

German Debts resulting from private capital transactions" (Annex II) provided that such guarantees shall continue in force in accordance with its terms.⁽¹⁾

(2) *Bonds of the State of Prussia*

The Federal Government, on behalf of the several Länder which succeeded to territory and assets formerly belonging to the State of Prussia, shall make payments as follows:—

(a) As to External Sinking Fund 6½ per cent. Dollar Bonds of 15th September, 1926, due 15th September, 1951, and External Sinking Fund 6 per cent. Dollar Bonds of 15th October, 1927, due 15th October, 1952:—

(i) The Federal Government will issue new dollar bonds bearing first coupon dated 1st April, 1953, and maturing in twenty years, in the same denominations as the outstanding bonds of the above issues bearing interest at the rate of 4 per cent., payable semi-annually on 1st April and 1st October. On 1st April, 1958, a sinking fund of 1 per cent. per annum shall be added to the above interest rate and constitute with it a cumulative annuity. The debtor may call bonds by lot at par or may purchase bonds in the open market or otherwise and may provide additional amortisation as long as the service is maintained in accordance with the Contract.

(ii) Outstanding coupons on the old issues bearing dates from 15th March, 1933, to 31st December, 1936, will be extended for a period of twenty years, and upon such extended maturity 50 per cent. of the amount thereof shall be paid in United States dollars on the corresponding dates in 1953, 1954, 1955 and 1956.

(iii) Coupons maturing on or after 1st January, 1937, shall receive no payment until such time as territories formerly belonging to the State of Prussia and now outside the territory of the Federal Republic shall be joined to the Federal Republic, at which time payment shall be the subject of negotiation.

(iv) All expenses incidental to carrying out the above shall be borne by the Federal Government.

(b) As to the 4½ per cent. Swedish Crown Bonds of the Lübeck State Loan of 1923, taken over by the State of Prussia in 1938:

The outstanding bonds of this loan, for which notice of repayment was given for 1st May–1st November, 1944, will be redeemed upon presentation at the current rate of exchange, subject to a discount of 50 per cent. of the nominal amount and without payment of any arrears of interest.

(3) *Non-Bonded Indebtedness* (other than that covered by Annex IV)

The terms of paragraph 7 (1) will apply, *mutatis mutandis*, service starting from 1st January, 1953. In the settlement of Mark claims regard will be had to the relevant provisions of Annex IV to the Agreement on German External Debts.

⁽¹⁾ See Annex VII.