

Loan (Qantas Airways Limited)

No. 132 of 1968

An Act to approve the Borrowing by the Commonwealth of Moneys in the Currency of the United States of America to be made available to Qantas Airways Limited, and for purposes connected therewith.

[Assented to 9 December 1968]

BE it enacted by the Queen's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows:—

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| Short title. | 1. This Act may be cited as the <i>Loan (Qantas Airways Limited) Act</i> 1968. |
| Commencement. | 2. This Act shall come into operation on the day on which it receives the Royal Assent. |
| Definitions. | 3. In this Act—
“ Qantas ” means Qantas Airways Limited;
“ the Agreement ” means the agreement set out in the Schedule to this Act. |
| Approval of Agreement and borrowing. | 4. The Agreement and the borrowing by the Commonwealth, in accordance with the Agreement, of moneys in the currency of the United States of America not exceeding in the whole Fifty-three million dollars are approved. |
| Approval of notes. | 5. The execution on behalf of the Commonwealth, and the delivery, of promissory notes in accordance with the Agreement are approved. |

6.—(1.) For the purposes of, and purposes in connexion with, the acquisition by Qantas of the aircraft referred to in the Agreement, the Commonwealth may, on such terms and conditions as the Treasurer determines, make available to Qantas, by way of loan or other credit arrangements, amounts equivalent to the moneys borrowed under the Agreement.

Application
of moneys.

(2.) Moneys required for the purposes of the last preceding sub-section are payable out of the Loan Fund, which is to the necessary extent appropriated accordingly.

7. The expenses of borrowing under the Agreement, and any commitment fee, interest or other charge payable under the Agreement, shall be paid out of the Consolidated Revenue Fund.

Expenses
and charges.

8. Moneys borrowed under the Agreement shall be repaid out of the Consolidated Revenue Fund in accordance with the provisions of the Agreement.

Repayment
of loan
moneys.

9. The Consolidated Revenue Fund is appropriated to the extent necessary for the purposes of the last two preceding sections.

Appropriation
of Consolidated
Revenue Fund.

10. The *National Debt Sinking Fund Act* 1966–1967 does not apply in relation to moneys borrowed under the Agreement.

National Debt
Sinking Fund
Act
not to apply.

11. For the purposes of this Act, where, under the Agreement, The Boeing Company is in any circumstances to be deemed to have disbursed an amount by way of loan to the Commonwealth, the Commonwealth shall, in those circumstances, be deemed to have borrowed that amount in accordance with the Agreement.

Application
of Act to
amounts
deemed to be
disbursed.

THE SCHEDULE

Section 3.

LOAN AGREEMENT

LOAN AGREEMENT dated as of June 1, 1968, among the COMMONWEALTH OF AUSTRALIA (the "Commonwealth"), EXPORT-IMPORT BANK OF THE UNITED STATES, an agency of the United States of America ("Eximbank"), THE BOEING COMPANY, a corporation organized and existing under the laws of the State of Delaware ("Boeing"), the commercial banks named in Section 1 hereof (the "Banks") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a corporation organized and existing under the laws of the State of New York, as Agent (the "Agent").

WHEREAS, the Commonwealth has requested Eximbank, Boeing and the Banks (the "Lenders") to make loans to it in the lawful money of the United States of America ("Dollars" or "U.S.\$"), for the purpose of enabling the Commonwealth to make available to Qantas Airways Limited ("Qantas") amounts in Dollars required by Qantas to assist in financing (i) the pre-delivery payments required in connection with the acquisition of four Boeing 747 aircraft (the "Aircraft") and (ii) the acquisition of certain related spare parts, auxiliary equipment and services, all to be purchased from Boeing and certain other manufacturers in the United States of America (the "Manufacturers") and to be of United States manufacture or origin (such parts, equipment and services, together with the Aircraft, being herein called the "Equipment"); and

THE SCHEDULE—*continued*

WHEREAS, that portion of the purchase price of all the Equipment to be financed in whole or in part hereunder is approximately U.S.\$66,250,000; and

WHEREAS, the Lenders are willing to enter into this Loan Agreement and to make the loans so requested on the terms and conditions hereinafter set forth; and

WHEREAS, the establishment of loans by the Lenders for the aforesaid purpose will facilitate export and imports and the exchange of commodities between the United States of America and the Commonwealth;

Now, THEREFORE, the parties hereto, in consideration of the premises and their respective obligations, undertakings and commitments hereinafter set forth, covenant and agree as follows:

SECTION 1. *The Interim Loans.*

(a) *The Interim Loans; the Interim Notes.* Subject to the terms and conditions of this Agreement, each Lender severally agrees to make loans in Dollars in Federal Reserve Bank of New York funds to the Commonwealth as hereinafter provided in an aggregate amount not to exceed the amount set forth below opposite its name (its "Commitment"):

<i>Name</i>	<i>Maximum Amount</i>
Export-Import Bank of the United States ..	U.S.\$23,850,000
The Boeing Company	2,650,000
Morgan Guaranty Trust Company of New York ..	12,500,000
Bankers Trust Company	5,000,000
The Chase Manhattan Bank (National Association)	5,000,000
Continental Illinois National Bank and Trust Company of Chicago	2,000,000
The Northern Trust Company	2,000,000
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	U.S.\$53,000,000

provided always, however, that the aggregate amount of the disbursements of the Lenders shall in no event exceed 80% of the aggregate purchase price of all of the Equipment to be financed hereunder. The loans to be made by the Lenders pursuant to this Section (the "Interim Loans") will be evidenced by promissory notes of the Commonwealth (the "Interim Notes"), each of which shall be printed or lithographed on one side of one sheet of bank note or safety paper in substantially the form of Exhibit A hereto (appropriately completed in accordance with this Section) and shall mature on December 31, 1971. Each Interim Note will be dated the date of the Interim Loan which it evidences and will bear interest on the unpaid principal amount thereof from its date to the date of payment at a rate equal, with respect to Interim Loans made by Eximbank and Boeing, to 6% per annum (subject to Section 15 hereof) and, with respect to Interim Loans made by the Banks, to $\frac{1}{2}$ of 1% per annum over the minimum commercial lending rate from time to time charged by Morgan Guaranty Trust Company of New York for loans in New York (such interest rate to be adjusted simultaneously with each change in such minimum rate); provided that such interest rate with respect to the Interim Loans made by the Banks shall not be more than 7% per annum nor less than $5\frac{1}{2}$ % per annum. The Commonwealth will pay interest on the Interim Notes in Dollars on the last day of June and December in each year.

(b) *Notice of Interim Loans.* The Commonwealth will give to the Agent at least ten business days written or telegraphic notice of the date of each proposed Interim Loan and the amount thereof. The Agent will give each Lender at least five business days written or telegraphic notice of the date of each proposed Interim Loan by such Lender and the amount thereof. Until such time as Qantas shall have made cash payments for Equipment out of its own funds for which no reimbursement has been or will be sought hereunder equal to 20% of the aggregate purchase price of all Equipment to be financed hereunder, each notification given by the Commonwealth pursuant to this paragraph (b) shall be accompanied by a written certification of the Commonwealth that as of the date of the requested Interim Loan Qantas will have made cash payments for Equipment out of its own funds for which no reimbursement has been or will be sought hereunder equal to not less than 25% of the requested Interim Loan plus 25% of all Interim Loans theretofore made, setting forth the name and address of the Manufacturer or Manufacturers to which, and a description of the Equipment for which, such payments have been made and the date or dates thereof.

THE SCHEDULE—continued

(c) *Use of Proceeds.* The proceeds of each Interim Loan made hereunder shall be deposited by the Commonwealth in a Special Account of Qantas with the Agent from which the Agent, upon the request of duly authorized representatives of Qantas, shall either make payment to Manufacturers for Equipment in accordance with invoices attached to such request or make payment to Qantas in reimbursement for previous payments (not theretofore reimbursed hereunder nor used to satisfy the cash payment requirements set forth in paragraph (b) of this Section) to Manufacturers for Equipment in accordance with copies attached to such request of invoices stamped or otherwise marked to indicate such payment. Each such request for withdrawal shall be accompanied by a certificate or certificates as to United States origin with respect to the Equipment covered by such invoices. The Commonwealth shall also furnish, or cause to be furnished by Qantas, the Manufactures or others, such additional documents and information relative to the foregoing and to the United States Interest Equalization Tax Act, as amended, as the Agent may from time to time reasonably request. All documents, material and statements submitted to the Agent pursuant to this paragraph shall be (i) satisfactory in form and substance to the Agent and (ii) retained by the Agent on behalf of the Lenders until all indebtedness of the Commonwealth under this Agreement and the Notes shall have been paid in full.

(d) *Proportionate Take-Down.* The amount of each Interim Loan to be made by each of the Lenders shall be in the same proportion to the total amount then to be borrowed by the Commonwealth hereunder as the then unused portion of the amount which such Lender is committed to lend under this Agreement is to the then unused portion of the aggregate amount which the Lenders are committed to lend under this Agreement. On or prior to the date of borrowing each Lender shall make available to the Agent the amount of the Interim Loan to be made by it in Federal Reserve Bank of New York funds except that if any part of the amount to be disbursed by the Lenders is to be paid over to Boeing by Qantas for or toward the purchase of Equipment, the Agent shall so inform Boeing in the notice given pursuant to paragraph (b) of this Section, and, in lieu of Boeing's providing Dollars, Boeing's pro rata portion of such amount shall be deemed to have been disbursed by Boeing under Boeing's Commitment as of the date of the actual disbursement of funds to the Commonwealth and an amount equal to Boeing's pro rata portion deemed to have been disbursed shall be credited as a payment received by it from Qantas.

(e) *Take-Down Schedule.* Within the limits and subject to the conditions set forth herein, each of the Lenders will make Interim Loans to the Commonwealth at any time and from time to time on or before November 30, 1971. The first borrowing hereunder shall be in an aggregate amount equal to U.S.\$1,000,000 or a greater multiple of U.S.\$250,000 and each subsequent borrowing (except the last, which may be in any amount) shall be in an aggregate amount equal to U.S.\$500,000 or a greater multiple of U.S.\$250,000.

SECTION 2. *The Term Loans.*

(a) *The Term Loans; the Term Notes.* Subject to the terms and conditions of this Agreement, each Lender severally agrees to make loans (the "Term Loans") in Dollars to the Commonwealth, and the Commonwealth agrees to accept the Term Loans, on December 31, 1971, in an amount equal to the aggregate amount of the Interim Loans made by such Lender. The Term Loans will be evidenced by promissory notes of the Commonwealth (the "Term Notes", the Interim Notes and the Term Notes being herein sometimes called the "Notes"), of which those delivered to Eximbank shall be substantially in the form of Exhibit B hereto, those delivered to Boeing shall be substantially in the form of Exhibit C hereto and those delivered to the Banks shall be substantially in the form of Exhibit D hereto, in each case printed or lithographed on one side of one sheet of bank note or safety paper and appropriately completed in accordance with this Section. The Term Notes will be dated December 31, 1971 and will bear interest on the unpaid principal amount thereof from their date to the respective dates of payment at rates determined as provided in Exhibits B, C and D hereto. The Commonwealth will pay interest on the Term Notes in Dollars semi-annually on the last day of June and December in each year. Each Term Note will be payable in Dollars in seven approximately equal installments as provided in Exhibits B, C and D hereto. On or prior to December 15, 1971, each Lender will make available to the Agent the Interim Notes then held by such Lender. The Interim Notes so made available to the Agent by each Lender shall, on December 31, 1971, upon payment of all interest accrued thereon, be surrendered by the Agent to the Commonwealth, for cancellation, in exchange for an equal principal amount of Term Notes evidencing the Term Loan to be made by such Lender on that date.

(b) *Prepayment.* The Commonwealth shall have the right, upon payment of all accrued charges for interest, commitment fee and other amounts due and payable under this Agreement

THE SCHEDULE—*continued*

and the Notes, to prepay at any time, without premium or penalty, all or any of the Notes; provided that none of the Notes evidencing Interim or Term Loans made by the Banks shall be prepaid from the proceeds of other United States bank borrowings (although Interim or Term Loans made by the other Lenders may be so prepaid); and provided, further, that any such prepayment shall be pro rata as among the Notes then subject to prepayment and, with respect to the Term Notes, shall be applied to outstanding installments of principal thereof in the inverse order of their maturity except as provided in Section 8(b) hereof.

(c) *Cancellation of Term Notes.* When and as the principal amount of any Term Note shall be paid in full, the holder of such Term Note shall deliver the same to the Agent for surrender to the Commonwealth for cancellation.

(d) *Exchange of Term Notes.* Upon the request of the holder of a Note or Notes made at any time or from time to time, the Commonwealth shall issue and deliver to such holder, in exchange for any Note or Notes theretofore issued hereunder, its new Note or Notes in such denominations as such holder may specify, dated the date to which interest shall have been paid on the surrendered Note or Notes, and in an aggregate principal amount equal to the aggregate principal amount of the surrendered Note or Notes less the aggregate of any repayments of principal made upon the surrendered Note or Notes, and, if such holder so requests (i) some or all of the Notes shall be issued in serial form to evidence all or part of separate installments of principal of the surrendered Note or Notes or (ii) the installments of principal and installments of interest of the surrendered Note or Notes shall be severally evidenced by separate Notes issued in either serial or installment form. The new Notes issued pursuant to this paragraph shall conform to the requirements of paragraph (a) of this Section and shall be substantially in the form of Exhibit B, C or D hereto, as appropriate, except for such modifications as the aforesaid holder may specify to give effect to any of the provisions of this paragraph.

SECTION 3. *Commitment Fee.* The Commonwealth will pay to the Agent, in Dollars, a commitment fee for distribution to Eximbank and the Banks in respect of the period from May 19, 1968, with respect to Eximbank, and January 15, 1968, with respect to the Banks, to November 30, 1971, on the daily unused amounts of the Commitments of Eximbank and the Banks as set forth in Section 1 hereof, which fee shall be computed at the rate of one half of 1 % per annum. The accrued portion of such commitment fee will be paid on the last day of June and December in each year, except that, notwithstanding the foregoing, the portion of such commitment fee accrued on the date of the termination of the Commitment hereunder, whether by borrowing or otherwise, shall be paid on such date. The Commonwealth shall have the right at any time to terminate all or any part of the unused Commitment of Eximbank hereunder in which event the commitment fee accruable hereunder to Eximbank on and after the date of such termination shall be appropriately reduced.

SECTION 4. *Place of Payments; Execution of Notes.*

(a) Payments and prepayments of principal and payments of interest on the Notes will be made to the Agent, at its office at 23 Wall Street, New York, New York 10015, in Dollars in Federal Reserve Bank of New York funds for the account of the holders of the Notes entitled thereto. All payments of commitment fees pursuant to this Agreement will be made to the Agent at the above address in Dollars in Federal Reserve Bank of New York funds for the account of the Lenders entitled thereto.

(b) Each of the Notes will bear the manual or facsimile signature of the person who is at the time the signature is inscribed the Treasurer of the Commonwealth and the manual signature of the person who is at the time of signing the Australian Consul-General at New York or the Acting Australian Consul-General at New York or the Chief Finance Officer at the Australian Consulate-General at New York or of such other person or persons as shall have been appointed in writing by the person who is at the time of the appointment the Treasurer of the Commonwealth.

SECTION 5. *Freedom from Taxation.* The Commonwealth represents, warrants and agrees that the principal of and interest on the Notes will be free of all present or future taxes imposed by the Commonwealth, or by any taxing authority thereof or therein, except where any Note is or comes to be beneficially owned by any person residing in or ordinarily a resident of Australia or the Territory of Papua or the Territory of New Guinea.

SECTION 6. *Conditions Precedent.* The obligation of each Lender to make Interim or Term Loans hereunder is subject to the performance by the Commonwealth of all its obligations under this Agreement and to the satisfaction on the date of such Interim or Term Loans of the following further conditions:

THE SCHEDULE—*continued*

- (a) The Agent shall have received an Interim or Term Note to such Lender in the amount of the Loan by such Lender and in form satisfactory to the Agent;
- (b) The Agent shall have received on such date a certificate, in form satisfactory to the Agent, to the effect that (i) no Event of Default and no event which, with the giving of notice or lapse of time or both, would become such an Event of Default has occurred, (ii) no default has occurred in the payment of funds by the Commonwealth required under any other agreement relating to external borrowings of the Commonwealth, and (iii) the representations and warranties contained in this Agreement are true and correct in all material respects on and as of the date of such Interim or Term Loans;
- (c) Before the first borrowing hereunder the Lenders shall have received a certified copy of an opinion of the Secretary or Acting Secretary to the Attorney-General's Department of the Commonwealth, in a form satisfactory to counsel for the Lenders, to the effect that (i) the borrowings provided for in this Agreement and the Notes have been duly authorized in accordance with the laws of the Commonwealth and the Order or Orders in Council applicable thereto; (ii) the Notes, when executed as provided herein and delivered in accordance herewith, will constitute valid, binding, absolute and unconditional obligations of the Commonwealth enforceable in accordance with their terms, for the performance of which the full faith and credit of the Commonwealth is pledged; and (iii) this Agreement has been duly authorized and executed in accordance with the laws of the Commonwealth and the Order or Orders in Council applicable hereto and is a valid and binding obligation of the Commonwealth enforceable in accordance with its terms; and
- (d) All legal matters relating to the Loans, the Interim Notes and the Term Notes and this Agreement shall be satisfactory to the General Counsel of Eximbank or counsel designated by him and to special counsel for the Lenders, Messrs. Davis Polk & Wardwell, and to such Australian counsel as they may consult and on whose opinion they may rely as to all matters of Australian law, and the Lenders shall have received an opinion from such special counsel to the effect that (i) the issuance of the Notes and the making of the Interim Loans and Term Loans are not subject to the Interest Equalization Tax Act, as presently in force (26 U.S.C. §§4911ff) and (ii) neither the Interim Loans nor the Term Loans are includible in the category of foreign credits subject to a "ceiling" or similar limitation under the Guidelines for Banks promulgated by the Board of Governors of the United States Federal Reserve System under the President's Balance of Payments Program, as presently in force.

SECTION 7. *Use of Proceeds.* The Commonwealth represents and warrants that the entire proceeds of the Interim Loans and Term Loans will be made available to Qantas to assist it in financing a portion of the cost of the purchase of four Boeing 747 jet aircraft manufactured in the United States and related equipment, spares and services of United States manufacture or origin, and for no other purpose, that such proceeds are to be used for the purchase of property manufactured in the United States and payment for services rendered by United States persons (as defined in the Interest Equalization Tax Act) and that, were the Interim Loans and Term Loans not made (or other financing from United States sources obtained), it is very unlikely that such purchase of property manufactured in the United States would be made or that the services of such United States persons would be employed.

SECTION 8. *Covenants of the Commonwealth.* The Commonwealth agrees that from the date hereof until the payment in full of the Interim Notes and the Term Notes:

- (a) Neither the Commonwealth nor Qantas will (i) create, incur or permit to exist any mortgage, lien, charge or encumbrance on any of the Aircraft except inchoate liens of carriers, mechanics and materialmen or other like liens for sums not yet due incurred in the ordinary course of business and liens for taxes, assessments or other governmental charges or levies not delinquent or (ii) sell, lease or otherwise dispose of any of the Aircraft except for short-term leases made with the prior written approval of Eximbank.
- (b) The Commonwealth will either (i) cause Qantas to maintain insurance upon the Aircraft under a contract of All-Risk Hull Insurance satisfactory to the Agent or (ii) make such alternative financial arrangements as it may consider to be appropriate; provided, however, that such insurance or such financial arrangements (collectively, the "Insurance") shall be payable in Dollars in the United States in an aggregate amount not less than the lesser of the insurable value of the Aircraft or the outstanding amount of the Notes. The terms of any such Insurance agreement, including deductible clauses, shall be in accordance with normal practices in the airline industry. In the

THE SCHEDULE—*continued*

- event of damage to an Aircraft, except total loss or constructive total loss, which damage is compensable under the Insurance, the Commonwealth will cause Qantas, promptly upon receipt of the proceeds of the Insurance, to apply the proceeds of the Insurance to the repair of the Aircraft. In the event of total loss or constructive total loss of an Aircraft, which total loss or constructive total loss is compensable under the Insurance, the Commonwealth will cause Qantas, promptly upon receipt of the proceeds of the Insurance, at its option, either (i) to apply the proceeds of the Insurance to the replacement of the Aircraft with a new one of comparable type of United States manufacture and to be purchased in the United States, or (ii) to apply, with respect to each Aircraft so lost, so much of the proceeds of the Insurance (up to an amount equal to the minimum amount of Insurance required by this Section 8(b) divided by the number of Aircraft then subject to this Section) as may be necessary to prepay outstanding Notes in accordance with Section 2(b) hereof; provided that such prepayments will be ratable among the Notes and, as to any Note, ratable among the installments thereof. The Commonwealth will cause Qantas to advise the Lenders in writing, within sixty days after such total loss or constructive total loss, which of the foregoing options it has elected. This Section 8(b) and Section 8(a) shall apply to any aircraft purchased to replace an Aircraft which is a total loss or constructive total loss to the same extent as to the Aircraft replaced.
- (c) If the Commonwealth sells, offers for public subscription or in any manner disposes of any bonds or loans constituting external debt of the Commonwealth secured by lien on any revenue or asset of the Commonwealth, the Notes will be secured equally and ratably therewith and the Commonwealth will make appropriate provision to that end, where necessary.
 - (d) From time to time, at the request of the Agent, the Commonwealth will promptly deliver to the Agent copies of all reports and other documents filed by the Commonwealth after the date hereof with the United States Securities and Exchange Commission.
 - (e) The Agent and each of the Lenders may accept and rely upon requests for advances, notices or other communications from the Commonwealth, relative to the transactions hereby contemplated, if signed by any person at the time the Australian Consul-General at New York or the Acting Australian Consul-General at New York or the Chief Finance Officer at the Australian Consulate-General at New York, or by such other person or persons as shall have been appointed in writing for such purpose by the person who is at the time of the appointment the Treasurer of the Commonwealth.
 - (f) The Commonwealth will pay or cause to be paid any and all stamp and other taxes payable in connection with the execution and delivery of this Agreement, the Interim Notes or the Term Notes. If any Lender or the Agent is required to pay any Interest Equalization Tax by any law of the United States of America by reason of any of the transactions referred to herein, the Commonwealth will promptly, upon demand of the Agent, reimburse such Lender or the Agent, as the case may be, for and save it harmless from any such tax so paid.
 - (g) All items which are financed in whole or in part under this Agreement and which are exported by ocean vessel to Australia shall be transported from the United States in vessels of United States registry as required by Public Resolution No. 17 of the 73rd Congress of the United States, except to the extent that a waiver of such requirement is obtained from the United States Maritime Administration. If a waiver is obtained, the cost of ocean freight for shipments on vessels of other than United States registry shall not be eligible for financing under this Agreement.
 - (h) Premiums for insurance against marine and transit hazards on any items financed under this Agreement shall be eligible to be financed hereunder only with respect to those policies of insurance which are payable in Dollars and are placed in the United States market.
 - (i) The Commonwealth shall pursue any claims which it may now or hereafter have against Boeing or any other person or entity in connection with the purchase of the Equipment, or in connection with any other transaction for any reason whatsoever, independently of the indebtedness of the Commonwealth under this Agreement and the Notes; and the Commonwealth hereby agrees to forego the utilization of such claims as the basis of any counter-claim against, or deduction or setoff from, the payment of the indebtedness of the Commonwealth under this Agreement and the Notes.

THE SCHEDULE—*continued*SECTION 9. *Special Representations, Warranties and Covenants.* The Commonwealth:

- (a) *Past Employment.* Represents and warrants that no official, employee, agent, attorney or consultant of the Commonwealth who performed services in connection with the establishment of the Eximbank Commitment hereunder was a director, officer or employee of Eximbank at any time during the period of one year prior to April 19, 1968 (the date on which the establishment of the Eximbank Commitment was authorized by Eximbank).
- (b) *Future Employment.* Covenants that during the period of two years after the date specified in the preceding subparagraph, the Commonwealth will not employ or enter into any understanding to employ any person (i) who was a director, officer or employee of Eximbank at any time during the period of one year prior to the date stated above, or (ii) who is a director, officer or employee of Eximbank at the time of such employment or understanding to employ, unless in either case such employment is approved in writing by Eximbank after full disclosure to it of all facts in connection therewith which it deems to be relevant.
- (c) *Payments.* Represents and warrants that it has not paid, agreed to pay or caused to be paid, and covenants that it will not pay, agree to pay or cause to be paid, to any person or other entity (except the Commonwealth's regular full-time officials and employees to the extent of their regular remuneration), any commission, fee or other payment in connection with the establishment or operation of the Eximbank Commitment.
- (d) *Proposed Use of Equipment.* Represents and warrants that the Aircraft and related Equipment have been or will be purchased by Qantas for use by it principally on routes of Qantas between termini in Australia, Hong Kong, Japan, New Zealand, the United Kingdom and the United States.

SECTION 10. *Default.* In the event that (a) any principal installment of or interest on the Interim or Term Notes shall not be paid in full when due, or (b) the Commonwealth shall fail to perform any other of its obligations hereunder or under the Interim or Term Notes and such failure shall continue for thirty days, or (c) in the event that any representation or warranty of the Commonwealth herein contained shall prove to be incorrect, then, upon the occurrence of any such event, the Agent, by written notice mailed to the Commonwealth, shall, if requested in writing by the holders of at least 50% in the aggregate principal amount of the Notes, declare the entire principal amount of each Note, and accrued interest thereon, to be, and the same will become, forthwith due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived. Simultaneously with the giving of any such notice to the Commonwealth, the Agent will notify all holders of the Notes thereof.

If any of the foregoing events (an "Event of Default") shall occur and be continuing, then and in each and every case, the Agent, by written notice to the Commonwealth, shall, if requested in writing by any one or more of the Lenders, suspend all further Loans under this Agreement; thereafter, the Lenders shall not be obligated to make further disbursements under this Agreement until the Lenders (i) shall have received evidence that the cause or causes of the suspension shall have been eliminated or corrected in a manner satisfactory to all of the Lenders and (ii) the Agent shall have notified the Commonwealth in writing on behalf of the Lenders that the suspension has been removed.

SECTION 11. *Allocation of Payments.* All payments made by the Commonwealth under or with respect to the Notes in this Agreement shall be applied (a) first to all indebtedness of the Commonwealth under this Agreement which is not specified hereafter in this Section, (b) next to the pro rata payment to each of the Banks and Eximbank, or its assignee or endorsee, of the accrued commitment fee (as provided in Section 3 hereof) then due and payable, (c) next to the pro rata payment to each Lender, or its assignee or endorsee, of the interest then due and payable under the Notes, (d) next to the pro rata payment to each Lender, or its assignee or endorsee of the principal then due and payable under the Notes, and (e) last to the pro rata prepayment of the Notes in accordance with Section 2(b) hereof.

SECTION 12. *Deposit of Payments and Transmittal of Notes and other Documents.* Upon the receipt by the Agent from the Commonwealth of any payments due under the Notes or this Agreement, the Agent shall, on the same day such payments are received

- (a) transfer all payments to be made to Eximbank (i) by wire transfer through the Federal Reserve Bank of New York for credit to Eximbank Account No. 4984 with the Treasurer of the United States, Washington, D.C. and give wire advice of such transfer to the Department of the Treasury, Washington, D.C. and to Eximbank or (ii) as otherwise permitted or directed in writing by the Treasurer or an Assistant Treasurer of Eximbank;

THE SCHEDULE—*continued*

- (b) deposit all payments to be made to Boeing (i) in the current account of Boeing maintained on the books of the Agent or (ii) as otherwise permitted or directed in writing by the Treasurer or an Assistant Treasurer of Boeing; and
- (c) transfer or deposit in Federal Reserve Bank of New York funds all payments to be made to each Bank as it shall be from time to time instructed by such Bank.

Notwithstanding any provision to the contrary in any of the Notes or in this Agreement, so long as any Note delivered hereunder shall be held by one of the Lenders, all amounts payable to such Lender in respect of the principal of or interest on such Note will be paid in the manner provided in this Section without any presentment of such Note. In addition, the Agent shall promptly forward to the Lenders when received by the Agent all Notes payable to such Lenders, as well as reports and other documents required or permitted under the terms of this Agreement.

SECTION 13. *Authorization of Agent.* Each of the Lenders and each subsequent holder of Notes by its acceptance thereof irrevocably authorizes the Agent to receive all payments of principal of and interest on the Notes and all commitment fees, and to take all other action delegated to it hereunder or reasonably incidental thereto. Neither the Agent nor any of its directors, officers or employees shall be liable for any action taken or omitted in the absence of negligence or wilful misconduct. The Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with it. The Agent shall promptly notify the Commonwealth of any such notice received by it.

SECTION 14. *Expenses.* All statements, reports, certificates, opinions and other documents or information furnished by the Commonwealth to the Agent or the Lenders under this Agreement shall be supplied without cost to the Agent or the Lenders. Further, the Commonwealth hereby agrees to reimburse the Agent and the Lenders, or their assignees or endorsees, on demand for all reasonable out-of-pocket costs and expenses, including legal fees, incurred by the Agent and the Lenders, or their assignees or endorsees, in connection with the preparation, printing, execution, delivery and performance of this Agreement and the Notes, and for all such costs and expenses, including legal fees, incident to the enforcement, protection or preservation of any right or claim of the Lenders, or their assignees or endorsees, under this Agreement or the Notes.

SECTION 15. *Disposition of Indebtedness.* The Lenders may at any time sell, assign, transfer, negotiate, grant participations in, or otherwise dispose of all or any portion of the Notes; and the Commonwealth shall, from time to time at the request of the Lender making such disposition, execute and deliver to such Lender, or to such party or parties as such Lender may designate, any and all further instruments as may be necessary or advisable to give full force and effect to such disposition, including, but not limited to, the new Notes of the Commonwealth to be issued in exchange for any Notes theretofore issued by the Commonwealth hereunder; provided always, that upon any disposition as aforesaid without recourse on the Lender making such disposition, the disposing Lender shall give written notice thereof to the Agent and the Commonwealth. In the event of a disposition by Eximbank or Boeing as aforesaid (including the sale by Eximbank of participations constituting beneficial interests in a pool of Eximbank loans, which pool includes all or any portion of Eximbank's portion of the indebtedness of the Commonwealth outstanding under any Notes) the Commonwealth shall be obligated to pay interest at such rate not exceeding 7% per annum on that portion so disposed of as, in Eximbank's judgment, is necessary to effect such disposition; provided, however, that prior to any disposition by Eximbank or Boeing which will result in an increase in the rate of interest as aforesaid, Eximbank or Boeing, as the case may be, shall consult with the Commonwealth in connection with the proposed disposition.

SECTION 16. *Notices.* All notices and other communications hereunder shall be deemed to have been duly given when delivered or deposited in the mails or delivered to the telegraph company, if permitted by law, addressed to any party hereto at its address given below:

The Commonwealth

The Commonwealth Treasury
Canberra, A.C.T. 2600
Australia

Eximbank

Export-Import Bank of the United States
Washington, D.C. 20571
Attention: *Loan Officer*
Eximbank Credit No. 2516
Australia

THE SCHEDULE—*continued*

Boeing	The Boeing Company P.O. Box 3707 Seattle, Washington 98124 Attention: <i>Treasurer</i>
The Banks:	
Morgan and Morgan as Agent	Morgan Guaranty Trust Company of New York 23 Wall Street New York, N.Y. 10015
Bankers	Bankers Trust Company 16 Wall Street New York, N.Y. 10015
Chase	The Chase Manhattan Bank (National Association) 1 Chase Manhattan Plaza New York, N.Y. 10015 Attention: International Department—Far East and Oceania Zone
Continental Illinois	Continental Illinois National Bank and Trust Company of Chicago 231 South La Salle Street Chicago, Illinois 60090
Northern Trust	The Northern Trust Company 50 South La Salle Street Chicago, Illinois 60090

or at any other address of which it shall have notified the person giving such notice in writing, or at the address of any subsequent holder thereof if notice of such transfer shall have been delivered in writing to the Agent.

SECTION 17. *Waiver.* No failure or delay by the Agent or the Lenders or any holder of the Note in exercising any right, power or privilege hereunder or thereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

SECTION 18. *Non-Business Days.* In the event the date upon which any payment of principal on any of the Notes is due as stated therein shall be in The City of New York a day upon which banking institutions are authorized by law to close, such principal payment may be made on either the next preceding or the next succeeding day not in The City of New York a day on which banking institutions are so authorized to close, together with accrued interest on the amount of such principal payment to the date of payment. Interest shall not be charged for the date on which any principal payment is made on the amount of such principal payment and for this purpose the delivery of a Term Note in exchange for an Interim Note shall be deemed to be a principal payment of an amount equal to the principal amount of such Term Note.

SECTION 19. *Computation of Interest and Fees.* Interest and commitment fees shall be computed on the actual number of calendar days, using a 365-day or 366-day factor, as the case may be.

SECTION 20. *Governing Law.* This Agreement shall be deemed to be a contract made and delivered in the State of New York and shall be governed by, and construed in all respects in accordance with, the laws of said State with respect to all matters of construction validity, performance and discharge.

SECTION 21. *Effectiveness.* This Agreement shall not become effective until it has been duly executed by all the parties hereto and there shall have come into operation an Act of the Parliament of the Commonwealth authorizing the Commonwealth to pay to Qantas moneys borrowed under this Loan Agreement.

THE SCHEDULE—*continued*

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

COMMONWEALTH OF AUSTRALIA

By WILLIAM McMAHON
Treasurer

EXPORT-IMPORT BANK OF THE
UNITED STATES

By WALTER C. SAUER

THE BOEING COMPANY

By E. W. NORRIS

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By SIDNEY G. BUTLER

BANKERS TRUST COMPANY

By STUART E. REIDER

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION)

By M. R. HANSEN

CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY
OF CHICAGO

By ALFRED F. MIOSSI

THE NORTHERN TRUST COMPANY

By KENNETH P. KINNEY

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as AGENT

By M. BURNETT

THE SCHEDULE—continued
EXHIBIT A

U.S.\$.....

New York, N.Y.

On December 31, 1971, for value received, COMMONWEALTH OF AUSTRALIA (the "Commonwealth") hereby promises to pay to the order of..... at the office of Morgan Guaranty Trust Company of New York (the "Agent"), at 23 Wall Street, New York, N.Y. 10015 the principal sum of..... Dollars in lawful money of the United States of America.

The Commonwealth also hereby promises to pay interest on so much of said principal sum as is from time to time unpaid, from the date hereof, in like money, at said office, semi-annually on the last day of June and December in each year, at a rate equal (to 6% per annum)* (to $\frac{1}{2}$ of 1% per annum over the minimum commercial lending rate from time to time charged by Morgan Guaranty Trust Company of New York for loans in New York (such interest rate to be adjusted simultaneously with each change in such minimum rate); provided that such interest rate shall not be more than 7% per annum nor less than $5\frac{1}{2}$ % per annum.)**

This Note is one of the Interim Notes referred to in the Loan Agreement dated as of June 1, 1968 among the Commonwealth, the Agent, and certain lenders named therein and is entitled to the benefits therein provided. Upon the terms provided in such Loan Agreement the principal hereof and accrued interest hereon may become payable prior to stated maturity.

The principal hereof and interest hereon will be paid free of all taxes now or at any time hereafter imposed by the Commonwealth, or by any taxing authority thereof or therein, except where this Note is or comes to be beneficially owned by any person residing in or ordinarily a resident of Australia or the Territory of Papua or the Territory of New Guinea.

COMMONWEALTH OF AUSTRALIA

By.....

Countersigned:

* with respect to Interim Loans made by Eximbank and Boeing

** with respect to Interim Loans made by the Banks

EXHIBIT B

U.S.\$.....

New York, N.Y.

FOR VALUE RECEIVED, COMMONWEALTH OF AUSTRALIA (the "Commonwealth") hereby promises to pay to the order of EXPORT-IMPORT BANK OF THE UNITED STATES at the office of Morgan Guaranty Trust Company of New York (the "Agent"), at 23 Wall Street, New York, N.Y. 10015, the principal sum of..... Dollars in lawful money of the United States of America, in six semi-annual installments of U.S.\$....., the first of which shall be due on December 31, 1975, and the remainder of which shall be due on each succeeding June 30 and December 31, and in a seventh and final installment of U.S.\$..... which shall be due on December 31, 1978.

The Commonwealth also hereby promises to pay interest on so much of said principal sum as is from time to time unpaid, from the date hereof, in like money, at said office, semi-annually on the last day of June and December in each year, at the rate of 6% per annum.

This Note is one of the Term Notes referred to in the Loan Agreement dated as of June 1, 1968 among the Commonwealth, the Agent, and certain lenders named therein and is entitled to the benefits therein provided. Upon the terms provided in such Loan Agreement the principal hereof and accrued interest hereon may become payable prior to stated maturity.

The principal hereof and interest hereon will be paid free of all taxes now or at any time hereafter imposed by the Commonwealth, or by any taxing authority thereof or therein, except where this Note is or comes to be beneficially owned by any person residing in or ordinarily a resident of Australia or the Territory of Papua or the Territory of New Guinea.

COMMONWEALTH OF AUSTRALIA

By.....

Countersigned:

THE SCHEDULE—continued
EXHIBIT C

U.S.\$.....

New York, N.Y.

FOR VALUE RECEIVED, COMMONWEALTH OF AUSTRALIA (the "Commonwealth") hereby promises to pay to the order of THE BOEING COMPANY at the office of Morgan Guaranty Trust Company of New York (the "Agent"), at 23 Wall Street, New York, N.Y. 10015, the principal sum on.....Dollars in lawful money of the United States of America, in six semi-annual installments of U.S.\$....., the first of which shall be due on December 31, 1975 and the remainder of which shall be due on each succeeding June 30 and December 31, and in a seventh and final installment of U.S.\$....., which shall be due on December 31, 1978.

The Commonwealth also hereby promises to pay interest on so much of said principal sum as is from time to time unpaid, from the date hereof, in like money, at said office, semi-annually on the last day of June and December in each year, at the rate of 6% per annum.

This Note is one of the Term Notes referred to in the Loan Agreement dated as of June 1, 1968 among the Commonwealth, the Agent, and certain lenders named therein and is entitled to the benefits therein provided. Upon the terms provided in such Loan Agreement the principal hereof and accrued interest hereon may become payable prior to stated maturity.

The principal hereof and interest hereon will be paid free of all taxes now or at any time hereafter imposed by the Commonwealth, or by any taxing authority thereof or therein, except where this Note is or comes to be beneficially owned by any person residing in or ordinarily a resident of Australia or the Territory of Papua or the Territory of New Guinea.

COMMONWEALTH OF AUSTRALIA

By.....

Countersigned:

.....

EXHIBIT D

U.S.\$.....

New York, N.Y.

FOR VALUE RECEIVED, COMMONWEALTH OF AUSTRALIA (the "Commonwealth") hereby promises to pay to the order of.....

..... at the office of Morgan Guaranty Trust Company of New York (the "Agent"), at 23 Wall Street, New York, N.Y. 10015, the principal sum of.....Dollars in lawful money of the United States of America, in six semi-annual installments of U.S.\$....., the first of which shall be due on June 30, 1972 and the remainder of which shall be due on each succeeding June 30 and December 31, and in a seventh and final installment of U.S.\$....., which shall be due on June 30, 1975.

The Commonwealth also hereby promises to pay interest on so much of said principal sum as is from time to time unpaid, from the date hereof, in like money, at said office, semi-annually on the last day of June and December in each year, at a rate equal to $\frac{1}{2}$ of 1% per annum over the minimum commercial lending rate from time to time charged by Morgan Guaranty Trust Company of New York for loans in New York (such interest rate to be adjusted simultaneously with each change in such minimum rate); provided that such interest rate shall not be more than 7% per annum nor less than $5\frac{1}{4}$ % per annum.

This Note is one of the Term Notes referred to in the Loan Agreement dated as of June 1, 1968 among the Commonwealth, the Agent, and certain lenders named therein and is entitled to the benefits therein provided. Upon the terms provided in such Loan Agreement the principal hereof and accrued interest hereon may become payable prior to stated maturity.

The principal hereof and interest hereon will be paid free of all taxes now or at any time hereafter imposed by the Commonwealth, or by any taxing authority thereof or therein, except where this Note is or comes to be beneficially owned by any person residing in or ordinarily a resident of Australia or the Territory of Papua or the Territory of New Guinea.

COMMONWEALTH OF AUSTRALIA

By.....

Countersigned:

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