

Loans (Qantas Airways Limited)

No. 35 of 1971

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 17 May 1971]

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

Short title.

1. This Act may be cited as the *Loans (Qantas Airways Limited) Act* 1971.

Commence-
ment.

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 agreements ” means—

(a) the Eximbank agreement; and

(b) the Chase agreement;

“ the Chase agreement ” means an agreement, in accordance with the form in the Second Schedule to this Act, between the Commonwealth and the banks referred to in subsection A of Section I. of that form of agreement;

“ the Eximbank agreement ” means the agreement set out in the First Schedule to this Act.

Approval of
agreements
and borrowing.

4.—(1.) The Eximbank agreement, and the borrowing by the Commonwealth in accordance with that agreement of moneys in the currency of the United States of America not exceeding Twenty-nine million five hundred and eighty thousand dollars, are approved.

(2.) The execution on behalf of the Commonwealth of the Chase agreement, and the borrowing by the Commonwealth in accordance with that agreement of moneys in the currency of the United States of America not exceeding Thirty million dollars, are approved.

Approval of
notes.

5. The execution on behalf of the Commonwealth, and the delivery, of promissory notes in accordance with either of the agreements are approved.

6.—(1.) For the purposes of, and for purposes in connexion with, the acquisition by Qantas of the aircraft referred to in the agreements, 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 agreements.

Application
of moneys.

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

7. The expenses of borrowing under either of the agreements, and any commitment fee, interest or other moneys payable under that agreement, shall be paid out of the Consolidated Revenue Fund.

Expenses
and charges.

8. Moneys borrowed under either of the agreements shall be repaid out of the Consolidated Revenue Fund in accordance with the provisions of that agreement.

Repayment of
loan moneys.

9. The Consolidated Revenue Fund is appropriated as 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 either of the agreements.

National Debt
Sinking Fund
Act not to
apply.

11. For the purposes of this Act, where, under the Eximbank 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 that agreement.

Application
of Act to
amounts
deemed to be
disbursed.

12.—(1.) Notwithstanding anything contained in any law of the Commonwealth or of a State or Territory of the Commonwealth, whether passed or made before or after the commencement of this Act—

Moneys to be
paid, and
documents to
be, free of
taxes, &c.

(a) the principal of, and interest on, the notes referred to in Section 4 of the Eximbank agreement shall be free of all taxes as mentioned in that Section; and

(b) the execution, issue and delivery of the Chase agreement or of any note issued under that agreement and the payment of moneys referred to in subsection A of Section XI. of that agreement shall be free of all taxes, duties, fees, restrictions or other charges as mentioned in that subsection.

(2.) Nothing in the last preceding sub-section excludes or limits the application of section 6B of the *Loans Securities Act* 1919–1968.

THE SCHEDULES

FIRST SCHEDULE

Section 3.

LOAN AGREEMENT WITH THE BOEING COMPANY AND THE
EXPORT-IMPORT BANK OF THE UNITED STATES

THIS AGREEMENT, dated as of Dec. 10, 1970, between the Commonwealth of Australia (the "Commonwealth"), The Boeing Company, a corporation organized and existing under the laws of the State of Delaware ("Boeing"), and the Export-Import Bank of the United States, an agency of the United States of America ("Eximbank").

WHEREAS, the Commonwealth has requested Eximbank and Boeing (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 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

WHEREAS, that portion of the purchase price of all the Equipment to be financed in whole or in part hereunder is approximately U.S. \$73,950,000; and

WHEREAS, Qantas has arranged, or prior to the initial disbursement by the Lenders under this Agreement, will make available or arrange, financing to the extent of U.S. \$14,790,000; and

WHEREAS, the Commonwealth has arranged, or, prior to the initial disbursement by the Lenders under this Agreement, will make available or arrange additional financing for Qantas to the extent of U.S. \$29,580,000; 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 exports 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. *Loans.*

(a) *The Loans; the 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.\$26,622,000
The Boeing Company	U.S.\$ 2,958,000
	<u>U.S.\$29,580,000</u>

provided always, however, that the aggregate amount of the disbursements of the Lenders shall in no event exceed 40% of the aggregate purchase price of all of the Equipment to be financed hereunder. Each loan to be made by the Lenders pursuant to this Section (the "Loans") will be evidenced by a promissory note of the Commonwealth ("Note" or "Notes") 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 be payable in seven approximately equal successive semiannual installments the first of which shall be due and payable November 15, 1975. Each Note will be dated the date of the Loan which it evidences and will bear interest on the unpaid principal amount thereof from its date to the date of payment at the rate of 6% per annum (subject to Section 12 hereof). The Commonwealth will pay interest on the Notes in Dollars on May 15 and November 15 of each year.

FIRST SCHEDULE—*continued*

(b) *Notice of Loans.* The Commonwealth will give to the Lenders at least ten business days written or telegraphic notice of the date of each proposed Loan 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 and arranged cash payments out of borrowed funds from other sources for which no reimbursement has been or will be sought hereunder equal to 40% 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 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 50% of the requested Loan plus 50% of all Loans theretofore made and arranged to draw funds borrowed from other sources for which no reimbursement has been or will be sought hereunder equal to not less than 100% of the requested Loan plus 100% of all 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 on the date or dates thereof.

(c) *Use of Proceeds.* The proceeds of each Loan made hereunder shall be used by the Commonwealth to make payment to Qantas either to enable Qantas to make payments to Manufacturers for Equipment in accordance with invoices furnished to Eximbank or to reimburse Qantas 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 furnished to Eximbank of invoices stamped or otherwise marked to indicate such payment. Each request by the Commonwealth for payment 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 Manufacturers or others, such additional documents and information relative to the foregoing, as the Lenders may from time to time reasonably request. All documents, material and statements submitted to the Lenders pursuant to this paragraph shall be satisfactory in form and substance to the Lenders.

(d) *Proportionate Take-Down.* The amount of each 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 the date of borrowing each Lender shall make available to the Commonwealth at a commercial Bank in the United States designated by the Commonwealth and acceptable to the Lenders the amount of the Loan to be made by it 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, 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 Loans to the Commonwealth at any time and from time to time on or before June 30, 1972, or such later date as may be agreed by the Lenders (hereinafter called "Availability Date").

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.

(f) *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 and the Notes, to prepay at any time, without premium or penalty, all or any of the Notes provided that any such prepayment shall be pro rata as among the Notes then subject to prepayment and shall be applied to outstanding installments of principal thereof in the inverse order of their maturity except as provided in Section 7 (b) hereof.

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

FIRST SCHEDULE—*continued*

(h) *Exchange of 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 A hereto, except for such modifications as the aforesaid holder may specify to give effect to any of the provisions of this paragraph.

SECTION 2. *Commitment Fee.* The Commonwealth will pay to Eximbank in Dollars, a commitment fee in respect of the period from June 7, 1970, thru the Availability Date on the daily unused amounts of the Commitment of Eximbank 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 May 15 and November 15 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 3. *Place of Payments; Execution of Notes.*

(a) Payments and prepayments of principal and payments of interest on the Notes will be made at a commercial bank in the United States designated by the Commonwealth and approved by the Lenders in Dollars in Federal Reserve Bank of New York funds for the account of Eximbank. All payments of commitment fees pursuant to this Agreement will be made at the above address in Dollars in Federal Reserve Bank of New York funds for the account of Eximbank.

(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 Director, Commonwealth Sub-Treasury 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.

(c) Each payment made in accordance with the provisions of paragraph (a) of this Section shall, to the extent of such payment, discharge the obligation of the Borrower to the Lenders, and to transferees from either of the Lenders pursuant to Section 12 hereof, in the proportions of their respective participations in the Notes.

SECTION 4. *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 5. *Conditions Precedent.* The obligation of each Lender to make 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 Loans of the following further conditions:

(a) Each Lender shall have received a Note to such Lender in the amount of the Loan by such Lender and in form satisfactory to the Lender;

(b) Each Lender shall have received on such date a certificate, in form satisfactory to the Lender, 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

FIRST SCHEDULE—*continued*

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 loan.

(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.

SECTION 6. *Use of Proceeds.* The Commonwealth represents and warrants that the entire proceeds of the 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, and 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.

SECTION 7. *Covenants of the Commonwealth.* The Commonwealth agrees that from the date hereof until payment in full of the 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 Lenders 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 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 7(b) divided by the number of Aircraft then subject to this Section) as may be necessary to prepay outstanding Notes in accordance with Section 1(f) 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 7(b) and Section 7(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.

FIRST SCHEDULE—*continued*

(d) From time to time, at the request of either of the Lenders, the Commonwealth will promptly deliver to that Lender copies of all reports and other documents filed by the Commonwealth after the date hereof with the United States Securities and Exchange Commission.

(e) 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 Director, Commonwealth Sub-Treasury 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 or the Notes.

(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 counterclaim against, or deduction or setoff from, the payment of the indebtedness of the Commonwealth under this Agreement and the Notes.

SECTION 8. *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 May 7, 1970 (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 Aircraft.* No aircraft or related equipment the purchase of which is financed, in whole or in part by Eximbank under this Agreement (i) is principally for use in a Communist country (as defined in Section 620(f) of the Foreign Assistance Act of 1961, as amended) or (ii) is to be used principally in any nation (a) which engages in armed conflict, declared or otherwise, with armed forces of the United States or

FIRST SCHEDULE—*continued*

(b) which furnishes by direct governmental action (not including chartering, licensing or sales by non-wholly owned business enterprises) goods, supplies, military assistance, or advisers to any nation described in Clause (a) above.

SECTION 9. *Default.* In the event that (a) any principal installment of or interest on the 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 Notes and such failure shall continue for thirty days after written notice thereof shall have been given to the Commonwealth by Eximbank or (c) in the event that any representation or warranty of the Commonwealth herein contained shall prove to be incorrect in any material respect and has not been corrected within 30 days after written notice thereof shall have been given to the Commonwealth by Eximbank, then, upon the occurrence of any such event, Eximbank by written notice mailed to the Commonwealth, may 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 of the Commonwealth, Eximbank 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, Eximbank may, by written notice to the Commonwealth, 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) Eximbank shall have notified the Commonwealth in writing on behalf of the Lenders that the suspension has been removed.

SECTION 10. *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 payment to Eximbank, of the accrued commitment fee (as provided in Section 2 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 1 (f) hereof.

SECTION 11. *Expenses.* All statements, reports, certificates, opinions and other documents or information furnished by the Commonwealth to the Lenders under this Agreement shall be supplied without cost to the Lenders. Further, the Commonwealth hereby agrees to reimburse the Lenders, or their assignees or endorsees, on demand for all reasonable out-of-pocket costs and expenses, including legal fees, incurred by the Lenders, or their assignees or endorsees, in connection with the 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 12. *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 Commonwealth. In the event of a disposition by the Lenders as aforesaid (including the sale by Eximbank of participations constituting beneficial interest in 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 the judgment of Eximbank or Boeing as the case may be, 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.

FIRST SCHEDULE—*continued*

SECTION 13. *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 2797
Australia

Boeing

The Boeing Company
P.O. Box 3707
Seattle, Washington 98124
Attention: Treasurer

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

SECTION 14. *Waiver.* No failure or delay by 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 16. *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 place of payment 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 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 on the amount of any principal payment for the date on which such principal payment is made.

SECTION 17. *Computation of Interest and Fees.* Interest and commitment fees shall be computed on the actual number of calendar days, using a 365-day factor.

SECTION 18. *Governing Law.* This Agreement shall be deemed to be a contract made and delivered in the District of Columbia and shall be governed by, and construed in all respects in accordance with, the laws of the District of Columbia with respect to all matters of construction, validity, performance and discharge.

SECTION 19. *Effectiveness.* This Agreement shall not become effective until it has been duly executed by all 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.

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

COMMONWEALTH OF AUSTRALIA

By J. PLIMSOLL

EXPORT-IMPORT BANK OF THE UNITED STATES

By HENRY KEARNS

THE BOEING COMPANY

By ROBERT J. MURPHY JR
Vice-President

FIRST SCHEDULE—continued

EXHIBIT A

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.....
, the principal sum of..... Dollars
 in lawful money of the United States of America, in six semiannual installments of U.S.\$....., the first of which shall be due on November 15, 1975, and the remainder of which shall be due on each succeeding May 15 and November 15, and in a seventh and final instalment of U.S.\$.....which shall be due on November 15, 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, semiannually on May 15 and November 15 each year, at the rate of 6% per annum.

This Note is one of the Notes referred to in the Loan Agreement dated as of
between the Commonwealth 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:

.....

SECOND SCHEDULE

Section 3.

LOAN AGREEMENT WITH THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION); BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION; CROCKER-CITIZENS NATIONAL BANK; NATIONAL BANK OF DETROIT; THE NORTHERN TRUST COMPANY; WELLS FARGO BANK, NATIONAL ASSOCIATION; AND UNITED CALIFORNIA BANK

LOAN AGREEMENT dated as of February 1, 1971 between the COMMONWEALTH OF AUSTRALIA (hereafter called the "Commonwealth"), the commercial banks named in Section I hereof (hereinafter called, individually, a "Bank" and, collectively, the "Banks") and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), a national banking association organized under the laws of the United States of America, as Agent for the Banks (hereinafter called the "Agent").

WHEREAS, the Commonwealth has requested the Banks 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 (hereinafter called "Qantas") amounts in Dollars required by Qantas to assist in financing (i) the acquisition of four Boeing 747 aircraft (hereinafter collectively called the "Qantas Aircraft") and (ii) the acquisition of certain related spare parts, auxiliary equipment and services (such parts, equipment and services, together with the Qantas Aircraft, being hereinafter called the "Qantas Equipment"); the Qantas Equipment all to be purchased from The Boeing Company or certain other manufacturers in the United States of America and to be of United States manufacture or origin; and

SECOND SCHEDULE—*continued*

WHEREAS, the aggregate purchase price of all Qantas Equipment to be financed in whole or in part hereunder is approximately U.S. \$140,200,000; and

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

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 I. INTERIM LOANS.

A. *Amount.* Each Bank severally agrees, upon the terms and conditions of this Agreement, to make loans in Dollars in Federal Reserve Bank of New York funds ("Federal Funds") to the Commonwealth from the date hereof to and including May 31, 1972 up to but not exceeding in the aggregate the amount set opposite such Bank's name below:

The Chase Manhattan Bank (National Association)	..	..	U.S. \$13,637,500
Bank of America National Trust and Savings Association	..	..	4,362,500
Crocker-Citizens National Bank	..	..	2,727,500
National Bank of Detroit	..	..	2,727,500
The Northern Trust Company	..	..	2,727,500
Wells Fargo Bank, National Association	..	..	2,727,500
United California Bank	..	..	1,090,000

U.S. \$30,000,000

provided always, however, that the aggregate amount of the loans made by the Banks hereunder shall in no event exceed the lesser amount of U.S. \$30,000,000 or eighty per cent (80%) of the aggregate purchase price of all the Qantas Equipment to be financed hereunder. The obligation of each Bank to make loans in the aggregate amount set opposite its name during such period is hereinafter called such Bank's "Commitment". Each borrowing from the Banks under this Section I (hereinafter called an "Interim Borrowing") shall be in the amount of U.S. \$2,500,000 or a multiple thereof.

B. *Interim Notes.* Each loan made by each Bank pursuant to subsection A of this Section I (hereinafter called an "Interim Loan" or, collectively, the "Interim Loans") shall be evidenced by, and repaid with interest in accordance with, a promissory note of the Commonwealth (hereinafter called an "Interim Note" or, collectively, the "Interim Notes"), printed or lithographed on one side of one sheet of bank note or safety paper, in substantially the form of Exhibit A hereto, payable to the order of such Bank, dated the date of such Interim Loan and maturing on June 30, 1972. The Interim Notes delivered to the Agent for the account of each Bank will be delivered to such Bank or upon its order as it may from time to time direct.

C. *Interest.* Each Interim Loan and the Interim Note evidencing the same shall bear interest, payable on June 30 and December 31 in each year, on the unpaid principal amount thereof from the date thereof until paid in full at the rate (computed on the basis of a year of 360 days and actual days elapsed) which shall be from time to time equal to $\frac{3}{4}$ of 1% per annum above the prime rate (hereinafter called the "Prime Rate") which The Chase Manhattan Bank (National Association) ("Chase") charges from time to time in New York City for ninety-day loans to responsible commercial or industrial borrowers, any change in interest rate resulting from a change in the Prime Rate to be effective simultaneously with each change in the Prime Rate.

D. *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 Borrowing and the amount thereof. The Agent will give each Bank at least five business days' written or telegraphic notice of the date of each proposed Interim Borrowing and the amount of its Interim Loan to be made in connection therewith. Until such time as the Agent shall have received evidence satisfactory to it that Qantas shall have made cash payments for Qantas 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 Qantas Equipment to be financed hereunder, each notification given by the Commonwealth pursuant to this subsection D shall be accompanied by a written certification of the Commonwealth that as of the date of the requested Interim Borrowing Qantas will have made cash payments for Qantas 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 aggregate amount of the requested Interim Loans plus 25% of

SECOND SCHEDULE—continued

all Interim Loans theretofore made, setting forth the name and address of the manufacturer or manufacturers to which, and a description of the Qantas Equipment for which, such payments have been made and the date or dates thereof. Notices given under this subsection D shall not be effective until received.

E. *Use of Proceeds.* The proceeds of each Interim Loan 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 the manufacturers of the Qantas 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 subsection D of this Section I) to such manufacturers, 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 Qantas Equipment covered by such invoices. The Commonwealth shall also furnish, or cause to be furnished by Qantas or such manufacturers 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 subsection shall be (i) satisfactory in form and substance to the Agent and its counsel and (ii) retained by the Agent on behalf of the Banks until all indebtedness of the Commonwealth under this Agreement and the Notes (as hereinafter defined) shall have been paid in full.

F. *Proportionate Take-Down.* The amount of each Interim Loan to be made by each Bank shall be in the same proportion to the aggregate amount of the related Interim Borrowing as the then unused portion of such Bank's Commitment is to the then unused portion of the aggregate Commitments of the Banks under this Agreement. Not later than 1:00 P.M., New York City time, on the date of each Interim Borrowing each Bank shall make available to the Agent at the Agent's office at 1 Chase Manhattan Plaza, New York, New York 10015, the amount of the Interim Loan to be made by it in Federal Funds.

G. *Commitment Fee.* The Commonwealth shall pay to the Agent for the account of each Bank a commitment fee for the period from October 16, 1970 with respect to Chase and from October 25, 1970 with respect to each Bank except Chase to the termination of such Bank's Commitment calculated at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum (on the basis of a year of 360 days and actual days elapsed) on the daily average unutilized amount of such Bank's Commitment. Accrued commitment fee shall be payable on June 30 and December 31 in each year and on the termination of the Commitments.

SECTION II. THE TERM LOAN.

A. *The Term Loans.* Each Bank severally agrees, on the terms and conditions of this Agreement, to make one loan (hereinafter, collectively, called the "Term Loans") in Dollars to the Commonwealth on June 30, 1972 in an amount equal to the aggregate principal amount of the Interim Loans made by such Bank then outstanding.

B. *The Term Notes.* Each Term Loan shall be evidenced by, and repaid with interest in accordance with, a promissory note of the Commonwealth (hereinafter called a "Term Note" and, collectively, the "Term Notes"), printed or lithographed on one side of one sheet of bank note or safety paper, in substantially the form of Exhibit B hereto, payable to the order of the respective lending Bank and dated June 30, 1972. Each Term Loan and the Term Note evidencing the same shall be repayable in ten equal consecutive semi-annual installments, of which the first shall be payable on June 30, 1972. The Commonwealth agrees that the proceeds of the Term Loans shall be forthwith applied by the Banks, and the Commonwealth shall forthwith pay to the Banks such additional amounts as may be required, to pay in full the principal of and accrued interest on the Interim Notes.

C. *Interest.* Each Term Loan and the Term Note evidencing the same shall bear interest, payable on June 30 and December 31 in each year, on the unpaid principal amount of each installment of principal thereof, from the date of such Term Note until paid in full, at the rate (computed on the basis of a year of 360 days and actual days elapsed) which shall be from time to time equal to $\frac{3}{4}$ of 1% per annum above the Prime Rate, any change in interest rate resulting from a change in the Prime Rate to be effective simultaneously with each change in the Prime Rate.

SECOND SCHEDULE—*continued*

D. *Exchange of Notes.* On or prior to June 15, 1972, each Bank will make available to the Agent the Interim Notes then held by such Bank. The Interim Notes so made available to the Agent by each Bank shall, on June 30, 1972, upon payment of all interest accrued thereon, be surrendered by the Agent to the Commonwealth, for cancellation, in exchange for a Term Note in an equal principal amount evidencing the Term Loan to be made by such Bank on that date; upon the simultaneous completion of such exchange in respect of all Banks the Commonwealth shall be deemed to have satisfied its obligation contained in the last sentence of subsection B of this Section II.

E. *Cancellation of Term Notes.* When and as the principal amount of and accrued interest on 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.

SECTION III. PREPAYMENT. The Commonwealth shall have the right at any time, upon not less than five business days' written notice to the Agent (effective upon receipt), to prepay the Interim Loans or the Term Loans, as the case may be, in whole or in part (in an aggregate amount of U.S. \$2,500,000 or an integral multiple thereof), without premium or penalty, provided that (i) interest accrued on the principal amount so prepaid is paid to the date of such prepayment, (ii) a pro rata portion of the principal amount of each of the Interim Notes having the same date or the Term Notes, as the case may be, is likewise prepaid on the date of such prepayment and (iii) with respect to partial prepayments of the Term Notes, each such prepayment shall be applied to the then last maturing installment or installments of principal of the Term Notes, except as provided in Section VII. B hereof.

SECTION IV. PAYMENTS, ETC.

A. All payments to be made by the Commonwealth under this Agreement, the Interim Notes or the Term Notes (the Interim Notes and the Term Notes being hereinafter collectively called the "Notes") shall be made to the Agent at its office at 1 Chase Manhattan Plaza, New York, New York 10015, in Dollars in Federal Funds, for the account of the Banks, the holders of the Notes, or the other persons 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 Director, Commonwealth Sub-Treasury 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.

C. If any payment under this Agreement or the Notes is payable on a day which is not a day on which banks in New York City are open for business it shall be paid (with additional interest at the applicable rate) on the next succeeding banking day in New York City.

SECTION V. REPRESENTATIONS AND WARRANTIES. The Commonwealth represents and warrants that:

A. *Binding Obligations.* The Commonwealth has full power, authority and legal right to incur the indebtedness and other obligations provided for in this Agreement for the purposes stated herein, to execute and deliver this Agreement and the Notes, and to perform and observe the terms and provisions of this Agreement and the Notes, and this Agreement constitutes, and the Notes when executed and delivered by the Commonwealth will constitute, valid, binding and enforceable obligations of the Commonwealth in accordance with the respective terms hereof and thereof.

B. *Legal Action.* The making and performance by the Commonwealth of this Agreement and the Notes have been duly authorized by all necessary action required under the Constitution, laws, and regulations of the Commonwealth, or of any political subdivision, department or agency thereof, and under Australian law do not contravene any provision of law or regulations or any order, decree, writ or injunction of any court or administrative body and do not violate, result in a breach of or constitute a default under any agreement or obligation binding on the Commonwealth under Australian law.

SECOND SCHEDULE—*continued*

C. *Full Faith and Credit.* All of the covenants of the Commonwealth contained in this Agreement constitute, and the Notes when executed and delivered by the Commonwealth will constitute, unconditional direct obligations of the Commonwealth for the payment and performance of which the full faith and credit of the Commonwealth is pledged.

D. *Use of Proceeds.* The entire proceeds of the loans hereunder will be made available by the Commonwealth to Qantas solely to finance the acquisition of the Qantas Equipment, all to be purchased from manufacturers in the United States of America and to be of United States manufacture or origin.

SECTION VI. CONDITIONS PRECEDENT. The obligation of each Bank to make Interim Loans or a Term Loan 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 Loans or Term Loan of the following further conditions:

A. The Commitments covering such loans shall not have been cancelled as provided in Section IX.A and the Commitments covering such loans shall not be suspended as provided in Section IX.B;

B. The Agent shall have received, in form and substance satisfactory to the Agent, the notice of borrowing and the certifications, if any, required under Section I.D in respect of Interim Loans;

C. The Agent shall have received an Interim Note or Term Note, as the case may be, payable to such Bank in the amount of the Interim Loan or Term Loan to be made by such Bank and in form satisfactory to the Agent;

D. The Agent shall have received on such date a certificate, in form satisfactory to the Agent, to the effect that (1) no Event of Default specified in Section VIII hereof has occurred, (2) no default has occurred in the payment of funds by the Commonwealth required under any other agreement relating to the external borrowings of the Commonwealth, (3) 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 Loan or Term Loan;

E. Before the first Interim Borrowing hereunder the Agent shall have received, in form and substance satisfactory to it, copies of all governmental licenses, consents and authorizations (including Australian legislation) required, in the judgment of the Agent, for the making and performance by the Commonwealth of this Agreement and the Notes, and the transactions contemplated hereby;

F. Before the first Interim Borrowing hereunder the Agent shall have received, in form and substance satisfactory to it, evidence of the authority, together with a certified specimen signature, of each of the persons (1) who has signed this Agreement on behalf of the Commonwealth, (2) who will sign the Notes on behalf of the Commonwealth and (3) who will, until replaced by other persons duly authorized for that purpose, act as the representative of the Commonwealth for the purpose of signing documents in connection with this Agreement and the transactions contemplated hereby;

G. Before the first Interim Borrowing hereunder the Agent shall have received a signed copy of an opinion of the Secretary or Acting Secretary to the Attorney-General's Department of the Commonwealth, in form and substance satisfactory to counsel for the Banks, (1) as to the matters set forth in Sections V.A, V.B and V.C hereof in so far as they are matters of Australian law, (2) to the effect that no other consent, approval, authorization or other order of, or filing with, any regulatory authority or other governmental body is required for the execution and delivery by the Commonwealth of this Agreement and the Notes or the performance by the Commonwealth of any of the terms hereof or thereof and (3) to the effect that under Australian law the Commonwealth is not immune from legal process on the grounds of sovereignty in connection with the transactions contemplated hereby;

H. The Agent shall have received such evidence, in form and substance satisfactory to it, as shall establish that the United States Interest Equalization Tax as then in force is not applicable to the acquisition of the Notes; and

SECOND SCHEDULE—*continued*

I. All legal matters relating to the Interim Loans and the Term Loans, the Interim Notes and the Term Notes and this Agreement shall be satisfactory to special counsel for the Banks, Messrs. Milbank, Tweed, Hadley & McCloy, and to such Australian counsel as they may consult and on whose opinion they may rely as to all matters of Australian law.

SECTION VII. COVENANTS OF THE COMMONWEALTH. The Commonwealth covenants and 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 Qantas 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 Qantas Aircraft except for short term leases made with the prior written approval of the Agent.

B. The Commonwealth will either (i) cause Qantas to maintain insurance upon the Qantas Aircraft under a contract of All-Risk Hull Insurance satisfactory to the Agent or (ii) make such alternative financial arrangements in substitution therefor 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 Qantas Aircraft or the outstanding amount of the Notes plus the outstanding amount of any other borrowings made in connection with the purchase of the Qantas Aircraft. The terms of any such Insurance, including deductible clauses, shall be in accordance with normal practices in the airline industry. In the event of damage to a Qantas 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 Qantas Aircraft in question. In the event of total loss or constructive total loss which 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 Qantas Aircraft in question 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 Qantas Aircraft so lost, so much of the proceeds of the Insurance as may be necessary to cause the Commonwealth to prepay those outstanding Notes which are related to the acquisition of the Qantas Aircraft in question; provided that such prepayments will be ratable among such Notes and, as to any such Note, ratable among the installments thereof. The Commonwealth will cause Qantas to advise the Banks in writing, within sixty days after such total loss or constructive total loss, which of the foregoing options it has elected. This Section VII.B and Section VII.A shall apply to any aircraft purchased to replace a Qantas Aircraft which is a total loss or constructive total loss to the same extent as to the Qantas 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 Banks 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 who is at the time the Australian Consul-General at New York or the Acting Australian Consul-General at New York or the Director, Commonwealth Sub-Treasury 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.

SECOND SCHEDULE—*continued*

F. The Commonwealth shall pursue any claims which it may now or hereafter have against any person or entity in connection with the purchase of the Qantas 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 counterclaim against, or deduction or setoff from, the payment of the indebtedness of the Commonwealth under this Agreement and the Notes.

SECTION VIII. EVENTS OF DEFAULT. If any of the following events ("Events of Default") shall have occurred and be continuing:

A. Any principal of or interest on any Interim Note or Term Note or any other sum payable by the Commonwealth hereunder shall not be paid in full when due; or

B. The Commonwealth shall fail to perform any covenant or agreement to be performed by it hereunder or under the Notes and such failure shall have continued for 30 days; or

C. Any representation or warranty made by the Commonwealth hereunder, or any certificate, notification or report furnished by the Commonwealth hereunder, shall prove to be incorrect; or

D. Any event of default, as defined in (1) the Agreement, made and entered into as of the 10th day of December, 1970, by and between the Commonwealth, The Boeing Company and Export-Import Bank of the United States or (2) the Loan Agreement dated as of February 1, 1971, between the Commonwealth, certain commercial banks named therein and The Chase Manhattan Bank (National Association), as Agent for said banks, shall occur,

then, and in each such case, the Agent, by written notice to the Commonwealth, shall, if requested in writing by the holders of at least 20% in aggregate principal amount of the Notes then outstanding, declare the entire principal amount of each Note, and interest accrued thereon and all other amounts payable hereunder, to be forthwith due and payable, whereupon the same shall 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.

Upon the occurrence of any Event of Default, the Commonwealth shall immediately notify the Banks thereof by cable, specifying the nature of the occurrence.

SECTION IX. CANCELLATION AND SUSPENSION OF COMMITMENTS.

A. *Cancellation by the Commonwealth.* The Commonwealth may at any time or from time to time, by written notice to the Agent, cancel, without incurring a cancellation fee or similar charge, all or part of the Commitments of the Banks which shall not have been disbursed as provided in this Agreement; provided, that any partial cancellation shall be effected pro rata among the Commitments of the Banks and the Agent shall so advise each Bank.

B. *Suspension by the Banks.* If 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 Banks, suspend all further loans under this Agreement; thereafter the Banks shall not be obligated to make further loans under this Agreement until the Banks (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 Banks and (ii) the Agent shall have notified the Commonwealth in writing on behalf of the Banks that the suspension has been removed.

C. *Continuation of Rights and Obligations.* Notwithstanding any suspension or cancellation pursuant to the provisions of this Section, the rights and obligations of the parties hereto with respect to loans made prior to or subsequent to such suspension or cancellation shall continue in full force and effect.

SECTION X. ALLOCATION OF PAYMENTS. All payments made by the Commonwealth under or with respect to the Notes or this Agreement shall be applied (a) first to all indebtedness of the Commonwealth under this Agreement which is not specified hereafter in this Section,

SECOND SCHEDULE—*continued*

(b) next to the pro rata payment to each of the Banks of the accrued commitment fee then due and payable with respect to such Bank's Commitment, (c) next to the pro rata payment to each Bank, or its assignee or endorsee, of the interest then due and payable under the Notes, (d) next to the pro rata payment to each Bank, 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 III hereof.

SECTION XI. TAXES.

A. The Commonwealth represents, warrants and agrees that the execution, issuance and delivery of this Agreement and the Notes and the payment of principal of and interest on the Notes and all other sums payable under this Agreement or the Notes will be free from all present and future taxes, duties, fees, restrictions or other charges imposed by the Commonwealth or any political subdivision or taxing authority thereof or therein, except to the extent that the right to receive payment of principal of or interest on the Notes or any other sums payable by the Commonwealth under this Agreement or the Notes is or comes to be beneficially owned by any person other than any of the Banks residing in or ordinarily a resident of Australia, the Territory of Papua or the Territory of New Guinea.

B. The Commonwealth further agrees that if at any time any tax imposed under the United States Interest Equalization Tax shall, in the opinion of any of the Banks, become payable by such Bank on or in respect of this Agreement or any loan hereunder or any Note, then, and in each such event, the Commonwealth shall pay to such Bank, upon written demand by such Bank, an additional amount equal to the tax payable by such Bank plus penalties and interest thereon. The obligation of the Commonwealth under this subsection to pay amounts attributable to the Interest Equalization Tax is subject to the condition that such Bank will not demand any payment thereof more than thirty (30) calendar days prior to the date on which such Bank then contemplates that it will make payment thereof. If, within 30 calendar days after payment of any amount to any Bank by the Commonwealth under this subsection, the whole or any part of such amount is not paid by such Bank to the United States tax authorities, such Bank shall refund such whole or part to the Commonwealth within 32 days after the payment by the Commonwealth. If the Commonwealth so stipulates at the time of payment to any Bank hereunder, such Bank shall institute proceedings for refund to determine whether the amount in question is legally payable as Interest Equalization Tax. The Commonwealth agrees to reimburse each such Bank against the reasonable cost (including counsel fees) of any such proceedings. If the whole or any part of the amount paid to the United States tax authorities hereunder is repaid to any Bank, such Bank shall forthwith repay such whole or part to the Commonwealth.

SECTION XII. EXPENSES. All statements, reports, certificates, opinions and other documents or information furnished by the Commonwealth to the Agent or the Banks under this Agreement shall be supplied without cost to the Agent or the Banks. Further, the Commonwealth hereby agrees that it will pay, on demand, whether or not any loan is made hereunder (a) all out-of-pocket expenses of the Banks and the Agent in connection with the preparation, execution and delivery hereof and of the Notes and the making of loans hereunder, including the reasonable fees and disbursements of special United States and Australian counsel to the Banks and (b) costs of collection (including reasonable counsel fees) if default is made in the payment of any Note.

SECTION XIII. DISPOSITION OF INDEBTEDNESS. The Banks 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 Bank making such disposition, execute and deliver to such Bank, or to such party or parties as such Bank 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 Bank making such disposition, the disposing Bank shall give written notice thereof to the Agent and the Commonwealth. The Commonwealth may treat the payee of any Note as the holder thereof until the Commonwealth shall have received written notice of any transfer thereof.

SECTION XIV. AUTHORIZATION OF AGENT. Each of the Banks 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

SECOND SCHEDULE—*continued*

delegated to it hereunder or reasonably incidental thereto, except that the Agent shall not (i) enter into any amendment or modification of this Agreement or the Notes which would reduce the amounts payable by the Commonwealth hereunder or thereunder or (ii) give any waiver or consent to non-performance of any of the covenants of the Commonwealth hereunder unless the Agent has been so authorized by written instructions from the holders of more than 80% in aggregate principal amount of the Notes then outstanding, or if no Notes are then outstanding, from Banks having more than 80% of the aggregate Commitments hereunder, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all the holders of the Notes or all the Banks, as the case may be. 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 willful 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 XV. MISCELLANEOUS.

A. *Waiver.* No failure on the part of the Agent or the Banks or any holder of a Note to exercise, and no delay in exercising any right, power, or privilege under this Agreement or the Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege under this Agreement or the Notes preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

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

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

The Chase Manhattan Bank
(National Association)
One Chase Manhattan Plaza
New York, New York 10015, U.S.A.

Bank of America National
Trust and Savings Association
Attention: Asia Division
Bank of America Centre
San Francisco, California 94120, U.S.A.

Crocker-Citizens National Bank
1 Montgomery Street
San Francisco, California 94120, U.S.A.

National Bank of Detroit
International Division
611 Woodward at Fort
Detroit, Michigan 48232, U.S.A.

The Northern Trust Company
50 South La Salle Street at Monroe
Chicago, Illinois 60690, U.S.A.

Wells Fargo Bank, National Association
464 California Street
San Francisco, California 94120, U.S.A.

United California Bank
International Division
600 South Spring Street
Los Angeles, California 90014, U.S.A.

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

SECOND SCHEDULE—*continued*

C. *Sovereign Immunity.* To the extent that the Commonwealth or any of its property has or hereafter may acquire any right of immunity from legal proceedings on the grounds of sovereignty, the Commonwealth irrevocably waives such right of immunity in respect of its respective obligations under this Agreement and the Notes.

D. *Governing Law.* This Agreement shall be deemed to be a contract under the laws of the State of New York, United States of America, and this Agreement and each Note issued hereunder shall be governed by, and construed in accordance with, the laws of said State.

E. *Counterparts.* This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

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

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

COMMONWEALTH OF AUSTRALIA

By.....

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION)

By.....

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By.....

CROCKER-CITIZENS NATIONAL BANK

By.....

NATIONAL BANK OF DETROIT

By.....

THE NORTHERN TRUST COMPANY

By.....

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By.....

By.....

UNITED CALIFORNIA BANK

By.....

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION), as Agent

By.....

EXHIBIT A

U.S. \$.....

New York, N.Y.

On June 30, 1972, for value received, COMMONWEALTH OF AUSTRALIA (the "Commonwealth") hereby promises to pay to the order of.....at the office of the Chase Manhattan Bank (National Association) (the "Agent"), at One Chase Manhattan Plaza, New York, N.Y. 10015 the principal sum of.....Dollars in lawful money of the United States of America, in Federal Reserve Bank of New York funds, and to pay interest on said principal sum, or the unpaid balance thereof, from the date hereof until paid in full, in like money, in said funds, at said office, at the rate (computed on the basis of a year of 360 days and actual days elapsed) which shall be from time to time equal to $\frac{3}{4}$ of 1% per annum above the prime rate ("prime rate") which The Chase Manhattan Bank (National Association) charges from time to time in New York City for ninety-day loans to responsible commercial or industrial borrowers, any change in

SECOND SCHEDULE—*continued*

interest rate resulting from a change in the prime rate to be effective simultaneously with each change in the prime rate, such interest to be payable on June 30 and December 31 in each year.

This Note is one of the Interim Notes referred to in the Loan Agreement dated as of February 1, 1971 between the Commonwealth, the Agent, and certain banks named therein (the "Loan Agreement") and is entitled to the benefits therein provided.

Upon the occurrence of an event of default as defined in the Loan Agreement the principal hereof and accrued interest hereon may be declared to be forthwith due and payable as provided in the Loan Agreement.

The Commonwealth may at its option pay all or any part of the principal hereof before maturity upon the terms provided in the Loan Agreement.

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, other than any of the banks which are parties to the Loan Agreement, residing in or ordinarily a resident of Australia, the Territory of Papua or the Territory of New Guinea.

COMMONWEALTH OF AUSTRALIA

By.....

Countersigned:

.....

EXHIBIT B

U.S.\$.....

June 30, 1972

New York, N.Y.

FOR VALUE RECEIVED, COMMONWEALTH OF AUSTRALIA (the "Commonwealth") hereby promises to pay to the order of..... at the office of The Chase Manhattan Bank (National Association) (the "Agent"), at One Chase Manhattan Plaza, New York, N.Y. 10015, the principal sum of..... Dollars in lawful money of the United States of America, in Federal Reserve Bank of New York funds, in ten equal consecutive semi-annual installments of U.S. \$....., the first of which shall be due on June 30, 1972, and to pay interest on each installment of said principal sum or the unpaid balance of such installment, from the date hereof until paid in full, in like money, in said funds, at said office, at the rate (computed on the basis of a year of 360 days and actual days elapsed) which shall be from time to time equal to $\frac{3}{4}$ of 1% per annum above the prime rate ("prime rate") which The Chase Manhattan Bank (National Association) charges from time to time in New York City for ninety-day loans to responsible commercial or industrial borrowers, any change in interest rate resulting from a change in the prime rate to be effective simultaneously with each change in the prime rate, such interest to be payable on June 30 and December 31 in each year.

This Note is one of the Term Notes referred to in the Loan Agreement dated as of February 1, 1971 between the Commonwealth, the Agent, and certain banks named therein (the "Loan Agreement") and is entitled to the benefits therein provided.

Upon the occurrence of an event of default as defined in the Loan Agreement the principal hereof and accrued interest hereon may be declared to be forthwith due and payable as provided in the Loan Agreement

The Commonwealth may at its option pay all or any part of the principal hereof before maturity upon the terms provided in the Loan Agreement.

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, other than any of the banks which are parties to the Loan Agreement, residing in or ordinarily a resident of Australia, the Territory of Papua or the Territory of New Guinea.

COMMONWEALTH OF AUSTRALIA

By.....

Countersigned:

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