

No. 10944

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

Guarantee Agreement—*Fourth IFF Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd.). Signed at Washington on 15 October 1970

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 5 February 1971.

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

Contrat de garantie — *Quatrième projet IFF* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et la Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd.). Signé à Washington le 15 octobre 1970

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 5 février 1971.

GUARANTEE AGREEMENT¹

AGREEMENT, dated October 15, 1970, 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 Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd. (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to twenty million dollars (\$20,000,000), 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

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

¹ Came into force on 29 December 1970, upon notification by the Bank to the Government of Finland.

² See p. 178 of this volume.

³ *Ibid.*

Article II

GUARANTEE; BONDS; PROVISION OF FUNDS

Section 2.01. Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Article III

OTHER COVENANTS

Section 3.01. (a) It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end, the Guarantor (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt except as otherwise disclosed in writing by the Guarantor to the Bank, and (ii) undertakes that if any such lien shall be created, it 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 in the creation of any such lien express provision will be made to that effect. The Guarantor shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing representation and undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for 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; and (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.

As used in this Section, the term “governmental assets” means assets of the Guarantor, of any of its political subdivisions, of any agency of the Guarantor or of any such political subdivision, and assets of the Suomen Pankki-Finlands Bank or any institution performing the functions of a central bank for the Guarantor.

Section 3.02. The Guarantor covenants that it will not take, cause or permit to be taken, any action which would prevent or interfere with the performance by the Borrower of its obligations contained in the Loan Agreement and will take all reasonable action necessary or appropriate to enable the Borrower to perform such obligations.

Article IV

CONSULTATION AND INFORMATION

Section 4.01. The Guarantor and the Bank shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end the Guarantor and the Bank shall from time to time, at the request of either party: (i) exchange views through their representatives with regard to the performance of the respective obligations under the Guarantee Agreement and other matters relating to the purposes of the Loan; and (ii) 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, including its balance of payments, and the external debt of the Guarantor, of any of its political subdivisions and of any agency of the Guarantor or of any such political subdivision.

Section 4.02. (a) 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.

(b) 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.

Article V

TAXES AND RESTRICTIONS

Section 5.01. 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 imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the foregoing shall not apply to taxation of 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 5.02. The Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes 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 5.03. The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls or moratoria of any nature imposed under the laws of the Guarantor or laws in effect in its territories.

Article VI

REPRESENTATIVE OF THE GUARANTOR; ADDRESSES

Section 6.01. The Minister of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Republic of Finland
Embassy of Finland
1900 Twenty-fourth Street, N.W.
Washington, D.C. 20008
United States of America

Cable address:

Finlandia
Washington, D.C.

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this 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 OLAVI MUNKKI
Authorized Representative

International Bank of Reconstruction and Development:

By J. BURKE KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.*]

LOAN AGREEMENT

AGREEMENT, dated October 15, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and TEOLLIS-TAMISRAHASTO OY-INDUSTRIALIZATION FUND OF FINLAND LTD. (hereinafter called the Borrower), a company duly incorporated and existing under the laws of the Republic of Finland, and formerly known as Teollistamisrahasto Oy.

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank

dated January 31, 1969,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in the Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "sub-loan" means a loan or credit made or proposed to be made by the Borrower out of the proceeds of the Loan to an Investment Enterprise for an Investment Project and "free-limit sub-loan" means a sub-loan, as so defined, which qualifies as a free-limit sub-loan pursuant to the provisions of Section 2.02 (b) of this Agreement;

(b) "investment" means an investment other than a sub-loan made or proposed to be made by the Borrower out of the proceeds of the Loan in an Investment Enterprise for an Investment Project;

(c) "Investment Enterprise" means an enterprise to which the Borrower proposes to make or has made a sub-loan or in which it proposes to make or has made an investment;

(d) "Investment Project" means a specific development project to be carried out by an Investment Enterprise utilizing the proceeds of a sub-loan or investment;

(e) "Finnish Markka" and the letters "Fmk" mean currency of the Guarantor;

(f) "foreign currency" means any currency other than the currency of the Guarantor;

(g) "Debentures I", "Debentures II", "Debentures III", "Debentures V", "Debentures VI" and "Debentures VII", respectively, mean the debentures of the Borrower issued respectively in 1956, 1963, 1966, 1967, 1969 and 1969 and outstanding in the respective principal amounts of Fmk 4,500,000, Fmk 5,500,000, Fmk 10,000,000, Fmk 10,000,000, Fmk 40,000,000 and Fmk 10,000,000;

(h) "Articles of Association" means the Borrower's Articles of Association adopted by the Borrower's Shareholders on January 11, 1963 as amended from time to time;

(i) "Statement of Policies" means the policies and procedures of the Borrower adopted by the Borrower on September 3, 1963, as amended on April 29, 1968 and as such policies and procedures may be further amended from time to time;

¹ See p. 178 of this volume.

(j) "Prior Loan Agreement" means any loan agreement executed and delivered between the Bank and the Borrower before the date of this Agreement and "Prior Loan" means any loan provided for therein;

(k) "subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or effectively controlled by the Borrower or by any one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries.

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 million dollars (\$20,000,000).

Section 2.02. (a) The Borrower may withdraw from the Loan Account 40% of such amounts as shall have been disbursed (or if the Bank shall so agree, as shall be required to meet disbursements to be made) by the Borrower under a sub-loan or investment to finance the reasonable cost of goods and services required for the Investment Project in respect of which the withdrawal is requested; provided, however, that no amount shall be withdrawn from the Loan Account in respect of a sub-loan or investment unless (i) the sub-loan or investment shall have been approved by the Bank, or (ii) the sub-loan shall be a free-limit sub-loan for which the Bank shall have authorized withdrawals from the Loan Account.

(b) A free-limit sub-loan shall be a sub-loan in an amount to be financed out of the proceeds of this Loan which, together with any other amount or amounts previously financed for the same project out of the proceeds of the Loan or of any Prior Loan or out of funds of the Borrower other than the proceeds of the Loan, and not repaid, shall not exceed in the aggregate the equivalent of seven hundred fifty thousand dollars, the foregoing amount being subject to change from time to time as determined by the Bank.

(c) Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of disbursements made under a sub-loan subject to the Bank's approval, or under an investment, more than ninety days prior to the date on which the Bank shall have received in respect of the Investment Project to be financed thereunder the application and information required by Section 2.03 (a) of this Agreement or, under a free-limit sub-loan, more than ninety days prior to the date on which the Bank shall have received the request and information required by Section 2.03 (b).

(d) Except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures in the territories of any country which

is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. (a) When submitting a sub-loan (other than a free-limit sub-loan) or an investment to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, together with a description of the Investment Enterprise and of the Investment Project to be financed thereunder (including a description of the expenditures proposed to be financed out of the proceeds of the Loan and the proposed terms and conditions of the sub-loan or investment, including the schedule of amortization of the sub-loan or of repayment to the Bank of the amount of the Loan to be used for the investment, and such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of a free-limit sub-loan shall contain a summary description of the Investment Enterprise and the Investment Project (including a description of the expenditures proposed to be financed out of the proceeds of the Loan), for which such authorization is requested and the terms and conditions of such free-limit sub-loan, including the schedule of amortization therefor.

(c) Except as the Bank and the Borrower shall otherwise agree, applications and requests permitted under paragraphs (a) and (b) of this Section shall be submitted to the Bank on or before September 30, 1972.

(d) Notwithstanding the other provisions of this Section, the Borrower shall submit to the Bank at least two sub-loans (including where necessary free-limit sub-loans) every three months for prior approval in accordance with paragraph (a) of this Section, the foregoing number of sub-loans being subject to change from time to time as determined by the Bank.

Section 2.04. The Closing Date shall be March 31, 1974 or such other date as shall be agreed between the Bank and the Borrower.

Section 2.05. 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 withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven and one-fourth per cent ($7\frac{1}{4}\%$) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.08. (a) The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement as such Schedule shall be amended from time to time by the Bank to the extent required to: (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to sub-loans and of the repayment schedules applicable to investments, which have been approved or authorized for withdrawals from the Loan Account under Section 2.02 of this Agreement and (ii) take into

account any cancellation pursuant to article VI of the General Conditions and any repayments made by the Borrower under Section 2.09 of this Agreement; provided that repayments due hereunder shall be made on May 1 and November 1 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on prepayments and redemption, if required.

(b) The amortization schedule applicable to each sub-loan and the repayment schedule applicable to each investment shall provide for an appropriate period of grace, and, unless the Bank and the Borrower shall otherwise agree (i) shall not extend beyond fifteen years from the date of approval by the Bank of such sub-loan or investment, or in the case of a free-limit sub-loan, of authorization by the Bank to make withdrawals from the Loan Account in respect thereof, and (ii) shall provide for approximately equal semi-annual, or more frequent, aggregate payments of principal and interest or approximately equal, semi-annual, or more frequent, payments of principal.

Section 2.09. Unless the Bank and the Borrower shall otherwise agree:

(a) If a sub-loan or any part thereof shall be repaid to the Borrower in advance of maturity or if a sub-loan or an investment or any part thereof shall be sold, transferred, assigned or otherwise disposed of for value by the Borrower, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date, together with the premiums specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.08 (a) of this Agreement, the amount withdrawn from the Loan Account in respect of such sub-loan or investment or part thereof and not theretofore repaid to the Bank.

(b) Any amount so repaid by the Borrower shall be applied by the Bank as follows: (i) in the case of a sub-loan, to the maturity or maturities of the Loan in amounts corresponding to the unpaid amounts of the maturity or maturities of the sub-loan so repaid or disposed of, and (ii) in the case of an investment, *pro rata* to the maturity or maturities of the Loan reflecting amounts to be repaid on account of such investment.

(c) The first sentence of Section 3.05 (b) of the General Conditions shall not apply to any repayment made under paragraph (a) of this Section.

Section 2.10. (a) If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan, as provided in article VIII of the General Conditions.

(b) The Borrower shall from time to time, as required, notify the Bank of the person or persons designated by it as its authorized representatives for the purposes of Section 8.10 of the General Conditions.

Article III

THE PROJECT; MANAGEMENT AND OPERATIONS OF THE BORROWER

Section 3.01. (a) The purpose of the Project is to assist the Borrower in financing the development of productive facilities and resources in Finland. The

Project consists in the financing by the Borrower of specific development projects through loans to and investments in privately owned and managed enterprises in Finland, in furtherance of the corporate purposes of the Borrower.

(b) 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 personnel, and in accordance with the Borrower's Articles of Association and Statement of Policies.

Section 3.02. (a) The Borrower undertakes that, unless the Bank shall otherwise agree, any sub-loan or investment will be made on terms whereby the Borrower shall obtain, by written contract with the Investment Enterprise or by other appropriate legal means, rights adequate to protect the interests of the Bank and the Borrower, including, in the case of any such sub-loan and, to the extent that it shall be appropriate in the case of any such investment: (i) the right to require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records; (ii) the right to require that the goods and services to be financed out of the proceeds of the Loan shall be used exclusively in the carrying out of the Investment Project; (iii) the right of the Bank and the Borrower to inspect such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, and any relevant records and documents; (iv) the right to require that the Investment Enterprise shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Loan to the place of use or installation, and that any indemnity thereunder shall be payable in a currency freely usable by the Investment Enterprise to replace or repair such goods; (v) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise; and (vi) the right of the Borrower to suspend or terminate the right of the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its contract with the Borrower.

(b) The Borrower shall exercise its rights in relation to each Investment Project in such manner as to protect the interests of the Bank and the Borrower, to comply with its obligations under this Agreement and to achieve the purposes of the Project.

Section 3.03. 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 sub-loans and investments.

Section 3.04. The Borrower shall duly perform all its obligations under any agreements under which funds have been lent or otherwise put at the disposal of the Borrower by the Guarantor or its agencies or others for relending, investment or management. 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 assigning, or of amending, abrogating or waiving any material provision of, any such agreement.

Section 3.05. The Borrower shall cause any of its subsidiaries to observe and perform the obligations of the Borrower hereunder to the extent to which such obligations shall or can be applicable thereto, as though such obligations were binding upon such subsidiary.

Article IV

FINANCIAL COVENANTS

Section 4.01. The Borrower undertakes that, except as the Bank shall otherwise agree: (a) if the Borrower or any subsidiary shall create any lien on any of its assets as security for any 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; and (b) if any lien shall be created on any assets of the Borrower or of any subsidiary other than under (a) above, as security for any debt, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank; 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 Borrower shall promptly inform the Bank of the creation of any such lien.

Section 4.02. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not (i) amend the terms of Debentures I, II, III, V, VI and VII or of any other loan which the Bank shall have determined, pursuant to Section 4.03 of this Agreement, to be equity for the purpose of said Section 4.03, in any way which would result in an increased burden on the Borrower, or (ii) make any repayments in advance of the regular stated maturities under any such Debenture or any such other loan.

Section 4.03. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall not incur or permit any subsidiary to incur any debt if, after the incurring of such debt, the consolidated debt of the Borrower and all its subsidiaries then incurred and outstanding would be greater than three times the equity of the Borrower and all its subsidiaries. For the purposes of this Section:

(a) The term "debt" means any debt incurred by the Borrower or any subsidiary maturing more than one year after the date on which it is originally incurred.

(b) Debt shall be deemed to be incurred: (i) under a loan contract or agreement on the date and to the extent it is drawn down pursuant to such loan or agreement, and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into but only to the extent that the guaranteed debt is outstanding.

(c) Whenever in connection with this Section it shall be necessary to value in terms of Finnish Markka debt payable in another currency, such valuation shall be made at the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable by the Borrower for the purposes of servicing such debt.

(d) The term “consolidated debt of the Borrower and all its subsidiaries” means the total amount of debt of the Borrower and all its subsidiaries, excluding: (i) any debt owed by the Borrower to any subsidiary or by any subsidiary to the Borrower or to any other subsidiary, and (ii) the amounts referred to in paragraph (e) (ii) and (iii) of this Section.

(e) The term “equity of the Borrower and all its subsidiaries” means the consolidated capital and surplus of the Borrower and all its subsidiaries and consists of the aggregate of: (i) the total unimpaired paid-up capital, surplus and free reserves of the Borrower and all its subsidiaries after excluding therefrom such amounts as shall represent equity interests of the Borrower in any subsidiary or of any subsidiary in the Borrower or any other subsidiary, (ii) such amounts of Debentures I, II, III, V, VI and VII as shall be repayable after the latest of the dates of all outstanding maturities of the sub-loans, the schedules of repayment of the investments, or of any sub-loans or investments made by the Borrower out of the proceeds of any Prior Loan, and (iii) such amounts of any other loan or loans which the Bank shall determine to be equity for the purposes of this Section.

Section 4.04. The Borrower shall take such steps satisfactory to the Bank as shall be necessary to protect itself against risk of loss resulting from changes in the rates of exchange between the currencies (including Finnish Markka) used in its operations.

Section 4.05. 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, and shall enable the Bank’s representatives to examine such records.

Section 4.06. The Borrower shall: (a) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, by independent auditors acceptable to the Bank, in accordance with sound auditing principles consistently applied; (b) furnish to the Bank, as soon as available but in any case not later than four months after the end of each such year, certified copies of its audited financial statements for such year and an audit report by the said auditors of such scope and in such detail as the Bank shall have reasonably requested; and (c) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

Article V

CONSULTATION AND INFORMATION

Section 5.01. (a) The Bank and the Borrower shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance of their respective obligations under the Loan Agreement, to the administration, operations and financial condition of the Borrower and to any other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the administration, operations and financial condition of the Borrower and subsidiaries.

Section 5.02. 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, the maintenance of the service thereof or the performance of its obligations under the Loan Agreement.

Article VI

TAXES

Section 6.01. The Borrower shall pay or cause to be paid all taxes, 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 the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of 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 6.02. The Borrower shall pay or cause to be paid all taxes, 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 the Loan Agreement, the Guarantee Agreement or the Bonds.

Article VII

REMEDIES OF THE BANK

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower and the Guarantor declare

the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon; and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Section 7.02. For the purposes of Section 7.01 of the General Conditions the following additional events are specified:

- (a) any part of the principal amount of any loan to the Borrower having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the relative contractual instruments, or any security for any such loan shall have become enforceable;
- (b) a change shall have been made in the Articles of Association or in the Statement of Policies without the Bank's consent;
- (c) a subsidiary or any other entity shall have been created or acquired or taken over by the Borrower, if such creation, acquisition or taking over would adversely affect the conduct of the Borrower's business or the Borrower's financial situation or the efficiency of the Borrower's management and personnel or the carrying out of the Project and such situation shall not have been corrected within sixty days after notice thereof by the Bank to the Borrower; and
- (d) the terms on which the Borrower shall have been exempted from the provisions of the Law of July 28, 1939, as amended, concerning the right of foreigners and certain bodies to own and exercise control over fixed property and shares, or the law permitting the amounts paid by the Borrower from profits to retire the Class B shares of the Borrower to be deducted from the Borrower's annual taxable income shall have been changed without the approval of the Bank.

Article VIII

MISCELLANEOUS

Section 8.01. The date of January 4, 1971 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Intbafrad
Washington, D.C.

For the Borrower:

Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd.
Lönnrotinkatu 13, V Krs.
Helsinki 12, Finland

Cable address:

Terasto
Helsinki

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 to be 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

Teollistamisrahasto Oy-Industrialization Fund of Finland Ltd.:

By NILO PUSA
Authorized Representative

SCHEDULE I

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> |
|-------------------------|---|-------------------------|---|
| May 1, 1973 | 380,000 | November 1, 1980 | 645,000 |
| November 1, 1973 | 395,000 | May 1, 1981 | 670,000 |
| May 1, 1974 | 410,000 | November 1, 1981 | 695,000 |
| November 1, 1974 | 420,000 | May 1, 1982 | 720,000 |
| May 1, 1975 | 440,000 | November 1, 1982 | 745,000 |
| November 1, 1975 | 455,000 | May 1, 1983 | 775,000 |
| May 1, 1976 | 470,000 | November 1, 1983 | 800,000 |
| November 1, 1976 | 485,000 | May 1, 1984 | 830,000 |
| May 1, 1977 | 505,000 | November 1, 1984 | 860,000 |
| November 1, 1977 | 525,000 | May 1, 1985 | 890,000 |
| May 1, 1978 | 540,000 | November 1, 1985 | 925,000 |
| November 1, 1978 | 560,000 | May 1, 1986 | 960,000 |
| May 1, 1979 | 580,000 | November 1, 1986 | 995,000 |
| November 1, 1979 | 605,000 | May 1, 1987 | 1,030,000 |
| May 1, 1980 | 625,000 | November 1, 1987 | 1,065,000 |

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05. (b) of the General Conditions or to Section 2.08 (a) of the Loan Agreement or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

| <i>Time of Prepayment or Redemption</i> | <i>Premium</i> |
|--|----------------|
| Not more than three years before maturity | 1 ¼% |
| More than three years but not more than six years before maturity | 2 ½% |
| More than six years but not more than eleven years before maturity | 4% |
| More than eleven years but not more than fifteen years before maturity | 6% |
| More than fifteen years before maturity | 7 ¼% |

SCHEDULE 2

MODIFICATIONS OF THE GENERAL CONDITIONS

For the purposes of the Loan Agreement, the provisions of the General Conditions are modified as follows:

- (1) The following subparagraph (d) is added to Section 3.05:

“(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 paragraph (b) of Section 3.05 and in Section 8.15.”

- (2) Section 5.01 is deleted.

(3) The words “Investment Projects” are substituted for the words “the Project” at the end of Section 5.03.

- (4) Section 6.03 is deleted and replaced by the following new Section:

“SECTION 6.03. *Cancellation by the Bank.* If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days or (b) by the date specified in paragraph (c) of Section 2.03 of the Loan Agreement no applications or requests permitted under paragraph (a) or paragraph (b) of such Section shall have been received by the Bank in respect of any portion of the Loan, or having been so received, shall have been denied, or (c) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to submit such applications or requests or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled.”