



JULY 9, 2002

CIRCULAR NO. 12/02

TO MEMBERS OF THE ASSOCIATION

Dear Member:

MANAGEMENT NEWS

Reference is made to Circular No. 4/02 of February 18, 2002 which contained news of an ownership change at Shipowners Claims Bureau, Inc. (SCB).

This Circular provides an update on the current organizational structure of the Club's management in light of further developments which have taken place since February.

It is also intended to inform Members of the enhancement of the Club's human resources through the recent redesign of management functions and the acquisition of additional expertise.

The redesign of management functions

As of January 1, 2002, ownership of SCB was transferred from Marsh, Inc. to Eagle Ocean Management, LLC (Eagle Ocean), a New York company whose shareholders consist exclusively of members of the management staff.

In communicating details of the new arrangement in Circular No. 4/02 referred to above, your Board expressed its confidence that the ownership change would add impetus to the fulfillment of the Club's goals.

Over the months which have ensued, the Club has enjoyed continuing success through the growth of its entered tonnage, particularly over the most recent renewal period, and the steady strengthening of its financial performance.

In tandem with this, the Club has never lost sight of the need to supply unsurpassed levels of Member service. Specifically, your Managers have committed themselves to the aim of not merely meeting Members' expectations, but exceeding them.

In this context, and given the greater flexibility afforded by the independent ownership of SCB, the decision has been made by your Managers – and fully endorsed by your Board – to separate the non-American Club business heretofore conducted by SCB from its pure Club management activity.

Accordingly, a new company, Atlantic Marine Associates, Inc. (AMA) has been established within the Eagle Ocean group to handle all SCB's non-American Club activity in a manner entirely separate from the day-to-day operation of the Club.

The new group structure is set out in the attached Appendix I. Both your Board and your Managers are certain that this refocusing of operational functions will serve to enhance those levels of Member service which the market at large has rightfully come to expect of the Club.

Internal management restructuring

Your Managers have also given thought to the future operational design of SCB.

Their deliberations have been driven by the desire to provide the highest standards of service to Members, assisted by a greater freedom, since independence from SCB's previous owners, to enlist additional professional skills to management capabilities.

Recent recruitment to both the New York and London offices is described in the section which follows. In addition, the document attached as Appendix II sets out SCB's new organizational structure in consequence of recent initiatives.

New appointments at SCB

The past several months have seen a number of new appointments at SCB both in New York and in London. The remainder of this section describes these in further detail.

Having originally joined SCB in its London office in the late summer of last year, Stuart Todd has now crossed the Atlantic to take up his position in New York as Head of Underwriting for the Club. Stuart is well-known to many Members and will continue to add strength to the Club's underwriting and marketing activities both within the United States and in other parts of the world, notably Greece and Latin America.

In March, SCB was delighted to welcome George Tsimis. George is a maritime attorney with strong connections in the New York shipping community and elsewhere. In addition to enhancing the Club's capabilities within the legal and claims sectors, George will also become engaged in its underwriting and marketing activities going forward.

March also saw the return of Dan Croce to full-time service. Dan originally joined SCB in August 2001, having been a Commander in the United States Coast Guard and head of ship inspection for the New York district. However, the events of September 11 precipitated his immediate return to the service. He was discharged from his full-time Coast Guard commitments a few months ago, although he remains a reservist. Dan is responsible for monitoring vessel and operational standards among Club Members. He also participates in loss prevention activity and provides advice on maritime security matters.

In April, David Culverwell joined the London office with particular responsibility for liaison with the International Group of P&I Clubs and other strategic issues. David brings a broad range of industry experience, having been a shipbroker member of the Baltic Exchange, an executive in shipping companies operating in Monaco and the Far East, a writer and broadcaster on political and maritime affairs for clients such as the BBC World Service and, most recently, a research analyst with MRC, a part of the Informa publishing group.

The London office has also recently been fortunate to welcome Sharon Wilkins and Steve Pennicott to its claims handling staff. Sharon joined from another major International Group club while Steve, having previously worked for an independent P&I provider, came to SCB from a leading maritime law firm. Joan Gosling is also a recent recruit in London, providing administrative assistance.

As the Club has grown and diversified in recent years, so have the accounting, administrative, logistical and regulatory demands placed upon it. Accordingly, your Managers were recently very pleased to welcome Arpad Kadi to the New York staff. Arpad is an accountant by profession and will ensure the efficient discharge of the Club's obligations in the regulatory sector.

In addition to the recruitment of Arpad, SCB will also be adding a specific Information Technology resource to its management capabilities. Major changes are taking place in this area in order to improve the efficiency of the current system. These functions will also be assisted by a new Technical Support Group in the form of Jennifer Donato and the recently arrived Chrissy Pettignano, who will also help to achieve greater efficiencies in claims and underwriting.

The appointment of General Counsel to SCB and other Eagle Ocean affiliates

An important part of the thinking behind the reorganization described in this Circular was the recognition that the P&I world has become more complex and demanding and will, inexorably, continue to be so in the future.

In light of this, the need has been acknowledged to provide a clearly-defined focal point for the supply of legal expertise as part of SCB's day-to-day operations on behalf of the Club. Accordingly, the new corporate position of General Counsel has been established as part of management restructuring.

It is therefore with great pleasure that your Managers are able to announce that Michael J. Mitchell has recently accepted their invitation to join SCB as General Counsel. Mike is well known to many existing Members, as well as to a multitude of other owners and operators both within the United States and overseas.

Mike will join SCB in New York in early September. He comes to your Managers from Messrs. Haight Gardner Holland & Knight where he has for several years been a partner in this leading commercial firm's maritime practice.

It goes without saying that, as a prominent member of the legal community in the United States, Mike brings with him a wealth of expertise. Your Board, as well as his future colleagues at SCB, are most excited by his impending arrival.

It is hoped that the foregoing provides Members with a picture of the recent progress made by your Managers in their efforts to ensure that the Club continues to be supplied with the best of service skills. As always, your Managers will be pleased to respond to any questions Members may have in regard to the above, or generally, as the occasion should arise.

Yours faithfully,
Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB

Attachments

THE EAGLE OCEAN MANAGEMENT GROUP

EOM 
 EAGLE OCEAN MANAGEMENT, LLC
 (HOLDING COMPANY) NEW YORK

EOS 
 EAGLE OCEAN SERVICES, INC.
 DELAWARE

SCB 
 SHIPOWNERS CLAIMS BUREAU, INC.
 NEW YORK

AMA 
 ATLANTIC MARINE ASSOCIATES, INC.
 NEW YORK

CMA 
 CARIBBEAN MARINE ASSOCIATES, INC.
 MIAMI

PMA 
 PACIFIC MARINE ASSOCIATES, INC.
 SAN FRANCISCO

SHIPOWNERS CLAIMS BUREAU, INC.
 BRANCH OFFICE LONDON

CLUB CORRESPONDENCY
 OTHER REPRESENTATION

CLUB CORRESPONDENCY
 OTHER REPRESENTATION

CLUB CORRESPONDENCY
 OTHER REPRESENTATION

AMERICAN CLUB MANAGEMENT

**DORMANT AS OF JUNE 1, 2002.*

SHIPOWNERS CLAIMS BUREAU, INC. ORGANIZATION

