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# **LOAN AGREEMENT**

Dated as of June 28, 2000

Between

**TERMOBAHIA LTDA,**  
as Company

and

**ABB ENERGY VENTURES B.V.,**  
as Lender

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## EXHIBITS

- Exhibit 1 [Intentionally Omitted]
- Exhibit 2 Form of Drawdown Notice
- Exhibit 3 Amortization Schedule
- Exhibit 4 Form of Notice of Assignment
- Exhibit 5 Form of Deed of Adherence
- Exhibit 6 Owner's Engineer's Certificate

This LOAN AGREEMENT (this "Loan Agreement"), dated as of June 28, 2000, is entered into between TERMOBAHIA LTDA, a limited liability company with its head office at Rua Eteno 2406, Complexo Básico Camaçari, Bahia and enrolled with the Brazilian Taxpayers Roll of the Ministry of Finance (CNPJ/MF) under No. 02.707.630/0001-26 ("Company") and ABB Energy Ventures B.V., a company registered under the laws of The Netherlands with its registered office at Burg Haspelslaan 45, 5F, 1181 NB Amstelveen, The Netherlands ("ABB-EV" or "Lender") (each, a "Party" and collectively, the "Parties").

## RECITALS

WHEREAS, the Company desires to develop, finance, construct and own an approximately 190 MW gas-fired combined cycle power plant and certain ancillary equipment (the "Project") located in the municipality of São Francisco do Conde, District of Mataripe, State of Bahia, Federative Republic of Brazil;

WHEREAS, the Company entered into an Engineering, Procurement and Construction Contract dated as of July 7, 2000 with ABB Alstom Power Brasil Ltda. (the "Onshore Contractor") and ABB Alstom Power (Switzerland) Ltd. (the "Offshore Contractor", and together with the Onshore Contractor, the "Contractors") (such agreement, as amended from time to time, the "EPC Contract") for the engineering, procurement and construction of the Project on a lump-sum, fixed price, turnkey basis;

WHEREAS, on March 22, 2000, PETROBRAS and ABB-EV entered into a Capital Funding Agreement (as modified and amended from time to time) whereby they agreed upon their capital contribution obligations to the Company to finance the Project;

WHEREAS, in order for the Company to fund costs associated with the development of the Project (including amounts owing under the EPC Contract), the Lender is prepared to make loans to the Company in accordance with the terms set out herein;

NOW, THEREFORE, in consideration of the agreements set forth in this Loan Agreement, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

## SECTION 1

### DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. Unless otherwise defined herein, all capitalized terms, when used herein or in any Exhibit, shall have the following meanings:

"ABB-EV" has the meaning set forth in the introductory paragraph hereto.

"Accounting Principles" means generally accepted accounting principles in both Brazil and the United States of America, applied on a consistent basis.

"Advance" means a disbursement made or to be made by the Lender hereunder.

"Assignee" has the meaning set forth in Section 12.1.

"Available Commitment" means, at any time and save as otherwise provided herein:

(i) in relation to the Lender, US\$117,056,167.00 less the sum of (a) the aggregate amount which the Lender has advanced at such time and (b) the aggregate amount of any of its Available Commitment assigned by it to an Assignee pursuant to Section 12 at such time; and

(ii) in relation to an Assignee, the aggregate amount of the Available Commitment assigned to it by the Lender pursuant to Section 12 less the aggregate amount which such Assignee has advanced at such time.

"Available Loan Facility" means, at any time, the aggregate amount of the Available Commitments at such time.

"Budget for Work" means the budget for payments under Exhibit A and Section 4.1 of the EPC Contract.

"Business Day" means every day of the week except for (i) Saturdays and Sundays and (ii) bank holidays in either The Netherlands or Brazil.

"Company" has the meaning set forth in the introductory paragraph hereto.

"Contractors" has the meaning set forth in the recitals hereto.

"Dollars" and "US\$" means the lawful currency of the United States of America.

"Drawdown Notice" means a notice sent by the Company requesting an Advance, such notice being in the form attached hereto as Exhibit 2.

"Effective Date" means July 27, 2000.

"EIC" means A&A Electricity Investment (Jersey) Limited.

"Energy Conversion Contract" means the Energy Conversion Contract dated as of June 28, 2000 between the PETROBRAS and the Company.

"EPC Contract" has the meaning set forth in the recitals hereto.

"Event of Default" means each of the events described as such in Section 11.1.

"Final Maturity Date" means the date on which the final installment of principal with respect to the Loans is scheduled to be repaid pursuant to Exhibit 3.

"IGPM" means a general index price of the market, as issued by Fundação Getúlio Vargas, or if the aforementioned ceases to exist, then a replacement index as agreed to by the Parties.

"Initial Principal Payment Date" has the meaning set forth in Section 5.1.

"Installments" has the meaning set forth in Section 5.1.

"Lender" has the meaning set forth in the introductory paragraph hereto.

"Loan" means the aggregate principal amount of Advances for the time being outstanding hereunder.

"Loan Agreement" has the meaning set forth in the introductory paragraph hereto.

"Loan Facility" has the meaning set forth in Section 2.1.

"Owner's Engineer" means the independent engineer appointed by the Company pursuant to the Owner's Engineer Agreement.

"Owner's Engineer Agreement" means the agreement between the Company and the Owner's Engineer appointing the Owner's Engineer to carry out certain services in respect of the Project.

"Owner's Engineer's Certificate" means a certificate from the Owner's Engineer in the form attached hereto as Exhibit 6.

"Party" and "Parties" has the meaning set forth in the introductory paragraph hereto.

"Payment Date" means the 20<sup>th</sup> day of each calendar month; provided, however, that (i) if any Payment Date would fall on a day which is not a Business Day, such Payment Date shall be changed to the next succeeding Business Day and (ii) if any Payment Date would fall after the Final Maturity Date, such Payment Date shall fall instead on the Final Maturity Date.

"PETROBRAS" means PETRÓLEO BRASILEIRO S.A. – PETROBRAS, a mixed capital company with head offices at Av. República do Chile 65, in the city of Rio de Janeiro, State of Rio de Janeiro, Brazil, enrolled with the Brazilian Taxpayers Roll of the Ministry of Finance (CNPJ/MF) under No. 33.000.167/0001-01.

"Potential Event of Default" means any event which would, in the reasonable opinion of the Lender, be likely to become (with the passage of time, the giving of notice, the making of any reasonable determination hereunder or any combination thereof) an Event of Default.

"Project" has the meaning set forth in the recitals hereto.

"Project Agreements" means the Energy Conversion Contract, the EPC Contract and each other contract executed by the Company in connection with the design, engineering, procurement, construction, operation, maintenance or ownership of the Project.

"Termination Date" means the earlier of (i) 42 months after the Effective Date and (ii) the first Business Day on which the Available Commitment is zero.

Section 1.2 Interpretation. In this Loan Agreement:

(a) headings to Sections are given for convenience only and shall not affect interpretation hereof;



(b) words expressed in the singular number shall include the plural and vice versa; and the word "person" shall include corporate entities, unincorporated associations and partnerships; and

(c) the Exhibits to this Loan Agreement shall be an integral part hereof.

## SECTION 2

### THE LOAN FACILITY

Section 2.1 Grant of the Loan Facility. The Lender grants to the Company, upon the terms and subject to the conditions hereof, a loan facility in an aggregate amount of US\$117,056,167.00 ("Loan Facility").

Section 2.2 Purposes and Application. The Loan Facility is intended to partially finance payments under the EPC Contract and other Project-related costs. Accordingly, the Company shall apply all amounts borrowed by it hereunder exclusively in or towards satisfaction of such purposes.

Section 2.3 Account. The sums to be disbursed by the Lender hereunder shall be payable in Dollars for value on the day of the Advance, (i) to the accounts indicated by the Company from time to time or (ii) directly to the Contractors (or their subcontractors) for the payment of invoices for work under the EPC Contract.

## SECTION 3

### AVAILABILITY OF THE LOAN FACILITY

Section 3.1 Drawdown Conditions. Except to the extent the Lender shall have waived such conditions, the Lender shall only be obliged to make an Advance to the Company if:

(a) not later than 10 a.m. (New York time) on the third Business Day prior to the proposed date for the making of such Advance, the Lender has received from the Company a Drawdown Notice therefor, receipt of which shall oblige the Company to borrow the amount therein requested on the date therein stated upon the terms and subject to the conditions contained herein;

(b) the proposed date for the making of such Advance is a Business Day falling prior to the Termination Date;

(c) the proposed date for the making of such Advance is not less than five Business Days after the date upon which any previous Advance was made hereunder;

(d) the proposed amount of such Advance is less than or equal to the Available Loan Facility;

(e) no Event of Default or Potential Event of Default has occurred and is continuing in respect of which the Lender has not given a written waiver for the purposes

of this Section 3.1; provided, however, that for purposes of this clause (e), any Event of Default or Potential Event of Default under Section 11.1(k)(iii) shall not be considered with respect to any Lender which is a quotaholder of the Company; and

(f) in the case of an Advance of which any part is to be used to finance payments under the EPC Contract, the Lender has received from the Company an Owner's Engineer's Certificate.

Section 3.2 Number of Drawdown Notices Permitted. The Company may deliver any number of Drawdown Notices in respect of the Facility.

Section 3.3 Reduction of Available Commitment. If the Lender's Available Commitment is reduced in accordance with the terms hereof after the Lender has received the Drawdown Notice for an Advance, then the amount of that Advance shall be reduced accordingly.

## SECTION 4

### INTEREST AND FEES

Section 4.1 Calculation of Interest. Interest shall be paid monthly, in each case on the unpaid principal amount of each Advance from and including the first day of that Advance up to and including the immediately succeeding Payment Date, at the interest rate determined in accordance with Section 4.2.

Interest on any Advance is calculated on the basis of the actual number of days on which interest has accrued and a 365 day year.

Section 4.2 Interest Rate. The rate of interest applicable to each Advance shall be 20.5% per annum, calculated in accordance with the methodology set forth in the Base Case Model.

Section 4.3 Payment of Interest. The Company shall pay the interest on each Advance in arrears on each Payment Date. On the Final Maturity Date, all accrued interest (whether or not capitalized) shall be paid by the Company to the Lender.

Section 4.4 Commitment Fees. The Company shall pay to the Lender a commitment fee on the daily average amount of the Available Loan Facility for the period from and including the Effective Date to but excluding the Termination Date at a rate per annum equal to 0.25%. Accrued commitment fees shall be payable in arrears on each Payment Date or, in the case of the last installment of commitment fees payable hereunder, on the Termination Date and calculated with the methodology set forth in the Base Case Model.

Section 4.5 Upfront Fee. The Company shall pay to the Lender, out of the proceeds of the first Advance hereunder, an upfront fee equal to 1.00% of the initial Available Commitment and calculated with the methodology set forth in the Base Case Model.

## SECTION 5

### REPAYMENT

Section 5.1 Repayment. Commencing on the earlier of (i) 19 months after the Scheduled Commercial Operation Date (under, and as defined in, the Energy Conversion Contract) and (ii) the 20th day of the first full calendar month following the Deemed Commercial Operation Date and the Commercial Operation Date (as applicable) under (and as defined in) the Energy Conversion Contract (the "Initial Principal Payment Date"), and on each subsequent Payment Date, the Company hereby promises to repay the Loan to the Lender in 240 installments (the "Installments"), as more specifically set forth in Exhibit 3 (which Exhibit may be revised from time to time with the consent of the Lender and the Company); provided, however, that the amount of the final Installment shall in any event be equal to the remaining unpaid principal amount of the Loan. If following the Deemed Commercial Operation Date the Monthly Payments are suspended pursuant to (and as defined in) Section 4.1(d) of the Energy Conversion Contract, until such time as the Monthly Payments are re-commenced, the Company shall not make any Installments.

## SECTION 6

### CANCELLATION AND PREPAYMENT

Section 6.1 Cancellation. (a) The Company may, by giving the Lender not less than 15 Business Days' prior notice to that effect, cancel the whole or any part of the Available Loan Facility; provided, however, that any such cancellation shall permanently reduce the Available Commitment of the Lender.

(b) Any notice of cancellation given by the Company pursuant hereto shall be irrevocable and shall specify the date upon which such cancellation is to be made and the amount of such cancellation.

Section 6.2 Prepayment. (a) The Company may, by giving the Lender not less than 15 Business Days' prior notice to that effect, prepay on any Payment Date the whole or any part of the Advances; provided, however, that (i) any notice of prepayment given by the Company shall be irrevocable, shall specify the date upon which such prepayment is to be made and the amount of such prepayment and (ii) prepayments of Advances shall be applied in inverse order of maturity.

(b) Any prepayment made by the Company shall be made together with all accrued but unpaid interest on amounts prepaid and all other amounts then due from the Company hereunder.

(c) Prepaid amounts may not be reborrowed.

(d) In the event the Company receives the Early Termination Price under (and defined in) the Energy Conversion Contract, the Company shall promptly pay to the Lender the amount required thereunder.

Section 6.3 Restrictions on Cancellation and Prepayment. The Company shall not cancel the whole or any part of the Available Loan Facility pursuant to Section 6.1(a) or make any prepayment under Section 6.2(a) if such cancellation or prepayment would cause a default by the Company under any of its Project Agreements, including the EPC Contract, or cause the Company to have insufficient funds to complete the Project.

## SECTION 7

### PAYMENTS BY THE COMPANY

Section 7.1 General. Payments by the Company hereunder to the Lender shall be made in Dollars, for value on the due date, at such bank or banks, during business hours and in such place or places, for the account of the Lender, as the Lender shall from time to time designate.

Section 7.2 No Set-Off. All payments required to be made by the Company hereunder shall be calculated without reference to any set-off or counterclaim and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim.

Section 7.3 Currency of Account and Payment. The Dollar is the currency of account and payment for each and every sum at any time due from the Company hereunder.

## SECTION 8

### LATE PAYMENT

Without prejudice to the remedies available to the Lender under this Loan Agreement or otherwise, if the Company fails to make any payment of principal or interest or any other payment on or before the due date as specified in this Loan Agreement, the Company shall pay, in Dollars, in respect of such amount due and unpaid, a late payment charge of 12% per annum. However, if there is a shortfall in the amount received by the Lender because of a devaluation of Reais against Dollars, the late payment charge described herein shall not be applicable.

## SECTION 9

### REPRESENTATIONS AND WARRANTIES

Section 9.1 Representations and Warranties. The Company hereby makes the representations and warranties set out in paragraphs (a) to (d) of this Section 9.1 as of the date hereof, on each date on which an Advance is made and on each Payment Date.

(a) Status. The Company is a limited liability company duly organized and existing under the laws of Brazil.

(b) Due authorization. The Company has power to enter into this Loan Agreement and each Project Agreement and to exercise its rights and perform its obligations hereunder and thereunder and all corporate and other action required to authorize its execution of this Loan Agreement and (when executed and delivered) each

Project Agreement and its performance of its obligations hereunder and thereunder has been duly taken.

(c) Binding obligations. The obligations expressed to be assumed by the Company in this Loan Agreement and (when executed and delivered) each Project Agreement are legal and valid obligations binding on it in accordance with the terms hereof and thereof.

(d) No Winding-Up. The Company has not taken any corporate action nor have any steps been taken or legal proceedings been started (to the best of the Company's knowledge and belief) threatened against the Company for its winding-up, dissolution, administration or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of it or of any or all of its assets and revenues.

Section 9.2 Reliance. The Company hereby acknowledges that:

- (a) the Lender is entering into this Loan Agreement; and
- (b) any Assignee is taking an assignment pursuant to Section 12,

in reliance on the representations and warranties contained in Section 9.1 above.

Section 9.3 Governmental Authorizations. The Company hereby acknowledges that all authorizations and other actions by or with any governmental authority necessary to authorize the borrowings hereunder or required for the validity of enforceability against the Company of this Loan Agreement, including those related to any applicable exchange control provisions, have been obtained or performed and are valid and existing in full force, except:

(i) in the case of Advances made to the Company to which Comunicado Firce nº 10, dated September 12, 1969 of Brazilian Central Bank applies, (A) for the issuance by the Brazilian Central Bank of the Certificate of Authorization of the loan facility, (B) for the issuance by the Brazilian Central Bank of the prior approvals of the financial terms of each Advance to close the foreign exchange transaction for the remittance of the proceeds of each such Advance into Brazil and to make certain payments of fees related thereto, (C) for the issuance by the Brazilian Central Bank of the certificates of registration for each Advance ("Certificates of Registration"), which will enable the Company to make remittances from Brazil of the principal of, and interest on, each Advance and the fees, expenses and commissions referred to in the Loan Agreement that will not be paid on the date of the entrance of the proceeds of the relevant Advance into Brazil and (D) for any further authorization from the Brazilian Central Bank which will enable the Company to make remittances from Brazil to make payments contemplated in the Loan Agreement not specifically covered by the Certificates of Registration or to make payments specifically covered by the Certificates of Registration earlier than their respective due dates, whether upon acceleration or otherwise, which must be requested at the times such payments are to be made; and

(ii) in the case of proceeds made to ABB Alstom Power (Switzerland) Ltd. under the EPC Contract or the Company to which Brazilian import regulations apply, for

the registration of the relevant schedule of payments under the Registration of Financial Transaction ("ROF"), which should be obtained after the entrance of the goods to be imported into Brazil under the EPC Contract.

## SECTION 10

### COVENANTS

#### Section 10.1 Positive Covenants.

(a) Project. The Company shall (i) carry out the Project and conduct its business with due diligence and efficiency and in accordance with sound engineering, financial and business practices and (ii) diligently enforce its rights under each Project Agreement and any agreement to which it is a party and/or of which it is a beneficiary regarding the implementation of the Project and operation of its business.

(b) Accounting Records. The Company shall maintain books of account and other records adequate to reflect truly and fairly the financial condition of the Company and the results of its operations (including the progress of the Project) in conformity with the Accounting Principles.

(c) Auditors. The Company shall appoint and maintain at all times a firm of independent public accountants acceptable to the Lender as auditors to the Company.

(d) Direct Communications with Auditors. The Company shall authorise its auditors (whose fees and expenses shall be for the account of the Company) to communicate directly with the Lender at any time regarding the Company's accounts and operations, and furnish to the Lender a copy of such authorisation.

(e) Licences and Approvals. The Company shall obtain and maintain in force (or where appropriate, promptly renew) all licenses, approvals or consents necessary for the carrying out of the Project and the Company's business and operations generally and perform and observe all the conditions and restrictions contained in, or imposed on the Company by, any such licenses, approvals or consents.

(f) Environmental Issues. The Company shall comply with all applicable environmental laws and maintain and comply with all applicable environmental permits in relation to the Project and the Company shall promptly notify the Lender of any environmental claim, complaint, notice or order made against or issued to the Company in relation to the Project.

(g) Insurances. The Company shall maintain insurances on and in relation to the Project as are required pursuant to the Project Agreements.

(h) Representations and Warranties. The Company shall, after the making of any Drawdown Notice and before the making of any Advance requested therein, notify the Lender of the occurrence of any event which results in or may reasonably be expected to result in any of the representations and warranties contained in Section 9 being untrue at or before the time of the making of such Advance.

(i) Events of Default and Potential Events of Default. The Company shall promptly inform the Lender of the occurrence of any Event of Default or Potential Event of Default of which it is aware (having made all due inquiries) and, upon receipt of a written request to that effect from the Lender, confirm to the Lender that, save as previously notified to the Lender or as notified in such confirmation, no Event of Default or (to the best of its knowledge, having made all due inquiries) no Potential Event of Default has occurred.

(j) Ranking with Other Creditors. The Company shall ensure that at all times the claims of the Lender against it under this Loan Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, save those whose claims are preferred by any bankruptcy, insolvency, liquidation or other similar laws of general application.

(k) Implementation of the Project. The Company shall ensure that the Project is implemented in accordance with the Project Agreements, all applicable laws and regulations and governmental or other authorisations, licences or permits and otherwise in accordance with reasonable and prudent industry practice.

(l) Information. The Company shall:

(i) within 60 Business Days of the end of each of its financial quarters, deliver to the Lender an up-dated report as to each of the Project Agreements; and

(ii) upon the reasonable request of the Lender, provide the Lender with any further information or documents relating to the Project.

(m) Litigation. The Company shall promptly notify the Lender of the details of any litigation, arbitration or administrative proceeding issued, pending or (to the best of the Company's knowledge and belief) threatened against the Company.

#### Section 10.2 Negative Covenants.

(a) Encumbrances. The Company shall not create or permit to subsist any encumbrance over all or any of its present or future assets other than an encumbrance arising solely by operation of law in the ordinary course of business and which will be discharged within 30 days of its being created or arising.

(b) Loans. The Company shall not:

(i) make any loans;

(ii) grant any credit (save in the ordinary course of its business) to or for the benefit of any person; or

(iii) voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person,

other than credits or liabilities under (i) or (ii) which are made in the ordinary course of its business and whose value in aggregate does not exceed 50,000 Reais (adjusted annually by IPGM).

(c) Activities outside the Project Agreements. The Company shall not engage in any business or activity or incur any liability other than pursuant to or in connection with the Project Agreements nor hold itself out as having the power or authority to engage in any such business or activity or to incur any such liability.

(d) Agreements outside the Project Agreements. The Company shall not enter into any agreement, instrument or arrangement whatsoever otherwise than pursuant to or in connection with the Project Agreements.

(e) Management Contracts and Profit-Sharing Arrangements. The Company shall not:

(i) enter into any partnership, profit-sharing or royalty agreement or other similar arrangement whereby the Company's income or profits are, or might be, shared with any other person, except as may be required by law; or

(ii) except for the O&M Agreement (as defined in the Energy Conversion Contract), enter into any management contract or similar arrangement whereby its business or operations are managed by any other person.

(f) Changes to Articles of Association. The Company shall not change its Articles of Association in any manner which would be inconsistent with the provisions of any Project Agreement.

(g) Disposals of Assets. Except in the ordinary course of business, the Company shall not sell, transfer, lease or otherwise dispose of all or part of its assets (whether in a single transaction or in a series of transactions, related or otherwise) without the prior written consent of the Lender.

(h) Mergers. The Company shall not undertake or permit any merger, consolidation or reorganisation.

## SECTION 11

### EVENTS OF DEFAULT

Section 11.1 Events of Default. Each of the following, unless expressly waived in writing by the Lender, is an Event of Default:

(a) Non-payment. Default shall have occurred in the payment of any principal of, or interest on, the Loan and such default shall have continued for a period of five days; provided, however, that if the shortfall in the amount of interest and principal received is due to differences between "FX<sub>INV</sub>" and "FX<sub>PAY</sub>" (as defined in the Energy Conversion Contract) ("Shortfall"), there shall not be an Event of Default hereunder if the Shortfall is received by the Lender within 31 days. For the avoidance of doubt, the Shortfall shall accrue interest at the late payment rate set forth in Section 8.

(b) Other Default under this Loan Agreement. Default shall have occurred in the performance of any material obligation of the Company under this Loan Agreement (other than any obligation for the payment of principal or interest under this Loan



Agreement) and any such default shall have continued for a period of 30 days after notice thereof shall have been given to the Company by the Lender.

(c) Representations and Warranties. Any representation or warranty confirmed or made in or pursuant to Section 9.1 or in connection with any request for disbursement under this Loan Agreement shall be found to have been incorrect in any material respect.

(d) Insolvency and Rescheduling. The Company shall have requested a moratorium or suspension of payment of debts from any court, or instituted proceedings or taken action to be liquidated or adjudicated bankrupt or insolvent, or consented to the institution of bankruptcy or insolvency proceedings against it, or filed a petition or answer or consent seeking a concordat or other form of composition with its creditors or reorganisation or relief under any applicable law, or consented to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property or other assets, or made an assignment for the benefit of creditors, or admitted in writing its inability to pay its debts generally as they become due.

(e) Winding-Up. The Company takes any corporate action for its winding-up, dissolution, administration or re-organisation or for the appointment of a liquidator, receiver, administrator, administrative receiver, custodian, trustee or similar officer of it or of any substantial part of its revenues and assets or there shall have been entered against the Company a decree or order by a court for any of the above or any petition is filed by any person seeking any of the above and is not dismissed within 30 days.

(f) Execution or Distress. Any execution or distress is levied against, or an encumbrancer takes possession of, the whole or any substantial part of, the property, undertaking or assets of the Company.

(g) Analogous Events. Any event happens which under the laws of any jurisdiction has a similar or analogous effect to any of those events mentioned in paragraphs (d), (e) or (f) above.

(h) Licences and Approvals. Any license, approval or consent necessary for the carrying out of the Project and the Company's business and operations generally or for the performance by the Company of its obligations under this Loan Agreement (including any registration or approval of the Brazilian Central Bank) is not obtained when required or otherwise ceases to be in full force and effect, including in respect of the remittance to the Lender in Dollars of any amounts payable under this Loan Agreement, and such license, approval or consent is not restored within 30 days after the Lender has given notice thereof to the Company.

(i) Invalidity of this Loan Agreement. Any provision of this Loan Agreement is or becomes invalid, illegal or unenforceable, and such provision has not been replaced by alternative provisions satisfactory to the Lender within a period of 30 days after the Lender has given notice thereof to the Company.

(j) Governmental Intervention. By or under the authority of any government:

(i) the management of the Company is wholly or partially displaced or the authority of the Company in the conduct of its business is wholly or partially curtailed; or

(ii) all or a majority of the issued quotas of the Company or the whole or any substantial part of its revenues or assets are seized, nationalized, expropriated or compulsorily acquired.

(k) Suspension, Revocation or Default of Project Agreements.

(i) the EPC Contract is terminated, revoked, suspended, cancelled, or invalidated or declared to be illegal by any person for any reason;

(ii) any of the other Project Agreements is terminated, revoked, suspended, cancelled, invalidated or declared to be illegal for any reason whatsoever; or

(iii) the Company is in breach of any of its material obligations under any material Project Agreement.

(l) Cross-Default. An event of default shall have been declared by any lender to the Company under such lender's loan agreement.

Section 11.2 Acceleration and Cancellation. Subject to Section 11.3, if one or more of Events of Default shall have happened and be continuing, then the Lender may, by written notice to the Company:

(a) declare the Advances to be immediately due and payable (whereupon the same shall become so payable together with accrued interest thereon and any other sums then owed by the Company hereunder); and/or

(b) declare that any undrawn portion of the Facility shall be cancelled, whereupon the same shall be cancelled and the Available Commitment of the Lender shall be reduced to zero,

Section 11.3 Automatic Acceleration. Notwithstanding Section 11.2 above or any other provision of this Loan Agreement, if the Company shall have become voluntarily or involuntarily dissolved, or become bankrupt (however such bankruptcy may be evidenced):

(a) the Advances shall forthwith become immediately due and payable together with accrued interest thereon and any other sums then owed by the Company hereunder to the fullest extent permitted by law; and

(b) any undrawn portion of the Facility shall forthwith be cancelled and the Available Commitment of the Lender shall be reduced to zero,

without any presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Company.

## SECTION 12

### ASSIGNMENT OF AVAILABLE COMMITMENT BY LENDER

Section 12.1 Right of Lender. It is agreed that the Lender shall have the right, at any time and from time to time, to assign its rights and obligations under this Loan Agreement in respect of all or part of its Available Commitment or Loans to another person (the "Assignee"); provided, however, that any Assignee of the Lender shall have a rating on long term unsecured indebtedness of BBB+ or higher from Standard & Poor's or the equivalent from another recognized rating agency (or with respect to a Brazilian assignee, the equivalent local currency rating) or if such assignee is not rated, such assignee shall have at least the same financial capability or support as the assignor to meet its obligations to make Loans hereunder; provided, further, that the quotaholders of the Company, acting reasonably, shall first approve such assignment unless such assignment is made to a quotaholder of the Company or a wholly owned Subsidiary of ABB Ltd. For the avoidance of doubt, the conselheiros have approved the assignment (which will take effect in the future) by the Lender to EIC that is contemplated in the Quota Sale Agreement dated as of the date hereof. The Lender shall not assign its Available Commitment or any outstanding Loans if the effect of such assignment were to impose costs on the Company in excess of the costs that would have been incurred by the Company prior to such assignment; provided, however, that the Lender may assign a portion of its Available Commitment and Loans to EIC in the manner contemplated in the Quota Sale Agreement dated as of the date hereof (notwithstanding any excess costs associated therewith).

Section 12.2 Notice of Assignment. No assignment under Section 12.1 shall take effect until the Company has received a notice of assignment from the Lender in the form attached hereto as Exhibit 4, containing, *inter alia*:

- (a) the Available Commitment of the Lender and the Assignee following the assignment; and
- (b) copy of a deed of adherence in the form attached in Exhibit 5 by which the Assignee undertakes to perform all the obligations of the Lender under this Loan Agreement in respect of the amount of the Available Commitment assumed by it pursuant to such assignment.

Section 12.3 Effect of Assignment. Upon any assignment under this Section 12 becoming effective:

- (a) the Lender shall cease to have any obligations in respect of the Available Commitment assumed by the Assignee; and
- (b) the Assignee shall assume all of the rights, duties and obligations of the Lender under this Loan Agreement with respect to the Available Commitment assigned to it.

## SECTION 13

### PLURALITY OF LENDERS

Section 13.1 Obligations Several. Following an assignment under Section 12, the obligations of the Lender and the Assignee hereunder are several and the failure by one to perform its obligations hereunder shall not relieve the other of its obligations hereunder nor shall it affect the obligations of the Company towards the other and neither the Lender nor the Assignee shall be liable for the failure of the other to perform its obligations hereunder.

Section 13.2 Lender's Participation. Except with respect to EIC, following an assignment under Section 12, the Lender and the Assignee shall participate in each Advance made pursuant to Section 3.1 in the proportion borne by its Available Commitment to the Available Loan Facility immediately prior to the making of that Advance.

### Section 13.3 Distribution between Lenders.

(a) Payments by the Company hereunder shall be made directly to the Lender and the Assignee in the amount due to it out of such payment, as advised to the Company by the Lender and the Assignee in accordance with Section 14.

(b) In the event that, on any payment date, the Company pays less than the amounts due on such date, the monies paid by the Company shall be apportioned among the Lender and the Assignee *pro rata*. If the Lender or the Assignee (the "Defaulting Lender") fails to disburse its share of any Advance under this Loan Agreement in full, then on each Payment Date, monies paid by the Company shall be applied, subject to Section 8 of the Quotaholders Agreement, first to meeting all monies due on that date to the non-defaulting Lender or Assignee before the application of any monies towards paying the Defaulting Lender.

Section 13.4 Redistribution of Payments between Lenders. Following an assignment under Section 12, if at any time the proportion which the Lender or the Assignee hereunder has received or recovered in respect of its portion of any payment by the Company hereunder is in excess of the amount to which it is entitled pursuant to the provisions of Section 13.3 above, it shall forthwith transfer such excess to the Lender or the Assignee, as applicable. Upon such transfer, such Lender or Assignee, as the case may be, shall provide to the Company a certificate stating that it has received the amount to which it was entitled.

## SECTION 14

### NOTICES

Section 14.1 Addresses. Any notice or correspondence to be sent hereunder shall be sent in the English language and be either (i) delivered personally, (ii) sent by registered mail or (iii) sent by fax. The addresses for service of notice shall be the following or such other address as one Party may notify to the other in accordance with this Section 14:

To the Company: Termobahia Ltda.

Address: Rua Eteno 2406  
Complexo Básico Camaçari  
Bahia, Brazil

Attention: President

With a copy to: ABB ENERGY VENTURES, INC.  
202 Carnegie Center  
Suite 200  
Princeton, NJ 08540

Attention: Vice President of Portfolio Management

With a copy to: PETRÓLEO BRASILEIRO S.A. - PETROBRAS

Address: Av. Republica do Chile 65, 21º andar  
ABAST-REF  
CEP 20035-900  
Rio de Janeiro, RJ  
Brazil

Atenção: Sr. Luis Carlos Moreira da Silva

To the Lender: ABB Energy Ventures B.V.

Address: Burg Haspelslaan 45, 5F  
1181 NB Amstelveen  
The Netherlands

Attention: Managing Director

With a copy to: ABB ENERGY VENTURES, INC.  
202 Carnegie Center  
Suite 200  
Princeton, NJ 08540  
Attention: Vice President of Portfolio Management

Section 14.2 Timing of Notices. A notice given as herein provided shall:

(a) if delivered by hand or sent by fax, be deemed to have been received on the day of receipt or, if sent outside 8:30 a.m. to 6:30 p.m. on any Business Day, at 8:30 a.m. on the next Business Day; and

(b) if sent by registered mail, be deemed to have been received 10 Business Days after the mailing thereof.

## SECTION 15

### TAX GROSS-UP AND INDEMNITIES BY COMPANY

#### Section 15.1 Tax Gross-Up.

(a) All payments to be made by the Company to the Lender hereunder shall be made free and clear of and without deduction for or on account of tax unless the Company is required to make such a payment subject to the deduction or withholding of tax, in which case the sum payable by the Company in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Lender receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made; provided, however, that the Company shall have no obligation to make additional payments in respect of taxes if the Lender breaches its obligation under the final sentence of Section 12.1.

(b) If, at any time, the Company is required by law to make any deduction or withholding from any sum payable by it hereunder (or if thereafter there is any change in the rates at which or the manner in which such deductions or withholdings are calculated), the Company shall promptly notify the Lender.

(c) If the Company makes any payment hereunder in respect of which it is required to make any deduction or withholding, it shall pay the full amount required to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Lender, within 20 Business Days of making such payment to the applicable authority, a certified copy of the original receipt issued by such authority evidencing the payment to such authority of all amounts so required to be deducted or withheld in respect of the Lender's share of such payment. If (i) the Lender actually receives a tax credit in the jurisdiction of its incorporation as a result of withholding taxes paid hereunder and (ii) such tax credit is readily identifiable by the Lender, the Lender shall use reasonable efforts to make the benefit of such tax credit available to the Company; provided, however, that in no event shall the obligation result in the incurrence of additional costs or expenses, or result in an adverse impact upon the Lender or its assignees.

Section 15.2 Tax Indemnity. Without prejudice to the provisions of Section 15.1 above, if the Lender is required to make any payment on account of tax (not being a tax imposed on and calculated by reference to the net income paid to and received by such Lender by the jurisdiction in which it is incorporated or where all or part of its activity is carried out) or otherwise on or in relation to any sum received or receivable hereunder by the Lender (including any sum received or receivable under this Section 15) or any liability in respect of any such payment is asserted, imposed, levied or assessed against the Lender, the Company shall, within 10 Business Days of receipt of a written demand of the Lender (or at such later time as may be specified in such demand) accompanied by supporting documentation, indemnify the Lender against such payment or liability, together with any interest, penalties, costs and expenses payable or incurred in connection therewith.

Section 15.3 Change in Law. If, as a direct result of any change after the date hereof in applicable law or regulations or in the interpretation or implementation thereof (including with respect to taxes) by any governmental or regulatory authority, the Lender incurs additional costs in making or maintaining the Loan, the Company shall, within 10 Business Days of receipt of a written demand of the Lender (or at such later time as may be specified in such demand) accompanied by supporting documentation, compensate the Lender for the amount of such additional costs.

Section 15.4 Currency Indemnity. If any sum due from the Company under this Loan Agreement or any order or judgement given or made in relation hereto has to be converted from the currency (the "first currency") in which the same is payable hereunder or under such order or judgement into another currency (the "second currency") for the purpose of:

- (a) making or filing a claim or proof against the Company;
- (b) obtaining an order or judgement in any court or other tribunal; or
- (c) enforcing any order or judgement given or made in relation hereto,

the Company shall indemnify and hold harmless the Lender from and against any loss or incurred as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Lender may in the ordinary course of business purchase the first currency with the second currency, upon receipt of a sum paid to it in satisfaction, in whole or part, of any such order, judgement, claim or proof.

## SECTION 16

### COSTS AND EXPENSES

Section 16.1 Taxes. The Company shall pay all taxes to which this Loan Agreement or any judgement given in connection herewith or therewith is or at any time may be subject and shall, from time to time on demand of the Lender, indemnify the Lender against any liabilities, costs, claims and expenses resulting from any failure to pay or any delay in paying any such tax; provided, however, that the Company shall have no obligation to make additional payments in respect of taxes if the Lender breaches its obligation under the final sentence of Section 12.1.

Section 16.2 Preservation and Enforcement of Rights. The Company shall from time to time on demand of the Lender reimburse the Lender for all reasonable costs and expenses (including legal fees) together with any tax thereon incurred on or in connection with the preservation and enforcement of any of the rights of the Lender under this Loan Agreement.

Section 16.3 Other Costs. The Company shall, from time to time on demand of the Lender, compensate the Lender for all reasonable costs and expenses (including telephone, fax, copying, travel but excluding personnel costs) incurred by the Lender in connection with taking such action as it may deem appropriate or in complying with any request by the Company in connection with:

- (a) the granting or proposed granting of any waiver or consent requested hereunder;
- (b) any actual, potential or suspected breach by the Company under this Loan Agreement;
- (c) the occurrence of an event which is an Event of Default or a Potential Event of Default; or
- (d) any amendment or proposed amendment to this Loan Agreement.

Section 16.4 Mitigation. Where the Lender intends to claim indemnification from the Company under Section 15 or this Section 16 or any other provision of this Loan Agreement, the Lender shall consider what steps it might reasonably take with a view to mitigating the effect of such circumstances on the Company and shall, if practicable in the reasonable opinion of the Lender, take any such steps.

## SECTION 17

### ASSIGNMENTS AND TRANSFERS

Section 17.1 By the Company. The Company shall not be entitled to assign or transfer all or any of its rights, benefits or obligations hereunder.

Section 17.2 By the Lender. Subject to Section 12, the Lender shall be entitled to assign or transfer all or any of its rights, benefits or obligations hereunder.

## SECTION 18

### CONFIDENTIALITY

Section 18.1 Confidentiality. (a) The Company shall not disclose any information about this Loan Agreement without Lender's prior written consent. The Lender shall have the right to disclose any information about this Loan Agreement to any potential transferee of its quotas in the Company and to any financial institution, provided that a confidentiality agreement among Lender, PETROBRAS and such aforementioned institution has been signed and nothing in such confidentiality agreement will result in a breach by the Parties or Termobahia of a representation or warranty regarding the completeness or accuracy of information regarding the Project. For the avoidance of doubt, confidential information shall include, without limitation, the provisions of any Project Agreement.

(b) Each Party shall procure that its employees and agents are aware of and comply with the provisions of this Section 18.

(c) The provisions of this Section 18 shall survive the termination of this Loan Agreement by two years.



## SECTION 19

### GOVERNING LAW

The construction, validity and performance of this Loan Agreement shall in all respects be governed by the laws of the State of New York, United States of America.

## SECTION 20

### ARBITRATION

Section 20.1 Arbitration Generally. If any dispute cannot be settled within 10 Business Days by mutual discussions between the Parties (or designee thereof), or is not so settled for any reason whatsoever, then such dispute shall be finally settled by reference to arbitration by a tribunal under the rules of arbitration of UNCITRAL as are in effect on the date hereof.

Section 20.2 Selection of Arbitrators and Arbitral Award. All disputes arising under this Loan Agreement shall be finally settled under the rules of arbitration of UNCITRAL by three arbitrators. The language of the arbitration shall be English and the seat of the arbitration shall be in New York, New York. Each of the Parties shall appoint an arbitrator, and the third arbitrator shall be appointed by the first two, or if such arbitrators cannot agree on the third arbitrator, such third arbitrator shall be chosen by the UNCITRAL rules of arbitration.

Section 20.3 Enforcement of Award. By execution and delivery of this Loan Agreement, each Party hereby accepts and consents to the jurisdiction of the arbitral tribunal and, solely for purposes of the enforcement of an arbitral award under this Section 20, to the jurisdiction of any court of competent jurisdiction, for itself and in respect of its property, and waives solely for purposes of the enforcement of an arbitral award under this Section 20, in respect of both itself and its property, any defense it may have as to or based on sovereign immunity, jurisdiction, improper venue or *forum non conveniens*. Each Party hereby irrevocably consents to the service of any process or other papers by the use of any of the methods and to the addresses set out for the giving of notices in Section 14 of this Loan Agreement. Nothing herein shall affect the right of any Party to serve such process or papers in any other manner permitted by law.

Section 20.4 Performance during Arbitration. During the pendency of any arbitration, each Party shall continue to perform its obligations hereunder and no Party shall refer or attempt to refer the matter in dispute to any court or other tribunal in any jurisdiction, save as provided in this Section 20.

Section 20.5 Final and Binding. Any award made by the arbitral tribunal shall be final and binding on the Parties. To the extent applicable, the Parties expressly agree to waive the applicability of any laws and regulations which would otherwise give the right to appeal any decision of the arbitral tribunal and so that there shall be no appeal to any court of law in relation to the award of the arbitral tribunal and the Parties shall not challenge or resist the enforcement action taken by any Party in whose favor the award of the arbitral tribunal was given. The cost of any arbitration shall be borne by the Party that loses the arbitration.

## SECTION 21

### MISCELLANEOUS

Section 21.1 Entire Agreement. This Loan Agreement, including the exhibits hereto, constitutes the entire agreement between the Parties in relation to the subject matter hereof and supersedes any or all previous agreements or arrangements, whether oral or written, between the Parties.

Section 21.2 Amendments. No amendment to this Loan Agreement shall be valid unless it is in writing and signed by a duly authorized representative of each Party.

Section 21.3 Waiver. The failure with or without intent of any Party to insist upon the performance by any other Party of any term or provision of this Loan Agreement in strict conformity with the literal requirements hereof shall not be treated or deemed to constitute a modification of any term or provision hereof, nor shall such failure or election be deemed to constitute a waiver of the right of such Party at any time whatsoever thereafter to insist upon performance by the other, strictly in accordance with any term or provision hereof. All terms, conditions and obligations under this Loan Agreement shall remain in full force and effect at all times during the term of this Loan Agreement, except as otherwise changed or modified by any mutual written agreement of the Parties.

Section 21.4 Severability. Should any provision of this Loan Agreement be declared invalid or unenforceable by any court of competent jurisdiction or any other entity empowered to do so, the remainder of this Loan Agreement shall be valid and enforceable to the fullest extent permitted by applicable law.

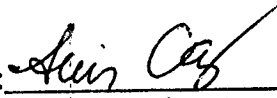
Section 21.5 Language. This Loan Agreement is written both in the English and Portuguese language, but the Portuguese version shall be the official version for purposes of any dispute or claim. The English and Portuguese versions shall be in form and substance acceptable to both Parties. This Loan Agreement shall be signed in both English and Portuguese.

IN WITNESS WHEREOF, the Parties have executed this Loan Agreement by their duly authorised representatives as of the day and year first above written.



TERMOBAHIA LTDA



By: 

Name: Luis Carlos Moreira Da Silva  
Title: Coordinator

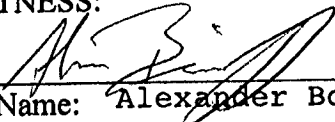


ABB ENERGY VENTURES B.V.

By: 

Name: Gad Cohen  
Title: VP - Americas (POA)

WITNESS:

By: 

Name: Alexander Borisoff  
Title:

WITNESS:

By: 

Name: Karen Crew  
Title:

**EXHIBIT 1**

**[Intentionally Omitted]**

Form of Drawdown Notice

[LETTERHEAD OF THE COMPANY]

[Date]<sup>1</sup>

[LENDER]  
[address]

[Other lender(s)]<sup>2</sup>

Ladies and Gentlemen:

**Drawdown Notice No. [3]**

1. Please refer to the Loan Agreement dated [\_\_\_\_], 2000 (the "Loan Agreement"), by and among (i) Termobahia (the "Company") and (ii) ABB Energy Ventures B.V. ("Lender") [and (iii) [\_\_\_\_] who became a party and lender thereunder pursuant to an assignment thereunder by Lender]. All terms used but not defined herein are used as defined in the Loan Agreement.
2. The Company hereby requests the Advance, on or before [\_\_\_\_], 2000, of the amount of [US\$\_\_\_\_], in accordance with the provisions of Section 3.1 of the Loan Agreement. You are requested to pay such amount in accordance with the Company's instructions [Account Name and Number: Wiring Instructions]. [<sup>4</sup> Pursuant to Section 13.2 of the Loan Agreement, each lender is requested to participate in such Advance in the amount set forth opposite its respective name in Appendix I].
3. Attached hereto as Appendix II is a signed but undated receipt for the amount hereby requested to be advanced to the Company and the Company hereby authorizes the Lender to date such receipt as of the date of the actual advance by the Lender of the funds hereby requested to be advanced.
4. This Drawdown Notice covers the period [from the date of commencement of work as specified in the Notice to Proceed under the EPC Contract (in the case of the first Advance)] [from the date of the immediately preceding Drawdown Notice No. [\_\_\_\_] dated \_\_\_\_\_]

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<sup>1</sup> To be dated no more than three Business Days prior to the proposed date for the making of such Advance.

<sup>2</sup> Insert names of any Assignees of Lender pursuant to Section 12 of Loan Agreement.

<sup>3</sup> Requests shall be numbered in series.

<sup>4</sup> Only needed if there is more than one lender due to an assignment pursuant to Section 12 of the Loan Agreement.

[ ] (in the case of subsequent Advances)] up to and including the date 30 days after the date hereof, but in no event later than the Termination Date (the "Construction Borrowing Period"). The Company does hereby certify, after due inquiry, and to induce the Lender to take action in reliance hereon, as follows:

- (i) During the Construction Borrowing Period and in connection with the implementation of the Project, the Company incurred, or estimates that it will incur, the project costs listed on Appendix III to this Drawdown Notice. Each project cost which has already been incurred as of the date hereof is:
  - (a) set forth on a ledger, a copy of which has (in the case of payments due to the Contractors) been delivered to the Owner's Engineer;
  - (b) evidenced by an invoice or other evidence, a copy of which has (in the case of payments due to the Contractors) been delivered to the Owner's Engineer;
  - (c) due or payable;
  - (d) payable pursuant to the terms of the contracts indicated in Appendix IV; and
  - (e) with respect to EPC Contract-related project costs, reflected in the Budget for Work (as in effect on the date hereof in accordance with the Loan Agreement, except as such amounts reflected in the Budget for Work have been amended as a result of change orders approved by the Company).

Each project cost which is estimated to be incurred within the Construction Borrowing Period is (x) set forth on a ledger, which ledger is separate from the ledger referenced in section (a) above, a copy of which has (in the case of payments due to the Contractors) been delivered to the Owner's Engineer and (y) with respect to EPC Contract-related project costs, reflected in the Budget for Work (as in effect on the date hereof, except as such amounts reflected in the Budget for Work have been amended as a result of change orders approved by the Company);

- (ii) Appendix IV attached to this Drawdown Notice is a true, correct and complete list of:
  - (a) all persons who are or were specified to be entitled to payment from funds requested by this Drawdown Notice;
  - (b) the contract under which they are so entitled;
  - (c) the amount so paid or to be paid to each such person; and
  - (d) the date on which each such payment was made or becomes due. The information contained in such Appendix IV conforms in all respects to the invoices (or other evidence provided to the Owner's Engineer in respect of all such payments).

All project costs so specified to be paid in respect of this Drawdown Notice may be paid pursuant to the terms of the Project Agreements:

- (iii) Appendix V attached to this Drawdown Notice is a true, correct and complete list of:

- (a) all persons who were estimated to become entitled to payment from funds requested by the previous Drawdown Notice;
- (b) the contract under which they were so entitled;
- (c) the amount (if any) so paid to each such person; and
- (d) the date on which such payment (if any) was made. The information contained in such Appendix V conforms in all respects to the invoices (or other evidence provided to the Owner's Engineer in respect of all such payments).

All project costs so specified to have been paid prior to the date hereof in respect of the previous Drawdown Notice have been paid pursuant to the terms of the Project Agreements;

- (iv) (a) The aggregate amount of project costs paid or payable pursuant to the EPC Contract and incurred during the portion of the Construction Borrowing Period ending on the date hereof (including the project costs to be paid pursuant to the EPC Contract for project costs already incurred as of the date hereof and to be paid with the proceeds of the Advance in respect of which this Drawdown Notice is delivered) and to be paid with the proceeds of the Advance in respect of which this Drawdown Notice is delivered is equal to or less than the aggregate amount of project costs paid or payable pursuant to the EPC Contract and invoiced pursuant to such contract during the portion of the Construction Borrowing Period ending on the date hereof; and
- (b) The aggregate amount of EPC Contract-related project costs (other than the project costs referred to in section (a) of this subparagraph (iv)) paid or payable by the Company and incurred during the portion of the Construction Borrowing Period ending on the date hereof (after giving effect to the project costs already incurred as of the date hereof and to be paid with the proceeds of the Advance in respect of which this Drawdown Notice is delivered) is equal to or less than the aggregate amount of projects costs (other than project costs referred to in section (a) of this paragraph (iv)) paid or payable by the Company and scheduled in the Budget for Work (as in effect on the date hereof the Project Agreements, except as such amounts reflected in the Budget for Work have been amended as a result of change orders approved by the Company in accordance with the Project Agreements) as having been incurred during the Construction Borrowing Period ending on the date hereof;
- (v) The Company has not incurred any EPC Contract-related project costs and, based upon the Company's good faith estimate after due inquiry and investigation, will not incur any EPC Contract-related project costs on or prior to Substantial Completion (as defined in the EPC Contract) of the Project in an aggregate amount in excess of the amounts specified in the Budget for Work, except as such amounts in the Budget for Work have been changed as a result of change orders approved by the Company;

- (vi) The work under the EPC Contract in respect of which payment is requested, and in connection with which this Drawdown Notice is delivered, has, to the best knowledge of the Company after due inquiry, been performed in accordance with the EPC Contract; and
  - (vii) The Company estimates, after reasonable investigation, that Substantial Completion (as defined in the EPC Contract) will occur on or about [\_\_\_\_\_].
5. No taking or material loss or damage to the Project has occurred as of the date hereof and the Company has not received notice of any proposed condemnation or similar proceeding.
6. There have been no changes to the Budget for Work other than those made in accordance with the Project Agreements and the Budget for Work (as so modified) remains accurate in all material respects.
7. The Company hereby certifies as follows:
- (a) no Event of Default or Potential Event of Default has occurred and is continuing in respect of which the Lender has not given a written waiver for the purposes of Section 3.1 of the Loan Agreement;
  - (b) the Company is a limited liability company duly organized and existing under the laws of Brazil;
  - (c) the Company has the power to enter into the Loan Agreement and each Project Agreement and to exercise its rights and perform its obligations thereunder and all corporate and other action required to authorize its execution of the Loan Agreement and each Project Agreement and its performance of its obligations thereunder has been duly taken;
  - (d) the obligations expressed to be assumed by the Company in the Loan Agreement and each Project Agreement are legal and valid obligations binding on it in accordance with the terms thereof;
  - (e) the Company has not taken any corporate action nor have any steps been taken or legal proceedings been started (to the best of the Company's knowledge and belief) threatened against the Company for its winding-up, dissolution, administration or reorganization or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of it or of any or all of its assets and revenues;
  - (f) the proceeds of the Advance which are hereby requested are needed immediately by the Company for the purposes of the Project or will be needed for such purposes within 30 days of the date hereof;
  - (g) the Company has the authority to borrow the amount requested to be advanced hereunder;



- (h) after giving effect to the Advance requested hereby the Company will not be, by virtue of making such Advance, in violation of: (i) its Articles of Association, (ii) any provision contained in any document to which the Company is a party (including the Loan Agreement) or by which the Company is bound or (iii) any law, rule, regulation or authorization directly or indirectly limiting or otherwise restricting the Company's borrowing power or authority or its ability to borrow; and
- (i) the amount of the Advance in respect of which this Drawdown Notice is delivered does not exceed the amount of the Available Loan Facility calculated as of the date stated in paragraph 2 above.

The above certifications are effective as of the date of this Drawdown Notice and will continue to be effective as of the date of the Advance hereby requested. If any of these certifications is no longer valid as of or prior to the date of Advance hereby requested, the Company will immediately notify the Lender and will repay the amount advanced upon demand by the Lender if the Advance is made prior to the receipt of such notice.

Very truly yours,

By: TERMOBAHIA LTDA

[Name and office of authorized person signing for the Company]

Appendix I

Amount of participation of each lender in the Advance requested in the Drawdown Notice, to be calculated in accordance with Section 13.2 of the Loan Agreement:

Lender                      US\$ [            ]

[Other lender]            US\$ [            ]

[Other lender]            US\$ [            ]

Note: This Appendix to the Drawdown Notice is only required if there is more than one lender due to an assignment pursuant to Section 12 of the Loan Agreement.

Form of Loan Drawdown Receipt

[LETTERHEAD OF THE COMPANY]

[Date]<sup>5</sup>

[LENDER]  
[address]

[(Other lenders)]<sup>6</sup>

Ladies and Gentlemen:

Drawdown Receipt No.<sup>7</sup>

We, Termobahia Ltda, hereby acknowledge receipt of the sum of [ ] advanced to us by you pursuant to the Loan Agreement dated [ ], 2000 between ourselves and you.

Yours faithfully,

TERMOBAHIA LTDA

By: \_\_\_\_\_  
Authorized Representative

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<sup>5</sup> To be dated by Lender as of the date of advance of relevant funds.

<sup>6</sup> Insert names of any Assignees of Lender pursuant to Section 12 of Loan Agreement.

<sup>7</sup> Each receipt must be numbered in series, the number corresponding to the number in the heading of the relevant drawdown notice.

Appendix III

Amounts which the Company has incurred or estimates that it will incur during the period from [the date of the commencement of the work as specified in the Notice to Proceed under the EPC Contract ]<sup>8</sup> [the date of the immediately preceding Drawdown Notice No. [ ] dated [ ]]<sup>9</sup> up to and including (i) the date 30 days after the date of the Drawdown Notice to which this Appendix is attached or (ii) if earlier, the Termination Date.

Amount

Contract

[EPC Contract]

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<sup>8</sup> In the case of the first Advance.

<sup>9</sup> In the case of subsequent Advances.

Use of funds under current Drawdown Notice

<b>Persons entitled to funds requested under Drawdown Notice</b>	<b>Contract under which entitled</b>	<b>Amount paid or to be paid</b>	<b>Date of Payment</b>

Appendix V

Use of funds under immediately Preceding Drawdown Notice No. [ ]<sup>10</sup>

<b>Persons entitled to funds requested under Drawdown Notice</b>	<b>Contract under which entitled</b>	<b>Amount paid or to be paid</b>	<b>Date of Payment</b>

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<sup>10</sup> Only needed if there has been a previous Drawdown Notice.

**EXHIBIT 3**

Month t	EV Loan
1	0.07077%
2	0.07163%
3	0.07250%
4	0.07338%
5	0.07428%
6	0.07518%
7	0.07609%
8	0.07702%
9	0.07795%
10	0.07890%
11	0.07986%
12	0.08083%
13	0.08182%
14	0.08281%
15	0.08382%
16	0.08484%
17	0.08587%
18	0.08691%
19	0.08797%
20	0.08904%
21	0.09012%
22	0.09122%
23	0.09232%
24	0.09345%
25	0.09458%
26	0.09573%
27	0.09690%
28	0.09807%
29	0.09927%
30	0.10047%
31	0.10170%
32	0.10293%
33	0.10418%
34	0.10545%
35	0.10673%
36	0.10803%
37	0.10934%
38	0.11067%
39	0.11202%
40	0.11338%
41	0.11476%
42	0.11615%
43	0.11757%
44	0.11899%
45	0.12044%

46	0.12191%
47	0.12339%
48	0.12489%
49	0.12641%
50	0.12794%
51	0.12950%
52	0.13107%
53	0.13267%
54	0.13428%
55	0.13591%
56	0.13756%
57	0.13924%
58	0.14093%
59	0.14264%
60	0.14438%
61	0.14613%
62	0.14791%
63	0.14971%
64	0.15153%
65	0.15337%
66	0.15523%
67	0.15712%
68	0.15903%
69	0.16097%
70	0.16292%
71	0.16490%
72	0.16691%
73	0.16894%
74	0.17099%
75	0.17307%
76	0.17517%
77	0.17730%
78	0.17946%
79	0.18164%
80	0.18385%
81	0.18609%
82	0.18835%
83	0.19064%
84	0.19296%
85	0.19530%
86	0.19768%
87	0.20008%
88	0.20251%
89	0.20497%
90	0.20747%
91	0.20999%
92	0.21254%



93	0.21512%
94	0.21774%
95	0.22039%
96	0.22307%
97	0.22578%
98	0.22852%
99	0.23130%
100	0.23411%
101	0.23696%
102	0.23984%
103	0.24276%
104	0.24571%
105	0.24870%
106	0.25172%
107	0.25478%
108	0.25788%
109	0.26101%
110	0.26419%
111	0.26740%
112	0.27065%
113	0.27394%
114	0.27727%
115	0.28064%
116	0.28405%
117	0.28751%
118	0.29100%
119	0.29454%
120	0.29812%
121	0.30175%
122	0.30541%
123	0.30913%
124	0.31289%
125	0.31669%
126	0.32054%
127	0.32444%
128	0.32838%
129	0.33237%
130	0.33641%
131	0.34050%
132	0.34464%
133	0.34883%
134	0.35308%
135	0.35737%
136	0.36171%
137	0.36611%
138	0.37056%
139	0.37507%

140	0.37963%
141	0.38424%
142	0.38891%
143	0.39364%
144	0.39843%
145	0.40327%
146	0.40817%
147	0.41314%
148	0.41816%
149	0.42324%
150	0.42839%
151	0.43360%
152	0.43887%
153	0.44420%
154	0.44961%
155	0.45507%
156	0.46060%
157	0.46620%
158	0.47187%
159	0.47761%
160	0.48342%
161	0.48929%
162	0.49524%
163	0.50126%
164	0.50736%
165	0.51353%
166	0.51977%
167	0.52609%
168	0.53248%
169	0.53896%
170	0.54551%
171	0.55214%
172	0.55886%
173	0.56565%
174	0.57253%
175	0.57949%
176	0.58653%
177	0.59366%
178	0.60088%
179	0.60819%
180	0.61558%
181	0.62306%
182	0.63064%
183	0.63831%
184	0.64607%
185	0.65392%
186	0.66187%

187	0.66992%
188	0.67806%
189	0.68631%
190	0.69465%
191	0.70310%
192	0.71165%
193	0.72030%
194	0.72905%
195	0.73792%
196	0.74689%
197	0.75597%
198	0.76516%
199	0.77446%
200	0.78388%
201	0.79341%
202	0.80306%
203	0.81282%
204	0.82270%
205	0.83270%
206	0.84283%
207	0.85307%
208	0.86345%
209	0.87394%
210	0.88457%
211	0.89532%
212	0.90621%
213	0.91722%
214	0.92838%
215	0.93966%
216	0.95109%
217	0.96265%
218	0.97435%
219	0.98620%
220	0.99819%
221	1.01033%
222	1.02261%
223	1.03504%
224	1.04763%
225	1.06036%
226	1.07325%
227	1.08630%
228	1.09951%
229	1.11288%
230	1.12641%
231	1.14010%
232	1.15396%
233	1.16799%

234	1.18219%
235	1.19657%
236	1.21111%
237	1.22584%
238	1.24074%
239	1.25583%
240	1.27109%

100.0000%

Form of Notice of Assignment

[LETTERHEAD OF ABB ENERGY VENTURES B.V.]

TERMOBAHIA LTDA  
[insert contact information]

[date]

Ladies and Gentlemen:

Notice of Assignment NO. [ ]\*

1. Please refer to the Loan Agreement dated [ ], 2000 (the "Loan Agreement"), by and among Termobahia Ltda (the "Company") and ABB Energy Ventures B.V. ("Lender") [\*\* and to previous notice of assignment sent by us on [date] under Section 12 of the Loan Agreement, pursuant to which [each of] [name of previous Assignee(s)] became Lender and party to the Loan Agreement]. All terms used but not defined herein are used as defined in the Loan Agreement.
2. We hereby notify you, pursuant to Section 12 of the Loan Agreement, that we have assigned to [ ], a company organized and existing under the laws of [ ] (hereafter, the "Assignee") our rights and obligations in respect of US\$[ ] of the Available Commitment under the Loan. Such assignment shall become effective, pursuant to Section 12.2, on receipt by the Company of this notice [\*\*, and by each Lender of a copy hereof,] in accordance with Section 14.
3. On such assignment becoming effective, the Assignee shall become a "Lender" and a "Party" under the Loan Agreement.
4. On such assignment becoming effective, the Available Commitment of each Lender shall be as follows:

[Lender]:	US\$[ ]
Assignee:	US\$[ ]
[** Name of any other Lender:]	US\$[ ]
[** Name of any other Lender:]	US\$[ ]

and [Lender] shall cease to have any obligations in respect of the Available Commitment assumed by the Assignee.

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\* Notices are to be numbered in series.

\*\* This wording is not necessary for the first notice of assignment.

\*\* This wording is not necessary for this first notice of assignment.

5. We attach as Appendix A to this notice an original copy of the deed of adherence executed by the Assignee as required by Section 12.2(b).
6. For the purposes of Section 14.1, we hereby notify you that the address for service of notice to the Assignee under the Loan Agreement shall be the following or such other address as the Assignee may notify the other Parties in accordance with such Section 14.

[Assignee's name]

[Address]

[Fax number]

Attention: ☐

Very truly yours,

[Lender]

By: [Name and office of authorized person signing for  
Lender]

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Encl.: Appendix A Deed of Adherence

Form of Deed of Adherence

[LETTERHEAD OF ASSIGNEE]

[date]

TERMOBAHIA LTDA

ABB Energy Ventures B.V.

[OTHER LENDER(S)]\*\*

Ladies and Gentlemen:

Deed of Adherence

1. Please refer to the Loan Agreement dated [\_\_\_\_], 2000 (the "Loan Agreement"), by and among (i) Termobahia (the "Company") and (ii) ABB Energy Ventures B.V. ("Lender") [ ] and (iii) [ ] who became party and Lender thereunder pursuant to an assignment thereunder by [Lender]. All terms used but not defined herein are used as defined in the Loan Agreement.

Please also refer to the notice of assignment, to which this deed of adherence is attached, sent to the Company by [Lender] [ ] with copy to the other Lender(s)], pursuant to Section 12 of the Loan Agreement, informing you that [Lender] has made an assignment to us (the "Assignment") of its rights and obligations in respect of US\$[ ] of the Available Commitment under the Loan.

2. We note that, pursuant to Section 12 of the Loan Agreement, upon the Assignment becoming effective, we shall enjoy all of the rights of [Lender] as Lender under the Loan Agreement in respect of the part of the Available Commitment assumed by us under the Assignment as if we had been party to and Lender under the Loan Agreement *ab initio*.
3. Pursuant to Section 12 of the Loan Agreement, we hereby undertake towards the current parties to the Loan and to their authorized successors and assigns, that on the Assignment becoming effective:
  - We shall henceforth assume and be subject to all of the obligations held by Lender under the Loan Agreement in respect of such US\$[ ] of the Available Commitment;

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\*\* This wording is not necessary if there has been no previous assignment.

- We shall henceforth be party to and Lender under the Loan Agreement as if we had been party thereto and Lender thereunder *ab initio*;
  - We shall perform our obligations under the Loan Agreement in accordance with its terms.
4. We note that the Assignment to us shall become effective, pursuant to Section 12.2, on receipt by the Company of Lender's notice of assignment, including this deed of adherence, [\*\*], and by each Lender of a copy hereof,] in accordance with Section 14.
  5. We request that you each acknowledge receipt of this deed of adherence by signing and returning to us one of the attached copies.

IN WITNESS WHEREOF, [Assignee] has executed this Deed of Adherence to the Loan Agreement by its duly authorized representative the day and year first above written.

[ASSIGNEE]

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

We, [ ], party to the Loan Agreement described above, hereby acknowledge receipt of the Deed of Adherence of [Assignee] dated [ ] to which this acknowledgement is attached.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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\*\* This wording is not necessary if there has been no previous assignment.



Form of Owner's Engineer's Certificate

[date]

TO:

ABB Energy Ventures B.V.  
[address]

[OTHER LENDER(S)]<sup>11</sup>

Ladies and Gentlemen:

[Name of Owner's Engineer] ("Engineer") submits this certificate of Engineer ("Certificate") pursuant to the Loan Agreement (the "Loan Agreement") dated [\_\_\_\_], 2000, by and among (i) Termobahia Ltda (the "Company") and (ii) ABB Energy Ventures B.V. ("Lender") [<sup>12</sup>and (iii) [\_\_\_\_] who became party and Lender thereunder pursuant to an assignment thereunder by [Lender]].

Unless otherwise defined herein, all capitalized terms used in this Certificate have the meanings specified for such terms in the Loan Agreement and the Drawdown Notice to which this Certificate is attached.

Engineer has discussed all matters believed pertinent to this Certificate with the Contractors and appropriate third parties, and has made such inspections, examinations and investigations as Engineer believed were reasonably necessary to establish the accuracy of this Certificate. On the basis of the foregoing and on the understanding and belief that Engineer has been provided true, correct and complete information from such other parties as to the matters covered by this Certificate, Engineer hereby certifies, to the best of its knowledge, information and belief, as of the date hereof that:

1. The individual executing this Certificate is a duly authorized representative of Engineer, authorized to execute and deliver this Certificate on behalf of Engineer.
2. Except as set forth below, Engineer has received all information it has requested from the Company, the Contractors including the Contractors' monthly progress reports, copies of which are attached hereto, and any other relevant third parties and has no reason to believe that any of the information so received is untrue, incorrect or incomplete.
3. With respect to the Drawdown Notice to which this Certificate is attached (i) all of the work under the EPC Contract or otherwise (the "Work") to which such Drawdown Notice

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<sup>11</sup> Insert names of any Assignees pursuant to Section 12 of Loan Agreement.

<sup>12</sup> As note 13 above.

relates has been performed as indicated in such Drawdown Notice, (ii) the quality of the Work completed to date is in accordance with the EPC Contract and (iii) the parties identified as payees in the Drawdown Notice are entitled to payment of the amounts therein certified.

4. The Work is being performed in accordance with applicable laws, regulations, permits and licenses in effect at the time of performance of the relevant Work.
5. The Contractors have not failed to perform when due any material obligation of the Contractors under the EPC Contract.
6. Taking into account the provisions of the EPC Contract, it is reasonable to conclude that it is highly probable that (i) the Project can be constructed in accordance with the EPC Contract and within the cost restraints set forth in the Budget for Work and (ii) Substantial Completion (as defined in the EPC Contract) shall occur on or before [\_\_\_\_\_].

IN WITNESS WHEREOF, the undersigned has executed this Certificate on the date first above written.

[Name of Owner's Engineer]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_