

One and a half milliards first series German bonds to be transferred by Italy to Great Britain and accepted by Great Britain in discharge of an amount of the Italian debt to Great Britain equal to the face value of the bonds.

The balance of the French and Italian war debts to Great Britain to be written off; all counterclaims by France and Italy at the same time being abandoned.

The Italian debt to France to be written off.

Great Britain and France to transfer to the Reparation Commission as trustees the net war debts owing to them by Serbia, Rumania, Greece, and Portugal to be dealt with as provided below.

On April 1, 1933, the bonds of the second series to be distributed as follows: To Great Britain, France, Italy, and any other powers which may accept the arrangements referred to below, the aggregate Spa agreement percentages of these powers; to Belgium, Japan, and any other powers which may not accept those arrangements, their respective Spa agreement percentages.

The aggregate share assigned to the first-mentioned group of powers to be divided in proportion to the respective debts of these powers to the United States in respect of war advances, as on April 1, 1922.

Powers other than Great Britain, France, and Italy which are indebted to America to have the option of coming into the above arrangement and having their debts to European Allies written off of discharging their European inter-Allied debts and retaining their Spa agreement percentages of the second series bonds.

Portugal, which is indebted only to Great Britain, to have the option of ceding her interest in the second series bonds to be dealt with as part of the joint share and having her debt canceled, or of discharging her debt and retaining her Spa agreement of the second series bonds.

Any payments made in respect to uncanceled European inter-Allied indebtedness to be invested by the Reparation Commission in German bonds, such bonds to be retained by the Reparation Commission until April 1, 1933, and then to be distributed amongst the group of powers first mentioned above in the same proportions as the second series German bonds.

14. Powers to which a remission of debts is granted by Great Britain under paragraph 13 to agree to support any proposals made by Great Britain for mitigating the liabilities of ex-enemy powers other than Germany under the treaties of Saint-Germain, Trianon, and Neuilly.

*Schedule "A," Redemption prices of first series bonds.—*

Interest date	Price
December 31, 1923	50
June 30, 1924	53
December 31, 1924	56
June 30, 1925	59
December 31, 1925	62
June 30, 1926	65
December 31, 1926	68
June 30 1927, to December 31, 1930	69
(Price rising by 1 per cent per-half year to 76.)	
June 30, 1931, to maturity (December 31, 1954)	76½
(Rising by ½ per cent per half-year to par at maturity.)	

NOTE.—The scale allows redemption on an 8 per cent basis at the start, gradually falling to a 5 per cent basis at the end of the 32-year period.

The following examples show the annual saving in the interest charge for future years, resulting from redemptions effected at particular dates:

ANNUAL INTEREST SAVING ON BONDS CANCELED BY EACH 100 GOLD MARKS CASH APPLIED TO REDEMPTION

Redemption at—	1927-1930	After 1930
	Per cent	Per cent
50 on Dec. 31, 1923	8.00	10.00
56 on Dec. 31, 1924	7.14	8.93
62 on Dec. 31, 1925	6.45	8.06
68 on Dec. 31, 1926	5.88	7.35
76 on Dec. 31, 1930		6.58
80 on Dec. 31, 1934		6.25