



Annex A

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



Description of the Allocation Mechanism

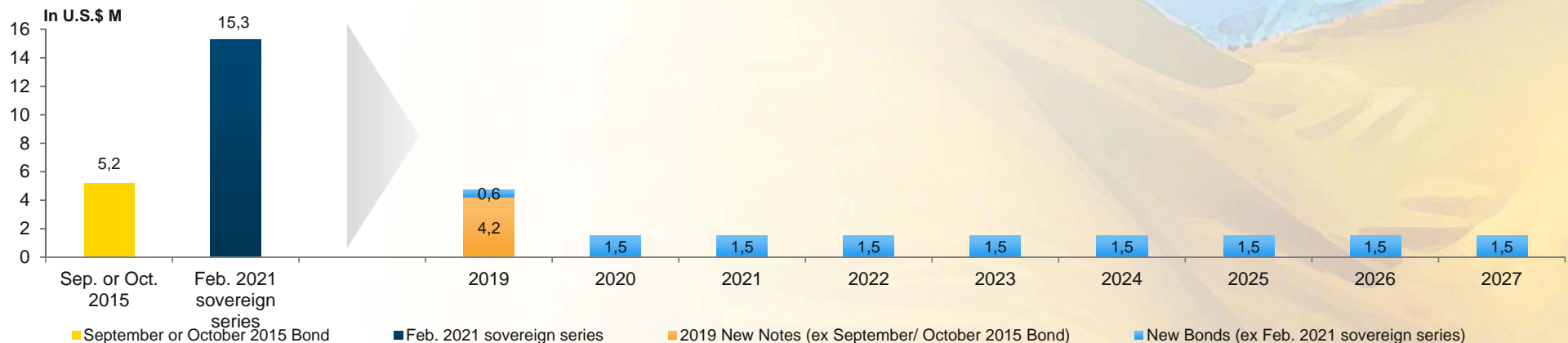
Upon the debt operation being declared effective:

- **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:

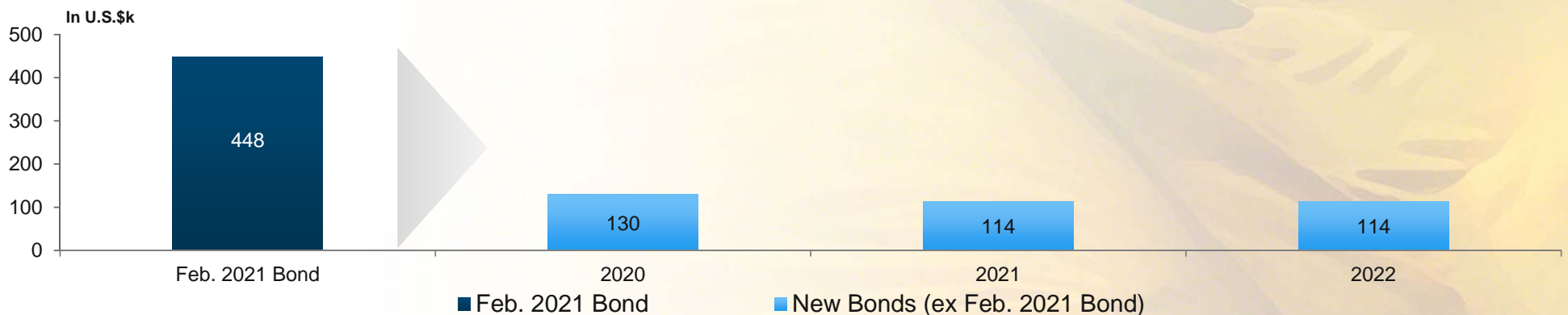
- On the basis of the same assumptions as for the allocation mechanism example above
- An investor holds a U.S.\$100k position in principal amount:
 - Principal: U.S.\$20k in the September or October 2015 series and U.S.\$80k in one of any other sovereign or Finipro bonds (for example in Feb. 2021 sovereign 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
Government International Bonds					
<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
Infrastructure International Bonds					
<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