

APPENDIX 2

Meeting of the Beneficiaries of the Defunct Air Jamaica Pension Fund

Beneficiaries Update

June 18, Lé Meridien Pegasus, Jamaica

Raymond Campbell
Vice President, CIBC Jamaica

Progress Report...

- received an Interim Payment from Ministry of Finance
- held two meetings with Ministry of Finance to resolve differences
- received some information and commitments for additional information from Life of Jamaica
- have begun the payout process
- Trustees have agreed on next steps

Call Centre Established

- Toll Free Numbers
 - Jamaica 1-888-991-2929
 - USA & Canada 1-866-815-2929
 - UK 0-800-917-2929
- Email Contact
 - airjpensionsurplus@cibc.com
- Staffed from 9.00 a.m. to 5.00 p.m.
Monday thru Friday
- Start date is June 19 2001

Interim Payment

GOVERNMENT'S CALCULATION

	TOTAL	EMPLOYEE SHARE (46%)
SURPLUS AS AT MAY 15, 2001	2,112,551,127	976,373,519
LESS:		
TAXED COSTS	(86,125,357)	(39,617,664)
INCOME TAX	(234,188,964)	(234,188,964)
NET SURPLUS	<u>1,792,236,806</u>	<u>702,566,891</u>
TAXED COSTS PAYMENT		10,771,172
AMOUNT RECEIVED BY TRUSTEES		<u>\$ 713,338,063</u>

Taxed Costs

Representing the Beneficiaries

CLINTON HART - Supreme court	9,888,195
CLINTON HART - Court of Appeal	9,974,207
	<u>19,862,402</u>

Representing Air Jamaica

LIVINSTON ALEXANDER & LEVY - Supreme Court	6,590,437
LIVINSTON ALEXANDER & LEVY - Court of Appeal	8,732,115
	<u>15,322,552</u>

Representing Ian Blair

KNIGHT, PICKERSGILL & DOWDING -Supreme Court	4,835,317
KNIGHT, PICKERSGILL & DOWDING -Court of Appeal	2,322,492
	<u>7,157,809</u>

Representing Life of Jamaica

MYERS, FLETCHER & GORDON - Supreme Court	3,508,271
MYERS, FLETCHER & GORDON - Court of Appeal	1,487,974
	<u>4,996,244</u>

Representing Trustee except Ian Blair

DUNN COX ORRETT & ASHENHIEM - Supreme/Appeal Court	10,771,172
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Privy Council Taxed Costs

CLINTON HART	£ 182,986	10,979,155
PRIVY COINCIL COSTS TO BE TAXED	£ 305,580	18,334,800
		<u>29,313,955</u>

\$ 87,424,133

Financial Statements

**THE DEFUNCT AIR JAMAICA PENSION FUND
STATEMENT OF NET ASSETS AVAILABLE FOR DISTRIBUTION
PERIOD ENDED MAY 31, 2001
UNAUDITED**

ASSETS

Investments	695,335,878
Taxed Costs Receivable	30,841,556
Interest Receivable	4,685,278
	<u>730,862,712</u>

LIABILITIES

Legal	
Trustee (<i>subject to court approval</i>)	
Reserve - errors/omissions	
	61,000,000
	50,605,183
	29,456,700
	<u>141,061,883</u>

5% of \$976,373,518 plus
GCT @15% plus counsel's
fees and reimbursables

6% of \$733,408,447 plus
GCT @15%

NET ASSETS AVAILABLE FOR BENEFICIARIES	<u>\$ 589,800,829</u>
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Financial Statements

THE DEFUNCT AIR JAMAICA PENSION FUND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR DISTRIBUTION
PERIOD ENDED MAY 31, 2001
UNAUDITED

INCOME

Interest	4,685,278
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EXPENSES

Accounting	1,452,968
Legal	4,669,745
Actuarial	533,456
Secretarial	113,063
Miscellaneous	461,781
	7,231,013
	(2,545,735)

MONIES DUE FROM GOJ

Taxed Costs Receivable	30,841,556
Interim Payment Received	702,566,891
	733,408,447

6% of \$733,408,447 plus
GCT @15%

CONTINGENCIES

Error,Omissions etc	29,456,700
Trustees <i>(subject to court approval)</i>	50,605,183
Legal <i>(subject to set off and verification)</i>	61,000,000
	141,061,883

5% of \$976,373,518 plus
GCT @15% plus legal fees

NET ASSETS AVAILABLE FOR BENEFICIARIES

	\$ 589,800,829
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Financial Statements

**THE DEFUNCT AIR JAMAICA PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED MAY 31, 2001
UNAUDITED**

	Cost	Carrying Value
INVESTMENTS		
BOJ Repurchase Agreements	\$ 695,335,878	\$ 695,335,878

Rates of interest currently vary between 15.3% and 15.4%. These rates are subject to change. Tenor at date of purchase less than 90 days.

CONTINGENCY AGREEMENT AND TAXED LEGAL COSTS

The amount of J\$61,000,000.00 ("the reserved sum") has been reserved by the Trustees and represents what the Trustees have been advised by their Attorneys-at-Law should be the maximum sum payable to Clinton Hart & Co. pursuant to the beneficiaries contingency agreement. By order of the Court of Appeal this sum has been set aside by the Trustees to remain intact pending the resolution of certain issues between the present and former partners of Clinton Hart & Co.

Further, the beneficiaries legal costs have been taxed by Clinton Hart & Co. in the sum of J\$30,841,556.24 ("the taxed costs"). The Trustees are advised that to date Clinton Hart & Co. have not received these taxed costs from the Government of Jamaica. Once the taxed costs are received by Clinton Hart & Co. then the taxed costs will be a receivable to the beneficiaries from Clinton Hart & Co. and the Trustees will treat the taxed costs accordingly.

It is anticipated that once the taxed costs are paid over to Clinton Hart & Co and the Court of Appeal has made an order pertaining to the various issues between the present & former partners of Clinton Hart & Co., then the Trustees will be in a position to set off the taxed costs J\$30,841,556.24 against the amount actually payable to Clinton Hart & Co. under the contingency agreement (which is anticipated should not exceed the reserved sum).

Financial Statements

THE DEFUNCT AIR JAMAICA PENSION FUND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR DISTRIBUTION
PERIOD ENDED JULY 31, 2001

PRO-FORMA

INCOME

Interest	19,298,900
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EXPENSES

Accounting	1,452,968
Legal	4,669,745
Actuarial	533,456
Secretarial	113,063
Miscellaneous	461,781
	7,231,013
	12,067,887

MONIES DUE FROM GOJ

Taxed Costs Receivable	30,841,556
Interim Payment Received	702,566,891
	733,408,447

CONTINGENCIES

Errors, Omissions Miscellaneous Expenses	33,456,700
Trustees	50,605,183
Legal	61,000,000
	145,061,883

6% of \$733,408,447 plus
GCT @15%

5% of \$976,373,518 plus GCT @15%
plus legal fees

NET ASSETS AVAILABLE FOR BENEFICIARIES

	\$ 600,414,451
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Next Steps

- Preparation of brief to Privy Council
 - seeking clarification of rate of interest
 - clarification as to employee share of surplus
- Receipt of actuarial certificate and any funds due from Life of Jamaica
- Clarification of basis for income tax deduction of \$234,188,964

Next Steps

- Obtain individual contribution data for 1971, 1972, 1973
- Build Database of Beneficiaries
 - Presentation to follow
- Obtain Supreme Court Approval
 - payout process and arrangements
 - trustee fees
- Commence payout on Aug 8, 2001

PAY OUT PROCESS and SCHEDULE

Cynthia Mullings
Project Manager, CIBC Jamaica

Pay out Process

- Capture data from all available pension contribution records
- Cross-match data to compile a listing with the total contribution for each contributor

Pay Out Process

- Develop and distribute a registration form to obtain additional information from the contributors
- Establish a Call Centre with toll-free lines, to handle queries and feedback from contributors

Pay Out Process

- Based on the contributions, calculate the payment due to each beneficiary:

$$\frac{\text{individual employee contributions}}{\text{total employee contributions}} \times \$589,800,829$$

- Submit to PricewaterhouseCoopers for review & recommendations

How payment will be made

- A savings account will be opened in your name at the CIBC Jamaica branch selected by you on the registration form
- Letters will be sent to each beneficiary indicating the amount to which they are entitled and how to access the account

How payment will be made

For beneficiaries residing overseas

Drafts can be arranged, upon receipt of their notarized instructions.

All charges and the conversion will be for their account.

Pay Out Schedule

Initial pay out will be in weekly batches, as follows:

- August 8, 2001
- August 15, 2001
- August 22, 2001
- August 29, 2001

Pay Out Schedule

Additional pay outs will be managed by CIBC Trust & Merchant Bank who will maintain the beneficiaries database.

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