Is BELCO financially responsible?

YES WE ARE!

BELCO takes its obligation to serve this community very seriously and that obligation includes its financial management of the Company. The financial decisions that have been made have been responsible, which in turn, has resulted in BELCO being in a good position to secure the lowest cost financing required to complete the proposed Capital Plan projects (replacement generation, transmission & distribution upgrades and conversion to liquefied natural gas).

If we do not receive the necessary rate approvals by the end of July, BELCO's ability to provide you with a secure and cost effective electricity supply will be severely hampered.

How much will implementing all three projects cost?

The cost to complete construction of the replacement generation, transmission & distribution upgrades and conversion to LNG will be an estimated $278 – 315 million.

How will BELCO pay for these projects?

BELCO will initially use long-term debt to fund the projects proposed within the Capital Plan. Similar to taking out a mortgage to purchase a house, BELCO will own the assets and pay down the debt over time. The cost would then be recovered through a marginal rate increase of 2-4 cents per kWh. Implementing these projects will ultimately result in more stabilized and potentially lower rates beyond 2021.

Why didn't BELCO set money aside every year so that when permission is received there would be cash available to fund the three proposed projects?

We had two choices:

OPTION 1	OPTION 2
Set aside funds and earn no more than 1-1.5% interest	Pay down current debt, which incurred interest charges of up to 5%

The more financially responsible decision was to pay down the debt. This not only saved money, but also put BELCO in a position to borrow the money that will be needed to pay for the three proposed Capital Plan projects. Using debt is the least costly approach to funding the three projects and thus will be the lowest cost option for our customers. Further, our relatively modest profits over the past decade, and the amount of money now required (caused in part by delays in decision-making by the various governing bodies), would make saving the full amount difficult, if not impossible.

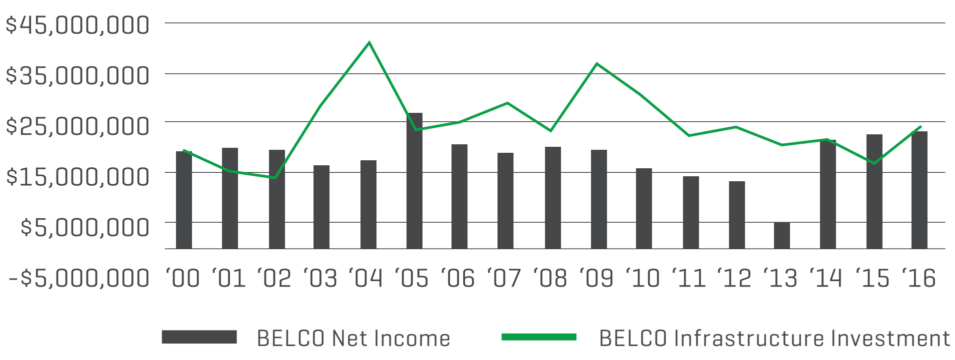
If BELCO can borrow the money, why should I, as a rate payer, have to incur higher rates to cover the cost of these three capital projects?

The current electricity rates cover the cost of doing business today. Implementing the three projects proposed in the Capital Plan will increase the cost of doing business during the implementation phase of the three projects. Today's rates will not cover that. Unregulated businesses (i.e. grocery stores, gas stations, retail stores) simply raise and lower their prices as their own cost of doing business increases or decreases. As a regulated company, BELCO cannot do that. The Regulator sets the electricity rates that BELCO charges and those rates are based on BELCO being able to earn enough to cover its operating expenses, fuel costs, depreciation of assets, taxes and a reasonable profit, which in turn allows for further investment back into the business.

Why hasn't BELCO invested in these infrastructure projects before now?

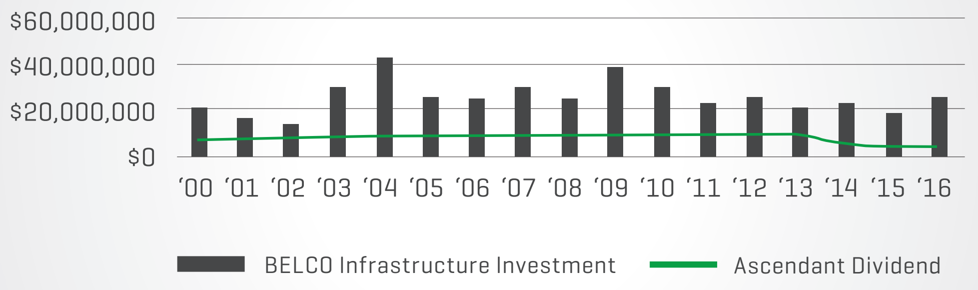
For 12 years, BELCO has not been able to achieve the necessary rate approvals from the various governing commissions/regulators to invest in these three projects. However, the Company has invested $350 million in that same period constructing new peaking generators and upgrading infrastructure, system and facilities.

Net Income vs. Investment in Infrastructure



BELCO HAS INVESTED MORE MONEY INTO ITS INFRASTRUCTURE THAN IT HAS EARNED

Annual Investment in Infrastructure vs. Dividend



WE PAY DIVIDENDS RESPONSIBLY

If so much money is needed, why were dividend levels just increased for Ascendant shareholders? Why not use that money to fund BELCO's Capital Plan projects?

Ascendant and BELCO have an obligation to balance the needs of all of its stakeholders including customers, employees, lenders, shareholders and the community overall. Shareholders are a critical stakeholder to any company as they provide the initial capital to establish the business and ultimately share in the risks and rewards of that business. The vast majority of Ascendant's shareholders are Bermudian citizens who rely on their dividend payments. Over the past three years, shareholders have born their brunt of the decreased financial performance of BELCO. In 2014, after 5 years of increased costs with no corresponding rate increases, BELCO's parent company, Ascendant, found itself in the unenviable position of having its stock prices plummet. The Board undertook a review and ultimately decreased shareholder dividends to a level that was more realistic to the Company's financial performance at the time (on an annualized basis, from 85 cents per share in 2013 to 30 cents per share in 2014) ~ see graph to the left. Ascendant has been very conservative in how it has paid out its dividends. The recently announced increase brings dividend levels up to 45 cents per share (on an annualized basis), which is still approximately 50% less than dividend levels of 2006 – 2014. This represents approximately 30% of operating earnings, compared to the utility industry norm of dividend payouts that are 50-60% of operating earnings.

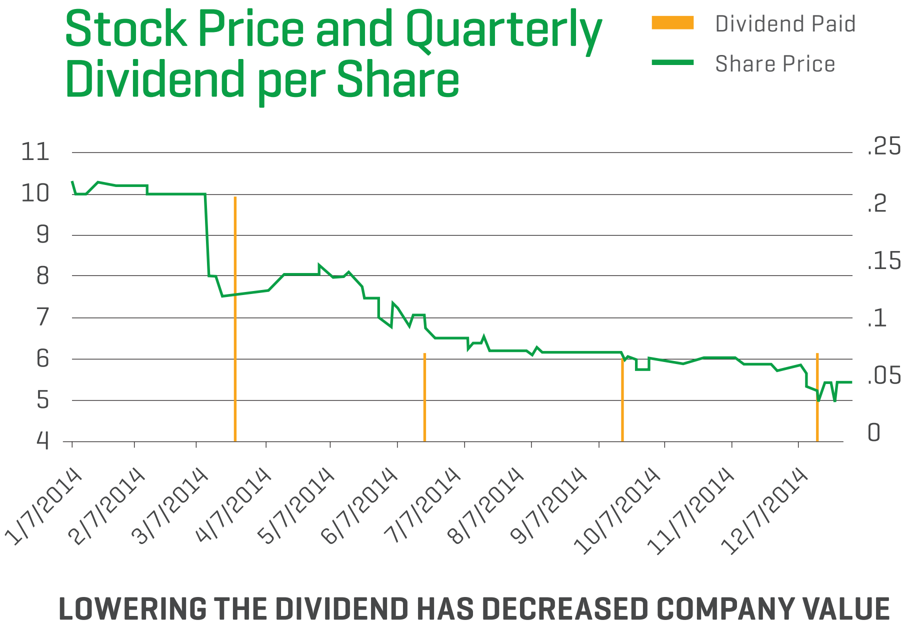
So why not just sell more shares instead of increasing rates?

Using debt to cover the cost of the three projects is actually less expensive for the customer than raising money through shares.

What would be the outcome of decreasing or temporarily suspending dividend payments to shareholders?

If Ascendant does not provide a fair dividend to its shareholder base, investors will take their money elsewhere. The share price will go down, which will result in a drop in the value of the Company. This, in turn will negatively impact our ability to raise funds (both through debt and issuing shares) in the future at reasonable rates. We have actually already experienced this. In March 2014, Ascendant's share price was $10 per share and the quarterly dividend paid to shareholders was 22 ¼ cents per share. In June 2014 the quarterly dividend was decreased to 7 ½ cents per share for each of the quarters of the year. Within six months, the share price decreased by approximately 50% to $5 per share.

Stock Price and Quarterly Dividend per Share



LOWERING THE DIVIDEND HAS DECREASED COMPANY VALUE

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