

ANNUAL FUNDING NOTICE

For the Bahamas Hotel and Allied Industries Pension Fund

Introduction

This notice includes important funding information about your pension plan (“the Plan”). This notice covers information about the plan year beginning 1 January 2008 and ending 31 December 2008 (the “Plan Year”).

Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Pension Fund’s assets by its liabilities on the valuation date for the Plan year. In general, the higher the percentage, the better funded the Plan. The Pension Fund’s funded percentage for the Plan Year and two preceding plan years is set forth in the chart below, along with a statement of the value of the Pension Fund’s assets and liabilities for the same period.

	2008 Plan Year	2007 Plan Year	2006 Plan Year
Valuation Date	31 December 2008	31 December 2007	31 December 2006
Funded percentage	93.2%	90.6%	83.5%
Value of Assets	\$123,582,900	\$116,388,700	\$107,593,900
Value of Liabilities	\$132,592,700	\$128,455,500	\$128,856,700

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a pension fund’s funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, the Trustees use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of December 31, 2008, the fair market value of the Pension Fund’s assets was \$126,177,500. As of December 31, 2007, the fair market value of the Pension Fund’s assets was \$126,869,600. As of December 31, 2006, the fair market value of the Pension Fund’s assets was \$114,173,500.

Participant Information

The total number of participants in the plan as of 31 December 2008 was 15,066. Of this number, 9,666 were active participants, 2,105 were retired or separated from service and receiving benefits, and 3,295 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

Trustees of defined benefit pension plans adopt a funding policy to carry out the plan objectives. The funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of this Pension Fund requires contributions to be made by employers pursuant to collective bargaining agreements with the Union that represent the Plan's participants.

Once money is contributed to the Pension Fund, it is invested by the Fund's professionals, called fiduciaries. These fiduciaries make specific investments in accordance with the Pension Fund's investment policy. The Pension Fund's investment policy is a written statement that provides the fiduciaries who are responsible for the Pension Fund's investments with guidelines (or general instructions) concerning various types or categories of investment management decisions.

In order to provide an appropriate level of diversification for the Pension Fund's assets, professional investment managers can invest in cash, equity and fixed income securities. Here are the Pension Fund's current investment targets for the overall allocation of the Pension Fund's assets:

Asset Allocation	Lower Limit	Target	Upper Limit
Equity	20%	25%	30%
Domestic Fixed Income	25%	30%	35%
Cash	5%	10%	15%

In accordance with the Pension Fund's investment policy, its assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Bahamian Interest Bearing Securities	40.09%
2. Foreign Interest Bearing Securities	2.03%
3. Bahamian Equities	25.90%
4. Bahamian Preferred Shares	22.24%
5. United States Equities	5.88%
6. Bahamian Mutual Funds	2.42%
7. United States Mutual Funds	1.44%

Where to Get More Information

For more information about this notice, you may contact the following individual:

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