



SBA Announces Completion of Transaction with Arthur J Gallagher

SBA has announced the completion of its second tranche equity transaction with international broker Arthur J Gallagher.

A copy of the notice sent to SBA clients is attached hereto.





July 30th, 2010

Important Letter to Clients Re Purchase of Full Ownership in SBA by AJG

I am writing to you as a valued client with details of an important development between Specialised Broking Associates Pty Ltd (**SBA**) and A J Gallagher Australasia Pty Ltd (**AJG**).that took place today which, via the purchase of full ownership in SBA by AJG, will establish a new and exciting national force in the Australian insurance broking industry.

The Transaction

As you know, AJG was invited to take a 40% minority interest in SBA in October 2008. This agreement also contained a number of "Options" whereby, subject to mutual consent, changes in ownership both ways were allowed as at July 2011. The current transaction reflects agreement of the SBA Management Shareholders to AJG exercising its July 2011 option to purchase the balance of all shares in SBA some 12 months earlier than originally contemplated.

Why AJG?

AJG is the 4th largest insurance broker in the world, listed on the NYSE with a market capitalisation of approximately US\$ 2.5 Billion, operating in over 100 countries and employing over 9,000 staff. AJG is the fastest growing insurance broking business in London with a rapidly expanding footprint both in Australia and internationally, but no current presence (apart from their SBA shareholding) either geographically in Western Australia, or in the overall Australian "Natural Resources" sector, which is SBA's speciality. As such they offer SBA the unique attributes of being an immensely strong and growing global partner with absolutely no local or operational conflicts.

Why Now?

We have gotten to know AJG particularly well over the last 2 years since they took their original equity position, and our organisations now have a common view on what is most needed in the W.A. and broader Australian corporate insurance arena.

Twenty years ago in 1990, when the West Australian population and economy were roughly half the size they are now, there were a dozen or more international insurance brokers operating successfully in the marketplace. Today some two decades later through mergers, acquisitions, and general attrition there are effectively 4. The same diminishment of international supply has broadly occurred in the specialty Natural Resources sector throughout Australia over this same period.

SBA / AJG believe that there is a unique and immediate opportunity for a serious, emerging international brand that can, in a few words, "get its act together" in a way the others perhaps have not, and we are keen to be part of that new force. It is testament to the commitment both SBA and AJG have to this shared opportunity and vision that SBA's Managing Director, Andrew Godden, has recently been appointed CEO of Gallagher Australasia, to lead the implementation of the strategy nationally.

The Future

As from today SBA is a fully owned subsidiary of AJG. That said however, we maintain our own board, our own Australian Financial Services License (with its terms and conditions unchanged), our own systems, procedures, premises, and our own bank accounts. Our key asset, the great people that have and will continue to look after you on a day to day basis all remain as SBA employees and our service arrangements with underwriters and other partners are similarly unchanged. The "Option" agreement that was triggered also required the Management Shareholders to enter into long term contracts of employment and contained clear covenants that deal with their continued proper running of the business into the foreseeable future.

Moreover, AJG are open about the fact that they made their original investment because they liked what SBA did, how we did it, and the clients we did it with. Operationally therefore, little if anything at all is expected to change.

Corporately, you should look to see the SBA Gallagher name and livery increasingly used in our communications – this consistency in branding is an essential part of our global positioning as internationally the fastest growing firm of our kind. SBA will also become more involved with the global Gallagher network on both the wholesaling and overseas servicing sides of the business, where suitable capabilities exist. To the extent however that any changes of this kind directly impact on individual customers, they will only be made with each and every client's specific agreement.

What Next?

As an SBA client, you need not do anything at all. There are no "transfer papers" to sign or other such requirements - SBA simply trades on as usual, and your affairs will continue to be handled by exactly the same people, in exactly the same way as they are currently.

As part of our normal service arrangements we will of course provide further information on matters like any formal re-branding etc. as these might occur, however there is no hurry on this either from the SBA or AJG sides. If in the interim however you have issues which you want to raise with specific reference to your own business, do not hesitate to table these and we will deal with them immediately.

In conclusion, it is important you know that the shareholders and staff of SBA view this not as the "end" of anything, but a natural progression for our firm, and as an important part of SBA / AJG's leap forward onto the Australian and International stage.

We thank you for reading this, and more importantly for being one of our greatly valued clients. We are and will always remain at your complete and total service.

Kind Regards



Bill Grierson
Executive Chairman