



Qantas Airways Limited 7 yr MTN Indicative Terms Sheet

This is not a complete description of the MTNs to be issued. Investors should review and consider the terms of the Qantas A\$2,000,000,000 Debt Securities Programme Information Memorandum dated 13 September 2016, the Deed Poll for Registered Securities (containing the terms and conditions of the MTNs), the Series Supplement and the other programme documents before making any investment decision in respect of the MTNs.

Issuer:	Qantas Airways Limited
Program:	A\$2 billion Debt Securities Program
Lead Managers:	Australia and New Zealand Banking Group Limited Deutsche Bank AG, Sydney Branch The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch
Issuer rating:	Baa3 (Stable) by Moody's Investor Services BBB- (Stable) by Standard & Poor's
Expected Issue rating:	Baa3 by Moody's Investor Services BBB- by Standard & Poor's
Structure:	Fixed Rate Medium Term Note
Issue Amount	A\$ [●]
Status of MTNs:	Direct, unconditional, unsubordinated and unsecured
Currency:	AUD
Trade Date:	[29] September 2016
Settlement Date:	[10] October 2016 (T+6)
Maturity Date:	[10] October 2023
Excluded offer:	Minimum subscription consideration in Australia of A\$500,000
Denominations:	A\$10,000
Benchmark:	Semi-Quarterly, Coupon Matched, Asset swap
Re-offer Spread to Benchmark:	+ [●] bps
Re-offer Yield:	[●] %
Re-offer Price:	[●] %
Coupon:	[●] % per annum (to be paid semi-annually in arrears)
Coupon payment dates:	[10] October, [10] April each year up to and including the Maturity Date, commencing [10] April 2017, subject to adjustment in accordance with the Business Day Convention
Business Day Convention:	Following Business Day Convention
Day count basis:	RBA Bond Basis
Change of Control Put Event:	A change in control holder put event will be included. For further detail please refer to paragraph 23 (Additional Conditions) of the Series Supplement.
Taxation:	The Issuer intends to issue the MTNs in a manner which will satisfy the public offer test set out in section 128F of the Income Tax Assessment Act of 1936
Governing Law:	Laws of the State of New South Wales, Australia
Registrar:	Austraclear Services Limited

Clearing System:	Austraclear, Euroclear/Clearstream via bridge
ISIN:	[•]
Common Code:	[•]
Other Terms And Conditions:	A step-up in coupon in the event of an Issuer downgrade will be provided as detailed below. Please refer to Program documentation for full Terms and Conditions. Program documentation prevails in the event of any inconsistency.
Step-up:	The MTNs will include a step-up in coupon of 25bps per notch down grade of the senior unsecured debt rating of the Issuer by either Moody's or S&P below Ba2 and BB+, respectively, or 50bps per notch for both. The step-up will be subject to a maximum of 75bps per rating agency and a cumulative cap of 150bps. The relevant step-up will only operate while the relevant ratings downgrade or downgrades subsist. For further detail please refer to paragraph 23 (Additional Conditions) of the Series Supplement.

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