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du 4 février 1956 au 27 mars 1956

N° 534

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

Guarantee Agreement—*Yawata Steel Project* (with related letter, annexed Loan Regulations No. 4, Loan Agreement—*Yawata Steel Project*—between the Bank and the Japan Development Bank and Project Agreement—*Yawata Steel Project*—between the Bank and Yawata Iron and Steel Co., Ltd.). Signed at Washington, on 25 October 1955

Official text: English.

Filed and recorded at the request of the International Bank for Reconstruction and Development on 2 March 1956.

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

Contrat de garantie — *Projet relatif aux aciéries Yawata* (avec, en annexe, une lettre y relative, le Règlement n° 4 sur les emprunts, le Contrat d'emprunt — *Projet relatif aux aciéries Yawata* — entre la Banque et la Banque japonaise de développement et le Contrat relatif au projet — *Projet relatif aux aciéries Yawata* — entre la Banque et la Yawata Iron and Steel Co., Ltd.). Signé à Washington, le 25 octobre 1955

Texte officiel anglais.

Classé et inscrit au répertoire à la demande de la Banque internationale pour la reconstruction et le développement le 2 mars 1956.

No. 534. GUARANTEE AGREEMENT¹ (*YAWATA STEEL PROJECT*) BETWEEN JAPAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 25 OCTOBER 1955

AGREEMENT, dated October 25, 1955, 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 Agreement² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to five million three hundred thousand dollars (\$5,300,000), 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 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 2⁴ 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 on 16 February 1956 upon notification by the Bank to the Government of Japan.

² See p. 390 of this volume.

³ See p. 388 of this volume.

⁴ See p. 410 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, the Agreement of Pledge, the General Mortgage Note, the Document of Lien 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 and any proceeds of enforcement of the securities respectively constituted by the Agreement of Pledge, the General Mortgage Note and the Document of Lien 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 or Agreement of Pledge contained, or by Yawata of any of the covenants, agreements and obligations of Yawata in the Project Agreement¹ contained, and will take or cause to be taken all action necessary or appropriate to enable the Borrower and Yawata respectively 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

¹ See p. 412 of this volume.

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. IGUCHI

Authorized Representative

International Bank for Reconstruction and Development

By R. L. GARNER

Vice President

LETTER DATED 25 OCTOBER 1955 FROM THE GOVERNMENT OF JAPAN
TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT CONCERNING ARTICLE III, SECTIONS 3.01 AND 3.06
OF THE GUARANTEE AGREEMENT

EMBASSY OF JAPAN
WASHINGTON, D.C.

October 25, 1955

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

Loan No. 133 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) the Government of Japan is, within the limits of its constitutional powers, able validly 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
By (s) S. IGUCHI

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.*]

¹ See p. 380 of this volume.

LOAN AGREEMENT (*YAWATA STEEL PROJECT*)

AGREEMENT, dated October 25, 1955, 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 Loan 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 2² 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 Loan Agreement, unless the context shall otherwise require, the following terms shall have the following meanings:

(a) The term "Yawata" means Yawata Iron & Steel Co., Ltd.

(b) The term "Project Agreement"³ means the agreement of even date herewith between the Bank and Yawata.

(c) The term "Subsidiary Loan Agreement" means the agreement between the Borrower and Yawata referred to in Section 5.07 of this Loan Agreement.

(d) The term "General Mortgage Note" means the General Mortgage Note to be executed by Yawata in accordance with the provisions of Section 5.07 of this Loan Agreement and shall include any document supplemental thereto which shall be executed and delivered in accordance with the provisions of the General Mortgage Note.

(e) The term "General Mortgage" means the priority right referred to in Section 5.07 of this Loan Agreement.

(f) The term "Document of Lien" means the document to be executed by Yawata constituting a lien in favor of the Borrower in accordance with the provisions of Section 5.08 of this Loan Agreement and shall include any document supplemental thereto or in substitution therefor.

(g) The term "Agreement of Pledge" means, as the context may require, all or any of the Agreements of Pledge to be executed by the Borrower in accordance with the provisions of Section 5.09 of this Loan 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 five million three hundred thousand dollars (\$5,300,000).

¹ See p. 388 of this volume.

² See p. 410 of this volume.

³ See p. 412 of this volume.

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 so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of four and five-eighths per cent ($4\frac{5}{8}\%$) 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 1 and September 1 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 THE LOAN

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 Project described in the Schedule² to the Project Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement in writing between the Bank and Yawata, subject to modification by further such agreement between them.

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 Project.

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. 408 of this volume.

² See p. 422 of this volume.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower shall maintain, or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Loan and to reflect in accordance with consistently maintained sound accounting practices all transactions between the Borrower and Yawata and the financial condition and operations of the Borrower; shall enable the Bank's representatives to inspect such records; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, transactions between the Borrower and Yawata and the financial condition and operations of the Borrower.

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 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, or of any circumstance or matter which shall or might affect the security therefor, and in particular, but without limitation or restriction upon the foregoing, shall promptly inform the Bank if the Borrower shall believe that circumstances have arisen whereby Yawata is or may be obliged to create a Document of Lien, or if there shall have occurred any event whereby the General Mortgage or the security constituted by the Document of Lien shall have become enforced or liable to be enforced.

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.

tor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement, the Agreement of Pledge, the Subsidiary Loan Agreement, the General Mortgage Note, the Document of Lien, 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, the Agreement of Pledge, the Subsidiary Loan Agreement, the General Mortgage Note, the Document of Lien 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 expenditure of moneys by the Borrower in accordance with the provisions of Section 3.01 hereof shall constitute a loan by the Borrower to Yawata and the terms and conditions upon which Yawata shall repay to the Borrower its indebtedness in respect thereof shall be embodied in an agreement between the Borrower and Yawata, the form and substance of which shall be approved by the Bank. Further, the Borrower shall cause Yawata to execute and deliver, as soon as practicable, a General Mortgage Note evidencing a priority right, under the Law for Abolition of Japan Iron and Steel Company Law, No. 240 dated August 5, 1950 (as amended by Laws No. 108-1951, No. 91-1952, No. 122-1953 and No. 73-1954) or under any further amendment thereof, or under any other law which may provide similar or other priorities for loans granted or to be granted by the Borrower, in favor of the Borrower to constitute security for such indebtedness. Such General Mortgage Note shall be in such form and contain such provisions as the Bank may reasonably require and shall, in any case, contain provisions to the following effect, namely :

(a) that it is the mutual intention of Yawata and the Borrower that no other debt shall enjoy any priority over the indebtedness of Yawata to the Borrower under the Subsidiary Loan Agreement by way of a lien on assets of Yawata; and that, accordingly, Yawata undertakes that, except as the Bank and the Borrower shall otherwise agree, if any lien shall be created on any assets of Yawata as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the indebtedness of Yawata to the Borrower under the Subsidiary Loan Agreement; and that in the creation of any such lien express provision will be made to that effect; provided, however, that such provisions 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) specific

mortgages on houses for Yawata's employees given to secure repayment of moneys loaned for their construction;

(b) that the indebtedness of Yawata to the Borrower under the Subsidiary Loan Agreement shall become immediately payable and that the General Mortgage shall become enforceable in the following events (*inter alia*):

- (i) if Yawata makes default in the due payment of any moneys payable under the General Mortgage Note;
- (ii) if a default shall have occurred in the performance by Yawata of any covenant or undertaking given by it to the Bank and such default shall continue for a period of 30 days;
- (iii) if any other security granted by Yawata shall have become enforceable under the terms thereof;
- (iv) if a default shall have occurred in the performance by Yawata of any covenant or condition (other than in respect of the due payment of moneys) contained in the Subsidiary Loan Agreement or in the General Mortgage Note (including in particular if there shall occur any breach by Yawata of the negative pledge covenants therein contained) and such default shall continue for a period of 30 days.

Section 5.08. If, pursuant to the provisions of subparagraph (a) of Section 5.07, there shall be created any lien on any assets of Yawata as security for any debt, then the Borrower shall cause to be taken all such steps as may, to the satisfaction of the Bank, be necessary or proper for ensuring that such lien shall equally and ratably secure the payment of the indebtedness of Yawata to the Borrower under the Subsidiary Loan Agreement, the lien securing such payment to be constituted by a Document of Lien, which shall be in such form and contain such provisions as the Bank may reasonably require and, in any case, shall contain provisions similar to those contained in the General Mortgage Note, so far as the same may be applicable.

Section 5.09. (a) The Borrower shall, as soon as practicable after the execution of the General Mortgage Note, if so required by the Bank, execute in favor of the Bank an Agreement of Pledge of the indebtedness and security evidenced by the Subsidiary Loan Agreement and the General Mortgage Note.

(b) The Borrower shall, as soon as practicable after the execution of the Document of Lien, if so required by the Bank, execute in favor of the Bank an Agreement of Pledge of the indebtedness and security evidenced by the Subsidiary Loan Agreement and the Document of Lien.

(c) Any such Agreement of Pledge, as is referred to in the foregoing provisions of this Section, shall operate as an assignment by the Borrower, by way of security, of the indebtedness and security evidenced by the Subsidiary Loan Agreement and the General Mortgage Note or the Document of Lien (as the case may be), subject to a proviso for reassignment thereof upon payment of the entire principal amount of the Loan and the premium, if any, on the redemption of all Bonds called for redemption and of all interest and other charges which shall have accrued on the Loan and the Bonds; and shall further be in such form and contain such provisions as the Bank may reasonably require. In

any case, the Agreement of Pledge shall provide (*inter alia*) that the security thereby constituted shall become enforceable if, under the terms of this Loan Agreement, the Bank shall have declared the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately.

Section 5.10. (a) If the Bank shall so require, the Borrower shall, as soon as practicable thereafter, deliver to the Bank : (i) the Subsidiary Loan Agreement, the Agreement of Pledge (as specified in Section 5.09 (a)) and the General Mortgage Note; (ii) such consents or documents as may be necessary under the laws of Japan to render the Subsidiary Loan Agreement, and the Agreement of Pledge and the General Mortgage Note and the securities thereby respectively evidenced or created, fully effective under the laws of Japan in accordance with their respective terms; (iii) an opinion or opinions satisfactory to the Bank, of counsel acceptable to the Bank, that the Agreement of Pledge and the General Mortgage Note have been duly authorized or ratified, and executed and delivered, and constitute valid and binding obligations in accordance with their respective terms; that, save for securities granted to the Bank, no liens then exist on any part of the property or assets of the Borrower; that, save for liens excluded from the provisions of Section 5.07 (a), no liens then exist on any part of the properties or assets of Yawata which rank in priority to the General Mortgage; and that no contract or arrangement, conditional or unconditional, then exists whereby Yawata would be precluded from creating in favor of the Borrower any such lien as is referred to in Sections 5.07 (a) and 5.08 of this Agreement; and that all acts, consents, validations and approvals necessary under the laws of Japan to render valid and effective, in accordance with their respective terms, the Agreement of Pledge and the General Mortgage Note, have been duly performed or given.

(b) If the Bank shall so require, the Borrower shall, as soon as practicable after execution of the Document of Lien, deliver to the Bank : (i) the Subsidiary Loan Agreement (if not already delivered); the Agreement of Pledge (as specified in Section 5.09 (b)) and the Document of Lien; (ii) such consents or documents as may be necessary under the laws of Japan to render the Subsidiary Loan Agreement, the Agreement of Pledge and the Document of Lien and the securities thereby respectively evidenced or created, fully effective under the laws of Japan in accordance with their respective terms; (iii) an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank, showing such matters as the Bank may reasonably require, including, in particular : that the Agreement of Pledge and the Document of Lien have been duly authorized or ratified and executed and delivered, and constitute valid and binding obligations in accordance with their respective terms; that, except as the Bank shall previously have agreed, no liens then exist on any assets of Yawata which rank in priority to the security constituted by the Document of Lien; that no contract or arrangement, conditional or unconditional, then exists whereby Yawata would be precluded from creating in favor of the Borrower any such lien as is referred to in Sections 5.07 (a) and 5.08 of this Agreement; and that all acts, consents, validations and approvals necessary under the laws of Japan to render valid and effective in accordance with their respective terms, the Agreement of Pledge and the Document of Lien, have been duly performed or given.

Section 5.11. The Borrower hereby covenants and declares that, as of the time of the execution of this Loan Agreement, no lien exists on any part of the assets of Yawata which would rank in priority to the General Mortgage when created, other than liens of a nature excluded from the provisions of Section 5.07 (a); that, except for agreements of which the Bank has heretofore been advised by the Borrower, no contract or arrangement, conditional or unconditional, exists or will be brought into existence whereby Yawata would be precluded from creating in favor of the Borrower any such lien as is referred to in Sections 5.07 (a) and 5.08 of this Agreement. The existence of any fact or circumstance, or the happening of any event, which shall be inconsistent with the foregoing provisions of this Section, shall constitute an event of default for the purposes of subparagraph (c) of Section 5.02 of the Loan Regulations.

Section 5.12. The Borrower shall, as often as may be necessary, take such action and deliver, or cause to be delivered, to the Bank such further consents or other documents as may be requisite to maintain the full effectiveness of the Subsidiary Loan Agreement, the Agreement of Pledge, the General Mortgage Note and the Document of Lien (as the case may be) and the securities thereby respectively evidenced or created, under the laws of Japan in accordance with their respective terms.

Section 5.13. Except as the Bank shall agree, neither the Subsidiary Loan Agreement nor the General Mortgage Note nor the Document of Lien shall be assigned, amended or abrogated.

Section 5.14. It is the mutual intention of the Borrower and the Bank that to the extent that Yawata shall repay the Borrower its indebtedness under the Subsidiary Loan Agreement, the Borrower shall to a correspondingly proportionate extent repay the Bank under this Loan Agreement. Accordingly, unless otherwise agreed between the Borrower and the Bank, if Yawata shall repay in advance of maturity any part of its indebtedness to the Borrower under the Subsidiary Loan Agreement, then the Borrower shall thereupon 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 Yawata bears to the total principal amounts then owing by Yawata under the Subsidiary Loan Agreement 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 accordance with the Amortization Schedule set forth in Schedule I 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 paragraph (a), paragraph (b), paragraph (e), paragraph (f), paragraph (j), paragraph (k) or paragraph (l) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall

continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement, the Agreement of Pledge, the General Mortgage Note, the Document of Lien or in the Bonds to the contrary notwithstanding.

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 (a) (ii) of the Loan Regulations :

(a) that the execution and delivery of the Project Agreement on behalf of Yawata shall have been duly authorized or ratified by all necessary corporate and governmental action;

(b) that the Subsidiary Loan Agreement, in form satisfactory to the Bank, shall have been duly executed and delivered as between the parties thereto and have become fully effective in accordance with its terms;

(c) that the form of the General Mortgage Note shall have been duly approved by the Bank;

(d) that the form of the Agreement of Pledge specified in Section 5.09 (a), and all other documents requisite under the laws of Japan to render the same fully effective in accordance with its terms, shall have been duly approved by the Bank;

(e) that in relation to any existing contract or arrangement whereby Yawata would be precluded from creating in favor of the Borrower any such lien as is referred to in Sections 5.07 (a) and 5.08 of this Agreement, action shall have been taken so as to permit the creation by Yawata of such lien, and otherwise to the satisfaction of the Bank.

Section 7.02. The following are specified as additional matters, 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 :

(a) that Yawata has full power and authority to construct and operate the Project and has 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;

(b) that Yawata has full power and authority to borrow moneys pursuant to the provisions of this Loan Agreement and that all acts, consents, validations and approvals necessary therefor have been duly performed or given;

(c) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Yawata and constitutes a valid and binding obligation of Yawata in accordance with its terms;

(d) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and Yawata respectively and constitutes valid and binding obligations of the Borrower and Yawata respectively in accordance with its terms;

(e) that the General Mortgage Note will, when duly authorized or ratified by, and executed and delivered on behalf of, Yawata, constitute a valid and binding obligation of Yawata in accordance with its terms and that, except for liens excluded from the provisions of Section 5.07 (a), no liens then exist on any part of the properties or assets of Yawata which would rank in priority to the General Mortgage when created and that no contract or arrangement, conditional or unconditional, exists whereby Yawata would be precluded from creating in favor of the Borrower any such lien as is referred to in Sections 5.07 (a) and 5.08 of this Agreement;

(f) that the Agreement of Pledge (as specified in Section 5.09 (a)) will, when duly authorized or ratified by, and executed and delivered on behalf of, the Borrower, constitute a valid and effective security in accordance with its terms and that (save for liens given to the Bank) no liens then exist on any part of the properties or assets of the Borrower;

(g) that all acts, consents, validations and approvals necessary under the laws of Japan to render valid and effective in accordance with their respective terms this Loan Agreement, the Guarantee Agreement,¹ the Project Agreement and the Subsidiary Loan Agreement have been duly performed or given.

Section 7.03. A date 90 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, 1957.

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

For the Borrower :

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

¹ See p. 380 of this volume.

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 R. L. GARNER

Vice President

The Japan Development Bank

Ataru KOBAYASHI

By Tomoo UMENO

Authorized Representative

SCHEDULE 1

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>
September 1, 1957 . . .	—	\$5,300,000	September 1, 1964 . . .	\$203,000	\$2,838,000
March 1, 1958 . . .	\$151,000	5,149,000	March 1, 1965 . . .	208,000	2,630,000
September 1, 1958 . . .	154,000	4,995,000	September 1, 1965 . . .	213,000	2,417,000
March 1, 1959 . . .	158,000	4,837,000	March 1, 1966 . . .	218,000	2,199,000
September 1, 1959 . . .	162,000	4,675,000	September 1, 1966 . . .	223,000	1,976,000
March 1, 1960 . . .	166,000	4,509,000	March 1, 1967 . . .	228,000	1,748,000
September 1, 1960 . . .	169,000	4,340,000	September 1, 1967 . . .	233,000	1,515,000
March 1, 1961 . . .	173,000	4,167,000	March 1, 1968 . . .	238,000	1,277,000
September 1, 1961 . . .	177,000	3,990,000	September 1, 1968 . . .	244,000	1,033,000
March 1, 1962 . . .	181,000	3,809,000	March 1, 1969 . . .	250,000	783,000
September 1, 1962 . . .	185,000	3,624,000	September 1, 1969 . . .	255,000	528,000
March 1, 1963 . . .	190,000	3,434,000	March 1, 1970 . . .	261,000	267,000
September 1, 1963 . . .	194,000	3,240,000	September 1, 1970 . . .	267,000	—
March 1, 1964 . . .	199,000	3,041,000			

* 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	½ of 1%
More than 5 years but not more than 10 years before maturity	1%
More than 10 years before maturity	2%

SCHEDULE 2

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 in Section 5.02, of paragraph (j) and the addition in such Section of the following paragraphs, namely :

“(j) a default shall have occurred in the performance by Yawata of any covenant or undertaking given by it to the Bank.

(k) any event shall have happened whereby the General Mortgage or the security constituted by the Document of Lien shall become enforceable.

(l) any event shall have happened whereby the security constituted by the Agreement of Pledge shall become enforceable.”

(b) by the addition in Section 5.06, after the words “the Loan Agreement”, of the words “the Project Agreement, the General Mortgage Note, the Document of Lien, the Agreement of Pledge,”;

(c) by the addition in Section 6.17, after the words “the Loan Agreement”, of the words “the Project Agreement, the General Mortgage Note, the Document of Lien, the Agreement of Pledge,”;

(d) by the addition in Section 7.01, after the words “the Loan Agreement”, where those words occur, of the words “the Project Agreement, the General Mortgage Note, the Document of Lien, the Agreement of Pledge, the Subsidiary Loan Agreement,”, and after the words “the Borrower”, where those words first occur, of the word “, Yawata,”, and where those words secondly occur of the words “nor Yawata”.

(e) 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 Yawata or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower or Yawata, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrower or Yawata; any assertion of, or failure to assert, any right or remedy against the Borrower or Yawata or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement or of the Project Agreement or of the General Mortgage Note or of the Document of Lien or of the Agreement of Pledge or of the Subsidiary Loan Agreement contemplated by the terms thereof; any failure of the Borrower or Yawata to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or agency of the Guarantor.”

(f) by the deletion of Section 7.03 and the substitution therefor of the following new Section, namely :

"SECTION 7.03. *Failure to Exercise Rights.* No delay in exercising, or omission to exercise, any right or power accruing to any party under the Loan Agreement, the Project Agreement, the General Mortgage Note, the Document of Lien, the Agreement of Pledge, the Subsidiary Loan Agreement or Guarantee Agreement upon any default shall impair any such right or power or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right or power of such party in respect of any other or subsequent default."

(g) by the addition in Section 7.04 (j), at the end thereof, of the following words, namely :

"provided, however, that nothing herein shall be deemed to preclude any of the said parties from exercising, or instituting any legal or other action, to enforce any right or claim arising out of or pursuant to the Subsidiary Loan Agreement, the General Mortgage Note, the Document of Lien or the Agreement of Pledge, and submission to arbitration hereunder shall not be deemed to be a condition precedent to or in any way to prejudice such exercise or other enforcement of any such right or claim."

(h) by the addition in Section 9.01 (a) (ii) and in Section 9.01 (c) at the end thereof respectively, of the following words, namely :

"save as the Bank may otherwise agree."

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

"12. The term 'Project' means the project for which the loan is granted, as described in the Project Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and Yawata with the concurrence of the Borrower and of the Guarantor."

(j) by the addition in paragraph 17 of Section 10.01, after the word "privileges", of the words, "encumbrances, preferential rights".

PROJECT AGREEMENT (YAWATA STEEL PROJECT)

AGREEMENT, dated October 25, 1955, between INTERNATIONAL BANK FOR RE-CONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and YAWATA IRON & STEEL CO., LTD. (hereinafter called Yawata).

WHEREAS by an Agreement of even date herewith (hereinafter called the Loan Agreement¹) between The Japan Development Bank (hereinafter called the Borrower) and the Bank, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to five million three hundred thousand dollars (\$5,300,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Yawata agree to

¹ See p. 390 of this volume.

undertake certain obligations to the Bank as hereinafter in this Agreement set forth; and

WHEREAS Yawata, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

DEFINITIONS

Section 1.01. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the Loan Regulations¹ (as so defined) shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS OF YAWATA

Section 2.01. (a) Yawata shall carry out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) Yawata shall furnish to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein.

(c) Yawata 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 Project, to record the progress of construction and results of operation of the Project and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of Yawata; shall enable the Bank's representatives to inspect the goods, the Project, any other properties or equipment owned or operated by Yawata to the extent that the construction or operation thereof affects the economical and efficient construction, operation and maintenance of the Project, and any relevant records and documents relating to the goods, the Project, or to the operations and financial condition of Yawata; and 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 goods, and the financial condition and operations of Yawata.

Section 2.02. (a) The Bank and Yawata 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) Each party to this Agreement shall, from time to time, as the other party hereto shall reasonably request, afford such other party all reasonable opportunity for exchanges of views between their respective representatives in regard to any and all matters relating

¹ See p. 388 of this volume.

to the Loan and the purposes for which it was granted, the Project and the other matters covered by this Agreement. The suggestions and observations made by either party pursuant to any provision of this Section shall be received by the other party in a spirit of mutual cooperation and shall be given due consideration.

(c) Yawata 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 performance by Yawata of its obligations under this Agreement or the obligations to be performed by it pursuant to the provisions of the Loan Agreement.

Section 2.03. (a) Yawata shall at all times take all steps necessary to maintain its corporate existence and right to carry on operations and shall, except as the Bank may otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises owned or operated by it and necessary or useful in the conduct of its business.

(b) Yawata shall operate its undertaking and conduct its affairs in accordance with sound business practices; shall take such measures as may be appropriate to ensure generally continuing progress towards strengthening its financial position; and shall maintain, renew and repair its plants, machinery, equipment and property as required in accordance with sound engineering practices.

Section 2.04. Yawata shall import or cause to be imported into the territories of the Guarantor all goods purchased with the proceeds of the Loan and, except as shall be otherwise agreed by the Bank and Yawata, shall use them there or shall cause them to be used there exclusively in the carrying out of the Project. Yawata shall obtain title to all such goods free and clear of all incumbrances other than such as may arise in Japan by operation of a priority right of the same nature and priority as the General Mortgage or such other priority right as may be agreed by the Bank.

Section 2.05. Yawata shall not, without the prior consent of the Bank, sell or otherwise dispose of any goods purchased or paid for out of the proceeds of the Loan.

Section 2.06. Yawata shall, as soon as practicable, execute and deliver in favor of the Borrower the Subsidiary Loan Agreement and the General Mortgage Note and, if necessary pursuant to the provisions of Section 2.07 (c) of this Agreement, the Document of Lien and 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 or the Subsidiary Loan Agreement or the General Mortgage Note or the Document of Lien.

Section 2.07. (a) Yawata hereby covenants and declares that as of the time of execution of this Agreement no lien exists on any part of its assets which would rank in priority to the General Mortgage when created other than liens excluded from the provisions of the next following subsection; and, except for agreements of which the Bank has heretofore been advised by the Borrower, no contract or arrangement, conditional or unconditional, exists or will be brought into existence whereby Yawata would be precluded from carrying out the undertaking referred to in the next following subparagraph and from creating the necessary lien in favor of the Borrower.

(b) It is the mutual intention of Yawata and the Bank that no other debt shall enjoy any priority over the indebtedness of Yawata to the Borrower under the Subsidiary Loan Agreement by way of a lien on any assets of Yawata. Yawata accordingly undertakes that, except as the Bank and the Borrower shall otherwise agree, if any lien shall be created on any assets of Yawata as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the indebtedness of Yawata to the Borrower under the Subsidiary Loan Agreement, 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 subparagraph 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) specific mortgages on houses for Yawata's employees to secure repayment of moneys loaned for their construction.

(c) If any lien shall be created on any assets of Yawata to secure the payment of the indebtedness of Yawata to the Borrower under the Subsidiary Loan Agreement pursuant to the provisions of the last preceding subparagraph, the lien securing such payment shall be constituted by a Document of Lien which shall be in such form and contain such provisions as the Bank may reasonably require.

Section 2.08. (a) Yawata shall, from time to time, immediately upon the request of the Bank or of the Borrower, give to the Borrower and to the Bank, pursuant to the provisions of Articles 364 and 467 of the Civil Code of Japan, its written consent to the inclusion in the Agreement of Pledge of all indebtedness evidenced or secured by the Subsidiary Loan Agreement and the General Mortgage Note and the Document of Lien (as the case may be) in accordance with the provisions of the Loan Agreement.

(b) Yawata shall, as often as may be necessary, take such action and deliver, or cause to be delivered, to the Bank or to the Borrower (as may be appropriate) such further consents or other documents as may be requisite to maintain the full effectiveness of the Subsidiary Loan Agreement, the General Mortgage Note and the Document of Lien (as the case may be) and the securities thereby respectively evidenced or created, under the laws of Japan in accordance with their respective terms.

Section 2.09. Except as the Bank shall agree, neither the Subsidiary Loan Agreement nor the General Mortgage Note nor the Document of Lien shall be amended or abrogated.

Article III

MISCELLANEOUS PROVISIONS

Section 3.01. No holder of any Bond other than the Bank shall by virtue of being the holder thereof be entitled to exercise any of the rights conferred, or be subject to any of the conditions or obligations imposed, upon the Bank under this Agreement.

Section 3.02. Any notice, demand or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been

duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are :

(a) For Yawata :

Yawata Iron & Steel Co., Ltd.,
No. 1, 1-chome Marunouchi,
Chiyoda-ku,
Tokyo, Japan.

(b) For the Bank :

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

Section 3.03. This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

Section 3.04. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of Yawata may be taken or executed by the President of Yawata or such person or persons as he shall designate in writing.

Section 3.05. Yawata shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of Yawata, take any action or execute any documents required or permitted to be taken or executed by Yawata pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

Article IV

EFFECTIVE DATE

Section 4.01. This Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 9.04 of the Loan Regulations, the Bank shall terminate the Loan Agreement, the Bank shall promptly notify Yawata thereof and upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall forthwith cease and determine.

Section 4.02. If and when the entire principal amount of the Loan shall have been paid or caused to be paid by the Borrower (or shall have been cancelled), together with the redemption premium, if any, on the redemption of all Bonds which shall have been called for redemption and all interest and other charges which shall have accrued on the Loan and the Bonds, this Agreement and all obligations of Yawata and of the Bank hereunder shall forthwith terminate.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective names by their representatives thereunto duly authorized 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 R. L. GARNER

Vice President

Yawata Iron & Steel Co., Ltd.

By Heigo FUJII

Authorized Representative

SCHEDULE

DESCRIPTION OF PROJECT

The Project consists of the improvement and modernization of the production facilities of Yawata by the installation of a new plate mill having an estimated annual capacity of 360,000 metric tons. The new mill, which will replace now existing but obsolete mills, will be designed to produce medium and heavy plates, highly uniform in character and having dimensions up to 160" in width and 4" in thickness.

Included in the equipment of the new mill will be : a continuous heating furnace for slabs, slab delivery tables, a 2-high rougher mill, a 4-high reversing rolling mill with a vertical edger and guides and a roll grinder, all of which will be newly manufactured, and other equipment, such as a rougher, a leveler and a crop and end shear, which will be taken from existing mills. All necessary auxiliary equipment, such as electrical, grease, oil, hydraulic, and descaling systems, air controls, and necessary spare parts will be provided.

The new mill is expected to come into full operation during the fourth calendar quarter of 1957.