

DEBT RESTRUCTURING PROCESS UPDATE

- Following the March publication of its *Initial Financing Estimates*, and in the context of its ongoing consultations with affected creditors, the Government of Grenada herewith publishes two indicative debt restructuring options as background for future discussions with holders of its EC\$ Notes due 2025.
- The indicative options do not at this stage constitute an offer, but are rather intended as an indication of the type of restructuring terms that the Government believes are required to bridge the multi-year financing gaps that have been identified in the latest medium-term macroeconomic projections. These medium-term projections, which were presented in the *Initial Financing Estimates*, are the result of close technical cooperation between Grenada and the International Monetary Fund (IMF) in recent months.
- The projections underpin the Staff-level agreement with Grenada that was announced by the IMF on 14 March 2014, and will form the backbone of the anticipated Extended Credit Facility.
- The Staff-level agreement that was recently reached with the IMF aims to restore fiscal and debt sustainability through a strong fiscal adjustment, to be complemented with a comprehensive debt restructuring based on meaningful debt reduction. The relevant press release from the IMF can be accessed at:

<http://www.imf.org/external/np/sec/pr/2014/pr14103.htm>

- The Government's *Initial Financing Estimates* can be accessed at:

http://www.gov.gd/egov/pdf/Initial_Financing_Estimates_4_March_2014.pdf

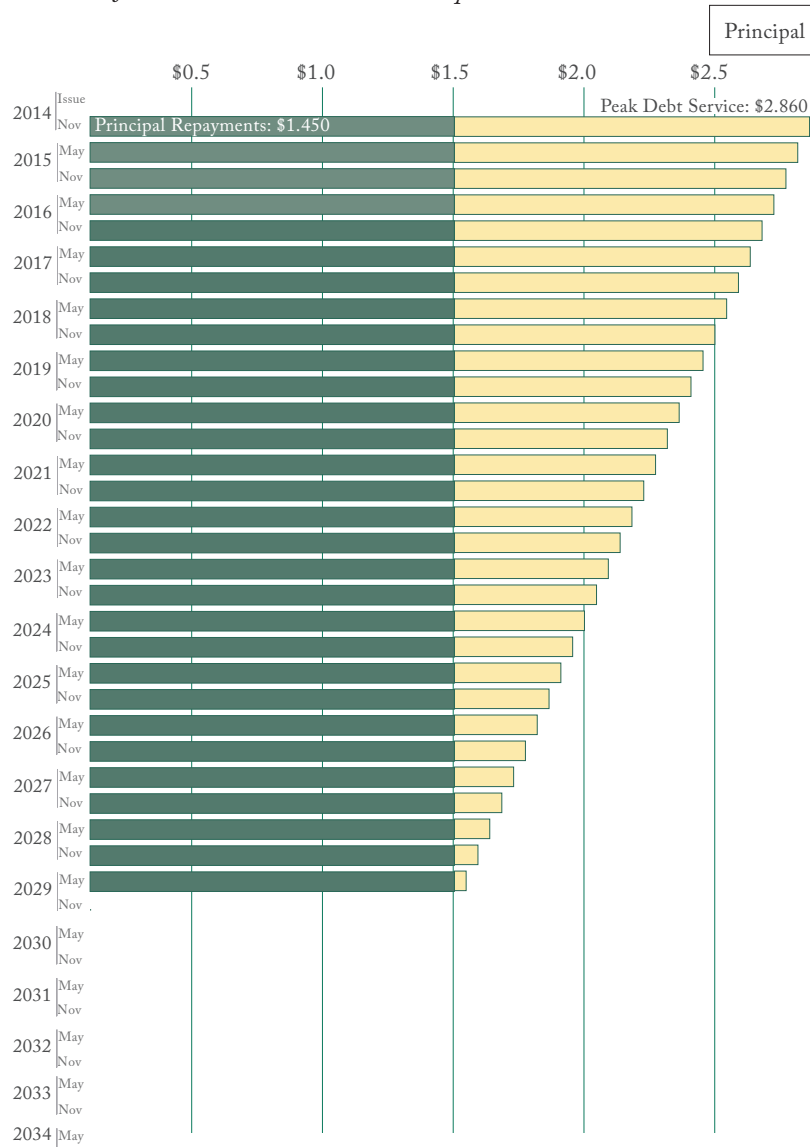
EC\$ NOTES DUE 2025: INDICATIVE RESTRUCTURING OPTIONS

	OPTION 1	OPTION 2
<i>Assumed Issuance Date of New Instrument</i>	30 May, 2014	30 May, 2014
<i>Face Value Reduction</i>	60%	50%
<i>Principal Repayments</i>	Equal semiannual installments	Increasing semiannual installments
<i>Debt Service Payment Dates</i>	30 November, 30 May	30 November, 30 May
<i>First Principal Repayment</i>	30 November, 2014 (no grace period)	30 November, 2016 (2 year grace period)
<i>Final Principal Repayment</i>	30 May, 2029	30 May, 2034
<i>First Interest Payment</i>	30 November, 2014	30 November, 2014
<i>Interest Rate</i>	6.5% throughout	5.0% throughout
<i>Interest Accrued to Issuance Date</i>	60% reduction, remaining 40% capitalized	50% reduction, remaining 50% capitalized

DEBT SERVICE PROJECTIONS: INDICATIVE RESTRUCTURING OPTIONS

Option 1

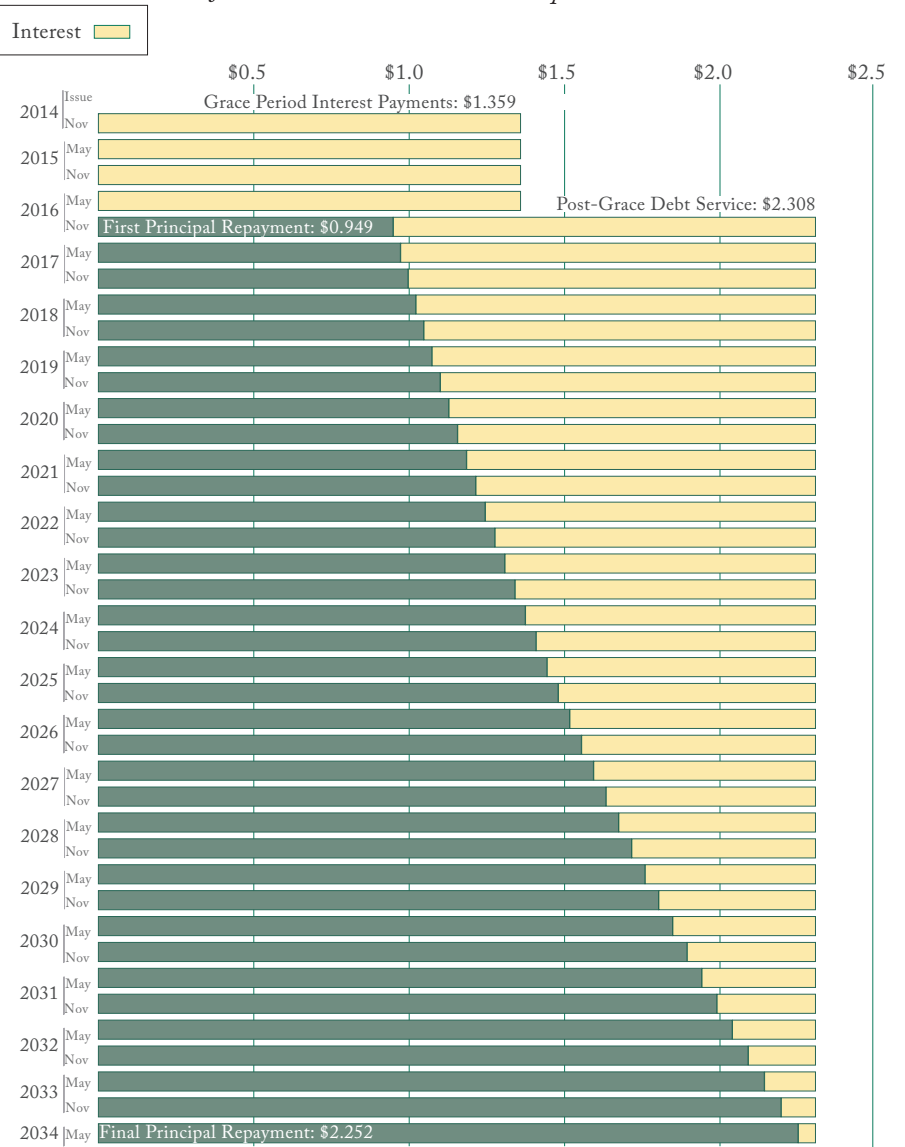
Projected Semiannual Debt Service per \$100 Tendered



Total Principal Repayments per \$100 Tendered: \$43.500

Option 2

Projected Semiannual Debt Service per \$100 Tendered



Total Principal Repayments per \$100 Tendered: \$54.375