

No. 543

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

Guarantee Agreement — *Industrial Projects* (with annexed related letter, Loan Regulations No. 4 and Loan Agreement — *Industrial Projects* — between the Bank and the Japan Development Bank). Signed at Washington, on 21 February 1956

Official text: English.

Filed and recorded at the request of the International Bank for Reconstruction and Development on 22 August 1956.

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

Contrat de garantie — *Projets industriels* (avec, en annexe, lettre y relative, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projets industriels* — entre la Banque et la Banque japonaise de développement). Signé à Washington, le 21 février 1956

Texte officiel anglais.

Classé et inscrit au répertoire à la demande de la Banque internationale pour la reconstruction et le développement le 22 août 1956.

No. 543. GUARANTEE AGREEMENT¹ (*INDUSTRIAL PROJECTS*) BETWEEN JAPAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 21 FEBRUARY 1956

AGREEMENT, dated February 21, 1956, between JAPAN (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 The Japan Development Bank (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 eight million one hundred thousand dollars (\$8,100,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees to guarantee the obligations of the Borrower as herein 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, 1955,³ subject, however, to the modifications thereof set forth in Schedule 3⁴ to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

¹ Came into force, upon notification by the Bank to the Government of Japan, on 10 May 1956 in respect of the loans relating to the Nippon Steel Tube Project, Ishikawajima Project and Mitsubishi Project, and on 11 May 1956 in respect of the \$2,350,000 portion of the loan relating to the Toyota Project.

² See p. 332 of this volume.

³ See p. 330 of this volume.

⁴ See p. 348 of this volume.

Article II

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

Article III

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

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any agency of the Guarantor.

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, including local governing authorities.

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.

Section 3.06. So long as any part of the Loan shall be outstanding and unpaid, the Guarantor will not take any action which would prevent or interfere with the performance by the Borrower of any of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained, and will take or cause to be taken all action necessary or appropriate to enable the Borrower to perform such covenants, agreements and obligations.

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
Ministry of Finance
2 Honshiocho, Shinjuku-Ku
Tokyo, Japan

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.

Japan :

By S. SHIMA
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

LETTER DATED 21 FEBRUARY 1956 FROM THE GOVERNMENT OF JAPAN TO
THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENTEMBASSY OF JAPAN
WASHINGTON D. C.

February 21, 1956

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

LOAN No. 136 JA

Gentlemen :

With reference to the Guarantee Agreement¹ of even date between the Government of Japan and your Bank, we have pleasure in confirming the following matters of agreed understanding between us :

1. As regards Article III, Section 3.01, that
 - (a) there is existing legislation consistent with the Japanese Constitution which enables the Government of Japan to control the external borrowings of its agencies, its political subdivisions and their agencies, and of the Bank of Japan so as to oblige them to obtain the consent of the Government of Japan to any external borrowing and to the terms thereof whether as to security or otherwise ;
 - (b) The Government of Japan will make the undertaking contained in Section 3.01 effective with respect to liens on the assets of the Bank of Japan.

2. As regards Section 3.06, that the Government of Japan will not permit any political subdivision of Japan or any agency of the Government of Japan or of any such political subdivision to take any such action as is therein referred to.

Very truly yours,

Government of Japan :
(Signed) S. SHIMA

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1955

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS[Not published herein. See *United Nations, Treaty Series Vol. 221, p. 160.*]

¹ See p. 322 of this volume.

LOAN AGREEMENT (*INDUSTRIAL PROJECTS*)

AGREEMENT, dated February 21, 1956, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE JAPAN DEVELOPMENT BANK (hereinafter called the Borrower).

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1955,¹ subject, however, to the modifications thereof set forth in Schedule 3* 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 following terms shall have the following meanings :

- (a) The term "beneficiary enterprise" means any company, or other enterprise, to which the Borrower shall advance or agree to advance any portion of the Loan for the carrying out of a Project.
- (b) The term "subsidiary loan agreement" means, as the context may require, all or any of the loan agreements to be entered into between the Borrower and the respective beneficiary enterprises, in accordance with the provisions of Section 5.07 of this Agreement and shall include any document supplemental thereto or in substitution therefor.

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 eight million one hundred thousand dollars (\$8,100,000).

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, 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 withdrawn from time to time.

The date specified for the purposes of Section 2.02 of the Loan Regulations is April 21, 1956 ; provided, however, that if this Agreement shall become effective before that date in respect of any portion of the Loan, then the date specified for the purposes of Section

¹ See p. 330 of this volume.

* See p. 348 of this volume.

2.02 of the Loan Regulations shall, for each such portion, be the date on which this Agreement becomes effective in respect of such portion.

Section 2.04. The Borrower shall pay interest at the rate of four and three-fourths per cent ($4\frac{3}{4}\%$) 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 February 15 and August 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 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. (a) The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of this Agreement to financing the cost of goods required to carry out the Projects described in Schedule 2² to this Agreement in the respective amounts therein set opposite to the said respective descriptions. 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.

(b) Schedule 2 to this Agreement may be changed from time to time, but only with the agreement of the Bank, the Borrower and the Guarantor.

(c) The application of moneys by the Borrower in accordance with the provisions of subparagraph (a) above shall constitute a loan by the Borrower to the relative beneficiary enterprise.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Projects.

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 President of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

¹ See p. 344 of this volume.

² See p. 346 of this volume.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Projects to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices, and shall (unless the Bank shall otherwise agree) exercise every right and remedy available to it to cause the Projects to be so carried out.

(b) 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 financial condition and operations of the Borrower and of each beneficiary enterprise. The Borrower shall enable, or take such steps as may be necessary to enable, the Bank's representatives to inspect the Projects and related facilities, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank 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 of the beneficiary enterprises and the financial condition and operations of the Borrower and of each of the beneficiary enterprises.

(c) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Projects and any material modifications subsequently made therein.

Section 5.02. (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, the Borrower and each of the beneficiary enterprises 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 5.03. 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 the date on which it is originally incurred.

Section 5.04. 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 or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.05. The 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 5.06. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Guarantor. Such insurance shall be consistent with sound commercial practice and shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

Section 5.07. The terms and conditions upon which each of the beneficiary enterprises shall repay to the Borrower its indebtedness in respect of the loan referred to in Section 3.01 (c) of this Agreement shall be embodied in a loan agreement between the Borrower and each of such beneficiary enterprises, the terms of which shall be satisfactory to the Bank.

Section 5.08. Each subsidiary loan agreement shall include provisions which will enable the Borrower to carry out its obligations under this Agreement and shall in any case contain provisions to the following effect: (i) that the proceeds of the attributable portion of the Loan be used exclusively as provided in this Agreement in the carrying out of the relative Project; (ii) that the Project be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices and that the beneficiary enterprise operate its undertaking and conduct its affairs in accordance with sound business practices; (iii) that there be furnished to the Borrower and to the Bank plans and specifications for the Project and that adequate records be maintained; (iv) that the Bank and the Borrower be at liberty to inspect the Project and related facilities, the goods and any relevant records and documents; (v) that the beneficiary enterprise provide to the Bank and to the Borrower all such information as they may respectively reasonably request relating to any of the foregoing and to the financial condition and operations of the beneficiary enterprise; (vi) that the Bank, the Borrower and the beneficiary enterprise from time to time exchange views with regard to matters relating to the

purposes of the Loan and the maintenance of the service thereof ; (vii) that the Borrower receive from the beneficiary enterprise, as security for its advances to the beneficiary enterprise under the subsidiary loan agreement, such lien or liens as may be consistent with the Borrower's established practices ; (viii) that further access by the beneficiary enterprise to the proceeds of the Loan may be suspended by the Borrower, or that the Borrower may premature its loan to the beneficiary enterprise, upon failure by the beneficiary enterprise to carry out the terms of the subsidiary loan agreement to which it is a party.

Section 5.09. The Borrower shall exercise its rights in relation to each Project and in relation to each beneficiary enterprise in such manner as to protect the interests of the Borrower and the Bank.

Section 5.10. Except as the Bank shall agree, none of the subsidiary loan agreements shall be amended, assigned or abrogated, or shall any provision thereof be waived ; provided, however, that agreement of the Bank shall not be required to the amendment, assignment, abrogation or waiver of any provision of any of the subsidiary loan agreements relating to (i) damages for non-performance, or (ii) any guarantor, thereunder.

Section 5.11. It is the mutual intention of the Borrower and the Bank that to the extent that any beneficiary enterprise shall repay to the Borrower its indebtedness under the subsidiary loan agreement to which it is a party, the Borrower shall, if the Bank shall so require, to a correspondingly proportionate extent repay the Bank under this Agreement. Accordingly, if any beneficiary enterprise shall repay in advance of maturity any part of its indebtedness to the Borrower under the subsidiary loan agreement to which it is a party, then the Borrower shall thereupon, if the Bank shall so require, repay to the Bank, in advance of maturity, an amount being such proportion of the principal amount of the Loan then outstanding as the amount so repaid to the Borrower by the beneficiary enterprise concerned bears to the total principal amounts then owing by all beneficiary enterprises under the subsidiary loan agreements immediately prior to such repayment ; provided that, in computing any such total principal amounts, there shall be deducted any amount paid, contemporaneously with such repayment, in conformity with the amortization schedule set forth in Schedule 1 to this Agreement. 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 be applicable.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraphs (a), (b), (e) or (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan or of any portion of the Loan and of all or any of the Bonds then outstanding to be due and payable im-

mediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATES ; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Agreement in respect of each Project and the amount set forth opposite thereto in Schedule 2 to this Agreement within the meaning of Section 9.01(a) (ii) of the Loan Regulations, namely : that the subsidiary loan agreement relating to such Project, in terms satisfactory to the Bank, shall have been duly executed and delivered as between the Borrower and the beneficiary enterprise concerned, and have become fully effective in accordance with its terms.

Section 7.02. The following is specified as an additional matter, within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, namely : that the subsidiary loan agreement to which such evidence relates is a valid and binding obligation of the Borrower and of the beneficiary enterprise concerned, in accordance with its terms, and contains valid provisions satisfying the requirements of Section 5.08 of this Agreement.

Section 7.03. A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1958.

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

For the Borrower :

The Japan Development Bank
8, 1-chome Marunouchi
Chiyoda-ku
Tokyo, Japan

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.

International Bank for Reconstruction and Development :

by Eugene R. BLACK
President

The Japan Development Bank :

Ataru KOBAYASHI
by Tomoo UMENO
Authorized Representative

SCHEDULE I

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>
August 15, 1957	—	\$8,100,000	August 15, 1964	375,000	3,636,000
February 15, 1958	\$206,000	7,894,000	February 15, 1965	385,000	3,251,000
August 15, 1958	283,000	7,611,000	August 15, 1965	393,000	2,858,000
February 15, 1959	290,000	7,321,000	February 15, 1966	402,000	2,456,000
August 15, 1959	297,000	7,024,000	August 15, 1966	413,000	2,043,000
February 15, 1960	305,000	6,719,000	February 15, 1967	422,000	1,621,000
August 15, 1960	311,000	6,408,000	August 15, 1967	432,000	1,189,000
February 15, 1961	318,000	6,090,000	February 15, 1968	442,000	747,000
August 15, 1961	326,000	5,764,000	August 15, 1968	117,000	630,000
February 15, 1962	335,000	5,429,000	February 15, 1969	120,000	510,000
August 15, 1962	342,000	5,087,000	August 15, 1969	123,000	387,000
February 15, 1963	351,000	4,736,000	February 15, 1970	126,000	261,000
August 15, 1963	358,000	4,378,000	August 15, 1970	129,000	132,000
February 15, 1964	367,000	4,011,000	February 15, 1971	132,000	—

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in these columns 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 5 years before maturity	1/2 of 1 %
More than 5 years but not more than 10 years before maturity	1 %
More than 10 years before maturity	2 %

SCHEDULE 2

DESCRIPTION OF PROJECTS AND ALLOCATION OF LOAN

(Amount expressed in dollars)

1. *Nippon Steel Tube Project* \$2,600,000

The Project consists of the modernization of the production facilities of Nippon Steel Tube Co., Ltd. by the installation of a new and modern seamless tube mill, of an annual capacity of 120,000 tons of steel tubes, which is to replace two existing obsolete mills. The new mill will produce medium-size pipes up to 8⁵/₈ inches in diameter.

Included in the new equipment will be a rotary furnace for the billets, a reheating furnace for the pipes, a piercing-plugging and reeling mill, a size-reducer and a straightener machine as part of the rolling facilities. The finishing part of the mill will include two cut-off machines, a small and a large threading machine, and a coupling screw-on machine. A hydraulic tube-testing machine and a copying lathe, as well as miscellaneous spare parts are also included. All necessary auxiliary equipment, such as transport, cooling equipment, and inspection tables, motors, and electrical equipment, will be provided.

The new mill is expected to come into operation during the last quarter of 1957.

2. *Toyota Project* \$2,350,000

The Project consists of the modernization of the production facilities of Toyota Motor Company Ltd. at Koromo, by the installation of new machines and machine tools to be used primarily for the manufacture of components for trucks and buses.

The new equipment will include about forty imported machines and machine tools of high priority in the Company's investment program which is aimed at reducing production costs and improving product quality.

The new equipment is expected to come into operation before April 1958.

3. *Ishikawajima Project* \$1,650,000

The Project consists of the modernization of the production facilities of Ishikawajima Heavy Industries Co., Ltd. at its plants in Tokyo by the installation of new equipment to be used for the production of marine turbines, marine turbo superchargers and heavy industrial machinery.

Equipment to be imported comprises nine machines and machine tools, all of which are of high priority in the Company's program for increasing operating efficiency and reducing production costs. Twenty-two domestically produced machines and four machines previously imported are being provided by the Company to complete the project.

The new machines are all expected to come into operation by September 1958.

4. *Mitsubishi Project* \$1,500,000

The Project consists of the modernization of the production facilities of Mitsubishi Shipbuilding and Engineering Co., Ltd. at its shipyards at Nagasaki by the installation of new equipment to be used primarily for the production of turbo superchargers and other heavy components for Type UEC diesel engines.

Equipment to be imported comprises seventeen machines and machine tools, all of which are of high priority in the Company's program for increasing operating efficiency and reducing production costs. All necessary buildings and locally produced ancillary equipment will be provided.

The new machines are all expected to come into operation by March 1958.

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, 1955, shall be deemed to be modified as follows :

(a) By the deletion of the second sentence of Section 2.02 and the substitution thereof of the following new sentence, namely :

"Such commitment charge shall accrue in respect of the Loan, or portion of the Loan, as the case may be, from the date or dates specified in the Loan Agreement for the purpose of this Section to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV or shall be cancelled pursuant to Article V."

(b) By the addition in Section 2.05 (b), at the end thereof, of the following words, namely :

"save that, except as the Bank and the Borrower shall otherwise agree, any repayment by the Borrower pursuant to the provisions of Section 5.11 of the Loan Agreement shall be applied to the several maturities of such part of the principal amount of the Loan as correspond to those repaid in advance by the beneficiary enterprise concerned under the relative subsidiary loan agreement and in the proportions so repaid."

(c) By the deletion in Section 3.02 of the word "portion" and the substitution thereof of the word "part".

(d) By the insertion in Section 5.01 after the word "cancel", of the words "in respect of any Project and any portion of the Loan".

(e) By the deletion of the last sentence of Section 5.03 and the insertion in that Section, after the words "Loan Account" where those words secondly occur, of the following words, namely :

"in respect of all or any of the Projects. Upon the giving of such notice the unwithdrawn amounts of the portions of the Loan relating to such Projects shall be cancelled."

(f) By the deletion of Section 5.05 and the substitution therefor of the following new Section, namely :

"SECTION 5.05. *Application of Cancellation to Maturities of the Loan.* Except as otherwise agreed between the Bank and the Borrower, any cancellation pursuant to this Article shall be applied *pro rata* to the several maturities of the principal amount of the Loan as set forth in the amortization schedule to the Loan Agreement, save that (i) if a portion or a part of a portion only of the Loan shall be cancelled then (except as aforesaid) such cancellation shall be applied *pro rata* to the several maturities of the Loan which correspond to those set out in the subsidiary loan agreement between the Borrower and the relative beneficiary enterprise in respect of such portion, and (ii) no such cancellation shall be applied to Bonds theretofore delivered or requested pursuant to Article VI, or to parts of the Loan theretofore sold by the Bank."

(g) By the deletion of Section 7.02 and the substitution therefor of the following new Section, namely :

"SECTION 7.02. *Obligations of Guarantor.* The obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or any beneficiary enterprise or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower or any beneficiary enterprise, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrower or any beneficiary enterprise ; any assertion of, or failure to assert, any right or remedy against the Borrower or any beneficiary enterprise or in respect of any security for the Loan or portion of the Loan ; any modification or amplification of the provisions of the Loan Agreement contemplated by the terms thereof ; any failure of the Borrower or any beneficiary enterprise to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or agency of the Guarantor."

(h) By the deletion, in Section 9.01, of the words "The Loan Agreement and Guarantee Agreement shall not become effective until :", and the substitution therefor of the words "The Loan Agreement and Guarantee Agreement shall not become effective in respect of any Project or any portion of the Loan until :".

(i) By the deletion of Section 9.03 and the substitution therefor of the following new Section, namely :

"SECTION 9.03. *Effective Dates.* Except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and Guarantee Agreement shall come into force and effect in respect of each Project, to the extent of the amount set forth opposite thereto in Schedule 2 to the Loan Agreement, on the date when the Bank notifies the Borrower and the Guarantor of its acceptance of such evidence in respect of such Project."

(j) By the deletion of Section 9.04 and the substitution therefor of the following new Section, namely :

"SECTION 9.04. *Termination of Loan Agreement and Guarantee Agreement for Delay in Becoming Effective.* The Bank may at its option, at any time after the date specified in the Loan Agreement for the purposes of this Section, by notice to the Borrower and the Guarantor, terminate the Loan Agreement and the Guarantee Agreement in respect of any Project to the extent of the amount set forth opposite such Project in Schedule 2 to the Loan Agreement, if the Loan Agreement and the Guarantee Agreement shall not have become effective in respect of such Project prior to such notice. Upon the giving of such notice the Loan Agreement and the Guarantee Agreement, and all obligations of the parties thereunder, in respect of such Project and the relative portion of the Loan shall forthwith terminate and such portion of the Loan shall be deemed to be cancelled pursuant to Article V of these Regulations."

(k) By the deletion of paragraph 4 of Section 10.01 and the substitution therefor of the following new paragraphs, namely :

"The term 'Loan' means the loan provided for in the Loan Agreement, or any portion of the Loan.

"The term 'portion of the Loan' means all or any of the several portions of the Loan in the several amounts set opposite to the description of each Project in Schedule 2 to the Loan Agreement."

(l) By the deletion of paragraph 12 of Section 10.01 and the substitution therefor of the following new paragraph, namely :

"The term 'Project' means all or any of the Projects described in Schedule 2 to the Loan Agreement, as the context may require."

(m) By the deletion of paragraph 16 of Section 10.01 and the substitution therefor of the following new paragraph, namely :

"The term 'Effective Date' means the date when the Loan Agreement shall first become effective in respect of any Project."
