

LN 8391-UIA
TF 017112Supplemental Letter No. 4.2

UTILITY COMPANY "KHARKIVVODOKANAL"

October 20, 2014

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: IBRD Loan No.8391-UA
CTF Loan No. TF017112
Second Urban Infrastructure Project
(Urban Infrastructure Project – 2)
Representations

Dear Sirs and Mesdames:

In connection with: (i) the Loan Agreement, dated May 26, 2014, between the International Bank for Reconstruction and Development (the Bank) and Ukraine (the Borrower) (the IBRD Loan Agreement) for the above-captioned Project; (ii) the CTF Loan Agreement, dated May 26, 2014, between the Bank acting as an implementing entity of the Clean Technology Fund (CTF) and the Borrower (the CTF Loan Agreement) for the above-captioned Project; (iii) the Project Agreement of this date between the Bank and Utility Company "Kharkivvodokanal" in relation to the IBRD Loan Agreement (the IBRD Project Agreement) for the above-captioned Project; and (iv) the Project Agreement of this date between the Bank and Utility Company "Kharkivvodokanal" in relation to the CTF Loan Agreement (the CTF Project Agreement) for the above-captioned Project, the Project Implementing Entity hereby undertakes and warrants to the Bank that:

1. The financial statements of financial year ending December 31, 2012, copies of which have been furnished to the Bank, correctly set forth the financial and operating condition of the the Project Implementing Entity as of that date, and since that date there have been no material adverse changes in the financial and operating conditions of the Project Implementing Entity.
2. The Project Implementing Entity is not engaged in litigation as plaintiff or defendant, the outcome of which might materially and adversely affect its financial condition.
3. The Project Implementing Entity has no outstanding agreements or liabilities, contingent or otherwise (including taxes), that might materially and adversely affect its financial condition.
4. No debt of the Project Implementing Entity is secured by any mortgage, pledge, charge, priority, or other lien, and no contract or arrangement exists for the creation of any such mortgage, pledge, charge, priority, or other lien.
5. There are no existing defaults in the payment of principal of, or interest or other charges on, any of the debts of the Project Implementing Entity.

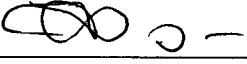
6. The Project Implementing Entity is not in violation of, and the execution and delivery of the IBRD Project Agreement and the CTF Project Agreement and the compliance with all their terms thereof do not and will not result in any violation of, any provisions of any existing agreement, concession, license, or permit, or of any statute, law, decree, regulation, or any other legal rule of a similar nature presently in effect and applicable to the Project Implementing Entity.

7. The Project Implementing Entity is a duly established enterprise under the laws of Ukraine, with full authority to carry out its present business, to carry out the Project (as described in Schedule 1 to the IBRD Loan Agreement), and to execute and deliver the IBRD Project Agreement and the CTF Project Agreement and has furnished to the Bank true copies of its founding documents presently in effect and governing the Borrower.

It is our mutual understanding that the preceding representations are material factors in the Bank's decision to make the Loans. Should any adverse material change occur in the financial position of the Borrower prior to our receipt of the notice of the Bank's acceptance of the evidence required by Section 9.01 of the General Conditions and Section 9.01 of the Standard Conditions, we shall promptly inform the Bank.

Very truly yours,

UTILITY COMPANY "KHARKIVVODOKANAL"

By  _____
Authorized Representative