

No. 4518

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

Guarantee Agreement—*Second Kansai Project* (with related letters, annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Japan Development Bank). Signed at Washington, on 13 June 1958

Official text: English.

Registered by the International Bank for Reconstruction and Development on 17 September 1958.

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

Contrat de garantie—*Deuxième projet de la Kansai* (avec lettres connexes et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Banque japonaise de développement). Signé à Washington, le 13 juin 1958

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 17 septembre 1958.

No. 4518. GUARANTEE AGREEMENT¹ (*SECOND KANSAI PROJECT*) BETWEEN JAPAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 13 JUNE 1958

AGREEMENT, dated June 13, 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 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 thirty-seven million dollars (\$37,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided ; and

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

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated 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 22 August 1958, upon notification by the Bank to the Government of Japan.

² See p. 172 of this volume.

³ See p. 188 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.

Section 3.07. Without limitation or restriction upon any of its obligations hereunder, the Guarantor covenants as follows :

- (a) that it will with reasonable promptness cause rates for the sale of electricity to be established and thereafter maintained at such level as will allow Kansai to finance, by means of retained earnings, issuance of share capital or borrowings, the provision of facilities adequate to meet present and future power requirements in the area supplied by it ;
- (b) that it will authorize Kansai to raise in the markets of the Guarantor such amounts of the currency of the Guarantor as may, from time to time, be reasonably required by it.

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 J. Burke KNAPP
Vice President

RELATED LETTERS

LETTERS, DATED 13 JUNE 1958, FROM THE GOVERNMENT OF JAPAN
TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

EMBASSY OF JAPAN
WASHINGTON, D. C.

June 13, 1958

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

Gentlemen :

In connection with the proposed loan by International Bank for Reconstruction and Development to Japan Development Bank in an amount equivalent to \$37,000,000, we have previously submitted to you :

- (1) *Form A* : List of external publicly issued, privately held bonded debt and debt payments during six months' period ended December 31, 1957.
- (2) *Form B* : List of other external public debt and debt payments during six months' period ended December 31, 1957 and supplement for a number of loans as of April 15, 1958.

We have previously submitted to you Forms C : Description of Individual Debt or copies of contracts covering each of the items of debt as of December 31, 1957. Forms A and B set forth the amounts and principal terms and conditions of all outstanding public debt of Japan, its agencies and political subdivisions as of December 31, 1957 and April 15, 1958. There has been no substantial increase in such external public debt since that time. Furthermore, except as stated in the forms referred to above, no mortgages, pledges, charges or other liens exist in favor of any such debt, and there are no existing defaults in payment of principal of, or interest or other charges on, any such debt.

It is our mutual understanding that in making the proposed loan to Japan Development Bank you may rely upon the statements and facts set forth herein and in the documents mentioned above.

Very truly yours,

Japan :
By K. ASAKAI

EMBASSY OF JAPAN
WASHINGTON, D. C.

June 13, 1958

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

Loan No. 196 JA

Gentlemen :

With reference to the Guarantee Agreement of even date between the Government of Japan and your Bank,¹ 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
Authorized Representative

¹ See p. 160 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 KANSAI PROJECT*)

AGREEMENT, dated June 13, 1958, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and JAPAN DEVELOPMENT BANK (hereinafter called the Borrower).

WHEREAS (A) By a Loan Agreement (hereinafter called the First Loan Agreement) dated October 15, 1953,¹ made between the Bank and the Borrower, the Bank agreed to lend to the Borrower twenty-one million five hundred thousand dollars (\$21,500,000), or the equivalent thereof in currencies other than dollars, which amount was agreed to be relented by the Borrower to The Kansai Electric Power Company, Incorporated (hereinafter called Kansai) upon the terms of an agreement dated December 7, 1953 and made between the Borrower and Kansai; and by a Guarantee Agreement (hereinafter called the First Guarantee Agreement) also dated October 15, 1953,² 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) The Bank has been requested to grant a loan to the Borrower, the proceeds of which the Borrower intends to relent to Kansai for the purposes of the Project;

(C) The Guarantor has agreed to guarantee the obligations of the Borrower as provided in a Guarantee Agreement³ of even date made between the Guarantor and the Bank;

(D) 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;

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, 1956,⁴ subject, however, to the modifica-

¹ United Nations, *Treaty Series*, Vol. 187, p. 280.

² United Nations, *Treaty Series*, Vol. 187, p. 271.

³ See p. 160 of this volume.

⁴ See above.

tions thereof set forth in Schedule 3¹ 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 term "Second Subsidiary Loan Agreement" means the agreement between the Borrower and Kansai referred to in Section 5.07 of this Loan Agreement.

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 thirty-seven million dollars (\$37,000,000).

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 herein and in the Loan Regulations, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. (a) The Borrower shall be entitled to withdraw from the Loan Account (i) such amounts as shall have been expended for the reasonable cost of imported goods to be financed under this Loan Agreement; and (ii), if the Bank shall so agree, such amounts as shall be required to meet the reasonable cost of such imported goods.

(b) In addition to withdrawals permitted pursuant to Section 2.03 (a), the Borrower shall be entitled to withdraw from the Loan Account, in such currencies and at such time as shall be agreed upon between the Bank and the Borrower, amounts which shall have been expended, or which are to be expended, on the Project.

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 three-eighths ($5\frac{3}{8}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.06. 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-

¹ See p. 188 of this volume.

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 2.07. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.08. 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 to financing the cost of imported goods and other expenditures required to carry out the Project described in Schedule 2² of this Agreement. The specific imported goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Guarantor 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.

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 exercise its rights under the Second Subsidiary Loan Agreement so as to 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 and specifications for the Project and any material modifications

¹ See p. 186 of this volume.

² See p. 188 of this volume.

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 identify the imported goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, 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 Kansai and the operations and financial condition of the Borrower and of Kansai; shall enable or take such steps as may be necessary to enable the Bank's representatives to inspect the Project, the imported goods, and any relevant records and documents; and shall furnish, or cause to be furnished, to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the imported goods, all transactions between the Borrower and Kansai and the operations and financial condition of the Borrower and of Kansai.

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. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured the imported goods financed out of 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. All moneys withdrawn from the Loan Account shall be lent by the Borrower to Kansai. 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 Kansai. This Second Subsidiary Loan Agreement shall provide (*inter alia*) that the Borrower shall receive from Kansai, as security for its advances to Kansai thereunder, such lien or liens as may be consistent with the Borrower's established practice.

Section 5.08. 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 5.09. It is the mutual intention of the Borrower and the Bank that to the extent that Kansai 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 Kansai shall prepay 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 Kansai bears to the total principal amount owing by Kansai 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 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) 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 for the purposes of Section 5.02 (j) of the Loan Regulations 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 in 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 14 of the Second Subsidiary Loan Agreement as an event of default.

Article VII

EFFECTIVE DATE ; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (a) (ii) of the Loan Regulations, namely, that the Second 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.

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 Kansai 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 has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and Kansai respectively, that all acts, consents, validations and approvals necessary under the laws of Japan to render the Second Subsidiary Loan Agreement valid and effective have been duly

performed or given, and that the Second Subsidiary Loan Agreement constitutes a valid and binding obligation of the Borrower and Kansai respectively in accordance with its terms.

Section 7.03. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be March 31, 1962.

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

For the Borrower :

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 J. Burke KNAPP
Vice President

Japan Development Bank :

By Tatsuo MAJIMA
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>
November 15, 1962	\$486,000	May 15, 1973	\$848,000
May 15, 1963	499,000	November 15, 1973	871,000
November 15, 1963	512,000	May 15, 1974	894,000
May 15, 1964	526,000	November 15, 1974	918,000
November 15, 1964	540,000	May 15, 1975	943,000
May 15, 1965	555,000	November 15, 1975	969,000
November 1, 1965	570,000	May 15, 1976	995,000
May 15, 1966	585,000	November 15, 1976	1,021,000
November 15, 1966	601,000	May 15, 1977	1,049,000
May 15, 1967	617,000	November 15, 1977	1,077,000
November 15, 1967	634,000	May 15, 1978	1,106,000
May 15, 1968	651,000	November 15, 1978	1,136,000
November 15, 1968	668,000	May 15, 1979	1,166,000
May 15, 1969	686,000	November 15, 1979	1,197,000
November 15, 1969	704,000	May 15, 1980	1,230,000
May 15, 1970	723,000	November 15, 1980	1,263,000
November 15, 1970	743,000	May 15, 1981	1,297,000
May 15, 1971	763,000	November 15, 1981	1,331,000
November 15, 1971	783,000	May 15, 1982	1,367,000
May 15, 1972	804,000	November 15, 1982	1,404,000
November 15, 1972	826,000	May 15, 1983	1,442,000

* 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	1/2 %
More than 3 years but not more than 6 years before maturity	1 %
More than 6 years but not more than 11 years before maturity	1 1/2 %
More than 11 years but not more than 16 years before maturity	2 3/8 %
More than 16 years but not more than 21 years before maturity	3 3/8 %
More than 21 years but not more than 23 years before maturity	4 3/8 %
More than 23 years before maturity	5 3/8 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the construction of the Kurobegawa IV hydroelectric development, which will include :

(1) The building of a double curvature arch dam, 188 meters in height, at Gozenzawa on the Kurobe River, capable of providing useful water storage amounting to approximately 150 million cubic meters.

(2) The building of works, consisting mainly of a tunnel about 10 kilometers in length, a surge tank and penstocks, and capable of a maximum flow of 54 cubic meters per second, to convey water from the reservoir to the generating station.

(3) The building of an underground power station equipped with three 86,000 KW generating sets.

The generation of power from the facilities included in the Project is expected to begin in October, 1960 with two units operating under reduced head and with a combined output of about 150 MW. It is expected that Project facilities will achieve maximum generating capacity of 258 MW by the end of 1962.

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) The following sentence is added to Section 3.05 :

“If a withdrawal is applied for on account of expenditures in the currency of the Guarantor, the value of the currency of the Guarantor in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank.”

(c) Section 4.01 is changed to read as follows :

“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 prior to August 1, 1957, or 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 addition to Section 4.03, at the end thereof, of the words “and/or in relation to expenditures on the Project”.

(e) 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 13 JUNE 1958, FROM THE JAPAN DEVELOPMENT BANK
TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

JAPAN DEVELOPMENT BANK
TOKYO, JAPAN

June 13, 1958

International Bank for Reconstruction
and Development
Washington 25, D. C.

Gentlemen :

Reference is made to the Loan Agreement of even date¹ between us providing for a loan by the Bank to the Japan Development Bank in various currencies equivalent to \$37 million and to the Guarantee Agreement of the same date between Japan and the Bank.²

Section 2.03 (b) of the said Loan Agreement provides, *inter alia*, that part of the withdrawals of the loan shall be "in such currencies and at such times as shall be agreed upon between the Bank and the Borrower."

This letter will confirm that, pursuant to the above Section, in making withdrawals we will be prepared to accept U.S. dollars, pounds sterling, or other currencies freely convertible by Japan into dollars or pounds sterling. It is our understanding that so far as is practicable the Bank will take into account Japan's preferences in its choice of currencies of disbursements.

Very truly yours,

Japan Development Bank :
By Tatsuo MAJIMA

¹ See p. 172 of this volume.

² See p. 160 of this volume.