

Chronology of BTL from 2002 to 2009

Date	Event
2002	<p>Belize Telecommunications Limited (“BTL”), the owner of a telecommunications monopoly in Belize (15 year license, issued in 1987). BTL Articles included a provision for a “Special Share”, providing the Government of Belize (“GOB”) with two Board Directors and an enhanced ability to exercise control over this monopoly business.</p> <p>By 2002, 52% of BTL was owned by Carlisle Holdings Limited (“CHL”), 32% owned by GOB and the government controlled body, the Belize Social Security Board (“SSB”), the remaining 16% is owned by the minorities.</p>
2002	<p>The owners of a new telecommunications company, Intelco, who had been assured of a license by GOB at end of the BTL monopoly license quietly attempted to sell Intelco to Lord Ashcroft, on the pretext of creating a de-facto monopoly. Lord Ashcroft rejected this attempt.</p>
Dec 2002	<p>End of BTL’s monopoly license.</p> <p>Creation of the Public Utilities Commission (“PUC”) to regulate the telecommunications industry and other utilities.</p>
2003	<p>Intelco, strongly supported by Government, attempts to secure unfair interconnection rates from BTL. BTL counters with its own “fair” interconnection rates. Intelco had by this time also rejected any sharing of BTL / Intelco facilities (e.g. fibers, towers) to reduce costs.</p>
Aug 2003	<p>PUC issues a third full (Individual) telecommunications license to Speednet Communications Limited (“Speednet”).</p>
Dec 2003	<p>The Government informed CHL that GOB wished to buy all of the BTL shares owned by CHL, and together with the GOB owned BTL shares, sell the combined shareholding of 84% to an American, Jeffrey Prosser (Prosser owned a telecommunications business in US Virgin Islands).</p> <p>CHL, recognizing the difficult position it would face if BTL did not agree to uncompetitive interconnection rates with Intelco, said that the purchase of the shares would be an acceptable alternative, subject to terms.</p>
Feb 2004	<p>Speednet and BTL agree fair interconnection rates and facilities rental (legal obligation). Contracts signed and approved by the PUC.</p>
31 Mar 04	<p>GOB buys the 52% CHL shares. CHL considered that the market price of its shares in an open sale would be well in excess of the current BTL book value, but nevertheless accepted 52% of BTL Book Value as the agreed price in order to accept closure. CHL, having investigated Prosser, had significant doubts that Prosser had the available funds to conclude the purchase, and included in the GOB/CHL purchase agreement a buy-back provision so that if the sale of the 84% to Prosser fell through, CHL would buy back its shares from GOB.</p>
April 2004	<p>Prosser borrows funds from the Royal Bank of Trinidad and Tobago to purchase GOB/SSB’s 32% shareholding, and to make payment to GOB. Prosser provides GOB with a promissory note to cover CHL’s 52%. The sale by GOB to Prosser also included the “special share”, that was now considered unnecessary given the existence of the PUC to fairly regulate and enforce the law equally across all operators.</p> <p>GOB had also agreed with Prosser certain purchase conditions, including a minimum guaranteed rate of return of 15%, and a limitation in the number of Individual or primary licenses that were to be issued.</p>

May 2004	PUC issued a tariff decision that set out the domestic interconnection rates that would apply between BTL and Intelco. BTL/Prosser and Intelco were however unable to agree terms, did not connect, and Intelco subsequently went into receivership later in 2004.
Oct 2004	BTL, under Prosser, reviewed all commercial arrangements between BTL and Speednet, imposed the changes required by BTL, including rate amendments to the interconnection and facilities contracts. The PUC were involved throughout and approved arrangements.
Feb 2005	Prosser failed to honor the share purchase promissory note, and GOB takes back the 52% of the BTL shares from Prosser (the original CHL shares) and in so doing took over control of BTL. Prosser was subsequently declared bankrupt.
April 2005	The BTL Employees implemented a complete 10 day national telecommunications strike (preventing all internal and external connections), in order to force GOB to sell the 52% shareholding to them for \$1. The employees subsequently sought to obtain funding to buy the shares at a more reasonable price, but were unable to do so.
Mid 2005	GOB approached Lord Ashcroft and asked him to buy back the 52% BTL shareholding. Lord Ashcroft said that he did not want to re-invest in BTL, but he would set up trusts to buy the shares, one for the beneficial interest of the BTL Employees, and another to benefit people of Belizean origin and worthy causes across the Caribbean region more generally. Lord Ashcroft stated however that certain matters needed to be addressed in the telecommunications sector in Belize which would eliminate the unfairness and instability of the past. The Government agreed, and offered to base the agreement between BTL and GOB on the terms that had previously been offered to Prosser.
End of Aug 2005	A consortium of shareholders (including those companies holding shares for the BTL Employees Trust and the Hayward Charitable Belize Trust) representing the majority shareholding in BTL, appoint a new BTL Board. An immediate review of the accounts identifies close to \$30m having been erroneously removed from BTL over the preceding 18 months, and all major project works delayed or halted.
Sept 2005	The "Accommodation Agreement" was signed by GOB and BTL. It included the purchase by BTL of certain land and buildings from GOB, an agreed limit to the number of full licenses, an agreed minimum rate of return, the reduction in business tax rate to 25% of Income, and a number of other conditions to support the telecommunications development. In addition, BTL made a commitment to develop rural services, provide free internet for schools, and ensure price reductions, whilst reflecting a market with low per capita income and low population density.
Oct 2005	The Government asked that 10% of the 52% BTL shareholding be made available to the general public, and for the Belize Bank to underwrite the offer. The offer price for the 10% shareholding was set at a discount to the original value. At the conclusion of an extended offer period, only a small fraction amounting to less than 1% of the shares were sold. The Belize Bank was obliged to subscribe for the rest of the shares. The BTL Employees Trust, having arranged BZ\$40m debt financing (of which GOB/SSB provided BZ\$20m) to purchase 20% of the outstanding BTL shares. Both the shares and debt were held by a 100% owned company, Sunshine Holdings Limited. Interconnection rates between Speednet and BTL were revised again, with introduction of peak and off peak rates to facilitate customer tariff reductions. The PUC was involved as required in this annual rate review.
Period to Mar 2007	Financial stability of BTL restored, major capital projects resumed, operational efficiencies implemented, range of substantial price reductions implemented, and commenced deployment of free internet for schools.
May 2007	Rebranding of "Belize Telecommunications Limited" to "Belize Telemedia Limited"; but still "BTL".
July 2007	BTL purchased the original GOB/SSB 32% of BTL shares from RBTT (Prosser defaulted on the RBTT debt), and BTL then distributed

	those shares pro-rata to all existing shareholders, including the two Trusts.
Late 2007	<p>Offer for BTL received from a major international telecommunications operator (excess of US\$300m).</p> <p>The resultant benefits in outline would be:</p> <p>Trusts: Settlement of outstanding debts, and make immediately available funds for distribution to Belizean beneficiaries (>BZ\$400m).</p> <p>Employees: Increase competitiveness / scale, improve training and standards, and provide increased security.</p> <p>Government: Transfer tax on sale of BTL shares; increased business tax as company growth accelerated; improved industry stability.</p> <p>Belizeans: Presence of large international operator which would accelerate deployment of new products, and economies of scale would reduce prices.</p> <p>The sale of BTL would be subject to discussion with the new government administration (imminent general election).</p>
Feb 2008	UDP wins national election, with Dean Barrow as Prime Minister. BTL request meeting with GOB to discuss way forward, and provided full details of the Accommodation Agreement, plus subsequent amendments.
Through 08	PM Barrow refuses to accept the validity of the Accommodation Agreement, or to appoint Government team to sit down and negotiate GOB required changes. GOB attitude of refusing to accept the Accommodation Agreement or to compromise, prevents further progress on the sale of BTL.
Feb 2009	BTL invoked the arbitration clause in the Accommodation Agreement and sort the arbitration of the dispute at the London Court of International Arbitration ("LCIA"). BTL was subsequently awarded damages by the LCIA of BZ\$38m for repeated GOB breaches of the Accommodation Agreement from February 2008, including the non-payment of scheduled debt repayments owed by GOB to BTL. The LCIA confirmed in full the legitimacy and validity of the Accommodation Agreement.
Period to Mar 2009	BTL Business Tax charges for the financial year increased by 50% over previous year (now set at 24.5% of gross telecoms revenues). Tax rates were in breach of the Accommodation Agreement, but BTL brought payments fully up to date to avoid additional penalties.
Through 2009	<p>BTL continued to pay tax, under protest, pending sitting of Income and Business Tax Appeals Board. No additional legal actions taken by either side. BTL continued to deploy new services, reduce tariffs, expand free internet. Installation of a new GSM network and new rural wireless network.</p> <p>No complaints of any description have been received by BTL from the PUC for the prior 4 years.</p>
23 Aug 2009	BTL hears rumours that GOB is about to nationalize BTL, with the Accommodation Agreement being used as an excuse for the nationalization. BTL repudiates the Accommodation Agreement on August 24, 2009; prior to the first reading of the Bill which would provide the mechanism for the nationalization of BTL.
24/25 Aug 2009	GOB nationalizes BTL, with three readings of the Bill in one day. PM Barrow states that it is in the public interest, but provides no evidence of such, instead relying on emotional sentiment and using anti-Lord Ashcroft rhetoric. Opposition Party and Chamber of Commerce make strong statements against GOB move, the complete lack of consultation, and the adverse affect on Belize.
Oct 2009	BTL Employees Trust takes action against GOB (constitutional challenge to legislation and statutory instrument nationalizing BTL), and in parallel records its claim for value of former BTL shareholding by GOB's October deadline. The Hayward Charitable Belize Trust records its claim against GOB for value of former BTL shareholding by GOB's October deadline, and makes claim under the Treaty between the UK and Belize for the promotion and protection of investments.

Oct 2009	<p>The new BTL Board, including Barrow family members, UDP supporters, and a PUC Commissioner, together with PM Barrow, make unfounded and misleading statements about BTL to try and justify the nationalization. They also threaten action against Speednet, stating that the Interconnection and Facilities agreements, in place for 5 years, and which had been reviewed and updated over that 5 year period including by the Prosser and GOB controlled BTL, under the auspices of the PUC, were invalid and justified the nationalization of BTL. Speednet then publicly accuses the PM of making anti-Speednet statements to try and move public opinion to support BTL and himself.</p>
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