

RESOLUTION NO.

PARLIAMENT

WHEREAS by paragraph (a) of section 3(1) of the *Guarantee of Loans (Companies) Act*, Cap. 96 the Government may, with the approval of Parliament, guarantee the borrowing, by a company incorporated under the *Companies Act* and controlled by the Government, of such sums, from a lending agency, as are authorised by the Government;

AND WHEREAS Barbados National Oil Company Limited, a company incorporated under the *Companies Act*, Cap. 308 is a company controlled by the Government within the meaning of section 2 of the *Guarantee of Loans (Companies) Act*, Cap. 96;

AND WHEREAS the Company has decided to raise the sum of 160 million Barbados dollars to be comprised of bonds denominated in the currency of Barbados and also in the currency of the United States of America as follows:

1. Series 1 Bonds, in the sum of up to BDS\$25 million;
2. Series 2 Bonds, in the sum of up to US\$25 million;
3. Series 3 Bonds, in the sum of up to BDS\$25 million;

4. Series 4 Bonds, in the sum of up to BDS\$20 million; and
5. Series 5 Bonds, in the sum of up to US\$20 million

by the issue and sale of fixed and floating rate bonds from the BNB Finance & Trust Corporation;

AND WHEREAS the Government of Barbados, as sole shareholder of the Company, has undertaken to provide the guarantee in favour of the Trustee;

AND WHEREAS it has been agreed and determined that the bonds shall be constituted and secured in the manner and upon the terms and conditions contained in this Trust Deed and subject to and with the benefit of the conditions contained in the *Schedule* hereto;

AND WHEREAS the net proceeds from the issue of the bonds shall be applied to finance the Company's short and medium term obligations;

BE IT RESOLVED that Parliament approve the guarantee by the Minister of Finance of the principal sum of BDS\$160 million to be raised by the Barbados National Oil Company Limited through the issue and sale of fixed and floating rate bonds from BNB Finance & Trust Corporation on the terms and conditions set out in the *Schedule* hereto.

SCHEDULE

TERMS AND CONDITIONS

Issuer:	Barbados National Oil Company Ltd. ("BNOCL")
Arranger:	BNB Finance & Trust Company ("BFTC")
Purpose:	To finance the company's short and medium term obligations.
Issue Price:	100%
Instrument:	Fixed and Floating Rate Bonds
Currency:	Barbados dollars (Bds\$) and United States dollars (US\$)
Amount and series:	One hundred and sixty million dollars (BDS \$160,000,000) to be issued in the following series: Series 1: the sum of up to BDS\$25,000,000 Series 2: the sum of up to US\$25,000,000 Series 3: the sum of up to BDS\$25,000,000 Series 4: the sum of up to BDS\$20,000,000 Series 5: the sum of up to US\$ 20,000,000
Maturity dates:	Series 1 - December 31, 2012 Series 2 - December 31, 2014 Series 3 - December 31, 2016 Series 4 - December 31, 2019 Series 5 - December 31, 2019

- Interest Rate:
- Series 1: Fixed at 5.25%
 - Series 2: Fixed at 5.75%
 - Series 3: Fixed at 6.375%
 - Series 4: Fixed at 6.75%
 - Series 5: Set at 7.25% for the first 3 years from the Closing Date, thereafter re-set for the subsequent 3 and 4 year terms at a rate that is 0.5% above the prevailing market rate for Barbados USD sovereign bonds of similar risk and maturity. Re-set rate to be determined at least 1 month in advance of the new 3 year term or as determined by the Trustee in accordance with the supplemental Trust Deed.
- Repayment:
- In accordance with the following:
- (a) Quarterly payments of principal and interest to be paid during the terms of the facilities; with effect from 31 March, 2010 for series 4 and 5, 30 June for series 1 and 3 and 30 September, 2010 for Series 2;
 - (b) Interest will be calculated on the reducing principal balance of all series;
- Status:
- The bonds will constitute unconditional, secured and unsubordinated general obligations of the Issuer and will rank *pari passu* among themselves and with all other present and future secured and unsubordinated obligations of the issuer.
- Eligibility:
- The bonds will qualify as eligible investments in the statutory funds of insurance companies and pension funds in Barbados and Trinidad & Tobago.
- Approval has been obtained from the Central Bank of Barbados for the United States of America dollar bond issue.

Taxation:	All payments to be made by Government to the Arranger under the Agreement shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Island of Barbados or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In the event that any such withholdings would otherwise be required for bonds held by persons over the age of 60 years and in receipt of a pension, Government shall either exempt such bond-holders from the payment of such taxes, duties, assessments or governmental charges or BNOCL shall pay such additional amounts as will result in receipt by the Arranger of such amounts as would have been received by it, had no such withholding or deduction been required.
Security:	<p>Charge over the debt-service reserve account into which an average of \$10 million per annum must be deposited over the next 10 years;</p> <p>Guarantee of the Government of Barbados to repay all outstanding principal, interest and any other amounts in respect of this issue, which are not covered by the debt-service reserve account.</p>
Pre-payment:	The bonds can be repaid either partially or in full without penalty, after the expiration of three (3) years, by giving three (3) months' notice in writing.
Governing Law:	Law of Barbados.
Documentation:	<p>As required by the Laws of Barbados, but to include <i>inter alia</i>:</p> <ul style="list-style-type: none"> (a) Trust Deed; (b) Letter of Comfort; (c) Paying Agency Agreement; (d) Subscription Agreement; (e) Form of Guarantee; (f) Deed(s) of Assignment; (g) Supplemental Trust Deed; (h) Side Letter Amending the Paying Agency Agreement dated March 01, 2010; and (i) Side Letter Amending the Subscription Agreement.

- Issue Date: The following date(s) for the issue of the bonds or as otherwise agreed with the Trustee from time to time:
- Series 4 and 5 - February 16, 2010
Series 3 - April 30, 2010; and
Series 1 and 2 - June 30, 2010.
- Trustee: BFTC or any other trustee or trustees for the time being of the trust Deed and includes the successors and assigns of the Trustee whether immediate or derivative;
- Events of Default: The bonds shall become immediately due and payable together with accrued interest, if any of the following events occur and the Trustee so determines or is requested in writing by bond-holders together holding at least two-thirds in principal amount of the outstanding bonds or is requested by an Extraordinary Resolution to demand repayment:
- (1) If the Company fails to pay on the due date any principal moneys or fails to pay for a period of 10 days any interest on the bonds when and as it becomes payable under the Trust Deed;
 - (2) If a *bona fide* petition is presented or an order made or a resolution passed or analogous proceedings are taken for appointing an administrator, interim receiver or receiver or liquidator of, or winding-up the Company or if a notice is issued convening a meeting for the purpose of passing any such resolution or a resolution to purchase or redeem or reduce the issued share capital of the Company (save for the purpose of and followed within 4 months by an amalgamation or reconstruction not involving or arising out of insolvency on terms previously approved in writing by the Trustee);

- (3) If the Company threatens to stop payment of its obligations generally or ceases or threatens to cease to carry on business or a substantial part of its business;
- (4) If an encumbrancer takes possession or a receiver is appointed of the whole or any part of the assets property revenues or undertaking of the Company or if any final judgment or order made against the Company is not complied within 7 days of service of the judgment or order on the Company or if a distress sequestration execution or other process is levied or enforced on or sued out against any of the undertaking property, assets, revenues, chattels or property of the Company and is not discharged within 14 days of the said distress sequestration execution or other process;
- (5) If the Company commits an act of bankruptcy as described in section 3(1) of the *Bankruptcy and Insolvency Act*, Cap. 303 of the Laws of Barbados or becomes an insolvent person as defined in the *Bankruptcy and Insolvency Act* taking into account its respective contingent and prospective liabilities or if the Company shall enter into discussions or arrangements with any of its creditors with a view to avoiding insolvency, or an application for an administration order or receiving order is presented to a court or such an order is made by a court, or if a notice is issued convening any meeting of the Company for the purpose of considering such an application;
- (6) If the Company defaults under any trust deed, loan agreement, debenture or other agreement or obligation relating to borrowing (which expression includes all liabilities in respect of any type of credit and accepting endorsing or discounting any notes or bills all unpaid rental and other liabilities present and future under hire-purchase, credit sale,

conditional sale, leasing and similar agreements the purchase price or charge for all acquisitions or services payment of which is deferred for 3 months or more and all liabilities under debt purchase factoring and like agreements contingent on non-payment of any debt) or under any guarantee (which expression includes all contingent liabilities undertaken in respect of the obligations or liabilities of any third party including all guarantees, indemnities or bonds whether constituting primary or secondary obligations or liabilities) or if any borrowing or other money payable under any of the foregoing becomes or is capable of being declared payable prior to its stated maturity or is not paid when due or if any debenture mortgage charge or other security now or hereafter created by the Company becomes enforceable;

- (7) If the Trust Deed fails or ceases in any respect to have full force and effect or to be continuing or is terminated or disputed or becomes in jeopardy, invalid or unenforceable;
- (8) If any licence authorisation, consent or registration at any time necessary or desirable to enable the Company to comply with its obligations to the Trustee or to carry on its business in the normal course shall be revoked, withheld or materially modified or shall fail to be granted, renewed or perfected or shall cease to remain in full force and effect;

- (9) If default is made by the Company in the performance of its obligations under or as incorporated by reference into the Trust Deed other than any covenant for the payment of principal and interest in respect of the bonds and (except where, in the opinion of the Trustee, such default is not capable of remedy when no such continuation or notice as is referred to below will be required) such default continues for more than 14 days after written notice requiring such default to be remedied has been given to the Company by the Trustee and the Trustee shall have certified in writing that such event is in its opinion prejudicial to the interests of the bond-holders;
- (10) The Company fails to replenish the Debt Service Reserve Account in accordance with the terms of clause 8.03 of the deed made on the 16th day of February, 2010 between the BNOCL and BFTC.

Application of
Moneys:

All amounts payable to and received by the Trustee in respect of the bonds by way of principal and/or interest or otherwise payable under any of the provisions of the Trust Deed will be received by it on trust for application:

- (1) first, in payment or satisfaction of the reasonable costs, charges, expenses and liabilities incurred by the Trustee (including any unpaid remuneration) in or about the execution of the trusts of the Trust Deed;
- (2) secondly, in payment *pari passu* and rateably of interest outstanding owing on or in respect of the bonds; and

- (3) thirdly, as to the balance (if any) in or towards payment *pari passu* and, rateably, of principal outstanding and owing on or in respect of the bonds. Without prejudice, if the Trustee shall hold any moneys which represent principal, premium or interest in respect of the relevant class of bonds which have become void under condition 11.00 of the deed made on the 16th day of February, 2010 between the BNOCL and BFTC, the Trustee shall (subject to payment or provision for the payment or satisfaction of the said reasonable costs, charges, expenses and liabilities and the remuneration of the Trustee), pay the same to the Company.

Covenants by the Company:

The Company hereby covenants with the Trustee that so long as there are any outstanding bonds it shall:

- (1) give to the Trustee or any person appointed by the Trustee, to whom the Company does not reasonably object, such information and evidence as it or he shall reasonably require for the purpose of the discharge by the Trustee of the duties or discretions vested in it under these presents or by operation of law;
- (2) at all times carry on and conduct its affairs in a proper and efficient manner;
- (3) procure the Auditors to furnish the Trustee with such opinions, certificates or other information as the Trustee may, from time to time, require in connection with any matter arising under these presents;

- (4) at all times keep proper books of account and allow any person appointed by the Trustee to whom the Company does not reasonably object, free access to the same at all reasonable times during normal business hours, so far as such access shall in the opinion of the Trustee be necessary for the protection of the interests of the bond-holders;
- (5) prepare financial statements, in respect of each financial period, in accordance with clause 28.01.14 of the deed made on the 16th day of February, 2010 between the BNOCL and BFTC and cause the same to be audited by its auditors and deliver sufficient copies of the same to the Trustees for itself and the Arranger, promptly, and in any event not later than 120 days after the end of the relevant financial period;
- (6) give notice, in writing, to the Trustee of the occurrence of any of the events referred to in clause 7.00 of the deed made on the 16th day of February, 2010 between the BNOCL and BFTC forthwith, upon it becoming aware thereof even if such event is not an event upon the happening whereof the Trustee may declare the bonds to be due and repayable immediately pending the lapse of time and/or the giving of notice and/or the issuing of a certificate and/or a demand and without waiting for the Trustee to take any of the actions mentioned therein;

- (7) oblige the Paying Agent to notify the Trustee forthwith in the event that it does not, on or before the due date for payment of the bonds or any of them or of any amount of the interest due thereon, receive unconditionally pursuant to the Paying Agency Agreement or these presents the full amount in Barbados dollars or United States of America dollars as required, of the moneys payable on such due date on all such bonds or for interest thereon, as the case may be;
- (8) in the event of the unconditional payment to the Paying Agent of any sum due in respect of the bonds or any of them or any amount of the interest thereon being made after the due date for payment thereof, forthwith, give notice to the relative bond-holders in accordance with condition 16.00 of the deed made on the 16th day of February, 2010 between the BNOCL and BFTC that such payment has been made;
- (9) at all times use its best endeavours, if it deems it necessary, to obtain and maintain the listing of the bonds on any Exchange(s) (with the prior written approval of the Trustee) and shall also use its best endeavours to [ensure] that there will at all times be furnished to any Exchange(s) on which the bonds are for the time being quoted or listed such information as such Exchange(s) may require in accordance with its normal requirements and shall also upon obtaining a quotation or listing of the bonds on such Exchange(s) enter into a trust deed supplemental hereto to effect such consequential amendments to the trust deed as the Trustee may reasonably require or shall be requisite to comply with the requirements of any such Exchange(s);

- (10) comply with, observe and perform all its obligations under the Paying Agency Agreement, and use all reasonable endeavours to procure the Paying Agent and the Registrar to comply with, observe and perform all their obligations under the Paying Agency Agreement, and not make any amendment or modification to any such agreement without the prior written approval of the Trustee;
- (11) at all times maintain a Paying Agent in accordance with the applicable conditions and at all times ensure that there is a Registrar;
- (12) give not less than 60 days' notice to the bond-holders in accordance with condition 16.00 of the deed made on the 16th day of February, 2010 between the BNOCL and BFTC of the proposed resignation or removal of any Paying Agent or Registrar or the change of any Paying Agent's or Registrar's specified office and also give notice to the bond-holders in accordance with condition 16.00 of the deed made on the 16th day of February, 2010 between the BNOCL and BFTC of any appointment of any Paying Agent or Registrar within 14 days thereafter; provided always that in the case of the termination of the appointment of the Paying Agent or the Registrar, no such termination shall take effect until a new Paying Agent or Registrar has been appointed on terms approved by the Trustee;
- (13) send or procure to be sent to the Trustee, not later than the date of publication, two copies of all notices given to bond-holders in accordance with condition 16.00 of the deed made on the 16th day of February, 2010 between the BNOCL and BFTC;

- (14) send to the Trustee (in addition to any copies to which it may be entitled as a holder of any bonds of the Company) two copies of every balance sheet, profit and loss account, report, notice, circular or like document;
- (15) at all times execute and do all such further documents, acts and things as may be necessary at any time or times in the reasonable opinion of the Trustee to give effect to the provisions of these presents;
- (16) so long as there are outstanding bonds the Company will ensure unless it obtains the prior consent of the Trustee, which consent shall not be unreasonably withheld that no indebtedness of the Company incurred on or after the closing date and no guarantee by the Company of any indebtedness of any person incurred on or after the closing date will be secured by any mortgage, lien, pledge or other security interest upon, or with respect to any of the present or future assets or revenues of the Company.

At all times maintain a Registrar having its specified office in the Island of Barbados.

On request by the Paying Agent procure the Central Bank of Barbados or other relevant authority to furnish the Trustee and the Paying Agent with such approvals, certificates, reports or other information as the Trustee and the Paying Agent may from time to time reasonably require and which such authority is obliged to give in connection with any calculation or matter arising under these presents.

ADDENDUM

The Barbados National Oil Company Limited has entered into an agreement with the Barbados National Bank Finance and Trust Corporation for the issuance of a bond in the sum of \$160,000,000. The bonds are to be secured by way of a Government guarantee facilitated in accordance with the *Guarantee of Loans (Companies) Act, Cap. 96*.

The proceeds of the bond issue are to be used for the financing of the Company's short and medium term obligations.

In accordance with section 3(1) of the *Guarantee of Loans (Companies) Act, Cap. 96*, the approval of Parliament is being sought for the guarantee by the Government of the repayment of the principal and interest in respect of the \$160 million bonds issued by the Barbados National Oil Company Limited.