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OVERVIEW

The Government has announced its Debt Exchange Programme (JDX) seeking to exchange approximately \$700 billion local fixed rate, variable rate and USD denominated bonds with new bonds with extended maturities and reduced interest rates. The programme opened on Thursday, January 14, 2010 and closes at 10 a.m. on Tuesday, January 26, 2010.

The measure comes as the Government seeks to finalize negotiations on a long awaited stand-by arrangement with the IMF. The transaction will entail all outstanding debt being exchanged par-for-par for newly created instruments and will see the total number of outstanding instruments fall significantly to twenty four (24). If executed successfully, the debt exchange will result in a 610 basis point reduction in the average coupon on outstanding instruments, and will translate to an overall interest expense saving of roughly \$42.8 billion.

The Government has clearly outlined that the success of the exchange is a condition stipulated by the IMF in providing the country with some US\$1.2 Billion in support, along with the support from the other multi-laterals amounting to another US\$1.2 Billion. Failure to garner the requisite support from the investing public would have far reaching implications for the government and the wider economy. Such a scenario would greatly jeopardize the successful completion of this crucial lending arrangement with the IMF. There also exists the potential that the government may call any outstanding bonds.

For full details of the program announced, please see the link below to the following websites:

Ministry of Finance and the Public Service	www.mof.gov.jm
Bank of Jamaica	www.boj.org.jm
Planning Institute of Jamaica	www.pioj.gov.jm
Statistical Institute of Jamaica	www.statinja.com

And also the Jamaica Information Service:

http://www.jis.gov.jm/officePM/html/20100114T000000-0500_22495_JIS_PM_LAUNCHES_CRUCIAL_BOND_OFFER_AT_BOJ_TODAY.asp

ALLOCATION PROCEDURE

Under the Jamaica Debt Exchange, the new instruments will be subject to the following allocation rules:

- All exchanges will be from shorter dated bonds to longer dated bonds.
- All fixed rate securities may only be exchange for new fixed rate bonds.
- US dollar denominated bonds may only be exchanged for new US dollar bonds.
- Existing variable rate bonds may be exchanged for new variable rate, fixed rate or CPI- indexed bonds.

DEBT EXCHANGE MATRIX

Old FR Notes Maturing:	Option of New FR Notes
Feb 17, 2010- Dec 31, 2010	Short FR Package 3Y Fixed 4Y Fixed 6Y Fixed 9Y Fixed
Jan 1, 2011- Jun 30, 2011	3Y Fixed 4Y Fixed 6Y Fixed 9Y Fixed
Jul 1, 2011- Dec 31, 2012	4Y Fixed 6Y Fixed 9Y Fixed
Jan 1, 2013- Dec 31, 2014	6Y Fixed 9Y Fixed
Jan 1, 2015- Dec 31, 2017	9Y Fixed
Jan 1, 2018- Dec 31, 2024	14Y Fixed
After: Dec 31, 2024	14Y Fixed 30Y Fixed
Short FR Package	3M,6M,1Y,2Y,3Y - 20% each

Old VR Notes Maturing	Option of New FR Notes
Feb 17, 2010- Dec 31, 2010	Short FR Package 3Y Fixed 4Y Fixed 6Y Fixed 9Y Fixed 14Y Fixed
Jan 1, 2011- Jun 30, 2011	3Y Fixed 4Y Fixed 6Y Fixed 9Y Fixed 14Y Fixed
Jul 1, 2011- Dec 31, 2012	4Y Fixed 6Y Fixed 9Y Fixed 14Y Fixed
Jan 1, 2013- Dec 31, 2014	6Y Fixed 9Y Fixed 14Y Fixed
Jan 1, 2015- Dec 31, 2017	9Y Fixed 14Y Fixed
After: Dec/2017	14Y Fixed
Short FR Package	3M,6M,1Y,2Y,3Y - 20% each

Old VR Notes Maturing	Option of New VR Notes
Feb 17, 2010- Dec 31, 2010	Medium VR Package 5Y VR 7Y VR 8Y VR 10Y VR 17Y VR 22Y VR
Jan 1, 2011- Dec 31, 2011	5Y VR 7Y VR 8Y VR 10Y VR 17Y VR 22Y VR
Jan 1, 2012- Dec 31, 2013	7Y VR 8Y VR 10Y VR 17Y VR 22Y VR
Jan 1, 2014- Dec 31, 2015	8Y VR 10Y VR 17Y VR 22Y VR
Jan 1, 2016- Dec 31, 2017	10Y VR 17Y VR 22Y VR
Jan 1, 2018- Dec 31, 2021	17Y VR 22Y VR
Jan 1, 2022- Dec 31, 2032	22Y VR
Medium VR Package	1.5Y(30%),2.5Y(40%),3.5Y(30%)

Old VR Notes Maturing	Option of New CPI Notes
Feb 17, 2010- Dec 31, 2020	CPI 12Y CPI 20Y
Jan 1, 2021 and After	CPI 20Y

RETAIL OFFER

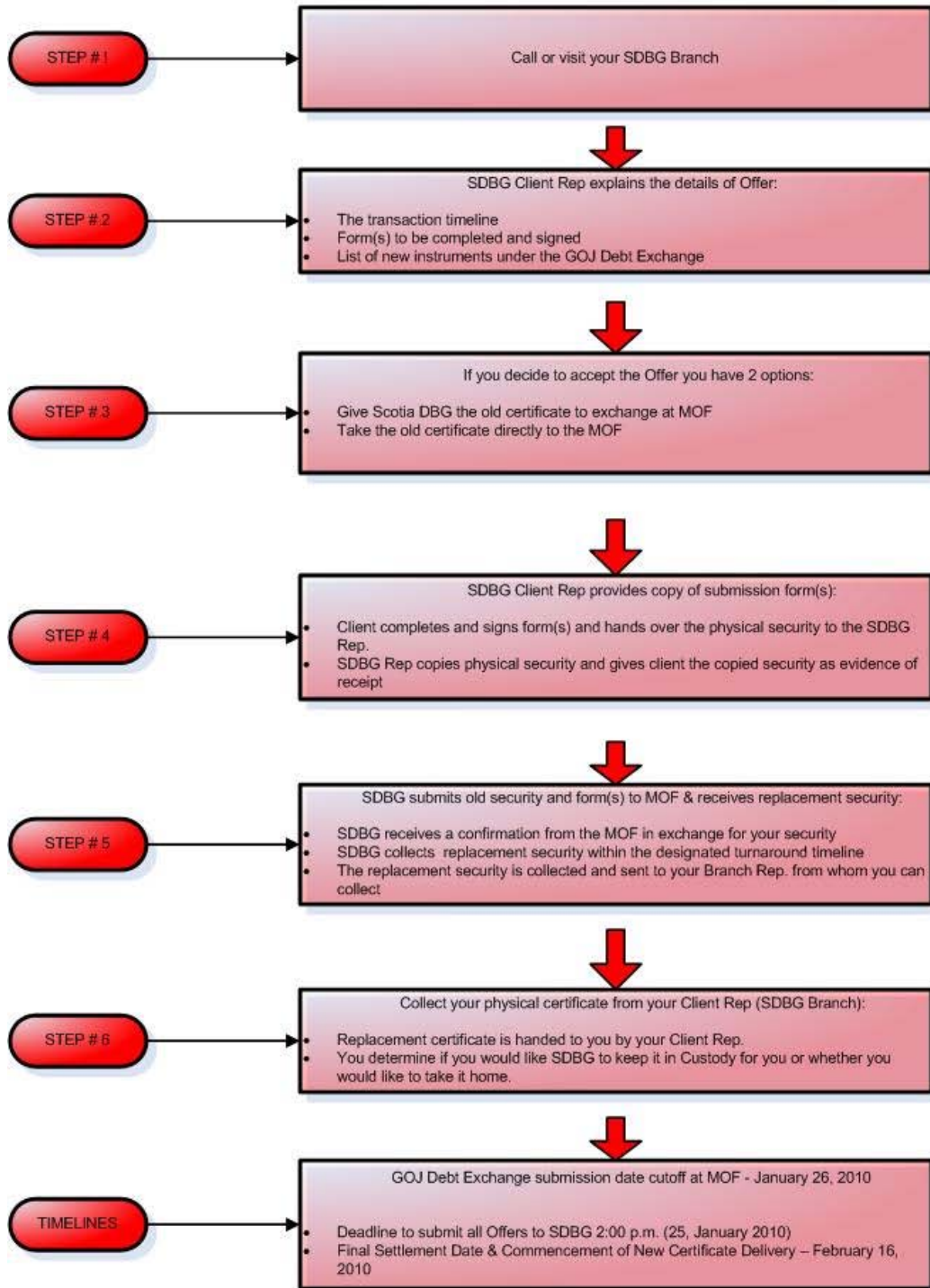
Those Eligible Investors who are small holders of any number of Old Note certificates with an individual principal value of J\$5 million or less, and an aggregate principal value of J\$25 million or less, have an additional option to participate in the JDX by making a **“Retail Offer”**.

This option provides the Eligible Investor an alternative mechanism by which he may choose a single specified New Note for each Old Note he holds, and such offer (if accepted) will not be subject to the Reallocation Rules.

REQUIRED DECISION

All current debt holders are required to make a decision regarding acceptance of the exchange. The government has stated that target participation in the exchange is between 90% and 100%; including 100% for bonds maturing within two years and 100% for fixed rate bonds.

GOJ DEBT EXCHANGE TRANSACTION – SDBG PROCESSES & TIMELINES



SUBMISSION POINTS

- The Ministry of Finance
- The Bank of Jamaica
- Scotia DBG Branches

Scotia DBG Investments will facilitate transactions up to 2 p.m. on Monday, January 25, 2010. Please speak with your Investment Advisor for further information.