

ANNEX I

[NOTE: The text reproduced hereunder is the text of Appendix 3 to the Report of the Conference on German External Debts with such changes as were required to achieve uniformity in the three languages. Supplementary understandings reached by the parties with respect to this Annex after the close of the Conference are attached hereto as Sub-Annexes A to E.]

Agreed Recommendations for the Settlement of Reich debts and debts of other public authorities.

A.—Debts of the Reich

The Government of the Federal Republic of Germany (hereafter referred to as the Federal Government) will undertake to offer to the Bondholders to pay and transfer the following amounts:—

1. The 7 per cent. External (Dawes) Loan 1924

- (a) As on the first coupon date following 31st March, 1953, interest at $5\frac{1}{2}$ per cent. per annum on the American Issue and 5 per cent. per annum on the other Issues.
- (b) As on the first coupon date following 31st March, 1958, a sinking fund of 3 per cent. per annum on the American Issue and 2 per cent. per annum on the other Issues shall be added to the above interest payments and constitute with them a cumulative annuity.
- (c) The maturity date shall be extended to the year 1969.
- (d) Arrears of interest outstanding shall be recalculated at 5 per cent. simple interest, and in respect of the resulting total the Federal Government will issue 20-year Bonds carrying 3 per cent. per annum interest and after 5 years 2 per cent. sinking fund. On Bonds for so much as represents arrears due to 31st December, 1944, payment will be made as from 15th April, 1953: Bonds for the balance will not be issued until the unification of Germany when payment on these Bonds will begin.
- (e) In all respects other than those indicated above, the terms of the original Loan contracts shall be maintained.
- (f) All expenses incidental to carrying out the above modifications of the original contracts shall be borne by the Government of the Federal Republic.

2. The $5\frac{1}{2}$ per cent. International (Young) Loan 1930

- (a) As on the first coupon date following 31st March, 1953, interest at 5 per cent. per annum on the American Issue and $4\frac{1}{2}$ per cent. per annum on the other Issues.
- (b) As on the coupon date following 31st March, 1958, a sinking fund of 1 per cent. per annum shall be added to the above interest payments and constitute with them a cumulative annuity.
- (c) The maturity date shall be extended to the year 1980.
- (d) Arrears of interest outstanding shall be recalculated at $4\frac{1}{2}$ per cent. simple interest and in respect of the resulting total the Federal Government will issue 20-year Bonds carrying 3 per cent. per annum interest and after 5 years 1 per cent. sinking fund. On Bonds for so much as represents arrears due to 31st December, 1944, payment will be made as from 15th April, 1953.⁽¹⁾ Bonds for the balance will not be issued

⁽¹⁾ It has now been agreed that the second sentence of paragraph 2 (d) shall read as follows:—

“On bonds for so much as represents arrears due to 31st December, 1944, payment of a first coupon representing six months' interest will be made on 1st June, 1953.”