

No. 5142

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

Guarantee Agreement—*Industrial Credit Project* (with related letter, annexed Loan Regulations No. 4 and Loan Agreement between the Bank and Oesterreichische Investitionskredit Aktiengesellschaft). Signed at Washington, on 28 April 1958

Official text: English.

Registered by the International Bank for Reconstruction and Development on 19 May 1960.

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

Contrat de garantie — *Projet relatif au crédit industriel* (avec une lettre y relative et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et l'Oesterreichische Investitionskredit Aktiengesellschaft). Signé à Washington, le 28 avril 1958

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 19 mai 1960.

No. 5142. GUARANTEE AGREEMENT¹ (*INDUSTRIAL CREDIT PROJECT*) BETWEEN THE REPUBLIC OF AUSTRIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 28 APRIL 1958

AGREEMENT, dated April 28, 1958, between 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 Oesterreichische Investitionskredit Aktiengesellschaft (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 equivalent to ten million seven hundred and sixty-five thousand dollars (\$10,765,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

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, 1956,³ 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.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the term defined in Section 1.02 of the Loan Agreement shall have the meaning therein set forth.

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

² See p. 156 of this volume.

³ See p. 152 of this volume.

⁴ See p. 172 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, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, 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 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 no more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor, of any agency of the Guarantor and of the Oesterreichische Nationalbank.

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 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 :

Minister of Finance
Himmelpfortgasse
Vienna I
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 District of Columbia, United States of America, as of the day and year first above written.

Republic of Austria :

By PLATZER
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

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.*]

LETTER RELATING TO THE GUARANTEE AGREEMENT

REPUBLIC OF AUSTRIA

April 28, 1958

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

Gentlemen :

I refer to Section 3.01 of Article III of the Guarantee Agreement (*Industrial Credit 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 PLATZER
Authorized Representative

Confirmed:
International Bank for
Reconstruction and Development :
By J. Burke KNAPP
April 28, 1958

¹ See p. 146 of this volume.

LOAN AGREEMENT
(INDUSTRIAL CREDIT PROJECT)

AGREEMENT, dated April 28, 1958, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and OESTERREICHISCHE INVESTITIONSKREDIT AKTIENGESELLSCHAFT (hereinafter called the Borrower), a company organized and existing under the laws of the Republic of Austria (hereinafter called the Guarantor).

Article I

LOAN REGULATIONS; SPECIAL DEFINITION

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. Wherever used in this Agreement or any schedule thereto, the term "beneficiary enterprise" means any company, *Aktiengesellschaft*, *Gesellschaft mit beschränkter Haftung*, *Offene Handelsgesellschaft*, *Kommanditgesellschaft*, individual or group of individuals, consortium, or other entity or association, other than the Borrower, to which any part of the Loan shall be made available for the construction or operation 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 ten million seven hundred and sixty-five thousand dollars (\$10,765,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower. Whenever this Agreement shall become effective in respect of any Project in accordance with the provisions of Article VII hereof, there shall be credited to the Loan Account an amount of the Loan equal to the amount set forth opposite such Project in Schedule 4³ to this Agreement. Amounts credited to the Loan Account 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 amount of the Loan not so withdraws 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

¹ See p. 152 of this volume.

² See p. 172 of this volume.

³ See p. 178 of this volume.

shall be withdrawn by the Borrower 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, but such commitment charge shall not be payable in respect of any amount of the Loan until such amount shall have been credited to the Loan Account.

Section 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Interest and other charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.06. 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. (a) The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of this Agreement to expenditures on the Projects described in Schedule 2¹ to this Agreement in the amounts specified in Schedule 4 to this Agreement.

(b) The Bank and the Borrower may from time to time agree to changes in Schedule 2 and Schedule 4 to this Agreement.

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. Two *Vorstandsmitglieder* (Directors) of the Borrower and such person or persons as they shall jointly 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 executed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business practices.

(b) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction and installation schedules for

¹ See p. 166 of this volume.

each Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower shall maintain, or cause to be maintained, books, accounts and records adequate to show the expenditure of the proceeds of the Loan; the current total expenditures on each Project; the progress of each Project; the operation of each Project; and the operations and financial condition of the Borrower and of each beneficiary enterprise. The Borrower shall at the request of the Bank enable, or take such steps as shall be necessary to enable, the Bank's accredited representatives to examine the sites, works and construction included in each Project, the operation thereof, 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, each Project and the operation thereof, and the operations and financial condition of the Borrower and of each beneficiary enterprise.

Section 5.02. The Borrower shall make arrangements, and enter into loan agreements including, where appropriate, security arrangements, adequate to protect the interests of the Borrower and the Bank and satisfactory to the Bank, with the respective beneficiary enterprises concerning the financing, execution and operation of the Projects and the rights of the Borrower and the Bank with respect thereto. Such arrangements and agreements shall include provisions which will enable the Borrower to carry out its obligations under this Agreement, including, without limitation, its obligations under Section 3.01 (a) and under Section 5.01 of this Agreement. Such arrangements and agreements shall also include appropriate provisions whereby further access by a beneficiary enterprise to the proceeds of the Loan may be suspended or cancelled by the Borrower, upon failure by such enterprise to carry out the terms of any arrangement or agreement entered into pursuant to this Section.

Section 5.03. The Borrower shall exercise its rights in relation to each Project in such manner as to protect the interests of the Borrower and the Bank.

Section 5.04. (a) The Bank and the Borrower 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.

(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 5.05. The Borrower shall incur debts other than the Loan or other than required for the administration or repayment of the Loan, and shall engage in operations other than those reasonably required for the purposes of the Loan, only with the previous approval of the Bank.

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.

tor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement¹ 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.

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 DATES

Section 7.01. This Agreement and the Guarantee Agreement shall not in any event become effective in respect of any Project or any part of the Loan until the Bank shall have notified the Borrower and the Guarantor of its acceptance of the evidence provided for in Sections 9.01 and 9.02 of the Loan Regulations.

Section 7.02. This Agreement and the Guarantee Agreement shall become effective in respect of each Project and in respect of the amount of the Loan set forth opposite such Project in Schedule 4 to this Agreement when :

(a) the Bank shall have received evidence (including the opinion provided for in Section 7.03 hereof) satisfactory to it that the requirements set forth in Section 5.02 of this Agreement have been satisfied in respect thereof, and

(b) the Bank notifies the Borrower and the Guarantor of its acceptance of such evidence.

Section 7.03. As part of the evidence to be furnished pursuant to Section 7.02 hereof, there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank showing that the arrangements and agreements

¹ See p. 146 of this volume.

to which such evidence relates are valid, binding and enforceable in accordance with their terms and contain valid provisions satisfying the requirements of Section 5.02 of this Agreement.

Article VIII

MISCELLANEOUS

Section 8.01. Except as the Bank and the Borrower shall from time to time otherwise agree in respect of any Project, the Closing Date for each Project shall be as set forth in Schedule 4 to this Agreement.

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

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.

For the Borrower :

Oesterreichische Investitionskredit Aktiengesellschaft
Am Hof 4
Vienna I, Austria

Alternative address for cablegrams and radiograms :

Investcred
Vienna

Section 8.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

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 J. Burke KNAPP
Vice President

Oesterreichische Investitionskredit Aktiengesellschaft :

By 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>
October 1, 1959	\$17,700	April 1, 1968	\$532,600
April 1, 1960	119,400	October 1, 1968	551,500
October 1, 1960	123,600	April 1, 1969	570,700
April 1, 1961	238,100	October 1, 1969	555,900
October 1, 1961	246,300	April 1, 1970	432,500
April 1, 1962	322,800	October 1, 1970	449,100
October 1, 1962	333,800	April 1, 1971	333,800
April 1, 1963	413,900	October 1, 1971	347,400
October 1, 1963	428,100	April 1, 1972	222,400
April 1, 1964	443,200	October 1, 1972	232,600
October 1, 1964	459,000	April 1, 1973	42,700
April 1, 1965	474,900	October 1, 1973	44,200
October 1, 1965	491,500	April 1, 1974	45,700
April 1, 1966	508,800	October 1, 1974	47,300
October 1, 1966	526,700	April 1, 1975	49,000
April 1, 1967	545,100	October 1, 1975	50,500
October 1, 1967	564,200		

* 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	1½%
More than 6 years but not more than 11 years before maturity	2½%
More than 11 years but not more than 14 years before maturity	3½%
More than 14 years but not more than 16 years before maturity	4½%
More than 16 years before maturity	5½%

SCHEDULE 2

DESCRIPTION OF PROJECTS

I. "Frantschach" Paper Project

The Project is the investment program of Zellstoff- und Papierfabrik Frantschach A.G., budgeted for the years 1957 to 1959 inclusive. It consists of additions to and renewals of the company's pulp- and papermaking plant at Frantschach, Carinthia, to increase

the plant's kraft pulp capacity from 140 to about 160 tons per day and its kraft paper capacity from 130 to about 165 tons per day. The Project includes the installation of a new soda recovery boiler and the rebuilding of a papermachine so as to increase its capacity from 90 to about 120 tons per day.

II. "*Nettingsdorfer*" Paper Project

The Project is the investment program of Nettingsdorfer Papier- und Sulphatzellulose-Fabrik A.G., budgeted for the years 1958 to 1961 inclusive. It consists of additions to and renewals of the company's pulp- and papermaking plant at Nettingsdorf, Upper Austria, to increase the plant's papermaking capacity from about 20,000 tons to about 42,000 tons per year by the installation of new papermachines with stock preparation facilities and other ancillary equipment.

III. "*Funder*" Paper Project

The Project is the investment program of Adolf Funder, Holz- und Papierindustrie, budgeted for the years 1958 and 1959. It consists of additions to and modernization of the undertaking's pulp- and papermaking plant at Moelbling, Carinthia, to increase the plant's papermaking capacity from 15 tons to about 45 tons of printing papers per day. The Project includes the installation of a new papermachine with a daily capacity of 45 tons together with ancillary equipment, of a new back-pressure turbine with a capacity of about 800 kva and of additional stock preparation facilities, as well as the construction of a new building to house the new papermachine and designed to permit subsequent expansion of the papermaking capacity to 60 tons per day.

IV. "*Bunzl & Biach*" Paper Project

The Project is the investment program of Bunzl & Biach A.G., budgeted for the years 1957 to 1959 inclusive. It consists of modernization of the company's papermaking plants at Ortman and Wiener Neustadt, Lower Austria, and at Wattens, Tirol. It includes modernization of the power and steam generating facilities at all these plants and the installation of paper converting machines and the provision of improved storage and sorting facilities at the Ortman plant. The paper converting machines will make it possible to convert about 35% of the paper output at the Ortman plant into various paper goods.

V. "*Mayr-Melnhof*" Paper Project

The Project consists of additions to and modernization of the paperboard plant of Kartonfabrik Franz Mayr-Melnhof und Co. at Frohnleiten, Styria, and includes the rebuilding of an existing board machine and the provision of ancillary equipment, so as to increase the plant's paperboard production from about 23,000 tons to about 29,000 tons per year.

VI. "*Steyrermühl*" Paper Project

The Project is the investment program of Steyrermühl Papierfabriks -und Verlags-A.G., budgeted for the years 1957 to 1960 inclusive. It consists of additions to and modernization of the company's pulp- and papermaking plant at Steyrermühl, Upper Austria, to increase the plant's papermaking capacity from 39,000 tons to about 50,000 tons per

year. It includes the installation of a new papermachine with a capacity of about 15,000 tons per year of medium-fine and grease proof papers, of a new high-pressure boiler with a capacity of about 36 tons of steam per hour, and of two new steam turbines with a combined capacity of about 6,000 kw.

VII. "*Brown Boveri*" *Electrical Equipment Project*

The Project is the investment program of Oesterreichische Brown Boveri Werke A.G., budgeted for the years 1957 to 1959 inclusive. The major investment is the construction and installation at Wiener Neudorf, Lower Austria, of a new plant for the manufacture of electrical equipment. The Project also includes the moving from the company's present plants at Vienna and Steyr to the new plant of machinery and equipment required for such manufacture, and renewals and replacements thereof.

VIII. "*Vöslauer*" *Worsted Yarn Project*

The Project is the investment program of A.G. der Vöslauer Kammgarn-Fabrik, budgeted for the years 1957 and 1958. It consists of modernization of the company's worsted and woolen yarn plants at Bad Vöslau and Möllersdorf, Lower Austria, and includes the installation at the Bad Vöslau plant of a new slubbing machine, of eleven worsted yarn ring spinners and of a new boiler capable of producing about 32 tons of steam per hour.

X. "*Glanzstoff*" *Rayon Project*

The Project is the investment program of Erste Oesterreichische Glanzstoff-Fabrik A.G., budgeted for the years 1958 and 1959. It consists of modernization of the company's rayon textile yarn and tire yarn plant at St. Pölten, Lower Austria, and includes the installation of four spinning machines with a combined capacity of about 1,200 tons of super tire yarns per year.

X. "*Kunert*" *Hosiery Project*

The Project is the investment program of Kunert Strumpffabriken, H. Kunert, budgeted for the years 1957 and 1958. In addition to renewals and replacements of existing plant and machinery, the Project includes (i) additions to the undertaking's plant at Rankweil, Vorarlberg, to increase its capacity for the production of seamless nylon stockings from about 40,000 dozen to about 65,000 dozen pairs per year; (ii) the installation at the Rankweil plant of machinery capable of producing about 55,000 kilograms of stretchable nylon yarn per year; (iii) additions to the undertaking's plant at Andelsbuch, Vorarlberg, to increase its capacity for the production of socks and heavy stockings from about 40,000 to about 80,000 dozen pairs per year; (iv) the construction and installation of a new plant at Koblach, Vorarlberg, capable of producing about 17,000 kilograms of machine-made lace per year; and (v) the construction and installation of a new plant at Schruns, Vorarlberg, for the production of knitted underwear.

XI. "*Halvic*" *Polyvinyl-Chloride Project*

The Project is the investment program of "Halvic" Kunststoffwerke, GmbH, budgeted for the years 1957 and 1958. It consists of additions to the company's plant at Hallein, Salzburg, to increase its capacity for the production of polyvinyl-chloride from acetylene and hydrogen chloride to about 7,000 tons per year.

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) Section 2.02 is deleted.

(b) Paragraph (b) of Section 2.05 is changed to read as follows :

“ (b) The Borrower shall have the right, upon payment of all accrued charges for interest and payment of the premium specified in said amortization schedule, and upon not less than 45 days’ notice to the Bank, to repay in advance of maturity all or any part of the principal amount of the Loan for which Bonds shall not have been delivered pursuant to Article VI. Any such repayment shall be applied to the several maturities of such part of the principal amount of the Loan in inverse order of maturity, provided that any such repayment made as a result of a prepayment of all or part of the principal amount of a subsidiary loan shall be applied to the several maturities of the Loan and in amounts, corresponding to the prepaid maturities of such subsidiary loan. However, if Bonds shall have been delivered pursuant to Article VI in respect of any part of the Loan to be prepaid, the terms and conditions of prepayment of that part of the Loan shall be those set forth in Section 6.16 and in such Bonds. The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to or in substitution for those set forth in the foregoing provisions of this paragraph and of Section 6.16. ”

(c) The first two sentences of Section 3.01 are deleted.

(d) The following sentence is 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 is changed to read as follows :

“ *Withdrawal from the Loan Account.* The Borrower shall be entitled, subject to the provisions of these Regulations, to withdraw from the Loan Account, in dollars or such other currencies (other than the currency of the Guarantor) as may be agreed upon between the Bank and the Borrower, the equivalent of such amounts as shall be required by it to finance amounts expended on the Projects, provided that the Bank and the Borrower may make arrangements for advances on account of such withdrawals. Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of : (i) expenditures made on the Projects before May 1, 1957; (ii) a Project in respect of which the Loan Agreement has not become effective; or (iii) 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) Section 4.02 is deleted.

(g) Section 4.03 is changed to read as follows :

“ *Applications for Withdrawal.* When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. Since the rate at which Loan proceeds are withdrawn affects the cost to the Bank of holding funds at the Borrower’s disposal, applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to expenditures on the Projects. ”

(h) Section 5.01 is amended by inserting the words “ in respect of any Project ” after the word “ cancel ”.

(i) The first five lines of Section 5.02 are amended to read as follows :

“ SECTION 5.02. *Suspension by the Bank.* If any of the following events shall have happened and be continuing, the Bank may at any time or from time to time by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account : ”

(j) The last paragraph of Section 5.02 is amended to read as follows :

“ The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section. ”

(k) Section 5.03 is changed to read as follows :

“ SECTION 5.03. *Cancellation by the Bank.* (a) If any of the events described in Section 5.02 shall have happened and be continuing, the Bank may by notice to the Borrower terminate in whole or in part the right of the Borrower to make withdrawals from the Loan Account and, upon the giving of such notice, the unwithdrawn amount of the Loan with respect to which such notice of termination shall have been given shall be cancelled.

“ (b) If at the Closing Date for any Project the Borrower shall not have withdrawn from the Loan Account the full amount of the Loan set forth opposite such Project in Schedule 4 to the Loan Agreement, the Bank may by notice to the Borrower terminate the right of the Borrower to make withdrawals from the Loan Account on account of such Project. Upon the giving of such notice the unwithdrawn part of the amount of the Loan set forth opposite such Project in Schedule 4 to the Loan Agreement shall be cancelled. ”

(l) Section 5.04 is deleted.

(m) Section 5.05 is changed to read as follows :

“ SECTION 5.05. *Application of Cancellation to Maturities of the Loan.* Any cancellation pursuant to this Article shall be applied *pro rata* to the several maturities of the principal amount of the Loan as set forth in the amortization schedule to the Loan Agreement, provided that no such cancellation shall be applied to Bonds theretofore delivered or requested pursuant to Article VI, or to Bonds or portions of the Loan which the Bank has theretofore sold or agreed to sell, and provided further that any cancellation made as a result of a cancellation of all or part of the principal amount of a subsidiary loan shall be applied to the several maturities of the Loan and in amounts, corresponding to the cancelled maturities or parts thereof of such subsidiary loan. The Bank and the Borrower may from time to time agree upon arrangements for cancellation and the application thereof in addition to or in substitution for the foregoing provisions of this Section. ”

(n) Section 9.03 is amended to read as follows :

“ SECTION 9.03. *Effective Dates.* Except as shall be otherwise agreed between the Bank and the Borrower, the Loan Agreement and Guarantee Agreement shall come into force and effect in respect of each Project and the amount of the Loan set forth opposite such Project in Schedule 4 to the Loan Agreement at the times and in the manner provided in Article VII of the Loan Agreement. ”

(o) Section 9.04 is amended to read as follows :

“ SECTION 9.04. *Termination of Loan Agreement and Guarantee Agreement for Delay in Becoming Effective.* The Bank may at its option, at any time after the date specified in the Loan Agreement for the purposes of this Section, by notice to the Borrower and the Guarantor, terminate the Loan Agreement and the Guarantee Agreement in respect of any Project and the amount of the Loan set forth opposite such Project in Schedule 4 to the Loan Agreement, if the Loan Agreement and the Guarantee Agreement shall not have become effective in respect of such Project prior to such notice. Upon the giving of such notice the Loan Agreement and the Guarantee Agreement, and all obligations of the parties thereunder, in respect of such Project and such amount of the Loan shall forthwith terminate and such amount of the Loan shall be deemed to be cancelled pursuant to Article V of these Regulations. ”

(p) Paragraph 12 of Section 10.01 is amended to read as follows :

“ The terms ‘ Project ’ and ‘ Projects ’ mean the Projects described in Schedule 2 to the Loan Agreement, or any of them, as the context may require. ”

(q) Paragraph 13 of Section 10.01 is deleted.

(r) Paragraph 15 of Section 10.01 is amended to read as follows :

“ The term ‘ Closing Date ’ for any Project means the date specified in the Loan Agreement as the Closing Date for such Project, or such other date as shall be agreed upon from time to time by the Bank and the Borrower as the Closing Date for such Project. ”

(s) Paragraph 16 of Section 10.01 is amended to read as follows :

“ The term ‘ Effective Date ’ means the date when the Loan Agreement and Guarantee Agreement shall first become effective in respect of any Project. ”

(t) The following new paragraph 21 shall be inserted after paragraph 20 of Section 10.01 :

“ 21. The term ‘ subsidiary loan ’ means the loan provided for in any of the loan agreements between the Borrower and a beneficiary enterprise referred to in Section 5.02 of the Loan Agreement. ”

SCHEDULE 4

ALLOCATION OF LOAN; CLOSING DATES

The Projects to which the Loan shall be applied, the amounts to be applied to each, and the Closing Date for each Project, are as follows :

<i>Project</i>	<i>Amount (expressed in dollars)</i>	<i>Closing Date</i>
“ Frantschach ” Paper Project	\$1,555,000	June 30, 1961
“ Nettingsdorfer ” Paper Project	1,925,000	June 30, 1963
“ Funder ” Paper Project	965,000	June 30, 1961
“ Bunzl & Biach ” Paper Project	770,000	June 30, 1960
“ Mayr-Melnhof ” Paper Project	485,000	June 30, 1960
“ Steyrermühl ” Paper Project	1,925,000	June 30, 1962
“ Brown Boveri ” Electrical Equipment Project	965,000	June 30, 1961
“ Vöslauer ” Worsted Yarn Project	685,000	June 30, 1961
“ Glanzstoff ” Rayon Project	770,000	June 30, 1960
“ Kunert ” Hosiery Project	500,000	Dec. 31, 1959
“ Halvic ” Polyvinyl-Chloride Project	620,000	June 30, 1960

LETTERS RELATING TO THE LOAN AGREEMENT

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

June 26, 1958

Österreichische Investitionskredit
Aktiengesellschaft
Vienna 1, Austria

Gentlemen :

Referring to the Loan Agreement (*Industrial Credit Project*) between us, dated April 28, 1958,¹ we hereby wish to confirm the cancellation as of June 25, 1958, of an amount of \$620,000 of the Loan in respect of the " Halvic " Polyvinyl-Chloride Project. There is attached hereto a revised Schedule 1² to the Loan Agreement reflecting such cancellation.

In accordance with Section 3.01 (b) of the Loan Agreement we further suggest that the Loan Agreement be amended as follows :

- (a) by the deletion in Schedule 2 of the Loan Agreement of paragraph XI thereof;
- (b) by the deletion in Schedule 4 of the last two lines; and
- (c) by changing in Schedule 4 the amount reading " \$1,555,000 " to read " \$1,155,000 ".

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

Very truly yours,

International Bank for Reconstruction
and Development :

By Michael L. LEJEUNE
Assistant Director of Operations,
Europe, Africa, Australasia

Confirmed:

Österreichische Investitionskredit
Aktiengesellschaft :
(Signed) [illegible]

¹ See p. 156 of this volume.

² See p. 182 of this volume.

SCHEDULE 1

Revised Amortization Schedule

<i>Date Payment Due</i>	<i>Payment of Principal (Expressed in dollars)</i>	<i>Cancellation (Expressed in dollars)*</i>	<i>Revised Payment of Principal (Expressed in dollars)*</i>
October 1, 1959	\$ 17,700	—	\$ 17,700
April 1, 1960	119,400	\$ 29,600	89,800
October 1, 1960	123,600	30,600	93,000
April 1, 1961	238,100	31,700	206,400
October 1, 1961	246,300	32,800	213,500
April 1, 1962	322,800	33,900	288,900
October 1, 1962	333,800	35,100	298,700
April 1, 1963	413,900	36,400	377,500
October 1, 1963	428,100	37,600	390,500
April 1, 1964	443,200	38,900	404,300
October 1, 1964	459,000	40,300	418,700
April 1, 1965	474,900	41,700	433,200
October 1, 1965	491,500	43,200	448,300
April 1, 1966	508,800	44,700	464,100
October 1, 1966	526,700	46,200	480,500
April 1, 1967	545,100	47,900	497,200
October 1, 1967	564,200	49,400	514,800
April 1, 1968	532,600		532,600
October 1, 1968	551,500		551,500
April 1, 1969	570,700		570,700
October 1, 1969	555,900		555,900
April 1, 1970	432,500		432,500
October 1, 1970	449,100		449,100
April 1, 1971	333,800		333,800
October 1, 1971	347,400		347,400
April 1, 1972	222,400		222,400
October 1, 1972	232,600		232,600
April 1, 1973	42,700		42,700
October 1, 1973	44,200		44,200
April 1, 1974	45,700		45,700
October 1, 1974	47,300		47,300
April 1, 1975	49,000		49,000
October 1, 1975	50,500		50,500
TOTALS	<u>\$10,765,000</u>	<u>\$620,000</u>	<u>\$10,145,000</u>

* 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.

May 6, 1959

Oesterreichische Investitionskredit
Aktiengesellschaft
Vienna, Austria

Gentlemen :

Referring to the Loan Agreement (*Industrial Credit Project*) between us, dated April 28, 1958, and to your letter of April 22, 1959, we hereby wish to confirm the cancellation as of April 27, 1959 of an amount of \$770,000 of the Loan in respect of the Bunzl and Biach Paper Project. There is attached hereto a revised Schedule 1² to the Loan Agreement reflecting such cancellation.

In accordance with Section 3.01 (b) of the Loan Agreement we further propose that the Loan Agreement be amended as follows :

- (a) by the deletion in Schedule 2 of the Loan Agreement of paragraph IV thereof;
- (b) by the deletion in Schedule 4 of the reference to the Bunzl und Biach paper project.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

Very truly yours,

International Bank for Reconstruction
and Development :

By S. R. COPE
Director of Operations

Confirmed:
Österreichische Investitionskredit
Aktiengesellschaft :
(Signed) [illegible]
13 May 1959

¹ See p. 186 of this volume.

SCHEDULE 1

Revised 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>
October 1, 1959	\$17,700	April 1, 1968	\$485,400
April 1, 1960	62,600	October 1, 1968	502,700
October 1, 1960	64,800	April 1, 1969	520,100
April 1, 1961	177,200	October 1, 1969	503,300
October 1, 1961	183,300	April 1, 1970	432,500
April 1, 1962	257,700	October 1, 1970	449,100
October 1, 1962	266,400	April 1, 1971	333,800
April 1, 1963	344,000	October 1, 1971	347,400
October 1, 1963	355,900	April 1, 1972	222,400
April 1, 1964	368,500	October 1, 1972	232,600
October 1, 1964	381,600	April 1, 1973	42,700
April 1, 1965	394,800	October 1, 1973	44,200
October 1, 1965	408,600	April 1, 1974	45,700
April 1, 1966	423,000	October 1, 1974	47,300
October 1, 1966	437,900	April 1, 1975	49,000
April 1, 1967	453,100	October 1, 1975	50,500
October 1, 1967	469,200		
		TOTAL	\$9,375,000

* 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.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

July 13, 1959

Oesterreichische Investitionskredit A.G.
Vienna, Austria

Gentlemen :

Referring to the Loan Agreement (*Industrial Credit Project*) between us, dated April 28, 1958, and to your letter of June 26, 1959, of an amount of \$86,346 of the loan in respect of the Vöslauer Kammgarn project. There is attached hereto a revised Schedule I¹ to the Loan Agreement reflecting such cancellation.

In accordance with Section 3.01 (b) of the Loan Agreement, we further propose that the Loan Agreement be amended by the substitution in Schedule 4 of the figure \$598,654 for the figure \$685,000 in respect of the Vöslauer Worsted Yarn project.

¹ See p. 188 of this volume.

Please indicate your agreement with the above by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

International Bank for Reconstruction
and Development :

By Michael L. LEJEUNE
Assistant Director of Operations,
Europe, Africa and Australasia

Confirmed:

Österreichische Investitionskredit
Aktiengesellschaft :
(Signed) [illegible]
July 24, 1959

SCHEDULE 1

Revised 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>
October 1, 1959	\$17,700	April 1, 1968	\$485,400
April 1, 1960	62,600	October 1, 1968	502,700
October 1, 1960	64,800	April 1, 1969	520,100
April 1, 1961	177,200	October 1, 1969	503,300
October 1, 1961	183,300	April 1, 1970	392,854
April 1, 1962	257,700	October 1, 1970	402,400
October 1, 1962	266,400	April 1, 1971	333,800
April 1, 1963	344,000	October 1, 1971	347,400
October 1, 1963	355,900	April 1, 1972	222,400
April 1, 1964	368,500	October 1, 1972	232,600
October 1, 1964	381,600	April 1, 1973	42,700
April 1, 1965	394,800	October 1, 1973	44,200
October 1, 1965	408,600	April 1, 1974	45,700
April 1, 1966	423,000	October 1, 1974	47,300
October 1, 1966	437,900	April 1, 1975	49,000
April 1, 1967	453,100	October 1, 1975	50,500
October 1, 1967	469,200		
		TOTAL	\$9,288,654

* 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.

Treasurer's Department
July 9, 1959