dollar was down 6% vs. the SEK but up 7% vs. the EUR. We have roughly \$750 million of unhedged foreign currency exposures, mostly SEK and EUR exposures in the WMR Sirius' portfolio. For the full year, dollar weakening added 50 basis points to the total portfolio return and \$2 to adjusted book value per share. We also had foreign currency exposure emerge on the liability side of the balance sheet as a result of the Chilean earthquake. We hedged this liability by pre-funding CLP-denominated assets, a move that saved the Company \$1 per share when the CLP rallied in the second half.

We entered 2010 with a defensively positioned investment portfolio. Our equity exposure^{NGM} was 36% of adjusted shareholders' equity plus OneBeacon's non-controlling interest. This was a historically low level, and included less than \$300 million of common stocks man-

aged by Prospector. As anticipated, 2010 presented few compelling investment opportunities. We increased our allocation to equities early in the year, and this move paid off nicely. Our equity exposure^{NGM} is now 42% of adjusted shareholders' equity plus OneBeacon's non-controlling interest, and we have \$550 million of common stocks managed by Prospector. We have taken aggressive steps to right-size the alternative asset component of the equity portfolio, shrinking total exposure by roughly 35% from the peak in 2007. We feel the heavy lifting is over, but we anticipate continuing to manage our exposure down gradually over time, with a focus on funding a limited number of compelling opportunities.

The fixed income portfolio entered 2010 with duration of 1.8 years and \$2.1 billion of cash and short-term investments. We stuck to our knitting and carefully worked our cash balances down to \$1.1 billion. Credit quality remains strong at AA. Both White Mountains and Symetra had very low levels of permanent credit losses in 2010. We have limited exposure to non-agency MBS, and our structured products portfolio remains high quality, structurally senior and typically credit enhanced.

As anticipated, our fixed income duration increased modestly in 2010. We ended the year at 2.4 years, still at the short end of the spectrum vs. peers and benchmarks. Three factors contributed. First, various capital activities drained the portfolios of roughly \$550 million of cash over the course of the year. The sale of OneBeacon Personal Lines, the OneBeacon special dividend, debt and share repurchase activity at OneBeacon and share repurchase activity at White Mountains all played a role. Second, we deployed roughly \$350 million of cash over the course of the year (net buys over sells and runoff). The cash was chiefly deployed to short-term ABS (with modest incremental yield and limited duration risk) and to corporate bonds (with greater duration risk but limited credit risk). Third, as rates rose in 4Q10, we experienced extension on the margin in the structured products portfolio.

The bulk of our cash deployment and duration extension took place in the second half of 2010, after the dust

settled on various capital activities. The timing was poor, and we were whipsawed a bit by the spike in rates in November. In hindsight, we would have been better off had we been able to deploy more cash earlier in the year. Nevertheless, we like our current positioning.

Only time will tell whether 2010 was the last year of a two-decade-long bond rally. But, we think it more likely than not, and we are positioned accordingly. Unless we see a major shift, we will maintain a short, safe and sound fixed income portfolio in 2011. We will continue to deploy cash gradually, with a soft target of \$0.5 billion of cash and short-term investments by year-end. We expect increased volatility in the bond markets, which could lead to some attractive trades. For example, we would not be surprised to see significant price declines in long-dated MBS, as investors look to shorten their portfolio duration. We have dry powder and will be opportunistic. While an equity market correction in the first half of 2011 would not surprise us, in general we prefer equities to bonds today, and we anticipate allowing our equity exposure to drift up modestly over the course of the year.

Finally, two years have passed since the depths of the financial crisis and we are at a point of natural reflection. Having survived, what are the lessons learned?

- First, WMA's focus on fundamental credit analysis, security selection and loss avoidance continues to serve the Company well. It's important to remember that during the depth of the crisis from January 2008 through March 2009, our fixed income portfolio generated a positive total return. We continue to think it a wise trade to leave money on the table in rallying bond markets in order to protect our downside (and to sleep well at night).
- Second, given our large investment in WMR Sirius, currency exposure will remain an important factor in our portfolio. Current dollar rates vs. the SEK and the EUR are relatively flat to the levels when we acquired

WHITE MOUNTAINS ADVISORS

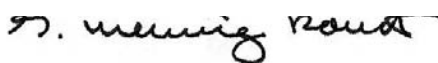
White Mountains Advisors LLC (WMA) is a wholly-owned subsidiary of White Mountains and an SEC-registered investment advisor. WMA manages investments principally for White Mountains and its subsidiaries and affiliates, most notably Symetra Financial Corporation. WMA manages primarily fixed income securities and investments in hedge funds and private equity funds. Prospector Partners LLC (Prospector), also an SEC-registered investment advisor, manages most of White Mountains' publicly-traded common stock and convertible securities.

Sirius in 2004. But there has been significant volatility in the interim. And there is likely to be significant volatility going forward. We pay close attention to our non-dollar exposure and are comfortable at the current levels.

- Third, equity exposure and returns remain an integral part of the playbook for maximizing total return over long periods of time. This is particularly true today, given our current outlook for the bond markets. The key is that our equity exposure must be properly sized to avoid a margin call in times of stress. Our exposure was too high in 2008, and the margin call cost us. We believe that our equity exposure is properly sized today.

In general, I feel confident that we are better positioned for the next crisis, whatever form it takes.

Respectfully submitted,



G. Manning Rountree

ONEBEACON —

A DECADE OF REBIRTH AND TRANSFORMATION

White Mountains' returns have usually been lumpy, driven by large, sporadic contributions from acquisitions or divestitures. 2011 marks the 20th anniversary of the sale of Fireman's Fund Insurance to Allianz and the 10th anniversary of the acquisition of OneBeacon from CGNU, now Aviva. In between those two deals, White Mountains was quite active in the large company M&A space (Continental NY, Travelers, The Home, Aetna, INA, USF&G, AFIA, etc.) but more optimistic or skilled buyers in soft markets won the deals. The OneBeacon acquisition came late in the soft market cycle when pessimism was almost at its highest. The acquisition was a prototypical deal for us, as we brought to bear all of our transaction, operating, capital, tax and investment management skills to acquire a large, broken company many times our size and rebuild it as a smaller, well-managed business with a strong balance sheet. Mike Miller and his team have since launched the company on its next journey, with a successful IPO in 2006 and an amazing transformation into a focused specialty company in 2010, well positioned to generate superior returns.

This has all resulted in a BIG payoff for White Mountains and our owners. In the ten years we have owned

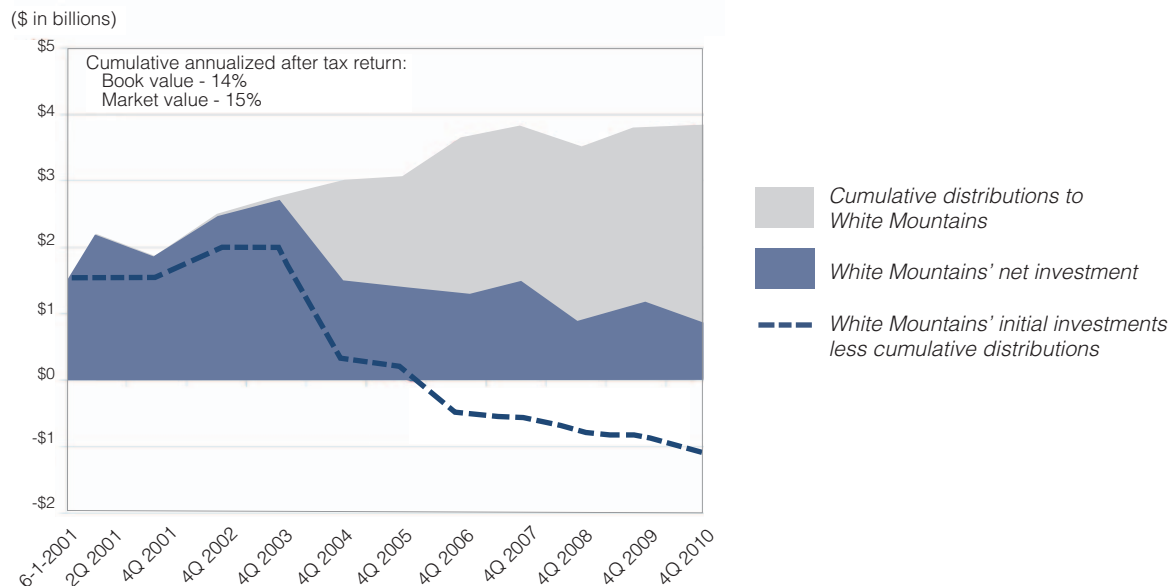
OneBeacon, we have generated a 14 -15% cumulative annualized after tax return. As the chart below shows, we have long since fully harvested our initial investment. Looking back, we consider this particular transaction as transformational for White Mountains, and so upon its 10th anniversary, we invite you to revisit this journey with us.

THE ACQUISITION – FIXING THE BALANCE SHEET

The acquisition process began in early 2000, when the newly-formed CGNU announced its intention to exit the U.S. property-casualty market by the end of the year. That business, CGU, which was the U.S. result of the 1998 merger of Commercial Union and General Accident in the U.K., had \$3.8 billion of GAAP equity and \$4.2 billion of predominantly personal and commercial lines premiums, written across all 50 states. By comparison, White Mountains' tangible equity base at the time was \$0.7 billion – the proverbial “minnow swallowing the whale.”

Always ready to help an owner looking to exit the property-casualty business, and despite the size difference, our team engaged in the process and conducted extensive

WHITE MOUNTAINS' INVESTMENT IN ONEBEACON



due diligence over the spring and summer. Gradually, other bidders fell away, as there were seemingly insurmountable problems with the business and its balance sheet. We were the last man standing, and reached an agreement in August to purchase the company for \$2.1 billion. Over three weeks in September we raised more than \$1.7 billion in new capital to facilitate the transaction, including \$300 million from Berkshire Hathaway, who had provided full financing support during negotiations, and \$1.0 billion of bank debt. Our plan was straightforward: fix the balance sheet at closing and dramatically shrink the business to its profitable core as fast as possible. We knew this would be no easy task.

Soon after the acquisition was announced, the team moved to Boston to oversee the management of the business prior to closing, which was expected to happen early in 2001. The rumor that all executives slept at the office was not true; however, they all lived in the same nearby building where Jack and Ray shared a two-bedroom apartment. It was easy to stay in sync. In December 2000, a fresh third party loss reserve study commissioned by the CGU management team confirmed that reserves were more deficient than previously disclosed and triggered a renegotiation of the bank debt. To make the transaction viable, the purchase price was effectively reduced by \$200 million and some additional seller financing was added to the mix. The transaction finally closed on June 1, 2001, and the company was renamed OneBeacon. To introduce our “think like owners” culture into the newly acquired company, every OneBeacon employee was granted two shares of White Mountains common stock and senior management was granted large performance share packages.

The final \$1.9 billion net purchase price resulted in a \$682 million gain at closing, net of reserve actions and

purchase accounting adjustments. In keeping with our core principle of “maintain a disciplined balance sheet,” we substantially fixed the balance sheet at closing:

- \$2.5 billion NICO cover for asbestos and environmental and other mass tort exposures
- \$400 million net Gen Re cover on top of \$850 million of additional loss reserves booked in 2000
- \$170 million write down of other assets
- \$250 million write up of other liabilities

Importantly, in the fall of 2000, long before the deal closed, following our “invest for total return” philosophy we aggressively repositioned the investment portfolio away from growth stocks and municipal bonds and toward cash, treasury bills and high-quality corporate bonds. This shift avoided potentially huge investment losses as the tech stock bubble burst in late 2000 and protected the company’s capital position after the tragic events of 9/11 affected most equity valuations and spurred a flight to quality. Rich Zawalich, who does a beautiful job running the corporate bond portfolio at White Mountains Advisors, is the last senior executive left of the original CGU management team.

POST ACQUISITION – UNDERWRITING COMES FIRST

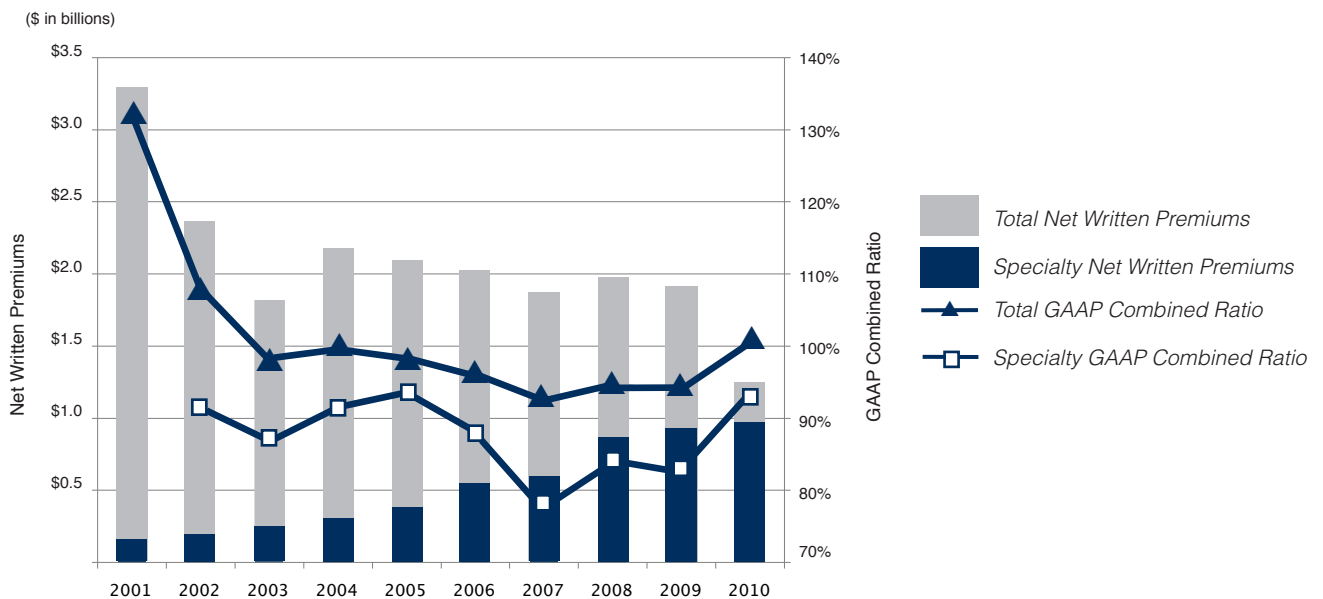
So what did we buy? At closing, the business was operating at a 126% GAAP combined ratio and was losing roughly \$50 million a month on underwriting. We quickly strengthened the management team with current, former and new White Mountains executives and began to focus intensely on fixing the loss ratio. We improved profitability by ensuring that “underwriting comes first” and worked the fundamentals: better pricing discipline, underwriting and claims management.

Just four months after the acquisition, we pared back the personal and commercial lines businesses to the old Commercial Union's footprint in eight states in the Northeast, an area of solid competitive strength. This retrenching was accomplished through a renewal rights transaction with Liberty Mutual announced in September 2001 that transferred to Liberty all the non-specialty business, employees and facilities in the 42 states outside of the Northeast. Over time, we realized that OneBeacon had some specialty businesses that were real jewels buried inside a big multiline company. International Marine Underwriters, focused on ocean marine, and A.W.G. Dewar, focused on tuition reimbursement, had simple and compelling business models: both had been consistently profitable for a long time, had focused underwriting units, were managed by deeply-skilled and experienced teams, provided tailored products and services, and distributed mostly through specialized channels. We set out to build these businesses and to develop or buy similar ones. OneBeacon Professional Insurance, created in 2002, was the first and largest such new specialty operation, now a \$300 million business for OneBeacon producing large underwriting profits for the company.

By the end of 2003, written premiums had fallen to \$1.8 billion, while the GAAP combined ratio had improved from 132% in 2001 to 98%. This reflected the hard work we put into fixing the company, but we were greatly helped by the hard market conditions created in the aftermath of the 9/11 tragedy.

With the process of shrinking the business to its profitable core well on its way, we looked for opportunities to transform the commercial lines book into a specialty business. This effort resulted in the 2004 purchase of renewal rights from Atlantic Mutual that introduced customer group segmentation into the commercial middle-market business. This also expanded the company's appetite for specialized businesses beyond the Northeast. At the same time, we restructured much of the personal lines business into reciprocals to better manage exposures in tough auto or wind exposed property states. By the end of 2006, specialty premiums had grown from \$130 million in 2001 to \$580 million, or almost a third of total premiums. Throughout this entire timeframe, capital freed up by the rationalization of the business was returned to stakeholders.

ONEBEACON PREMIUMS AND COMBINED RATIOS



THE IPO AND SPECIALIZATION

After posting four consecutive years of underwriting profits and bringing Mike Miller on board as CEO in 2005, we successfully launched an IPO of the company in the fall of 2006. The IPO was facilitated by an innovative capital structure that delivers significant value to shareholders. Mike's team redoubled its focus on making OneBeacon a true specialty company. They recruited new teams and acquired new specialty businesses, in all cases targeting specialized niches and talented, experienced managers.

Reacting to the significant investment volatility witnessed during the financial crisis of late 2008 and early 2009, OneBeacon reduced its risk profile and leverage and successfully emerged from the crisis in 2009 in robust financial and operating shape. OneBeacon accomplished a giant step in its remarkable transformation in 2010, as the company sold its personal and non-

specialty commercial lines businesses to become a true specialty focused carrier. As a consequence, premiums have shrunk from \$1.9 billion in 2009 to a core book of \$1.0 billion of specialty premium entering 2011. Along the way, OneBeacon has continued to return significant amounts of capital to its stakeholders, reflecting both the sale of underperforming businesses and its strong operating performance in specialty.

Today, OneBeacon is composed of 12 diverse specialty units, coordinated by a strong management team. It operates in all states and has 1,400 dedicated employees. It has posted nine straight years of underwriting profits in specialty lines, despite softening market conditions. We are proud of how far OneBeacon has come since our acquisition of the company in 2001, and we are excited about the prospects ahead as we enter our second decade.



T. MICHAEL MILLER

President
& Chief Executive Officer
OneBeacon

During 2010, we continued to reposition OneBeacon as a focused, specialty insurance company and delivered decent, not spectacular, results. Our book value at year end was up 9%, including dividends, to \$13.02 per share. Our transactions, which allowed us to exit non-specialty commercial lines and personal lines, were a significant step for your company. Through these moves, we exited underperforming businesses; significantly reduced risk; freed-up significant capital; and focused the organization entirely on specialty businesses where we have clear, competitive strengths and where returns should continue to be more attractive.

At a 101% GAAP combined ratio, our insurance underwriting result was disappointing, although driven by poor results in those businesses we exited, and thereby offering tangible support for our decisions. Importantly, our Specialty Operations delivered a solid 94% GAAP combined ratio in a continued soft market environment. A number of our business units had exceptionally good years, including Dewar, International Marine Underwriters (IMU), OneBeacon Specialty Property (OBSP), OneBeacon Professional Insurance (OBPI) and OneBeacon Government Risks (OBGR). At Dewar, Dana Tufts and his team added to their legacy of profitable results and leadership in the tuition reimbursement sector. At IMU, Bob Gallagher and the IMU team produced some of the most profitable results in the ocean marine industry. Jim Heitkemper and the OBSP team have continued to thoughtfully and profitably manage our excess property business exposures. Paul Romano has pulled together an impressive team that competes successfully in many of the professional liability segments. Finally, Jeff Richardson and his OBGR associates have set the standard for start-up specialty business units to attain profitability. Most of our other Specialty units had a good year, while a couple had challenging years. However, we are confident they all have sound reasons to be optimistic about their profit potential in 2011. We were pleased to add Dennis Crosby to our executive team last year. He started our Excess and Surplus Lines business, and now oversees many of our Specialty underwriting businesses.

Investments produced a 4.9% total GAAP return. Our fixed income results trailed industry benchmarks on a conservative, short portfolio. Our alternative investments were roughly in line with relevant benchmarks, while the portion of portfolio managed by Prospector Partners significantly outperformed the S&P 500. We believe the total portfolio is appropriately positioned for these uncertain times. We returned over \$300 million to shareholders through ordinary and special dividends and \$200 million to debt holders. Even after these distributions, we ended the year with significant undeployed capital, which we expect will increase in the coming year. While we anticipate our Specialty business will grow, capital management will remain a focus in 2011.

We continue to handle claims from the nonspecialty commercial lines business we sold in 2009, in addition to run-off claims from businesses we previously exited. Our run-off reserves total roughly \$600 million, of which roughly 60% should be settled within the next three years through our dedicated claims group. Our reserves on these claims and our ongoing businesses are strong, in line with our "maintain a disciplined balance sheet" operating principle.

Today, our company is made up of 12 Specialty business units. We built most of these units over the past ten years. We believe in our model, which has produced consis-

ONEBEACON - SEGMENT FINANCIALS

\$ in millions	Years Ended December 31,	
	2010	2009
Balance sheet data:		
Total investments	\$ 3,266.0	\$ 4,042.8
Total assets	6,138.3	7,487.1
Loss and LAE reserves	3,295.5	3,934.8
WTM common shareholders' equity	934.0	1,078.0
Income statement data:		
Gross written premiums	\$ 1,636.5	\$ 2,119.9
Net written premiums	1,236.3	1,906.7
Net investment income	96.6	125.5
Pre-tax income	128.5	456.9
GAAP underwriting ratios:		
Loss and loss adjustment expense	63%	57%
Underwriting expense	38%	37%
Combined	101%	94%

tently profitable underwriting results. Our formula for ongoing success is straightforward: we will continue to attract and reward successful, highly-talented specialty insurance leaders that are well respected for their knowledge and results in their niche markets. We provide a workplace that is focused solely on producing exceptional specialty results with strong financial and technology support and appropriate governance across all aspects of the business. Interestingly, it seems that everyone today says they are “specialty;” we don’t think so. It is easy to hire a few teams; it is rare to create a true Specialty company environment that delivers exceptional results over time. We like our portfolio of businesses and will look to thoughtfully add to our capabilities as we move forward.

On June 1, 2011, we will celebrate OneBeacon’s tenth anniversary. As you can read in greater detail on pages 10 through 13, it has been a very active decade for your company. At the start, White Mountains saw the opportunity to create value for its shareholders by acquiring and fixing what had become a broken company. The plan was to bring their deep skills in capital, tax and investment management together with insurance operating expertise to quickly turn the company around. In just the second full year of ownership, the company had gone from a GAAP combined ratio of 132% (2001) to underwriting profitability with a GAAP combined ratio of 98% (2003), while premiums had gone from \$3.3 billion to \$1.8 billion. The primary focus on underwriting and operational improvements continued until 2005, when our efforts to invest in specialty businesses gained real momentum. Between 2006 and 2010, we started or purchased six specialty business units. In 2010, our exit from nonspecialty commercial and personal lines completed our transition to a company focused entirely on Specialty. Our Specialty businesses have had nine consecutive years of underwriting profit, and continue to demonstrate the discipline and expertise to add to this impressive record.

While the operating environment for insurance, investments and capital management will be unpredictable in the years ahead, our focus will remain the same: combining our insurance operating expertise, now as a Specialty company, with deep skills in capital, tax and investment management to produce shareholder value through growth in book value.

There have been many associates along the way that have made today possible and we owe them a debt of gratitude.

ONEBEACON

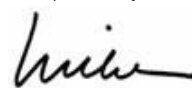
OneBeacon Insurance Group, Ltd. (OneBeacon) is a Bermuda-domiciled holding company, whose principal businesses are conducted through its property and casualty insurance subsidiaries. OneBeacon provides a range of specialty insurance products and services sold through independent agents, regional and national brokers, wholesalers and managing general agencies. The company had also previously offered nonspecialty commercial and personal lines products, but fully divested itself of both businesses in 2010. OneBeacon’s specialty insurance products are available countrywide.

OneBeacon’s common shares are listed on the New York Stock Exchange under the symbol “OB.” Market capitalization as of December 31, 2010 was \$1.2 billion. White Mountains owns 76% of OneBeacon.

We hope they are proud of their role in the journey. We have a clear focus and values that continue to guide us forward, and dedicated employees throughout the company who bring OneBeacon’s values to life for our customers.

Our focus in 2011 will be on sustained underwriting discipline in a soft market; sound investment actions in uncertain times; and thoughtful capital management which considers the opportunities for returns available in the specialty markets and/or returning undeployed capital to owners. Also, we will continue to manage our expenses and align our infrastructure to the smaller, Specialty company we’ve become while making smart investments in technology enhancements. We will be faced with continual choices and we will be guided in our deliberations by which choice we think adds most to value creation. We believe in our specialty capabilities and remain committed to delivering strong results. Thank you for your support.

Respectfully submitted,



T. Michael Miller

GARY C. TOLMAN

President
 & Chief Executive Officer
 Esurance

The Esurance Segment (the Segment) returned to growth mode in 2010. We experienced improved policyholder acquisition and retention and, as a result, increased our marketing spend during the year. The Segment acquired nearly half a million new policies in 2010. The average acquisition cost per policy declined in 2010, the result of higher policy conversion rates at both Esurance and Answer Financial (AFI). The Segment ended the year with 839,000 policies-in-force, approximately 65,000 more than at the end of 2009. For the full year, the Segment's controlled premium increased 7% to \$1.2 billion, driven by higher premiums at both Esurance and AFI.

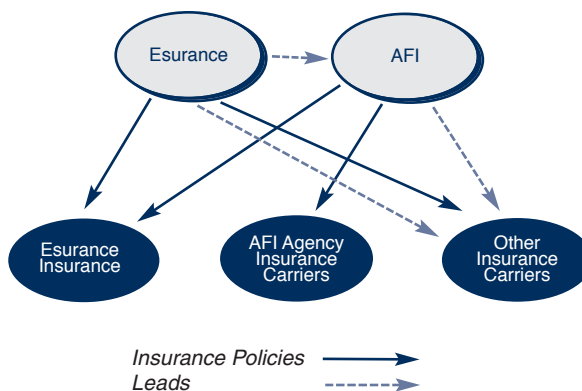
Esurance reported underwriting results (103% adjusted combined ratio^{NGM}) in 2010 that were consistent with the prior year and expectations. The 74% loss and loss adjustment expense ratio was in line with our long-term target. As 2010 began, Esurance, like many other insurers, faced significant challenges with rising fraud and claim costs in Florida, our second largest state.

Over the course of the year, we increased prices and added staff to our Special Investigations Unit. The Florida results began to improve toward the end of 2010, and we are optimistic that the worst is behind us.

Our 29% adjusted underwriting expense ratio^{NGM} in 2010 reflects a slightly higher acquisition ratio and a lower operating expense ratio. Although Esurance reduced its acquisition cost per policy in 2010, the meaningful increase in marketing spend resulted in a higher acquisition ratio. Most importantly, the cost of acquiring new policies is still significantly less than the lifetime value of the policies written. Esurance reported a 9% operating expense ratio, a one-point decrease compared to 2009 as we continue to improve the efficiency of our operations.

In 2010, we continued to enhance our unique choice model. The combination of Esurance's direct-to-consumer personal auto underwriting platform and AFI's insurance agency comparison shopping platform provides an unmatched offering for consumers seeking maximum choice and value when buying personal insurance.

ESURANCE - SEGMENT FINANCIALS			
	Years Ended December 31,		
\$ in millions	2010	2009	
Balance sheet data:			
Total investments	\$ 954.2	\$ 918.7	
Total assets	1,272.1	1,218.0	
Loss and LAE reserves	450.4	422.9	
WTM common shareholders' equity	501.9	495.0	
Income statement data:			
Controlled premiums	\$ 1,203.8	\$ 1,127.9	
Gross written premiums	838.7	781.2	
Commission and fee revenue	60.9	55.2	
Net investment income	25.6	24.9	
Net realized and unrealized investment gains	14.4	33.7	
Pre-tax income	15.5	31.4	
Adjusted underwriting ratios:			
Loss and loss adjustment expense	74%	74%	
Adjusted underwriting expense ratio ^{NGM}	29%	29%	
Adjusted combined ratio ^{NGM}	103%	103%	
Policies-in-force:	839,000	774,000	



Last year, over five million potential customers initiated the process of quoting and buying a policy with Esurance. Customers purchasing an Esurance policy generate direct premium for Esurance. Many shoppers who do not buy an Esurance policy are instead sold a policy by one of the approximately 20 insurance carriers on the AFI platform or by other major insurance companies that have relationships with us for lead referrals. These sales resulted in commission revenues for AFI or partner revenue for Esurance and effectively leveraged our Segment's

\$105 million marketing spend. Esurance continued to be AFI's largest source of auto leads in 2010 with AFI policies written from Esurance referrals up 30% from 2009. Including AFI, Esurance generated \$23 million in partner revenues from lead referral fees in 2010.

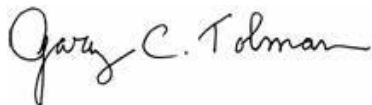
Last year, Esurance launched a new advertising campaign to pursue a slightly older, more sophisticated demographic as Internet usage for buying financial products continues to expand. After extensive research, we decided to move from using an animated cartoon character spokesperson (Erin Esurance) to using real people in our advertising. The new campaign, "Technology when you want it, People when you don't.™" was launched in June, and we will continue to build on it in 2011.

Esurance made meaningful progress in 2010 on several technology initiatives to improve customer service and make the pricing of our products more competitive. We delivered a major upgrade to our mobile website that targets consumers using smartphones and tablet devices. Esurance also enhanced RepairView™, our innovative online repair monitoring feature. Now policyholders can see daily progress on the repair of their damaged vehicles not only on their home computers, but also on their mobile devices, and they can share RepairView™ photos on Facebook.

In September, Esurance launched its first usage-based insurance product in Arizona. The program offers a 5% discount for new and renewal customers who participate. Over time, those in the program may be eligible for even greater discounts as their driving habits demonstrate their safe practices behind the wheel. Esurance plans to further expand this program in 2011.

With our unique choice model, Esurance and AFI offer an array of competitive rates from numerous insurance carriers, relevant and innovative products, new technology and high quality service to successfully compete in the competitive personal insurance marketplace. Building on a successful 2010, this year is off to a very good start. We plan to continue building a great business for our owners well into the future.

Respectfully submitted,



Gary C. Tolman

ESURANCE

The Esurance Segment is comprised of Esurance Holdings, Inc., its subsidiaries and Answer Financial Inc. (AFI).

Esurance offers its personal auto insurance products directly to consumers in 30 states (covering 86% of the personal auto insurance market in the United States) through its award-winning website, www.esurance.com, and by telephone at 1-800-ESURANCE. Esurance also issues personal auto policies through select online agents and offers other insurance products through partnerships with industry leaders.

An innovator in the insurance industry, Esurance provides a seamless online experience for policyholders. Consumers can receive real-time quotes, buy policies, modify coverages, and print their insurance cards instantly. Esurance also provides 24/7 customer support and claims service, utilizing both the website and service and claims professionals to assist customers whenever and however they prefer, and RepairView™, the company's unique online repair monitoring service for mobile devices.

Esurance's 14 regional offices, located throughout the United States, handle sales, service and claims.

AFI is one of the largest personal lines insurance agencies in the United States. AFI sells personal auto and property insurance in all 50 states, both online and over the telephone. Its website and call center sales agents provide consumers the opportunity to compare prices and purchase from more than 20 insurance carriers, including Esurance. AFI primarily markets its services via partnerships with financial services firms, insurance carriers, retailers and large employer groups. AFI's technology platform also powers the comparison quoting capability of Esurance, providing a unique approach for consumers to purchase personal insurance.

ALLAN L. WATERS

*President &
Chief Executive Officer
White Mountains Re*

Our underwriting result for 2010 came in at a 94% combined ratio, a good result given our \$130 million loss from the Chilean earthquake in February. The earthquake got us off to a tough start for the year. We write Latin American business from three locations with long-term success; our book continues to show favorable results over a ten-year period. We did experience higher losses than anticipated from facultative accounts underwritten in Miami, and no longer write facultative exposures from that branch.

The 2010 North Atlantic hurricane season was one of the busiest on record, but prevailing weather patterns steered one storm after another away from the U.S. mainland. This clean run through hurricane season balanced out some of the Chilean earthquake loss.

Loss reserves continued to develop favorably into pre-tax earnings by \$57 million in 2010 which followed \$30 million of positive news in 2009. Over the same period, we believe our strong reserve position improved considerably.

Gross written premiums (GWP) grew 8% during 2010. Foreign currency fluctuations produced much but not all of the increase. In local currencies, increases in A&H and trade credit more than offset net contraction in other lines. We remain focused on writing profitable business, not growth.

In 2010 our overall expense ratio remained flat versus prior year but our internal expense ratio increased. This is the price we pay for discipline in a soft market – a small price relative to writing poorly priced or structured risks. That said, we will continue to search for additional operating efficiencies.

Comments regarding our largest lines of business follow. In the italicized parentheticals, dollar amounts are 2010 GWP and percentages are 2010 GAAP combined ratios:

- *Property (\$277 million catastrophe excess at 115% and \$281 million working layer at 80%)*: The catastrophe excess combined ratio was driven by the Chile earthquake loss. Risk adjusted pricing continued to ease for most non-loss accounts through the January 1, 2011 renewals, but we anticipate some improvement as the year progresses.
- *Accident & Health (\$247 million at 88%)*: Premiums grew 13% in 2010, despite losing our U.S.-based team to a competitor. Stuart Liddell, who has overseen Sirius' international A&H book for eight years, assumed global responsibility and did a fantastic job retaining our domestic business through the transition.
- *Aviation & Space (\$83 million at 104%)*: Our principal book written from Zurich once again produced an underwriting profit while the industry was losing money overall. Start-up costs for a new primary general aviation book written from Copenhagen pushed our combined ratio above 100%. Despite persistent industry-wide underwriting losses, competition has been increasing. This is suppressing rates and we will likely see premiums contract in 2011.
- *Trade Credit (\$71 million at 88%)*: GWP increased \$47 million during 2010 as we took advantage of hard market conditions following the financial market collapse. Cedents acted swiftly and effectively in response to the strained economic conditions. We expect additional growth in 2011.

White Mountains Re Solutions continued to produce outsized returns for us, closing one acquisition during the year for a \$13 million gain.

In 2010, we returned another \$225 million of capital to White Mountains. This brings the total capital returned to our parent company since 2006 to \$1.5 billion. We remain strongly capitalized.

To date in 2011, the (re)insurance industry has suffered significant property catastrophe losses in Australia, New Zealand, and of course Japan. We have a relatively small property risk footprint in all three countries due to thin pricing for catastrophe exposed accounts.

These property catastrophe events have taken a bite out of the (re)insurance industry's substantial excess capital. It remains to be seen whether this stems the tide of overall soft market conditions, but we do expect to see prices firm in certain lines and regions. We will continue to deploy your capital opportunistically and with care.

Page 20 of your report presents a historical view of Sirius. Göran Thorstensson has been Sirius' general manager for twenty-one years, and the company's track record over that period is stellar.

Respectfully submitted,



Allan L. Waters

WHITE MOUNTAINS RE - SEGMENT FINANCIALS

\$ in millions	Years Ended December 31,	
	2010	2009
Balance sheet data:		
Total investments	\$ 3,941.7	\$ 3,949.4
Total assets	5,476.8	5,625.4
Loss and LAE reserves	2,441.3	2,444.4
WTM common shareholders' equity	1,338.8	1,426.5
Income statement data:		
Gross written premiums	\$ 1,079.1	\$ 996.5
Net written premiums	865.8	806.8
Net investment income	90.5	107.7
Pre-tax income	106.9	386.3
GAAP underwriting ratios:		
Loss and loss adjustment expense	63%	49%
Underwriting expense	31%	31%
Combined	94%	80%

WHITE MOUNTAINS RE LTD.

White Mountains Re Ltd. (White Mountains Re) is a Bermuda-domiciled holding company whose operating companies offer capacity for property, accident & health, aviation, trade credit, marine and other exposures. Our principal operating companies are:

Sirius International Insurance Corporation (WMrE Sirius), a Sweden-based international reinsurer that focuses mainly on property and other short-tailed lines. WMrE Sirius is the largest reinsurance company in Scandinavia and a leading reinsurer in Europe. WMrE Sirius' home office is in Stockholm, and it has branch offices in Bermuda, Copenhagen, Hamburg, Liege, London, Singapore and Zurich.

White Mountains Reinsurance Company of America (WMrE America), a U.S.-based international multi-line reinsurance company that employs a conservative strategy with specialized underwriting expertise and strong operational discipline. WMrE America's home office is in New York with branch offices in Connecticut, Miami and Toronto.

White Mountains Specialty Underwriting, Inc. (DBA White Mountains Re Solutions), a Connecticut-based professional team specializing in opportunistic structured acquisitions of run-off property and casualty insurance liabilities. White Mountains Re Solutions further enhances transaction returns via effective post-acquisition management of the run-off process.

WMRE SIRIUS

Sirius was founded in 1945 as a captive by the Swedish industrial group Axel Johnson. Initially the company insured only Johnson fleet vessels and reinsured at Lloyd's. Over time, Sirius moved into third party business and during the 1970s a global assumed reinsurance account was developed. By 1978 Sirius had become one of the largest reinsurance companies in Sweden with premiums of about \$40 million.

In 1985, the Johnson group ran into financial difficulties and reluctantly sold Sirius to the Swedish industrial group ASEA, later to become ABB. Premium volume was now around \$180 million, nearly all written on a proportional basis.

In 1991, Göran Thorstensson became CEO of Sirius. The company added non-proportional business and improved profitability. Sirius gradually emerged as a leading excess of loss reinsurer.

By 2000, Sirius was the only major Nordic reinsurer. Merely 15 years earlier, some 35-40 Nordic companies were writing assumed reinsurance accounts; alas, without sustainable results.

In 2004, history then repeated itself as Sirius' second owner also ran into financial difficulties, enabling White Mountains to acquire Sirius for \$428 million and record a gain of \$111 million.

A combination of strong underwriting controls and uniquely experienced management – most of the team has been with the company for more than 20 years – has allowed Sirius to outperform the reinsurance industry over an extended period. Nearly all of Sirius' customers have been business partners for a long time, many for more than 40 years. The company's philosophy has always been to write for profit only – every company says so but few walk the walk. Management has no volume targets, avoids legacy problems by maintaining a strong balance sheet, and always sticks to what it knows.

WMRE SIRIUS FINANCIALS

Year Ended December 31, 2010

\$ in millions

Segment Income Statement data:

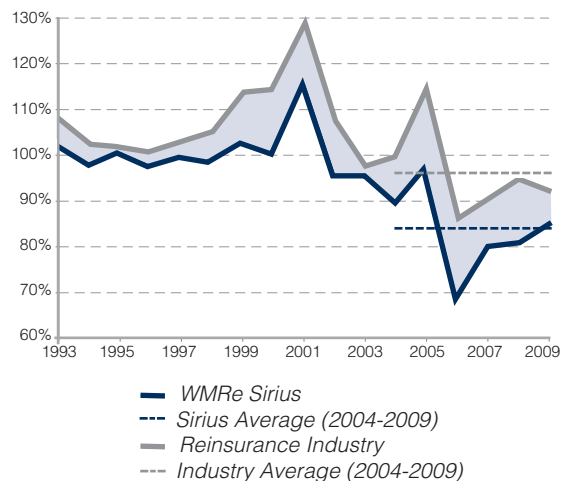
Gross written premiums	\$ 792.2
Combined ratio	86%

Legal Entity Balance Sheet data:

Total assets	\$ 4,081.8
Loss and LAE reserves	1,061.8
Regulatory capital	1,867.3

Since the acquisition by White Mountains, Sirius has an average combined ratio of 84% and cumulative underwriting profits in excess of \$500 million. The graph below shows Sirius' combined ratio versus the (re)insurance industry during Göran Thorstensson's tenure. This long-term track record is perhaps unparalleled.

WMRE SIRIUS GAAP COMBINED RATIO VERSUS INDUSTRY



Sources for industry results:
S&P: 1993-2002, 2004-06, 2008;
Fitch: 2003, 2007; Guy Carpenter: 2009

THOMAS M. MARRA

President &
Chief Executive Officer
Symetra

I joined Symetra in June 2010 and spent my first six months on the job getting to know our great people, listening to our distribution partners, diving into the details of the business, and bringing together the exceptional executive team that will drive Symetra forward.

What I found through this process is a company with many standout qualities, including a rock-solid balance sheet, a diversified product portfolio and deep distribution partnerships. Our job now is to leverage these strengths and create a franchise that delivers more value to our business partners, our customers and to you.

We ended our first year as a publicly traded company in a strong financial position. For 2010, Symetra generated net income of \$200.9 million, up significantly from \$128.3 million in 2009. Adjusted operating income^{NGM} totaled \$175.2 million in 2010, compared with \$147.9 million in 2009. The Group, Deferred Annuities and Life segments generated double-digit increases in pre-tax adjusted operating income for 2010 over 2009 levels. Results were down in the Income Annuities segment in 2010 compared to 2009 from less favorable mortality experience.

OUR GAME PLAN TO GROW AND DIVERSIFY

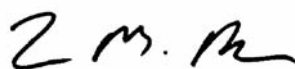
Each of our three operating divisions — Group, Retirement and Life — has a specific diversification goal in 2011.

- In the Group Division, we are working to significantly expand our presence in the group life insurance business, while upholding our medical stop-loss leadership position.
- In the Retirement Division, our primary objective is to maintain our strong presence in banks while diversifying into new products and markets.
- In the Life Division, we plan to expand both our product offerings and distribution footprint, including entry into the brokerage general agency and broker-dealer markets.

MAKING SYMETRA A CONTENDER

The measure of any great financial services company is its ability to profitably grow and diversify its product offerings to weather most any economic condition. With our work to expand our group life business, develop new annuity and life insurance products, and broaden our distribution reach, Symetra is taking the right steps to be one of those great companies.

Respectfully submitted,



Thomas M. Marra

SYMETRA - FINANCIALS

\$ in millions	Years Ended December 31,	
	2010	2009
Balance sheet data:		
Total cash and investments	\$ 23,774.8	\$ 20,438.8
Total assets	25,636.9	22,435.4
Liabilities for deposit contracts	20,953.3	18,816.7
Adjusted book value ^{NGM}	1,948.1	1,483.0
Income statement data:		
Premiums and other consideration	\$ 473.0	\$ 470.1
Net investment income	1,199.4	1,113.6
Policyholder benefits and claims	335.1	350.5
Interest credited	899.5	846.8
Net income	200.9	128.3
Adjusted operating income ^{NGM}	175.2	147.9

WHITE MOUNTAINS' INVESTMENT IN SYMETRA

\$ in millions	As of December 31,	
	2010	2009
Common stock	\$ 350.4	\$ 269.2
Warrants to purchase 9.5 million common shares	37.1	38.5
GAAP carrying value	387.5	307.7
Equity in net unrealized (gains) losses from Symetra's fixed maturity portfolio	(63.7)	9.0
Adjusted carrying value ^[a]	\$ 323.8	\$ 316.7

^[a] White Mountains believes the adjusted carrying value is more reflective of the company's investment in Symetra because GAAP does not permit matched liabilities to be marked-to-market.

NON-GAAP FINANCIAL MEASURES

Our 2010 Management Report includes non-GAAP financial measures that are reconciled to their most comparable GAAP financial measures below. White Mountains believes these measures to be more relevant than comparable GAAP measures in evaluating White Mountains' financial performance.

WHITE MOUNTAINS

Adjusted Shareholders' Equity, Adjusted Book Value Per Share and Adjusted Common Shares Outstanding

Adjusted shareholders' equity is a non-GAAP financial measure which is derived by expanding GAAP shareholders' equity to exclude equity in net unrealized (gains) losses from Symetra's fixed maturity portfolio. Adjusted book value per share is a non-GAAP financial measure which is derived by expanding the GAAP book value per share calculation to exclude equity in 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 is adjusted to exclude unearned shares of restricted stock, the compensation cost of which, at the date of calculation, has yet to be amortized.

	As of December 31,	
	2010	2009
<u>Book value per share numerators (\$ in millions):</u>		
GAAP common shareholders' equity	\$ 3,653.0	\$ 3,657.4
Equity in net unrealized (gains) losses from Symetra's fixed maturity portfolio	<u>(58.5)</u>	<u>9.0</u>
Adjusted shareholders' equity	\$ 3,594.5	\$ 3,666.4
Benefits to be received from share obligations under employee benefit plans	<u>-</u>	<u>0.4</u>
Adjusted book value per share numerator	\$ 3,594.5	\$ 3,666.8
<u>Book value per share denominators (in thousands):</u>		
Common shares outstanding	8,194.9 sh	8,860.2 sh
Share obligations under employee benefit plans	<u>-</u>	<u>2.4</u>
GAAP book value per share denominator	8,194.9	8,862.6
Unearned restricted shares	<u>(36.5)</u>	<u>(59.1)</u>
Adjusted common shares outstanding	8,158.4 sh	8,803.5 sh
GAAP book value per share	\$ 445.76	\$ 412.73
Adjusted book value per share	\$ 440.59	\$ 416.52

For a reconciliation of adjusted book value per share to GAAP book value per share as of December 31, 2008, 2007, and 2006, please visit our website at www.whitemountains.com.

Adjusted Comprehensive Income

Adjusted comprehensive income is a non-GAAP financial measure which is derived by expanding GAAP comprehensive income to exclude the change in equity in net unrealized gains and losses from Symetra's fixed maturity portfolio from comprehensive income. In the calculation of comprehensive 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 settlement 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 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 business.

	Years Ended December 31,	
\$ in millions	2010	2009
GAAP comprehensive income	\$ 214.4	\$ 750.8
Change in equity in unrealized gains from Symetra's fixed maturity portfolio	<u>(73.5)</u>	<u>(191.3)</u>
Adjusted comprehensive income	\$ 140.9	\$ 559.5

Portfolio Return

Portfolio return is a non-GAAP financial measure that expands the GAAP investment return to include the investment results of OneBeacon's pension plan and the investment in Symetra, which is accounted for as an investment in unconsolidated insurance affiliate under GAAP. Further, portfolio return excludes the investment returns of reciprocal insurance exchanges and the consolidation impacts of certain limited partnerships consolidated under GAAP (FIN46). Finally, portfolio return reflects the impact of time value weighting and indexing when calculating investment returns and certain other nominal adjustments. The Company believes portfolio return is a better measure of the overall performance of White Mountains' investments than the returns calculated under GAAP.

	Year Ended December 31, 2010		
	Fixed Maturities	Equities, Convertibles & Other Long-Term Investments	Total
GAAP investment return	3.8%	12.6%	5.0%
Add OneBeacon pension	0.0%	0.4%	0.1%
Add Symetra	0.0%	-3.4%	-0.2%
Remove FIN 46 consolidations	0.0%	0.1%	0.0%
Impact of indexed returns & other	0.0%	1.2%	0.2%
Portfolio return	3.8%	10.9%	5.1%

Equity Exposure

Equity exposure is a non-GAAP financial measure that expands the GAAP definition of equity investments to include the equity-type investments held by OneBeacon's pension plan and to exclude the equity-type investments held by certain limited partnerships consolidated under GAAP (FIN46) while including the value of the limited partnerships themselves. Further, the measure reflects the impacts of certain intra-portfolio reclassifications and adjustments to the GAAP valuations of equity-type investments in instances where management believes alternative valuations are more accurate. Finally, the measure reflects an adjustment to our carrying value of Symetra to exclude the equity in net unrealized (gains) losses from Symetra's fixed maturity portfolio.

	As of December 31,	
	2010	2009
GAAP common, convertible and other long-term investments	\$ 1,246.3	\$ 1,032.9
GAAP investments in unconsolidated affiliates	389.7	344.8
Total GAAP equities	1,636.0	1,377.7
Add OneBeacon pension investments	130.8	111.6
Unwind FIN 46 consolidations	(66.8)	(28.8)
Investment reclassifications & valuations	(11.4)	(30.6)
Equity in net unrealized (gains) losses from Symetra's fixed maturity portfolio	(63.7)	9.0
Equity exposure	\$ 1,624.9	\$ 1,438.9
Adjusted shareholders' equity plus OneBeacon noncontrolling interest	\$ 3,889.5	\$ 4,017.4
Equity exposure as % thereof	42%	36%

Adjusted Underwriting Expense Ratio and Adjusted Combined Ratio

Esurance's adjusted underwriting expense ratio and adjusted combined ratio are non-GAAP financial measures which are derived by expanding the GAAP underwriting expense ratio and the GAAP combined ratio to treat referral fee revenue that Esurance receives for referring customers for whom it does not write policies to other insurance carriers and aggregators as a reduction in acquisition expenses. Management believes that the resulting adjusted ratios are better measures to evaluate Esurance's underwriting results than its GAAP ratios because the expenses that are incurred to acquire policyholders at Esurance, particularly advertising expenses, also lead to referral fee revenue.

	Years Ended December 31,	
	2010	2009
GAAP underwriting expense ratio	31%	30%
Referral fee revenue offset	-2%	-1%
Adjusted underwriting expense ratio	29%	29%
GAAP combined ratio	105%	104%
Referral fee revenue offset	-2%	-1%
Adjusted combined ratio	103%	103%

SYMETRA*Adjusted Book Value*

Adjusted book value is a non-GAAP financial measure that is derived by expanding GAAP book value to exclude accumulated other comprehensive income (AOCI). AOCI, which is primarily composed of the net unrealized (gains) losses on Symetra's fixed maturities, net of tax, is a component of shareholders' equity.

\$ in millions	As of December 31,	
	2010	2009
Total stockholders' equity	\$ 2,380.6	\$ 1,433.3
Less: AOCI	(432.5)	49.7
Adjusted book value	<u>\$ 1,948.1</u>	<u>\$ 1,483.0</u>

Adjusted Operating Income

Adjusted operating income is a non-GAAP financial measure which is derived by expanding GAAP net income to exclude after tax net realized investment gains and losses and include net investment gains and losses on fixed indexed annuity (FIA) options. Symetra considers investment income generated by their invested assets to be part of their results of insurance operations because the assets are acquired and generally held to maturity to generate income that they use to meet obligations. Conversely, Symetra does not consider the activities reported through net realized investment gains and losses, with the exception of FIA options, to be reflective of the performance of their insurance operations.

\$ in millions	Years Ended December 31,	
	2010	2009
Net income	\$ 200.9	\$ 128.3
Net realized investment (gains) losses (net of taxes)	(25.9)	19.1
Net investment gains on FIA options (net of taxes)	0.2	0.5
Adjusted operating income	<u>\$ 175.2</u>	<u>\$ 147.9</u>

INSURANCE FINANCIAL STRENGTH RATINGS

Insurance and reinsurance companies are evaluated by various rating agencies in order to measure each company's financial strength. Higher ratings generally indicate financial stability and a stronger ability to pay claims. White Mountains believes that strong ratings are important factors in the marketing of insurance and reinsurance products to agents and consumers and ceding companies. (Ratings as of March 31, 2011)

	A.M. BEST	STANDARD & POOR'S	MOODY'S	FITCH
<i>OneBeacon</i>				
Rating	"A" (Excellent)	"A-" (Strong)	"A2" (Good)	"A" (Strong)
Outlook	Stable	Stable	Negative	Stable
<i>Esurance</i>				
Rating	"A-" (Excellent)	No Rating	No Rating	No Rating
Outlook	Stable	N/A	N/A	N/A
<i>WMRe Sirius</i>				
Rating	"A" (Excellent)	"A-" (Strong)	"A3" (Good)	"A-" (Strong)
Outlook	Stable	Stable	Stable	Stable
<i>WMRe America</i>				
Rating	"A-" (Excellent)	"A-" (Strong)	"A3" (Good)	"A-" (Strong)
Outlook	Stable	Stable	Stable	Stable

OPERATING PRINCIPLES

WHAT WE CARE MOST ABOUT

Underwriting Comes First An insurance enterprise must respect the fundamentals of insurance. There must be a realistic expectation of underwriting profit on all business written, and demonstrated fulfillment of that expectation over time, with focused attention to the loss ratio and to all the professional insurance disciplines of pricing, underwriting, and claims management.

Maintain A Disciplined Balance Sheet The first concern here is that insurance liabilities must always be fully recognized. Loss reserves and expense reserves must be solid before any other aspect of the business can be solid. Pricing, marketing, and underwriting all depend on informed judgment of ultimate loss costs and that can be managed effectively only with a disciplined balance sheet.

Invest For Total Return Historical insurance accounting has tended to hide unrealized gains and losses in the investment portfolio and over reward reported investment income (interest and dividends). Regardless of the accounting, the group must invest for the best growth in value over time. In addition to investing our bond portfolios for total after-tax return, that will mean prudent investment in equities consistent with leverage and insurance risk considerations.

Think Like Owners Thinking like owners has a value all its own. There are other stakeholders in a business enterprise and doing good work requires more than this quarter's profit. But thinking like an owner embraces all that without losing the touchstone of a capitalist enterprise.

WHAT WE CARE LEAST ABOUT

Trying to produce a regular stream of quarterly operating earnings often produces disaster. Trying to manage your company according to generally accepted accounting principles can often be silly. We prefer to measure ourselves as we would hope owners measure us — by growth in intrinsic business value per share.

Growth In Revenues We applaud owners who reward executives on premium growth. This often provides fine opportunities for us later.

Market Share Often introduced by business consultants. In our personal experience, chasing market share has produced the biggest disasters in our business. Often, we have profited later from that excitement.

Strategic Purchases We have never made a strategic purchase... maybe we will someday. We often sell to strategic buyers. Our problem is we really don't have much of a strategy other than to increase intrinsic business value per share.

PUTTING OUR CAPITAL TO WORK

Intellectually, we really don't care much about leaving our capital lying fallow for years at a time. Better to leave it fallow and to wait for the occasional high-return opportunity. Frankly, sometimes shareholders would be better off if we all just went to play golf.

Overall, we should be students of capital and business. Adam Smith had it right:

"Capital will flow according to its own nature; the invisible hand."

If we do not earn and deserve our owners' capital, we will not long have it. We also admire Benjamin Graham who said:

"In the short run, the market is a voting machine, but in the long run it is a weighing machine."

CORPORATE INFORMATION

SHAREHOLDER INQUIRIES

White Mountains Insurance Group, Ltd.
14 Wesley Street
5th Floor
Hamilton HM 11, Bermuda
Tel: (441) 278-3160
Fax: (441) 278-3170

PRINCIPAL EXECUTIVE OFFICE

White Mountains Insurance Group, Ltd.
80 South Main Street
Hanover, New Hampshire 03755
Tel: (603) 640-2200
Fax: (603) 643-4592

REGISTERED OFFICE

White Mountains Insurance Group, Ltd.
Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

ANNUAL MEETING

The 2011 Annual General Meeting of Members will be held on Thursday, May 26, 2011, at the Tucker's Point Hotel in Hamilton, Bermuda, and will commence at 12:00 p.m. Atlantic time.

Proxy materials for the AGM, including the Chairman's Letter, Notice of 2011 Annual General Meeting of Members and Proxy Statement, Form 10-K, and 2010 Management Report are available online at www.edocumentview.com/wtm for viewing and downloading.

INVESTOR INFORMATION MEETING

The Company will hold its Annual Investor Meeting on Wednesday, June 22, at the W New York - Union Square, 201 Park Avenue South (at 17th Street), New York, NY at 10:00 a.m. Eastern time. Please refer to the Company's website for further details.

SHAREHOLDER INQUIRIES

Written shareholder inquiries should be sent to the Corporate Secretary at the Company's Bermuda corporate headquarters. Written inquiries from the investment community should be directed to the Investor Relations Department at the Company's Bermuda corporate headquarters.

TRANSFER AGENT AND REGISTRAR FOR COMMON SHARES

Mailing Address:

Computershare Trust Company, N.A.
P.O. Box 43078
Providence, RI 02940-3078

Private Couriers/Registered Mail:

Computershare Trust Company, N.A.
250 Royall Street
Canton, MA 02021
Attn: Priority Processing

Registered shareholders (shares are held by you in your name) may obtain information about transfer requirements, replacement dividend checks, duplicate 1099 forms, and changes of address by calling the Transfer Agent's Telephone Response Center at (781) 575-2879 or (800) 952-9245 for the hearing impaired or visiting the Transfer Agent's website site at www.computershare.com. Please be prepared to provide your tax identification or social security number, description of securities, and address of record. Other inquiries concerning your shareholder account should be addressed in writing to the Transfer Agent and Registrar.

STOCK EXCHANGE INFORMATION

The Company's common shares are listed on the New York Stock Exchange and the Bermuda Stock Exchange under the symbol "WTM".

NYSE SECTION 303A.12(A) CERTIFICATIONS

In accordance with the NYSE Corporate Governance Rules, in 2010 the Company submitted its annual Section 12(a) CEO Certification to the NYSE. In addition, the Company filed with the SEC as exhibits to its Form 10-K for 2010 the CEO and CFO certifications required under Section 302 of the Sarbanes-Oxley Act.

FORM 10-K

For comprehensive audited financial statements, please refer to the "Annual Report on Form 10-K" filed with the SEC on February 26, 2011. The Company's Form 10-K is available for viewing online at www.edocumentview.com/wtm.

Copies of the Form 10-K are also available without charge upon written request to the Corporate Secretary's office at the Company's Bermuda corporate headquarters.

ADDITIONAL INFORMATION

All reports, including press releases, SEC filings, and other information for the Company, its subsidiaries, and its affiliates are available for viewing at our website at www.whitemountains.com. Please come visit us.





*White Mountains Insurance Group, Ltd.
14 Wesley Street
5th Floor
Hamilton, HM 11, Bermuda
Tel: 441-278-3160
Fax: 441-278-3170
www.whitemountains.com*