White Mountains
INSURANCE GROUP

2009 Management Report

Celebrating 25 Years as a Public Company

Our 2009 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 2009 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 20 through 22 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 2009 Management Report regarding White Mountains' business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such 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, 2009.

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 75% of OneBeacon.
Esurance –	personal auto insurance directly marketed and underwritten on the internet and through call centers.
White Mountains Advisors –	investment management with $29 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, 2009 was approximately $2.9 billion. As of December 31, 2009, White Mountains reported total assets of $15.4 billion, adjusted shareholders' equity[NGM] of $3.7 billion, and adjusted book value per share[NGM] of $417.

White Mountains
INSURANCE GROUP

2009 Management Report

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Celebrating 25 Years as a Public Company

Ray Barrette
Chairman
& Chief Executive Officer
White Mountains

Dear Fellow Shareholders:

What a difference a year makes! After a difficult 2008 and a pretty slow start in 2009, we finished the year with an adjusted book value per share[NGM] of $417, up 18% for the year, including dividends. All of our main businesses contributed to this fine result.

Our investment performance in 2009 was excellent. We generated a 10% total portfolio return[NGM] including the effects of foreign exchange. This was accomplished with few investments in common stocks and a focus on preserving capital rather than investing for total return. The fixed income portfolio did very well, especially the corporate bond portfolio where we reinvested a large portion of the proceeds from the sale of common stocks in late 2008 and early 2009. Other asset classes also did reasonably well. Thanks to the good work of our investment and finance teams, we moderated the opportunity cost of selling stocks in a bad market. Investment returns since the OneBeacon acquisition in 2001 have added significantly to our overall performance.

OneBeacon grew GAAP book value per share by 31%, including dividends, and had a 94% GAAP combined ratio. Specialty Lines had another great year. Personal and Commercial Lines shrank volumes and margins. Facing what we believe to be a soft insurance market with no end in sight, we reached separate agreements to sell Personal Lines (ex. AutoOne) and Commercial Lines (ex. specialized segments) in order to free up significant amounts of capital from these lower return businesses. As this capital is released over time, OneBeacon will look to redeploy it into specialty opportunities or return it to its shareholders. Going forward, OneBeacon is a meaningful specialty insurance company with a long record of profitable growth in a broad range of specialty segments, each managed by a dedicated team of professionals. The large runoff of old business that remains attached to OneBeacon is a damper on returns but is well reserved and protected by reinsurance. You can expect us to look for opportunities to minimize this drag on the specialty company.

White Mountains Re (WMRe) delivered an 80% GAAP combined ratio. This was a strong performance, helped by low claims from natural disasters. Reserves are finally in good shape. WMRe returned $533 million of capital to White Mountains last year, reflecting solid profitability and diminished volumes as we maintained underwriting discipline, a reduced risk profile, and improvements in capital efficiency. WMRe Sirius, which we acquired in 2004, continued its long record of underwriting profitability. WMRe Bermuda, now a branch of WMRe Sirius, had an excellent year, also helped by the lack of hurricanes in North America. Last but not least, WMRe America (née Folksamerica) has regained its footing, producing strong underwriting profits and favorable reserve development. Looking forward, we see good opportunities to write profitable 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 solid year with both the Esurance direct business and Answer Financial's (AFI) agency operations producing better results. AFI grew revenues and profits, driven by the flow of leads coming from Esurance. The GAAP combined ratio for Esurance improved to 104% as the loss and loss adjustment expense ratio is back under 75%, in-line with our long-term target. Esurance's operating expenses are less than 10% of premiums – a pretty efficient structure in the personal auto insurance business. Acquisition expenses, however, contribute to its high combined ratio. For GAAP accounting, we expense all marketing costs in the first 6-month term, resulting in a first-term GAAP combined ratio of nearly 140%. Renewals are much more profitable, averaging a mid-80's combined ratio. The Esurance team targets an allowable acquisition cost per policy (ACP) that is expected to provide a good return on capital over the life of the policies. ACP is highly dependent on new business conversion rates and partner revenues we receive, which offset marketing spend. Conversion, partner revenue and policyholder retention improved substantially in the second half of 2009, giving us more opportunities to produce profitable business. These trends have continued so far in 2010. The Esurance team is quite skilled at managing this process. I believe that we have a superior business model that has great value to White Mountains.

We did not succeed in exiting the Life Re business but we did exit the weather risk management business. At Life Re, we have made much progress in improving our hedging and we have booked more conservative surrender assumptions. The risk of loss has been reduced but not eliminated. The real test would come if we again experienced severe market disruptions like late 2008 and early 2009. We believe we would do better this time around.

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. Given the events of the last two years and the difficult economic outlook, maintaining a good margin of safety is crucial. Beyond that, you can expect us to continue to measure all opportunities against the value of returning capital to you through share buybacks and/or dividends. In the current insurance and investment markets, we see limited opportunities, except for Esurance and OneBeacon Specialty where we have nice growth potential.

October 2010 marks the 25th anniversary of the IPO of the company, then known as Fireman's Fund Corporation. At the time, the IPO was the largest in American history. There were 70 million shares and each could be had for $25.75. Today we have 8.8 million shares selling for about $350 per share. Including dividends, this is a total return to shareholders of 14% per annum over 24.5 years, a period where the S&P 500 returned 10%. During this time the company has produced an annualized growth in adjusted book value per share[NGM], including dividends, of 16%. This is solid performance, especially in the insurance business. The last four years have been less rewarding for our shareholders, but through hard work and good luck we believe we are back on track.

During those 25 years, the company has reinvented itself over and over again. Just think of some of the major steps in these transformations: the IPO in 1985 and the sale of Fireman's Fund Insurance to Allianz in 1991; the spinoff of White River in 1993; the large investment in Financial Security Assurance (FSA) in 1994; the reinvestment of the proceeds from the FSA sale in 2001 into the purchase of OneBeacon; the purchases of WMRe America in 1996/1998 and WMRe Sirius in 2004 to create what is now White Mountains Re; the re-domestication to Bermuda in 1999; the small investment in Esurance in 2000, the purchase of AFI in 2008 and our significant investment and position in the direct U.S. auto market today; the creation of Montpelier Re and Olympus Re, only weeks after September 11, 2001; the OneBeacon IPO in 2006 and the current transformation of the company into a specialty carrier. (In the interest of space, I will refrain from listing our less successful events.)

This is a long list of major transactions that have made our superior returns possible in a business where single digit ROE's are the norm over time. These transactions are the result of a disciplined process to allocate capital to the best opportunities rather than to building an "institution". What makes us fairly unique is our insistence on sticking to four operating principles that Jack Byrne introduced to the company 25 years ago. Please repeat after me:

1) Underwriting comes first
2) Maintain a disciplined balance sheet
3) Invest for total return
4) Think like an owner

We actually try to run the company this way!

Having recovered strongly from the trials and tribulations of the 2005-2008 period, I am confident that we have the talent, resources and will to deliver superior results. The market obviously does not fully agree with that assessment. More than ever, however, we believe that "in the short run, the market is a voting machine, but in the long run it is a weighing machine." (Ben Graham) We are well positioned for the future and remain motivated and optimistic about our ability to deliver superior value for our shareholders.

Respectfully submitted,

Ray

Ray

David T. Foy
Executive Vice President
& Chief Financial Officer
White Mountains

Our adjusted book value per share[NGM] grew by 18%, including dividends, last year to $417. Although below the year end 2007 level of $447, it was a nice recovery. Our capital position also improved substantially during 2009. Proactive risk reduction, solid underwriting and investment results and the reorganization of White Mountains Re improved capital adequacy, reduced financial leverage and restored financial flexibility. At year end, our debt to total capital was back down to our long-term target of 20% and we had roughly $700 million of undeployed capital. Driven by additional capital freeing up from the Commercial and Personal Lines transactions at OneBeacon, we expect undeployed capital to grow to $1.2-1.3 billion in 2010. As a result, capital deployment will be one of our main priorities this year. We have begun to repurchase White Mountains shares in the open market through a 10b5-1 plan and will opportunistically look for additional avenues to bring in shares, particularly if they continue to trade at less than adjusted book value per share.

The largest driver of the growth in adjusted book value per share was the investment portfolio. Investment markets experienced a substantial recovery from the March 9 lows, and we clearly benefited from this. Although we sold common stocks to reduce risk during the financial crisis, a significant percentage of the proceeds from these sales were reinvested in corporate bonds at a time when spreads were at 75-year highs. As spreads tightened dramatically, we were able to produce excellent returns.

Our operating businesses were also big contributors to the growth. All three of our major operating units had lower combined ratios than in the prior year. Meanwhile, with significant improvements in our hedging program and more stable financial markets the losses at our Life Re unit were substantially lower as the hedging results were breakeven from March through December.

Our balance sheet is conservative and in better shape than it has been at any time since the OneBeacon acquisition. Reserves are strong at all three of our business units and each developed favorably during 2009. The actions we have taken over the past several years are serving us well. Jeff Davis, our talented Chief Actuary, and his fine team in the business units have done a great job.

In January 2010, Symetra completed an initial public offering of its common shares. The offering was done at below both book value per share and our estimate of intrinsic business value per share and therefore we did not sell in the offering. It diluted our ownership from 24% to 20% (assuming exercise of all outstanding warrants), but was a positive event in my view. Symetra now has the financial wherewithal to capitalize on opportunities to grow in the life and annuity businesses as many of the industry players continue to struggle with the impact of the financial crisis. Symetra emerged from the crisis in solid financial shape as they avoided nearly all of the major problems that hit the investment portfolios of other life insurance companies and did not have the type of product guarantees that have given other life companies trouble. Our investment was made in August 2004 at $8.81 per share (adjusted for dividends), while the IPO was completed at $12 per share and the stock has been trading higher since the offering. Since we made the investment through December 31, 2009, annualized growth in Symetra's adjusted book value per share, as converted[NGM,] has been 10.9%. This is a good result, especially when compared to the financial market returns during that period. I am optimistic that Symetra will outperform the life insurance industry over the foreseeable future and thus I personally bought shares in the offering.

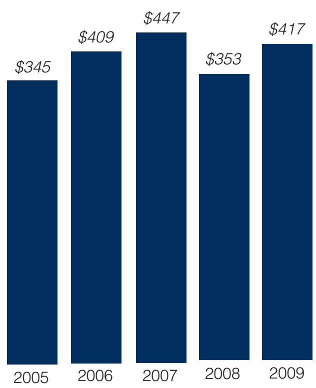
I believe White Mountains is well positioned to create value for shareholders in coming years. Our investment portfolio is conservatively positioned, and White Mountains Advisors and Prospector have talented investment professionals who can outperform their peers. Our businesses are well run by managers who are executing extremely well despite soft insurance markets. We have also regained our financial flexibility, putting us in great shape to capitalize on opportunities that arise in the future.

Respectfully submitted,

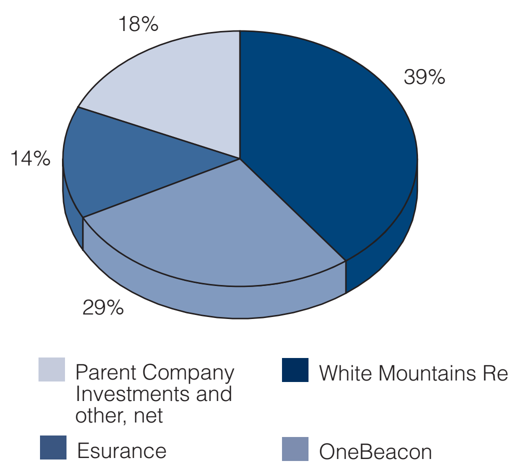
David Foy

David T. Foy

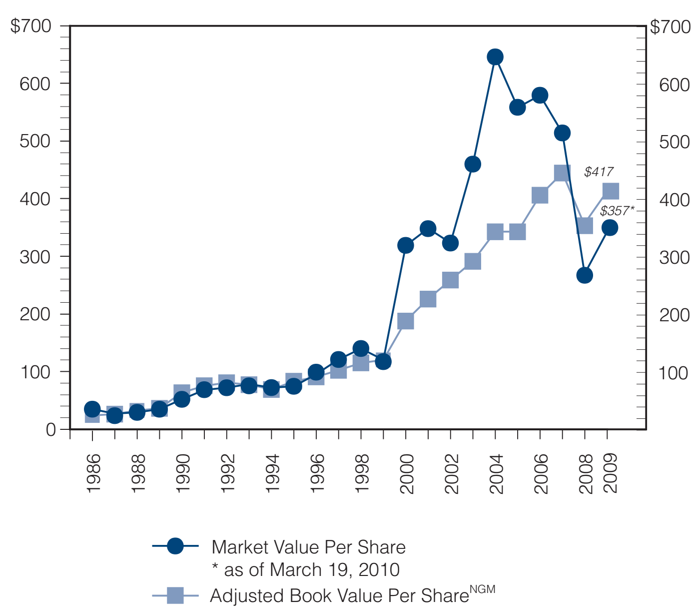
ADJUSTED BOOK VALUE PER SHARE[NGM]



INVESTMENT OF OWNERS' CAPITAL
(as of December 31, 2009)



GROWTH IN VALUE PER SHARE



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

Maintaining a disciplined balance sheet is one of White Mountains' core operating principles. The estimate of loss and loss adjustment expense reserves must be solid before making other critical operational and capital decisions. Based on the information currently available, White Mountains is well reserved for all of its liabilities incurred as of year-end. At the end of 2009, management's best estimate of net reserves was $4,011 million. Management is booking reserves in the upper portion of the actuarial range in response to areas of potential volatility in the actuarial indications and White Mountains' prior history with unexpected adverse development.

2009 was a pivotal year for White Mountains in respect to loss reserve development. It is the first calendar year in White Mountains' recent history in which all operating segments had favorable net development on prior accident year reserves. In addition to regular paid activity and the strong reserve position noted above, the actual net carried reserves for accident years 2008 and prior decreased by roughly $122 million during calendar year 2009. These reductions were the result of prudent reserving in the past, commuting key contracts for amounts less than carried, and optimizing retrocessional protections. Although future calendar years may not see the same magnitude of favorable reserve releases, management believes it has positioned the balance sheet to continue this positive trend and mitigate the potential for negative reserve surprises.

Respectfully submitted,

Jeffrey W. Davis

LOOK THROUGH PARENT COMPANY BALANCE SHEETS

(unaudited) $ in millions except per share amounts	As of December 31, 2009	 2008
Assets		
Investments:		
Common equity securities and other investments	$ 5.4	$ 7.7
Fixed maturity and short-term investments	250.3	157.9
Total investments	255.7	165.6
Investment in White Mountains Re	1,426.5	1,465.7
Investment in OneBeacon [a]	1,078.0	871.6
Investment in Esurance	495.0	437.5
Investment in Symetra [b]	316.7	278.6
Other assets	122.2	123.4
Total Assets	$ 3,694.1	$ 3,342.4
Liabilities and Adjusted Shareholders' Equity		
Debt	$ 0.0	$ 200.0
Other liabilities	27.7	46.3
Total liabilities	27.7	246.3
Adjusted shareholders' equity[NGM]	3,666.4	3,096.1
Total Liabilities and Adjusted Shareholders' Equity[NGM]	$ 3,694.1	$ 3,342.4
Adjusted Book Value Per Share		
Adjusted common shares outstanding[NGM] (000's)	8,803.5 sh	8,772.2 sh
Adjusted Book Value Per Share[NGM]	$ 416.52	$ 353.07

[a] White Mountains owned 75% of OneBeacon as of December 31, 2009 and 2008, 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 losses from Symetra's fixed maturity portfolio of $9.0 million and $197.3 million as of December 31, 2009 and 2008, respectively. See page 19 for a summary of White Mountains' investment in Symetra.

LOOK THROUGH PARENT COMPANY INCOME STATEMENTS

(unaudited) $ in millions	Years Ended December 31, 2009	 2008
After-Tax Adjusted Comprehensive Net Income (Loss) of Subsidiaries and Affiliates:		
White Mountains Re	$ 356.9	$ (162.4)
OneBeacon	274.2	(308.3)
Esurance	14.2	(49.6)
Symetra [a]	35.1	(45.6)
Other	(62.6)	(168.5)
Total after-tax adjusted comprehensive net income (loss) of subsidiaries and affiliates	617.8	(734.4)
Parent Company Activities:		
Net investment income	1.0	14.6
Realized and unrealized net investment (losses)	(2.1)	(13.9)
Other revenues	2.7	18.7
Total revenues	1.6	19.4
Operating expenses	57.6	22.1
Interest expense	4.8	10.1
Total expenses	62.4	32.2
Pre-tax comprehensive net (loss)	(60.8)	(12.8)
Income tax benefit (expense)	2.5	(1.9)
Comprehensive net (loss) of parent	(58.3)	(14.7)
Adjusted Comprehensive Net Income (Loss)[NGM]	$ 559.5	$ (749.1)

[a] Excludes $191.3 million of equity in net unrealized gains and $191.7 million of equity in net unrealized losses from Symetra's fixed maturity portfolio in 2009 and 2008, respectively.

G. Manning Rountree
President
White Mountains Advisors

After declining 9.5% in 2008, the total portfolio return[NGM] rebounded nicely in 2009, up 10.2% for the year, our best absolute return since 2002. These are very good results given the defensive positioning of the portfolio.

As our investment losses mounted in late 2008, we began to sell equities and build cash reserves. We continued this process into the first half of 2009. Equity exposure, largely comprised of convertible bonds, now sits at 36% of adjusted shareholders equity plus the $351 million noncontrolling interest in OneBeacon, down from a peak of 72% in mid-2008. During 2009, we also shifted our primary objective for the fixed income portfolio from total return to capital preservation. In taking these actions, we temporarily sacrificed important sources of historical outperformance in order to protect our downside.

Despite these changes, we generally met or exceeded our portfolio benchmarks during 2009. The key was a large, well-timed and well-executed move into corporate bonds. Our fixed income team reinvested roughly 80% of the proceeds from the equity sales into corporate bonds. Most of the corporate exposure was added in the first quarter when spreads were historically wide. For the year, the corporate bond portfolio returned 17.8%, an equity-like return that mitigated our opportunity cost vis-à-vis the rally in risk assets.

Corporate bonds were not the only bright spot. The total fixed income portfolio return[NGM] was up 10.0%. Dollar weakening provided a tailwind, since we hold roughly $725 million of unhedged foreign currency exposures, primarily for WMRe Sirius' account. Excluding currency movements, our bond portfolio still beat the Barclays Intermediate Aggregate by over 200 basis points. All sectors performed well. Structured products returned 9.8%, a strong result given the positioning, which is high quality, structurally senior and typically credit enhanced.

We took advantage of market rallies to continue to reduce our exposure to non-agency RMBS and CMBS. We believe that our remaining exposures are well positioned in terms of the risk of permanent credit loss. For the year, White Mountains' fixed income portfolio had net realized losses (including impairments) of only $7 million, an excellent result. Similarly low levels of permanent credit losses in Symetra's portfolio helped protect its balance sheet and enable the recent IPO.

Our collection of equity, convertible, alternative and affiliated investments portfolio return[NGM] was up 12.2% in 2009, a decent absolute result but significantly below the S&P 500 return of 26.5% for two basic reasons. First, the sale of equities during the crisis locked in losses and pushed returns downward. Second, the equity portfolio that we retained was skewed away from common stocks and toward convertible bonds and alternative assets. Our equity portfolio has been a big contributor historically, outperforming the S&P 500 by 900 basis points per year since the OneBeacon acquisition in 2001. Going forward, we intend to return to a more traditional equity portfolio composition by adding common stock exposure over time. Despite the equity market rally, we believe that there continue to be good opportunities in specific names.

"May you live in interesting times" goes the Chinese curse. Well, 2010 promises to be a very interesting time in the markets. Despite high headline GDP growth in the fourth quarter, the economy appears to be responding sluggishly to the enormous government stimulus. Corporate earnings are up but revenues are down, implying a continued tough environment for jobs. Weak income, scarce credit and increased savings rates are limiting consumer spending. Inventory re-stocking has provided a recent boost but is only sustainable to the extent that final demand grows. Home sales are still sluggish despite the fact that the federal government is backing upwards of 80% of all new mortgages. Hundreds of billions of dollars of commercial real estate loans maturing in the next few years will be difficult if not impossible to refinance. The federal deficit exceeds $1.5 trillion, a situation that the CBO calls “bleak”. State and local governments are in no better shape. The Federal Reserve has announced that it will begin to withdraw liquidity and stimulus in the first half of 2010, with uncertain market implications. Longer term, it is important to remember that we are in the early innings of a massive global deleveraging, likely to be characterized by elevated unemployment and greater public indebtedness, both of which will slow economic growth for years to come. From today’s levels, it seems more likely than not that interest rates and inflation will eventually rise, but the near term outlook is not at all clear.

Overall, our portfolio remains defensively positioned as we proceed in 2010. The fixed income portfolio remains high quality, short duration and liquid. Weighted average credit quality is AA. Duration is roughly two years. We have a $2.1 billion pool of short term investments. But the opportunity to earn outsized returns on high-quality spread products has come and gone, and we do not see another “big trade” out there. We expect that 2010 will be a year of lower return expectations. We expect a continued, gradual return to business as usual, including a renewed focus on investing for total return. And we expect to stick to our knitting, with the goal of putting our undeployed cash to work carefully, security by security.

Respectfully submitted,

G. Manning Rountree

WHITE MOUNTAINS ADVISORS

White Mountains Advisors LLC (White Mountains Advisors) is a wholly-owned investment management subsidiary of White Mountains and a registered investment advisor. White Mountains Advisors manages fixed income securities and alternative assets, including hedge funds and private equity funds, for the Company and its subsidiaries. White Mountains Advisors has a sub-advisory agreement with Prospector Partners LLC (Prospector Partners or Prospector), also a registered investment advisor, under which Prospector manages most of White Mountains’ publicly-traded common equity and convertible securities. White Mountains Advisors also provides investment management services to certain entities in which White Mountains has an interest, most notably Symetra Financial Corporation.

ALLAN L. WATERS

President &
Chief Executive Officer
White Mountains Re

The entire White Mountains Re team contributed to improve your reinsurance business over the past three years. During a generally softening market, we maintained underwriting discipline. Our loss reserves are now strong. We reduced our business risk and strengthened controls over our global property exposures. We brought our operating expenses more into line with our premium volume while improving the quality of our team. We added an appropriate amount of financial leverage and reduced our cash tax burden. We also returned $1.1 billion of capital and provided an additional $300 million of liquidity to White Mountains. The return of capital included $533 million upstreamed in 2009, thanks in large part to the reorganization of our Bermuda platform into a branch of WMRe Sirius. This helped to restore White Mountains' financial flexibility. We remain well capitalized.

All this hard work has produced results. With the benefit of some good luck last year, our GAAP combined ratio moved from 94% and 106% in 2007 and 2008, respectively, to 80% in 2009. Total property catastrophe losses for the year were $67 million. We incurred no U.S. hurricane losses in 2009, although we suffered essentially average losses from property catastrophes in Europe and elsewhere. All our underwriting centers are performing well.

Aided by strong investment results and foreign exchange gains, pre-tax income rebounded to $386 million in 2009 from a loss of $253 million in 2008.

Gross written premiums (GWP) of $997 million for 2009 were $79 million below prior year. Over two-thirds of the decline is attributable to U.S. casualty business, which generally remains underpriced. We continue to see a strong flow of submissions in all our active lines of business including U.S. casualty. This is an indicator that we are maintaining positive market presence despite our disciplined underwriting approach. Net written premiums (NWP) of $807 million for the year declined by $124 million from 2008. This decline is greater than the reduction in GWP due to increased property retrocessions to manage down property catastrophe risk commensurate with our smaller capital base.

Loss reserves finally headed in the right direction in 2009, developing favorably by $30 million. Our goal is to never get behind on loss reserves again.

For the first time since 2005, we expect to produce premium growth in 2010. This will not be accomplished by backing away from our entrenched underwriting discipline. We see some good opportunities and will grow only where risk adjusted returns are superior.

A few specific line of business comments follow. In the italicized parentheticals, dollar amounts are 2009 GWP and percentages are 2009 GAAP combined ratios:

♦ *Property ($256 million catastrophe excess at 54% and $294 million working layer at 77%):* 2009 was a very good year for most property underwriters reflecting solid risk adjusted pricing and the absence of U.S. hurricanes. We did pass up some opportunities due to the necessary risk deleveraging of our property portfolio. Property catastrophe excess pricing reached its apex for most peak zones at the April 1, 2009 renewals. By January 1, 2010 capacity was robust. Although property pricing is slipping a bit for non-loss accounts, it generally remains more than adequate.

♦ *Accident & health ($218 million at 84%):* Over the years, accident and health has produced consistently good results and become our second largest line of business. We are currently forecasting double digit growth for 2010.

♦ *Aviation ($79 million at 97%):* We remained profitable in this line for each of the past three years while the (re)insurance industry was losing money due to soft pricing and unusually high loss frequency. Our results reflect solid underwriting by the Zurich team and a highly effective retrocessional program. Aviation rates, terms and conditions are improving.

♦ *Financial ($24 million trade credit and bond at 129% and $13 million contingency at 94%):* Due to poor underwriting prospects, in 2009 we retroceded 80% of WMRe Sirius' European trade credit premiums, which reduced credit and bond NWP to $7 million for the year. In 2010 we are taking advantage of significantly improved pricing and conditions. At the January 1, 2010, renewals, trade credit NWP increased to $47 million from $5 million a year earlier.

Capital capacity in the (re)insurance industry has fully rebounded since 2008 and is plentiful. Absent a catalyst, we see no overall underwriting cycle turn in the near-term. Additionally, tort and inflationary risks are increasing. We will continue to deploy your capital opportunistically and with care.

Respectfully submitted,

Allan L. Waters

White Mountains Re – Segment Financials

$ in millions	Years Ended December 31, 2009	2008
Balance sheet data:		
Total investments	$ 3,949.4	$ 4,067.5
Total assets	5,625.4	6,051.3
Loss and LAE reserves	2,444.4	2,735.4
Shareholder's equity	1,426.5	1,465.7
Income statement data:		
Gross written premiums	$ 996.5	$ 1,076.1
Net written premiums	806.8	931.1
Net investment income	107.7	178.1
Pre-tax income (loss)	386.3	(253.1)
GAAP underwriting ratios:		
Loss and loss adjustment expense	49%	74%
Underwriting expense	31%	32%
Combined	80%	106%

WHITE MOUNTAINS RE LTD.

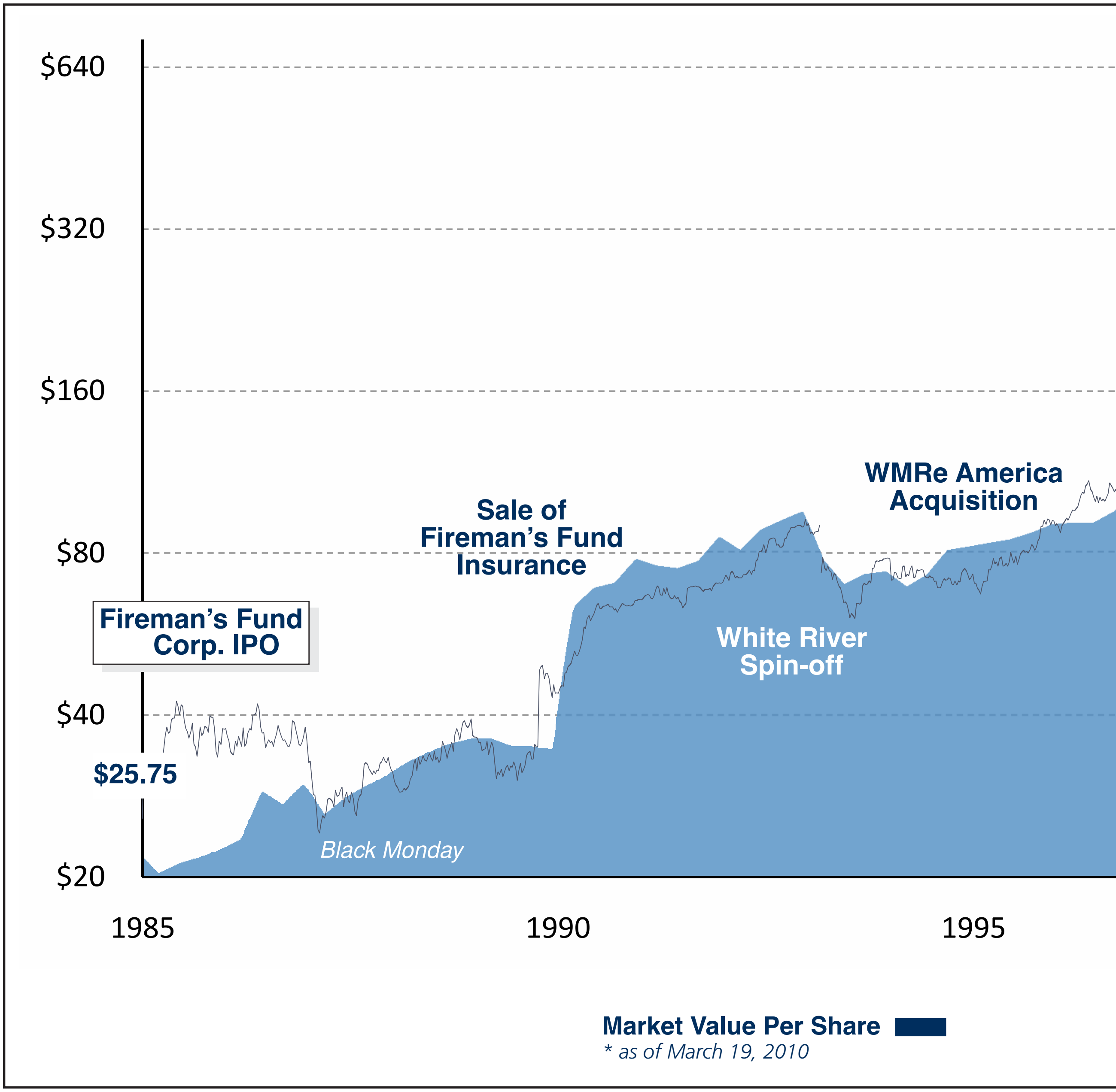
White Mountains Re Ltd. (White Mountains Re) is a Bermuda-domiciled holding company whose operating companies offer capacity for most property, casualty, accident & health, marine, and aviation exposures. Our principal operating companies are:

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

Sirius International Insurance Corporation (WMRe Sirius) is 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.

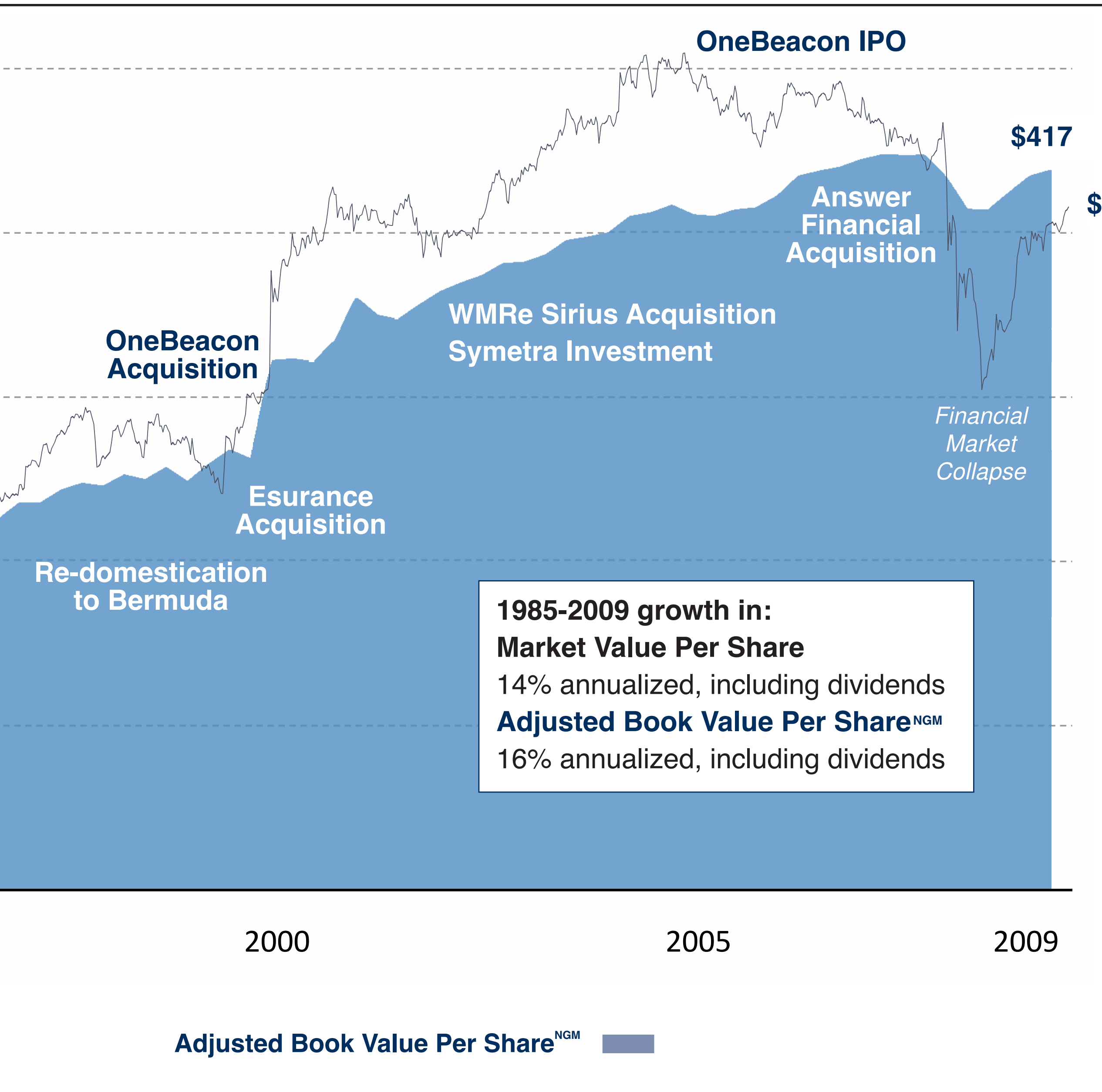
White Mountains Specialty Underwriting, Inc. (DBA White Mountains Re Solutions) is a Connecticut-based professional team specializing in opportunistic structured acquisitions of run-off property and casualty insurance liabilities. White Mountains Re Solutions further enhances transaction returns via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

25 Years of



2010 marks a significant milestone for your Company. On October 22, White Mountains will celebrate the 25th anniversary of its initial public offering. We made history back in 1985 as our former Chairman and CEO, Jack Byrne, led the sale of Fireman's Fund Corporation by American Express in the largest IPO in American history at the time. In 1989, the Company was renamed Fund American Companies, Inc. and in 1998, it was once more rechristened White Mountains Insurance Group, Ltd. No matter what we were called, we delivered significant financial rewards for our shareholders.

Creating Value



On average, since the IPO, the Company has produced a 16% annual growth rate in adjusted book value per share[NGM], including dividends, and a 14% annual stock market return, including dividends. Our three major businesses, OneBeacon, White Mountains Re and Esurance, all adhere to our core principles, which are an essential part of our history and future. The best is yet to come.

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

— Benjamin Graham

T. Michael Miller

President
& Chief Executive Officer
OneBeacon

For OneBeacon, 2009 marked a year of financial recovery, solid operating results and a transformation to a truly focused specialty insurance company.

On the financial front, our book value per share grew 31%, including dividends, to $15.03, driven by excellent investment returns of 10% and solid underwriting results measured by a 94% GAAP combined ratio. We reduced our financial leverage to 30%, while further improving our loss reserves. Finally, we purchased additional reinsurance coverage on our homeowners book, which significantly reduced our largest exposure to catastrophic loss events. On every key financial measure, we concluded the year in a stronger position compared to 2008.

Specialty results were once again outstanding, producing an 84% combined ratio and premium growth of 13%. The results for 2009 included the first full year impact from Hagerty Insurance Agency and Entertainment Brokers International. Both were profitable, and we are excited about further potential for both businesses. OneBeacon Professional Insurance continued to deliver excellent results while adding new products and talent to their organization. International Marine Underwriters, a consistent money maker, once again delivered despite a highly competitive marine market. They gave up market share to preserve profit, a tradeoff we support and applaud. Our Technology, Property and Inland Marine and OneBeacon Special Property units each had good results while thoughtfully navigating their competitive sectors. Dewar has been a market leader in tuition reimbursement insurance for many years and continues to produce outstanding results. Our Financial Services unit's strategy and underwriting skills have certainly been challenged by the recent economic crisis, and we are pleased to report they have strongly withstood the pressure. In fact, there will be opportunities for them to carefully expand in certain geographic regions. Our more recently established specialties, including Accident & Health, OneBeacon Government Risks and OneBeacon Energy, are developing nicely and we believe will be key contributors in the future. There is great strength in the diversity of these segments and the constant driver of their success is their focus on a specific segment and the deep knowledge and underwriting expertise within each group. We are constantly looking to add more segments and, more importantly, talented leadership that aligns with our values. Over the past five years, we have started or purchased seven new segments and, today, have a total of 12 units producing approximately $1 billion Specialty net written premiums per year.

Our Commercial Lines results were reported within Runoff, which produced a combined ratio of 101% while Personal Lines reported a combined ratio of 107%. Given these mediocre underwriting results, our competitive position in these segments, and our expectations for continued soft market conditions, we negotiated separate agreements to sell our non-specialty Commercial and Personal Lines businesses. Importantly, these transactions will free up significant capital, which we will use to invest in existing and new specialty opportunities or return to shareholders. Additionally, these sales will dramatically reduce our exposure to natural catastrophic events going forward. We will continue to manage a large runoff of old reserves which we have effectively done in the past through a dedicated claims group and supported by highly rated reinsurers. I am confident in our ability to manage these claims.

At AutoOne, our assigned risk private passenger auto business, we had a tough year. The involuntary markets are at their lowest premium volume level since we have been in the business, putting significant pressure on expenses. We have an excellent management team that has responded appropriately, but it is still a tough environment.

Going forward, we have a clear focus on specialized segments. This move away from businesses with large volumes of transactions and claims will allow us to center all aspects of the company on being a premier specialty carrier with industry-leading expertise deployed in the segments that, we believe, will present the highest available risk-adjusted returns. Aligning the infrastructure to support our smaller specialty company is underway, but it will take a couple of years before we can truly get to an optimal cost structure. Our management team possesses deep skills and solid track records in specialty segments, which we expect will continue to pay off handsomely for our owners. While we anticipate that market conditions will remain competitive, we have been through this before and we are confident we can successfully navigate these markets.

We entered 2010 with profitable specialty businesses, strong capital, considerable financial flexibility, and a conservative investment portfolio. Your management team remains committed to growing the value of the company and is optimistic about its ability to deliver. We remain appreciative of your support and are pleased to have you along for the journey.

Respectfully submitted,

T. Michael Miller

OneBeacon – Segment Financials

$ in millions	Years Ended December 31, 2009	2008
Balance sheet data:		
Total investments	$ 4,042.8	$ 3,811.5
Total assets	7,487.1	7,867.5
Loss and LAE reserves	3,934.8	4,294.0
Shareholders' equity	1,429.0	1,155.1
Income statement data:		
Net written premiums	$ 1,906.7	$ 1,963.1
Net investment income	125.5	164.4
Pre-tax income (loss)	456.9	(600.6)
GAAP underwriting ratios:		
Loss and loss adjustment expense	57%	60%
Underwriting expense	37%	35%
Combined	94%	95%

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 insurance products and services, which historically included specialty, commercial and personal lines sold primarily through select independent agents and brokers. However, the company recently entered into two transactions that will transition it to a specialty lines company. On December 3, 2009, OneBeacon sold the renewal rights to its non-specialty commercial lines business and, on February 2, 2010, OneBeacon entered into a definitive agreement to sell its Personal Lines business.

OneBeacon's common shares are listed on the New York Stock Exchange under the symbol "OB". Market capitalization as of December 31, 2009 was $1.3 billion. White Mountains owns 75% of OneBeacon.

OneBeacon traces its roots to 1831 and the Potomac Fire Insurance Company. Today, OneBeacon's specialty insurance products are available countrywide, while personal lines product offerings have been concentrated in the northeastern states. The company offers its products through a network of independent agents, regional and national brokers, and wholesalers.

Gary C. Tolman
President
& Chief Executive Officer
Esurance

Esurance was launched ten years ago with the vision that consumers would eventually come to use the Internet to shop for and buy auto insurance. At the time, most people were barely willing to buy books online, let alone financial services. Fortunately, back then, few insurance companies shared our view of the Internet. As luck would have it, we not only survived when the Internet bubble burst in 2000, but emerged as a major player in the direct personal auto insurance market.

Since December 16, 1999, when Esurance issued its first policy, our direct business has provided more than twenty million quotes, issued more than 1.6 million policies, insured over 2.2 million drivers, and settled nearly 600,000 claims. Esurance is now one of the top-thirty personal auto insurance companies in the United States and, more importantly, is one of the most commonly recognized names for personal auto insurance on the Internet.

Over the past decade, we have continually refined our business model to respond to changing consumer needs. As you would expect, online auto insurance shopping was adopted initially by younger, single, technology-savvy consumers. It has since evolved to include a much broader group of shoppers and buyers, and we are engaged in numerous efforts to ensure that we will attract and retain the broader group.

In our early years, Esurance sold only personal auto insurance. Today, we have partnerships in place to sell homeowners, renters, motorcycle, watercraft, pet, life, and health insurance. Aside from helping satisfy our customers' insurance needs, Esurance generates millions of dollars in revenue from the commission income and referral fees that we receive from the sale of these insurance products. These additional revenues help to offset customer acquisition costs and leverage our marketing expenses.

The most important change to our business model since our launch was White Mountains' acquisition of Answer Financial (AFI) in 2008. AFI is one of the largest call center/online independent insurance agencies in the United States, selling personal auto and property insurance in all 50 states. AFI has 200 licensed agents in its call centers quoting and selling personal insurance for twenty-one insurance carriers, including Esurance. AFI gets many of its leads from partnerships with large companies such as Primerica and Sam's Club. Esurance is the largest generator of leads for AFI.

The combination of Esurance and AFI provides a unique and unmatched offering for our consumers seeking maximum value when buying personal insurance. It also allows us to further leverage our marketing expenses by offering a broader range of options to our potential customers. Visitors to the Esurance website can either purchase an auto insurance policy directly from Esurance, or compare Esurance's rate to *real* quotes from other auto insurance companies (e.g., Safeco, Travelers, Hartford), and actually purchase a policy from one of these companies at the quoted rates by clicking through to AFI's website. This unique choice model differentiates us from all of our competitors and will continue to play an integral part in our ongoing success.

Together, Esurance and AFI issued nearly 430,000 new policies in 2009, an increase of 4% compared to 2008. Those policies represented $1.2 billion of controlled premiums. We ended the year with 774,000 policies-in-force, up from 745,000 at the end of 2008. In 2009, the Esurance segment recorded $31 million of pre-tax income. This profitability was driven by strong investment gains, higher operating profits at AFI, and improved underwriting results at Esurance. For our direct business, we reported a 104% GAAP combined ratio, two points better than in 2008.

During the second half of 2009, Esurance began to generate meaningful improvements in its sales metrics after almost two years of deteriorating results. This improved performance was due to pricing and product changes, and marketing and website enhancements implemented earlier in the year. In the fourth quarter, the number of Esurance customers buying a policy after receiving a quote (the "conversion rate") increased significantly, resulting in a 34% increase in new policy sales compared to the fourth quarter of 2008. For the same period, we reduced our acquisition cost per policy by 30%.

Esurance's customer retention also improved in the fourth quarter. After having raised prices significantly in 2008, we were able to keep our prices relatively stable in 2009, which resulted in fewer customer-initiated cancellations. Retention gains were also due to customer and claims service enhancements. In claims, we implemented new technology that allows a customer using any Esurance preferred repair facility to see daily photos of their vehicle as it is repaired. More than 50% of our customers who used an Esurance preferred facility took advantage of this feature. We also enhanced other online functionality, making it even easier to report claims, set up vehicle inspection appointments, and receive improved automated claims updates.

Offering a broad choice of competitive rates, innovative products and high quality service is our competitive advantage. 2010 is off to a good start, building on improved sales and customer retention results at the end of 2009. We are confident that we have a strong market position and that we will be able to deliver superior results over time.

Respectfully submitted,

Gary C. Tolman

Gary C. Tolman

Esurance – Segment Financials

$ in millions	Years Ended December 31, 2009	2008
Balance sheet data:		
Total investments	$ 918.7	$ 796.4
Total assets	1,218.0	1,095.6
Loss and LAE reserves	422.9	370.7
Shareholder's equity	495.0	437.5
Income statement data:		
Gross written premiums	$ 781.2	$ 826.4
Controlled premiums	1,128.0	1,161.0
Commission and fee revenue	55.2	43.3
Net investment income	24.9	33.8
Pre-tax income (loss)	31.4	(66.5)
GAAP underwriting ratios:		
Loss and loss adjustment expense	74%	77%
Underwriting expense	30%	29%
Combined	104%	106%
Policies in force:	774,000	745,000

ESURANCE

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

Esurance's direct-to-consumer model and AFI's agency operations create a unique choice model for purchasing personal lines insurance. Consumers interested in shopping for insurance online and comparing quotes from multiple insurance carriers can do that on the Esurance website. If shoppers wish to purchase an Esurance policy, they can do so online or over the telephone. However, if shoppers wish to pursue a real-time quote and purchase a policy from another insurance carrier, they can continue the process with AFI. This choice model provides the Esurance segment with a distinct competitive advantage and will remain a strategic differentiator going forward.

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 leading partners.

An innovator in the insurance industry, Esurance provides a seamless online experience for policyholders. Consumers can receive real-time quotes, buy policies 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 when they need it. Esurance's regional offices, located throughout the United States, handle sales, service and claims.

AFI is one of the largest personal lines independent 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 twenty 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.

Randall H. Talbot

President &
Chief Executive Officer
Symetra

Symetra finished 2009 with solid earnings from our diverse lines of business and significant sales increases in annuities and life insurance. Symetra's strong balance sheet and broad distribution network position us well to efficiently deploy the capital raised from our January 2010 initial public offering (IPO).

Highlights from 2009 included:

♦ Balanced earnings across all four business segments.

♦ Significant sales growth in Retirement Services, Income Annuities and Individual segments through financial institutions and independent agents.

♦ Disciplined underwriting in Group segment resulting in premium decline.

♦ Marked improvement in our equity portfolio managed by Prospector Partners, LLC, with returns of 34.0%, outpacing the return of the S&P 500 total return index of 26.5%.

Here's how our achievements translate into overall financial results:

♦ Symetra full year net income increased to $128.3 million in 2009, compared with $22.1 million in 2008.

♦ Adjusted operating income[NGM] for the full year, was $147.9 million — a very nice 20% improvement over 2008 levels.

♦ Operating return on average equity[NGM] was 10.5% for the year, up from 9.2% in 2008.

Book value as of December 31, 2009 increased to $1,433.3 million, or $12.83 per share, compared with $286.2 million, or $2.56 per share, as of December 31, 2008. The increase in book value was driven by recovery in unrealized losses in the investment portfolio. Adjusted book value per share, as converted[NGM] increased to $15.23 per share as of December 31, 2009, compared with $13.95 per share as of December 31, 2008.

On January 22, 2010, Symetra common stock began trading on the New York Stock Exchange under the ticker symbol “SYA.” The offering, which closed January 27, 2010, consisted of 25.3 million primary shares sold by Symetra, and 9.7 million secondary shares sold by existing stockholders at price of $12.00 per share. Symetra received net proceeds in the offering of approximately $282.5 million. After the offering, Symetra had 118.0 million total shares of common stock outstanding.

Symetra's four business segments include Group, Retirement Services, Income Annuities, and Individual.

♦ *Group* earnings were down year-over-year due to a higher number of large medical stop-loss claims. Group stayed true to its underwriting discipline, resulting in anticipated lower sales and renewals related to price increases in the stop-loss line.

♦ *Retirement Services* had a stellar year with excellent earnings. Total account values hit a record-high $8.4 billion at year-end, up 32% over 2008 levels. Full year sales jumped from $1.8 billion in 2008 to $2.2 billion in 2009.

♦ *Income Annuities* posted solid earnings and strong sales for the full year. Leading the charge were immediate annuity sales through financial institutions and independent agents. Thanks to increased sales during the last half of 2009, Income Annuities grew for the first time since Symetra's inception.

- *Individual* reported an increase in earnings for the full year 2009 over 2008. Sales grew year-over-year in a predominantly down market. Contributing to the improved performance were higher sales of single premium life policies through banks and sales of term life policies through independent agents.

Symetra has never been better positioned for success. We have a strong product lineup, a broad and diverse network of distribution partners, and an outstanding team of employees — all the pieces are in place to continue to build on our momentum.

Respectfully submitted,

Randall H. Talbot

SYMETRA

Symetra Financial Corporation (Symetra) and its subsidiaries provide employee benefits, annuities and life insurance through a national network of benefit brokers, financial institutions and independent agents.

Symetra's largest operating company, Symetra Life Insurance Company, is rated "A" (Excellent) with a stable outlook by A.M. Best, "A" (Strong) with a negative outlook by Standard & Poor's, "A3" (Good) with a stable outlook by Moody's, and "A+" (Strong) with a negative outlook by Fitch.

Currently, White Mountains holds a 15% common interest in Symetra and warrants to purchase an additional 9.5 million common shares of the company. The warrants expire in August, 2014, and are immediately exercisable at a price of $11.49 per share. Assuming the exercise of all outstanding warrants, White Mountains' consolidated ownership interest in the company is 20%.

Symetra – Financials

$ in millions	Years Ended December 31, 2009	2008
Balance sheet data:		
Total cash and investments	$ 20,440.9	$ 16,720.5
Total assets	22,437.5	19,229.6
Liabilities for deposit contracts	18,816.7	16,810.4
Adjusted book value[NGM]	1,483.0	1,338.8
Income statement data:		
Premiums and other consideration	$ 573.6	$ 584.8
Net investment income	1,113.6	956.5
Policyholder benefits and claims	350.5	348.5
Net income	128.3	22.1
Adjusted operating income[NGM]	147.9	122.9

White Mountains' Investment in Symetra

$ in millions	As of December 31, 2009	2008
Common stock	$ 269.2	$ 54.0
Warrants to purchase 9.5 million common shares	38.5	27.3
GAAP carrying value	307.7	81.3
Equity in net unrealized losses from Symetra's fixed maturity portfolio	9.0	197.3
Adjusted carrying value [a]	$ 316.7	$ 278.6

[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 2009 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 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 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, 2009	As of December 31, 2008
Book value per share numerators ($ in millions):		
GAAP common shareholders' equity	$ 3,657.4	$ 2,898.8
Equity in net unrealized losses from Symetra's fixed maturity portfolio	9.0	197.3
Adjusted shareholders' equity	$ 3,666.4	$ 3,096.1
Benefits to be received from share obligations under employee benefit plans	0.4	1.1
Adjusted book value per share numerator	$ 3,666.8	$ 3,097.2
Book value per share denominators (in thousands):		
Common shares outstanding	8,860.2 sh	8,808.8 sh
Share obligations under employee benefit plans	2.4	6.0
GAAP book value per share denominator	8,862.6	8,814.8
Unearned restricted shares	(59.1)	(42.6)
Adjusted common shares outstanding	8,803.5 sh	8,772.2 sh
GAAP book value per share	$ 412.73	$ 328.97
Adjusted book value per share	$ 416.52	$ 353.07

For a reconciliation of adjusted book value per share to GAAP book value per share as of December 31, 2005, 2006, and 2007, please visit our website at *www.whitemountains.com*.

Adjusted Comprehensive Net Income (Loss)

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

$ in millions	Years Ended December 31, 2009	Years Ended December 31, 2008
GAAP comprehensive net income (loss)	$ 750.8	$ (940.8)
Change in equity in net unrealized losses from Symetra's fixed maturity portfolio	(191.3)	191.7
Adjusted comprehensive net income (loss)	$ 559.5	$ (749.1)

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, which are not consolidated under GAAP, 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) and the investment income resulting from interest credited on funds withheld by ceding companies. Finally, portfolio return reflects the impacts of certain intra-portfolio reclassifications (primarily securities lending) and the impact of time value weighting and indexing when calculating investment returns. 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, 2009			Year Ended December 31, 2008
	Fixed Maturities	Equities, Convertibles & Other Long-Term Investments	Total	Total
GAAP investment return	9.1%	12.7%	9.5%	-9.5%
Add OneBeacon pension	0.0%	1.2%	0.2%	-0.1%
Add Symetra	0.0%	-0.6%	0.0%	0.3%
Remove FIN 46 consolidations	0.1%	-0.5%	0.0%	-0.2%
Remove interest credited	0.1%	0.0%	0.1%	0.0%
Securities lending	0.2%	-1.1%	0.0%	0.0%
Impact of indexed returns & other	0.5%	0.5%	0.4%	0.0%
Portfolio return	10.0%	12.2%	10.2%	-9.5%

Symetra

Adjusted Book Value and Adjusted Book Value Per Share, as Converted

Adjusted book value and adjusted book value per share, as converted, are non-GAAP measures. Adjusted book value 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. Adjusted book value per share, as converted, is derived by expanding the GAAP book value per share numerator to exclude AOCI, and include the assumed proceeds from the exercise of warrants. In addition, the GAAP book value per share denominator is expanded to include the shares that would become outstanding when the warrant is exercised.

$ and shares in millions except per share amounts	As of December 31, 2009	As of December 31, 2008
Total stockholders' equity	$ 1,433.3	$ 286.2
Less: AOCI	(49.7)	(1,052.6)
Adjusted book value	$ 1,483.0	$ 1,338.8
Add: Assumed proceeds from exercise of warrants	218.1	218.1
Adjusted book value, as converted	$ 1,701.1	$ 1,556.9
Common shares outstanding	92.729	92.646
Shares subject to outstanding warrants	18.976	18.976
Total	111.705	111.622
Book value per share	$ 12.83	$ 2.56
Adjusted book value per share, as converted	$ 15.23	$ 13.95

Adjusted Operating Income

Adjusted operating income is a non-GAAP measure which is derived by expanding GAAP net income to exclude after tax net realized investment gains (losses) and include net investment gains (losses) on fixed income 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 (losses), with the exception of FIA options, to be reflective of the performance of their insurance operations.

$ in millions	Years Ended December 31, 2009	2008
Net income	$ 128.3	$ 22.1
Less: Net realized investment gains (losses) (net of taxes)	(19.1)	(102.7)
Add: Net investment gains (losses) on FIA options (net of taxes)	0.5	(1.9)
Adjusted operating income	$ 147.9	$ 122.9

Operating Return On Average Equity and Average Adjusted Book Value

Operating return on average equity, or operating ROAE, is a non-GAAP measure of Symetra's performance. Operating ROAE consists of adjusted operating income for the most recent four quarters, divided by average adjusted book value, both of which are non-GAAP measures. Symetra measures average adjusted book value by averaging adjusted book value for the most recent five quarters.

Return on stockholders' equity, or ROE, is the most directly comparable GAAP measure. Return on stockholders' equity for the most recent four quarters is calculated as net income for such period divided by the average stockholders' equity for the most recent five quarters.

$ in millions	As of December 31, 2009	2008
Return on stockholders' equity, or ROE	15.4%	2.6%
Average stockholders' equity	$ 832.4	$ 861.8
Operating return on average equity, or ROAE	10.5%	9.2%
Average adjusted book value	$ 1,407.8	$ 1,329.8

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 19, 2010)

	A.M. Best	Standard & Poor's	Moody's	Fitch
WMRe America				
Rating	"A-" (Excellent)	"A-" (Strong)	"A3" (Good)	"A-" (Strong)
Outlook	Stable	Stable	Stable	Negative
WMRe Sirius				
Rating	"A" (Excellent)	"A-" (Strong)	"A3" (Good)	"A-" (Strong)
Outlook	Negative	Stable	Stable	Negative
OneBeacon				
Rating	"A" (Excellent)	"A" (Strong)	"A2" (Good)	"A" (Strong)
Outlook	Stable	Watch Negative	Negative	Negative
Esurance				
Rating	"A-" (Excellent)	No Rating	No Rating	No Rating
Outlook	Stable	N/A	N/A	N/A

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

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Annual Meeting

The 2010 Annual General Meeting of Members will be held on Wednesday, May 26, 2010, at the offices of Sirius International Insurance Company in Stockholm, Sweden, and will commence at 12:30 p.m. Central European Summer Time.

Proxy materials for the AGM, including the Chairman's Letter, Notice of 2010 Annual General Meeting of Members and Proxy Statement, Form 10-K, and 2009 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 Tuesday, May 18, at the Westin New York, 270 West 43rd 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 2009 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 2009 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, 2010. 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

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