

No. 2020

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

Guarantee Agreement — *Raki Project* — (with annexed Loan Agreement — *Raki Project* — between the Bank and N. V. Stoomvaart Maatschappij “Nederland”). Signed at Washington, on 15 July 1948

Official text: English.

Registered by the International Bank for Reconstruction and Development on 13 January 1953.

**BANQUE INTERNATIONALE POUR LA
RECONSTRUCTION ET LE DÉVELOPPEMENT
et
PAYS-BAS**

Contrat de garantie — *Projet Raki* — (avec, en annexe, Contrat d'emprunt — *Projet Raki* — entre la Banque et la N. V. Stoomvaart Maatschappij «Nederland»). Signé à Washington, le 15 juillet 1948

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 13 janvier 1953.

No. 2020. GUARANTEE AGREEMENT¹ (RAKI PROJECT)
BETWEEN THE KINGDOM OF THE NETHERLANDS
AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON,
ON 15 JULY 1948

AGREEMENT, dated as of July 15, 1948, between KINGDOM OF THE NETHERLANDS (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement between the Bank and N. V. Stoomvaart Maatschappij "Nederland" (hereinafter called the Borrower), which agreement and the Schedules therein referred to are hereinafter called the Loan Agreement² executed and delivered simultaneously with the execution and delivery of this agreement and bearing even date herewith, the Bank has agreed to make to the Borrower a loan in the aggregate principal amount of two million dollars (\$ 2,000,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee such loan as herein provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee such loan as herein provided ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the respective terms which are defined in Article I of the Loan Agreement shall have the respective meanings therein set forth.

Article II

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 the interest, commission and service charge on, the Loan and the premium, if any, on the redemption of Notes, and the punctual

¹ Came into force on 3 August 1948, upon notification by the Bank, in accordance with article VIII.

² See p. 222 of this volume.

performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement, the Notes and the Mortgage. It is further agreed by the Guarantor that its obligations under any covenants and agreements on its part in this Guarantee Agreement set forth are not subject to any prior notice to, demand upon or action against the Borrower or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower in respect of any of its obligations set forth in the Loan Agreement, in the Notes or in the Mortgage and shall not be affected by any enforcement of any mortgage, lien, priority or charge created by the Mortgage or otherwise or by any exercise or enforcement of any right or power conferred thereby. No extension of time or forbearance given to the Borrower in respect of the performance of any of its obligations under the Notes or the Mortgage or the Loan Agreement, and no failure of the Bank or of any other holder of the Notes or of the mortgagee under the Mortgage to give any notice or to make any demand or protest whatsoever, or strictly to assert any right or pursue any remedy against the Borrower, in respect of the Notes or of the Mortgage or of the Loan Agreement or to enforce any mortgage, lien, priority or charge created by the Mortgage or otherwise, and no failure of the Borrower to comply with any requirement of any law, regulation or order of the Guarantor or any of its political subdivisions or agencies, shall in any way terminate, diminish or limit the unconditional guarantee of the Guarantor hereunder.

Article III

Section 1. The Guarantor covenants that so long as any part of the Loan shall be outstanding and unpaid, the Guarantor will not, without the prior written consent of the Bank, cause or permit to be created any mortgage, pledge or other charge or priority on any property or assets or any revenues or receipts of the Guarantor, or any of its political subdivisions in its metropolitan areas, or any of its agencies, or any agency of any political subdivision of the Guarantor in its metropolitan areas, as security for any external debt of the Guarantor, or of any such political subdivision or agency, unless the Loan shall be secured by such mortgage, pledge or other charge or priority equally and ratably with such other external debt; provided, however, that this Article shall not apply to any of the following: (a) the creation of any mortgage, pledge or other charge or priority on any property purchased, at the time of the purchase, solely as security for the payment of the purchase price of such property; (b) any pledge of commercial goods to secure external debt maturing not more than one year after its date and

to be paid out of the proceeds of sale of such commercial goods ; or (c) any pledge of foreign securities, in connection with a program for their liquidation, to secure external debt maturing not more than two years after its date and to be paid out of the proceeds of the sale of such securities.

Section 2. The Guarantor covenants that, so long as any part of the Loan shall be outstanding and unpaid, if the Guarantor, or any of its political subdivisions in its metropolitan areas or any of its agencies or any agency of any political subdivision of the Guarantor in its metropolitan areas, shall propose to incur, assume or guarantee any external debt or substantially to modify the terms of payment of any then existing external debt incurred, assumed or guaranteed by any of them, the Guarantor will notify the Bank promptly of the particular proposal and prior to taking the proposed action will afford to the Bank all opportunity which is reasonably practicable under the circumstances to exchange views with the Guarantor with regard to such proposal ; provided, however, that the foregoing provisions shall not apply to either of the following : (a) the incurring of additional external debt through utilization, in accordance with the terms of any credit established prior to the date of this Agreement, of any unused amounts available under such credit ; or (b) the entering into international payments or similar agreements the term of which is not more than one year and under which the transactions on each side are expected to balance over the period of the agreement.

Section 3. In order that the Bank and the Guarantor may cooperate to the fullest extent in assuring that the purposes of the Loan shall be accomplished, so long as any part of the Loan shall be outstanding and unpaid, the Guarantor covenants that the Guarantor will afford to the Bank, from time to time as the Bank shall reasonably request :

(a) All reasonable opportunity for exchanges of views between accredited representatives of the Bank and officials empowered to represent the Guarantor in such exchanges of views with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof and other matters of mutual interest, it being understood that both the Bank and the Guarantor will receive from one another suggestions and observations in regard to all such matters in a spirit of mutual cooperation ; and

(b) All reasonable opportunity for accredited representatives of the Bank to visit freely any part of the metropolitan areas of the Guarantor.

Section 4. The Guarantor covenants that, if at any time, so long as any part of the Loan shall be outstanding and unpaid, any condition shall arise which shall prevent, obstruct or interfere with, or threaten to prevent, obstruct or inter-

fere with, the accomplishment of the purposes of the Loan or the maintenance of the service of the Loan, the Guarantor will promptly inform the Bank of such condition and will afford to the Bank a reasonable opportunity to exchange views with the Guarantor with regard thereto.

Section 5. The Guarantor covenants that, so long as any part of the Loan shall be outstanding and unpaid, the Guarantor will furnish to the Bank all such information, at such times and in such detail, as the Bank shall reasonably request, relating to financial and economic conditions in the metropolitan areas of the Guarantor and the international balance of payments position of the Guarantor.

Section 6. It is the intention of the parties that the principal of the Loans, the interest accruing thereon, and the premium on the redemption thereof, as specified in the Loan Agreement and the Notes and the Mortgage, and the commission and service charge specified in Article II of the Loan Agreement shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature now or at any time hereafter imposed by the Guarantor or by any taxing authority thereof or therein. To that end, the Guarantor covenants to hold harmless the Bank and the holder or holders from time to time of Notes from and against liability for any such taxes, imposts, levies or duties; provided, however, that this provision shall not apply to payments made under any Note to the holder thereof when such Note is beneficially owned by an individual or corporate resident of the Guarantor.

The Guarantor covenants that the principal of the Loan, the interest accruing thereon, and the premium on the redemption thereof, as specified in the Loan Agreement and the Notes and the Mortgage, and the commission and service charge specified in Article II of the Loan Agreement shall be paid free from all restrictions of the Guarantor, its political subdivisions or its agencies.

Section 7. The Guarantor covenants that this Guarantee Agreement, the Loan Agreement, the Mortgage and the Notes shall be free of any issue, stamp or other tax imposed by the Guarantor or any taxing authority thereof or therein.

Section 8. So long as any part of the Loan shall be outstanding and unpaid, the Guarantor will not take or permit any of its political subdivisions or agencies to take any action which would prevent or interfere with the performance by the Borrower of any of the covenants, agreements and obligations in the Loan Agreement contained, and will take or cause to be taken all action reasonably necessary and appropriate to enable the Borrower to perform such covenants, agreements and obligations.

Article IV

Section 1. The Guarantor agrees to endorse its guarantee hereunder on the Notes to be executed by the Borrower and delivered in accordance with Article V of the Loan Agreement, and on Notes to be issued and delivered in exchange

for or on transfer of any Notes upon which such guarantee is endorsed. Such guarantee shall be substantially in the form set forth in Schedule 1 to the Loan Agreement.

Article V

Section 1. The parties hereto accept and agree to the provisions of Article V of the Loan Agreement with the same force and effect as though set forth herein.

Section 2. At any time or from time to time, upon the request of the Bank, the Guarantor will, at its own expense, do any and all such things as the Bank shall reasonably request to comply with any laws or regulations of any country, or of any state or political subdivision thereof, or of any securities exchange therein, in order to enable the Bank to sell or offer for sale any of the Notes, by public sale or otherwise, in any country or to list any of the Notes for trading on any securities exchange. To that end the Guarantor will execute and deliver all registration statements, applications and other documents and furnish to the Bank all information which shall be required in order so to comply with any such law or regulation. The Bank will give to the Guarantor not less than four (4) months notice of any such request.

Article VI

Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Guarantee Agreement or the Loan Agreement or the Mortgage on behalf of the Guarantor may be taken or executed by the Minister of Finance of the Guarantor or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of this Guarantee Agreement or the Loan Agreement or the Mortgage may be agreed to on behalf of the Guarantor by written instrument executed on behalf of the Guarantor by its Minister of Finance or any person thereunto authorized in writing by him; provided that, in the opinion of such Minister of Finance, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Guarantor hereunder or under the Mortgage or under the Loan Agreement. The Bank may accept the execution by such Minister of Finance or other person of any such instrument as conclusive evidence that, in the opinion of such Minister of Finance, any modification or amplification of the provisions of this Guarantee Agreement or the Loan Agreement or the Mortgage effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Guarantor hereunder or under the Mortgage or under the Loan Agreement.

Article VII

The covenants and agreements on the part of the Guarantor contained in Article II, in Sections 6, 7 and 8 of Article III and in Article IV of this Guarantee Agreement are made for the benefit of the several holders from time to time of the Notes as well as for the benefit of the Bank.

Article VIII

The parties hereto accept and agree to the provisions of Articles X, XI and XII of the Loan Agreement with the same force and effect as though set forth herein.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective names by their representatives thereunto duly authorized as of the day and year first above written.

Kingdom of the Netherlands :

By L. SOUTENDIJK

Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF

Loan Director

LOAN AGREEMENT

(RAKI PROJECT)

AGREEMENT, dated as of July 15, 1948, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, party of the first part, and N. V. STOOMVAART MAATSCHAPPIJ "NEDERLAND", party of the second part.

Article I

DEFINITIONS

Wherever used in this Agreement or in any Schedule to this Agreement, unless the context shall otherwise require, the following terms shall have the respective meanings hereinafter in this Article set forth :

(1) The term Bank means International Bank for Reconstruction and Development, the party of the first part hereto.

(2) The term Borrower means N. V. Stoomvaart Maatschappij "Nederland", a corporation (naamloze vennootschap) organized and existing under the laws of the Kingdom of the Netherlands, the party of the second part hereto.

(3) The term Guarantor means Kingdom of the Netherlands.

(4) The term metropolitan areas of the Guarantor means the territory of the Guarantor on the continent of Europe.

(5) The term Loan means the loan provided for in this Agreement.

(6) The term Loan Account means the loan account to be opened as provided in Section 1 of Article IV of this Agreement.

(7) The term United States means the United States of America.

(8) The term dollars and the sign \$ mean dollars in such coin or currency of the United States as at the time referred to shall be legal tender for the payment of public and private debts in the United States.

(9) The term Mortgage means the ship mortgage to be executed by the Borrower in accordance with the provisions of Section 1 of Article VII of this Agreement, and shall include any mortgage supplemented thereto, executed and delivered in accordance with the provisions of the Mortgage.

(10) The term Note means a note issued in accordance with Article V of this Agreement.

(11) The term principal office of the Bank means its principal office in the City of Washington, District of Columbia, United States. If the principal office of the Bank shall be changed and the Bank shall so notify the Borrower and the Guarantor, the term principal office of the Bank shall thereafter mean the principal office so notified to the Borrower and the Guarantor.

(12) The term Vessel means the vessel referred to in Article III of this Agreement.

(13) The term external debt means any debt payable in any currency other than Netherlands currency, whether such debt is payable absolutely or at the option of the creditor in such other currency.

(14) The term Closing Date means August 3, 1948, or such other date as the Bank and the Borrower shall agree upon in writing as the Closing Date.

(15) The term Effective Date means the date on which this Agreement shall come into force and effect as provided in Section 2 of Article XII hereof.

(16) The term Guarantee Agreement¹ means the agreement of even date herewith between the Bank and the Guarantor whereby the Guarantor has agreed to guarantee the Loan and the obligations of the Borrower in respect thereof.

(17) The term this Agreement includes the respective Schedules² which are referred to herein and all of which are hereby incorporated herein and are herein referred to by their respective letters and numbers.

Article II

THE LOAN

Section 1. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth, the sum of two million dollars (\$ 2,000,000).

¹ See p. 212 of this volume.

² See pp. 250 and 254 of this volume.

Section 2. The amount of the Loan may be withdrawn by the Borrower as provided in Article IV of this Agreement. For the purposes of this Article the principal amount of the Loan shall be deemed to be outstanding as of the Effective Date.

Section 3. The Borrower shall pay interest at the rate of two and one-half per cent ($2\frac{1}{2}\%$) per annum on the principal amount of the Loan outstanding and unpaid from the Effective Date. Such interest shall be payable in dollars semi-annually on January 15 and July 15 in each year.

Section 4. The Borrower shall also pay to the Bank a commission at the rate of one per cent (1%) per annum on the principal amount of the Loan outstanding and unpaid from the Effective Date. Such commission shall be payable in dollars semi-annually on January 15 and July 15 in each year.

Section 5. The Borrower shall pay to the Bank, in addition, a service charge at the rate of one-sixteenth of one per cent ($\frac{1}{16}\%$) per annum on the principal amount of the Loan outstanding and unpaid from the Effective Date. Such service charge shall be payable in dollars semi-annually on January 15 and July 15 in each year.

Section 6. In all cases in which it shall be necessary to compute the amount of interest, commission or service charge which shall have accrued under this Agreement for periods of less than six months, such interest, commission or service charge shall be computed on a daily basis, using a 365 day factor. For even periods of six months such interest, commission and service charge shall be computed on an annual basis.

Section 7. The Borrower shall repay the principal of the Loan in twenty (20) equal semi-annual instalments, the first of such instalments being due and payable on January 15, 1949, and the last of such instalments being due and payable on July 15, 1958.

Section 8. Except as shall be otherwise specified in this Agreement or in the Mortgage or in the Notes, the principal of and interest, commission and service charge on the Loan and the premium on Notes called for redemption prior to the maturity thereof shall be paid at the office of The Chase National Bank of the City of New York, 18 Pine Street, City and State of New York, United States. The Borrower will pay any reasonable fees of said Bank for any services rendered by it under this Section and the reasonable expenses incurred by it in connection therewith.

Article III

USE OF PROCEEDS OF THE LOAN

Section 1. The proceeds of the Loan shall be applied by the Borrower to the payment of the cost of purchasing the steel steam turbine vessel *Raki* (ex *Begum*) of the C3-S-A2 design classification of the United States Maritime Commission, as reconverted or to be reconverted by Waterman Steamship Corporation of Mobile, Alabama, United States.

Section 2. The Vessel shall be used by the Borrower in commercial cargo and passenger traffic as part of the Netherlands merchant fleet.

Article IV

WITHDRAWAL OF PROCEEDS OF THE LOAN

Section 1. The Bank shall open an account on its books in the name of the Borrower and, on the Effective Date, shall credit to said account the amount of the Loan. The Borrower shall be entitled from time to time to withdraw from the Loan Account such amounts as shall be required by the Borrower in order to reimburse it for expenditures made by it subsequent to the Effective Date (except as shall be otherwise specifically provided by agreement in writing between the Bank and the Borrower) for the purpose of paying the purchase price of the Vessel. The Borrower shall also be entitled from time to time to withdraw from the Loan Account such amounts as shall from time to time be approved in writing by the Bank and as shall be reasonably required by the Borrower in order to enable it to meet payments, not theretofore made, on account of the purchase price of the Vessel.

Section 2. (A) Whenever the Borrower shall desire to draw on the Loan Account, the Borrower shall deliver to the Bank an application in writing setting forth :

(1) The amount which the Borrower so desires to withdraw from the Loan Account ;

(2) A statement that said amount is required to reimburse the Borrower for, or to enable the Borrower to meet, expenditures made or to be made by it for the purpose of making payment on account of the purchase of the Vessel, which statement shall show, in such reasonable detail as the Bank shall request, the amount of such payment, the dates on which such payment was made or will be due, and the names and addresses of the person, firm or corporation to which payment has been or is to be made ;

(3) A statement that the Borrower has not theretofore withdrawn from the Loan Account, or applied for the withdrawal from the Loan Account of any amounts for the purpose of reimbursing the Borrower for or paying such expenditures, and that the Borrower has not obtained and will not obtain funds for such purpose out of the proceeds of any other external loan, credit or grant available to the Borrower, other than a short-term loan or credit established in anticipation of the withdrawal applied for and to be repaid pro tanto with the funds to be withdrawn, which loan or credit shall be described in the application ;

(4) A statement that at the date of the application there is no existing default in the performance of any of the obligations of the Borrower under this Agreement or under the Notes or under the Mortgage, or of the Guarantor under the Guarantee Agreement.

(B) If such application shall be to withdraw from the Loan Account amounts for the purpose of enabling the Borrower to meet payments, not theretofore made, on account of the purchase price of the Vessel, it shall also set forth :

(5) A statement of the arrangements under which the amount to be withdrawn from the Loan Account on such application will be applied to the payment of the purchase price of the Vessel ; and

(6) An agreement by the Borrower that it will apply or cause to be applied the amount to be withdrawn from the Loan Account on such application only to the payment when and as due of the purchase price of the Vessel and that, as promptly as possible thereafter, the Borrower will furnish to the Bank proof satisfactory to the Bank that such amount has been so applied.

Section 3. (A) Each application under this Article shall be in writing in the English language and shall be signed on behalf of the Borrower by its representative or representatives duly authorized for the purpose. Each such application shall be executed and delivered to the Bank in triplicate as the Bank shall from time to time direct. Such applications shall be serially numbered.

(B) The Borrower will make available to the Bank at all reasonable times original or duplicate receipted bills or invoices or other documents sufficient to show that the expenditures covered by the application have been made as specified therein.

Section 4. The Borrower shall furnish to the Bank any and all such further documents and other evidence in support of the application as the Bank shall at any time or from time to time reasonably request and whether before or after the Bank shall permit any withdrawal requested in the application. All applications and other documents delivered to the Bank under this Article shall be in form and substance satisfactory to the Bank.

Section 5. If the Bank is satisfied that the application fully complies with the provisions of this Agreement and that the Borrower is entitled under this Agreement to withdraw from the Loan Account the amount applied for, the Bank will promptly pay such amount to or on the order of the Borrower.

Article V

NOTES

Section 1. On the Closing Date the Borrower and the Guarantor shall execute and deliver to the Bank Notes in the aggregate principal amount of \$ 2,000,000. The Notes which shall be delivered hereunder shall be serial notes, and the respective maturities of the Notes shall correspond to the maturities of the semi-annual instalments of the principal of the Loan as set forth in Section 7 of Article II of this Agreement. Such Notes shall be substantially in the form set forth in Schedule 1 to this Agreement ; shall be in such denominations as the Bank shall specify ; shall all be dated July 15, 1948 ; and shall bear interest at the rate of two and one-half percent (2½ %) per annum from the date thereof. Notes maturing on the same date shall together constitute a series.

Section 2. (A) At any time or from time to time the Bank shall have the right to sell, pledge or otherwise dispose of any of the Notes. Except as the Bank shall otherwise elect and notify the Borrower and the Guarantor, or as otherwise specifically provided in this Agreement, the provisions of this Agreement and of the Guarantee Agreement and of the Mortgage shall continue in full force and effect until the entire aggregate principal amount of the Loan shall be repaid. Except as shall be otherwise provided in this Agreement or in the Guarantee Agreement or in such Note or in the Mortgage, no holder of any Note other than the Bank shall by virtue of being the holder thereof be entitled to any of the rights or benefits conferred, or be subject to any of the conditions or obligations imposed, upon the Bank under this Agreement or the Guarantee Agreement.

(B) If at any time the Bank shall desire to make a public offering of all or any of the Notes, the Bank shall so notify the Borrower and the Guarantor at least four (4) months

prior to making such public offering. In any such case the Bank shall consult with the Borrower and the Guarantor for the purpose of agreeing upon the form, terms and denominations of the Notes so to be offered for sale and any and all other matters relating to the proposed offering and sale of such Notes. The failure of the Bank to comply with any of the provisions of this Section shall not in any wise affect or impair the negotiability of the Notes or the title or rights of any transferee of any of the Notes.

Section 3. At any time or from time to time, upon the request of the Bank, the Borrower will at its own expense do any and all such things as the Bank shall reasonably request in order to comply with any laws or regulations of any country, or of any state or political subdivision thereof, or of any securities exchange therein, in order to enable the Bank to sell or offer for sale any of the Notes, by public sale or otherwise, in any country or to list any of the Notes for trading on any securities exchange. To that end the Borrower will execute and deliver all registration statements, applications and other documents, and furnish to the Bank all information which shall be required in order so to comply with any such law or regulation, and the Borrower will pay all registration and filing fees required by any such law or regulation. The Bank will give to the Borrower not less than four (4) months notice of any such request.

Section 4. If the Bank shall at any time sell, without recourse, any of the Notes, the commission and the service charge specified in Sections 4 and 5, respectively, of Article II of this Agreement shall thereupon cease to accrue in respect of the principal of the Loan represented by such Notes.

Section 5. If the Bank shall at any time sell any of the Notes and shall then or thereafter guarantee payment of the principal thereof or the interest thereon or the premium, if any, on the redemption thereof, the Borrower will indemnify and hold harmless the Bank from and against any and all liabilities, losses, damages, costs and expenses, of whatever kind, which the Bank may sustain or incur by reason of or in consequence of its guarantee of the Notes, or any of them, or any renewal or extension thereof.

Section 6. If this Agreement shall come into force and effect subsequent to July 15, 1948, the Bank, on January 15, 1949, shall refund to the Borrower an amount equal to the aggregate interest accrued on the Notes from their date to the Effective Date.

Article VI

REDEMPTION OF NOTES

Section 1. The Borrower may, at its election, at any time or from time to time after the date of the Notes, pay and redeem all or part of the Notes, as hereinafter provided, at a redemption price for each Note equal to the principal amount thereof, and the interest accrued and unpaid thereon to the date fixed for the redemption thereof, plus as a premium the following respective percentages of such principal amount :

(a) as to any Note maturing by its terms not more than five years after its date, $\frac{3}{4}$ of 1 %, if redeemed during the first three years after its date ; and $\frac{1}{2}$ of 1 %, if redeemed during the fourth or fifth year after such date ; and

(b) as to any Note maturing by its terms more than five years after its date, $1\frac{1}{2}\%$, if redeemed during the first or second year after its date; 1% , if redeemed during the third or fourth year after such date; $\frac{3}{4}$ of 1% , if redeemed during the fifth or sixth year after such date; $\frac{1}{2}$ of 1% , if redeemed during the seventh or eighth year after such date; and without premium if redeemed thereafter.

Section 2. The Borrower may so elect to redeem less than all of the Notes at the time outstanding and unpaid, but only if it shall elect to redeem all the Notes at the time outstanding of any one or more series and only if, at the date on which such Notes are to be redeemed (sometimes referred to in this Article as the date fixed for redemption), all the Notes of any series maturing by their terms after the Notes to be redeemed shall have been redeemed.

Section 3. The Borrower's election to redeem Notes shall be exercised by giving notice to the Bank in writing, stating such election, designating the Notes to be redeemed, stating the redemption price or prices thereof determined as in Section 1 of this Article provided, and stating the date fixed for redemption. Such notice shall be given not less than ninety (90) days prior to the date fixed for redemption. If at any time the Bank shall receive notice of election to redeem any of the Notes as herein and in the Notes provided, the Bank shall, not less than 60 days prior to the date of redemption specified in such notice, deliver a copy of such notice to each holder of Notes to be redeemed who shall have complied with the provisions of Section 2 of Article XI of this Agreement by mail addressed to his address of record with the Bank.

Section 4. Notice of election to redeem having been given as above provided, the Notes to be redeemed shall on the date fixed for redemption become due and payable at their respective redemption prices determined as in Section 1 of this Article provided. From and after the date fixed for redemption (unless the Borrower shall fail to make payment of the redemption price or prices of such Notes) interest on such Notes shall cease to accrue and, upon presentation of such Notes for payment and redemption in accordance with said notice, such Notes shall be paid by the Borrower at the redemption price or prices aforesaid. If all or any of such Notes shall not be so paid upon presentation thereof, they shall continue to bear interest as therein specified until paid. Upon the date fixed for redemption, the Borrower shall pay to the Bank the respective amounts of commission and service charge accrued and unpaid on the part of the Loan represented by the Notes to be redeemed, and from and after the date fixed for redemption (unless the Borrower shall fail to make payment of the redemption price or prices of such Notes), the commission and service charge on such part of the Loan shall cease to accrue.

Section 5. It is the desire of the Bank to encourage the redemption of the Notes prior to the dates of maturity specified therein. Accordingly, if and to the extent that the amounts to be paid by the Borrower on the redemption of Notes at the time owned by the Bank can, and in the judgment of the Bank should, be used by it in the retirement

of securities issued by it without the payment of a premium on the retirement thereof, or otherwise used in its operations, it is the intention of the Bank to permit the redemption of such Notes without the payment of a premium on such redemption. If the Borrower shall, not less than four (4) months prior to the date on which it shall desire to redeem any of the Notes in accordance with the provisions of this Article, request the Bank to permit the Borrower to redeem such Notes without the payment of the premium provided for in Section 1 of this Article, the Bank will as promptly as possible notify the Borrower whether or not the Bank will so permit the redemption of such Notes.

Article VII

MORTGAGE

Section 1. On or before the Closing Date the Borrower shall execute and deliver to the Bank, as trustee for the benefit of the holder or holders from time to time of the Notes and for its own benefit as hereinafter in this Article set forth, as their respective interests may appear, a ship mortgage in accordance with the laws of the Kingdom of the Netherlands on the vessel *Riouw* (ex *Stalker*), to secure the payment of the principal of, the interest on and the premium, if any, on the redemption of the Notes, equally and ratably, without preference, priority or distinction in respect of any such Note by reason of the priority in time of the execution, delivery or maturity thereof, or of the assignment or negotiation thereof, and also to secure the payment of any other sums to which the Bank shall be entitled under this Agreement and the performance of the covenants, agreements and provisions in such Mortgage and in this Agreement contained.

Section 2. The Mortgage to be executed and delivered by the Borrower pursuant to the provisions of Section 1 of this Article shall be substantially in the form of the form of mortgage initialled on the date of this Agreement by the authorized representatives of the Bank and the Borrower, with such changes therein as may be agreed upon in writing between the Bank and the Borrower, and shall be in form and substance satisfactory to the Bank.

Section 3. If an Event of Default specified in the Mortgage or in this Agreement shall happen and be continuing, then in each and every such case the Bank, as trustee, may, and upon the written request of the holder or holders of Notes representing not less than 25 % of the aggregate principal amount of the Notes then outstanding and unpaid shall, declare the principal of the Loan and all of the Notes then outstanding (if not already due) to be due and payable immediately and, in the case of an Event of Default specified in the Mortgage, proceed to exercise its rights or to enforce its remedies pursuant to the Mortgage; provided, however, that the Bank shall not be required so to declare the principal of the Loan or of any of the Notes so to be due and payable so long as the Bank is not in default under its guarantee of the Notes. The Bank, as trustee, shall within 10 days after it shall have knowledge of the happening of any Event of Default specified in the Mortgage or in this Agreement, give to each holder of Notes appearing upon its records notice of such Event of Default, unless such Event of Default shall have been cured prior to the expiration of the time for giving such notice.

Section 4. Any proceeds or funds arising from the exercise of any rights or the enforcement of any remedies pursuant to the Mortgage shall be applied as follows :

First, to the payment, subject to the limitation specified in the Mortgage of the amount secured thereby, of any and all costs and expenses of the Bank, as trustee, and of any successor trustee, and their agents, employees and counsel, in connection with the exercise of such rights or the enforcement of such remedies and (without such limitation) to provide adequate indemnity against liens claiming priority over or equality with the Mortgage ;

Second, to the ratable payment, subject to the aforesaid limitation, of interest which shall have accrued on the Notes and which shall be unpaid ;

Third, to the ratable payment, subject to the aforesaid limitation, of or on account of the unpaid principal or redemption price of the Notes ;

Fourth, to the payment, subject to the aforesaid limitation, of commission and service charge which shall have accrued on the Loan and which shall be unpaid ;

Fifth, to the ratable payment, subject to the aforesaid limitation, of all damages, liquidated or otherwise, under this Agreement or under the Notes or under the Mortgage ; and

Sixth, the balance, if any, thereafter remaining, to the Borrower or whosoever shall be entitled thereto.

Section 5. The Bank, as trustee, accepts the trusts under this Article and under the Mortgage and agrees to execute them upon the following terms and conditions, which shall be binding on the several holders from time to time of the Notes :

(a) The Bank, as trustee, prior to the happening of an Event of Default as defined in the Mortgage and after the curing of any defaults which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Mortgage. In case an Event of Default as defined in the Mortgage shall occur (and shall not have been cured) the Bank, as trustee, shall exercise such of the rights and powers vested in it by the Mortgage and shall use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

None of the provisions of this Agreement or of the Mortgage shall be construed as relieving the Bank, as trustee, from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that :

(1) Prior to the occurrence of an Event of Default as defined in the Mortgage and after the curing of all defaults which may have occurred, the duties and obligations of the Bank, as trustee, shall be determined solely by the express provisions of the Mortgage, and the Bank, as trustee, shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Mortgage, and no implied covenants or obligations shall be read into the Mortgage against the Bank, as trustee.

(2) The Bank, as trustee, shall not be liable to any holder of Notes or to any other person for any error of judgment made in good faith by a responsible officer or officers of the Bank, unless it shall be proved that the Bank, as trustee, was negligent in ascertaining the pertinent facts.

(3) The Bank, as trustee, may consult with counsel (who may be counsel for the Bank) and any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by the Bank, as trustee, hereunder in good faith and in accordance with such opinion of counsel.

(4) The Bank, as trustee, shall not be liable to any holder of Notes or to any other person with respect to any action taken or omitted to be taken by it in good faith, in accordance with the direction of the holder or holders (other than the Bank) of Notes representing not less than 25 % of the Notes then outstanding and unpaid, relating to the time, method and place of conducting any proceeding for any remedy available to the Bank as trustee, or of exercising any trust or power conferred upon the Bank, as trustee, by the Mortgage.

(5) The Bank, as trustee, shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Mortgage.

(b) The Bank, as trustee, shall not be under any obligation to take any action in connection with the exercise of any rights or the enforcement of any remedies pursuant to the Mortgage which, in its opinion, will be likely to involve it in expense or liability, unless the party or parties requesting that the Bank, as trustee, exercise any such rights or enforce any such remedies shall, as often as required by the Bank, furnish reasonable security and indemnity to the Bank, as trustee, against such expense or liability.

(c) The Bank or any agent appointed by it may in any capacity become the owner or pledgee or guarantor of Notes with the same rights that it would have if it were not such trustee or agent and may otherwise deal with the Borrower in the same manner, to the same extent and with like effect as if it were not such trustee or agent.

(d) All moneys received by the Bank, as trustee, through foreclosure or otherwise shall be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Bank, as trustee, shall be under no liability for interest on any moneys received by it pursuant to the provisions of the Mortgage.

Section 6. The Bank may resign as trustee and may be discharged of the trusts created by this Article ; provided, however, that any such resignation shall become effective only upon the acceptance of appointment by the successor trustee as provided in Section 7 of this Article.

Section 7. The Bank may appoint a successor trustee at any time. Within 10 days after the appointment of any such successor trustee the Bank shall mail by registered mail postage prepaid to each holder of a Note or Notes who shall have complied with the provisions of Section 2 of Article XI of this Agreement, a notice, addressed to such holder at his address of record with the Bank, of the appointment of such successor trustee. Such successor trustee shall be a corporation and shall be a national banking association organized and existing under the laws of the United States or a bank or trust company organized and existing under the laws of the United States or of any State or of the District of Columbia, authorized under such laws to exercise corporate trust

powers, having its principal office in the Borough of Manhattan, City and State of New York and having a combined capital and surplus of at least ten million dollars. Any successor trustee so appointed shall execute, acknowledge and deliver to the Borrower and to the Bank an instrument accepting such appointment, and thereupon the resignation of the Bank shall become effective, and such successor trustee, without any further act, deed or conveyance shall become vested with all the rights, powers, trusts, duties and obligations of the predecessor trustee under the Mortgage, with like effect as if originally named as trustee. Nevertheless, on the written request of the Borrower or of the successor trustee, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee upon the trusts herein expressed, all the rights, powers and trusts of the trustee so ceasing to act. Upon request of any such successor trustee, the Borrower shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and duties.

Section 8. The Borrower will pay or reimburse the Bank, as trustee, or any successor trustee, for all expenses, disbursements and advances incurred or made by the Bank, as trustee, or by any successor trustee, in accordance with any of the provisions of this Article or of the Mortgage. The Borrower will also pay reasonable compensation for the services of any successor trustee.

Section 9. The Bank shall not agree to any modification of the provisions of the Mortgage, or of the provisions of Article II, or Sections 6, 7 and 8 of Article III, or Article IV of the Guarantee Agreement, or of the provisions of Section 6 of Article II, or Section 1 of Article V, or Section 3 of Article VI, or Sections 3, 4, 5, 6, 7 and 8 of Article VII, or of Article X, or of Section 2 of Article XI, or of Section 1 (c) of Article XII of this Agreement, unless it shall have obtained the written consent of the holder or holders of not less than 75 % in principal amount of the Notes secured or guaranteed by or issued under such instrument and at the time outstanding.

Article VIII

PARTICULAR COVENANTS OF THE BORROWER

The Borrower hereby covenants as follows :

Section 1. The Borrower will apply the proceeds of the Loan in accordance with the provisions of Article III of this Agreement. So long as any part of the Loan shall be outstanding and unpaid, the Borrower will maintain books, accounts and records adequate to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrower. The Borrower will permit accredited representatives of the Bank to inspect the Vessel, and will also permit such representatives, including independent accountants designated by the Bank for that purpose, to inspect, audit and make copies of, any books, accounts, and other records relating to the Vessel, and the use thereof, or otherwise to the financial condition or operations of the Borrower.

Section 2. If at any time so long as any part of the Loan shall be outstanding and unpaid any condition shall arise which shall prevent, obstruct or interfere with, or threaten to prevent, obstruct, or interfere with, the accomplishment of the purposes

of the Loan or the maintenance of the service of the Loan, the Borrower will promptly inform the Bank of such condition and will afford to the Bank a reasonable opportunity to exchange views with the Borrower with regard thereto.

Section 3. So long as any part of the Loan shall be outstanding and unpaid, the Borrower will furnish to the Bank all such information, at such times and in such detail as the Bank shall reasonably request, with regard to (1) the expenditure of the proceeds of the Loan and the use of the Vessel; and (2) the operations and financial condition of the Borrower. When reasonably requested by the Bank, such information shall be certified by independent public accountants who may be the public accountants regularly retained by the Borrower.

Section 4. So long as any part of the Loan shall be outstanding and unpaid, if the Borrower shall propose to incur, assume or guarantee any external debt, or substantially to modify the terms of payment of any then existing external debt incurred, assumed or guaranteed by it, it will notify the Bank promptly of the particular proposal, and prior to the time for taking the proposed action, will afford to the Bank all opportunity which is reasonably practicable under the circumstances to exchange views with the Borrower with regard to such proposal.

Section 5. The Borrower shall pay or cause to be paid all taxes, duties, imposts and fees that may be imposed upon this Agreement, the Notes, the Mortgage or the Guarantee Agreement, or the execution, delivery, registration or recording thereof, or the payment of principal, interest or other charges thereunder. Such principal, interest and other charges shall be paid free of all such taxes, duties, imposts and fees.

Article IX

REMEDIES OF THE BANK ON DEFAULT

Section 1. If any of the following events (hereinafter called Events of Default) shall happen, that is to say:

(a) if default shall be made in the payment of any instalment of interest on the Loan or on any of the Notes or any instalment of commission or service charge on the Loan when and as the same shall become payable and such default shall continue for 15 days; or

(b) if default shall be made in the payment of the principal of any of the Notes, whether upon the date of maturity of such Notes or upon call for redemption or otherwise as provided in this Agreement or the Notes or the Mortgage; or

(c) if default shall be made in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor in the Notes or in this Agreement or in the Guarantee Agreement set forth and such default shall continue for 30 days after written notice thereof shall have been given by the Bank to the Borrower; or

(d) if an Event of Default as defined in the Mortgage shall happen under the Mortgage;

then and in each such case during the continuance of such Event of Default the Bank, at its option, may declare the principal of the Loan and of all the Notes then outstanding (if not already due) to be due and payable immediately, and upon any such declaration

such principal shall become and shall be due and payable immediately, anything in this Agreement or in the Notes or in the Mortgage contained to the contrary notwithstanding.

Section 2. No delay or omission of the Bank to exercise any right or power accruing to it under this Agreement upon any Event of Default shall impair any such right or power or be construed to be a waiver of any such Event of Default or any acquiescence therein; nor shall the action of the Bank in respect of any default, or in respect of the waiver of any default, affect or impair any right or power of the Bank in respect of any other or subsequent default on the part of the Borrower or the Guarantor and every right, power and remedy given hereunder to the Bank may be exercised by it from time to time and as often as it may deem expedient.

Article X

INTERPRETATION OF AGREEMENT

Section 1. The respective rights and obligations of the parties under this Agreement and the Notes and under the Guarantee Agreement shall be valid and enforceable in accordance with their terms anything in any statute, law or regulation of any nation or state or political subdivision thereof to the contrary notwithstanding. None of such parties shall be entitled to assert any claim that any provision of either of such Agreements, the Notes or the Mortgage is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank¹ or for any other reason.

Section 2. The provisions of this Agreement, of the Notes and of the Guarantee Agreement shall be interpreted in accordance with the law of the State of New York, United States, as at the time in effect.

Article XI

MISCELLANEOUS PROVISIONS

Section 1. Any notice, demand or request required or permitted to be given under this Agreement or the Guarantee Agreement shall be delivered in writing or by telegram, cable or radiogram to the party or parties to which such notice, demand or request is required or permitted to be given at its or their address or addresses hereinafter specified, or at such other address or addresses as such party or parties shall have designated by notice in writing to the party or parties giving or making such notice or demand. The addresses so specified are:

(a) for the Bank: International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, District of Columbia, United States of America.

(b) for the Borrower: N. V. Stoomvaart Maatschappij "Nederland", Prins Hendrik-kade 108, Amsterdam-C, The Netherlands.

(c) for the Guarantor: Ministry of Finance, Kneuterdijk 22, The Hague, The Netherlands.

¹ United Nations, *Treaty Series*, Vol. 2, p. 134; Vol. 19, p. 300, and Vol. 141, p. 356.

Section 2. Upon any transfer of any of the Notes, if the transferor or the transferee shall notify the Bank of the transfer and request the Bank thereafter to give to such transferee, at an address specified in such notice, any notice which the transferor would otherwise be entitled to receive under this Agreement in respect of the Notes so transferred, the Bank shall thereafter give such notice to such transferee at such address or at such other address as such transferee shall designate by notice in writing to the Bank, and the giving of any such notice to such transferee as herein provided shall fully discharge the Bank from any obligation on its part under this Agreement to give such notice to anyone in respect of the Notes so transferred.

Section 3. The Borrower and the Guarantor shall furnish to the Bank sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article IV of this Agreement and the Notes or who will, on behalf of the Borrower or the Guarantor, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower or the Guarantor pursuant to any of the provisions of this Agreement or of the Mortgage or of the Guarantee Agreement and the authenticated specimen signature of each such person.

Section 4. In agreeing to make the Loan the Bank has relied on the statements and representations contained in documents furnished to the Bank by or on behalf of the Borrower and the Guarantor, including, but without limitation on the foregoing, the statements and representations contained in Schedule 2 to this Agreement and in the respective documents listed in such Schedule. The Borrower and the Guarantor represent and warrant that all such statements and representations are accurate.

Section 5. This Agreement and the Guarantee Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

Article XII

EFFECTIVE DATE

Section 1. This Agreement and the Guarantee Agreement are subject to the condition that before they shall become effective the following shall have occurred :

(a) the Borrower and the Guarantor shall have executed and delivered the Notes in accordance with the provisions of Article V of this Agreement ;

(b) The Borrower shall have executed and delivered the Mortgage in accordance with the provisions of Article VII of this Agreement ; and

(c) the Borrower and the Guarantor shall have furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to it that this Agreement has been duly executed and delivered and constitutes a valid and binding obligation of the Borrower in accordance with its terms ; that the Notes have been duly executed and delivered and constitute valid and binding obligations of the Borrower in accordance with their terms ; that the Mortgage has been duly executed and delivered, constitutes a valid and binding obligation of the Borrower and has created a valid effective mortgage lien in accordance with its terms ; that the Guarantee Agreement has been duly executed and delivered and constitutes a valid and binding obligation of the Guarantor in accordance with its terms ; and that the guarantee of the Guarantor, endorsed on the Notes,

has been duly executed and delivered and constitutes a valid and binding obligation of the Guarantor in accordance with its terms.

Section 2. Except as shall be otherwise agreed in writing between the Bank and the Borrower, this Agreement and the Guarantee Agreement shall come into force and effect on the date when the Bank notifies the Borrower and the Guarantor that the conditions set forth in Section 1 of this Article have been fulfilled.

Section 3. If all acts required to be performed pursuant to Section 1 of this Article shall not have been performed within sixty (60) days after the date of this Agreement, the Bank may at its option by notice to the Borrower and the Guarantor terminate this Agreement, and, upon the giving of such notice of termination, this Agreement and all obligations of the parties hereunder shall forthwith cease and determine.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective names by their representatives thereunto duly authorized as of the day and year first above written.

International Bank for Reconstruction and Development :

By W. A. B. ILIFF
Loan Director

N. V. Stoomvaart Maatschappij "Nederland" :

By K. G. v. STAVEREN
Authorized Representative

SCHEDULE 1

FORM OF NOTE

Series, No

N. V. STOOMVAART MAATSCHAPPIJ "NEDERLAND"

2½ % GUARANTEED SERIAL MORTGAGE NOTE OF 1948

(Riouw Issue)

DUE

N. V. STOOMVAART MAATSCHAPPIJ "NEDERLAND" (hereinafter called the Borrower), a corporation (naamloze vennootschap) organized and existing under the laws of the Kingdom of the Netherlands, for value received, hereby promises to pay to International Bank for Reconstruction and Development (hereinafter sometimes called the International Bank), or order, on the fifteenth day of, 19..., at the office of The Chase National Bank of the City of New York, 18 Pine Street, New York, New York, United States of America (hereinafter called the Chase National Bank), the sum of Dollars (\$), in such coin or currency of the United States of America

as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest thereon from the date hereof at said office in like coin or currency at the rate of two and one half per centum ($2\frac{1}{2}\%$) per annum, payable semi-annually on January 15 and July 15 in each year upon presentation of this Note for notation hereon of payment of such interest.

This Note is one of an authorized issue of notes of the aggregate principal amount of \$ 2,000,000, known as the $2\frac{1}{2}\%$ Guaranteed Serial Mortgage Notes of 1948 (Limburg Issue) of the Borrower (hereinafter called the Notes) all issued under a Loan Agreement dated as of July 15, 1948, between the International Bank and the Borrower, guaranteed by the Kingdom of the Netherlands pursuant to the provisions of a Guarantee Agreement dated as of July 15, 1948, between the International Bank and the Kingdom of the Netherlands, and all equally and ratably secured by a certain mortgage on the vessel *Riouw* (ex *Stalker*), dated, delivered by the Borrower to the International Bank (hereinafter called the Mortgage). Reference is hereby made to said Agreements and to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the Notes with respect thereto and the rights and duties of the International Bank under said Agreements and the Mortgage.

The Notes are subject to redemption at the election of the Borrower as hereinafter and in the Loan Agreement provided. All the Notes at the time outstanding and unpaid may be so redeemed at any time. All the Notes at the time outstanding of any one or more series may be redeemed at any time, provided that, at the redemption date, all notes of any series by their terms maturing after the Notes to be redeemed shall have been redeemed. Notice of the election of the Borrower to redeem such Notes shall be in writing and shall be delivered to the International Bank not less than ninety (90) days prior to the date fixed for redemption. Notes so called for redemption shall be paid at a redemption price for each Note equal to the principal amount thereof and interest accrued thereon to the date fixed for such redemption, plus as a premium the following respective percentages of such principal amount : as to any Note maturing by its terms not more than five years after its date, $\frac{3}{4}$ of 1 %, if redeemed during the first three years after its date ; and $\frac{1}{2}$ of 1 %, if redeemed during the fourth or fifth year after such date ; and as to any Note maturing by its terms more than five years after its date, $1\frac{1}{2}\%$, if redeemed during the first or second year after its date ; 1 %, if redeemed during the third or fourth year after such date ; $\frac{3}{4}$ of 1 %, if redeemed during the fifth or sixth year after such date ; $\frac{1}{2}$ of 1 %, if redeemed during the seventh or eighth year after such date ; and without premium if redeemed thereafter. If this Note shall be so called for redemption, then after the redemption date specified in said notice, if payment is made or duly provided for pursuant thereto, interest on the principal sum hereof shall cease to accrue.

In case an Event of Default as defined in the Loan Agreement or in the Mortgage shall happen, the principal of all the Notes at the time outstanding may be declared or may become due and payable in the manner and with the effect provided in the Loan Agreement and the Mortgage.

The principal of the Notes, the interest accruing thereon and the premium on the redemption thereof shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature now or at any time hereafter imposed by the Kingdom of the Netherlands or by any taxing authority thereof or therein and shall be paid free from all restrictions of the Kingdom of the Netherlands, its political subdivisions or its agencies ; provided, however, that the foregoing shall not be construed as applying to any tax on any payment made under this Note when such Note is beneficially owned by an individual or corporate resident of the Kingdom of the Netherlands.

IN WITNESS WHEREOF the Borrower has caused this Note to be signed in its corporate name by its representative thereunto duly authorized.

Dated Amsterdam, The Netherlands,

....., 1948.

N. V. Stoomvaart Maatschappij "Nederland" :

By

(Authorized Representative)

FORM OF GUARANTEE

KINGDOM OF THE NETHERLANDS, for value received, as a primary obligor and not as surety merely, hereby absolutely and unconditionally guarantees to the holder of the within Note, and pledges its full faith and credit for, the due and punctual payment of the principal and redemption price of said Note and the interest thereon.

Dated, 1948.

Kingdom of the Netherlands :

By

SCHEDULE 2

SCHEDULE OF REPRESENTATIONS

1. The copies of the charter (statuten) of the Borrower, together with any amendments thereto, in the form furnished to the Bank are true and correct copies thereof as in effect on the date of the Loan Agreement.

2. The financial condition and operations of the Borrower are correctly set forth in the profit and loss accounts and balance sheets for 1940 to 1947, inclusive, together with certain supplementary data for the year 1947, as furnished to the Bank.

3. The external and internal debt of the Borrower maturing more than one year after its date is correctly reflected in the statements furnished to the Bank by the Borrower, dated July 26, 1948.

4. The statements contained in the materials listed below, as furnished to the Bank, are accurate :

a) Detailed statements from the Directorate General of Shipping of the Netherlands showing balance of payments of Netherlands national economy on ocean shipping account for the years 1938, 1946 and 1947 ; and broad forecasts of such balance of payments for 1948.

b) Statements of the Guarantor showing foreign exchange receipts and expenditures by classes of currency, with respect to Netherlands shipping (except tankers) for the year 1947.

c) Pro forma inventory of the post-reconstruction Netherlands ocean fleet as of December 31, 1949, as now planned (ships above 500 G. R. T.).

d) Answers submitted by the Directorate General of Shipping of the Netherlands to the Bank on March 13, 1948 :

1) To questions concerning Netherlands policy on financial aid for the Netherlands merchant marine.

2) To questions concerning Netherlands policy on preferences and privileges with respect to ocean shipping.

3) To miscellaneous questions concerning the Netherlands merchant marine.

e) Summaries of typical voyage accounts of C-3 ships now operating in the Netherlands merchant marine, as submitted by the Guarantor March 19, 1948.

f) Memorandum from the Borrower showing the tonnage, composition and age of the total fleet of the Borrower as of December, 1947.
