

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

**Guarantee Agreement — *Miboro Project* (with related letter, annexed Loan Regulations No. 4, Loan Agreement between the Bank and the Japan Development Bank and Project Agreement between the Bank and Electric Power Development Company, Limited). Signed at New York, on 17 February 1959**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 13 July 1959.*

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

**Contrat de garantie — *Projet Miboro* (avec lettre y relative et, en annexe, le Règlement n° 4 sur les emprunts, le Contrat d'emprunt entre la Banque et la Banque japonaise pour le développement et le Contrat relatif à un projet entre la Banque et l'Electric Power Development Company, Limited). Signé à New-York, le 17 février 1959**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 13 juillet 1959.*

No. 4824. GUARANTEE AGREEMENT<sup>1</sup> (*MIBORO PROJECT*)  
BETWEEN JAPAN AND THE INTERNATIONAL BANK  
FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED  
AT NEW YORK, ON 17 FEBRUARY 1959

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AGREEMENT, dated February 17, 1959, 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,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to ten million dollars (\$10,000,000), 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,<sup>3</sup> subject, however, to the modifications thereof set forth in Schedule 2<sup>4</sup> 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.

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<sup>1</sup> Came into force on 24 February 1959, upon notification by the Bank to the Government of Japan.

<sup>2</sup> See p. 216 of this volume.

<sup>3</sup> See p. 214 of this volume.

<sup>4</sup> See p. 230 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.

*Section 2.02.* The Guarantor shall cause the Company punctually to perform all the covenants and agreements on its part to be performed as set forth in the Project Agreement,<sup>1</sup> and shall take or cause to be taken all action which shall be necessary in order to enable the Company to perform such covenants and agreements.

*Section 2.03.* The Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Company will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements promptly to provide the Company or cause the Company to be provided on reasonable terms with such funds as are needed to meet such expenditures.

## 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.

<sup>1</sup> See p. 236 of this volume.

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 Project 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 City of New York, State of New York, 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

## LETTER RELATING TO THE GUARANTEE AGREEMENT

EMBASSY OF JAPAN  
WASHINGTON, D.C.

February 17, 1959

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

*Loan No. 220 JA*

Gentlemen :

With reference to the Guarantee Agreement of even date<sup>1</sup> 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 borrowings 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 Koichiro ASAKAI*

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.]*

<sup>1</sup> See p. 206 of this volume.

LOAN AGREEMENT (*MIBORO PROJECT*)

AGREEMENT, dated February 17, 1959, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE JAPAN DEVELOPMENT BANK (hereinafter called the Borrower).

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

(B) By a Project Agreement of even date<sup>1</sup> between the Company and the Bank, the Company has undertaken certain obligations regarding the carrying out of the Project and the conduct of its business operations ;

(C) The Guarantor has agreed to guarantee the obligations of the Borrower as provided in a Guarantee Agreement of even date<sup>2</sup> made between the Guarantor and the Bank ;

(D) The Guarantor, concurrently with said loan, intends to sell an issue of its bonds in the aggregate principal amount of \$30,000,000 in the markets of the United States of America ;

(E) 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,<sup>3</sup> subject, however, to the modifications thereof set forth in Schedule 2<sup>4</sup> 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 "the Company" means Electric Power Development Company, Limited.

(b) The term "Subsidiary Loan Agreement" means the agreement between the Borrower and the Company referred to in Section 5.01 (b) of this Agreement.

(c) The term "Project Agreement" means the agreement of even date herewith between the Bank and the Company.

<sup>1</sup> See p. 236 of this volume.

<sup>2</sup> See p. 206 of this volume.

<sup>3</sup> See p. 214 of this volume.

<sup>4</sup> See p. 230 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 ten million dollars (\$10,000,000).

*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, and subject to the rights of cancellation and suspension set forth, herein and 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 on or after the Effective Date 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 times as shall be agreed between the Bank and the Borrower, amounts which shall have been expended, or which are to be expended, on the Project on or after the Effective Date.

*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 herein and 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-quarters per cent ( $5\frac{3}{4}$  %) 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-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 March 15 and September 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 1<sup>1</sup> to this Agreement.

<sup>1</sup> See p. 228 of this volume.



*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 the Schedule<sup>1</sup> to the Project 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 Company, subject to modification by further agreement between them.

*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 Governor 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) All moneys withdrawn from the Loan Account shall be lent by the Borrower to the Company. 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 the Company.

(c) Except as the Bank shall otherwise agree, the Borrower shall exercise its rights under the Subsidiary Loan Agreement so as to protect the interests of the Borrower and the Bank and so as to cause the Company punctually to perform all the covenants and agreements on its part to be performed as set forth in the Project Agreement.

(d) Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement; provided, however, that the agreement of the Bank shall not be required in respect of the following:

- (i) the amendment, abrogation or waiver, or the making of any agreement or giving of any consent in respect of any provision of the Subsidiary Loan Agreement relating to damages for non-performance by the Company.
- (ii) the amendment or waiver, or the making of any agreement or giving of any consent in respect of provisions of the Subsidiary Loan Agreement relating to insurance or security; provided that such amendment, waiver or consent does not affect such

<sup>1</sup> See p. 242 of this volume.

provisions of the Subsidiary Loan Agreement in a manner which would depart from the established practices of the Borrower.

The Borrower shall advise the Bank promptly of any action or amendment taken in respect of the Subsidiary Loan Agreement pursuant to the provisions of clauses (i) and (ii) of this subsection.

*Section 5.02.* The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices all transactions between the Borrower and the Company and the operations and financial condition of the Borrower; shall enable the Bank's representatives to inspect 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 all transactions between the Borrower and the Company and the operations and financial condition of the Borrower.

*Section 5.03.* (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 5.04.* 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 5.05.* 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, the Project 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 5.06.* 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 Project Agreement or the Bonds.

*Section 5.07.* It is the mutual intention of the Borrower and the Bank that to the extent that the Company shall prepay the Borrower its indebtedness under the 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 the Company 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 the Company bears to the total principal amount owing by the Company 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) 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) a default shall have occurred in the performance of any covenant or agreement on the part of the Company under the Project Agreement; (b) a default shall have occurred in any payment required from the Company under the Subsidiary Loan Agreement.

#### *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) and Section 9.01 (b) (ii) of the Loan Regulations:

- (a) that the Guarantor shall have duly delivered and received payment for the \$15,000,000 aggregate principal amount of Fifteen Year Bonds of the issue of its bonds intended to be sold by it in the markets of the United States of America and other countries ;
- (b) that the execution and delivery of the Project Agreement on behalf of the Company shall have been duly authorized or ratified, and that all acts, consents, validations and approvals necessary therefor shall have been duly performed or given ;
- (c) that the Subsidiary Loan Agreement, in form satisfactory to the Bank, shall have been duly executed and delivered by the parties thereto, and shall 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 the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Company and constitutes a valid and binding obligation of the Company in accordance with its terms ;
- (b) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto, and constitutes a valid and binding obligation of such parties in accordance with its terms ;
- (c) that the Company 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.

*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 :

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 City of New York, State of New York, 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 Michikazu KONO  
Authorized Representative

## SCHEDULE 1

### AMORTIZATION SCHEDULE

| <i>Date<br/>Payment Due</i>  | <i>Payment<br/>of Principal<br/>(expressed<br/>in dollars) *</i> | <i>Date<br/>Payment Due</i>  | <i>Payment<br/>of Principal<br/>(expressed<br/>in dollars) *</i> |
|------------------------------|--|------------------------------|--|
| March 15, 1974 . . . . .     | \$500,000  | March 15, 1979 . . . . .     | \$500,000  |
| September 15, 1974 . . . . . | 500,000  | September 15, 1979 . . . . . | 500,000  |
| March 15, 1975 . . . . .     | 500,000  | March 15, 1980 . . . . .     | 500,000  |
| September 15, 1975 . . . . . | 500,000  | September 15, 1980 . . . . . | 500,000  |
| March 15, 1976 . . . . .     | 500,000  | March 15, 1981 . . . . .     | 500,000  |
| September 15, 1976 . . . . . | 500,000  | September 15, 1981 . . . . . | 500,000  |
| March 15, 1977 . . . . .     | 500,000  | March 15, 1982 . . . . .     | 500,000  |
| September 15, 1977 . . . . . | 500,000  | September 15, 1982 . . . . . | 500,000  |
| March 15, 1978 . . . . .     | 500,000  | March 15, 1983 . . . . .     | 500,000  |
| September 15, 1978 . . . . . | 500,000  | September 15, 1983 . . . . . | 500,000  |

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

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

(a) By the deletion of Section 2.02.

(b) By the addition to Section 3.05, at the end thereof, of the following sentence :

"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) By the deletion of Section 4.01 and the substitution therefor of the following Section :

*"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 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 Section 5.06, after the words "the Loan Agreement", of the words "the Project Agreement".

(f) By the addition in Section 6.17, after the words "the Loan Agreement", of the words "the Project Agreement".

(g) By the addition in Section 7.01, after the words "the Loan Agreement", where those words occur, of the words "the Project Agreement," and after the words "the Borrower", where those words first occur, of the words "the Company," and where those words secondly occur, of the words "nor the Company".

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

*"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 the Company or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower or the Company, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrower or the Company ; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or the Company 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 contemplated by the terms thereof ; any failure of the Borrower or the Company to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or agency of the Guarantor."

(i) By the addition in Section 7.03, after the words "the Loan Agreement", of the words ", the Project Agreement,".

(j) By the addition, at the beginning of the second sentence of Section 8.01, of the words "Subject to the provisions of Section 9.03,".

(k) By the deletion of Section 9.03 and the substitution therefor of the following Section :

*"Effective Date.* Except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and Guarantee Agreement shall come into force and effect on the date upon which the Bank shall send to the Borrower and to the Guarantor notice of its acceptance of the evidence required by Section 9.01."

(l) By the deletion in Section 10.01 of 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 Schedule to the Project Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Company with the concurrence of the Borrower and of the Guarantor."

## LETTER RELATING TO THE LOAN AGREEMENT

JAPAN DEVELOPMENT BANK  
TOKYO, JAPAN

February 17, 1959

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

*Loan No. 220 JA : Currencies—Miboro Project*

Gentlemen :

We refer to Sections 2.03 and 3.01 of the Loan Agreement of even date<sup>1</sup> between us, and confirm that the allocation for expenditures in Japan is the equivalent of \$8,900,000. Section 2.03 (b) of the Loan Agreement of even date between us provides, *inter alia*, that withdrawals from the loan account related to local expenditures shall be "in such currencies and at such times as shall be agreed between the Bank and the Borrower". This letter will confirm that, pursuant to the above Section, in making withdrawals on account of local expenditures, we will be prepared to accept United States 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 International Bank for Reconstruction and Development will take into account Japan's preferences in its choice of currencies of disbursements relating to local expenditures.

We request your agreement that the Bank finance 18 % of local expenditures incurred by Electric Power Development Co., Ltd. in connection with the Project described in the Project Agreement after the Effective Date of the Loan. It is understood that this percentage, as well as the portion of the Loan allocated for local expenditure, may be adjusted if in the future there are significant changes in the amount of estimated expenditures for the Project or in the items of goods to be imported.

Please confirm your agreement with the foregoing by signing and returning to us the enclosed copy of this letter.

Yours truly,

The Japan Development Bank :

By Michikazu Kono  
Authorized Representative

*Confirmed :*

International Bank for  
Reconstruction and Development :

By Davidson SOMMERS

<sup>1</sup> See p. 216 of this volume.



PROJECT AGREEMENT (*MIBORO PROJECT*)

AGREEMENT, dated February 17, 1959, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and ELECTRIC POWER DEVELOPMENT COMPANY, LIMITED (hereinafter called the Company).

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 and Loan Regulations therein referred to are hereinafter called the Loan Agreement, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to ten million dollars (\$10,000,000), on the terms and conditions set forth in the Loan Agreement, to be re-lent to the Company, but only on condition that the Company agrees to undertake certain obligations to the Bank as hereinafter provided ; and

WHEREAS the Company, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake obligations as hereinafter provided ;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

## DEFINITIONS

*Section 1.01.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement<sup>1</sup> and in the Loan Regulations<sup>2</sup> (as so defined) shall have the respective meanings therein set forth.

*Article II*

## PARTICULAR COVENANTS OF THE COMPANY

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

(b) The Company shall furnish to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Company shall maintain 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 disclose current total expenditures on the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Company ; shall enable the Bank's representatives to inspect the Project, the imported goods, the Company's properties and any relevant records and documents ; and shall furnish to the Bank all such information as the Bank

<sup>1</sup> See p. 216 of this volume.

<sup>2</sup> See p. 214 of this volume.

shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the imported goods, and the operations and financial condition of the Company.

*Section 2.02.* (a) The Bank and the Company 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 Company shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the other matters covered by this Agreement. The Company 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 the Company of its obligations under this Agreement.

*Section 2.03.* (a) The Company shall at all times take all steps within its power to maintain its existence and right to carry on operations and shall, except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges, franchises and major contracts which are necessary or useful in the conduct of its business.

(b) The Company shall operate and maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound business and engineering practices; and shall at all times carry on its operations in an efficient manner and maintain its financial position in accordance with sound business and public utility practices.

*Section 2.04.* The Company shall import or cause to be imported into the territories of the Guarantor all goods the importation of which is financed or to be financed out of the proceeds of the Loan, and shall (except as the Bank shall otherwise agree) use them there or cause them to be used there exclusively in the carrying out of the Project.

*Section 2.05.* Except as shall be otherwise agreed between the Bank and the Company, the Company 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 2.06.* The Company undertakes that it will promptly establish, and thereafter maintain, prices for the sale of electricity at such levels as will provide gross revenues sufficient at least to cover its operating costs (including taxes and proper provision for maintenance and depreciation) and a reasonable return upon the proper value of the total assets employed in its business.

*Article III*

## EFFECTIVE DATE ; TERMINATION

*Section 3.01.* 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 the Company thereof and upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall forthwith terminate.

*Section 3.02.* If and when the entire principal amount of the Loan and the Bonds and the premium, if any, on the prepayment of the Loan and on the redemption of all Bonds called for redemption (as the case may be) and all interest and other charges which shall have accrued on the Loan and the Bonds shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

*Article IV*

## MISCELLANEOUS PROVISIONS

*Section 4.01.* 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 4.02.* Any notice 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 the Company :

Electric Power Development Company, Limited  
1,1-chome, Marunouchi, Chiyoda-ku  
Tokyo, Japan

Alternative address for cablegrams and radiograms :

Electpower  
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

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D. C.

*Section 4.03.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the Company may be taken or executed by the President of the Company or such person or persons as he shall designate in writing.

*Section 4.04.* The Company shall furnish to the Bank sufficient evidence of the authority of the person or persons who will, on behalf of the Company, take any action or execute any documents required or permitted to be taken or executed by the Company pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

*Section 4.05.* This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

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 City of New York, State of New York, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

By Eugene R. BLACK  
President

Electric Power Development Company, Limited :

By Yoshio ISHIDA  
Authorized Representative

#### SCHEDULE

##### DESCRIPTION OF PROJECT

The Project consists of the construction and operation of a reservoir-controlled hydroelectric power plant at Shirakawa-mura, Ohno-gun in Gifu Prefecture, and comprises the following :

1. A rock-fill dam with impervious clay core which will impound and regulate the flow of the Sho River. The dam is to be about 130 meters high, with a total volume of almost 8 million cubic meters. It will be capable of impounding about 330 million cubic meters of useful water storage.
2. An underground power station at the same site as the dam, with a capacity of 215 MW in two units operating under a maximum head of 192 meters. The station will discharge into the natural bed of the Sho River through a tail race tunnel 8.8 kilometers long.
3. A step-up substation capable of handling the output of the power station, to be located on the surface, downstream of the dam.

The annual generation of energy at Miboro under median hydro conditions will be 543.7 million kwh. The Project is excepted to be completed by the end of 1961.