

ICHEIC
CONSOLIDATED
2003/2004 REVISED BUDGET WITH COMPARISON TO 2003/2004 ORIGINAL LIFETIME BUDGET
in thousands (000's)

	Original Lifetime Budget			Revised Lifetime Budget			Increase (Decrease)	Percent Variance
	2003	2004	Total	2003	2004	Total		
Personnel Costs	\$ 1,409	\$ 1,323	\$ 2,732	\$ 1,728	\$ 1,739	\$ 3,467	\$ 735	26.9%
Office Rent Expense	339	374	713	341	369	711	(2)	-0.3%
Office Administrative Expense	468	311	779	519	304	823	44	5.7%
Organizational Outreach	500	-	500	500	-	500	-	-
Claims Processing	2,231	477	2,708	2,258	463	2,721	12	0.5%
Appeals Processing	1,166	2,499	3,665	3	14	17	(3,648)	-
Arbitrator	506	1,130	1,635	381	1,159	1,540	(95)	-5.8%
Call-Center	780	420	1,200	780	420	1,200	-	-
Legal and Other Professional Fees	-	-	-	-	-	-	-	-
Legal	522	195	717	447	195	642	(75)	-10.4%
Accounting and Business Mgmt.	904	869	1,774	820	777	1,597	(176)	-9.9%
Commission Officers	734	771	1,505	844	891	1,735	230	15.3%
Other	154	23	177	302	23	325	148	83.7%
Peer Review	1,210	-	1,210	1,210	-	1,210	-	-
Travel	464	236	700	493	302	795	95	13.6%
German Lists	300	-	300	1,000	-	1,000	- (a)	0.0%
Meeting Expense	102	102	204	108	108	216	12	5.9%
Directors Insurance	192	244	436	192	244	436	-	-
Foreign Exchange Results	60	66	126	60	66	126	-	-
Website	68	48	116	44	24	68	(48)	-41.4%
Total	\$ 12,109	\$ 9,088	\$ 21,197	\$ 12,030	\$ 7,099	\$ 19,129	\$ (2,768)	-13.1%
Generali Trust Fund	\$ 1,300	\$ 1,287	\$ 2,587	\$ 1,300	\$ 1,287	\$ 2,587	\$ - (b)	-

NOTES:

- (a) Of the \$1.5 million commitment, \$150,000 has been paid to date and \$350,000 has been requested in December, totaling \$500,000. Assuming \$350,000 of additional funds are advanced in 2002, the remaining commitment of \$1 million will be paid in 2003. This amount is not reflected as a budget increase (decrease) as it is only a timing difference between 2002 and 2003.
- (b) ICHEIC's obligations to fund operations of the Generali Trust Fund have not changed. In addition to the funding in 2003 and 2004 noted above, the budget includes a commitment of \$288,000 in 2005, for a three year total of \$2,875,000.

See individual departmental revised vs. lifetime budget comparisons for detail fluctuation explanations.

**ICHEIC
OUTREACH
2003/2004 REVISED BUDGET WITH COMPARISON TO 2003/2004 ORIGINAL LIFETIME BUDGET
in thousands (000's)**

	Original Lifetime Budget			Revised Lifetime Budget			Increase (Decrease)	Percent Variance
	2003	2004	Total	2003	2004	Total		
Personnel Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Office Rent Expense	-	-	-	-	-	-	-	-
Office Administrative Expense	-	-	-	-	-	-	-	-
Organizational Outreach	500	-	500	500	-	500	-	-
Claims Processing	-	-	-	-	-	-	-	-
Appeals Processing	-	-	-	-	-	-	-	-
Arbitrator	-	-	-	-	-	-	-	-
Call-Center	-	-	-	-	-	-	-	-
Legal and Other Professional Fees	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-
Accounting and Business Management	-	-	-	-	-	-	-	-
Commission Officers	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Peer Review	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
German Lists	-	-	-	-	-	-	-	-
Meeting Expense	-	-	-	-	-	-	-	-
Directors Insurance	-	-	-	-	-	-	-	-
Foreign Exchange Results	-	-	-	-	-	-	-	-
Website	-	-	-	-	-	-	-	-
Total	\$ 500	\$ -	\$ 500	\$ 500	\$ -	\$ 500	\$ -	0.0%

NOTES:

- (a) The budget for Outreach is associated with the publication of the German Jewish insurance holder list, which was published on the ICHEIC website at the end of April 2003. The Outreach program development should be complete by June 30, 2003.

**ICHEIC
CLAIMS
2003/2004 REVISED BUDGET WITH COMPARISON TO 2003/2004 ORIGINAL LIFETIME BUDGET
in thousands (000's)**

	Original Lifetime Budget			Revised Lifetime Budget			Increase (Decrease)	Percent Variance
	2003	2004	Total	2003	2004	Total		
Personnel Costs	\$ 344	\$ 207	\$ 551	\$ 344	\$ 207	\$ 551	\$ -	-
Office Rent Expense	-	-	-	-	-	-	-	-
Office Administrative Expense	272	118	390	272	118	390	-	-
Organizational Outreach	-	-	-	-	-	-	-	-
Claims Processing	2,182	401	2,583	2,183	402	2,585	2	-
Appeals Processing	-	-	-	-	-	-	-	-
Arbitrator	-	-	-	-	-	-	-	-
Call-Center	780	420	1,200	780	420	1,200	-	(b)
Legal and Other Professional Fees								
Legal	15	-	15	15	-	15	-	-
Accounting and Business Management	-	-	-	-	-	-	-	-
Commission Officers	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Peer Review	-	-	-	-	-	-	-	-
Travel	12	11	23	28	11	38	15	(c) 65.5%
German Lists	-	-	-	-	-	-	-	-
Meeting Expense	-	-	-	-	-	-	-	-
Directors Insurance	-	-	-	-	-	-	-	-
Foreign Exchange Results	-	-	-	-	-	-	-	-
Website	68	48	116	44	24	68	(48)	(d) -41.4%
Total	<u>\$ 3,673</u>	<u>\$ 1,204</u>	<u>\$ 4,877</u>	<u>\$ 3,666</u>	<u>\$ 1,181</u>	<u>\$ 4,846</u>	<u>\$ (31)</u>	<u>-0.6%</u>

NOTES:

- (a)** The number of claims and/or inquiries budgeted to be received over the lifetime of ICHEIC totals 100,000; 90,000 of which have been received to date. The claims processing is outsourced to CLMS, a British consulting firm. Pricing for budgeting purposes is based on the processing cost of an average claim based on historic activity. Should the claims processed in the future be substantially different in character than previous claims/inquiries, the costs may differ from budgeted costs per claim. The budget assumes an RPI increase of 2% in February 2003 and a further 3% RPI increase in February 2004.
The budget assumes that all claims are processed and offers/denials made by June 2004. Any delays after June 2004 would have a potentially significant impact on the budget.
- (b)** ICHEIC staff is currently evaluating the call center operation and is considering changes that, while not compromising claimant service, may reduce cost.
- (c)** The budget increase is attributable to travel and lodging for approximately five staff/volunteers to spend one week in January 2003 in London to review previously determined offers and denials based on the latest agreed ICHEIC valuation guidelines and minimum payments.
- (d)** ICHEIC changed website providers in January 2003, reducing web hosting expenses by \$2,000 per month. The budget for 2003 also includes \$20,000 for adding the newly published German Jewish Policyholder list to the website in April 2003.

**ICHEIC
APPEALS
2003/2004 REVISED BUDGET WITH COMPARISON TO 2003/2004 ORIGINAL LIFETIME BUDGET
in thousands (000's)**

	Original Lifetime Budget			Revised Lifetime Budget			Increase (Decrease)	Percent Variance
	2003	2004	Total	2003	2004	Total		
Personnel Costs	\$ 267	\$ 280	\$ 546	\$ 422	\$ 526	\$ 948	\$ 402 (b)	73.5%
Office Rent Expense	-	-	-	-	-	-	-	-
Office Administrative Expense	41	58	99	102	72	174	75 (c)	75.9%
Organizational Outreach	-	-	-	-	-	-	-	-
Claims Processing	50	76	126	75	61	136	10	8.2%
Appeals Processing	1,166	2,499	3,665	3	14	17	(3,648) (d)	-99.5%
Arbitrator	506	1,130	1,635	381	1,159	1,540	(95) (e)	-5.8%
Call-Center	-	-	-	-	-	-	-	-
Legal and Other Professional Fees								
Legal	50	-	50	32	-	32	(18)	-36.0%
Accounting and Business Management	-	-	-	-	-	-	-	-
Commission Officers	-	-	-	-	-	-	-	-
Other	-	-	-	140	-	140	140 (f)	-
Peer Review	-	-	-	-	-	-	-	-
Travel	111	50	161	100	60	160	(1)	-0.6%
German Lists	-	-	-	-	-	-	-	-
Meeting Expense	-	-	-	-	-	-	-	-
Directors Insurance	-	-	-	-	-	-	-	-
Foreign Exchange Results	-	-	-	-	-	-	-	-
Total	\$ 2,189	\$ 4,093	\$ 6,282	\$ 1,255	\$ 1,892	\$ 3,147	\$ (3,135)	-49.9%

NOTES:

- (a) This revised budget reflects processing all appeals in-house, with expanded ICHEIC London staff, as opposed to hiring a third-party vendor to process appeals, as was contemplated in the Lifetime Budget. The revised budget assumes that the appeals process will conclude by December 2004. Should the process extend beyond the end of 2004, additional costs will be incurred. The budget assumes 1,750 appeals will be filed through the ICHEIC and German Foundation Appeals process, which is unchanged from the assumption made for the Original Lifetime Budget.
- (b) The Revised Budget reflects additions to the ICHEIC London staff, including an appeals project manager, an additional legal advisor, and up to four or five case analysts and six administrative personnel at its peak.
- (c) The budget includes added administrative costs necessary to support up to 12 additional staff members, including new computers and furniture, an upgrade of the telephone system, increased monthly communications and office supply costs, etc.
- (d) The original Lifetime Budget included the cost of outsourced appeals processing. These costs are being replaced by additional staff and nominal additional overhead costs. The only costs remaining in this category are the costs to scan the appeals files
- (e) The arbiters for the ICHEIC appeals process have agreed to a sliding scale of payment, based on the complexity of the case, from \$400 for basic cases to \$1,200 for the most complex. The three judges/arbiters for the German Foundation process are paid a fixed fee per year. If additional arbiters are required for the German Foundation appeals process, they will be compensated on an hourly basis.
- (f) The London office has hired an interim project manager for a period of approximately 90 days to set up the appeals office at a budgeted cost of approximately \$80,000. The budget also includes approximately \$60,000 in placement fees.

**ICHEIC
RESEARCH
2003/2004 REVISED BUDGET WITH COMPARISON TO 2003/2004 ORIGINAL LIFETIME BUDGET
in thousands (000's)**

	Original Lifetime Budget				Revised Lifetime Budget				Increase (Decrease)	Percent Variance
	2002	2003	2004	Total	2002	2003	2004	Total		
Personnel Costs	-	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-
Office Rent Expense	-	-	-	-	-	-	-	-	-	-
Office Administrative Expense	-	-	-	-	-	-	-	-	-	-
Organizational Outreach	-	-	-	-	-	-	-	-	-	-
Claims Processing	-	-	-	-	-	-	-	-	-	-
Appeals Processing	-	-	-	-	-	-	-	-	-	-
Arbitrator	-	-	-	-	-	-	-	-	-	-
Call-Center	-	-	-	-	-	-	-	-	-	-
Legal and Other Professional Fees	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-
Accounting and Business Management	-	-	-	-	-	-	-	-	-	-
Commission Officers	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Peer Review	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
German Lists	1,200	300	-	1,500	500	1,000	-	1,500	- (a)	0.0%
Meeting Expense	-	-	-	-	-	-	-	-	-	-
Directors Insurance	-	-	-	-	-	-	-	-	-	-
Foreign Exchange Results	-	-	-	-	-	-	-	-	-	-
Website	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 1,200</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 500</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>0.0%</u>

NOTES:

- (a) Of the \$1.5 million commitment, about \$500,000 was paid by December 2002. The remaining commitment of \$1 million, to the extent it's needed, will be paid in 2003. This amount is not reflected as a budget increase (decrease) as it is only a timing difference between 2002 and 2003.

**ICHEIC
AUDIT
2003/2004 REVISED BUDGET WITH COMPARISON TO 2003/2004 ORIGINAL LIFETIME BUDGET
in thousands (000's)**

	Original Lifetime Budget			Revised Lifetime Budget			Increase (Decrease)	Percent Variance
	2003	2004	Total	2003	2004	Total		
Personnel Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Office Rent Expense	-	-	-	-	-	-	-	-
Office Administrative Expense	-	-	-	-	-	-	-	-
Organizational Outreach	-	-	-	-	-	-	-	-
Claims Processing	-	-	-	-	-	-	-	-
Appeals Processing	-	-	-	-	-	-	-	-
Arbitrator	-	-	-	-	-	-	-	-
Call-Center	-	-	-	-	-	-	-	-
Legal and Other Professional Fees								
Legal	-	-	-	-	-	-	-	-
Accounting and Business Management	-	-	-	-	-	-	-	-
Commission Officers	-	-	-	-	-	-	-	-
Other	154	23	177	162	23	185	8	4.5%
Peer Review	1,210	-	1,210	1,210	-	1,210	-	-
Travel	181	-	181	154	-	154	(27) (b)	-14.7%
German Lists	-	-	-	-	-	-	-	-
Meeting Expense	-	-	-	-	-	-	-	-
Directors Insurance	-	-	-	-	-	-	-	-
Foreign Exchange Results	-	-	-	-	-	-	-	-
Website	-	-	-	-	-	-	-	-
Total	\$ 1,545	\$ 23	\$ 1,567	\$ 1,526	\$ 23	\$ 1,549	\$ (19)	-1.2%

NOTES:

- (a) The audit budget includes the cost of two appointed ICHEIC observers that will be members of the audit teams for the 10 audits to be performed on non-MOU German insurance companies by the BAFin. However the relevant ICHEIC constituents have agreed to a single observer at substantially less cost than reflected in the budget. The budget may be adjusted substantially downward after the appointed observer completes one to two audits and the ICHEIC can evaluate the single observer's effectiveness. The budget also includes the cost of outsourced professional services for the oversight of the audits of the MOU insurance companies.
- (b) Reduction in the travel budget is due to the anticipated reduction of the number of Audit Mandate Support Group meetings relating to second stage peer review audits from two meetings to one.

**ICHEIC
COMMISSION
2003/2004 REVISED BUDGET WITH COMPARISON TO 2003/2004 ORIGINAL LIFETIME BUDGET
in thousands (000's)**

	Original Lifetime Budget			Revised Lifetime Budget			Increase (Decrease)	Percent Variance
	2003	2004	Total	2003	2004	Total		
Personnel Costs	\$ 311	\$ 328	\$ 639	\$ 404	\$ 424	\$ 828	\$ 190 (b)	29.7%
Office Rent Expense	-	-	-	-	-	-	-	-
Office Administrative Expense	-	-	-	-	-	-	-	-
Organizational Outreach	-	-	-	-	-	-	-	-
Claims Processing	-	-	-	-	-	-	-	-
Appeals Processing	-	-	-	-	-	-	-	-
Arbitrator	-	-	-	-	-	-	-	-
Call-Center	-	-	-	-	-	-	-	-
Legal and Other Professional Fees								
Legal	442	180	622	385	180	565	(57) (c)	-9.1%
Accounting and Business Management	-	0	0	-	0	0	-	-
Commission Officers	734	771	1,505	844	891	1,735	230 (d)	15.3%
Other	-	0	0	-	0	0	-	-
Peer Review	-	-	-	-	-	-	-	-
Travel	137	154	291	173	192	366	75 (e)	25.6%
German Lists	-	-	-	-	-	-	-	-
Meeting Expense	102	102	204	108	108	216	12 (f)	5.9%
Directors Insurance	192	244	436	192	244	436	-	-
Foreign Exchange Results	-	-	-	-	-	-	-	-
Website	-	-	-	-	-	-	-	-
Total	\$ 1,918	\$ 1,780	\$ 3,697	\$ 2,107	\$ 2,040	\$ 4,147	\$ 449	12.2%

NOTES:

- (a) Commission expenses include the costs of the Chairman, Vice Chairman, COO and outside general counsel through December 2004, a provision for ICHEIC, FAAC, EOC and Investment Committee meetings and Directors' and Officers' insurance.
- (b) Increase in budgeted Personnel Costs is attributable to moving a staff person's budgeted salary, taxes and benefits from the G&A budget to the Commission budget. Offsetting this increase may be an anticipated reduction of approximately \$100,000 per annum for the cost of London Commission officers due to staffing changes, which has not yet been reflected in the budget.
- (c) Budgeted legal fees decreased in 2003 from approximately \$36,000 to \$30,000 per month, partially offset by an additional estimate of \$25,000 in the first quarter of 2003 for fees associated with the Generali suit discovery request.
- (d) The increase in the revised budget represents an estimate of potential additional fees associated with work done by outsourced professionals in excess of that which was anticipated in the lifetime budget.
- (e) The revised budget was increased to allow for four quarterly Investment Committee Meetings at a cost of \$5,000 each for 2003 and \$5,500 each for 2004. To date, actual travel related costs for investment committee meetings is substantially less. Also, travel expenses for commission members were increased by \$16,500 in 2003 and \$16,000 in 2004.
- (f) The budget was increased to allow for additional unscheduled meetings.

ICHEIC
GENERAL AND ADMINISTRATIVE
2003/2004 REVISED BUDGET WITH COMPARISON TO 2003/2004 ORIGINAL LIFETIME BUDGET
in thousands (000's)

	Original Lifetime Budget			Revised Lifetime Budget			Increase (Decrease)	Percent Variance
	2003	2004	Total	2003	2004	Total		
Personnel Costs	\$ 488	\$ 509	\$ 996	\$ 557	\$ 582	\$ 1,140	\$ 143 (b)	14.4%
Office Rent Expense	339	374	713	341	369	711	(2)	-0.3%
Office Administrative Expense	155	136	290	145	115	260	(31) (c)	-10.5%
Organizational Outreach	-	-	-	-	-	-	-	-
Claims Processing	-	-	-	-	-	-	-	-
Appeals Processing	-	-	-	-	-	-	-	-
Arbitrator	-	-	-	-	-	-	-	-
Call-Center	-	-	-	-	-	-	-	-
Legal and Other Professional Fees								
Legal	15	15	30	15	15	30	-	-
Accounting and Business Management	904	869	1,774	820	777	1,597	(176) (d)	-9.9%
Commission Officers	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Peer Review	-	-	-	-	-	-	-	-
Travel	23	20	44	38	38	77	33 (e)	75.3%
German Lists	-	-	-	-	-	-	-	-
Meeting Expense	-	-	-	-	-	-	-	-
Directors Insurance	-	-	-	-	-	-	-	-
Foreign Exchange Results	60	66	126	60	66	126	- (f)	-
Total	<u>\$ 1,984</u>	<u>\$ 1,989</u>	<u>\$ 3,973</u>	<u>\$ 1,977</u>	<u>\$ 1,964</u>	<u>\$ 3,940</u>	<u>\$ (33)</u>	<u>-0.8%</u>

NOTES:

- (a) The General and Administrative budget includes nine full time administrative employees through 2004; six in DC and three in the London office. There are personnel changes that are currently taking place in both offices that will reduce the total number of administrative staff to a total of seven; three in London and four in DC. These changes, which will produce cost reductions, have not yet been reflected in the budget. The G&A budget also includes rent expense for two locations; London and Washington DC, accounting and business management services and the annual audit and tax preparation fees.
- (b) The increase in personnel costs between the Original and Revised Lifetime Budgets was caused by the transfer of a full time accountant from Triton Services to ICHEIC, and the addition of an archivist, offset by the transfer of one staff to the Commission budget. Also, health insurance for 2003 increased by approximately 25%; a 10% annual increase was estimated in the lifetime budget.
- (c) The lifetime budget was reduced by approximately \$31,000 due to refinement of various office expenses.
- (d) The decrease in the budget is primarily due to transferring the full time accountant to ICHEIC's payroll. Further changes are being investigated that could reduce these fees by as much as \$2-300,000 for 2003-2004, including eliminating the outsourced Chief of Staff position in the London Office.
- (e) The increase in travel is a result of budgeting travel for London office visits during 2003 and 2004.
- (f) Actual realized foreign exchange currency gains to date total \$22.2 million; \$13.8 million in the German Foundation Humanitarian Fund (total Euro converted to US dollar was € million) and \$. million in the German Foundation Claims and Expenses Fund (total Euro converted to US dollar was € million).