



**Press Release**

March 3, 2017

**Belize Revises Consent Solicitation  
Statement and Extends Expiration Date**

Belmopan, Belize: The Government of Belize today announced that it has revised its Consent Solicitation Statement dated January 12, 2017 (the "Statement") in response to comments received from the Belize Bondholders' Committee and other holders of Belize's U.S. Dollar Bonds due 2038. Today's revision will delete in its entirety that section of the Consent Solicitation Statement captioned "The Proposed Amendments" and replace it with the attached document captioned "The Proposed Amendments (revised as of March 2, 2017)." The Expiration Date of the Consent Solicitation has been extended to March 10, 2017.

**The Consent Solicitation Statement expires at 5:00 p.m. (New York time) on  
March 10, 2017.**

The principal changes from Belize's original offer reflected in these revisions are:

- (i) The interest rate on the 2038 Bonds is being set at 4.9375% commencing February 20, 2017 (rather than the 4.0% rate proposed in the January 12, 2017 Statement).
- (ii) The revised principal amortization schedule now calls for five equal annual installments commencing on February 20, 2030 and ending on February 20, 2034 (rather than three equal annual installments commencing on February 20, 2036 and ending on February 20, 2038, as proposed in the January 12, 2017 Statement).
- (iii) The final Maturity Date of the Bonds is being advanced from February 20, 2038 to February 20, 2034.
- (iv) Belize is undertaking to achieve a primary surplus equal to at least 2% of GDP in each of the fiscal years 2018/19, 2019/20 and 2020/21. If Belize fails to meet that primary surplus target in any of those years (i) interest payments on the Bonds for the subsequent 12 months will be payable quarterly rather than

semi-annually and (ii) Belize will seek the assistance of the IMF in analyzing the reasons for the failure to meet the primary surplus target and will ask the IMF to make recommendations regarding appropriate remedial measures. The IMF's assessment and recommendations will be made publicly available.

- (v) Belize is agreeing that it will apply 25% of the gross proceeds (in excess of U.S.\$50,000,000) of certain new foreign currency borrowings contracted after March 2, 2017 to reduce, by purchases in the secondary market or otherwise, the outstanding principal amount of the 2038 Bonds.

To the extent that the text of the Statement is affected by the modifications reflected in the attached document (The Proposed Amendments (revised as of March 2, 2017), the January 12, 2017 Consent Solicitation Statement is hereby revised.

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Questions regarding this press release may be directed to Joseph Waight (email: [financial.secretary@mof.gov.bz](mailto:financial.secretary@mof.gov.bz); telephone +501 822 3866).

Attachment - The Proposed Amendments (revised as of March 2, 2017)

**THE PROPOSED AMENDMENTS (revised as of March 2, 2017)**

**Background**

We have restructured our public external debt owed to private sector creditors twice in the last ten years, first in 2007 and again in 2013. The final result of these restructurings was to consolidate our external public debt into the Securities.

The financial predicates that underlay each of the two prior debt restructurings proved in practice to be fragile. For the reasons discussed in the IMF Reports referred to under “Belize” above, our economy has significantly underperformed when measured against the projections that were used in setting the financial terms of the Securities in 2013. We believe the secondary market price of the Securities reflects an assessment by the market that the financial terms of the Securities are not sustainable.

**Purpose of the Proposed Amendments**

The overall purpose of the Proposed Amendments is to place the payment terms of the Securities on a fully sustainable basis. Specifically, the Proposed Amendments would change the amortization structure of the Securities (which currently amortize in 38 equal, semi-annual installments commencing on August 20, 2019 and ending on February 20, 2038), with the effect that the Outstanding principal of the Securities will amortize in five equal, annual installments commencing on February 20, 2030 and ending on February 20, 2034.

In addition, the interest rate on the Securities (currently 5.00% per annum and scheduled to step up on August 20, 2017 to 6.767% per annum) would be fixed through final maturity at 4.9375% per annum.

Belize will also give certain undertakings regarding Belize’s fiscal adjustment program, as more fully described in paragraph 5 under “Proposed Amendments” below, and paragraphs 1, 2 and 3 under “Other Undertakings” below.

Apart from the modifications described herein, all other terms of the Securities and the Indenture would remain unchanged.

**Proposed Amendments**

If the Proposed Amendments become effective, the following modifications will be made to the terms of the Securities.

*1. Designation*

**Original Terms**

Paragraph 1 of the Terms and Conditions of the Securities currently designates the Securities as:

“U.S. Dollar Bonds Due 2038.”

**Amended Terms**

As amended, that designation would read:

“U.S. Dollar Bonds Due 2034.”

2. *Modification to the Interest Rate*

**Original Terms**

The interest rate chart appearing on the Face of the Security (the text of which is duplicated in the Form of the Security on page A-3 of the Indenture) currently reads:

From (and including):	To (but excluding):	Interest Rate (per annum)
March 20, 2013	August 20, 2017	5.000%
August 20, 2017	February 20, 2038	6.767%

**Amended Terms**

As amended, this interest rate chart would read:

From (and including):	To (but excluding):	Interest Rate (per annum)
March 20, 2013	February 20, 2017	5.000%
February 20, 2017	February 20, 2034	4.9375%

3. *Amortization Schedule*

**Original Terms**

Paragraph 2 of the Terms and Conditions of the Securities currently reads:

2. Amortization. The outstanding principal amount of the Securities shall be repaid pro rata in 38 equal, semi-annual installments commencing August 20, 2019 and ending on the Maturity Date. New Bonds shall not be redeemable prior to the Maturity Date; provided that installments will increase in amount following a Principal Reinstatement Date.

**Amended Terms**

As amended, Paragraph 2 would read:

2. Amortization. The outstanding principal amount of the Securities shall be repaid pro rata in five equal, annual installments commencing on February 20, 2030 and ending on the Maturity Date. The Issuer may redeem the Notes in whole or in part at any time or from time to time by paying the then outstanding principal amount of the Notes plus accrued and unpaid interest.

4. *Modification to Maturity Date*

**Original Terms**

The “Maturity Date” appearing on the face of the Securities (the text of which is duplicated in the Form of Security on Page A-3 of the Indenture) is currently February 20, 2038.

**Amended Terms**

As amended, the “Maturity Date” of the Securities would be February 20, 2034.

5. *Modification to Payments*

Paragraph 3 of the Terms and Conditions of the Securities would be supplemented to include a new subparagraph (f), which would read:

(f) In the event that Belize fails to achieve a primary surplus equal to at least 2.0% of GDP in any of the fiscal years 2018/19, 2019/20 or 2020/21, then commencing on the first Interest Payment Date in the subsequent fiscal year, and lasting for 12 months thereafter, interest on the Securities shall be paid quarterly commencing on November 20 of that fiscal year (and not semi-annually).

6. *Mandatory Liability Management*

Paragraph 16 of the Terms and Conditions of the Securities would be supplemented to include a new subparagraph (b), which would read:

(b) Belize will apply an amount equivalent to 25% of the gross proceeds in excess of U.S.\$50 million of each incurrence of Specified Debt contracted by Belize after March 2, 2017, to repurchase in the open market, redeem, or otherwise reduce the Outstanding principal amount of the Securities. “**Specified Debt**” means Public Debt, and each new Debt lent or arranged by private sector international financial institutions, in each case (i) denominated in a currency other than the currency of Belize and (ii) having a tenor of at least five years.

**Other Undertakings and Amendments**

1. Amendments numbered 1, 2, 3, 4, 5 and 6 above will automatically be reversed (and the original terms of the Securities automatically reinstated) on September 30, 2017 unless the Trustee shall have received, on or prior to that date, a certification signed by the Financial Secretary of Belize confirming that the National Assembly of Belize has enacted a public sector budget for fiscal year 2017/18 that includes fiscal measures projected to produce a fiscal consolidation for that fiscal year equal to 3% of Gross Domestic Product (GDP) (in comparison with the Government’s fiscal performance for the fiscal year that commenced on April 1, 2016). The Trustee shall be entitled to rely for all purposes on the accuracy of such a certification.
2. On or before the effective date of the Proposed Amendments, the Prime Minister of Belize shall issue a Statutory Instrument, in accordance with Section 23(3) of the Finance and Audit (Reform) Act (No. 12 of 2005), committing (w) to propose to the National Assembly annual budgets that are projected to result in a primary surplus in each of fiscal years 2018/19, 2019/20 and 2020/21 equal to at least 2.00% of GDP, (x) to cooperate with the International Monetary Fund in its preparation of annual Article IV consultation reports for Belize and immediately after completion of the consultation to approve posting of the associated staff reports on the International Monetary Fund's website, (y) to publish each year, at the time it is presented to the National Assembly, the

Fiscal Strategy Statement referred to in Part 3 of Statutory Instrument No. 95 of 2010 captioned *Fiscal Transparency and Responsibility Regulations, 2010*, and (z) to publish at the prescribed intervals the Fiscal Outlook and Mid-year Review Report referred to in Part 4 of Statutory Instrument No. 95 of 2010 captioned *Fiscal Transparency and Responsibility Regulations, 2010*.

Prior to the effective date of the Proposed Amendments, the Financial Secretary of Belize shall deliver a certification to the Trustee certifying that such Statutory Instrument has been issued. Belize will covenant to maintain the Statutory Instrument in full force and effect without modification until at least six months after the end of fiscal year 2020/21.

3. In the event that Belize fails to achieve a primary surplus equal to at least 2.0% of GDP in any of the fiscal years 2018/19, 2019/20 or 2020/21, Belize shall, as soon as practicable but in any event not later than 90 days after the end of the fiscal year in question, submit to the National Assembly a reasonably detailed report explaining the reasons why the target was missed and, in addition, request that the International Monetary Fund send a technical assistance mission to Belize for the purposes of (i) determining the reason(s) why the primary surplus target was not reached in the prior fiscal year and (ii) recommending measures to restore Belize to the path of achieving primary surpluses equal to at least 2.0% of GDP through fiscal year 2020/21. Belize shall request that the IMF technical assistance mission undertaking this assessment summarize its findings and recommendations in writing and Belize shall publish that memorandum promptly after receipt from the IMF mission.
4. In the event that the Requisite Consents are received on or prior to the Expiration Time and not validly revoked and the conditions to the Consent Solicitation are satisfied or waived, all Holders will be paid a consent fee of \$2.50 in cash per \$1,000 principal amount of Securities (the “**Consent Fee**”). The Consent Fee will be paid pursuant to the procedures described herein and under the heading “The Consent Solicitation—Consent Fee” in the Statement. **If the Proposed Amendments become effective, all Holders, including those who do not deliver their consent prior to the Expiration Time, will be bound by the Proposed Amendments.** In the event that the Consent Solicitation is terminated or otherwise not completed, the Consent Fee will not be paid or become payable to any Holders of the Securities and the Proposed Amendments will not become effective.
5. As a condition to the effectiveness of the Proposed Amendments, Belize shall pay (i) to the Trustee, the full amount of the coupon due on the Securities on February 20, 2017, (ii) to the Holders’ Committee, the amount of U.S.\$2,785,000 in full settlement of Belize’s obligation to pay or reimburse fees and expenses of the Holders’ Committee, (iii) to the Information and Tabulation Agent, the Consent Fee and (iv) to the Trustee, all of its outstanding fees and expenses (including, but not limited to, attorneys’ fees and expenses). The Financial Secretary of Belize shall certify in writing to the Trustee, prior to the time of effectiveness of the Proposed Amendments, that all such payments have been made.

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