
LOAN NUMBER 235 IT

Loan Agreement

(SENN Nuclear Power Project)

BETWEEN

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

AND

CASSA PER OPERE STRAORDINARIE DI PUBBLICO
INTERESSE NELL'ITALIA MERIDIONALE
(CASSA PER IL MEZZOGIORNO)

DATED SEPTEMBER 16, 1959

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DATED SEPTEMBER 16, 1959

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AGREEMENT, dated September 16, 1959, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank), and CASSA PER OPERE STRAORDINARIE DI PUBBLICO INTERESSE NELL'ITALIA MERIDIONALE (CASSA PER IL MEZZOGIORNO) (hereinafter called the Borrower).

ARTICLE I

Loan Regulations; Special Definitions

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.

SECTION 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule thereto:

- (1) The term "Cassa" means Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) established by Law No. 646 of the Republic of Italy, dated the 10th of August 1950, as amended and supplemented.
- (2) The term "Borrower" means the Cassa and also includes any department or agency of the Guarantor which may be charged by the Guarantor, upon dissolution of the Cassa or otherwise, with the carrying out of the obligations of the Borrower hereunder.
- (3) The term "Agency" means any political subdivision of the Guarantor or any instrumentality of the Guarantor or of a political subdivision of the Guarantor and shall include any institution or organization a majority interest in which at the time referred to is

owned directly or indirectly by the Guarantor or a political subdivision of the Guarantor, or all or substantially all of whose obligations are guaranteed by the Guarantor or a political subdivision of the Guarantor, or the operations of which are conducted primarily in the interest of or for account of the Guarantor or a political subdivision of the Guarantor, as the case may be.

- (4) The term "SENN" means the Società Elettronucleare Nazionale "SENN" per Azioni, a società per azioni with legal domicile in Naples.
- (5) The term "Finelettrica" means Società Finanziaria Elettrica Nazionale per Azioni "FINELETTRICA".
- (6) The term "SME" means Società Meridionale di Elettricità "SME".
- (7) The term "SIP" means Società Idroelettrica Piemonte "SIP".
- (8) The term "Project Agreement" means the Agreement of even date herewith between the Bank of the one part and SENN, Finelettrica, SME and SIP of the other part, as the same shall be amended from time to time by agreement between the Bank and the other parties thereto.
- (9) The term "Subsidiary Loan Agreement" means the Agreement referred to in Section 5.06 of this Loan Agreement to be entered into between the Borrower of the one part and SENN, Finelettrica, SME and SIP of the other part, as the same shall be amended from time to time with the consent of the Bank.

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 forty million dollars (\$40,000,000).

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 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 60 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 2.04. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

SECTION 2.05. 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 2.06. Interest and commitment charge shall be payable semi-annually on February 15 and August 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 exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific 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 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, any Vice President or the Director General of the Borrower, and such person or persons as any of them shall appoint in writing to act in his stead, 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 exercise every right and recourse available to it to cause the Project to be carried out with due diligence and efficiency and in accordance with sound engineering, financial and business standards and practices.

(b) The Borrower shall, immediately upon the preparation thereof, cause the plans, specifications, construction

schedules and cost estimates for the Project to be furnished to the Bank in such form and detail as the Bank shall reasonably request and shall promptly cause any material modifications therein to be furnished to the Bank.

(c) The Borrower shall maintain, or cause to be maintained, books, accounts and records adequate to identify the 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 cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operation and financial condition of the Project and the operations and financial condition of SENN. The Borrower shall at the request of the Bank enable, or take such steps as shall be necessary to enable, the Bank's accredited representatives to examine the sites, works and construction included in the Project, the operation thereof, 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 operation thereof, the goods, and the operations and financial condition of SENN.

(d) The operations and transactions of the Borrower in connection with the Project shall be accounted for by the Borrower separately from its other activities.

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. On the part of the Borrower such information shall include information with respect to its operations and financial condition.

(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. It is the mutual intention of the Borrower and the Bank that no other debt shall enjoy any priority over the Loan by way of a lien on assets of the Borrower. To that end, the Borrower specifically 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 shall *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 shall be made to that effect, provided, however, that the foregoing provisions of this Section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

SECTION 5.04. The Borrower shall pay or cause to be paid any and all taxes, duties, charges or fees that shall be imposed on or in connection with the execution, issue, delivery or registration of this Agreement, the Bonds, the Project Agreement or the Guarantee Agreement, or that shall be imposed by the Guarantor or by any Agency or by any taxing authority thereof or therein upon this Agreement, the Bonds, the Project Agreement or the Guarantee Agreement, or the registration thereof with any Agency or official, or the payment of principal, interest or other charges thereunder. Such principal, interest and other charges shall be paid without deduction for and free of any and all such taxes, duties, charges and fees. This Section shall not apply to taxation of any Bond, or payments made under the provisions of any Bond, when the beneficial holder thereof, other than the Bank, shall be an individual or corporate resident of the Guarantor.

SECTION 5.05. The Borrower shall cause SENN, Finelettrica, SME and SIP punctually to perform all the covenants and agreements on their part to be performed as set forth in the Project Agreement.

SECTION 5.06. (a) The Borrower shall enter into a loan agreement (the Subsidiary Loan Agreement), adequate to protect the interests of the Borrower and the Bank and satisfactory to the Bank, with SENN, Finelettrica, SME and SIP concerning the financing, construction and operation of the Project and the rights of the Borrower and the Bank with respect thereto.

(b) The Subsidiary Loan Agreement shall include *inter alia* provisions which will enable the Borrower and the Guarantor to carry out their respective obligations under this Agreement and the Guarantee Agreement and shall include, without limitation: (i) the right to require that the proceeds of the Loan be applied exclusively to financing the cost of goods required to carry out the Project; (ii) the right to require that the Project be constructed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business standards, including the maintenance of adequate records; (iii) the right to inspect the sites, works and construction included in the Project, the operation thereof, the goods and any relevant records and documents; (iv) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to any of the foregoing, to the operation and financial condition of the Project, to the operations and financial condition of SENN and, to the extent that such information shall relate to their ability to perform their obligations under the Project Agreement and under the Subsidiary Loan Agreement, to the financial condition of Finelettrica, SME and SIP. The Subsidiary Loan Agreement shall also include an undertaking by SENN to perform its obligations under the Project Agreement and appropriate provisions whereby further access by SENN to the proceeds of the Loan may be suspended or cancelled by

the Borrower, upon failure by SENN to carry out the terms of the Subsidiary Loan Agreement.

(c) Except as the Bank shall otherwise agree, the Borrower shall exercise its rights under the 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 Subsidiary Loan Agreement.

SECTION 5.07. Unless otherwise agreed between the Borrower and the Bank, if SENN shall repay, in advance of maturity, part, or all, of its indebtedness under the Subsidiary Loan Agreement, the Borrower shall repay, in advance of maturity, an equivalent amount of the Loan. 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 to the extent that they are not inconsistent herewith.

ARTICLE VI

Remedies of the Bank

SECTION 6.01. (i) If any event specified in paragraph (a) or (b) of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of thirty days, or (ii) if any event specified in paragraph (c) or (j) of Section 5.02 of the Loan Regulations shall occur and shall have continued 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. The following are specified as additional events for the purposes of Section 5.02 (j) of the Loan Regulations:

(a) Circumstances shall have arisen which shall make it improbable that an appropriate supply of nuclear fuel will be available for the Project.

(b) The Letter of Intent between SENN and the International General Electric Co., dated February 4, 1959, or any extension thereof, shall have terminated before a definitive contract between SENN and the General Electric Co., or a subsidiary thereof, with terms as outlined in general in said Letter of Intent, shall have become effective; or, before the completion of its portion of the Project, the General Electric Co. or such subsidiary shall have permanently discontinued work on the Project or shall have discontinued work on the Project for an unreasonable time and in either event no other arrangement satisfactory to the Bank shall have been made by SENN to complete the Project.

ARTICLE VII

Effective Date; Termination

SECTION 7.01. The following events are specified for the purposes of Section 9.01 (a)(ii) of the Loan Regulations:

(a) The Subsidiary Loan Agreement has been duly executed in form satisfactory to the Bank and has become fully effective and binding upon the parties thereto in accordance with its terms subject only to the effectiveness of this Agreement.

(b) Arrangements satisfactory to the Bank have been made for the supply of nuclear fuel for the Project.

(c) Except as the Bank shall otherwise agree, SENN has obtained all necessary consents and approvals for the construction and operation of the Project.

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, except as stated in such opinion, SENN 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 Project 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 the parties in accordance with its terms;

(c) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto, that all acts, consents, validations and approvals necessary under the laws of the Guarantor to render said Agreement valid and effective have been duly performed or given and that the said Agreement constitutes a valid and binding obligation of the parties in accordance with its terms.

SECTION 7.03. A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VIII

Miscellaneous

SECTION 8.01. The Closing Date shall be August 31, 1963.

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

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.

For the Borrower:

Cassa per il Mezzogiorno
Piazza dei Congressi N.20 (EUR)
Rome, Italy

Alternative address for cablegrams and radiograms:

CASMEZ, Rome

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By EUGENE R. BLACK
President

CASSA PER OPERE STRAORDINARIE DI
PUBBLICO INTERESSE NELL'ITALIA
MERIDIONALE (CASSA PER IL MEZZO-
GIORNO)

By GABRIELE PESCATORE
President

SCHEDULE 1
Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars) *
February 15, 1964	\$762,000
August 15, 1964	785,000
February 15, 1965	808,000
August 15, 1965	833,000
February 15, 1966	857,000
August 15, 1966	883,000
February 15, 1967	910,000
August 15, 1967	937,000
February 15, 1968	965,000
August 15, 1968	994,000
February 15, 1969	1,024,000
August 15, 1969	1,055,000
February 15, 1970	1,086,000
August 15, 1970	1,119,000
February 15, 1971	1,152,000
August 15, 1971	1,187,000
February 15, 1972	1,223,000
August 15, 1972	1,259,000
February 15, 1973	1,297,000
August 15, 1973	1,336,000
February 15, 1974	1,376,000
August 15, 1974	1,417,000
February 15, 1975	1,460,000
August 15, 1975	1,504,000
February 15, 1976	1,549,000
August 15, 1976	1,595,000
February 15, 1977	1,643,000
August 15, 1977	1,692,000
February 15, 1978	1,743,000
August 15, 1978	1,795,000
February 15, 1979	1,849,000
August 15, 1979	1,905,000

* 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 1/2%
More than 6 years but not more than 11 years 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.....	5%
More than 18 years before maturity.....	6%

SCHEDULE 2**Description of Project**

The Project consists of a complete nuclear power station (the Garigliano Nuclear Power Station), to be located at S. Venditto approximately 7 kilometers from the mouth of the Garigliano River in Southern Italy, of the type generally described as a boiling water cooled and moderated, enriched uranium fueled, nuclear power reactor, having the following performance characteristics:

Gross generator output	160,000 KWe
Net electric output	150,000 KWe
Reactor Power	507,800 KWth
Net Plant heat rate	11,553 BTU/KWH
Reactor Pressure	1,015 psia
Secondary steam generator pressure	500 psia

International General Electric Operations S.A. will be responsible for the general design of the plant and will supply and erect the nuclear portions. SENN has been informed that there is a possibility that reactor power may be substantially increased, and accordingly the Project may include certain oversized components to permit the later installation of additional turbogenerator facilities which are not, however, included in the Project.

The Project also includes the necessary turbogenerator and conventional power plant equipment, the civil works necessary for the complete station, a related primary step-up substation, approximately 100 kilometers of single circuit 220 KV transmission lines connecting the power station to the substations at Ceprano and Fratta Maggiore, the fabrication and installation of the first core of the reactor and the fabrication of certain spare fuel elements, spare parts for the complete station, and the engineering and administrative work necessary during the design and construction period.

The Project is expected to be available for the supply of electricity in August 1963.

SCHEDULE 3**Modifications of the Loan Regulations**

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) Section 2.02 is deleted.
- (b) The second sentence of Section 3.01 is amended to read as follows:

“The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in the several currencies in which goods are paid for; except that with respect to goods paid for in the currency of the Guarantor or acquired from sources within the territory of the Guarantor such withdrawals may, to the extent that the Bank shall so elect, be made in any convertible currency selected by the Bank.”
- (c) 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.”
- (d) The second sentence of Section 4.01 is amended to read as follows:

“Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the Effective Date or (b) expenditures in the territories of any country (other than Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.”
- (e) The last paragraph of Section 5.02 is amended to read as follows:

“The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended until the event or events which gave rise to such

suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section."

(f) Section 6.17 is amended by inserting the words "or the Project Agreement" after the words "the Guarantee Agreement".

(g) Sections 7.01 and 7.02 are amended to read as follows:

"Section 7.01. *Enforceability.* The rights and obligations of the Bank, the Borrower and the Guarantor under the Loan Agreement, the Project Agreement, the Guarantee Agreement and the Bonds shall be valid and enforceable in accordance with their terms notwithstanding the law of any state, or political subdivision thereof, to the contrary. Neither the Bank nor the Borrower nor the Guarantor shall be entitled in any proceeding under this Article to assert any claim that any provision of these Regulations or of the Loan Agreement, the Guarantee Agreement, the Project Agreement or the Bonds is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank or for any other reason.

"Section 7.02. *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 SENN or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower or SENN, and shall not be impaired by any of the following: any extension of time, forbearance or concession given to the Borrower or SENN; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or SENN 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 modification or amplification of any other document related to the Loan or related to any security therefor; or any failure of the Borrower or SENN to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or Agency of the Guarantor.”

- (h) Section 7.03 is amended by inserting the words “or Project Agreement” after the words “Guarantee Agreement”.
- (i) Paragraph 6 of Section 10.01 is amended to read: “The term ‘Guarantor’ means the Republic of Italy.”
- (j) Paragraph 14 of Section 10.01 is amended to read as follows:
“The term ‘external debt’ means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.”