

No. 5079

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

**Guarantee Agreement—*Second Industrial Credit Project*
(with related letter, annexed Loan Regulations No. 4
and Loan Agreement between the Bank and Oester-
reichische Investitionskredit Aktiengesellschaft). Signed
at Washington, on 25 September 1959**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
8 April 1960.*

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

**Contrat de garantie — *Deuxième projet relatif au crédit
industriel* (avec une lettre y relative et, en annexe,
le Règlement n° 4 sur les emprunts et le Contrat d'em-
prunt entre la Banque et l'Oesterreichische Investitions-
kredit Aktiengesellschaft). Signé à Washington, le
25 septembre 1959**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 8 avril 1960.*

No. 5079. GUARANTEE AGREEMENT¹ (*SECOND INDUSTRIAL CREDIT PROJECT*) BETWEEN THE REPUBLIC OF AUSTRIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 25 SEPTEMBER 1959

AGREEMENT, dated September 25, 1959, 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 nine million dollars (\$9,000,000), 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 1⁴ 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.

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 un-

¹ Came into force on 6 February 1960, upon notification by the Bank to the Government of Austria.

² See p. 232 of this volume.

³ See p. 230 of this volume.

⁴ See p. 246 of this volume.

conditionally 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, of any agency of the Guarantor or of the Oesterreichische 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 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 R. KAMITZ

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 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

September 25, 1959

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 (*Second 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.

¹ See p. 224 of this volume.

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 R. KAMITZ
Authorized Representative

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

LOAN AGREEMENT
(*SECOND INDUSTRIAL CREDIT PROJECT*)

AGREEMENT, dated September 25, 1959, 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).

WHEREAS by a loan agreement dated April 28, 1958, between the Bank and the Borrower, the Bank made a loan to the Borrower to finance part of the Borrower's program of providing credits to, and making other productive investments in, enterprises in Austria; and

WHEREAS the Borrower has requested the Bank to make a further loan for said program;

NOW THEREFORE, the parties hereto hereby agree as follows :

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 1² to this Agreement (said Loan Regulations No. 4

¹ See p. 230 of this volume.

² See p. 246 of this volume.

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 "Counterpart Funds Loan Agreement" shall mean the agreement dated August 7, 1958, between the Republic of Austria and the Borrower, providing for a loan by the Republic of Austria to the Borrower in an aggregate principal amount of eighty million Austrian Schillings (\$80,000,000), and shall include such changes in said agreement as may from time to time be agreed by the parties thereto and the Bank.

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 nine million dollars (\$9,000,000).

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower.

(b) When any investment project shall be approved by the Bank as in Section 3.02 provided, there shall be credited to the Loan Account, in respect of such investment project, such part of the Loan as the Bank shall approve.

(c) The Loan Account may, by agreement between the Bank and the Borrower, be reduced by any amount credited thereto pursuant to paragraph (b) of this Section which will not be required for the investment project in respect of which it was so credited. No such reduction shall be deemed *ipso facto* to be a cancellation of any portion of the Loan.

Section 2.03. Amounts credited to the Loan Account in respect of an investment project 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 and this Agreement, and shall be applied exclusively for credits for, or investments in, the investment project in respect of which such amounts were credited to the Loan Account.

Section 2.04. 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 amounts of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the several dates on which amounts shall be credited to the Loan Account to the respective dates on which (a) they are withdrawn from the Loan Account or are cancelled pursuant to Article V of the Loan Regulations or (b) the Loan Account is reduced in respect of such amounts pursuant to Section 2.02 (c) hereof.

Section 2.05. The Borrower shall pay interest on the principal amount of each part of the Loan withdrawn from the Loan Account and outstanding from time to time at such rate as shall have been notified by the Bank to the Borrower at the time when such part of the Loan was credited to the Loan Account, or at such other time or times as shall have been agreed upon between the Bank and the Borrower, as being the rate then generally applicable to new Bank loans of the same maturity.

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

Section 2.07. The Borrower shall repay the principal of each part of the Loan in accordance with an amortization schedule, including provisions for premiums on prepayment of principal in advance of maturity, to be agreed upon between the Bank and the Borrower at the time when the Loan Account is credited with such part of the Loan, as the same may be amended from time to time by agreement between the Bank and the Borrower. Except as the Bank and the Borrower may otherwise agree, such amortization schedule shall conform substantially to the amortization schedule applicable to the investment project for which such part of the Loan is to be used; provided, however, that payments due hereunder shall be made on the dates specified in Section 2.06 hereof, and that full repayment shall be made in any case not later than October 1, 1974.

Article III

DESCRIPTION OF THE PROJECT; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is a program to contribute to the industrial development of Austria by providing credits for productive purposes to enterprises in Austria, and by making other productive investments in such enterprises, for specific investment projects, all in accordance with the statutes (*Satzung*) of the Borrower, as amended from time to time, and in furtherance of the purposes of the Borrower as therein set forth. (Such enterprises are herein called "investment enterprises" and such specific investment projects are herein called "investment projects".)

Section 3.02. The proceeds of the Loan shall be applied exclusively to expenditures on such investment projects as shall from time to time be approved in writing by the Bank. Notwithstanding the provisions of Section 4.01 of the Loan Regulations, except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made for any such investment project more than 90 days prior to the submission of the investment project to the Bank for approval.

Section 3.03. (a) When submitting an investment project to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, containing a description of such investment project and such other information as the Bank shall reasonably request.

(b) Except as the Bank and the Borrower shall otherwise agree, requests for approval of investment projects shall be submitted on or before December 31, 1961.

Section 3.04. Any credit granted by the Borrower to, or other investment made by the Borrower in, an investment enterprise for an investment project to be financed out of the proceeds of the Loan, shall be granted or made on terms whereby the Borrower shall obtain, by the written agreement of such investment enterprise or other appropriate

legal means, rights adequate to protect the interests of the Borrower and the Bank, including the right to require such investment enterprise to carry out and operate the investment project with due diligence and efficiency and in accordance with sound engineering and financial standards, including the maintenance of adequate records; the right to require that the proceeds of the Loan shall be applied exclusively to expenditures on such investment project; the right of the Bank and the Borrower to inspect the sites, works and construction included in such investment project, the operation thereof and any relevant records and documents; the right to require that such investment enterprise shall take out and maintain such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and the right to obtain all such information as the Bank and the Borrower shall reasonably request relating to the foregoing and to the operations and financial condition of such investment enterprise. Such rights shall include appropriate provision whereby further access by such enterprise to use of the proceeds of the Loan may be suspended or terminated by the Borrower upon failure by such investment enterprise to carry out the terms of such credit or other investment.

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 Directors (*Vorstandsmitglieder*) 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. The Borrower shall carry out the Project and conduct its operations and affairs in accordance with sound financial and investment standards and practices, with qualified and experienced management and in accordance with its statutes (*Satzung*), as amended from time to time.

Section 5.02. (a) The Borrower 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 investment enterprises, the investment projects and the operations and financial condition of the Borrower.

(b) The Borrower shall maintain records adequate to record the progress of the Project and of each investment project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower. The Borrower shall enable the Bank's representatives to examine such records.

Section 5.03. The Borrower shall exercise its rights in relation to each investment project financed out of the proceeds of the Loan in such manner as to protect the interests of the Bank and the Borrower.

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. Except as the Bank shall otherwise agree, the Borrower shall not incur, assume or guarantee any debt, if at the time or as a result thereof the total amount of debt incurred, assumed and guaranteed by the Borrower and then outstanding (including that portion only of the loan from the Guarantor pursuant to the Counterpart Funds Loan Agreement which shall at that time have become due for payment) would exceed an amount equal to three and one-half times the aggregate of (1) the unimpaired capital, surplus and general reserves of the Borrower, determined in accordance with sound accounting practices, and (2) the amount of the loan from the Guarantor pursuant to the Counterpart Funds Loan Agreement at the time outstanding but not yet due for payment.

Section 5.06. 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 5.07. 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 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.

¹ See p. 224 of this volume.

Section 5.08. The Borrower shall pay or cause to be paid all taxes or 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 5.09. (a) The Borrower shall not amend its statutes (*Satzung*) without the approval of the Bank.

(b) The Borrower shall duly perform all its obligations under the Counterpart Funds Loan Agreement. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Counterpart Funds Loan Agreement, without the approval of the Bank.

Section 5.10. Without the approval of the Bank no repayment in advance of maturity shall be made in respect of the loan from the Guarantor pursuant to the Counterpart Funds Loan Agreement.

Section 5.11. Unless otherwise agreed between the Bank and the Borrower, if any investment enterprise shall repay to the Borrower in advance of maturity, a part or all of any indebtedness resulting from the relending of the proceeds of a part of the Loan, the Borrower shall repay, in advance of maturity, an equivalent amount of such part of the Loan. To any repayment by the Borrower in accordance with this Section, all the provisions of the Loan Regulations relating to repayment in advance of maturity shall apply.

Article VI

MODIFICATIONS OF LOAN AGREEMENT DATED APRIL 28, 1958

Section 6.01. The loan agreement, dated April 28, 1958, between the Bank and the Borrower is amended by the deletion of Section 5.05 thereof.

Section 6.02. For the purposes of the loan agreement, dated April 28, 1958, between the Bank and the Borrower, paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank, dated June 15, 1956, is hereby amended to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under the loan agreement, dated September 25, 1959, between the Bank and the Borrower, the guarantee agreement of even date therewith or the bonds therein provided for.”

and the term “Loan Regulations” as used for the purposes of the said loan agreement shall mean Loan Regulations No. 4 of the Bank, dated June 15, 1956, as modified by Schedule 3 to said loan agreement, and as further amended hereby.

Article VII

REMEDIES OF THE BANK

Section 7.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f) or paragraph (j) 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 Loan Agreement or in the Bonds to the contrary notwithstanding.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1962.

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 Loan 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 Eugene R. BLACK
President

Oesterreichische Investitionskredit Aktiengesellschaft :

By E. KARLIK
E. SCHMIDT
Authorized Representatives

SCHEDULE 1

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, are modified as follows :

(a) Section 2.01, Section 2.02 and Section 2.03 are deleted.

(b) Paragraphs (a) and (b) of Section 2.05 are amended to read as follows :

“ (a) The principal of each part of the Loan withdrawn from the Loan Account shall be repayable in accordance with the amortization schedule agreed upon between the Bank and the Borrower in respect of such part of the Loan pursuant to Section 2.07 of the Loan Agreement;

“ (b) The Borrower shall have the right, upon payment of all accrued charges for interest and payment of the premiums specified in the applicable amortization schedule, and upon not less than 45 days' notice to the Bank to repay in advance of maturity (i) all of the principal amount of any part of the Loan at the time outstanding, or (ii) all of the principal amount of any one or more maturities of any part of the Loan, provided that on the date of such prepayment there shall not be outstanding any portion of such part of the Loan maturing after the portion to be prepaid. However, if Bonds shall have been delivered pursuant to Article VI in respect of any portion of any part of the Loan to be prepaid, the terms and conditions of prepayment of that portion of such part of the Loan shall be those set forth in Section 6.16 and in such Bonds. ”

(c) The following new paragraph is added as paragraph (d) of Section 2.05 :

“ (d) 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 provisions of paragraph (b) of Section 2.05 and of Section 6.16 of these Regulations. ”

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

(e) Section 3.02 is amended to read as follows :

“ SECTION 3.02. *Currency in Which Principal Is Repayable; Amount of Repayment; Maturities.* The principal of each part of the Loan shall be repayable in the several currencies withdrawn from the Loan Account and the amount repayable in each currency shall be the amount withdrawn in that currency. The foregoing provision is subject to one exception, namely : if withdrawal shall be made in any currency which the Bank shall have purchased with another currency for the purpose of such withdrawal, the portion of the Loan so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase. Except as the Bank and the Borrower shall otherwise agree, the portion of the Loan to be repaid, under the provisions of this Section, in any particular currency shall be repayable in such instalments, not inconsistent with the instalments set forth in the amortization schedule applicable to the part of the Loan in respect of which the repayment is made, as the Bank shall specify. Any premium

payable under Section 2.05 on prepayment of any portion of the Loan, or under Section 6.16 on redemption of any Bond, shall be payable in the currency in which the principal of such portion of the Loan, or of such Bond, is repayable. ”

(f) Section 3.03 and Section 3.05 are amended by substituting for the word “ part ”, wherever it occurs, the word “ portion ”.

(g) 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. ”

(h) Section 4.01 is changed to read as follows :

“ 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, 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 investment 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 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.* ”

(i) Section 4.02 is deleted.

(j) The second sentence of Section 4.03 is amended to read as follows :

“ 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 investment projects. ”

(k) Section 5.01 is amended to read as follows :

“ SECTION 5.01. *Cancellation by the Borrower.* The Borrower may by notice to the Bank (i) cancel all or any portion of the Loan which shall not have been credited to the Loan Account, or (ii) cancel all or any portion of any part or parts of the Loan which shall have been credited to the Loan Account and which the Borrower shall not have withdrawn prior to the giving of such notice.

(l) 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 : ”

(m) Paragraph (c) of Section 5.02 is amended to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under the loan agreement dated April 28, 1958, between the Bank and the Borrower, the guarantee agreement of even date therewith or the bonds therein provided for.”

(n) Paragraph (j) of Section 5.02 is amended to read as follows :

“(j) The loan provided for in the Counterpart Funds Loan Agreement shall have become due and payable pursuant to paragraph (1) of Article 4 thereof or for any other reason prior to the agreed maturity thereof.”

(o) 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.”

(p) Section 5.03 is amended 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 (i) cancel all or any portion of the Loan which shall not have been credited to the Loan Account, or (ii) cancel all or any portion of any part or parts of the Loan which shall have been credited to the Loan Account and which the Borrower shall not have withdrawn prior to the giving of such notice.

“(b) If the Borrower shall not at the Closing Date have withdrawn the full amount of the Loan, the Bank may by notice to the Borrower cancel the amount of the Loan not withdrawn.”

(q) Section 5.04 is deleted.

(r) Section 5.05 is amended to read as follows :

“SECTION 5.05. *Application of Reduction of Loan Account and of Cancellation to Maturities.* Except as otherwise agreed between the Bank and the Borrower, any cancellation pursuant to this Article or any reduction of the Loan Account pursuant to Section 2.02 (c) of the Loan Agreement in respect of any part of the Loan credited to the Loan Account shall be applied in inverse order to the several maturities of the principal amount of such part of the Loan as set forth in the amortization schedule applicable thereto, except 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.”

(s) Section 6.01 is amended by inserting the words “ of each part ” after the word “ amount ”.

(t) Section 6.02 is amended by substituting the words “ the part of the Loan represented by such Bonds ” for the words “ the Loan ”, wherever they occur.

(u) Section 6.04 is amended to read :

“ SECTION 6.04. *Interest on Bonds; Service Charge.* Each Bond shall bear interest at such rate as the Bank shall request, not in excess, however, of the rate of interest on the part of the Loan represented by such Bond. If the rate of interest on any Bond shall be less than the rate of interest on the part of the Loan represented by such Bond, the Borrower shall, in addition to the interest payable on such Bond, pay to the Bank a service charge on the principal amount of such part of the Loan at a rate equal to the difference between the interest rate on such part of the Loan and the interest rate on such Bond. Such service charge shall be payable on the dates on which and in the currency in which such interest is payable. ”

(v) Section 6.05 is amended to read as follows :

“ SECTION 6.05. *Currency in Which Bonds Are Payable.* Bonds shall be payable as to principal and interest in the several currencies in which the part of the Loan represented by such Bonds is repayable. Each Bond delivered pursuant to any request under Section 6.03 shall be payable in such currency as the Bank shall specify in such request except that the aggregate principal amount of Bonds representing a part of the Loan and payable in any currency shall at no time exceed the outstanding amount of such part of the Loan repayable in such currency. ”

(w) The last sentence of Section 6.09 is amended by inserting the words “ of the part ” after the word “ amount ”.

(x) The first sentence of paragraph (a) of Section 6.11 is amended to read as follows :

“ (a) Bonds representing a part of the Loan and bearing interest at one rate may be exchanged for Bonds bearing interest at any other rate not in excess of the rate of interest on such part of the Loan. ”

(y) Paragraph (b) of Section 6.16 is amended to read as follows :

“ (b) If any Bond so to be redeemed shall bear interest at a rate less than the rate of interest on the part of the Loan represented by such Bond, the Borrower shall pay to the Bank on the date fixed for redemption the service charge provided for in Section 6.04 accrued and unpaid to such date on the principal amount of such part of the Loan represented by such Bond. ”

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

“ SECTION 9.03. *Effective Date.* Notwithstanding the provisions of Section 8.01, except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and Guarantee Agreement shall come into force and effect on the date upon which the Bank dispatches to the Borrower and to the Guarantor notice of its acceptance of the evidence required by Section 9.01. ”

(aa) Paragraph 4 of Section 10.01 is amended to read as follows :

“ The term ‘ Loan ’ means the loan provided for in the Loan Agreement, and the term ‘ part of the Loan ’ means the portion of the Loan credited to the Loan Account in respect of an investment project. ”

(bb) Paragraph 11 of Section 10.01 is amended to read :

“ The term ‘ Loan Account ’ means the account on the books of the Bank to which the amount of each part of the Loan is to be credited as provided in the Loan Agreement. ”

(cc) Paragraph 13 of Section 10.01 is deleted.

(dd) Paragraph 14 of Section 10.01 is amended to read :

“ The term ‘ external debt ’ means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium. ”