EXECUTION COPY

STOCK PURCHASE AGREEMENT

between

WHITE MOUNTAINS HOLDINGS (LUXEMBOURG) S.À R.L.

and

THE ALLSTATE CORPORATION

Dated as of May 17, 2011

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G. Concurrently with the execution and delivery of this Agreement, Parent has executed and delivered to Buyer a guaranty in favor of Buyer (the "Parent Guaranty").

Accordingly, the parties agree as follows:

ARTICLE I
SALE AND PURCHASE OF SHARES

Section 1.1 Sale and Purchase of Shares. Upon the terms and subject to the conditions set forth herein, Seller shall sell the Shares to Buyer and Buyer shall purchase the Shares from Seller, for an amount equal to the sum, subject to adjustment as provided herein and on the other terms hereof, of (a) $700,000,000 and (b) the Closing Date Tangible Book Value (the "Purchase Price").

Section 1.2 Closing. Unless this Agreement shall have been terminated pursuant to Section 7.1, and subject to the satisfaction or waiver of each of the conditions set forth in Article VI, the closing of the purchase and sale of the Shares (the "Closing") shall take place at 10:00 a.m., New York City time, on the date (the "Closing Date") that is the later of (a) the fifth Business Day after all of the conditions set forth in Article VI are satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at the Closing) or (b) the first Business Day following the expiration of the consecutive 14 day period immediately following the delivery of the Subsequent Audited GAAP Financial Statements pursuant to Section 4.5, at the offices of Dewey & LeBoeuf LLP, 1301 Avenue of the Americas, New York, New York, unless another date, time or place is agreed to in writing by the parties. At the Closing:

(a) Seller shall deliver to Buyer certificates representing all of the Shares, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank, and bearing or accompanied by all requisite stock transfer stamps; and

(b) Buyer shall pay to Seller, by wire transfer of immediately available funds to an account designated by Seller at least two Business Days prior to the Closing Date, an amount equal to the sum of (i) $700,000,000 and (ii) the Estimated Closing Date Tangible Book Value.

(ii) counterparts of each of the Ancillary Agreements to be entered into at the Closing, duly executed by each applicable Buyer Party;

(iii) the certificate contemplated by Section 6.3(a); and

(iv) a copy, certified as of the Closing Date, by an officer of each Buyer Party, of the resolutions of such Buyer Party's board of directors (or similar governing body) authorizing the execution and delivery of each Transaction Agreement to which such Buyer Party is a party, and the consummation of the transactions contemplated thereby;

(c) each party shall deliver to the other copies (or other evidence) of all valid Governmental Approvals obtained by such party or its respective Affiliates in satisfaction of Section 6.1(a) and Section 6.1(c); and

(d) each party shall deliver to the other such other documents and instruments as may be reasonably necessary to consummate the transactions contemplated by this Agreement.

Each of the documents and instruments delivered by any party to the other party hereto pursuant to this Section 1.3 shall be in form and substance reasonably acceptable to such other party.

Section 1.4 Purchase Price Adjustment.

(a) Closing of the Books on the Closing Date. In preparation for the Closing, Seller shall use its reasonable best efforts to cause a full balance sheet closing of the Transferred Companies to take place as of 12:01 a.m., San Francisco time, on the Closing Date (the "Closing Balance Sheet Date") as if it were the last day of a fiscal period for the Transferred Companies.

(b) Pre-Closing Estimate. At least five Business Days prior to the Closing Date, Seller shall prepare and deliver to Buyer a statement (the "Proposed Estimated Closing Statement"), consisting of (i) an estimated consolidated and combined balance sheet of the Transferred Companies as of the Closing Balance Sheet Date (giving effect to the Restructuring and the other transactions contemplated hereby to occur at or before the Closing (other than the sale and purchase of the Shares)), prepared on the basis of the most recently available month-end balance sheets for the Transferred Companies (with the information in such balance sheets revised to reflect changes since the date of such balance sheets), (ii) an estimated calculation in reasonable detail of the Closing Date

Auditors in connection with such engagement. The Closing Statement shall be prepared in accordance with the Applicable Accounting Principles.

(d) Dispute Notice. The Closing Statement shall become final, binding and conclusive upon Seller and Buyer on the 45th day following Seller's receipt of the Closing Statement, unless prior to such 45th day Seller delivers to Buyer a written notice (a "Dispute Notice") stating that Seller believes the Closing Statement contains mathematical errors or was not prepared in accordance with the Applicable Accounting Principles or otherwise in accordance with this Section 1.4 and specifying in reasonable detail each item that Seller disputes (a "Disputed Item"), the amount in dispute for each such Disputed Item and the reasons supporting Seller's positions. Seller shall not challenge the Closing Statement on any other basis.

(e) Resolution Period. If Seller delivers a Dispute Notice, then Buyer and Seller shall seek in good faith to resolve the Disputed Items during the 15-day period beginning on the date Buyer receives the Dispute Notice (the "Resolution Period"). If Buyer and Seller reach agreement with respect to any Disputed Items, Buyer shall revise the Closing Statement to reflect such agreement.

(f) Independent Accountant. If Buyer and Seller are unable to resolve all of the Disputed Items during the Resolution Period, then Buyer and Seller shall jointly engage and submit the unresolved Disputed Items (the "Unresolved Items") to a nationally recognized independent registered public accounting firm appointed by mutual agreement of Buyer and Seller (which firm shall be KPMG LLP, unless such firm is not willing or able to serve in such capacity) (the "Independent Accountant"); provided that if KPMG LLP is not willing or able to serve in such capacity and Buyer and Seller are not able to agree on a different accounting firm to serve as the Independent Accountant within ten days after the end of the Resolution Period, they shall request the American Arbitration Association to appoint as the Independent Accountant a nationally recognized independent registered public accounting firm that has not had a material relationship with the Transferred Companies, Buyer or any of their respective Affiliates within the preceding two years, and such appointment shall be final, binding and conclusive on Buyer and Seller. Buyer and Seller shall use their reasonable best efforts to cause the Independent Accountant to issue its written determination regarding the Unresolved Items within 30 days after the Unresolved Items are submitted for review. The Independent Accountant shall make a determination with respect to the Unresolved Items only, and in a manner consistent with this Section 1.4 and the Applicable Accounting Principles, and in no event shall the Independent Accountant's determination of the Unresolved Items be for an amount that is outside the range of Buyer's and Seller's disagreement on the Unresolved Items. Each party shall use its reasonable best efforts to furnish to the Independent Accountant such work papers, books, records, documents and

Business Days prior to the date when due and (iii) treated as an adjustment to the Purchase Price for Tax reporting purposes, except to the extent the Laws of a particular jurisdiction provide otherwise.

(j) Indemnification Not Affected. Subject to Section 8.4(f), Buyer's and Seller's rights, as applicable, to indemnification pursuant to Article VIII shall not be deemed to limit, supersede or otherwise affect, or be limited, superseded or otherwise affected by, Buyer's and Seller's rights, as applicable, under this Section 1.4.

Section 1.5 Purchase Price Allocation. Seller and Buyer shall allocate the Purchase Price as follows: $135,700,000 plus the AFI Closing Date Tangible Book Value solely to the AFI Shares and the remainder solely to the WMI Shares. Except as provided in Section 5.7(c), the parties agree that such allocation shall be used for all Tax purposes and no position to the contrary shall be taken by the parties (unless otherwise required by a final determination).

Section 1.6 Withholding. After consultation with Seller, Buyer shall be entitled to deduct and withhold from any consideration payable pursuant to or as contemplated by this Agreement such amounts as Buyer determines in good faith are required to be deducted or withheld therefrom or in connection therewith under the Code or Treasury Regulations or any provision of applicable Law. To the extent such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid. Seller shall cooperate with Buyer in the preparation and filing of any forms or other documentation claiming exemption or relief from any requirement to withhold.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer, as of the date hereof and as of the Closing Date, as follows in this Article II. Each such representation and warranty is qualified by and includes the disclosure set forth in the numbered or lettered sections or subsections of the Seller Disclosure Letter that correspond to such representation and warranty and shall be deemed to be qualified by and include any disclosure in any other section or subsection of the Seller Disclosure Letter to which the relevance of such disclosure to such representation and warranty is readily apparent.

Section 2.1 Corporate Status.

(b) Except in connection or in compliance with (i) the notification and waiting period requirements of the HSR Act, (ii) applicable insurance holding company Laws of California, Wisconsin and New York, (iii) compliance with and filings under Section 13(a) of the 1934 Act and (iv) the approvals, filings and notifications imposed by applicable Laws that are set forth in Schedule 6.1(c), the execution and delivery by the Seller Parties of the Transaction Agreements to which any of them is or will be a party do not, and the performance by each Seller Party of, and the consummation by each Seller Party of the transactions contemplated by, such Transaction Agreements will not require any consent, approval, license, permit, order, qualification or authorization of, or registration or other action by, or any filing with or notification to, any Governmental Authority (each, a "Governmental Approval").

Section 2.3 Non-Contravention. The execution, delivery and performance of the Transaction Agreements by each Seller Party that is or will be a party thereto and the consummation of the transactions contemplated thereby by such Persons do not and will not (a) conflict with or result in any violation or breach of any provision of the Organizational Documents of any of the Seller Parties or the Transferred Companies, (b) assuming compliance with the matters referred to in Section 2.2(b), conflict with or result in a violation or breach of any provision of any material applicable Law or (c) assuming compliance with the matters referred to in Section 2.2(b), require any consent of any Person under, result in any breach of, or constitute a default (or event which, with the giving of notice or lapse of time, or both, would constitute a default) under, or give to any Person any rights of termination, acceleration or cancellation of, or result in the creation of any Lien (other than Permitted Liens) on any of the assets or properties of any of the Transferred Companies pursuant to, any Contract to which any of the Transferred Companies is a party or by which any of them or any of their respective properties or assets is bound or subject, except, in the case of clause (c), for any such breaches, defaults, rights or Liens that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 2.4 Capitalization; Title to Shares.

(a) The authorized capital stock of WMI consists of 10,000 shares of common stock, par value $1.00 per share, of which 1,178 shares are issued and outstanding. The authorized capital stock of AFI consists of (i) 100,000,000 shares of Ordinary common stock, (ii) 100,000,000 shares of Class A common stock and (iii) 150,000,000 shares of Class B common stock, in each case, par value $0.01 per share, of which 69,722,074 shares of Class A common stock and 100,669,863 shares of Class B common stock are issued and outstanding. The Shares have been duly authorized and validly issued and are fully paid and nonassessable, and are not subject to and were not issued in violation of any preemptive or similar rights. Seller directly owns

complete and correct copies of the Organizational Documents of each Transferred Subsidiary.

(b) The authorized, issued and outstanding shares of capital stock of and other voting or equity interests in each of the Transferred Subsidiaries, and the Companies' direct or indirect ownership interest in the Transferred Subsidiaries, are set forth in Section 2.5(b) of the Seller Disclosure Letter. All of the outstanding shares of capital stock of and other voting or equity interests in each Transferred Subsidiary have been duly authorized and validly issued, are fully paid and nonassessable, are not subject to and were not issued in violation of any preemptive or similar rights, and are owned beneficially and of record by the Companies or one of their wholly owned Transferred Subsidiaries as set forth in Section 2.5(b) of the Seller Disclosure Letter, free and clear of any Liens. There are no outstanding (i) shares of capital stock of or other voting or equity interests in any Transferred Subsidiary, (ii) securities of the Companies or any of the Transferred Subsidiaries convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Transferred Subsidiary or (iii) options or other rights or Contracts or commitments of any kind to acquire from the Companies or any of the Transferred Subsidiaries, or other obligation of any of the Seller Parties or the Transferred Companies to issue, transfer or sell, any capital stock of or voting or equity interests in any Transferred Subsidiary or securities convertible into or exercisable or exchangeable for capital stock of or other voting or equity interests in any Transferred Subsidiary (the items in clauses (i), (ii) and (iii) being referred to collectively as the "Transferred Subsidiary Securities"). There are no outstanding obligations of either of the Companies or any of the Transferred Subsidiaries to repurchase, redeem or otherwise acquire any Transferred Subsidiary Securities.

(c) Except as set forth in the first sentence of Section 2.5(d) and for Investment Assets acquired in conformity with the Investment Guidelines, none of the Transferred Companies owns any shares of capital stock of or other voting or equity interests in (including any securities exercisable or exchangeable for or convertible into capital stock of or other voting or equity interests in) any other Person that is not a Transferred Company.

(d) As of the date hereof, WMI owns all of the outstanding shares of capital stock of Guilford Holdings, Inc. ("GHI"). As of the date hereof, no other Person owns any shares of capital stock of or other voting or equity interests in (including any securities exercisable or exchangeable for or convertible into capital stock or other voting or equity interests in) GHI.

2009; (ii) the audited statutory financial statements of each of the Insurance Subsidiaries, as filed with the domiciliary Insurance Regulator of such Insurance Subsidiary, in each case, for the years ended December 31, 2010 and 2009; and (iii) the quarterly financial statements of each of the Insurance Subsidiaries, as filed with the domiciliary Insurance Regulator of such Insurance Subsidiary, in each case, for the three-month periods ended March 31, 2011 and March 31, June 30 and September 30, 2010. Such Statutory Statements (A) were prepared from, and are consistent with, the books and records that are part of the financial reporting system of the Transferred Companies, (B) were prepared in accordance with SAP applied on a consistent basis during the period presented and (C) present fairly, in all material respects, the respective statutory financial position of the Insurance Subsidiaries at the respective dates thereof, and the statutory results of their operations and cash flows for the periods then ended (subject, in the case of any interim financial statements included in the Statutory Statements, to normal year-end adjustments, and to the absence of footnotes). No material weakness or significant deficiency has been asserted by any Governmental Authority with respect to any of the Statutory Statements and there are no permitted practices utilized in the preparation of the Statutory Statements. No Governmental Authority has requested the refiling or amending of any Statutory Statement. The Statutory Statements required to be delivered after the date hereof pursuant to Section 4.5(b) will (1) be prepared from, and be consistent with, the books and records that are part of the financial reporting system of the Transferred Companies, (2) be prepared in accordance with SAP applied on a consistent basis during the period presented and (3) present fairly, in all material respects, the respective statutory financial position of the Insurance Subsidiaries at the respective dates thereof, and the statutory results of their operations and cash flows for the periods then ended (subject, in the case of any interim financial statements included in the Statutory Statements, to normal year-end adjustments and to the absence of footnotes).

(c) Each of the Transferred Companies has established and maintains a system of "internal controls over financial reporting" (as defined in Rules 13a-15(f) and 15d-15(f) under the 1934 Act) that is sufficient to provide reasonable assurance: (i) regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP or SAP, as the case may be; (ii) that transactions are recorded as necessary to permit the preparation of financial statements in accordance with GAAP or SAP, as the case may be; (iii) that receipts and expenditures of each of the Transferred Companies are being made only in accordance with the authorization of its management and its board of directors (or similar governing body); and (iv) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of assets of the Transferred Companies that could have a material effect on the financial statements of the Transferred Companies; provided that for purposes of this Section 2.6(c), such system of "internal controls over financial reporting" shall have been developed by Parent and shall utilize a level of materiality applicable to Parent and its

would not reasonably be expected to result in a material adverse effect on the business, operations, condition (financial or otherwise) or results of operations of Transferred Companies, taken as a whole. This Section 2.7 does not relate to Tax matters (which are the subject of Section 2.18).

Section 2.8 Absence of Certain Changes. During the period from the Balance Sheet Date to the date hereof, the Business has been conducted in the ordinary course of business consistent with past practice, and during such period none of the Transferred Companies has taken any action or omitted to take any action which action or omission, if occurring during the period from the date hereof until the Closing or the termination of this Agreement in accordance with Section 7.1, would require Buyer's consent under clauses (a) through (aa) of Section 4.1.

Section 2.9 Listed Contracts.

(a) Section 2.9(a) of the Seller Disclosure Letter lists each Contract falling into any of the following categories of Contracts to which any of the Transferred Companies, as of the date hereof, is a party or by which it is bound:

(i) any Contract relating to outstanding Indebtedness for borrowed money from third party lending sources pursuant to which any Transferred Company has borrowed an amount in excess of $1,000,000;

(ii) any joint venture, partnership or other similar Contract (including any Contract providing for joint research or development) with any Person other than an Affiliate;

(iii) any Contract relating to the acquisition or disposition of any business, stock or assets of any other Person or any division or line of business thereof or any real property (whether by merger, sale of stock, sale of assets or otherwise), in any such case having a value in excess of $500,000 which Contract contemplates future performance or has continuing obligations after the date hereof (but in all cases excluding Contracts relating to the acquisition or disposition of Investment Assets in conformity with the Investment Guidelines);

(iv) any Contract that (A) limits the freedom of any of the Transferred Companies to compete in any line of business or with any Person or in any area or that would so limit the freedom of Buyer or its Affiliates or any of

(xi) any managing general agent Contract, including those to which any Transferred Company is a party, that are either in force or with respect to which a Transferred Company has any continuing obligations;

(xii) any Contract evidencing a participation by any of the Transferred Companies in any pools, syndicates or associations other than statutorily mandated pools, syndicates or associations;

(xiii) any indemnity Contract (other than an Insurance Contract) pursuant to which a Transferred Company receives or is reasonably expected to receive payments, or makes or is reasonably expected to make payments, of $1,500,000 or more;

(xiv) any guarantees, keepwells, letters of credit, indemnity or contribution agreements, support agreements, insurance surety bonds or other similar agreements (excluding Insurance Agreements) made in respect of the obligations of, or for the benefit of any obligee of, any of the Transferred Companies by Seller, Parent or any of their Affiliates (other than the Transferred Companies) ("Seller Guaranties"), and any other Contract (including any "take-or-pay" or keepwell agreements) under which (A) any Person (other than a Transferred Company) has directly or indirectly guaranteed any liabilities or obligations of any of the Transferred Companies or (B) any of the Transferred Companies has directly or indirectly guaranteed any liabilities or obligations of any other Person other than a Transferred Company (in each case other than endorsements for the purpose of collection in the ordinary course of business);

(xv) any Contract under which a Transferred Company has committed to make any investment (in the form of a loan, capital contribution or otherwise) in any other Person (other than a Transferred Company), other than (A) any Investment Asset or (B) any investment in an amount less than $500,000; or

(xvi) any other Contract that is material to the Transferred Companies, taken as a whole.

(b) Each Contract disclosed in the Seller Disclosure Letter or required to be disclosed therein pursuant to this Section 2.9, Section 2.11(b) (clause (b) of Intellectual Property; Information Technology) or Section 2.21 (Reinsurance Agreements) is a valid and binding agreement of the Transferred Company party thereto

behalf of Seller or any of its Affiliates (other than the Transferred Companies) is necessary to enable the Transferred Companies to conduct their respective businesses and operations immediately following the Closing as such businesses and operations were conducted immediately prior to the Closing.

(c) Owned Real Property. As of the date hereof, no Transferred Company owns any fee interest in real property.

(d) Leased Real Property. Section 2.10(d) of the Seller Disclosure Letter lists all of the real property leased by any of the Transferred Companies with respect to which the Transferred Companies are committed to make lease payments in excess of $50,000 in fiscal 2011 (the "Leased Real Property"). Seller has made available to Buyer true, complete and correct copies of the leases pursuant to which such Leased Real Property is leased, together with all written amendments and modifications thereto and all guarantees thereof (collectively, the "Leases"). The Transferred Companies hold good and valid leasehold title to the Leased Real Properties. All of such Leases are valid and in full force and effect in all material respects (except to the extent any such Lease expires or terminates on its termination date in accordance with its terms) and all rents and additional rents due to date on each such Lease have been paid. The Transferred Companies enjoy peaceful and undisturbed possession in all material respects under all Leases. None of the Transferred Companies is in default in any material respect under any of such Leases and, to the Knowledge of Seller, no lessor is in default under any of such Leases. No event has occurred which, with the passage of time or the giving of notice or both, would constitute a default under any Lease by any of the Transferred Companies. To the Knowledge of Seller, no event has occurred which, with the passage of time or the giving of notice or both, would constitute a default under any Lease by any lessor. As of the date hereof, the Leased Real Property constitutes all interests in real property currently used or currently held for use in connection with the business of the Transferred Companies. None of the Transferred Companies is a sublessor or grantor under any sublease of any Leased Real Property.

Section 2.11 Intellectual Property; Information Technology.

(a) Owned Intellectual Property. Section 2.11(a) of the Seller Disclosure Letter lists, as of the date hereof, all Intellectual Property that the Transferred Companies purport to own (the "Owned Intellectual Property") (i) that is registered or subject to an application for registration with a Governmental Authority (or, in the case of domain names, a domain name registrar) (including, in each case, the jurisdiction in which such Intellectual Property has been registered or an application for registration is pending) (the "Registered Owned Intellectual Property") or (ii) that is unregistered

Companies have agreed not to disclose confidential or proprietary information (including Trade Secrets) relating to the Business (collectively, the "Employee Restrictive Agreements"). To the Knowledge of Seller, since January 1, 2007, (i) no such current or former employee has materially breached or violated any of the Employee Restrictive Agreements and (ii) there has been no material breach of confidentiality of any Trade Secrets or other confidential Intellectual Property used in the Business by any other Person.

(e) Data and Computer Systems. The Transferred Companies have established and are in compliance with commercially reasonable security programs that are designed to protect (i) the security, confidentiality and integrity of transactions executed through their computer systems, including encryption or other security protocols and techniques when appropriate, and (ii) the security, confidentiality and integrity of all of the data, files, datafiles, electronic reports and electronic records used in and necessary to conduct the Business as currently conducted (collectively, the "Data") that is confidential or proprietary. Since January 1, 2007, none of the Transferred Companies has suffered and, to the Knowledge of Seller, no service provider to the Transferred Companies has suffered any material information security breach with respect to the Data of the Transferred Companies or computer systems used in the Business, nor has any Transferred Company been notified or been required by Law to notify any consumers, employees or Governmental Authority of any information security breach with respect to the Data.

(f) Consumer Privacy Information. The Transferred Companies have established and are in compliance with written privacy policies applicable to the collection, use, disclosure, maintenance and transmission of personal, private, health or financial information about individual policyholders, customers, consumers or benefits recipients ("Consumer Privacy Information"). The Transferred Companies are not prohibited by any applicable privacy Laws or their own written privacy policies from providing Buyer with the Consumer Privacy Information that has been, or will be, provided to Buyer, on or after the Closing Date, in connection with the transactions contemplated hereby.

(g) Integrity of Hardware. All material information technology hardware currently used by the Transferred Companies is, in all material respects, in useable operating condition as is necessary to conduct the Business as currently conducted.

(h) Integrity of Software. To the Knowledge of Seller, no Owned Intellectual Property that is Software contains any viruses, malware, time-bombs, key-

the Business is infringing, diluting, misappropriating or otherwise in conflict with any Intellectual Property rights of any other Person.

(iv) The Transferred Companies own or have the right to use all of the Data, free and clear of any Liens other than Permitted Liens.

(v) Provided that all Third Party Consents are obtained, neither the execution, delivery or performance of this Agreement or any of the Ancillary Agreements nor the consummation of any of the transactions contemplated by this Agreement or any of the Ancillary Agreements will, with or without the giving of notice or lapse of time, or both, result in, or give any other Person the right or option to cause or declare, (A) a loss of, or encumbrance on, any Owned Intellectual Property used in the conduct of the Business as currently conducted, (B) a material breach of any material IP License to which any Transferred Company is a party, (C) the release, disclosure or delivery of any Owned Intellectual Property to any escrow agent or other Person or (D) the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the Owned Intellectual Property.

(k) Section 2.11(k) of the Seller Disclosure Letter lists all of the Software owned by Seller or any member of the Parent Group that is used by any Transferred Company.

Section 2.12 Litigation.

(a) There is no material Litigation pending or, to the Knowledge of Seller, threatened against any of the Transferred Companies (other than claims under the terms of Insurance Contracts that are within applicable policy limits and were incurred in the ordinary course of business consistent with past practice) and (b) there are no settlement agreements or similar written agreements with any Governmental Authority and no outstanding orders, judgments, stipulations, decrees, injunctions, determinations or awards issued by any Governmental Authority against or materially adversely affecting the Business or any of the Transferred Companies. Clause (a) of this Section 2.12 does not apply with respect to Intellectual Property matters, which are covered by Section 2.11, or Labor-Related Claims, which are covered by Section 2.16(f), and this Section 2.12 does not apply with respect to Tax matters, which are covered by Section 2.18.

Section 2.13 Compliance with Laws.

eligible to write insurance business on an excess or surplus lines basis, and Seller has made available to Buyer true, complete and correct copies of each such license and authorization. Since January 1, 2007, none of the Transferred Companies has received written notice of any violation, suspension, cancellation or non-renewal of any Permit or any Litigation relating to the revocation or modification of any Permit, the loss of which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Assuming compliance with the matters referred to in Section 2.2(b), none of the Permits will be subject to revocation, suspension, withdrawal or termination as a result of the consummation of the transactions contemplated hereby (other than any Permit that is not material and that is not an insurance license or certificate).

(b) EISI is duly licensed as an insurance agency and, where required, as a claims adjuster in each jurisdiction in which it is soliciting insurance and adjusting claims, as applicable, or as otherwise required to carry on its business as now conducted. Section 2.14(b) of the Seller Disclosure Letter sets forth a true, complete and correct list of each such license by jurisdiction. There is no proceeding or investigation pending or threatened which would reasonably be expected to lead to the revocation, amendment, failure to renew, limitation, suspension or restriction of any such license, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. EISI has been appointed as an agent, where required, of the Insurance Subsidiaries in each jurisdiction in which it produces business for the Insurance Subsidiaries. EISI has designed, established and is in compliance in all material respects with programs that are reasonably designed to ensure that each employee of EISI holds individual insurance agent and individual claims adjuster licenses in each jurisdiction where he or she is required to be so licensed under applicable Laws to perform his or her job responsibilities.

(c) IAC is duly licensed as an insurance agency in each jurisdiction in which it is soliciting insurance or as otherwise required to carry on its business as now conducted. Section 2.14(c) of the Seller Disclosure Letter sets forth a true, complete and correct list of each such license by jurisdiction. There is no proceeding or investigation pending or threatened which would reasonably be expected to lead to the revocation, amendment, failure to renew, limitation, suspension or restriction of any such license, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. IAC has been appointed as an agent, where required, of all insurance companies which it represents in each jurisdiction in which it produces business for such companies. IAC has designed, established and is in compliance in all material respects with programs that are reasonably designed to ensure that each employee of IAC holds individual insurance agent licenses in each jurisdiction where he or she is required to be so licensed under applicable Laws to perform his or her job responsibilities.

Section 2.16 Employees, Labor Matters, Etc.

(a) Employees. Seller or one of its Affiliates has delivered or made available to Buyer, prior to the date hereof, a true, complete and correct list of each Employee (and each other person who, as of the date hereof, is employed by Seller or an Affiliate (other than a Transferred Company) and whose duties relate exclusively or primarily to the Business) as of the date hereof, who received annual base salary in excess of $100,000 in fiscal year 2010, and each such Employee's or person's: (i) employer; (ii) date of hire; (iii) job title; (iv) rate of pay or annual salary; (v) 2011 annual bonus target; (vi) outstanding long-term incentive compensation awards; and (vii) balance under any deferred compensation account as of the date hereof. Each person who, as of the Closing Date, is an employee of Seller or any of its Affiliates, and whose duties relate exclusively or primarily to the Business, will be employed by a Transferred Company as of the Closing Date. Without limiting the generality of the definitions set forth in Section 9.1, as of the date hereof, the Key Employees are those individuals identified in Section 2.16(a)(i) of the Seller Disclosure Letter, and the LTIP Employees are those individuals identified in Section 2.16(a)(ii) of the Seller Disclosure Letter.

(b) Restrictions. To the Knowledge of Seller, (i) as of the date hereof, no current Key Employee has given notice of his or her intention to terminate employment with a Transferred Company, and (ii) no Key Employee is a party to or is bound by any confidentiality agreement, noncompetition agreement or other Contract (with any Person) that materially restricts such Key Employee's ability to perform his or her material duties or responsibilities as an Employee of a Transferred Company.

(c) Collective Bargaining Agreements; Labor Union Activity. None of the Transferred Companies is party to, or is otherwise bound by, any collective bargaining agreement or other Contract with a labor organization, and, to the Knowledge of Seller, there are not any labor unions or other organizations or groups representing, purporting to represent or attempting to represent any current Employees.

(d) Compliance. Each of the Transferred Companies: (i) since January 1, 2007 has been in compliance in all material respects with all applicable requirements of Law with respect to employment, employee classification, wages, hours and other labor-related matters; (ii) since January 1, 2007 has withheld and reported all amounts required by any applicable requirements of Law or Contract to be withheld and reported with respect to wages, salaries and other payments to any Employee, except to the extent any such failure to withhold or report would not, individually or in the aggregate, result in material Liability; (iii) has no material Liability for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental

(b) Qualification. Each Company Benefit Plan intended to be qualified under Section 401(a) of the Code, and the trust (if any) forming a part thereof, are so qualified and have received a favorable determination letter from the IRS. Each Company Benefit Plan has been operated, in all material respects, in accordance with its terms and applicable Laws.

(c) Liability; Compliance.

(i) All Company Benefit Plans that are "nonqualified deferred compensation plans" (within the meaning of Section 409A of the Code) and any award thereunder, in each case that is subject to Section 409A of the Code, comply in all material respects, in form and operation, with the requirements of Section 409A(a)(2), 409A(a)(3) and 409A(a)(4) of the Code.

(ii) Since January 1, 2007, no Company Benefit Plan has been subject to Title IV of ERISA.

(iii) (A) there are no pending or, to the Knowledge of Seller, material threatened claims by or on behalf of any participant in any of the Company Benefit Plans, or otherwise involving any Company Benefit Plan or the assets of any Company Benefit Plan, (B) the Company Benefit Plans are not presently under audit or examination (nor, to the Knowledge of Seller, has notice been received of a potential audit or examination) by the IRS, the Department of Labor, or any other Governmental Authority, domestic or foreign, and (C) no material matters are pending with respect to a Company Benefit Plan under the IRS's Voluntary Compliance Resolution program, its Closing Agreement Program, or other similar programs.

(iv) None of the Transferred Companies has any material Liability in respect of, or obligation to provide, post-retirement health, medical, life insurance or other welfare benefits for former or current employees of the Transferred Companies except (A) continuation coverage required under Section 4980B of the Code or other similar Law or (B) coverage or benefits the entire cost of which is borne by the employee or former employee.

(v) The execution, delivery and performance of the Transaction Agreements by the Seller Parties and the Transferred Companies and the consummation of the transactions contemplated thereby will not (alone or in combination with any other event) result in an increase in the amount of

(c) The Transferred Companies have complied in all material respects with all applicable Law relating to the collection and withholding of Taxes (including all information reporting and record keeping requirements) and all such Taxes, including all such Taxes with respect to amounts paid or owing to any employee, independent contractor, creditor, stockholder, foreign Person, or other Third Party, have been duly paid within the time and in the manner prescribed by applicable Law by or on behalf of the Transferred Companies.

(d) Since the Balance Sheet Date, none of the Transferred Companies has engaged in any transaction, or taken any other action, other than in the ordinary course of business, that would reasonably be expected to result in a materially increased Tax liability or materially reduced Tax asset from that reflected on the most recent GAAP Financial Statement.

(e) All federal Tax Returns filed with respect to Tax years of (i) the AFI Consolidated Group through the Tax year ended December 31, 2006 and (ii) the WMI Consolidated Group through the Tax year ended December 31, 2005 have been examined and closed or are Tax Returns with respect to which the applicable period for assessment under applicable law, after giving effect to extensions or waivers, has expired.

(f) There are no current extensions of any period of limitations with respect to Taxes or Tax Returns of or with respect to the Transferred Companies, and, to the Knowledge of Seller, there are no requests or demands to extend or waive any such period of limitations.

(g) There are no current federal, state, local, or foreign reassessments, assessments, audits, inquiries, claims, suits, proceedings or investigations (each, an "Audit") with respect to Taxes, or Tax Returns, of or with respect to any of the Transferred Companies. To the Knowledge of Seller, no Audit with respect to Taxes, or Tax Returns, of or with respect to any of the Transferred Companies is pending, proposed or threatened.

(h) [Reserved.]

(i) None of the Transferred Companies has any liability for Taxes of any other Person (i) under Treasury Regulations Section 1.1502-6 (or any corresponding or similar provision of applicable Law) (other than (A) solely as relates to WMI or its Subsidiaries, solely as a result of being a member of the WMI Consolidated Group or

(o) None of the Transferred Companies is either a party to or bound by (nor as a result of any action on or prior to the Closing Date will any of the Transferred Companies become a party to or bound by) any Tax sharing agreement, Tax allocation agreement, Tax indemnity agreement or similar agreement or practice with respect to Taxes (including, without limitation, any advance pricing agreement, closing agreement or other agreement or practice relating to Taxes with any Tax Authority) (each, a "Tax Sharing Agreement") that will remain in effect or with respect to which there will be any liability after the Closing Date.

(p) None of the Transferred Companies has ever been a life insurance company as defined in Section 816 of the Code. None of the Transferred Companies (i) has ever sold, issued, reinsured, or provided administrative services with respect to any policies, contracts or other products that were marketed as qualifying or intended by any Transferred Company to qualify as annuities, life insurance contracts, non-cancellable accident and health insurance contracts, long-term care insurance contracts, pension plan contracts or similar contracts under Section 72, 101, 401, 403, 408, 412, 457, 807, 816, 817, 817A, 818, 7702, 7702A, 7702B or any similar provision of the Code or (ii) maintains a "special loss discount account" or makes "special estimated tax payments" within the meaning of Section 847 of the Code. For all Taxable Periods open to assessment, each Insurance Subsidiary has been an insurance company (other than a life insurance company) subject to Tax under Section 831 of the Code.

(q) No power of attorney with respect to Taxes has been executed or filed with any Tax Authority by or on behalf of any of the Transferred Companies that will remain in effect after the Closing Date.

(r) None of the Transferred Companies is a party to any joint venture, partnership, or other arrangement that could be treated as a partnership for United States federal income tax purposes.

(s) None of the Transferred Companies has constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intended to qualify for tax-free treatment under section 355 or 361 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

Section 2.19 Insurance. Section 2.19 of the Seller Disclosure Letter sets forth a true, complete and correct list, as of the date hereof, of all current insurance policies in respect of, or relating to, directors and officers liability, fiduciary liability, employment practices liability, errors and omissions liability, workers' compensation liability, the Assets or the Business, under which the Transferred Companies are insured. All such policies are in full force and effect (and all premiums due and payable thereon have been paid in full (other than retroactive or retrospective premium adjustments that are not yet, but may be, required to be paid with respect to any period ending prior to the Closing Date, which amounts shall be paid prior to the Closing Date if so required)).

Section 2.20 Regulatory Matters.

(a) Seller has made available to Buyer true, complete and correct copies of (i) all reports of examination (including financial, market conduct and similar examinations) of the Insurance Subsidiaries, EISI and IAC issued by any Governmental Authority since January 1, 2007 and all material correspondence or consent orders related thereto, (ii) all insurance holding company filings or submissions provided to any Governmental Authority with respect to any of the Transferred Companies since January 1, 2007 and all material correspondence related thereto and (iii) all other registrations, filings and submissions provided to any Governmental Authority with respect to any of the Insurance Subsidiaries since January 1, 2007 and all material correspondence related thereto.

(b) Since January 1, 2007, the Insurance Subsidiaries, EISI and IAC have filed all financial statements and material reports, statements, documents, registrations, filings or submissions required to be filed by such entity with any Insurance Regulator and, to the Knowledge of Seller, no material deficiencies have been asserted by any such Insurance Regulator since January 1, 2007 with respect to any such financial statements, reports, statements, documents, registrations, filings or submissions that have not been remedied. Since January 1, 2000, none of the Insurance Subsidiaries is or has been a "commercially domiciled insurer" under the laws of any jurisdiction or is or has been otherwise treated as domiciled in a jurisdiction other than its jurisdiction of organization.

(c) There are no insurance policies issued, reinsured or assumed by any of the Transferred Companies that are currently in force under which any Transferred Company may be required to allocate profit or pay dividends to the holders thereof.

Section 2.21 Reinsurance Agreements.

(c) Through the Contracts or other arrangements listed in Section 2.21(c) of the Seller Disclosure Letter (the "OB Contracts"), OneBeacon Insurance Company ("OBIC") has assumed or guaranteed and is fully and unconditionally obligated to pay any and all Liabilities of EIC, EPCIC and EICNJ, other than Liabilities relating to the operations of the EHI Business (all such Liabilities, the "OB Liabilities").

Section 2.22 Reserves. The Insurance Reserves of the Insurance Subsidiaries recorded in the respective Statutory Statements, as of their respective dates: (a) were determined in all material respects in accordance with generally accepted actuarial standards consistently applied (except as otherwise noted therein); (b) were fairly stated in all material respects in accordance with generally accepted actuarial standards consistently applied (except as otherwise noted therein); and (c) were computed on the basis of methodologies consistent in all material respects with those used in computing the corresponding Insurance Reserves in the prior fiscal years, except as otherwise noted in the financial statements and notes thereto included in such Statutory Statements and related actuarial opinions for the applicable Insurance Subsidiary for the 2010 fiscal year, copies of which have been made available to Buyer.

Section 2.23 Actuarial Reports. Section 2.23 of the Seller Disclosure Letter lists (and Seller has made available to Buyer true, complete and correct copies of) all material actuarial reports prepared by opining actuaries, independent or otherwise, from and after January 1, 2009, with respect to the Business or any of the Insurance Subsidiaries (including all material attachments, addenda, supplements and modifications thereto). To the Knowledge of Seller, the information and data furnished by or on behalf of the Transferred Companies to their independent actuaries in connection with the preparation of any such actuarial reports were accurate in all material respects for the periods covered in such reports.

Section 2.24 Rates, Forms and Marketing Materials. (a) All Insurance Contracts in effect as of the date hereof (including any applications and ancillary documents in connection therewith) that are currently issued or sold by the Insurance Subsidiaries and all marketing materials related thereto, are in compliance with applicable Law and, to the extent required under applicable Law, on forms and at rates filed with and either approved or not objected to within applicable time limits by the applicable Insurance Regulators; (b) any rates or rating plans of the Insurance Subsidiaries required to be filed with or approved by any applicable Insurance Regulator have been so filed or approved and the rates applied by each of the Insurance Subsidiaries to the contracts of insurance conform to the relevant filed or approved rates; (c) the insurance policies or contracts being issued by the Insurance Subsidiaries as of the date hereof are substantially in the forms that have been previously provided to Buyer; and (d)

(b) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and except for Scheduled Investments sold after the date hereof, each Transferred Company has good and marketable title to all of the Scheduled Investments held by it (except Scheduled Investments sold under repurchase agreements or Scheduled Investments held in any fiduciary or agency capacity) and will have good and marketable title to any Investment Assets acquired by it after the date hereof and not sold prior to the Closing, free and clear of any Lien (other than a Permitted Lien), except to the extent such Scheduled Investments are pledged in the ordinary course of business consistent with past practices to secure obligations of the Transferred Companies.

(c) Section 2.27(c) of the Seller Disclosure Letter sets forth a true, complete and correct copy of the investment guidelines of the Transferred Companies as in effect on the date hereof (the "Investment Guidelines").

Section 2.28 Claims Handling. All amounts claimed by any Person under any contract of insurance issued by any of the Insurance Subsidiaries have in all material respects been paid (or appropriate provision for payment thereof has been made) in accordance with the terms of the contracts under which they arose, except for any such claim for benefits for which the affected company, in good faith, believes or believed that there is a basis to contest payment.

Section 2.29 Market Conduct.

(a) (i) Each of EISI, IAC and the Insurance Subsidiaries has, since January 1, 2007, marketed, sold and issued their Insurance Contracts in compliance, in all material respects, with all consent orders resulting from market conduct or other examinations or audits by Insurance Regulators in the respective jurisdictions in which such products have been marketed, sold or issued; (ii) all advertising, promotional and sales materials and other marketing practices used by EISI, IAC and the Insurance Subsidiaries have, since January 1, 2007, complied and are currently in compliance, in each case, in all material respects, with all consent orders resulting from market conduct or other examinations or audits by Insurance Regulators in the respective jurisdictions in which such products have been marketed, sold or issued; (iii) the manner in which EISI, IAC and the Insurance Subsidiaries compensate any Person that is not an insurance agent who is involved in the sale or servicing of Insurance Contracts does not render such Person an insurance agent under any applicable Laws; and (iv) the manner in which the Insurance Subsidiaries compensate each Person involved in the sale or servicing of Insurance Contracts is in compliance in all material respects with all applicable Laws

Section 2.33 Books and Records. The Books and Records have been maintained in accordance with sound business practices in all material respects.

Section 2.34 Finders' Fees. There is no investment banker, broker, finder or other intermediary retained by or authorized to act on behalf of Seller or any of the Transferred Companies who is entitled to any fee or commission from Buyer or any of its Affiliates (including, after the Closing, the Transferred Companies) upon consummation of the transactions contemplated by this Agreement.

Section 2.35 NO ADDITIONAL REPRESENTATIONS AND WARRANTIES. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES MADE BY SELLER IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE SHARES, THE COMPANIES, THE TRANSFERRED SUBSIDIARIES OR ANY OTHER MATTER.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller, as of the date hereof and as of the Closing Date, as follows:

Section 3.1 Corporate Status. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted. Each other Buyer Party is a corporation or other organization duly incorporated or organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation or organization and has all requisite corporate or organizational power and authority to carry on its business as now conducted.

Section 3.2 Corporate and Governmental Authorization.

(a) Each Buyer Party has all requisite corporate or organizational power and authority to execute and deliver the Transaction Agreements to which it is or will be a party, to perform its obligations thereunder and to consummate the transactions contemplated thereby. The execution and delivery by each Buyer Party of each of the Transaction Agreements to which it is or will be a party and the consummation by each Buyer Party of the transactions contemplated by such Transaction Agreements have been duly authorized by all requisite corporate or other similar organizational action on the

Section 3.5 Purchase for Investment. Buyer is purchasing the Shares for investment for its own account and not with a view to, or for sale in connection with, any distribution thereof, and Buyer shall not offer to sell or otherwise dispose of the Shares so acquired by it in violation of any of the registration requirements of the Securities Act. Buyer (either alone or together with its advisors) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Shares and is capable of bearing the economic risks of such investment.

Section 3.6 Litigation. There is no Litigation pending against, or, to the knowledge of Buyer, threatened against or affecting, Buyer before any Governmental Authority which, individually or in the aggregate, has had or would reasonably be expected to have a Buyer Material Adverse Effect.

Section 3.7 Finders' Fees. Except for Goldman, Sachs & Co., whose fees and expenses will be paid by Buyer, there is no investment banker, broker, finder or other intermediary retained by or authorized to act on behalf of Buyer who is entitled to any fee or commission from Seller or any of its Affiliates upon consummation of the transactions contemplated by this Agreement.

Section 3.8 NO ADDITIONAL REPRESENTATIONS AND WARRANTIES. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES MADE BY BUYER IN THIS AGREEMENT, BUYER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING BUYER OR ANY OTHER MATTER.

ARTICLE IV
CERTAIN COVENANTS

Section 4.1 Conduct of the Business. From the date hereof until the Closing or the termination of this Agreement in accordance with Section 7.1, Seller shall cause the Transferred Companies to: (x) conduct the Business in all material respects in the ordinary course consistent with past practice; and (y) use their reasonable best efforts to preserve intact the Business and the current relationships and goodwill of the Transferred Companies with customers, suppliers, contractors, licensors, employees, agents, producers, distributors, insureds, Insurance Regulators and others having business dealings with them. Without limiting the generality of the foregoing, from the date hereof until the Closing or the termination of this Agreement in accordance with Section 7.1, except as otherwise expressly permitted or required by this Agreement or as set forth

(g) (i) amend, extend, renew or otherwise modify in any material respect any of the Leases, (ii) assign or sublease any material portion of any of the Leased Real Property or (iii) enter into any new lease, terminate any lease or buy any real property;

(h) (i) modify or amend in any material respect or terminate any material Contract, (ii) waive, release or assign any material rights or claims under any material Contract or (iii) enter into any material Contract, in each case other than in the ordinary course of business consistent with past practice; or (x) modify, amend or terminate any OB Contract or (y) waive, release or assign any rights or claims under any OB Contract;

(i) incur any financial Indebtedness for borrowed money from third party lending sources (other than current trade accounts payable incurred in respect of property or services purchased in the ordinary course of business consistent with past practice) or assume, grant, guarantee or endorse, pledge or otherwise secure any assets or property or otherwise as an accommodation become responsible for (whether primary or secondary) the obligations of any Person (other than a Transferred Company), or make any third party loans or advances (other than, in each case, in the ordinary course of business consistent with past practice), for individual amounts in excess of $1,000,000 or in the aggregate in excess of $2,000,000;

(j) default under any Indebtedness, or fail to pay or satisfy when due any Liability, of any of the Transferred Companies in excess of $500,000 (other than any such Liability that is being contested in good faith);

(k) forgive, cancel or compromise any material debt or claim or waive or release any right, in each case other than in the ordinary course of business consistent with past practice or pursuant to an Insurance Contract;

(l) enter into any new line of business;

(m) make any capital expenditures in excess of $2,000,000 individually or $5,000,000 in the aggregate (not including those made in the ordinary course of business);

any Employees or renew, extend or renegotiate any existing collective bargaining agreement or similar labor agreement with respect to any Employees, except, in the case of this clause (ii), as may be required by applicable Law;

(t) (i) settle or compromise any Tax Audit or forgo the right to any refund of Taxes; (ii) change any of the Transferred Companies' methods, policies or practices of Tax accounting or methods of reporting income or deductions for Tax purposes from those employed in the preparation of its most recently filed Tax Return; (iii) amend any Tax Return of or with respect to any of the Transferred Companies; (iv) enter into any agreement with a Tax Authority with respect to any Transferred Company, or terminate any agreement entered into with a Tax Authority with respect to any Transferred Company that is in effect as of the date hereof; (v) alter or make any Tax election; (vi) request a ruling relating to Taxes; (vii) grant any power of attorney relating to Tax matters; or (viii) prepare any Tax Return in a manner that is not consistent with past practices;

(u) terminate, cancel or amend, or cause the termination, cancellation or amendment of, any material insurance coverage (and any surety bonds, letters of credit, cash collateral or other deposits related thereto required to be maintained with respect to such coverage) maintained by the Transferred Companies that is not replaced by comparable insurance coverage;

(v) change in any material respect the terms for, or policies with respect to, the payment of commissions to any of its insurance agents, brokers or producers;

(w) enter into any reinsurance commutations (other than as contemplated by Section 4.16 and the Commutation Agreement), or enter into, amend, modify or otherwise revise any reinsurance agreement or treaty that results in a material change in risk or coverage;

(x) make any material change in its underwriting, reinsurance, claims administration, selling, reserving, Tax or financial accounting policies, guidelines, practices or principles (other than any change required by a change in applicable Laws, GAAP or SAP or, in respect of underwriting or claims administration policies, guidelines, practices or principles, in the ordinary course of business consistent with past practice);

contemplated by this Agreement; (iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and (iv) any Litigation commenced or, to the knowledge of Buyer, threatened, against Buyer that, individually or in the aggregate, have had or would reasonably be expected to have a Buyer Material Adverse Effect.

(c) Neither Seller's nor Buyer's receipt of information after execution and delivery of this Agreement pursuant to this Section 4.2 shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller or Buyer, as applicable, in this Agreement. A breach of this Section 4.2 by either Seller or Buyer shall not be considered for purposes of determining the satisfaction of any of the conditions set forth in Article VI.

Section 4.3 No Solicitation. During the period from the date hereof until the earlier of the termination of this Agreement in accordance with Article VII and the Closing (the "Exclusivity Period"), Seller shall not, and shall cause the Parent Group and the Transferred Companies and its and their respective officers, directors, employees, investment bankers, attorneys, accountants, consultants or other agents or advisors not to, directly or indirectly: (i) take any action to solicit, initiate or encourage the submission of any Acquisition Proposal; (ii) engage in any discussions or negotiations with, furnish any nonpublic information relating to the Transferred Companies or afford access to the properties, assets, books or records of the Transferred Companies to, otherwise cooperate in any way with, or knowingly assist, participate in, facilitate or encourage any effort by any Third Party that is seeking to make, or has made, an Acquisition Proposal or a modification of a previously received Acquisition Proposal; (iii) provide information to any Third Party relating to any Transferred Company in connection with an Acquisition Proposal; or (iv) enter into any Contract with respect to an Acquisition Proposal. Seller shall cause any pending discussions or negotiations with any Third Party with respect to any Acquisition Proposal to be terminated forthwith. In the event that during the Exclusivity Period Seller or any member of the Parent Group or any Transferred Company receives an Acquisition Proposal, or obtains or otherwise receives notice that an Acquisition Proposal is likely to be made, Seller shall provide Buyer with prompt written notice thereof, which written notice shall include the terms of, and the identity of the Person or Persons making or likely to make, such Acquisition Proposal.

Section 4.4 Access to Information; Confidentiality.

(a) Buyer acknowledges that the information being provided to it in connection with the transactions contemplated by this Agreement and the Ancillary Agreements is subject to the terms of the Confidentiality Agreement, the terms of which

(d) From the Closing until the earlier of the sixth anniversary of the Closing or such earlier time as the information and access described below is no longer reasonably required by Buyer, Seller shall, and shall cause each of its Affiliates to, (i) afford to Buyer and its financial advisors, actuaries, auditors and other authorized representatives reasonable access during normal business hours to its books and records, books of account, financial and other records (including accountants' work papers), information, employees, financial advisors, actuaries, auditors and other representatives and agents to the extent relating to the Transferred Companies or their respective businesses conducted prior to the Closing Date and (ii) use its commercially reasonable efforts to cause its representatives to cooperate with, and make themselves and any books and records related to the Transferred Companies or their respective businesses conducted prior to the Closing Date in their possession, in each case, to the extent reasonably required to permit Buyer to determine any matter relating to its rights and obligations under any Transaction Agreement or for any other reasonable purpose (including for audit, accounting, regulatory, investigation, dispute or litigation purposes and for fulfilling disclosure and reporting obligations required by applicable Law); provided that such access does not unreasonably interfere with the conduct of the business of Seller or any of its Affiliates; and provided, further, that in no event shall Seller or its Affiliates be required to provide access to any such records and information to the extent that they contain information that is subject to an attorney-client or other legal privilege, constitutes attorney work product or is subject to any obligation of confidentiality or privacy. Buyer shall bear all out-of-pocket costs and expenses (including attorneys' fees) reasonably incurred by Seller or any of its Affiliates in connection with the obligations of Seller and its Affiliates included in this Section 4.4(d).

(e) From the Closing until the earlier of the sixth anniversary of the Closing or such earlier time as the information and access described below is no longer reasonably required by Seller, Buyer shall cause the Transferred Companies to (i) afford to Seller and its financial advisors, actuaries, auditors and other authorized representatives and agents reasonable access during normal business hours to their books and records, books of account, financial and other records (including accountants' work papers), information, employees, financial advisors, actuaries, auditors and other representatives and agents relating to periods prior to the Closing Date and (ii) use its commercially reasonable efforts to cause the representatives of the Transferred Companies to cooperate with, and make themselves and any books and records related to the Transferred Companies for periods prior to the Closing Date in their possession, in each case, to the extent reasonably required to permit Seller to determine any matter relating to its rights and obligations under any Transaction Agreement or for any other reasonable purpose (including for audit, accounting, regulatory, investigation, dispute or litigation purposes and for fulfilling disclosure and reporting obligations required by applicable Law); provided that such access does not unreasonably interfere with the conduct of the business of Buyer or the Transferred Companies or any of their Affiliates;

(c) From the date hereof until the Closing, Seller shall deliver to Buyer reasonably promptly following the filing thereof, all Statutory Statements, in each case prepared after the date hereof and prior to the Closing Date.

(d) At or prior to the Closing, Seller shall deliver to Buyer a true, complete and correct list of all Investment Assets as of the close of business on a day requested in writing (delivered not less than three Business Days prior to the Closing Date) by Buyer, provided that such day shall be at least two Business Days prior to the Closing Date.

Section 4.6 Public Announcements. No party to this Agreement or any Affiliate or representative of such party shall issue or cause the publication of any press release or public announcement or otherwise communicate with any news media in respect of this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed), except as may be required by Law or applicable securities exchange rules, in which the case the party required to publish such press release or public announcement shall allow the other party a reasonable opportunity to comment on such press release or public announcement in advance of such publication; provided, however, that each of Buyer and Seller may make announcements that are consistent and in accordance with, and not broader in scope or substance than, the parties' prior public disclosures regarding this Agreement and the transactions contemplated by this Agreement. Prior to the Closing, neither of the parties to this Agreement, nor any of their respective Affiliates or representatives, shall make any disclosure concerning plans or intentions relating to the customers, agents or employees of, or other Persons with significant business relationships with, the Transferred Companies without first obtaining the prior written consent of the other party (which consent will not be unreasonably withheld, conditioned or delayed).

Section 4.7 Consents, Approvals and Filings.

(a) Seller and Buyer shall each use its reasonable best efforts to take, or cause to be taken, all actions, and to do or cause to be done, and to assist and cooperate in doing, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, including using its reasonable best efforts to (i) comply as promptly as practicable with all requirements of Governmental Authorities applicable to the transactions contemplated by this Agreement, (ii) to seek to obtain as promptly as practicable all Governmental Approvals necessary or advisable in connection with the transactions contemplated by this Agreement and (iii) fulfill or cause the fulfillment of the conditions to Closing set forth in

jurisdiction over enforcement of any applicable insurance, financial services or similar Law. Seller and Buyer each agrees to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act or any other applicable Laws. Buyer shall have responsibility for the filing fees associated with Buyer's and Seller's HSR Act filing, "Form A" or similar change of control applications and "Form E" or similar market share notifications, and Seller and Buyer shall have responsibility for their other respective filing fees associated with any other required filings. Prior to furnishing any written materials to any Insurance Regulator in connection with the transactions contemplated by this Agreement, the furnishing party shall provide the other party with a copy thereof, and such other party shall have a reasonable opportunity to provide comments thereon. Each party shall give to the other party prompt written notice if it receives any notice or other communication from any Insurance Regulator in connection with the transactions contemplated by this Agreement, and, in the case of any such notice or communication which is in writing, shall promptly furnish such other party with a copy thereof. If any Insurance Regulator requires that a hearing be held in connection with any such approval, Buyer shall use its reasonable best efforts to arrange for such hearing to be held as promptly as practicable after the notice that such hearing is required has been received by Buyer and Seller shall use its reasonable best efforts, and shall cooperate with Buyer in its efforts to arrange that such hearings are held as promptly as practicable after Buyer receives notice that such hearing is required. Buyer shall give to Seller reasonable prior written notice of the time and place when any meetings or other conferences may be held by it with any Insurance Regulator in connection with the transactions contemplated by this Agreement, and Seller shall have the right to have a representative or representatives attend or otherwise participate in any such meeting or conference. Buyer and its Affiliates shall take or agree to take, any action and agree to any condition, limitation, restriction or requirement reasonably necessary in connection with obtaining all Governmental Approvals of Insurance Regulators, except for such actions, conditions, limitations, restrictions or requirements that, individually or in the aggregate with any other actions, conditions, limitations, restrictions or requirements, as would or would reasonably be likely to result in a Burdensome Condition; provided that in no event shall Buyer or any of its Affiliates be required to commence, threaten or otherwise seek to commence any Litigation against any Governmental Authority in connection with the foregoing. A "Burdensome Condition" means: (i) a material adverse effect on the business, operations, condition (financial or otherwise) or results of operations of (x) Buyer and its Subsidiaries, taken as a whole (provided that for purposes of this clause (x), a material adverse effect shall be deemed to occur at the level of materiality at which the actions, conditions, limitations, restrictions or requirements, if they were to result in an effect on the Transferred Companies, taken as a whole, instead of Buyer and its Subsidiaries, taken as a whole, would constitute a material adverse effect on the business, operations, condition (financial or otherwise) or results of operations of the Transferred Companies, taken as a whole) or (y) the Transferred Companies, taken as a whole; or (ii) any requirement to sell, divest, operate in a specified manner, hold separate or discontinue or limit, before or

which such licenses were obtained by Seller or any other member of the Parent Group), (B) adding new seats or licenses of such Multi-User Software to an existing agreement of Buyer or its Affiliates, (C) establishing a new agreement for the Transferred Companies with respect to such Multi-User Software or (D) negotiating for transitional use of such Multi-User Software by Transferred Companies until such time as Transferred Companies obtain new agreements for such Multi-User Software or substitutes therefor.

Section 4.8 Insurance. Seller shall cause to be maintained through the Closing the insurance with respect to the Transferred Companies referred to in Section 2.19 (or other policies providing substantially similar coverage). If Buyer requests, Seller shall cause to be purchased an extended reporting period covering a 12-month period with respect to such insurance (other than any workers' compensation liability insurance), the cost of which extended reporting period shall be split equally by Buyer and Seller. Following the Closing, Seller shall, and shall cause the other members of the Parent Group, (a) not to seek to change any rights or obligations of any of the Transferred Companies under such insurance, (b) to cooperate with the Transferred Companies (at the Transferred Companies' expense) in making claims under such insurance and (c) promptly to pay over to the Companies any amounts that Seller or any other member of the Parent Group may receive under such insurance solely in respect of losses experienced by any of the Transferred Companies in the post-Closing period.

Section 4.9 Resignations. At or prior to the Closing, Seller shall deliver to Buyer letters of resignation, effective as of the Closing, of all of the officers and directors of the Transferred Companies, except for the officers and directors designated in writing by Buyer at least two Business Days prior to the Closing.

Section 4.10 Further Assurances. Other than with respect to any matter governed by Section 4.7, from time to time, as and when reasonably requested by any party, each party shall use its reasonable best efforts to execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall use its reasonable best efforts to take, or cause to be taken, all such further or other actions, as such other party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement. Such actions shall include executing and delivering such assignments, deeds, bills of sale, consents and other instruments as the requesting party or its counsel may reasonably request as necessary or desirable for such purpose. Notwithstanding the foregoing, no party shall be obligated pursuant to this Section 4.10 to execute and deliver or cause to be executed and delivered any documents or instruments or to take or cause to be taken any actions if the effect thereof would be to increase the liabilities and obligations of such party in any material respect, other than as contemplated elsewhere in this Agreement.

(iv) providing investment management and similar services to any Person;

(v) selling and/or underwriting any insurance products whatsoever other than any such selling or underwriting activities that comprise a Competing Business;

(vi) providing reinsurance to any Person engaging in a Competing Business, so long as Seller and the other members of the Parent Group are not engaged in the marketing, production or administration of such reinsured business;

(vii) engaging in any activity that does not constitute the business of insurance in the United States;

(viii) engaging in any activity whatsoever outside the United States;

(ix) engaging in any activity that Seller or any other member of the Parent Group engage in as of the date hereof (other than the Business);

(x) engaging in any activity relating to personal lines property and casualty insurance covering collector cars and boats;

(xi) acquiring, merging or combining with any business, Person or assets that would otherwise violate this Section 4.11 after the Closing Date (an "After-Acquired Business") and following such acquisition, merger or combination, no activities of such After-Acquired Business, or of Seller or any other member of the Parent Group relating to or in connection with the activities of such After-Acquired Business, shall be deemed to violate this Section 4.11; provided that either: (A) at the time of such acquisition, merger or combination, the gross revenues derived from the Competing Business by the After-Acquired Business (the "Competing After-Acquired Revenues") are (1) less than 7.5% of the gross revenues of the After-Acquired Business in the most recently completed fiscal year immediately prior to the date of such acquisition, merger or combination and (2) less than $100,000,000 in the most recently completed fiscal year immediately prior to the date of such acquisition, merger or combination; or (B) at the time of such acquisition, merger or combination, the Competing After-

Section 4.14 Restructuring. Prior to the Closing, Seller shall cause WMI to sell, distribute, contribute or otherwise transfer all of the outstanding shares of capital stock of GHI to one or more Persons that are not Transferred Companies and shall take all such other actions as may be required so that upon the consummation of the Closing, Buyer will acquire no, and none of the Transferred Companies will have any, direct or indirect interest of any kind in GHI or any of its Subsidiaries, and Seller shall use its reasonable best efforts to obtain all necessary Governmental Approvals in connection therewith (the "Restructuring"). To the extent that cash is transferred to the Transferred Companies prior to the Closing in exchange for any of the outstanding shares of capital stock of GHI, Seller shall use its reasonable best efforts to cause such cash to be distributed to Seller or an Affiliate of Seller (other than any Transferred Company) prior to the Closing as a part of the Restructuring. Notwithstanding the provisions of this Section 4.14, if, after the Closing Date, it shall be determined that any Transferred Company held any Excluded Asset as of the Closing Date, Buyer shall promptly cause such Excluded Asset to be assigned and transferred to Seller upon receipt from Seller of a cash payment for such Excluded Asset in an amount equal to the value of such Excluded Asset as reflected on the Closing Balance Sheet (if such Excluded Asset is reflected on the Closing Balance Sheet) and only to the extent of the value so reflected.

Section 4.15 Books and Records. At the Closing, Seller shall cause all Books and Records in the possession of Seller or any other member of the Parent Group to be delivered to Buyer (or a Person designated by Buyer) in the manner (and in the case of physical Books and Records at the location(s)) reasonably requested by Buyer, in all cases to the extent not located at an office of any of the Transferred Companies, subject to the exceptions provided in Section 5.5(b) and the following exceptions:

(a) Buyer recognizes that certain Books and Records may contain incidental information that relates to the Transferred Companies or may relate primarily to subsidiaries, divisions or businesses of Seller other than the Transferred Companies, and that Seller may retain such Books and Records if it provides copies of the relevant portions thereof to Buyer; and

(b) Seller may retain all Books and Records prepared in connection with the sale of the Shares, including bids received from other parties and analyses relating to the Transferred Companies.

Section 4.16 Commutation of Certain Reinsurance. Prior to the Closing, Seller shall cause all obligations arising under the affiliate reinsurance agreements listed in Section 4.16 of the Seller Disclosure Letter, including Insurance Reserves, to be fully and finally commuted, on a cut-off basis, for consideration equal to each of the

Buyer, and file the appropriate documents with the relevant Governmental Authority to remove any Seller Marks; provided that if Seller has not effectuated such change of name prior to the Closing, Buyer shall, promptly and subject to applicable Law, cause WMI to change its name, and file the appropriate documents with the applicable Governmental Authority to effectuate such change of name, to the extent necessary to remove the Seller Marks. Promptly following the Closing Date and subject to applicable Law, Buyer shall cause the Transferred Companies to change their names, and file the appropriate documents with the relevant Governmental Authorities to effectuate such change of names, to the extent necessary to remove any Seller Marks. Following the Closing Date, no license or other agreement to use any Seller Marks shall be deemed to exist between Seller or any other member of the Parent Group, on the one hand, and any of the Transferred Companies, on the other hand, by operation of law, past practice or otherwise, and any such license or other agreement currently in effect shall terminate at Closing; provided that the Transferred Companies may, for a period of up to 90 days after the Closing Date, continue to use the Seller Marks in existing corporate names (subject to the obligation to change such corporate name as set forth in the proviso to the immediately preceding sentence), stationery, business forms, business cards and similar materials bearing any of the Seller Marks ("Branded Buyer Items"), subject to any approval from any Governmental Authority with respect to the change to such Branded Buyer Items, in which case the following period shall be extended until 30 days after such approval with respect to the applicable Branded Buyer Items. The use of the Seller Marks in the Branded Buyer Items is subject to the following limitations: (i) such use shall, and products or services provided in connection with such use shall, conform to a level of quality at least as high as that practiced by the Transferred Companies prior to the Closing and (ii) Buyer shall not (A) alter the use of the Seller Marks on any such Branded Buyer Items or (B) develop new materials bearing the Seller Marks. Any such use of the Seller Marks in the Branded Buyer Items under this Section 4.17(c) shall be without any representation or warranty of any kind from Seller or any other member of the Parent Group (it being understood that nothing in this sentence shall be deemed to modify or limit the representations set forth in Article II).

(d) After the Closing Date, in no event shall Seller or any other member of the Parent Group have any right to use as a Trademark, nor shall Seller or any other member of the Parent Group use as a Trademark, any corporate names, trade names, service marks, logos, designs, acronyms or domain names containing the words "Esurance" and "Answer Financial", or any derivation thereof or any application or registration therefor or any other name, mark, logo, design, acronym or domain name that is confusingly similar thereto (the "Companies Marks"). Promptly following the Closing Date and subject to applicable Law, Seller shall, if applicable, cause its Subsidiaries to change their names, and file the appropriate documents with the relevant Governmental Authorities to effectuate such change of names, to the extent necessary to remove any Companies Marks. Following the Closing Date, no license or other agreement to use any

comparable in the aggregate to the compensation and benefits provided to the Employees by the Transferred Companies immediately prior to the Closing; provided, however, that the foregoing shall not be deemed to require Buyer or an Affiliate (including, after the Closing, the Transferred Companies) to grant performance units, performance shares, restricted stock, restricted stock units or similar long-term incentive awards, or to permit the deferral of such awards, following the Closing Date and (ii) the Employees with severance benefits and payments consistent with the past practices of the Transferred Companies. Nothing in this Agreement shall be construed as limiting the right of Buyer or its Subsidiaries (including, after the Closing, the Transferred Companies) to (x) terminate the employment of any Employee, (y) amend or terminate any compensation or employee benefit plan, agreement or arrangement, subject to the terms of such plan, agreement or arrangement or (z) except as expressly set forth herein, change the terms or conditions of employment of any Employee. The participation of the Employees in the compensation and benefit plans, programs and arrangements of the Parent Group shall terminate effective as of the Closing, and, following the Closing, neither Buyer nor its Subsidiaries (including, after the Closing, the Transferred Companies) shall have any Liability with respect to (and Buyer and its Subsidiaries (including, after the Closing, the Transferred Companies) shall be indemnified and held harmless with respect to) such compensation and benefit plans, programs and arrangements of the Parent Group.

(b) From and after the Closing Date, Buyer shall, or shall cause its Subsidiaries (including, after the Closing, the Transferred Companies) to (i) honor all obligations under the Company Benefit Plans described in the second sentence of Section 2.17(a) (without regard to the word "material" set forth therein) in accordance with their terms as in effect immediately prior to the Closing, (ii) recognize all the Employees' accrued and unused vacation and other paid time-off benefits consistent with the terms of the vacation or similar policies of the Transferred Companies applicable to Employees as in effect immediately prior to the Closing and (iii) pay, no later than March 15, 2012, all annual bonuses that are payable to Employees with respect to the 2011 fiscal year, including, to the extent earned, bonuses accrued before the Closing Date under the annual bonus plans of the Transferred Companies, provided that the aggregate amount of the annual bonuses paid to the Employees in respect of such fiscal year shall in no event be less than the amount accrued in full on the Closing Balance Sheet and the balance sheet included in the Estimated Closing Statement in respect thereof. For the avoidance of doubt, for purposes of any Company Benefit Plan listed on Section 2.17(a) of the Seller Disclosure Letter that contains a definition of "change in control" or "change of control," the transactions contemplated by this Agreement shall be deemed to constitute a "change in control" or "change of control" with respect to the Employees.

(c) (i) Prior to the Closing Date, Seller and the Transferred Companies shall determine the following amounts (such amounts in the aggregate, the "LTIP Amounts," in each case, it being understood that the value of the LTIP Amounts

Units under the EHI 2009 PUP and the EHI 2010 PUP. The amount of such Earned Value, the "Tier One Unit Amounts." Following the Closing Date, there shall be no increase or decrease of the Tier One Unit Amounts.

(B) Prior to the Closing Date, Seller shall cause Parent and EHI to enter into an assumption, assignment and amendment agreement providing for EHI's assumption of the Tier One Executive Performance Units and all obligations in respect thereof.

(C) Promptly following the expiration of a performance cycle with respect to a Tier One Executive Performance Unit, and in any event no later than two and one-half months following the expiration of such performance cycle, the portion of the Tier One Unit Amounts attributable to such performance cycle shall be paid, subject to applicable withholdings, by the relevant Transferred Company to the Tier One Executive if he is employed by the relevant Transferred Company on the last day of such performance cycle. Notwithstanding the foregoing, if a Qualifying Termination Event (as defined under the EHI 2009 PUP and the EHI 2010 PUP) occurs, a Pro Rata Portion of the unpaid portion of the Tier One Unit Amounts shall be paid, subject to applicable withholdings, by the relevant Transferred Company promptly following the Qualifying Termination Event, and in any event no later than two and one-half months following such Qualifying Termination Event.

(iv) Promptly following the expiration of a performance cycle with respect to an LTIP Plan, and in any event no later than two and one-half months following the expiration of such performance cycle, the portion of the LTIP Amounts attributable to such LTIP Plan shall be paid, subject to applicable withholdings, by the relevant Transferred Company to holders of Performance Units under such LTIP Plan who are employed by the relevant Transferred Company on the last day of such performance cycle. Notwithstanding the foregoing, if a Qualifying Termination Event (as defined under the relevant LTIP Plan) occurs (A) with respect to a holder of Performance Units under the EHI 2009 PUP or the EHI 2010 PUP, a Pro Rata Portion of the unpaid portion of the LTIP Amounts attributable to the Performance Units held by such holder shall be paid and (B) with respect to a holder of Performance Units under the AFI 2009 PUP or the AFI 2010 PUP, the entire unpaid portion of the LTIP Amounts attributable to the Performance Units held by such holder shall be paid, in each case, subject to applicable withholdings, by the relevant Transferred Company promptly following the Qualifying Termination Event, and in any event no later than two and one-half months following such Qualifying Termination Event.

Rata Portion of the Tier One Unit Amounts attributable to the WM LTIP for the 2009-2011 performance cycle, and (F) is one half of the Post-Closing Pro Rata Portion of the Tier One Unit Amounts attributable to the WM LTIP for the 2010-2012 performance cycle.

(d) The service of each Employee with the Transferred Companies (or any predecessor employer, to the extent service with such predecessor employer is recognized by the Transferred Companies) prior to the Closing shall be treated as service with Buyer and its Subsidiaries for all purposes, including eligibility, vesting and benefit levels and accruals, under the employee benefit plans of Buyer or any of its Subsidiaries in which such Employee participates after the Closing; provided, however, that such service need not be recognized to the extent that such recognition would result in any duplication of benefits and shall not apply for purposes of benefit accrual under any defined benefit pension plan (including a cash balance plan) and under Buyer's frozen retiree medical plan. Following the Closing, for purposes of each employee benefit plan in which any Employee or his or her eligible dependents participates after the Closing, Buyer shall, or shall cause its Subsidiaries (including, after the Closing, the Transferred Companies) to, (i) waive any pre-existing condition exclusion, actively-at-work requirement or waiting period to the extent such exclusion, requirement or waiting period was satisfied or waived under the comparable Company Benefit Plan in which the Employee participated and (ii) provide full credit for any co-payments, deductibles or similar payments made or incurred prior to the Closing for the plan year in which the Closing occurs.

(e) From and after the Closing, Buyer shall, or shall cause its Subsidiaries to, provide any required notice under the Worker Adjustment and Retraining Notification Act, as amended, and any similar state or local law, and otherwise comply with such laws with respect to the Employees. On the Closing Date, Seller shall provide Buyer a list of all Employees whose employment was terminated on the Closing Date, but prior to the Closing, or within 90 days prior to the Closing Date, including the place of employment and base salary for each such terminated Employee.

(f) Buyer and Seller agree to follow the alternate procedure for employment tax withholding as provided in Section 5 of Revenue Procedure 2004-53, I.R.B. 2004-35. Accordingly, the Parent Group shall have no United States employment tax reporting responsibilities, and Buyer shall have full United States employment tax reporting responsibilities, for Employees following the close of business on the Closing Date.

Investment Assets having an aggregate Statutory Statement Value of more than 35% of the aggregate Statutory Statement Value of all of the Investment Assets held by the Insurance Subsidiaries (determined as of the last day of the calendar month immediately preceding the calendar month in such written request is delivered)), and, following the delivery of such written request, the applicable Insurance Subsidiaries shall not invest in any Investment Assets other than cash or cash equivalents. For purposes of this Section 4.21, "cash equivalents" shall include any direct obligations of the United States or any agency thereof or obligations guaranteed by the United States or any agency thereof.

Section 4.22 Separation.

(a) Prior to the Closing, Seller shall use its reasonable best efforts to separate the Business from the businesses of the Parent Group.

(b) Following the Closing for a period of 180 days, Buyer and Seller shall cooperate with each other (and Buyer shall cause its Subsidiaries, and Seller shall cause the Parent Group, to so cooperate) in order to ensure the orderly transition of the Transferred Companies from Seller to Buyer and to minimize any disruption to the Transferred Companies and the other respective businesses of Seller and Buyer that might result from the transactions contemplated hereby. Each party shall be responsible for one-half of the reasonable out-of-pocket costs and expenses incurred by the parties in connection with this Section 4.22. Neither party shall be required by this Section 4.22 to take any action that would unreasonably interfere with the conduct of its business or unreasonably disrupt its normal operations (or, in the case of Buyer, those of the Transferred Companies).

Section 4.23 Intercompany Obligations and Agreements.

(a) Except as set forth on Schedule 4.23, Seller shall, and shall cause its Affiliates to, take such actions and make such payments as may be necessary so that, prior to the Closing, each of the Transferred Companies, on the one hand, and Seller and its Affiliates (other than the Transferred Companies), on the other hand, shall settle, discharge, offset, pay, repay in full, terminate or extinguish all Intercompany Obligations, including any accrued and unpaid interest, fees and other amounts due or outstanding thereunder, in each case by cash settlement or by netting or setting off debt between the Transferred Companies, on the one hand, Seller and its Affiliates (other than the Transferred Companies), on the other hand, such that, at or prior to the Closing, the balances of each such Intercompany Obligation shall be zero and no Transferred Company shall have any further rights or Liabilities with respect thereto; provided,

(iii) "Measurement Period" means the period beginning on the date that is 60 days after the date hereof (or, if such date is less than 60 days prior to the Closing Date, the date that is 60 days prior to the Closing Date) and ending 60 consecutive days after the Closing Date.

(iv) "Specified Carrier Contract" means, with respect to a Carrier Partner, the Carrier Contract to which such Carrier Partner is a party.

(v) "Status Change" means during the Measurement Period, a Carrier Partner does not offer to renew at least 50% of the insurance policies issued by such Carrier Partner through AFI that become eligible for renewal during the Measurement Period.

(b) The amount of compensation in respect of Status Changes (the "Carrier Status Change Compensation") shall be as follows:

(i) If not more than one Status Change occurs, the Carrier Status Change Compensation shall be zero.

(ii) If two Status Changes occur, the Carrier Status Change Compensation shall be $10,000,000.

(iii) If three Status Changes occur, the Carrier Status Change Compensation shall be $20,000,000.

(iv) If four Status Changes occur, the Carrier Status Change Compensation shall be $35,000,000.

(v) If five Status Changes occur, the Carrier Status Change Compensation shall be $50,000,000.

(c) Following the end of the Measurement Period, Seller shall, if two or more Status Changes have occurred, pay to Buyer within five Business Days of receipt of a certificate from an officer of Buyer (i) certifying that Buyer has complied with its obligations under Section 4.24(b) and that AFI has complied with its obligations under the applicable Specified Carrier Contract and (ii) attaching reasonable supporting

appropriate Insurance Regulator for any period ending on or prior to the third anniversary of the Reference Date (the "Final Settlement Date"), together with any actuarial opinion, affirmation or certification filed in connection therewith. Not later than 90 days following each of (i) the first anniversary of the Reference Date (the "First Interim Settlement Date"), (ii) the second anniversary of the Reference Date (the "Second Interim Settlement Date") and (iii) the Final Settlement Date, Buyer shall provide Seller with a written report (in each case, a "Reserve Report") reflecting the calculation contemplated by Section 4.26(b) (the "Indicated Reserve Amount"), together with all work papers and actuarial memoranda used in establishing the Indicated Reserve Amount. "Reference Date" means the last day of the fiscal quarter during which the Closing Date occurs.

(b) Calculation Methodology. The "Indicated Reserve Amount" shall be calculated to be an amount, as of each of the First Interim Settlement Date, the Second Interim Settlement Date and the Final Settlement Date (each, an "Applicable Settlement Date"), equal to the sum of (i) the Indicated Loss Reserve Amount as of such Applicable Settlement Date, (ii) the Indicated ALAE Reserve Amount as of such Applicable Settlement Date and (iii) 8% of the sum of (A) the Indicated Loss Reserve Amount plus (B) the Indicated ALAE Reserve Amount, such percentage representing the agreed upon unallocated loss adjustment expenses ("ULAE") for the Subject Business, in each case of (i), (ii) and (iii) solely with respect to insurance or reinsurance issued, underwritten or assumed prior to the Closing Date by the Insurance Subsidiaries (the "Subject Business"; provided that in no event shall the "Subject Business" include any OB Liabilities whatsoever). The calculation of each Indicated Reserve Amount will be prepared in conformity with GAAP as in effect on the Closing Date consistently applied and the Books and Records of the Insurance Subsidiaries (with the exception of ULAE which shall be calculated in accordance with this Section 4.26(b)), and will present fairly, in accordance with generally accepted actuarial standards consistently applied, the loss and loss adjustment expense reserves of the Insurance Subsidiaries as of each Applicable Settlement Date.

(c) Indicated Loss Reserve Amount. The "Indicated Loss Reserve Amount" as of each Applicable Settlement Date shall be an amount equal to (i) the sum of (x) claims paid from the Closing Date until the Applicable Settlement Date for losses occurring prior to the Closing Date with respect to the Subject Business, (y) case loss reserves held as of the Applicable Settlement Date for losses occurring prior to the Closing Date with respect to the Subject Business, and (z) the bulk and incurred but not reported ("IBNR") loss reserves held as of the Applicable Settlement Date for losses occurring prior to the Closing Date with respect to the Subject Business, less (ii) applicable third party reinsurance, salvage and subrogation recoveries received or receivable after the Closing Date and applicable to losses incurred prior to the Closing Date with respect to the Subject Business; provided, however, that the Indicated Loss Reserve Amount shall not include amounts for claims paid or to be paid outside the

accordance with this Section 4.26(e). In the event that the parties are unable to jointly select the Independent Actuary, each of Buyer, on the one hand, and Seller, on the other hand, shall select one independent certified public accounting firm of national standing and reputation, which two firms shall jointly select the Independent Actuary for joint retention by the parties. Within five days after engagement of the Independent Actuary, each of Seller and Buyer shall submit to the Independent Actuary its calculation of the Indicated Reserve Amount, together with such supporting documentation as each such party may determine reasonable. The Independent Actuary shall, within 30 days after its engagement, select the submission of either Seller or Buyer, which selection shall be final, binding and conclusive upon the parties hereto. The Indicated Reserve Amount reflected in the applicable Reserve Report shall be adjusted accordingly to reflect any such final resolution and, as so adjusted, shall be deemed final for purposes of the payments provided in Section 4.26(f). Seller on the one hand, and Buyer on the other hand, shall each pay one-half of the fees and expenses of the Independent Actuary. Buyer and Seller shall, and Buyer shall cause the Insurance Subsidiaries to, cooperate in good faith with the Independent Actuary and shall give the Independent Actuary access to all books, records, work papers and other information and documents relating to the items in dispute as the Independent Actuary may reasonably request. For the avoidance of doubt, Seller shall not be precluded from disputing any items or amounts in any Reserve Report by reason of the fact that such items or amounts were included in any prior Reserve Report or Reserve Reports.

(f) Payment. In respect of the First Interim Settlement Date, (i) if (A) the Indicated Reserve Amount reflected on the final Reserve Report for the First Interim Settlement Date, less (B) the loss and loss adjustment expense reserves, net of related third party reinsurance, salvage and subrogation recoverables and receivables, as reflected or provided for or reserved against on the Closing Balance Sheet, but excluding any such loss and loss adjustment expense reserves or related third party reinsurance, salvage and subrogation recoverables and recoveries in respect of Seller Extra Contractual Obligations or Seller Excess of Policy Liabilities ("Closing Reserves"), is a positive amount, Seller shall pay or cause to be paid to Buyer in immediately available funds 90% of such positive amount, and (ii) if (A) the Indicated Reserve Amount reflected on the final Reserve Report for the First Interim Settlement Date, less (B) the Closing Reserves, is a negative amount, Buyer shall pay or cause to be paid to Seller in immediately available funds 90% of the absolute value of such negative amount. In respect of each of the Second Interim Settlement Date and the Final Settlement Date, (i) if (A) the Indicated Reserve Amount reflected on the final Reserve Report for such Applicable Settlement Date, less (B) the Indicated Reserve Amount reflected on the final Reserve Report for the immediately preceding Applicable Settlement Date is a positive amount, Seller shall pay or cause to be paid to Buyer in immediately available funds 90% of such positive amount, and (ii) if (A) the Indicated Reserve Amount reflected on the final Reserve Report for such Applicable Settlement Date, less (B) the Indicated Reserve

systems) by any member of the Parent Group, except that Cravath, Swaine & Moore LLP may retain copies of any such information, documents or materials (including pre-Closing access records with respect thereto) in a custodial capacity for Seller solely for use in connection with resolving claims under Article VIII, and all such information, documents or materials shall be kept confidential and held in a secure environment. If it is proposed that any members of the Parent Group be provided with access to any such information, documents or materials in accordance with the use restrictions in this Section 4.27, Seller shall provide prior written notice to Buyer at least two Business Days prior to the grant of such access (with such notice specifying in reasonable detail the information, documents or materials proposed to be accessed).

Section 4.28 Seller Guaranties. From and after the date hereof, Buyer and Seller shall use their respective reasonable best efforts to obtain, on or prior to the Closing Date, the termination of, and full release of Seller and its Affiliates (other than the Transferred Companies) from any and all Liabilities arising under, the Seller Guaranties listed on Schedule 4.28. For the avoidance of doubt, such efforts shall include an offer by Buyer to substitute the obligations of a Subsidiary or other Affiliate of Buyer for those of Seller and its Affiliates (other than the Transferred Companies) under any such Seller Guaranty on terms that are no less favorable than the terms under such Seller Guaranty are to Seller or the applicable Affiliate of Seller, as applicable. With respect to each such Seller Guaranty with respect to which the parties do not obtain such termination and full release, Buyer shall, concurrently with the Closing, enter into a hold harmless agreement in substantially the form attached hereto as Exhibit B (the "Hold Harmless Agreement") with respect to such Seller Guaranty.

Section 4.29 Reinsurance Trust. Prior to the Closing, Seller shall cause OBIC, as grantor, to enter into and fund a reinsurance trust in substantially the form of Exhibit C, naming each of EIC and EICNJ as beneficiaries, in order to collateralize the OB Liabilities of EIC and EICNJ. Buyer shall have the right to consent to the party named as trustee under such trust agreement, such consent not to be unreasonably withheld, conditioned or delayed.

ARTICLE V
TAX MATTERS

Section 5.1 Tax Indemnities.

or open transaction made or entered into on or prior to the Closing Date, (3) prepaid amount received on or prior to the Closing Date or (4) intercompany transaction that will be required to be taken into account under Treasury Regulations Section 1.1502-13 (or any predecessor provision or any similar provision of state, local or foreign Law) and that occurs on or prior to the Closing Date or (B) any of the Transferred Companies having made an election under Section 108(i) of the Code to defer the recognition of any cancellation of indebtedness income;

(vii) Taxes relating to, resulting from or arising out of any breach or nonperformance of any covenant by Seller set forth in this Agreement to the extent relating to Taxes or Tax matters;

(viii) Taxes relating to, resulting from or arising out of (A) the Restructuring, (B) any other transaction occurring on or prior to the Closing Date pursuant to or as contemplated by this Agreement or any Ancillary Agreement, (C) any transaction occurring pursuant to or as contemplated by Sections 4.10, 4.14, 4.17 and 4.22(b) of this Agreement (including any such transaction occurring after the Closing Date) and (D) any Liabilities under the agreements that are required to be terminated pursuant to Section 5.7(b);

(ix) Transfer Taxes allocable to Seller pursuant to Section 5.6;

(x) Taxes imposed on any Buyer Indemnitee with respect to any Taxes required to be deducted or withheld from any amount paid or payable (or treated for Tax purposes as paid or payable) by any Buyer Indemnitee pursuant to this Agreement or any Ancillary Agreement to the extent such Taxes are not deducted or withheld;

(xi) Non-U.S. Indemnifiable Taxes imposed on any amount paid or payable (or treated for Tax purposes as paid or payable) to any Buyer Indemnitee pursuant to or as contemplated by this Agreement or any Ancillary Agreement; provided, however, that any payment described in Section 8.5(b) shall be subject to the provisions of Section 8.5(b) rather than to this Section 5.1(a)(xi);

(xii) Taxes of GHI or any of its Subsidiaries or any of its or their respective properties, business, operations, Contracts, assets or liabilities; and

Limitation, 35% times (1) the Minimum WMI Losses or Minimum AFI Losses, as applicable, minus (2) the amount of net operating losses and net operating loss carryforwards of the WMI Consolidated Group or the AFI Consolidated Group, as applicable, that are usable under the applicable limitation in the first Taxable Period following the Closing; (C) in the case of a Tax Asset Overstatement, 35% times that Tax Asset Overstatement; and (D) in each case, reduced by the present value of any Tax amortization, depreciation or other deduction that arises after the Closing Date relating to, resulting from or arising out of the same facts that led to such Loss Overstatement, Loss Limitation or Tax Asset Overstatement. For purposes of this calculation, it shall be assumed that (w) the applicable Tax rate is 35%, (x) the present value of any Tax deduction is based on the Discount Rate, (y) each Tax deduction is used in the first Taxable Period in which it can be claimed and (z) an increase in basis that does not give rise to an Tax amortization or depreciation deduction shall not be considered a Tax deduction for purposes of clause (D) of the preceding sentence.

(ii) Taxes relating to, resulting from or arising out of any Loss Expiration or SRLY Limitation shall be the actual increase in the cash Taxes payable for any Taxable Period as a result of the Loss Expiration or SRLY Limitation, as applicable, over the cash Taxes that would have been payable for such Taxable Period had there been no such SRLY Limitation or Loss Expiration, as applicable (such increase, the "Tax Increase"); provided, however, that if in any subsequent Taxable Period there is an actual reduction in cash Taxes payable for such subsequent Taxable Period compared to the cash Taxes that would have been payable for such subsequent Taxable Period had there been no such SRLY Limitation (such reduction, the "Tax Reduction"), then the party experiencing such Tax Reduction (the "Benefited Party") shall pay to the party that previously indemnified such Benefited Party for a prior Tax Increase the amount of such Tax Reduction; provided, further, however, that the aggregate amount paid by the Benefited Party to the other party under this Section 5.1(c)(ii) with respect to any Tax Reduction shall never exceed the aggregate amount received by such Benefited Party with respect to prior Tax Increases.

Section 5.2 Proration of Taxes. For purposes of Section 5.1 and Section 5.3, any liability for Taxes attributable to a Straddle Period shall be apportioned between the portion of such period ending on the Closing Date and the portion beginning on the day after the Closing Date (i) in the case of real and personal property Taxes, by apportioning such Taxes on a per diem basis, (ii) in the case of Taxes based upon an amount of premiums, the amount of Tax imposed based upon the amount of premiums written or deposits made as of and including the Closing Date, and (iii) in the case of all other Taxes, on the basis of a closing of the books as of the end of day on the Closing Date.

extensions), but in all events at least 45 days prior to the date such Tax Return is required to be filed, to provide such other party with a meaningful opportunity to analyze, comment on and dispute such Tax Returns. The reviewing party shall notify the preparing party of any comments or disputes with respect to such Tax Returns in advance of the due date for filing such Tax Returns (after taking into account available extensions), but in all events at least 30 days prior to the date such Tax Return is required to be filed, to provide such other party with a meaningful opportunity to consider such comments or disputes and for such Tax Returns to be modified, as appropriate, before filing. In the event of any disagreement between Buyer and Seller, such disagreement shall be resolved by an accounting firm of international reputation mutually agreeable to Seller and Buyer (the "Tax Accountant"), and any such determination by the Tax Accountant shall be final unless otherwise not consistent with a determination (as defined in Section 1313(a) of the Code). The fees and expenses of the Tax Accountant shall be borne equally by Buyer and Seller. If the Tax Accountant does not resolve any differences between Seller and Buyer with respect to such Tax Return at least five Business Days prior to the due date therefor, such Tax Return shall be filed as prepared by the party having the responsibility hereunder for preparing such Tax Return and amended to reflect the Tax Accountant's resolution. The preparation and filing of any Tax Return with respect to any Transferred Company that does not relate to a Pre-Closing Tax Period shall be exclusively within the control of Buyer.

Section 5.4 Tax Contests.

(a) Buyer or Seller, as the case may be, will provide written notice to the other party within 30 days of its discovery of any matter that may give rise to a claim for indemnity pursuant to this Article V (a "Tax Claim" and such notice a "Tax Claim Notice"); provided, however, that failure to comply with this Section 5.4(a) by an Indemnified Party shall not affect the Indemnifying Party's indemnification obligation hereunder except only to the extent the Indemnifying Party's ability to control such Tax Claim is adversely and materially affected by such failure. A Tax Claim Notice shall contain a summary of the facts (set forth with reasonable specificity based on the then available information) underlying or relating to the relevant claim, any correspondence or notice received from any third party with respect thereto and a statement that the Indemnified Party seeks indemnification for Taxes relating to such claim.

(b) Seller, at its expense, shall have the right to control the conduct of the defense of any Tax Claim brought by a Tax Authority that involves solely a matter for which Seller is required to indemnify the Buyer Indemnitees; provided, that (i) Buyer is provided written notice by Seller of its intent to control the defense of such matter within 15 days after Seller has received the underlying Tax Claim Notice (which will include Seller's acknowledgement that it is liable for all Taxes and Losses of the

expiration of the statute of limitations of the Taxable Periods to which such Tax Returns and other documents relate, without regard to extensions, or (ii) six years following the due date (without extension) for such Tax Returns. Prior to disposing of any such records, notice shall be given by Buyer or Seller, as applicable, to the other party providing reasonable terms allowing such other party to take, at its sole expense, possession of such records.

(b) Without limiting the foregoing, at the Closing, Seller may retain any Tax Returns with respect to the Transferred Companies in the possession of Seller or any of its Affiliates, and Buyer shall be provided with copies of the Transferred Companies' separate Tax Returns and the pro forma portion of any consolidated or combined Tax Returns relating solely to the Transferred Companies.

Section 5.6 Transfer Taxes. All Transfer Taxes incurred in connection with transactions contemplated by this Agreement shall be borne by Seller and Buyer as follows: (a) Seller shall bear and pay (i) all Transfer Taxes arising under the Laws of any jurisdiction other than the United States or any state or other political subdivision thereof, and (ii) any Transfer Taxes that are real estate Taxes, and (b) Seller and Buyer shall each bear and pay one half of any Transfer Taxes not described in the preceding clause (a). Seller and Buyer shall cooperate with each other in the timely filing and execution of any Tax Returns and other documentation relating to Transfer Taxes, the remitting of payment of all such Taxes and the delivery of any forms claiming exemption or relief from any such Taxes.

Section 5.7 Additional Covenants.

(a) All powers of attorney with respect to any Tax matters granted by or on behalf of the Transferred Companies prior to the Closing Date will be terminated as of the day prior to the Closing Date.

(b) All Tax Sharing Agreements with respect to or involving the Transferred Companies shall be terminated with respect to any Liability of the Transferred Companies as of the day prior to the Closing Date and the Transferred Companies shall not be bound thereby or have any Liability thereunder at any time thereafter. For the avoidance of doubt and notwithstanding any provision to the contrary, this Section 5.7(b) shall not be interpreted in any manner that will relieve Seller or its Affiliates from paying to the Transferred Companies the receivable due to the Transferred Companies under the Tax Sharing Agreement in an amount equal to the amount of such receivable set forth or otherwise taken into account in the Year End

pursuant to this Agreement shall be made upon the earlier to occur of (i) three Business Days after an agreement by the Indemnifying Party and the Indemnified Party as to the Indemnifying Party's Liabilities for such Taxes or Losses, and (ii) in the case of a matter that is being litigated or arbitrated between an Indemnifying Party and an Indemnified Party, three Business Days after the first conclusion of such matter that results in a payment due from the Indemnifying Party.

(g) To the extent that Buyer and Seller are unable to agree on the amount of the Taxes determined under Section 5.1(c), any Purchase Price adjustment allocation required under Section 5.7(c), the amount of the adjustments required under Section 8.5(b), or the amount of any other item subject to indemnification pursuant to this Article V, then Buyer and Seller shall jointly engage and submit the unresolved items (the "Unresolved Tax Items") to the Tax Accountant. Buyer and Seller shall use their reasonable best efforts to cause the Tax Accountant to issue its written determination regarding the Unresolved Tax Items within 30 days after the Unresolved Tax Items are submitted for review. The Tax Accountant shall make a determination with respect to the Unresolved Tax Items only, and in a manner consistent with the provisions of Section 5.1(c), Section 5.7(c), Section 8.5(b), or this Article V, as applicable, and in no event shall the Tax Accountant's determination of the Unresolved Tax Items be for an amount that is outside the range of Buyer's and Seller's disagreement on the Unresolved Tax Items. Each party shall use its reasonable best efforts to furnish to the Tax Accountant such work papers, books, records, documents and other information pertaining to the Unresolved Tax Items as the Tax Accountant may request. The determination of the Tax Accountant shall be final, binding and conclusive on Buyer and Seller absent manifest error. Judgment may be entered upon the determination of the Tax Accountant in any court having jurisdiction over the party against which such determination is to be enforced. Buyer and Seller shall each bear and pay one half of any fees, expenses and costs of the Tax Accountant incurred in rendering any determination pursuant to this Section 5.7(g).

warranties in Section 2.4(a) (subsection (a) to Capitalization; Title to Shares), Section 2.5(e) (subsection (e) to Transferred Subsidiaries; Ownership Interests), and Section 2.34 (Finders' Fees) shall be true and correct in all material respects as of the date hereof and as of the Closing Date as if they were made on and as of the Closing Date. Seller shall have in all material respects duly performed and complied with all agreements and covenants required by this Agreement to be performed or complied with by Seller at or prior to the Closing. Seller shall have delivered to Buyer a certificate dated the Closing Date and signed by a duly authorized officer to the effect set forth above in this Section 6.2(a).

(b) No Litigation. There shall be no Litigation by any Governmental Authority pending or threatened in writing that would reasonably be expected to result in a material limitation on Buyer's ownership or control of the Shares or the Transferred Companies ownership or control of the Business (other than Litigation seeking as a remedy any action to which Buyer and its Affiliates shall be obligated to accept pursuant to the last sentence of Section 4.7(b)).

(c) No Material Adverse Effect. No event, occurrence, fact, condition, change, development or effect shall exist or have occurred or come to exist since the Balance Sheet Date that, individually or in the aggregate, has resulted in, or would reasonably be expected to result in, a Material Adverse Effect.

(d) Ancillary Agreements. The Ancillary Agreements shall have been executed and delivered by the applicable Seller Parties thereto and shall be in full force and effect.

(e) AFI FIRPTA Certificate. Seller shall have delivered to Buyer a statement, meeting the requirements of Treasury Regulations Sections 1.897-2(g)(2) and 1.1445-2(c)(3), to the effect that the AFI Shares do not constitute U.S. real property interests as of the Closing Date within the meaning of Section 897(c)(1) of the Code and the Treasury Regulations promulgated thereunder.

(f) WMI FIRPTA Certificate. Seller shall have delivered to Buyer a statement, meeting the requirements of Treasury Regulations Sections 1.897-2(g)(2) and 1.1445-2(c)(3), to the effect that the WMI Shares do not constitute U.S. real property interests as of the Closing Date within the meaning of Section 897(c)(1) of the Code and the Treasury Regulations promulgated thereunder.

(g) Restructuring. The Restructuring shall have been consummated.

ARTICLE VII
TERMINATION

Section 7.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the written agreement of Buyer and Seller;

(b) by either Buyer or Seller by notice to the other party, if:

(i) the Closing shall not have been consummated on or before December 31, 2011 (the "End Date"), provided that the right to terminate this Agreement pursuant to this Section 7.1(b)(i) shall not be available to any party whose breach of any provision of this Agreement results in the failure of the Closing to be consummated by such time; or

(ii) (A) there shall be any Law that makes the consummation of the Closing illegal or otherwise prohibited or (B) any judgment, injunction, order or decree of any Governmental Authority having competent jurisdiction enjoining Buyer or Seller from consummating the Closing is entered and such judgment, injunction, judgment or order shall have become final and nonappealable;

(c) by Buyer by notice to Seller, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Seller or any of the Transferred Companies set forth in this Agreement shall have occurred that would cause the condition set forth in Section 6.2(a) not to be satisfied, and such breach is incapable of being cured by the End Date, or if capable of being cured prior to the End Date, shall not have been cured within 30 days after written notice of such breach shall have been received by Seller;

(d) by Seller by notice to Buyer, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Buyer set forth in this Agreement shall have occurred that would cause the condition set forth in Section 6.3(a) not to be satisfied, and such breach is incapable of being cured by the End Date, or if capable of being cured prior to the End Date, shall not have been cured within 30 days after written notice of such breach shall have been received by Buyer; or

(Reserves) and Section 2.28 (Claims Handling) shall not survive the Closing. The covenants and agreements of the parties contained in this Agreement that are to be performed or complied with after the Closing shall survive until fully performed or complied with. The obligations to indemnify any party under this Agreement shall terminate when the applicable representation, warranty, covenant or agreement terminates pursuant to this Section 8.1. Notwithstanding the preceding sentences, any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given to the party against whom such indemnity may be sought prior to such time.

Section 8.2 Indemnification by Seller. From and after the Closing, subject to Section 8.4, Seller shall defend, indemnify and hold harmless each of Buyer, its Affiliates, and, after the Closing, the Transferred Companies, and their respective officers, directors, employees, agents, advisors and representatives (collectively, the "Buyer Indemnitees") from and against, and pay or reimburse the Buyer Indemnitees for, any and all damages, losses, Liabilities and expenses (including reasonable fees and expenses of attorneys, accountants, consultants and other third party advisors and other reasonable out-of-pocket expenses incurred in the investigation, defense or settlement of any of the same or in asserting, preserving or enforcing any rights under this Agreement), whether in respect of third party claims, claims between the parties or otherwise (collectively, "Losses") (without duplication of the dollar amount of any Loss for which indemnification may be provided under Article V or under more than one provision of this Section 8.2), resulting from or arising out of:

(a) any inaccuracy in or breach of any representation or warranty made by Seller in or pursuant to this Agreement or any certificate furnished by Seller pursuant to this Agreement;

(b) any failure of Seller (or, prior to the Closing, the Transferred Companies) to perform any covenant or agreement under this Agreement (other than any covenant or agreement contained in Section 4.2);

(c) any of the matters set forth in Schedule 8.2(c);

(d) any Special Litigation ("Special Litigation Losses");

claim or series of claims of less than the De Minimis Amount shall be disregarded for purposes of calculating whether the Deductible has been reached);

(ii) (w) Losses under Section 8.2(a) (except with respect to inaccuracies in or breaches of the representations and warranties contained in Sections 2.1 (Corporate Status), 2.2(a) (subsection (a) to Corporate and Governmental Authorization), 2.4 (Capitalization; Title to Shares), 2.5(e) (subsection (e) to Transferred Subsidiaries; Ownership Interests), and 2.34 (Finders' Fees), (x) Losses under Section 8.2(d) (Special Litigation Losses), (y) Losses under Section 8.2(e) (ECO Losses) or (z) Losses under Section 8.2(b) (solely with respect to any failure to perform any covenant or agreement contained in Section 4.5(a) (subsection (a) to Subsequent Financial Statements and Reports, Etc.)), until the aggregate amount of all such Losses exceeds $20,000,000 (the "Deductible"), in which event Seller shall be responsible only for any such Losses in excess of such Deductible;

(iii) (x) Losses under Section 8.2(a) (except with respect to inaccuracies in or breaches of the representations and warranties contained in Sections 2.1 (Corporate Status), 2.2(a) (subsection (a) to Corporate and Governmental Authorization), 2.4 (Capitalization; Title to Shares), 2.5(e) (subsection (e) to Transferred Subsidiaries; Ownership Interests) and 2.34 (Finders' Fees)) or (y) Losses under Section 8.2(b) (solely with respect to any failure to perform any covenant or agreement contained in Section 4.5(a) (subsection (a) to Subsequent Financial Statements and Reports, Etc.)), in the aggregate in excess of $200,000,000 (the "Cap"); provided that, solely with respect to Losses under Section 8.2(a) resulting from inaccuracies in or breaches of the representations and warranties contained in Section 2.11(j) (Other Intellectual Property Matters), such limit shall be $600,000,000 (the "Special Cap"); provided further that any Special Litigation Losses shall also count against and are subject to the Special Cap. For the avoidance of doubt, (i) any Losses under Section 8.2(a) resulting from inaccuracies in or breaches of the representations and warranties contained in Section 2.11(j) (Other Intellectual Property Matters) shall count against the Cap as well as the Special Cap and (ii) Special Litigation Losses shall count against and are subject to the Special Cap but shall not count against the Cap.

(b) After the Closing, except with respect to inaccuracies in or breaches of the representations and warranties contained in Sections 3.1 (Corporate Status), 3.2(a) (Corporate and Governmental Authorization) and 3.7 (Finders' Fees), Buyer shall not be required to indemnify Seller Indemnitees for Losses under Section 8.3(a) (i) until the aggregate amount of all such Losses exceeds the Deductible, in which

(e) Except as provided in Article V and Section 10.9, the indemnity provided for in this Article VIII shall be the sole and exclusive monetary remedy (including equitable remedies that involve monetary payment, such as restitution or disgorgement, other than specific performance to enforce a payment or performance obligation hereunder) of Buyer Indemnitees or Seller Indemnitees, as the case may be, after the Closing with respect to any and all claims relating to this Agreement and the transactions contemplated hereby (other than claims of, or causes of action arising from, fraud or willful misconduct). Notwithstanding anything to the contrary in this Agreement, none of the limitations on indemnities set forth in this Article VIII shall apply in the event of any fraud or willful misconduct on the part of any of the parties or their Affiliates.

(f) With respect to any Loss for which a Buyer Indemnitee is entitled to indemnification pursuant to this Article VIII and which arises out of or relates to a Liability that is specifically provided for, accrued or reserved against on the Closing Balance Sheet (in the form that has become final, binding and conclusive upon Seller and Buyer), Seller shall be liable to such Buyer Indemnitee for such Loss only to the extent such Loss exceeds the amount of such specific provision, accrual or reserve.

(g) Seller's obligation to indemnify Buyer Indemnitees in respect of ECO Losses pursuant Section 8.2(e) shall terminate on the date that is the 10th anniversary of the Closing Date, provided that with respect to claims for indemnification for ECO Losses made prior to such date, such obligation shall survive until such claims are paid in full or otherwise finally resolved by the parties in accordance with this Agreement.

(h) After the Closing, any party that is an Indemnified Party shall use its commercially reasonable efforts to mitigate any Losses that are indemnifiable under this Article VIII upon and after becoming aware of any such Losses (it being understood that the reasonable costs relating to such efforts shall be deemed to be Losses subject to indemnification as provided in this Article VIII). After the Closing, each of Seller and Buyer shall reasonably cooperate with each other to mitigate any such Loss, including by providing reasonable notice to the other of such Loss (or of matters that would reasonably be expected to give rise to any such Loss) of which such party has knowledge; provided, however, that this sentence shall not be deemed to alter the third party claims procedures set forth in Section 8.6 or the direct claims procedures set forth in Section 8.7. For purposes solely of this clause (h), "knowledge" means, when used with respect to Buyer, the actual knowledge of the Persons listed on Schedule 8.4(h). In the event that such Indemnified Party shall fail to use its commercially reasonable efforts to mitigate or to reasonably cooperate with respect to any such Losses as provided in this clause (h), then, notwithstanding anything to the contrary contained herein, an Indemnifying Party shall

(b) Any indemnity payment made by Seller to Buyer Indemnitees on the one hand, or by Buyer to Seller Indemnitees on the other hand, pursuant to Article V or this Article VIII, shall be made on a net after-Tax basis, which net after-Tax basis shall be determined employing a hypothetical present value calculation using the following assumptions: (i) the applicable Tax rate is the highest marginal federal income tax rate applicable to domestic corporations in effect, or reasonably expected to be in effect, when the Tax benefit or Tax cost is recognized or incurred, (ii) any Tax benefit or Tax cost relating to the indemnity payment or relating to the event giving rise to the indemnity payment is recognized or incurred, as applicable, in the first Taxable Period in which it can be recognized or incurred, (iii) an increase in Tax basis that does not give rise to a Tax amortization or depreciation deduction shall not be considered a Tax benefit for purposes of the hypothetical present value calculation, and (iv) the present value of any future Tax benefit or future Tax cost is determined based on the Discount Rate.

(c) Once a Loss is agreed in writing by the Indemnifying Party, or finally adjudicated to be payable pursuant to this Article VIII, the Indemnifying Party shall satisfy its obligations within five Business Days of such agreement or such final adjudication by wire transfer of immediately available funds to an account designated by the Indemnified Party. The parties hereto agree that should an Indemnifying Party not make full payment of any such obligations within such five Business Day-period, any amount payable shall be increased by the interest on such amount, compounded daily (based on a 365 day year), at the Interest Rate from and including the date of agreement of the Indemnifying Party or final adjudication or determination to and including the date of payment.

Section 8.6 Third Party Claim Procedures.

(a) In the event that any Litigation for which an indemnifying party (an "Indemnifying Party") may have liability hereunder to a Buyer Indemnitee or a Seller Indemnitee, as the case may be (an "Indemnified Party"), other than any such Litigation relating to Taxes (which are the subject of Section 5.4), is asserted against or sought to be collected from any Indemnified Party by a third party (a "Third Party Claim"), such Indemnified Party shall reasonably promptly, but in no event more than 20 Business Days following such Indemnified Party's receipt of a Third Party Claim, notify the Indemnifying Party in writing of such Third Party Claim describing in reasonable detail the facts and circumstances with respect to the subject matter of such Third Party Claim, the amount or the estimated amount of damages sought thereunder to the extent then ascertainable (which estimate shall not be conclusive of the final amount of such Third Party Claim), any other remedy sought thereunder, any relevant time constraints relating thereto, the basis for which indemnification is sought and copies of the relevant documents evidencing such Third Party Claim (a "Claim Notice"); provided, however,

Claim on a basis that would result in (A) injunctive or other nonmonetary relief against the Indemnified Party or any of its Affiliates, including the imposition of a consent order, injunction or decree that would restrict the future activity or conduct of the Indemnified Party or any of its Affiliates, (B) a finding or admission of a violation of Law or violation of the rights of any Person by the Indemnified Party or any of its Affiliates or (C) any monetary liability of the Indemnified Party that will not be promptly paid or reimbursed by the Indemnifying Party. Whether or not the Indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party shall not, without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed, settle, compromise or offer to settle or compromise any Third Party Claim.

(c) If the Indemnifying Party (i) elects not to defend the Indemnified Party against a Third Party Claim, whether by not giving the Indemnified Party timely notice of its desire to so defend or otherwise, (ii) is not entitled to defend the Third Party Claim pursuant to clause (a) of this Section 8.6 or (iii) after assuming the defense of a Third Party Claim, fails to take reasonable steps necessary to defend diligently such Third Party Claim within 10 Business Days after receiving written notice from the Indemnified Party to the effect that the Indemnifying Party has so failed, the Indemnified Party shall have the right, at all times, but not the obligation to assume its own defense and the Indemnifying Party shall have the right, but not the obligation, to participate in any such defense and to employ separate counsel of its choosing at its own expense. In no event shall the Indemnified Party's right to indemnification for a Third Party Claim be adversely affected by its assumption of the defense of such Third Party Claim.

(d) The Indemnified Party and the Indemnifying Party shall cooperate in order to ensure the proper and adequate defense of a Third Party Claim, including by providing access to each other's relevant business records and other documents, and employees; it being understood that such cooperation shall not affect the indemnifiability hereunder of the costs and expenses of the Indemnified Party relating thereto. The Indemnifying Party shall keep the Indemnified Party reasonably apprised of any significant developments relating to any Third Party Claim of which the Indemnifying Party has assumed the defense, including any proposed compromise, settlement or appeal with respect thereto.

(e) The Indemnified Party and the Indemnifying Party shall use their reasonable best efforts to avoid production of confidential information (consistent with applicable Law), and to cause all communications among employees, counsel and others representing any party to a Third Party Claim to be made so as to preserve any applicable attorney-client or work-product privileges.

of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have the meanings correlative to the foregoing.

"Affiliate Transaction" has the meaning set forth in Section 2.30(b).

"AFI" has the meaning set forth in the Recitals.

"AFI 2009 PUP" has the meaning set forth in Section 4.19(c)(i)(C).

"AFI 2010 PUP" has the meaning set forth in Section 4.19(c)(i)(D).

"AFI Closing Date Tangible Book Value" means the (a) the stockholders' equity of AFI and the AFI Transferred Subsidiaries minus (b) goodwill and identifiable intangibles, in each of the cases of clauses (a) and (b), as of the Closing Balance Sheet Date as shown on the Closing Balance Sheet.

"AFI Consolidated Group" means the affiliated group, within the meaning of Section 1504 of the Code, of which AFI is the common parent.

"AFI Partners" has the meaning set forth in Section 4.25(a)(i).

"AFI Shares" has the meaning set forth in the Recitals.

"AFI Transferred Subsidiaries" has the meaning set forth in the Recitals.

"After-Acquired Business" has the meaning set forth in Section 4.11(b).

"Aggregate LTIP Unit Amount" has the meaning set forth in Section 4.19(c)(viii).

"Agreement" has the meaning set forth in the Preamble.

"ALAE" has the meaning set forth in Section 4.26(d).

"A.M. Best" has the meaning set forth in Section 2.32.

"Ancillary Agreements" means the Parent Guaranty, the Commutation Agreement, the reinsurance trust agreement contemplated by Section 4.29 and, if required to be executed and delivered pursuant to Section 4.28, the Hold Harmless Agreement and any other agreement, if any, between the parties that is identified therein as an Ancillary Agreement.

"Applicable Accounting Principles" has the meaning set forth in Section 1.4(b).

"Applicable Settlement Date" has the meaning set forth in Section 4.26(b).

any of the Insurance Contracts issued by any of the Transferred Companies or assumed by them after the Closing.

"Buyer Excess of Policy Limits Liabilities" means loss in excess of the policy limit of an Insurance Contract included in the Subject Business to the extent arising from the handling by Buyer, an Insurance Subsidiary or any of their Affiliates on or after the Closing of any claim on business covered thereunder, such loss in excess of policy limits having been incurred because of the following: failure by Buyer, an Insurance Subsidiary or such Affiliates to settle within the policy limit or by reason of alleged or actual gross negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

"Buyer Indemnitees" has the meaning set forth in Section 8.2.

"Buyer Material Adverse Effect" means a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby.

"Buyer Party" means Buyer or any Affiliate of Buyer that is a party to any Ancillary Agreement.

"Cap" has the meaning set forth in Section 8.4(a)(iii).

"Carrier Contract" has the meaning specified in Section 2.9(a)(vii).

"Carrier Partners" has the meaning set forth in Section 4.25(a)(ii).

"Carrier Status Change Compensation" has the meaning set forth in Section 4.25(b).

"Claim Notice" has the meaning set forth in Section 8.6(a).

"Claims" has the meaning set forth in Section 4.26(g).

"Closing" has the meaning set forth in Section 1.2.

"Closing Balance Sheet" has the meaning set forth in Section 1.4(c)(i).

"Closing Balance Sheet Auditors" has the meaning set forth in Section 1.4(c).

"Closing Balance Sheet Date" has the meaning set forth in Section 1.4(a).

"Closing Date" has the meaning set forth in Section 1.2.

"Contract" means any contract, agreement, indenture, note, bond, loan, lease, conditional sale contract, purchase or sales order, mortgage, license or other enforceable arrangement or agreement.

"Covered Executives" means, collectively, the Tier One Executive, the Tier Two Executives, and the eight other individuals identified on a list captioned "Covered Executives" agreed upon by the parties by exchange of emails on or prior to the date hereof.

"Data" has the meaning set forth in Section 2.11(e).

"Deductible" has the meaning set forth in Section 8.4(a)(ii).

"Deferred Plans" has the meaning set forth in Section 4.19(c)(vi).

"De Minimis Amount" has the meaning set forth in Section 8.4(a)(i).

"Designated Employees" means the individuals identified on a list captioned "Designated Employees" agreed upon by the parties by exchange of emails on or prior to the date hereof.

"Direct Claim" has the meaning set forth in Section 8.7.

"Discount Rate" means 6%, compounded annually.

"Disputed Item" has the meaning set forth in Section 1.4(d).

"Dispute Notice" has the meaning set forth in Section 1.4(d).

"ECO Losses" has the meaning set forth in Section 8.2(e).

"EHI" has the meaning set forth in the Recitals.

"EHI 2009 PUP" has the meaning set forth in Section 4.19(c)(i)(A).

"EHI 2010 PUP" has the meaning set forth in Section 4.19(c)(i)(B).

"EHI Business" means (a) the marketing, underwriting, sale, distribution or servicing by EHI or its Subsidiaries of private passenger automobile insurance policies for customers in the United States and (b) the marketing, sale (not underwriting) or distribution by EHI or its Subsidiaries of other personal lines insurance policies and life and health insurance policies to customers of EHI and its Subsidiaries in the United States, in each case, on or after (i) February 21, 2002, in the case of EIC, (ii) April 4, 2002, in the case of EPCIC, and (iii) August 9, 2007, in the case of EICNJ.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any corporation that is or was part of the same controlled group of corporations with any Transferred Company within the meaning of Section 414(b) of the Code, any trade or business (whether or not incorporated) that is or was under common control with any Transferred Company within the meaning of Section 414(c) of the Code, and any other entity that is or was, together with any Transferred Company, a "single employer" under Section 414(m) or (o) of the Code.

"Estimated Closing Date Tangible Book Value" has the meaning set forth in Section 1.4(b).

"Estimated Closing Statement" has the meaning set forth in Section 1.4(b).

"Excess of Policy Liabilities" means Buyer Excess of Policy Limits Liabilities and Seller Excess of Policy Limits Liabilities, collectively.

"Excluded Assets" means any interest of any kind in GHI or any of its Subsidiaries or any of its or their respective properties, Contracts or other assets, which properties, Contracts or other assets are not used or held for use in the Business.

"Excluded Tax" has the meaning set forth in Section 5.1(a).

"Exclusivity Period" has the meaning set forth in Section 4.3.

"Extra Contractual Obligations" means Buyer Extra Contractual Obligations and Seller Extra Contractual Obligations, collectively.

"Final Settlement Date" has the meaning set forth in Section 4.26(a).

"First Interim Settlement Date" has the meaning set forth in Section 4.26(a).

"GAAP" has the meaning set forth in Section 2.6(a).

"GAAP Financial Statements" has the meaning set forth in Section 2.6(a).

"GHI" has the meaning set forth in Section 2.5(d).

"Governmental Approval" has the meaning set forth in Section 2.2(b).

"Governmental Authority" means any federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign.

"Independent Actuary" has the meaning set forth in Section 4.26(e).

"Indicated ALAE Reserve Amount" has the meaning set forth in Section 4.26(d).

"Indicated Loss Reserve Amount" has the meaning set forth in Section 4.26(c).

"Indicated Reserve Amount" has the meaning set forth in Section 4.26(a).

"Insurance Agreement" means (a) any reinsurance or retrocession Contract between Parent or any of its Affiliates (other than any Transferred Company), on the one hand, and any Transferred Company, on the other hand, (b) any insurance policies purchased or obtained by any Transferred Company from Parent or any of its Affiliates (other than any Transferred Company), which policy solely provides coverage to any Transferred Company, and (c) any other Contracts entered into in connection with any Contract or policy contemplated by clauses (a) or (b) of this definition.

"Insurance Contract" means any all insurance Contracts, binders, slips, certificates, endorsements, riders, treaties, policies, products or other arrangements, other than the Reinsurance Agreements, sold, issued, entered into, serviced or administered by any of the Insurance Subsidiaries, EISI or IAC in connection with the Business, in each case as such Contract, binder, slip, certificate, endorsement, rider, treaty, policy, product or other arrangement may have been amended, modified or supplemented.

"Insurance Regulator" means any insurance supervisory department or officials having jurisdiction over any part of the operations, business, assets, liabilities, products and services of the Companies or any of the Insurance Subsidiaries.

"Insurance Reserves" means any reserves, funds or provisions for losses, claims, premiums, loss and loss adjustment expenses (including reserves for incurred but not reported losses and loss adjustment expenses) and other Liabilities in respect of the insurance contracts issued by the Insurance Subsidiaries.

"Insurance Subsidiaries" has the meaning set forth in the Recitals.

"Intellectual Property" means (a) patents, patent applications and statutory invention registrations, including reissues, divisions, continuations, continuations in part, renewals, reissues, extensions and reexaminations of any of the foregoing, all patents that may issue on such applications, and all rights therein provided by applicable local Law, international treaties or conventions ("Patents"), (b) trademarks, service marks, trade dress, logos, designs, emblems, slogans, signs or insignia, Internet domain names, other similar designations of source, any and all common law rights thereto, and registrations and applications for registration of any of the foregoing (including intent-to-use applications), all rights therein provided by applicable local Law, international treaties or conventions and all reissues, extensions and renewals of any of the foregoing together

"Leases" has the meaning set forth in Section 2.10(d).

"Liability" means any and all liabilities, obligations, debts and commitments of any kind, character or description, whether known or unknown, asserted or not asserted, absolute or contingent, fixed or unfixed, matured or unmatured, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, whenever or however incurred or arising (including whether arising out of any contract or tort based on negligence or strict liability) and whether or not the same would be required by GAAP or SAP to be reflected in financial statements or disclosed in the notes thereto.

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, lease, encumbrance or other adverse claim of any kind in respect of such property or asset.

"Litigation" means any action, cause of action, claim, cease and desist letter, demand, suit, arbitration proceeding, citation, summons, subpoena or investigation of any nature, civil, criminal, regulatory or otherwise, in law or in equity.

"Losses" has the meaning set forth in Section 8.2.

"Loss Expiration" means the amount, if any, of the Minimum WMI Losses or Minimum AFI Losses set forth in Section 5.1(a)(v) of the Seller Disclosure Letter that expire (other than as a result of a change in Law after the Closing) in any Taxable Period prior to the number of Taxable Periods before expiration set forth on the Seller Disclosure Letter with respect to such Minimum WMI Losses or Minimum AFI Losses. For purposes of this definition, the amounts of Minimum WMI Losses or Minimum AFI Losses, as applicable, attributable to the Taxable Periods of 2010 and the portion of 2011 ending on or prior to the Closing Date shall be determined using the amounts of net operating losses for U.S. federal income tax purposes for such Taxable Periods as reflected in the Closing Statement (as finalized pursuant to clauses (d), (e) or (f) of Section 1.4) with respect to WMI and the WMI Transferred Subsidiaries and AFI and the AFI Transferred Subsidiaries, as applicable.

"Loss Limitation" means any limitation on the Minimum WMI Losses or the Minimum AFI Losses under Section 382 of the Code or the Treasury Regulations issued thereunder or issued under Section 1502 of the Code and relating to Section 382 of the Code, as of the end of the Closing Date based on the Laws in effect as of the Closing Date and taking into account all activity through the Closing other than the purchase and sale of the Shares.

"Loss Overstatement" means the amount, if any, by which (a) the Minimum WMI Losses exceed the actual amount of the net operating losses and net operating loss

the giving of notice or lapse of time, or both, would constitute a default) under, or the giving to any Person of any rights of termination, acceleration or cancellation of, or creation of any Lien (other than Permitted Liens) on any of the assets or properties of any of the Transferred Companies pursuant to, any Contract to which any of the Transferred Companies is a party or by which any of them or any of their respective properties or assets is bound or subject, in each case, as a result of any such performance, action or failure to act) or any action or failure to act on the part of Seller or any Transferred Company which action or failure to act is expressly requested or consented to in writing by Buyer, (viii) any condition or requirement imposed by any Governmental Authority in connection with the granting or issuance of any Governmental Approval required to be obtained pursuant to Section 4.7 that does not constitute a Burdensome Condition, and (ix) any action on the part of Buyer or any of its Affiliates other than as required by any Transaction Agreement, to the extent that any such effect described in the preceding clauses (i) through (iv) does not materially and disproportionately affect the Transferred Companies relative to other Persons engaged in the industries in which the Transferred Companies operate.

"Measurement Period" has the meaning set forth in Section 4.25(a)(iii).

"Minimum AFI Losses" means net operating losses and net operating loss carryforwards for U.S. federal income tax purposes of the AFI Consolidated Group in the aggregate amount of at least $181,000,000 consisting of those losses set forth in the column under the heading "Total" in the chart under the heading "AFG" in Section 5.1(a)(iv) of the Seller Disclosure Letter.

"Minimum WMI Losses" means the aggregate amount of net operating losses and net operating loss carryforwards for U.S. federal income tax purposes that are reflected in the gross federal Tax asset of the Transferred Companies on the Closing Statement (as finalized pursuant to clauses (d), (e) or (f) of Section 1.4) with respect to WMI and the WMI Transferred Subsidiaries.

"Multi-User Software" means Software that is licensed to Seller or any Affiliate of Seller (other than a Transferred Company) pursuant to a multi-unit or multi-user license (including any enterprise-wide or multi-seat license and any other license permitting installation or use of multiple copies or instances of the Software) and is used by the Transferred Companies in the operation of the Business.

"Non-Compete Period" has the meaning set forth in Section 4.11(a).

"Non-U.S. Indemnifiable Taxes" means any Taxes imposed by any Tax Authority of any jurisdiction other than the United States or any political subdivision thereof on any amount paid or payable (or treated for Tax purposes as paid or payable) to any Person pursuant to or as contemplated by this Agreement or any Ancillary Agreement, other than Taxes that would not be imposed but for a present or former connection between such

current value or materially interfere with the current use by the Transferred Companies of the assets, properties or rights affected thereby and would not reasonably be expected to have or result in a Material Adverse Effect.

"Person" means a natural person, corporation, partnership, limited liability company, joint venture, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Policyholder Surplus" means, with respect to any Insurance Subsidiary, the policyholder surplus of such Insurance Subsidiary determined in accordance with SAP (as reflected in line 35 of the "Liabilities, Surplus and Other Funds" page of the most recent Statutory Statement filed with the domiciliary Insurance Regulator of such Insurance Subsidiary).

"Post-Closing Pro Rata Portion" means a fraction, the numerator of which is the number of days after the Closing Date in the relevant performance cycle under the relevant LTIP Plan or WM LTIP, and the denominator of which is the total number of days in such performance cycle.

"Post-Closing Reserve Adjustment" has the meaning set forth in Section 4.26(f).

"Post-Closing Tax Period" means any Taxable Period beginning after the Closing Date; and, with respect to a Straddle Period, the portion of such Straddle Period beginning after the Closing Date.

"Pre-Closing Tax Period" means any Taxable Period ending on or before the Closing Date; and, with respect to a Straddle Period, the portion of such Straddle Period ending on and including the Closing Date.

"Proposed Estimated Closing Statement" has the meaning set forth in Section 1.4(b).

"Pro Rata Portion" means a fraction, the numerator of which is the number of days in the relevant performance cycle under the LTIP Plan or with respect to the Tier One Executive Performance Units, as applicable, through and including the date of the Qualifying Termination Event, and the denominator of which is the total number of days in the relevant performance cycle under the LTIP Plan or with respect to the Tier One Executive Performance Units, as applicable.

"Purchase Price" has the meaning set forth in Section 1.1.

"Qualified Reps" means the representations and warranties set forth in Section 2.6(a) and (b), Section 2.7 and Section 2.9(a).

"Reference Date" has the meaning set forth in Section 4.26(a).

because of the following: failure by Parent, Seller or such Subsidiaries of Seller to settle within the policy limit or by reason of alleged or actual gross negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of any action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such action.

"Seller Extra Contractual Obligations" means all Liabilities that relate to the administration of Insurance Contracts, to the extent such Liabilities are caused by any alleged or actual reckless conduct or bad faith by any Transferred Company or any of its Affiliates or any of its or their directors, officers, employees, agents or representatives prior to the Closing in connection with the handling of any claim arising out of or under any of the Insurance Contracts issued by any of the Transferred Companies or assumed by them prior to the Closing.

"Seller Guaranties" has the meaning set forth in Section 2.9(a)(xiv).

"Seller Indemnitees" has the meaning set forth in Section 8.3.

"Seller Marks" has the meaning set forth in Section 4.17(c).

"Seller Party" means Parent, Seller or any Affiliate of Seller which is a party to any Ancillary Agreement.

"Seller Pension Plan" means the OneBeacon Insurance Pension Plan.

"Shares" has the meaning set forth in the Recitals.

"Software" means all computer software, including but not limited to, application software, system software and firmware, including all source code and object code versions thereof and all executables and utilities, in any and all forms and media, and all related documentation.

"Special Cap" has the meaning set forth in Section 8.4(a).

"Special Litigation" means any Litigation described in a list captioned "Special Litigation Matters" and agreed upon by the parties by exchange of emails on or prior to the date hereof.

"Special Litigation Losses" has the meaning set forth in Section 8.2(d).

"Specified Carrier Contract" has the meaning set forth in Section 4.25(a)(iv).

"SRLY Limitation" means any limitation (other than a Loss Limitation), determined on a loss by loss basis, on the Minimum WMI Losses or the Minimum AFI Losses under (a) the separate return limitation year rules contained in the Treasury

"Tax" means (a) all taxes, charges, fees, duties, customs, tariffs, imposts, payments in lieu, levies or other assessments or charges in the nature of a tax or any other similar payment imposed by any Tax Authority, including, but not limited to, income, license, recording, occupation, environmental, customs duties, single business, margin, unemployment, disability, mortgage, inventory, alternative or add-on minimum, profits, receipts, premium, excise, property, sales, use, transfer, franchise, payroll, withholding, social security, estimated or other taxes or any other similar item and (b) any interest, penalty, fine or addition to any of the foregoing, whether disputed or not.

"Tax Accountant" has the meaning set forth in Section 5.3(e).

"Tax Asset" means any item or asset (whether deferred or current) relating to Taxes, determined on an item by item and asset by asset basis, that is reflected in the gross Tax asset of the Transferred Companies, or otherwise as an asset, on the Closing Statement as finalized pursuant to clauses (d), (e) or (f) of Section 1.4 other than any item or asset (whether deferred or current) (i) for which a full valuation allowance has been established on the Closing Statement as finalized pursuant to clauses (d), (e) or (f) of Section 1.4 or (ii) to the extent not covered in clause (i), that is reflected in Minimum WMI Losses or Minimum AFI Losses.

"Tax Asset Overstatement" means the amount, if any, by which (a) any Tax Asset exceeds (b) the actual amount of any such item or asset as of the end of the Closing Date based on the Laws in effect as of the Closing Date and taking into account (i) all activity through the end of the day on the Closing Date and (ii) any allocation of any item or asset under the Treasury Regulations issued under Section 1502 of the Code (or any similar provision of state, local or foreign Law) to any entity that is not a Transferred Company or that ceases to be a member of the WMI Consolidated Group or the AFI Consolidated Group on or before the end of the day on the Closing Date.

"Tax Authority" means any Governmental Authority having jurisdiction over the assessment, determination, collection or imposition of any Tax.

"Tax Claim" has the meaning set forth in Section 5.4(a).

"Tax Claim Notice" has the meaning set forth in Section 5.4(a).

"Tax Contract" means any Contract or provision thereof under which any Transferred Company may have an obligation to another party with respect to Taxes.

"Tax Increase" has the meaning set forth in Section 5.1(c)(ii).

"Tax Reduction" has the meaning set forth in Section 5.1(c)(ii).

"Transferred Subsidiary Securities" has the meaning set forth in Section 2.5(b).

"Transfer Taxes" means any and all sales, use, stamp, documentary, filing, recording, transfer, real estate, stock transfer, intangible property transfer, personal property transfer, registration, securities transactions, conveyance and notarial Taxes, and similar fees, Taxes and governmental charges (together with any interest, penalty, addition to Tax, and additional amount imposed in respect thereof).

"Treasury Regulation" means the regulations prescribed under the Code.

"ULAE" has the meaning set forth in Section 4.26(b).

"Unresolved Items" has the meaning set forth in Section 1.4(f).

"Unresolved Tax Items" has the meaning set forth in Section 5.7(g).

"WMI" has the meaning set forth in the Recitals.

"WMI Consolidated Group" means the affiliated group, within the meaning of Section 1504 of the Code, of which WMI is the common parent.

"WMI Shares" has the meaning set forth in the Recitals.

"WMI Transferred Subsidiaries" has the meaning set forth in the Recitals.

"WM LTIP" has the meaning set forth in Section 4.19(c)(iii)(A).

"Year End Balance Sheets" means (a) the GAAP balance sheets as of December 31, 2010 included in the GAAP Financial Statements described in Section 2.6(a) and (b) the unaudited statutory balance sheets as of December 31, 2010 included in the annual statement of each of the Insurance Subsidiaries as filed with the domiciliary Insurance Regulator of such Insurance Subsidiary, in each case, as of and for the year ended December 31, 2010.

Section 9.2 Construction. The words "hereby," "hereof," "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The words "party" or "parties" shall refer to parties to this Agreement. The headings and captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Section, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits, Schedules and Disclosure Letters annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized term used in any Exhibit or Schedule or in the Seller

The Allstate Corporation
2775 Sanders Road, Suite F8
Northbrook, Illinois 60062
Telephone: (847) 402-8050
Fax: (847) 326-9772
Attention: Chief Financial Officer
Email: Don.Civgin@allstate.com

with copies (which will not constitute notice) to:

The Allstate Corporation
2775 Sanders Road, Suite F7
Telephone: (847) 402-7722
Fax: (847) 402-1904
Attention: General Counsel
Email: Michele.Mayes@allstate.com

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, New York 10019
Telephone: (212) 259-8000
Fax: (212) 259-6333
Attention: John M. Schwolsky
Alexander M. Dye
Email: jschwolsky@dl.com
adye@dl.com

(ii) if to Seller,

White Mountains Holdings (Luxembourg) S.à r.l.
5, rue Guillaume Kroll
R.C.S. Luxembourg: B 118.444
Fax: (+352) 48 18 28 3461
Attention: Manager
Email: adlux-domh@alterdomus.lu

with copies (which will not constitute notice) to:

White Mountains Insurance Group, Ltd.
14 Wesley Street, Fifth Floor
Hamilton HM 11
Bermuda
Telephone: (441) 278-3160

Section 10.4 Governing Law, Etc.

(a) THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING AS TO VALIDITY, INTERPRETATION AND EFFECT, BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE PRINCIPLES OR RULES OF CONFLICT OF LAWS THEREOF. Buyer and Seller hereby irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in the State, City and County of New York for the purposes of any suit, action or other proceeding arising out of this Agreement, any Ancillary Agreement or any transaction contemplated hereby or thereby. Each of Buyer and Seller hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document or in respect of any such transaction, that it is not subject to such jurisdiction. Each of Buyer and Seller hereby waives, and agrees not to assert, to the maximum extent permitted by law, as a defense in any action, suit or other proceeding arising out of this Agreement, any Ancillary Agreement or any transaction contemplated hereby or thereby, that such action, suit or proceeding may not be brought or is not maintainable in such courts or that the venue thereof may not be appropriate or that this Agreement or any such Ancillary Agreement may not be enforced in or by such courts. Buyer and Seller hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of any such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 10.1 (or to a party's agent for service of process, if any, as set forth below) or in such other manner as may be permitted by law, shall be valid and sufficient service thereof. EACH OF BUYER AND SELLER HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. EACH OF BUYER AND SELLER (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE ANCILLARY AGREEMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.4.

(b) By the execution and delivery of this Agreement, Seller appoints White Mountains Capital, Inc. (80 South Main Street, Hanover, NH 03755, Attn: Corporate Secretary) as its agent upon which process may be served in any in any action,

Section 10.8 Counterparts; Effectiveness; Third Party Beneficiaries. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same instrument. This Agreement shall become effective when each party shall have received a counterpart hereof signed by all of the other parties. Until and unless each party has received a counterpart hereof signed by the other party, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). Except as specifically provided under Article VIII, no provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the parties and their respective successors and assigns.

Section 10.9 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with its terms or otherwise breached and that, without the necessity of posting any bond or other security or undertaking, the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any court specified in Section 10.4, in addition to any other remedy to which they are entitled at law or in equity. If any Litigation is brought in equity to enforce the provisions of this Agreement, no party shall allege, and each party hereby waives, the defense or counterclaim that there is an adequate remedy at law.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have duly executed this Agreement in two originals as of the date first above written, each party acknowledging having received an original.

WHITE MOUNTAINS HOLDINGS
(LUXEMBOURG) S.À R.L.

By ____________________________
Name: ________________________
Title: ________________________

THE ALLSTATE CORPORATION

By [signature]
Name: Don Civgin
Title: Executive Vice President and Chief Financial Officer

SCHEDULES, EXHIBITS, AND DISCLOSURE LETTER NOT ENCLOSED