



ST. CHRISTOPHER AND NEVIS

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PRESS RELEASE

15 March 2012

**ST KITTS AND NEVIS ANNOUNCES SUCCESSFUL
DEBT EXCHANGE OFFER**

Basseterre, St Kitts: The Government of St Kitts and Nevis announced today that the exchange offer launched on 27 February 2012 has received the overwhelming support of its creditors. Upon expiry of the exchange offer at the close of business on 14 March 2012, holders of 96.8% of the aggregate amount of bonds and commercial loans eligible to participate in the exchange offer (collectively, '**Eligible Claims**') had agreed to provide extensive debt relief to the country by exchanging their claims on the Government and its public sector for New Bonds.

Under the terms of the exchange offer, holders of Eligible Claims had the option of exchanging their instruments either for New Discount Bonds denominated in US dollars, or New Par Bonds denominated in EC dollars. The New Discount Bonds, which are to be partially guaranteed by the Caribbean Development Bank, entail a 50% reduction in face value. The balance is to be repaid over 20 years, with coupons set at 6% for the first four years, stepping down to 3% thereafter. The New Par Bonds will have a final maturity of 45 years, inclusive of a 15-year grace period on principal. Interest is fixed at 1.5% throughout.

Preliminary results indicate that holders with approximately two-thirds of the aggregate amount of Eligible Claims tendered chose to receive New Discount Bonds, with the remainder electing New Par Bonds.

At the same time, the Government announced that, in accordance with the conditions of the exchange offer, it will now take the steps required to activate the collective action clauses (CACs) embedded in four of the Eligible Claims. Once the Extraordinary Resolutions specified in the Offering Memorandum are approved in bondholder meetings, holders of the 3.2% of Eligible Claims not tendered into the exchange offer will automatically receive New Discount Bonds in exchange for their instruments upon the settlement of the transaction.

It is therefore anticipated that, after the activation of CACs as described above, 100% of the aggregate amount of Eligible Claims will be restructured.

The Rt. Hon. Dr. Denzil L. Douglas, Prime Minister and Minister of Finance, said *“This is indeed a historic day for St Kitts and Nevis. The outstanding results of the exchange offer will provide extensive and permanent levels of debt relief to our country. The balances remaining will then be repaid over an extended period at concessional rates of interest, making our debt one of the most sustainable in the region.”*

“This outcome is a resounding affirmation of our determination and perseverance in implementing necessary reforms and in engaging our creditors in a frank and open discussion over the challenges facing the country and the region. I would like to thank our creditors for their cooperation and the support that they have shown for St Kitts and Nevis. We view these results as a vindication of the tough decisions that we have had to take at home against a very difficult global economic backdrop. They give us the strength to press on with this process of transformation.”

The exchange offer is expected to close mid-April.

White Oak Advisory LLP is acting as financial advisor to the Government in this transaction. Clifford Chance LLP is acting as legal advisor.

Background information on the debt restructuring process is available on <http://www.sknmof.com/creditors.htm>

The Debt Unit of the Ministry of Finance may be contacted at +1 869 467 1087.

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