



Question and Answer Update #2

November 20, 2012

In recent days, a number of questions have been asked in Belize regarding the status of the Government's proposal to restructure Belize's Step-Up Bond due 2029.

In the interest of transparency, the Government sets out below a summary of some of the more frequently-asked questions, as well as of the answers provided by the Government.

Question	Answer
1. Have you reached an agreement with holders of the Superbond?	No. Discussions between the Government and its bondholders are ongoing.
2. Have the discussions stalled?	No. In fact, talks between the Government and bondholders have intensified. In recent days, discussions with the Creditor Committee in particular have focused on issues such as the country's growth and fiscal outlook, expected financing shortfalls, and appropriate mechanisms for dealing with certain additional liabilities of the country that do not yet form part of the official public debt stock.
3. When do you expect to reach an agreement?	<p>The discussions currently underway with bondholders are of crucial importance to the future of the people of Belize, and also for all those who have a stake in our country. With Belize's debt sustainability at stake, we are unable to put a time limit on these discussions, or to make predictions as to when they will come to a satisfactory conclusion.</p> <p>The timeframe for reaching an agreement is to some extent also influenced by the pace of</p>

	<p>progress with which creditors feel comfortable. For instance, the Creditors Committee has not yet presented the Government with a counter-proposal for restoring Belize's debt to a sustainable footing. We have invited the Committee to do so, and hope to hear from them in this respect shortly.</p>
<p>4. What is the effect of the expiry of the 60-day 'window' (from pursuing legal remedies) offered by the creditor committee in September?</p>	<p>The Government has never asked for a formal standstill on pursuing legal remedies and this issue has never featured in the Government's decision-making. Thus, we do not expect the expiry of the 60 days voluntary standstill offered by the Committee to have an effect on the substance or timing of ongoing discussions with bondholders.</p> <p>While the Government remains prepared for any eventuality, we believe that a solution satisfactory to both Belize and its bondholders will only be arrived at through negotiation.</p>
<p>5. Will the Inter-American Development Bank (IDB) be supporting a future transaction through a partial guarantee?</p>	<p>No such credit enhancement from the IDB or any other third party is expected.</p>
<p>6. What was the outcome of the recent visit to Belize by the IMF?</p>	<p>The IMF was recently in Belize for the annual 'Article IV' consultation. The discussions between the Government and IMF Staff were cordial and constructive. Fund Staff took note of recent economic developments in the country, but decided that it will not be able to conclude its assessment of the country's economic outlook until there is more clarity on the nature of the debt restructuring deal to be agreed with bondholders. The dialogue between Belize and the IMF will continue in the interim.</p>