



November 18, 2009

My dear Shareholders,

By now you should have seen the GHL third quarter results. You will note that the Group has had an excellent third quarter for its continuing operations, generating operating profits after tax of \$241.9 million, a substantial improvement over the operating results for the prior period.

You will also note that the Group has taken a decision to write off our investment in our UK Motor Operations, Zenith, and so insulate our core operations from any possible future Zenith losses. As you may know, Zenith is the Group's general insurance company in the UK. In spite of the significant write down, the Group has generated a positive cash flow for the nine months, inclusive of the write-off, of \$343 million.

The significant aspect of the third-quarter result is that the Group has now protected the results of our core businesses from any future losses from Zenith. This is extremely positive because the results of our core businesses have been growing and have never been stronger.

While the write-off of the Zenith operation was largely a non-cash transaction, any proceeds from its eventual sale will have a positive cash effect. We expect to complete the final disposition of Zenith by the end of this year.

The write-off of Zenith has absolutely no spill-over effects on our core businesses which operate independently from Zenith. In fact the capital and reserves of our insurance companies, Guardian Life of the Caribbean, Guardian General, Guardian Life in Jamaica, and Fatum in the Dutch Caribbean, remain significantly in excess of required minimum levels.

Our Asset Management business, Guardian Asset Management, the youngest member of the Guardian family, has very quickly gained a reputation for providing excellent returns

on the funds they manage, as well as providing high quality customer service. Like our insurance business, Guardian Asset Management is well capitalized with capital well in excess of required minimums.

Our Group's strategy centres on the commitment "to be the wealth management and protection champion of the Caribbean, while building our position in selected international markets". While the Group's expansion into the U.K. motor business did not turn out the way we had planned, it has not deterred us from our international expansion strategy. We are adept at successfully managing outside our home markets, as evidenced by our successful Lloyds business, and I firmly believe we have the management talent to succeed in other new ventures.

We are in the business of selling protection for assets and helping individuals and groups of individuals protect their life and health, while offering wealth accumulation products and services. We have re-positioned our financial investment activities towards a portfolio heavily weighted towards government securities, high quality corporate debt, and short-term deposits. We did this in order to generate a steady stream of cash investment income and eliminate some of the volatility associated with fair value movements. This strategy is paying off very well for you, our shareholders, as adjusted investment income amounted to \$674 million or 13% more on a comparable basis.

The action we have taken during the third quarter has therefore cleared the decks for us and has positioned the Group to take advantage of the many interesting opportunities presented to us.

A Group with a history that goes back to the mid 19th century, one that has changed and grown through Industrial and Digital Revolutions, can certainly flourish in this time of global financial uncertainty.

Please do not hesitate to engage any member of our executive team, if you need any further clarification or have any concerns.

A handwritten signature in black ink, appearing to read 'A. Lok Jack', with a stylized flourish at the end.

Arthur Lok Jack
Chairman