



ST. CHRISTOPHER AND NEVIS

**Ministry of Finance,
CHURCH STREET,
P.O. BOX 186,
ST. KITTS W.I.**

Ref. No.....

30th November 2011

**Message to Holders of Government of St Kitts and Nevis
7.5% Bond due 2012- KNG 101112**

Faced with acute financing constraints, on 1 June 2011 the Government of St Kitts and Nevis announced that it was embarking on a comprehensive debt restructuring exercise aimed at addressing one of the most severe debt overhangs in the world. The debt restructuring and the return of the public debt burden to a sustainable footing is a key condition under the three-year Stand-By Arrangement with the IMF, which was approved by the Fund's Executive Board in August.

Since the June announcement, various rounds of discussions with key creditors have been held. These have focused on the nature of the difficulties being experienced by St Kitts and Nevis, as well as on the restructuring terms are required to restore debt sustainability. In this regard, the Government published indicative restructuring scenarios in August. All material information relevant to the restructuring is being posted by the Government on <http://sknmof.com/creditors.htm>

Despite the difficult backdrop, discussions creditors are now entering an advanced stage. The Government will shortly begin to finalise the terms of an exchange offer that will be open to holders of the above-captioned security and other bonds issued by the Government of St Kitts and Nevis and its public sector. Bondholders will be notified upon the launch of any such exchange offer.

In the meantime, the unavailability of sufficient funds to service all of the maturities falling due on debt that is eligible to be restructured means that the Government is not able to make the coupon payment that fell due on the above-captioned security on 25 November 2011.

Bondholders who are not already in contact with the Government and who wish to provide feedback are encouraged to contact the authorities' financial advisors at skn@whiteoakadvisory.com