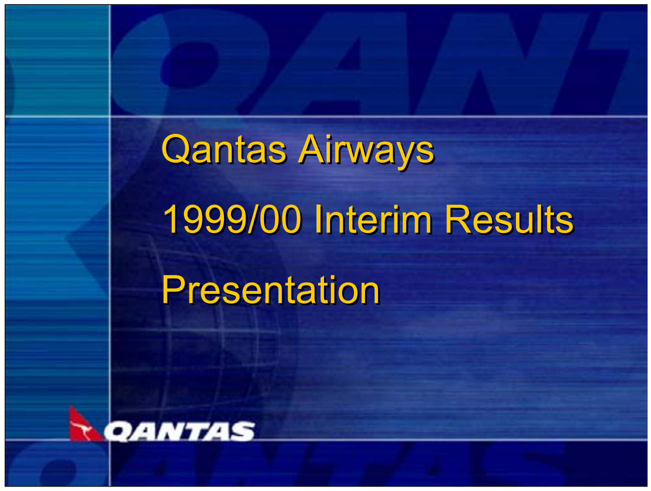
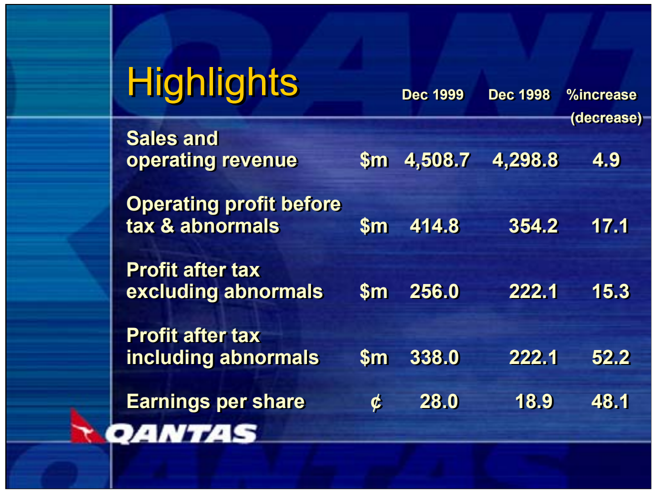


•Good afternoon, welcome everybody and thank-you for coming along today.

•I expect that you have all had a chance to review our half year press release and ASX release. The interim 1999/2000 results reflect a continuation of the strong performance at the end of the 1998/99 fiscal year, which of course means that we have been able to maintain our record of profit improvements

•I will start out with brief overview of the half year numbers. After that I will review the current and expected competitive environment as there are obviously some topical events which have influenced our share price over the last few months. I would also like to discuss our strategies and what we are trying to achieve going forward.

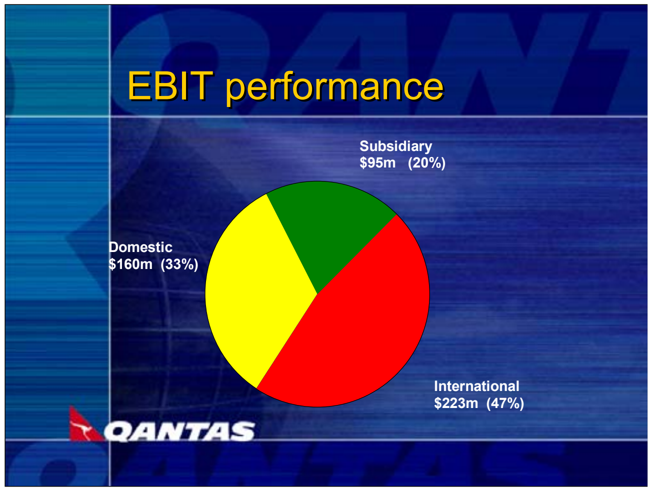


•This slide summarises the profit highlights of the interim result.

•Net profit after tax, excluding abnormals, increased by 15.3% to $256 million.

•Note that two items were declared as abnormal in this result. Firstly, the after tax profit of $37 million from the sale of part of our stake in EQUANT. Secondly, changes in corporate tax rates resulted in a tax credit of $45 million following the restatement of the relevant tax balances.

•Profit after tax, including these abnormal items increased by 52% to $338 million.



•Our international, domestic and subsidiary divisions all contributed to improvements in performance with overall EBIT increasing by 15%.

•Internationally, the previously downward trend in underlying yield was reversed in this half. Seat factors were also well up on last year.

•The largest improvements were evidenced on the Japan routes, which benefited from rationalisation of capacity and an improvement in Japanese market and economic conditions. New Zealand continued to be very competitive and South East Asia suffered as a result of poor performance on our Indonesian routes.

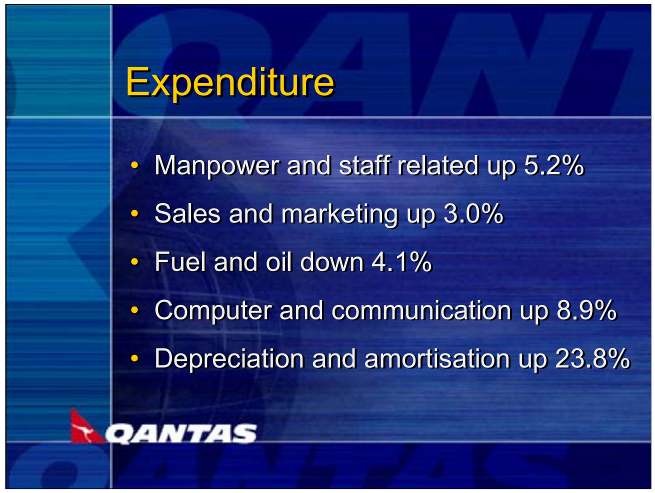
•The increases in capacity on our domestic network were outstripped by increases in RPK's. We have achieved increases in market share and seat factor rose to 80.5% in this half.

•EBIT for the subsidiary businesses was up by 32% compared to last year.

•The regional airlines benefited from increases in both yield and seat factor.

• Sales, pricing, product and reservation initiatives in Qantas Holidays resulted in a much better performance compared to last year. This was achieved despite the political instability in Indonesia which led to a substantial downturn in leisure travel to the region.

•Productivity improvement initiatives and volume growth led to an increase in EBIT for Qantas Flight Catering.



•Looking at movements in our major expenditure items:

•Manpower and staff related costs increased by 5.2% due to increases in wage rates and activity.

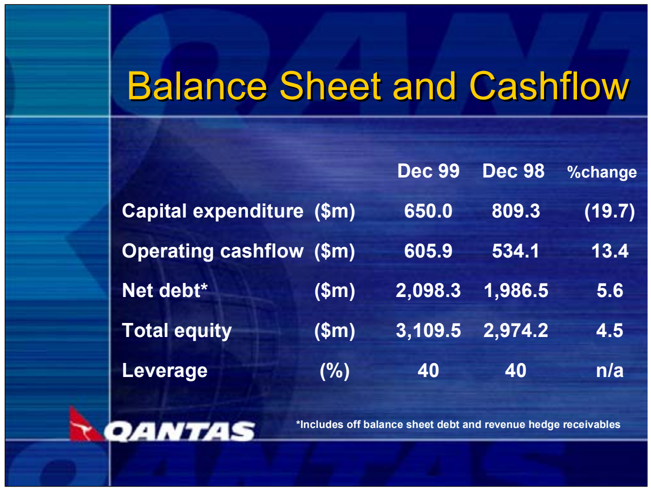
•Selling and marketing costs rose 3%. Incentive commissions and Australia IATA commissions increased due to growth in revenue sold in Australia. These were offset by reductions in commission rates on some international routes.

•Fuel hedging benefits offset price increases and higher ASK's so that fuel expense actually fell by 4.1%. However, the second half of 1999/00 will see fuel expenditure increase as the year over year price increases are higher.

•Computer and communication costs rose 8.9% due to increases in computer reservation system costs in line with higher passenger revenue and costs associated with the Network Redesign project.

•Depreciation and amortisation costs rose nearly 24% primarily as a result of aircraft acquisitions.

•The increase in total operating costs was restricted to 3.8%.

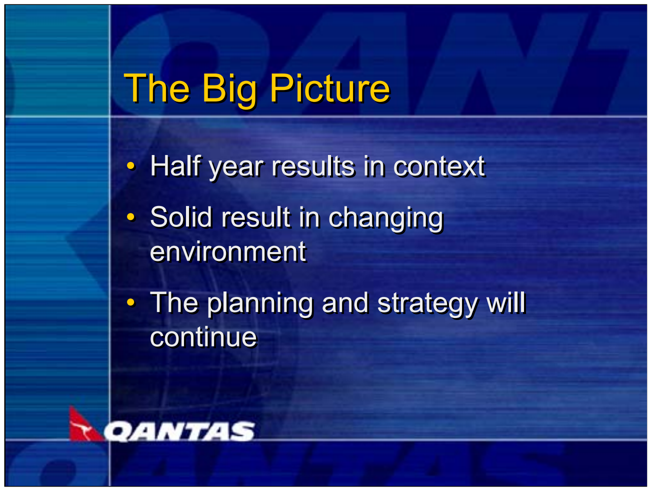


•We signalled at the full year that we were comfortable with our level of gearing and would be acquiring additional assets. As a result, capital expenditure in this half was $650 million.

•This compares with operating cashflow of $606 million.

•As this slide shows, book leverage was 40% debt to 60% debt plus equity, the same level as the previous half year. This was actually up slightly from 30 June 1999.

•Market leverage was 31% as at 31 December 1999.



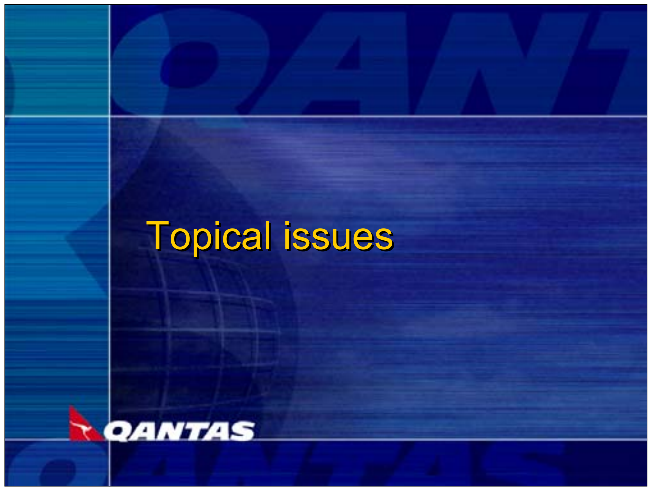
•These half year results reflect the adjustments we have made internally in Qantas over the last 5 years. We have achieved significant structural change and continuous improvement of our business and financial position.

•We remain focused on sustaining this momentum. We cannot stand still when our environment is constantly changing.

•We have faced and will continue to face various challenges as we strive to improve our performance.

•Rest assured that we will not rest on our laurels but will continue to plan and implement strategies to position us for the future.

•We understand that the investment community are concerned with the threats that currently exist but history has shown that we can successfully adapt to changing market conditions.



•There are many competitive and external events that could affect Qantas and the Australian aviation industry in the future.

•Predicting what these events may be and what impact they will have on Qantas is very difficult.

•Having said that, I would like to address a couple of topical issues that we understand have caused the recent declines in the Qantas share price.

•Australian aviation policy has been undergoing a process of major change for the last 10 years. So it is not really a question of whether, but when and in what form, further liberalisation will occur. We know that open skies is actively being sought on a bilateral basis by some other countries.

•While the Government is aware of the unique contribution that Australian carriers make to the national economy in terms of investment and employment, we know that they are committed to the progressive liberalisation of air services. Thus we must be prepared for continued increases in competition.

•We are continually engaged in robust discussions with Government about the rate of change, the fairness of the exchange of aviation rights, and the effects on the Australian aviation industry.

•Changes in aviation policy are not a new phenomenon. We have already coped with various changes such as new domestic entrants, multiple designation, the single aviation market with New Zealand and the privatisation of domestic airports.

•Foreign investment rules now allow up to half the equity of Australia's international carriers to be held by foreign interests (although Qantas has specific ownership restrictions), and domestic airlines may be 100% foreign owned.

•You are all aware of the objectives of Air New Zealand, Singapore Airlines and Virgin respectively. Singapore Airlines is an aggressive international competitor with a keen eye on having maximum involvement in the Australian domestic market. Last November, Virgin announced their intention to start domestic services in Australia by July 2000.

•Virgin, Impulse and Spirit Airlines have all stated that they will begin operations by the middle of this year.

•We have much the same information about their plans as you do. We will gather further details in our process of planning and preparation.

•Virgin is a high profile competitor with a lot of emphasis on its public relations campaign. However Qantas has the advantage of being a respected brand and company in Australia with a successful track record.

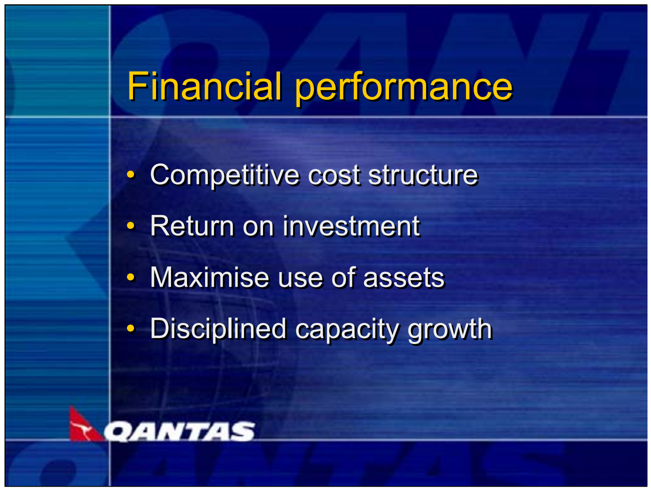
•We have extensive distribution arrangements, extensive loyalty programs, modern terminals and lounges and extensive schedules. As we have stated publicly we also have far more discounted fares available than potential new entrants will be able to offer.

•As the market has already seen, Qantas will respond vigorously to any new competition and as always we will take whatever steps necessary to deal with changing market conditions.

•Our competitive options are varied. But we do not believe it is in the interest of the company or its shareholders to “telegraph our punches”, and so our response will be tailored to the competitive threat we encounter once its form is known.

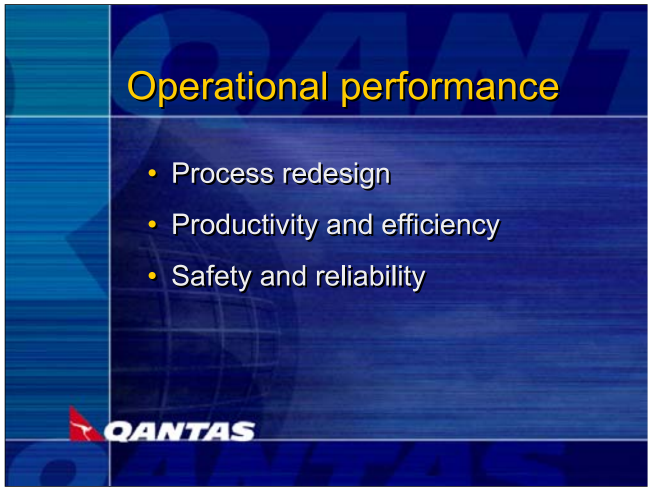
•Over the last 4 or 5 years, Qantas has successfully withstood a sequence of events without suffering profit declines. These include the Asian regional crisis, significant fuel price increases, regulatory changes and declines in traditional markets like Japan.

•We have done this by concentrating on our core strategies and this is what we will continue to do.



•Through our profit enhancement program, we are making our cost structure more competitive. In this half alone, the profit enhancement program contributed $228 million in performance benefits.

•Our strict investment criteria ensure that all assets in our business are managed very carefully. We have been deliberate in our strategy to consolidate routes and strengthen our position in markets which provide appropriate returns.



•Operationally, each division is committed to improving business processes and increasing productivity and efficiency.

•Already we have seen significant improvements. ASK per employee has improved by approximately 20% over the last 5 years.

•In our drive for efficiency we remain focussed on the need to retain our record for safety and reliability.

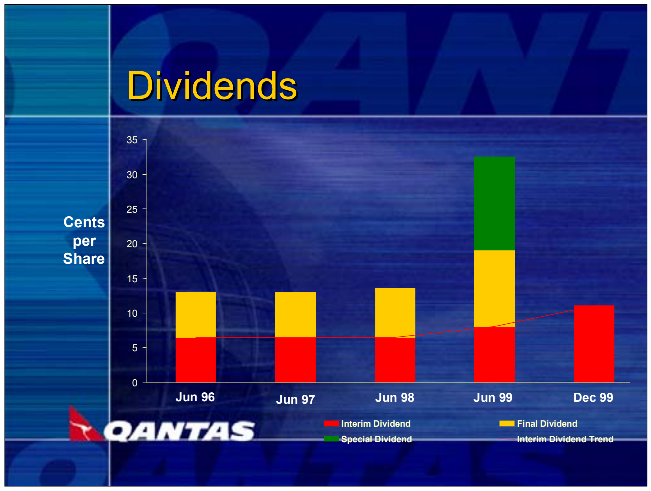
•The airline industry is a service industry and no-one can deny the importance of our customers.

•We invest in product and service improvements and in training our staff so that customers can see the value in flying Qantas.

•Very importantly we also try to create value for our shareholders.

•The Qantas planning process is based on achieving appropriate TSR (total shareholder return) performance. Similarly the performance benchmarks in the recently implemented Executive Incentive Plan are linked to TSR.

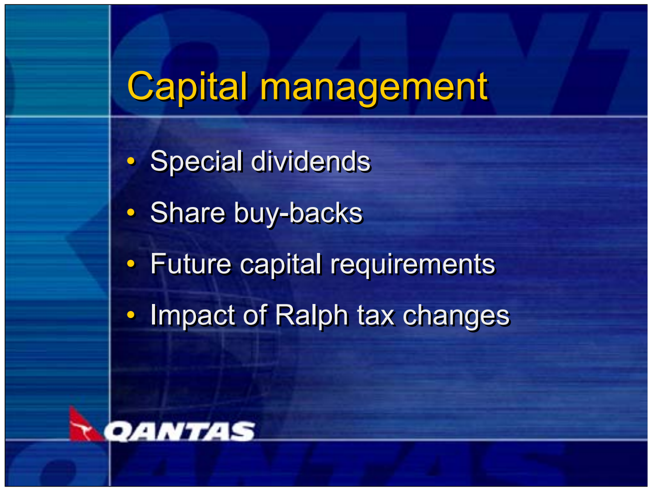
•Also part of our strategy to enhance value for shareholders is to limit the level of financial risk. We have used our strong cashflows to pay down debt and reduce leverage significantly. We are now in a much better financial position and able to consider expansion opportunities.



•Dividend policy is another important component of value creation.

•The level of dividend paid to Qantas shareholders has been increasing. The fully franked interim dividend of 11 cents per share is 3 cents higher than the fully franked interim dividend for last year. This is an indication that we have confidence in our strategy and our future prospects.

•You can also see in this graph the payment of a special dividend at the end of the 1998/99 year.



•In the investor briefings following the 1998/99 full year result, we said that active capital management was an ongoing process. We indicated that we would continue to consider the relative merits of both share buy-backs and special dividends as methods of distributing surplus franking credits.

•You can be assured that capital management is still very high on our agenda.

•As part of our Three Year Planning process we will give consideration to fleet planning and our future capital requirements as well as the various methods of capital distribution.

•We will also take into consideration the proposed Ralph tax changes. Under these reforms, franking credits will become refundable and the attractiveness of on-market share buy-backs may be enhanced. These tax issues are critical to our determination of the most appropriate capital management strategy.

•We have successfully restructured the business and are well positioned for the future, so now our focus is being directed at achieving profitable growth.

•In the last half year, we added capacity on our UK and US routes which are our best international performers.

•We are now considering our options for future fleet expansion and have recently announced that we will lease seven 767 aircraft from British Airways.

•We are also planning for our capacity requirements in the longer term. Some ultra long range 300 seater aircraft are becoming available which may suit some international routes. New generation 737's would enable us to expand domestically and the regional jet market is already booming.

•Alliances also continue to be an important part of our growth strategy as they enable us to increase our exposure in overseas markets. Growth in terms of network coverage has been achieved through our key bilateral relationships and our participation in **one**world.

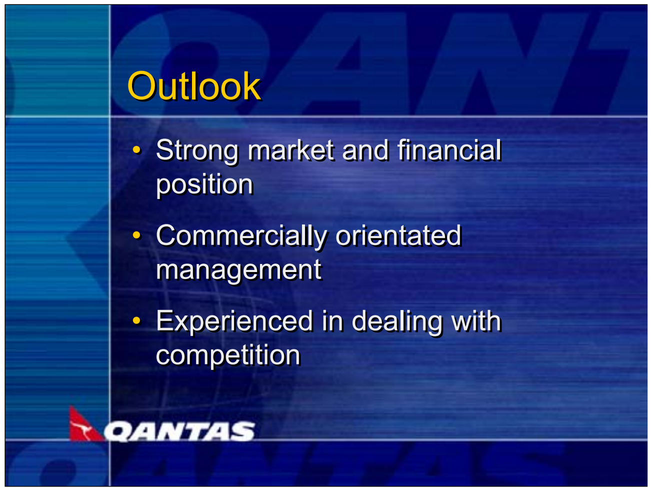
•Areas other than our core airline may also provide us with opportunities for growth.

•The rapid pace of technological innovations are of major interest. We have been improving our distribution channels by offering convenient products such as E-tickets and Internet bookings.

•In addition, Qantas has important strengths to bring on-line as we have a strong brand and a highly valued frequent flyer and customer base.

•Other related businesses also provide growth potential. Our catering business for example is the largest in Australia and should continue to provide us with increasing returns. The engineering work that we provide for the Australian Department of Defence is another example of leveraging our existing capabilities.

•We will also continue to look for acquisition opportunities that may provide us with synergistic benefits or access to additional markets.



•The key message that I would like to get across to you all today is that Qantas is in a strong market and financial position.

•We have a commercially orientated management team that is experienced in dealing with changes in the competitive environment. Results over the last 6 years are on the record.

•As the Chairman, Gary Pemberton said, “Qantas does not expect the challenges to diminish”.

•We will pursue every opportunity to improve our business further. We will continue to focus on the strategies which have been central to our rapid improvements since 1994. Qantas is a very different business and a very different organisation today.