



COMMUNICATION

by

RT. HON. HUBERT A. INGRAHAM

On the Sale of 51% of Bahamas Telecommunications Company
to Cable & Wireless Communications, Plc. (CWC)



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Bahamas Telecommunications Company
To Cable & Wireless Communications, Plc. (CWC)**

Mr. Speaker,

At the conclusion of my communication I will table the following documents related to the privatisation of The Bahamas Telecommunications Company (BTC) and the sale of 51% of the shares in BTC to Cable and Wireless Communications, Plc (CWC):

Core Transaction Documents:

1. Share Purchase Agreement
2. Shareholders' Agreement
3. Sector Policy and Amendments

Secondary Level Documents:

4. Know-How/Trade Mark Licence Agreement
5. Support Services Agreement
6. Cable & Wireless Agreement
7. Disclosure Letter
8. Memorandum & Articles
9. Memorandum of Understanding dated 2nd December, 2010.

Introduction of New Bills

At the appropriate time in the Agenda, I will introduce for first reading the following three Bills:

10. Communication (Amendment) Bill
11. Privatisation of The Bahamas Telecommunications Company Limited Bill
12. Utilities Regulation and Competition Authority (Amendment) Bill

In tabling these documents, I present to Honourable Members the facts and circumstances surrounding the history and rationalisation for privatising BTC and the terms upon which the same is being done.

THE HISTORY OF PRIVATISATION

1992 – 2002

Decision to Privatize BTC Declared in 1997

Mr. Speaker,

In 1997, during my Government's second consecutive term in office and just prior to the general election of that year, I made a public declaration of my Government's intent to privatise the then Bahamas Telecommunications Corporation. I chose such an occasion to ensure that the People of The Bahamas could take full account of our intention when they went to the polls.

After winning the 1997 general election, we set about to privatise Batelco, as it was then known, in accordance with our publicly stated intent.

Privatization and Movement Toward Telecommunications Sector Liberalization

Our desire to privatise BTC was a precursor to our broader desire to liberalize fully the telecommunications sector of The Bahamas just as we did to the media sector of our country. We began to pursue that broader objective in 1992 when we came to office and met Batelco controlling every facet of the telecommunications sector. No one but Batelco could even provide telephone equipment to the public. We all had to rent Batelco telephones.

Batelco was the Regulator and provider. We knew that this element of monopoly was not good for consumers or the entrepreneurs of The Bahamas; we eliminated it.

We had promised in our Manifesto '92 to "facilitate private vendors to sell such equipment as single line telephone sets, small key systems, telex machines, cordless telephones, answering machines and private branch changes". And we delivered on our promise. Today, Bahamians have the choice to purchase their telephone equipment from scores of Bahamian-owned businesses.

We made it possible for Bahamians to offer for sale rather than purchase from Batelco, paging service, internet service, mobile and trunking service.

Privatization Procedures:

- Appointment of Privatization Committee
- First Sale Offer of 49%
- New Telecommunications Act

In 1998, we appointed a Privatisation Committee. The Committee was assisted in its work by Deutsche Bank, Ernst and Young and Hogan and Hartson of Washington, DC.

The Committee commenced its function by seeking to ready BTC for privatisation, inclusive of ensuring the financial picture of the company was in order by accounting accurately for its assets and liabilities. In tandem with this, work was done to develop a Telecommunications Sector Policy that would shape the environment for a liberalized telecommunications sector in which a privatised BTC would operate.

The Committee offered for sale 49% of the shares of BTC to a strategic partner with management control. The aim was to put BTC in the best position to thrive in a fully liberalized telecommunications sector.

We subsequently put in place a new Telecommunications Act to give effect to a privatised BTC, established the Public Utilities Commission (PUC) and took steps to vest the assets of Batelco in a new company, the Bahamas Telecommunications Company. We drafted and left behind the Vesting Order of Properties to be included in the sale and we took out of BTC's landholdings the following properties:

1. Batelco's offices and property on East Street
2. The former Butler and Sands Building on JFK for use as a Customs Warehouse
3. 5.87 acres of land near Bahamas Baptist Community College; 4.31 acres of land near Woodlawn Gardens Cemetery; 7.16 acres of land in Gleniston Gardens; 6.9 acres of land in Delaporte; Lot No. 5 Block No.3, Gleniston Gardens Sub; and 1.711 acres in Oakes Field New Providence
4. 1.619 acres of land in Great Harbour Cay, The Berries
5. 5.93 acres of land in Marsh Harbour, Abaco
6. A 5000 sq piece of property in Coopers' Town, Abaco
7. a 15,000 sq ft piece of land in Fresh Creek and properties in Long Bay Cays, Mars Bay, Staniard Creek and Behring Point, Andros;
8. Parcels of land in New Bight, Cat Island; Matthew Town, Inagua, Rock Sound, Eleuthera, George Town and Farmer's Hill, Exuma and Alice Town, Bimini

“Our attempt to privatise BTC did not succeed, largely because it was not possible to obtain financial statements of the Corporation that were unqualified...”

9. the Batelco Administration Building in Freeport and other lands in Pinder's Point and in Freeport, Grand Bahama. And, we left drafted land access regulations to permit BTC access to land to install, repair and maintain telecoms installations, all actions necessary for the privatisation of BTC. **Lack of Success of Initial Sale Offer**

Mr. Speaker,

Our attempt to privatise BTC did not succeed, largely because it was not possible to obtain financial statements of the Corporation that were unqualified, that is, professional accountants could not render an opinion on its accounts, particularly its "Fixed Asset", "capital work in progress" and "accrued liabilities". These are all required to permit potential buyers the ability to properly value and trust the valuation of the company.

My party was not returned to office in the general election of 2002 and the process of privatisation would be left to others.

2002 – 2007

**New Government Administration Continues BTC Sale Process—
No Deal Concluded**

Mr. Speaker,

Our predecessors in office sought to continue the privatisation of BTC, beginning with the Vesting Orders tabled in Parliament in July 2002. They launched a sale of 49% of BTC by public announcement in October of 2002. In February they appointed what was styled a "Tenders Commission", with technical support to the Commission provided by Deutsche Bank and Denton Wilde Sapte of UK and Hogan and Hartson's Law Firm of Washington, DC, the same advisors to my Government during the first attempt at privatizing BTC.

In March, 2003 our predecessors announced that three bidders were short-listed, namely BahamaTel, TWTB and Blue Detecon. Eventually BahamaTel was announced as the preferred bidder but negotiations with that group were unsuccessful.

Following upon a number of internal reorganizing of the process to pursue privatisation, a new Steering Committee began negotiations with a company by the name of Bluewater in March of 2005. The company submitted its first offer of between \$200 million and \$225 million for a 49% stake in BTC with full management control in May 2005.

I shall have more to say about Bluewater and the proposal eventually agreed by the former administration at another time and on another day but suffice it to say that three days prior to the 2007 elections, the Cabinet purported to agree to sell BTC to Bluewater.

2007 to Present

**Change in Government Administration:
Commitment to Complete BTC Sale Process**

Following the 2007 general election, it would fall once again to my administration to continue what we began ten years before. In our 2007 manifesto, we said "We will complete the privatisation of BTC".

In March, 2008, my Government appointed a working Privatisation Committee headed by Mr. T. Baswell Donaldson, a former head of the Central Bank, distinguished businessman and former Bahamas Ambassador to Washington. The Committee Members also included Mr. Julian Francis another former Central Bank Governor and well regarded senior banker and businessman in the private sector, Mr. David Davis, Permanent Secretary in the Office of the Prime Minister, Mr. Simon Wilson, Director of Economics in the Ministry of Finance, Mr. Tellis Symonette, Sr. VP Family Islands & Administration at BTC, Mr. Michael Moss, Chairman of the Broadcasting Corporation of The Bahamas and of the Bahamas Electricity Corporation, Ms. Felicity Johnson, Vice-President/Legal Counsel of BTC and Mr. Felix Stubbs of IBM.

This committee appointed professional advisors: the accounting and Auditing firm KPMG, Citibank NA, and the legal firm of Charles Russell LLP, long time legal advisors to the Bahamas Government based in London.

We also appointed an Advisory Committee to the privatisation process chaired by the Minister of State for Finance, Hon. Zhivargo Laing. Specifically the Committee included: the Hon. Carl Bethel, MP; Hon. Earl Deveaux, Minister for the Environment; Mr. Ehurd Cunningham, Financial Secretary (Ag), Sir William Allen, Sr. Financial Advisor, Ms. Rowena Bethel, Legal Advisor, Ministry of Finance, Mr. William Carroll, President of the BCPMU, Mr. Bernard Evans, President, BCPOU, Mr. Cedric Saunders, Private Sector/Insurance Management.

The function of the Advisory Committee was to review the recommendations of the Privatisation Committee and to clear

those recommendations for submission to Cabinet.

Reform of Regulatory Environment Made Priority

The Privatisation Committee sought as a matter of priority to reform the regulatory environment of The Bahamas to ensure that it was conducive to a fully-liberalized telecommunications sector and the operation of a privatised BTC.

It was clear that the regulatory regime put in place by my administration in the nineties was out of date in 2008 as advances in technology and the structure of the modern communications market had gotten ahead of our regulatory regime. Whole segments of the communications sector were, as a consequence, largely or completely unregulated.

The most significant development in electronic communications is the convergence between previously distinct parts of the sector, including between fixed and mobile telecommunication services and between broadcasting, cable TV, TV over the Internet, Mobile TV and other means of distributing digital content.

Following upon extensive consultations and advice from both domestic and international experts, the Privatisation Committee produced extensive reforms for the telecommunications sector of The Bahamas. Passage of New Communications Act; URCA New Regulator.

In 2009, a new Communications Act, creating a new regulator, URCA and a revised Telecommunications Policy were all debated and approved by this Parliament and eventually published. The reforms created by this Act ensured a converged regulatory framework, which is now overseen by a converged regulatory and competition authority. They also cleared the way to advance more fully the full liberalization of the telecommunications sector and the privatisation of BTC.

The new and independent regulator, the Utilities Regulation and Competition Authority, or URCA, succeeded the Public Utilities Commission another creation of my Administration. URCA is equipped with persons with the required skills to see the Bahamian communications market through full liberalization and will become the regulator of a privatised BTC.

Approval of Investor Assessment Criteria

Mr. Speaker:

In preparation for privatisation of BTC the Committee approved Investor Assessment criteria to measure the strategic fit, scale of operations, telecommunications infrastructure, scope of products and services, technological advancement, reputation, regulatory relationships, employee relationships, management depth, management quality and experience, financial capacity, financial performance, and synergies of would be bidders.

Six Groups Submit Pre-qualification Documentation

On August 14, 2009, the Committee received pre-qualification documentation from the following:

- Digicel;
- Vodafone/One Equity Partners III Limited Partnership, with the capital coming primarily from One Equity, a global and sizeable private equity firm connected with JP Morgan;
- Atlantic Tele-Networks (ATN)/Colina Financial Advisors. ATN is a company with operations in Guyana, Turks, Bermuda, US Virgin Islands and the US, and Colina Financial Advisors, a Bahamian financial firm, which would have held a 5-10% interest;
- Trilogy International Partners/Providence Equity Partners, Trilogy operates in Haiti, and Providence is a large and global private equity firm;
- CPS Partners/Sun Capital Partners – CPS Partners is a telecommunications management company established in 2006 which acts jointly with private equity firms or other investors active in the telecommunications sector, and Sun Capital is a private equity funds;
- Allied Mobile, whose main business is the distribution of cellular handsets, primarily in Africa.

Other Telecommunication Entities Approached

A number of other telecommunications players around the world were approached to see if they were interested in acquiring BTC, including

the likes of AT&T, Verizon, Rogers Communications, and America Movil. They were not interested, mainly for strategic reasons.

Cable & Wireless was also approached. They said that while BTC was of interest to them, they were undergoing a restructuring of their global business into two separate parts, and they would be unable to focus on BTC at that time.

Based on the investor assessment criteria, the Committee then shortlisted four bidders, Digicel, Vodafone/One Equity, Trilogy and ATN/CFAL and invited them to undertake detailed due diligence.

By Christmas 2009, two of the bidders had pulled out, Digicel and Trilogy, and the Committee was left with Vodafone/One Equity and ATN/CFAL. Upon a careful review of the bids and after consultation with the Government, the bids were all rejected.

Cable & Wireless (CWC) approached the Privatisation Company about the possibility of formally entering the process.

The Committee agreed to allow CWC access to the dataroom to commence preliminary due diligence and, accordingly, on March 15, 2010, formally invited them into the process. They signed all the appropriate procedural documentation, paid the entry fee, and provided all the requested information. In the week commencing April 11, 2010, CWC commenced their due diligence. In that week they also met for an introductory meeting with the Union leaders of BTC.

Following Extensive Due Diligence Government Enters into Memorandum of Understanding with Cable & Wireless Communications (CWC), a Global Player

Following upon further and extensive negotiations, the Government entered into a Memorandum of Understanding with Cable & Wireless Communications.

CWC is a global telecommunications company with operations in Central America, Asia, Europe, and Africa as well as in a number of island nations, similar to The Bahamas, around the world.

It has \$3.6 billion in assets, \$2.5 billion revenues, a very low level of debt relative to most of its peers, and almost \$1 billion in shareholders' equity. It operates in 38 countries (13 of which are in the Caribbean). It has 8.3 million mobile, 1.8 million fixed line and 600 thousand broadband customers.

CWC is a global telecoms operator. It has economies of scale and the strength to support BTC in an aggressive competitive environment. We therefore see it as a partner financially and operationally very strong, that can bring significant value to BTC.

There is no doubt that if one looks into the past of a 150 year old company, one will find some negative stories, but also many more positive stories.

This notwithstanding, Mr. Speaker, we undertook extensive due diligence on CWC, and we are absolutely satisfied that they will be an excellent partner. We are very comfortable with them. We see them as a very different company today, to that which it was 10 years ago.

We see that CWC now operates with competition across all its major markets. Ten years ago many of its markets were monopolies, particularly in the Caribbean. The robust competition it faced in many of those markets over the last ten years, has given it intimate experience of liberalization and taught it lessons that can benefit BTC in the approaching fully-liberalized communications environment we seek, indeed, need here in The Bahamas.


We see that CWC/LIME has delivered economic growth in the countries where it operates, and led the introduction of new technology. We see that the company place significant emphasis on providing 'value for money' to customers. We know that it has extensive operations in a number of offshore finance jurisdictions such as ours and services those jurisdictions with great facility.

Cable & Wireless has fully accepted our desire that BTC will remain, first and foremost, a Bahamian business - focused on the Bahamian community. Based on their experiences of the past, they know it needs to be this to succeed.

We have determined that they will bring many synergies to BTC in terms of procurement savings, administration savings, IT implementation and support, network operations support, advanced enterprise and value added services and the like, and it has the scale to support BTC.

We see the way they CWC purchase equipment and its purchasing power today. For instance they buy equipment as much as 20%-30% less than BTC can as a stand-alone operation.

Even in locations where they had lost more than they would wish, we see the new LIME making up signifi-



“we are confident that BTC has a greater chance of growth and success with this global telecommunications company...”

cant ground. We expect them to help BTC prepare accordingly for the onslaught of what will be extremely fierce competition. We want a fully liberalized communications sector but we also want a viable BTC, able to compete in such a sector. CWC as a strategic partner can make this happen.

We have researched Cable & Wireless' activities elsewhere. Panama is an example of how privatisation of a Government-owned telecoms operator can deliver huge benefits to a country. The process was certainly not without a variety of significant difficulties, disagreement and accusations of underhanded dealings at the time.

Thirteen (13) years later, the company has been regularly ranked by surveys as one of the most admired companies in Panama. Cable & Wireless is still the largest operator in Panama. It has extended its services into TV, launching a Digital pay TV business with more than 200 channels as well as customized telecom solutions to business and government institutions, including security systems, telemedicine, teleradiology, telemetry, telemammography, emergency services, and educational systems.

For its employee work environment, the company has received awards, and its Union Secretary has even commented on the excellent working conditions. And this company is led by an all Panamanian management team. We expect to read a similar story for BTC.

So, we are confident that BTC has a greater chance of growth and success with this global telecommunications company, the #1 provider of services in the Caribbean, as the selected buyer.

We required CWC to submit a business plan that presented the company's vision for BTC over the next five years. We believe that the plan submitted is a robust one for BTC going forward.

By way of comparison, Mr. Speaker, here are some post-paid and pre-paid rates in the region:

TERRITORY	POST-PAID ARMP	PRE-PAID ARMP
Bahamas	.23	.30
St.Lucia	.13	.16
Cayman Islands	.09	.17
Barbados	.09	.16
Panama	.07	.03
Jamaica	.06	.02

As I indicated, CWC plans will reduce the present rates significantly within the next three years, starting with the first year of operations here in The Bahamas.

CWC Expected to Bring Greater Value for Money

Mr. Speaker:

It is not just about price reductions. It is also about 'Value for Money'. We expect consumers and businesses in The Bahamas to be pleased with a new array of products and services that CWC will introduce; that is to say, more services for less cost.

We expect improved service, quality of signals, coverage and a reduction in the incidence of dropped calls.

They plan to extend BTC's presence in The Bahamas and build more locations across The Bahamas including a number of flagship stores. They plan to significantly increase the number of top-up locations also, making its services more visible and accessible.

The Bahamas still operates on EDGE, which while faster than ordinary GSM/GPRS connections is considerably slower, particularly for data, than 3G or 4G. In the past five years, CWC has launched 3G mobile networks in Jamaica, Panama, Macau, The Maldives, Monaco, Guernsey and Jersey (in the Channel Islands), and others, with an investment representing many millions of dollars in order to allow those companies to retain their competitive advantage. And they plan to launch 3G/4G and other technology here in The Bahamas in the very near future, providing simultaneous voice and higher speed data services to your mobile handsets.

LIME very recently launched mobile TV in Jamaica. Jamaicans are now able to watch a live football game on their smart phone, switch to a parliamentary channel to watch a debate live, check out what's at the movies or tune in to a movie. These channels include CNN, ESPN, MTV, etc. Such technology relies on 3G support. We expect CWC to do this in The Bahamas. This is particularly good news for some of our Family Islands who don't today get quality, or any, TV services.

LIME is also launching TV over broadband across the Caribbean. It is the first carrier to offer these services to the Caribbean, and it is expected these services will also be rolled out here in The Bahamas.

CWC also plans to expand and improve BTC's broadband infrastructure and expects to be able to offer significantly greater broadband speeds to more people, very soon. They have the technology and skills in this area to be of great benefit to The Bahamas. It is a well known fact that the better and faster a country's broadband networks are, the more productive the country is, the more economic growth there is, and the more jobs and business opportunities are created.

Cable & Wireless has significantly more roaming agreements than BTC, which will enable Bahamians to roam in more countries and with more providers across the world, and enable more visitors to roam locally in The Bahamas, thereby increasing BTC's income from roaming activity. Given the large and growing tourism business of The Bahamas, it makes sense that BTC should improve its ability to capture this source of revenue. The cost of roaming will also go down because of CWC.

There are also great opportunities for BTC to link our submarine cable network into that of CWC. We expect to see new revenues created for BTC as a result, which the Bahamas will enjoy as a continuing 49% partner and as a result of the wholesale customer relationships that CWC already has.

None of the above would be possible without a sustained and significant ongoing capital expenditure programme. CWC plans include healthy ongoing levels of investment. Indeed, we expect they can be far more effective and efficient in this regard, given they have global purchasing contracts with major suppliers. BTC to Become One of Three Regional CWC Hubs.

CWC plans for BTC to be one of three hubs in the region alongside Barbados and Jamaica, as well as a Centre of Excellence in areas where BTC can provide services to other parts of the LIME group. These include a high value Consumer Call Centre, and certain network and technical areas where BTC has some particular strength.

Very importantly, the Cable & Wireless business plan lays out a route of managing costs to enable it to become competitive and ready for liberalization of mobile services. What we need to also remember is that as BTC moves from monopoly to competitor, it will also lose revenues. Just a 10% loss of revenues is

equivalent to \$36 million. And there are few markets in the world where a single competitor controls more than 70% of the market. That is why we need a company like Cable & Wireless, who we expect will mitigate this by offering new services and products, very quickly.

Managing for Cost Containment and Improved and Increased Range of Services and Benefits

Indeed, prior to any talk of CWC entering BTC, the existing management of BTC did a study that determined the need for restructuring with the onset of competition. Their study suggested the need for a staff reduction of as much as 25% to reduce cost in the face of competitive pressure. This reality is partly driven by new technology, which reduces the need for labour in certain areas of BTC's operations. This new technology also makes it easier for competitors to establish and to attract business away from BTC, with less staff cost.

In short Mr. Speaker, C&W Business Plan for BTC promises to deliver several elements as rapidly as possible:

1. The quality of its customers and the potential for The Bahamas will enable us to leapfrog the rest of the Caribbean in terms of quality and range of communications services.
2. As in many other jurisdictions recently, there will be a significant increase in the offering of smartphones (Blackberry, Androids, and I-Phones) at reasonable prices, along with much faster mobile data services to enable delivery of music, mobile banking and television to handsets.
3. There will be a significant increase in the number of places to which the public can go for telephone services and top-ups throughout The Bahamas.
4. In very short order, new phone buyers across The Bahamas will be able to purchase their phones at a retail location and walk out with a connected phone.
5. There will be an elimination of different prices by different time of day for cellular services.
6. There will be an elimination of long distance charges for mobile to mobile connections within The Bahamas.
7. There will be better roaming and easier connections for all overseas travelers using BTC services.

8. There will be much faster broadband services offered by BTC, as well as Pay TV.
9. There will be more connectivity and service options for those in the more remote family islands.
10. There will be more efficient systems, processes, and training to allow for faster and higher quality customer service.
11. There will be significant benefits to small, medium and large businesses in terms of more efficient and cheaper communications, as well as a variety of new managed service products and the availability of higher speed data networks.
12. There will be an easier to understand, consolidated billing of services to all customers.
13. All of the foregoing will be delivered while achieving an up to 36% reduction in the cost per minute of both prepaid and postpaid services over the next 3 years, before cellular competition begins
14. In addition, the spend on community projects will double on such activities as sports, afterschool programs, Junkanoo and marching bands.
15. The Bahamas will become a "Centre of Excellence" within the Caribbean providing services to top corporate customers throughout the region.
16. There will be expanded opportunities for Bahamians to work elsewhere in the region even while ensuring that 99% of the BTC management and staff are Bahamian citizens.
17. Cable & Wireless is already recognized globally as a world leader for the provision of communications solutions to the financial services sector and intends to expand that reputation within the financial services sector of The Bahamas.
18. Finally, BTC will aggressively expand its services and increase its revenue stream from the more than 5 million visitors coming to The Bahamas every year by both providing them with temporary services while in The Bahamas and by increasing the variety and volume of business between their systems and BTC services.

The Memorandum of Understanding

Mr. Speaker, we signed a non-binding MOU with Cable & Wireless on 2nd December, 2010 and immediately disclosed the signing to the Bahamian public. The principal elements of this document were announced by the Government and Cable & Wireless the same day. The MOU was not the final Sales and Purchase Agreement, but it set out the key terms agreed between the parties.

Subsequent to its signing we continued negotiations with Cable & Wireless on the details of the final definitive binding agreements and ongoing shareholder arrangements. Today, at noon, the Government signed the Share Purchase and the Shareholders Agreement with CWC.

Some of the details of the Memorandum of Understanding are as follows:

1. The sale of 51% of the issued shares of BTC to Cable & Wireless.
2. Purchase Price of US\$210 million payable in full on completion of the Transaction. Cable & Wireless will also be responsible for paying the stamp duties up to a maximum of US\$7 million payable in connection with the Transaction.
3. BTC, at the date of sale will have a net cash of \$15 million. Net cash includes cash less financial debt. We expect there to be more than \$15 million net cash in BTC's balance sheet at completion, and we will therefore receive any excess cash. This excludes certain funds that are kept in a trust as BTC in part self-insures itself for catastrophic events.
4. The US\$210 million purchase price is based on certain assumptions as to the implementation cost of the Workforce Restructuring.
5. Restructuring of BTC's workforce would be undertaken as soon as practicable following completion on a purely voluntary basis. The Voluntary Workforce Restructuring will be concluded by the first anniversary of Completion.
6. Cable & Wireless undertaking to prepare a business plan in relation to the Company to cover the five year period following Completion.
7. We agreed to amend the Communications Act and the Sector Policy to the effect that no external process, to the extent controlled (directly or indirectly) by the Government, for granting a second cellular licence could be launched prior to the third anniversary of Completion; and that any third cellular licence would not be issued prior to the fifth anniversary of Completion.
8. The intent of the parties that BTC becomes a major part of CWC's overall regional operations and strategy, rather than an appendage of CWC's existing regional operations, that BTC operates in a manner so as to improve and expand upon the existing communications services in The Bahamas, that there is substantial Bahamian participation in the management of BTC, and that Cable & Wireless affords Bahamians meaningful opportunities to work within its regional operations are all provided for in the Memorandum.
9. The Board of BTC would initially comprise 7 directors - 4 appointed by Cable & Wireless and 3 by the Government. CWC will have the right to appoint the Chairman and the Government will have the right to appoint the Deputy Chairman.
10. There are various clauses in the MOU that relate to situations where the Government reduces its shareholding, but as long as it holds more than 15% of the shares, it may appoint at least one Director.
11. In order to promote good corporate governance of BTC, we agreed various important arrangements. These include that BTC will have an audit committee, and that the board of BTC will establish processes, whether by nomination committee or remuneration committee in respect of overseeing senior executive remuneration and benefits, and senior executive recruitment.
12. We agreed that the recruitment of BTC's chief executive officer, chief operating officer and finance director shall be undertaken by Cable & Wireless and approved by the board of BTC.
13. We also acknowledged that, although the day to day administration, operation and management of BTC will remain substantially in The Bahamas, certain aspects of the Company's administration, operation and management will be provided through their One Caribbean operational model. Any such functions are to be agreed between us and Cable & Wireless and set out in the final Voluntary Workforce Restructuring Plan and Services Agreements, and on an ongoing basis the Board will decide on any changes. However, the relocation overseas of any material part of the business, and certain aspects of the agreements, will still be subject to a veto by the Government.



Important Protections for Government and the National Interest

Even though Cable & Wireless will have management control, there are certain critical matters where the Government will, so long as it holds 15% of the Company's issued share capital, have the right to a veto that is to prevent certain actions being taken by Cable & Wireless if the Government does not agree with them. The more critical areas, though not all specifically laid out in the MOU, include:

- changes to the constitutional documents of BTC;
- changes to the share capital of BTC;
- material changes in the nature or scope of BTC's business;
- borrowings by BTC that would exceed 2.5 times earnings;
- the sale of a material part of BTC's business;
- any material acquisitions;
- relocation overseas of BTC or any material part of its business;
- contracts outside the ordinary course of business;
- transactions with the Cable & Wireless group subject to various conditions;

- important changes to any of the management services agreements with Cable & Wireless;
- any action to terminate the pension plan; and
- any redundancy exercise in the 2 years following the transaction.

These are extremely important protections for the Government.

14. There is a dividend restriction for each of the first two financial years following Completion, whereby no more than 60 per cent of BTC's profits will be distributed to the shareholders, which of course includes Government. This is important as BTC needs to have a strong balance sheet leading into competition.
15. BTC will receive services from Cable & Wireless group of companies, and likely make use of a number of brands, trademarks and intellectual property. The Government has negotiated with Cable & Wireless that it will receive compensation for certain services to be provided to BTC, and for use of Cable & Wireless' brands. Such services will be on the basis of the cost of labour plus a small standard margin. The brand, intellectual property and know how services will be subject to a fixed fee of 2% of revenues. These fees have been benchmarked against a number of other third party arrangements such as this, and Cable & Wireless' own fees in other countries such as Panama and Barbados, and these fees are highly comparable. So we are comfortable with these fees, and believe that the future value Cable & Wireless will bring to BTC, and to the residual 49% held by us, will be far greater than the cost of this fee. Nevertheless, the Government has negotiated provisions to ensure transparency and accountability including that it will be able to audit the margins and costs charged and it will receive an annual report outlining the costs and benefits under the management services agreements. Any services will also be subject to certain veto rights by Government on certain decisions such as chang-



ing the basis for charging fees. Finally, it should be noted that it is expected that LIME entities will receive certain services from BTC, and accordingly BTC will also receive fees for such services, so it is a two-way street.

16. BTC has an extremely large and generous defined benefit pension plan. BTC pays on average approximately 20% of salaries every year into this plan. There is no contribution by the employees. This is a huge cost for BTC, and there is virtually no private company in the world today that pays such generous pension contributions. There will certainly be no competitor of BTC that will bear such a cost, which makes BTC uncompetitive. It was therefore essential that the pension plan cost be reduced to a more competitive level for BTC going forward, while at the same time not impacting the benefits of current employees and pensioners in the future. The Government has therefore agreed to pay any contributions to the plan, which in any future financial year, exceed 10% of total pensionable salaries. BTC's pension cost in the future will therefore be limited to 10% of its salary base.
17. There are also terms in the MOU that relate to future sales of shares. The Government has made significant efforts to ensure that we are selling to the right partner. Cable & Wireless is a long term investor. Nevertheless, the Government needs to ensure that any future sale of BTC shares would not be detrimental to the interests of The Bahamas. There are therefore a variety of clauses in the MOU that deal with protections with respect to future sales of shares.

These include that:

- Neither the Government nor Cable & Wireless can sell their shares for a period of 5 years post completion of the Acquisition, except if the Government wishes to list shares on BISX,

or where Cable & Wireless were to be insolvent, or materially breach its obligations in which case the Government would be able to buy back its shares.

- There will be pre-emption rights meaning shares must first be sold to existing shareholders.
- The encumbering or pledging of shares will be prohibited in the first 5 years and thereafter will trigger the pre-emption rights
- Cable & Wireless will only be able to transfer its shares in the Company (without the Government's prior consent) to an entity which is either (a) an established telecommunications company with substantial operations; or (b) a consortium in which such a telecommunications company has a substantial economic and operating interest
- The Government will have a right of approval of any intra-group transfer of Cable & Wireless' shares to a company not being 100% owned directly or indirectly by them.
- Transfers by Cable & Wireless above will of course be without prejudice to the Government's powers under any exchange control and/or national investment policies or legislation of The Bahamas from time to time.
- The Government may list up to 9% of the shares of BTC on BISX in the first 3 years, and up to 25% thereafter.
- If Cable & Wireless were to choose to sell its shares, it would have to sell the Government's shares as part of the deal also, if the Government wished this to be the case.
- The Government will have a right to require a sale of Cable & Wireless' shares in certain limited circumstances, namely on the occurrence of (a) an insolvency event of any parent company, direct or indirect, of BTC, (b) the sale by Cable & Wireless of BTC's immediate parent company or any intermediate company between BTC and Cable & Wireless (except where such sale is part of a wider sale of all or a material part of its Caribbean or wider operations) , (c) an un-remedied material or persistent

breach of the Shareholders' Agreement by Cable & Wireless. The price for such shares would be the fair value, as independently determined, subject to an appropriate cap agreed between the parties.

18. We now expect to be able to complete subject to the various approvals by the end of March.

Mr. Speaker,

Sale and Purchase Agreement

I highlight the significant terms of the Sale and Purchase Agreement (SPA) as follows:

The Government will sell to the purchaser 129,878,640 ordinary shares constituting 51% of the entire issued share capital of BTC.

Completion of the transaction is conditional on the following:

- (i) House of Assembly approval;
 - (ii) Central Bank approval;
 - (iii) URCA approval, both in terms of merger control clearance and in terms of change of control consent pursuant to the terms of BTC's operating and spectrum licences;
 - (iv) the coming into force of Part I (Preliminary), Part IV (Funding of the BTC Pension Plan) of the Privatisation Bill 2011 and sections 1, 2, 3, 7 and 8 of the Communications (Amendment) Bill 2011;
 - (v) the publication of the amended Sector Policy;
 - (vi) National Economic Council approval;
 - (vii) the Bahamas Investment Authority issuing a permit to the Purchaser under the International Persons Landholding Act;
 - (viii) no final non-appealable order of a court having been made in respect of a claim brought by the BCPMU and BCPOU on 11 January 2011 ("the Current Proceedings"); and
 - (ix) there is no material substantive deterioration, in the reasonable opinion of the Purchaser (having consulted with the Government), in the Current Proceedings.
- (X) The Grand Bahamas Port Authority (GBPA) approving in writing the change in beneficial ownership of the Com-

pany pursuant to this Agreement as required, and for the purpose of, the license granted by GBPA and pursuant to which the Company provides services in the Port Area of Freeport, Grand Bahama.

The aggregate purchase price to be paid by the Purchaser in cash in full on Completion is agreed at US\$210,000,000.

This figure will be adjusted following Completion to the extent that BTC's net cash position is greater or less than B\$15,000,000 and if there is any variance in the working capital balance of BTC.

CWC has provided a countersigned copy of the Disclosure Letter, a signed copy of the Voluntary Workforce Restructuring Plan and a signed copy of the Business Plan.

The timing of Completion are as follows:

- (i) if all conditions are satisfied or waived before 21 February 2011, at 2pm (Nassau time) on 28 February 2011;
- (ii) if conditions are satisfied or waived on or after the 21 February 2011 but before 24 March 2011, at the opening of business (Nassau time) on 4 April 2011; or
- (iii) if conditions are satisfied or waived on or after 24 March 2011, at 2pm (Nassau time) on the fifth business day after receipt of such satisfaction.

At Completion, the Purchaser must pay the purchase price in cash in full and give the Government a counterpart original of the Shareholders' Agreement, as well as counterparts of the CWC Support Services Agreement and LIME Services Agreement.

The Government gives the following undertakings to the Purchaser regarding the issuing of any further Cellular Licences, that: no external process, to the extent controlled (directly or indirectly) by the Government or any Governmental Body, for granting a second Cellular Licence (including but not limited to the Government's determination of the method for allocation of the premium spectrum band, any public consultation by, or on behalf of, the Government or any Governmental Body with respect to the licensing process or bidding charter or guidelines and the issuing by, or on behalf of, the Government or any Governmental Body of any prequalification documentation to any third party) be launched prior to the third anniversary of Completion; (b) a third Cellular Licence will not be issued in the first five years following Completion; and (c) prior to the fifth anniversary of Completion no Cellular Licence shall be issued before the Government's determination of the method of allocation of the premium spectrum bond.

The financial extent of the Government's liability for breach of the Regulatory Undertakings contained in clause 5.9.1 is limited by paragraph 1.3 of Part 1 of Schedule 7.

The Government undertakes to pay all loss and damage calculated on the same basis as contractual damages subject to a maximum amount of US\$100,000,000 if one or more additional Cellular Licences are issued prior to the first anniversary of Completion; US\$80,000,000 if one or more additional Cellular Licences are issued from the first anniversary up to and including the second anniversary of Completion; US\$40,000,000 if one or more additional Cellular Licences are issued from the second anniversary up to and including the third anniversary of Completion; and where a third Cellular Licence is issued after the third anniversary but prior to the fifth anniversary of Completion, US\$20,000,000.

The Government has provided the Purchaser with an indemnity in respect of all costs, losses or expenses (including reasonable legal expenses) which may be incurred or suffered by CWC in respect of all actions, damages, proceedings and claims arising from the Current Proceedings in the Supreme Court.

If a court order (from which there is no right of appeal) affects BTC's ownership of its assets or the Purchaser's ownership of the Sale Shares, the Purchaser will transfer the Sale Shares back to the Government and the Government will shall repay the consideration (together with any applicable stamp duty).

There are two guarantors included as parties to the SPA. Cable & Wireless Communications Plc is acting as the "Consideration Guarantor", guaranteeing the obligation of the Purchaser to pay the purchase price on the Completion Date. Cable & Wireless (West Indies) Limited is acting as the "Continuing Guarantor", guaranteeing all other obligations of the Purchaser under the SPA.

Summary of the Principal Terms of the Shareholders' Agreement

Mr. Speaker:

The following represents a summary of the principal terms of the signing version of the Shareholders' Agreement.

The aim of BTC and, if applicable, its subsidiaries (the "BTC Group") is

- (i) to be the leading provider of mobile, fixed, internet and data communications services in The Bahamas;
- (ii) to become a major part of the overall regional operations and strategy of the CWC Group in the Caribbean rather than merely an appendage to CWC Group's other operations in the region;
- (iii) to operate in a manner to improve and expand the communication services already existing in the Bahamas as at the date of the sale.
- (iv) to ensure a substantial Bahamian participation in the management of the BTC Group; and
- (v) to afford Bahamian citizens meaningful opportunities to work within regional operations of the CWC Group in the Caribbean.

Directors and Management

The board of directors (the Board") is responsible for the overall direction, supervision and management of BTC save that whilst the Government holds at least 15% of the issued share capital of BTC, the Board cannot take any decision in relation to any Reserved Matters without the prior approval of the Government. The SHA contemplates that the Board shall comprise a maximum of 7 directors, a size felt to be appropriate for a company of the scale and with the operations of BTC. The Board will initially comprise 4 Directors appointed by CWC and three Directors appointed by the Government.

The quorum for transacting business at any board meeting is a simple majority of the Directors, including at least two Government Directors if the Government holds at least 15% of BTC's issued share capital.

CWC's Undertakings

CWC undertakes to ensure that:



“Whilst the Government holds at least 15% of the issued share capital of BTC, the Government retains a number of important veto, or negative control, rights.”

- (i) each BTC Group Member complies in all material respects at all times with all applicable laws and with all terms and conditions of any Licence being a licence issued by URCA or the Grand Bahama Port Authority or any other regulatory body in The Bahamas or any Government Body) held by it or its successors; and
- (ii) no BTC Group Member does or admits to do anything that would result in the revocation, suspension, or amendment of, in a material respect, such licence.
CWC undertakes to use its best endeavours to ensure that save with the prior written consent of the Government (as long as the Government holds at least 15% of the issued share capital of BTC):

- (i) the headquarters of BTC remain in The Bahamas;
- (ii) the day to day administration, operation and management of the BTC Group shall be conducted substantially from premises in The Bahamas;
- (iii) the business (and each part of the business) is only conducted through the BTC Group and is conducted on a normal commercial basis;

Reserved Matters

Whilst the Government holds at least 15% of the issued share capital of BTC, the Government retains a number of important veto, or negative control, rights.

Such veto rights include the following:

- changes to the constitution of BTC;
- changes to the share capital of BTC;
- material changes in the nature or scope of the business of any BTC Group Member;
- the taking on of any financial indebtedness resulting in the Group's aggregate net debt exceeding an amount being equal to 2.5 times EBITDA;
- any BTC Group Member making any loans which are not to another wholly owned BTC Group Member or in the ordinary

course of business of a BTC Group Member;

- any disposal of any material part of the business of any BTC Group Member to any person other than a wholly owned Group Member;
- any acquisition by any BTC Group Member of any business, shares or interest in any entity where the acquisition value is more than US\$37,500,000 (other than that permitted elsewhere in the Shareholders' Agreement);
- the creation of any mortgage or other security interest over the undertaking, property or assets of any BTC Group Member or giving of any guarantees or indemnities (other than any security for borrowings not subject to any veto rights);
- any relocation by any BTC Group Member of its principal place of business or any material part of its business;
- any BTC Group Member entering into (or terminating) any material partnership, joint venture or profit-sharing agreement with a value in excess of 10% of the total annual revenues of that BTC Group Member;
- entering into any contract, liability or commitment other than:

- (i) in the ordinary course of business of a BTC Group Member;
- (ii) with another wholly owned BTC Group Member; or
- (iii) on commercial arms lengths terms;

any of the following in respect of the Services Agreements

- (i) increase the fixed 2% fee under the CWC Support Services Agreement;
- (ii) change to the basis of charging fees and costs under the agreements;
- (iii) any material variation to the agreements;
- (iv) termination of the agreements; or
- (v) in respect of the CWC Support Services Agreement, agreeing any new Special Projects

or, in respect of the LIME Support Services Agreement, request any Services in either case in circumstances whether the cost of the relevant Special Project or Services would result in the relevant specified limit (US\$2million (exclusive of the 2% fee) for the CWC Support Services Agreement and US\$10million (exclusive of third party costs but increased by any sums payable to BTC by CWC Group Members) for the LIME Support Services Agreement, in any 12 month period) being exceeded;

- any proposal to admit any shares of BTC to listing on any stock exchange;
- any termination of the Pension Plan or Deposit Administration Contract;
- any liquidation or winding up proceedings or other corporate action in respect of BTC Group Member;
- any change in the auditors (other than to align such auditors with the auditors of the CWC Group or such auditors have a substantial presence in the Bahamas); and
- any formal or other redundancy exercise in the first two years following the date of the SHA (excluding any attrition of staff in the normal course of business or the on-going exercise of the Company's early retirement programme)

Pensions

The current Pension Plan operated by BTC will be closed to new entrants.

A new pension plan will be put into place for anyone entering employment with BTC after the sale.

A structure known as the Legacy Contribution Arrangement will be put in place. A separate Feeder Trust will be established and the Government will put \$39m into the Feeder Trust. The Pension Plan's documents will be changed as necessary to facilitate the Legacy Contribution Agreement.

Immediately after the sale, the actuary of the Pension Plan will calculate the current level of underfunding (in accordance with the actuarial assumptions contained in Schedule 8) and then the Feeder Trust will pay whatever is required to bring the funding

level up to balance.

For so long as the Feeder Trust remains in existence and funded by the Government, the Government has veto rights in addition to those granted above (the "Reserved Matters") in relation to a number of areas, including the granting of salary increases over 3%, early retirement consents, amending the terms of Industrial Agreements, the investment policy of the Pension Plan, alterations to the rules, the identity of the Pension trustee and the substitution of another employer in the place of BTC. BTC may make any decision in respect of salary increases over 3%, consent to early retirements; or change the terms of early retirement or redundancies; without reference to Government, provided that it agrees to reimburse the Pension Plan in respect of any costs arising from those decisions.

Both BTC and the Government may consider exiting the Legacy Contribution Arrangement on the occurrence of specific triggers and both will need to consent to and agree any exit terms from the Legacy Contribution Arrangement.

Conditions governing transfer of shares

The SHA provides that each Shareholder Party is restricted from selling its shares for a period of 5 years from the Effective Date without the prior written consent of the other shareholders who hold at least 14% of the issued share capital of BTC (the Other Shareholder Parties"). Minority shareholders (those with less than a 15% shareholding) are free to effect a transfer of any share without needing the consent of the Other Shareholder Parties.

The SHA also provides that the Other Shareholder Parties have mutual rights of pre-emption in connection with the proposed transfer of shares by one party. In the event that a party wishes to transfer its shares, the SHA provides that the entire shareholding of the party must be transferred (except in certain circumstances specified in the SHA e.g. the prior consent of other shareholders).



RATIONALIZATION OF OUR COMMUNICATIONS POLICY

At the centre of the Government's communications policy, and this privatisation exercise, are the interests of Bahamian residents, individually and collectively through continued economic growth and stability. Our sector policy objectives are stated as follows:

1. to enhance the efficiency of the Bahamian communications sector and the productivity of the Bahamian economy;
2. to promote investment and innovation in communications networks and services;
3. to encourage, promote and enforce sustainable competition;
4. to promote the optimal use of state assets, including radio spectrum;
5. to further the interests of persons in The Bahamas (resident individuals and companies) in relation the electronic communication matters and in particular to enhance the social well-being of residents of The Bahamas and the inclusiveness of Bahamian society by;
 - promoting affordable access to high quality communications services in all regions of The Bahamas;
 - maintaining public safety and security;
 - contributing to the protection of personal privacy;

- limiting public nuisance through communications; limiting any adverse impact of communications services and networks on the environment; and
 - promoting availability of a wide range of content services which are of high quality;
6. to encourage the development of public electronic communications services which are responsive to the requirements of users (both individuals and businesses) and which provide its users with choice, innovation, efficiency, quality and affordability; and
 7. to ensure that electronic communications services enable The Bahamas to remain internationally competitive and increase their international competitiveness, particularly in those areas such as tourism and international business where The Bahamas traditionally excels.

Successive governments of both parties have sought to privatise BTC since 1997.

Bahamians deserve a competitive communications market, which has been proven in most countries to deliver lower prices, higher quality services, and more choice of services.

More efficient communications is essential for our people, our visitors and our industries, and is proven to have a direct and positive impact on the productivity of economies.

By passage of the Communications Act in September 2009, the Government liberalized the market for fixed telephone services in The Bahamas. It is now the time to privatise BTC and then to liberalize the market for mobile communications.

BTC lives in a world of extremely fast moving technology and



consumer demands, and in a world where it has not really had to compete. It is a standalone company, in an industry characterized by strong alliances with major telecommunications companies.

As a relatively small, independent entity, BTC lacks the purchasing power of large communications entities, or any of the benefits that come with scale. The fact is that BTC customers continue to pay the highest rates probably in the Americas for local cell minutes. BTC customers also continue to pay one of the highest prices in the region to purchase phones. If BTC does not deliver good service to its customers, or takes several months to provide a connection, Bahamian customers today have no choice and have to live with this. In almost every other market in the world customers are free to move around from company to company, choosing the provider that offers the range of services that they want for the price they are willing to pay. In The Bahamas, there is no such choice.

BTC has posted strong revenues and profits in the past largely as a result of the very lack of competition that has led to the high fees that have kept Bahamians at the mercy of a monopoly, allowing BTC to generate strong profits despite its very high operating expenses. If BTC were exposed to competition tomorrow in mobile services, it would likely not survive. There is no way it could compete with a lean and aggressive competitor entering this market with a low cost base and aggressive marketing budget.

We need to give Bahamians competitive communications, but at the same time we want BTC to survive and prosper as a company, preserving as many jobs as we can, to be a company that Bahamians are proud to work for, to buy from and to have an ownership stake in.

So this Government will not delay the privatisation of BTC any further. While we understand the uncertainty felt by certain of the employees at BTC, we are as concerned about the 350,000 Bahamians and millions of visitors that want excellent service at competitive prices. We are also convinced that liberalization will lead to substantial growth of the domestic market which will provide a variety of business and job opportunities for a much larger number of Bahamians than today.

The only way to take BTC forward is to find a strategic partner, a major communications company with scale and experience. This is a business that requires cutting edge technology that requires huge investments, that requires scale that requires deep operational expertise, and needs to be connected to the rest of the world. There is no Bahamian business today that does what BTC does, as it is a monopoly. So we have to look outside of The Bahamas for the right partner. That being said, Bahamians have been invited to bid if they could align themselves appropriately with acceptable operating partners. Contrary to what has been said, there was absolutely no restriction on a Bahamian led consortium making an offer under the sale process we have recently been through. We made it clear however that we were looking for a bidder or bidding consortium that included a telecommunications business, with a vested interest, not just a manager.

The only way to attract this partner, to guarantee the attention of this partner rather than one that lives purely from a management fee and can come and go on a whim, is to offer this partner ownership. And the right partner is not going to invest several hundred million in a company if it does not have control in that company.

And this does not mean Bahamians will not benefit from owning BTC. We are selling only 51%. The Bahamas will own the remaining 49%. And this Government will, by the end of this year, sell 9%



or approximately \$40 million of the shares to the Bahamian public. This was clearly stated in our announcement in December. And there will be more to be offered down the road. So Bahamians will indeed own BTC, alongside our global communications strategic partner. When we offer shares of BTC to the public very soon, we want the Bahamian ownership base in BTC to be as broad as possible. We want every Bahamian wanting to own shares in BTC to be able to.

Mr. Speaker:

Should The Bahamas wish to accelerate the liberalisation of cellular services the Agreement provides maximum sums which will become payable to CWC.

For instance, there was always a 2-year monopoly period offered in respect of privatisation. In our desire not to have forced disengagement at BTC we agreed a 3 year monopoly for CWC.

Should The Bahamas decide it wishes to return to its 2 year policy then and in that event we would be liable to pay CWC up to \$40 million.

We have liberalised the telecommunications sector save and except for cellular service.

Fixed line service may now be provided by others. And numerous others telecom services previously provided by BTC are now provided by others.

Now BTC will be able to provide cable services and compete with Cable Bahamas and Cable Bahamas/STG will be able to compete in fixed telephone lines.

We are not monopolists; that is why we have private broadcasting and that is why we have a liberalised telecoms sector in The Bahamas.

Appeal for Cooperation of BTC Employees

Mr. Speaker,

I want to encourage the employees of BTC to work with and cooperate with CWC. And I want to encourage the employees of BTC to encourage their Union representatives to engage with CWC.

This morning I had delivered a letter to each of the Presidents of the BTC Unions in connection with today's signing. I understand that Mr. William Carroll President of the BCPMU accepted receipt of the letter. Mr. Bernard Evans reportedly refused to take delivery of his letter.

The text of the letter read as follows:

Dear

As you are aware, the Government has been negotiating with Cable and Wireless Communications, Plc. with a view to entering into a partnership with the Bahamas Telecommunications Company that will further modernize and expand telecommunications services for the Bahamian people, for our visitors and for our business sector.

A Memorandum of Understanding, a Contract and other documents relating to the sale of 51 per cent of BTC to Cable and Wireless have now been finalized and signed and will be signed and laid on the table of the House of Assembly today.

Copies of these documents will be made available to you and I am prepared to meet with you and designated representatives of the union at a mutually convenient time should you wish to discuss them with me prior to the debate in the House of Assembly.

Sincerely

Mr. Speaker:

The sale of 51% of BTC is proceeding. We want to ensure that employees benefit from this sale.

The documents being tabled today will now be submitted to URCA for it to undertake its necessary actions and procedures.

Debate in the House on the Privatisation of BTC and the amendment to the Communications Act will not take place until after URCA has completed its processes.

Hence I do not expect that debate will commence before early March. .

CONCLUSION

Mr. Speaker,

The Bahamas is our home and we owe it to ourselves to seek to maximize fully our potential as a nation and society.

Communications plays a key role in our efforts to do so. The Bahamian people deserve and indeed, rightly demand, more minutes for

less money, more products with better quality and more business and profit opportunities for themselves in this very lucrative and dynamic segment of our economy.

From 1992, we have been focused on doing just this for Bahamians. Notwithstanding the challenges of doing so, we have kept the faith and have arrived at a point where our destination is in sight.

We are committed to making this country an international business centre of choice, committed to giving Bahamians access to the latest and best technologies available in telecommunications and committed to opening this economy for the further participation of progressive, innovative Bahamian entrepreneurs.

The full liberalization of the Bahamian economy is a short three years away and the necessary privatisation of BTC only a short few weeks away.

We cannot, we should not delay progress in this area any further. Our competitors have pressed ahead long ago and this industry continues to move forward even more quickly.

Government is satisfied that this is the best transaction for The Bahamas, and that we have negotiated terms which provide us with satisfactory protection if things were not to go according to plan.

Cable & Wireless have stated their vision for BTC to us.

Their plan is that LIME/BTC in The Bahamas will be recognized as a Bahamian company, operating for the benefit of the people and the economy of The Bahamas; that it will be viewed as a great customer centric and sales & marketing organization, which offers excellent value for money, that delivers the services that customers want, and that it will be a company that Bahamians choose to buy from and work for.

This is consistent with our vision for the future of BTC. It is now time for BTC to be privatised.

8 February, 2011

A black and white photograph of a modern, multi-story building with a brick facade. The building features a prominent entrance with a covered walkway supported by several thick, square concrete columns. The sky is filled with scattered clouds, and a flag is visible on a pole in the upper right corner. In the foreground, there are some bushes and a small utility box.

THE
BAHAMAS
TELECOMMUNICATIONS
COMPANY LTD.

