

OneBeacon U.S. Holdings, Inc.
Form S-3
July 02, 2008

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As filed with the Securities and Exchange Commission on July 2, 2008

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

Bermuda

(State or other jurisdiction of incorporation or organization)

98-0503315

(I.R.S. Employer Identification Number)

**601 Carlson Parkway
Minnetonka, Minnesota 55305
(952) 852-2431**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

ONEBEACON U.S. HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

52-2272489

(I.R.S. Employer Identification Number)

**601 Carlson Parkway
Minnetonka, Minnesota 55305
(952) 852-2431**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**ONEBEACON U.S. HOLDINGS TRUST I
ONEBEACON U.S. HOLDINGS TRUST II
ONEBEACON U.S. HOLDINGS TRUST III**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

80-6052844

80-6052850

80-6052853

(I.R.S. Employer Identification Number)

**601 Carlson Parkway
Minnetonka, Minnesota 55305
(952) 852-2431**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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Bradford W. Rich, Esq.
Senior Vice President and General Counsel
OneBeacon Insurance Group, Ltd.
c/o OneBeacon Insurance Company
One Beacon Lane
Canton, Massachusetts 02021
(781) 332-1000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Mark G. Borden
Erika L. Robinson
Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, Massachusetts 02109
Telephone: (617) 526-6000

Approximate date of commencement of proposed sale to public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit(2)(3)	Proposed Maximum Aggregate Offering Price(2)(3)	Amount of Registration Fee(4)
Primary Offering:				
Debt Securities of OneBeacon Insurance Group, Ltd.(5)				
Class A Common Shares of OneBeacon Insurance Group, Ltd.				
Preference Shares of OneBeacon Insurance Group, Ltd.				
Warrants of OneBeacon Insurance Group, Ltd.				
Depository Shares of OneBeacon Insurance Group, Ltd.(6)				
Purchase Contracts of OneBeacon Insurance Group, Ltd.				
Purchase Units of OneBeacon Insurance Group, Ltd.				
Units of OneBeacon Insurance Group, Ltd.				
Debt Securities of OneBeacon U.S. Holdings, Inc.(5)				
Junior Subordinated Debt Securities of OneBeacon U.S. Holdings, Inc.				
Preferred Stock of OneBeacon U.S. Holdings, Inc.				
Warrants of OneBeacon U.S. Holdings, Inc.				
Preferred Securities of OneBeacon U.S. Holdings Trust I, OneBeacon U.S. Holdings Trust II and OneBeacon U.S. Holdings Trust III (collectively, the "OB Holdings Trusts")				
Guarantees of Debt Securities and Junior Subordinated Debt Securities of OneBeacon U.S. Holdings, Inc. by OneBeacon Insurance Group, Ltd.(7)				
Guarantees of Preferred Securities of the OB Holdings Trusts by OneBeacon Insurance Group, Ltd.(8)				
	\$1,000,000,000	100%	\$1,000,000,000	\$39,300

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Total for securities to be registered by
Registrants:

Secondary Offering:(9)

Class A Common Shares of OneBeacon Insurance Group, Ltd. (10)	\$1,279,028,205	\$17.83	\$1,279,028,205	\$50,265.81
Total:	\$2,279,028,205		\$2,279,028,205	\$89,565.81

- (1) There are being registered hereunder such indeterminate number or amount of common shares, preference shares, debt securities, warrants, purchase contracts, depositary shares and units of OneBeacon Insurance Group, Ltd.; debt securities, junior subordinated debt securities, preferred stock and warrants of OneBeacon U.S. Holdings, Inc.; and preferred securities of the OB Holdings Trusts, as will have an aggregate initial offering price not to exceed \$1,000,000,000, as well as up to 71,754,738 Class A common shares of OneBeacon Insurance Group, Ltd. that may be sold by the selling shareholder from time to time. If any debt securities or junior subordinated debt securities are issued at an original issue discount, then the offering price of such debt securities and junior subordinated debt securities shall be in such greater principal amount as shall result in an aggregate initial offering price not to exceed \$1,000,000,000, less the aggregate dollar amount of all securities previously issued hereunder (other than Class A common shares of OneBeacon Insurance Group, Ltd. sold by the selling shareholder). Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. The securities registered also include such indeterminate numbers and amounts of common shares and preference shares of OneBeacon Insurance Group, Ltd. and preferred stock of OneBeacon U.S. Holdings, Inc., as may be issued upon conversion of or exchange for preference shares or debt securities that provide for conversion or exchange, upon exercise of warrants, pursuant to purchase contracts or pursuant to the anti-dilution provisions of any such securities.
- (2) In United States dollars or the equivalent thereof in any other currency, currency unit or units, or composite currency or currencies.
- (3) The proposed maximum per unit and aggregate offering prices per class of security will be determined from time to time in connection with the issuance of the securities registered under this registration statement.
- (4) Estimated solely for purposes of determining the registration fee pursuant to Rule 457(o) under the Securities Act.
- (5) Subject to note (1), an indeterminate principal amount of debt securities, which may be senior or subordinated.
- (6) To be represented by depositary receipts representing an interest in all or a specified portion of a common share or preference share.
- (7) No separate consideration will be received for the guarantees of the debt securities by OneBeacon Insurance Group, Ltd.
- (8) No separate consideration will be received for the guarantees of the preferred securities of the OB Holdings Trusts. The guarantees include the rights of holders of the preferred securities under the guarantees and backup undertakings, comprised of obligations of OneBeacon Insurance Group, Ltd. under a junior subordinated indenture and any supplemental indenture thereto and under the applicable trust agreement to provide indemnities in respect of, and be responsible for certain costs, expenses, debts and liabilities of, each of the OB Holdings Trusts, each as described in this registration statement. All obligations under the applicable trust agreement, including the indemnity obligation, are included in the backup undertakings.
- (9) Up to 71,754,738 Class A common shares of OneBeacon Insurance Group, Ltd. may be sold by the selling shareholder from time to time pursuant to this registration statement.
- (10) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(c) under the Securities Act, based on the average of the high and low sales price of OneBeacon Insurance Group Ltd.'s Class A common shares on June 27, 2008.

The Registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated July 2, 2008

\$1,000,000,000

ONEBEACON INSURANCE GROUP, LTD.

Senior Debt Securities, Subordinated Debt Securities, Common Shares,
Preference Shares, Warrants, Depositary Shares, Purchase Contracts, Purchase Units and Units

ONEBEACON U.S. HOLDINGS, INC.

Senior Debt Securities, Subordinated Debt Securities and Junior Subordinated Debt Securities
(guaranteed to the extent provided herein by
ONEBEACON INSURANCE GROUP, LTD.)
Warrants and Preferred Stock

**ONEBEACON U.S. HOLDINGS TRUST I
ONEBEACON U.S. HOLDINGS TRUST II
ONEBEACON U.S. HOLDINGS TRUST III**

Preferred Securities
(guaranteed to the extent provided herein by
ONEBEACON INSURANCE GROUP, LTD.)

71,754,738 Class A Common Shares of
ONEBEACON INSURANCE GROUP, LTD.

Offered by a Selling Shareholder

We may offer and sell from time to time these securities in one or more offerings up to a total dollar amount of \$1,000,000,000. We may sell these securities to or through underwriters, directly to investors or through agents. We will specify the terms of the securities, and the names of any underwriters or agents, in supplements to this prospectus. This prospectus may not be used to consummate sales of securities by us unless it is accompanied by a prospectus supplement.

In addition, White Mountains Insurance Group, Ltd. or certain of its subsidiaries may sell up to 71,754,738 shares of our Class A common shares. We will not receive any of the proceeds from the sale of our Class A common shares by White Mountains Insurance Group, Ltd. or its subsidiaries.

OneBeacon Insurance Group, Ltd.'s common shares are listed on the New York Stock Exchange and traded under the symbol "OB."

Investing in the securities involves significant risks. See "Risk Factors" on page 4 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2008.

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ABOUT THIS PROSPECTUS

Unless the context otherwise indicates, the terms "we," "us" or "our" mean, collectively, OneBeacon Insurance Group, Ltd. and its consolidated subsidiaries; the term "OneBeacon" means OneBeacon Insurance Group, Ltd.; the term "OB Holdings" means OneBeacon U.S. Holdings, Inc.; the term "OB Holdings Trusts" means, collectively, OneBeacon U.S. Holdings Trust I, OneBeacon U.S. Holdings Trust II and OneBeacon U.S. Holdings Trust III; and the term "Selling Shareholder" means Lone Tree Holdings Ltd., a subsidiary of White Mountains Insurance Group, Ltd., or any other selling shareholder identified in a supplement to this prospectus.

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process. Under this shelf registration process, OneBeacon, OB Holdings and the OB Holdings Trusts may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$1,000,000,000 or the equivalent denominated in foreign currencies and the Selling Shareholder identified in this prospectus may, from time to time, sell up to 71,754,738 shares of OneBeacon's Class A common shares. This prospectus provides you with a general description of the securities we or the Selling Shareholder may offer. Each time we sell securities, we will provide a prospectus supplement and, if applicable, a pricing supplement, that will contain specific information about the terms of that offering. The prospectus supplement and any applicable pricing supplement may also add, update or change information contained in this prospectus. The prospectus supplement and any applicable pricing supplement may also contain information about any material U.S. federal income tax considerations relating to the securities described in the prospectus supplement. You should read both this prospectus, the applicable prospectus supplement and any applicable pricing supplement, together with the additional information described under "Where You Can Find More Information."

When acquiring any securities discussed in this prospectus, you should rely only on the information contained or incorporated by reference in this prospectus, any prospectus supplement, any pricing supplement and any "free writing prospectus" that we authorize to be delivered to you. Neither we, the Selling Shareholder nor any underwriters or agents, have authorized anyone to provide you with different information. Neither OneBeacon, OB Holdings, any of the OB Holdings Trusts or the Selling Shareholder is offering the securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation. You should not assume that the information in this prospectus, or any prospectus supplement, pricing supplement or free writing prospectus, is accurate at any date other than the date indicated on the cover page of these documents.

This prospectus does not contain separate financial statements for the OB Holdings Trusts. We believe these financial statements would be unnecessary pursuant to Rule 3-10(b) of Regulation S-X ("Rule 3-10(b)") since each trust is an indirect wholly owned subsidiary of OneBeacon, and OneBeacon files consolidated financial information under the Exchange Act. The OB Holdings Trusts will be "finance subsidiaries" under Rule 3-10(b) with no independent function other than to issue common and trust preferred securities and to purchase junior subordinated debt securities of OB Holdings. OneBeacon will provide a full, unconditional guarantee of each trust's obligations under its respective common and trust preferred securities and no other subsidiary of OneBeacon will guarantee these obligations.

The securities described in this prospectus as being offered by OneBeacon or by the Selling Shareholder may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 and the Exchange Control Act 1972, and related regulations of Bermuda which regulate the sale of securities in Bermuda. In addition, specific permission is required from the Bermuda Monetary Authority, or BMA, pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of securities of Bermuda companies,

other than in cases where the BMA has granted a general permission. The BMA in its policy dated June 1, 2005 provides that where any equity securities, including OneBeacon's common shares, of a Bermuda company are listed on an appointed stock exchange, general permission is given for the issue and subsequent transfer of any securities of a company from and/or to a non-resident, for as long as any equities securities of such company remain so listed. The New York Stock Exchange is deemed to be an appointed stock exchange under Bermuda law.

Notwithstanding the above general permission, the BMA has granted OneBeacon permission to, subject to OneBeacon's common shares being listed on an appointed stock exchange, (a) issue and transfer its shares, up to the amount of our authorized capital from time to time, to persons resident and non-resident of Bermuda for exchange control purposes; (b) issue and transfer its options, warrants, depositary receipts, rights, and other securities; and (c) issue and transfer its loan notes and other debt instruments and options, warrants, receipts, rights over loan notes and other debt instruments to persons resident and non-resident of Bermuda for exchange control purposes without the approval of the BMA. The BMA accepts no responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed in this prospectus.

As permitted by the rules and regulations of the SEC, the registration statement, of which this prospectus forms a part, includes additional information not contained in this prospectus. You may read the registration statement and the other reports we file with the SEC at the SEC's web site or at the SEC's offices described below under the heading "Where You Can Find Additional Information."

ONEBEACON INSURANCE GROUP, LTD.

OneBeacon Insurance Group, Ltd. is an exempted limited liability company incorporated under the laws of Bermuda in July 2006. Through its subsidiaries, OneBeacon is a property and casualty insurance writer that provides a range of specialty insurance products, as well as a variety of segmented commercial and personal insurance products. With roots dating back to 1831, OneBeacon has been operating for more than 175 years and has many long-standing relationships with independent agencies, which constitute its primary distribution channel. OneBeacon was acquired by White Mountains Insurance Group, Ltd., which we refer to as White Mountains, in 2001. White Mountains is a holding company whose businesses provide property and casualty insurance, reinsurance and certain other products. During the fourth quarter of 2006, White Mountains sold 27.6 million, or 27.6%, of OneBeacon's common shares in an initial public offering of OneBeacon. Prior to the initial public offering, OneBeacon was a wholly owned subsidiary of White Mountains. As of March 31, 2008, White Mountains owned 74.7% of OneBeacon's common shares. See "Description of OneBeacon's Share Capital" beginning on page 9 of this prospectus for a description of OneBeacon's common shares, which include Class A common shares and Class B common shares.

OneBeacon's headquarters are located at the Bank of Butterfield Building, 42 Reid Street, 6th Floor, Hamilton HM 12, Bermuda; its registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda; and its telephone number in Bermuda is (441) 278-3180. OneBeacon's U.S. headquarters are located at 1 Beacon Lane, Canton, Massachusetts 02021; its principal executive office is located at 601 Carlson Parkway, Minnetonka, Minnesota 55305; and the telephone number of its principal executive office is (952) 852-2431. OneBeacon's web site is located at www.onebeacon.com. The information on, or that can be accessed through, OneBeacon's web site is not incorporated by reference in this prospectus or any prospectus supplement, and you should not consider it to be a part of this prospectus or any prospectus supplement. OneBeacon's web site address is included as an inactive textual reference only.

ONEBEACON U.S. HOLDINGS, INC.

OneBeacon U.S. Holdings, Inc., formerly known as Fund American Companies, Inc., is a Delaware corporation and an intermediate holding company for all of OneBeacon's property and casualty insurance operations. OB Holdings' headquarters are located at 1 Beacon Lane, Canton, Massachusetts 02021, and its principal executive office is located at 601 Carlson Parkway, Minnetonka, Minnesota 55305. The telephone number of OB Holdings' principal executive office is (952) 852-2431.

OneBeacon indirectly owns all of the outstanding shares of OB Holdings' common stock.

THE ONEBEACON U.S. HOLDINGS TRUSTS

Each of OneBeacon U.S. Holdings Trust I, OneBeacon U.S. Holdings Trust II and OneBeacon U.S. Holdings Trust III is a Delaware statutory trust that will offer and sell trust preferred securities from time to time in one or more offerings. Each OB Holdings Trust will use all of the proceeds from the sale of its trust preferred securities to buy junior subordinated debt securities issued by OB Holdings. The OB Holdings Trusts will receive cash payments from the junior subordinated debt securities, and will distribute these payments to the holders of their respective trust preferred and common securities.

OB Holdings will own all of the common securities of the OB Holdings Trusts. Prior to the date of this prospectus, none of the OB Holdings Trusts have conducted any business.

THE OFFERING

We may offer any of the following securities from time to time:

Class A common shares of OneBeacon;

preference shares of OneBeacon;

debt securities of OneBeacon;

warrants of OneBeacon;

depository shares of OneBeacon;

purchase contracts of OneBeacon;

debt securities of OB Holdings, which may be guaranteed by OneBeacon;

junior subordinated debt securities of OB Holdings, which may be guaranteed by OneBeacon;

warrants of OB Holdings;

preferred stock of OB Holdings;

preferred securities of the OB Holdings Trusts, which may be guaranteed by OneBeacon; and

units, comprised of one or more of the securities described above.

This prospectus describes the general terms that may apply to the securities; the specific terms of any particular securities that we may offer will be described in a separate supplement to this prospectus.

In addition, the Selling Shareholder may offer up to 71,754,738 shares of OneBeacon's Class A common shares. We will not receive any proceeds from the sale of shares by the Selling Shareholder.

RISK FACTORS

Investing in our securities involves significant risks. Before making an investment decision, you should carefully consider the risks and other information we include or incorporate by reference in this prospectus. In particular, you should consider the risk factors set forth in each of OneBeacon's and OB Holdings' most recent Annual Report on Form 10-K filed with the SEC, in each case as those risk factors are amended or supplemented by subsequent Quarterly Reports on Form 10-Q. The risks and uncertainties we have described are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations. Additional risk factors may be included in a prospectus supplement relating to a particular series or offering of securities.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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This prospectus, any prospectus supplement and the documents we incorporate by reference in this prospectus include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, which we refer to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. All statements, other than statements of historical facts, included in this prospectus, any accompanying prospectus supplement and any document we incorporate by reference that address activities, events or developments which we expect or anticipate will or may occur in the future are forward-looking statements. The words "will," "believe," "intend," "expect," "anticipate," "project," "estimate," "predict" and similar expressions are also intended to identify forward-looking statements. These forward-looking statements include, among others, statements with respect to:

growth in book value per share or return on equity;

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business strategy;

financial and operating targets or plans;

incurred loss and loss adjustment expenses and the adequacy of our loss and loss adjustment expense reserves and related reinsurance;

projections of revenues, income (or loss), earnings (or loss) per share, dividends, market share or other financial forecasts;

expansion and growth of our business and operations; and

future capital expenditures.

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

the risks discussed in any prospectus supplement and in the documents we incorporate by reference;

recorded loss and loss adjustment expense reserves subsequently proving to have been inadequate;

claims arising from catastrophic events, such as hurricanes, earthquakes, floods or terrorist attacks;

competitive forces, including the conduct of other property and casualty insurers and reinsurers;

changes in domestic or foreign laws or regulations, or their interpretation, applicable to us, our competitors or our clients;

the continued availability of capital and financing;

general economic, market or business conditions;

an economic downturn or other economic conditions adversely affecting our financial position;

business opportunities (or lack thereof) that may be presented to us and pursued; and

other factors, most of which are beyond our control.

Consequently, all of the forward-looking statements made in this prospectus, any accompanying prospectus supplement and any document we incorporate by reference are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us or our business or operations. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

USE OF PROCEEDS

Unless otherwise provided in the applicable prospectus supplement, OneBeacon and OB Holdings intend to use the net proceeds from the sale of the securities under this prospectus for general corporate purposes, which may include, without limitation, repayment of borrowings, working capital, capital expenditures, share repurchase programs and acquisitions or for such other purposes as may be specified in the applicable prospectus supplement. Unless otherwise specified in the accompanying prospectus supplement, the OB Holdings Trusts will use all proceeds received from the sale of their trust preferred securities to purchase junior subordinated debt securities of OB Holdings. We will set forth in a prospectus supplement relating to a specific offering our intended use for the net proceeds received from the sale of securities in that offering.

We will not receive any proceeds from the sale of Class A common shares of OneBeacon by the Selling Shareholder. We will pay the fees and expenses incurred in effecting the registration of the Class A common shares covered by this prospectus, including, without limitation, all registration and filing fees, fees and expenses of our counsel and accountants and reasonable and documented fees and expenses of the Selling Shareholder's counsel. The Selling Shareholder will pay any underwriting or broker discounts and commissions incurred by the Selling Shareholder in selling the Class A common shares.

**RATIO OF EARNINGS TO FIXED CHARGES
AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table shows our ratio of earnings to fixed charges and our ratio of earnings to combined fixed charges and preferred stock dividends for the periods indicated:

Three Months Ended March 31, 2008(1)	Year Ended December 31,(2)				
	2007	2006	2005	2004	2003
Ratio of earnings to fixed charges	7.9	7.6	5.7	4.2	6.2
Ratio of earnings to combined fixed charges and preferred stock dividends (3)	4.2	4.2	3.4	2.8	4.8

- (1) Earnings were insufficient to cover fixed charges and combined fixed charges and preferred stock dividends in the three months ended March 31, 2008. During the three months ended March 31, 2008, the dollar amount of the deficiency of earnings to cover fixed charges and to cover combined fixed charges and preferred stock dividends was approximately \$38.6 million.
- (2) Effective January 1, 2008, we adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Liabilities" and elected to record the changes in unrealized gains and losses from our available-for-sale securities and our investments in limited partnerships, hedge funds and private equity interest in net income. In prior periods, these changes have been included in other comprehensive income. Accordingly, earnings for the March 31, 2008 period are not directly comparable to earnings for the years ended December 31, 2007, 2006, 2005, 2004 and 2003. The change in unrealized investment gains for the three months ended March 31, 2008, which was reported in earnings, was a decrease of \$59.1 million.
- (3) Preferred stock dividends relate to (A) shares of Series A preferred stock of Fund American Enterprise Holdings, Inc., an indirect subsidiary of OneBeacon and the parent entity of OB Holdings, all of which were redeemed on June 29, 2007, and (B) shares of Series A preferred stock of OB Holdings, all of which were redeemed on May 30, 2008.

We have computed the ratio of earnings to fixed charges set forth above by dividing earnings by fixed charges. We have computed the ratio of earnings to combined fixed charges and preferred stock dividends set forth above by dividing earnings by combined fixed charges and preferred stock dividends. For the purpose of determining the ratios, earnings include pre-tax income from continuing operations before equity in earnings of affiliates plus fixed charges (excluding capitalized interest). Fixed charges consist of interest on all indebtedness (including capitalized interest) plus the interest portion of operating lease rental expense. Preferred stock dividends consist of dividends and accretion on preferred stock.

The OB Holdings Trusts had no operations during the periods set forth above.

SELLING SHAREHOLDERS

The Selling Shareholder, Lone Tree Holdings Ltd., is a wholly owned subsidiary of White Mountains, which has held the shares offered by the Selling Shareholder pursuant to this prospectus since before OneBeacon's initial public offering in November 2006. For information on our relationship with the Selling Shareholder and related person transactions involving the Selling Shareholder and its parent, White Mountains, including those relating to our separation from White Mountains as a result of our initial public offering in November 2006 and certain contractual arrangements with White Mountains, please refer to the section entitled "Transactions with Related Persons, Promoters and Certain Control Persons" in our Definitive Proxy Statement dated April 10, 2008 and to the notes to our audited and unaudited Consolidated Financial Statements that have been incorporated in this prospectus by reference.

As of March 31, 2008, we had 24,240,870 Class A common shares outstanding and 71,754,738 Class B common shares outstanding. The Class B common shares may only be owned by White Mountains and its affiliates. Upon any sale or other disposition by White Mountains of its Class B common shares to any person other than White Mountains or an affiliate of White Mountains, such Class B common shares will automatically be converted into Class A common shares. In addition, on the first date on which White Mountains no longer beneficially owns at least 20% of our outstanding common shares, all outstanding Class B common shares will automatically be converted into Class A common shares, and we will no longer be authorized to issue Class B common shares.

In connection with our initial public offering, we granted certain registration rights to White Mountains and its transferees, including the Selling Shareholder. The following table sets forth, to our knowledge, certain information about the Selling Shareholder as of March 31, 2008. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to our common shares. To our knowledge, the Selling Shareholder shares voting and investment power with respect to its shares with White Mountains and a subsidiary of White Mountains, White Mountains Holdings Bermuda Ltd. We will supplement or amend this prospectus to include additional Selling Shareholders upon White Mountains' request. Information concerning the Selling Shareholders may change from time to time and any changed information will be set forth in supplements to this prospectus if and when necessary.

Name of Selling Shareholder	Common Shares Beneficially Owned Prior to Offering			Number of Class A Common Shares Being Offered	Common Shares to be Beneficially Owned After Offering(1)		
	Number	Percent of Class	Percent of Shares Outstanding		Number	Percent of Class	Percent of Shares Outstanding
Lone Tree Holdings Ltd.(2)	71,754,738(3)	100%	74.7%	71,754,738	0	0.0%	0.0%

- (1) We do not know when or in what amounts the Selling Shareholder may offer shares for sale. The Selling Shareholder might not sell any or all of the Class A common shares offered by this prospectus. Because the Selling Shareholder may offer all or some of the Class A common shares pursuant to this offering, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the Class A common shares, we cannot estimate the number of the shares that will be held by the Selling Shareholder after completion of the offering. However, for purposes of this table, we have assumed that, after completion of the offering, none of the Class A common shares covered by this prospectus will be held by the Selling Shareholder.
- (2) Lone Tree Holding Ltd. shares investment power with respect to the shares with White Mountains and a subsidiary of White Mountains, White Mountains Holdings Bermuda Ltd.
- (3) The shares held by the Selling Shareholder are Class B common shares, which will automatically be converted into Class A common shares on a one-for-one basis upon any sale or other disposition to any person other than White Mountains or an affiliate of White Mountains.

DESCRIPTION OF ONEBEACON'S SHARE CAPITAL

The following description of OneBeacon's share capital, together with the additional information included in any prospectus supplement, summarizes the material terms and provisions of OneBeacon's share capital and reflects OneBeacon's memorandum of association and amended and restated bye-laws and is a summary of the material terms of these documents and relevant sections of the Companies Act 1981 of Bermuda, or the Companies Act. OneBeacon's memorandum of association and amended and restated bye-laws are filed as exhibits to the registration statement of which this prospectus forms a part, and we refer to them in this prospectus as the memorandum of association and bye-laws, respectively. The summaries of these documents are qualified in their entirety by reference to the full text of the documents.

OneBeacon is an exempted company organized under the Companies Act. The rights of OneBeacon's shareholders are governed by Bermuda law, OneBeacon's memorandum of association and bye-laws. The Companies Act may differ in some material respects from laws generally applicable to U.S. corporations and their shareholders. The following is a summary of the material provisions of Bermuda law and OneBeacon's organizational documents.

OneBeacon's authorized share capital consists of (1) 200,000,000 shares of Class A common shares, par value \$0.01 per share, (2) 200,000,000 Class B common shares, par value \$0.01 per share and (3) 80,000,000 preference shares, par value \$0.01 per share. We refer to OneBeacon's Class A common shares and Class B common shares collectively as OneBeacon's "common shares." As of March 31, 2008, 24,240,870 Class A common shares, 71,754,738 Class B common shares and no preference shares were outstanding.

Common Shares

Voting Rights

Except for the approval rights of the holders of the Class B common shares over certain corporate actions and except to the extent provided for below, holders of Class A common shares are entitled to one vote per share and holders of Class B common shares are entitled to 10 votes per share on all matters submitted to a vote of OneBeacon's common shares. Other than with respect to voting and other than as required by law, the rights of the holders of the Class A common shares are identical to those of the Class B common shares. Until the time that White Mountains ceases to be entitled to 20% or more of the votes entitled to be cast, the affirmative vote of the holders of at least 80% of the votes entitled to be cast is required to alter, amend or repeal, or adopt any provision inconsistent with the voting provisions described above.

Class A shareholders are entitled to one vote per Class A common share, except to the extent modified below. If and so long as the votes conferred by "Controlled" Class A common shares (as defined below) of any person, other than White Mountains, constitute more than 9.5% of the votes conferred by OneBeacon's outstanding common shares, the vote conferred by each Class A common share comprised in such Controlled Class A common shares shall be reduced by whatever amount is necessary so that after any such reduction the votes conferred by such shares constitute 9.5% of the votes conferred by OneBeacon's outstanding common shares.

In giving effect to the foregoing provisions, the reduction in the vote conferred by the Controlled Class A common shares of any person shall be effected proportionately among all the Controlled Class A common shares of such person; provided, however, that if a holder of OneBeacon's common shares owns, or is treated as owning by the application of Section 958 of the Internal Revenue Code, interests in another holder of OneBeacon's common shares, the reduction in votes conferred by Controlled Class A common shares of such holder (determined solely on the basis of Controlled Class A common shares held directly by such holder and Controlled Class A common shares attributed

from such other holder) shall first be effected by reducing the votes conferred on the Controlled Class A common shares held directly by such holder and any remaining reduction in votes shall then be conferred proportionately among the Controlled Class A common shares held by the other holders (in each case, to the extent that so doing does not cause any person to be treated as owning Controlled Class A common shares constituting more than 9.5% of the votes conferred by the outstanding common shares of One Beacon). In the event that the aggregate reductions required by the foregoing provisions result in less than 100 percent of the voting power of the shares being entitled to be cast, the excess of 100 percent of the voting power over the votes entitled to be cast shall be conferred on the Class A common shares held by OneBeacon's holders proportionately, based on the number of Class A common shares held by each holder; to the extent that doing so does not cause any person to be treated as owning Controlled Class A common shares constituting more than 9.5% of the votes conferred by the outstanding common shares of One Beacon.

"Controlled" Class A common shares in reference to any person means:

- (1) all Class A common shares directly, indirectly or constructively owned by such person within the meaning of Section 958 of the Internal Revenue Code of 1986, as amended, of the United States; and
- (2) all Class A common shares directly, indirectly or constructively owned by any person or "group" of persons within the meaning of Section 13(d)(3) of the Exchange Act and the rules and regulations promulgated thereunder; provided that this clause (ii) shall not apply to any person or group that OneBeacon's board of directors, by the affirmative vote of at least seventy-five percent (75%) of the entire board, may exempt from the provisions of this clause.

Upon the liquidation, dissolution or winding up of OneBeacon, the holders of OneBeacon's common shares are entitled to receive their ratable share of OneBeacon's net assets available after payment of all debts and other liabilities, subject to the prior rights of any outstanding preferred shares.

As of March 31, 2008, White Mountains and its subsidiaries beneficially owned all of OneBeacon's outstanding Class B common shares, representing 96.7% of the voting power of OneBeacon's voting securities and 74.7% of the equity interest in OneBeacon. Unless a different majority is required by law or by OneBeacon's bye-laws, resolutions to be approved by holders of common shares require approval by a simple majority of votes cast at a meeting at which a quorum is present.

Variation of Rights

The rights attaching to a particular class, unless otherwise provided for by the terms of issue of the relevant class, may be varied either: (1) with the consent in writing of the holders of a majority of the issued shares of that class; or (2) with the sanction of a resolution passed by a majority of the votes cast at a general meeting of the relevant class of shareholders at which a quorum consisting of at least one person holding or representing one-third of the issued shares of the relevant class is present. OneBeacon's bye-laws specify that the creation or issue of shares ranking equally with existing shares will not, unless expressly provided by the terms of issue of existing shares, vary the rights attached to existing shares. In addition, the creation or issue of preference shares ranking prior to common shares will not be deemed to vary the rights attached to common shares or, subject to the terms of any other series of preference shares, to vary the rights attached to any other series of preference shares.

Dividends

Under Bermuda law, a company's board of directors may declare and pay dividends from time to time unless there are reasonable grounds for believing that the company is, or would after the payment be, unable to pay its liabilities as they become due or that the realizable value of its assets would thereby be less than the aggregate of its liabilities and issued share capital and share premium

accounts. Under OneBeacon's bye-laws, each common share is entitled to dividends if, as and when dividends are declared by OneBeacon's board of directors, subject to any preferred dividend right of the holders of any preference shares. There are no restrictions on OneBeacon's ability to transfer funds (other than funds denominated in Bermuda dollars) in and out of Bermuda or to pay dividends to U.S. residents who are holders of OneBeacon's common shares.

Conversion

The Class B common shares may only be owned by White Mountains and its affiliates. Upon any sale or other disposition by White Mountains of its Class B common shares to any person other than White Mountains or an affiliate of White Mountains, the Class B common shares will automatically be converted into Class A common shares. In addition, on the first date on which White Mountains no longer beneficially owns at least 20% of OneBeacon's outstanding common shares, all outstanding shares of Class B common shares will automatically be converted into shares of Class A common shares, and OneBeacon will no longer be authorized to issue Class B common shares.

Other Rights

The Class A common shares do not have any preemptive, subscription, redemption or conversion rights.

Approval Rights of Holders of Class B Common Shares

OneBeacon's bye-laws provide that, for so long as Class B common shares are outstanding, the prior consent of the holder of Class B common shares then outstanding will be required for:

any consolidation, merger or amalgamation of OneBeacon or any of OneBeacon's subsidiaries with any person, other than a consolidation, merger or amalgamation with a subsidiary; and

any sale, lease, exchange or other disposition or any acquisition by OneBeacon, other than transactions between OneBeacon and its subsidiaries, or any series of related dispositions or acquisitions, involving consideration in excess of \$25 million.

Preference Shares

The following description of OneBeacon's preference shares, together with the additional information included in any prospectus supplement, summarizes the material terms and provisions of these types of securities. If OneBeacon issues preference shares, the certificate of designation for the preference shares will be filed with the SEC as an exhibit to a Current Report on Form 8-K and a prospectus supplement will contain a full description of the terms thereof.

Pursuant to Bermuda law and OneBeacon's bye-laws, OneBeacon's board of directors by resolution may establish one or more series of OneBeacon's preference shares and to determine, with respect to any series of its preference shares, the terms and rights of such series, including without limitation:

the designation of the series;

the number of shares of each series, which number OneBeacon's board of directors may thereafter, except where otherwise provided in the applicable certificate of designation, increase or decrease, but not below the number of shares thereof then outstanding;

the rights in respect of any dividends or method of determining such dividends payable to the holders of the shares of such series, any conditions upon which such dividends will be paid and the dates or method of determining the dates upon which such dividends will be payable;

whether dividends, if any, will be cumulative or noncumulative;

the terms of redemption, if any, for shares of the series;

the amount payable to holders of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of OneBeacon's affairs;

whether the shares of the series will be convertible or exchangeable into shares of any other class or series, or any other security, of OneBeacon or any other corporation, and, if so, the terms of such conversion or exchange;

restrictions on the issuance of shares of the same series or of any other class or series;

the voting rights, if any, of the holders of the shares of the series; and

any other relative rights, preferences and limitations of the series.

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

Registration Rights Agreement

In connection with OneBeacon's initial public offering in November 2006, OneBeacon entered into a registration rights agreement dated November 14, 2006 with White Mountains that provides that White Mountains can demand that OneBeacon register the distribution of its common shares owned by White Mountains, which is referred to as "demand" registration rights. In addition, White Mountains has "piggyback" registration rights, which means that White Mountains may include its shares in any future registrations of OneBeacon's common equity securities, whether or not that registration relates to a primary offering by OneBeacon or a secondary offering by or on behalf of any of OneBeacon's shareholders. These registration rights are transferable by White Mountains. OneBeacon will pay all costs and expenses in connection with each such registration, except underwriting discounts and commissions applicable to the common shares sold by White Mountains. The registration rights agreement contains customary terms and provisions with respect to, among other things, registration procedures and rights to indemnification in connection with the registration of the common shares on behalf of White Mountains. OneBeacon will register sales of its common shares owned by employees and directors of White Mountains pursuant to employee share or option plans, but only to the extent such registration is required for the shares to be freely tradable.

Certain Provisions of OneBeacon's Memorandum of Association and Bye-laws

The provisions of OneBeacon's memorandum of association and bye-laws and of the Companies Act summarized below may have an anti-takeover effect, may delay, defer or prevent a tender offer or takeover attempt that OneBeacon's shareholder might consider in their best interest, including an attempt that might result in a shareholder's receipt of a premium over the market price for shares, and may make more difficult the removal of OneBeacon's incumbent directors.

Election and Removal of Directors

OneBeacon's bye-laws provide that its board of directors is divided into three classes. The term of the first class of directors expires at OneBeacon's 2010 annual general meeting of shareholders, the

term of the second class of directors expires at its 2011 annual general meeting of shareholders and the term of the third class of directors expires at its 2009 annual general meeting of shareholders. At each of OneBeacon's annual general meetings of shareholders, the successors of the class of directors whose term expires at that meeting of shareholders will be elected for a three-year term, one class being elected each year by its shareholders. In addition, if the number of directors is changed, any increase or decrease will be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class will hold office for a term that will coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. The board of directors has and, for so long as White Mountains owns, directly or indirectly, shares representing a majority of the voting power of OneBeacon's then outstanding shares, White Mountains will have the authority to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise. This system of electing and removing directors may discourage a third party from making a tender offer or otherwise attempting to obtain control of us if White Mountains no longer controls us because it generally makes it more difficult for shareholders to replace a majority of the directors.

The bye-laws also provide that directors may be removed only for cause at a meeting of shareholders at which a quorum is present by the affirmative vote of at least a majority of the votes entitled to be cast thereon provided notice of a shareholders' meeting convened to remove the director is given to the director. Any amendment to the provisions of the bye-laws described in this paragraph requires the affirmative vote of at least two-thirds of the votes entitled to be cast on such matter.

Each director elected by the holders of the common shares will serve until the earlier of his or her death, resignation, disqualification, removal or until his successor is elected and qualified. The common shares will not have cumulative voting rights in the election of directors.

As of March 31, 2008, White Mountains and its subsidiaries beneficially owned all of OneBeacon's outstanding Class B common shares, representing 96.7% of the voting power of OneBeacon's voting securities and 74.7% of the equity interest in OneBeacon. Therefore, White Mountains has the power to elect all of the members of OneBeacon's board of directors that are elected by shareholders and has the power to control all matters requiring shareholder approval or consent.

Meetings of Shareholders

Under Bermuda law, a company is required to convene at least one general meeting of shareholders each calendar year. Bermuda law provides that a special general meeting of shareholders may be called by the board of directors of a company and must be called upon the request of shareholders holding not less than 10% of the paid-up capital of the company carrying the right to vote at general meetings. Bermuda law also requires that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to any person does not invalidate the proceedings at a meeting. OneBeacon's bye-laws provide that the chairman, the president or a majority of OneBeacon's board of directors or a shareholder or shareholders representing a majority of the voting power of the issued and outstanding shares may convene an annual general meeting or a special general meeting. Under OneBeacon's bye-laws, at least five days' notice of an annual general meeting or a special general meeting must be given to each shareholder entitled to vote at such meeting. This notice requirement is subject to the ability to hold such meetings on shorter notice if such notice is agreed: (1) in the case of an annual general meeting by all of the shareholders entitled to attend and vote at such meeting; or (2) in the case of a special general meeting by a majority in number of the shareholders entitled to attend and vote at the meeting holding not less than 95% in nominal value of the shares entitled to vote at such meeting. The quorum required for a general meeting of shareholders is one or more persons present in person at the start of the meeting and representing in person or by proxy in excess of 50% of the total issued voting shares.

Advance Notice Requirements for Nominations

Except with respect to candidates nominated for election by holders of OneBeacon's Class B common shares, OneBeacon's bye-laws contain advance notice procedures with regard to shareholder proposals related to the nomination of candidates for election as directors. These procedures provide that any shareholder entitled to vote for the election of directors may nominate persons for election as directors only if written notice of such shareholders' intent to make such nomination is given to OneBeacon's corporate secretary not later than (1) with respect to an election to be held at an annual general meeting, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting or not later than 10 days after notice or public disclosure of the date of the annual meeting is given or made available to shareholders, whichever date is earlier, and (2) with respect to an election to be held at a special general meeting for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to shareholders.

A shareholders' notice to OneBeacon's corporate secretary must be in proper written form and must set forth information related to the shareholder giving the notice, including:

the name and record address of the shareholder;

the class and number of shares of OneBeacon's share capital which are owned beneficially and of record by the shareholder;

a representation that the shareholder is a holder of record of OneBeacon's shares entitled to vote at that meeting and that the shareholder intends to appear in person or by proxy at the meeting to bring the nomination before the meeting; and

a representation whether the shareholder intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of OneBeacon's outstanding shares required to elect the nominee, or otherwise to solicit proxies from shareholders in support of such nomination.

As to each person whom the shareholder proposes to nominate for election as a director:

a description of all arrangements or understandings between the shareholder and the nominee;

all information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Securities Exchange Act of 1934; and

the nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected.

Advance Notice Requirements for Shareholders Proposals

OneBeacon's bye-laws contain advance notice procedures with regard to shareholder proposals not related to director nominations. These notice procedures, in the case of an annual meeting of shareholders, are the same as the notice requirements for shareholder proposals related to director nominations discussed above insofar as they relate to the timing of receipt of notice by OneBeacon's corporate secretary.

A shareholders' notice to OneBeacon's corporate secretary must be in proper written form and must set forth, as to each matter the shareholder and the beneficial owner (if any) proposes to bring before the meeting:

a description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and if such business

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includes a proposal to amend OneBeacon's bye-laws, the language of the proposed amendment), the reasons for conducting the business at the meeting and any material interest in such business of such shareholder and beneficial owner on whose behalf the proposal is made;

the name and record address of the shareholder;

the class and number of shares of OneBeacon's share capital which are owned and of record by the shareholder and beneficial owner;

a representation that the shareholder is a holder of record of OneBeacon's shares entitled to vote at the meeting and that the shareholder intends to appear in person or by proxy at the meeting to propose such business; and

a representation as to whether the shareholder or beneficial owner intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of OneBeacon's outstanding share capital required to approve or adopt the business proposal, or otherwise to solicit proxies from shareholders in support of such proposal.

Access to Books and Records and Dissemination of Information

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include a company's memorandum of association, including its objects and powers, and alterations to its memorandum of association. The shareholders have the additional right to inspect the bye-laws of the company, minutes of general meetings and the company's audited historical consolidated financial statements, which must be presented at the annual general meeting. The register of shareholders of a company also is open to inspection by shareholders and by members of the general public without charge. A company is required to maintain its share register in Bermuda but may, subject to the provisions of Bermuda law, establish a branch register outside Bermuda. OneBeacon maintains its principal share register in Hamilton, Bermuda. A company is required to keep at its registered office a register of its directors and officers that is open for inspection for not less than two hours each day by members of the public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

Amendments to OneBeacon's Memorandum of Association and Bye-laws

Bermuda law provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders. OneBeacon's bye-laws provide that no bye-law shall be rescinded, altered or amended, and no new bye-law shall be made, unless it shall have been approved by a resolution of OneBeacon's board of directors and by a resolution of OneBeacon's shareholders, provided that, if under applicable law, action by OneBeacon's board of directors would be sufficient to amend a bye-law then only a resolution of OneBeacon's board of directors is required to amend such bye-law. In the case of certain bye-laws, such as the bye-laws relating to election of directors, rights of holders of Class B shares and amendment of OneBeacon's corporate opportunity provision, the required resolutions must include the affirmative vote of a majority of OneBeacon's directors then in office and the holders of a majority of the voting power of the issued and outstanding shares. OneBeacon's bye-laws provide that the affirmative vote of a majority of OneBeacon's board of directors and the holders of at least two-thirds of the voting power of the issued and outstanding shares will be required to amend, alter, change or repeat or adopt any provision inconsistent with the bye-laws relating to the removal of directors. For so long as White Mountains owns more than 20% of the total common equity, the affirmative vote of a majority of the board of directors and at least 80% of the voting power of the issued and outstanding shares will be required to adopt any provision inconsistent with the bye-laws relating to the rights of the Class B shares.

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Under Bermuda law, the holders of an aggregate of not less than 20% in par value of the company's issued share capital or any class thereof have the right to apply to the Supreme Court of Bermuda for an annulment of any amendment of the memorandum of association adopted by shareholders at any general meeting, other than an amendment which alters or reduces a company's share capital as provided in the Companies Act. Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Bermuda court. An application for an annulment of an amendment of the memorandum of association must be made within twenty-one days after the date on which the resolution altering the company's memorandum of association is passed and may be made on behalf of persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favor of the amendment.

Provisions of OneBeacon's Bye-Laws Relating to Related Party Transactions and Corporate Opportunities

In order to address potential conflicts of interest between OneBeacon and White Mountains, OneBeacon's bye-laws contain provisions regulating and defining the conduct of OneBeacon's affairs as they may involve White Mountains and its officers and directors, and OneBeacon's powers, rights, duties and liabilities and those of OneBeacon's officers, directors and shareholders in connection with OneBeacon's relationship with White Mountains. In general, these provisions recognize that OneBeacon and White Mountains may engage in the same or similar business activities and lines of business, have an interest in the same areas of corporate opportunities and that OneBeacon and White Mountains will continue to have contractual and business relations with each other, including service of officers and directors of White Mountains serving as OneBeacon's directors.

OneBeacon's bye-laws provide that White Mountains will have no duty to refrain from:

engaging in the same or similar business activities or lines of business as OneBeacon,

doing business with any of OneBeacon's clients or customers, or

employing or otherwise engaging any of OneBeacon's officers or employees.

OneBeacon's bye-laws provide that neither White Mountains nor any officer or director of White Mountains, except as described in the following paragraph, will be liable to OneBeacon or its shareholders for breach of any fiduciary duty by reason of any such activities. OneBeacon's bye-laws provide that White Mountains is not under any duty to present any corporate opportunity to OneBeacon which may be a corporate opportunity for White Mountains and OneBeacon, and White Mountains will not be liable to OneBeacon or its shareholders for breach of any fiduciary duty as OneBeacon's shareholder by reason of the fact that White Mountains pursues or acquires that corporate opportunity for itself, directs that corporate opportunity to another person or does not present that corporate opportunity to OneBeacon.

When one of OneBeacon's directors or officers who is also a director or officer of White Mountains learns of a potential transaction or matter that may be a corporate opportunity for both OneBeacon and White Mountains, the bye-laws provide that the director or officer:

will have fully satisfied his or her fiduciary duties to OneBeacon with respect to that corporate opportunity,

will not be liable to OneBeacon or its shareholders for breach of fiduciary duty by reason of White Mountains' actions with respect to that corporate opportunity,

will be deemed to have acted in good faith and in a manner he or she reasonably believed to be in, and not opposed to, OneBeacon's best interests for purposes of OneBeacon's bye-laws, and

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will be deemed not to have breached his or her duty of loyalty to OneBeacon or its shareholders and not to have derived an improper personal benefit therefrom for purposes of OneBeacon's bye-laws,

if he or she acts in good faith in a manner consistent with the following policy:

a corporate opportunity offered to any of OneBeacon's officers or employees who is also a director but not an officer or employee of White Mountains will belong to OneBeacon, unless that opportunity is expressly offered to that person solely in his or her capacity as a director of White Mountains, in which case that opportunity will belong to White Mountains;

a corporate opportunity offered to any of OneBeacon's directors who is not one of its officers and who is also a director or an officer of White Mountains will belong to White Mountains, unless such opportunity is expressly offered to that person solely in his or her capacity as a director of OneBeacon, and otherwise will belong to OneBeacon; and

a corporate opportunity offered to any of OneBeacon's officers or employees who is also an officer or employee of White Mountains will belong to White Mountains, unless that opportunity is expressly offered to that person solely in his or her capacity as an officer of OneBeacon, in which case that opportunity will belong to OneBeacon.

For purposes of the bye-laws, "corporate opportunities" include business opportunities that OneBeacon is financially able to undertake, that are, from their nature, in OneBeacon's lines of business, are of practical advantage to OneBeacon and are ones in which OneBeacon has an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of White Mountains or its officers or directors will be brought into conflict with OneBeacon's self-interest.

Notwithstanding the foregoing, White Mountains and OneBeacon's directors who are also officers or directors of White Mountains have indicated to OneBeacon that, subject to their fiduciary duties to White Mountains, and based on existing circumstances, it is their current intention to make corporate opportunities available to OneBeacon when they are appropriate and appear to represent a good fit with OneBeacon's business and strategy. In applying this standard, White Mountains and such directors have further indicated that they intend to use reasonable business judgment in evaluating corporate opportunities and, subject to their fiduciary duties to White Mountains, will consider all relevant facts and circumstances, including the content of any material describing the opportunity, OneBeacon's ability to finance any such opportunity and whether the opportunity is complementary to OneBeacon's business and will enhance OneBeacon's and White Mountains' shareholder value.

The bye-laws also provide that no contract, agreement, arrangement or transaction between OneBeacon and White Mountains will be void or voidable solely for the reason that White Mountains is a party to such agreement and White Mountains:

will have fully satisfied and fulfilled its fiduciary duties to OneBeacon and its shareholders with respect to the contract, agreement, arrangement or transaction,

will not be liable to OneBeacon or its shareholders for breach of fiduciary duty by reason of entering into, performance or consummation of any such contract, agreement, arrangement or transaction,

will be deemed to have acted in good faith and in a manner it reasonably believed to be in, and not opposed to, the best interests of OneBeacon for purposes of the bye-laws, and

will be deemed not to have breached its duties of loyalty to OneBeacon and its shareholders and not to have derived an improper personal benefit therefrom for purposes of the bye-laws,

if:

the material facts as to the contract, agreement, arrangement or transaction are disclosed or are known to OneBeacon's board of directors or the committee of its board that authorizes the contract, agreement, arrangement or transaction and OneBeacon's board of directors or that committee in good faith authorizes the contract, agreement, arrangement or transaction by the affirmative vote of a majority of the disinterested directors;

the material facts as to the contract, agreement, arrangement or transaction are disclosed or are known to the holders of OneBeacon's shares entitled to vote on such contract, agreement, arrangement or transaction and the contract, agreement, arrangement or transaction is specifically approved in good faith by vote of the holders of a majority of the votes entitled to be cast by the holders of the common shares then outstanding not owned by White Mountains or a related entity; or

the transaction, judged according to the circumstances at the time of the commitment, is established to have been fair to OneBeacon.

Any person purchasing or otherwise acquiring any interest in any shares of OneBeacon's share capital will be deemed to have consented to these provisions of the bye-laws.

So long as White Mountains' economic equity ownership in us is at least 20%, the affirmative vote of a majority of the board of directors and the holders of at least 80% of the votes entitled to be cast is required to alter, amend or repeal, or adopt any provision inconsistent with the corporate opportunity and interested director provisions described above; however, after White Mountains no longer owns at least 20% of the total outstanding common equity, any such alteration, adoption, amendment or repeal would be approved if a quorum is present and the votes favoring the action exceed the votes opposing it. Accordingly, until such time, so long as White Mountains owns at least 20% of the total outstanding common equity, it can prevent any such alteration, adoption, amendment or repeal.

Certain Other Provisions of OneBeacon's Bye-laws

Indemnification of Directors and Officers

OneBeacon's bye-laws provide that each person who was or is made a party to or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of OneBeacon or, while a director or officer of OneBeacon, is or was serving at its request as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, whether the basis of such proceeding is the alleged action of such person in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, will be indemnified and held harmless by us to the fullest extent authorized by the Companies Act against all expense, liability and loss reasonably incurred or suffered by such person in connection therewith. OneBeacon's bye-laws also provide that OneBeacon will pay the expenses incurred in defending any such proceeding in advance of its final disposition, subject to the provisions of the Companies Act. These rights are not exclusive of any other right that any person may have or acquire under any statute, provision of OneBeacon's memorandum of association, bye-laws, agreement, vote of shareholders or disinterested directors or otherwise. No repeal or modification of these provisions will in any way diminish or adversely affect the rights of any director, officer, employee or agent of OneBeacon under its memorandum of association in respect of any occurrence or matter arising prior to any such repeal or modification. OneBeacon's bye-laws also

specifically authorize it to maintain insurance and to grant similar indemnification rights to its employees or agents.

Appraisal Rights and Shareholder Suits

Under Bermuda law, in the event of an amalgamation of a Bermuda company with another company, a shareholder of the Bermuda company who is not satisfied that fair value has been offered for his or her shares in the Bermuda company may apply to the Bermuda Court to appraise the fair value of his or her shares. Under Bermuda law and OneBeacon's bye-laws, an amalgamation by OneBeacon with another company would require the amalgamation agreement be approved by OneBeacon's board of directors and by resolution of its shareholders.

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda Court, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by the Bermuda Court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Bermuda Court, which may make an order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholder, by other shareholders or by the company.

Foreign Exchange Controls

OneBeacon has been designated as a non-resident of Bermuda for the purposes of the Exchange Control Act, 1972 and, as such, is free to acquire, hold and sell foreign currency and securities without restriction.

Board of Director Actions

Under Bermuda law, the directors of a Bermuda company owe their fiduciary duty principally to the company rather than the shareholders. OneBeacon's bye-laws provide that some actions are required to be approved by OneBeacon's board of directors. Actions must be approved by a majority of the votes present and entitled to be cast at a properly convened meeting of OneBeacon's board of directors.

OneBeacon's bye-laws contain a provision by virtue of which its shareholders waive any claim or right of action that they have, both individually and on its behalf, against any director or officer in relation to any action or failure to take action by such director or officer, except in respect of any fraud or dishonesty of such director or officer. OneBeacon's bye-laws also indemnify its directors and officers in respect of their actions and omissions, except in respect of their fraud or dishonesty. The indemnification provided in OneBeacon's bye-laws is not exclusive of other indemnification rights to which a director or officer may be entitled, provided these rights do not extend to his or her fraud or dishonesty.

OneBeacon's bye-laws provide that its business is to be managed and conducted by its board of directors. Bermuda law requires that OneBeacon's directors be individuals, but there is no requirement in OneBeacon's bye-laws or Bermuda law that directors hold any shares of OneBeacon. There is also no requirement in OneBeacon's bye-laws or Bermuda law that its directors must retire at a certain age.

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The remuneration of OneBeacon's directors is determined by the board of directors. OneBeacon's directors may also be paid all travel, hotel and other expenses properly incurred by them in connection with OneBeacon's business or their duties as directors.

Provided a director discloses a direct or indirect interest in any contract or arrangement with OneBeacon as required by Bermuda law, such director is entitled to vote in respect of any such contract or arrangement in which he or she is interested unless he or she is disqualified from voting by the chairman of the relevant board meeting.

Transfer Agent and Registrar

Wells Fargo Bank N.A. is transfer agent and branch registrar for OneBeacon's Class A common shares in the United States.

New York Stock Exchange Listing

OneBeacon's Class A common shares are listed on the New York Stock Exchange under the symbol "OB."

DESCRIPTION OF OB HOLDINGS PREFERRED STOCK

The following description of OB Holdings' preferred stock, together with the additional information included in any prospectus supplement, summarizes the material terms and provisions of these types of securities. If OB Holdings issues preferred stock, the certificate of designation for the preferred stock will be filed with the SEC as an exhibit to a Current Report on Form 8-K and a prospectus supplement will contain a full description of the terms thereof. We encourage you to read OB Holdings' certificate of incorporation, as amended, and the By-laws of OB Holdings, referred to below, which have been filed with the SEC and which are incorporated herein by reference.

The certificate of incorporation, as amended, of OB Holdings provides that the authorized common share capital of OB Holdings is currently limited to 1,000 shares of common stock, par value U.S. \$1.00 per share and 300,000 shares of preferred stock having a par value of U.S. \$1.00 per share. As of March 31, 2008, 505 shares of common stock and 300,000 shares of preferred stock were issued and outstanding. All of the shares of preferred stock, which were designated Series A preferred stock, were issued to Berkshire Hathaway Inc. on June 1, 2001 in connection with the acquisition of OneBeacon and were redeemed by OB Holdings on May 31, 2008. In addition, OB Holdings may effect an amendment to its certificate of incorporation to permit the issuance of additional shares of preferred stock. If such an amendment is effected, details of the amendment will be included in the prospectus supplement relating to the issuance of OB Holdings' preferred stock.

No shares of OB Holdings preferred stock are outstanding as of the date of this prospectus. Under OB Holdings' By-Laws, the board of directors of OB Holdings has the full power to issue any unissued shares of OB Holdings. The board of directors may authorize the issue of preferred stock in one or more series, may establish from time to time the number of shares to be included in each such series and may fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The authority of the board of directors with respect to each such series shall include, but not be limited to, determination of the following:

the number of shares constituting that series and the distinctive designation of that series;

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

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

whether that series shall have conversion or exchange privileges (including conversion into the common shares of White Mountains), and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the board of directors shall determine;

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

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

the right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of OB Holdings or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of

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dividends or the making of other distributions on, and the purchase, redemption or other acquisition by OB Holdings or any subsidiary of any outstanding shares of OB Holdings;

the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of OB Holdings, and the relative rights of priority, if any, of payment of shares of that series; and

any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.

DESCRIPTION OF WARRANTS

The following description, together with the additional information we may include in any applicable prospectus supplements, summarizes the material terms and provisions of the warrants that OneBeacon and/or OB Holdings may offer under this prospectus and the related warrant agreements and warrant certificates. While the terms summarized below will apply generally to any warrants that OneBeacon and OB Holdings may offer, we will describe the particular terms of any series of warrants in more detail in the applicable prospectus supplement. If we indicate in the prospectus supplement, the terms of any warrants offered under that prospectus supplement may differ from the terms described below. Specific warrant agreements will contain additional important terms and provisions and will be incorporated by reference as an exhibit to the registration statement, of which this prospectus forms a part.

General

OneBeacon may issue warrants for the purchase of its common shares, preference shares or debt securities in one or more series or the securities of third parties. OneBeacon may issue warrants independently or together with common shares, preference shares and debt securities, and the warrants may be attached to or separate from these securities. OB Holdings may issue warrants for the purchase of its preferred stock or debt securities in one or more series or the securities of third parties. OB Holdings may issue warrants independently or together with preferred stock and debt securities, and the warrants may be attached to or separate from these securities.

Each of OneBeacon and OB Holdings will evidence each series of warrants by warrant certificates that it will issue under a separate agreement. OneBeacon and OB Holdings may enter into a warrant agreement with a warrant agent. We will indicate the name and address and other information regarding the warrant agent in the applicable prospectus supplement relating to a particular series of warrants.

If OneBeacon or OB Holdings decides to issue warrants pursuant to this prospectus, we will specify in a prospectus supplement the terms of the series of warrants, including, if applicable, the following:

the offering price and aggregate number of warrants offered;

the currency for which the warrants may be purchased;

the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each such security or each principal amount of such security;

the date on and after which the warrants and the related securities will be separately transferable;

in the case of warrants to purchase common shares, the number of common shares purchasable upon the exercise of one warrant and the price at which these shares may be purchased upon such exercise;

in the case of warrants to purchase preference shares, the terms of such preference shares, the number of such preference shares purchasable upon the exercise of one warrant and the price at which these shares may be purchased upon such exercise;

in the case of warrants to purchase debt securities, the terms of such debt securities, the principal amount of such debt securities purchasable upon exercise of one warrant and the price at, and currency in which, this principal amount of debt securities may be purchased upon such exercise;

the effect of any merger, amalgamation, consolidation, sale or other disposition of our business on the warrant agreement and the warrants;

the terms of any rights to redeem or call the warrants;

any provisions for changes to or adjustments in the exercise price or number of securities issuable upon exercise of the warrants;

the dates on which the right to exercise the warrants will commence and expire;

the manner in which the warrant agreement and warrants may be modified;

a discussion of any material U.S. federal income tax considerations of holding or exercising the warrants;

the terms of the securities issuable upon exercise of the warrants; and

any other specific terms, preferences, rights or limitations of or restrictions on the warrants.

Before exercising their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including:

in the case of warrants to purchase debt securities, the right to receive payments of principal of, or premium, if any, or interest on, the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture; or

in the case of warrants to purchase common shares or preference shares, the right to receive dividends, if any, or payments upon our liquidation, dissolution or winding up or to exercise voting rights, if any.

Exercise of Warrants

Each warrant will entitle the holder to purchase the securities that we specify in the applicable prospectus supplement at the exercise price that we describe in the applicable prospectus supplement. Unless we otherwise specify in the applicable prospectus supplement, holders of the warrants may exercise the warrants at any time up to 5:00 P.M. New York City time on the expiration date that we set forth in the applicable prospectus supplement. After the close of business on the expiration date, unexercised warrants will become void.

Holders of the warrants may exercise the warrants by delivering the warrant certificate representing the warrants to be exercised together with specified information, and paying the required amount to the warrant agent in immediately available funds, as provided in the applicable prospectus supplement. We will set forth on the reverse side of the warrant certificate and in the applicable prospectus supplement the information that the holder of the warrant will be required to deliver to the warrant agent.

Upon receipt of the required payment and the warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, OneBeacon or OB Holdings, as the case may be, will issue and deliver the securities purchasable upon such exercise. If fewer than all of the warrants represented by the warrant certificate are exercised, then we will issue a new warrant certificate for the remaining amount of warrants. If we so indicate in the applicable prospectus supplement, holders of the warrants may surrender securities as all or part of the exercise price for warrants.

Enforceability of Rights by Holders of Warrants

Each warrant agent will act solely as the agent of OneBeacon or OB Holdings under the applicable warrant agreement and will not assume any obligation or relationship of agency or trust with any holder of any warrant. A single bank or trust company may act as warrant agent for more than one issue of warrants. A warrant agent will have no duty or responsibility in case of any default by OneBeacon or OB Holdings under the applicable warrant agreement or warrant, including any duty or responsibility to initiate any proceedings at law or otherwise, or to make any demand upon OneBeacon or OB Holdings, as applicable. Any holder of a warrant may, without the consent of the related warrant agent or the holder of any other warrant, enforce by appropriate legal action its right to exercise, and receive the securities purchasable upon exercise of, its warrants.

DESCRIPTION OF DEPOSITARY SHARES

The following description, together with the additional information we may include in any applicable prospectus supplements, summarizes the material terms and provisions of the depositary shares that OneBeacon may offer under this prospectus. While the terms summarized below will apply generally to any depositary shares that OneBeacon may offer, we will describe the particular terms of any series of depositary shares in more detail in the applicable prospectus supplement. If we indicate in the prospectus supplement, the terms of any depositary shares offered under that prospectus supplement may differ from the terms described below. Forms of deposit agreements and depositary receipts will contain additional important terms and provisions and will be incorporated by reference as an exhibit to the registration statement, of which this prospectus forms a part.

General

OneBeacon may, at its option, elect to offer depositary shares, each representing a fraction (to be set forth in the prospectus supplement relating to our common shares or a particular series of preference shares) of a common share or a fraction of a share of a particular class or series of preference shares as described below. In the event OneBeacon elects to do so, depositary receipts evidencing depositary shares will be issued to the public.

The common shares or the shares of the class or series of preference shares represented by depositary shares will be deposited under a deposit agreement among OneBeacon, a depositary selected by OneBeacon and the holders of the depositary receipts. The depositary will be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000. Subject to the terms of the deposit agreement, each owner of a depositary share will be entitled, in proportion to the applicable fraction of a common share or preference share represented by such depositary share, to all the rights and preferences of the common shares or preference shares represented thereby (including dividend, voting, redemption and liquidation rights). The depositary shares will be evidenced by depositary receipts issued pursuant to the deposit agreement. Depositary receipts will be distributed to those persons purchasing the fractional common shares or fractional shares of the applicable class or series of preference shares in accordance with the terms of the offering described in the related prospectus supplement.

Pending the preparation of definitive depositary receipts, the depositary may, upon our written order, issue temporary depositary receipts substantially identical to (and entitling the holders thereof to all the rights pertaining to) the definitive depositary receipts but not in definitive form. Definitive depositary receipts will be prepared thereafter without unreasonable delay, and temporary depositary receipts will be exchangeable for definitive depositary receipts without charge to the holder thereof.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other distributions received in respect of the related common shares or preference shares to the record holders of depositary shares relating to such common shares or preference shares in proportion to the number of such depositary shares owned by such holders.

In the event of a distribution other than in cash, the depositary will distribute property received by it to the record holders of depositary shares entitled thereto, unless the depositary determines that it is not feasible to make such distribution, in which case the depositary may, with OneBeacon's approval, sell such property and distribute the net proceeds from the sale to such holders.

Withdrawal of Shares

Upon surrender of the depositary receipts at the corporate trust office of the depositary (unless the related depositary shares have previously been called for redemption), the holder of the depositary shares evidenced thereby is entitled to delivery of the number of whole shares of the related common shares or class or series of preference shares and any money or other property represented by such depositary shares. Holders of depositary shares will be entitled to receive whole shares of the related common shares or class or series of preference shares on the basis set forth in the prospectus supplement for such common shares or class or series of preference shares, but holders of such whole common shares or preference shares will not thereafter be entitled to exchange them for depositary shares. If the depositary receipts delivered by the holder evidence a number of depositary shares in excess of the number of depositary shares representing the number of whole common shares or preference shares to be withdrawn, the depositary will deliver to such holder at the same time a new depositary receipt evidencing such excess number of depositary shares. In no event will fractional common shares or preference shares be delivered upon surrender of depositary receipts to the depositary.

Redemption of Depositary Shares

Whenever OneBeacon redeems common shares or preference shares held by the depositary, the depositary will redeem as of the same redemption date the number of depositary shares representing common shares or shares of the related class or series of preference shares so redeemed. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share payable with respect to such common shares or class or series of preference shares. If less than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by lot or pro rata as may be determined by the depositary.

Voting the Common Shares or Preference Shares

Upon receipt of notice of any meeting at which the holders of common shares or preference shares are entitled to vote, the depositary will mail the information contained in such notice of meeting to the record holders of the depositary shares relating to such common shares or preference shares. Each record holder of such depositary shares on the record date (which will be the same date as the record date for common shares or preference shares, as applicable) will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the amount of common shares or preference shares represented by such holder's depositary shares. The depositary will endeavor, insofar as practicable, to vote the number of the common shares or preference shares represented by such depositary shares in accordance with such instructions, and we will agree to take all action which the depositary deems necessary in order to enable the depositary to do so. The depositary will vote all common shares or preference shares held by it proportionately with instructions received if it does not receive specific instructions from the holders of depositary shares representing such common shares or preference shares.

Amendment and Termination of the Deposit Agreement

The form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement may at any time be amended by agreement between us and the depositary. However, any amendment which materially and adversely alters the rights of the holders of depositary receipts will not be effective unless such amendment has been approved by the holders of depositary receipts representing at least a majority (or, in the case of amendments relating to or affecting rights to receive dividends or distributions or voting or redemption rights, 66²/₃%, unless otherwise provided in the related prospectus supplement) of the depositary shares then outstanding. The deposit agreement may be terminated by OneBeacon or the depositary only if (1) all outstanding depositary shares have been

redeemed, (2) there has been a final distribution in respect of the common shares or the preference shares in connection with our liquidation, dissolution or winding up and such distribution has been distributed to the holders of depositary receipts or (3) upon the consent of holders of depositary receipts representing not less than 66²/₃% of the depositary shares outstanding, unless otherwise provided in the related prospectus supplement.

Charges of Depositary

OneBeacon will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. OneBeacon will also pay charges of the depositary in connection with the initial deposit of the related common shares or preference shares and any redemption of such common shares or preference shares. Holders of depositary receipts will pay all other transfer and other taxes and governmental charges and such other charges as are expressly provided in the deposit agreement to be for their accounts.

The depositary may refuse to effect any transfer of a depositary receipt or any withdrawal of common shares or preference shares evidenced thereby until all such taxes and charges with respect to such depositary receipt or such common shares or preference shares are paid by the holders thereof.

Miscellaneous

The depositary will forward all reports and communications from OneBeacon that are delivered to the depositary and which OneBeacon is required to furnish to the holders of common shares or preference shares.

Neither OneBeacon nor the depositary will be liable if either OneBeacon or the depositary is prevented or delayed by law or any circumstance beyond its control in performing its obligations under the deposit agreement. OneBeacon's obligations and the obligations of the depositary under the deposit agreement will be limited to performance in good faith of their duties thereunder and neither OneBeacon nor the depositary will be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or class or series of preference shares unless satisfactory indemnity is furnished. OneBeacon and the depositary may rely on written advice of counsel or accountants, or information provided by persons presenting preference shares for deposit, holders of depositary shares or other persons believed to be competent and on documents believed to be genuine.

Resignation and Removal of Depositary

The depositary may resign at any time by delivering to OneBeacon notice of its election to do so, and OneBeacon may at any time remove the depositary. Any such resignation or removal of the depositary will take effect upon the appointment of a successor depositary, which successor depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

**DESCRIPTION OF SENIOR DEBT SECURITIES
AND SUBORDINATED DEBT SECURITIES**

OneBeacon and OB Holdings, each of which we refer to in this section as an issuer, may offer, from time to time, unsecured general obligations, which may be senior or subordinated. We refer to the senior unsecured general obligations as senior debt securities, the subordinated unsecured general obligations as the subordinated debt securities and the senior debt securities and the subordinated debt securities collectively as the debt securities. The following description summarizes the general terms and provisions of the debt securities to which any prospectus supplement may relate. We will describe the specific terms of the debt securities and the extent, if any, to which the general provisions summarized below may apply to any series of the debt securities in the prospectus supplement relating to the series.

The issuer may issue senior debt securities from time to time, in one or more series under a senior indenture between the issuer and a senior trustee named in a prospectus supplement, which we refer to as the senior trustee. The form of senior indenture is filed as an exhibit to this registration statement. The issuer may issue subordinated debt securities from time to time, in one or more series under a subordinated indenture, between the issuer and a subordinated trustee named in a prospectus supplement, which we refer to as the subordinated trustee. The form of subordinated indenture is filed as an exhibit to this registration statement. If OneBeacon guarantees senior debt securities or subordinated debt securities issued by OB Holdings, OneBeacon may also become a party to OB Holdings' senior indenture or subordinated indenture, as applicable. Together, the senior indenture and the subordinated indenture are referred to as the indentures and, together, the senior trustee and the subordinated trustee are referred to as the debt trustees. The indentures allow the issuer not only to issue debt securities with terms different from those previously issued, but also to "reopen" a previous issue of a series of debt securities and issue additional debt securities of that series. This prospectus briefly outlines some of the provisions of the indentures. The following summary of the material provisions of the indentures is qualified in its entirety by the provisions of the indentures, including definitions of certain terms used in the indentures. Wherever we refer to particular sections or defined terms of the indentures, those sections or defined terms are incorporated by reference in this prospectus or the applicable prospectus supplement. You should review the indentures that are filed as exhibits to the registration statement of which this prospectus forms a part for additional information.

None of the indentures will limit the amount of debt securities that may be issued. The applicable indenture will provide that debt securities may be issued up to an aggregate principal amount authorized by the issuer and may be payable in any currency or currency unit designated by the issuer or in amounts determined by reference to an index.

General

The senior debt securities will be unsecured and will rank equally in right of payment with the issuer's other unsecured and unsubordinated debt, if any, unless the issuer is required to secure the senior debt securities as described below under "Senior Debt Securities". The issuer's obligations under any subordinated debt securities will be subordinate in right of payment to all of its senior indebtedness and will be described in an accompanying prospectus supplement. The issuer will issue debt securities from time to time and offer the debt securities on terms determined by market conditions at the time of sale.

As of March 31, 2008, (1) OB Holdings (excluding its subsidiaries) had \$699 million of indebtedness outstanding, consisting of the carrying value of the \$700 million of unsecured senior notes issued in May 2003, and (2) OneBeacon (excluding its subsidiaries) had no indebtedness outstanding.

Any senior debt securities issued by OB Holdings (1) will rank equally in right of payment with the \$699 million of outstanding indebtedness of OB Holdings and any future unsecured and

unsubordinated debt of OB holdings; (2) will be effectively subordinated to future secured indebtedness of OB Holdings to the extent of the value of the assets securing such indebtedness; and (3) will be effectively subordinated to all the existing and future liabilities of OB Holdings' subsidiaries. Any subordinated debt securities issued by OB Holdings (1) will be subordinated to the \$699 million of outstanding indebtedness of OB Holdings and any future unsubordinated debt of OB Holdings and (2) will be effectively subordinated to all the existing and future liabilities of OB Holdings' subsidiaries. As of March 31, 2008, the most recent date for which such information is available, the total liabilities, including indebtedness, of OB Holdings' subsidiaries were approximately \$7.3 billion.

Any senior debt securities issued by OneBeacon (and any senior guarantees by OneBeacon of debt securities issued by OB Holdings) (1) will rank equally in right of payment with any future unsecured and unsubordinated debt of OneBeacon; (2) will be effectively subordinated to future secured debt of OneBeacon to the extent of the value of the assets securing such indebtedness; and (3) will be effectively subordinated to all the existing and future liabilities of OneBeacon's subsidiaries. Any subordinated debt securities issued by OneBeacon (and any subordinated guarantees by OneBeacon of subordinated debt securities issued by OB Holdings) (1) will be subordinated to any future senior indebtedness of OneBeacon and (2) will be effectively subordinated to all the existing and future liabilities of OneBeacon's subsidiaries. As of March 31, 2008, the most recent date for which such information is available, the total liabilities, including indebtedness, of OneBeacon's subsidiaries were approximately \$7.4 billion.

The issuer may issue the debt securities in one or more series with the same or various maturities, at par, at a premium, or at a discount. Any debt securities bearing no interest or interest at a rate which at the time of issuance is below market rates will be sold at a discount, which may be substantial, from their stated principal amount. We will describe the Federal income tax consequences and other special considerations applicable to any substantially discounted debt securities in the related prospectus supplement.

The applicable prospectus supplement will describe the following terms of any series of debt securities offered hereby:

the designation, aggregate principal amount and authorized denominations of the debt securities;

the percentage of the principal amount at which the issuer will issue the debt securities;

the date or dates on which the debt securities will mature;

the interest rate or rates at which the debt securities will bear interest, if any, or the method of determining the rate or rates (including, if applicable, any remarketing option or similar method);

the date or dates on which any interest will be payable, the date or dates on which payment of any interest will commence and the regular record dates for the interest payment dates;

the terms of any mandatory or optional redemption, including any provisions for any sinking, purchase or other similar funds, or repayment options;

the currency, currencies or currency units for which the debt securities may be purchased and in which the principal, any premium and any interest may be payable;

if the currency, currencies or currency units for which the debt securities may be purchased or in which the principal, any premium and any interest may be payable is at the issuer's election or the purchaser's election, the manner in which the election may be made;

any deletions from, change in or additions to the events of default or the covenants specified in the applicable indenture, or to the rights of the trustee or requisite holders of such securities to declare the principal amount of such debt securities due and payable;

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if the amount of payments on the debt securities is determined by an index based on one or more currencies or currency units, or changes in the price of one or more securities or commodities, the manner in which the amounts may be determined;

whether the series of debt securities will be guaranteed as to payment or performance;

the extent to which any of the debt securities will be issuable in temporary or permanent global form, and the manner in which any interest payable on a temporary or permanent global security will be paid;

the applicability of the legal defeasance and covenant defeasance provisions of the applicable indenture;

the terms and conditions upon which the debt securities may be convertible into or exchanged for common shares, preference shares, or indebtedness or other securities of the issuer or other issuers;

in the case of subordinated debt securities, provisions specifying the relative degree, if any, to which such subordinated debt securities of the series will be senior to, equal to or subordinated in right of payment to other series of subordinated debt securities or other indebtedness of the issuer, whether such other series of subordinated debt securities or other indebtedness is outstanding or not;

information with respect to book-entry procedures, if any;

whether the debt securities will be issued as original issue discount securities for Federal income tax purposes;

a discussion of the Federal income tax, accounting and other special considerations, procedures and limitations with respect to the debt securities; and

any other specific terms, covenants, preferences, rights or limitations of, or restrictions on, the debt securities.

Unless specified otherwise in a prospectus supplement, the principal of, premium on, and interest on the debt securities will be payable, and the debt securities will be transferable, at the corporate trust office of the applicable debt trustee in New York, New York. However, the issuer may make payment of interest at its option by check mailed on or before the payment date to the address of the person entitled to the interest payment as it appears on the registry books of the issuer or its agents.

Unless specified otherwise in a prospectus supplement, the issuer will issue the debt securities only in fully registered form and in denominations of \$1,000 and any integral multiple of \$1,000. No service charge will be made for any transfer or exchange of any debt securities, but the issuer may, except in specific cases not involving any transfer, require payment of a sufficient amount to cover any tax or other governmental charge payable in connection with the transfer or exchange. Unless we specify otherwise in the prospectus supplement, the issuer will pay interest on outstanding debt securities to holders of record on the date 15 days immediately prior to the date the interest is to be paid.

The issuer's rights and the rights of its creditors, including holders of debt securities, to participate in any distribution of assets of any of the issuer's subsidiaries upon its liquidation or reorganization or otherwise is subject to the prior claims of creditors of the subsidiary, except to the extent that the issuer's claims as a creditor of the subsidiary may be recognized. Because both OneBeacon's and OB Holdings' operations are conducted primarily through subsidiaries and their only significant assets are the capital stock of their respective subsidiaries, both OneBeacon and OB Holdings are dependent upon the earnings and cash flow and dividend paying ability of their respective subsidiaries to meet their obligations, including obligations under the debt securities. Therefore, the debt securities will be

effectively subordinated to all existing and future indebtedness, preferred stock and other liabilities of the issuer's subsidiaries.

OneBeacon Guarantee

OneBeacon may guarantee to each holder of debt securities issued by OB Holdings the due and punctual payment of the principal of, and any premium and any interest on, those debt securities, when and as the same becomes due and payable, whether at maturity, upon acceleration or otherwise. The related prospectus supplement will describe whether OneBeacon will provide such a guarantee, and if so, the terms under which such guarantee will be provided.

Global Securities

The issuer may issue debt securities of a series in whole or in part in the form of one or more global securities and will deposit them with or on behalf of a depository identified in the prospectus supplement relating to that series. The issuer may issue global securities only in fully registered form and in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual debt securities represented thereby, a global security may not be transferred except as a whole by the depository for the global security to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository or by the depository or any nominee of the depository to a successor or any nominee of such successor.

Unless the prospectus supplement specifies otherwise, debt securities, when issued, will be represented by a permanent global security or securities, and each permanent global security will be deposited with, or on behalf of, The Depository Trust Company, which we refer to as the depository, and registered in the name of a nominee of the depository. Investors may elect to hold interests in the global notes through either the depository (in the United States), or Clearstream or Euroclear (outside of the United States), if they are participants of those systems, or indirectly through organizations that are participants in those systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories, which in turn will hold the interests in customers' securities accounts in the depositories' names on the books of the depository. The depositories for Clearstream and Euroclear in the United States for a specific series of debt securities will be specified in the prospectus supplement relating to that series.

Upon the issuance of a global security, the depository for the global security or its nominee will credit on its book entry registration and transfer system the principal amounts of the individual debt securities represented by the global security to the accounts of persons that have accounts with the depository. The accounts will be designated by the dealers, underwriters or agents with respect to the debt securities or by the issuer if the debt securities are offered and sold directly by it. Ownership of beneficial interests in a global security will be limited to persons that have accounts with the applicable depository participants or persons that hold interests through participants. Ownership of beneficial interests in the global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by:

the applicable depository or its nominee, with respect to interests of participants, and

the records of participants, with respect to interests of persons other than participants.

The laws of some states require that purchasers of securities take physical delivery of the securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in a global security.

So long as the depository for a global security or its nominee is the registered owner of the global security, the depository or the nominee will be considered the sole owner or holder of the debt

securities represented by the global security for all purposes under the applicable indenture. Except as provided below, owners of beneficial interests in a global security will:

not be entitled to have any of the individual debt securities of the series represented by the global security registered in their names;

not receive or be entitled to receive physical delivery of any debt security of that series in definitive form; and

not be considered the owners or holders thereof under the applicable indenture governing the debt securities.

Payments of principal of, any premium on and any interest on individual debt securities represented by a global security registered in the name of a depository or its nominee will be made to the depository or its nominee as the registered owner of the global security representing the debt securities. Neither the issuer, the applicable debt trustee for the debt securities, any paying agent, nor the security registrar for the debt securities will have any responsibility or liability for the records relating to or payments made on account of beneficial ownership interests of the global security for the debt securities or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

The issuer expects that the depository for a series of debt securities or its nominee, upon receipt of any payment of principal, premium or interest in respect of a permanent global security representing any of the debt securities, will immediately credit participants' accounts with payments in amounts proportionate to their beneficial interests in the principal amount of the global security for the debt securities as shown on the records of the depository or its nominee. The issuer also expects that payments by participants to owners of beneficial interests in the global security held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name". The payments will be the responsibility of those participants.

If the depository for a series of debt securities is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by the issuer within 90 days, the issuer will issue individual debt securities of that series in exchange for the global security representing that series of debt securities. In addition, the issuer may at any time and in its sole discretion, subject to any limitations described in the prospectus supplement relating to the debt securities, determine not to have any debt securities of a series represented by one or more global securities. In that event, the issuer will issue individual debt securities of that series in exchange for the global security or securities representing that series of debt securities. Further, if the issuer so specifies with respect to the debt securities of a series, an owner of a beneficial interest in a global security representing debt securities of that series may, on terms acceptable to the issuer, the applicable debt trustee and the depository for such global security, receive individual debt securities of that series in exchange for the beneficial interests, subject to any limitations described in the prospectus supplement relating to the debt securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities of the series represented by the global security equal in principal amount to the beneficial interest and to have the debt securities registered in its name. Individual debt securities of the series so issued will be issued in denominations, unless otherwise specified by the issuer, of \$1,000 and integral multiples of \$1,000.

The Depository Trust Company. The depository has advised us that it is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the Exchange Act. The depository was created to hold securities of its participants and

to facilitate the clearance and settlement of securities transactions among its participants in securities through electronic book-entry changes in accounts of the participants. By doing so, the depository eliminates the need for physical movement of securities certificates. The depository's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. The depository is owned by a number of its participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the depository's book-entry system is also available to others, such as banks, brokers, dealers, and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to the depository and its participants are on file with the SEC.

We believe that the sources from which the information in this section concerning the depository and the depository's system has been obtained are reliable, but we take no responsibility for the accuracy of the information.

Clearstream. Clearstream advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations, which we refer to as Clearstream Participants, and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance, and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream Participants are recognized financial institutions around the world, including agents, securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations and may include the Agents. Indirect access to Clearstream, is also available to others, such as banks, brokers, dealers, and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to debt securities held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the United States depository for Clearstream.

Euroclear. Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear, which we refer to as Euroclear Participants, and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by the Euroclear S.A./N.V., which we refer to as the Euroclear Operator, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation referred to as the Cooperative. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers, and other professional financial intermediaries and may include agents. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear, the related Operating Procedures of the Euroclear System, and applicable Belgian law, collectively referred to as the Terms and Conditions. The Terms

and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to debt securities held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the United States depository for Euroclear.

Global Clearance and Settlement Procedures

Initial settlement for the securities will be made in immediately available funds. Secondary market trading between participants in the depository will occur in the ordinary way in accordance with the depository's rules and will be settled in immediately available funds using the depository's Same-Day Funds Settlement System. Secondary market trading between Clearstream Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through the depository on the one hand, and directly or indirectly through Clearstream or Euroclear Participants, on the other, will be effected in the depository in accordance with the depository rules on behalf of the relevant European international clearing system by its United States depository. However, these cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines (European time). If the transaction meets the settlement requirements, the relevant European international clearing system will deliver instructions to its United States depository to take action to effect final settlement on its behalf by delivering or receiving securities in the depository and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the depository. Clearstream Participants and Euroclear Participants may not deliver instructions directly to their respective United States depositories.

Because of time-zone differences, credits of securities received in Clearstream or Euroclear as a result of a transaction with a participant in the depository will be made during subsequent securities settlement processing and dated the business day following the depository settlement date. Credits or any transactions in securities settled during this processing will be reported to the relevant Euroclear or Clearstream Participants on that following business day. Cash received in Clearstream or Euroclear as a result of sales of notes by or through a Clearstream Participant or a Euroclear Participant to a participant in the depository will be received with value on the depository settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in the depository.

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Although the depository, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of securities among participants of the depository, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued at any time.

Amalgamation, Consolidation, Merger and Sale of Assets

The applicable indentures will prohibit the issuer's amalgamation, consolidation with or merger into any other entity or the transfer of issuer's properties and assets substantially as an entirety to any other entity, unless:

the successor entity is organized and existing under the laws of the United States, any State thereof, the District of Columbia or Bermuda, and expressly assumes by a supplemental indenture the punctual payment of the principal of, premium on and interest on all the outstanding debt securities and the performance of every covenant in the applicable indenture to be performed or observed on the issuer's part;

immediately after giving effect to the transaction, no event of default has occurred and is continuing; and

the issuer or the successor entity has delivered to the applicable debt trustee an officers' certificate stating that the amalgamation, consolidation, merger, conveyance or transfer and the supplemental indenture comply with the foregoing provisions relating to the transaction.

In case of any amalgamation, consolidation, merger, conveyance or transfer of the issuer, the successor corporation will succeed to and be substituted for the issuer as obligor on the debt securities, with the same effect as if it had been named as the issuer in the applicable indenture. If OneBeacon is the guarantor of debt securities issued by OB Holdings, OneBeacon will also be subject to the same conditions relating to amalgamation, consolidation, merger, conveyance or transfer stated above (as applied to OneBeacon rather than OB Holdings). Unless otherwise specified in a prospectus supplement, the indentures and the debt securities do not contain any covenants or other provisions designed to protect holders of debt securities in the event of a highly leveraged transaction involving the issuer, the guarantor or any subsidiary.

Events of Default; Waiver and Notice of Default; Debt Securities in Foreign Currencies

An event of default when used in an indenture will mean any of the following as to any series of debt securities:

failure to pay interest on debt securities of that series for 30 days past the applicable due date, or, in the case of the subordinated indenture, for a period of 90 days;

failure to pay principal of, or any premium on debt securities of that series when due (whether at maturity, upon acceleration or otherwise);

failure to deposit any sinking fund payment or similar obligation on debt securities of that series when due;

failure to perform, or breach of, any other covenant or warranty contained in the applicable indenture for the benefit of that series which has not been remedied for a period of 90 days after written notice from the debt trustee or holders of at least 25% of the outstanding principal amount of the debt securities of that series is given; or

specified events of the issuer's bankruptcy, insolvency and reorganization.

A default under the issuer's other indebtedness will not be a default under the indentures and a default under one series of debt securities will not necessarily be a default under another series.

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Each indenture provides that if an event of default described in the first four bullet points above has occurred and is continuing with respect to any series (and with respect to an event of default under the fourth bullet point, it is with respect to less than all series of debt securities then outstanding), either the applicable debt trustee or the holders of not less than 25% in aggregate principal amount of the debt securities of the series then outstanding, each series acting as a separate class, may declare the principal or, in the case of original issue discount securities, the portion specified in the terms thereof, of all outstanding debt securities of the series and the accrued interest to be due and payable immediately. Each indenture further provides that if an event of default described in the fourth bullet point above with respect to all series of debt outstanding, either the applicable debt trustee or the holders of at least 25% in aggregate principal amount of all debt securities then outstanding, treated as one class, may declare the principal or, in the case of original issue discount securities, the portion specified in the terms thereof, of all debt securities then outstanding and the accrued interest to be due and payable immediately. However, upon certain conditions the declarations may be annulled and past defaults, except for uncured defaults in the payment of principal of, premium on, or interest on, the debt securities or in the deposit of any sinking fund payment or analogous obligations with respect to the debt securities of such series and in compliance with certain covenants, may be waived by the holders of a majority in aggregate principal amount of the debt securities of the series then outstanding. In the case of specified events of the issuer's bankruptcy, insolvency or reorganization, all principal or, in the case of original issue discount securities, the portion specified in the terms thereof, of all debt securities then outstanding and the accrued interest will automatically become immediately due and payable.

Under each indenture the applicable debt trustee must give notice to the holders of each series of debt securities of all uncured defaults known to it with respect to that series within 90 days after a default occurs or, if later, after the debt trustee obtains knowledge of such default. The term "default" includes the events specified above without notice or grace periods. However, in the case of any default of the type described in the fourth bullet point above, no notice may be given until at least 90 days after the occurrence of the event. The debt trustee will be protected in withholding notice if it in good faith determines that the withholding of notice is in the interests of the holders of the debt securities, except in the case of default in the payment of principal of, premium on, or interest on any of the debt securities, or default in the payment of any sinking or purchase fund installment or analogous obligations.

No holder of any debt securities of any series may institute any action under either indenture unless:

the holder has given the debt trustee written notice of a continuing event of default with respect to that series;

the holders of not less than 25% in aggregate principal amount of the debt securities of the series then outstanding have requested the debt trustee to institute proceedings in respect of the event of default;

the holder or holders have offered the debt trustee reasonable indemnity as the debt trustee may require;

the debt trustee has failed to institute an action for 60 days; and

no inconsistent direction has been given to the debt trustee during the 60-day period by the holders of a majority in aggregate principal amount of debt securities of the series then outstanding.

The holders of a majority in aggregate principal amount of the debt securities of any series affected and then outstanding will have the right, subject to limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the applicable debt trustee or

exercising any trust or power conferred on the debt trustee with respect to a series of debt securities. Each indenture provides that if an event of default occurs and is continuing, the debt trustee will be required to use the degree of care of a prudent person in the conduct of that person's own affairs in exercising its rights and powers under the indenture. Each indenture further provides that the debt trustee will not be required to expend or risk its own funds in the performance of any of its duties under the indenture unless it has reasonable grounds for believing that repayment of the funds or adequate indemnity against the risk or liability is reasonably assured to it.

The issuer must furnish to the debt trustees within 120 days after the end of each fiscal year a statement signed by one of its officers to the effect that a review of its activities during the year and of its performance under the applicable indenture and the terms of the debt securities has been made under his supervision, and, to the knowledge of the signatories based on the review, the issuer has complied with all conditions and covenants of the indenture through the year or, if the issuer is in default, specifying the default.

To determine whether the holders of the requisite principal amount of debt securities have taken action as described above when the debt securities are denominated in a foreign currency, the principal amount of the debt securities will be deemed to be that amount of United States dollars that could be obtained for the principal amount based on the applicable spot rate of exchange as of the date the action is taken as evidenced to the debt trustee as provided in the indenture.

To determine whether the holders of the requisite principal amount of debt securities have taken action as described above when the debt securities are original issue discount securities, the principal amount of the debt securities will be deemed to be the portion of the principal amount that would be due and payable at the time the action is taken upon a declaration of acceleration of maturity.

Modification of the Indentures

The indentures provide that the issuer and the applicable debt trustee may, without the consent of any holder of debt securities, enter into supplemental indentures for the purposes, among other things, of:

adding to the issuer's covenants;

adding additional events of default;

establishing the form or terms of any series of debt securities; or

curing ambiguities or inconsistencies in the indenture or making other provisions.

With specific exceptions, the applicable indenture or the rights of the holders of the debt securities may be modified by the issuer and the applicable debt trustee with the consent of the holders of not less than a majority in aggregate principal amount of the debt securities of each series affected by the modification then outstanding, but no modification may be made without the consent of the holder of each outstanding debt security affected which would:

change the maturity of any payment of principal of, or any premium on, or any installment of interest on any debt security;

reduce the principal amount of or the interest or any premium on any debt security;

change the method of computing the amount of principal of or interest on any date;

change any place of payment where, or the currency in which, any debt security or any premium or interest is payable;

impair the right to sue for the enforcement of any payment on or after the maturity thereof, or, in the case of redemption or repayment, on or after the redemption date or the repayment date; or

reduce the percentage in principal amount of the outstanding debt securities of any series, the consent of the holders of which is required for any modification of, or waiver of compliance with provisions of, the applicable indenture or specific defaults and their consequences provided for in the indenture.

Satisfaction and Discharge of the Indentures; Defeasance

The indentures will generally cease to be of any further effect with respect to a series of debt securities if the issuer delivers all debt securities of that series, with limited exceptions, for cancellation to the applicable debt trustee or all debt securities of that series not previously delivered for cancellation to the applicable debt trustee have become due and payable or will become due and payable or called for redemption within one year, and the issuer has deposited with the applicable debt trustee as trust funds the entire amount sufficient to pay at maturity or upon redemption all the debt securities, no default with respect to the debt securities has occurred and is continuing on the date of the deposit, and the deposit does not result in a breach or violation of, or default under, the applicable indenture or any other agreement or instrument to which the issuer is a party.

The issuer has a "legal defeasance option" under which it may terminate, with respect to the debt securities of a particular series, all of its obligations under the debt securities and the applicable indenture. In addition, the issuer has a "covenant defeasance option" under which it may terminate, with respect to the debt securities of a particular series, the issuer's obligations with respect to the debt securities under specified covenants contained in the applicable indenture. If the issuer exercises its legal defeasance option with respect to a series of debt securities, payment of the debt securities may not be accelerated because of an event of default. If the issuer exercises its covenant defeasance option with respect to a series of debt securities, payment of the debt securities may not be accelerated because of an event of default related to the specified covenants.

The issuer may exercise its legal defeasance option or its covenant defeasance option with respect to the debt securities of a series only if:

the issuer irrevocably deposits in trust with the applicable debt trustee cash or debt obligations of the United States of America or its agencies or instrumentalities for the payment of principal, premium and interest with respect to the debt securities to maturity or redemption;

the issuer delivers to the applicable debt trustee a certificate from a nationally recognized firm of independent public accountants expressing their opinion that the cash or debt obligations described above on deposit with the applicable debt trustee will provide cash sufficient to pay the principal, premium, and interest when due with respect to all the debt securities of that series to maturity or redemption;

91 days pass after the deposit is made and during the 91-day period no default described in the fifth bullet point under " Events of Default, Waiver and Notice Of Default; Debt Securities in Foreign Currencies" above with respect to the issuer occurs that is continuing at the end of the period;

no default has occurred and is continuing on the date of the deposit;

the deposit does not constitute a default under any other agreement binding on the issuer;

the issuer has delivered to the applicable debt trustee an opinion of counsel addressing specific Federal income tax matters relating to the defeasance; and

the issuer delivers to the applicable debt trustee an officers' certificate and an opinion of counsel stating that all conditions to the defeasance and discharge of the debt securities of that series have been complied with.

The applicable debt trustee will hold in trust cash or debt obligations of the United States of America or its agencies or instrumentalities deposited with it as described above and will apply the deposited cash and the proceeds from deposited debt obligations of the United States of America or its agencies or instrumentalities to the payment of principal, premium, and interest with respect to the debt securities of the defeased series.

Concerning the Debt Trustees

The issuer will identify the debt trustee for the senior debt securities and for the subordinated debt securities in the relevant prospectus supplement. The issuer or the holders of a majority of the then outstanding principal amount of the debt securities issued under an indenture and, in specific instances, the issuer and any owner who has been the bona fide holder of a security of such series for at least six months, may remove the debt trustee and appoint a successor debt trustee. The debt trustee may become the owner or pledgee of any of the debt securities with the same rights, subject to conflict of interest and certain other restrictions, it would have if it were not the debt trustee. The debt trustee and any successor trustee must be a corporation organized and doing business under the laws of the United States or of any state thereof, authorized under those laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to examination by Federal or state authority. Subject to applicable law relating to conflicts of interest, the debt trustee may also serve as trustee under other indentures relating to debt securities issued by the issuer or its affiliated companies and may engage in commercial transactions with the issuer and its affiliated companies.

Senior Debt Securities

In addition to the provisions previously described in this prospectus and applicable to all debt securities, the following description of the senior debt securities summarizes the general terms and provisions of the senior debt securities to which any prospectus supplement may relate. The issuer will describe the specific terms of the senior debt securities offered by any prospectus supplement and the extent, if any, to which the general provisions summarized below may apply to any series of its senior debt securities in the prospectus supplement relating to that series.

Ranking of Senior Debt Securities

Unless we specify otherwise in a prospectus supplement for a particular series of debt securities, all series of senior debt securities will be the issuer's senior indebtedness and will be direct, unsecured obligations of the issuer ranking equally with all of the issuer's other unsecured and unsubordinated indebtedness. Because both OneBeacon's and OB Holdings' operations are conducted primarily through subsidiaries and their only significant assets are the capital stock of their respective subsidiaries, both OneBeacon and OB Holdings are dependent upon the earnings and cash flow and dividend paying ability of their respective subsidiaries to meet their obligations, including obligations under the debt securities. Therefore, the debt securities will be effectively subordinated to all existing and future indebtedness, preferred stock and other liabilities of the issuer's subsidiaries.

Covenants

