

No. 4490

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

Guarantee Agreement—*Second Kawasaki Project* (with related letters and annexed Loan Regulations No. 4 and Loan Agreement—*Second Kawasaki Project*—between the Bank and The Japan Development Bank). Signed at Washington, on 29 January 1958

Official text: English.

Registered by the International Bank for Reconstruction and Development on 8 September 1958.

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

Contrat de garantie — *Deuxième projet Kawasaki* (avec lettres connexes et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Deuxième projet Kawasaki* — entre la Banque et la Banque japonaise de développement). Signé à Washington, le 29 janvier 1958

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 8 septembre 1958.

No. 4490. GUARANTEE AGREEMENT¹ (*SECOND KAWASAKI PROJECT*) BETWEEN JAPAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 29 JANUARY 1958

AGREEMENT, dated January 29, 1958, 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 dollars (\$8,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ 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 28 March 1958, upon notification by the Bank to the Government of Japan.

² See p. 122 of this volume.

³ See p. 138 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. 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
3-2, Kasumigaseki, Chiyoda-ku
Tokyo, Japan

Alternative address for cablegrams and radiograms :

Minister of Finance
Okurasho, Tokyo

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

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

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

Japan :

By Koichiro ASAKAI
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

RELATED LETTER

LETTER, DATED 29 JANUARY 1958, ADDRESSED BY THE GOVERNMENT OF JAPAN
TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

EMBASSY OF JAPAN
WASHINGTON, D. C.

January 29, 1958

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

Loan No. 188 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 :
By K. ASAKAI

¹ See p. 112 of this volume.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

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

[Not published herein. See *United Nations, Treaty Series, Vol. 260, p. 376.*]

LOAN AGREEMENT (SECOND KAWASAKI PROJECT)

AGREEMENT, dated January 29, 1958, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE JAPAN DEVELOPMENT BANK (hereinafter called the Borrower).

WHEREAS (A) By a Loan Agreement (hereinafter called the First Loan Agreement) dated December 19, 1956¹ made between the Bank and the Borrower, the Bank agreed to lend to the Borrower an amount in various currencies equivalent to twenty million dollars (\$ 20,000,000), which amount was agreed to be relend by the Borrower to Kawasaki Steel Corporation (hereinafter called Kawasaki) upon the terms of an Agreement dated February 8, 1957 and made between the Borrower and Kawasaki ; and by a Guarantee Agreement (hereinafter called the First Guarantee Agreement) also dated December 19, 1956,¹ made between the Guarantor and the Bank, the Guarantor agreed to guarantee the obligations of the Borrower in respect of such loan as therein provided ;

(B) In accordance with the provisions of the First Loan Agreement, Kawasaki entered into certain agreements with its present long-term creditors and with Daiichi Bank Limited (hereinafter called Daiichi), such agreements being defined in the First Loan Agreement as the creditors agreements, the paramount agreement and the Daiichi agreement respectively ;

(C) With the agreement of the Guarantor, the Bank and the Borrower, Kawasaki proposes now to terminate the paramount agreement and to enter into supplemental agreements with each of its present long-term creditors each substantially in the terms of a draft which has been agreed between them ; and Kawasaki proposes now to enter into a new agreement with Daiichi substantially in the terms of a draft which has been agreed upon between them.

(D) The Bank has been requested to grant a loan to the Borrower, the proceeds of which the Borrower intends to relend to Kawasaki for the purposes of the Project ;

(E) The Guarantor has agreed to guarantee the obligations of the Borrower as provided in a Guarantee Agreement of even date² made between the Guarantor and the Bank ;

(F) The Bank has, on the basis of the foregoing, agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth ;

¹ United Nations, *Treaty Series*, Vol. 264, p. 179.

² See p. 112 of this volume.

Now THEREFORE the parties hereto hereby agree as follows :

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 June 15, 1956,¹ subject, however, to the modifications thereof set forth in Schedule 3² 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. Unless the context shall otherwise require, the following terms shall have the following meanings :

- (a) The term "mortgage debentures" means mortgage debentures of Kawasaki secured upon immovable property.
- (b) The term "housing loans" means loans contracted by Kawasaki for housing purposes from public corporations or public authorities in Japan.
- (c) The term "long-term debt" means debt maturing on a date not less than one year from the date upon which it is originally incurred, except debt evidenced by mortgage debentures and by housing loans ; and the term "present long-term creditor" means any creditor to whom Kawasaki at present owes any long-term debt except (i) the Borrower in respect of any monies borrowed by it from the Bank and relented by it to Kawasaki ; and (ii) the Borrower, The Long-Term Credit Bank of Japan and the Industrial Bank of Japan in respect of monies aggregating four billion yen (¥ 4,000,000,000) lent by them to Kawasaki under agreements all dated February 8, 1957.
- (d) The term "short-term debt" means debt maturing on a date less than one year after the date upon which it is originally incurred other than trade and commercial liabilities incurred in the ordinary course of business.
- (e) The term "creditors agreements" means any and all the supplemental agreements proposed to be entered into between Kawasaki and each of the present long-term creditors as hereinbefore recited.
- (f) The term "Daiichi agreement" means the new agreement proposed to be entered into between Daiichi and Kawasaki as hereinbefore recited.
- (g) The term "second subsidiary loan agreement" means the agreement between the Borrower and Kawasaki referred to in Section 5.06 of this Loan Agreement.
- (h) The term "Yen" and the sign "¥" mean yen in the currency of Japan.

¹ See p. 122 of this volume.

² See p. 138 of this volume.

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 dollars (\$ 8,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account, in such currencies and at such times as shall be agreed upon between the Bank and the Borrower, amounts expended or to be expended on the Project after April 30, 1957.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.05. The Borrower shall pay interest at the rate of five and five-eighths per cent ($5\frac{5}{8}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on May 15 and November 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 THE LOAN

Section 3.01. The Borrower shall cause the equivalent of the proceeds of the Loan to be applied exclusively to expenditures on 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.

¹ See p. 136 of this volume.

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.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry on its operations and conduct its affairs in accordance with sound business and financial practices.

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

(c) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(d) The Borrower shall maintain or cause to be maintained records adequate to show the application of the proceeds of the Loan, to record the progress of the Project (including the total expenditures incurred thereon) and to reflect in accordance with consistently maintained sound accounting practices all transactions between the Borrower and Kawasaki and the operations and financial condition of the Borrower and of Kawasaki ; shall enable or take such steps as may be necessary to enable the Bank's representatives to inspect the Project and all facilities operated by Kawasaki and any relevant records and documents ; and shall furnish, or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project and all facilities operated by Kawasaki, all transactions between the Borrower and Kawasaki and the operations and financial condition of the Borrower and of Kawasaki.

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.

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 ; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.04. 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. All moneys withdrawn from the Loan Account shall be lent by the Borrower to Kawasaki. Such loan shall be made upon terms which shall be satisfactory to the Bank and be embodied in a loan agreement between the Borrower and Kawasaki. This second subsidiary loan agreement shall provide (inter alia) that the Borrower shall receive from Kawasaki, as security for its advances to Kawasaki thereunder, such lien or liens as may be consistent with the Borrower's established practices.

Section 5.07. Except as the Bank shall otherwise agree, the Borrower shall exercise its rights under the second subsidiary loan agreement in such manner as to protect the interests of the Borrower and the Bank ; and (except as aforesaid) the Borrower shall not amend, assign, abrogate or waive any provision of the second subsidiary loan agreement ; provided, however, that the agreement of the Bank shall not be required to the amendment, assignment, abrogation or waiver of any provision of the second subsidiary loan agreement relating to (i) damages for non-performance or (ii) any guarantor, thereunder.

Section 5.08. It is the mutual intention of the Borrower and the Bank that to the extent that Kawasaki shall prepay the Borrower its indebtedness under the second subsidiary loan agreement, the Borrower shall to a correspondingly proportionate extent prepay the Bank under this Loan Agreement. Accordingly, unless otherwise agreed between the Borrower and the Bank, if Kawasaki shall repay in advance of maturity any part of its indebtedness to the Borrower under the second 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 Kawasaki bears to the total principal amount owing by Kawasaki

under the second 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 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 paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if either of the events specified in Section 6.02 of this Agreement shall occur and shall continue for a period of thirty days ; or (iii) 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 or the Bonds to the contrary notwithstanding.

Section 6.02. For the purposes of Section 5.02 (j) of the Loan Regulations, the following additional events are specified :

- (a) If there shall have occurred any event specified or referred to in Section 6.01 of the First Loan Agreement.
- (b) If there shall have occurred any event specified in Article 27 of the second subsidiary loan agreement as an event of default.

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 second subsidiary loan agreement, the creditors agreements and the Daiichi agreement, all in form and substance satisfactory to the Bank, shall have been duly executed and delivered by the respective parties thereto, and shall have been duly authorized or ratified, and that all acts, consents, validations and approvals necessary therefor shall have been duly performed or given ;

(b) that Kawasaki shall have entered into agreements, in form and substance satisfactory to the Bank, with The Industrial Bank of Japan, Ltd., The Long-Term Credit Bank of Japan, Ltd., Nippon Life Insurance Co., Asahi Mutual Life Insurance Co. and The Chiyoda Mutual Life Insurance Co. for the borrowing by Kawasaki of not less than nine hundred million yen (¥ 900,000,000) aggregate amount of long-term debt ; and that such

agreements shall have been duly executed and delivered by the respective parties, and shall have been duly authorized or ratified, and that all acts, consents, validations and approvals necessary therefor shall have been duly performed or given.

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 Kawasaki 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 the second subsidiary loan agreement, the creditors agreements and the Daiichi agreement have been duly authorized or ratified by, and executed and delivered on behalf of, the respective parties thereto, that all acts, consents, validations and approvals necessary under the laws of Japan to render said agreements valid and effective have been duly performed or given, and that the said agreements constitute valid and binding obligations of such parties in accordance with their respective terms ;

(c) that the agreements referred to in Section 7.01 (b) have been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto respectively, that all acts, consents, validations and approvals necessary under the laws of Japan to render said agreements valid and effective have been duly performed or given and that said agreements constitute valid and binding obligations of such parties in accordance with the terms of such agreements.

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 October 31, 1959.

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

Alternative address for cablegrams and radiograms :

Devebank, Tokyo

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

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

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

The Japan Development Bank :

By Yoshimaru KANNO
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
May 15, 1960	\$ 238,000	May 15, 1966	\$ 332,000
November 15, 1960	245,000	November 15, 1966	341,000
May 15, 1961	251,000	May 15, 1967	351,000
November 15, 1961	258,000	November 15, 1967	361,000
May 15, 1962	266,000	May 15, 1968	371,000
November 15, 1962	273,000	November 15, 1968	381,000
May 15, 1963	281,000	May 15, 1969	392,000
November 15, 1963	289,000	November 15, 1969	403,000
May 15, 1964	297,000	May 15, 1970	414,000
November 15, 1964	305,000	November 15, 1970	426,000
May 15, 1965	314,000	May 15, 1971	438,000
November 15, 1965	323,000	November 15, 1971	450,000

* 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 this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 3 years before maturity	1 ¹ / ₂ %
More than 3 years but not more than 6 years before maturity	2 %
More than 6 years but not more than 11 years before maturity	3 ¹ / ₃ %
More than 11 years but not more than 13 years before maturity	4 ¹ / ₂ %
More than 13 years before maturity	5 ⁵ / ₈ %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of a program for the expansion of pig iron production facilities of Kawasaki's works at Chiba through the construction of a new blast furnace, coke ovens and related facilities, estimated to involve expenditures aggregating approximately ¥ 7,200,000,000. The program comprises the following :

Coke Ovens : the installation of one battery of 60 ovens with an annual capacity of about 250,000 tons of coke.

Blast Furnace : the installation of one blast furnace, together with two hot stoves, with a daily capacity of 1,000 tons.

Related Facilities : all ancillary works necessary for the installation and operation of the coke ovens and blast furnace are to be provided.

These works include : two unloaders for coal and iron ore, each with a capacity of 175 tons per hour ; coal storage and blending equipment ; iron ore storage facilities ; increasing the pelletizing plant capacity by 720 tons per day ; expansion of the oxygen plant by a new unit with a capacity of 3,000 cubic meters per hour ; one 15,000 kw turbo-generator with boiler ; equipment for the processing of coke oven gas and tar for the production of chemical by-products ; equipment for materials handling ; extension of service facilities to provide the necessary transport, water and electric power distribution systems ; and other minor ancillary works.

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 June 15, 1956, shall be deemed to be modified as follows :

(a) By the deletion of Section 2.02.

(b) By the deletion of the first two sentences of Section 3.01.

(c) By the deletion of Section 4.01 and the substitution therefor of the following new Section, namely :

"4.01. *Withdrawal from the Loan Account.* Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in (including services supplied from) such territories."

(d) By the deletion of Sections 4.02, 5.04 and paragraph 13 of Section 10.01.

(e) By the deletion of Section 4.03 and the substitution therefor of the following new Section, namely :

"4.03. *Applications for Withdrawal.* When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. Since the rate at which Loan proceeds are withdrawn affects the cost to the Bank of holding funds at the Borrower's disposal, applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to expenditures for the Project."

(f) By the addition, in paragraph 12 of Section 10.01, at the end thereof, of the words "with the concurrence of the Guarantor".

RELATED LETTER

LETTER, DATED 29 JANUARY 1958, ADDRESSED BY THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO THE JAPAN DEVELOPMENT BANK

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

January 29, 1958

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

Loan No. 188 JA

Gentlemen :

We refer to the Loan Agreement¹ of even date between us and hereby record our agreement that, for the purposes of Section 2.03 of said Agreement, you shall,

¹ See p. 122 of this volume.

unless and until we shall otherwise notify you, have the right to withdraw from the Loan Account any of the following currencies as we may determine :

1. U.S. dollars.
2. Any currency freely convertible into U.S. dollars.
3. Subject to the provisions of Section 4.01 of the Loan Regulations, any currency not freely convertible into U.S. dollars, but which is to be used for the purchase of goods for the Project.

Please indicate your agreement of the foregoing by signing and returning to us the enclosed duplicate of this letter.

Very truly yours,

International Bank for Reconstruction and Development :

By Eugene R. BLACK

Confirmed :

The Japan Development Bank :

By Yoshimaru KANNO