

No. 5986

---

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

**Guarantee Agreement—*Woodworking Projects-1961* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and Mortgage Bank of Finland Oy). Signed at Washington, on 9 August 1961**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 1 December 1961.*

---

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

**Contrat de garantie — *Projets relatifs aux industries du bois-1961* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Mortgage Bank of Finland Oy. Signé à Washington, le 9 août 1961**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 1<sup>er</sup> décembre 1961.*

No. 5986. GUARANTEE AGREEMENT<sup>1</sup> (*WOODWORKING PROJECTS—1961*) BETWEEN THE REPUBLIC OF FINLAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 9 AUGUST 1961

---

AGREEMENT, dated August 9, 1961, between REPUBLIC OF FINLAND (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Mortgage Bank of Finland Oy (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower 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 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 February 15, 1961,<sup>3</sup> subject, however, to the modifications thereof set forth in Schedule 3<sup>3</sup> 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.* For purposes of the Guarantee Agreements between the Guarantor and the Bank dated May 22, 1956<sup>4</sup> and March 16, 1959<sup>5</sup> and of the related Loan

---

<sup>1</sup> Came into force on 1 September 1961, upon notification by the Bank to the Government of Finland.

<sup>2</sup> See p. 210 of this volume.

<sup>3</sup> See p. 226 of this volume.

<sup>4</sup> United Nations, *Treaty Series*, Vol. 248, p. 57.

<sup>5</sup> United Nations, *Treaty Series*, Vol. 337, p. 267.

Agreements of the same respective dates between the Borrower and the Bank, the parties to this Guarantee Agreement accept all the provisions of Article VIII of the Loan Agreement with the same force and effect as if fully set forth herein and agree that the term "Loan Regulations", as used for the aforesaid purposes, shall have the respective meanings set forth in such Article VIII.

### Article II

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

### Article III

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

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

*Section 3.02.* (a) The Guarantor and the Bank shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall fur-

nish 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 of the purposes of Section 6.12 (b) of the Loan Regulations.

#### *Article V*

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

For the Guarantor :

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

For the Bank :

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

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

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

Republic of Finland :

By Ake BACKSTRÖM  
Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF  
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

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

[Not published herein. See *United Nations, Treaty Series, Vol. 400, p. 212*]

LOAN AGREEMENT

(WOODWORKING PROJECTS-1961)

AGREEMENT, dated August 9, 1961, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and MORTGAGE BANK OF FINLAND OY (hereinafter called the Borrower).

*Article I*

## LOAN REGULATIONS ; SPECIAL DEFINITION

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,<sup>1</sup> subject, however, to the modifications thereof set forth in Schedule 3<sup>2</sup> to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

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

*Article II*

## THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to 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 Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

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

*Section 2.04.* The Borrower shall pay interest at the rate of 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 Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1 %) per annum on the principal amount of any such special commitments outstanding from time to time.

*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 Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>3</sup> to this Agreement.

<sup>1</sup> See p. 210 of this volume.

<sup>2</sup> See p. 232 of this volume.

<sup>3</sup> See p. 226 of this volume.

*Article III*

## USE OF PROCEEDS OF THE LOAN ; EXCEPTIONS TO SECTIONS 3.02 AND 4.01 OF LOAN REGULATIONS

*Section 3.01.* The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Projects described in Schedule 2<sup>1</sup> to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them, and the methods and procedures for procurement of such goods shall be satisfactory to the Bank.

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

*Section 3.03.* The Bank and the Borrower hereby agree that, as an exception to the second sentence of Section 3.02 of the Loan Regulations, any withdrawals on account of expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor shall be made in such currency or currencies as the Bank shall reasonably select.

*Section 3.04.* The Bank and the Borrower hereby agree that clause (b) of the second sentence of Section 4.01 of the Loan Regulations shall not apply to this Agreement and that, as an exception to clause (a) of such sentence, withdrawals may (subject to the provisions of the Loan Agreement) be made on account of expenditures prior to the Effective Date subsequent to September 30, 1960.

*Article IV*

## BONDS

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

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

*Article V*

## PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall cause the Projects to be carried out with due diligence and efficiency and shall cause each Beneficiary Enterprise to carry on its opera-

---

<sup>1</sup> See p. 226 of this volume.

tions and maintain a sound financial position, all in conformity with sound engineering, business and financial practices, and to that end shall (unless the Bank shall otherwise agree) exercise every right and remedy available to it.

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

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

*Section 5.03.* (a) The Bank and the Borrower shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.



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

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

*Section 5.05.* The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property ; 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.

*Section 5.06.* The Borrower shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement<sup>1</sup> or the Bonds, or the payment of principal, interest or other charges thereunder ; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

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

*Section 5.08.* Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and (in the case of imported goods) importa-

<sup>1</sup> See p. 204 of this volume.

tion of the goods into the territories of the Guarantor and to delivery thereof to the sites of the Projects, and shall be for such amounts, as shall be consistent with sound commercial practice. Such insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

#### Article VI

##### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement 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.

*Section 6.02.* The following is specified as an additional event for the purposes of Section 5.02 (j) of the Loan Regulations :

A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreements between the Bank and the Borrower dated May 22, 1956<sup>1</sup> and March 16, 1959<sup>2</sup> or the Guarantee Agreements of the same dates between the Guarantor and the Bank, or any of the bonds provided for in such Loan Agreements, other than a default in payment of principal or interest or any other payment required under such Loan Agreements, Guarantee Agreements or bonds.

#### Article VII

##### EFFECTIVE DATE ; TERMINATION

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

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

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

<sup>1</sup> United Nations, *Treaty Series*, Vol. 248, p. 57.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 337, p. 267.

(c) That the amount of the issued and fully paid share capital of the Borrower shall have been increased to not less than 750,000,000 Finnish markkas.

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

(a) That the agreements referred to in Section 7.01 (a) of this Agreement have been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and have become effective and are valid and binding obligations of the respective parties thereto in accordance with their respective terms.

(b) That the respective Beneficiary Enterprises have full power and authority to construct and operate the respective Projects and have all necessary rights and powers in connection therewith and that all acts, consents, validations and approvals necessary therefor have been duly and validly performed or given.

(c) That the increase in the share capital of the Borrower required under Section 7.01 (c) of this Agreement has been duly and validly carried out and that the validly issued, fully paid and outstanding share capital of the Borrower is not less than 750,000,000 Finnish markkas.

*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*

##### MODIFICATIONS OF EARLIER LOAN AGREEMENTS

*Section 8.01.* For the purposes of the Loan Agreement dated May 22, 1956 between the Bank and the Borrower, paragraph (c) of Section 5.02 of the Loan Regulations (as such term is defined in Section 1.01 of such Agreement) is hereby further 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 Agreements between the Bank and the Borrower dated March 16, 1959 and August 9, 1961, any of the bonds therein provided for, or the Guarantee Agreements between the Guarantor and the Bank dated the respective dates aforesaid.” ;

and the term “Loan Regulations” as used for the purposes of the said Loan Agreement dated May 22, 1956 shall mean the Loan Regulations as therein in Section 1.01 defined, as hereby amended.

The provisions of Article VIII of the Loan Agreement dated March 16, 1959 between the Bank and the Borrower are hereby superseded.

*Section 8.02.* For the purposes of the Loan Agreement dated March 16, 1959 between the Bank and the Borrower, paragraph (c) of Section 5.02 of the Loan Regulations (as such term is defined in Section 1.01 of such Agreement) is hereby further 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 Agreements between the Bank and the Borrower dated May 22, 1956 and August 9, 1961, any of the bonds therein provided for, or the Guarantee Agreements between the Guarantor and the Bank dated the respective dates aforesaid.”;

and the term “Loan Regulations” as used for the purposes of the said Loan Agreement dated March 16, 1959 shall mean the Loan Regulations as therein in Section 1.01 defined, as hereby amended.

*Article IX*

MISCELLANEOUS

*Section 9.01.* The Closing Date shall be December 31, 1964, or such other date as may from time to time be agreed between the Borrower and the Bank.

*Section 9.02.* The following addresses are specified for the purposes of Section 801 of the Loan Regulations :

For the Borrower :

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

Alternative address for cablegrams and radiograms :

Mortgage Bank of Finland  
Helsinki

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.

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 W. A. B. ILIFF  
Vice President

Mortgage Bank of Finland Oy :

By Ake WIHTOL  
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, 1965 . . . . .	\$ 738,000	March 15, 1971 . . . . .	\$ 1,036,000
September 15, 1965 . . . . .	759,000	September 15, 1971 . . . . .	1,066,000
March 15, 1966 . . . . .	781,000	March 15, 1972 . . . . .	1,097,000
September 15, 1966 . . . . .	803,000	September 15, 1972 . . . . .	1,128,000
March 15, 1967 . . . . .	826,000	March 15, 1973 . . . . .	1,161,000
September 15, 1967 . . . . .	850,000	September 15, 1973 . . . . .	1,194,000
March 15, 1968 . . . . .	874,000	March 15, 1974 . . . . .	1,229,000
September 15, 1968 . . . . .	900,000	September 15, 1974 . . . . .	1,264,000
March 15, 1969 . . . . .	925,000	March 15, 1975 . . . . .	1,300,000
September 15, 1969 . . . . .	952,000	September 15, 1975 . . . . .	1,338,000
March 15, 1970 . . . . .	979,000	March 15, 1976 . . . . .	1,376,000
September 15, 1970 . . . . .	1,008,000	September 15, 1976 . . . . .	1,416,000

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 three years before maturity . . . . .	½ of 1 %
More than three years but not more than six years before maturity . . . . .	2 %
More than six years but not more than eleven years before maturity . . . . .	3 ½ %
More than eleven years but not more than thirteen years before maturity . . . . .	4 ¾ %
More than thirteen years before maturity . . . . .	5 ¾ %

## SCHEDULE 2

## DESCRIPTION OF THE PROJECTS

*Kymmene Aktiebolag Project*

This Project consists of the construction and operation by Kymin Osakeyhtiö-Kymmene Aktiebolag of a new sulphate pulp mill with an annual capacity of about 90,000 tons of unbleached birch sulphate pulp, at Kuusanniemi, across the Kymmene River from the company's existing Kymmene mills, in Southeast Finland. The Project

includes provision for full bleaching of the pulp ; the installation of a new evaporation plant with a capacity of 80 tons of water per hour ; a new soda recovery boiler and one new additional boiler, each with a capacity of 45 tons of steam per hour (at 480-500° C and 84 atm.) ; a new back-pressure steam turbo-generator of 13 Mw capacity ; a new lime kiln ; and all other necessary auxiliaries. A new pulp-drying machine, with a capacity of 275 tons of pulp per day, will also be installed. The mill will be designed and laid out to allow for possible future expansion and addition of pulp and paper capacity.

It is expected that the new mill will come into operation in the fourth quarter of 1964.

#### *Oy Kaukas Ab Project*

This Project consists of the construction and operation by Oy Kaukas Ab of a new sulphate pulp mill with an annual capacity of about 105,000 tons of bleached, dried pulp, on a site adjacent to the company's existing sulphite pulp mill at Lauritsala, in Southeast Finland. The new pulp mill will be designed to use both birch and pine pulpwood as raw materials. The Project includes the installation of a new evaporation plant with a capacity of about 110 tons of water per hour ; a new soda recovery boiler with a capacity of 100 tons of steam per hour (at 480° C and 85 atm.) ; a new back-pressure steam turbo-generator of 15 Mw capacity ; and all other necessary auxiliaries. The design and layout of the mill will allow for possible future expansion of the pulping capacity and for the possible later addition of facilities for the production of board or paper.

It is expected that the new mill will come into operation in the third quarter of 1964.

#### *Joutseno—Pulp Osakeyhtiö Project*

This Project consists of the expansion of the sulphate pulp mill of Joutseno-Pulp Osakeyhtiö, at Joutseno in Southeast Finland, by adding an annual capacity of about 80,000 tons of unbleached wet pulp, bringing the total capacity to about 200,000 tons per year of unbleached pulp. The Project includes the installation of four new batch-type digesters, a new Kamyr wet machine, a new lime mud-washer and new causticizers ; the installation of a new evaporation plant with a capacity of 115 tons of water per hour, a new soda recovery boiler with a capacity of 88 tons of steam per hour (at 480° C and 84 atm.) and a new back-pressure steam turbo-generator of 14 Mw capacity ; rationalization of wood-handling ; adequate expansion of the existing washing and screening departments ; and all other necessary auxiliaries.

It is expected that the Project will be completed during the third quarter of 1962.

*United Paper Mills Project*

This Project consists of the installation in the newsprint mill of Yhtyneet Paperitehtaat Osakeyhtiö (United Paper Mills, Limited), at Kaipola in Central Finland, of a new newsprint machine, together with necessary accessories, having a capacity of about 100,000 tons of standard newsprint per year. The Project includes the installation of a new barking drum; additions to the existing wood-grinding and stock-preparation facilities; three new low-pressure boilers with a combined capacity of 42 tons of steam per hour (at 180° C and 10 atm.); a new back-pressure steam turbo-generator of 12 Mw capacity; and all other necessary auxiliaries.

It is expected that the Project will be completed during the second quarter of 1964.

*Kajaani Oy Project*

This Project consists of the construction and operation by Kajaani Oy of a new paper mill with an annual capacity of about 70,000 tons of glazed and/or light coated magazine paper. The mill will be constructed on a site adjacent to the company's existing paper mill and sulphite pulp mill, at Kajaani in Northern Finland. The chemical pulp required by the new mill will be supplied by the existing sulphite pulp mill which will be enlarged to allow the continued production for sale to others of about the same quantity of pulp as at present. The Project includes the installation of a new paper machine and two supercalenders, together with necessary accessories, and equipment for wood-handling, stock-preparation, and paper-finishing; the construction of a new groundwood mill with an annual capacity of 70,000 tons of air-dry pulp; the installation of a new steam boiler with a capacity of 120 tons of steam per hour (at 525° C and 115 atm.) and of a new back-pressure steam turbo-generator of 21 Mw capacity; and all other necessary auxiliaries. The design and layout of the mill will allow for the possible future expansion of plant capacity.

It is expected that the new mill will come into operation in the third quarter of 1963.

*Oy Wilh. Schauman Ab Project*

This Project consists of the construction and operation by Oy Wilh. Schauman Ab, adjacent to its existing sulphite pulp mill at Jakobstad (Pietarsaari) in Western Finland, of a new sulphate pulp mill and a new kraft paper mill with annual capacities, respectively, of about 100,000 tons of unbleached wet sulphate pulp and about 80,000 tons of kraft paper. The production from the pulp mill will be used to supply the paper mill and, to the extent available, for sale to others. The Project includes the installation of a new Kamyr wet machine; a new lime kiln and evaporation plant with a capacity of 80 tons of water per hour; a new soda recovery boiler with a capacity of 110 tons of steam per hour (at 480° C and 64 atm.); a new back-pressure steam turbo-generator of 26 Mw capacity; and all other necessary auxiliaries. A new paper machine, mainly for the production of multiwall sack papers, will be installed together with the necessary acces-

sories and machinery for stock-preparation and paper-finishing. The design and layout of the mills will allow for possible future expansion of their capacities.

It is expected that the new mills will come into operation in the second quarter of 1962.

#### *G. A. Serlachius Oy Project*

This Project consists of the installation of a sodium-bisulphite cooking process to replace the calcium-bisulphite process presently used at the sulphite pulp mill of G. A. Serlachius Oy, at Maenttae in Central Finland. The Project includes the installation of a new soda recovery boiler with a capacity of 85 tons of steam per hour (at 480° C and 90 atm.) and a new back-pressure steam turbo-generator of 10 Mw capacity ; adequate expansion of the existing plant for conversion of chemicals ; and the installation of new heat exchangers, pumps, and pipelines, together with other necessary equipment. Concurrently, the annual capacity of the sulphite pulp mill will be increased from about 70,000 to about 100,000 tons.

It is expected that the Project will be completed 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 February 15, 1961, shall be deemed to be modified as follows :

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

"[The Borrower] covenants that, as security for loans granted by it, [the Borrower] will obtain mortgages against lands, water rights, electric power properties or industrial properties. The amount secured by any such mortgage may not exceed sixty per cent of the value of the property given as security. As additional security, or as temporary security, [the Borrower] may accept the guarantee of a bank or company of sound financial standing. Pursuant to the requirements of the law governing mortgage credit banks (Law No. 88 of March 17, 1933, as amended) [the Borrower] will deposit with the Finnish Bank Inspectorate the agreements entered into, pursuant to the terms of the said Loan Agreement between [the Borrower] and the Bank, with ultimate beneficiaries of the proceeds of the Loan provided for in said Loan Agreement, together with the mortgages or other instruments (including any guarantee agreements) given by them or on their behalf as security for the loans received by them. The total amount of the security so deposited may not at any time be less than the principal amount outstanding of the Loan provided for in the said Loan Agreement between [the Borrower] and the Bank."