

No. 4856

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

Guarantee Agreement—*Aschach Project* (with related letter and annexed Loan Regulations No. 4 and Loan Agreement between the Bank and Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) and Österreichische Donaukraftwerke Aktiengesellschaft). Signed at New York, on 2 December 1958

Official text: English.

Registered by the International Bank for Reconstruction and Development on 25 August 1959.

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

Contrat de garantie — *Projet Aschach* (avec lettre y relative et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque, la Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) et la Österreichische Donaukraftwerke Aktiengesellschaft). Signé à New-York, le 2 décembre 1958

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 25 août 1959.

No. 4856. GUARANTEE AGREEMENT¹ (*ASCHACH PROJECT*) BETWEEN THE REPUBLIC OF AUSTRIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT NEW YORK, ON 2 DECEMBER 1958

AGREEMENT, dated December 2, 1958, between the REPUBLIC OF AUSTRIA (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 Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) and Österreichische Donaukraftwerke Aktiengesellschaft (hereinafter called the Borrowers), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrowers a loan in various currencies in an aggregate principal amount equivalent to twenty-five million dollars (\$25,000,000), 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 Borrowers in respect thereof; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrowers, has agreed to guarantee the payment of the principal, interest and other charges on such loan and the obligations of the Borrowers 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 June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ to the Loan Agreement (such 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. The terms defined in said Loan Agreement shall have the same meanings as if such definitions were fully set forth herein.

¹ Came into force on 9 December 1958, upon notification by the Bank to the Government of Austria.

² See p. 14 of this volume.

³ See p. 28 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 Borrowers, all as set forth in the Loan Agreement and in the Bonds.

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 hereafter created 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, of any agency of the Guarantor or of the Österreichische Nationalbank, as security for any external debt, such lien will 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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The Guarantor further undertakes that, within the limits of its constitutional powers, it will make the foregoing undertaking effective with respect to liens on the assets of any of its political subdivisions and their agencies.

Section 3.02. (a) The Guarantor and the Bank shall cooperate 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 and the premium, if any, on the prepayment of the Loan or the redemption of 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 and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor covenants that it will from time to time, promptly upon receipt of an application from the Verbundgesellschaft, adjust electric power rates, or cause the same to be adjusted, to such levels as will provide to the Verbundgesellschaft and the affiliated companies gross revenues sufficient at least to cover (a) operating costs incurred within the limits of prudent business management, including proper provision for maintenance and for depreciation or repayment of instalments of principal of debt when due, whichever is greater; (b) interest upon debt; and (c) a reasonable return upon the equity taking into account both sound public utility practices and the maintenance of stable economic conditions within the territories of the Guarantor; all being in accordance with the provisions presently set forth in the *Preisregelungsgesetz 1957 (Federal Law Gazette, No. 151 of July 11, 1957)* of the Guarantor.

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 Borrowers. 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 :

Minister of Finance
Wien I
Himmelpfortgasse
Austria

Alternative address for cablegrams and radiograms :

Finanzministerium
Vienna

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

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 City of New York, State of New York, United States of America, as of the day and year first above written.

Republic of Austria :
By Dr. Wilfried PLATZER
Authorized Representative

International Bank for Reconstruction and Development :
By Eugene R. BLACK
President

LETTER RELATING TO THE GUARANTEE AGREEMENT

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

December 2, 1958

Gentlemen :

I refer to Section 3.01 of Article III of the Guarantee Agreement (*Aschach Project*) of even date¹ between the Republic of Austria and International Bank for Reconstruction and Development.

In view of the broad scope of the term "agency" as used in this Section, I fear that the Section may interfere with the business of nationalized enterprises in Austria. These enterprises are organized as commercial corporations under the Austrian Corporation Law, are not included in the Government budget, and conduct their business along the lines of private companies.

My Government therefore requests your agreement under said Section 3.01 that said Section shall not apply to such enterprises which have been nationalized pursuant to the Nationalization Law No. 168 of July 26, 1946 (published in the *Bundesgesetzblatt* of September 16, 1946) and pursuant to the Second Nationalization Law No. 81 of March 26, 1947 (published in the *Bundesgesetzblatt* of May 10, 1947). It would be understood that in the unlikely contingency that the central gold and foreign exchange reserves of Austria were held by any such nationalized enterprise then the said Section would apply to that enterprise notwithstanding the foregoing agreement.

If you can give your agreement pursuant to this request, please do so by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Sincerely yours,

Republic of Austria :
By Dr. Wilfried PLATZER
Authorized Representative

Confirmed:

International Bank for
Reconstruction and Development :

By Eugene R. BLACK
President

December 2, 1958

¹ See p. 4 of this volume.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 260, p. 376.*]

LOAN AGREEMENT (*ASCHACH PROJECT*)

AGREEMENT, dated December 2, 1958, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank), party of the first part, and ÖSTERREICHISCHE ELEKTRIZITÄTSWIRTSCHAFTS-AKTIENGESELLSCHAFT (VERBUNDGESELLSCHAFT) and ÖSTERREICHISCHE DONAUKRAFTWERKE AKTIENGESELLSCHAFT (hereinafter collectively called the Borrowers), parties of the second part.

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 June 15, 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. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule to this Agreement :

- (a) The term "Verbundgesellschaft" means Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft), a company organized and existing under Federal Law No. 81 of the Guarantor of March 26, 1947 (2. *Verstaatlichungsgesetz*).
- (b) The term "Donaukraftwerke" means Österreichische Donaukraftwerke Aktiengesellschaft, a company organized and existing under the corporation laws of the Guarantor and such Federal Law No. 81.
- (c) The term "affiliated company" means any of the "Sondergesellschaften" organized and existing or to be organized under the corporation laws of the Guarantor and such Federal Law No. 81 (and any other company directly or indirectly controlled by the Verbundgesellschaft), more than one half of the electric power production of which is sold to the Verbundgesellschaft.

¹ See above of this volume.

² See p. 28 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrowers, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to twenty-five million dollars (\$25,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrowers 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 Borrowers 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. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrowers from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrowers shall pay interest at the rate of five and three-fourths per cent ($5\frac{3}{4}$ %) 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 Borrowers shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrowers 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.

Section 2.06. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.07. The Borrowers 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 Borrowers shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project 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 Donaukraftwerke, subject to modification by further agreement between them.

Section 3.02. The Borrowers shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

¹ See p. 26 of this volume.

² See p. 28 of this volume.

Article IV

BONDS

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

Section 4.02. Any two members of the managing board (*Vorstand*) of the Verbundgesellschaft signing jointly on behalf of the Verbundgesellschaft and any two members of the managing board (*Vorstand*) of the Donaukraftwerke signing jointly on behalf of the Donaukraftwerke are designated as authorized representatives of the Borrowers for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrowers shall carry out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrowers shall furnish to the Bank, promptly upon their preparation, the plans and specifications and the construction schedule for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrowers shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrowers; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, and the operations and financial condition of the Borrowers.

Section 5.02. (a) The Bank and the Borrowers shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of the parties hereto shall furnish to any other such party all such information as such other party shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrowers 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 Borrowers 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 5.03. Each of the Borrowers undertakes that, except as the Bank shall otherwise agree, if any lien will be created on any assets of such 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.

Except as the Bank shall otherwise agree, the Verbundgesellschaft undertakes to make the foregoing provisions of this Section effective with respect to the creation of liens on assets of any affiliated company.

Section 5.04. Without prejudice to the provisions of Section 3.03 and Section 3.04 of the Guarantee Agreement,¹ the Borrowers 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 5.05. The Borrowers 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 5.06. Except as shall be otherwise agreed between the Bank and the Borrowers, the Borrowers shall insure or cause to be insured the goods financed out of 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.

Section 5.07. (a) Each of the Borrowers shall at all times maintain its existence and right to carry on operations and shall, except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

(b) Each of the Borrowers shall operate and maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards; and shall at all times operate its plants and equipment and maintain its financial position in accordance with sound business and public utility practices.

¹ See p. 4 of this volume.

Section 5.08. The Verbundgesellschaft shall from time to time as required apply for an adjustment of electric power rates to such levels as will provide to the Verbundgesellschaft and the affiliated companies gross revenues sufficient at least to cover (a) operating costs incurred within the limits of prudent business management, including proper provision for maintenance and for depreciation or repayment of instalments of principal of debt when due, whichever is greater; (b) interest upon debt; and (c) a reasonable return upon the equity.

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 Borrowers, 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 event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (a) (ii) and Section 9.01 (b) (ii) of the Loan Regulations, namely, that the Guarantor shall have duly delivered and received payment for the \$25,000,000 aggregate principal amount of bonds of the issue of its bonds intended to be sold by it in the markets of the United States and other countries.

Section 7.02. The following is specified as an additional matter, 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, namely, that the Borrowers have full power and authority to construct and operate the Project and that, with such exceptions as the Bank may have approved, they have all necessary rights and powers in connection therewith and all acts, consents, and approvals necessary therefor have been duly and validly performed or obtained.

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 following is specified as an event of default for the purposes of paragraph (j) of Section 5.02 of the Loan Regulations, namely, that the Verbundgesellschaft shall not within four months from the date of this Agreement have obtained the

agreement of each existing affiliated company to the provisions of Section 5.03 of the Loan Agreement in respect of the creation of liens on assets of such affiliated company.

Section 8.02. The Closing Date shall be December 31, 1963.

Section 8.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Verbundgesellschaft :

Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft)
Wien I
Am Hof 6
Austria

Alternative address for cablegrams and radiograms :

Verbundnetz
Vienna

For the Donaukraftwerke :

Österreichische Donaukraftwerke
Aktiengesellschaft
Wien I
Hohenstaufengasse 6
Austria

Alternative address for cablegrams and radiograms :

Donaukraft
Vienna

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 8.04. All obligations of the Borrowers under this Agreement and the Bonds, unless such obligations shall have been expressly undertaken by only one of the Borrowers expressly named herein, shall be joint and several, and the obligation of either of them to comply with any provision of this Agreement is not subject to any prior notice to, demand upon or action against, the other. No extension of time or forbearance given to either of the Borrowers in respect of the performance of any of its obligations under this Agreement or the Bonds, and no failure of the Bank or of any holder of the Bonds to give any notice or to make any demand or protest whatsoever to either of the Borrowers, or strictly to assert any right or pursue any remedy against either of them in respect of this Agreement or the Bonds, and no failure by either of the Borrowers to comply with any requirement of any law, regulation or order, shall in any way affect or

impair any obligation of the other Borrower under this Agreement or the Bonds.

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 City of New York, State of New York, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) :

By Dr. Wilfried PLATZER
Authorized Representative

Österreichische Donaukraftwerke Aktiengesellschaft :

By Dr. Wilfried PLATZER
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

| <i>Date Payment Due</i> | <i>Payment of Principal (expressed in dollars) *</i> | <i>Date Payment Due</i> | <i>Payment of Principal (expressed in dollars) *</i> |
|------------------------------|--|------------------------------|--|
| March 15, 1964 | \$341,000 | March 15, 1974 | \$ 601,000 |
| September 15, 1964 | 351,000 | September 15, 1974 | 619,000 |
| March 15, 1965 | 361,000 | March 15, 1975 | 636,000 |
| September 15, 1965 | 371,000 | September 15, 1975 | 655,000 |
| March 15, 1966 | 382,000 | March 15, 1976 | 673,000 |
| September 15, 1966 | 393,000 | September 15, 1976 | 693,000 |
| March 15, 1967 | 404,000 | March 15, 1977 | 713,000 |
| September 15, 1967 | 416,000 | September 15, 1977 | 733,000 |
| March 15, 1968 | 428,000 | March 15, 1978 | 754,000 |
| September 15, 1968 | 440,000 | September 15, 1978 | 776,000 |
| March 15, 1969 | 453,000 | March 15, 1979 | 798,000 |
| September 15, 1969 | 466,000 | September 15, 1979 | 821,000 |
| March 15, 1970 | 479,000 | March 15, 1980 | 845,000 |
| September 15, 1970 | 493,000 | September 15, 1980 | 869,000 |
| March 15, 1971 | 507,000 | March 15, 1981 | 894,000 |
| September 15, 1971 | 522,000 | September 15, 1981 | 920,000 |
| March 15, 1972 | 537,000 | March 15, 1982 | 946,000 |
| September 15, 1972 | 552,000 | September 15, 1982 | 973,000 |
| March 15, 1973 | 568,000 | March 15, 1983 | 1,002,000 |
| September 15, 1973 | 585,000 | September 15, 1983 | 1,030,000 |

* 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 this column 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 3 years before maturity | ½% |
| More than 3 years but not more than 6 years before maturity | 1% |
| More than 6 years but not more than 11 years before maturity | 1¾% |
| More than 11 years but not more than 16 years before maturity | 2½% |
| More than 16 years but not more than 21 years before maturity | 3½% |
| More than 21 years but not more than 23 years before maturity | 4¾% |
| More than 23 years before maturity | 5¾% |

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of a hydro-electric power plant and related works to be located on the Danube at Aschach, about 30 kilometers upstream from the city of Linz. The dam structure to be built across the river will have a total length of 496 meters and will consist of a weir section equipped with five double leaf type gates, a powerhouse, a double navigation lock and an administration and maintenance building. The powerhouse will be equipped with four or five Kaplan type turbines, depending on the results of certain current cost and engineering studies. The turbines will operate under an average head of 15.5 meters and each drive a generator unit with a capacity of 66,000 kw if four turbines are installed, or 53,000 kw if five turbines are installed. The plant will in an average year produce 1,609 million kwh. Three-phase transformers with a total capacity of 328,000 kva will be installed, stepping up the generating voltage to 220 kv. An outdoor conventionally equipped switchyard will be provided. The plant will be connected to the existing network operated by the Verbundgesellschaft by a 34 kilometer 220 kv double circuit transmission line.

Two of the generating units are scheduled to come into operation by the middle of 1963 and the remaining units by the end of 1963.

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 June 15, 1956, shall be deemed to be modified as follows :

(a) The term " Borrower " shall mean the Borrowers; except that as used in Sections 5.02 (b), (c), (d), (e), (f), 7.01 and 7.02 such term shall mean the Borrowers or either of them.

(b) Section 2,02 is deleted.

(c) The first two sentences of Section 3.01 shall read as follows :

“ The Donaukraftwerke shall use reasonable efforts to purchase goods with the currencies of the countries from which such goods are acquired. The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in the several currencies in which goods are paid for; except that with respect to goods paid for in the currency of the Guarantor or acquired from sources within the territories of the Guarantor such withdrawals may, to the extent that the Bank shall so elect, be made in any currency selected by the Bank. ”

(d) The following paragraph shall be added to Section 3.05 :

“ If a withdrawal is applied for on account of expenditures in the currency of the Guarantor, the value of the currency of the Guarantor in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank. ”

(e) Section 4.01 shall read as follows :

“ WITHDRAWAL FROM THE LOAN ACCOUNT. The Borrowers shall be entitled, subject to the provisions of these Regulations, to withdraw from the Loan Account :

“ (a) (i) Such amounts as shall be required by the Borrowers to reimburse them for the reasonable cost of goods that have neither been paid for in the currency of the Guarantor nor been acquired from sources within the territories of the Guarantor;

“ (ii) if the Bank shall so agree, such amounts as shall be required by the Borrowers to meet the reasonable cost of such goods; and

“ (b) Such amounts as shall be required by the Borrowers to reimburse them for such portions as the Bank may from time to time agree to of the reasonable cost of goods that have been paid for in the currency of the Guarantor or acquired from sources within the territories of the Guarantor.

“ Except as shall be otherwise agreed between the Bank and the Borrowers, no withdrawals shall be made on account of (a) expenditures before the Effective Date or (b) 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. * ”

(f) The following sentence shall be added to Section 6.07 :

“ All Bonds shall contain appropriate provisions to the effect that the obligations of the Borrowers are joint and several as provided in Section 8.04 of the Loan Agreement. ”

(g) Paragraph (a) of Section 7.04 shall read as follows :

“ Any controversy between the Bank and the Borrowers or either of them or between the Guarantor and the Bank and any claim by any such party against any other such party arising under the Loan Agreement, the Guarantee Agreement or the Bonds which shall not be determined by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided. ”