Mr. Yurii Kasich  
Acting Director  
UKRENERGO  
Kyiv, Ukraine

Dear Mr. Kasich

Re: Ukraine—Power Transmission Project  
(Loan No. 4868-UA)

Amendment to Project Agreement

We refer to the Project Agreement dated November 9, 2007 as amended to date, between International Bank for Reconstruction and Development (the “Bank”) and State Enterprise National Power Company - Ukrenergo (the “Project Implementing Entity”) for the above referenced Project, and to the Loan Agreement between the Bank and Ukraine (the “Borrower”) of the same date. We also refer to your letter dated August 4, 2015, requesting the Bank to replace the current ratio requirement with the self-financing ratio.

After due consideration, I am pleased to inform you that the Bank concurs with your request and hereby amends the Project Agreement as follows:

1. Section IV of the Schedule to the Project Agreement shall be replaced in its entirety to read as follows:

"Section IV. Other Undertakings

Except as the Bank shall otherwise agree, the Project Implementing Entity shall: (a) maintain debt service coverage ratio of at least 1.5 during the Project implementation period; (b) produce, for the Fiscal Year 2015, funds from internal sources equivalent to not less than 25% of the annual average of the Project Implementing Entity’s capital expenditures incurred, or expected to be incurred, for that year (self-financing ratio) and (c) carry out revaluation of its assets in accordance with terms of reference and consultants satisfactory to the Bank by December 31, 2012.

For purposes of this Section:

(a) the term “debt” means any indebtedness of the Project Implementing Entity;

(b) debt shall be deemed to be incurred; (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment, on the date of such
(c) the term "debt service coverage ratio" means the aggregate of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt."

(d) The term "funds from internal sources" means the difference between:

(i) the sum of revenues from all sources related to operations, consumer deposits and consumer contributions in aid of construction, net non-operating income and any reduction in working capital other than cash; and

(ii) the sum of all expenses related to operations, including administration, adequate maintenance and taxes and payments in lieu of taxes (excluding provision for depreciation and other non-cash operating charges), debt service requirements, all cash dividends and other cash distributions of surplus, increase in working capital other than cash and other cash outflows other than capital expenditures.

(e) The term "net non-operating income" means the difference between:

(i) revenues from all sources other than those related to operations; and

(ii) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(f) The term “working capital other than cash” means the difference between current assets excluding cash and current liabilities at the end of each fiscal year.

(g) The term “current assets excluding cash” means all assets other than cash which could in the ordinary course of business be converted into cash within twelve months, including accounts receivable, marketable securities, inventories and pre-paid expenses properly chargeable to operating expenses within the next fiscal year.

(h) The term “current liabilities” means all liabilities which will become due and payable or could under circumstances then existing be called for payment within twelve months, including accounts payable, customer advances, debt service requirements, taxes and payments in lieu of taxes, and dividends.

(i) The term “debt service requirements” means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.

(j) The term “capital expenditures” means all expenditures incurred on account of fixed assets, including interest charged to construction, related to operations.

(k) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.”
Except as amended hereby, all other provisions of the Project Agreement shall remain in full force and effect.

Please confirm the agreement of the Project Implementing Entity to the amendments set forth above by countersigning and dating both copies of this amendment letter and returning one of the countersigned copies to us. This amendment letter shall be effective as of the date of said countersignature.

Sincerely,

[Signature]

Qimiao Fan
Country Director
Belarus, Moldova and Ukraine
Europe and Central Asia

AGREED:
UKRENERGO

[Signature]
By: Vsevolod Kon
Title: Director Acting
Date: September 30, 2015