

The Offer described herein will expire at 3:00 p.m. ([New York City] time) on [ ], 2015, unless extended or earlier terminated.

**OFFERING CIRCULAR**  
**dated [•], 2015**

**Grenada**

**Offer to Exchange**

EC Dollar 7.0% Bonds due 2030 (the *öNew EC\$ Bondsö*)  
US Dollar 7.0% Bonds due 2030 (the *öNew US\$ Bondsö*)  
(collectively, the *öNew Bondsö*)

for

EC Dollar Bonds due 2025 (the *öEC\$ 2025 Bondsö*)  
US Dollar Bonds due 2025 (the *öUS\$ 2025 Bondsö*)  
(collectively, the *öEligible Claimsö*)

Grenada hereby offers (the *öOfferö*) to exchange the New Bonds for the Eligible Claims on the terms set forth herein.

A holder of an Eligible Claim may only participate in this offer by delivering a letter of transmittal or letter of acceptance, as indicated herein, at or prior to 3:00 p.m. (New York City time) on [ ], 2015, unless the offer period is extended by Grenada.

**If and when Grenada completes its current program with the International Monetary Fund, the principal of the New Bonds will automatically be reduced by \_\_%. Upon the occurrence of the Second Principal Reduction Date (as defined herein), the New Bonds will automatically be exchanged by the Trustee (for New US\$ Bonds due 2030) and by the Fiscal Agent (for New EC\$ Bonds due 2030) for bonds having identical financial and legal terms except that the principal amount of such exchanged bonds shall equal [\_\_]% of the New Bonds they are replacing. This exchange will take place automatically on the principal payment date under the New Bonds next following the Second Principal Reduction Date.**

Consummation of this offer and issuance of the New Bonds are subject to enactment of an authorizing law by the Parliament of Grenada [in accordance with Section 8(2) of the Finance and Audit Act, Cap. 102 of the Laws of Grenada, as amended].

Grenada will not consummate this offer or issue any New Bonds unless Eligible Claims in an aggregate principal amount equal to at least 75% of the total outstanding principal amount of each of the EC\$ 2025 Bonds and US\$ 2025 Bonds shall be tendered and accepted in response to this offer.

The New US\$ Bonds will be issued pursuant to a trust indenture with The Bank of New York Mellon, as trustee for the bondholders, and will be governed by the law of the State of New York. The New EC\$ Bonds will be issued pursuant to a fiscal agency agreement with the Eastern Caribbean Central Bank, as fiscal agent of Grenada, and will be governed by the law of Grenada.

**An investment in the New Bonds involves a high degree of risk. See “Risk Factors” beginning on page [●] of this Offering Circular.**

The New Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the *Securities Act*) or the securities laws of any other jurisdiction. The New Bonds will be offered only to qualified institutional buyers in the United States under Rule 144A of the Securities Act and to persons outside the United States under Regulation S of the Securities Act. The New Bonds will be subject to restrictions on resale under applicable law. See *Notice to Investors*

Delivery of the New Bonds will be made on or about [ ], 2015. The New US\$ Bonds will be delivered in book-entry form through the facilities of The Depository Trust Company (*DTC*). The New US\$ Bonds will not be listed on any securities exchange. The New EC\$ Bonds will be delivered in book-entry form through the facilities of the Eastern Caribbean Central Securities Registry Ltd. Application will be made to list the New EC\$ Bonds in the Regional Government Securities Market for trading on the Eastern Caribbean Securities Exchange Ltd.

This written description of the Offer is referred to as the *Offering Circular*. The related specimens of the letter of transmittal (*Letter of Transmittal*) and letter of acceptance (*Letter of Acceptance*) are attached hereto as Exhibit I and Exhibit II.

A description of Grenada's current economic and financial position, prepared by the staff of the International Monetary Fund, is attached to this Offering Circular as Attachment A.

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## INTRODUCTION

**When you make your investment decision, you should rely only on the information contained in this Offering Circular. Grenada has not authorized anyone to provide you with information that is different. This document may only be used where it is legal to offer and sell these securities. The information in this Offering Circular may only be accurate as of the date of this Offering Circular.**

Grenada does not assume responsibility for information other than this Offering Circular and all amendments thereto.

Before you participate in the Offer, you should read this Offering Circular and the related form of Letter of Transmittal or Letter of Acceptance, as applicable, as each contain information regarding Grenada, the Offer, the New Bonds and other matters. You must make your own decision as to whether to tender your Eligible Claims in exchange for New Bonds or refrain from doing so.

[Tenders of US\$ 2025 Bonds may only be made through submission of Letters of Transmittal in electronic form. Tenders for EC\$ 2025 Bonds may only be made through the submission of Letters of Acceptance by hand, mail or facsimile transmission.] Grenada reserves the right to reject any Letter of Transmittal or Letter of Acceptance not received in the appropriate form.

## CERTAIN LEGAL RESTRICTIONS

The distribution of this Offering Circular and the transactions contemplated by the Offer may be restricted by law in certain jurisdictions. If the Offering Circular comes into your possession, you are required by Grenada to inform yourself of and to observe all of these restrictions. The Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law.

Grenada is making the Offer in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The New Bonds have not been recommended by any U.S. or non-U.S. securities authorities, and these authorities have not determined that this Offering Circular is accurate or complete. Any representation to the contrary is a criminal offense.

In any European Economic Area (EEA) Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive"), this communication is only addressed to and is only directed at Eligible EEA Investors in that Member State within the meaning of the Prospectus Directive.

This Offering Circular has been prepared on the basis that all offers of the New Bonds will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the New Bonds. Accordingly any person making or intending to make any offer within the EEA of the New Bonds which are the subject of the placement contemplated in this Offering Circular should only do so in circumstances in which no obligation arises for Grenada to produce a prospectus for such offer. Grenada has not authorized, nor does it authorize, the making of any offer of the New Bonds through any financial intermediary and the Offer constitutes the final placement of the New Bonds.

The New Bonds will be subject to restrictions on resale under applicable law. See "Notice to Investors" in this Offering Circular. By participating in the Offer, you will be deemed to have represented and warranted to the effect set forth in, and agreed to, all the provisions contained in that section of this Offering Circular.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you tender Eligible Claims in exchange for New Bonds, or possess or distribute this Offering Circular. You must obtain any consent, approval or permission you require for the purchase, offer or sale of the New Bonds under the laws and regulations in force in any applicable jurisdiction to which you are subject, or in which you make such purchases, offers or sales. Grenada shall not have any responsibility therefor.

Grenada reserves the right to reject any offer to tender Eligible Claims in exchange for New Bonds, in whole or in part, for any reason.

Tenders of all Eligible Claims may only be made by the means described in the "Tender Procedures" section of this Offering Circular.

### **Notice to New Hampshire Residents Only**

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire Revised Statutes with the State of New Hampshire, nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire, constitutes a finding by the Secretary of State that any document filed under Chapter 421-B is true, complete and not misleading. Neither any such fact, nor the fact that an exemption or exception is available for a security or a transaction, means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

## SUMMARY

*This summary highlights information contained elsewhere in this Offering Circular. It is not complete and may not contain all of the information that you should consider before tendering Eligible Claims in exchange for New Bonds. You should read the entire Offering Circular carefully.*

### The Offer

Issuer.....

Grenada.

The Offer.....

Grenada is inviting holders of Eligible Claims to tender their Eligible Claims in exchange for newly-issued New Bonds on the terms and subject to the conditions set forth in this Offering Circular and the related form of Letter of Transmittal or Letter of Acceptance, as applicable.

The Offer expires at 3:00 p.m., (New York City time) on [ ], 2015, unless extended by Grenada in its sole discretion. We refer to the date on which the Offer expires as the *Expiration Date*.

Grenada will announce the results of the Offer in Grenada on the third business day following the Expiration Date or as soon as practicable thereafter.

The New Bonds will be issued on or about [ ], 2015, unless the Expiration Date is extended or terminated. We refer to the date on which the New Bonds will be issued in exchange for tendered Eligible Claims as the *Closing Date*.

See *Timetable for the Offer*.

Consummation of the Offer and issuance of the New Bonds are subject to enactment of an authorizing law by the Parliament of Grenada in accordance with Section 8(2) of the Finance and Audit Act, Cap. 102 of the Laws of Grenada, as amended. Grenada cannot assure you that such a law will be passed by the Parliament. In the event that Parliament fails to enact such a law, the Offer will be terminated and the New Bonds will not be issued.

Consideration to Be Received for Eligible Claims Tendered .....

Subject to the terms and on the conditions set forth in this Offering Circular, if the Offer is completed, you will receive for each Eligible Claim validly tendered and accepted pursuant to this Offer:

For each US\$1,000 principal amount of US\$ 2025 Bond, a New US\$ Bond due 2030 with a principal amount of US\$\_\_\_\_\_.\*

For each EC\$1,000 principal amount of an EC\$ 2025 Bond, a New EC\$ Bond due 2030 with a principal amount of EC\$\_\_\_\_\_.\*

See "Terms of the Offer" Consideration to Be Received for Eligible Claims Tendered.

CBI Payment Amounts

Grenada will pay to holders of the New Bonds a portion of eligible revenues received by Grenada under its Citizenship by Investment (CBI) program after the completion of its current program with the IMF if the following conditions are met: (i) the Second Principal Reduction Date has occurred; (ii) more than US\$15 million in eligible CBI revenues is received by

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\* To include capitalized PDI through [September 15], 2015.

Grenada in any given Reference Year;  
and (iii) the cumulative limit for CBI  
Payment Amounts has not been met.

CBI Calculation Agent .....

So long as any of the New Bonds are  
outstanding, Grenada shall appoint, at its  
own expense, a calculation agent (the  
"CBI Calculation Agent") in Grenada to  
determine the Eligible CBI Revenues  
and the CBI Payment Amount. The CBI  
Calculation Agent shall be an  
independent adviser or investment bank  
or a firm of accountants, in each case,  
with appropriate expertise. The CBI  
Calculation Agent shall perform such of  
the functions and duties imposed on the  
CBI Calculation Agent in accordance  
with the provisions of the New Bonds  
and the Indenture as may be required.  
Grenada has initially appointed Republic  
Bank (Grenada) Limited as CBI  
Calculation Agent.

Minimum Level of Overall  
Participation Required for  
Completion of Offer .....

Grenada will not close the Offer or any  
part of it unless it has received from  
holders of not less than 75% of the  
aggregate principal amount of each of  
the EC\$ 2025 Bonds and US\$ 2025  
Bonds their written consent to a Reserve  
Matter Modification (Paragraph 21(f)  
(iii)(H) and Paragraph 17(f) (iii)(H) of  
the Terms and Conditions of the US\$  
2025 Bonds and the EC\$ 2025 Bonds,  
respectively) authorizing the Trustee or  
Fiscal Agent, respectively, on behalf of  
all holders of the Eligible Claims, to  
exchange those instruments for New  
Bonds on the terms set out in this Offer.

Tendering Eligible Claims by  
Submission of Letters of  
Transmittal or Letter of  
Acceptance .....

You or the custodial entity through  
which you hold your Eligible Claims  
must transmit at or prior to [3:00 p.m.]  
(New York City time) on the Expiration

Date a properly completed Letter of Transmittal or Letter of Acceptance, as applicable.

Tenders of US\$ 2025 Bonds may only be made through submission of Letters of Transmittal in electronic form. Tenders for EC\$ 2025 Bonds may only be made through the submission of Letters of Acceptance by hand, mail or facsimile transmission.

A description of the procedures for submitting Letters of Transmittal and Letters of Acceptance can be found in "Tender Procedures" in this offering circular.

Withdrawal Rights.....

Any tender for exchange may be withdrawn, for any reason, at any time prior to 3:00 p.m. (New York City time) on the Expiration Date. Thereafter, they shall become irrevocable. A description of the procedures for withdrawing tenders can be found in "Tender Procedures" "Withdrawal Rights" in this Offering Circular.

Jurisdictional Restrictions on the Offer.....

Grenada is making the Offer only in jurisdictions where and to the extent it is legal to make the Offer.

Without limiting the generality of the preceding paragraph, the Offer is being made in the United States solely to holders of Eligible Claims that are "qualified institutional buyers" (within the meaning of Rule 144A under the Securities Act).

Exchange Agent for the US\$ 2025 Bonds.....

The Bank of New York Mellon

Risk Factors.....

An investment in the New Bonds involves a high degree of risk. Before deciding to tender your Eligible Claims in exchange for New Bonds, you should read carefully all of the information contained in this Offering Circular, including, in particular, "Risk Factors" beginning on page [ ] of this Offering Circular.

Further Information .....

Any questions or requests for assistance concerning the Offer may be directed to \_\_\_\_\_.

## The New Bonds

New Issue.....	The US\$ 2025 Bonds are entitled to be exchanged only for the New US\$ Bonds, and the EC\$ 2025 Bonds are entitled to be exchanged only for the New EC\$ Bonds.
Currency.....	The New US\$ Bonds will be denominated for purposes of both interest and principal in U.S. dollars, and the New EC\$ Bonds will be denominated for purposes of both interest and principal in E.C. dollars.
Interest Rate .....	The New Bonds will accrue interest, payable semiannually in arrears, from [September 15], 2015 at 7% per annum.
Interest Payment Dates .....	Each March 15 and September 15, commencing on March 15, 2016.
Principal Amount .....	For each series of New Bonds, an amount equal to (i) 75% of the outstanding principal amount of the US\$ 2025 Bonds and the EC\$ 2025 Bonds tendered and accepted in the Offer and (ii) accrued but unpaid interest thereon through [September 15], 2015 calculated at the normal contractual rate without reference to any overdue or penalty margins.
Further Principal Reduction.....	If Grenada completes its current program with the International Monetary Fund on or after September 15, 2017 (the date of such completion being referred to as the <i>Second Principal Reduction Date</i> ), the outstanding principal amount of the New Bonds will automatically be reduced by a further __% and the Trustee and Fiscal Agent shall mandatorily exchange those New Bonds for identical instruments with that reduced principal amount.
Maturity Date .....	March 15, 2030.

Debits to First Payment Due  
Under New US\$ Bonds .....

Pursuant to [Paragraph 11 of the Supplement to the Terms of the New US\$ Bonds], the first payment in respect of the New US\$ Bonds shall be debited in the amount of U.S.\$\_\_\_\_\_ by the Trustee (i) to reimburse certain expenses incurred by the Coordinating Committee in the negotiation of the Transactions referred to in this Offering Circular and (ii) to fund the Contingency Account. The balance of the funds received by the Trustee on the first payment date will be paid to holders in the normal way as an interest payment.

**Accordingly, the net amount of interest to be distributed to holders on that first payment date shall be less than the amount due on that date and Grenada shall be under no obligation to, and shall not, gross up that interest payment on account of such deductions.**

Optional Redemption.....

Subject to certain conditions, Grenada may acquire New Bonds in the secondary market and may redeem New Bonds at par (together with accrued interest), in whole or in part, at any time after the original issuance date of the New Bonds.

Modifications .....

Each series of the New Bonds will contain an aggregated collective action clause applicable to that series. The text of this aggregated collective action clause is attached to this Offering Circular as Attachment B.

Ranking .....

Each series of the New Bonds constitute and will constitute direct, general, unconditional and unsubordinated Public External Indebtedness (as defined) of Grenada for which the full faith and credit of Grenada is pledged. Each series of the New Bonds ranks and will rank without any preference among themselves and equally with all other unsubordinated Public External Indebtedness of Grenada. It is

understood that this provision shall not be construed so as to require Grenada to make payments under either series of the New Bonds ratably with payments being made under any other Public External Indebtedness.

Further Issuance .....

Grenada may, from time to time, create and issue further bonds having the same terms as, and ranking equally with, either series of the New Bonds in all respects and such further bonds will be consolidated and form a single series with the corresponding series of New Bonds.

Constitutive Documents:

New US\$ Bonds .....

The New US\$ Bonds will be issued under a trust indenture.

New EC\$ Bonds.....

The New EC\$ Bonds will be issued under a fiscal agency agreement.

Grenada will make copies of the trust indenture and the fiscal agency agreement available for inspection at the Ministry of Finance, Financial Complex, The Carenage, St. George's, by not later than [ ], 2015, and a copy of the indenture or the fiscal agency agreement will be provided upon request to any holder of an Eligible Claim.

Withholding Tax .....

Grenada will make all payments on the New Bonds without withholding or deducting any Grenadian taxes, unless required by law. If Grenadian law requires Grenada to withhold or deduct taxes, Grenada will pay holders of New Bonds, subject to certain exceptions, additional amounts to provide the equivalent of full payment to the holders. See "Terms and Conditions of the New Bonds" New US\$ Bonds" Taxation" with respect to the New US\$ Bonds and "Terms and Conditions of the New Bonds" New EC\$ Bonds" Taxation" with respect to the New EC\$

Negative Pledge Covenant .....

Bonds.

Grenada may not create or suffer to exist any lien (with the exception of certain permitted liens) on its revenues or assets to secure Public External Indebtedness (as defined) unless Grenada also causes such lien to secure equally and ratably the obligations of Grenada with respect to each series of the New Bonds.

Events of Default;  
Acceleration .....

The following events, among others, shall be Events of Default under each series of New Bonds:

(i) Failure to pay interest or principal on either series of New Bonds (with a 30-day grace period);

(ii) Failure to make a CBI Payment Amount (with a 30-day grace period);

(iii) Failure to observe or perform any other covenant in the relevant Series of New Bonds for a period of 30 days after notice has been provided by holders of at least 25% of the aggregate principal amount of that series;

(iv) The declaration by Grenada of a general suspension of payments or moratorium on Public External Indebtedness;

(v) Cross-acceleration in respect of Public External Indebtedness with a de minimis threshold of US\$10 million or equivalent in other currencies and such acceleration shall not have been rescinded or annulled;

(vi) Failure by Grenada to satisfy, discharge, contest in good faith or obtain a stay of execution of any judgment against Grenada or its assets for the payment of money exceeding US\$15 million within a period of 60 days;

(vii) Invalidity of that series of New Bonds, or, in the case of the New US\$ Bonds, the indenture, or, in the case of the New EC\$ Bonds, the fiscal agency agreement; and

(viii) Failure to maintain membership in the International Monetary Fund (with a 60-day grace period).

then:

holders of 25% or more of principal amount of the New US\$ Bonds may instruct the Trustee in writing to accelerate such series following the occurrence and during the continuance of an Event of Default, and

holders of 25% or more of principal amount of the New EC\$ Bonds may, by written notice to the Government and the Eastern Caribbean Central Bank, accelerate such series following the occurrence and during the continuance of an Event of Default.

Governing Laws:

New US\$ Bonds.....

The New US\$ Bonds and the indenture will be governed by the law of the State of New York. Grenada will submit to the jurisdiction of U.S. federal and New York state courts in New York City and courts in Grenada.

New EC\$ Bonds .....

The EC\$ Bonds and the fiscal agency agreement will be governed by the law of Grenada. Grenada will submit to the jurisdiction of courts in Grenada.

Restrictions on Resale .....

The New Bonds have not been registered under the U.S. Securities Act and will be subject to restrictions on resale under applicable law. The New US\$ Bonds will be subject to contractual transfer restrictions.

Listing:

New US\$ Bonds.....

The New US\$ Bonds will not be listed on any securities exchange.

New EC\$ Bonds.....

Application will be made to list the New EC\$ Bonds in the Regional Government Securities Market for trading on the Eastern Caribbean Securities Exchange Ltd.

Denomination.....

New US\$ Bonds will be issued in denominations of US\$100 and higher integral multiples of US\$100 in excess thereof. New EC\$ Bonds will be issued in denominations of EC\$ 100 and higher integral multiples of EC\$100 in excess thereof.

Form and Settlement:

New US\$ Bonds .....

Grenada will issue the New US\$ Bonds in the form of one or more fully registered global securities, without interest coupons attached, registered in the name of a nominee for DTC, and will deposit such global securities on or before the Closing Date with a custodian for DTC.

New EC\$ Bonds .....

Grenada will issue the New EC\$ Bonds in electronic book-entry form on the Closing Date through the facilities of the Eastern Caribbean Central Securities Registry Ltd., which will maintain a record of ownership with respect to the New EC\$ Bonds. Grenada will not issue global securities or physical certificates evidencing the New EC\$ Bonds.

Trustee, Registrar, Transfer Agent and Paying Agent for New US\$ Bonds .....

The Bank of New York Mellon.

Fiscal Agent for New EC\$ Bonds .....

Eastern Caribbean Central Bank.

Registrar, Transfer Agent and

Paying Agent for New EC\$  
Bonds .....

Eastern Caribbean Central Securities  
Registry Ltd.

## **Terms and Conditions of the New US\$ Bonds**

## **Terms and Conditions of the New EC\$ Bonds**

## TIMETABLE FOR THE OFFER

*The following summarizes the anticipated time schedule for the Offer assuming, among other things, that the Expiration Date is not extended. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Circular. All references are to New York City time unless otherwise noted.*

<b><u>Date</u></b>	<b><u>Action</u></b>
August 21, 2015 .....	<i>Commencement Date of the Offer</i> Distribution of the Offering Circular describing the terms of the Offer.
August 21, 2015 to September 7, 2015.....	<i>Offer Period</i> The Offer is open during this period.
September 7, 2015 at 3:00 P.M. ....	<i>Expiration Date and Time</i> Deadline for holders of Eligible Claims to deliver completed Letters of Transmittal or Letters of Acceptance, as applicable, as described in this Offering Circular unless Grenada extends or terminates the Offer earlier in its sole discretion.
September 10, 2015 .....	<i>Announcement Date</i> Unless it has extended the Expiration Date or terminated the Offer earlier, Grenada will announce on this date or as soon as possible thereafter the results of the Offer and whether the requirements for completion of the Offer set forth in this Offering Circular have been met.
September 15, 2015 .....	<i>Closing Date</i> The New Bonds are issued and the Eligible Claims tendered and cancelled.

## **RISK FACTORS**

*An investment in the New Bonds involves a significant degree of risk. Investors are urged to read carefully the entirety of this Offering Circular and to note, in particular, the following considerations.*

### **Risks of Not Participating in the Offer**

#### ***Possible Failure of the Offer***

Grenada will not close the Offer unless it has received from holders of not less than 75% of the aggregate principal amount of each of the US\$ 2025 Bonds and the EC\$ 2025 Bonds their written consent to a Reserve Matter Modification (as provided in Paragraph 21(f) (iii)(H) and Paragraph 17(f) (iii)(H) of the Terms and Conditions of the US\$ 2025 Bonds and the EC\$ 2025 Bonds, respectively) authorizing the Trustee, on behalf of all holders of the US\$ 2025 Bonds, and the Fiscal Agent, on behalf of all holders of the EC\$ 2025 Bonds, respectively, to exchange those instruments for New Bonds on the terms set out in this Offer. If the Offer described herein is not completed, Grenada projects that it will not have the resources to resume debt servicing on Eligible Claims on the existing terms of those instruments. Eligible Claims could therefore remain in payment default for an indefinite period of time and Grenada cannot predict whether, or when, it may be able to implement a successful debt management program affecting those instruments.

#### ***Effect of Collective Action Clause in Eligible Claims***

The Eligible Claims contain a collective action clause that permits the holders of 75% in outstanding principal amount of each of the US\$ 2025 Bonds and the EC\$ 2025 Bonds to authorize the Trustee and the Fiscal Agent, respectively, to tender the entirety of the US\$ 2025 Bonds and the EC\$ 2025 Bonds, respectively, in exchange for the New Bonds. In tendering its Eligible Claims in this Offer, the holder thereby consents, in respect of the Eligible Claims tendered, to this exchange. Grenada has indicated its intention to close the Offer only if both collective action clauses are activated. Accordingly, if the requisite supermajority voting threshold under the Eligible Claims is reached in connection with the Offer, the result will be a mandatory exchange of all Eligible Claims for New Bonds, including Eligible Claims held by those holders that did not participate in the Offer.

### ***Enforcement of Civil Claims***

Grenada is a foreign sovereign state. Consequently, it may be difficult to obtain or enforce court judgments against Grenada.

### **Risks of Participating in the Offer**

#### ***Potential Challenges to Grenada's Payments on the New Bonds***

Grenada's payments on the New Bonds may be attached, enjoined or otherwise challenged by holders of other debt instruments of Grenada. Creditors have, in recent years, used litigation tactics against sovereign debtors that have defaulted on their sovereign bonds--for example, Peru, Nicaragua, Argentina and Grenada--to attach or interrupt payments made by these sovereign debtors to, among others, holders of bonds who have agreed to a debt restructuring and accepted new securities in an exchange offer. Grenada may become subject to suits to collect on defaulted indebtedness. Grenada cannot assure you that a creditor will not be able to interfere, through an attachment of assets, injunction, temporary restraining order or otherwise, with payments made under the New Bonds.

#### ***Future Access to Financing***

Grenada may be unable to meet future debt service obligations out of current revenues and it may have to rely in part on additional financing from the domestic and international capital markets (or multilateral or bilateral sources) in order to do so. In the future, Grenada may not be able or willing to access such markets or sources of funding, and Grenada's ability to service its public debt, including the New Bonds, may be adversely affected.

#### ***No Established Market for the New Bonds***

Each series of New Bonds will be a new issuance of securities without established trading markets. Grenada cannot predict the extent to which investor interest will lead to the development of an active trading market for either series of New Bonds or how liquid those markets may become. Grenada intends to apply to list the New EC\$ Bonds in the Regional Government Securities Market for trading on the Eastern Caribbean Securities Exchange Ltd. The New US\$ Bonds will not be listed on any securities exchange. If an active trading market for either series of New Bonds fails to develop or continue, this failure could adversely affect the trading price of such series of New Bonds.

## **Risks Relating to Grenada**

### ***Future Financing Gaps***

Grenada projects significant public sector financing gaps will exist for both the near and medium term. These gaps will persist even after taking into account the debt service relief that would be conveyed by a successful completion of Grenada's comprehensive debt management program.

The elimination of these residual financing gaps will require more favorable macroeconomic conditions and/or a greater availability of official sector and/or capital markets financing than what is currently anticipated, and consequently there can be no assurance that the expected future residual financing gaps will be eliminated. The Government of Grenada is actively engaged in seeking a political and social consensus regarding additional measures that could be taken to close these projected financing gaps, but no such consensus has yet emerged. If Grenada fails in its efforts to identify acceptable fiscal adjustment measures (coupled with continuing support from the international community and successful completion of the Offer) sufficient to close these financing gaps, Grenada's ability to service the New Bonds in the future may be adversely affected. If future residual financing gaps do materialize as expected, Grenada's ability to service the New Bonds could be adversely affected.

### ***Ongoing Economic Crisis***

Grenada is currently restructuring its debt obligations and implementing fiscal adjustment measures. However, there is no assurance that these steps will succeed in restoring and maintaining macro-economic stability and debt sustainability. A worsening of international financial or economic conditions, including a slowdown in growth or recessionary conditions in Grenada's trading partners or the emergence of a new financial crisis, could have adverse effects on Grenada's economy, on its financial condition and on its ability to service its debt over and above that already implied by the future residual financing gaps described above. Grenada is currently in payment default under several categories of its debt obligations and there is no assurance that Grenada's comprehensive debt management program will succeed or that Grenada will achieve macro-economic stability and a sustainable economic recovery.

### ***Economic, Political or Social Conditions***

Grenada is an emerging market economy and investing in securities of emerging markets issuers involves special risks. These risks include the possibility of economic, political or social instability that may be caused by many different factors, including the following:

- high interest rates;
- devaluation or depreciation of the currency;

- declines in the economic activity of major trading partners;
- inflation;
- exchange controls;
- wage and price controls;
- climatic or geological occurrences;
- global economic recession;
- financial crises in other emerging market countries that can have a "contagious" effect on investor appetite for emerging market securities as a class;
- changes in governmental economic, tax or other policies;
- the imposition of trade barriers; and
- qualification for continuing access to preferential trade arrangements with foreign governments, particularly the United States.

Any of these factors, as well as volatility in the markets for securities similar to either series of New Bonds, may adversely affect the liquidity of, and the trading market for, such series of New Bonds.

#### ***Climatic or Geological Occurrences***

Grenada is an island nation located in an active geologic zone and in one of the most hurricane-prone regions of the world. In September 2004, for example, Hurricane Ivan struck Grenada and caused major physical and economic devastation. Grenada may, at irregular and unpredictable intervals, suffer the effects of earthquakes, volcanic activity, tidal waves and severe storm damage.

#### ***Parliament Action to Appropriate Funds for Debt Service***

Governmental budgets (including appropriations for the servicing of external debt) require annual approval by the Grenadian Parliament. Grenada cannot provide assurances that the Grenadian Parliament will, in the future, appropriate amounts sufficient to maintain full debt service on the New Bonds.

## TERMS OF THE OFFER

Grenada is inviting owners of Eligible Claims, also referred to as *creditors*, to tender, on the terms and subject to the conditions of this Offering Circular and the related form of Letter of Transmittal or Letter of Acceptance, as applicable, their Eligible Claims in exchange for newly-issued New Bonds. Each such tender for exchange is referred to as a *tender*.

### **Purpose of the Offer**

The Offer has been designed to adjust Grenada's debt service profile and, in conjunction with its comprehensive debt management strategy, make it more sustainable.

### **Parliamentary Approval is Required for Consummation of the Offer and Issuance of New Bonds**

Consummation of the Offer and issuance of the New Bonds are subject to enactment of an authorizing law by the Parliament of Grenada [in accordance with Section 8(2) of the Finance and Audit Act, Cap. 102 of the Laws of Grenada, as amended]. Grenada cannot assure you that such a law will be passed by the Parliament. In the event that Parliament fails to enact such a law, the Offer will be terminated and the New Bonds will not be issued.

### **Consideration to Be Received for Eligible Claims Tendered**

Subject to the terms and on the conditions set forth in this Offering Circular, if the Offer is completed, you will receive for each Eligible Claim validly tendered and accepted pursuant to this Offer:

For each US\$1,000 principal amount of US\$ 2025 Bond, a New US\$ Bond due 2030 with a principal amount of US\$[\_\_\_\_\_].<sup>2</sup>

For each EC\$1,000 principal amount of an EC\$ 2025 Bond, a New EC\$ Bond due 2030 with a principal amount of EC\$[\_\_\_\_\_].

### **Rounding**

To determine the amount of New Bonds that will be exchanged for a specific tender, the principal amount of and capitalized interest on Eligible Claims tendered will be rounded down to the nearest US\$100 or EC\$100, as the case may be, of the full amount of the New Bonds. This rounded amount will be the principal amount of New Bonds received, and no additional cash will be paid in lieu of any principal amount of New Bonds not received as a result of rounding down.

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<sup>2</sup> To include capitalized PDI through [September 15], 2015.

## **Collective Action Clause**

The Eligible Claims contain a collective action clause that permits the holders of 75% in outstanding principal amount of each of the US\$ 2025 Bonds and the EC\$ 2025 Bonds to authorize the Trustee and the Fiscal Agent, respectively, to tender the entirety of the US\$ 2025 Bonds and the EC\$ 2025 Bonds, respectively, in exchange for the New Bonds. In tendering its Eligible Claims in this Offer, the holder thereby consents, in respect of the Eligible Claims tendered, to this exchange. Grenada has indicated its intention to close the Offer only if both collective action clauses are activated. Accordingly, if the requisite supermajority voting threshold under the Eligible Claims is reached in connection with the Offer, the result will be a mandatory exchange of all Eligible Claims for New Bonds, including Eligible Claims held by those holders that did not participate in the Offer.

## **Irrevocability; Withdrawal Rights**

Any tender for exchange may be withdrawn, for any reason, at any time prior to 3:00 p.m. (New York City time) on the Expiration Date. Grenada will, if necessary, extend the Expiration Date so that there will be at least three business days remaining on the Offer if any material changes are made to the terms of the Offer. Thereafter, tenders shall become irrevocable.

In addition, if Grenada terminates the Offer without accepting any tenders for exchange, all tenders for exchange shall automatically be deemed to be withdrawn.

## **Offering Restrictions**

You are not eligible to receive or review the Offer Materials or to participate in the Offer unless:

- (1) you are qualified institutional buyer in the United States and are participating in the Offer under an exemption provided by Rule 144A under the Securities Act; or
- (2) you either:
  - are not in the United States (as contemplated in Rule 903(a)(1) of Regulation S under the Securities Act) and are not a U.S. person (as defined in Rule 902(o) of Regulation S under the Securities Act); or
  - are a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States holding a discretionary account or similar account (other than an estate or trust) for the benefit or account of a non-U.S. person (as contemplated by Rule 903(a)(1) of Regulation S under the Securities Act); or

(3) if you are located in the European Economic Area, you are an Eligible EEA Investor (as this term is defined in "Notice to Investors"); and

(4) your receipt and review of the Offer Materials and your participation in the Offer, is otherwise permitted under the laws and regulations of any other jurisdiction applicable to you, including, without limitation, as set forth in "Jurisdictional Restrictions".

We refer to holders of Eligible Claims who meet the foregoing criteria as *eligible holders*.

For a description of certain restrictions on resale of the New Bonds, see "Notice to Investors" in this Offering Circular.

### **Equal Ranking Provision**

Each series of the New Bonds constitute and will constitute direct, general, unconditional and unsubordinated Public External Indebtedness (as defined) of Grenada for which the full faith and credit of Grenada is pledged. Each series of the New Bonds ranks and will rank without any preference among themselves and equally with all other unsubordinated Public External Indebtedness of Grenada. It is understood that this provision shall not be construed so as to require Grenada to make payments under each series of the New Bonds ratably with payments being made under any other Public External Indebtedness.

### **Representations, Warranties and Undertakings Relating to Tenders of Eligible Claims**

See "Tender Procedures" in this Offering Circular.

### **Business Day**

The term *business day* for the Offer means any day except a Saturday, Sunday or any other day on which commercial banks in New York City or St. George's, Grenada is required or authorized by law to close.

## TENDER PROCEDURES

### *General*

**[IMPORTANT:** The procedures for tendering Eligible Claims pursuant to the Offer differ depending on the type of Eligible Claim being tendered. Tenders of the US\$ 2025 Bonds may only be made by submission of Letters of Transmittal in electronic form. Tenders of the EC\$ 2025 Bonds may only be made by submission of Letters of Acceptance by hand, mail or facsimile transmission. Read carefully this section, and, as applicable, the Form of Letter of Transmittal or Form of Letter of Acceptance, which are attached as Exhibit I and Exhibit II to this offering circular, respectively, to understand the procedures for tendering your Eligible Claims.

**If you have any questions regarding the process by which you can tender your Eligible Claims, you may contact the Exchange Agent at the phone numbers listed on the back cover of this offering circular.**

If you desire to tender Eligible Claims for New Bonds pursuant to the Offer, a Letter of Transmittal or Letter of Acceptance applicable to the Eligible Claims tendered must be submitted by you or on your behalf as explained below. A creditor tendering any Eligible Claim must tender all Eligible Claims owned by that creditor.

### ***[Procedures for Submitting Letters of Transmittal (for Tenders of US\$ 2025 Bonds ONLY)]<sup>3</sup>***

Your Letter of Transmittal must be submitted during the Offer Period. US\$ 2025 Bonds tendered in the Offer will be blocked for transfers to third parties pending settlement.

Your Letter of Transmittal must clearly designate an account at DTC where the New US\$ Bonds you are entitled to receive can be credited upon settlement of the Offer.

The Exchange Agent is the entity responsible for, among other things, receiving and processing tenders made by holders pursuant to the Offer through [DTC/DTC's Automated Tender Offer Program system (ATOP system)] and, at the settlement of the Offer, delivering the New US\$ Bonds to the tendering holders.

### *General Procedures*

Beneficial ownership of US\$ 2025 Bonds held in book-entry form generally represents an interest in a global certificate representing US\$ 2025 Bonds that is registered in the name of a clearing system or such clearing system's nominee. These beneficial interests may be held directly if you have an account as a participant in the relevant clearing system, or indirectly through participants, such as securities brokers and

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<sup>3</sup> [NTD: To be confirmed by Exchange Agent.]

dealers, that have an account with the relevant clearing system. We refer to institutions that have an account with the relevant clearing system as *direct participants* in such system. Only these direct participants may submit electronic Letters of Transmittal to the relevant clearing system. If you are not a direct participant, you (or your broker, dealer, bank, trust company, trustee or other custodian on your behalf) must arrange for the direct participant through which you hold your US\$ 2025 Bonds to submit an electronic Letter of Transmittal on your behalf to the relevant clearing system.

**For your tender to be effective, a direct participant in DTC through which you tender your US\$ 2025 Bonds must submit an electronic Letter of Transmittal on your behalf to [DTC/ Automated Tender Offer Program system (ATOP system)] prior to [3:00 p.m.] (New York City time) on the Expiration Date. [DTC/DTC's ATOP system] will not submit to the Exchange Agent any electronic Letter of Transmittal received after this time.**

Upon receipt of your electronic Letter of Transmittal, [DTC/DTC's ATOP system] will submit your electronic Letter of Transmittal to the Exchange Agent. The receipt of your electronic Letter of Transmittal by [DTC/DTC's ATOP system] will result in the blocking of your tendered US\$ 2025 Bonds in such clearing system. This will prevent you from being able to transfer your tendered US\$ 2025 Bonds to third parties.

The Exchange Agent will establish an account at DTC for purposes of receiving tenders of US\$ 2025 Bonds pursuant to the Offer. The receipt of your electronic Letter of Transmittal by [DTC/DTC's ATOP system] will constitute instructions to make a book-entry transfer of your tendered US\$ 2025 Bonds into the Exchange Agent's account at such clearing system. Your tendered US\$ 2025 Bonds will be held in the Exchange Agent's account pending settlement of the exchange on the Closing Date. Upon performing the book-entry transfer of your tendered US\$ 2025 Bonds into the Exchange Agent's account, [DTC/DTC's ATOP system] will deliver to the Exchange Agent a confirmation of such book-entry transfer.

**Neither Grenada nor the Exchange Agent will be responsible for ensuring that any electronic Letter of Transmittal is submitted to or accepted by [DTC/DTC's ATOP system] or for ensuring that the book-entry transfer into the Exchange Agent's account at DTC is effected. [If your tendered US\$ 2025 Bonds are not transferred into the Exchange Agent's account at DTC prior to the Expiration Date, your tender will be deemed invalid.]<sup>4</sup>**

By submitting a valid electronic Letter of Transmittal to [DTC/DTC's ATOP system], tendering holders, and the relevant direct participant on their behalf, shall be deemed to have made the representations and warranties set forth in the Letter of Transmittal to Grenada and the Exchange Agent.]

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<sup>4</sup> [NTD: Add language related to CAC?]

*[Special Instructions for] Tenders Through DTC*

[If your US\$ 2025 Bonds are held or registered in the name of a nominee of DTC, and you do not hold your beneficial interest in these securities through any other clearing system,] [Y/you may submit your tender directly through DTC using DTC's ATOP system. To effectively tender any such US\$ 2025 Bonds, you must:

- instruct DTC (if you are a direct participant in DTC), or arrange to have a direct participant in DTC provide instructions to DTC on your behalf, to make a book-entry transfer of the US\$ 2025 Bonds you tender into the Exchange Agent's account at DTC, in accordance with DTC procedures for such transfers; and
- electronically transmit to DTC (if you are a direct participant in DTC), or arrange to have a direct participant in DTC electronically transmit to DTC on your behalf, your duly completed electronic Letter of Transmittal through the ATOP system.

Upon completion of these steps, Grenada expects DTC to transfer the US\$ 2025 Bonds you tender into the Exchange Agent's account at DTC, to deliver to the Exchange Agent a confirmation of such book-entry transfer and, upon verifying your acceptance, to send an "agent's message" to the Exchange Agent for its acceptance of your tender. An "agent's message" is a message transmitted by DTC to, and received by the Exchange Agent as part of DTC's confirmation of the book-entry transfer of your US\$ 2025 Bonds to the Exchange Agent's account at DTC. The "agent's message" will state that:

- DTC has received an express acknowledgment from a DTC participant tendering US\$ 2025 Bonds on behalf of the holder of such US\$ 2025 Bonds;
- such DTC participant has received and agrees to be bound by the terms and conditions of the Offer as set forth in the Offer Materials, including the representations and warranties set forth in the Letter of Transmittal; and
- Grenada may enforce such agreement against the DTC participant.

For your tender through DTC to be effective, the Exchange Agent must receive (i) an agent's message as described above no later than the Expiration Date, and (ii) a confirmation of the book-entry transfer of your US\$ 2025 Bonds into the Exchange Agent's account at DTC no later than the Expiration Date.

*If You Hold US\$ 2025 Bonds Through a Custodian or Other Securities Intermediary*

If your US\$ 2025 Bonds are held in the name of a custodian or other securities intermediary, such as a broker, dealer, bank trust company or trustee, you must contact such custodian or other securities intermediary and instruct it to tender your US\$ 2025 Bonds on your behalf. You should contact your custodian or other securities intermediary well in advance of the Expiration Date, since your custodian may have earlier deadlines by which it must receive your instructions in order to have adequate time

to meet the deadlines of the clearing system through which your US\$ 2025 Bonds are tendered.

*Effectiveness of Tenders of US\$ 2025 Bonds*

For your tender of US\$ 2025 Bonds to be effective:

(1) your duly completed electronic Letter of Transmittal must be received by [DTC/DTCø ATOP system] through which you tender your US\$ 2025 Bonds no later than [3:00 p.m.] (New York City time) on the Expiration Date;

(2) [DTC/DTCø ATOP system] must deliver your duly completed electronic Letter of Transmittal to the Exchange Agent no later than the Expiration Date; and

(3) your tendered US\$ 2025 Bonds must be transferred into the Exchange Agentø account at DTC through which you tender your US\$ 2025 Bonds no later than the Expiration Date.

You and [DTC/DTCø ATOP system] are responsible for arranging the valid and timely delivery of the electronic Letter of Transmittal to the Exchange Agent. Neither Grenada nor the Exchange Agent will be responsible for the submission of tenders by:

- holders (or brokers, dealers, banks, trust companies, trustees or other custodians on their behalf) to direct participants in DTC;
- direct participants (whether on their own behalf or on behalf of holders who are not direct participants) to DTC; or
- [DTC/DTCø ATOP system] to the Exchange Agent.

Delivery of documents to a custodian, direct participant or [DTC/DTCø ATOP system] does not constitute delivery to the Exchange Agent and is not sufficient for an effective tender. Grenada can offer no assurance that any custodian, direct participant or [DTC/DTCø ATOP system] will follow the procedures outlined above for purposes of effecting your tender of US\$ 2025 Bonds, as these procedures are entirely within such partiesødiscretion.]

***[Procedures for Submitting Letters of Acceptance (for Tenders of [EC\$ 2025 Bonds/ Eligible Claims OTHER THAN THE EC\$ 2025 Bonds])<sup>5</sup>***

In order to submit a tender, you must submit, or arrange to have submitted on your behalf, a duly completed Letter of Acceptance by hand, mail or facsimile transmission to the Exchange Agent at the address set forth on the final page of the Letter of Acceptance.

**The method of delivery of Letters of Acceptance and all other required documents to the Exchange Agent is at your own election and risk, and delivery will be deemed made only when actually received by any officer of the Exchange Agent who has direct responsibility for the administration of this Offer (“Authorized Officer”).**

**No Letters of Acceptance or other required documents should be sent to any person other than the Exchange Agent.**

**Letters of Acceptance must be received by an Authorized Officer of the Exchange Agent at or prior to [3:00 p.m.] (New York City time) on the Expiration Date. Sufficient time should be allowed to assure timely delivery.**

Letters of Acceptance may only be signed by the current record or registered holder or owner of the tendered Eligible Claims. Beneficial owners of Eligible Claims whose Eligible Claims are held by a broker, dealer, commercial bank, trust company or other nominee should contact such broker, dealer, commercial bank, trust company or other nominee promptly and instruct such person, as the holder of the Eligible Claims, to arrange for timely delivery of the Letter of Acceptance on behalf of the beneficial owner.

Your Letter of Acceptance must clearly designate your name and your account at the Eastern Caribbean Central Securities Registry Ltd. where the New EC\$ Bonds you are entitled to receive can be credited upon settlement of the Offer. If you do not already have an account at the Eastern Caribbean Central Securities Registry, a new account will be created for you upon settlement of the Offer. If you wish to hold the New EC\$ Bonds in a nominee account at an intermediary, your Letter of Acceptance must designate a broker-dealer licensed to act as an intermediary on the Eastern Caribbean Securities Exchange Ltd. in whose account the New EC\$ Bonds you are entitled to receive can be credited upon settlement of the Offer. [For a list of licensed intermediaries, see “Book-Entry Settlement and Clearance” New EC\$ Bondsö.]

By delivering a Letter of Acceptance, you will agree that not less than three Business Days prior to the Closing Date you will deliver by hand or insured registered mail or insured certified mail to the Exchange Agent at the address set forth on the final page of the Letter of Acceptance the original copy of any debt instruments (such as a certificate or promissory note) evidencing a tendered Eligible Claim.

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<sup>5</sup> [NTD: Eastern Caribbean Central Securities Registry to confirm.]

In order to submit a tender, you must submit, or arrange to have submitted on your behalf, a duly completed Letter of Acceptance (by hand delivery, by telefax or by mail) to:

c/o Permanent Secretary of the Ministry of Finance  
Financial Complex, The Carenage  
St. George's, Grenada  
Telephone: (473) 435-0057

If you encounter difficulties in submitting your Letter of Acceptance, you may contact Grenada at [ ].

### ***Irregularities***

All questions regarding the validity, form and eligibility, including time of receipt or revocation or revision, of any Letter of Transmittal or Letter of Acceptance will be determined by Grenada in its sole discretion, which determination will be final and binding. Grenada reserves the absolute right to reject any and all Letters of Transmittal or Letters of Acceptance not in proper form or for which any corresponding agreement by Grenada to exchange would, in the opinion of Grenada's counsel, be unlawful. Grenada also reserves the right in its sole discretion to reject any tender in which the tendered Eligible Claim cannot be reconciled with Grenada's own records. Grenada reserves the absolute right to waive any of the conditions of the Offer or defects in tenders and the relevant Letters of Transmittal or Letters of Acceptance, as applicable. Grenada shall not be under any duty to give notice to you, as the tendering creditor, of any irregularities in Letters of Transmittal or Letters of Acceptance, as applicable, nor shall Grenada incur any liability for the failure to give such notice.

### ***Withdrawal Rights***

Any tender for exchange and the corresponding Letter of Transmittal or Letter of Acceptance, as applicable, may be withdrawn for any reason, at any time prior to the Expiration Date. Thereafter, the tenders will be irrevocable.

In addition, if Grenada terminates the Offer without accepting any tenders for exchange, all tenders for exchange and Letter of Transmittal or Letter of Acceptance, as applicable, shall automatically be deemed to be withdrawn.

*[Procedures for Withdrawal of Tenders (for Tenders of US\$ 2025 Bonds ONLY)]<sup>6</sup>*

You, or a direct participant on your behalf, may withdraw your tender by submitting an electronic withdrawal notice to [DTC/DTC's ATOP system] through which you submitted your tender. Upon receiving such instructions [DTC/DTC's ATOP system] will deliver a notice of withdrawal to the Exchange Agent, and the Exchange Agent will

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<sup>6</sup> [NTD: Exchange Agent to review and confirm.]

then instruct [DTC/DTC's ATOP system] to transfer the US\$ 2025 Bonds you wish to withdraw to the direct participant's account at the clearing system.

If you hold your US\$ 2025 Bonds through a custodian or other securities intermediary, you must instruct that custodian to arrange for the valid submission of an electronic withdrawal notice to [DTC/DTC's ATOP system].

Any US\$ 2025 Bonds properly withdrawn will be deemed to be not validly tendered for purposes of the Offer.

Grenada can offer no assurance that any custodian, direct participant or [DTC/DTC's ATOP system] will follow the procedures necessary to withdraw your tender, as these procedures are entirely within such parties' discretion.

*Special Instructions for Withdrawal of Tenders Through DTC*

If your tender was submitted through a direct participant in DTC, your electronic withdrawal notice must:

- specify the DTC Voluntary Offer Instruction Number, the name of the participant from whose account such US\$ 2025 Bonds were tendered for exchange and such participant's account number at DTC to be credited with the withdrawn US\$ 2025 Bonds;
- contain a description of the US\$ 2025 Bonds to be withdrawn (including the principal amount in whole to be withdrawn); and
- be submitted through ATOP by the DTC participant in the same manner as the applicable agent's message, or be accompanied by evidence satisfactory to Grenada that the person withdrawing the tender has succeeded to the beneficial ownership of such US\$ 2025 Bonds.]

*Procedures for Withdrawal of Tenders (for Tenders of Eligible Claims OTHER THAN US\$ 2025 Bonds)*

In order to withdraw your tender, you must submit, or arrange to have submitted on your behalf, a withdrawal notice (by hand, mail or facsimile transmission) to the Exchange Agent at the address set forth on the final page of the Letter of Acceptance.

In order to be valid, a notice of withdrawal must specify the name of the person who tendered the Eligible Claims to be withdrawn (the "Depositor"), the name in which the Eligible Claims are registered if different from that of the Depositor, and the type and the principal amount of Eligible Claims to be withdrawn. If certificates or promissory notes or other original copies of any debt instruments, have been delivered to the Exchange Agent, the name of the holder and the certificate number or numbers or any other identifying items relating to such Eligible Claims withdrawn must also be furnished to the Exchange Agent as aforesaid prior to the physical release of the certificates or

promissory notes for the withdrawn Eligible Claims. The notice of withdrawal must be signed by the holder in the same manner as any Letter of Acceptance, or accompanied by evidence satisfactory to Grenada that the person withdrawing the tender has succeeded to the beneficial ownership of such Eligible Claims.

Beneficial owners of Eligible Claim whose Eligible Claims are held by a broker, dealer, commercial bank, trust company or other nominee should contact such broker, dealer, commercial bank, trust company or other nominee promptly and instruct such person, as the holder of the Eligible Claims, to arrange for timely delivery of the withdrawal notice on behalf of the beneficial owner.

***Term of Offer, Termination, Amendments***

The Offer will expire at [3:00 p.m.], New York City time, on the Expiration Date, unless Grenada in its sole discretion extends it or terminates it earlier.

At any time before the expiry of the Offer, Grenada may, in its sole discretion:

- terminate the Offer, including with respect to tenders submitted prior to the time of the termination,
- extend the Offer past the originally scheduled Expiration Date, or
- amend the Offer from time to time in any fashion.

***Publication***

Grenada will publish notices concerning the Offer [on the website [www.gov.gd](http://www.gov.gd)].

***Settlement***

The Closing Date for the Offer will be [ ], 2015, unless the Offer is extended, in which case a new Closing Date, if necessary, will be announced by press release.

On the Closing Date:

- you must deliver to Grenada good and marketable title to your Eligible Claims, free and clear of all liens, charges, claims, encumbrances, interests, rights of third parties and restrictions of any kind, and
- in return you will receive the New Bonds you are entitled to receive pursuant to the Offer, together with any cash you are entitled to receive pursuant to the Offer. [If you are entitled to receive New EC\$ Bonds, the Eastern Caribbean Central Securities Registry Ltd., will issue a statement showing the registry position to each holder within five Business Days of receipt of the necessary information from the

Exchange Agent.]<sup>7</sup> The Exchange Agent is not responsible for any incorrect or incomplete information provided by tendering holders of Eligible Claims in Letters of Transmittal or Letters of Acceptance.

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<sup>7</sup> [NTD: Eastern Caribbean Central Securities Registry to confirm.]

## NOTICE TO INVESTORS

The New Bonds of each series are subject to the following restrictions on resale. By acquiring New Bonds of a series, you will be deemed to have made the following acknowledgements, representations to and agreements with Grenada:

### **In the case of New Bonds of each series:**

1. You acknowledge that:

- the New Bonds have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the New Bonds may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws.

2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of Grenada, that you are not acting on Grenada's behalf and that either:

- you are a qualified institutional buyer (as defined in Rule 144A) and are acquiring New Bonds for your own account or for the account of another qualified institutional buyer; or
- you are not a U.S. person (as defined in Regulation S under the Securities Act) or acquiring for the account or benefit of a U.S. person, other than a distributor, and you are acquiring New Bonds in an offshore transaction in accordance with Regulation S.

3. An *“Eligible EEA Investor”* is an investor who is:

(a) a *“qualified investor”* within the meaning of the law in a relevant member state implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any notes that may be acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive,

(i) a person who will not have acquired the new notes on behalf of, or with a view to offering or reselling the new notes to, persons in any relevant member state other than qualified investors; or

(ii) where new notes may be acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those notes to it would not be treated under the Prospectus Directive as having been made to such other persons.

4. You acknowledge that neither Grenada nor any person representing Grenada has made any representation to you with respect to Grenada or the offering of the New Bonds of a series, other than the information contained in this Offering Circular. You represent that you are relying only on this Offering Circular in making your investment decision with respect to the New Bonds of either series. You agree that you have had access to such information concerning Grenada and the New Bonds as you have deemed necessary in connection with your decision to purchase New Bonds, including an opportunity to ask questions of and request information from the Government.

5. You represent that you are acquiring New Bonds of a series for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the New Bonds in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the New Bonds pursuant to Rule 144A or any other available exemption from the registration requirements of the Securities Act.

**6. In the case of New US\$ Bonds Only:**

You agree on your own behalf and on behalf of any investor account for which you are acquiring New US\$ Bonds, and each subsequent holder of the New US\$ Bonds by its acceptance of the New US\$ Bonds will agree, that until the date that is two years after the later of the Closing Date and the last date that the Government or any of its affiliates was the owner of New US\$ Bonds of a series or any predecessor of the New US\$ Bonds (the *noresale restriction period*), the New US\$ Bonds may be offered, sold or otherwise transferred only:

- to Grenada;
- pursuant to a registration statement that has been declared effective under the Securities Act;
- for so long as the New US\$ Bonds of a series are eligible for resale under Rule 144A, to a person whom the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom it has given notice that the transfer is being made in reliance on Rule 144A;
- through offers and sales that occur outside the United States within the meaning of Regulation S;
- under any other available exemption from the registration requirements of the Securities Act; or

- subject in each of the above cases, to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or such account's control.

You also acknowledge that:

- the above restrictions on resale will apply from the Closing Date of the offering of the New US\$ Bonds until the end of the resale restriction period, and will not apply after the resale restriction period ends;

- Grenada and the trustee reserve the right to require, in connection with any offer, sale or other transfer of New US\$ Bonds of a series before the resale restriction period ends, the delivery of an opinion of counsel, certifications and/or other information satisfactory to Grenada and the trustee; and

- each New US\$ Bond will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT, (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (E) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT,

SUBJECT TO GRENADA'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

**In the case of New Bonds of each series:**

7. You acknowledge that Grenada and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your acquisition of New Bonds is no longer accurate, you will promptly notify Grenada. If you are acquiring any New Bonds as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

**FORM OF LETTER OF TRANSMITTAL**

**FORM OF LETTER OF ACCEPTANCE**

**IMF COUNTRY REPORT**

**TEXT OF AGGREGATED COLLECTIVE ACTION CLAUSE**

The following text containing an aggregated collective action clause will appear in the indenture (for the New US\$ Bonds) and, in substantially the same form, in the fiscal agency agreement (for the New EC\$ Bonds):

SECTION 1.1 Modifications Not Requiring the Consent of Holders. Grenada and the Trustee may, without the vote or consent of any Holder of Debt Securities of any Series, agree to a Modification of Debt Securities of such Series or to this Indenture as it relates to that Series for the purpose of:

- (i) adding to Grenada's covenants for the benefit of the Holders;
- (ii) surrendering any right or power conferred upon Grenada with respect to Debt Securities of that Series;
- (iii) securing the Debt Securities of that Series;
- (iv) curing any ambiguity or curing, correcting or supplementing any defective provision in the Debt Securities of that Series or the Indenture;
- (v) amending the Debt Securities of that Series or this Indenture in any manner which Grenada and the Trustee may determine and which does not materially adversely affect the interests of any Holders of Debt Securities of that Series; or
- (vi) correcting, in the opinion of the Trustee, a manifest error of a formal, minor or technical nature.

Any such technical Modification shall be binding on all Holders of Debt Securities of that Series intended to be affected by the Modification and, unless the Trustee otherwise requires, any such technical Modification shall be notified by the Trustee to such Holders of Debt Securities as soon as practicable thereafter

SECTION 1.2 Single Series Non-Reserved Matter Modifications. Single Series Non-Reserved Matter Modifications proposed by Grenada that are not technical Modifications covered by Section 1.1 may be approved by Holders of Debt Securities (by vote at a meeting of Holders of Debt Securities or by a written action), and future compliance therewith may be waived, with the written consent of Grenada and the affirmative vote (if approved at a meeting of Holders of the Debt Securities) or consent (if approved by a written action) of Holders of more than 50% of the aggregate principal amount of the Outstanding Debt Securities of that Series.

SECTION 1.3 Reserved Matter Modification Methods. Reserved Matter Modifications proposed by Grenada may be approved by Holders of the Debt

Securities (by vote at a Holder of the Debt Securities meeting or by a written action) in one of three ways (each, a Modification Method):

- (i) for a Single Series Modification, by the Holders of the Debt Securities of the Series subject to the proposed Modification,
- (ii) for a proposed Cross-Series Modifications with Single Aggregated Voting, by the Holders of two or more Series of Debt Securities whose votes or written consents will be aggregated for the purpose of determining whether the approval threshold has been met, and
- (iii) for a proposed Cross-Series Modifications with Two-Tier Voting, by the Holders of two or more Series of Debt Securities whose votes or written consents (x) taken together, must meet an aggregated approval threshold and (y) taken separately for each Series of Debt Securities covered by that proposed Cross-Series Modification, must meet a separate approval threshold.

Grenada shall have the discretion to select a Modification Method for a proposed Reserved Matter Modification and to designate which Series of Debt Securities will be included in the aggregated voting for a proposed Cross-Series Modification; *provided*, however, that once Grenada selects a Modification Method and designates the Series of Debt Securities that will be subject to a proposed Cross-Series Modification, those elections will be final for purposes of that vote or consent solicitation.

Grenada may simultaneously propose two or more Cross-Series Modifications, each affecting different Series of Debt Securities, or one or more Cross-Series Modifications together with one or more Single Series Reserved Matter Modifications.

SECTION 1.4 Single Series Reserved Matter Modifications. Any Single Series Reserved Matter Modification may be made, and future compliance therewith may be waived, with the written consent of Grenada and the affirmative vote or consent of Holders of more than 75% of the aggregate principal amount of the Outstanding Debt Securities of that Series.

SECTION 1.5 Cross-Series Modifications with Single Aggregated Voting. Any Cross-Series Modification with Single Aggregated Voting may be made, and future compliance therewith may be waived, with the written consent of Grenada and the affirmative vote or consent of Holders of more than 75% of the aggregate principal amount of the Outstanding Debt Securities of all the Series affected by the proposed Modification (taken in the aggregate).

SECTION 1.6 Cross-Series Modifications with Two-Tier Voting. Any Cross-Series Modification with Two-Tier Voting may be made, and future compliance therewith may be waived, with the written consent of Grenada and:

(i) the affirmative vote or consent of Holders of more than 66 % of the aggregate principal amount of the Outstanding Debt Securities of *all* the Series affected by that proposed Modification (taken in the aggregate), *and*

(ii) the affirmative vote or consent of Holders of more than 50% of the aggregate principal amount of the Outstanding Debt Securities of *each* Series affected by that proposed Modification (taken individually).

It is understood that a Cross-Series Modification constituting or including a Reserved Matter Modification that it is not Uniformly Applicable to the terms and conditions of the affected Debt Securities must be effected pursuant to this Section 1.6; a Cross-Series Modification that is Uniformly Applicable may be effected pursuant to Section 1.5 or Section 1.6, at Grenada's option.

**SECTION 1.7 Modifications Calculation Agent; Claims Valuation.**

For the purpose either of administering a vote of Holders of the Debt Securities or seeking the consent of Holders of the Debt Securities to a written action under this Article 1, or for calculating the principal amount of the Debt Securities of any Series eligible to participate in such a vote or consent solicitation, Grenada may appoint a calculation agent reasonably acceptable to the Trustee (the *Modifications Calculation Agent*).

The Trustee shall notify the Holders of all Debt Securities eligible to participate in such a vote or consent solicitation of the methodology, as determined by the Modifications Calculation Agent and reasonably acceptable to the Trustee, by which the principal amount of each Series of Debt Securities eligible to participate in that vote or consent solicitation will be calculated. This notification shall be given in writing not less than five days prior to the meeting of the Holders of the Debt Securities at which such vote shall occur or, in the case of a consent solicitation for written action, at the time such solicitation is made.

**SECTION 1.8 Binding Effect.** Any Modification consented to or approved by the Holders of Debt Securities pursuant to this Article 1 will be conclusive and binding on all Holders of the relevant Series of Debt Securities or all Holders of all Series of Debt Securities affected by a Cross-Series Modification, as the case may be, whether or not they have given such consent, and on all future Holders of those Debt Securities whether or not notation of such Modification is made upon the Debt Securities. Any instrument given by or on behalf of any Holder of a Debt Security in connection with any consent to or approval of any such Modification will be conclusive and binding on all subsequent Holders of that Debt Security.

**SECTION 1.9 Information Delivery Requirement.** Before soliciting the consent or the vote of any Holder of Debt Securities for a Reserved Matter Modification, Grenada shall provide to the Trustee (for onward distribution to the Holders of the Debt Securities that would be affected by that proposed Modification) the following information:

(i) a description of Grenada's economic and financial circumstances which are, in Grenada's opinion, relevant to the request for the proposed Modification, a description of Grenada's existing debts and a description of any broad policy reform program and provisional macroeconomic outlook;

(ii) if Grenada shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, (x) a description of any such arrangement or agreement and (y) where permitted under the information disclosure policies of the multilateral or other creditors, as applicable, a copy of the arrangement or agreement;

(iii) a description of Grenada's proposed treatment of external debt instruments that are not affected by the proposed Modification and its intentions with respect to any other major creditor groups; and

(iv) if Grenada is then seeking a Reserved Matter Modification affecting any other Series of Debt Securities, a description of that proposed Modification.

SECTION 1.10 Outstanding Debt Securities. Upon request of the Trustee, Grenada shall furnish to the Trustee promptly one or more Officer's Certificates listing and identifying all Debt Securities, if any, known by Grenada to be owned or held by or for the account of Grenada or any Instrumentality; or any corporation, trust or legal entity controlled by Grenada or a Instrumentality and, subject to Section 5.1 and Section 5.2, the Trustee shall be entitled to accept such Officer's Certificate or Certificates as conclusive evidence of the facts therein set forth and of the fact that all Debt Securities not listed therein are Outstanding for the purpose of any such determination.

SECTION 1.11 Certification of Disenfranchised Debt Securities. Prior to any vote on, or consent solicitation for, a Modification, Grenada shall deliver to the Trustee a certificate signed by an Authorized Officer specifying any Debt Securities that are deemed not to be Outstanding for the purpose of Section 1.10.

**ISSUER  
Grenada**

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Financial Complex, The Carenage  
St. George's, Grenada  
Telephone: (473) 435-0057

**TRUSTEE, REGISTRAR, TRANSFER AGENT, PAYING AGENT FOR NEW US\$  
BONDS**

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New York, NY 10286

**EXCHANGE AGENT FOR NEW US\$ BONDS**

**The Bank of New York Mellon**  
111 Sanders Creek Parkway  
East Syracuse, NY 13057  
Attn: Corporate Trust Reorg Unit  
[Telephone/Fax: [ ]]

**FISCAL AGENT FOR NEW EC\$ BONDS**

**[Eastern Caribbean Central Bank**  
P. O. Box 89  
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**PAYING AGENT, TRANSFER AGENT AND REGISTRAR FOR NEW EC\$ BONDS  
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