

## SUPPLEMENTAL EXCHANGE OFFER MEMORANDUM

*Prepared for the information of the holders of Designated Securities  
in connection with Ukraine's Exchange Offer and Consent Solicitation*



**Ukraine**  
**represented by the Ministry of Finance of Ukraine,**  
**acting on the instructions of the Cabinet of Ministers of Ukraine**

Terms defined in the Exchange Offer Memorandum (the “**Exchange Offer Memorandum**”) dated 23 September 2015 published by Ukraine in connection with the Invitation are used in this Supplemental Exchange Offer Memorandum as so defined.

This Supplemental Exchange Offer Memorandum should be read in conjunction with the Exchange Offer Memorandum and, as used herein, the term “Exchange Offer Memorandum” shall mean the Exchange Offer Memorandum as supplemented by this Supplemental Exchange Offer Memorandum unless the context otherwise requires. In making its decision whether to participate in the Invitation, a holder of Designated Securities should rely only on the information contained in the Exchange Offer Memorandum.

The Exchange Offer is only being made to Eligible Holders. The Consent Solicitation is being made to all holders of Designated Securities. The New Notes and the GDP linked Securities have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States.

Each holder of Designated Securities is solely responsible for making its own independent appraisal of all matters as such holder deems appropriate (including those relating to the Invitation, the New Notes, the GDP-linked Securities, Ukraine, FinInPro (if applicable) and the Extraordinary Resolutions) and each holder of Designated Securities must make its own decision as to whether to participate in the Invitation. No person has been authorised to give any information or to make any representation about Ukraine, FinInPro or the Invitation other than as contained in the Exchange Offer Memorandum (as supplemented) or on the Offer Website and, if given or made, such information or representation must not be relied upon as having been authorised by Ukraine, FinInPro, the Information Agent, the Trustees, the Settlement and Tabulation Agent or any of their respective officials, directors, officers, employees, affiliates or agents.

This Supplemental Exchange Offer Memorandum is, subject to certain restrictions, available on the Offer Website at <http://sites.dfkingltd.com/ukraine>.

**5 October 2015**

## **IMPORTANT INFORMATION**

**THE EXCHANGE OFFER IS BEING MADE SOLELY BY UKRAINE. ANY SECURITIES TO BE DELIVERED TO ANY HOLDERS OF DESIGNATED SECURITIES EXCHANGED PURSUANT TO THE EXCHANGE OFFER OR AN EXTRAORDINARY RESOLUTION WILL BE DELIVERED BY UKRAINE. FININPRO IS NOT MAKING ANY EXCHANGE OFFER TO ANY HOLDERS OF DESIGNATED SECURITIES OR IS IN ANY MANNER INVOLVED IN OR SHALL HAVE ANY OBLIGATIONS PURSUANT TO THE EXCHANGE OFFER.**

**THIS SUPPLEMENTAL EXCHANGE OFFER MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO PARTICIPATE IN THE INVITATION IN ANY JURISDICTION IN WHICH, OR TO OR FROM ANY PERSON TO OR FROM WHOM, IT IS UNLAWFUL TO MAKE THE INVITATION UNDER APPLICABLE SECURITIES LAWS OR OTHERWISE. THE DISTRIBUTION OF THIS DOCUMENT IN CERTAIN JURISDICTIONS (INCLUDING, IN PARTICULAR, THE UNITED STATES) MAY BE RESTRICTED BY LAW, SEE “ISSUE AND RESALE RESTRICTIONS” BELOW. PERSONS INTO WHOSE POSSESSION THIS SUPPLEMENTAL EXCHANGE OFFER MEMORANDUM COMES ARE REQUIRED BY UKRAINE AND FININPRO TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.**

**Before making any decision with respect to the Invitation, holders of Designated Securities should carefully consider all of the information in the Exchange Offer Memorandum as supplemented by this Supplemental Exchange Offer Memorandum and, in particular, the risk factors described in “*Risk Factors and Other Considerations*” and the information set out in “*The New Notes and the GDP-linked Securities*”.**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD SEEK YOUR OWN PERSONAL FINANCIAL AND LEGAL ADVICE INCLUDING IN RESPECT OF ANY TAX CONSEQUENCES AS SOON AS POSSIBLE FROM YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT OR OTHER APPROPRIATE INDEPENDENT FINANCIAL OR LEGAL ADVISER.**

**This Supplemental Exchange Offer Memorandum contains important information which should be read and considered carefully before any decision is made with respect to any part of the Invitation. Any investor whose Designated Securities are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to participate in the Invitation. Neither the Designated Securities Trustees nor any of their respective directors, officers, employees or affiliates expresses any opinion as to the merits of, or makes any representation or recommendation whatsoever regarding the Invitation or this Supplemental Exchange Offer Memorandum (or, in each case, any term thereof) or makes any recommendation whether holders of Designated Securities should tender Designated Securities in the Exchange Offer or otherwise participate in the Invitation. None of the Designated Securities Trustees have reviewed, or will be reviewing, any documents relating to the Exchange Offer and/or the Consent Solicitation (or, in each case, any term thereof), except the Notices and the Deeds of Release, nor have they approved or will they approve the Offer and/or the Invitation (or, in each case, any term thereof). None of the Designated Securities Trustees nor any of their respective directors, officers, employees or affiliates has verified, or assumes any responsibility for the accuracy or completeness of, any of the information concerning the Offer, the Invitation, Ukraine or the factual statements contained in, or the effect or effectiveness of, this Supplemental Exchange Offer Memorandum or any other documents referred to in the Exchange Offer Memorandum or assumes any responsibility for any failure by Ukraine to disclose events that may have occurred and may affect the significance or accuracy of such information or the terms of any amendment (if any) to the Offer or the Invitation. The Designated Securities Trustees have not been involved in the formulation or negotiation of the**

**Offer or the Invitation (or, in each case, any term thereof). The Designated Securities Trustees have, however, authorised it to be stated that, on the basis of the information contained in the Notice and the draft Deed of Release (both of which holders of Designated Securities are recommended to consider carefully), they have no objection to the Extraordinary Resolutions, as set out in the Notice, being put to holders of Designated Securities for their consideration.**

**Ukraine and FinInPro are furnishing this document solely for use in the context of the Invitation. Neither Ukraine nor FinInPro has authorised the making or provision of any representation or information regarding the Invitation other than as contained in this Supplemental Exchange Offer Memorandum (including as incorporated by reference) or on the Offer Website: <http://sites.dfkingltd.com/ukraine>. None of Ukraine, FinInPro, the Trustees, the Information Agent and the Settlement and Tabulation Agent (nor any of their respective officials, directors, officers, employees, affiliates and agents) is acting for, or owes any duty to, any holder of Designated Securities, or will be responsible for providing advice to any holder of Designated Securities in relation to the Invitation. Accordingly, none of Ukraine, FinInPro, the Trustees, the Information Agent and the Settlement and Tabulation Agent (nor their respective officials, directors, officers, employees, affiliates and agents) makes any recommendation as to whether any holder of Designated Securities should take any of the actions contemplated in the Invitation.**

None of the Trustees, the Information Agent and the Settlement and Tabulation Agent (i) has verified, authorised, makes any representation as to the accuracy or completeness of, or accepts any responsibility for, the information contained in this Supplemental Exchange Offer Memorandum, any document referred to in or incorporated by reference into this Supplemental Exchange Offer Memorandum or any supplement or amendment thereto or (ii) has been involved in structuring the terms of the Invitation, nor has any of them been involved in the structuring or determination of the terms of the New Notes or the GDP-linked Securities and to the fullest extent permitted by law, disclaims any responsibility for the above accordingly.

None of the Information Agent and the Trustees has any responsibility for the settlement of the Invitation and/or the delivery of the New Notes and the GDP-linked Securities, which shall be the responsibility of Ukraine and the Settlement and Tabulation Agent.

This Supplemental Exchange Offer Memorandum has not been filed with, or reviewed by, any national, federal, state or foreign securities commission or regulatory authority, nor has any such commission or authority passed upon the accuracy or adequacy of this Supplemental Exchange Offer Memorandum. Any representation to the contrary is unlawful and may be a criminal offence.

The Exchange Offer is only being made to Eligible Holders. The Consent Solicitation is being made to all holders of Designated Securities. The New Notes and the GDP-linked Securities have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States.

This Supplemental Exchange Offer Memorandum does not constitute an offer to participate in the Exchange Offer in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer under applicable laws or regulations of such jurisdiction. The Invitation is subject to issue and resale restrictions. The distribution of this Supplemental Exchange Offer Memorandum is restricted by the laws of such jurisdictions. No action has been or will be taken in any jurisdiction in relation to the Invitation that would permit an offering of securities or a consent solicitation in any country or jurisdiction where regulatory filings, authorisations or any other action for that purpose would be required. See “*Issue and Resale Restrictions*” of the Exchange Offer Memorandum.

The applicable provisions of the Financial Services and Markets Act 2000 of the United Kingdom must be complied with in respect of anything done in relation to the Invitation in, from or otherwise involving, the United Kingdom.

This Supplemental Exchange Offer Memorandum does not contain detailed information regarding Ukraine or FinInPro. Each holder of Designated Securities should inform itself of the affairs of Ukraine and FinInPro. None of Ukraine, FinInPro, the Information Agent, the Trustees and the Settlement and Tabulation Agent accepts any responsibility for providing such information.

Each holder of Designated Securities is solely responsible for making its own independent appraisal of all matters as such holder deems appropriate (including those relating to the Invitation, the New Notes, the GDP-linked Securities, Ukraine, FinInPro (if applicable) and the Extraordinary Resolutions) and each holder of Designated Securities must make its own decision as to whether to participate in the Invitation. No person has been authorised to give any information or to make any representation about Ukraine, FinInPro or the Invitation other than as contained in this Supplemental Exchange Offer Memorandum (including as incorporated by reference) or on the Offer Website and, if given or made, such information or representation must not be relied upon as having been authorised by Ukraine, FinInPro, the Information Agent, the Trustees, the Settlement and Tabulation Agent or any of their respective officials, directors, officers, employees, affiliates or agents.

Neither the delivery of this Supplemental Exchange Offer Memorandum nor any exchange, substitution or amendments of Designated Securities pursuant to the Invitation shall, under any circumstances, create any implication that there has been no change in the affairs of Ukraine or FinInPro or that the information contained in this Supplemental Exchange Offer Memorandum is current as of any time subsequent to the date of such information or that the information in this Supplemental Exchange Offer Memorandum has remained accurate and complete.

**Investors holding Designated Securities through a custodian or intermediary will need to contact their custodian or intermediary, in the case of Eligible Holders only, in order to tender their Designated Securities for exchange in the Exchange Offer and/or in the case of all holders of Designated Securities, in order to consent to and vote in favour of, or reject and vote against, the relevant Extraordinary Resolution(s), in each case pursuant to the Invitation. Such custodians or intermediaries may impose their own deadlines for instructions to be received from investors in the Designated Securities with respect to the Invitation, which may be earlier than the Expiration Deadline. Investors holding Designated Securities through custodians or intermediaries should therefore contact their custodians or intermediaries prior to these dates to ensure that they successfully tender their Designated Securities for exchange in the Exchange Offer and/or consent to and vote in favour of or reject and vote against the relevant Extraordinary Resolution(s), in each case pursuant to the Invitation. None of Ukraine, FinInPro, the Information Agent, the Trustees and the Settlement and Tabulation Agent shall be liable for any errors or delays in completing the tender for exchange and the consent, rejection, voting and participation procedures made by, or due to, such custodians and intermediaries.**

Designated Securities can only be tendered for exchange in the Exchange Offer and/or voted in the Consent Solicitation by delivery of a Participation Instruction or sub-proxy in accordance with the procedures described in “*The Invitation—Procedures for Participating in the Invitation*”. Holders of Designated Securities of any Series delivering Participation Instructions (as defined herein) with respect to such Designated Securities in the Consent Solicitation will be irrevocably instructing Citibank, N.A., London Branch in respect of the Sovereign Securities and The Bank of New York Mellon, London Branch in respect of the Guaranteed Securities or their respective nominees, as their proxy to participate in any meeting convened in respect of the relevant Series and to consent to and vote in favour of or reject and vote against (as applicable), the relevant Extraordinary Resolution(s) as further described in “*The Invitation—The Consent Solicitation*”. If the Extraordinary Resolution in respect of any Series is passed, each holder of that Series of Designated Securities will be bound by that Extraordinary Resolution, irrespective of whether such holder tendered its Designated Securities for exchange or consented to, or voted in favour of or rejected or voted against that Extraordinary Resolution or took no action at all in respect of the Invitation or that Extraordinary Resolution.

**IN ORDER TO BE ELIGIBLE TO PARTICIPATE IN THE EXCHANGE OFFER AND/OR THE CONSENT SOLICITATION AND, IN THE EVENT THAT THE RELEVANT EXTRAORDINARY RESOLUTION IS PASSED, RECEIVE THE CONSIDERATION, HOLDERS MUST VALIDLY SUBMIT PARTICIPATION INSTRUCTIONS AND, IF APPLICABLE, DELIVER A DELIVERY CERTIFICATE, AND, WITH RESPECT TO DESIGNATED SECURITIES HELD THROUGH DTC, FORMS OF SUB-PROXY IN FAVOUR OF, OR AGAINST, THE RELEVANT EXTRAORDINARY RESOLUTION, AND MUST NOT HAVE VALIDLY WITHDRAWN THEIR PARTICIPATION INSTRUCTIONS AND, WITH RESPECT TO DESIGNATED SECURITIES HELD THROUGH DTC, FORMS OF SUB-PROXY, AT OR PRIOR TO THE EXPIRATION DEADLINE, UNLESS THE INVITATION IS EXTENDED, RE-OPENED OR TERMINATED AS PROVIDED IN THE EXCHANGE OFFER MEMORANDUM.**

#### **MISCELLANEOUS**

Questions and requests for assistance in connection with (i) the Invitation (other than as referred to in (ii) below) may be directed to the Information Agent and (ii) the delivery of Participation Instructions, Revocation Instructions and the procedures for participating in the Invitation (including questions in relation to settlement) must be directed to the Settlement and Tabulation Agent, the contact details for which are on the back cover of the Exchange Offer Memorandum.

#### **NOTICE FOR NEW HAMPSHIRE RESIDENTS**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED (“**RSA 421-B**”) 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 RSA 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 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.

## AMENDMENTS TO THE EXCHANGE OFFER MEMORANDUM

*The Exchange Offer Memorandum dated 23 September 2015 is amended in accordance with the amendments set out below and the Exchange Offer Memorandum as so amended shall be the Exchange Offer Memorandum for all purposes in connection with the Invitation. For the avoidance of doubt, the Exchange Offer Memorandum, as supplemented within this Supplemental Exchange Offer Memorandum, supersedes the version dated 23 September 2015.*

*A revised, consolidated Exchange Offer Memorandum, incorporating all amendments as specified herein and any additional amendments detailed in further supplements (if any) will be published before the Meetings to be held on 14 October 2015.*

*All parts of the Exchange Offer Memorandum, other than those specified below, remain unchanged.*

*The relevant amendments which apply to the Exchange Offer Memorandum are set out below, and are shown by means of a strike through redline, which illustrates the relevant deletions and insertions.*

### Amendments

#### 1. Amendments to the Definitions

The definitions of “Exchange Revocation Deadline” and “Expiration Deadline” shall be amended as follows:

<b>Exchange Revocation Deadline</b>	<del>5 p.m. (C.E.T.) on 12 October 2015</del> <u>at the time 48 hours prior to the time of the relevant Meeting</u> , <del>which Ukraine may extend, in its sole discretion, if it decides, in its sole discretion, to extend, re-open, amend and/or terminate the Exchange Offer, in whole or in part, with respect to one or more Series of Designated Securities).</del>
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<b>Expiration Deadline</b>	<del>10 a.m. (C.E.T.) on 12 October 2015</del> <u>at the time 48 hours prior to the time of the relevant Meeting</u> , <del>subject to the right of Ukraine, or FinInPro, as the case may be, to extend, re-open, amend and/or terminate the Exchange Offer, in whole or in part, with respect to one or more Series of Designated Securities.</del>
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#### 2. Amendments to “Expected Timetable of Events”

The section “Expected Timetable of Events” shall be amended to amend the timing of the Exchange Revocation Deadline and Expiration Deadline as follows:

##### **“Exchange Revocation Deadline**

Final deadline for receipt of valid Revocation Instructions by the Settlement and Tabulation Agent. Participation Instructions to tender Designated Securities for exchange become irrevocable.

~~5 p.m. (C.E.T.) on 12~~  
October 2015

(48 hours prior to the time of the relevant Meeting)

### ***Expiration Deadline***

Final deadline for receipt by the Settlement and Tabulation Agent of valid Participation Instructions to tender Designated Securities for exchange. ~~10 a.m. (C.E.T.) on~~ 12 October 2015

(48 hours prior to the time of the relevant Meeting)

### ***3. Amendments to the “Allocation of Consideration” section***

The section “*The Invitation – Consent Solicitation – Allocation of Consideration*” shall be amended as follows:

#### ***“Allocation of Consideration***

##### ***September 2015 Notes and October 2015 Notes***

Holders of the September 2015 Notes and October 2015 Notes (together the “Priority Notes”) shall receive, upon settlement of the transactions contemplated hereby, (i) only New Notes with a date specified for their redemption (a “Redemption Date”) falling in 2019 and (ii) GDP-linked Securities.

##### ***All other Series of Designated Securities***

Holders of all Series of Designated Securities other than the Priority Notes ~~September 2015 Notes and the October 2015 Notes (together the “Priority Notes”)~~ shall receive upon settlement of the transactions contemplated hereby; (i) New Notes as provided in the next succeeding paragraph and (ii) GDP-linked Securities.

The New Notes to be received by each such Holder upon the Settlement Date shall be determined as follows (defined terms having the meanings specified below):

1. The Non-2019 New Notes Allocation for such Holder allocated ratably across each of the eight series of New Notes maturing between 2020 and 2027; plus
2. The Actual 2019 New Notes Allocation; plus
3. The Residual 2019 New Notes Amount for such Holder allocated ratably across each of the eight series of New Notes maturing between 2020 and 2027,

Provided that, such allocation shall be modified in the following cases as set out below:

- A. In the event that any Holder’s total allocation of New Notes (including that of the Holders of the Priority Notes) amounts to less than U.S.\$100,000, its allocation shall be sold in accordance with the Cash Proceeds Arrangement.
- B. In the event that the Actual 2019 New Notes Allocation for any Holder (other than the Holders of the Priority Notes) is below U.S.\$100,000, such Holder shall receive its Actual 2019 New Notes Allocation in the form of New Notes maturing in 2020, following the application of the mechanism set out in C. below, if applicable.
- C. In the event that 1/8th of the Non-2019 New Notes Allocation for any Holder (other than the Holders of the Priority Notes) is below U.S.\$100,000, the total amount of such Holder’s Non-2019 New Notes Allocation and Residual 2019 New Notes Amount shall be allocated as follows ~~(the “Waterfall”)~~:
  - a. such Holder shall receive a single New Note of U.S.\$100,000 in principal amount of each individual Series of New Notes in ascending order of

maturity, starting with the Series of New Notes maturing in 2020 and moving forward by Redemption Date one year for each full U.S.\$100,000 of Consideration due to such Holder until a balance of less than U.S.\$100,000 of Consideration remains due to such Holder, and

- b. such balance shall be divided ratably across each Series of New Notes for which a full U.S.\$100,000 principal amount was allocated to such Holder,

*Holders of GDP-linked Securities*

For the avoidance of doubt, if any Holder's total allocation of GDP-linked Securities amounts to less than U.S.\$1,000, its allocation shall be sold in accordance with the Cash Proceeds Arrangement.

The following definitions shall apply to above allocation mechanism:

**"Actual 2019 New Notes Allocation"** means for any Holder (other than the Holders of the Priority Notes) the amount of Consideration to be delivered in the form of 2019 New Notes, determined by multiplying the Specified Fraction by such Holder's Theoretical 2019 New Notes Allocation.

**"Aggregate New Notes Amount"** means the total principal amount (plus Accrued Interest) of New Notes to be issued on the Settlement Date.

**"Aggregate Priority Notes Amount"** means the total principal amount (plus Accrued Interest) of the Priority Notes to be issued on the Settlement Date.

**"Allocated 2019 New Notes"** means the total principal amount of New Notes maturing in 2019 allocated to Holders of the September 2015 Notes and October 2015 Notes pursuant to "Allocation of Consideration – September 2015 Notes and October 2015 Notes" above.

**"Available 2019 New Notes"** means the Theoretical 2019 New Notes Amount less the Allocated 2019 New Notes.

**"Non-2019 New Notes Allocation"** means for any Holder (other than the Holders of the Priority Notes) 8/9ths of the total amount of Consideration to be delivered to it in the form of New Notes.

**"Residual 2019 New Notes Amount"** means for any Holder (other than the Holders of the Priority Notes) the Theoretical 2019 New Notes Allocation of such Holder less the Actual 2019 New Notes Allocation of such Holder.

**"Specified Fraction"** means a fraction obtained by dividing the Available 2019 New Notes by the Theoretical 2019 New Notes Non Priority Notes Amount.

**"Theoretical 2019 New Notes Allocation"** means for any Holder (other than the Holders of the Priority Notes) 1/9th of the total amount of Consideration to be delivered to it in the form of New Notes.

**"Theoretical 2019 New Notes Amount"** means 1/9th of the Aggregate New Notes Amount.

**"Theoretical 2019 New Notes Non Priority Notes Amount"** means the Theoretical 2019 New Notes Amount less 1/9th of the Aggregate Priority Notes Amount."

**4. Amendments to the "Minimum Denominations" section**

The section "*The Invitation – Consent Solicitation – Minimum Denominations*" shall be amended as follows:



***“Minimum Denominations***

The principal amount of any New Notes and Notional Amount of any GDP-linked Securities to be delivered by Ukraine to any participating holder of Designated Securities will be rounded down, if necessary, to the nearest U.S.\$1,000 and no New Notes or GDP-linked Securities will be delivered with a principal amount or Notional Amount of less than U.S.\$100,000 or U.S.\$1,000, respectively. Any amounts rounded down in accordance with the above shall be aggregated together and sold in accordance with the Cash Proceeds Arrangement described below under “– Cash Proceeds Arrangement”.”

***5. Amendments to the “Cash Proceeds Arrangement” section***

The section “*The Invitation – Delivery of New Notes and GDP-linked Securities – Cash Proceeds Arrangement*” shall be amended as follows:

***“Cash Proceeds Arrangement***

In relation to any holder of Designated Securities who:

- (i) has submitted Participation Instructions in relation to the Exchange Offer or the Consent Solicitation, but who failed to submit, or arrange to have submitted on its behalf, ~~Participation~~ Participation Instructions containing the required information on or before the Expiration Deadline or Voting Deadline; or
- (ii) in the event that the Extraordinary Resolution relating to a Series of Designated Securities is passed and becomes effective pursuant to the terms of the Invitation, has not submitted a Participation Instruction with respect to such Designated Securities or otherwise certified to Ukraine and the Settlement and Tabulation Agent as to its status as an Eligible Holder; or
- (iii) is due Consideration in relation to an individual Series of New Notes or the GDP-linked Securities which falls below the minimum denomination of the relevant form of Consideration or which has been rounded down to the nearest U.S.\$1,000 (as described in “– Consent Solicitation – Allocation of Consideration” and “– Consent Solicitation – Minimum Denominations” above),

Ukraine reserves the right to have the Direct Participant in the Clearing System that holds such Designated Securities, as the recipient of the relevant Consideration in the relevant Settlement Account, transfer immediately after delivery of such Consideration to the relevant Settlement Account, the Consideration (or portion thereof) that such holder of Designated Securities would have otherwise received pursuant to the Invitation to an account of the Settlement and Tabulation Agent in a Clearing System, where such Consideration will be held (the “**Pending Distribution Arrangement**”) until the earlier of (i) (other than in the case of amounts due under (iii) above ~~falling below the minimum denomination of the relevant form of Consideration~~) such time as such Holder delivers, in accordance with the procedures of the relevant Clearing System, a certification to Ukraine as to such Holder’s status as an Eligible Holder (the “**Delivery Certificate**”), and (ii) (in each case) the date falling 150 days after the Settlement Date.

Other than in the case of amounts due under (iii) above ~~falling below the minimum denomination of the relevant form of Consideration~~, if the holder of Designated Securities delivers a Delivery Certificate prior to the end of the 150 day period, the Consideration will be promptly delivered back to the relevant Settlement Account.

In the event that such Holder fails to, or is unable to, deliver a Delivery Certificate prior to the end of the 150 day period, the Settlement and Tabulation Agent or Ukraine, as the case may be, shall sell such Consideration in one or more transactions (each, a “Sale”) ~~between the dates that fall at any time following the expiry of such 150 day period and 180 days after the Settlement Date.~~ The price, terms, timing and manner of such Sale will be on the best terms reasonably available at the time using a transparent open market process and shall be for cash. Neither the Settlement and Tabulation Agent nor Ukraine will have any liability for any loss or alleged loss arising from such sale or a failure to procure any purchaser for such New Notes and GDP-linked Securities (or any of them).

The proceeds of such Sales (net of the costs of sale including the fees of any marketing agent, placement agent or underwriter appointed in relation to the Sales and any taxes and provisions for tax on sale or as a result of the Pending Distribution Arrangement) (the “**Net Cash Proceeds**”) will be held for the benefit of such holders of the Designated Securities until such time as Sales of all such Consideration have been effected, and the pro rata shares of such Net Cash Proceeds will be delivered to the relevant Direct Participants in the relevant Clearing System on behalf of the holders of Designated Securities entitled to such Substitute Consideration as soon as practicable ~~thereafter the date that falls 180 days after the Settlement Date~~ (the “**Cash Proceeds Arrangement**”).

However, depending on market conditions, the volume of Consideration sold or other developments, the Net Cash Proceeds may be less than the principal or Notional Amount of the Consideration due to such Holder and will not be available until after the Settlement Date. Ukraine will not be obligated to pay any amount other than, or additional to, the Net Cash Proceeds, and payment of the Net Cash Proceeds will fully and finally discharge Ukraine’s obligation to deliver Consideration to the relevant holders of Designated Securities.

None of Ukraine, the Settlement and Tabulation Agent, the New Notes Trustee or the GDP-linked Securities Trustee will be responsible for any errors, delays in processing or systemic breakdowns or other failure in the delivery of the relevant New Notes and/or GDP-linked Securities by any Direct Participant in the Clearing System and/or any other securities intermediary with respect to such Designated Securities to the Noteholder, and no additional amounts will be payable to the Noteholder in the event of any delay in such delivery.”

## **6. Amendments to the Terms and Conditions of the New Notes**

6.1 Condition 8(i) (*GDP-linked Securities*) of the Terms and Conditions of the New Notes set out under “*The New Notes – Terms and Conditions*” in the Exchange Offer Memorandum shall be amended as follows:

### ***(i) “GDP-linked Securities***

- (i) The Issuer fails to make any required payment on the GDP-linked Securities on or within 10 days after the relevant Payment Date;
- (ii) The Issuer fails to comply with its obligations in respect of the put option more particularly described in Condition 5.4 (*Holder Put*) of the GDP-linked Securities and such failure continues for 30 days; or
- (iii) The Issuer fails to comply with its obligations in respect of issuance of GDP-linked Securities as more particularly described in Condition 6.3 (*Issuance of Securities*) of the GDP-linked Securities and such failure continues for 30 days; or
- (iv) The Issuer fails to comply with its obligations in respect of a moratorium or suspension of payments as more particularly described in Condition 6.4 (*No*

*moratorium or suspension of payment under the Securities*) of the GDP-linked Securities and such failure continues for 30 days; or

- (v) The Issuer fails to comply with its obligations in respect of [membership of](#) and eligibility to use the general resources ~~of membership~~ of the International Monetary Fund as more particularly described in Condition 6.9 (*Membership of the International Monetary Fund*) of the GDP-linked Securities and such failure continues for 60 days.
- (vi) A final and un-appealable monetary judgment or award in excess of \$50 million is rendered against Ukraine as a consequence of a breach of Condition 6 (*Covenants*) of the GDP-linked Securities and Ukraine has failed to remedy the breach (or pay any such monetary judgment or award related thereto) within 60 days of the date of the judgment or award.”

- 6.2 The definition of “Exchange Offer Memorandum” contained in Condition 8 (*Events of Default*) shall be amended as follows:

“**Exchange Offer Memorandum**” means the Exchange Offer Memorandum published by the Issuer on [●] September 2015, [as supplemented by the Supplemental Exchange Offer Memorandum dated \[●\] October 2015](#);

## **7. Amendments to the Terms and Conditions of the GDP-linked Securities**

Condition 1 (*Definitions*) of the Terms and Conditions of the GDP-linked Securities set out under “*The GDP-linked Securities – Terms and Conditions*” in the Exchange Offer Memorandum shall be amended as follows:

- 7.1 The definition of “Exchange Offer Memorandum” shall be amended as follows:

“**Exchange Offer Memorandum**” means the Exchange Offer Memorandum published by the Issuer on [●] September 2015, [as supplemented by the Supplemental Exchange Offer Memorandum dated \[●\] October 2015](#);

- 7.2 The definition of “GDP Deflator” shall be amended as follows:

“**GDP Deflator**” for any Reference Year (referred to in the formula below as “t” so that the preceding calendar year is “t-1”) means the result, expressed as a percentage, of the formula

$$\frac{(\text{GDP Deflator Index } t - \text{GDP Deflator Index } t-1)}{\text{GDP Deflator Index } t-1}.$$

- 7.3 Sub-paragraph (ii) of the definition of “Reference Amount” shall be amended as follows:

(ii) where the Real GDP Growth Rate in the relevant Reference Year is over 4%, to:

$$15\% \times \text{GDP at Current Prices (for } t-1) \times (1 + \text{GDP Deflator for } t) \times 1\% + 40\% \times \text{GDP at } \underline{\text{Current Prices}} \text{ (for } t-1) \times (1 + \text{GDP Deflator for } t) \times (\text{Real GDP Growth Rate for } t - 4\%)$$

## **FURTHER INFORMATION FOR NOTEHOLDERS**

### **1. Allocation Mechanism – Worked Examples**

Included as Annex A is a further description of the allocation mechanism and the treatment of amounts falling below the minimum denomination thresholds. The worked examples contained therein are purely indicative for explanatory purposes and should only be read in conjunction with the description of the allocation mechanism under “*The Invitation – Consent Solicitation – Allocation of Consideration*” in the Exchange Offer Memorandum.

### **2. Outstanding Amount and Accrued Interest**

Included at the end of Annex A is a table showing the outstanding amounts and amounts of Accrued Interest in relation to each Series of Designated Securities.

## **ANNEX A**

**Please refer to the following pages attached on “Allocation mechanism, minimum denomination threshold and amount of Accrued Interest”.**



## Annex A

**Allocation mechanism, minimum  
denomination threshold and  
amount of Accrued Interest**





## Description of the Allocation Mechanism

**Upon the debt operation being declared effective:**

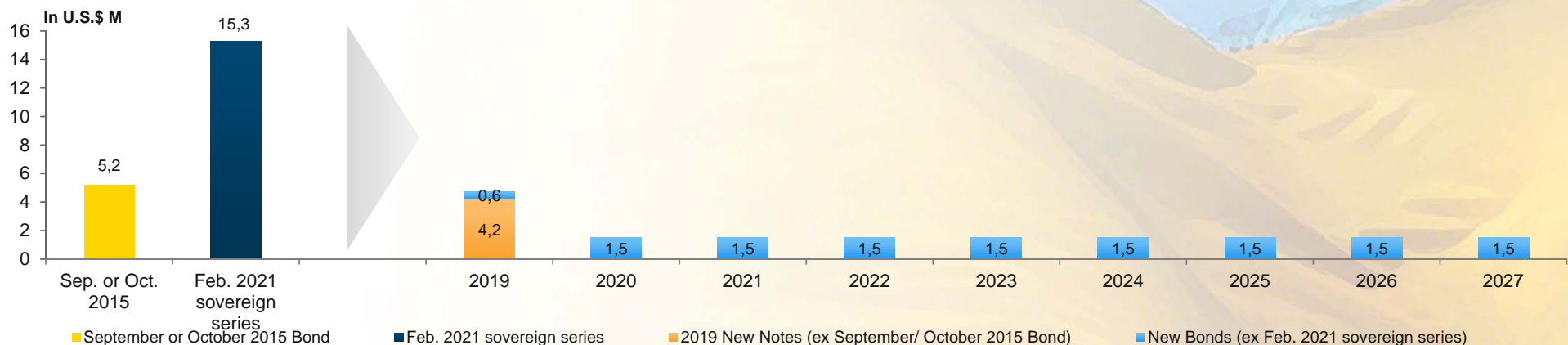
- **All participating noteholders would receive**
  - (i) a ratable amount of all 9 series New Notes (i.e. 1/9th of each series) on the basis of their holdings in principal amount of old notes after the 20% debt reduction plus the full amount of any accrued interest as at 1 September 2015 and subject to the implementation of the priority allocation described below and
  - (ii) VRIs with notional value corresponding to the actual amount of debt reduction (20%) applied on their holdings in principal amount of old notes
- **Priority allocation: holders of Ukraine's notes due September 2015 and October 2015 will be allocated their full consideration in New Notes due 2019 only and VRIs. The extra share of 2019s which the September and October 2015 noteholders will receive will reduce the amount of New Notes due 2019 available to other noteholders. Accordingly other noteholders will receive (i) a smaller allocation of New Notes due 2019 and (ii) a larger allocation of New Notes allocated ratably (i.e. 1/8th of each) across New Notes due 2020 to 2027**
- **Allocation to be processed on every single individual holding of each series of notes**



# Allocation Mechanism – Selected Example

- Assuming:
  - 100% participation from all holders (including September and October 2015 holders)
  - Total amount of accrued interest of c.U.S.\$330m of which U.S.\$45m for September and October 2015s
- Then:
  - Each of the 9 New Notes amount to c.U.S.\$1,640m =  $(c.18,000m \times (1-20\%) + c.330m) / 9(*)$
  - Fraction of 2019s that non September and October 2015 holders can receive as a result of the priority allocation mechanism: c.40%
- For example if a holder holds a U.S.\$20m position in principal amount:
  - Principal: U.S.\$5m in the September or October 2015 series and U.S.\$15m in one of any other sovereign or Fininpro bonds (for example in Feb. 2021 sovereign bond)
  - Accrued interest: U.S.\$200k for the September or October 2015 series and U.S.\$300k for the other bond
- This holder will receive in total U.S.\$16.5m nominal value of New Notes (20m x (1-20%) + 500k) of allocated in the following way:
  - In exchange of the September or October 2015 Notes: U.S.\$ 4.2m of 2019 New Notes (5m x (1-20%) + 200k)
  - In exchange of the other bond:
    - c. U.S.\$ 550k of 2019 New Notes in exchange of the other bond  $(15m \times (1-20\%) + 300k) / 9 \times c.40\%$
    - c. U.S.\$11.8m  $(16.5m - 4.2m - 550k)$  allocated ratably across 2020s to 2027s series, i.e. c.U.S.\$1.5m per series  $(11.8m/8)$
  - And GDP linked securities with notional amount of U.S.\$4m (20m x 20%)

## GRAPHICAL OUTCOME OF THE ALLOCATION MECHANISM INCLUDING ACCRUED INTEREST



Note (\*): Assuming an exchange rate of EURU.S.\$=1.1 to ease computations





- If any holder's total allocation of New Notes is inferior to U.S.\$100k, then its allocation shall be sold in the open market following settlement and such holder will be given the corresponding cash proceeds
- If non September 2015s and October 2015s holders' allocation of 2019 New Notes is inferior to U.S.\$100k, then such allocation will be added instead to such holders' allocation of 2020 New Notes.
- If post application of the priority allocation, non September 2015s and October 2015s holders' allocation of 2020 to 2027 New Notes is inferior to U.S.\$100k per series of New Notes, then the allocation of 2020 to 2027 New Notes shall be implemented as per the following mechanism:
  - Such holder shall receive a single New Note of U.S.\$100k of each individual series of New Notes in ascending order of maturity, starting with the 2020 New Notes and moving up by one maturity (i.e. 2021, then 2022, etc.) for each full U.S.\$100k until the aggregate balance of the consideration remaining due to such holder falls below U.S.\$100k
  - Then, such balance shall be divided ratably across each series of New Notes for which a full U.S.\$100k principal amount was allocated to such holder





## Example #1:

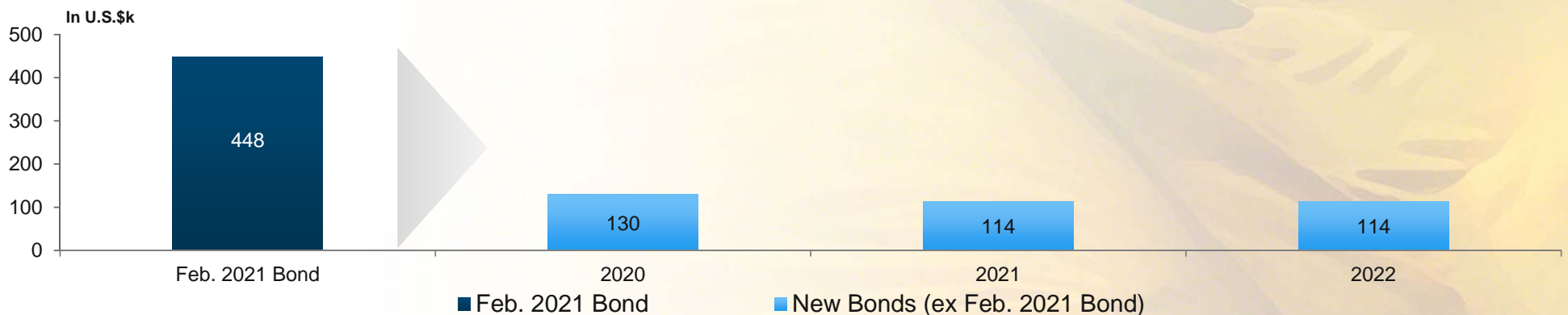
- On the basis of the same assumptions as for the allocation mechanism example above
- An investor holds a U.S.\$100k position in principal amount:
  - Principal: U.S.\$20k in the September or October 2015 series and U.S.\$80k in one of any other sovereign or Finipro bonds (for example in Feb. 2021 sovereign bond)
  - Accrued interest: U.S.\$1k for the September or October 2015 series and U.S.\$2k for the other bond
- This holder should receive in total U.S.\$83k nominal value of New Notes ( $100k \times (1-20\%) + 3k$ ). However, given the minimum denomination threshold of U.S.\$100k for each series, such holder will receive instead the cash proceeds of the sale of the following notes:
  - In exchange for the September or October 2015 Notes: U.S.\$17k of 2019 New Notes ( $20k \times (1-20\%) + 1k$ )
  - In exchange for the other bond: c. U.S.\$ 66k of 2020 New Notes ( $80k \times (1-20\%) + 2k$ )
- And GDP linked securities with notional amount of U.S.\$20k ( $100k \times 20\%$ ) (not sold)

# Treatment of amount below minimum denomination – Selected Example

## Example #2:

- On the basis of the same assumptions as for the allocation mechanism example
- An investor holds a U.S.\$440k position in principal amount:
  - Principal: U.S.\$440k in one sovereign or Finipro bond other than September and October 2015 series (for example in Feb. 2021 sovereign bond)
  - Accrued interest: U.S.\$8k for this bond
- This holder will receive in total U.S.\$360k nominal value of New Notes ( $440k \times (1-20\%) + 8k$ ) of allocated in the following way:
  - In exchange of its old notes, such holder should receive:
    - c. U.S.\$ 16k of 2019 New Notes in exchange of its old notes ( $440k \times (1-20\%) + 8k$ ) / 9 x c.40%
    - c. U.S.\$344k ( $360k - 16k$ ) allocated ratably across 2020s to 2027s series, i.e. U.S.\$43k per series ( $344k/8$ )
  - The above allocations are below the U.S.\$100k minimum denomination threshold. In order to ensure a minimum U.S.\$100k per series, U.S.\$344k must be divided among 3 series and will therefore be reallocated as follow:
    - c. U.S.\$130k of 2020 New Notes ( $c.344k/3 + 16k$ )
    - c. U.S.\$114k of 2021 New Notes ( $c.344k/3$ )
    - c. U.S.\$114k of 2022 New Notes ( $c.344k/3$ )
  - And GDP linked securities with notional amount of U.S.\$88k ( $440k \times 20\%$ )

## GRAPHICAL OUTCOME OF THE MINIMUM DENOMINATION THRESHOLD





# Amount Outstanding and Accrued Interest (as of 01 September)



	ISINs	Currency	Total Outstanding Amount in currency	Accrued Interest as of 01 September in currency	(Accrued Interest/ Total Outstanding in currency) x 10,000
<b>Government International Bonds</b>					
<i>Ukraine U.S.\$ Sep-15 6.875% bond</i>	XS0543783434/US603674AB86	U.S.\$	500,000,000	14,895,833.33	301.74
<i>Ukraine EUR Oct-15 4.95% bond</i>	XS0232329879/XS0232449263	€	600,000,000*	26,235,000.00*	437.25
<i>Ukraine U.S.\$ Dec-15 5% bond (RU)</i>	XS1009483204/US903724AH50	U.S.\$	3,000,000,000	29,583,333.33	98.61
<i>Ukraine U.S.\$ Jun-16 6.25% bond</i>	XS0638552942/US903724AC63	U.S.\$	1,250,000,000	16,059,027.78	128.47
<i>Ukraine U.S.\$ Nov-16 6.58% bond</i>	XS0276053112/US903724AB80	U.S.\$	1,000,000,000	18,277,777.78	182.78
<i>Ukraine U.S.\$ Jul-17 9.25% bond</i>	XS0808758196/US903724AD47	U.S.\$	2,600,000,000	24,718,055.56	95.07
<i>Ukraine U.S.\$ Nov-17 6.75% bond</i>	XS0330776617/XS0330917617	U.S.\$	700,000,000	14,043,750.00	200.63
<i>Ukraine U.S.\$ Sep-20 7.75% bond</i>	XS0543783194/US603674AA04	U.S.\$	1,500,000,000	51,020,833.33	340.14
<i>Ukraine U.S.\$ Feb-21 7.95% bond</i>	XS0594390816/US126826AH97	U.S.\$	1,500,000,000	2,650,000.00	17.67
<i>Ukraine U.S.\$ Nov-22 7.8% bond</i>	XS0858358236/US903724AF94	U.S.\$	2,250,000,000	45,337,500.00	201.50
<i>Ukraine U.S.\$ Apr-23 7.5% bond</i>	XS0917605841/US903724AG77	U.S.\$	1,250,000,000	34,895,833.33	279.17
<b>Infrastructure International Bonds</b>					
<i>Ukraine Infra U.S.\$ Nov-17 8.375% bond</i>	XS0556327822/US31771VAA17	U.S.\$	568,000,000	15,592,388.89	274.51
<i>Ukraine Infra U.S.\$ Dec-17 9% bond</i>	XS0862476230/US31771VAC72	U.S.\$	550,000,000	11,550,000.00	210.00
<i>Ukraine Infra U.S.\$ Apr-18 7.4% bond</i>	XS0619856460/US31771VAB99	U.S.\$	690,000,000	18,580,166.67	269.28

\* To be converted in U.S.\$ as per the corresponding provisions of the OEM