



A FORTIS COMPANY

BELIZE ELECTRICITY LIMITED

PROSPECTUS

September 17, 2007

\$25,000,000 Bze - 10% Series 4 Fixed Rate Debentures

These Debentures are being offered by Belize Electricity Limited (“the Company”, “BEL”) at a price of \$100.00 per Debenture. A total of 250,000 Debentures are being offered for \$25,000,000 in aggregate proceeds (“the offering”). All the Debentures are hereby being offered in Belize and the proceeds will accrue to the Company.

The Debentures will not be listed on any stock exchange. Therefore the ability to resell Debentures may, in certain circumstances, be restricted. The Company will facilitate the buying and reselling of Debentures subject to the limitation that individual debenture holders will not be allowed to sell to the Company, Debentures of a value in excess of \$5,000 per annum. This does not affect the right of debenture holders to redeem under the “Put” option referred to on page 5 of this Prospectus.

All amounts contained herein are expressed in Belizean currency unless otherwise so indicated.

Price: \$100.00 per Debenture

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice and whether or not the offering is fully subscribed.

Subscriptions are subject to a minimum subscription of \$100.00 for one Debenture. It is expected that the closing will take place on September 30, 2008 or until fully subscribed (“Closing Date”), subject to the Company’s right to extend such date. Certificates for Debentures will be available for delivery on or about three months after allotment.

The Directors of the Company have particular responsibility for the information relating to the Company including the financial forecasts.

A copy of this document has been filed with the Registrar of Companies in the manner required by Section 82 of the Companies Act of Belize.

This Prospectus constitutes a public offering of these Debentures only in the jurisdiction where they may lawfully be offered for sale, and therein only by persons permitted to sell such Debentures. No securities commission or similar authority has in any way passed upon the merits of the Debentures offered and any representation to the contrary is a misrepresentation. See body of Prospectus for additional details.

PROSPECTUS SUMMARY

THE FOLLOWING IS A SUMMARY ONLY AND REFERENCE IS MADE TO THE MORE DETAILED INFORMATION, FINANCIAL FORECAST AND FINANCIAL STATEMENTS CONTAINED ELSEWHERE IN THIS PROSPECTUS.

THE COMPANY

Belize Electricity Limited (BEL) is Belize's primary distributor of electricity in the country. Aggregate annual energy sold in 2006 exceeded 360,000 megawatt hours (MWH) and the Company has over 71,000 customer accounts, both residential and commercial/industrial. The Company's aggregate peak demand is currently 70 megawatts (MW). Electricity is supplied to customers mainly from a 115 kilovolt (KV) national grid and one isolated diesel power plant. The national grid receives energy from BEL's diesel generating plants including a 21 MW gas-turbine generator at Mile 8 on the Western Highway, a 115 KV interconnection with Comisión Federal de Electricidad (CFE), Mexico north of the country, Belize Electric Company Limited's (BECOL) 25.2 MW Mollejon and 73 MW Chalillo Hydroelectric Facilities, and Hydro Maya Limited's 3.4 MW run of the river hydroelectric facility. Sales growth over the last 5 years has averaged approximately 7%.

THE OFFERING

The Debentures

Issue:	10% Series 4 Debentures
Amount:	\$25,000,000 issued in 250,000 Debentures with a face value of \$100 each.
Price to the Public:	\$100.00 per Debenture
Interest:	10% per annum, calculated from the date of allotment and payable quarterly on March 31, June 30, September 30 and December 31.
Maturity Date:	September 30, 2027
Use of Proceeds:	The net proceeds will be used by the Company to assist in financing the Company's capital investment plan and to assist in meeting certain operating costs.
Put Option:	The Supplemental Indenture provides that on or at any time after September 30, 2014 until maturity a debenture holder may by written notice put his Debenture(s) to the Company and the Debenture(s) shall be redeemed one year after delivery of the notice in accordance with and subject to the terms of the Supplemental Indenture.
Call Option:	The Supplemental Indenture provides for the right of the Company to call (redeem) such amount of Debentures as it, in its sole discretion, may determine for purchase and cancellation at any time after September 30, 2014 until maturity after giving not more than sixty days nor less than thirty days written notice to the registered holder of such Debentures.
Security and Subordination:	The Debentures are unsecured and rank at least pari passu with the Company's other long-term indebtedness.
Currency:	The Series 4 Debentures are Belize Dollar denominated securities and all interest and principal repayments are to be done in Belize Dollars.

Summary Financial Information and Selected Statistics

(In thousands of dollars, except for operating data)

	12 months December 31	
Income Statement Data:	<u>2006</u>	<u>2005</u>
	\$	\$
Operating Revenues	156,122	125,361
Operating Expenses	<u>119,976</u>	<u>95,088</u>
Net Operating Income	36,146	30,273
Other Expense	<u>10,062</u>	<u>11,390</u>
Net Income	<u>26,084</u>	<u>18,883</u>

Balance Sheet Data:

Total Assets	408,953	373,673
Total Liabilities	146,387	200,142
Shareholders' Equity	262,566	173,531

Forecasted Fiscal Year Ending

December 31

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Income Statement Data:	\$	\$	\$	\$
Operating Revenues	165,180	181,890	195,985	207,819
Operating Expenses	<u>128,529</u>	<u>142,735</u>	<u>153,684</u>	<u>162,737</u>
Net Operating Income	36,651	39,155	42,301	45,082
Other Expense	<u>7,991</u>	<u>9,620</u>	<u>11,464</u>	<u>14,050</u>
Net Income	<u>28,660</u>	<u>29,535</u>	<u>30,837</u>	<u>31,032</u>

Balance Sheet Data:

Total Assets	420,879	451,163	481,651	502,059
Total Liabilities	144,003	158,895	174,180	179,226
Shareholders' Equity	276,876	292,268	307,471	322,833

Operating Data:

Number of Customers	73,279	75,601	77,923	80,245
MWH Sold	381,084	404,407	424,628	450,105
Peak Demand in KW	71	76	80	86

See body of Prospectus for additional details on the above.

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INVESTMENT CONSIDERATIONS

Prospective investors should consider the following factors, in addition to the other information contained in this Prospectus, in evaluating the Company and its business before purchasing Debentures offered hereby.

The Company

The Company was incorporated in Belize City on October 5, 1992 pursuant to the Belize Companies Act as a public limited liability company with the object of succeeding to the business of the Belize Electricity Board ("the Board"). The Company was incorporated with an authorized share capital of \$100,000,001, comprised of 38,000,000 Ordinary Shares of \$2 each, 12,000,000 Preference Shares of \$2 each, and one Designated Share at \$1. In June 2006, the Company conducted a recapitalization exercise that increased its authorized ordinary share capital by 62,000,000 to 100,000,000 shares. The Company's authorized share capital now stands at \$224,000,001. The Company is empowered under its Articles to borrow money by the issue of Debentures.

The Company is the primary distributor of electricity in Belize with its headquarters at 2½ Miles on the Northern Highway. Serving a customer base of over 71,000 accounts, the Company meets a peak demand of 70 MW from multiple sources of energy including power purchases from Belize Electric Company Limited (BECOL), owner and operator of the Mollejon and Chalillo Hydroelectric Facilities, from Comisión Federal de Electricidad (CFE), the Mexican state-owned power company and from its own diesel-fired and gas-turbine generation. All major load centers are connected to the country's National Electricity System, which is interconnected with the Mexican National Grid, allowing the Company to optimize its power supply options. The Company's 15-year license to operate will expire in June 2015 however the license contains a provision for an option to extend the license period for an additional 10 years.

Industry Outlook

Belize's stable economy will provide a stable growth base for the Company in the short to medium term. Energy sales should average 6 % growth in the medium term as compared to the 7 % average annual growth rate experienced over the past five years. Sales growth is driven by growth in the residential and commercial customer sectors as well as a move to grid power by some self generators because of high fuel prices. Sales growth rate is closely tied to country GDP growth rates. GDP growth in Belize was 3.5 % in 2005 and 5.8 % in 2006. GDP growth rate is expected to be 3 to 4 % in the medium term.

Overall, high sales growth is expected in Belmopan/San Ignacio, Corozal, San Pedro and Independence/Placencia. Moderate sales growth is expected in all other areas with Belize City continuing to show a fairly flat growth rate. Dangriga may have a negative growth if the citrus company reverts to self generation in 2008.

The discovery of oil in the country significantly boosted the economy in 2006. Election spending is also being stepped up by the Government and other parties. This will help to boost the economy in the short term. These activities may be somewhat dampened by Government tax revenue increases, including a 10 % General Sales Tax (GST) introduced July 1, 2006. The Government's recent debt restructuring is also providing some breathing room for the economy but only in so far as the Government can control its spending as the country debt level is still considered high.

The final tariff decision related to the Full Tariff Review Proceeding (FTRP) for the tariff period 2005 to 2009 continues to be in effect. It is a complex mechanism that makes the forecasting of electricity revenues challenging. It is a hybrid Performance Based Regulation based on a revenue cap concept utilizing forecasted values for costs and other revenues and incorporates earnings sharing with customers.

The Company will continue to maintain its focus on cost control but it will also increase resources in the areas of customer services, reliability and losses. This is in line with the objective of maintaining high customer satisfaction ratings against a backdrop of increased regulatory scrutiny.

Energy Supply

The ability to maintain a reliable source of generation supply continues to be critical. Fluctuating growth patterns, uncertain rainfall levels and over-reliance on the supply from Mexico continues to complicate capacity planning. Additional generation must be sourced over the short and medium term in order to maintain acceptable reliability levels.

A 10 year 15 MW Power Purchase Agreement with Belize Aquaculture Limited (BAL) is being pursued to provide firm capacity support. BAL may be on line late 2008. Belize Cogeneration Energy Limited (BELCOGEN) proposes to build a bagasse fired plant that is capable of delivering between 13.5 and 16 MW to BEL, with an estimated firm output of 13.5 MW. The estimated annual energy is 104 GWh and the plant is estimated to come on line in 2009. The proposed Vaca Hydroelectric Facility will feature an 18 MW power house. Construction is expected to be completed in 2009.

43 % of energy supply was met with hydroelectricity in 2006 as compared to 17 % in 2005. The Company is still exposed to fluctuating oil and gas prices due to the fact that BEL's other capacities are still based on oil or gas-fired generation. The development of additional in-country renewable sources will provide stably priced power and energy, but require relatively large capital investments.

Operations

The efficiency of our transmission, distribution and substation operations continues to be a major focus of BEL as it is essential to improving reliability and customer satisfaction, as well as reducing losses and operating costs. Current expansion and improvement initiatives underway include:

- Reliability improvement and losses reduction projects countrywide
- Strengthening of existing plants that are either deteriorated or are of non-standard construction
- Construction of new lines to withstand hurricane conditions
- Installation of sectionalizing reclosers to minimize the impact of outages
- Cost reductions through a pro-active preventative based program that avoids costly unplanned outages
- Interconnection of Caye Caulker to National Grid
- Expansion of substations to meet growth demand
- Construction of new transmission lines to improve network reliability

Forecast

The Forecast presented in this prospectus is based on a number of assumptions that were considered the most appropriate in the circumstances by the Company at the time of preparation. The earnings and cash flow may not be realized if these assumptions prove to be incorrect.

Capital Program

Demand growth, reliability improvements and loss reduction will drive system upgrades and expansions over the planning period. Capital expenditures are forecasted to stabilize at around \$46 million per annum in the medium term as the Power V and other system expansion, reliability and losses improvement projects continue.

These expenditures are expected to be financed through a combination of internal cash generation, new loans amounting to \$106 million, and the issue of these Series 4 Debentures with targeted proceeds of \$25 million over the planning period.

Use of Proceeds

Proceeds from these Series 4 Debentures will mainly be utilized to assist in financing the capital program of the Company as discussed above.

Capitalization Table (in thousands of dollars)

As at July 30, 2007

Long-Term Debt

Caribbean Development Bank - Power I	\$ 205
- Power II	14,158
International Bank for Reconstruction & Development - Power II	7,041
European Investment Bank - Power II	5,125
Royal Merchant Bank of Trinidad and Tobago	13,376
Bank of Nova Scotia	11,591
Toronto Dominion	4,355
Debentures	<u>61,392</u>
	<u>117,244</u>

Shareholders' Equity

Ordinary Shares, 69,023,009 issued and outstanding	138,046
Additional Paid In Capital	5,741
Capital Contributions	20,910
Appropriated Retained Earnings – T&D Insurance	5,000
Retained Earnings	<u>103,528</u>
	<u>273,225</u>
Total Capitalization	<u>\$ 390,470</u>

SERIES 4 FIXED RATE DEBENTURES

The following is a summary of the material attributes and characteristics of the 10% Series 4 Fixed Rate Debentures. Reference is made to the Supplemental Indenture referred to below for the full text of such attributes and characteristics.

General

The Debentures will be issued under (a) the Indenture of March 30, 1998 made between the Company, the Government of Belize and the Central Bank of Belize (the then “Fiscal Agent”) (the “Principal Indenture”) and (b) a Supplemental Indenture #3 made between the Company and Platinum Trust Corporation Limited dated August 31, 2007 (the “Supplemental Indenture”). The Principal Indenture provides for an aggregate principal amount of \$200,000,000 for all Debentures that may be issued thereunder.

The Series 4 Debentures will bear interest at the rate of 10% per annum and will mature on September 30, 2027. The quarterly interest, due on March 31, June 30, September 30 and December 31 in each year, will be payable in lawful money of Belize at the registered office of the Company or by direct deposit to designated accounts of debenture holders. The Series 4 Debentures will be issued as fully registered debentures in denominations of \$100 face value and integral multiples thereof.

The Debentures will be direct obligations of the Company and will not be secured by any mortgage, pledge or charge. The Principal Indenture restricts the Company from incurring additional indebtedness if the Company does not meet certain financial covenants. The Principal Indenture also prohibits the Company from mortgaging, pledging or charging its properties to secure any other indebtedness or liability, (except to the extent that such charge is permitted under the Principal Indenture, as in the case of the 21 MW Gas Turbine facility charge) unless effective provisions for securing the Debentures equally and rateably are taken.

Where the Company has redeemed any Debentures prior to the date of maturity, the Company will have the power to keep the Debentures alive for reissue purposes.

The Debentures will be transferable at the principal offices of the Company.

Default

In the event of any default, as defined in the Principal Indenture, the Company via a Trustee appointed by the debenture holders as provided for in the Principal Indenture may be required to purchase the Debentures at their face value. Such events of default include, inter alia and subject to certain materiality tests, non-payment of any amount as determined payable under the Principal Indenture and failure by the Company to cure within a specified time the breach or non-fulfillment of a term or condition of the Principal Indenture.

Repayment on Maturity

On September 30, 2027 (“Maturity”), the Company will repay any remaining indebtedness represented by outstanding Series 4 Debentures.

Modification

The Principal Indenture provides that modifications and alterations thereto and to the Debentures issued thereunder may be made if authorized by extraordinary resolution. The term “extraordinary resolution” as defined in the Principal Indenture means, in effect, a resolution passed by the affirmative votes of the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of Debentures represented and voting at a meeting of holders of Debentures duly convened. In addition, an extraordinary resolution which affects debenture holders or a class or section of them in certain fundamental respects including waiver of payment of principal or interest, change of maturity date, reduction of principal amount or rate of interest, or change of currency has to be confirmed by 75% of the votes of the holders of the Debentures represented at the meeting.

Put and call option and redemption by agreement

The Supplemental Indenture provides that on or at any time after September 30, 2014 until maturity a debenture holder may by written notice put his Debenture to the Company and the Debenture shall be redeemed one year after delivery of the notice in accordance with and subject to the terms of the Supplemental Indenture. In addition, the Supplemental Indenture provides for the right of the Company to call such amount of Debentures as it, in its sole discretion may determine, for purchase and cancellation at any time after September 30, 2014 until maturity on giving not more than sixty days nor less than thirty days notice. Redemption by agreement between the Company and the debenture holder at any time from time to time is also allowed.

Covenants by the Company

The Principal Indenture provides for the Company to comply with certain covenants and negative pledges. These include limitations on the creation of additional indebtedness, covenants not to create any liens or encumbrances on the assets of the Company unless they are of a certain nature or if certain conditions are present, covenants to pay principal, premium, interest and additional amounts in the manner specified, to pay taxes, rents, rates, levies, duties and assessments, general and special, ordinary and extraordinary, of every nature and kind, to ensure that no substantial change is made to the general nature of the business of the Company, to not make disposition of assets exceeding 10% of the yearly total capitalization, to not declare or make any distribution if a default or event of default occurred and is continuing, to furnish financial statements within a specific time and covenants to keep assets properly and prudently insured. Failure to maintain covenants contained in the Principal and/or Supplemental Indentures will constitute an event of default.

PLAN OF DISTRIBUTION

Up to 250,000 Series 4 Fixed Rate 10% Debentures are being offered for sale at a price of \$100.00 per Debenture payable in full on application and submission of the properly completed and executed subscription form ("Subscription Form") appended as Schedule 1 to the Prospectus. These Debentures are being offered by the Company in Belize and are not registered pursuant to requirements of any jurisdiction other than Belize.

Applications are prescribed within the body of this prospectus, and will be made available from branches of the major banks in Belize, the offices of Platinum Trust Corporation Limited, and offices of the Company located in Corozal, Orange Walk, Belize City, Belmopan, San Ignacio, Dangriga, Independence, Punta Gorda, and San Pedro, and the Company's collection agents countrywide.

The Subscription Form should be completed, filed, signed and dated, and cash in Belize or United States dollars (United States dollars exchange rate being US\$1 to BZ\$2) or check for the appropriate amount drawn in Belize dollars on a bank with branches in Belize or a banker's check in United States dollars, and made payable to "Belize Electricity Limited" should be attached to the Subscription Form. Someone other than the subscriber may execute the Subscription Form if they are authorized to do so, and a power of attorney in respect thereof must accompany the form. The completed Subscription Form, cash or check and power of attorney (if any) should be sent by post or delivered by hand to "BEL Debenture 4 Offer, Belize Electricity Limited, PO Box 327, 2½ Miles Northern Highway, Belize City". Alternatively, the cash or check can be deposited directly into the Company's appropriate bank account at any of the Belize Bank Limited and Scotiabank (Belize) Ltd. branches countrywide (see subscription form attached) with the subscription form, power of attorney (if any) and copy of deposit slip evidencing deposit of such funds in the Company's bank account sent by post or delivered by hand to "BEL Debenture 4 Offer, Belize Electricity Limited, PO Box 327, 2½ Miles Northern Highway, Belize City". Additionally, a copy of said documents should be faxed immediately to the Company's headquarters at fax number 501-223-0892.

By completing and delivering a Subscription Form each subscriber is making an offer to purchase the number of Debentures on the application form, subject to the conditions set out in this document, and in due course subject to conditions set out in the Principal and Supplemental Indentures. In addition, each subscriber is authorizing the Company under hand of the Chief Executive Officer, the Secretary or any Director to send a letter of acceptance for the number of debentures in respect of which the subscription is made, and a check or cash for any money returnable by post at the subscriber's risk, to the address of the person named in the Subscription Form. Each subscriber also will agree, that the completion and delivery of the Subscription Form constitutes a warranty that any remittance attached thereto will be honored on first presentation.

Persons allocated Debentures under the Offering will be sent a Letter of Acceptance (a temporary document of title) in respect of the Debentures purchased thereby.

A subscriber will receive his Debenture certificates within three months after the Letter of Acceptance, after which the Letter of Acceptance will no longer be valid as an instrument of title.

Subscriptions are subject to a minimum of one (1) Debenture and to multiples thereof. Subscriptions will be received subject to rejection and allotment by the Company, in whole or in part, and the right is reserved to close the subscription books at any time without notice once the offering is fully subscribed. It is expected that the closing of the Offering will take place when on September 30, 2008 or when all Debentures are fully subscribed.

APPLICABLE LAW

The Offering is being conducted in Belize, pursuant to applicable law therein and subject to that jurisdiction. Accordingly, the Debentures may not directly or indirectly be offered, sold or delivered outside Belize or to any person who, it is believed intends to re-offer, resell or deliver such Debentures outside Belize.

OVERVIEW OF OPERATIONS

The objective of the Company as provided in the Electricity Act, Chapter 221 of the Laws of Belize Revised Edition 2003 ("the Act") is to generate, transmit, distribute, supply and sell energy in Belize to residential, industrial and commercial users. Pursuant to Part 4 of the Act, the Company has been granted an exclusive license for 15 years renewable thereafter for areas it presently serves. Presently, the entire country of Belize is linked to the National Grid except for Caye Caulker. Customers are supplied from the Company's Gas Turbine and diesel generators, from a 25.2 MW run of the river hydro plant (Mollejon) and 7.3 MW Hydro Facility (Chalillo) – both owned and operated by Belize Electric Company Limited (BECOL), a subsidiary of Fortis Inc., parent company of BEL – from an independently owned 3.4 MW run of the river hydroelectric facility (Hydro Maya), and from the Mexican National Grid.

Power Supply

The Company generates electrical energy using diesel generators of varying sizes, ranging from 280 kW to 2.8 MW and from its own 21 MW diesel fired gas turbine. The Company purchases additional electrical energy from Comisión Federal de Electricidad (CFE) (Mexico) under short-term renewable contracts, from BECOL under a Power Purchase Agreement which expires on March 31, 2051 at the earliest, and from Hydro Maya under a Power Purchase Agreement which expires in March 2022.

The Company purchases from CFE 15 MW of firm capacity and up to 50 MW on an economic basis; from BECOL up to 25.2 MW (Mollejon) and 7.3 MW (Chalillo); and from Hydro Maya up to 3.4 MW.

BEL will continue to seek the most cost efficient, reliable and environmentally friendly sources of energy to meet Belize's growing demand.

As a result of by-laws set out by the Public Utilities Commission (PUC) governing the determination of electricity tariffs, charges and quality of service standards, the Company is allowed to defer excess costs of fuel, power purchases, and diesel operating and maintenance expenses plus interest on the account balances to be recovered from or rebated to customers every four years. An account known as the Cost of Power Rate Stabilization Account (CPRSA) was established to regulate the manner in which these excess costs of power and changes in the CPRSA are passed on to customers. The Cost of Power (COP) pass-through component in \$/kWh sold is \$0.253 with effect from July 1, 2006. A new \$3,000,000 threshold level was established for the CPRSA with effect from July 1, 2005 that allows for adjustments to the customer tariff once new deferrals to the CPRSA reach this level. Adjustments to the tariff as a result of this "Threshold Event" may require adjustments to the COP component of the tariff and additional CPRSA recovery surcharges at any time during a calendar year (as occurred on January 1, 2006). On January 1, 2002 a Hurricane Cost Rate Stabilization Account (HCRSA) was also established in accordance with the by-laws to defer storm related costs. Recovery of these amounts from customers is also in progress as part of the recovery of the CPRSA.

The Annual Review Proceedings ("ARP") for the tariff period July 2007 to June 2008 has been concluded; however, the Company is currently appealing the Public Utilities Commission's (PUC) decisions as it relates to adjustments for cost of power, losses and reliability and is therefore, not in a position to implement the final 2007/2008 tariff decision until the appeal of the PUC decision has been heard. This is expected to occur in the fourth quarter 2007. The tariff decision for this new tariff period, however, keeps the mean electricity rate of the Company at \$0.441/KWh.

Energy Sales

Sales growth over the past five years has averaged 7 %. Sales growth has been highest in both the residential and commercial categories that reflect the high level of investment in new housing and growth in agriculture & tourism, which occurred over the last several years. For 2007, sales growth is forecasted at 6%.

The Company nevertheless, continues to market its services to pockets of self generators that are potential customers. Potential to capture new loads exists on the island of San Pedro depending on how quickly the tourism industry returns to its high growth levels of the past.

Environment

The Company is committed to meeting or exceeding all applicable national laws, regulations, permit conditions, and other applicable environmental requirements.

BEL introduced its environmental initiative in 2004. The target is to make continual improvement in environmental management so that the Company's operations can eventually conform to the requirements of ISO 14001. This program was initiated in March 2004 in the Generation Department, was extended to the Substation and Transport Departments in August 2005 and to the Purchasing & Stores and Distribution Departments in August 2006. Companywide implementation is planned for 2007. The results of the second compliance audit completed in May 2006 concluded that the Company has made significant progress in its environmental program and all aspects of its operations should be in compliance with ISO 14001 requirements by mid-2008.

Loans and Significant Terms

As at year-end 2006, the Company and the Government of Belize had entered into four material loan agreements (the "Loan Agreements"), one of which was executed to finance the Power I Project, and three to finance the Power II Project. Additionally, as at year-end 2006, the Company had entered into four material loan agreements – one to finance the Gas Turbine and three to finance the purchase of distribution, substation, and transmission equipment related to the expansion/upgrade/refurbishment of the existing electrical grid in Belize. Each of these agreements contain various negative and positive covenants by the Company or the Government regarding future actions by the Company or the Government and various events of default, in the event of which, if not cured, the loan becomes due and payable.

Management Discussion and Analysis of Financial and Operating Results

For the year 2006, the Company's annual earnings growth was a result of the July 2005 tariff increase and a decrease in finance charges during the second half of the year negatively impacted by higher operating expenses and taxes. Loss on exchange related to the Euro (related to the Company's Euro denominated loan) also negatively impacted annual earnings.

The decrease in finance charges is mainly the result of the Company's recapitalization in mid-June. Proceeds from the share issue were used to repay high cost short-term and long-term loans which had been obtained to help finance the high cost of power and to repay all outstanding loan amounts owed to BECOL. Increase in operating expenses is as a result of higher licenses and fees, increased line maintenance efforts, higher employee costs, new customer services and loss reduction initiatives, and general increase in the cost of goods and services including medical insurance. Business tax for the year was greater than that of last year as a result of the increase in revenues on which the tax is calculated.

Sales and revenue is dependent on stable economic growth. Should the economic activity decrease, the Company's revenues will be negatively impacted.

Financial Forecast

The financial forecast presented in this prospectus represents the Company's best forecast of revenues and expenditures. Indications are that sales will continue to grow at 6% annually over the planning period. However, the Company's earnings per share could be negatively affected should sales fall below forecast.

The forecast reflects management's best estimate of the results of the Company for the four year period ending December 31, 2010, ("the Period") based on management's estimate as to the most likely set of market and economic conditions during the Period, and management's intended course of action under those conditions. Assumptions used in the preparation of the forecast are considered the most reasonable by management at the time of preparation. Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. Management does not intend to distribute any update to the forecast.

DIRECTORS AND SENIOR OFFICERS

The name and principal occupation of each of the directors and senior officers are set forth below:

Directors

Principal Occupation

Robert Usher (Chairman)	General Manager Northern Fishermen Cooperative Society Ltd.
H. Stanley Marshall (Deputy Chairman)	President & CEO Fortis Inc.
Frank Crothers	Private Investment Banking Island Corporate Holdings Ltd.
J. F. Richard Hew	President & CEO Caribbean Utilities Co. Ltd.
Karl H. Menzies	Chairman Karl H. Menzies Co. Ltd.
Dylan Reneau	General Secretary Public Service Union
Yasin Shoman	Manager Corozal Distributors Ltd.
Karl Smith	President & CEO Fortis Alberta Inc.
Lynn R. Young	President & CEO Belize Electricity Ltd.

The Articles do not require the directors to own any shares of the Company and there is no minimum allotment. As set out in the Articles, a holder or holders of Shares of the Company shall have the right to nominate one director for appointment to the board of directors of the Company in respect of each holding of such Shares equal to 10% of the then outstanding share capital of the Company as at each fiscal year end.

Senior Officers

Position

Lynn R. Young	President and CEO
Rene Blanco	VP Finance and Administration & CFO
Felix Murrin	VP Customer Care & Operations
Joseph R. Sukhnandan	VP Engineering & Energy Supply
Juliet Estell	Manager Executive Services and Company Secretary

INCOME TAX CONSIDERATIONS

Interest Income

The Government of Belize has, by a letter of August 31, 2007, granted exemption in relation to any tax which may otherwise have been or become payable in respect of interest on these Series 4 Debentures.

Import and Stamp Duties and Sales Tax

The purchase of a Debenture will not attract any income tax, General Sales Tax (GST) nor stamp duties. The Company is exempted from paying import and stamp duties on purchases of goods from abroad but is subject to 10% GST and 2% environment tax on normal course purchases. The Company is further exempted from paying import and stamp duties and GST on its purchase of fuel and lubricants for energy generation purposes.

CONDITIONS PRECEDENT TO CLOSING

A subscriber will become a debenture holder only upon the occurrence of all of the following:

- (a) Completion, execution and delivery to the Company of the Subscription Form attached to this Prospectus;
- (b) Receipt of payment for the Debenture to be delivered with the subscription form.
- (c) The issuance by the Company of a letter of acceptance in respect of the subscription; and
- (d) Registration in the Register for Debentures.

The closing of the Offering (“the Closing”) will not occur until all of the following conditions (“the Conditions Precedent”) have been satisfied:

- (a) Any requisite approvals are received in writing from the lenders, waiving, acknowledging or accepting any necessary changes to their loan documents respectively that may be required to conform such documents to the transaction being contemplated hereby, as well as any covenants or events of default that may be effected therein; and
- (b) Receipt of Platinum Trust Corporation Limited’s approval of the Supplemental Indenture to the Indenture

AUDITORS

The Auditors of the Company are Castillo Sanchez & Burrell, LLP, Chartered Accountants, 40A Central American Blvd., Belize City, Belize, C.A. independent correspondent firm to Deloitte Touche Tohmatsu.

RESPONSIBILITY FOR PARTICULARS OF OFFER

The Directors of the Company have particular responsibility for all information contained herein concerning the Company including the financial forecast. The Directors and persons below have taken reasonable care to ensure that to the best of their knowledge, the information given herein or in those portions for which they have particular responsibility as the case may be is in accordance with the facts and nothing is omitted, the inclusion of which would materially affect the import of this document.

The Debentures are offered for sale solely on the basis of the information contained in this document. No other information given or representation made by any other person should be relied upon and no person responsible for this document or any part thereof shall have any liability for any such additional information or representation.

CERTIFICATE

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required or necessary to be stated in order for a statement not to be misleading in light of the circumstances in which it was made.

Signed "Lynn Young"

President & Chief Executive Officer

Signed "Rene Blanco"

Vice President,
Finance and Administration and
Chief Financial Officer

Signed "M.C. Young"

Legal Counsel

On behalf of the Directors of the Company:

Signed "Robert Usher"

Chairman, Board of Directors

BELIZE ELECTRICITY LIMITED

FORECASTED BALANCE SHEETS

DECEMBER 31, 2007 TO 2010

(In Belize thousands of dollars)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ASSETS				
PROPERTY, PLANT AND EQUIPMENT (net)	\$ 368,867	\$ 403,380	\$ 441,646	\$ 467,708
RATE STABILIZATION ACCOUNT	20,071	17,356	13,329	6,745
TRANSMISSION RIGHTS	978	833	688	543
GOODWILL	35	28	21	13
Total long-term assets	389,951	421,597	455,684	475,009
CURRENT ASSETS				
CASH AND SHORT TERM INVESTMENTS	5,441	4,505	-	212
ACCOUNTS RECEIVABLE	13,397	14,765	15,903	16,855
INVENTORIES	9,861	9,867	9,634	9,552
PREPAYMENTS	2,229	429	429	429
Total current assets	30,928	29,566	25,966	27,048
TOTAL	\$ 420,879	\$ 451,163	\$ 481,650	\$ 502,057
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
ORDINARY SHARES	\$ 143,787	\$ 143,787	\$ 143,787	\$ 143,787
CAPITAL CONTRIBUTION (net)	20,749	21,790	22,031	22,237
INSURANCE RESERVE	5,000	5,000	5,000	5,000
RETAINED EARNINGS	107,340	121,691	136,652	151,809
Total shareholders' equity	276,876	292,268	307,470	322,833
LONG TERM LIABILITIES				
LONG TERM DEBT	46,205	47,634	50,993	58,935
DEBENTURES	63,860	73,850	76,965	80,080
Total long term liabilities	110,065	121,484	127,958	139,015
CONSUMER DEPOSITS				
	6,906	7,361	7,817	8,272
CURRENT LIABILITIES				
BANK OVERDRAFT	-	-	279	-
ACCOUNTS PAYABLE AND ACCRUALS	13,791	15,261	16,250	17,129
CURRENT PORTION LONG TERM DEBT	13,044	14,571	21,641	14,558
CORPORATE TAX PAYABLE	197	218	235	250
Total current liabilities	27,032	30,050	38,405	31,937
TOTAL	\$ 420,879	\$ 451,163	\$ 481,650	\$ 502,057

BELIZE ELECTRICITY LIMITED

FORECASTED STATEMENTS OF INCOME AND RETAINED EARNINGS YEARS ENDING DECEMBER 31, 2007 TO 2010

(In Belize thousands of dollars)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ELECTRICITY REVENUE	\$ 158,150	\$ 174,704	\$ 188,450	\$ 199,934
COST OF WHOLESALE POWER	<u>(97,551)</u>	<u>(108,611)</u>	<u>(117,069)</u>	<u>(124,263)</u>
	60,599	66,093	71,381	75,671
OTHER REVENUE	7,030	7,186	7,535	7,886
OPERATING EXPENSES	(19,683)	(21,720)	(22,534)	(22,568)
DEPRECIATION AND AMORTIZATION	(11,295)	(12,403)	(14,081)	(15,905)
FINANCE CHARGES	(5,131)	(6,476)	(8,078)	(10,461)
NET EARNINGS BEFORE CORPORATE TAX	<u>31,520</u>	<u>32,680</u>	<u>34,223</u>	<u>34,623</u>
CORPORATE TAX	(2,862)	(3,144)	(3,387)	(3,591)
EARNINGS APPLICABLE TO SHAREHOLDERS	<u>28,659</u>	<u>29,536</u>	<u>30,836</u>	<u>31,032</u>
EARNINGS PER SHARE	<u>\$ 0.42</u>	<u>\$ 0.43</u>	<u>\$ 0.45</u>	<u>\$ 0.45</u>
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 93,867	\$ 107,340	\$ 121,691	\$ 136,652
Earnings Applicable to Shareholders	28,658	29,536	30,836	31,032
Dividends	<u>(15,185)</u>	<u>(15,185)</u>	<u>(15,875)</u>	<u>(15,875)</u>
RETAINED EARNINGS, END OF YEAR	<u>107,340</u>	<u>\$ 121,691</u>	<u>\$ 136,652</u>	<u>\$ 151,809</u>

BELIZE ELECTRICITY LIMITED

FORECASTED STATEMENTS OF CASH FLOWS YEARS ENDING DECEMBER 31, 2007 TO 2010

(In Belize thousands of dollars)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
CASH FROM OPERATIONS:				
NET INCOME	\$ 28,658	\$29,536	\$30,836	\$ 31,032
ITEMS NOT AFFECTING CASH				
DEPRECIATION AND AMORTIZATION (NET)	11,295	12,403	14,081	15,905
CHANGE IN NON-CASH WORKING CAPITAL	5,537	7,796	7,294	9,774
	<u>45,490</u>	<u>49,735</u>	<u>52,211</u>	<u>56,711</u>
CASH USED IN INVESTING:				
ACQUISITION OF PLANT AND EQUIPMENT	(43,050)	(50,195)	(55,677)	(45,332)
	<u>(43,050)</u>	<u>(50,195)</u>	<u>(55,677)</u>	<u>(45,332)</u>
CASH USED IN FINANCING:				
PROCEEDS FROM (PAYMENT ON) BANK OVERDRAFT (net)	-	-	279	(279)
PROCEEDS FROM LONG TERM DEBT	9,857	16,000	25,000	22,500
PAYMENT ON LONG TERM DEBT	(10,839)	(13,044)	(14,571)	(21,641)
CAPITAL CONTRIBUTION	1,388	1,763	1,013	1,013
PROCEEDS FROM SALE OF SERIES III/IV DEBENTURES	3,543	9,990	3,115	3,115
DIVIDENDS PAID	(15,185)	(15,185)	(15,875)	(15,875)
	<u>(11,236)</u>	<u>(476)</u>	<u>(1,039)</u>	<u>(11,167)</u>
NET (DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS	(8,796)	(936)	(4,505)	212
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	14,237	5,441	4,505	-
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	\$ 5,441	\$ 4,505	\$ -	\$ 212

BELIZE ELECTRICITY LIMITED

BALANCE SHEET

DECEMBER 31, 2006 AND 2005

(In Belize thousands of dollars)

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash and short term investments	\$ 14,237	\$ -
Accounts receivable	20,787	11,160
Current portion of Rate Stabilization Account	8,949	8,604
Inventories	9,849	8,120
Prepayments	<u>3,095</u>	<u>1,707</u>
	<u>56,917</u>	<u>29,591</u>
PROPERTY, PLANT AND EQUIPMENT - net	340,737	322,163
RATE STABILIZATION ACCOUNT	10,133	20,601
TRANSMISSION RIGHTS	1,123	1,268
GOODWILL	<u>43</u>	<u>50</u>
	<u>352,036</u>	<u>344,082</u>
TOTAL	<u>\$ 408,953</u>	<u>\$ 373,673</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Bank overdraft	\$ -	\$ 7,411
Accounts payable and accruals	19,202	24,064
Current portion of long-term debt	10,638	19,110
Short-term debt		11,747
Corporate tax payable	<u>187</u>	<u>189</u>
	<u>30,027</u>	<u>62,521</u>
LONG-TERM LIABILITIES		
LONG-TERM DEBT	49,593	75,276
DEBENTURES	<u>60,317</u>	<u>56,016</u>
	<u>109,910</u>	<u>131,292</u>
CONSUMER DEPOSITS	<u>6,450</u>	<u>6,329</u>
SHAREHOLDERS' EQUITY		
Ordinary shares	138,046	66,413
Additional paid in capital	5,741	4,299
Capital contribution	19,912	18,809
Insurance reserve	5,000	5,000
Retained earnings	<u>93,867</u>	<u>79,010</u>
	<u>262,566</u>	<u>173,531</u>
TOTAL	<u>\$ 408,953</u>	<u>\$ 373,673</u>

BELIZE ELECTRICITY LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS YEARS ENDED DECEMBER 31, 2006 AND 2005

(In Belize thousands of dollars)

	<u>2006</u>	<u>2005</u>
ELECTRICITY REVENUE	\$ 149,577	\$ 120,540
COST OF WHOLESALE POWER	<u>(91,323)</u>	<u>(67,573)</u>
	58,254	52,967
OTHER REVENUE	6,545	4,821
OPERATING EXPENSES	(18,883)	(17,700)
DEPRECIATION AND AMORTIZATION	(9,770)	(9,815)
FINANCE CHARGES	(7,370)	(9,303)
NET EARNINGS BEFORE CORPORATE TAX	<u>28,776</u>	<u>20,970</u>
CORPORATE TAX	<u>(2,692)</u>	<u>(2,087)</u>
EARNINGS APPLICABLE TO SHAREHOLDERS	<u>\$ 26,084</u>	<u>\$ 18,883</u>
EARNINGS PER SHARE	\$ 0.48	\$ 0.59
RETAINED EARNINGS, BEGINNING OF YEAR	79,010	66,488
Earnings Applicable to Shareholders	26,084	18,883
Dividends	(11,227)	(6,361)
RETAINED EARNINGS, END OF YEAR	<u>\$ 93,867</u>	<u>\$ 79,010</u>

BELIZE ELECTRICITY LIMITED

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2006 AND 2005

(In Belize thousands of dollars)

	<u>2006</u>	<u>2005</u>
CASH FROM OPERATING ACTIVITIES:		
EARNINGS APPLICABLE TO SHAREHOLDERS	\$ 26,084	\$ 18,883
ITEMS NOT AFFECTING CASH:		
DEPRECIATION AND AMORTIZATION	9,770	9,815
UNREALIZED EXCHANGE LOSS (GAIN)	646	(617)
CHANGE IN NON-CASH WORKING CAPITAL	<u>(3,510)</u>	<u>(11,420)</u>
	<u>32,990</u>	<u>16,661</u>
CASH USED IN INVESTING ACTIVITIES:		
ACQUISITION OF PLANT AND EQUIPMENT	<u>(32,045)</u>	<u>(25,203)</u>
CASH FROM FINANCING ACTIVITIES:		
(PAYMENT OF) PROCEEDS FROM BANK OVERDRAFT	(7,411)	2,744
PROCEEDS FROM DEBT	10,448	5,600
PROCEEDS FROM SHORT-TERM LOANS	-	20,375
PAYMENT OF DEBT	(56,997)	(27,016)
PROCEEDS FROM SALE OF COMMON SHARES	73,075	6,104
CAPITAL CONTRIBUTION	1,103	4,142
PROCEEDS FROM SALE OF DEBENTURES	4,346	3,015
DEBENTURES REDEEMED	(45)	(61)
DIVIDENDS PAID	<u>(11,227)</u>	<u>(6,361)</u>
	<u>13,292</u>	<u>8,542</u>
NET INCREASE IN CASH AND SHORT-TERM INVESTMENTS	14,237	-
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	-	-
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 14,237	\$ -

BELIZE ELECTRICITY LIMITED
DEBENTURE OFFERING SUBSCRIPTION FORM

To: **Belize Electricity Limited**
2½ Miles Northern Highway
P.O. Box 327
Belize City, BELIZE

I/We hereby offer to subscribe for \$ _____ (the amount subscribed for must be \$100.00 or a multiple of \$100.00) of the Series 4 Debentures to be issued by Belize Electricity Limited on the terms and conditions described in the Prospectus dated September 17, 2007.

In full payment of the subscribed amount I/We tender herewith (tick the appropriate item):

- (a) cash (Belize or United States Dollars)
- (b) cheque (s) in the sum of BZE\$ _____ made in favour of Belize Electricity Limited
- (c) banker's cheque (s) in the sum of US\$ _____ made in favour of Belize Electricity Limited

which payment is forwarded to Belize Electricity Limited as depository until acceptance of the subscription by Belize Electricity Limited.

Alternatively, cash or cheque(s) in Belize or United States Dollars may be deposited directly to any one of the appropriate Company bank accounts noted below at any of the respective bank branches countrywide which payment is forwarded to Belize Electricity Limited as depository until acceptance of the subscription by Belize Electricity Limited. A copy of this completed subscription form along with a copy of the bank deposit slip evidencing direct deposit of funds must be faxed immediately to the Company at fax 501-223-0892 to the attention of the Securities Officer. Originals of documents must be forwarded to the above address.

Belize Bank Limited		Scotiabank (Belize) Ltd.	
US Dollar Account #5000440	BZ Dollar Account #5032463	US Dollar Account #8311	BZ Dollar Account #13714

(It is to be noted that notwithstanding that subscription payments may be made in United States Dollars, the Debentures are of Belize Dollar Denomination and principal and interest will be payable only in Belize Dollars.)

In making this application I/we represent and warrant that:

- (i) The remittance enclosed herewith has been made on behalf of the undersigned;
- (ii) The offer to subscribe for the Debentures is made in Belize and that the undersigned submits to the jurisdiction of Belize and applicable Belizean law including any rights and remedies that may be available therein;
- (iii) I/We have attained the age of majority and have the capacity to contract.

This is my first application in respect of this Series 4 Debentures.

By prior application dated the [] day of [] [] I/we have applied for [] Series 4 Debentures.

*[Strike out statement which is not applicable]

I hereby direct that in the event that my offer is accepted payments of interest and/or principal in respect of my series 4 Debentures shall be made to the Bank or other Financial Institution account designated below or such account as I may from time to time designate by service of written notarized notice on Belize Electricity Limited.

Name of Bank (or other Financial Institution): _____

Name of Account: _____ Account Number: _____

(Note: The Bank must carry on business in Belize and the Account must be in Belize Dollars. Any notice of change of Bank Account shall not take effect until seven (7) days after service of the notice on Belize Electricity Limited)

Signature: _____

Date: _____

Surname: _____

Surname: _____

Forename(s): _____

Forename(s): _____

Occupation: _____

Occupation: _____

Address: _____

Address: _____

Phone No: _____

Phone No: _____

Other Instructions/Notes

When a Company is subscribing, the subscription form is to be accompanied by a certified resolution from the Company's Board of Directors authorizing the purchase and authorizing an individual to enter into said transaction on behalf of said company with proof of identity of said individual supplied. The resolution must be certified by a director or the secretary of the Company who by his/her certification shall thereby represent that (a) he/she is a validly appointed director or the secretary [as the case may be] and (b) that this application is duly authorized by the Company.

When this form is executed by a person acting in a representative capacity for a holder of debentures, the signature must be accompanied by satisfactory evidence of authority to sign. Similar evidence is required in the case of subsequent put, sale and/or transfer of debentures.

On the subsequent put, sale and/or transfer of debentures held by a Company the following authorization documents must be presented along with the completed relevant sale or disposal document – certified resolution from the Company's Board of Directors authorizing sale or other disposal of said debentures and authorizing an individual to effect such transaction with proof of identity supplied. The resolution must be certified by a director or the secretary of the Company who by his/her certification shall thereby represent that (a) he/she is a validly appointed director or the secretary [as the case may be] and (b) that this transaction is duly authorized by the Company.

On the subsequent put, sale and/or transfer of debentures held by joint debenture holders both debenture holders must sign the related sale or disposal document and provide proof of their identity.

On the subsequent put, sale and/or transfer of Debentures held by a deceased debenture holder, a court [including probate] document appointing the executor(s), administrator(s) or legal representative of the deceased debenture holder estate must be presented along with the completed sale or disposal document and proof of identity supplied.

In the case of death of one or more joint holders, the principal moneys and premium (if any) and interest on the Debentures may be paid to the survivor or survivors of such holders whose receipt therefor shall constitute a valid discharge to the Company or other paying agent.

Corporate Headquarters

2 1/2 Miles Northern Highway
P.O. Box 327, Belize City,
BELIZE, Central America
Corporate Tel: (501) 227-0954
Corporate Fax: (501) 223-0891
E-Mail: corporate@bel.com.bz
Website: www.bel.com.bz

Belmopan

P.O. Box 11
30/32 Toucan Avenue
Belmopan City
Telephone: 501-822-2277
Fax: 501-822-2063

Corozal

P.O. Box 111
70 Santa Rita Road
Corozal Town
Telephone: 501-422-2048
Fax: 501-422-3219

Dangriga

P.O. Box 71
George Price Drive
Telephone: 501-522-2057
Fax: 501-522-2718

Independence

Savannah Road
Independence Village
Telephone: 501-523-2080
Fax: 501-523-2154

Orange Walk

P.O. Box 115
21 San Antonio Road
Orange Walk Town
Telephone: 501-322-2063
Fax: 501-322-3424

Punta Gorda

45 Far West Street
Punta Gorda Town
Telephone: 501-722-2040
Fax: 501-722-2439

San Pedro

P.O. Box 5
Pescador Drive
San Pedro Town
Telephone: 501-226-2016

San Ignacio

12 Buena Vista Street
San Ignacio Town
Telephone: 501-824-2038
Fax: 501-824-2785

Caye Caulker

Telephone: 501-226-2021



A FORTIS COMPANY

INVESTING * EXPANDING * IMPROVING *

