May 10, 2012

His Excellency
Yuriy Kolobov
Minister
Ministry of Finance
Kyiv 01001 Ukraine

Dear Mr. Kolobov:

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

We refer to the Loan Agreement dated November 9, 2007 as amended to date, between International Bank for Reconstruction and Development (the “Bank”) and Ukraine (the “Borrower”) for the above referenced Project, and to the Project Agreement between the Bank and State Enterprise National Power Company - Ukrenergo (the “Project Implementing Entity”) of the same date. We also refer to the letter from the Deputy Minister of Finance dated April 2, 2012, requesting the Bank to extend the Closing Date of the Loan, amend the date of the mid-term review of the Project and amend the date by which the Project Implementing Entity will carry out a revaluation of its assets.

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

1. The Closing Date of the Project as set out in Schedule 2 Section IV.B.2 is hereby extended to December 31, 2014.

2. The date by which the mid-term review shall be carried out as set out in Schedule 2 Section II.A.1 is hereby amended to December 31, 2012.

3. The date by which the Project Implementing Entity shall carry out a reevaluation of its assets as set out in Schedule II Section V.1 is hereby amended to December 31, 2012.

Additionally, we are pleased to agree to your request to revise the target values of the performance monitoring indicators. Accordingly, the performance monitoring indicators set out in the attachment to Supplemental Letter No. 2 dated November 9, 2007 are replaced by the indicators set out in the Attachment to this amendment letter.
Except as amended hereby, all other provisions of the Loan Agreement shall remain in full force and effect. The Project Agreement between the Bank and the Project Implementing Entity is being amended separately.

Please confirm the agreement of the Borrower 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,

Marius Vistantas
Acting Country Director
Ukraine, Belarus and Moldova
Europe and Central Asia

AGREED:

UKRAINE

By: Serhiy Rybak
Title: Minister of Finance
Date: 15.05.2012

Attachment

Performance Monitoring Indicators for Supplemental Letter No. 2 to the Loan Agreement
Copied to:

H.E. Yuriy Boyko Minister, Ministry of Energy and Coal Industry
Mr. Sergiy Rybak, Deputy Minister, Ministry of Finance of Ukraine
Mr. Volodymyr Makukha, Deputy Minister, Ministry of Energy and Coal Industry of Ukraine
Mr. Mykyta Konstantinov, Head, Department for Strategic Policy, Investments and Nuclear Energy, Ministry of Energy and Coal Industry of Ukraine
Mr. Anatoliy Khodakovski, Director, Ukrenergo
Mr. Sergiy Titenko, Chairman, NERC
Mr. Victor Lyssykh, Head of Investment and Credit Policy Division, Ukrenergo
Mrs. Olena Kucherenko, Director, Department for International Technical Assistance and Cooperation with International Financial Organizations, Ministry of Economic Development and Trade of Ukraine
Ms. Halyna Pakhachuk, Department Head, Department for External Debt Management and International Cooperation, Ministry of Finance of Ukraine
Ms. Viktoria Kolosova, Head, Division for Cooperation with International Finance Organizations, Department for External Debt Management and International Cooperation, Ministry of Finance of Ukraine
Mr. Gennadiy Latiy, Head of Department for Foreign Economic Policy and International Cooperation,
Mr. Dmitriy Tolmachev, Head of EPCU, Ministry of Energy and Coal Industry of Ukraine
Mr. Rudolf Jan Treffers, Executive Director, World Bank
Ms. Tamara Solyanyk, Senior Advisor to Executive Director, World Bank
## Results Framework and Monitoring – Attachment to Supplemental Letter No. 2 dated November 9, 2007

### UKRAINE: POWER TRANSMISSION PROJECT

#### PROJECT PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Performance indicators</th>
<th>Core</th>
<th>Dropped</th>
<th>C=Continue</th>
<th>N=New</th>
<th>Revisited</th>
<th>Baseline</th>
<th>Target values</th>
<th>Data collection and reporting</th>
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<td>2011</td>
<td>2012</td>
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<td>Power market opening</td>
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<td>0%</td>
<td>Existing model</td>
<td>Existing model</td>
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<td>Implementation of the WEM concept</td>
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<td>Draft law On Operational Principles of Ukraine’s Power Market</td>
<td>Elaboration of Draft Law</td>
<td>Development of Power Market Rules and enactments of the Law</td>
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<tr>
<td>Results indicators by each component</td>
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<tr>
<td>Component A Rehabilitation of transmission substations</td>
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<td></td>
<td></td>
<td>Obsolete s/s equipment</td>
<td>Replacement of 5 power breakers at 750 kV s/s</td>
<td>Replacement of 39 power breakers at 750 kV s/s</td>
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<td></td>
<td>Beginning of reconstruction of 3 s/s 330 kV</td>
<td>Beginning of reconstruction of 2 s/s 220 kV and 330 kV</td>
</tr>
<tr>
<td>Component</td>
<td>Component Description</td>
<td>Status</td>
<td>Description</td>
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<tr>
<td>Component A</td>
<td>Strengthening of transmission network</td>
<td>Inadequate TL capacity</td>
<td>Beginning of construction of 330 kV TL to Dniester and 330 kV Bar s/s upgrade</td>
<td>Commissioning of 330 kV TL to Dniester and 330 kV Bar s/s upgrade</td>
<td>Improved voltage quality/Reduced ENS</td>
<td>Improved voltage quality/Reduced ENS</td>
<td>Quarterly</td>
<td>Project progress reports and UE reports</td>
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<tr>
<td>Component B</td>
<td>Stabilization of the Crimea electric power grid</td>
<td>Low reliability and quality of power supply</td>
<td>Beginning of modernization of 330 kV s/s</td>
<td>Continuation of modernization of 330 kV s/s</td>
<td>Completion of modernization of 330 kV s/s</td>
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<td>EPCU and UE</td>
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<tr>
<td>Component C</td>
<td>Management Information System</td>
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<td>Bidding procedures and beginning of implementation</td>
<td>Bidding procedures and beginning of implementation</td>
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<td>UE</td>
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<tr>
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<td>Draft Grid Code developed</td>
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<td>Adopted</td>
<td>Applied</td>
<td>Annual</td>
<td>Project progress reports, reports by MECI and NERC</td>
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Cleared with and bcc: Ms. Musiime (LEGOP/LEGEM), Ms. Malenko (CTRLA)

**Distribution:**

Ukraine DL, ECSSD Sector Staff, ECAVP Managers, ECSOQ Sector Staff, loa-eca

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WBDocs