

# THE STARWOOD TRUST

Via Registered Mail and Electronic Mail

December 9, 2009

Mr. Robert Pietrzak  
Partner and Member of the Executive Committee  
Sidley Austin LLP  
787 Seventh Avenue  
New York, New York 10019

Re: **Disclosure obligation concerning litigation in respect of future U.S. registered offerings of debt securities of the People's Republic of China.**

Dear Mr. Pietrzak,

The law firm of Sidley Austin Brown & Wood LLP is identified as the issuer's counsel to the People's Republic of China in the United States prospectus dated October 16, 2003:

**Legal Advisors**

*To the Issuer As to United States Law*  
**Sidley Austin Brown & Wood LLP**  
787 Seventh Avenue  
New York, New York 10019<sup>1</sup>

Accordingly, please be informed that Sovereign Advisers, Inc. serves as the Trustee of the Starwood Trust, an Arizona revocable grantor trust which represents the beneficial holders of full faith and credit sovereign obligations of the pre-1949 Chinese governments. Under the successor government doctrine of settled international law, the People's Republic of China, as the internationally recognized government of China, is the obligor of this debt, which remains unpaid and in a state of default.

Included with this correspondence is a copy of a letter recently sent to officials of the Chinese Government asserting a demand for repayment of this debt. Also included are copies of two complaints filed with the United States Securities and Exchange Commission and a copy of a letter sent previously to Sidley Austin Brown & Wood LLP by the law firm of Stites & Harbison PLLC in connection with a separate, yet related matter.

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<sup>1</sup> Registration no. 333-108727. (ISIN US712219AJ30 / CUSIP 712219AJ3). See prospectus dated October 16, 2003 and the prospectus supplement dated October 22, 2003:  
(<http://www.sec.gov/Archives/edgar/data/909321/000114554903001347/u98681p1e424b5.htm>).

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In the event that our demand to the People's Republic of China for repayment of the subject debt is refused or ignored, we intend to file litigation in the United States against the People's Republic of China and other parties which have assisted and continue to assist the People's Republic of China in evading its repayment obligation, including the construction and operation of a sovereign credit rating artifice. The facts comprising the situation described in the attached demand letter are distinguished from both *Morris* and *Bolanos Pons and Soria*, and involve evidence of at least one instance in which we believe Sidley Austin misled the District Court in *Morris*.

We bring the matter described in this letter to your attention in order to ensure proper disclosures are made in any future U.S. registration statement and prospectus pertaining to the offer, sale or issuance of registered debt obligations of the People's Republic of China within the United States capital markets.

Sincerely,



Kevin O'Brien, President  
Sovereign Advisers, Inc., Trustee of the Starwood Trust

cc: Meredith Cross, Director  
Division of Corporation Finance  
United States Securities and Exchange Commission

Steven W. Phillips, Esq.  
Phillips Moeller & Conway PLLC

Enclosures

1. Copy of letter from Phillips Moeller & Conway PLLC to officials of the People's Republic of China asserting a demand for repayment of the debt.
2. Copy of [complaint](#) filed with the United States Securities and Exchange Commission describing violations of Rule 10b-5 and Section 10(b) of the Exchange Act.
3. Copy of [amendment to the complaint](#) filed with the United States Securities and Exchange Commission alleging the commission of fraud.
4. Copy of [letter from Stites & Harbison PLLC](#) to Sidley Austin Brown & Wood LLP dated December 31, 2003.