

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

**Guarantee Agreement—*SENN Nuclear Power Project* (with annexed Loan Regulations No. 4, Loan Agreement between the Bank and Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) and Project Agreement—*SENN Nuclear Power Project*). Signed at Washington, on 16 September 1959**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 23 September 1960.*

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

**Contrat de garantie — *Projet de la SENN relatif à l'énergie nucléaire* (avec, en annexe, le Règlement n° 4 sur les emprunts, le Contrat d'emprunt entre la Banque et la Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) et Contrat relatif au Projet — *Projet de la SENN relatif à l'énergie nucléaire*). Signé à Washington, le 16 septembre 1959**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 23 septembre 1960.*

No. 5366. GUARANTEE AGREEMENT<sup>1</sup> (*SENN NUCLEAR POWER PROJECT*) BETWEEN THE REPUBLIC OF ITALY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 16 SEPTEMBER 1959

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AGREEMENT, dated September 16, 1959, between REPUBLIC OF ITALY (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 Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) (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 in an aggregate principal amount equivalent to forty million dollars (\$40,000,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee such Loan and the obligations of the Borrower in respect thereof ; and

WHEREAS in the Loan Agreement the Bank and the Borrower have agreed to accept all the provisions of Loan Regulations No. 4, dated June 15, 1956,<sup>3</sup> a copy of which has been furnished to the Guarantor, subject, however, to the modifications of said Loan Regulations set forth in Schedule 3<sup>3</sup> to the Loan Agreement, said Loan Regulations as so modified being hereinafter called the Loan Regulations ; and

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

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 the Loan Regulations, as above defined, with the same force and effect as if they were fully set forth herein.

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<sup>1</sup> Came into force on 1 March 1960, upon notification by the Bank to the Government of Italy.

<sup>2</sup> See p. 168 of this volume.

<sup>3</sup> See p. 184 of this volume.

*Section 1.02.* Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the respective terms which are 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 Guarantee 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 interest and other charges on the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

*Section 2.02.* Without limitation or restriction upon the provisions of Section 2.01 of this Guarantee Agreement, the Guarantor specifically undertakes :

- (i) to take all such action as shall be required on its part to assure that SENN shall have available to it the nuclear fuel necessary for the efficient operation of the Project ; and
- (ii) to take appropriate executive action under future and existing legislation to assure the efficient construction and operation of the Project.

### *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 or any Agency or the Banca d'Italia as security for any external 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 this Section shall not apply to :

(a) any lien created on any property at the time of purchase thereof solely as security for the payment of the purchase price of such property ;

(b) any lien on commercial goods to secure a debt maturing not more than one year after its incurrence and to be paid out of the proceeds of sale of such commercial goods ; or

(c) any lien created by the Banca d'Italia on any of its assets in the ordinary course of its banking business to secure any indebtedness maturing not more than one year after its incurrence.

*Section 3.02.* (a) The Bank and the Guarantor shall cooperate fully to assure that the purposes of the Loan shall 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 territory 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 ; and the Guarantor shall promptly inform the Bank of any conditions which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor will at the request of the Bank afford to the Bank all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the territory of the Guarantor for purposes consistent with the spirit and purposes of the Loan.

*Section 3.03.* The Guarantor covenants that the principal of and interest and other charges on the Loan and the Bonds will be paid without deduction for and free from any taxes, fees or charges imposed by the Guarantor or by any Agency or by any taxing authority thereof or therein and will be paid free from all restrictions of the Guarantor or any Agency. The foregoing provisions of this Section shall not apply to taxation of, or charges or fees upon, payments under the provisions of 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.* The Guarantor covenants that the Loan Agreement and the Bonds and the Project Agreement<sup>1</sup> and this Agreement will be free of any issue, stamp or other tax, fee or charge imposed by the Guarantor or any Agency or any taxing authority thereof or therein.

#### *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 for the Treasury of the Guarantor and such person or persons as he shall designate in writing to act in his stead, are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

<sup>1</sup> See p. 188 of this volume.

*Article V*

*Section 5.01.* The Guarantor shall take such action as shall be necessary to enable the Borrower to carry out all its obligations under the Loan Agreement and, until termination of this Agreement pursuant to Section 9.05 of the Loan Regulations, shall to the extent that the Cassa shall not at any time have been continued in existence with all the powers and resources necessary for the carrying out of such obligations, assign the carrying out of such obligations to another Agency with all the powers and resources necessary therefor.

*Article VI*

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

For the Guarantor :

Ministry of the Treasury  
Via XX Settembre  
Rome  
Italy

For the Bank :

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

*Section 6.02.* The Minister for the Treasury of the Guarantor in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

*Section 6.03.* In this Guarantee Agreement any reference to the Minister for the Treasury of the Guarantor shall include a reference to any Minister of the Guarantor for the time being acting for or on behalf of the Minister for the Treasury of the Guarantor.

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.

Republic of Italy :

By Giulio PASTORE  
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK  
President

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

## LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN  
MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 260, p. 376.*]

## LOAN AGREEMENT

## (SENN NUCLEAR POWER PROJECT)

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,<sup>1</sup> subject, however, to the modifications thereof set forth in Schedule 3<sup>2</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.* 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

<sup>1</sup> See above.

<sup>2</sup> See p. 184 of this volume.

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 Elettro-nucleare 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"<sup>1</sup> 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

<sup>1</sup> See p. 188 of this volume.

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<sup>1</sup> 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<sup>2</sup> 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.

<sup>1</sup> See p. 182 of this volume.

<sup>2</sup> See p. 184 of this volume.



(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 operation 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<sup>1</sup>, 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,

<sup>1</sup> See p. 160 of this volume.

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 Mezzogiorno) :

By Gabriele PESCATORE  
President

### SCHEDULE 1

#### AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal* (expressed in dollars)</i>
February 15, 1964 . . .	\$762,000	February 15, 1972 . . .	\$1,223,000
August 15, 1964 . . .	785,000	August 15, 1972 . . .	1,259,000
February 15, 1965 . . .	808,000	February 15, 1973 . . .	1,297,000
August 15, 1965 . . .	833,000	August 15, 1973 . . .	1,336,000
February 15, 1966 . . .	857,000	February 15, 1974 . . .	1,376,000
August 15, 1966 . . .	883,000	August 15, 1974 . . .	1,417,000
February 15, 1967 . . .	910,000	February 15, 1975 . . .	1,460,000
August 15, 1967 . . .	937,000	August 15, 1975 . . .	1,504,000
February 15, 1968 . . .	965,000	February 15, 1976 . . .	1,549,000
August 15 1968, . . .	994,000	August 15, 1976 . . .	1,595,000
February 15, 1969 . . .	1,024,000	February 15, 1977 . . .	1,643,000
August 15, 1969 . . .	1,055,000	August 15, 1977 . . .	1,692,000
February 15, 1970 . . .	1,086,000	February 15, 1978 . . .	1,743,000
August 15, 1970 . . .	1,119,000	August 15, 1978 . . .	1,795,000
February 15, 1971 . . .	1,152,000	February 15, 1979 . . .	1,849,000
August 15, 1971 . . .	1,187,000	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 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 . . . . .	KWe	160,000
Net electric output . . . . .	KWe	150,000
Reactor power . . . . .	KWth	507,800
Net plant heat rate . . . . .	BTU/KWH	11,553
Reactor pressure . . . . .	psia	1,015
Secondary steam generator pressure . . . . .	psia	500

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."

#### PROJECT AGREEMENT (SENN NUCLEAR POWER PROJECT)

AGREEMENT, dated September 16, 1959, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) of the one part and SOCIETÀ ELETTRONUCLEARE NAZIONALE "SENN" PER AZIONI (hereinafter called SENN), SOCIETÀ FINANZIARIA ELETTRICA NAZIONALE PER AZIONI "FINELETTRICA" (hereinafter called Finelettrica), SOCIETÀ MERIDIONALE DI ELETTRICITÀ "SME" (hereinafter called SME) and SOCIETÀ IDROELETTRICA PIEMONTE "SIP" (hereinafter called SIP), of the other part.

WHEREAS by agreement of even date herewith between the Bank and Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) (hereinafter called the Borrower), which agreement and the schedules and loan regulations therein referred to and incorporated, together with any changes which may be made therein in accordance with the provisions thereof, are hereinafter called the Loan Agreement<sup>1</sup>, the Bank has agreed to make a loan to the Borrower in various currencies in an amount equivalent to forty million dollars (\$40,000,000) on the terms and conditions set forth in the Loan Agreement, to be re-lent to SENN, but only on condition that SENN, Finelettrica, SME and SIP agree to undertake certain obligations to the Bank as hereinafter provided ; and

WHEREAS SENN, Finelettrica, SME and SIP have agreed to undertake the obligations hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

<sup>1</sup> Sec p. 168 of this volume.



*Article I*

## DEFINITIONS

Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement (as above defined) shall have the respective meanings therein set forth.

*Article II*

## PARTICULAR COVENANTS OF SENN

SENN hereby covenants as follows :

*Section 1.* SENN will carry out the Project with due diligence and efficiency and in accordance with sound engineering and financial standards.

*Section 2.* SENN will, immediately upon the preparation thereof, furnish to the Bank the plans, specifications, construction schedules and cost estimates for the Project in such form and detail as the Bank shall reasonably request. Any material modifications or changes in such plans and specifications will be promptly furnished to the Bank.

*Section 3.* SENN will maintain 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 construction and the results of operation of the Project, and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of SENN.

*Section 4.* SENN will furnish or cause to be furnished to the Bank all such information, at such times, in such form and in such detail as the Bank shall reasonably request, relating to expenditures on the Project, the progress of construction of the Project, the operation of the Project, the goods, and the operations and financial condition of SENN.

*Section 5.* SENN will enable accredited representatives of the Bank to inspect the sites, works and construction included in the Project, the goods, and any other properties or equipment owned or operated by SENN ; to examine any books, accounts, records, contracts, orders, invoices, studies, reports or other documents relating to expenditures for the Project or to the progress of construction, maintenance and results of operation of the Project or otherwise to the operations and financial condition of SENN.

*Section 6.* SENN will at all times operate its business and maintain, renew, repair and operate its plants, machinery, equipment and property, including the Project, all in accordance with sound engineering, financial and public utility standards and practices.

*Section 7.* In order to carry out this Agreement it is necessary that the corporate existence of SENN and its right to carry on operations be maintained, and that (except as the Bank shall otherwise agree in writing) all rights, powers, concessions, privileges and franchises necessary for the conduct of its business and for the construction and operation of the Project be acquired, maintained and renewed.

*Section 8.* In order that the Bank and SENN may cooperate to the fullest extent in assuring that the purposes of this Agreement shall be accomplished :

(a) SENN will promptly inform the Bank of any condition which prevents, or threatens to prevent, the performance by SENN of its obligations under this Agreement or the Subsidiary Loan Agreement.

(b) Each party to this Agreement shall, from time to time, as any other party shall reasonably request, afford such other party all reasonable opportunity for exchanges of views between their respective accredited representatives in regard to any and all matters relating to the Project and the matters covered by this Agreement and the Subsidiary Loan Agreement.

*Section 9.* SENN will, as soon as practicable, and, unless the Bank shall otherwise agree, in any event within 60 days after the date of this Agreement, enter, together with Finelettrica, SME and SIP, into an agreement (the Subsidiary Loan Agreement) with the Borrower providing for the terms and conditions on which the Borrower will finance the Project. Such agreement and any arrangements necessary therewith will comply with the requirements of the Loan Agreement and include an undertaking by SENN, Finelettrica, SME and SIP to the Borrower to perform their respective obligations under this Agreement.

*Section 10.* Except as the Bank and the Borrower shall otherwise agree, SENN (i) will not amend its charter and (ii) will not repay any shareholders' advances provided for the construction of the Project.

*Section 11.* SENN will insure against such risks and in such amounts as shall be appropriate in the circumstances for a plant of the character of the Project and, except as the Bank shall otherwise agree, SENN will insure or cause to be insured the goods to be used for the construction and operation of the Project against risks incident to their purchase and importation into the territory of the Guarantor and the delivery thereof to the site of the Project.

*Section 12.* SENN will do everything necessary to carry out its obligations under this Agreement.

### *Article III*

#### PROVISIONS RELATING TO FINELETTICA, SME AND SIP

*Section 1.* Finelettrica, SME and SIP unconditionally guarantee, jointly and severally, the due and punctual performance by SENN of all the covenants and agreements on the part of SENN to be performed under this Agreement and under the Subsidiary Loan Agreement. If Finelettrica, SME or SIP are required to provide funds to SENN under this Article, such funds shall be provided as capital or as shareholders' advances.

*Section 2.* Finelettrica, SME and SIP shall join in the Subsidiary Loan Agreement as sureties, granting joint and several suretyship for the due and punctual performance of all the obligations of SENN to be performed thereunder.

*Section 3.* Finelettrica, SME and SIP shall cause the Project to be constructed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business standards, acting in SENN's stead in the fulfillment of all obligations under the present Agreement and the Subsidiary Loan Agreement in the event that SENN should not fulfill such obligations.

*Section 4.* Finelettrica, SME and SIP shall give to the Bank such information as the Bank shall reasonably request relating to their financial condition to the extent that such information shall relate to their ability to perform their obligations under this Agreement and under the Subsidiary Loan Agreement.

*Section 5.* The obligations of Finelettrica, SME and SIP under this Agreement shall not be impaired by : (i) any extension of time or forbearance given by the Bank or the Borrower to SENN ; or (ii) any assertion of, or failure to assert, any right or remedy of the Bank or the Borrower against SENN, provided that no such extension of time, or forbearance, or assertion of, or failure to assert, any such right or remedy, shall be deemed to impair the rights of Finelettrica, SME and SIP against SENN.

#### *Article IV*

##### LOAN AGREEMENT

The obligations undertaken by SENN, Finelettrica, SME and SIP in this Agreement shall not in any way prejudice the powers of the Borrower pursuant to Section 5.06 of the Loan Agreement.

#### *Article V*

##### EFFECTIVE DATE ; TERMINATION

*Section 1.* This Agreement shall come into force and effect on the date when the Loan Agreement and the Guarantee Agreement<sup>1</sup> shall become effective as provided in the Loan Agreement.

*Section 2.* This Agreement shall terminate and the obligations of the parties hereunder shall cease and determine : (i) if, pursuant to Section 9.04 of the Loan Regulations, the Bank shall terminate the Loan Agreement ; (ii) if the requirements set forth in Section 9 of Article II and Section 2 of Article III hereof shall not be complied with and the Bank shall notify SENN of its election to terminate this Agreement ; (iii) by agreement between the Bank, the Borrower and SENN ; or (iv) if and when all principal, interest and other sums payable by SENN, Finelettrica, SME and SIP under the Subsidiary Loan Agreement shall have been paid.

<sup>1</sup> See p. 160 of this volume.

*Article VI*

## MISCELLANEOUS PROVISIONS

*Section 1.* No holder (other than the Bank) of any Bond shall by virtue of being 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 2.* Any notice, demand or request required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been duly given or made when it shall be delivered in writing or by telegram, cable or radiogram to the party to which such notice, demand or request 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 in writing to the party giving or making such notice, demand or request. The addresses so specified are :

(a) For the Bank :

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

(b) For SENN :

Società Elettronucleare Nazionale "SENN" per Azioni  
Via Torino, 6  
Roma  
Italia

(c) For Finelettrica :

Società Finanziaria Elettrica Nazionale "FINELETTRICA"  
Via Aniene, 14  
Roma  
Italia

(d) For SME :

Società Meridionale di Elettricità "SME"  
Via P.E. Imbriani, 42  
Napoli  
Italia

(e) For SIP :

Società Idroelettrica Piemonte "SIP"  
Via Bertola, 40  
Torino  
Italia

*Section 3.* This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

*Section 4.* SENN, Finelettrica, SME and SIP shall each furnish to the Bank sufficient evidence of the authority of the person or persons who will, on its behalf, take any action or execute any documents required or permitted to be taken or executed, pursuant to any of the provisions of this Agreement, and the authenticated specimen signature of each such person.

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

Società Elettronucleare Nazionale "SENN" per Azioni :

By Tommaso ZERBI  
Authorized Representative

Società Finanziaria Elettrica Nazionale per Azioni "FINELETTRICA" :

By Bruno BIANCHI  
Authorized Representative

Società Meridionale di Elettricità "SME" :

By Enzo ROSSI  
Authorized Representative

Società Idroelettrica Piemonte "SIP" :

By Emilio MAYER  
Authorized Representative

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