



cablebahamas

NOTICE OF

Cable Bahamas Ltd.

Extraordinary General Meeting of Shareholders

Wednesday, July 31st, 2013 at 6 p.m.

British Colonial Hilton Hotel, Governors Ballroom

Number One Bay Street, Nassau, N.P., The Bahamas

**Proxy Statement for 2013
Extraordinary General Meeting**

NOTICE OF EXTRAORDINARY GENERAL MEETING

DATE: **Wednesday, July 31st, 2013 at 6 p.m.**

PLACE: **Governors Ballroom, British Colonial Hilton Hotel
Number One Bay Street, Nassau, The Bahamas**

ITEMS OF BUSINESS: (1) To discuss and approve the acquisition of four (4) companies located in the United States.

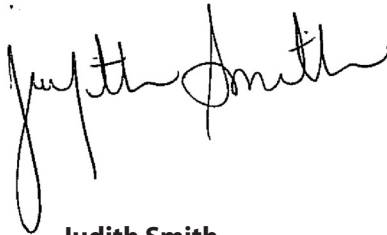
(2) Shareholders will vote on the following resolution that: "the Company should proceed with all requirements to complete the acquisition of Summit Broadband Inc., US Metropolitan Telecom, LLC, Marco Island Cable, Inc. and NuVu, LLC."

RECORD DATE: Holders of Ordinary Shares of record at the close of business on July 9th, 2013 are entitled to vote at the meeting.

MAILING DATE: July 9th, 2013

PROXY VOTING: It is important that your shares be represented and voted at the meeting. You can vote your shares by appearing in person or by completing and returning the proxy form enclosed. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying proxy statement.

By order of the Board of Directors:



Judith Smith

Secretary
July 9th, 2013

PROXY STATEMENT

We are providing these proxy materials in connection with the solicitation, by the Board of Directors of Cable Bahamas Ltd., (herein referred to as the “Company” or “Cable Bahamas”) of proxies to be voted at an Extraordinary General Meeting of Shareholders and at any meeting following adjournment thereof.

The Company is calling the Extraordinary General Meeting for the purpose of obtaining the shareholders’ approval of the transaction discussed in this Proxy Statement because regulatory approval in The Bahamas (see “Regulatory Approvals”) for the transaction is conditioned thereon.

The Government of The Bahamas, through the Ministry of Finance, has stated the following conditions on its approval of the Transaction:

- *The purchase price of Marco, Nuvu, USMT and Broadband will be considered and agreed by the Government Directors of Cable Bahamas (CB) Board, who will be given complete disclosure and resources to support their ability to consider and agree and make a determination on or before the EGM.*
- *The payout of ‘related parties’ and ‘insiders’ of Broadband is to be based upon performance [at the end of 30 months]. The projected performance, upon which the payout will be determined, has been delivered to the Government. The terms of this payout is to be considered and agreed by the Government directors on or before the Extraordinary General Meeting of Shareholders.*
- *Payment is to be made at closing to the “non related persons” and/or “non-insiders”. The criteria to determine who are “non-related” or “non-insiders” will be determined by the Government directors after discussions with the other independent directors. For the avoidance of doubt, Franklyn Butler and Anthony Butler are considered independent directors.*
- *Cable Bahamas’ (CB) assets may be used as security for the acquisition of the Marco, Nuvu, USMT and Broadband provided that there be a “peel back” of the securitization over 30 months in accordance with the following metrics:*

The Lenders would place a cap on the amount of the guarantee from CB at \$15 million once the following metrics are met by Summit Vista (SV) –

- *the consolidated leverage of SV is less than or equal to 2.5X total debt/EBITDA;*
- *the trailing 12 consolidated EBITDA of SV is greater than or equal to US\$25 million; and*
- *the consolidated operations of SV is net free cash flow positive for 2 consecutive quarters based on projections acceptable to the Agent¹ and subject to an amortization schedule acceptable to the Agent being put in place over the remaining term of the transaction.*
- *All agreements in support of these transactions must be considered and agreed by the independent directors.²*
- *The consideration will be paid to “related parties” and “insiders” at the end of 30 months from the date of closing, subject to the right of all parties at that time to discuss whether the best interests of CB requires compensation by way of cash, or shares or a combination of both.*

¹ Royal Bank of Canada.

² Government Directors are Franklyn Butler and Anthony Butler.

- *There must be an Extraordinary General Meeting (EGM) of shareholders to approve this transaction.*
- *The Government's position is that Summit Vista has zero value. The matter of whether Summit Vista will be utilized to conduct business in the US is to be decided by the independent directors.*
- *All "penalties" and expenses/costs paid thus far for this transaction must be disclosed and no further expenses/costs or "penalties" may be incurred without the agreement of the independent directors.*
- *Each side shall bear their own costs. The matter of whether there are costs and expenses which have been incurred by CB in relation to the acquisition of Marco, Nuvu, USMT and Broadband which ought to have been shared will be considered and agreed by the independent directors. In the event it is determined that costs and expenses ought to be 'shared' prior to the EGM, the independent directors will decide the manner in which such costs and expenses will be paid.*

Final approval of this transaction is expected upon the recommendation of the independent directors of Cable Bahamas and after the EGM. It is agreed that the recommendation of the independent directors would be provided to the Government within 35 days³ which would allow for the completion of this transaction within 45 days.

Shareholders are advised that no shareholder proposal has been filed. Further, no action is proposed by the Board of Directors which would create the possibility of a "dissenting shareholder" under Section 159 of The Companies Act, 1992. The Board of Directors is also not aware of any solicitation of proxies by a person or group adverse to present management of this Company.

You are cordially invited to attend the Extraordinary General Meeting on Wednesday July 31st, 2013 beginning at 6 p.m. Shareholders will be admitted beginning at 5:30 p.m. The meeting will be held at the Governors Ballroom at the British Colonial Hilton Hotel, Nassau, Bahamas.

We are mailing this proxy statement and accompanying forms of proxy and voting instructions on July 9th, 2013 to holders of record of the Company's ordinary shares as at the close of business on July 9th, 2013.

The Board of Directors and the management of the Company contemplate the solicitation of proxies by mail and through meetings. It is estimated that the proxy solicitation will cost \$15,000.

Proxy Submission

A shareholder has the right to appoint a person or company (who need not be a shareholder), other than the persons designated by the directors as proxy holders in the accompanying form of proxy, to represent the shareholder at the meeting by striking out the names of the persons so designated and inserting the name of the chosen proxy holder in the blank space provided for that purpose in the form of proxy, or by completing and signing another proper form of proxy. A proxy must be in writing and must be executed by the shareholder or by an attorney authorised in writing. The proxy must arrive by mail or be delivered by hand to the offices of Bahamas Central Securities Depository Limited, Fort Nassau Centre, 2nd Floor, British Colonial Hilton, Suite #202, P. O. Box N 9307, Nassau, The Bahamas no later than 4 p.m. on July 30th, 2013.

Revocation of Proxy

A shareholder who executes and returns the accompanying form of proxy may revoke it by an instrument in writing executed by such shareholder or attorney authorised in writing and deposited at the offices of

³ August 8th, 2013.

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Bahamas Central Securities Depository Limited, at any time up to and including the last business day preceding the day of the meeting, or with the Chairman of the meeting on the day of the meeting prior to the commencement thereof or in any other manner permitted by law.

Voting by Proxy

All shares entitled to vote and represented by properly completed proxies received prior to the meeting and not revoked will be voted at the meeting as specified by the shareholder. If you do not indicate how your shares should be voted on a matter included in the proxy form, the shares represented by your properly completed proxy will be voted in the affirmative for the proposal.

On the motion to adjourn the meeting to another time or place, the persons named as proxy and acting thereunder will have discretion to vote to the same extent as the person delivering the proxy would be entitled to vote. At the date this proxy statement went to press, we did not anticipate that any other matters would be raised at the meeting.

SHAREHOLDERS ENTITLED TO VOTE AND VOTING SECURITIES

Shareholders at the close of business on the record date are entitled to notice of and to vote at the Extraordinary General Meeting.

On July 9th, 2013, there were 13,593,419 ordinary shares of par value \$1.00 each outstanding.

At the close of business on July 9th, 2013, the following shareholder beneficially owned at least 10% or more of the Company's issued ordinary shares.

TABLE 1		
SHAREHOLDER	NUMBER OF ISSUED ORDINARY SHARES	PERCENTAGE OWNERSHIP
National Insurance Board	3,034,483	22.32%

To the knowledge of the Company, there are no other shareholders who own 10% or more of the Company's issued ordinary shares.

QUORUM AND REQUIRED VOTE

The presence, in person or by proxy, of members holding or representing one-fifth (1/5) of the subscribed and issued ordinary shares of the Company is necessary to constitute a quorum at the meeting. One-fifth (1/5) of the subscribed and issued ordinary shares of the Company equals 2,718,684.

Particulars of Matters to be Acted Upon

The meeting has been convened to apprise and obtain the consent of shareholders to acquire four telecommunications companies in Florida. The four companies are:

- a. Marco Island Cable, Inc. ("Marco Island")
- b. NuVu, LLC ("NuVu")
- c. US Metropolitan Telecom, LLC ("US Metro")
- d. Summit Broadband Inc. ("Summit Broadband")

Collectively these four entities are referred to as the target companies (the "Target Companies").

You are asked to read carefully the information contained in this document.

This document contains forward looking statements which are estimates reflecting the best judgment of the Company's management.⁴

This document is issued for the purpose of providing information to shareholders with regard to the subject of the Extraordinary General Meeting. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which, would make any statement in the document misleading.

Overview

Cable Bahamas began its current five-year strategic review in late 2011. In January 2012, Deloitte's Telecom and Business Group, based in Toronto, Canada ("Deloitte") was engaged to review and advise Cable Bahamas on its current market position and discuss areas of potential growth. It was Deloitte's view that the electronic communications market in The Bahamas was maturing and that Cable Bahamas should look abroad for growth opportunities. In the Spring of 2012, the management team proposed the package of acquisitions. The Directors who had a conflict of interest disclosed their interests and recused themselves from all meetings of the Board of Directors in which the Target Companies were discussed. The Board of Directors believed that the Target Companies met the long-term strategic objectives of the Company and thereafter appointed a special committee (the "Special Committee") to investigate and report to the Board of Directors on the merits of the proposal and, if meritorious, provide a proposed transaction structure and financing plan. The Special Committee comprised Gary Kain, Franklyn Butler, Sandra Knowles and Anthony Butler. The Special Committee approved the engagement of RBC Mergers and Acquisitions Group ("RBC M&A") to provide advisory and valuation services to the Company. RBC M&A prepared a report recommending the Company pursue acquiring the Target Companies. The Special Committee accepted the recommendation and the Board of Directors subsequently approved the pursuance of the Target Companies based on RBC's valuation. RBC also rendered a Fairness Opinion of the proposed consideration for each of the Target Companies.

Interest of insiders

The acquisition involves two insider parties: (1) Mr. Philip Keeping of New Providence, Bahamas who serves as Chairman of Cable Bahamas (but owns no shares in Cable Bahamas) has an indirect 25.06% ownership interest in Summit Broadband. (2) Troy d'Arville, of New Providence, Bahamas, a Cable Bahamas shareholder and director, has an indirect 15.21% ownership interest in Summit Broadband and also serves on the Board of Directors of Summit Broadband. Two other directors of the Company indirectly hold non-material interests (i.e., less than 2% in the aggregate) in Summit Broadband.

In March of 2013, the Board of Directors approved a loan from Mr. Keeping in the amount of US\$5 million to facilitate interim funding needs of Cable Bahamas to support the acquisition of the Target Companies. This loan was required and essential in order to extend the closing dates of the Target Companies' acquisition.

⁴ The forward looking statements contained herein reflect the best judgment of the Company's management and advisors. Such statements are estimates only as future operating results are subject to uncertainties and risks which may or may not be within the Company's control. Actual results may therefore differ materially from those suggested by forward looking statements.

Advisors to Special Committee

The Special Committee was guided by the following advisors:

TABLE 2		
NAME	AREA OF EXPERTISE	SERVICES
RBC Capital Markets Group	Communications, Media & Entertainment, Corporate Banking	Banking, credit advisory and finance structuring
RBC Mergers & Acquisitions Group	Telecom Merger and Acquisition	Merger and advisory services, Valuation of the Target Companies and Fairness Opinion of acquisition considerations
Deloitte LLP – Atlanta, GA Deloitte & Touche – Bahamas	U.S. Tax & Financial Accounting Diligence	Due diligence on the financial state of the Target Companies and tax planning
Holland & Knight LLP Orlando, FL	U.S. Law	Due diligence on the Target Companies / Corporate structuring advice
Callenders & Co.	Bahamian Law	Advised on Bahamian laws and requirements

RBC's M&A team was led by senior level merger and acquisition experts, each with over 20 years of experience and who have executed multi-billion dollar telecom and cable television transactions. RBC's senior bankers' M&A team are considered market leaders within the industry and the group is ranked among the top providers of advisory services in North America.

The total cost of all external advisors incurred and committed to date approximates \$2.6 million.

THE TRANSACTION

Target Companies

All of the Target Companies are privately held.

1. **Marco Island Cable, Inc.** was founded in 1995 as a cable broadband provider serving Marco Island, Florida. The business strategy is to provide cable television, Internet and telephone services to the bulk residential market (master-planned communities, apartment complexes or condominium developments).
2. **NuVu, LLC** was formed in 2011 and is an affiliate of Marco Island Cable. NuVu executes the same business strategy as Marco Island Cable but delivers services in the Bonita Springs, Naples and Ft. Myers, Florida markets.
3. **US Metropolitan Telecom, LLC** was formed in 2006 and has constructed a 200-mile metro fiber-optic network in southwest Florida. The network became operational in 2008. It currently offers Internet access, private line, voice, dark fibre and collocation services in Lee and Collier counties in Southwest Florida to commercial and wholesale telecom customers.
4. **Summit Broadband Inc.** was formed in 2009 for the express purpose of acquiring Orlando Telephone Company, Inc., which commenced operations in 1997. Summit Broadband is the leading service provider delivering phone, Internet and cable television services for the hospitality sector in Orlando. Summit Broadband also provides telecommunications services to multi-dwelling units, enterprise and wholesale customers in Orlando.

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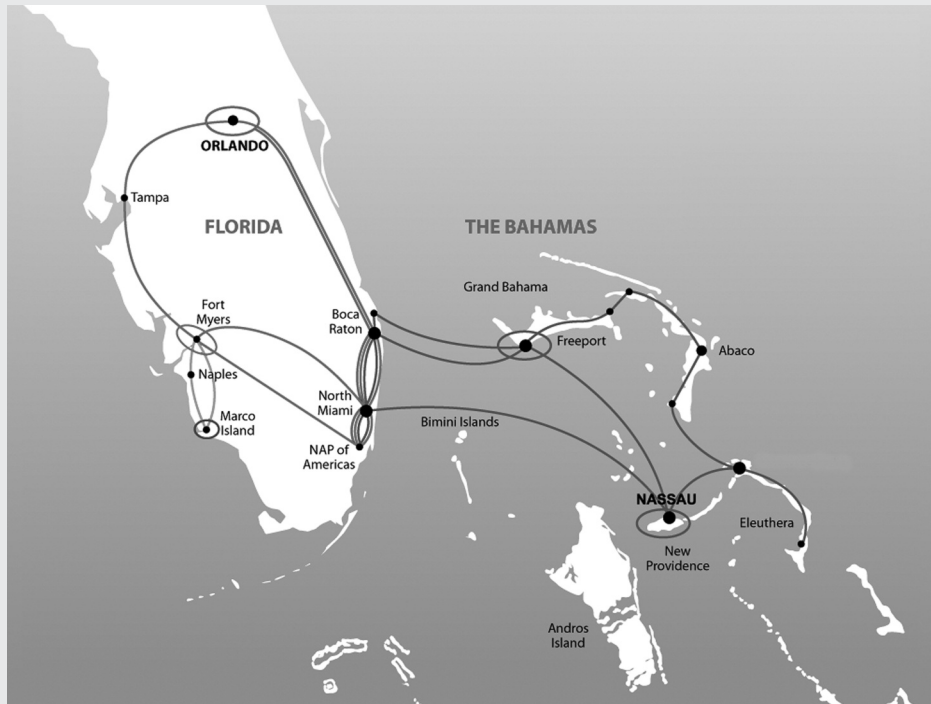
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For the past two years, the Target Companies have achieved cumulative revenues and EBITDA in excess of US\$18 million and US\$3 million respectively. This represents a growth rate of 29.9% and 95.5% respectively.

Cable Bahamas' Proposed Network

(FIG. 1)

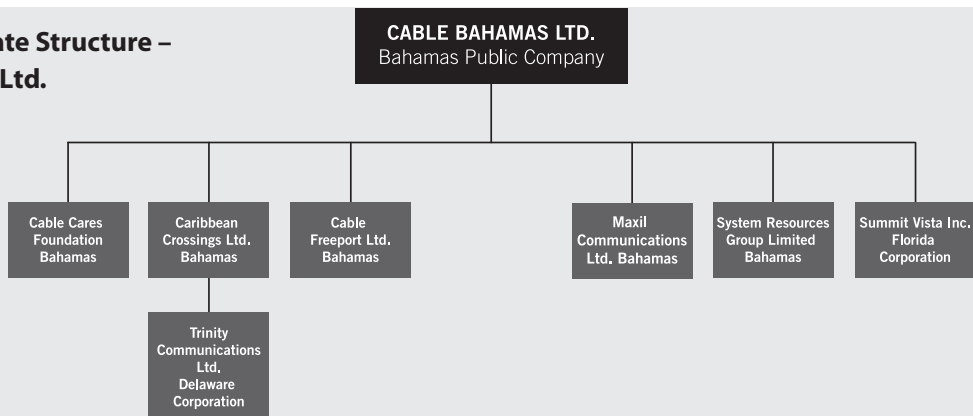


Corporate Structure

Cable Bahamas has incorporated a wholly-owned subsidiary in Florida named Summit Vista Inc. ("Summit Vista") which will be the holding company of the shares and interests of the Target Companies on completion of the acquisitions. The directors and officers of Summit Vista are directors and officers of Cable Bahamas. Figure 2 below depicts the corporate structure of Cable Bahamas prior to the acquisition of the Target Companies.

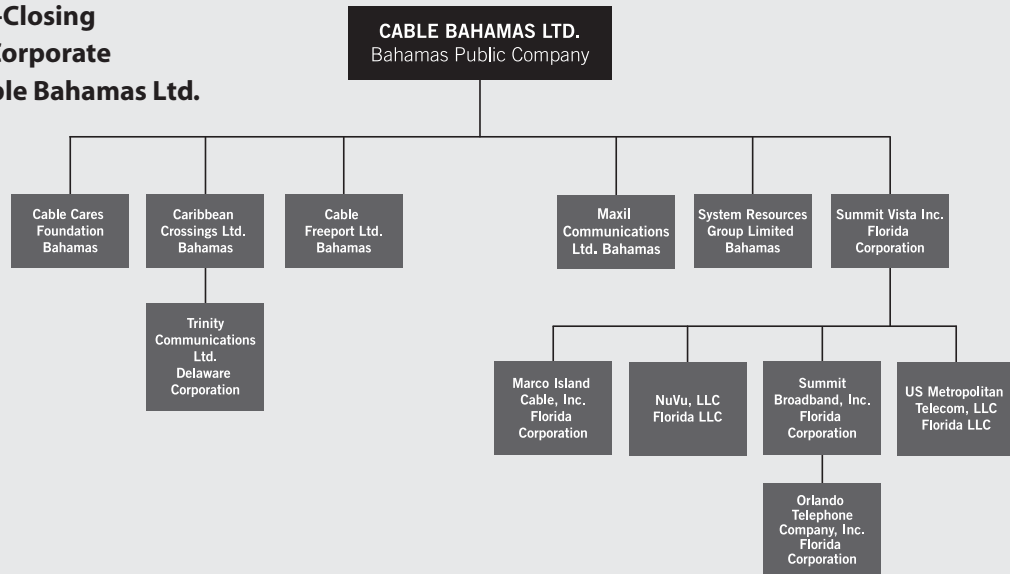
Current Corporate Structure – Cable Bahamas Ltd.

(FIG. 2)



**Proposed Post-Closing
Consolidated Corporate
Structure – Cable Bahamas Ltd.**

(FIG. 3)



It is expected that Summit Vista will directly own the shares and interest of the Target Companies and administer all corporate duties on behalf of Cable Bahamas in Florida. The Proposed Post-Closing Corporate Structure is in Figure 3 on the following page:

Upon completion of the acquisition, existing management and staff will continue the daily businesses and operations of the Target Companies. The Company will oversee such businesses and operations as the sole shareholder of Summit Vista, but does not intend to consolidate or integrate the Target Companies directly into its own business and operations.

Overview of Target Companies

Marco Island Cable, NuVu, and US Metro, together with Summit Broadband, present a unique opportunity with significant potential growth for Cable Bahamas. This opportunity is unique because the Target Companies’ infrastructure in Florida is effectively geographically contiguous with Cable Bahamas’ fiber-optic network. Cable Bahamas has a long-term relationship with the senior management team at Summit Broadband, and is of the opinion that retention of the Summit Broadband management team will mitigate the execution risk of the proposed transaction. The Target Companies have been strategically chosen after considering the following factors:

Marco Island Cable/Nu Vu

(1) Marco Island Cable, NuVu and the residential business of Summit Broadband are all focused on the same market segment in their respective markets and there are significant economies of scale in providing services to these markets; (2) Marco Island Cable has demonstrated the ability to win and maintain customers over its 19-year operating history; (3) NuVu has demonstrated the ability to secure and execute bulk service contracts in the residential segment; and (4) NuVu has a significant backlog of signed and committed contracts that will be the basis of its growth over the next 24 months.

US Metro

(1) US Metro has grown consistently over the past 24 months by leveraging its 200-miles fiber optic backbone; and (2) NuVu can utilise the fiber-optic backbone of US Metro to expand the geographic reach of its services. The combined businesses will yield immediate scale and cost synergies, as well as create revenue expansion opportunities along the enhanced network corridor.

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Summit Broadband

(1) Summit Broadband's voice and back-office infrastructure can be utilised by Marco Island Cable, NuVu and US Metro to increase operating margins; (2) Summit Broadband has demonstrated its ability to win new customers in the hospitality sector by doubling the number of hotel rooms served during the period 2009 to 2013; and (3) Summit Broadband has increased its fiber-optic backbone from 65 miles in 2009 to 260 miles in 2013 which has enabled the company to win contracts in the enterprise, carrier and wireless backhaul business segments.

The combined businesses will also offer a platform and business model for additional acquisitions within Florida. Given that Florida's economy is at or near the bottom of the macro cycle, this creates upside for Cable Bahamas as the Florida economy continues to rebound.

Target Companies Purchase Consideration

Cable Bahamas has entered into agreements with the Target Companies.⁵ Table 3 below reflects the status of the consideration and commitments as at record date.

TABLE 3					
NAME OF COMPANY	AMOUNT OF CONSIDERATION	FORM OF CONSIDERATION	NON-REFUNDABLE DEPOSITS (ii)	CBL LOANS TO TARGETS	TERMINATION FEES
Marco Island Cable	\$10,750,000	Cash	\$620,000	\$0	\$0
NuVu LLC	\$10,750,000	Cash	\$3,800,000	\$1,200,000	\$0
US Metro [i]	\$23,250,000	Cash	\$3,250,000	\$0	\$0
Summit Broadband	\$54,900,000	(a) \$7 million cash (b) \$10.8 million (value of one million Cable Bahamas ordinary shares at trading value \$10.81 per share – as at June 30th 2013); (c) \$11.3 million, 6%, 10 yr. payment in kind preference shares; (d) 1 million warrants to acquire Cable Bahamas ordinary shares at \$15.00 per share expiring Dec. 31, 2016. Est. value \$0.2 million; (e) Earn-outs of up to \$5 million 6%, 10 yr. in payment in kind preferred shares; (f) Assumption or redemption of up to \$14.2 million of debt; (g) Reimbursement of capital expenditures of \$6.4 million expended between signing and closing.	\$0	\$2,250,000	\$500,000
TOTAL	\$99,650,000	–	\$7,670,000	\$3,450,000	\$500,000

[i] As of July 15, 2013. On August 15, 2013, the amount of consideration increases to \$23,500,000 and non-refundable deposits increases to \$3,500,000 respectively.

[ii] All deposits will be applied to the consideration on closing.

⁵ Summit Broadband and Summit Vista have a Term Sheet which addresses principally the consideration.

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It is important to note that the proposed transaction involves the issuance of 1,000,000 ordinary shares of Cable Bahamas to Summit Broadband, and if approved, there will be a dilution of shareholders' holdings of approximately 6.8%. Further to the extent that Cable Bahamas' stock price reaches \$15.00 before December 31, 2016 and the warrants are exercised, this would represent: 1) a 39% premium to Cable Bahamas' current share price of \$10.81 (as of June 30th, 2013); 2) a \$15 million consideration to be paid to Cable Bahamas; and 3) a further 6.3% dilution.⁶

Cable Bahamas & Summit Vista Consolidated Forecast

Figure 4 below shows the forecast pro forma financial impact to Cable Bahamas with the completion of the acquisitions of the Target Companies. Cable Bahamas' standalone Compound Annual Growth Rate (CAGR) for revenue and EBITDA is forecast to be between 2.3% and 4.0% respectively over the noted 5-year forecast period. However, with the inclusion of the Target Companies, the forecast CAGR for revenue and EBITDA would be 9.6% and 11.8% respectively.

(FIG. 4)



⁶ These are the maximum figures for the premium and the possible dilution of shareholders' holdings and the actual figures may be less if Cable Bahamas' stock price is less than \$15.00 as at December 31, 2016.

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Financing

Cable Bahamas' existing financing partners, Royal Bank of Canada and Scotiabank (Bahamas) Ltd., have agreed to refinance the current senior secured credit facility and have invited additional financing partner CoBank to join their syndicate. CoBank provides services to agribusinesses and rural power, water and communications providers in all 50 states of the United States of America (www.cobank.com).

The proposed \$135 million, 5-year senior facility will comprise a \$15 million revolving credit facility, a \$100 million term credit facility and a \$20 million incremental credit facility. This will replace Cable Bahamas' current \$105 million credit facility. The new senior credit facility will be collateralised with the assets of the Target Companies as well as the assets of Cable Bahamas and its subsidiaries. The other terms and conditions do not diverge significantly from the terms and conditions of Cable Bahamas existing banking facility.

The Company's total debt leverage ratio (total debt/EBITDA) will increase from its current position of 2.0 to 3.1 times at closing of the transaction when new debt will be taken on. The ratio will be reduced to under 1.0 times through the end of the forecast period.

Regulatory Approvals

The transaction requires approvals from the Securities Commission of The Bahamas and The Central Bank of The Bahamas. An application is pending before both agencies. The necessary approvals from the Federal Communications Commission have been obtained. Upon completion of the transaction, there are notification requirements in the United States that will be met.

DIRECTORS' APPROVAL AND CERTIFICATE

The contents and the sending of this Proxy Statement and Proxy Form have been approved by the Board of Directors of the Company. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated at the City of Nassau, New Providence Island, in the Commonwealth of The Bahamas this 9th day of July 2013.



Anthony Butler
Director



Judith Smith
Secretary

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