



February 18, 2002

CIRCULAR NO. 4/02

TO MEMBERS OF THE ASSOCIATION

Dear Member:

MANAGEMENT NEWS: OWNERSHIP CHANGE AT SHIPOWNERS CLAIMS BUREAU

With effect from January 1, 2002 there has been a change in the ownership of the American Club's managers, Shipowners Claims Bureau, Inc. (SCB).

As many Members will know, SCB was acquired in 1997 by Marsh, Inc. (Marsh), following its takeover of SCB's previous parent, Johnson & Higgins. Over the intervening period, against a background of the American Club's successful implementation of a strategy highlighting growth and diversification, both Marsh and your Board of Directors became increasingly conscious of a potential conflict between SCB's status as the Club's *alter ego* and its obligations to its proprietor.

Accordingly, in order to remove this difficulty and dispel any negative perceptions as might attach to it, Marsh and the American Club reached agreement toward the end of last year to demerge SCB. The terms of the demerger included the acquisition by the Club of its headquarter offices at 60 Broad Street, New York.

In addition to recognizing the merit in detaching SCB from its parent so as to give it greater scope to devote its energies to the American Club, your Board also gave close consideration to the future status of SCB in general. After further discussion, your Board concluded that the best interests of the Club were served by ensuring complete independence of the day-to-day operational function.

Your Board came to this decision for a variety of sound business reasons. Among other issues of importance, they took into account the legal and regulatory environment in which the Club operates and the desirability of maintaining those high standards of independent thought and action traditionally associated with P&I management.

In the result, having completed the acquisition of SCB, the Club has subsequently entered into an arrangement with a new holding company, Eagle Ocean Management, LLC (Eagle Ocean), a New York corporation. While the American Club has retained the fixed assets of SCB, it has transferred the SCB equity to Eagle Ocean at a price consistent with the company's valuation on its acquisition from Marsh. The shareholders of Eagle Ocean consist exclusively of members of the management staff. No outside interests are involved.

Your Board is confident that this new arrangement will enable the Club to pursue its agenda with renewed vigor over the months and years to come. It is certain that management independence will add impetus to the fulfillment of the Club's goals and ensure the highest levels of Member service unaffected by considerations ulterior to the exclusive interests of the Club. Above all, your Board is highly enthusiastic about the prospects which lie ahead.

The developments described in this Circular mark the beginning of a new era for the American Club. Your Board thanks all those who have supported the Club in the past, including Marsh and its predecessors, and looks forward to the continuing accomplishment of its aims in the future.

Yours faithfully,

Paul Sa, Chairman
THE AMERICAN CLUB

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