



Jamaica's New Economic Programme and Exchange Offer

February 12, 2013

Strictly Private and Confidential

Disclaimer



The information contained herein has been prepared by Jamaica solely for use at presentations held in connection with the proposed exchange offer. The information herein is only a summary and does not purport to be complete. This presentation is strictly confidential and may not be disclosed to any other person. This presentation may not be photocopied, reproduced, or distributed in whole or in part to others at any time.

This material has been prepared solely for informational purposes and should not be construed as a solicitation or an offer to buy or sell any securities and should not be relied upon as advice to potential investors. No representation or warranty, either express or implied, is made concerning, and no reliance should be placed on, the accuracy, fairness, reliability or completeness of the information presented herein. This material should not be regarded by recipients as a substitute for the exercise of their own judgment. The notes will be offered only in jurisdictions where, and to the extent, permitted by law.

This presentation contains statements that are forward-looking. These forward looking statements are found in various places throughout this presentation and include, without limitation, statements concerning Jamaica's development and economic performance. Such forward-looking statements are based on current expectations and projections about future events and trends that may affect Jamaica and are not guarantees of future performance. Investors are cautioned that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors. These and various other factors may adversely affect the estimates and assumptions on which these forward-looking statements are based, many of which are beyond our control.

The notes have not been and will not be registered under the US Securities Act of 1933, as amended or any U.S. state securities laws. The notes will only be offered to Jamaican residents and only offered in Jamaica.

This presentation should not be construed as legal, tax, investment or other advice. You should consult your own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent that you deem necessary, and you must make your own investment, hedging or trading decision regarding the transaction based upon your own judgment and advice from such advisers, as you deem necessary, and not upon any views expressed herein.

This material does not constitute, in whole or in part, an offer, and you must read the information memorandum related to the transaction before making an investment decision, which contains a description of the material terms related to the transaction and will contain detailed information about the transaction. You should consult the information memorandum for more complete information about the transaction and base your investment decision exclusively on the information contained in the information memorandum. Neither this presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever.

Speakers



Government of Jamaica

- **Hon. Portia Simpson-Miller**
 - Prime Minister
- **Peter Phillips**
 - Minister of Finance and Planning
- **Brian Wynter**
 - Governor – Bank of Jamaica
- **Devon Rowe**
 - Financial Secretary – Ministry of Finance and Planning
- **Pamella McLaren**
 - Senior Director Debt Management Branch – Ministry of Finance and Planning

IMF

- **Jan Kees Martijn**
 - Jamaica Mission Chief

Agenda



- Current State of Affairs
- Economic Programme
- Monetary Policy & Financial System
- Exchange Offer: Transaction Details
- Impact of Jamaica's New Programme

Current State of Affairs





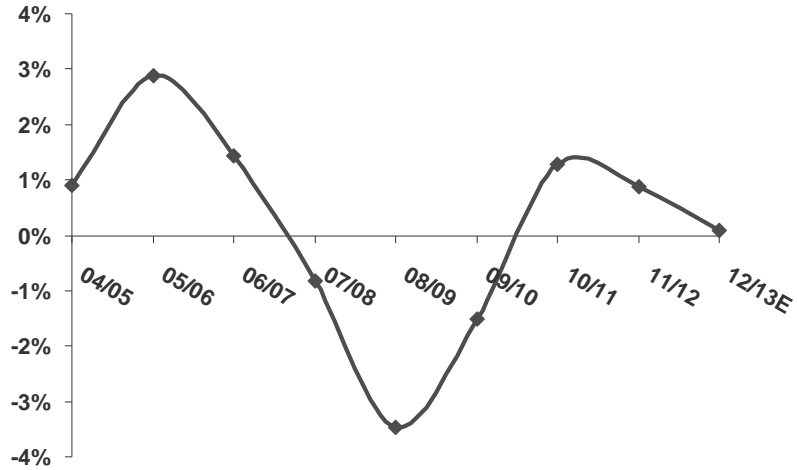
Current State of Affairs

- High Debt/GDP ratio
- Interest cost crowding out public investment and services
- High dependence on market debt rather than subsidized bilateral / multilateral debt
- Fiscal challenges
- Economic growth subdued and bottlenecks preventing realization of full potential

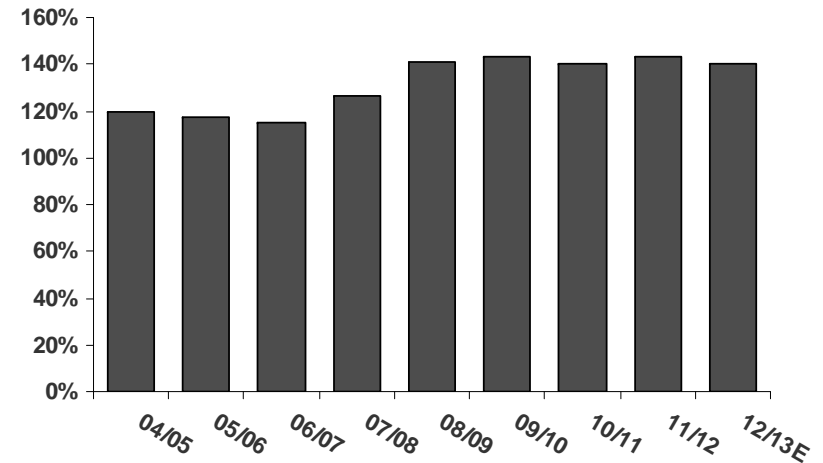
Economic Overview



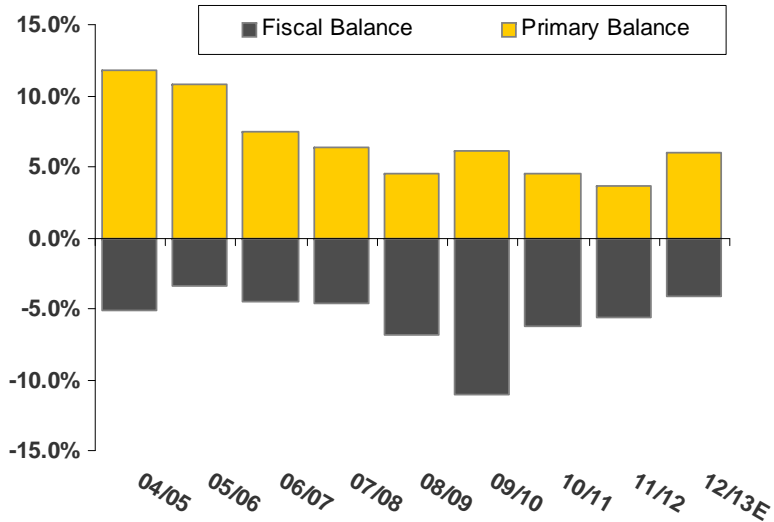
Real GDP Growth



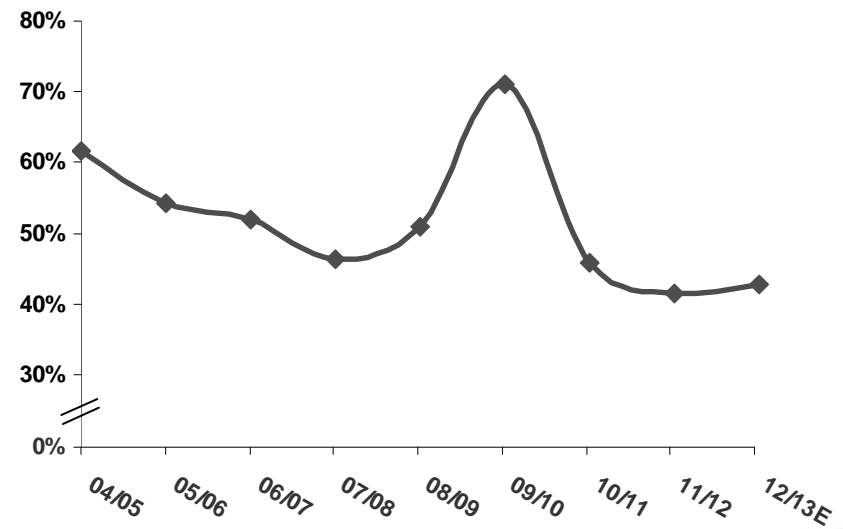
Debt / GDP



Fiscal & Primary Balances



Interest as % of Tax Revenues





IMF Programme

- Why are we doing an IMF Programme?
 - Provides internationally recognized seal of approval for our economic plan
 - Allows for low cost multilateral funding and balance of payments support
- What are our Prior Actions?
 - ✓ Debt Law
 - Debt Swap
 - Wage Deal
 - Discretionary Waivers

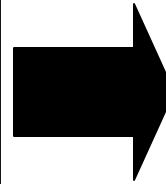
Economic Programme





Objectives

- Raise real GDP growth rate
- Reduce public debt ratio
- Fiscal discipline and accountability
- Maintain Financial Stability



Pillars

- Growth, competitive and ease of doing business initiatives
- Active debt management
- Low cost multilateral and bilateral funding
- Fiscal consolidation strategy and structural/governance reform



Fiscal Reform

- Reduction of the overall public sector deficit
 - Immediate revenue enhancement measures
 - Medium term ~7.5% primary surplus
- Revenues
 - Comprehensive Tax Reform
 - Virtual elimination of waivers
 - Simplification and broadening of the tax base
 - Tax Administration Reform
 - Continued Divestments
- Expenditures
 - Interest cost reduction
 - Wages and Salaries, public sector wage gap (9% of GDP by 2015/2016)
 - Pension Reform



Structural Reform

- **Efficient management and compliance with our programme**
 - Strengthen Fiscal Responsibility Framework
 - Implement Public Sector Transformation
- **Tax Administration Reform**
 - Increase resources
 - Improve system and process
 - Increase autonomy and powers
- **Continue rollout of Central Treasury Management System (CTMS)**
- **Privatization of select public sector bodies**

Frontloaded Legislative Agenda & Structural Benchmarks



- **2013 Fiscal Matters**

- Legislation to establish TAJ as a Semi-Autonomous Revenue Authority
- Legislation to introduce a debt write-off policy for tax arrears, inclusive of IPS
- Revenue Administration Act (RAA)
- Omnibus Tax Incentive Act
- Charities Bill
- New regime under Charities Act
- Legally Binding Fiscal Rule

- **2013 Financial Matters**

- Secured Obligations Bill
- Legislation providing a framework for a modern insolvency regime
- Framework (remove legal restrictions) for collective investment schemes (CIS)
- Legal and institutional reforms regarding unlawful financial operations
- Legislation to reform the bankruptcy law

Economic Programme Compliance Enhancement



- Enhanced target setting with the IMF
- Establish a compliance office
- Economic Programme Oversight Committee including:
 - Major creditors
 - Private sector
 - Trade unions

Growth Agenda



- Fiscal consolidation with floors on capital spending and social protection
- Public debt reduction will stop crowding out and increase availability of private sector credit
- Facilitation of high impact investment in key sectors:
 - Tourism
 - Infrastructure, Transport & Logistics
 - Information and Communications Technology (ICT)
 - Energy
- Ease of Doing Business Initiative
 - Business Environment Enhancement
 - Simplified business processes including: streamlined process for business registration, dedicated commercial court for the expedited resolution of commercial disputes; reform of the insolvency regime
 - Enhance access to credit, secured obligations framework
- Public Private Partnership (PPP) - targeted investment initiative and partnerships with the private sector

Monetary Policy & Financial System



Monetary Policy & Financial System



- Reduce Inflation to trading partner levels
- Maintain flexible Exchange Rate
 - The BOJ will continue to manage the monetary policy within the framework of a managed floating exchange rate regime
- Increase Reserves
- Strengthen Financial System
 - Increase BOJ regulatory powers and responsibility for financial stability
 - Financial System Support Fund (FSSF)

National Debt Exchange Offer (“NDX”)



Debt Exchange Rationale and Design



Rationale:

- Lower financing costs & risk as part of economic programme and associated national burden sharing
- Include substantially all domestic bonds

Design:

- ~1.25% annual GDP savings on interest expense, allowing for equivalent annual debt reduction as % of GDP (\$17 billion/yr)
- Minimize impact on bondholders and maintain financial stability
- Smooth income hit over time and over instruments
- Offer special instruments including:
 - 1 year Retail Note
 - New 2040 CPI Note for Pensions



Exchange Offer Options

- \$100 of Old Benchmark Notes → \$100 of New Benchmark Notes
 - **Old VR → New VR**
 - eg. Old VR 2018 exchanged for New VR 2023
 - **Old FR → New FR**
 - eg. Old 12.75% 2019 FR exchanged for New 11.00% 2024 FR
 - **Old US\$ → New US\$**
 - eg. Old 7.25% 2016 US\$ exchanged for New 5.25% 2020 US\$
 - **Old CPI → New CPI**
 - eg. Old 2022 CPI exchanged for New 2025 CPI

“Eligible Investors” – Jamaican residents in possession of Old Notes issued prior to the launch of this offering



New Benchmark Bonds Pricing Terms

J\$ Local Variable Rate Old Notes

Current Margin	Old Bond	New Bond	New Maturity Date	New Margin	Step-up Date	Step-up Margin	Eligible for FRAN Option?
1.000%	VR 2013	VR 2018	07/11/18	0.25%	--	--	Yes
1.000%	VR 2013A	VR 2018	07/11/18	0.25%	--	--	Yes
1.375%	VR 2013B	VR 2018	07/11/18	0.25%	--	--	Yes
1.375%	VR 2014	VR 2019	09/11/19	0.25%	--	--	Yes
1.250%	VR 2015	VR 2020	10/07/20	0.25%	--	--	Yes
1.375%	VR 2017	VR 2020	10/07/20	0.25%	--	--	Yes
1.375%	VR 2018	VR 2023	01/13/23	0.375%	--	--	Yes
1.500%	VR 2020	VR 2025	03/12/25	0.375%	3/12/24	1.125%	Yes
1.375%	VR 2020A	VR 2025	03/12/25	0.375%	3/12/24	1.125%	Yes
1.375%	VR 2022	VR 2025	03/12/25	0.375%	3/12/24	1.125%	Yes
1.500%	VR 2027	VR 2035	06/13/35	0.50%	3/13/24	1.250%	Yes
1.500%	VR 2032	VR 2035	06/13/35	0.50%	3/13/24	1.250%	Yes

J\$ Local Fixed Rate Old Notes

Current Coupon	Old Bond	New Bond	New Maturity Date	New Bond Coupon	Step-up Date	Step-up Coupon	Eligible for FRAN Option?
12.250%	FR 2013	FR 2016	02/10/16	7.250%	--	--	Yes
12.500%	FR 2014 – 12.5%	FR 2017	05/10/17	7.500%	--	--	Yes
12.000%	FR 2014 – 12.0%	FR 2017	05/10/17	7.500%	--	--	Yes
10.000%	FR 2015 – 10.0%	FR 2018	02/24/18	7.750%	--	--	Yes
12.625%	FR 2016	FR 2019	07/12/19	8.500%	--	--	Yes
12.750%	FR 2019	FR 2024	10/09/24	11.000%	--	--	Yes
12.875%	FR 2024	FR 2030	12/11/30	11.875%	--	--	Yes
13.250%	FR 2040	FR 2050	12/14/50	12.250%	--	--	Yes
12.250%	FR 2046	FR 2046	04/27/46	11.250%	--	--	Yes

USD Local Old Notes

Current Coupon	Old Bond	New Bond	New Maturity Date	New Bond Coupon
6.750%	USD 2013	USD 2020A	03/11/20	5.25%
7.250%	USD 2016	USD 2020B	05/11/20	5.25%

CPI Old Notes

Current Coupon	Old Bond	New Bond	New Maturity Date	New Bond Coupon
3.0% step to 4%	CPI 2022	CPI 2025	02/24/25	2.0% step to 3.0%
3.5% step to 4.25%	CPI 2030	CPI 2033	02/22/33	2.5% step to 3.25%

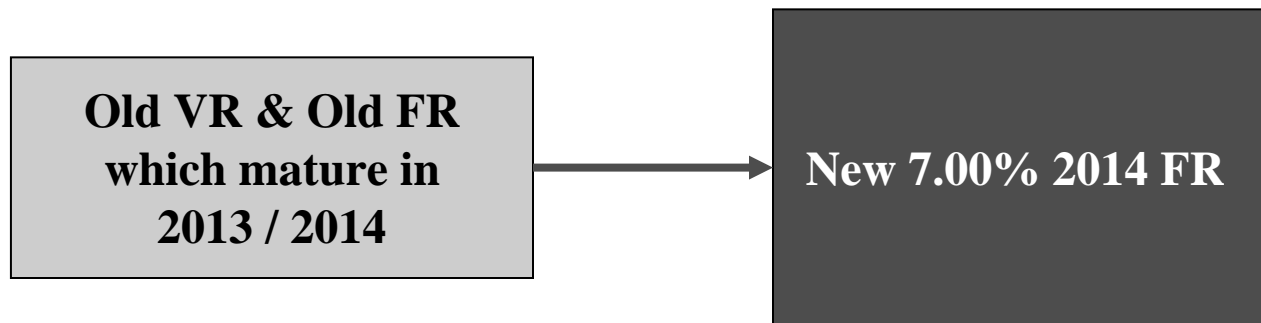
Call Options:

- VR's callable 3-5 years prior to maturity (in most cases)
- FRs non-call life
- USD callable
- CPI non-call life

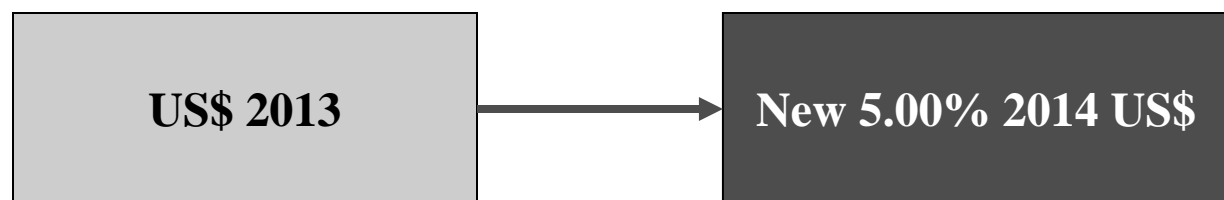


Retail Offer

- Holders of \$25mm or less or US\$200k of Old VR, FR and US\$ Notes maturing in 2013 & 2014 may opt for New Retail Notes which will mature in 2014
- **Old VR 2013 & 2014 and FR 2013 & 2014 → New 7.00% 2014 FR**



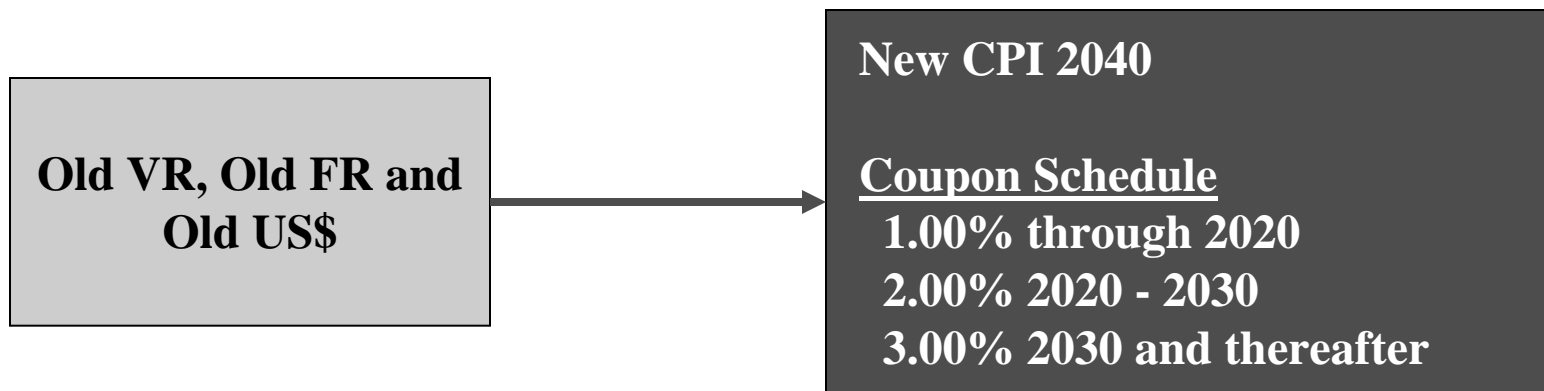
- **Old US\$ 2013 → New 5.00% 2014 US\$**



CPI Notes



- Specifically designed to accommodate pension and other similar long dated/asset-liability focused accounts while offering the GoJ upfront cash flow
- **New CPI 2040**



* All Eligible holders may opt for the New CPI 2040



FRAN Notes “Fixed Rate Accreting Note”

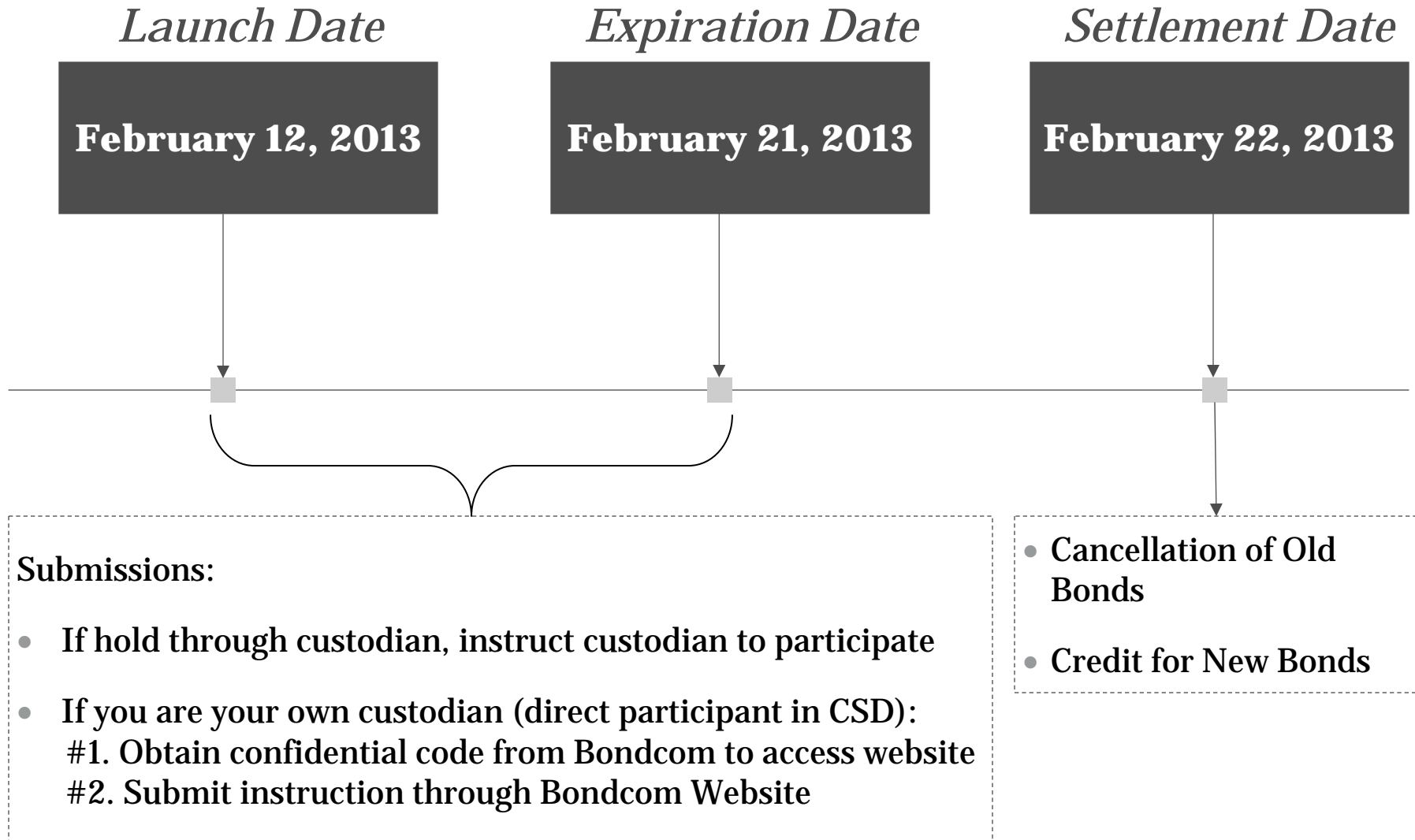
- Old VR & Old FR, \$100 → \$80 **New FRAN, 15 year 10.00%** accreting Notes



* Eligible: Holders of Old VR and Old FR Notes

- Designed for certain state-owned focusing on full principal recovery, and less concerned with accounting and yield today
- The principal accretes at the following:
- Starting in August 2015, the principal will accrete:
 - 0.50% per 6 months until 2021
 - thereafter, 1.00% per 6 Months until 2027
 - thereafter, 1.50% accretion per 6 Months until Maturity

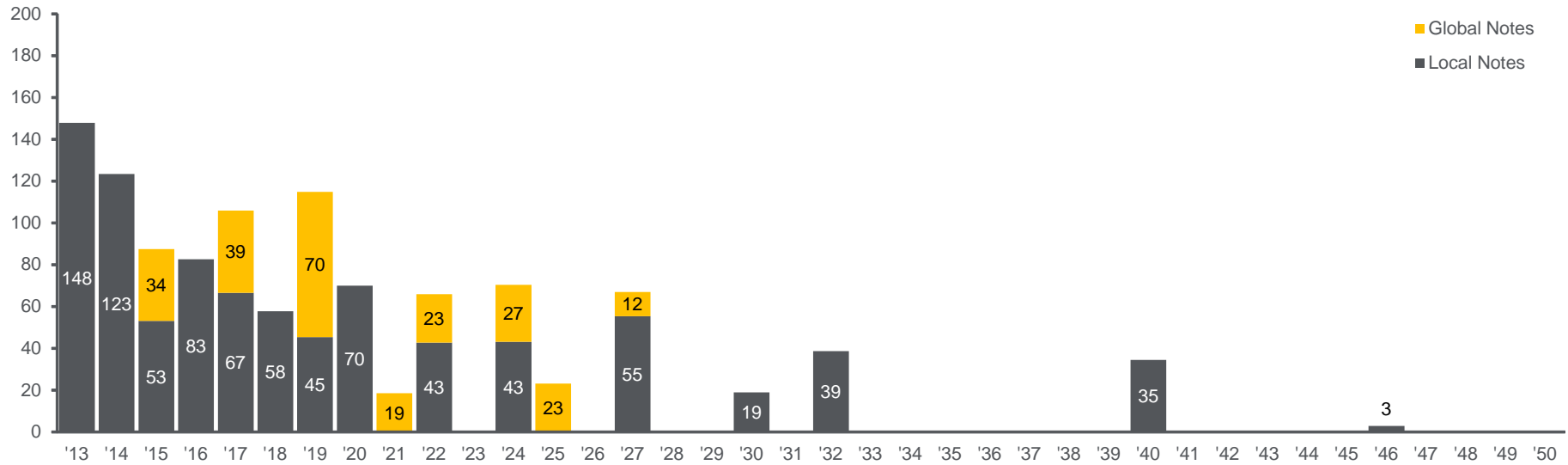
Transaction Processing Timeline



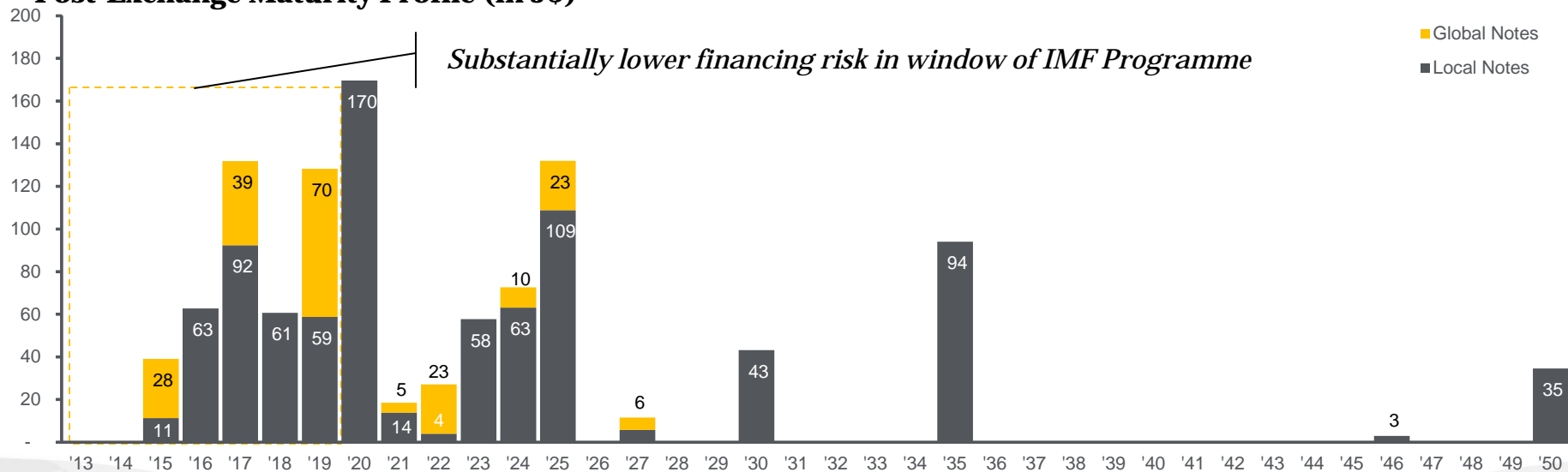


Impact of Transaction

Pre-Exchange Maturity Profile (in JS)



Post-Exchange Maturity Profile (in JS)



Why NDX?



- We must do this for debt sustainability
- We must do this as prior action with the IMF

Appendix



FRAN Notes Accretion Schedule



Date	Nominal Outstanding	Interest Paid	Principal Paid
Issuance	\$80.00	--	--
8/15/2013	\$80.00	4.000%	--
2/15/2014	\$80.00	4.000%	--
8/15/2014	\$80.00	4.000%	--
2/15/2015	\$80.00	4.000%	--
8/15/2015	\$80.00	4.000%	--
2/15/2016	\$80.50	4.000%	--
8/15/2016	\$81.00	4.025%	--
2/15/2017	\$81.50	4.050%	--
8/15/2017	\$82.00	4.075%	--
2/15/2018	\$82.50	4.100%	--
8/15/2018	\$83.00	4.125%	--
2/15/2019	\$83.50	4.150%	--
8/15/2019	\$84.00	4.175%	--
2/15/2020	\$84.50	4.200%	--
8/15/2020	\$85.00	4.225%	--

Date	Nominal Outstanding	Interest Paid	Principal Paid
2/15/2021	\$86.00	4.250%	--
8/15/2021	\$87.00	4.300%	--
2/15/2022	\$88.00	4.350%	--
8/15/2022	\$89.00	4.400%	--
2/15/2023	\$90.00	4.450%	--
8/15/2023	\$91.00	4.500%	--
2/15/2024	\$92.00	4.550%	--
8/15/2024	\$93.00	4.600%	--
2/15/2025	\$94.00	4.650%	--
8/15/2025	\$95.00	4.700%	--
2/15/2026	\$96.00	4.750%	--
8/15/2026	\$97.00	4.800%	--
2/15/2027	\$98.50	4.850%	--
8/15/2027	\$100.00	4.925%	--
2/15/2028	\$100.00	5.000%	--
8/15/2028	\$100.00	5.000%	100

