



PRESS RELEASE
FROM THE OFFICE OF THE ATTORNEY-GENERAL

Re: Petrotrin v WGTL INC and WGTL St. Lucia Arbitration.

Attorney General Anand Ramlogan expresses his delight and happiness with the significant victory in arbitration proceedings between State-owned Petrotrin and WGTL Inc and WGTL St. Lucia. This arbitration took place in Toronto, Canada, before a distinguished Arbitral Tribunal appointed under the rules of the International Chamber of Commerce International Court of Arbitration.

This victory represents yet another legal milestone achievement under the leadership of the Peoples Partnership administration which inherited a series of complex legal disputes spawned by the mismanagement of the PNM. Coming on the heels of the recent victory in the settlement of the OPV arbitration, this judgment again highlights the government's commitment to unravelling the messy avalanche of complicated legal disputes which the actions of the previous administration prompted. These legal disputes have grave

financial implications for the Treasury and have therefore been carefully monitored and supervised by the Attorney General.

There are several worrying features about the evolution and development of this GTL project. The Malcolm Jones-led former Board of Petrotrin could have easily avoided this scandalous and costly failure, if it had complied with the proper standards of corporate governance. The findings and conclusion of the arbitration tribunal vindicate the decision of the Prime Minister to authorize the Attorney General to conduct a forensic audit and legal probe into this GTL fiasco. The probe team was led by British Queen's Counsel, Mr Alan Newman; it submitted its report earlier this year. Several pre-action letters have since been issued to members of the former Board for negligence and breach of fiduciary duty.

The facts of this particular project reveal a disturbing and alarming lack of compliance with the essential principles of commercial negotiation and due diligence.

On September 22nd 2005 Petrotrin entered into a Project Agreement with WGTI to construct and operate a gas-to-liquid plant on Petrotrin's refinery compound at Pointe-a-Pierre. "WGTI Trinidad" was incorporated as the project company which entered into a Credit Agreement with Credit Suisse for a loan. That Agreement provided, amongst many other matters, that by July 12th 2009 ("the Date Certain") the project had to be sufficiently completed to produce a certain amount of diesel. In the event that the required amount of

diesel was not produced by that date, the loan became immediately due and payable.

Petrotrin and WGTL Inc. provided a joint and several guarantee of WGTL Trinidad's obligations under the Credit Agreement. Petrotrin and WGTL also entered into a Guarantee Contribution Agreement ("GCA"), which set out the respective obligations of Petrotrin and WGTL, as Project Sponsors, to fund guaranteed Project equity contributions, defined in the GCA as Guarantee Losses. The Agreement provided that the payment obligations for each Guarantee Loss should be provided between the Sponsors 49% to 51%, to reflect the parties' respective equity interests in the Project Company, WGTL Trinidad.

Significantly, Petrotrin agreed to pay off GTL's share of the Guarantee Loss in the event it defaulted. This meant that Petrotrin would be liable and responsible for GTL's debt. GTL had to re-pay Petrotrin within one year. If it failed so to do and more than two years had elapsed, GTL was to transfer some of its shares in the Project Company to Petrotrin in accordance with a formula set out in the GCA.

The project was mismanaged and did not proceed according to plan. There were, incredibly, a total of 33 cost over-runs. In each case WGTL was unable to fund its portion of the cost over-runs. In every case, Petrotrin had to step in with its own funds to pay WGTL's share of monies due. In total, Petrotrin paid the staggering sum of over TT\$600 million (US \$97,107993) on behalf of GTL in addition to contributions on its behalf of over TT\$580 million. At all

stages, WGTL refused to transfer to Petrotrin any shares in the Project Company, despite WGTL's clear obligation so to do.

Despite the woeful facts recited above, the Board appointed by the present administration has sought to salvage what it can from the GTL shipwreck, and has engaged in these extensive and complex arbitration proceedings.

The hard-fought arbitration proceedings have resulted in a historic victory for Petrotrin. The Attorney General congratulates the Board and executive management of Petrotrin on this wonderful result. He also wishes to pay tribute to Mr Alan Newman QC and Mr Louis B Kimmelman from Allen & Overy who acted in these proceedings in close consultation with the office of the Attorney General. Special mention must also be made of the officers of Petrotrin who gave evidence on behalf of the company at the hearing.

In essence, the Tribunal has issued an award:

- **Declaring that WGTL Inc. and WGTL St. Lucia breached their respective obligations under the GCA by failing to transfer shares of WGTL Trinidad upon the second anniversary of the date on which each Over-contribution Advance was made, and failing to take the steps required to ensure that such shares were issued**
- **Ordering WGTL to transfer 9,398,211 common shares of WGTL Trinidad to Petrotrin,**

- **Ordering WGTL to transfer additional common shares of WGTL Trinidad to Petrotrin as compensation for interest accrued on the unpaid Over-contribution Advances, and**
- **Ordering WGTL to pay Petrotrin's legal costs in a sum totalling some TT\$14,588, 875**

The arbitrators were Dr Julian Lew Q.C., a distinguished academic and arbitrator from England, Mr Evan W Gray of Messrs Lebow and Sokolow LLP, a New York attorney, and Mr David R Haigh Q.C., the Chairman, who is a distinguished Canadian practitioner from Burnet Duckworth and Palmer LLP. Counsel for Petrotrin consisted of Mr Louis B Kimmelman and Ms Erin Thomas from Allen & Overy LLP in New York as well as Mr Alan Newman Q.C. from England. WGTL were represented by Mr Paul H Cohen from Thompson and Knight LLP, New York, as well as Mr Arthur Marriott Q.C. from London.

MINISTRY OF THE ATTORNEY GENERAL

TUESDAY DECEMBER 4TH, 2012.