

No. 3485

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
FINLAND**

Guarantee Agreement — *Electricity Projects* (with annexed Loan Regulations No. 4 and Loan Agreement — *Electricity Projects* — between the Bank and Mortgage Bank of Finland Oy). Signed at Washington, on 22 May 1956

Official text: English.

Registered by the International Bank for Reconstruction and Development on 2 August 1956.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
FINLANDE**

Contrat de garantie — *Projets relatifs à l'énergie électrique* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projets relatifs à l'énergie électrique* — entre la Banque et la Mortgage Bank of Finland Oy). Signé à Washington, le 22 mai 1956

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 2 août 1956.

No. 3485. GUARANTEE AGREEMENT¹ (*ELECTRICITY PROJECTS*) BETWEEN THE REPUBLIC OF FINLAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 22 MAY 1956

AGREEMENT, dated May 22, 1956, between REPUBLIC OF FINLAND (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Mortgage Bank of Finland Oy (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to fifteen million dollars (\$15,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment of the principal, interest and other charges on such loan and the obligations of the Borrower in respect thereof; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee the payment of the principal, interest and other charges on such loan and the obligations of the Borrower in respect thereof;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1955, as amended May 10, 1956,³ subject, however, to the modifications thereof set forth in Schedule 3⁴ to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

¹ Came into force on 21 July 1956, upon notification by the Bank to the Government of the Republic of Finland.

² See p. 68 of this volume.

³ See p. 66 of this volume.

⁴ See p. 84 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to Kemijoki Oy or Imatran Voima Oy will be inadequate to meet the estimated expenditures required for carrying out the construction or operation of the Project to be carried out by such company, to make arrangements, satisfactory to the Bank, promptly to provide such company or cause such company to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date; or (iv) any lien created by Suomen Pankki—Finlands Bank on any of its assets in the ordinary course of its business to secure a debt maturing by its terms not more than one year after the date on which it is incurred.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivisions, including Suomen Pankki—Finlands Bank.

Section 3.02. (a) The Guarantor and the Bank shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Guarantor or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Republic of Finland
Embassy of Finland
1900 Twenty-fourth Street, N.W.
Washington 8, D.C.
United States of America

For the Bank

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Section 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Finland :

By JOHAN NYKOPP
Authorized Representative

International Bank for Reconstruction and Development :

By EUGENE R. BLACK
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1955, AS AMENDED
10 MAY 1956REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER
THAN MEMBER GOVERNMENTS

[Not published herein. The text of the above-mentioned Regulations is identical with the text of Loan Regulations No. 4, dated 15 February 1955 (see United Nations, Treaty Series, Vol. 221, p. 160) with the exception of the following modifications :]

Article IV

WITHDRAWAL OF PROCEEDS OF LOANS

SECTION 4.01. *Withdrawal from the Loan Account.* The Borrower shall be entitled, subject to the provisions of these Regulations, to withdraw from the Loan Account (i) such amounts as shall be required by the Borrower to reimburse it for the reasonable cost of goods to be financed under the Loan Agreement ; and (ii), if the Bank shall so agree, such amounts as shall be required by the Borrower to meet the reasonable cost of such goods. Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the Effective Date or (b) expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor or (c) expenditures in the territories of any country which is not a member of the Bank or for goods produced in (including services supplied from) such territories.*

* As amended May 10, 1956. On the same date, the Executive Directors decided that in view of the special relationship established between the Bank and Switzerland by the Agreement of June 29, 1951, the Bank should agree, if so requested by borrowers, to permit loan proceeds to be used to finance expenditures in the territories of Switzerland or for goods produced in (including services supplied from) such territories.

LOAN AGREEMENT (*ELECTRICITY PROJECTS*)

AGREEMENT, dated May 22, 1956, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and MORTGAGE BANK OF FINLAND OY (hereinafter called the Borrower).

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1955, as amended May 10, 1956,¹ subject, however, to the modifications thereof set forth in Schedule 3² to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the term "Beneficiary Enterprise" shall mean any entity to which the Borrower shall advance or agree to advance any portion of the Loan for the carrying out of a Project.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million dollars (\$15,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of four and three-fourths per cent ($4\frac{3}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

¹ See p. 66 of this volume.

² See p. 84 of this volume.

Section 2.06. Interest and other charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Projects described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Projects.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Chairman of the Board of Directors and the Manager of the Borrower and such person or persons as they shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01 (a) The Borrower shall cause the Projects to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices and shall (unless the Bank shall otherwise agree) exercise every right and remedy available to it to cause the Projects to be so carried out.

(b) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Projects and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

¹ See p. 78 of this volume.

² See p. 80 of this volume.

(c) The Borrower shall maintain, or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Projects, to record the progress of the Project (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrower and of each Beneficiary Enterprise. The Borrower shall enable, or take such steps as may be necessary to enable, the Bank's representatives to inspect the Projects, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Projects, the goods, transactions between the Borrower and each of the Beneficiary Enterprises and the financial condition and operations of the Borrower and of each of the Beneficiary Enterprises.

Section 5.02. The Borrower shall relend the proceeds of the Loan to the respective Beneficiary Enterprises under loan agreements containing provisions, satisfactory to the Bank, sufficient to protect the interests of the Borrower and the Bank. As security for loans granted by it, the Borrower shall obtain mortgages against lands, water rights, electric power properties or industrial properties. The amount secured by any such mortgage may not exceed sixty per cent of the value of the property given as security. As additional security, or as temporary security, the Borrower may accept the guarantee of the Republic of Finland. Pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended) the Borrower will deposit with the Finnish Bank Inspectorate the loan agreements entered into with the Beneficiary Enterprises together with the mortgages or other instruments given by or on behalf of the respective Beneficiary Enterprises as security for the loans received by them. The total amount of the security so deposited may not at any time be less than the principal amount of the Loan outstanding.

Section 5.03. a) The Bank and the Borrower shall cooperate fully to assure that the purpose of the Loan will be accomplished. To that end, each of them shall furnish to the other all such informations as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof.

The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 5.04. Except as the Bank shall otherwise agree, the Borrower shall not borrow any amounts other than the Loan and shall not engage in operations other than the relending of the proceeds of the Loan. For purposes of this Section, the issuance or sale by the Borrower to its shareholders of debentures which are junior to all its other liabilities, as contemplated by Section 14 of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended), shall not be deemed to be borrowing.

Section 5.05. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt,

such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect ; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property ; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods ; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.06. The Borrower shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder ; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.07. The Borrower shall pay or cause to be paid all taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

Section 5.08. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Guarantor. Such insurance shall be consistent with sound commercial practice and shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE ; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (a) (ii) of the Loan Regulations :

(a) That the loan agreements referred to in Section 5.02 of this Agreement, in terms satisfactory to the Bank, shall have been duly executed and delivered by the Borrower and by each Beneficiary Enterprise and shall have become fully effective in accordance with their respective terms.

(b) That a duly certified copy of this Loan Agreement shall have been deposited with the Finnish Bank Inspectorate pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended).

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

(a) That the Borrower has been duly organized pursuant to the laws governing mortgage credit banks and is a validly existing mortgage bank under the laws of Finland.

(b) That the loan agreements referred to in Section 5.02 of this Agreement have been duly executed by the Borrower and by each Beneficiary Enterprise and have become fully effective in accordance with their respective terms.

Section 7.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1960.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Mortgage Bank of Finland Oy
Care of Suomen Pankki-Finlands Bank
Helsinki, Finland

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.
United States of America

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development

By Eugene R. BLACK
President

Mortgage Bank of Finland Oy

By Jorma VANAMO
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>
December 1, 1958	—	\$ 15,000,000	December 1, 1967	417,000	8,811,000
June 1, 1959 . .	\$ 280,000	14,720,000	June 1, 1968 . .	427,000	8,384,000
December 1, 1959	286,000	14,434,000	December 1, 1968	437,000	7,947,000
June 1, 1960 . .	293,000	14,141,000	June 1, 1969 . .	447,000	7,500,000
December 1, 1960	300,000	13,841,000	December 1, 1969	458,000	7,042,000
June 1, 1961 . .	307,000	13,534,000	June 1, 1970 . .	469,000	6,573,000
December 1, 1961	314,000	13,220,000	December 1, 1970	480,000	6,093,000
June 1, 1962 . .	322,000	12,898,000	June 1, 1971 . .	491,000	5,602,000
December 1, 1962	329,000	12,569,000	December 1, 1971	503,000	5,099,000
June 1, 1963 . .	337,000	12,232,000	June 1, 1972 . .	515,000	4,584,000
December 1, 1963	345,000	11,887,000	December 1, 1972	527,000	4,057,000
June 1, 1964 . .	354,000	11,533,000	June 1, 1973 . .	540,000	3,517,000
December 1, 1964	362,000	11,171,000	December 1, 1973	552,000	2,965,000
June 1, 1965 . .	371,000	10,800,000	June 1, 1974 . .	565,000	2,400,000
December 1, 1965	379,000	10,421,000	December 1, 1974	579,000	1,821,000
June 1, 1966 . .	388,000	10,033,000	June 1, 1975 . .	593,000	1,228,000
December 1, 1966	398,000	9,635,000	December 1, 1975	607,000	621,000
June 1, 1967 . .	407,000	9,228,000	June 1, 1976 . .	621,000	—

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity	$\frac{1}{2}$ of 1 %
More than 5 years but not more than 10 years before maturity	1 %
More than 10 years but not more than 15 years before maturity	1 $\frac{3}{4}$ %
More than 15 years before maturity	2 $\frac{1}{2}$ %

SCHEDULE 2

DESCRIPTION OF THE PROJECTS

I. KEMIJOKI OY PROJECT

Kemijoki Oy will construct two hydro-electric power plants located at Pirttikoski and Juukoski on the Kemi river in Lapland about 70 kilometers east of the town of Rovaniemi. The plants will be connected with the national power grid operated by Imatran Voima Oy.

a. *Pirttikoski Hydro-Electric Power Plant*

The works will consist of a concrete gravity dam of approximately 285 meters with a spillway section, a powerhouse, a tailrace tunnel approximately 2 kilometers in length and an outdoor substation. The plant will be equipped with two 55,000 kw generating units driven by Kaplan turbines and with all necessary auxiliaries to put it into full operating condition, including gates, valves, turbine and generator accessory equipment, transformers, switchgear and control equipment.

b. *Juukoski Hydro-Electric Power Plant*

The works will consist of a regulation channel of approximately 8 kilometers, an earth dam of approximately 2.6 kilometers with a concrete spillway section, a powerhouse, a tailrace channel of approximately 1.7 kilometers length, an outdoor substation and a 220 kv transmission line approximately 13 kilometers long connecting the plant with the substation at Pirttikoski. The plant will be equipped with two 55,000 kw generating units driven by Kaplan turbines, and with all necessary auxiliaries to put it in full operating condition, including gates, valves, turbine and generator accessory equipment, transformers, switchgear and control equipment.

It is expected that the plants will come into operation about December 1960.

II. IMATRAN VOIMA OY PROJECT

The project to be constructed by Imatran Voima Oy will include the following works :

a. *Transmission Lines*

Transmission lines of the single circuit type will be constructed with steel towers, steel reinforced aluminum conductors and steel ground wire, as follows :

<i>Branch</i>	<i>Voltage kv</i>	<i>Approximate Length km</i>
Petajaskoski-Pirttikoski	380	90
Alajarvi-Kangasala-Hikia	380	285

b. *Expansion Hikia Substation*

The expansion of the Hikia substation will include the installation of 4 single phase 130,000 kva transformers, 3 three phase 60,000 kva reactors and the necessary switchgear and control equipment.

It is expected that construction of the transmission lines and substation will be completed about June 1959.

III. OY KAUKAS AB PROJECT

The project to be constructed by Oy Kaukas Ab will include the hydro-electric power plant located at Kaltimo on the Pielis river about 27 kilometers northeast of the town of Joensuu in eastern Finland. The plant will be connected with the national power grid operated by Imatran Voima Oy.

The works to be carried out will consist of a concrete regulation dam approximately 135 meters in length, with a spillway section, about 4 kilometers of earth dikes, a powerhouse and an outdoor substation. The plant will be equipped with two 11,000 kw generating units driven by Kaplan turbines and with all necessary auxiliaries to put it in full operating condition, including gates, valves, turbine and generator accessory equipment, transformers, switchgear and control equipment.

It is expected that the plant will come into operation about February 1959.

IV. PARGAS KALKBERGS AKTIEBOLAG PROJECT

The project to be constructed by Pargas Kalkbergs Aktiebolag will include a thermal-electric power plant located at Pargas in southwest Finland. The plant will be connected with the national power grid operated by Imatran Voima Oy.

The works to be carried out will consist of a powerhouse, an outdoor substation and a 110 kv transmission line approximately 26 kilometers long connecting the plant with an existing substation in the town of Turku. The plant will be equipped with a 27,000 kw turbo-generator unit. The turbine will be of the condensing type, designed for a steam pressure of 1.130 pounds per square inch and 970° F. The single boiler to be installed, will be designed to produce 250,000 pounds of primary steam per hour and will be designed for firing pulverized coal or fuel oil. The plant will be equipped with all necessary auxiliaries to put it into full operating condition, including feed water and cooling water systems,

fuel storage and handling equipment, boiler and turbo-generator accessory equipment, transformer, switchgear and control equipment.

It is expected that the plant will come into operation about September 1958.

V. CITY OF HELSINKI PROJECT

The project to be constructed by the Electric Power Administration of the City of Helsinki will include a thermal-electric power plant located at Suvilahti in Helsinki. The plant will be connected to the existing power system operated by the Electric Power Administration.

The works to be carried out will consist of a powerhouse, coal storage, a fuel oil tank and expansion of the existing substation. The plant will be equipped with a 75,000 kw turbo-generator unit. The turbine will be of the condensing type with a reheat cycle and a bleeding for space heating, designed for a steam pressure of 1,750 pounds per square inch and a temperature of 985° F. The single boiler to be installed, will be designed to produce 550,000 pounds of primary steam per hour and will be designed for firing pulverized coal or fuel oil. The plant will be equipped with all necessary auxiliaries to put it into full operating condition including feed water and cooling-water systems, fuel storage and handling equipment, boiler and turbo-generator accessory equipment, transformer, switchgear and control equipment.

It is expected that the plant will come into operation about November 1959.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1955, as amended May 10, 1956, shall be deemed to be modified as follows :

Each of the Forms of Bond set forth respectively in Schedule 1 and Schedule 2 shall be amended by insertion between the second and third paragraphs thereof of a new paragraph, as follows :

[The Borrower] covenants that, as security for loans granted by it, [the Borrower] will obtain mortgages against lands, water rights, electric power properties or industrial properties. The amount secured by any such mortgage may not exceed sixty per cent of the value of the property given as security. As additional security, or as temporary security, [the Borrower] may accept the guarantee of the Republic of Finland. Pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended) [the Borrower] will deposit with the Finnish Bank Inspectorate the loan agreements entered into with its borrowers,

together with the mortgages or other instruments given by them or on their behalf as security for the loans received by them. The total amount of the security so deposited may not at any time be less than the principal amount outstanding of the Loan provided for in the Loan Agreement dated May 22, 1956, between the Bank and [the Borrower].
