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Headnote

Mutual Reliance Review System for Exemptive Relief Applications - exemption granted from requirements in the legislation to disclose executive compensation and indebtedness of directors, executive officers and senior officers in connection with the mailing of an information circular for a special shareholders' meeting - excluded information had just been publicly disclosed in connection with the issuer's annual meeting, there had been no material change in the excluded information since it was publicly disclosed, and the excluded information was not relevant to the matters under consideration at the special meeting

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 119(2)(b)

BC Form 54-901F, Items 6 and 7

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF BELL CANADA INTERNATIONAL INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (the Jurisdictions) has received an application from Bell Canada International Inc. (BCI) for a decision under the Canadian securities legislation of the Jurisdictions (the Legislation) that BCI be exempted from the requirement of the Legislation to include certain disclosure in the Information Circular (as defined below) regarding executive compensation and indebtedness of directors, executive officers and senior officers (collectively, the Required Disclosure);

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the System), the Ontario Securities Commission is the principal regulator for this application;

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AND WHEREAS BCI has represented to the Decision Makers that:

1. BCI is a reporting issuer in each of the provinces of Canada, was incorporated under the *Canada Business Corporations Act* (CBCA) on January 18, 1985 and is not in default of any of the requirements of the Legislation. The common shares of BCI are dually listed on the Toronto Stock Exchange and on the NASDAQ National Market under the symbols “BI” and “BCICF” respectively.
2. BCE Inc. (BCE) owns through a wholly-owned subsidiary, or exercises control or direction over approximately 62.2% of the common shares of BCI.
3. BCI owns, develops and operates advanced communications companies in markets outside Canada, with a focus on Latin America. BCI holds the majority of its investments through an indirect equity interest in Telecom Américas Ltd. (Telecom Américas). Telecom Américas is a facilities-based communications company formed under the laws of Bermuda on November 16, 2000 and is BCI’s main asset. Telecom Américas was formed as a joint venture by BCI, América Móvil S.A. de C.V. (América Móvil) of Mexico and SBC International, Inc. (SBC) of the United States as a vehicle to expand their collective presence within the Latin American telecommunications market. As of September 30, 2001, Telecom Américas, through its operating companies, served close to six million subscribers.
4. A reorganization of Telecom Américas (the Reorganization) was completed on February 8, 2002 after which BCI held, jointly with América Móvil and SBC, an indirect 42% equity interest.
5. Shortly after the Reorganization, BCI completed its own recapitalization plan, which consisted of a series of transactions including a rights offering which closed on February 15, 2002.
6. Recent financial and economic developments in Brazil have resulted in Telecom Américas experiencing a liquidity crisis which BCI is unable to fund. Telecom Américas’ lenders have asked that its outstanding short-term bank debt be repaid or significantly reduced. Failure by Telecom Américas to pay down its short-term bank debt, which totals US\$254 million as at April 30, 2002, could trigger a cross-acceleration of: (1) BCI’s outstanding indebtedness under an amended and restated credit facility with a group of secured lenders (the Amended and Restated Credit Facility); (2) its obligations under the high yield notes of Telecom Américas issued pursuant to a prospectus dated September 21, 1999; and (3) its guarantee obligations represented by the promissory notes issued by Telecom Américas Investments

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Ltd., a wholly-owned subsidiary of Telecom Américas, in an aggregate principal amount of US\$631.3 million in connection with the acquisition by Telecom Américas of a 100% economic interest in Tess S.A.

7. BCI does not have the capacity to provide further funding to Telecom Américas, which places BCI in a precarious position with respect to its investment in Telecom Américas. If BCI's partners in Telecom Américas provide Telecom Américas with the funding it requires in the short term to meet its obligations, and assuming BCI does not contribute its proportionate share of such funding, BCI's interest in Telecom Américas would be significantly diluted. If, on the other hand, Telecom Américas' other shareholders do not provide the necessary funding, Telecom Américas would become insolvent.
8. On May 31, 2001, BCI entered into a share purchase agreement in order for América Móvil to purchase BCI's interest in Telecom Américas for a total consideration of US\$366 million. In addition, as part of the transaction, BCI will be released from contingent liabilities relating to Telecom Américas of approximately US\$250 million (the Telecom Américas Disposition). BCI does not believe that any other party would make a comparable offer and it believes that the Telecom Américas Disposition is beneficial for all of its stakeholders. The Telecom Américas Disposition, together with the anticipated proceeds from the disposition of BCI's remaining assets, Canbras Communications Corp. and Axtel S.A. de C.V., would likely permit BCI to repay fully the secured lenders, and subject to the resolution of certain contingent claims against BCI, should permit BCI to repay its unsecured creditors and make a distribution to its shareholders.
9. If the Telecom Américas Disposition fails to close, BCI's ability to pay the unsecured creditors, including its holders of high yield notes, and possibly to make a distribution to its shareholders could be jeopardized. BCI believes that the failure to close the Telecom Américas Disposition by August 9, 2002 would entitle the secured lenders to declare all outstanding indebtedness under the Amended and Restated Credit Facility immediately due and payable and to immediately enforce their security interests pursuant to the agreement dated as of September 17, 2001 concerning the pledge of the common shares of Telecom Américas. The secured lenders would then be entitled to require América Móvil to purchase all of the Telecom Américas shares to which the secured lenders acquire title pursuant to the exercise of their rights as secured creditors. All this could lead to circumstances under which BCI would be forced to seek creditor protection in insolvency proceedings, to the potential detriment of all BCI stakeholders.

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10. As a result of existing and threatened litigation against BCI, any distributions to stakeholders (except to BCI's secured lenders under the Amended and Restated Credit Facility) could be delayed for several years while such claims are being adjudicated. Accordingly, BCI is proposing, as part of an arrangement under section 192 of the CBCA (the Arrangement), the creation of an orderly and expeditious claims process to identify, adjudicate and resolve all contingent claims against BCI in a timely and fair manner within the Arrangement proceedings. Such a claims process, if approved by the Court, would permit the resolution of contingent claims against BCI to proceed in tandem with BCI's efforts to dispose of its remaining assets after the Telecom Américas Disposition.
11. BCI will seek its shareholders' approval of the proposed Arrangement under the CBCA and will prepare an information circular to be delivered to its shareholders (the Information Circular) in connection with a special meeting of BCI's shareholders to be held on July 12, 2002 (the Special Meeting). Also, BCI will seek Court approval in connection with the matters to be described in the notice of the Special Meeting and the Information Circular.
12. In absence of this Decision Document, the Legislation requires the Required Disclosure to be included in the Information Circular.
13. The Required Disclosure is not relevant to the matters being considered by the shareholders at the Special Meeting since the directors and senior officers of BCI are not directly or indirectly parties to the Arrangement and neither their performance nor their compensation is to be at issue at the Special Meeting.
14. The Required Disclosure was provided in BCI's information circular dated March 11, 2002 (the Annual Meeting Circular) that was mailed to shareholders of BCI and filed in the Jurisdictions, in connection with BCI's annual general meeting held on May 1st, 2002. There has been no change to the Required Disclosure as contained in the Annual Meeting Circular.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the Decision);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Maker under the Legislation is that BCI be exempted from the requirement of the Legislation to include the Required Disclosure in the Information Circular, provided that:

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- (1) BCI includes a statement in the Information Circular informing BCI shareholders that the Required Disclosure can be found in the Annual Meeting Circular; and
- (2) The Annual Meeting Circular is available on SEDAR.

DATED this 14th day of June, 2002.

Paul M. Moore

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