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Welcome to Our Management Report.

2016 featured notable milestones for your company. We celebrated our 15th year as OneBeacon and 10th year as a public company (NYSE: “OB”). Our portfolio today includes 15 specialty businesses, with several recently commemorating their 10-year anniversaries. As we consider these events, we’re reminded of what makes us unique. Here, underwriting comes first, specialized expertise matters and we expect to build value for our owners over the long-term. Looking forward, we’re encouraged and excited about new opportunities and confident that our strong specialty foundation has positioned us well. We invite you to get to know us through this report’s management letters, financial highlights and business profiles.
UNDERWRITING COMES FIRST
As an insurance enterprise, we respect the fundamentals of insurance. All the business we write must have a realistic expectation of underwriting profit, which we endeavor to demonstrate over time.

MAINTAIN A DISCIPLINED BALANCE SHEET
Insurance liabilities must always be fully recognized. Our philosophy is that loss and loss adjustment expense reserves must be solid before any other aspect of the business can be solid.

INVEST FOR TOTAL RETURN
We strive to earn the highest growth in after-tax value over time, and we are indifferent as to whether this growth comes from investment income or capital gains.

THINK LIKE OWNERS
Our employees are stakeholders in our business, giving them an incentive to consider this quarter’s profit in the context of our long-term health and performance. Thinking like an owner embraces a long-term strategy.
Dear Fellow Shareholders:

We were pleased to achieve 11% growth in book value per share for 2016, reflecting solid results in both underwriting and investments. The majority of our businesses had strong years, executing well amidst the sustained competitive environment. Overall results were dampened, however, by disappointing combined ratios for a few businesses. With the breadth of our specialty portfolio, we have the capacity to withstand these fluctuations and the confidence to take corrective actions.

Underwriting Results

For the year, we reported a 97% GAAP combined ratio, with most of our groups delivering strong results. Our Accident and Health, Dewar (tuition refund), Environmental, Financial Services, Government Risks, Ocean Marine, Specialty Property, Surety and Technology businesses all had very good years, producing excellent underwriting results.

Half of our businesses have operated for at least ten years. With established track records, several are market leaders in their niche segments and all are recognized for their targeted expertise.
There were a few challenges, however. In Entertainment, we have narrowed our appetite to select classes of traditional entertainment risks, which has yielded encouraging trends. In Programs, we exited underperforming accounts adversely impacted by deteriorating industry-wide auto results. In Healthcare, we have re-underwritten our extended care lines and refocused our appetite. These actions are all driven by underwriting discipline with a goal of long-term profitability.

Our 2016 could be characterized as a year of refinement and discipline. In contrast to prior years, we did not initiate a new business. With 15 specialty groups in various stages of development, our commitment to “underwriting comes first” was strong across OneBeacon. Half of our businesses have operated for at least ten years. With established track records, several are market leaders in their niche segments and all are recognized for their targeted expertise. Financial Services and Environmental are featured on pages 10 and 14. Representing one mature operation and one newer launch, respectively, their stories illustrate our approach. Over time, we expect all of our groups to achieve profitability, with appropriate growth.

Late in the year, we formed a small internal team, led by John Wurzler, to focus on harnessing the efficiencies and opportunities represented by online/on-demand technology. By expediting our speed-to-market for products requiring less up-front underwriting, we can better target attractive markets, while making it easier to do business with OneBeacon. During the year, we launched an online quoting tool for certain Environmental risks that has streamlined our workflows both internally and externally. We look forward to expanding our digital platform going forward. It’s an exciting period for our industry and we welcome the challenge.

Investment Results
On the investment side, we achieved a total return of 3.6% for 2016, reflecting good performance in our short-duration fixed-maturity portfolio and a decent lift from our allocation to risk assets. During the year, we terminated what remained of the legacy qualified pension plan, largely removing the associated liabilities from our balance sheet.

Notable Events
In 2016, we recognized two milestones for your company. On June 1, we celebrated our 15th anniversary as OneBeacon and the remarkable transformation that has occurred over that period. From a Northeast-focused super-regional fixing its loss ratio, to a national generalist with an emerging specialty book, and, finally, to the diversified specialty carrier we are today, it’s been a journey led by talented, motivated people seizing the moment and demonstrating unwavering commitment. We also observed our 10th year as a public company, having been listed on the New York Stock Exchange on November 9, 2006.

I was very pleased to recognize the depth of our management team through several internal promotions. Jeff Richardson, who had capably led our public entities business, was named senior vice president of specialty lines, with accountability for our Entertainment and Technology groups, in addition to Government Risks. His team includes the newly promoted presidents of Technology, Entertainment and Government Risks—Mary Fisk-Bieker, Joe Fitzgerald and Bradley York, respectively. Our Healthcare team includes all
new leadership, all promoted from within: Brenda Craig is now president, supported by Sarah Logue, Carolyn Toomey and Jesica Wardwell, accountable for extended care and complex risks, managed care and medical facilities, respectively. On the professional lines side, Marc Garganigo and Stacy Paquet, who lead Architects and Engineers and Management Liability, were promoted to president roles. Overall, this was a tremendous opportunity to recognize our imbedded talent. I anticipate ongoing positive momentum under their capable leadership.

Going Forward
Looking ahead, we foresee headwinds from sustained competition, new entrants into specialty markets and potential changes in the regulatory and financial environments. Despite the challenges, we are confident in our abilities to grow our specialized business smartly. Our clean balance sheet and portfolio of diversified, profitable business segments is a sound platform upon which to build. New technology, new segments, new geographies and new teams will drive our next phase of the journey. We have talented people throughout the company ready to take advantage of the opportunities. We thank you for your support.

Respectfully submitted,

T. Michael Miller
President and Chief Executive Officer

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(1) Amounts for September 30, 2006 through March 31, 2008 adjusted for the economic defeasance of the company’s mandatorily redeemable preferred stock.
(2) Cumulative dividends of $13.72 paid through December 2016 (quarterly dividends of $0.21 per share paid beginning in March 2007 and special dividends of $2.03, $2.50 and $1.00 per share paid in March 2008, September 2010 and June 2011, respectively).
LETTER FROM OUR CFO

Dear Fellow Shareholders:

In 2016, we generated more capital than we returned to shareholders, as comprehensive net income of $108 million exceeded the sum of dividends ($79 million) and share repurchases ($11 million).

Entering 2017, the company continues to be well-capitalized by virtually any measure, with low financial leverage at 21% debt-to-total capital, low underwriting leverage at 1.1 times net earned premium to shareholders equity, healthy rating agency and regulatory capital adequacy ratios, and excess capital relative to our internal economic capital model.

The risks inherent in our balance sheet continue to be modest compared to most, arguably all, of our peers. At year-end 2016, the duration of our fixed-income portfolio at 2.4 years was very short, which positions us well for a potential increase in interest rates, and the allocation to non-fixed income securities within our investment portfolio was fairly modest at 13% of total investments. We continue to book our loss reserves above the actuarial central estimate and above the midpoint of the actuarial range of reserve estimates. With the sale of our runoff business in 2014, we are free from any material legacy loss reserve exposures. With the termination of our qualified pension plan in 2016, we are largely free of legacy benefit plan liabilities. In this context, it is fair to think of OneBeacon as a start-up specialty insurance company dating from 2001.

Despite a fairly modest risk profile on a relative basis, we maintain a rigorous enterprise risk management framework, including a dedicated Chief Risk Officer reporting directly to our Chief Executive Officer; an Enterprise Risk Management Committee, with company-wide representation, responsible for risk identification and prioritization and advancement of enterprise risk management processes and research; regular reporting to senior management, the board of directors, and our lead group regulator; and finally, extensive use of economic capital modeling, which we believe enhances our decision-making throughout the organization.

With good results from both underwriting and investments in 2016, a low effective tax rate due to the benefits of our offshore structure, together with the favorable settlement of IRS exams for tax years 2007–2012, we delivered a solid 11% growth in book value per share for the year.

We believe we are positioned to deliver similarly attractive results going forward.

Respectfully submitted,

Paul H. McDonough
The risks inherent in our balance sheet continue to be modest compared to most, arguably all, of our peers.

## FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Book Value Per Share</strong></td>
<td>$10.97</td>
<td>$10.53</td>
<td>$10.82</td>
</tr>
<tr>
<td><strong>Growth in BVPS including dividends, on an IRR basis</strong></td>
<td>2.1%</td>
<td>3.8%</td>
<td>11.1%</td>
</tr>
<tr>
<td><strong>OneBeacon’s Common Shareholders’ Equity</strong></td>
<td>$1.0 Billion</td>
<td>$1.0 Billion</td>
<td>$1.0 Billion</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$3.6 Billion</td>
<td>$3.6 Billion</td>
<td>$3.6 Billion</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$2.6 Billion</td>
<td>$2.6 Billion</td>
<td>$2.6 Billion</td>
</tr>
<tr>
<td><strong>Comprehensive Income Attributable to OneBeacon’s Common Shareholders</strong></td>
<td>$20.9 Million</td>
<td>$36.8 Million</td>
<td>$108.4 Million</td>
</tr>
<tr>
<td><strong>Net Written Premium</strong></td>
<td>$1.2 Billion</td>
<td>$1.1 Billion</td>
<td>$1.1 Billion</td>
</tr>
<tr>
<td><strong>Combined Ratio</strong></td>
<td>101.7%</td>
<td>96.3%</td>
<td>97.3%</td>
</tr>
</tbody>
</table>

## INSURANCE OPERATIONS

### Net Written Premium

- Reflects the specialty products and specialty industries reportable segments as disclosed in our 2016 Annual Report on Form 10-K.

### Combined Ratio

- Reflects the specialty products and specialty industries reportable segments as disclosed in our 2016 Annual Report on Form 10-K.
Financial Services is a broad industry category, but like all OneBeacon specialties, this business reflects a specific niche we know well, namely community banks.

OneBeacon Financial Services was an early start-up during the journey to specialty. Formed during late 2005, these community-banking specialists built a portfolio of professional liability products from the ground up. A small book of property-casualty business was folded in to complement their capabilities. Once open for business, the group carefully refined its scope from both a geographic and distribution perspective.

Community banks mirror specialty principles, as they manage lending portfolios with a deep understanding of the local clientele, their needs and the surrounding economy. In turn, they are typically serviced by independent insurance advisors that also specialize in this segment, a hallmark OneBeacon opportunity. Furthermore, the business is habitually stable, with banks led by long-standing executives and retail agents representing accounts for extensive periods. That consistency carries over to the OneBeacon team, which has worked together for many years and is well-known throughout its select markets.
“Today, this group is one of the major community-banking markets, differentiated by its seamless integration of commercial package and specialty coverages.”

Perhaps more than other OneBeacon specialties, Financial Services works directly with its policyholders. “Because of the high level of specialization and confidentiality in our business, we have relationships with our insureds,” noted OneBeacon Financial Services President Craig Collins. This includes affiliate membership in state banking associations, a forum for knowledge exchange as well as professional camaraderie.

This homespun atmosphere was nearly upended by the 2008 financial crisis. For OneBeacon, patiently focusing on stable, known geographic territories and steadfast adherence to its “underwriting comes first” operating principle enabled successful navigation of this period of uncertainty. “Predictive modeling was a critical resource for us during this time,” added Vice President Gary Tannenbaum. The portfolio’s underlying strength, coupled with its long-term viability, translated to an expectation of ultimate underwriting profitability. Fast-forward to 2016 and those projections are a firm reality.

Today, this group is one of the major community-banking markets, differentiated by its seamless integration of commercial package and specialty coverages. And in spite of a decade of OneBeacon history, there is still an entrepreneurial atmosphere within the group. “It’s still an exciting environment,” noted Vice President Tammy Placzek. “We have the flexibility of working for a smaller company, and are able to opportunistically add products and grow.”

The overall financial services environment continues to evolve, largely driven by technology and competition. The advent of online banking, for example, and the corresponding exposure to cyber risk, has resulted in new coverage needs. As well, the emergence of technology-based financial institutions known as “fintech” entities may represent a sea change for this industry. “We’re conservative underwriters,” reinforced Collins, “so it’s ‘wait-and-see’ for now.” However, as these companies become more regulated, they are poised to become the new banks of the future.

Community bankers assign a high-level of confidence to carrier stability and expertise, which creates a significant competitive advantage for OneBeacon. By remaining current and operating with integrity, OneBeacon Financial Services is well-positioned to remain a significant player in this segment for some time.
I am pleased to report that the majority of our businesses produced excellent results amidst challenging market conditions. A few of our groups continued to work through prior year disappointments and those results, along with our new business investments, diminished an otherwise outstanding year. We expect that our underwriting discipline will return affected segments to profitability, given our in-house talent and bottom-line culture.

For OneBeacon, it was a relatively quiet year, absent of new start-ups or divestitures. Across our 15 specialty groups, we identified opportunities for profitable growth, including refining and reinvigorating our appetite and capabilities. Our Accident & Health, Dewar (tuition refund), Environmental, Financial Services, Government Risks, Ocean Marine, Specialty Property, Surety and Technology units all had a strong 2016, reflecting mature businesses with market followings and differentiated offerings. These units represent a substantial portion of our business, and we are confident in their discipline and ongoing positive outlook.

Within our professional lines, Financial Institutions—formed in 2015—established momentum, with additional staff, market presence and solid new business flow. Architects & Engineers broadened its capabilities and finessed its underwriting appetite. And Management Liability implemented a regional footprint to expand its scale. Our Entertainment business worked hard to redefine its target classes and market profile, achieving encouraging results.

Lastly, certain facets of our Healthcare and Program books remained challenged, but we understand the root causes and are actively managing through aggressive corrective action.

To reiterate an important theme, people are OneBeacon’s most compelling attribute. We were excited to provide new leadership opportunities to several exceptional managers, as Brenda Craig, Mary Fisk-Bieker and Bradley York were appointed as Presidents of our Healthcare, Technology and Government Risks businesses, respectively. Jeff Richardson assumed a senior leadership role overseeing several businesses and helping me with enterprise matters. We also initiated our own “insuretech” group led by John Wurzler, and through his newly formed team, seek to capitalize on digital opportunities to enhance our capabilities and develop new business.

Given the ongoing strong performance from most of our businesses, our diversified portfolio is well-positioned to weather inevitable challenges in some segments, and the occasional investment in newer groups. We understand that the market will remain highly competitive, but we are deliberate in our actions and disciplined in our approach. We look forward to the evolving aspects of our business and are confident you will be pleased with your company’s performance.

Respectfully submitted,

Dennis A. Crosby
Paul J. Brehm  
EXECUTIVE VICE PRESIDENT,  
CHIEF RISK OFFICER AND CHIEF ACTUARY

Dear Fellow Shareholders:

The digital age is upon us. The property and casualty industry is embracing the collection and use of “big data” and sophisticated modeling, and with this shift, we believe, will emerge a level of data-driven discipline to underwriting and pricing. It is consequently imperative for insurance companies to bolster these capabilities in order to compete effectively, both now and in the future.

At OneBeacon, we’ve made significant investments in improving our databases and facilitating their accessibility, while enhancing our expertise in predictive analytics. We may be a relatively small company, but we have enjoyed great success in these efforts. Predictive models are now deployed in most of our businesses, which have been rigorously tested for both accuracy and effectiveness. We believe we can put this technology to use to improve our loss ratios throughout the organization, and thereby enhance our shareholder value. However, equally important is the organizational acceptance of these resources. I am pleased to say our underwriting community has been an active and willing partner in the pursuit and use of predictive analytics, sharing our belief in the inherent value of informed, data-driven decision-making.

This sort of marriage between predictive analytics and underwriting discipline is consistent with our broader strengths in risk expertise and technical expertise. In many ways, the use of predictive analytics is simply a continuation of our long-running theme regarding the deployment of actuarial science and catastrophe modeling skills to improve business results. Our use and success with predictive analytics is also consistent with the OneBeacon specialty focus. These tools allow us to better understand, select and price the risk of our targeted industry segments and the corresponding products we elect to write.

Finally, in this and in all efforts, we endeavor to make it real. We do not pursue the latest-and-greatest fad for the sake of academic satisfaction. At OneBeacon, we are committed to using real and proven technical solutions to assist our business units to achieve superior results. We are pleased with our progress in this realm and will continue to evolve these capabilities going forward.

Respectfully submitted,

Paul J. Brehm
One thing never changes for the insurance industry—its continual transformation due to dynamic business and regulatory forces.

In the 1970s, environmental liability coverages emerged as carriers began excluding pollution exposures from general liability and package products. Today, coverage for pollution is seen as essential to appropriate risk management and not just for entities directly involved in environmental services; these coverages could apply to any business that may be exposed to such risks. Consistent with a specialty carrier approach, disciplined underwriting and targeted expertise are instrumental to profitably underwriting these risks—a hallmark of OneBeacon.

Six years ago, OneBeacon formed an environmental business unit to expand its excess and surplus lines portfolio. Its initial three-person team developed core products as well as customizable industry solutions. While environmental contractors, consultants and facilities were the primary focus, they additionally created solutions targeting other business segments such as general contractors and artisan contractors, along with property owners, operators and managers facing pollution exposures. Whether the coverage is required by a contract or as part of an insurance portfolio, these capabilities and imbedded staff expertise positioned OneBeacon Environmental to prosper in this evolving marketplace.

As with all OneBeacon businesses, embracing the company’s “underwriting comes first” operating principle was a foundational element of this group’s efforts. This meant understanding the importance of assessing all aspects of each risk including its unique characteristics and exposures. “We see a wide variety of businesses so we have to be familiar with the broad scope of their operations and more importantly, the potential exposures they face,” explains OneBeacon Environmental President Devin Claypool. Furthermore, managing the business with a long-term view and a sense of personal accountability—additional OneBeacon attributes—are reflected in every team member’s actions. According to Vice President Nick Ryan, “Part of the appeal of joining OneBeacon was the ‘think like an owner’ principle and entrepreneurial atmosphere.”

Since this team’s start, the insurance marketplace has remained highly competitive, prompting fluctuation among the carriers offering environmental coverage and attracting new competitors. What’s more, producers are increasingly promoting environmental coverage as an area of growth. These market forces have positioned knowledge, consistency and service as opportunities to differentiate and enhance the value of partnering with a knowledgeable team such as OneBeacon Environmental.
“Part of the appeal of joining OneBeacon was the ‘think like an owner’ principle and entrepreneurial atmosphere.”

“Whether it’s offering a last minute quote proposal, helping a producer explain coverage to his or her client, or simply answering the telephone, our producers appreciate our underwriters’ expertise and responsiveness,” notes Vice President Craig Hawkins. Essential to this operating style are experienced and dedicated underwriters, now numbering fifteen specialists in five locations around the country—some of whom began their careers as environmental contractors.

An additional service opportunity has been technology, a universal trend in the insurance industry. Technology has infiltrated all aspects of insurance company operations. It has also accelerated market expectations for decision-making, as producers expect responses from carriers faster than ever. The group has been working with OneBeacon’s growing digital platform to streamline underwriting processes and enhance the producer service experience, including an online resource that allows select business partners to quote pollution coverage for small-to-middle market contractors.

Looking ahead, this business will continue to evolve, delivering capabilities and solutions for its target customers. By navigating the marketplace with unyielding underwriting discipline, dedicated staff expertise and exceptional service standards, OneBeacon Environmental is well-positioned to sustain its differentiated presence and achieve success over the long term.
CORPORATE INFORMATION

CORPORATE HEADQUARTERS
26 Reid Street
Hamilton HM 11, Bermuda

U.S. CORPORATE HEADQUARTERS
Suite 800
605 North Highway 169
Plymouth, MN 55441-6407

REGISTERED OFFICE
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

ANNUAL MEETING
The 2017 Annual General Meeting of Members (AGM) will be held on May 24, 2017, at Tucker’s Point Hotel, Hamilton Parish, Bermuda, at 12:00 noon Atlantic time (11:00 a.m. U.S. Eastern time).

Notice of availability of proxy materials for the AGM, including the Notice of 2017 Annual General Meeting of Members and Proxy Statement and Annual Report on Form 10-K, was sent to members on or about April 11. The proxy materials, as well as all other SEC filings and reports, and news releases, are available online at onebeacon.com for viewing and downloading.

STOCK EXCHANGE INFORMATION
The company’s Class A common shares are listed on the New York Stock Exchange under the symbol “OB.”

TRANSFER AGENT, REGISTRAR FOR COMMON SHARES AND DIVIDEND DISBURSING AGENT
Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
Tel: 800.468.9716

Shareholders may obtain information about transfer requirements, replacement dividend checks, duplicate 1099 forms and changes of address by calling the Transfer Agent’s Telephone Response Center at 800.468.9716 or 651.450.4144 for the hearing impaired, or visiting the Transfer Agent’s website at shareowneronline.com. Please be prepared to provide your tax identification or Social Security number, description of securities and address of record. Other inquiries concerning your shareholder account should be addressed in writing to the Transfer Agent and Registrar.

SHAREHOLDER INQUIRIES
Written shareholder inquiries, including requests for copies of the company’s Annual Report on Form 10-K and other SEC filings, should be sent to the Corporate Secretary at the company’s Bermuda corporate headquarters.
Written inquiries from the investment community should be directed to the Investor Relations department at the company’s Bermuda corporate headquarters.

ADDITIONAL INFORMATION
We make our website content available for informational purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Management Report.
BOARD OF DIRECTORS

Lowndes A. Smith  
Chairman of the Board of Directors  
Managing Partner  
Whittington Gray Associates

T. Michael Miller  
President and  
Chief Executive Officer  
OneBeacon Insurance Group, Ltd.

G. Manning Rountree  
Chief Executive Officer  
White Mountains Insurance Group, Ltd.

Reid T. Campbell  
Managing Director  
White Mountains Capital, Inc.  
President  
White Mountain Advisors, LLC

Morgan W. Davis  
Non-Executive Chairman  
White Mountains Insurance Group, Ltd.

David T. Foy  
Executive Vice President and  
Chief Financial Officer  
White Mountains Insurance Group, Ltd.

Lois W. Grady  
Retired Executive  
Executive Vice President  
Hartford Life, Inc.

Ira H. Malis  
Retired Managing Director  
Equity Capital Markets  
Stifel Nicolaus

Patrick A. Thiele  
Retired Executive  
Chief Executive Officer  
PartnerRe Ltd.

Kent D. Urness  
Retired Executive  
Executive Vice President  
St. Paul Travelers

EXECUTIVE MANAGEMENT

T. Michael Miller  
President and  
Chief Executive Officer

Dennis A. Crosby  
Executive Vice President

Maureen A. Phillips  
Senior Vice President and  
General Counsel

Paul H. McDonough  
Executive Vice President and  
Chief Financial Officer

Sean W. Duffy  
Senior Vice President  
and Chief Claims Officer

Thomas N. Schmitt  
Senior Vice President  
Human Resources and Corporate Services

Paul J. Brehm  
Executive Vice President,  
Chief Risk Officer and  
Chief Actuary

Scott W. McClintock  
Senior Vice President and  
Chief Information Officer

BUSINESS LEADERSHIP

Chad A. Anderson  
President – Surety Group

A. James Heitkemper  
President – Specialty Property

Jeffrey C. Richardson  
Senior Vice President –  
Specialty Lines

Daniel J. Beaudette  
President – Program Group

John E. Iannotti  
President – Professional Liability

– Joseph S. Fitzgerald  
President – Entertainment

Lori A. Cernera  
President – Accident & Health

– Mary A. Fisk-Bieker  
President – Technology Insurance

Devin S. Claypool  
President – Environmental

– J. Bradley York  
President – Government Risks

Brenda G. Craig  
President – Healthcare Group

– Dana E. Tufts  
President – A.W.G. Dewar

Robert C. Gallagher  
President – International  
Marine Underwriters

– John S. Wurzler  
President – Online/On-Demand

– Stacy M. Paquet  
President – Management Liability
NON-GAAP MEASURES

Our 2016 Management Report includes a non-GAAP financial measure—adjusted book value per share—which is identified by the superscript “NGM.” OneBeacon believes the adjusted book value per share measure to be a useful supplement to the comparable GAAP measure, book value per share, in evaluating financial performance and understanding the company’s earnings and profitability.

ADJUSTED BOOK VALUE PER SHARE

Adjusted book value per share is OneBeacon’s common shareholders’ equity excluding the impact of economically defeasing the company’s mandatorily redeemable preferred stock, which was completed in May 2008, divided by the number of common shares outstanding. The following table presents the reconciliation of adjusted OneBeacon’s common shareholders’ equity to OneBeacon’s common shareholders’ equity, the most comparable GAAP measure, as of March 31, 2008, the last quarter for which the preferred stock was outstanding.

<table>
<thead>
<tr>
<th>Numerator</th>
<th>As of March 31, 2008</th>
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</thead>
<tbody>
<tr>
<td>OneBeacon’s common shareholders’ equity</td>
<td>$1,613.0</td>
</tr>
<tr>
<td>Remaining adjustment of subsidiary preferred stock to face value</td>
<td>(11.1)</td>
</tr>
<tr>
<td>Adjusted OneBeacon’s common shareholders’ equity</td>
<td>$1,601.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Denominator</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Common shares outstanding</td>
<td>96.0</td>
</tr>
<tr>
<td>Book value per share</td>
<td>$16.80</td>
</tr>
<tr>
<td>Adjusted book value per share</td>
<td>$16.69</td>
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</table>

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

Statements in our 2016 Management Report regarding our business that are not historical facts are “forward-looking statements” that involve risks and uncertainties. For a discussion of such risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosures About Market Risk” in our 2016 Annual Report on Form 10-K.