



THE LONDON
P & I CLUB

All correspondence should be addressed to the Managers

A. BILBROUGH & CO. LTD

50 Leaman Street London E1 8HQ

Telephone: +44 (0)20 7772 8000

Facsimile: +44 (0)20 7772 8200

E-mail: london@londonpandi.com

www.londonpandi.com

26 May 2011

TO ALL MEMBERS

Dear Sirs

THE LONDON P&I CLUB – 2010/11 FINANCIAL YEAR

The London P&I Club's Annual Report, including Financial Statements for the year ended 20 February 2011 and analysis of its business and industry issues arising during that period, will be published as usual, in July. In the meantime, this Circular is to provide Members with an advance summary of the Club's results for the 2010/11 financial year.

Financial Position

The Club achieved an overall surplus of US\$3.6m. This has served to increase free reserves to US\$145.1m.

Claims

During the year the Club experienced an unusually high frequency of expensive P&I cases. There were 16 claims in excess of US\$1m, double the number in that band at the same point in any of the four prior policy years. At the same time, there was a second successive year of moderation in the value of claims at an attritional level; the aggregate cost of individual claims below US\$1m reduced by 15% from the previous year end position. The impact of the atypical run of expensive claims was also countered by favourable developments in respect of claims incurred in older open policy years. Further information on the claims outturn will be contained in the Annual Report, in the usual way.

Investments

In the year to 20 February 2011, the Club recorded a return on invested assets and cash of approximately US\$24.8m or 7%. Fixed income holdings remain the cornerstone of the portfolio managed by the quota share reinsurer in Bermuda, although the result reflected positive performance from all asset classes.

Membership

Following the 20 February 2010 renewal, the Club grew during the remainder of the year through entries from existing Owner as well as Charterer Members, together with new business from Owners and Charterers in Europe, the Middle East and Asia. With the addition of entries since 20 February 2011, the Club's entered tonnage has increased to 43.5m gt.

Yours faithfully

A BILBROUGH & CO LTD
(MANAGERS)

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