

Loans (Australian National Airlines Commission)

No. 153 of 1968

An Act to approve certain Borrowings by the Commonwealth of Moneys in the Currency of Switzerland and Moneys in the Currency of the United States of America to be made available to the Australian National Airlines Commission, and for purposes connected therewith.

[Assented to 10 December 1968]

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

Short title.

1. This Act may be cited as the *Loans (Australian National Airlines Commission) Act 1968*.

Commencement.

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

Definitions.

3. In this Act—

“the agreements” means the Swiss Agreement and the United States Agreement;

“the Commission” means the Australian National Airlines Commission.

“the Swiss Agreement” means the agreement constituted by the Swiss Loan Agreement and the Swiss Letter;

“the Swiss Loan Agreement” means the agreement a copy of which is set out in Part I. of the First Schedule to this Act;

“the Swiss Letter” means the letter a copy of which is set out in Part II. of the First Schedule to this Act;

“the United States Agreement” means the agreement a copy of which is set out in the Second Schedule to this Act.

Approval of agreements.

4.—(1.) The Swiss Loan Agreement and the United States Agreement are approved.

(2.) The confirmation on behalf of the Commonwealth of the Swiss Letter is approved.

5.—(1.) The borrowing by the Commonwealth, in accordance with the Swiss Agreement, of moneys in the currency of Switzerland not exceeding in the whole Nine million nine hundred thousand francs is approved.

Approval of borrowings.

(2.) The borrowing by the Commonwealth, in accordance with the United States Agreement, of moneys in the currency of the United States of America not exceeding in the whole Two million four hundred and ninety thousand and forty dollars is approved.

6. The execution on behalf of the Commonwealth, and the delivery to Export-Import Bank of the United States, of promissory notes referred to in the United States Agreement are approved.

Approval of notes.

7.—(1.) For the purposes of, and purposes in connexion with, the purchase by the Commission of the aircraft referred to in the United States Agreement, the Commonwealth may, on such terms and conditions as the Treasurer determines, make available to the Commission, 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 to the necessary extent appropriated accordingly.

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

Expenses and charges.

9.—(1.) Moneys borrowed under the Swiss Agreement shall be repaid out of the Consolidated Revenue Fund in accordance with the provisions of that agreement.

Repayment of loan moneys.

(2.) Moneys borrowed under the United States Agreement shall be repaid out of the Consolidated Revenue Fund in accordance with the provisions of that agreement.

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

Appropriation of Consolidated Revenue Fund.

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

National Debt Sinking Fund Act not to apply.

12. Amounts made available to the Commission by the Commonwealth under this Act shall not be taken into account for the purposes of sub-section (5.) of section 31 of the *Australian National Airlines Act* 1945–1966.

Application of section 31 (5.) of Australian National Airlines Act.

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, payments referred to in Article 4 of the Swiss Loan Agreement shall be free of all taxes as agreed in that Article.

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

(2.) 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—

- (a) the execution, issue and delivery of the United States Agreement or of any note issued under that agreement; and
- (b) the payment of moneys referred to in Article XV of that agreement,

shall be exempt from all taxes, duties, fees, restrictions and other charges as agreed in that Article.

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

Application of Act to disbursements under United States Agreement not paid to the Commonwealth.

14. Where the doing of any act or thing is, for the purposes of the United States Agreement, a disbursement by the Export-Import Bank of the United States or by The Boeing Company but the act or thing is not, and does not entail, the payment of moneys by the Export-Import Bank of the United States or by The Boeing Company to the Commonwealth, the doing of that act or thing shall, for the purposes of this Act, be deemed to constitute the borrowing by the Treasurer, on behalf of the Commonwealth, in accordance with that agreement, of the amount of the disbursement.

Insurance.

15. Where, under Article VIII of the United States Agreement, the Commonwealth is required to cause the Commission to do an act or thing, the Treasurer may require the Commission to do that act or thing and the Commission shall comply with that requirement.

Reports.

16. The Treasurer may at any time require the Commission to furnish to him such reports and information as are necessary to enable the Commonwealth to carry out the obligations of the Commonwealth under Article IX of the United States Agreement and the Commission shall comply with any such requirement.

Approval of application of Swiss law and election of domicile.

17. To the extent necessary to give to Article 7 of the Swiss Loan Agreement its full operation according to Swiss law the provisions of that Article have force and effect by virtue of this Act.

THE SCHEDULES

FIRST SCHEDULE

Section 3.

SWISS AGREEMENT

PART I.

LOAN AGREEMENT

BETWEEN: Union Bank of Switzerland
Bahnhofstrasse 45
8001/Zurich
AND: Commonwealth of Australia

ON THE ONE HAND

ON THE OTHER HAND

FIRST SCHEDULE—*continued*

THE FOLLOWING IS AGREED:

1.

Union Bank of Switzerland, Zurich, Switzerland (the "Bank") hereby agrees to lend funds to the Commonwealth of Australia (the "Commonwealth") on the terms and provisions stated below:

AMOUNT: Swiss Francs 9,900,000 (Nine Million Nine Hundred Thousand) to be made available to the Commonwealth on the Take-Down Date.

TAKE-DOWN DATE: The Take-Down Date shall be a date designated by the Commonwealth by means of written notice to the Bank at least 30 days prior to such date. The Take-Down Date shall not be later than November 14, 1969.

RATE OF INTEREST: The rate of interest shall be $6\frac{1}{2}\%$ net per annum, interest payable annually on the anniversary of the Take-Down Date, on the principal amount of the loan then outstanding. The first interest payment shall be made on the anniversary of the Take-Down Date one year from such date.

COMMITMENT FEE: The Commonwealth agrees to pay to the Bank on the Take-Down Date an amount equal to $\frac{1}{2}\%$ per annum, computed from September 19, 1968 to the Take-Down Date, of the principal amount of the loan. The commitment fee shall be computed on the basis of a 360-day year of twelve 30-day months.

REPAYMENT OF LOAN: Except as otherwise provided, the loan shall be repaid in the amounts and at the times shown below:

On the anniversary of the Take-Down Date	
Three years from such date	SF 1,980,000
On the anniversary of the Take-Down Date	
Four years from such date	SF 1,980,000
On the anniversary of the Take-Down Date	
Five years from such date	SF 1,980,000
On the anniversary of the Take-Down Date	
Six years from such date	SF 1,980,000
On the anniversary of the Take-Down Date	
Seven years from such date	SF 1,980,000

PAYMENTS: The payments of interest and premium, if any, and the repayments of principal will be made to the Bank in Zurich, in Swiss Francs or in such other lawful currency of the Confederation of Switzerland then pertaining. All such payments to the Bank shall correspondingly absolve the Commonwealth of its obligations hereunder regardless of whether or not the claim against the Commonwealth has been assigned by the Bank in whole or in part.

2.

The Commonwealth is entitled to prepay the total principal amount of the loan or any part thereof on or after the anniversary of the Take-Down Date three years from such date, upon the giving of at least 60 days' notice to the Bank. If the Commonwealth avails itself of this right, it shall pay the following respective percentages of principal amount retired: If such prepayment occurs on or after the anniversary of the Take-Down Date three years from such date, but before the anniversary of the Take-Down Date four years from such date, $100\frac{1}{4}\%$, if such prepayment occurs on or after the anniversary of the Take-Down Date four years from such date, but before the anniversary of the Take-Down Date five years from such date, $100\frac{1}{2}\%$, if such prepayment occurs on or after the anniversary of the Take-Down Date five years from such date, but before the anniversary of the Take-Down Date six years from such date, $100\frac{3}{4}\%$, and if such prepayment occurs on or after the anniversary of the Take-Down Date six years from such date, $100\frac{7}{8}\%$.

3.

In case of any prepayment the Commonwealth is obligated to pay accrued interest to the date thereof on the principal amount prepaid. Such accrued interest shall be computed on the basis of a 360-day year of twelve 30-day months.

FIRST SCHEDULE—continued

4.

The payments of interest and premium, if any, and the repayments of principal, and the commitment fee, will be free of all present or future taxes imposed by the Commonwealth or by any taxing authority thereof or therein, except to the extent that the right to receive payment 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.

5.

The Bank will hold the Commonwealth harmless from all taxes or duties which may become due in connection with the execution of this Loan Agreement, the granting of the loan on the Take-Down Date, or any assignment or reassignment of the claims against the Commonwealth evidenced hereby, except for such taxes or duties imposed by the Commonwealth or by the Territory of Papua or by the Territory of New Guinea or by any of their instrumentalities.

6.

The Bank has the right to assign the claim against the Commonwealth in whole or in part to third parties, any partial assignment not to be in amount of less than SF 100,000. Any such assignment can also be effected for the purpose of further assignment by any assignee to third parties.

It is understood and agreed that any such assignment, in whole or in part, will be made by the Bank only to persons who are not citizens or residents of Australia or the Territory of Papua or the Territory of New Guinea. The Bank will impose this condition on all assignees and will obtain corresponding covenants from them.

7.

All legal relationships arising from this loan and the terms hereof shall be subject to Swiss Law. Any dispute arising between the Bank or any assignees, on the one hand, and the Commonwealth, on the other hand, regarding this loan and the terms hereof shall be subject to Swiss Law. For the purpose of any such dispute and for the purpose of the execution of any judgment rendered by a Swiss Court, and only for such purposes, the Commonwealth elects legal domicile at Staehelin & Giezendanner, 39 Alfred Escher-Strasse, 8027 Zurich, Switzerland.

8.

This Agreement shall not become effective until approved by the Parliament of the Commonwealth.

ZURICH, September 19, 1968

COMMONWEALTH OF AUSTRALIA

WILLIAM McMAHON

Rt. Hon. William McMahon

Treasurer

UNION BANK OF SWITZERLAND

N. SENN SUTZ

PART II.

LETTER FROM UNION BANK OF SWITZERLAND TO THE COMMONWEALTH
UNION BANK OF SWITZERLAND

Commonwealth of Australia

September 19, 1968

Dear Sirs,

We are prepared to grant to you a loan of *Swiss Francs 9,900,000.—* on the terms and conditions set forth in the Loan Agreement, dated September 19, 1968, between you and ourselves.

The drawdown of the loan shall be on the Take Down Date designated by you pursuant to Article 1 of the Loan Agreement.

FIRST SCHEDULE—*continued*

We will receive, for our services rendered in connection with the granting of this loan, a commission of 1½% (one and one-half percent) of the principal amount of the loan. This commission will be due for payment on the Take Down Date of the loan, together with the amount of the commitment fee to be paid pursuant to Article 1 of the Loan Agreement. We have taken note that you will make these payments to us separately at the appropriate times.

If you are in agreement with the above, please confirm this letter in the space provided below.

Very truly yours,

UNION BANK OF SWITZERLAND

SUTZ W. FRANK

Confirmed September 19, 1968

COMMONWEALTH OF AUSTRALIA

WILLIAM McMAHON

SECOND SCHEDULE

Section 3.

UNITED STATES AGREEMENT

THIS AGREEMENT, made and entered into as of the 2d day of October, 1968, by and between the Commonwealth of Australia (hereinafter called "Borrower"), The Boeing Company (hereinafter called "Exporter"), and Export-Import Bank of the United States (hereinafter called "Eximbank");

WITNESSETH:

WHEREAS, the Exporter is a corporation organized and existing under the laws of Delaware, United States of America, and is engaged in the manufacture of aircraft and Eximbank is an agency of the United States of America; and

WHEREAS, the Australian National Airlines Commission, trading as Trans-Australia Airlines (hereinafter called "Commission"), a statutory corporation established by the Australian National Airlines Act 1945-1966, by an agreement with the Exporter dated June 3, 1968, and designated Purchase Agreement No. 354 agreed to purchase from the Exporter one model 727-76 jet aircraft (hereinafter called "Aircraft") and related spare parts, equipment, and services, and the Commission has made or may make arrangements for the purchase from other United States suppliers of additional related spare parts, equipment, and services (the Aircraft and all of said parts, equipment, and services are hereinafter called "Equipment"); and

WHEREAS, the aggregate purchase price of the Equipment is anticipated to be approximately Five Million Nine Hundred Eighty Seven Thousand Five Hundred Fifty United States Dollars (US\$5,987,550) and the Commission is prepared to make cash payments with respect to each item of the Equipment, not later than the delivery thereof, of not less than twenty percent (20%) of the purchase price of such item, leaving the balance of the aggregate purchase price, that is to say, up to eighty percent (80%) of the purchase price or approximately Four Million Seven Hundred Ninety Thousand Forty United States Dollars (US\$4,790,040) as the portion of the purchase price to be financed (hereinafter called "Financed Portion"); and

WHEREAS, the Exporter is prepared to participate in the financing to the extent of five and twenty one hundredths percent (5.20%) of the Financed Portion, namely, Two Hundred Forty Nine Thousand Four United States Dollars (US\$249,004); and

WHEREAS, Union Bank of Switzerland is prepared to participate in the financing to the extent of Nine Million Nine Hundred Thousand Swiss Francs (SwF9,900,000) which is approximately Two Million Three Hundred Thousand United States Dollars (US\$2,300,000) or forty eight and two one hundredths percent (48.02%) of the Financed Portion; and

WHEREAS, the Borrower and the Exporter have requested Eximbank to assist in financing the transaction to the extent of forty six and seventy eight one hundredths percent (46.78%) of the Financed Portion or Two Million Two Hundred Forty One Thousand Thirty Six United States Dollars (US\$2,241,036), whichever is the lesser; and

WHEREAS, the extension of credit for the aforesaid purpose will facilitate exports and imports and the exchange of commodities between the United States of America and Australia;

NOW, THEREFORE, In consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

SECOND SCHEDULE—*continued*

ARTICLE I

Establishment of Credit

Eximbank and the Exporter hereby establish in favor of the Borrower a line of credit (hereinafter called "Credit") upon the terms and conditions contained herein, in the amount of Two Million Four Hundred Ninety Thousand Forty United States Dollars (US\$2,490,040) for the purpose of assisting the Borrower in financing the purchase by the Commission in the United States and exportation therefrom of the Equipment. Each disbursement under the Credit shall be made in the manner hereinafter set forth by Eximbank to the extent of ninety percent (90%) of such disbursement and by the Exporter to the extent of ten percent (10%) thereof. Disbursements by Eximbank under the Credit shall not exceed Two Million Two Hundred Forty One Thousand Thirty Six United States Dollars (US\$2,241,036) and disbursements by the Exporter under the Credit shall not exceed Two Hundred Forty Nine Thousand Four United States Dollars (US\$249,004).

ARTICLE II

Terms of Repayment and Prepayment

A. *Repayment.* The Borrower covenants and agrees to repay the aggregate of disbursements under the Credit in not more than fourteen (14) approximately equal successive semiannual installments beginning May 25, 1970, and, subject to the provisions of Article XIV hereof, to pay interest at the rate of six percent (6%) per annum computed on the basis of actual number of days using a 365-day factor on the unpaid principal balance thereof from time to time outstanding, such interest to be due and payable on May 25 and November 25 of each year, beginning with the first of such dates following the first disbursement under the Credit. Unless and until the Borrower shall exercise the option provided in paragraph B of Article III hereof with respect to the submission of a definitive promissory note, the aggregate of disbursements under the Credit shall be repaid in successive semiannual installments beginning May 25, 1970, each in the amount of One Hundred Seventy Seven Thousand Eight Hundred Sixty United States Dollars (US\$177,860), except that the last installment may be in such lesser amount as may be necessary to complete the repayment of such aggregate of disbursements. It is understood that if any repayments of principal fall due prior to the final date for making disbursements hereunder as set forth in Article VII hereof or as extended in the manner provided therein, such repayments shall be made in the amounts and at the times specified in this paragraph notwithstanding the fact that the full amount of the Credit may not yet have been disbursed. In the event that the Borrower shall exercise its option as provided in paragraph B of Article III hereof, the unpaid principal balance of disbursements under the Credit shall be repaid in approximately equal semiannual installments, the last of which shall be due and payable not later than November 25, 1976.

B. *Prepayments.* Prepayments on the indebtedness of the Borrower under the Credit and on any note or notes evidencing such indebtedness may be made at the Borrower's option at any time but must be accompanied by payment of interest on the amount of the prepayment to the date of prepayment and will be credited to the payment of installments in the inverse order of their maturity. Prepayments made under Article VIII relating to hull insurance on the Aircraft shall be credited to the payment of installments of any notes issued hereunder in the inverse order of their maturity.

ARTICLE III

Promissory Notes

A. *Initial Promissory Note.* The Borrower's obligation to Eximbank and the Exporter resulting from disbursements under the Credit shall be further evidenced by the Borrower's promissory note (hereinafter called "Initial Promissory Note") in the amount of Two Million Four Hundred Ninety Thousand Forty United States Dollars (US\$2,490,040), payable to the order of Eximbank, which shall be delivered to Eximbank as a condition precedent to disbursement hereunder. It is understood and agreed that the Initial Promissory Note shall be valid and enforceable only to the extent of disbursements made against it and interest on such disbursements. Although the Initial Promissory Note shall be dated as of its date of issue and shall provide for interest from its date, appropriate adjustments will be made so that interest accrued and computed only from the dates of the respective disbursements made against it shall be payable. The Initial Promissory Note shall be payable in lawful money of the United States of America at a commercial bank in the United States satisfactory to Eximbank in

SECOND SCHEDULE—*continued*

accordance with the terms set forth hereinabove. The Initial Promissory Note shall be printed or lithographed in the English language on one side of a single sheet of safety paper and shall be satisfactory to Eximbank in form and text which shall be substantially that of Exhibit "A" attached hereto.

B. Definitive Promissory Note. If, on the final date for making disbursements hereunder as provided in Article VII hereof, the aggregate of disbursements hereunder is less than the principal amount of the Initial Promissory Note, an exchange of notes will be made at the request of the Borrower or Eximbank communicated to the other party not less than thirty (30) days prior to the first principal maturity date. Upon such request, the Borrower shall issue and deliver to Eximbank a new note in exchange for the Initial Promissory Note in a principal amount equal to the aggregate of disbursements made against the Initial Promissory Note. Such new note shall be dated as of the date to which interest shall have been paid on the Initial Promissory Note surrendered by Eximbank and shall otherwise conform to the requirements of paragraph A of this Article. If a timely request for an exchange of notes is not made, the excess principal amount of the Initial Promissory Note shall be credited to the payment of installments thereon in the inverse order of their maturity.

C. Further Exchange of Notes. Upon the request of Eximbank made at any time or from time to time more than thirty days after the final date for making disbursements under the Credit as provided in Article VII hereof, the Borrower shall issue and deliver to Eximbank, in exchange for a promissory note or notes theretofore issued to Eximbank pursuant to this Article, its new promissory note or notes, in such denominations as Eximbank may specify and dated the date or respective dates to which interest shall have been paid on the note or notes surrendered. The aggregate principal amount of the new note or notes shall be equal to the aggregate of disbursements made against, less the aggregate of any repayments of principal made upon, the note or notes surrendered in exchange therefor. Each new note issued pursuant hereto shall be substantially in the form of Exhibit "A" attached hereto, except for such modifications as may be necessary or appropriate to give effect to any of the provisions of this paragraph C.

ARTICLE IV

Commitment Fee

The Borrower covenants and agrees to pay to Eximbank in United States dollars on May 25 and November 25 of each year, commencing on the first of such dates next succeeding the date of this Agreement, a commitment fee accruing from September 15, 1968, computed at the rate of one-half of one percent (1/2 of 1%) per annum on the basis of actual number of days using a 365-day factor, on that portion of the Credit to be advanced by Eximbank as from time to time shall be undisbursed, uncanceled or unexpired. With respect to disbursements made under paragraph C of Article VI hereof, the accrual of the commitment fee shall terminate as of the date of payment by the commercial bank to the beneficiary of a letter of credit of funds reimbursable under the Credit to the commercial bank by Eximbank.

ARTICLE V

Conditions Precedent to Utilization of Credit

A. Borrower's Documents for Eximbank. As a condition precedent to the first utilization of the Credit, the Borrower shall submit or cause to be submitted to Eximbank, in form and substance satisfactory to it, the following:

1. *Note.* The Initial Promissory Note required under paragraph A of Article III hereof; and
2. *Equipment List.* A summary, or list broken down by principal categories, of the items of the Equipment which the Commission intends to purchase. Such summary or list, upon approval by Eximbank, shall constitute the Commission's purchase program for items to be financed under the Credit and no substantial changes shall be made therein without the consent of Eximbank and the Exporter.

SECOND SCHEDULE—*continued*

B. *Documents for Eximbank and Exporter.* As a condition precedent to the first utilization of the Credit, the Borrower shall submit or cause to be submitted to Eximbank and the Exporter, in form and substance satisfactory to both, the following:

1. *Authority of Representatives.* Evidence of the authority, together with a certified specimen signature of each of the persons:
 - a. who has signed this Agreement on behalf of the Borrower;
 - b. who, on behalf of the Borrower, has signed the Initial Promissory Note delivered to Eximbank; and
 - c. who will, until replaced by other persons duly authorized for the purpose, act as the representative of the Borrower for the purpose of signing documents and otherwise operating the Credit.
2. *Legal Opinion.* An opinion or opinions of counsel satisfactory to Eximbank and the Exporter which shall refer to all pertinent laws, decrees and documents and shall demonstrate to the satisfaction of both that:
 - a. this Agreement as signed on behalf of the Borrower is legally binding upon the Borrower in accordance with its terms; and
 - b. the Initial Promissory Note delivered to Eximbank has been validly executed and will, to the extent of disbursements made under the Credit and the interest thereon, constitute the valid and binding obligation of the Borrower in accordance with its terms.

C. *Exporter's Documents for Eximbank.* As a condition precedent to the first utilization of the Credit, the Exporter shall submit to Eximbank, in form and substance satisfactory to it, the following:

1. *Authority of Representatives.* Evidence of the authority, together with a certified specimen signature of each of the persons:
 - a. who has signed this Agreement on behalf of the Exporter; and
 - b. who will, until replaced by other persons duly authorized for the purpose, act as the representative of the Exporter for the purpose of signing documents and otherwise operating the Credit.
2. *Legal Opinion.* An opinion of counsel demonstrating to the satisfaction of Eximbank that this Agreement, as signed on behalf of the Exporter, is legally binding on the Exporter in accordance with its terms.
3. *Borrower's Documents.* A certification by the General Counsel of the Exporter that documents required to be submitted by the Borrower to the Exporter under paragraph B of this Article have been received, reviewed, and have been found to be satisfactory in form and substance to the Exporter.

ARTICLE VI

Disbursement Procedures

A. *Conditions Precedent.* When all conditions precedent to the first utilization of the Credit, as provided in Article V hereof, have been fulfilled, the Credit may be utilized in accordance with any of the procedures set forth in this Article. These procedures, and the documents required in connection therewith, shall be more fully described in a procedure letter or letters (hereinafter collectively called "Procedure Letter") to be sent to the Borrower by Eximbank.

B. *Reimbursement.* Subject to the provisions of paragraph A of this Article, disbursements will, upon the request of the Borrower, be made under the Credit from time to time to the account of the Borrower at a commercial bank in the United States designated by the Borrower and acceptable to Eximbank and the Exporter of amounts up to forty one and fifty nine one hundredths percent (41.59%) of the expenditures made by the Commission for the purchase of the items of Equipment. Disbursements to the extent of ninety percent (90%) of the amount of each such request of the Borrower for an advance to enable it to reimburse the Commission shall be made by Eximbank, and disbursements to the extent of ten percent (10%) thereof shall be made or deemed to have been made by the Exporter as provided below. Eximbank shall make disbursements as aforesaid upon the receipt in form and substance satisfactory to it (in addition to the documents required by paragraph F of this Article and the Procedure Letter) of evidence that the Exporter has issued its irrevocable instructions to said commercial

SECOND SCHEDULE—*continued*

bank to debit the Exporter's account and credit the Borrower's account at such bank in the amount of ten percent (10%) of the requested disbursement, or evidence of the extension of credit by the Exporter to the Borrower of an amount equivalent to ten percent (10%) of the requested disbursement. Each such extension of credit shall constitute a disbursement under the Credit and shall bear interest from the date thereof.

C. Letters of Credit. The Borrower may use the Credit from time to time by requesting a commercial bank in the United States designated by the Borrower and acceptable to Eximbank and the Exporter to open or confirm letters of credit for the purpose of financing not more than forty one and fifty nine one hundredths percent (41.59%) of the expenditures to be made by the Commission for the purchase of items of Equipment furnished or to be furnished by suppliers other than the Exporter, and thirty seven and forty three one hundredths percent (37.43%) of the expenditures to be made by the Commission for the purchase of items of Equipment furnished or to be furnished by the Exporter. Eximbank will issue its undertaking to reimburse each such commercial bank to the extent of ninety percent (90%) of disbursements made by the latter to the beneficiary of each such letter of credit if the beneficiary is other than the Exporter, and to the extent of one hundred percent (100%) of said disbursements if the beneficiary is the Exporter. If the beneficiary is other than the Exporter, the Exporter will issue its undertaking with respect to any such letter of credit to reimburse each such commercial bank to the extent of ten percent (10%) of disbursements made by the latter to the beneficiary of each such letter of credit or the Exporter will issue its irrevocable instructions to the commercial bank to debit the Exporter's account at such bank, to reimburse such bank in amounts to equal ten percent (10%) of said disbursements made by such bank in accordance with the terms of the letter of credit. If the beneficiary of the letter of credit is the Exporter, the Exporter and the Borrower agree that simultaneously with each disbursement under said letter of credit a disbursement equal to one ninth (1/9th) of the amount of the disbursement under said letter of credit shall be deemed to have been made under the Credit by the Exporter and the Exporter agrees that an amount equal to the amount of the disbursement deemed to have been made under the Credit shall be credited as a payment received by it from the Commission. Each such letter of credit shall expire by its terms not later than thirty (30) days prior to the final date for making disbursements under the Credit as provided in Article VII. In cases where an obligation rests upon the Exporter to issue its undertaking or irrevocable instructions as aforesaid, the obligation of Eximbank to issue its undertaking as aforesaid shall be deferred until it receives, in form and substance satisfactory to it (in addition to the documents required by paragraph F of this Article and the Procedure Letter), evidence that the Exporter has issued its undertaking or irrevocable instructions as aforesaid. It is agreed that so long as any undertaking by Eximbank and the Exporter as aforesaid remains in force it shall constitute a pre-emptive commitment of funds under the Credit in an amount equal to the principal amount of the letter of credit; that payments made by Eximbank and the Exporter to commercial banks to reimburse such banks for disbursements made under letters of credit as aforesaid shall constitute disbursements under the Credit and shall bear interest from the dates on which such banks make disbursements to each beneficiary of a letter of credit; and, that Eximbank and the Exporter shall assume no liability for the acts or omissions of the commercial banks in opening or confirming such letters of credit or in making disbursements or payments thereunder or with respect thereto.

D. Payments to the Exporter. With respect to items of Equipment supplied or to be supplied by the Exporter, or by another supplier through the Exporter, the Borrower may use the Credit from time to time by requesting disbursements under the Credit to be made by Eximbank and the Exporter in an amount not exceeding forty one and fifty nine one hundredths percent (41.59%) of the purchase price of each such item of Equipment. Ninety percent (90%) of each such disbursement shall be made by Eximbank by a deposit on behalf of the Borrower to an account of the Exporter at a commercial bank in the United States satisfactory to the Borrower, Eximbank and the Exporter, and upon each such deposit by Eximbank, the Exporter shall extend credit to the Borrower to the extent of ten percent (10%) of such disbursement. Each such extension of credit shall constitute a disbursement under the Credit and shall bear interest from the date thereof. The total amount of each such disbursement shall be applied by the Exporter in payment of amounts due by the Commission in relation to items of Equipment supplied by the Exporter or by another supplier through the Exporter.

E. Pre-Delivery Payments. If pre-delivery payments to be made to the Exporter with respect to the Aircraft exceed twenty percent (20%) of the purchase price thereof, the Borrower may use the Credit, to the extent that the pre-delivery payments exceed twenty percent (20%) of the purchase price or to the extent of ten percent (10%) of the purchase price, whichever is

SECOND SCHEDULE—*continued*

the lesser, either to obtain funds to reimburse the Commission for part of the pre-delivery payments made by the Commission to the Exporter or to require disbursement to the account of the Exporter in the manner described in paragraph D of this Article VI. The sum of such pre-delivery payments financed under the Credit and all other payments under the Credit shall not, in the aggregate, exceed forty one and fifty nine one hundredths percent (41.59%) of the purchase price of the items of Equipment. Under this procedure for making disbursements under this paragraph E, evidence shall be submitted that the Commission has made, prior to each disbursement by Eximbank and the Exporter under this paragraph E, a cash payment of not less than twenty percent (20%) of the aggregate purchase price of the Aircraft.

F. *General.* Under any procedure for making disbursements under this Article, except the procedure described in paragraph E of this Article, evidence shall be submitted that the Commission has made, or is prepared to make, prior to, or concurrently with, each disbursement by Eximbank and the Exporter under this Article, or by a commercial bank under a letter of credit as described in paragraph C of this Article, a cash payment of not less than fifty eight and forty one one hundredths percent (58.41%) of the amount then due with respect to the purchase of the item or items of Equipment in question. In addition to the documents required by the Procedure Letter and the foregoing provisions of this Article, the Borrower shall submit or cause to be submitted under any procedure for making disbursements under this Article such other documents and information as Eximbank may from time to time reasonably request. All documents and information submitted under this Article shall be satisfactory in form and substance to Eximbank.

ARTICLE VII

Availability, Cancellation and Suspension

A. *Availability.* Except to the extent that Eximbank and the Exporter may otherwise consent in writing, disbursements under the Credit shall not be made subsequent to February 28, 1970, and any part of the Credit which shall not have been disbursed on or before said date may be cancelled by Eximbank without the requirement of notice to the Borrower.

B. *Cancellation by Borrower.* The Borrower may at any time by written notice to Eximbank and the Exporter cancel all or any part of the Credit which shall not have been disbursed.

C. *Suspension by Eximbank.* If an Event of Default, as defined in Article XI hereof, shall occur and be continuing, then and in each and every such case, Eximbank and the Exporter shall consult with respect thereto and the obligations of Eximbank and the Exporter to make disbursements or extend credit hereunder shall be suspended upon written notice from Eximbank to the Borrower. Thereafter, Eximbank and the Exporter shall not be obligated to make further disbursements until they shall have received evidence that the cause or causes of the suspension have been eliminated or corrected in a manner satisfactory to Eximbank, and Eximbank shall have notified the Borrower in writing that the suspension has been removed.

D. *Continuation of Rights and Obligations.* Notwithstanding any cancellation or suspension pursuant to this Article, all the provisions of this Agreement and any note evidencing the Borrower's indebtedness and the rights and obligations of any party with respect to disbursements made prior to such cancellation or suspension, shall continue in full force and effect. The Borrower shall continue to have the right, subject to the terms and conditions of this Agreement, to receive disbursements under the Credit with respect to payments falling due at any time prior to the final date for making disbursements as provided in paragraph A of this Article under purchase orders that were binding on the Commission before receipt by the Borrower of written notice of intention to suspend the unused portion of the Credit and such suspension shall be without prejudice to the validity of outstanding undertakings issued pursuant to the provisions of paragraph C of Article VI hereof with respect to bank letters of credit.

ARTICLE VIII

Aircraft Hull Insurance

The Borrower covenants and agrees that so long as the Borrower's indebtedness under the Credit or any note evidencing such indebtedness remains outstanding and unpaid, and except to the extent that Eximbank and the Exporter may otherwise jointly agree in writing:

1. *All-Risk Aircraft Hull Insurance.* The Borrower shall cause the Commission to maintain insurance upon the Aircraft under a contract of All-Risk Aircraft Hull Insurance, satisfactory to Eximbank and the Exporter. Such insurance shall be payable in United

SECOND SCHEDULE—continued

States currency in the United States and the amount of insurance and the terms and conditions of the insurance contract, including deductible clauses, shall be in accordance with normal practices in the airline industry, but in no event shall the amount of insurance be less than the lesser of the insurable value of the Aircraft or the outstanding indebtedness of the Borrower hereunder to Eximbank and the Exporter.

2. *Damage of Aircraft.* In the event of damage to the Aircraft, except total loss or constructive total loss, which damage is compensable under the insurance referred to in subparagraph 1 of this Article, the Borrower shall promptly cause the Commission, upon the receipt of the proceeds of such insurance, to apply such proceeds to the repair of the Aircraft.
3. *Loss of 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 referred to in subparagraph 1 of this Article, the Borrower shall promptly cause the Commission, upon receipt of the proceeds of the insurance, at the Commission's option either (a) to apply the proceeds to the replacement of the Aircraft with a new aircraft of similar type manufactured in the United States by the Exporter, or (b) to apply the proceeds, or so much of the proceeds as may be necessary, to prepay, as provided in paragraph B of Article II hereof, the outstanding amount of the Borrower's indebtedness under the Credit. Within sixty (60) days after such loss or constructive total loss, the Borrower shall advise Eximbank and the Exporter in writing which of the foregoing options the Commission has elected.

ARTICLE IX

Reports

Within one hundred fifty (150) days following the close of each fiscal year of the Commission until the indebtedness of the Borrower under the Credit shall have been paid in full, the Borrower shall submit or cause to be submitted, to Eximbank and the Exporter copies of the Commission's annual financial report, in form satisfactory to Eximbank, relating to the preceding fiscal year, including balance sheets, income statements, and a description of operations during the year. Such annual report shall be certified by an independent auditor. Within sixty (60) days following the mid-point of each fiscal year, the Borrower shall submit or cause to be submitted, to Eximbank and the Exporter a summary of the monthly reports with respect to the preceding six (6) months of the Commission's fiscal year, which shall be signed by a responsible officer of the Commission but need not be certified by an independent auditor. The Borrower shall also cause to be furnished to Eximbank or the Exporter such additional reports and information as Eximbank or the Exporter may reasonably request.

ARTICLE X

Representations, Warranties and Covenants

A. *Other Financing.* The Borrower represents and warrants that Union Bank of Switzerland has authorized and established a loan in favor of the Borrower in an amount of Nine Million Nine Hundred Thousand Swiss Francs (SwF9,900,000) which is approximately Two Million Three Hundred Thousand United States Dollars (US\$2,300,000), or approximately thirty eight and forty one one hundredths percent (38.41 %) of the purchase price of the Equipment, to assist the Borrower in making the required cash payments not later than the time of delivery of the Equipment and that such loan is repayable in five (5) approximately equal successive annual installments beginning not later than three years after the date of initial drawing under the loan.

B. *Commission Funds.* The Borrower represents and warrants that, not later than the time of delivery of each item of equipment, the Commission has made or will make for or towards the purchase price of each item of Equipment to be financed under the Credit, a cash payment of twenty percent (20%) derived from its own funds.

C. *Use of Aircraft.* The Borrower represents and warrants that the Aircraft will be used by the Commission principally on routes of the Borrower between termini in Australia and that all other items of Equipment will be used by the Commission principally in Australia.

D. *Authority.* The Borrower represents and warrants that it has full power, authority and legal right to incur the indebtedness and other obligations provided for in this Agreement and the Initial Promissory Note, to execute and deliver this Agreement and the Initial Promissory

SECOND SCHEDULE—*continued*

Note, and this Agreement does, and the Initial Promissory Note when issued hereunder will, constitute valid and binding obligations of the Borrower in accordance with the respective terms hereof and thereof.

E. Legal Action. The Borrower represents and warrants that it has taken all action required under the laws and regulations of the Borrower, or of any political subdivision, department or agency thereof, to authorize the execution and delivery of this Agreement and the Initial Promissory Note.

F. Full Faith and Credit. The Borrower represents and warrants that all covenants of the Borrower contained in this Agreement constitute, and the Initial Promissory Note when issued hereunder, and any note or notes exchanged therefor, will constitute, unconditional direct obligations of the Borrower for the payment and performance of which the Borrower pledges its full faith and credit.

G. Past Employment. The Borrower represents and warrants that no director, officer, employee, agent, attorney or consultant of the Borrower or the Commission who performed services in connection with the establishment by Eximbank of its credit hereunder was a director, officer or employee of Eximbank at any time during the period of one year prior to August 15, 1968, the date on which the establishment of its credit was authorized by Eximbank.

H. Future Employment. The Borrower covenants that during the period of two years after August 15, 1968, it will not employ or enter into any understanding to employ any person: (1) who was a director, officer or employee of Eximbank at any time during the period of one year prior to said date; or (2) 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.

I. Payments. The Borrower 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 Borrower's regular full-time officers and employees to the extent of their regular remuneration, any commission, fee or other payment in connection with the establishment or operation of Eximbank's credit hereunder, except reasonable compensation satisfactory to Eximbank for bona fide professional, technical or other comparable services incident to presenting the merits of the Borrower's application for Eximbank's credit hereunder or to the operation of such credit.

ARTICLE XI

Events of Default

If one or more of the following events (hereinafter called "Events of Default") shall have occurred and be continuing, that is to say:

1. *Failure to Pay.* A default shall have occurred in the payment of any amounts required under this Agreement, any note issued hereunder, or any other agreement between Eximbank and the Borrower; or
2. *Failure to Perform.* A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under this Agreement, any note issued hereunder, or any other agreement between Eximbank and the Borrower, and such default remains unremedied for a period of thirty (30) days after written notice thereof shall have been given to the Borrower by Eximbank; or
3. *Representations and Warranties.* Any representation or warranty made by the Borrower under this Agreement, any note issued hereunder, or any other agreement between Eximbank and the Borrower proves to be incorrect in any material respect and has not been corrected within thirty (30) days after written notice thereof shall have been given to the Borrower by Eximbank;

then, and in each and every such case, Eximbank may, upon written notice to the Borrower, make immediately due and payable the entire principal amount of the Credit at the time outstanding, or any notes evidencing such amount, together in each case with accrued interest thereon to the date of payment and any security which may exist with respect to such Credit or notes shall then become enforceable.

SECOND SCHEDULE—continued

ARTICLE XII

Eximbank and Exporter Participations

A. *Allocation of Disbursements.* The respective disbursements and extensions of credit by Eximbank and the Exporter pursuant to Article VI hereof shall constitute disbursements under the Credit and be charged against their respective portions of the Credit as set forth in Article I hereof.

B. *Payments.* Eximbank and the Exporter shall participate in the Borrower's indebtedness resulting from disbursements under the Credit, and in any notes evidencing such indebtedness, in proportion to the aggregate disbursements charged against their respective portions of the Credit as set forth in Article I hereof, and Eximbank shall promptly remit to the account of the Exporter at a commercial bank in the United States designated by the Exporter and acceptable to Eximbank the Exporter's proportionate share of the principal of and interest on the Borrower's indebtedness received by Eximbank as provided in Article II hereof.

C. *Equality.* Subject to the provisions of Article XIV hereof, the participations of Eximbank and the Exporter as aforesaid shall be equal in all respects and neither shall enter into nor accept any arrangement: (1) varying the terms of the Borrower's indebtedness under the Credit or any note evidencing such indebtedness; (2) resulting in payment to either Eximbank or to the Exporter without ratable payment or transfer to the other; or (3) securing either Eximbank or the Exporter without ratably securing the other.

D. *Expenses.* Any expenses incurred by Eximbank or the Exporter in the enforcement of the Borrower's indebtedness under the Credit, if not reimbursed by the Borrower, shall be borne by Eximbank and the Exporter in the proportion of their respective participations.

E. *Participation Certificate.* Promptly after receipt of the written request of the Exporter made at any time after the final date for making disbursements under the Credit as provided in Article VII hereof, or the cancellation of the undisbursed balance of the Credit pursuant to Article VII hereof, or the date on which the Credit shall have been fully disbursed, whichever occurs first, Eximbank shall issue and deliver to the Exporter a duly executed certificate to evidence the Exporter's participation.

ARTICLE XIII

Marine Transportation and Insurance

A. *Marine Transportation.* All items of Equipment, the purchase of which is to be financed in whole or in part under the Credit and which have been or shall be exported from the United States by ocean vessel, must have been or 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. In the event that 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 hereunder.

B. *Insurance Premiums.* Premiums for insurance against marine and transit hazards on any items of Equipment financed under the Credit will be eligible to be financed under this Credit only with respect to those policies of insurance which are payable in United States dollars and are placed in the United States market.

ARTICLE XIV

Disposition of Indebtedness

It is understood and agreed that at any time Eximbank or the Exporter may sell, transfer, negotiate, grant participations in, including participations constituting interests in an Eximbank investment portfolio, or otherwise dispose of all or any portion of their respective interests in either the indebtedness of the Borrower resulting from disbursements under the Credit or in any note evidencing such indebtedness; provided, that the Borrower shall, from time to time at the request of the party making such disposition, execute and deliver to Eximbank or the Exporter, as the case may be, or to such party or parties as Eximbank or the Exporter may designate, any and all further instruments as may be necessary or advisable to give full force and effect to such disposition, including therein, but not limited to, the new note or notes of the Borrower to be issued in exchange for any note or notes theretofore issued by the Borrower hereunder. In the event of a disposition by Eximbank or the Exporter, as aforesaid, including the sale by Eximbank of participations constituting beneficial interests in

SECOND SCHEDULE—*continued*

an Eximbank investment portfolio which includes all or any portion of Eximbank's portion of the indebtedness of the Borrower outstanding hereunder or in any note or notes evidencing such indebtedness, the Borrower shall be obligated to pay interest at such rate not exceeding seven percent (7%) per annum on that portion so disposed of, as in Eximbank's judgment, is necessary to effect such disposition; provided, that any such disposition by the Exporter at a rate of interest in excess of six percent (6%) per annum shall require the prior written consent of Eximbank. Prior to any disposition by Eximbank or the Exporter, as aforesaid, the party intending to make such disposition will give written notice to the other and to the Borrower, except that notice by Eximbank shall not be required with respect to the sale of participations constituting beneficial interests in an Eximbank investment portfolio which includes all or any portion of Eximbank's portion of the indebtedness of the Borrower outstanding hereunder or under any note or notes evidencing such indebtedness and such participations are guaranteed by Eximbank; provided, that the rights of the Borrower to adjustment of interest and the limitation of its liability under Articles II and III hereof and this Article XIV are not prejudiced in any way.

ARTICLE XV

Taxes

The Borrower covenants and agrees that the execution, issuance and delivery of this Agreement and any note issued hereunder, and, except to the extent that the right to receive payment of the principal amount of or interest on any outstanding disbursements under the Credit, or any notes issued hereunder, 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, the payment of principal and interest under this Agreement and any notes issued hereunder, shall be exempt from all present and future taxes, duties, fees, restrictions, and other charges of whatsoever nature now or hereafter levied or imposed under the laws of the Borrower or laws in effect in its territories or by the Borrower or by any political subdivision, taxing authority, department, or agency thereof.

ARTICLE XVI

Expenses

All statements, reports, certificates, opinions and other documents or information furnished to Eximbank under this Agreement shall be supplied by the Borrower or the Commission without cost to Eximbank. Further, the Borrower hereby agrees to reimburse Eximbank and the Exporter on demand for all out-of-pocket costs and expenses incurred by Eximbank or the Exporter in connection with the enforcement, protection or preservation of any right or claim of Eximbank or the Exporter in connection with this Agreement or any notes issued hereunder.

ARTICLE XVII

Waiver

No failure or delay on the part of Eximbank or the Exporter to exercise any right, power, or privilege under this Agreement or any notes issued hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement or any notes issued hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.

ARTICLE XVIII

Notices

All notices and other communications hereunder shall be given in writing and shall be addressed to the appropriate party at the address set forth below, or at such other place as may be designated in writing by the respective parties hereto:

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

The Boeing Company
Post Office Box 3707
Seattle, Washington 98124
Attention: Treasurer

Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, D.C. 20571

SECOND SCHEDULE—continued

ARTICLE XIX

Effectiveness of Agreement

This Agreement shall not become effective until there shall have come into operation legislation of the Parliament of the Borrower approving this Agreement and authorizing the expenditure of disbursements under the Credit in accordance with this Agreement and approving the agreement with the Union Bank of Switzerland for the loan referred to in paragraph A of Article X hereof. However, the first utilization of the Credit is subject to compliance by the Borrower with the requirements of Article V hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, in triplicate, at Washington, District of Columbia, United States of America, as of the date first above written.

COMMONWEALTH OF AUSTRALIA

By WILLIAM McMAHON

Title Treasurer of Commonwealth of Australia

THE BOEING COMPANY

By E. W. NORRIS

Title Asst Sec'y

EXPORT-IMPORT BANK OF THE UNITED STATES

By WALTER C. SAUER

Title First Vice President

ATTEST FOR

EXPORT-IMPORT BANK OF THE UNITED STATES:

JOSEPH H. REGAN

Secretary

L.S.

EXHIBIT "A"

PROMISSORY NOTE

COMMONWEALTH OF AUSTRALIA

Washington, D.C.

US\$2,490,040

....., 19.....

FOR VALUE RECEIVED, the Commonwealth of Australia, by this promissory note, hereby unconditionally promises to pay to the order of the Export-Import Bank of the United States, an agency of the United States of America, the principal sum of Two Million Four Hundred Ninety Thousand Forty United States Dollars (US\$2,490,040), in installments as hereinafter provided and to pay interest in like currency on the unpaid principal balance hereof from time to time outstanding on May 25 and November 25 of each year commencing on the first of such dates next succeeding the date hereof, at the rate of six percent (6%) per annum from date until the principal of this note is paid in full.

The principal of this note shall be payable in fourteen (14) installments, each of which shall be in the sum of One Hundred Seventy Seven Thousand Eight Hundred Sixty United States Dollars (US\$177,860). The first such installment shall be due and payable on May 25, 1970, and the remaining installments shall be due and payable successively semiannually thereafter.

Payment of the principal of and interest on this note shall be made at the principal office of (Name of United States commercial bank), in the City of....., State of....., United States of America.

SECOND SCHEDULE—*continued*

Both principal of and interest on this note shall be paid without deduction for or on account of, and shall be exempt from, all present and future taxes, duties, fees, restrictions or other charges of whatsoever nature now or any time hereafter levied or imposed under the laws of the Commonwealth of Australia or laws in effect in its territories or by the Commonwealth of Australia or by any political subdivision, taxing authority, department or agency thereof, except to the extent that 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.

The Commonwealth of Australia hereby reserves the right to prepay at any time and from time to time, without penalty or premium, all or any part of the principal of this note by payment of the principal amount so prepaid with interest thereon to the date of prepayment. Each such prepayment shall be applied to the remaining installments of principal on this note in the inverse order of their maturity.

This note is issued pursuant to the provisions of the Credit Agreement, dated....., 1968, between the Commonwealth of Australia, The Boeing Company, and Export-Import Bank of the United States. Upon default in the prompt and full payment of any installment of principal or interest on this note or upon the occurrence of any of the other Events of Default set forth in said Credit Agreement, the entire principal of this note and interest thereon to the date of payment shall immediately become due and payable at the option and upon the demand of the holder hereof.

Except as provided in the immediately preceding paragraph hereof, the Commonwealth of Australia hereby waives diligence, presentment, demand, protest, notice of non-payment or dishonor, and/or any notice of any kind whatsoever with respect to this note.

This note and the covenants herein contained constitute unconditional direct obligations of the Commonwealth of Australia for the payment and performance of which the Commonwealth of Australia pledges its full faith and credit.

The non-exercise by the holder hereof of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

COMMONWEALTH OF AUSTRALIA

By

Title.....