

Loans (*Qantas Airways Limited*) (No. 2)

No. 94 of 1971

An Act relating to the Borrowing of certain Moneys by the Commonwealth and the Lending of certain Moneys by the Commonwealth to *Qantas Airways Limited*.

[Assented to 12 November 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:—

PART I.—PRELIMINARY.

1. This Act may be cited as the *Loans (Qantas Airways Limited) Act* Short title.
(No. 2) 1971.

2. This Act shall come into operation on the day on which it receives Commence-
the Royal Assent. ment.

3. This Act is divided into Parts, as follows:— Parts.

Part I.—Preliminary (Sections 1–3).

Part II.—The 1971 Borrowings (Sections 4–13).

Part III.—Amendments of the *Loan (Qantas Airways Limited) Act* 1968
(Sections 14–17).

PART II.—THE 1971 BORROWINGS.

4. In this Part— Definitions.

“*Qantas*” means *Qantas Airways Limited*;

“the agreement” means an agreement in accordance with the form set out in the First Schedule to this Act between the Commonwealth, The Boeing Company and the Export-Import Bank of the United States.

5. The execution by the Commonwealth of the agreement and the borrowing by the Commonwealth, in accordance with the agreement, of moneys in the currency of the United States of America are approved. Approval of agreement and borrowing.

6. The execution on behalf of the Commonwealth, and the delivery, of promissory notes in accordance with the agreement are approved. Approval of notes.

Application
of moneys.

7.—(1.) For the purposes of, and for purposes in connexion with, the acquisition by Qantas of aircraft, being Boeing 747 aircraft not exceeding two in number, the Commonwealth may, on such terms and conditions as the Treasurer determines—

- (a) make available to Qantas, by way of loan or other credit arrangements, amounts not exceeding in the aggregate an amount equivalent to the moneys borrowed under the agreement; and
- (b) make available to Qantas, by way of loan, in addition to the amounts referred to in the last preceding paragraph, amounts in Australian currency not exceeding in the aggregate Thirteen million one hundred and fifty thousand dollars.

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

Expenses
and charges.

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

Repayment of
loan moneys.

9. Moneys borrowed under the agreement shall be repaid, in accordance with the provisions of the agreement, out of the Consolidated Revenue Fund.

Appropriation
of Consolidated
Revenue Fund.

10. The Consolidated Revenue Fund is appropriated as necessary for the purposes of the last two preceding sections.

National Debt
Sinking Fund
Act not to
apply.

11. The *National Debt Sinking Fund Act* 1966–1967 does not apply in relation to moneys borrowed—

- (a) under the agreement; or
- (b) by way of the issue of the Bonds referred to in the trust indenture between the Commonwealth and Banque Lambert-Luxembourg S.A. signed at Brussels on the fourth day of August, One thousand nine hundred and seventy-one.

Application
of Act to
amounts
deemed to be
disbursed.

12. For the purposes of this Part, 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.

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

13.—(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, the principal of, and interest on, the notes referred to in Section 4 of the agreement shall be free of all taxes as mentioned in that Section.

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

PART III.—AMENDMENTS OF THE LOAN
(QANTAS AIRWAYS LIMITED) ACT 1968.

14.—(1.) The *Loan (Qantas Airways Limited) Act 1968** is in this Part referred to as the Principal Act. Citation.

(2.) The Principal Act, as amended by this Part, may be cited as the *Loan (Qantas Airways Limited) Act 1968–1971*.

15. Sections 3 and 4 of the Principal Act are repealed and the following sections inserted in their stead:—

“ 3.—(1.) In this Act—

Interpretation.

‘ Qantas ’ means Qantas Airways Limited;

‘ the Amending Agreement ’ means an agreement in accordance with the form set out in the Second Schedule to this Act between the parties to the Loan Agreement;

‘ the Loan Agreement ’ means the agreement set out in the First Schedule to this Act.

“ (2.) A reference in this Act to the Agreement shall be read—

(a) before the day on which the Amending Agreement becomes effective, as a reference to the Loan Agreement; and

(b) on and after that day, as a reference to the Loan Agreement as amended by the Amending Agreement.

“ 4.—(1.) The Loan Agreement is approved.

Approval of
agreements and
borrowing.

“ (2.) The execution by the Commonwealth of the Amending Agreement is approved.

“ (3.) The borrowing by the Commonwealth in accordance with the Agreement of moneys in the currency of the United States of America is approved.”.

16. The Principal Act is amended by omitting from the Schedule the words— First Schedule.

“ THE SCHEDULE

Section 3.”

and inserting in their stead the words—

“ THE SCHEDULES

FIRST SCHEDULE

Section 3.”

17. The Principal Act is amended by adding at the end thereof the Schedule set out in the Second Schedule to this Act. Second
Schedule.

THE SCHEDULES

FIRST SCHEDULE

Section 4.

PROPOSED AGREEMENT BETWEEN THE COMMONWEALTH, THE BOEING COMPANY AND THE EXPORT-IMPORT BANK OF THE UNITED STATES

THIS AGREEMENT, dated as of _____, 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 the purchase of one Boeing 747 aircraft (the "Aircraft"), spare parts, and related 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, the purchase price of all the Equipment to be financed in whole or in part hereunder is approximately U.S.\$28,276,000; 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.\$5,655,200; 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.\$11,310,400 of which not less than U.S.\$7,069,000 shall be from funds raised outside the United States; 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.\$ 7,377,600
The Boeing Company's A Commitment	U.S.\$ 3,106,300
The Boeing Company's B Commitment	U.S.\$ 826,500

U.S.\$ 11,310,400

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 Eximbank pursuant to this Section ("Eximbank Loans") will be evidenced by a promissory note of the Commonwealth ("Eximbank Note") substantially in the form of Exhibit A hereto and shall be payable in seven successive semiannual installments the first of which shall be due and payable November 15, 1979. The first installment shall be in an amount equal to 2.1/26.1 of the Eximbank Loan which it evidences. The remaining six installments of each of the Eximbank Notes shall each be in an amount equal to

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4/26.1 of the Eximbank Loan which it evidences. Each Eximbank Note will bear interest on any and all amounts remaining unpaid thereon from time to time from the date thereof until paid at the rate of 6% per annum. Each loan to be made by Boeing pursuant to its A Commitment under this Section ("Boeing A Loan") will be evidenced by a promissory note of the Commonwealth ("Boeing A Note") substantially in the form of Exhibit B hereto and shall be payable in three successive semiannual installments the first of which shall be due and payable May 15, 1978. The first two installments of each Boeing A Note shall each be in an amount equal to 4/10.99 of the principal amount of the note, with the final installment in an amount equal to 2.99/10.99 of the principal amount of the note. Each loan to be made by Boeing pursuant to its B Commitment under this Section ("Boeing B Loan") will be evidenced by a promissory note of the Commonwealth ("Boeing B Note") substantially in the form of Exhibit C hereto and shall be payable in two successive semiannual installments the first of which shall be due and payable May 15, 1979. The first installment of each Boeing B Note shall be in an amount equal to 1.01/2.91 of the principal amount of the note with the final installment in an amount equal to 1.9/2.91 of the principal amount of the note. Each Boeing A Note will bear interest on any and all amounts remaining unpaid thereon from time to time from the date thereof until paid at the rate of 6½% per annum, and each Boeing B Note will bear interest on any and all amounts remaining unpaid thereon from time to time from the date thereof until paid at the rate of 6% per annum. The Eximbank Loans, the Boeing A Loans and the Boeing B Loans are hereinafter collectively referred to as the "Loans" and the Eximbank Notes, the Boeing A Notes and the Boeing B Notes and any Note issued in exchange therefor pursuant to Section 1(h) of this Agreement, as the "Notes". The Notes shall be dated the date of the Loans which they evidence and shall be printed or lithographed on one side of one sheet of bank note or safety paper. The Commonwealth will pay interest on the Notes in Dollars on May 15 and November 15 of each year.

(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 the 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 the 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

FIRST SCHEDULE—*continued*

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 December 31, 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.

(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, B or C hereto, as the case may be, 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 May 29, 1971, 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 1/2 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 fee 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.

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(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 11 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 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 one Boeing 747 jet aircraft manufactured in the United States, spare parts and related equipment 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 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 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 contracts of All-Risk Hull insurance and War Risks 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 contain breach of warranty and loss payable endorsements in favor

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of the Lenders and 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 the 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 the 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 so much of the proceeds of the Insurance 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 the Aircraft in the event of a total loss or constructive total loss to the same extent as to the Aircraft.

(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 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 claim which it or Qantas 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. *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, or (d) in

FIRST SCHEDULE—*continued*

the event of any of the occurrences enumerated in (a) to (c) above with regard to any other Loan Agreement between the Commonwealth and either of the Lenders, 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 9. *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 10. *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 endorseees, on demand for all reasonable out-of-pocket costs and expenses, including legal fees, incurred by the Lenders, or their assignees or endorseees, 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 endorseees, under this Agreement or the Notes.

Section 11. *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.

Section 12. *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 3147 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.

FIRST SCHEDULE—continued

Section 13. *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 14. *Eximbank and Boeing Loan Commitments.* The Loan Commitments of Eximbank and Boeing shall be *pari passu* in all respects and neither Lender, without the consent of the other, shall enter into or accept any arrangement: (a) varying the terms of the Commonwealth's indebtedness under the credit or any note evidencing such indebtedness; (b) resulting in payments to either Eximbank or to Boeing without ratable payment or transfer to the other; or (c) securing either Eximbank or Boeing without ratably securing the other. Any expenses incurred by Eximbank or Boeing in the enforcement of the Commonwealth's indebtedness under the Credit shall, if not reimbursed by the Commonwealth, be borne by Eximbank and Boeing in the proportion of their respective Loan Commitments.

Section 15. *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 16. *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 17. *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 18. *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.

EXHIBIT "A"

EXIMBANK NOTE

New York, N. Y.

U.S.\$, 19.....

FOR VALUE RECEIVED, Commonwealth of Australia (the "Commonwealth") promises to pay to the order of the Export-Import Bank of the United States at the office of

....., the principal sum of.....

Dollars (\$), in lawful currency of the United States of America, in seven installments as follows:

- On November 15, 1979 \$.....,
- On May 15, 1980,
- On November 15, 1980,
- On May 15, 1981,
- On November 15, 1981,
- On May 15, 1982, and
- On November 15, 1982

together with interest on any and all amounts remaining unpaid hereon from time to time from the date hereof until paid, payable semiannually on the fifteenth day of each May and November during the period hereof and at final maturity at the rate of six percent (6%) per annum.

FIRST SCHEDULE—continued

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

Title.....

Countersigned:

.....

EXHIBIT " B "

BOEING A NOTE

New York, N.Y.

U.S.\$....., 19.....

FOR VALUE RECEIVED, Commonwealth of Australia (the " Commonwealth ") promises to pay to the order of The Boeing Company at the office of, the principal sum of Dollars (\$.....), in lawful currency of the United States of America, in three installments as follows:

On May 15, 1978 \$.....,

On November 15, 1978, and

On May 15, 1979

together with interest on any and all amounts remaining unpaid hereon from time to time from the date hereof until paid, payable semiannually on the fifteenth day of each May and November during the period hereof and at final maturity at the rate of six and one-half per cent (6½%) per annum.

This Note is one of the Boeing A 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

Title.....

Countersigned:

.....

EXHIBIT " C "

BOEING B NOTE

New York, N. Y.

U.S. \$....., 19.....

FOR VALUE RECEIVED, Commonwealth of Australia (the " Commonwealth ") promises to pay to the order of The Boeing Company at the office of....., the principal sum ofDollars (\$.....), in lawful currency of the United States of America in two instalments as follows:

On May 15, 1979 \$....., and

On November 15, 1979

together with interest on any and all amounts remaining unpaid hereon from time to time from the date hereof until paid, payable semiannually on the fifteenth day of each May and November during the period hereof and at final maturity at the rate of six per cent (6%) per annum.

FIRST SCHEDULE—*continued*

This Note is one of the Boeing B 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.....

Title.....

Countersigned:

.....

SECOND SCHEDULE

Section 17.

SCHEDULE ADDED TO THE LOAN (QANTAS AIRWAYS LIMITED) ACT 1968

SECOND SCHEDULE

Section 3.

AMENDMENT

Amendment dated as of _____, 1971, 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 of the Loan Agreement hereinafter referred to (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"), to the Loan Agreement dated as of June 1, 1968 among the Commonwealth, Eximbank, Boeing, the Banks and the Agent (the "Loan Agreement").

1. The Loan Agreement is hereby amended in the following respects:

(a) the date "December 31, 1971", wherever it occurs in Section 1(a) or Section 2(a) of the Loan Agreement or in Exhibit A, is amended to read "March 31, 1972";

(b) the date "November 30, 1971", where it appears in Section 1(e) and Section 3 of the Loan Agreement, is amended to read "February 28, 1972"; and

(c) the date "December 15, 1971", where it appears in Section 2 (a) of the Loan Agreement, is amended to read "March 15, 1972".

2. The maturity date for each of the Interim Loans and Interim Notes issued pursuant to Section 1(a) of the Loan Agreement is hereby extended to March 31, 1972. Interest on the Interim Notes and the Term Notes will continue to be payable on the last day of June and December in each year; however, in addition, notwithstanding anything else contained in the Loan Agreement or in the Interim Notes, interest then accrued on the unpaid principal amount of the Interim Notes will be payable on March 31, 1972.

3. Except as specifically changed hereby, the Loan Agreement shall remain in full force and effect.

4. This Amendment shall become effective when counterparts hereof have been duly executed by all the parties named as signatory hereto.