



To Participants in Bahamas Hotel & Allied Industries Pension Plan

The Board of Trustees views with deep concern reports in the media that the pensions of participants in the Pension Plan have been reduced. We want you to know that such statements are false as there has been no reduction in pension payments to any pensioner. We want to assure you that pension payments to existing and future pensioners are protected.

The worldwide economic recession which started in 2008 has had a very serious impact upon the tourism industry as evidenced by a reduction in hotel occupancies and by extension lower room rates. Given the uncertainty of the economic recovery, the Bahamas Hotel Catering and Allied Workers Union and the Bahamas Hotel Employers' Association, in an effort to protect current employment levels, amended the industrial agreement to allow a 50% reduction in the contribution rate paid by the Employers to the Pension Fund, that is, from 6% to 3%. This reduction in rate is limited to the year 2010. The condition attached to the reduction is that employers who benefit from the contribution reduction will not permanently reduce the number of employees during 2010.

To give effect to this amendment, the Pension Fund's advisors, including its actuary, were consulted and then the approval of the Board of Trustees was obtained. The change in the contribution rate does not prevent the Pension Fund from fulfilling its responsibility to participants.

For the record, in the early 1990's, in the midst of a similar recession, it was necessary to reduce contributions to an even greater extent than is being done this year in order to protect jobs. In spite of what was done at that time, the Pension Fund grew and continues to grow. The Pension Fund is well funded with contributions and returns on the Fund's investments. There are presently some 2,600 former employees of the participating hotels and restaurants in New Providence, Grand Bahama and Eleuthera currently receiving a monthly pension.

The Fund can withstand a temporary reduction in the contribution rate so that employees can retain their jobs, allowing the number of participants in the Fund to remain unchanged, guaranteeing that each employee will continue to accumulate additional credits toward their eventual pension benefit.

No pensioner, active employee or former employee of hotels or restaurants should be misled into thinking that their right to a pension benefit is or will be in any way affected by this temporary reduction in the contribution rate. In light of the present economic environment, the Trustees considered this approach a wise course of action.

Signed

Hugh G Sands, CMG
Chairman