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## Letter From The President

Dear Investors,

Welcome to the 3rd annual publication of the Bermuda Stock Exchange Domestic Issuers "Blue Book". Herein you will find helpful and informative details regarding all of Bermuda's local companies, including financial results, earnings estimates, share price forecasts, and stock recommendations.

It is now a well-established fact that we are in the midst of the largest financial crisis in generations. This year we have witnessed the demise of iconic, independent brokerage firms Bear Stearns, Lehman Brothers, and Merrill Lynch. In the face of the credit crisis, AIG, Fannie Mae, and Freddie Mac have been absorbed by the U.S. government. Commodities prices have plummeted as the world heads into recession.

Unsurprisingly, the BSX Domestic Issuers have not been immune to the relentless worldwide selloff in equities. The RG/BSX Index has now fallen 25.9% year-to-date and 27.3% year-on-year. The uncertain economic situation here in Bermuda presents a host of challenges for our domestic companies going forward. Layoffs and cutbacks by the major Bermudian employers – especially the insurance and IT firms – will lead to higher unemployment, office vacancies, and a reduced demand for products and services. Rising mortgage delinquencies, falling rental demand, and credit contraction will result in lower real estate values and rental prices. Nonetheless, we do see value in select BSX stocks at current trading levels.

Through these turbulent times, LOM has maintained a strong capital structure – with cash and equivalents over \$6 million, net equity over \$21 million, and no exposure to mortgage-related debt. Our financial diligence has given us the ability to focus on future opportunities. We have added staff in the areas of corporate finance and investment research. We are also implementing new client accounting and order entry systems to better serve our clientele. As always, LOM is here to provide you with personalized investment advice and to competitively buy and sell your domestic and international securities. Our organization remains second-to-none in terms of service, efficiency, responsiveness, and up-to-the-minute market knowledge.

Given the near-term recessionary environment and difficult investing climate, we are pragmatic about any sudden rebound in asset prices. More than ever, we would recommend that investors deploy their wealth gradually, prudently, and with the advice of a qualified professional. Please feel free to use this publication as you wish, and should you require any further information on these BSX listed companies or any other financial instrument, contact us at (441) 292-5000 or by e-mail at [info@lom.com](mailto:info@lom.com).

Thank You and Kindest Regards,



Scott Lines  
President