

## IMPORTANT NOTICE

THE ATTACHED EXCHANGE OFFER MEMORANDUM DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF EU DIRECTIVE 2003/71/EC (AS AMENDED, INCLUDING BY DIRECTIVE 2010/73/EU) AND NO SUCH PROSPECTUS HAS BEEN OR WILL BE PREPARED IN CONNECTION WITH THE INVITATION. THE ATTACHED EXCHANGE OFFER MEMORANDUM HAS NOT BEEN REVIEWED OR APPROVED BY ANY COMPETENT AUTHORITY OF ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA.

THE DISTRIBUTION OF THE ATTACHED EXCHANGE OFFER MEMORANDUM IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. SEE THE ISSUE AND RESALE RESTRICTIONS. PERSONS INTO WHOSE POSSESSION THE ATTACHED EXCHANGE OFFER MEMORANDUM COMES ARE REQUIRED BY UKRAINE TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached Exchange Offer Memorandum and you are therefore required to read this disclaimer carefully before accessing, reading or making any other use of the attached Exchange Offer Memorandum. By accessing the attached Exchange Offer Memorandum, you shall be deemed to agree (in addition to giving the representations below) to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from D.F. King Limited (the “**Information Agent**”) or The Bank of New York Mellon, London Branch (the “**Settlement and Tabulation Agent**”), as a result of such access. Terms used in this Notice and defined in the attached Exchange Offer Memorandum are used herein as so defined.

THIS ELECTRONIC TRANSMISSION DOES NOT CONTAIN OR CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO EXCHANGE, BUY OR SUBSCRIBE FOR SECURITIES TO OR FROM ANY PERSON IN ANY JURISDICTION TO WHOM OR IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL.

THE EXCHANGE OFFER DESCRIBED THEREIN IS DIRECTED, AND NEW NOTES AND GDP-LINKED SECURITIES DESCRIBED THEREIN WILL BE ISSUED, ONLY TO HOLDERS OF DESIGNATED SECURITIES (I) OUTSIDE THE UNITED STATES THAT ARE NOT U.S. PERSONS OR (II) WITHIN THE UNITED STATES (IN PRIVATE TRANSACTIONS PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT) THAT ARE EITHER ACCREDITED INVESTORS OR QIBs (EACH OF (I) AND (II) AN “**ELIGIBLE HOLDER**”) UNLESS UKRAINE IN ANY INSTANCE OTHERWISE AGREES.

THE RECIPIENT MAY NOT FORWARD OR DISTRIBUTE THE ATTACHED EXCHANGE OFFER MEMORANDUM IN WHOLE OR IN PART TO ANY OTHER PERSON OR REPRODUCE THE ATTACHED EXCHANGE OFFER MEMORANDUM IN ANY MANNER WHATSOEVER AND ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED EXCHANGE OFFER MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your representation:** In order to be eligible to view the attached Exchange Offer Memorandum or make an investment decision with respect to the invitations by Ukraine pursuant to the Exchange Offer Memorandum to holders of Designated Securities to (i) offer to exchange their Designated Securities for New Notes and GDP-linked Securities (each as defined in the Exchange Offer Memorandum) to be issued by Ukraine and/or (ii) consent to Extraordinary Resolutions in respect of their Designated Securities, where applicable, all as further described in the attached Exchange Offer Memorandum you must (A) be an Eligible Holder or (B) be able to participate in the Consent Solicitation as a holder of Designated Securities and, in each case, otherwise be able to participate lawfully in the Invitation on the terms and subject to the conditions set out in the attached Exchange Offer Memorandum including the issue and resale restrictions set out on pages 113 to 117 (the “**Issue and Resale Restrictions**”). The attached Exchange Offer Memorandum was provided to you at your request and by accessing the attached Exchange Offer Memorandum you shall be deemed to have represented to Ukraine that:

- (i) you are a holder or a beneficial owner of Designated Securities; and
- (ii) you consent to delivery of the attached Exchange Offer Memorandum by electronic transmission.

The attached Exchange Offer Memorandum has been provided to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Ukraine, FinInPro and any person who is an official or a director, officer, employee, agent or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the attached Exchange Offer Memorandum (if not accessed through the Offer Website) and the version you may access through the Offer Website.

You are also reminded that the attached Exchange Offer Memorandum has been provided to you on the basis that you are a person into whose possession the attached Exchange Offer Memorandum may be lawfully delivered in accordance with (i) the laws of the jurisdiction in which you are located or resident and (ii) the Issue and Resale Restrictions and you may not, nor are you authorised to, deliver the attached Exchange Offer Memorandum to any other person.

Any materials relating to the Invitation do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law.

**The attached Exchange Offer Memorandum contains important information which should be read carefully before any decision is made with respect to the Invitation.** If any holder of Designated Securities is in any doubt as to the action it should take, such holder of Designated Securities should seek its own financial advice, including as to any tax consequences, from its stockbroker, bank manager, legal adviser, accountant or other independent financial adviser. 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 with respect to its Designated Securities.

**EXCHANGE OFFER MEMORANDUM DATED 23 SEPTEMBER 2015 AS AMENDED AND  
RESTATED TO REFLECT THE CHANGES SET OUT IN THE SUPPLEMENTS DATED 5  
OCTOBER AND 9 OCTOBER 2015.**



**Invitation by**

**Ukraine**

**represented by the Ministry of Finance of Ukraine,  
acting on the instructions of the Cabinet of Ministers of Ukraine  
to the holders of each Series of securities listed in Annex I to this Exchange Offer Memorandum  
(each a “Series” of and, collectively, the “Designated Securities”)  
to offer to exchange their holdings of Designated Securities for New Notes and GDP-linked Securities,  
all as more fully described in this Exchange Offer Memorandum (the “Exchange Offer”)**

Ukraine is also soliciting consents (i) from holders of each Series of Sovereign Securities in favour of an Extraordinary Resolution, *inter alia*, mandatorily exchanging the Sovereign Securities of that Series for New Notes and GDP-linked Securities (collectively, the “**Sovereign Extraordinary Resolutions**”) and (ii) together with FinInPro, from holders of each Series of Guaranteed Securities in favour of an Extraordinary Resolution, *inter alia*, mandatorily exchanging the Guaranteed Securities of that Series for New Notes and GDP-linked Securities (collectively, the “**Guaranteed Extraordinary Resolutions**”) and together with the Sovereign Extraordinary Resolutions, the “**Extraordinary Resolutions**”) (together the “**Consent Solicitation**”) and, together with the Exchange Offer, the “**Invitation**”). By submitting Participation Instructions (as defined below) to tender Designated Securities for exchange, a holder of Designated Securities also consents to, and votes in favour of, the relevant Extraordinary Resolution, as further described under “*The Invitation—Consent Solicitation*” and irrevocably instructs 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 as its proxy to consent to, or participate in any meeting convened in respect of the relevant Series of Designated Securities and vote in favour of, where applicable, the Extraordinary Resolution relating to such Designated Securities. Furthermore, holders of Designated Securities (other than Noteholders who are not Eligible Holders) may not submit Participation Instructions to vote in favour of the Extraordinary Resolutions without also tendering their Designated Securities for exchange as part of the Exchange Offer. Noteholders who are not Eligible Holders may submit Participation Instructions to vote on the Extraordinary Resolutions without also tendering their Designated Securities for exchange as part of the Exchange Offer.

**HOLDERS OF DESIGNATED SECURITIES SHOULD BE AWARE THAT THE EXCHANGE OFFER IS  
ONLY BEING DIRECTED TO ELIGIBLE HOLDERS. HOLDERS OF DESIGNATED SECURITIES THAT  
ARE U.S. PERSONS THAT ARE NOT ELIGIBLE HOLDERS ARE ONLY ELIGIBLE TO PARTICIPATE IN  
THE CONSENT SOLICITATION.**

**THE EXCHANGE OFFER WILL EXPIRE AT 10 A.M. (C.E.T.) ON 12 OCTOBER 2015, UNLESS EXTENDED,  
RE-OPENED, AMENDED OR TERMINATED AS PROVIDED IN THIS EXCHANGE OFFER  
MEMORANDUM.**

**THE DEADLINES SET BY ANY INTERMEDIARY OR CLEARING SYSTEM THROUGH WHICH THE  
DESIGNATED SECURITIES ARE HELD MAY BE EARLIER THAN THIS DEADLINE.**

**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.**

**13 October 2015**

THIS 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 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 this 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.

Unless otherwise noted, terms used in this Exchange Offer Memorandum have the meanings given in “*Definitions*”.

This 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 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 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 Exchange Offer Memorandum (including as incorporated by reference) or on the Offer Website: <http://sites.dfkingltd.com/ukraine> (as defined below). 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 Exchange Offer Memorandum, any document referred to in or incorporated by reference into this 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 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 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 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 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”*.

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 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 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 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 Exchange Offer Memorandum is current as of any time subsequent to the date of such information or that the information in this 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 THIS EXCHANGE OFFER MEMORANDUM.**

#### **ELECTRONIC DELIVERY OF DOCUMENTS**

Ukraine and FinInPro are making copies of this document available only in electronic form to holders of Designated Securities, subject to the Issue and Resale Restrictions. Holders of Designated Securities may also access this document through the Offer Website. By participating in the Invitation, holders of Designated Securities will be consenting to electronic delivery of this document. Recipients of this Exchange Offer Memorandum may not forward or distribute this Exchange Offer Memorandum in whole or in part to any other person or reproduce this Exchange Offer Memorandum in any manner whatsoever. Any forwarding, distribution or reproduction of this Exchange Offer Memorandum in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

## **INCORPORATION BY REFERENCE OF NOTICES**

Ukraine will make available the Notices relating to the different Series of Designated Securities on the Offer Website, which Notices are incorporated by reference herein.

## **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 this Exchange Offer Memorandum.

All references in this document to the Offer Website are inserted as inactive textual references and are for informational reference only. Information on the Offer Website is not incorporated by reference in this document, unless otherwise specifically provided herein. Access to the Offer Website by Noteholders in certain jurisdictions will be subject to certain restrictions in compliance with exemptions from regulatory approval being relied on by Ukraine and FinInPro in such jurisdictions.

## **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.

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## DEFINITIONS

<b>Accredited Investor</b>	An accredited investor as defined in Rule 501(a) under the Securities Act.
<b>Accrued Interest</b>	In relation to each Series of Designated Securities, interest accrued and unpaid thereon in accordance with the terms of such Series from (and including) the immediately preceding interest payment date for such Designated Securities to (but excluding) the Deemed Issue Date (which shall, if applicable, be converted into U.S. dollars at the Applicable Exchange Rate) but subject, nevertheless, as provided in this Exchange Offer Memorandum in relation to the cancellation of any entitlement to interest on the relevant Designated Securities after the Deemed Issue Date.
<b>Applicable Exchange Rate</b>	The Euro/U.S. dollar exchange rate on the second business day prior to the Settlement Date published in <i>The Financial Times</i> in the “Currencies” section (or, if <i>The Financial Times</i> is no longer published, or if such information is no longer available in <i>The Financial Times</i> , such source as may be selected in good faith by the Issuer) on the date of such determination.
<b>Blocking</b>	Making impossible the transfer, pledge or any disposal of Designated Securities, unless such transfer, pledge or disposal is authorised pursuant to the terms of the Invitation.
<b>business day</b>	A day other than a Saturday or a Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London, Kyiv and New York.
<b>Cash Proceeds Arrangement</b>	Has the meaning given in “ <i>The Invitation—Delivery of New Notes and GDP-linked Securities—Cash Proceeds Arrangement</i> ”.
<b>C.E.T.</b>	Central European Time.
<b>Clearing System</b>	Each of DTC, Euroclear and Clearstream, Luxembourg, together the “ <b>Clearing Systems</b> ”.
<b>Clearing System Notice</b>	Each notice sent to Direct Participants by the relevant Clearing Systems on or about the date of this Exchange Offer Memorandum informing Direct Participants of the procedures to be followed in order to participate in the Invitation.
<b>Clearstream, Luxembourg</b>	Clearstream Banking, <i>société anonyme</i> .
<b>Conditions</b>	Has the meaning given in “ <i>The Invitation—Conditions of the Invitation—Conditions</i> ”.
<b>Consent Solicitation</b>	Has the meaning given on the front cover of this Exchange Offer Memorandum.
<b>Consideration</b>	Has the meaning given in “ <i>The Invitation—The Exchange Offer</i> ”.
<b>Deemed Issue Date</b>	1 September 2015.
<b>Delivery Certificate</b>	Has the meaning given in “ <i>The Invitation—Delivery of New Notes and the GDP-linked Securities—Cash Proceeds Arrangement</i> ”.
<b>Designated Securities</b>	Each Series of securities listed in Annex I to this Exchange Offer Memorandum.
<b>Designated Securities Trustees</b>	The Sovereign Securities Trustee and the Guaranteed Securities Trustee.

<b>Direct Participant</b>	With respect to any Designated Security, each financial institution that is shown in the records of the relevant Clearing System as a holder of Designated Securities.
<b>DTC</b>	The Depository Trust Company.
<b>DTC Direct Participant</b>	A Direct Participant with an account with DTC.
<b>EBRD</b>	The European Bank for Reconstruction and Development, an international organisation formed by the Treaty entitled “Agreement Establishing the European Bank for Reconstruction and Development” dated 29 May 1990, with its headquarters at One Exchange Square, London EC2A 2JN, United Kingdom.
<b>EIB</b>	The European Investment Bank.
<b>Eligible Holder</b>	Either (i) a non-U.S. Person outside of the United States or (ii) a QIB or an Accredited Investor.
<b>EU</b>	The European Union created in accordance with the provisions of the Treaty of the European Union signed in Maastricht on 7 February 1992.
<b>Euro and €</b>	Single currency unit of each participating member state of the European Union that adopts or has adopted the Euro as its lawful currency in accordance with the legislation of the European Union in relation to the Economic and Monetary Union.
<b>Euroclear</b>	Euroclear Bank SA/NV.
<b>Euro Securities</b>	The Series of Designated Securities denominated in Euro.
<b>Exchange Offer</b>	Has the meaning given on the front cover of this Exchange Offer Memorandum.
<b>Exchange Revocation Deadline</b>	12 October 2015 at the time 48 hours prior to the time of the relevant Meeting.
<b>Expiration Deadline</b>	12 October 2015 at the time 48 hours prior to the time of the relevant Meeting.
<b>Extraordinary Resolution</b>	The extraordinary resolution relating to each of the Series of Designated Securities as set out in the applicable Notice (together, the “ <b>Extraordinary Resolutions</b> ”).
<b>FinInPro</b>	State Enterprise “Financing of Infrastructural Projects”.
<b>Form of Sub-Proxy</b>	A properly completed Form of Sub-Proxy (in the form obtainable from the Settlement and Tabulation Agent) signed by or on behalf of a Holder who is shown in the records of Cede & Co. or DTC as a DTC Direct Participant in relation to such Designated Securities to procure that the votes attributable to such Designated Security(ies) should be cast at the Meeting in favour of or against the Extraordinary Resolution, as applicable, and delivered by the relevant DTC Direct Participant by registered mail, hand delivery, overnight courier or by e-mail or facsimile (with an original delivered subsequently) to the US office of the Settlement and Tabulation Agent at its address, e-mail address or facsimile number set forth at the back cover of this Exchange Offer Memorandum.
<b>GDP-linked Securities</b>	The GDP-linked securities to be issued by Ukraine in connection with the Invitation and constituted by the GDP-linked Securities Trust Deed as described in “ <i>The New Notes and GDP-linked Securities—The GDP-linked Securities</i> ”. (These are defined as “state derivatives” under the Law of

	Ukraine “On Securities and Stock Market”).
<b>GDP-linked Securities Trust Deed</b>	The trust deed between Ukraine and the GDP-linked Securities Trustee to be dated on or about the first issue date of the GDP-linked Securities.
<b>GDP-linked Securities Trustee</b>	BNY Mellon Corporate Trustee Services Limited.
<b>Guaranteed Securities</b>	Collectively, those of the Designated Securities identified as such in Annex I.
<b>Guaranteed Securities Trustee</b>	BNY Mellon Corporate Trustee Services Limited.
<b>IMF</b>	The International Monetary Fund.
<b>Information Agent</b>	D.F. King Limited.
<b>Invitation</b>	The Exchange Offer and the Consent Solicitation.
<b>Issue and Resale Restrictions</b>	The issue and resale restrictions set out under “ <i>Issuer and Resale Restrictions</i> ”.
<b>Meeting</b>	The noteholders’ meeting (including any adjourned noteholders’ meeting) for any applicable Series convened to consider the relevant Extraordinary Resolution.
<b>Meeting Date</b>	The date of any Meeting as specified in the applicable Notice in respect of such Series and available at the relevant Offer Website reference identified in the tables appearing under “ <i>The Invitation–The Consent Solicitation–The Extraordinary Resolutions</i> ”).
<b>NBU</b>	The National Bank of Ukraine.
<b>Net Cash Proceeds</b>	Has the meaning given in “ <i>The Invitation—Delivery of New Notes and GDP-linked Securities</i> ”.
<b>New Notes</b>	The nine series of Notes set out in the table under “ <i>The New Notes – New Notes</i> ”.
<b>New Notes Trust Deed</b>	The trust deed between Ukraine and the New Notes Trustee constituting the New Notes and dated on or about the Settlement Date.
<b>New Notes Trustee</b>	BNY Mellon Corporate Trustee Services Limited.
<b>Non-U.S. person</b>	Has the meaning given in “ <i>The Invitation—Procedures for Participating in the Invitation— Participation Instructions—Noteholder certification with respect to Designated Securities for which Participation Instructions are not submitted</i> ”.
<b>Noteholders, Holders or holders of Designated Securities</b>	<ul style="list-style-type: none"> <li>(a) Each person who is shown in the records of the relevant Clearing System as a holder of Designated Securities (also referred to as a Direct Participant);</li> <li>(b) any broker, dealer, commercial bank, trust company or other nominee or custodian who holds Designated Securities; and</li> <li>(c) each beneficial owner of the Designated Securities holding Designated Securities, directly or indirectly, in an account in the name of a Direct Participant acting on such beneficial owner’s behalf.</li> </ul>
<b>Notice</b>	The notice of meeting relating to the applicable Series.

<b>Notional Amount</b>	In relation to each definitive Security a notional amount of US\$1,000 or an integral multiple of US\$1,000.
<b>Notifying News Service</b>	A recognised financial news service or services (e.g., Reuters and Bloomberg) as selected by Ukraine.
<b>October 2015 Notes</b>	Ukraine's €600,000,000 4.95% Notes due October 2015.
<b>Offer Website</b>	The website, <a href="http://sites.dfkingltd.com/ukraine">http://sites.dfkingltd.com/ukraine</a> , and its subdomains, operated by the Information Agent for the purpose of the Invitation, access to which is subject to the Issue and Resale Restrictions.
<b>OSCE</b>	The Organisation for Security and Cooperation in Europe.
<b>Oschadbank</b>	Public Joint Stock Company "State Savings Bank of Ukraine".
<b>Participation Instruction</b>	<p>An instruction, as specified in a Clearing System Notice sent by the relevant Clearing System, for submission by Direct Participants to that Clearing System in accordance with its requirements, whereby holders of Designated Securities held in that Clearing System indicate whether or not they wish to participate in the Invitation, as further described in "<i>The Invitation—Procedures for Participating in the Invitation—Participation Instructions</i>", and specifying, with respect to the relevant Designated Securities, in addition to any information required by the Clearing System, (a) the principal amount and Series for which the Participation Instruction is being submitted and whether (b)(i) (in the case of Eligible Holders) such Designated Securities are being tendered for exchange (in which case the holder by so tendering shall have also instructed Citibank, N.A., London Branch in respect to the Sovereign Securities and The Bank of New York Mellon, London Branch in respect of the Guaranteed Securities to consent to and vote in favour of the relevant Extraordinary Resolution) and (ii) (in the case of all holders of Designated Securities) (x) the holder instructs Citibank, N.A., London Branch in respect to the Sovereign Securities and The Bank of New York Mellon, London Branch in respect of the Guaranteed Securities to consent to and vote in favour of the relevant Extraordinary Resolution without tendering such Designated Securities for exchange or (y) the holder instructs Citibank, N.A., London Branch in respect to the Sovereign Securities and The Bank of New York Mellon, London Branch in respect of the Guaranteed Securities to vote against the relevant Extraordinary Resolution.</p> <p>References to Participation Instruction shall, where applicable, be construed to include, in respect of Holders holding their Designated Securities through DTC, a Form of Sub-Proxy.</p>
<b>QIB</b>	A qualified institutional buyer as defined in Rule 144A under the Securities Act.
<b>Record Date</b>	9 October 2015, being the date on which DTC will appoint DTC Direct Participants as its proxies under an omnibus proxy in respect of the principal amount of the Designated Securities shown on its records as being held by them on the Record Date.
<b>Regulation S</b>	Regulation S under the Securities Act.
<b>Revocation Instructions</b>	The relevant instruction in the form specified in the Clearing System Notice for submission by Direct Participants to the Clearing System and in accordance with the requirements of the Clearing System by the relevant deadlines in order for holders of Designated Securities held in the Clearing System to be able to revoke a previously submitted Participation Instruction,

as further described in “*The Invitation—Procedures for Participating in the Invitation—Revocation Rights*”.

<b>Rule 144A</b>	Rule 144A under the Securities Act.
<b>Sale</b>	Has the meaning given in “ <i>The Invitation—Delivery of New Notes and GDP-linked Securities—Cash Proceeds Arrangement</i> ”.
<b>Securities Act</b>	United States Securities Act of 1933, as amended.
<b>September 2015 Notes</b>	Ukraine’s U.S.\$500,000,000 6.875% notes due September 2015.
<b>Series</b>	In relation to the Designated Securities, means any series of Designated Securities listed in Annex I to this Exchange Offer Memorandum (each “ <b>a Series</b> ”).
<b>Settlement Account</b>	Means in the case of Designated Securities, the account in the relevant Clearing System of the Direct Participant that holds the relevant Designated Securities and in the case of Consideration, that same account or such other account as the relevant Holder may specify in its Participation Instruction as set forth in “ <i>The Invitation—Delivery of New Notes and GDP-linked Securities.</i> ”
<b>Settlement and Tabulation Agent</b>	The Bank of New York Mellon, London Branch.
<b>Settlement Date</b>	Expected to be 27 October 2015, subject to Ukraine’s right to postpone this date at its sole discretion to such date as is no later than 30 November 2015.
<b>Sovereign Securities</b>	Collectively, those of the Designated Securities identified as such in Annex I.
<b>Sovereign Securities Trustee</b>	The Law Debenture Trust Corporation p.l.c.
<b>Substitute Consideration</b>	The Net Cash Proceeds of the Sale of the Consideration such holder of Designated Securities would have otherwise received pursuant to the Invitation.
<b>Trust Deeds</b>	The New Notes Trust Deed and the GDP-linked Securities Trust Deed.
<b>Trustees</b>	The New Notes Trustee, the GDP-linked Securities Trustee, the Sovereign Securities Trustee and the Guaranteed Securities Trustee.
<b>UAH</b>	The lawful currency of Ukraine.
<b>Ukrzaliznytsia</b>	The State Administration of Railways Transport of Ukraine (Ukrzaliznytsia).
<b>Ukreximbank</b>	Joint Stock Company “The State Export Import Bank of Ukraine”.
<b>UN</b>	The United Nations, an international intergovernmental organisation established by its Member States in accordance with the Charter signed in San Francisco on 26 June 1945.
<b>United Kingdom</b>	The United Kingdom of Great Britain and Northern Ireland.
<b>United States</b>	The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
<b>U.S. dollars and U.S.\$</b>	The lawful currency of the United States.
<b>U.S. Dollar Securities</b>	The Series of Designated Securities denominated in U.S. dollars.

<b>U.S. person</b>	The term defined as such in Regulation S under the Securities Act.
<b>Voting Deadline</b>	In the case of each Series of Designated Securities, in respect of the Consent Solicitation with respect to such Series only, the Voting Deadline for any appointment of 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 proxy to participate in the relevant Meeting and vote in favour of or against (as applicable), the relevant Extraordinary Resolution, shall be 48 hours prior to the time of such Meeting as specified in the applicable Notice.
<b>Voting Revocation Deadline</b>	In the case of each Series of Designated Securities, in respect of the Consent Solicitation with respect to such Series only, the revocation deadline for any appointment of 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 nominees as proxy to participate in the relevant Meeting and vote in favour of or against (as applicable), the relevant Extraordinary Resolution, shall be 48 hours prior to the time of such Meeting as specified in the applicable Notice.
<b>2015 EFF</b>	The four year U.S.\$17.5 billion Extended Fund Facility programme for Ukraine approved by the IMF Executive Board on 11 March 2015.

## EXPECTED TIMETABLE OF EVENTS

*The times and dates below are indicative only. The timetable assumes that no adjourned Meetings will be required to be convened in relation to the Consent Solicitation for any Designated Securities. If any such meeting of holders of the Designated Securities is adjourned, the notice, quorum and other requirements applicable to an adjourned meeting in the terms of the relevant Sovereign Securities or Guaranteed Securities will be complied with.*

### **Events**

### **Times and Dates**

#### ***Commencement of the Exchange Offer and Consent Solicitation***

Notices convening the Meetings are delivered to the Clearing System and published on the Irish Stock Exchange. 22 September 2015

Exchange Offer is announced. 23 September 2015

Exchange Offer Memorandum is made available (subject to the Issue and Resale Restrictions) through the Information Agent and the Settlement and Tabulation Agent and on the Offer Website.

#### ***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. 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. 12 October 2015  
(48 hours prior to the time of the relevant Meeting)

#### ***Voting Deadline***

Final deadline for receipt by the Settlement and Tabulation Agent of valid Participation Instructions from holders of Designated Securities wishing to participate in the Consent Solicitation. The specific time and date of the deadline for the relevant Series of Designated Securities will be set out in the applicable Notice. 12 October 2015  
(48 hours prior to the time of the relevant Meeting)

#### ***Meeting Date***

The date of the separate Meetings for the individual Series of Designated Securities. The specific time and date of the Meeting relating to the relevant Series of Designated Securities will be set out in the applicable Notice. 14 October 2015

#### ***Announcement of Results***

As soon as reasonably practicable after the final Meeting, Ukraine will announce whether the Conditions have been satisfied or waived. If so, Ukraine will also announce, on one or more occasions, whether it will accept valid tenders for exchange of Designated Securities of any Series pursuant to the Invitation, and whether any Extraordinary Resolutions in relation to Designated Securities have been passed (and if so which). If it decides to accept tenders for exchange and/or any of the Extraordinary Resolutions are successfully passed, Ukraine will announce, on one or more occasions, (i) the aggregate principal amount of each Series of Designated Securities participating in the Invitation and (ii) the aggregate principal amount of the New Notes and Notional Amount of GDP-linked Securities, As soon as reasonably practicable after the final Meetings

in each case to be delivered by Ukraine to the holders of Designated Securities on the Settlement Date pursuant to the Invitation. If Ukraine elects to extend the Invitation period for any Series, announcements relating to such Series may be deferred. See also “*The Invitation—Method of Announcements*” below.

The expected Settlement Date is:

27 October 2015

Ukraine reserves the right to announce an earlier or later date to settle the Invitation with respect to each Series of Designated Securities.

*The above times and dates are subject to the right of Ukraine to extend, re-open, amend and/or terminate the Invitation or modify the Settlement Date (subject to applicable law, the applicable trust deed and as provided in this Exchange Offer Memorandum) with respect to the Designated Securities.*

***Holders of the Designated Securities are advised to check with any bank, securities broker or other intermediary through which they hold Designated Securities when such intermediary would need to receive instructions from a Noteholder in order for that Noteholder to be able to participate in, or revoke its instruction to participate in, the Invitation before the deadlines set out above. The deadlines set by any such intermediary and the Clearing System for the submission of Participation Instructions may be earlier than the relevant deadlines above. See “The Invitation—Procedures for Participating in the Invitation”.***

## LETTER OF SUPPORT FROM THE IMF



INTERNATIONAL MONETARY FUND  
WASHINGTON, D.C. 20431

Facsimile Number  
1-202-623-4661

September 22, 2015

### **IMF Managing Director Letter to the Financial Community on Ukraine**

Ms. Christine Lagarde, the Managing Director of the International Monetary Fund (IMF), addressed the following letter about Ukraine to members of the financial community:

“The Ukrainian authorities have embarked on an ambitious economic program with support from the international community. This includes substantial fiscal consolidation and energy sector reforms, the rehabilitation of the banking system, the build-up of the National Bank of Ukraine’s (NBU) international reserves, and the improvement of the business environment to enhance the productive potential of the economy. Despite a very challenging environment, these efforts have progressed in line with the IMF-supported program and have started to bear fruit. The economy is showing signs of recovery, the foreign exchange market has been broadly stable, confidence in the banking system is gradually recovering, and inflation is receding.

“This economic program has received exceptional financing from international financial institutions and bilateral partners, which has exceeded US\$10 billion so far in 2015, consistent with commitments of more than US\$25 billion for 2015–18. In addition to continued support from these international partners, the success of the program also critically rests on support from Ukraine’s creditors.

Following several months of constructive discussions, I am encouraged that an agreement has been reached between the Ukrainian authorities and the Ad-Hoc Creditor Committee on the parameters of an operation to restructure Ukraine’s Eurobonds. These parameters substantively meet the objectives set under the IMF-supported program to ensure that Ukraine’s debt remains sustainable with high probability and that the program is fully financed. Together with full implementation of the program, they will provide the necessary external debt service relief, reduce annual post-program gross financing needs as envisaged, and place public debt firmly on a downward path.

“High participation by all concerned Eurobond holders in the upcoming debt exchange is paramount, since Ukraine lacks the resources under the program to service its debts on the original terms. Together with the authorities and the Ad-Hoc Creditor Committee, I call on all creditors to support this offer.

While fully aware of the challenges ahead, the Ukrainian authorities’ strong start in implementing their economic program has reaffirmed their determination to address the economic imbalances and deepen structural reforms in order to put the economy on a path of sustained growth and financial stability. I firmly believe that the authorities’ program warrants the strong support of the international community.

## BACKGROUND TO THE INVITATION

Since the Euro-Maidan Revolution in February 2014 which led to the removal from power of former President Yanukovich, a number of significant geopolitical events and economic developments have occurred which together have severely impaired the Ukrainian economy and resulted in Ukraine's external debt burden becoming unsustainable. These developments include the *de facto* annexation of Crimea by Russia in March 2014 and the temporary loss of effective central government control over certain areas of eastern Ukraine due to continuing terrorist operations by Russian-backed separatist militias supported by Russian armed forces. As a result, the Ukrainian economy has been deprived of significant sources of productive economic capacity and tax revenue at a time when it has had to increase expenditure to cater for, among other things, the needs of large numbers of internally displaced persons and national defence against continuing Russian-sponsored military aggression on Ukrainian territory.

As a result, Ukraine's industrial production fell by over 10 per cent. in 2014 and by approximately 19.5 per cent. in the seven months ended 31 July 2015 compared to the same period in 2014. GDP decreased by an estimated 6.8 per cent. in 2014 and by 17.2 per cent. and 14.7 per cent. in the first and second quarters of 2015, respectively, compared to the corresponding periods in 2014. IMF projections expect a 9.0 per cent. rate of decline of GDP for the full year 2015.

Economic contraction has been accompanied by a decline in foreign exchange reserves and a sharp depreciation of the hryvnia, so compounding the difficulty Ukraine has in meeting its obligations under primarily U.S. dollar-denominated external debt. As at 31 December 2013, immediately prior to the Euro-Maidan Revolution, the NBU official UAH/U.S. dollar exchange rate was pegged at UAH 7.9930 to one U.S. dollar. In February 2014 the NBU allowed the exchange rate to float, and as at 31 December 2014, the NBU official UAH/U.S. dollar exchange rate was UAH 15.7686 to one U.S. dollar. As at 22 September 2015, the NBU official UAH/U.S. dollar exchange rate was UAH 21.85 to one U.S. dollar.

In response to the economic difficulties faced by Ukraine, on 11 March 2014, the IMF agreed on the 2015 EFF, being a four-year U.S.\$17.5 billion extended fund facility programme. The first disbursement of approximately U.S.\$5 billion was made in March 2014 and the second disbursement of approximately U.S.\$1.7 billion was made in August 2015.

The 2015 EFF includes as one of a number of conditions to further disbursements that Ukraine carry out a debt operation which will meet its three stated targets:

- to generate U.S.\$15 billion in public sector savings over the programme period (2015 to 2018);
- to bring the ratio of state and state-guaranteed external debt to GDP to below 71 per cent. by 2020; and
- to keep the budget's gross financing needs at an average of 10 per cent. of GDP (with a maximum of 12 per cent.) for each year in the period 2019 to 2025.

On 4 April 2015, the Cabinet of Ministers of Ukraine passed a resolution permitting the restructuring of certain state and state guaranteed debt obligations of Ukraine, including the Sovereign Securities and the Guaranteed Securities, in order to meet its financing obligations under the 2015 EFF.

Since April 2015 the Ministry of Finance has engaged in negotiations with an ad hoc committee of creditors (the "AHC") made up of some of the largest holders of its outstanding notes. These negotiations culminated in the signing of a non-binding indicative heads of terms document on 27 August 2015, which set out the principal terms upon which the Invitation is based.

On 22 September 2015, the Cabinet of Ministers of Ukraine adopted a resolution authorising the launch of the Invitation and declaring a technical suspension of payments falling due during the period between the declaration and 1 December 2015 on Designated Securities. This suspension extends to the payments of principal on the September 2015 Notes and the October 2015 Notes and interest on these and other Series of Designated Securities.

Successful completion of the debt operations contemplated by the Invitation will contribute substantially to Ukraine's efforts to meet its financing obligations under the 2015 EFF.

In addition to the debt operations contemplated by the Invitation, a number of further debt operations have been or will be conducted in order to meet the 2015 EFF's three targets. On the instructions of the Ukrainian authorities, the external notes of Ukreximbank and Oschadbank (the two largest state-owned banks) were successfully reprofiled on 7 July 2015 and 3 August 2015, respectively, contributing to the satisfaction of the first target of the 2015 EFF. It is anticipated that the external notes of the City of Kyiv and Ukrzaliznytsia will also be the subject of debt operations before the end of 2015, as will be certain state-guaranteed loan facilities. However there can be no certainty as to the outcome of such further debt operations, and settlement of the Exchange Offers and Consent Solicitations described in this Exchange Offer Memorandum is not conditional on the successful conclusion of such further debt operations.

## THE INVITATION

Ukraine invites holders (subject to the Issue and Resale Restrictions) of Designated Securities, that are Eligible Holders, to tender any and all Designated Securities in exchange for New Notes and GDP-linked Securities and in accordance with the terms and subject to the conditions set out in this Exchange Offer Memorandum. Ukraine is also soliciting consents from the holders of Designated Securities in favour of the Extraordinary Resolutions.

### General

The Invitation is comprised of the Exchange Offer and the Consent Solicitation.

The expected Expiration Deadline for the Exchange Offer is 10 a.m. (C.E.T.) on 12 October 2015.

The expected Voting Deadline for the Consent Solicitation is 48 hours prior to the time of the Meeting specified in the Notice for each Series of Designated Securities on 12 October 2015.

The expected Settlement Date is 27 October 2015. See “*Expected Timetable of Events*”.

Ukraine may, in its sole discretion, extend, re-open, amend, waive any condition of (other than in relation to the illegality of the Exchange Offer and subject always to the terms of the relevant trust deed) terminate the Invitation or modify the Expiration Deadline, the Voting Deadline or the Settlement Date at any time (subject to applicable law and as provided in this Exchange Offer Memorandum) with respect to one or more Series of Designated Securities, provided that following such termination, the Invitations in relation to each of the other Series of Designated Securities shall not be completed and shall be terminated by Ukraine by notice to the holders of the Designated Securities as soon as reasonably practicable. Details of any such extension, re-opening, amendment, waiver, termination or modification will be announced as provided in this Exchange Offer Memorandum as soon as reasonably practicable after the relevant decision is made. See “*The Invitation—Amendment and Termination of the Invitation*”. If Ukraine terminates the Invitation with respect to any Series of Designated Securities, all Designated Securities in respect of which Participation Instructions have been submitted will be released from any Blocking and will no longer be subject to the Invitation.

### The Exchange Offer

Subject to the terms and conditions of the Invitation (including, but not limited to, the Issue and Resale Restrictions), Ukraine invites Holders of each Series of Designated Securities that are Eligible Holders to tender each U.S.\$1,000 or EUR 1,000 principal amount of Designated Securities and Accrued Interest thereon in exchange (the “**Exchange Offer**”) for:

- (i) New Notes having a principal amount equal to (A) in the case of U.S. Dollar Securities, the sum of U.S.\$800 and Accrued Interest on the tendered Designated Securities as aforesaid and (B) in the case of Euro Securities, the sum of EUR 800 and Accrued Interest on the tendered Designated Securities as aforesaid (converted into U.S. dollars at the Applicable Exchange Rate (subject to rounding)); and
- (ii) GDP-linked Securities having a Notional Amount of (A) in the case of U.S. Dollar Securities, U.S.\$200 and (B) in the case of Euro Securities, EUR 200 (converted into U.S. dollars at the Applicable Exchange Rate (subject to rounding)),

together, the “**Consideration**”. The Consideration will be delivered to the Clearing Systems on the Settlement Date.

The principal or Notional Amount, as applicable, of any New Notes and 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, as applicable, of less than U.S.\$100,000 in the case of New Notes or U.S.\$1,000 in the case of GDP-linked Securities.

Any amounts rounded down as set out above will be aggregated and New Notes maturing in 2019 will be issued in that principal aggregate amount as part of the Invitation and will be sold in accordance with the

Cash Proceeds Arrangement and the pro rata entitlement to the Net Cash Proceeds will be delivered to the accounts of the relevant Holders at the relevant Clearing System.

Each holder of Designated Securities of any Series that wishes to exchange its Designated Securities pursuant to the Invitation, subject to the Issue and Resale Restrictions, must submit (or procure the submission of) and not validly revoke Participation Instructions in accordance with the procedures set forth in “*The Invitation—Procedures for Participating in the Invitation*”, according to which each holder of Designated Securities must ensure that such Participation Instructions are received by the Settlement and Tabulation Agent by the Expiration Deadline. If Ukraine accepts any valid tenders for exchange of Designated Securities of any Series pursuant to the Invitation, it intends to accept all validly made tenders for exchange of Designated Securities of such Series. By tendering Designated Securities for exchange, a holder of Designated Securities also consents to and votes in favour of the Extraordinary Resolutions relating to such Designated Securities as further described under “—*The Consent Solicitation*”. By submitting Participation Instructions to tender Designated Securities for exchange, each of the holders of Designated Securities irrevocably appoints 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 as its proxy to participate in any Meeting convened in respect of the relevant Series and to consent to and vote in favour of the Extraordinary Resolution relating to the relevant Series.

If Ukraine proceeds with the settlement of the Exchange Offer in respect of any Series which has not passed an Extraordinary Resolution, the Noteholders of that Series which have validly submitted Participation Instructions to tender their Designated Securities in the Exchange Offer will be eligible to receive (i) the Consideration on the Settlement Date, or (ii) the Substitute Consideration at a later date upon a failure by such Noteholder to deliver a Delivery Certificate.

The Exchange Offer is subject to certain conditions. See “—*Conditions of the Invitation*”.

### **The Consent Solicitation**

Subject to the terms and conditions of the Invitation, Ukraine and FinInPro are soliciting consents from the holders of the Designated Securities to vote in favour of the Extraordinary Resolutions. For the avoidance of doubt, any holder of Designated Securities that has tendered its Designated Securities in the Exchange Offer will also be deemed to have appointed 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 as their respective proxy to participate in any Meeting convened under the relevant Series of Designated Securities and to consent to and vote in favour of the relevant Extraordinary Resolution.

Furthermore, holders of Designated Securities (other than Noteholders who are not Eligible Holders) may only submit Participation Instructions to vote in favour of the relevant Extraordinary Resolution if they have also tendered their Designated Securities for exchange as part of the Exchange Offer. Such holders of Designated Securities may not vote in favour of the Extraordinary Resolution if they have not also validly tendered their Designated Securities for exchange as part of the Exchange Offer. Noteholders who are not Eligible Holders may submit Participation Instructions to vote on the Extraordinary Resolutions without also tendering their Designated Securities for exchange as part of the Exchange Offer.

The Notices have been given to the holders of Designated Securities in accordance with the respective terms of the Designated Securities on the date of this Exchange Offer Memorandum or will be given as promptly as practicable thereafter, in accordance with the terms of the relevant Series of Designated Securities.

Ukraine and FinInPro are not soliciting any consents pursuant to the Consent Solicitation from any holders of Designated Securities in any jurisdiction in which the making of the Consent Solicitation would not be in compliance with the laws of such jurisdiction. Each holder of Designated Securities who comes into possession of this Exchange Offer Memorandum must inform itself about and comply with all applicable laws and regulations in force in any jurisdiction in which it holds Designated Securities. The restrictions affecting Ukraine and FinInPro are without prejudice to the right of holders of Designated Securities in any such jurisdiction to appoint a proxy to attend and vote at any Meeting in accordance with the relevant terms and conditions of the Designated Securities it holds, subject to applicable law.

If Ukraine (or, as the case may be, FinInPro) obtains the requisite majority required to pass Extraordinary Resolutions relating to some or all of the Designated Securities and decides to declare any of the Extraordinary Resolutions effective, it will declare all other Extraordinary Resolutions that have been successfully passed to be effective, and accept all offers to exchange pursuant to the Exchange Offer in Series where the Extraordinary Resolution was not passed, and shall seek to do so as promptly as practicable after the relevant Meeting Date. In each such case, all holders of Designated Securities of any Series that is made subject to the Extraordinary Resolutions, including holders of such Series of Designated Securities that did not participate in the Exchange Offer or the Consent Solicitation, or rejected or voted against the relevant Extraordinary Resolution, will, be eligible to receive the Consideration on the Settlement Date (or the Substitute Consideration at a later date upon a failure by a holder of Designated Securities to deliver a Delivery Certificate).

### ***The Extraordinary Resolutions***

Subject to the terms and conditions of the Invitation, Ukraine, in relation to both the Sovereign Securities and the Guaranteed Securities, and FinInPro, in relation to the Guaranteed Securities only, are soliciting consents from the holders of the relevant Series of Designated Securities in favour of the Extraordinary Resolution relating to each such Series described in the applicable Notice, each of which is available on the Offer Website and is incorporated by reference into this Exchange Offer Memorandum whether posted to the Offer Website on, before or after the date of this Exchange Offer Memorandum.

For the avoidance of doubt, a holder of Designated Securities that validly submits a Participation Instruction to tender such Designated Securities for exchange also consents to and votes in favour of the Extraordinary Resolution relating to the relevant Series of such Designated Securities and irrevocably instructs Citibank, N.A., London Branch in respect of the relevant Sovereign Securities and The Bank of New York Mellon, London Branch in respect of the relevant Guaranteed Securities as their respective proxy to consent to and vote in favour of the relevant Extraordinary Resolution. Such holder need take no further action in connection with the Consent Solicitation with respect to such Designated Securities. Furthermore, holders of Designated Securities (other than Noteholders who are not Eligible Holders) may only submit Participation Instructions to vote in favour of the Extraordinary Resolutions if they have also tendered their Designated Securities for exchange as part of the Exchange Offer. Such holders may not vote in favour of the Extraordinary Resolutions if they have not also validly tendered their Designated Securities for exchange as part of the Exchange Offer. Noteholders who are not Eligible Holders may submit Participation Instructions to vote on the Extraordinary Resolutions without also tendering their Designated Securities for exchange as part of the Exchange Offer.

Holders of Designated Securities may, subject to the Issue and Resale Restrictions, submit a Participation Instruction to reject and vote against the Extraordinary Resolution relating to the relevant Series of Designated Securities, but in that case may not tender such Designated Securities for exchange pursuant to the Exchange Offer. The Participation Instruction in such case will be limited to matters relating to the Extraordinary Resolution relating to such Series of Designated Securities but the Designated Securities will not be considered tendered for exchange pursuant to the Exchange Offer.

By submitting Participation Instructions, which in each case must be made in accordance with the procedures set forth in “*The Invitation—Procedures for Participating in the Invitation*”, with respect to the Extraordinary Resolution relating to the relevant Designated Securities, the relevant holder of Designated Securities irrevocably instructs 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 as its proxy to participate in any Meeting and consent to and vote in favour of, or reject and vote against, the relevant Extraordinary Resolution as set forth in such Participation Instructions.

Upon the declaration of effectiveness by Ukraine or FinInPro of the Extraordinary Resolutions in relation to any Series of Designated Securities, and only upon such event, on the Settlement Date, all outstanding Designated Securities of such Series (including Designated Securities of such Series not tendered for exchange in the Exchange Offer and those with respect to which holders rejected or voted against the relevant Extraordinary Resolution) will be exchanged for New Notes and GDP-linked Securities as described in the Notice and the holders of such Designated Securities will receive the Consideration on or shortly after

the Settlement Date (or the Substitute Consideration at a later date in the case of a holder of Designated Securities which has failed to deliver a Delivery Certificate).

In the event Ukraine or FinInPro decides to declare effective any Extraordinary Resolution in respect of which the requisite voting threshold has been reached, it will declare all other Extraordinary Resolutions that have also reached their requisite voting thresholds to be effective and accept all offers to exchange pursuant to the Exchange Offer of the Series of Designated Securities which did not pass the Extraordinary Resolution.

The terms of the Extraordinary Resolution relating to each Series of Designated Securities and the procedures to be followed by the holders, including the date of any Meeting, where applicable, are set forth in the applicable Notice.

For the avoidance of doubt, in the event that an Extraordinary Resolution is passed in relation to any Series of Designated Securities, any holders of Designated Securities of that Series that provided valid Participation Instructions shall not be required to give any further instructions in order to receive the relevant Consideration. The exchange of Designated Securities for the Consideration shall occur in the relevant Clearing System by crediting the applicable Consideration to the account in which the relevant Designated Securities were held.

### ***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 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:

- 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.

*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*".

### ***Release***

If the applicable Extraordinary Resolution is passed, upon delivery of the New Notes and the GDP-linked Securities to Euroclear, Clearstream, Luxembourg or DTC, as applicable, and by the Clearing System to the relevant Settlement Account, Ukraine, in relation to both the Sovereign Securities and the Guaranteed Securities, and FinInPro, in relation to the Guaranteed Securities only, shall have discharged in full, and be deemed to have fully performed and satisfied, all of its obligations under the Designated Securities and the Invitation, and the holders of the relevant Series of Designated Securities shall (i) have no contractual or other rights or claims in law or equity arising out of or related to such Designated Securities, and (ii) discharge and release Ukraine, FinInPro and the fiscal agents, trustees and paying agents, as the case may be, in respect of such Designated Securities and any of their respective agents, officials, officers, employees or advisers, from any and all claims (including claims in the form of a payment order, judgment, arbitral award or other such order or enforcement actions related thereto) they may have, now or in the future, arising out of or related to such Designated Securities.

### ***Consent, Rejection and Voting Upon Extraordinary Resolutions***

By tendering Designated Securities for exchange pursuant to the Exchange Offer, a holder of Designated Securities also consents to and votes in favour of, the Extraordinary Resolutions with respect to such Designated Securities, where applicable. A holder of Designated Securities who is not an Eligible Holder may submit a Participation Instruction to consent to and vote in favour of the Extraordinary Resolutions relating to its Designated Securities even if it has not tendered such Designated Securities for exchange pursuant to the Exchange Offer. A holder of Designated Securities may submit a Participation Instruction to reject and vote against the Extraordinary Resolutions relating to its Designated Securities, but in that case may not tender such Designated Securities for exchange in the Exchange Offer.

### **Conditions of the Invitation**

The settlement of the transactions contemplated by the Invitation shall be at the sole discretion of Ukraine, unless the Extraordinary Resolutions in relation to all of the Series of Designated Securities are passed, in which case, subject always to the Conditions set out below and the approval of the Cabinet of Ministers of Ukraine, Ukraine shall implement the Extraordinary Resolutions in accordance with their terms.

The Invitation is conditional upon satisfaction (as determined by Ukraine) of the following conditions (the “**Conditions**”):

- (a) there not having been threatened, instituted or pending any action, investigation or proceeding by or before any court or governmental, regulatory, arbitral or administrative body which:
  - (1) makes or seeks to make illegal the exchange of Designated Securities for New Notes and/or GDP-linked Securities pursuant to the Exchange Offer (other than by way of the implementation of, or changes to existing, legislation);
  - (2) would or might result in a delay in, or restrict, the ability of Ukraine to issue or deliver the New Notes and/or GDP-linked Securities in exchange for Designated Securities, or take any action required (in Ukraine’s sole discretion) in connection with the Extraordinary Resolutions; or
  - (3) imposes or seeks to impose limitations on the ability of Ukraine to issue or deliver the New Notes and/or GDP-linked Securities in exchange for Designated Securities or take any action required (in Ukraine’s sole discretion) in connection with the Extraordinary Resolutions; and
- (b) there not having been any change or development that, in Ukraine’s sole discretion, materially reduces the anticipated benefits to Ukraine of the Invitation or that could be likely to prejudice materially the success of the Invitation or that has had, or could reasonably be expected to have, a material adverse effect on Ukraine or its economy.

Upon Ukraine determining that the Conditions have been satisfied it may in its discretion declare effective all Extraordinary Resolutions that have been successfully passed. Upon making any such declaration, Ukraine shall give notice to the Holders of the relevant Series of Designated Securities.

### *Additional conditions to the acceptance of tenders for exchange in the Exchange Offer*

It is in Ukraine's sole discretion whether to accept any tenders made or deemed to be made in the Exchange Offer in respect of each Series where the relevant Extraordinary Resolution is not passed. However, if Ukraine does decide to accept tenders made or deemed to be made in relation to any Series of Designated Securities, it must do so in relation to all other Series where the relevant Extraordinary Resolution is not passed, and shall declare effective all Extraordinary Resolutions in relation to Series of Designated Securities which are successfully passed.

Ukraine expressly reserves the right, in its sole discretion, to delay or refuse acceptance of Designated Securities of one or more Series tendered for exchange pursuant to the Exchange Offer in order to comply with applicable laws and regulations.

Unless the Extraordinary Resolution relating to a particular Series is declared effective pursuant to the terms of the Invitation, Ukraine may only exchange Designated Securities of such Series for New Notes and GDP-linked Securities pursuant to the Invitation after the submission of a valid Participation Instruction tendering Designated Securities of such Series for exchange in accordance with the procedures described in "*The Invitation—Procedures for Participating in the Exchange Offer*".

Ukraine will at all times have the discretion to accept any Designated Securities tendered for exchange in a tender which would otherwise be invalid or, in the sole opinion of Ukraine, may otherwise be invalid. Tenders of Designated Securities for exchange may be rejected in the sole discretion of Ukraine for any reason or for no reason and Ukraine is under no obligation to holders of Designated Securities to furnish any reason or justification for refusing to accept any such tender. For example, tenders of Designated Securities for exchange may be rejected and not accepted and may be treated as not having been validly tendered in the Invitation if the Participation Instructions are not in proper form, if the Invitation is terminated, if the Invitation does not comply with the relevant requirements of a particular jurisdiction or if any of the Conditions is not satisfied or waived (where permitted by law).

Holders of Designated Securities are advised that Ukraine may, in its sole discretion, accept tenders for exchange of Designated Securities of any Series pursuant to the Exchange Offer on more than one date if the Invitation is extended or re-opened, in whole or in part.

### **Procedures for Participating in the Invitation**

Holders of Designated Securities that need assistance with respect to the procedures for participating in the Invitation should contact the Information Agent, the contact details for which are on the back cover of this Exchange Offer Memorandum.

Ukraine will only accept Participation Instructions with respect to Designated Securities pursuant to the Invitation which are validly made in accordance with the procedures set out in this section "*—Procedures for Participating in the Invitation*". The following procedures apply to Designated Securities which are held in the account of a Direct Participant in the Clearing Systems. Holders of Designated Securities are advised to read the following information carefully.

By submitting a Participation Instruction, or by submitting a Revocation Instruction, each Direct Participant will be deemed to consent to the relevant Clearing System providing any details set forth in such Participation Instruction or Revocation Instruction to the Settlement and Tabulation Agent (and to the Settlement and Tabulation Agent providing such details to Ukraine, 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 (as the holder of Designated Securities' proxy) and its legal and other advisers).

***Only Direct Participants may submit Participation Instructions and Revocation Instructions with respect to Designated Securities. Each holder of Designated Securities that is not a Direct Participant must procure that the Direct Participant through which such holder of Designated Securities holds its Designated Securities submits valid Participation Instructions and, if applicable, Revocation Instructions, before the deadlines specified by the relevant Clearing System.***

*Holders of Designated Securities are advised to check with any bank, securities broker or other intermediary through which they hold Designated Securities when such intermediary would need to receive*

*instructions from a holder of Designated Securities in order for that holder of Designated Securities to be able to participate in, or revoke its instruction to participate in, the Invitation before the deadlines specified in this Exchange Offer Memorandum. The deadlines set by any such intermediary and the relevant Clearing System for the submission of Participation Instructions, sub-proxies and Revocation Instructions may be earlier than the relevant deadlines specified in this Exchange Offer Memorandum.*

**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 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 THIS EXCHANGE OFFER MEMORANDUM.**

### ***Participation Instructions***

Participation Instructions must be submitted in respect of no less than the minimum denomination of the relevant Series of Designated Securities, as set out in the column headed “Minimum denomination” in Annex 1 to this Exchange Offer Memorandum, and may thereafter be submitted in integral multiples of such minimum denomination or such other authorised or specified denominations permitted under the terms of the relevant Series of Designated Securities.

Participation Instructions in respect of Designated Securities held through a Clearing System must be submitted through the facilities of that Clearing System, if the Holder is a Direct Participant in that Clearing System, or indirectly through a Direct Participant in that Clearing System. Holders must ensure that such Participation Instructions are received by the Settlement and Tabulation Agent by the Expiration Deadline.

Only Direct Participants may submit Participation Instructions to the Clearing Systems. If the Holder is not a Direct Participant, it (or a financial institution or other intermediary on its behalf) must procure for the Direct Participant through which it holds the Designated Securities to submit a Participation Instruction on its behalf to the relevant Clearing System and ensure that such Participation Instructions are received by the Settlement and Tabulation Agent by the Expiration Deadline.

For a submission of a Participation Instruction with respect to Designated Securities held through a Clearing System to be effective, a Direct Participant in the Clearing System through which such Designated Securities are held must submit a Participation Instruction on behalf of the Holder and ensure that such Participation Instruction is received by the Settlement and Tabulation Agent prior to the Expiration Deadline. The receipt of a Participation Instruction by the relevant Clearing System will be acknowledged by such Clearing System in accordance with the procedures laid out in the Clearing System Notice of that Clearing System and result in the Blocking until the conclusion of the Meeting (or any adjourned Meeting) of the relevant Designated Securities held by a holder of Designated Securities on whose behalf such Participation Instruction was submitted and in such Designated Securities being held to the order of the 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. The holders of Designated Securities that submit Participation Instructions must take the appropriate steps through the relevant Clearing System necessary to ensure that no transfers can be effected in relation to such Blocked Designated Securities, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System.

Neither Ukraine, FinInPro nor the Settlement and Tabulation Agent will be responsible for ensuring that any Participation Instruction is submitted to or accepted by a Clearing System or for ensuring that the Clearing System delivers any Participation Instruction to the Settlement and Tabulation Agent by the Expiration Deadline. If (i) the Participation Instruction of any Holder is not delivered by the relevant Clearing System to the Settlement and Tabulation Agent on or before the Expiration Deadline or (ii) a Holder, or a Direct Participant or custodian on behalf of such Holder, does not deliver any other required documents in connection with such submission, in each case on or before the applicable deadline, Ukraine, or FinInPro, as

applicable, reserves the absolute right to (a) reject the Participation Instruction, (b) require that any errors or defects in the Participation Instruction be remedied, or (c) waive any such errors or defects and accept the Participation Instruction. In any such case, the rules, procedures and regulations of the relevant Clearing System will apply.

By submitting a Participation Instruction, holders of Designated Securities, and the relevant Direct Participants on their behalf, shall be deemed to have made the agreements, acknowledgements, representations, warranties and undertakings set forth below under “—*Noteholders’ Agreements, Acknowledgements, Representations, Warranties and Undertakings*” to Ukraine and the Settlement and Tabulation Agent.

By submitting a Participation Instruction with respect to any Designated Securities, a Noteholder will irrevocably appoint 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 its proxies to consent to or reject, or participate in any Meeting convened under the relevant Series and instruct it to consent and vote in favour of, or reject and vote against the relevant Extraordinary Resolution relating to such Designated Securities, as the case may be, as indicated in such relevant Participation Instruction.

#### *Direct Participants in a Clearing System*

Direct Participants in a Clearing System must submit Participation Instructions in accordance with the procedures established by the relevant Clearing System. Direct Participants should refer to the respective notifications (including, in particular, the Clearing System Notices) that Direct Participants receive from the Clearing Systems for detailed information regarding participation procedures, which may include certain special procedures, and should contact the relevant Clearing System with respect to questions as to the requirements for the submission of Participation Instructions to that Clearing System.

#### *Designated Securities held through a custodian or other securities intermediary*

Holders that hold Designated Securities which are held through a Clearing System through a financial institution or other intermediary must contact that financial institution or intermediary and instruct it to submit (or procure the submission of) a Participation Instruction by the relevant Direct Participant (if such financial institution or intermediary is not itself a Direct Participant) with respect to those Designated Securities on their behalf.

#### *Requirements for Participation Instructions*

Each Participation Instruction must specify, in addition to any information required by the relevant Clearing System:

- the principal amount and Series of the Designated Securities to which such Participation Instruction relates;
- in the case of Eligible Holders only, whether such Designated Securities are being tendered for exchange (in which case the Holder by so tendering will also have been deemed to have instructed 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 to consent to and vote in favour of the relevant Extraordinary Resolution with respect to such Designated Securities);
- in the case of holders of Designated Securities who are Eligible Holders who have not tendered Notes in the exchange, that the holder of Designated Securities instructs 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 to reject and vote against the Extraordinary Resolution with respect to such Designated Securities;
- in the case of holders of Designated Securities who are not Eligible Holders, that the holder of Designated Securities instructs 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 to consent and vote in favour of, or reject and vote against the Extraordinary Resolution with respect to such Designated Securities; and

- where applicable, a certification of the holder of Designated Securities' Eligible Holder status. If such certification is not provided the Holder of Designated Securities will not be eligible to participate in the Exchange Offer or to receive the Consideration in the event that the relevant Designated Securities are exchanged for the Consideration following the passing of the relevant Extraordinary Resolutions.

Mere Blocking of such Designated Securities with the Clearing System shall not constitute a valid Participation Instruction.

By submitting a valid Participation Instruction, a holder of Designated Securities and any Direct Participant submitting such Participation Instruction on behalf of such holder of Designated Securities shall be deemed to make the agreements, acknowledgements, representations, warranties, undertakings and directions set out in “—*Noteholders' Agreements, Acknowledgements, Representations, Warranties and Undertakings*” to Ukraine and the Settlement and Tabulation Agent at the Expiration Deadline and at the time of settlement on the Settlement Date. If a holder of Designated Securities or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty, undertaking or direction, such holder of Designated Securities or Direct Participant should contact the Settlement and Tabulation Agent immediately.

**Only Direct Participants may submit or deliver Participation Instructions and/or Forms of Sub-Proxy. Each holder of Designated Securities that is not a Direct Participant must arrange for the Direct Participant through which such holder of Designated Securities holds its Designated Securities to submit a valid Participation Instruction and/or Forms of Sub-Proxy (as applicable) on its behalf to the relevant Clearing System, as applicable, before the deadlines specified by the relevant Clearing System. A holder of Designated Securities wishing to vote in person at the Meeting, take part in the Exchange Offer or otherwise vote on the Extraordinary Resolutions will need to ensure it has procured that the relevant Direct Participant has submitted a Form of Sub-Proxy before the Expiration Deadline.**

*Participation Instructions for Designated Securities held via Euroclear and Clearstream, Luxembourg*

Holders of Designated Securities may participate in the Consent Solicitation by *inter alia* delivering, or arranging to have delivered on their behalf, via the relevant Clearing System a valid Participation Instruction for receipt by the Settlement and Tabulation Agent prior to the Expiration Deadline. Each Participation Instruction must specify, among other things, the aggregate principal amount of the Designated Securities to which such Participation Instruction relates and the securities account number at the relevant Clearing System in which the Designated Securities are held. The receipt of such Participation Instruction by the relevant Clearing System will be acknowledged by such Clearing System in accordance with the standard practices of such Clearing System and will result in the Blocking until the conclusion of the Meeting (or any adjourned Meeting) of the relevant Designated Securities held by the holder of the Designated Securities on whose behalf such Participation Instruction was submitted and in such Designated Securities being held to the order of 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. The holders of Designated Securities must take the relevant steps through the relevant Clearing System to ensure that no transfers may be effected in relation to such Designated Securities at any time whilst they are blocked, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System.

Holders of Designated Securities must take the appropriate steps through the relevant Clearing System so that no transfers may be effected in relation to such Blocked Designated Securities at any time after the date of submission of such Participation Instruction in accordance with the requirements of such Clearing System and the deadlines required by such Clearing System. By Blocking such Designated Securities in the relevant Clearing System, each Direct Participant will be deemed to consent to have such Clearing System provide details concerning such Direct Participant's identity to the Settlement and Tabulation Agent (and for the Settlement and Tabulation Agent to provide such details to the Issuer and the Dealer Manager, the Trustee and their respective legal and other advisers).

Only Direct Participants may submit Participation Instructions. Each holder of Designated Securities that is not a Direct Participant must arrange for the Direct Participant through which such holder of Designated Securities holds its Designated Securities to submit a Participation Instruction on its behalf to the relevant Clearing System before the deadlines specified by such Clearing System or, in the case of a Form of Sub-Proxy, to the Settlement and Tabulation Agent before the Expiration Deadline.

*Participation Instructions and delivery of Forms of Sub-Proxy for Designated Securities held via DTC*

The Settlement and Tabulation Agent will establish an ATOP account (the “**ATOP Account**”) on behalf of Ukraine and FinInPro, as applicable, with respect to the Designated Securities held in DTC. DTC has confirmed that each of the Exchange Offer and the Consent Solicitation is eligible for its Automated Tender Offer Programme (“**ATOP**”), whereby a DTC Direct Participant may make book-entry delivery of Participation Instructions by causing DTC to transfer the Designated Securities into the ATOP Account or electronically deliver the Participation Instructions. Deliveries of Participation Instructions are effected through the ATOP procedures by delivery of an Agent’s Message (as defined below) by DTC to the Settlement and Tabulation Agent. The confirmation of a book-entry transfer into the ATOP Account at DTC as described herein is referred to in this Exchange Offer Memorandum as a “**Book-Entry Confirmation**”. Delivery of documents to DTC does not constitute delivery to the Settlement and Tabulation Agent.

The procedures herein assume that in accordance with its usual procedures, DTC will appoint the DTC Direct Participants on 9 October 2015 (the “**Record Date**”) as its proxies under an omnibus proxy (the “**Omnibus Proxy**”) in respect of the principal amount of each of the Designated Securities shown on its records as being held by them on the Record Date.

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 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 this Exchange Offer Memorandum.

**A Participation Instruction in respect of Designated Securities held through DTC submitted through DTC’s ATOP will NOT constitute, imply or be deemed to be any participation in the Meeting.**

The term “**Agent’s Message**” means a message transmitted to, and received by, the Settlement and Tabulation Agent and forming a part of the Book-Entry Confirmation, stating that DTC has received an express acknowledgement from the DTC Direct Participant that such DTC Direct Participant has received and agrees to be bound by the terms of the Exchange Offer and Consent Solicitation, including making the deemed agreements, acknowledgements, representations, warranties, undertakings and directions set forth in this Exchange Offer Memorandum, and that the Issuer may enforce such agreement against such DTC Direct Participant.

Holders of Designated Securities wishing to deliver their instructions prior to the applicable Expiration Deadline should note that they must allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such date. Any Agent’s Message not received by the Settlement and Tabulation Agent prior to the Expiration Deadline will be disregarded and have no effect. Except as otherwise provided herein, participation in respect of the Designated Securities will be deemed made only when the Agent’s Message is actually received by the Settlement and Tabulation Agent. No documents should be sent to Ukraine, FinInPro, the Information Agent or the Trustees.

Only DTC Direct Participants may submit Participation Instructions through DTC. Any holder of Designated Securities which is not a DTC Direct Participant must contact its broker, dealer, commercial bank, custodian, or DTC Direct Participant and arrange for the DTC Direct Participant through which it holds the Designated Securities to submit Participation Instructions and Forms of Sub-Proxy on its behalf to DTC prior to the Expiration Deadline as applicable. Please note that if Designated Securities are held by a custodian, the

custodian may have an earlier deadline for delivering Participation Instructions and Forms of Sub-Proxy pursuant to the Exchange Offer and Consent Solicitation than the Expiration Deadline (as the case may be).

Holders of Designated Securities held via DTC who wish to take part in the Exchange Offer must arrange for Participation Instructions to be sent through the clearing system and in addition vote on the Extraordinary Resolution by procuring that the relevant DTC Direct Participant completes and submits a Form of Sub-Proxy to the Settlement and Tabulation Agent. Individuals nominated by the holders of Designated Securities or one or more employees of the Settlement and Tabulation Agent nominated by the Settlement and Tabulation Agent may be appointed as sub proxies for the purposes of attending the Meeting and voting for or against the Extraordinary Resolution. When providing a Participation Instruction together with a Form of Sub-Proxy, each holder of Designated Securities must ensure that the Form of Sub-Proxy clearly references the Participation Instruction which relates to their offer to exchange Designated Securities held through DTC.

After submitting the Agent's Message, the relevant holding of Designated Securities will be blocked, and the position of the instructing holder of Designated Securities cannot be sold or transferred (unless properly withdrawn or revoked). The Settlement and Tabulation Agent will instruct DTC to release the positions as soon as practicable but no later than 45 calendar days from the date hereof.

Holders of Designated Securities held via DTC who do not wish to take part in the Exchange Offer but wish to vote against the Extraordinary Resolution must do so by procuring that the relevant DTC Direct Participant completes and submits a Form of Sub-Proxy to the Settlement and Tabulation Agent. Individuals nominated by the holders of Designated Securities or one or more employees of the Settlement and Tabulation Agent nominated by the Settlement and Tabulation Agent may be appointed as sub proxies for the purposes of attending the Meeting and voting for or against the Extraordinary Resolution.

Holders of Designated Securities held via DTC who are U.S. persons who are not Eligible Investors and wish to take part in the Consent Solicitation, can vote in favour or against the Extraordinary Resolution by procuring that the relevant DTC Direct Participant completes and submits a Form of Sub-Proxy to the Settlement and Tabulation Agent. Individuals nominated by the holders of Designated Securities or one or more employees of the Settlement and Tabulation Agent nominated by the Settlement and Tabulation Agent may be appointed as sub proxies for the purposes of attending the Meeting and voting for or against the Extraordinary Resolution.

The procedures for delivering instructions described above are referred to herein collectively as the “**DTC Exchange Procedures**”. The delivery of a Participation Instruction pursuant to the Exchange Offer in accordance with DTC Exchange Procedures will constitute (a) an agreement between the holder of Designated Securities and the Issuer in accordance with the terms and subject to the conditions of the Exchange Offer and Consent Solicitation and (b) the consent of the holder of Designated Securities to the terms of the Exchange Offer and Consent Solicitation.

The delivery of a Participation Instruction pursuant to the Exchange Offer in accordance with the DTC Exchange Procedures will not constitute an instruction in respect of the Meeting and holders of Designated Securities must separately submit a Form of Sub-Proxy in order to vote on the Extraordinary Resolutions.

In the event that the Extraordinary Resolution relating to any Series of Designated Securities is successfully passed, holders of such Series that hold their Designated Securities through DTC and have either (i) in the case of Eligible Holders, voted against the Extraordinary Resolution, or (ii) in the case of Holders who are U.S. persons who are not Eligible Holders, who wish to receive the Consideration must provide a certification to Ukraine and the Settlement and Tabulation Agent, certifying that they are Eligible Holders within the 150 day period described under “-Cash Proceeds Arrangement” below.

*Eligible Holder certification with respect to Designated Securities for which Participation Instructions are not submitted*

In the event that the Extraordinary Resolution relating to any Series of Designated Securities is successfully passed, holders of such Series that have not submitted Participation Instructions and wish to

receive the Consideration must provide a certification to Ukraine and the Settlement and Tabulation Agent through a Clearing System, in accordance with the procedures set forth in the relevant Clearing System Notice, certifying that they are Eligible Holders. A holder of Designated Securities that does not wish to submit a Participation Instruction pursuant to the Invitation may provide such certification to Ukraine through a Clearing System for receipt by the Settlement and Tabulation Agent prior to the Voting Deadline, in accordance with the procedures set forth in the relevant Notice, to facilitate the delivery of the Consideration in the event that the Extraordinary Resolution relating to such Designated Securities is passed. Such certification must state that such holder of Designated Securities is either (a) an Eligible Holder or (b) acting on a non-discretionary basis on behalf of the beneficial owner of the Designated Securities in respect of which such Participation Instruction has been submitted and has been duly authorised to so act and such beneficial owner has confirmed to the holder that such beneficial owner is an Eligible Holder.

In the event that a holder of such Series that has not submitted Participation Instructions does not certify that it is an Eligible Holder (either by confirming that it is unable to certify or by taking no action) then the provisions of the Invitation in relation to the Cash Proceeds Arrangement (as set out in “*Delivery of New Notes and GDP-linked Securities*”) shall apply.

### ***Revocation Rights***

All Participation Instructions in respect of the tendering of any Designated Securities for Exchange may be validly revoked at any time prior to the Exchange Revocation Deadline, but will thereafter be irrevocable (unless Ukraine extends the Expiration Deadline in such way that would cause the Invitation for those Designated Securities to last for more than 60 days or amends the Invitation for those Designated Securities in a manner that is materially adverse to holders of those Designated Securities) for such period of time as Ukraine deems appropriate. Following any such extension or amendment, holders of Designated Securities will have the right to revoke Participation Instructions in respect of the tendering of any Designated Securities of the applicable Series reinstated for a period of two business days from the date Ukraine first publicly announces that it is reinstating revocation rights or for any longer period specified by Ukraine in its announcement. In the case of each Series of Designated Securities, in respect of the Consent Solicitation with respect to such Series only, the Voting Revocation Deadline for any consent or proxy given by way of a Participation Instruction or otherwise shall be 48 hours prior to the time of the Meeting for such Series of Designated Securities as specified in the applicable Notice. See “—*Method of Announcements*”.

To effectively revoke a Participation Instruction, subject to the limitations described above, Holders must follow the procedures set forth under “—*Procedures for revocation of Participation Instructions*”. See “*Risk Factors and Other Considerations—Risks of Participating in the Invitation*” and “—*Risks of Not Participating in the Invitation*”. Agreements, acknowledgements, representations, warranties, undertakings and directions set out in paragraphs (14), (16), (22), (24), (25), (26), (28), (29) and (30) of “—*Noteholders’ Agreements, Acknowledgements, Representations, Warranties and Undertakings*” deemed made by holders of Designated Securities and any Direct Participants upon submission of a Participation Instruction shall survive any valid revocation of such Participation Instruction.

For the avoidance of doubt, any Noteholder who does not exercise any such right of revocation in the circumstances and in the manner specified herein shall be deemed to have waived such right of revocation and its Participation Instruction will remain effective.

Notwithstanding any valid revocation of Participation Instructions, if the Extraordinary Resolution relating to a Series of Designated Securities is declared effective pursuant to the terms of the Invitation, each holder of Designated Securities of that Series will be bound by the Extraordinary Resolution.

### ***Procedures for revocation of Participation Instructions***

A Direct Participant for its own account and/or on behalf of a holder of Designated Securities may revoke a Participation Instruction in respect of Designated Securities by submitting a Revocation Instruction to the Clearing System to which the Participation Instruction was submitted, for delivery to the Settlement and Tabulation Agent, prior to the Exchange Revocation Deadline in relation to an offer to exchange Designated Securities or the Voting Revocation Deadline in relation to an instruction to participate in the Consent Solicitation. Upon receiving such Revocation Instructions, the Clearing System will deliver a notice of withdrawal to the Settlement and Tabulation Agent prior to the Exchange Revocation Deadline or Voting

Revocation Deadline, as applicable, whereupon the Settlement and Tabulation Agent will instruct the Clearing System to unblock the relevant Designated Securities and disregard the tender for exchange, if any, and/or voting in favour of or against the Extraordinary Resolution with respect to such Designated Securities.

For the Revocation Instructions to be effective, the Settlement and Tabulation Agent must receive the Revocation Instruction from the Clearing System to which the Participation Instruction was submitted by the Exchange Revocation Deadline or Voting Revocation Deadline, as applicable, or within two business days after the date Ukraine first publicly announces (in the manner described in “—*Method of Announcements*”) the reinstatement of revocation rights, or by such later date as Ukraine may provide in any such announcement in its discretion.

Holders that hold Designated Securities through a financial institution or other intermediary must instruct that intermediary to procure the valid submission of a Revocation Instruction to the relevant Clearing System and ensure that such Revocation Instruction is received by the Settlement and Tabulation Agent by the Exchange Revocation Deadline or Voting Revocation Deadline, as applicable.

Participation Instructions with respect to Designated Securities may not be partially revoked. Therefore, if a Direct Participant, for its own account and/or on behalf of a holder of Designated Securities that is not itself a Direct Participant, wishes to revoke a Participation Instruction with respect to a portion of the relevant Designated Securities, that Direct Participant must timely (a) submit a Revocation Instruction, as provided herein with respect to the entire Participation Instruction and (b) submit a new Participation Instruction with respect to the Designated Securities not intended to be affected by the revocation.

Ukraine can offer no assurance that any custodian, Direct Participant or Clearing System will follow the procedures necessary to revoke or resubmit Participation Instructions, as these procedures are entirely within such parties’ discretion.

Any questions regarding the revocation of Participation Instructions may be addressed to the Settlement and Tabulation Agent using the contact information provided on the back cover of this document.

### ***Irregularities***

All questions as to the validity, form and eligibility (including times of receipt) of any Participation Instruction or Revocation Instruction will be determined by Ukraine in its sole discretion, which determination shall be final and binding.

Ukraine (or, where applicable, FinInPro) reserves the absolute right to reject any and all Participation Instructions or Revocation Instructions not in proper form or for which any corresponding agreement by Ukraine to accept would, in the opinion of Ukraine (or, where applicable, FinInPro) and its legal advisers, be unlawful. Ukraine (or, where applicable, FinInPro) also reserves the absolute right to waive any defects, irregularities or delay in the submission of any and all Participation Instructions or Revocation Instructions at its discretion. Ukraine (or, where applicable, FinInPro) also reserves the absolute right to waive any such defect, irregularity or delay in respect of particular Participation Instructions or Revocation Instructions, whether or not Ukraine (or, where applicable, FinInPro) elects to waive similar defects, irregularities or any delay in respect of any other such Participation Instructions or Revocation Instructions.

Any defect, irregularity or delay must be cured within such time as Ukraine determines, unless waived by it. Participation Instructions and Revocation Instructions will be deemed not to have been made until such defects, irregularities or delays have been cured or waived. Neither Ukraine, FinInPro nor the Settlement and Tabulation Agent shall be under any duty to give notice to a Noteholder of any defects, irregularities or delays in any Participation Instruction or Revocation Instruction, nor shall any of them incur any liability for failure to give such notice.

### ***Noteholders’ Agreements, Acknowledgements, Representations, Warranties and Undertakings***

By submitting a Participation Instruction, a Noteholder and any Direct Participant submitting such Participation Instruction on such Noteholder’s behalf shall be deemed to agree, and acknowledge, represent, warrant and undertake, to Ukraine, FinInPro (as the case may be) and the Settlement and Tabulation Agent that at (i) the Expiration Deadline or Voting Deadline (as applicable) and (ii) the time of settlement of the transactions contemplated by the Invitation on the Settlement Date (and any Direct Participant submitting any

Participation Instruction on behalf of one or more Noteholders must therefore ensure that each Noteholder represented by the relevant Participation Instruction is able to make such agreements or acknowledgements and give such representations, warranties and undertakings):

- (1) it has received the Exchange Offer Memorandum (and has had access to and has reviewed, to the extent applicable, the documents incorporated by reference into and referred to in this Exchange Offer Memorandum) in accordance with applicable laws, including the Issue and Resale Restrictions, and has reviewed and accepts the issue and resale restrictions, terms, conditions, risk factors, the terms and conditions of the relevant New Notes and GDP-linked Securities and other considerations of the Invitation, all as described in this Exchange Offer Memorandum (including the documents incorporated by reference into this Exchange Offer Memorandum), and has undertaken an appropriate analysis of the implications of such Invitation without reliance on Ukraine, FinInPro, the Designated Securities Trustees or the Settlement and Tabulation Agent or any of their respective advisers;
- (2) it acknowledges and agrees (i) that neither this Exchange Offer Memorandum nor the Offer Website contains all material information regarding Ukraine or FinInPro, and (ii) (A) that the Invitation is being made solely by Ukraine, and in relation to the Guaranteed Securities only, FinInPro, and that any securities to be delivered to any holders of Designated Securities exchanged or substituted pursuant to the Invitation will be delivered to such holders of Designated Securities by Ukraine, and (B) that otherwise than in respect of the Consent Solicitation for the Guaranteed Securities, FinInPro is not making any offer or invitation to any holders of Designated Securities or is in any manner involved in or shall have any obligations pursuant to the Invitation;
- (3) in the case of Designated Securities, by submitting or procuring the submission of a Participation Instruction to, and by Blocking the relevant Designated Securities in, the relevant Clearing System, it will be deemed to consent, in the case of a Direct Participant, to have that Clearing System provide any details set forth in the Participation Instruction to the Settlement and Tabulation Agent (and for the Settlement and Tabulation Agent to provide such details to Ukraine, FinInPro (in relation to Guaranteed Securities only), 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 (as the Noteholders' proxies) and their respective advisers) and it acknowledges that its Participation Instruction contains an offer to enter into a contractual relationship with Ukraine (and FinInPro, in relation to Guaranteed Securities only) in accordance with the terms of the Invitation and that, consequently, the information contained in such Participation Instruction is required in connection with the Invitation and it agrees that the Settlement and Tabulation Agent will store, process and use the data contained in such Participation Instruction to the extent required for the completion of the Invitation and/or the exercise of any rights under the representations, warranties and undertakings given in connection with the Invitation;
- (4) upon the terms and subject to the conditions of the Invitation, it, as indicated in its Participation Instructions, tenders for exchange in the Invitation and/or consents to and votes in favour of, or rejects or votes against, the Extraordinary Resolutions relating to such Designated Securities the principal amount of Designated Securities reflected in such Participation Instruction, and blocked in its account in the Clearing System, subject to delivery of the relevant Consideration by Ukraine and the passing and declaring effective of the Extraordinary Resolution relating to such Series of Designated Securities, it renounces all right, title and interest in and to all such Designated Securities exchanged by or at the direction of Ukraine and waives and releases any rights or claims it may have against Ukraine and (where applicable) FinInPro with respect to any such Designated Securities and the Invitation, including any right it may have to challenge the exchange and/or transfer of such Designated Securities;
- (5) it agrees to ratify and confirm each and every act or thing that may be done or effected by Ukraine (or FinInPro in relation to Guaranteed Securities only) or any person nominated by Ukraine in the proper exercise of his or her powers and/or authority hereunder;
- (6) it agrees to do all such acts and things and execute and deliver any additional documents deemed by Ukraine (or FinInPro in relation to Guaranteed Securities only) or the Settlement and Tabulation Agent (or its custodian or other holder or third party acting on its behalf, as applicable) to

be necessary or desirable, in each case to complete the transfer of the relevant Designated Securities to Ukraine or its nominee in exchange for the relevant New Notes and GDP-linked Securities and/or to perfect any of the authorities expressed to be given hereunder;

(7) the exchange of Designated Securities and the delivery by Ukraine of New Notes and GDP-linked Securities, in the manner contemplated “—*Delivery of New Notes and the GDP-linked Securities*”, shall be deemed to constitute full performance and satisfaction by each of Ukraine and (where applicable) FinInPro of all of its obligations under the Designated Securities and the Invitation, such that following the exchange or substitution and cancellation of such Designated Securities and such delivery of New Notes and GDP-linked Securities it shall have no contractual or other rights or claims in law or equity arising out of or related to its Designated Securities;

(8) subject to, and effective upon the delivery by Ukraine of New Notes and GDP-linked Securities, in the manner contemplated under “*Delivery of New Notes and GDP-linked Securities*”, it discharges and releases Ukraine, FinInPro (where applicable), and the Settlement and Tabulation agent, Information Agent, the Trustees, Principal Paying Agents, Paying Agent and Registrar, as the case may be, in respect of the relevant exchanged Designated Securities and any of their respective agents, officials, officers, employees or advisers, from any and all claims (including claims in the form of a payment order, judgment, arbitral award or other such order or enforcement actions related thereto) it may have, now or in the future, arising out of or related to such Designated Securities exchanged;

(9) it constitutes and appoints the relevant paying agent or its successor (and its custodian or other holder or third party acting on its behalf, as applicable) as its true and lawful agent and attorney with respect to all of its Designated Securities which are the subject of an exchange, with full power of substitution, to (a) present, endorse and deliver such Designated Securities and all evidence of transfer and authenticity to Ukraine, or upon Ukraine’s order, and (b) present such Designated Securities for transfer and cancellation;

(10) it constitutes and appoints the relevant paying agent or its successor (and its custodian or other holder acting on its behalf, as applicable) as its true and lawful agent and attorney, and provides an irrevocable instruction to such attorney and agent to complete and execute all or any form(s) of transfer, endorsements, registrations and/or other document(s) deemed necessary in the opinion of such attorney and agent in relation to all of its Designated Securities which are the subject of an exchange in favour of the Settlement and Tabulation Agent or such other person or persons as Ukraine may direct, for purposes of the exchange, transfer to Ukraine and/or cancellation of such Designated Securities, and to deliver such form(s) of transfer and other document(s) in the attorney’s and agent’s opinion and/or the certificate(s) and other document(s) of title relating to such Designated Securities and to execute all such other documents, endorsements and/or registrations, announcements and notifications, and to do all such other acts and things as may be in the opinion of such attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance and settlement of the Invitation and the transfer and/or cancellation of such Designated Securities;

(11) (a) (i) by submitting Participation Instructions to tender Designated Securities for exchange, it appoints as its proxy, or instructs the holders of record of its Designated Securities, to complete and sign a Form of Sub-Proxy and in such proxy to authorise and instruct, 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 as its proxy and authorises and instructs 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 to attend, appoint a proxy to attend and/or to cast votes at any Meeting convened in respect of the relevant Series of Designated Securities or any adjournment thereof, to vote in favour of, where applicable, the Extraordinary Resolution in relation to that Series of Designated Securities or (ii) by submitting Participation Instructions with respect to an Extraordinary Resolution only, it appoints as its proxy, or instructs the holders of record of its Designated Securities, it irrevocably instructs 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 as its proxy authorises and instructs 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 to attend, appoint a proxy to attend, and/or to cast votes at any Meeting convened in respect of the relevant Series of Designated Securities or any adjournment thereof, if applicable, to (x) vote in favour of or (y) vote against, the Extraordinary Resolution relating to such Series of Designated Securities as set forth in such Participation Instruction and (b) it acknowledges that such proxy shall become irrevocable once the Participation Instruction becomes irrevocable pursuant to the terms of the Invitation;

(12) if it has submitted such Participation Instructions through any custodian or any other holder or third party acting on its behalf, it has constituted and appointed such custodian, holder or third party as its true and lawful agent and attorney to carry out all the necessary actions that are required to submit such Participation Instructions pursuant to the Invitation and to transfer such Designated Securities for cancellation and it will not revoke any instructions and/or powers-of-attorney given to such custodian, holder or third party unless it submits a Revocation Instruction;

(13) it has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with its participation in the Invitation in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of the Invitation or which will or may result in Ukraine, FinInPro (where applicable), the Settlement and Tabulation Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Invitation;

(14) all authority conferred or agreed to be conferred pursuant to its agreements, acknowledgements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;

(15) no advice or recommendation has been provided to it by Ukraine, FinInPro (if applicable), the Settlement and Tabulation Agent or the Trustee or any of their respective directors or employees or advisers with regard to the tax consequences for the relevant Noteholder arising from (i) the exchange of Designated Securities pursuant to the Invitation for New Notes and GDP-linked Securities or in relation to the New Notes and GDP-linked Securities or (ii) voting in favour of or against the relevant Extraordinary Resolution, as applicable, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction, as well as any charges, costs and expenses by any intermediary through which the relevant Designated Securities are held, as a result of its participation in the Invitation (including (1) the exchange of its Designated Securities and the receipt pursuant to the Invitation of the relevant New Notes and GDP-linked Securities or (2) voting in favour of or against the relevant Extraordinary Resolution, as applicable) or in relation to the New Notes and GDP-linked Securities and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against Ukraine, the FinInPro (if applicable), the Settlement and Tabulation Agent, or the Designated Securities Trustees or any of their respective directors or employees or advisers in respect of such taxes and payments;

(16) it is a person who may lawfully participate in the Invitation or to whom it is lawful to make an invitation pursuant to the Invitation under applicable securities laws and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of a Participation Instruction) complied with all laws and regulations applicable to it for the purposes of its participation in the Invitation;

(17) the New Notes and GDP-linked Securities have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws;

(18) (a) either (i) it is the beneficial owner of the Designated Securities in respect of which any Participation Instruction has been submitted and has full power and authority to tender for exchange, transfer and assign such Designated Securities and/or consent to and vote in favour of, or reject and vote against, the applicable Extraordinary Resolution(s) and to appoint proxies in respect thereof and to submit all required documents in relation thereto or (ii) it has been granted full power and authority by the beneficial owner of the Designated Securities to tender such Designated Securities for exchange, transfer and assign such Designated Securities tendered for exchange and/or vote in favour of, or against, the Extraordinary Resolutions, and to appoint proxies in respect thereto and to submit

all required documents in relation thereto; (b) if such Designated Securities are accepted for exchange by Ukraine or the Extraordinary Resolution relating to such Series of Designated Securities are declared effective pursuant to the terms of the Invitation, such Designated Securities will be transferred and/or assigned to, or to the order of, Ukraine with full title guarantee free and clear from all liens, charges, encumbrances, interests, rights of third parties and restrictions of any kind, not subject to any adverse claim and together with all rights attached to such Designated Securities, and it is solely responsible for complying with this undertaking and Ukraine shall not be liable to any third party that has now, or may have in the future, any right or interest of any kind in such Designated Securities, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by Ukraine to be necessary or desirable to complete the transfer and/or assignment and cancellation of such Designated Securities or to evidence such power and authority; and (c) the delivery by Ukraine of the New Notes and GDP-linked Securities to the relevant Clearing System will discharge the obligation of Ukraine to such Noteholder in respect of the delivery of the New Notes and GDP-linked Securities and no additional amounts shall be payable to the Noteholder in the event of a delay in the transmission of the relevant New Notes and/or GDP-linked Securities by the relevant Direct Participant in any Clearing System and/or any other intermediary to the Noteholder;

(19) it holds and will hold, until the time of settlement of the Invitation on the Settlement Date, the Designated Securities in respect of which such Participation Instruction was submitted pursuant to the Invitation and blocked in the relevant Clearing System until the conclusion of the Meeting (or any adjourned Meeting) and, in accordance with the requirements of, and by the deadline required by, the relevant Clearing System, it has submitted, or has caused to be submitted, a Participation Instruction to the relevant Clearing System to authorise the Blocking of such Designated Securities with effect on and from the date of such submission so that, at any time pending the transfer of such Designated Securities on the Settlement Date, or to its agent on its behalf, no transfers or any other disposal of such Designated Securities may be effected;

(20) the terms and conditions of the Invitation shall be incorporated in, and form a part of, the Participation Instruction which shall be read and construed accordingly and that the information given by or on behalf of such Noteholder in such Instruction is true and will be true in all respects at the time of the exchange on the Settlement Date;

(21) it accepts and acknowledges that Ukraine is under no obligation to accept tenders for exchange of Designated Securities of any Series pursuant to the Invitation and accordingly such tenders may be accepted or rejected by Ukraine in its sole discretion and for any reason or for no reason, and that Ukraine is under no obligation to declare any Extraordinary Resolutions effective;

(22) the submission of a Participation Instruction or a Revocation Instruction is within the exclusive responsibility of it, its custodian or other intermediary or other holder or third party acting on its behalf, as applicable, and it further acknowledges that neither Ukraine nor FinInPro (where applicable) shall be liable with respect to any failure in the submission or transfer, or any delayed submission or transfer, or any error in the execution of any such submission or transfer, of the Designated Securities, Participation Instructions or any Revocation Instructions through any Clearing System or any failure to execute, or any delayed execution of, any other steps or formality, necessary or desirable to complete validly the tender procedures, the consent, rejection, or voting procedures or the revocation procedures, as applicable, of the Invitation;

(23) it instructs (where applicable) its custodian, other securities intermediary, or any other holder or third party acting on its behalf to transfer the Designated Securities tendered for exchange or made subject to the Extraordinary Resolutions to Ukraine for cancellation, according to the terms and conditions described in this Exchange Offer Memorandum, or if such Designated Securities are not accepted by Ukraine pursuant to the terms and conditions of the Invitation and not made subject to the Extraordinary Resolutions, it instructs its custodian, holder or third party acting on its behalf to release such Designated Securities to it, and it understands and acknowledges that neither Ukraine, FinInPro (where applicable) nor the Settlement and Tabulation Agent shall be responsible for any failure, or any delay, or any error in the execution of any such release of the Designated Securities;

(24) if any one or more of the above representations, warranties and undertakings made by or with respect to it shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining representations, warranties and undertakings made by or with respect to it, and the representations, warranties and undertakings made by or with respect to all other holders, shall in no way be affected, prejudiced or otherwise disturbed thereby;

(25) it agrees that the Invitation, the Participation Instruction, and/or the Revocation Instruction, as well as any exchange of Designated Securities pursuant to the Invitation, and any non-contractual obligations arising out of or in connection with the Invitation, are governed by, and shall be construed in accordance with, the laws of England and Wales;

(26) it irrevocably and unconditionally agrees for the benefit of Ukraine, FinInPro (if applicable) and the Settlement and Tabulation Agent that the courts of England and Wales are to have jurisdiction to settle any disputes which may arise out of or in connection with the Invitation, the Participation Instruction, and/or the Revocation Instruction (including any dispute relating to any non-contractual obligations arising out of or in connection with the Invitation, the Participation Instruction, and/or the Revocation Instruction) and that, accordingly, any suit, action or proceedings arising out of or in connection with such Invitation, the Participation Instruction and/or the Revocation Instruction may be brought in such courts;

(27) it understands that acceptance for exchange of Designated Securities validly tendered for exchange by it pursuant to the Invitation will constitute a binding agreement between it and Ukraine, acting for itself and on behalf of FinInPro (if applicable), in accordance with and subject to the terms and conditions of the Invitation;

(28) it understands that Ukraine may, at its sole discretion, extend, re-open, amend or waive any condition of (to the extent permitted by law) or terminate the Invitation at any time, in whole or in part and that in the event of a termination of the Invitation, the Participation Instructions with respect to Designated Securities held through a Clearing System (including the Blocking instructions) with respect to such Designated Securities will be released;

(29) none of Ukraine, FinInPro, the Information Agent, the Designated Securities Trustees and the Settlement and Tabulation Agent, or any of their respective directors or employees, has given it any information with respect to the Invitation save as expressly set out in this Exchange Offer Memorandum (and the documents incorporated by reference herein) nor has any of them made any advice or recommendation to it as to (i) whether it should tender Designated Securities for exchange in the Invitation, (ii) whether it should consent to and vote in favour of, or reject and vote against, any Extraordinary Resolutions, and it has made its own decision with regard to tendering Designated Securities for exchange in the Invitation, consenting to or voting in favour of, or rejecting or voting against, any Extraordinary Resolutions based on any legal, tax or financial advice it has deemed necessary to seek; and

(30) it acknowledges that Ukraine, FinInPro (if applicable), the Designated Securities Trustees and the Settlement and Tabulation Agent will rely upon the truth and accuracy of the foregoing acknowledgments, agreements, representations, warranties and undertakings.

If any Noteholder or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such Noteholder or Direct Participant should contact the Settlement and Tabulation Agent immediately.

The receipt of a valid Participation Instruction pursuant to the Invitation by the Clearing System and the Settlement and Tabulation Agent will constitute instructions to debit the securities account of the relevant Direct Participant on the Settlement Date in respect of the Designated Securities of the relevant Noteholder, as applicable. The relevant Clearing System will execute such instructions on the Settlement Date. Such instructions shall be executed at such time as that Clearing System receives a credit to its account of the Consideration delivered in exchange for such Designated Securities and to transfer such Designated Securities to the specified account of Ukraine or its agent on its behalf (or to deliver such securities for cancellation upon the order of Ukraine or its agent on its behalf). All such instructions shall be:

- (a) subject to automatic withdrawal:
  - (i) on the date of any termination of the Invitation (including where such Designated Securities are not accepted for exchange by Ukraine); or
  - (ii) on the valid revocation of such Participation Instruction by the relevant Noteholder prior to the Exchange Revocation Deadline or Voting Revocation Deadline, as applicable, and
- (b) subject to Ukraine's decision to declare effective the Extraordinary Resolutions and/or exchange tendered notes for exchange and all other conditions of the Invitation (or the waiver of such conditions by Ukraine).

#### **Amendment and Termination of the Invitation**

Notwithstanding any other provision of the Invitation, Ukraine may, subject to applicable laws, at its option and at its sole discretion, at any time before any acceptance by it of any tender for exchange in the Exchange Offer or its decision to declare effective any of the Extraordinary Resolutions:

- (a) extend the Expiration Deadline for, or re-open, the Exchange Offer with respect to one or more Series of Designated Securities (in which case all references in this Exchange Offer Memorandum to "Expiration Deadline" shall, for the purposes of the Invitation with respect to such Series of Designated Securities (unless the context otherwise requires), be to the latest time and date to which the Expiration Deadline has been so extended or such Invitation re-opened);
- (b) otherwise extend, re-open or amend the Invitation in any respect (including, but not limited to, any increase, decrease, extension, re-opening or amendment, as applicable, in relation to the Exchange Revocation Deadline or Voting Revocation Deadline, Expiration Deadline, Voting Deadline, any Meeting Date, Settlement Date or calling a further Meeting and soliciting proxies with respect to any resolution to be proposed thereat) with respect to one or more Series of Designated Securities;
- (c) delay the acceptance of Participation Instructions or exchange of Designated Securities validly submitted for exchange in the Invitation with respect to one or more Series of Designated Securities until satisfaction or waiver (to the extent permitted by law) of the conditions to the Invitation, even if the Invitation has expired;
- (d) terminate the Invitation with respect to one or more Series of Designated Securities, including with respect to Participation Instructions submitted before the time of such termination; or
- (e) withdraw the Invitation from any one or more jurisdictions or in respect of any one or more Series of Designated Securities.

Ukraine also reserves the right at any time to waive any or all of the conditions of the Invitation as set out in this Exchange Offer Memorandum (other than those relating to the illegality of the exchange of Designated Securities for the Consideration or the obligation to accept all tenders and declare effective all Extraordinary Resolutions in the manner described under "*Conditions of the Invitation—Additional conditions to the acceptance of tenders for exchange in the Exchange Offer*"). In addition, Ukraine reserves the right at any time to delay or refuse acceptance of Designated Securities of one or more Series tendered for exchange pursuant to the Exchange Offer in order to comply with applicable laws and regulations.

In addition, Ukraine reserves the right to extend or delay the Settlement Date for one or more Series of Designated Securities, to terminate the Invitation for one or more Series of Designated Securities or to modify the settlement procedures in any way and at any time if:

- (i) any court order or judgment is issued, or any legal proceedings are commenced, with the purpose or effect of preventing or impeding the Consent Solicitation, the holding of any Meeting, the effectiveness of any Extraordinary Resolution, the exchange or cancellation of the Designated Securities tendered, attaching or enjoining delivery of the New Notes or GDP-linked Securities or impeding or attaching payments under the New Notes or GDP-linked Securities; or

(ii) Ukraine, in its sole discretion and to the extent permitted by applicable laws, rules and regulations, determines that such extension, delay, termination or modification is in the best interests of Ukraine or the holders of Designated Securities seeking to participate in the Invitation, in light of any court order, judgment or pending administrative, litigation, arbitral or other legal proceedings against Ukraine.

Ukraine will ensure an announcement is made in respect of any such extension, re-opening, amendment, termination or modification as soon as is reasonably practicable after the relevant decision is made. See “*The Invitation—Method of Announcements*”. To the extent a decision is made to waive any condition of the Invitation generally, as opposed to in respect of certain Series of Designated Securities, Ukraine will make a similar announcement in respect of such decision as soon as is reasonably practicable after such decision is made.

***Procedures upon rejection of tenders to exchange or termination of the Invitation by Ukraine***

If a tender of Designated Securities for exchange is rejected by or on behalf of Ukraine, or if the Invitation with respect to any Series of Designated Securities is terminated by Ukraine, the Settlement and Tabulation Agent will instruct the relevant Clearing Systems to unblock such Designated Securities in the relevant accounts as soon as is reasonably practicable.

**Delivery of New Notes and GDP-linked Securities**

If Designated Securities validly tendered for exchange pursuant to the Exchange Offer are accepted for exchange by Ukraine, the relevant New Notes and GDP-linked Securities will be delivered by Ukraine on the Settlement Date to the relevant Clearing System and by that Clearing System to the relevant Settlement Account as set forth below.

Each Holder of Designated Securities (i) through a Settlement Account in DTC who confirms its status as a QIB or Accredited Investor in its Participation Instruction, (ii) through a Settlement Account in Clearstream, Luxembourg or Euroclear who confirms its status as a QIB or Accredited Investor in its Participation Instruction or (iii) through a Settlement Account in Clearstream, Luxembourg or Euroclear who confirms its status as a non-U.S. Person outside of the United States in its Participation Instruction, shall have Consideration delivered to the same Settlement Account.

Each Holder of Designated Securities through a Settlement Account in DTC who confirms its status as a non-U.S. Person outside of the United States in its Participation Instruction may only have Consideration delivered to a Settlement Account held in Clearstream, Luxembourg or Euroclear. Each such Holder shall (i) include the details of such Settlement Account and relevant contact information in its Participation Instruction, (ii) agree settlement details with the Settlement Agent and (iii) instruct the applicable Clearing System to receive the relevant Consideration.

If Ukraine obtains the requisite majority required to pass Extraordinary Resolution relating to some or all of the Designated Securities and decides to declare any of the Extraordinary Resolutions effective and (where applicable) exercises its option to exchange such Designated Securities pursuant to the Extraordinary Resolutions, it will seek to do so on the Settlement Date.

If the Extraordinary Resolution in relation to any Series of Designated Securities is declared effective pursuant to the terms of the Invitation, the New Notes and GDP-linked Securities will be delivered by Ukraine on the Settlement Date to the Clearing Systems and by the Clearing Systems to the relevant Settlement Accounts.

Upon the delivery by Ukraine of the New Notes and the GDP-linked Securities to the Clearing Systems and by the Clearing Systems to the relevant Settlement Accounts, Ukraine, and FinInPro in relation to the Guaranteed Securities only, will have discharged all of their respective obligations to the holders of the exchanged Designated Securities and all of their respective obligations pursuant to the Invitation.

Provided Ukraine delivers, or has delivered on its behalf, the New Notes and the GDP-linked Securities for all Designated Securities exchanged pursuant to the Invitation and/or any Extraordinary Resolution to a Clearing System and by that Clearing System to the relevant Settlement Account, under no circumstances will any additional interest be payable to a Noteholder because of any delay in the delivery of

the New Notes and the GDP-linked Securities by any Direct Participant or any other intermediary to that Noteholder.

*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 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) 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, 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**”) at any time following the expiry of such 150 day period. 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 “**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.

#### *Loss of entitlement to Consideration*

In the event that the Extraordinary Resolution relating to any Series of Designated Securities is not passed, those Noteholders of such Series that tendered their Designated Securities for exchange in the Exchange Offer may, at the sole discretion of Ukraine and as otherwise provided in the Invitation, have their tenders accepted and receive the relevant Consideration on the Settlement Date in exchange for their Designated Securities. In such circumstances, all Noteholders of the relevant Series that have not tendered their Designated Securities for exchange in the Exchange Offer will forfeit any right to receive the Consideration.

#### **Restrictions on Ukraine's ability to repurchase Designated Securities that remain outstanding following the Settlement Date**

The terms and conditions of the New Notes will contain a provision that, subject to certain exceptions, Ukraine may not repurchase, exchange or settle any Designated Securities that remain outstanding following the Settlement Date for consideration that has a net present value in excess of the net present value of the New Notes and other sovereign debt obligations (but for the avoidance of doubt without regard to the GDP-Linked Securities) received by exchanging holder(s) of an equivalent principal amount of Designated Securities in the Exchange Offer. See "*The New Notes – The terms and conditions of the New Notes*".

#### **Announcement of Results**

As soon as reasonably practicable after the Meeting Date for each Series of Designated Securities, Ukraine will announce whether the Conditions have been satisfied or waived (where applicable). If so, Ukraine will also announce, on one or more occasions, whether it will accept valid tenders for exchange of Designated Securities of any Series pursuant to the Exchange Offer, and whether it will put into effect (subject to the passing of the applicable resolutions at the relevant Meeting) any Extraordinary Resolution relating to the Designated Securities.

***It should be noted that if Ukraine makes the decision to exchange any tenders for exchange or to declare any of the Extraordinary Resolutions effective, then it must accept all valid tenders for exchange of any Series, and must declare all Extraordinary Resolutions which were successfully passed effective***

If it decides to accept tenders for exchange and declare the Extraordinary Resolutions effective, Ukraine will announce, on one or more occasions, (i) the aggregate principal amount of each Series of Designated Securities participating in the Invitation, and (ii) the aggregate principal amount of the New Notes and aggregate notional amount of GDP-linked Securities to be delivered by Ukraine to the holders of Designated Securities on the Settlement Date pursuant to the Invitation. If Ukraine elects to extend the Invitation period for any Series of Designated Securities, announcements relating to such Series may be deferred.

If Ukraine obtains the requisite majority required to pass Extraordinary Resolutions relating to some or all of the Series of Designated Securities, and decides, at its sole discretion, subject to the passing of a resolution of the Cabinet of Ministers of Ukraine and the satisfaction or waiver of the Conditions, to declare the Extraordinary Resolutions effective and (where applicable) exercises its option to exchange such Designated Securities pursuant to the Extraordinary Resolutions, it will seek to do so as promptly as practicable after the Meeting Date.

#### **Method of Announcement**

Unless stated otherwise, announcements in connection with the Invitation will be made by publication on the special announcement section of the website of the Ministry of Finance at [www.minfin.gov.ua](http://www.minfin.gov.ua) and on the Offer Website. Insofar as such announcements relate to Designated Securities listed on the Irish Stock

Exchange, they will also be made by publication through the regulatory news service of the Irish Stock Exchange and/or by publication on the website of the Irish Stock Exchange at [www.ise.ie](http://www.ise.ie). All such announcements may also be made by the delivery of notices to the Clearing Systems for communication to Direct Participants and/or the issue of a press release to a Notifying News Service. Copies of all such announcements, press releases and notices can also be obtained on the Offer Website.

Significant delays may be experienced where notices are delivered via the Clearing Systems, other clearing systems, clearing system participants and other intermediaries and therefore holders of Designated Securities, subject to the issue and resale restrictions, see “*Issue and Resale Restrictions*”, are urged to consult the Offer Website for the relevant announcements during the course of the Invitation. In addition, holders of Designated Securities may contact the Information Agent for information regarding the Invitation using the contact details on the back cover of this Exchange Offer Memorandum. Conveyance of notices and other communications by the Clearing Systems to Direct Participants and by Direct Participants and/or any other intermediary to holders of Designated Securities will be governed by arrangements between them and subject to any statutory or regulatory requirements as may be in effect from time to time.

### **Governing law**

This Exchange Offer Memorandum, the Invitation, each Participation Instruction, each Revocation Instruction, any exchange of Designated Securities pursuant to the Invitation and any non-contractual obligations arising out of or in connection with the Invitation and the transactions contemplated thereby, are governed by, and shall be construed in accordance with, the laws of England and Wales.

### **Questions and requests in relation to the Invitation, Participation Instructions, Revocation Instructions and the procedures for participating in the Invitation**

Questions and requests for assistance in connection with the Invitation must be directed to the Information Agent and in connection with 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 each of which are on the back cover of this Exchange Offer Memorandum.

## THE NEW NOTES

There are material differences between the Designated Securities and both the New Notes and the GDP-linked Securities. Noteholders should consider carefully all such differences before any decision is made with respect to the Invitation. For Noteholders' convenience, the terms and conditions of the New Notes and the GDP-linked Securities are set out below.

### New Notes

The New Notes will be authorised and issued by Ukraine pursuant to a Resolution of the Cabinet of Ministers of Ukraine on or before the Settlement Date and will be constituted by the New Notes Trust Deed. The form of the New Notes Trust Deed (which is subject to completion) will be available on the Offer Website prior to the Voting Deadline and the Expiration Deadline. The New Notes Trust Deed, when executed, will be available for inspection, during normal business hours at the office for the time being of the New Notes Trustee at One Canada Square, London E15 4AL, England.

For each U.S.\$1,000 or EUR 1,000 of principal of Designated Securities and Accrued Interest thereon to be exchanged pursuant to the Invitation, Holders will receive (in each case converted into U.S. dollars at the Applicable Exchange Rate (subject to rounding)):

- in the case of U.S. Dollar Securities, New Notes in a principal amount equal to the sum of U.S.\$800 plus Accrued Interest on the tendered Designated Securities and GDP-linked Securities in a Notional Amount of U.S.\$200 or
- in the case of Euro Securities, New Notes in a principal amount equal to the sum of EUR 800 plus Accrued Interest on the tendered Designated Securities and GDP-linked Securities in a Notional Amount equal to EUR 200).

Subject as provided in “*The Invitation – Allocation of Consideration*”, the aggregate principal amount of New Notes to be received by a holder in connection with the settlement of the Invitation will be delivered in the form of an interest in some or all of nine separate series of New Notes shown in the table below:

- U.S.\$ 7.75% notes due 2019
- U.S.\$ 7.75% notes due 2020
- U.S.\$ 7.75% notes due 2021
- U.S.\$ 7.75% notes due 2022
- U.S.\$ 7.75% notes due 2023
- U.S.\$ 7.75% notes due 2024
- U.S.\$ 7.75% notes due 2025
- U.S.\$ 7.75% notes due 2026
- U.S.\$ 7.75% notes due 2027

Each Series of New Notes will have identical terms and conditions as set out below save for their Redemption Dates.

### ***The terms and conditions of the New Notes***

*The following is the text of the terms and conditions of the New Notes, which upon issue will represent the terms and conditions applicable to all New Notes, and subject to completion and amendment, will be endorsed on the relevant New Notes Certificates (as defined below) and will be attached and (subject to the provisions thereof) apply to the relevant Global Certificate relating to the New Notes.*

The U.S.\$\_\_\_\_\_ per cent. Notes due \_\_\_\_\_<sup>1</sup>, Series No.\_\_\_\_\_ (the “**Notes**”, which expression shall in these conditions (the “**Conditions**”), unless the context otherwise requires, include any further notes issued pursuant to Condition 17 (*Further Issues*) and forming a single series therewith) issued by Ukraine (the “**Issuer**” or “**Ukraine**”), represented by the Minister of Finance of Ukraine acting upon instructions of the Cabinet of Ministers of Ukraine, are constituted by, subject to, and have the benefit of, a trust deed dated [●]2015 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee (the “**Trustee**”, which expression includes all persons serving for the time being as trustee or trustees appointed under the Trust Deed). The Notes are the subject of an agency agreement dated [●]2015 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, The Bank of New York Mellon, London Branch in its capacity as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor or additional paying agent appointed from time to time in connection with the Notes) and in its capacity as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes) and The Bank of New York Mellon (Luxembourg) S.A. in its capacity as the transfer agent (the “**Transfer Agent**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes).

References herein to the “**Agents**” are to the Registrar, the Paying Agents and the Transfer Agent and any reference to an “**Agent**” is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders will be entitled to the benefit of, bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL, United Kingdom, and at the Specified Office (as defined in the Agency Agreement) of each of the Agents.

For purposes of these Terms and Conditions, “**Issue Documents**” means the Trust Deed and the Agency Agreement.

#### **1. Form, Denomination and Status**

##### **(a) Form and denomination**

The Notes will be issued in registered form, without interest coupons in denominations of U.S.\$100,000 and in integral multiples of U.S.\$1,000 in excess thereof (each denomination of Notes an “**authorised denomination**”).

##### **(b) Status**

The Notes are the direct, unconditional and, subject to the provisions of Condition 3 (*Negative Pledge*), unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu* without any preference among themselves and not less than *pari passu* in right of payment with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, provided, however, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other

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<sup>1</sup> Insert principal amount and Maturity Date of the relevant Series as provided in Schedule 1.

External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

“**External Indebtedness**” means any indebtedness which is expressed, denominated or payable, or at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of Ukraine.

## 2. **Register, Title and Transfers**

### (a) ***Register***

The Registrar will maintain a register (the “**Register**”) in respect of the Notes, which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A certificate (each a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding or holdings of Notes. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

### (b) ***Title***

Title to the Notes will pass by and upon registration in the Register. Each Noteholder shall (except as otherwise required by law) be treated as the absolute owner of such Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer (the “**Transfer Form**”)) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

### (c) ***Transfers***

Subject to paragraphs (f) and (g) below, a Note may be transferred in whole or in part in an authorised denomination upon surrender of the relevant Note Certificate, with the endorsed Transfer Form duly completed, at the Specified Office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or, as the case may be, such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are authorised denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

### (d) ***Registration and delivery of Note Certificates***

Subject to paragraphs (e) and (f) below, within five Business Days (as defined below) of the surrender of a Note Certificate in accordance with paragraph (c) above, the Registrar will register the transfer in question and deliver a new Note Certificate of the same aggregate principal amount as the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**Business Day**” means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the Transfer Agent has its Specified Office.

Where some but not all the Notes in respect of which a Note Certificate is issued are to be transferred, a new Note Certificate in respect of the Notes not so transferred will, within five Business Days of the surrender of the Note Certificate in accordance with paragraph (c) above, be mailed by uninsured first class mail (airmail if overseas) at the request of the Holder of the Notes not so transferred to the address of such Holder appearing on the Register.

(e) ***No charge***

Registration or transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent but against payment or such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty or governmental charge of whatsoever nature which may be levied or imposed in connection with such registration or transfer.

(f) ***Closed periods***

Noteholders may not require transfers to be registered during the period beginning on the 15th calendar day before the due date for any payment of principal or interest in respect of such Notes.

(g) ***Regulations concerning transfers and registration***

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

**3. Negative Pledge**

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not grant or permit to be outstanding, and it will procure that there is not granted or permitted to be outstanding, any Security Interest (other than a Permitted Security Interest) over any of its present or future assets or revenues or any part thereof, to secure any Relevant Indebtedness unless Ukraine shall (i) before or at the same time procure that the Issuer's obligations under the Notes are secured equally and rateably therewith to the satisfaction of the Trustee or (ii) promptly thereafter ensure that the Issuer's obligations under the Notes have the benefit of such other security as shall be approved by the Trustee in its absolute discretion or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, being not materially less beneficial to the interests of the Noteholders.

**"Permitted Security Interest"** means:

- (i) any Security Interest arising by operation of law which has not been foreclosed or otherwise enforced against the assets to which it applies; or
- (ii) any Security Interest existing on any property at the time of its acquisition; or
- (iii) any Security Interest upon any property to secure indebtedness incurred for the purpose of financing the acquisition of such property (or property which forms part of a class of assets of a similar nature where the Security Interest is by reference to the constituents of such class from time to time); or
- (iv) any Security Interest securing or providing for the payment of indebtedness incurred in connection with any Project Financing provided that (x) such Security Interest applies solely to any property which is, or forms part of, the subject of such Project

Financing or (y) revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss, or failure to complete or damage to, any such property; or

- (v) any renewal or extension of any Security Interest described in sub paragraphs (ii) - (iv) above, provided that the principal amount of the indebtedness secured thereby is not increased.

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other entity, including, without limitation, state or agency of a state or other entity, whether or not having separate legal personality.

“**Project Financing**” means any arrangement for the provision of funds which are to be used solely to finance a project for the acquisition, construction, development or exploitation of any property pursuant to which the Persons providing such funds agree that the principal source of repayment of such funds will be the project and the revenues (including insurance proceeds) generated by such project.

“**Relevant Indebtedness**” means any External Indebtedness (whether being any principal, premium, interest or other amounts constituting such External Indebtedness), present or future, of Ukraine in the form of or represented by notes, bonds or other similar instruments whether or not issued directly by Ukraine, where, in any such case, such notes, bonds or other similar instruments are capable of being traded on any stock exchange or other securities market.

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest (but excluding any lien arising by operation of law or pursuant to the judgment of any court in respect of the Old Notes, as defined in Condition 8 (*Events of Default*)).

#### 4. **Interest**

The Notes bear interest from and including 1 September 2015 at the rate of 7.75 per cent. per annum (the “**Rate of Interest**”), payable semi-annually in arrear on 1 March and 1 September in each year, commencing on 1 March 2016 (each an “**Interest Payment Date**”). Interest will be paid subject to and in accordance with the provisions of Condition 6 (*Payments*). Each Note will cease to bear interest from the due date for redemption unless, after surrender of such Note, payment of principal is improperly withheld or refused or unless default otherwise occurs in respect of the payment, in which case interest shall continue to accrue on such portion of outstanding principal in accordance with this Condition 4 (*Interest*) until whichever is the earlier of (i) the day on which payment in full of such portion of outstanding principal is received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders in accordance with Condition 16 (*Notices*) that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable in respect of each Note on each Interest Payment Date shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest U.S. cent (half a U.S. cent being rounded upwards). The amount of interest payable if interest is otherwise required to be calculated in respect of any period which is shorter or longer than six months, shall be calculated by applying the Rate of Interest to the principal amount of each Note, multiplying the product by the Day Count Fraction and rounding the resulting figure to the nearest U.S. cent (half a U.S. cent being rounded upwards), where

“**Day Count Fraction**” means, in respect of any period, the number of days in the relevant period (calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed) divided by 360.

## **5. Redemption, Purchase and Cancellation**

### **(a) *Redemption***

Unless previously purchased and cancelled as provided below, the Issuer will redeem the principal amount of the Notes on \_\_\_\_\_<sup>2</sup>, subject as provided in Condition 6 (*Payments*).

### **(b) *Purchase***

The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Any Notes so purchased may be cancelled or held and resold. Any Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meeting of holders of Notes and shall not be deemed to be outstanding for the purposes of calculating quorums and meetings of holders of Notes.

### **(c) *Cancellation***

All Notes cancelled in accordance with Condition 5(b) (*Purchase*) above may not be reissued or resold.

### **(d) *Issuer Call***

The Issuer has no right to redeem the Notes prior to the date specified for redemption in this Condition 5 (*Redemption, Purchase and Cancellation*).

## **6. Payments**

### **(a) *General***

Payments of principal and interest in respect of the Notes will be made by U.S. Dollar cheque drawn on a bank in New York City and mailed to the Holder by uninsured first class mail (airmail if overseas), at the address appearing in the Register at the opening of business on the relevant Record Date (as defined in Condition 6(e) (*Record date*)) or, upon application by a Noteholder to the Specified Office of the Principal Paying Agent not later than the 15<sup>th</sup> day before the due date for any such payment, by transfer to a U.S. Dollar account maintained by the payee with a bank in New York City.

### **(b) *Payments subject to fiscal laws***

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

### **(c) *Payments on business days***

Where payment is to be made by transfer to a U.S. Dollar account with a bank in New York City, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by a U.S. Dollar cheque drawn on a bank in New York City, the cheque will be mailed on the due date for payment. A Noteholder shall not be

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<sup>2</sup> Insert Maturity Date of the relevant Series as provided in Schedule 1.

entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail.

In these Conditions, “**business day**” means any day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign currencies) in London and New York City.

(d) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Note, the Registrar shall procure that the amount and date of such payment are noted on the Register.

(e) ***Record date***

Payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar’s Specified Office on the 15th day before the due date for such payment (the “**Record Date**”).

**7. Taxation**

All payments in respect of the Notes by the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Ukraine or any political subdivision or any authority thereof or therein having power to tax (together “**Taxes**”), unless such withholding or deduction is required by law. In that event, the Issuer will increase the payment of principal or interest, as the case may be to such amount as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such increased amount shall be payable in respect of any Note:

- (i) to a Holder, or to a third party on behalf of a Holder, if such Holder is liable for such Taxes in respect of such Note by reason of having some connection with Ukraine other than the mere holding of such Note; or
- (ii) to a Holder, or to a third party on behalf of a Holder, who would not be liable or subject to the withholding or deduction of Taxes by making a declaration of non residence or other similar claim for exemption to the relevant tax authority; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income, as amended by European Council Directive 2014/48/EU, or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, or superseding such Directive; or
- (iv) if the Note Certificate representing such Note is surrendered for payment more than 30 days after the Relevant Date, except to the extent that the Holder would have been entitled to such increased amounts on surrender of such Note Certificate for payment on the last day of such period of 30 days.

For the purpose of these Conditions, “**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount plus any accrued interest having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*) below.

In addition to the foregoing, no increased amount shall be paid with respect to any payment on a Note to a Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to the increased amount had such beneficiary, settlor, member or beneficial owner been the Holder of the Note.

Any reference in these Conditions to principal or interest shall be deemed to include any increased amount in respect of principal or interest which may be payable under this Condition 7 (*Taxation*).

## **8. Events of Default**

If any of the following events (each an “**Event of Default**”) occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter in principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall, subject to (other than in the case of paragraphs (a), (b), (c), (d), (e), (f) (in so far as it relates to a payment obligation), (g) (in so far as it relates to a payment obligation), (h) and (i) below) the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases, to the Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction, give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their unpaid principal amount plus accrued interest as provided in the Trust Deed:

### **(a) *Non payment***

The Issuer fails to pay any amount of principal or interest in respect of the Notes and the default continues for a period of 10 days; or

### **(b) *Breach of other obligations***

The Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice requiring the same to be remedied to the Issuer; or

### **(c) *Indebtedness of Ukraine***

Any Relevant Indebtedness shall become due and payable prior to the stated maturity thereof following a default or any security therefore becomes enforceable or Ukraine fails to make any payment of any Relevant Indebtedness on the due date for payment thereof or, if applicable, at the expiration of any grace period originally applicable thereto or any guarantee of, or indemnity in respect of, any Relevant Indebtedness of any other Person given by Ukraine shall not be honoured when due and called upon; provided that the aggregate amount of such Relevant Indebtedness is in excess of U.S.\$50,000,000 (or its equivalent in any currency or currencies) and provided further that the acceleration of the maturity of or any payment default in respect of any Old Notes will not constitute an Event of Default; or

### **(d) *Authorisation***

If any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Issuer under the Notes or the Trust Deed, when due, ceases to be in full force and effect or remain valid and subsisting; or

(e) ***Moratorium***

If Ukraine shall suspend payment of, or admit its inability to pay, Relevant Indebtedness or any part thereof, or declare a general moratorium on or in respect of Relevant Indebtedness or any part thereof or anything analogous to the foregoing shall occur, in each case other than with respect to Old Notes; or

(f) ***Unlawfulness***

It is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or

(g) ***Invalidity***

Any one or more of the Issuer's obligations under the Notes or the Trust Deed becomes unenforceable or invalid, or the Issuer shall contest the validity thereof.

(h) ***Bond Protection and Implementation Legislation***

For so long as any Old Notes remain outstanding, the provisions in the Law of Ukraine "On Amendment of the Budget Code of Ukraine (relating to restructuring of state and state guaranteed debt and its partial haircut)" dated 17 September 2015 or any other laws or regulation to ensure creditors who participate in or are otherwise bound by the exchange offer set out in the Exchange Offer Memorandum will have priority in payment over those creditors who do not participate in that exchange offer are not maintained in full force and effect or implemented in accordance with Ukrainian law.

(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 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 judgment or award is rendered against Ukraine as a consequence of a breach of Condition 6 (*Covenants*) of the GDP-linked Securities where Ukraine has failed to remedy the breach (or pay any monetary judgment or award related thereto in excess of U.S.\$50,000,000) within 60 days of the date of the judgment or award.

Upon the Notes becoming due and payable and remaining unpaid, the Trustee may take such action as is provided in Condition 15 (*Enforcement*).

In these Conditions:

“**Exchange Offer Memorandum**” means the Exchange Offer Memorandum published by the Issuer on [●] September 2015 as supplemented from time to time;

“**GDP-linked Securities**” means the GDP-linked Securities described in the Exchange Offer Memorandum and constituted by the GDP-linked Securities Trust Deed dated [●] 2015 between the Issuer and BNY Mellon Corporate Trustee Services Limited, as trustee, (being “state derivatives” as defined in the Law of Ukraine “On Securities and Stock Market” as in effect at the date hereof) and, for the avoidance of doubt, shall include any further GDP-linked Securities issued in accordance with Condition 15 (*Further Issues*) of the conditions of the GDP-linked Securities; and

“**Old Notes**” means the securities listed in Annex 1 of the Exchange Offer Memorandum.

#### **9. Prescription**

Claims for payment of principal and interest in respect of the Notes shall become void unless made within periods of ten years (in the case of principal) and five years (in the case of interest) after such principal or interest has become due and payable.

#### **10. Replacement of Note Certificates**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or the Transfer Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

#### **11. Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances including relief from taking action unless indemnified to its satisfaction and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretion under these Conditions and the Trust Deed, the Trustee will have regard to the general interests of the Noteholders as a class (and shall not have regard to any interests arising from circumstances particular to individual Noteholders whatever their number) and in particular will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

The Trustee is exempted from any liability with respect to any loss or theft or reduction in value of the Notes, and from any obligation to insure or procure the insurance of the Notes.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior written approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, principal paying agent or

additional or successor paying agents and transfer agents; provided however, that the Issuer shall at all times maintain a principal paying agent and a transfer agent, as well as a registrar and (i) so long as the Notes are listed on the Irish Stock Exchange, such paying and/or transfer agents as the guidelines of the Irish Stock Exchange may require, and (ii) Ukraine undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, or superseding such Directive.

Notice of any change in any of the Agents or in the Specified Offices shall promptly be given to the Noteholders.

## **12. Meetings of Noteholders; Modification and Waiver**

### **(a) *Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions***

- (i) The Issuer may convene a Meeting at any time in respect of the Notes in accordance with the provisions of the Trust Deed. The Issuer will determine the time and place of the Meeting and will notify the Noteholders of the time, place and purpose of the Meeting not less than 21 and not more than 45 days before the Meeting.
- (ii) The Issuer or the Trustee will convene a meeting if the holders of at least 10 per cent in principal amount of the outstanding Notes have delivered a written request to the Issuer or the Trustee (with a copy to the Issuer) setting out the purpose of the Meeting. The Trustee will agree the time and place of the Meeting with the Issuer promptly. The Issuer or the Trustee, as the case may be, will notify the Holders within 10 days of receipt of such written request of the time and place of the Meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (iii) The Issuer (with the agreement of the Trustee) will set the procedures governing the conduct of any Meeting in accordance with the Trust Deed. If the Trust Deed does not include such procedures, or additional procedures are required, the Issuer and the Trustee will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (iv) The notice convening any Meeting will specify, inter alia:
  - (A) the date, time and location of the Meeting;
  - (B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the Meeting;
  - (C) the record date for the Meeting, which shall be no more than five business days before the date of the Meeting;
  - (D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the Meeting or to appoint a proxy to act on the Noteholder's behalf at the Meeting;
  - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

- (F) whether Condition 12(b), Condition 12(c) or Condition 12(d) shall apply and, if relevant, in relation to which other series of debt securities it applies;
  - (G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
  - (H) such information that is required to be provided by the Issuer in accordance with Condition 12(f);
  - (I) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the Meeting, and the details of any applicable methodology referred to in Condition 12(g); and
  - (J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (v) In addition, the Trust Deed contains provisions relating to Written Resolutions. All information to be provided pursuant to paragraph (iv) above shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.
- (vi) A “**record date**” in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (vii) An “**Extraordinary Resolution**” means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (viii) A “**Written Resolution**” means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (ix) Any reference to “**debt securities**” means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year but, for the avoidance of doubt, does not mean any GDP-linked Securities.
- (x) “**Debt Securities Capable of Aggregation**” means those debt securities which include or incorporate by reference this Condition 12 (*Meetings of Holders; Modification and Waiver*) and Condition 13 (*Aggregation Agent; Aggregation Procedures*) (or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities).
- (b) ***Modification of this Series of Notes only***
- (i) Any modification of any provision of, or any action in respect of, these Conditions or the Trust Deed in respect of the Notes may be made or taken if approved by a Single Series Ordinary Resolution, a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

- (ii) For the purposes of a Meeting convened in respect of this Series of Notes only and for the purposes of passing a Single Series Ordinary Resolution and/or a Single Series Extraordinary Resolution (each as defined below) (a “**Single Series Meeting**”), at any such Single Series Meeting any one or more persons present in person holding Notes or proxies or representatives and holding or representing in the aggregate not less than 50 per cent in principal amount of the Notes for the time being outstanding shall (save for the purposes of passing a Single Series Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any such Single Series Meeting unless the requisite quorum be present at the commencement of business. The quorum at any such Single Series Meeting convened for the purpose of passing a Single Series Extraordinary Resolution shall (subject as provided in Condition 12(b)(iii)) be two persons present in person holding Notes or being proxies or representatives and holding and representing in the aggregate not less than  $66\frac{2}{3}$  per cent in principal amount of the Notes for the time being outstanding.
- (iii) If within 15 minutes from the time fixed for any such Single Series Meeting a quorum is not present, the Single Series Meeting shall, if convened upon the requisition of the Noteholders, be dissolved, or in any other case, it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, as may be appointed by the chairman either at or after the Single Series Meeting. At such adjourned Single Series Meeting one or more persons present holding Notes or being proxies or representatives (whatever the principal amount of Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the Single Series Meeting from which the adjournment took place had a quorum been present at such Single Series Meeting, provided that at any adjourned Single Series Meeting at which a Single Series Extraordinary Resolution is to be proposed, the quorum shall be two or more persons so present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than  $33\frac{1}{3}$  per cent in the principal amount of Notes for the time being outstanding.
- (iv) A “**Single Series Ordinary Resolution**” means a resolution passed at a Single Series Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Trustee pursuant to Condition 12(a), 12(b)(ii) and 12(b)(iii) in respect of any matter other than a Reserved Matter, by the affirmative vote of more than 50 per cent of the Noteholders present in person or represented by proxy.
- (v) A “**Single Series Extraordinary Resolution**” means a resolution passed at a Single Series Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Trustee pursuant to Condition 12(a) 12(b)(ii) and 12(b)(iii) in respect of a Reserved Matter, by the affirmative vote of at least 75 per cent of the Noteholders present in person or represented by proxy.
- (vi) A “**Single Series Written Resolution**” means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
  - (A) in the case of a Reserved Matter, at least 75 per cent of the aggregate principal amount of the outstanding Notes; or
  - (B) in the case of a matter other than a Reserved Matter, more than 50 per cent of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (vii) Any Single Series Ordinary Resolution, Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended such Single Series Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.
- (c) ***Multiple Series Aggregation – Single limb voting***
  - (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.
  - (ii) A “**Multiple Series Single Limb Extraordinary Resolution**” means a resolution considered at separate Meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Trustee pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of at least 75 per cent of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
  - (iii) A “**Multiple Series Single Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.
  - (iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any Meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.
  - (v) The “**Uniformly Applicable**” condition will be satisfied if:
    - (A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (1) the same new instrument or other consideration or (2) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
    - (B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

- (vi) It is understood that a proposal under paragraph (c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
- (vii) Any modification or action proposed under paragraph (i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.
- (d) ***Multiple Series Aggregation – Two limb voting***
  - (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
  - (ii) A “**Multiple Series Two Limb Extraordinary Resolution**” means a resolution considered at separate Meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Trustee pursuant to Condition 12(a), as supplemented if necessary, which is passed by a majority of:
    - (A) at least 66⅔ per cent of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
    - (B) more than 50 per cent of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
  - (iii) A “**Multiple Series Two Limb Written Resolution**” means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
    - (A) at least 66⅔ per cent of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

- (B) more than 50 per cent of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any Meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.
- (v) Any modification or action proposed under paragraph (i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 12(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.
- (e) ***Reserved Matters.***

In these Conditions, “**Reserved Matter**” means any proposal:

- (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (iv) to change this definition, or the definition of “Extraordinary Resolution”, “Single Series Extraordinary Resolution”, “Multiple Series Single Limb Extraordinary Resolution”, “Multiple Series Two Limb Extraordinary Resolution”, “Written Resolution”, “Single Series Written Resolution”, “Multiple Series Single Limb Written Resolution” or “Multiple Series Two Limb Written Resolution”;
- (v) to change the definition of “debt securities” or “Debt Securities Capable of Aggregation”;
- (vi) to change the definition of “Uniformly Applicable”;
- (vii) to change the definition of “outstanding” or to modify the provisions of Condition 12(i) (*Notes controlled by the Issuer*);
- (viii) to change any provision of Condition 1(b) (*Status*) or Condition 3 (*Negative Pledge*);

- (ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, as set out in Condition 8 (*Events of Default*);
  - (x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, as set out in Condition 18 (*Governing Law and Submission to Jurisdiction*);
  - (xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
  - (xii) to modify the provisions of this Condition 12(e) (*Reserved Matters*);
  - (xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security;
  - (xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
    - (A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
    - (B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.
- (f) ***Information.***
- Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 12(b), Condition 12(c) or Condition 12(d), the Issuer shall publish in accordance with Condition 13 (*Aggregation Agent; Aggregation Procedures*), and provide the Trustee with the following information:
- (i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
  - (ii) if the Issuer 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, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

- (iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a Meeting in Condition 12(a)(iv)(G).

(g) ***Claims Valuation.***

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 12(c) and Condition 12(d), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) ***Manifest error, etc.***

The Trust Deed may be amended without the consent of the holder of any Note for the purposes of curing any ambiguity or of curing, correcting or supplementing any defective or inconsistent provisions contained therein or herein, to take into account further issues of notes pursuant to Condition 17 or in any manner that the parties thereto may deem mutually necessary or desirable and that will not adversely affect, in any material respect, the interests of the Noteholders.

(i) ***Notes controlled by the Issuer.***

For the purposes of (i) determining the right to attend and vote at any Meeting, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, ii) Condition 12(a); and (iii) Condition 13 (*Aggregation Agent; Aggregation Procedures*), any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (i) “**public sector instrumentality**” means the Ministry of Ukraine, the National Bank of Ukraine, any other department, ministry or agency of the government of Ukraine or any corporation, trust, financial institution or other entity owned or controlled by the government of Ukraine or any of the foregoing; and
- (ii) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any Meeting, or in connection with any Written Resolution, the Issuer shall provide to the Trustee a copy of the certificate prepared pursuant to Condition 13(d) which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any Meeting or the right to sign, or authorise the signature of, any Written Resolution in respect of any such Meeting. The Trustee shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) ***Publication.***

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 13(g).

(k) ***Exchange and Conversion.***

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

**13. Aggregation Agent; Aggregation Procedures**

(a) **Appointment.**

The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Trust Deed in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) **Extraordinary Resolutions.**

If an Extraordinary Resolution has been proposed at a duly convened Meeting to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) **Written Resolutions.**

If a Written Resolution has been proposed under the Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) Certificate.

For the purposes of Condition 13(b) and Condition 13(c), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the Meeting referred to in Condition 12(b), Condition 12(c) or Condition 12(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 12(i) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) Notification.

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 13 to be notified to the Trustee and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) Binding nature of determinations; no liability.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non exercise by it of its powers, duties and discretions for such purposes.

(g) Manner of publication.

The Issuer will publish all notices and other matters required to be published pursuant to the Trust Deed including any matters required to be published pursuant to Condition 12 (*Meetings of Noteholders; Modification and Waiver*), this Condition 13 (*Aggregation Agent; Aggregation Procedures*), Condition 16 (*Notices*):

- (i) through Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and/or any other clearing system in which the Notes are held;
- (ii) in such other places and in such other manner as may be required by applicable law or regulation; and
- (iii) in such other places and in such other manner as may be customary.

#### **14. Most Favoured Creditor**

Ukraine shall not:

- (i) pay any Old Notes in accordance with their contractual terms, or
- (ii) without offering the same terms (or other consideration of equivalent value) on a ratable basis to the holders of the Notes, enter into any arrangement or agreement to compromise its obligations in respect of any Old Notes (a “settlement”) on terms which have a net present value to the relevant holder(s) of Old Notes (where net present value is calculated using a constant 10% discount rate) greater than the net present value at issue of the Notes and other sovereign debt obligations (but for the avoidance of doubt without regard to any GDP-linked Securities) receivable in respect of an equivalent principal amount of Old Notes in the exchange offer contemplated by the Exchange Offer Memorandum;

provided that in no circumstances shall any settlement by Ukraine with holder(s) of Old Notes include any GDP-linked Securities constituted by the GDP-linked Securities Trust Deed.

Any waiver of this Condition may be approved by the holder(s) of Notes through a Single Series Ordinary Resolution (as defined in Condition 12(b)). At any meeting of holder(s) of Notes called to consider such waiver, and for voting, quorum and other purposes in connection with the Single Series Ordinary Resolution in respect thereof, all series of notes constituted by the Trust Deed shall be treated as if they were a single series consolidated with the Notes.

#### **15. Enforcement**

After any of the Notes shall have become due and payable and remain unpaid, the Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights against the Issuer under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by the Holders of at least one quarter in principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified and/or prefunded and/or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

#### **16. Notices**

All notices to Noteholders may be delivered in person or sent by mail or facsimile transmission or telex to them at their respective addresses, facsimile or telex numbers reflected in the Register. Any such notice shall be deemed to have been given, in the case of a letter delivered by hand, at the time of delivery, in the case of a letter sent by mail, on the fourth weekday (excluding Saturday and Sunday) after the date of mailing, in the case of

facsimile transmission, at the time of dispatch or, in the case of a telex, on receipt of an answerback confirmation by the sender, except that, so long as the Notes are listed on the Irish Stock Exchange, notices will also be published either via the Companies Announcement Office of the Irish Stock Exchange or in the Irish Times. Any such notice shall be deemed to have been given on the date of such publication.

## **17. Further Issues**

The Issuer is at liberty from time to time, without the consent of Noteholders, to create and issue further Notes ranking equally in all respects (or in all respects save for the date and the amount of the first payment of interest thereon) so that the same shall be consolidated and form a single series with the Notes; provided that, if such further Notes of such series are not fungible with the Notes of such series for U.S. federal income tax purposes, such further Notes of such series will have a separate ISIN, CUSIP or other identifier number. Any further notes which are to form a single series with the Notes shall be constituted by a deed supplemental to the Trust Deed.

## **18. Governing Law and Submission to Jurisdiction**

The Trust Deed, the Agency Agreement and the Notes are governed by, and will be construed in accordance with, English law.

The Issuer has in the Trust Deed irrevocably agreed, for the benefit of the Trustee and the Noteholders, and subject to Clause 25.4 (*Arbitration*) of the Trust Deed, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Notes and that accordingly any suit, action or proceedings arising thereunder or in connection therewith (together referred to as “**Court Proceedings**”) may be brought in the courts of England. Nothing contained herein or in the Trust Deed shall limit, subject to Clause 25.4 (*Arbitration*) of the Trust Deed, any right of the Trustee and/or each of the Noteholders to take Court Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Court Proceedings in any one or more jurisdictions preclude the taking of Court Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer has in the Trust Deed irrevocably and unconditionally waived any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England on the grounds that such Court Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed that a judgment or order of the courts of England in connection with the Trust Deed or the Notes shall be conclusive and binding upon the Issuer, and may be enforced against it in the courts of any other jurisdiction to which the Issuer is or may be subject.

The Issuer has in the Trust Deed appointed the Ambassador of Ukraine to the Court of St. James's at the Embassy of Ukraine in London, from time to time, to act as its agent to receive service of process in any Court Proceedings in England based on the Trust Deed or the Notes. If for any reason the appointment of such agent for service of process lapses, the Issuer has in the Trust Deed agreed that it will promptly appoint a substitute process agent (acceptable to the Trustee) and notify the Noteholders in accordance with Condition 16 (*Notices*) of such appointment.

Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

Ukraine has also specifically and expressly agreed in the Trust Deed that any disputes which may arise out of or in connection with the Trust Deed or the Notes (including any questions regarding their existence, validity or termination) shall, at the sole option of the Trustee exercisable in accordance with Clause 25.4 (*Arbitration*) of the Trust Deed, be referred to and

finally resolved by arbitration instituted by the Trustee under the Rules of the London Court of International Arbitration. The arbitration tribunal shall consist of three arbitrators to be approved in accordance with Clause 25.5 (*Formation of Arbitration Tribunal*) of the Trust Deed. The seat of arbitration shall be London and the language English.

To the extent that the Issuer or any of its revenues, assets or properties are entitled, in England or any other jurisdiction where Proceedings may at any time be brought against it or any of its revenues, assets or properties, to any immunity from suit, from the jurisdiction of any such court, from set off, from attachment in aid of execution of a judgment, from execution of a judgment or from any other legal or judicial process or remedy (other than a pre judgment attachment which is expressly not waived), and to the extent that in any such jurisdiction there shall be attributed such an immunity, the Issuer has in the Trust Deed irrevocably agreed not to claim and has irrevocably waived such immunity to the fullest extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Proceeding). The Issuer reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law. The waiver of immunities referred to in the Trust Deed constitutes only a limited and specific waiver for the purposes of the Notes and the Trust Deed and under no circumstances shall it be interpreted as a general waiver by the Issuer or a waiver with respect to proceedings unrelated to the Notes and the Trust Deed. The Issuer has not waived such immunity in respect of property which is (i) used by a diplomatic or consular mission of the Issuer (except as may be necessary to effect service of process), (ii) property of a military character and under the control of a military authority or defence agency, or (iii) located in Ukraine and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use).

**19. Contracts (Rights of Third Parties) Act**

No rights are conferred on any person under the Contracts (Right of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

**20. Currency Indemnity**

The Issuer agrees that if a judgment, order or award given or made by any court or arbitral tribunal for the payment of any amount in respect of any Note is expressed in a currency (the “**judgment currency**”) other than the United States dollars (the “**denomination currency**”), the Issuer will pay any deficiency arising or resulting from any variation in rates of exchange between the date as of which the amount in the denomination currency is notionally converted into the amount in the judgment currency for the purposes of such judgment, order or award and the date of actual payment thereof. This obligation will constitute a separate and independent obligation from the other obligations under the Notes, will give rise to a separate and independent cause of action, will apply irrespective of any waiver or extension granted from time to time and will continue in full force and effect notwithstanding any judgment, order or award for a liquidated sum or sums in respect of amounts due in respect of the relevant Note or under any such judgment, order or award for a liquidated sum or sums in respect of amounts due in respect of the relevant Note or under any such judgment, order or award.

## THE GDP-LINKED SECURITIES

### GDP-linked Securities

The GDP-linked Securities will be authorised and issued by Ukraine pursuant to a Resolution of the Cabinet of Ministers of Ukraine on or before the Settlement Date, and will be constituted by the GDP-linked Securities Trust Deed. The form of the GDP-linked Securities Trust Deed (which is subject to completion) will be available on the Offer Website prior to the Voting Deadline and the Expiration Deadline. The GDP-linked Securities Trust Deed, when executed, will be available for inspection, during normal business hours at the office for the time being of the GDP-linked Securities Trustee at One Canada Square, London E15 4AL, United Kingdom.

For each U.S.\$1,000 or EUR 1,000 of principal of Designated Securities to be exchanged pursuant to the Invitation, Holders will receive GDP-linked Securities having a Notional Amount of (A) in the case of U.S. Dollar Securities, U.S.\$200 and (B) in the case of Euro Securities, EUR 200 (converted into U.S. dollars at the Applicable Exchange Rate (subject to rounding)).

In the event that all Extraordinary Resolutions are passed and declared effective pursuant to the Invitation, the maximum Notional Amount of the GDP-linked Securities to be issued in connection with the Invitation would be approximately U.S.\$3,607,000,000. This amount is an indicative amount only and is based on the conversion of the nominal amount of the €600 million 4.95 per cent. Notes due October 2015 into dollars at the Euro/U.S. dollar exchange rate as of the date of this Exchange Offer Memorandum. The final calculation will be based on the Applicable Exchange Rate.

There are material differences between the Designated Securities and the GDP-linked Securities. Noteholders should consider carefully all such differences before any decision is made with respect to the Invitation and are urged to read the terms and conditions of the GDP-linked Securities in their entirety.

#### *The terms and conditions of the GDP-linked Securities*

*The following, save for the text in italics, is the text of the terms and conditions of the GDP-linked securities, which upon issue will represent the terms and conditions applicable to all GDP-linked securities and, subject to completion and amendment, will be endorsed on the relevant GDP-linked security Certificates (as defined below) and will be attached and (subject to the provisions thereof) apply to the relevant Global Certificate relating to the GDP-linked securities.*

This Security (A “**Security**” and together the “**Securities**”, which expression shall in these conditions (the “**Conditions**”), unless the context otherwise requires, include any further Securities issued pursuant to Condition 15 (*Further Issues*) and forming a single series therewith) issued by Ukraine, (the “**Issuer**” or “**Ukraine**”), represented by the Minister of Finance of Ukraine acting upon instructions of the Cabinet of Ministers of Ukraine, are constituted by, subject to, and have the benefit of, a trust deed dated [●] 2015 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and BNY Mellon Corporate Trustee Services Limited, as trustee (the “**Trustee**”, which expression includes all persons serving for the time being as trustee or trustees appointed under the Trust Deed). The Securities are the subject of a paying agency agreement dated [●]2015 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, The Bank of New York Mellon, London Branch in its capacity as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor or additional paying agent appointed from time to time in connection with the Securities) and in its capacity as registrar (the “**Registrar**”, which

expression includes any successor registrar appointed from time to time in connection with the Securities) and The Bank of New York Mellon (Luxembourg) S.A. in its capacity as the transfer agent (the “**Transfer Agent**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Securities).

References herein to the “**Agents**” are to the Registrar, the Paying Agents and the Transfer Agent and any reference to an “**Agent**” is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Holders of the Securities (each a “**Holder**” and, collectively, the “**Holders**”) will be entitled to the benefit of, be bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London, E14 5AL United Kingdom, and at the Specified Office (as defined in the Agency Agreement) of each of the Agents.

## 1. Definitions

As used in these Conditions, the following terms have the meanings set forth below:

“**Business Day**” means a day (other than a Saturday or a Sunday) on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the Transfer Agent have their specified offices.

“**Calculation Date**” means, for any Reference Year, 30 April (or if such day is not a business day the next business day) of the second calendar year following such Reference Year with the first Calculation Date being 30 April 2021 in respect of the Reference Year 2019 and the last Calculation Date being 30 April 2040 in respect of the Reference Year 2038. Provided that if World Economic Outlook is not published on or before 30 April in the second calendar year following a Reference Year the Calculation Date shall be adjusted to be the last day in the calendar month of that year in which the World Economic Outlook is published.

“**EFF Expiry Date**” means 31 December 2018, being the expiry date under the Extended Fund Facility.

“**Exchange Offer Memorandum**” means the Exchange Offer Memorandum of Ukraine dated [●] 2015 as supplemented from time to time;

“**Expiry Date**” means the Payment Date falling in 2040.

“**Extended Fund Facility**” means the IMF’s Extended Fund Facility Programme for Ukraine dated 12 March 2015.

“**External Indebtedness**” means any indebtedness which is expressed, denominated or payable, or at the option of the relevant creditor may be payable, in any currency other than Hryvnia.

“**GDP at Current Prices**” for any Reference Year means Ukraine’s gross domestic product at current prices in Hryvnia for such Reference Year, as published in World Economic Outlook (or failing such publication, as appropriately determined) as at the Calculation Date for that Reference Year.

“**GDP at Constant Prices**” for any Reference Year means Ukraine’s gross domestic product at constant prices in Hryvnia for such Reference Year, as published in World Economic

Outlook (or failing such publication, as appropriately determined) as at the Calculation Date for that Reference Year.

“**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

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

“**GDP Deflator Index**” for any Reference Year is:  $100 \times (\text{GDP at Current Prices} / \text{GDP at Constant Prices})$ .

“**Hryvnia Equivalent**” means the Hryvnia equivalent of an amount in Dollars for any Reference Year calculated using the daily average of the NBU’s Dollar/ Hryvnia exchange rate for each day during that Reference Year as published on the NBU’s website (or failing such publication, as appropriately determined).

“**IMF**” means the International Monetary Fund.

“**Ministry of Finance**” means the Ministry of Finance of Ukraine.

A “**Moratorium**” shall occur if Ukraine shall suspend payment of, or admit its inability to pay all or substantially all Relevant Indebtedness, or if Ukraine shall declare a general moratorium on or in respect of all or substantially all Relevant Indebtedness, or anything analogous to the foregoing shall occur, which shall be deemed to include a suspension of payment, an admission of inability to pay or a moratorium on any or all of the New Notes, in each case other than with respect to the Old Notes.

“**NBU**” means the National Bank of Ukraine.

“**New Notes**” means the nine series of bonds issued on [●] 2015 pursuant to the Exchange Offer Memorandum and constituted by the trust deed between Ukraine and BNY Mellon Corporate Trustee Services Limited dated [●] 2015 relating to those nine series of bonds.

“**Notional Amount**” has the meaning provided in Condition 2.2 (*Notional Amount*).

“**Old Notes**” means the securities listed in Annex 1 of the Exchange Offer Memorandum.

“**Payment Amount**” for any Reference Year means the Specified Percentage of the Reference Amount for the Reference Year.

“**Payment Date**” means, for any Reference Year, 31 May of the second calendar year following such Reference Year or if such day is not a business day the next business day with the first Payment Date being 31 May 2021 in respect of the Reference Year 2019 and the last Payment Date being 31 May 2040 in respect of the Reference Year 2038. The Payment Date may be adjusted for the Securities to ensure it is always a month after the Calculation Date in respect of such Reference Year.

“**Put Date**” means the day no less than 15 and no more than 30 clear days after the end of the applicable Put Period specified by Ukraine in a Put Notice or failing that, the day 30 days after the end of that Put Period (or if such day is not a Business Day, the next succeeding Business Day) for repurchase of the Security of any Holder which elects to exercise its option in accordance with Condition 5.4 (*Holder Put*).

“**Put Event**” means either (i) a final and unappealable judgment or award is rendered against Ukraine as a consequence of a breach at any time on or prior to the Expiry Date of any of the covenants set forth in Condition 6 (*Covenants*) (except where such breach arises solely as a

consequence of or in connection with a Moratorium occurring after the EFF Expiry Date) where Ukraine has failed to remedy the breach (or pay any monetary judgment or award related thereto in excess of \$50 million) within 60 days of the date of the judgment or award; or (ii) a Moratorium occurs prior to the EFF Expiry Date.

**“Put Notice”** means a notice published pursuant to Condition 5.4 (*Holder Put*) in respect of the occurrence of a Put Event as provided in Condition 14 (*Notices*) (including any deemed publication);

**“Put Period”** means the period from and including the date of the Put Notice (or any deemed publication date) and ending at 17:00 Kyiv time on the 90<sup>th</sup> clear day thereafter (or if such day is not a Business Day, then on the next succeeding Business Day).

**“Real GDP Growth Rate”** for any Reference Year means the growth in Ukraine’s GDP at Constant Prices for such Reference Year as published in World Economic Outlook (presently under the caption “gross domestic product, constant prices, percent change”) (or failing such publication, as appropriately determined) as at the Calculation Date for that Reference Year.

**“Reference Amount”** means, for any Reference Year (referred to in the formulae below as “t” so that the preceding calendar year is “t-1”), an amount in Dollars (to be calculated by converting amounts denominated in Hryvnia to Dollars using the average Dollar/Hryvnia exchange rate for the 60 day period prior to the Calculation Date published by the NBU), equal:

- (i) where the Real GDP Growth Rate in the relevant Reference Year is above 3% and not more than 4%, to:

$15\% \times \text{GDP at Current Prices (for t-1)} \times (1 + \text{GDP Deflator for t}) \times (\text{Real GDP Growth Rate for t} - 3\%); \text{ or}$

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

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

provided that the Reference Amount for any Reference Year will be zero if either:

- the Real GDP Growth Rate in the relevant Reference Year is less than or equal to 3%; or
- GDP at Current Prices in the relevant Reference Year is below the Hryvnia Equivalent of U.S.\$125.4 billion; and

further provided that in respect of the Reference Years from and including 2019 to and including 2023, the Reference Amount shall not in any event exceed 1 per cent of GDP at Current Prices in the relevant Reference Year.

**“Reference Year”** means each calendar year from and including 2019 to and including 2038.

**“Relevant Indebtedness”** means any External Indebtedness (whether being any principal, premium, interest or other amounts constituting such External Indebtedness), present or future, of Ukraine in the form of or represented by notes, bonds or other similar instruments whether or not issued directly by Ukraine, where, in any such case, such notes, bonds or other

similar instruments are capable of being traded on any stock exchange or other securities market.

“**Specified Percentage**” means the percentage obtained by dividing:

- (i) the aggregate Notional Amount of Securities that have been issued pursuant to the Trust Deed; by
- (ii) the maximum aggregate Notional Amount of Securities permitted to be issued pursuant to the Trust Deed at the relevant time.

“**World Economic Outlook**” means the World Economic Outlook survey currently published semi-annually by the IMF and any successor publication of the IMF containing the information in relation to Ukraine as is contained in the current World Economic Outlook.

“**UAH**” and “**Hryvnia**” means the lawful currency, for the time being, of Ukraine.

“**U.S.\$**” and “**Dollars**” means the lawful currency, for the time being, of the United States of America.

## **2. Form, Status and Notional Amount**

### **2.1 Form**

#### **(a) Form**

The Securities will be issued in registered form.

#### **(b) Status**

The Securities are the direct, unconditional and subject to the provisions of Condition 3 (*Negative Pledge*), unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and the Issuer’s payment obligations under them rank *pari passu* in right of payment with all other unsecured External Indebtedness and all other GDP-linked securities of the Issuer from time to time outstanding, provided that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness or GDP-linked securities and, in particular, shall have no obligation to pay other External Indebtedness or GDP-linked securities at the same time or as a condition of paying sums due on the Securities and vice versa.

“**External Indebtedness**” means any indebtedness which is expressed, denominated or payable, or at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of Ukraine.

### **2.2 Notional Amount**

Each definitive Security shall have a notional amount of U.S.\$1,000 or an integral multiple of U.S.\$1,000 in excess thereof (the “**Notional Amount**”). The initial aggregate Notional Amount of the Securities is U.S.\$[●] and if, as provided in Condition 15 (*Further Issues*), further Securities are issued, the aggregate Notional Amount of the Securities shall increase accordingly.

**The amounts payable in respect of the Securities are contingent upon and determined by reference to Ukraine’s GDP and Real GDP Growth Rate between 2019 and 2038,**

**inclusive, as provided herein. The Notional Amount of Securities owned by a Holder will be used only to calculate payments to such Holder hereunder and for certain other purposes described herein and in the Trust Deed. Holders of this Security are not otherwise entitled to receive payment of the amount of, or interest based on, its Notional Amount.**

### **3. Negative Pledge**

So long as any Security remains outstanding (as defined in the Trust Deed), the Issuer will not grant or permit to be outstanding, and it will procure that there is not granted or permitted to be outstanding, any Security Interest (other than a Permitted Security Interest) over any of its present or future assets or revenues or any part thereof, to secure any GDP-linked securities unless Ukraine shall (i) before or at the same time procure that the Issuer's obligations under the Securities are secured equally and rateably therewith to the satisfaction of the Trustee or (ii) promptly thereafter ensure that the Issuer's obligations under the Securities have the benefit of such other security as shall be approved by the Trustee in its absolute discretion or by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders, being not materially less beneficial to the interests of the Holders.

**"Permitted Security Interest"** means:

- (i) any Security Interest arising by operation of law which has not been foreclosed or otherwise enforced against the assets to which it applies; or
- (ii) any Security Interest existing on any property at the time of its acquisition; or
- (iii) any Security Interest upon any property to secure GDP-linked securities for the purpose of financing the acquisition of such property (or property which forms part of a class of assets of a similar nature where the Security Interest is by reference to the constituents of such class from time to time); or
- (iv) any Security Interest securing or providing for the payment of GDP-linked securities issued in connection with any Project Financing provided that (x) such Security Interest applies solely to any property which is, or forms part of, the subject of such Project Financing or (y) revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss, or failure to complete or damage to, any such property; or
- (v) any renewal or extension of any Security Interest described in sub-paragraphs (ii) - (iv) above, provided that the notional amount of the GDP-linked securities secured thereby is not increased.

**"GDP-linked securities"** means any securities issued by the Issuer with the payments calculated by reference to Ukraine's GDP, present or future, where, in any such case, such securities are capable of being traded on any stock exchange or other securities market.

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other entity, including, without limitation, state or agency of a state or other entity, whether or not having separate legal personality.

**"Project Financing"** means any arrangement for the provision of funds which are to be used solely to finance a project for the acquisition, construction, development or exploitation of any property pursuant to which the Persons providing such funds agree that the principal

source of repayment of such funds will be the project and the revenues (including insurance proceeds) generated by such project.

**“Security Interest”** means any mortgage, charge, pledge, lien or other security interest (but excluding any lien arising by operation of law or pursuant to the judgment of any court in respect of the Old Notes).

#### **4. Title**

**(a) Register**

The Registrar will maintain a register (the **“Register”**) in respect of the Securities, which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. In these Conditions, the **“Holder”** of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof).

**(b) Title**

Title to the Securities will pass by and upon registration in the Register. Each Holder shall (except as otherwise required by law) be treated as the absolute owner of such Securities for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein (other than the endorsed form of transfer (the **“Transfer Form”**))) and no person shall be liable for so treating such Holder.

**(c) Transfers**

Subject to paragraphs (f) and (g) below, a Security may be transferred in an authorised denomination, with the endorsed Transfer Form duly completed, at the Specified Office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or, as the case may be, such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form.

**(d) Registration and delivery of Securities**

Subject to paragraphs (e) and (f) below, within five Business Days of the surrender of a Securities in accordance with paragraph (c) above, the Registrar will register the transfer in question and deliver a new certificate of the same aggregate nominal amount as the Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder.

**(e) No charge**

Registration or transfer of a Security will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent but against payment or such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty or governmental charge of whatsoever nature which may be levied or imposed in connection with such registration or transfer.

**(f) Closed periods**

Holders may not require transfers to be registered during the period beginning on the 15th calendar day before the due date for any payment in respect of such Securities.

**(g) *Regulations concerning transfers and registration***

All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

## **5. Expiry, Purchase and Cancellation**

### **5.1 Expiry**

This Security expires immediately after the Expiry Date and shall upon that date become void for all purposes save for collection of any amounts unpaid or held in relation thereto by the Trustee or the Paying Agent.

### **5.2 Purchases of Securities**

Ukraine may at any time purchase or otherwise acquire Securities at any price in the open market or otherwise.

Any Security purchased or otherwise acquired by Ukraine may be held, resold outside the United States in accordance with Regulation S under the United States Securities Act of 1933, as amended, or, at the option of Ukraine, cancelled. Any Security so purchased, while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meeting of Holders and shall not be deemed to be outstanding for the purposes of calculating the quorum at any meeting of Holders.

### **5.3 Issuer Call**

The Securities are not subject to any call right by the Issuer prior to the Expiry Date.

### **5.4 Holder Put**

If a Put Event occurs, the Issuer shall publish a Put Notice as soon as reasonably practicable and, in any event, within 30 Business Days of the relevant Put Event, failing which such Put Notice shall be deemed to have been published on the 90<sup>th</sup> Business Day following the relevant Put Event.

Following the publication of a Put Notice (including any deemed publication), the Issuer shall, at the option of a Holder, upon the Holder giving notice to the Issuer as provided in this Condition at any time during the related Put Period, repurchase the Security held by such Holder on the relevant Put Date at a price equal to the Notional Amount of the Security.

To exercise the right to require repurchase of this Security as aforesaid the Holder must deliver, at the Specified Office of any Paying and Transfer Agent at any time during normal business hours of such Paying and Transfer Agent on a Business Day falling within the relevant Put Period, a duly completed and signed repurchase election (a “**Put Election**”) in the form obtainable from the Specified Office of any Paying and Transfer Agent and in which the Holder must specify a bank account (or, if payment is required to be made by cheque, an

address) to which payment is to be made under this Condition accompanied by this Security or evidence satisfactory to the Paying and Transfer Agent concerned that this Security will, following delivery of the relevant Put Election, be held to its order or under its control.

If this Security is held through a clearing system, to exercise the right to require repurchase of this Security the Holder must, within the Put Period, give notice to the Principal Paying and Transfer Agent of such exercise in accordance with the standard procedures of that clearing system and its participants (which may include notice being given on the Holder's instruction by that clearing system or any common depositary for it to the Principal Paying and Transfer Agent by electronic means) in a form acceptable to that clearing system.

## **6. Covenants**

So long as any of the Securities remain outstanding the Issuer covenants with the Holders that it shall:

### **6.1 Information**

use its reasonable endeavours to ensure that there is published in World Economic Outlook on a timely basis (failing which shall publish itself on the website of the Ministry of Finance) such information relating to Ukraine's GDP at Current Prices, GDP at Constant Prices and Real GDP Growth Rate as shall be necessary for the calculation by the Ministry of Finance of the Reference Amount for each Reference Year, which information shall be prepared by Ukraine in accordance with the System of National Accounts 2008 or such other internationally accepted statistical methodology for preparation of national accounts; provided that for the avoidance of doubt and without prejudice to the foregoing: (i) neither the Trustee nor any Holder shall have the right to challenge the accuracy of the data or appropriateness of the methodology used in determining GDP at Current Prices, GDP at Constant Prices or the Real GDP Growth Rate; and (ii) for any year *t* where Ukraine rebases or restates GDP at Current Prices and/or GDP at Constant Prices, Ukraine shall use its reasonable endeavours to ensure that GDP at Current Prices for year *t-1* is rebased or restated on the same methodological basis but for the avoidance of doubt, such a rebasing or restatement shall not affect any prior payments made to Holders pursuant to Condition 7 (*Payment and Payment Amounts*).

### **6.2 Maintenance of Authorisations**

maintain in full force and effect any authorisation, consent of, or filing or registration with, any governmental authority within Ukraine necessary for the performance of any payment obligation of the Issuer under the Securities or the Trust Deed (the "**authorisations**") and ensure that the authorisations remain in full force and effect, valid and subsisting;

### **6.3 Issuance of Securities**

not issue a greater aggregate Notional Amount of Securities than is permitted by the Trust Deed as in effect at the date thereof;

### **6.4 No moratorium or suspension of payment under the Securities**

not suspend payment of, or admit its inability to pay, the Payment Amount due in respect of any Reference Year in accordance with terms hereof and of the Trust Deed, or declare a general moratorium on or in respect of payments on all or any of the Securities;

### **6.5 Lawfulness in Ukraine of Obligations under Securities**

ensure that no law or regulation shall be adopted in Ukraine which will make it unlawful for Ukraine to perform or comply with any of its obligations under or in respect of the Securities or the Trust Deed;

#### **6.6 Validity and Enforceability in Ukraine of Obligations under Securities**

ensure that the Issuer's obligations under the Securities and the Trust Deed shall at all times be and remain enforceable and valid under Ukrainian law, and that no governmental authority of or within Ukraine shall contest in writing the validity thereof under the law of Ukraine;

#### **6.7 Calculation of Payment Amount; Dispute Resolution**

comply with the dispute resolution procedures set forth in the Trust Deed in relation to the calculation of any Payment Amount so that the Trustee, if so requested in writing by the Holders of not less than 25 per cent. in aggregate Notional Amount of the Securities then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified, prefunded or secured to its satisfaction), shall refer any claim, dispute or difference of whatever nature arising under, out of or in connection with the calculation of the Payment Amount to be finally settled by arbitration in accordance with such procedures provided that for the avoidance of doubt and without prejudice to the foregoing or the obligations in Condition 6.1 (*Information*) neither the Trustee nor any Holder shall have the right to challenge the accuracy of the data or appropriateness of the methodology used in determining GDP at Current Prices, GDP at Constant Prices or the Real GDP Growth Rate;

#### **6.8 Bond Protection and Implementation Legislation**

procure that the provisions contained in (i) the Law of Ukraine "On Amendments to Law of Ukraine "On Securities and Stock Market" with respect to State Derivatives (relating to restructuring of state and state guaranteed debt and its partial haircut)" dated 17 September 2015 to regulate the procedure for the issuance of and making of payments under GDP-linked securities and (ii) the Law of Ukraine "On Amendment of the Budget Code of Ukraine (relating to restructuring of state and state guaranteed debt and its partial haircut)" dated 17 September 2015 or any other laws or regulation to ensure that creditors who participate in or are otherwise bound by the exchange offer set out in the Exchange Offer Memorandum will have priority in payment over those creditors who do not participate in the exchange offer, are maintained in full force and effect and implemented in accordance with local law, provided that (ii) shall only apply for so long as any Old Notes are outstanding; and

#### **6.9 Membership of the International Monetary Fund**

at all times be a member of, and eligible to use the general resources of, the International Monetary Fund.

### **7. Payments and Payment Amounts**

**7.1** Subject as provided in this Condition and the Trust Deed, on each Payment Date Ukraine shall pay the Payment Amount for the relevant Reference Year in Dollars and the Holder of each Security shall be entitled to its proportionate share thereof, such share being the proportion which the Notional Amount of its Security bears to the aggregate Notional Amount of all Securities then outstanding and with the amount of any payment to a Holder being rounded to the nearest cent, with half a cent rounded upwards.

**7.2** Payments of any amounts payable to Holders in respect of the Securities will be made by U.S. Dollar cheque drawn on a bank in New York City and mailed to the Holder by uninsured first

class mail (airmail if overseas), at the address appearing in the Register at the opening of business on the relevant Record Date (as defined in Condition 7.7) or, upon application by a Holder to the Specified Office of the Principal Paying Agent not later than the 15<sup>th</sup> day before the due date for any such payment, by transfer to a U.S. Dollar account maintained by the payee with a bank in New York City.

- 7.3 If at any time the Holder or the Trustee on behalf of such Holders has not received payment when due of any amount payable in respect of any Security, the Issuer will pay to the Trustee on demand interest on such amount, calculated on the basis of a year of 360 days and the actual number of days elapsed since payment was due, at a rate of 7.75% per annum until the full amount outstanding has been paid to the Holder or the Trustee or any Agent.
- 7.4 Payments in respect of the Securities are subject in all cases to any fiscal or other laws and regulations, but without prejudice to Condition 8 (*Taxation*).
- 7.5 If any date for payment in respect of any Security is not a Business Day, the Holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.
- 7.6 No commissions or expenses shall be charged to the Holders in respect of any payments made in accordance with this Condition.
- 7.7 Payment in respect of a Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the 15th day before the due date for such payment (the "Record Date")

## **8. Taxation**

- 8.1 All payments in respect of the Securities by the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Ukraine or any political subdivision or any authority thereof or therein having power to tax (together "Taxes"), unless such withholding or deduction is required by law. In that event, the Issuer will increase the relevant payment by such amount as will result in the receipt by the Holders of the amounts which would have been received by it had no such withholding or deduction been required, except that no such increased amount shall be payable in respect of any Security:
  - (i) to a Holder, or to a third party on behalf of a Holder, if such Holder is liable for such Taxes in respect of such Security by reason of having some connection with Ukraine other than the mere holding of such Security; or
  - (ii) to a Holder, or to a third party on behalf of a Holder, who would not be liable or subject to the withholding or deduction of Taxes by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
  - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income, as amended by European Council Directive 2014/48/EU, or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, or superseding such Directive; or

- (iv) if the Security Certificate representing such Security is surrendered for payment more than 30 days after the Relevant Date, except to the extent that the Holder would have been entitled to such increased amounts on surrender of such Security Certificate for payment on the last day of such period of 30 days.

For the purpose of these Conditions, “**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount plus any accrued interest having been so received) notice to that effect has been given to the Holders in accordance with Condition 14 (*Notices*) below.

In addition to the foregoing, no increased amount shall be paid with respect to any payment on a Security to a Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to the increased amount had such beneficiary, settlor, member or beneficial owner been the Holder of the Security.

## **9. Prescription**

Claims for payments under the Securities shall become void unless made within the period of five years from the Relevant Date.

## **10. Replacement of Security Certificates**

If any Security Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or the Transfer Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Security Certificates must be surrendered before replacements will be issued.

## **11. Trustee and Agents**

The initial Paying Agent for the Securities shall be The Bank of New York Mellon, London Branch. Ukraine reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) so long as the Securities are listed on the Irish Stock Exchange, such paying and/or transfer agents as the guidelines of the Irish Stock Exchange may require; and
- (b) Ukraine undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, or superseding such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Holders promptly by Ukraine in accordance with Condition 14 (*Notices*) and to the Trustee.

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances including relief from taking action unless indemnified to its satisfaction and to be paid its costs and expenses in priority to the claims of the Holders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretion under these Conditions and the Trust Deed, the Trustee will have regard to the general interests of the Holders as a class (and shall not have regard to any interests arising from circumstances particular to individual Holders whatever their number) and in particular will not be responsible for any consequence for individual Holders as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

The Trustee is exempted from any liability with respect to any loss or theft or reduction in value of the Securities, and from any obligation to insure or procure the insurance of the Securities.

In acting under the Agency Agreement and in connection with the Securities, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

## **12. Meetings of Holders; Modification and Waiver**

### ***(a) Convening Meetings of Holders; Conduct of Meetings of Holders; Written Resolutions***

- (i)*** The Issuer may convene a Meeting at any time in respect of the Securities in accordance with the provisions of the Trust Deed. The Issuer will determine the time and place of the Meeting and will notify the Holders of the time, place and purpose of the Meeting not less than 21 and not more than 45 days before the Meeting.
- (ii)*** The Issuer or the Trustee will convene a meeting if the Holders of at least 10 per cent in aggregate Notional Amount of the outstanding Securities have delivered a written request to the Issuer or the Trustee (with a copy to the Issuer) setting out the purpose of the Meeting. The Trustee will agree the time and place of the Meeting with the Issuer promptly. The Issuer or the Trustee, as the case may be, will notify the Holders within 10 days of receipt of such written request of the time and place of the Meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (iii)*** The Issuer (with the agreement of the Trustee) will set the procedures governing the conduct of any Meeting in accordance with the Trust Deed. If the Trust Deed does not include such procedures, or additional procedures are required, the Issuer and the Trustee will agree such procedures as are customary in the market.
- (iv)*** The notice convening any Meeting will specify, inter alia:
  - (A)*** the date, time and location of the Meeting;
  - (B)*** the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the Meeting;

- (C) the record date for the Meeting, which shall be no more than five business days before the date of the Meeting;
  - (D) the documentation required to be produced by a Holder in order to be entitled to participate at the Meeting or to appoint a proxy to act on the Holder's behalf at the Meeting;
  - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Securities are traded and/or held by Holders;
  - (F) any additional procedures which may be necessary.
- (v) In addition, the Trust Deed contains provisions relating to Written Resolutions. All information to be provided pursuant to paragraph (iv) above shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.
  - (vi) An “**Ordinary Resolution**” means a resolution passed at a Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Trustee pursuant to this Condition 12(a) in respect of any matter other than a Reserved Matter, by the affirmative vote of more than 50 per cent. of the Holders present in person or represented by proxy.
  - (vii) An “**Extraordinary Resolution**” means a resolution passed at a Meeting duly convened and held in accordance with the procedures prescribed by the Issuer and the Trustee pursuant to this Condition 12(a) in respect of a Reserved Matter, by the affirmative vote of at least 75 per cent. of the Holders present in person or represented by proxy.
  - (viii) A “**Written Resolution**” means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
    - (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate Notional Amount of the outstanding Securities; or
    - (B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate Notional Amount of the outstanding Securities.

Any Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Holders.

**(b) Modification**

- (i) Any modification of any provision of, or any action in respect of, these Conditions or the Trust Deed in respect of the Securities may be made or taken if approved by an Ordinary Resolution, an Extraordinary Resolution or a Written Resolution as set out below.
- (ii) For the purposes of a meeting convened for the purposes of passing an Ordinary Resolution and/or an Extraordinary Resolution (a “**Meeting**”), at any such Meeting any one or more persons present in person holding Securities or proxies or representatives and holding or representing in the aggregate not less than 50 per cent. in Notional Amount of the Securities for the time being outstanding shall (save for the purposes of passing an Extraordinary Resolution) form a quorum for the

transaction of business and no business (other than the choosing of a chairman) shall be transacted at any such Meeting unless the requisite quorum be present at the commencement of business. The quorum at any such Meeting convened for the purpose of passing an Extraordinary Resolution shall (subject as provided in Condition 12(a)(iii)) be two persons present in person holding Securities or being proxies or representatives and holding and representing in the aggregate not less than  $66\frac{2}{3}$  per cent. in Notional Amount of the Securities for the time being outstanding.

- (iii) If within 15 minutes from the time fixed for any such Meeting a quorum is not present, the Meeting shall, if convened upon the requisition of the Holders, be dissolved, or in any other case, it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, as may be appointed by the chairman either at or after the Meeting. At such adjourned Meeting one or more persons present holding Securities or being proxies or representatives (whatever the Notional Amount of Securities so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the Meeting from which the adjournment took place had a quorum been present at such Meeting, provided that at any adjourned Meeting at which an Extraordinary Resolution is to be proposed, the quorum shall be two or more persons so present in person holding Securities or being proxies or representatives and holding or representing in the aggregate not less than  $33\frac{1}{3}$  per cent in the Notional Amount of Securities for the time being outstanding.
- (iv) Any Ordinary Resolution, Extraordinary Resolution duly passed or Written Resolution approved shall be binding on all Holders, whether or not they attended such Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Written Resolution, as the case may be.

(c) ***Reserved Matters.***

In these Conditions, “**Reserved Matter**” means any proposal:

- (i) to change the date, or the method of determining the date, for payment of any amount in respect of the Securities, to reduce or cancel any amount payable on any date in respect of the Securities or to change the method of calculating any amount payable in respect of the Securities on any date (including, without limitation, the amendment of any definition or other provision relating thereto);
- (ii) to change the currency in which any amount due in respect of the Securities is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Holders or the number or percentage of votes required to be cast, or the number or percentage of Securities required to be held, in connection with the taking of any decision or action by or on behalf of the Holders or any of them;
- (iv) to change this definition, or the definition of “Extraordinary Resolution”, or “Written Resolution”;
- (v) to change the definition of “outstanding” or to modify the provisions of Condition 12(e) (*Securities controlled by the Issuer*);

- (vi) to change any provision of Condition 2.1(b) (*Status*) or Condition 3 (*Negative Pledge*);
- (vii) to change any provision of Condition 6 (*Covenants*);
- (viii) to change the law governing the Securities, the courts to the jurisdiction of which the Issuer has submitted in the Securities, any of the arrangements specified in the Securities to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Holder, as set out in Condition 16 (*Governing Law*);
- (ix) to impose any condition on or otherwise change the Issuer's obligation to make payments of any amount in respect of the Securities, including by way of the addition of a call option;
- (x) to modify the provisions of this Condition 12(c) (*Reserved Matters*);
- (xi) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Securities or to change the terms of any such guarantee or security;
- (xii) to exchange or substitute all the Securities for, or convert all the Securities into, other obligations or Securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Securities for, or the conversion of the Securities into, any other obligations or Securities of the Issuer or any other person.
- (xv) to modify the provisions of Condition 5.4 (*Holder Put*); or
- (xvi) to modify the provisions of Condition 15 (*Further Issues*).

(d) ***Manifest error, etc.***

The Trust Deed may be amended without the consent of the holder of any Note for the purposes of curing any ambiguity or of curing, correcting or supplementing any defective or inconsistent provisions contained therein or herein, to take into account further issues of Securities pursuant to Condition 15 (*Further Issues*) or in any manner that the parties thereto may deem mutually necessary or desirable and that will not adversely affect, in any material respect, the interests of the Holders.

(e) ***Securities controlled by the Issuer.***

For the purposes of (i) determining the right to attend and vote at any Meeting, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, and (ii) Condition 12(a); any Securities which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (i) “**public sector instrumentality**” means the Ministry of Finance, the National Bank of Ukraine, any other department, ministry or agency of the government of Ukraine; and

- (ii) “**control**” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any Meeting, or in connection with any Written Resolution, the Issuer shall provide to the Trustee a copy of the certificate which includes information on the total number of Securities which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Securities shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any Meeting or the right to sign, or authorise the signature of, any Written Resolution in respect of any such Meeting. The Trustee shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

### **13. Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights against the Issuer under the Trust Deed in respect of the Securities, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by the Holders of at least 25 per cent. in Notional Amount of the outstanding Securities or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified and/or prefunded and/or provided with security to its satisfaction.

No Holder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

### **14. Notices**

All notices to Holders may be delivered in person or sent by mail or facsimile transmission or telex to them at their respective addresses, facsimile or telex numbers reflected in the Register. Any such notice shall be deemed to have been given, in the case of a letter delivered by hand, at the time of delivery, in the case of a letter sent by mail, on the fourth weekday (excluding Saturday and Sunday) after the date of mailing, in the case of facsimile transmission, at the time of dispatch or, in the case of a telex, on receipt of an answerback confirmation by the sender, except that, so long as the Securities are listed on the Irish Stock Exchange, notices will also be published either via the Companies Announcement Office of

the Irish Stock Exchange or in the Irish Times. Any such notice shall be deemed to have been given on the date of such publication.

## **15. Further Issues**

The Issuer is at liberty from time to time, without the consent of Holders but subject as provided in the Trust Deed, to create and issue further Securities ranking equally in all respects so that the same shall be consolidated and form a single series with the Securities even if doing so may adversely affect the value of any then outstanding. Any such further Securities shall form a single series with the then outstanding Securities and shall be constituted by a deed supplemental to the Trust Deed.

## **16. Governing Law**

The Trust Deed, the Agency Agreement and the Securities are governed by, and will be construed in accordance with, English law.

The Issuer has in the Trust Deed irrevocably agreed, for the benefit of the Trustee and the Holders, and subject to Clause 25.4 (*Arbitration*) of the Trust Deed, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Securities and that accordingly any suit, action or proceedings arising thereunder or in connection therewith (together referred to as “**Court Proceedings**”) may be brought in the courts of England. Nothing contained herein or in the Trust Deed shall limit, subject to Clause 25.4 (*Arbitration*) of the Trust Deed, any right of the Trustee and/or each of the Holders to take Court Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Court Proceedings in any one or more jurisdictions preclude the taking of Court Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer has in the Trust Deed irrevocably and unconditionally waived any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England on the grounds that such Court Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed that a judgment or order of the courts of England in connection with the Trust Deed or the Securities shall be conclusive and binding upon the Issuer, and may be enforced against it in the courts of any other jurisdiction to which the Issuer is or may be subject.

The Issuer has in the Trust Deed appointed the Ambassador of Ukraine to the Court of St. James's at the Embassy of Ukraine in London, from time to time, to act as its agent to receive service of process in any Court Proceedings in England based on the Trust Deed or the Securities. If for any reason the appointment of such agent for service of process lapses, the Issuer has in the Trust Deed agreed that it will promptly appoint a substitute process agent (acceptable to the Trustee) and notify the Holders in accordance with Condition 14 (*Notices*) of such appointment.

Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

Ukraine has also specifically and expressly agreed in the Trust Deed that any disputes which may arise out of or in connection with the Trust Deed or the Securities (including any questions regarding their existence, validity or termination) shall, at the sole option of the Trustee exercisable in accordance with Clause 25.4 (*Arbitration*) of the Trust Deed, be

referred to and finally resolved by arbitration instituted by the Trustee under the Rules of the London Court of International Arbitration. The arbitration tribunal shall consist of three arbitrators to be approved in accordance with Clause 25.5 (*Formation of Arbitration Tribunal*) of the Trust Deed. The seat of arbitration shall be London and the language English.

To the extent that the Issuer or any of its revenues, assets or properties are entitled, in England or any other jurisdiction where Proceedings may at any time be brought against it or any of its revenues, assets or properties, to any immunity from suit, from the jurisdiction of any such court, from set off, from attachment in aid of execution of a judgment, from execution of a judgment or from any other legal or judicial process or remedy (other than a pre judgment attachment which is expressly not waived), and to the extent that in any such jurisdiction there shall be attributed such an immunity, the Issuer has in the Trust Deed irrevocably agreed not to claim and has irrevocably waived such immunity to the fullest extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any Proceeding). The Issuer reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law. The waiver of immunities referred to in the Trust Deed constitutes only a limited and specific waiver for the purposes of the Securities and the Trust Deed and under no circumstances shall it be interpreted as a general waiver by the Issuer or a waiver with respect to proceedings unrelated to the Securities and the Trust Deed. The Issuer has not waived such immunity in respect of property which is (i) used by a diplomatic or consular mission of the Issuer (except as may be necessary to effect service of process), (ii) property of a military character and under the control of a military authority or defence agency, or (iii) located in Ukraine and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use).

## **17. Contracts (Rights of Third Parties) Act**

No rights are conferred on any person under the Contracts (Right of Third Parties) Act 1999 to enforce any term of the Securities, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **18. Currency Indemnity**

The Issuer agrees that if a judgment, order or award given or made by any court or arbitral tribunal for the payment of any amount in respect of any Security is expressed in a currency (the “**judgment currency**”) other than the United States dollars (the “**denomination currency**”), the Issuer will pay any deficiency arising or resulting from any variation in rates of exchange between the date as of which the amount in the denomination currency is notionally converted into the amount in the judgment currency for the purposes of such judgment, order or award and the date of actual payment thereof. This obligation will constitute an obligation separate and independent from the other obligations under the Securities, will give rise to a separate and independent cause of action, will apply irrespective of any waiver or extension granted from time to time and will continue in full force and effect notwithstanding any judgment, order or award for a liquidated sum or sums in respect of amounts due in respect of the relevant Security or under any such judgment, order or award.

## FORM OF GLOBAL CERTIFICATES AND TRANSFER RESTRICTIONS

*The following information relates to the form, transfer and delivery of the New Notes and the GDP-linked Securities and provides certain other information relating to the Designated Securities when they are represented by the Global Certificates. Because of the restrictions set out below, Holders of Designated Securities in the United States are advised to consult appropriately qualified legal counsel prior to making any offer, resale, pledge or transfer of New Notes.*

### 1. Forms of New Notes and GDP-linked Securities

All New Notes will be in registered form, without interest coupons attached. New Notes issued to holders of Designated Securities who are stated in the relevant Participation Instruction or Delivery Certificate to be non-U.S. Persons outside of the United States will be represented by interests in unrestricted global notes, in registered form, without interest coupons attached, which will be deposited on or about the Settlement Date with The Bank of New York Mellon, London Branch, as common depositary in respect of interests held through Euroclear and Clearstream, Luxembourg (the “**New Notes Unrestricted Global Certificates**”).

All GDP-linked Securities will be in registered form, without coupons attached. All GDP-linked Securities issued to holders of Designated Securities who are stated in the relevant Participation Instruction or Delivery Certificate to be non-U.S. Persons outside of the United States will be represented by interests in unrestricted global securities, in registered form, without coupons attached, which will be deposited on or about the Settlement Date with The Bank of New York Mellon, London Branch, as common depositary in respect of interests held through Euroclear and Clearstream, Luxembourg (the “**GDP-linked Securities Unrestricted Global Certificates**,” and together with the New Notes Unrestricted Global Certificates, the “**Unrestricted Global Certificates**”).

New Notes issued to holders of Designated Securities who are stated in the relevant Participation Instruction or Delivery Certificate to be either QIBs or Accredited Investors will be represented by interests in one or more restricted global notes in registered form without interest coupons attached, which will be deposited on or about the Settlement Date with the Custodian for, and registered in the name of Cede & Co. as nominee for, DTC (the “**New Notes Restricted Global Certificates**”).

GDP-linked Securities issued to holders of Designated Securities who are stated in the relevant Participation Instruction or Delivery Certificate to be either QIBs or Accredited Investors will be represented by interests in one or more restricted global securities in registered form without interest or coupons attached, which will be deposited on or about the Settlement Date with the Custodian for, and registered in the name of Cede & Co. as nominee for, DTC (the “**GDP-linked Securities Restricted Global Certificates**,” and, together with the New Notes Restricted Global Certificates, the “**Restricted Global Certificates**”). The Unrestricted Global Certificates and the Restricted Global Certificates are collectively referred to as the “**Global Certificates**”.

Each of the Restricted Global Certificates (and any Definitive Certificates issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Certificate as set forth under “—*Transfer Restrictions*” below.

Each of the Unrestricted Global Certificates and the Restricted Global Certificates for each Series of New Notes and the GDP-linked Securities will have separate CUSIP, ISIN and Common Code.

### 2. Transfer Restrictions

Transfers of interests in Global Certificates within DTC, Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant system.

On or prior to the 40th day after the Settlement Date, a beneficial interest in a Unrestricted Global Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Restricted Global Certificate only upon receipt by the applicable Registrar of a written certification from the transferor (in the form scheduled to the Agency Agreements) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the

requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such New Note or GDP-linked Security, as set out below.

Each Restricted Global Certificate will bear a legend substantially in the form set out in “*Issue and Resale Restrictions*” and no Restricted Global Certificate nor any beneficial interest in such Restricted Global Certificate may be transferred except in compliance with the transfer restrictions set forth in such legend.

No beneficial interest in a Global Certificate representing the New Notes may be transferred or exchanged for a beneficial interest in a Global Certificate representing the GDP-linked Securities. No beneficial interest in a Global Certificate representing the GDP-linked Securities may be transferred or exchanged for a beneficial interest in a Global Certificate representing the New Notes. No beneficial interest in a Global Certificate representing a Series of New Notes may be transferred or exchanged for a beneficial interest in a Global Certificate representing a different Series of New Notes.

Subject to the preceding paragraph, a beneficial interest in a Restricted Global Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through the related Unrestricted Global Certificate only upon receipt by the applicable Registrar of a written certification from the transferor (in the form scheduled to the New Notes Trust Deed or the GDP-linked Securities Trust Deed, as applicable) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Subject to the conditions set forth above, any beneficial interest in either the relevant Restricted Global Certificate or the relevant Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other relevant Global Certificate will, upon transfer, cease to be a beneficial interest in such Global Certificate and become a beneficial interest in the other relevant Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other relevant Global Certificate for so long as such person retains such an interest.

The New Notes and the GDP-linked Securities are being issued in the United States only to qualified institutional buyers within the meaning of Rule 144A and to Accredited Investors (as defined in Rule 501(a) of Regulation D under the Securities Act) and may only be resold in the United States to qualified institutional buyers. Because of these restrictions, U.S. Persons holding New Notes or GDP-linked Securities are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such New Notes or GDP-linked Securities, as applicable.

Ukraine is a foreign government as defined in Rule 405 under the Securities Act and is eligible to register securities on Schedule B of the Securities Act. Therefore Ukraine is not subject to the information provision requirements of Rule 144A(d)(4)(i) under the Securities Act.

### 3. **Exchange of Interests in Global Certificates for Definitive Note Certificates**

Registration of title to any Series of the New Notes or the GDP-linked Securities initially represented by a Restricted Global Certificate in a name other than DTC or a successor depositary or one of their respective nominees will not be permitted in respect of the New Notes or the GDP-linked Securities unless (a) such depositary notifies Ukraine that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the relevant Global Certificates or ceases to be a “clearing agency” registered under the United States Securities Exchange Act of 1934 (as amended, the “**Exchange Act**”) or is at any time no longer eligible to act as such and Ukraine is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary or (b) following a failure to pay principal, in respect of the relevant New Notes, or Notional Amounts, in respect of the relevant GDP-linked Securities, at maturity or upon acceleration of any such New Note or GDP-linked Security, as applicable, and the applicable Trustee has received a request from the registered holder of the relevant Restricted Global Certificate requesting exchange

of the relevant Restricted Global Certificate for individual note certificates (the “**Restricted Definitive Certificates**”).

Registration of title to any Series of New Notes or the GDP-linked Securities initially represented by an Unrestricted Global Certificate in a name other than the nominee of the common depository for Euroclear and Clearstream, Luxembourg will not be permitted unless (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the relevant Trustee is available or (b) following a failure to pay principal, in respect of any relevant New Note, or Notional Amounts, in respect of any relevant GDP-linked Security, at maturity or upon acceleration of any such New Note or GDP-linked Security, and the relevant Trustee has received a request from the registered holder of the relevant Unrestricted Global Certificate requesting exchange of the relevant Unrestricted Global Certificate for individual note certificates (the “**Unrestricted Definitive Certificates**”, and together with the Restricted Definitive Certificates, the “**Definitive Certificates**”).

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and Ukraine will, at the cost of Ukraine (but against such indemnity as the relevant Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the relevant Registrar for completion, authentication and dispatch to the relevant holders. A person having an interest in a relevant Global Certificate must provide the relevant Registrar with (a) a written order containing instructions and such other information as Ukraine and the relevant Registrar may require to complete, execute and deliver such Definitive Certificates and (b) in the case of the relevant Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A or Regulation S, a certification that the transfer is being made in compliance with the provisions of Rule 144A or Regulation S. Definitive Certificates issued in exchange for a beneficial interest in a relevant Restricted Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under “—*Transfer Restrictions*” above.

The holder of a New Note may transfer such New Note in accordance with the provisions of Condition 2 of the terms and conditions of the New Notes. See “*Terms and Conditions of the New Notes—Register, Title and Transfers*”. The holder of a GDP-linked Security may transfer such GDP-linked Security in accordance with the provisions of Condition 2 of the terms and conditions of the GDP-linked Securities. See “*Terms and Conditions of the GDP-linked Securities—Register, Title and Transfers*”. Definitive Certificates may not be eligible for trading in the DTC, Euroclear and Clearstream, Luxembourg systems.

No beneficial interest in a Global Certificate representing the New Notes may be transferred or exchanged for a Definitive Certificate representing the GDP-linked Securities, and no beneficial interest in a Global Certificate representing the GDP-linked Securities may be transferred or exchanged for a beneficial interest in a Definitive Certificate representing the New Notes. No beneficial interest in a Global Certificate representing a Series of New Notes may be transferred or exchanged for a beneficial interest in a Definitive Certificate representing a different Series of New Notes.

Upon the transfer, exchange or replacement of a Restricted Definitive Certificate bearing the legend referred to under “*Issue and Resale Restrictions*”, or upon specific request for removal of the legend on a Restricted Definitive Certificate, Ukraine will deliver only relevant Restricted Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to Ukraine and the relevant Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by Ukraine that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The relevant Registrar will not register the transfer of or exchange of interests in a relevant Global Certificate for Definitive Certificates for a period of 15 calendar days ending on the due date for payment of principal or interest, with respect to the New Notes, and for a period of 15 calendar days ending on the due date for any payment, with respect to the GDP-linked Securities.

4. **DTC, Euroclear and Clearstream, Luxembourg Arrangements**

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depositary is the registered holder of a relevant Global Certificate, DTC Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the New Notes or GDP-linked Security represented by such Global Certificate for all purposes under the New Notes Trust Deed, New Notes Agency Agreement and the New Notes or the GDP-linked Securities Trust Deed, GDP-linked Securities Agency Agreement and the GDP-linked Securities, as applicable. All payments with respect to the New Notes and GDP-linked Securities in respect of the relevant Global Certificates will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of Ukraine, any Trustee, any Agent, or the Settlement and Tabulation Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of payments with respect to book entry interests in the New Notes and in the GDP-linked Securities, each held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the relevant Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

Holders of book entry interests in New Notes and in GDP-linked Securities held through DTC will receive from the relevant Paying Agent through DTC, to the extent received by DTC from such Paying Agent, all payments made with respect to book entry interests in such New Notes or GDP-linked Securities, as applicable. Distribution of payments in the United States will be subject to relevant U.S. tax laws and regulations.

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a relevant Global Certificate to such persons will be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a relevant Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book entry interests in the New Notes and the GDP-linked Securities through Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book entry accounts of each such institution. As necessary, the relevant Registrar will adjust the amounts of New Notes or the GDP-linked Securities, as applicable, on the relevant Register for the accounts of (i) Citivic Nominees Limited and (ii) Cede & Co. to reflect the amounts of New Notes or GDP-Linked Securities, as applicable, held through Euroclear and Clearstream, Luxembourg and DTC, respectively. Beneficial ownership of New Notes and the GDP-linked Securities will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

Interests in relevant Unrestricted Global Certificates and relevant Restricted Global Certificates will be in uncertificated book entry form.

5. **Secondary Market Trading in Relation to Global Certificates**

The Issuer has obtained the information in this section concerning DTC, Euroclear and Clearstream, Luxembourg and their book entry systems from sources made publicly available by DTC, Euroclear and Clearstream, Luxembourg, which Ukraine believes to be reliable and which has been accurately

extracted and/or summarised from those sources. The Issuer takes no responsibility for the accuracy of this information and only accepts responsibility for accurately extracting the information from those sources.

#### **Trading between Euroclear and/or Clearstream, Luxembourg participants**

Secondary market sales of book entry interests in the New Notes or the GDP-linked Securities held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the New Notes or the GDP-linked Securities, as applicable, through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

#### **Trading between DTC Participants**

Secondary market sales of book entry interests in New Notes or the GDP-linked Securities between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to U.S. corporate debt obligations in DTC's Same Day Funds Settlement System.

#### **Trading between DTC Seller and Euroclear/Clearstream Purchaser**

Subject to the foregoing, when a book entry interest in New Notes or GDP-linked Securities is to be transferred from the account of a DTC participant holding a beneficial interest in the relevant Restricted Global Certificate to the account of a Euroclear or Clearstream accountholder wishing to purchase a beneficial interest in the relevant Unrestricted Global Certificate (subject to such certification procedures as are provided in the Agency Agreements), the purchaser must send instructions to Euroclear or Clearstream at least one business day prior to the settlement date. Euroclear or Clearstream, as the case may be, will instruct the common depository to receive the beneficial interest and make payment for it. Payment will include interest accrued on the beneficial interest in the New Notes from and including the last interest payment date to and excluding the settlement date or, in the case of the GDP-linked Securities, will include any accrual in respect of amounts payable on the relevant GDP-linked Securities. On the settlement date, the common depository will make payment to the DTC participant's account against delivery of the beneficial interest. After settlement has been completed, the beneficial interest will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Euroclear or Clearstream accountholder's account. The securities credit will appear the next day, European time. The cash debit will be back valued to, and interest on the relevant Unrestricted Global Certificate will accrue from, the value date, which will be the preceding day when settlement occurs in New York. If settlement is not completed on the intended value date, that is, if the trade fails, the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date, whenever that may be.

The Euroclear or Clearstream accountholder will need to make available to its clearing system the funds necessary to process same day funds settlement. The most direct means of doing so is to pre position funds for settlement, either from cash on hand or existing lines of credit, as it would for any pre settlement occurring within Euroclear or Clearstream. Under this approach, the purchasing accountholder may take on credit exposure to Euroclear or Clearstream until the beneficial interest in the relevant Unrestricted Global Certificate is credited to its account one day later. As an alternative, if Euroclear or Clearstream has extended a line of credit to the purchasing accountholder, it can elect not to pre position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, the Euroclear or Clearstream accountholder purchasing the beneficial interest in the relevant Unrestricted Global Certificate would incur overdraft charges for one day, assuming it cleared the overdraft when the beneficial interest was credited to its account. However, interest on the relevant Unrestricted Global Certificate would accrue from the value date. Therefore, in many cases, the investment income on the relevant Unrestricted Global Certificate earned during that one day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each accountholder's particular cost of funds.

Because the settlement is taking place during New York business hours, the DTC participant can use its usual procedures for transferring a beneficial interest in the Global Certificates to the common depositary for the benefit of the Euroclear or Clearstream accountholder. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participant, a cross market transaction will settle no differently than a trade between two DTC participants.

Day traders that use Clearstream or Euroclear to purchase interests in the New Notes or the GDP-linked Securities from DTC participants for delivery to Clearstream participants or Euroclear participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

- Borrowing through Clearstream or Euroclear for one day, until the purchase side of the day trade is reflected in their Clearstream or Euroclear accounts, in accordance with the clearing system's customary procedures; or
- Borrowing the interests in the United States from a DTC participant no later than one day prior to settlement, which will give the interests sufficient time to be reflected in their Clearstream or Euroclear account in order to settle the sale side of the trade; or
- Staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC participant is at least one day prior to the value date for the sale to the Clearstream participant or Euroclear participant.

#### **Trading between Euroclear/Clearstream Seller and DTC Purchaser**

Due to time zone differences in its favour, a Euroclear or Clearstream accountholder may employ customary transfer procedures when transferring a book entry interest in the relevant Unrestricted Global Certificate to the account of a DTC participant wishing to purchase a beneficial interest in the relevant Restricted Global Certificate (subject to such certification procedures as are provided in the Agency Agreements). The seller must send instructions to Euroclear or Clearstream at least one business day prior to the settlement date. Euroclear or Clearstream will instruct the common depositary to credit the beneficial interest in the relevant Global Certificates to the DTC participant's account and receive payment. Payment will include interest accrued on the beneficial interest in the New Notes from and including the last interest payment date to and excluding the settlement date or, in the case of the GDP-linked Securities, will include any accrual in respect of amounts payable on the relevant GDP-linked Securities. Payment will be reflected in the account of the Euroclear or Clearstream accountholder the following day. Receipt of cash proceeds in the Euroclear or Clearstream accountholder's account will be back valued to the value date, which will be the preceding day, when settlement occurs in New York. If the Euroclear or Clearstream accountholder has a line of credit with its clearing system and elects to draw on such line of credit in anticipation of receipt of sale proceeds in its account, the back valuation may substantially reduce or offset any overdraft charges incurred over that one day period. If settlement is not completed on the intended value date, that is, if the trade fails, receipt of the cash proceeds in the Euroclear or Clearstream accountholder's account will instead be valued as of the actual settlement date, whenever that may be.

For a further description of restrictions on the transfer of New Notes and the GDP-linked Securities, see "*Forms of Global Certificates and Transfer Restrictions—Transfer Restrictions*" above.

DTC has advised Ukraine that it will take any action permitted to be taken by a holder of New Notes or the GDP-linked Securities (including, without limitation, the presentation of Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the relevant Global Certificates as to which such participant or participants has or have given such direction. In the circumstances described above, DTC will surrender the Global Certificates for exchange for individual Definitive Certificates, which will, in the case of Restricted Definitive Certificates, bear the legend applicable to transfers pursuant to Rule 144A.

DTC has advised Ukraine as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a member of the United States Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and to facilitate the clearance settlement of transactions between its participants through electronic book entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations and may in the future include certain other organisations. Indirect access to the DTC system is also available to banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a participant, either directly or indirectly. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers.

Euroclear and Clearstream have advised Ukraine as follows: Euroclear and Clearstream hold securities for participating organisations and facilitate the clearance and settlement of securities between their respective accountholders through electronic book entry changes in accounts of such accountholders. Euroclear and Clearstream provide to their accountholders, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream accountholders are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream accountholder, either directly or indirectly.

Although the foregoing sets out the procedures of DTC, Euroclear and Clearstream to facilitate transfers of beneficial interests in global bonds among participants and accountholders of DTC, Euroclear and Clearstream, none of DTC, Euroclear or Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither Ukraine nor any agent of Ukraine nor any person by whom any of them is controlled for purposes of the Securities Act will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or the sufficiency for any purpose of the arrangements described above.

While a relevant Global Certificate is lodged with DTC or the relevant Custodian, New Notes or GDP-linked Securities represented by individual Definitive Certificates will not be eligible for clearing or settlement through DTC. While a relevant Global Certificate is lodged with Euroclear or Clearstream or the common depository for Euroclear or Clearstream, New Notes or GDP-linked Securities represented by individual Definitive Certificates will not be eligible for clearing or settlement through Euroclear or Clearstream.

## **6. Amendments to Conditions**

Each Global Certificate contains provisions that apply to the Series of New Notes or GDP-linked Securities that they represent, some of which modify the effects of the relevant terms and conditions. The following is a summary of those provisions:

### *Payments*

Payments of principal and interest in respect of Notes and Payment Amounts (as defined in the terms and conditions of the GDP-linked Securities) in respect of the GDP-linked Securities evidenced by a Global Certificate will be made to, or to the order of, the person whose name is entered on the relevant register of holders at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive, except 25 December and 1 January.

### *Meetings*

The holder of each Global Certificate will be treated as being one person for the purposes of any quorum requirements of, or have the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each U.S.\$1,000 principal amount of Notes or Notional Amount of the GDP-linked Securities for which the relevant Global Note or Security may be exchangeable.

### *Purchase and Cancellation*

Cancellation of any Note or GDP-linked Security required by the relevant terms and conditions to be cancelled following its purchase will be effected by reduction in the principal amount and Notional Amount in respect of the Securities of the relevant Global Note or Security.

### *Notices*

So long as the relevant Unrestricted Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”), notices to holders of New Notes or GDP-linked Securities, as applicable, represented by a beneficial interest in such relevant Unrestricted Global Certificate may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System and so long as the relevant Restricted Global Certificate is held on behalf of DTC or an Alternative Clearing System, notices to holders of New Notes or GDP-linked Securities, as applicable, represented by a beneficial interest in the relevant Restricted Global Certificate may be given by delivery of the relevant notice to DTC or the Alternative Clearing System.

## UKRAINIAN LEGISLATION

In May 2015, the Verkhovna Rada (the “**Ukrainian Parliament**”) adopted a law “On Certain Aspects of Transactions with State, State-Guaranteed Debt and Local Debt”. This law enables the Cabinet of Ministers of Ukraine to suspend payments under any or all specified state and state-guaranteed external debt, and enables the city council to suspend payments under any and all specified local external debt. This law became effective on 13 June 2015. Subsequently, pursuant to the authority given by this law, on 22 September 2015, the Cabinet of Ministers of Ukraine adopted a resolution authorising the launch of the Invitation and declaring a technical suspension of payments falling due during the period between the declaration and 1 December 2015 on Designated Securities. This suspension extends to the payments of principal on the September 2015 Notes and the October 2015 Notes and interest on these and a number of other Series of Designated Securities.

On 17 September 2015, the Ukrainian Parliament adopted three laws which became effective on 20 September 2015. These laws introduce, among others, the following necessary changes to Ukrainian legislation in connection with the implementation of the debt operation:

- (i) the Law of Ukraine “*On Amendments to Law of Ukraine “On Securities and Stock Market” with respect to State Derivatives (relating to restructuring of state and state guaranteed debt and its partial haircut)*” introduced GDP-linked Securities as the new type of Ukrainian state securities (named “**state derivative**” in Ukrainian law). Under this law, the issue of GDP-linked Securities is part of the budget process and will be exempt from regulation by the National Securities and Stock Market Commission;
- (ii) the Law of Ukraine “*On Amendment of the Budget Code of Ukraine (relating to restructuring of state and state guaranteed debt and its partial haircut)*” introduced special provisions to make sure that the rights of payment under the Designated Securities will effectively be subordinated to those of holders of New Notes and GDP-linked Securities through the application of local law and the pari passu clause contained in the New Notes and Designated Securities as long as a suspension of payments is in effect in relation to the Designated Securities. This law also regulates the procedure for the issuance and making payments under the GDP-linked Securities which is generally in line with similar regulation of state external borrowings and payments under state guarantees; and
- (iii) the Law of Ukraine “*On Amendment of Chapter XX “Transitional Provisions” of the Tax Code of Ukraine in Respect of Peculiarities of Taxation during Restructuring of State and State-Guaranteed Debt and its Partial Haircut*” introduced (i) special exemptions from corporate income tax in relation to the income resulting from transfer/conversion of guaranteed debt of designated state enterprises into sovereign debt as part of debt operation; (ii) exemption of income of non-residents of Ukraine for tax purposes from Ukrainian withholding tax on issue of GDP-linked Securities; and (iii) exemption of non-residents of Ukraine for tax purposes from Ukrainian withholding tax on payments under GDP-linked Securities.

## RISK FACTORS AND OTHER CONSIDERATIONS

*Participation in the Exchange Offer or the Consent Solicitation, or failure to do so, involves a significant degree of risk. Before making a decision whether to offer to tender Designated Securities for exchange pursuant to the Invitation, or to consent to and vote in favour of, or reject and vote against, the Extraordinary Resolutions, holders of Designated Securities should carefully consider all of the information included in and incorporated by reference into this Exchange Offer Memorandum and, in particular, the following factors, which are not intended to be exhaustive. Additional risks and uncertainties that Ukraine does not know about as at the date of this Exchange Offer Memorandum or that Ukraine currently thinks are immaterial may also impair the Designated Securities, the New Notes and the GDP-linked Securities. Holders of Designated Securities should make their own independent evaluations of all the risk factors relating to the Invitation.*

### **Risk factors relating to Ukraine**

Ukraine is a country at war. Substantial parts of its territory have effectively been either annexed or are under *de facto* control of Russian-backed separatist militias supported by Russian armed forces. An important industrial region in eastern Ukraine has been devastated by the conflict, along with the industrial and social infrastructure therein. Beyond the enormous humanitarian consequences of the conflict, this has resulted in a loss of a significant proportion of the country's productive capacity and a consequent substantial fall in Ukraine's gross domestic product. This, along with the associated loss of tax revenue and the increased military and social welfare expenditure, has had, and continues to have, a very significant detrimental effect on the Ukrainian economy and financial position as a whole. Accordingly, the risk factors contained in this section "—Risks relating to Ukraine" are applicable to holders of Designated Securities, regardless of whether they decide to participate in the Invitation. However, holders of Designated Securities should also be aware of the additional considerations set out in "—Risks of Not Participating in the Invitation" and "—Risks of Participating in the Invitation" when making the decision to participate in the Invitation or not.

***The ongoing crisis in eastern Ukraine has had, and is likely to continue to have, negative humanitarian, economic and political consequences for Ukraine.***

#### *Humanitarian consequences*

Following the Euro-Maidan Revolution which led to the removal from power of President Yanukovich in February 2014, demonstrations by pro-Russian separatists and anti-Government groups took place in several major cities across eastern and southern Ukraine. In April 2014, armed groups took over government buildings, seized military and other state assets and prevented the exercise of lawful government authority in parts of the Donetsk and Luhansk regions (in Ukrainian, *oblasts*). The breakdown of law and order in the affected regions prompted the Ukrainian authorities to launch anti-terrorist operations against the armed groups.

According to the UN, close to 8,000 people have been killed and close to 18,000 people wounded in eastern Ukraine in the year following the outbreak of hostilities<sup>1</sup>. The Ministry of Social Policy of Ukraine has registered more than 1.5 million internally displaced persons ("IDPs") as a result of the violence in eastern Ukraine, placing a great strain on government resources. According to the UN, 60 per cent. of the IDPs are pensioners. The IDPs commonly flee their homes with very few possessions and few financial resources and thus remain constantly reliant on the assistance provided by the government, international and national humanitarian agencies and volunteers. The UN has also estimated that more than 920,000 Ukrainians have sought refuge in neighbouring countries due to the ongoing crisis.

The humanitarian crisis in the affected regions shows no signs of abating. Heavy civilian tolls of dead and wounded have resulted from the shelling of residential areas in both Government- and terrorist-controlled areas. The fighting and shelling have caused severe damage to civilian property and vital infrastructure,

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<sup>1</sup> This is a conservative estimate by the UN Human Rights Monitoring Mission in Ukraine and the World Health Organisation, based on available official data. It is believed that casualties have been under reported and that the actual number is higher.

leaving civilians in highly precarious situations, often in underground shelters without electricity, gas, heating, water, food or medical care. Hospitals, schools and kindergartens have been badly damaged or destroyed by the hostilities, including in Avdiivka, Donetsk, Horlivka, Luhansk and Mariupol. Many civilians, especially the elderly and those with movement difficulties have been trapped in these conflict zones and do not have the capacity, resources or assistance to leave.

According to the UN, the arbitrary detention of civilians remains a feature of the conflict. In areas controlled by the armed groups, “parallel structures” have been established and the breakdown in law and order in these areas means that there have been persistent violations of human rights, including abductions, arbitrary detention, beatings and torture. Access to education in conflict-affected areas has been severely curtailed and there has been significant destruction of infrastructure and housing, leading to almost total economic and social breakdown in the worst affected localities. These factors have all had, and may continue to have, a material adverse effect on Ukraine’s economy and political stability and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

#### *Increased defence costs, industrial decline and the effect of the conflict on foreign direct investment*

The Government’s attempts to reestablish control of areas of eastern Ukraine where Russia-backed separatists and Russian forces are operating have resulted in a significant increase in Ukraine’s defence expenditure. If the conflict re-escalates, such expenditure will continue to strain the general resources of the Government and the Government’s finances and negatively affect Ukraine’s economy. Furthermore, the conflict has led to a significant loss of production in an important industrial area of Ukraine, with industrial output declining 31.5 per cent. in the Donetsk and 42 per cent. in the Luhansk regions in 2014. The conflict has also had far-reaching adverse effects on foreign direct investment in these regions in particular and Ukraine in general, as well as on the Government’s economic reform programme. Any or all of these factors could have a material adverse effect on Ukraine’s economy and political stability and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

#### *Political consequences*

Although an agreement calling for an immediate ceasefire was reached on 5 September 2014 between delegates from Ukraine, the Russian Federation and the OSCE, as well as separatist representatives from the self-proclaimed Donetsk People’s Republic and Luhansk People’s Republic, sporadic heavy fighting continued and the conflict again escalated in January 2015 as fighting intensified over control of Donetsk International Airport. By the end of January 2015, the ceasefire had collapsed entirely with renewed fighting across the conflict zone and armed Russian-backed separatists and Russian forces mounting a new offensive along the line of control in the Donetsk and Luhansk regions. On 12 February 2015, a new ceasefire agreement (known as “**Minsk II**”) brokered by France and Germany with Russia’s participation, was agreed in Minsk by President Poroshenko and separatist representatives from the Donetsk and Luhansk regions. The parties agreed (amongst other things) to a bilateral ceasefire with effect from 15 February 2015, monitoring and verification by the OSCE of the withdrawal of heavy weapons, withdrawal of illegal armed groups, military equipment, militants and mercenaries from Ukraine, a general amnesty and release of prisoners and constitutional reforms granting special status to the Donetsk and Luhansk regions. However, Russian-supported armed groups, supported by Russian forces, have regularly violated the ceasefire, seizing additional territory and threatening further escalation of violence. In recent months, the conflict has continued and resulted in regrouping and consolidation of military forces by both Ukraine and Russian-supported armed groups and an escalation of violence in the Donetsk region. Russian-backed insurgents have deployed additional forces and heavy weaponry in renewed attacks on the Donetsk and Luhansk regions and near the strategic port city of Mariupol. The risk of further intensification of the conflict in eastern Ukraine remains extremely high and the full implementation of Minsk II remains challenging amid uncertainties about local elections in the occupied territories, border controls and progress in constitutional reform.

There can be no assurance that Minsk II will lead to a long term solution to the crisis in eastern Ukraine and may well only result in a “frozen conflict” in this area, with active armed conflict having ended but no peace treaty or other political framework resolved to the satisfaction of the combatants. Similar situations exist in other areas of former Soviet influence, including in South Ossetia and Abkhazia (separatist-controlled territories of Georgia, which were recognised by the Russian Federation as independent states, but

are not recognised internationally), Nagorno-Karabakh (a region of Azerbaijan occupied by Armenia, governed by the Nagorno-Karabakh Republic, a *de facto* independent but internationally unrecognised state) and Trans-Dniester (the separatist region in Moldova, which proclaimed independence in 1990 with a view to joining the Russian Federation, but remains unrecognised internationally). If a “frozen conflict” situation were to occur in eastern Ukraine, it would have a long-term adverse military and economic effect on Ukraine, as well as unpredictable political consequences. In particular, this situation would be likely to compound the current contraction in the Ukrainian economy, discourage further inbound investment and increase capital flight, restrict the Government’s access to the international capital markets and borrowing from multilateral organisations and put downward pressure upon the hryvnia. Any or all of these factors could have a material adverse effect on Ukraine’s economy and political stability and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

Additionally, as at the date of this Exchange Offer Memorandum, it is unclear as to how the September 2014 Law of Ukraine “*On Special Regime of Local Self-Government in Certain Regions of Donetsk and Luhansk Oblasts*” will be implemented. On 17 March 2015, the Ukrainian Parliament amended the above law to provide that the special regime for self-government in certain regions of the Donetsk and Luhansk Oblasts is conditional upon there being successful local elections for the new self-governing authorities. Such elections are required to be held in accordance with Ukrainian law, democratic principles and subject to certain other conditions, including, *inter alia*, withdrawal of all illegal military groups and weaponry from Ukraine. On 31 August 2015, the Ukrainian Parliament adopted with a majority of 265 votes in first reading a draft law proposing certain amendments to the Constitution of Ukraine regarding the decentralisation of power, and in particular the reform of the status of local government and administrative-territorial units. The proposed amendments provide for a specific procedure for the implementation of local self-government in several districts of the Donetsk and Luhansk regions, which are to be regulated by a separate law. The draft law now requires a minimum of 300 votes in favour to be passed into law during the current parliamentary session commencing on 1 September 2015 and ending in January 2016. The political and economic consequences of granting special status to Donetsk and Luhansk regions remain unknown, as does whether their new status may have a material adverse effect on Ukraine’s economy and political stability and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***The occupation and purported annexation of Crimea has created significant political and economic uncertainty in Ukraine and put further strains on Ukraine’s relationship with the Russian Federation.***

In late February 2014, following the Euro-Maidan Revolution which led to the removal from power of President Yanukovich, masked Russian soldiers without insignia appeared at strategic military and governmental locations across Crimea and in the City of Sevastopol. On 27 February 2014 these Russian forces occupied the Crimean parliament and other government buildings and a vote was held in the Crimean parliament replacing the lawful Crimean government with a pro-Russian regime. On 6 March 2014, the Crimean parliament, in violation of Ukrainian law, voted in favour of joining the Russian Federation and holding a referendum to approve this decision. Based on the reported results of the referendum that took place on 16 March 2014, the President of the Russian Federation, Mr Vladimir Putin, and representatives of the *de facto* government of Crimea executed an agreement for the annexation of Crimea to the Russian Federation. On 21 March 2014, Mr Putin signed legislation annexing Crimea and the City of Sevastopol to the Russian Federation.

The Ukrainian Parliament has declared the Crimean referendum unconstitutional and its legitimacy and results have generally not been recognised internationally. For example, all EU members, the United States and Canada have declared it to be illegitimate and 13 members of the UN Security Council voted in favour of a resolution declaring it invalid, although the resolution was vetoed by the Russian Federation. Nevertheless, on 27 March 2014, the UN General Assembly passed a resolution declaring the referendum invalid and affirming Ukraine’s territorial integrity. On 10 April 2014, the Council of Europe also adopted a resolution condemning the Russian military aggression and annexation of Crimea as being in violation of international law.

Ukraine does not recognise the results of the illegal referendum conducted on 16 March 2014, does not recognise Crimea as a sovereign state or as part of the Russian Federation and considers Crimea to form

an indivisible part of Ukraine, as an autonomous region in accordance with the 2004 Constitution of Ukraine. In April 2015, the Ukrainian Parliament reaffirmed the status of Crimea as part of Ukraine's sovereign territory by adopting the Occupied Territory Law which, among other things, includes a provision that Ukraine treat Crimea as an integral part of its territory. Ukraine considers Crimea to be, as at the date of this Exchange Offer Memorandum, under occupation by Russia. While Ukraine is committed to reaching a peaceful settlement of the Crimean crisis, currently there is no indication as to when or if the Russian occupation will end.

The occupation of Crimea may continue to adversely affect Ukraine's economic and political stability, including through its impact on the following:

- Ukraine's domestic trading market, as the loss of trade with Crimea reduces the overall volume of trade;
- Ukraine's finances, as the anticipated costs of reconstruction and resettlement as well as the loss of tax revenue from the region are significant;
- the Ukrainian economy, which has temporarily lost the benefit of a large number of valuable private and state-owned assets and property (including Sevastopol Naval Base and local oil and gas assets) in the region;
- Ukraine's GDP;
- reducing domestic gas supply, as Ukraine currently has lost access to its gas production assets located in Crimea or gas stored there, as well as to its oil and gas reserves located in Crimea and in certain parts of the Black Sea; and
- Ukraine's relations with Russia, as Russia's occupation of Crimea has been a source of conflict between Russia and Ukraine since the crisis began, further complicating their relationship (see *"— Ukraine's economy has traditionally been heavily dependent on trade with Russia and certain other CIS countries and any significant prolongation of the crisis in relations with Russia, absent a material increase in financial support and long term trade with the European Union and other Western economies, would be likely to have adverse effects on the economy as well as the political stability of the country."*)

At the date of this Exchange Offer Memorandum the occupation of Crimea continues and could further strain the general resources of Ukraine and so have a material adverse effect on Ukraine's economy and political stability and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***Ukraine's economy is vulnerable to fluctuations in the global economy and is contracting.***

Ukraine's economy is dependent to a large extent on the state of the global economy, in particular in relation to the foreign currency revenues from the export of goods and raw materials to counterbalance its dependence on foreign imports and reliance on financing in the international markets.

Exports form a large part of the GDP of Ukraine, accounting for 47.7 per cent., 43.0 per cent. and 49.1 per cent. of GDP in 2012, 2013 and 2014, respectively. Ukraine's ability to export goods and raw materials is dependent on global demand and prices and therefore any decrease or fluctuations in such demand or prices may have a significant adverse effect on Ukraine's economy and finances. Exports of metals and metal products form a significant part of all exports from Ukraine (27.4 per cent., 27.7 per cent., 28.3 per cent. and 27.2 per cent. in 2012, 2013, 2014 and for the six months ended 30 June 2015, respectively) and recent decreases in global demand and prices in this sector, in particular iron ore, alone have had a significant effect on Ukraine's economy. For the six months ended 30 June 2015, exports of steel and other metals from Ukraine decreased by 40.9 per cent. (13.1 per cent. in 2014), machines and equipment by 39.2 per cent. (17.1 per cent. in 2014), chemical products by 32.1 per cent. (23.8 per cent. in 2014) and mineral products by 55.5 per cent. (15.1 per cent. in 2014). Total exports of goods and services from Ukraine decreased by 14.3 per cent. in 2014 (7.5 per cent. in 2013), while imports decreased by 27.1 per cent. (7.2 per cent. in 2013). For the six months ended 30 June 2015, exports of goods and services decreased 33.6 per cent. and imports of goods and services decreased 37.2 per cent. as compared to the corresponding period in 2014.

Additionally, the state of the global economy has an important effect on Ukraine's state budget deficit and inflation levels. Domestic inflation is affected by world prices for metal products and grain as well as for natural gas and oil. This causal relationship has led to significant fluctuations in the budget deficit and domestic inflation over recent years and continued pressure on global energy and food prices and prices of industrial products may lead to higher deficits and/or an increase in the levels of inflation in the future. Furthermore, inflation levels can directly impact Ukraine's state budget performance as Ukraine subsidises the cost of certain basic food items and any increase in the real costs of these items would be likely to increase Ukraine's state budget expenditure and decrease its revenues. In line with the 2015 EFF, from 1 April 2015 gas prices for households were increased on average by 285 per cent. and from 8 May 2015 the heating prices were increased by 67 per cent. To help protect vulnerable households, social assistance to eligible households has been increased from 0.4 per cent. of GDP in 2014 to a budgeted 1.2 per cent. in 2015. This liberalisation of energy prices, is aimed, *inter alia*, at controlling inflation, discouraging excessive energy consumption, decreasing Naftogaz losses and gas imports, encouraging investment in domestic energy production and addressing governance problems in the energy sector.

Many of the key sectors of Ukraine's economy have contracted in recent years. In 2014, Ukraine's GDP declined by an estimated 6.8 per cent., with a 9.0 per cent. rate of decline expected by the IMF for 2015. In the first quarter of 2015, Ukraine's GDP declined by 17.2 per cent. compared to the same period in 2014 and in the second quarter of 2015, Ukraine's GDP declined by 14.7 per cent. compared to the same period in 2014 (see — *"Positive developments in the economy may not be achieved if certain important economic and financial structural reforms are not made."*).

The recent volatility in the Ukrainian economic and geopolitical situation has significantly limited Ukrainian corporate borrowers' access to funding in the international capital and syndicated loan markets. In 2012 and 2013 after the effects of the global financial crisis had subsided, relatively easy access to liquidity, both from within Ukraine and internationally, was a significant factor facilitating growth in Ukraine's GDP. The reduced availability of external financing for Ukrainian companies in 2014 and 2015 has contributed to a decrease in industrial production (as described above), investment projects and capital expenditure generally. Any further deterioration of the current economic and geopolitical crisis may lead to a worsening of the economic and financial condition of Ukraine. Changing external or internal conditions could intensify and widen any external funding gap. Continued widening of the current account deficit or significant net capital outflows could cause the stock of international reserves to continue to fall or prompt a further devaluation of the hryvnia. Any such developments, including any prolonged unavailability of external funding and increases in world prices for goods imported to Ukraine or decreases in world prices for goods exported from Ukraine, may put pressure on the hryvnia exchange rate and may have or continue to have a material adverse effect on Ukraine's economy and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***Ukraine's Government may be unable to sustain political consensus, which may result in political instability.***

Historically, a lack of political consensus in the Ukrainian Parliament has made it difficult for the government of Ukraine (the "**Government**") to secure the necessary support to implement policies intended to foster liberalisation, privatisation and financial stability. As at the date of this Exchange Offer Memorandum, as a result of the rapid political developments in Ukraine in recent years, the procedures and rules governing the political process in Ukraine may be subject to change through the normal process of political alliance building or through constitutional amendments and decisions of the Constitutional Court of Ukraine. Recent political developments have also highlighted potential inconsistencies between the Constitution and various laws and presidential decrees. Furthermore, such developments have raised questions regarding the judicial system's independence from economic and political influences.

The political landscape of Ukraine remains uncertain. It remains to be seen if the coalition government has the political support necessary to implement the challenging policies required to address the serious issues facing Ukraine (including the constitutional reforms required to be undertaken under Minsk II) and to meet the IMF's and other multilateral organisations' criteria for further financial support. As at the date of this Exchange Offer Memorandum, the Ukrainian Parliament is divided between reformist factions and status-quo factions influenced by vested interests. In the run up to the local elections scheduled for 25 October

2015, several populist bills that threatened to reverse a number of the 2015 EFF programme policies in the fiscal and energy sectors were submitted, but not considered by the Ukrainian Parliament. On 2 July 2015, the Ukrainian Parliament adopted a law “*On Restructuring of Obligations under Loans Denominated in Foreign Currency*” requiring banks to convert retail loans in foreign currency into hryvnia at the exchange rate prevailing when the loan was issued. The law was heavily criticised within Ukraine and internationally for its potentially negative effect on the country’s financial and banking system and, reportedly, the President is expected to veto this law. As of the date of this Exchange Offer memorandum, the procedural status of this draft law remains unclear.

On 31 August 2015, the Ukrainian Parliament adopted with a majority of 265 votes in first reading a draft law proposing certain amendments to the Constitution of Ukraine regarding the decentralisation of power, and in particular the reform of the status of local government and administrative-territorial units. The proposed amendments provide for a specific procedure for the implementation of local self-government in several districts of the Donetsk and Luhansk regions, which are to be regulated by a separate law. Disagreements between political parties over such amendments resulted in clashes between police and protestors.

In addition, although the Government continues to fight corruption and public misconduct, its efforts have yet to gain sufficient traction to permanently weaken the influence of vested interests on the economy and transform the business climate. Ukraine’s international partners have stressed that addressing the problem of institutionalised corruption in Ukraine is an important condition for continued external financial support.

If the IMF’s and other multilateral organisations’ criteria for further financial support are not met, the Ukrainian economy would potentially lose its prime source of liquidity and would be unlikely to be able to cope with its significant debt service requirements leading to a possible sovereign default. Such a default would be likely to have severe effects on the banking sector as well as the real economy, and there can be no assurance whether or when Ukraine would be able to perform its obligations under the New Notes and the GDP-linked Securities. See “—*Changes in relations with Western governments, the EU and multinational institutions may adversely affect the development of the Ukrainian economy; Positive developments in the economy may not be achieved if certain important economic and financial structural reforms are not made; and*—*The Ukrainian banking system may be vulnerable to stress due to fragmentation, undercapitalisation and a potential increase in non-performing loans, all of which could have a material adverse effect on the real economy*”.

A number of additional factors could also adversely affect political stability in Ukraine, including:

- lack of agreement within the parliamentary factions and between individual deputies;
- disputes between factions within the parliamentary majority coalition and between the majority coalition and opposition factions on major policy issues, including Ukraine’s foreign, social, fiscal and energy policies, constitutional changes required to implement Minsk II, conduct of the anti-terrorist operation in eastern Ukraine, relations with Russia and over the issue of the timing and implementation of closer political and economic ties with the EU;
- instability within the parliamentary majority coalition, including the risk of further factions leaving the coalition (as did the Radical party in early September 2015);
- court actions taken by opposition politicians to challenge decrees and other actions of the President and the Government; and
- court actions taken by the President against parliamentary or governmental resolutions or actions.

Any continued or increased political instability due to the factors listed above or for any other reason could have a material adverse effect on Ukraine’s economy and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***Ukraine's economy has traditionally been heavily dependent on trade with Russia and certain other CIS countries and any significant prolongation of the crisis in relations with Russia, absent a material increase in financial support and long term trade with the European Union and other Western economies, would be likely to have adverse effects on the economy as well as the political stability of the country.***

Ukraine's economy has traditionally been heavily dependent on trade with Russia and other Commonwealth of Independent States ("CIS") countries, largely because Ukraine imports a large proportion of its energy requirements, especially from Russia (or from countries that transport energy related exports through Russia), and as a result of its geographic proximity to, and historical relationship with, Russia. In addition, a large share of Ukraine's services receipts comprises transit charges for oil, gas and ammonia from Russia, which are delivered to the EU via Ukraine.

The Russian involvement in the conflict in Eastern Ukraine represents the culmination of the deterioration of Russian-Ukrainian relations. Russian direct and indirect political, military and economic support for the separatists has had a significant effect on the current situation in that conflict. It is likely that Russian support for the separatists will continue for the foreseeable future, thereby increasing the likelihood of prolonged hostilities or at the very least a standstill whereby the separatists retain control of the disputed areas and the country's economy remains handicapped by the loss of large, productive, industrial sectors.

On 16 September 2015 President of Ukraine Petro Poroshenko signed the Decree "On the Decision of the National Security and Defense Council of Ukraine of 2 September 2015 "On Imposition of Personal Special Economic and Other Restrictive Measures (Sanctions)" No.549/2015" (the "Sanctions Decree"). The Sanctions Decree made effective the respective Decision of the National Security and Defense Council of Ukraine and it is effective for the period of one year. The sanctions are imposed on 388 individuals, in particular, relating to visa restrictions, blocking of assets, temporary restrictions on using property and preventing capital outflow from Ukraine and on 105 legal entities relating to restrictions on certain Russian companies in respect of flights and transportations through territory of Ukraine, cancellation of licenses to conduct business in Ukraine, blocking of assets, etc.

Despite Western financial support which the Government hopes will mitigate the economic effects of current events, the existing situation is currently having a material adverse effect on Ukraine's economy, and unless the relationship between Ukraine and Russia is restored in the near future, is likely to continue to have an increasingly adverse effect on Ukraine's economy and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***Large-scale economic sanctions by the EU and the United States against Russia over its actions in Ukraine and reciprocal sanctions by Russia against the Ukraine, EU and the United States may have a material adverse effect on Ukraine's economy.***

As a result of the ongoing tension between Russia and Ukraine, the EU and the United States have each authorised and imposed sanctions, targeting parties responsible for pro-separatist activities in eastern Ukraine or who have undermined the peace, security, stability and sovereignty or territorial integrity of Ukraine, misused public funds or committed human rights violations, including asset freezes and visa bans. In addition, the United States has imposed sectoral sanctions targeting persons and entities operating within the defence, energy and financial sectors of the Russian economy and restricted the supply of goods, services (except for financial services) and technology in relation to the Russian oil and gas sector. Additionally, the United States has imposed export sanctions with respect to Russia and Crimea and has suspended the issuance of the United States export credit and financing for economic development projects in Russia. Executive Order 13685 broadly prohibits transactions involving persons located within the "Crimea region of Ukraine", unless authorised by the United States Department of the Treasury's Office of Foreign Assets Control (OFAC). The EU also introduced a number of trade and investment restrictions on Crimea, which involve an EU ban on most new investments by EU parties relating to entities in Crimea and Sevastopol. The EU also bans the direct or indirect supply of specified key equipment and technology suited for use in the transport, telecommunications and energy sectors or for the exploitation of oil, gas or mineral resources in Crimea and Sevastopol. The EU has further imposed sectorial sanctions including restriction of access to the EU capital markets for five major Russian state-owned banks and six Russian defence/energy companies, suspension of services for deep water and arctic oil exploration and production and shale oil projects in Russia, restrictions

on supply or financing of key items used in the oil sector and a ban on exports of goods and technology for military use.

Such large-scale economic sanctions imposed on Russia by the EU and the United States, combined with the effect of the sharp fall in oil prices in 2014-2015, have had a negative impact on Russia's economy, which contracted by 4.6 per cent. in the second quarter of 2015 compared with the same period in 2014 according to Russia's Federal Statistics Service (citing preliminary data). The International Monetary Fund expects the Russian economy to contract by 3.4 per cent. in 2015 with potential growth by 0.2 per cent. in 2016. Even in normal times, a recession in Russia, as Ukraine's largest trading partner, would have a negative impact on Ukraine's export industries and economy.

In 2014, however, in response to the sanctions imposed on it, Russia imposed reciprocal sanctions on the EU, the United States, Canada, Australia, Norway and Ukraine banning the import of various agricultural and other food products. In particular, in the period from July to August 2014, Russia introduced restrictions on imports of Ukrainian confectionery, dairy products, meat, canned vegetables and other agricultural products. Ukraine estimates these restrictions have, as of the date of this Exchange Offer Memorandum, lead to a 44.5 per cent. decline in trade with Russia and any additional sanctions are anticipated to further reduce the levels of trade. In 2014, exports of goods from Ukraine to Russia decreased by 33.2 per cent. compared to 2013 due to decreases in exports of food products (52.8 per cent.), machinery (40.3 per cent.), building materials (32.0 per cent.) and metallurgical products (30.9 per cent.). For the six months ended 30 June 2015, exports of Ukrainian goods to Russia decreased by 52.2 per cent. Russia has threatened to place an embargo on imports of food from Ukraine from 1 January 2016 in case Ukraine's free trade agreement with the European Union goes into effect at that date without amendments to protect Russian markets, which embargo would have a further negative impact on Ukraine's trade with Russia. Because Russia has historically been the largest bilateral trading partner of Ukraine, the continued deterioration of Ukraine's trade with Russia is likely to have a material adverse effect on Ukraine's export industries and economy.

It is not yet possible to accurately predict the political and diplomatic consequences of the sanctions imposed by the EU and the United States and the reciprocal sanctions imposed by Russia or the impact of these sanctions on foreign direct investment and other inbound capital flows and it is entirely possible that further sanctions may be imposed on or by Russia. Before making a decision whether to tender Designated Securities for exchange pursuant to the Invitation, consent to and vote in favour of, or reject and vote against, the Extraordinary Resolutions, holders of Designated Securities should carefully consider these risks and uncertainties, as they may have a material adverse effect on Ukraine's economy and political stability and may affect the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***Changes in relations with Western governments, the EU and multinational institutions may adversely affect the development of the Ukrainian economy.***

#### *Political and financial relations*

Ukraine is currently benefitting from vital financial support from international financial institutions such as the IMF, the World Bank, the EBRD, the EIB and the European Union, as well as international partners such as the United States, Canada, Germany, Sweden, Turkey, Japan and Norway. Ukraine also benefits from significant practical and diplomatic support from the international community particularly in relation to events in eastern Ukraine and Russia's involvement therein. This financial and political support is crucial to the economic and political survival of Ukraine and is built on the promises of deep-seated and systemic reform of the country's economic and political systems. Any negative effects on relations with Western countries and organisations as a result of internal political changes, events or failure to comply with foreign requirements would be likely to have a significant negative effect on the successful implementation of the Ukraine-European Union Association Agreement that established a political and economic association between the two parties signed on 21 March 2014 (the "**Association Agreement**") and may lead to a suspension of financial support/aid packages. On 16 September 2014, the Ukrainian Parliament ratified the Association Agreement, with bilateral implementation of free trade with the EU scheduled for December 2015. Any negative change in the perceptions of Ukraine's commitment to the implementation of the Association Agreement could have a material adverse effect on trade and other economic relations (including access to financial support) with the EU and its members, which, in turn, could have a material adverse effect

on Ukraine's economy and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

#### *Economic and trade relations*

Ukraine's relationship with governments in the EU and with multinational institutions is also of great importance, given the current significant reduction in trading volumes with Russia. For the year ended 31 December 2014, the EU became Ukraine's largest external trade partner, accounting for 31.8 per cent. of all Ukrainian exports. For the six months ended 30 June 2015, exports of Ukrainian goods to Russia decreased by 52.2 per cent. For the six months ended 30 June 2015, the EU accounted for 31.9 per cent. of all Ukrainian exports. The perception of the EU and multinational institutions of the commitment to and nature of legislative and regulatory reform programmes in Ukraine (including anti-corruption measures), the improvement and continued independence of the judicial system and political developments in Ukraine could significantly impact those relations. Any negative change in the economic relations between Ukraine and EU and Ukraine's other Western partners, may have a material adverse effect on Ukraine's ability to counterbalance the lost trade and business with Russia, which, in turn, could have a material adverse effect on Ukraine's economy and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***The Ukrainian Government may in the future declare a moratorium on state and state-guaranteed debt owing to international commercial creditors and the consequences of any such moratorium are difficult to predict.***

In May 2015, the Ukrainian Parliament adopted a law "*On Certain Aspects of Transactions with State, State-Guaranteed Debt and Local Debt*". This law enables the Cabinet of Ministers of Ukraine to suspend payments under any or all specified state and state-guaranteed external debt, and enables the city council to suspend payments under any and all specified local external debt. This law became effective on 13 June 2015.

In light of the difficult financial position of Ukraine and depending on the outcome of the Invitation, the Government may decide to declare a moratorium on any or all state and state-guaranteed debt at any time as provided in the moratorium law. The consequences of such a moratorium are difficult to predict and will depend upon whether the moratorium extends only to unexchanged Designated Securities or to other debt as well. If Ukraine declares a moratorium on the unexchanged Designated Securities, such declaration and the consequences thereof will not give rights to the holders of New Notes and GDP-linked Securities to accelerate or take other actions under the terms thereof. Furthermore, any such moratorium could lead to a prolonged period of litigation with holders of Designated Securities, could affect the timing and terms on which Ukraine is able to re-access the international capital markets and could adversely affect the ability of Ukraine to attract foreign direct investment, all of which could have a material adverse effect on Ukraine's economy and on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***Official statistics and other data published by Ukrainian State authorities may not be reliable.***

Official statistics and other data published by Ukrainian State authorities (including the NBU and the State Statistics Service of Ukraine) may not be as complete or reliable as those of more developed countries. Official statistics and other data may also be produced on a different basis than those criteria used in more developed countries. Furthermore, standards of accuracy of statistical data may vary from agency to agency and from period to period due to application of different methodologies. Since the first quarter of 2003, Ukraine has produced data in accordance with the IMF Special Data Dissemination Standard. It is possible, however, that this IMF standard has not been fully implemented or correctly applied. The existence of a sizeable unofficial or shadow economy may also affect the accuracy and reliability of statistical information. In addition, Ukraine has experienced variable rates of inflation, including periods of hyperinflation. Unless indicated otherwise, the macroeconomic data presented in this Exchange Offer Memorandum has not been restated to reflect such inflation and, as a result, period-to-period comparisons may not be meaningful. As a result of events since February 2014, there has been significant additional difficulty in obtaining reliable statistical information, particularly in relation to Crimea and eastern Ukraine. From the beginning of 2014, Ukrainian GDP has been calculated without taking into account the data for Crimea and the City of

Sevastopol and the areas where the anti-terrorist operation takes place. Therefore, certain statistics for 2014 may include unverifiable information or may not include any data at all from those areas of Ukraine; this may make a comparison of recent data to previous periods much less meaningful. Certain statistical information and other data contained in this Exchange Offer Memorandum have been extracted from official governmental sources in Ukraine and were not prepared or independently verified by any person in connection with the preparation of this Exchange Offer Memorandum. Ukraine has also provided information on certain matters pertaining to documentation that belongs to independent third parties. In certain of these circumstances, Ukraine has relied on reported information in presenting such matters but is unable to independently verify such information.

***Inability to obtain financing from external sources (or obtaining them at a significant cost) could affect Ukraine's ability to meet financing expectations in its budget.***

Ukraine's domestic debt market remains illiquid and underdeveloped compared with markets in most Western countries. Accordingly, Ukraine is highly reliant on external sources for financing its state budget and is becoming more and more dependent thereon as a consequence of the current ongoing crisis in Crimea and eastern Ukraine. As a result of the current critical status of the Ukrainian economy, funds from the international capital markets are not available to the sovereign or other Ukrainian borrowers. Accordingly, Ukraine's reliance on official creditors and multilateral organisations has increased significantly.

If Ukraine is unable to meet the stringent criteria set out in the various support programmes provided by multilateral organisations such as the IMF, the World Bank and the EU, these multilateral organisations may withhold or suspend funding. In the current circumstances, a failure by official creditors and multilateral organisations to grant adequate financing would put severe pressure on Ukraine's budget and foreign exchange reserves and have a material adverse effect on Ukraine's economy and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***Ukraine has experienced liquidity difficulties in the past and continues to be subject to a significant liquidity risk, which may be exacerbated by Ukraine's higher debt service obligations and higher cost of funding over the next several years compared to the recent past.***

According to the Budget Code of Ukraine (the "**Budget Code**") the volume of total State debt and State guaranteed debt at the end of the budget period (31 December of each year) should not exceed 60 per cent. of the annual nominal gross domestic product of Ukraine. Pursuant to recent amendments to the Budget Code, if the ratio of total State debt to GDP is expected to exceed 60 per cent. as of any year end, the Government is required to apply to the Ukrainian Parliament for approval of such excess and submit an action plan on how the ratio will be returned to the required level. On 9 September 2015, the Government applied to the Ukrainian Parliament for such approval. On 17 September 2015, the Ukrainian Parliament adopted Resolution No.703-VIII "*On Ensuring Financial Stabilisation in the Country within the Framework of Performance of the Extended Fund Facility Programme of the International Monetary Fund*" which approved a temporary excess of 60 per cent. ratio of total State debt to GDP.

Furthermore, in December 2013, as part of the U.S.\$15 billion financial support package for Ukraine announced by Russian President Mr. Vladimir Putin in November 2013, Ukraine issued its U.S.\$3 billion 5 per cent. notes due 20 December 2015 (the "**December 2015 Notes**"). The terms and conditions of the December 2015 Notes contain a covenant relating to the ratio of State debt to GDP that is not included in any of the other Eurobonds issued by Ukraine in the international capital markets. It is possible that under certain interpretations of that covenant at a certain point in time the increased incurrence of debt, the fluctuations in foreign exchange rates or the deterioration of the Ukrainian economy or a combination of all three could lead to a breach of this covenant, potentially giving the holders of the December 2015 Notes (understood to be under the control of the Russian government) the right to accelerate them and thereby trigger cross acceleration provisions in Ukraine's other outstanding Eurobonds and other debt stock. In the event that holders of other Eurobonds accelerated on this basis Ukraine could face demands for immediate repayment of a significant portion of its external U.S. dollar-denominated debt. If any of these circumstances were to arise they would be likely to have a material adverse effect on Ukraine's economy and thus on the ability of Ukraine to perform its obligations under any of the unexchanged Designated Securities, the New Notes and the GDP-linked Securities.

In addition to these factors, Ukraine is vulnerable to the effect of any potential increases in interest rates in the Eurozone and the United States, as and when the monetary authorities in those jurisdictions decide to pursue more restrictive monetary policies, as Ukraine's reliance on external financing to fund its current account deficit and refinance existing external debt stocks means that any such increases may result in a higher cost of funding and could put further pressure on the hryvnia.

The devaluation of the hryvnia has made foreign debt service considerably more expensive for the Government, and any failure to stabilise the currency will put significant additional pressure on Ukraine's ability to service national and international debt denominated in foreign currency.

The external pressure on Ukraine's liquidity is intensified by the State's regular failure to meet its budgeted revenue targets or stay within its expenditure targets. Given the current economic and political upheaval in Ukraine, it is very likely that the budget deficit will be significant for 2015 and 2016, and, unless covered by international financial support, this is likely to put severe pressure on Ukraine's budget and foreign exchange reserves.

In addition, it should be noted that many Ukrainian companies have significant levels of indebtedness and as a result of the financial crisis have and may continue to experience difficulty accessing new financing. Although private sector debt, unlike State debt, does not have a direct negative effect on the Government's foreign exchange liquidity, high levels of indebtedness of, and limited availability of new credit to, the private sector may complicate economic recovery and pose a significant risk in an already challenging economic environment.

Continued adverse changes in global or domestic political or economic conditions or in the international capital markets may place continued pressure on Ukraine's foreign exchange reserves which would be likely to have a material adverse effect on Ukraine's economy and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***IMF determination of status of the December 2015 Notes as commercial or official debt may affect future disbursements under the 2015 EFF.***

Although Ukraine is treating the December 2015 Notes on the same basis as all its other sovereign Eurobonds for purposes of the Invitation, to date the IMF has not determined whether the December 2015 Notes have the status of commercial or official debt under their internal methodology. The current policy of the IMF is that it may not extend financing to a member which has arrears under official debt. Should the December 2015 Notes be treated by the IMF as official debt, and should Ukraine fall into arrears on payments due under the December 2015 Notes, then in the absence of a change in policy the IMF may be unable to continue making disbursements to Ukraine under the 2015 EFF. Any such failure by the IMF to make future disbursements under the 2015 EFF could also affect the ability of other international partners of Ukraine to provide financing for Ukraine. In the absence of access to the international financial markets, such loss of financing from the IMF and other international partners could have a material adverse impact on the financial position and liquidity of Ukraine and on its ability to service its obligations under the New Notes and the GDP-linked Securities.

***The downgrades of Ukraine's sovereign credit rating may negatively affect the economy.***

As Ukraine's economic performance deteriorated amid the global recession and worsening domestic conditions, the ability of the state to meet its external debt obligations was increasingly being called into question. Credit default swaps on Ukrainian Government-issued Eurobonds at one stage made Ukraine's debt the most expensive sovereign debt in the world to insure. The leading rating agencies have continuously downgraded the long-term foreign currency sovereign credit rating of Ukraine due to the factors including increased political instability, deterioration of political situation, significant reduction in the NBU's foreign currency reserves, fears over Ukraine's ability to refinance its heavy external debt repayment schedule, weakening in confidence in the UAH and in the exchange rate policy, increase of the fiscal deficit, a significant GDP contraction and sharp currency depreciation and escalation of the conflict in the Donetsk and Luhansk regions. As of the date of this Exchange Offer Memorandum, the long-term foreign currency debt of

Ukraine is rated CC by Standard & Poor's, CC by Fitch and Ca by Moody's. On 27 August 2015, Fitch downgraded the long-term foreign currency debt of Ukraine to C from CC due to Ukraine's announcement that it had reached an agreement with the AHC.

Any further downgrading of Ukraine's sovereign credit rating will likely result in a deterioration of the condition of the banking sector through an increase in borrowing costs for Ukrainian financial institutions. Any default by Ukraine on its debt obligations would be likely to have a negative effect on the ability of Ukrainian entities to raise funds as well as potentially triggering, *inter alia*, a damaging currency crisis. Such events may in turn have a material adverse effect on Ukraine's economy and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

***Positive developments in the Ukrainian economy may not be achieved if certain important economic and financial structural reforms are not made.***

The negative impact of the global economic and financial downturn has been compounded by structural weaknesses in the Ukrainian economy. These weaknesses will until Ukraine undertakes certain important economic and financial structural reforms, including those required by the IMF as conditions to the release of funds under the 2015 EFF, which replaced the earlier U.S.\$17 billion stand-by agreement with the IMF dated 30 April 2014 (the "2014 SBA"). The 2015 EFF requires, amongst other things, that Ukraine conduct a debt operation that will achieve three targets:

- generate U.S.\$15 billion in public sector financing over the programme period (2015-2018);
- bring the ratio of state and state-guaranteed debt to GDP ratio below 71 per cent. by 2020; and
- keep the budget's gross financing needs at an average of 10 per cent. of GDP (with a maximum of 12 per cent.) for each year in the period 2019 to 2025.

The successful consensual reprofiling of the respective series of their loan participation notes by two Ukrainian state-owned banks, Ukreximbank and Oschadbank, on 7 July 2015 and 3 August 2015, respectively, have contributed toward the satisfaction of the first target described above.

The 2015 EFF is premised on implementation by Ukraine of an ambitious, deep and comprehensive economic reform programme aimed at restoring macroeconomic and financial stability, achieving and sustaining fiscal and external sustainability and laying the foundation for robust medium-term growth. Specifically, policies will be geared towards:

- a flexible and sustainable exchange rate policy to support adjustment and a gradual restoration of adequate reserves accompanied by a prudent monetary policy aiming to bring inflation to single digits;
- financial sector policies to support the rehabilitation of the Ukrainian banking system and strengthen that sector's ability to intermediate and support economic activity;
- fiscal adjustment based on expenditure consolidation to place public finances on a sound footing and restoration of debt sustainability based on the debt operation and the external multilateral and donor support described in this Exchange Offer Memorandum; and
- deep and broad structural reforms to improve Ukraine's business climate, attract sizable domestic and foreign investment and boost Ukraine's growth potential through deregulation, better governance and state-owned enterprise reforms, including reforms of Naftogaz.

In particular, certain critical structural reforms that may need to be implemented or continued include:

- further reform of the Ukrainian tax legislation (including the development and approval of regulations required for proper application of the Tax Code) with a view to broadening the tax base and bringing a substantial portion of the shadow economy into the formal economy;
- reform of the energy sector through the introduction of uniform market-based energy prices and improvement in collection rates (and, consequently, the elimination of the persistent deficits in that sector); and
- reform of social benefits and pensions.

If Ukraine is unable to meet the conditions under the 2015 EFF, the IMF, the World Bank, the EBRD and other multilateral organisations may withhold or suspend their funding. A failure by official creditors and/or these multilateral organisations to make funding available combined with an inability to access the international capital markets and syndicated loan markets will put pressure on Ukraine's budget and foreign exchange reserves.

In the event that the Invitation is successful in achieving its goals, Ukraine will attempt to carry out further debt operations in relation to other debt obligations of the State, including the outstanding Eurobonds of the City of Kyiv and the State Administration of Railways Transport of Ukraine (Ukrzaliznytsia), as well as State-guaranteed loan facilities of a number of sub-sovereign entities. Failure to carry out these further debt operations successfully on terms similar to the Invitation, or at all, may have a significant impact on Ukraine's ability to meet the three targets of the 2015 EFF, thereby potentially affecting Ukraine's access to further disbursements under the 2015 EFF.

Therefore, if the political initiatives necessary to achieve these reforms or any other reforms do not continue, are reversed or fail to achieve their intended aims, then Ukraine's economy will suffer. Rejection or reversal of reform policies favouring privatisation, industrial restructuring and administrative reform will have negative effects on Ukraine's economy and thus on the ability of Ukraine to perform its obligations under the New Notes and the GDP-linked Securities.

Ukraine's achievement of any of these targets or policy objectives is subject to many exceptional risks, especially those arising from the conflict in eastern Ukraine, which will adversely affect Ukraine's ability to deliver the structural reforms needed to resume sustainable growth. Many of these risks are described above but other factors which may materially impede achievement of any of these targets or policy objectives include:

- potential social resistance to austerity measures;
- economic recovery proving more difficult than initially expected;
- real exchange rate shocks;
- a larger than expected financial burden emanating from either the banking and/or the energy sectors;
- a crisis of confidence in the banking system; and
- other external factors.

Any of the above events would adversely impact Ukraine's economy and thus Ukraine's ability to perform its obligations under the New Notes and the GDP-linked Securities.

***The Ukrainian banking system is vulnerable to stress due to fragmentation, undercapitalisation and a potential increase in non-performing loans, all of which could have a material adverse effect on the real economy.***

The global financial crisis starting in 2007 led to the collapse or bailout of some Ukrainian banks and to significant liquidity constraints for others. The floating of the hryvnia since February 2014 has put additional strains on the Ukrainian banking system, as the high dollarisation of the Ukrainian financial system and its customers has not only exposed the banks to additional strains but has also contributed to a worsening in what was in many cases a fragile loan portfolio in terms of asset quality. As a result, the Ukrainian banking system as a whole is seriously undercapitalized and suffers from high levels of non-performing assets.

The fragile condition of the Ukrainian banking system has been the main factor in restricting the availability of domestic credit and if domestic credit is not available domestic businesses will not grow. Domestic banks are in many cases unwilling or unable to lend to domestic businesses in need of renewed or increased funding and a continued under-supply of credit will have a negative effect on Ukraine's GDP growth. Furthermore, increased domestic borrowing by the Government is likely to reduce the availability of domestic credit for Ukrainian businesses, exacerbating the effect on GDP levels.

Other recent factors which have had exacerbated the weak position of the Ukrainian banking sector include:

- significant outflows of deposits;
- the impact on the banking sector of the loss of income and branches in Crimea following the occupation and annexation of that territory; and
- the effect on the sector's revenues and business of the ongoing conflict in eastern Ukraine.

In a further effort to stabilise the banking system, in July 2015, the Ukrainian Parliament adopted legislation which:

- amends grounds for insolvency of banks;
- expedites the procedure for compensation of deposits to individuals;
- prohibits investors from acquiring shares or assets of an insolvent bank if they or their shareholders are related parties of the insolvent bank;
- amends the priority waterfall for the satisfaction of creditors' claims (in particular, claims of related parties and claims of subordinated creditors);
- provides for consolidated sale of assets of several banks in liquidation;
- amends the procedure for participation of the state in withdrawal of an insolvent bank from the market; and
- increases the institutional independence of the NBU.

Despite these positive legislative developments, further insolvencies of Ukrainian banks, increased liquidity constraints, growth in the proportion of "high risk" and "default" loans, the need for the Government and shareholders to inject more capital into the banking system and the failure to adopt and implement a system of banking regulation that achieves an increased degree of soundness and stability in the nation's banks will have a material adverse effect on the Ukrainian economy and thus Ukraine's ability to perform its obligations under the New Notes and the GDP-linked Securities.

***The Ukrainian currency is subject to volatility and depreciation.***

As a result of the high dollarisation of the Ukrainian economy and the reliance of Ukrainian borrowers on external markets, Ukraine has become increasingly exposed to the risk of hryvnia exchange rate fluctuations. As at 31 December 2013, immediately prior to the Euro-Maidan Revolution, the NBU official UAH/U.S. dollar exchange rate was pegged at UAH 7.9930 to one U.S. dollar. In February 2014 the NBU allowed the exchange rate to float, and as at 31 December 2014, the NBU official UAH/U.S. dollar exchange rate was UAH 15.7686 to one U.S. dollar. As at 22 September 2015, the NBU official UAH/U.S. dollar exchange rate was UAH 21.85 to one U.S. dollar.

On 4 March 2015, the NBU increased its discount rate from 19.5 per cent. to 30 per cent. in an attempt to stabilise the currency. While the discount rate was subsequently reduced from 30 per cent. to 27 per cent. on 28 August 2015, it remains abnormally high which may lead to lower liquidity and instability in the money markets, volatility in the local financial system, an increase in borrowing costs, deterioration in corporate creditworthiness and consumer confidence and have other negative effects on the economy. The NBU has also started preparations to adopt inflation targeting, but overall its ability to stabilise the currency is dependent on many factors (including political stability and the crisis in eastern Ukraine) which cannot be predicted with any degree of certainty.

While a flexible exchange rate regime is expected in the medium term to have beneficial economic effects, these may not occur and the interim support provided to banks as protection from this depreciation may not have the desired effect. In addition, the current depreciation may affect the Government's ability to service its external debt and the success of the Invitation. It is possible that the current crisis in Ukraine may put pressure on the hryvnia exchange rate to the extent that the population loses confidence in the local currency and seeks to acquire foreign currencies as a hedge against political and economic risk. Any failure to stabilise the currency may negatively affect the Ukrainian economy in general and thus Ukraine's ability to perform its obligations under the New Notes and the GDP-linked Securities.

***Recent currency control restrictions may negatively impact Ukrainian entities.***

Ukraine has never had an entirely free capital account and transfers of foreign currency have always been subject to restrictions. Recent restrictions included a requirement to sell in the local market, for hryvnia, a portion of any foreign currency received and restrictions on payments of dividends to foreign shareholders. In 2014 and 2015 the NBU introduced a number of further currency controls aimed at stabilising the foreign exchange market and preventing foreign currency outflow from Ukraine. Thus, in August 2014, the NBU increased the proportion of a foreign currency exchange subject to compulsory sale by relevant persons from 50 per cent. to 100 per cent. although in September 2014 this requirement was decreased to 75 per cent. These restrictions are still in effect and may continue indefinitely.

In addition, the NBU has since September 2014 restricted cross-border payments of dividends by Ukrainian entities. These restrictions are still in effect and may continue indefinitely and may well have an adverse effect on these Ukrainian entities' ability to carry on their businesses.

In February 2015, the NBU also imposed restrictions on advance import payments and the purchase of foreign currency with borrowed funds. Importers which borrowed hryvnia to purchase foreign currency and then repaid the hryvnia from the sale of the imports are no longer able to use this structure and are now subject to currency risk.

These restrictions have made it more difficult for many Ukrainian companies to conduct their business and will lead to a decline in their credit quality and in turn adversely impact Ukraine's economy and thus Ukraine's ability to perform its obligations under the New Notes and the GDP-linked Securities.

***The Ukrainian tax system is undeveloped and subject to frequent change, which creates an uncertain environment for investment and business activity.***

Historically, Ukraine has had a number of laws related to various taxes imposed by both central and regional governmental authorities. These taxes include value added tax, corporate income tax (profits tax), personal income tax, customs duties and payroll (social) taxes. The tax legislation in Ukraine and its implementing regulations are not always clearly drafted and are thus subject to inconsistent interpretation by the tax authorities and other government bodies, providing many opportunities for inappropriate and corrupt practices by officials. These factors negatively impact the predictability of Ukraine's taxation system and therefore have an adverse effect on business activity, reducing the attractiveness of the national economy for foreign investors.

**Risks of Not Participating in the Invitation**

***Ukraine Faces High Refinancing Risk.***

The international capital markets are likely to be closed to Ukraine for some time to come and official sector financing will only be available for specific purposes and subject to satisfaction of conditions, including the timely implementation of the economic reform programme agreed with Ukraine's official sector creditors. If the conditions for the transactions contemplated in the Invitation are not satisfied or waived (to the extent permitted by law) and Ukraine does not complete those transactions or other transactions resulting in debt relief, or if Ukraine cannot secure access to private sector funding or additional official sector funding in amounts equivalent to the benefit to Ukraine of completing the Invitation, Ukraine may not be able to continue regular payments on all of its indebtedness. This would impair the value of the Designated Securities.

***Uncertainty as to the trading market for Designated Securities not exchanged.***

To the extent tenders for exchange of Designated Securities of any Series pursuant to the Exchange Offer are accepted by Ukraine (and the Extraordinary Resolutions in relation to such Series of Designated Securities are not declared effective) and the exchange or substitution of such Series of Designated Securities is completed, the trading market for the Designated Securities of such Series that remain outstanding following such completion may be significantly more limited. There is no assurance that such Designated

Securities will remain listed on the stock exchange(s) or market(s) on which such Designated Securities are currently listed or admitted to trading. Such remaining Designated Securities may command a lower price than a comparable issue of securities with greater market liquidity. A reduced market value and liquidity may also make the trading price of such remaining Designated Securities more volatile. As a result, the market price for such Designated Securities that remain outstanding after the completion of the Invitation may be adversely affected as a result of such exchange. None of Ukraine, FinInPro, the Trustees, the Information Agent and the Settlement and Tabulation Agent or any other person has any duty to make a market in any such remaining Designated Securities.

***No assurance as to financial condition of FinInPro.***

FinInPro may not have adequate funds and assets, or the ability to generate sufficient revenues and income, to be able to continue regular payments or to make any payments on the Guaranteed Securities when due at maturity. Any number of factors could adversely affect the liquidity and financial condition of FinInPro and its ability to generate revenue and income to operate its business and service its debt. In addition, the continued ability of Ukraine to honour its obligations under the Guaranteed Securities cannot be assured. See “—Ukraine Faces High Refinancing Risk”. Consequently, the value of any Guaranteed Securities that remain outstanding could be impaired if not exchanged as part of the Invitation.

***Effect of Extraordinary Resolutions on non-participating holders of Designated Securities.***

Holders of Designated Securities that do not participate in the Invitation and those that reject and vote against the Extraordinary Resolutions in relation to such Designated Securities will, if such Extraordinary Resolutions are declared effective, be bound by the relevant Extraordinary Resolutions, and will receive the Consideration on the Settlement Date (or the Substitute Consideration at a later date upon a failure by a holder of Designated Securities to deliver a Delivery Certificate).

***Effect of Extraordinary Resolutions on persons who are not Eligible Holders.***

In case a holder of Designated Securities not participating in the Invitation fails to deliver a Delivery Certificate or a holder of Designated Securities who has submitted Participation Instructions to participate in the Exchange Offer but fails to deliver a Delivery Certificate, such holder of Designated Securities will be subject to the Cash Proceeds Arrangement. Depending on market conditions, the volume of New Notes or GDP-linked Securities sold or other developments, the Net Cash Proceeds such holder of Designated Securities will receive pursuant to the Cash Proceeds Arrangement may be less than the aggregate nominal or notional value of the New Notes or GDP-linked Securities, respectively, such holder of Designated Securities would have received pursuant to the Invitation and may 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.

***Risk of declaration of moratorium on non-exchanged Designated Securities.***

Following the settlement of the debt operation contemplated by the Invitation, the Ukrainian government may decide to declare a moratorium on any or all non-exchanged Designated Securities in accordance with the law “On Certain Aspects of Transactions with State, State-Guaranteed Debt and Local Debt”. The consequences of such a moratorium are difficult to predict and will depend upon whether the moratorium extends only to all or some unexchanged Designated Securities or other debt as well. If Ukraine declares a moratorium on some or all of the unexchanged Designated Securities, such declaration and the consequences thereof will not give rights to the holders of New Notes and GDP-linked Securities to accelerate or take other actions under the terms thereof. Furthermore, any such moratorium could lead to a prolonged period of litigation with holders of Designated Securities, could affect the timing and terms on which Ukraine is able to re-access the international capital markets and could adversely affect the ability of Ukraine to attract foreign direct investment, all of which could have a material adverse effect on Ukraine’s economy and on the ability of Ukraine to perform its obligations under the Designated Securities.

***Effect of Note Protection and Implementation Legislation.***

The Ukrainian Parliament has implemented certain legislation that will have a significant effect on the rights of holders of Designated Securities who continue to hold Designated Securities following the Settlement Date. This legislation includes:

- (i) an amendment to the Budget Code of Ukraine with the effect that the rights of payment under the Designated Securities will effectively be subordinated to those of holders of New Notes and GDP-linked Securities through the application of local law and the pari passu clause contained in the New Notes and Designated Securities as long as a suspension of payments is in effect in relation to the Designated Securities; and
- (ii) a law permitting the Cabinet of Ministers of Ukraine to declare a suspension of payments in relation to the Designated Securities.

This legislation will make it difficult for the holders of Designated Securities following the Settlement Date to enforce their claims. See “*Ukrainian Legislation*”.

***Further restrictions on the rights of holders of Designated Securities who continue to hold such Designated Securities following the Settlement Date.***

The terms and conditions of the New Notes will contain a provision that, subject to certain exceptions, Ukraine is contractually constrained from paying Designated Securities in accordance with their terms after the Settlement Date and from entering into any arrangement or agreement to compromise its obligations in respect of any Designated Securities that remain outstanding following the Settlement Date for consideration that has a net present value in excess of the net present value of the New Notes and other sovereign debt obligations (but for the avoidance of doubt without regard to the GDP-Linked Securities) received by exchanging holder(s) of an equivalent principal amount of Designated Securities in the Exchange Offer. See “*The New Notes – The terms and conditions of the New Notes*”.

Furthermore, under the terms of the Invitation, following the Settlement Date, holders of Designated Securities will not be entitled to receive GDP-linked Securities as part of any future settlement with Ukraine.

**Risks of Participating in the Invitation**

***Differences between the Designated Securities and the New Notes and the GDP-linked Securities.***

The financial terms and certain other conditions of the New Notes and the GDP-linked Securities will be substantially different to those of the Designated Securities. Holders of Designated Securities should consider carefully the differences (which include, *inter alia*, the payment dates, the interest rate and the maturity date and, in the case of any Guaranteed Securities, the obligor). The terms and conditions of, and other information relating to, the New Notes and the GDP-linked Securities are set out herein. Holders of Designated Securities should carefully consider the differences between the New Notes and the GDP-linked Securities and the Designated Securities they currently hold in deciding whether to participate in the Invitation in respect of their Designated Securities.

***Change of obligor for holders of Guaranteed Securities.***

The Guaranteed Securities were originally issued as obligations of FinInPro, benefiting from a guarantee of Ukraine. The New Notes and GDP-linked Securities will be issued by Ukraine, and FinInPro will not be a co-obligor or guarantor under the New Notes or GDP-linked Securities. Consequently, to the extent tenders for exchange of any Guaranteed Securities of any Series pursuant to the Invitation are accepted by Ukraine and the exchange of such Series of Guaranteed Securities is completed, or to the extent the Extraordinary Resolution in relation to any Series of Guaranteed Securities is declared effective pursuant to the terms of the Invitation, holders of Guaranteed Securities will no longer hold an obligation of FinInPro.

***Holders of Designated Securities responsible for complying with the procedures of the Invitation.***

Holders of Designated Securities are responsible for complying with all of the procedures for tendering Designated Securities for exchange and consenting to or rejecting the Extraordinary Resolutions, as applicable. All questions as to the validity, form and eligibility (including time of receipt) of any Participation Instruction or Revocation Instruction will be determined by Ukraine in its sole discretion, which determination shall be final and binding.

Ukraine reserves the absolute right to: (i) reject any and all Participation Instructions or Revocation Instructions not in proper form or for which any corresponding agreement by Ukraine to accept would, in the opinion of Ukraine and its legal advisers, be unlawful; (ii) waive any defects, irregularities or delay in the submission of any and all Participation Instructions or Revocation Instructions; and (iii) waive any such defect, irregularity or delay in respect of particular tenders of Designated Securities for exchange or consents, whether or not Ukraine elects to waive similar defects, irregularities or any delay in respect of any other such tenders or consents.

None of Ukraine, FinInPro, the Information Agent and the Settlement and Tabulation Agent shall be under any duty to give notice to a Noteholder of any defects, irregularities or delays in any Participation Instruction or Revocation Instruction, nor shall any of them incur any liability for failure to give such notice.

***No responsibility for procedural errors or delays of a clearing system or other third parties.***

Any errors by or delays of the Clearing Systems, Direct Participants in the Clearing System or custodians or other securities intermediaries may prejudice a Noteholder's ability to participate in the Invitation and/or receive the New Notes and GDP-linked Securities.

Where applicable, after contacting and providing information to a custodian or other securities intermediary, Holders of Designated Securities will have to rely on this institution, any other relevant custodians and securities intermediaries, and on the relevant Direct Participant and Clearing System to take the steps necessary for the Participation Instruction or any Revocation Instruction and all other required documentation to be submitted properly and by the applicable deadline. This process may include several intermediaries. It is possible that any person or entity in this chain may commit an error in submitting the Participation Instructions. In such a scenario a holder of Designated Securities would have no claim to have their Participation Instructions taken into account.

Moreover, there are very large amounts of Designated Securities outstanding and a very large number of holders of these Designated Securities. If a large proportion of the holders of Designated Securities tender their Designated Securities for exchange in the Invitation and/or submit Participation Instructions in respect of the Extraordinary Resolutions to their Designated Securities, and if such tenders are accepted by Ukraine or if any of the Extraordinary Resolutions are declared effect, very large amounts of New Notes and the GDP-linked Securities will be delivered to relevant holders of Designated Securities. The Clearing Systems and any custodians and other securities intermediaries may experience significant delays, and possibly systemic breakdowns, in the processing of Participation Instructions by, or the delivery of the New Notes and the GDP-linked Securities to, holders who tender Designated Securities for exchange and/or holders of Designated Securities with respect to which Extraordinary Resolutions have been declared effective. Any such error, delay in processing or systemic breakdown could result in the Participation Instruction or any Revocation Instruction being improperly submitted, arriving past the relevant deadline, or not at all, or the delivery of the New Notes and the GDP-linked Securities being significantly delayed.

Any error committed in identifying an account to which the New Notes and the GDP-linked Securities will be credited or in a Clearing System, Direct Participant or custodian or other securities intermediary in crediting the Notes to the relevant account may result in delayed receipt of the New Notes and GDP-linked Securities.

Revocation Instructions must be effected through the same custodians, securities intermediaries, Direct Participants and Clearing Systems through which the Participation Instructions were delivered. It is

possible that any person or entity in this chain may commit an error in submitting the Revocation Instruction, and thus prejudice a Noteholder's ability to validly revoke its Participation Instruction.

For Designated Securities held through a financial institution or other intermediary, a Noteholder must contact that financial institution or intermediary and instruct it to submit a Participation Instruction or Revocation Instruction on behalf of the Noteholder. The financial institution or intermediary should be contacted well in advance of the Expiration Deadline, since that financial institution or intermediary may have earlier deadlines by which it must receive instructions in order to have adequate time to meet the deadlines of the Clearing System through which tenders for exchange and consents or rejections in respect of the Designated Securities are submitted.

None of Ukraine, FinInPro, the Information Agent and the Settlement and Tabulation Agent will be responsible for any errors, delays in processing or systemic breakdowns or other failure by (i) the Clearing Systems, Direct Participants or custodians or other securities intermediaries to comply with any of the submission or revocation procedures or (ii) the relevant Direct Participant in the Clearing System and/or any other securities intermediary in the delivery of the relevant New Notes and GDP-linked Securities to the Noteholder, and no additional amounts will be payable to the Noteholder in the event of any delay in such delivery.

***No assurance the Invitation will be completed.***

Until Ukraine announces that (i) the Conditions have been satisfied or waived, and (ii) it has decided that the Extraordinary Resolutions will be declared effective and that it will accept valid tenders for exchange of Designated Securities of any Series that has not passed its Extraordinary Resolution, no assurance can be given that the transactions contemplated in the Invitation will be completed.

In addition, subject to applicable law and as provided in this Exchange Offer Memorandum, Ukraine may, in its sole discretion, extend, re-open, amend or terminate any aspect of the Invitation, including any offer to exchange any particular Series of Designated Securities, at any time before such announcement and may, in its sole discretion, waive any of the conditions to any tender of Designated Securities for exchange or consent to the Extraordinary Resolutions, as applicable, or modify the Settlement Date, either before or after such announcement. Even if the Invitation is completed, there can be no assurance that it will be completed on the schedule described herein. Accordingly, holders of Designated Securities participating in the Invitation may have to wait longer than expected to receive the New Notes and the GDP-linked Securities, during which time those holders of Designated Securities will not be able to effect transfers of their Designated Securities in respect of which Participation Instructions have been submitted.

***Holders of Designated Securities who do not participate in the Invitation may attempt to challenge the progress or consummation of the Invitation by seeking an injunction or pursuing other legal remedies.***

Ukraine may be subject to efforts by hold-out creditors to enjoin or otherwise prevent the consummation of the Invitation. While Ukraine intends to oppose vigorously any efforts to challenge the Invitation, it can offer no assurances of success or that a court would not take actions that may enjoin, impede or delay the implementation of the Invitation.

***Risks of acceleration during and after the period of the Invitation.***

On 22 September 2015, the Cabinet of Ministers of Ukraine adopted a resolution authorising the launch of the Invitation and declaring a technical suspension of payments falling due during the period between the declaration and 1 December 2015 on Designated Securities. This suspension extends to the payments of principal on the September 2015 Notes and the October 2015 Notes and interest on these and a number of other Series of Designated Securities.

The suspension of payments itself, or any default in payments under the affected indebtedness, may constitute an event of default under the terms of various instruments evidencing external debt of Ukraine, including the Designated Securities. There can be no assurance that certain holders of such instruments will not seek to exercise their contractual remedies as a consequence thereof, including by accelerating repayment

or by initiating legal proceedings against Ukraine either before or after the Settlement Date. Any of the foregoing could have a material adverse impact on Ukraine's financial position.

***Compliance with jurisdictional restrictions.***

Holders of Designated Securities are referred to the jurisdictional restrictions in “*Issue and Resale Restrictions*” and the agreements, acknowledgements, representations, warranties and undertakings in “*The Invitation—Procedures for Participating in the Invitation*”, which Holders of Designated Securities will be deemed to make on submission of a Participation Instruction. Non-compliance with these jurisdictional restrictions could result in, among other things, the unwinding of trades or penalties and/or significant costs for investors.

***Restrictions on transfer of Designated Securities for which Participation Instructions are submitted.***

When considering whether to participate in the Invitation, holders of Designated Securities should take into account that restrictions on the transfer of Designated Securities by holders of Designated Securities will apply from the time of submission of Participation Instructions. A Noteholder will, on submitting a valid Participation Instruction, agree that its Designated Securities will be blocked in the relevant account in the Clearing System from the date the relevant Participation Instruction is submitted until the earlier of (i) the time of settlement on the Settlement Date, (ii) the date of any termination of the Invitation or any relevant part of the Invitation (including where such Designated Securities are not accepted by Ukraine for exchange) or (iii) the time at which the relevant Participation Instruction is revoked and the Blocking of the Designated Securities is released by the Clearing System. While the market price of the Designated Securities may fluctuate while the restrictions on transfer apply, holders of Designated Securities will be unable to benefit from favourable fluctuations because they will be unable to trade the Designated Securities.

***Legal investment considerations may restrict certain investments.***

Certain investors may be subject to laws and regulations, or review or regulation by certain authorities, that restrict their ability to hold certain investments. Each holder of Designated Securities should determine for itself, on the basis of professional and/or legal advice where appropriate, whether and to what extent the New Notes and the GDP-linked Securities (i) are qualified as permitted investments, (ii) can be used as collateral for various types of borrowing and (iii) meet other applicable restrictions. Holders of Designated Securities should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the New Notes and the GDP-linked Securities under any applicable risk-based capital or similar rules.

***Independent Review and Advice.***

Each holder of Designated Securities must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its participation in the Invitation is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the risks inherent in participating in the Invitation. If any holder of Designated Securities is in any doubt as to the action it should take, it should seek its own financial and legal advice, including in respect of any tax consequences, immediately from its stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. None of Ukraine, FinInPro, the Information Agent and the Settlement and Tabulation Agent (nor their respective directors, officers, employees and affiliates) has or assumes responsibility for the lawfulness or suitability of participating in the Invitation by a holder of Designated Securities or the effects of the implementation of the Extraordinary Resolutions for the holder.

**Risk factors relating to the New Notes**

***The New Notes contain collective action clauses under which the terms of any one Series of New Notes and/or multiple Series of New Notes may be amended, modified or waived without the consent of all***

***the holders of the New Notes of that Series or all the holders of any other Series of New Notes being aggregated, as the case may be.***

The terms and conditions of the New Notes contain provisions regarding amendments, modifications and waivers, commonly referred to as “collective action” clauses. Such clauses permit defined majorities to bind all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to reserved matters, multiple Series of New Notes to be aggregated for voting purposes (provided that each such Series also contains the collective action clauses in the terms and conditions of the New Notes).

All Series of New Notes issued as part of the Invitation will include such collective action clauses, thereby giving Ukraine the ability to request modifications or actions in respect of reserved matters across multiple Series of New Notes. This means that a defined majority of the holders of such Series of New Notes (when taken in the aggregate) would be able to bind all holders of New Notes in all the relevant aggregated Series.

Any modification or actions relating to reserved matters, including in respect of payments and other important terms, may be made to a single Series of New Notes with the consent of the holders of 75 per cent. of the aggregate principal amount outstanding of such New Notes attending and voting at a quorate meeting, and to multiple Series of New Notes with the consent of both (i) the holders of 66⅔ per cent. of the aggregate principal amount outstanding of all Series of New Notes being aggregated and (ii) the holders of more than 50 per cent. in aggregate principal amount outstanding of each Series of New Notes being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable Condition in the terms and conditions of the New Notes, any such modification or action relating to reserved matters may be made to multiple Series of New Notes with the consent of 75 per cent. of the aggregate principal amount outstanding of all Series of New Notes being aggregated only, without requiring a particular percentage of the holders in any individual affected Series of New Notes to vote in favour of any proposed modification or action. Any modification or action proposed by Ukraine may, at the option of Ukraine, be made in respect of some Series of New Notes only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of New Notes simultaneously. At the time of any proposed modification or action, Ukraine will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by Ukraine.

There is a risk therefore that the terms and conditions of a Series of New Notes may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be Noteholders of a different Series of New Notes and as such, less than 66⅔ per cent. of the Noteholders of the relevant Series would have voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple Series of New Notes may make the New Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to any New Notes may adversely affect their trading price.

In the future, Ukraine may issue debt securities which contain collective action clauses in the same form as the collective action clauses in the terms and conditions of the New Notes. If this occurs, then this could mean that any Series of New Notes issued as part of the Invitation would be capable of aggregation with any such future debt securities.

## **Risk factors relating to the GDP-linked Securities**

### ***Terms and conditions of the GDP-linked Securities.***

There will be no principal payments on the GDP-linked Securities, and all payments on the GDP-linked Securities will be linked to the performance of Ukraine’s GDP (as described under “*The GDP-linked Securities*”). In order for any payments to be made on the GDP-linked Securities, certain benchmarks must be reached. In particular, for payments to be made in any given year, Ukraine’s gross domestic product for that year must exceed a specified amount and annual growth rate. Holders of GDP-linked Securities cannot be certain that these conditions for payment will be met every year, or at all. In addition, any differences in the calculation or compilation of the data published by the IMF’s World Economic Outlook may affect the value of, or return on, the GDP-linked Securities. If there is any subsequent revision of the data used to calculate the

Payment Amount or of the data published by the IMF's World Economic Outlook after the relevant Calculation Date, holders of the GDP-linked Securities will not be required to repay any amounts to Ukraine to reflect such revisions and, conversely, Ukraine will not be required to make an adjustment to the amounts previously paid to holders of the GDP-linked Securities for subsequent changes in the calculation of Ukraine's GDP.

***Certain circumstances may harm the market value of GDP-linked Securities.***

While the amounts payable under the GDP-linked Securities are based in part on the performance of Ukraine's gross domestic product, the amounts, if any, payable in any year will also depend on a number of other factors. Therefore, it will be difficult or impossible for the market to predict accurately the future stream of payments on these securities and as a result, the GDP-linked Securities may trade at prices considerably less than the value of this future stream of payments, and changes in the level of Ukraine's GDP may not result in a comparable change in the market value of the GDP-linked Securities. Because of these factors, it may be difficult to trade GDP-linked Securities and their market value may be adversely affected.

***The GDP-linked Securities contain collective action clauses under which the terms of any one Series of GDP-linked Securities and/or multiple Series of GDP-linked Securities may be amended, modified or waived without the consent of all the holders of the GDP-linked Securities of that Series or all the holders of any other Series of GDP-linked Securities being aggregated, as the case may be.***

The terms and conditions of the GDP-linked Securities contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses. Such clauses permit defined majorities to bind all holders, including holders who did not vote and holders who voted in a manner contrary to the majority.

Any modification or actions relating to reserved matters, including in respect of payments and other important terms, may be made to the GDP-linked Securities with the consent of the holders of 75 per cent. of the aggregate principal amount outstanding of such GDP-linked Securities attending and voting at a quorate meeting.

There is a risk therefore that the terms and conditions of a Series of GDP-linked Securities may be amended, modified or waived. Further, any such amendment, modification or waiver in relation to the GDP-linked Securities may adversely affect their trading price.

In the future, Ukraine may issue debt securities pursuant to the GDP-linked Securities Trust Deed which contain collective action clauses in the same form as the collective action clauses in the GDP-linked Securities. If this occurs, then this could mean that any Series of GDP-linked Securities issued as part of the Invitation would be capable of aggregation with any such future debt securities.

**Risk factors relating to the New Notes and the GDP-linked Securities**

***Ratings downgrades and selective default rating.***

Ukraine has undergone a series of ratings downgrades since the beginning of 2014. As of 21 September 2015, Ukraine was rated CC (Negative Outlook) by Standard and Poor's Ratings Services, C by Fitch Ratings Ltd., and Ca (Negative Outlook) by Moody's Investor Services Inc. These debt ratings are sub-investment grade and indicate that the long-term debt of Ukraine is regarded as having significant speculative characteristics, and that there are major ongoing uncertainties or exposure to financial or economic conditions which could compromise the Ukraine's capacity to meet its financial commitment on its outstanding debt. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

In connection with the Invitation, it is expected that one or more rating agencies may issue an SD rating for selective default. It is not clear when such a rating might be lifted, nor what future rating will be assigned to Ukraine after the settlement of the transactions contemplated in the Invitation. Any adverse change in an applicable credit rating could adversely affect the trading price for the Designated Securities, the New Notes and/or the GDP-linked Securities and have the potential to affect Ukraine's cost of funds in the international capital markets and the liquidity of, and demand for, Ukraine's debt securities generally.

***Difficulty of obtaining or enforcing judgments against Ukraine.***

Ukraine is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon judgments against Ukraine.

Ukraine will, in the Trust Deeds, the terms and conditions of the New Notes and the terms and conditions of the GDP-linked Securities, irrevocably submit to the jurisdiction of England and Wales in any action arising out of the New Notes or GDP-linked Securities in any action arising out of either of the Trust Deeds brought by any holder of New Notes or GDP-linked Securities or the relevant Trustee, as applicable. In addition, Ukraine will irrevocably waive, to the extent permitted by applicable law and international conventions, (a) any immunity from jurisdiction it may have in any suit, action or proceeding arising out of the Trust Deed, the New Notes or GDP-linked Securities, as applicable (including any suit, action or proceeding arising out of any non-contractual obligations arising out of the Trust Deed, the New Notes or GDP-linked Securities, as applicable) (together referred to as “**Proceedings**”) in the courts of England and Wales, and (b) except as provided below, any immunity from attachment or execution to which its assets or property might otherwise be entitled in any such Proceeding in the courts of England and Wales.

Notwithstanding the foregoing, such waiver will not constitute a waiver of immunity from attachment or execution with respect to any property:

- (i) used by a diplomatic or consular mission of Ukraine (except as may be necessary to effect service of process);
- (ii) of a military character and under the control of a military authority or defence agency; or
- (iii) located in Ukraine and dedicated to a public or governmental use (as distinct from property dedicated to a commercial use).

The foregoing will constitute a limited and specific waiver by Ukraine solely for the purposes of the Trust Deed, the New Notes and the GDP-linked Securities (as applicable), and under no circumstances will it be construed as a general waiver by Ukraine or a waiver with respect to proceedings unrelated to the Trust Deed, the New Notes and the GDP-linked Securities (as applicable). Furthermore, Ukraine has not waived immunity from pre-judgment attachment. The appointment of an agent for service of process under the Trust Deed, the terms and conditions of the New Notes and the terms and conditions of the GDP-linked Securities (as applicable) and the waiver of immunity described above will also not constitute a waiver of immunity in relation to any suit, action or proceeding brought by any person under the securities laws of any jurisdiction.

***No registration and restrictions on transfer.***

The New Notes and the GDP-linked Securities have not been nor will be registered under the Securities Act or the securities laws of any other jurisdiction. For example, the New Notes and the GDP-linked Securities are being offered and sold in reliance upon certain exemptions from registration under the Securities Act. The New Notes and the GDP-linked Securities are subject to restrictions on transfer imposed by law or regulation as described under “*Issue and Resale Restrictions*”.

***Payments of interest and other similar income received by the holders of Designated Securities may be subject to withholding tax under the EU Savings Directive.***

Payments of interest and other similar income made to beneficial owners who are individuals resident for tax purposes in a Member State may be subject to withholding tax under EU Council Directive 2003/48/EC on the taxation of savings income (the EU Savings Directive) or similar measures adopted by a number of non-EU countries and certain dependent or associated territories of certain Member States. If a relevant payment to holders of Designated Securities by Ukraine were to be made or collected through a jurisdiction which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither Ukraine nor any paying agent nor any other person would be obliged to pay additional amounts as a result of the imposition of such withholding tax.

***Withholding Tax under Ukrainian Tax Laws.***

In certain cases, the exchange or substitution of Designated Securities and the Accrued Interest for the New Notes and the GDP-linked Securities may be treated as a taxable transaction for Ukrainian tax purposes, in which case a Noteholder may realise a gain or suffer a loss. See “*Ukrainian Taxation of the New Securities—Certain Ukrainian Tax Consequences*”.

***Holders of Designated Securities are urged to consult their own tax advisers as to the specific tax consequences of the exchange of the Designated Securities and participating in the Invitation, and of the acquisition, holding, redemption or disposal of the New Notes and the GDP-linked Securities.***

***Uncertainty as to the trading market for the New Notes and the GDP-linked Securities.***

Ukraine does not intend to make any application for the admission to trading of the New Notes and GDP-linked Securities on any market other than the regulated market of the Irish Stock Exchange. The New Notes and the GDP-linked Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their New Notes and the GDP-linked Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

To the extent that the New Notes and the GDP-linked Securities are traded, prices of the New Notes and the GDP-linked Securities will fluctuate greatly depending on the trading volume and the balance between buy and sell orders, and holders of Designated Securities are urged to contact their brokers to obtain the best available information as to their potential market prices.

Holders of Designated Securities are also urged to contact their brokers for advice concerning the effect of the write off resulting from participating in the Invitation.

***Exchange rate fluctuations may adversely affect value.***

Ukraine will pay interest and principal on the New Notes which will be payable by in U.S. dollars. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than U.S. dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor’s Currency). An appreciation in the value of the Investor’s Currency relative to the U.S. dollar would decrease (1) the Investor’s Currency-equivalent yield on the New Notes and the GDP-linked Securities, (2) the Investor’s Currency-equivalent value of the principal payable on the New Notes and (3) the Investor’s Currency-equivalent market value of the New Notes and the GDP-linked Securities.

***Changes in market interest rates may adversely affect value.***

For holders that intend to sell the New Notes or the GDP-linked Securities prior to maturity, subsequent changes in market interest rates may adversely affect the value of the New Notes and the GDP-linked Securities.

## **UKRAINIAN TAXATION OF THE NEW SECURITIES**

Save for the description of certain Ukrainian tax consequences applicable to Noteholders set out below, in view of the number of different jurisdictions where tax laws may apply to a Noteholder, this Exchange Offer Memorandum does not discuss the tax consequences for Noteholders arising from the exchange or substitution of Designated Securities pursuant to the Exchange Offer Memorandum for the New Notes and GDP-linked Securities or in relation to the New Notes and the GDP-linked Securities. Noteholders are urged to consult their own professional advisers regarding the possible tax consequences, under the laws of the jurisdictions that apply to them, of the exchange or substitution of their Designated Securities and the receipt pursuant to the Invitation of the New Notes and GDP-linked Securities. Noteholders are liable for their own taxes and have no recourse to Ukraine, the Information Agent or the Settlement and Tabulation Agent with respect to taxes arising in connection with the Invitation.

### **Taxation – New Notes**

#### **Certain Ukrainian Tax Consequences**

This summary is based upon Ukrainian tax law in force, as well as practice and interpretation available, at the date of this Exchange Offer Memorandum, which is subject to change at any time, possibly with retroactive effect. Should such a change occur, Ukraine will not update this section even if, as a result thereof, the information contained herein should be no longer complete and/or accurate. The following summary is included for general information only and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the New Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. As with other areas of Ukrainian legislation, tax law and practice in Ukraine is not as clearly established as that of more developed jurisdictions. It is possible, therefore, that the current interpretation of the law or understanding of the practice may change or that the law may be amended. Accordingly, it is possible that payments to be made to the holders of the New Notes could become subject to taxation or that rates currently in effect with respect to such payments could be increased in ways that cannot be anticipated as of the date of this Exchange Offer Memorandum.

#### **Tax on Issue of the New Notes and Exchange of the Designated Securities for the New Notes**

No stamp, issue, registration, documentary and other similar fees, duties and taxes will be payable in Ukraine upon the issue of the New Notes.

No Ukrainian income tax or withholding tax will apply to the exchange of the Designated Securities and Accrued Interest for the New Notes provided that (i) the Noteholders of such Designated Securities are non-residents of Ukraine for tax purposes and do not have a permanent establishment in Ukraine, (ii) such Designated Securities have been sold to (placed among) non-residents outside the territory of Ukraine through authorised non-resident agents, and (iii) that Guaranteed Securities are guaranteed by Ukraine.

#### **Tax Implications for Non-Residents of Ukraine**

According to the Tax Code, no withholding tax is levied on income earned by non-residents in the form of interest or income (discount) on state securities provided that such state securities have been sold to (placed among) non-residents outside the territory of Ukraine through non-resident agents. Given that the New Notes qualify as state securities for Ukrainian tax purposes, and on the basis that they are placed outside the territory of Ukraine through non-resident agents, no withholding tax will be levied on income earned by non-residents in the form of interest or income (discount) on the New Notes.

The exemption from withholding tax in Ukraine applies to non-resident holders of the New Notes, regardless of whether the New Notes were obtained on a primary or secondary securities market.

Any capital gains realised by a non-resident from disposal of the New Notes would be considered as Ukrainian source income subject to withholding tax in Ukraine at the rate of 15 per cent. (for legal entities) or 20 per cent. (for individuals). Tax can be reduced or eliminated based on a relevant double tax treaty subject to compliance with the requirements and formalities imposed by the relevant treaty and/or applicable Ukrainian legislation. In addition, military duty of 1.5 per cent. applies to those types of income of individuals which are subject to personal income tax. Whether the military duty can be reduced or eliminated based on the

relevant double tax treaty depends on the provisions of such treaty. However, there is a risk that the double-tax treaties will not apply to the military duty.

### **Tax Implications for Residents of Ukraine**

Interest and any other income derived from debt claims are treated as taxable income of a resident legal entity or permanent establishment of a non-resident legal entity. The same applies to capital gains on disposal of the New Notes. Income on the New Notes received by holders thereof which are resident legal entities or permanent establishments of non-resident legal entities is subject to corporate income tax in Ukraine by self-assessment at applicable rate.

Interest income received by resident individuals from the New Notes is subject to personal income tax at the rate of 20 per cent. Income received by resident individuals in the form of capital gains from disposal of the New Notes is subject to personal income tax at the rate of 20 per cent. In addition, military duty of 1.5 per cent. applies to such income.

### **Taxation – GDP-linked Securities**

#### **Certain Ukrainian Tax Consequences**

This summary is based upon Ukrainian tax law in force, as well as practice and interpretation available, at the date of this Exchange Offer Memorandum, which is subject to change at any time, possibly with retroactive effect. Should such a change occur, Ukraine will not update this section even if, as a result thereof, the information contained herein should be no longer complete and/or accurate. The following summary is included for general information only and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the GDP-linked Securities, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. As with other areas of Ukrainian legislation, tax law and practice in Ukraine is not as clearly established as that of more developed jurisdictions. It is possible, therefore, that the current interpretation of the law or understanding of the practice may change or that the law may be amended. Accordingly, it is possible that payments to be made to the holders of the GDP-linked Securities could become subject to taxation or that rates currently in effect with respect to such payments could be increased in ways that cannot be anticipated as of the date of this Exchange Offer Memorandum.

#### **Tax on Issue of the GDP-linked Securities and Exchange of the Designated Securities for the GDP-linked Securities**

No stamp, issue, registration, documentary and other similar fees, duties and taxes will be payable in Ukraine upon the issue of the GDP-linked Securities.

No Ukrainian income tax will apply to the exchange of the Designated Securities for the GDP-linked Securities provided that (i) the Noteholders of such Designated Securities are non-residents of Ukraine for tax purposes and do not have a permanent establishment in Ukraine; and (ii) the terms of the exchange transaction are approved by the Cabinet of Ministers of Ukraine.

### **Tax Implications for Non-Residents of Ukraine**

According to the Tax Code, no withholding tax is levied on income earned by non-residents on GDP-linked Securities provided that such GDP-linked Securities have been issued in accordance with the terms approved by the Cabinet of Ministers of Ukraine.

The exemption from withholding tax in Ukraine applies to non-resident holders of the GDP-linked Securities, regardless of whether the GDP-linked Securities were obtained on a primary or secondary securities market.

Any capital gains realised by a non-resident from disposal of the GDP-linked Securities would be considered as Ukrainian source income subject to withholding tax in Ukraine at the rate of 15 per cent. (for legal entities) or 20 per cent. (for individuals). Tax can be reduced or eliminated based on a relevant double tax treaty subject to compliance with the requirements and formalities imposed by the relevant treaty and/or applicable Ukrainian legislation. In addition, military duty of 1.5 per cent. applies to those types of income of

individuals which are subject to personal income tax. Whether the military duty can be reduced or eliminated based on the relevant double tax treaty depends on the provisions of such treaty. However, there is a risk that the double-tax treaties will not apply to the military duty.

#### **Tax Implications for Residents of Ukraine**

Any income derived from GDP-linked Securities are treated as taxable income of a resident legal entity or permanent establishment of a non-resident legal entity. The same applies to capital gains on disposal of the GDP-linked Securities. Income on the GDP-linked Securities received by holders thereof which are resident legal entities or permanent establishments of non-resident legal entities is subject to corporate income tax in Ukraine by self-assessment at the applicable rate.

Income received by resident individuals from the GDP-linked Securities is subject to personal income tax at the gradual rates of 15 per cent. on income up to 10 minimum wages per month (which in 2015 is equal to UAH 12,180 (approximately U.S.\$550) and 20 per cent. for income in excess of the mentioned threshold. Income in the form of capital gains from disposal of the GDP-linked Securities is subject to personal income tax at the rate of 20 per cent. In addition, military duty of 1.5 per cent. applies to such income.

***Prospective investors are urged to consult their own tax advisers as to the specific Ukrainian tax consequences of the exchange or substitution of the Designated Securities and of the acquisition, holding, redemption or disposal of the New Notes and the GDP-linked Securities***

## ISSUE AND RESALE RESTRICTIONS

*Neither this Exchange Offer Memorandum nor the Offer Website constitutes an invitation to participate in the Invitation in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this Exchange Offer Memorandum in, or the access of the Offer Website from, certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes, or who access the Offer Website, are required by each of Ukraine, FinInPro, the Information Agent and the Settlement and Tabulation Agent to inform themselves about, and to observe, any such restrictions. Noteholders should carefully review the restrictions and limitations applicable in certain jurisdictions and the manner in which this Exchange Offer Memorandum and any other offering material or advertisement in connection with the Invitation will be made available in such jurisdictions, as set forth below.*

*No action has been or will be taken in any jurisdiction by Ukraine, FinInPro, the Information Agent or the Settlement and Tabulation Agent in relation to the Invitation that would permit a public offering of securities or a consent solicitation, or the possession, circulation or distribution of this document or any other offering material or advertisement in connection with the Invitation, in any country or jurisdiction where regulatory filings, authorisations or any other action for that purpose would be required. Accordingly, the New Notes and the GDP-linked Securities may not be issued, offered, sold, exchanged or substituted directly or indirectly, and neither this Exchange Offer Memorandum nor any other offering material or advertisement in connection with the Invitation may be distributed or published, in or from any such jurisdiction, except in compliance with any applicable rules or regulations of any such country or jurisdiction.*

This Exchange Offer Memorandum does not constitute a prospectus within the meaning of EU Directive 2003/71/EC (as amended), and no such prospectus has been or will be prepared in connection with the Invitation. This Exchange Offer Memorandum has not been reviewed or approved by any competent authority of any Member State of the European Economic Area.

### United States

The New Notes and GDP-linked Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States or other jurisdiction and may not be issued, offered, sold, pledged or otherwise transferred except (i) to a person who is located outside the United States and is not a U.S. Person, in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or (ii) in a transaction exempt from, or not subject to, the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. Any further sale, offer, pledge or transfer of the New Notes or GDP-linked Securities will also be subject to the same restrictions and therefore, by electing to or receiving New Notes or GDP-linked Securities, a holder of Designated Securities and any transferee of New Notes or GDP-linked Securities will be deemed, unless in any instance Ukraine otherwise agrees, to represent, acknowledge and agree that:

- (1) the New Notes and GDP-linked Securities have not been and will not be registered under the Securities Act or any other securities laws and are being issued in transactions not involving any public offering in the United States;
- (2) unless so registered, the New Notes and GDP-linked Securities may not be offered, sold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws;
- (3) it is not, nor is it acting on behalf of, an Affiliate of the Issuer or acting on the Issuer's behalf and that it is either:
  - (i) not a U.S. Person or acting for the account or benefit of a U.S. Person, it is located outside the United States and it acknowledges that until the expiration of the period which expires on and includes the 40th day after the Settlement Date (the “**distribution compliance period**”), any offer or sale of these New Notes and GDP-linked Securities shall not be made by it except (a) to a person whom it reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A or (b) to a person that is not a U.S. Person or acting for the

account or benefit of a U.S. Person in an offshore transaction in accordance with Rule 903 or 904 of Regulation S and, in each case, accordance with any applicable securities laws of any state of the United States or any other jurisdiction; or

- (ii) an Accredited Investor and, if it is participating on behalf of one or more investor accounts, each of these investor accounts is an Accredited Investor, and it:
    - (a) is acquiring the New Notes and GDP-linked Securities for investment, in the normal course of its business, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act;
    - (b) invests in or purchase securities similar to the New Notes and GDP-linked Securities and it has such knowledge and experience in financial and business matters that makes it capable of evaluating the merits and risks of acquiring the New Notes and GDP-linked Securities; and
    - (c) is aware that it (or any of these investor accounts) may be required to bear the economic risk of an investment in the New Notes and GDP-linked Securities for an indefinite period of time and it (or that investor account) is able to bear this risk for an indefinite period; or
  - (iii) it is a QIB, and, if it is participating on behalf of one or more investor accounts, each of these investor accounts is a QIB;
- (4) it understands that the New Notes and GDP-linked Securities represented by Unrestricted Global Certificates will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR, EXCEPT FOR LISTING OF THE SECURITIES ON THE IRISH STOCK EXCHANGE, WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE DELIVERED IN THE UNITED STATES OR TO U.S. PERSONS (AS THOSE TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

FOR SO LONG AS THIS SECURITY IS HELD ON BEHALF OF CLEARSTREAM BANKING, SOCIÉTÉ ANONYME (“**CLEARSTREAM, LUXEMBOURG**”) OR EUROCLEAR BANK SA/NV (“**EUROCLEAR**”), THE PUBLICATION OF NOTICES PURSUANT TO SECTION 14 OF THE CONDITIONS OF THE SECURITIES MAY BE SUBSTITUTED BY DELIVERY OF THE RELEVANT NOTICE TO EUROCLEAR AND CLEARSTREAM.

- (5) it understands that the New Notes and GDP-linked Securities represented by Restricted Global Certificates will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE ISSUER, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY

APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A OR RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THIS SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS SECURITY, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

IF THIS SECURITY IS REGISTERED IN THE NAME OF CEDE & CO. (OR SUCH OTHER PERSON AS MAY BE NOMINATED BY THE DEPOSITORY TRUST COMPANY (FOR THE PURPOSE) AS NOMINEE FOR THE DEPOSITORY TRUST COMPANY, THEN, UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE THEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. (OR, AS THE CASE MAY BE, SUCH OTHER ENTITY AS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), HAS AN INTEREST HEREIN.

TRANSFERS OF THIS SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE TO NOMINEES OF THE DEPOSITORY TRUST COMPANY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS ON SUCH TRANSFERS SET FORTH HEREIN.

- (6) if it is a QIB or an Accredited Investor, it understands that the New Notes and the GDP-linked Securities issued pursuant to an exemption from the Securities Act other than Regulation S will be represented by Restricted Global Certificates and that before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a relevant Unrestricted Global Certificate, it will be required to provide the applicable Registrar with a written certification (in the form provided in the relevant Agency Agreement) as to compliance with applicable securities laws;
- (7) if it is not a U.S. person, it understands that the New Notes and the GDP-linked Securities will be represented by Unrestricted Global Certificates and that prior to the expiration of the distribution compliance period, before any interest in any Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a relevant Restricted Global Certificate, it will be required to provide the applicable Registrar with a written certification (in the form provided in the relevant Agency Agreement) as to compliance with applicable securities laws; and
- (8) the Issuer, the Registrars, the Trustees and the relevant paying agents and transfer agents and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

### *Transfer Restrictions*

The New Notes and GDP-linked Securities issued to persons in the United States are transferable in the United States only under Rule 144 if available or to QIBs in a transaction meeting the requirements of Rule 144A or outside the United States under Regulation S. Because of the following restrictions, such persons are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of New Notes and GDP-linked Securities.

Each subsequent purchaser or transferee of New Notes and GDP-linked Securities in the United States or that is a U.S. Person will be deemed to have represented, agreed and acknowledged as follows:

- (i) the purchaser (a) is a QIB, (b) is acquiring the New Notes and GDP-linked Securities for its own account or for the account of such a QIB and (c) such person is aware that the sale of the New Notes and GDP-linked Securities to it is being made in reliance on Rule 144A or has acquired the relevant Notes or Securities under Rule 144;
- (ii) the New Notes and GDP-linked Securities have not been and will not be registered under the Securities Act or any other securities laws and are being issued in circumstances not involving any public offering in the United States;
- (iii) unless so registered, the New Notes and GDP-linked Securities may not be reoffered, resold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, except in accordance with the restrictions set forth above;
- (iv) it understands that the New Notes and the GDP-linked Securities issued pursuant to an exemption from the Securities Act will be represented by Restricted Global Certificates and that before any interest in any Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a relevant Unrestricted Global Certificate, it will be required to provide the relevant Registrar with a written certification (in the form provided in the relevant agency agreement) as to compliance with applicable securities laws;
- (v) each Restricted Global Certificate and any Restricted Definitive Certificates issued in exchange for an interest in a relevant Restricted Global Certificate will bear the same legend as set forth in above, unless the Issuer determines otherwise in accordance with applicable law; and
- (vi) the Issuer, the Registrars, the Trustees, the relevant paying agents and the transfer agents and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each subsequent purchaser or transferee of the New Notes or GDP-linked Securities in re-sales during the distribution compliance period will be deemed to have represented, agreed and acknowledged as follows:

- (i) it is, or at the time the New Notes and GDP-linked Securities are purchased will be, the beneficial owner of such New Notes and GDP-linked Securities and it is not a U.S. Person and it is located outside the United States (within the meaning of Regulation S);
- (ii) it understands that such New Notes and GDP-linked Securities have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such New Notes or GDP-linked Securities, except (a) to a person whom it reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A or (b) to a person that is not a U.S. Person or acting for the account of benefit of a U.S. Person in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; and, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- (iii) it understands that the New Notes and the GDP-linked Securities will be represented by Unrestricted Global Certificates. Prior to the expiration of the distribution compliance period, before any interest in any Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a relevant Restricted Global Certificate, it will be

required to provide the relevant Registrar with a written certification (in the form provided in the relevant agency agreement) as to compliance with applicable securities laws; and

- (iv) the Issuer, the Registrars, the Trustees, the paying agents and the transfer agents and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

## INFORMATION AGENT AND SETTLEMENT AND TABULATION AGENT

Ukraine has retained D.F. King Limited to act as Information Agent for the Exchange Offer and the Consent Solicitation and The Bank of New York Mellon, London Branch to act as the Settlement and Tabulation Agent.

For the purposes of the settlement of the Exchange Offer on the Settlement Date, the Settlement and Tabulation Agent will assist the Issuer with the calculation of the Consideration and the paying agent in relation to the relevant Designated Securities will calculate the Accrued Interest due to each holder of Designated Securities in respect of their holding of Designated Securities validly offered for exchange by such holder and accepted by Ukraine, or exchanged pursuant to the relevant Extraordinary Resolution. The Settlement and Tabulation Agent will also be responsible for assisting the Issuer with the sale of the Consideration held on behalf of any Holders who are U.S. persons who are not Eligible Holders. All such calculations will, absent manifest error, be conclusive and binding on Ukraine and the holders of the Designated Securities.

None of the Settlement and Tabulation Agent or the Information Agent or any of their respective directors, employees or affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Exchange Offer, the Consent Solicitation, Ukraine, FinInPro, the Designated Securities, the New Notes and the GDP-linked Securities contained in this Exchange Offer Memorandum or for any failure by Ukraine or FinInPro to disclose events that may have occurred and may affect the significance or accuracy of such information. None of the Ukraine, FinInPro, the Settlement and Tabulation Agent, the Information Agent or any of their respective representatives, directors, employees or affiliates is acting for any holder of Designated Securities, or will be responsible to any such holder for providing any protections which would be afforded to its clients or for providing advice in relation to the Exchange Offer and/or the Consent Solicitation, and accordingly none of the Settlement and Tabulation Agent, the Information Agent, Ukraine, FinInPro or any of their respective officers, representatives, directors, employees or affiliates make any representation or recommendation whatsoever regarding the Exchange Offer or the Consent Solicitation, or any recommendation as to whether holders should offer Designated Securities for exchange pursuant to the Exchange Offer or otherwise participate in the Consent Solicitation. A copy of this Exchange Offer Memorandum and any supplement to it, may (subject to the distribution restrictions under the heading "*Issue and Resale Restrictions*" above) be obtained, free of charge, from the Settlement and Tabulation Agent and the Information Agent, the addresses and contact details for which are set out on the back cover of this Exchange Offer Memorandum. The Settlement and Tabulation Agent and the Information Agent are the agents of Ukraine and, as applicable, FinInPro and neither the Settlement and Tabulation Agent nor the Information Agent owes any duty to any holder of Designated Securities.

## ANNEX I

### DESIGNATED SECURITIES

#### 1. Sovereign Securities

ISIN (Unrestricted Global Note)	ISIN (Restricted Global Note)	CUSIPS	Maturity date	Coupon	Amount <sup>2</sup>	Minimum denomination	Clearing System
XS0543783434	US603674AB86	603674AB8	23 September 2015	6.875 per cent.	U.S.\$ 500,000,000	U.S.\$ 100,000	Euroclear, Clearstream, Luxembourg and DTC
XS0543783194	US603674AA04	603674AA0	23 September 2020	7.75 per cent.	U.S.\$ 1,500,000,000	U.S.\$ 100,000	Euroclear, Clearstream, Luxembourg and DTC
XS0917605841	US903724AG77	903724 AG7	17 April 2023	7.5 per cent.	U.S.\$ 1,250,000,000	U.S.\$ 200,000	Euroclear, Clearstream, Luxembourg and DTC
XS0330776617	XS0330917617	NO CUSIP	14 November 2017	6.75 per cent.	U.S.\$ 700,000,000	U.S.\$ 100,000	Euroclear and Clearstream, Luxembourg
XS0276053112	US903724AB80	903724 AB 8	21 November 2016	6.58 per cent.	U.S.\$ 1,000,000,000	U.S.\$ 100,000	Euroclear, Clearstream, Luxembourg and DTC
XS0858358236	US903724AF94	903724AF9	28 November 2022	7.8 per cent.	U.S.\$ 2,250,000,000	U.S.\$ 200,000	Euroclear, Clearstream, Luxembourg and DTC
XS0638552942	US903724AC63	903724AC6	17 June 2016	6.25 per cent.	U.S.\$ 1,250,000,000	U.S.\$ 200,000	Euroclear, Clearstream, Luxembourg and DTC
XS1009483204	US903724AH50	903724AH5	20 December 2015	5.0 per cent.	U.S.\$ 3,000,000,000	U.S.\$ 200,000	Euroclear, Clearstream, Luxembourg and DTC
XS0808758196	US903724AD47	903724AD4	24 July 2017	9.25 per cent.	U.S.\$ 2,600,000,000	U.S.\$ 200,000	Euroclear, Clearstream, Luxembourg and DTC
XS0594390816	US126826AH97	126826AH9	23 February 2021	7.95 per cent.	U.S.\$ 1,500,000,000	U.S.\$ 200,000	Euroclear, Clearstream, Luxembourg and DTC
XS0232329879	XS0232449263	NO CUSIP	13 October 2015	4.95 per cent.	€ 600,000,000	€ 50,000	Euroclear and Clearstream, Luxembourg

#### 2. Guaranteed Securities

ISIN (Unrestricted Global Note)	ISIN (Restricted Global Note)	CUSIPS	Maturity date	Coupon	Amount <sup>3</sup>	Minimum denomination	Clearing System
XS0556327822	US31771VAA17	31771VAA1	3 November 2017	8.375 per cent.	U.S.\$ 568,000,000	U.S.\$ 100,000	Euroclear, Clearstream, Luxembourg and DTC
XS0619856460	US 31771VAB99	31771VAB9	20 April 2018	7.40 per cent.	U.S.\$ 690,000,000	U.S.\$ 200,000	Euroclear, Clearstream, Luxembourg and DTC
XS0862476230	US31771VAC72	31771VAC7	7 December 2017	9.0 per cent.	U.S.\$ 550,000,000	U.S. \$200,000	Euroclear, Clearstream, Luxembourg and DTC

<sup>2</sup> Excluding any Designated Securities owned by Ukraine, which will be cancelled prior to the Expiration Deadline which, for the avoidance of doubt, are not outstanding for the purposes of the consent solicitation.

<sup>3</sup> Excluding any Designated Securities owned by Ukraine, which will be cancelled prior to the Expiration Deadline which, for the avoidance of doubt, are not outstanding for the purposes of the consent solicitation.

## ANNEX II

### PRO FORMA NOTICE OF MEETING TO HOLDERS OF THE SOVEREIGN SECURITIES

**THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR OWN INDEPENDENT PROFESSIONAL ADVISERS IMMEDIATELY.**

#### NOTICE OF MEETING AND SETTLEMENT INSTRUCTIONS

##### UKRAINE

**REPRESENTED BY THE MINISTRY OF FINANCE OF UKRAINE,  
ACTING ON THE INSTRUCTIONS OF THE CABINET OF MINISTERS OF UKRAINE**

in respect of the

**U.S.\$ [●] [●] per cent. Notes due [●] (the “Notes”) issued by Ukraine.**

ISIN:	[●]	Common Code:	[●]	
US ISIN:	[●]	US Common Code:	[●]	CUSIP: [●]

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 3 (*Provisions for Meetings of Noteholders*) to the Trust Deed (as defined below) constituting the Notes and made between Ukraine and The Law Debenture Trust Corporation p.l.c., as trustee (the “**Trustee**”) for the holders of the Notes (the “**Noteholders**”), Ukraine has convened a meeting of the Noteholders to be held on 14 October 2015 at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW, United Kingdom, at [●][am/pm] (London time) for the purpose of considering and, if thought fit, passing the resolution set out below which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed. If within fifteen minutes (or such longer period not exceeding thirty minutes as the person (who may but need not be a Noteholder) nominated in writing by the Trustee to take the chair at the relevant Meeting or adjourned Meeting (the “**Chairman**”) may decide) after such time the quorum specified in the Trust Deed is not present, the Meeting will be adjourned until such date (not less than 14 clear days nor more than 42 clear days later) and time and place as the Chairman may decide.

Unless the context otherwise requires, terms used in this notice and defined in the Exchange Offer Memorandum published by Ukraine relating, *inter alia*, to the Notes (the “**Exchange Offer Memorandum**”) are used herein as so defined.

#### EXTRAORDINARY RESOLUTION

“THAT THIS MEETING (the “**Meeting**”) of the holders (the “**Noteholders**”) of the U.S.\$ [●] [●] per cent. Notes due [●] (the “**Notes**”) issued by Ukraine, and constituted by a trust deed dated [●] (the “**Trust Deed**”) between Ukraine and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”), by Extraordinary Resolution (as defined in the Trust Deed) HEREBY:

- (1) assents to and approves, and authorises, directs, requests and empowers the Trustee in its capacity as Trustee of the Notes (and not in its capacity as Trustee of any other trust) to agree to, the exchange of the Notes for New Notes and GDP-linked Securities in accordance with the terms, and subject to satisfaction of the conditions, set out in the Notice convening the Meeting and the Exchange Offer Memorandum;
- (2) approves the cancellation of all outstanding Notes;
- (3) assents to and approves, authorises, directs and empowers the Trustee in its capacity as Trustee of the Notes (and not in its capacity as Trustee of any other trust) to:

- (i) enter into a deed of release with, among others, Ukraine (the “**Deed of Release**”) pursuant to which Ukraine shall be released and discharged from all its rights and obligations under the Trust Deed (except for its obligations under Clause 14 (*Remuneration and Indemnification of the Trustee*) and Clause 15.9 (*Indemnity*), which shall continue in full force and effect notwithstanding such discharge) in relation to the Notes, the Trust Deed shall be terminated in relation to the Notes and all outstanding Notes shall be cancelled; and
  - (ii) concur in and execute all such deeds, instruments, acts and things that may be necessary, appropriate or desirable in the opinion of the Trustee in connection with this Extraordinary Resolution or its implementation, the execution of the Deed of Release or the exchange of the Notes for New Notes and GDP-linked Securities;
- (4) consents to a waiver of, and instructs the Trustee to waive, any Potential Event of Default or Event of Default (as defined in the terms and conditions of the Notes) which may have arisen or may arise under the Notes as a result of the declaration by Ukraine of a general moratorium on or in respect of any Relevant Indebtedness (as defined in the terms and conditions of the Notes) and the Noteholders further consent to a waiver of, and instruct the Trustee to waive, any rights which may arise as a result of the occurrence of any such Potential Event of Default or Event of Default or any other Potential Event of Default or Event of Default, provided, however, that if the Settlement Date has not occurred on or before 30 November 2015, such waiver shall cease to apply and Noteholders and the Trustee will be at liberty to exercise such rights and take such proceedings as they are entitled to take in connection with the declaration of a moratorium by Ukraine, subject to, and in accordance with the Trust Deed and/or any other relevant documents;
  - (5) irrevocably and unconditionally discharges and exonerates and holds harmless the Trustee from any and all liability for which it may or may become responsible under the Trust Deed and/or the Notes in connection with this Extraordinary Resolution (including but not limited to the execution and entry into by the Trustee of the Deed of Release for the purpose of implementing this Extraordinary Resolution in its capacity as Trustee of the Notes;
  - (6) authorises and instructs the Trustee to concur in and consent to the above matters and to do all things and take any action which is, in the sole discretion of the Trustee, necessary or expedient to carry out and give effect to this Extraordinary Resolution;
  - (7) sanctions and assents to every abrogation, amendment, modification, waiver, compromise or arrangement in respect of the rights of the Noteholders against Ukraine or against any of its property necessary or appropriate to give effect to this Extraordinary Resolution, whether such rights shall arise under the Trust Deed or shall otherwise be involved in or result from execution of the Deed of Release or the issuance of the New Notes or GDP-linked Securities, but without prejudice to the rights of holders of the New Notes and GDP-linked Securities;
  - (8) irrevocably waives any claim that holders of the Notes may have against the Trustee arising as a result of any loss or damage which holders of the Notes may suffer or incur as a result of the Trustee acting on this Extraordinary Resolution and/or the entry into and performance under the Deed of Release, and further confirms that holders of the Notes will not seek to hold the Trustee liable for such loss or damage; and
  - (9) declares and acknowledges that terms used in this resolution and defined in or as provided in the Notice convening this Meeting and in the Exchange Offer Memorandum published by Ukraine and relating, *inter alia*, to the Notes (the “**Exchange Offer Memorandum**”) are used herein as so defined.”

Subject to the Extraordinary Resolution having been duly passed and the conditions set out therein being met, the Extraordinary Resolution will become effective on the Settlement Date.

## **Background**

Ukraine is inviting holders of Designated Securities to exchange their holdings of Designated Securities for New Notes and GDP-linked Securities pursuant to the Exchange Offer, all as more fully described in the

Exchange Offer Memorandum and is also soliciting consents to approve the Extraordinary Resolution above exchanging the Notes for New Notes and GDP-linked Securities. Further information regarding the Exchange Offer and Consent Solicitation and certain risk factors relating to the Exchange Offer and Consent Solicitation, the New Notes and the GDP-linked Securities are set out in the Exchange Offer Memorandum, a copy of which is available as indicated below.

### **Documents Available for Inspection**

Noteholders may inspect copies of the documents set out below, which will also be available at the Meeting, at the specified office of the Settlement and Tabulation Agent set out at the end of this Notice and on the Offer Website at <http://sites.dfkingltd.com/ukraine>:

- (i) the Trust Deed;
- (ii) this Notice of Meeting;
- (iii) the Draft Deed of Release; and
- (iv) as soon as practicable hereafter, the Exchange Offer Memorandum and drafts of the trust deeds constituting the New Notes and the GDP-linked Securities, including the terms and conditions of the New Notes and GDP-linked Securities, and the related agency agreements.

### **General**

The attention of Noteholders is particularly drawn to the quorum required for the Meeting which is set out in “—*Voting and Quorum and Other Matters*” below. Having regard to such requirements, Noteholders are strongly urged either to attend the Meeting or to take steps to be represented at the Meeting, as described below, as soon as possible.

**Noteholders who wish to vote must do so in accordance with the procedures of Euroclear Bank SA/NV (“Euroclear”), Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) and The Depository Trust Company (“DTC” and, together with Euroclear and Clearstream, Luxembourg, the “Clearing Systems”). Noteholders should note that they must allow sufficient time for compliance with the standard operating procedures of the relevant Clearing System(s) in order to ensure delivery of their Participation Instructions to the Settlement and Tabulation Agent in advance of the Voting Deadline.**

The receipt of such Participation Instructions by the relevant Clearing System will be acknowledged by such Clearing System and will result in the Blocking until the conclusion of the Meeting (or any adjourned Meeting) of all Notes held by the Beneficial Owner on whose behalf such Participation Instruction was submitted and in such Notes being held to the order of the Principal Paying Agent. Accountholders (as defined in paragraph 1 of “*Voting and Quorum and Other Matters*” below) must take the appropriate steps through the relevant Clearing System to ensure that no transfers may be effected in relation to such Notes at any time whilst they are Blocked, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By Blocking such Notes in the relevant Clearing System, each Accountholder will be deemed to consent to the relevant Clearing System providing details concerning such Accountholder’s identity to Ukraine, the Principal Paying Agent, the Settlement and Tabulation Agent and the Trustee.

A Beneficial Owner (as defined in paragraph 1 of “*Voting and Quorum and Other Matters*” below) of Notes held through a broker, dealer, commercial bank, custodian, trust company or Accountholder must provide appropriate instructions to such person in order to cause Participation Instructions to be delivered with respect to such Notes. Beneficial Owners are urged to contact any such person promptly to ensure timely delivery of such Participation Instructions.

None of the Trustee, the Principal Paying Agent, the Information Agent or the Settlement and Tabulation Agent expresses any view as to the merits of the Exchange Offer or the matters referred to in the Extraordinary Resolution or the Extraordinary Resolution itself, but the Trustee does not object to the terms of the Exchange Offer or the matters referred to in the Extraordinary Resolution or the Extraordinary Resolution itself being put to Noteholders for their consideration. None of the Trustee, the Principal Paying Agent, the

Information Agent or the Settlement and Tabulation Agent has been involved in negotiating or takes any responsibility for the formulation of Exchange Offer or the matters referred to in the Extraordinary Resolution or the Extraordinary Resolution itself and none of them makes any representation that all relevant information has been disclosed to the Noteholders in the Exchange Offer Memorandum or pursuant to this Notice. Noteholders who are unsure of the impact of the Exchange Offer or the matters referred to in the Extraordinary Resolution or the Extraordinary Resolution itself should seek their own professional advisers immediately.

Neither the Trustee nor any of its directors, officers, employees or affiliates expresses any opinion as to the merits of, or makes any representation or recommendation whatsoever regarding the Invitation or the Exchange Offer Memorandum (or, in each case, any term thereof) or makes any recommendation whether Noteholders should tender Notes in the Exchange Offer or otherwise participate in the Invitation. The Trustee has not reviewed, nor will it be reviewing, any documents relating to the Exchange Offer and/or the Invitation (or, in each case, any term thereof), except this Notice and the Deed of Release and nor has it approved or will it be approving the Exchange Offer and/or the Invitation (or, in each case, any term thereof). Neither the Trustee nor any of its directors, officers, employees or affiliates has verified, or assumes any responsibility for the accuracy or completeness of, any of the information concerning the Exchange Offer, the Invitation, Ukraine or the factual statements contained in, or the effect or effectiveness of, the 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 Exchange Offer or the Invitation. The Trustee has not been involved in the formulation or negotiation of the Exchange Offer or the Invitation (or, in each case, any term thereof). The Trustee has, 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 Noteholders are recommended to consider carefully), it has no objection to the Extraordinary Resolution, as set out in the Notice, being put to Noteholders for their consideration.

Ukraine will bear the fees and expenses (including the fees of legal advisers) of the Trustee and the Settlement and Tabulation Agent in connection with the Exchange Offer and the matters referred to in the Extraordinary Resolution, as more particularly agreed with the Trustee and the Settlement and Tabulation Agent.

### **Participation and Settlement Instructions**

Participation Instructions received in relation to the Extraordinary Resolution shall also constitute the relevant Noteholder's Settlement Instruction for the purpose of receiving the relevant New Notes and the GDP-linked Securities.

Noteholders who have submitted Participation Instructions to participate in the Exchange Offer or who are bound by an Extraordinary Resolution but who fail to submit, or arrange to have submitted on their behalf, Settlement Instructions containing the required information on or before the applicable Voting Deadline may still be entitled to receive the New Notes and the GDP-linked Securities provided they submit Settlement Instructions and deliver a Delivery Certificate within 150 days of the Settlement Date.

### ***Instructions for the Completion of Participation Instructions***

#### ***Accountholder Details***

The Participation Instruction must include the full name of the Accountholder through which the Noteholder holds its Notes and the securities account number with the Clearing System through which the Notes are held.

#### ***Investor Status***

The Accountholder must specify in each Participation Instruction that such Participation Instruction is submitted on behalf of a Noteholder:

- (i) who is an Eligible Holder and who is outside the United States and is not a U.S. person (as defined in Rule 902 under the Securities Act);

- (ii) who is an Eligible Holder and who is either (a) a qualified institutional buyer (as defined in Rule 144A under the Securities Act) or (b) an accredited investor (as defined in Rule 501(a) under the Securities Act); or
- (iii) who is not an Eligible Holder.

By submitting, or arranging to have submitted on its behalf, Participation Instructions a Noteholder (other than Noteholders who are not Eligible Holders) will be deemed, on the date on which such Participation Instructions are submitted and on the Settlement Date, to make the representations and warranties and give the undertakings set out in “*Noteholders’ Agreements, Acknowledgements, Representations, Warranties and Undertakings*” in the Exchange Offer Memorandum.

### ***Settlement***

Subject to the Extraordinary Resolution having been duly passed, and the Conditions set out the Exchange Offer Memorandum under “*The Invitation—Conditions of the Invitation*” having been met, the New Notes and the GDP-linked Securities to which the relevant Noteholder is entitled will be credited to the Clearing System account from which such Participation Instructions were sent.

### ***Non-Certification as to Eligible Holder Status***

If a holder of Designated Securities fails to deliver a Delivery Certificate within 150 days of the Settlement Date, such holder will be subject to the Cash Proceeds Arrangement as set out in the Exchange Offer Memorandum. Please refer to “*The Invitation – Delivery of New Notes, GDP-linked Securities – Non-Certification as to Eligible Holder Status*” in the Exchange Offer Memorandum.

### ***Voting and Quorum and Other Matters***

1. The relevant provisions governing the convening and holding of meetings of Noteholders are set out in Schedule 3 (*Provisions for Meetings of Noteholders*) to the Trust Deed, a copy of which is available for inspection as referred to above.

**IMPORTANT:** [The Notes are in registered form and are currently represented by an Unrestricted Global Note which is deposited with the Citibank Europe plc, as common depositary for Euroclear and Clearstream, Luxembourg (the “Common Depositary”) and registered in the name of Citivic Nominees Limited, as nominee for the Common Depositary, and a Restricted Global Note which is deposited with a custodian (the “Custodian”), and registered in the name of Cede & Co. as nominee, for DTC. Each person (a “Beneficial Owner”) who is the owner of a particular nominal amount of the Notes held through Euroclear, Clearstream, Luxembourg, DTC or their respective account holders (“Accountholders”) should note that such person will not be a Noteholder for the purposes of attending and voting at, or establishing the quorum for, the Meeting and will only be entitled to attend and vote at the Meeting or appoint a proxy to do so in accordance with the procedures set out below.]<sup>4</sup>

2. A Beneficial Owner not wishing to attend the Meeting (or any adjourned Meeting) in person may deliver its form of proxy to the person whom he wishes to attend on his behalf.
3. A Beneficial Owner wishing to attend in person and vote at the Meeting (or any adjourned Meeting) may give such direction by way of a Participation Instruction through its Accountholder via the Settlement and Tabulation Agent to the Principal Paying Agent. The Registrar will be required to issue a voting certificate pursuant to which such Beneficial Owner will, subject to its producing evidence of identity satisfactory to the Principal Paying Agent at the Meeting, be permitted to attend and vote at the Meeting.
4. A Beneficial Owner wishing to appoint a proxy to attend and vote at the Meeting (or any adjourned Meeting) may give a Participation Instruction through its Accountholder via the Settlement and

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<sup>4</sup> This paragraph is to reflect the information for the relevant series of sovereign Notes.

Tabulation Agent to the Principal Paying Agent to appoint by way of form of proxy such other person as its proxy to vote at the Meeting (or any adjourned Meeting) in respect of the Notes held by the Beneficial Owner (or its Accountholder) in Euroclear and/or Clearstream, Luxembourg and/or DTC and represented by a Global Note.

5. References herein to a “**proxy**” shall be to any proxy appointed by the Registrar under a form of proxy other than where such appointment has been revoked as provided below.
6. Any vote given in accordance with the terms of a form of proxy shall be valid notwithstanding the previous revocation or amendment of the form of proxy or of any of the Noteholders' instructions pursuant to which it was executed, provided that no intimation in writing of such revocation or amendment shall have been received from the donor thereof in each case by the Registrar at its registered office (or such other place as may have been required or approved by the Registrar for the purpose) or by the Chairman by the time being 48 hours before the time appointed for holding the Meeting or adjourned Meeting at which the proxy is to be used.
7. Any proxy so appointed shall, so long as such appointment remains in force, be deemed for all purposes in connection with the Meeting or adjourned Meeting to be the holder of the Notes to which such appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.
8. Beneficial Owners must have made arrangements to vote with the relevant Clearing System by not later than 48 hours before the time fixed for the Meeting and within the relevant time limit specified by the relevant Clearing System and, if applicable, appoint proxies by executing and delivering a form of proxy in the English language to the specified office of the Registrar not less than 48 hours before the time fixed for the Meeting.
9. Any Note(s) which have been Blocked as described above will be released to the Accountholder by the relevant Clearing System on the earlier of (i) the conclusion of the Meeting (or the adjourned Meeting), (ii) the surrender of the voting certificate to the Principal Paying Agent and notification by the Principal Paying Agent to the relevant Clearing System of such surrender and revocation or the compliance in such other manner with the rules of the relevant Clearing System and (iii) upon such Note(s) ceasing in accordance with the procedure of such Clearing System and with the agreement of the Principal Paying Agent to be held to its order or under its control in such Clearing System; provided, however, that if the Principal Paying Agent has caused a proxy to be appointed in respect of such Note(s), such Note(s) will not be released to the relevant Accountholder unless and until the Principal Paying Agent has notified Ukraine of the necessary revocation of or amendment to the relevant form of proxy.
10. Participation Instructions must comply with and be transmitted in accordance with the usual procedure of the relevant Clearing System, so as to be received by that Clearing System sufficiently in advance of the Voting Deadline.
11. Participation Instructions should clearly specify whether the Beneficial Owner wishes to vote in favour of or against the Extraordinary Resolution.
12. If Participation Instructions are not received from or on behalf of a Beneficial Owner by a Clearing System (and such Beneficial Owner does not otherwise make arrangements to vote at the Meeting (or adjourned Meeting, as applicable) or to attend in person by appointing a proxy also in advance of the Voting Deadline), such Beneficial Owner will be deemed to have declined to vote in respect of the Extraordinary Resolution.
13. Upon the terms and subject to the conditions contained in the Meeting provisions as set out in Schedule 3 (*Provisions for Meetings of Noteholders*) of the Trust Deed and applicable law, Ukraine will accept all Participation Instructions validly given and all votes cast at the Meeting representing such Participation Instructions.
14. Ukraine’s interpretation of the terms and conditions of the Invitation shall be final and binding. No alternative, conditional or contingent giving of Participation Instructions will be accepted. Unless

waived by Ukraine, any defects or irregularities in connection with the giving of Participation Instructions must be cured within such time as is permitted in accordance with the procedures of the relevant Clearing System. None of Ukraine, the Trustee, the Principal Paying Agent and the Settlement and Tabulation Agent or any other person will be under any duty to give notification of any defects or irregularities in such Participation Instructions nor will such entities incur any liability for failure to give such notification. Such Participation Instructions will not be deemed to have been delivered until such defects or irregularities have been cured or waived.

15. All questions as to the validity, form and eligibility (including timing of receipt) in relation to Participation Instructions will be determined by Ukraine at its sole discretion, which determination shall be conclusive and binding. Ukraine reserves the right to reject any or all Participation Instructions that are not in proper form or the acceptance of which could, in the opinion of Ukraine or its counsel, be unlawful. Ukraine also reserves the right to waive any and all defects or irregularities in connection with deliveries of particular Participation Instructions including, without limitation, with respect to the timing of delivery of such Participation Instructions, whether or not similar defects or irregularities are waived in respect of other Participation Instructions.
16. As the Extraordinary Resolution relates to a Reserved Matter (as defined in the Trust Deed), the quorum required at the Meeting shall be one or more persons validly (in accordance with the provisions of the Trust Deed) present (each a “voter”) in person representing or holding not less than two-thirds of the aggregate principal amount of the outstanding Notes.
17. If within 15 minutes (or such longer period not exceeding thirty minutes as the Chairman may decide) after the time appointed for any such Meeting a quorum is not present, then, the Meeting may be adjourned for such period, being not less than 14 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to the Meeting and approved by the Trustee. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned Meeting a quorum is not present, then, the Chairman may either (with the approval of the Trustee) dissolve such Meeting or adjourn the same for such period, being not less than 14 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such adjourned Meeting and approved by the Trustee, and the provisions of this sentence shall apply to all further adjourned such Meetings. Notice of any adjourned Meeting shall be given in the same manner as notice of the original Meeting, save that 10 days’ notice (exclusive of the day on which notice is given and of the day on which the Meeting is to be resumed) shall be sufficient and shall contain the quorum requirements which will apply when the Meeting resumes and information required for the notice of the original Meeting shall be given.
18. At any adjourned Meeting, the quorum shall be one or more voters representing or holding not less than one-third of the aggregate in principal amount of the outstanding Notes.
19. To be passed in relation to the Notes, the Extraordinary Resolution must be passed at the Meeting or adjourned Meeting, as applicable, duly convened and held in accordance with the provisions of Schedule 3 (*Provisions for Meetings of Noteholders*) to the Trust Deed by a majority of not less than three-fourths of the votes cast.
20. Every question submitted to a Meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a proxy or as a representative.
21. At any Meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, Ukraine, the Trustee or any person present holding a Note or being a proxy (whatever the principal amount of the Notes so held or represented by him), a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
22. If at any Meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll

shall be deemed to be the resolution of the Meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the Meeting for the transaction of any business other than the motion on which the poll has been demanded.

23. On a show of hands every holder of the Notes who is present in person or any person who is a proxy or a representative shall have one vote. On a poll every person who is so present shall have one vote in respect of each [U.S.\$1,000<sup>5</sup>/ €1,000<sup>6</sup>], or such other amount as the Trustee may in its absolute discretion stipulate, in principal amount of the Notes in respect of which he is a proxy or representative or in respect of which he is the holder. Without prejudice to the obligations of the proxies named in any form of proxy any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.
24. If passed, the Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the Meeting (or an adjourned Meeting), and each of them shall be bound to give effect to it accordingly.
25. This Notice may be revoked by Ukraine and the Invitation may be terminated at any time prior to the Meeting. This Notice and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

### **Further Information**

Any questions relating to the completion and submission of Participation Instructions or other matters relating to the Exchange Offer or the voting process should be addressed to the Settlement and Tabulation Agent and/or the Information Agent as follows:

#### Settlement and Tabulation Agent

##### **The Bank of New York Mellon**

In London:

By telephone: +44 (0) 1202 689 644

By email: [debtstructuring@bnymellon.com](mailto:debtstructuring@bnymellon.com)

##### **The Bank of New York Mellon**

In New York:

By telephone: 001 315 414 3360

By email: [UK-DR-REORG@bnymellon.com](mailto:UK-DR-REORG@bnymellon.com)

Attention: Adam Decapio

#### Information Agent

##### **D.F. King**

In London:

85 Gresham Street

London, EC2V 7NQ

England

Telephone: +44 20 7920 9700

In Hong Kong:

Suite 1601, 16/F, Central Tower

28 Queen's Road Central

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<sup>5</sup> For all Sovereign Notes, other than the €600,000,000 4.95 per cent. Notes due 2015.

<sup>6</sup> For the €600,000,000 4.95 per cent. Notes due 2015.

Hong Kong  
Telephone: +852 3953 7230

In New York:  
48 Wall Street, 22nd Floor  
New York, New York 10005  
United States  
Banks and Brokers call collect: + 1 212 269 5550  
Toll-Free: + 1 800 331 5963

Email: [Ukraine@dfkingltd.com](mailto:Ukraine@dfkingltd.com)

Offer Website: <http://sites.dfkingltd.com/ukraine>

**UKRAINE**

Ministry of Finance of Ukraine  
12/2 Vul. Grushevskogo  
Kyiv, 01008  
Ukraine

The Settlement and Tabulation Agent is:

**The Bank of New York Mellon**

*In London*

One Canada Square  
London E14 5AL  
England

For information by telephone: +44 (0) 1202 689 644

Email: [debtstructuring@bnymellon.com](mailto:debtstructuring@bnymellon.com)

*In New York*

Attn: Adam Decapio  
111 Sanders Creek Parkway  
East Syracuse, New York 13057

For information by telephone 001 315 414 3360

Email:

[UK-DR-REORG@bnymellon.com](mailto:UK-DR-REORG@bnymellon.com)

The Information Agent is:

**D.F. King Limited**  
85 Gresham Street  
London EC2V 7NQ  
England

The Trustee is:

**The Law Debenture Trust Corporation p.l.c.**

Fifth Floor  
100 Wood Street  
London EC2V 7EX  
England

The Principal Paying Agent and Registrar is:

**Citibank, N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
England

**This notice is given by:**

**UKRAINE, REPRESENTED BY THE MINISTRY OF FINANCE OF UKRAINE, ACTING ON THE  
INSTRUCTIONS OF THE CABINET OF MINISTERS OF UKRAINE**

c/o The Ministry of Finance of Ukraine

12/2 Vul. Grushevskogo

Kyiv, 01008

Ukraine

**22 September 2015**

**ANNEX III PRO FORMA NOTICE OF MEETING TO HOLDERS OF THE GUARANTEED SECURITIES**

**THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR OWN INDEPENDENT PROFESSIONAL ADVISERS IMMEDIATELY.**

**NOTICE OF MEETING AND SETTLEMENT INSTRUCTIONS**

**STATE ENTERPRISE  
“FINANCING OF INFRASTRUCTURAL PROJECTS”**  
(incorporated as a State enterprise under the laws of Ukraine)  
(the “**Issuer**”)

in respect of the

U.S.\$[●] [●] per cent. Guaranteed Notes due [●] (the “**Notes**”) guaranteed by Ukraine (“**Ukraine**” or the “**Guarantor**”)

ISIN: [●]

Common Code: [●]

US ISIN: [●]

US Common Code: [●]

CUSIP: [●]

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 3 (*Provisions for Meetings of the Noteholders*) to the Trust Deed (as defined below) constituting the Notes and made between the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee (the “**Trustee**”) for the holders of the Notes (the “**Noteholders**”), the Issuer and Ukraine have, together, convened a meeting of the Noteholders to be held on 14 October 2015 at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW, United Kingdom, at [●] [am/pm] (London time) for the purpose of considering and, if thought fit, passing the resolution set out below which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed. If within half an hour after such time the quorum specified in the Trust Deed is not present, the Meeting will be adjourned until such date (not less than 14 days nor more than 42 days later) and time and place as the person (who may but need not be a Noteholder) nominated in writing by the Trustee to take the chair at the relevant Meeting or adjourned Meeting (the “**Chairman**”) may decide.

Unless the context otherwise requires, terms used in this notice and defined in the Exchange Offer Memorandum published by Ukraine relating, *inter alia*, to the Notes (the “**Exchange Offer Memorandum**”) are used herein as so defined.

**EXTRAORDINARY RESOLUTION**

“THAT THIS MEETING (the “**Meeting**”) of the holders (the “**Noteholders**”) of the U.S.\$[●] [●] per cent. Guaranteed Notes due [●] guaranteed by Ukraine (the “**Notes**”) issued by the Issuer and constituted by a trust deed dated [●] (the “**Trust Deed**”) between the Issuer and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”), by Extraordinary Resolution (as defined in the Trust Deed) HEREBY:

- (1) sanctions and agrees to the amendment of paragraph 18(b) of Schedule 3 (*Provisions for Meetings of the Noteholders*) of the Trust Deed to read as follows:

“power to sanction any scheme or proposal of the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation or termination of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Guarantor, the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.”

- (2) assents to and approves, and authorises, directs, requests and empowers the Trustee to agree to, the cancellation of the Notes in consideration of New Notes and GDP-linked Securities in accordance with the terms, and subject to satisfaction of the conditions, set out in the Notice convening the Meeting and the Exchange Offer Memorandum;
- (3) assents to and approves, authorises, directs and empowers the Trustee to:
  - (i) enter into a deed of release with, among others, the Issuer and Ukraine (the “**Deed of Release**”) pursuant to which the Issuer and Ukraine shall be released and discharged from all their respective rights and obligations under the Trust Deed (except for its obligations under Clause 30 (*Remuneration and Indemnification of the Trustee*), which shall continue in full force and effect notwithstanding such discharge) in relation to the Notes and the Guarantee, the Trust Deed shall be terminated in relation to the Notes and all outstanding Notes shall be cancelled; and
  - (ii) concur in and execute all such deeds, instruments, acts and things that may be necessary, appropriate or desirable in the opinion of the Trustee in connection with this Extraordinary Resolution or its implementation, the execution of the Deed of Release or the exchange of the Notes for New Notes and GDP-linked Securities;
- (4) consents to a waiver of, and instructs the Trustee to waive, any Potential Event of Default or Event of Default (as defined in the terms and conditions of the Notes) which may have arisen or may arise under the Notes as a result of the declaration by Ukraine of a general moratorium on or in respect of any Relevant Indebtedness (as defined in the terms and conditions of the Notes) and the Noteholders further consent to a waiver of, and instruct the Trustee to waive, any rights which may arise as a result of the occurrence of any such Potential Event of Default or Event of Default or any other Potential Event of Default or Event of Default, provided, however, that if the Effective Date has not occurred on or before 30 November 2015, such waiver shall cease to apply and Noteholders and the Trustee will be at liberty to exercise such rights and take such proceedings as they are entitled to take in connection with the declaration of a moratorium by Ukraine, subject to, and in accordance with the Trust Deed and/or any other relevant documents;
- (5) irrevocably and unconditionally discharges and exonerates and holds harmless the Trustee from any and all liability for which it may or may become responsible under the Trust Deed and/or the Notes in connection with this Extraordinary Resolution (including but not limited to the execution and entry into by the Trustee of the Deed of Release for the purpose of implementing this Extraordinary Resolution in its capacity as Trustee of the Notes;
- (6) authorises and instructs the Trustee to concur in and consent to the above matters and to do all things and take any action which is, in the sole discretion of the Trustee, necessary or expedient to carry out and give effect to this Extraordinary Resolution;
- (7) sanctions and assents to every abrogation, amendment, modification, waiver, compromise or arrangement in respect of the rights of the Noteholders against Ukraine or against any of its property necessary or appropriate to give effect to this Extraordinary Resolution, whether such rights shall arise under the Trust Deed, or shall otherwise be involved in or result from execution of the Deed of Release or the issuance of the New Notes or GDP-linked Securities, but without prejudice to the rights of holders of the New Notes and GDP-linked Securities; and
- (8) irrevocably waives any claim that holders of the Notes may have against the Trustee arising as a result of any loss or damage which holders of the Notes may suffer or incur as a result of the Trustee acting on this Extraordinary Resolution and/or the entry into and performance under the Deed of Release, and further confirms that holders of the Notes will not seek to hold the Trustee liable for such loss or damage;
- (9) declares and acknowledges that terms used in this resolution and defined in or as provided in the Notice convening this Meeting and in the Exchange Offer Memorandum published by Ukraine

relating, *inter alia*, to the Notes (the “**Exchange Offer Memorandum**”) are used herein as so defined.”

Subject to the Extraordinary Resolution having been duly passed and the conditions set out therein being met, the Extraordinary Resolution will become effective on the Settlement Date.

### **Background**

Ukraine is inviting holders of Designated Securities to exchange their holdings of Designated Securities for New Notes and GDP-linked Securities pursuant to the Exchange Offer, all as more fully described in the Exchange Offer Memorandum. The Issuer and Ukraine are also soliciting consents to approve the Extraordinary Resolution above exchanging the Notes for New Notes and GDP-linked Securities. Further information regarding the Exchange Offer and Consent Solicitation and certain risk factors relating to the Exchange Offer and Consent Solicitation, the New Notes and the GDP-linked Securities are set out in the Exchange Offer Memorandum, a copy of which is available as indicated below.

### **Documents Available for Inspection**

Noteholders may inspect copies of the documents set out below, which will also be available at the Meeting, at the specified office of the Settlement and Tabulation Agent set out at the end of this Notice and on the Offer Website at <http://sites.dfkingltd.com/ukraine>:

- (i) the Trust Deed;
- (ii) this Notice of Meeting;
- (iii) the draft Deed of Release; and
- (iv) as soon as practicable hereafter, the Exchange Offer Memorandum and drafts of the trust deeds constituting the New Notes and the GDP-linked Securities, including the terms and conditions of the New Notes and GDP-linked Securities, and the related agency agreements.

### **General**

The attention of Noteholders is particularly drawn to the quorum required for the Meeting which is set out in “—*Voting and Quorum and Other Matters*” below. Having regard to such requirements, Noteholders are strongly urged either to attend the Meeting or to take steps to be represented at the Meeting, as described below, as soon as possible.

**Noteholders who wish to vote must do so in accordance with the procedures of Euroclear Bank SA/NV (“Euroclear”), Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) and The Depository Trust Company (“DTC” and, together with Euroclear and Clearstream, Luxembourg, the “Clearing Systems”). Noteholders should note that they must allow sufficient time for compliance with the standard operating procedures of the relevant Clearing System(s) in order to ensure delivery of their Participation Instructions to the Settlement and Tabulation Agent in advance of the Voting Deadline.**

The receipt of such Participation Instructions by the relevant Clearing System will be acknowledged by such Clearing System and will result in the Blocking until the conclusion of the Meeting (or any adjourned Meeting) of all Notes held by the Beneficial Owner on whose behalf such Participation Instruction was submitted and in such Notes being held to the order of the Principal Paying Agent. Accountholders (as defined in paragraph 1 of “*Voting and Quorum and Other Matters*” below) must take the appropriate steps through the relevant Clearing System to ensure that no transfers may be effected in relation to such Notes at any time whilst they are Blocked, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By Blocking such Notes in the relevant Clearing System, each Accountholder will be deemed to consent to the relevant Clearing System providing details concerning such Accountholder’s identity to the Issuer, the Principal Paying Agent, the Settlement and Tabulation Agent and the Trustee.

A Beneficial Owner (as defined in paragraph 1 of “*Voting and Quorum and Other Matters*” below) of Notes held through a broker, dealer, commercial bank, custodian, trust company or Accountholder must provide appropriate instructions to such person in order to cause Participation Instructions to be delivered with respect to such Notes. Beneficial Owners are urged to contact any such person promptly to ensure timely delivery of such Participation Instructions.

None of the Trustee, the Principal Paying Agent, the Information Agent or the Settlement and Tabulation Agent expresses any view as to the merits of the Exchange Offer or the matters referred to in the Extraordinary Resolution or the Extraordinary Resolution itself, but the Trustee does not object to the terms of the Exchange Offer or the matters referred to in the Extraordinary Resolution or the Extraordinary Resolution itself being put to Noteholders for their consideration. None of the Trustee, the Principal Paying Agent, the Information Agent or the Settlement and Tabulation Agent has been involved in negotiating or takes any responsibility for the formulation of the Exchange Offer or the matters referred to in the Extraordinary Resolution or the Extraordinary Resolution itself and none of them makes any representation that all relevant information has been disclosed to the Noteholders in the Exchange Offer Memorandum or pursuant to this Notice. Noteholders who are unsure of the impact of the Exchange Offer or the matters referred to in the Extraordinary Resolution or the Extraordinary Resolution itself should seek their own professional advisers immediately.

The Issuer will bear the fees and expenses (including the fees of legal advisers) of the Trustee and the Settlement and Tabulation Agent in connection with the Exchange Offer and the matters referred to in the Extraordinary Resolution, as more particularly agreed with the Trustee and the Settlement and Tabulation Agent.

### **Participation and Settlement Instructions**

Participation Instructions received in relation to the Extraordinary Resolution shall also constitute the relevant Noteholder’s Settlement Instruction for the purpose of receiving the relevant New Notes and the GDP-linked Securities.

Noteholders who have submitted Participation Instructions to participate in the Exchange Offer or who are bound by an Extraordinary Resolution but who fail to submit, or arrange to have submitted on their behalf, Settlement Instructions containing the required information on or before the applicable Voting Deadline may still be entitled to receive the New Notes and the GDP-linked Securities provided they submit Settlement Instructions and deliver a Delivery Certificate within 150 days of the Settlement Date.

### ***Instructions for the Completion of Participation Instructions***

#### ***Accountholder Details***

The Participation Instruction must include the full name of the Accountholder through which the Noteholder holds its Notes and the securities account number with the Clearing System through which the Notes are held.

#### ***Investor Status***

The Accountholder must specify in each Participation Instruction that such Participation Instruction is submitted on behalf of a Noteholder:

- (i) who is an Eligible Holder and who is outside the United States and is not a U.S. person (as defined in Rule 902 under the Securities Act);
- (ii) who is an Eligible Holder and who is either (a) a qualified institutional buyer (as defined in Rule 144A under the Securities Act) or (b) an accredited investor (as defined in Rule 501(a) under the Securities Act); or
- (iii) who is not an Eligible Holder.

By submitting, or arranging to have submitted on its behalf, Participation Instructions, a Noteholder (other than Noteholders who are not Eligible Holders) will be deemed, on the date on which such Participation

Instructions are submitted and on the Settlement Date, to make the representations and warranties and give the undertakings set out in “*Noteholders’ Agreements, Acknowledgements, Representations, Warranties and Undertakings*” in the Exchange Offer Memorandum.

### ***Settlement***

Subject to the Extraordinary Resolution having been duly passed and the Conditions set out the Exchange Offer Memorandum under “*The Invitation—Conditions of the Invitation*” having been met, the New Notes and the GDP-linked Securities to which the relevant Noteholder is entitled will be credited to the Clearing System account from which such Participation Instructions were sent.

### ***Non-Certification as to Eligible Holder Status***

If a holder of Designated Securities fails to deliver a Delivery Certificate within 150 days of the Settlement Date, such holder will be subject to the Cash Proceeds Arrangement as set out in the Exchange Offer Memorandum. Please refer to “*The Invitation – Delivery of New Notes, GDP-linked Securities – Non-Certification as to Eligible Holder Status*” in the Exchange Offer Memorandum.

### ***Voting and Quorum***

1. The relevant provisions governing the convening and holding of meetings of Noteholders are set out in Schedule 3 (*Provisions for Meetings of the Noteholders*) to the Trust Deed, a copy of which is available for inspection as referred to above.

**IMPORTANT: The Notes are in registered form and are currently represented by an Unrestricted Global Note which is deposited with the Bank of New York Mellon (the “Common Depositary”) and registered in the name of The Bank of New York Depositary (Nominees) Limited, as nominee for the Common Depositary and a Restricted Global Note which is deposited with a custodian (the “Custodian”), and registered in the name of Cede & Co. as nominee, for DTC. Each person (a “Beneficial Owner”) who is the owner of a particular nominal amount of the Notes held through Euroclear, Clearstream, Luxembourg, DTC or their respective account holders (“Accountholders”), should note that such person will not be a Noteholder for the purposes of attending and voting at, or establishing the quorum for, the Meeting and will only be entitled to attend and vote at the Meeting or appoint a proxy to do so in accordance with the procedures set out below.**

2. A Beneficial Owner not wishing to attend the Meeting (or any adjourned Meeting) in person may give a voting instruction through its Accountholder (in the form of a Participation Instruction in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg and/or DTC) via the Settlement and Tabulation Agent to the Principal Paying Agent and require the Principal Paying Agent to include the votes attributable to its Notes in a block voting instruction issued by the Principal Paying Agent for the Meeting (or any adjourned Meeting), in which case the Principal Paying Agent shall appoint an employee of the Settlement and Tabulation Agent to attend as a proxy and vote at the Meeting (or any adjourned Meeting) in accordance with such Beneficial Owner’s instructions.
3. A Beneficial Owner wishing to attend in person and vote at the Meeting (or any adjourned Meeting) may give such direction by way of a Participation Instruction through its Accountholder via the Settlement and Tabulation Agent to the Principal Paying Agent. The Registrar will be required to issue a voting certificate pursuant to which such Beneficial Owner will, subject to its producing evidence of identity satisfactory to the Principal Paying Agent at the Meeting, be permitted to attend and vote at the Meeting.
4. A Beneficial Owner wishing to appoint a person other than an employee of the Settlement and Tabulation Agent to be its proxy to attend and vote at the Meeting (or any adjourned Meeting) may give a Participation Instruction through its Accountholder via the Settlement and Tabulation Agent to the Principal Paying Agent to appoint by way of form of proxy such other person as its proxy to vote at the Meeting (or any adjourned Meeting) in respect of the Notes held by the Beneficial Owner (or its

Accountholder) in Euroclear and/or Clearstream, Luxembourg and/or DTC and represented by a Global Note.

5. References herein to a “**proxy**” shall be to any proxy appointed by the Registrar under a block voting instruction or any proxy appointed by the Registrar under a form of proxy other than where such appointment has been revoked as provided below.
6. Any vote given in accordance with the terms of a block voting instruction or form of proxy shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or form of proxy or of any of the instructions of the relevant holder or the relevant Clearing System (as the case may be) pursuant to which it was executed provided that no intimation in writing of such revocation or amendment has been received from the Registrar (in the case of a block voting instruction) or from the holder thereof (in the case of a proxy appointed by a Noteholder) by the Issuer at its registered office (or such other place as may have been required or approved by the Trustee for the purpose) by the time being 24 hours before the time appointed for holding the Meeting at which the block voting instruction or form of proxy is to be used.
7. Any proxy so appointed shall, so long as such appointment remains in force, be deemed for all purposes in connection with the Meeting or adjourned Meeting, to be the holder of the Notes to which such appointment relates and the Holder of the Notes shall be deemed for such purposes not to be the holder.
8. A block voting instruction and a form of proxy cannot be outstanding simultaneously in respect of the same Note.
9. In either case, Beneficial Owners must have made arrangements to vote with the relevant Clearing System by not later than 48 hours before the time fixed for the Meeting and within the relevant time limit specified by the relevant Clearing System and request or make arrangements for the relevant Clearing System to block the Notes in the relevant Accountholder’s account and to hold the same to the order or under the control of the Principal Paying Agent. Such arrangements may only be revoked as required by law or permitted under the Trust Deed.
10. Any Note(s) which have been Blocked as described above will be released to the Accountholder by the relevant Clearing System on the earlier of (i) the conclusion of the Meeting (or the adjourned Meeting), (ii) the surrender of the voting certificate to the Principal Paying Agent and notification by the Principal Paying Agent to the relevant Clearing System of such surrender and revocation or the compliance in such other manner with the rules of the relevant Clearing System and (iii) upon such Note(s) ceasing in accordance with the procedure of the relevant Clearing System and with the agreement of the Principal Paying Agent to be held to its order or under its control in the relevant Clearing System; provided, however, that if the Principal Paying Agent has caused a proxy to be appointed in respect of such Note(s), such Note(s) will not be released to the relevant Accountholder unless and until the Principal Paying Agent has notified the Issuer of the necessary revocation of or amendment to such proxy.
11. Participation Instructions must comply with and be transmitted in accordance with the usual procedure of the relevant Clearing System, so as to be received by a Clearing System sufficiently in advance of the Voting Deadline.
12. Participation Instructions should clearly specify whether the Beneficial Owner wishes to vote in favour of or against the Extraordinary Resolution.
13. If Participation Instructions are not received from or on behalf of a Beneficial Owner by a Clearing System (and such Beneficial Owner does not otherwise make arrangements to vote at a Meeting (or adjourned Meeting, as applicable) or to attend in person by appointing a proxy also in advance of the Voting Deadline), such Beneficial Owner will be deemed to have declined to vote in respect of the Extraordinary Resolution.
14. Upon the terms and subject to the conditions contained in the Meeting’s provisions as set out in Schedule 3 (*Provisions for Meetings of the Noteholders*) of the Trust Deed and applicable law, the

Issuer will accept all Participation Instructions validly given and all votes cast at the Meeting representing such Participation Instructions.

15. The Issuer's interpretation of the terms and conditions of the Invitation shall be final and binding. No alternative, conditional or contingent giving of Participation Instructions will be accepted. Unless waived by the Issuer, any defects or irregularities in connection with the giving of Participation Instructions must be cured within such time as is permitted in accordance with the procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Principal Paying Agent or the Settlement and Tabulation Agent or any other person will be under any duty to give notification of any defects or irregularities in such Participation Instructions nor will such entities incur any liability for failure to give such notification. Such Participation Instructions will not be deemed to have been delivered until such defects or irregularities have been cured or waived.
16. All questions as to the validity, form and eligibility (including timing of receipt) in relation to Participation Instructions will be determined by the Issuer at its sole discretion, which determination shall be conclusive and binding. The Issuer reserves the right to reject any or all Participation Instructions that are not in proper form or the acceptance of which could, in the opinion of the Issuer or its counsel, be unlawful. The Issuer also reserves the right to waive any and all defects or irregularities in connection with deliveries of particular Participation Instructions, including, without limitation, with respect to the timing of delivery of such Participation Instructions, whether or not similar defects or irregularities are waived in respect of other Participation Instructions.
17. As the Extraordinary Resolution relates to a Reserved Matter (as defined in the Trust Deed), the quorum required at the Meeting shall be one or more persons holding or representing not less than two-thirds of the aggregate principal amount of the Notes for the time being outstanding, provided, however, that so long as at least two-thirds of the aggregate principal amount of the Notes for the time being outstanding is represented by a Global Note Certificate or a single Individual Note Certificate, a single voter appointed in relation thereto or being the holder of the Notes represented thereby shall be deemed to be two votes for the purpose of forming a quorum (the "**Single Voter Proviso**"). At any adjourned such Meeting the business of which includes the matters listed above in this paragraph, the quorum for passing the requisite Extraordinary Resolution shall be one or more persons holding or representing not less than one-third of the aggregate principal amount of the outstanding Notes.
18. If within half an hour from the time appointed for any such Meeting a quorum is not present the Meeting shall be adjourned for such period, not being less than 14 days nor more than 42 days, as may be appointed by the chairman either at or after the Meeting. At least 10 days' notice of any Meeting adjourned through want of a quorum shall be given in the same manner as of an original Meeting and such notice shall state the quorum required at such adjourned Meeting. Subject as aforesaid it shall not be necessary to give any notice of an adjourned Meeting.
19. At any Adjourned Meeting, the quorum for passing the Extraordinary Resolution shall be one or more persons holding or representing not less than one-third of the aggregate principal amount of the outstanding Notes.
20. To be passed in relation to the Notes, the Extraordinary Resolution must be passed at a Meeting or adjourned Meeting, as applicable, duly convened and held in accordance with the provisions of Schedule 3 (*Provisions for Meetings of the Noteholders*) to the Trust Deed by a majority of not less than 75 (seventy-five) per cent. of the persons voting thereat upon or a show of hands or if a poll is duly demanded by a majority consisting of not less than 75 (seventy-five) per cent. of the votes cast on such poll.
21. Except where the Single Voter Proviso applies, every question submitted to the Meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a voter.
22. At any Meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer, the Guarantor, the Trustee or any voter present (whatever the principal amount of the Notes represented by him), a declaration by the chairman that a resolution has

been carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

23. If at any Meeting a poll is so demanded, it shall be taken in such manner and (subject as hereinafter provided) either at once or after an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the Meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the Meeting for the transaction of any business other than the motion on which the poll has been demanded.
24. The Trustee, the Issuer and the Guarantor (through their respective representatives) and their respective financial and legal advisers together with the Registrar and any other person authorised to do so by the Trustee shall be entitled to attend and speak at any Meeting of the Noteholders. Save as aforesaid, but without prejudice to the proviso to the definition of 'outstanding' in clause 1 (*Definitions and Interpretation*) of the Trust Deed, no person shall be entitled to attend or vote at any Meeting of the Noteholders or to join with others in requesting the convening of such a Meeting or to exercise the rights conferred on the Noteholders by condition 12 of the terms and conditions of the Notes unless he is a voter. None of the Issuer, the Guarantor, any subsidiary of the Issuer, any Guarantor Subsidiary (as defined in the Trust Deed), any holding company of the Issuer, or any other subsidiary of any such holding company shall be entitled to vote in respect of Notes beneficially owned by or on behalf of any of them but this shall not prevent any proxy named in a block voting instruction from being a director, officer or representative of, or otherwise connected with, the Issuer or the Guarantor, any subsidiary of the Issuer, any Guarantor Subsidiary (as defined in the Trust Deed), any holding company of the Issuer or any other subsidiary of any such holding company.
25. Subject as provided in paragraph 26 above at any Meeting (a) on a show of hands every person who is present in person and a voter shall have one vote and (b) on a poll every person who is so present shall have one vote in respect of each U.S.\$1.00 or such other amount as the Trustee may in its absolute discretion stipulate in principal amount of the Note(s) in respect of which he is a voter. Without prejudice to the obligations of proxies named in any block voting instruction or form of proxy, any persons entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.
26. If passed, the Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the Meeting (or any adjourned such Meeting) and whether or not voting, and each of them shall be bound to give effect to it accordingly.
27. This Notice may be revoked by the Issuer and the Invitation may be terminated at any time prior to the Meeting. This Notice and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

### **Further Information**

Any questions relating to the completion and submission of Participation Instructions or other matters relating to the Exchange Offer or the voting process should be addressed to the Settlement and Tabulation Agent and/or the Information Agent as follows:

#### Settlement and Tabulation Agent

#### **The Bank of New York Mellon**

In London:

By telephone: +44 (0) 1202 689 644

By email: [debtstructuring@bnymellon.com](mailto:debtstructuring@bnymellon.com)

#### **The Bank of New York Mellon**

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Attention: Adam Decapio

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London E14 5AL  
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The Registrar is:

**The Bank of New York Mellon (Luxembourg) S.A.**

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This notice is given by:

**STATE ENTERPRISE “FINANCING OF INFRASTRUCTURAL PROJECTS”**

4A Khotivska Street

Kyiv, 03118

Ukraine

**UKRAINE, REPRESENTED BY THE MINISTRY OF FINANCE OF UKRAINE, ACTING ON THE INSTRUCTIONS OF THE CABINET OF MINISTERS OF UKRAINE**

c/o The Ministry of Finance of Ukraine

12/2 Vul. Grushevskogo

Kyiv, 01008

Ukraine

**22 September 2015**

**UKRAINE**  
Ministry of Finance of Ukraine  
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**SETTLEMENT AND TABULATION AGENT**

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