
LOAN NUMBER 204 JA

Guarantee Agreement

(Kobe Steel Project)

BETWEEN

JAPAN

AND

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

DATED AUGUST 18, 1958

LOAN NUMBER 204 JA

Guarantee Agreement

(Kobe Steel Project)

BETWEEN

JAPAN

AND

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

DATED AUGUST 18, 1958

Guarantee Agreement

AGREEMENT, dated August 18, 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, 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, subject, however, to the modifications thereof set forth in Schedule 3 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.

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 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 W. A. B. ILIFF
Vice President

LOAN NUMBER 204 JA
(Amendment)

Agreement
Amending Loan Agreement
Dated August 18, 1958
(Kobe Steel Project)

BETWEEN

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

AND

THE JAPAN DEVELOPMENT BANK

DATED APRIL 24, 1967

LOAN NUMBER 204 JA
(Amendment)

Agreement
Amending Loan Agreement
Dated August 18, 1958
(Kobe Steel Project)

BETWEEN

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

AND

THE JAPAN DEVELOPMENT BANK

DATED APRIL 24, 1967

Agreement

**AMENDING LOAN AGREEMENT
DATED AUGUST 18, 1958 BETWEEN
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
AND THE JAPAN DEVELOPMENT BANK**

AGREEMENT, dated April 24, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE JAPAN DEVELOPMENT BANK (hereinafter called the Borrower).

WHEREAS by a loan agreement (hereinafter called the 1958 Loan Agreement) dated August 18, 1958 between the Bank and the Borrower, the Bank made a loan (hereinafter called the 1958 Loan) to the Borrower of an amount in various currencies equivalent to ten million dollars (\$10,000,000);

WHEREAS by a guarantee agreement dated August 18, 1958 between Japan and the Bank, Japan guaranteed the obligations of the Borrower in respect of said loan on the terms and conditions set forth in said guarantee agreement;

WHEREAS the 1958 Loan Agreement provided for the relending the proceeds of the 1958 Loan to Kobe Steel Works, Ltd., on terms and conditions set forth in the 1958 Loan Agreement and the proceeds were so relented, and the agreements between the Borrower and Kobe Steel Works, Ltd. with respect thereto are in full force and effect;

WHEREAS the 1958 Loan Agreement contained certain provisions with respect to the exercise of the Borrower's rights against Kobe Steel Works, Ltd. arising out of such relending and with respect to the repayment by Kobe Steel Works, Ltd. of amounts so relented;

WHEREAS the project as described in the 1958 Loan Agreement has been completed;

WHEREAS the Bank and the Borrower have agreed that the rights of the Borrower arising out of the relending of the proceeds of the 1958 Loan to Kobe Steel Works, Ltd. should henceforth be exercised by the Borrower in its sole discretion and that the 1958 Loan Agreement should henceforth be administered by the Bank and the Borrower without reference to such relending; and

WHEREAS it is the mutual intention of the Bank and the Borrower to maintain unimpaired the pecuniary obligation of the Borrower under the 1958 Loan Agreement, irrespective of the amendments effected under this Agreement;

NOW THEREFORE, the Bank and the Borrower agree that the provisions of the 1958 Loan Agreement be amended to read as follows:

ARTICLE I

Loan Regulations

SECTION 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956, subject, however, to the modifications thereof set forth in Schedule 3 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

ARTICLE II

The Loan

SECTION 2.01. The Bank has agreed to lend to the Borrower under the 1958 Loan Agreement an amount in various currencies equivalent to ten million dollars (\$10,000,000), of which an amount in various currencies

equivalent to ten million dollars (\$10,000,000) has been disbursed and loaned to the Borrower.

The 1958 Loan of the Bank to the Borrower shall be administered pursuant to the terms and conditions in this Agreement set forth or referred to.

SECTION 2.02. The Borrower shall pay interest at the rate of five and three-eighths per cent ($5\frac{3}{8}\%$) per annum on the principal amount of the Loan outstanding from time to time.

SECTION 2.03. Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

SECTION 2.04. The Borrower shall repay the principal of the Loan outstanding from time to time in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

ARTICLE III

Bonds

SECTION 3.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

SECTION 3.02. 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 IV

Particular Covenants

SECTION 4.01. The Borrower shall carry on its operations and conduct its affairs in accordance with sound business and financial practices.

SECTION 4.02. (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 4.03. 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 4.04. 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 4.05. 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 4.06. The Borrower shall exercise its rights under the agreement, as amended, between the Borrower and Kobe Steel Works, Ltd. with respect to the relending of the proceeds of the 1958 Loan to Kobe Steel Works, Ltd. by the Borrower in such manner as to protect the interests of the Borrower. Decisions regarding such exercise of said rights shall be entirely within the power of the Borrower.

ARTICLE V

Remedies of the Bank

SECTION 5.01. (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 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.

ARTICLE VI

Miscellaneous

SECTION 6.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Borrower:

The Japan Development Bank
5-5, Otemachi 1-chome
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, D.C. 20433
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 /s/ J. BURKE KNAPP
Vice President

THE JAPAN DEVELOPMENT BANK

By /s/ KANICHI OSHIMA
Authorized Representative

SCHEDULE 1
Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars) *
August 1, 1960	\$257,000
February 1, 1961	264,000
August 1, 1961	271,000
February 1, 1962	278,000
August 1, 1962	286,000
February 1, 1963	293,000
August 1, 1963	301,000
February 1, 1964	309,000
August 1, 1964	318,000
February 1, 1965	326,000
August 1, 1965	335,000
February 1, 1966	344,000
August 1, 1966	353,000
February 1, 1967	363,000
August 1, 1967	372,000
February 1, 1968	382,000
August 1, 1968	393,000
February 1, 1969	403,000
August 1, 1969	414,000
February 1, 1970	425,000
August 1, 1970	437,000
February 1, 1971	448,000
August 1, 1971	460,000
February 1, 1972	473,000
August 1, 1972	485,000
February 1, 1973	498,000
August 1, 1973	512,000

* 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 . .	$\frac{1}{2}$ of 1%
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	$3\frac{3}{8}\%$
More than 11 years but not more than 13 years before maturity	$4\frac{3}{8}\%$
More than 13 years before maturity . . .	$5\frac{3}{8}\%$

SCHEDULE 2

Description of Project

[The text of the Description of Project is deleted.]

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:

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