
LOAN NUMBER 281 JA

Loan Agreement

(New Tokaido Line Project)

BETWEEN

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

AND

JAPANESE NATIONAL RAILWAYS

DATED MAY 2, 1961

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AGREEMENT, dated May 2, 1961, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and JAPANESE NATIONAL RAILWAYS (hereinafter called the Borrower).

ARTICLE I

Loan Regulations

SECTION 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961, 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 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 eighty million dollars (\$80,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

SECTION 2.03. The Borrower shall be entitled to withdraw from the Loan Account, in dollars and such currencies (other than the currency of the Guarantor), and at such

times, as shall be agreed upon by the Bank and the Borrower, amounts equivalent to a percentage to be agreed upon from time to time between the Bank and the Borrower of such amounts as shall have been paid by the Borrower on the Project after January 1, 1961, provided that the Bank and the Borrower may make arrangements for advances on account of such withdrawals. No withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.

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at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

SECTION 2.05. The Borrower shall pay interest at the rate of five and three-fourths 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. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

SECTION 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 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 expenditures required to carry out the Project described in Schedule 2 to this Agreement.

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 out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower 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 Borrower shall maintain records adequate to identify the goods and other costs 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 cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; shall enable the Bank's representatives to inspect its properties, the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project and the operations and financial condition of the Borrower.

SECTION 5.02. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

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. (a) The Borrower shall at all times 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 and franchises which are necessary or useful in the conduct of its business.

(b) The Borrower shall operate and maintain its equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards; and shall at all times carry on its operations and maintain its financial position in accordance with sound business and railway practices.

SECTION 5.07. The Borrower shall give priority to the Project in its construction program, and, to that end, shall, if necessary to accomplish the prompt and diligent construction of the Project, make such revisions in the construction schedules for other parts of that program as may be required.

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 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 VII

Miscellaneous

SECTION 7.01. The Closing Date shall be September 30, 1964.

SECTION 7.02. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

SECTION 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Borrower:

Japanese National Railways
1-1 Marunouchi
Chiyoda-ku
Tokyo, Japan

Alternative address for cablegrams and radiograms:

Nationalrails
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 /s/ W. A. B. ILIFF
Vice President

JAPANESE NATIONAL RAILWAYS

By /s/ SHINJI SOGO
Authorized Representative

SCHEDULE 1**Amortization Schedule**

Date Payment Due	Payment of Principal (expressed in dollars)*
November 15, 1964	\$1,419,000
May 15, 1965	1,459,000
November 15, 1965	1,501,000
May 15, 1966	1,544,000
November 15, 1966	1,589,000
May 15, 1967	1,634,000
November 15, 1967	1,681,000
May 15, 1968	1,730,000
November 15, 1968	1,780,000
May 15, 1969	1,831,000
November 15, 1969	1,883,000
May 15, 1970	1,938,000
November 15, 1970	1,993,000
May 15, 1971	2,051,000
November 15, 1971	2,109,000
May 15, 1972	2,170,000
November 15, 1972	2,233,000
May 15, 1973	2,297,000
November 15, 1973	2,363,000
May 15, 1974	2,431,000
November 15, 1974	2,501,000
May 15, 1975	2,572,000
November 15, 1975	2,646,000
May 15, 1976	2,722,000
November 15, 1976	2,801,000
May 15, 1977	2,881,000
November 15, 1977	2,964,000
May 15, 1978	3,049,000
November 15, 1978	3,137,000
May 15, 1979	3,227,000
November 15, 1979	3,320,000
May 15, 1980	3,415,000
November 15, 1980	3,514,000
May 15, 1981	3,615,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 of 1%
More than 3 years but not more than 6 years before maturity.....	1 1/2%
More than 6 years but not more than 11 years before maturity.....	2 1/2%
More than 11 years but not more than 16 years before maturity.....	3 1/2%
More than 16 years but not more than 18 years before maturity.....	4 3/4%
More than 18 years before maturity....	5 3/4%

SCHEDULE 2**Description of Project**

The Project consists of the construction of and provision of equipment necessary for initial operation of a new electric railway line between Tokyo and Osaka, known as the New Tokaido Line.

This line, about 500 kilometers of double track of standard gauge, will be an electrified system with overhead power line. Major items of construction for the Project include tunnels, bridges, terminals and intermediate stations, yards, sidings and other structures. Power transmission lines, communication equipment, signaling devices and other facilities necessary for operation will be installed.

The Project also includes the acquisition of right-of-way and of necessary rolling stock, including motive power, for the new line.

It is expected that the Project will be completed by mid-1964.

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 February 15, 1961, shall be deemed to be modified as follows:

(a) By the deletion of Sections 3.02 and 4.01.

(b) By the deletion in Section 10.01 of paragraph 11 and the substitution therefor of the following new paragraph, namely:

“11. The term ‘Project’ means the project for which the Loan is granted, as described in the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower with the concurrence of the Guarantor.”